

677  
**EMPLOYMENT-UNEMPLOYMENT**

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**HEARINGS**  
BEFORE THE  
**SUBCOMMITTEE ON**  
**PRIORITIES AND ECONOMY IN GOVERNMENT**  
OF THE  
**JOINT ECONOMIC COMMITTEE**  
**CONGRESS OF THE UNITED STATES**  
NINETY-THIRD CONGRESS  
SECOND SESSION

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**PART 3**

NOVEMBER 1 AND DECEMBER 6, 1974, AND JANUARY 3, 1975

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## EMPLOYMENT-UNEMPLOYMENT

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FRIDAY, NOVEMBER 1, 1974

CONGRESS OF THE UNITED STATES,  
SUBCOMMITTEE ON PRIORITIES AND  
ECONOMY IN GOVERNMENT OF THE  
JOINT ECONOMIC COMMITTEE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 11:05 a.m., in room 1202, Dirksen Senate Office Building, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senator Proxmire.

Also present: Loughlin F. McHugh and Courtenay M. Slater, senior economists; Lucy A. Falcone, Jerry J. Jasinowski, Robert Hamrin, and Carl V. Sears, professional staff members; Walter B. Laessig, minority counsel; and Michael J. Runde, administrative assistant.

### OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The subcommittee will come to order.

Mr. Shiskin, we are honored to have you appear again, although you appear under unfortunate circumstances. The news this morning on the unemployment front is very bad and we are all aware of the fact that inflation seems to have been accelerating.

Many people were concerned about the statement by the Secretary of the Treasury that was in the newspapers this morning that the administration does not intend to alter its policies, that it intends to hold to the same policies that it followed in the past in combatting a recession.

All of us would applaud the most vigorous kind of activities on inflation. It seems to me you might be able to discuss this at least in terms of what the statistics would indicate.

If we follow this indiscriminate policy of trying to hold down demand we are going to aggravate a recession and increase unemployment. I can't see any other consequence of that particular kind of a policy.

The facts show that retail sales over the last year are down. They showed some strength last month but they are still down over last year.

Unemployment, as we know, is up very sharply. It is up for prime-aged males—and generally up throughout the economy. We are operating well below capacity. There is not one industry that is operating at its preferred rate of capacity.

It seems under these circumstances it is very hard to argue that the solution is to follow a policy of restricting the economy and creating a situation which should increase unemployment.

Let me just stress some of the significant points here.

Unemployment among the adult male workers is up from 3.9 to 4.3 percent.

Unemployment for black workers is up from 9.8 to 10.9 percent.

Total employment did not grow—something that has given us some comfort in the past.

Hours of work are down to a new historic low.

The duration of unemployment has risen from 9.6 to 10 weeks.

The percentage of unemployment from people losing their jobs, as opposed to teenagers not being able to find a job, has gone up. Over half of the increase this month was from people losing their job. Unemployment is up in the past year, by 1.4 million, of which 58 percent of these were job losers.

There is just one other point I would like to make before we hear directly from you and then have some questions.

I am concerned about the possible development of a wage-price push or wage-price spiral.

The statistics indicate that in 1973 we had an increase in wages of 5.8 percent; the first quarter of this year 6.2 percent; and the second quarter 9.2 percent. These are major contract settlements. The third quarter 11.1 percent. None of these figures include escalator clauses. If they are included the increase is higher.

It would seem that we are likely to be moving in to that kind of situation and I can't see anything in the administration's policy program that would cope with the wage-price push situation and, in fact, might very possibly aggravate it.

I have had enough to say so you go right ahead, Mr. Shiskin.

**STATEMENT OF HON. JULIUS SHISKIN, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY W. JOHN LAYNG, ASSISTANT COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS; JAMES R. WETZEL, ASSISTANT COMMISSIONER, OFFICE OF CURRENT EMPLOYMENT ANALYSIS; AND JEROME A. MARK, ASSISTANT COMMISSIONER, OFFICE OF PRODUCTIVITY AND TECHNOLOGY**

Mr. SHISKIN. I have my usual colleagues with me, Senator Proxmire.

Chairman PROXMIRE. Fine, Mr. Shiskin please proceed with your testimony.

Mr. SHISKIN. I want to add a few observations about current economic conditions to the BLS press release on the employment situation.

The total unemployment rate rose to 6.0 in October, the highest level since late 1971. Pervasive unemployment increases have increased the overall rate by 1.4 points since October last year when it was 4.6 and 0.8 point since June when it was 5.2. Similar increases have taken place in nearly all the major economic and demographic groupings—

that is, adult men, adult women, household heads, full-time workers and job losers. Rates have risen by more than 2 percentage points for blue-collar workers, youths, and blacks.

Nonagricultural payroll employment was little changed in October, but, after upward revisions, is now at an all-time high, about 340,000 above the June level. Rises in service-producing industries have more than offset declines in manufacturing and construction.

Total civilian employment showed little change between September and October 1974 and has risen 850,000 over the past year. However, the labor force rose more rapidly, about 175,000 between September and October and 2.1 million over the past 12 months. The overall participation rate—number in the labor force as a percent of civilian population—and the percent employed are at or close to all-time highs.

The hourly earnings index, in current dollars, increased 0.7 percent last month compared to 0.9 percent the month before. This index rose sharply in May and June, immediately after controls were terminated. The rise during these months was greater than those in the CPI, but has been smaller from July through October. Since April, the hourly earnings index has risen at an 11.7 percent annual rate, nearly double the rate at which it had risen during the earlier months of 1974, but less than the 13.7 percent annual rate of increase in the CPI.

Thus, economic conditions continue along the same pattern as recent months. Employment has been rising, but not fast enough to keep up with the more rapidly growing labor force; consequently, unemployment is too high and rising. Real output has been declining. Prices have been rising at unprecedented peacetime rates. Wages have been rising rapidly too, but not so fast as prices.

That concludes my testimony, Mr. Chairman, the press release, with your permission, will be included in the record.

I will be glad to try to answer any questions you may have.

Chairman PROXMIRE. Without objection so ordered.

[The press release follows:]

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FOR RELEASE: Transmission Embargo  
 10:00 A.M. (EST)  
 Friday, November 1, 1974

THE EMPLOYMENT SITUATION: OCTOBER 1974

The Nation's unemployment rate reached 6 percent in October, its highest level in nearly 3 years, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. This represented an increase of 1.4 percentage points since last October's 3½-year low.

Total employment (as measured by the monthly sample survey of households) was unchanged in October at 86.5 million. Employment has risen 850,000 over the past year about a quarter of the gain posted during the preceding year.

Nonfarm payroll employment (as measured by the monthly survey of business establishments), at 77.4 million in October, was little changed from the revised September level. However, nonfarm payroll employment was up by 340,000 since June. The number of payroll jobs has risen by 1.1 million since last October, a much slower pace than in the prior year.

Unemployment

The number of persons unemployed rose by 200,000 in October to a total of 5.5 million (seasonally adjusted). About half of this increase occurred among persons who had lost their last job (table A-5). Over the past year, the jobless total has risen by 1.3 million persons, almost three-fifths of whom were job losers.

With the increase in joblessness, the Nation's unemployment rate rose from 5.8 percent in September to 6.0 percent. After declining to 4.6 percent last October, the jobless rate has moved upward in spurts, first to the 5.2-percent level that held from the energy-crisis period last winter through mid-summer and then more rapidly over the last 2 months, when it jumped from 5.4 percent to the present level.

Much of the October increase took place among prime-aged males (those 25-54 years



of age), as the unemployment rate for all adult men (20 and over) rose from 3.9 to 4.3 percent. In contrast, the rates for adult women (5.6 percent) and teenagers (16.9 percent), which had risen sharply in September, were both about unchanged. Over the past year, each of these groups experienced substantial jobless increases. Adult men were hit particularly hard, as their rate moved from 3.0 to 4.3 percent.

Table A. Highlights of the employment situation (seasonally adjusted data)

Selected categories	Quarterly averages					Monthly data		
	1973		1974			Aug.	Sept.	Oct.
	III	IV	I	II	III	1974	1974	1974
	(Millions of persons)							
Civilian labor force .....	89.0	89.9	90.5	90.6	91.4	91.1	91.9	92.0
Total employment .....	84.8	85.7	85.8	86.0	86.3	86.2	86.5	86.5
Adult men .....	48.1	48.5	48.5	48.4	48.5	48.5	48.6	48.7
Adult women .....	29.5	29.7	29.7	30.1	30.5	30.5	30.3	30.3
Teenagers .....	7.2	7.6	7.6	7.4	7.3	7.2	7.6	7.6
Unemployment .....	4.2	4.2	4.7	4.7	5.0	4.9	5.3	5.5
	(Percent of labor force)							
Unemployment rates:								
All workers .....	4.7	4.7	5.2	5.1	5.5	5.4	5.8	6.0
Adult men .....	3.1	3.0	3.5	3.5	3.7	3.8	3.9	4.3
Adult women .....	4.8	4.7	5.1	5.0	5.4	5.2	5.7	5.6
Teenagers .....	14.3	14.3	15.3	15.1	16.1	15.3	16.7	16.9
White .....	4.2	4.2	4.7	4.7	5.0	4.8	5.3	5.4
Negro and other races .....	9.0	8.6	9.4	9.0	9.5	9.2	9.8	10.9
Household heads .....	2.7	2.8	3.0	3.1	3.2	3.1	3.4	3.7
Married men .....	2.1	2.1	2.4	2.4	2.7	2.6	2.8	2.9
Full-time workers .....	4.2	4.3	4.6	4.6	5.0	4.8	5.3	5.6
State insured .....	2.6	2.6	3.3	3.4	3.4	3.3	3.4	3.6
	(Weeks)							
Average duration of unemployment .....	9.7	9.9	9.5	9.7	9.9	10.0	9.6	10.0
	(Millions of persons)							
Nonfarm payroll employment .....	75.7	76.6	76.7	77.1	77.2p	77.2	77.4p	77.4p
Goods-producing industries .....	24.2	24.4	24.3	24.2	24.1p	24.1	24.1p	24.0p
Service-producing industries .....	51.6	52.1	52.4	52.8	53.1p	53.1	53.3p	53.5p
	(Hours of work)							
Average weekly hours:								
Total private nonfarm .....	37.1	37.0	36.8	36.7	36.6p	36.6	36.7p	36.6p
Manufacturing .....	40.7	40.6	40.4	39.9	40.1p	40.1	40.1p	40.0p
Manufacturing overtime .....	3.8	3.7	3.5	3.2	3.3p	3.4	3.2p	3.0p
	(1967=100)							
Hourly Earnings Index, private nonfarm								
In current dollars .....	107.8	107.4	107.6	107.4	107.7p	107.6	107.1p	107.3p
In constant dollars .....	107.1	107.1	107.7	107.5	107.1p	107.1	106.7p	N.A.

p - preliminary  
N.A. - not available

SOURCE: Tables A-1, A-3, A-4, B-1, B-2, and B-4.

Black workers (Negro and other races) accounted for a large part of the October rise in unemployment, as their jobless rate rose from 9.8 to 10.9 percent. The unemployment rate for white workers, on the other hand, was about unchanged in October at 5.4 percent.

Among the other major labor force groups, the unemployment rate for household heads rose from 3.4 to 3.7 percent in October, and the jobless rate for married males edged up to 2.9 percent. The unemployment rate for full-time workers rose from 5.3 to 5.6 percent. The jobless rate for workers covered by State unemployment insurance programs increased to 3.6 percent in October after remaining around 3.4 percent through most of the year. All of these groups have posted large increases over the past year.

Among the major occupational and industry groups, sizeable upswings in unemployment were registered among blue-collar workers, particularly operatives, and manufacturing workers, especially those in durable goods industries. These developments reflect to some degree the weakness in the automobile and related industries. The rate for factory workers, at 6.2 percent in October, was up from a 3½-year low of 3.9 percent registered a year earlier.

The unemployment rate for Vietnam-era veterans 20-34 years old, at 5.6 percent in October, was about unchanged from the previous month, remaining below the jobless rate of their nonveteran counterparts (6.4 percent). However, the most recently discharged veterans (those 20 to 24 years old) continued to experience higher unemployment than their nonveteran counterparts. The jobless rate for young veterans was 11.7 percent, compared with 8.2 percent for young nonveterans. Jobless rates for most of the veteran and nonveteran groups were above their year-ago levels. (See table A-2.)

#### Civilian Labor Force and Total Employment

The civilian labor force and total employment, at 92.0 and 86.5 million respectively, were both about unchanged in October following sizeable increases in September. (See table A-1.) Since October 1973, the civilian labor force has risen by 2.1 million. Adult females made up 1.0 million of this increase, with adult males and teenagers accounting for 820,000 and 290,000, respectively.

The bulk of the year-to-year net growth in the labor force stemmed from increased unemployment. The over-the-year employment gain of 850,000 compares with an increase of 3.3 million over the previous year. Over half of the October 1973-October 1974 employment rise took place among persons working part time for economic reasons.

#### Industry Payroll Employment

Nonagricultural payroll employment remained essentially unchanged in October at an alltime high of 77.4 million, seasonally adjusted. (See table B-1.) This followed gains in the 2 previous months (based on upward revisions) of 360,000. The stability in the October total masked offsetting movements in the goods- and service-producing sectors, however, as a decline of 110,000 jobs in the goods industries was balanced by a continued increase in the service-producing industries. Over the past 6 months, service-producing employment has grown by 785,000, while goods-producing jobs have fallen by 290,000.

In the goods-producing sector, manufacturing employment fell 85,000 from September, with most of the job loss coming from widespread declines in the nondurable goods industries. In addition, the number of contract construction jobs was down by 30,000 in October; this industry has experienced employment cutbacks totaling 250,000 since February's peak level. The October job gain in the service-producing sector (140,000) followed a revised increase of 250,000 in the previous month.

#### Hours of Work

The average workweek for production or nonsupervisory workers on private non-agricultural payrolls edged down 0.1 hour in October to a seasonally adjusted level of 36.6 hours. (See table B-2.) Weekly hours have drifted down 0.4 hour over the past year.

NOTE: The establishment data to be released in December will reflect the usual periodic adjustments of these data to new benchmarks and the introduction of new seasonal factors. Data for 1968 forward are subject to revision.

Manufacturing hours also fell 0.1 hour in October to 40.0 hours. Factory overtime declined for the second straight month--to 3.0 hours--with the August-October drop totaling 0.4 hour. Since October 1973, the factory workweek and overtime hours have been reduced by 0.6 and 0.8 hour, respectively.

#### Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private non-agricultural payrolls rose 0.9 percent (seasonally adjusted) in October. Since October 1973, hourly earnings have advanced 8.8 percent. Average weekly earnings advanced 0.7 percent over the month and 7.6 percent since October a year ago, with four-fifths of the increase occurring since April.

Before adjustment for seasonality, average hourly earnings rose 2 cents in October to \$4.34. (See table B-3.) Since October 1973, hourly earnings have advanced by 35 cents. Weekly earnings averaged \$158.84 in October, down 14 cents from September but up \$11.21 over October of last year.

#### The Hourly Earnings Index

The Hourly Earnings Index--earnings adjusted for overtime in manufacturing, seasonality, and the effects of changes in the proportion of workers in high-wage and low-wage industries--was 163.3 (1967=100) in October, 0.7 percent higher than in September. The Index was 9.2 percent above October a year ago. During the 12-month period ended in September, the Hourly Earnings Index in dollars of constant purchasing power declined 2.9 percent. (See table B-4.)

This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on payroll employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. Unless otherwise indicated, data for both series relate to the week of the specified month containing the 12th day. A description of the two surveys appears in the BLS publication *Employment and Earnings*.

## HOUSEHOLD DATA

## HOUSEHOLD DATA

Table A-1. Employment status of the noninstitutional population

Number (in thousands)	Not seasonally adjusted						Seasonally adjusted			
	Employment status		Oct. 1974		Oct. 1974		June 1974		Sept. 1974	
	Oct. 1973	Sept. 1974	Oct. 1974	Oct. 1974	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	
<b>TOTAL</b>										
Total noninstitutional population <sup>1</sup>	149,001	151,367	151,593	149,001	150,710	150,922	151,135	151,367	151,593	
Total labor force	92,046	93,661	94,105	92,038	93,130	93,387	93,281	94,067	94,237	
Participation rate	61.8	61.9	62.1	61.8	61.8	61.9	61.7	62.1	62.2	
Civilian noninstitutional population <sup>1</sup>	146,713	149,150	149,380	146,713	148,499	148,701	148,916	149,150	149,380	
Civilian labor force	89,757	91,444	91,891	89,749	90,919	91,167	91,061	91,850	92,024	
Participation rate	61.2	61.3	61.5	61.2	61.2	61.3	61.1	61.6	61.6	
Employed	85,994	86,242	86,847	85,649	86,165	86,312	86,187	86,538	86,511	
Agriculture	3,525	3,563	3,536	3,455	3,293	3,405	3,463	3,511	3,476	
Nonagricultural industries	82,469	82,679	83,312	82,194	82,872	82,907	82,724	83,027	83,035	
Unemployment rate	4.2	5.7	5.5	4.6	5.2	5.3	5.4	5.8	6.0	
Not in labor force	56,955	57,706	57,489	56,964	57,580	57,534	57,855	57,300	57,356	
<b>Males, 20 years and over</b>										
Total noninstitutional population <sup>1</sup>	63,139	64,181	64,279	63,139	63,486	63,973	64,064	64,181	64,279	
Total labor force	31,771	32,371	32,491	31,790	32,034	32,001	32,189	32,363	32,434	
Participation rate	82.0	81.6	81.7	82.0	81.4	81.3	81.5	81.6	81.9	
Civilian noninstitutional population <sup>1</sup>	61,270	62,405	62,506	61,270	62,097	62,176	62,273	62,405	62,506	
Civilian labor force	49,902	50,395	50,718	49,921	50,245	50,205	50,397	50,567	50,861	
Participation rate	81.4	81.1	81.1	81.5	80.9	80.7	80.9	81.0	81.4	
Employed	48,654	48,907	48,898	48,432	48,483	48,428	48,506	48,620	48,689	
Agriculture	2,558	2,574	2,570	2,489	2,420	2,470	2,516	2,516	2,500	
Nonagricultural industries	46,096	46,334	46,328	45,943	46,063	45,958	45,990	46,104	46,189	
Unemployed	1,248	1,688	1,820	1,449	1,762	1,777	1,891	1,967	2,172	
Unemployment rate	2.3	3.3	3.6	3.5	3.5	3.5	3.8	3.9	4.3	
Not in labor force	11,368	11,810	11,788	11,349	11,852	11,971	11,876	11,838	11,645	
<b>Females, 20 years and over</b>										
Civilian noninstitutional population <sup>1</sup>	69,600	70,638	70,749	69,600	70,346	70,448	70,549	70,638	70,749	
Civilian labor force	11,547	12,284	12,581	11,042	11,944	12,404	12,216	12,335	12,066	
Participation rate	45.3	45.7	46.1	44.6	45.4	46.0	45.7	45.5	45.3	
Employed	10,131	10,248	10,757	9,961	10,314	10,716	10,528	10,301	10,262	
Agriculture	584	521	566	531	449	537	495	483	497	
Nonagricultural industries	29,567	29,728	30,211	29,130	29,865	30,179	30,033	29,818	29,765	
Unemployed	1,396	2,036	1,824	1,381	1,630	1,688	1,688	1,834	1,804	
Unemployment rate	4.4	6.3	5.6	4.4	5.1	5.2	5.2	5.7	5.6	
Not in labor force	38,053	38,353	38,169	38,558	38,402	38,044	38,333	38,503	38,683	
<b>Both sexes, 16-19 years</b>										
Civilian noninstitutional population <sup>1</sup>	15,843	16,107	16,124	15,843	16,056	16,077	16,094	16,107	16,124	
Civilian labor force	8,308	8,585	8,593	8,786	8,730	8,558	8,448	8,148	8,097	
Participation rate	52.4	53.2	53.3	55.5	54.4	53.2	52.5	56.8	56.4	
Employed	7,189	7,086	7,193	7,556	7,368	7,168	7,153	7,617	7,560	
Agriculture	382	468	420	435	404	398	432	512	479	
Nonagricultural industries	6,807	6,618	6,773	7,121	6,964	6,770	6,721	7,105	7,081	
Unemployed	1,119	1,478	1,400	1,230	1,362	1,390	1,295	1,531	1,537	
Unemployment rate	13.5	17.1	16.3	14.0	15.6	16.2	15.3	16.7	16.9	
Not in labor force	7,534	7,543	7,532	7,057	7,326	7,519	7,546	6,959	7,027	
<b>WHITE</b>										
Civilian noninstitutional population <sup>1</sup>	129,911	131,828	132,013	129,911	131,293	131,457	131,636	131,828	132,013	
Civilian labor force	79,574	81,100	81,441	79,566	80,565	80,873	80,765	81,421	81,525	
Participation rate	61.3	61.5	61.7	61.2	61.4	61.5	61.4	61.8	61.8	
Employed	76,394	76,900	77,446	76,301	76,738	76,986	76,856	77,108	77,127	
Unemployed	2,980	4,200	3,995	3,265	3,827	3,887	3,909	4,313	4,398	
Unemployment rate	3.7	5.2	4.9	4.1	4.8	4.8	4.8	5.1	5.4	
Not in labor force	50,337	50,728	50,573	50,345	50,728	50,584	50,871	50,407	50,488	
<b>NEGRO AND OTHER RACES</b>										
Civilian noninstitutional population <sup>1</sup>	16,802	17,322	17,367	16,802	17,206	17,245	17,280	17,322	17,367	
Civilian labor force	10,184	10,344	10,451	10,187	10,286	10,269	10,286	10,440	10,479	
Participation rate	60.6	59.7	60.2	60.6	59.8	59.5	59.6	60.3	60.3	
Employed	9,401	9,342	9,402	9,331	9,376	9,301	9,343	9,416	9,335	
Unemployed	783	1,002	1,049	854	910	968	943	1,024	1,144	
Unemployment rate	7.7	9.7	10.0	8.4	8.8	9.4	9.2	9.6	10.9	
Not in labor force	6,618	6,978	6,916	6,615	6,920	6,976	6,994	6,882	6,888	

<sup>1</sup> Seasonal variations are not present in the population figures. Therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Data relate to the noninstitutional population 16 years of age and over. Total noninstitutional population and total labor force exclude persons in the Armed Forces.

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Table A-2. Major unemployment indicators, seasonally adjusted

Selected categories	Number of unemployed persons (in thousands)		Unemployment rates					
	Oct. 1973	Oct. 1974	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974
<b>Total, 16 years and over</b> .....	4,100	5,513	4.6	5.2	5.3	5.4	5.8	6.0
Males, 20 years and over .....	1,489	2,172	3.0	3.5	3.5	3.8	3.9	4.3
Females, 20 years and over .....	1,381	1,804	4.4	5.1	5.2	5.2	5.7	5.6
Both sexes, 16-19 years .....	1,230	1,537	14.0	15.6	16.2	15.3	16.7	16.9
<b>White, total</b> .....	3,265	4,398	4.1	4.8	4.8	4.8	5.3	5.4
Males, 20 years and over .....	1,202	1,793	2.7	3.2	3.3	3.5	3.5	3.9
Females, 20 years and over .....	1,083	1,418	4.0	4.8	4.8	4.8	5.3	5.1
Both sexes, 16-19 years .....	980	1,187	12.4	13.9	13.9	13.3	15.2	14.6
<b>Negro and other races, total</b> .....	854	1,146	8.4	8.8	9.4	9.2	9.8	10.9
Males, 20 years and over .....	285	380	5.5	6.5	5.9	6.3	6.7	7.4
Females, 20 years and over .....	323	420	7.8	6.9	8.0	8.0	8.3	9.7
Both sexes, 16-19 years .....	246	344	27.3	30.3	35.1	31.4	32.4	34.5
<b>Household heads</b> .....	1,412	1,412	2.7	3.1	3.0	3.1	3.4	3.7
Married men, spouse present .....	840	1,180	2.1	2.6	2.6	2.6	2.8	2.9
Full-time workers .....	3,110	4,444	4.1	4.7	4.8	4.8	5.3	5.6
Part-time workers .....	983	1,124	7.5	8.9	8.0	8.7	8.8	8.5
Unemployed 15 weeks and over <sup>1</sup> .....	756	1,018	8.8	10.0	10.0	10.0	11.1	11.1
State insured <sup>2</sup> .....	1,625	2,330	2.6	3.4	3.4	3.3	3.4	3.6
Labor force time lost <sup>3</sup> .....	--	--	5.1	5.6	5.7	5.8	6.4	6.5
<b>OCCUPATION<sup>4</sup></b>								
<b>White-collar workers</b> .....	1,113	1,419	2.0	3.1	3.1	3.1	3.5	3.3
Professional and technical .....	586	290	2.7	1.9	2.1	2.2	2.6	2.3
Managers and administrators, except farm .....	123	184	1.4	1.8	1.4	1.9	2.0	1.8
Sales workers .....	167	257	3.0	4.6	4.0	3.7	4.1	4.5
Clerical workers .....	557	708	3.0	4.4	5.0	4.4	4.9	4.4
<b>Blue-collar workers</b> .....	1,616	2,339	5.1	6.2	6.1	6.5	6.8	7.3
Craft and kindred workers .....	415	606	3.5	4.2	4.2	4.2	4.8	5.0
Operatives .....	433	1,188	5.4	6.8	6.1	7.0	7.4	7.9
Nonfarm laborers .....	388	545	8.0	9.6	10.7	10.7	10.1	10.7
Service workers .....	610	833	3.1	3.8	4.1	4.2	4.4	6.7
Farm workers .....	76	79	3.5	2.8	2.9	2.8	2.5	2.6
<b>INDUSTRY<sup>4</sup></b>								
<b>Nonagricultural private wage and salary workers<sup>5</sup></b> .....	2,954	4,089	4.5	5.4	5.4	5.5	6.0	6.1
Construction .....	411	587	9.0	10.2	10.0	11.1	12.4	12.2
Manufacturing .....	843	1,355	3.9	5.0	5.1	5.4	5.8	6.2
Durable goods .....	477	774	3.7	4.8	4.4	4.8	5.1	5.9
Nondurable goods .....	366	580	4.1	5.7	6.0	6.0	6.8	6.8
Transportation and public utilities .....	139	186	2.9	3.2	3.4	3.6	3.4	3.4
Wholesale and retail trade .....	818	1,123	3.1	4.1	4.4	4.4	4.6	6.8
Finance and service industries .....	726	862	4.1	4.3	4.3	4.4	4.8	4.7
Government workers .....	176	439	2.7	2.8	3.1	2.9	3.1	2.7
Agricultural wage and salary workers .....	91	124	6.7	7.5	7.8	6.9	6.4	8.3
<b>VETERAN STATUS</b>								
<b>Males, Vietnam-era veterans<sup>6</sup>:</b>								
20 to 34 years .....	246	332	4.5	5.2	4.9	5.0	5.2	5.6
20 to 24 years .....	117	141	8.2	10.1	9.0	11.4	12.4	11.7
25 to 29 years .....	100	160	1.4	4.4	4.3	3.6	3.8	4.8
30 to 34 years .....	29	31	2.7	2.0	2.0	2.5	2.2	2.1
<b>Males, nonveterans:</b>								
20 to 34 years .....	358	891	4.2	5.4	5.5	6.3	5.7	6.4
20 to 24 years .....	329	506	5.7	7.5	7.8	9.2	8.0	8.2
25 to 29 years .....	156	247	4.0	4.0	4.0	4.3	4.2	6.2
30 to 34 years .....	73	138	2.1	2.8	3.5	3.8	3.5	3.7

<sup>1</sup> Unemployment rate calculated as a percent of civilian labor force.

<sup>2</sup> Insured unemployment under State programs; unemployment rate calculated as a percent of average covered employment.

<sup>3</sup> Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.

<sup>4</sup> Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.

<sup>5</sup> Includes mining, not shown separately.

<sup>6</sup> Vietnam-era veterans are those who served after August 4, 1964.

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Table A-3. Selected employment indicators

Selected categories	Not seasonally adjusted		Seasonally adjusted					
	Oct. 1973	Oct. 1974	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974
Total employed, 16 years and over .....	85,994	86,867	85,649	86,165	86,312	86,187	86,538	86,511
Males .....	52,610	52,796	52,638	52,499	52,389	52,445	52,771	52,835
Females .....	33,384	34,051	33,011	33,666	33,923	33,742	33,767	33,676
Household heads .....	30,869	31,458	30,403	30,995	31,054	31,059	30,927	30,999
Married men, spouse present .....	19,490	19,277	19,265	18,933	18,802	18,888	18,874	19,043
Married women, spouse present .....	19,225	20,296	19,538	19,882	19,910	19,887	19,856	19,898
<b>OCCUPATION</b>								
White-collar workers .....	41,181	42,215	40,921	42,111	41,953	41,766	42,017	41,951
Professional and technical .....	12,280	12,634	11,989	12,482	12,601	12,572	12,519	12,358
Managers and administrators, except farm .....	8,828	8,943	8,761	9,172	8,932	8,661	8,668	8,872
Sales workers .....	5,414	5,502	5,424	5,375	5,349	5,453	5,583	5,513
Clerical workers .....	14,659	15,137	14,747	15,082	15,071	15,060	15,247	15,228
Blue-collar workers .....	30,421	29,972	30,285	29,664	30,056	29,885	29,867	29,867
Craft and kindred workers .....	11,377	11,532	11,336	11,980	11,621	11,659	11,508	11,486
Operatives .....	14,680	13,978	14,488	13,882	14,283	14,204	13,929	13,799
Nonfarm laborers .....	4,364	4,462	4,461	4,302	4,152	4,302	4,430	4,562
Service workers .....	11,303	11,612	11,368	11,466	11,370	11,644	11,567	11,676
Farm workers .....	3,091	3,048	3,025	2,899	2,968	2,941	3,032	2,982
<b>MAJOR INDUSTRY AND CLASS OF WORKER</b>								
Agriculture:								
Wage and salary workers .....	1,303	1,412	1,271	1,235	1,268	1,341	1,396	1,378
Self-employed workers .....	1,784	1,728	1,765	1,701	1,740	1,723	1,729	1,709
Unpaid family workers .....	438	395	427	387	388	380	382	385
Nonagricultural industries:								
Wage and salary workers .....	76,412	77,054	76,180	76,618	76,602	76,739	76,777	76,823
Private households .....	1,585	1,399	1,568	1,408	1,367	1,432	1,408	1,384
Government .....	13,916	14,195	13,687	14,175	14,168	14,017	13,959	13,958
Other .....	60,911	61,460	60,925	61,035	61,067	61,290	61,410	61,483
Self-employed workers .....	5,514	5,779	5,476	5,811	5,805	5,745	5,678	5,739
Unpaid family workers .....	544	479	553	491	463	419	548	487
<b>PERSONS AT WORK<sup>1</sup></b>								
Nonagricultural industries .....	78,889	79,383	77,352	77,833	78,050	77,846	78,034	77,929
Full-time schedules .....	65,224	65,392	64,242	64,669	64,750	64,688	64,647	64,426
Part time for economic reasons .....	2,154	2,651	2,377	2,484	2,432	2,511	2,823	2,925
Usually work full time .....	1,046	1,283	1,103	1,209	1,156	1,174	1,257	1,353
Usually work part time .....	1,108	1,368	1,274	1,275	1,276	1,337	1,566	1,572
Part time for noneconomic reasons .....	11,511	11,340	10,733	10,680	10,868	10,647	10,564	10,578

<sup>1</sup> Excludes persons "with a job but not at work" during the survey period for such reasons as vacation, illness, or industrial disputes.

Table A-4. Duration of unemployment

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Oct. 1973	Oct. 1974	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974
Less than 5 weeks .....	1,923	2,560	2,001	2,370	2,471	2,493	2,651	2,664
5 to 14 weeks .....	1,170	1,582	1,283	1,462	1,516	1,400	1,691	1,735
15 to 26 weeks .....	670	902	756	939	928	969	1,000	1,018
27 weeks and over .....	175	556	431	571	550	564	614	636
Average (mean) duration, in weeks .....	9.8	9.5	10.3	9.8	10.1	10.0	9.6	10.0
<b>PERCENT DISTRIBUTION</b>								
Total unemployed .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks .....	51.1	50.8	49.5	49.7	50.3	51.5	49.6	49.2
5 to 14 weeks .....	31.1	31.4	31.6	30.6	30.8	28.9	31.7	32.0
15 to 26 weeks .....	17.8	17.9	18.7	19.7	18.9	19.6	18.7	18.8
27 weeks and over .....	10.0	11.0	10.7	12.0	11.2	11.6	11.5	11.7
Average .....	7.8	6.9	8.0	7.7	7.7	8.0	7.2	7.1

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Table A-5. Reasons for unemployment

Reason	Not seasonally adjusted		Seasonally adjusted					
	Oct. 1973	Oct. 1974	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974
	<b>NUMBER OF UNEMPLOYED</b>							
Lost last job .....	1,218	1,960	1,461	1,998	2,022	1,988	2,236	2,350
Left last job .....	692	877	678	738	764	773	736	859
Reentered labor force .....	1,284	1,485	1,253	1,406	1,454	1,472	1,623	1,649
Seeking first job .....	570	722	612	625	695	634	731	776
<b>PERCENT DISTRIBUTION</b>								
Total unemployed .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers .....	32.4	38.9	36.5	41.9	41.1	40.8	42.0	43.2
Job leavers .....	18.4	17.4	16.9	15.3	15.5	15.9	15.8	15.8
Reentrants .....	34.1	29.4	31.3	29.5	29.6	30.2	30.5	26.7
New entrants .....	15.1	14.3	15.3	13.1	13.7	13.0	13.7	14.3
<b>UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE</b>								
Job losers .....	1.4	2.1	1.6	2.2	2.2	2.2	2.4	2.6
Job leavers .....	.8	1.0	.7	.8	.8	.8	.8	.9
Reentrants .....	1.4	1.6	1.4	1.5	1.6	1.6	1.8	1.6
New entrants .....	.6	.8	.7	.7	.7	.7	.8	.8

Table A-6. Unemployment by sex and age

Sex and age	Not seasonally adjusted			Seasonally adjusted unemployment rates					
	Thousands of persons		Percent looking for full-time work	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974
	Oct. 1973	Oct. 1974							
<b>Total, 16 years and over</b> .....	3,763	5,044	74.7	4.6	5.2	5.3	5.4	5.8	6.0
16 to 19 years .....	1,119	1,400	50.6	14.0	15.6	16.2	15.3	16.7	16.9
18 to 17 years .....	573	659	22.9	16.4	18.4	18.0	17.3	18.2	18.2
18 to 19 years .....	547	741	75.2	12.1	12.9	14.7	14.1	16.1	15.7
20 to 24 years .....	815	1,110	82.7	6.7	8.3	8.8	9.5	9.2	8.9
25 years and over .....	1,830	2,535	84.5	2.9	3.3	3.3	3.3	3.7	4.0
55 years and over .....	1,487	2,127	86.6	2.9	3.5	3.5	3.4	3.8	4.1
55 years and over .....	342	408	74.0	2.6	2.7	2.8	3.2	3.1	3.1
<b>Males, 16 years and over</b> .....	1,819	2,521	79.6	3.9	4.6	4.6	4.7	5.0	5.3
16 to 19 years .....	571	701	52.4	13.4	15.6	15.4	15.2	17.1	16.1
18 to 17 years .....	307	333	26.1	15.6	16.9	18.4	18.8	17.9	16.9
18 to 19 years .....	264	368	76.4	11.3	12.1	12.8	12.7	16.8	15.4
20 to 24 years .....	397	579	86.7	6.3	8.1	8.1	9.3	8.9	8.9
25 years and over .....	851	1,242	91.5	2.4	2.7	2.8	2.8	3.0	3.4
55 years and over .....	629	1,014	95.4	2.2	2.8	2.8	2.8	3.0	3.5
55 years and over .....	221	227	74.9	2.7	2.5	2.7	3.2	2.8	2.7
<b>Females, 16 years and over</b> .....	1,944	2,523	69.9	5.6	6.3	6.5	6.3	6.9	7.0
16 to 19 years .....	548	699	48.8	14.8	15.6	17.2	15.4	16.3	17.8
18 to 17 years .....	266	325	20.0	17.3	17.7	17.5	15.3	18.7	20.0
18 to 19 years .....	283	373	74.0	13.0	13.8	16.9	15.8	15.3	16.2
20 to 24 years .....	418	531	78.3	7.3	8.7	9.6	9.8	9.7	8.9
25 years and over .....	979	1,293	77.8	3.8	4.4	4.2	4.2	4.8	4.8
55 years and over .....	858	1,112	78.6	4.1	4.6	4.6	4.5	5.0	5.1
55 years and over .....	121	181	72.9	2.5	2.1	2.9	3.2	3.5	3.8



## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls, by industry

Industry	Not seasonally adjusted				Seasonally adjusted					
	Oct. 1973	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>
<b>TOTAL</b> .....	76,914	77,154	77,689	77,980	76,363	77,101	77,047	77,203	77,409	77,439
<b>GOODS-PRODUCING</b> .....	24,731	24,617	24,580	24,316	24,349	24,225	24,116	24,106	24,063	23,951
<b>MINING</b> .....	640	685	680	675	639	665	669	670	672	674
<b>CONTRACT CONSTRUCTION</b> .....	3,923	3,872	3,770	3,724	3,694	3,599	3,534	3,575	3,537	3,507
<b>MANUFACTURING</b> .....	20,168	20,060	20,130	19,917	20,016	19,961	19,913	19,861	19,854	19,770
<i>Production workers</i> .....	14,866	14,658	14,752	14,533	14,720	14,598	14,546	14,494	14,482	14,393
<b>DURABLE GOODS</b> .....	11,856	11,730	11,825	11,739	11,802	11,783	11,761	11,705	11,705	11,688
<i>Production workers</i> .....	8,725	8,522	8,633	8,537	8,674	8,599	8,569	8,515	8,516	8,492
<i>Ordinance and accessories</i> .....	190.6	194.9	196.2	196.1	191	191	191	194	194	197
<i>Lumber and wood products</i> .....	641.2	648.8	631.6	616.0	634	640	636	629	620	609
<i>Furniture and fixtures</i> .....	534.4	519.3	513.0	509.7	528	522	514	516	510	504
<i>Stone, clay, and glass products</i> .....	709.4	709.1	697.3	687.7	701	691	694	692	684	680
<i>Primary metal industries</i> .....	1,332.3	1,335.4	1,333.7	1,328.9	1,353	1,328	1,324	1,333	1,342	1,349
<i>Fabricated metal products</i> .....	1,476.1	1,458.0	1,466.2	1,454.6	1,466	1,462	1,470	1,459	1,455	1,444
<i>Machinery, except electrical</i> .....	2,075.5	2,154.6	2,174.0	2,178.9	2,086	2,161	2,149	2,172	2,181	2,190
<i>Electrical equipment</i> .....	2,050.8	1,988.0	2,011.7	2,006.1	2,039	2,036	2,038	1,988	1,994	1,994
<i>Transportation equipment</i> .....	1,878.7	1,741.5	1,822.0	1,787.5	1,858	1,778	1,773	1,756	1,763	1,768
<i>Instruments and related products</i> .....	507.5	531.8	529.2	525.3	507	531	529	529	528	525
<i>Miscellaneous manufacturing</i> .....	459.4	448.7	450.0	447.9	439	443	441	437	434	428
<b>NONDURABLE GOODS</b> .....	8,312	8,330	8,305	8,178	8,214	8,178	8,152	8,156	8,149	8,082
<i>Production workers</i> .....	6,141	6,136	6,119	5,996	6,046	5,999	5,977	5,979	5,966	5,901
<i>Food and kindred products</i> .....	1,804.8	1,857.6	1,858.0	1,787.3	1,735	1,725	1,713	1,728	1,735	1,719
<i>Tobacco manufactures</i> .....	81.5	78.7	80.4	80.5	72	76	77	71	69	71
<i>Textile mill products</i> .....	1,027.1	1,007.0	997.2	975.7	1,027	1,011	1,001	1,004	996	976
<i>Apparel and other textile products</i> .....	1,353.4	1,285.0	1,282.3	1,272.2	1,340	1,290	1,288	1,276	1,271	1,240
<i>Paper and allied products</i> .....	724.9	730.6	729.3	712.8	725	727	726	725	726	713
<i>Printing and publishing</i> .....	1,101.1	1,106.0	1,106.4	1,108.6	1,098	1,109	1,108	1,108	1,109	1,105
<i>Chemical and allied products</i> .....	1,041.0	1,070.5	1,069.7	1,064.2	1,043	1,057	1,057	1,061	1,069	1,066
<i>Petroleum and coal products</i> .....	150.9	197.5	194.0	193.2	190	193	193	193	192	192
<i>Rubber and plastics products, nec.</i> .....	691.5	701.2	700.8	695.7	687	696	696	700	695	693
<i>Leather and leather products</i> .....	296.1	296.0	286.8	286.3	297	294	293	290	287	287
<b>SERVICE-PRODUCING</b> .....	52,183	52,537	53,109	53,664	52,014	52,876	52,931	53,097	53,346	53,488
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	4,680	4,696	4,679	4,668	4,671	4,653	4,648	4,654	4,637	4,659
<b>WHOLESALE AND RETAIL TRADE</b> .....	16,515	16,615	16,727	16,835	16,465	16,602	16,665	16,689	16,748	16,784
<b>WHOLESALE TRADE</b> .....	4,162	4,258	4,248	4,279	4,137	4,215	4,205	4,220	4,231	4,253
<b>RETAIL TRADE</b> .....	12,353	12,357	12,479	12,556	12,328	12,387	12,460	12,469	12,517	12,531
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	4,076	4,202	4,157	4,147	4,088	4,140	4,133	4,144	4,153	4,159
<b>SERVICES</b> .....	13,057	13,542	13,517	13,590	13,044	13,365	13,376	13,435	13,531	13,576
<b>GOVERNMENT</b> .....	13,855	13,482	14,029	14,424	13,746	14,116	14,109	14,175	14,277	14,310
<b>FEDERAL</b> .....	2,613	2,712	2,699	2,691	2,626	2,684	2,691	2,693	2,704	2,705
<b>STATE AND LOCAL</b> .....	11,242	10,770	11,330	11,733	11,120	11,432	11,418	11,482	11,573	11,605

p=preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-2. Average weekly hours of production or nonsupervisory workers<sup>1</sup> on private nonagricultural payrolls, by industry

Industry	Not seasonally adjusted				Seasonally adjusted					
	Oct. 1973	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>	Oct. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>
TOTAL PRIVATE.....	37.0	37.1	36.8	36.6	37.0	36.7	36.7	36.6	36.7	36.6
MINING.....	42.9	43.0	42.8	43.4	42.5	43.2	42.9	42.8	42.7	43.0
CONTRACT CONSTRUCTION.....	37.7	37.8	37.8	38.2	36.9	37.1	37.1	36.6	36.6	37.4
MANUFACTURING.....	40.7	40.1	40.3	40.1	40.6	40.1	40.2	40.1	40.1	40.0
Overtime hours.....	3.9	3.5	3.5	3.1	3.7	3.4	3.4	3.4	3.2	3.0
DURABLE GOODS.....	41.4	40.6	41.0	40.8	41.3	40.8	40.7	40.8	40.7	40.7
Overtime hours.....	4.1	3.6	3.6	3.4	3.9	3.4	3.5	3.6	3.3	3.2
Ordnance and accessories.....	(2)	2 41.4	2 41.6	2 41.2	(2)	2 41.9	2 41.7	2 41.4	2 41.6	2 41.3
Lumber and wood products.....	40.7	40.0	39.5	38.7	40.3	40.1	39.7	39.8	39.3	38.4
Furniture and fixtures.....	39.9	39.4	39.1	38.5	39.4	39.4	39.4	38.9	38.6	38.0
Stone, clay, and glass products.....	42.3	41.8	41.6	41.5	41.9	41.4	41.4	41.3	41.2	41.1
Primary metal industries.....	42.2	41.5	42.1	42.0	42.7	41.6	41.6	41.6	42.0	42.5
Fabricated metal products.....	41.6	41.0	41.3	41.1	41.5	40.9	40.8	40.9	41.0	41.0
Machinery, except electrical.....	42.5	42.2	42.8	42.4	42.6	42.4	42.2	42.6	42.8	42.5
Electrical equipment.....	40.2	39.6	40.1	40.3	40.0	40.1	39.8	39.6	39.9	40.1
Transportation equipment.....	41.7	39.4	40.3	40.6	41.5	39.7	40.4	40.4	39.8	40.4
Instruments and related products.....	40.9	40.1	40.3	39.9	40.8	40.3	40.1	40.3	40.1	39.8
Miscellaneous manufacturing.....	38.8	38.8	38.6	38.6	38.6	38.9	39.0	38.6	38.6	38.4
NONDURABLE GOODS.....	39.7	39.5	39.4	39.0	39.7	39.3	39.3	39.2	39.2	39.0
Overtime hours.....	3.5	3.3	3.3	2.8	3.3	3.2	3.2	3.1	3.0	2.7
Food and kindred products.....	40.6	41.0	41.1	40.3	40.6	40.5	40.4	40.4	40.4	40.3
Tobacco manufactures.....	40.6	38.1	38.9	39.2	39.2	36.8	36.9	37.5	37.8	37.8
Textile mill products.....	40.6	39.6	39.2	38.2	40.5	40.2	40.2	39.5	39.1	38.1
Apparel and other textile products.....	35.8	35.6	35.5	35.7	35.8	34.7	35.3	35.3	35.5	35.7
Paper and allied products.....	42.8	42.3	42.1	41.8	42.6	42.4	42.2	42.1	41.8	41.6
Printing and publishing.....	37.9	38.1	37.9	37.6	37.9	37.6	37.4	37.9	37.6	37.6
Chemicals and allied products.....	41.9	41.5	41.6	41.4	41.9	41.8	41.8	41.8	41.6	41.4
Petroleum and coal products.....	42.6	41.9	42.9	42.0	42.2	42.5	42.2	41.7	42.4	41.6
Rubber and plastics products, nec.....	40.9	40.7	40.9	41.0	40.8	40.6	40.4	40.6	40.6	40.9
Leather and leather products.....	37.6	37.2	36.5	36.4	38.0	37.6	36.9	37.2	37.1	36.8
TRANSPORTATION AND PUBLIC UTILITIES.....	40.9	40.9	40.8	40.5	40.8	40.5	40.7	40.7	40.6	40.4
WHOLESALE AND RETAIL TRADE.....	34.3	34.9	34.1	33.8	34.5	34.2	34.1	34.0	34.0	34.0
WHOLESALE TRADE.....	39.3	38.9	38.8	38.5	39.3	39.0	39.0	38.7	38.8	38.5
RETAIL TRADE.....	32.8	33.6	32.6	32.3	33.0	32.8	32.7	32.5	32.6	32.5
FINANCE, INSURANCE, AND REAL ESTATE.....	37.0	36.8	36.8	36.6	36.9	36.8	36.7	36.7	36.9	36.5
SERVICES.....	33.9	34.5	34.1	33.9	34.0	34.2	34.0	34.0	34.1	34.0

<sup>1</sup> Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employment on private nonagricultural payrolls.

<sup>2</sup> Previously published data for this series for March 1971 through May 1974 are being revised to correct processing errors. Figures for subsequent months have been corrected for these errors. Revised historical data are not yet available; they are scheduled to be published in December when the routine benchmarking revisions will be made.

preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers<sup>1</sup> on private nonagricultural payrolls, by industry

Industry	Average hourly earnings				Average weekly earnings			
	Oct. 1973	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>	Oct. 1973	Aug. 1974	Sept. 1974 <sup>P</sup>	Oct. 1974 <sup>P</sup>
<b>TOTAL PRIVATE</b> .....	\$ 3.99	\$ 4.24	\$ 4.32	\$ 4.34	\$ 147.63	\$ 157.30	\$ 158.98	\$ 158.84
<i>Seasonally adjusted</i> .....	3.98	4.25	4.29	4.33	147.26	155.55	157.44	158.48
<b>MINING</b> .....	4.76	5.28	5.36	5.36	204.20	227.04	229.41	232.62
<b>CONTRACT CONSTRUCTION</b> .....	( <sup>2</sup> )	<sup>2</sup> 6.89	<sup>2</sup> 6.94	<sup>2</sup> 6.96	( <sup>2</sup> )	<sup>2</sup> 260.44	<sup>2</sup> 262.33	<sup>2</sup> 265.87
<b>MANUFACTURING</b> .....	4.14	4.44	4.52	4.55	168.50	178.04	182.16	182.46
<b>DURABLE GOODS</b> .....	4.39	4.71	4.81	4.85	181.75	191.23	197.21	197.88
<i>Ordinance and accessories</i> .....	( <sup>2</sup> )	<sup>2</sup> 4.81	<sup>2</sup> 4.89	<sup>2</sup> 4.91	( <sup>2</sup> )	<sup>2</sup> 199.13	<sup>2</sup> 203.42	<sup>2</sup> 202.29
Lumber and wood products .....	3.67	3.95	3.97	3.94	149.37	158.00	156.82	152.48
Furniture and fixtures .....	3.34	3.53	3.58	3.60	133.27	139.08	139.98	138.60
Stone, clay, and glass products .....	4.27	4.59	4.64	4.65	180.62	191.86	193.02	192.98
Primary metal industries .....	5.14	5.72	5.77	5.84	216.91	237.38	242.92	245.28
Fabricated metal products .....	4.32	4.64	4.74	4.79	179.71	190.24	195.76	196.87
Machinery, except electrical .....	4.63	4.94	5.04	5.07	196.78	208.47	215.71	214.97
Electrical equipment .....	3.91	4.14	4.23	4.29	157.18	163.94	169.62	172.89
Transportation equipment .....	5.14	5.47	5.63	5.70	214.34	215.52	226.89	231.42
Instruments and related products .....	3.93	4.21	4.25	4.25	160.74	168.82	171.28	169.58
Miscellaneous manufacturing .....	3.31	3.53	3.56	3.57	128.43	136.96	137.42	137.80
<b>NONDURABLE GOODS</b> .....	3.76	4.05	4.09	4.11	149.27	159.98	161.15	160.29
Food and kindred products .....	3.89	4.19	4.22	4.26	157.93	171.79	173.44	171.68
Tobacco manufactures .....	3.73	4.17	4.15	4.16	151.44	158.88	161.44	163.07
Textile mill products .....	3.03	3.26	3.27	3.25	123.02	129.10	128.18	124.15
Apparel and other textile products .....	2.85	3.05	3.09	3.10	102.03	108.58	109.70	110.67
Paper and allied products .....	4.27	4.58	4.62	4.65	182.76	193.73	194.50	194.37
Printing and publishing .....	4.75	5.00	5.04	5.06	180.03	190.50	191.02	190.26
Chemicals and allied products .....	4.54	4.89	4.95	4.98	190.23	202.94	205.92	206.17
Petroleum and coal products .....	5.26	5.72	5.81	5.81	224.08	239.67	249.25	244.02
Rubber and plastics products, nec .....	3.86	4.10	4.12	4.16	157.87	166.87	168.51	170.56
Leather and leather products .....	2.85	3.03	3.07	3.07	107.16	112.72	112.06	111.75
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	( <sup>2</sup> )	<sup>2</sup> 5.43	<sup>2</sup> 5.56	<sup>2</sup> 5.56	( <sup>2</sup> )	<sup>2</sup> 222.09	<sup>2</sup> 226.85	<sup>2</sup> 225.18
<b>WHOLESALE AND RETAIL TRADE</b> .....	3.27	3.51	3.56	3.58	112.16	122.50	121.40	121.00
<b>WHOLESALE TRADE</b> .....	4.18	4.53	4.59	4.60	164.27	176.22	178.09	177.10
<b>RETAIL TRADE</b> .....	2.93	3.13	3.17	3.19	96.10	105.17	103.34	103.04
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	( <sup>2</sup> )	<sup>2</sup> 3.81	<sup>2</sup> 3.87	<sup>2</sup> 3.87	( <sup>2</sup> )	<sup>2</sup> 140.21	<sup>2</sup> 142.42	<sup>2</sup> 141.64
<b>SERVICES</b> .....	( <sup>2</sup> )	<sup>2</sup> 3.72	<sup>2</sup> 3.81	<sup>2</sup> 3.82	( <sup>2</sup> )	<sup>2</sup> 128.34	<sup>2</sup> 129.92	<sup>2</sup> 129.50

<sup>1</sup> See footnote 1, table B-2.<sup>2</sup> Previously published data for this series for March 1971 through May 1974 are being revised to correct processing errors; figures for subsequent months have been corrected for these errors. Revised historical data are not yet available; they are scheduled to be published in December when the routine benchmarking revisions will be made. pp:preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-4. Hourly Earnings Index for production or nonsupervisory workers in private nonfarm industries, seasonally adjusted

[1967=100]

Industry	Oct. 1973	May 1974	June 1974	July 1974	Aug. 1974	Sept. <sup>P</sup> 1974	Oct. <sup>P</sup> 1974	Percent change from	
								Oct. 1973 Oct. 1974	Sept. 1974 Oct. 1974
<b>TOTAL PRIVATE NONFARM:</b>									
Current dollars .....	149.6	156.1	158.5	159.3	160.6	162.1	163.3	9.2	.7
Constant (1967) dollars .....	109.5	107.3	107.9	107.6	107.1	106.7	N.A.	(1)	(2)
MINING .....	148.4	159.8	162.6	164.0	165.7	167.4	167.1	12.6	-1
CONTRACT CONSTRUCTION .....	(3)	(3)	<sup>3</sup> 163.3	<sup>3</sup> 163.9	<sup>3</sup> 167.6	<sup>3</sup> 166.7	<sup>3</sup> 166.7	N.A.	(4)
MANUFACTURING .....	146.5	153.3	155.4	156.7	158.1	159.7	161.7	10.3	1.2
TRANSPORTATION AND PUBLIC UTILITIES .....	(3)	(3)	<sup>3</sup> 165.9	<sup>3</sup> 167.0	<sup>3</sup> 167.3	<sup>3</sup> 170.7	<sup>3</sup> 170.9	N.A.	.1
WHOLESALE AND RETAIL TRADE .....	146.2	153.5	155.4	156.4	157.8	159.0	160.0	9.4	.6
FINANCE, INSURANCE, AND REAL ESTATE .....	(3)	(3)	<sup>3</sup> 148.7	<sup>3</sup> 148.1	<sup>3</sup> 149.7	<sup>3</sup> 152.1	<sup>3</sup> 151.8	N.A.	-1.2
SERVICES .....	(3)	(3)	<sup>3</sup> 162.9	<sup>3</sup> 162.3	<sup>3</sup> 163.0	<sup>3</sup> 164.6	<sup>3</sup> 165.6	N.A.	.6

1 Percent change was -2.9 from September 1973 to September 1974, the latest month available.

2 Percent change was -.3 from August 1974 to September 1974, the latest month available.

3 Previously published data for this series for March 1971 through May 1974 are being revised to correct processing errors; figures for subsequent months have been corrected for these errors. Revised historical data are not yet available; they are scheduled to be published in December when the routine benchmarking and seasonal adjustment revisions will be made.

4 Less than 0.05 percent.

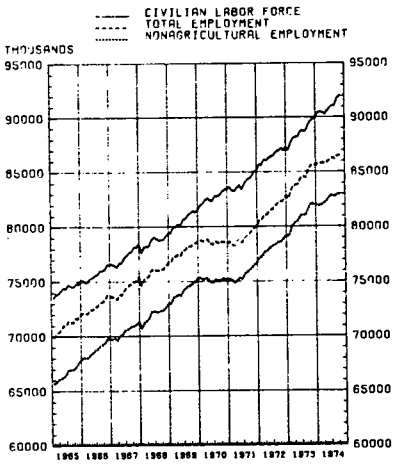
N.A.=not available.

P= preliminary.

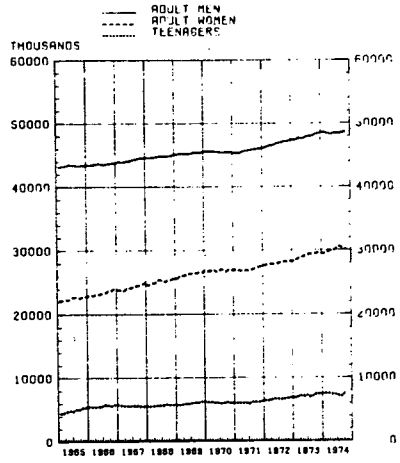
NOTE: All series are in current dollars except where indicated. The index excludes effects of two types of changes that are unrelated to underlying wage-rate developments: Fluctuations in overtime premiums in manufacturing (the only sector for which overtime data are available) and the effects of changes in the proportion of workers in high-wage and low-wage industries. The seasonal adjustment eliminates the effect of changes that normally occur at the same time and in about the same magnitude each year.

LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

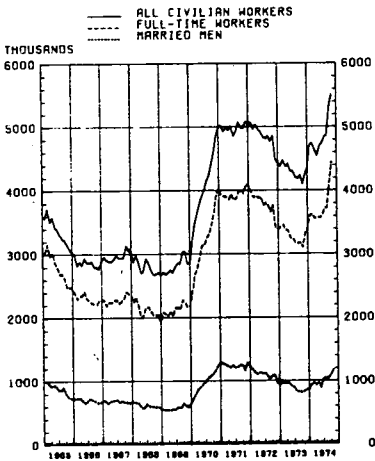
1. LABOR FORCE AND EMPLOYMENT



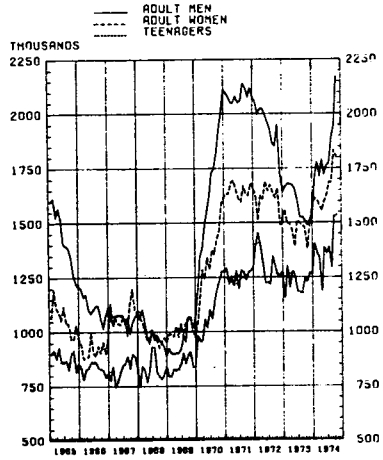
2. TOTAL EMPLOYMENT



3. UNEMPLOYMENT

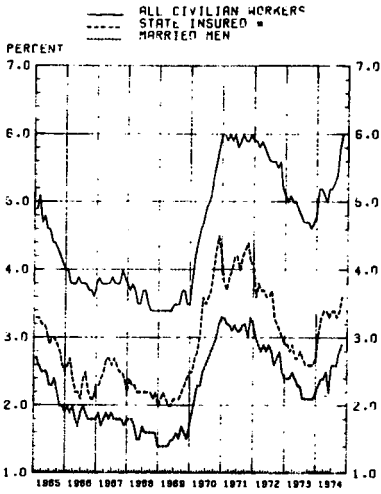


4. UNEMPLOYMENT

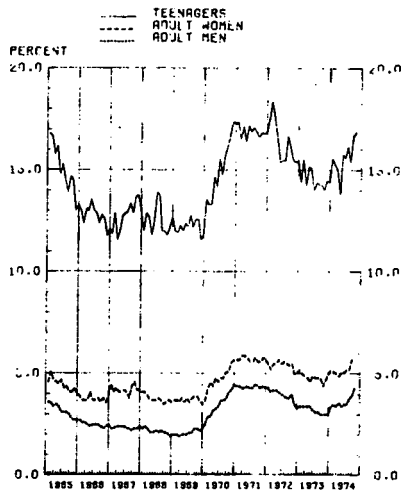


UNEMPLOYMENT RATES  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

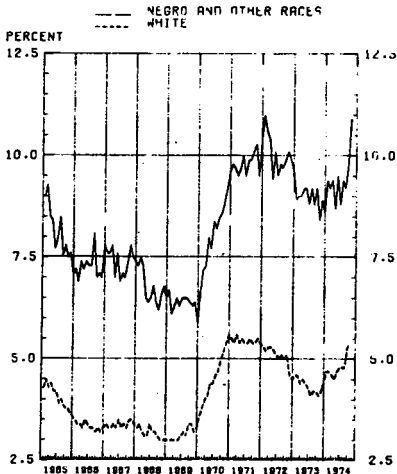
5. UNEMPLOYMENT RATES



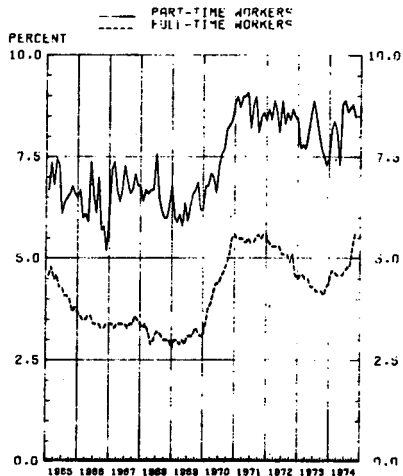
6. UNEMPLOYMENT RATES



7. UNEMPLOYMENT RATES



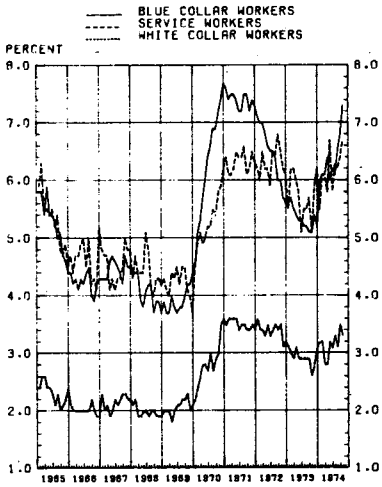
8. UNEMPLOYMENT RATES



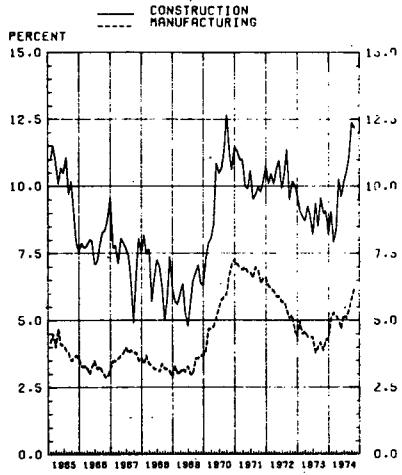
\* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

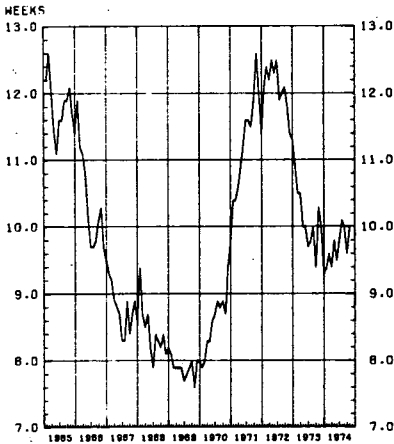
9. UNEMPLOYMENT RATES



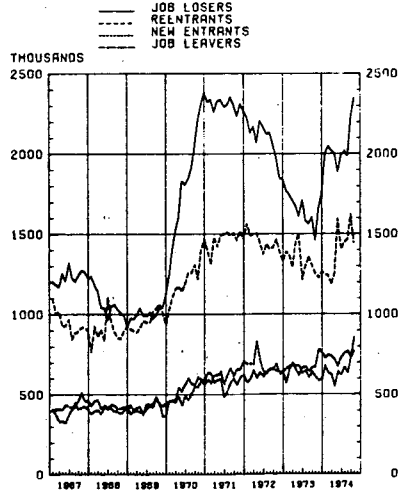
10. UNEMPLOYMENT RATES



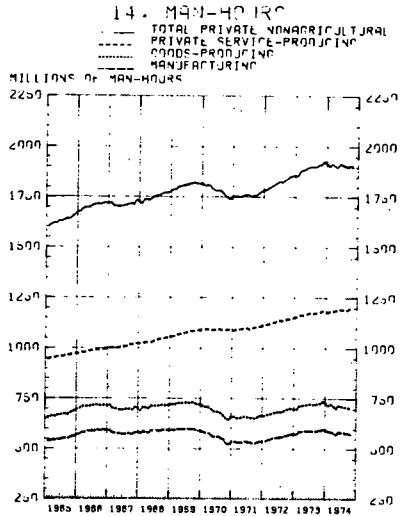
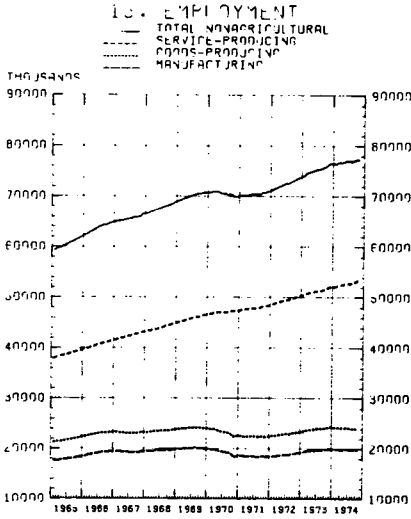
11. AVERAGE DURATION  
OF UNEMPLOYMENT



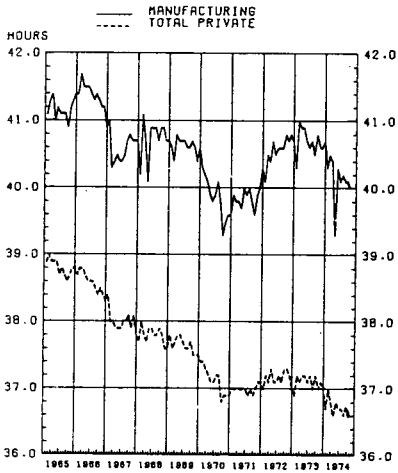
12. UNEMPLOYMENT BY REASON



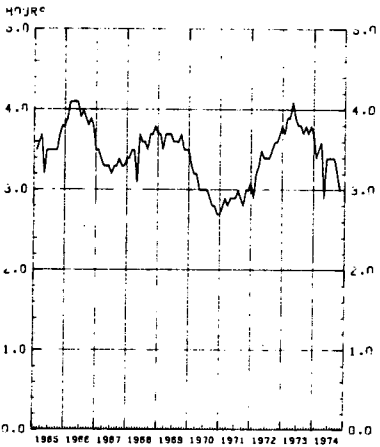
NONAGRICULTURAL EMPLOYMENT AND HOURS  
ESTABLISHMENT DATA - SEASONALLY ADJUSTED



15. AVERAGE WEEKLY HOURS



16. AVERAGE WEEKLY OVERTIME HOURS  
IN MANUFACTURING



NOTE: Charts 14 and 15 relate to production or nonsupervisory workers; chart 16 relates to production workers. Data for the 2 most recent months are preliminary in charts 13-16.



Chairman PROXMIRE. Mr. Shiskin, both the press release and your oral statement seem to depict a very serious picture.

In the past I have asked you about whether or not you would characterize the economic situation as one of recession and you have indicated that you didn't want to make a conclusion at that time.

In view of the developments of this morning, and the developments in the past month or so, how would you characterize the present situation?

Mr. SHISKIN. Sir; as I said in the past, this, I think, is a semantic problem.

In my statement—I noticed you were occupied with some other things so perhaps you didn't hear it—I said in the final paragraph:

Thus, economic conditions continue along the same pattern as recent months. Employment has been rising, but not fast enough to keep up with the more rapidly growing labor force; consequently, unemployment is too high and rising. Real output has been declining. Prices have been rising at unprecedented peacetime rates. Wages have been rising rapidly too, but not so fast as prices.

This is not anything to cheer about. It is a very serious situation.

Chairman PROXMIRE. I will repeat my question.

Mr. SHISKIN. I am aware of your question.

I want to make it clear that I am describing this as a very serious economic situation.

However, what we see today is different from what we saw in past periods of recession. It is different in several important ways. The principal differences are in the behaviour of prices. As I pointed out earlier, prices have usually fallen during recession periods, but during recent months prices have been rising rapidly.

Chairman PROXMIRE. May I interrupt to say, would you say the major difference between this situation and past situations that have been called recessions—now we have inflation, we have unemployment increases, we have production dropping, and we have many other elements of recession. But you are right, we do have prices rising, so in a sense this is about the worst possible kind of situation.

Mr. SHISKIN. We do have many of the elements of recession present today as well as differences. There is another important difference besides that in the behavior of prices. I would like to enter into the record and have you take a look at a table that I have been talking about in recent meetings, which summarizes the present situation in comparison with earlier periods of recession.

[The table referred to for the record follows:]

CYCLICAL COMPARISONS—DURATION, DEPTH, AND DIFFUSION OF RECENT SLOWDOWNS AND RECESSIONS—  
RECENT PERIOD AND 5 POSTWAR RECESSIONS

[Based upon specific cyclical peaks and troughs for each series; where these could not be identified, NBER business cycle peaks and troughs were taken]

	Current period November 1973 to date <sup>1</sup>	Postwar business cycle recessions (designated by NBER)				
		November 1969 to November 1970	May 1960 to February 1961	July 1957 to April 1958	July 1953 to August 1954	November 1948 to October 1949
1. Duration (in months):						
(a) Decline in current dollar GNP.....	0	0	6.0	6.0	12.0	12.0
(b) Decline in constant dollar GNP <sup>2</sup> .....	9.0	6.0	12.0	6.0	12.0	6.0
(c) Decline in nonagricultural employ- ment (established).....	0	8.0	10.0	14.0	14.0	13.0
(d) Rise in unemployment rate.....	12.0	30.0	15.0	16.0	15.0	21.0
2. Depth (in percent):						
(a) Change in current dollar GNP.....	+5.0	<sup>3</sup> +4.5	-.3	-2.6	-1.9	-3.4
(b) Change in constant dollar GNP <sup>2</sup> .....	-2.9	-1.1	-1.6	-3.9	-3.4	-1.9
(c) Change in nonagricultural employ- ment (established) <sup>2</sup> .....	+1.0	-1.6	-2.2	-4.3	-3.4	-5.2
(d) Change in unemployment rate <sup>2</sup> .....	+1.4	+2.6	+2.3	+3.8	+3.6	+4.5
(e) Peak in unemployment rate, level <sup>2</sup> .....	6.0	6.0	7.1	7.5	6.1	7.9
(f) Change in CPI index.....	+10.4	<sup>3</sup> +5.6	0	-1.0	-1.0	-4.2
(g) Change in WPI index, industrial commodities.....	+25.2	<sup>3</sup> +3.6	-1.3	-.5	-.5	-5.5
3. Diffusion:						
Minimum value of diffusion index, nonfarm employment, 172 industries <sup>4</sup> :						
(a) 6-month span (percent expanding) <sup>2</sup> .....	42.4	19.2	19.9	11.7	13.3	10.0
(b) Number of consecutive months below 25 percent (months) <sup>2</sup> .....	0	4.0	6.0	12.0	10.0	8.0

<sup>1</sup> GNP data for 3d quarter; employment and unemployment figures for October; price figures for September.

<sup>2</sup> Suggested quantitative criterion for defining recessions refer to these measures.

<sup>3</sup> Business cycle peak or trough.

<sup>4</sup> 30 industries prior to 1960.

Mr. SHISKIN. You asked me whether price behavior was the major difference. Price increases are certainly one of the major differences. I think there is another major difference, Senator Proxmire. Employment is also rising.

Chairman PROXMIRE. Employment didn't rise this last month and we have a growing country—and we have—

Mr. SHISKIN. I know. I made that very clear in my statement.

Chairman PROXMIRE. That is right. We have demographic factors because so many people are in the working-age period that that is something that would be fairly automatic.

Mr. SHISKIN. Senator, I am not trying to cover up bad news. I made it crystal clear in my testimony earlier that employment has been rising.

Chairman PROXMIRE. But it did not rise last month; is that correct?

Mr. SHISKIN. Let me come to that.

Now, the measure that I have always used in the past in studying cyclical change, the measure of employment, has been nonagricultural payroll employment.

Since November 1973 employment has risen 1 percent. The rise in nonagricultural employment was very small this month and not statistically significant. It is to be noted, however, that there was a major upward revision last month. The small rise this month comes on top of an upwardly revised figure—

Chairman PROXMIRE. It all depends on the time you take. If you go back a few months before that you find that employment did not rise very much. In other words, if we take the period over the last 6 or 8 months you don't get as constructive a picture.

Mr. SHISKIN. Most of us who have specialized in business cycle studies in the past have been taking November 1973 as a tentative business cycle peak.

The preceding table shows that, unlike any previous recession period, we have had a substantial rise in employment.

Senator, you asked me whether this is a recession. I said there are major differences.

Chairman PROXMIRE. One of the elements that really puzzles me about the rise in employment is the fact that production is down, productivity is down, rather sharply in this quarter, down at an annual rate of 3 percent, which means you may have people who were on the payroll but they are not working, there is not the demand for their services or for their production. So I think the fact that we don't have a drop in employment is not indicative of the overall situation.

Isn't it true that in the beginning of a recession, typically, the layoffs tend to lag behind the drop in the general economic situation, that is, employers are reluctant to lay off their employees?

Mr. SHISKIN. You may be aware of the fact that in 1966 and 1967—

Chairman PROXMIRE. Isn't it also true that recessions are defined in terms of real output, and this is worse than the last recession of 1969-70. It is worse in terms of the drop. It is a more severe drop in production than before. It is a drop that hasn't simply been two quarters, it is a drop of three quarters, and every indication is that it is going to continue on the basis of the statistics that we have for this month?

Mr. SHISKIN. That is a series of questions. I want to answer all of them.

Let me say that the present situation is different. I think that is very important. And the reason it is very important is because it has policy implications.

In the present situation, the kind of situation we have today, with rapid inflation, with at best stagnant output and rising unemployment, the economic policy has to be different from that for recessions and it's much more difficult to find the right policies.

I think that the use of the word "recession" in this context blurs the distinction between the economic problems of today and the economic problems of the past.

Chairman PROXMIRE. It is very important that we have the top economists and statisticians of the administration indicate the kind of plight we are in.

There is no question that we have an inflation that is serious. There is no question that the President has tried to adopt policies he thinks are best designed to cope with inflation. Until we admit that we are in a situation which most of us would describe as recession, a situation of dropping production, a situation of increasing unemployment, we are less likely to adopt the policies that we need to adopt to put people back to work. It is perfectly possible to be consistent in this. It is possible to design policies which will increase employment, reduce unem-

ployment, without having an inflationary impact. The trick is to identify and encourage and support those areas where we have unutilized resources. Housing is an excellent example of that.

There are many other areas where, in my view, we could hire relatively unskilled workers who are not doing anything now, and increase production and increase employment without having an inflationary effect—not having an inflationary effect in two ways.

In these areas you put unutilized resources to work and if the general level of demand goes up, would you agree with me this would not be a significant inflationary factor under present circumstances, if it goes up at a fairly gradual and measured pace?

Mr. SHISKIN. Let me respond to that question. I am very mindful of it, and another question you asked me. It will take me a couple of minutes, but I think this is responsive.

First of all, in 1966 and 1967, Geoffrey Moore, a good friend of mine, and my predecessor at BLS, wrote a book jointly which was called *Indicators of Business, Expansions, and Contractions*. In this book we rated all of the principal indicators in terms of their economic significance, their statistical adequacies, their currency, their smoothness, and their historical performance as cyclical indicators. The highest score in that survey, which took 4 years, I might say, was nonagricultural payroll employment. It is the best coincident indicator.

There is no perfect indicator, but if you look at all of the different indicators, including GNP, industrial production, the various employment series, that nonagricultural payroll employment is the best measure of the economic performance and cyclical behavior. At least it was in the past.

That explains why I have emphasized the use of this nonagricultural payroll employment series.

Also in terms of your question about what is the right thing to do and also whether we are in a recession, there is a little item from my old friend Geoffrey Moore in this morning's *New York Times* that is relevant. You know the National Bureau is considered by almost everybody as the accepted authority in this field, and it is Mr. Moore who is at the center of that study there.

Chairman PROXMIRE. Is that a recent article by Mr. Moore?

Mr. SHISKIN. This is a quote in this morning's *New York Times*.

I might say, Senator Proxmire, Geoffrey Moore called me this morning to call my attention to this in case I wanted to use it.

Chairman PROXMIRE. Go ahead.

Mr. SHISKIN. This is the *New York Times*, Friday, November 1, page 61, in the section "People and Business." It says:

Geoffrey Moore, vice president of economic research institution, is not yet ready to join those who are saying the United States economy is in a recession. Mr. Moore, who is being asked the question frequently these days, said yesterday, "Until the contradictions in the data run their course, I don't think we're able to say we are in a recession."

Mr. Moore, reached by telephone at his New York office, cited such contradictions as the decline in real gross national product through the first three quarters of this year whereas total employment has held steady at around 86 million.

"I think some industries, such as housing, are clearly in a depression," he said. "Others, such as appliances, are in a mild recession and still others, the steel industry, are in a boom. That's what makes the economic situation uncertain at the moment."

Chairman PROXMIRE. Well, let's say there is a difference of opinion over this. The fact is that Mr. Arthur Burns, who is also a top man in the Bureau of Economic Research, says we are in a recession.

Paul McCracken, whom we all admire and respect, a former Chairman of the Council of Economic Advisers, and a top adviser to this administration, certainly not a critic of the administration, says we are in a recession.

Treasury Secretary Simon says he will not quarrel with people who say we are in a recession.

There is a division among able and competent people, including those in the administration.

Let me ask you about this.

Is it possible that the present situation, the increase in unemployment, indicates that we are now getting to a stage in which employers who maintained their labor force as the economy softens, have now had to begin to release their employees because of continued gloomy outlook?

The fact that you are finding more layoffs, the fact that you are finding more prime-aged males—

Mr. SHISKIN. They are also hiring more.

I really wish we could stick to the issues on the data, because I deliberately and carefully prepared that paragraph I read to indicate that I agree we have a very grave economic situation.

Chairman PROXMIRE. How long is the hiring continuing under present circumstances where you have a softening economy and a reduction in production? Is it logical that you would expect that hiring to continue, that the employment would continue to stay up?

Mr. SHISKIN. Well, I don't know. We are not in the business of forecasting the future in any way. As you have pointed out so convincingly, those who have been in that business have done very badly.

If you look at the present situation, it is a very serious situation, with rapid price increases and rising unemployment, but there are also rises in employment.

These are the things you have to address yourself to in making economic policy, it seems to me.

This mixture is a very unusual mixture. If you take a look at the handout I distributed to you, and you look especially on the lines for employment and consumer prices, you will see that you never had a situation like that in history before. I think it is very important to recognize this as a different situation from past situations.

Chairman PROXMIRE. I think you have made your point clear.

Mr. SHISKIN. The policies of the past may not be applicable to the present.

Chairman PROXMIRE. In the past year we have had an increase in unemployment of 1.4 million.

Mr. SHISKIN. Somewhere in that neighborhood.

Chairman PROXMIRE. Can you identify the industries which have been the principal sources of layoffs?

Mr. SHISKIN. Yes; we have that in our press release, in table A-2<sup>1</sup>. We might take a look at that.

Chairman PROXMIRE. How much of this is in the automobile industry, how much is in housing?

<sup>1</sup> See table A-2, p. 444.

Mr. SHISKIN. Our figures are 3 weeks old and the automobile industry did not look bad at that time.

Chairman PROXMIRE. This is going to be worse next month.

Mr. SHISKIN. A lot of people think so.

Chairman PROXMIRE. Because there have been layoffs.

Mr. SHISKIN. The automobile industry last month showed no change in employment and showed a modest increase in unemployment.

Chairman PROXMIRE. Where have the layoffs been?

Mr. SHISKIN. Let's take a look at table A-2.<sup>1</sup> If you look at that table, you will see the industry breakdown.

The unemployment rate is 6.1 percent for nonagricultural private wage and salary workers. It is 12.2 percent in construction.

Chairman PROXMIRE. Give me that again.

What was the first?

Mr. SHISKIN. This is the aggregate—nonagricultural private wage and salary workers—that excludes government workers—it is 6.1 percent. Construction is 12.2 percent. Manufacturing is 6.2 percent. Non-durable goods, 6.8 percent. Wholesale and retail trade is 6.8 percent. Agricultural wage and salary workers 8.3 percent.

You asked me where most of the unemployment occurred. These figures are an answer to your question.

Chairman PROXMIRE. This is an interesting table<sup>1</sup> because it indicates that the one area where you have a drop in unemployment is in government workers. So in the private sector we have a worsening situation fairly consistent with government workers. The situation has improved, at least you have less unemployment.

Is that right?

Mr. SHISKIN. There, yes, in that sector.

Chairman PROXMIRE. Now let me ask you about something that many economists and many business leaders argue is going to give them trouble, and that is the fact that productivity has declined rapidly in the last quarter. It has declined, too, at a time when wage settlements, major wage contract settlements are rising rapidly. So we have, as I pointed out in my opening statement, a situation where in the last quarter wage settlements of major contracts have increased 11.1 percent, not including escalator clauses, which might push it up 1 to 2 percent, at least, and productivity declining. So that you have a situation where wage costs could easily be rising at 15 percent or so annual rate.

Under these circumstances, isn't this likely to cut sharply into profit margins and result in a reaction on the part of employers to lay off workers, especially where they are not fully occupied?

Mr. SHISKIN. Well—

Chairman PROXMIRE. Unlike what they have done in the past?

Mr. SHISKIN. You asked me that question and my reaction is that we have to take another factor into account.

At earlier hearings, Senator Proxmire, a couple months ago, I was saying that it looks as though wage increases are catching up to price increases. I deliberately put a paragraph in my opening statement on that subject because the data we have gotten in the last few months have not supported that statement.

<sup>1</sup> See table A-2, p. 444.

Chairman PROXMIRE. The data I just stated tend to support it, don't they?

Mr. SHISKIN. Pardon me.

Chairman PROXMIRE. That data I just cited.

Mr. SHISKIN. I cited very current data based on yesterday's release and what they show is that while in earlier months, right after the end of controls wages went up very sharply, 1.6 percent in June. Prices didn't go up that much. Wages were moving up more rapidly than prices. Since then wages have been moving up less rapidly.

In connection with your question, I say you have to consider prices also, and you have to look at the ratio between prices and unit labor costs.

Chairman PROXMIRE. Nevertheless, this would be a factor which would tend to persuade employers to be more careful about their costs and one thing they would do would be to discharge workers who are not fully employed and try to get as much as they could out of the people who are still working.

Productivity indicates that is a reflection, is it not, of the fact that the work force is not fully employed?

Mr. SHISKIN. I think—

Chairman PROXMIRE. Let me find out if that is correct. This isn't a matter of people being lazy or inefficient, it is a matter that they do not have enough to do so the employer can't keep them busy and on the payroll for 40 hours a week when they only have 30 or 35 hours of work. They don't produce as much because they don't have as much to do. So under those circumstances it would seem the employer would be likely to layoff some.

Mr. SHISKIN. Again I say you have to also look at what is happening to prices. Let me zero in on that a little more. You have to look at the prices in a particular industry. Some industries like steel and chemicals have been booming, though that may not be true in the last few weeks. It is hard to keep up with events in a period like this. Those industries were booming. They may want more work. So you have to look at not only what is happening in prices—

Chairman PROXMIRE. We have had testimony from the steel industry in some detail before this subcommittee and it was made clear to us that they expect to expand production at a snail's pace, about 3 percent per year. It is a mature industry. There is not going to be any relief really in the economy from a big increase in employment in the steel industry. That is on the basis of the testimony of United States Steel, Bethlehem Steel and Inland Steel. It seems that they are going to expand slowly.

Furthermore, they have technological factors which suggest that they are unlikely to increase employment very much. Their productivity in that industry is increasing in a way that would suggest that they are likely to keep unemployment stable while they do increase production and maybe reduce employment.

Mr. SHISKIN. If that is what happens in the future, things will be worse in those industries too.

Chairman PROXMIRE. Have we ever had in your recollection a time when unit labor costs were rising as fast as they are rising today?

Mr. SHISKIN. No, sir.

Chairman PROXMIRE. You don't think so?

Mr. SHISKIN. No, sir.

Chairman PROXMIRE. We are moving into a situation now where that increase in unit labor costs is likely to continue to push prices up, is that not true?

Mr. SHISKIN. I don't know.

Chairman PROXMIRE. What is that?

Mr. SHISKIN. You have to look at both prices and unit labor costs. You can't look at one alone.

Chairman PROXMIRE. The inflation that we have had in the past has been caused to a considerable extent by the energy shortage, by the colossal price increase from steel because they haven't had the competition from abroad, the increase in chemical prices, increases in food prices, but it would seem that we are now poised in a situation where we might get a sharp increase in prices caused by an increase in wage costs. After all, that is the biggest cost that the employers as a whole have, and they have to reflect that in higher prices and probably lower profits both at the same time.

Both of those elements would tend to aggravate the situation. As their profits are squeezed they are much less likely to increase employment and more likely to lay people off. As their costs go up they are more likely to push up prices; is that right?

Mr. SHISKIN. Yes. One of the major theories of cyclical behavior concerns the relations between unit labor costs and prices. That theory says that as the economy reaches the advanced stages of expansion, prices and unit labor costs both rise but unit labor costs rise more rapidly than prices and this causes a profit squeeze. If that happens, then investment goes down, and employment and production decline.

That is what you seem to be describing.

Chairman PROXMIRE. Let me indicate precisely the kind of scenario I think is fairly likely and is likely to increase unemployment rather sharply over the next few months.

Suppose that real output declines 1 percent during the next 6 months—a relatively optimistic forecast compared to some I have seen.

In order to hold productivity constant, hours worked would also have to decline about 1 percent. Let's assume for the moment that average hours per worker remain constant. Then employment would also have to decline 1 percent.

Total nonfarm payroll employment in the third quarter averaged 77.2 million. One percent of that would be 772,000 persons—roughly 750,000 persons laid-off in order just to hold productivity constant.

If the labor force grew even relatively slowly the total rise in unemployment would, of course, be much larger than the decrease in employment. It would be easy under these circumstances to see unemployment increase by a million over the next 6 months.

I know this calculation is very rough. Would you regard it as adequate to indicate the magnitude of the problem?

Mr. SHISKIN. Senator, I am completely convinced by your earlier statements that most of our forecasts aren't much good so I would prefer to be silent. You have convinced me.

Chairman PROXMIRE. I am not asking for forecasts; I am trying to understand the statistics so we can consider the policies that the Congress should adopt which you urge on the President.



Mr. SHISKIN. Well, you have been painting a lot of scenarios.

Chairman PROXMIRE. Let me ask you this: You have indicated, I think very well and with considerable logic, that this recession has been remarkable—if it is a recession—for the fact that employment has not declined.

Isn't it almost certain that, if output declines further, employment will also decline?

Mr. SHISKIN. Let me say a few words about statistics, where my expertise is perhaps greater than these policy questions that you have been asking me.

When you talk about GNP, real GNP, it involves a tremendous integration of almost all the economic data that are produced by many different agencies. There are many gaps and a lot of guesstimates have to be made.

Let me say that I think the people in the Bureau of Economic Analysis in Commerce do an absolutely magnificent job in bringing those figures together. What has to be recognized at a time like this period, however, when the rate of growth, the rate of real growth is close to zero, is that their estimates could easily be off.

It is not only that the figures that they put together to measure production have gaps in them, but also the deflator is a very serious problem.

For example, they make considerable use of our wholesale price indexes, but there are many sectors of wholesale prices that we don't cover. Real GNP estimates must be rather rough, and I would say that when real GNP change is this close to zero you don't know whether it is rising or declining.

What has happened in recent months is less certain, because of the difficulty of putting the proper figures together.

In contrast, our employment surveys are based on reports from both establishments in the field and also households, so in a way they are more reliable than the GNP.

In terms of your scenario, with output going down, we are bound to have declines in employment eventually, but I am saying that when you are so close to a zero real change, as we have been in the past two quarters, you have to be very cautious in accepting those figures.

Chairman PROXMIRE. That may be. But the fact is that production has been going down in the last several months. There was a slight recovery in September. It is still below in September what it was in June and May and so forth. In a growing country with our technology improving and the population and so forth, that certainly is a pessimistic element.

I would like to ask you, in view of the fact we have seemed to establish the situation in which we do have increasing unemployment, there is at least a possibility, I think the likelihood, you will agree, I am sure, a strong possibility that may continue, that the policies that have been recommended, that people spend less—the President of the United States recommended that—and he also recommended a surtax, so there wouldn't be as much money to bid up prices. It seems to me this is likely to be perverse and likely to increase unemployment and aggravate the situation and, if we are not in a recession, to push us into it.

Mr. SHISKIN. As you know, this is a policy question. My only observation would be that the people in the administration at the policy

levels are very mindful of the fact that we have a two-edged sword; namely, rising unemployment and rising inflation.

Chairman PROXMIRE. We have Mr. Simon, one of the top economic advisers to the President, and perhaps the top economic spokesman in the administration, saying they are not going to blink, they are going to continue the policy of trying to zero in on inflation, primarily, and they are not going to give up, they say, as has been done in the past in fighting inflation.

This doesn't seem to be a real sensitivity to what we have been discussing this morning.

Mr. SHISKIN. Well, I think they are mindful of that, Senator. In my department, the Department of Labor, Secretary Brennan has recommended an extension of unemployment insurance and public service employment.

Chairman PROXMIRE. It will take care of those people who get out of work a little longer, unemployment insurance.

Mr. SHISKIN. But what has been done to take care of people who are suffering severely from inflation?

I happen to have a letter on my desk this morning from two retired school teachers in New York, a husband and wife. They have been looking forward to a happy old age when they could travel and live at a reasonable standard of living. They find their pensions, which are not tied to the CPI being eroded, and nothing is being done for them.

Chairman PROXMIRE. That is right. I wouldn't debate with you 1 minute the fact there is serious inflation.

I think also I would like to ask you if it isn't apparent that the administration really isn't coping with the kind of inflation we have, effectively?

We had appeared before this subcommittee 3 weeks ago, Mr. Reese, the head of the Wage-Price Monitoring Board—2 weeks ago—and Mr. Reese indicated they have exactly six people monitoring wages and prices in this complicated economy and they will have 40 aboard by the end of the year and that that will be their full complement.

I submit, and you know as a statistician there is no way you can monitor wages and prices in this economy with 40 people, it can't be done.

We have developed to some extent the fact we may very well have a wage push or a wage-price spiral type inflation, and unless we stay on top of those wage increases, unless we have a capability of doing it, and the administration is not giving us that with only 40 people on the wage-price monitoring board, we are not going to be successful in coping with this kind of inflation.

Would you argue that 40 people are enough to do that job?

Mr. SHISKIN. Senator, I would be very happy to argue almost any point on statistics or statistical policy, but I am sure you will forgive me if I leave the other questions to other people.

Chairman PROXMIRE. I am not asking you to make a judgment on what to do. Do you think 40 people can really monitor wages and prices in this kind of economy?

Mr. SHISKIN. I don't know what Mr. Reese's plans are, so I prefer not to comment on that.

Chairman PROXMIRE. Now we have a situation in which some industries have greatly increased their prices, and we have demonstrated that, and you are aware that we have had tremendous inflation in steel, twice as great as ever before, and big increases in nonferrous metals.

The story that seems to be the most puzzling, and maybe you as a statistician can explain how it can come about, is in food.

Food prices are up in the past year 11.2 percent. Prices received by farmers are down 6.8 percent. The profits of 14 chain groceries, according to the Wall Street Journal yesterday, are up 115.4 percent.

Doesn't this tell us something? Isn't there a message there? Doesn't it seem the middleman is "ripping off" the consumer. The farmer is getting substantially less and the housewife is paying more.

Is there some explanation other than concentrated power and the fact that the big chain stores and big food producers are able to do this?

Mr. SHISKIN. Senator, I listened to Secretary of the Treasury Simon yesterday on television and that is what he seemed to be saying, but I have not looked into this at all.

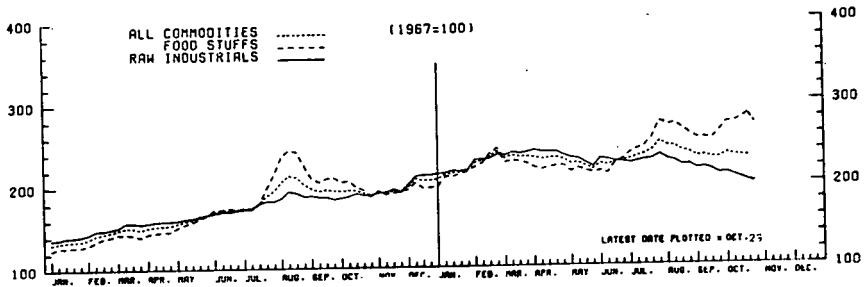
Since you raise the question about food prices I would like to take this opportunity to submit for the record, our report, which became available a few minutes before 11 a.m. today, on the Tuesday spot market price indexes.

[The report follows:]

REFERENCE DATE: October 29, 1974

U.S. DEPARTMENT OF LABOR  
Bureau of Labor Statistics  
Washington, D.C. 20212

Tuesday Spot Market Price Indexes and Prices



Index groups and commodities and unit	Reference period			Percent change to October 29, 1975 from—	
	October 30, 1973	October 22, 1974	October 29, 1974	October 30, 1973	October 22, 1974
All commodities (1967=100).....	187.5	230.9	228.6	21.9	-1.0
Foodstuffs (1967=100).....	186.5	283.1	278.5	49.3	-1.6
Livestock and products <sup>1</sup> (1967=100)	224.2	218.8	217.2	-3.1	-0.7
Hogs, 200-220 lb., Omaha (dollars per 100 lb.).....	42.375	41.250	39.375	-7.1	-4.5
Steers, choice, Omaha (dollars per 100 lb.).....	41.500	39.750	39.750	-4.2	0
Fats and oils <sup>2</sup> (1967=100)	192.7	270.6	263.8	36.9	-2.5
Butter, A, 92 Chicago (dollars per pound).....	.708	.689	.689	-2.7	0
Cottonseed oil, crude, Midwest (dollars per pound).....	3.180	3.425	3.380	111.1	-10.6
Lard, Chicago (dollars per pound).....	4.230	.370	.380	65.2	2.7

See footnotes at end of table.

Index groups and commodities and unit	Reference period			Percent change to October 29, 1975 from—	
	October 30, 1973	October 22, 1974	October 29, 1974	October 30, 1973	October 22, 1974
<b>Other foodstuffs:</b>					
Cocoa beans, Accra, New York (dollars per pound).....	3. 725	3 1. 185	3 1. 135	56. 6	-4. 2
Corn, No. 3 yellow, Chicago (dollars per bushel).....	2. 255	3. 733	3. 603	59. 8	-3. 5
Sugar, raw, New York, (dollars per 100 lb).....	11. 200	41. 500	45. 000	301. 8	8. 4
<b>Wheat:</b>					
No. 1 Hard Winter, Kansas City (dollars per bushel).....	4. 410	5. 080	5. 005	13. 5	-1. 5
No. 1 Spring, Minneapolis (dollars per bushel).....	4. 080	5. 420	5. 310	30. 1	-2. 0
Raw industrials (1967=100).....	188. 2	200. 4	199. 2	5. 8	. 6
Metals (1967=100).....	173. 2	223. 1	224. 7	29. 7	. 7
Copper scrap, No. 2, New York (dollars per pound).....	. 745	. 430	. 440	-40. 9	2. 3
Lead scrap, New York (dollars per pound).....	. 065	. 109	. 108	66. 2	- . 9
Steel scrap, No. 1 heavy melting, dealer, Chicago (dollars per gross ton).....	3 83. 000	6 115. 000	6 115. 000	38. 6	0
Tin, grade A, New York (dollars per pound).....	2. 520	3. 528	3. 610	43. 3	2. 3
Zinc, Prime Western, New York, delivered (dollars per pound).....	. 206	. 390	. 390	89. 3	0
Textiles and fibers (1967=100).....	184. 7	3 165. 3	164. 3	-11. 0	- . 6
Burlap, 10 oz, 40 in, New York (dollars per yard).....	3. 187	5. 271	4. 271	44. 9	0
Cotton, 1 1/8, 11 market average (dollars per pound).....	. 678	. 447	. 436	-35. 7	-2. 5
Print cloth, 48 in, 78x78, New York					
Spot and nearby (dollars per yard).....	4. 553	4. 615	4. 615	11. 2	0
Contract (dollars per yard).....	4. 495	4. 550	4. 550	11. 1	0
Wool tops (nominal), Boston (dollars per pound).....	3. 250	2. 050	2. 050	-36. 9	0
<b>Other raw industrials:</b>					
Hides, cow, light native, fob river points (dollars per pound).....	. 330	. 185	. 185	-43. 9	0
Rosin, window glass, New York (dollars per 100 pound).....	21. 060	42. 350	4 42. 350	101. 1	0
Rubber, No. 1, ribbed smoked sheets, New York (dollars per pound).....	. 365	. 308	. 288	-21. 1	-6. 5
Tallow, Prime, Chicago (dollars per pound).....	3. 145	. 153	. 150	3. 4	-2. 0

<sup>1</sup> Also includes lard, hides, and tallow.

<sup>2</sup> Also includes tallow.

<sup>3</sup> Nominal.

<sup>4</sup> Estimated.

<sup>5</sup> Correction.

<sup>6</sup> High of range \$113,000-\$115,000.

Note: The index measures price trends of those commodities which are particularly sensitive to factors affecting spot markets. It is an unweighted geometric mean of the individual price relatives. Changes in specifications are handled so that only actual price movements for directly comparable specifications are reflected in the index. The index is independent of the monthly wholesale price index.

Mr. SHISKIN. As you note from that, food prices have fluctuated at about a constant level since July, but I think it is beginning to be significant that—

Chairman PROXMIRE. Will you indicate that again. I just received this.

Mr. SHISKIN. Will you please take a look at the chart. We have been publishing this chart only a few months. We have had the table for a long time. This index is based on a very thin sample, but it is a weekly index.

If you look at the preceding chart, what you see is a rise in food prices in July and then a fluctuation at a fairly horizontal level since then.

Chairman PROXMIRE. Maybe I misunderstand this chart. Isn't this chart wholesale prices?

Mr. SHISKIN. Yes.

Chairman PROXMIRE. This chart would indicate what I have been saying—the farmer is getting less but the housewife is paying more. These aren't consumer prices.

I am talking about the fact that the farmer is getting less and the housewife is paying more. There seems to be what some would characterize as a "rip-off."

Mr. SHISKIN. I have nothing to add to your statement. I would only say I heard Mr. Simon talk yesterday and as I interpreted him, he was saying pretty much the same thing.

Chairman PROXMIRE. Again the reason I am not satisfied with Mr. Simon's statement is that they are talking about some kind of anti-trust action they may get engaged in. We know how long that would take.

What takes identification is where the price increase is, and that takes a wage-price monitoring board that is fully manned and alert and getting into these various industries and then the President using the full power of his office to call for price restraints in particular industries for particular companies. I think that is effective. It has been done before and it has worked.

Mr. SHISKIN. Have you discussed this with Milton Friedman lately?

Chairman PROXMIRE. I don't think Milton Friedman's policies were followed by the Kennedy administration in 1962 when it rolled back steel prices.

Mr. SHISKIN. Senator, let's not lose this point, with respect to spot market prices for sensitive materials. If you look at that chart, the solid line, it is a weekly series, but this is the series that the National Bureau designated as a leading indicator. That series, as you will note, has been going down slowly, but been going down since last April, and this has been a significant movement.

Chairman PROXMIRE. Earlier this week the leading indicators for September showed a large drop. The series actually hit a peak in July, at least two, maybe three-quarters after the economy began its most recent decline.

Since you have worked with this series from its inception, I ask you why this series shouldn't be discontinued?

Leading indicators are composed of 12 series, 4 of which are price series. In previous business cycles prices usually declined during economic slowdowns and increased during expansions, so that the price-related series were considered a harbinger of an upswing in activity. As we have found out to our chagrin, in the last year, however, price increases—very sharp increases—can accompany recession.

When the BLS decided that the data base for poverty area unemployment was out of date a year ago, you discontinued the series until better data became available.

Why not discontinue the leading indicators until they can be revised to incorporate our most recent economic experience?

Mr. SHISKIN. I think that is a very good question.

Chairman PROXMIRE. Would you discontinue it?

Mr. SHISKIN. No, sir. Let me tell you what is going on and then perhaps I can address myself to that question.

This period, as I pointed out repeatedly today and earlier, is a very different kind of period from any I have seen in my lifetime and those I have studied historically. It is a very unusual period.

Now, you wonder during an unusual period how reliable economic indicators which are selected on the basis of their historical behavior are. I think that is a very good question. I am very much concerned with that question.

I raised the same questions in my mind that you have in discussions within the Government.

As you know, I was at one time and for some years in charge of that composite index. In fact, I developed it. But I am not in charge of it now. I have been raising these kinds of questions.

We have been doing two things. One, as I pointed out earlier, in each issue of Business Condition Digest, there is a breakdown of the 12 leading indicators into those that are measured in nonmonetary units, and those are measured in current dollars. And that is helpful. The current dollar keeps going up like mad despite the declines in stock prices. On the other hand, the other one has been weaker, though not weaker in recent months.

We are trying something else, Senator. There have been numerous efforts to deflate these series and a new effort is underway. We are thinking of doing it; deflating the leading indicator index, which are not price series, such as wholesale prices and stock prices.

Before I would feel I could give a good answer to your question I would like to see the results of these studies. After I have them, I will make recommendations to the people in charge.

I might add just one other comment.

Chairman PROXMIRE. When will the study be completed?

Mr. SHISKIN. In a few months.

Chairman PROXMIRE. In a few months? Meanwhile we have what some people would characterize as misleading indicators.

Mr. SHISKIN. Many people have done that before the recent problem, and the reason is, I think, that people want a perfect indicator. There never has been and never will be such a series. They are helpful.

Chairman PROXMIRE. I wonder how unique this experience we are going through now is?

Didn't we have a similar situation in 1969-70?

Didn't we have increasingly aggravating unemployment and serious inflation?

Mr. SHISKIN. Let's take a look at the figure in 1969-70, first, non-agricultural employment.

Chairman PROXMIRE. What I am talking about is the fact in that period we did have inflation accelerating at the same time you had an unemployment increase.

Mr. SHISKIN. Yes, Senator, may I ask you to take a look at the table you have. I think it is very significant. There are very significant data in this table, very instructive.

If you want to understand what has been happening to our economy this table sheds some light on it.

Let me again say what I have said earlier. Let me call your attention to the line called "depth," under "depth."

Chairman PROXMIRE. No. 2?

Mr. SHISKIN. Right. Change in nonagricultural employment. Let's check that line. Then let's check off the line; change in CPI.

Chairman PROXMIRE. What letter designates change, the letter C?

Mr. SHISKIN. C and F. And let's go to the right-hand side of the page.

In the 1948-49 recession employment declined 5.2 percent and consumer prices declined 4.2 percent.

In 1953-54, employment declined 3.4 percent and CPI declined 1 percent.

In 1957-58, probably the most severe recession since the end of World War II, employment declined 4.3 and prices declined 1 percent.

In 1960-61, employment declined only 2.2 percent and prices didn't decline at all.

Chairman PROXMIRE. Since 1961 we have a new creature.

Mr. SHISKIN. A new creature seems to be unfolding. Let me finish this, please.

Look at the next one 1969-70. Employment declined only 1.6 percent, and now you have a rise in prices. This time up to the present date at least, we have a rise in employment and a much bigger rise in prices.

The business cycle is changing, Senator, and if we want to understand economic developments, and if I may be bold enough to say this, if the Congress and the administration want to make good policy, they have got to recognize these changes in the economy.

Chairman PROXMIRE. Nevertheless, not since 1958 has the consumer price index declined in a recession.

I wonder how long we have to take to bring our theories up to date?

Mr. SHISKIN. I can now make the summary statement that employment has declined less and less with each successive recession and finally now seems to be rising.

One thought that has occurred to me in the last few months, since I have been studying this table, is this. Most economists have made intensive studies of the relationship between unemployment and prices, known as the Phillips curve. I am wondering if they haven't really misaddressed the variables and they shouldn't have been making studies of the relations between employment and prices. I think these relations are more instructive.

Chairman PROXMIRE. I would like to ask you about the policy on releasing information.

Last time we pointed out the Columbia Broadcasting System had released information well in advance of the deadline. There was obviously a leak that was improper that made that possible.

The Wall Street Journal reported on October 25 as follows:

The White House moves to plug "premature" leaks of economic statistics to the press. It cuts off day-in-advance distribution to the Treasury, Office of Management and Budget, Federal Reserve officials. Only White House economist Greenspan gets the early word so he can warn Ford of bad news.

I presume if he warns President Ford, it also goes through the staff of the White House?

Mr. SHISKIN. No; I understand that is not the case.

Chairman PROXMIRE. Directly to President Ford?

Mr. SHISKIN. I can tell you what happened yesterday.

You have just described the policy and, you know, Senator, you wrote to Secretary Brennan—

Chairman PROXMIRE. And Secretary Brennan has written me. I just received his reply this morning and frankly I haven't had a chance to study it.

I will be happy to put that letter in the record.

[The following letter was subsequently supplied for the record:]

U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., October 30, 1974.

Hon. WILLIAM PROXMIRE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR PROXMIRE: This is in reply to your letter of October 14 regarding violations of the deadlines governing release of our key statistics on unemployment and prices.

I want you to know that I fully share your views on the importance of maintaining these deadlines and the need to restrict the advance release of these statistics. During the past year, I have taken some steps to this end. Thus in January I set up a tighter procedure, restricting the advance release of data to fewer Administration officials.

Last week, I talked this problem over with Commissioner Shiskin and we agree that more severe restrictions on advance release are required. I told Commissioner Shiskin, first, that he should not make the figures available to me or any other official of the Department of Labor, outside the BLS, until it is released to the press about one hour before public release. I also told him that this policy should apply to all other Cabinet officers as well as to the economic advisers to the President.

Last week, the OMB issued a revision of their Circular A-91, "Prompt Compilation and Release of Statistical Information," regarding release of data and an explanatory memorandum, which formalizes this same procedure for all key economic indicators—not only those of BLS—with one exception: the statistical agency head will telephone the information prior to release to the Chairman of the Council of Economic Advisers for the information of the President. Accordingly, we shall make this one exception.

I am very glad to learn that the Joint Economic Committee is pleased with Commissioner Shiskin's efforts to keep it informed of the meaning of BLS statistics. You can count on his continued cooperation with you, as well as full cooperation from me and other members of the Department of Labor.

Sincerely,

PETER J. BRENNAN,  
*Secretary of Labor.*

Mr. SHISKIN. Secretary Brennan signed it out on Wednesday.

What the letter says is that Secretary Brennan and I had a discussion of this problem. I have kept him up to date on the situation and his reaction was that after the unemployment leak last time, which was one of many—we have had a lot of leaks over the months—he instructed me not to give him or any other official of the Department the figures in advance. He said the same applies to the other Cabinet officers and the economists in the White House.

Now, at the same time there were parallel discussions taking place among the top people in OMB and the White House and we were involved in those, and the policy that has emerged is that no one will get the figures before the press, and I will explain that sequence in a minute, except Mr. Greenspan who will be getting them on behalf of the President.

We actually introduced this policy last month, unofficially, for the WPI and CPI.



Chairman PROXMIRE. Will you say then you don't agree when I indicated that Mr. Greenspan might call the White House staff and inform them?

Mr. SHISKIN. I am coming to that. We actually introduced that policy for the WPI and CPI, and then again for the unemployment figures. I gather we have had no leaks today. So we have had three episodes with no leaks.

I called Mr. Greenspan yesterday and gave him the figures and we were on the phone for about 20 minutes because he was copying figures as I was reading them. He told me he would call Air Force One. You can ask Mr. Greenspan the details. That is what he told me. I have interpreted this whole discussion to mean that it goes from me to Greenspan to the President.

Chairman PROXMIRE. When you informed Mr. Greenspan, did you say that the Secretary of Labor was providing that information for the President and it was his understanding it would go directly to the President, or did you give him—

Mr. SHISKIN. There is an OMB circular that says that and also a letter from OMB says that.

Chairman PROXMIRE. Says what?

Mr. SHISKIN. Mr. Greenspan is to get the figures on behalf of the President.

Chairman PROXMIRE. But that kind of a directive is so general that could easily go to any number of people in the White House.

Mr. SHISKIN. That will have to be between Mr. Greenspan and the President. I can't get in between them. But I don't think what you say is happening. That is my impression.

My impression is that Mr. Greenspan phoned the President, because the President was out of the city yesterday. As we finished our conversation, Mr. Greenspan said that he would phone Air Force One. That is what I know about that.

I also can add one other piece of information, which is, that on Wednesday, there was a Cabinet meeting in which this was discussed and the policy was reaffirmed. So the whole Cabinet knows it. Secretary Brennan called me after the meeting and told me about it. So I think we have made a real advance.

Chairman PROXMIRE. I think you have, too, and I am very grateful for responding to my suggestion. I did suggest he do exactly this and I will read the key sentence.

I told Mr. Shiskin, first, that he should not make the figures available to me or any other official of the Department of Labor, outside the BLS, until it is released to the press about 1 hour before public release. I also told him that this policy should apply to all other Cabinet officers as well as to the economic advisers to the President.

The exception is only Mr. Greenspan, not any other economic advisers.

Mr. SHISKIN. I think the proof of the pudding is in the eating. If we do have a leak,<sup>1</sup> it will either be the BLS staff or Mr. Greenspan—or the President.

<sup>1</sup> The Census Bureau which collects and processes the figures for BLS is also involved.

Chairman PROXMIRE. The comparison of unemployment among countries is difficult because of variation in the way the statistics are collected. From time to time BLS has prepared estimates of unemployment rates in other major industrial countries adjusted to the U.S. definition.

Have you updated that recently and do you plan to do so soon?

Mr. SHISKIN. I would like to ask Mr. Wetzel if he will respond to that. I don't know.

Mr. WETZEL. I am going to defer to Mr. Mark.

Mr. MARK. We are presently working on the updating of those figures and they should be out shortly.

Chairman PROXMIRE. When you say "shortly," when?

Mr. MARK. Within a month.

Chairman PROXMIRE. Within a month?

Mr. MARK. I believe so.

Chairman PROXMIRE. In the past, most other major countries have maintained a much lower rate of unemployment than the United States. In some cases, this has been accompanied by a higher rate of inflation—but not in every case.

We would be very interested to see whether this relative pattern is continuing or whether it has changed.

Do you have any information on this, or is there anything you can tell us this morning?

Mr. SHISKIN. No, sir, I do not.

Chairman PROXMIRE. You don't have any data on unemployment in the European countries? We are aware of the inflation situation.

Can you or any other person here this morning, Mr. Shiskin, tell us how our inflation rate compares with—

Mr. SHISKIN. The Business Condition Digest carries a chart each month on the CPI but not on unemployment. The reason we don't include unemployment is because the definition varies so much from country to country.

Chairman PROXMIRE. That is right. That is what I am asking you for, to adjust that variation in definition so we can have a proper comparison.

Mr. SHISKIN. I am looking at a chart which is on page 66 of the Business Condition Digest, and I must say I don't see anything here I like. The rate of inflation is rampant in the United States, Canada, United Kingdom, and perhaps less so in West Germany. It seems most rampant in Japan and Italy.

Chairman PROXMIRE. I take it in the last quarter our inflation has been about 14 percent, and last year a 12-percent rate. How does that compare with the other countries in Europe?

Mr. SHISKIN. My figures are not in that form, and I really can't answer that, but I can provide them.

Chairman PROXMIRE. Will you do that? I think we should know it. We constantly are asked about this.

Mr. SHISKIN. Yes, sir, we will provide that for the record.

[The following information was subsequently supplied for the record:]

U.S. DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
Washington, D.C., November 15, 1974.

Hon. WILLIAM PROXMIRE,  
Chairman, Subcommittee on Priorities and Economy in the Government, Congress  
of the United States, Washington, D.C.

DEAR SENATOR PROXMIRE: I am writing in reply to the questions about foreign unemployment and consumer price trends that you raised during the Hearings of the Subcommittee on Priorities and Economy in the Government on Friday, November 1. As Jerome Mark of my staff mentioned, we have been updating the comparative unemployment data adjusted to U.S. concepts. I am enclosing a set of four tables containing the most current unemployment and consumer price trend data available.

Table 1 includes the annual adjusted unemployment rates, related data on adjusted labor force and unemployment levels, and foreign data as published prior to adjustment. Table 2 provides recent monthly unemployment rates abroad, as published by the national statistical offices. We have not adjusted the monthly data to U.S. concepts because there is not sufficient labor force detail available on which to base such adjustments.

We find it necessary to amend our calculations of foreign unemployment rates from time to time as new survey results become available. I shall inform you of any significant changes that are made in the enclosed unemployment series.

Table 3 provides annual consumer price indexes and rates of change for 14 countries between 1950 and 1973. Table 4 covers recent monthly consumer price data for seven major countries.

The current rates of change are calculated on three different bases—month over previous month; month over third previous month, at compound annual rate—and month over corresponding month of previous year.

I hope that the enclosed data will be helpful to you.

Sincerely yours,

JULIUS SHISKIN,  
Commissioner.

Enclosures.

TABLE 1.—LABOR FORCE AND UNEMPLOYMENT IN SELECTED INDUSTRIAL COUNTRIES, 1959-73

[In thousands]

Year	United States <sup>1</sup>	Australia <sup>1</sup>	Canada <sup>1</sup>	France	Germany	Great Britain	Italy	Japan	Sweden
<b>CIVILIAN LABOR FORCE<sup>2</sup></b>									
Adjusted to U.S. concepts:									
1959	68,369	(3)	6,242	19,230	25,850	23,110	20,530	43,330	(3)
1960	69,628	(3)	6,411	19,250	25,970	23,410	20,340	44,120	(3)
1961	70,459	(3)	6,521	19,220	26,180	23,670	20,270	44,610	3,581
1962	70,614	(3)	6,615	19,240	26,220	24,060	20,160	45,040	3,663
1963	71,833	(3)	6,748	19,360	26,350	24,240	19,760	45,420	3,731
1964	73,091	4,559	6,933	19,740	26,340	24,270	19,740	46,040	3,687
1965	74,455	4,689	7,141	19,770	26,450	24,430	19,440	46,750	3,713
1966	75,770	4,832	7,420	20,080	26,380	24,570	19,150	47,550	3,766
1967	77,347	4,959	7,694	*20,230	25,850	*24,530	19,290	48,810	3,743
1968	78,737	5,079	7,919	*20,300	25,700	*24,390	19,220	49,680	3,803
1969	80,734	5,231	8,162	*20,580	25,970	*24,390	19,030	50,140	3,815
1970	82,715	5,404	8,374	*20,900	26,240	*24,280	19,090	50,730	3,888
1971	84,113	5,512	8,631	*21,130	26,270	*24,220	19,010	51,030	3,932
1972	85,542	5,614	8,891	*21,340	26,120	*24,210	18,800	51,140	3,939
1973	88,714	5,748	9,279	*21,560	*26,180	*23,960	18,930	52,310	3,952
As published:									
1959				18,925	26,337	23,631	21,286	44,330	(3)
1960				18,951	26,518	24,008	20,972	45,110	(3)
1961				18,919	26,772	24,299	20,882	45,620	3,632
1962				19,050	26,844	24,604	20,629	46,140	3,676
1963				19,398	26,930	24,711	20,137	46,520	3,749
1964				19,659	26,922	24,844	20,026	47,100	3,710
1965				19,829	27,019	25,040	19,717	47,870	3,738
1966				20,000	26,962	25,166	19,396	48,910	3,782
1967				20,147	26,409	24,974	19,525	49,830	3,774
1968				20,224	26,291	24,853	19,484	50,610	3,822
1969				20,495	26,535	24,856	19,266	50,980	3,840
1970				20,818	26,817	24,710	19,302	51,530	3,913
1971				21,030	36,835	24,506	19,254	51,780	3,961
1972				21,259	26,709	24,411	19,028	51,820	3,969
1973				21,472	*26,773	*24,356	19,169	52,990	3,977

See footnotes at end of table.

TABLE 1.—LABOR FORCE AND UNEMPLOYMENT IN SELECTED INDUSTRIAL COUNTRIES, 1959-73—Continued

[In thousands]										
Year	United States <sup>1</sup>	Australia <sup>1</sup>	Canada <sup>1</sup>	France	Germany	Great Britain	Italy	Japan	Sweden	
<b>UNEMPLOYED<sup>2</sup></b>										
Adjusted to U.S. concepts:										
1959.....	3,740	( <sup>3</sup> )	372	460	440	710	1,170	980	( <sup>3</sup> )	
1960.....	3,852	( <sup>3</sup> )	446	430	200	540	880	750	( <sup>1</sup> )	
1961.....	4,714	( <sup>3</sup> )	466	376	120	500	750	660	52	
1962.....	3,911	( <sup>3</sup> )	390	360	100	720	640	590	54	
1963.....	4,070	( <sup>3</sup> )	374	370	120	910	530	590	63	
1964.....	3,786	63	324	310	90	630	590	540	58	
1965.....	3,366	61	280	360	80	550	770	570	44	
1966.....	2,875	72	267	360	70	600	820	650	59	
1967.....	2,875	79	315	460	260	930	730	630	79	
1968.....	2,832	80	382	550	300	910	740	590	85	
1969.....	2,832	80	382	430	220	890	710	570	72	
1970.....	4,088	75	495	460	140	960	660	590	59	
1971.....	4,993	88	552	580	170	1,290	660	640	101	
1972.....	4,640	126	562	650	230	1,490	750	730	107	
1973.....	4,304	108	520	670	260	980	720	670	98	
As published:										
1959.....				254	540	444	1,117	980	( <sup>3</sup> )	
1960.....				239	271	346	836	750	( <sup>3</sup> )	
1961.....				203	181	312	710	660	50	
1962.....				230	154	432	611	590	54	
1963.....				273	186	521	504	590	63	
1964.....				216	169	372	549	540	58	
1965.....				269	147	317	714	570	44	
1966.....				280	161	331	759	650	59	
1967.....				365	459	521	679	630	79	
1968.....				431	323	549	684	590	85	
1969.....				340	179	544	655	570	72	
1970.....				363	149	582	609	590	59	
1971.....				456	185	758	609	640	101	
1972.....				456	185	758	609	640	101	
1973.....				509	246	844	697	730	107	
				524	273	598	668	670	98	
<b>UNEMPLOYMENT RATE<sup>2</sup></b>										
Adjusted to U.S. concepts:										
1959.....	5.5	7.2	6.0	2.4	1.7	3.1	5.7	2.3	( <sup>3</sup> )	
1960.....	5.5	7.1	7.0	2.2	.8	2.3	4.3	1.7	( <sup>3</sup> )	
1961.....	6.7	3.0	7.1	1.9	.5	2.1	3.7	1.5	1.5	
1962.....	5.5	2.4	5.9	1.9	.4	3.0	3.2	1.3	1.5	
1963.....	5.7	2.3	5.5	1.9	.5	3.8	2.7	1.3	1.7	
1964.....	5.2	1.4	4.7	1.6	.3	2.6	3.0	1.2	1.6	
1965.....	4.5	1.3	3.9	1.8	.3	2.3	4.0	1.2	1.2	
1966.....	3.8	1.5	3.6	1.8	.3	2.4	4.3	1.4	1.6	
1967.....	3.8	1.6	4.1	2.3	1.0	3.8	3.8	1.3	2.1	
1968.....	3.6	1.5	4.8	2.7	1.2	3.7	3.8	1.2	2.2	
1969.....	4.9	1.4	4.7	2.1	.8	3.7	3.7	1.1	1.9	
1970.....	5.9	1.4	5.9	2.2	.5	4.0	3.5	1.2	1.5	
1971.....	5.6	1.6	6.4	2.7	.6	5.3	3.5	1.3	2.6	
1972.....	5.6	2.2	6.3	3.0	.9	6.2	4.0	1.4	2.7	
1973.....	4.9	1.9	5.6	3.1	1.0	4.1	3.8	1.3	2.5	
As published:										
1959.....				1.3	2.6	2.0	5.2	2.2	( <sup>3</sup> )	
1960.....				1.3	1.3	1.5	4.0	1.7	( <sup>3</sup> )	
1961.....				1.1	.8	1.4	3.4	1.4	1.4	
1962.....				1.2	.7	1.9	3.0	1.3	1.5	
1963.....				1.4	.8	2.3	2.5	1.3	1.7	
1964.....				1.1	.8	1.6	2.7	1.1	1.6	
1965.....				1.4	.7	1.4	3.6	1.2	1.2	
1966.....				1.4	.7	1.4	3.9	1.3	1.6	
1967.....				1.8	2.1	2.2	3.5	1.3	2.1	
1968.....				2.1	1.5	2.4	3.5	1.2	2.2	
1969.....				1.7	.9	2.4	3.4	1.1	1.9	
1970.....				1.7	.7	2.5	3.2	1.1	1.5	
1971.....				2.2	.8	3.4	3.2	1.2	2.5	
1972.....				2.4	1.1	3.8	3.7	1.4	2.7	
1973.....				2.4	1.2	2.7	3.5	1.3	2.5	

See footnotes, top of p. 475.

<sup>1</sup> Published and adjusted data for the United States, Australia, and Canada are identical.

<sup>2</sup> Published figures for Italy, Japan, Sweden, and Germany include military personnel.

<sup>3</sup> Not available.

<sup>4</sup> Preliminary estimates based on incomplete data.

<sup>5</sup> Published figures for the United States, Australia, Canada, Italy, Japan, and Sweden refer to unemployment as recorded by sample labor force surveys; for France, to annual estimates of unemployment; and for Great Britain and Germany, to the registered unemployed.

<sup>6</sup> Adjusted figures: As a percent of the civilian labor force. Published figures; for France, unemployment as a percent of the civilian labor force; for Italy, Japan, and Sweden, unemployment as a percent of the civilian labor force plus career military personnel; for Great Britain and Germany, registered unemployed as a percent of employed wage and salary workers plus the unemployed. With the exception of France, which does not publish an unemployment rate, these are the usually published unemployment rates for each country. Published shown for Great Britain and Germany cannot be computed from the data contained in this table.

<sup>7</sup> The Australian labor force survey was initiated in 1964. Unemployment rates for 1959-63 are estimates by an Australian researcher.

Note: Data for the United States relate to the population 16 years of age and over. Published data for Canada, France, Italy, Sweden, and Germany relate to the population 14 years of age and over; for Sweden, to the population aged 16 to 74; and for Australia, Great Britain, and Japan, to the population 15 years of age and over, the adjusted statistics, insofar as possible, have been adapted to the age at which compulsory schooling ends in each country. Therefore, adjusted statistics for France and Sweden relate to the population 16 years of age and over; and for Germany, to the population 15 years of age and over. The age limits of adjusted statistics for Great Britain, Italy, and Japan coincide with the age limits of the published statistics. Statistics for Sweden remain at the lower age limits of 16, but have been adjusted to include persons 75 years of age and over. Although schooling is usually required until age 15 or 16 in Canada, the Canadian data remain at the 14-year-old age limit because data are not available for adjustment purposes.

Source: National sources and statistical publications of the international labor office, the organization for economic Cooperation & Development and the Statistical Office of the European Communities. Some data are based partly on estimates. Prepared by: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, November 1974.

TABLE 2.—SEASONALLY ADJUSTED UNEMPLOYMENT RATES, AS PUBLISHED IN SELECTED INDUSTRIAL COUNTRIES  
1971-74

[In percent]

Year and date	United States	Australia	Canada	France	Germany	Great Britain <sup>1</sup>	Italy	Japan	Sweden
1971.....	5.9	1.6	6.4	2.2	0.8	3.3	3.2	1.2	2.5
1972.....	5.6	2.2	6.3	2.4	1.1	3.7	3.7	1.4	2.7
1973.....	4.9	1.9	5.6	2.4	1.2	2.6	3.5	1.3	2.5
1973:									
January.....	5.0		6.2	2.3	.7	3.1	3.4	1.3	2.6
February.....	5.1	2.2	5.9	2.3	.8	2.9		1.2	2.7
March.....	5.0		5.5	2.3	.8	2.8		1.2	2.5
April.....	5.0		5.4	2.4	1.0	2.7	4.3	1.3	2.5
May.....	5.0	1.8	5.2	2.4	1.0	2.7		1.4	2.4
June.....	4.8		5.3	2.4	1.1	2.6		1.4	2.4
July.....	4.7		5.2	2.5	1.1	2.6	3.2	1.3	2.5
August.....	4.8	1.6	5.5	2.5	1.1	2.5		1.2	2.5
September.....	4.8		6.0	2.5	1.2	2.4		1.2	2.3
October.....	4.6		5.8	2.5	1.2	2.3	3.1	1.1	2.4
November.....	4.7	1.7	5.6	2.6	1.3	2.1		1.2	2.4
December.....	4.8		5.6	2.6	1.6	2.1		1.2	2.3
1974:									
January.....	5.2		5.5	2.7	1.4	2.4	2.8	1.2	2.3
February.....	5.2	1.7	5.5	2.7	1.5	2.4		1.4	2.2
March.....	5.1		3.4	2.7	1.8	2.4		1.4	2.1
April.....	5.0		5.3	2.7	2.0	2.4	2.8	1.2	2.0
May.....	5.2		5.5	2.7	2.1	2.4		1.2	1.8
June.....	5.2		4.9	2.8	2.3	2.5		1.3	2.4
July.....	5.3		5.1	2.8	2.6	2.6	3.0		2.2
August.....	5.4		5.3	2.9		2.7			
September.....	5.8					2.7			
October.....	6.0								

<sup>1</sup> Figures exclude school leavers and adult students. Unemployment rates including such persons were 3.4 in 1971, 3.8 in 1972, and 2.7 in 1973.

Note: For the United States, Australia, and Canada, labor force survey unemployed as a percent of the civilian labor force; for France, registered unemployed as a percent of the civilian labor force; for Germany and Great Britain, registered unemployed as a percent of employed wage and salary workers plus the unemployed; for Italy, Japan, and Sweden, labor force survey unemployed as a percent of the labor force including career military personnel.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, November 1974.

TABLE 3.—CONSUMER PRICE INDEXES, 14 COUNTRIES, 1950-73

ANNUAL INDEXES: 1967=100

Year	United States, II	Canada, II	Japan, I	Australia, II	Belgium, I <sup>1</sup>	Denmark, I <sup>2</sup>	France, II <sup>3</sup>	Germany		Italy		Nether- lands, II	Spain, II	Sweden, I	Switzer- land, II	United kingdom, I
								I	II	I	II					
1950	72.1	69.1	45.7	48.9	67.9	(4)	45.3	(4)	68.8	(4)	53.0	58.2	37.6	47.9	68.0	53.0
1951	77.8	76.3	53.2	59.0	74.4	(4)	53.0	(4)	74.2	(4)	58.1	64.0	41.1	55.4	71.2	57.8
1952	79.5	78.2	55.9	68.8	75.0	(4)	59.2	(4)	75.7	(4)	60.6	64.6	40.3	60.0	73.1	63.1
1953	80.1	77.5	59.6	71.8	74.8	(4)	58.5	(4)	74.4	64.2	61.8	64.6	41.0	60.7	72.6	65.1
1954	80.5	78.0	63.4	62.3	75.7	(4)	58.4	(4)	74.5	66.0	63.4	67.2	41.5	61.1	73.1	66.3
1955	80.2	78.1	62.7	73.8	75.4	(4)	59.0	(4)	75.8	67.6	65.2	68.5	43.1	62.8	73.8	69.3
1956	81.4	79.3	63.0	78.4	77.6	(4)	60.2	(4)	77.7	69.9	68.5	69.1	45.7	66.0	74.9	72.7
1957	84.3	81.8	64.9	80.6	80.0	(4)	62.2	(4)	79.3	70.8	69.8	73.6	50.6	68.8	76.3	75.7
1958	86.6	84.0	64.6	81.4	81.0	65.4	71.6	(4)	81.0	72.8	73.1	74.9	57.4	71.8	77.7	77.4
1959	87.3	84.9	65.3	82.9	82.0	66.5	76.0	(4)	81.8	72.5	72.8	75.5	61.6	72.4	77.2	78.1
1960	88.7	85.9	67.7	86.2	82.3	67.4	78.8	(4)	82.9	74.1	74.8	77.7	62.3	75.4	78.3	78.9
1961	89.6	86.7	71.3	88.3	83.1	69.7	81.4	(4)	84.9	75.7	77.0	78.5	63.6	77.0	79.8	81.6
1962	90.6	87.7	76.1	88.0	84.2	74.8	85.3	87.3	87.4	79.2	80.9	80.4	67.2	80.7	83.2	85.1
1973	91.7	89.3	81.9	87.5	86.0	79.3	89.4	89.8	90.0	85.1	87.0	83.0	73.0	81.0	86.1	86.8
1964	92.9	90.9	85.0	90.5	89.6	81.9	92.5	92.0	92.1	90.1	92.1	87.9	78.1	85.8	88.7	89.6
1965	94.5	93.1	91.5	94.1	93.3	87.2	94.8	94.9	95.3	94.2	96.1	91.4	88.5	90.1	91.8	93.9
1966	97.2	96.6	96.2	96.9	97.2	93.0	97.4	98.3	98.6	96.4	98.0	96.7	93.9	95.9	96.1	97.6
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	104.1	105.3	102.7	102.7	108.0	104.5	101.5	101.3	101.4	101.3	103.7	104.9	101.9	102.4	104.7
1969	109.8	108.8	110.8	105.7	106.6	111.8	111.3	103.4	103.3	104.1	104.1	111.4	107.2	104.7	105.0	110.4
1970	116.3	112.4	119.3	109.8	110.7	117.1	117.1	106.9	106.7	109.2	109.4	115.4	113.3	112.0	108.8	117.4
1971	121.3	115.6	126.8	116.4	115.5	126.0	123.5	112.6	112.1	114.4	114.9	124.1	122.6	120.3	115.9	128.5
1972	125.3	121.1	133.0	123.3	121.8	134.3	131.1	118.8	118.1	121.0	121.3	133.8	132.8	127.5	123.6	137.6
1973	133.1	130.3	148.5	134.9	130.3	146.8	140.7	127.0	126.1	134.0	133.9	144.5	148.0	136.2	134.5	150.3

<sup>1</sup> Excluding rent and several other services.<sup>2</sup> Excluding rent prior to 1964.<sup>3</sup> Paris only prior to 1962.<sup>4</sup> Not available.

Note: I—All households: Excluding agricultural and single-person households in Japan, and

pensioner and high-income households in the United Kingdom. II—Urban worker households, United States, Australia, France, and Switzerland; middle-income urban households, Canada; middle-income worker households, Germany, Italy, The Netherlands, and Spain.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, November 1974.

AVERAGE ANNUAL PERCENT CHANGE<sup>1</sup>

Years	United States, I <sup>1</sup>	Canada, II	Japan, I	Australia, II	Belgium, I <sup>2</sup>	Denmark, I <sup>3</sup>	France, II <sup>4</sup>	Germany		Italy		Netherlands, II	Spain, II	Sweden, I	Switzerland, II	United Kingdom I
								I	II	I	II					
1950-73	2.2	2.3	4.5	3.2	2.4	(9)	4.5	(9)	2.3	(9)	3.7	3.6	6.2	4.0	2.6	3.8
1960-73	3.2	3.2	5.9	3.3	3.6	6.2	4.3	(9)	3.0	4.2	4.1	4.9	6.8	4.6	4.0	4.8
1970-73	4.5	5.0	7.3	7.0	5.6	7.2	6.3	5.9	5.7	6.9	6.8	7.8	9.2	6.6	7.3	8.4
1950-55	1.9	1.9	6.4	8.1	1.6	(9)	4.7	(9)	1.4	(9)	3.8	2.8	2.1	4.9	1.4	5.2
1955-60	2.1	2.0	1.4	2.8	1.8	(9)	6.8	(9)	1.8	1.7	2.6	2.6	8.5	3.6	1.2	2.6
1960-65	1.3	1.6	6.2	1.5	2.5	5.4	3.9	(9)	2.8	5.3	5.5	3.4	7.3	3.6	3.3	3.4
1965-70	4.2	3.9	5.3	3.1	3.4	6.4	4.4	2.2	2.1	2.8	2.4	4.8	4.9	4.0	3.3	4.5
1950-51	7.9	10.5	16.4	20.7	9.5	(9)	17.0	(9)	7.8	(9)	9.7	10.0	9.4	15.7	4.8	9.1
1951-52	2.2	2.5	5.0	16.7	.7	(9)	11.8	(9)	2.0	(9)	4.2	1.0	-2.0	8.2	2.6	9.2
1952-53	.8	- .9	6.6	4.4	- .2	(9)	-1.2	(9)	-1.7	(9)	1.9	.0	1.6	1.2	- .7	3.1
1953-54	.5	.6	6.4	.6	1.2	(9)	-.3	(9)	.1	2.8	2.7	4.0	1.2	.8	.7	1.9
1954-55	- .4	.2	-1.1	2.1	- .4	(9)	1.1	(9)	1.8	2.3	2.8	1.9	4.0	2.8	.9	4.5
1955-56	1.5	1.5	.4	6.3	2.9	(9)	1.9	(9)	2.5	3.4	5.0	.9	5.9	5.0	1.5	4.9
1956-57	3.6	3.2	3.1	2.7	3.1	(9)	3.5	(9)	2.0	1.3	1.9	6.5	10.8	4.3	1.9	3.7
1957-58	2.7	2.6	- .5	1.1	1.3	(9)	5.1	(9)	2.1	2.8	4.8	1.7	13.4	4.4	1.8	3.0
1958-59	.8	1.1	1.1	1.9	1.2	1.7	6.1	(9)	1.0	- .4	.9	.9	7.3	.8	- .7	.6
1959-60	1.6	1.2	3.7	4.0	.3	1.3	3.6	(9)	1.4	2.3	2.7	2.9	1.2	4.1	1.4	1.0
1960-61	1.0	.9	5.3	2.5	1.0	3.4	3.3	(9)	2.4	2.1	2.9	1.1	2.1	2.1	1.9	3.4
1961-62	1.1	1.2	6.8	- .4	1.4	7.4	4.8	(9)	3.0	4.7	5.1	2.4	5.7	4.8	4.3	4.3
1962-63	1.2	1.8	7.6	- .6	2.1	6.0	4.8	2.9	3.0	7.5	3.2	8.8	2.9	3.4	2.0	4.3
1963-64	1.3	1.8	3.8	3.5	4.2	3.2	3.4	2.4	2.3	5.9	5.9	5.8	7.0	3.4	3.1	3.3
1964-65	1.7	2.4	7.6	4.0	4.1	6.5	2.5	3.1	3.4	4.6	4.3	4.0	13.2	5.0	3.4	.8
1965-66	2.9	3.7	5.1	3.0	4.2	6.7	2.7	3.7	3.5	2.3	2.0	5.8	6.2	6.4	4.7	3.9
1966-67	2.9	3.5	4.0	3.2	2.9	7.5	2.7	1.7	1.4	3.7	2.0	3.5	6.4	4.2	4.0	2.5
1967-68	4.2	4.1	5.3	2.7	2.7	8.0	4.5	1.5	1.3	1.4	1.3	3.7	4.9	1.9	2.4	4.7
1968-69	5.4	4.5	5.2	2.9	3.8	3.5	6.4	1.9	2.0	2.7	2.8	7.5	2.2	2.7	2.5	5.4
1969-70	5.9	3.3	7.7	3.9	3.9	6.5	5.2	3.4	3.2	4.9	5.1	3.6	5.7	7.0	3.6	6.4
1970-71	4.3	2.9	6.3	6.1	4.3	5.8	5.5	5.3	5.1	4.8	5.0	7.5	8.2	7.4	6.6	9.4
1971-72	3.3	4.8	4.9	5.9	5.4	6.6	6.2	5.5	5.3	5.7	5.6	7.8	8.3	6.0	6.7	7.1
1972-73	6.2	7.6	11.7	9.5	7.0	9.3	7.3	6.9	6.8	10.8	10.4	8.0	11.5	6.8	8.7	9.2

<sup>1</sup> Percent change computed from the least squares trend of the logarithms of the index numbers.

<sup>2</sup> Excluding rent and several other services.

<sup>3</sup> Excluding rent prior to 1964.

<sup>4</sup> Paris only prior to 1962.

<sup>5</sup> Not available.

Note: I—All households: Excluding agricultural and single-person households in Japan, and pensioner and high-income households in the United Kingdom. II—Urban worker households, United States, Australia, France, and Switzerland; middle-income urban households, Canada; middle-income worker households, Germany, Italy, the Netherlands, and Spain.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, November 1974.

TABLE 4.—CONSUMER PRICE INDEXES, 7 COUNTRIES, 1972-74  
MONTHLY INDEXES: 1967=100  
[Not seasonally adjusted]

Year and month	United States	Canada	Japan	France	Germany		Italy		United Kingdom, 1
	II	II	I	II	I	II	I	II	
1972:									
January	123.2	118.5	129.1	126.8	115.9	115.4	117.3	117.8	133.2
February	123.8	119.0	129.7	127.5	116.6	115.9	118.0	118.5	133.8
March	124.0	119.1	130.8	128.1	117.1	116.6	118.3	118.8	134.3
April	124.3	119.8	132.3	128.5	117.4	116.8	118.5	119.2	135.5
May	124.7	119.8	132.8	129.2	117.7	117.0	119.6	119.9	136.2
June	125.0	120.0	132.9	129.9	118.3	117.4	120.3	120.6	137.1
July	125.5	121.5	133.0	131.0	118.9	118.1	120.7	121.1	137.5
August	125.7	122.4	134.0	131.7	119.0	118.2	121.5	121.8	138.6
September	126.2	122.9	134.8	132.5	120.2	119.6	122.7	123.0	139.4
October	126.6	123.1	135.9	133.7	120.7	120.2	124.0	124.6	141.3
November	126.9	123.8	135.4	134.5	121.3	120.7	125.0	125.5	141.8
December	127.3	124.2	136.4	135.2	121.9	121.3	125.5	125.8	142.5
1973:									
January	127.7	125.2	137.8	135.2	123.2	122.4	126.8	127.4	143.5
February	128.6	125.9	138.8	135.6	124.0	123.3	128.4	128.6	144.4
March	129.8	126.3	142.1	136.3	124.9	124.0	129.7	129.7	145.2
April	130.7	127.6	144.7	137.2	125.6	124.9	131.0	131.2	148.0
May	131.5	128.6	147.1	138.5	126.4	125.5	133.0	133.0	149.1
June	132.4	129.7	147.5	139.5	127.2	126.2	134.2	133.9	149.8
July	132.7	130.8	148.7	140.7	127.6	126.6	134.9	134.6	150.5
August	135.1	132.6	150.0	141.6	127.6	126.6	135.8	135.2	151.0
September	135.5	133.4	154.0	142.9	127.7	126.8	136.6	135.9	152.3
October	136.6	133.7	154.6	144.5	128.6	127.8	137.7	137.4	155.3
November	137.6	134.7	156.1	145.7	130.2	129.2	139.3	139.0	156.4
December	138.5	135.5	161.3	146.7	131.4	130.0	141.3	141.3	157.6
1974:									
January	139.7	136.6	167.9	149.1	132.3	131.1	143.5	143.1	160.6
February	141.5	138.0	173.4	151.1	133.4	132.0	146.6	145.5	163.4
March	143.1	139.3	174.4	152.9	133.9	132.6	150.4	149.8	164.8
April	144.0	140.3	179.0	155.3	134.6	133.5	152.3	151.8	170.4
May	145.6	142.6	179.4	157.2	135.5	134.2	154.5	153.8	172.8
June	147.1	144.5	180.4	159.0	136.0	134.7	156.6	156.8	174.6
July	148.3	145.6	184.1	161.0	136.3	135.1	159.8	160.6	176.2
August	150.2	147.0	185.9	162.3	136.3	135.0	163.2	163.9	176.4
September	151.9	147.8							178.3
October									
November									
December									
PERCENT CHANGE FROM PREVIOUS MONTH									
1972:									
January	.1	.3	.1	.3	1.1	1.0	.4	.6	.6
February	.5	.4	.5	.6	.6	.5	.6	.6	.5
March	.2	.1	.8	.5	.5	.6	.3	.3	.3
April	.2	.6	1.1	.4	.3	.2	.2	.3	.9
May	.3	.1	.4	.5	.3	.2	.9	.6	.5
June	.2	.1	.1	.5	.5	.4	.5	.5	.7
July	.4	1.2	.7	.8	.5	.5	.4	.5	.3
August	.2	.8	.1	.7	.5	.1	.6	.5	.8
September	.4	.4	.6	.6	1.0	1.1	1.0	1.0	.5
October	.3	.1	.7	.9	.4	.5	1.0	1.3	1.4
November	.2	.2	-.3	.6	.4	.4	.8	.7	.4
December	.3	.7	.7	.5	.5	.4	.4	.3	.5
1973:									
January	.3	.8	1.0	0	1.0	1.0	1.2	.6	.6
February	.7	.6	.8	.3	.7	.7	1.2	.9	.6
March	.9	.3	2.4	.5	.7	.6	1.0	.9	.6
April	.7	1.1	1.8	.7	.6	.7	1.0	1.2	1.9
May	.6	.7	1.6	.9	.6	.5	1.5	1.4	.7
June	.7	.6	.2	.8	.7	.5	.9	.7	.5
July	.2	.9	.8	.8	.3	.3	.6	.5	.4
August	1.8	1.3	.9	.7	0	0	.6	.5	.3
September	.3	.6	2.7	.9	.1	.2	.6	.5	.9
October	.8	.3	.4	1.1	.8	.8	.8	1.1	2.0
November	.7	.8	.9	.9	1.2	1.1	1.2	1.1	.8
December	.7	.6	3.4	.6	.9	.7	1.4	1.7	.7
1974:									
January	.9	.8	4.1	1.7	.7	.8	1.6	1.3	1.9
February	1.3	1.0	3.3	1.3	.9	.7	2.1	1.7	1.7
March	1.1	1.0	.6	1.2	.3	.4	2.6	2.9	.9
April	.6	.7	2.6	1.6	.6	.7	1.2	1.3	3.4
May	1.1	1.7	.3	1.2	.6	.5	1.4	1.4	1.4
June	1.0	.8	.5	1.1	.4	.4	1.4	1.9	1.0
July	.8	.8	2.1	1.3	.2	.3	2.0	2.4	.9
August	1.3	1.0	1.0	1.8	.0	-.1	2.1	2.0	.1
September									
October	1.1	.6							1.1
November									
December									

See footnote at end of table.



TABLE 4.—CONSUMER PRICE INDEXES, 7 COUNTRIES, 1972-74 —Continued

## MONTHLY INDEXES: 1967=100

[Not seasonally adjusted]

Year and month	United States	Canada	Japan	France	Germany		Italy		United Kingdom
<b>PERCENT CHANGE FROM 3 MONTHS BEFORE, COMPOUND ANNUAL RATE</b>									
<b>1972:</b>									
January	2.6	5.4	-2.9	4.6	7.7	7.3	5.0	4.2	6.8
February	4.0	5.7	2.6	5.3	8.5	7.7	5.4	5.3	6.5
March	3.0	3.3	5.6	5.3	8.9	8.5	4.9	5.7	5.7
April	3.6	4.5	10.3	5.7	5.3	4.9	4.2	4.5	7.2
May	2.9	2.9	9.9	5.6	4.1	3.7	5.7	4.9	7.2
June	3.3	3.2	6.7	6.0	4.1	3.0	6.8	6.0	8.8
July	3.9	5.9	2.2	7.9	5.2	4.5	7.6	6.8	6.1
August	3.2	8.9	3.6	7.8	4.4	4.1	6.4	6.4	7.3
September	3.9	9.9	5.9	8.2	6.7	7.5	8.2	8.2	6.8
October	3.6	5.2	8.5	8.5	6.3	7.4	11.3	12.1	11.4
November	3.9	2.9	4.3	8.8	7.8	8.9	12.0	12.8	9.5
December	3.5	4.3	4.7	8.4	5.8	5.8	9.6	9.6	9.5
<b>1973:</b>									
January	3.5	7.2	5.7	4.6	8.4	7.7	9.5	9.1	6.3
February	5.5	8.7	10.2	3.2	9.5	8.8	11.3	10.1	7.5
March	8.1	6.9	17.9	3.2	10.2	9.5	13.9	12.7	7.7
April	9.7	4.0	22.1	6.0	8.2	8.3	13.7	12.6	13.2
May	9.3	8.8	26.3	8.9	7.8	7.5	15.1	14.7	13.6
June	8.3	11.4	16.0	10.0	7.7	7.1	14.5	13.8	13.3
July	6.3	10.4	11.3	10.6	6.3	5.6	12.6	10.7	7.0
August	11.4	13.0	8.0	9.4	3.8	3.4	8.8	6.7	5.0
September	9.7	11.7	19.0	10.1	1.4	2.0	7.4	6.0	6.6
October	12.3	9.0	17.0	11.1	3.4	3.8	8.3	8.7	13.3
November	7.6	5.7	17.2	12.1	8.6	8.3	10.7	11.5	15.5
December	9.2	6.7	20.3	10.9	12.3	10.5	14.5	16.7	14.8
<b>1974:</b>									
January	9.4	8.8	38.9	13.6	11.8	10.8	18.3	17.6	14.5
February	11.8	9.9	52.3	15.6	10.2	9.2	22.7	20.3	18.9
March	14.0	11.7	36.7	18.0	7.7	8.1	28.6	26.4	19.5
April	12.9	11.4	29.2	17.7	7.3	7.7	26.6	26.4	26.7
May	12.1	14.3	14.8	17.1	6.2	6.6	23.2	24.9	25.3
June	11.7	15.5	14.4	16.9	6.5	6.6	17.6	20.1	26.0
July	12.5	16.9	12.0	15.3	5.2	4.9	21.3	25.5	14.3
August	13.2	12.7	15.4	13.4	2.5	2.6	25.6	28.9	8.4
September	13.7	9.7							28.9
October									
November									
December									
<b>PERCENT CHANGE FROM SAME MONTH OF PREVIOUS YEAR</b>									
<b>1972:</b>									
January	3.4	4.9	4.1	5.7	5.4	5.4	4.7	4.8	8.2
February	3.7	4.9	4.5	5.7	5.3	5.1	4.8	5.0	8.1
March	3.5	4.6	5.3	5.8	5.1	5.0	4.7	4.8	7.6
April	3.4	4.5	5.0	5.6	4.9	4.8	4.6	4.8	6.3
May	3.2	4.2	5.2	5.4	5.0	4.7	5.0	4.9	6.1
June	2.9	4.1	4.8	5.6	5.0	4.9	5.5	5.2	6.1
July	3.0	4.5	5.0	6.0	5.3	5.0	5.5	5.2	5.8
August	2.9	4.7	6.0	6.1	5.4	5.0	6.0	5.6	6.6
September	3.3	5.3	3.9	6.3	6.0	5.9	6.3	5.9	7.0
October	3.4	5.3	4.4	6.6	6.1	6.0	7.0	6.4	7.9
November	3.5	5.1	5.1	6.9	6.2	6.1	7.3	7.3	7.6
December	3.4	5.1	5.7	6.9	6.3	6.2	7.4	7.4	7.7
<b>1973:</b>									
January	3.7	5.7	6.7	6.6	6.3	6.1	8.1	8.1	7.7
February	3.9	5.8	7.0	6.3	6.4	6.3	8.8	8.5	7.9
March	4.7	6.0	8.7	6.4	6.7	6.4	9.6	9.1	8.2
April	5.1	6.6	9.4	6.7	7.0	6.9	10.5	10.1	9.2
May	5.5	7.3	10.8	7.2	7.4	7.3	11.1	10.9	9.5
June	5.9	8.1	11.0	7.4	7.6	7.4	11.5	11.1	9.3
July	5.7	7.7	11.7	7.4	7.3	7.2	11.8	11.1	9.4
August	7.5	8.3	11.9	7.6	7.2	7.1	11.8	11.1	8.9
September	7.4	8.5	14.2	7.9	6.2	6.1	11.3	10.5	9.3
October	7.9	8.7	13.9	8.1	6.6	6.3	11.0	10.3	9.9
November	8.4	9.3	15.2	8.4	7.4	7.0	11.4	10.7	10.3
December	8.8	9.1	18.3	8.5	7.8	7.2	12.5	12.3	10.6

See footnote at end of table.

TABLE 4.—CONSUMER PRICE INDEXES, 7 COUNTRIES, 1972-74—Continued

MONTHLY INDEXES: 1967=100

[Not seasonally adjusted]

Year and month	United States,	Canada,	Japan,	France,	Germany		Italy		United Kingdom,
	I	II	I	II	I	II	I	II	I
1974:									
January.....	9.4	9.1	21.9	10.3	7.4	7.1	13.2	12.4	12.0
February.....	10.0	9.6	24.9	11.5	7.6	7.1	14.2	13.2	13.1
March.....	10.2	10.4	22.8	12.2	7.2	6.9	16.0	15.5	13.5
April.....	10.2	9.9	23.7	13.2	7.1	6.9	16.3	15.7	15.2
May.....	10.7	10.9	22.0	13.5	7.2	6.9	16.2	15.6	15.9
June.....	11.1	11.4	22.3	13.9	6.9	6.8	16.8	17.1	16.5
July.....	11.8	11.3	23.8	14.4	6.9	6.7	18.4	19.3	17.1
August.....	11.2	10.8	26.4	14.5	6.9	6.7	20.5	21.2	16.9
September.....	12.1	10.9							20.5
October.....									
November.....									
December.....									

† Preliminary.

Note. I—All households—excluding agricultural and single-person households in Japan, and pensioner and high-income households in the United Kingdom. II—United States and France, urban worker households; Canada, middle-income urban households; Germany and Italy, middle-income worker households.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, No. 1974.

Chairman PROXMIRE. We should have a much better notion than we have right now. Putting that together with the unemployment figures, we would have some notion of performance.

Mr. SHISKIN. My understanding up to now is the data shows the country that has the best record is West Germany, and they have a very low rate of unemployment. I am looking at this same chart. They have also had a flat economy in terms of industrial production for 1½ years.

Chairman PROXMIRE. But they are able to maintain their low level of unemployment.

Mr. SHISKIN. Well, you know, following your commentary, we ought to take a look at their productivity.

Chairman PROXMIRE. All of us have problems, but theirs seems to be a little less perhaps than ours.

Mr. Shiskin, I think what we have learned this morning has been very useful. We do have a serious economic situation.

I apologize, I would like to ask you about one other area. I would like to ask you about the Productivity Council. Two members of this committee, two fine Republican members, Senator Javits and Senator Percy, have pressed hard for some real activity in the productivity area. It is my understanding there are exactly 20 people with a budget of \$2 million studying productivity, and this falls far below what Senators Javits and Percy and Mr. Burns and others have called for in this area.

This seems to be another indication of the failure of this administration, to put their money where their mouth is in fighting inflation and to provide the resources that are necessary. The wage-price monitoring board is one area, the productivity council is another.

Can you give us any notion of the adequacy of the staff of 20 people providing a study of the economy both in the private sector and the Government?

Mr. SHISKIN. Well, I can say this—I am not up to date on what is happening in the productivity council but, as you know, we have a division under Mr. Mark that provides studies on productivity regularly.

Chairman PROXMIRE. This wasn't to provide a study of productivity, this was one to provide recommendations of specific policies that would increase productivity—similar to the kind of productivity councils we had in World War II that were very effective, and resulted in lowering costs and reducing inflationary pressures.

Mr. SHISKIN. Well, I don't understand that. We have over 2,000 people in BLS and I don't think that is enough to do the job we have to do.

Chairman PROXMIRE. Mr. Shiskin, again I thank you. I think the situation does indicate that we have a very grave situation.

You wouldn't dispute the fact we have a serious economic problem?

Mr. SHISKIN. That is right.

Chairman PROXMIRE. With increasing unemployment, with sharply increasing prices, and with the record suggesting we may have even more serious problems in the immediate future.

Thank you very much for appearing this morning.

The subcommittee will stand adjourned.

[Whereupon, at 12:10 p.m., the subcommittee adjourned, subject to the call of the Chair.]

## EMPLOYMENT-UNEMPLOYMENT

FRIDAY, DECEMBER 6, 1974

CONGRESS OF THE UNITED STATES,  
SUBCOMMITTEE ON PRIORITIES AND  
ECONOMY IN GOVERNMENT OF THE  
JOINT ECONOMIC COMMITTEE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 11 a.m., in room 1114, Dirksen Senate Office Building, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senators Proxmire and Schweiker.

Also present: Loughlin F. McHugh, senior economist; Robert D. Hamrin and Carl V. Sears, professional staff members; Walter B. Laessig, minority counsel; and Michael J. Runde, administrative assistant.

### OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The subcommittee will come to order.

Mr. Shiskin, this is about the 12th or 13th time we have met, and you have been a very helpful witness, the top witness, that we have had at most of our hearings for the last year or so.

This must be the worst news we have had at any of these 24 hearings that I can recall. It is the biggest increase in unemployment in any month in at least 16 years. The number of people, people who are unemployed has increased by something like 460,000 in the last month, and that may be close to an alltime high of people who have lost jobs or become unemployed in one month.

We also have a big decline, and this is most discouraging, in the overall employment. Employment has been rising steadily and up until recently was at an alltime high—now it has begun to fall, and there was a decline in employment, as I understand it, of about 800,000, which is most serious and unfortunate.

Then we also have the problem of the effect of this unemployment on inflation. The oldtime religion notion was as the economy slowed down and unemployment increased, prices would begin to ease, but there seems to be little price relief coming from this kind of unemployment. As a matter of fact, it could have an adverse effect on inflation because as unemployment increases and as economic activity slows down, productivity tends to drop, wage costs go up, and as wage costs go up the pressure on prices is greater, not less—so that we have that to cope with.

We also, of course, have the problem of people working shorter hours, I think, in the last month, than they worked at any time I can recall, 36.2 hours a week. This means very little overtime, compared to our experience in the past.

I would like to conclude by saying I think this kind of situation calls for a whole series of actions on the part of Congress and the President. No. 1, we certainly ought to improve unemployment compensation payments, both in duration of benefits and perhaps in the size of benefits, to sustain the economy.

No. 2, I think we ought to take another look at the public service jobs program, and provide for a trigger that would put it into effect now.

No. 3, we ought to do our best—and the Congress has more influence on this, at least theoretically, than the Executive has—to ease monetary policy so interest rates can encourage economic activity, and Government-assisted housing. I think we can improve in that period—we are in a position to move—we have idle resources. The President has proposed a series of medicare-medicaid cuts, and proposed that we reduce the cost of food stamps to the Government, and proposed reduced benefits for veterans.

All of these should be rejected, in my view, by the Congress because they would aggravate the situation and throw several hundred thousand more people out of work.

Also, finally, I would hope that the President would consider the possibility, as only the President of the United States can, of calling on the automobile companies to consider, although I know it is painful under the present circumstances to reduce their prices, so they can sell more cars. This seems to be the big objection I have run into. People do not buy cars because the prices are so high. Steel companies and chemical companies have enjoyed enormous increases in profits and they might consider the possibility of a rollback that would be very helpful for the economy as a whole.

Some airlines, I understand, have petitioned to have their fares reduced. The morning papers reported that. Aluminum companies, which have enjoyed a colossal increase in profits, announced this morning another 8- to 11-percent increase in the price of aluminum for beer cans and for soft drink containers—which again is inflationary, wholly unjustified, and I would hope that we can have some kind of action to discourage that.

Well, there is a big agenda here and we are very anxious to hear from you as the expert in this area, Mr. Shiskin.

Senator Schweiker.

Senator SCHWEIKER. Thank you, Mr. Chairman. I just want to say that I am deeply alarmed by the figures that are being put forth today. I think the Government has been at fault for not operating sooner in the areas some of them mentioned by our chairman. Particularly, I am a sponsor of the 13-week unemployment compensation extension and a sponsor of public service jobs bill and I think we should certainly loosen credit in the industries that really have been hardest hit by unemployment, I think that one other thing that industry has to learn is that not only are people fed up with high prices but they ought to take a hard look at all of the sophisticated gadgets they add on to their product as a way of increasing its price. It is sort of an end run approach—they are allegedly giving more to the public with a

higher price tag, but I do not think the American people want it. I think the car is a good illustration. I think this is why domestic cars are doing so poorly compared to foreign cars. We have added a lot of extra gadgets with our sophisticated technology that have one purpose, and that is to run up the price, and this is what Americans are rebelling against. If we offered a lot more stripped down models, not just in cars but in other lines of business, I think this would be a way to fight inflation and to restore confidence in sales and restore some of the dipping indicators that are confronting us.

That is all, thank you.

Chairman PROXMIRE. Thank you, Senator.

I also regret I have to announce that Chairman Alan Greenspan of the Council of Economic Advisers who had agreed to appear this morning was ill and was unable to come. We regret that very much and we hope he will recover quickly.

Go right ahead, Mr. Shiskin.

**STATEMENT OF HON. JULIUS SHISKIN, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY W. JOHN LAYNG, ASSISTANT COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS; JAMES R. WETZEL, ASSISTANT COMMISSIONER, OFFICE OF CURRENT EMPLOYMENT ANALYSIS; AND JEROME A. MARK, ASSISTANT COMMISSIONER, OFFICE OF PRODUCTIVITY AND TECHNOLOGY**

Mr. SHISKIN. Mr. Chairman, Senator Schweiker, I have with me as usual, Mr. James Wetzel, who is our expert on employment and unemployment statistics, and Mr. John Layng, who is our expert on price statistics. There are other BLS personnel in the room in case questions come up about wages or productivity or other BLS statistics.

I do have a statement I would like to read.

Chairman PROXMIRE. Go right ahead.

Mr. SHISKIN. I trust you have copies, if not I have extras.

Chairman PROXMIRE. I have copies of the basic release, yes.

I have the statement, too. Thank you.

Mr. SHISKIN. Mr. Chairman and members of the subcommittee, I want to supplement the BLS press release<sup>1</sup> on the employment situation with a few observations about current economic conditions. Last month I concluded my prefatory statement with the following observation:

Thus, economic conditions continue along the same pattern as recent months. Employment has been rising, but not fast enough to keep up with the more rapidly growing labor force; consequently, unemployment is too high and rising. Real output has been declining. Prices have been rising at unprecedented peacetime rates. Wages have been rising rapidly too, but not so fast as prices.

The new figures covering November and showing unemployment rising to 6.5 percent suggest some basic changes in this pattern. Perhaps most important, employment declined sharply, nearly 800,000 as measured in the household survey and 440,000 as measured in the establishment survey. Thus, rising employment, which buoyed up the economy in recent months, turned course in November.

Average hours of work also declined sharply. The decline in manufacturing hours, the component which has historically been one of the

<sup>1</sup> See press release, beginning on p. 489.

best leading indicators, declined by 0.6 parts of an hour. Overtime hours in manufacturing also dropped sharply, from 3.2 to 2.7 hours.

Our comprehensive diffusion index of nonagricultural payroll employment in 172 industries also declined, from 41.0 to 24.4 points between October and November and from 41.9 to 32.8 points when measured over 6-month spans. Thus, only about 25 percent of the industries showed rises in November compared to about 75 percent in November a year ago.

Let me interrupt my written statement.

Chairman PROXMIRE. Yes, I think it is very important to show the dispersion of unemployment was not concentrated in automobiles but occurred throughout the economy.

Mr. SHISKIN. That is what this indicates. Another way of putting it: 75 percent of the industries showed a decline in employment between October and November. This indicates that, unlike the thinking of many people, which is that the difficulties have been caused mainly because of the automobile industry problems, employment decline are very widespread throughout the economy.

Senator SCHWEIKER. Seventy-five percent of the industries in this country show a decline?

Mr. SHISKIN. Between October and November, yes.

Chairman PROXMIRE. How large a proportion?

Mr. SHISKIN. Seventy-five percent of the industries show a decline between October and November of 1974.

Chairman PROXMIRE. How large a proportion of this decline in the last month or 2 months is accountable by either the automobile industry directly or its suppliers and those indirectly affected?

Mr. SHISKIN. I do not know. The diffusion index is unweighted. We do not give weights to industries in making up this index.

Chairman PROXMIRE. Can you give us an estimate as an expert?

Mr. SHISKIN. I really cannot.

Chairman PROXMIRE. As I understand, the automobile industry and its suppliers account for about 20 percent of the GNP one way or another. When you say 75 percent have shown decline in the last year—

Mr. SHISKIN. Seventy-five percent of all nonagricultural industries show declines in employment over the past 2 months. This is very different from what I was saying several months ago when I was pointing to rising employment, and the strength of employment in buoying up the economy. That was not true in November.

Senator SCHWEIKER. When you say 75 percent of the industries, I am still not quite clear. Is that a categorical breakdown by different industries?

Mr. SHISKIN. We have separate employment statistics for 172 different industries.

Senator SCHWEIKER. One hundred seventy-two industries?

Mr. SHISKIN. Yes, sir. Now when we make this calculation we use that breakdown of 172 industries.

Senator SCHWEIKER. We are saying that 75 percent of the 172 industries show a decline?

Mr. SHISKIN. Yes. In this month compared to last month.

Mr. SCHWEIKER. Would that include—

Mr. SHISKIN. That covers the whole universe except agriculture. These are all industries covered in our survey of nonagricultural employment.

Senator SCHWEIKER. Would automobiles, for example, be represented in the breakdown once or more than once?

Mr. SHISKIN. Once.

Chairman PROXMIRE. Once directly. It would certainly be represented in its effects on suppliers and glass and rubber and so forth?

Mr. SHISKIN. Now, you must bear in mind that these data refer to the week including the 12th of November, and that is 3 weeks ago, and the major impact of the recent automobiles declines have not shown up yet in these figures. For that reason, as well as many others, the figures that will come out next month will be especially interesting.

But since you raised questions about the automobile industry, let me give you some unemployment rates for this industry.

You remember when we were discussing the impact of the energy crisis, I was reading unemployment rates like 13 percent or even 15 percent, in February and March?

Chairman PROXMIRE. What was that again?

Mr. SHISKIN. You will recall when we were discussing the impact of the energy crisis on the automobile industry, early in the spring—

Chairman PROXMIRE. Yes.

Mr. SHISKIN. I was citing figures for the unemployment rate in the automobile industry of 13 percent and 15 percent. The figure for November was only 8.5 percent. Now again that was 3 weeks ago and when I come here next month, we may have a higher figure.

This is another way of saying what I said before: We have had a very widespread decline in employment not limited by any means to the automobile industry.

Senator SCHWEIKER. I hate to interrupt you at this point because we have not started the questioning period. One other phase which has been most spectacularly suffering has been housing, and, of course, that is not only a big industry in itself but enormously affects other industries which supply housing in various ways.

The general view has been that the two industries hardest hit and the ones that have been most profoundly affected, especially the last year, have been housing and automobiles.

Do you have anything on that?

Mr. SHISKIN. Yes; we have the unemployment rate for construction and it is 14 percent—very high. It had been 12.2 percent last month and 12.4 percent the month before. It has been running high but it is now at it's highest level since early 1963.

Senator SCHWEIKER. What was it a year ago?

Mr. SHISKIN. A year ago it was 9.1 percent.

Chairman PROXMIRE. Go ahead.

Mr. SHISKIN. Senator, let me say I have come out a little differently from you on prices. In earlier testimony, I have pointed out that the present situation differs from earlier periods of recession, mainly because the current weakness in output and unemployment has been accompanied by sharp rises in prices. The latest BLS reports on wholesale and consumer prices suggest that some abatement in non-food commodity inflation may be underway. First, the BLS index of spot market prices for industrial materials has declined 21 percent, since the peak was reached last April. We have some data on these prices which we put out weekly. I have some copies of that and perhaps Mr. Wetzel will once again make them available to the chairman, Senator Schweiker, and the press.



So we have had a 21-percent decline now in spot market prices for industrial materials since last April.

Second, our wholesale price index for industrial commodities has shown a rise of about 1 percent in each of the last 2 months, compared with rises well over 2 percent during the preceding 6 months. BLS wholesale price data, arranged by stage of processing, show that prices of crude materials less food (the best lead indicator among the price series) averaged unchanged for 3 months ended in October and actually declined 0.4 percent in October. The pace of price increases in intermediate materials has also abated. However, our latest data on wholesale prices of finished goods shows no slowdown.

May I interrupt again and say that these stage of processing data show what happens, what has been happening to prices in the early stages of production and sequentially through later stages of production. What we have seen now is a very sharp abatement in the rises of crude material prices other than foods, but nothing yet in finished prices. The crude materials suggest that in the months ahead we will see declines in the wholesale prices of finished goods.

Third, the consumer price index for commodities less foods rose in October by about half the average monthly rate of the first 9 months of this year. This evidence on prices is still quite limited and we must wait for data for future months before a solid appraisal of whether a slowdown in the rate of inflation is actually underway.

I want to take this opportunity also to inform you of three statistical points, since this subcommittee has been very much concerned with the Federal statistics.

The Bureau of Labor Statistics staff has discovered an error in the used-car component of the consumer price index beginning in April 1974. It is estimated that the correction will lower the U.S. city average all items CPI levels by 0.1 to 0.3 index points. For example, the previously published index for October of 153.2—1967 equals this error is small in relation to the total changes in the all items CPI over this period, the BLS is issuing this statement because the CPI is used to escalate some income payments. The bureau is now in the process of recalculating all affected indexes and expects to be able to issue the revised numbers along with release of the November CPI scheduled for December 20th.

Two, we also caught a minor error in our wholesale price index for October. An incorrect price quote for raw cane sugar was used in compilation of the October index. Correction of the error will result in a slight upward revision in the all commodities WPI.

Three, new employment benchmarks were introduced in the current release. This is a very significant number I am about to read. As a result, the level of total nonagriculture payroll employment was raised by about 1.2 million to 75.4 million in March 1973—the benchmark month. The usual annual revision of seasonal factors was also made this month.

As is customary in these hearings, Mr. Chairman, I have a press release, which I would like to submit for the record here at the end of my testimony.

Thank you. I will now try to answer any questions you might have.  
[The press release follows:]

**NEWS**
**U. S. DEPARTMENT OF LABOR**  
**BUREAU OF LABOR STATISTICS**

Washington, D. C. 20212  
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USDL - 74-677  
 FOR RELEASE: Transmission Embargo  
                   10:00 A.M. (EST)  
                   Friday, December 6, 1974

**THE EMPLOYMENT SITUATION: NOVEMBER 1974**

The Nation's unemployment rate rose from 6.0 percent in October to 6.5 percent in November, and the number of persons with jobs declined sharply, it was announced today by the Bureau of Labor Statistics of the U. S. Department of Labor. The jobless rate was at its highest level since October 1961.

Total employment (as measured by the monthly sample survey of households) fell by nearly 800,000 in November to 85.7 million--a level approximating that of a year earlier. Until this large decline, employment had been advancing, although slowly and unevenly, throughout the year.

Nonfarm payroll employment (as measured by the monthly survey of business establishments) declined by 440,000 in November to 78.4 million. Employment reductions occurred in a number of industries, with the largest in manufacturing and retail trade. (Beginning with this release, establishment data have been revised based on new benchmark levels and seasonal adjustment factors.)

Unemployment

The number of persons unemployed reached nearly 6 million in November, up 460,000 from the previous month. Most of the increase was accounted for by workers who have lost their last jobs. Since the October 1973 low, the number of unemployed persons has risen by almost 1.9 million, and the portion of job losers among the unemployed has increased from 37 to 47 percent.

NOTE: Next month's Employment Situation, scheduled for release on January 3, 1975, will contain data from the household survey only. Release of the establishment survey data will be delayed one week to January 10, 1975, because of mailing and processing difficulties caused by the Christmas and New Year holiday period.

After moving down to the 3½-year low of 4.6 percent in October 1973, the Nation's unemployment rate has risen almost 2 full percentage points. A small part of this increase took place last winter during the energy crisis, but the bulk occurred since June. Over this 5-month span, the rate of joblessness has moved from 5.2 percent to the present level of 6.5 percent.

Table A. Highlights of the employment situation (seasonally adjusted data)

Selected categories	Quarterly averages					Monthly data		
	1973		1974			Sept. 1974	Oct. 1974	Nov. 1974
	III	IV	I	II	III			
	(Millions of persons)							
Civilian labor force .....	89.0	89.9	90.5	90.6	91.4	91.9	92.0	91.7
Total employment .....	84.8	85.7	85.8	86.0	86.3	86.5	86.5	85.7
Adult men .....	48.1	48.5	48.5	48.4	48.5	48.6	48.7	48.4
Adult women .....	29.5	29.7	29.7	30.1	30.5	30.3	30.3	30.0
Teenagers .....	7.2	7.6	7.6	7.4	7.3	7.6	7.6	7.4
Unemployment .....	4.2	4.2	4.7	4.7	5.0	5.3	5.5	6.0
	(Percent of labor force)							
Unemployment rates:								
All workers .....	4.7	4.7	5.2	5.1	5.5	5.8	6.0	6.5
Adult men .....	3.1	3.0	3.5	3.5	3.7	3.9	4.3	4.6
Adult women .....	4.8	4.7	5.1	5.0	5.4	5.7	5.6	6.6
Teenagers .....	14.3	14.3	15.3	15.1	16.1	16.7	16.9	17.3
White .....	4.2	4.2	4.7	4.7	5.0	5.3	5.4	5.8
Negro and other races .....	9.0	8.6	9.4	9.0	9.5	9.8	10.9	11.7
Household heads .....	2.7	2.8	3.0	3.1	3.2	3.4	3.7	3.9
Married men .....	2.1	2.1	2.4	2.4	2.7	2.8	2.9	3.3
Full-time workers .....	4.2	4.3	4.6	4.6	5.0	5.3	5.6	6.2
State insured .....	2.6	2.6	3.3	3.4	3.4	3.4	3.6	4.3
	(Weeks)							
Average duration of unemployment .....	9.7	9.9	9.5	9.7	9.9	9.6	10.0	9.8
	(Millions of persons)							
Nonfarm payroll employment .....	77.1	77.8	78.0	78.3	78.7	78.8	78.8p	78.4p
Goods-producing industries .....	24.8	25.0	24.9	24.9	24.8	24.7	24.6p	24.2p
Service-producing industries .....	52.3	52.8	53.1	53.5	53.9	54.1	54.2p	54.2p
	(Hours of work)							
Average weekly hours:								
Total private nonfarm .....	37.1	36.9	36.7	36.7	36.7	36.7	36.6p	36.2p
Manufacturing .....	40.7	40.6	40.4	39.9	40.1	40.0	40.1p	39.5p
Manufacturing overtime .....	3.8	3.7	3.5	3.2	3.4	3.3	3.2p	2.7p
	(1967=100)							
Hourly Earnings Index, private nonfarm:								
In current dollars .....	147.8	150.3	152.7	156.2	160.3	162.1	163.1p	164.0p
In constant dollars .....	110.0	109.3	107.8	107.4	106.9	106.7	106.5p	N.A.

p= preliminary.  
N.A.= not available.

SOURCE: Tables A-1, A-3, A-4, B-1, B-2, and B-4.

Although the November increase in unemployment was widespread, adult women (20 years and over) were especially affected, their rate rising a full percentage point over the month to 6.6 percent. The jobless rate for adult men also rose, from 4.3 to 4.6 percent. Within the adult group, those 20-24 years of age were particularly hard hit by rising joblessness. In contrast, at 17.3 percent, the rate for teenagers was little changed from October. (See tables A-2 and A-6.)

Black workers (Negro and other races) experienced a significant increase in unemployment in November, as their rate rose from 10.9 to 11.7 percent; the rate for white workers rose proportionately, from 5.4 to 5.8 percent. Jobless rates for household heads and married men moved up to 3.9 and 3.3 percent, respectively, while the rate for full-time workers rose to 6.2 percent. All of these groups have posted large increases in unemployment over year-earlier levels. (See table A-2.)

The jobless rate for workers covered by State unemployment insurance programs increased to 4.3 percent, up from 3.6 percent in October and 2.6 percent in November 1973. The 2.8 million unemployment insurance claimants under State programs now account for close to half of the total jobless.

Among the major occupational groups, sizeable upswings in unemployment were registered among blue-collar workers, particularly operatives (many of whom are assembly-line workers). There were also jobless increases among white-collar workers. Manufacturing workers in both durable and nondurable goods industries and construction workers experienced the sharpest rises in joblessness among the major industry categories. The manufacturing rate, at 7.3 percent in November, compares with an October 1973 low of 3.9 percent; the construction rate reached 13.9 percent, its highest level since 1963.

The unemployment rate for Vietnam-era veterans 20-34 years old, at 5.8 percent in November, was about unchanged from the previous month, remaining substantially below the rate for nonveterans, which increased to 7.4 percent. However, the youngest veterans (those 20 to 24 years old) continued to experience a higher incidence of unemployment than nonveterans of the same age. The young veterans' rate was 12.4 percent, compared with 9.9 percent for young nonveterans.

Civilian Labor Force and Total Employment

The civilian labor force declined by 320,000 in November to 91.7 million (seasonally adjusted). Older workers and teenagers accounted for most of this decline. Over the past 12 months, the labor force has risen by 1.7 million, in marked contrast to a 2.9 million gain over the prior year. Adult females contributed nearly 900,000 of the November 1973-74 increase, with adult males and teenagers accounting for about 700,000 and 150,000, respectively. (See table A-1.)

The number of persons employed declined by 790,000 in November. Employment reductions were spread among the three major age-sex groups; occupationally, the most severe cutbacks took place among blue-collar and service workers. Total employment was about unchanged from last November.

The number of workers employed part time for economic reasons--those who want full-time jobs but are forced to work shorter hours due to such factors as material shortages, slack work, or the inability to find full-time work--rose 290,000 in November to 3.2 million. (See table A-3.) This increase, when coupled with the rise in unemployment, led to a large upswing in the percent of labor force time lost, from 6.5 to 7.2 percent. (Labor force time lost is a measure of the man-hours lost to the economy by the unemployed and by those working part time for economic reasons as a percent of potentially available labor force man-hours.)

Industry Payroll Employment

Nonagricultural payroll employment declined by 440,000 in November to a seasonally adjusted level of 78.4 million. Large employment drops in manufacturing and retail trade overwhelmed moderate increases in services and State and local government.

In manufacturing, where employment fell by 350,000, declines occurred in virtually every industry in both the durable and nondurable goods sectors, but the largest took place in electrical equipment, transportation equipment, and textiles. Employment in contract construction fell by 50,000 in November, reflecting additional job cutbacks in an industry which has been declining throughout the year. In the service-producing industries, employment advances in services (35,000) and State and local government (50,000) were more than offset by a sharp decline in retail trade (which fell by 115,000).

Over the past year, nonfarm payroll employment rose by 460,000, but this upward movement masked contrasting trends in the goods- and service-producing sectors of the economy. Whereas the service-producing industries rose by nearly 1.4 million since last November, the goods industries experienced declines totaling over 900,000. Within the goods industries, factory employment was down 700,000 and contract construction 250,000.

#### Hours of Work

The average workweek for all production or nonsupervisory workers on private nonagricultural payrolls in November was 36.2 hours after seasonal adjustment, a decline of 0.4 hour over the previous month. Average weekly hours, which had held fairly steady during most of the year, were 0.7 hour below last November. (See table B-2.)

The manufacturing workweek dropped 0.6 hour in November to 39.5 hours. Factory overtime, at 2.7 hours, also declined sharply. Since their April 1973 peaks, both total factory hours and overtime have fallen 1.4 hours.

The unusually large November change in the workweek for mining, down 7.3 hours to 36.2 hours, reflects the effect of the coal strike. Coal miners, who represent about one-quarter of the production workers in mining, were on the payroll only one day of the survey period (the week of November 10-16).

#### Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.2 percent (seasonally adjusted) in November. Since November 1973, hourly earnings have advanced 7.9 percent. Average weekly earnings declined 0.9 percent over the month, yet were up 5.9 percent over last November.

Before adjustment for seasonality, average hourly earnings fell 1 cent to \$4.35. Since November 1973, hourly earnings have advanced by 32 cents. Weekly earnings averaged \$157.47 in November, down \$2.11 from October but up \$8.76 over November of last year. (See table B-3.)

#### The Hourly Earnings Index

The Hourly Earnings Index--earnings adjusted for overtime in manufacturing, sea-

sonality, and the effects of changes in the proportion of workers in high-wage and low-wage industries--was 164.0 (1967=100) in November, 0.5 percent higher than in October. The Index was 9.1 percent above November a year ago. During the 12-month period ended in October, the Hourly Earnings Index in dollars of constant purchasing power declined 2.8 percent. (See table B-4.)

Benchmark and Seasonal Adjustment Revisions

Establishment-based data have been revised to reflect new employment benchmark levels (comprehensive employment counts) for March 1973. This revision was primarily one of level and had little effect on current trends. For example, prior to the revision, the August 1973-August 1974 growth in employment was 1.9 percent; the revision has left that trend unchanged. Data as early as April 1968 are subject to revision. (Average hours and earnings data may also be slightly affected because of changes in the employment weights used in deriving the averages.) Total nonagricultural employment for March 1973 was revised upward by 1.2 million (1.6 percent). The divisions most heavily affected were contract construction (351,000) and retail trade (311,000).

Factors used to seasonally adjust establishment series have also been revised to reflect the most current seasonal experience. Seasonally adjusted data as early as January 1968 may be affected. A detailed discussion of the changes and the revised data will be published in the December 1974 issue of *Employment and Earnings*.

This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on payroll employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. Unless otherwise indicated, data for both series relate to the week of the specified month containing the 12th day. A description of the two surveys appears in the BLS publication *Employment and Earnings*.

## HOUSEHOLD DATA

## HOUSEHOLD DATA

Table A-1. Employment status of the noninstitutional population

Employment status	Not seasonally adjusted			Seasonally adjusted					
	Nov. 1973	Oct. 1974	Nov. 1974	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974
<b>TOTAL</b>									
Total noninstitutional population <sup>1</sup>	149,208	151,593	151,812	149,208	150,922	151,135	151,367	151,593	151,812
Total labor force	92,168	94,105	93,822	92,186	93,387	93,281	94,067	94,237	93,913
Participation rate	61.8	62.1	61.8	61.8	61.9	61.7	62.1	62.2	61.9
Civilian noninstitutional population <sup>1</sup>	146,924	149,380	149,600	146,924	148,701	148,916	149,150	149,380	149,600
Civilian labor force	89,884	91,891	91,609	89,903	91,167	91,061	91,850	92,024	91,701
Participation rate	61.2	61.5	61.2	61.2	61.3	61.1	61.6	61.6	61.3
Employed	85,288	86,847	85,924	85,649	86,312	86,187	86,538	86,311	85,726
Agriculture	3,419	3,535	3,224	3,561	3,405	3,443	3,511	3,476	3,370
Nonagricultural industries	82,409	83,312	82,700	82,088	82,907	82,744	83,027	83,035	82,356
Unemployed	4,056	5,044	5,685	4,254	4,855	4,874	5,312	5,513	5,975
Unemployment rate	4.3	5.5	6.2	4.7	5.3	5.4	5.8	6.0	6.5
Not in labor force	57,040	57,489	57,991	57,021	57,534	57,855	57,300	57,356	57,899
<b>Males, 20 years and over:</b>									
Total noninstitutional population <sup>1</sup>	63,225	64,279	64,374	63,225	63,973	64,064	64,181	64,279	64,374
Total labor force	51,668	52,491	52,284	51,791	52,001	52,189	52,343	52,634	52,462
Participation rate	81.7	81.7	81.2	81.9	81.3	81.5	81.6	81.9	81.5
Civilian noninstitutional population <sup>1</sup>	61,359	62,506	62,601	61,359	62,176	62,273	62,405	62,506	62,601
Civilian labor force	49,802	50,718	50,511	49,924	50,205	50,397	50,561	50,841	50,890
Participation rate	81.2	81.1	80.7	81.4	80.7	80.9	81.0	81.4	81.0
Employed	48,443	48,898	48,411	48,425	48,428	48,506	48,620	48,689	48,372
Agriculture	2,536	2,570	2,415	2,544	2,470	2,516	2,516	2,500	2,422
Nonagricultural industries	45,906	46,328	45,996	45,881	45,958	45,990	46,104	46,189	45,950
Unemployed	1,360	1,820	2,190	1,501	1,777	1,891	1,947	2,172	2,318
Unemployment rate	2.7	3.6	4.2	3.0	3.5	3.8	3.9	4.3	4.6
Not in labor force	11,557	11,788	12,090	11,433	11,971	11,876	11,836	11,645	11,911
<b>Females, 20 years and over:</b>									
Civilian noninstitutional population <sup>1</sup>	69,701	70,749	70,858	69,701	70,448	70,549	70,638	70,749	70,858
Civilian labor force	31,729	32,581	32,605	31,183	32,404	32,216	32,135	32,066	32,070
Participation rate	45.5	46.1	46.0	44.7	46.0	45.7	45.5	45.3	45.3
Employed	30,280	30,757	30,533	29,704	30,716	30,528	30,301	30,262	29,958
Agriculture	531	546	439	550	537	495	483	497	454
Nonagricultural industries	29,749	30,211	30,094	29,154	30,179	30,033	29,818	29,765	29,504
Unemployed	1,450	1,824	2,072	1,479	1,688	1,688	1,836	1,804	2,112
Unemployment rate	4.6	5.6	6.4	4.7	5.2	5.2	5.7	5.6	6.6
Not in labor force	37,972	38,169	38,253	38,518	38,044	38,333	38,503	38,683	38,788
<b>Both sexes, 16-19 years:</b>									
Civilian noninstitutional population <sup>1</sup>	15,864	16,124	16,141	15,864	16,077	16,094	16,107	16,124	16,141
Civilian labor force	8,352	8,593	8,493	8,794	8,558	8,448	8,148	8,097	8,941
Participation rate	52.7	53.3	52.6	55.4	53.2	52.5	50.6	50.4	55.4
Employed	7,106	7,193	6,980	7,320	7,168	7,153	7,617	7,560	7,396
Agriculture	352	420	371	467	398	432	512	479	494
Nonagricultural industries	6,754	6,773	6,609	7,053	6,770	6,721	7,105	7,081	6,902
Unemployed	1,247	1,400	1,513	1,274	1,390	1,295	1,531	1,537	1,545
Unemployment rate	14.9	16.3	17.8	14.5	16.2	15.3	16.7	16.9	17.3
Not in labor force	7,511	7,532	7,648	7,070	7,519	7,646	6,959	7,027	7,200
<b>WHITE</b>									
Civilian noninstitutional population <sup>1</sup>	130,086	132,013	132,189	130,086	131,457	131,636	131,828	132,013	132,189
Civilian labor force	79,704	81,441	81,271	79,673	80,873	80,765	81,421	81,523	81,275
Participation rate	61.3	61.7	61.5	61.2	61.5	61.4	61.8	61.8	61.5
Employed	76,498	77,446	76,718	76,339	76,986	76,856	77,108	77,127	76,528
Unemployed	3,206	3,995	4,552	3,334	3,887	3,909	4,313	4,398	4,747
Unemployment rate	4.0	4.9	5.6	4.2	4.8	4.8	5.3	5.4	5.8
Not in labor force	50,381	50,573	50,918	50,413	50,584	50,871	50,407	50,488	50,914
<b>NEGRO AND OTHER RACES</b>									
Civilian noninstitutional population <sup>1</sup>	16,839	17,367	17,411	16,839	17,245	17,280	17,322	17,367	17,411
Civilian labor force	10,180	10,451	10,339	10,210	10,269	10,294	10,440	10,479	10,385
Participation rate	60.5	60.2	59.4	60.6	59.5	59.6	60.3	60.3	59.6
Employed	9,330	9,402	9,206	9,299	9,301	9,343	9,416	9,335	9,167
Unemployed	850	1,049	1,133	911	968	951	1,024	1,144	1,218
Unemployment rate	8.3	10.0	11.0	8.9	9.4	9.2	9.8	10.9	11.7
Not in labor force	6,659	6,916	7,072	6,629	6,976	6,986	6,882	6,888	7,026

<sup>1</sup> Seasonal variations are not present in the population figures; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Data relate to the noninstitutional population 16 years of age and over. Total noninstitutional population and total labor force include persons in the Armed Forces.



## HOUSEHOLD DATA

## HOUSEHOLD DATA

Table A-2. Major unemployment indicators, seasonally adjusted

Selected categories	Number of unemployed persons (in thousands)		Unemployment rates					
	Nov. 1973	Nov. 1974	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974
Total, 16 years and over	4,254	5,975	4.7	5.3	5.4	5.8	6.0	6.5
Males, 20 years and over	1,301	2,318	3.0	3.3	3.8	3.9	4.3	4.6
Females, 20 years and over	1,479	2,112	4.7	5.2	5.2	5.7	5.6	6.6
Both sexes, 16-19 years	1,274	1,545	14.5	16.2	15.3	16.7	16.9	17.3
White, total	3,334	4,747	4.2	4.8	4.8	5.3	5.4	5.8
Males, 20 years and over	1,212	1,880	2.7	3.3	3.5	3.5	3.9	4.1
Females, 20 years and over	1,119	1,875	4.1	4.8	4.8	5.3	5.1	6.0
Both sexes, 16-19 years	1,003	1,192	12.7	13.9	13.3	15.2	14.6	14.9
Negro and other races, total	911	1,218	8.9	9.4	9.2	9.8	10.9	11.7
Males, 20 years and over	282	428	5.5	5.9	6.3	6.7	7.4	8.2
Females, 20 years and over	358	435	8.7	8.0	8.0	8.3	9.7	10.3
Both sexes, 16-19 years	271	355	29.1	35.3	31.4	32.4	34.5	37.4
Household heads	1,465	2,081	2.8	3.0	3.1	3.4	3.7	3.9
Married men, spouse present	862	1,313	2.1	2.6	2.6	2.8	2.9	3.3
Full-time workers	3,325	4,839	4.3	4.8	4.8	5.3	5.6	6.2
Part-time workers	962	1,205	7.3	8.6	8.7	8.8	8.5	9.1
Unemployed 15 weeks and over <sup>1</sup>	820	1,128	9.9	11.0	11.0	11.1	11.1	11.2
State insured <sup>2</sup>	1,627	2,807	2.6	3.4	3.3	3.4	3.6	4.3
Labor force time lost <sup>3</sup>	--	--	5.2	5.7	5.8	6.4	6.5	7.2
<b>OCCUPATION<sup>4</sup></b>								
White-collar workers	1,172	1,615	2.8	3.3	3.1	3.5	3.3	3.7
Professional and technical	254	330	2.1	2.1	2.2	2.6	2.3	2.6
Managers and administrators, except farm	113	193	1.2	1.4	1.9	2.0	1.8	2.1
Sales workers	186	277	3.3	4.0	3.7	4.1	4.5	4.9
Clerical workers	619	815	4.0	5.0	4.4	4.9	4.4	5.0
Blue-collar workers	1,729	2,658	5.4	6.1	6.5	6.8	7.3	8.2
Craft and kindred workers	467	645	3.9	4.2	4.2	4.8	5.0	5.3
Operatives	862	1,469	5.6	6.3	7.0	7.4	7.9	9.7
Nonfarm laborers	400	564	8.6	10.7	10.7	10.1	10.7	10.9
Service workers	699	857	5.9	6.3	6.2	6.4	6.7	6.9
Farm workers	74	77	2.3	2.9	2.8	2.5	2.6	2.6
<b>INDUSTRY<sup>4</sup></b>								
Nonagricultural private wage and salary workers <sup>5</sup>	3,155	4,538	4.8	5.4	5.5	6.0	6.1	6.8
Construction	416	630	9.1	10.6	11.1	12.4	12.2	13.9
Manufacturing	942	1,578	4.3	5.1	5.4	5.8	6.2	7.3
Durable goods	471	886	3.6	4.4	4.8	5.1	5.9	6.7
Nondurable goods	471	694	5.3	6.0	6.4	6.8	6.8	8.0
Transportation and public utilities	151	165	3.1	3.4	3.6	3.4	3.4	3.4
Wholesale and retail trade	851	1,137	5.4	6.4	6.1	6.6	6.8	6.9
Finance and service industries	770	997	4.3	4.3	4.4	4.8	4.7	5.4
Government workers	356	497	2.5	3.1	2.9	3.1	2.7	3.4
Agricultural wage and salary workers	107	114	7.4	7.8	6.9	6.4	8.3	7.5
<b>VETERAN STATUS</b>								
Males, Vietnam-era veterans <sup>6</sup> :								
20 to 34 years	203	346	3.7	4.9	5.0	5.2	5.6	5.8
10 to 24 years	100	145	7.2	9.6	11.4	12.4	11.7	12.4
25 to 29 years	76	155	2.5	4.3	3.6	3.8	4.8	4.7
30 to 34 years	27	46	2.4	2.0	2.5	2.2	2.1	3.1
Males, nonveterans:								
20 to 34 years	621	1,033	4.6	5.5	6.3	5.7	6.4	7.4
10 to 24 years	384	618	6.5	7.8	9.2	8.0	8.2	9.9
25 to 29 years	166	278	4.2	4.0	4.3	4.2	6.2	6.9
30 to 34 years	71	137	2.0	3.5	3.8	3.5	3.7	3.7

<sup>1</sup> Unemployment rate calculated as a percent of civilian labor force.<sup>2</sup> Insured unemployment under State programs; unemployment rate calculated as a percent of average covered employment.<sup>3</sup> Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.<sup>4</sup> Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.<sup>5</sup> Includes mining, not shown separately.<sup>6</sup> Vietnam-era veterans are those who served after August 4, 1964.

## HOUSEHOLD DATA

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Table A-3. Selected employment indicators

Selected categories	Not seasonally adjusted		Seasonally adjusted						
	Nov. 1973	Nov. 1974	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	
Total employed, 16 years and over	85,828	85,924	85,649	86,212	86,187	86,538	86,511	85,726	
Males	52,288	52,142	52,584	52,389	52,445	52,771	52,835	52,410	
Females	33,540	33,782	33,065	33,923	33,742	33,767	33,676	33,316	
Household heads	50,587	50,907	50,385	51,054	51,059	50,927	50,999	50,704	
Married men, spouse present	39,337	38,838	39,237	38,802	38,888	38,874	39,043	38,722	
Married women, spouse present	19,996	20,109	19,462	19,910	19,887	19,856	19,898	19,580	
<b>OCCUPATION</b>									
White-collar workers	41,709	42,266	41,205	41,953	41,766	42,017	41,951	41,766	
Professional and technical	12,353	12,603	11,980	12,601	12,572	12,519	12,338	12,224	
Managers and administrators, except farm	9,034	8,883	8,989	8,932	8,681	8,668	8,872	8,839	
Sales workers	5,519	5,466	5,425	5,349	5,453	5,583	5,513	5,373	
Clerical workers	14,803	15,313	14,811	15,071	15,060	15,247	15,228	15,328	
Blue-collar workers	29,990	29,469	30,075	30,056	29,885	29,867	29,847	29,566	
Craft and kindred workers	11,437	11,490	11,403	11,621	11,569	11,508	11,486	11,656	
Operatives	14,475	13,728	14,414	14,283	14,014	13,929	13,799	13,673	
Nonfarm laborers	4,078	4,251	4,258	4,152	4,302	4,430	4,462	4,437	
Service workers	11,162	11,393	11,230	11,370	11,664	11,567	11,676	11,478	
Farm workers	2,967	2,797	3,102	2,968	2,941	3,032	2,982	2,928	
<b>MAJOR INDUSTRY AND CLASS OF WORKER</b>									
<b>Agriculture:</b>									
Wage and salary workers	1,240	1,293	1,340	1,268	1,341	1,396	1,378	1,398	
Self-employed workers	1,721	1,616	1,790	1,740	1,723	1,729	1,709	1,614	
Unpaid family workers	388	316	420	388	380	382	385	342	
<b>Nonagricultural industries:</b>									
Wage and salary workers	76,532	76,611	76,123	76,602	76,739	76,777	76,825	76,196	
Private households	1,552	1,294	1,508	1,367	1,432	1,408	1,384	1,258	
Government	13,959	13,644	13,690	14,168	14,017	13,959	13,958	14,001	
Other	61,021	61,673	60,925	61,067	61,290	61,410	61,483	60,937	
Self-employed workers	5,383	5,639	5,409	5,805	5,745	5,678	5,739	5,667	
Unpaid family workers	494	449	528	463	419	548	487	480	
<b>PERSONS AT WORK<sup>1</sup></b>									
<b>Nonagricultural industries</b>									
Full-time schedules	79,296	79,453	77,252	78,050	77,846	78,034	77,929	77,486	
Part time for economic reasons	65,400	64,901	64,128	64,750	64,588	64,647	64,426	63,628	
Part time for noneconomic reasons	2,187	2,928	2,405	2,432	2,311	2,823	2,925	3,213	
Usually work full time	1,083	1,516	1,143	1,156	1,174	1,257	1,353	1,599	
Usually work part time	1,104	1,412	1,262	1,276	1,337	1,566	1,572	1,614	
Part time for noneconomic reasons	11,709	11,624	10,719	10,868	10,647	10,564	10,578	10,645	

<sup>1</sup> Excludes persons "with a job but not at work" during the survey period for such reasons as vacation, illness, or industrial disputes.

Table A-4. Duration of unemployment

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted						
	Nov. 1973	Nov. 1974	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	
Less than 5 weeks	2,207	2,936	2,243	2,471	2,497	2,651	2,664	2,984	
5 to 14 weeks	1,159	1,800	1,235	1,517	1,440 <sup>c</sup>	1,691	1,735	1,919	
15 weeks and over	690	949	820	928	949	1,000	1,018	1,128	
15 to 26 weeks	391	576	469	550	564	614	636	691	
27 weeks and over	299	373	351	378	385	386	382	437	
Average (mean) duration, in weeks	9.6	9.4	10.0	10.1	10.0	9.6	10.0	9.8	
<b>PERCENT DISTRIBUTION</b>									
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Less than 5 weeks	34.4	31.6	32.2	30.3	31.1	49.6	49.2	49.5	
5 to 14 weeks	28.6	31.7	28.7	30.8	29.5	31.7	32.0	31.8	
15 weeks and over	17.0	16.7	19.1	18.9	19.4	18.7	18.8	18.7	
15 to 26 weeks	9.6	10.1	10.9	11.2	11.6	11.5	11.7	11.5	
27 weeks and over	7.4	6.6	8.2	7.7	7.9	7.2	7.1	7.2	

<sup>c</sup> corrected.

## HOUSEHOLD DATA

## HOUSEHOLD DATA

Table A-5. Reasons for unemployment

Reason	Not seasonally adjusted		Seasonally adjusted					
	Nov. 1973	Nov. 1974	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974
	<b>NUMBER OF UNEMPLOYED</b>							
Lost last job .....	1,523	2,576	1,664	2,022	1,988	2,236	2,350	2,815
Left last job .....	790	777	783	766	773	736	859	770
Reentered labor force .....	1,215	1,642	1,227	1,454	1,472	1,623	1,449	1,659
Seeking first job .....	528	691	590	675	634	731	776	772
<b>PERCENT DISTRIBUTION</b>								
Total unemployed .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers .....	37.5	45.3	39.0	41.1	40.8	42.0	43.2	46.8
Job leavers .....	19.5	13.7	18.4	15.5	15.9	13.8	15.8	12.8
Reentrants .....	30.0	28.9	28.8	28.6	30.2	30.5	26.7	27.6
New entrants .....	13.0	12.2	13.8	13.7	13.0	13.7	14.3	12.8
<b>UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE</b>								
Job losers .....	1.7	2.8	1.9	2.2	2.2	2.4	2.6	3.1
Job leavers .....	.9	.8	.9	.8	.8	.8	.9	.8
Reentrants .....	1.4	1.8	1.6	1.6	1.6	1.6	1.6	1.6
New entrants .....	.6	.8	.7	.7	.7	.8	.8	.8

Table A-6. Unemployment by sex and age

Sex and age	Not seasonally adjusted			Seasonally adjusted unemployment rates					
	Thousands of persons		Percent looking for full-time work	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974
	Nov. 1973	Nov. 1974							
<b>Total, 18 years and over .....</b>	<b>4,056</b>	<b>5,685</b>	<b>75.0</b>	<b>4.7</b>	<b>5.3</b>	<b>5.4</b>	<b>5.8</b>	<b>6.0</b>	<b>6.5</b>
16 to 19 years .....	1,247	1,313	49.4	14.5	16.2	15.3	16.7	16.9	17.3
16 to 17 years .....	638	727	26.8	17.2	18.0	17.3	18.2	18.2	19.3
18 to 19 years .....	609	786	72.3	12.5	14.7	14.1	16.1	15.7	15.9
20 to 24 years .....	847	1,266	84.1	7.2	8.8	9.5	9.2	8.9	10.4
25 years and over .....	1,962	2,906	84.2	3.0	3.3	3.3	3.7	4.0	4.4
25 to 54 years .....	1,598	2,476	85.7	3.1	3.5	3.4	3.8	4.1	4.7
55 years and over .....	364	431	75.6	2.7	2.8	3.2	3.1	3.1	3.2
<b>Males, 18 years and over .....</b>	<b>2,025</b>	<b>2,917</b>	<b>79.0</b>	<b>4.0</b>	<b>4.6</b>	<b>4.7</b>	<b>5.0</b>	<b>5.3</b>	<b>5.7</b>
16 to 19 years .....	666	817	50.2	14.3	15.4	15.2	17.1	16.1	17.4
16 to 17 years .....	362	400	27.8	17.2	18.4	18.8	17.9	16.9	19.8
18 to 19 years .....	323	416	71.9	12.1	12.8	12.7	16.8	15.4	15.5
20 to 24 years .....	447	704	83.5	6.6	8.1	9.3	8.9	8.9	10.2
25 years and over .....	913	1,396	93.7	2.4	2.8	2.8	3.0	3.4	3.6
25 to 54 years .....	686	1,156	96.6	2.3	2.8	2.8	3.0	3.5	3.9
55 years and over .....	228	240	79.2	2.6	2.7	3.2	2.8	2.7	2.8
<b>Females, 18 years and over .....</b>	<b>2,031</b>	<b>2,768</b>	<b>70.7</b>	<b>5.9</b>	<b>6.5</b>	<b>6.3</b>	<b>6.9</b>	<b>7.0</b>	<b>7.8</b>
16 to 19 years .....	581	696	48.6	14.8	17.2	15.4	16.3	17.8	17.2
16 to 17 years .....	296	327	21.1	17.2	17.5	15.3	18.7	20.0	18.7
18 to 19 years .....	285	370	73.0	13.1	16.9	15.8	15.3	16.2	16.4
20 to 24 years .....	400	562	84.9	7.9	9.6	9.8	9.7	8.9	10.6
25 years and over .....	1,049	1,510	75.6	4.1	4.2	4.2	4.8	4.8	5.7
25 to 54 years .....	912	1,320	76.2	4.4	4.6	4.5	5.0	5.1	6.2
55 years and over .....	137	190	72.1	2.7	2.9	3.2	3.5	3.8	3.9

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls, by industry

Industry	Not seasonally adjusted				Seasonally adjusted					
	Nov. 1973	Sept. 1974	Oct. 1974 <sup>P</sup>	Nov. 1974 <sup>P</sup>	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974 <sup>P</sup>	Nov. 1974 <sup>P</sup>
<b>TOTAL</b> .....	78,627	79,097	79,378	79,087	77,915	78,479	78,661	78,844	78,811	78,368
<b>GOODS-PRODUCING</b> .....	25,325	25,229	24,973	24,411	25,061	24,764	24,753	24,733	24,570	24,162
<b>MINING</b> .....	648	688	691	679	648	675	676	682	690	679
<b>CONTRACT CONSTRUCTION</b> .....	4,226	4,191	4,142	3,974	4,099	3,920	3,965	3,939	3,904	3,855
<b>MANUFACTURING</b> .....	20,451	20,350	20,140	19,758	20,314	20,169	20,112	20,112	19,976	19,628
<i>Production workers</i> .....	15,075	14,913	14,710	14,351	14,937	14,736	14,675	14,671	14,554	14,220
<b>DURABLE GOODS</b> .....	12,097	11,996	11,899	11,681	12,021	11,959	11,899	11,906	11,833	11,609
<i>Production workers</i> .....	8,894	8,748	8,551	8,446	8,819	8,702	8,640	8,651	8,592	8,376
Ordinance and accessories .....	178.1	185.0	184.4	184.8	177	182	183	183	184	183
Lumber and wood products .....	644.2	639.7	616.7	580.8	645	647	637	628	610	581
Furniture and fixtures .....	552.6	532.1	523.7	503.3	546	531	533	529	517	497
Stone, clay, and glass products .....	703.7	696.6	686.6	674.7	701	696	694	686	678	672
Primary metal industries .....	1,345.7	1,343.7	1,337.7	1,324.7	1,357	1,332	1,339	1,349	1,353	1,335
Fabricated metal products .....	1,529.0	1,503.6	1,488.0	1,463.3	1,514	1,513	1,504	1,496	1,476	1,449
Machinery, except electrical .....	2,153.9	2,216.5	2,226.9	2,223.1	2,160	2,197	2,217	2,228	2,240	2,230
Electrical equipment .....	2,087.4	2,030.1	2,013.3	1,958.4	2,057	2,057	2,004	2,016	1,999	1,949
Transportation equipment .....	1,913.2	1,847.6	1,830.0	1,785.8	1,883	1,814	1,803	1,809	1,805	1,758
Instruments and related products .....	518.7	534.6	532.8	529.1	517	535	534	534	532	527
Miscellaneous manufacturing .....	470.1	464.1	459.0	443.4	454	455	451	448	439	428
<b>NONDURABLE GOODS</b> .....	8,354	8,354	8,241	8,077	8,293	8,210	8,213	8,206	8,143	8,019
<i>Production workers</i> .....	6,181	6,167	6,059	5,905	6,118	6,034	6,035	6,020	5,962	5,844
Food and kindred products .....	1,756.5	1,843.0	1,788.6	1,729.4	1,737	1,702	1,713	1,724	1,723	1,711
Tobacco manufactures .....	85.9	85.5	85.7	79.0	80	79	77	75	77	73
Textile mill products .....	1,040.1	1,001.7	977.4	945.2	1,036	1,008	1,011	1,004	978	941
Apparel and other textile products .....	1,413.1	1,348.4	1,334.4	1,311.9	1,395	1,357	1,341	1,336	1,319	1,295
Paper and allied products .....	714.4	712.6	703.0	693.3	710	712	710	711	701	689
Printing and publishing .....	1,112.9	1,111.1	1,113.6	1,109.2	1,109	1,114	1,115	1,113	1,111	1,105
Chemicals and allied products .....	1,045.5	1,074.8	1,069.8	1,062.9	1,048	1,063	1,069	1,073	1,070	1,065
Petroleum and coal products .....	196.2	197.2	196.6	194.6	196	196	195	194	195	195
Rubber and plastics products, nec. ....	694.5	697.0	694.5	671.2	689	690	696	693	691	666
Leather and leather products .....	294.7	282.3	277.1	280.5	293	289	286	283	278	279
<b>SERVICE-PRODUCING</b> .....	53,302	53,868	54,405	54,676	52,854	53,715	53,908	54,111	54,241	54,206
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	4,697	4,721	4,723	4,708	4,692	4,693	4,701	4,679	4,704	4,703
<b>WHOLESALE AND RETAIL TRADE</b> .....	17,183	17,153	17,225	17,335	16,904	17,107	17,140	17,166	17,160	17,041
<b>WHOLESALE TRADE</b> .....	4,230	4,288	4,312	4,308	4,205	4,261	4,272	4,275	4,286	4,282
<b>RETAIL TRADE</b> .....	12,953	12,865	12,913	13,027	12,699	12,846	12,868	12,891	12,874	12,759
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	4,100	4,180	4,171	4,168	4,116	4,157	4,168	4,176	4,184	4,185
<b>SERVICES</b> .....	13,208	13,647	13,725	13,734	13,221	13,516	13,573	13,647	13,711	13,748
<b>GOVERNMENT</b> .....	14,114	14,167	14,561	14,731	13,921	14,242	14,326	14,443	14,482	14,529
<b>FEDERAL</b> .....	2,652	2,728	2,721	2,725	2,673	2,735	2,740	2,747	2,748	2,747
<b>STATE AND LOCAL</b> .....	11,462	11,439	11,840	12,006	11,248	11,507	11,586	11,696	11,734	11,782

preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-2. Average weekly hours of production or nonsupervisory workers<sup>1</sup> on private nonagricultural payrolls, by industry

Industry	Not seasonally adjusted				Seasonally adjusted					
	Nov. 1973	Sept. 1974	Oct. 1974P	Nov. 1974P	Nov. 1973	July 1974	Aug. 1974	Sept. 1974	Oct. 1974P	Nov. 1974P
<b>TOTAL PRIVATE</b> .....	36.9	36.8	36.6	36.2	36.9	36.7	36.7	36.7	36.6	36.2
<b>MINING</b> .....	43.0	43.5	43.9	36.3	42.9	43.0	42.9	43.4	43.5	36.2
<b>CONTRACT CONSTRUCTION</b> .....	37.3	37.5	37.9	36.6	37.9	36.9	36.4	36.5	37.2	37.2
<b>MANUFACTURING</b> .....	40.8	40.3	40.1	39.7	40.6	40.2	40.2	40.0	40.1	39.5
Overtime hours .....	3.9	3.6	3.3	2.8	3.8	3.4	3.4	3.3	3.2	2.7
<b>DURABLE GOODS</b> .....	41.5	41.0	40.8	40.5	41.3	40.7	40.9	40.8	40.7	40.3
Overtime hours .....	4.1	3.8	3.5	3.0	4.0	3.5	3.6	3.5	3.4	2.9
Ordnance and accessories .....	41.6	41.5	41.1	41.7	41.6	41.7	41.3	41.5	41.2	41.7
Lumber and wood products .....	40.2	39.5	39.1	38.7	40.3	39.9	39.9	39.2	38.9	38.6
Furniture and fixtures .....	39.9	39.2	38.8	38.3	39.6	39.4	38.9	38.8	38.4	38.0
Stone, clay, and glass products .....	42.2	41.7	41.7	41.1	42.1	41.4	41.3	41.3	41.4	41.0
Primary metal industries .....	43.0	42.4	41.6	41.4	43.4	41.6	41.8	42.1	42.1	41.8
Fabricated metal products .....	41.7	41.4	41.0	40.3	41.5	40.8	41.0	41.2	41.0	40.1
Machinery, except electrical .....	42.4	42.7	42.5	42.4	42.3	42.2	42.7	42.7	42.5	42.3
Electrical equipment .....	40.6	40.0	40.0	39.8	40.2	39.9	39.6	39.8	39.8	39.4
Transportation equipment .....	41.5	40.4	40.9	39.9	41.2	40.1	40.7	40.2	40.7	39.6
Instruments and related products .....	41.4	40.3	39.9	40.2	40.9	40.1	40.4	40.1	39.8	39.8
Miscellaneous manufacturing .....	39.3	38.7	38.5	38.7	38.9	38.9	38.7	38.6	38.3	38.3
<b>NONDURABLE GOODS</b> .....	39.8	39.3	39.0	38.6	39.6	39.2	39.2	39.0	39.0	38.4
Overtime hours .....	3.5	3.3	3.0	2.6	3.4	3.2	3.1	3.0	2.9	2.5
Food and kindred products .....	40.7	41.0	40.2	39.9	40.6	40.5	40.4	40.3	40.2	39.8
Tobacco manufactures .....	40.9	38.9	38.5	38.2	40.2	37.0	37.6	38.5	36.9	37.5
Textile mill products .....	41.0	39.3	38.4	37.9	40.6	40.2	39.5	39.2	38.3	37.6
Apparel and other textile products .....	36.0	35.3	35.4	34.8	35.6	35.3	35.3	35.3	35.4	34.5
Paper and allied products .....	42.9	42.2	41.9	41.4	42.7	42.2	42.1	41.9	41.8	41.2
Printing and publishing .....	38.0	37.9	37.7	37.4	37.8	37.5	37.8	37.6	37.7	37.3
Chemicals and allied products .....	42.1	41.5	41.4	41.3	42.0	41.8	41.8	41.5	41.4	41.2
Petroleum and coal products .....	43.2	42.8	42.8	41.7	43.0	42.2	41.9	42.2	42.5	41.5
Rubber and plastics products, nec .....	41.3	40.8	40.9	40.6	41.1	40.4	40.7	40.5	40.9	40.4
Leather and leather products .....	38.1	36.4	36.5	36.5	37.9	37.0	37.2	36.7	36.9	36.4
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	40.8	40.6	40.5	40.3	40.7	40.7	40.5	40.4	40.4	40.2
<b>WHOLESALE AND RETAIL TRADE</b> .....	34.3	34.1	33.7	33.6	34.5	34.1	34.1	34.1	33.9	33.8
<b>WHOLESALE TRADE</b> .....	39.4	38.9	38.6	38.6	39.4	39.0	38.7	38.9	38.6	38.6
<b>RETAIL TRADE</b> .....	32.8	32.6	32.2	32.1	33.1	32.6	32.6	32.5	32.4	32.4
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	36.8	36.8	36.7	36.7	36.8	36.7	36.8	36.9	36.7	36.7
<b>SERVICES</b> .....	33.8	34.1	33.9	33.9	34.0	34.0	34.1	34.1	34.0	34.1

<sup>1</sup> Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities, wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employment on private nonagricultural payrolls. Preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers<sup>1</sup> on private nonagricultural payrolls, by industry

Industry	Average hourly earnings				Average weekly earnings			
	Nov. 1973	Sept. 1974	Oct. 1974	Nov. 1974 <sup>p</sup>	Nov. 1973	Sept. 1974	Oct. 1974	Nov. 1974 <sup>p</sup>
<b>TOTAL PRIVATE</b> .....	\$4.03	\$4.35	\$4.36	\$4.35	\$148.71	\$160.08	\$159.58	\$157.47
<i>Seasonally adjusted</i> .....	4.03	4.32	4.34	4.35	148.71	158.54	158.84	157.47
<b>MINING</b> .....	4.88	5.37	5.37	5.09	209.84	233.60	235.74	184.77
<b>CONTRACT CONSTRUCTION</b> .....	6.51	7.01	6.99	7.01	242.82	262.88	264.92	256.57
<b>MANUFACTURING</b> .....	4.17	4.53	4.56	4.57	170.14	182.56	182.86	181.43
<b>DURABLE GOODS</b> .....	4.43	4.82	4.86	4.88	183.85	197.62	198.29	197.64
Ordnance and accessories .....	4.58	4.82	4.81	4.90	190.53	200.03	197.69	204.33
Lumber and wood products .....	3.69	4.03	4.01	4.02	148.34	159.19	156.79	155.57
Furniture and fixtures .....	3.34	3.59	3.59	3.56	133.27	140.73	139.29	136.35
Stone, clay, and glass products .....	4.32	4.65	4.65	4.64	182.30	193.91	193.91	190.70
Primary metal industries .....	5.24	5.80	5.81	5.89	225.32	245.92	241.70	243.85
Fabricated metal products .....	4.37	4.75	4.77	4.76	182.23	196.65	195.57	191.83
Machinery, except electrical .....	4.65	5.05	5.09	5.11	197.16	215.64	216.33	216.66
Electrical equipment .....	3.95	4.25	4.30	4.32	160.37	170.00	172.00	171.94
Transportation equipment .....	5.15	5.63	5.77	5.70	213.73	227.45	235.99	227.43
Instruments and related products .....	3.97	4.27	4.30	4.30	164.36	172.08	171.57	172.86
Miscellaneous manufacturing .....	3.32	3.56	3.55	3.58	130.48	137.77	136.68	138.55
<b>NONDURABLE GOODS</b> .....	3.78	4.08	4.10	4.12	150.44	160.34	159.90	159.03
Food and kindred products .....	3.90	4.21	4.23	4.25	158.73	172.61	170.05	169.58
Tobacco manufactures .....	3.77	4.11	4.13	4.29	154.19	159.88	159.01	163.88
Textile mill products .....	3.06	3.28	3.26	3.26	125.46	128.90	125.18	123.55
Apparel and other textile products .....	2.87	3.10	3.11	3.09	103.32	109.43	110.09	107.53
Paper and allied products .....	4.30	4.63	4.65	4.67	184.47	195.39	194.84	193.34
Printing and publishing .....	4.76	5.06	5.08	5.11	180.88	191.77	191.52	191.11
Chemicals and allied products .....	4.59	4.97	5.00	5.06	193.24	206.26	207.00	208.98
Petroleum and coal products .....	5.27	5.80	5.81	5.79	227.66	248.24	248.67	241.44
Rubber and plastics products, <i>nec</i> .....	3.89	4.12	4.15	4.15	160.66	168.10	169.74	168.49
Leather and leather products .....	2.87	3.07	3.07	3.09	109.35	111.75	112.02	112.79
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	5.18	5.61	5.59	5.61	211.34	227.77	226.40	226.08
<b>WHOLESALE AND RETAIL TRADE</b> .....	3.28	3.56	3.57	3.58	112.50	121.40	120.31	120.29
<b>WHOLESALE TRADE</b> .....	4.22	4.62	4.62	4.66	166.27	179.72	178.33	179.88
<b>RETAIL TRADE</b> .....	2.94	3.16	3.18	3.18	96.43	103.02	102.40	102.08
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	3.63	3.91	3.89	3.92	133.58	143.89	142.76	143.86
<b>SERVICES</b> .....	3.56	3.83	3.84	3.85	120.33	130.60	130.18	130.52

<sup>1</sup> See footnote 1, table B-2.  
<sup>p</sup>preliminary.

## ESTABLISHMENT DATA

## ESTABLISHMENT DATA

**Table B-4. Hourly Earnings Index for production or nonsupervisory workers in private nonfarm industries, seasonally adjusted**

Industry	[1967=100]							Percent change from	
	Nov. 1973	June 1974	July 1974	Aug. 1974	Sept. 1974	Oct. 1974 <sup>P</sup>	Nov. 1974 <sup>P</sup>	Nov. 1973- Nov. 1974	Oct. 1974- Nov. 1974
<b>TOTAL PRIVATE NONFARM:</b>									
Current dollars .....	150.3	158.2	158.7	160.2	162.1	163.1	164.0	9.1	.5
Constant (1967) dollars .....	109.2	107.7	107.2	106.8	106.7	106.5	N.A.	(1)	(2)
<b>MINING</b> .....	151.6	162.6	163.8	165.7	167.3	167.9	164.4	8.4	-2.0
<b>CONTRACT CONSTRUCTION</b> .....	156.5	162.9	163.5	166.8	167.9	167.3	168.8	7.9	.9
<b>MANUFACTURING</b> .....	147.2	155.5	156.6	158.0	159.6	161.5	162.4	10.3	.6
<b>TRANSPORTATION AND PUBLIC UTILITIES</b> .....	160.0	166.0	166.9	167.1	171.8	172.2	173.0	8.1	.4
<b>WHOLESALE AND RETAIL TRADE</b> .....	146.9	155.1	155.8	157.2	158.7	159.6	160.2	9.1	.4
<b>FINANCE, INSURANCE, AND REAL ESTATE</b> .....	141.3	148.8	148.0	149.8	152.9	152.6	153.6	8.7	.6
<b>SERVICES</b> .....	154.2	163.5	162.3	163.4	166.4	165.8	166.6	8.0	.5

<sup>P</sup> Percent change was -2.8 from October 1973 to October 1974, the latest month available.

<sup>1</sup> Percent change was -0.2 from September 1974 to October 1974, the latest month available.

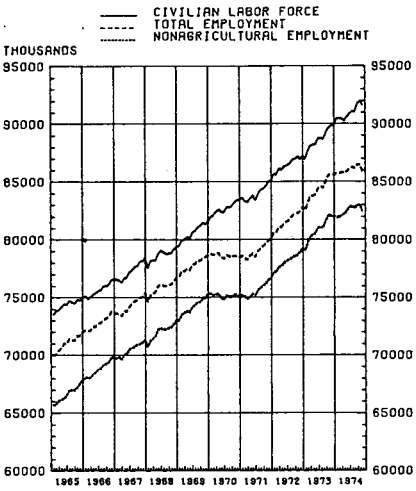
N.A. = not available.

<sup>P</sup> preliminary.

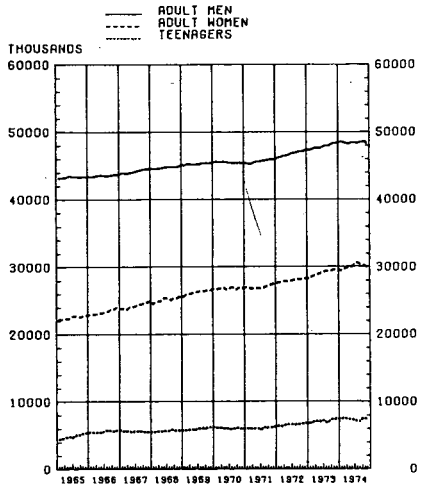
NOTE: All series are in current dollars except where indicated. The index excludes effects of two types of changes that are unrelated to underlying wage-rate developments: Fluctuations in overtime premiums in manufacturing (the only sector for which overtime data are available) and the effects of changes in the proportion of workers in high-wage and low-wage industries. The seasonal adjustment eliminates the effect of changes that normally occur at the same time and in about the same magnitude each year.

LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

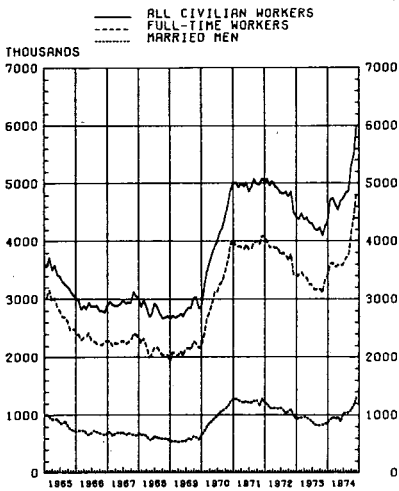
1. LABOR FORCE AND EMPLOYMENT



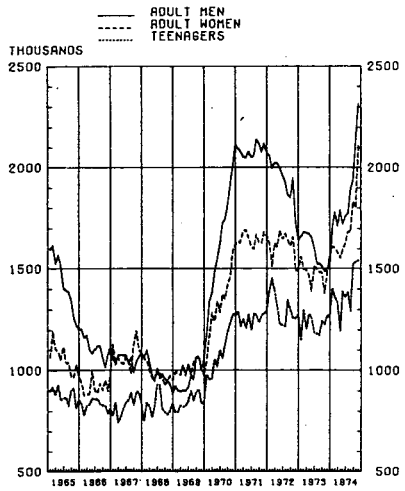
2. TOTAL EMPLOYMENT



3. UNEMPLOYMENT



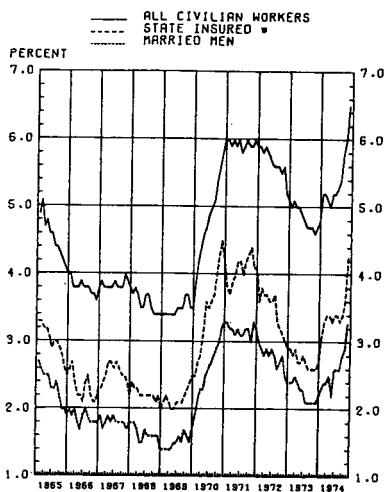
4. UNEMPLOYMENT



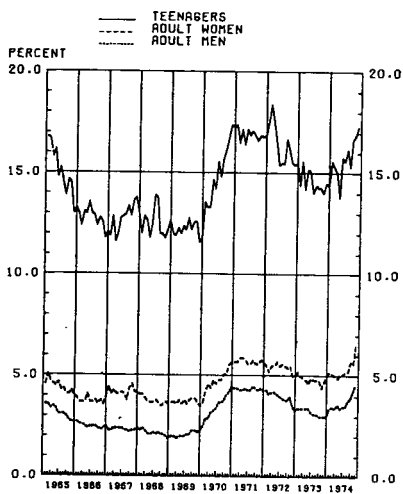


## UNEMPLOYMENT RATES HOUSEHOLD DATA - SEASONALLY ADJUSTED

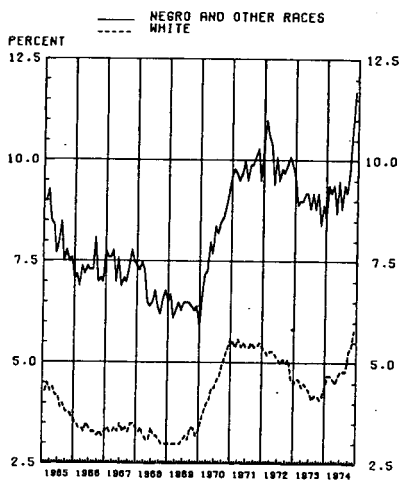
5. UNEMPLOYMENT RATES



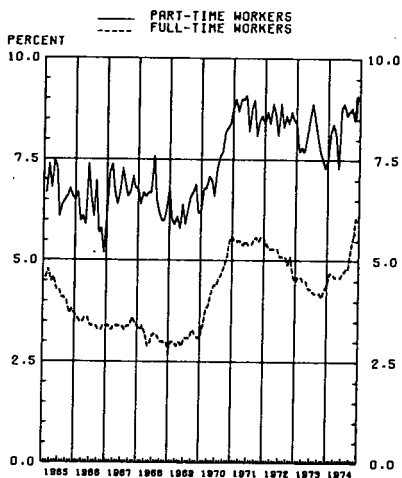
6. UNEMPLOYMENT RATES



7. UNEMPLOYMENT RATES



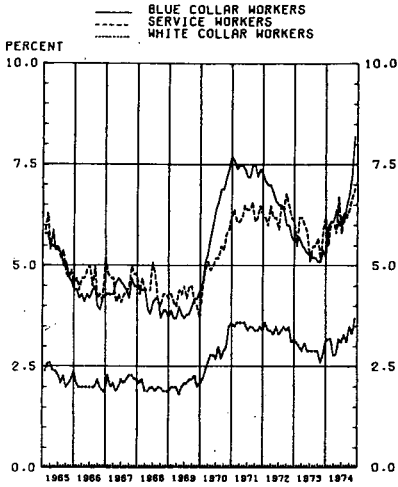
8. UNEMPLOYMENT RATES



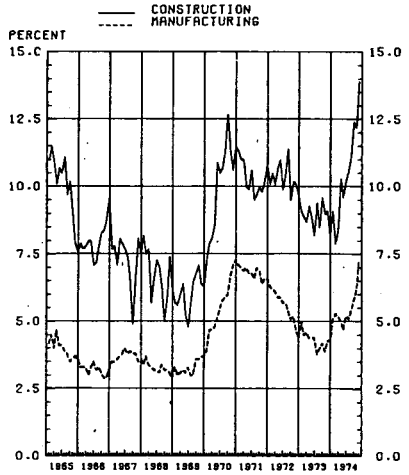
\* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

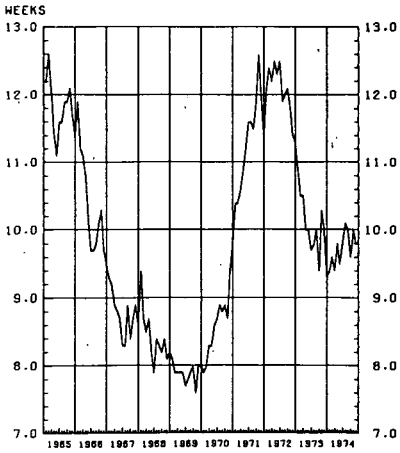
9. UNEMPLOYMENT RATES



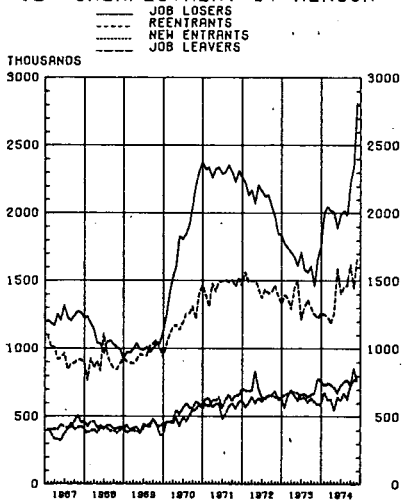
10. UNEMPLOYMENT RATES



11. AVERAGE DURATION  
OF UNEMPLOYMENT



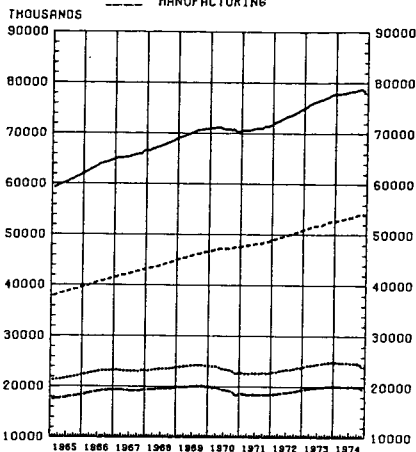
12. UNEMPLOYMENT BY REASON



## NONAGRICULTURAL EMPLOYMENT AND HOURS ESTABLISHMENT DATA - SEASONALLY ADJUSTED

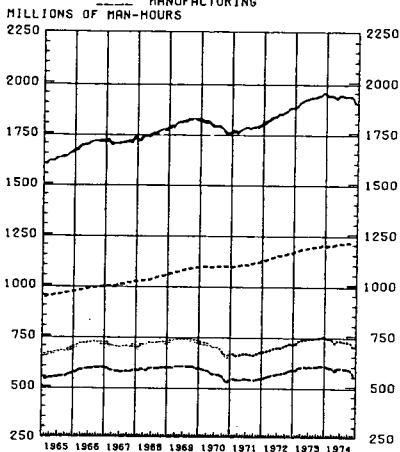
### 13. EMPLOYMENT

——— TOTAL NONAGRICULTURAL  
 - - - - SERVICE-PRODUCING  
 - - - - GOODS-PRODUCING  
 - - - - MANUFACTURING



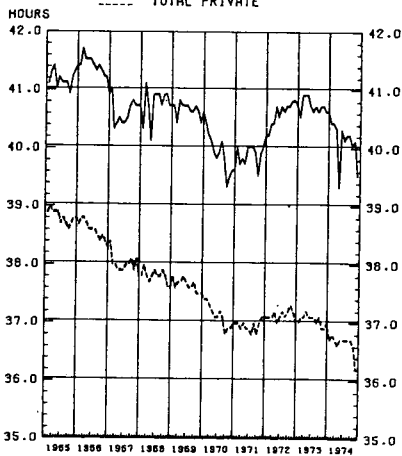
### 14. MAN-HOURS

——— TOTAL PRIVATE NONAGRICULTURAL  
 - - - - PRIVATE SERVICE-PRODUCING  
 - - - - GOODS-PRODUCING  
 - - - - MANUFACTURING

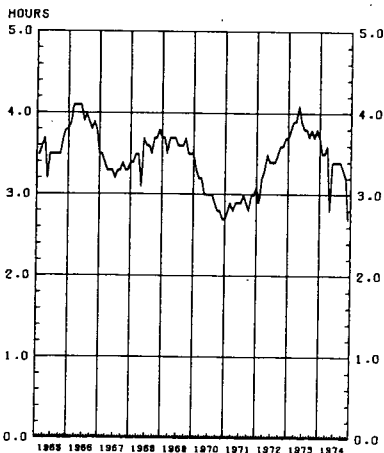


### 15. AVERAGE WEEKLY HOURS

——— MANUFACTURING  
 - - - - TOTAL PRIVATE



### 16. AVERAGE WEEKLY OVERTIME HOURS IN MANUFACTURING



NOTE: Charts 14 and 15 relate to production or nonsupervisory workers; chart 16 relates to production workers. Data for the 2 most recent months are preliminary in charts 13-16.

Chairman PROXMIRE. Now, Mr. Shiskin that 1.2 million benchmark figure has no effect on the fact we have a 460,000 increase in past month in unemployment?

Mr. SHISKIN. None whatsoever.

Chairman PROXMIRE. Does it have effect on the overall level of employment?

Mr. SHISKIN. As you know, we have two surveys. There is no effect on the data for the household survey. The data for the establishment survey are based on samples of establishments and they are benchmarked, hopefully, once a year. We have been delayed this time. The new benchmark has raised the level for the benchmark month by 1.2 million. It will not materially affect the quarterly or month-to-month changes, but the level of nonagricultural employment is now substantially higher.

Chairman PROXMIRE. Now, as you implied in your answer, this is the big question I think a lot of people are concerned about, what has happened on the basis of your observation since these figures were gathered the week including the 12th?

Mr. SHISKIN. Gathered the following week and covered the week including the 12th.

Chairman PROXMIRE. And we have had a lot of very bad reports. Many people say this was the worst week in recent years in history of our economy.

Is it likely that the unemployment may right now be as high as 6.8 or even 7 percent?

Mr. SHISKIN. Senator, as you know, I have learned partly from you to avoid making a forecast like that.

Chairman PROXMIRE. You would agree that all of the indications are that unemployment has increased, increased sharply since then. You do not know how much?

Mr. SHISKIN. I would say the situation appears to have declined further since then; yes.

Chairman PROXMIRE. Would you agree as an economist that this would call for, without giving advice to anybody, but on the basis of your experience, this would call for easier monetary policy and fiscal policy?

Mr. SHISKIN. I regret very much Mr. Greenspan's illness. He was going to cope with those questions.

Chairman PROXMIRE. Let me see if I can put this situation in some kind of perspective.

The President has proposed public service employment to be triggered when unemployment averages, I understand, 6.5 percent for 3 months in a local labor market area and 6 percent unemployment nationally.

As I understand it, even if the entire appropriations for the coming year were passed by the Congress, it would not provide enough jobs to take care of the drop in jobs just in the last month.

Mr. SHISKIN. That is probably true.

Chairman PROXMIRE. In other words, we had a drop of 800,000 and there is only enough for about 600,000 jobs here?

Mr. SHISKIN. Well, I am not an expert on that, but I think that figure is roughly correct.

Senator, as you know, I like to talk about statistical policy but not about economic policy. I do not mind saying, however, that I support the President and my Secretary in urging Congress to pass the NEAA. We now have the trigger, but we do not have the law or the money.

Chairman PROXMIRE. We have to do that but, of course, what I am concerned about is whether or not the President's program is adequate. It seems to me to be grossly inadequate based on what we are faced with right now. After all, if we have a drop of 800,000 jobs in a month, a program that would put only part of those people back to work just does not do the job.

Mr. SHISKIN. As I have said many times in the past, it is a very troublesome situation because we are dealing with a two-edged sword, the problem of rising unemployment and rapid inflation. Perhaps you can consider the analogy of the man who has physical problems. Let us say he breaks his leg and he has to lie in bed for that. He also has a heart ailment and the doctor wants him to exercise. That is the kind of problem we have in the economy. We have these two conflicting—

Chairman PROXMIRE. They are conflicting and they are not conflicting. That is what concerns me. And again it is difficult for you to know how to respond. But it would seem to me we now have a very clear path of economic policy and what it ought to be, we have not had that up to now. We do not have a demand-type inflation, we have not had it for the year. We have gone through this before. Retail sales are down, employment is down, the hours of work are down, there is every indication that we do not have too much money chasing too few jobs, very few areas of shortage, a few certainly in oil. We want to reduce our consumption of oil but that is about it.

Under those circumstances, it would seem to me stimulating the economy is going to have not only a desirable effect in putting people to work but, as I say, increasing productivity because people will be more fully employed and, therefore, wage costs will not increase as rapidly as wages go up. Is that not correct?

Mr. SHISKIN. Yes.

Chairman PROXMIRE. The only way the old time religion and unemployment can ease the inflation is by easing wage settlements and wage settlements are pretty much out of the way. In the coming year we have very few. We have construction and railroads. The coal settlement is out of the way. So from now on it would seem to me the wise policy both from the recession standpoint, and inflation standpoint is to provide stimulus for the economy as much as possible in the private sector.

Mr. SHISKIN. I do not want to argue about policy, as you know, but I think I should point out that on the inflation side there is a problem of price expectations. You cited just a few minutes ago the fact that the aluminum industry has just raised prices.

Chairman PROXMIRE. Just today.

Mr. SHISKIN. And the automobile industry, certainly they raised their prices sharply when the new models came out, and that is where we stand. So there is a problem of inflationary expectations that has to be faced up to and—

Chairman PROXMIRE. Those two cases, the automobile industry and aluminum industry, are both highly concentrated industries. There are

about five big aluminum companies, one that is very big. You have three big automobile companies. And you have administered prices here and price leadership that everybody knows about one company increasing their prices and the others match it. Here is an area, if there ever was an area that would lend itself to jawboning and pressure for conforming with the public interest by holding down price increases, it seems to me it ought to be there. It is not a matter of price expectations affecting small business, it is a matter of big business just price fixing.

Mr. SHISKIN. My point is only that I think that I would recommend to you that you be cautious, and I have recommended that to my colleagues in the Department of Labor and others, in taking policy actions without taking full account of the danger of rekindling the fires of inflation.

Chairman PROXMIRE. All right, now you have given a very helpful and quite optimistic notion of how inflation may be eased now because, as you say, raw material prices seem to be performing—

Mr. SHISKIN. That is, nonfood commodities.

Chairman PROXMIRE. Wholesale prices are not increasing quite as rapidly as they did. They are still increasing at a very rapid rate from a historical standpoint. How long would you expect it to be before we could expect a more moderate pace of inflation based on this performance?

Mr. SHISKIN. Our figures show we only have a few months of declining inflation in the wholesale prices of materials used in the early stages of processing.

Chairman PROXMIRE. You have got 6 months performance on the wholesale prices you cited, do you not?

Mr. SHISKIN. Pardon me?

Chairman PROXMIRE. Or did you say 2 months?

Mr. SHISKIN. It depends on the stage of processing. But industrial material prices are now, as a group, rising at only half the rate they were rising the previous 6 months or so. Crude material prices are not rising at all, after foods are taken out. I must emphasize nothing I have said about the abatement of inflation applies to foods.

Chairman PROXMIRE. Now is there anything in congressional policy, supposing we follow a more expansive policy, monetary policy and fiscal policy, is that likely to have an inflationary effect again on the price of raw commodities?

Mr. SHISKIN. I would hesitate to guess. It certainly depends on the magnitude of the effort, that is one important factor, and it also I think, depends on what happens to inflationary expectations.

You know the Government collects many surveys and others do as well on expectations, and my personal view on studying those is that the only one that is worth a great deal is the one on price expectations.

Chairman PROXMIRE. Do you expect that if we followed a more vigorous housing policy than we have, supposing we provided for Government assisted housing starts at the 600,000 level and adopted interest rate policies that would stimulate housing in the conventional area so that we have an additional million housing starts, do you think that would—

Mr. SHISKIN. I am not prepared to answer a specific question like that.

Chairman PROXMIRE. Let me ask you something else then.

Mr. SHISKIN. May I just cite a figure in this context? I am looking at the Dun & Bradstreet data on price expectations. In the latest quarter for which they took this survey—during the second half of October—88 percent of the manufacturing and trade representatives covered, reported that they expect prices to rise. This compares with a peak of about 92 percent two quarters ago. So there is some very slight decline in the percentage of those people who expect prices to rise. But still, as I just said, in the last survey taken, 88 percent of them expected prices to rise.

Now, I have some statistics here which go back to 1957 and there is no figure close to 88 percent. So you have a very strong inflationary psychology built into the country, Senator.

Chairman PROXMIRE. I know the traditional view has been the only way you break the psychology is to go through a terrible recession with 8 percent unemployment carried on for month after month.

Mr. SHISKIN. I did not say that.

Chairman PROXMIRE. I know you did not say that. That seems to be the view. If you do not move ahead now and provide the jobs I do not think there is necessarily an inflationary psychology that has that kind of bite with respect to prices. Maybe it does and maybe it does not.

My time is just about up.

Let me ask you about one other thing, maybe we can reduce this to more precise figures.

The Congress has passed the Labor-HEW fiscal 1975 appropriations bill which is awaiting the President's signature. This bill includes CETA—the Comprehensive Employment and Training Act of 1973—which provides money for a public service jobs program. One part, mostly title II, provides for 170,000 jobs at a cost of \$1.04 billion. This total includes about \$700 million worth of fiscal 1974 appropriations, but since these moneys were not signed by the President until mid-June, they will be expended in fiscal year 1975.

A second part of CETA provides for 380,000 man-years at a cost of about \$2 billion. Man-years, however, includes jobs and training and it is estimated that around 95 percent of those moneys will be used for training and support purposes rather than work experience. This is of necessity an estimate because the decision as to how the money is spent, either for training or for jobs, is left up to the localities.

Now, for the CETA public jobs programs, as I understand it, there is a 6.5 percent local trigger for 3 consecutive months.

The Congress passed CETA in December 1973 and the actual enactment and appropriations came some time later. So the programs have only been funded for a short while. We have sent to the President the bill which includes money for CETA in fiscal 1975, and as soon as he signs it into law these jobs and training programs can give some relief to our unemployment.

There is a third category, apart from CETA, that the President has proposed but which has not been enacted by the Congress. This is the National Employment Assistance Act—NEAA. This provides

under the proposed community improvement program, CIP, for \$500 million and an additional 83,000 jobs at 6 percent national and 6.5 percent local unemployment for 3 straight months.

I think it would be a good thing for us to get as much of this clarification as possible this morning on available or pending legislation on public service employment and I would like to come back to it later.

Senator Schweiker.

Senator SCHWEIKER. Thank you very much, Mr. Chairman.

Commissioner, as I read the tables that you supplied along with your press release, I see the hardest hit are the teenage unemployed, from the 16- to 19-year-old group, which has risen to 17.3 percent. Particularly in the black teenage category. That is horrendously high; 37.4 percent; and the veteran, the young veteran, in the 20- to 24-year-old category, 12.4 percent.

Is it fair to say that these groups are probably suffering the worst brunt of unemployment at this particular time?

Mr. SHISKIN. The worst, you mean, since—

Senator SCHWEIKER. The veteran—young veterans—the teenagers.

Mr. SHISKIN. Yes; I understand.

Senator SCHWEIKER. And black?

Mr. SHISKIN. You mean the worst run since we have had the data?

Senator SCHWEIKER. The highest unemployment rates are hitting these groups?

Mr. SHISKIN. At the present time, yes, sir.

Senator SCHWEIKER. While we are all suffering, they are suffering worse than some other groups just because the percentages are higher.

Mr. SHISKIN. Yes.

Senator SCHWEIKER. Is that what your tables show here today?

Mr. SHISKIN. On the other hand, in other areas where the unemployment rate is smaller, like household heads, the responsibilities may be greater. So that more people may be affected indirectly. The point I am making is simply that when a household head loses his earnings, that may have an impact on four or five people, his wife and three or four children, whereas most teenagers are not married.

Senator SCHWEIKER. I was talking about percentage as opposed to impact. I think you are discussing impact.

Mr. SHISKIN. Yes, sir.

Senator SCHWEIKER. For example, the 37.4 percent among black teenagers is an horrendously high figure. Granted it was high a year ago, it was 29 percent; but it is now 37.4 percent, which obviously means that your urban areas where your concentration of these people would be, would be horrendously hard hit. While it is true they may not be in families per se, because of their age, there certainly would be a concentration and blight in a certain area because of the segregated way in which a lot of them are living in city patterns.

And Vietnam veterans, the 20- to 24-year-old group, they were 7.2 percent a year ago and now they are 12.4 percent, so they have really gone up out of proportion to the rest of the country.

I am just trying to pick out where some of our sore spots are.

A couple of questions I have.

Do you have any index that you can look at, gage by, or estimate, and I realize it is more of a sensing thing than probably an exact



measuring index, as to where the ripple effect is? Obviously there is a ripple effect in automobiles, but I am sure there are some other ripple effects in other industries. When you say 75 percent of our industries have declined from a month ago, that has to have tremendous ripple effects with suppliers and contractors.

Do you have any index at all or any insight you can give us as to what this ripple effect might do to the next month or two. In other words, is there any index you can look at and say that the ripple effect will have a negative effect on these things in the future or maybe have some index that gives you a pattern of what a ripple effect means in this kind of deteriorating situation?

Mr. SHISKIN. Well, in general, I can. One such measure is the diffusion index I was talking about. This is a complicated word for a simple idea. The diffusion index shows how widespread a change is, that is all it is. In fact, you look at a diffusion index every time you study the stock market page. For example, in the New York Times they always show how many stocks went up and how many stocks went down. If you calculated each as a percentage of the total, it would be a diffusion index. A diffusion index seems to be a good leader of aggregate activity, so that the diffusion index of employment in 172 industries is a good leader of what is going to happen to total employment. It now suggests that total employment is going to get worse.

May I take this opportunity to clarify a statement I made about the diffusion index a few minutes ago and let me just get that sheet. Let me make that statement again.

Our diffusion index for November, calculated on a month-to-month basis, is about 25. That means that 75 percent of the industries declined between October and November.

Senator SCHWEIKER. You said a year ago?

Mr. SHISKIN. Yes; but I am correcting that.

Senator SCHWEIKER. That is what I was getting at. Because your statement has declined from 41 to 24.4 in just 1 month, so you are saying that in the last month, this is the very point I am trying to make, a month ago we had 41 percent of the industries that were gaining in employment, and the converse of that, 59 percent that were declining.

Mr. SHISKIN. Twenty-five percent were rising and 75 percent were declining between October and November.

Senator SCHWEIKER. I am comparing that to a month ago where, as I understand it, 41 percent just a month ago were increasing and 59 percent were declining.

Mr. SHISKIN. Right.

Senator SCHWEIKER. So within 1 month's time we have gone from a situation where 59 percent of our industries were losing employment to 75 percent of our industries are losing employment.

Mr. SHISKIN. Right.

Senator SCHWEIKER. That, to me, is a horrendous alarm.

Mr. SHISKIN. I did not make a correct statement before, I got mixed up. What I wanted to say, and let me go back to my 75 percent, that a year ago, November 1973, 75 percent of the industries had rising employment and only 25 percent had declines. So we have had a complete flip-flop since a year ago.

In the last month we have had 25 percent of the industries rising and 75 percent declining. A year ago it was the very reverse, 75 percent rising and only 25 percent declining.

Senator SCHWEIKER. So within a year the situation has literally, in mirror image, reversed itself and within the last month we have gone from 59 percent that were losing employment to 75 percent? Is that one of the biggest drops since you set the diffusion index up?

Mr. SHISKIN. This is a new index and I am not prepared to answer that question exactly, but it surely is not one of the smallest.

Senator SCHWEIKER. How long have you had the index?

Mr. SHISKIN. We compiled this index after Senator Proxmire began to ask us his very sharp questions about the impact of the energy crisis on the economy. This was one way of getting at it. We took this 172-industry breakdown we had and we compiled this index. I think this is the first month that it is to be published in "Employment and Earnings," and we are planning to add it to this early release in the near future. Up to now we have been citing the figures, but we had not been able to publish this table.

Senator SCHWEIKER. Well, is it any trouble to get a monthly breakdown for this past 12 months or not?

Mr. SHISKIN. What do you mean by monthly breakdown?

Senator SCHWEIKER. Well, you gave us a monthly figure for October; 41, you have given us a monthly figure for this month of 24. Do you have a monthly breakdown?

Mr. SHISKIN. Senator, I seem to have the only copy of this—

Senator SCHWEIKER. Maybe if you will supply it.

Mr. SHISKIN. Mr. Early, why don't you show this to the Senator.

We do have another one.

Senator SCHWEIKER. Do you have a monthly breakdown there? Because I think that will pretty well tell us what we might expect.

Mr. SHISKIN. Well, I am not sure, each release includes a copy of this table. We have been going to publish this index this month. I have it in with the other tables. I have my set, and we will be publishing them very shortly.

Now, if you look at the table Mr. Early gave you, you will see these indexes. Now, previously we had been using a 30-industry breakdown, which is relatively crude. We now have a much finer breakdown, and I wonder if the first column does not answer your question?

Senator SCHWEIKER. It does. And the answer is that this is the lowest index in terms of the percentage of industries that have gained employment since you have been keeping the index starting in January 1972.

Mr. SHISKIN. Yes, sir.

Senator SCHWEIKER. And it is substantially below any figure on this table, which is what I was getting at.

Mr. SHISKIN. Yes.

Senator SCHWEIKER. Substantially below any figure.

Mr. SHISKIN. However, the index reached 19.2 percent in the 1969-70 recession. We did not have the 172-industry index earlier, we could not compile it all the way back, but we had a similar index for 30 industries and that reached 20 percent in the 1960-61 recession. At one point in the 1948-49 recession, the index based on 30-industry breaks was only 10 percent; that is, only 10 percent of the industries had rising employment at one point during the 1948-49 recession. This is the worst record we have had in quite a while, but it is not the worst record of all.

Senator SCHWEIKER. It is the worst record you have on the front in front of us.

Mr. SHISKIN. Yes; for that period.

Senator SCHWEIKER. And the other bad month in the whole past year which we have had is September, when it was 38 percent, which was your lowest month-to-date in your 2½ year recordkeeping, and now it has gone from 38 to 24, so it would look pretty bleak.

Mr. SHISKIN. Senator, I would summarize my view of this report by saying I do not see anything to cheer about at all.

Senator SCHWEIKER. The other question I had before I complete my first series here is the coal strike.

How much again, this is hard to estimate, but how much negative news is in your index here because of what has happened or not happened in terms of the coal strike?

Mr. SHISKIN. Very little. Now, the reason is that the coal strike started on the 12th of November. Now, this week, the survey week, was the week beginning the 10th.

The coal strike started on a Tuesday, and that was the Tuesday of the survey week. So there was 1 workday in the coal industry during the survey week.

Now the way these data are reckoned, anyone who is on the payroll at any time during the survey week is counted as employed. It so happened that Monday was a holiday, so the coal miners were counted as on the payroll. Therefore, the coal strike did not affect non-agricultural employment figures at all, during the survey week. Furthermore, workers who are on strike are not counted as unemployed, so the striking coal miners did not affect the unemployment figures either.

My answer to your question is that the data we put out today does not show any effects of the coal strike other than those someone may have anticipated. When we come out next month, however, the effects of the coal strike will be evident. In this context I want to wait for just a moment, I want to make a point I am sure Senator Proxmire would want to know about. I was saying that the coal strike, the effects of the coal strike do not appear in this month's data. They will, however, show up in next months' data.

Let me take this opportunity to point out that the next survey week for unemployment will be the first week of the month in December rather than the second week. That has been a practice that the Census Bureau introduced many years ago because they wanted to have time to process these data before Christmas. Also there is a problem of finding people at home during the shopping period before the Christmas holidays. So the Census Bureau moved up the survey week in December. That means that we will have had a period from the week including the 12th of November until the first week in December, that will be covered in the next survey. So there you will see such effects as the coal strike may have had.

Senator SCHWEIKER. My time is up.

Chairman PROXMIRE. So both the coal strike and some of the most substantial auto layoffs are not reflected in these figures, but could be expected to be reflected in the December figures that will come out in January?

Mr. SHISKIN. That is well stated.

Chairman PROXMIRE. Now, let me get back to something we have asked you consistently. You have been one of the last holdouts.

Are we in a recession?

Mr. SHISKIN. Senator, you prodded me into writing an article that was published in the New York Times last Sunday. I sent you a copy by special messenger on Wednesday. I have it here before me. I discuss this very subject you are asking me about.

With respect to your question, the point I have made is that there has never been a quantitative definition of a recession by the National Bureau of Economic Research. What the National Bureau has said is that a recession is an extended, substantial, and widespread decline in aggregate economic activity.

I have tried in this article to convert these qualitative statements into quantitative statements and I have prepared a table which I have showed you at earlier hearings.

Chairman PROXMIRE. We like the table and statistics but what we want is a yes or no, recession or no recession.

Mr. SHISKIN. I would be doing you an injustice and the audience an injustice if I gave you a yes or no answer to that question, and here is the reason.

The reason is that the National Bureau has one definition of a recession, but others have different definitions, and I make these points in this article. There is another widespread definition of recession, which is two quarters of decline in real GNP. We have had three quarters.

Chairman PROXMIRE. Two quarters.

Mr. SHISKIN. Yes; and we have had three quarters of decline. So anybody who follows that definition of a recession is going to say we are in a recession.

Chairman PROXMIRE. When you appeared before us before you had one major objection to the notion this may be a recession; that is, we had a stable consistent rising employment. That no longer is true. We have had a drop of 800,000 jobs in the last month. I realize a month is a very short time but, nevertheless, you have all of these other statistics, heavily increased unemployment, many other factors, including especially the drop in production.

Under those circumstances would you not agree now that we are in a recession?

Mr. SHISKIN. I would say under the National Bureau rules, as I have quantified them, they would not yet say we are in a recession.

Chairman PROXMIRE. I did not ask you about the National Bureau.

Mr. SHISKIN. Let me add this statement. In this article again I pointed out what the public considers as a recession is a period of economic distress. We are certainly having a period of economic distress and that is why everyone is saying we are in a recession.

Now, I do not think that whether you followed the National Bureau definition or you follow the two-quarter decline in GNP recession is very important. The fact is we are having a period of serious economic distress.

Chairman PROXMIRE. Well, all right—

Mr. SHISKIN. I would like to add one point to that for the record. You know, many of the people who follow the National Bureau defini-

tion are forecasting that eventually the National Bureau will say we are in a recession. That looks like—

Chairman PROXMIRE. They will probably do that about the time we are in a period of prosperity.

Mr. SHISKIN. That is right.

Chairman PROXMIRE. So it is a historical outfit, it takes a number of years before they get a perspective on these things. Like they say a man has to be dead 25 years before you can assess whether he was a good President or statesman or not.

Mr. SHISKIN. I would be willing to make this statement freely. That I think that the people who are forecasting that the National Bureau will eventually say we are in a recession are making a pretty good forecast. [Laughter.]

Chairman PROXMIRE. Let us go back to what we are doing about it.

One of the principal programs the President has offered as far as reducing unemployment, is this program of public service jobs under the NEAA. But in order to qualify for those jobs you have to be an experienced worker, not a teenager looking for work for the first time, and not a woman entering the work force, unless she has had a job. You have to be an experienced worker and you have to have exhausted all of your benefits, including the 13 weeks special unemployment compensation which is also proposed under NEAA. Of course, the typical unemployment compensation runs 26 weeks. Then there is an additional 13 weeks in many cases—the extended unemployment compensation—and the Congress will probably add an additional 13 weeks to that, making up to a full year of insurance protection for an experienced worker who is unemployed. But we should remember that very few workers get into those straits. The President's bill would be available to only a limited number of those 6 million people who are now out of work, right?

Mr. SHISKIN. Yes.

Chairman PROXMIRE. Proposed by the President is a program for \$500 million at 6 percent trigger at the national level, 6.5 percent trigger at the local level for 83,000 jobs; then an additional \$750 million for another 125,000 jobs when the national unemployment reaches 6.5 percent for 3 consecutive months.

So all in all, everything that has been proposed, as well as everything that has been passed is yet to be signed, the total CETA and the NEAA program, would provide for about 275,000 jobs; in most cases only for experienced workers, and only for those who have exhausted their benefits. In aggregate it would be fewer jobs than have disappeared in the last month, as the labor force has contracted. I think that puts the program into better perspective.

I am not asking you to comment on its adequacy, it obviously takes substantially more effort on the part of the Congress one way or the other to stimulate the economy.

Now, let me ask you, is there anything about the dating of your surveys which might tend to affect the number for November, such as Veterans Day and so forth?

Mr. SHISKIN. Well, I have not heard of anything.

Chairman PROXMIRE. I have heard the count of employment may tend to be higher than reality because this is a paid holiday when people do not work.

Mr. SHISKIN. Mr. Wetzel, do you have any comment on that?

Mr. WETZEL. We do not have any reason to believe that particular phenomena occurs. In the payroll survey, so long as they work a single day of the week, they would have to be classified as employed. In the household survey, if they are on paid or unpaid leave from a job they would also be classified as employed. Conceivably holidays might effect hours of work on some occasions but we do not believe that the November figures were so affected.

Chairman PROXMIRE. Then the fact that there was a holiday during the week in which the survey was made, does not affect it?

Mr. SHISKIN. I guess our view is that it does not affect it significantly.

Chairman PROXMIRE. Now, you have different ways of seasonally adjusting the unemployment data in addition to the usual approach called the additive method. What does this show?

Mr. SHISKIN. I have a table which makes nine different seasonal adjustments, Senator, and they vary. Rates for November come out between 6.4 and 6.6 percent, depending on the method you use. The specific answer to your question, the additive method yielded 6.4 percent. On the other hand, if you seasonably adjusted by reason of unemployment it comes out to 6.6 percent. It would appear to me the 6.5—

Chairman PROXMIRE. One is 6.4 percent and the other is 6.6 percent. What is the difference?

Mr. SHISKIN. Different method of seasonal adjustment. We have unemployment data by reason of unemployment and when we seasonably adjust all of those components and add up the seasonably adjusted components to the total and calculate the rate we get 6.6 percent. If you seasonably adjust all of the rates by occupation and add them up and calculate the rates you get 6.5 percent. These are all what statisticians call multiplitive methods; they all assume that rises in employment are relative to the level of the series. If you do not assume that, if you assume the change of unemployment tends to move at a fixed amount, regardless of level, you make an additive adjustment. Additive seasonal adjustments for economic time series are frowned on by statisticians.

However, we like to look at all of these different adjustments. We have an internal table which Mr. Wetzel just handed me and I also saw it last night. That shows 6.4 percent for the additive method.

Chairman PROXMIRE. I understand that police officials all over the country are warning us there will be a significant increase in crime as unemployment rises. That has been their experience in the past. Is that your experience, do you have any knowledge of that, have you made any study of that?

Mr. SHISKIN. No.

Chairman PROXMIRE. Any evidence of it?

Mr. SHISKIN. No, sir.

Chairman PROXMIRE. It seems logical if the people are not employed they are likely to be desperate to get what they need and they are idle.

Mr. SHISKIN. I have heard that, too, by the way.

Chairman PROXMIRE. No estimate as to the cost of this unemployment induced crime?

Mr. SHISKIN. I do not know.

Mr. WETZEL. No.

Chairman PROXMIRE. I know in your statistics one of the most—I guess the biggest increase by far in considering the numbers—is the number of adult women who are out of work. That has gone from 5.6 to 6.6 percent, a very sharp increase; of course, it includes whites and blacks.

What is the reason for that very large increase in the past months? Incidentally, that would argue for your dispersion argument because very few women relatively are employed in the automobile industry or the housing construction.

Mr. SHISKIN. Before I let Jim answer that particular question, I would like to say that I was studying the employment figures last night and I was surprised to see that the only area where employment rose was for clerical workers. We looked at all occupations. There was only one for which employment rose, and that was for clerical workers.

Chairman PROXMIRE. Where employment rose? Yet, you have the unemployment increasing so sharply.

Mr. SHISKIN. I know.

Chairman PROXMIRE. There is where they would be heavily represented.

Mr. SHISKIN. It is an interesting commentary that in a period like this the number of clerical workers rose.

Chairman PROXMIRE. Is this because of the discrimination because women have less seniority and are more likely to be laid off? Do you have an explanation?

Mr. WETZEL. Senator, of course, there are probably some statistical factors there. Let me throw out a speculative thought.

In the fall of the year one expects a substantial pickup in activities associated with the Christmas retail trade and Christmas activities. This November that pickup may not have been as large as usual and some women who traditionally enter the labor force, who work part-time, perhaps full-time, only for a short span, may not have found jobs.

With respect to the layoffs in stores we know there is no sign that women were particularly subject to layoff in the October–November period.

Chairman PROXMIRE. Is there evidence of that or is that a guess?

Mr. WETZEL. The seasonally adjusted figures for persons who lost their last jobs are not subdivided by sex but we did a rough estimate based on previous experience and the October–November pattern for men and women did not change.

Chairman PROXMIRE. The only other figure that is almost as high percentagewise, is, of course, the unemployment among Negro teenagers. Senator Schweiker has already referred to that. That is 34.5 and 37.4 percent. That sample is a great deal smaller than for women. Is that statistically significant?

Mr. SHISKIN. Yes; it is. Nearly all of the October–November changes are statistically significant. There is no question about the fact that they are significant, when you think of it in statistical terms, the rise in unemployment; it is very widespread.

Chairman PROXMIRE. Could you give us your latest information on unemployment conditions in Europe? You said that you were going to try to bring this up.

Mr. SHISKIN. We have prepared something for the record for you, Senator Proxmire. I am not up on that, but I would be glad if you would ask Jerry Mark, if he is in the room, to come up.

Chairman PROXMIRE. Yes; I think he is here.

Mr. SHISKIN. Perhaps he can join us.

Chairman PROXMIRE. We wanted to make this as comparable as we could so we would know how we are doing as compared with other countries.

Mr. SHISKIN. While he is coming up let me say parenthetically that I hope in your questioning you will not completely overlook our error in the CPI. As I said, while it will not affect the thinking of students of inflation at all, there may be problems for the people whose incomes are escalated by the CPI. Some companies will have paid more than they should have under the new figures, and some workers will have gotten more. And now the workers will be getting less and there will be some problems. I just want to be sure we all know it is in the record today. We have made an error. We will correct it, and we recognize that this will cause people some difficulties.

Chairman PROXMIRE. Before we get into that I do have one other question I would like to ask along this line.

You made a very strong and effective statement about how we had to be very careful about the stimulating inflationary expectation. How can we have a demand inflation when we have this very broad dispersion? I think that is another argument I had not seen before. This is the first time this morning I have seen it. When you have a drop in employment so thoroughly scattered throughout the industry, 75 percent of industries suffered a drop in the last month, does this not indicate that you do not have the kind of overall excessive demand that would want a tight monetary policy or a restraining fiscal policy?

Mr. SHISKIN. I do not want to comment on policy. By and large, it is clear that we are not having a demand-inspired inflation, but inflationary expectations have been built into the economy. Again, if I may refer to my article in the New York Times, and let me say again, the article is a summary of what I have been saying at these hearings for months. As recessions have become milder, prices not only stopped declining, but began to rise during recessions. We have a very strong built-in inflationary psychology. I read you these figures a month or so ago and if you will allow me I will read them quickly again.

In the 1948-49 recession, employment declined 5.2 percent and the CPI declined.

Chairman PROXMIRE. All these figures do is reenforce my argument it is no cure for inflation to have a recession. That does not solve your problems, it aggravates them. You say prices went up during the recession?

Mr. SHISKIN. They used to go down during a recession.

Chairman PROXMIRE. Now they go up?

Mr. SHISKIN. Yes, they are going up at the present time. In the 1969-70 recession, the CPI rose 5.6 percent and prices certainly have been rising very rapidly in recent months.

Chairman PROXMIRE. Go ahead, this is most pertinent because I think we have been concerned about unemployment in this country as being generally much higher than Europe, not in all cases, but in many countries, and we wanted them on a comparable basis.



Mr. MARK. If you recall at the last hearing you asked us for copies of it and we did update the figures. We revised the 1973 figures and we extended the monthly data to the latest period that we have. I do not recall them off hand and I do not have them with me to refer to, but I will provide them for the record.

[The following tables were subsequently supplied for the record.]

TABLE 1.—UNEMPLOYMENT RATES IN 7 COUNTRIES, ADJUSTED TO UNITED STATES CONCEPTS, SEASONALLY ADJUSTED, 1973-74

Year and quarter	United States	Canada	France	Germany	Great Britain	Italy	Japan
1973 average.....	4.9	5.6	3.1	1.0	4.1	3.8	1.3
I.....	5.0	5.9	3.0	.8	4.6	3.8	1.3
II.....	4.9	5.4	3.0	.9	4.3	4.7	1.4
III.....	4.7	5.5	3.2	1.1	4.1	3.5	1.2
IV.....	4.7	5.5	3.3	1.3	3.4	3.4	1.2
1974:							
I.....	5.2	5.5	3.5	1.5	3.8	3.0	1.3
II.....	5.1	5.2	3.5	2.0	4.0	3.1	1.2
III.....	5.5	5.4	3.7	2.5	4.4	3.2	NA

Note: Since factors used to adjust levels of other countries to those of the United States are available only on an annual basis, BLS calculated the quarterly figures for the European countries and Japan by applying 1973 annual average adjustment factors. The quarterly unemployment rates for these countries should, therefore, be viewed as only approximate indicators of unemployment under U.S. concepts. Canadian data require no adjustment to U.S. concepts.

Source: U.S. Department of Labor, Bureau of Labor Statistics, December 1974.

TABLE 2.—SEASONALLY ADJUSTED UNEMPLOYMENT RATES, AS PUBLISHED IN SELECTED INDUSTRIAL COUNTRIES, 1971-74

[In percent]

Year and date	United States	Australia	Canada	France	Germany	Great Britain <sup>1</sup>	Italy	Japan	Sweden
1971.....	5.9	1.6	6.4	2.2	0.8	3.3	3.2	1.2	2.
1972.....	5.6	2.2	6.3	2.4	1.1	3.7	3.7	1.4	2.
1973.....	4.9	1.9	5.6	2.4	1.2	2.6	3.5	1.3	2.
1973:									
January.....	5.0		6.2	2.3	1.0	3.1	3.4	1.3	2.6
February.....	5.1	2.2	5.9	2.3	1.0	2.9		1.2	2.7
March.....	5.0		5.5	2.3	1.1	2.8		1.2	2.5
April.....	5.0		5.4	2.4	1.1	2.7	4.3	1.3	2.5
May.....	5.0	1.8	5.2	2.4	1.2	2.7		1.4	2.4
June.....	4.8		5.3	2.4	1.2	2.6		1.4	2.4
July.....	4.7		5.2	2.5	1.3	2.5		1.3	2.5
August.....	4.8	1.6	5.5	2.5	1.3	2.5	3.2	1.2	2.5
September.....	4.8		6.0	2.5	1.4	2.4		1.2	2.4
October.....	4.6		5.8	2.5	1.5	2.3	3.1	1.1	2.3
November.....	4.7	1.7	5.8	2.6	1.6	2.1		1.1	2.4
December.....	4.8		5.6	2.6	1.8	2.1		1.2	2.3
1974:									
January.....	5.2		5.5	2.7	1.6	2.4	2.8	1.2	2.3
February.....	5.2	1.7	5.5	2.7	1.8	2.4		1.4	2.2
March.....	5.1		5.4	2.7	2.1	2.4		1.4	2.1
April.....	5.0		5.3	2.7	2.4	2.4		1.2	2.0
May.....	5.2	1.7	5.5	2.7	2.5	2.4	2.8	1.2	1.8
June.....	5.2		4.9	2.8	2.7	2.5		1.3	2.4
July.....	5.3		5.1	2.8	2.9	2.6		1.3	2.2
August.....	5.4		5.3	2.9	3.1	2.7	3.0	1.2	2.0
September.....	5.8		5.8	3.1	3.4	2.7			1.9
October.....	6.0		5.4	3.4	3.7	2.7			
November.....	6.5				3.8				

<sup>1</sup> Figures exclude school leavers and adult students. Unemployment rates including such persons were 3.4 in 1971, 3.8 in 1972, and 2.7 in 1973.

Note: For the United States, Australia, and Canada, labor force survey unemployed as a percent of the civilian labor force; for France, registered unemployed as a percent of the civilian labor force; for Germany and Great Britain, registered unemployed as a percent of employed wage and salary workers plus the unemployed; for Italy, Japan, and Sweden, labor force survey unemployed as a percent of the labor force including career military personnel. Prepared by: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, Dec. 9, 1974.

Chairman PROXMIRE. Bring them next month but in the meanwhile, can you tell us off the top of your head have you looked at the figures?

Mr. MARK. I have not looked at them recently.

Chairman PROXMIRE. Have they gone up or down or are they comparable, are they suffering the same kind of recession problem and to what extent?

Mr. MARK. I cannot recall specifically. I do recall with the exception of Germany the rates in the other countries have been rising substantially with the United States. Italy and the United Kingdom and France did have a rise but I cannot be certain.

Chairman PROXMIRE. Can you tell us roughly what the unemployment level is in the United Kingdom?

Mr. MARK. No, I cannot.

Chairman PROXMIRE. Or France?

Mr. MARK. No.

Chairman PROXMIRE. Around 1 percent in Germany?

Mr. MARK. I believe it is 1.2 percent, if I am not mistaken.

Chairman PROXMIRE. How about Japan?

Mr. MARK. About 2 percent.

Chairman PROXMIRE. What can you tell us?

Mr. MARK. Not very much.

Chairman PROXMIRE. Well, I understood, Mr. Shiskin, we would have this data at this meeting.

Mr. SHISKIN. We put them in the record.

Mr. MARK. We did provide them to the committee staff.

Mr. SHISKIN. In defense of myself—

Chairman PROXMIRE. Updating is what we wanted.

Mr. SHISKIN. We will do that next time and we will have them in front of us next time.

As I pointed out many times, we have a very short period between the time we get these figures and the time we appear here. I saw most of the figures for the first time about 24 hours ago. Getting all this material ready—

Chairman PROXMIRE. You answered to Senator Schweiker about the effect of the coal strike on these figures. You pointed out that the coal strike began on November 12.

Mr. SHISKIN. Yes.

Chairman PROXMIRE. At any rate, the impact of the coal strike would not be reflected in these figures?

Mr. SHISKIN. No.

Chairman PROXMIRE. What will be the direct impact of the coal settlement on Wholesale Price Index? Can you give us any estimate on that?

Mr. SHISKIN. We have not calculated that yet.

Chairman PROXMIRE. Are you working on it?

Mr. LAYNG. We will try to estimate it.

Chairman PROXMIRE. Can you give us an idea on the basis of what you will estimate? This is very important for me. We have all kinds of reports. I know that the people interviewed on television this morning who represent the coal companies said they could not say it was an inflationary settlement, but it would have an effect on the economy. This is likely to increase coal prices? They said \$1½ a ton. What would that mean in percentage of the Wholesale Price Index?

Mr. LAYNG. We use spot prices in the Wholesale Price Index, and it would be the effect on it that would be the basis for our estimate. I do not know if the \$1.50 refers to the spot price or the contract price.

Chairman PROXMIRE. On the basis of past experience, can you give us any ball-park notion of what effect this could have on the price of coal and, therefore, the price of electricity and the overall wholesale price?

Mr. LAYNG. Indirect effects are very difficult. We could try to calculate it and submit it for the record.

Chairman PROXMIRE. Let me throw out a couple of figures and see if they are in the ball park. Is it possible that the direct and indirect effects of the coal settlement could have an effect as much as 1 percent in the Wholesale Price Index?

Mr. LAYNG. I just do not know. About the only way I would know to estimate it would be to work it through the input-output table. I might add that you have to define what you mean by indirect. If you mean the indirect effect on utility industries, that is one thing. If you mean the effect on all industries, that is quite another.

Chairman PROXMIRE. I want to get it step by step: No. 1, the effect on the price of coal; No. 2, effect on utility industries; and No. 3, the effect on all industries. Are you going to give us all those figures?

Mr. LAYNG. The only vehicle I know of to do that now is through an input-output table, and I think the Commerce Department and our economic growth people would probably be the ones to look at that.

Chairman PROXMIRE. When will that be available?

Mr. SHISKIN. I do not know. But let me look into it and I will try to tell you more about it next month.

Chairman PROXMIRE. I would like very much to have that. I think that is one of the few specific definite estimates we can get that would be useful to us.

Senator SCHWEIKER. I do not have any questions.

Senator PROXMIRE. Just one other question, it is a technical question, any maybe you can help us with it. In the Wall Street Journal of December 4, Mr. Moore raises some question about movement of real earnings adjusted for inflation. He implies the official figures understate the increase. What is your assessment?

Mr. SHISKIN. Senator—

Chairman PROXMIRE. His argument has to do with average of full- and part-time workers tend to increase during inflation.

Mr. SHISKIN. Senator Proxmire, I am quite familiar with the problem. In fact, months ago I pointed out some limitations of our real spendable earnings series at a hearing of this subcommittee. I think the series does have very serious limitations, and at that time you asked me whether we were going to discontinue the series. I said we were going to try to improve it, and that is what we are trying to do.

The reason Mr. Moore's article appeared in the Wall Street Journal at this time is that we have just issued new data which are based on the household survey. We can get at things through the Census household survey which we cannot get through the BLS establishment survey, the present source of the real spendable earnings series. Let me explain this very important matter in some detail.

In the establishment survey, we get payroll data. All a payroll has on it is a list of names, their earnings, and hours worked. We derive

very valuable information from that. We get data, as you know, on number employed, on hours worked, and on earnings.

Now, over the years, people covered by those reports change a lot, the mix changes a lot. Years ago, let us say in 1964, there was a certain number of part-time workers, a certain number of women, a certain number of household heads. However, we do not know how many there were of each of those categories from the payroll data. Nevertheless, despite that, years ago somebody took this series on average earnings, which is all right, a series of average earnings is OK. It has a changing mix every month, but still provides useful information. It is like the unemployment figures, which also include a changing mix every month. But what somebody did years ago, I guess it was 1964, is to say, let us move the spendable earnings of a household head with three dependents by that series. The reason they did that is they wanted to get at the spendable earnings. To find out what is spendable, in order to deduct taxes, you have to identify a particular type of person like a household head with three dependents. Somebody at BLS married this average earnings series to this household-head concept. I think that was a mistake.

A few weeks ago we published data from the CPS, that is, from the household survey, which does show spendable earnings information on household heads, on part-time workers, men, women, and so on. And it was this new information that was used in the article in the Wall Street Journal. We have been doing some more work on this. As I said to you months and months ago, we are trying to find a way to improve this series. Would you mind once again, Jim, providing these tables to Senator Schweiker and to the chairman?

These are annual data, whereas our real spendable earnings series is a monthly series. The bottom line of the table shows spendable earnings for a household head with three dependents. It is the series that is referred to as our real spendable earnings series, which I consider to have been created by a very unwise marriage of two different concepts.

On the basis of the household survey, we now can get data showing spendable earnings for all household heads. All of these data, by the way, have been deflated, so they are real earnings after taxes.

So, if you look at all household heads from the CPS survey and compare it with the published spendable earnings series, you do not see a very great amount of difference. That is, the annual percentage change for all household heads from 1963 to 1973 based on the two series seems to be about the same.

However, if you look at husbands in four-person families, heads of households in four-person families based on the CPS survey, you see that the percentage increase was 2.2 percent. That is a very great difference, Senator Proxmire. For example, if you look at the figures I have charted here, it is still a fact that real earnings have declined in the last year.

Chairman PROXMIRE. What is that, in the last year?

Mr. SHISKIN. Yes, sir. But the problem with the real spendable earnings series is that people interpret it to mean that there has been very little increase in real spendable earnings of household heads with three dependents since the middle sixties.

The data we have tabulated from CPS shows that our data based on the establishment survey greatly underestimate the amount of real earnings by household heads of four-person families.

Chairman PROXMIRE. Almost twice as great an increase?

Mr. SHISKIN. Yes. So the decline, if you look at the bottom series, the one that is spendable earnings—the one published monthly—indicates that practically the whole gain of the past-decade was lost in recent years. If you look at the top series, you can see that that just is not true. In fact, what has been happening is that rather than being worse off, these families are better off. One reason they are better off is that these households include secondary workers.

Chairman PROXMIRE. They are not better off than they were a year ago on any basis.

Mr. SHISKIN. Senator, under the present situation, that is right. I am trying to point out, that there is a serious problem in using this series. We do not know quite how to handle it. Somebody made a mistake many years ago; perhaps only in the presentation years ago; we need to improve the series. I am not prepared to say this morning how we will do it. If we use the series in a very simple way, the average, of all workers, it is OK, but if you attribute that pattern to a husband or a household head in a four-person family it greatly underestimates the growth in real income from 1963 to 1973.

Chairman PROXMIRE. I do have one other thing. When you discussed dispersions, which I think was one of the most important contributions made this morning, I did not get a clear impression of how many jobs were involved. You said 75 percent of the industries suffered a loss in jobs. Would that be 75 percent of the employment affected that way?

Mr. SHISKIN. No; industry.

Chairman PROXMIRE. See what I am talking about, you have 75 percent of the jobs affected, taking an extreme case, and you only affect about 10 percent of the jobs, 90 percent of the jobs being in the industry that had much heavier employment, so, perhaps they went up.

Mr. SHISKIN. We know from the aggregate series, our standard series, that employment in the very industries declined by 400,000 jobs.

Chairman PROXMIRE. About 1 percent. You cannot tell us what percentage of jobs were affected, what percentage of industries that had heavy employment suffered a drop, what percentage did not?

Mr. SHISKIN. No.

Chairman PROXMIRE. There are two figures that were not, two areas that were not unfortunately, documented this morning, I hope we can. One is the update on the European unemployment figures, we would like to get that, comparisons, then the second is the coal settlement effect. We certainly want to get that.

Mr. SHISKIN. We will put that in the record as soon as we can.

Chairman PROXMIRE. Thank you very much, Mr. Shiskin.

The subcommittee will stand adjourned.

[Whereupon, at 12:30 p.m., the subcommittee adjourned, subject to the call of the Chair.]

# EMPLOYMENT-UNEMPLOYMENT

FRIDAY, JANUARY 3, 1975

CONGRESS OF THE UNITED STATES,  
SUBCOMMITTEE ON PRIORITIES AND  
ECONOMY IN GOVERNMENT OF THE  
JOINT ECONOMIC COMMITTEE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 11:05 a.m., in room 318, Russell Senate Office Building, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senators Proxmire, Sparkman, and Schweiker.

Also present: Courtenay M. Slater, senior economist; Lucy A. Falcone and Robert D. Hamrin, professional staff members; Walter B. Laessig, minority counsel; George D. Krumbhaar, Jr., minority counsel; and Michael J. Runde, administrative assistant.

## OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The subcommittee will come to order.

Greetings, Mr. Shiskin. You brought us bad news last month but this month is even worse. The December unemployment of 7.1 percent represents, as I understand it, the biggest 2-month increase in unemployment in 16 years.

Bad as it is, it does not reflect some of the most severe December layoffs. Further layoffs already announced for January will surely make the situation much worse in January.

I don't expect you to comment on this, but I feel strongly that Congress should act now to reduce taxes by \$10 billion. The administration should release funds already appropriated for Government assisted housing, for water and sewer projects and for public service jobs today. It is even more important that the Federal Reserve Board relax credit in a big way right now so that State and local government, business, farm and especially housing can have the funds available at reasonable interest rates to begin recovery in the most depressed sectors of the economy.

Now, as I go over your press release,<sup>1</sup> this represents an appalling increase in unemployment; as you say, a decrease in jobs available of 1.4 million in 2 months; is that correct?

Mr. SHISKIN. That is correct.

Chairman PROXMIRE. And the analysis of the figures shows that these are not teenagers or women who are looking for an extra job,

<sup>1</sup> See press release, beginning on p. 529.

that the loss of jobs among adult men and among heads of households has increased very sharply, even more sharply than the rest, household heads moving up from 3.9 percent to 4.5 percent; and with adult men unemployed rising from 4.6 to 5.1 percent. We have a situation in manufacturing where unemployment is 8.6 percent, in construction 15 percent; among young veterans it is 15.3 percent. When combined with unemployment on a man-hour basis, that is, the part-time people for economic reasons, people who can't get a job because all they can get is part-time employment, goes to 7.8 percent.

It is a very discouraging picture indeed.

I have a number of questions for you but I will yield to Senator Schweiker, then we will be happy to hear your statement.

Senator SCHWEIKER. Thank you, Mr. Chairman.

I, too, am deeply distressed by the horrendous increase in unemployment. I think that your diffusion index that you gave us just this past month, showing that about three-quarters of the industries were losing employment, was a very clear signal of what you are telling us today, and I do want to compliment you on that index because I think last month you rightly predicted and we foresaw that we were in for a rougher time and worse figures. I think this index in itself tells us that things are bad and probably are going to get worse and we look forward from you to getting those other figures on the diffusion index for this coming month.

That is all I have to say.

Chairman PROXMIRE. Please go right ahead, Mr. Shiskin.

**STATEMENT OF HON. JULIUS SHISKIN, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY JOHN BREGGER, CHIEF, DIVISION OF EMPLOYMENT AND UNEMPLOYMENT ANALYSIS; W. JOHN LAYNG, ASSISTANT COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS; AND JEROME A. MARK, ASSISTANT COMMISSIONER, OFFICE OF PRODUCTIVITY AND TECHNOLOGY**

Mr. SHISKIN. Thank you, Mr. Chairman.

Before reading my statement I would like to note that this month John Bregger is accompanying me because Jim Wetzel is out of the city. John Layng and Jerry Mark are behind me and will be prepared to answer questions on prices and productivity should they arise.

I do have a statement and I shall read it in the next few minutes.

I thought it would be useful to supplement our press release<sup>1</sup> with a brief comparison of trends in employment and unemployment in the first and second 6 months of 1974. The rapid and widespread rise in unemployment, which has been taking place in recent months, continued unabated during the first week of December, the survey week. Since last June, 1.9 percentage points were added to the unemployment rate and about 1.8 million persons to the unemployment rolls. This was much greater than the rise during the previous 6 months' when 0.4 of a percentage point was added to the unemployment rate, and about 400,000 persons were added to the number of unemployed.

<sup>1</sup> See press release, beginning on p. 529.

The rise in unemployment during the past months has affected all worker groups substantially; men, women, teenagers, whites, blacks, household heads, veterans, nonveterans, white collar and blue collar. Certain groups have been struck especially hard. Thus the unemployment rate in the auto industry rose to 20 percent at the beginning of December—that is a figure we don't have in our press release—compared to 8.5 percent a month earlier and 14.6 percent last March at the peak of the energy crisis.

Chairman PROXMIRE. What did you say it was the month earlier?

Mr. SHISKIN. It was 8.5 percent, Senator.

Chairman PROXMIRE. I hesitate to interrupt. That figure does seem startling—meaning in November the unemployment rate in the auto industry was only 8.5 percent.

Mr. SHISKIN. Yes, sir. You will recall when we discussed this last month I made the observation that the layoffs which had been more recently noted in the press had come after our figure was released, and we all agreed at that time that the figure was likely to be much higher in the following month. Sure enough, it is.

Chairman PROXMIRE. I had no idea it would be anything like that—I thought it would be much higher—12 percent or so. This is astonishing—

Mr. SHISKIN. The unemployment rate in construction was 15 percent in December, compared with 4 percent in transportation and public utilities. The unemployment rate for veterans 20–24 years old was 15.3 percent in December compared with 4.1 percent for veterans 10 years older.

Senator SCHWEIKER. What was the construction unemployment rate for the preceding month. Fifteen percent for December; what was construction in November?

Mr. SHISKIN. 13.9 percent, sir.

Employment, which held up remarkably well during the first 9 months of this year, declined sharply in December, and now is at a level of 85.2 million, 1.4 percentage points below the peak in September.

This recent rise in unemployment and the declines in employment are clearly cyclical, whereas the weakness during the previous 6 months was probably caused primarily by energy shortages.

We have had two new price statistics releases since our previous hearing on December 6—the WPI and the CPI. These reports continue to suggest that some abatement in nonfood commodity inflation is underway. The Wholesale Price Index for industrial commodities has shown a rise of about 1 percent in each of the last 3 months, compared with rises well over 2 percent during the preceding 6 months. BLS wholesale price data, arranged by stage of processing, show that prices of crude materials less food has shown little change since July and actually declined in October and November. The weekly index of raw materials prices has also continued to decline and has now declined 25.6 percent since last April. The pace of price increases in intermediate materials has also slowed over the past few months. Our November wholesale price data for nonfood finished goods showed the smallest increase in 1974. For the second consecutive month, the November Consumer Price Index for commodities other than foods



rose less than the average monthly rate for the first 9 months of 1974. However, the overall improvement in prices has, thus far, been slight, and we must wait for data for future months before a solid appraisal of whether a slowdown in the rate of inflation is actually underway.

As usual, I will take advantage of this opportunity to make some introductory remarks to explain a few statistical points.

First, as noted in the press release,<sup>1</sup> the data issued today include only those from the household survey, covering the first week of December. Data from the establishment survey, covering the second week of December, will be released 1 week from today—January 10.

Chairman PROXMIRE. This is as of December 7-8?

Mr. SHISKIN. The first week in December.

Chairman PROXMIRE. So that makes the situation—all the developments in December, by and large, were not reflected?

Mr. SHISKIN. This is the second consecutive year we have had to separate the release of these two bodies of data. We now plan to cover the same survey week in December 1975 and release both together at about this time next year.

I don't expect to have the same problem—the separate release of the household and establishment data—arising a year from today as we have today.

Second, several months ago, the Bureau of Labor Statistics found it necessary to delay the scheduled release of the Wholesale Price Index by about 1 week. The delay was caused by problems associated with data collection and data processing. We stated at that time that we would make every effort to return to the previous schedule by early 1975. Since that time we have been reviewing our data collection and processing procedures in an attempt to eliminate these problems. I am pleased to tell this committee that it will now be possible to return to the earlier release schedule in March.

As usual, I wish to place the press release in the record, and also I submit four supplementary tables, some of which you asked for and some of which I thought might facilitate the discussion.

Table 1<sup>2</sup> shows changes in unemployment during the first and last 6 months of 1974.

Table 2<sup>3</sup> compares the declines in the economy over the past year with the total declines in the mild 1969-70 recession, the severe 1957-58 recession, and the 1929-33 depression.

Table 3<sup>4</sup> shows estimates of unemployment rates in the United States, Canada, Western European countries, and Japan. This table has been prepared in response to your questions on this subject last month.

Table 4<sup>5</sup> shows Consumer Price Indexes for the United States, Canada, Western European countries, and Japan.

That completes my statement, thank you. I will now be glad to try to answer your questions.

[The press release and tables follow:]

<sup>1</sup> See press release, p. 529.

<sup>2</sup> See table 1, p. 540.

<sup>3</sup> See table 2, p. 541.

<sup>4</sup> See table 3, p. 542.

<sup>5</sup> See table 4, p. 543.

**NEWS**
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**THE EMPLOYMENT SITUATION: DECEMBER 1974**

The Nation's unemployment continued to climb in December, and the number of persons with jobs declined for the third straight month, it was announced today by the Bureau of Labor Statistics of the U. S. Department of Labor. The total number of unemployed increased by 560,000 to 6.5 million, and the jobless rate reached 7.1 percent, the highest rate since May 1961.

Total employment (as measured by the monthly sample survey of households) fell by 550,000 in December to 85.2 million. This decline followed an employment reduction of 800,000 in November and brought employment to a level nearly 1.4 million lower than September's high mark.

Unemployment

The number of persons unemployed rose by 560,000 in December to more than 6.5 million. Much of this increase can be traced to layoffs, as the number of unemployed who had lost their last jobs rose by 360,000 to 3.2 million. Since December 1973, total joblessness has increased by more than 2 million.

After receding to a 3½-year low of 4.6 percent in October 1973, the Nation's unemployment rate increased by 2.5 percentage points in the ensuing 14-month period. A small part of this increase took place during the "energy crisis" period last winter, but the

NOTE: This press release covers data from the household survey only. As reported on December 6, 1974 (USDL - 74-677), December data on employment, hours, and earnings from the establishment survey -- which are ordinarily released at the same time as data from the household survey -- will be released on January 10. A similar one-week delay -- due to mailing and processing problems during the Christmas and New Year holiday period--occurred last year.

bulk has occurred during the last 4 months, when the rate rose from 5.4 percent in August to its December level of 7.1 percent.

The rising tide in joblessness affected virtually every worker group. Among the major age-sex groups, the unemployment rate for adult men rose from 4.6 percent in November to 5.1 percent in December, while joblessness among adult women climbed from 6.6 to 7.2 percent. Teenage unemployment also posted a further increase, from 17.3 to 18.3 percent. (See tables A-2 and A-6.) Black workers (Negro and other races) experienced a significant increase in unemployment, as their rate moved up from 11.7 to 12.8 percent; the rate for white workers rose proportionately, from 5.8 to 6.4 percent. The jobless rate for household heads moved up from 3.9 to 4.5 percent, while the rate for full-time workers rose from 6.2 to 6.8 percent; these were alltime highs for both series (which began in 1963). All of these groups have posted substantial increases in unemployment over their year-earlier levels.

Table A. Highlights of the employment situation (seasonally adjusted data)

Selected categories	Quarterly averages					Monthly data		
	1973	1974				Oct.	Nov.	Dec.
	IV	I	II	III	IV	1974	1974	1974
	(Millions of persons)							
Civilian labor force .....	89.9	90.5	90.6	91.4	91.8	92.0	91.7	91.7
Total employment .....	85.7	85.8	86.0	86.3	85.8	86.5	85.7	85.2
Adult men .....	48.5	48.5	48.4	48.5	48.4	48.7	48.4	48.0
Adult women .....	29.7	29.7	30.1	30.5	30.0	30.3	30.0	29.9
Teenagers .....	7.6	7.6	7.4	7.3	7.4	7.6	7.4	7.2
Unemployment .....	4.2	4.7	4.7	5.0	6.0	5.5	6.0	6.5
	(Percent of labor force)							
Unemployment rates:								
All workers .....	4.7	5.2	5.1	5.5	6.5	6.0	6.5	7.1
Adult men .....	3.0	3.5	3.5	3.7	4.7	4.3	4.6	5.1
Adult women .....	4.7	5.1	5.0	5.4	6.5	5.6	6.6	7.2
Teenagers .....	14.3	15.3	15.1	16.1	17.5	16.9	17.3	18.3
White .....	4.2	4.7	4.7	5.0	5.9	5.4	5.8	6.4
Negro and other races .....	8.6	9.4	9.0	9.5	11.8	10.9	11.7	12.8
Household heads .....	2.8	3.0	3.1	3.2	4.0	3.7	3.9	4.5
Married men .....	2.1	2.4	2.4	2.7	3.3	2.9	3.3	3.7
Full-time workers .....	4.3	4.6	4.6	5.0	6.2	5.6	6.2	6.8
State insured .....	2.6	3.3	3.4	3.4	4.2	3.6	4.3	4.7
	(Weeks)							
Average duration of unemployment .....	9.9	9.5	9.7	9.9	9.9	10.0	9.8	10.0

SOURCE: Tables A-1, A-2, and A-4.

The jobless rate for workers covered by State unemployment insurance programs increased to 4.7 percent, up from 4.5 percent in November and 2.7 percent in December 1973.

The 3.1 million unemployment insurance claimants under State programs now account for close to half of the jobless total.

Among the major occupational groups, white-collar workers experienced a rise in joblessness to 4.1 percent in December, the highest rate recorded for this group since occupational statistics were first recorded on a monthly basis in 1958. The bulk of the white-collar increase occurred among sales workers and managers. The job market for blue-collar workers continued to deteriorate (their rate moving from 8.2 to 9.4 percent) as did the situation for manufacturing and construction workers among the major industry categories. The manufacturing jobless rate, at 8.6 percent in December, was double the December 1973 figure; factory joblessness was boosted substantially by heavy layoffs in the auto industry. At 15.0 percent, the construction unemployment rate reached its highest level since 1961. (See table A-2.)

The unemployment rate for Vietnam-era veterans aged 20-34 years jumped nearly 2 percentage points in December to 7.7 percent, bringing it back up to approximately the rate for nonveterans (8.0 percent). Young veterans (those 20-24 years old) were particularly hard hit, as their rate reached 15.3 percent, compared with 10.4 percent for young nonveterans. (See table A-2.)

In addition to the increase in total joblessness, there was also a continued upswing in the number of persons working part time for economic reasons--the partial unemployed. (See table A-3.) When combined with unemployment on a man-hours basis, the resulting measure--labor force time lost--reached 7.8 percent in December, up from 7.2 percent in November and 5.4 percent a year earlier. (See table A-2.)

#### Civilian Labor Force and Total Employment

The size of the civilian labor force remained stable in December (91.7 million, seasonally adjusted) after declining in November. Until November's drop, there had been slow growth in the labor force during most of 1974. Over the past year, the labor force has risen by about 1.6 million, substantially less than the 2.7 million boost in the prior year. (See table A-1.)

Employment fell for the third straight month in December, as 550,000 fewer people had jobs than in November. Teenagers and adult men showed the most significant declines. This decrease was largely confined to blue-collar workers, as operatives and craft workers have been particularly hard hit by the economic slowdown. (See table A-3.)

Although employment grew slowly and sporadically throughout most of 1974, the decline at yearend exceeded the modest gains earlier in the year. This left the economy with nearly one-half million fewer persons employed in December 1974 than a year earlier. The last over-the-year decline in employment occurred in 1971.

The data presented in this release on the labor force, total employment, and unemployment are derived from the Current Population Survey, a sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. With the exception of December, data relate to the week containing the 12th day of the month; in December 1973 and 1974, the reference period was the week containing the 5th day. A description of this survey appears in the BLS publication Employment and Earnings.

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Table A-1. Employment status of the noninstitutional population

(Numbers in thousands)

Employment status	Not seasonally adjusted <sup>1</sup>			Seasonally adjusted					
	Dec. 1973	Nov. 1974	Dec. 1974	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
<b>TOTAL</b>									
Total noninstitutional population <sup>1</sup>	149,436	151,812	152,020	149,436	151,135	151,367	151,593	151,812	152,020
Total labor force	91,984	93,822	93,538	92,315	93,281	94,067	94,237	93,913	93,923
Participation rate	61.6	61.8	61.5	61.8	61.7	62.1	62.2	61.9	61.8
Civilian noninstitutional population <sup>2</sup>	147,135	149,600	149,809	147,135	148,916	149,150	149,380	149,600	149,809
Civilian labor force	89,702	91,609	91,327	90,033	91,061	91,850	92,024	91,701	91,711
Participation rate	61.0	61.2	61.0	61.2	61.1	61.6	61.6	61.3	61.2
Employed	85,644	85,924	85,220	85,669	86,187	86,538	86,511	85,726	85,176
Agriculture	3,202	3,224	2,959	3,643	3,443	3,511	3,476	3,370	3,349
Nonagricultural industries	82,442	82,700	82,261	82,026	82,744	83,027	83,035	82,356	81,827
Unemployed	4,058	5,685	6,106	4,364	4,874	5,312	5,513	6,375	6,335
Unemployment rate	4.5	6.2	6.7	4.8	5.4	5.8	6.0	6.5	7.1
Not in labor force	57,453	57,991	58,482	57,122	57,855	57,300	57,356	57,899	58,098
<b>Males, 20 years and over</b>									
Total noninstitutional population <sup>1</sup>	63,355	64,374	64,462	63,355	64,064	64,181	64,279	64,374	64,462
Total labor force	51,761	52,284	52,177	51,931	52,189	52,343	52,634	52,462	52,379
Participation rate	81.6	81.2	80.9	82.0	81.5	81.6	81.9	81.5	81.3
Civilian noninstitutional population <sup>2</sup>	61,510	62,601	62,690	61,510	62,273	62,405	62,506	62,601	62,690
Civilian labor force	49,870	50,511	50,405	50,085	50,397	50,567	50,861	50,690	50,607
Participation rate	81.1	80.7	80.4	81.4	80.9	81.0	81.4	81.0	80.7
Employed	48,325	48,411	47,787	48,559	48,506	48,620	48,689	48,372	48,020
Agriculture	2,420	2,415	2,311	2,569	2,516	2,516	2,500	2,422	2,453
Nonagricultural industries	45,905	45,996	45,476	45,990	45,990	46,104	46,189	45,950	45,567
Unemployed	1,545	2,100	2,618	1,526	1,891	1,947	2,172	2,318	2,587
Unemployment rate	3.1	4.2	5.2	3.0	3.8	3.9	4.3	4.6	5.1
Not in labor force	11,640	12,090	12,286	11,425	11,876	11,838	11,645	11,911	12,083
<b>Females, 20 years and over</b>									
Civilian noninstitutional population <sup>1</sup>	69,781	70,858	70,961	69,781	70,549	70,638	70,749	70,858	70,961
Civilian labor force	31,539	32,605	32,555	31,169	32,216	32,135	32,066	32,070	32,243
Participation rate	45.2	46.0	45.9	44.7	45.7	45.5	45.3	45.3	45.4
Employed	30,148	30,533	30,528	29,596	30,528	30,301	30,262	29,958	29,913
Agriculture	473	439	366	595	495	483	497	454	460
Nonagricultural industries	29,695	30,094	30,160	29,001	30,033	29,818	29,765	29,504	29,453
Unemployed	1,371	2,072	2,029	1,573	1,688	1,834	1,804	2,112	2,330
Unemployment rate	4.3	6.4	6.2	5.0	5.2	5.7	5.6	6.6	7.2
Not in labor force	38,242	38,253	38,406	38,612	38,333	38,503	38,683	38,788	38,718
<b>Both sexes, 16-19 years</b>									
Civilian noninstitutional population <sup>1</sup>	15,864	16,141	16,157	15,864	16,094	16,107	16,124	16,141	16,157
Civilian labor force	8,293	8,493	8,367	8,779	8,448	9,148	9,097	8,941	8,861
Participation rate	52.3	52.6	51.8	55.3	52.5	56.8	56.4	55.4	54.8
Employed	7,151	6,980	6,907	7,514	7,153	7,617	7,560	7,396	7,243
Agriculture	309	371	282	479	432	512	479	494	436
Nonagricultural industries	6,842	6,609	6,625	7,035	6,721	7,105	7,081	6,902	6,807
Unemployed	1,142	1,513	1,459	1,265	1,295	1,531	1,537	1,545	1,618
Unemployment rate	13.8	17.8	17.4	14.4	15.3	16.7	16.9	17.3	18.3
Not in labor force	7,571	7,648	7,790	7,085	7,646	6,959	7,027	7,200	7,296
<b>WHITE</b>									
Civilian noninstitutional population <sup>1</sup>	130,197	132,189	132,356	130,197	131,636	131,828	132,013	132,189	132,356
Civilian labor force	79,516	81,271	81,065	79,704	80,765	81,421	81,525	81,275	81,322
Participation rate	61.1	61.5	61.2	61.2	61.4	61.8	61.8	61.5	61.4
Employed	76,243	76,718	76,149	76,223	76,856	77,108	77,127	76,528	76,117
Unemployed	3,273	4,552	4,916	3,481	3,909	4,313	4,398	4,747	5,205
Unemployment rate	4.1	5.6	6.1	4.4	4.8	5.3	5.4	5.8	6.4
Not in labor force	50,681	50,918	51,291	50,493	50,871	50,407	50,488	50,914	51,034
<b>NEGRO AND OTHER RACES</b>									
Civilian noninstitutional population <sup>1</sup>	16,958	17,411	17,452	16,958	17,280	17,322	17,367	17,411	17,452
Civilian labor force	10,186	10,339	10,262	10,300	10,294	10,440	10,479	10,385	10,411
Participation rate	60.1	59.4	58.8	60.7	59.6	60.3	60.3	59.6	59.7
Employed	9,400	9,206	9,072	9,412	9,343	9,416	9,335	9,167	9,078
Unemployed	786	1,133	1,190	888	951	1,024	1,144	1,218	1,333
Unemployment rate	7.7	11.0	11.6	8.6	9.2	9.8	10.9	11.7	12.8
Not in labor force	6,773	7,072	7,191	6,658	6,986	6,882	6,888	7,026	7,041

<sup>1</sup> Seasonal variations are not present in the population figures; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Data relate to the noninstitutional population 16 years of age and over. Total noninstitutional population and total labor force include persons in the Armed Forces.

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Table A-2. Major unemployment indicators, seasonally adjusted

Selected categories	Number of unemployed persons (In thousands)		Unemployment rates					
	Dec. 1973	Dec. 1974	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
Total, 16 years and over .....	4,364	6,535	4.8	5.4	5.8	6.0	6.5	7.1
Males, 20 years and over .....	1,526	2,587	3.0	3.8	3.9	4.3	4.6	5.1
Females, 20 years and over .....	1,573	2,330	5.0	5.2	5.7	5.6	6.6	7.2
Both sexes, 16-19 years .....	1,265	1,618	14.4	15.3	16.7	16.9	17.3	18.3
White, total .....	3,481	5,205	4.4	4.8	5.3	5.4	5.8	6.4
Males, 20 years and over .....	1,285	2,119	2.9	3.5	3.5	3.9	4.1	4.7
Females, 20 years and over .....	1,190	1,814	4.4	4.8	5.3	5.1	6.0	6.5
Both sexes, 16-19 years .....	1,006	1,272	12.8	13.3	15.2	14.6	14.9	16.0
Negro and other races, total .....	888	1,333	8.6	9.2	9.8	10.9	11.7	12.8
Males, 20 years and over .....	255	495	4.9	6.3	6.7	7.4	8.2	9.5
Females, 20 years and over .....	366	485	8.7	8.0	8.3	9.7	10.3	11.3
Both sexes, 16-19 years .....	267	353	28.7	31.4	32.4	34.5	37.4	37.8
Household heads .....	1,469	2,379	2.8	3.1	3.4	3.7	3.9	4.5
Married men, spouse present .....	872	1,468	2.2	2.6	2.8	2.9	3.3	3.7
Full-time workers .....	3,401	5,323	4.4	4.8	5.3	5.6	6.2	6.8
Part-time workers .....	1,003	1,272	7.5	8.7	8.8	8.5	9.1	9.5
Unemployed 15 weeks and over .....	740	1,302	8	1.0	1.1	1.1	1.2	1.4
State insured <sup>2</sup> .....	1,684	3,093	2.7	3.3	3.4	3.6	4.3	4.7
Labor force time lost <sup>3</sup> .....	--	--	5.4	5.8	6.4	6.5	7.2	7.8
<b>OCCUPATION<sup>4</sup></b>								
White-collar workers .....	1,317	1,787	3.1	3.1	3.5	3.3	3.7	4.1
Professional and technical .....	287	333	2.3	2.2	2.6	2.3	2.6	2.7
Managers and administrators, except farm .....	125	231	1.4	1.9	2.0	1.8	2.1	2.5
Sales workers .....	249	345	4.5	3.7	4.1	4.5	4.9	6.2
Clerical workers .....	656	878	4.3	4.4	4.9	4.4	5.0	5.4
Blue-collar workers .....	1,653	2,988	5.2	6.5	6.8	7.3	8.2	9.4
Craft and kindred workers .....	375	744	3.2	4.2	4.8	5.0	5.3	6.2
Operatives .....	877	1,595	5.8	7.0	7.4	7.9	9.7	10.6
Nonfarm laborers .....	401	649	8.3	10.7	10.1	10.7	10.9	13.0
Service workers .....	744	912	6.2	6.2	6.4	6.7	6.9	7.3
Farm workers .....	76	70	2.4	2.8	2.5	2.6	2.6	2.3
<b>INDUSTRY<sup>4</sup></b>								
Nonagricultural private wage and salary workers <sup>5</sup> .....	3,280	5,129	5.0	5.5	6.0	6.1	6.8	7.7
Construction .....	375	664	8.2	11.1	12.4	12.2	13.9	15.0
Manufacturing .....	939	1,867	4.3	5.4	5.8	6.2	7.3	8.6
Durable goods .....	498	1,081	3.9	4.8	5.1	5.9	6.7	8.3
Nondurable goods .....	441	786	4.9	6.4	6.8	6.8	8.0	9.0
Transportation and public utilities .....	153	201	3.1	3.6	3.4	3.4	3.4	4.0
Wholesale and retail trade .....	965	1,352	6.1	6.1	6.6	6.8	6.9	8.3
Finance and service industries .....	826	1,027	4.6	4.4	4.8	4.7	5.4	5.6
Government workers .....	348	462	2.5	2.9	3.1	2.7	3.4	3.1
Agricultural wage and salary workers .....	93	102	6.4	6.9	6.4	8.3	7.5	7.5
<b>VETERAN STATUS</b>								
<b>Males, Vietnam-era veterans<sup>6</sup>:</b>								
20 to 34 years .....	241	460	4.3	5.0	5.2	5.6	5.8	7.7
20 to 24 years .....	103	174	7.5	11.4	12.4	11.7	12.4	15.3
25 to 29 years .....	105	224	3.4	3.6	3.8	4.8	4.7	6.7
30 to 34 years .....	33	62	2.8	2.5	2.2	2.1	3.1	4.1
<b>Males, nonveterans:</b>								
20 to 34 years .....	629	1,116	4.7	6.3	5.7	6.4	7.4	8.0
20 to 24 years .....	395	643	6.6	9.2	8.0	8.2	9.9	10.4
25 to 29 years .....	160	295	4.0	4.3	4.2	6.2	6.9	7.1
30 to 34 years .....	74	188	2.1	3.8	3.5	3.7	3.7	5.0

<sup>1</sup> Unemployment rate calculated as a percent of civilian labor force.<sup>2</sup> Insured unemployment under State programs; unemployment rate calculated as a percent of average covered employment.<sup>3</sup> Man hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.<sup>4</sup> Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.<sup>5</sup> Includes mining, not shown separately.<sup>6</sup> Vietnam-era veterans are those who served after August 4, 1964.

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Table A-3. Selected employment indicators

Selected categories	Not seasonally adjusted		Seasonally adjusted					
	Dec. 1973	Dec. 1974	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
Total employed, 16 years and over .....	85,644	85,220	85,669	86,187	86,538	86,511	85,726	85,176
Males .....	52,125	51,419	52,732	52,445	52,771	52,835	52,410	52,004
Females .....	33,519	33,801	32,937	33,742	33,767	33,676	33,316	33,172
Household heads .....	50,553	50,427	50,565	51,059	50,927	50,999	50,704	50,427
Married men, spouse present .....	39,211	38,364	39,252	38,888	38,874	39,043	38,722	38,402
Married women, spouse present .....	19,840	19,986	19,334	19,887	19,856	19,898	19,580	19,480
<b>OCCUPATION</b>								
White-collar workers .....	41,797	42,394	41,138	41,766	42,017	41,951	41,766	41,719
Professional and technical .....	12,302	12,467	12,030	12,572	12,519	12,338	12,224	12,187
Managers and administrators, except farm .....	9,057	8,792	9,099	8,681	8,668	8,872	8,839	8,836
Sales workers .....	5,572	5,564	5,254	5,453	5,583	5,513	5,375	5,249
Clerical workers .....	14,866	15,571	14,755	15,060	15,247	15,228	15,328	15,447
Blue-collar workers .....	29,823	28,679	30,101	29,885	29,867	29,847	29,566	28,951
Craft and kindred workers .....	11,344	11,179	11,357	11,569	11,508	11,486	11,456	11,190
Operatives .....	14,306	13,405	14,303	14,014	13,929	13,799	13,673	13,405
Nonfarm laborers .....	4,173	4,995	4,441	4,302	4,430	4,562	4,437	4,356
Service workers .....	11,284	11,571	11,260	11,644	11,567	11,676	11,478	11,579
Farm workers .....	2,740	2,576	3,123	2,941	3,032	2,982	2,928	2,935
<b>MAJOR INDUSTRY AND CLASS OF WORKER</b>								
Agriculture:								
Wage and salary workers .....	1,153	1,077	1,353	1,341	1,396	1,378	1,398	1,258
Self-employed workers .....	1,740	1,617	1,821	1,723	1,729	1,709	1,614	1,891
Unpaid family workers .....	309	270	405	380	382	385	342	354
Nonagricultural industries:								
Wage and salary workers .....	76,524	76,171	76,100	76,739	76,777	76,825	76,196	75,725
Private households .....	1,571	1,276	1,542	1,432	1,408	1,384	1,258	1,252
Government .....	13,883	14,442	13,668	14,017	13,959	13,958	14,001	14,215
Other .....	61,070	60,453	60,890	61,290	61,410	61,483	60,937	60,258
Self-employed workers .....	5,459	5,614	5,455	5,745	5,678	5,739	5,667	5,608
Unpaid family workers .....	458	476	473	419	548	487	480	491
<b>PERSONS AT WORK<sup>1</sup></b>								
Nonagricultural industries .....	79,733	78,802	77,396	77,846	78,034	77,929	77,486	76,596
Full-time schedules .....	65,539	64,174	64,038	64,688	64,647	64,426	63,628	62,731
Part time for economic reasons .....	2,350	3,097	2,562	2,511	2,823	2,925	3,213	3,354
Usually work full time .....	1,140	1,746	1,192	1,174	1,257	1,353	1,599	1,824
Usually work part time .....	1,210	1,351	1,370	1,337	1,566	1,572	1,614	1,530
Part time for noneconomic reasons .....	11,864	11,531	10,796	10,647	10,564	10,578	10,645	10,511

<sup>1</sup> Excludes persons "with a job but not at work" during the survey period for such reasons as vacation, illness, or industrial disputes.

Table A-4. Duration of unemployment

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Dec. 1973	Dec. 1974	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
Less than 5 weeks .....	2,097	2,801	2,308	2,493	2,651	2,664	2,484	3,081
5 to 14 weeks .....	1,307	2,155	1,270	1,440	1,691	1,735	1,919	2,094
15 weeks and over .....	654	1,151	740	949	1,000	1,018	1,128	1,302
15 to 26 weeks .....	372	679	409	564	614	636	691	748
27 weeks and over .....	282	472	331	385	386	382	437	554
Average (mean) duration, in weeks .....	9.6	10.3	9.3	10.0	9.6	10.0	9.8	10.0
<b>PERCENT DISTRIBUTION</b>								
Total unemployed .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks .....	51.7	45.9	53.5	51.1	49.6	49.2	49.5	47.6
5 to 14 weeks .....	32.2	35.3	29.4	29.5	31.7	32.0	31.8	32.3
15 weeks and over .....	16.1	18.8	17.1	19.4	18.7	18.8	18.7	20.1
15 to 26 weeks .....	9.2	11.1	9.5	11.6	11.5	11.7	11.5	11.3
27 weeks and over .....	6.9	7.7	7.7	7.9	7.2	7.1	7.2	8.6



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Table A-5. Reasons for unemployment

(Numbers in thousands)

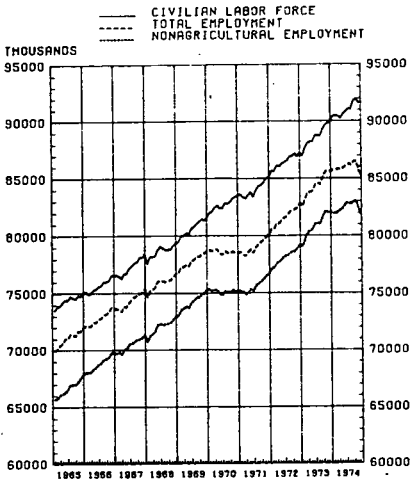
Reason	Not seasonally adjusted		Seasonally adjusted					
	Dec. 1973	Dec. 1974	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
<b>NUMBER OF UNEMPLOYED</b>								
Lost last job .....	1,818	3,277	1,761	1,988	2,236	2,350	2,815	3,175
Left last job .....	695	731	765	773	736	859	770	804
Reentered labor force .....	1,069	1,487	1,266	1,472	1,623	1,449	1,659	1,762
Seeking first job .....	476	612	593	634	731	776	772	763
<b>PERCENT DISTRIBUTION</b>								
Total unemployed .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers .....	44.8	53.7	40.2	40.8	42.0	43.2	46.8	48.8
Job leavers .....	17.1	12.0	17.4	15.9	13.8	15.8	12.8	12.4
Reentrants .....	26.3	24.3	28.9	30.2	30.5	26.7	27.6	27.1
New entrants .....	11.7	10.0	13.5	13.0	13.7	14.3	12.8	11.7
<b>UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE</b>								
Job losers .....	2.0	3.6	2.0	2.2	2.4	2.6	3.1	3.5
Job leavers .....	.8	.8	.9	.8	.8	.9	.8	.9
Reentrants .....	1.2	1.6	1.4	1.6	1.8	1.6	1.8	1.9
New entrants .....	.5	.7	.7	.7	.8	.8	.8	.8

Table A-6. Unemployment by sex and age

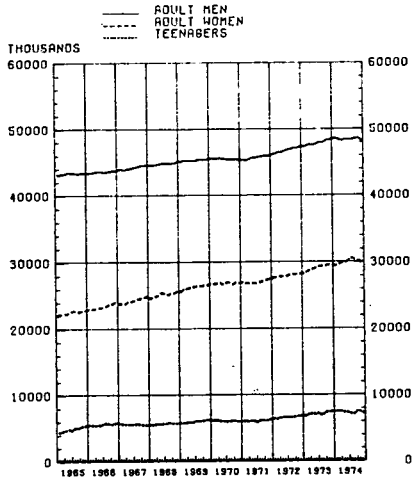
Sex and age	Not seasonally adjusted			Seasonally adjusted unemployment rates					
	Thousands of persons		Percent looking for full-time work	Dec. 1973	Aug. 1974	Sept. 1974	Oct. 1974	Nov. 1974	Dec. 1974
	Dec. 1973	Dec. 1974							
Total, 16 years and over .....	4,058	6,106	78.5	4.8	5.4	5.8	6.0	6.5	7.1
16 to 19 years .....	1,142	1,459	48.9	14.4	15.3	16.7	16.9	17.3	18.3
16 to 17 years .....	552	708	23.6	16.7	17.3	18.2	18.2	19.3	21.2
18 to 19 years .....	590	751	72.8	12.9	14.1	16.1	15.7	15.9	16.2
20 to 24 years .....	859	1,365	86.3	7.7	9.5	9.2	8.9	10.4	11.8
25 years and over .....	2,057	3,281	88.5	3.1	3.3	3.7	4.0	4.4	4.8
25 to 54 years .....	1,696	2,744	90.3	3.3	3.4	3.8	4.1	4.7	5.2
55 years and over .....	361	537	79.5	2.6	3.2	3.1	3.1	3.2	3.9
Males, 16 years and over .....	2,190	3,444	81.9	4.0	4.7	5.0	5.3	5.7	6.2
16 to 19 years .....	645	827	49.5	13.6	15.2	17.1	16.1	17.4	17.4
16 to 17 years .....	324	422	26.1	16.3	18.8	17.9	16.9	19.8	21.0
18 to 19 years .....	322	405	73.8	11.9	12.7	16.8	15.4	15.5	15.0
20 to 24 years .....	466	766	88.3	6.7	9.3	8.9	8.9	10.2	11.1
25 years and over .....	1,079	1,851	93.7	2.4	2.8	3.0	3.4	3.6	4.1
25 to 54 years .....	852	1,522	96.6	2.5	2.8	3.0	3.5	3.9	4.4
55 years and over .....	227	329	80.2	2.4	3.2	2.8	2.7	2.8	3.5
Females, 16 years and over .....	1,868	2,662	74.2	6.2	6.3	6.9	7.0	7.8	8.6
16 to 19 years .....	497	633	48.0	15.4	15.4	16.3	17.8	17.2	19.3
16 to 17 years .....	228	286	19.9	17.2	15.3	18.7	20.0	18.7	21.4
18 to 19 years .....	268	346	71.4	16.4	15.8	15.3	16.2	16.4	17.6
20 to 24 years .....	393	599	83.8	8.9	9.8	9.7	8.9	10.6	12.7
25 years and over .....	978	1,430	81.7	4.2	4.2	4.8	4.8	5.7	5.9
25 to 54 years .....	864	1,222	82.4	4.6	4.5	5.0	5.1	6.2	6.4
55 years and over .....	134	208	77.9	2.8	3.2	3.5	3.8	3.9	4.5

LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

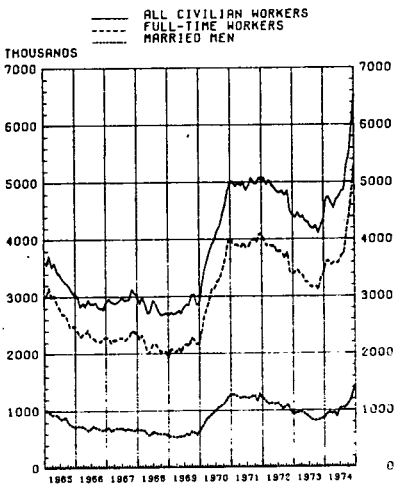
1. LABOR FORCE AND EMPLOYMENT



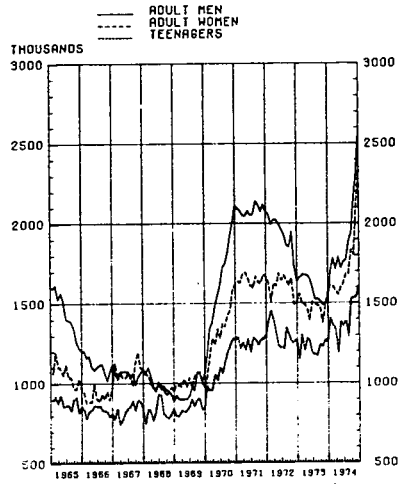
2. TOTAL EMPLOYMENT



3. UNEMPLOYMENT

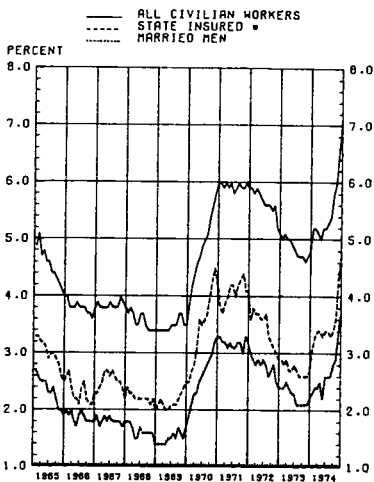


4. UNEMPLOYMENT

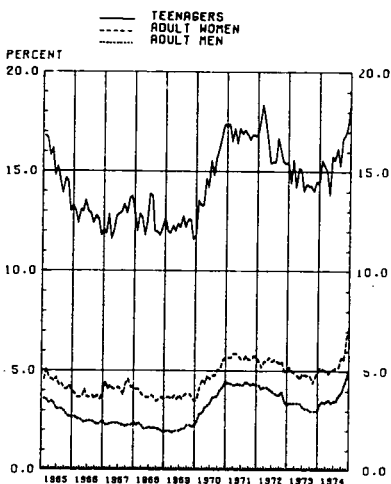


## UNEMPLOYMENT RATES HOUSEHOLD DATA - SEASONALLY ADJUSTED

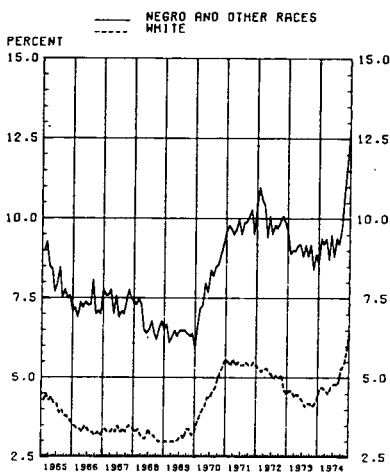
5. UNEMPLOYMENT RATES



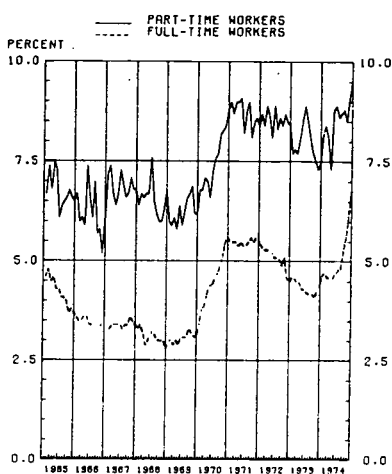
6. UNEMPLOYMENT RATES



7. UNEMPLOYMENT RATES



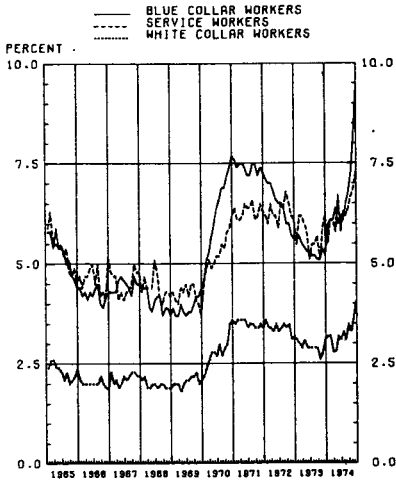
8. UNEMPLOYMENT RATES



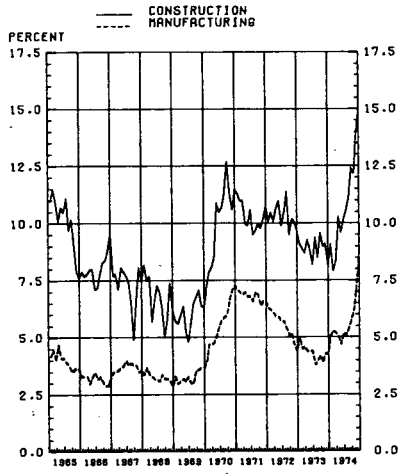
\* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT  
HOUSEHOLD DATA - SEASONALLY ADJUSTED

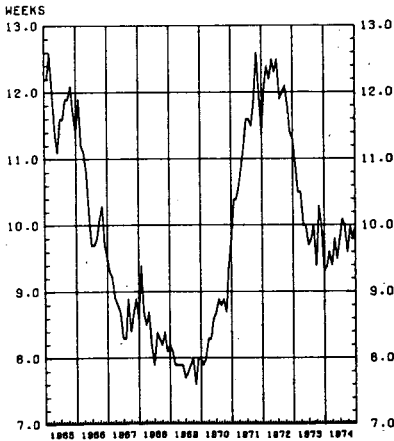
9. UNEMPLOYMENT RATES



10. UNEMPLOYMENT RATES



11. AVERAGE DURATION  
OF UNEMPLOYMENT



12. UNEMPLOYMENT BY REASON

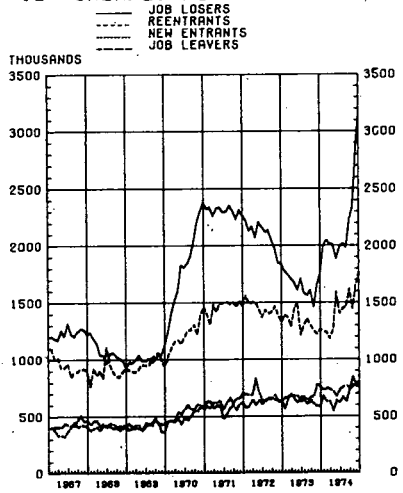


Table 1. Unemployment Rates and Levels, December 1973-74

(Seasonally Adjusted)

Category	: Dec. : : 1973 :	: June : : 1974 :	: Dec. : : 1974 :	: Change	
				: Dec. '73- : June '74 :	: June '74- : Dec. '74 :
<u>Unemployment rates</u>					
Total, 16 years & over	4.8	5.2	7.1	+0.4	+1.9
Males, 20 & over	3.0	3.5	5.1	+0.5	+1.6
Females, 20 & over	5.0	5.1	7.2	+0.1	+2.1
Both sexes, 16-19	14.4	15.6	18.3	+1.2	+2.7
White	4.4	4.8	6.4	+0.4	+1.6
Negro & other races	8.6	8.8	12.8	+0.2	+4.0
Household heads	2.8	3.1	4.5	+0.3	+1.4
Married men	2.2	2.6	3.7	+0.4	+1.1
State insured	2.7	3.4	4.7	+0.7	+1.3
Job losers	2.0	2.2	3.5	+0.2	+1.3
Re-entrants	1.4	1.5	1.9	+0.1	+0.4
White-collar workers	3.1	3.1	4.1	0	+1.0
Blue-collar workers	5.2	6.2	9.4	+1.0	+3.2
Construction	8.2	10.2	15.0	+2.0	+4.8
Manufacturing	4.3	5.2	8.6	+0.9	+3.4
Automobiles	4.3	10.2	20.0	+5.9	+9.8
<u>Unemployment levels (in thousands)</u>					
Total, 16 years & over	4,364	4,754	6,535	+390	+1,781
Males, 20 & over	1,526	1,762	2,587	+236	+825
Females, 20 & over	1,573	1,630	2,330	+ 57	+700
Both sexes, 16-19	1,265	1,362	1,618	+ 97	+256
White	3,481	3,827	5,205	+346	+1,378
Negro & other races	888	910	1,333	+ 22	+423
Household heads	1,469	1,632	2,379	+163	+747
Married men	872	1,044	1,468	+172	+424
State insured	1,684	2,163	3,093	+479	+930
Job losers	1,761	1,998	3,175	+237	+1,177
Re-entrants	1,266	1,406	1,762	+140	+356
White-collar workers	1,317	1,367	1,787	+ 50	+420
Blue-collar workers	1,653	1,969	2,988	+316	+1,019
Construction	375	463	664	+ 88	+201
Manufacturing	939	1,131	1,867	+192	+736

U.S. Department of Labor  
Bureau of Labor Statistics  
January 1975

Table 2.  
CYCLICAL COMPARISONS  
Current Period Compared with Recession and Depression

Source: Bureau of Labor Statistics	Unit of measure	Current period (Nov. 1973 to date*)	Mild recession (Nov. 1969- Nov. 1970)	Severe recession (July 1957- April 1958)	Depression (Aug. 1929- Nov. 1933)
<b>DURATION</b>					
a. Decline in current dollar GNP	months	0	0	6	42
b. Decline in constant dollar GNP	months	9	6	6	36
c. Industrial production	months	12	14	14	43
d. Decline in nonfarm employment	months	2	8	14	43
e. Rise in unemployment rate	months	13	30	16	NA
<b>DEPTH</b>					
a. Change in current dollar GNP	percent	+5.4	+4.5**	-2.6	-49.6
b. Change in constant dollar GNP	percent	-2.7	-1.1	-3.9	-32.6
c. Industrial production	percent	-4.3	-6.8	-12.6	-53.4
d. Change in unemployment rate	percent	+2.4	+2.6	+3.8	+22.0
e. Peak in unemployment rate, level	percent	7.1	6.0	7.5	25.2
f. Change in nonfarm employment	percent	+6	-1.0	-4.3	-31.6
g. Change in CPI index	percent	12.1	+5.6**	-1.0	-26.6
h. Change in WPI index, industrial commodities	percent	27.4	+3.6**	-0.5	-38.2
<b>DIFFUSION</b>					
Lowest percent of industries with expanding employment (computed over 6-month spans)	percent	32.8	19.2	11.7	0

Note: Based on specific cyclical peaks and troughs for each statistical series except in three cases where these could not be identified because the figures did not decline during the 1969-70 recession. Business cycle peaks and troughs designated by the National Bureau of Economic Research.

\* November 1973 is tentative business cycle peak. All current data are November 1974, except December unemployment figures and third quarter GNP.

\*\* Peak to trough of business cycle.

January 1975

Table 3. Unemployment Rates in Seven Countries, Adjusted to U.S. Concepts, Seasonally Adjusted, 1973-1974

Year and Quarter	United States	Canada	France	Germany	Great Britain	Italy	Japan
1973 average	4.9	5.6	3.1	1.0	4.1	3.8	1.3
I	5.0	5.9	3.0	0.8	4.6	3.8	1.3
II	4.9	5.4	3.0	1.0	4.3	4.7	1.4
III	4.7	5.5	3.2	1.1	4.1	3.5	1.2
IV	4.7	5.5	3.3	1.4	3.4	3.4	1.2
1974							
I	5.2	5.5	3.5	1.5	3.8	3.0	1.3
II	5.1	5.2	3.5	2.1	4.0	3.1	1.2
III	5.5	5.4	3.7	2.6	4.4	3.2	1.4

Note: Since adjustment factors are available only on an annual basis, BLS calculated the quarterly figures for the European countries and Japan by applying 1973 annual average adjustment factors. The quarterly unemployment rates for these countries should, therefore, be viewed as only approximate indicators of unemployment under U.S. concepts. Canadian data require no adjustment to U.S. concepts. Source: U.S. Bureau of Labor Statistics.

Table 4. Consumer Price Index, Seven Countries: Percent Change from Same Period of Previous Year, 1969-1974

Year or Quarter	United States	Canada	Japan	France	Germany	Italy	United Kingdom
1970	5.9	3.3	7.7	5.2	3.4	4.9	6.4
1971	4.3	2.9	6.3	5.5	5.3	4.8	9.4
1972	3.3	4.8	4.9	6.2	5.5	5.7	7.1
1973	6.2	7.6	11.7	7.3	6.9	10.8	9.2
1974 I	9.9	9.7	23.2	11.3	7.4	14.4	12.0
II	10.7	10.7	22.6	13.6	7.1	16.4	15.9
III	11.7	11.0	23.4	14.6	7.1	<u>1/</u> 19.4	17.0
IV	<u>1/</u> 12.1	<u>1/</u> 11.8	<u>2/</u> 25.5	--	<u>2/</u> 7.1	--	<u>1/</u> 17.7

1/ Based on preliminary data for first two months of quarter.

2/ Based on preliminary data for first month of quarter

NOTE: Consumer Price Indexes pertain to all households in Germany and Italy; all households excluding agricultural and single-person households in Japan, and excluding pensioner and high-income households in the United Kingdom; urban worker households in the United States and France; and middle-income urban households in Canada.

Prepared by: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, January 1975.



Chairman PROXMIRE. Well, Mr. Shiskin, at long last, are we in a recession?

Mr. SHISKIN. As you know, Senator Proxmire, I pointed out there are numerous definitions of a recession, but I don't see how anyone can say today that we are not in a recession.

Chairman PROXMIRE. Hallelujah. It took a long time and there have been a lot of developments. You are a very careful and cautious man.

Mr. SHISKIN. I am very confident, that a year from now or 2 years from now, I won't be required to reverse that statement.

Chairman PROXMIRE. What you didn't have in your press release<sup>1</sup> and what, as I say—was astonishing and startling to me—was this enormous increase in this particular month in the automobile industry—the big increase in unemployment. It went from about 8.5 percent to about 20 percent.

How much of the total increase in unemployment was a result of that increase in the automobile industry?

Mr. SHISKIN. I think I can answer that question. About one-tenth.

Chairman PROXMIRE. About 10 percent?

Mr. SHISKIN. About 10 percent.

Chairman PROXMIRE. Of the increase?

Mr. SHISKIN. Yes, sir. Let me say again that events have been moving very rapidly in employment and unemployment and, as I said earlier, last month, we feel sure, on the basis of information we had from the period covered by our survey, that unemployment in automobiles would rise. Now I think it is safe to say we are going to have ripple effects during the next few months.

Chairman PROXMIRE. That was my next question, the so-called ripple effect. In other words, when you have layoffs in the automobile industry you have layoffs in other industries, employers and people who service the automobile industry.

Can you give us any notion of how big the secondary effects are?

It is my understanding that about 20 percent of the gross national product is, directly or indirectly—and most of it is indirectly—affected by the automobile industry.

Would this be about right?

Would you agree that most of the economic impact is indirect rather than direct; that is, if there is one person working directly on the assembly line for Ford or General Motors or American Motors, that there are four or five or six, whatever it is, people who work elsewhere but supply the industry?

Mr. SHISKIN. Yes; though I think to some extent the rapid rise in auto unemployment was anticipated by the other industries.

Chairman PROXMIRE. That was my question, is there any way you can tell whether or not there is a lag here? In other words the big increase in December, was that reflected in the big increase in December in firms like A. O. Smith in Milwaukee that provides the frames for the automobile industry, or other firms?

Mr. SHISKIN. I can't answer that question specifically. But one of the surprising bits of information we had last month was how widespread the decline in employment was. You will recall I said it was not limited to the automobile and a few other industries, but 75 percent of the industries were experiencing declines in employment.

Chairman PROXMIRE. That is true. But you have another dimension of the dispersion when you have unemployment at 20 percent in autos

<sup>1</sup> See press release, beginning on p. 529.

and 8.6 percent in manufacturing. What percentage does the auto industry represent of total manufacturing?

Mr. SHISKIN. It was relatively small, Senator.

It seems very reasonable to assume that this big rise in the unemployment rate, due to the decline in automobile production, is going to be followed by substantial declines in related activities. I can't put a number on it, but it is going to be substantial.

Chairman PROXMIRE. One of the elements of stability in our economic system, improved stability now over the situation in the Great Depression, is that we have more people working in service industries and in similar industries, white-collar industries, rather than in the manufacturing industries, and yet you show here not only the overall unemployment rate increasing rapidly but the rate for the white-collar worker is very high, compared to what it has been in the past for white-collar workers, the highest ever recorded for the series, which you say goes back to 1958, perhaps the highest for a much longer period.

Does this suggest that there is less stability than we had hoped for and expected in these other industries, these white-collar areas?

Mr. SHISKIN. I think it also suggests that this is a very widespread episode, a widespread weakness in the economy, hitting a lot of other industries.

Chairman PROXMIRE. The measure of labor time lost, which takes into account the number of people forced into part-time work as well as the number of unemployed, reached 7.8 percent.

Is that a record for that series?

Mr. SHISKIN. I don't know.

Chairman PROXMIRE. What was the previous peak?

Mr. SHISKIN. We will check that.

Chairman PROXMIRE. We will come back to that. Senator Schweiker is very interested in the diffusion, I think all of us are, and that was a very helpful analysis you gave us last time and I think one that is most useful because many people think of this as being confined to automobiles and construction and housing, and as you pointed out, it applies to 75 percent of our industry.

The rate of unemployment for adult men is now above 5 percent. I want that figure, if you can give it to me, the highest that was before.

What information can you give us on the geographic spread of unemployment?

Mr. SHISKIN. We don't compile that as part of this release. I couldn't provide it today.

Chairman PROXMIRE. You don't do that on a monthly basis?

Mr. SHISKIN. No. We can't put numbers on it. Obviously we are having very widespread, in every sense of the word, declines in employment.

Chairman PROXMIRE. Yes and no. It is undoubtedly widespread, it is worse in every State, but at the same time it is a great deal worse in Michigan, I imagine, than it is in some other States.

Mr. SHISKIN. That is correct.

Chairman PROXMIRE. How much of a lag is there in this geographic unemployment figure.

When will you have that available?

Mr. BREGGER. The data are prepared by the employment security agencies in each of the States. There is at least a 1-month lag. The December data would be available presumably by about the end of January or early February.

Chairman PROXMIRE. You now have the November data available from the various States and cities, some States and major cities?

Mr. SHISKIN. I don't know whether they are available or not. I haven't looked at them. I know some of the men in my office are experimenting with a similar diffusion index for geographic areas.

Chairman PROXMIRE. In terms of policy, what bothers many of us greatly is that our experience has been that when unemployment increases it increases rapidly but that it is very difficult to get that unemployment down.

As I understand it, the last time we had unemployment close to this level was the 1957-58 recession. After that experience it took until 1965, 7 years, until we got unemployment back down to the 4.5 percent, or rather it was 4.1 percent, when it began. That is the real tragedy. Unemployment can rise very rapidly but with a growing labor force it takes a long time to get the rate back down to an acceptable level.

Would that be the case in this instance, do you believe, or are there other factors?

Mr. SHISKIN. I don't know, I really can't answer that question. It depends a lot on policy, of course.

Chairman PROXMIRE. Depends on what?

Mr. SHISKIN. On the policy actions that are taken. So I don't know what will happen.

Chairman PROXMIRE. What you are saying, if the Congress cuts taxes, cuts taxes sharply, that it would make a difference in how rapidly you reduce unemployment; is that right?

Mr. SHISKIN. Yes. But, Senator, let me again say something I keep saying: That I would urge you also to be mindful of the other part of this two-edged sword, the inflation problem. As I have said many times, inflation and rising unemployment are not independent. I think the weakness of the economy has been largely caused by the inflation.

Chairman PROXMIRE. I couldn't agree with that more. But it is also true, isn't it, that there are policy actions that can be taken? I am not asking you to say what you would do because you do not make policy recommendations. There are policy actions which could be taken which would increase employment without a significant adverse effect on inflation. Housing, we have been over that a number of times. Housing is one area where you could do that. Clearly if you can take some kind of action to stimulate the purchase of automobiles, the direct effect, at least, is unlikely to be inflation. And with this heavy unemployment and with idle resources, it is hard for me to understand why that action should be inflationary throughout the economy.

Mr. SHISKIN. It is a very complex problem and I certainly don't know how to resolve it.

Let me say that, as you know, I don't mind talking at all about statistical policy here, and privately I enjoy talking about economic policy, but I don't think I should do this publicly as Commissioner of Labor Statistics. Let me say again, however, that it is a very complex problem.

For example, many people are hoping that prices will come down and we hope automobile prices will fall. I don't know what the impact of moves to stimulate employment in the automobile industry will be on the prices of automobiles. That certainly has to be taken into account in any policy decision.

Chairman PROXMIRE. Do you know of any evidence that the unemployment we have suffered—unemployment by itself—has been responsible for any easing of inflation?

Mr. SHISKIN. You mean up to now?

Chairman PROXMIRE. Up to now.

Mr. SHISKIN. Well, I don't know of any causal relation but as I took pains to read in my statement, there is some evidence, slight, but there is some, that price increases are abating.

Chairman PROXMIRE. I think that is right. And we know in raw materials they are falling in some specific commodities. Nevertheless, as you say, there is not a causal relation.

Mr. SHISKIN. I said I don't know of a causal relation.

Chairman PROXMIRE. If you don't know, is there any suggestion as to a causal relationship? It is very critical because if we have a situation in which the inflation is not being improved by inactivity, and conceivably would be worsened as productivity is reduced and wage costs increase, then it seems to me we should have no hesitation about moving ahead with a vigorous and forceful program of economic stimulation.

Mr. SHISKIN. Well, I am not here to prescribe or recommend economic policies and I shall not do that. I would only like to say this: I think, for example, in terms of the relation between the usual pattern of employment performance during a recession and the present one is that this time the employers held on to employees longer than usual and then when they made up their minds in October that things were going to get worse, they let a lot of people go.

It is possible what may—I emphasize that word “may”—what may be happening now is that many of the producers and wholesalers and retailers are doing is hoping to maintain prices, but as the decision was made some months ago they couldn't hold on to employees' they may find in a month or two they will have to drop prices, and I think you have to keep that in mind, Senator Proxmire, when you are making policy decisions on the other side of the problem. We have a two-edge sword.

Chairman PROXMIRE. Mr. Shiskin, here we have a situation for the last year, more than the last year, we have had a fall in real retail sales.

Mr. SHISKIN. That is right.

Chairman PROXMIRE. And when you have that kind of a situation you simply don't have excessive demand, you don't have demand causing higher prices; therefore, when you have this precipitous drop in demand you have a fall in production, which has been continuous throughout this year. There hasn't been a quarter where we haven't had a reduction in production in an economy that is more capable of production, our technology has improved, our working force potential is higher than ever, and yet production is falling.

It seems to me under these circumstances there is a very weak argument that any further contraction in the economy or even the contraction we have had is helpful in fighting inflation.

Mr. SHISKIN. There may be a lag. I was very pleased to note in this morning's Washington Post, for example, that my friend, Arthur Okun, who was interviewed by Hobart Rowen, made just the point I am making now, at least that is what I interpreted him to say, we must be careful, and here I am quoting Arthur Okun—

We must be careful in our efforts to cope with the very serious problem that unemployment is creating, to cope with it in such a way that we don't completely surrender to the forces of inflation.

Chairman PROXMIRE. I think that is right. What I am saying however, that we can attempt to find ways to stimulate housing and other areas where we have ample supplies, ample manpower, where we have the resources waiting, that should not be inflationary.

Mr. SHISKIN. That is the challenge that the Congress and the President have.

Chairman PROXMIRE. My time is up. I will be back.

Mr. SHISKIN. Before we close this point I just want to emphasize again that my comments about the seriousness of the inflation problem are not intended in any way to understate what I consider to be a very serious unemployment problem. We have two very serious problems.

Chairman PROXMIRE. We also have a situation in which unemployment in the last 2 months has gone up very rapidly. There seems to be some easing in the inflation situation, bad as it is.

Mr. SHISKIN. Very slight.

Would you want Mr. Bregger to give you the figures you requested?

Mr. BREGGER. The record for labor force time lost was 9.2 percent in April 1958.

Chairman PROXMIRE. And 7.8 percent now?

Mr. BREGGER. Yes, sir.

Chairman PROXMIRE. Was that the highest record, the peak?

Mr. BREGGER. 9.2 percent was. The series goes back to about 1955.

Chairman PROXMIRE. Has there been any other comparable to this 7.8 or 9.2 percent?

Mr. BREGGER. Well sir, throughout 1958, of course, and then in the 1961 period it was a bit higher. But actually the series was revised in 1963 such that, all other things being equal, it would be slightly lower than in prior years.

With respect to adult men, the 5.1-percent rate in December 1974 was the highest since November 1961 when it was 5.2 percent.

Chairman PROXMIRE. Thank you.

Senator SCHWEIKER.

Senator SCHWEIKER. Thank you, Mr. Chairman.

Mr. Shiskin, I understand you do not yet have the December figures for the diffusion index; is that correct?

Mr. SHISKIN. That is correct.

Senator SCHWEIKER. I guess you have the last month, which I think was a very clear signal of what was going to happen this month. You had 75.6 percent of your 172 industry categories declining in employment.

You don't have any preliminary figures yet as to how significant the decline will be this month?

Mr. SHISKIN. No, sir; the establishment data are obtained by us through a mail survey whereas the household data are collected through a field survey, in other words, from direct visits.

We have a great deal of difficulty with the mail around Christmas time and this year has been no exception.

Senator SCHWEIKER. You are not alone in that respect.

Mr. SHISKIN. Yes; and as a result we couldn't get the data out and we haven't even tabulated it. I don't know whether they are even in, but I know nothing has been run on the computer.

In any case, Senator Schweiker, I should remind the whole group that the administration has put a very tight lid on our ability to provide any information whatever in advance, to a large extent because of Senator Proxmire's efforts, I might say, and I wouldn't be able to release those figures in any case until next Friday at 10 a.m.

Senator SCHWEIKER. You indicated that the unemployment index is one of the recent high watermarks, 7.1 percent.

The jump that we had this month over last month, from 6.5 to 7.1 percent would be 0.6 percent. How far back do we have to go before we see a comparable jump as big as that?

Mr. SHISKIN. There was an increase of 0.6 percent between September and October 1960.

Senator SCHWEIKER. Back to 1960?

Mr. SHISKIN. Yes, sir.

Senator SCHWEIKER. Also, did I understand, in your answer to Senator Proxmire's question, that 10 percent of that 6.6 percentage point was made up of auto increases?

Mr. SHISKIN. Roughly.

Senator SCHWEIKER. It wouldn't be 10 percent.

Mr. SHISKIN. Ten percent of the 0.6-percent increase in the unemployment took place in the automobile industry.

Chairman PROXMIRE. You say a little more than 10 percent.

Mr. SHISKIN. 10 percent of a 0.6 percentage point.

Mr. BREGGER. Roughly 0.1 of the 0.6 percent change in the overall rate. That would make it closer to 20 percent.

Senator SCHWEIKER. You told us last month, and I quite well remember your saying that the worse was yet to come in autos, because at the time you sampled the auto unemployment you hadn't taken into account what you knew was occurring.

What kind of a statement can you make for this coming month in that regard?

In other words, I think I heard some speculation about what Chrysler was going to do this week.

Do we know of any other additional figures or layoffs or pending adjustments that might make it worse than 20 percent or better than 20 percent in the month ahead?

Mr. SHISKIN. I have no further comments on the automobile industry. I don't know any more about that than you do, Senator Schweiker.

Senator SCHWEIKER. Last month you told us that the figures were really worse than they were because your index had been taken a couple of weeks ahead of the cycle. Now you are saying you have no similar comparison?

Mr. SHISKIN. My impression is that we haven't had the same kind of announcements from the automobile industry about big layoffs that we had after our survey was taken in November. However, the auto-

mobile industry is an industry which affects a great many other industries and, as I said earlier, it is clear to me that the ripple effects of this big decline in automobile output and sales have yet to come.

Senator SCHWEIKER. On your table A-4,<sup>1</sup> you indicate the duration of unemployment; 27 weeks and over. Using this table, as I read your figures, there was quite a horrendous step-up from November to December, 437,000, over 27 weeks unemployment versus 554,000, an increase of almost 100,000, about 117,000, from November to December in terms of the longevity of the unemployment. That is for the figures that I have listed there, it shows one of the biggest gaps.

How far back do we have to go to find another similar increase in the longevity of unemployment comparable to what we have just seen?

Mr. SHISKIN. The long-term unemployment rate is at its highest since 1953.

Mr. BREGGER. It is the highest for the 27-weeks-and-over category for unemployment since 1971.

Senator SCHWEIKER. How high was that then?

Mr. BREGGER. It got up to as high as about 590,000.

Senator SCHWEIKER. OK.

Mr. BREGGER. I take that back. In 1972, in fact, it got up to nearly 650,000. Compared with recent events, the current figure is not unusually high.

Senator SCHWEIKER. One figure I have never quite fully understood is why the difference between the male Vietnam veteran in the 20-24 age bracket and the male nonveteran in the 20-24 age bracket. We historically have had a difference here. Now the difference seems to be terribly accelerating.

You point out in your statement that the Vietnam veteran 20-24, 15.3 percent is unemployed versus 10.4 percent of the male nonveteran in the same age bracket. That is almost a 50-percent difference between the unemployment rate of the veteran and nonveteran. I can see why it would accelerate because all figures have accelerated.

Why is it so bad now? What are the reasons?

Mr. SHISKIN. One of the elements probably is that many firms follow a last-in, first-out policy in letting people go and the veterans came in late.

Senator SCHWEIKER. Just because of the seniority?

Mr. SHISKIN. I am guessing now. I think that may be one of the factors.

Senator SCHWEIKER. How about the impact on blacks. Wouldn't you have a measurement of black employment in the index too?

Mr. SHISKIN. Yes; there probably are more black veterans this time than other times.

I would like to call to your attention, Senator Schweiker, in this context that while the young veterans have a hard time getting and holding jobs, once they do get the jobs and gain experience, they do better than the nonveterans.

For example, the unemployment rate for veterans 30-34 years old is 4.1 percent compared to nonveterans in that age group of 5 percent.

<sup>1</sup> See table A-4, p. 535.

So the veterans do have a harder time getting jobs and holding on to them at the beginning. Once they get established in jobs they do better than the nonveteran.

That is easy to understand. For example, in the Government veterans get preference; in layoffs veterans are the last to go.

Senator SCHWEIKER. I see that also your black teenager figures and in fact your white teenager figures, too, have gone up. Sixteen percent for your white teenager unemployed rate and 37.8 percent on your blacks.

Mr. SHISKIN. They haven't gone up much, of course, because they have maintained a very high incidence of unemployment in recent years.

Senator SCHWEIKER. They didn't have much more to go up.

Mr. SHISKIN. Yes, sir, they have been running over 30 percent.

Senator SCHWEIKER. With 20 percent of the auto industries unemployed, which is a tremendously high rate, it just seems to me that—I guess this isn't in your area at all—all this talk about putting an added penalty on gasoline or putting on any kind of negative detrimental effect would be a horrendous mistake. I can't comprehend why we are talking about a gasoline tax at this point, or a per barrel tax, because that has got to tell the guy out there who is thinking about buying a car to put it off for another year or two, when one-fifth or one out of every five auto workers is unemployed. That would seem to me to be completely going in the wrong direction.

I also saw a figure, I don't know how accurate, that one out of every six people in the economy relate to the auto in some direct or indirect way.

Putting those figures together, 20 percent of the auto workers are now unemployed and one out of every six jobs in the private sector are related to automobiles, the worse thing we can do in my judgment would be to put an auto tax or gallon tax on because that would certainly make that 20 percent get worse.

I don't know if you care to comment on that or not.

Mr. SHISKIN. Privately I would be delighted to but I think that as Commissioner of Labor Statistics I shouldn't do it and I will leave it to the Chairman of the Council of Economic Advisers and others.

Chairman PROXMIRE. He will be before us Monday.

Mr. SHISKIN. So he told me yesterday when I called him.

Chairman PROXMIRE. When was the last time auto unemployment was as high as 20 percent?

Mr. SHISKIN. Our series doesn't go very far back.

Chairman PROXMIRE. Do you have any record at all of unemployment being that high?

Mr. SHISKIN. I don't have. I only have comparable data back to 1969 and it was, of course, nowhere near 20 percent in any other month.

It is very bad in the automobile industry, there is no question about that.

Chairman PROXMIRE. We do have two contradicting elements in the economy now. One is that the coal strike figures I presume are reflected rather fully here?

Mr. SHISKIN. I would think so.

Chairman PROXMIRE. That element at least should be favorable.



Mr. SHISKIN. It should prove favorable. There might be a little relief in January arising from the settlement.

Chairman PROXMIRE. Now, as a business cycle expert doesn't it seem that in addition to the layoffs we know about and the rippling effect that you referred to in the automobile industry, that the drop in new factory orders for the third straight month, the reduced spending on new construction, the increase in inventories held by manufacturers, the backlog of unfilled orders and manufacturing declining, don't these statistics indicate that the situation is likely to be aggravated?

Mr. SHISKIN. Let me put it this way, Senator, the large body of economic indicators that we have suggests that things are going to get worse before they get better.

Chairman PROXMIRE. Are there other specific industries, other than automobile, for which you have monthly unemployment figures?

You gave us figures on construction in which you pointed out that had gone to 15 percent.

Mr. SHISKIN. In table A-2<sup>1</sup> are listed a few industries and, of course, we do have data that aren't as reliable as some others. The one we have been talking about, which is the automobile industry, is a big industry and the figures are more reliable than most.

Chairman PROXMIRE. Are you talking about table A-2 in your press release.

Mr. SHISKIN. Table A-2; yes.

Chairman PROXMIRE. All you show here is manufacturing, transportation, wholesale and retail trade.

Mr. SHISKIN. The sample is very thick when you get to individual industries. The automobile industry happens to be one of the biggest industries so we are able to produce data that are more reliable there than for most other industries.

Mr. BREGGER. We do publish on an unadjusted basis some two-digit manufacturing industries in employment and earnings.

Chairman PROXMIRE. Can you answer my question, then, as to what the unemployment is in the other industries that might be over 10 percent?

Mr. BREGGER. We can provide it for the record later. I don't have the data with me.

Chairman PROXMIRE. Do you know off the top of your head any industries that have unemployment of more than 10 percent other than construction and autos?

Mr. BREGGER. I would have to take a guess. Perhaps the textile industry.

Chairman PROXMIRE. Textile?

Mr. BREGGER. Yes, sir. I would like to verify that.

Mr. SHISKIN. We will put a list of those with 10 percent or more unemployment in the record.

[The following information was subsequently supplied for the record:]

<sup>1</sup> See table A-2, p. 534.

## INDUSTRIES WITH LARGE OVER-THE-YEAR UNEMPLOYMENT RATE INCREASES (NOT SEASONALLY ADJUSTED)

	December 1973	December 1974
Construction.....	9.0	16.2
Manufacturing:		
Lumber.....	4.9	12.9
Furniture.....	4.7	9.5
Stone-clay-glass.....	2.7	10.5
Primary metals.....	2.9	7.6
Electrical equipment.....	3.8	9.2
Automobile.....	3.1	14.3
Food.....	6.7	10.3
Textiles.....	3.2	10.9
Apparel.....	8.2	12.6
Paper.....	3.6	8.3
Chemicals.....	1.6	5.2
Rubber and plastics.....	3.1	8.8

Chairman PROXMIRE. Almost half of the unemployed are under 25 years of age. Some of these are teenagers and thus perhaps are only part-time workers and not family heads. However, 1.4 million of the unemployed in December were between 20 and 25 years of age. In many ways this is the group most vulnerable to unemployment. They are old enough to be expected to be self-supporting, in many cases, they may have young families to support, but they do not have enough work experience to be eligible for much unemployment compensation. They do not have accumulated savings with which to cushion a period of unemployment.

How much information do you have about the unemployed in this age group? Many young people 20 to 25 may be just married or have obligations.

Do you know how many have families to support or how many have unemployment compensation?

Mr. SHISKIN. No, sir. I don't know.

Chairman PROXMIRE. Do you know what the typical income levels are?

Mr. SHISKIN. No; but we could get some information of that kind and I am exploring that as part of our studies of the spendable earnings problem. We are trying to get data for different categories of workers. Such data are compiled once a year in the May supplement to the CPS. We have demographic information there also. So we will be able to put some data together on that but I don't have it here and couldn't get it very quickly either. But we could get it later.

Chairman PROXMIRE. What programs are available to assist the unemployed in that age group?

Mr. SHISKIN. In that group?

Chairman PROXMIRE. Yes, the 20 to 25 age group.

Mr. SHISKIN. Well, there are two programs, as you know, that are available to assist all unemployed, the unemployment insurance program, which has been expanded and extended recently, very recently, so that now we have complete coverage. So any young person who has the required employment experience will be able to get unemployment insurance.

Now, in addition, as you know, Congress and the President have created a—

Chairman PROXMIRE. Many of these people, hundred of thousands of them, have not had employment experience.

Mr. SHISKIN. Yes, sir; those just getting out of college, the new entrants and the reentrants.

The way I interpret the actions taken by the President and the Congress in that area is that the unemployment insurance program has been extended greatly and all employees are now covered.

Chairman PROXMIRE. Here you have the situation where, as I understand it, some of the auto workers are very unhappy about the publicity that has been given to the notion that there are some who can get up to 95 percent unemployment compensation. Those who have been employed a relatively brief time aren't eligible for that; they don't get the union benefits nor some of the other benefits. As I say, these are the people who are very vulnerable, they often have young families and it is a real tragedy.

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. As I understand, 86 percent of the unemployed in the 20- to 24-age group are now seeking full-time work, which is about the same as the older group. The unemployment rate for the 20- to 24-age group is 11.8 percent compared to about 4.8 percent for older people.

So that you have a clear dramatic division and a great disadvantage and tragedy for these younger people.

During the past year the labor force participation rate of adult males has dropped from 81.4 percent to 80.7 percent, a decline of a 0.7 percentage point. That doesn't seem to be a big percentage but it is significant in view of the increased participation we have been talking about for many months since you have been testifying here.

Isn't the participation rate of adult men normally one of the more stable statistics, and isn't it alarming that such a sharp drop has occurred in a relatively short period.

It is a fascinating contrast with females, you are going the other way.

Mr. SHISKIN. Again, in connection with our studies of spendable earnings, there has been a secular decline. In the composition of the civilian labor force by sex and age, adult men 25 and over were 53.5 percent of the labor force in 1963; in 1968 they were 49.9 percent, and in 1973, 45.9 percent.

Chairman PROXMIRE. In other words, more women are coming into the labor force, and we have also had not only fewer men coming in but an actual decline?

Mr. SHISKIN. Right. Again I think making a blanket statement that it is women who are increasing the labor force is seriously incomplete.

Here are the corresponding figures for adult women 25 and over.

For 1963, the percentage was 21.6; for 1968, it was 21.8; and for 1973, it was 21.8. So it has hardly changed at all over the past 10 years.

If you look at young men and young women, that is where the big change has taken place.

For example, the young women 20 to 24: In 1963 they were 3.6 percent of the labor force; in 1968 they were 4.6 and in 1973 they were 5.3 percent.

There was an almost corresponding movement in young men.

So what we have is a lot of young people going into the labor force during the last 10 years.

Chairman PROXMIRE. The adult male labor force has increased by only 500,000. However, total employment of men has also declined by 500,000, resulting in a 1 million worker increase in unemployment.

Adult females, on the other hand, have increased their participation in the labor force during the past year by 1 million. Employment of adult females has also risen by 300,000, the only major labor group to show employment increases during the recession. The employment-unemployment patterns of teenagers have been similar to that of adult males—small increases in labor force and declines in employment.

To what do you attribute this phenomenon we are talking about? Is it primarily that women are coming into the labor force as their husbands are laid off, or is it that industries which employ large percentages of women have not yet been hit severely by the recession?

Mr. SHISKIN. Well, possibly the first factor you mentioned is important, when men get laid off women who otherwise don't work seek jobs. There must be some of that going on. But my own guess is the major factor is the occupational one.

As I pointed out in a recent hearing, we have a large number of clerical workers in this economy and they haven't been hard hit yet. So it would appear to be an occupational phenomena rather than a sex phenomena.

Chairman PROXMIRE. The staff of the committee is very concerned, and so am I, about the timing of this. It was my understanding and the understanding of Courtenay Slater and other members of the staff that the survey was usually taken during the week of the 12th. I think you reported that to us sometime in the past.

Mr. SHISKIN. I also mentioned every time I did that, nearly every time, that for many years, and Jack Bregger will remember how many, the survey in December was taken during the first week. Let me explain the reasons for that. There are two principal reasons.

One reason is that the Census Bureau, which conducts the survey for us, has a very hard time processing the data during the Christmas week. The other reason, which is probably even more important, is that it is hard to find people home at night during the Christmas period. So for both these reasons they have insisted—

Chairman PROXMIRE. The second reason I don't know. I understand that the busiest Christmas shopping day of the year is the day after Thanksgiving, which would be before your survey week, and, therefore, there is not much of an argument that you would have fewer people home on the 12th of December than on the 5th.

Mr. SHISKIN. Well, I worked for the Census Bureau for over 20 years and I know these people very well and I am sure they have made a very thorough study of this problem and they for years now have been taking the survey during the first week of December. However, next year they will take it during the second week. We negotiated that arrangement with them.

Chairman PROXMIRE. It is also true that next month you will take it on the—

Mr. SHISKIN. The regular week. There is only 1 month where there has been an exception.

How many years has that gone on, Mr. Bregger.

Mr. BREGGER. Eight out of the last ten Decembers.

Chairman PROXMIRE. You haven't done it consistently.

Mr. BREGGER. It depends on where the 12th falls in the week. If it is early in the week, the data collection gets too close to Christmas and we have the question of processing—

Mr. SHISKIN. One of the problems, as Mr. Bregger pointed out to me the other day, of taking it earlier next year is that you would have a day in November. We couldn't stomach that, so we insisted they take it the following week and that is the way it is now scheduled.

Chairman PROXMIRE. The last 3 months I have been asking and haven't been able to get the answer on unemployment figures in European countries.

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. Put them on a comparable basis with unemployment.

Mr. SHISKIN. This time you will get the answers.

Chairman PROXMIRE. Do you have them?

Mr. SHISKIN. In fact they are in table 3<sup>1</sup> that is attached to the press release.

Chairman PROXMIRE. Great. Let's go over that table.

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. So with the exception of Canada, which, of course, sneezes whenever we get a cold and, therefore, is very closely related to our economy in every way, we find far lower unemployment figures in the other countries than in the United States.

For the United States in the third quarter you have 5.5 percent. It is much higher now. In Canada it was 5.4 percent; about the same. In France, 3.7 percent; which is markedly lower. Germany was 2.6 percent; almost precisely half of what ours is. Great Britain was 4.4 percent; substantially below ours. Also Japan; about a third of what ours is.

Can you give us any caution on these figures.

Mr. SHISKIN. Yes, I can. First of all, surveys are all collected in different ways in different countries and it takes heroic statistical action to put them on a comparable basis. Jerry Mark who works for BLS, has the courage and ability to do that, and he has done that.

That is a general caution. But I think there are problems in showing unemployment figures for such relatively small geographic areas.

Chairman PROXMIRE. Yes.

Mr. SHISKIN. For example, we know that in Germany they import many Italian workers during boom times, and then when business slows down they send them back to Italy.

They also get Spaniards. So it would be preferable to have one figure for, say, Western Europe.

Chairman PROXMIRE. You pretty much have that here—you have France, Germany, Great Britain, and Italy.

Mr. SHISKIN. You don't have Spain.

Chairman PROXMIRE. The four big ones.

Mr. SHISKIN. You don't have Spain, from where many workers go to the other countries to work; and you don't have Portugal.

<sup>1</sup> See table 3, p. 542.

Chairman PROXMIRE. You have a phenomena here, looking at this record here. You have a sharp increase in Germany, a phenomenal increase, it is more than double, in fact it has tripled since the first quarter of 1973. It was 0.8 then, it was 2.6 percent in November. By our standards that is very low. That suggests unemployment is beginning to have some effect on the German natives, these people who don't leave Germany.

You have very little increase in the level of unemployment for Italy.

Mr. SHISKIN. Senator, let me ask you to look at table 4<sup>1</sup> in which we show price changes, where you get almost the reverse pattern.

For example, you pointed out the low unemployment rate in Japan. Japan has the lowest unemployment rate, but they also have the highest inflation rate. Italy has a much lower unemployment rate, but their inflation rate was in the third quarter almost 20 percent.

Now, we have about the best record on inflation except for Germany, about the same as Canada, and about the worst on unemployment.

Again and again I keep emphasizing this point, you always have to look at the two sides of the terribly difficult economic problem.

Chairman PROXMIRE. What you do not have here, and maybe the most significant of all is the growth figures. As I understand it, the projections—how sound they are I don't know—of the OECD is that in this coming year this country is likely to have a production decline, and in these European countries, with the exception of Italy, they expect production to increase. So even though their inflation is bad, the fact is that they will be producing more goods, their resources will improve in real terms, therefore, their standard of living should improve there and it is expected to worsen here.

Mr. SHISKIN. I can't resist making the remark that you have skillfully and correctly pointed out how deficient the forecasts have been. I heard you say so in this room many times and I heard you say so on television last Sunday.

Chairman PROXMIRE. I am happy you watched that program.

Mr. SHISKIN. I take those forecasts with a grain of salt.

Chairman PROXMIRE. Well, let's consider what has happened in the last year.

Isn't it true that the production in this country was not up to the standard in Western Europe and the rest of the free world?

They may have had a decline in one or two of these countries but by and large they had some increase, and in no case did they have a reduction in production comparable to ours?

Mr. SHISKIN. Well, let me take a minute to look at that record.

Japan has had a sharp drop in industrial production for over a year.

Italy has had a precipitous drop in production this summer. The figures are so far behind ours that we cannot make a statement about more recent trends.

After a fairly level period of almost 2 years there is a slight dip in France.

The United Kingdom has stable or declining output.

Chairman PROXMIRE. What that tells me is that those countries didn't perform worse than we did and in some cases performed better

<sup>1</sup> See table 4, p. 543.

and they are far, far more vulnerable to the energy shortage than we are. Japan has to import 80 or 90 percent of its oil from the Middle East and the European countries import most of their oil. We import only about 15 percent of ours from the Middle East and only about 35 percent altogether. So they have an enormous disadvantage both from the inflation standpoint and production standpoint and they are doing better than we are.

Mr. SHISKIN. Well, Japan has been having a worse recession than we are if you judge by industrial production. They have had a much sharper decline.

Chairman PROXMIRE. I question that.

Mr. SHISKIN. We had a very vigorous period of expansion starting in early 1971, through the second quarter of 1973, whereas Germany, for example, has had virtually level output since the beginning of 1973.

Chairman PROXMIRE. You talked about a recession for Japan. Let's go back to table 3<sup>1</sup> you just gave us on the unemployment rate.

Japan's unemployment in 1974 in the first quarter was 1.3 percent, in the second quarter 1.2 percent, in the third quarter 1.4 percent.

I wish we had that kind of recession.

Their unemployment is low, everybody is working, almost everybody is working.

Mr. SHISKIN. However, their output dropped very sharply.

The information I have here from Business Conditions Digest shows the figures for all these different countries on industrial production. We have the output figures and they are dropping sharply.

Germany is very interesting. For 2 years they have had no increase in output.

Chairman PROXMIRE. We haven't done that well in the last year.

Mr. SHISKIN. We had two of the greatest quarters in American history in 1973.

Chairman PROXMIRE. 1974 was a bad year.

Let me ask you this—

Mr. SHISKIN. Just to put that in a little perspective. If you will take a look at the table that I distributed, this is the first time I have had these figures, on this recession compared to earlier ones and the 1929-33 depression. It is table 2.<sup>2</sup> Thus far we have had a 2.7-percent drop in output. In 1969-70 we had only 1.1 percent but in 1957-58 we had 3.9 percent.

Chairman PROXMIRE. Well, I might point out that was from the top to the bottom and we are not at the bottom yet. We all agree that it is going to get worse.

Mr. SHISKIN. Of course. I just want to call to your attention that the total drop in real GNP thus far has been only 2.7 percent. In 1929-33 it was 32.6 percent. Now the unemployment rate is 7.1 percent. In 1929-33, it was 25.2 percent.

The CPI in the last year has risen at a rate of about 12 percent. Believe it or not, in 1929-33 it dropped by 27 percent.

Chairman PROXMIRE. Yes, that is dramatic. That is a remarkable figure.

<sup>1</sup> See table 3, p. 542.

<sup>2</sup> See table 2, p. 541.

Mr. SHISKIN. This is another way of emphasizing the point I have been making again and again, that the business cycle of today is different from the business cycle of the past. In the past when we had declines in output and in employment, we had declines in prices. This time we have both rises in unemployment—

Chairman PROXMIRE. This wasn't true in the recession of 1969-70.

Mr. SHISKIN. The new pattern began to emerge in the 1969-70 recession, but now it has accelerated—this new pattern of the twin problems of inflation—rampant inflation, and higher unemployment.

Chairman PROXMIRE. Let me ask you about the prices for a minute or two.

When and how will the recent steel price increases show up in the Wholesale Price Index?

Mr. SHISKIN. I will let John Layng explain that.

Mr. LAYNG. We will total those up as they are reported to us. I am not sure of the precise date you are talking about. It will depend on the time of the change whether it will be reflected in the next WPI, which will be released roughly the middle of this month.

Chairman PROXMIRE. Have those price increases been put into effect? They shaved their increase by 20 percent when the President jawboned them.

Mr. LAYNG. Have they gone into effect?

Chairman PROXMIRE. Yes.

Mr. LAYNG. I don't know. We have to look at the information that we have to determine whether the index we will produce for December will reflect the change. If the increases occurred after December 10, the pricing date for December, they will be reflected in the CPI for January, which will be released in February.

Chairman PROXMIRE. That increase was very pronounced. The steel companies said it wasn't a very big increase—5 percent or I think 6 percent—the others said it was an increase much bigger than that. Do you know how big an increase it was?

Mr. LAYNG. I don't know the size of the final increase. I do know it was only on certain types of steel. Certain types of steel were excluded.

Chairman PROXMIRE. It did affect most of their production, not all of it by any means.

Do you know what the overall effect on steel prices would be if they put their total package into effect?

Mr. LAYNG. No; we would have to calculate that.

Chairman PROXMIRE. Will you do that?

Mr. LAYNG. Yes, sir.

[The following information was subsequently supplied for the record:]

Changes vary from item to item. Overall, the change appears to be 2 to 2.5 percent at the steel mill products level.

Chairman PROXMIRE. Will you also calculate how much impact that would have on the Wholesale Price Index.

Mr. LAYNG. Yes, sir; we will supply it for the record.

[The following information was subsequently supplied for the record:]

A 2- to 2.5-percent change in steel mill products would affect the all-commodities WPI by 0.1 percent.



Chairman PROXMIRE. By and large, how much of an effect does an increase in the steel price have proportionately? Does this constitute about 5 percent, 10 percent, or 15 percent of the Wholesale Price Index?

Mr. LAYNG. One second, I think I can find that. I believe it is about 3 percent of the All Commodities WPI.

Chairman PROXMIRE. While you are at it, I might say at the same time these are list prices, as I understand it, and they differ from the transaction prices. When there hasn't been an increase in the prices for a while, often the transaction price will be higher. Isn't that correct? When there has been an increase, the transaction price might be shaded.

Mr. LAYNG. We attempt to get the transaction price. We don't always capture it fully.

Chairman PROXMIRE. But what you report at least is your estimate of the transaction price, not the list price?

Mr. LAYNG. Yes, sir.

Chairman PROXMIRE. If they announce a 10-percent price increase and only put into effect 7 percent of it, you will report the 7 percent?

Mr. LAYNG. Yes; we ask them for their list price less any discount.

Chairman PROXMIRE. You say you will try to get it. Why do you give me that qualification?

Mr. LAYNG. The market is very diffuse in terms of the kinds of adjustments that are made and it will depend on the transaction, the buyer, the size, and the condition. For these reasons, the extent to which we pick that up is variable.

Chairman PROXMIRE. We are having hearings on Thursday and Friday of this next week in this connection. Do you have any explanation of the reason for the increase in consumer prices for food while there had been a drop in farm prices?

The farmers in my State, believe me, are really unhappy about this, they are very angry about it, and they feel that most consumers think farmers must be doing better, and they are doing very badly.

Is there an analysis or explanation you can give me, a reason for that?

Mr. LAYNG. No. I think the Department of Agriculture has been spending an awful lot of time trying to figure that out.

I am not sure whether this is particularly relevant in this situation, but historically, retail prices of food have not always fully reflected increases in farm prices on the upside, and retail prices have not fully reflected farm price changes on the downside. We have been trying to get time to go back and look at whether or not the recent period has really changed a great deal from the past.

Chairman PROXMIRE. Here you have a dramatic change. You have had food prices go up 11 or 12 percent, and farm prices have not gone up at all.

Mr. LAYNG. That would seem to be out of line with the historical relationship between the two.

Chairman PROXMIRE. Is there any evidence this is a result of concentration on the part of supermarkets and processors and so forth? In other words, they are big enough so that they can in effect fix prices?

Mr. LAYNG. We don't have any information on that.

Chairman PROXMIRE. Is a study of this kind being undertaken by the Department of Agriculture?

Mr. LAYNG. I think the Department of Agriculture is looking into the question. Whether it is that type of study—

Chairman PROXMIRE. Is the Department of Justice looking into it?

Mr. LAYNG. The Federal Trade Commission was the only other organization that I know of that is attempting to do anything.

Chairman PROXMIRE. Are they doing it now?

Mr. LAYNG. I am not sure. I know about a year ago they were looking into it.

Chairman PROXMIRE. Well, this is what you hear over and over again. They always look into it but they never come up with conclusions. There is never any antitrust action or price controls of any kind that would be responsive to this.

Mr. SHISKIN. They are unlike BLS. We come out with these figures every month.

Chairman PROXMIRE. Come out with what?

Mr. SHISKIN. With these figures, these statistics, every single month. We never miss. Sometimes we wish we had missed.

Chairman PROXMIRE. What do your figures show on the steel prices; have they continued to go up in the last 3 months?

I ask that because we had three of the top people in the steel industry testify before this subcommittee and Mr. Speer, chairman of the board of Unified States Steel, told me he didn't expect prices to go up unless they could be cost justified. He said he wouldn't increase them unless they could be cost justified.

Mr. LAYNG. I have the most recent month, which was November compared to October. The iron and steel total was up four-tenths of 1 percent from October. The index for steel mill products has advanced 1.8 percent during the last 3 months.

Senator SPARKMAN. Mr. Chairman, I wonder if I may ask this. I am sorry I was not able to get here before.

The part that I have been able to hear has been most interesting.

Do I interpret these figures that are given in table 2<sup>1</sup> as indicating that we are not in such a bad shape?

Mr. SHISKIN. Well, Senator, the first column shows what has happened during the last year. Now we have taken as a tentative peak, very tentative, November 1973. As Senator Proxmire pointed out, and it became clearer and clearer as we continued this discussion today, our present difficulties haven't ended. So in later months these figures are likely to worsen.

Now, on the other hand, the data for the other periods show the complete cyclical declines. We are comparing what has happened so far in this last year with what happened in complete recessions in the past.

Senator SPARKMAN. Of course that doesn't give much comfort though to the great mass of unemployed, does it?

Mr. SHISKIN. Not at all. The report that we put out today is a very bleak report.

Senator SPARKMAN. I am not a trained economist, as my colleague here is, but I have always had a feeling that if production is main-

<sup>1</sup> See table 2, p. 541.

tained while there is high unemployment it has a favorable effect on inflation.

Have I that right or is it twisted?

Chairman PROXMIRE. Yes. In other words, if we maintain production or increase production, of course we increase supply and, therefore, we tend to reduce price pressures.

Senator SPARKMAN. It seems to me that in years gone by when we got into a recession they would say if you increase the unemployment you will cure the recession, but unemployment is a very bad thing though at any time, isn't it, under any condition?

Mr. SHISKIN. And for anybody.

Chairman PROXMIRE. I think what Mr. Shiskin has pointed out is that this is quite different than what we had before. Here you have the unusual situation of unemployment rising and prices going up. It seems to me it is obvious that since prices have been going up so long, increased unemployment is not the answer to this kind of inflation. You don't cure the inflation or correct it by worsening your unemployment. I think the President of the United States ought to appreciate that and realize that. I don't think he does. I don't think the Council of Economic Advisers do. They seem to have some notion they have to aggravate unemployment further in order to reduce the inflationary pressures.

Mr. SHISKIN. I would only add the caution there may be a lag in the price adjustments, as I think there was a lag in the employment adjustments this time.

Chairman PROXMIRE. Well, whether there is a lag or not it is quite clear that the increase in unemployment we have suffered, and it is a very sharp increase, over the last 3 or 4 months, has not given us an easing in the serious inflationary problem we are now enduring. Prices have continued to rise. They are rising with respect to food. They have even risen in the area where we have the most severe layoffs—in the automobile industry. Cars cost \$300 or \$400 more than they cost a year ago.

Mr. SHISKIN. We are in a new type of economic situation.

Senator SPARKMAN. I agree fully with the point made. That is what I was trying to make. The unemployment this time, whereas in the past, as you have said, had an effect on inflation. This time it has had no effect.

Mr. SHISKIN. So far.

Senator SPARKMAN. So far. I am glad you said that. Does that mean there is hope?

Mr. SHISKIN. I think so.

Chairman PROXMIRE. There may be hope, but it seems to me the Congress of the United States and even the administration isn't going to stand still for trying to cure the inflation by permitting the unemployment to get worse.

Mr. SHISKIN. No. We have the new program on unemployment insurance and we have the public service employment program already in effect.

Chairman PROXMIRE. They are inadequate; it is not enough; we know that.

The President, we hope, has, as he calls it, a tough program, an effective program, to put people to work.

Mr. Shiskin, thank you very much; it is sad news, but we won't cut your tongue out the way they used to.

Mr. SHISKIN. Thank you; I hope before my term as Commissioner of Labor Statistics is over, I will be here providing you with good news.

Chairman PROXMIRE. We certainly hope so.

Thank you for your testimony.

The subcommittee will stand in adjournment until next month at this time and resume the hearings and I hope the news is a little better.

[Whereupon, at 12:25 p.m. the subcommittee adjourned, subject to the call of the Chair.]

