Monthly Labor Review

June 2016

The Monthly Labor Review at 100—part III: inflation, employment, and the labor force since 1980

To help mark the Monthly Labor Review's centennial, the editors invited several producers and users of BLS data to take a look back at the last 100 years. This third article in a series of four recounts the Review's history since 1980, focusing on its coverage of inflation, employment, and the labor force.

Brian I. Baker
baker.brian@bls.gov

Brian I. Baker is a senior technical writer–editor in the Office of Publications and Special Studies, U.S. Bureau of Labor Statistics.

Throughout its history, the *Review* has striven to maintain the high quality of the articles it publishes and to keep the public abreast of both the kinds of economic issues that perennially affect the nation and new issues that arise as the nation itself changes economically, demographically, and culturally. This installment and the next present some of the pressing issues, the timely issues, and the enduring issues that have occupied the pages of the *Review* over the last 35 years. Both contain what is hoped to be a representative sample of the articles that have filled the pages of the journal during that period. This installment examines three of the most important topics the *Review* has brought before its readers since 1980: inflation, employment, and the composition and dynamics of the labor force. Both BLS and non-BLS authors contributed amply to these "bread-and-butter" issues making up the *Review*'s content over the decades.

Inflation

The double-digit inflation of the late 1970s persisted into the early 1980s. The years 1979, 1980, and 1981 were bleak economically, with inflation averaging 11.3 percent, 13.5 percent, and 10.3 percent, respectively.[1] The *Review* continued to track the rising inflation numbers coming in month after month, reporting them to concerned readers in "Current labor statistics." Throughout this period of high inflation, articles, reports, and summaries appeared periodically, analyzing and explaining the numbers and offering reasons for their persistence. John F. Early, Craig Howell, and Andrew Clem began things in May 1980 with a penetrating article titled "Double-digit inflation today and in 1973–74: a comparison." In it, they pointed to energy and housing prices, as well as the cost

of materials, as leading causes of the acceleration of inflation to double digits in both periods. Then, invoking this similarity, they observed that one of the major factors—if not *the* major factor—that ended the double-digit inflation of the earlier period was the recession from November 1973 to March 1975. Noting that that recession picked up steam only in late 1974, the authors suggested that economists watch for another severe recession as the chief (though not the only) way the high inflation of 1979–81 would end. That they were correct in their assessment, radical though it was, is attested to by the arrival of a severe recession that brought inflation down from a peak of 10.8 percent in July 1981 to a trough of 3.8 percent in November 1982.

Other articles appearing in 1980 that addressed the inflation scenario of 1979 were “Wage gains in 1979 offset by inflation,” by Joan D. Borum (July), a repeat of the concern the author expressed in her 1979 article over the same situation in 1978; “Slowdown in energy prices eases second-quarter inflation,” by William Thomas, Clem, and Eddie Lamb (September), an entry in the “Anatomy of price change” series discussing an all-too-temporary slackening in the pace of inflation during the quarter in question; “Record white-collar pay increase closes decade but trails inflation,” by Felice Porter (November), another lamentation about too much inflation in the midst of unusually high pay increases; and “Inflation slows in third quarter, although food prices soar,” by Howell, Thomas, and Lamb (December), a mixed account of the inflation situation. Although high inflation continued into 1980, the year 1981 saw a diminution in the number of articles devoted to the subject. Just four articles were written about the pace of inflation in 1980, and by 1981, inflation, though still high, began to slow noticeably, as recorded in the lone 1982 *Review* article on the subject, Craig Howell and Jesse Thomas’ “Price changes in 1981: widespread slowing of inflation” (April). By the end of 1982, inflation had returned to oft-seen, lesser levels, and while the *Review* continued, of course, to record the path of inflation up to the present, the era of double-digit inflation was over.

Interestingly, in the midst of the rampant inflation of 1979–81 came a debate about how accurately the CPI represented the phenomenon. The May 1980 issue of the *Review*—the same issue in which Early, Howell, and Clem compared the double-digit inflation occurring at the time with that of 1973–74—also was the first of several issues that featured a number of economists engaging in a spirited discussion over the merits of the CPI. The proceedings began in that issue with a pair of articles, one by Daniel J. B. Mitchell and the other by Jack E. Triplett, that addressed critics of the CPI. Mitchell opened the discussion by proposing that critics who maintain that the CPI exaggerates inflation because some of its components are upward biased ignore the very real possibility that other of its components have just the opposite effect. Also, maintained Mitchell, although there is no guarantee that the two sets of components offset each other, neither is there a guarantee that they don’t—and anyway, there is at least *some* effect in the opposite direction. In support of Mitchell’s argument, Triplett’s piece pointed to empirical studies showing that non-BLS indexes of owner-occupied housing, rental costs, and new-car prices—components ignored by critics—were, in general, higher than corresponding BLS indexes. Thus, it was by no means farfetched, and was even quite plausible, said Triplett, that these components could dampen whatever upward bias might exist in the other CPI components.

The March 1981 issue of the *Review* featured two articles on the accuracy of the CPI. In the first, BLS Commissioner Janet L. Norwood built on Mitchell’s and Triplett’s exposition, examining “Two Consumer Price Index issues: weighting and homeownership”—issues that those authors had cited as being ignored by critics. Bringing to bear past BLS experience showing that weighting changes necessitated by revisions to the CPI had little effect on the index and pointing out that estimates of inflation based on the U.S. Commerce Department’s Deflator for Personal Consumption Expenditures (PCE) with different weights were little different from those of the CPI, Norwood deflected the critics’ complaints as inadequate. Regarding homeownership, she offered an experimental, more accurate “rental equivalence” CPI as a possible way of addressing the critics’ arguments. As things turned out, BLS changed its treatment of homeownership and incorporated the change into the CPI in 1983. The second article, “Indexing federal programs: the CPI and other indexes,” excerpted from a publication jointly authored by the President’s Council of Economic Advisers and the Office of Management and Budget, complemented Norwood’s article in that it, too, addressed the complaints leveled at the CPI regarding the issues of

weighting and homeownership—and, in line with Norwood's conclusions, suggested the adoption of the new experimental CPI as the best way of overcoming the critics' objections.

Capping off the CPI controversy running through the high-inflation scenario of 1979–81 was a September 1981 trio of articles under the title "Measuring prices." Triplett led off the discussion with a highly technical piece titled "Reconciling the CPI and the PCE Deflator." Scrutinizing seven versions of the CPI published by BLS and three versions of the PCE deflator published by the Bureau of Economic Analysis (BEA),[2] he concluded that whatever differences there were among them could be reconciled if one distinguished between "longer-term inflation measurements and…period-to-period inflation rates." In the second article of the trio, "Defining the rate of underlying inflation," David W. Callahan observed that "Overall measures of price increase reflect both a core rate of inflation residing in the economy and the short-run effects of uncontrollable external shocks." Citing the kinds of shocks that need to be accounted for in the short term, he then reflected on how these prima facie very different measures might be reconciled, concluding that reconciling them is necessary only in the short run, because, in the long run, "All shocks are absorbed, all adjustments have been made, and the underlying rate of inflation coincides with the long-term trend in the measure of overall inflation." The final article, "Some proposals to improve the Consumer Price Index," by Phillip Cagan and former BLS Commissioner Geoffrey H. Moore, suggested fixing the CPI by changing the way homeownership was measured (the measurement of homeownership was universally acknowledged as problematic in the official BLS CPI) and experimenting with averaging current- and base-weighted indexes. Together, the articles in the three series from the *Review*s of May 1980, March 1981, and September 1981 on the ongoing controversy over the CPI heralded the change in the index described in Robert Gillingham and Walter Lane's June 1982 *Review* article "Changing the treatment of shelter costs for homeowners in the CPI"—a change subsequently begun in 1983 and completed in 1987, as related by John L. Marcoot in "Revision of Consumer Price Index is now under way" (April 1985).

After inflation eased in 1982, returning to "normal" levels toward the end of the year, not only was the era of double-digit inflation over, but low—sometimes even negative—inflation prevailed from then until the present.[3] Still, although inflation did not possess the urgency it had earlier, the *Review* reported on it regularly: articles on the year's inflation appeared annually well into the 1980s, and features on various aspects of inflation and the CPI arose from time to time, discussing theoretical and methodological issues (e.g., Kenneth J. Stewart and Stephen B. Reed, "Consumer Price Index research series using current methods, 1978–98," June 1999; Janice Lent, "Estimating an energy consumer price index from establishment survey data," December 2011), making comparisons across countries (Walter Lane and Mary Lynn Schmidt, "Comparing U.S. and European inflation: the CPI and the HICP," May 2006), and, in a grand tour de force, chronicling the entire history of inflation and the CPI—the latter's changing methodology, the political forces shaping the index, and the American experience with inflation for the past 100 years (Darren Rippy, "The first 100 years of the Consumer Price Index: a methodological and political history," April 2014; Stephen B. Reed, "One hundred years of price change: the Consumer Price Index and the American inflation experience," April 2014).

Employment

Employment is, by far, the bread and butter of the *Review*, with more than double the number of articles written on it than on any other topic from 1980 to the present. That should come as no surprise, because employment is, after all, the backbone of the U.S.—or, for that matter, any other developed country's—economy. The *Review*'s assessment of the employment situation in the 1980s is perhaps best captured by Lois Plunkert's September 1990

article, “The 1980’s: a decade of job growth and industry shifts.” Beginning with the interesting juxtaposition of two recessions in 3 years at the beginning of the decade with “the longest peacetime expansion on record” throughout the rest of the period, Plunkert went on to describe a scenario in which, indeed, the sheer magnitude of the growth in employment was impressive, but the reach of the growth was uneven. Led by the large number of new jobs posted month after month in the service sector, the economy nonetheless steadily lost jobs in the manufacturing and mining industries, which never recovered from the aforementioned recessions. Even the service sector record was spotty, with one-quarter of the new jobs created in business or health services and some industries, such as communications, railroads, and water transportation, losing jobs. On net, the 1980s saw a continuation of the shift from the goods-producing sector to the service-providing sector, with another 6 percent of employment shifting over.

In addition to Plunkert’s comprehensive article, a number of articles of lesser scope, but no less substantive, were written about various aspects of employment during the 1980s. Among the more salient ones were a special labor force report by Allyson Sherman Grossman on “Working mothers and their children” (May 1981) that cited changing marital patterns, high inflation, and smaller families as factors contributing to the labor force participation of more mothers with children under 18 years old; BLS Commissioner Norwood’s August 1983 piece, “Labor market contrasts: United States and Europe,” which was drawn from her commencement address at Tufts University’s Fletcher School of Law and Diplomacy and looked beyond the unemployment rates of eight countries in North America and Europe to find a more favorable employment outlook for the United States than for Europe—an insight that turned out to be correct as time went on; an article titled “The declining middle class: a further analysis” (September 1986), by Australian economist Patrick J. McMahon and BLS’s own John H. Tschetter, which found that, between 1973 and 1982, despite an increase in the proportion of workers in higher paying occupations, the earnings distribution in the top, middle, and bottom occupation groups had shifted such that each group included more lower paying positions; and Bruce W. Klein and Philip L. Rones’ “A profile of the working poor” (October 1989), in which the authors found that 6.4 million workers, or 5.6 percent of the labor force, were members of poor families. Among these “working poor,” unmarried women with children were at the greatest risk for living in poverty, with the chief reason being low wages likely due to low levels of education.

Employment in the 1990s is perhaps best summarized in Julie Hatch and Angela Clinton’s December 2000 article, “Job growth in the 1990s: a retrospect.” After a brief recession that lasted from July 1990 to March 1991, the U.S. economy “rebounded with the longest running expansion in the Nation’s history.” Employment grew by nearly 21 million over the decade, the most ever recorded between censuses. As in the 1980s, jobs continued to shift from the goods-producing sector to the service-providing sector of the economy, with mining and manufacturing again the biggest losers. Employment in business services grew the most, accounting for a third of all job growth in services over the decade. Computer and data-processing services added more than a million jobs, and colleges and universities could not produce graduates with computer degrees fast enough for the growing demand. Health services, though growing at a slower pace than in the 1980s, still contributed more than 2.5 million jobs to the economy. Government had mixed results: federal government employment fell to levels not seen since 1965 as the Department of Defense lost 333,000 jobs, but state government and local government added jobs, although state government did so at a level less than that of the 1980s. The stock market surged, and investors poured money into Internet-based companies, or “dot-coms.” Amongst all the good news, however, the stage was set for the bursting of the dot-com bubble in the opening years of the 21st century.

Foremost among articles addressing specific employment issues or subperiods of the 1990s was the “annual story” series of articles that tracked employment every year. The title of each article revealed the progression of the economy, from recession to record expansion, over the decade: “U.S. labor market weakened in 1990,” by Steven E. Haugen and Joseph R. Meisenheimer II (February 1991); “Job market slid in early 1991, then struggled to find footing,” by Meisenheimer, Earl F. Mellor, and Leo G. Rydzewski (February 1992); “1992: job market in the doldrums,” by Thomas Nardone, Diane E. Herz, Mellor, and Steven Hipple (February 1993); “The labor market improves in 1993,” by Jennifer Gardner, Hipple, and Nardone (February 1994); “Strong employment gains continue in 1994,” by Lois M. Plunkert and Howard V. Hayghe (February 1995); “Slower economic growth affects the 1995 labor market,” by Gardner and Hayghe (March 1996); “Employment in 1996: jobs up, unemployment down,” by William C. Goodman and Randy E. Ilg (February 1997); “Strong job growth continues, unemployment declines in 1997,” by Ilg and Clinton (February 1998); “Job growth slows during crises overseas,” by Goodman and Timothy D. Consedine (February 1999), referring to economic problems in Asia that reduced foreign demand for U.S. goods; and, despite the previous article, “The job market remains strong in 1999,” by Jennifer L. Martel and Laura A. Kelter (February 2000). Taken together, the articles in the series clearly proclaimed the overall strength of the economy from 1990 to 2000.

The “annual story” was not the only employment story that the *Review* covered in the 1990s. Another “story” was nonstandard employment, also known as contingent employment. The October 1996 issue was given over entirely to examining this topic. Anne E. Polivka began the discussion with two articles: “Contingent and alternative work arrangements, defined” and “A profile of contingent workers.” The first article identified a contingent worker as a worker without a contract, either explicit or implicit, for a long-term work arrangement and found that, under one set of criteria, there were 6 million contingent workers in the United States, making up about 5 percent of the workforce. The second article found that contingent workers were more likely than noncontingent workers to be female, Black, young, enrolled in school, and employed in either services or construction; more than 10 percent were teachers. Then came an article by Hipple and Jay Stewart on “Earnings and benefits of contingent and noncontingent workers” which found, perhaps to no one’s surprise, that contingent workers generally earned less, and were less likely to receive health insurance and pension benefits through their employers, than were noncontingent workers—although many had access to health insurance from other sources. Next, Sharon R. Cohany’s “Workers in alternative employment arrangements” reported that people working as independent contractors, temporary help agency workers, contract company workers, or on-call workers differed not only from workers in traditional arrangements, but also from one another in level of education and job security. Then, returning with another article, “Earnings and benefits of workers in alternative work arrangements,” Hipple and Stewart found that, although temporary help agency workers and on-call workers earned less than workers in traditional arrangements, contract company workers and independent contractors earned more.

Finally, Polivka and Donna S. Rothstein ended the conversation that took place in the October 1996 issue with a pair of articles that delved into the reasons for, and consequences emanating from, entering into an alternative work arrangement. In Polivka’s “Into contingent and alternative employment: by choice?,” the author sought to adjudicate between two opposing views: that being in a contingent arrangement consigns a worker to the bottom of the economic ladder, with frequent job changes, little economic security, and no prospect of advancement; and that contingent arrangements offer workers both pathways into the labor market and the flexibility to balance work with other obligations. What she found was that neither picture told the whole story: workers enter into nonstandard arrangements for many reasons, and although, indeed, some workers find themselves in such

arrangements involuntarily, they are relatively few in number; for many others, a contingent work arrangement presents an opportunity to work that might otherwise be unavailable. Rothstein's findings, set forth in her article "Entry into and consequences of nonstandard work arrangements," complement and add to Polivka's. Rothstein, too, found that workers enter into nonstandard arrangements for a host of reasons, two important ones for women being the birth of a child and a change in marital status. Rothstein also found that women are more likely than men to be in a contingent arrangement, especially if they had given birth during the previous 2 years—a finding implying that such arrangements "provide more flexibility than full-time regular work arrangements."

The employment situation of 2000–15 was in stark contrast to that of the 1990s. From the turn of the century to the present, events, many unprecedented, unfolded at a rapid pace, and their economic effects were profound. The bursting of the dot-com bubble in March 2000 and the subsequent stock market downturn; the terrorist attacks of September 11, 2001, and another stock market tumble; the Iraq War; Hurricane Katrina in August 2005; the subprime-mortgage crisis, the financial crisis, and yet a third stock market plunge, beginning in mid-2007; the Great Recession of 2007–09; and later events—all had an economic impact, and the *Review* covered those impacts in one or another article over the 15 years since 2000. Three articles by Michael Dolfman and colleagues were particularly noteworthy. In the June 2004 issue, Dolfman and Solidelle F. Wasser's article, "9/11 and the New York City economy: a borough-by-borough analysis," gave a detailed account of the economic aftermath of the attack on employment in each of the city's five boroughs. Focusing on Manhattan, they found that the export sector —the most internationally oriented part of the city's economy—was hardest hit, with the finance and insurance industry losing more than 35,000 jobs since 2000; professional, technical, and scientific occupations about 34,000; the information industry more than 23,000; and manufacturing more than 11,000. The other boroughs fared better than Manhattan, but still did not necessarily go unscathed: Queens lost more than 7,000 jobs in the scheduled air transportation industry and about 17,500 in export-related industries; Brooklyn about 4,500 in total; the Bronx 1,300 manufacturing jobs; and Staten Island less than 1,000 (with the caveat that not all of the jobs lost in Brooklyn, the Bronx, and Staten Island could be definitively attributed to the attack itself).

Two years later, following up on the earlier article, Dolfman, Wasser, and Kevin Skelly evaluated "Structural changes in Manhattan's post-9/11 economy" in the October 2006 issue of the *Review*. Concluding that employment bottomed out in Manhattan in 2005, they found that the borough nonetheless increased its role as a wage generator, with high wages in the global, or export, sector driving demand in the local sector—those industries supporting the global sector. In effect, although many jobs had been lost to the terrorist attack, wages in certain industries and occupations—primarily financial and insurance; information; professional, scientific, and technical services; management of companies; and real estate and leasing—had risen to such an extent that the former influence of employment as a driver of the local economy was eclipsed by the new role of wages. As a result, the global sector of Manhattan's economy has diminished in importance and the local sector has advanced. "In other words," said the authors, "the rising income in the global sector is what is spurring demand for more labor intensive local-sector jobs."

Less than 1 year later, in the June 2007 issue, Dolfman, Wasser, and Bruce Bergman assessed “The effects of Hurricane Katrina on the New Orleans economy.” What they found was far worse than what they had concluded about New York: the New Orleans economy was devastated, with 105,000 jobs, or roughly 42 percent of all jobs, lost a year after the hurricane. In industry after industry, occupation after occupation, the figures were eye opening: 10 months after the hurricane, tourism was down by almost 23,000 jobs; healthcare by about 13,500; port operations by 3,500; educational services by nearly 2,000; and professional, scientific, and technical services by just under 1,700. Construction alone registered large employment gains—almost 5,000 jobs—and that was due solely to recovery efforts that got under way after the industry lost jobs immediately after the hurricane. Using location quotients, the authors nevertheless judged New Orleans’ prospects for recovery as favorable: tourism, port operations, and educational services—despite suffering large employment losses—had survived as a foundation for the future, and that “triumvirate source of economic strength…bodes well for the future.”

Dolfman and colleagues were not alone in examining the employment effects of Hurricane Katrina: a year after the cataclysm, the *Review*’s entire August 2006 issue was devoted to the tragedy. An overview preceded six articles in which a number of authors assessed various aspects of the employment impact of the hurricane, not just on New Orleans, but also on other jurisdictions along the U.S. gulf coast. “The labor market impact of Hurricane Katrina: an overview” introduced the articles that followed, presenting essentially a visual essay of many salient facts surrounding the catastrophe. Then, Richard L. Clayton and James R. Spletzer discussed “Worker mobility before and after Katrina,” finding that a number of the many workers displaced from New Orleans by the storm quickly found jobs in Texas but still suffered a substantial decline in their short-term earnings. Next, Molly Garber, Linda Unger, James White, and Linda Wohlford analyzed “Hurricane Katrina’s effects on industry employment and wages” in 11 affected areas of Louisiana and Mississippi, and not only found that jobs were still down 1 year after

the hurricane, but also reported that BLS efforts to continue normal data collection and publication schedules and to adjust normal estimation and imputation procedures were relatively successful in getting accurate information on the employment effects of the storm. Following Garber and colleagues' article was "The Current Population Survey response to Hurricane Katrina," by Lawrence S. Cahoon, Diane E. Herz, Richard C. Ning, Anne E. Polivka, Maria E. Reed, Edwin L. Robison, and Gregory D. Weyland, which presented the results of a BLS–Census Bureau collaboration showing that "jobless rates were sharply lower for those evacuees who returned home than for those who did not." Then, Sharon P. Brown, Sandra L. Mason, and Richard B. Tiller found that "The effect of Hurricane Katrina on employment and unemployment" was severely depressed employment levels, and temporarily higher unemployment levels, in Louisiana and Mississippi. Next, in the fifth article of the set, "Conducting the Mass Layoff Statistics program: response and findings," Brown and Patrick Carey touted the "careful collaboration between BLS and State agencies" in overcoming data collection challenges and identifying the accommodation and food services sector in Louisiana and Mississippi as the sector with the most mass layoffs due to Katrina. Finally, rounding out the discussion of the hurricane, Charles S. Colgan and Jefferey Adkins examined the extent of "Hurricane damage to the ocean economy in the U.S. gulf region in 2005," finding that gulf coast counties and parishes affected by Hurricane Katrina—and, close to a month later, Hurricane Rita— sustained the largest insured dollar losses in a year from catastrophes of that nature. As a measure of the momentousness of the loss, the authors noted that the affected counties and parishes constituted 80 percent of employment in Louisiana, 33 percent in Texas, 14 percent in Alabama, and lesser, though by no means negligible, percentages in Florida and Mississippi.

The Great Recession, rivaling 9/11 as the most significant U.S. event of the 21st century to date, received an abundance of coverage that stretched over several years of issues of the *Review*. It all started with two March 2008 articles that, although published after the recession began, were actually harbingers of it, because, at the time, the recession had not yet been officially declared. First, reporting the CPS annual story in an article titled "Household survey indicators weaken in 2007," James Marschall Borbely informed readers that "unemployment rose, employment growth slowed, and the labor force participation rate and employment–population ratio trended down." Then, in "Payroll employment in 2007: job growth slows," Robyn J. Richards seconded Borbely's findings as she reported the CES annual story. Richards found that "employment grew by just 0.8 percent in 2007, the lowest rate in 4 years," with the 1-month diffusion index for total private employment falling below 50 for the first time since 2003—meaning that more industries lost than added jobs over the year. After that, the recession picked up full steam, officially beginning in December 2007 and ending in June 2009,[4] and the BLS annual stories recorded its progress during that time every spring from 2009 through 2011. Once again, the titles of the articles are by themselves descriptive: "U.S. labor market in 2008: economy in recession" (Borbely, March 2009); "Substantial job losses in 2008: weakness broadens and deepens across industries" (Laura A. Kelter, March 2009); "Job openings and hires decline in 2008" (Katherine Klemmer, May 2009); "Payroll employment in 2009: job losses continue" (Megan M. Barker and Adam A. Hadi, March 2010); "Job openings, hires, and separations fall during the recession" (Mark deWolf and Klemmer, May 2010); " Unemployment remains high in 2010" (Eleni Theodossiou and Steven F. Hipple, March 2011); and "Payroll employment turns the corner in 2010" (John P. Eddlemon, March 2011). Interspersed among the various annual stories were two broader, but still Great Recession–related articles. In the first, in April 2009, Harley J. Frazis and Randy E. Ilg, analyzing "Trends in labor force flows during recent recessions," found that the Great Recession (still in progress at the time of publication) was characterized by a decrease in flows into employment from March 2007 to December 2008 and a decrease in flows out of unemployment in mid-2007, consistent with "a prolonged slowdown in job creation occurring alongside

an increase in job destruction." Thus, maintained the authors, the Great Recession "differs from…most earlier recessions, which were marked more by increasing flows out of employment." In the second broad article, "The nation's underemployed in the 'Great Recession' of 2007–09," Andrew Sum and Ishwar Khatiwada used data from the CPS to show that "the less educated, those in low-skilled occupations, and those in low-paying occupations had a higher incidence of underemployment during the 2007–09 recession." The authors also found that underemployment was concentrated among workers from lower income households.

As a measure of the importance the *Review* attached to the Great Recession, the April 2011 issue was devoted entirely to that subject. A piece titled "Employment loss and the 2007–09 recession: an overview," by Christopher J. Goodman and Steven M. Mance, set the stage for nine articles that examined the effect of the recession on employment in various industries. Observing that "the downturn in employment accompanying the 2007–09 recession was notable for its prolonged length, for affecting an especially wide range of industries, and for being deeper than any other downturn since World War II," the overview pointed out that, as of December 2010, a year and a half after the trough of the recession, employment remained 7.7 million jobs below the prerecession peak. Next, surely by design, the article "Employment in health care: a crutch for the ailing economy during the 2007–09 recession," by Catherine A. Wood, set a positive tone, letting the reader know at the outset that there was at least one bright spot in the economy: through all the job losses, the healthcare industry grew by 428,000 jobs during the recession and continued to grow steadily thereafter. Wood concluded her exposition with a noteworthy observation: "that [the healthcare industry] boosted employment at all during such a severe and prolonged economic downturn is remarkable." Following Wood's article came Brian Davidson's piece "Mining employment trends of 2007–09: a question of prices," in which the author noted that the mining industry managed to sustain job growth through the first 10 months of the recession, buoyed by markedly higher oil prices; after that, when oil prices fell substantially, employment fell as well, reaching a trough 4 months after the recession had ended. In sum, the period of falling employment in mining was 6 months shorter than the duration of the recession.

Then came the parade of unpalatable news, leading off with the worst case of all: the construction industry. The title of Adam Hadi's article succinctly told it all: "Construction employment peaks before the recession and falls sharply throughout it." Job losses amounted to 1.5 million, a 20-percent decline in employment in the industry, the largest percent decline of all industries during the Great Recession. Not far behind, however, was manufacturing: fleshing out her article, "Manufacturing employment hard hit during the 2007–09 recession," Megan M. Barker cited the loss of 2 million employees, or 15 percent of the industry's workforce, as indicative of the ongoing dire straits of manufacturing, an industry on a downward trend since 1979, with job losses accelerating during every recession thereafter. Then, in "Professional and business services: employment trends in the 2007–09 recession," Frank Conlon related that industry's woes during the recession, including the loss of 1.6 million jobs, or nearly 9 percent of the industry's workforce. The loss was the largest ever recorded in the industry, in both percentage and absolute number. Most striking were the losses in the administrative and waste services component of the industry, a component that accounted for 3 of every 4 jobs lost in professional and business services. Next in the parade of industries pummeled by the recession was the finance industry,[5] whose troubles were aptly described in the title of George Prassas' article: "Employment in financial activities: double billed by housing and financial crises." Indeed, the industry had received a twofold hit: first, preceding the recession by more than a year and a half, the housing market bubble burst after a peak in employment in the real estate credit industry and among mortgage and nonmortgage brokers and real estate brokers in April 2006; then, in October 2008, after the start of the recession, the financial markets began to experience large losses that lasted until almost a year after the National Bureau of

Economic Research declared the recession over. All told, employment in the finance industry fell by 473,000, or 5.8 percent, during the recession.

Retail trade was next in the discussion of industries hit by the recession. Michael D. McCall described the "Deep drop in retail trade employment during the 2007–09 recession," a slide amounting to a loss of a little more than a million jobs, or 6.7 percent of the industry's employment. Motor vehicle and parts dealers lost the most jobs in the retail trade industry, 271,000, followed by clothing and clothing accessories stores, which shed 161,000 jobs. Then, in "Employment in leisure and hospitality departs from historical trends during 2007–09 recession," Eliot Davila told how the leisure and hospitality industry suffered the most severe and prolonged downturn in employment in a long history in which the industry had experienced almost uninterrupted job growth. Finally, Steven Kroll wound up the discussion with an article on "The decline in work hours during the 2007–09 recession," revealing the not-unexpected finding that average weekly hours for workers in private industry decreased across all industries during the recession. Hours were pulled down further, said Kroll, "as a result of heavy job losses in industries with above-average workweeks." Summing up the effect of the Great Recession and the economic situation as of December 2010, 4 months before publication of the series of articles in the *Review*, Goodman and Mance said, in their overview, "The U.S. economy is recovering from one of the longest and deepest recessions since the end of World War II…[in which] virtually no area of the economy remained unscathed,…particularly the labor market."

After the April 2011 issue, the *Review* continued to report on employment in a now recovering (though modestly) economy. Following a gloomy August 2011 assessment titled "Job openings and hires show little postrecession improvement," by Katherine Bauer Klemmer and Robert Lazaneo, the titles of the publication's "annual stories" reveal the slow upward progression of employment from March 2012 to the present: "Payroll employment growth accelerates in 2011" (Parth A. Tikiwala and Frank Conlon, March 2012—the CES annual story); "U.S. labor market shows gradual improvement in 2011" (Eleni Theodossiou, March 2012—the CPS annual story); "Job openings and hires continue to show modest changes in 2011" (Guy L. Podgornik, September 2012—the Job Openings and Labor Turnover Survey, or JOLTS, annual story); "Slow and steady: payroll employment grew moderately in 2012" (Sutton E. Puglia and Parth A. Tikiwala, March 2013); "U.S. labor market continued to improve in 2012" (Lisa Williamson, March 2013); "Job openings continue to grow in 2012, hires and separations less so" (Kendra C. Hathaway, May 2013); "Nonfarm employment continued its road to recovery in 2013" (Kara Sullivan, March 2014); "Unemployment continued its downward trend in 2013" (Catherine A. Wood, April 2014); "Continued improvement in U.S. labor market in 2014" (Eleni Theodossiou Sherman and Janie-Lynn Kang, April 2015); "CES employment recovers in 2014" (John P. Mullins and Brittney E. Forbes, April 2015); and "Job openings reach a new high, hires and quits also increase" (Kevin S. Dubina, June 2015). The *Review* will continue to report regularly on employment—the most basic aspect of the economy—for the foreseeable future.

Labor force

The labor force has been a key area of investigation for the *Review* since its inception. A sampling of articles from the 1980s, the 1990s, and the period from 2000 to 2015 reveals a variety of labor force–related topics examined from decade to decade: the demographic mix of the labor force, the labor force participation rate, the youth labor force, the employment-to-population ratio, the women's labor force, working mothers, the older labor force, baby boomers, the racial and ethnic composition of the labor force, and veterans in the labor force, to mention just a few. Articles from the 1980s include "The employment–population ratio: its value in labor force analysis" (February

1981), by Carol Boyd Leon, who touted the consistent cyclical properties of that statistic and the accuracy of its seasonal adjustment in measuring the ability of the economy to provide jobs; “The labor market problems of older workers” (May 1983), in which Philip L. Rones observed that “older workers do not have especially high unemployment rates, but when they become unemployed, they are less likely to find a job, and more likely to leave the labor force in discouragement”; Ellen Sehgal’s “Foreign born in the U.S. labor market: the results of a special survey” (July 1985), which found that, despite initial hardship, recent entrants to the U.S. labor force saw their employment and earnings approach those of native-born workers with the passage of time; “An international comparison of labor force participation, 1977–84” (May 1986), Patrick J. McMahon’s comprehensive look at labor force participation in six countries; and “Labor force status of Vietnam-era veterans” (February 1987), by Sharon R. Cohany, who presented the results of a special survey which found that men who served in Southeast Asia—especially those with service-connected disabilities—encountered labor market difficulties substantially greater than those of nonveterans of the same era.

Among labor force articles published in the 1990s were Paul O. Flaim’s “Population changes, the baby boom, and the unemployment rate” (August 1990), an article showing that, because of their large numbers, baby boomers (those born between 1946 and 1964) had a substantial effect on the unemployment rate. In the late 1960s and throughout most of the 1970s, they put upward pressure on the rate, with many of them having entered the job market as teenagers and twenty-somethings looking for employment. In the 1980s, they exerted downward pressure on the unemployment rate, when, in their thirties and forties, they found employment, and remained employed, more easily. Flaim projected that the baby boomers would continue to put downward pressure on the unemployment rate in the 1990s. Other articles of the same decade were “Working and poor in 1990” (December 1992), by Jennifer M. Gardner and Diane E. Herz, an article unequivocally linking poverty in working families chiefly to their low wages—an issue receiving much attention today—but also to a small number of workers in the

family and to families maintained by women; Herz's solo article examining "Work after early retirement: an increasing trend among men" (April 1995), in which the author found that early pensioners were returning to work at a faster pace than in the previous decade, a transition likely attributable to a number of factors, including changes in the types and provisions of pensions, increases in healthcare costs, and longer life expectancies spent more healthily; Alexander Kronemer's intriguing "Inventing a working class in Saudi Arabia" (May 1997), an international report on that country's unusual labor force, in which 9 of every 10 private sector workers were foreigners, and on the Kingdom's effort to replace as many of them as possible with qualified Saudis in the face of a culture that long has had a "strong distaste for the kinds of work found in most manufacturing and office-support jobs"; and "The long-term consequences of nontraditional employment" (May 1998), by Marianne A. Ferber and Jane Waldfogel, a followup to the *Review*'s October 1996 special issue on contingent and alternative work arrangements. Ferber and Waldfogel found strong evidence indicating that a history of part-time work is associated with lower pay for both men and women, except for men who were self-employed and women who were working part time voluntarily.

The years from 2000 to 2015 saw the *Review* continue its examination of the many aspects of the labor force. A sample of articles published during those years brings out the flavor of the issues discussed. Ten years after Flaim's piece on the initial negative and then positive unemployment effects of the baby boomers transitioning into older age groups, Arlene Dohm picked up the story in her article "Gauging the labor force effects of retiring baby-boomers" (July 2000). She began by observing that the boomers were approaching retirement age and their effect on both the overall economy and certain occupations and industries, as in all the previous decades, would be substantial. Then, she contemplated the prospect that many younger workers might not have the relatively high level of skills required to fill the jobs vacated by retiring baby boomers. Dohm went on to say that the industries most affected—those with the greatest percentage of workers 45 years and older who were likely to retire or otherwise permanently leave the occupation—would be educational services, public administration, transportation, and health services. She was encouraged, however—and in this, she was right, as was borne out in later *Review* articles—by indications that older workers were delaying their departure from the labor force or returning to it after retirement.

In another study of the labor force, Abraham Mosisa examined the "Labor force characteristics of second-generation Americans" (September 2006), focusing on the children of foreign-born workers. Comparing second-generation Americans—those with one or both parents foreign born—with their counterparts in third and higher generations, he found that "the second generation is more racially diverse than the third generation; and second-generation individuals tend to have higher levels of education than their third-generation counterparts." Thus, wrote Mosisa, "it appears that members of the second generation of American workers have achieved [labor market] parity with their third-generation counterparts; indeed, in some respects, they may have become more successful." He went on to point out that a key factor in the second generation's success in the workforce is its level of educational attainment: "The second generation has taken advantage of access to education," and "38.0 percent of those aged 25 to 54 years have at least a bachelor's degree, compared with 29.7 percent of the third generation." In this regard, continued Mosisa, "second-generation workers are somewhat more likely than third-generation workers to be employed in professional and related occupations, and in management, business, and financial operations. The median annual earnings of second-generation workers are somewhat higher than those of their third-generation counterparts."

By 2010, Asians in the nation numbered 11.2 million and accounted for 4.7 percent of the U.S. civilian noninstitutional population ages 16 and older. There were 7.2 million Asians in the labor force, and their participation rate was almost 66 percent. In the November 2011 issue of the *Review*, Mary Dorinda Allard captured the group's diversity—and similarities—in her article "Asians in the U.S. labor force: profile of a diverse population." Examining the labor force statistics of the six major Asian groups populating the nation, Allard arrived at the following results distinguishing the groups from one another: Chinese (22 percent of all Asians) workers were overrepresented in food preparation and serving-related occupations and in computer and mathematical occupations; Indians (18 percent) were most likely to be foreign born, be married, and have a bachelor's degree or higher; among Filipinos (17 percent), women outnumbered men and had a higher labor force participation rate than women in any other Asian group and about a third of workers were in the health care and social assistance industry; Vietnamese (11 percent) were the least likely of the groups to have a bachelor's degree or higher, and about one-fifth of Vietnamese workers were in personal care and service occupations; about one-quarter of Korean (10 percent) workers were self-employed, a much higher percentage than that for any other Asian group; and, unlike the other Asian groups, the Japanese (6 percent) were mostly native born, and they were more likely to be ages 55 and older. (Other Asians, including Thais, Pakistanis, Cambodians, Hmong, and Laotians, together made up the remaining 16 percent.) With regard to similarities, probably the most important economic one that Allard found was that all the Asian groups suffered increased unemployment rates during the Great Recession—though less so than non-Asians.

Rounding out the sample of *Review* articles on the labor force published in the period from 2000 to 2015 is an October 2012 entry by Alix Gould-Werth and H. Luke Shaefer examining "Unemployment Insurance participation by education and by race and ethnicity." In it, the authors analyzed results from the 2005 Unemployment Insurance (UI) Non-Filers Supplement to the CPS in order to learn "whether application for and receipt of benefits among applicants varies systematically with two key demographic characteristics" of the labor force: "educational attainment, and race and ethnicity." Regarding education, the highly educated were more likely than the less educated to apply for UI benefits and to receive benefits if they applied. If they perceived themselves as ineligible for benefits (and therefore didn't apply to the UI program), the highly educated were again more likely than the less educated to attribute their perceived ineligibility to voluntarily quitting their job. By contrast, the reason given by most of the less educated unemployed workers for perceiving themselves as ineligible for UI benefits (and hence not applying for them) was that they did not work enough or earn enough to qualify. The latter finding suggests that less educated workers may lack a sufficient understanding of UI eligibility criteria and is therefore an impetus for further research.

With regard to race and ethnicity, Hispanic respondents to the survey were far less likely than White non-Hispanic or African American respondents to apply for UI benefits and, when they did apply, to receive benefits. The authors ruled out noncitizenship as a reason for both disparities, because both persisted when the Hispanic sample was restricted to citizens. The authors found statistically significant differences between Hispanic respondents, on the one hand, and White non-Hispanic respondents and African American respondents, on the other, in a number of areas: (1) a greater proportion of Hispanic respondents than both White non-Hispanic respondents and African American respondents indicated that they did not know where or how to apply as a reason for failing to file; (2) a greater proportion of Hispanic respondents than both White non-Hispanic respondents and African American respondents also indicated that they did not know that benefits existed; and (3) more than 5 percent of Hispanic respondents (but no Hispanic citizens) listed inability to speak English as a reason for not filing, compared with

one-quarter of 1 percent of White non-Hispanic respondents and no African American respondents. All of these findings suggest that future studies of application for, and receipt of, UI benefits should examine Hispanic workers separately from African American workers and, indeed, from other minority workers in order to understand what factors are driving the differences between them.

Conclusion

Since 1980, the *Review*'s coverage of inflation, employment, and the labor force has been extensive. Although these topics were featured consistently in earlier periods, their treatment in the journal's more recent issues has added more to our understanding of, among other things, the causes and effects of inflation, the employment impacts of recessions and other economically disruptive events, and the imprint of demographic change on the labor force. The final installment in the series will focus on three additional topics discussed extensively in the *Review* since 1980: employee benefits, industries and occupations, and worker safety and health.

Note: Monthly Labor Review articles published since 1980 are available online at https://www.bls.gov/opub/mlr/2016/home.htm.

SUGGESTED CITATION

Brian I. Baker, "The Monthly Labor Review at 100—part III: inflation, employment, and the labor force since 1980," *Monthly Labor Review,* U.S. Bureau of Labor Statistics, June 2016, https://doi.org/10.21916/mlr.2016.27.

NOTES

1 See "Table of historical inflation rates by month and year," *Historical inflation rates: 1914–2016* (San Antonio: Coinnews Media Group, January 20, 2016), http://www.usinflationcalculator.com/inflation/historical-inflation-rates.

2 Norwood referred to the PCE deflator as a product of the Commerce Department, Triplett as a product of the BEA. In actuality, it is both: the BEA is an agency of the Commerce Department.

3 "Table of historical inflation rates by month and year."

4 According to the National Bureau of Economic Research, the official arbiter of recession beginning and ending dates.

5 North American Industry Classification System sectors 52 (finance and insurance) and 53 (real estate and rental and leasing).

RELATED CONTENT

Related Articles

The Monthly Labor Review at 100—part II: the "middle years," 1930–80, *Monthly Labor Review*, May 2016.

The Monthly Labor Review at 100—part I: the early years, 1915–30, *Monthly Labor Review*, May 2016.

Celebrating 100 years of the Monthly Labor Review, *Monthly Labor Review*, July 2015.

The Monthly Labor Review turns 100, *Monthly Labor Review*, July 2015.

Related Subjects

History | Bureau of labor statistics | Labor and economic history