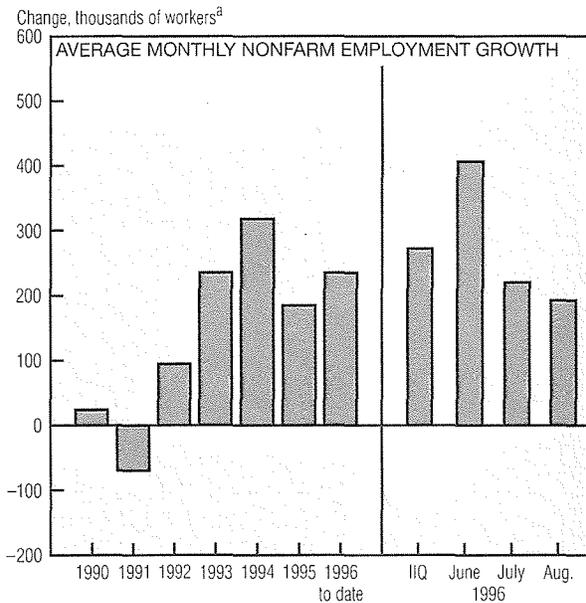


# Labor Markets



## Labor Market Conditions<sup>a</sup>

	Average monthly change (thousands of employees)				
	1995	1996			
	Year	IIQ	June	July	August
Payroll employment	185	272	219	228	250
Goods-producing	-5	26	13	-9	29
Manufacturing	-12	5	-5	-27	25
Construction	9	21	19	23	6
Service-producing	190	246	206	237	221
Services	110	116	109	74	81
Retail trade	36	77	76	88	21
Government	9	19	-7	39	77
Local	11	22	14	31	75
Household employment	34	153	148	274	171
Average for period					
Civilian unemployment rate (%)	5.6	5.4	5.3	5.4	5.1

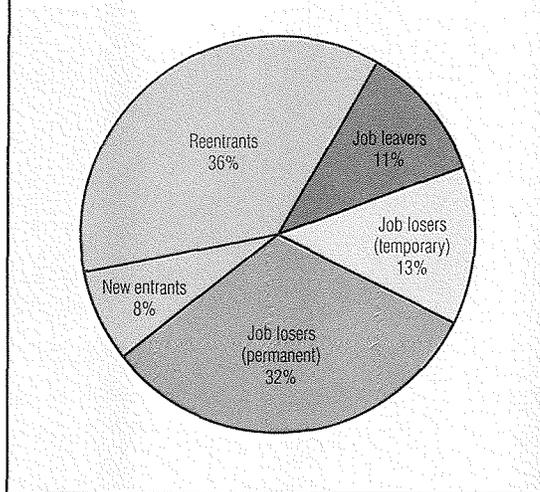


a. Seasonally adjusted.

b. Vertical line indicates break in data series due to survey redesign.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

## SOURCE OF UNEMPLOYMENT<sup>a</sup>



Continuing this year's string of strong labor market reports, August brought 250,000 net new jobs and a drop in unemployment to a seven-year low of 5.1%. This unemployment rate reflects adjustments to the household survey methods, started in January 1994, that were expected to raise the measured unemployment rate as much as 0.5%. If these adjustments are taken into account, we have to look back to early 1973 to find an

equally low (4.6%) jobless rate.

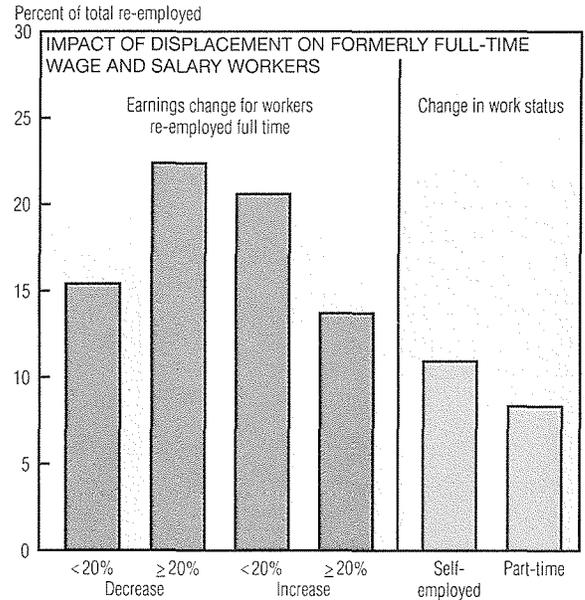
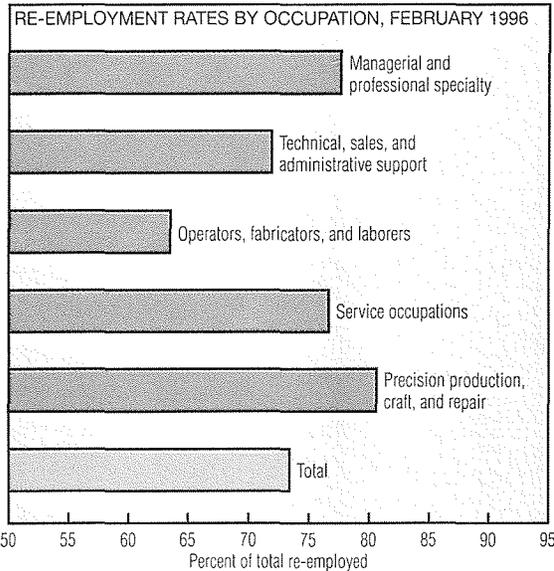
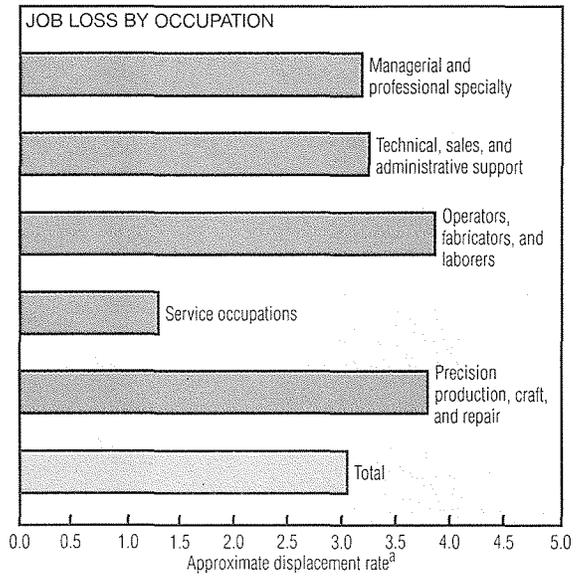
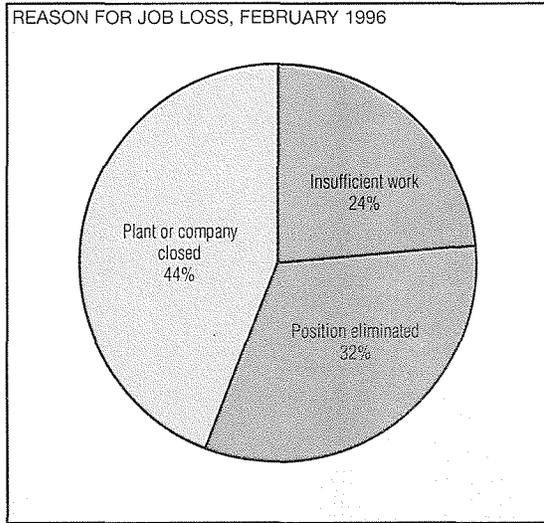
Employment growth was widespread, with most narrowly defined industries reporting increases. Strong gains in both manufacturing and local government employment were partly due to unaccustomed seasonal patterns: the return of manufacturing workers from unusually long vacation downtimes, along with earlier starting dates for schools. Neither of these factors can explain away August's strong employment

showing, but they may dampen jobs growth in the coming months.

Although the unemployment rate is one of the most carefully compiled labor statistics, it does not allow us to draw inferences about the effects of unemployment on workers' well-being. It turns out that many "unemployed" workers were not fired or laid off: 55% are new entrants, reentrants, and workers who voluntarily left their jobs.

(continued on next page)

# Labor Markets (cont.)



a. Total workers displaced between January 1993 and December 1995 as a percentage of total workers employed in July 1994.  
 NOTE: All data refer to workers with three or more years of tenure who were displaced between January 1993 and December 1995. Data are not seasonally adjusted.  
 SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Laid-off workers are further studied in the BLS's Displaced Workers Survey, which asks about any job loss in the previous three years, focusing on the effects of joblessness and clarifying the unemployment patterns that have led to growing reports of job insecurity. About half of displaced workers were let go while their plant or site continued to function, indicating that targeted layoffs are an important source of displacement.

Over time, white-collar occupations have come to account for a significant chunk of layoffs. In the survey's early years (1979-93), recessions pushed the overall displacement rate up to 8.5%, but left managers and professional specialties relatively unscathed (4.4%), while blue-collar specialties' rates were well into double digits.

Re-employment rates are as important as displacement rates, and the

1996 survey shows a vital economy. It reports the highest re-employment rates since the survey began and should comfort laid-off workers, particularly those in the more skilled blue- and white-collar occupations. On average, re-employed workers continue to lose wages, but the latest data show that their chances of a wage increase nearly equal those of a wage reduction.