Historical Trends in New Mexico’s Goods-Producing Industries

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Through the Current Employment Statistics (CES) program, the Bureau of Labor Statistics provides historical industry-level employment data for New Mexico back to 1990. Over the last 24 years, the National Bureau of Economic Research has defined three periods as official national recessions. During the first two recessions (July 1990 to March 1991 and March to November 2001), total nonfarm employment in New Mexico grew continuously, apart from one month of negative growth that occurred three months after the first recession had officially ended. During the last recession (December 2007 to June 2009), this pattern changed as New Mexico entered a 29-month period of continuous negative growth, which ended in March 2011. This article looks at this 24-year period by breaking employment out into aggregate industry, specific industry, and subsector categories, with a specific focus on the goods-producing industries.

Goods-Producing and Service-Providing Industries

Exhibit 1 shows that service-providing industries have maintained between 85 and 88 percent of the share of employment over the last 24 years, while goods-producing industries comprised the remaining 12 to 15 percent. Government makes up the gap between total service-providing industries and private service-providing industries, and it is clear that this sector has contributed significantly to New Mexico’s economy (averaging 24.7 percent over the whole period).

Exhibit 2 shows the same three industry aggregates indexed from 1990. Service-providing industries (whether public sector is included or not) trended upwards steadily until the most recent recession, while goods-producing industries were more sensitive to market perturbations, fluctuating dramatically at times during the business cycle. Even though goods-producing industries had short periods of rapid expansion, these were tempered with declines that led to less robust growth overall. After the first two recessions, employment in the goods-producing industries fell further and then recovered more, relative to service-providing industries, but, after the last recession, employment fell below the trough that followed the 2001 recession and remains below that even now.

In the aggregate, the service industries remained in positive over-the-year growth continuously until November 2008, whereas goods-producing industries fell into prolonged periods of negative growth (15 months or more) five separate times over the period. Three of these periods coincide with the three recessions, while two other periods of negative over-the-year growth occurred during the 1990s, between the first and second recessions. As Exhibit 3 indicates, the goods-producing industries also declined far more significantly. While the service industries hit a trough at a 2.7 percent over-the-year decline in October 2009, the goods-producing industries hit a trough at a 19.1 percent over-the-year decline one month earlier.

Specific Goods-Producing Industries

Exhibit 4 shows that manufacturing was the dominant goods-producing industry in 1990, with construction following close behind and mining contributing much lower employment than either. Following the 1990–91 recession, through the mid-2000s, manufacturing employment expanded only slightly before
industries to better understand specifically where the gains and
losses occurred. Unfortunately, the CES program does not provide employment data at the industry subsector level. Consequently, the rest of the article makes use of annual average subsector employment data between 2001 and 2012 from the Quarterly Census of Employment and Wages (QCEW) program. The QCEW program is a census of Unemployment Insurance data reported on nonagricultural industries, and also includes government workers and partial information on agricultural industries and employees in private households. CES employment figures are calculated from data received from the payroll records of a sample of nonagricultural employers, and are benchmarked each year in part using data from the QCEW program. Because of these differences between the two programs, the aggregate and industry analyses above are not numerically comparable to the following analysis of subsectors. Also, because the QCEW data shown is annual data, recessions have not been graphically represented at the subsector level. More information on the differences between the QCEW and CES establishment-based employment programs is available at http://www.bls.gov/news.release/cewqtr.htm.

Construction

As Exhibit 5 shows, between 2001 and 2012, the subsector comprising the largest share of construction workers was building equipment contractors. In 2001, 11,200 workers were employed within this subsector, making up 26.4 percent of all construction employment. Between 2003 and 2006, this subsector showed continuous annual over-the-year growth, peaking at 10.5 percent growth in 2006 and maintaining growth until 2008. However, between 2008 and 2009, this subsector declined by 11.5 percent and contracted in each subsequent year, as did most other subsectors within construction following the 2007-2009 recession. By 2012, 11,280 construction workers (29.9 percent of the industry) were employed in the building equipment contractors subsector. The subsectors with the next largest share of employment in 2001 were nonresidential building construction (7,184 workers) and residential building construction (6,414 workers). As the economy began to expand after the 2001 recession, residential construction overtook nonresidential construction as the subsector with the next largest component of construction workers. However, after peaking in 2006 with 9,335 workers, residential building construction declined until it had only 4,174 workers in 2012. This employment was less than that in the nonresidential building contractors, building foundation and exterior contractors, and utility system construction subsectors. Though employment in the majority of subsectors within construction declined over the period, employment in the utility system construction and other specialty trade contractors subsectors expanded. In 2001, the utility system construction subsector comprised 3,930 workers (9.2 percent of the construction industry), and, though it declined by 14.8 percent over the year between 2008 and 2009, it had 4,399 workers in 2012, amounting to 11.9 percent growth over the period. Similarly, the other specialty trade contractors subsector grew by 17.8 percent between 2001 and 2012.
Manufacturing

Manufacturing has 21 subsectors, so only the 10 with the most employment have been represented in this analysis. (See Exhibit 6.) Between 2001 and 2012, the most significant industry subsector within manufacturing was computer and electrical product manufacturing, which employed 12,510 workers. In 2001, this subsector made up 31.8 percent of all manufacturing employment within New Mexico. Even though this subsector maintained the largest share of manufacturing up to 2012, by that time it had lost over 38 percent of the employment it had in 2001. Of the top 10 manufacturing subsectors, transportation equipment manufacturing, miscellaneous manufacturing, and nonmetallic mineral product manufacturing also declined by over 33 percent between 2001 and 2012. On the other hand, in 2001, dairy product manufacturing and chemical manufacturing contributed only 2.2 and 1.9 percent of manufacturing employment, respectively. In 2012, both subsectors had grown by over 70 percent from their respective 2001 employment levels, and, between them, they made up 9.6 percent of manufacturing employment.

Mining

Between 2001 and 2012, the subsector that dominated the mining industry was support activities for mining. As seen in Exhibit 7, this subsector comprised 8,002 mining workers (51.6 percent) in 2001. Even though it suffered substantial losses during the 2001 and 2007-2009 recessions, it also experienced tremendous growth in expansion periods, especially in 2011 and 2012 (20.0 and 17.2 percent over-the-year growth, respectively). By 2012, the subsector accounted for 13,843 mining workers, meaning that between 2001 and 2012 the subsector grew by 73.0 percent. Oil and gas extraction, which comprised the second largest share of mining employment, also grew considerably over the period. In 2001, the oil and gas extraction subsector accounted for 3,016 mining workers (about 20.0 percent of total mining employment). By 2012, this figure had grown to 5,036, revealing an increase of 67.0 percent between 2001 and 2012. Since recent data for some of the other subsectors is suppressed, it is not possible to provide growth rates for the period, though it is possible to say that all subsectors within mining (except coal mining) were trending upward for all the periods that data is available.