Employment prospects uncertain

By KATHRYN FLOURNOY
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The Baton Rouge labor market followed national trends in 1987, albeit more slowly, averaging its largest gain in the service sector during a year of recovery.

But government, the city's single largest employment base, took a big hit in its ranks, averaging nearly 1,000 jobs lost through the first 11 months of the year over the 1986 level. The uncertainty surrounding that sector makes any forecasts for 1988 partly cloudy at best.

The Baton Rouge unemployment rate averaged 9.75 percent through November, down 1.2 percent from the seasonally adjusted 10.95 percent in 1986, according to figures compiled by Altuf Taufique, an economist with the corporate planning department at Gulf States Utilities.

The dip in unemployment parallels an average drop of 250 jobs in the total employment base, according to the figures, which represent the averages of the numbers compiled monthly by the Louisiana Department of Labor.

For example, the average unemployment rate is higher than the 8.9 percent preliminary rate reported in November, but lower than the 12.1 percent reported in January 1987.

Just as Louisiana's November 8.9 percent unemployment rate outpaced the nation's 5.9 percent rate, the state's 9.75 percent average unemployment rate during the first 11 months of 1987 exceeded the national seasonally adjusted rate of 7.1 percent for the same period.

The service sector averaged a 653 job gain through November 1987, trailed by retail trade, which had an

SEE JOBS, 231
Louisiana employment

Here is a comparison between 1987 and 1986 of seasonally adjusted employment figures in Louisiana by sector, total employment and the unemployment rate. Figures in thousands:

<table>
<thead>
<tr>
<th>Sector</th>
<th>1986</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>10.95%</td>
<td>9.75%</td>
</tr>
<tr>
<td>Total employment</td>
<td>213.4</td>
<td>213.15</td>
</tr>
<tr>
<td>Total manufacturing</td>
<td>19.05</td>
<td>18.9</td>
</tr>
<tr>
<td>Durable goods</td>
<td>4.02</td>
<td>4.12</td>
</tr>
<tr>
<td>Non-durable goods</td>
<td>15.03</td>
<td>14.78</td>
</tr>
<tr>
<td>Chemicals &amp; petroleum</td>
<td>10.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Mining</td>
<td>1.04</td>
<td>0.98</td>
</tr>
<tr>
<td>Construction</td>
<td>20.07</td>
<td>20.1</td>
</tr>
<tr>
<td>Transport &amp; utilities</td>
<td>10.38</td>
<td>10.5</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>11.2</td>
<td>11.1</td>
</tr>
<tr>
<td>Retail trade</td>
<td>40.95</td>
<td>41.4</td>
</tr>
<tr>
<td>FIRE</td>
<td>13.7</td>
<td>13.35</td>
</tr>
<tr>
<td>Services</td>
<td>41.4</td>
<td>42.02</td>
</tr>
<tr>
<td>Government</td>
<td>55.7</td>
<td>54.7</td>
</tr>
</tbody>
</table>

* Finance, insurance and real estate

SOURCE: GULF STATES UTILITIES CORPORATE PLANNING DEPARTMENT

partly to take advantage of a soft dollar on world markets, but mainly to remodel outdated facilities.

"That's going to continue for the next two or three years," Taufique said. "Construction jobs in the manufacturing industry are going to stay high" with fewer construction jobs coming from other industries, he said.

Last year 32 of 35 manufacturing projects in East Baton Rouge Parish involved expanding existing facilities, according to the Louisiana Department of Commerce. The other three projects represented new plant construction.

The bulk of the 1987 expansion involved chemical and timber plants, two industries that enjoy higher exports when the dollar is weak.

Those expansions brought 326 permanent jobs and 1,575 temporary, mainly construction, jobs.

The increased capacity and stronger exports should bring a handful of new manufacturing jobs, but it won't be enough to affect significantly the unemployment rolls, he said.

However, those new manufacturing jobs will strengthen average weekly wages and contribute more dollars to the economy than would be added by the same number of jobs in other industries.

"Because of the wage rate, a person in the manufacturing sector makes $40,000 to $42,000 a year. In retail, they make $15,000 to $18,000 a year," he said.

"The extra income received by manufacturing workers, to some degree, can offset the lack of growth in employment," he said.

At the same time, increased productivity in manufacturing should translate to higher wages to workers in that sector and serve to boost wages throughout the economy.

That higher pay will "trickle down to other industries," giving a "psychological" boost if nothing else, he said.

Even if the national economy weakens and causes a negative ripple through the chemical industry, no jobs should be lost in that sector.

"You would not see that much loss of employment because they are already at minimum levels of employment," Taufique said.

Louisiana would take some licks in the event of a national recession, he said, but would be "no worse off than the rest of the nation.

"We were shielded at one time, but as time goes by, we become more part of the U.S. economy," he said.

The number of Baton Rouge mining jobs — that is, oil drilling and related employment — decreased in 1987, but not as much as anticipated, leading Taufique to predict a good chance for gains in that sector this year.

"We might see some slow growth in mining. A slight increase in price could cause some investment to happen. It's happening in Houston now," he said.

The banking, real estate and insurance sectors lost ground this year as bank mergers from 1986 brought consolidations in 1987, he said.

The downward spiral in banking jobs should continue in 1988, as the 1987 mergers bring additional consolidation in the industry, he said.

But Taufique tempered his forecasts with the possibility that any growth could be reversed by slashes in state government's ranks.

Reductions in the state workforce are one way legislators may deal with the state's $500-million-plus budget deficit.

Because state government makes up the bulk of the government sector, "you can see the numbers and the story that it is telling...If a majority of those people lose their jobs, it could be a mini-disaster," Taufique said.

"Nobody knows where that's going to go," he said.