1992: Job market in the doldrums

Manufacturing continued to lose large numbers of jobs, and other industries had small employment declines; only services and government added substantially to their employment, but with weaker gains than in the 1980's

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The labor market was sluggish in 1992, as the economy struggled to regain ground lost during the 1990–91 recession. Employment grew little over the year, while unemployment rose in the first half, but edged down in the second.

Nonfarm payroll employment—as measured by the Bureau of Labor Statistics monthly survey of employer payrolls—increased by only about 450,000 between the fourth quarters of 1991 and 1992; this modest gain left employment about 1.5 million below its prerecession peak. Only the services industry and government had substantial employment gains over the year, and, even in these areas, job growth was much slower than during most of the 1980's. In other industries, employment fell or was little changed during 1992. Manufacturing, in which employment has been on a downward trend since the beginning of 1989, posted the largest job losses.

The proportion of the population with jobs—as measured by the BLS survey of households—was 61.4 percent in the fourth quarter of 1992. That figure was unchanged from a year earlier and well below the peak rate of 63.0 percent reached in 1989 and the first half of 1990.[1]

The fourth-quarter 1992 unemployment level, 9.3 million, and the unemployment rate, 7.3 percent, were both slightly higher than they were a year earlier. This rise in joblessness resulted from a burst of labor force growth in late 1991 and the first half of 1992, combined with further job losses and very slow employment growth throughout the year. As labor force growth slowed in the second half, the unemployment rate edged down. The fourth-quarter rate, 7.3 percent, was still some 2 percentage points above its prerecession level.

This article summarizes national developments in the labor market in 1992, beginning with an overview of the economy during the year. For a discussion of employment and unemployment trends in the different regions of the country, see "Atlantic and Pacific coasts' labor markets hit hard in early 1990's," elsewhere in this issue.

The jobs-confidence loop

After falling 2.2 percent between the second quarter of 1990 and the first quarter of 1991, gross domestic product (GDP)—the Nation's total output of goods and services—grew at a weak and erratic pace for the balance of the year and through the first half of 1992. (See table 1.) Although GDP growth picked up in the second half of 1992, at year's end, real GDP had risen only 3.8 percent from its low point in the first quarter of 1991. In contrast, over a comparable period following the troughs in GDP for the 1973–75 and 1981–82 recessions, real GDP growth totaled 8.3 and 10.4 percent, respectively.[2]

As is always the case, labor market conditions and the overall state of the economy were closely linked in 1992. The demand for workers is derived from the demand for the goods and services they provide; and, conversely, the ability of individuals to purchase goods and services depends on their

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ability to find jobs and to earn income. In 1992, the economy appeared to be caught in a loop, whereby slow economic growth and a poor job market reinforced each other's effects. Certainly, the slow growth in the largest component of GDP, consumer spending, can be linked to the poor job market.

Despite marked improvement during the last half of the year, personal consumption expenditures, which make up two-thirds of GDP, failed to provide their typical postcontraction boost to economic activity. To a large degree, the relatively weak pattern of spending reflected consumers' concerns about the direction of the economy. The index of consumer confidence, although up in the final months of 1992, remained low relative to its prerecession level. (See chart 1.) Limited employment growth and increasing unemployment, largely due to permanent job losses, were two important factors contributing to consumers' perceptions that their economic situation remained precarious.

The weak job market not only created uncertainty about the future among consumers, but also slowed the growth of their incomes. Excluding government transfer payments, such as unemployment insurance and Social Security, real personal income was flat for most of 1992. Ironically, another contributor to slow income growth was the decline in interest rates. Although low interest rates tend to stimulate economic activity, they also reduce the income that persons receive from investments and savings. Facing an uncertain job market and paltry income growth, consumers concentrated on drawing down their levels of personal debt, rather than on spending. The ratio of consumer installment debt to income continued its downward trend from the historically high levels reached in 1989. With increases in consumer spending limited, higher demand for labor could only have been generated if the other locomotives of economic growth—private investment, exports, or government spending—picked up steam. By and large, they did not.

Investment in residential construction, which typically booms immediately after an economic contraction, added very little toward recovery in 1992. While falling mortgage rates did spur a small increase in construction over the year, the rate of growth was low compared with that following other recessions. Slow economic growth and the uncertainty about employment prospects were primarily responsible for slack demand for housing in 1992.

Another form of investment demand, nonresidential construction, declined throughout much of the year, as vacancy rates in office and commercial buildings remained high. Also, banks and other lenders had suffered substantial losses on commercial real estate in recent years, and were faced with higher capital requirements that were to be phased in by the end of 1992.[3] Consequently, they were willing to provide money for only the most economically sound projects. In contrast to the slow growth in construction, investment in durable equipment grew substantially during the year. This relatively small component of GDP, however, did not offset the weakness elsewhere in the economy.

Exports, which had been one of the economy's few sources of strength in 1991, waned in 1992. Economic retrenchments in Europe and Japan dampened the demand for U.S. goods and services abroad. The slowdown in the growth of exports

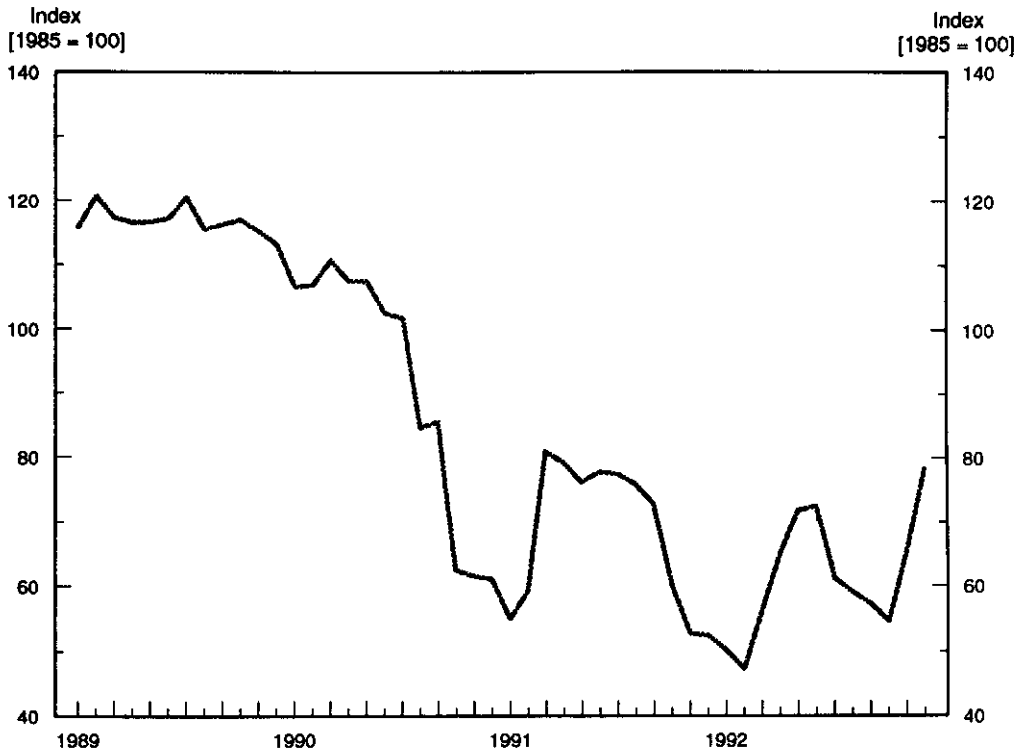
Table 1. **Percent change from the previous quarter in real gross domestic product (GDP) and its components, seasonally adjusted at annual rates, 1990–92**

Category	1990		1991				1992			
	III	IV	I	II	III	IV	I	II	III	IV
Real GDP	–1.6	–3.9	–3.0	1.7	1.2	.6	2.9	1.5	3.4	3.8
Personal consumption expenditures	1.7	–3.1	–3.0	2.0	1.5	–.3	5.1	–.1	3.7	4.3
Nonresidential fixed investment	5.6	–9.6	–15.8	–3.1	–3.4	–5.2	3.0	16.1	3.1	9.7
Structures	2.5	–16.5	–14.0	–10.6	–20.8	–11.5	2.7	–.8	–11.3	4.5
Producers' durable equipment	7.2	–6.1	–16.7	.7	6.0	–2.4	3.2	24.1	9.5	11.7
Residential fixed investment	–22.9	–22.4	–26.9	7.0	14.4	11.3	20.1	12.6	.2	29.1
Exports of goods and services	–.2	11.6	–5.0	16.6	6.2	13.3	2.9	–1.4	9.2	3.7
Imports of goods and services	1.5	–8.5	–14.6	15.6	17.1	4.2	3.5	14.7	14.8	4.7
Government purchases:										
Federal	–7.2	9.9	7.2	–.3	–6.5	–9.0	–3.0	–2.7	7.5	–3.3
National defense	–10.5	12.8	8.7	–5.6	–9.4	–13.0	–7.7	–5.2	8.3	–2.7
Nondefense	2.8	2.0	2.8	16.6	1.5	2.3	9.7	3.3	5.5	–4.9
State and local	1.9	3.5	–.1	.6	.9	1.4	5.1	–.2	1.4	–.6

NOTE: Data for the fourth quarter of 1992 are subject to two subsequent revisions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

Chart 1. **Index of consumer confidence, 1989-92**



SOURCE: The Conference Board.

occurred despite declines in the value of the dollar, which would tend to make U.S. products more affordable in foreign markets.

Finally, government spending on goods and services was weak during much of the year. Cutbacks in defense purchases by the Federal Government continued, and many State and local governments limited their spending to balance their budgets.

With all sectors of the economy growing modestly at best, employers had little need to increase hiring. In fact, some reduced employment—in several cases, drastically—in response to slack demand and structural changes in their industries.

Employment

The freefall of employment that occurred in the second half of 1990 and early 1991 ended in the spring of the latter year. Subsequent job growth, however, has been modest at best. Nonfarm payroll employment as measured by the BLS establishment survey, did not start to rise until the beginning of 1992, and had increased by only about 450,000 through the fourth quarter. (Unless otherwise noted, developments for 1992 are depicted using fourth-quarter 1991–92 changes.) Growth in total employment in 1992, as measured through the household survey, was larger (1.1 million). The estimates from both surveys, however, represent employment growth rates far below those of the expansionary years of the 1980's. The establishment survey data show that the small gains in employment in 1992 were concentrated in two areas, services and government. In contrast, manufacturing, wholesale trade, and mining experienced sizable job losses. (See table 2 and chart 2.)

Weak growth in services and government. The services industry—the labor market's chief source of employment growth throughout the 1980's—posted the largest increase in jobs in 1992. The industry's over-the-year gain of about 660,000 jobs was twice that of 1991 and about the same as in 1990; however, it was substantially lower than the average annual increase (1.2 million) from 1983 to 1989. (See chart 3.)

In 1992, job growth in services was driven by the recovering business services industry and the ever-expanding health services industry. Business services added nearly 300,000 jobs over the year. Employment in this industry, which includes establishments providing advertising, personnel supply services, data processing, and other types of support to business, had declined during the last half of 1990 and the first quarter

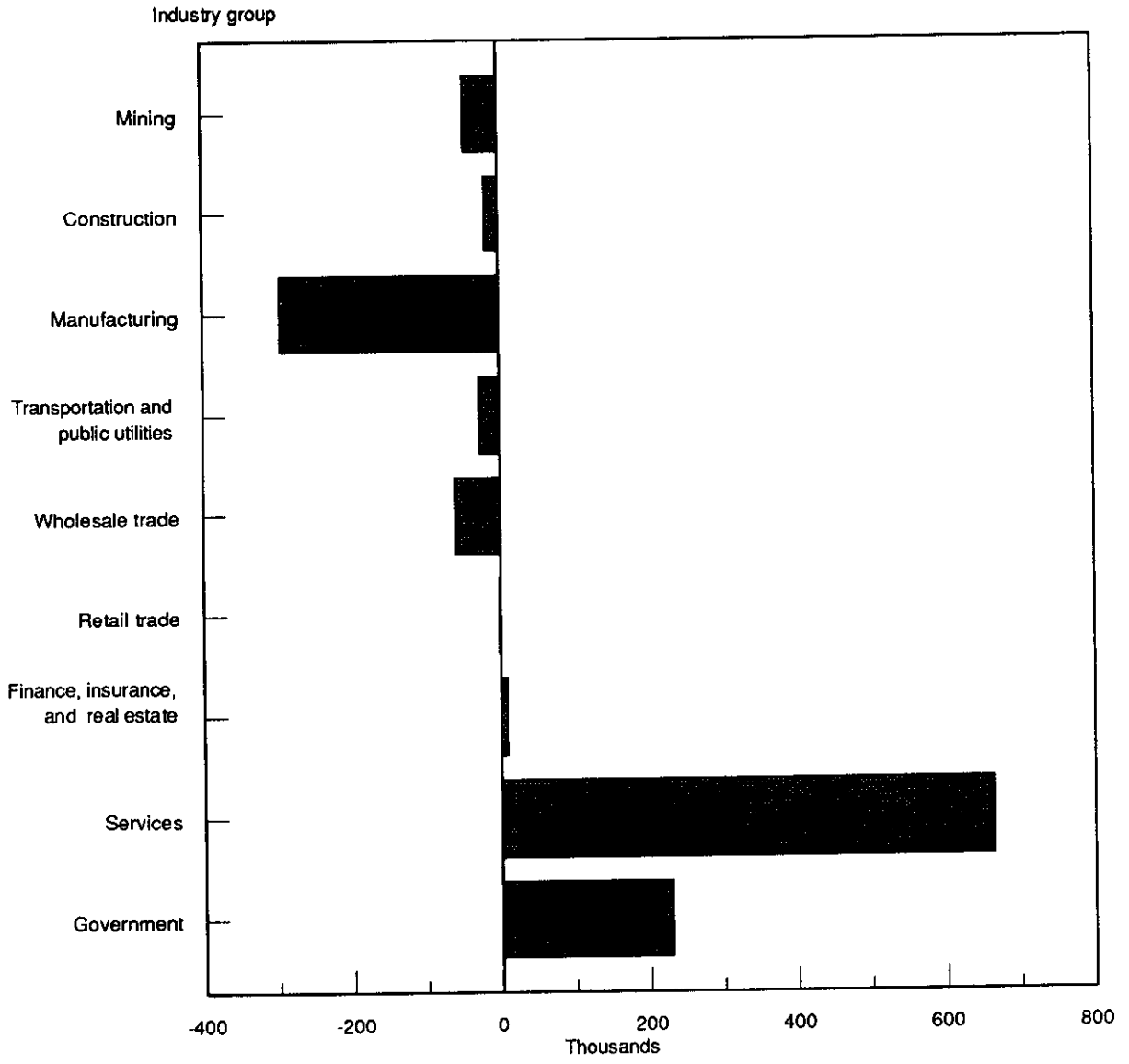
Table 2. **Employees on nonfarm payrolls by industry, seasonally adjusted quarterly averages, 1989–92**

[In thousands]

Industry	1989	1990	1991	1992				Change, IV 1991–IV 1992
	IV	IV	IV	I	II	III	IV p	
Total	108,977	109,311	108,193	108,147	108,432	108,525	108,643	450
Total private	91,055	90,995	89,765	89,672	89,890	89,879	89,985	220
Goods-producing industries	25,240	24,506	23,634	23,528	23,516	23,372	23,273	–361
Mining	701	711	668	654	640	626	622	–46
Oil and gas extraction	385	401	380	369	357	344	345	–35
Construction	5,211	4,952	4,606	4,591	4,612	4,583	4,588	–18
General building contractors	1,336	1,241	1,123	1,121	1,101	1,098	1,094	–29
Manufacturing	19,328	18,843	18,359	18,284	18,263	18,163	18,064	–295
Durable goods	11,305	10,921	10,498	10,423	10,393	10,305	10,241	–257
Lumber and woods products	753	708	678	685	686	683	693	15
Furniture and fixtures	520	491	468	465	468	465	462	–6
Stone, clay, and glass products	567	545	521	517	521	520	518	–3
Primary metal industries	763	750	716	710	707	701	696	–20
Blast furnaces and basic steel products	275	276	259	258	256	252	250	–9
Fabricated metal products	1,436	1,401	1,350	1,343	1,341	1,333	1,323	–27
Industrial machinery and equipment	2,124	2,072	1,969	1,951	1,954	1,944	1,935	–34
Electronic and other electrical equipment	1,719	1,642	1,578	1,565	1,553	1,540	1,536	–42
Transportation equipment	2,023	1,942	1,884	1,862	1,846	1,814	1,786	–98
Motor vehicles and equipment	834	786	809	806	816	812	813	4
Instruments and related products	1,022	998	968	959	949	939	926	–42
Miscellaneous manufacturing industries	379	373	366	366	368	367	366	0
Nondurable goods	8,023	7,922	7,861	7,861	7,871	7,858	7,823	–38
Food and kindred products	1,663	1,668	1,671	1,671	1,675	1,673	1,665	–6
Tobacco products	49	49	49	50	49	50	48	–1
Textile mill products	711	677	677	680	680	678	675	–2
Apparel and other textile products	1,072	1,013	1,025	1,025	1,024	1,018	1,004	–21
Paper and allied products	697	695	687	687	690	689	688	1
Printing and publishing	1,566	1,570	1,529	1,521	1,521	1,522	1,520	–9
Chemicals and allied products	1,082	1,083	1,073	1,072	1,073	1,070	1,069	–4
Petroleum and coal products	156	158	159	158	156	153	152	–7
Rubber and miscellaneous plastics products	888	880	869	874	880	880	881	12
Leather and leather products	137	128	124	123	123	124	122	–2
Service-producing industries	83,736	84,805	84,559	84,619	84,916	85,153	85,370	811
Transportation and public utilities	5,699	5,816	5,762	5,751	5,745	5,736	5,734	–28
Transportation	3,473	3,548	3,511	3,518	3,523	3,519	3,518	7
Communications and other public utilities	2,226	2,267	2,251	2,233	2,222	2,217	2,215	–36
Wholesale trade	6,218	6,166	6,031	6,003	5,991	5,964	5,970	–61
Durable goods	3,663	3,604	3,486	3,459	3,449	3,426	3,421	–65
Nondurable goods	2,555	2,562	2,545	2,544	2,542	2,539	2,549	4
Retail trade	19,623	19,583	19,139	19,118	19,161	19,137	19,137	–2
General merchandise stores	2,549	2,522	2,368	2,346	2,330	2,299	2,266	–102
Food stores	3,196	3,225	3,185	3,178	3,191	3,175	3,168	–17
Automotive dealers and service stations	2,088	2,040	1,995	1,999	2,008	2,012	2,027	32
Eating and drinking places	6,484	6,556	6,447	6,444	6,468	6,486	6,537	90
Finance, insurance, and real estate	6,710	6,720	6,667	6,671	6,678	6,663	6,675	8
Finance	3,298	3,251	3,204	3,218	3,232	3,231	3,247	43
Insurance	2,099	2,152	2,158	2,151	2,144	2,133	2,129	–29
Real estate	1,314	1,317	1,305	1,302	1,303	1,299	1,300	–5
Services	27,564	28,205	28,533	28,601	28,798	29,006	29,196	663
Business services	5,085	5,135	5,137	5,145	5,268	5,314	5,430	293
Health services	7,596	7,967	8,309	8,371	8,432	8,491	8,557	248
Government	17,922	18,316	18,428	18,475	18,542	18,646	18,658	230
Federal	2,981	2,961	2,981	2,984	2,981	2,961	2,943	–38
State	4,220	4,347	4,341	4,346	4,361	4,391	4,389	48
Local	10,721	11,007	11,106	11,145	11,200	11,294	11,326	220

p = preliminary

Chart 2. **Employment change by major industry group, 1992**



NOTE: Data are the over-the-year changes in fourth-quarter payroll employment, seasonally adjusted.

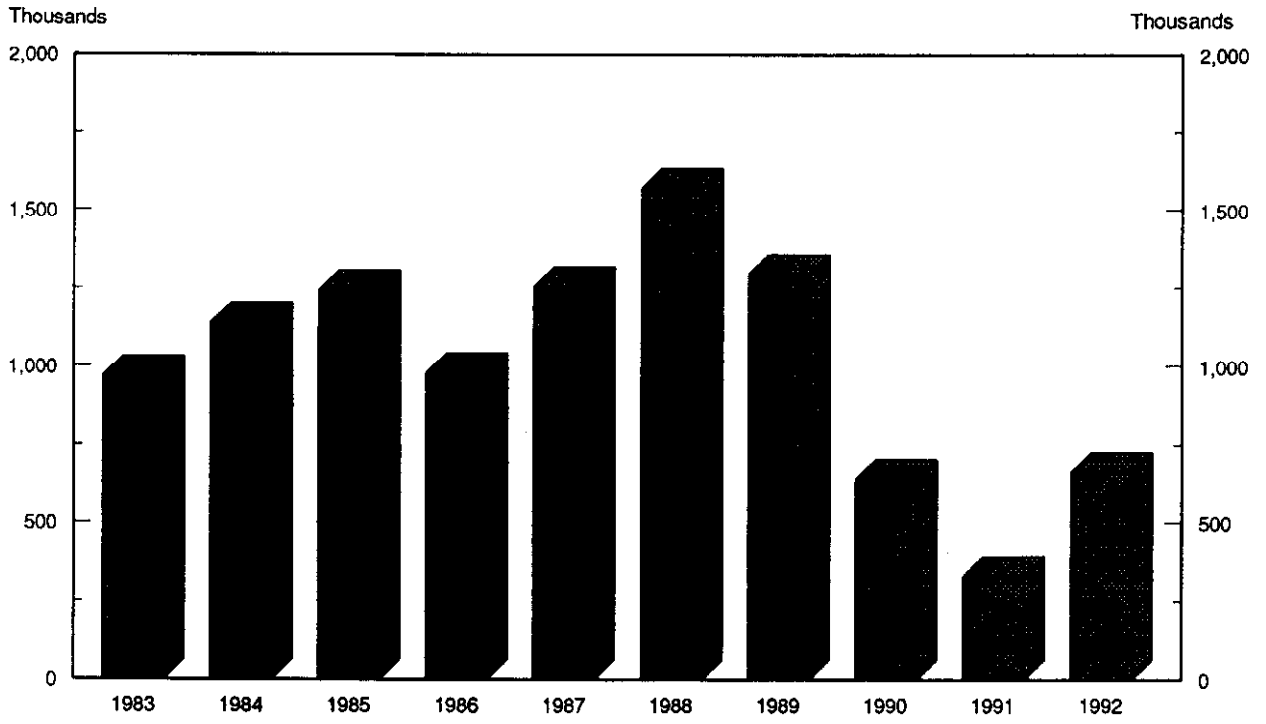
of 1991. For the remainder of 1991, employment had expanded at a slow pace. The job gains picked up in the early spring of 1992, fueled by increased hiring in temporary help services. Many employers relied on temporary workers to handle highly variable workloads characteristic of an economy moving in fits and starts. Employment growth in business services slowed in the summer and revived near year's end.

The largest service industry, health services, added jobs even when overall employment was declining dramatically. The employment gain in 1992 (about 250,000) was actually smaller than the increases of recent years, as hospitals continued their attempts to control health care costs.[4]

One other service industry had a notable job gain in 1992. Growth in social services continued, as it had during the worst part of the recession. Employment rose in this industry due to continuing increases in demand for child care and residential care in recent years. Employment in other service industries, such as personal services and legal services, showed little or no change over the year.

Other than services, only government had a substantial employment gain in 1992. Total government employment was up by 230,000 over the

Chart 3. **Employment change in the services industry, 1983-92**



NOTE: Data are over-the-year changes in fourth-quarter payroll employment, seasonally adjusted.

year, with the increase limited to State and local governments. The job growth in these governments was spread proportionally among education, general administration, and their other functions, and the increase in 1992 exceeded that of the prior year. Still, budget pressures in many localities kept overall employment growth in State and local governments somewhat lower than in the years immediately preceding the recession. Meanwhile, Federal employment was down slightly. The decline was related in part to an early retirement program for postal workers offered in the fall of the year.

Factory-related jobs disappear. From the beginning of 1989 through the end of 1992, manufacturing employment fell by about 1.5 million, with the number of factory jobs declining in either a trickle or a gush at various times. By the time the recession began in mid-1990, employment had already decreased substantially, and the declines accelerated during the last half of 1990 and the first part of 1991. Losses moderated in midyear, only to pick up again in the fall. During 1992, factory job losses totaled 295,000, with most occurring in the summer and early fall.

As had been the case during the prior 3 years, manufacturing job losses in 1992 were concentrated among durable goods producers. New orders for durable goods moved erratically throughout the year. More importantly, the numbers of unfilled orders for such goods fell steadily through most of the year, and manufacturers reacted by paring their payrolls.

About half of the jobs lost in durable goods manufacturing in 1992 were from defense-dependent industries. These are six industries—including ordnance and accessories, aircraft and parts, and shipbuilding and repairing—in which a majority of the output consists of defense goods.[5] There also were defense-related job losses in other durable goods industries—as well as in industries outside durable goods—in which defense output accounts for less than 50 percent of the total. The substantial employment loss experienced by defense-dependent industries reflected the continued winding down of many defense programs.

Indeed, Government expenditures for national defense purchases had begun declining as early as the third quarter of 1987.[6] Employment in defense-dependent industries reached a high point in late 1986, but declining new orders in recent years have translated into continuing job cutbacks. Employment fell by about 40,000 in 1990, 100,000 in

1991, and 140,000 in 1992. The 1992 decline represented more than 10 percent of the work force in defense-dependent industries.

Among the specific defense-dependent industries, employment in aircraft and parts fell by about 65,000, accounting for almost half of the 1992 cutbacks; this was roughly proportional to the industry's share of defense-dependent employment. The guided missiles and space vehicles industry and the search and navigation equipment industry each lost about 30,000 jobs, representing 20 and 10 percent of their respective work forces. Employment in the remaining three defense-dependent industries fell by about 20,000 jobs altogether. (See table 3.)

Some of the employment losses in these industries were magnified by the sluggish economy, as lower private-sector demand compounded problems caused by declining defense purchases. Cutbacks in defense spending accounted for much, but not all, of the job losses in transportation equipment, electronic and other electrical equipment, and instruments.

Durable goods industries less closely related to defense production did not suffer job cuts of the same magnitude as did those heavily dependent on defense work, although many still experienced problems. Primary metals, fabricated metal products, and industrial machinery each lost a substantial number of jobs during 1992. Employment did edge up in lumber and wood products, one of the industries that produce materials for construction.

Closely tied to the problems in durable goods manufacturing was the job situation in wholesale trade—an intermediary between manufacturers and their customers. The wholesale trade industry lost about 60,000 jobs in 1992, bringing the total decline since early 1989 to more than a quarter of a million. Virtually all of this long-term job loss took place in establishments that deal in durable goods. In addition to the impact of slow economic growth during 1992, wholesalers lost business in recent years because more of their customers were able to obtain goods at lower cost by dealing directly with manufacturers.

While employment also declined in the nondurable goods component of manufacturing, the drop was relatively moderate in 1992, as it had been in 1991. In most of the industries within this group, employment was down slightly over the year. The largest drop was in the apparel industry, which lost about 20,000 jobs.

Table 3. **Job losses in defense-dependent industries, not seasonally adjusted, fourth-quarter 1991–92**

[Numbers in thousands]

Industry	Change in employment	
	Number	Percent
Manufacturing, total	–301	–1.6
Defense-dependent industries	–142	–11.0
Ordnance and accessories	–6	–8.8
Aircraft and parts	–64	–9.7
Shipbuilding and repairing	–13	–9.9
Guided missiles and space vehicles	–29	–18.3
Tanks and tank components	–1	–11.4
Search and navigation equipment	–28	–11.1

NOTE: Defense-dependent industries are those in which the majority of output involves the production of defense goods.

Other industries. Like manufacturing and wholesale trade, mining also lost a substantial number of jobs in 1992. In this relatively small industry, a downward employment trend that stretches back to the middle of 1990 continued, and about 45,000 jobs were eliminated in 1992. As a proportion of industry employment, this was the largest over-the-year decline among the major industry divisions.

Most of the job losses were in oil and gas extraction, where the pace of declines had picked up in the spring of 1991. The end of the Persian Gulf war removed the immediate threat of a disruption to world oil supplies, and oil prices sagged. This exacerbated the downward pressure already being placed on domestic oil production by slow economic growth and limited domestic oil reserves.

Employment in the other major industries showed little movement in 1992. The number of jobs in transportation and public utilities was down by about 30,000, mostly due to the continued restructuring of the telephone communication industry.

Construction employment was relatively stable during 1992, following 2 years of substantial declines. Employment edged up slightly in the spring, as residential construction activity improved somewhat in response to the lowest mortgage interest rates in decades. The job gains were reversed in the summer, however, as the slow pace of economic growth began to outweigh the impact of lower interest rates.

Employment was little changed overall in finance, insurance, and real estate and in retail trade. Some job gains occurred in finance, sparked in part by the large number of mortgage refinancings brought on by lower interest rates. The job picture also continued to improve in the security and commodity broker industry. After a slide that followed the stock market crash of 1987, employment in that industry started to increase in mid-1991. These gains in finance were largely offset by cutbacks in the insurance industry, which continued a restructuring that began in the spring of 1991.

In retail trade, employment in general merchandise stores continued to fall, reflecting the ongoing shift of retail business to specialty retailers, as well as the slow pace of retail sales during much of the year. Offsetting the decline in general merchandising were job gains in eating and drinking places and auto dealerships.

Age, sex, and race. While employment as measured by the BLS survey of households rose by 1.1 million in 1992, the increases were small for most worker groups. (See table 4.) More than three-fifths of the over-the-year increase in employment occurred among adult women (aged 20 and older), who have accounted for a similar share of employment growth for several decades. At 54.7 percent, the fourth-quarter employment-to-population ratio for adult women—the proportion of adult women with jobs—was up slightly from a year earlier, but remained 0.6 percentage point below its prerecession high.

Employment of adult men grew by only 460,000 in 1992. During the expansionary years 1983–89, by comparison, employment of adult men increased by an average of 1.2 million annually. Nevertheless, adult men did not do nearly as badly during the recent downturn as they had during the 1981–82 recession. From the second quarter of 1990 to the low point in the first quarter of 1991, employment among the group declined by 590,000, or only half as much as during the earlier downturn. At yearend 1992, the proportion of adult men with jobs was 71.8 percent, down 2.4 percentage points from that registered just prior to the recession.

As is typical during downturns, poor labor market conditions brought on by the recession that began in 1990 were particularly hard on teenagers. Following large declines in both 1990 and 1991, both the number and proportion of teens with a job were unchanged in 1992. At 41.3 percent in the fourth quarter, the share of teens holding jobs still was 5 percentage points below the prerecession level.

No race or ethnic group saw very much improvement in its employment situation during 1992. About the same proportions of blacks and of whites were employed late in the year as were working a year earlier. Among Hispanics, particularly rapid population growth was not matched by employment growth, so that the proportion with jobs was down slightly over the year. For all three groups, the employment-to-population ratios remained well below their prerecession peaks.

Unemployment and the labor force

Unemployment. During much of the recent recession, increases in unemployment were moderated by unusually weak growth in the labor force. Then, beginning in late 1991, labor force growth accelerated sharply and unemployment increased through the first half of 1992, despite some gains in employment. (See table 4.) As labor force growth subsided during the second half of the year, unemployment declined. In the fourth quarter of 1992, the number of unemployed workers, at 9.3 million, was half a million higher than a year earlier. The unemployment rate, at 7.3 percent, was up slightly over the year, and remained 2 percentage points higher than the 5.3 percent that prevailed for nearly 2 years prior to mid-1990.

In line with the overall trend, most of the unemployment increases among adults and teenagers occurred during the first half of 1992. In the second half, unemployment among these groups changed little or declined slightly. The unemployment rates for adult men and women, at 7.0 and 6.3 percent in the fourth quarter, were still above the levels posted a year earlier, while the rate for teens was about the same as at yearend 1991.

Two other measures revealed the lack of improvement in the job market in 1992. The number of persons working part time for economic reasons (sometimes called the "partially unemployed") rose early in 1992, to 6.5 million. Involuntary part-time employment ended the year near that level, although it had edged down in the spring and summer. This group of workers, who work part time (less than 35 hours per week) but would prefer full-time employment, accounted for about 5 percent of all workers for most of 1992, compared with about 4 percent in mid-1990.

The number of discouraged workers—persons who want a job but are not looking for work because they feel their job search would be in vain—held steady in 1992 at about 1.1 million. Although one-third higher than when the recession began, their number did not approach the highs reached in the 1981–82 recession, when the measure peaked at 1.8 million.

Labor force. As previously mentioned, labor force growth was particularly strong in the first half of 1992. Although growth slowed in the latter half, the over-the-year increase—1.7 million—was 3 times as large as those posted in 1990 and 1991. However, labor force growth still was slower in 1992 than it had been in 1989.

Labor force expansion during the year was confined to adult men and women, with women accounting for a somewhat disproportionate share of the growth. The teenage labor force was unchanged, after declining substantially in both 1990 and 1991. Among race and ethnic groups, black and Hispanic workers accounted for larger shares

Table 4. **Employment status of the civilian noninstitutional population aged 16 and older by gender, age, race, and Hispanic origin, seasonally adjusted quarterly averages, 1989–92**

[Numbers in thousands]

Characteristic	1989	1990	1991	1992				Change, IV 1991–IV 1992
	IV	IV	IV	I	II	III	IV	
Total								
Civilian labor force	124,487	125,038	125,671	126,254	127,027	127,343	127,341	1,670
Percent of population	66.6	66.3	66.0	66.1	66.4	66.4	66.2	.2
Employed	117,805	117,543	116,888	117,087	117,536	117,742	118,021	1,133
Employment-to-population ratio	63.0	62.3	61.4	61.3	61.4	61.4	61.4	0
Agriculture	3,185	3,211	3,226	3,184	3,212	3,215	3,213	–13
Nonagricultural industries	114,620	114,332	113,662	113,903	114,324	114,527	114,807	1,145
Unemployed	6,682	7,494	8,783	9,166	9,491	9,601	9,320	537
Unemployment rate	5.4	6.0	7.0	7.3	7.5	7.5	7.3	.3
Men, 20 years and over								
Civilian labor force	63,967	64,699	65,004	65,239	65,743	65,815	65,779	775
Percent of population	78.0	77.9	77.2	77.2	77.6	77.4	77.1	–.1
Employed	61,002	61,138	60,746	60,704	61,049	61,100	61,207	461
Employment-to-population ratio	74.4	73.6	72.1	71.8	72.0	71.9	71.8	–.3
Agriculture	2,298	2,325	2,366	2,329	2,361	2,368	2,358	–8
Nonagricultural industries	58,704	58,813	58,380	58,376	58,688	58,732	58,848	468
Unemployed	2,965	3,561	4,258	4,535	4,694	4,715	4,572	314
Unemployment rate	4.6	5.5	6.6	7.0	7.1	7.2	7.0	.4
Women, 20 years and over								
Civilian labor force	52,598	53,160	53,870	54,280	54,561	54,739	54,807	937
Percent of population	57.8	57.8	58.0	58.2	58.4	58.5	58.4	.4
Employed	50,092	50,433	50,654	50,976	51,158	51,232	51,370	716
Employment-to-population ratio	55.1	54.8	54.5	54.7	54.8	54.7	54.7	.2
Agriculture	630	635	662	656	644	610	604	–58
Nonagricultural industries	49,462	49,798	49,992	50,320	50,514	50,622	50,766	774
Unemployed	2,506	2,727	3,216	3,304	3,404	3,508	3,436	220
Unemployment rate	4.8	5.1	6.0	6.1	6.2	6.4	6.3	.3
Both sexes, 16 to 19 years								
Civilian labor force	7,922	7,179	6,797	6,734	6,722	6,789	6,755	–42
Percent of population	56.2	52.6	51.3	51.2	51.1	51.7	51.2	–.1
Employed	6,711	5,973	5,488	5,407	5,329	5,411	5,444	–44
Employment-to-population ratio	47.6	43.8	41.5	41.1	40.5	41.2	41.3	–.2
Agriculture	257	252	198	200	207	237	251	53
Nonagricultural industries	6,454	5,721	5,291	5,207	5,122	5,173	5,193	–98
Unemployed	1,211	1,206	1,309	1,327	1,393	1,378	1,312	3
Unemployment rate	15.3	16.8	19.3	19.7	20.7	20.3	19.4	.1
White								
Civilian labor force	106,813	107,273	107,717	108,156	108,545	108,699	108,717	1,000
Percent of population	66.9	66.7	66.5	66.7	66.8	66.8	66.6	.1
Employed	101,927	101,744	101,012	101,199	101,439	101,498	101,772	760
Employment-to-population ratio	63.8	63.3	62.4	62.4	62.4	62.3	62.4	0
Unemployed	4,885	5,529	6,705	6,957	7,106	7,201	6,945	240
Unemployment rate	4.6	5.2	6.2	6.4	6.5	6.6	6.4	.2
Black								
Civilian labor force	13,533	13,535	13,545	13,729	13,875	14,027	13,926	381
Percent of population	64.0	63.2	62.3	62.9	63.3	63.8	63.0	.7
Employed	11,953	11,876	11,813	11,831	11,895	12,037	11,964	151
Employment-to-population ratio	56.6	55.5	54.3	54.2	54.3	54.7	54.1	–.2
Unemployed	1,580	1,659	1,732	1,898	1,980	1,991	1,962	230
Unemployment rate	11.7	12.3	12.8	13.8	14.3	14.2	14.1	1.3
Hispanic origin								
Civilian labor force	9,451	9,575	9,902	10,030	10,083	10,160	10,257	355
Percent of population	67.6	66.2	66.2	66.6	66.4	66.4	66.5	.3
Employed	8,683	8,720	8,873	8,899	8,955	8,984	9,049	176
Employment-to-population ratio	62.1	60.2	59.4	59.1	59.0	58.7	58.7	–.7
Unemployed	768	855	1,028	1,131	1,128	1,176	1,209	181
Unemployment rate	8.1	8.9	10.4	11.3	11.2	11.6	11.8	1.4

NOTE: Detail for race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented, and Hispanics are included in both the white and black population groups.
Due to rounding, sums of individual items may not equal totals.

of the growth than they do of the overall labor force. Almost a quarter of the over-the-year increase took place among blacks, who comprise only 11 percent of the total work force.

Even though the peak unemployment rate reached in mid-1992 (7.7 percent) was considerably below the highest rates reached during the recessions of 1973–75 and 1981–82 (9.0 and 10.8 percent, respectively), some have argued that other factors suggest that the current employment situation is worse than that of past downturns. Two characteristics of the recent labor market cited in support of this assertion are the relatively more frequent use of "permanent" layoffs and the increased labor market problems of white-collar workers. These are examined in the following sections.[7]

Not expecting recall

A feature of the recent period has been a relative decline in the number of "temporary" layoffs—those in which the worker expects to be recalled. As a result, a higher proportion of the increase in unemployment due to job loss reflects "permanent" job losses, from which there is no expectation of recall.

Between the second quarter of 1990 and the first quarter of 1991 (when the series peaked), the number of job losers on temporary layoff grew by only 40 percent. The increase was far smaller than those associated with the 1981–82 and 1973–75 recessions. On the other hand, the number of "other job losers"—those with little or no expectation of recall—grew at about the same pace in recent years as during the two earlier periods. This recent divergence is depicted fairly dramatically in chart 4.

Table 5. **Employment and unemployment of white- and blue-collar workers, seasonally adjusted quarterly averages, 1990–92**

[Numbers in thousands]

Worker group	1990 III	1991 IV	1992 IV	Change	
				III 1990–IV 1991	IV 1991–IV 1992
Employed:					
White collar	67,221	67,301	68,148	80	847
Blue collar	31,354	30,079	30,232	–1,275	153
Unemployed:					
White collar	2,311	2,992	3,314	681	322
Blue collar	2,502	3,171	3,260	669	89
Unemployment rate:					
White collar	3.3	4.3	4.6	1.0	.3
Blue collar	7.4	9.5	9.7	2.1	.2

NOTE: See text footnote 8 for the definitions of white- and blue-collar occupations.

Looked at another way, those not expecting to be recalled to their jobs never accounted for more than three-fifths of the additional job losers in past recessions. Since mid-1990, however, this group has represented about nine-tenths of the increase in unemployment stemming from job loss. And in 1992 alone, permanent job losers have made up most of the net increase in unemployment.

These developments reflect the fact that many industries are undergoing a structural transformation, generally designed to bring about permanent reductions in labor costs. While many companies have used early-retirement "windows" to pare their work forces without resorting to layoffs, their need to downsize often has required that they use additional means to achieve job cuts. The result has been a reduction in the share of job loss that clearly is related to the business cycle—temporary layoffs—and a rise in the share of permanent separations.

White-collar workers

Another widely discussed feature of the job market since the onset of recession in mid-1990 has been the greater exposure of white-collar workers to employment problems than in the past.[8] Two developments of the last few years illustrate this phenomenon.

First, from the onset of the recession in the third quarter of 1990 until the end of 1991, white-collar employment, which had continued to grow during previous recessions, was stagnant. Second, over the same period, white-collar workers were added to the unemployment total at about the same rate as were blue-collar workers, an unprecedented development.

The picture was somewhat different in 1992, although the job market for white-collar workers remained poor by historical standards. Over the year, white-collar employment increased by about 850,000, nearly 6 times as much as blue-collar employment. At the same time, unemployment levels and rates for both groups also rose, and the increase in joblessness among white-collar workers exceeded that for blue-collar workers—320,000 versus 90,000. In the fourth quarter of 1992, the unemployment rates for blue-collar workers still exceeded those for white-collar workers by 2.1-to-1—about the same ratio reported for the third quarter of 1990. (See table 5.)

Earnings

Despite slow wage growth, U.S. workers who had jobs found that their earnings kept pace with inflation during 1992. Over the year, the median

usual weekly earnings of full-time wage and salary workers, as measured by the BLS household survey, rose at about the same rate as the cost of living (as measured by the Consumer Price Index for All Urban Consumers—CPI-U). In the fourth quarter of 1992, full-time workers earned a median of $450, up from $436 a year earlier. This was a gain of 3.2 percent, versus a rise in the CPI-U of 3.0 percent. During 1991, median earnings also had increased at about the same rate as consumer prices, while, in 1990, prices rose faster than median earnings.

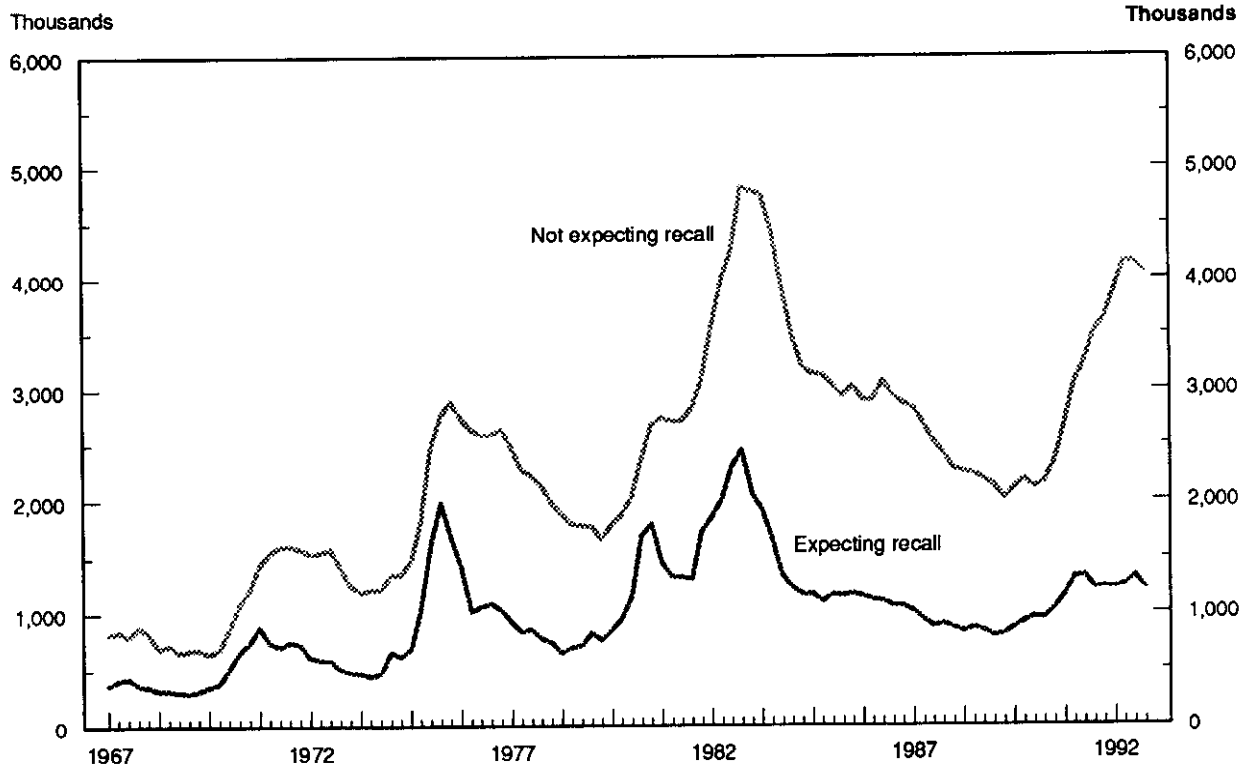
Earnings data for production and nonsupervisory workers in the private sector—including those working both full and part time—are available from the BLS survey of business establishments. These data show that mean weekly earnings, seasonally adjusted, rose 2.7 percent, from $358.68 in the fourth quarter of 1991 to $368.34 in the fourth quarter of 1992.[9] This compares with a 3.0-percent increases in 1991. After adjusting for the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), weekly earnings were down slightly (0.3 percent) in 1992, compared with a gain of a 0.3 percent in 1991.

For the third year in a row, the earnings data from the survey of households showed a large increase in the ratio of women's to men's earnings. It had risen gradually from 63 percent in 1979 (when BLS first obtained weekly earnings data on a quarterly basis) to 70 percent in 1989. In the fourth quarter of 1990, the ratio was 72 percent; a year later, it was 74 percent, and had reached 76 percent by the close of 1992.

Although the increased ratio highlights increasing earnings equality between women and men, the downside to the story is that men's earnings have failed to keep up with increases in the cost of living. Men's earnings were up only 1.0 percent over the year, reaching $508 in the fourth quarter of 1992. The median for women rose 3.5 percent to $386 over this period. Since the fourth quarter of 1979, women's median weekly earnings, adjusted for changes in the CPI-U, have *risen* 10.0 percent, while those of men have *fallen* 8.4 percent.

Blacks continued to lag behind whites in terms of earnings. Black men's median earnings were 72.6 percent of those of white men, and black women's median earnings were 86.2 percent of those of white women. Earnings for black men

Chart 4. **Numbers of unemployed job losers by recall status, 1967-92**



edged up 1.1 percent over the year, while those for black women rose 3.4 percent. As shown below, increases for white men and women were comparable to those values.

	Median weekly earnings		
	Fourth-quarter— 1991	1992	Percent change
Total	$436	$450	3.2
White men	517	522	1.0
Black men	375	379	1.1
White women	379	392	3.4
Black women	327	338	3.4

The earnings of Hispanic workers continued to be lower than those of both whites and blacks.

THE LABOR MARKET turned in a poor performance in 1992. Job growth was limited both in size and dispersion. Only the services industry and government added substantially to their employment, and, in both cases, the gains were much smaller than during most of the 1980's. At the same time, manufacturing continued to lose large numbers of jobs, while other industries experienced smaller employment declines. The weak employment growth was accompanied by a rise in unemployment in the first half of the year, much of it due to permanent job loss. While joblessness receded somewhat by the end of the year, it remained well above prerecession levels. □

Footnotes

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[1] This report summarizes developments in the U.S. labor market in 1992, using data from the Bureau's Current Employment Statistics (CES) survey of 370,000 nonfarm business establishments and from the Current Population Survey (the CPS, collected for BLS by the Bureau of the Census) of 60,000 households. Employment and unemployment data used in this article are quarterly averages. Estimates of over-the-year change are based on a comparison of fourth-quarter averages.

[2] The National Bureau of Economic Research, Inc., the generally recognized arbiter of business cycle dates, has designated March 1991 as the trough of the recession that began in July 1990.

[3] These new regulations are found in 12 Code of Federal Regulations, part 208, appendix A.

[4] For a discussion of the trend in health services employment during the 1980's, see David R. H. Hiles, "Health services: the real jobs machine," *Monthly Labor Review*, November 1992, pp. 3–16.

[5] The six industries that met the criterion are aircraft and parts, guided missiles and space vehicles, ordnance and accessories, search and navigation equipment, shipbuilding and repairing, and tanks and tank components. These industries were identified by the BLS input-output model, based on 1987 employment requirements. The BLS model used a 4-digit Standard Industrial Classification (SIC) industry level when selecting industries to ensure that an industry's data series is as sensitive to changes in defense spending as possible. A 3-digit SIC industry was used only when all of its 4-digit SIC components for which BLS makes separate estimates met the criterion.

[6] *Survey of Current Business* (U.S. Department of Commerce, Bureau of Economic Analysis), July 1988, p. 40.

[7] For a discussion of the impact of permanent layoffs, see David Altig and Michael F. Bryan, "Can Conventional Theory Explain the Unconventional Recovery?" *Economic Commentary* (Federal Reserve Bank of Cleveland), Apr. 15, 1992; and James L. Medoff, "The New Unemployment," Paper prepared for the Subcommittee on Economic Growth, Trade, and Taxes, Joint Economic Committee of the U.S. Congress, April 1992. Numerous reports on the rise in joblessness among white-collar workers have appeared in the news media. See, for example, "This Time the Downturn Is Dressed in Pinstripes," *Business Week*, Oct. 1, 1990, pp. 130–31; "White-Collar Blues," *The Wall Street Journal*, Oct. 4, 1990, p. A1; and "Blue Collar, White Collar," *Barron's*, May 11, 1992, p. 8.

[8] The terms "white-collar" and "blue-collar" are no longer used in CPS occupational classifications, which are based on the 1980 Standard Occupational Classification System. The analysis here combines the current "managerial and professional specialty" and "technical, sales, and administrative support" categories to approximate the white-collar group. The current "precision production, craft, and repair" and "operators, fabricators, and laborers" categories approximate the former blue-collar group.

[9] Weekly earnings derived from the survey of business establishments (CES) are different from those from the survey of households (CPS), largely because part-time workers are counted in CES averages, but not in the CPS data. Also, CES earnings averages are presented as means, whereas the CPS data cited above are computed as medians—the earnings level at which half the workers earn more and half earn less.