
Manufacturing Job Losses in the Recovery: The District Outperforms the Nation

By Creg Shaffer

While the nation's economic recovery has shown signs of strength, manufacturing employment has continued to struggle across the nation. In the Tenth District, persistent job losses in manufacturing are a concern because the sector employs one of every eight district workers.

This article examines job growth in the district's key manufacturing industries and in the seven district states. The article shows that while thousands of manufacturing jobs have been lost since the recovery began, the decline in the district has been less than in the nation. The primary strength of the region's manufacturing sector has been the food processing industry.

The District Outperforms the Nation

Since the current recovery began in the first quarter of 1991, total employment in the district has climbed steadily, rising about 250,000. But over the same period, district manufacturers have cut 26,000 jobs from their payrolls. This erosion of manufacturing jobs reflects a downward trend nationwide. The nation's manufacturing sector has lost 853,000 jobs since the first quarter of 1991.

Even though the loss of district manufacturing jobs is troubling, the decline in both absolute and percentage terms has been less than in the nation. Over the recovery, district manufacturing employment has fallen 0.9 percent per year, about half the 1.7 percent annual rate of job losses nationwide (Chart 1). Moreover, the gap between manufacturing job growth in the district and the nation continues to widen.

The District's Manufacturing Strength

Why has the decline in manufacturing jobs been less severe in the district than in the nation? The answer lies in the make-up of the district's industrial base—in particular, its mix of durable and nondurable goods producing industries.

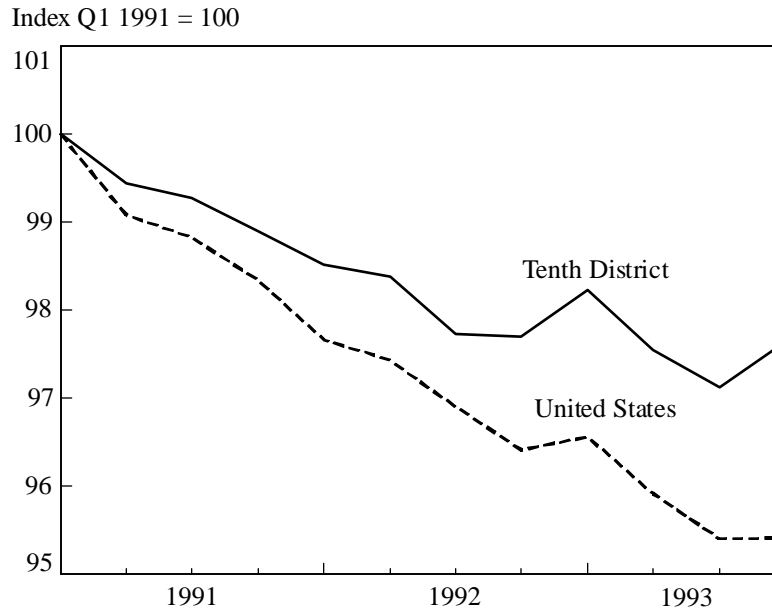
Durable goods are products designed to last more than three years, such as appliances and automobiles. Nondurable goods are products designed to last less than three years, such as food and chemicals.

Durable goods industries in both the district and the nation have suffered shrinking job rolls since the recovery began. Buffeted by one large layoff after another, employment in the district's durable goods industries has shrunk 1.9 percent annually, while durables employment nationwide has slipped 2.5 percent annually (Chart 2).

The four most important durables industries in the district—transportation equipment, industrial machinery, fabricated metals, and electronic devices—employ over 350,000 district workers. The percentage decline of job losses in each of these industries over the recovery has been similar to that nationwide (Table 1).

The steepest job losses, both in the district and nationwide, have battered the transportation equipment industry. Job losses in transportation equipment account for nearly half of all durables jobs lost in the district since the recovery began. These high-paying jobs have been hit hard by cutbacks in military aircraft production and by a struggling commercial airline industry. Nationwide, the transportation equipment industry has suffered a similar fate.

Chart 1
Manufacturing Employment



Thus, as Table 1 shows, very little of the difference in manufacturing job losses between the district and the nation over the recovery can be attributed to durables manufacturing.

Nondurable goods industries, however, tell a different story. Unlike nondurables employment nationwide, nondurables employment in the district is actually growing (Chart 3). During the recovery's first year, nondurables employment growth was flat in both the district and the nation. But starting in 1992, data for the district and the nation moved in opposite directions. Over the recovery, the district's nondurable job rolls have grown 0.5 percent per year, while the nation's nondurable job rolls have shrunk 0.7 percent per year.

The district's key nondurable industries are food and kindred products, printing and publishing, and chemicals. These three industries employ over 300,000 district workers. Employment in two of these industries—printing and publishing, and chemicals and allied products—has held steady during the recovery. Thus, most of the strength behind the district's upturn in nondurables employment

comes from food processing.

Food processing is the district's largest nondurables manufacturing industry, currently employing nearly 155,000 workers (Table 1). Led by growth in meat processing, the food processing industry has been one of the fastest-growing industries in the region, adding jobs at a pace of 1.0 percent annually since the recovery began. Food processing's 4,000 new jobs have come in meat processing, beverage production and brewing, and grain milling. More than half of these new jobs have been in meat processing.

Put simply, while manufacturing jobs in the nation have experienced a large decline during the recovery, job losses in the district's manufacturing sector have been ameliorated by a strong food processing industry.

The District States

Over the current recovery, the growth of manufacturing jobs in the seven states of the Tenth District has depended on the mix of manufacturing industries in each state's economy. Job losses were severe in

Table 1
Manufacturing Employment During the Recovery

Industry	District				United States			
	First quarter 1991	Fourth quarter 1993	Jobs lost or gained	Annualized growth rate	First quarter 1991	Fourth quarter 1993	Jobs lost or gained	Annualized growth rate
	Thousands of jobs			Percent	Thousands of jobs			Percent
<i>Total manufacturing</i>	1,111.2	1,085.0	-26	-.9	18,580	17,727	-853	-1.7
<i>Durable goods</i>	640.5	607.7	-33	-1.9	10,721	10,009	-712	-2.5
Fabricated metals	70.8	67.9	-3	-1.5	1,372	1,311	-61	-1.6
Industrial machinery	125.2	121.4	-4	-1.1	2,048	1,895	-153	-2.8
Electronic and electrical equipment	59.2	56.4	-3	-1.7	1,620	1,515	-105	-2.4
Transportation equipment	140.6	124.3	-16	-4.4	1,898	1,699	-199	-3.9
Instruments	39.1	35.5	-4	-3.4	991	865	-126	-4.8
<i>Nondurable goods</i>	470.8	477.3	7	.5	7,859	7,718	-141	-.7
Food processing	150.1	154.4	4	1.0	1,670	1,649	-21	-.5
Printing and publishing	112.3	112.5	0	.05	1,557	1,504	-53	-1.3
Chemicals and products	50.3	49.6	-1	-.6	1,076	1,066	-10	-.3

Missouri, Kansas, and Oklahoma, states where durables manufacturing industries predominate. Nebraska, on the other hand, fared much better because of its heavy reliance on food processing.

Nebraska. Growth in the dominant food processing industry has enabled Nebraska to lead the district in manufacturing employment growth over the recovery (Chart 4). Nebraska is the only district state with a positive total growth of manufacturing jobs and the only state where employment in durables manufacturing has grown. The state's manufacturing job rolls have swelled by 3,500 workers, for an average growth rate of 1.3 percent per year since the recovery began.

Nearly a third of the state's manufacturing work force is in meat processing, an industry that has expanded employment 3.4 percent per year over the recovery. Unlike other states in the district, Nebraska has also received a boost from its less prominent durables industries. For example, the electronic equipment and fabricated metals industries have added 1,500 new manufacturing jobs since the recovery began.

Wyoming. A vital sector in Wyoming's small manufacturing base is manufacturing of petroleum and coal products. In these industries weak market conditions have squeezed job rolls 6.2 percent annually since the recovery began. Job losses have been relatively light in the durables industries, however, falling at less than half the district average. Overall, manufacturing employment in the state has slipped 0.3 percent annually.

Colorado. Growth of jobs in Colorado's printing and publishing industry has not kept pace with large cutbacks in defense-related and computer manufacturing industries. Still, at a loss of just 0.6 percent per year, the annual percentage decline in the state's total manufacturing employment has been less than the district average. A steady 1.6 percent annual growth in nondurables jobs has been concentrated almost entirely in printing and publishing. Job rolls there have grown 1.7 percent per year, amounting to 1,600 new jobs and allowing printing and publishing to pass food processing as the state's biggest nondurables manufacturing employer. Meanwhile, defense

Chart 2
Manufacturing Employment
Durable Goods

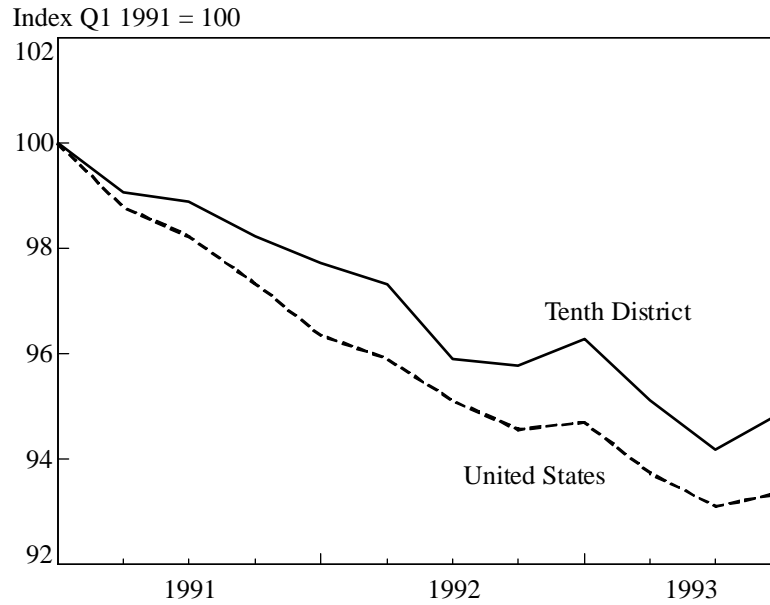


Chart 3
Manufacturing Employment
Nondurable Goods

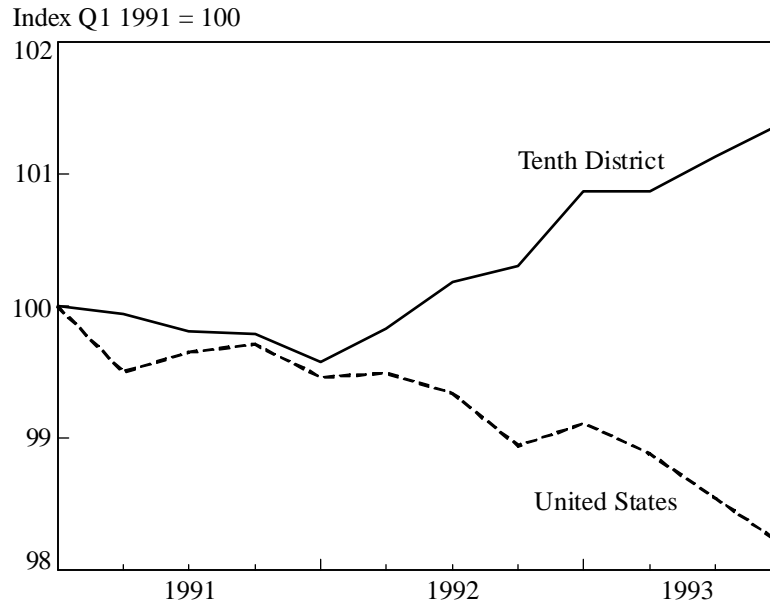
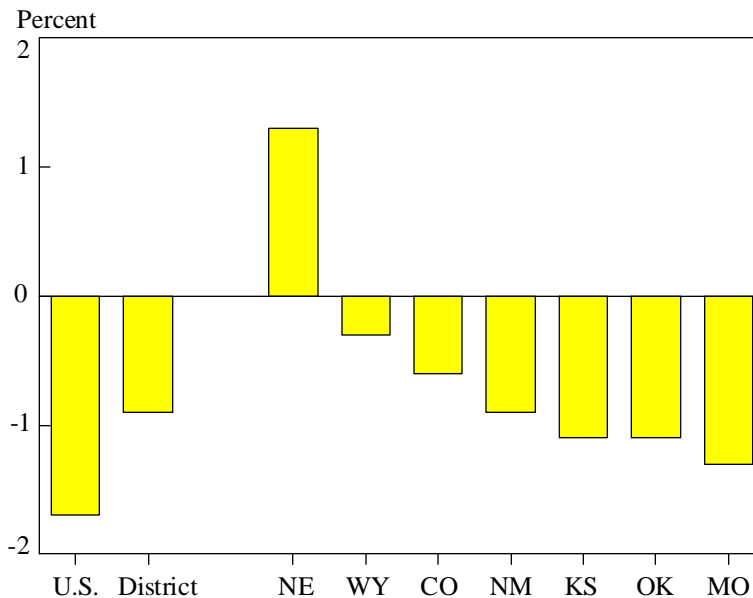


Chart 4
Manufacturing Employment Growth
 Average annual, Q1 '91 to Q4 '93



spending cuts have led to job losses at Martin Marietta, where over 4,000 workers have been laid off since 1991.

New Mexico. Expansion by Intel, New Mexico's fifth largest employer, has partly offset job losses in the state's transportation equipment industry, resulting in an overall 0.9 percent annual loss of New Mexico's manufacturing jobs. Since 1991, Intel has added 1,200 new jobs. As a result, electronic equipment jobs have grown 4.0 percent per year over the recovery, allowing the growth of durable goods jobs to outpace growth of nondurable goods jobs. While nondurables jobs have fallen 1.3 percent per year since the recovery began, durables jobs have dipped just 0.7 percent per year.

Kansas. Steady job gains in the food processing industry in Kansas have been overshadowed by massive layoffs by the state's large aircraft building companies. Jobs in the state's meat processing industry have swelled 2.5 percent per year, amounting to 1,000 new jobs since the recovery began. Meanwhile, Boeing, Beechcraft, and other major aircraft builders in

the state have combined for more than 7,300 lost jobs, pulling down overall manufacturing job growth in Kansas below the district average.

Oklahoma. Heavy job losses in durables manufacturing, coupled with weak growth in nondurables jobs, have left Oklahoma with 5,000 fewer manufacturing jobs since the recovery began. Oklahoma employs nearly a third of its manufacturing work force in industrial machinery and transportation equipment. Employment in industrial machinery has fallen 3.5 percent per year, amounting to a loss of over 3,000 jobs. Employment in transportation equipment has fallen 1.5 percent per year, for a loss of 700 jobs. Meanwhile, growth in the state's main nondurables industries—printing and publishing, and petroleum refining—has been nearly flat, keeping overall growth in the state's manufacturing job rolls below the district average.

Missouri. Missouri's large food processing industry has added jobs over the recovery, but not enough to offset heavy losses in the state's struggling transportation and defense-related industries.

Reporting a 1.3 percent annual loss of manufacturing jobs since the recovery began, Missouri has turned in the weakest performance among district states. The state's dominant transportation equipment industry has suffered persistent layoffs, with steep job losses in the aircraft and aerospace industries. McDonnell Douglas, the state's largest manufacturer, has slashed 16,000 jobs since 1990 due to federal government spending cuts in space exploration and defense. Still,

Missouri's large food processing industry has helped buoy the state's nondurable employment performance. Jobs in food processing have grown 1.5 percent per year over the recovery, adding 2,000 new nondurable jobs.

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