The U.S. employment situation was off to an unusual start in 1996 as nonfarm payrolls tumbled by 201,000 in January. The “blizzard of the century” has been blamed for much of this unexpected decline, making it difficult to determine the underlying trends in the labor market. Indeed, the widespread impact of the storm is evident in the sharp drop in the diffusion indexes of employment. The January figure for total nonfarm industries indicates that more than half of the nation’s detailed industries reported zero or negative jobs growth over the month. Meanwhile, the civilian unemployment rate made its first significant jump in several months, rising to 5.8% in January.

Construction employment remained positive despite the weather, since job additions in warmer parts of the country offset losses on the East Coast. On the other hand, manufacturing posted a loss of 72,000 workers in January. The blizzard most likely worsened this decline, in addition to causing the factory workweek to fall below 40 hours for the first time in 12 years.

Service-producing employment was in the red last month (down 141,000)—a direct result of unusual losses in typically robust component industries. Hardest hit was business services, where harsh weather, coupled with a strike by building services workers in New York City, contributed to net job deletions totaling 75,000.

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Despite recent concerns about the ever-expanding size of government, civilian government employment as a fraction of total employment has been falling at the federal, state, and local levels.

Federal employment has been declining as a share of total employment since the 1970s, with temporary spikes associated with the hiring of additional census workers every 10 years. Unlike state- and local-level government, federal employment has actually fallen on an absolute basis from its non-census peak in 1989 (3 million workers). Since the beginning of 1990, the far-larger local government sector alone has added more than 1 million employees. However, in the current expansion, even state and local government employment have fallen relative to the faster-growing private sector.

While data on the functions of government employees have not been updated recently, the general composition of government employment has generally been stable. Federal employment is dominated by defense and the postal service, which together account for more than 50% of all federal jobs. Cutbacks in these two areas were responsible for the bulk of the decline in federal employment between 1990 and 1992. State and local government employment is concentrated primarily in education, with a substantial number of jobs in hospitals and police forces. These categories—and many other local government functions—tend to grow as the populations they serve expand.