

# The Provision State - Connecticut's Private Defense-Related Employment into the 21st Century

By Labor Department Research Staff Update

The Office of Research at the Connecticut Department of Labor has been documenting and tracking industry employment in the state with our federal partners, the U.S. Bureau of Labor Statistics (BLS), since at least the late 1930's. Since the statistics began (and we have employment data back to 1939) defense-related manufacturing has been of interest to policymakers and the public. Tracking employment was a necessary endeavor during WW II for the planning of defense production in the war effort. Office of Research folklore has it rumored that future Governor Ella Grasso worked together with our office when she was assistant state director of research of the Federal War Manpower Commission during WW II.<sup>1</sup> Consequently, the first Cold War end was expedited by a major U.S. defense industry build-up in the 1980's and supported strong statewide employment growth during that decade. Connecticut's aerospace and shipbuilding industry employment amongst other industry sectors helped the U.S. end the Cold War.

Back then the BLS codified industries under the Standard Industry Classification (SIC) system. Under the SIC system industries were identified as private-sector defense industries with the criteria that at least 40%

of the product from these industries were likely funded by federal defense spending.<sup>2</sup> We have been following those statewide private sector industries ever since under the aggregation – **Private Defense-Related Industry Employment**. This is a core high-paying industrial holding in our state's employment portfolio along with insurance, hedge funds, other manufacturing, education, and healthcare.

When the SIC industry classification system was updated to the North American Industry Classification System (NAICS) in the late 1990's, CT DOL ran dual tracking with both industry classification systems for a time to see if the same SIC industries that we converted (cross-walked below) to NAICS industries were comparable in level, trend, and company make-up. We emphasize "industry" in this grouping and not specific firm names or "prime contractors" and defense suppliers because we are prohibited from disclosing information about individual companies by state and federal confidentiality laws, for example, CIPSEA, The Confidential Information Protection and Statistical Efficiency Act.<sup>3</sup> This defense grouping allows us to show key

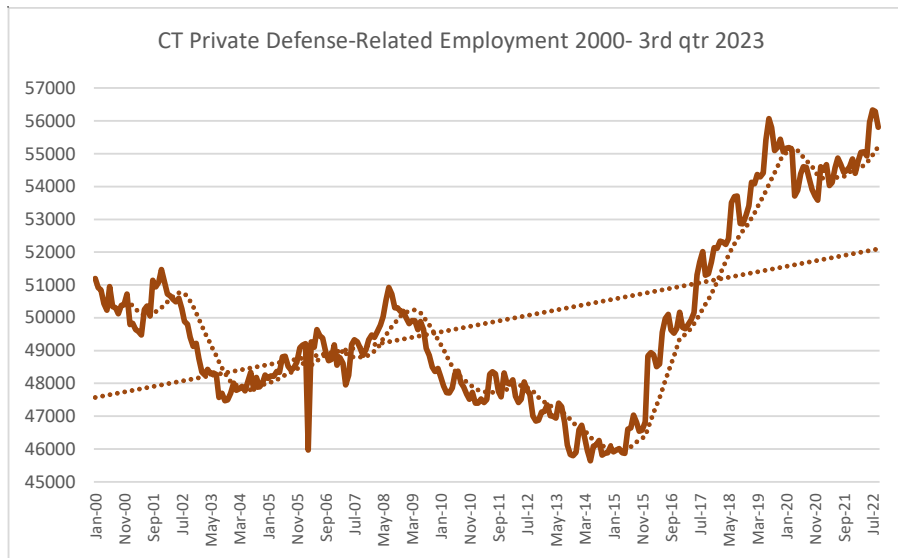
industry employment without identifying individual companies.

In the late 1980's U.S. defense build-up, Connecticut's private defense-related employment levels, which are mainly manufacturing industries, approached 100,000. Our labor research emphasis in the 1990's was the declining defense employment because of the so-called "Peace Dividend" after the end of the Cold War and the re-employment from those high-paying production jobs to other industries.

At the beginning of the 21<sup>st</sup> century, Connecticut experienced continued defense industry job downsizing with some upticks in employment around 9-11 and in subsequent years from the wars in Afghanistan and Iraq. Nonetheless, private defense-related employment continued to trend lower until 2014. The low was May 2014 at 45,641, less than half the 1988 peak. Since then, this employment has trended significantly higher. Employment was affected by the COVID lockdown but jobs in this sector have been growing since the end of 2020.

Through the 3<sup>rd</sup> Q 2022, Private Defense-Related employment has now exceeded the July 2019 top with a new July 2022 high of 56,331 jobs and

Private Defense-Related Industry Employment	
NAICS (new)	SIC (old)
32592 Explosives Manufacturing	2892 Explosives
33299 All other Fabricated Metal Product Manufacturing including Small arms, ordnance, and ammunition	348 Weapons, Ordnance, and Accessories, except Manufacturing Vehicles and Guided Missiles
334511 Search, Detection, Navigation, Guidance, Aeronautical and Nautical System and Instrument Manufacturing	381 Search and Navigation Equipment
3364 Aerospace Products and Parts Manufacturing including Guided Missiles and Space Vehicle Manufacturing	372 Aircraft and Parts
3366 Ship and Boat Building	3731 Shipbuilding and Repairing
336992 Military Armored Vehicle, Tank, and Tank Component	3795 Tanks and Tank Components
5417 Scientific Research and Development Services	8731,8732,8734 (Physical, Biological, Economic, Sociological, and Educational Research and their Testing Laboratories



State” because of supplies contributed to his army by Gov. Jonathan Trumbull - the only colonial governor to support the cause of America’s independence from Great Britain.<sup>4</sup> No one wants war but Connecticut’s industrial base is still doing its part for independence and freedom across the globe. ■

1 <https://www.encyclopedia.com/women/encyclopedias-almanacs-transcripts-and-maps/grasso-ella-1919-1981>

2 <https://www1.ctdol.state.ct.us/lmi/digest/pdfs/cedfeb05.pdf>

3 <https://www.bls.gov/bls/cipsea-report.htm>

4 Revolutionary Connecticut | Visit CT (ctvisit.com)

then fell off some after normal temporary summer hiring. These are actual counts. World events such as the Russian invasion of Ukraine, North Korea’s nuclear program, and ongoing trade issues continue to

be reasons these private defense-related industries are important to our state, nation, and world. To George Washington, Connecticut was “The Provision

## GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	4Q 2022	4Q 2021	YoY CHG NO. %		3Q 2022	QoQ CHG NO. %	
<b>General Drift Indicator (2007=100)*</b>							
<b>Leading</b>	113.7	105.8	7.9	7.4	110.0	3.7	3.39
<b>Coincident</b>	95.6	95.1	0.5	0.6	95.6	0.0	0.01
<b>Real Gross Domestic Product**</b> (Millions of chained 2012 dollars)	3Q 2022	3Q 2021	YoY CHG NO. %		2Q 2022	QoQ CHG NO. %	
<b>Connecticut</b>	252,526	248,028	4,498	1.8	250,985	1,541	0.6
<b>United States</b>	20,054,663	19,672,594	382,069	1.9	19,895,271	159,392	0.8
<b>New England</b>	1,031,315	1,017,895	13,421	1.3	1,024,371	6,945	0.7
<b>Per Capita Personal Income**</b> (Current \$, SAAR)	4Q 2022	4Q 2021	YoY CHG NO. %		3Q 2022	QoQ CHG NO. %	
<b>Connecticut</b>			0	####		0	####
<b>United States</b>			0	####		0	####
<b>New England</b>			0	####		0	####
<b>Philadelphia Fed's Coincident Index (2007=100)***</b>	Jan 2023	Jan 2022	YoY CHG NO. %		Dec 2022	MoM CHG NO. %	
<b>Connecticut</b>			0.00	####		0.00	####
<b>United States</b>			0.00	####		0.00	####

Sources: \*Dr. Steven P. Lanza, University of Connecticut, <https://steven-lanza.uconn.edu/the-connecticut-green-sheet/>  
\*\*U.S. Bureau of Economic Analysis \*\*\*Federal Reserve Bank of Philadelphia

**General Drift Indicators** are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 2007 = 100.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).