

National Economic Trends

December 1987

The nation's current economic expansion reached the five-year mark in November. One of the most remarkable aspects of this expansion is the continuing decline of the civilian unemployment rate throughout the period, especially in the past year. Over the five-year period, employment expanded at a 2.7 percent annual rate while the labor force grew at a 1.7 percent rate.

The unemployment rate for November 1987 was 5.9 percent; at the trough of the last recession in November 1982, it stood at 10.8 percent. The decline occurred in three stages: a sharp drop of 3.6 percentage points during the first two years, a much slower decline of only 0.3 percentage points from late 1984 to late 1986, and a decline of one percentage point over the past year.

The accompanying table provides additional detail about the factors that contributed to the unemployment rate decline. After an initial period of rapid acceleration, employment growth slowed in 1985 and 1986, before accelerating again, albeit more slowly, in 1987. Growth in the labor force was relatively slow early in the expansion, but accelerated from 1984 to 1986, before slowing in 1987. The 1987 decline in the unemployment rate reflected both the relatively slow growth of the labor force and accelerating employment.

Since late 1982, the composition of employment growth has also changed. In 1983 and 1984, both service-producing and goods-producing employment grew rapidly. Service-producing employment continued strong, for the most part, through 1987. Goods-producing employment declined in 1985 and 1986 before strengthening in 1987.

Employment Trends (percent change)

	1987	1986	1985	1984	1983
Civilian noninstitutional population	1.2%	1.4%	1.0%	1.2%	1.1%
Civilian labor force	1.6	2.2	1.7	1.7	1.1
Total civilian employment	2.8	2.3	1.9	3.2	3.6
Unemployment rate	-1.0	-0.1	-0.2	-1.3	-2.3
Payroll employment	2.8	2.0	2.6	4.5	3.5
Service-producing	3.0	2.9	3.7	4.7	3.2
Goods-producing	2.2	-0.6	-0.6	4.1	4.4

Note: All figures are for the 12-month period ending in November of the year indicated.

— Keith M. Carlson

