Labor Markets

Nonfarm employment moved ahead at a moderate pace in March, rising by 140,000. This latest figure brings average monthly jobs growth to 206,000 for the first quarter of 1996, compared to 142,000 in the fourth quarter of 1995. The total nonfarm and manufacturing diffusion indexes have reversed their downward paths, signaling that a growing number of industries have been reporting employment gains over the past few months.

Net declines in both construction and manufacturing led to a 72,000-worker drop in the goods-producing sector last month. Manufacturing employment has experienced a downward trend for quite some time, although a strike by GM workers exacerbated last month's decline of 62,000. Service-producing industries added 212,000 workers during March—a fairly robust figure for this sector. This increase was buoyed by an above-average employment rise in the narrow services category (131,000), which stemmed from scattered gains in a number of component industries, including health, business, and computer/data processing services.

The jobless rate remained essentially unchanged last month at 5.6%, while the employment-to-population ratio (the proportion of the working-age population holding a job) once again jumped above the relatively high 63% mark.

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The recent General Motors strike brought the power of unions back into the national spotlight. While the UAW won some concessions in that strike, the overall health of unions is poor. Union membership as a share of total employment has fallen more than 10 percentage points in the past 20 years, reaching a low of 15.5% in 1994.

The only industry sector to become more unionized in the past 10 years is the government, where union rolls increased a slight 2.9%. In most of the unions' traditional strongholds, membership is down sharply. In transportation and public utilities, it has declined by more than 10 percentage points, and in the manufacturing sector it has fallen nearly 8%.

The image of the blue-collar union member is fast disappearing. Not even a quarter of operators, fabricators, and laborers or of precision, production, craft, and repair workers are unionized today. While other occupations that have traditionally been less unionized (managerial, service, and technical occupations) seem to be holding steady, their union membership rates are all below 15%.

In fact, some have argued that the focus of unions is not on the future, but on taking care of today's union member, an older worker who is nearing retirement. If this is so, it is not surprising that unions seem to pay more attention to retirement and health benefits than to wage gains and new membership.