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August 1996
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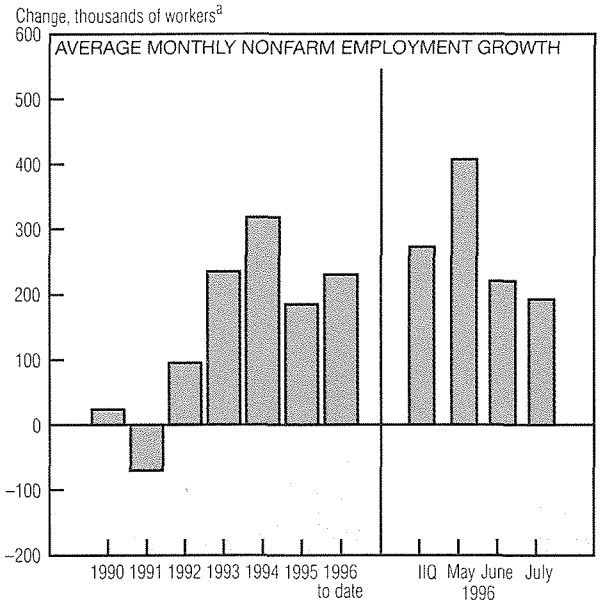
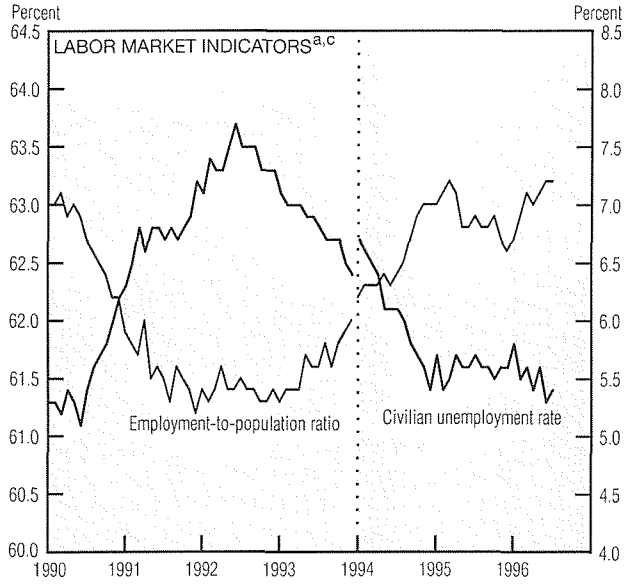
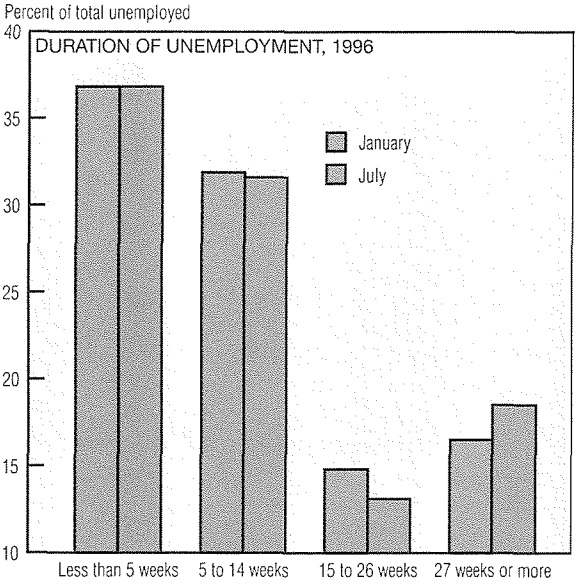
Labor Markets



Labor Market Conditions[a]

	Average monthly change (thousands of employees)				
	1995	1996			
	Year	IIQ	May	June	July
Payroll employment	185	273	407	220	193
Goods-producing	–5	27	53	16	1
Manufacturing	–12	5	19	–4	–20
Construction	9	22	31	22	25
Service-producing	190	246	354	204	192
Services	110	110	160	90	28
Computer	11	13	15	9	10
Retail trade	36	81	77	86	89
Federal govt.	9	20	61	–4	37
	Average for period				
Civilian unemployment rate (%)	5.6	5.4	5.6	5.3	5.4
Nonfarm workweek (hours)[b]	34.5	34.4	34.2	34.7	34.3





a. Seasonally adjusted.
b. Production and nonsupervisory workers.
c. Vertical line indicates break in data series due to survey redesign.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Labor markets continued to grow at a good pace in July, as nonfarm payroll employment increased by 193,000. This latest figure brings jobs growth for 1996 to an average of 230,000 per month, which is much higher than the 1995 rate.

Employment growth within the goods-producing sector was virtually flat in July. Construction firms added 25,000 workers, but manufacturing trimmed payrolls for the second month in a row (–20,000). Unusually small job additions in health and business services, as well as net declines in several other component industries, led to a particularly weak posting for the narrow services category last month (28,000). Even so, this industry, which includes establishments like hotels, hospitals, and engineering firms, has accounted for nearly half of all new jobs created so far this year.

Retail trade employment continued to expand strongly in July, rising by 89,000. Meanwhile, government payrolls posted an above-average rise because of education-related hiring for the new school year.

The civilian unemployment rate edged up to 5.4% in July after falling to a six-year low in June. The proportion of newly unemployed workers has remained unchanged since the beginning of the year, while long-term joblessness (the share of persons unemployed for 27 weeks or longer) has risen noticeably. Indeed, half of all jobless workers now face an unemployment spell of 8.6 weeks or more, which is somewhat high by historical standards.

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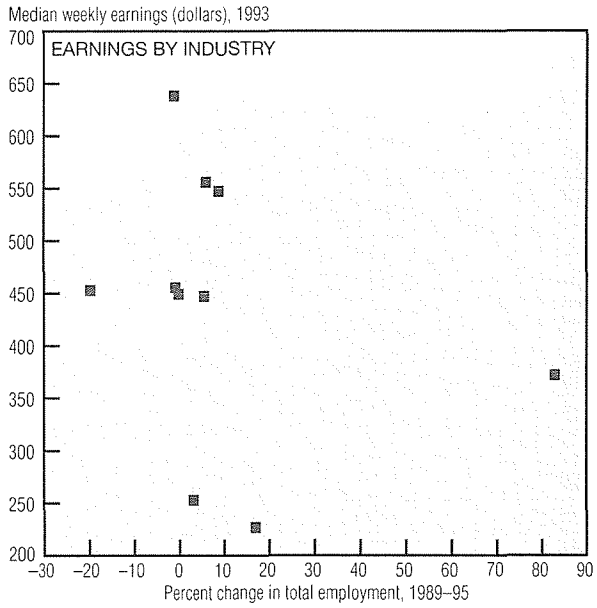
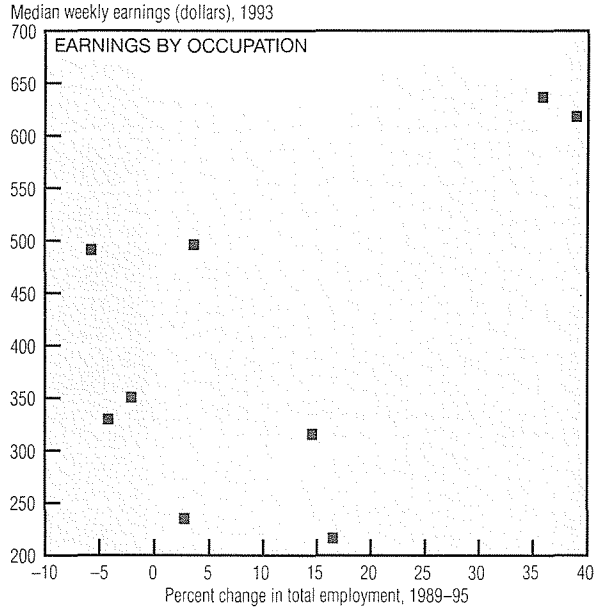
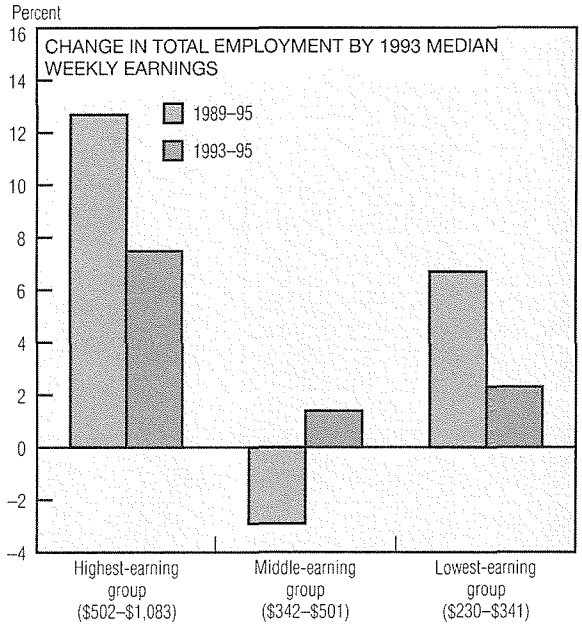
Labor Markets (cont.)







Employment Change and Earnings in Selected Occupations

	Change in total employment, 1989–95		1993 median weekly earnings ($)
	Thousands of jobs	Percent change	
Services			
Managerial	1,302	27.6	598
Professional specialty	2,214	19.2	578
Clerical	563	9.0	305
Sales	184	20.4	250
TPU[a]			
Operators	315	13.3	463
FIRE[b]			
Clerical	–392	–12.4	342

a. Transportation and public utilities.
b. Finance, insurance, and real estate.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

What types of new jobs are emerging in the dynamic U.S. economy? In the lively debate on this question, some cite evidence that the openings are mostly in lower-paying industries. In their view, the country is losing higher-paying jobs in durable manufacturing and gaining low-wage service sector jobs.

A less dismal picture is painted when employment is considered by occupation. Recently, higher-paying occupations have generally been associated with the greatest employment growth. This is because the two fastest-growing occupations of the last seven years are professional specialists and managers, both of which have above-average weekly earnings. These data indicate that the American job-creating machine may not need a tune-up as badly as many claim.

Further investigation tells a richer story. When occupations within a single industry are ordered by weekly earnings in 1993 and classified into three roughly equal groups, then most of the jobs growth over the 1989–95 period occurred in the highest-earning and the lowest-earning groups. The middle group actually lost employees on net. This is consistent with the idea that changes in the occupation and industry mix contributed to the increased inequality of weekly earnings experienced during this time. However, the trend for 1994 and 1995 was different: Most of the jobs growth was in the highest-earning occupations within an industry.