736

# EMPLOYMENT-UNEMPLOYMENT

## HEARINGS

BEFORE THE

## JOINT ECONOMIC COMMITTEE

## CONGRESS OF THE UNITED STATES

NINETY-FOURTH CONGRESS

FIRST SESSION

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**PART 5**

JUNE 6, JULY 3, AUGUST 1, AND SEPTEMBER 5, 1975

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# EMPLOYMENT-UNEMPLOYMENT

FRIDAY, JUNE 6, 1975

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, D.C.*

The committee met, pursuant to notice, at 11:05 a.m., in room 1202, Dirksen Senate Office Building, Hon. Hubert H. Humphrey (chairman of the committee) presiding.

Present: Senators Humphrey, Proxmire, Bentsen, and Javits; and Representative Long.

Also present: John R. Stark, executive director; Richard F. Kaufman, general counsel; William R. Buechner, Lucy A. Falcone, Robert D. Hamrin, Jerry J. Jasinowski, L. Douglas Lee, and George R. Tyler, professional staff members; Michael J. Runde, administrative assistant; George D. Krumbhaar, Jr., minority counsel; and M. Catherine Miller, minority economist.

## OPENING STATEMENT OF CHAIRMAN HUMPHREY

Chairman HUMPHREY. We will call our meeting of the Joint Economic Committee to order.

We are very fortunate to have again Mr. Julius Shiskin, Commissioner of Labor Statistics, with us.

I have a brief opening statement, Mr. Shiskin.

We are going to, of course, want you to review for us the latest report and all of its details.

The sharp rise of unemployment in the month of May to 9.2 percent casts serious doubts, in my mind, at least, on the administration's repeated and recent assurance of the turnaround in the economy, and also of a turnaround in the matter of unemployment before the end of the year.

As I see it, there may be a dollar recovery in GNP of some degree, or a profits recovery. But, there is no people recovery; no employment recovery that is presently in sight.

Of course, my deep concern has been in these recent months on the matter of recession and unemployment, the wholesale price index, which we had revealed this week, indicates our rate of inflation is substantially lower, which is good news on that front. But, the intensity and depth of recession have not as yet been relieved.

The 9.2 percent, horrendous as it is, I believe seriously underestimates the real magnitude of our Nation's unemployment problem. When discouraged workers and the part-time workers seeking full-time jobs are included, I am sure you will discuss that with us, it appears on quick calculation that the unemployment rate is actually a

socially devastating 12 percent. So, we have what we call the official rate, 9.2 percent, which is up from 8.9 percent of last month. When you take into consideration the number of people who have dropped out of the labor market and those who are on part-time employment wanting to return to full employment, the 12 percent figure, I believe, is realistic.

The rates for adult males, adult black women and teenagers show the largest increases in May. The fact that the teenage unemployment rose from 20.4 percent in April to 21.8 percent in May, even before school is out for the summer, before the June graduates hit the job market, I believe spells very serious problems; and, in some areas, disaster for any hopes of avoiding an explosive situation in the job market, in the economy and even possibly in our cities this summer.

It is a national tragedy in the face of 8.5 million unemployed, that the President vetoed and the Congress sustained that veto of a job-creating bill. The figures released today clearly indicate, at least speaking for myself, the folly of the action in both places in the executive branch and in the Congress. The 9.2 percent in unemployment for May dramatically shows that the administration's obsession with inflation has been misplaced at a time when price pressures are fortunately rapidly abating, and aggregate demand will remain below our capacity constraints for many months to come.

I would be very interested in any information that you can give us as to your evaluation of the amount of what we call productive capacity—tools, machines, industrial capacity—that remain vital.

The notion that we can control inflation only by imposing a long period of high unemployment on millions and millions of our citizens is cruel and to me is politically, economically, and morally unacceptable. The crisis that we face today is in jobs, as I said to Secretary Simon here the other day. The administration tells us that the recession is turning around. For the 75 million Americans who will be directly touched by unemployment this year, these empty words are small comfort, indeed. That 75 million figure relates to individuals and families or in groups that will be affected by some member of that family having been a victim of unemployment. It is estimated that well over 25 million people will have been unemployed at some time during the year.

When you translate that figure in the family situation, you have 75 million in this country that will have been directly affected by the loss of income due to unemployment.

I have another feeling about it that I want to quickly express—that is, it has just been drawing on me that the cushion that we give in unemployment compensation, the cushion to the blow of unemployment, may very well be one of the reasons that the administration does not take this problem too seriously. In other words, by our sort of buying ourselves out. We are taking an economic aspirin to relieve a little bit of the pain. It does not seem to be the kind of social pressing issue upon persons in authority. It is said that inflation affects everybody and unemployment affects only those directly affected. I disagree with that. I think unemployment is like a plague that can spread its infection through the entire body politic and economy.

With that, Mr. Shiskin, thank you for listening to my evaluation of what information we have today.

Now, we will welcome your more specific and professional observa-

tions on the report of the Bureau of Labor Statistics as released to us this morning.

## STATEMENT OF HON. JULIUS SHISKIN, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR

Mr. SHISKIN. I have the unemployment release here I would like to place that in the record.

Chairman HUMPHREY. All right, the full press release will be inserted into the record.

Mr. SHISKIN. I do have a statement here that I would like to read, and I trust you all have a copy of it.

Chairman HUMPHREY. We have copies of it.

Mr. SHISKIN. Mr. Chairman and members of the committee, I welcome the opportunity to explain to the Joint Economic Committee certain features and implications of the comprehensive and complex body of data released at 10 a.m., this morning in our press release, "The Employment Situation."

Many years ago a great American economist, Wesley C. Mitchell, observed that the various economic indicators do not move in tandem, but rather in sequences. The indicators which measure performance, such as GNP and industrial production, make up one cluster, which is preceded by other series, like new orders, construction contracts, and stock prices, which make up another cluster, and followed by others, such as capital expenditures and the level of inventories, which make up still another cluster. The timing of these sequences can vary for individual series, depending on whether the economy is beginning to turn down—cyclical peak—or pick up again—cyclical trough.

Mitchell devoted his life to a study of the timing relations among economic processes, and he and his protege, Mr. Arthur F. Burns, set up the early National Bureau of Economic Research lists of leading, coincident, and lagging indicators.

As I indicated in my remarks last month, the various employment and unemployment indicators can be divided into similar groups. In fact, many of these series are included in the NBER lists.

In general, the employment and man-hours series, which measure performance, are coincident indicators. Hours worked, the factory layoff rate, the factory accession rate, initial claims for unemployment insurance, and involuntary part-time workers who usually work full time tend to move early, though the leads at business cycle troughs are very short. The unemployment rate, the long-term unemployed, and discouraged workers tend to move late at troughs.

At this juncture, when many believe we are approaching or may have even reached a cyclical trough, it is especially useful to examine the recent trends in the employment and unemployment series classified according to their cyclical timing.

I would now ask you ladies and gentlemen to look at chart 1 as I read this section. Greatest public concern is with the unemployment figures, so I shall start with them.

The new data which have become available this morning show that among these lagging indicators, the unemployment rate has risen sharply from a low of 4.6 percent in October 1973, to 8.9 percent in April and 9.2 percent in May.

As was the case in most of the previous months, unemployment in May was fairly widespread, with increases in the unemployment rate for many of the demographic, occupational, and industrial groups.

The number of persons unemployed 15 weeks and longer—the long-term unemployed—rose from 2.4 million in April to more than 2.6 million in May, and the number unemployed 27 weeks and longer rose from about 950,000 in April to nearly 1.1 million in May.

The average or mean duration of unemployment rose by ½ week to 13.4 weeks in May, the highest level in more than 10 years. Thus, all of these unemployment indicators, shown in chart 1, which tend to lag at cyclical upturns, continued to rise in May.

I now turn to the measures of unemployment in chart 2. Although unemployment continued to increase, total employment as measured in the household survey, also began to rise by 240,000 in April and then by more than 300,000 in May.

Total nonagricultural employment remained about the same in May, compared to April, with almost the whole rise coming in agricultural employment. The simultaneous rise in both employment and unemployment is reflected in the large increase in the civilian labor force, nearly 700,000. The labor force participation rate also continued to rise, reaching an all-time postwar high in May.

Senator PROXMIRE. You say "postwar high"? Which war are you talking about? The Vietnam war?

Mr. SHISKIN. World War II.

Total nonagricultural employment, as measured by the BLS establishment survey, appears to have risen slightly over the past 2 months. The employment decline in manufacturing industries has slowed markedly in April and May, with a decline of about 55,000 for the 2 months combined, compared with declines of 150,000 in March and more than 400,000 in both February and January. Employment in service-producing industries rose a little again. The rise in State and local government employment in May—55,000—was about equal to rise in total nonagricultural employment. These data are shown in chart 2.

Of the other measures of economic performance, the index of man-hours worked, the most comprehensive measure of employment activity, also appears to be inching up, although many durable goods manufacturing industries continued to decline.

Now I turn to the indicators that tend to move early. With the sole exception of the work week, which leveled off, all the employment-related indicators which tend to move early around business cycle troughs improved, as can be seen in chart 3. I suggest you follow my comments by looking at chart 3.

The more familiar term "leading" indicators has not been used here because these employment and unemployment series have short leads at troughs, or are coincident. However, they tend to turn up early compared to most indicators classified as coincident.

The BLS diffusion index of employment in 172 industries which measures the proportion of industries with increasing employment, rose for the third month in a row, from a low of about 17 percent in February to 26 percent in March, 43 percent in April, and 54 percent in May. In May, more than half of the industries showed increases in employment, the first time since August 1974. The factory accession rate has now risen for 4 months in a row. The factory layoff rate,

which tends to fall when the economy improves, has now declined for 3 months in a row.

Initial claims for unemployment insurance are well below levels reached earlier in the year, and the weekly seasonally adjusted series shows continuing improvement through the week ended May 24. The number of involuntary part-time workers who usually work full time declined for the third month in a row. Average hours were about unchanged in May, as was the cyclically significant component manufacturing hours. Overtime hours in manufacturing have been unchanged at 2.3 hours for 5 months in a row.

Now I will summarize, in a few paragraphs, what I have described in a little detail in the previous 10 minutes or so. In summary, the employment indicators which tend to move early have been improving for several months now, and these cyclical trends are consistent with those of other leading indicators, such as new orders and stock prices.

The May data on employment and man-hours worked—measures of current employment performance—appear to be suggesting that the recession has reached bottom, and possibly that recovery has started. The unemployment situation, however, continues to be extremely serious, with more than 8.5 million unemployed—the highest level since before World War II. On the basis of past experience, it would still take some time for the unemployment rates to improve, since they tend to lag. Furthermore, corroborating data during the next few months are needed before we can be reasonably sure that recovery is actually underway.

It should be recognized that when a recession has reached bottom and during the early stages of recovery, the economy is still operating at a relatively depressed level. Large numbers of people are unemployed, much industrial capacity is underutilized, and income and consumption are low.

An advance word of warning is desirable regarding our seasonable adjustment for next month. June is the most troublesome month for seasonable adjustment of the unemployment rate, as large numbers of students and graduates enter the labor force that month. The seasonal adjustment method we currently use will understate the unemployment rate if, as we expect, the number of young people who enter the labor market next month is not proportionate to the current exceptionally high levels of unemployment.

Methods of making seasonal adjustments are highly technical. We have prepared a short, explanatory note which I would like to include in the record, and I will be glad to make a copy available to anyone who wants one. It is, however, quite short and may not be fully explanatory to some. I would encourage anyone who wishes to know more about this problem to phone the BLS staff.

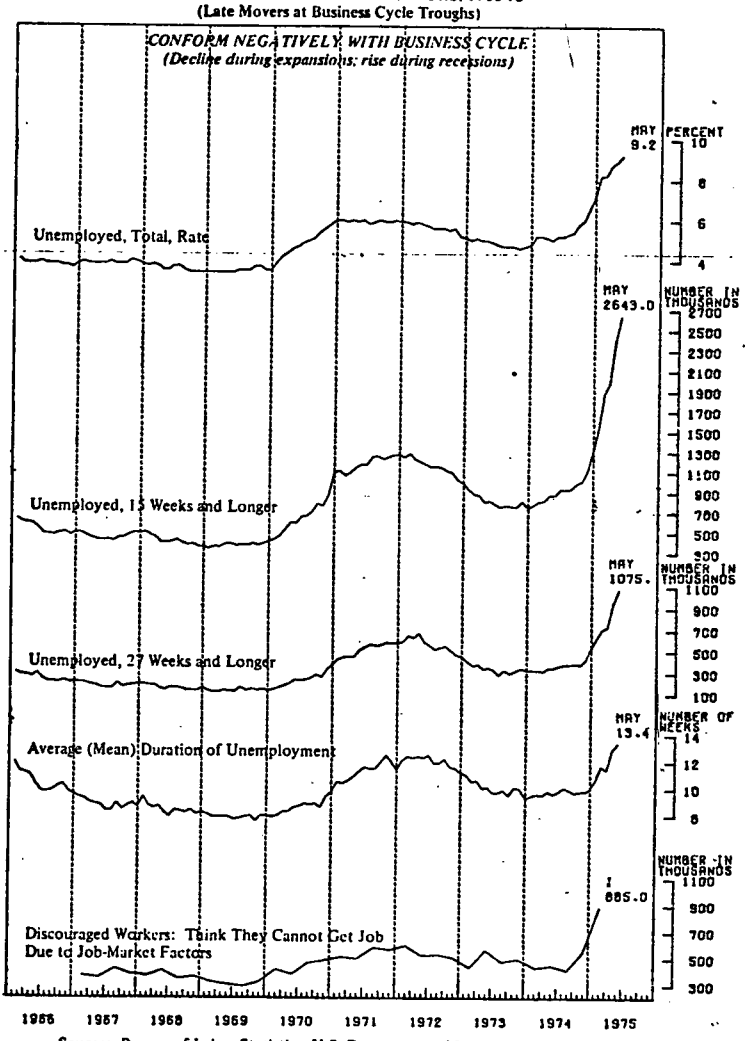
Please note that we have scheduled the release of both the June Wholesale Price Index and the June employment situation on Thursday, July 3.

I attach a copy of the special table showing seasonably adjusted unemployment rates for detailed manufacturing industries in which this committee has shown continued interest.

I will now be glad to try to answer your questions.

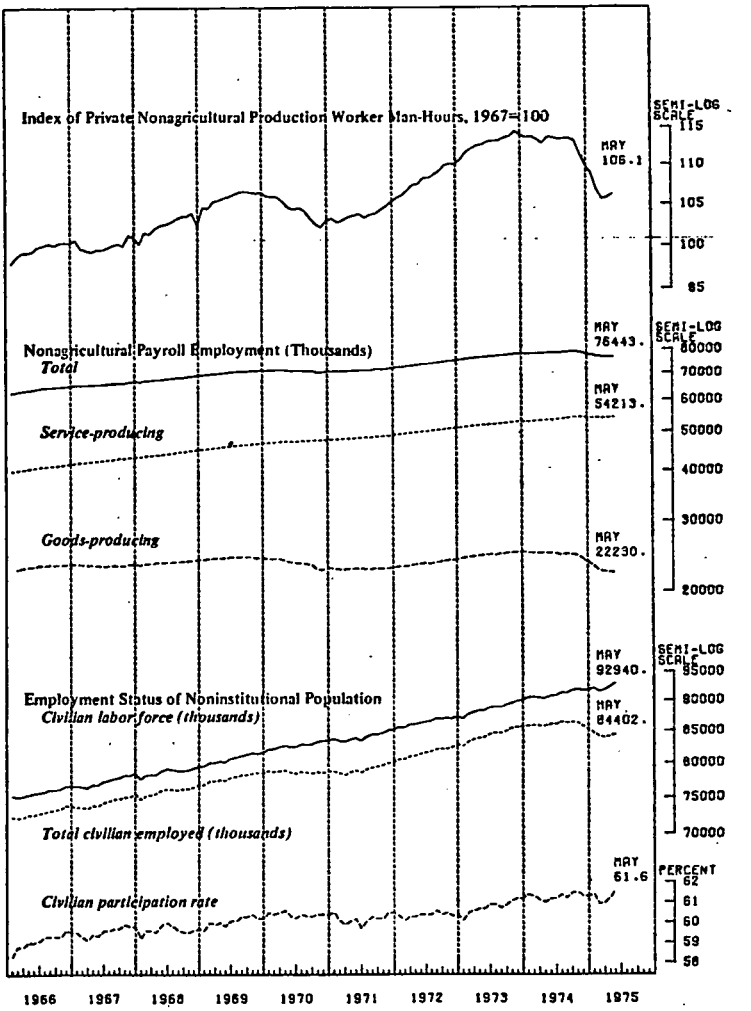
[The charts and special table referred to above, together with the press release follow:]

Chart 1. UNEMPLOYMENT INDICATORS, 1966-75
(Late Movers at Business Cycle Troughs)



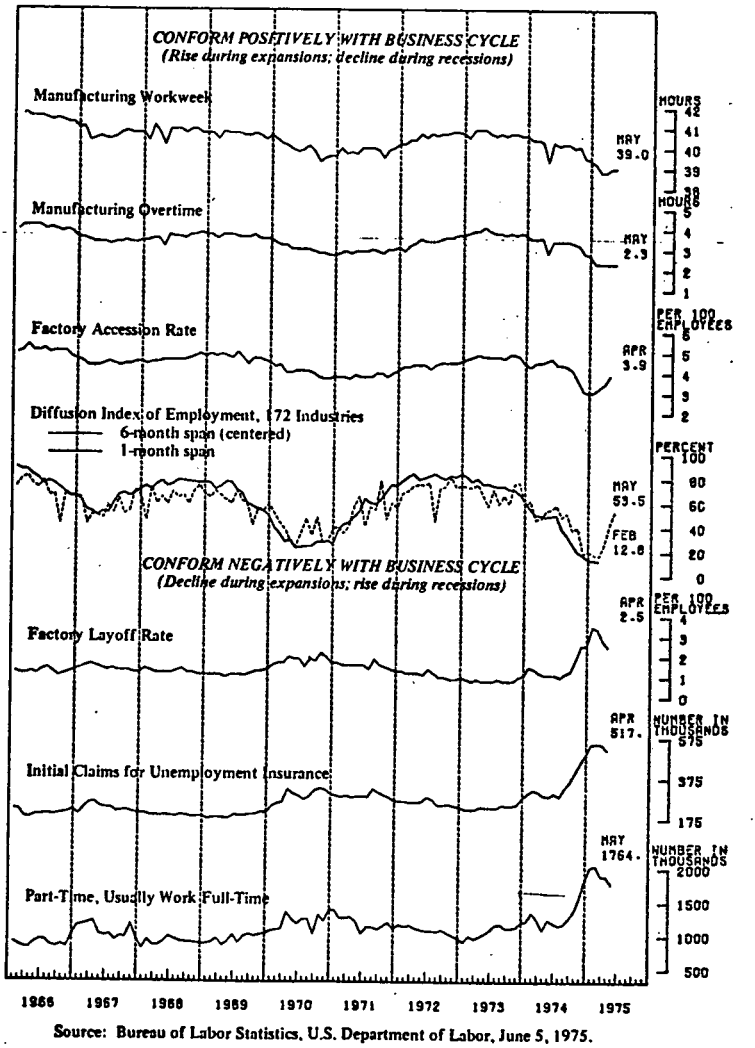

Source: Bureau of Labor Statistics, U.S. Department of Labor, June 6, 1975.

Chart 2. INDICATORS OF LABOR ACTIVITY—
MEASURES OF PERFORMANCE, 1966-75




Source: Bureau of Labor Statistics, U.S. Department of Labor, June 6, 1975.

Chart 3. EMPLOYMENT INDICATORS, 1966-75
(Early Movers at Business Cycle Troughs)




Source: Bureau of Labor Statistics, U.S. Department of Labor, June 5, 1975.

UNEMPLOYMENT RATES, DETAILED MANUFACTURING INDUSTRIES,

SEASONALLY ADJUSTED

| | May 1974 | March 1975 | April 1975 | May 1975 |
|---|---|---|---|---|
| Lumber | 5.0 | 11.9 | 17.7 | 18.6 |
| Furniture and fixtures | 5.3 | 17.2 | 13.4 | 12.2 |
| Stone, clay and glass | 5.0 | 9.6 | 10.9 | 12.3 |
| Primary metals | 2.7 | 12.0 | 12.0 | 10.7 |
| Fabricated metals | 4.6 | 12.4 | 10.9 | 13.8 |
| Machinery | 2.4 | 8.0 | 10.9 | 9.8 |
| Electrical equipment | 4.6 | 11.8 | 13.6 | 16.1 |
| Transportation equipment | 6.7 | 13.4 | 13.8 | 12.1 |
| Automobiles | 8.9 | 17.5 | 18.0 | 15.1 |
| Other transportation equipment | 6.1 | 12.8 | 14.7 | 13.5 |
| Food and kindred products | 7.1 | 9.2 | 9.2 | 10.0 |
| Textile mill products | 4.9 | 13.7 | 17.1 | 18.3 |
| Apparel and other textile products | 6.7 | 19.8 | 18.9 | 16.1 |
| Printing and publishing | 4.4 | 5.6 | 7.1 | 8.3 |
| Chemicals and allied products | 0.9 | 7.3 | 5.6 | 8.0 |
| Petroleum and coal products | 1.4 | 5.4 | 1.8 | 5.9 |
| Rubber and plastics products | 7.3 | 14.6 | 15.2 | 13.6 |

Bureau of Labor Statistics
June 5, 1975

# NEWS

## U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

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USDL 75-323
FOR RELEASE: 10:00 A. M. (EDT)
Friday, June 6, 1975

THE EMPLOYMENT SITUATION: MAY 1975

Joblessness continued to increase in May, with the Nation's unemployment rate rising to 9.2 percent, while total employment expanded for the second straight month, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. The unemployment rate, which had been 8.9 percent in April, has climbed steadily since last August and was double the October 1973 pre-recession low.

Total employment (as measured by the monthly survey of households) rose by 320,000 in May, with nearly all of the increase in the agricultural sector. With unemployment also rising, the labor force increased by 680,000, following strong advances in both March and April. Over the last 3 months, the labor force has risen by 1.4 million, accounting for two-thirds of the growth since May a year ago.

Total nonagricultural payroll employment (as measured by the monthly survey of establishments), at 76.4 million in May, has risen very slightly in the last 2 months. This represented a clear departure from the record of large monthly declines that totaled 2.5 million between last October and March.

Unemployment

Unemployment rose by 360,000 in May to 8.5 million, seasonally adjusted, about the same as the average increase in the previous 2 months. Since August 1974, when the strong upsurge in unemployment began, the jobless count has risen by 3.6 million. Job loss accounted for a large portion of the May unemployment rise; however, both new entrants and reentrants to the labor force registered sizeable increases in joblessness as well. Since last August, the number of job losers has risen by 2.9 million, accounting for four-fifths of the total increase in joblessness. (See tables A-1 and A-5.)

Almost all of the May jobless rise occurred among men 25 years and over and female teenagers, as most of the other age-sex groups showed little or no change. For example, the jobless rate among adult women was unchanged for the second straight month, at 8.6 percent. The adult male increase was also reflected in rising unemployment among all household heads and married men, whose jobless rates climbed to 6.3 percent and

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

| Selected categories | Quarterly averages | | | | | Monthly data | | |
|---|---|---|---|---|---|---|---|---|
| | 1974 | | | | 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| | I | II | III | IV | I | | | |
| | (Millions of persons) | | | | | | | |
| Civilian labor force | 90.5 | 90.6 | 91.4 | 91.8 | 91.8 | 91.8 | 92.3 | 92.9 |
| Total employment | 85.8 | 86.0 | 86.4 | 85.7 | 84.1 | 83.8 | 84.1 | 84.4 |
| Adult men | 48.5 | 48.5 | 48.5 | 48.3 | 47.3 | 47.0 | 47.1 | 47.3 |
| Adult women | 29.8 | 30.1 | 30.5 | 30.1 | 29.8 | 29.9 | 30.0 | 30.0 |
| Teenagers | 7.5 | 7.4 | 7.4 | 7.4 | 7.0 | 7.0 | 7.0 | 7.1 |
| Unemployment | 4.7 | 4.7 | 5.0 | 6.1 | 7.0 | 8.0 | 8.2 | 8.5 |
| | (Percent of labor force) | | | | | | | |
| Unemployment rates: | | | | | | | | |
| All workers | 5.1 | 5.1 | 5.5 | 6.6 | 8.3 | 8.7 | 8.9 | 9.2 |
| Adult men | 3.4 | 3.5 | 3.7 | 4.8 | 6.3 | 6.8 | 7.0 | 7.3 |
| Adult women | 5.1 | 5.1 | 5.4 | 6.5 | 8.2 | 8.5 | 8.6 | 8.6 |
| Teenagers | 15.2 | 15.1 | 16.1 | 17.5 | 20.5 | 20.6 | 20.4 | 21.8 |
| White | 4.6 | 4.6 | 5.0 | 5.9 | 7.6 | 8.0 | 8.1 | 8.5 |
| Negro and other races | 9.2 | 9.1 | 9.6 | 11.7 | 13.7 | 14.2 | 14.6 | 14.7 |
| Household heads | 2.9 | 3.0 | 3.2 | 4.1 | 5.5 | 5.8 | 6.0 | 6.3 |
| Married men | 2.4 | 2.4 | 2.7 | 3.3 | 4.8 | 5.2 | 5.6 | 5.8 |
| Full-time workers | 4.6 | 4.6 | 5.0 | 6.2 | 7.9 | 8.3 | 8.6c | 8.8 |
| State insured | 3.2 | 3.3 | 3.4 | 4.3 | 6.0 | 6.4 | 6.8 | 7.0 |
| | (Weeks) | | | | | | | |
| Average duration of unemployment | 9.5 | 9.7 | 9.9 | 9.9 | 11.3 | 11.4 | 12.9 | 13.4 |
| | (Millions of persons) | | | | | | | |
| Nonfarm payroll employment | 78.0 | 78.3 | 78.7 | 78.3 | 76.8 | 76.4 | 76.4p | 76.4p |
| Goods-producing industries | 24.9 | 24.9 | 24.8 | 24.1 | 22.7 | 22.3 | 22.3p | 22.2p |
| Service-producing industries | 53.1 | 53.5 | 53.9 | 54.2 | 54.0 | 54.0 | 54.1p | 54.2p |
| | (Hours of work) | | | | | | | |
| Average weekly hours: | | | | | | | | |
| Total private nonfarm | 36.7 | 36.7 | 36.7 | 36.4 | 36.0 | 35.9 | 36.1p | 36.0p |
| Manufacturing | 40.4 | 39.9 | 40.1 | 39.7 | 38.9 | 38.8 | 39.0p | 39.0p |
| Manufacturing overtime | 3.5 | 3.2 | 3.4 | 2.9 | 2.3 | 2.3 | 2.3p | 2.3p |
| | (1967=100) | | | | | | | |
| Hourly Earnings Index, private nonfarm: | | | | | | | | |
| In current dollars | 152.7 | 156.2 | 160.3 | 164.0 | 167.3 | 168.8 | 168.8p | 169.8p |
| In constant dollars | 107.8 | 107.4r | 107.0r | 106.4r | 106.4 | 107.0 | 106.3p | N.A. |

p = preliminary. c = corrected.
N.A. = not available. r = revised.

5.8 percent, respectively. Among the racial groups, the jobless rate for white workers rose to 8.5 percent in May, while the rate for black workers (Negro and other races) held about steady at 14.7 percent. (See tables A-2 and A-6.)

Increases in unemployment were concentrated in construction, finance and service, and government. The rise in joblessness was particularly sharp in the construction industry; at an alltime recorded high of 21.8 percent, the unemployment rate in this industry was more than double the rate of a year earlier. (See table A-2.)

The unemployment rate of workers covered by State unemployment insurance programs reached 7.0 percent in May but remained below post-World War II record levels. The number of workers claiming regular State unemployment insurance benefits, at 4.7 million, represented 55 percent of the jobless total, compared with 45 percent a year ago.

The number of long-term unemployed--those jobless for 15 weeks or longer--rose by 240,000 to a level of more than 2.6 million in May; those who were seeking work for 6 months or more exceeded the 1 million mark for the first time since 1958. The average (mean) duration of unemployment continued to move upward, reaching 13.4 weeks in May, the highest level in over 10 years. Since last November, the average duration of unemployment has increased by 3.6 weeks, and the number jobless for 15 weeks or more has risen by 1.5 million. (See table A-4.)

Total Employment and Civilian Labor Force

Total employment increased for the second month in a row, rising by 320,000 to 84.4 million, seasonally adjusted. (See table A-1.) Since March, employment has expanded by 550,000, after registering 6 consecutive monthly declines that totaled 2.6 million. Adult males accounted for more than two-thirds of the April-May job gain.

After showing little movement from last October to February, the civilian labor force rose for the third consecutive month, increasing by 680,000 to 92.9 million in May. All of this increase came among adult males and teenagers. (See table A-1.)

The civilian labor force participation rate--the proportion of the civilian population either working or looking for work--surged to a high of 61.6 percent in May, up from 61.2 percent in the previous month. Labor force participation rates were higher for both adult men (80.8 percent) and teenagers (55.7 percent), whereas the rate for

adult women (45.9 percent) was about unchanged.

Industry Payroll Employment

Total nonagricultural payroll employment has moved up slightly in the last 2 months to 76.4 million, seasonally adjusted. The proportion of industries posting employment gains from April to May, at 54 percent, continued its ascent from the recession low of 17 percent in February. May was the first month since last August in which more than half of the 172 industries in the diffusion index registered employment gains. (See tables B-1 and B-6.)

After posting substantial job cutbacks over the September-March period, the employment declines in manufacturing have abated, as the job total held about steady at 18.1 million in May. Small gains in the nondurable goods sector, principally in textiles and apparel, were countered by declines in several of the durable goods industries, particularly machinery. Since May a year ago, employment in manufacturing has been reduced by more than 2 million jobs, two-thirds of which occurred in the durable goods industries.

Employment in contract construction continued to fall in May, but the 35,000 decline was accounted for by an increase in strike activity. Construction jobs have decreased by 630,000 over the past year.

An employment increase of 110,000 in the service-producing sector was the largest over-the-month gain for these industries since October; it was paced by increases in retail trade (35,000) and State and local government (55,000). Although service-producing employment has increased by 760,000 since last May, the bulk of the increase occurred during 1974; moreover, job gains in the State and local government sector accounted for almost all of this growth.

Hours of Work

The average workweek for all production or nonsupervisory workers on nonfarm payrolls was 36.0 hours in May, seasonally adjusted. (See table B-2.) Average weekly hours have held steady at this low level for the last 4 months after declining 0.7 hour between September and February.

The manufacturing workweek, at 39.0 hours, was unchanged from the previous month, following an increase from the recession low of 38.8 hours in February and March.

Factory overtime, however, remained at 2.3 hours for the fifth straight month. Since their April 1973 peaks, the factory workweek and overtime hours are down by 1.9 and 1.8 hours, respectively.

The aggregage man-hours of private production or nonsupervisory workers, at 106.1 (1967=100), rose by 0.4 percent in May. This reversed the rapid downward movement which began in October 1974. Over the past year, total man-hours have declined 6.6 percent. (See table B-5.) Factory man-hours, at 86.3 (1967=100), were unchanged in May after a 0.5-percent rise in April, the only increase over the last 12 months. Since May of last year, the manufacturing worker hours index has fallen 15.6 percent.

Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.4 percent in May and 7.2 percent from a year ago (seasonally adjusted). Average weekly earnings edged up 0.2 percent over the month. Since May 1974, weekly earnings have advanced by 5.1 percent.

Before adjustment for seasonality, average hourly earnings rose 3 cents in May to $4.47 and were up 30 cents from a year ago. Average weekly earnings were $160.47 in May, an increase of $1.52 from April and $7.85 from May of last year. (See table B-3.)

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 169.8 (1967=100) in May, 0.6 percent higher than in April. The index was 8.8 percent above May a year ago. During the 12-month period ended in April, the Hourly Earnings Index in dollars of constant purchasing power declined 0.8 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*.

**Table A-1. Employment status of the noninstitutional population**

(Numbers in thousands)

| Employment status | Not seasonally adjusted | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | May 1974 | Apr. 1975 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| **TOTAL** | | | | | | | | | |
| Total noninstitutional population[1] | 150,507 | 152,840 | 153,051 | 150,507 | 152,230 | 152,445 | 152,646 | 152,840 | 153,051 |
| Total labor force | 92,158 | 93,564 | 91,949 | 92,983 | 94,284 | 93,709 | 94,427 | 94,457 | 95,121 |
| Participation rate | 61.2 | 61.2 | 61.4 | 61.8 | 61.9 | 61.5 | 61.6 | 61.8 | 62.1 |
| Civilian noninstitutional population | 148,277 | 150,645 | 150,870 | 148,277 | 150,037 | 150,246 | 150,447 | 150,645 | 150,870 |
| Civilian labor force | 89,929 | 91,369 | 91,768 | 90,753 | 92,091 | 91,511 | 91,829 | 92,262 | 92,940 |
| Participation rate | 60.6 | 60.7 | 60.8 | 61.2 | 61.4 | 60.9 | 61.0 | 61.2 | 61.6 |
| Employed | 85,785 | 83,549 | 84,146 | 86,062 | 84,562 | 84,027 | 83,849 | 84,086 | 84,402 |
| Agriculture | 3,604 | 3,171 | 3,622 | 3,497 | 3,383 | 3,326 | 3,265 | 3,238 | 3,512 |
| Nonagricultural industries | 82,181 | 80,377 | 80,524 | 82,565 | 81,179 | 80,701 | 80,584 | 80,848 | 80,890 |
| Unemployed | 4,144 | 7,820 | 7,623 | 4,691 | 7,529 | 7,484 | 7,980 | 8,176 | 8,538 |
| Unemployment rate | 4.6 | 8.6 | 8.3 | 5.2 | 8.2 | 8.2 | 8.7 | 8.9 | 9.2 |
| Not in labor force | 58,349 | 59,276 | 59,101 | 57,524 | 57,946 | 58,735 | 58,618 | 58,383 | 57,930 |
| **Males, 20 years and over** | | | | | | | | | |
| Total noninstitutional population[1] | 63,804 | 64,812 | 64,901 | 63,804 | 64,552 | 64,644 | 64,730 | 64,812 | 64,901 |
| Total labor force | 51,931 | 52,320 | 52,434 | 52,134 | 52,244 | 52,150 | 52,136 | 52,414 | 52,788 |
| Participation rate | 81.4 | 80.7 | 80.8 | 81.7 | 80.9 | 80.7 | 80.5 | 80.9 | 81.3 |
| Civilian noninstitutional population | 62,000 | 63,080 | 61,180 | 62,000 | 62,824 | 62,911 | 62,997 | 63,080 | 63,180 |
| Civilian labor force | 50,127 | 50,588 | 50,713 | 50,330 | 50,515 | 50,417 | 50,403 | 50,683 | 51,067 |
| Participation rate | 80.9 | 80.2 | 80.3 | 81.2 | 80.4 | 80.1 | 80.0 | 80.3 | 80.8 |
| Employed | 48,539 | 46,901 | 47,240 | 48,622 | 47,490 | 47,288 | 46,990 | 47,123 | 47,333 |
| Agriculture | 2,571 | 2,401 | 2,499 | 2,529 | 2,422 | 2,475 | 2,421 | 2,399 | 2,457 |
| Nonagricultural industries | 45,968 | 44,500 | 44,741 | 46,093 | 45,068 | 44,813 | 44,569 | 44,724 | 44,876 |
| Unemployed | 1,588 | 3,688 | 3,473 | 1,708 | 3,025 | 3,129 | 3,413 | 3,560 | 3,734 |
| Unemployment rate | 3.2 | 7.3 | 6.8 | 3.4 | 6.0 | 6.2 | 6.8 | 7.0 | 7.3 |
| Not in labor force | 11,873 | 12,492 | 12,467 | 11,670 | 12,309 | 12,494 | 12,594 | 12,397 | 12,113 |
| **Females, 20 years and over** | | | | | | | | | |
| Civilian noninstitutional population | 70,247 | 71,358 | 71,463 | 70,247 | 71,061 | 71,167 | 71,266 | 71,358 | 71,463 |
| Civilian labor force | 31,622 | 32,756 | 32,712 | 31,657 | 32,556 | 32,326 | 32,637 | 32,845 | 32,835 |
| Participation rate | 45.0 | 45.9 | 45.8 | 45.1 | 45.8 | 45.4 | 45.8 | 46.0 | 45.9 |
| Employed | 30,149 | 30,145 | 30,116 | 30,045 | 29,932 | 29,719 | 29,877 | 30,007 | 29,998 |
| Agriculture | 575 | 414 | 596 | 518 | 524 | 474 | 443 | 453 | 537 |
| Nonagricultural industries | 29,574 | 29,731 | 29,520 | 29,527 | 29,408 | 29,245 | 29,434 | 29,554 | 29,461 |
| Unemployed | 1,474 | 2,611 | 2,596 | 1,612 | 2,624 | 2,607 | 2,760 | 2,838 | 2,837 |
| Unemployment rate | 4.7 | 8.0 | 7.9 | 5.1 | 8.1 | 8.1 | 8.5 | 8.6 | 8.6 |
| Not in labor force | 38,625 | 38,602 | 38,750 | 38,590 | 38,505 | 38,841 | 38,629 | 38,513 | 38,628 |
| **Both sexes, 16-19 years** | | | | | | | | | |
| Civilian noninstitutional population[1] | 16,030 | 16,207 | 16,226 | 16,030 | 16,152 | 16,168 | 16,184 | 16,207 | 16,226 |
| Civilian labor force | 8,180 | 8,025 | 8,343 | 8,766 | 9,020 | 8,768 | 8,789 | 8,734 | 9,038 |
| Participation rate | 51.0 | 49.5 | 51.4 | 54.7 | 55.8 | 54.2 | 54.3 | 53.9 | 55.7 |
| Employed | 7,098 | 6,503 | 6,790 | 7,395 | 7,140 | 7,020 | 6,982 | 6,956 | 7,071 |
| Agriculture | 459 | 357 | 526 | 450 | 437 | 377 | 401 | 386 | 518 |
| Nonagricultural industries | 6,639 | 6,146 | 6,263 | 6,945 | 6,703 | 6,643 | 6,581 | 6,570 | 6,553 |
| Unemployed | 1,082 | 1,522 | 1,553 | 1,371 | 1,880 | 1,748 | 1,807 | 1,778 | 1,967 |
| Unemployment rate | 13.2 | 19.0 | 18.6 | 15.6 | 20.8 | 19.9 | 20.6 | 20.4 | 21.8 |
| Not in labor force | 7,850 | 8,182 | 7,883 | 7,264 | 7,132 | 7,400 | 7,395 | 7,473 | 7,188 |
| **WHITE** | | | | | | | | | |
| Civilian noninstitutional population[1] | 131,114 | 133,039 | 133,217 | 131,114 | 132,553 | 132,720 | 132,879 | 133,039 | 133,217 |
| Civilian labor force | 79,797 | 81,113 | 81,473 | 80,414 | 81,706 | 81,071 | 81,546 | 81,825 | 82,428 |
| Participation rate | 60.9 | 61.0 | 61.2 | 61.3 | 61.6 | 61.1 | 61.4 | 61.5 | 61.9 |
| Employed | 76,488 | 74,711 | 75,216 | 76,660 | 75,555 | 75,043 | 75,039 | 75,193 | 75,387 |
| Unemployed | 3,309 | 6,402 | 6,257 | 3,754 | 6,151 | 6,028 | 6,507 | 6,632 | 7,041 |
| Unemployment rate | 4.1 | 7.9 | 7.7 | 4.7 | 7.5 | 7.4 | 8.0 | 8.1 | 8.5 |
| Not in labor force | 51,316 | 51,926 | 51,744 | 50,700 | 50,847 | 51,649 | 51,333 | 51,214 | 50,789 |
| **NEGRO AND OTHER RACES** | | | | | | | | | |
| Civilian noninstitutional population[1] | 17,164 | 17,606 | 17,652 | 17,164 | 17,484 | 17,527 | 17,568 | 17,606 | 17,652 |
| Civilian labor force | 10,132 | 10,256 | 10,295 | 10,287 | 10,464 | 10,387 | 10,364 | 10,401 | 10,494 |
| Participation rate | 59.0 | 58.3 | 58.3 | 59.9 | 59.8 | 59.3 | 59.0 | 59.1 | 59.4 |
| Employed | 9,297 | 8,837 | 8,930 | 9,326 | 9,057 | 8,989 | 8,893 | 8,886 | 8,953 |
| Unemployed | 834 | 1,418 | 1,366 | 961 | 1,407 | 1,398 | 1,471 | 1,515 | 1,541 |
| Unemployment rate | 8.2 | 13.8 | 13.3 | 9.3 | 13.4 | 13.5 | 14.2 | 14.6 | 14.7 |
| Not in labor force | 7,032 | 7,350 | 7,357 | 6,877 | 7,020 | 7,140 | 7,204 | 7,205 | 7,158 |

[1] 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

## Table A-2. Major unemployment indicators, seasonally adjusted

| Selected categories | Number of unemployed persons (In thousands) | | Unemployment rates | | | | | |
|---|---|---|---|---|---|---|---|---|
| | May 1974 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| Total, 16 years and over | 4,691 | 8,538 | 5.2 | 8.2 | 8.2 | 8.7 | 8.9 | 9.2 |
| Males, 20 years and over | 1,708 | 3,734 | 3.4 | 6.0 | 6.2 | 6.8 | 7.0 | 7.3 |
| Females, 20 years and over | 1,612 | 2,837 | 5.1 | 8.1 | 8.1 | 8.5 | 8.6 | 8.6 |
| Both sexes, 16-19 years | 1,371 | 1,967 | 15.6 | 20.8 | 19.9 | 20.6 | 20.4 | 21.8 |
| White, total | 3,754 | 7,041 | 4.7 | 7.5 | 7.4 | 8.0 | 8.1 | 8.5 |
| Males, 20 years and over | 1,397 | 3,125 | 3.1 | 5.5 | 5.6 | 6.2 | 6.4 | 6.8 |
| Females, 20 years and over | 1,295 | 2,346 | 4.7 | 7.7 | 7.6 | 8.0 | 8.2 | 8.2 |
| Both sexes, 16-19 years | 1,062 | 1,570 | 13.6 | 18.4 | 17.5 | 18.1 | 17.8 | 19.5 |
| Negro and other races, total | 961 | 1,541 | 9.3 | 13.4 | 13.5 | 14.2 | 14.6 | 14.7 |
| Males, 20 years and over | 314 | 621 | 6.1 | 10.5 | 11.1 | 11.8 | 12.6 | 12.0 |
| Females, 20 years and over | 335 | 527 | 8.0 | 11.0 | 10.9 | 11.2 | 11.2 | 12.2 |
| Both sexes, 16-19 years | 312 | 393 | 33.2 | 41.1 | 36.7 | 41.6 | 40.2 | 39.9 |
| Household heads | 1,563 | 3,346 | 3.0 | 5.2 | 5.4 | 5.8 | 6.0 | 6.3 |
| Married men, spouse present | 891 | 2,349 | 2.2 | 4.5 | 4.7 | 5.2 | 5.6 | 5.8 |
| Full-time workers | 3,591 | 7,024 | 4.6 | 7.7 | 7.8 | 8.3 | 8.6c | 8.8 |
| Part-time workers | 1,117 | 1,482 | 8.5 | 10.5 | 10.3 | 10.9 | 10.4 | 11.1 |
| Unemployed 15 weeks and over[1] | 877 | 2,643 | 1.0 | 1.7 | 2.0 | 2.2 | 2.6 | 2.8 |
| State insured[2] | 2,097 | 4,675 | 3.3 | 5.5 | 5.9 | 6.4 | 6.8 | 7.0 |
| Labor force time lost[3] | -- | -- | 5.7 | 8.9 | 8.9 | 9.6 | 9.7 | 9.9 |
| **OCCUPATION[4]** | | | | | | | | |
| White-collar workers | 1,365 | 2,428 | 3.2 | 4.6 | 4.5 | 4.6 | 4.7 | 5.4 |
| Professional and technical | 273 | 482 | 2.2 | 2.9 | 3.2 | 2.9 | 3.4 | 3.6 |
| Managers and administrators, except farm | 172 | 324 | 1.9 | 3.3 | 2.7 | 2.7 | 3.3 | 3.5 |
| Sales workers | 233 | 347 | 4.1 | 5.7 | 5.3 | 6.0 | 5.8 | 5.9 |
| Clerical workers | 687 | 1,275 | 4.4 | 6.3 | 6.2 | 6.6 | 6.2 | 7.8 |
| Blue-collar workers | 1,845 | 4,160 | 5.8 | 11.0 | 10.9 | 12.5 | 13.0 | 13.0 |
| Craft and kindred workers | 450 | 1,112 | 3.8 | 7.0 | 6.5 | 8.7 | 9.0 | 9.3 |
| Operatives | 964 | 2,148 | 6.4 | 13.1 | 13.3 | 14.1 | 14.9 | 14.4 |
| Nonfarm laborers | 431 | 900 | 8.9 | 14.3 | 14.1 | 16.2 | 17.2 | 17.7 |
| Service workers | 799 | 1,090 | 6.7 | 8.1 | 7.7 | 8.5 | 8.2 | 8.7 |
| Farm workers | 85 | 116 | 2.7 | 3.6 | 3.0 | 4.5 | 4.0 | 3.7 |
| **INDUSTRY[4]** | | | | | | | | |
| Nonagricultural private wage and salary workers[5] | 3,423 | 6,765 | 5.2 | 8.7 | 8.8 | 9.3 | 9.8 | 10.1 |
| Construction | 431 | 961 | 9.6 | 15.0 | 15.9 | 18.1 | 19.3 | 21.8 |
| Manufacturing | 1,026 | 2,608 | 4.7 | 10.5 | 11.0 | 11.4 | 12.2 | 12.3 |
| Durable goods | 569 | 1,611 | 4.4 | 10.5 | 10.9 | 11.3 | 12.8 | 12.7 |
| Nondurable goods | 457 | 997 | 5.2 | 10.3 | 11.1 | 11.6 | 11.4 | 11.6 |
| Transportation and public utilities | 150 | 325 | 3.0 | 5.9 | 5.2 | 5.6 | 6.6 | 6.7 |
| Wholesale and retail trade | 1,014 | 1,501 | 6.3 | 8.5 | 8.0 | 8.7 | 9.1 | 8.9 |
| Finance and service industries | 778 | 1,352 | 4.3 | 6.2 | 6.5 | 6.7 | 6.6 | 7.2 |
| Government workers | 495 | 740 | 3.4 | 3.4 | 3.6 | 3.9 | 3.8 | 4.9 |
| Agricultural wage and salary workers | 104 | 139 | 7.2 | 10.2 | 8.8 | 12.0 | 12.6 | 9.4 |
| **VETERAN STATUS** | | | | | | | | |
| Males, Vietnam-era veterans[6]: | | | | | | | | |
| 20 to 34 years | 278 | 572 | 4.8 | 9.0 | 8.8 | 9.0 | 9.9 | 9.3 |
| 20 to 24 years | 128 | 222 | 10.2 | 19.7 | 17.3 | 17.5 | 22.8 | 21.1 |
| 25 to 29 years | 117 | 253 | 3.6 | 6.9 | 7.4 | 8.1 | 7.3 | 6.9 |
| 30 to 34 years | 33 | 117 | 2.6 | 6.1 | 5.9 | 5.2 | 6.8 | 6.9 |
| Males, nonveterans: | | | | | | | | |
| 20 to 34 years | 739 | 1,530 | 5.4 | 8.6 | 9.5 | 10.5 | 10.4 | 10.7 |
| 20 to 24 years | 469 | 958 | 7.7 | 11.6 | 12.6 | 14.7 | 14.5 | 14.7 |
| 25 to 29 years | 178 | 355 | 4.6 | 7.2 | 8.6 | 8.5 | 6.9 | 8.5 |
| 30 to 34 years | 92 | 217 | 2.5 | 5.1 | 5.1 | 5.5 | 7.2 | 5.9 |

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

c=corrected

## Table A-3. Selected employment indicators

[In thousands]

| Selected categories | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | May 1974 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| Total employed, 16 years and over | 85,785 | 84,146 | 86,062 | 84,562 | 84,027 | 83,849 | 84,086 | 84,402 |
| Males | 52,519 | 50,954 | 52,740 | 51,329 | 51,112 | 50,781 | 50,873 | 51,172 |
| Females | 33,267 | 33,192 | 33,322 | 33,233 | 32,915 | 33,068 | 33,213 | 33,230 |
| Household heads | 50,919 | 49,974 | 50,862 | 49,933 | 49,672 | 49,613 | 49,796 | 49,924 |
| Married men, spouse present | 39,066 | 37,853 | 39,069 | 37,954 | 37,761 | 37,689 | 37,813 | 37,853 |
| Married women, spouse present | 19,564 | 19,356 | 19,529 | 19,330 | 19,173 | 19,271 | 19,376 | 19,317 |
| **OCCUPATION** | | | | | | | | |
| White-collar workers | 41,462 | 41,882 | 41,696 | 42,073 | 41,602 | 41,964 | 42,098 | 42,127 |
| Professional and technical | 12,297 | 12,767 | 12,304 | 12,439 | 12,492 | 12,699 | 12,616 | 12,780 |
| Managers and administrators, except farm | 9,136 | 8,882 | 9,117 | 8,929 | 8,648 | 8,757 | 8,725 | 8,864 |
| Sales workers | 5,364 | 5,455 | 5,420 | 5,379 | 5,455 | 5,403 | 5,526 | 5,510 |
| Clerical workers | 14,664 | 14,778 | 14,853 | 15,326 | 15,007 | 15,085 | 15,231 | 14,973 |
| Blue-collar workers | 29,933 | 27,642 | 30,074 | 28,134 | 27,859 | 27,420 | 27,724 | 27,772 |
| Craft and kindred workers | 11,530 | 10,849 | 11,545 | 10,920 | 10,923 | 10,674 | 10,857 | 10,860 |
| Operatives | 13,953 | 12,593 | 14,102 | 13,059 | 12,799 | 12,598 | 12,855 | 12,733 |
| Nonfarm laborers | 4,450 | 4,200 | 4,427 | 4,155 | 4,137 | 4,148 | 4,012 | 4,179 |
| Service workers | 11,235 | 11,462 | 11,164 | 11,661 | 11,653 | 11,560 | 11,385 | 11,383 |
| Farm workers | 3,155 | 3,160 | 3,055 | 2,954 | 2,872 | 2,814 | 2,803 | 3,062 |
| **MAJOR INDUSTRY AND CLASS OF WORKER** | | | | | | | | |
| Agriculture: | | | | | | | | |
| Wage and salary workers | 1,360 | 1,300 | 1,338 | 1,310 | 1,196 | 1,194 | 1,156 | 1,344 |
| Self-employed workers | 1,778 | 1,781 | 1,058 | 1,680 | 1,765 | 1,716 | 1,735 | 1,762 |
| Unpaid family workers | 466 | 540 | 399 | 376 | 345 | 347 | 358 | 463 |
| Nonagricultural industries: | | | | | | | | |
| Wage and salary workers | 75,839 | 74,271 | 76,353 | 74,942 | 74,811 | 74,584 | 74,759 | 74,768 |
| Private households | 1,433 | 1,419 | 1,425 | 1,326 | 1,301 | 1,342 | 1,315 | 1,411 |
| Government | 14,163 | 14,556 | 14,049 | 14,351 | 14,404 | 14,387 | 14,512 | 14,440 |
| Other | 60,243 | 58,296 | 60,879 | 59,285 | 59,106 | 58,855 | 58,932 | 58,917 |
| Self-employed workers | 5,823 | 5,714 | 5,675 | 5,561 | 5,375 | 5,519 | 5,648 | 5,569 |
| Unpaid family workers | 519 | 540 | 488 | 549 | 498 | 474 | 469 | 508 |
| **PERSONS AT WORK** [1] | | | | | | | | |
| Nonagricultural industries | 78,736 | 76,993 | 77,640 | 76,592 | 75,914 | 75,679 | 76,371 | 76,098 |
| Full-time schedules | 64,795 | 62,227 | 64,463 | 62,295 | 61,822 | 61,456 | 61,943 | 61,917 |
| Part time for economic reasons | 2,412 | 3,411 | 2,740 | 3,837 | 3,747 | 3,916 | 3,884 | 3,877 |
| Usually work full time | 1,147 | 1,619 | 1,249 | 2,037 | 2,047 | 1,887 | 1,883 | 1,764 |
| Usually work part time | 1,265 | 1,792 | 1,491 | 1,800 | 1,700 | 2,029 | 2,001 | 2,113 |
| Part time for noneconomic reasons | 11,529 | 11,355 | 10,457 | 10,460 | 10,345 | 10,307 | 10,544 | 10,304 |

[1] Excludes persons "with a job but not at work" during the survey period for such reasons as vacation, illness, or industrial dispute.

## Table A-4. Duration of unemployment

(Numbers in thousands)

| Weeks of unemployment | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | May 1974 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| Less than 5 weeks | 2,094 | 2,645 | 2,481 | 3,316 | 2,914 | 3,253 | 2,897 | 3,134 |
| 5 to 14 weeks | 1,080 | 2,054 | 1,378 | 2,663 | 2,597 | 2,619 | 2,695 | 2,620 |
| 15 weeks and over | 970 | 2,923 | 877 | 1,537 | 1,822 | 1,991 | 2,403 | 2,643 |
| 15 to 26 weeks | 593 | 1,764 | 527 | 914 | 1,118 | 1,259 | 1,452 | 1,568 |
| 27 weeks and over | 377 | 1,159 | 350 | 623 | 704 | 732 | 951 | 1,075 |
| Average (mean) duration, in weeks | 10.6 | 14.8 | 9.6 | 10.7 | 11.7 | 11.4 | 12.9 | 13.4 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Less than 5 weeks | 50.5 | 34.7 | 52.4 | 44.1 | 39.7 | 41.4 | 36.2 | 37.3 |
| 5 to 14 weeks | 26.1 | 26.9 | 29.1 | 35.4 | 35.4 | 33.3 | 33.7 | 31.2 |
| 15 weeks and over | 23.4 | 38.3 | 18.5 | 20.4 | 24.8 | 25.3 | 30.1 | 31.5 |
| 15 to 26 weeks | 14.3 | 23.1 | 11.1 | 12.2 | 15.2 | 16.0 | 18.2 | 18.7 |
| 27 weeks and over | 9.1 | 15.2 | 7.4 | 8.3 | 9.6 | 9.3 | 11.9 | 12.8 |

## Table A-5. Reasons for unemployment

[Numbers in thousands]

| Reason | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | May 1974 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| **NUMBER OF UNEMPLOYED** | | | | | | | | |
| Lost last job | 1,726 | 4,391 | 1,911 | 3,831 | 4,017 | 4,369 | 4,657 | 4,863 |
| Left last job | 566 | 705 | 698 | 760 | 730 | 798 | 806 | 869 |
| Reentered labor force | 1,313 | 1,795 | 1,546 | 1,924 | 1,686 | 1,854 | 1,916 | 2,114 |
| Seeking first job | 538 | 733 | 623 | 858 | 846 | 773 | 766 | 848 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Job losers | 41.7 | 57.6 | 40.0 | 52.0 | 55.2 | 56.1 | 57.2 | 55.9 |
| Job leavers | 13.7 | 9.2 | 14.6 | 10.3 | 10.0 | 10.2 | 9.9 | 10.0 |
| Reentrants | 31.7 | 23.5 | 32.4 | 26.1 | 23.2 | 23.8 | 23.5 | 24.3 |
| New entrants | 13.0 | 9.6 | 13.0 | 11.6 | 11.6 | 9.9 | 9.4 | 9.8 |
| **UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE** | | | | | | | | |
| Job losers | 1.9 | 4.8 | 2.1 | 4.2 | 4.4 | 4.8 | 5.0 | 5.2 |
| Job leavers | .6 | .8 | .8 | .8 | .8 | .9 | .9 | .9 |
| Reentrants | 1.5 | 2.0 | 1.7 | 2.1 | 1.8 | 2.0 | 2.1 | 2.3 |
| New entrants | .6 | .8 | .7 | .9 | .9 | .8 | .8 | .9 |

## 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 | | | | | | |
| | May 1974 | May 1975 | May 1975 | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 |
| Total, 16 years and over | 4,144 | 7,623 | 85.9 | 5.2 | 8.2 | 8.2 | 8.7 | 8.9 | 9.2 |
| 16 to 19 years | 1,082 | 1,553 | 67.4 | 15.6 | 20.8 | 19.9 | 20.6 | 20.4 | 21.8 |
| 16 to 17 years | 510 | 645 | 47.6 | 17.9 | 22.6 | 21.6 | 22.3 | 21.5 | 22.8 |
| 18 to 19 years | 572 | 908 | 81.6 | 14.1 | 19.6 | 18.2 | 19.5 | 19.7 | 21.2 |
| 20 to 24 years | 1,043 | 1,883 | 90.2 | 8.5 | 12.4 | 13.3 | 14.3 | 14.6 | 14.8 |
| 25 years and over | 2,019 | 4,187 | 90.9 | 3.2 | 5.7 | 5.7 | 6.1 | 6.3 | 6.4 |
| 25 to 54 years | 1,661 | 3,522 | 93.1 | 3.3 | 6.1 | 6.0 | 6.4 | 6.7 | 6.9 |
| 55 years and over | 359 | 663 | 79.3 | 2.7 | 4.2 | 4.8 | 4.8 | 5.1 | 4.9 |
| Males, 16 years and over | 2,147 | 4,291 | 89.7 | 4.4 | 7.2 | 7.4 | 7.9 | 8.3 | 8.5 |
| 16 to 19 years | 559 | 818 | 69.9 | 14.7 | 19.8 | 20.0 | 20.2 | 21.7 | 21.2 |
| 16 to 17 years | 281 | 354 | 52.0 | 17.9 | 22.3 | 22.0 | 20.8 | 22.8 | 22.7 |
| 18 to 19 years | 278 | 465 | 83.4 | 12.2 | 18.2 | 17.9 | 20.0 | 21.3 | 19.9 |
| 20 to 24 years | 552 | 1,089 | 92.7 | 8.2 | 12.6 | 13.3 | 14.8 | 15.8 | 15.6 |
| 25 years and over | 1,037 | 2,385 | 95.0 | 2.6 | 4.8 | 5.0 | 5.4 | 5.6 | 5.8 |
| 25 to 54 years | 839 | 1,982 | 98.1 | 2.7 | 5.1 | 5.1 | 5.5 | 5.9 | 6.2 |
| 55 years and over | 197 | 402 | 79.9 | 2.4 | 3.9 | 4.4 | 4.7 | 4.9 | 4.8 |
| Females, 16 years and over | 1,996 | 3,331 | 81.1 | 6.4 | 9.7 | 9.4 | 9.8 | 9.7 | 10.2 |
| 16 to 19 years | 523 | 735 | 64.6 | 16.8 | 22.1 | 19.9 | 21.0 | 18.7 | 22.4 |
| 16 to 17 years | 229 | 292 | 42.1 | 17.9 | 23.0 | 21.1 | 24.2 | 19.8 | 22.9 |
| 18 to 19 years | 294 | 444 | 79.5 | 16.4 | 21.1 | 18.5 | 18.8 | 17.8 | 22.6 |
| 20 to 24 years | 492 | 794 | 76.6 | 9.0 | 12.2 | 13.3 | 13.6 | 13.3 | 13.9 |
| 25 years and over | 982 | 1,802 | 85.3 | 4.2 | 7.1 | 6.9 | 7.3 | 7.5 | 7.5 |
| 25 to 54 years | 821 | 1,540 | 86.5 | 4.4 | 7.6 | 7.4 | 7.3 | 8.1 | 8.0 |
| 55 years and over | 160 | 461 | 44.5 | 3.1 | 4.9 | 5.5 | 5.0 | 5.4 | 5.1 |

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

[In thousands]

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | May 1974 | Mar. 1975 | Apr. 1975 p | May 1975 p | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 p | May 1975 p |
| TOTAL | 78,545 | 75,755 | 76,161 | 76,654 | 78,357 | 77,227 | 76,708 | 76,368 | 76,381 | 76,443 |
| GOODS-PRODUCING | 24,790 | 21,914 | 21,997 | 22,142 | 24,885 | 23,207 | 22,595 | 22,338 | 22,273 | 22,230 |
| MINING | 669 | 691 | 696 | 706 | 668 | 700 | 702 | 706 | 702 | 705 |
| CONTRACT CONSTRUCTION | 4,058 | 3,218 | 3,328 | 3,428 | 4,066 | 3,789 | 3,596 | 3,486 | 3,470 | 3,435 |
| MANUFACTURING | 20,063 | 18,005 | 17,973 | 18,008 | 20,151 | 18,718 | 18,297 | 18,146 | 18,101 | 18,090 |
| *Production workers* | 14,665 | 12,747 | 12,732 | 12,784 | 14,739 | 13,392 | 12,996 | 12,866 | 12,840 | 12,853 |
| DURABLE GOODS | 11,905 | 10,577 | 10,534 | 10,509 | 11,908 | 11,010 | 10,722 | 10,635 | 10,565 | 10,513 |
| *Production workers* | 8,685 | 7,450 | 7,419 | 7,418 | 8,682 | 7,838 | 7,567 | 7,499 | 7,434 | 7,414 |
| Ordnance and accessories | 176.5 | 181.4 | 179.9 | 179.7 | 179 | 182 | 182 | 182 | 182 | 183 |
| Lumber and wood products | 655.6 | 532.9 | 541.4 | 558.1 | 658 | 556 | 544 | 545 | 550 | 560 |
| Furniture and fixtures | 535.5 | 439.4 | 441.4 | 442.8 | 540 | 463 | 449 | 442 | 446 | 447 |
| Stone, clay, and glass products | 701.4 | 596.6 | 601.5 | 614.6 | 699 | 632 | 618 | 609 | 607 | 613 |
| Primary metal industries | 1,339.1 | 1,205.6 | 1,187.6 | 1,174.8 | 1,326 | 1,277 | 1,235 | 1,206 | 1,181 | 1,163 |
| Fabricated metal products | 1,492.1 | 1,302.8 | 1,303.8 | 1,294.2 | 1,495 | 1,352 | 1,331 | 1,312 | 1,310 | 1,297 |
| Machinery, except electrical | 2,185.9 | 2,112.8 | 2,077.8 | 2,027.9 | 2,184 | 2,165 | 2,129 | 2,102 | 2,070 | 2,026 |
| Electrical equipment | 2,037.3 | 1,743.0 | 1,722.4 | 1,720.4 | 2,050 | 1,835 | 1,771 | 1,754 | 1,735 | 1,731 |
| Transportation equipment | 1,801.4 | 1,577.4 | 1,596.2 | 1,614.3 | 1,791 | 1,626 | 1,556 | 1,587 | 1,593 | 1,605 |
| Instruments and related products | 527.1 | 496.3 | 491.7 | 484.6 | 529 | 514 | 505 | 498 | 494 | 487 |
| Miscellaneous manufacturing | 453.1 | 388.8 | 390.5 | 397.7 | 457 | 408 | 402 | 398 | 397 | 401 |
| NONDURABLE GOODS | 8,158 | 7,428 | 7,439 | 7,499 | 8,243 | 7,708 | 7,575 | 7,511 | 7,536 | 7,577 |
| *Production workers* | 5,980 | 5,297 | 5,313 | 5,366 | 6,057 | 5,554 | 5,429 | 5,367 | 5,402 | 5,439 |
| Food and kindred products | 1,669.5 | 1,597.7 | 1,593.5 | 1,613.5 | 1,732 | 1,671 | 1,664 | 1,666 | 1,669 | 1,674 |
| Tobacco manufactures | 71.1 | 71.4 | 68.3 | 67.8 | 79 | 79 | 78 | 76 | 74 | 75 |
| Textile mill products | 1,017.8 | 856.9 | 872.9 | 892.3 | 1,019 | 881 | 860 | 857 | 875 | 893 |
| Apparel and other textile products | 1,364.7 | 1,172.3 | 1,183.1 | 1,196.0 | 1,362 | 1,204 | 1,178 | 1,165 | 1,182 | 1,194 |
| Paper and allied products | 707.7 | 634.7 | 630.3 | 632.4 | 714 | 666 | 650 | 639 | 634 | 638 |
| Printing and publishing | 1,109.4 | 1,082.7 | 1,077.4 | 1,068.2 | 1,113 | 1,098 | 1,089 | 1,083 | 1,078 | 1,071 |
| Chemicals and allied products | 1,053.6 | 1,010.8 | 1,004.8 | 1,003.8 | 1,056 | 1,038 | 1,027 | 1,014 | 1,007 | 1,006 |
| Petroleum and coal products | 195.8 | 185.2 | 186.3 | 187.5 | 196 | 190 | 187 | 190 | 189 | 187 |
| Rubber and plastics products, nec. | 678.1 | 567.3 | 572.8 | 578.2 | 682 | 619 | 586 | 570 | 576 | 581 |
| Leather and leather products | 290.4 | 249.4 | 249.9 | 258.9 | 290 | 262 | 256 | 251 | 252 | 258 |
| SERVICE-PRODUCING | 53,755 | 53,841 | 54,164 | 54,512 | 53,472 | 54,020 | 54,113 | 54,030 | 54,108 | 54,213 |
| TRANSPORTATION AND PUBLIC UTILITIES | 4,701 | 4,476 | 4,479 | 4,499 | 4,701 | 4,607 | 4,561 | 4,512 | 4,511 | 4,499 |
| WHOLESALE AND RETAIL TRADE | 16,964 | 16,509 | 16,688 | 16,821 | 16,994 | 16,863 | 16,832 | 16,799 | 16,818 | 16,850 |
| WHOLESALE TRADE | 4,228 | 4,173 | 4,172 | 4,182 | 4,258 | 4,242 | 4,222 | 4,211 | 4,214 | 4,211 |
| RETAIL TRADE | 12,736 | 12,336 | 12,516 | 12,639 | 12,736 | 12,621 | 12,610 | 12,588 | 12,604 | 12,639 |
| FINANCE, INSURANCE, AND REAL ESTATE | 4,161 | 4,132 | 4,147 | 4,160 | 4,161 | 4,173 | 4,164 | 4,157 | 4,164 | 4,160 |
| SERVICES | 13,536 | 13,658 | 13,772 | 13,898 | 13,429 | 13,747 | 13,771 | 13,754 | 13,758 | 13,788 |
| GOVERNMENT | 14,393 | 15,066 | 15,078 | 15,134 | 14,187 | 14,630 | 14,785 | 14,808 | 14,857 | 14,916 |
| FEDERAL | 2,722 | 2,724 | 2,732 | 2,743 | 2,711 | 2,733 | 2,733 | 2,732 | 2,729 | 2,732 |
| STATE AND LOCAL | 11,671 | 12,342 | 12,346 | 12,391 | 11,476 | 11,897 | 12,052 | 12,076 | 12,128 | 12,184 |

p-preliminary.

**Table B-2. Average weekly hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | May 1974 | Mar. 1975 | Apr. 1975[P] | May 1975[P] | May 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975[P] | May 1975[P] |
| TOTAL PRIVATE | 36.6 | 35.7 | 35.8 | 35.9 | 36.7 | 36.2 | 36.0 | 35.9 | 36.1 | 36.0 |
| MINING | 43.3 | 41.3 | 41.0 | 42.3 | 43.3 | 42.4 | 42.5 | 41.8 | 41.4 | 42.3 |
| CONTRACT CONSTRUCTION | 36.7 | 34.7 | 36.4 | 37.1 | 36.7 | 37.1 | 36.6 | 34.9 | 36.8 | 37.1 |
| MANUFACTURING | 40.3 | 38.7 | 38.8 | 39.0 | 40.3 | 39.2 | 38.8 | 38.8 | 39.0 | 39.0 |
| *Overtime hours* | 3.3 | 2.2 | 2.2 | 2.2 | 3.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| DURABLE GOODS | 41.0 | 39.4 | 39.5 | 39.5 | 40.9 | 40.0 | 39.6 | 39.4 | 39.6 | 39.4 |
| *Overtime hours* | 3.5 | 2.2 | 2.2 | 2.2 | 3.5 | 2.5 | 2.4 | 2.3 | 2.4 | 2.2 |
| Ordnance and accessories | 42.2 | 41.5 | 41.1 | 41.1 | 42.3 | 42.1 | 41.2 | 41.2 | 41.2 | 41.2 |
| Lumber and wood products | 40.5 | 37.8 | 38.3 | 38.7 | 40.3 | 37.9 | 38.6 | 37.8 | 38.3 | 38.5 |
| Furniture and fixtures | 39.1 | 36.3 | 36.9 | 37.1 | 39.4 | 36.4 | 36.3 | 36.5 | 37.3 | 37.4 |
| Stone, clay, and glass products | 41.7 | 39.5 | 40.1 | 40.5 | 41.5 | 40.9 | 40.2 | 39.6 | 40.3 | 40.3 |
| Primary metal industries | 41.8 | 40.0 | 39.6 | 39.0 | 41.6 | 40.5 | 40.2 | 39.9 | 39.4 | 38.8 |
| Fabricated metal products | 41.2 | 39.6 | 39.6 | 39.7 | 41.0 | 40.4 | 39.7 | 39.8 | 39.7 | 39.5 |
| Machinery, except electrical | 42.3 | 41.0 | 40.9 | 40.6 | 42.3 | 41.8 | 41.2 | 40.8 | 41.0 | 40.6 |
| Electrical equipment | 39.9 | 39.1 | 39.1 | 39.1 | 39.9 | 39.4 | 39.0 | 39.2 | 39.3 | 39.1 |
| Transportation equipment | 40.8 | 38.9 | 39.6 | 39.7 | 40.5 | 39.5 | 39.1 | 39.0 | 40.3 | 39.4 |
| Instruments and related products | 40.2 | 39.0 | 39.1 | 39.2 | 40.2 | 39.5 | 38.9 | 39.0 | 39.2 | 39.2 |
| Miscellaneous manufacturing | 38.8 | 37.8 | 38.2 | 38.4 | 38.8 | 38.1 | 37.6 | 37.7 | 38.2 | 38.4 |
| NONDURABLE GOODS | 39.3 | 37.7 | 37.8 | 38.3 | 39.4 | 38.0 | 37.7 | 37.9 | 38.0 | 38.4 |
| *Overtime hours* | 3.1 | 2.1 | 2.1 | 2.2 | 3.2 | 2.2 | 2.1 | 2.2 | 2.2 | 2.3 |
| Food and kindred products | 40.3 | 39.7 | 39.3 | 39.8 | 40.5 | 39.9 | 39.9 | 40.3 | 39.9 | 40.0 |
| Tobacco manufactures | 38.5 | 37.7 | 37.5 | 36.6 | 38.8 | 37.3 | 37.6 | 39.1 | 38.5 | 36.9 |
| Textile mill products | 40.1 | 36.8 | 37.6 | 38.7 | 40.3 | 36.0 | 36.1 | 36.8 | 37.8 | 38.9 |
| Apparel and other textile products | 35.5 | 33.8 | 34.2 | 34.3 | 35.6 | 34.0 | 33.6 | 33.7 | 34.3 | 34.4 |
| Paper and allied products | 42.1 | 40.2 | 40.3 | 40.9 | 42.4 | 41.1 | 40.5 | 40.4 | 40.5 | 41.1 |
| Printing and publishing | 37.7 | 36.9 | 36.6 | 36.7 | 37.7 | 37.5 | 37.2 | 36.9 | 36.8 | 36.7 |
| Chemicals and allied products | 41.8 | 40.4 | 40.4 | 40.5 | 41.8 | 40.6 | 40.5 | 40.4 | 40.2 | 40.5 |
| Petroleum and coal products | 42.4 | 41.2 | 41.1 | 42.0 | 42.4 | 42.0 | 41.9 | 41.8 | 41.0 | 42.0 |
| Rubber and plastics products, nec | 40.3 | 38.5 | 39.2 | 39.5 | 40.4 | 39.5 | 38.7 | 38.6 | 39.2 | 39.6 |
| Leather and leather products | 37.8 | 34.9 | 35.9 | 36.9 | 37.6 | 35.7 | 35.3 | 35.1 | 36.4 | 36.7 |
| TRANSPORTATION AND PUBLIC UTILITIES | 40.5 | 39.5 | 39.7 | 39.7 | 40.6 | 40.2 | 39.9 | 39.9 | 40.1 | 39.8 |
| WHOLESALE AND RETAIL TRADE | 34.0 | 33.5 | 33.4 | 33.6 | 34.3 | 33.8 | 33.9 | 33.9 | 33.7 | 33.9 |
| WHOLESALE TRADE | 38.9 | 38.4 | 38.3 | 38.5 | 39.0 | 38.7 | 38.6 | 38.5 | 38.6 | 38.6 |
| RETAIL TRADE | 32.5 | 31.9 | 31.9 | 32.1 | 32.9 | 32.3 | 32.3 | 32.4 | 32.2 | 32.5 |
| FINANCE, INSURANCE, AND REAL ESTATE | 36.6 | 36.6 | 36.3 | 36.3 | 36.7 | 37.1 | 36.9 | 36.6 | 36.3 | 36.4 |
| SERVICES | 33.7 | 33.8 | 33.7 | 33.7 | 34.0 | 34.2 | 34.1 | 34.0 | 33.9 | 34.0 |

[1] 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.

[P] preliminary.

**Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Average hourly earnings | | | | Average weekly earnings | | | |
|---|---|---|---|---|---|---|---|---|
| | May 1974 | Mar. 1975 | Apr. 1975[p] | May 1975[p] | May 1974 | Mar. 1975 | Apr. 1975[p] | May 1975[p] |
| TOTAL PRIVATE | $4.17 | $4.43 | $4.44 | $4.47 | $152.62 | $158.15 | $158.95 | $160.47 |
| *Seasonally adjusted* | 4.17 | 4.44 | 4.45 | 4.47 | 153.04 | 159.40 | 160.65 | 160.92 |
| MINING | 5.14 | 5.74 | 5.73 | 5.79 | 222.56 | 237.06 | 234.93 | 244.92 |
| CONTRACT CONSTRUCTION | 6.60 | 7.14 | 7.10 | 7.15 | 242.22 | 247.76 | 258.44 | 265.27 |
| MANUFACTURING | 4.33 | 4.71 | 4.71 | 4.73 | 174.50 | 182.28 | 182.75 | 184.47 |
| DURABLE GOODS | 4.61 | 5.01 | 5.02 | 5.04 | 189.01 | 197.39 | 198.29 | 199.08 |
| Ordnance and accessories | 4.68 | 5.10 | 5.12 | 5.16 | 197.50 | 211.65 | 210.43 | 212.08 |
| Lumber and wood products | 3.85 | 4.14 | 4.12 | 4.19 | 155.93 | 156.49 | 157.80 | 162.15 |
| Furniture and fixtures | 3.47 | 3.68 | 3.70 | 3.71 | 135.68 | 133.58 | 136.53 | 137.64 |
| Stone, clay, and glass products | 4.48 | 4.71 | 4.76 | 4.80 | 186.82 | 186.05 | 190.88 | 194.40 |
| Primary metal industries | 5.55 | 6.01 | 6.01 | 6.04 | 231.99 | 240.40 | 238.00 | 235.56 |
| Fabricated metal products | 4.53 | 4.90 | 4.93 | 4.96 | 186.64 | 194.04 | 195.23 | 196.91 |
| Machinery, except electrical | 4.85 | 5.22 | 5.24 | 5.27 | 205.16 | 214.02 | 214.32 | 213.96 |
| Electrical equipment | 4.09 | 4.47 | 4.49 | 4.51 | 163.19 | 174.78 | 175.56 | 176.34 |
| Transportation equipment | 5.36 | 5.81 | 5.83 | 5.86 | 218.69 | 226.01 | 230.87 | 232.64 |
| Instruments and related products | 4.12 | 4.48 | 4.47 | 4.49 | 165.62 | 174.72 | 174.78 | 176.01 |
| Miscellaneous manufacturing | 3.47 | 3.73 | 3.75 | 3.76 | 134.64 | 140.99 | 143.25 | 144.38 |
| NONDURABLE GOODS | 3.91 | 4.27 | 4.27 | 4.28 | 153.66 | 160.98 | 161.41 | 163.92 |
| Food and kindred products | 4.12 | 4.46 | 4.48 | 4.50 | 166.04 | 177.06 | 176.06 | 179.10 |
| Tobacco manufactures | 4.27 | 4.71 | 4.79 | 4.77 | 164.40 | 177.57 | 179.63 | 174.58 |
| Textile mill products | 3.12 | 3.31 | 3.31 | 3.33 | 125.11 | 121.81 | 124.46 | 128.87 |
| Apparel and other textile products | 2.96 | 3.16 | 3.16 | 3.14 | 105.08 | 106.81 | 108.07 | 107.70 |
| Paper and allied products | 4.40 | 4.77 | 4.79 | 4.86 | 185.24 | 191.75 | 193.04 | 198.77 |
| Printing and publishing | 4.91 | 5.22 | 5.23 | 5.30 | 185.11 | 192.62 | 191.42 | 194.51 |
| Chemicals and allied products | 4.74 | 5.17 | 5.19 | 5.27 | 198.13 | 208.87 | 209.68 | 213.44 |
| Petroleum and coal products | 5.47 | 6.30 | 6.36 | 6.39 | 231.93 | 259.56 | 261.40 | 268.38 |
| Rubber and plastics products, nec | 3.93 | 4.23 | 4.25 | 4.28 | 158.38 | 162.86 | 166.60 | 169.06 |
| Leather and leather products | 3.01 | 3.21 | 3.21 | 3.21 | 113.78 | 112.03 | 115.24 | 118.45 |
| TRANSPORTATION AND PUBLIC UTILITIES | 5.29 | 5.69 | 5.71 | 5.75 | 214.25 | 224.76 | 226.69 | 228.28 |
| WHOLESALE AND RETAIL TRADE | 3.44 | 3.69 | 3.69 | 3.71 | 116.96 | 123.62 | 123.25 | 124.66 |
| WHOLESALE TRADE | 4.42 | 4.79 | 4.79 | 4.82 | 171.94 | 183.94 | 183.46 | 185.57 |
| RETAIL TRADE | 3.08 | 3.27 | 3.28 | 3.30 | 100.10 | 104.31 | 104.63 | 105.93 |
| FINANCE, INSURANCE, AND REAL ESTATE | 3.75 | 4.09 | 4.07 | 4.08 | 137.25 | 149.69 | 147.74 | 148.10 |
| SERVICES | 3.72 | 3.97 | 3.97 | 3.98 | 125.36 | 134.19 | 133.79 | 134.13 |

[1] See footnote 1, table B-2.
p=preliminary.

**Table B-4. Hourly earnings index for production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry division, seasonally adjusted**

(1967=100)

| Industry | May 1974 | Dec. 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr.p 1975 | May p 1975 | Percent change from: May 1974-May 1975 | Percent change from: Apr. 1975-May 1975 |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL PRIVATE NONFARM: | | | | | | | | | |
| Current dollars | 156.1 | 165.1 | 166.0 | 167.2 | 168.8 | 168.8 | 169.8 | 8.8 | 0.6 |
| Constant (1967) dollars | 107.3 | 106.2r | 106.0r | 106.3 | 107.0 | 106.3 | N.A. | (2) | (3) |
| MINING | 160.5 | 172.5 | 174.9 | 177.9 | 178.6 | 178.2 | 180.4 | 12.3 | 1.2 |
| CONTRACT CONSTRUCTION | 160.4 | 170.1 | 170.2 | 168.9 | 173.6 | 173.0 | 174.0 | 8.4 | .6 |
| MANUFACTURING | 153.5 | 163.5 | 164.6 | 165.9 | 167.6 | 168.0 | 169.0 | 10.1 | .6 |
| TRANSPORTATION AND PUBLIC UTILITIES | 164.1 | 173.2 | 173.8 | 175.2 | 176.5 | 176.5 | 178.1 | 8.5 | .9 |
| WHOLESALE AND RETAIL TRADE | 153.3 | 161.0 | 162.6 | 164.0 | 164.6 | 164.6 | 165.8 | 8.2 | .7 |
| FINANCE, INSURANCE, AND REAL ESTATE | 145.5 | 155.0 | 155.0 | 157.2 | 159.6 | 158.4 | 159.1 | 9.4 | .4 |
| SERVICES | 161.6 | 168.3 | 169.1 | 171.0 | 171.8 | 171.7 | 172.6 | 6.9 | .6 |

[1] See footnote 1, table B-2.

(2) Percent change was -0.8 from April 1974 to April 1975, the latest month available.

(3) Percent change was -0.6 from March 1975 to April 1975, the latest month available.

N.A. = not available. r = revised.

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.

**Table B-5. Indexes of aggregate weekly man-hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry, seasonally adjusted**

[1967 = 100]

| Industry division and group | 1974 | | | | | | | 1975 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.P | May P |
| TOTAL | 113.6 | 113.5 | 113.3 | 113.4 | 113.4 | 113.0 | 111.2 | 109.7 | 108.7 | 106.7 | 105.5 | 105.7 | 106.1 |
| GOODS-PRODUCING | 105.0 | 104.6 | 104.0 | 103.8 | 103.7 | 103.0 | 99.4 | 96.5 | 94.1 | 90.0 | 88.0 | 88.9 | 89.0 |
| MINING | 110.1 | 110.3 | 110.2 | 109.9 | 112.3 | 114.0 | 95.8 | 100.9 | 113.3 | 113.5 | 112.1 | 110.0 | 113.0 |
| CONTRACT CONSTRUCTION | 119.7 | 117.8 | 115.3 | 115.6 | 115.2 | 116.5 | 114.4 | 113.1 | 111.9 | 103.4 | 94.9 | 99.5 | 99.7 |
| MANUFACTURING | 102.2 | 102.1 | 101.8 | 101.6 | 101.3 | 100.3 | 96.9 | 93.4 | 90.3 | 86.9 | 85.9 | 86.3 | 86.3 |
| DURABLE GOODS | 103.0 | 103.2 | 102.8 | 102.5 | 102.5 | 101.7 | 98.1 | 94.4 | 91.0 | 86.9 | 85.8 | 85.7 | 84.8 |
| Ordnance and accessories | 49.5 | 48.0 | 48.2 | 47.7 | 49.1 | 49.0 | 49.0 | 49.5 | 49.3 | 48.2 | 48.2 | 48.2 | 48.2 |
| Lumber and wood products | 108.3 | 106.8 | 104.9 | 103.4 | 99.9 | 95.8 | 90.6 | 87.8 | 84.1 | 83.0 | 81.9 | 83.5 | 86.3 |
| Furniture and fixtures | 115.6 | 115.6 | 114.0 | 112.3 | 111.0 | 107.4 | 100.6 | 96.1 | 89.2 | 86.3 | 85.4 | 88.0 | 88.7 |
| Stone, clay, and glass products | 112.0 | 110.8 | 110.8 | 110.6 | 108.8 | 107.7 | 105.2 | 101.7 | 98.1 | 93.9 | 91.0 | 92.4 | 93.2 |
| Primary metal industries | 101.2 | 102.2 | 101.6 | 102.6 | 104.6 | 105.0 | 102.3 | 97.7 | 94.0 | 89.5 | 86.1 | 83.0 | 80.4 |
| Fabricated metal products | 107.4 | 108.0 | 108.3 | 108.1 | 107.8 | 105.8 | 101.9 | 98.4 | 93.4 | 90.1 | 88.9 | 88.6 | 87.0 |
| Machinery, except electrical | 107.1 | 108.1 | 106.9 | 109.2 | 109.9 | 109.7 | 108.5 | 106.0 | 103.3 | 99.3 | 96.6 | 95.1 | 92.8 |
| Electrical equipment and supplies | 105.1 | 105.5 | 105.1 | 100.8 | 102.5 | 101.2 | 96.3 | 92.3 | 89.6 | 84.6 | 83.7 | 83.1 | 82.6 |
| Transportation equipment | 90.2 | 90.0 | 90.8 | 91.1 | 90.5 | 92.0 | 87.0 | 81.9 | 78.4 | 73.1 | 75.6 | 78.2 | 76.8 |
| Instruments and related products | 114.2 | 116.4 | 114.9 | 115.8 | 114.2 | 113.0 | 111.3 | 108.9 | 106.8 | 102.1 | 100.0 | 99.5 | 97.8 |
| Miscellaneous manufacturing, Ind. | 104.4 | 104.7 | 104.4 | 103.0 | 101.3 | 98.7 | 94.6 | 90.2 | 88.5 | 86.0 | 85.1 | 86.2 | 87.8 |
| NONDURABLE GOODS | 101.1 | 100.5 | 100.3 | 100.2 | 99.5 | 98.2 | 95.0 | 92.0 | 89.3 | 86.8 | 86.1 | 87.1 | 88.5 |
| Food and kindred products | 98.8 | 97.4 | 96.5 | 97.3 | 97.9 | 97.4 | 95.6 | 94.7 | 93.0 | 92.4 | 93.4 | 92.9 | 93.6 |
| Tobacco manufactures | 88.6 | 85.1 | 84.4 | 84.5 | 82.5 | 83.1 | 81.4 | 83.4 | 86.4 | 85.8 | 86.5 | 83.8 | 80.3 |
| Textile mill products | 103.4 | 103.1 | 101.9 | 100.4 | 98.8 | 93.7 | 89.5 | 83.9 | 78.7 | 76.9 | 78.0 | 82.1 | 86.6 |
| Apparel and other textile products | 94.0 | 91.1 | 92.9 | 91.7 | 91.3 | 90.3 | 85.9 | 81.3 | 78.8 | 76.1 | 75.3 | 78.0 | 78.8 |
| Paper and allied products | 103.9 | 103.6 | 103.3 | 102.5 | 101.8 | 99.3 | 96.8 | 94.4 | 92.0 | 88.0 | 85.8 | 85.4 | 87.2 |
| Printing and publishing | 99.4 | 99.7 | 99.4 | 100.2 | 99.1 | 99.1 | 96.9 | 96.4 | 96.6 | 94.5 | 92.9 | 92.1 | 90.9 |
| Chemicals and allied products | 103.9 | 104.8 | 105.3 | 106.0 | 105.5 | 105.1 | 103.3 | 103.3 | 97.1 | 95.4 | 93.2 | 91.8 | 92.6 |
| Petroleum and coal products | 107.5 | 108.0 | 107.0 | 105.4 | 106.1 | 108.0 | 107.0 | 106.4 | 100.5 | 97.7 | 101.7 | 99.8 | 99.6 |
| Rubber and plastics products, nec | 131.8 | 134.7 | 133.6 | 135.8 | 134.1 | 134.6 | 125.3 | 118.6 | 114.7 | 105.1 | 101.3 | 104.3 | 106.6 |
| Leather and leather products | 80.1 | 80.1 | 78.9 | 78.6 | 76.6 | 75.7 | 74.8 | 71.9 | 68.7 | 65.8 | 64.2 | 66.9 | 69.3 |
| SERVICE-PRODUCING | 119.6 | 119.7 | 119.8 | 120.0 | 120.2 | 119.9 | 119.4 | 118.9 | 118.9 | 118.2 | 117.7 | 117.3 | 117.9 |
| TRANSPORTATION AND PUBLIC UTILITIES | 109.8 | 108.7 | 109.7 | 109.3 | 108.4 | 108.9 | 107.5 | 107.1 | 105.9 | 103.9 | 102.6 | 103.1 | 101.9 |
| WHOLESALE AND RETAIL TRADE | 116.7 | 116.5 | 116.7 | 116.7 | 116.8 | 116.3 | 115.4 | 114.2 | 113.8 | 113.4 | 113.3 | 112.8 | 113.8 |
| WHOLESALE TRADE | 115.7 | 115.8 | 115.8 | 115.2 | 115.8 | 115.4 | 114.9 | 114.5 | 114.0 | 113.0 | 112.2 | 112.5 | 112.5 |
| RETAIL TRADE | 117.1 | 116.8 | 117.1 | 117.2 | 117.2 | 116.6 | 115.6 | 114.1 | 113.7 | 113.5 | 113.7 | 113.0 | 114.3 |
| FINANCE, INSURANCE, AND REAL ESTATE | 123.5 | 123.8 | 123.2 | 123.7 | 124.3 | 123.8 | 123.0 | 123.7 | 124.2 | 123.2 | 121.8 | 120.8 | 121.1 |
| SERVICES | 126.8 | 128.0 | 127.5 | 128.3 | 129.0 | 128.7 | 129.2 | 129.3 | 130.2 | 129.9 | 129.5 | 129.0 | 129.8 |

[1] See footnote 1, table B-2.

p=preliminary.

**Table B-6. Indexes of diffusion of changes in number of employees on payrolls in 172 private nonagricultural industries[1]**

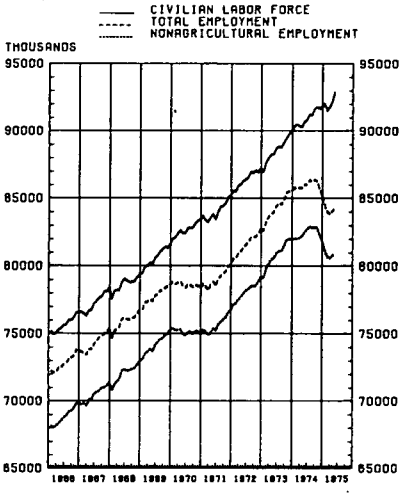
| Year and month | Span | | | |
|---|---|---|---|---|
| | 1-month | 3-months | 6-months | 12-months |
| **1972** | | | | |
| January | 68.6 | 71.2 | 78.8 | 77.3 |
| February | 70.6 | 80.5 | 82.0 | 81.7 |
| March | 75.0 | 80.8 | 84.9 | 79.7 |
| April | 76.2 | 84.0 | 79.7 | 82.3 |
| May | 75.6 | 82.8 | 81.1 | 84.5 |
| June | 77.6 | 74.4 | 82.6 | 84.3 |
| July | 45.6 | 74.4 | 84.6 | 83.7 |
| August | 73.0 | 74.4 | 82.0 | 84.0 |
| September | 74.7 | 82.0 | 80.2 | 85.2 |
| October | 82.6 | 83.4 | 82.8 | 83.1 |
| November | 73.5 | 79.4 | 82.3 | 82.0 |
| December | 75.3 | 80.5 | 84.6 | 84.3 |
| **1973** | | | | |
| January | 72.8 | 82.0 | 82.3 | 80.5 |
| February | 73.3 | 81.1 | 77.9 | 83.1 |
| March | 76.2 | 79.4 | 80.8 | 84.9 |
| April | 66.9 | 77.0 | 75.9 | 85.8 |
| May | 57.8 | 73.3 | 76.5 | 86.3 |
| June | 72.1 | 66.6 | 74.7 | 84.0 |
| July | 59.9 | 73.0 | 73.8 | 79.1 |
| August | 66.6 | 68.6 | 74.7 | 74.4 |
| September | 59.6 | 74.7 | 71.8 | 68.9 |
| October | 75.9 | 78.2 | 72.1 | 64.5 |
| November | 77.3 | 72.4 | 68.3 | 65.1 |
| December | 58.7 | 68.6 | 62.5 | 61.6 |
| **1974** | | | | |
| January | 62.5 | 54.9 | 55.8 | 61.6 |
| February | 47.1 | 50.9 | 50.9 | 59.0 |
| March | 48.0 | 44.8 | 50.0 | 54.9 |
| April | 54.1 | 51.7 | 49.4 | 48.0 |
| May | 55.5 | 56.4 | 50.0 | 40.7 |
| June | 58.7 | 52.0 | 50.6 | 30.5 |
| July | 48.8 | 46.8 | 39.5 | 25.9 |
| August | 52.3 | 42.2 | 34.3 | 22.4 |
| September | 38.1 | 43.6 | 27.3 | 20.1 |
| October | 40.4 | 29.1 | 20.3 | 18.6p |
| November | 19.2 | 20.9 | 18.0 | 16.3p |
| December | 19.8 | 13.7 | 14.2 | |
| **1975** | | | | |
| January | 17.7 | 13.7 | 13.7p | |
| February | 16.6 | 14.0 | 12.8p | |
| March | 26.2 | 19.8p | | |
| April | 42.2p | 39.5p | | |
| May | 53.5p | | | |
| June | | | | |
| July | | | | |
| August | | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |

[1] Each index represents the percent of industries in which employment increased over the indicated span.

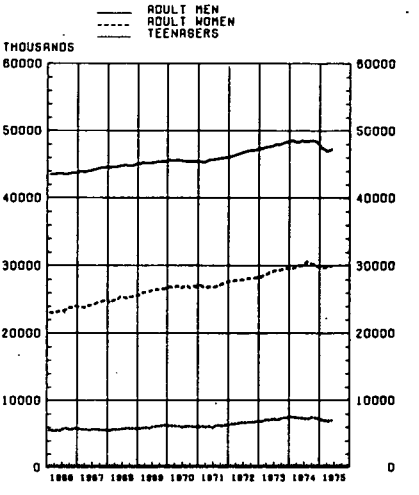
p = preliminary.

# LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

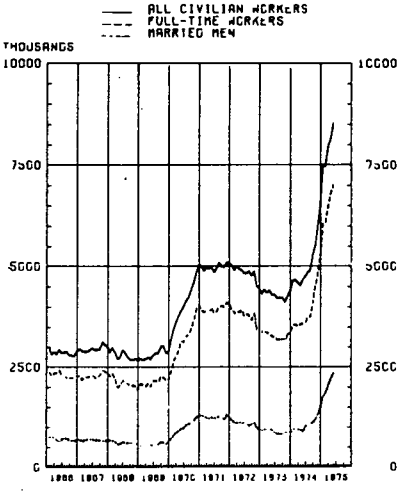
1. LABOR FORCE AND EMPLOYMENT



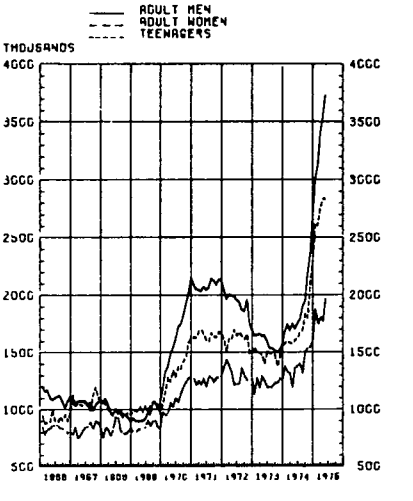

2. TOTAL EMPLOYMENT




3. UNEMPLOYMENT

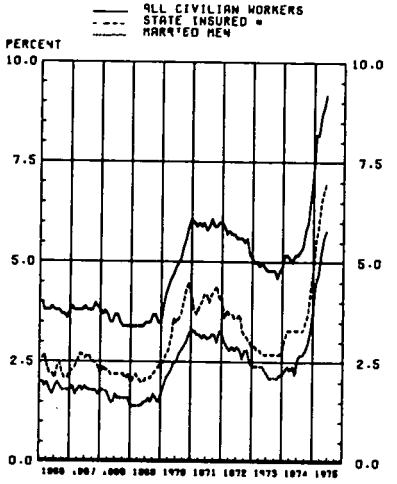



4. UNEMPLOYMENT

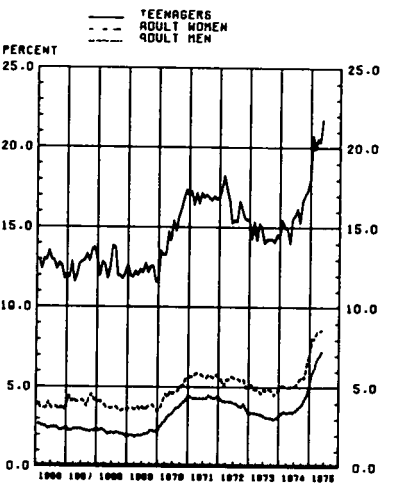


# UNEMPLOYMENT RATES
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

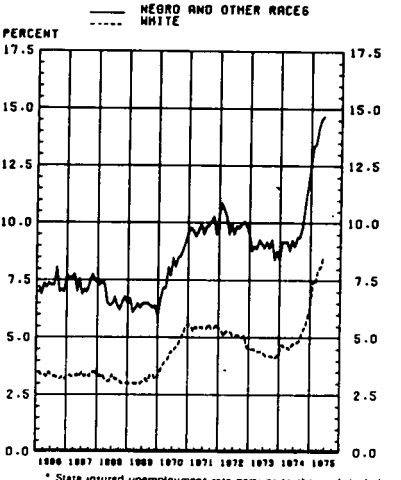
### 5. UNEMPLOYMENT RATES



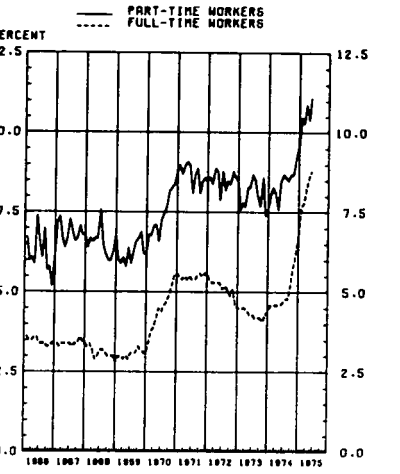

### 6. UNEMPLOYMENT RATES




### 7. UNEMPLOYMENT RATES



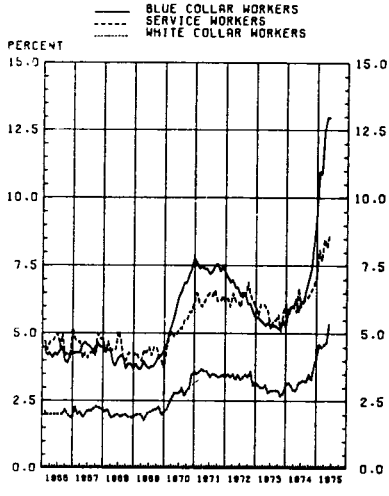

### 8. UNEMPLOYMENT RATES



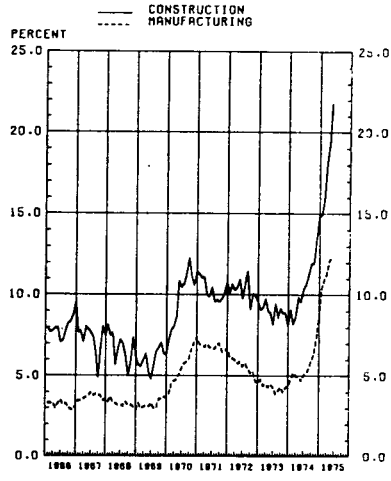

* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

# UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

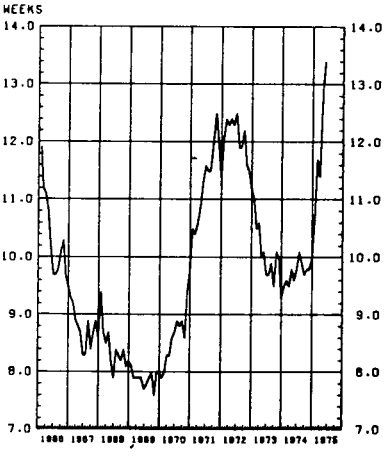
### 9. UNEMPLOYMENT RATES



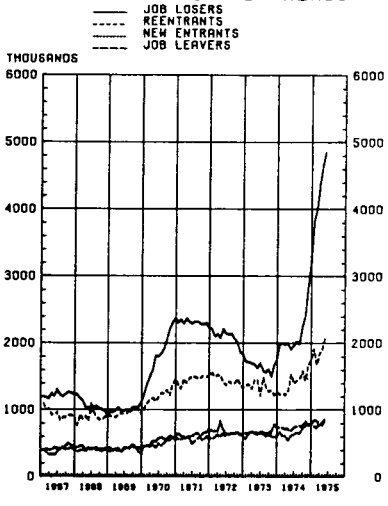

### 10. UNEMPLOYMENT RATES




### 11. AVERAGE DURATION OF UNEMPLOYMENT

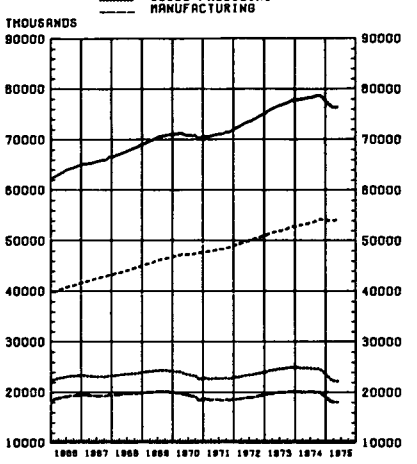



### 12. UNEMPLOYMENT BY REASON

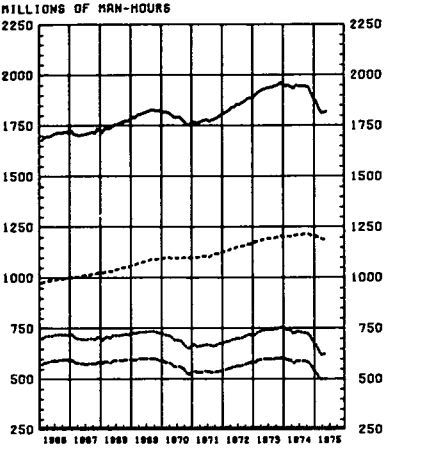


# NONAGRICULTURAL EMPLOYMENT AND HOURS
## ESTABLISHMENT DATA - SEASONALLY ADJUSTED

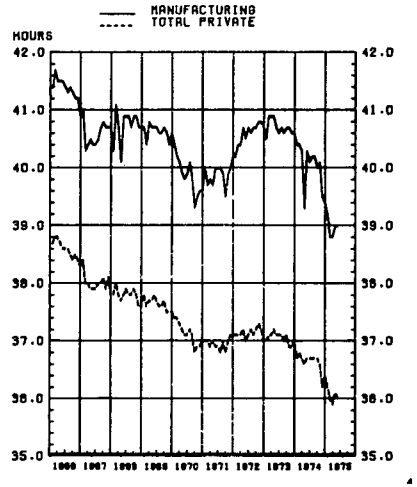
### 13. EMPLOYMENT



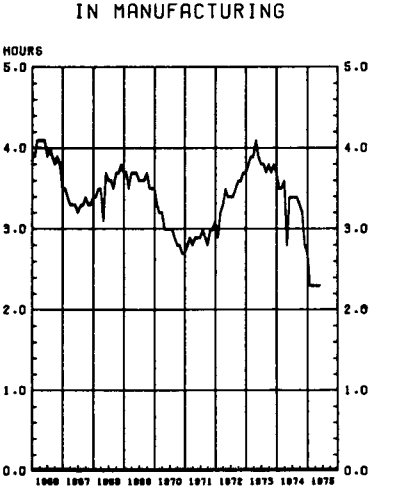

### 14. MAN-HOURS




### 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 HUMPHREY. Thank you, Mr. Shiskin. I will ask a few questions, so we will stay within our time constraints here. Although the total employment, as you indicated in your statement, increased by 300,000 in May, this increase was apparently in the agricultural sector. Nonagricultural employment scarcely increased at all, with employment actually declining in construction and manufacturing. Is that correct?

Mr. SHISKIN. Yes.

Chairman HUMPHREY. It appears to me that there are no sectors that show any real economic recoveries in terms of putting people back to work. Is this assessment accurate as to the employment outlook?

Mr. SHISKIN. The facts you cited are accurate. What I see here is a classical pattern around business cycle troughs, which is that the series, the indicators that tend to move early, are turning up. They are improving. That is clear from these data. So we have the promise of better performance in terms of the leading type indicators. When you look at performance—and here we have the index of man-hours paid for—you see some slight improvement. The promise of leading indicators is not fully realized as yet in the measures of performance. The indicators that tend to move later are still going up. That is the classic pattern at such a time. This looks to me like the classic pattern around business cycle turnarounds. If the scenario unfolds as it has in the past, in the next few months we will see further improvements in levels of the employment and man-hours. Then, we will see after that the recession is over.

Chairman HUMPHREY. I think we have to in mind that the depth of the recession, of course, now is appreciably larger than it was in previous recessions. There is always a lag.

Mr. SHISKIN. In terms of the previous peak.

Chairman HUMPHREY. There is always a lag, of course, in the employment picture as the economy starts to show a recovery.

Mr. SHISKIN. Unemployment lags, but not employment.

Chairman HUMPHREY. Always a lag—put it either way. The unemployment figures are more sticky, even as you come with some forms of economic recovery which I indicated in my opening statement. But I think that there may be a structural problem here in the economy that we would surely appreciate you and others giving some attention to as you look ahead, as to whether or not, when the economy begins to show recovery in terms of GNP, we have a slow recovery in terms of the employment situation. There is reason to believe that we always end up with a higher level of unemployment as a continuing situation, even though the economy may begin to blossom again.

The administration has been talking about 6 percent growth rates. As Senator Proxmire said here the other day, that is a rate we have not experienced in the last 20 years, as we projected ahead what the unemployment rate may be at the end of calendar year 1976. I am interested in your agricultural figures. You have seasonally adjusted factors for the agricultural sector. I know there are some problems with our seasonally adjusted figures for agricultural productivity. Apparently, that is more difficult than it is in the manufacturing area. I wonder if you believe that the seasonally adjusted employment data are reliable.

Mr. SHISKIN. I would say that the seasonally adjusted agriculture employment estimates are less reliable than the others. We have had an increase in May of 300,000. I would only say that I would not base major policy on it, Senator Humphrey. I would wait a few months to see if those increases continue. I would like to say that I expect, in light of what has been happening to the early movers, is for employment to continue its upturn in the next few months. Soon after the upward movement in employment gets up some steam, unemployment will begin to drop. That is the classic scenario, and almost all the employment series seem to be following it.

Chairman HUMPHREY. I hope that you are right. The degree of the increase in unemployment is still a very worrisome matter. Also, you indicate that the average duration of unemployment continued to move up, and the number of long-term unemployed—those jobless for 15 weeks or longer—rose by 240,000 to a level of more than 2.6 million in May and further, that we now have more than 1 million people who have been looking for work for 6 months or more. So these are pretty sticky problems.

Mr. SHISKIN. There is nothing in my statement which is intended to say anything else but that the unemployment situation today is a very grave and serious situation. What I am saying, when you look at certain other kinds of data, like the accession rate, new hiring, layoffs, involuntary part-time workers who want to work full time—there is a indication in the pattern of those series there will be improvement in the next few months. That is all I am saying.

Chairman HUMPHREY. Mr. Shiskin, in the past years, the Bureau of Labor Statistics has made estimates for us on the number of students and recent graduates who would be joining the labor force during the summer. Have you made such estimates this year?

Mr. SHISKIN. We issued a press release about 2 weeks ago with those figures.

Chairman HUMPHREY. Do we have that press release? Let us make sure we have one.

Mr. SHISKIN. It is a regular press release. It came out the Friday before Memorial Day, dated May 25.

Chairman HUMPHREY. What did you estimate?

Mr. SHISKIN. We estimated that 4.2 million youths, about the same number as last year, will enter the labor force from April to July this year.

Chairman HUMPHREY. Does BLS have any data on the job opportunities for our youth this summer as compared to last summer, and other summers?

Mr. SHISKIN. No, we do not. As I said many times here, I think this is going to be a very rough summer for American youth.

Chairman HUMPHREY. This is one of the reasons that I was terribly upset when we had a summer youth work program in our jobs bill, and over 800,000 summer youth jobs, that went down the tube by the veto, and the failure of the House of Representatives to override that veto.

Just a few other question on the job outlook. You have a 9.2-percent unemployment rate. It is very, however, much higher for certain industries and occupations.

Mr. SHISKIN. I have that figure attached to my statement, Mr. Chairman. If you will turn to the very last page, you will see that.

Chairman HUMPHREY. I just asked you—the construction unemployment is up to an all-time record high of 22 percent. I think this is a very serious matter, because the construction trades are kind of bellwethered in our economy.

Mr. SHISKIN. What worries me, what I think is a matter of concern, is that the two major industries which have a great effect on other industries during this recession are construction and automobiles. We have to watch very carefully the performance of these industries. It has not been good so far.

Chairman HUMPHREY. They are both in serious trouble.

Mr. SHISKIN. They are. I do not want to make a value judgment on the automobile industry, though many people are making all kinds of value judgments on this industry today. I am merely saying when this industry suffers, the rest of the country suffiers, too, and we have to watch it. In this context, however, I want to call your attention to the fact that there has been steady improvement in the unemployment rate in automobiles. It reached a peak of 24 percent unemployed in January. The latest figure we have—May—is 15 percent.

Chairman HUMPHREY. You also have the electric equipment industry showing a sharp increase from 13.6 percent to 16.1 percent, fabricated metals—which tells you something about durable goods—is up from 10.9 percent to 13.8 percent; stone, clay and glass—of course, this gets to construction again—is up from 10.9 percent to 12.3 percent. Lumber is up in unemployment from 17.7 percent to 18.6 percent. So it shows again, these classifications, that the construction industry is lagging very seriously in this country, and the report we had from the Wall Street Journal the other day indicated that durable goods is down.

Mr. SHISKIN. Mr. Chairman, may I respectfully suggest that there is a good context in which to view this question. You will recall that Senator Proxmire stimulated us to do some new work in determining how widespread different economic effects were when we had the energy crisis. So we made up a diffusion index a few months ago. This diffusion index shows that only 17 percent of the industry was experiencing rising employment in February, but that we have had a steady improvement since then.

Chairman HUMPHREY. What was that?

Mr. SHISKIN. Four months ago, the diffusion index—how widespread the recession was—showed that only 17 percent of the industries experienced rising employment. Now, the figure is about 54 percent. While there is no doubt that a lot of industries are suffering seriously, we have also had a substantial improvement in many. So, compared to 3 or 4 months ago, when almost every industry was laying off people, we have now most of the industries, for the first time, increasing employment.

Chairman HUMPHREY. You still have a higher rate of unemployment. I want to say, most respectfully, while the official figure is 9.2 percent, I think that you could say that the genuine figure is closer to 12 percent.

Mr. SHISKIN. Senator Humphrey, I am not sure you are aware of a point I have been making. Because of the importance of your point of view, which is shared by some others, like George Meany, I faced up to these various questions on the definition of unemployment, and I prepared a paper where I discussed each one of these issues and explained how I felt. We should bring these matters to a resolution. This paper was given in Denver last week, and I made copies available to your staff. I would be very glad to discuss it.

Chairman HUMPHREY. I appreciate that very much, Mr. Shiskin. I would like to suggest to one of the staff people here that the copy come to me directly. Sometimes it does not get here as fast as I like it. Second, I think it would be well to include a copy of your paper in our testimony here.

Mr. SHISKIN. I would be very happy to put it in the record.

Chairman HUMPHREY. We would like very much to have it.

[The material referred to follows:]

UNEMPLOYMENT: MEASUREMENT PROBLEMS AND RECENT TRENDS

(By Julius Shiskin)

The unemployment rate and the change in the CPI are as well known to the public today as the World Series and Super Bowl scores. It is no wonder. They provide simple measures of the performance of the economy, and the basis for major policy decisions by the President and the Congress. Recently, they have had an even more direct effect upon the pocketbooks of the American people. Every time the CPI goes up by 1 percent, it automatically triggers more than $1 billion in various income payments, such as certain wages and Social Security benefits. And in 1974, more than $4 billion were allocated to States and local areas for manpower revenue sharing and public service employment on the basis of their unemployment rates. One result of the growing importance of these data has naturally been a great interest in how they are compiled, and this has been accompanied by lively discussions of the concepts and definitions involved. Elsewhere [1] I have described the CPI and the program to overhaul and update it, and today I turn to the unemployment program.

I. THE SURVEY

The widely publicized figures on unemployment and the unemployment rate are derived from the Current Population Survey, which is conducted monthly by the Bureau of the Census in approximately 47,000 households throughout the United States. Commonly referred to as the CPS, it is the largest monthly household survey of its type in the world, some 50 times larger than many of the national public opinion polls. It is designed to measure precisely and objectively the extent of unemployment in the United States. It yields numerous statistics on employment and the labor force as well as on unemployment, and the relatively large sample size permits publication of detailed industry, oc-

[1] See "Updating the Consumer Price Index—An Overview," *Monthly Labor Review*, July 1974, Vol. 97, No. 7.

cupational, and demographic data. Since its inception in 1940, the sample size has increased markedly in order to provide more detailed information, and a number of improvements and refinements have been made in the collection and processing of the data; however, the basic methodology and concepts used in the survey today are essentially the same as they were 35 years ago.

Each month, trained employees of the Census Bureau, the first month in person and subsequent months by telephone, contact responsible members of the sample household selected for the survey. (A household is in the sample for 4 months, but for 8, and then back in for a final 4 months.) With the use of a carefully structured set of questions, they elicit information that will result in the determination of the labor force status of each member of the household 16 years of age and over during the week of the month containing the 12th day, commonly called the survey week. The data generated from these sample interviews are built up to independent population controls to arrive at estimates of employment, unemployment, and "not in the labor force" for the entire country by a wide variety of characteristics (age, sex, color, marital status, household relationship, ethnic origin, occupation, and industry, with many cross-classifications also possible).

The households selected for the survey come from 461 areas throughout the country, with coverage in every State and the District of Columbia. The sample is selected by probability methods and is designed to represent different geographic areas of the country in proportion to the relative sizes of their respective populations.

Based on the results of the survey, every person age 16 years or over in the civilian noninstitutional population is classified each month as either; employed, unemployed, or not in the labor force.

Employment comprises all persons who, during the survey week, did any work at all as paid employees; or in their own business, profession, or farm; or who worked 15 hours or more as unpaid workers in a family business. Also counted as employed are all those who were not working, but had jobs or businesses from which they were temporarily absent for such personal reasons as illness, bad weather, or vacation, or because of a labor dispute.

Persons are classified as unemployed if they did not work at all during the survey week, had made specific efforts to find a job sometime within the previous 4 weeks, and are currently available for work. Also included among the unemployed are those who did not work at all, were available for work, and were waiting to be called back to a job from which they had been laid off or were waiting to report to a new wage or salary job within 30 days.

The civilian labor force is defined as the sum of those employed and unemployed. Included in the not-in-the-labor-force category are all persons 16 years and over who are not classified as employed or unemployed. That is to say, the not-in-the-labor-force category encompasses those persons who have no job and are not looking for one.

Because these data are derived from a sample, they are, of course, subject to error, which varies according to the size of the estimate. On the overall unemployment rate, for example, the chances are 90 out of 100 that if a complete census were taken the true rate would be within a range of plus or minus two-tenths of a percentage point of the sample rate. So, for example, the most recent rate, published as 8.9 could fall anywhere in the range 8.7 to 9.1. For the teenage rate, the relative error is about nine-tenths of a point; for blacks, it is about eight-tenths of a point. The error on month-to-month change on these rates would be slightly greater. For larger aggregates such as total employment and civilan labor force, the statistical error on change is on the order of 0.3 percent.

Seasonal adjustment introduces a further element of uncertainty. First, there are many different methods of seasonal adjustment and, although we believe BLS uses the best method available, none is perfect. Different methods yield different results, and different results can also be produced when the same methodology is used, depending on how various components (e.g., age-sex, industry, occupation, etc.) are combined. For example, the use of 9 alternative ways of calculating seasonally adjusted unemployment rates, all using the X–11 method, yielded rates ranging from 7.9 to 8.6 percent in February 1975, compared to the official estimate of 8.2 percent, and 8.7 to 9.0 percent in April 1975, compared to the official estimate of 8.9 percent. (See Table 1.) For all of 1974, the differences produced by these methods were smaller, ranging from 0.1 to 0.3 percentage point. Finally, each year the seasonal factors, which are estimated for use in the year ahead, are revised to take into account the 12 new monthly observations that have become available. The average revision to the unemployment rate as a result of updating the seasonal factors has been a little more than 0.1 percentage point. But some months have been especially troublesome, with revisions averaging 0.2 percentage point.

TABLE 1.—UNEMPLOYMENT RATE BY ALTERNATE SEASONAL ADJUSTMENT METHODS

| Month | Unadjusted rate | Adjusted rate | Other aggregations | | | | | Additive (X–11) | Direct adjustments | | | Composite | | Range (cols. 2–13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Duration | Full and part time | Reasons | Occupation | Industry | | Rate | Level | Residual | No. 1 | No. 2 | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1974: | | | | | | | | | | | | | | |
| January | 5.6 | 5.2 | 5.1 | 5.1 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 0.1 |
| February | 5.7 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 | 5.2 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | .1 |
| March | 5.3 | 5.1 | 5.1 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| April | 4.8 | 5.0 | 5.1 | 5.1 | 5.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| May | 4.6 | 5.2 | 5.2 | 5.2 | 5.3 | 5.2 | 5.2 | 5.1 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | .2 |
| June | 5.8 | 5.2 | 5.3 | 5.3 | 5.2 | 5.3 | 5.2 | 5.3 | 5.2 | 5.2 | 5.3 | 5.3 | 5.3 | .1 |
| July | 5.6 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | .1 |
| August | 5.3 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.5 | 5.4 | 5.4 | .2 |
| September | 5.7 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 0 |
| October | 5.5 | 6.0 | 6.0 | 6.2 | 6.0 | 6.0 | 6.0 | 6.0 | 6.1 | 6.1 | 5.9 | 6.0 | 6.0 | .3 |
| November | 6.2 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.5 | 6.4 | 6.6 | 6.6 | 6.4 | 6.6 | 6.6 | .2 |
| December | 6.7 | 7.2 | 7.0 | 7.2 | 7.1 | 7.1 | 7.1 | 7.0 | 7.3 | 7.2 | 7.0 | 7.1 | 7.1 | .3 |
| 1975: | | | | | | | | | | | | | | |
| January | 9.0 | 8.2 | 8.2 | 8.1 | 8.0 | 8.1 | 8.0 | 8.4 | 8.2 | 8.2 | 8.4 | 8.2 | 8.1 | .4 |
| February | 9.1 | 8.2 | 8.0 | 8.1 | 8.0 | 7.9 | 8.1 | 8.5 | 8.2 | 8.2 | 8.6 | 8.2 | 8.1 | .7 |
| March | 9.1 | 8.7 | 8.6 | 8.7 | 8.5 | 8.6 | 8.5 | 8.9 | 8.7 | 8.7 | 9.0 | 8.7 | 8.7 | .5 |
| April | 8.6 | 8.9 | 8.7 | 8.9 | 8.8 | 8.8 | 8.8 | 8.8 | 9.0 | 9.0 | 8.8 | 8.8 | 8.8 | .3 |
| May–December | | | | | | | | | | | | | | |

(1) Unemployment rate, not seasonally adjusted.
(2) Seasonally adjusted unemployment rate.
This is the rate as published. Each of 4 unemployed sex-age components—males and females, 16–19 and 20 years and over—are independently seasonally adjusted. The rate is calculated by ag gregating the 4 and dividing them by 12 summed labor force components—these 4 plus 8 employed components, which are the 4 sex-age groups in agriculture and nonagricultural industries. This employment aggregate is also used in the calculation of the labor force base in (3)—(8).
The current "implicit" factors for the total unemployment rate are as follows:

| | |
|---|---|
| January | 109.1 |
| February | 111.1 |
| March | 104.2 |
| April | 95.7 |
| May | 89.1 |
| June | 110.7 |
| July | 105.5 |
| August | 97.8 |
| September | 98.4 |
| October | 91.0 |
| November | 94.6 |
| December | 93.0 |

(3) Duration. Unemployment total is aggregated from 4 independently adjusted unemployment by duration groups (0–4, 5–14, 15–16, 27+).

(4) Full time and part time. Unemployment total is aggregated from 6 independently seasonally adjusted unemployment groups, by whether the unemployed are seeking full-time or part-time work and men 20-plus, and teenagers.
(5) Reasons. Unemployment total is aggregated from 4 independently seasonally adjusted unemployment levels by reason for unemployment—job losers, job leavers, new entrants, and re-entrants.
(6) Occupation. Unemployment total is aggregated from independently seasonally adjusted unemployment by the occupation of the last job held. There are 13 unemployed components—12 major occupations plus new entrants to the labor force (no previous work experience).
(7) Industry. Unemployment total is aggregated from 16 independently adjusted industry and class-of-worker catetories, again including new entrants to the labor force.
(8) Additive method. The basic 4 unemployed sex-age groups—males and females, 16–19 years and 20 years and over—are adjusted by the X–11 additive method rather than the conventional multiplicative method. Employment (8 sex-age groups) is the same, however, as in columns (2)—(7).
(9) Unemployment rate adjusted directly.
(10) Unemployment and labor force levels adjusted directly.
(11) Labor force and employment levels adjusted directly, unemployment as a residual and rate then calculated.
(12) Average of (2), (3), (4), (5), and (11).
(13) Average of (2), (3), (4), (5), (6), (7), and (11).

Note: The X–11 method, developed by Julius Shiskin at the Bureau of the Census over the period, 1955–65, was used in computing all the seasonally adjusted series described above.

Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2, 1975.

The concepts of employment and unemployment as well as the various criticisms of these concepts are under continuous review of interagency governmental groups, Congressional committees, and private and academic groups. In 1962, a comprehensive study of the unemployment statistics was published by the President's Committee to Appraise Employment and Unemployment Statistics. This committee, composed of distinguished economists and statisticians from outside the government and headed by Professor Robert A. Gordon of the University of California, Berkeley, found the general survey procedures in use to be satsifactory but made a number of recommendations for sharpening the questionnaire and improving the collection and presentation of the unemployment statistics. As a result of their recommendations and following intensive study and experimentation, a number of changes were introduced in January, 1967, including the collection of data on "discouraged workers."

## II. MAJOR DEFINITIONAL ISSUES

At the present time, at least four major issues confront the BLS and the government generally in the construction of definitions currently used to measure unemployment—

*1. The job search*

Here the issue is whether the information elicited on jobseeking activity needs to be sharpened in order to identify casual jobseekers who may not be serious in their efforts to find a job. If simple procedures could be devised to measure the intensity of jobseeking efforts, how should such measures be used in the definition of unemployment?

In order to learn more about the intensity and frequency of efforts made by the unemployed to find work, and perhaps even the number of job offers refused, and why, the BLS has requested funds for a special survey in FY '76. This survey would be conducted with "designated rsepondents," i.e., the unemployed persons themselves. The survey will, in part, serve as a testing vehicle for more probing questions on the job search. However, it is uncertain to what extent these questions can be introduced into the regular monthly survey because of the time constraints and because the usual interviews are conducted with household respondents who are frequently not the unemployed persons themselves.

Whether or not the questions on intensity of job search are eventually utilized in the monthly unemployment survey, users will be able to utilize the more detailed information collected for analytical purposes. The BLS itself would want to move very cautiously in this area, partly because of our concern about respondent cooperation and the problems created by disrupting ongoing series. The BLS is also reluctant to get involved in subjective value judgments with respect to how much and what kind of jobseeking activity would define a person as unemployed.

*2. Secondary workers*

The issue here involves the inclusion among the unemployed of such persons as full-time students and others seeking part-time pobs on the same basis as heads of households needing full-time work. Of course, we do show the number of full-time and part-time jobseekers separately in our reports and, in fact, students are also identified separately in the unemployment statistics, as are household relationships. However, all jobseekers are given equal weight in the calculation of the overall unemployment rate.

Here again, the BLS position continues to be one of avoiding value judgments on the seriousness or significance of each person's unemployment experience. Any kind of unemployment represents the loss of potential output as well as income and consumption and may be damaging psychologically to the unemployed person. However, in recognition of the differential impact of unemployment, we have undertaken a research project to develop a supplementary measure which would weight the unemployed by their average earnings before they lost or left their last job or by an estimate of their potential earnings (as reflected in the earnings of equivalent demographic groups among the employed). The resulting index would provide an indication of what might be called the "economic" impact of unemployment.

As noted above, we publish information each month on the unemployment level and rate for household heads (the latest figure, seasonally adjusted was 6.0 percent in April 1975) and have expanded this information in our quarterly Labor Force Developments press release to show separate data for men and women

by presence of relatives in the household. Once a year, in March, we obtain information on the situation in families—whether other workers are present in families with unemployed heads, and so on. There has been a steady uptrend in the proportion of husband-wife families with more than one worker. This proportion rose from 43 percent in 1959 to 57 percent in 1974, the latest period for which this data are available (Table 2). Over the same period, the proportion of unemployed husbands with another worker in the family rose from 49 to 57 percent. Thus, in husband-wife families, the employment of additional family members or secondary workers now provides more of a cushion against the economic impact of the head's unemployment than was the case 10 or 15 years ago. A note of caution is in order, however; the March 1975 figures show very high unemployment rates for secondary as well as primary workers. For example, the March unemployment rate for wives was 8.4 percent in 1975 compared with 4.7 percent a year ago, and the unemployment rate for other family members was 17.9 percent compared to 12.3 percent a year ago. Thus, even though record numbers and proportions of secondary workers are in the labor force, their unemployment rate in 1975 is so high that the cushioning effect of their labor force participation upon economic hardship has been substantially diminished.

TABLE 2.—HUSBAND-WIFE FAMILY HEADS IN THE LABOR FORCE

[Numbers in thousands]

| Year (data for March) | Total | No other worker in family | Other worker in family |
|---|---|---|---|
| 1959 | 34,625 | 19,632 | 14,993 |
| 1964 | 36,286 | 19,014 | 17,272 |
| 1969 | 38,144 | 18,385 | 19,759 |
| 1974 | 39,312 | 16,826 | 22,486 |
| 1975 | 40,210 | (1) | (1) |
| Percent distribution: | | | |
| 1959 | 100.0 | 56.7 | 43.3 |
| 1964 | 100.0 | 52.4 | 47.6 |
| 1969 | 100.0 | 48.2 | 51.8 |
| 1974 | 100.0 | 42.8 | 57.2 |
| 1975 | 100.0 | (1) | (1) |
| Unemployment rate: | | | |
| 1959 | 4.3 | 3.8 | 4.8 |
| 1964 | 3.4 | 3.0 | 3.9 |
| 1969 | 1.6 | 1.6 | 1.6 |
| 1974 | 2.7 | 2.7 | 2.7 |
| 1975 | 6.2 | (1) | (1) |

[1] This breakdown is derived from the March CPS supplement on the family characteristics of workers; the data from the March 1975 supplement are still being processed.

The latest data for families headed by women show a different picture. In March 1974, of 3.7 million such families with the head in the labor force, only 35 percent had another worker; the 1974 unemployment rate for female family heads with no other worker in the family was 7.0 percent and with one or more other workers in the family, 5.4 percent (1975 data are not yet available). Historical data, which are available on a comparable basis only from 1968, do not show any increase in the proportion of multi-worker families headed by women.

*3. Discouraged workers*

The BLS defines discouraged workers as persons who want a job but did not look for work in the past four weeks because they believed none was available. This information is obtained from survey questions directed to one-fourth of the CPS sample each month and cumulated over three months to produce quarterly estimates.

The issue is whether these discouraged workers should be counted as unemployed. We publish separate data for this group but classify them as not in the labor force. We rely on the criterion of jobseeking activity during a specific 4-week period, rather than desire for a job (which is a much more subjective phenomenon) in defining the boundary between the unemployed and those not in the labor force. This practice follows the specific recommendation of the Gordon Committee, and we have no plans to depart from it at the present time.

TABLE 3.—DISTRIBUTION OF DISCOURAGED WORKERS BY SEX, AGE, AND COLOR, 1974 ANNUAL AVERAGES

| Sex, age, and race | Number of discouraged workers (thousands) | Percent distribution of discouraged workers | Percent distribution of population 16 years and over |
|---|---|---|---|
| Total | 686 | 100.0 | 100.0 |
| Men 16 to 24 | 94 | 13.7 | 11.7 |
| Men 25 to 59 | 63 | 9.2 | 27.7 |
| Men 60 and over | 71 | 10.3 | 8.5 |
| Women 16 to 24 | 135 | 19.7 | 11.5 |
| Women 25 to 59 | 251 | 36.6 | 29.3 |
| Women 60 and over | 74 | 10.8 | 11.3 |
| Whites | 523 | 76.2 | 88.4 |
| Blacks | 162 | 23.6 | 11.6 |

The discouraged workers group consists largely of youth, women, and elderly persons; not many men of prime working age—say, 25 to 59—are included. Blacks are even more overrepresented among the discouraged workers than they are among the unemployed. In 1974, on the average, blacks accounted for 20 percent of the unemployed and 24 percent of the discouraged workers, although they made up only 12 percent of the population of working age. (See Table 3.) Thus, if one were to add the discouraged workers to the unemployed, the adjustment would be comparatively small on the jobless rate for adult men but somewhat greater on the rates for women and youth. Likewise, the rate for blacks would be raised much more than that for whites, thus widening the ratio between the black and white jobless rates. The rate for all workers, based on current numbers, would be raised about one percentage point.

In this area, too, we are exploring ways to strengthen the data. We have initiated discussions with our colleagues at the Census Bureau to consider the possibility of expanding the sample used to measure discouraged workers from the present one-fourth (two rotation groups) to the full sample. This would enable us to publish data on discouraged workers every month, instead of only once a quarter.

*4. The "subemployed"*

A fourth major issue is whether a new "subemployment" concept is needed which would combine low earners with the unemployed. The present measure of employment, as derived from labor force surveys, includes many persons who jobs provide very little income because of insufficient hours or because of low hourly earnings. The BLS publishes a great deal of separate information on persons working short hours—the so-called "economic part-time" group—but does not combine them with the unemployed, as would be done in creating a subemployment measure.

Workers on part time for economic reasons (such as slack work or inability to find full-time work) may be thought of as partially employed and partially unemployed. However, the design of the labor force statistics system requires that each person be classified in only one category—either as employed or unemployed—in order to produce an unduplicated count of each group. A priority system is used whereby any employment activity in the reference week takes precedent over jobseeking activities. As noted earlier, the employed are persons with jobs (even unsatisfactory ones); the unemployed are persons without jobs and seeking work.

The BLS does, however, recognize the importance of "partial unemployment." In addition to providing separate estimates on the size and composition of the economic part-time group, the Bureau publishes an auxiliary measure of manpower underutilization which combines the man-hours lost by the totally unemployed and the partially unemployed (economic part-time group). This measure, known as "labor force time lost," expresses these lost man-hours as a percent of the total man-hours potentially available to the civilian labor force. This series generally parallels the trends in the unemployment rate; in 1974 and 1975 the level has been about 10 percent higher than the unemployment rate. It is published every month in the regular BLS release, The Employment Situation.

Since 1967, the Bureau has also been issuing data on "usual weekly earnings" once a year, based on the May supplement to CPS. We propose to improve and

expand these earnings data in several ways if resources can be made available—by refining and sharpening the questions, by collecting the data more frequently (monthly or at least quarterly), and by tabulating the data for families as well as persons. However, we do not plan to create a "subemployment rate" by combining low earners with the unemployed. This view is based on two considerations:

(1) The difficulty in specifying a low earnings criterion which would be objective and meaningful for all employed workers, and

(2) the belief that the two data sets—earnings distributions and unemployment measures represent different universes and are more useful if analyzed separately. This is not to say that information on low-paying jobs is not needed. However, we think there is a distinction between low-paying jobs and no jobs, and the policy remedies to deal with these two questions are quite different.

There is a compelling need to face up to these various questions about the relevance of the unemployment figures to today's problems. Adapting the unemployment survey so as to provide better information on these problems is a challenge to the creative and innovative talents of Federal and other statisticians, particularly those of us at BLS. While we shall move cautiously in changing an information base that has demonstrated usefulness for economic and social policy making, we shall also make every effort to be responsive to modern-day requirements.

The BLS does not intend to propose any modifications of the unemployment definitions in the near future. We shall deal with the issues outlined above by improving and expanding the relevant data and through special studies. Examples of such studies are contained in the May 1975 issue of the *Monthly Labor Review*, "Subemployment: Exclusion and Inadequacy Indexes," by Vietorisz, Mier, and Giblin, and "Supplemental Measures of Labor Force Underutilization," by Curtis L. Gilroy. We would also like to see an independent and impartial review committee established would would carefully re-examine these definitional issues, following on the work done by the "Gordon Committee" appointed by President Kennedy in 1961. Hopefully, after this committee has completed its work, we shall be able to lay the groundwork for new work and perhaps new measures in these fields.

### III. LOCAL AREA UNEMPLOYMENT RATES

A new, very important problem involving unemployment data has emerged during the past few years. Large sums of money—more than $4 billion in 1974—have been allocated to States and local areas for manpower revenue sharing and public service employment primarily on the basis of their unemployment situations. The Comprehensive Employment and Training Act of 1973 (CETA) requires that the definitions be based upon Bureau of Labor Statistics criteria and this has been interpreted as those used in defining unemployment in the national CPS survey. Unfortunately, the national survey is not of sufficient magnitude to yield satisfactory estimates for small local areas and it is doubtful that it would be practicable to expand it sufficiently to provide all such estimates. A new system is being developed by the BLS that will draw on statistical data drawn from all major sources—household surveys, establishment surveys, and administrative statistics from the unemployment insurance systems of the various States. A major effort to improve the unemployment insurance data will be a crucial part of this broad program. This will require the standardization of the UI data for differences in the definitions used in various States with respect to monetary eligibility, allowable earnings while in benefit status, benefit duration, exhaustions, and disqualification due to quits or discharges. Improved tabulation procedures to summarize the local area UI total also are needed. The BLS has already taken the first steps to develop such a system, and is now in the process of compiling an inventory of the practices and data availability in each State. After the UI statistical system is standardized, more reliable local area estimates of total unemployment will be possible. There is also the need to take into account re-entrants and new entrants into the labor force, since they usually make up nearly half of the unemployed. To insure consistency with the national estimates, the data will be benchmarked to CPS totals for all the States and the largest SMSA's.

This is a very large statistical effort that will require several years and strong support from the statistical community. This will be a team effort spearhead by the BLS Washington Office, with close cooperation with our own regional offices and the State employment security agencies.

IV. CURRENT TRENDS IN EMPLOYMENT AND UNEMPLOYMENT

Many years ago a great American economist, Wesley C. Mitchell, observed that the various economic indicators do not move in tandem, but rather in sequences. The indicators which measure performance, such as GNP and industrial production, make up a cluster, which is preceded by other series, like new orders, construction contracts, and stock prices, which make up another cluster, and followed by others, such as capital expenditures and the level of inventories, which make up still another cluster. The timing of these sequences can vary for individual series depending on whether the economy is beginning to turn down (cyclical peak) or pick up again (cyclical trough). The National Bureau of Economic Research system of leading, coincident, and lagging indicators has been built upon Mitchell's studies.

The various employment and unemployment indicators can be divided into similar groups. In fact, many of these series are included in the NBER lists. In general, the employment and man-hours series which measure performance, are coincident indicators. Hours worked, the factory layoff rate, the factory accession rate, and initial claims for unemployment insurance tend to move early, though the leads at business cycle troughs are very short. The unemployment rate, the long-term unemployed, and discouraged workers tend to move late at troughs.

Let us take a look at the recent trends in the employment and unemployment series classified according to their cyclical timing.

Among the lagging indicators, the unemployment rate has risen sharply from a low of 4.6 percent in October 1973 to 8.7 percent in March and 8.9 percent in April. As was the case in most of the previous months, unemployment in April was rather widespread, with increases in the unemployment rate for many demographic, occupational, and industry groups. Here and there the unemployment rate declined; for example, for part-time workers and clerical workers. On balance, the overall unemployment situation was even more serious in April than in previous months.

The number of persons unemployed 15 weeks and longer—the long-term unemployed—rose from 2.0 million in March to 2.4 million in April, and the number unemployed 27 weeks and longer rose from about 750,000 in March to almost 1 million in April. The average mean duration of unemployment rose by 1½ weeks to 12.9 weeks, the highest level in more than 10 years. All these unemployment indicators, shown in Chart 1, tend to lag at cyclical upturns.

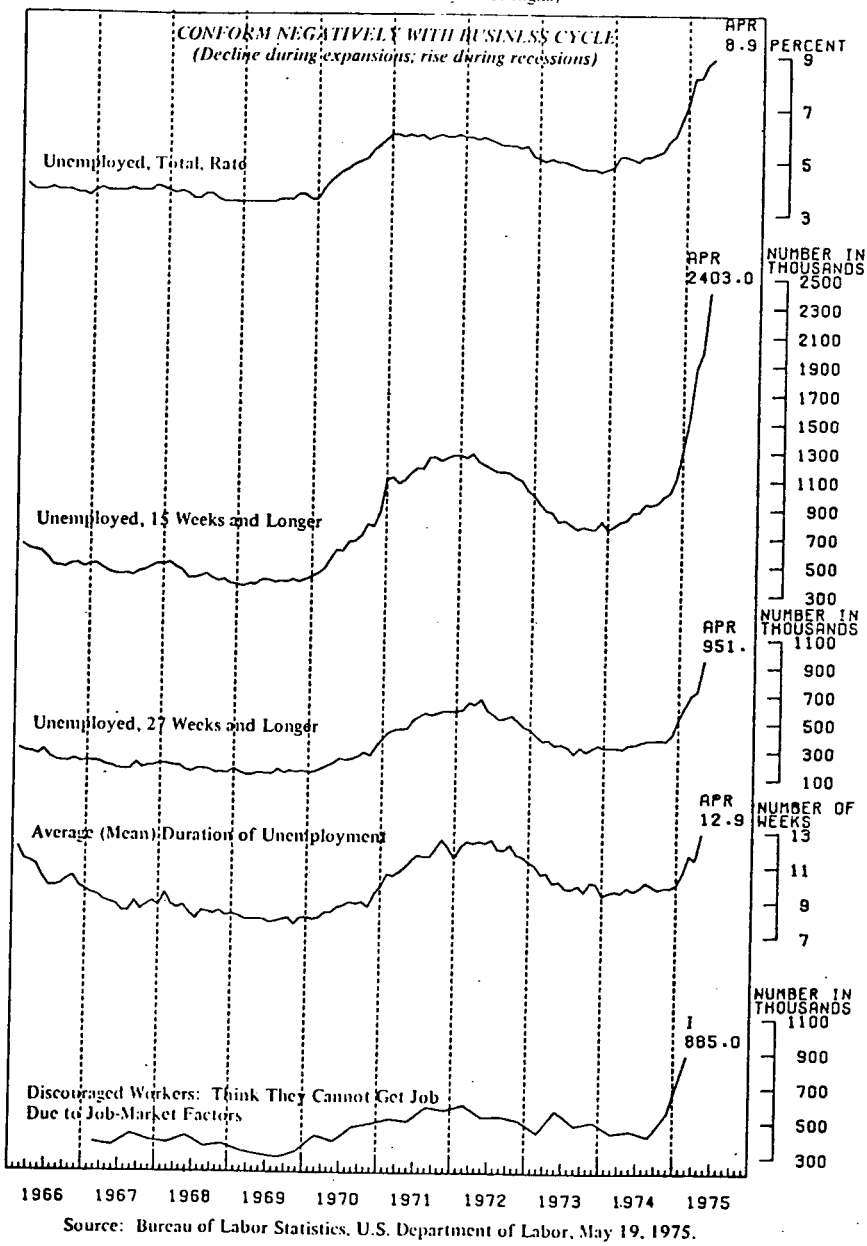
Despite the continued increases in unemployment, total employment, as measured in the household survey, rose by 240,000 in April. Total nonagricultural employment, as measured by the BLS establishment survey, was little changed. Employment in manufacturing industries continued to decline, by about 100,000 in April compared to 140,000 in March and more than 400,000 in both February and January. Employment in service-producing industries rose slightly. On balance, employment showed little or no change in April, the first time there has not been a significant drop since last fall. These data are shown in Chart 2. The index of man-hours worked, the most comprehensive measure of employment activity, also showed little change in April.

Almost all the employment-related indicators which tend to move early around business cycle troughs improved, as can be seen in Chart 3. (The more familiar term "leading" indicators has not been used here because these employment and unemployment series have short leads at troughs, or are coincident. However, they tend to turn up early compared to most indicators classified as coincident.) The BLS diffusion index of employment in 172 industries (which measures the proportion of those increasing) rose for the second month in a row, from a low of about 17 percent in February, to 26 percent in March, and 43 percent in April. The workweek rose slightly. The factory accession rate has now risen for 3 months in a row. The factory layoff rate, which tends to fall when the economy improves, has now declined for two months in a row. As can be seen in Chart 3, initial claims for unemployment insurance are now below levels reached earlier in the year. Of this group of indicators, only overtime hours in manufacturing declined, from 2.3 in March to 2.2 in April.

These data indicate that the unemployment situation continues to be extremely serious, with more than 8 million unemployed and the total rate at the highest level since 1941. But it should also be noted that the unemployment rate has

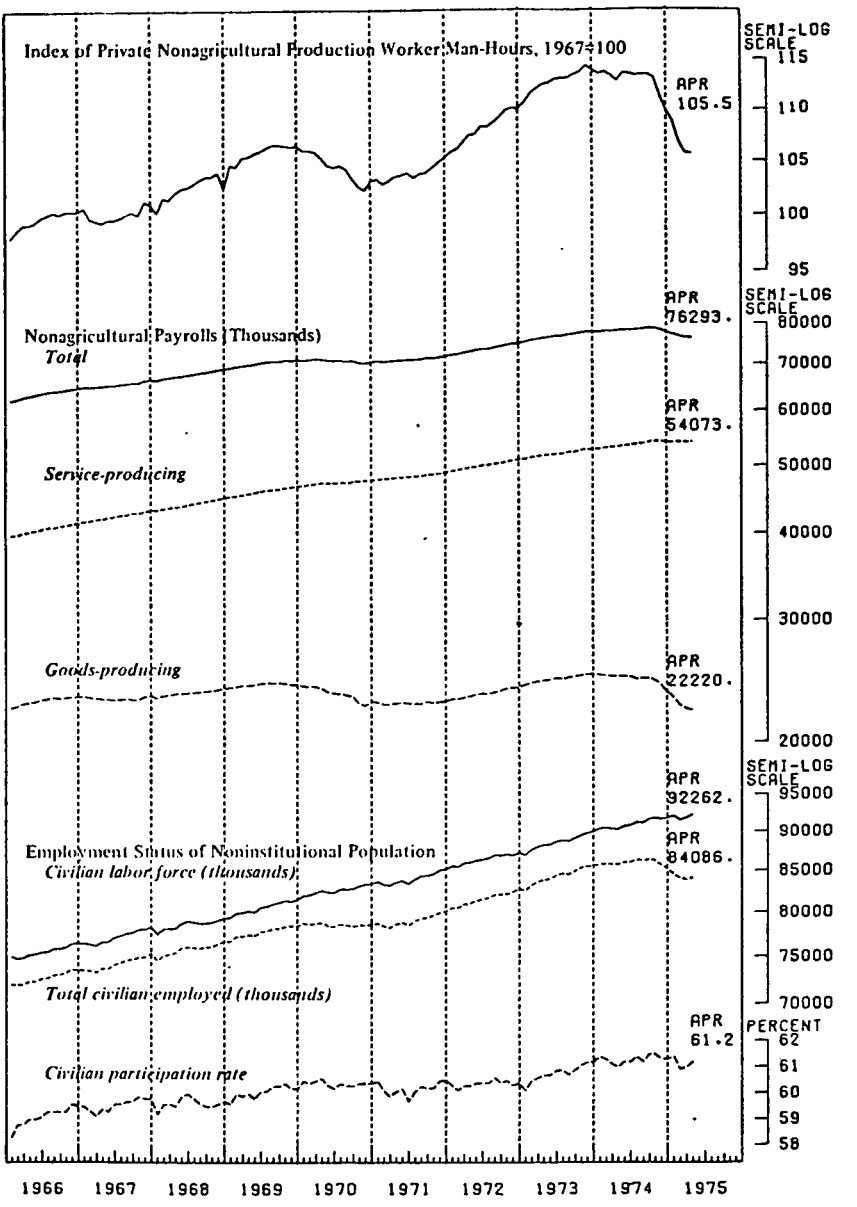
consistently lagged real GNP, industrial production, and employment at cyclical upturns. The April data on employment and man-hours worked—measures of current employment performance—appear to be suggesting some weakening of the forces of recession. Most employment indicators which tend to move early are improving and, therefore, suggest the possibility that the forces of recovery are beginning to stir. Of course, one or two months' data rarely are decisive and we will need data for more months before any firm conclusion about a change in cyclical trends can be drawn.

Chart 1. UNEMPLOYMENT INDICATORS, 1966-75
(Late Movers at Business Cycle Troughs)



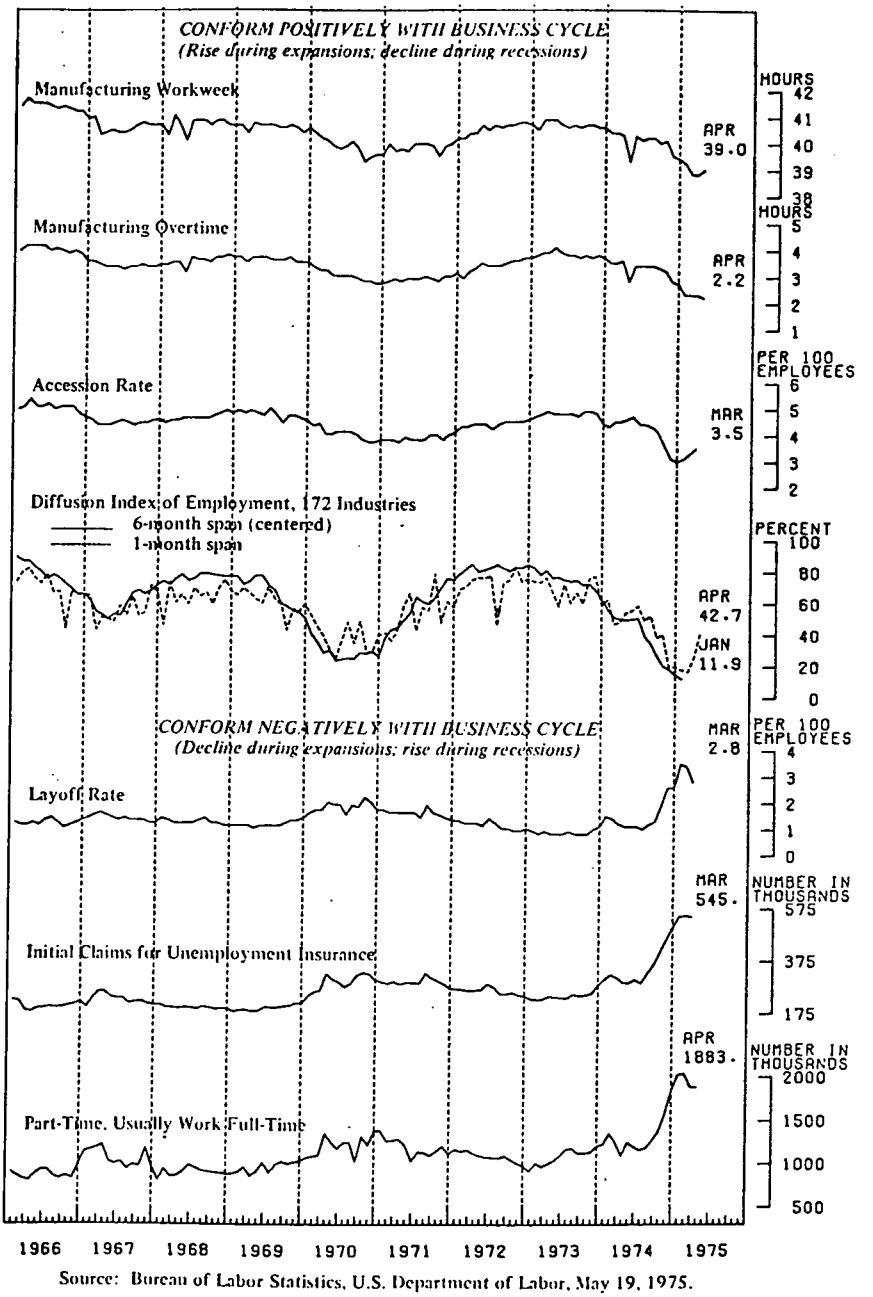

Source: Bureau of Labor Statistics, U.S. Department of Labor, May 19, 1975.

Chart 2. INDICATORS OF LABOR ACTIVITY—
MEASURES OF PERFORMANCE, 1966-75




Source: Bureau of Labor Statistics, U.S. Department of Labor, May 19, 1975.

Chart 3. EMPLOYMENT INDICATORS, 1966-75
(Early Movers at Business Cycle Troughs)




Source: Bureau of Labor Statistics, U.S. Department of Labor, May 19, 1975.

Chairman HUMPHREY. I have some other questions, but my time is over. I turn now to the chairman of our Subcommittee on Priorities and Economy in Government, who is the expert on these matters, Senator Proxmire.

Senator PROXMIRE. Mr. Shiskin, the news may be very good, economically, on some other fronts. but it is very, very dreary here. I hoped, frankly, that we might have a turnaround as early as May, but there is no indication that we have it in employment.

Mr. SHISKIN. Employment is less clear. Unemployment is clear.

Senator PROXMIRE. Yes; but we have a growing country. We have demographic facts that indicate the work force should grow as people enter the work force, for various reasons. It seems to me the employment increase is not that encouraging.

At any rate, let me proceed by pointing out, right down these categories—adult men, an increase of unemployment from 7 to 7.3; household heads, 6.0 to 6.3; married men. 5.6 to 5.8.

The most discouraging is that we are right on the brink of the time when the new graduates enter the job market, the teenagers—that is up from 20.4 to 21.8.

When was the last time we had unemployment that high for teenagers? Will you look that up and let me know a little later on in the course of this interrogation, because that is appalling. These teenagers have no experience, no seniority, no unemployment compensation. So, when they enter the job market, they are in a position where they are far more desperate, it seems to me, than many others.

In addition. as you have indicated, we are on the verge of having a very large number entering the job market this month. Now you say, toward the end of your statement, something that seems to me may be preparing us for an unemployment figure next month that may not be accurate, if I understand it correctly.

You say,

> The seasonal adjustment method we currently use will understate the unemployment rate if, as we expect, the number of young people who enter the labor market next month is not proportionate to the current exceptionally high levels of unemployment.

Does that mean, for example, then if we have the same rate of unemployment, 9.2 percent in June, that we may have to wait a couple of months to get an adjustment to that before we know what it actually is?

Mr. SHISKIN. Let me try to explain it. There are many different methods of "seasonal adjustment." This happens to be a field in which I spent many years of my professional life and I feel more comfortable in discussing it than almost any other subject, although it is very. very complex.

Senator PROXMIRE. Complex? But what bothers me, you say "we will understate the unemployment, if as we expect * * *." Why can you not make corrections that will give just as precise and accurate an estimate as possible?

Mr. SHISKIN. That is a very good question. I will try my best to answer it. There are many different methods of making seasonal adjustments. None of them is perfect. Naturally we think we are using the best one. This subject has been under very intense study for many. many years. We have gone over the estimates very carefully. In earlier

investigations, I was one of the people who was interrogated at great length on this subject.

The issue here turns on this point. Our method assumes that the seasonal movement will be proportionate to the level of the series. I realize, gentlemen, we are on technical grounds here—feel free to interrupt me and force me to explain it more carefully—we assume that the increase, the seasonal increase, will be proportionate to the level of the series.

Suppose, for example, you have a big increase in the level of steel output. Our method assumes when you get to the high seasonal months, the increase will be proportionate in those months.

Now, I have studied a great many economic series, hundreds, perhaps thousands. By and large, this assumption prevails. But, you run into problems on the unemployment series. The reason is, while this assumption holds for most months, there are certain months of the year where it sometimes does not hold.

One of the months when it sometimes does not hold is June, and it is because the unemployment rate has doubled over the last year.

We publish our seasonal factors at the beginning of each calendar year to avoid any questions about the professional nature of our work. We announce the figures one year in advance. We did not know, at the time we announced the 1975 seasonal factors, that unemployment would rise so rapidly. The unemployment rate has almost doubled over the last year.

Our seasonal method assumes, therefore, that the number of students and graduates entering into the labor market will also double. That seems way out of line. I do not think the number will go up that much. Our release on youth, "Youth Labor Force Projected to Increase by 4.2 Million Between Spring and Summer," says it will stay the same.

If that all happens—and I think that it will happen—then next month——

Senator PROXMIRE. It is certainly logical that it will happen. Almost anybody could expect that.

Mr. SHISKIN. We all expect it.

Senator PROXMIRE. Why can you not make an adjustment?

Mr. SHISKIN. I will come to that in a minute.

If that happens, Senator Proxmire, and we use for the unemployment rate, the seasonal factors we have already published, then our figure, in my judgment, the figure we publish officially, will be substantially too low.

Now that is what I think is going to happen. The question is, why do we not change the method? Well, you know, I think there would be a great public outcry if we announce now that we are going to change our seasonal method, and also—

Please, let me make this point? I am not really sure, quite sure, how to do it. If I know just what to do——

Senator PROXMIRE. I understand.

Mr. SHISKIN. I feel locked in, because if we announce now that we are changing our method to raise the unemployment rate, we might also want to announce towards the end of the year that we are changing our method in a way that would reduce the unemployment figure for other months.

I think we have to sweat out the year with the seasonal factors we have.

Senator PROXMIRE. You have been very helpful and honest and testifying this morning to this.

Mr. SHISKIN. As always.

Senator PROXMIRE. As always, I am sure. But, will you do this for us next month? Will you indicate to us what you think the range of error may be because of this? How much will this affect the unemployment figure—two-tenths of 1 percent whatever it is?

Mr. SHISKIN. I can do that a lot faster than next month.

Now, in the paper which the chairman has asked me to put into the record. I include a table which shows the results of nine different methods of seasonal adjustment, and the range of difference in the results.

So I have the information, up to now, that you have asked me for. What this table shows, and we have copies of it here gentlemen, but as a result of all the questions I get from you and all the letters, I found myself with so much material——

Senator PROXMIRE. Before you do that, for the record——

Mr. SHISKIN. I have the table now, although I do not have enough copies for all of you. We have one up-to-date copy. We have in that table nine different seasonal adjustments of unemployment.

Now, if you will look at that table, you will see in the last column that in 1974 it did not make much difference. They all gave about the same results. The results in recent months have been a lot different. In May, alone, we have range of 0.6. This is a range of differences among different seasonal adjustments.

The method that I have in mind as the alternative to the official method is in column 8, which shows the additive method. And you have the table, Senator Proxmire, the only up-to-date one.

The question is, what does that show, when compared to column 8.

Senator PROXMIRE. What we could have next month, as I understand it, is a situation where you will report a decline in unemployment. People will throw their hands in the air and say that this is great. Actually, that would not be an accurate or true reflection of the facts.

We might have an increase in unemployment. The best way to demonstrate that is to see what has happened this month. And this month, I understand, if you do not adjust seasonally you actually have a decline in unemployment from 8.6 percent unadjusted, to 8.3 percent.

Mr. SHISKIN. I beg to differ. I do not think that that is the way to do it.

Senator PROXMIRE. I am not saying that it is. I am saying that a seasonal adjustment factor can be so important that it can change our picture so completely that whereas we may think that the unemployment is going one way, it may not be going that way at all.

If you do not make the accurate, proper adjustment, you may, if you just came in with raw figures this morning, we would get the impression that the unemployment situation is improving because the raw figures have gone down from 8.6 to 8.3 percent.

Is that not correct?

Mr. SHISKIN. Yes. You are correct. I believe, and you know I avoid forecasts, but at this time I would be willing to bet that the seasonally adjusted unemployment rate that will be officially published will show a decline next month.

Senator PROXMIRE. You would be willing to——

Mr. SHISKIN. To bet that it would show a decline next month. Much, or all of that, could be due to faulty seasonal adjustment. The way to deal with this, then, Senator Proxmire, is to keep this table I sent up-to-date.

I have there the alternative seasonal adjustment, which is column 8, and you will see there a figure—and if you will please read it to us—you have wound up with the only copy of that up-to-date table. The bottom figure in column 8?

Senator PROXMIRE. 8.8.

Mr. SHISKIN. Next month, I think that that figure in that column will be a more accurate fiure that the one in column 2, which is the official one.

Senator PROXMIRE. I see. We should keep our eye on the additive figure?

Mr. SHISKIN. All I would do next month is to give you an up-to-date copy of this table. Let me answer the question—I guess I did already—why do we not use the additive method?

Well, our judgment is that most of the time the method we use is better. Next month will be one of the months when it will not be better. I will be prepared to give a copy of this table to anyone who wants it next month.

[The information referred to follows:]

BLS TECHNICAL NOTE ON SEASONAL ADJUSTMENT OF UNEMPLOYMENT

The purpose of this note is to warn the user of the unemployment data that a sharp decline in the unemployment rate, assuming it takes place in June, may represent a deficiency in the seasonal-adjustment procedures and that the "true" June rate may be higher than that published. Seasonal adjustments will average out over a year. Hence, if the June seasonally-adjusted figure in unemployment rate is too low, then the rates for some other months will be too high, for example, May.

Most economic indicators show seasonal variations, the composite effect of climatic and institutional factors which are repeated, more or less, regularly each year. For example, the aggregate income of farms in the United States rises steadily each year from early spring until fall and then drops sharply. The level of unemployment ranges between about 10 percent above the average for the year to about 10 percent below the average. Typically, the low seasonal month is May and the high seasonal month is June.

While there are numerous economic problems for which it is helpful to know what the normal seasonal pattern is, the preponderant interest is directed toward removing the seasonal pattern in order to discover the underlying cyclical trend. We wish to know whether the recession has reached bottom. If the actual (unadjusted) level of unemployment rises in June, as it usually does, the question will be whether the rise was larger or smaller than the normal seasonal change. Such information will help us determine whether the economy has entered a new cyclical phase—that is, recovery.

Cyclical movements are shown more accurately and stand out more clearly in data that are seasonally adjusted. Seasonally-adjusted series help the economists to make more accurate and more prompt diagnoses of current cyclical trends.

There are many different methods of adjusting economic series for seasonal variations. All are based on the fundamental idea that seasonal fluctuations can be measured and separated from the underlying trend and irregular fluctuations. Different methods yield different results, and different results can also be produced when the same methodology is used, depending on how various components are combined.

Most seasonal adjustment of economic time series assumes that the magnitude of the seasonal increase or decrease is proportional to the level of the series. This is called a multiplicative relationship. Thus, for example, when steel produc-

tion is high, it would be expected that the seasonal increase would be proportionately high.

Another technique assumes that the magnitude of the seasonal increase or decrease is essentially constant without regard to level. This is called an additive relationship. Yet another method makes simultaneous additive and multiplicative adjustments. All of these methods have limitations.

One of the most troublesome series to seasonally adjust is unemployment, because it has elements of both the multiplicative and additive relationships, and because the level sometimes shifts substantially in a short period. Studies have shown that the multiplicative (or proportionate) relationship works best, on balance, for unemployment, and it is for this reason that BLS used the multiplicative variant of the X–11 seasonal adjustment program (in which four age-sex components are seasonally adjusted separately and combined to arrive at the seasonally-adjusted total unemployment level). In some months, however, especially June, unemployment has a nearly constant seasonal relationship which is largely independent of the level. For this month, an additive method would work better.

Based on the multiplicative adjustment method used by BLS, if the unadjusted level of unemployment were to increase by about 1.75 million in June, there would be no change in the seasonally-adjusted level. However, if the additive method were used, a seasonal increase of only 1.05 million would result in no change in the seasonally-adjusted level. If, in June, unemployment increases as assumed by additive factors and is adjusted by the BLS multiplicative method, the result would be a large seasonally-adjusted decline in the unemployment rate without any real change in underlying unemployment conditions.

This adjustment problem arises only when the level of unemployment shifts substantially, as has recently been the case. The previous May–June period in which such a shift occurred was 1971. At that time, the published seasonally-adjusted unemployment rate in May was 6.2 percent; it dropped to 5.6 in June but picked up again to 5.8 in July and 6.1 in August. (Subsequent revisions to the seasonal adjustment factors have produced the following series for the May-August 1971 period: 6.0, 5.8, 5.9 and 6.1.) A large drop followed by a rise is likely to reoccur this year.

The differences in the unemployment rate that would result if the additive method of seasonal adjustment were currently used is shown below. Note that the differences are trivial until the unemployment rate begins to increase sharply toward the end of 1974. The difference is largest in May 1975, when the official rate (9.2 percent) exceeds the additive rate (8.8 percent) by 0.4 percentage point. In June, the difference between the two is likely to be in the opposite direction, that is, the official rate is expected to be lower than the additive rate.

OFFICIAL BLS UNEMPLYMENT RATE COMPARED WITH ADDITIVE SEASONAL ADJUSTMENT, 1974–75

| Month | Unadjusted rate | Official seasonally adjusted rate | Additive rate (X–11) | Difference—(3) and (4) |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| 1974: | | | | |
| January | 5.6 | 5.2 | 5.1 | 0.1 |
| February | 5.7 | 5.2 | 5.2 | 0 |
| March | 5.3 | 5.1 | 5.1 | 0 |
| April | 4.8 | 5.0 | 5.0 | 0 |
| May | 4.6 | 5.2 | 5.1 | .1 |
| June | 5.8 | 5.2 | 5.3 | .1 |
| July | 5.6 | 5.3 | 5.4 | .1 |
| August | 5.3 | 5.4 | 5.4 | 0 |
| September | 5.7 | 5.8 | 5.8 | 0 |
| October | 5.5 | 6.0 | 6.0 | 0 |
| November | 6.2 | 6.6 | 6.4 | .2 |
| December | 6.7 | 7.2 | 7.0 | .2 |
| 1975: | | | | |
| January | 9.0 | 8.2 | 8.4 | .2 |
| February | 9.1 | 8.2 | 8.5 | .3 |
| March | 9.1 | 8.7 | 8.9 | .2 |
| April | 8.6 | 8.9 | 8.8 | .1 |
| May | 8.3 | 9.2 | 8.8 | .4 |
| June | | | | |

It follows from the foregoing that if seasonal adjustment factors could be selected and applied each month at the time the unadjusted data became available, better current seasonally-adjusted data probably would result. However, it has been the continuing practice of the BLS to publish the factors at the beginning of each calendar year in order to preclude the possibility that *ad hoc* current adjustments would be interpreted as manipulation of the published current unemployment rates.

The decision to use the multiplicative or additive model at the beginning of the year implicitly involves a forecast of changes in the level during the year; BLS practice has been to avoid forecasts and, instead—with specific reference to seasonal adjustment—uses the same methodology for each year. However, present plans call for further research on combinations of additive and multiplicative adjustments.

Senator PROXMIRE. My time is up, Mr. Chairman.

Chairman HUMPHREY. Congressman Long.

Representative LONG. Thank you, Mr. Chairman.

Mr. Shiskin, we had extensive hearings, on the President's proposed energy program before this committee, and there was nearly—other than the administration's witnesses—nearly a unanimous point of view of the economists and other business people who appeared before this committee, that if the President went ahead with his program on the proposed program on the $1, $1, $1 deregulation, with respect to crude oil, during a period of a little more than 45 days, which is what it amounted out to, that the effect both from an inflationary point of view on the economy, and from a depressive point of view on the economy, that the result would be, to the economy, nearly catastrophic.

He has gone ahead with two of these three, so far. Then you read in the morning papers today that in addition to that that the OPEC nations which we are now dependent upon for a substantial amount of oil, or at least the importation of somewhere between 33, 35, 37 percent of our crude oil, that the OPEC nations are considering a $4 per barrel price increase sometime this fall.

This really causes me a great deal of concern. I know you all, undoubtedly, during the time of the substantial increases last year, have done a considerable amount of study as to the impact that these would have upon this general economic situation.

And, while I recognize that you have to be talking a little bit off the cuff because of the fact that is is so drastic an increase by the OPEC nations and has only been thrown forward in the last day or two, with a more direct statement coming yesterday, and then reflected in today's press, what is your point of view that this impact would have from an inflationary point of view, and a deflationary point of view, with respect to the economy if these foreign oil prices are imposed on us? And what effect would it have on the consumer's wholesale price? Do you have any guesses on that?

Mr. SHISKIN. No; we have not done any work on that at all, Congressman Long. All we can tell you is what the effect of the $1 price increase in tariffs on a barrel of oil will be on the CPI. That, we can tell you. The answer is that the price of gasoline, as a direct result of a $1 increase on a barrel of oil, will be an increase of about 2½ cents.

The total direct impact on all items in the CPI would be 0.15 percent.

Representative LONG. What about a correlation between $1 on the price of oil, and the unemployment rate? Have you done anything on that?

Mr. SHISKIN. No, sir.

Representative LONG. That would be an interesting correlation to draw, as to the relationship between those. It could be a very substantial amount. But, if the economists and business people who testified before this committee, and Senator Humphrey and I, I think, sat in on every one of these days and I think he would agree with me that it was nearly unanimous as to both the depressionary and inflationary factors were just going to be that—and now we are talking about something in addition to that that is nearly a total $1 amount on the price of oil per barrel imported, equal to the total amount that they had already said would be nearly catastrophic.

We are talking about this doubly catastrophic situation.

Mr. SHISKIN. BLS has made no studies of that. We cannot reply to your statements.

Chairman HUMPHREY. Will the Congressman yield?

Representative LONG. Yes.

Chairman HUMPHREY. I think we ought to mention that the staff get ahold of the Library of Congress on this economic service there, to give us an evaluation of the impact on oil on the impact on the CPI, and on the employment figures—not only of the $3 tariff, but the projections we have now from Iran and Saudi Arabia and others, of substantial increases in oil, foreign oil costs, in the United States.

And, might I also say, Mr. Shiskin, cannot BLS do this, too? Cannot your economists go to work and give us something on it?

Mr. SHISKIN. We could, Senator Humphrey, but we are completely overwhelmed now. Our workload in these fields is just voluminous. We can hardly keep up. We cannot really keep up with all the requests we are getting, in addition to the many requests we get from the public because of the tremendous interest in unemployment. We get a good many requests from this committee and we do our best to answer them.

In fact, I am preparing four different papers for this committee. overloaded. Your question is not our field of specialization and we Secretary Dunlop has inundated us with new work. We are completely would urge you to direct this inquiry to others.

We have not been able to increase our staff, in light of the recession and big increases in unemployment. But even if we could, we would not be able to get together the kind of high level people that we need to deal with these tough issues.

Chairman HUMPHREY. We will deal with the CRS, but will give a copy of the analysis to you and ask for your evaluation.

Mr. SHISKIN. What we can do, and have done—I think I put it in the record—is to provide you data on the increases in the CPI as a result of increased taxes.

May I ask your permission, in light of Senator Proxmire's questions on seasonal adjustment, to put this technical note on seasonal adjustment in unemployment in the record? I have a technical note to try and explain in somewhat more detail what I said.

Chairman HUMPHREY. Very good. It will be placed in the record at the point where you were in discussion with Senator Proxmire, so it does have some relevancy.

Representative LONG. Mr. Shiskin, my staff advises me, in relation to the point I raised yesterday, if all of this does go—what the President has projected—and the Iranians and the others in the OPEC nations are talking about, we are then talking of a continuation of double digit

inflation for the rest of this year, and probably all of next, which really puts the situation into a terrible way.

Let me go to another point that might add some fuel to that. In this release that you issued on the May wholesale price data, I notice by stage of processing crude material prices rose by 1.9 percent in May. That seems to be directly related to this, possibly.

What would you say that that means for finished goods prices that rise later in the year? Are we likely to see there, just on that issue alone, without considering this other monster that I raised? Are we likely to see another bulge in the wholesale prices late in the summer?

Does this figure of 1.9, perhaps indicate that?

Mr. SHISKIN. I think the data that we put out, wholesale prices, by stage of process, are one of the most useful—if not "the" most useful—body of data for forecasting prices.

The price changes start with the crude materials, move to intermediate materials, and finally to finish goods. For awhile, the crude materials index was declining, and that was followed by a decrease in intermediate materials, and finally, finished goods.

I think we have some of the declines in finished goods still ahead of us. But, if the crude material price increases continue, I would be suspect that later on the wholesale prices of intermediate materials will rise, and finally finished goods prices will rise again. That is, if the upward movements in wholesale prices of crude materials during the last 2 months continue they are likely to be followed by rises in the wholesale prices of intermediate materials and finished goods.

Representative LONG. May I make one comment? If you are correct that that is one of the best indices of what is going to happen with respect to consumer prices down the road, I understand you to say it is. If you add that to what the Iranians are saying, and add that to what the President has said, it seems to me that the policies that they are following with respect to the creation of substantial unemployment to really cause a decrease in inflationary pressures, that these other things have come into play to such an extent that we are going to end up with their policies leading to the continued increase in unemployment and at the same time, perhaps, even double-digit inflation.

I am not so optimistic about the whole thing, as a lot of people seem to indicate.

Mr. SHISKIN. Congressman Long, in addition to that monthly index you cited, we also issue a weekly index of sensitive materials prices, and I would like to call this release to your attention.

Now the chart shows the index for raw industrial commodities. These are Tuesday spot market prices of foodstuffs and raw materials. I have been concerned about the fact that after a long decline from July to December or so of 1974, that that index slowly began to rise.

I am looking at raw industrials. It has dropped in the last few weeks or so. I merely toss this into the pot, with the other information about prices. That is a hopeful sign. This index is available earlier than the crude materials prices index. The other index is a monthly index.

Representative LONG. It is a leader.

Mr. SHISKIN. Yes. This is a hopeful sign, but we have to watch prices very carefully.

Chairman HUMPHREY. Senator Bentsen?

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

Mr. Shiskin, concerning these figures that you give us of 9.2 percent unemployed—I have had witnesses testify before my subcommittee who estimate that we have over a million people in this country who have given up looking for work, just because the jobs are not there. And they also estimate that if we take these figures and add them in, we are looking at an unemployment rate in this country today that is really over 10.5 percent.

Is there not some way we can refine these figures to give a positive index which includes the number of people who have given up looking for work because the jobs are just not there?

Mr. SHISKIN. Senator Bentsen, we have four major issues concerning the definition of unemployment. I said the following a little earlier, perhaps before you came in—in response to questions which the chairman and Senator Proxmire have been asking, I gave a paper on this subject. That paper was issued last week. We have put it in the record, and it will be available in that way.

There are four major issues—one is discouraged workers. Our estimate is that there are about a million discouraged workers not included in the unemployment rate at the present time. There are also some people, and you may have them here as witnesses, who believe we should be also counting the discouraged workers as unemployed.

Senator BENTSEN. If we brought those people in, we would be looking at an unemployment figure of something over 10.5 percent?

Mr. SHISKIN. There are also some people who think we should also be including as unemployed, part-time workers who want full-time work.

Senator BENTSEN. Mr. Shiskin, we are going to have a vote in a moment.

I appreciate your answering my question, but let me get to my other points.

What concerns me very much is that when we are talking about 10.5 percent unemployed, we are saying to young people who are getting out of high school this year that society has no productive role for them to fill. Come back in 3 or 4 years, maybe we will find a job for you then.

And when you see middle-aged people that are laid off and are too young to retire and, some employers think, too old to rehire, I think you are looking at a long-term political, social, and economic problem for this country that is of grave consequence.

I am deeply disturbed about the veto of the public service bill, a manpower bill that would provide some of these jobs, almost a million of them.

I was in Buffalo, N.Y., the other night talking to a man who was responsible for having put some of these people back to work. He told me then that public service jobs were less expensive to the taxpayer than the welfare rolls would be: that actually you have these people productive and at less cost to the taxpayers. I am deeply concerned about this.

Let me ask you this. One of the figures you brought before us showed a substantial increase in the labor force, by 1.4 million in the last 3 months. That is a higher increase than we would normally see, as I understand it. Could part of the impact be because of wives and teen-

agers trying to go to work to make up for the unemployment paycheck of the husband and father?

Mr. SHISKIN. Yes.

Senator BENTSEN. That has increased substantially?

Mr. SHISKIN. The labor force series tends to move erratically. It does not move up smoothly each month. We get periods of relative stability and we had such a period in October and November 1974, just before the March, April and May surge. One of the possible explanations is what you have said.

Senator BENTSEN. This question was raised earlier by Congressman Long. We have testimony before my subcommittee that to increase the price of oil by $3 a barrel, as projected by the President's program, would add another half million people to the unemployment rolls of this country.

It is difficult for me to understand why the President has come up with a program that results in the same price increase that some of the Middle East countries are urging—the Shah of Iran, for example, talking about raising the price $2 a barrel. The President just raised oil prices by 50 percent of that and said now he would raise the tariff to $3 a barrel. Put the two of them together and we will obviously end up with a substantial drag on the economy.

I do not want to get into that too much. As you said earlier, Mr. Shiskin, it is not really your responsibility. But I am deeply concerned with what I see as a further drag on the economy.

Mr. Chairman, I yield back the balance of my time.

Chairman HUMPHREY. Mr. Shiskin, just a few more observations, then we will have to tie this down.

Going back to the wholesale price statistics that were released yesterday—they showed a four-tenths-of-1-percent rise and, as I said in a statement, I consider that good news, and in many respects, very good news. Industrial prices were relatively stable with only about a two-tenths-percent rise.

There is something that troubles me here and I want your help. Some industrial commodity prices did rise significantly, for example, lumber, fuels, textile products, and certain types of machinery. Now, the lumber industry has high unemployment, as does indeed the textile industry has high unemployment and machine tools. Why do these industrial prices continue to rise during the highest period of unemployment—and there were three recessions since World War II? Do you have any suggestions for us?

Mr. SHISKIN. I have been hoping that the companies who sell products would utilize price cutting as a way of increasing the volume of production and profits. I find it very disappointing to see price rises just as you do.

Chairman HUMPHREY. Does it not appear that this may be an area where the wage-price stability council could do a little work?

Mr. SHISKIN. Perhaps.

Senator PROXMIRE. If the Chairman would yield, that is a fascinating observation. The Wall Street Journal had an article just yesterday saying that a number of corporations in these industries and others had engaged in heroic measures to maintain their prices or increase their prices in spite of operating far, far below capacity.

A member of my staff called the Wage-Price Monitoring Board. They said they were astonished by it. They were appalled by it. And they said in a number of industries, including chemicals and others, there is a big increase. It is very hard to explain except on the basis of some kind of concentrated conspiracy.

Mr. SHISKIN. As you know, the contribution we can make is that we can tell you what the increases are.

Chairman HUMPHREY. I hope that this gets into whatever economic coordinating body they have in this government, which I gather is either nonexistent or a well-kept secret.

Mr. SHISKIN. The Economic Policy Board. My present boss, Secretary Dunlop, is a member. They meet every day.

Chairman HUMPHREY. Bring to their attention what we are talking about. I want the Justice Department to be looking into that. I want the Wage Price Stability Council—I am just telling you this so you can tell them—we will be glad to see that a letter gets over from the members of this staff. Who is in charge of that outfit?

Mr. SHISKIN. The Economic Policy Board?

Chairman HUMPHREY. Yes.

Mr. SHISKIN. I am not sure who is Chairman. Secretary Dunlop is a member.

Chairman HUMPHREY. Mr. Simon?

Mr. SHISKIN. Yes, and Mr. Greenspan and Mr. Lynn are members.

Chairman HUMPHREY. Secretary Simon is on it, of course.

Mr. SHISKIN. Messrs. Greenspan, Simon, Lynn, and Dunlop. For the first time since I have been in the Labor Department I now have almost direct access to that group because Secretary Dunlop is a member.

Chairman HUMPHREY. Bring them those statistics. Here is Senator Proxmire bringing to your attention what was reported in the Wall Street Journal yesterday. It is obviously no secret. They are always worried about us appropriating something around here causing inflation. That jobs bill was vetoed because of causing inflation. B–1 did not cause it, but the jobs bill did.

Now we are going, I want you to bring to their attention this point of view that I have here and that Senator Proxmire shares.

Mr. SHISKIN. Senator Humphrey, may I add this note? Every economic expansion experiences a rise of prices and I think the next one will be no different. If we experience, as we expect, a recovery, there will be a rise in prices. That has always been true.

Chairman HUMPHREY. Let me assure you every expansion is not historically a picture of rising prices. The agricultural prices they are talking about are on fruits, vegetables, and beef. The beef farmers have been put through the wringer. Did you see what the prices were of wheat this morning? I wonder how anyone would like to see their prices do down from $5.05 to $2.96. And prices of beans are down. I notice here in the chart, I was looking for—yes, the chart you gave us here on spot market price indexes and prices.

I notice the one thing that has been dropping is what we call the foodstuffs and bean prices were way down. They are somewhat improved now. But as far as grains are concerned, they are down substantially. There is every reason to believe that if there is a good crop that everybody is talking about, it is going to be down even more.

The one thing that never sinks in this Government's head is that when agricultural income goes down, other things are in trouble. The income levels of the agricultural community are in serious trouble with rising price.

I was visiting here with Senator Proxmire on this. If these oil prices continue to go up, that means the prices of farm machinery, lubricants, fertilizer all go up, and we have seen a 38-percent price rise in operating costs in agriculture and a 15-percent average price drop. That is a nice 53 percent slap across the face for the producer of raw materials.

Mr. Shiskin.

Mr. SHISKIN. By the way, Senator Humphrey, let me amend my statement about price rises during expansion. That has been typically true of industrial prices. Food prices have not moved in conformity, nor has farm income. I was referring to the industrial sector.

Chairman HUMPHREY. One of the disturbing features that I see here in the employment figures which is not cited particularly in your statement are the figures on city unemployment. Here it is.

I have a labor area summary table in my hands that relates to unemployment figures in March, the March figures. Of course is is more significant now. And these are statistical metropolitan. What is it—SMSA figures, which means you have taken in the suburbs as well. When you go into what you call a city like Detroit or New York, without the suburbs the unemployment rates are appreciably higher. For example, in Detroit the unemployment rate that was from this labor area summary table indicates an unemployment rate of 16.1 percent. Actually, it is 25 percent, is it not, for Detroit?

Mr. SHISKIN. I do not know.

Chairman HUMPHREY. That was what the mayor told me when I was out there, approximately 25.

Anyway, let us take the most optimistic figures based on the SMSA sampling. The rates of unemployment in major urban areas for the month of March, it is worse obviously. It has gotten worse. Los Angeles, 9.9. That includes all the nice folks that live in the suburbs, too. Phoenix, 10.8. Atlanta, 10.1. Boston, 11.5. Detroit, 16.1. New York City, 10.8. I see Senator Javits here now. I think the facts in New York are about 14 percent.

Senator JAVITS. In Buffalo we have close to that.

Chairman HUMPHREY. Philadelphia, 10 percent.

In light of these figures, do you think the aggregate unemployment rate adequately reflects the real extent of the unemployment problem in this Nation?

Mr. SHISKIN. I certainly do. The unemployment rate is an average of the unemployment rates in different parts of the country. I have a letter which Senator Proxmire asked for, if I could find it, and let me read you the figures for a few other cities.

San Francisco, 7.5 percent. Seattle, 6.8. Houston, 3.9. Pittsburgh, 5.7. Cleveland, 4.3 percent. These are 1974 figures for cities with lower rates.

Chairman HUMPHREY. What?

Mr. SHISKIN. Here are some unemployment rates in 1974 for different cities.

Chairman HUMPHREY. 1974?

Mr. SHISKIN. 1974. The unemployment rate for Detroit at that time was 9, in Buffalo 8.7 percent. There is a lot of variation. You have read me figures for cities with very high unemployment rates. There are some cities that have lower unemployment rates; for example, those I mentioned a few minutes ago. When you average them together you get a national average, which is the figure we publish.

Chairman HUMPHREY. My point is—take my home State of Minnesota. It is over 6 percent now in the Twin City area, but you can go to a community like Rochester, Minn., and it is 4 percent.

Mr. SHISKIN. There is a lot of variation.

Chairman HUMPHREY. The social impact of unemployment in these huge metropolitan areas, I think, lends more significance to the unemployment figure. The 9.2 is an average. That is across the country. But in some of these areas the unemployment figures are staggering and our policies sometimes do not take into consideration that.

Here I have, for example, an observation that was brought to our attention here about the urban institute. In testimony presented before the Joint Economic Committee this week, Ralph Smith and Charles Holt of the Urban Institute claim that the jobless rate is much higher than that reported by BLS when all potential labor force participants are included.

In April, when the BLS rate was reported as 8.9, the Urban Institute estimated that the rate was actually 10.3. Furthermore, Smith and Holt concluded that there was a higher percentage of discouraged workers among adult women, black males, and teenagers. While the unemployment rate for adult women was reported as 8.6 by BLS in April, they estimated the rate at 10.5 when discouraged workers are included. The teenage rate, which was officially at 20.4 in April, was estimated at 25.9.

I want your comment on this. Does the methodology employed by the Urban Institute give us a more comprehensive measure of discouraged workers and unemployment than the BLS's own survey?

Mr. SHISKIN. From what I understand from what you just read, the question is whether you include discouraged workers in the unemployed.

Chairman HUMPHREY. That is only part of it.

Mr. SHISKIN. Let me deal with that part first. Perhaps we can go at it another way.

Another proposal has been made. Instead of counting the part-time workers as employed as we do, you split them. You count them half employed, half unemployed. That would take you back to those figures. Well, this is a subject that has been under discussion for a generation. As you know, President Kennedy appointed a committee in 1961, a very distinguished group, to consider that. They came out with the recommendation that we should count part-time workers as employed and exclude discouraged workers from the labor force.

In the paper referred to early in our discussion, which I gave last week in Denver, I took up each one of these questions.

Mr. Chairman, there are some proposals that also are reasonable that would give you a lower unemployment figure. Many people think you should take students and other people who normally work part time out of the unemployed. They do not think we should count them as unemployed.

Also, there are——

Chairman HUMPHREY. There are not many people, outside the former Governor of California, that believes that, are there?

Mr. SHISKIN. We get complaints from many people. We get complaints from him, we get copies of his speeches. But there was a feature article in the U.S. News & World Report some months ago in which the argument was made that students should not be counted, teenagers should not be counted, married women whose husbands worked should not be counted, and so on. I heard Bill Buckley say on television that the true unemployment rate could be calculated at about 1 percent if this were done. We got a lot of mail—much of it congressional—after the article, most of it supporting the view in the article.

Chairman HUMPHREY. Oh, my goodness.

Mr. SHISKIN. Also, there are people raising questions with us about the intensity of the job search. Many of the people you counted as unemployed really are not looking for work, they say.

Chairman HUMPHREY. What is your professional opinion?

Mr. SHISKIN. My professional opinion is that the figures we published are about right. Let me hasten to add that we also published figures in very great detail for most of these other categories, so that anybody—like you, Mr. Chairman, or Mr. Meany, who shares your point of view—can make up his own estimate.

I have also recommended to Secretary Dunlop, and he has, in turn, turned this recommendation over to the Economic Policy Board, that is where it stands. The recommendation is that we have another commission similar to the one that President Kennedy appointed and reported on those issues, to take another look at these issues in light of developments over the last several years. Their reaction has been positive. Both Secretary Dunlop and Alan Greenspan have told me that their personnel reaction was positive. They will be taking this issue up with the President. And I suspect that before the year is out, we will have such a commission underway. Then we will have a group outside of the people within BLS, distinguished citizens, taking a look at all of these points of view and coming up with another set of recommendations.

Let me say I do not expect them to propose many changes. The problem with discouraged workers is that it is a very fuzzy concept. We try to stay with hard facts. That is a very fuzzy concept, to ask a man if he would take a job if he were offered one. At what salary?

There are many people who are not working today who would take a job if you paid them $50,000 a year and made them a Senator of the United States. Some may even want my job. In the real world that is not the kind of job most of these people get offered. There are a lot of fuzzy questions here.

Chairman HUMPHREY. I understand that, Mr. Shiskin.

Mr. SHISKIN. I do not think we should include discouraged workers. I am willing certainly to be guided by the report of the distinguished commission such as the one President Kennedy appointed and such as the one, I hope, that this administration will.

Chairman HUMPHREY. May I say, Mr. Shiskin, I hope that commission will include some representation from the Joint Economic Committee.

Mr. SHISKIN. I do not know how it will be made up. You will recall, Senator Javits, you and I talked about this about 6 months ago and we

decided to wait a few months for the dust to settle. I recently opened up this question and all the reaction has been positive. I am very hopeful we will have such a commission.

Senator JAVITS. Mr. Chairman, could I ask one question?

Chairman HUMPHREY. Yes.

Senator JAVITS. Just one question. I think it is very important, Mr. Shiskin, to make clear how many of the workers are drawing unemployment compensation, and how many are not drawing unemployment compensation in view of the extent of the Federal Government's program.

As a corollary to that proposition, what proportion of those unemployed and not drawing compensation are newcomers to the market or have voluntarily quit as contrasted to those who were let go?

These are very important distinctions. The reason I ask, is that we have just had a Labor Committee hearing upstairs. One of its subcommittees is going into the question of what to do about extending the Federal unemployment compensation system both for covered workers—that is, those who are covered under the law for 26 or more weeks—and those who are uncovered. Any information on this question would be essential, Mr. Chairman, to complete this record.

Chairman HUMPHREY. Very good. I am going to have to go to the floor. I think we have an amendment there that we are involved in. Senator Proxmire has some further interrogation here.

Mr. SHISKIN. May I ask your permission to do this? Senator Proxmire had written me a letter asking me to comment on an article that Geoffrey Moore had published in the Wall Street Journal on the employment-population picture. I do not know whether we will get to it or not. In the event we do not, I would like your permission to put certain materials into the record and I will give you copies.

Chairman HUMPHREY. Absolutely.

Do you want to respond to Senator Javits?

Mr. SHISKIN. We show 8.5 million unemployed today and State insured at 4.7 million. The true figure, in response to your question, is higher. But there still is a very substantial number of people who are not getting benefits.

Senator JAVITS. How many people are on Federal and other extended programs?

Mr. SHISKIN. I do not have that with me.

Senator JAVITS. I think that information is essential.

Mr. SHISKIN. We could provide that for you.

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

The number is roughly 6.1 million.

Chairman HUMPHREY. Very quickly, you made some comment on the subemployment index relating to CETA, the sections in the Comprehensive Employment Training Act of 1973.

Mr. SHISKIN. In my paper?

Chairman HUMPHREY. In your paper, you said you do not plan to have a subemployment rate by combining all workers who are unemployed. "We will deal with this by expanding the relevant data and special studies."

There are those who would urge this provision, and there were some in the CETA law. They probably had in mind some kind of subem-

ployment index. I gather that you do not think that such an index is feasible?

Mr. SHISKIN. My answer to all of these issues is that I do not think that BLS or the Labor Department should make a unilateral decision on these very delicate, troublesome issues. I have asked Secretary Dunlop and, in turn the Economic Policy Board, to set up a new commission to consider all of these questions. That is the way I think we should go, Senator Humphrey. If you will give that a little thought, you will conclude that that is the best way.

Chairman HUMPHREY. Right. We will direct the communication to Secretary Dunlop on this, because it is a matter of concern.

Mr. SHISKIN. He is certainly sympathetic to the idea. He has instructed me to make up a set of terms of reference for that group. We will be proceeding. My guess is that by the end of the year we will have such a group in existence.

We will welcome a letter from you, I am sure, and it might push things along.

Chairman HUMPHREY. I have to leave. I want to thank you, Mr. Shiskin. May I say that we depend on the Bureau of Labor Statistics for a great deal of information. We do press you, and it is important. The reliability of your statistical information is of cardinal importance to any economic consideration.

We will have some questions we may want to submit in writing, but we will not overburden you with that.

Mr. SHISKIN. I welcome it. I thank you Senator Proxmire. In the 2 years I have been Commissioner, you have kept me on my toes and that has been useful to me and, more importantly, it has been beneficial to the Nation, I hope.

Chairman HUMPHREY. Senator Proxmire?

Senator PROXMIRE. I have a few questions. I think we can be brief. We are going to have to vote in a very few minutes on the floor.

First, I had a little discussion with you informally. I do not know if you would care to go into detail publicly on it. I think it would be helpful and useful to the extent that you could, on the situation in the automobile industry.

As you pointed out, there has been a dramatic improvement in the automobile industry, dropping from some 24 percent unemployment to only 15 percent unemployment—a big improvement since January.

I am very uneasy about that and I suspect you may be, too. This is based on some kind of a conviction the industry has—that they are going to have a big automobile year—relatively bigger automobile years from now on, than the previous situation indicated; and they are producing for a particular target that may not work out.

If that does not work out, then this bellwether industry that has such influence on our entire economy is likely to be in very serious difficulty.

Could you tell us about that?

Mr. SHISKIN. As usual, Senator Proxmire, our communication has been very good, and you just said what I would say. That is, what the automobile industry does, as I understand it, is to fix a target. This is the number of cars that they expect to sell. They obviously have to do this.

Then, they gear their production to that figure. If it turns out that the sales are low, lower than the planned figure, they are in difficulty. They will not only have to reduce output later in the year, but they are going to have serious inventory problems.

Senator PROXMIRE. The statistics I have seen reported suggest that at least in May, the latest statistics of the automobile sales, have been somewhat disappointing.

You have also, in this most helpful breakdown of the detail of the manufacturing industries, shown remarkable increases in unemployment. Industries like petroleum and coal products.

Is there a particular technical reason why that goes up from 1.8 percent to 5.9 percent—more than double, almost triple?

Mr. SHISKIN. These industry figures are very thin. That is why we do not publish them. We do not publish this table. We make it available to you because you are interested in it. I do not know about that particular figure.

Senator PROXMIRE. All right, sir. Now I would like to ask you about something that may take a little more work on your part. If so, I know you are going to need more staff in order to do it, but I think it is very important that we consider this.

We have a bill on the floor, you know, the military procurement bill. I have an amendment pending, because of what I think are the outrageous increases in overruns in ship building, and what we get over and over again from the Navy as well as the shipbuilders, and this is true in military procurement across the board, is that inflation is responsible for the increase—not incompetence, not changes on their part, on the part of the private contractor, but inflation is always given the burden.

And they do not provide any particular statistics or any very strong documentation. They just say "inflation" and seem to get away with it.

What would be useful to us—and I am going to see if I can get the chairman of the Armed Services Committee to agree and to see if we can get the Senate to agree—if we could develop a military price index and then break it down by sectors so that we would know what inflation is in the shipbuilding industry, for example, and have some discipline, some basis to know whether or not we ought to go ahead and pay these amounts, or whether we insist that they come through on a contract with a proper allowance for inflation.

How much work would this take on your part?

Mr. SHISKIN. As you know, this is an old question. I have been familiar with it for 10 or 15 years. The Government has never produced such an index.

Senator PROXMIRE. That is right.

Mr. SHISKIN. It is extremely difficult. That is all I can say. John Layng may have something additional to say.

Mr. LAYNG. Not a great deal, except to say that the Bureau of Economic Analysis has done a good amount of research in trying to deflate government expeditures and get measures of price increases for military goods.

Senator PROXMIRE. Would it be possible for you to develop data that would be fair to the industry as well as to the Government, knowing what the inflation was?

Mr. LAYNG. It would be very difficult to price a ship or piece of aircraft, because it takes a long time to produce these. They are unique products. There is no comparative market. You might be able to do something on the input side in terms of pricing inputs that go into those products.

Senator PROXMIRE. The Navy claimed, in its testimony, that the BLS is doing something like this for shipyards, in hearings in April of this year. And they say, the testimony of Admiral Price, "the indices that I have been talking about, the Bureau of Labor Statistics index is a weighted rate of change index for 18 shipyards in the United States, or 18 shipyards that they use in computing the labor index."

Mr. LAYNG. That is a wage rate index, I believe.

Senator PROXMIRE. What we would like is a comprehensive inflation index so that we are in a position to know whether their inflation claims are justified or not.

Mr. LAYNG. There is a possibility we could do something on the input side, but it is very difficult on the output side.

Senator PROXMIRE. Did you develop a wage rate index for the shipyards?

Mr. LAYNG. I believe we did.

Mr. EARLY. There is a special index, as described in the testimony, that is prepared by BLS under contract to the Bureau of Ships. It is prepared from a small panel of shipyards which report to the BLS on a monthly basis their employment and straight-time payroll, and we develop a percent change index.

The Navy Department then uses this to escalate the labor portion of the clause in the contracts. They use some data from the price division to escalate the material side.

Senator PROXMIRE. There is a materials index, too? I am trying to see if we can get a comprehensive index on which we could make some judgments that would be fair to the taxpayer.

I think he is getting ripped off now, on the basis of what we have seen. It seems to be absurdly overblown. They blame everything on inflation. The inflation is always bigger than the increase in the industrial price index or any other index that seems to be appropriate.

Mr. SHISKIN. We have the same kind of problem, in a relatively small way. Every time we hear from GPO, they charge more for everything. That goes on there with no notice. Also, we have an even worse problem with our computer charges.

Senator PROXMIRE. There is one other policy question I would like your judgment on. This is as a professional economist. Should it be the policy of the Government to reimburse the shipbuilding industry for inflation?

After all, that means that they are indexed. We do not do that in the free enterprise system elsewhere. Would that be a proper policy on our part?

Mr. SHISKIN. I would prefer not to express a view on that question. It is enough when I come here and ask you to reimburse our BLS because of the expanded computer costs that we have to deal with. We get exactly that. We get bills from the computer people that are like 10 to 15 percent higher than what they told us, and something gets hurt. Usually, it is the basis program of BLS.

Senator PROXMIRE. One of the difficulties, one of the weaknesses all

of us are prone to, when we get an answer that proves our point, we use it and we speak on it and we should let people know.

Tom Wicker, of the New York Times, had a series of articles on the relationship between crime and unemployment. I agree that this may be one of the biggest factors, if we can reduce unemployment we will reduce crime.

I asked you to give me a study of the increase in crime in the cities that have suffered the worst increases in unemployment. You have done that for me for 1973 and 1974, and from Tom Wicker's standpoint and my standpoint, frankly it looks as if there is not much connection.

Can you tell us if you think those studies are sufficiently comprehensive and appropriate so we can come to that kind of a conclusion? Or, do you need a great deal more?

Mr. SHISKIN. I do not think that the material I sent you is adequate in making a sound judgment on this complicated question. I responded to your question in a very narrow sense. I gave you exactly what you asked me for.

I think a comprehensive study of these relationships would be useful. I hope someone will do it. We, ourselves, as I explained to you, are strapped for resources, in the short run at least, and we do not see how we can do any more.

I do not think that this—I would not rely on this material.

Senator PROXMIRE. I am glad to hear that. I would appreciate very much—I know you are awfully busy—if you could somehow tell us what kind of a study would do this. I am not asking you to take the time and the manpower to make a study, but to tell us what kind of study would be most useful.

Mr. SHISKIN. We will certainly give that some thought, and see what we can come up with.

Senator PROXMIRE. Would you do that?

Mr. SHISKIN. Yes.

Senator PROXMIRE. It seems very logical that when people are out of work, for one thing, that property crime should increase. They desperately, in many cases, need the wherewithall.

Mr. SHISKIN. These figures puzzle me—surprise me, as much as they surprise you.

Senator PROXMIRE. Finally, on the letter by Geoffrey Moore here, your predecessor, he suggested rather than to rely as heavily as we do on unemployment figures, as I understand it, that we should have the figures that would at least get equal attention, the relationship between employment and the population.

Now you have written me on that. Would you care to give us a brief summary of your conclusion on that kind of a statistic, in relying on that?

Mr. SHISKIN. Let me make a few brief points. Early in December I published an article in the New York Times which I called the "Changing Business Cycle." In that article, I studied the relations during past recessions between employment, unemployment, prices, and a few other variables.

I found that the closest relationship existed between employment and consumer prices. That is, the relationship between employment

and consumer prices was closer than between unemployment and consumer prices.

Now this is consistent——

Senator PROXMIRE. "Employment" and "consumer prices"?

Mr. SHISKIN. The highest correlation in the past recession was between employment and consumer prices. Not, as most people thought, between unemployment and consumer prices.

Now this is entirely consistent with Moore's points of view. I had used the decline in employment and the changes in consumer prices during past recessions. Moore has added to that by introducing the employment-population ratio.

So, I think a further study of the relations between employment and prices is very promising. That is one point.

The second point I think we need to make is that as we all know we have to be very wary of using one number, without breakdowns. We have been discussing this. Secretary Dunlop expressed this very often, and particularly since he has been Secretary of Labor.

Now, for example, the changing age, sex, composition of population will affect this ratio—the total ratio. You have to look at the changing ratio of women, employed women, the percentage of their part of the total population.

Another problem is part-time employment. Moore pointed out in his article the limitations of the unemployment figures. But the employment figures have weaknesses, too. For example, the employment figures include part-time workers. Now, you know, Moore himself in many of these sessions, when he used to sit before you, used to refer to this ratio.

It is not a new ratio. It is very easy to compute. Anyone who wants to could very quickly compute it from data in our monthly press release. Moreover, we publish it in Employment and Earnings, and in our quarterly Labor Force Developments report.

Senator PROXMIRE. Would it be expensive to publish it monthly?

Mr. SHISKIN. No. We are ready to publish it monthly, in subsequent issues of the Employment and Earnings Report.

Senator PROXMIRE. Would it coincide with the unemployment statistics?

Mr. SHISKIN. I think so.

Senator PROXMIRE. If it were, it might be useful so we can get a perspective.

Mr. SHISKIN. Let me tell you this. Moore published his article in the Wall Street Journal, and shortly thereafter it was referred to in an article in the New York Times. Joe Livingston mentioned it in his column. We did not get a single telephone call on that.

The only letter we got was from you asking about this ratio, and that is very unusual. When anything new happens, we usually are flooded. I find that rather puzzling. We did not get a single letter, except from you, or a single telephone call asking about this ratio.

So, our decision is, we will publish this ratio in our monthly Employment and Earnings Report. We will not publish in our monthly press release for the time being, because every number added complicates it a little bit. But we will have it somewhere else. Anyone who wants to compute it can do so from data in our release.

Finally, I agree with Moore that this is a desirable area of research. We hope we can find some resources to put into it. I am sure he will be doing more, and I hope others will as well. So we would encourage them to do it, and that is about as much as I can say.

Senator PROXMIRE. Fine. Thank you very, very much, Mr. Shiskin, and gentlemen. The committee will stand in adjournment, subject to the call of the Chair.

[Whereupon, at 12:45 p.m., the committee adjourned, subject to the call of the Chair.]

# EMPLOYMENT-UNEMPLOYMENT

THURSDAY, JULY 3, 1975

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, D.C.*

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

Present: Senator Proxmire.

Also present: Lucy A. Falcone, professional staff member; and M. Catherine Miller, minority economist.

## OPENING STATEMENT OF SENATOR PROXMIRE

Senator PROXMIRE. The committee will come to order.

Mr. Shiskin, we welcome you. This is an interesting session today, because it appears that there was a change in the unemployment figure and that is subject to considerable interpretation and explanation.

The unemployment rate for June released today reflects, in my judgment, an unchanged unemployment picture, even though the rate showed a decline from 9.2 percent in May to 8.6 percent in June. Because of a statistical quirk, you had warned us when you appeared here just a month ago to expect some decline in the rate, even if labor market conditions remained the same.

Last week, I prepared a release, and I am going to quote a paragraph from that release in which I said, "A decline in the unemployment rate from 9.2 percent in May to 8.6 percent in June will signal not an improvement in the employment picture, but an unchanged situation." Now, we did that, not because we had any fore-knowledge, of course. Nobody has that. I do not think you had it at that point. We did it because we had our staff have discussions with your staff on how this might work out, and it was suggested that six-tenths of a percent drop would probably indicate. because of statistical problems involved here, no actual change in the unemployment situation.

The Labor Department seasonally adjusts the June unemployment figures downward to minimize the impact of summer workers on the unemployment rate. This year, however, since overall unemployment is so much higher than normal, the Labor Department's method adjusted out of the figures both the summer workers and other, longer-term unemployed.

A number of other labor market indicators confirm that we have not turned the corner yet on unemployment:

Total unemployment rates for men and women 25 years and over were unchanged from May to June.

The jobless rate for household heads was little changed in June.

Payroll employment showed no increase in June.

I hope that the administration officials will resist the temptation to hail the June unemployment rate as a sign of improvement. In 1971, when we were again experiencing unusually high rates of unemployment, the same statistical quirk caused the unemployment rate to drop from May to June. At that time, the administration spokesmen claimed it was a turning point in the economy, the rate then climbed in July and August, and didn't improve significantly until the beginning of 1972.

The June unemployment data suggests that we are on a plateau of very high unemployment—the situation didn't worsen in June, but it showed no real improvement, either.

Mr. Shiskin, to your credit, as I say, you pointed out the deficiencies in the June seasonal adjustment method to us last month. I appreciate your remarkable ability as well as your honesty.

Please proceed with your statement in any manner you wish.

## 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; AND JAMES R. WETZEL, ASSISTANT COMMISSIONER, OFFICE OF CURRENT EMPLOYMENT ANALYSIS

Mr. SHISKIN. Thank you, Mr. Chairman, and especially for those kind words about our efforts to explain the seasonal adjustment problem last month.

As usual, I have Mr. Layng with me on price questions, and Mr. Wetzel on unemployment and employment questions.

I do have a statement, and I hope you will bear with me for a few moments while I read it.

Mr. Chairman, I welcome the opportunity to explain to the Joint Economic Committee certain features and implications of the comprehensive and complex body of data released at 10 a.m. this morning in our press release, "The Employment Situation." I would especially like to try to clarify the seasonal adjustment problem, an extremely complex but very important technical problem.

First, the seasonal adjustment problem. The total unemployment rate was 9.2 percent in May and 8.6 in June, a decline of 0.6 point, one of the largest monthly declines on record. Last month I alerted this committee to the prospect of a substantial decline in the seasonally adjusted unemployment rate between May and June, which would misrepresent the "true" change. Our seasonal adjustment methods could not work well for the May–June change this year, because the number of students and new graduates entering the labor market was not proportionate to the exceptionally high level of unemployment.

Since seasonal adjustments must average out over the year, other months will also be affected. If one month is understated, other months will be overstated.

The BLS method assumes that the increase in unemployment in June would be proportionate to the increase in the level of unemployment over the year. The number of young people who entered the labor market did not increase proportionately to the level of unemployment in June, and, consequently, the decline in the unemployment rate was exaggerated.

Senator PROXMIRE. Say that last again. That is pretty crucial and I am not sure that I understand that.

Mr. SHISKIN. The number of young people who entered the labor market did not increase proportionately to the level of unemployment in June and, consequently, the decline in the seasonally adjusted unemployment rate was exaggerated.

Senator PROXMIRE. Explain that. What does that mean?

Mr. SHISKIN. Our method of seasonal adjustment, which is what we call a multiplicative method——

Senator PROXMIRE. A what?

Mr. SHISKIN. A multiplicative method. It is a method that assumes the changes seasonally are proportionate to the changes in the level of a series. For an analogy, let us take steel. If there is a large increase in total steel output, we assume that there will be proportionate increases in certain months when the seasonal is high. So it assumes that this relationship between the level of the series and the seasonal is proportionate, and that holds true for an overwhelmingly large number of economic time series. The unemployment series is a very difficult series to seasonally adjust because it is the difference between the labor force and unemployment and has been for years, less than 10 percent, and often it is around 5 percent. The mix of different kinds of unemployed changes markedly as the economy shifts from expansion to recession.

When there is a big change in the level of unemployment, as there was in 1975 compared to 1974, we would expect that to be picked up by the seasonal factors, and it usually does get picked up. But in June, there is a special problem. The special problem is that the number of students and new graduates who entered the labor market was determined, in a sense, in the past. It depends on the number of students who entered the colleges and the high schools some years earlier. So the number that comes in during a given year is not directly related to changes in the level of the series that year.

We knew last month that the number that would come in, we discussed this at some length, would be less than our seasonal method assumed. And that, therefore, our seasonal method would overadjust; it would depress the June figure too much. We were expecting a 20-percent increase between May and June, and we just did not

get it. And we knew we were not going to get it, so we knew that with these seasonal factors we would overadjust the series.

Senator PROXMIRE. You expected how big an increase?

Mr. SHISKIN. Approximately 20 percent between May and June. The seasonal factor for May is very low. It is about 90, 89, if I remember. On the other hand, the factor for June is 110, so there is a 20-percent difference. We knew last month we were not going to get anything like that. I was careful to avoid numerical estimates most of the time, but the numbers did get out and they got out to your staff office. We guessed that the "error" would be about 0.6. And that is exactly the way it turned out to be.

Now, this is not an easy point. I know it is not easy for people who have not actually made seasonal adjustments to understand the mechanics of seasonal adjustment. But this relationship between the seasonal factors and the level of the series that we assume, which led us into this difficulty, is especially difficult to understand.

Since we knew it, one might very well ask, well, why did you not adjust the series the right way this month. The reason for that is we announced the seasonal factors at the beginning of the year. Now, we could have said, well, we will change the factors, but that would have opened up a hornet's nest, because if we change them this month, we could change them next month and the month after that, and we could, in effect, manipulate the unemployment figures through such a practice. And I think that would be the worst thing that a statistical agency could do. So, we decided to sweat it out with the seasonal factors that we announced in January. I hope this explanation helps your understanding. It is not easy.

Senator PROXMIRE. Well, I have a number of questions.

Mr. SHISKIN. Senator, if you do not fully understand it, you have a lot of company, including a lot of members of the BLS staff. In fact, I sometimes think I am the only one who understands this.

Senator PROXMIRE. Are you always sure that you understand it?

Mr. SHISKIN. Well, at some moments, like in the dark of nights when I am falling asleep, I wonder myself. But right now, it looks as though I do because it all came out right.

A better fix on recent trends in the total unemployment rate will be available when the July and August figures come out. And what I have said elsewhere is that no one should celebrate the low unemployment figures in June until he sees the July and August figures.

An alternative method of seasonally adjusting the unemployment rate is the "additive" method, which assumes constant rather than proportionate seasonal changes each month. This method produces seasonally adjusted rates in percentages, as follows: April, 8.8; May, 8.8; June 8.7. Now, these figures, Mr. Chairman, are shown in table 1, and you will recall that last month you asked me to provide you with this information. So I have provided you with the full array of the information we compile for internal purposes to make some judg-

ment on the accuracy of our seasonal factors. The additive method, you see, gives us 8.8, 8.8, and 8.7 percent.

Still another alternative methods is residual method, and this is in column 11. This method seasonally adjusts the labor force and total employment, and then calculates unemployment as the difference. It yields 8.8 percent for April, 8.9 percent for May, and 8.7 percent for June (table 1, col. 11). Seasonal adjustment by this method is not significantly affected by student jobseekers, because only the major aggregates, the labor force, and total employment are directly involved, and the student jobseekers make up a small percentage of these aggregates.

The seasonal factors used by BLS were announced at the beginning of the calendar year for the 12 months ahead. The method chosen was that which we judged would give the best estimates, on average, for all months. It is not appropriate to change the seasonal adjustment method in the middle of the year because additional changes would be required in later months, and this would lead us to the practice of adopting ad hoc seasonal factors each month, a practice that would permit manipulation of current unemployment rates. Also, the seasonal factors might not average out over the year.

The technical explantory note I provided last month to this committee has been updated and revised. I would like to include the revised note in the record. I will also make a copy available to anyone who wishes to have one.

[The above-mentioned information follows:]

BLS Technical Note on Seasonal Adjustment of Unemployment

The purpose of this note is to warn the user of the unemployment data that the sharp decline in the unemployment rate that took place between May and June—from 9.2 to 8.6 percent—may, in part, represent a deficiency in the seasonal-adjustment procedures and that the "true" June rate may be higher that that published. Seasonal adjustments will average out over a year. Hence, assuming the June seasonally-adjusted figure for the unemployment rate is too low, then the rates for some other months will be too high, May being a likely overstatement.

Most economic indicators show seasonal variations, the composite effect of climatic and institutional factors which are repeated, more or less, regularly each year. For example, the aggregate income of farms in the United States rises steadily each year from early spring until fall and then drops sharply. The level of unemployment ranges between about 10 percent above the average for the year to about 10 percent below the average. Typically, the low seasonal month is May and the high seasonal month is June, when many students and graduates enter the labor market in search of jobs.

While there are numerous economic problems for which it is helpful to know what the normal seasonal pattern is, the preponderant interest is directed toward removing the seasonal pattern in order to discover the underlying cyclical trend. We wish to know whether the recession has reached bottom. The actual (unadjusted) level of unemployment rose in June, as it usually does. The question is whether the rise was larger or smaller than the normal seasonal change. Such information will help us determine whether the economy has entered a new cyclical phase—that is, recovery.

Cyclical movements are shown more accurately and stand out more clearly in data that are seasonally adjusted. Seasonally-adjusted series help the economists to make more accurate and more prompt diagnoses of current cyclical trends.

There are many different methods of adjusting economic series for seasonal variations. All are based on the fundamental idea that seasonal fluctuations can be measured and separated from the underlying trend and irregular fluctuations. Different methods yield different results, and different results can also be produced when the same methodology is used, depending on how various components are combined.

Most seasonal adjustment of economic time series assumes that the magnitude of the seasonal increase or decrease is proportional to the level of the series. This is called a multiplicative relationship. Thus, for example, when steel production is high, it would be expected that the seasonal increase would be proportionately high.

Another technique assumes that the magnitude of the seasonal increase or decrease is essentially constant without regard to level. This is called an additive relationship. Yet another method makes simultaneous additive and multiplicative adjustments. All of these methods have limitations.

One of the most troublesome series to seasonally adjust is unemployment, because it has elements of both the multiplicative and additive relationships, and because the level sometimes shifts substantially in a short period. Studies have shown that for most months the multiplicative (or proportionate) relationship works best for unemployment, and it is for this reason that BLS used the multiplicative variant of the X–11 seasonal adjustment program (in which four age-sex components are seasonally adjusted separately and combined to arrive at the seasonally-adjusted total unemployment level). In some months, however, especially June, unemployment has a nearly constant seasonal relationship which is largely independent of the level. For this month, an additive method would work better.

This adjustment problem arises only when the level of unemployment shifts substantially, as has recently been the case. The previous May-June period in which such a shift occurred was 1971. At that time, the published seasonally-adjusted unemployment rate in May was 6.2 percent; it dropped to 5.6 in June but picked up again to 5.8 in July and 6.1 in August. (Subsequent revisions to the seasonal adjustment factors have produced the following series for the May-August 1971 period: 6.0, 5.8, 5.9 and 6.1).

The differences in the unemployment rate over the last 18 months that would have resulted if the additive method of seasonal adjustment were currently used is shown below. Note that these differences are trivial until the unemployment rate begins to increase sharply toward the end of 1974. The difference is largest in May 1975, when the official rate (9.2 percent) exceeds the additive rate (8.8 percent) by 0.4 percentage point. In June, the difference between the two is much closer but in the opposite direction; that is, the official rate is lower than the additive rate.

OFFICIAL BLS UNEMPLOYMENT RATE COMPARED WITH ADDITIVE SEASONAL ADJUSTMENT, 1974-75

| Month | Unadjusted rate | Official seasonally adjusted rate | Additive rate (X–11) | Difference (3)—(4) |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| 1974: | | | | |
| January | 5.6 | 5.2 | 5.1 | 0.1 |
| February | 5.7 | 5.2 | 5.2 | 0 |
| March | 5.3 | 5.1 | 5.1 | 0 |
| April | 4.8 | 5.0 | 5.0 | 0 |
| May | 4.6 | 5.2 | 5.1 | .1 |
| June | 5.8 | 5.2 | 5.3 | −.1 |
| July | 5.6 | 5.3 | 5.4 | −.1 |
| August | 5.3 | 5.4 | 5.4 | 0 |
| September | 5.7 | 5.8 | 5.8 | 0 |
| October | 5.5 | 6.0 | 6.0 | 0 |
| November | 6.2 | 6.6 | 6.4 | .2 |
| December | 6.7 | 7.2 | 7.0 | .2 |
| 1975: | | | | |
| January | 9.0 | 8.2 | 8.4 | −.1 |
| February | 9.1 | 8.2 | 8.5 | −.3 |
| March | 9.1 | 8.7 | 8.9 | −.2 |
| April | 8.6 | 8.9 | 8.8 | .1 |
| May | 9.3 | 9.3 | 8.8 | .4 |
| June | 9.1 | 8.6 | 8.7 | −.1 |

It follows from the foregoing that if seasonal adjustment factors could be selected and applied each month at the time the unadjusted data became available, better current seasonally-adjusted data probably would result. However, it has been the continuing practice of the BLS to publish the factors at the beginning of each calendar year in order to preclude the possiblity that *ad hoc* current adjustments would be interpreted as manipulation of the published current unemployment rates.

The decision to use the multiplicative or additive model at the beginning of the year implicitly involves a forecast of changes in the level during the year; BLS practice has been to avoid forecasts and, instead—with specific reference to seasonal adjustment—uses the same methodology for each year. However, present plans call for further research on combinations of additive and multiplicative adjustments.

Mr. SHISKIN. Now I go on to some more substantive things, moving away from the technical problems.

Perhaps the most accurate statement that can be made today is that the total unemployment rate appears to have held steady at roughly 8.8 or 8.9 percent during the past few months. That is essentially where

we came out, and also where you came out, I gather, from the statement you made.

This stability between May and June is evident from an examination of the worker categories that include few students and graduates; for example, adults 25 years and over, and married men.

Now, I would like to ask you to look at table 2, where these categories are shown. We show six categories where we think that the seasonal adjustment problems——

Senator PROXMIRE. That is in your statement?

Mr. SHISKIN. Yes.

Senator PROXMIRE. All right.

Mr. SHISKIN. The top bank of the table shows eight categories where we think the seasonal factor was no serious problem. And if you look at that, you see virtual stability there. Some go up and some go down, but only a little. So that is the reason we think we have had stability in unemployment in recent months.

Down below we show the categories that were substantially affected, and they all went down. And we think that those declines are not real declines.

I might also offer this bit of information in this context, Mr. Chairman. You used to ask me a lot about the statistical significance of these changes, and I used to resist answering those questions, and I still do. And here is one reason why. You know, all of those at the bottom turned out to be statistically significant, but we know they are not. I think, in most instances, the question of statistical significance by the methods used by certain statisticians are largely irrelevant in interpreting month-to-month changes in the economy. This is just another example.

I guess I have said enough about that. Now, let me turn to the economic situation.

During recent monthly hearings before this committee, I have been pointing out that recent data show the classic pattern around business cycle troughs. This classic pattern continued to unfold in June.

At this time, when most economists believe that the economy is approaching or may have entered the recovery stage of the business cycle, it is important to note that, at the bottom of a recession and during the early recovery stages, the economy still operates at a relatively depressed level. Large numbers of people remain unemployed, the number of long-term unemployed and the average duration of unemployment grow, much industrial capacity is underutilized, and income and consumption are relatively low.

In the 1957–58 recession, the post-World War II recession which most closely resembled the 1974–75 recession in severity, industrial production regained its previous peak in 10 months, but after previous severe recessions (1921 and 1937–38), it has taken about 18 months before the previous cyclical peak levels were regained.

I have not commented on the Great Depression in the mid 1930's because I do not think it is relevant to the present situation.

Most of the employment indicators which tend to move early rose in June or held the recent improvements shown in May, and continue well above their trough levels (chart 3).

The major measures of employment performance also held steady, with total worker hours, total employment (according to the household survey), and nonagricultural payroll employment (according to the establishment survey) showing little or no change in June (chart 2).

I have noted above that total unemployment was also probably level between May and June, with almost all worker groups for which we could make satisfactory seasonal adjustments showing little or no change (chart 1).

The answer to the question many have been asking about the shape of the trough seems to be "saucer like," and this, in turn, suggests that the inventory adjustment had not yet fully run its course by mid-June.

A few words on prices. The Wholesale Price Index for June, also released this morning, shows a slight decline, −0.1 percent after seasonal adjustment. The June decline was dominated by a 1.4 percent decline in farm products and processed foods and feeds. Industrial commodities rose 0.4 percent, a continuation of the moderate increases so far this year. The June increase in industrial prices was due primarily to a 1.8 percent increase in prices of fuels and power.

Crude nonfood material prices, the best leading indicator among the price series, rose for the third consecutive month. Prices of intermediate materials also rose slightly. Finished goods prices also continued to increase, but at a moderate pace compared to last year.

The increase in the WPI finished goods prices suggests that increases in the nonfood commodity component of the CPI will continue to be moderate in the near term. On the other hand, if crude materials prices continue to rise, the improvement in consumer prices may not be long lived.

I will now be glad to try to answer your questions.

[The above-mentioned tables and charts, and the press release follow:]

TABLE 1.—UNEMPLOYMENT RATE BY ALTERNATE SEASONAL ADJUSTMENT METHODS

| Month | Unadjusted rate | Adjusted rate | Other aggregations | | | | | Additive (X-11) | Direct adjustments | | | Composite | | Range (col. 2–13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Duration | Full time and part time | Reasons | Occupation | Industry | | Rate | Level | Residual | 1 | 2 | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1974: | | | | | | | | | | | | | | |
| January | 5.6 | 5.2 | 5.1 | 5.1 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 0.1 |
| February | 5.7 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 | 5.2 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | .1 |
| March | 5.3 | 5.1 | 5.1 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| April | 4.8 | 5.0 | 5.1 | 5.1 | 5.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| May | 4.6 | 5.2 | 5.2 | 5.2 | 5.3 | 5.2 | 5.2 | 5.1 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | .2 |
| June | 5.8 | 5.2 | 5.3 | 5.3 | 5.2 | 5.3 | 5.2 | 5.3 | 5.2 | 5.2 | 5.3 | 5.3 | 5.3 | .1 |
| July | 5.6 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | .1 |
| August | 5.3 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.5 | 5.4 | 5.4 | .2 |
| September | 5.7 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | .0 |
| October | 5.5 | 6.0 | 6.0 | 6.2 | 6.0 | 6.0 | 6.0 | 6.0 | 6.1 | 6.1 | 5.9 | 6.0 | 6.0 | .3 |
| November | 6.2 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.5 | 6.4 | 6.6 | 6.6 | 6.4 | 6.6 | 6.6 | .2 |
| December | 6.7 | 7.2 | 7.0 | 7.2 | 7.1 | 7.1 | 7.1 | 7.0 | 7.3 | 7.2 | 7.0 | 7.1 | 7.1 | .3 |
| 1975: | | | | | | | | | | | | | | |
| January | 9.0 | 8.2 | 8.2 | 8.1 | 8.0 | 8.1 | 8.0 | 8.4 | 8.2 | 8.2 | 8.4 | 8.2 | 8.1 | .4 |
| February | 9.1 | 8.2 | 8.0 | 8.1 | 8.0 | 7.9 | 8.1 | 8.5 | 8.2 | 8.2 | 8.6 | 8.2 | 8.1 | .7 |
| March | 9.1 | 8.7 | 8.6 | 8.7 | 8.5 | 8.6 | 8.5 | 8.9 | 8.7 | 8.7 | 9.0 | 8.7 | 8.7 | .5 |
| April | 8.6 | 8.9 | 8.7 | 8.9 | 8.8 | 8.8 | 8.8 | 8.8 | 9.0 | 9.0 | 8.8 | 8.8 | 8.8 | .3 |
| May | 8.3 | 9.2 | 9.0 | 9.2 | 9.3 | 9.3 | 9.3 | 8.8 | 9.4 | 9.3 | 9.9 | 9.1 | 9.2 | .6 |
| June | 9.1 | 8.6 | 8.7 | 8.5 | 8.8 | 8.6 | 8.6 | 8.7 | 8.2 | 8.2 | 8.7 | 8.7 | 8.6 | .6 |
| July | | | | | | | | | | | | | | |
| August | | | | | | | | | | | | | | |
| September | | | | | | | | | | | | | | |
| October | | | | | | | | | | | | | | |
| November | | | | | | | | | | | | | | |
| December | | | | | | | | | | | | | | |

Source: U.S. Department of Labor Bureau of Labor Statistics, July 3, 1975.

Col. (1) Unemployment rate, not seasonally adjusted.

Col. (2) Seasonally adjusted unemployment rate.—This is the rate as published. Each of 4 unemployed sex-age components—males and females, 16 to 19 and 20 yr and over—are independently seasonally adjusted. The rate is calculated by aggregating the 4 and dividing them by 12 summed labor force components—these 4 plus 8 employed components, which are the 4 sex-age groups in agriculture and nonagricultural industries. This employment aggregate is also used in the calculation of the labor force base in (3)–(8).

The current "implicit" factors for the total unemployment rate are as follows: January 109.1; February, 111.1; March, 104.2; April, 95.7; May, 89.1; June, 110.7; July, 105.5; August, 97.8; September, 98.4; October, 91; November, 94.6; December, 93.

Col. (3) Duration.—Unemployment total is aggregated from 4 independently adjusted unemployment by duration groups (0–4, 5–14, 15–26, 27-plus).

Col. (4) Full-time and Part-time.—Unemployment total is aggregated from 6 independently seasonally adjusted unemployment groups, by whether the unemployed are seeking full-time or part-time work and men 20-plus women 20-plus, and teenagers.

Col. (5) Reasons.—Unemployment total is aggregated from 4 independently seasonally adjusted unemployment levels by reason for unemployment—job losers, job leavers, new entrants, and reentrants.

Col. (6) Occupation.—Unemployment total is aggregated from independetly seasonally adjusted unemployment by the occupation of the last job held. There are 13 unemployed components—12 major occupations plus new entrants to the labor force (no previous work experience).

Col. (7) Industry.—Unemployment total is aggregated from 16 independently adjusted industry and class-of-worker categories, again including new entrants to the labor force.

Col. (8) Additve method.—The basic 4 unemployed sex-age groups—males and females, 16 to 19 yr and 20 yr and over—are adjusted by the X–11 additve method rather than the conventional multiplicative method. Employment (8 sex-age groups) is the same, however, as in columns (3)–(7).

Col. (9) Unemployment rate adjusted directly.

Col. (10). Unemployment and labor force levels adjusted directly.

Col. (11) Labor force and employment levels adjusted directly, unemployment as a residual and rate then calculated.

Col. (12) Average of (2), (3), (4), (5), and (11).

Col. (13) Average of (2), (3), (4), (5), (6), (7), and (11).

Note: The X–11 method, developed by Julius Shiskin at the Bureau of the Census over the period, 1955–65, was used in computing all the seasonally adjusted series described above.



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TABLE 2.—UNEMPLOYMENT RATES FOR SELECTED WORKER GROUPS, JANUARY–JUNE 1975

[Seasonally adjusted]

| | 2d quarter average level of unemployment (thousands) | Unemployment rates | | | | | |
|---|---|---|---|---|---|---|---|
| | | January | February | March | April | May | June |
| Groups with little or no seasonal adjustment problem: | | | | | | | |
| All persons, 25 and over | 4,533 | 5.7 | 5.7 | 6.1 | 6.3 | 6.4 | 6.6 |
| Males, 25 and over | 2,510 | 4.8 | 5.0 | 5.4 | 5.6 | 5.8 | 5.9 |
| Females, 25 and over | 2,023 | 7.1 | 6.9 | 7.3 | 7.5 | 7.5 | 7.6 |
| Household heads | 3,266 | 5.2 | 5.4 | 5.8 | 6.0 | 6.3 | 6.1 |
| Married men | 2,286 | 4.5 | 4.7 | 5.2 | 5.6 | 5.8 | 5.7 |
| Construction workers | 915 | 15.0 | 15.9 | 18.1 | 19.3 | 21.8 | 21.0 |
| Groups with significant seasonal adjustment problems: | | | | | | | |
| Total, all workers | 8,203 | 8.2 | 8.2 | 8.7 | 8.9 | 9.2 | 8.6 |
| 16 to 19-year olds | 1,434 | 20.8 | 19.9 | 20.6 | 20.4 | 21.8 | 19.2 |
| 20 to 24-year-olds | 1,899 | 12.4 | 13.3 | 14.3 | 14.6 | 14.8 | 12.8 |

Source: Bureau of Labor Statistics, July 3, 1975.

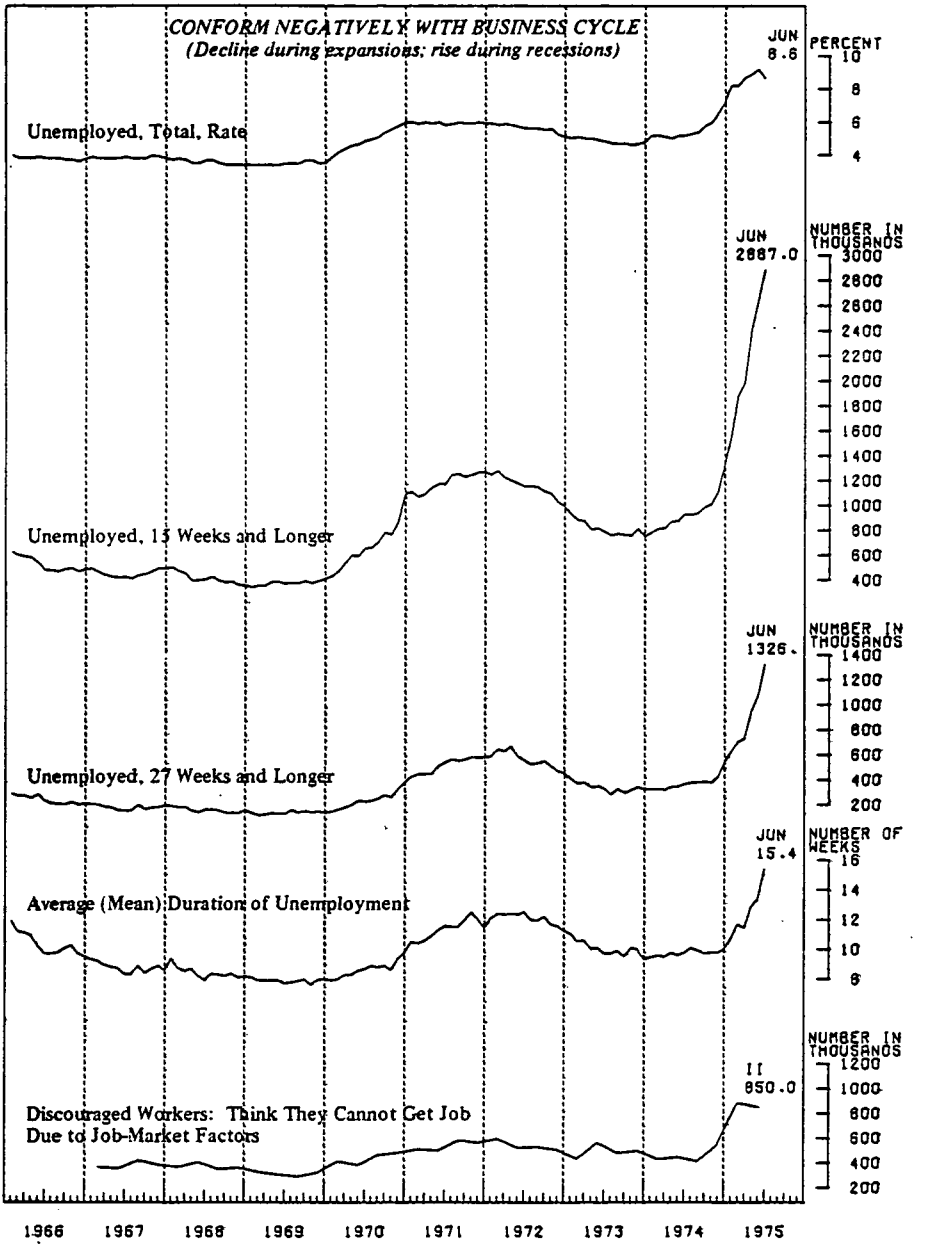
TABLE 3.—UNEMPLOYMENT RATES, DETAILED MANUFACTURING INDUSTRIES

[Seasonally adjusted]

| | June 1974 | Apr. 1975 | May 1975 | June 1975 |
|---|---|---|---|---|
| Lumber | 6.4 | 17.7 | 18.6 | 14.3 |
| Furniture and fixtures | 6.7 | 13.4 | 12.2 | 17.0 |
| Stone, clay, and glass | 3.6 | 10.9 | 12.3 | 10.8 |
| Primary metals | 3.3 | 12.0 | 10.7 | 10.9 |
| Fabricated metals | 4.4 | 10.9 | 13.8 | 13.3 |
| Machinery | 3.7 | 10.9 | 9.8 | 10.5 |
| Electrical equipment | 4.3 | 13.6 | 16.1 | 15.3 |
| Transportation equipment | 6.5 | 13.8 | 12.1 | 13.3 |
| Automobiles | 8.2 | 18.0 | 15.1 | 17.9 |
| Other transportation equipment | 7.1 | 14.7 | 13.5 | 8.0 |
| Food and kindred products | 8.0 | 9.2 | 10.0 | 11.0 |
| Textile mill products | 5.9 | 17.1 | 18.3 | 14.0 |
| Apparel and other textile products | 8.0 | 18.9 | 16.1 | 14.9 |
| Printing and publishing | 4.3 | 7.1 | 8.3 | 6.0 |
| Chemicals and allied products | 1.8 | 5.6 | 8.0 | 8.2 |
| Petroleum and coal products | 2.3 | 1.8 | 5.9 | 2.1 |
| Rubber and plastics products | 6.4 | 15.2 | 13.6 | 13.2 |

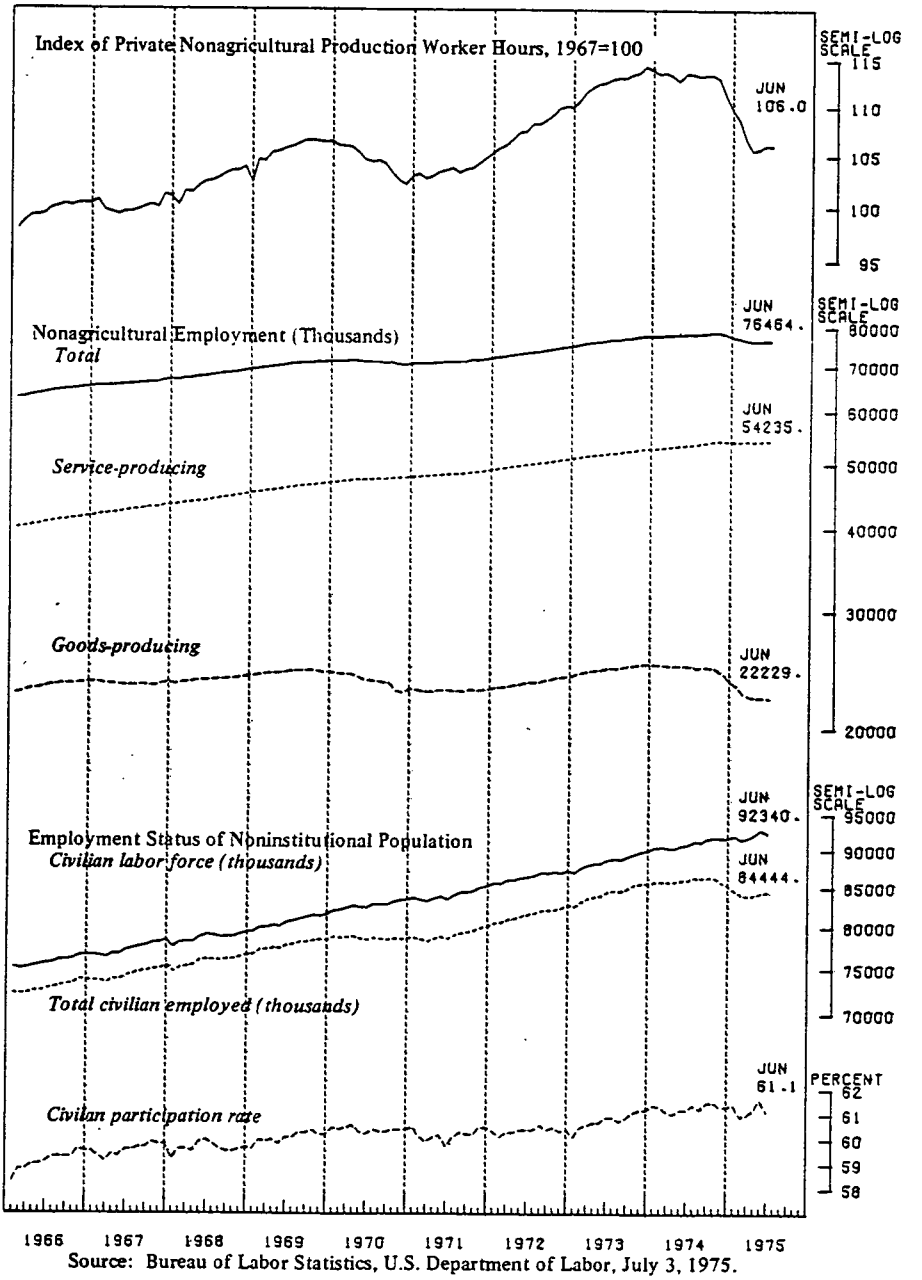
Source: Bureau of Labor Statistics, July 3, 1975.

Chart 1. UNEMPLOYMENT INDICATORS, 1966-75
(Late Movers at Business Cycle Troughs)



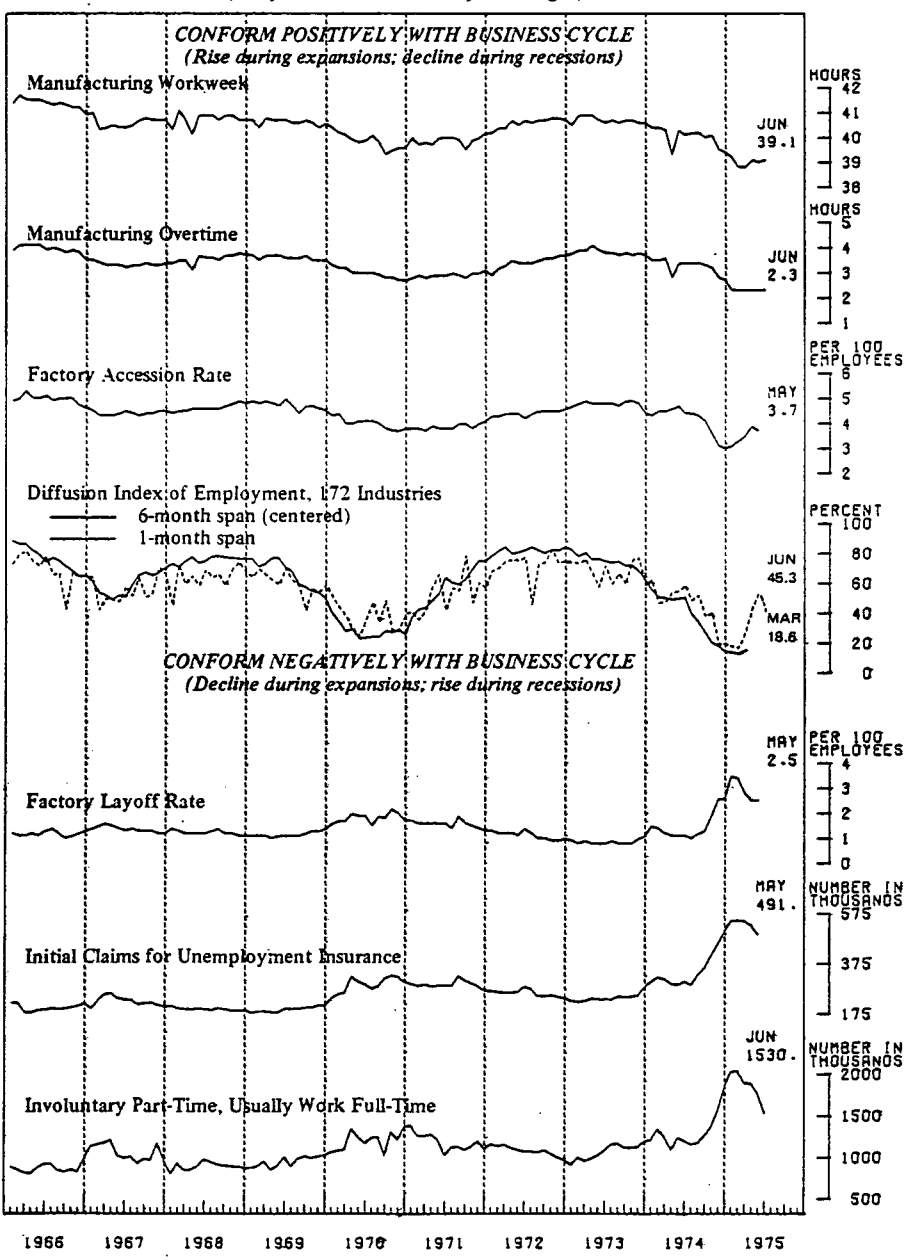

Source: Bureau of Labor Statistics, U.S. Department of Labor, July 3, 1975.

Chart 2. INDICATORS OF LABOR ACTIVITY–
MEASURES OF PERFORMANCE, 1966-75




Source: Bureau of Labor Statistics, U.S. Department of Labor, July 3, 1975.

Chart 3. EMPLOYMENT INDICATORS, 1966-75
(Early Movers at Business Cycle Troughs)




Source: Bureau of Labor Statistics, U.S. Department of Labor, July 3, 1975.

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# THE EMPLOYMENT SITUATION: JUNE 1975

Unemployment declined in June, and employment was about unchanged, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. The unemployment rate dropped to 8.6 percent in June from 9.2 percent in May. (Both rates are subject to the seasonal adjustment limitation described below.)

Total employment (as measured by the monthly survey of households) held about steady in June at 84.4 million, after posting increases totaling 550,000 from March to May. Employment did rise in the nonagricultural sector, but there was an offsetting decline in agricultural employment. Since last September, total employment has fallen by nearly 2 million.

Total nonagricultural payroll employment (as measured by the monthly survey of establishments), at 76.5 million in June, was little changed from May but was up 115,000 from April. This advance followed 6 consecutive monthly declines that totaled 2.5 million. Because hours of work were also unchanged in June, total man-hours, the most comprehensive measure of labor activity, held at the May level.

A sizeable decline in unemployment between May and June had been anticipated as a result of a limitation in the seasonal adjustment procedure. Changes in unemployment in June are strongly affected by the large numbers of students and graduates entering the labor market. The seasonal adjustment method currently used assumes that the number of young jobseekers who enter the labor market between May and June is proportional to the level of unemployment. However, when the unemployment level becomes exceptionally high, as in 1975, the proportional relationship does not hold. As a result, the seasonal adjustment factors overcorrected and brought about a seasonally adjusted decline of 640,000 in the overall level of unemployment. The rate was probably overstated

In May and understated in June, so that an average of the 2 months provides a better estimate of recent developments than the individual months. (An amplification of this explanation is available from the Bureau of Labor Statistics upon request.)

Unemployment

Because of the problems of seasonal adjustment alluded to above, it is difficult to interpret changes in unemployment among those worker groups which typically experience sizeable labor force inflows in June. Thus, the groups most significantly affected by

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

| Selected categories | Quarterly averages | | | | | Monthly data | | |
|---|---|---|---|---|---|---|---|---|
| | 1974 | | | 1975 | | Apr. 1975 | May 1975 | June 1975 |
| | II | III | IV | I | II | | | |
| | (Millions of persons) | | | | | | | |
| Civilian labor force | 90.6 | 91.4 | 91.8 | 91.8 | 92.5 | 92.3 | 92.9 | 92.3 |
| Total employment | 86.0 | 86.4 | 85.7 | 84.1 | 84.3 | 84.1 | 84.4 | 84.4 |
| Adult men | 48.5 | 48.5 | 48.3 | 47.3 | 47.2 | 47.1 | 47.3 | 47.2 |
| Adult women | 30.1 | 30.5 | 30.1 | 29.8 | 30.1 | 30.0 | 30.0 | 30.3 |
| Teenagers | 7.4 | 7.4 | 7.4 | 7.0 | 7.0 | 7.0 | 7.1 | 6.9 |
| Unemployment | 4.7 | 5.0 | 6.1 | 7.0 | 8.2 | 8.2 | 8.5 | 7.9 |
| | (Percent of labor force) | | | | | | | |
| Unemployment rates: | | | | | | | | |
| All workers | 5.1 | 5.5 | 6.6 | 8.3 | 8.9 | 8.9 | 9.2 | 8.6 |
| Adult men | 3.5 | 3.7 | 4.8 | 6.3 | 7.1 | 7.0 | 7.3 | 7.0 |
| Adult women | 5.1 | 5.4 | 6.5 | 8.2 | 8.5 | 8.6 | 8.6 | 8.1 |
| Teenagers | 15.1 | 16.1 | 17.5 | 20.5 | 20.5 | 20.4 | 21.8 | 19.2 |
| White | 4.6 | 5.0 | 5.9 | 7.6 | 8.2 | 8.1 | 8.5 | 7.9 |
| Negro and other races | 9.1 | 9.6 | 11.7 | 13.7 | 14.3 | 14.6 | 14.7 | 13.7 |
| Household heads | 3.0 | 3.2 | 4.1 | 5.5 | 6.1 | 6.0 | 6.3 | 6.1 |
| Married men | 2.4 | 2.7 | 3.3 | 4.8 | 5.7 | 5.6 | 5.8 | 5.7 |
| Full-time workers | 4.6 | 5.0 | 6.2 | 7.9 | 8.5 | 8.6 | 8.8 | 8.2 |
| State insured | 3.3 | 3.4 | 4.3 | 6.0 | 6.9 | 6.8 | 7.0 | 7.0 |
| | (Weeks) | | | | | | | |
| Average duration of unemployment | 9.7 | 9.9 | 9.9 | 11.3 | 13.9 | 12.9 | 13.4 | 15.4 |
| | (Millions of persons) | | | | | | | |
| Nonfarm payroll employment | 78.3 | 78.7 | 78.3 | 76.8 | 76.4p | 76.3 | 76.4p | 76.5p |
| Goods-producing industries | 24.9 | 24.8 | 24.1 | 22.7 | 22.3p | 22.3 | 22.3p | 22.2p |
| Service-producing industries | 53.5 | 53.9 | 54.2 | 54.0 | 54.2p | 54.1 | 54.1p | 54.2p |
| | (Hours of work) | | | | | | | |
| Average weekly hours: | | | | | | | | |
| Total private nonfarm | 36.7 | 36.7 | 36.4 | 36.0 | 36.0p | 36.0 | 36.0p | 36.0p |
| Manufacturing | 39.9 | 40.1 | 39.7 | 38.9 | 39.1p | 39.1 | 39.0p | 39.1p |
| Manufacturing overtime | 3.2 | 3.4 | 2.9 | 2.3 | 2.3p | 2.3 | 2.3p | 2.3p |
| | (1967=100) | | | | | | | |
| Hourly Earnings Index, private nonfarm: | | | | | | | | |
| In current dollars | 156.2 | 160.3 | 164.1r | 167.3 | 170.0p | 168.8 | 169.8p | 171.6p |
| In constant dollars | 107.4 | 107.0 | 106.4 | 106.4 | N.A. | 106.3 | 106.6p | N.A. |

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

the problem of seasonal adjustment--teenagers and 20-24 year olds--posted large over-the-month declines, from 21.8 to 19.2 percent and 14.8 to 12.8 percent, respectively. The analysis which follows emphasizes those groups which are relatively little affected by these problems of seasonality, particularly adult workers or groups comprised largely of adults.

The unemployment rates for both men and women 25 years of age and over were about unchanged in June, at 5.9 and 7.6 percent, respectively. The jobless rates of household heads (6.1 percent) and married men (5.7 percent) were also little changed in June. With the exception of the rate for women, jobless rates for each of these groups have doubled over the past year. (See tables A-2 and A-6.)

The number of unemployed job losers, which had risen steadily since last August, was about unchanged in June at a level of 4.8 million, seasonally adjusted. (See table A-5.) Since August 1974, the number of job losers has risen by 2.8 million.

Long-term unemployment continued to increase in June. The number of workers jobless 15 weeks or longer rose by nearly 250,000 over the month to a seasonally adjusted level of 2.9 million. The increase came entirely among those unemployed for 6 months or more, a group whose ranks have expanded by almost a million over the past year and by 600,000 in the past 3 months alone. The rise in long-term unemployment also helped lengthen the average duration of unemployment--from 13.4 to 15.4 weeks, the highest level in 13 years. (See table A-4.)

The unemployment rate of workers covered by State unemployment insurance programs was unchanged in June at 7.0 percent. The number of workers claiming regular State unemployment insurance benefits was 4.6 million, seasonally adjusted. However, the total number of persons claiming unemployment insurance benefits is much larger when the 2.2 million drawing benefits under various special programs including the Federal extended benefits program, are taken into account.

Total Employment and Civilian Labor Force

Total employment was unchanged in June, at 84.4 million, seasonally adjusted, after increasing by over half a million in the 2 previous months. There were, however, offsetting movements in the agricultural and nonagricultural sectors. Agricultural employ-

ment dropped by 210,000 in June following an unusually large increase in May. Nonagricultural employment, by contrast, rose for the third month in a row, moving up 250,000 to 81.1 million. Total nonagricultural employment has expanded by over 550,000 since March but remained 1.8 million below last July's high mark. (See table A-1.)

As a direct reflection of the problems involved with the seasonal adjustment of unemployment, the civilian labor force declined by 600,000 in June, after exhibiting strong growth for 3 months in a row. (See table A-1.) Although the rate of labor force participation was also down (to 61.1 percent), it was still at a comparatively high level. Over the past year, the labor force has increased by 1-½ million workers and the participation rate was about unchanged.

Discouraged Workers

In times of economic distress, not only do large numbers of persons look for jobs, and thus are counted as unemployed, but also many become discouraged over job prospects and give up the search for work. Although these workers state that they are interested in obtaining a job "now," they are not counted as unemployed and thus are "not in the labor force" because they are not actively seeking work. Data on the number of "discouraged workers" have been collected since 1967 and are published quarterly.

The discouraged workers total was at a record high of 1.2 million in the second quarter, little changed from the first quarter level of 1.1 million (seasonally adjusted). This development followed sharp increases in the previous 2 quarters, which saw the discouraged workers count rise by 460,000. The greatest incidence of discouragement continued to be among those worker groups who typically experience the most difficulty in finding work and have been hard hit by rising joblessness--younger and older workers, women, and blacks. (More detailed data on discouraged workers appear regularly in the quarterly press release, Labor Force Developments. The release covering statistics for the second quarter of 1975 will be issued on July 14.)

Industry Payroll Employment

Total nonagricultural payroll employment held about steady in June at 76.5 million, seasonally adjusted. Since April, however, employment has increased by 115,000, following declines of 2.5 million between last October and March. Since the February low, when

only 17 percent of the 172 industries in the diffusion index were increasing, the proportion has risen to about half in both May and June. (See tables B-1 and B-6.)

In the goods-producing sector, employment in contract construction declined by 50,000, while manufacturing employment was little changed. Among the durable goods industries, there was a small gain in transportation equipment, which was countered by continued declines in machinery and electrical equipment. Employment in transportation equipment has risen by 75,000 since the February low. In the nondurable goods industries, apparel was the only industry to register a sizeable increase; employment in this industry was up 45,000 since March but remained 200,000 below the April 1973 high.

Since the pre-recession high reached in December 1973, employment in manufacturing has fallen by 2.2 million, with nearly all of the decrease occurring in the September-April period. In contract construction, employment was down by over 700,000 from its February 1974 peak; over half of this reduction took place this year.

Job gains in the service-producing sector were posted in retail trade (55,000), services (25,000), and State and local government (30,000). State and local government is the only industry to have shown strong growth in recent months.

Hours of Work

The average workweek for all production or nonsupervisory workers on nonfarm payrolls was unchanged over the month at 36.0 hours, seasonally adjusted. (See table B-2.) Average weekly hours have held fairly steady at this level during 1975 but were down 0.7 hour from June a year ago.

Average hours in manufacturing edged up one-tenth of an hour over the month to 39.1 hours, after reaching a recession low of 38.8 hours in February and March. Since June a year ago, the average workweek in manufacturing has fallen a full hour. Factory overtime was at 2.3 hours for the sixth consecutive month. Overtime in manufacturing was down 1.1 hours over the year and 1.8 hours from the April 1973 peak.

The aggregate man-hours of private nonfarm production or nonsupervisory workers was about unchanged in June from the previous month at 106.0 (1967=100). Since last June, the index of total man-hours has fallen by 6.6 percent. (See table B-5.) Factory man-hours, however, rose by 0.5 percent in June to 86.8 (1967=100). This marked the

third straight month that the factory man-hours index has increased, reversing a downward trend which began in late 1973.

Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.4 percent in June and 6.7 percent from a year ago (seasonally adjusted). Average weekly earnings increased 0.4 percent over the month. Since June 1974, weekly earnings have advanced by 4.6 percent.

Before adjustment for seasonality, average hourly earnings rose 2 cents in June to $4.49 and were up 28 cents from a year ago. Average weekly earnings were $162.99, an increase of $2.52 from May and $7.22 from June of last year. (See table B-3.)

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 171.6 (1967=100) in June, 1.0 percent higher than in May. The index was 8.4 percent above June a year ago. During the 12-month period ended in May, the Hourly Earnings Index in dollars of constant purchasing power declined 0.6 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*.

## Table A-1. Employment status of the noninstitutional population

(Numbers in thousands)

| Employment status | Not seasonally adjusted | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 1974 | May 1975 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| **TOTAL** | | | | | | | | | |
| Total noninstitutional population[1] | 150,710 | 153,051 | 153,278 | 150,710 | 152,445 | 152,646 | 152,840 | 153,051 | 153,278 |
| Total labor force | 94,758 | 93,949 | 96,191 | 93,068 | 93,709 | 94,027 | 94,457 | 95,121 | 94,518 |
| Participation rate | 62.9 | 61.4 | 62.8 | 61.8 | 61.5 | 61.6 | 61.8 | 62.1 | 61.7 |
| Civilian noninstitutional population[1] | 148,499 | 150,870 | 151,100 | 148,499 | 150,246 | 150,447 | 150,645 | 150,870 | 151,100 |
| Civilian labor force | 92,546 | 91,768 | 94,013 | 90,857 | 91,511 | 91,829 | 92,262 | 92,940 | 92,340 |
| Participation rate | 62.3 | 60.8 | 62.2 | 61.2 | 60.9 | 61.0 | 61.2 | 61.6 | 61.1 |
| Employed | 87,167 | 84,146 | 85,444 | 86,088 | 84,027 | 83,849 | 84,086 | 84,402 | 84,444 |
| Agriculture | 3,895 | 3,622 | 3,869 | 3,333 | 3,326 | 3,265 | 3,238 | 3,512 | 3,304 |
| Nonagricultural industries | 83,272 | 80,524 | 81,575 | 82,755 | 80,701 | 80,584 | 80,848 | 80,890 | 81,140 |
| Unemployed | 5,380 | 7,623 | 8,569 | 4,769 | 7,484 | 7,980 | 8,176 | 8,538 | 7,896 |
| Unemployment rate | 5.8 | 8.3 | 9.1 | 5.2 | 8.2 | 8.7 | 8.9 | 9.2 | 8.6 |
| Not in labor force | 55,953 | 59,101 | 57,087 | 57,642 | 58,735 | 58,618 | 58,383 | 57,930 | 58,760 |
| **Males, 20 years and over** | | | | | | | | | |
| Total noninstitutional population[1] | 63,886 | 64,901 | 65,000 | 63,886 | 64,644 | 64,730 | 64,812 | 64,901 | 65,000 |
| Total labor force | 52,491 | 52,434 | 52,872 | 51,996 | 52,150 | 52,136 | 52,414 | 52,788 | 52,439 |
| Participation rate | 82.2 | 80.8 | 81.3 | 81.4 | 80.7 | 80.5 | 80.9 | 81.3 | 80.7 |
| Civilian noninstitutional population[1] | 62,097 | 63,180 | 63,282 | 62,097 | 62,911 | 62,997 | 63,080 | 63,180 | 63,282 |
| Civilian labor force | 50,702 | 50,713 | 51,153 | 50,207 | 50,417 | 50,403 | 50,683 | 51,067 | 50,721 |
| Participation rate | 81.6 | 80.3 | 80.8 | 80.9 | 80.1 | 80.0 | 80.3 | 80.8 | 80.2 |
| Employed | 48,994 | 47,240 | 47,698 | 48,450 | 47,288 | 46,990 | 47,123 | 47,333 | 47,166 |
| Agriculture | 2,609 | 2,499 | 2,569 | 2,431 | 2,475 | 2,421 | 2,399 | 2,457 | 2,394 |
| Nonagricultural industries | 46,385 | 44,741 | 45,130 | 46,019 | 44,813 | 44,569 | 44,724 | 44,876 | 44,772 |
| Unemployed | 1,707 | 3,473 | 3,455 | 1,757 | 3,129 | 3,413 | 3,560 | 3,734 | 3,555 |
| Unemployment rate | 3.4 | 6.8 | 6.8 | 3.5 | 6.2 | 6.8 | 7.0 | 7.3 | 7.0 |
| Not in labor force | 11,395 | 12,467 | 12,129 | 11,890 | 12,494 | 12,594 | 12,397 | 12,113 | 12,561 |
| **Females, 20 years and over** | | | | | | | | | |
| Civilian noninstitutional population[1] | 70,346 | 71,463 | 71,574 | 70,346 | 71,167 | 71,266 | 71,358 | 71,463 | 71,574 |
| Civilian labor force | 31,429 | 32,712 | 32,550 | 31,882 | 32,326 | 32,637 | 32,845 | 32,835 | 33,023 |
| Participation rate | 44.7 | 45.8 | 45.5 | 45.3 | 45.4 | 45.8 | 46.0 | 45.9 | 46.1 |
| Employed | 29,809 | 30,116 | 29,870 | 30,255 | 29,719 | 29,877 | 30,007 | 29,998 | 30,332 |
| Agriculture | 621 | 596 | 615 | 485 | 474 | 443 | 453 | 537 | 480 |
| Nonagricultural industries | 29,188 | 29,520 | 29,255 | 29,770 | 29,245 | 29,434 | 29,554 | 29,461 | 29,852 |
| Unemployed | 1,620 | 2,596 | 2,680 | 1,627 | 2,607 | 2,760 | 2,838 | 2,837 | 2,691 |
| Unemployment rate | 5.2 | 7.9 | 8.2 | 5.1 | 8.1 | 8.5 | 8.6 | 8.6 | 8.1 |
| Not in labor force | 38,917 | 38,750 | 39,024 | 38,464 | 38,841 | 38,629 | 38,513 | 38,628 | 38,551 |
| **Both sexes, 16-19 years** | | | | | | | | | |
| Civilian noninstitutional population[1] | 16,056 | 16,226 | 16,244 | 16,056 | 16,168 | 16,184 | 16,207 | 16,226 | 16,244 |
| Civilian labor force | 10,416 | 8,343 | 10,310 | 8,768 | 8,768 | 8,789 | 8,734 | 9,038 | 8,596 |
| Participation rate | 64.9 | 51.4 | 63.5 | 54.6 | 54.2 | 54.3 | 53.9 | 55.7 | 52.9 |
| Employed | 8,364 | 6,790 | 7,876 | 7,383 | 7,020 | 6,982 | 6,956 | 7,071 | 6,946 |
| Agriculture | 665 | 526 | 686 | 417 | 377 | 401 | 386 | 518 | 430 |
| Nonagricultural industries | 7,698 | 6,263 | 7,190 | 6,966 | 6,643 | 6,581 | 6,570 | 6,553 | 6,516 |
| Unemployed | 2,053 | 1,553 | 2,434 | 1,385 | 1,748 | 1,807 | 1,778 | 1,967 | 1,650 |
| Unemployment rate | 19.7 | 18.6 | 23.6 | 15.8 | 19.9 | 20.6 | 20.4 | 21.8 | 19.2 |
| Not in labor force | 5,640 | 7,883 | 5,934 | 7,288 | 7,400 | 7,395 | 7,473 | 7,188 | 7,648 |
| **WHITE** | | | | | | | | | |
| Civilian noninstitutional population[1] | 131,293 | 133,217 | 133,402 | 131,293 | 132,720 | 132,879 | 133,039 | 133,217 | 133,402 |
| Civilian labor force | 81,943 | 81,473 | 83,231 | 80,561 | 81,071 | 81,546 | 81,825 | 82,428 | 81,908 |
| Participation rate | 62.4 | 61.2 | 62.4 | 61.4 | 61.1 | 61.4 | 61.5 | 61.9 | 61.4 |
| Employed | 77,700 | 75,216 | 76,327 | 76,732 | 75,043 | 75,039 | 75,193 | 75,387 | 75,451 |
| Unemployed | 4,243 | 6,257 | 6,904 | 3,829 | 6,028 | 6,507 | 6,632 | 7,041 | 6,457 |
| Unemployment rate | 5.2 | 7.7 | 8.3 | 4.8 | 7.4 | 8.0 | 8.1 | 8.5 | 7.9 |
| Not in labor force | 49,350 | 51,744 | 50,171 | 50,732 | 51,649 | 51,333 | 51,214 | 50,789 | 51,494 |
| **NEGRO AND OTHER RACES** | | | | | | | | | |
| Civilian noninstitutional population[1] | 17,206 | 17,652 | 17,698 | 17,206 | 17,527 | 17,568 | 17,606 | 17,652 | 17,698 |
| Civilian labor force | 10,604 | 10,295 | 10,782 | 10,308 | 10,387 | 10,364 | 10,401 | 10,494 | 10,469 |
| Participation rate | 61.6 | 58.3 | 60.9 | 59.9 | 59.3 | 59.0 | 59.1 | 59.4 | 59.2 |
| Employed | 9,467 | 8,930 | 9,117 | 9,378 | 8,989 | 8,893 | 8,886 | 8,953 | 9,034 |
| Unemployed | 1,137 | 1,366 | 1,665 | 930 | 1,398 | 1,471 | 1,515 | 1,541 | 1,435 |
| Unemployment rate | 10.7 | 13.3 | 15.4 | 9.0 | 13.5 | 14.2 | 14.6 | 14.7 | 13.7 |
| Not in labor force | 6,602 | 7,357 | 6,916 | 6,898 | 7,140 | 7,204 | 7,205 | 7,158 | 7,229 |

[1] 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.

## Table A-2. Major unemployment indicators, seasonally adjusted

| Selected categories | Number of unemployed persons (in thousands) | | Unemployment rates | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 1974 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| Total, 16 years and over | 4,769 | 7,896 | 5.2 | 8.2 | 8.7 | 8.9 | 9.2 | 8.6 |
| Males, 20 years and over | 1,757 | 3,555 | 3.5 | 6.2 | 6.8 | 7.0 | 7.3 | 7.0 |
| Females, 20 years and over | 1,627 | 2,691 | 5.1 | 8.1 | 8.5 | 8.6 | 8.6 | 8.1 |
| Both sexes, 16-19 years | 1,385 | 1,650 | 15.8 | 19.9 | 20.6 | 20.4 | 21.8 | 19.2 |
| White, total | 3,829 | 6,457 | 4.8 | 7.4 | 8.0 | 8.1 | 8.5 | 7.9 |
| Males, 20 years and over | 1,427 | 2,940 | 3.2 | 5.6 | 6.2 | 6.4 | 6.8 | 6.4 |
| Females, 20 years and over | 1,314 | 2,171 | 4.7 | 7.6 | 8.0 | 8.2 | 8.2 | 7.6 |
| Both sexes, 16-19 years | 1,088 | 1,346 | 14.0 | 17.5 | 18.1 | 17.8 | 19.5 | 17.6 |
| Negro and other races, total | 930 | 1,435 | 9.0 | 13.5 | 14.2 | 14.6 | 14.7 | 13.7 |
| Males, 20 years and over | 328 | 614 | 6.4 | 11.1 | 11.8 | 12.6 | 12.0 | 11.9 |
| Females, 20 years and over | 305 | 508 | 7.3 | 10.9 | 11.2 | 11.2 | 12.2 | 11.7 |
| Both sexes, 16-19 years | 297 | 313 | 30.9 | 36.7 | 41.6 | 40.2 | 39.9 | 33.2 |
| Household heads | 1,606 | 3,258 | 3.1 | 5.4 | 5.8 | 6.0 | 6.3 | 6.1 |
| Married men, spouse present | 1,030 | 2,283 | 2.6 | 4.7 | 5.2 | 5.6 | 5.8 | 5.7 |
| Full-time workers | 3,631 | 6,415 | 4.7 | 7.8 | 8.3 | 8.6 | 8.8 | 8.2 |
| Part-time workers | 1,156 | 1,433 | 8.7 | 10.3 | 10.9 | 10.4 | 11.1 | 10.3 |
| Unemployed 15 weeks and over[1] | 934 | 2,887 | 1.0 | 2.0 | 2.2 | 2.6 | 2.8 | 3.1 |
| State insured[2] | 2,137 | 4,628 | 3.3 | 5.9 | 6.4 | 6.8 | 7.0 | 7.0 |
| Labor force time lost[3] | -- | -- | 5.6 | 8.9 | 9.6 | 9.7 | 9.9 | 8.9 |
| **OCCUPATION[4]** | | | | | | | | |
| White-collar workers | 1,383 | 2,136 | 3.2 | 4.5 | 4.6 | 4.7 | 5.4 | 4.8 |
| Professional and technical | 260 | 415 | 2.0 | 3.2 | 2.9 | 3.4 | 3.6 | 3.2 |
| Managers and administrators, except farm | 165 | 280 | 1.8 | 2.7 | 2.7 | 3.3 | 3.5 | 3.0 |
| Sales workers | 259 | 358 | 4.6 | 5.3 | 6.0 | 5.8 | 5.9 | 6.0 |
| Clerical workers | 699 | 1,083 | 4.4 | 6.2 | 6.6 | 6.2 | 7.8 | 6.7 |
| Blue-collar workers | 1,965 | 3,974 | 6.2 | 10.9 | 12.5 | 13.0 | 13.0 | 12.6 |
| Craft and kindred workers | 495 | 1,127 | 4.2 | 6.5 | 8.7 | 9.0 | 9.3 | 9.4 |
| Operatives | 1,008 | 2,052 | 6.7 | 13.3 | 14.1 | 14.9 | 14.4 | 14.0 |
| Nonfarm laborers | 462 | 795 | 9.7 | 14.1 | 16.2 | 17.2 | 17.7 | 16.0 |
| Service workers | 725 | 1,075 | 6.0 | 7.7 | 8.5 | 8.2 | 8.7 | 8.5 |
| Farm workers | 80 | 99 | 2.6 | 3.0 | 4.5 | 4.0 | 3.7 | 3.3 |
| **INDUSTRY[4]** | | | | | | | | |
| Nonagricultural private wage and salary workers[5] | 3,546 | 6,443 | 5.4 | 8.8 | 9.3 | 9.8 | 10.1 | 9.6 |
| Construction | 467 | 951 | 10.4 | 15.9 | 18.1 | 19.3 | 21.8 | 21.0 |
| Manufacturing | 1,113 | 2,521 | 5.1 | 11.0 | 11.4 | 12.2 | 12.3 | 12.0 |
| Durable goods | 614 | 1,623 | 4.8 | 10.9 | 11.3 | 12.8 | 12.7 | 12.9 |
| Nondurable goods | 499 | 898 | 5.7 | 11.1 | 11.6 | 11.4 | 11.6 | 10.7 |
| Transportation and public utilities | 154 | 277 | 3.2 | 5.2 | 5.6 | 6.6 | 6.7 | 5.8 |
| Wholesale and retail trade | 997 | 1,403 | 6.1 | 8.0 | 8.7 | 9.1 | 8.9 | 8.3 |
| Finance and service industries | 798 | 1,247 | 4.4 | 6.5 | 6.7 | 6.6 | 7.2 | 6.6 |
| Government workers | 420 | 594 | 2.9 | 3.6 | 3.9 | 3.8 | 4.9 | 3.9 |
| Agricultural wage and salary workers | 101 | 144 | 7.5 | 8.8 | 12.0 | 12.6 | 9.4 | 10.5 |
| **VETERAN STATUS** | | | | | | | | |
| Males, Vietnam-era veterans[6]: | | | | | | | | |
| 20 to 34 years | 299 | 589 | 5.1 | 8.8 | 9.0 | 9.9 | 9.4c | 9.7 |
| 20 to 24 years | 125 | 204 | 10.1 | 17.3 | 17.5 | 22.8 | 21.2c | 19.9 |
| 25 to 29 years | 139 | 267 | 4.3 | 7.4 | 8.1 | 7.3 | 7.1c | 8.1 |
| 30 to 34 years | 35 | 118 | 2.7 | 5.9 | 5.2 | 6.8 | 6.9 | 6.7 |
| Males, nonveterans: | | | | | | | | |
| 20 to 34 years | 733 | 1,415 | 5.4 | 9.5 | 10.5 | 10.4 | 10.7 | 10.0 |
| 20 to 24 years | 456 | 806 | 7.6 | 12.6 | 14.7 | 14.5 | 14.7 | 12.9 |
| 25 to 29 years | 169 | 390 | 4.4 | 8.6 | 8.5 | 6.9 | 8.5 | 9.4 |
| 30 to 34 years | 108 | 219 | 2.9 | 5.1 | 5.5 | 7.2 | 5.9 | 5.9 |

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

HOUSEHOLD DATA

## Table A-3. Selected employment indicators

(In thousands)

| Selected categories | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 1974 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| Total employed, 16 years and over | 87,167 | 85,444 | 86,088 | 84,027 | 83,849 | 84,086 | 84,402 | 84,444 |
| Males | 53,789 | 52,098 | 52,492 | 51,112 | 50,781 | 50,873 | 51,172 | 50,861 |
| Females | 33,378 | 33,347 | 33,596 | 32,915 | 33,068 | 33,213 | 33,230 | 33,583 |
| Household heads | 51,097 | 50,003 | 50,980 | 49,672 | 49,613 | 49,796 | 49,924 | 49,903 |
| Married men, spouse present | 39,128 | 37,932 | 38,952 | 37,761 | 37,689 | 37,813 | 37,853 | 37,743 |
| Married women, spouse present | 19,249 | 19,049 | 19,682 | 19,173 | 19,271 | 19,376 | 19,317 | 19,478 |
| **OCCUPATION** | | | | | | | | |
| White-collar workers | 41,571 | 41,879 | 42,203 | 41,602 | 41,944 | 42,098 | 42,127 | 42,528 |
| Professional and technical | 11,983 | 12,218 | 12,487 | 12,492 | 12,699 | 12,616 | 12,780 | 12,727 |
| Managers and administrators, except farm | 9,080 | 8,921 | 9,201 | 8,648 | 8,757 | 8,725 | 8,864 | 9,039 |
| Sales workers | 5,396 | 5,612 | 5,432 | 5,455 | 5,403 | 5,526 | 5,510 | 5,652 |
| Clerical workers | 15,112 | 15,127 | 15,083 | 15,007 | 15,085 | 15,231 | 14,973 | 15,110 |
| Blue-collar workers | 30,738 | 28,563 | 29,738 | 27,859 | 27,620 | 27,724 | 27,772 | 27,618 |
| Craft and kindred workers | 11,699 | 11,123 | 11,412 | 10,923 | 10,674 | 10,857 | 10,860 | 10,852 |
| Operatives | 14,178 | 12,737 | 14,004 | 12,799 | 12,598 | 12,855 | 12,733 | 12,586 |
| Nonfarm laborers | 4,861 | 4,703 | 4,322 | 4,137 | 4,148 | 4,012 | 4,179 | 4,180 |
| Service workers | 11,425 | 11,617 | 11,400 | 11,653 | 11,560 | 11,385 | 11,383 | 11,589 |
| Farm workers | 3,433 | 3,385 | 2,945 | 2,872 | 2,814 | 2,803 | 3,062 | 2,908 |
| **MAJOR INDUSTRY AND CLASS OF WORKER** | | | | | | | | |
| Agriculture: | | | | | | | | |
| Wage and salary workers | 1,528 | 1,507 | 1,248 | 1,196 | 1,194 | 1,156 | 1,344 | 1,230 |
| Self-employed workers | 1,832 | 1,841 | 1,722 | 1,765 | 1,716 | 1,735 | 1,762 | 1,730 |
| Unpaid family workers | 535 | 521 | 391 | 345 | 347 | 358 | 463 | 381 |
| Nonagricultural industries: | | | | | | | | |
| Wage and salary workers | 76,953 | 75,445 | 76,546 | 74,811 | 74,584 | 74,759 | 74,768 | 75,114 |
| Private households | 1,418 | 1,484 | 1,407 | 1,301 | 1,342 | 1,315 | 1,411 | 1,472 |
| Government | 13,721 | 14,165 | 14,099 | 14,404 | 14,387 | 14,512 | 14,440 | 14,558 |
| Other | 61,814 | 59,796 | 61,040 | 59,106 | 58,855 | 58,932 | 58,917 | 59,084 |
| Self-employed workers | 5,811 | 5,710 | 5,759 | 5,375 | 5,519 | 5,648 | 5,569 | 5,659 |
| Unpaid family workers | 507 | 421 | 483 | 498 | 474 | 469 | 508 | 401 |
| **PERSONS AT WORK** [1] | | | | | | | | |
| Nonagricultural industries | 76,997 | 75,633 | 77,772 | 75,914 | 75,679 | 76,371 | 76,098 | 76,288 |
| Full-time schedules | 64,928 | 62,162 | 64,597 | 61,822 | 61,456 | 61,943 | 61,917 | 61,853 |
| Part time for economic reasons | 2,959 | 4,052 | 2,461 | 3,747 | 3,916 | 3,884 | 3,877 | 3,354 |
| Usually work full time | 1,314 | 1,681 | 1,195 | 2,047 | 1,887 | 1,883 | 1,764 | 1,530 |
| Usually work part time | 1,645 | 2,371 | 1,266 | 1,700 | 2,029 | 2,001 | 2,113 | 1,824 |
| Part time for noneconomic reasons | 9,110 | 9,419 | 10,714 | 10,345 | 10,307 | 10,544 | 10,304 | 11,081 |

[1] 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

(Numbers in thousands)

| Weeks of unemployment | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 1974 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| Less than 5 weeks | 3,226 | 3,651 | 2,378 | 2,914 | 3,253 | 2,897 | 3,134 | 2,692 |
| 5 to 14 weeks | 1,231 | 2,066 | 1,489 | 2,597 | 2,619 | 2,695 | 2,620 | 2,498 |
| 15 weeks and over | 922 | 2,852 | 934 | 1,822 | 1,991 | 2,403 | 2,643 | 2,887 |
| 15 to 26 weeks | 543 | 1,492 | 565 | 1,118 | 1,259 | 1,452 | 1,568 | 1,561 |
| 27 weeks and over | 379 | 1,360 | 369 | 704 | 732 | 951 | 1,075 | 1,326 |
| Average (mean) duration, in weeks | 8.7 | 13.7 | 9.8 | 11.7 | 11.4 | 12.9 | 13.4 | 15.4 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Less than 5 weeks | 60.0 | 42.6 | 49.5 | 39.7 | 41.4 | 36.2 | 37.3 | 33.3 |
| 5 to 14 weeks | 22.9 | 24.1 | 31.0 | 35.4 | 33.3 | 33.7 | 31.2 | 30.9 |
| 15 weeks and over | 17.1 | 33.3 | 19.5 | 24.8 | 25.3 | 30.1 | 31.5 | 35.7 |
| 15 to 26 weeks | 10.1 | 17.4 | 11.8 | 15.2 | 16.0 | 18.2 | 18.7 | 19.3 |
| 27 weeks and over | 7.1 | 15.9 | 7.7 | 9.6 | 9.3 | 11.9 | 12.8 | 16.4 |

## Table A-5. Reasons for unemployment

[Numbers in thousands]

| Reason | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 1974 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| **NUMBER OF UNEMPLOYED** | | | | | | | | |
| Lost last job | 1,762 | 4,298 | 1,971 | 4,017 | 4,369 | 4,657 | 4,863 | 4,808 |
| Left last job | 717 | 746 | 748 | 730 | 798 | 806 | 869 | 779 |
| Reentered labor force | 1,777 | 2,326 | 1,411 | 1,686 | 1,854 | 1,916 | 2,114 | 1,846 |
| Seeking first job | 1,124 | 1,198 | 639 | 846 | 773 | 766 | 848 | 670 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Job losers | 32.8 | 50.2 | 41.3 | 55.2 | 56.1 | 57.2 | 55.9 | 59.3 |
| Job leavers | 13.3 | 8.7 | 15.7 | 10.0 | 10.2 | 9.9 | 10.0 | 9.6 |
| Reentrants | 33.0 | 27.1 | 29.6 | 23.2 | 23.8 | 23.5 | 24.3 | 22.8 |
| New entrants | 20.9 | 14.0 | 13.4 | 11.6 | 9.9 | 9.4 | 9.8 | 8.3 |
| **UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE** | | | | | | | | |
| Job losers | 1.9 | 4.6 | 2.2 | 4.4 | 4.8 | 5.0 | 5.2 | 5.2 |
| Job leavers | .8 | .8 | .8 | .8 | .9 | .9 | .9 | .8 |
| Reentrants | 1.9 | 2.5 | 1.6 | 1.8 | 2.0 | 2.1 | 2.3 | 2.0 |
| New entrants | 1.2 | 1.3 | .7 | .9 | .8 | .8 | .9 | .7 |

## 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 | | | | | | |
| | June 1974 | June 1975 | June 1975 | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 |
| Total, 16 years and over | 5,380 | 8,569 | 85.7 | 5.2 | 8.2 | 8.7 | 8.9 | 9.2 | 8.6 |
| 16 to 19 years | 2,053 | 2,434 | 75.7 | 15.8 | 19.9 | 20.6 | 20.4 | 21.8 | 19.2 |
| 16 to 17 years | 1,126 | 1,189 | 64.8 | 18.3 | 21.6 | 22.3 | 21.5 | 22.8 | 20.3 |
| 18 to 19 years | 926 | 1,245 | 86.1 | 13.5 | 18.2 | 19.5 | 19.7 | 21.2 | 18.2 |
| 20 to 24 years | 1,250 | 1,950 | 91.6 | 8.4 | 13.3 | 14.3 | 14.6 | 14.8 | 12.8 |
| 25 years and over | 2,077 | 4,185 | 88.9 | 3.3 | 5.7 | 6.1 | 6.3 | 6.4 | 6.6 |
| 25 to 54 years | 1,714 | 3,532 | 90.9 | 3.5 | 6.0 | 6.4 | 6.7 | 6.9 | 7.0 |
| 55 years and over | 363 | 653 | 78.1 | 2.7 | 4.8 | 4.8 | 5.1 | 4.9 | 4.9 |
| Males, 16 years and over | 2,756 | 4,795 | 90.1 | 4.6 | 7.4 | 7.9 | 8.3 | 8.5 | 8.1 |
| 16 to 19 years | 1,049 | 1,340 | 78.7 | 15.6 | 20.0 | 20.2 | 21.7 | 21.2 | 20.6 |
| 16 to 17 years | 607 | 665 | 67.4 | 18.6 | 22.0 | 20.8 | 22.8 | 22.7 | 21.5 |
| 18 to 19 years | 441 | 675 | 89.9 | 12.6 | 17.9 | 20.0 | 21.3 | 19.9 | 19.4 |
| 20 to 24 years | 653 | 1,138 | 94.9 | 8.1 | 13.3 | 14.8 | 15.8 | 15.6 | 14.0 |
| 25 years and over | 1,054 | 2,317 | 94.3 | 2.7 | 5.0 | 5.4 | 5.6 | 5.8 | 5.9 |
| 25 to 54 years | 855 | 1,945 | 97.4 | 2.8 | 5.1 | 5.5 | 5.9 | 6.2 | 6.3 |
| 55 years and over | 199 | 371 | 78.2 | 2.5 | 4.4 | 4.7 | 4.9 | 4.8 | 4.7 |
| Females, 16 years and over | 2,623 | 3,774 | 80.2 | 6.3 | 9.4 | 9.8 | 9.7 | 10.2 | 9.2 |
| 16 to 19 years | 1,004 | 1,094 | 71.8 | 16.0 | 19.9 | 21.0 | 18.7 | 22.4 | 17.6 |
| 16 to 17 years | 519 | 523 | 61.4 | 17.9 | 21.1 | 24.2 | 19.8 | 22.9 | 18.7 |
| 18 to 19 years | 485 | 570 | 81.6 | 14.5 | 18.5 | 18.8 | 17.8 | 22.6 | 16.8 |
| 20 to 24 years | 597 | 812 | 86.9 | 8.8 | 13.3 | 13.6 | 13.3 | 13.9 | 11.4 |
| 25 years and over | 1,023 | 1,868 | 82.2 | 4.3 | 6.9 | 7.3 | 7.5 | 7.5 | 7.6 |
| 25 to 54 years | 859 | 1,587 | 82.8 | 4.6 | 7.4 | 7.8 | 8.1 | 8.0 | 8.1 |
| 55 years and over | 164 | 282 | 78.4 | 3.1 | 5.5 | 5.0 | 5.4 | 5.1 | 5.2 |

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

[In thousands]

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 1974 | Apr. 1975 | May 1975P | June 1975P | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975P | June 1975P |
| TOTAL | 79,287 | 76,134 | 76,654 | 77,291 | 78,421 | 76,708 | 76,368 | 76,349 | 76,439 | 76,464 |
| GOODS-PRODUCING | 25,219 | 21,997 | 22,207 | 22,557 | 24,847 | 22,595 | 22,338 | 22,268 | 22,291 | 22,229 |
| MINING | 684 | 697 | 710 | 729 | 669 | 702 | 706 | 703 | 709 | 713 |
| CONTRACT CONSTRUCTION | 4,190 | 3,333 | 3,462 | 3,584 | 3,994 | 3,596 | 3,486 | 3,475 | 3,469 | 3,417 |
| MANUFACTURING | 20,345 | 17,967 | 18,035 | 18,244 | 20,184 | 18,297 | 18,146 | 18,090 | 18,113 | 18,099 |
| *Production workers* | 14,903 | 12,722 | 12,796 | 12,996 | 14,761 | 12,996 | 12,866 | 12,826 | 12,868 | 12,876 |
| DURABLE GOODS | 12,071 | 10,527 | 10,521 | 10,596 | 11,959 | 10,722 | 10,635 | 10,554 | 10,521 | 10,496 |
| *Production workers* | 8,819 | 7,410 | 7,410 | 7,484 | 8,714 | 7,567 | 7,499 | 7,426 | 7,407 | 7,396 |
| Ordnance and accessories | 179.4 | 179.9 | 179.0 | 179.3 | 180 | 182 | 182 | 182 | 182 | 179 |
| Lumber and wood products | 669.7 | 536.1 | 558.6 | 582.9 | 650 | 544 | 545 | 544 | 560 | 565 |
| Furniture and fixtures | 540.2 | 440.5 | 443.3 | 447.7 | 538 | 449 | 442 | 445 | 447 | 446 |
| Stone, clay, and glass products | 707.4 | 602.3 | 610.2 | 615.6 | 692 | 618 | 609 | 608 | 608 | 602 |
| Primary metal industries | 1,357.0 | 1,184.4 | 1,166.7 | 1,178.5 | 1,334 | 1,235 | 1,206 | 1,177 | 1,155 | 1,159 |
| Fabricated metal products | 1,516.3 | 1,303.4 | 1,299.3 | 1,305.1 | 1,504 | 1,331 | 1,312 | 1,310 | 1,302 | 1,295 |
| Machinery, except electrical | 2,221.0 | 2,081.7 | 2,044.1 | 2,034.1 | 2,203 | 2,129 | 2,102 | 2,073 | 2,042 | 2,018 |
| Electrical equipment | 2,056.1 | 1,718.3 | 1,709.7 | 1,710.9 | 2,052 | 1,771 | 1,754 | 1,730 | 1,720 | 1,707 |
| Transportation equipment | 1,825.9 | 1,596.9 | 1,624.6 | 1,643.8 | 1,813 | 1,556 | 1,587 | 1,594 | 1,615 | 1,632 |
| Instruments and related products | 537.6 | 493.5 | 489.5 | 493.8 | 536 | 505 | 498 | 495 | 491 | 492 |
| Miscellaneous manufacturing | 460.2 | 389.7 | 395.8 | 404.1 | 457 | 402 | 398 | 396 | 399 | 401 |
| NONDURABLE GOODS | 8,274 | 7,440 | 7,514 | 7,648 | 8,225 | 7,575 | 7,511 | 7,536 | 7,592 | 7,603 |
| *Production workers* | 6,084 | 5,312 | 5,386 | 5,512 | 6,047 | 5,429 | 5,367 | 5,400 | 5,461 | 5,480 |
| Food and kindred products | 1,706.5 | 1,593.7 | 1,620.3 | 1,667.8 | 1,712 | 1,664 | 1,666 | 1,669 | 1,681 | 1,673 |
| Tobacco manufactures | 71.6 | 68.6 | 67.3 | 68.6 | 79 | 78 | 76 | 75 | 75 | 76 |
| Textile mill products | 1,029.9 | 875.2 | 895.0 | 910.4 | 1,019 | 860 | 857 | 877 | 896 | 900 |
| Apparel and other textile products | 1,367.9 | 1,182.2 | 1,195.8 | 1,222.5 | 1,354 | 1,178 | 1,165 | 1,181 | 1,193 | 1,210 |
| Paper and allied products | 720.6 | 629.2 | 631.2 | 641.8 | 712 | 650 | 639 | 633 | 637 | 634 |
| Printing and publishing | 1,115.2 | 1,077.2 | 1,069.2 | 1,068.5 | 1,114 | 1,089 | 1,083 | 1,078 | 1,072 | 1,067 |
| Chemicals and allied products | 1,070.6 | 1,005.3 | 1,007.1 | 1,019.1 | 1,061 | 1,027 | 1,014 | 1,007 | 1,009 | 1,010 |
| Petroleum and coal products | 199.7 | 186.0 | 190.3 | 193.1 | 196 | 187 | 190 | 189 | 190 | 189 |
| Rubber and plastics products, nec | 696.0 | 572.3 | 580.3 | 592.1 | 690 | 586 | 570 | 575 | 583 | 587 |
| Leather and leather products | 295.9 | 250.5 | 257.0 | 264.0 | 288 | 256 | 251 | 252 | 256 | 257 |
| SERVICE-PRODUCING | 54,068 | 54,137 | 54,447 | 54,734 | 53,574 | 54,113 | 54,030 | 54,081 | 54,148 | 54,235 |
| TRANSPORTATION AND PUBLIC UTILITIES | 4,759 | 4,479 | 4,497 | 4,553 | 4,698 | 4,561 | 4,512 | 4,511 | 4,497 | 4,495 |
| WHOLESALE AND RETAIL TRADE | 17,108 | 16,664 | 16,784 | 16,934 | 17,031 | 16,832 | 16,799 | 16,794 | 16,813 | 16,858 |
| WHOLESALE TRADE | 4,287 | 4,171 | 4,178 | 4,221 | 4,261 | 4,222 | 4,211 | 4,213 | 4,207 | 4,196 |
| RETAIL TRADE | 12,821 | 12,493 | 12,606 | 12,713 | 12,770 | 12,610 | 12,588 | 12,581 | 12,606 | 12,662 |
| FINANCE, INSURANCE, AND REAL ESTATE | 4,202 | 4,146 | 4,160 | 4,210 | 4,156 | 4,164 | 4,157 | 4,163 | 4,160 | 4,164 |
| SERVICES | 13,677 | 13,768 | 13,885 | 13,991 | 13,488 | 13,771 | 13,754 | 13,754 | 13,775 | 13,798 |
| GOVERNMENT | 14,322 | 15,080 | 15,121 | 15,046 | 14,201 | 14,785 | 14,808 | 14,859 | 14,903 | 14,920 |
| FEDERAL | 2,756 | 2,732 | 2,741 | 2,757 | 2,715 | 2,733 | 2,732 | 2,729 | 2,730 | 2,716 |
| STATE AND LOCAL | 11,566 | 12,348 | 12,380 | 12,289 | 11,486 | 12,052 | 12,076 | 12,130 | 12,173 | 12,204 |

P-preliminary.

**Table B-2. Average weekly hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 1974 | Apr. 1975 | May 1975[p] | June 1975[p] | June 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975[p] | June 1975[p] |
| TOTAL PRIVATE | 37.0 | 35.7 | 35.9 | 36.3 | 36.7 | 36.0 | 35.9 | 36.0 | 36.0 | 36.0 |
| MINING | 43.7 | 40.8 | 42.4 | 42.5 | 43.3 | 42.5 | 41.8 | 41.2 | 42.4 | 42.1 |
| CONTRACT CONSTRUCTION | 37.6 | 36.3 | 36.9 | 36.3 | 36.9 | 36.6 | 34.9 | 36.7 | 36.9 | 35.6 |
| MANUFACTURING | 40.4 | 38.9 | 39.0 | 39.4 | 40.1 | 38.8 | 38.8 | 39.1 | 39.0 | 39.1 |
| *Overtime hours* | 3.5 | 2.2 | 2.2 | 2.4 | 3.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| DURABLE GOODS | 41.1 | 39.6 | 39.5 | 39.9 | 40.8 | 39.6 | 39.4 | 39.7 | 39.4 | 39.6 |
| *Overtime hours* | 3.6 | 2.2 | 2.2 | 2.4 | 3.4 | 2.4 | 2.3 | 2.4 | 2.2 | 2.3 |
| Ordnance and accessories | 42.0 | 41.2 | 40.9 | 41.4 | 42.0 | 41.2 | 41.2 | 41.3 | 41.0 | 41.4 |
| Lumber and wood products | 40.9 | 38.8 | 39.1 | 39.8 | 40.3 | 38.6 | 37.8 | 38.8 | 38.9 | 39.2 |
| Furniture and fixtures | 39.8 | 36.8 | 37.2 | 38.1 | 39.5 | 36.3 | 36.5 | 37.2 | 37.5 | 37.8 |
| Stone, clay, and glass products | 41.9 | 40.1 | 40.4 | 40.6 | 41.5 | 40.2 | 39.6 | 40.3 | 40.2 | 40.2 |
| Primary metal industries | 42.0 | 39.8 | 39.4 | 39.8 | 41.7 | 40.2 | 39.9 | 39.6 | 39.2 | 39.6 |
| Fabricated metal products | 41.4 | 39.6 | 39.7 | 40.0 | 41.0 | 39.7 | 39.8 | 39.7 | 39.5 | 39.6 |
| Machinery, except electrical | 42.5 | 40.8 | 40.5 | 40.4 | 42.4 | 41.2 | 40.8 | 40.9 | 40.5 | 40.3 |
| Electrical equipment | 40.2 | 39.2 | 39.1 | 39.5 | 40.1 | 39.0 | 39.2 | 39.4 | 39.1 | 39.4 |
| Transportation equipment | 40.3 | 39.7 | 39.7 | 40.1 | 39.7 | 39.1 | 39.0 | 40.4 | 39.4 | 39.5 |
| Instruments and related products | 40.5 | 39.0 | 39.1 | 39.4 | 40.5 | 38.9 | 39.0 | 39.1 | 39.1 | 39.4 |
| Miscellaneous manufacturing | 39.0 | 38.2 | 38.3 | 38.6 | 39.0 | 37.6 | 37.7 | 38.2 | 38.3 | 38.6 |
| NONDURABLE GOODS | 39.4 | 37.8 | 38.2 | 38.7 | 39.3 | 37.7 | 37.9 | 38.0 | 38.3 | 38.6 |
| *Overtime hours* | 3.3 | 2.1 | 2.3 | 2.4 | 3.3 | 2.1 | 2.2 | 2.2 | 2.4 | 2.4 |
| Food and kindred products | 40.7 | 39.3 | 39.7 | 40.0 | 40.6 | 39.9 | 40.3 | 39.9 | 39.9 | 39.9 |
| Tobacco manufactures | 37.4 | 37.4 | 36.6 | 38.1 | 37.3 | 37.6 | 39.1 | 38.4 | 36.9 | 37.9 |
| Textile mill products | 40.6 | 37.6 | 38.7 | 39.5 | 40.2 | 36.1 | 36.8 | 37.8 | 38.9 | 39.1 |
| Apparel and other textile products | 34.8 | 34.2 | 34.3 | 35.1 | 34.7 | 33.6 | 33.7 | 34.3 | 34.4 | 35.0 |
| Paper and allied products | 42.5 | 40.2 | 40.7 | 41.6 | 42.4 | 40.5 | 40.4 | 40.4 | 40.9 | 41.5 |
| Printing and publishing | 37.7 | 36.6 | 36.7 | 36.9 | 37.6 | 37.2 | 36.9 | 36.8 | 36.7 | 36.8 |
| Chemicals and allied products | 41.9 | 40.5 | 40.7 | 40.8 | 41.8 | 40.5 | 40.4 | 40.3 | 40.7 | 40.7 |
| Petroleum and coal products | 42.8 | 41.0 | 41.3 | 40.6 | 42.6 | 41.9 | 41.8 | 40.9 | 41.3 | 40.4 |
| Rubber and plastics products, nec | 40.8 | 39.1 | 39.4 | 39.7 | 40.6 | 38.7 | 38.6 | 39.1 | 39.5 | 39.5 |
| Leather and leather products | 38.2 | 36.0 | 36.9 | 37.7 | 37.6 | 35.3 | 35.1 | 36.5 | 36.7 | 37.1 |
| TRANSPORTATION AND PUBLIC UTILITIES | 40.6 | 39.5 | 39.6 | 39.9 | 40.3 | 39.9 | 39.9 | 39.9 | 39.7 | 39.6 |
| WHOLESALE AND RETAIL TRADE | 34.5 | 33.4 | 33.6 | 34.2 | 34.2 | 33.9 | 33.9 | 33.7 | 33.9 | 33.9 |
| WHOLESALE TRADE | 39.1 | 38.3 | 38.5 | 38.7 | 39.0 | 38.6 | 38.5 | 38.6 | 38.6 | 38.6 |
| RETAIL TRADE | 33.1 | 31.9 | 32.1 | 32.8 | 32.7 | 32.3 | 32.4 | 32.2 | 32.5 | 32.4 |
| FINANCE, INSURANCE, AND REAL ESTATE | 36.8 | 36.2 | 36.3 | 36.5 | 36.8 | 36.9 | 36.6 | 36.2 | 36.4 | 36.5 |
| SERVICES | 34.3 | 33.7 | 33.8 | 34.2 | 34.2 | 34.1 | 34.0 | 33.9 | 34.1 | 34.1 |

[1] 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.
p=preliminary.

**Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Average hourly earnings | | | | Average weekly earnings | | | |
|---|---|---|---|---|---|---|---|---|
| | June 1974 | Apr. 1975 | May 1975[P] | June 1975[P] | June 1974 | Apr. 1975 | May 1975[P] | June 1975[P] |
| **TOTAL PRIVATE** | $4.21 | $4.44 | $4.47 | $4.49 | $155.77 | $158.51 | $160.47 | $162.99 |
| *Seasonally adjusted* | 4.21 | 4.45 | 4.47 | 4.49 | 154.51 | 160.20 | 160.92 | 161.64 |
| **MINING** | 5.18 | 5.72 | 5.80 | 5.86 | 226.37 | 233.38 | 245.92 | 249.05 |
| **CONTRACT CONSTRUCTION** | 6.65 | 7.12 | 7.09 | 7.16 | 250.04 | 258.46 | 261.62 | 259.91 |
| **MANUFACTURING** | 4.38 | 4.71 | 4.73 | 4.76 | 176.95 | 183.22 | 184.47 | 187.54 |
| **DURABLE GOODS** | 4.66 | 5.02 | 5.04 | 5.08 | 191.53 | 198.79 | 199.08 | 202.69 |
| Ordnance and accessories | 4.68 | 5.12 | 5.16 | 5.18 | 196.56 | 210.94 | 211.04 | 214.45 |
| Lumber and wood products | 3.95 | 4.12 | 4.18 | 4.24 | 161.56 | 159.86 | 163.44 | 168.75 |
| Furniture and fixtures | 3.50 | 3.70 | 3.70 | 3.70 | 139.30 | 136.16 | 137.64 | 140.97 |
| Stone, clay, and glass products | 4.53 | 4.77 | 4.81 | 4.84 | 189.81 | 191.28 | 194.32 | 196.50 |
| Primary metal industries | 5.61 | 6.01 | 6.03 | 6.10 | 235.62 | 239.20 | 237.58 | 242.78 |
| Fabricated metal products | 4.57 | 4.93 | 4.97 | 5.03 | 189.20 | 195.23 | 197.31 | 201.20 |
| Machinery, except electrical | 4.89 | 5.24 | 5.27 | 5.29 | 207.83 | 213.79 | 213.44 | 213.72 |
| Electrical equipment | 4.15 | 4.49 | 4.51 | 4.57 | 166.83 | 176.01 | 176.34 | 180.52 |
| Transportation equipment | 5.41 | 5.83 | 5.85 | 5.93 | 218.02 | 231.45 | 232.25 | 237.79 |
| Instruments and related products | 4.14 | 4.47 | 4.49 | 4.52 | 167.67 | 174.33 | 175.56 | 178.09 |
| Miscellaneous manufacturing | 3.49 | 3.75 | 3.74 | 3.78 | 136.11 | 143.25 | 143.24 | 145.91 |
| **NONDURABLE GOODS** | 3.97 | 4.27 | 4.28 | 4.30 | 156.42 | 161.41 | 163.50 | 166.41 |
| Food and kindred products | 4.14 | 4.48 | 4.50 | 4.52 | 168.50 | 176.06 | 178.65 | 180.80 |
| Tobacco manufactures | 4.28 | 4.79 | 4.79 | 4.83 | 160.07 | 179.15 | 175.31 | 184.02 |
| Textile mill products | 3.24 | 3.31 | 3.33 | 3.34 | 131.54 | 124.46 | 128.87 | 131.93 |
| Apparel and other textile products | 2.98 | 3.16 | 3.14 | 3.16 | 103.70 | 108.07 | 107.70 | 110.92 |
| Paper and allied products | 4.47 | 4.80 | 4.85 | 4.91 | 189.98 | 192.96 | 197.40 | 204.26 |
| Printing and publishing | 4.95 | 5.24 | 5.29 | 5.33 | 186.62 | 191.78 | 194.14 | 196.68 |
| Chemicals and allied products | 4.79 | 5.21 | 5.26 | 5.32 | 200.70 | 211.01 | 214.08 | 217.06 |
| Petroleum and coal products | 5.57 | 6.34 | 6.35 | 6.32 | 238.40 | 259.94 | 262.26 | 256.59 |
| Rubber and plastics products, nec | 3.99 | 4.25 | 4.29 | 4.32 | 162.79 | 166.18 | 169.03 | 171.50 |
| Leather and leather products | 3.00 | 3.21 | 3.20 | 3.21 | 114.60 | 115.56 | 118.08 | 121.02 |
| **TRANSPORTATION AND PUBLIC UTILITIES** | 5.34 | 5.73 | 5.75 | 5.78 | 216.80 | 226.34 | 227.70 | 230.62 |
| **WHOLESALE AND RETAIL TRADE** | 3.47 | 3.70 | 3.71 | 3.73 | 119.72 | 123.58 | 124.66 | 127.57 |
| **WHOLESALE TRADE** | 4.47 | 4.80 | 4.83 | 4.86 | 174.78 | 183.84 | 185.96 | 188.08 |
| **RETAIL TRADE** | 3.10 | 3.29 | 3.31 | 3.32 | 102.61 | 104.95 | 106.25 | 108.90 |
| **FINANCE, INSURANCE, AND REAL ESTATE** | 3.81 | 4.08 | 4.09 | 4.14 | 140.21 | 147.70 | 148.47 | 151.11 |
| **SERVICES** | 3.74 | 3.96 | 3.99 | 3.99 | 128.28 | 133.45 | 134.86 | 136.46 |

[1] See footnote 1, table B-2.
[P] preliminary.

**Table B-4. Hourly earnings index for production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry division, seasonally adjusted**

[1967=100]

| Industry | June 1974 | Jan. 1975 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May[p] 1975 | June[p] 1975 | Percent change from: June 1974-June 1975 | Percent change from: May 1975-June 1975 |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL PRIVATE NONFARM: | | | | | | | | | |
| Current dollars | 158.2 | 166.0 | 167.2 | 168.8 | 168.8 | 169.8 | 171.6 | 8.4 | 1.0 |
| Constant (1967) dollars | 107.8 | 106.0 | 106.3 | 107.0 | 106.3 | 106.6 | N.A. | (2) | (3) |
| MINING | 162.6 | 174.9 | 177.9 | 178.6 | 178.2 | 180.4 | 182.7 | 12.4 | 1.3 |
| CONTRACT CONSTRUCTION | 162.9 | 170.2 | 168.9 | 173.6 | 173.0 | 172.4 | 175.4 | 7.7 | 1.7 |
| MANUFACTURING | 155.5 | 164.6 | 165.9 | 167.6 | 168.0 | 169.1 | 170.8 | 9.8 | 1.0 |
| TRANSPORTATION AND PUBLIC UTILITIES | 166.0 | 173.8 | 175.2 | 176.5 | 176.5 | 178.0 | 179.1 | 7.9 | .6 |
| WHOLESALE AND RETAIL TRADE | 155.1 | 162.6 | 164.0 | 164.6 | 164.6 | 166.2 | 167.2 | 7.8 | .7 |
| FINANCE, INSURANCE, AND REAL ESTATE | 148.8 | 155.0 | 157.2 | 159.6 | 158.4 | 159.4 | 162.3 | 9.1 | 1.9 |
| SERVICES | 163.5 | 169.1 | 171.0 | 171.8 | 171.7 | 172.8 | 174.2 | 6.6 | .8 |

[1] See footnote 1, table B-2.

[2] Percent change was -0.6 from May 1974 to May 1975, the latest month available.

[3] Percent change was 0.3 from April 1975 to May 1975, the latest month available.

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.

**Table B-5. Indexes of aggregate weekly man-hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry, seasonally adjusted**

[1967 = 100]

| Industry division and group | 1974 | | | | | | | 1975 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Mayp | Junep |
| TOTAL | 113.5 | 113.3 | 113.4 | 113.4 | 113.0 | 111.2 | 109.7 | 108.7 | 106.7 | 105.5 | 105.6 | 106.1 | 106.0 |
| GOODS-PRODUCING | 104.6 | 104.0 | 103.8 | 103.7 | 103.0 | 99.4 | 96.5 | 94.1 | 90.0 | 88.0 | 88.9 | 89.2 | 88.8 |
| MINING | 110.3 | 110.2 | 109.9 | 112.3 | 114.0 | 95.8 | 100.9 | 113.3 | 113.5 | 112.1 | 109.5 | 113.9 | 113.7 |
| CONTRACT CONSTRUCTION | 117.8 | 115.3 | 115.6 | 115.2 | 116.5 | 114.4 | 113.1 | 111.9 | 103.4 | 94.9 | 99.4 | 100.2 | 95.2 |
| MANUFACTURING | 102.1 | 101.8 | 101.6 | 101.3 | 100.3 | 96.9 | 93.4 | 90.3 | 86.9 | 85.9 | 86.3 | 86.4 | 86.8 |
| DURABLE GOODS | 103.2 | 102.8 | 102.5 | 102.5 | 101.7 | 98.1 | 94.4 | 91.0 | 86.9 | 85.8 | 85.7 | 84.8 | 85.0 |
| Ordnance and accessories | 48.0 | 48.2 | 47.7 | 49.1 | 49.0 | 49.0 | 49.5 | 49.3 | 48.2 | 48.2 | 48.3 | 48.0 | 47.3 |
| Lumber and wood products | 106.8 | 104.9 | 103.4 | 99.9 | 95.8 | 90.6 | 87.8 | 84.1 | 83.0 | 81.9 | 83.7 | 86.8 | 87.9 |
| Furniture and fixtures | 115.6 | 114.0 | 112.3 | 111.0 | 107.4 | 100.6 | 96.1 | 89.2 | 86.3 | 85.4 | 87.7 | 89.4 | 89.6 |
| Stone clay, and glass products | 110.8 | 110.8 | 110.6 | 108.8 | 107.7 | 105.2 | 101.7 | 98.1 | 93.9 | 91.0 | 92.4 | 92.4 | 91.6 |
| Primary metal industries | 102.2 | 101.6 | 102.6 | 104.6 | 105.0 | 102.3 | 97.7 | 94.0 | 89.5 | 86.1 | 83.1 | 80.6 | 82.1 |
| Fabricated metal products | 108.0 | 108.3 | 108.1 | 107.8 | 105.8 | 101.9 | 98.4 | 93.4 | 90.1 | 88.9 | 88.6 | 87.7 | 87.4 |
| Machinery, except electrical | 108.1 | 106.9 | 109.2 | 109.9 | 109.7 | 108.5 | 106.0 | 103.3 | 99.3 | 96.6 | 95.1 | 92.0 | 90.2 |
| Electrical equipment and supplies | 105.5 | 105.1 | 100.8 | 102.5 | 101.2 | 96.3 | 92.3 | 89.6 | 84.6 | 83.7 | 82.9 | 81.8 | 81.7 |
| Transportation equipment | 90.0 | 90.8 | 91.1 | 90.5 | 92.0 | 87.0 | 81.9 | 78.4 | 73.1 | 75.6 | 78.3 | 77.9 | 79.2 |
| Instruments and related products | 116.4 | 114.9 | 115.8 | 114.2 | 113.0 | 111.3 | 108.9 | 106.8 | 102.1 | 100.0 | 100.0 | 98.9 | 100.0 |
| Miscellaneous manufacturing | 104.7 | 104.4 | 103.0 | 101.3 | 98.7 | 94.6 | 90.2 | 88.5 | 86.0 | 85.1 | 85.9 | 87.0 | 88.5 |
| NONDURABLE GOODS | 100.5 | 100.3 | 100.2 | 99.5 | 98.2 | 95.0 | 92.0 | 89.3 | 86.8 | 86.1 | 87.1 | 88.7 | 89.5 |
| Food and kindred products | 97.4 | 96.5 | 97.3 | 97.9 | 97.4 | 95.6 | 94.7 | 93.0 | 92.4 | 93.4 | 92.9 | 93.9 | 93.5 |
| Tobacco manufactures | 85.1 | 84.4 | 84.5 | 82.5 | 83.1 | 81.4 | 83.4 | 86.4 | 85.8 | 86.5 | 83.6 | 80.3 | 82.5 |
| Textile mill products | 103.1 | 101.9 | 100.4 | 98.8 | 93.7 | 89.5 | 83.9 | 78.7 | 76.9 | 78.0 | 82.2 | 86.9 | 87.9 |
| Apparel and other textile products | 91.1 | 92.9 | 91.7 | 91.3 | 90.3 | 85.9 | 81.3 | 78.8 | 76.1 | 75.3 | 77.9 | 78.9 | 81.8 |
| Paper and allied products | 103.6 | 103.3 | 102.5 | 101.8 | 99.3 | 96.8 | 94.4 | 92.0 | 88.0 | 85.8 | 85.0 | 86.8 | 87.7 |
| Printing and publishing | 99.7 | 99.4 | 100.2 | 99.1 | 99.1 | 96.9 | 96.4 | 96.6 | 94.5 | 92.9 | 92.1 | 91.2 | 90.9 |
| Chemicals and allied products | 104.8 | 105.3 | 106.0 | 105.5 | 105.1 | 103.3 | 100.3 | 97.1 | 95.4 | 93.2 | 92.2 | 93.8 | 93.9 |
| Petroleum and coal products | 108.0 | 107.0 | 105.4 | 106.1 | 108.0 | 107.0 | 106.4 | 100.5 | 97.7 | 101.7 | 98.7 | 101.3 | 97.5 |
| Rubber and plastics products, nec | 134.7 | 133.6 | 135.8 | 134.1 | 134.6 | 125.3 | 118.6 | 114.7 | 105.1 | 101.3 | 103.8 | 106.8 | 108.0 |
| Leather and leather products | 80.1 | 78.9 | 78.6 | 76.6 | 75.7 | 74.8 | 71.9 | 68.7 | 65.8 | 64.2 | 67.4 | 69.0 | 70.4 |
| SERVICE-PRODUCING | 119.7 | 119.8 | 120.0 | 120.2 | 119.9 | 119.4 | 118.9 | 118.9 | 118.2 | 117.7 | 117.2 | 117.9 | 117.9 |
| TRANSPORTATION AND PUBLIC UTILITIES | 108.7 | 109.7 | 109.3 | 108.4 | 108.9 | 107.5 | 107.1 | 105.9 | 103.9 | 102.6 | 102.5 | 101.7 | 101.5 |
| WHOLESALE AND RETAIL TRADE | 116.5 | 116.7 | 116.7 | 116.8 | 116.3 | 115.4 | 114.2 | 113.8 | 113.4 | 113.3 | 112.8 | 113.7 | 113.7 |
| WHOLESALE TRADE | 115.8 | 115.8 | 115.2 | 115.8 | 115.4 | 114.9 | 114.5 | 114.0 | 113.0 | 112.2 | 112.5 | 112.3 | 111.9 |
| RETAIL TRADE | 116.8 | 117.1 | 117.2 | 117.2 | 116.6 | 115.6 | 114.1 | 113.7 | 113.5 | 113.7 | 112.9 | 114.2 | 114.4 |
| FINANCE, INSURANCE, AND REAL ESTATE | 123.8 | 123.2 | 123.7 | 124.3 | 123.8 | 123.0 | 123.7 | 124.2 | 123.2 | 121.8 | 120.4 | 121.2 | 121.7 |
| SERVICES | 128.0 | 127.5 | 128.3 | 129.0 | 128.7 | 129.2 | 129.3 | 130.2 | 129.9 | 129.5 | 129.0 | 130.1 | 130.0 |

[1] See footnote 1, table B-2.

[p]=preliminary.

**Table B-6. Indexes of diffusion of changes in number of employees on payrolls in 172 private nonagricultural industries[1]**

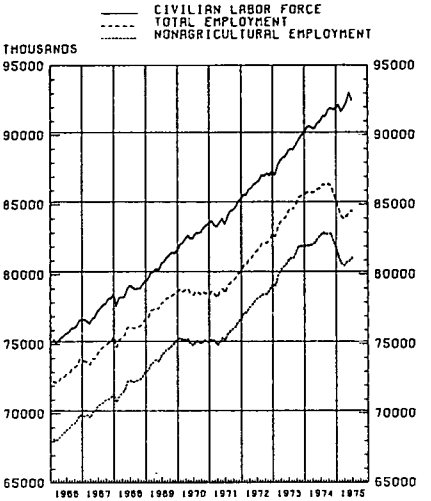
| Year and month | Span | | | |
|---|---|---|---|---|
| | 1-month | 3-months | 6-months | 12-months |
| **1972** | | | | |
| January | 68.6 | 71.2 | 78.8 | 77.3 |
| February | 70.6 | 80.5 | 82.0 | 81.7 |
| March | 75.0 | 80.8 | 84.9 | 79.7 |
| April | 76.2 | 84.0 | 79.7 | 82.3 |
| May | 75.6 | 82.8 | 81.1 | 84.3 |
| June | 77.6 | 74.4 | 82.6 | 84.3 |
| July | 45.6 | 74.4 | 84.6 | 83.7 |
| August | 73.0 | 74.4 | 82.0 | 84.0 |
| September | 74.7 | 82.0 | 80.2 | 85.2 |
| October | 82.6 | 83.4 | 82.8 | 83.1 |
| November | 73.5 | 79.4 | 82.3 | 82.0 |
| December | 75.3 | 80.5 | 84.6 | 84.3 |
| **1973** | | | | |
| January | 73.8 | 82.0 | 82.3 | 80.5 |
| February | 73.3 | 81.1 | 77.9 | 83.1 |
| March | 76.2 | 79.4 | 80.8 | 84.9 |
| April | 66.9 | 77.0 | 75.9 | 85.8 |
| May | 57.8 | 73.3 | 76.5 | 86.3 |
| June | 72.1 | 66.6 | 74.7 | 84.0 |
| July | 59.9 | 73.0 | 73.8 | 79.1 |
| August | 66.6 | 68.6 | 74.7 | 74.4 |
| September | 59.6 | 74.7 | 71.8 | 68.9 |
| October | 75.9 | 78.2 | 72.1 | 64.5 |
| November | 77.3 | 72.4 | 68.3 | 65.1 |
| December | 58.7 | 68.6 | 62.5 | 61.6 |
| **1974** | | | | |
| January | 62.5 | 54.9 | 55.8 | 61.6 |
| February | 47.1 | 50.9 | 50.9 | 59.0 |
| March | 48.0 | 44.8 | 50.0 | 54.9 |
| April | 54.1 | 51.7 | 49.4 | 48.0 |
| May | 55.5 | 56.4 | 50.0 | 40.7 |
| June | 58.7 | 52.0 | 50.6 | 30.5 |
| July | 48.8 | 46.8 | 39.5 | 25.9 |
| August | 52.3 | 42.2 | 34.3 | 22.4 |
| September | 38.1 | 43.6 | 27.3 | 20.1 |
| October | 40.4 | 29.1 | 20.3 | 18.6 |
| November | 19.2 | 20.9 | 18.0 | 16.3p |
| December | 19.8 | 13.7 | 14.2 | 15.1p |
| **1975** | | | | |
| January | 17.7 | 13.7 | 13.7 | |
| February | 16.6 | 14.0 | 13.4p | |
| March | 26.2 | 19.8 | 18.6p | |
| April | 42.2 | 32.8p | | |
| May | 50.6p | 46.5p | | |
| June | 45.3p | | | |
| July | | | | |
| August | | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |

[1] Each index represents the percent of industries in which employment increased over the indicated span.

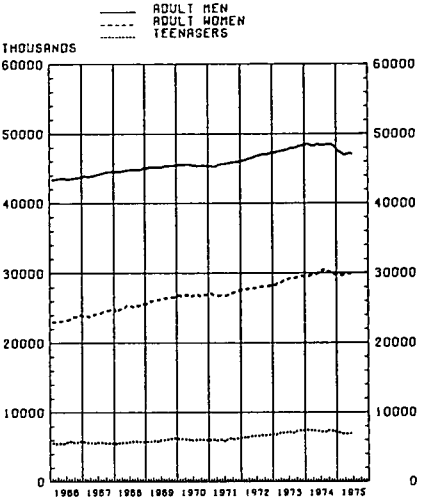
p = preliminary.

# LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT
# HOUSEHOLD DATA - SEASONALLY ADJUSTED

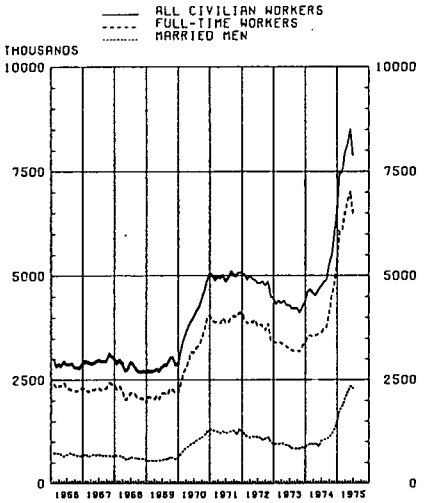
## 1. LABOR FORCE AND EMPLOYMENT



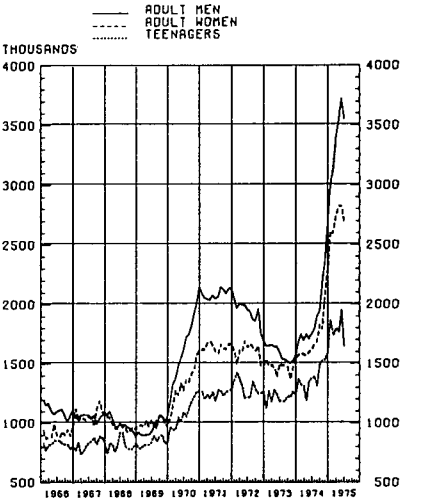

## 2. TOTAL EMPLOYMENT




## 3. UNEMPLOYMENT

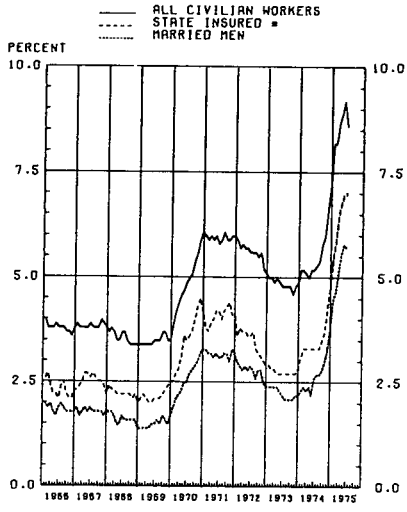



## 4. UNEMPLOYMENT

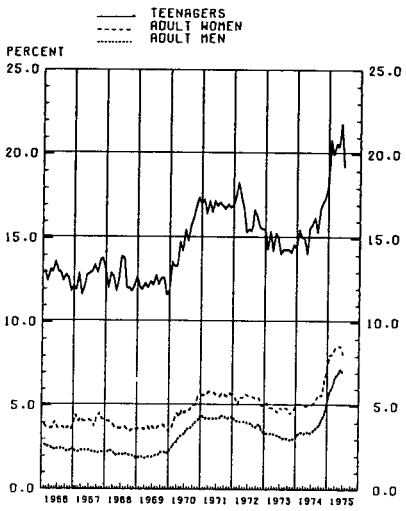


# UNEMPLOYMENT RATES
# HOUSEHOLD DATA - SEASONALLY ADJUSTED

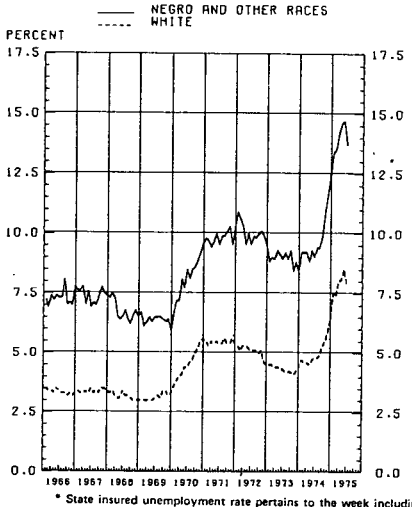
## 5. UNEMPLOYMENT RATES



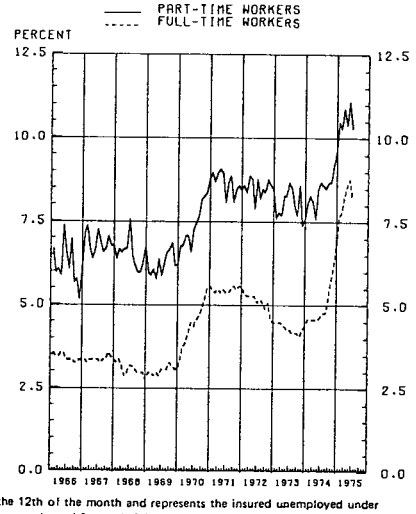

## 6. UNEMPLOYMENT RATES




## 7. UNEMPLOYMENT RATES



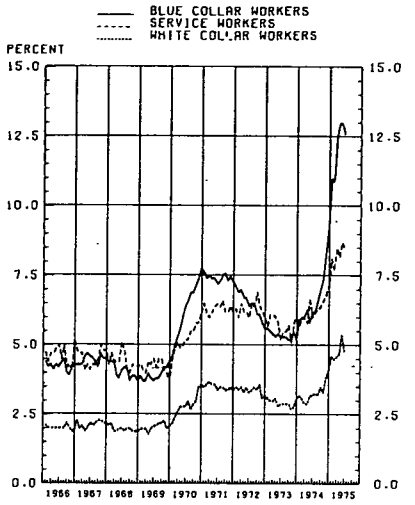

## 8. UNEMPLOYMENT RATES



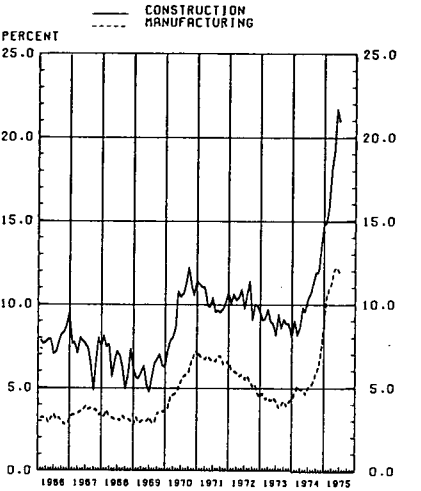

* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

# UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

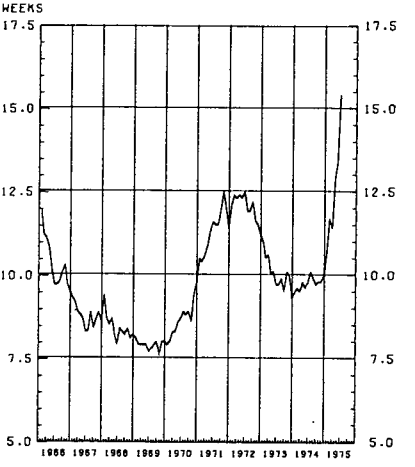
### 9. UNEMPLOYMENT RATES



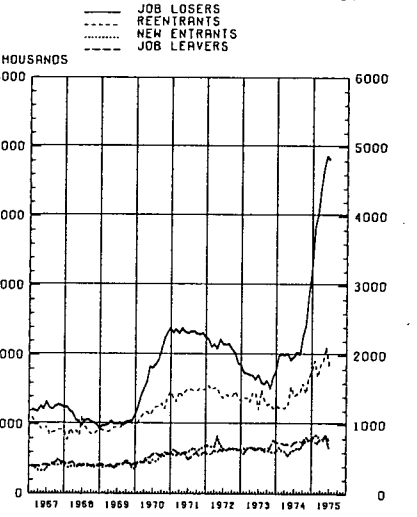

### 10. UNEMPLOYMENT RATES




### 11. AVERAGE DURATION OF UNEMPLOYMENT

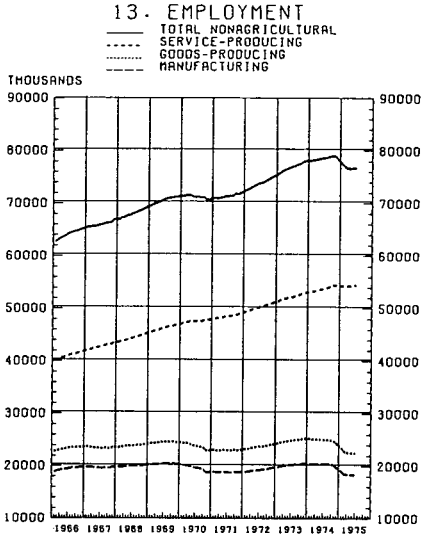



### 12. UNEMPLOYMENT BY REASON

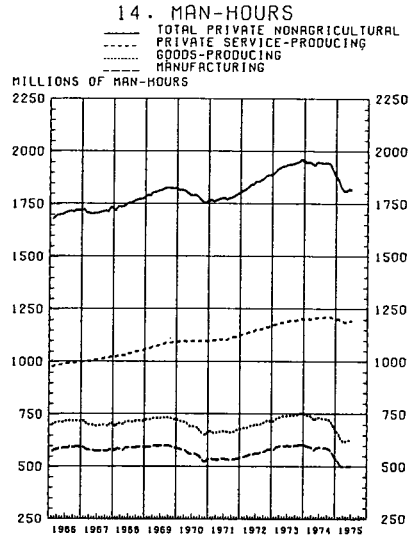


# NONAGRICULTURAL EMPLOYMENT AND HOURS
## ESTABLISHMENT DATA - SEASONALLY ADJUSTED

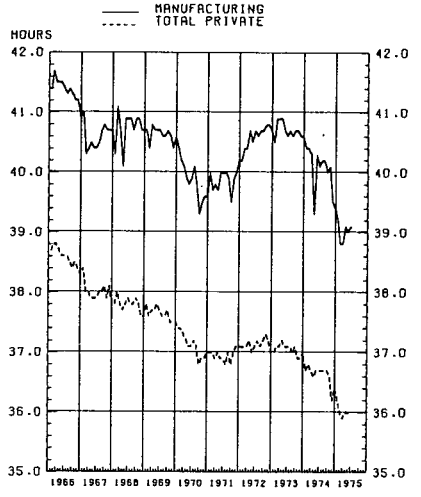
### 13. EMPLOYMENT



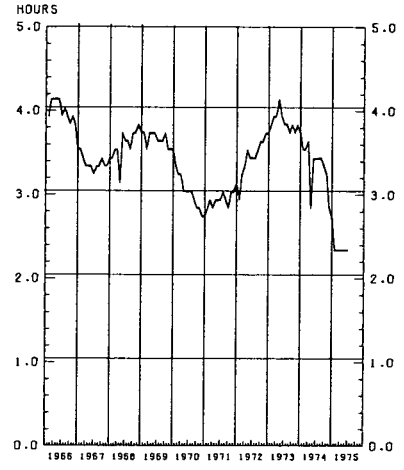

### 14. MAN-HOURS




### 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.

Senator PROXMIRE. Well, thank you very much, Mr. Shiskin.

Mr. Shiskin, let us start with the table 1, which you gave us, and there I think we can see most clearly—of your statement—there we can see how enormously these seasonal adjustment figures affects the purported and the concentrated unemployment figures. In unadjusted rate in June of 1975, the first column, unemployment was 9.1 percent. Now, if we do not adjust seasonally, that was up from 8.3 percent in May, to the 9.1 percent in June. In other words, unemployment, without adjustment, actually increased rather sharply last month. It increased almost by 900,000, perhaps 800,000 people. When you adjust, because you normally have the relatively low level of unemployment in May, when you adjust you had 9.2 percent unemployment last month and 8.6 percent this month.

Now, you have two other methods of adjustment other than the one that you have decided on, the additive method which shows very little change between unemployment in May and June, 8.7 to 8.8, correct? And then you have the residual method which shows 8.9 to 8.7, which, of course, is a much lesser change.

Now, what you are telling us, as I understand it, is that the method that you feel is overall most times the best method, does show this change, but if you make adjustments for statistical distortions, which are peculiar to this particular year and this high level of unemployment, you actually have a situation where unemployment probably did not change much at all. It is rather static and stable, as was borne out by those figures.

Mr. SHISKIN. Yes.

Senator PROXMIRE. Now, one other——

Mr. SHISKIN. May I make another comment on that?

Senator PROXMIRE. Yes, sir.

Mr. SHISKIN. But it is important to note that what I said is the unemployment rate in recent months has probably been about 8.8 or 8.9. And one reason it is very important is that a lot of forecasts for the rest of the year are based on the most recent rates. My guess is that many of the forecasters will revise their end-of-the-year estimates of unemployment down somewhat on the basis of this information that we are now providing.

Senator PROXMIRE. Yes. You have said that the May figure was probably higher than it should be and that the June figure is lower than it should be. And we probably would be better served if we take an average, and it is around, it is steady at a very high rate of around 8.9 percent.

Mr. SHISKIN. And I also added, now using somewhat different words, that I would not be comfortable with that statement until I see the July and August figures.

Senator PROXMIRE. I understand. Now, one further statistical disclosure here that I think is very helpful in understanding this, in your overall release, Thursday, July 3d release, table 1, the first table that you have after the data explaining the situation, you have under 16 to 19 years, in other words, the working teenagers, both sexes, civilian labor force in May of 1975, 8.3 million and in June of 1975, up about 2 million, about 2 million, 10,310,000. In other words, it went from 8.3 million to 10.3 million, correct?

Mr. SHISKIN. Yes.

Senator PROXMIRE. Now, when you adjust that for seasonal changes, you actually reduce the number of teenagers from 9 million to 8.5 million in the civilian labor force. Now, does that mean that your adjustment was overcorrecting for seasonal factors? Is that correct?

Mr. SHISKIN. You have total civilian labor force?

Senator PROXMIRE. I am talking about the figures just below; the entire 16- to 19-year-old civilian population totaling 16 million. The number of civilian workers in that same group is 8 million, or about 50 percent. And then in June it goes up very sharply as these people looked for work.

Mr. SHISKIN. Yes. That is right.

Senator PROXMIRE. Again, I am trying to show that there are very, very large numbers of people involved. There are 2 million additional people actually, in fact physically, who are in the work force in June that are not in the work force in May in that particular category.

Mr. SHISKIN. Right.

Senator PROXMIRE. Then, when you corrected it, it reduces it down. Now, finally, so far as this point is concerned, in table 2 of your statement, of the statement that you made this morning, table 2, you have already referred to this, but I want to emphasize that you point out that when you take people 25 and over, all persons 25 and over, unemployment actually increased between May and June of this year. This last month it increased from 6.4 to 6.6. For males, it went from 5.8 to 5.9. And females, 7.5 to 7.6. Household heads, 6.3 to 6.1, not much of a change. And then you show that the big drop was entirely with the people between 16 and 24 years of age, and these would, of course, include those who are out of college and high school. I think that, more than anything else, in my mind, indicates the necessity for correcting the teenage factors, because as I understand it, there is very little seasonal adjustment required for the older people. Well, relatively very little. They do not go in and out of the work force, they do not go to school, most of them, very few people over 25 are in school.

Mr. SHISKIN. The principal seasonal factor is the movement of students and graduates, so you have said it correctly, I am just saying, in other words, what you said.

I would like to add, though, to come back to your first comment about the labor force, it is important to bear in mind that the way we get the labor force is to sum unemployment and employment, and when we overcorrect unemployment, we get a figure that is too low, and we add that to employment to get the labor force, then the labor force for that group becomes too low.

Senator PROXMIRE. Now, there is one element here that apparently you regard as not significant, but many of us think there may be some significance to it. Normally, you would get, say 2 million, or roughly 2 million or maybe a little more than 2 million people at this time of year entering the labor force in terms of looking for work. With all of the publicity about how hard it is to get a job, many of those young people may become discouraged and say, well, I am not going to look for work. I know of many personally who have told me they are going to go to vocational schools this summer, they are going to take it easy in some way and just not look for work. Do you adjust or allow in any way for this? This is something aside and apart from the statistical situation that we have been talking about.

Mr. SHISKIN. Well, my answer to that is we do have the figures on the discouraged workers.

Senator PROXMIRE. Well, you do have them, but do you have them as recently as the ones who have just entered the work force in June?

Mr. SHISKIN. We have them, and they are in our release, and we have a story on them. As you know, we publish them in the first month of each quarter, and July being the first month of this quarter, we published them—they are right here in the release.

Now, what they show is very little change in the total number. The total number was 1.1 million a quarter ago, and now it is 1.2 million. Furthermore, the number discouraged for job market reasons appears to have declined. So there does not appear to be an increase in discouraged workers. I thought there might be, but our figures do not show it. I would much rather depend on our figures, which are based on a very good survey, about the best, a survey which is internally consistent and holds up. I would rather base my judgments on that than on anecdotes and stories that come from my personal experience and my friends.

Senator PROXMIRE. I understand the details come out, the details on these discouraged workers broken down by category.

Mr. SHISKIN. Yes. We publish a report every quarter, called Quarterly Labor Force Developments. We provide data on discouraged workers, persons in poverty areas, Spanish Americans and a few other categories. That release will be out a week from Monday.

Senator PROXMIRE. You said in the course of your remarks that there is very little that you can do to correct this abberation—this distortion, that will tell many people in the country that unemployment in the country was down sharply, as you said, one of the sharpest drops we have had in recent history. Is there not some way that we could do this, adjust this over a period of time? I think to try to do it this year, perhaps, or for this next year, might be a mistake, but it seems to me that something that is statistical and mathematical should be something that we could cope with and solve.

Mr. SHISKIN. As you know, Mr. Chairman, the subject of seasonal adjustment has been one that I have devoted probably more years of my professional life to than any other one. And I was not able to anticipate this problem until last month. At the beginning of the year, I did not know this was going to happen, because I did not realize we would have such a sharp rise in unemployment.

Now, there was another method that I mentioned last month which simultaneously makes the additive and multiplicative adjustment—the regression method—and we have tried that. In fact, we tried three different regression methods, and I do not think the results are any better. I do think we ought to take a look at the residual method.

There were many people years ago who looked at this problem and recommended the residual method, but it was the judgment of the Gordon committee that adoption of that method was not warranted. And one of my assistants says that he remembers that I recommended the residual method at that time, but I do not remember it. So I asked him to take a look at the residual method, and that is what we will be doing. The great advantage of that, you see, is that it uses only the very large aggregates of the labor force and employment, and adjusts each one of these and gets unemployment as the difference. So the role

of students is much smaller when you do it that way than when you go to a direct adjustment of unemployment itself. We will be doing that in the next few months. Maybe we will recommend a change, maybe we will decide to change to the residual method. But, at the moment, that is the only hope I have. And it has been 10 years since the Gordon committee looked into this problem.

We had a similar episode in 1971, and we have not been able to do any better this year. Now, at the time we had this problem in 1971, George Shultz asked me if I would do exactly what you asked me to do, take a look at all of these methods and see if I could come up with something better. I assembled a small group of outstanding technicians in the United States, and we did an enormous amount of work on alternative methods, using both the BLS and Census computers.

Then I went to England, where there was some new work going on on seasonal adjustment—I thought it was new. And I came back with the conclusion that there was no better way than the one we were using.

Senator PROXMIRE. Let me ask you a short-range question. You said one of the reasons why this was so difficult is that you had 110.7 seasonal adjustment factor that you had to divide by for June, and this is one of the highest, I guess the second highest figure that you had for any month. Now, in July you have a 105.5 seasonal adjustment factor. Will there be a distortion there, perhaps of a lesser extent?

Mr. SHISKIN. I do not think there will be a distortion because the bulk of students and the graduates came in between the past two months, May and June, and they either got jobs or they did not. I expect changes in their status to be minor in mid-July when the next survey is taken.

Senator PROXMIRE. That is 110, and that is the reason that you have a big adjustment.

Mr. SHISKIN. They either got jobs in May or June, or they did not get jobs.

Senator PROXMIRE. Apparently there is an unusually high level of unemployment usually in July, and you are making an adjustment, as you had to make an adjustment here. Why would not the same reasoning follow as far as possible distortion in July?

Mr. SHISKIN. Well, I think the reason is——

Senator PROXMIRE. To a lesser extent?

Mr. SHISKIN. I think the reason is that the seasonal adjustment for the change between May and June, when the students came into the job markets in such large numbers, is questionable or dubious. They are either in the job market or not. And you know, some of them may still be looking for jobs. The discouraged worker figures are about the same as during the first quarter. So I do not think there will be an important new element in the student situation in July. Besides, the seasonal change between June and July is much smaller than between May and June, about 5 percent compared to about 20 percent. Therefore, I do not expect another difficult seasonal problem in July.

Senator PROXMIRE. Let me ask you this: is it because of the big change between months? In May you have 89.1 factor, which is very low, or I should say a relatively low level of unemployment in May, and so you will have 89.1 percent adjustment factor to increase it to

normal, and then you have 110.7 in June, and that is by far the biggest jump in any one month. But then you go down to 105, which has two elements. One is that it is close to 110 and the second is that it is in the same direction, so you only have an adjustment of 5 percent, instead of 20 percent. Is that what would make the difference?

Mr. SHISKIN. Yes, you see, what we assume is that the amount of unemployment would increase 20 percent between May and June. Now, that was based on recent historical experience. Some large numbers of students and new graduates came into the market. But it was 20 percent of the previous base, and what happened here is that the base doubled since last June. Let me say again, however, the number of students, new graduates was built in, and it could not double. So the seasonal adjustment was wrong.

Now, I think in this situation either of the other methods that I mentioned, the additive method or the residual method, would have given better results. And if we had known in the beginning of the year what we know now, we probably would have adopted one of those methods for this year. But, we did not know unemployment would double, and we did not want to forecast that it would double. In fact, if we had shifted to the additive method, we would have had to be telling people that we expected unemployment to be going way up. But I do not expect to have a similar problem in July.

Senator PROXMIRE. As far as the country is concerned today, if they were shown what the additive method shows, it would be about the same, based on your view of the figures?

Mr. SHISKIN. Yes. That is what I am saying, and I hope it will be reported in the press.

Senator PROXMIRE. Let me ask you a question not quite so statistical. Would you agree with my assessment that we are on a plateau, but a very, very high plateau of unemployment? Most of the labor market indicators in your press release, aside from the overall unemployment rate, were relatively unchanged from May to June; that is, total employment, adult unemployment rates, industry payroll employment. There does not appear to be any clear improvement yet, is that correct?

Mr. SHISKIN. My expression was that the economy was saucering out of recession. There is some improvement. For example, the household survey employment figures show a trough in March, when the figure for total employment was 83,849 thousand, or 83.8 million roughly, and it is now 84.4 million. Nonagricultural industry employment reached a trough at the same point, 80.6 million, and it is now 81.1 million. So there has been some substantial improvement there. But the payroll figures show little or no improvement in employment, and they show only a slight improvement in worker hours. By the way, you know we are changing our terminology for the productivity measures, and that is why I am stumbling a little. We are dropping such items as manhours. The new terminology will be introduced in all of our releases next month, but I have started already today.

There has been an improvement in worker hours. So I would say that there is some evidence of improvement in the employment figures, but it is small, and that is why I would say we are saucering out.

Senator PROXMIRE. And spotty, too.

Mr. SHISKIN. It is spotty, too.

Senator PROXMIRE. And the long-term unemployment, for example, has increased its rate significantly.

Mr. SHISKIN. But, Mr. Chairman——

Senator PROXMIRE. It is 13.4 weeks to 15.4 weeks, on the average, as you say, with a big increase in those unemployed for more than 6 months. And that has gone up, according to what you say here, and the increase came entirely on those unemployed for 6 months or more, a group whose ranks have expanded to almost a million of the past year, and 600,000 the past 3 months alone.

Mr. SHISKIN. Right. And that will continue, I think.

Senator PROXMIRE. Who are these people who are unemployed for more than 6 months? Are they auto workers, construction workers?

Mr. SHISKIN. They are all kinds of workers, including many, many——

Senator PROXMIRE. Mostly in manufacturing?

Mr. SHISKIN. I do not know.

Mr. WETZEL. Not mostly, but heavy representation.

Senator PROXMIRE. Can you give us any notion on how it breaks down by household heads, adult men and women and so forth?

Mr. SHISKIN. We do not have it today, Mr. Chairman. Maybe I can get it for the record for you later.

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

CHARACTERISTICS OF THE UNEMPLOYED, TOTAL AND LONG TERM (27 WEEKS OR MORE), JUNE 1975

[Not seasonally adjusted; numbers in thousands]

| Characteristic | Total | | Long term | |
|---|---|---|---|---|
| | Number | Percent distribution | Number | Percent distribution |
| Total | 8,569 | 100.0 | 1,360 | 100.0 |
| Males, 20 years of age and over | 3,455 | 40.3 | 813 | 59.8 |
| Females, 20 years of age and over | 2,680 | 31.3 | 435 | 32.0 |
| Both sexes, 16 to 19 years | 2,434 | 28.4 | 112 | 8.2 |
| White | 6,904 | 80.6 | 1,100 | 80.9 |
| Negro and other races | 1,665 | 19.4 | 260 | 19.1 |

Senator PROXMIRE. I suppose what that indicates also is that as a matter of policy, Congress is going to have to consider the possibility again of continuing to expand the duration of unemployment compensation?

Mr. SHISKIN. Congress just passed a bill on that and the President signed it last week. We now have over 2 million people getting extended benefits or special benefits of one kind or another, compared to about 4.6 million who are getting the usual under the State insured benefits program. So a great deal has already been done on that.

Senator PROXMIRE. For the past several months, you have been providing the committee with a graph of the total unemployment rate, plotted against initial claims for unemployment compensation and the insured unemployment rate. In the latest graph, it appears that the insured rate, while at a very high level, seems to be flattening out.

Mr. SHISKIN. Yes; while initial claims are declining. This is a chart of weekly data.

Senator PROXMIRE. Initial claims apparently peaked sometime in March and have declined, somewhat erratically, since then.

Which of the two series, the insured rate or the initial claims, do you feel best acts as a predictor of future trends in the overall unemployment rate?

Mr. SHISKIN. Initial claims comes first.

Senator PROXMIRE. By how long a lead time does the insured unemployment data reach the turning point in the business cycle?

Mr. SHISKIN. It is the initial claims.

Senator PROXMIRE. I understand you said that initial claims are better, but I have additional questions. By how long a lead time do the insured unemployment data reach the turning point in the business cycle?

Mr. SHISKIN. They don't.

Senator PROXMIRE. They don't.

Mr. SHISKIN. They don't.

Senator PROXMIRE. How about initial claims?

Mr. SHISKIN. Oh, they lead by a very, very short period. As a matter of fact, in the list of leading indicators that Geoffrey Moore and I issued about 7 or 8 years ago, we included initial claims, but in the new list that the National Bureau is just getting out now, they have dropped it, because it appears that the lead is very short, and they have classified initial claims as a coincident indicator.

Senator PROXMIRE. Based on your previous experience with these data, when would it be reasonable to expect the overall unemployment rate to show real improvement?

Mr. SHISKIN. Soon.

Senator PROXMIRE. Soon?

Mr. SHISKIN. Yes. Now, the expression I think that best fits this situation is the one that Arthur Burns has used. We are in a "turning zone." Just which month will be identified as the bottom, and how much of a lag we will have in unemployment, these are things that are really anybody's guess. But I think what I would say again is that we seem to be saucering out of a recession, and we could expect improvements, more improvements, and that is the best I can do. I wish I could give you precise figures.

Senator PROXMIRE. Would this be ending probably in the fall, where you are likely to have an improvement?

Mr. SHISKIN. The best I can do is, "soon." You know, when I know something, as you learned from last month, I will be willing to say it. But in making a forecast on when unemployment will turn around, nobody knows and, you know, it has turned around promptly after some recessions end, and in the last one, the last recession, it took a long time. So, I think "soon" is the best I can do.

Senator PROXMIRE. I understand that at the present time, these data are not published regularly.

Mr. SHISKIN. Which data?

Senator PROXMIRE. But since you are experimenting with seasonally adjusting the weekly insured rate and the initial claims, are you now sufficiently satisfied with the seasonal adjustments to begin publishing them on a weekly basis?

Mr. SHISKIN. I am, and I would like to publish them, Mr. Chairman. But, let me tell you what the problem is. Our publications people say they have a very hard time getting weekly data out to the public. From my point of view, I would like to see these data go into the public domain immediately, and I see no reason for holding them up.

Senator PROXMIRE. Why is there a problem getting this out to the public. You can issue a release on it. You do not even have to worry about printing it, just send it out to the papers, and I think they would consider that newsworthy.

Mr. SHISKIN. Mr. Chairman, believe me, I am on your side on this. I would like to get these data out to the public but I can only try to explain what I am told, and that is that when you have a weekly release, and this is one of them, just to make up the mailing lists and mail them takes time, and then the mail takes time, and they will be old by the time people get them. So that is the argument.

Senator PROXMIRE. Well, a mailing list, you do not have to have that. You could get a mailing list, I would not want to specify who you give it to, but I can tell you that if you have a mailing list of about ten, the whole country will know about it.

Mr. SHISKIN. Well, we send it out to about 75 people right now, including you.

Senator PROXMIRE. Well, don't worry about me. I will get it.

Mr. SHISKIN. I do worry about you.

Senator PROXMIRE. I will get it.

Mr. SHISKIN. We have a list of about 75 people that we send them to right now. If you would like to be helpful, and I am sure you do, why don't you write Secretary Dunlop and urge him to put this material out. He does not know about this problem, but that may impress some of our publications people about the need to get these out to the public and find a way of doing it.

Senator PROXMIRE. We will do that today.

Mr. SHISKIN. OK. There is another report, which is in the same situation, and that is the weekly report on spot market prices. We have a weekly report on prices of selected materials. I would like to send them out to the public, too.

Senator PROXMIRE. This week the major oil companies have announced increases in the wholesale price of gasoline from 3 to 5 cents a gallon. Since these increases are expected to be reflected at the pump almost immediately, what impact will they have on the Consumer Price Index?

Mr. SHISKIN. I would like to have John Layng answer that.

Mr. LAYNG. Maybe first I should indicate that these are wholesale price increases that were announced, not retail price increases. The only thing we can do is assume that the increases will be passed through directly. By that I mean there will be no added margin put on by the retail sector. Whether or not individual dealers will increase their margins to get more than the announced increases or not will only be revealed after we collect the CPI data.

In terms of the ranges that were announced, the impact on both the Consumer Price Index and the Wholesale Price Index should probably be in the neighborhood of a couple of tenths of 1 percent. In other words, if the average increase works out to be 3 cents a

gallon at the retail level, the impact on the Consumer Price Index would be two-tenths of 1 percent. The impact would be the same in the Wholesale Price Index.

Senator PROXMIRE. Would you anticipate, in your best judgment, and I realize it is a question, as you say, whether or not it will be passed on to the retail gasoline distributor, but if they are, if they follow the normal course, on the basis of your experience and data, will they be reflected in the July CPI?

Mr. LAYNG. They will be reflected probably in the July CPI. The information we have now, based on the little checking we have done, is that the pump prices are, in fact, going up. They will be reflected in the July Consumer Price Index.

But, remember that in the Wholesale Price Index, the improved procedures we put in last year had one negative aspect, that is, we have a 1-month lag on the prices of petroleum products, which means it probably will not be reflected in the Wholesale Price Index until August. So there will be a difference in timing there between the Wholesale Price Index and the Consumer Price Index.

Senator PROXMIRE. The Wholesale Price Index shows by stage of processing crude material are still rising fairly rapidly, by 5 percent in June.

Mr. SHISKIN. 0.5 of a percent.

Senator PROXMIRE. I beg your pardon, I mean 0.5 of a percent.

Mr. SHISKIN. That is 1 month.

Senator PROXMIRE. And an annual rate of about 6 percent. What does that mean for consumer goods later this year?

Mr. SHISKIN. As I said earlier, Mr. Chairman, this is the best leading indicator among the WPI price series. As you know, in studies of leading indicators, fairly objective tests are used to determine which are the best ones. Mr. Moore and I selected sensitive materials, but in the new list, crude material turns out to be the best. So this suggests that in the not-too-distant future, the price of crude materials will turn up in the price of the finished goods and finally consumer items.

Now, the timing is not that exact. It is very variable and depends upon which of the components are rising. But this is an illomen for future price stability.

Senator PROXMIRE. Now, let me ask you, Mr. Shiskin, about something that has been debated and discussed, and is highly controversial, but I think it is just vital, if we are going to follow any kind of sensible economic policy up here, and that is an understanding of where we go and what effect the stimulation of the economy and growth of the economy is likely to have on unemployment and on other resources that are in ample supply. We have unemployment between 8½ and 9 percent. The argument has been made that we will have to have a growth of 4 percent in real terms just to maintain the present level of unemployment, and not to have it worsen.

In the first place, would you agree with that?

Mr. SHISKIN. Well, I would like to answer that question, if you will allow me, in a different way. After mild recessions, the unemployment rate has dropped about a point and one half during the first year. But after a severe recession, it has dropped about 2 points in the first year.

Senator PROXMIRE. What is the first year? What do you mean by the first year?

Mr. SHISKIN. Well, let us begin with the point when unemployment begins to drop and then the following 12 months. When unemployment has begun to drop after mild recessions, it has dropped about a point and a half the first year, and after severe recessions it has dropped about 2 points the first year. The 1974–75 recession has been severe. So if the recovery follows historical patterns, unemployment will drop about 2 points the first year.

Senator PROXMIRE. Well, does that mean then you would have to get in the first year, Okun's argument, his law is right on the button, he would argue you would have to get a 10 percent growth in order to get a drop of 2 percent and 10 percent real terms, and the way he argues, that is 4 percent to stay level and 3 percent growth for every 1 percent drop in unemployment. And as you know, that is his law. So, if you are going to get a drop of 2 percent unemployment, that is what you would have to have.

Now, you shake your head. Why is that wrong?

Mr. SHISKIN. That is the law, but as you know, it is not the kind of law that always turns out to be right.

Senator PROXMIRE. Well, yes. But, here is what he has in mind, and it seems to me that it makes a lot of sense, that employers are very reluctant to hire new employees until they get their work force working full tilt, and until they are pressing on overtime, until they are using the manpower they have, especially in view of the fact that when they hire somebody they have to make a major commitment, and that is pretty substantial and that involves considerable expense. This has been our experience quite often in recoveries, has it not?

Mr. SHISKIN. Well, after the 1957 recession, in only 10 months we got back to the previous peak level. Unemployment dropped about 2 points in about a year. But we cannot be sure how it will work out this time.

Senator PROXMIRE. How much did real GNP rise, though, at that time?

Mr. SHISKIN. Well, I do not have those figures. But what I am saying, in effect, is that I think this is a period in which historical business cycle analysis has a lot to tell us, and it would be useful to look at historical patterns. That is what I have been doing, and that is what I have been citing. Now, every economic recovery is different, and people point out all kinds of reasons why this recovery may be different. High oil prices is one of the examples given, and maybe that is going to happen.

Senator PROXMIRE. Of course, he argues that it would not be different, it will be the same, and his law is based on what has happened in the past as well as what seems to be logical.

Mr. SHISKIN. OK. But, as you know, Mr. Chairman, you have been one who has made some of the most convincing arguments that our forecasting methods do not do too well, and I think I have already said more about the future than I want to.

Senator PROXMIRE. Well, Mr. Shiskin, I want to thank you very much for your testimony today. It has been most helpful. This is a perplexing situation we have this morning.

Mr. SHISKIN. Yes.

Senator PROXMIRE. I think what you have told us is very helpful. Let me see if I can summarize it, and if I am incorrect, you correct me.

We have a situation now in which the seasonal adjustment has indicated a drop in unemployment of 0.6 percent, or about 600,000 people in unemployment.

Mr. SHISKIN. Official statistics.

Senator PROXMIRE. That is right, the official statistics. But those statistics may be distorted because of the entry of teenagers into the labor force in June. You had to make a very big adjustment, and the actual situation is that there probably was little or no change in unemployment, it probably remained at the same level, it may have been overstated in May, the unemployment, and understated this month, in June. But, actually unemployment has probably been around 8.9 percent in both months.

Mr. SHISKIN. Well, I would say 8.8 or 8.9.

Senator PROXMIRE. Thank you very much.

We will stand in adjournment on this subject until next month, when we will be happy to hear from you, and I hope you have clear and better figures.

Mr. SHISKIN. Thank you.

[Whereupon, at 12 noon, the committee adjourned, subject to the call of the Chair.]

# EMPLOYMENT-UNEMPLOYMENT

FRIDAY, AUGUST 1, 1975

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, D.C.*

The committee met, pursuant to notice, at 11:10 a.m., in room 1202, Dirksen Senate Office Building, Hon. Hubert H. Humphrey (chairman of the committee) presiding.

Present: Senators Humphrey and Proxmire; and Representative Brown of Michigan.

Also present: Lucy A. Falcone, Robert D. Hamrin, Loughlin F. McHugh, and Courtenay M. Slater, professional staff members; Michael J. Runde, administrative assistant; and M. Catherine Miller, minority economist.

## OPENING STATEMENT OF CHAIRMAN HUMPHREY

Chairman HUMPHREY. We will open our meeting today with a report from Mr. Shiskin. And may I say to Mr. Shiskin that it is good to welcome you on this particular day. Even the weather outside looks better. And there is another great hope for the country that Congress may recess for a while, so there is reason to be encouraged.

Mr. Shiskin comes before us to discuss the employment and the unemployment situation, as revealed by the survey this past month, and since I am one that always enjoys good news, and I hear we have some good news today, I particularly welcome you.

I see that we have a reduction in unemployment. I know that in your comments you will explain to us the different segments of the economy that are experiencing some improvement, and whether or not this reduction has long-term meaning, or whether it may be of a temporary nature.

You may recall that last month there was a drop from 9.2 to 8.6 percent in unemployment, and you explained that to us in terms of some of the difficulties you have in making seasonally adjusted computations. A very serious problem of long-term unemployment, of course, remains with us, and in July, 3.2 percent of the labor force, that is, 3 million people, have been unemployed for 15 weeks or more. This is a slight increase over the June level, and that alone is a matter of great concern.

Another matter of concern is the failure to see any improvements in the unemployment level for adult males. It remained constant in July, but I am sure that both of us will agree it is at a completely unacceptable rate of around 7 percent.

Finally, many sectors of our economy continue to have high levels of unemployment. For example, the unemployment rate in the construction industries, a vital sector of our economic recovery, remains very close to the disastrous level that we have seen for many months. I believe I am correct that in July, construction unemployment was 20.8 percent.

Mr. Shiskin, we have, of course, a number of questions that we will want to ask you, but I can tell you that it is a special pleasure today to have you here, when there is statistical information in the employment area that gives us reason for some encouragement. So we will await your discussion and then go into the details of the different segments of the economy.

## 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; AND JAMES R. WETZEL, ASSISTANT COMMISSIONER, OFFICE OF CURRENT EMPLOYMENT ANALYSIS

Mr. SHISKIN. Thank you, Mr. Chairman.

As you know, I have Mr. Layng on my right, and Mr. Wetzel to my left to help me.

I am going on vaction too, Senator, but it has no relation to the data that came out today; more to the fact that Congress is going to recess. But now let me read my formal statement.

I welcome the opportunity to explain to the Joint Economic Committee certain features and implications of the comprehensive and complex body of data released at 10 a.m. this morning in our press release, "The Employment Situation."

### 1. UNEMPLOYMENT

The total unemployment rate showed a widespread and substantial decline in July from the postwar second-quarter high. The rate declined below that for June—which had a downward bias because of difficulties in seasonal adjustment—for almost all significant groups, including men 25 and over, women 25 and over, household heads, married men, blue-collar workers, and manufacturing workers. Independently derived data on the number of persons claiming unemployment benefits, the rate of State-insured unemployment, dropped from a peak of 7 percent in May and June to 6.2 percent in July. The total number of unemployed declined from the second-quarter peak of 8.2 million to 7.8 million in July. However, long-term unemployment continued to rise.

The seasonal adjustment problem which complicated the May–June analysis does not appear to have affected the July figures. One basis we had for judging the reliability of the May and June seasonally adjusted rates was by comparison with alternative seasonal adjustment methods. In addition to the official rate, which is based on the assumption of proportionality between seasonality and the level of the series, we also studied the additive and residual methods. The additive

method assumes that a constant absolute number is added or subtracted each month to adjust for seasonality. The residual method seasonally adjusts the total civilian labor force and total employment, and then calculates unemployment as the difference. The results of the three different methods are shown in the table below, and indicate approximately the same seasonally, adjusted rate for July. Other methods we have tried, provided in the more comprehensive table distributed last month, show the July rate ranging from 8.3 to 8.5 percent. So I think the figure of 8.4 is a very reasonable and sound figure.

[The table referred to follows:]

SEASONALLY ADJUSTED UNEMPLOYMENT RATES

| | Multiplicative (official) | Additive | Residual |
|---|---|---|---|
| January 1975 | 8.2 | 8.4 | 8.4 |
| February 1975 | 8.2 | 8.5 | 8.6 |
| March 1975 | 8 7 | 8.9 | 9.0 |
| April 1975 | 8.9 | 8.8 | 8.8 |
| May 1975 | 9.2 | 8.8 | 8.9 |
| June 1975 | 8.6 | 8.7 | 8.7 |
| July 1975 | 8.4 | 8.5 | 8.4 |

Chairman HUMPHREY. May I just interrupt to say that you have cross-examined these figures by these different methods?

Mr. SHISKIN. That is right.

Chairman HUMPHREY. Giving them a greater credibility than if they had been derived using only one method.

Mr. SHISKIN. Yes, and we see no serious seasonal adjustment problem with the July figures, and that is what I said last month when I was asked about whether we would have such a problem with the July figures. I did not bring copies of the more comprehensive table, but the range is very narrow this month. It is between 8.3 and 8.5.

### 2. EMPLOYMENT

As you know, the BLS compiles two measures of employment. One is based on the survey of 47,000 households, from which we also get the unemployment figures. The other is based on a direct survey of a large sample of business establishments, about 160,000. Ordinarily, these two employment series move very similarly, but occasionally, over short periods of time, they show divergent trends, and that has been the case in recent months.

Total employment, as measured by the household survey, rose sharply in July, from 84.4 to 85.1 million, an increase of about 630,000. Nonagricultural employment, as measured in the household survey, rose almost as much, nearly 500,000. Over the past 4 months, total employment has risen by 1.2 million.

The establishment survey, however, showed only a slight rise in total nonagricultural employment in July, about 90,000. Furthermore, the level in July was about the same as has prevailed since last March. Manufacturing employment was slightly lower in July, about 40,000, and was at the lowest level since 1965.

But since March 1975—only 4 months ago—nonagricultural employment rose by more than 1 million, according to the household survey, and was about unchanged according to the establishment survey, a difference of about 1 million employees over this short period. If the household total is adjusted to eliminate self-employed, unpaid family workers, and private household workers, categories which are not covered in the establishment survey, the difference is reduced to 770,000. The further elimination of the net increase of persons on strike reduces the difference to 630,000. Strikers are not on payrolls, and thus are not counted as employed in the establishment series, but are included in the household date as "with a job but not at work." There are additional conceptual reasons for some of the remaining difference, but we cannot explain all of it. It is to be noted that differences of this magnitude have occurred previously, for example, between June and November 1971. We shall, of course, be studying the difference between the two series very carefully over the next few months.

The comprehensive diffusion index of 172 nonagricultural industries—establishment survey—showed that employment in 55 percent of the industries increased between June and July, compared to 17 percent between January and February. Furthermore, the most recent observation of the long-term diffusion index—6-month spans—was 32 percent, compared to the recession low of of 13 percent.

The average workweek in all nonagricultural industries rose slightly in July to 36.1 hours compared to the March low of of 35.9. The average workweek in manufacturing, the cyclically significant component, rose for the second month in a row, and at 39.5 hours is well above the low of 38.8 reached in March. Similarly, overtime in manufacturing has risen to 2.6 hours from a low of 2.3 over the January to April period.

There is attached, as table 2, our usual tally of unemployment rates for individual industries. Most noteworthy is the sharp drop in the unemployment rate in the automobile industry to 10.1 percent from a high of 24 percent last January.

As a result of the developments in employment and the average work week, the index of total workers hours in all nonagricultural industries remained at roughly the same level in July as June, and is still no higher than that reached in March. The worker-hour index in manufacturing, however, rose in July for the fourth consecutive month from 85.9 in March to 87, with significant rises in textiles, apparel, lumber, and wood products. Numerous industries showed declines, but most were small.

On balance, I would say that the employment situation has improved over the past few months.

I will now be glad to try to answer your questions.

[The tables and charts, and press release referred to follow:]

TABLE 1.—UNEMPLOYMENT RATES FOR SELECTED WORKER GROUPS, JANUARY–JULY 1975

[Seasonally adjusted]

| | 2nd quarter, average level of unemployment (in thousands) | Unemployment rates | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | January | February | March | April | May | June | July |
| Groups with little or no seasonal adjustment problem in May–June: | | | | | | | | |
| All persons, 25 and over | 4,533 | 5.7 | 5.7 | 6.1 | 6.3 | 6.4 | 6.6 | 6.2 |
| Males, 25 and over | 2,510 | 4.8 | 5.0 | 5.4 | 5.6 | 5.8 | 5.9 | 5.7 |
| Females, 25 and over | 2,023 | 7.1 | 6.9 | 7.3 | 7.5 | 7.5 | 7.6 | 7.0 |
| Household heads | 3,266 | 5.2 | 5.4 | 5.8 | 6.0 | 6.3 | 6.1 | 6.0 |
| Married men | 2,286 | 4.5 | 4.7 | 5.2 | 5.6 | 5.8 | 5.7 | 5.4 |
| Construction workers | 915 | 15.0 | 15.9 | 18.1 | 19.3 | 21.8 | 21.0 | 20.8 |
| Groups with significant seasonal adjustment problems in May–June: | | | | | | | | |
| Total, all workers | 8,203 | 8.2 | 8.2 | 8.7 | 8.9 | 9.2 | 8.6 | 8.4 |
| 16 to 19-yr-olds | 1,434 | 20.8 | 19.9 | 20.6 | 20.4 | 21.8 | 19.2 | 19.1 |
| 20 to 24-yr-olds | 1,899 | 12.4 | 13.3 | 14.3 | 14.6 | 14.8 | 12.8 | 13.6 |

Source: Bureau of Labor Statistics, Aug 1, 1975.

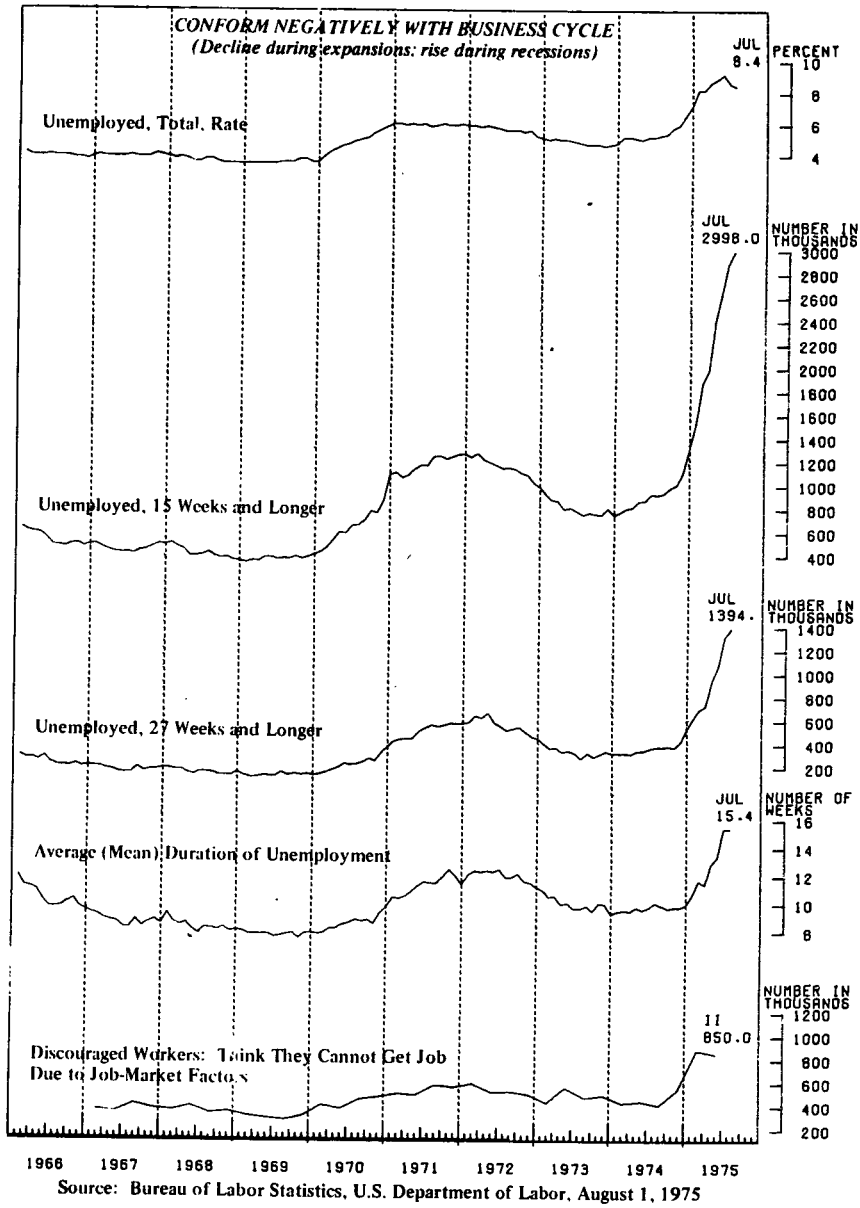
TABLE 2.—UNEMPLOYMENT RATES, DETAILED MANUFACTURING INDUSTRIES

[Seasonally adjusted]

| | July 1974 | May 1975 | June 1975 | July 1975 |
|---|---|---|---|---|
| Lumber | 6.7 | 18.6 | 14.3 | 12.4 |
| Furniture and Fixtures | 6.3 | 12.2 | 17.0 | 11.5 |
| Stone, clay and glass | 6.2 | 12.3 | 10.8 | 11.0 |
| Primary metals | 3.0 | 10.7 | 10.9 | 15.1 |
| Fabricated metals | 6.2 | 13.8 | 13.3 | 14.3 |
| Machinery | 2.1 | 9.8 | 10.5 | 9.5 |
| Electrical equipment | 4.5 | 16.1 | 15.3 | 13.8 |
| Transportation equipment | 5.7 | 12.1 | 13.3 | 10.4 |
| Automobiles | 5.3 | 15.1 | 17.9 | 10.1 |
| Other transportation equipment | 6.5 | 13.5 | 8.0 | 9.4 |
| Food and kindred products | 8.3 | 10.0 | 11.0 | 11.6 |
| Textile mill products | 6.5 | 18.3 | 14.0 | 14.2 |
| Apparel and other textile products | 11.0 | 16.1 | 14.9 | 14.2 |
| Printing and publishing | 2.8 | 8.3 | 6.0 | 6.6 |
| Chemicals and allied products | 2.5 | 8.0 | 8.2 | 8.9 |
| Petroleum and coal prcducts | 2.9 | 5.9 | 2.1 | 4.8 |
| Rubber and plastics products | 6.2 | 13.6 | 13.2 | 11.6 |

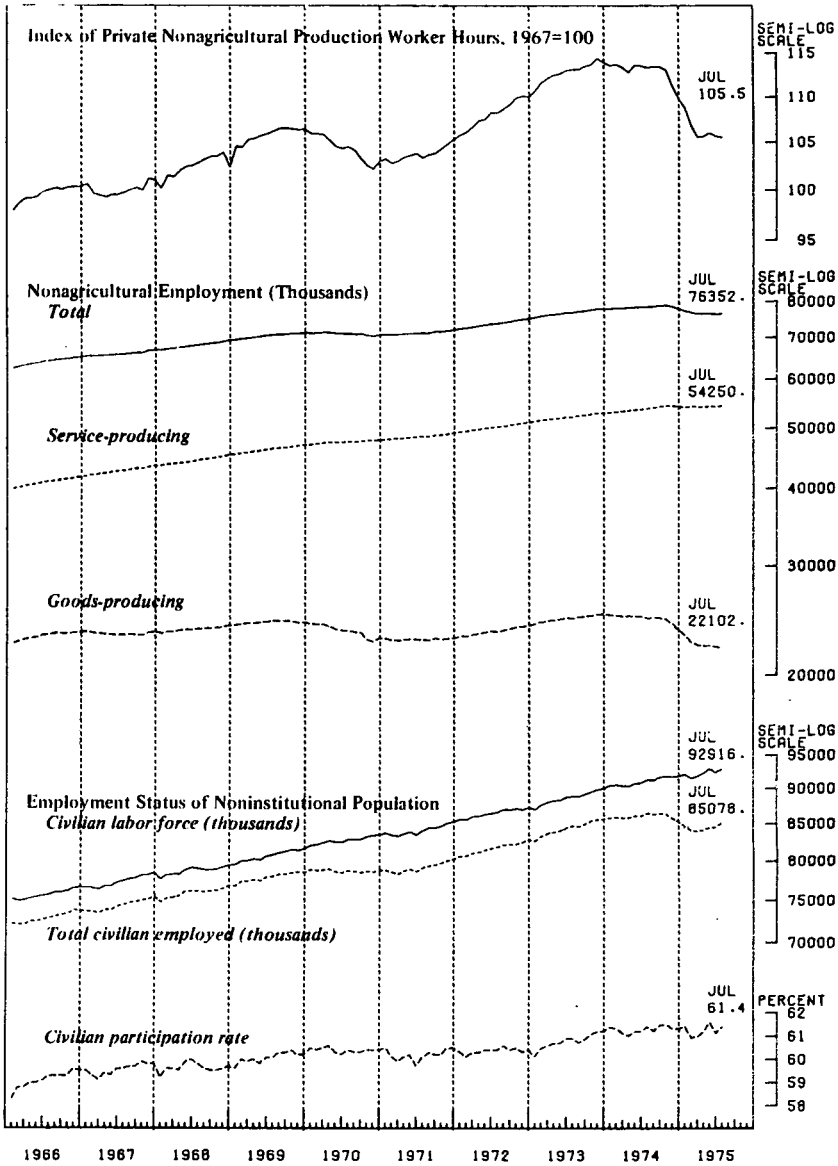
Source: Bureau of Labor Statistics, Aug. 1, 1975.

Chart 1. UNEMPLOYMENT INDICATORS, 1966-75
(Late Movers at Business Cycle Troughs)



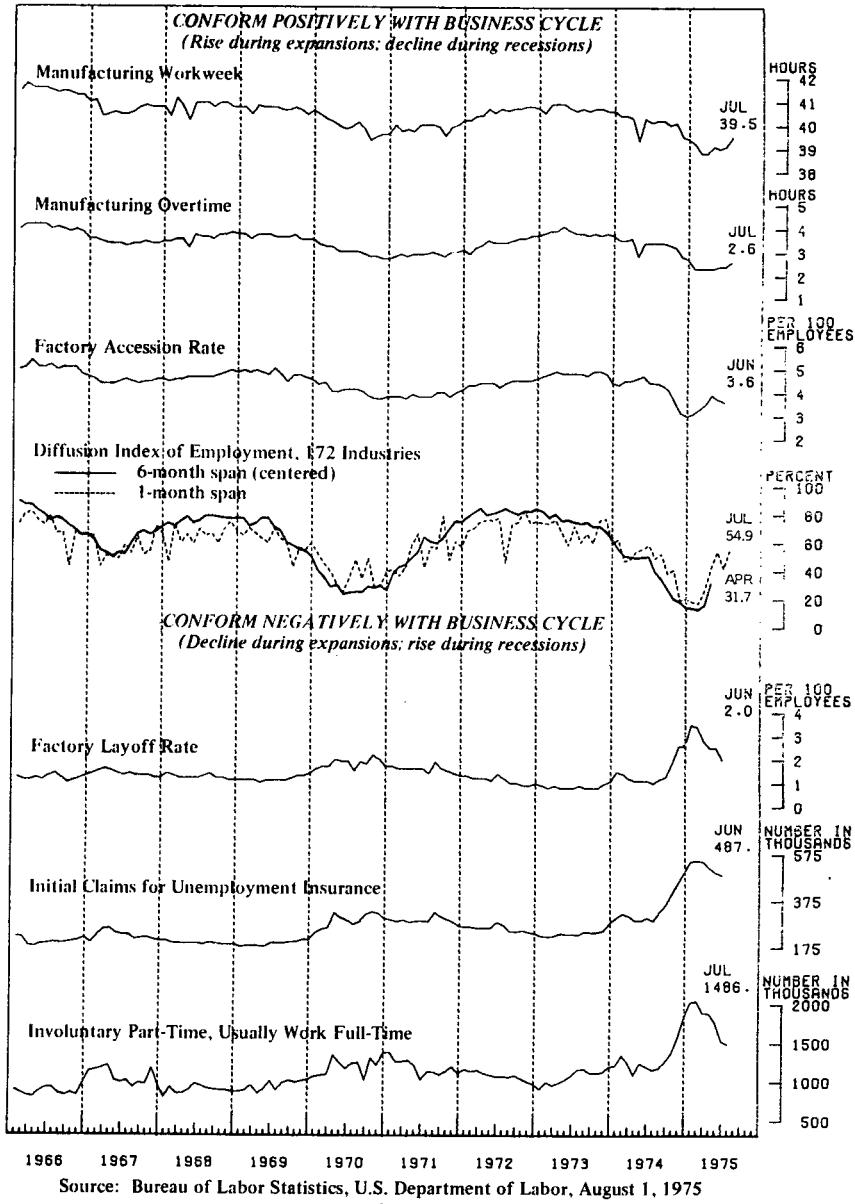

Source: Bureau of Labor Statistics, U.S. Department of Labor, August 1, 1975

Chart 2. INDICATORS OF LABOR ACTIVITY.
MEASURES OF PERFORMANCE, 1966-75




Source: Bureau of Labor Statistics, U.S. Department of Labor, August 1, 1975

Chart 3. EMPLOYMENT INDICATORS, 1966-75
(Early Movers at Business Cycle Troughs)




Source: Bureau of Labor Statistics, U.S. Department of Labor, August 1, 1975

NEWS

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FOR RELEASE: 10:00 A. M. (EDT)
Friday, August 1, 1975

# THE EMPLOYMENT SITUATION: JULY 1975

Unemployment declined and total employment rose further in July, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. At 8.4 percent, the unemployment rate was down sharply from the second quarter level of 8.9 percent but was still much higher than a year earlier. (The July figure was not complicated by seasonal adjustment difficulties encountered during the 2 previous months.)

Total employment--as measured by the monthly survey of households--rose by 630,000 in July to 85.1 million. After declining by nearly 2.6 million during the 6-month period ended in March, 1.2 million persons have obtained jobs in the subsequent months.

Total nonagricultural payroll employment--as measured by the monthly survey of establishments--rose in July by 90,000 from the June low of 76.3 million (as revised). However, increased strike activity kept an estimated 95,000 more workers off payrolls than in the previous month. Although employment trends are generally quite comparable in the household and establishment surveys, this has not always been true over short periods of time, as in the last few months.

## Unemployment

Unemployment totaled 7.8 million in July, seasonally adjusted, a decline of nearly 400,000 from the second quarter average. Nearly all worker groups have shared in this decline. Rates dropped most sharply among teenagers and adult women, from 20.5 to 19.1 percent and 8.5 to 7.9 percent, respectively. At 7.0 and 6.0 percent, the rates for adult men and household heads were close to their second quarter averages, but married men experienced a reduction--from 5.7 to 5.4 percent. Blacks (Negro and other races), with a jobless rate of 13.0 percent in July, showed greater improvement than whites from the second quarter. (See table A.)

Among the occupational groups, the rate for blue-collar workers fell to 12.1 percent in July, after peaking at 12.9 percent in the second quarter. Associated with this change was a decline in the manufacturing jobless rate, from 12.2 percent in the spring quarter to 11.1 percent in July, with the durable goods industries showing most of the improvement. This was the first significant decline in manufacturing unemployment in over a year.

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

| Selected categories | Quarterly averages | | | | | Monthly data | | |
|---|---|---|---|---|---|---|---|---|
| | 1974 | | | 1975 | | May 1975 | June 1975 | July 1975 |
| | II | III | IV | I | II | | | |
| | (Millions of persons) | | | | | | | |
| Civilian labor force | 90.6 | 91.4 | 91.8 | 91.8 | 92.5 | 92.9 | 92.3 | 92.9 |
| Total employment | 86.0 | 86.4 | 85.7 | 84.1 | 84.3 | 84.4 | 84.4 | 85.1 |
| Adult men | 48.5 | 48.5 | 48.3 | 47.3 | 47.2 | 47.3 | 47.2 | 47.5 |
| Adult women | 30.1 | 30.5 | 30.1 | 29.8 | 30.1 | 30.0 | 30.3 | 30.6 |
| Teenagers | 7.4 | 7.4 | 7.4 | 7.0 | 7.0 | 7.1 | 6.9 | 7.0 |
| Unemployment | 4.7 | 5.0 | 6.1 | 7.0 | 8.2 | 8.5 | 7.9 | 7.8 |
| | (Percent of labor force) | | | | | | | |
| Unemployment rates: | | | | | | | | |
| All workers | 5.1 | 5.5 | 6.6 | 8.3 | 8.9 | 9.2 | 8.6 | 8.4 |
| Adult men | 3.5 | 3.7 | 4.8 | 6.3 | 7.1 | 7.3 | 7.0 | 7.0 |
| Adult women | 5.1 | 5.4 | 6.5 | 8.2 | 8.5 | 8.6 | 8.1 | 7.9 |
| Teenagers | 15.1 | 16.1 | 17.5 | 20.5 | 20.5 | 21.8 | 19.2 | 19.1 |
| White | 4.6 | 5.0 | 5.9 | 7.6 | 8.2 | 8.5 | 7.9 | 7.9 |
| Negro and other races | 9.1 | 9.6 | 11.7 | 13.7 | 14.3 | 14.7 | 13.7 | 13.0 |
| Household heads | 3.0 | 3.2 | 4.1 | 5.5 | 6.1 | 6.3 | 6.1 | 6.0 |
| Married men | 2.4 | 2.7 | 3.3 | 4.8 | 5.7 | 5.8 | 5.7 | 5.4 |
| Full-time workers | 4.6 | 5.0 | 6.2 | 7.9 | 8.5 | 8.8 | 8.2 | 8.1 |
| State insured | 3.3 | 3.4 | 4.3 | 6.0 | 6.9 | 7.0 | 7.0 | 6.2 |
| | (Weeks) | | | | | | | |
| Average duration of unemployment | 9.7 | 9.9 | 9.9 | 11.3 | 13.9 | 13.4 | 15.4 | 15.4 |
| | (Millions of persons) | | | | | | | |
| Nonfarm payroll employment | 78.3 | 78.7 | 78.3 | 76.8 | 76.3p | 76.4 | 76.3p | 76.4p |
| Goods-producing industries | 24.9 | 24.8 | 24.1 | 22.7 | 22.3p | 22.3 | 22.2p | 22.1p |
| Service-producing industries | 53.5 | 53.9 | 54.2 | 54.0 | 54.1p | 54.1 | 54.1p | 54.3p |
| | (Hours of work) | | | | | | | |
| Average weekly hours: | | | | | | | | |
| Total private nonfarm | 36.7 | 36.7 | 36.4 | 36.0 | 36.0p | 36.0 | 36.0p | 36.1p |
| Manufacturing | 39.9 | 40.1 | 39.7 | 38.9 | 39.1p | 39.0 | 39.1p | 39.5p |
| Manufacturing overtime | 3.2 | 3.4 | 2.9 | 2.3 | 2.4p | 2.4 | 2.4p | 2.6p |
| | (1967=100) | | | | | | | |
| Hourly Earnings Index, private nonfarm: | | | | | | | | |
| In current dollars | 156.2 | 160.3 | 164.1 | 167.3 | 170.2p | 170.0 | 171.7p | 172.0p |
| In constant dollars | 107.4 | 107.0 | 106.4 | 106.4 | 106.7p | 106.8 | 107.0p | N.A. |

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

The number of unemployed who had lost their last job, which had held steady in June, declined by 240,000 to 4.6 million in July, the first decline in 11 months. (See table A-5.)

Long-term unemployment continued on the rise in July, with the number of persons unemployed 15 weeks or longer now comprising 3.2 percent of the labor force, more than triple the rate of a year earlier. However, the average duration of unemployment was unchanged from the June level of 15.4 weeks. This was about 5 weeks longer than the year-ago average.

The unemployment rate of workers covered by State unemployment insurance programs declined in July to 6.2 percent from 7.0 percent in May and June. The number claiming regular State U. I. benefits was 4.1 million, seasonally adjusted, but the total number of unemployment insurance claimants is much larger when the 2.4 million persons claiming benefits under various special programs, including the Federal extended benefits programs, are taken into account.

In addition to the decline in total joblessness, the number of workers on part-time schedules for economic reasons posted a large decline for the second straight month. At 3.2 million, the number of those employed part time involuntarily is down by 700,000 from the April-May level. Labor force time lost--a measure that combines the involuntary part-time employed with unemployment on a worker-hours basis--has also receded sharply, reaching 8.8 percent in July. (See tables A-3 and A-2.)

Total Employment and Civilian Labor Force

Total employment rose markedly in July to 85.1 million, seasonally adjusted. In the past 4 months, employment has expanded by 1.2 million, an increase that was experienced by all adult workers, by household heads, and by both married men and women. Total nonagricultural employment has now been on the upswing for 4 consecutive months, though it still remained 1.4 million short of last July's 83.0 million record level. (See tables A-1 and A-3.)

With the boost in total employment, the civilian labor force exhibited strong growth in July, a return to May's level of 92.9 million, after falling off in June as a result of the problems of seasonal adjustment in that month. Reflecting growth in the working-age

population, the labor force was up 1.6 million over the year, a considerably slower growth pace than in the 2 previous years. Although fluctuating somewhat during the past year, the overall labor force participation rate was unchanged from the year earlier level of 61.4 percent.

Industry Payroll Employment

Total nonagricultural payroll employment increased slightly in July from a downwardly revised June level of 76.3 million, seasonally adjusted. (See table B-1.) The over-the-month gain was depressed somewhat by increased strike activity in several industries. Large employment increases took place within the service-producing industries, but they were partially countered by declines in the goods-producing industries, stemming primarily from increased strike activity in manufacturing and construction. Increases in employment from June to July occurred in 55 percent of all industries, compared with a recession low of only 17 percent last February. (See tables B-1 and B-6.)

Within the goods-producing industries in July, employment in contract construction declined by 45,000, but this was entirely due to increased strike activity. This followed a decline of 70,000 (as revised) in the previous month. Since attaining a peak level of 4.1 million in February 1974, employment in this industry has receded by 765,000.

Manufacturing employment was down slightly to 18.0 million, with most of the decline taking place among the durable goods industries. Employment reductions totaled 35,000 each in the primary metals and machinery industries. Within the nondurable goods sector, small increases were posted in the food and apparel industries. Total manufacturing payroll jobs in July were 2.3 million below the pre-recession high attained in December 1973; most of this curtailment has occurred since last September.

Employment growth in the service-producing industries was registered in retail trade (55,000), services (65,000), and State and local government (25,000). Since last October's peak, total payroll employment decreased by 2.5 million, virtually all of it taking place in the goods-producing industries.

Hours of Work

The average workweek for all production or nonsupervisory workers on nonfarm payrolls edged up one-tenth of an hour in July to 36.1 hours, seasonally adjusted. (See table B-2.) Average weekly hours had held at the 36.0 level for 3 consecutive months, following a sharp drop beginning last fall. Average weekly hours remained 0.6 hour below the year-earlier level.

Average hours in manufacturing rose 0.4 hour to 39.5 hours in July, following a rise of 0.1 hour in the previous month. The July level was 0.7 hour above the recession low of 38.8 hours reached in February and March but was still 1.4 hours below the pre-recession peak of early 1973. Factory overtime rose 0.2 hour to 2.6 hours in July, but was down 0.8 hour from a year ago and 1.5 hours since the April 1973 peak.

Total worker-hours of private nonfarm production or nonsupervisory employees were about unchanged in July at 105.5 (1967=100). Since last July, the index of production worker-hours has fallen by 6.9 percent. (See table B-5.) Factory worker-hours rose by 0.3 percent in July to 87.0. This marked the fourth consecutive month that the factory index has increased, a reversal of a downward trend which began in late 1973.

Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.4 percent in July and 6.9 percent from a year ago (seasonally adjusted). Average weekly earnings increased 0.7 percent over the month. Since July 1974, weekly earnings have risen by 5.1 percent.

Before adjustment for seasonality, average hourly earnings rose 1 cent in July to $4.51 and were up 29 cents from a year ago. Average weekly earnings were $164.62, an increase of $1.27 from June and $8.06 from last July. (See table B-3.)

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 172.0 (1967=100) in July, 0.2 percent higher than in June. The index was 8.4 percent above July a year ago. During the 12-month period ended in June, the Hourly Earnings Index in dollars of constant purchasing power declined 0.7 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.*

## Table A-1. Employment status of the noninstitutional population

(Numbers in thousands)

| Employment status | Not seasonally adjusted | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | July 1974 | June 1975 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| **TOTAL** | | | | | | | | | |
| Total noninstitutional population[1] | 150,922 | 153,278 | 153,585 | 150,922 | 152,646 | 152,840 | 153,051 | 153,278 | 153,585 |
| Total labor force | 95,496 | 96,191 | 97,046 | 93,503 | 94,027 | 94,457 | 95,121 | 94,518 | 95,102 |
| Participation rate | 63.3 | 62.8 | 63.2 | 62.0 | 61.6 | 61.8 | 62.1 | 61.7 | 61.9 |
| Civilian noninstitutional population[1] | 148,701 | 151,100 | 151,399 | 148,701 | 150,447 | 150,645 | 150,870 | 151,100 | 151,399 |
| Civilian labor force | 93,276 | 94,013 | 94,859 | 91,283 | 91,829 | 92,262 | 92,940 | 92,340 | 92,916 |
| Participation rate | 62.7 | 62.2 | 62.7 | 61.4 | 61.0 | 61.2 | 61.6 | 61.1 | 61.4 |
| Employed | 88,015 | 85,444 | 86,650 | 86,403 | 83,849 | 84,086 | 84,402 | 84,444 | 85,078 |
| Agriculture | 4,024 | 3,869 | 4,090 | 3,433 | 3,265 | 3,238 | 3,512 | 3,304 | 3,450 |
| Nonagricultural industries | 83,991 | 81,575 | 82,560 | 82,970 | 80,584 | 80,848 | 80,890 | 81,140 | 81,628 |
| Unemployed | 5,260 | 8,569 | 8,209 | 4,880 | 7,980 | 8,176 | 8,538 | 7,896 | 7,838 |
| Unemployment rate | 5.6 | 9.1 | 8.7 | 5.3 | 8.7 | 8.9 | 9.2 | 8.6 | 8.4 |
| Not in labor force | 55,426 | 57,087 | 56,540 | 57,418 | 58,618 | 58,383 | 57,930 | 58,760 | 58,483 |
| **Males, 20 years and over** | | | | | | | | | |
| Total noninstitutional population[1] | 63,973 | 65,000 | 65,128 | 63,973 | 64,730 | 64,812 | 64,901 | 65,000 | 65,128 |
| Total labor force | 52,518 | 52,872 | 53,157 | 52,042 | 52,136 | 52,414 | 52,788 | 52,439 | 52,795 |
| Participation rate | 821 | 81.3 | 81.6 | 81.4 | 80.5 | 80.9 | 81.3 | 80.7 | 81.1 |
| Civilian noninstitutional population[1] | 62,176 | 63,282 | 63,403 | 62,176 | 62,997 | 63,080 | 63,180 | 63,282 | 63,403 |
| Civilian labor force | 50,722 | 51,153 | 51,432 | 50,246 | 50,403 | 50,683 | 51,067 | 50,721 | 51,070 |
| Participation rate | 81.6 | 80.8 | 81.1 | 80.8 | 80.0 | 80.3 | 80.8 | 80.2 | 80.5 |
| Employed | 49,027 | 47,698 | 48,061 | 48,451 | 46,990 | 47,123 | 47,333 | 47,166 | 47,499 |
| Agriculture | 2,655 | 2,569 | 2,591 | 2,495 | 2,421 | 2,399 | 2,457 | 2,394 | 2,435 |
| Nonagricultural industries | 46,372 | 45,130 | 45,470 | 45,956 | 44,569 | 44,724 | 44,876 | 44,772 | 45,064 |
| Unemployed | 1,695 | 3,455 | 3,371 | 1,795 | 3,413 | 3,560 | 3,734 | 3,555 | 3,571 |
| Unemployment rate | 3.3 | 6.8 | 6.6 | 3.6 | 6.8 | 7.0 | 7.3 | 7.0 | 7.0 |
| Not in labor force | 11,454 | 12,129 | 11,971 | 11,930 | 12,594 | 12,397 | 12,113 | 12,561 | 12,333 |
| **Females, 20 years and over** | | | | | | | | | |
| Civilian noninstitutional population[1] | 70,448 | 71,574 | 71,729 | 70,448 | 71,266 | 71,358 | 71,463 | 71,574 | 71,729 |
| Civilian labor force | 31,514 | 32,550 | 32,350 | 32,365 | 32,637 | 32,845 | 32,835 | 33,023 | 33,173 |
| Participation rate | 44.7 | 45.5 | 45.1 | 45.9 | 45.8 | 46.0 | 45.9 | 46.1 | 46.2 |
| Employed | 29,799 | 29,870 | 29,688 | 30,684 | 29,877 | 30,007 | 29,998 | 30,332 | 30,563 |
| Agriculture | 676 | 615 | 675 | 530 | 443 | 453 | 537 | 480 | 529 |
| Nonagricultural industries | 29,123 | 29,255 | 29,013 | 30,154 | 29,434 | 29,554 | 29,461 | 29,852 | 30,034 |
| Unemployed | 1,715 | 2,680 | 2,662 | 1,681 | 2,760 | 2,838 | 2,837 | 2,691 | 2,610 |
| Unemployment rate | 5.4 | 8.2 | 8.2 | 5.2 | 8.5 | 8.6 | 8.6 | 8.1 | 7.9 |
| Not in labor force | 38,934 | 39,024 | 39,379 | 38,083 | 38,629 | 38,513 | 38,628 | 38,551 | 38,556 |
| **Both sexes, 16-19 years** | | | | | | | | | |
| Civilian noninstitutional population[1] | 16,077 | 16,244 | 16,267 | 16,077 | 16,184 | 16,207 | 16,226 | 16,244 | 16,267 |
| Civilian labor force | 11,039 | 10,310 | 11,078 | 8,672 | 8,789 | 8,734 | 9,038 | 8,596 | 8,673 |
| Participation rate | 68.7 | 63.5 | 68.1 | 53.9 | 54.3 | 53.9 | 55.7 | 52.9 | 53.3 |
| Employed | 9,189 | 7,876 | 8,901 | 7,268 | 6,982 | 6,956 | 7,071 | 6,946 | 7,016 |
| Agriculture | 693 | 686 | 824 | 408 | 401 | 386 | 518 | 430 | 486 |
| Nonagricultural industries | 8,497 | 7,190 | 8,077 | 6,860 | 6,581 | 6,570 | 6,553 | 6,516 | 6,530 |
| Unemployed | 1,850 | 2,434 | 2,176 | 1,404 | 1,807 | 1,778 | 1,967 | 1,650 | 1,657 |
| Unemployment rate | 16.8 | 23.6 | 19.6 | 16.2 | 20.6 | 20.4 | 21.8 | 19.2 | 19.1 |
| Not in labor force | 5,038 | 5,934 | 5,189 | 7,405 | 7,395 | 7,473 | 7,188 | 7,648 | 7,594 |
| **WHITE** | | | | | | | | | |
| Civilian noninstitutional population[1] | 131,457 | 133,402 | 133,579 | 131,457 | 132,879 | 133,039 | 133,217 | 133,402 | 133,579 |
| Civilian labor force | 82,514 | 83,231 | 83,889 | 80,938 | 81,546 | 81,825 | 82,428 | 81,908 | 82,436 |
| Participation rate | 62.8 | 62.4 | 62.8 | 61.6 | 61.4 | 61.5 | 61.9 | 61.4 | 61.7 |
| Employed | 78,434 | 76,327 | 77,270 | 77,016 | 75,039 | 75,193 | 75,387 | 75,451 | 75,925 |
| Unemployed | 4,081 | 6,904 | 6,619 | 3,922 | 6,507 | 6,632 | 7,041 | 6,457 | 6,511 |
| Unemployment rate | 4.9 | 8.3 | 7.9 | 4.8 | 8.0 | 8.1 | 8.5 | 7.9 | 7.9 |
| Not in labor force | 48,942 | 50,171 | 49,690 | 50,519 | 51,333 | 51,214 | 50,789 | 51,494 | 51,143 |
| **NEGRO AND OTHER RACES** | | | | | | | | | |
| Civilian noninstitutional population[1] | 17,245 | 17,698 | 17,820 | 17,245 | 17,568 | 17,606 | 17,652 | 17,698 | 17,820 |
| Civilian labor force | 10,761 | 10,782 | 10,970 | 10,271 | 10,364 | 10,401 | 10,494 | 10,469 | 10,468 |
| Participation rate | 62.4 | 60.9 | 61.6 | 59.6 | 59.0 | 59.1 | 59.4 | 59.2 | 58.7 |
| Employed | 9,582 | 9,117 | 9,380 | 9,304 | 8,893 | 8,886 | 8,953 | 9,034 | 9,103 |
| Unemployed | 1,179 | 1,665 | 1,590 | 967 | 1,471 | 1,515 | 1,541 | 1,435 | 1,366 |
| Unemployment rate | 11.0 | 15.4 | 14.5 | 9.4 | 14.2 | 14.6 | 14.7 | 13.7 | 13.0 |
| Not in labor force | 6,484 | 6,916 | 6,850 | 6,974 | 7,204 | 7,205 | 7,158 | 7,229 | 7,352 |

[1] 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.

**Table A-2. Major unemployment indicators, seasonally adjusted**

| Selected categories | Number of unemployed persons (in thousands) | | Unemployment rates | | | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1974 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| Total, 16 years and over | 4,880 | 7,838 | 5.3 | 8.7 | 8.9 | 9.2 | 8.6 | 8.4 |
| Males, 20 years and over | 1,795 | 3,571 | 3.6 | 6.8 | 7.0 | 7.3 | 7.0 | 7.0 |
| Females, 20 years and over | 1,681 | 2,610 | 5.2 | 8.5 | 8.6 | 8.6 | 8.1 | 7.9 |
| Both sexes, 16-19 years | 1,404 | 1,657 | 16.2 | 20.6 | 20.4 | 21.8 | 19.2 | 19.1 |
| White, total | 3,922 | 6,511 | 4.8 | 8.0 | 8.1 | 8.5 | 7.9 | 7.9 |
| Males, 20 years and over | 1,505 | 3,002 | 3.3 | 6.2 | 6.4 | 6.8 | 6.4 | 6.6 |
| Females, 20 years and over | 1,333 | 2,137 | 4.8 | 8.0 | 8.2 | 8.2 | 7.6 | 7.4 |
| Both sexes, 16-19 years | 1,082 | 1,372 | 14.0 | 18.1 | 17.8 | 19.5 | 17.6 | 17.6 |
| Negro and other races, total | 967 | 1,365 | 9.4 | 14.2 | 14.6 | 14.7 | 13.7 | 13.0 |
| Males, 20 years and over | 305 | 598 | 5.9 | 11.8 | 12.6 | 12.0 | 11.9 | 11.4 |
| Females, 20 years and over | 340 | 466 | 8.0 | 11.2 | 11.2 | 12.2 | 11.7 | 10.8 |
| Both sexes, 16-19 years | 322 | 301 | 35.0 | 41.6 | 40.2 | 39.9 | 33.2 | 33.5 |
| Household heads | 1,597 | 3,192 | 3.0 | 5.8 | 6.0 | 6.3 | 6.1 | 6.0 |
| Married men, spouse present | 1,061 | 2,175 | 2.7 | 5.2 | 5.6 | 5.8 | 5.7 | 5.4 |
| Full-time workers | 3,749 | 6,390 | 4.8 | 8.3 | 8.6 | 8.8 | 8.2 | 8.1 |
| Part-time workers | 1,158 | 1,431 | 8.6 | 10.9 | 10.4 | 11.1 | 10.3 | 10.0 |
| Unemployed 15 weeks and over[1] | 927 | 2,998 | 1.0 | 2.2 | 2.6 | 2.8 | 3.1 | 3.2 |
| State insured[2] | 2,144 | 4,111 | 3.3 | 6.4 | 6.8 | 7.0 | 7.0 | 6.2 |
| Labor force time lost[3] | -- | -- | 5.8 | 9.6 | 9.7 | 9.9 | 8.9 | 8.8 |
| **OCCUPATION[4]** | | | | | | | | |
| White-collar workers | 1,421 | 2,138 | 3.3 | 4.6 | 4.7 | 5.4 | 4.8 | 4.8 |
| Professional and technical | 280 | 489 | 2.2 | 2.9 | 3.4 | 3.6 | 3.2 | 3.6 |
| Managers and administrators, except farm | 128 | 259 | 1.4 | 2.7 | 3.3 | 3.5 | 3.0 | 2.9 |
| Sales workers | 223 | 286 | 4.0 | 6.0 | 5.8 | 5.9 | 6.0 | 4.9 |
| Clerical workers | 790 | 1,104 | 5.0 | 6.6 | 6.2 | 7.8 | 6.7 | 6.8 |
| Blue-collar workers | 1,980 | 3,819 | 6.2 | 12.5 | 13.0 | 13.0 | 12.6 | 12.1 |
| Craft and kindred workers | 505 | 1,164 | 4.2 | 8.7 | 9.0 | 9.3 | 9.4 | 9.6 |
| Operatives | 980 | 1,870 | 6.4 | 14.1 | 14.9 | 14.4 | 14.0 | 12.9 |
| Nonfarm laborers | 495 | 785 | 10.6 | 16.2 | 17.2 | 17.7 | 16.0 | 15.9 |
| Service workers | 753 | 1,054 | 6.2 | 8.5 | 8.2 | 8.7 | 8.5 | 8.3 |
| Farm workers | 86 | 81 | 2.8 | 4.5 | 4.0 | 3.7 | 3.3 | 2.6 |
| **INDUSTRY[4]** | | | | | | | | |
| Nonagricultural private wage and salary workers[5] | 3,606 | 6,174 | 5.5 | 9.3 | 9.8 | 10.1 | 9.6 | 9.2 |
| Construction | 467 | 939 | 10.7 | 18.1 | 19.3 | 21.8 | 21.0 | 20.8 |
| Manufacturing | 1,135 | 2,300 | 5.2 | 11.4 | 12.2 | 12.3 | 12.0 | 11.1 |
| Durable goods | 601 | 1,413 | 4.6 | 11.3 | 12.8 | 12.7 | 12.9 | 11.5 |
| Nondurable goods | 534 | 887 | 6.1 | 11.6 | 11.4 | 11.6 | 10.7 | 10.4 |
| Transportation and public utilities | 166 | 267 | 3.4 | 5.6 | 6.6 | 6.7 | 5.8 | 5.6 |
| Wholesale and retail trade | 1,024 | 1,401 | 6.3 | 8.7 | 9.1 | 8.9 | 8.3 | 8.3 |
| Finance and service industries | 794 | 1,206 | 4.4 | 6.7 | 6.6 | 7.2 | 6.6 | 6.3 |
| Government workers | 440 | 656 | 3.0 | 3.9 | 3.8 | 4.9 | 3.9 | 4.3 |
| Agricultural wage and salary workers | 108 | 125 | 7.7 | 12.0 | 12.6 | 9.4 | 10.5 | 8.4 |
| **VETERAN STATUS** | | | | | | | | |
| Males, Vietnam-era veterans[6]: | | | | | | | | |
| 20 to 34 years | 287 | 578 | 4.9 | 9.0 | 9.9 | 9.4 | 9.7 | 9.6 |
| 20 to 24 years | 119 | 178 | 9.7 | 17.5 | 22.8 | 21.2 | 19.9 | 17.6 |
| 25 to 29 years | 135 | 283 | 4.2 | 8.1 | 7.3 | 7.1 | 8.1 | 8.6 |
| 30 to 34 years | 33 | 117 | 2.5 | 5.2 | 6.8 | 6.9 | 6.7 | 6.6 |
| Males, nonveterans: | | | | | | | | |
| 20 to 34 years | 756 | 1,498 | 5.6 | 10.5 | 10.4 | 10.7 | 10.0 | 10.5 |
| 20 to 24 years | 467 | 913 | 7.9 | 14.7 | 14.5 | 14.7 | 12.9 | 14.4 |
| 25 to 29 years | 159 | 360 | 4.1 | 8.5 | 6.9 | 8.5 | 9.4 | 8.6 |
| 30 to 34 years | 130 | 223 | 3.5 | 5.5 | 7.2 | 5.9 | 5.9 | 5.9 |

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

HOUSEHOLD DATA

## Table A-3. Selected employment indicators

[In thousands]

| Selected categories | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1974 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| Total employed, 16 years and over | 88,015 | 86,650 | 86,403 | 83,849 | 84,086 | 84,402 | 84,444 | 85,078 |
| Males | 54,241 | 53,000 | 52,473 | 50,781 | 50,873 | 51,172 | 50,861 | 51,287 |
| Females | 33,775 | 33,650 | 33,930 | 33,068 | 33,213 | 33,230 | 33,583 | 33,791 |
| Household heads | 51,054 | 50,291 | 51,024 | 49,613 | 49,796 | 49,924 | 49,903 | 50,241 |
| Married men, spouse present | 38,996 | 38,072 | 38,837 | 37,689 | 37,813 | 37,853 | 37,743 | 37,920 |
| Married women, spouse present | 19,034 | 18,845 | 19,883 | 19,271 | 19,376 | 19,317 | 19,478 | 19,692 |
| **OCCUPATION** | | | | | | | | |
| White-collar workers | 41,630 | 42,110 | 41,988 | 41,944 | 42,098 | 42,127 | 42,528 | 42,499 |
| Professional and technical | 11,946 | 12,362 | 12,589 | 12,699 | 12,616 | 12,780 | 12,727 | 13,026 |
| Managers and administrators, except farm | 9,102 | 8,841 | 8,965 | 8,757 | 8,725 | 8,864 | 9,039 | 8,710 |
| Sales workers | 5,376 | 5,607 | 5,353 | 5,403 | 5,526 | 5,510 | 5,652 | 5,585 |
| Clerical workers | 15,207 | 15,299 | 15,081 | 15,085 | 15,231 | 14,973 | 15,110 | 15,178 |
| Blue-collar workers | 31,305 | 29,100 | 29,970 | 27,420 | 27,724 | 27,772 | 27,618 | 27,815 |
| Craft and kindred workers | 11,970 | 11,410 | 11,553 | 10,674 | 10,857 | 10,860 | 10,852 | 11,014 |
| Operatives | 14,440 | 12,827 | 14,250 | 12,598 | 12,855 | 12,733 | 12,586 | 12,662 |
| Nonfarm laborers | 4,895 | 4,863 | 4,167 | 4,148 | 4,012 | 4,179 | 4,180 | 4,139 |
| Service workers | 11,563 | 11,881 | 11,376 | 11,560 | 11,385 | 11,383 | 11,589 | 11,681 |
| Farm workers | 3,517 | 3,560 | 2,998 | 2,814 | 2,803 | 3,062 | 2,908 | 3,027 |
| **MAJOR INDUSTRY AND CLASS OF WORKER** | | | | | | | | |
| Agriculture: | | | | | | | | |
| Wage and salary workers | 1,640 | 1,718 | 1,296 | 1,194 | 1,156 | 1,344 | 1,230 | 1,357 |
| Self-employed workers | 1,860 | 1,829 | 1,743 | 1,716 | 1,735 | 1,762 | 1,730 | 1,714 |
| Unpaid family workers | 524 | 543 | 396 | 347 | 358 | 463 | 381 | 410 |
| Nonagricultural industries: | | | | | | | | |
| Wage and salary workers | 77,626 | 76,330 | 76,563 | 74,584 | 74,759 | 74,768 | 75,114 | 75,350 |
| Private households | 1,386 | 1,367 | 1,372 | 1,342 | 1,315 | 1,411 | 1,472 | 1,353 |
| Government | 13,644 | 14,228 | 14,139 | 14,387 | 14,512 | 14,440 | 14,558 | 14,744 |
| Other | 62,596 | 60,735 | 61,052 | 58,855 | 58,932 | 58,917 | 59,084 | 59,253 |
| Self-employed workers | 5,875 | 5,803 | 5,759 | 5,519 | 5,648 | 5,569 | 5,659 | 5,689 |
| Unpaid family workers | 491 | 427 | 460 | 474 | 469 | 508 | 401 | 401 |
| **PERSONS AT WORK** [1] | | | | | | | | |
| Nonagricultural industries | 72,855 | 70,508 | 78,017 | 75,679 | 76,371 | 76,098 | 76,288 | 75,305 |
| Full-time schedules | 61,577 | 58,203 | 64,692 | 61,456 | 61,943 | 61,917 | 61,853 | 61,138 |
| Part time for economic reasons | 3,116 | 4,053 | 2,450 | 3,916 | 3,884 | 3,877 | 3,354 | 3,179 |
| Usually work full time | 1,124 | 1,443 | 1,158 | 1,887 | 1,883 | 1,764 | 1,530 | 1,486 |
| Usually work part time | 1,992 | 2,610 | 1,292 | 2,029 | 2,001 | 2,113 | 1,824 | 1,693 |
| Part time for noneconomic reasons | 8,162 | 8,252 | 10,875 | 10,307 | 10,544 | 10,304 | 11,081 | 10,988 |

[1] 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

[Numbers in thousands]

| Weeks of unemployment | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1974 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| Less than 5 weeks | 2,609 | 2,981 | 2,472 | 3,253 | 2,897 | 3,134 | 2,692 | 2,823 |
| 5 to 14 weeks | 1,819 | 2,536 | 1,522 | 2,619 | 2,695 | 2,620 | 2,498 | 2,120 |
| 15 weeks and over | 1,472 | 2,692 | 927 | 1,981 | 2,403 | 2,643 | 2,887 | 2,998 |
| 15 to 26 weeks | 430 | 1,220 | 546 | 1,259 | 1,452 | 1,568 | 1,561 | 1,604 |
| 27 weeks and over | 402 | 1,472 | 381 | 732 | 951 | 1,075 | 1,326 | 1,394 |
| Average (mean) duration, in weeks | 9.3 | 14.2 | 10.1 | 11.4 | 12.9 | 13.4 | 15.4 | 15.4 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Less than 5 weeks | 49.6 | 36.3 | 50.2 | 41.4 | 36.2 | 37.3 | 33.3 | 35.5 |
| 5 to 14 weeks | 34.6 | 30.9 | 30.9 | 33.3 | 33.7 | 31.2 | 30.9 | 26.7 |
| 15 weeks and over | 15.8 | 32.8 | 18.8 | 25.3 | 30.1 | 31.5 | 35.7 | 37.8 |
| 15 to 26 weeks | 8.2 | 14.9 | 11.1 | 16.0 | 18.2 | 18.7 | 19.3 | 20.2 |
| 27 weeks and over | 7.6 | 17.9 | 7.7 | 9.3 | 11.9 | 12.8 | 16.4 | 17.6 |

## Table A-5. Reasons for unemployment

[Numbers in thousands]

| Reason | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1974 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| **NUMBER OF UNEMPLOYED** | | | | | | | | |
| Lost last job | 1,919 | 4,302 | 2,037 | 4,369 | 4,657 | 4,863 | 4,808 | 4,567 |
| Left last job | 785 | 845 | 768 | 798 | 806 | 869 | 779 | 826 |
| Reentered labor force | 1,548 | 1,895 | 1,447 | 1,854 | 1,916 | 2,114 | 1,846 | 1,771 |
| Seeking first job | 1,009 | 1,168 | 672 | 773 | 766 | 848 | 670 | 648 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Job losers | 36.5 | 52.4 | 41.4 | 56.1 | 57.2 | 55.9 | 59.3 | 58.5 |
| Job leavers | 14.9 | 10.3 | 15.6 | 10.2 | 9.9 | 10.0 | 9.6 | 10.6 |
| Reentrants | 29.4 | 23.1 | 29.4 | 23.8 | 23.5 | 24.3 | 22.8 | 22.7 |
| New entrants | 19.2 | 14.2 | 13.6 | 9.9 | 9.4 | 9.8 | 8.3 | 8.3 |
| **UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE** | | | | | | | | |
| Job losers | 2.1 | 4.5 | 2.2 | 4.8 | 5.0 | 5.2 | 5.2 | 4.9 |
| Job leavers | .8 | .9 | .8 | .9 | .9 | .9 | .8 | .9 |
| Reentrants | 1.7 | 2.0 | 1.6 | 2.0 | 2.1 | 2.3 | 2.0 | 1.9 |
| New entrants | 1.1 | 1.2 | .7 | .8 | .8 | .9 | .7 | .7 |

## 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 | | | | | | |
| | July 1974 | July 1975 | July 1975 | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | July 1975 |
| Total, 16 years and over | 5,260 | 8,209 | 85.4 | 5.3 | 8.7 | 8.9 | 9.2 | 8.6 | 8.4 |
| 16 to 19 years | 1,850 | 2,176 | 72.8 | 16.2 | 20.6 | 20.4 | 21.8 | 19.2 | 19.1 |
| 16 to 17 years | 972 | 1,026 | 58.3 | 18.1 | 22.3 | 21.5 | 22.8 | 20.3 | 19.9 |
| 18 to 19 years | 878 | 1,150 | 85.8 | 14.6 | 19.5 | 19.7 | 21.2 | 18.2 | 18.4 |
| 20 to 24 years | 1,212 | 1,942 | 90.8 | 8.7 | 14.3 | 14.6 | 14.8 | 12.8 | 13.6 |
| 25 years and over | 2,199 | 4,090 | 89.5 | 3.4 | 6.1 | 6.3 | 6.4 | 6.6 | 6.2 |
| 25 to 54 years | 1,837 | 3,461 | 91.0 | 3.5 | 6.4 | 6.7 | 6.9 | 7.0 | 6.6 |
| 55 years and over | 361 | 629 | 81.2 | 2.8 | 4.8 | 5.1 | 4.9 | 4.9 | 4.8 |
| Males, 16 years and over | 2,637 | 4,579 | 89.2 | 4.6 | 7.9 | 8.3 | 8.5 | 8.1 | 8.1 |
| 16 to 19 years | 941 | 1,208 | 74.9 | 15.4 | 20.2 | 21.7 | 21.2 | 20.6 | 19.9 |
| 16 to 17 years | 540 | 600 | 60.2 | 18.3 | 20.8 | 22.8 | 22.7 | 21.5 | 21.0 |
| 18 to 19 years | 401 | 608 | 89.3 | 12.9 | 20.0 | 21.3 | 19.9 | 19.4 | 19.0 |
| 20 to 24 years | 595 | 1,112 | 92.6 | 8.2 | 14.8 | 15.8 | 15.6 | 14.0 | 14.8 |
| 25 years and over | 1,100 | 2,259 | 95.1 | 2.8 | 5.4 | 5.6 | 5.8 | 5.9 | 5.7 |
| 25 to 54 years | 893 | 1,899 | 97.4 | 2.9 | 5.5 | 5.9 | 6.2 | 6.3 | 6.0 |
| 55 years and over | 207 | 359 | 83.6 | 2.7 | 4.7 | 4.9 | 4.8 | 4.7 | 4.6 |
| Females, 16 years and over | 2,624 | 3,631 | 80.6 | 6.5 | 9.8 | 9.7 | 10.2 | 9.2 | 9.0 |
| 16 to 19 years | 908 | 969 | 70.1 | 17.1 | 21.0 | 18.7 | 22.4 | 17.6 | 18.2 |
| 16 to 17 years | 432 | 427 | 55.3 | 17.8 | 24.2 | 19.8 | 22.9 | 18.7 | 18.6 |
| 18 to 19 years | 477 | 542 | 81.7 | 16.6 | 18.8 | 17.8 | 22.6 | 16.8 | 17.8 |
| 20 to 24 years | 616 | 831 | 88.3 | 9.3 | 13.6 | 13.3 | 13.9 | 11.4 | 12.1 |
| 25 years and over | 1,099 | 1,831 | 82.6 | 4.3 | 7.3 | 7.5 | 7.5 | 7.6 | 7.0 |
| 25 to 54 years | 945 | 1,562 | 83.3 | 4.6 | 7.8 | 8.1 | 8.0 | 8.1 | 7.5 |
| 55 years and over | 154 | 269 | 78.8 | 3.0 | 5.0 | 5.4 | 5.1 | 5.2 | 5.1 |

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

(In thousands)

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July 1974 | May 1975 | June 1975[p] | July 1975[p] | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975[p] | July 1975[p] |
| TOTAL | 78,322 | 76,641 | 77,086 | 76,143 | 78,479 | 76,368 | 76,349 | 76,428 | 76,264 | 76,352 |
| GOODS-PRODUCING | 24,941 | 22,214 | 22,506 | 22,260 | 24,764 | 22,338 | 22,268 | 22,300 | 22,182 | 22,102 |
| MINING | 688 | 711 | 723 | 723 | 675 | 706 | 703 | 710 | 707 | 710 |
| CONTRACT CONSTRUCTION | 4,187 | 3,465 | 3,571 | 3,589 | 3,920 | 3,486 | 3,475 | 3,472 | 3,404 | 3,360 |
| MANUFACTURING | 20,066 | 18,038 | 18,212 | 17,948 | 20,169 | 18,146 | 18,090 | 18,118 | 18,071 | 18,032 |
| *Production workers* | 14,605 | 12,799 | 12,966 | 12,709 | 14,736 | 12,866 | 12,826 | 12,870 | 12,845 | 12,813 |
| DURABLE GOODS | 11,903 | 10,523 | 10,568 | 10,355 | 11,959 | 10,635 | 10,554 | 10,525 | 10,470 | 10,399 |
| *Production workers* | 8,632 | 7,412 | 7,458 | 7,252 | 8,702 | 7,499 | 7,426 | 7,409 | 7,369 | 7,303 |
| Ordnance and accessories | 181.6 | 179.3 | 178.7 | 176.8 | 182 | 182 | 182 | 182 | 179 | 177 |
| Lumber and wood products | 663.0 | 555.0 | 579.5 | 587.8 | 647 | 545 | 544 | 557 | 562 | 573 |
| Furniture and fixtures | 521.0 | 444.2 | 447.9 | 435.4 | 531 | 442 | 445 | 448 | 446 | 444 |
| Stone, clay, and glass products | 707.6 | 610.1 | 617.9 | 607.1 | 696 | 609 | 608 | 608 | 604 | 597 |
| Primary metal industries | 1,343.7 | 1,167.1 | 1,157.3 | 1,113.3 | 1,332 | 1,206 | 1,177 | 1,156 | 1,138 | 1,103 |
| Fabricated metal products | 1,494.7 | 1,300.5 | 1,309.7 | 1,280.9 | 1,513 | 1,312 | 1,310 | 1,303 | 1,299 | 1,296 |
| Machinery, except electrical | 2,188.4 | 2,043.8 | 2,030.3 | 1,970.5 | 2,197 | 2,102 | 2,073 | 2,042 | 2,014 | 1,978 |
| Electrical equipment | 2,040.3 | 1,710.8 | 1,712.4 | 1,689.9 | 2,057 | 1,754 | 1,730 | 1,721 | 1,709 | 1,704 |
| Transportation equipment | 1,783.4 | 1,627.3 | 1,639.0 | 1,612.0 | 1,814 | 1,587 | 1,594 | 1,618 | 1,628 | 1,635 |
| Instruments and related products | 533.8 | 489.0 | 493.1 | 487.8 | 535 | 498 | 495 | 491 | 491 | 489 |
| Miscellaneous manufacturing | 445.3 | 395.5 | 402.6 | 393.9 | 455 | 398 | 396 | 399 | 400 | 403 |
| NONDURABLE GOODS | 8,163 | 7,515 | 7,644 | 7,593 | 8,210 | 7,511 | 7,536 | 7,593 | 7,601 | 7,633 |
| *Production workers* | 5,973 | 5,387 | 5,508 | 5,457 | 6,034 | 5,367 | 5,400 | 5,461 | 5,476 | 5,510 |
| Food and kindred products | 1,736.2 | 1,617.7 | 1,665.8 | 1,715.7 | 1,702 | 1,666 | 1,669 | 1,678 | 1,671 | 1,682 |
| Tobacco manufactures | 72.0 | 67.3 | 68.1 | 70.0 | 79 | 76 | 75 | 75 | 75 | 77 |
| Textile mill products | 994.1 | 896.5 | 913.5 | 896.0 | 1,008 | 857 | 877 | 897 | 904 | 909 |
| Apparel and other textile products | 1,301.4 | 1,199.6 | 1,220.4 | 1,176.8 | 1,357 | 1,165 | 1,181 | 1,197 | 1,208 | 1,227 |
| Paper and allied products | 711.7 | 629.7 | 640.8 | 637.9 | 712 | 639 | 633 | 635 | 633 | 639 |
| Printing and publishing | 1,110.4 | 1,070.8 | 1,070.6 | 1,058.0 | 1,114 | 1,083 | 1,078 | 1,074 | 1,070 | 1,061 |
| Chemicals and allied products | 1,071.1 | 1,006.4 | 1,014.1 | 1,013.0 | 1,063 | 1,014 | 1,007 | 1,008 | 1,005 | 1,005 |
| Petroleum and coal products | 201.1 | 191.3 | 196.1 | 199.8 | 196 | 190 | 189 | 191 | 192 | 195 |
| Rubber and plastics products, nec. | 683.4 | 578.7 | 589.3 | 581.6 | 690 | 570 | 575 | 582 | 584 | 587 |
| Leather and leather products | 281.9 | 256.8 | 265.7 | 244.5 | 289 | 251 | 252 | 256 | 259 | 251 |
| SERVICE-PRODUCING | 53,381 | 54,427 | 54,580 | 53,883 | 53,715 | 54,030 | 54,081 | 54,128 | 54,082 | 54,250 |
| TRANSPORTATION AND PUBLIC UTILITIES | 4,740 | 4,495 | 4,532 | 4,515 | 4,693 | 4,512 | 4,511 | 4,495 | 4,474 | 4,470 |
| WHOLESALE AND RETAIL TRADE | 17,064 | 16,791 | 16,930 | 16,877 | 17,107 | 16,799 | 16,794 | 16,820 | 16,854 | 16,919 |
| WHOLESALE TRADE | 4,295 | 4,179 | 4,208 | 4,228 | 4,261 | 4,211 | 4,213 | 4,208 | 4,183 | 4,194 |
| RETAIL TRADE | 12,769 | 12,612 | 12,722 | 12,649 | 12,846 | 12,588 | 12,581 | 12,612 | 12,671 | 12,725 |
| FINANCE, INSURANCE, AND REAL ESTATE | 4,219 | 4,161 | 4,200 | 4,223 | 4,157 | 4,157 | 4,163 | 4,161 | 4,154 | 4,161 |
| SERVICES | 13,665 | 13,869 | 13,904 | 13,931 | 13,516 | 13,754 | 13,754 | 13,759 | 13,712 | 13,779 |
| GOVERNMENT | 13,693 | 15,111 | 15,014 | 14,337 | 14,242 | 14,808 | 14,859 | 14,893 | 14,888 | 14,921 |
| FEDERAL | 2,784 | 2,741 | 2,771 | 2,789 | 2,735 | 2,732 | 2,729 | 2,730 | 2,730 | 2,740 |
| STATE AND LOCAL | 10,909 | 12,370 | 12,243 | 11,548 | 11,507 | 12,076 | 12,130 | 12,163 | 12,158 | 12,181 |

[p]preliminary.

**Table B-2. Average weekly hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July 1974 | May 1975 | June 1975[p] | July 1975[p] | July 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975[p] | July 1975[p] |
| TOTAL PRIVATE | 37.1 | 35.9 | 36.3 | 36.5 | 36.7 | 35.9 | 36.0 | 36.0 | 36.0 | 36.1 |
| MINING | 43.2 | 42.6 | 42.6 | 42.2 | 43.0 | 41.8 | 41.2 | 42.6 | 42.2 | 42.0 |
| CONTRACT CONSTRUCTION | 37.9 | 36.9 | 36.4 | 37.4 | 36.9 | 34.9 | 36.7 | 36.9 | 35.7 | 36.4 |
| MANUFACTURING | 40.0 | 39.0 | 39.4 | 39.3 | 40.2 | 38.8 | 39.1 | 39.0 | 39.1 | 39.5 |
| *Overtime hours* | 3.3 | 2.3 | 2.5 | 2.5 | 3.4 | 2.3 | 2.3 | 2.4 | 2.4 | 2.6 |
| DURABLE GOODS | 40.4 | 39.5 | 39.9 | 39.6 | 40.7 | 39.4 | 39.7 | 39.4 | 39.6 | 39.9 |
| *Overtime hours* | 3.4 | 2.2 | 2.4 | 2.4 | 3.5 | 2.3 | 2.4 | 2.2 | 2.3 | 2.5 |
| Ordnance and accessories | 41.2 | 41.0 | 41.6 | 40.8 | 41.7 | 41.2 | 41.3 | 41.1 | 41.6 | 41.3 |
| Lumber and wood products | 39.8 | 39.1 | 39.8 | 39.4 | 39.9 | 37.8 | 38.8 | 38.9 | 39.2 | 39.5 |
| Furniture and fixtures | 39.0 | 37.2 | 38.0 | 37.1 | 39.4 | 36.5 | 37.2 | 37.5 | 37.7 | 37.5 |
| Stone, clay, and glass products | 41.6 | 40.4 | 40.7 | 40.9 | 41.4 | 39.6 | 40.3 | 40.2 | 40.3 | 40.7 |
| Primary metal industries | 41.5 | 39.5 | 39.8 | 39.8 | 41.6 | 39.9 | 39.6 | 39.3 | 39.6 | 39.9 |
| Fabricated metal products | 40.6 | 39.6 | 39.9 | 39.4 | 40.8 | 39.8 | 39.7 | 39.4 | 39.5 | 39.6 |
| Machinery, except electrical | 41.7 | 40.4 | 40.4 | 40.0 | 42.2 | 40.8 | 40.9 | 40.4 | 40.3 | 40.4 |
| Electrical equipment | 39.3 | 39.1 | 39.5 | 39.0 | 39.9 | 39.2 | 39.4 | 39.1 | 39.4 | 39.6 |
| Transportation equipment | 40.1 | 39.8 | 40.3 | 40.5 | 40.1 | 39.0 | 40.4 | 39.5 | 39.7 | 40.5 |
| Instruments and related products | 39.7 | 39.2 | 39.4 | 39.0 | 40.1 | 39.0 | 39.1 | 39.2 | 39.4 | 39.4 |
| Miscellaneous manufacturing | 38.5 | 38.2 | 38.6 | 37.8 | 38.9 | 37.7 | 38.2 | 38.2 | 38.6 | 38.2 |
| NONDURABLE GOODS | 39.3 | 38.2 | 38.8 | 38.9 | 39.2 | 37.9 | 38.0 | 38.3 | 38.7 | 38.8 |
| *Overtime hours* | 3.2 | 2.4 | 2.6 | 2.7 | 3.2 | 2.2 | 2.2 | 2.5 | 2.6 | 2.7 |
| Food and kindred products | 40.8 | 39.7 | 40.1 | 40.2 | 40.5 | 40.3 | 39.9 | 39.9 | 40.0 | 39.9 |
| Tobacco manufactures | 36.8 | 36.6 | 39.6 | 36.1 | 37.0 | 39.1 | 38.4 | 36.9 | 39.4 | 36.3 |
| Textile mill products | 39.9 | 38.7 | 39.5 | 39.5 | 40.2 | 36.8 | 37.8 | 38.9 | 39.1 | 39.8 |
| Apparel and other textile products | 35.4 | 34.3 | 35.2 | 35.6 | 35.3 | 33.7 | 34.3 | 34.4 | 35.1 | 35.5 |
| Paper and allied products | 42.2 | 40.7 | 41.7 | 41.7 | 42.2 | 40.4 | 40.4 | 40.9 | 41.6 | 41.7 |
| Printing and publishing | 37.5 | 36.7 | 36.8 | 36.7 | 37.5 | 36.9 | 36.8 | 36.7 | 36.7 | 36.7 |
| Chemicals and allied products | 41.6 | 40.6 | 40.9 | 40.7 | 41.8 | 40.4 | 40.3 | 40.6 | 40.8 | 40.9 |
| Petroleum and coal products | 42.8 | 41.4 | 41.2 | 41.4 | 42.2 | 41.8 | 40.9 | 41.4 | 41.0 | 40.8 |
| Rubber and plastics products, nec | 40.1 | 39.4 | 39.8 | 39.6 | 40.4 | 38.6 | 39.1 | 39.5 | 39.6 | 39.9 |
| Leather and leather products | 37.4 | 36.8 | 38.3 | 38.6 | 37.0 | 35.1 | 36.5 | 36.6 | 37.7 | 38.1 |
| TRANSPORTATION AND PUBLIC UTILITIES | 41.1 | 39.2 | 39.7 | 39.7 | 40.7 | 39.9 | 39.9 | 39.3 | 39.4 | 39.3 |
| WHOLESALE AND RETAIL TRADE | 35.0 | 33.6 | 34.2 | 34.6 | 34.1 | 33.9 | 33.7 | 33.9 | 33.9 | 33.7 |
| WHOLESALE TRADE | 39.2 | 38.5 | 38.7 | 38.6 | 39.0 | 38.5 | 38.6 | 38.6 | 38.6 | 38.4 |
| RETAIL TRADE | 33.7 | 32.1 | 32.8 | 33.4 | 32.6 | 32.4 | 32.2 | 32.5 | 32.4 | 32.3 |
| FINANCE, INSURANCE, AND REAL ESTATE | 36.8 | 36.3 | 36.5 | 36.0 | 36.7 | 36.6 | 36.2 | 36.4 | 36.5 | 35.9 |
| SERVICES | 34.6 | 33.7 | 34.1 | 34.4 | 34.0 | 34.0 | 33.9 | 34.0 | 34.0 | 33.8 |

[1] 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.

p=preliminary.

ESTABLISHMENT DATA

**Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Average hourly earnings | | | | Average weekly earnings | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1974 | May 1975 | June 1975P | July 1975P | July 1974 | May 1975 | June 1975P | July 1975P |
| TOTAL PRIVATE | $4.22 | $4.47 | $4.50 | $4.51 | $156.56 | $160.47 | $163.35 | $164.62 |
| *Seasonally adjusted* | 4.23 | 4.47 | 4.50 | 4.52 | 155.24 | 160.92 | 162.00 | 163.17 |
| MINING | 5.22 | 5.80 | 5.83 | 5.84 | 225.50 | 247.08 | 248.36 | 246.45 |
| CONTRACT CONSTRUCTION | 6.68 | 7.12 | 7.17 | 7.28 | 253.17 | 262.73 | 260.99 | 272.27 |
| MANUFACTURING | 4.42 | 4.73 | 4.76 | 4.78 | 176.80 | 184.47 | 187.54 | 187.85 |
| DURABLE GOODS | 4.68 | 5.04 | 5.08 | 5.10 | 189.07 | 199.08 | 202.69 | 201.96 |
| Ordnance and accessories | 4.70 | 5.17 | 5.19 | 5.19 | 193.64 | 211.97 | 215.90 | 211.75 |
| Lumber and wood products | 3.96 | 4.16 | 4.24 | 4.27 | 157.61 | 162.66 | 168.75 | 168.24 |
| Furniture and fixtures | 3.49 | 3.69 | 3.70 | 3.70 | 136.11 | 137.27 | 140.60 | 137.27 |
| Stone, clay, and glass products | 4.55 | 4.82 | 4.86 | 4.91 | 189.28 | 194.73 | 197.80 | 200.82 |
| Primary metal industries | 5.65 | 6.03 | 6.06 | 6.05 | 234.48 | 238.19 | 241.19 | 240.79 |
| Fabricated metal products | 4.59 | 4.97 | 5.03 | 5.05 | 186.35 | 196.81 | 200.70 | 198.97 |
| Machinery, except electrical | 4.89 | 5.27 | 5.30 | 5.31 | 203.91 | 212.91 | 214.12 | 212.40 |
| Electrical equipment | 4.17 | 4.51 | 4.57 | 4.60 | 163.88 | 176.34 | 180.52 | 179.40 |
| Transportation equipment | 5.43 | 5.86 | 5.94 | 5.99 | 217.74 | 233.23 | 239.38 | 242.60 |
| Instruments and related products | 4.20 | 4.50 | 4.52 | 4.57 | 166.74 | 176.40 | 178.09 | 178.23 |
| Miscellaneous manufacturing | 3.49 | 3.75 | 3.77 | 3.78 | 134.37 | 143.25 | 145.52 | 142.88 |
| NONDURABLE GOODS | 4.02 | 4.29 | 4.31 | 4.35 | 157.99 | 163.88 | 167.23 | 169.22 |
| Food and kindred products | 4.18 | 4.51 | 4.53 | 4.54 | 170.54 | 179.05 | 181.65 | 182.51 |
| Tobacco manufactures | 4.37 | 4.79 | 4.90 | 4.74 | 160.82 | 175.31 | 194.04 | 171.11 |
| Textile mill products | 3.25 | 3.33 | 3.34 | 3.34 | 129.68 | 128.87 | 131.93 | 131.93 |
| Apparel and other textile products | 3.01 | 3.15 | 3.16 | 3.14 | 106.55 | 108.05 | 111.23 | 111.78 |
| Paper and allied products | 4.53 | 4.85 | 4.93 | 5.02 | 191.17 | 197.40 | 205.58 | 209.33 |
| Printing and publishing | 4.97 | 5.31 | 5.34 | 5.38 | 186.38 | 194.88 | 196.51 | 197.45 |
| Chemicals and allied products | 4.89 | 5.28 | 5.33 | 5.42 | 203.42 | 214.37 | 218.00 | 220.59 |
| Petroleum and coal products | 5.66 | 6.36 | 6.39 | 6.44 | 242.25 | 263.30 | 263.27 | 266.62 |
| Rubber and plastics products, nec | 4.06 | 4.29 | 4.32 | 4.43 | 162.81 | 169.03 | 171.94 | 175.43 |
| Leather and leather products | 3.00 | 3.20 | 3.22 | 3.20 | 112.20 | 117.76 | 123.33 | 123.52 |
| TRANSPORTATION AND PUBLIC UTILITIES | 5.40 | 5.76 | 5.80 | 5.85 | 221.94 | 225.79 | 230.26 | 232.25 |
| WHOLESALE AND RETAIL TRADE | 3.48 | 3.72 | 3.73 | 3.74 | 121.80 | 124.99 | 127.57 | 129.40 |
| WHOLESALE TRADE | 4.49 | 4.83 | 4.86 | 4.88 | 176.01 | 185.96 | 188.08 | 188.37 |
| RETAIL TRADE | 3.11 | 3.31 | 3.33 | 3.33 | 104.81 | 106.25 | 109.22 | 111.22 |
| FINANCE, INSURANCE, AND REAL ESTATE | 3.80 | 4.10 | 4.15 | 4.12 | 139.84 | 148.83 | 151.48 | 148.32 |
| SERVICES | 3.72 | 3.98 | 4.00 | 3.97 | 128.71 | 134.13 | 136.40 | 136.57 |

[1] See footnote 1, table B-2.
P=preliminary.

ESTABLISHMENT DATA

**Table B-4. Hourly earnings index for production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry division, seasonally adjusted**

[1967=100]

| Industry | July 1974 | Feb. 1975 | Mar. 1975 | Apr. 1975 | May 1975 | Junep 1975 | Julyp 1975 | Percent change from July 1974-July 1975 | Percent change from June 1975-July 1975 |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL PRIVATE NONFARM: | | | | | | | | | |
| Current dollars | 158.7 | 167.2 | 168.8 | 168.8 | 170.0 | 171.7 | 172.0 | 8.4 | 0.2 |
| Constant (1967) dollars | 107.2 | 106.3 | 107.0 | 106.3 | 106.8 | 107.0 | N.A. | (2) | (3) |
| MINING | 163.8 | 177.9 | 178.6 | 178.2 | 180.9 | 181.9 | 182.2 | 11.3 | .2 |
| CONTRACT CONSTRUCTION | 163.4 | 168.9 | 173.6 | 173.0 | 173.0 | 175.8 | 177.7 | 8.7 | 1.1 |
| MANUFACTURING | 156.6 | 165.9 | 167.6 | 168.0 | 169.2 | 170.8 | 171.4 | 9.5 | .4 |
| TRANSPORTATION AND PUBLIC UTILITIES | 166.9 | 175.2 | 176.5 | 176.5 | 178.6 | 179.9 | 180.6 | 8.2 | .4 |
| WHOLESALE AND RETAIL TRADE | 155.8 | 164.0 | 164.6 | 164.6 | 166.4 | 167.5 | 167.9 | 7.7 | .2 |
| FINANCE, INSURANCE, AND REAL ESTATE | 148.0 | 157.2 | 159.6 | 158.4 | 160.0 | 162.8 | 161.4 | 9.0 | -.9 |
| SERVICES | 162.3 | 171.0 | 171.8 | 171.7 | 172.5 | 174.4 | 173.1 | 6.6 | -.8 |

[1] See footnote 1, table B-2.

[2] Percent change was -0.7 from June 1974 to June 1975, the latest month available.

[3] Percent change was 0.2 from May 1975 to June 1975, the latest month available.

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.

**Table B-5. Indexes of aggregate weekly man-hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry, seasonally adjusted**

[1967 = 100]

| Industry division and group | 1974 | | | | | | 1975 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | Junep | Julyp |
| TOTAL | 113.3 | 113.4 | 113.4 | 113.0 | 111.2 | 109.7 | 108.7 | 106.7 | 105.5 | 105.6 | 106.0 | 105.6 | 105.5 |
| GOODS-PRODUCING | 104.0 | 103.8 | 103.7 | 103.0 | 99.4 | 96.5 | 94.1 | 90.0 | 88.0 | 88.9 | 89.2 | 88.7 | 88.9 |
| MINING | 110.2 | 109.9 | 112.3 | 114.0 | 95.8 | 100.9 | 113.3 | 113.5 | 112.1 | 109.5 | 114.9 | 113.2 | 112.4 |
| CONTRACT CONSTRUCTION | 115.3 | 115.6 | 115.2 | 116.5 | 114.4 | 113.1 | 111.9 | 103.4 | 94.9 | 99.4 | 100.3 | 95.1 | 95.3 |
| MANUFACTURING | 101.8 | 101.6 | 101.3 | 100.3 | 96.9 | 93.4 | 90.3 | 86.9 | 85.9 | 86.3 | 86.4 | 86.7 | 87.0 |
| DURABLE GOODS | 102.8 | 102.5 | 102.5 | 101.7 | 98.1 | 94.4 | 91.0 | 86.9 | 85.8 | 85.7 | 84.8 | 84.7 | 84.5 |
| Ordnance and accessories | 48.2 | 47.7 | 49.1 | 49.0 | 49.0 | 49.5 | 49.3 | 48.2 | 48.2 | 48.3 | 48.1 | 47.5 | 47.2 |
| Lumber and wood products | 104.9 | 103.4 | 99.9 | 95.8 | 90.6 | 87.8 | 84.1 | 83.0 | 81.9 | 83.7 | 86.3 | 87.5 | 89.9 |
| Furniture and fixtures | 114.0 | 112.3 | 111.0 | 107.4 | 100.6 | 96.1 | 89.2 | 86.3 | 85.4 | 87.7 | 89.4 | 89.4 | 88.7 |
| Stone, clay, and glass products | 110.8 | 110.6 | 108.8 | 107.7 | 105.2 | 101.7 | 98.1 | 93.9 | 91.0 | 92.4 | 92.4 | 92.2 | 92.0 |
| Primary metal industries | 101.6 | 102.6 | 104.6 | 105.0 | 102.3 | 97.7 | 94.0 | 89.5 | 86.1 | 83.1 | 80.9 | 80.1 | 77.6 |
| Fabricated metal products | 108.3 | 108.1 | 107.8 | 105.8 | 101.9 | 98.4 | 93.4 | 90.1 | 88.9 | 88.6 | 87.4 | 87.5 | 87.4 |
| Machinery, except electrical | 106.9 | 109.2 | 109.9 | 109.7 | 108.5 | 106.0 | 103.3 | 99.3 | 96.6 | 95.1 | 91.9 | 90.1 | 87.6 |
| Electrical equipment and supplies | 105.1 | 100.8 | 102.5 | 101.2 | 96.3 | 92.3 | 89.6 | 84.6 | 83.7 | 82.9 | 81.8 | 81.9 | 82.4 |
| Transportation equipment | 90.8 | 91.1 | 90.5 | 92.0 | 87.0 | 81.9 | 78.4 | 73.1 | 75.6 | 78.3 | 78.3 | 79.4 | 81.3 |
| Instruments and related products | 114.9 | 115.8 | 114.2 | 113.0 | 111.3 | 108.9 | 106.8 | 102.1 | 100.0 | 100.0 | 98.9 | 99.4 | 98.7 |
| Miscellaneous manufacturing, ind. | 104.4 | 103.0 | 101.3 | 98.7 | 94.6 | 90.2 | 88.5 | 86.0 | 85.1 | 85.9 | 86.5 | 87.7 | 87.6 |
| NONDURABLE GOODS | 100.3 | 100.2 | 99.5 | 98.2 | 95.0 | 92.0 | 89.3 | 86.8 | 86.1 | 87.1 | 88.7 | 89.7 | 90.6 |
| Food and kindred products | 96.5 | 97.3 | 97.9 | 97.4 | 95.6 | 94.7 | 93.0 | 92.4 | 93.4 | 92.9 | 93.6 | 93.4 | 94.1 |
| Tobacco manufactures | 84.4 | 84.5 | 82.5 | 83.1 | 81.4 | 83.4 | 86.4 | 85.8 | 86.5 | 83.6 | 80.3 | 84.4 | 81.6 |
| Textile mill products | 101.9 | 100.4 | 98.8 | 93.7 | 89.5 | 83.9 | 78.7 | 76.9 | 78.0 | 82.2 | 87.1 | 88.2 | 90.3 |
| Apparel and other textile products | 92.9 | 91.7 | 91.3 | 90.3 | 85.9 | 81.3 | 78.8 | 76.1 | 75.3 | 77.9 | 79.3 | 81.8 | 84.3 |
| Paper and allied products | 103.3 | 102.5 | 101.8 | 99.3 | 96.8 | 94.4 | 92.0 | 88.0 | 85.8 | 85.0 | 86.5 | 87.8 | 88.9 |
| Printing and publishing | 99.4 | 100.2 | 99.1 | 99.1 | 96.9 | 96.4 | 96.6 | 94.5 | 92.9 | 92.1 | 91.4 | 90.8 | 90.2 |
| Chemicals and allied products | 105.3 | 106.0 | 105.5 | 105.1 | 103.3 | 100.3 | 97.1 | 95.4 | 93.2 | 92.2 | 93.5 | 93.8 | 93.9 |
| Petroleum and coal products | 107.0 | 105.4 | 106.1 | 108.0 | 107.0 | 106.4 | 100.5 | 97.7 | 101.7 | 98.7 | 101.6 | 102.3 | 102.6 |
| Rubber and plastics products, nec | 133.6 | 135.8 | 134.1 | 134.6 | 125.3 | 118.6 | 114.7 | 105.1 | 101.3 | 103.8 | 106.3 | 107.8 | 109.1 |
| Leather and leather products | 78.9 | 78.6 | 76.6 | 75.7 | 74.8 | 71.9 | 68.7 | 65.8 | 64.2 | 67.4 | 68.8 | 71.9 | 70.0 |
| SERVICE-PRODUCING | 119.8 | 120.0 | 120.2 | 119.9 | 119.4 | 118.9 | 118.9 | 118.2 | 117.7 | 117.2 | 117.5 | 117.3 | 117.0 |
| TRANSPORTATION AND PUBLIC UTILITIES | 109.7 | 109.3 | 108.4 | 108.9 | 107.5 | 107.1 | 105.9 | 103.9 | 102.6 | 102.5 | 100.6 | 100.4 | 100.1 |
| WHOLESALE AND RETAIL TRADE | 116.7 | 116.7 | 116.8 | 116.3 | 115.4 | 114.2 | 113.8 | 113.4 | 113.3 | 112.8 | 113.7 | 113.7 | 113.9 |
| WHOLESALE TRADE | 115.8 | 115.2 | 115.8 | 115.4 | 114.9 | 114.5 | 114.0 | 113.0 | 112.2 | 112.5 | 112.3 | 111.6 | 111.6 |
| RETAIL TRADE | 117.1 | 117.2 | 117.2 | 116.6 | 115.6 | 114.1 | 113.7 | 113.5 | 113.7 | 112.9 | 114.2 | 114.5 | 114.8 |
| FINANCE, INSURANCE, AND REAL ESTATE | 123.2 | 123.7 | 124.3 | 123.8 | 123.0 | 123.7 | 124.2 | 123.2 | 121.8 | 120.4 | 121.1 | 121.3 | 119.2 |
| SERVICES | 127.5 | 128.3 | 129.0 | 128.7 | 129.2 | 129.3 | 130.2 | 129.9 | 129.5 | 129.0 | 129.5 | 128.8 | 128.2 |

[1] See footnote 1, table B-2.

p=preliminary.

**Table B-6. Indexes of diffusion of changes in number of employees on payrolls in 172 private nonagricultural industries[1]**

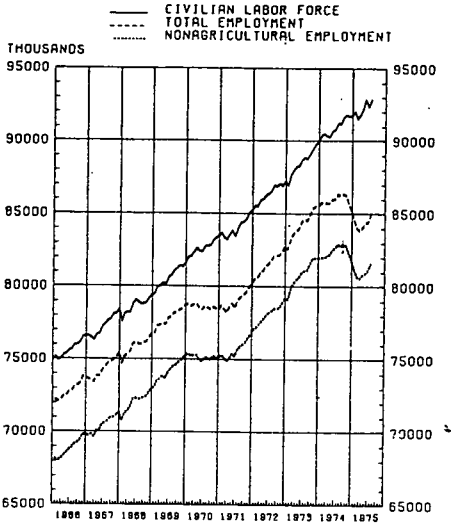
| Year and month | Span | | | |
|---|---|---|---|---|
| | 1-month | 3-months | 6-months | 12-months |
| **1972** | | | | |
| January | 68.6 | 71.2 | 78.8 | 77.3 |
| February | 70.6 | 80.5 | 82.0 | 81.7 |
| March | 75.0 | 80.8 | 84.9 | 79.7 |
| April | 76.2 | 84.0 | 79.7 | 82.3 |
| May | 75.6 | 82.8 | 81.1 | 84.3 |
| June | 77.6 | 74.4 | 82.6 | 84.3 |
| July | 45.6 | 74.4 | 84.6 | 83.7 |
| August | 73.0 | 74.4 | 82.0 | 84.0 |
| September | 74.7 | 82.0 | 80.2 | 85.2 |
| October | 82.6 | 83.4 | 82.8 | 83.1 |
| November | 73.5 | 79.4 | 82.3 | 82.0 |
| December | 75.3 | 80.5 | 84.6 | 84.3 |
| **1973** | | | | |
| January | 73.8 | 82.0 | 82.3 | 80.5 |
| February | 73.3 | 81.1 | 77.9 | 83.1 |
| March | 76.2 | 79.4 | 80.8 | 84.9 |
| April | 66.9 | 77.0 | 75.9 | 85.8 |
| May | 57.8 | 73.3 | 76.5 | 86.3 |
| June | 72.1 | 66.6 | 74.7 | 84.0 |
| July | 59.9 | 73.0 | 73.8 | 79.1 |
| August | 66.6 | 68.6 | 74.7 | 74.4 |
| September | 59.6 | 74.7 | 71.8 | 68.9 |
| October | 75.9 | 78.2 | 72.1 | 64.5 |
| November | 77.3 | 72.4 | 68.3 | 65.1 |
| December | 58.7 | 68.6 | 62.5 | 61.6 |
| **1974** | | | | |
| January | 62.5 | 54.9 | 55.8 | 61.6 |
| February | 47.1 | 50.9 | 50.9 | 59.0 |
| March | 48.0 | 44.8 | 50.0 | 54.9 |
| April | 54.1 | 51.7 | 49.4 | 48.0 |
| May | 55.5 | 56.4 | 50.0 | 40.7 |
| June | 58.7 | 52.0 | 50.6 | 30.5 |
| July | 48.8 | 46.8 | 39.5 | 25.9 |
| August | 52.3 | 42.2 | 34.3 | 22.4 |
| September | 38.1 | 43.6 | 27.3 | 20.1 |
| October | 40.4 | 29.1 | 20.3 | 18.6 |
| November | 19.2 | 20.9 | 18.0 | 16.3 |
| December | 19.8 | 13.7 | 14.2 | 14.0p |
| **1975** | | | | |
| January | 17.7 | 13.7 | 13.7 | 16.3p |
| February | 16.6 | 14.0 | 12.8 | |
| March | 26.2 | 19.8 | 16.0p | |
| April | 42.2 | 35.2 | 31.7p | |
| May | 54.1 | 41.9p | | |
| June | 41.6p | 50.6p | | |
| July | 54.9p | | | |
| August | | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |

[1] Each index represents the percent of industries in which employment increased over the indicated span.

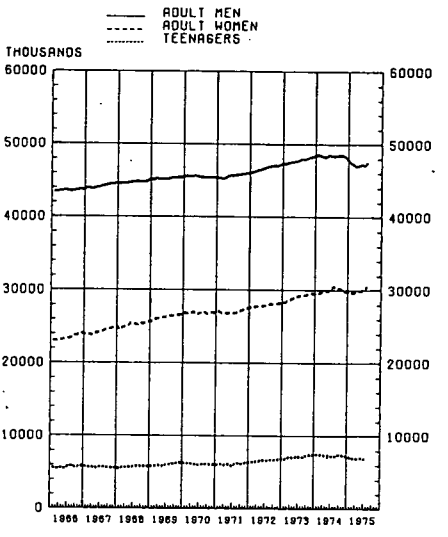
p = preliminary.

# LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

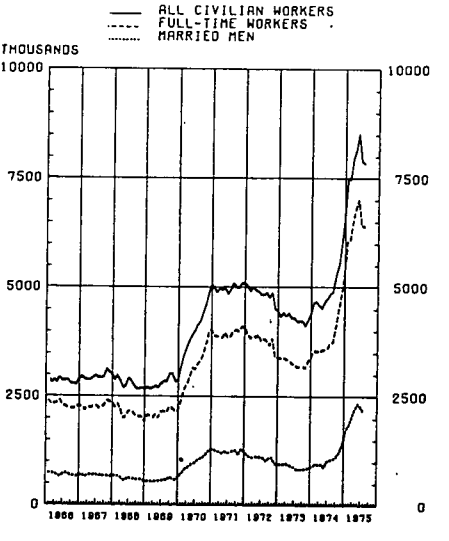
### 1. LABOR FORCE AND EMPLOYMENT



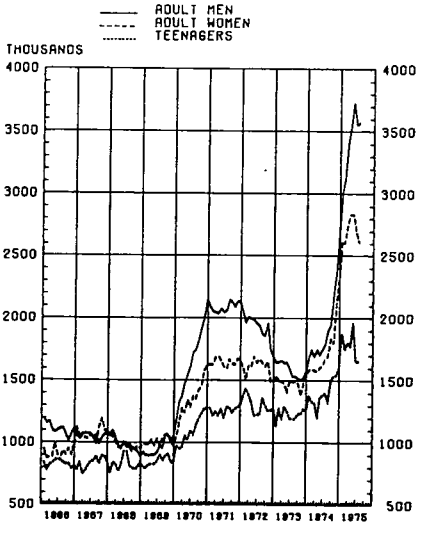

### 2. TOTAL EMPLOYMENT




### 3. UNEMPLOYMENT

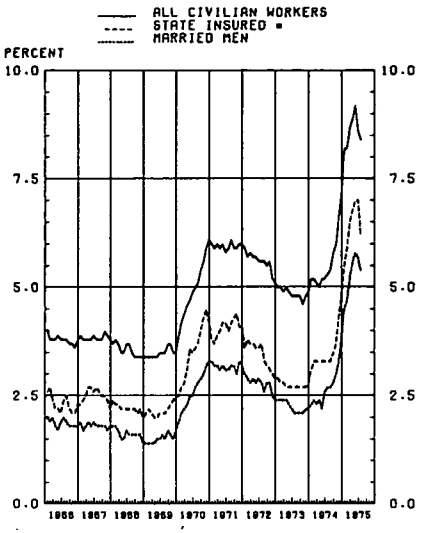



### 4. UNEMPLOYMENT

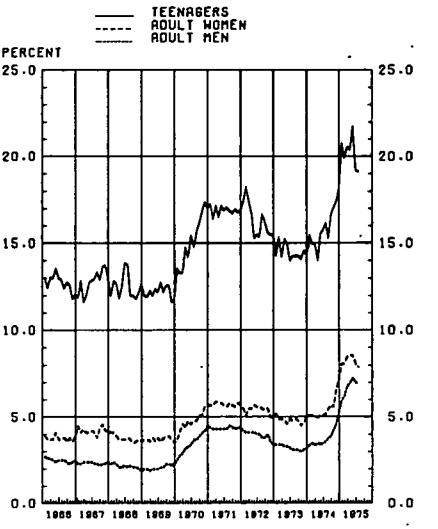


# UNEMPLOYMENT RATES
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

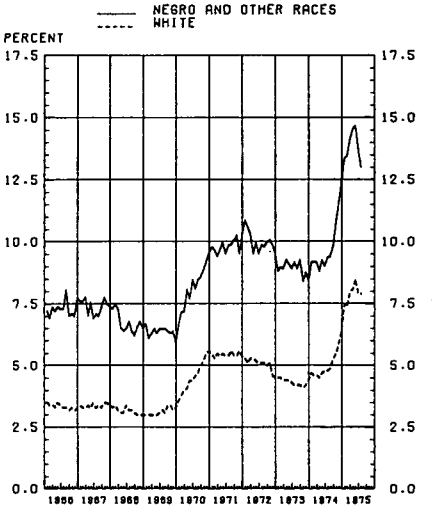
### 5. UNEMPLOYMENT RATES



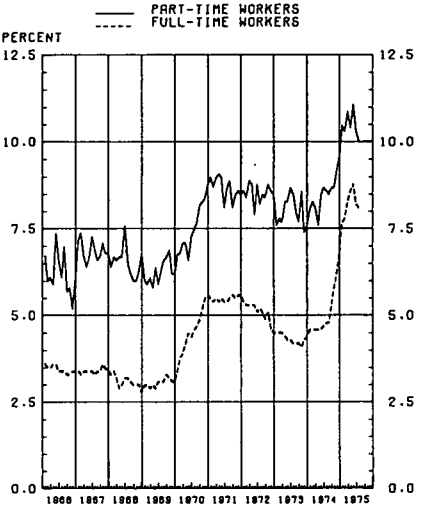

### 6. UNEMPLOYMENT RATES




### 7. UNEMPLOYMENT RATES



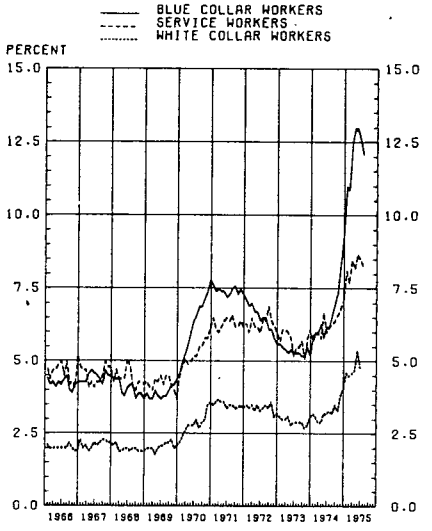

### 8. UNEMPLOYMENT RATES



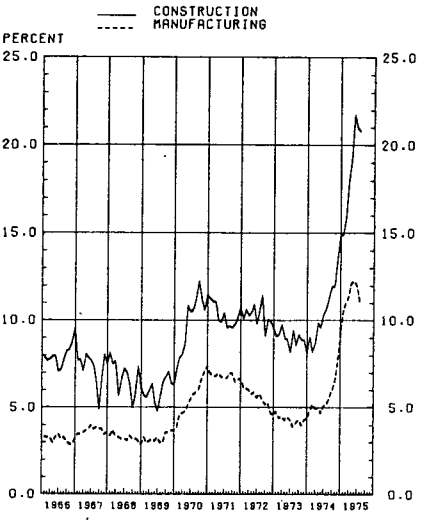

* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

# UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

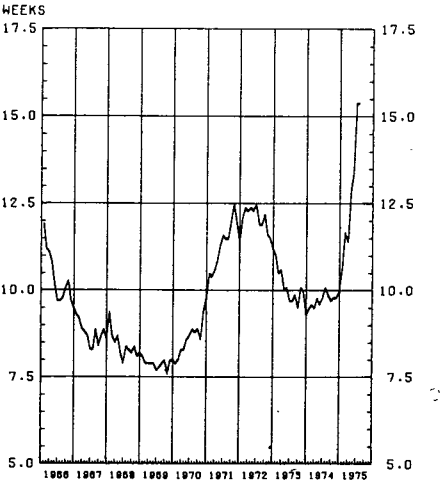
### 9. UNEMPLOYMENT RATES



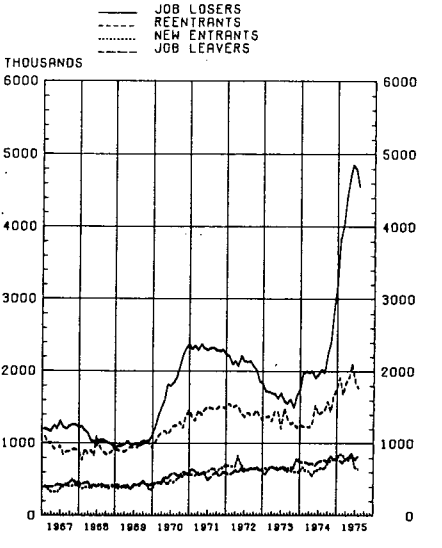

### 10. UNEMPLOYMENT RATES




### 11. AVERAGE DURATION OF UNEMPLOYMENT

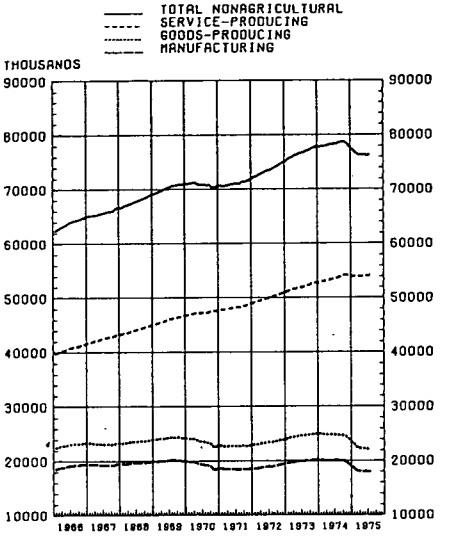



### 12. UNEMPLOYMENT BY REASON

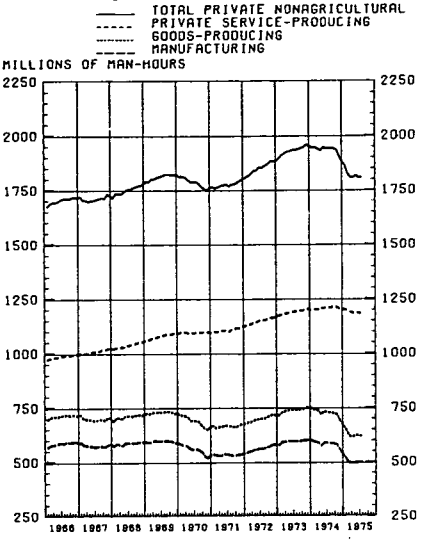


# NONAGRICULTURAL EMPLOYMENT AND HOURS
## ESTABLISHMENT DATA - SEASONALLY ADJUSTED

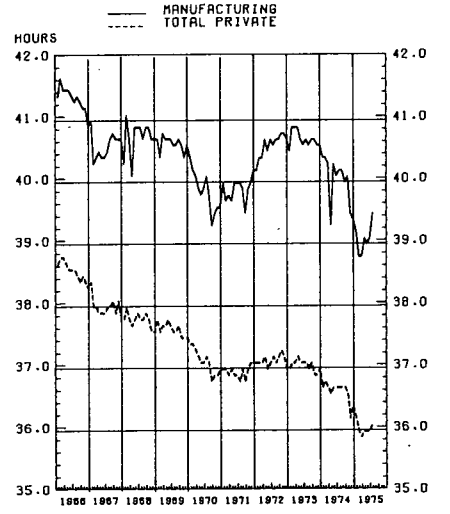
### 13. EMPLOYMENT



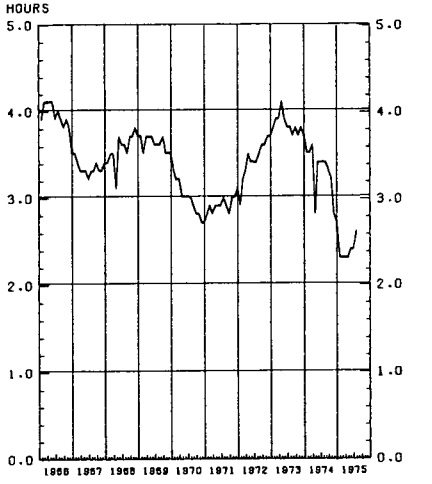

### 14. MAN-HOURS




### 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 HUMPHREY. Thank you very much, Mr. Shiskin.

First of all, a word or two about the differences between the household survey and the payroll survey, because those are the surveys that you mentioned, in which, at times, there are differences of some significance. The payroll survey has not shown the rise in employment which the household survey shows in this particular sampling. You note that these two surveys have from time to time, been different for several months at a time in the past. Am I correct in saying that most of the experts who are studying the employment statistics feel that the payrool data is likely to be more accurate?

Mr. SHISKIN. Yes.

Chairman HUMPHREY. And when these two series have diverged in the past, which has usually turned out to be the more accurate? Is that the payroll?

Mr. SHISKIN. Well, I cannot really answer that question in terms of the particular periods when they have diverged, but I come back to the other remark which is that, over the full history of the series, particularly in their use as cyclical indicators, the establishment series has performed better, has been a better cyclical indicator than the household series. In fact, according to the studies made at the National Bureau of Economic Research, in which I participated, it is the best economic indicator.

Chairman HUMPHREY. Would you clarify for me the difference between the household survey unemployment figures and the payroll survey?

Mr. SHISKIN. If you take a look over a 4-month period, which is, I think, appropriate to do, and look at nonagricultural employment, because that is all the employment covered in the establishment series, then you will see that one series rose about a million, and the other series rose hardly at all. So there is a very big difference.

Now, we can explain a good part of that.

Chairman HUMPHREY. That is relating to the employment figure, not unemployment; I want to make that clear.

Mr. SHISKIN. Yes. The unemployment series are all taken from the household survey; we do not get any unemployment data from the establishment survey. There is a very big difference in the two employment series. We explain that almost 400.000 of it is because of difference in coverage, but there are many other differences between the two series. We know what they are, but we cannot quantify them. We have not been able to put quantities on the additional particular sources of the difference.

Chairman HUMPHREY. In studying your chart, I see several areas of improvement. The job loser rate is down. The insured rate weekly is down appreciably. The initial claims is down. That is a very significant figure. And totally, your survey week is showing a reasonably good downward trend in the chart. So that all of the indicators there show an improvement. I am correct in that, am I not?

Mr. SHISKIN. Yes.

Let me remind you that the chart which I believe you are looking at is a chart showing trends in two of the important weekly series that we have; namely, insured unemployment and initial claims for unemployment insurance.

Chairman HUMPHREY. Weekly statistics.

Mr. SHISKIN. Now, if you will look at my statement, at the end, you will see that the charts I have been using in recent months are there. I have not discussed them today, in my formal statement, but you may wish to look at them. For example, if you look at the very last page, you will see there the labor market series that I have identified as early movers; they are all strong, without exception. The work week is up. Overtime is up. The diffusion index is up.

And then for indicators that conform negatively—that is, when they go down, it is a good sign—the layoff rate is down substantially; initial claims are down; and involuntary part time on the part of people who usually work full time—that is down. So that chart shows that the early movers present a very strong picture.

On the other hand, if you look at the series on chart 1, 2 pages before that, you will see the late movers; unemployment, long-term unemployment, and discouraged workers. They do not look as good as the early movers, and that is what we would normally expect.

I might make one comment—if you look at chart 1, on discouraged workers, you will note there that the latest figures that we have, indicate a decline in the number of discouraged workers. We have two measures of discouraged workers. One includes persons who are discouraged for personal reasons. These are people who, because of their appearance, because of illness, or because they are handicapped, they feel they will never get a job. That group, which is about 150,000, has shown no cyclical sensitivity at all. So I do not include them in this chart. I include only discouraged workers who think that they cannot get a job due to job market factors. They were down in the second quarter——

Chairman HUMPHREY. They were down this time?

Mr. SHISKIN. Yes.

Chairman HUMPHREY. What about those people working part time who want to work full time?

Mr. SHISKIN. They are shown on the chart I referred to at the very end, involuntary part-time workers, and they are down very substantially, and have been for months. So this is the usual kind of pattern that takes place around a business cycle turning point. First, employers reduce hours; they take people they have had to put on part time and give them full-time work, and so on.

Chairman HUMPHREY. About 10 years ago, President Kennedy appointed a committee to study ways of improving our understanding of the employment and unemployment statistical information. In recent years, there has been some reference to updating the study. Has the Labor Department given this serious consideration?

Mr. SHISKIN. Oh, yes; and I reported on that several months ago at a hearing of this committee and in a speech I made in Denver. It has come up in the newspapers numerous times since. Let me tell you the exact status of that. I had problems getting that committee going. I thought that it would be unwise to start it at the height of the Watergate discussions, and so we let it ride for a while, and then, no sooner were the Watergate hearings over then word was out that Secretary Brennan was leaving. So I let it go for a few more months. As soon as Secretary Dunlop came in, I promptly dispatched a memo to him, recommending that we reestablish the committee, and he has

approved the memo. It has gone to the Economic Policy Board, and I believe that they have approved the memo, and we have been asked to prepare a proposed set of terms of reference.

What subjects the committee would study—we are working on that. I hope to have that in Secretary Dunlop's hands by the end of the month.

Chairman HUMPHREY. Well, I want to encourage you to do this, because we think it is important. The information that you bring forth to us is watched so carefully, and is such a vital part of our ways of measuring what is happening in the economy.

Mr. SHISKIN. Let me just say one more word on that committee. I am very confident that that committee will be appointed by the end of the year.

Chairman HUMPHREY. We want you to keep us informed on that. I want you to tell Secretary Dunlop that we are very anxious that that be done.

Virtually every one of the private forecasters that we have had here before the committee, Mr. Shiskin, the economists, the people from the banks, and so forth, have pointed to a continuing high rate of unemployment in the next year or so. Do your figures in July dispute this?

Mr. SHISKIN. Well, Senator I would say that you must be very cautious in interpreting 1 month's figures. I have read accounts in the paper of people talking about recovery underway on the basis of the June rise, and I believe that is premature. I think we ought to wait a few more months, and then we can talk with more solid evidence behind us.

Senator Proxmire remembers how cautious I was before saying we were in a recession, and I think that we should be equally cautious in saying we are in a recovery. We need more data, data for more months.

Chairman HUMPHREY. There are those of us that feel that there are some indicators that give us reason for considerable hope, and there are others that are so basic, like construction in housing, for example, mortgage rates, and so on, that are disturbing. I think that the statistics still show that in some areas, particularly in the housing and construction area, there is still a very weak underpinning.

Mr. SHISKIN. Well, the housing series, which is the most sensitive one, has gone up, but it is a very erratic series, and I think in order to make a responsible statement, it is better to wait a while. Let me refer to Mr. Burns, a very careful statistician, my professor for many years. I worked with him, and he has been using——

Chairman HUMPHREY. Mr. Burns indicated the other day that we could get this unemployment rate down to 7 percent at the end of next year.

Mr. SHISKIN. Well, we are about a quarter of the way there already, in 1 month. But my judgment is that before I make any conclusive statements along that line, I want to wait a few more months and see a few more figures.

Chairman HUMPHREY. Well, we do too. I think it is premature to make any real conclusive statement, but there are signs that are helpful.

When you say you hope you can get the unemployment rate down to 7 percent people ask if we are willing to settle for 7 percent unemployment. A rate like that does not give people very much encouragement, but I think it is fair to say that once you have gotten down into the trough of the recession as deep as we did it takes quite a shove to get back up.

The growth of the economy has to reach at least 6 percent to start really having an impact on unemployment.

I want to ask a question about the student, the young people's employment, people getting out of high school and college in the months of May and June. What information do you have on success which students have in finding summer jobs?

Mr. SHISKIN. Well, if you will look at table 1 in my statement, Mr. Chairman—I passed you my statement. I provided that table last month because I was concerned about separating the groups that did not have seriously seasonal adjustment problems from the groups that did.

Now, the students did. They are down at the bottom of the table—the 16- to 19-year-olds, and separately, the 20- to 24-year-olds. And just as we expected, the seasonally adjusted series had a downward bias in June. Now, I think the July figures are about right, so if you compare the July figures with, let's say, the May–June average or the April figures, I think you come out pretty well. And those comparisons show a decline, a slight decline in unemployment.

Chairman HUMPHREY. About 5.

Mr. SHISKIN. Yes; right.

Chairman HUMPHREY. Again, I think that it has to be emphasized that this economy is not providing a great deal of work opportunity for a large segment of our young people. I consider this a major social problem, as well as an economic problem.

I do not believe the Government gives a great deal of attention to it. I cannot understand why the Government has not related crime statistics with youth unemployment; 80 percent of all crime is committed by young people between the ages of 15 and 20. And 85 percent between the ages of 15 and 22. And we have high unemployment rates in that very category. There seems to be a direct correlation between these two figures. When you see, for example, a city like Detroit that has a very high rate of unemployment, both adult and teen unemployment, you see a very sharp rise in the crime rate. And you see the same thing in New York, Philadelphia, and Washington, wherever there is a substantial number of young people, particularly urban youth, and it is not just urban any more, as you know; it goes out into the countryside these days.

Where we have had high rates of unemployment, you have serious crime problems, not necessarily violent crime, but crimes of property, crimes of vandalism, and so forth.

The last five Gallup Polls show increasing public concern. What is the public's No. 1 concern? Crime. Second, it was, for a period of time, inflation, and now it is unemployment. Crime is 10 to 15 percent over anything else. No one in the Government seems to be listening, and I think that goes for Congress as well as for the executive branch.

Mr. SHISKIN. Well, this has been discussed in other hearings. We

took a look at it, and I think it would be worthwhile to make a study of the relations between unemployment and crime. I think that would be a very useful area of investigation. I would also like to say that while it is true that our young people have a very high unemployment rate, we have an exceptionally large number of young people at work today.

Chairman HUMPHREY. We have a larger number of young people than ever before.

Mr. SHISKIN. But a bigger percentage are also employed. It is not only the size of the crop, but a bigger percentage of the young people and the women have been at work in recent years than ever before.

Chairman HUMPHREY. Congressman Brown.

Representative BROWN of Michigan. Thank you, Mr. Chairman.

Mr. Shiskin, on the last page of your statement, in the second paragraph you speak about the total worker hours in all nonagricultural industries as remaining at roughly the same level in July as June. Then you go on to add that the worker hour index for manufacturing, however, rose in July for the fourth consecutive month, a rather substantial increase.

Obviously, there has been a loss for the total, basically, the manufacturing. Where did the loss occur?

Mr. SHISKIN. Well, they were scattered throughout a lot of industries. I have a sentence at the very end of my statement on that. Numerous industries show declines, but most declines were small. One industry that I remember that showed a large decline was steel, a relatively large decline in steel. Well, what you are pointing to, Congressman Brown——

Representative BROWN of Michigan. Well, that is manufacturing, is it not?

Mr. SHISKIN. Oh, yes. You wanted to know outside of manufacturing?

Representative BROWN of Michigan. I am just looking at where the disparity occurs. You say that total worker hours remained approximately the same, but in manufacturing they rose significantly. Now, there had to be a loss——

Mr. SHISKIN. Mr. Wetzel is looking that up, but let me make this observation about manufacturing. This is the typical way, the classic pattern around business cycle turning points; manufacturing is particularly sensitive. Hours of work in manufacturing usually go up first, and we have a large rise in hours worked in manufacturing. We have also had a large rise in overtime hours, but we have not had a rise in employment.

If the classical cyclical pattern continues, then we will have a rise in unemployment later on.

Representative BROWN of Michigan. Directing your attention to table 2, the areas that seem to suffer the most in July, or that did not go down as others have in July, were primary metals, fabricated metals, chemicals and allied products, petroleum and coal products. Now, with manufacturing employment going up, it would seem that in these resource areas that there would have been a tracking, shall we say, of reduction in unemployment. Can you explain that?

Mr. SHISKIN. Well, I think it is because what they did was to raise the hours of work of the people who are employed. That is the normal pattern when things begin to get better after recession. Hours of work go up, and the employers defer commitments to new employees. So that is, I think, what is happening.

Mr. Wetzel may have the answer to your other question.

Mr. WETZEL. There were declines in services, finance and transportation over the large July period.

Representative BROWN of Michigan. And those three areas substantially accounted for the loss?

Mr. WETZEL. The absence of an increase. They offset the rise in manufacturing, particularly.

Representative BROWN of Michigan. In the Wall Street Journal the other day there was an article that said something to the effect that employers are being much more cautious, more austere, shall we say, with respect to their rehiring policies. They are trying to get along with, they have found that they can get along with fewer personnel during the recession, and, so, in the comeback, they are being more cautious. They are more conservative in their hiring practices. Would you care to comment on that as it may relate to your statistics?

Mr. SHISKIN. Yes; I think that is a typical cyclical phenomenon. We know that as you are approaching the end of the recession, employers are very cautious in making commitments to new employees, and they just increase hours worked first. That is what has been happening.

Representative BROWN of Michigan. Well, would you say, then, that if that is the philosophy that prevails, the rehiring philosophy that prevails among many employers, that it makes the improvement shown in July even more significant and sound?

Mr. SHISKIN. Well, you are really asking me the same question that Senator Humphrey asked me, I think; namely, what is the significance of the July figures, and, as I said in my statement, they look good. The July figures look good. However, before I would make a big deal out of it, I would like to see figures for another month or two, but the July figures do look good. That is what I said.

Representative BROWN of Michigan. But I think you told Senator Humphrey that you had cross-refed or cross-indexed or cross-checked your statistics from a couple of different methods, so you think your statistics are sound. If we tied the soundness, as revised in your statistics, with the philosophy, if it prevals, then it seems to me that that would indicate that the trend that has been should continue.

Mr. SHISKIN. What I said here is that on balance I would say that the employment situation has improved over the last few months, and that is as far as I want to go today. Otherwise, Senator Proxmire will ask me why, when we had the recession we did make statements like that in the beginning.

Senator PROXMIRE. You waited about a year after that decline before you admitted it.

Mr. SHISKIN. Well, that situation was different. From November 1973 to about July or August 1974, the complications of the oil embargo, a special noncyclical factor dominated the economy. So I think that that was not quite the same kind of cyclical situation as we are having now.

Representative BROWN of Michigan. Mr. Shiskin, it is a little bit off the subject this morning, but Mr. Greenspan recently commented before this committee that he expected an increase, rather significant jump, maybe, in the Wholesale Price Index. Those figures, I guess, will be released next Friday. What is your expectation in this regard?

Mr. SHISKIN. Congressman Brown, I am a patient man. I am not that anxious to find out, and I am willing to wait a week.

Representative BROWN of Michigan. That is a safe answer. There has been an upturn in retail sales. Has there been a similar increase in retail employment, and do you relate the two? I assume that you do. That is a service area. How do you account, or can you, for the reduction in the other service areas that your associate mentioned in finance? What were the other two?

Mr. WETZEL. In transportation.

Mr. SHISKIN. I do not really know. I find that puzzling and, again, with 1 month's figures—no; you said it was over a few months—I do find that puzzling. I would have expected them to rise during this period.

Representative BROWN of Michigan. The chairman touched upon the problem of unemployment among teenagers and how that continues to be apparently an increasing problem. Have you ever attempted to ascertain between teenagers and marginal employees, and they have only certain types of unemployment because of a part-time nature that they can get into, the relationship of industries, or I should say activities, that are changing their operations from personnel standpoint because of things, such as the minimum wage?

Mr. SHISKIN. No, sir, we have not done that. It is a very difficult subject, the effects of the minimum wage. There have been studies of that subject made in the past. We have some special studies underway now in connection with the recent changes in the minium wage, but my answer to your question has to be that the BLS has done very little on it.

Chairman HUMPHREY. Senator Proxmire.

Senator PROXMIRE. Mr. Shiskin, I think we have to put this unemployment improvement in perspective. There is no question that it is good news when unemployment drops. We have to recognize that we have moved from an utterly disastrous situation to a situation that is still disastrous. It is like saying that it is not as bad as the Titanic, but it is a ship about two-thirds the size with people going down.

This is the worst July that we have had since 1941 in terms of unemployment. The last four months beginning March were the worst with respect to unemployment that we have had at any time since the Great Depression. Now, when we recognize that in the Great Depression you had a situation where people, who were working for the Government in emergency employment jobs, WPA and PWA, were counted as unemployed, and now they are not. I think that the statistics could be just about as bad as they were in much of the Depression.

Mr. SHISKIN. We have been looking at that—the way we counted unemployment in the 1930's. There was an article about that recently, and we could go into it if you wish. But in response to your general point, I certainly agree that 8.4 is not a rate to be happy about. I would say this, Senator Proxmire, I feel better when we are going down from

somewhere in the neighborhood of 8.9 to 8.4 percent, than I felt when we were going up from 8 percent, let us say, or 7½ percent to 8.4 percent.

Senator PROXMIRE. Of course, we would all feel better, but I think we have to recognize the 8.4 percent unemployment is tragically, disgracefully high, and that it is particularly high for certain groups. One of the figures that disturbed me most here is that the average ratio of unemployment showed no improvement at all. In fact, for people who were unemployed for more than 15 weeks, that is, for more than 3 months, it was much worse.

We have 3 million people, practically, 2,995,000, who have been unemployed for more than 15 weeks. We now have 1.6 million who have been unemployed more than 26 weeks, that is, 27 weeks, so that it more than half a year. Now that is the largest number of persons that I see on the chart, and I think, probably, then the largest number of long-term unemployed for many years, and that is really a personal tragedy. Is that not correct?

Mr. SHISKIN. Yes, I agree with what you are saying.

Senator PROXMIRE. And that is larger than it was in June, or May, or April. In other words, it has been getting worse.

Mr. SHISKIN. But let me only point out that these series typically are the last to show improvement.

Senator PROXMIRE. Still, that is a very deep tragedy. Now, on job losers, that showed a very limited improvement, 59.3 to 58.5 percent of the unemployed were people who were fired, canned, kicked out of their job in July. That still is a very high percentage, is much higher than it was; it is higher than it was in May, higher than it was in April, higher than it was in March; much, much higher, of course, than it was last year. It is almost at a record high of people who were fired. Not people who are unemployed because they voluntarily left their job, or are looking for a job, but the tragedy that many of us think of is the person who is fired or discharged because there was not enough work for him. That figure is still very high. Is not that correct?

Mr. SHISKIN. Yes; there is no doubt that the unemployment level and all the other component series are high by historical standards, and my only comment is to point out, again, that in the last month or so, we have been moving in the right direction.

Senator PROXMIRE. But, when you put that in perspective, that the people who are fired and the people who are out of work for a long time, is so high, I think that the unemployment situation is not anything to throw our hat in the air about.

Now, looking at this table 2 that you attached here, we see, as you pointed out in your text properly, that there was a spectacular improvement in unemployment in automobiles. Frankly, I think that is about as erratic an industry as we could find; it goes up and down; you have big layoffs. We had more than 20 percent employed earlier in the year.

Mr. SHISKIN. Twenty-four.

Senator PROXMIRE. Now it stands at 10 percent. Well, this is the kind of industry. It is so big and it has such a pervasive influence on other industries that it seems to me that when it fluctuates this way, we can

take little assurance that this 8.4 percent unemployment level is likely to be improved on or sustained. The automobile industry is still in trouble. Sales are not particularly good. They are having trouble because their prices are so high and because of the energy crisis and for these reasons, it seems to me that we might face a more difficult situation in the future.

Mr. SHISKIN. Well, I think the most relevant alternative measure to look at is the diffusion index. This is in our release—table 6.

Senator PROXMIRE. Well, that is colored quite a bit by the automobile industry because it spreads out into so many areas.

Mr. SHISKIN. That is what I meant. But unlike the other table you refer to, and this is the point I wanted to make, all industries are weighted equally in the diffusion index, and the diffusion index has been consistently, steadily, improving for months.

Senator PROXMIRE. Well, there is a little thing there, too. For one thing, the diffusion index shows that there is some improvement because it was so very, very bad before, and another is that you look at the figures you have in table 2 you can see the improvement is erratic.

Mr. SHISKIN. Well, you know, the diffusion index we have this morning—and this is an erratic measure and we will revise it somewhat next month—shows that 55 percent of the industries, well over half of the industries, had better employment, more employment last month than the month before.

Senator PROXMIRE. Well, as I say, the situation was so very bad, it could not do much else. But let me come to another point that Chairman Humphrey touched on briefly. Let me go into that a little more. The payroll employment figure, now the people feel is a very reliable statistic, and some people feel it is better than the household data. That is the actual payroll data. Now, that does not show any employment growth, any growth in jobs, I understand, since March. Is that correct?

Mr. SHISKIN. Right.

Senator PROXMIRE. Well, how can you reconcile that with a figure that shows a 600,000 increase in jobs in the household?

Mr. SHISKIN. Well, it is a puzzle for us. We do not want to put out figures that are inconsistent like that. We know some of the reasons, but we do not know all of them. But, Senator, let me urge you, also, to bear in mind that typical behavior when the country has been at the bottom of a recession is for employers to raise hours worked first, and there has been a substantial increase in the workweek and overtime.

Senator PROXMIRE. Well, let me just take a minute to get to the price figure, the consumer prices. There is a pretty shocking development that we had too many people in the latest figures that have just come out, a week or two ago, July 22. The consumer price index for June, the services index rise, 0.7 percent according to your release. Over a fourth of this increase—and the chairman would be very interested in this—over a fourth of this increase in the prices because of services was because of a rise in mortgage interest rates.

The index for mortgage niterest rates rose in June after 6 consecutive months of decline. Now, when you have housing in the kind of shape it has been in, this is really bad news because housing is such a big employer, and if that mortgage interest rate is up—and accord-

ing to this, it is up sharply—it accounts for a fourth of the increase in services, it would seem to me that this is something to be very concerned about, and then when you add the further point that you have in your next sentence where you say the other costs of owning or buying a home, large increases in charges for natural gas, electricity, telephone service, it seems to me that this is another warning point. It indicates that construction, which, as you pointed out, has 22-percent unemployment, seems to have a rather gloomy outlook, at least in the short term.

Do you want to comment on that?

Mr. SHISKIN. Well, the most sensitive leading indicator for housing is new bulding permits, and that has gone up.

Senator PROXMIRE. What was that?

Mr. SHISKIN. The most sensitive leading indicator in the field of housing is building permits.

Chairman HUMPHREY. Starts or permits?

Mr. SHISKIN. Permits are a little better than starts, historically; and the National Bureau has used the permits series as its leading indicator, rather than starts, and the latest figures show several months of rise in that series.

Senator PROXMIRE. How much are they up?

Mr. SHISKIN. Well, they were way down, of course. As you pointed out, they were down to an index of 60 on the 1967 base, but now we are up to 80.

Senator PROXMIRE. What happened to them in the latest month?

Mr. SHISKIN. They went up slightly.

Senator PROXMIRE. Slightly? And they are still at a very, very low level.

Mr. SHISKIN. Compared to 2 years ago, sir.

Senator PROXMIRE. The availability of resources, though, in the industry, and the great needs.

Mr. SHISKIN. The direction is important; you have to look at that, and the direction in the last few months has been up.

Senator PROXMIRE. Mr. Shiskin, I have a technical question I would like to ask you. It was footnoted in an article by Milton Friedman, an interesting footnote; and I thought the footnote was more interesting than the article, as far as statistics were concerned. Let me ask you to enlighten us on this, because I think maybe, on this point, Milton Friedman might be right. He says that the reader should be warned that officially reported unemployment figures overstate the unemployment percentage by about 0.2 percent.

For some curious reason, the Bureau of Labor Statistics expresses the number of persons unemployed as a percentage, not of the total labor force, but of the civilian labor force, which excludes members of the Armed Forces. The bias in the report on unemployment percentages is more serious for males, particularly teenage males, than for the total. Why is that done? I always considered a man who was in the Army, Navy, or Air Force as at work. He works, and if you disregard him as part of a labor force—particularly, as he points out, the people who are 18, 19, and 20—does that not distort your figures?

Mr. SHISKIN. Well, why do we not do it? Well. first of all, I, at least, have not given it much thought. It has been an old BLS practice

to leave out the Armed Forces. Now, things have changed recently because we have a Volunteer Army, and I think that does make a difference.

I think a better case can be made for including the Armed Forces, now that we have a Volunteer Army, than when we had a drafted Army.

Senator PROXMIRE. I think you can make a case either way. But certainly, with a Volunteer Army, you can make a better case. At any rate, when a man is a sergeant, corporal, major, then he is at work, and working hard. To disregard him as part of the labor force is something that I just do not understand at all. What is the argument for disregarding it?

Mr. SHISKIN. Well, let me proceed with what I was saying for just a minute, sir. Now, the case for leaving it out is better if you have a draft Army; and when you think of World War II, you know, with such a big draft, there would be some questions whether you should include them as regular employees. But I think that Mr. Friedman does have a good point, and we have been looking into it. I have had several memorandums on it in the last few weeks, before his column in Newsweek, because it also is involved in a discussion that we had some time ago of the employment-population ratio.

You know, we have published data on the employment-population ratio, which Friedman also discusses in his article. And our publication leaves out the Armed Forces, and I think that we have to reconsider that.

Senator PROXMIRE. Good. Thank you. Thank you, Mr. Chairman.

Chairman HUMPHREY. Many of these figures are so modest in their adjustment that it is very difficult to interpret just what they mean. I was looking at the unemployment rates in manufacturing industries. Can you tell me why unemployment was up in primary metals and fabricated metals at a time when automobile employment was up?

Mr. SHISKIN. Are these the employment figures?

Chairman HUMPHREY. Table 2. Your unemployment rates are up in those areas—very substantially, as a matter of fact. Also in stone, clay, and glass.

Mr. SHISKIN. They are not up substantially.

Chairman HUMPHREY. Furniture and fixtures are down.

Senator PROXMIRE. That is a spectacular drop. It does not make any sense.

Chairman HUMPHREY. Well, it could be the result of liquidation of inventory, and the replacement of stock and hiring people back. I wonder if you can give us any reasons for this rise in the unemployment figure in primary metals of a little over 4 percent, and 1 percent in fabricated metals. Is this seasonal? Is there some reason for this?

Mr. SHISKIN. No, these are seasonally adjusted figures. You know, the primary metals have had a bad few months, and employment in the steel industry dropped. I guess what I would say is this: We have been in a very level period in terms of employment, at least, in the last few months. And when you have a level period, the cyclical trend is not very important. The rate of change is close to zero; and then, the erratic element gets to be a relatively large part of the total movement. And I think we are going to see, until we get a marked change in trend

one way or the other, a lot of erratic movements. And my guess is, that is what we are seeing now.

Chairman HUMPHREY. Your predecessor, Mr. Moore, about a week ago commented on a statistical quirk which, in June, resulted in a drop of six-tenths of 1 percent in the unemployment rate. And then he pointed to another measure, the percentage of the population of working age that is employed, as one which avoids statistical quirks.

I do not pretend to understand what this argument is all about, but I understand that he is testing certain statistical evaluations, and I wonder if you could explain the issue under debate more clearly for us.

Mr. SHISKIN. Well, let me start off by saying that I hope that after my period of Commissioner of Labor Statistics is over, I will not be making statements to the newspapers and making life more difficult for my successors. But let me now come directly to the question. He really has two points in his letter, and I have discussed this with him. We are very good friends.

One is that he commented on what really was, I guess—judging from what I read and hear—a very useful effort on our part to call attention in advance to the problems that we have with the seasonal adjustments of the unemployment figures. And he said that the statement that he made in 1971, when BLS had a similar situation, did not call the problem to anybody's attention in advance. Then when they did later, it just stirred up a lot of controversy. He goes on to say—and I think this really is dealing with another matter—that the employment-population ratio is a measure which does not have the problems of seasonal adjustment that the unemployment series has.

Well, that is true with many, many measures. And we may be able to make better seasonal adjustments of the unemployment series by the residual method, which also is free of the difficulty that students entering the labor force create. But what he has been arguing now, with his letter in the Wall Street Journal and another letter to the Washington Post, is that we ought to pay more attention to the employment-population ratio.

That is not quite the same thing, I think, as what was argued about when the people were talking about the doughnut and the hole. Because there, the question was, should you be looking at the relationship between employment and the labor force, calculating employment as a percentage of the labor force, and featuring that, rather than unemployment as a percentage of the labor force. I think that his present point is different.

What he is now arguing, and some others are, too—Milton Friedman has it in his letter to Newsweek, and others have used it as well. They say that a significant measure is the relationship between the employment of a given population group and the total population of that group. And that is what Mr. Moore is referring to.

BLS has been publishing these measures since July 1973, just 1 month before I became Commissioner, but 8 months after Mr. Moore left the job as Commissioner; and we might ask him—which I will someday—if it is such a good measure, why did he not publish it?

Chairman HUMPHREY. Well, that is a good, legitimate question.

Mr. SHISKIN. Well, let me give you my opinion. I think that it is a good measure, and I think it does point to the complex problem that we have in the case of teenagers and women, and perhaps blacks. I do not know about that last group. We have not calculated that ratio for blacks, but we will. The employment-population ratio shows that we are having more of everything for youths and women. We not only have more unemployment of teenagers, but we are also having more employment. And so, I think this measure is worth looking at. We chart it every month. We have it in our chart book. And now, I guess what Mr. Moore is arguing is that we should somehow give it even more visibility.

Chairman HUMPHREY. I think that is it.

Mr. SHISKIN. That is his argument.

Now, right now, we are not 100 percent sure that we are calculating it the right way, because of the point that Milton Friedman and Senator Proxmire raised, do we have the right denominator. We will be looking into that. I think it is a very promising and useful measure, and I hope that we can publish it in, perhaps, other ways, and many people will use it.

But I do not see how BLS can be faulted now in any way, especially as compared with what took place under Mr. Moore's administration. Because we are, in fact, publishing that, and it was not published when Mr. Moore was Commissioner.

Chairman HUMPHREY. I think that if you undertake the study that we are talking about earlier in order to try to constantly upgrade the information we have available it would be of great help to us.

The number of the long-term unemployed in all of these charts is of great interest to me. I see that they have risen; the number has gone up. There are 3 million people out of work 15 weeks or more, 1.4 million out of work 6 months or more.

Now, based on your experience and on past business cycles, can you give us any idea how much more of an increase there might be in the number of long-term unemployed, assuming that the unemployment rate declines gradually from now on?

Mr. SHISKIN. Sir, I would be very reluctant to do that. I have not done it systematically. It is not the kind of thing that BLS does. I would only say, again, to be responsive to your question, that if this cyclical trend continues to prevail, and if a substantial recovery takes place, then before very long, this rate will also drop.

Chairman HUMPHREY. What do you think would happen to employment if the price of oil goes up to $13.50 a barrel, Mr. Shiskin?

Mr. SHISKIN. I do not know. We did not calculate that on unemployment.

Chairman HUMPHREY. Do you not think this would be a good figure to calculate?

Mr. SHISKIN. There are a lot of studies going on.

Chairman HUMPHREY. Do you have any idea? Do you want to make any guesses as to what will happen?

Mr. SHISKIN. We do not guess. BLS provides facts, except when I slip occasionally in one of the committee hearings.

But I can give you one hard fact that is relevant, but not quite an answer to your question. It is an answer to a slightly different question.

We have calculated the direct impact of decontrol on the CPI, and that is 0.6.

Now, that is only the direct effects of——

Chairman HUMPHREY. What about the indirect effects?

Mr. SHISKIN. We have not calculated that.

Chairman HUMPHREY. Well, the ripple is what really hits the folks, is that not right?

Mr. SHISKIN. Well, it will not do that immediately. It may take several months to go from decontrol to the CPI.

Chairman HUMPHREY. When you say decontrol, do you mean total decontrol, or are you calculating the President's 39-month plan?

Mr. SHISKIN. No, if there is no bill, there is no bill at all, then on September 1, old oil is decontrolled. Then we estimate that the direct impact of that on the CPI will be 0.6, and it will take several months for that to show up in the CPI.

Chairman HUMPHREY. I have heard studies showing that the CPI will go up as much as 2 percent.

Mr. SHISKIN. Is that direct or——

Chairman HUMPHREY. Overall.

Mr. SHISKIN. Well, we have not calculated the overall effect. That is an extremely difficult thing to do, you know.

Chairman HUMPHREY. Well, I think we ought to try to get it.

Mr. SHISKIN. Yes, I do, too.

Chairman HUMPHREY. I think it would be very helpful.

Now, if the Wholesale Price Index goes up like Mr. Burns indicated then we will get that information very shortly. When will that information be available?

Mr. SHISKIN. That is next Friday.

Chairman HUMPHREY. Yes. Then you have total decontrol on top of that. I think it would be very important for the BLS, as it looks at the CPI, to try to give us a little bit more accurate information, as well as projections.

Now, there is nothing wrong with your being able to give projections. Statisticians are very good at that. So we ought to get some projections over a period of time; that means getting the ripple effect. Because, you know, we are going to have a knockdown, drag-out fight in Congress over this whole oil pricing question, and that is going to be a major concern to the American people, a major concern.

Mr. SHISKIN. Well, Senator Humphrey, I certainly think that the kind of estimates that you suggest should be made; I think they need to be made fast. You need the information and the President needs the information. However, it is not clear to me that BLS is the right agency to do it.

Chairman HUMPHREY. Which one is?

Mr. SHISKIN. Well, I do not know. I have been discussing this with Secretary Dunlop. I am meeting with him at 2 o'clock today, and I do not think it will fall through the crack. Somebody will do it.

Senator PROXMIRE. Would the chairman yield on this?

I think that the chairman is absolutely right about this. It is very important that we have the statistics. We have been told by the Congressional Budget Office, I believe it is—at least by one very responsible agency—that decontrol, if we hold on to the tariff, and OPEC increases their oil prices as expected, that we could have double-digit

inflation. We could go from about 7½ percent to around 10 percent inflation.

Now, I would not expect you to make your own independent projection, necessarily. But if you can take the various projections that you get from the staff of this committee, from the Library of Congress, the Congressional Budget Office, and give us your appraisal of whether or not they are statistically sound, any criticism of it, any evaluation of it, I think that—you are, after all, the experts here. You are completely professional and not partisan. You are highly respected. And I think it would be most useful for us to get some analysis of what these figures mean.

Chairman HUMPHREY. The Council of Economic Advisers, also has some statistics. We see an unbelievable range in the statistics we receive. Cost for a family of four if we have total decontrol could run from $400 to $800.

Now, you know that is a substantial difference. We get CPI, the cost of living going up as much as 2 percent; the number of unemployed from 400,000 to 700.000. Someplace in this Government, we ought to be able to reconcile these statistics.

I want the JEC statistical evidence to be as accurate as possible. We are supposed to be advising the Congress of the United States, and we need accurate statistics.

Another thing I would like to ask——

Mr. SHISKIN. Sir, may I respond to that for just a minute.

I agree completely with what you are saving on the need for this forecast. But this has not been a traditional BLS role. We have not engaged in either making quantitative forecasts or in appraising them, and it would be a new type of activity for us. And this would be something that we would be very cautious about entering. It is very controversial, and it would require a great deal of discussion with other Government agencies.

Chairman HUMPHREY. It is controversial, it is different, but it is needed. I do not know who is going to do it, but I do think that it needs to be done.

Mr. Shiskin, we are facing the possibility of a major crop failure in corn and in soybeans right now. And that, of course, is the feed that is used for dairy animals, for hogs, poultry, and for feeder cattle.

What if we get a bad crop in corn and soybeans, and those prices go on up? Has anybody made any calculations about that? Because we have been hearing reports of a 6 billion or 7 billion bushel corn crop. If there is no rain in the Midwest soon, we are likely to have a disastrous crop failure.

I think we need to have some projections along these lines. Some of us feel that there ought to be reserves of foodstocks, and the only way we can fight that argument is to demonstrate to people that you know what the projections are.

I just hope that the BLS will take a look at what the needs are, because we are living in a very, very centered economy—food, energy, and, as Senator Proxmire said, mortgage rates. These are the three things that are going to knock the CPI index out the ceiling.

If we have total decontrol, if we have a shortage of the basic feed grains—not wheat; I am not talking about wheat, but corn. What

will the impact on the CPI be? The corn crop is extremely important because the American producer—the dairy producer, the cattle producer, the hog produced, the poultry producer—uses beans and corn, basically. And I am going to get that message into Washington some way so that they will begin to understand what goes on in rural America.

Mr. SHISKIN. We do not make the type of forecast that you are describing. Again, I think that it is of the utmost importance, and that is really what this is all about. You know, we have to start off with what has happened. But the main reason is because we want to take a look a little ahead as best we can, and other agencies have that responsibility and not us.

Senator PROXMIRE. Mr. Shiskin, I heard you say that unemployment in the steel industry was perhaps the response of an erratic month, but actually the steel industry is looking pretty weak overall. The threat of a prolonged coal strike, as I understand it, resulted in big production last year, because we tend to build inventories, pending the strike. And then the strike did not develop. There was even further effort to make sure that the inventories were complete. Now, everybody has a big steel inventory and steel production and employment is down and likely to remain down, for some time, is that not right? That phenomenon is likely to continue?

Mr. SHISKIN. I am not an expert on any one of these particular areas, Senator, you are probably right about that.

Senator PROXMIRE. And I would just like to say that this is the first anniversary of Director Shiskin's, second anniversary I beg your pardon, he is 2 years old——

Chairman HUMPHREY. He wears well, doesn't he?

Senator PROXMIRE. He has done a superlative job. He is a fine professional statistician who has served this Government very well. And I want to congratulate you on your second anniversary and thank you for all of the fine work that you have done.

Chairman HUMPHREY. Let me join in that message of greeting and congratulations. We depend on you, we find you a man of complete integrity. And the work of your agency is one of the real work areas of encouragement in our Government.

Mr. SHISKIN. Thank you, sir.

I wish you would give me the opportunity to say that during most of these 2 years. I have met with you every month. And I have found this a very useful and constructive dialog. I think that it has improved the relations between the Executive and the Congress. And it has certainly improved the relations between BLS and the Congress. And I think it has even improved the relationship between BLS and the media.

And I want to thank you for this opportunity.

Senator PROXMIRE. I remember the colloquy that you just had with Chairman Humphrey discussing your predecessor Jeffrey Moore. And in all fairness to Mr. Moore, he was talking about the doughnut rather than the hole. He said let us look at the doughnut. Every month he would come in and say, forget about the unemployment statistics, look at the people at work. And we could not get him to talk about unemployment very much. So then he was doing all he could within

the constraints that he had to emphasize the people at work, which is fine. But after all, the people who are out of work are the ones that need assistance and action and need some policies to help them.

Mr. SHISKIN. But he did not talk about the employment population ratio. Maybe he did. But, my point simply was——

Senator PROXMIRE. He plugged it about as hard as anybody could, without actually precisely defining it.

Mr. SHISKIN. But he did not publish it.

What he argued was that we publish it, but we do not give it a lot of visibility.

But the point I made was that he did not even publish it. Now, I think that he was on the wrong track then, because he was pursuing the employment rate: Employment as a percentage of the total labor force. But now he is pushing employment as a percentage of the population, which I think is a better measure. So, now, we are going to give that more visibility.

But I do not want this hearing to end without thanking you for your very kind remarks about me.

Chairman HUMPHREY. Thank you, Mr. Shiskin.

[Whereupon, at 12:20 p.m., the committee adjourned, subject to the call of the Chair.]

# EMPLOYMENT-UNEMPLOYMENT

FRIDAY, SEPTEMBER 5, 1975

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, D.C.*

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

Present: Senator Proxmire and Representative Brown of Michigan.

Also present: Lucy A. Falcone, Robert D. Hamrin, Loughlin F. McHugh, and Courtenay M. Slater, professional staff members; Michael J. Runde, administrative assistant; and M. Catherine Miller, minority economist.

## OPENING STATEMENT OF SENATOR PROXMIRE

Senator PROXMIRE. The committee will come to order.

This morning we are faced with a report on unemployment which indicates that it remained at the same level in August as it did in July; that unemployment increased sharply for teenagers, sharply for blacks and other minority groups. It did improve significantly for heads of households and for adult men.

It seems a mixed picture. At the same time, it does seem to frankly confirm the drop in unemployment which occurred last month, which perhaps occurred the previous month, although the June figures were confusing and not clear.

Mr. Shiskin, we are very happy to hear from you. We are also interested, of course, in the price statistics. I understand the wholesale price figures were scheduled to come out today but did not do so because of a breakdown in printing.

If they are out now, I presume we can discuss them, even though——

Mr. SHISKIN. They are out.

Senator PROXMIRE. Why do you not go ahead with your statement, then? Then we will get into the price and unemployment statistics.



63-157 O - 76 - 11

## 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; AND JACK BREGGER, CHIEF, DIVISION OF EMPLOYMENT AND UNEMPLOYMENT ANALYSIS

Mr. SHISKIN. Mr. Chairman, I welcome the opportunity to explain to the Joint Economic Committee certain features and implications of the comprehensive and complex body of data released at 10 a.m. this morning in our press release, "The Employment Situation." I will also be glad to try to answer your questions about the Wholesale Price Index for August, released this morning.

The unemployment rate was unchanged in August and remained high by historical standards. Thus, the unemployment rate, at 8.4 percent, continues to be higher than in any previous year since 1941. The rate for teenagers, 21.1 percent, is up from 19.1 percent in July and slightly above the second quarter average. Increases in the number of entrants and reentrants between July and August explain at least in part the rising unemployment rate for teenagers. The rate for blacks rose from 13 in July to 14 percent, compared to the second quarter average of 14.3.

These data and other comparisons with the second quarter average are shown in table 1, which is attached to my statement.

On the other hand, over 500,000 job losers have obtained jobs since the second quarter, and their percentage of the civilian labor force declined over this period from 5.2 in the second quarter to 4.6 percent. The findings of a BLS study reported to the JEC on May 2, 1975, showed that job losers—mostly adult males in goods-producing industries—had borne the brunt of the recession. The decline in job-loser unemployment is reflected in lower rates for adult males and females, household heads, married men, full-time workers, the State insured, blue-collar workers, and manufacturing workers.

For the first time since the recession began, the number unemployed 15 weeks or more declined. However, the number unemployed 27 weeks and over continued to rise. The average duration of unemployment rose slightly, mainly because the proportion of persons unemployed less than 5 weeks—the newly unemployed—declined.

Employment, as measured both in the household and the establishment surveys, rose substantially in August. The rise in the total employment, as measured in the household survey, was 275,000, nearly all of it in nonagricultural industries. The rise in nonagricultural employment, as measured in the establishment survey, was very large, 530,000. The rise in manufacturing employment, the cyclically sensitive component, was 210,000, the first substantial increase in this industry sector since late 1973. Because of the substantially larger over-the-month increase in nonagricultural employment reported in

the establishment survey compared to the household survey, the divergence in recent trends in the figures compiled from these surveys has narrowed.

We have prepared a technical note on this divergence, because we had discussed it here last month. I have attached it to this statement. I do not intend to read it, Mr. Chairman, unless you specifically want me to.

Senator PROXMIRE. We have it in the record.

Mr. SHISKIN. Average weekly hours also rose sharply according to the establishment survey, particularly in manufacturing. The manufacturing workweek rose to 39.8 hours, from 39.5 in July and 38.8 in March. Average overtime hours in manufacturing were 2.7 in August compared to 2.6 in July and 2.3 in March.

As a result of the rises in nonagricultural employment and average hours of work, the aggregate hours index—formerly the man-hours index—the most comprehensive measure of labor activity, rose 1.5 percent in August. The aggregate hours index for manufacturing rose more sharply, 2.8 percent.

Now, I would ask you to look at chart 1 and subsequently at charts 2 and 3, while I read this description of the movements of these series.

The early mover employment indicators also continued to improve in August and now show vigorous growth beginning last spring. The layoff rate, the accession rate, initial claims for unemployment insurance, manufacturing hours of work, manufacturing overtime hours, and persons involuntarily employed part time have all improved substantially since early last spring. The diffusion index, showing the percent of 172 industries with rising employment, which stood at 17 last February, rose to 72 in August, nearly as high as the levels reached during the economic expansion in 1972 and 1973.

There have also been some signs of improvement in the late movers among the unemployment series, with the total unemployment rate clearly down between the second quarter and August and the number unemployed 15 weeks or more down for the first time since late in 1973.

In summary, the August data show a decisive improvement in the employment situation. The large rises in employment and aggregate hours, considered together with real GNP, industrial production, real retail sales, and various other measures of economic performance, now clearly indicate that recovery from the 1974–75 recession is underway.

Thus the classic business cycle pattern around cyclical troughs continues to unfold: The early movers began to rise in February and March of this year, the measures of economic performance are now clearly improving, and finally, some late movers—mostly unemployment indicators—are beginning to improve. It is to be noted, in this context, that while improvements in all these categories are evident, the 1974–75 recession was very steep, so that actual levels of em-

ployment are still well below the high levels reached last fall, and actual levels of unemployment are still very high.

I will now be glad to try to answer your questions.

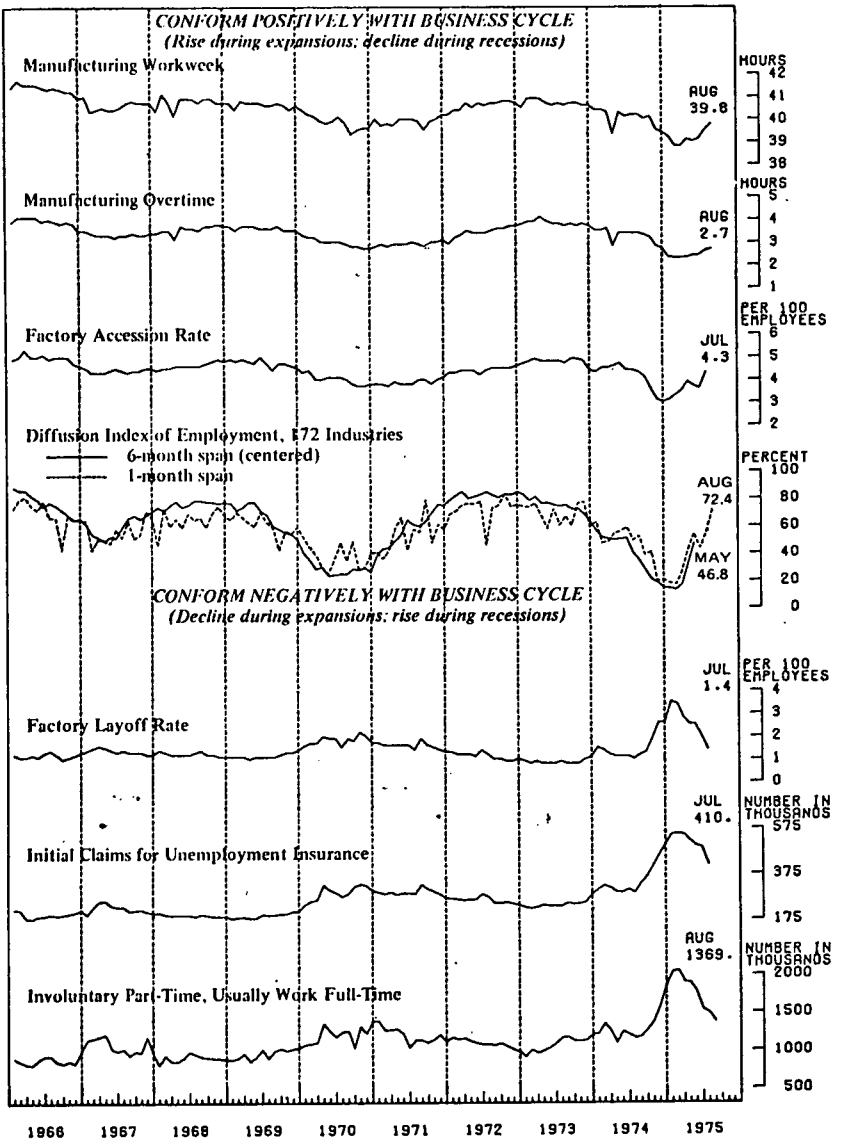
[The attachments referred to, together with the press release and Wholesale Price Index follow:]

TABLE 1.—MAJOR UNEMPLOYMENT INDICATORS

[Seasonally adjusted; changes from average of 2d quarter to August 1975]

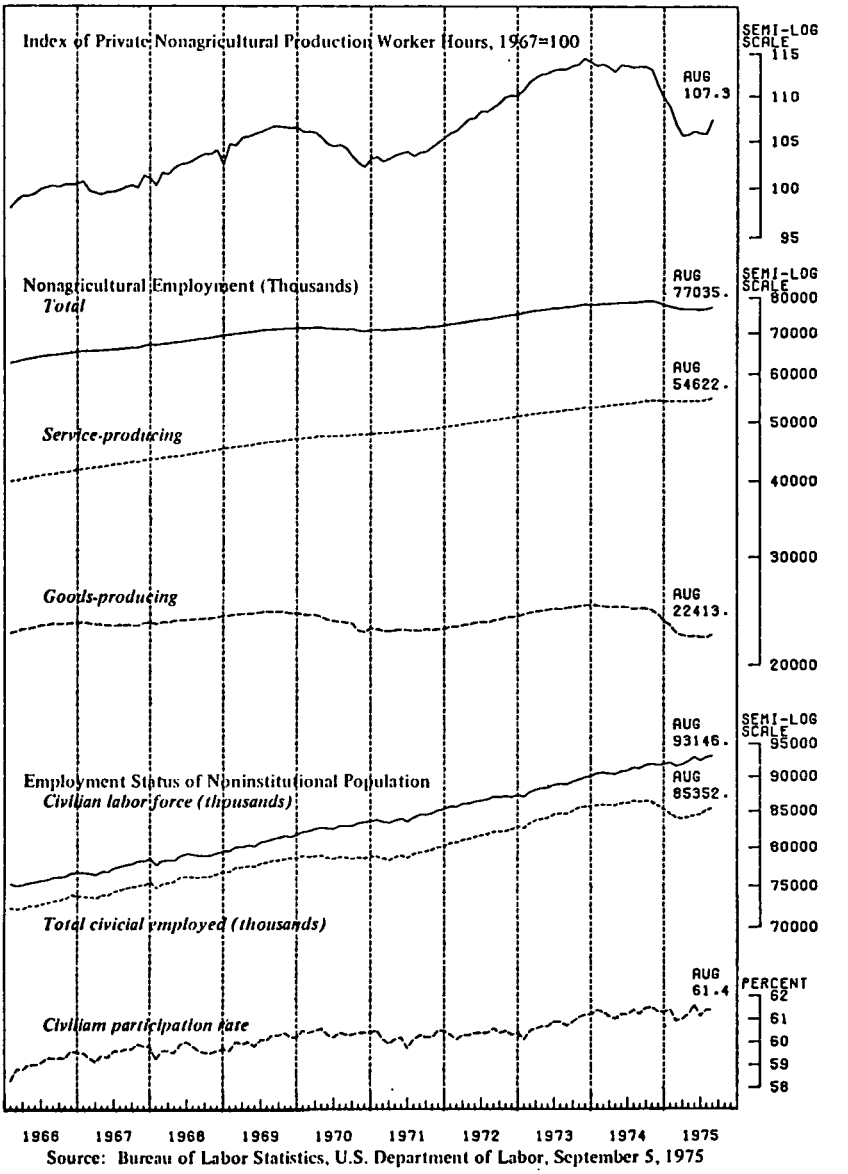
| Selected categories | Unemployment rates | | |
|---|---|---|---|
| | 2d quarter | August | Change |
| Total, 16 yr and over | 8.9 | 8.4 | −0.5 |
| Males, 20 yr and over | 7.1 | 6.6 | −.5 |
| Females, 20 yr and over | 8.5 | 7.7 | −.8 |
| Both sexes, 16 to 19 yr | 20.5 | 21.1 | +.6 |
| White, total | 8.2 | 7.6 | −.6 |
| Males, 20 yr and over | 6.6 | 6.1 | −.5 |
| Females, 20 yr and over | 8.0 | 6.9 | −1.1 |
| Both sexes, 16 to 19 yr | 18.3 | 19.1 | +.8 |
| Negro and other races, total | 14.3 | 14.0 | −.3 |
| Males, 20 yr and over | 12.1 | 11.1 | −.1 |
| Females, 20 yr and over | 11.7 | 12.6 | +.9 |
| Both sexes, 16 to 19 yr | 37.8 | 37.4 | −.4 |
| Household heads | 6.1 | 5.5 | −.6 |
| Married men, spouse present | 5.7 | 5.0 | −.7 |
| Full-time workers | 8.5 | 8.2 | −.3 |
| Part-time workers | 10.6 | 10.7 | +.1 |
| Unemployed 15 weeks and over | 2.8 | 3.1 | +.3 |
| State insured | 6.9 | 5.9 | −1.0 |
| Labor force time lost | 9.5 | 8.6 | −.9 |
| **OCCUPATION** | | | |
| White-collar workers | 5.0 | 4.6 | −.4 |
| Professional and technical | 3.4 | 2.9 | −.5 |
| Managers and administrators, except farm | 3.3 | 3.0 | −.3 |
| Sales workers | 5.9 | 5.9 | |
| Clerical workers | 6.9 | 6.4 | −.5 |
| Blue collar workers | 12.9 | 11.5 | −1.4 |
| Craft and kindred workers | 9.2 | 8.2 | −1.0 |
| Operatives | 14.4 | 12.7 | −1.7 |
| Nonfarm laborers | 17.0 | 16.2 | −.8 |
| Service workers | 8.5 | 9.3 | +.8 |
| Farm workers | 3.7 | 3.8 | −.1 |
| **INDUSTRY** | | | |
| Nonagricultural private wage and salary workers | 9.9 | 9.1 | −.8 |
| Construction | 20.7 | 19.9 | −.8 |
| Manufacturing | 12.2 | 10.5 | −1.7 |
| Durable goods | 12.8 | 11.3 | −1.5 |
| Nondurable goods | 11.2 | 9.5 | −1.7 |
| Transportation and public utilities | 6.4 | 5.7 | −.7 |
| Wholesale and retail trade | 8.8 | 8.9 | +.1 |
| Finance and service industries | 6.8 | 6.1 | −.7 |
| Government workers | 4.2 | 4.0 | −.2 |
| Agricultural wage and salary workers | 10.8 | 10.5 | −.3 |

Chart 1. EMPLOYMENT INDICATORS, 1966-75
(Early Movers at Business Cycle Troughs)



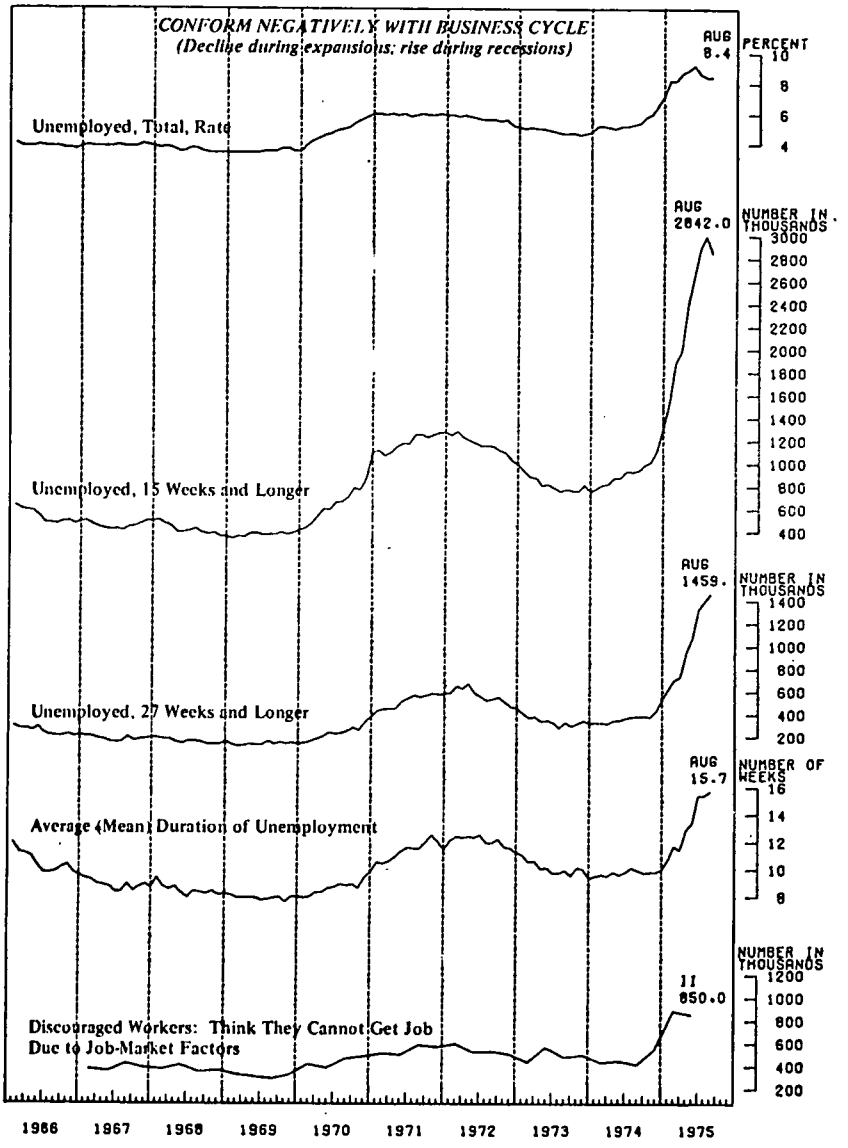

Source: Bureau of Labor Statistics, U.S. Department of Labor, September 5, 1975

Chart 2. INDICATORS OF LABOR ACTIVITY—
MEASURES OF PERFORMANCE, 1966-75




Source: Bureau of Labor Statistics, U.S. Department of Labor, September 5, 1975

Chart 3. UNEMPLOYMENT INDICATORS, 1966-75
(Late Movers at Business Cycle Troughs)




Source: Bureau of Labor Statistics, U.S. Department of Labor, September 5, 1975.

TECHNICAL NOTE: DIFFERENCES IN EMPLOYMENT TRENDS BETWEEN HOUSEHOLD SURVEY AND PAYROLL SURVEY ESTIMATES

As I noted before this Committee last month, there has been a rather sharp divergence in the trends of employment since March as measured by our household and establishment surveys. Between March and August, total nonagricultural employment as measured by the household survey has risen by 1.3 million while nonagricultural establishment employment has increased by 665,000, a difference of 635,000. Between March and July these measures showed a wider divergence with increases of 1.0 million and 140,000 respectively. (Note: The July figures for the establishment survey represent the first revision.)

It should be emphasized that this divergence is not a matter of one survey "losing" some jobs or of another survey "finding" some nonexistent workers. Rather, it is the result of two facts: (1) the nonagricultural aggregates measured in the two series are defined somewhat differently and come from different surveys, and (2) as statistical estimates each series contains a certain amount of statistical variability which can be identified and measured, but not "explained" in the usual meaning of that word. These estimates are sometimes complicated by problems of seasonal adjustment.

There are numerous conceptual differences between the two series. The payroll series is a count of jobs; the household, a count of employed persons. We do not have a count of persons with more than one job for the current period, so we cannot account for any movement in this difference. (The last measurement of these multiple job-holders in May 1975 showed a total of 3.9 million persons holding more than one job.)

There are some differences which we can measure on a current basis and, thereby, adjust the household series to be on a more comparable basis with the concepts measured by the establishment survey. To make this adjustment, we substract from the household total groups that are included in it, but not included in the establishment count: the self-employed, unpaid family workers, private household workers and persons on unpaid absence from their jobs. Persons not counted in the household nonagricultural count are added to it: workers in agricultural services and workers 14–15 years of age. If these adjustments are made, the adjusted household survey shows an increase of 1,155,000 since March compared to the payroll increase of 665,000 (a difference of 490,000). These adjusted series are only approximately comparable because some differences (most notably multiple job-holders) cannot be quantified on a current basis.

The "unexplained" differences in the short-term trends in the two series can be accounted for, in large measure, by their statistical variability. Since 1948 in more than one-fifth of all the 5-month spans, the divergence in the two series exceeded 500,000. These differences were short lived, so that the two series did not continue to grow farther apart. Each of the two series shared about equally in being the one with the faster growth. With the sharp rise between July and August shown by the establishment survey, and the upward revisions of the changes for June (+25,000) and July (+130,000), the difference in recent trends in these two series has been sharply reduced. If historical experience can be taken as a guide, this difference in trend will be further reduced in the months ahead.

(Note: As measured by the establishment survey, 77.0 million persons were employed in nonagricultural industries in August. As measured by the household survey, after adjustment to the establishment survey concept, 73.1 million persons were employed in August.)

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USDL 75-491
FOR RELEASE: 10:00 A. M. (EDT)
Friday, September 5, 1975

# THE EMPLOYMENT SITUATION: AUGUST 1975

Unemployment held steady in August and employment increased substantially, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. The unemployment rate remained at the July level of 8.4 percent, after declining from the second quarter recession peak of 8.9 percent. Although there was no change in overall joblessness, there was a marked improvement among adult workers.

Total employment--as measured by the monthly survey of households--rose by 275,000 in August, following a much larger advance in July. After declining by 2.6 million from last September to a low of 83.8 million in March, employment has risen by 1.5 million in the ensuing 5-month period. Total nonagricultural employment accounted for 1.3 million of this increase.

Total nonagricultural payroll employment--as measured by the monthly survey of establishments--rose by more than half a million in August. This large expansion, coupled with an upward revision in the June and July estimates, yields an increase of 665,000 from March to August and results in a narrowing of the recent differences in employment trends between the household and establishment surveys. While trends in the two surveys are generally closer than those currently prevailing, there have been a number of instances in the past when there were similar divergences, though they have always been shortlived.

## Unemployment

The number of persons unemployed totaled 7.8 million in August, seasonally adjusted, unchanged from July but down 410,000 from the peak level reached in the second quarter. The rate of unemployment was unchanged at 8.4 percent. Just 12 months earlier, when the very sharp downturn in the economy began, the rate had been 5.4 percent.

Although overall joblessness was unchanged in August, there were significant offsetting movements among the major labor force groups. The jobless rate for adult men, who had been hit particularly hard during the recent downturn, dropped from 7.0 to 6.6 percent. Although the rate for adult women was little changed over the month at 7.7 percent, it has declined sharply from the second quarter average of 8.5 percent. In

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

| Selected categories | Quarterly averages | | | | | Monthly data | | |
|---|---|---|---|---|---|---|---|---|
| | 1974 | | | 1975 | | June 1975 | July 1975 | Aug. 1975 |
| | II | III | IV | I | II | | | |
| | (Millions of persons) | | | | | | | |
| Civilian labor force | 90.6 | 91.4 | 91.8 | 91.8 | 92.5 | 92.3 | 92.9 | 93.1 |
| Total employment | 86.0 | 86.4 | 85.7 | 84.1 | 84.3 | 84.4 | 85.1 | 85.4 |
| Adult men | 48.5 | 48.5 | 48.3 | 47.3 | 47.2 | 47.2 | 47.5 | 47.7 |
| Adult women | 30.1 | 30.5 | 30.1 | 29.8 | 30.1 | 30.3 | 30.6 | 30.7 |
| Teenagers | 7.4 | 7.4 | 7.4 | 7.0 | 7.0 | 6.9 | 7.0 | 7.0 |
| Unemployment | 4.7 | 5.0 | 6.1 | 7.0 | 8.2 | 7.9 | 7.8 | 7.8 |
| | (Percent of labor force) | | | | | | | |
| Unemployment rates: | | | | | | | | |
| All workers | 5.1 | 5.5 | 6.6 | 8.3 | 8.9 | 8.6 | 8.4 | 8.4 |
| Adult men | 3.5 | 3.7 | 4.8 | 6.3 | 7.1 | 7.0 | 7.0 | 6.6 |
| Adult women | 5.1 | 5.4 | 6.5 | 8.2 | 8.5 | 8.1 | 7.9 | 7.7 |
| Teenagers | 15.1 | 16.1 | 17.5 | 20.5 | 20.5 | 19.2 | 19.1 | 21.1 |
| White | 4.6 | 5.0 | 5.9 | 7.6 | 8.2 | 7.9 | 7.9 | 7.6 |
| Negro and other races | 9.1 | 9.6 | 11.7 | 13.7 | 14.3 | 13.7 | 13.0 | 14.0 |
| Household heads | 3.0 | 3.2 | 4.1 | 5.5 | 6.1 | 6.1 | 6.0 | 5.5 |
| Married men | 2.4 | 2.7 | 3.3 | 4.8 | 5.7 | 5.7 | 5.4 | 5.0 |
| Full-time workers | 4.6 | 5.0 | 6.2 | 7.9 | 8.5 | 8.2 | 8.1 | 8.2 |
| State insured | 3.3 | 3.4 | 4.3 | 6.0 | 6.9 | 6.9r | 6.2 | 5.9 |
| | (Weeks) | | | | | | | |
| Average duration of unemployment | 9.7 | 9.9 | 9.9 | 11.3 | 13.9 | 15.4 | 15.4 | 15.7 |
| | (Millions of persons) | | | | | | | |
| Nonfarm payroll employment | 78.3 | 78.7 | 78.3 | 76.8 | 76.4 | 76.3 | 76.5p | 77.0p |
| Goods-producing industries | 24.9 | 24.8 | 24.1 | 22.7 | 22.3 | 22.2 | 22.2p | 22.4p |
| Service-producing industries | 53.5 | 53.9 | 54.2 | 54.0 | 54.1 | 54.1 | 54.4p | 54.6p |
| | (Hours of work) | | | | | | | |
| Average weekly hours: | | | | | | | | |
| Total private nonfarm | 36.7 | 36.7 | 36.4 | 36.0 | 36.0 | 36.0 | 36.1p | 36.3p |
| Manufacturing | 39.9 | 40.1 | 39.7 | 38.9 | 39.1 | 39.1 | 39.5p | 39.8p |
| Manufacturing overtime | 3.2 | 3.4 | 2.9 | 2.3 | 2.4 | 2.4 | 2.6p | 2.7p |
| | (1967=100) | | | | | | | |
| Hourly Earnings Index, private nonfarm: | | | | | | | | |
| In current dollars | 156.2 | 160.3 | 164.1 | 167.3 | 170.2 | 171.9 | 172.6p | 174.0p |
| In constant dollars | 107.4 | 107.0 | 106.4 | 106.5r | 106.7 | 107.1 | 106.3p | N.A. |

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

contrast, the jobless rate for teenagers, which had dropped from a second quarter average of 20.5 percent to 19.1 percent in July, rose to 21.1 percent in August. (See tables A and A-2.)

The improvement in the job situation for adult men was also reflected in reduced unemployment among household heads (both male and female), married men, blue-collar workers, and factory workers. The decline for household heads was particularly sharp--from 6.0 to 5.5 percent. The jobless rate for blue-collar workers receded to 11.5 percent in August, after attaining a second quarter peak of 12.9 percent; nearly all of this decline occurred among skilled craft workers. In a similar vein, the factory jobless rate, which had dropped sharply in July from a second quarter high of 12.2 percent, moved down further in August to 10.5 percent. (See table A-2.)

The stability in unemployment also masked divergent movements in black and white joblessness. The unemployment rate for white workers continued its gradual descent from the spring quarter peak of 8.2 percent, reaching 7.6 percent in August. In contrast, the rate for black (Negro and other races) workers rose a full percentage point to 14.0 percent, closely approximating the second quarter average. This increase was primarily among black women, whose rate rose from 10.8 percent in July to 12.6 percent.

The unemployment rate for workers covered by State unemployment insurance programs continued to move down from the high of 7.0 percent attained in May, reaching 5.9 percent in August. The number claiming regular State U. I. benefits was 3.9 million, seasonally adjusted, but the total number of unemployment insurance claimants is much larger when the 2.7 million persons claiming benefits under various special programs, including the Federal extended benefits programs, are taken into account.

The number of persons unemployed 15 weeks or longer decreased by 160,000 in August to 2.8 million, marking the first real decline in long-term joblessness since unemployment began to rise in late 1973. Despite this decrease, the average (mean) duration of unemployment, at 15.7 weeks, was up slightly from the 15.4-weeks average registered in both June and July. The August level exceeded the year-earlier average by nearly 6 weeks. (See table A-4.)

In line with the improving job situation of adult workers, the number of unemployed who had lost their last job declined by 300,000 in August to 4.3 million. Since May, unemployment stemming from job loss has dropped by 600,000. Counterbalancing this over-the-month reduction in job loss were substantial increases among workers who were either seeking their first job or reentering the job market, a reflection of the increased joblessness among teenagers. (See table A-5.)

Total Employment and Civilian Labor Force

Total employment increased for the fifth straight month, rising by 275,000 to 85.4 million, seasonally adjusted. After declining sharply in late 1974 and 1975, employment has increased by 1.5 million since reaching a recession low in March. The August gain in employment occurred largely among adult men, household heads, and workers employed in blue-collar occupations.

The civilian labor force, at 93.1 million in August, was up by 230,000, following an increase of more than half a million in July. Over the past year, the labor force has expanded by 1.9 million, a markedly slower growth pace than in the 2 previous years. Although fluctuating somewhat during the past year, the rate of labor force participation, at 61.4 percent in both July and August, was up slightly from a year earlier.

Industry Payroll Employment

Total nonagricultural payroll employment rose by 530,000 to 77.0 million (seasonally adjusted) in August. (See table B-1.) This sizeable employment gain followed an increase of 215,000 in July (as revised) and marks a substantial turnaround from the steep decline that began last fall. With the exception of mining, over-the-month employment gains were registered in all of the major industry divisions, as increases occurred in nearly three-quarters of the 172 industries in the BLS diffusion index (table B-6).

The largest employment increase among the major industry divisions occurred in manufacturing, where employment rose by 210,000. This gain was widespread throughout the durable and nondurable industries. Within durable goods, large increases took place in electrical equipment (35,000), primary metals (30,000), and fabricated metals and furniture (20,000 each), with lesser increases posted in most of the other industries.

In nondurables, notable employment increases were registered in textiles (30,000) and paper and allied products (15,000).

Employment in contract construction rose by 45,000 in August, as a result of the settlement of several large strikes. Over the past year, employment in this industry has dropped by over 570,000.

The service-producing sector, which was not nearly as buffeted by the recession, posted strong employment gains, highlighted by healthy pickups in services (100,000), State and local government (70,000), and retail trade (65,000). With a total August increase of 270,000, the service-producing sector provided 675,000 more jobs than it had a year earlier, while the goods-producing sector lost nearly 2.4 million, more than 1.8 million in manufacturing alone.

Hours

The average workweek for all production or nonsupervisory workers on nonfarm payrolls rose two-tenths of an hour in August to 36.3 hours, seasonally adjusted. (See table B-2.) Average weekly hours had also edged up in July, after holding steady for 3 consecutive months. However, the workweek remained 0.4 hour below the year-earlier level.

Much of the over-the-month gain in the workweek stemmed from a 0.3-hour pickup in manufacturing; this followed an 0.4-hour increase in the previous month. The August level was a full hour above the recession low of 38.8 hours reached in February and March but was still 1.1 hours below the pre-recession peak of early 1973. Factory overtime edged up 0.1 hour to 2.7 hours in August, a continuation of the small gains posted since April.

As a result of the big expansion in employment and the gain in the workweek, the index of aggregate hours of private nonfarm production or nonsupervisory employees rose 1.5 percent in August to 107.3 (1967=100). (See table B-5.) Factory worker-hours rose by an even larger amount--2.8 percent--to 89.5. This increase brought aggregate factory hours to a level 4.2 percent above their March 1975 low but still 14.4 percent below the December 1973 peak.

Hourly and Weekly Earnings

Average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls rose 0.7 percent in August and 6.8 percent from a year ago (seasonally adjusted). Average weekly earnings increased 1.2 percent over the month. Since August 1974, weekly earnings have risen by 5.6 percent.

Before adjustment for seasonality, average hourly earnings rose 3 cents in August to $4.55 and were up 29 cents from a year ago. Average weekly earnings were $166.99, an increase of $2.01 over the month and $8.94 from last August. (See table B-3.)

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 174.0 (1967=100) in August, 0.8 percent higher than in July. The index was 8.6 percent above August a year ago. During the 12-month period ended in July, the Hourly Earnings Index in dollars of constant purchasing power declined 0.8 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

## Table A-1. Employment status of the noninstitutional population

(Numbers in thousands)

| Employment status | Not seasonally adjusted | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | July 1975 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 | Aug. 1975 |
| **TOTAL** | | | | | | | | | |
| Total noninstitutional population[1] | 151,135 | 153,585 | 153,824 | 151,135 | 152,840 | 153,051 | 153,278 | 153,585 | 153,824 |
| Total labor force | 94,679 | 97,046 | 96,493 | 93,419 | 94,457 | 95,121 | 94,518 | 95,102 | 95,331 |
| Participation rate | 62.6 | 63.2 | 62.7 | 61.8 | 61.8 | 62.1 | 61.7 | 61.9 | 62.0 |
| Civilian noninstitutional population[1] | 148,916 | 151,399 | 151,639 | 148,916 | 150,645 | 150,870 | 151,100 | 151,399 | 151,639 |
| Civilian labor force | 92,459 | 94,859 | 94,308 | 91,199 | 92,262 | 92,940 | 92,340 | 92,916 | 93,146 |
| Participation rate | 62.1 | 62.7 | 62.2 | 61.2 | 61.2 | 61.6 | 61.1 | 61.4 | 61.4 |
| Employed | 87,575 | 86,650 | 86,612 | 86,274 | 84,086 | 84,402 | 84,444 | 85,078 | 85,352 |
| Agriculture | 3,851 | 4,090 | 3,886 | 3,451 | 3,238 | 3,512 | 3,304 | 3,450 | 3,468 |
| Nonagricultural industries | 83,724 | 82,560 | 82,726 | 82,823 | 80,848 | 80,890 | 81,140 | 81,628 | 81,884 |
| Unemployed | 4,885 | 8,209 | 7,696 | 4,925 | 8,176 | 8,538 | 7,896 | 7,838 | 7,794 |
| Unemployment rate | 5.3 | 8.7 | 8.2 | 5.4 | 8.9 | 9.2 | 8.6 | 8.4 | 8.4 |
| Not in labor force | 56,456 | 56,540 | 57,331 | 57,717 | 58,383 | 57,930 | 58,760 | 58,483 | 58,493 |
| **Males, 20 years and over** | | | | | | | | | |
| Total noninstitutional population[1] | 64,064 | 65,128 | 65,234 | 64,064 | 64,812 | 64,901 | 65,000 | 65,128 | 65,234 |
| Total labor force | 52,642 | 53,157 | 53,121 | 52,208 | 52,414 | 52,788 | 52,439 | 52,795 | 52,794 |
| Participation rate | 82.2 | 81.6 | 81.4 | 81.5 | 80.9 | 81.3 | 80.7 | 81.1 | 80.9 |
| Civilian noninstitutional population[1] | 62,273 | 63,403 | 63,498 | 62,405 | 63,080 | 63,180 | 63,282 | 63,403 | 63,498 |
| Civilian labor force | 50,850 | 51,432 | 51,385 | 50,535 | 50,683 | 51,067 | 50,721 | 51,070 | 51,058 |
| Participation rate | 81.7 | 81.1 | 80.9 | 81.0 | 80.3 | 80.8 | 80.2 | 80.5 | 80.4 |
| Employed | 49,084 | 48,061 | 48,250 | 48,515 | 47,123 | 47,333 | 47,166 | 47,499 | 47,682 |
| Agriculture | 2,634 | 2,591 | 2,579 | 2,516 | 2,399 | 2,457 | 2,394 | 2,435 | 2,463 |
| Nonagricultural industries | 46,450 | 45,470 | 45,671 | 45,999 | 44,724 | 44,876 | 44,772 | 45,064 | 45,219 |
| Unemployed | 1,766 | 3,371 | 3,136 | 1,901 | 3,560 | 3,734 | 3,555 | 3,571 | 3,376 |
| Unemployment rate | 3.5 | 6.6 | 6.1 | 3.8 | 7.0 | 7.3 | 7.0 | 7.0 | 6.6 |
| Not in labor force | 11,423 | 11,971 | 12,113 | 11,857 | 12,397 | 12,113 | 12,561 | 12,333 | 12,440 |
| **Females, 20 years and over** | | | | | | | | | |
| Civilian noninstitutional population[1] | 70,549 | 71,729 | 71,839 | 70,549 | 71,358 | 71,463 | 71,574 | 71,729 | 71,839 |
| Civilian labor force | 31,497 | 32,350 | 32,663 | 32,152 | 32,845 | 32,835 | 33,023 | 33,173 | 33,239 |
| Participation rate | 44.6 | 45.1 | 45.5 | 45.6 | 46.0 | 45.9 | 46.1 | 46.2 | 46.3 |
| Employed | 29,672 | 29,688 | 29,925 | 30,452 | 30,007 | 29,998 | 30,332 | 30,563 | 30,690 |
| Agriculture | 570 | 675 | 628 | 497 | 453 | 537 | 480 | 529 | 548 |
| Nonagricultural industries | 29,102 | 29,013 | 29,298 | 29,955 | 29,554 | 29,461 | 29,852 | 30,034 | 30,142 |
| Unemployed | 1,825 | 2,662 | 2,738 | 1,700 | 2,838 | 2,837 | 2,691 | 2,610 | 2,549 |
| Unemployment rate | 5.8 | 8.2 | 8.4 | 5.3 | 8.6 | 8.6 | 8.1 | 7.9 | 7.7 |
| Not in labor force | 39,052 | 39,379 | 39,176 | 38,397 | 38,513 | 38,628 | 38,551 | 38,556 | 38,600 |
| **Both sexes, 16-19 years** | | | | | | | | | |
| Civilian noninstitutional population[1] | 16,094 | 16,267 | 16,302 | 16,094 | 16,207 | 16,226 | 16,244 | 16,267 | 16,302 |
| Civilian labor force | 10,112 | 11,078 | 10,259 | 8,631 | 8,734 | 9,038 | 8,596 | 8,673 | 8,849 |
| Participation rate | 62.8 | 68.1 | 63.8 | 53.6 | 53.9 | 55.7 | 52.9 | 53.3 | 54.3 |
| Employed | 8,819 | 8,901 | 8,437 | 7,307 | 6,956 | 7,071 | 6,946 | 7,016 | 6,980 |
| Agriculture | 646 | 824 | 680 | 438 | 386 | 518 | 430 | 486 | 457 |
| Nonagricultural industries | 8,172 | 8,077 | 7,757 | 6,869 | 6,570 | 6,553 | 6,516 | 6,530 | 6,523 |
| Unemployed | 1,294 | 2,176 | 1,823 | 1,324 | 1,778 | 1,967 | 1,650 | 1,657 | 1,869 |
| Unemployment rate | 12.8 | 19.6 | 17.8 | 15.3 | 20.4 | 21.8 | 19.2 | 19.1 | 21.1 |
| Not in labor force | 5,982 | 5,189 | 6,042 | 7,463 | 7,473 | 7,188 | 7,648 | 7,594 | 7,453 |
| **WHITE** | | | | | | | | | |
| Civilian noninstitutional population[1] | 131,636 | 133,579 | 133,760 | 131,636 | 133,039 | 133,217 | 133,402 | 133,579 | 133,760 |
| Civilian labor force | 81,858 | 83,889 | 83,417 | 80,796 | 81,825 | 82,428 | 81,908 | 82,436 | 82,476 |
| Participation rate | 62.2 | 62.8 | 62.4 | 61.4 | 61.5 | 61.9 | 61.4 | 61.7 | 61.7 |
| Employed | 77,949 | 77,270 | 77,217 | 76,850 | 75,193 | 75,387 | 75,451 | 75,925 | 76,182 |
| Unemployed | 3,909 | 6,619 | 6,201 | 3,946 | 6,632 | 7,041 | 6,457 | 6,511 | 6,294 |
| Unemployment rate | 4.8 | 7.9 | 7.4 | 4.9 | 8.1 | 8.5 | 7.9 | 7.9 | 7.6 |
| Not in labor force | 49,778 | 49,690 | 50,343 | 50,840 | 51,214 | 50,789 | 51,494 | 51,143 | 51,284 |
| **NEGRO AND OTHER RACES** | | | | | | | | | |
| Civilian noninstitutional population[1] | 17,280 | 17,820 | 17,879 | 17,280 | 17,606 | 17,652 | 17,698 | 17,820 | 17,879 |
| Civilian labor force | 10,601 | 10,970 | 10,891 | 10,313 | 10,401 | 10,494 | 10,469 | 10,468 | 10,623 |
| Participation rate | 61.3 | 61.6 | 60.9 | 59.7 | 59.1 | 59.4 | 59.2 | 58.7 | 59.4 |
| Employed | 9,626 | 9,380 | 9,325 | 9,347 | 8,886 | 8,953 | 9,034 | 9,103 | 9,134 |
| Unemployed | 975 | 1,590 | 1,495 | 966 | 1,515 | 1,541 | 1,435 | 1,365 | 1,489 |
| Unemployment rate | 9.2 | 14.5 | 13.7 | 9.4 | 14.6 | 14.7 | 13.7 | 13.0 | 14.0 |
| Not in labor force | 6,679 | 6,850 | 6,988 | 6,967 | 7,205 | 7,158 | 7,229 | 7,352 | 7,256 |

[1] 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

**Table A-2. Major unemployment indicators, seasonally adjusted**

| Selected categories | Number of unemployed persons (in thousands) | | Unemployment rates | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 | Aug. 1975 |
| Total, 16 years and over | 4,925 | 7,794 | 5.4 | 8.9 | 9.2 | 8.6 | 8.4 | 8.4 |
| Males, 20 years and over | 1,901 | 3,376 | 3.8 | 7.0 | 7.3 | 7.0 | 7.0 | 6.6 |
| Females, 20 years and over | 1,700 | 2,549 | 5.3 | 8.6 | 8.6 | 8.1 | 7.9 | 7.7 |
| Both sexes, 16-19 years | 1,324 | 1,869 | 15.3 | 20.4 | 21.8 | 19.2 | 19.1 | 21.1 |
| White, total | 3,946 | 6,294 | 4.9 | 8.1 | 8.5 | 7.9 | 7.9 | 7.6 |
| Males, 20 years and over | 1,579 | 2,797 | 3.5 | 6.4 | 6.8 | 6.4 | 6.6 | 6.1 |
| Females, 20 years and over | 1,346 | 1,988 | 4.8 | 8.2 | 8.2 | 7.6 | 7.4 | 6.9 |
| Both sexes, 16-19 years | 1,021 | 1,509 | 13.3 | 17.8 | 19.5 | 17.6 | 17.6 | 19.1 |
| Negro and other races, total | 966 | 1,489 | 9.4 | 14.6 | 14.7 | 13.7 | 13.0 | 14.0 |
| Males, 20 years and over | 328 | 589 | 6.4 | 12.6 | 12.0 | 11.9 | 11.4 | 11.1 |
| Females, 20 years and over | 347 | 553 | 8.2 | 11.2 | 12.2 | 11.7 | 10.8 | 12.6 |
| Both sexes, 16-19 years | 291 | 347 | 31.7 | 40.2 | 39.9 | 33.2 | 33.5 | 37.4 |
| Household heads | 1,663 | 2,953 | 3.2 | 6.0 | 6.3 | 6.1 | 6.0 | 5.5 |
| Married men, spouse present | 1,069 | 2,007 | 2.7 | 5.6 | 5.8 | 5.7 | 5.4 | 5.0 |
| Full-time workers | 3,762 | 6,208 | 4.8 | 8.6 | 8.8 | 8.2 | 8.1 | 8.2 |
| Part-time workers | 1,122 | 1,513 | 8.5 | 10.4 | 11.1 | 10.3 | 10.0 | 10.7 |
| Unemployed 15 weeks and over[1] | 940 | 2,842 | 1.0 | 2.6 | 2.8 | 3.1 | 3.2 | 3.1 |
| State insured[2] | 2,145 | 3,923 | 3.3 | 6.8 | 7.0 | 6.9r | 6.2 | 5.9 |
| Labor force time lost[3] | -- | -- | 5.8 | 9.7 | 9.9 | 8.9 | 8.8 | 8.6 |
| **OCCUPATION[4]** | | | | | | | | |
| White-collar workers | 1,362 | 2,035 | 3.2 | 4.7 | 5.4 | 4.8 | 4.8 | 4.6 |
| Professional and technical | 280 | 389 | 2.2 | 3.4 | 3.6 | 3.2 | 3.6 | 2.9 |
| Managers and administrators, except farm | 172 | 273 | 1.9 | 3.3 | 3.5 | 3.0 | 2.9 | 3.0 |
| Sales workers | 209 | 344 | 3.7 | 5.8 | 5.9 | 6.0 | 4.9 | 5.9 |
| Clerical workers | 701 | 1,029 | 4.4 | 6.2 | 7.8 | 6.7 | 6.8 | 6.4 |
| Blue-collar workers | 2,102 | 3,661 | 6.6 | 13.0 | 13.0 | 12.6 | 12.1 | 11.5 |
| Craft and kindred workers | 520 | 996 | 4.3 | 9.0 | 9.3 | 9.4 | 9.6 | 8.2 |
| Operatives | 1,073 | 1,875 | 7.1 | 14.9 | 14.4 | 14.0 | 12.9 | 12.7 |
| Nonfarm laborers | 509 | 790 | 10.5 | 17.2 | 17.7 | 16.0 | 15.9 | 16.2 |
| Service workers | 773 | 1,199 | 6.3 | 8.2 | 8.7 | 8.5 | 8.3 | 9.3 |
| Farm workers | 83 | 119 | 2.7 | 4.0 | 3.7 | 3.3 | 2.6 | 3.8 |
| **INDUSTRY[4]** | | | | | | | | |
| Nonagricultural private wage and salary workers[5] | 3,728 | 6,124 | 5.6 | 9.8 | 10.1 | 9.6 | 9.2 | 9.1 |
| Construction | 502 | 907 | 11.3 | 19.3 | 21.8 | 21.0 | 20.8 | 19.9 |
| Manufacturing | 1,204 | 2,211 | 5.5 | 12.2 | 12.3 | 12.0 | 11.1 | 10.5 |
| Durable goods | 643 | 1,396 | 4.9 | 12.8 | 12.7 | 12.9 | 11.5 | 11.3 |
| Nondurable goods | 561 | 815 | 6.4 | 11.4 | 11.6 | 10.7 | 10.4 | 9.5 |
| Transportation and public utilities | 172 | 273 | 3.5 | 6.6 | 6.7 | 5.8 | 5.6 | 5.7 |
| Wholesale and retail trade | 1,008 | 1,528 | 6.2 | 9.1 | 8.9 | 8.3 | 8.3 | 8.9 |
| Finance and service industries | 823 | 1,156 | 4.5 | 6.6 | 7.2 | 6.6 | 6.3 | 6.1 |
| Government workers | 414 | 615 | 2.9 | 3.8 | 4.9 | 3.9 | 4.3 | 4.0 |
| Agricultural wage and salary workers | 101 | 161 | 7.0 | 12.6 | 9.4 | 10.5 | 8.4 | 10.5 |
| **VETERAN STATUS** | | | | | | | | |
| Males, Vietnam-era veterans[6]: | | | | | | | | |
| 20 to 34 years | 287 | 550 | 4.9 | 9.9 | 9.4 | 9.7 | 9.6 | 9.0 |
| 20 to 24 years | 133 | 176 | 11.0 | 22.8 | 21.2 | 19.9 | 17.6 | 17.5 |
| 25 to 29 years | 119 | 267 | 3.6 | 7.3 | 7.1 | 8.1 | 8.6 | 8.2 |
| 30 to 34 years | 35 | 107 | 2.6 | 6.8 | 6.9 | 6.7 | 6.6 | 5.9 |
| Males, nonveterans: | | | | | | | | |
| 20 to 34 years | 828 | 1,377 | 6.1 | 10.4 | 10.7 | 10.0 | 10.5 | 9.6 |
| 20 to 24 years | 517 | 864 | 8.7 | 14.5 | 14.7 | 12.9 | 14.4 | 13.6 |
| 25 to 29 years | 173 | 339 | 4.4 | 6.9 | 8.5 | 9.4 | 8.6 | 8.0 |
| 30 to 34 years | 138 | 174 | 3.7 | 7.2 | 5.9 | 5.9 | 5.9 | 4.7 |

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

r = revised.

HOUSEHOLD DATA

## Table A-3. Selected employment indicators

[In thousands]

| Selected categories | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 | Aug. 1975 |
| Total employed, 16 years and over | 87,575 | 86,612 | 86,274 | 84,086 | 84,402 | 84,444 | 85,078 | 85,352 |
| Males | 54,043 | 52,915 | 52,522 | 50,873 | 51,172 | 50,861 | 51,287 | 51,448 |
| Females | 33,532 | 33,696 | 33,752 | 33,213 | 33,230 | 33,583 | 33,791 | 33,904 |
| Household heads | 51,059 | 50,524 | 51,057 | 49,796 | 49,924 | 49,903 | 50,241 | 50,524 |
| Married men, spouse present | 39,121 | 38,238 | 38,919 | 37,813 | 37,853 | 37,743 | 37,920 | 38,048 |
| Married women, spouse present | 19,191 | 19,023 | 19,860 | 19,376 | 19,317 | 19,478 | 19,692 | 19,693 |
| **OCCUPATION** | | | | | | | | |
| White-collar workers | 41,394 | 42,224 | 41,746 | 42,098 | 42,127 | 42,528 | 42,499 | 42,593 |
| Professional and technical | 11,931 | 12,418 | 12,513 | 12,616 | 12,780 | 12,727 | 13,026 | 13,030 |
| Managers and administrators, except farm | 8,872 | 9,107 | 8,708 | 8,725 | 8,864 | 9,039 | 8,710 | 8,937 |
| Sales workers | 5,486 | 5,563 | 5,459 | 5,526 | 5,510 | 5,652 | 5,585 | 5,535 |
| Clerical workers | 15,105 | 15,136 | 15,066 | 15,231 | 14,973 | 15,110 | 15,178 | 15,091 |
| Blue-collar workers | 31,159 | 29,239 | 29,905 | 27,724 | 27,772 | 27,618 | 27,815 | 28,070 |
| Craft and kindred workers | 11,905 | 11,445 | 11,553 | 10,857 | 10,860 | 10,852 | 11,014 | 11,112 |
| Operatives | 14,364 | 13,176 | 14,022 | 12,855 | 12,733 | 12,586 | 12,662 | 12,867 |
| Nonfarm laborers | 4,891 | 4,619 | 4,330 | 4,012 | 4,179 | 4,180 | 4,139 | 4,091 |
| Service workers | 11,706 | 11,784 | 11,595 | 11,385 | 11,383 | 11,589 | 11,681 | 11,670 |
| Farm workers | 3,316 | 3,364 | 2,974 | 2,863 | 3,162 | 2,908 | 3,027 | 3,006 |
| **MAJOR INDUSTRY AND CLASS OF WORKER** | | | | | | | | |
| Agriculture: | | | | | | | | |
| Wage and salary workers | 1,565 | 1,602 | 1,336 | 1,156 | 1,344 | 1,230 | 1,357 | 1,368 |
| Self-employed workers | 1,806 | 1,769 | 1,723 | 1,735 | 1,762 | 1,730 | 1,714 | 1,688 |
| Unpaid family workers | 481 | 515 | 373 | 358 | 463 | 381 | 410 | 400 |
| Nonagricultural industries: | | | | | | | | |
| Wage and salary workers | 77,520 | 76,554 | 76,707 | 74,759 | 74,768 | 75,114 | 75,350 | 75,826 |
| Private households | 1,413 | 1,375 | 1,418 | 1,315 | 1,411 | 1,472 | 1,353 | 1,379 |
| Government | 13,442 | 14,164 | 14,030 | 14,512 | 14,440 | 14,558 | 14,744 | 14,785 |
| Other | 62,665 | 61,015 | 61,259 | 58,932 | 58,917 | 59,084 | 59,253 | 59,662 |
| Self-employed workers | 5,768 | 5,687 | 5,749 | 5,648 | 5,569 | 5,659 | 5,689 | 5,670 |
| Unpaid family workers | 435 | 486 | 412 | 469 | 508 | 401 | 401 | 460 |
| **PERSONS AT WORK** [1] | | | | | | | | |
| Nonagricultural industries | 73,135 | 71,939 | 72,851 | 70,371 | 70,098 | 70,288 | 70,305 | 70,505 |
| Full-time schedules | 62,424 | 60,319 | 64,639 | 61,943 | 61,917 | 61,853 | 61,138 | 62,442 |
| Part time for economic reasons | 3,194 | 3,895 | 2,557 | 3,884 | 3,877 | 3,354 | 3,179 | 3,106 |
| Usually work full time | 1,323 | 1,535 | 1,180 | 1,883 | 1,764 | 1,530 | 1,486 | 1,369 |
| Usually work part time | 1,871 | 2,360 | 1,377 | 2,001 | 2,113 | 1,824 | 1,693 | 1,737 |
| Part time for noneconomic reasons | 7,517 | 7,725 | 10,655 | 10,544 | 10,304 | 11,081 | 10,988 | 10,957 |

[1] 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

[Numbers in thousands]

| Weeks of unemployment | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 | Aug. 1975 |
| Less than 5 weeks | 2,500 | 2,668 | 2,506 | 2,897 | 3,134 | 2,692 | 2,823 | 2,676 |
| 5 to 14 weeks | 1,564 | 2,548 | 1,449 | 2,695 | 2,620 | 2,498 | 2,120 | 2,361 |
| 15 weeks and over | 820 | 2,481 | 940 | 2,403 | 2,643 | 2,887 | 2,998 | 2,842 |
| 15 to 26 weeks | 435 | 998 | 560 | 1,452 | 1,568 | 1,561 | 1,604 | 1,383 |
| 27 weeks and over | 386 | 1,482 | 380 | 951 | 1,075 | 1,326 | 1,394 | 1,459 |
| Average (mean) duration, in weeks | 9.6 | 15.2 | 9.9 | 12.9 | 13.4 | 15.4 | 15.4 | 15.7 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Less than 5 weeks | 51.2 | 34.7 | 51.2 | 36.2 | 37.3 | 33.3 | 35.5 | 34.0 |
| 5 to 14 weeks | 32.0 | 33.1 | 29.6 | 33.7 | 31.2 | 30.9 | 26.7 | 30.0 |
| 15 weeks and over | 16.8 | 32.2 | 19.2 | 30.1 | 31.5 | 35.7 | 37.8 | 36.1 |
| 15 to 26 weeks | 8.9 | 13.0 | 11.4 | 18.2 | 18.7 | 19.3 | 20.2 | 17.6 |
| 27 weeks and over | 7.9 | 19.3 | 7.8 | 11.9 | 12.8 | 16.4 | 17.6 | 18.5 |

## Table A-5. Reasons for unemployment

[Numbers in thousands]

| Reason | Not seasonally adjusted | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1974 | June 1975 | July 1974 | Aug. 1975 |
| **NUMBER OF UNEMPLOYED** | | | | | | | | |
| Lost last job | 1,877 | 4,016 | 1,993 | 4,657 | 4,863 | 4,808 | 4,567 | 4,263 |
| Left last job | 843 | 848 | 772 | 806 | 869 | 779 | 826 | 777 |
| Reentered labor force | 1,462 | 1,877 | 1,463 | 1,916 | 2,114 | 1,846 | 1,771 | 1,879 |
| Seeking first job | 703 | 955 | 645 | 766 | 848 | 670 | 648 | 876 |
| **PERCENT DISTRIBUTION** | | | | | | | | |
| Total unemployed | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Job losers | 38.4 | 52.2 | 40.9 | 57.2 | 55.9 | 59.3 | 58.5 | 54.7 |
| Job leavers | 17.3 | 11.1 | 15.8 | 9.9 | 10.0 | 9.6 | 10.6 | 10.0 |
| Reentrants | 29.9 | 24.4 | 30.0 | 23.5 | 24.3 | 22.8 | 22.7 | 24.1 |
| New entrants | 14.4 | 12.4 | 13.2 | 9.4 | 9.8 | 8.3 | 8.3 | 11.2 |
| **UNEMPLOYED AS / PERCENT OF THE CIVILIAN LABOR FORCE** | | | | | | | | |
| Job losers | 2.0 | 4.3 | 2.2 | 5.0 | 5.2 | 5.2 | 4.9 | 4.6 |
| Job leavers | .9 | .9 | .8 | .9 | .9 | .8 | .9 | .8 |
| Reentrants | 1.6 | 2.0 | 1.6 | 2.1 | 2.3 | 2.0 | 1.9 | 2.0 |
| New entrants | .8 | 1.0 | .7 | .8 | .9 | .7 | .7 | .9 |

## 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 | | | | | | |
| | Aug. 1974 | Aug. 1975 | Aug. 1975 | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 | Aug. 1975 |
| Total, 16 years and over | 4,885 | 7,696 | 82.3 | 5.4 | 8.9 | 9.2 | 8.6 | 8.4 | 8.4 |
| 16 to 19 years | 1,294 | 1,823 | 64.9 | 15.3 | 20.4 | 21.8 | 19.2 | 19.1 | 21.1 |
| 16 to 17 years | 607 | 820 | 44.5 | 17.3 | 21.5 | 22.8 | 20.3 | 19.9 | 23.1 |
| 18 to 19 years | 687 | 1,002 | 81.6 | 13.9 | 19.7 | 21.2 | 18.2 | 18.4 | 19.5 |
| 20 to 24 years | 1,282 | 1,836 | 89.2 | 9.4 | 14.6 | 14.8 | 12.8 | 13.6 | 13.1 |
| 25 years and over | 2,310 | 4,037 | 87.0 | 3.4 | 6.3 | 6.4 | 6.6 | 6.2 | 5.8 |
| 25 to 54 years | 1,892 | 3,429 | 88.6 | 3.5 | 6.7 | 6.9 | 7.0 | 6.6 | 6.2 |
| 55 years and over | 417 | 608 | 78.0 | 3.1 | 5.1 | 4.9 | 4.9 | 4.8 | 4.5 |
| Males, 16 years and over | 2,441 | 4,102 | 88.1 | 4.8 | 8.3 | 8.5 | 8.1 | 8.1 | 7.9 |
| 16 to 19 years | 675 | 967 | 68.7 | 15.4 | 21.7 | 21.2 | 20.6 | 19.9 | 21.7 |
| 16 to 17 years | 353 | 439 | 47.6 | 18.8 | 22.8 | 22.7 | 21.5 | 21.0 | 23.5 |
| 18 to 19 years | 322 | 528 | 86.2 | 12.4 | 21.3 | 19.9 | 19.4 | 19.0 | 19.8 |
| 20 to 24 years | 627 | 1,002 | 93.4 | 9.2 | 15.8 | 15.6 | 14.0 | 14.8 | 14.2 |
| 25 years and over | 1,139 | 2,133 | 94.4 | 2.9 | 5.6 | 5.8 | 5.9 | 5.7 | 5.3 |
| 25 to 54 years | 888 | 1,782 | 96.7 | 2.8 | 5.9 | 6.2 | 6.3 | 6.0 | 5.6 |
| 55 years and over | 251 | 351 | 82.6 | 3.0 | 4.9 | 4.8 | 4.7 | 4.6 | 4.3 |
| Females, 16 years and over | 2,443 | 3,594 | 75.7 | 6.4 | 9.7 | 10.2 | 9.2 | 9.0 | 9.1 |
| 16 to 19 years | 618 | 856 | 60.7 | 15.3 | 18.7 | 22.4 | 17.6 | 18.2 | 20.5 |
| 16 to 17 years | 253 | 381 | 41.2 | 15.3 | 19.8 | 22.9 | 18.7 | 18.6 | 22.5 |
| 18 to 19 years | 365 | 475 | 76.4 | 15.6 | 17.8 | 22.6 | 16.8 | 17.8 | 19.3 |
| 20 to 24 years | 655 | 833 | 84.2 | 9.6 | 13.3 | 13.9 | 11.4 | 12.1 | 11.7 |
| 25 years and over | 1,170 | 1,904 | 78.7 | 4.2 | 7.5 | 7.5 | 7.6 | 7.0 | 6.6 |
| 25 to 54 years | 1,004 | 1,647 | 79.8 | 4.5 | 8.1 | 8.0 | 8.1 | 7.5 | 7.1 |
| 55 years and over | 166 | 258 | 71.3 | 3.2 | 5.4 | 5.1 | 5.2 | 5.1 | 4.9 |

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

In thousands

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | June 1975 | July 1975 p | Aug. 1975 p | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975 p | Aug. 1975 p |
| TOTAL | 78,561 | 77,117 | 77,305 | 76,881 | 78,661 | 76,349 | 76,428 | 76,291 | 76,507 | 77,035 |
| GOODS-PRODUCING | 25,264 | 22,535 | 22,324 | 22,409 | 24,753 | 22,268 | 22,300 | 22,208 | 22,157 | 22,413 |
| MINING | 690 | 726 | 728 | 729 | 676 | 703 | 710 | 710 | 714 | 714 |
| CONTRACT CONSTRUCTION | 4,286 | 3,583 | 3,621 | 3,713 | 3,965 | 3,475 | 3,472 | 3,416 | 3,390 | 3,435 |
| MANUFACTURING | 20,288 | 18,226 | 17,975 | 18,467 | 20,112 | 18,090 | 18,118 | 18,082 | 18,053 | 18,264 |
| *Production workers* | 14,826 | 12,974 | 12,742 | 13,235 | 14,675 | 12,826 | 12,870 | 12,855 | 12,837 | 13,059 |
| DURABLE GOODS | 11,910 | 10,579 | 10,371 | 10,582 | 11,899 | 10,554 | 10,525 | 10,480 | 10,409 | 10,540 |
| *Production workers* | 8,642 | 7,465 | 7,272 | 7,498 | 8,640 | 7,426 | 7,409 | 7,377 | 7,314 | 7,466 |
| Ordnance and accessories | 183.0 | 178.6 | 175.0 | 173.4 | 183 | 182 | 182 | 179 | 175 | 173 |
| Lumber and wood products | 657.7 | 581.1 | 586.0 | 594.7 | 637 | 544 | 557 | 564 | 572 | 576 |
| Furniture and fixtures | 536.6 | 449.1 | 441.2 | 472.5 | 533 | 445 | 448 | 447 | 450 | 469 |
| Stone, clay, and glass products | 710.7 | 614.3 | 615.2 | 632.9 | 694 | 608 | 608 | 604 | 605 | 618 |
| Primary metal industries | 1,340.0 | 1,138.2 | 1,124.2 | 1,149.3 | 1,339 | 1,177 | 1,156 | 1,139 | 1,118 | 1,148 |
| Fabricated metal products | 1,500.0 | 1,310.7 | 1,270.3 | 1,303.8 | 1,504 | 1,310 | 1,303 | 1,300 | 1,280 | 1,306 |
| Machinery, except electrical | 2,199.0 | 2,031.3 | 1,984.3 | 1,985.1 | 2,217 | 2,073 | 2,042 | 2,015 | 1,992 | 2,004 |
| Electrical equipment | 2,000.4 | 1,717.4 | 1,688.1 | 1,733.3 | 2,004 | 1,730 | 1,721 | 1,714 | 1,702 | 1,737 |
| Transportation equipment | 1,741.0 | 1,638.3 | 1,598.8 | 1,626.9 | 1,803 | 1,594 | 1,618 | 1,627 | 1,613 | 1,615 |
| Instruments and related products | 517.0 | 493.3 | 490.1 | 489.6 | 534 | 495 | 491 | 491 | 491 | 487 |
| Miscellaneous manufacturing | 462.5 | 402.8 | 396.1 | 417.0 | 451 | 396 | 399 | 400 | 405 | 407 |
| NONDURABLE GOODS | 8,378 | 7,647 | 7,604 | 7,885 | 8,213 | 7,536 | 7,593 | 7,602 | 7,644 | 7,724 |
| *Production workers* | 6,184 | 5,509 | 5,470 | 5,737 | 6,035 | 5,400 | 5,461 | 5,478 | 5,523 | 5,593 |
| Food and kindred products | 1,838.5 | 1,670.4 | 1,717.1 | 1,816.1 | 1,713 | 1,669 | 1,674 | 1,675 | 1,683 | 1,693 |
| Tobacco manufactures | 83.8 | 67.9 | 70.2 | 80.8 | 77 | 75 | 75 | 75 | 77 | 74 |
| Textile mill products | 1,013.7 | 914.7 | 894.2 | 937.4 | 1,011 | 877 | 897 | 905 | 907 | 935 |
| Apparel and other textile products | 1,348.9 | 1,220.5 | 1,179.8 | 1,240.0 | 1,341 | 1,131 | 1,197 | 1,208 | 1,230 | 1,233 |
| Paper and allied products | 715.2 | 639.5 | 636.2 | 656.6 | 710 | 633 | 635 | 632 | 637 | 651 |
| Printing and publishing | 1,111.4 | 1,044.2 | 1,059.7 | 1,063.3 | 1,115 | 1,078 | 1,074 | 1,068 | 1,063 | 1,066 |
| Chemicals and allied products | 1,076.4 | 1,014.0 | 1,011.2 | 1,020.6 | 1,069 | 1,007 | 1,008 | 1,005 | 1,003 | 1,014 |
| Petroleum and coal products | 200.4 | 196.3 | 199.8 | 199.1 | 195 | 189 | 191 | 192 | 195 | 194 |
| Rubber and plastics products, nec | 597.1 | 538.7 | 581.7 | 600.5 | 596 | 575 | 582 | 583 | 588 | 599 |
| Leather and leather products | 292.1 | 265.0 | 254.3 | 270.2 | 289 | 252 | 256 | 259 | 261 | 265 |
| SERVICE-PRODUCING | 53,297 | 54,582 | 54,981 | 53,972 | 53,908 | 54,081 | 54,128 | 54,083 | 54,350 | 54,622 |
| TRANSPORTATION AND PUBLIC UTILITIES | 4,734 | 4,532 | 4,515 | 4,516 | 4,701 | 4,511 | 4,495 | 4,474 | 4,470 | 4,480 |
| WHOLESALE AND RETAIL TRADE | 17,058 | 16,944 | 16,877 | 16,907 | 17,140 | 16,794 | 16,820 | 16,868 | 16,919 | 16,988 |
| WHOLESALE TRADE | 4,306 | 4,213 | 4,225 | 4,231 | 4,272 | 4,213 | 4,208 | 4,190 | 4,191 | 4,197 |
| RETAIL TRADE | 12,752 | 12,729 | 12,652 | 12,676 | 12,868 | 12,581 | 12,612 | 12,678 | 12,728 | 12,791 |
| FINANCE, INSURANCE, AND REAL ESTATE | 4,222 | 4,200 | 4,213 | 4,213 | 4,168 | 4,163 | 4,161 | 4,154 | 4,151 | 4,159 |
| SERVICES | 13,008 | 13,945 | 13,980 | 14,026 | 13,573 | 13,754 | 13,759 | 13,752 | 13,828 | 13,929 |
| GOVERNMENT | 13,015 | 14,961 | 14,396 | 14,310 | 14,326 | 14,859 | 14,893 | 14,835 | 14,982 | 15,066 |
| FEDERAL | 2,759 | 2,771 | 2,800 | 2,781 | 2,740 | 2,729 | 2,730 | 2,730 | 2,750 | 2,762 |
| STATE AND LOCAL | 10,836 | 12,190 | 11,596 | 11,529 | 11,586 | 12,130 | 12,163 | 12,105 | 12,232 | 12,304 |

p=preliminary.

**Table B-2. Average weekly hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Not seasonally adjusted | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | June 1975 | July 1975[p] | Aug. 1975[p] | Aug. 1974 | Apr. 1975 | May 1975 | June 1975 | July 1975[p] | Aug. 1975[p] |
| TOTAL PRIVATE | 37.1 | 36.3 | 36.5 | 36.7 | 36.7 | 36.0 | 36.0 | 36.0 | 36.1 | 36.3 |
| MINING | 43.1 | 42.7 | 42.0 | 40.5 | 42.9 | 41.2 | 42.6 | 42.3 | 41.8 | 40.3 |
| CONTRACT CONSTRUCTION | 37.6 | 36.4 | 37.3 | 37.8 | 36.4 | 36.7 | 36.9 | 35.7 | 36.3 | 36.6 |
| MANUFACTURING | 40.1 | 39.4 | 39.3 | 39.7 | 40.2 | 39.1 | 39.0 | 39.1 | 39.5 | 39.8 |
| *Overtime hours* | 3.5 | 2.5 | 2.5 | 2.8 | 3.4 | 2.3 | 2.4 | 2.4 | 2.6 | 2.7 |
| DURABLE GOODS | 40.6 | 39.9 | 39.5 | 40.1 | 40.9 | 39.7 | 39.4 | 39.6 | 39.8 | 40.4 |
| *Overtime hours* | 3.6 | 2.4 | 2.3 | 2.7 | 3.6 | 2.4 | 2.2 | 2.3 | 2.4 | 2.7 |
| Ordnance and accessories | 41.3 | 41.6 | 39.9 | 41.2 | 41.3 | 41.3 | 41.1 | 41.6 | 40.3 | 41.2 |
| Lumber and wood products | 40.1 | 39.8 | 39.1 | 40.0 | 39.9 | 38.8 | 38.9 | 39.2 | 39.2 | 39.8 |
| Furniture and fixtures | 39.4 | 38.0 | 37.3 | 39.0 | 38.9 | 37.2 | 37.5 | 37.7 | 37.7 | 38.5 |
| Stone, clay, and glass products | 41.8 | 40.7 | 40.8 | 41.0 | 41.3 | 40.3 | 40.2 | 40.3 | 40.6 | 40.6 |
| Primary metal industries | 41.5 | 39.7 | 39.5 | 40.6 | 41.8 | 39.6 | 39.3 | 39.5 | 39.6 | 40.8 |
| Fabricated metal products | 41.0 | 39.9 | 39.4 | 39.9 | 41.0 | 39.7 | 39.4 | 39.5 | 39.6 | 39.9 |
| Machinery, except electrical | 42.2 | 40.5 | 40.1 | 40.5 | 42.7 | 40.9 | 40.4 | 40.4 | 40.5 | 41.0 |
| Electrical equipment | 39.6 | 39.4 | 38.9 | 39.4 | 39.6 | 39.4 | 39.1 | 39.3 | 39.5 | 39.4 |
| Transportation equipment | 39.5 | 40.4 | 40.7 | 40.5 | 40.7 | 40.4 | 39.5 | 39.8 | 40.7 | 41.7 |
| Instruments and related products | 40.1 | 39.4 | 39.1 | 39.2 | 40.4 | 39.1 | 39.2 | 39.4 | 39.5 | 39.5 |
| Miscellaneous manufacturing | 38.8 | 38.5 | 37.8 | 38.4 | 38.7 | 38.2 | 38.2 | 38.5 | 38.2 | 38.3 |
| NONDURABLE GOODS | 39.4 | 38.8 | 38.9 | 39.3 | 39.2 | 38.0 | 38.3 | 38.7 | 38.8 | 39.1 |
| *Overtime hours* | 3.3 | 2.7 | 2.7 | 3.0 | 3.1 | 2.2 | 2.5 | 2.7 | 2.7 | 2.9 |
| Food and kindred products | 41.0 | 40.1 | 40.4 | 40.6 | 40.4 | 39.9 | 39.9 | 40.0 | 40.1 | 40.0 |
| Tobacco manufactures | 38.1 | 39.6 | 34.2 | 36.9 | 37.6 | 38.4 | 36.9 | 39.4 | 34.4 | 36.4 |
| Textile mill products | 39.6 | 39.6 | 39.3 | 40.4 | 39.5 | 37.8 | 38.9 | 39.2 | 39.6 | 40.3 |
| Apparel and other textile products | 35.6 | 35.2 | 35.4 | 35.7 | 35.3 | 34.3 | 34.4 | 35.1 | 35.3 | 35.4 |
| Paper and allied products | 42.3 | 41.6 | 41.7 | 42.3 | 42.1 | 40.4 | 40.9 | 41.5 | 41.7 | 42.1 |
| Printing and publishing | 38.0 | 36.8 | 36.7 | 37.3 | 37.8 | 36.8 | 36.7 | 36.7 | 36.7 | 37.2 |
| Chemicals and allied products | 41.5 | 40.9 | 40.8 | 41.1 | 41.8 | 40.3 | 40.6 | 40.8 | 41.0 | 41.3 |
| Petroleum and coal products | 42.0 | 41.4 | 41.8 | 39.5 | 41.9 | 40.9 | 41.4 | 41.2 | 41.2 | 39.4 |
| Rubber and plastics products, nec | 40.7 | 39.8 | 39.8 | 40.4 | 40.7 | 39.1 | 39.5 | 39.6 | 40.1 | 40.4 |
| Leather and leather products | 37.2 | 38.2 | 38.2 | 38.1 | 37.2 | 36.5 | 36.6 | 37.6 | 37.7 | 38.1 |
| TRANSPORTATION AND PUBLIC UTILITIES | 40.8 | 39.7 | 39.9 | 40.1 | 40.5 | 39.9 | 39.3 | 39.4 | 39.5 | 39.8 |
| WHOLESALE AND RETAIL TRADE | 34.9 | 34.1 | 34.6 | 34.6 | 34.1 | 33.7 | 33.9 | 33.8 | 33.7 | 33.8 |
| WHOLESALE TRADE | 38.9 | 38.6 | 38.7 | 38.7 | 38.7 | 38.6 | 38.6 | 38.5 | 38.5 | 38.5 |
| RETAIL TRADE | 33.6 | 32.8 | 33.3 | 33.4 | 32.6 | 32.2 | 32.5 | 32.4 | 32.2 | 32.4 |
| FINANCE, INSURANCE, AND REAL ESTATE | 36.9 | 36.5 | 36.4 | 36.4 | 36.8 | 36.2 | 36.4 | 36.5 | 36.3 | 36.3 |
| SERVICES | 34.6 | 34.1 | 34.3 | 34.4 | 34.1 | 33.9 | 34.0 | 34.0 | 33.7 | 33.9 |

[1] 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.

[p] preliminary.

**Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry**

| Industry | Average hourly earnings | | | | Average weekly earnings | | | |
|---|---|---|---|---|---|---|---|---|
| | Aug. 1974 | June 1975 | July 1975[p] | Aug. 1975[p] | Aug. 1974 | June 1975 | July 1975[p] | Aug. 1975[p] |
| **TOTAL PRIVATE** | $4.26 | $4.50 | $4.52 | $4.55 | $158.05 | $163.35 | $164.98 | $166.99 |
| *Seasonally adjusted* | 4.27 | 4.50 | 4.53 | 4.56 | 156.71 | 162.00 | 163.53 | 165.53 |
| **MINING** | 5.27 | 5.86 | 5.87 | 5.88 | 227.14 | 250.22 | 246.54 | 238.14 |
| **CONTRACT CONSTRUCTION** | 6.86 | 7.18 | 7.22 | 7.34 | 257.94 | 261.35 | 269.31 | 277.45 |
| **MANUFACTURING** | 4.44 | 4.76 | 4.79 | 4.82 | 178.04 | 187.54 | 188.25 | 191.35 |
| **DURABLE GOODS** | 4.72 | 5.09 | 5.11 | 5.17 | 191.63 | 203.09 | 201.85 | 207.32 |
| Ordnance and accessories | 4.73 | 5.19 | 5.20 | 5.26 | 195.35 | 215.90 | 207.48 | 216.71 |
| Lumber and wood products | 4.01 | 4.24 | 4.29 | 4.34 | 160.80 | 168.75 | 167.74 | 173.60 |
| Furniture and fixtures | 3.53 | 3.72 | 3.72 | 3.75 | 139.08 | 141.36 | 138.76 | 146.25 |
| Stone, clay, and glass products | 4.60 | 4.87 | 4.93 | 4.93 | 192.28 | 198.21 | 201.14 | 202.13 |
| Primary metal industries | 5.72 | 6.07 | 6.09 | 6.30 | 237.38 | 240.98 | 240.56 | 255.78 |
| Fabricated metal products | 4.66 | 5.02 | 5.03 | 5.09 | 191.06 | 200.30 | 198.18 | 203.09 |
| Machinery, except electrical | 4.95 | 5.31 | 5.33 | 5.38 | 208.89 | 215.06 | 213.73 | 217.89 |
| Electrical equipment | 4.16 | 4.57 | 4.59 | 4.64 | 164.74 | 180.06 | 178.55 | 182.82 |
| Transportation equipment | 5.47 | 5.95 | 5.99 | 6.05 | 216.07 | 240.38 | 243.79 | 245.03 |
| Instruments and related products | 4.23 | 4.52 | 4.55 | 4.57 | 169.62 | 178.09 | 177.91 | 179.14 |
| Miscellaneous manufacturing | 3.52 | 3.78 | 3.78 | 3.80 | 136.58 | 145.53 | 142.88 | 145.92 |
| **NONDURABLE GOODS** | 4.04 | 4.31 | 4.36 | 4.35 | 159.18 | 167.23 | 169.60 | 170.96 |
| Food and kindred products | 4.17 | 4.53 | 4.54 | 4.53 | 170.97 | 181.65 | 183.42 | 183.92 |
| Tobacco manufactures | 4.13 | 4.90 | 4.69 | 4.38 | 157.35 | 194.04 | 160.40 | 161.62 |
| Textile mill products | 3.27 | 3.33 | 3.34 | 3.37 | 129.49 | 131.87 | 131.26 | 136.15 |
| Apparel and other textile products | 3.05 | 3.16 | 3.16 | 3.17 | 108.58 | 111.23 | 111.86 | 113.17 |
| Paper and allied products | 4.58 | 4.95 | 5.03 | 5.07 | 193.73 | 205.92 | 209.75 | 214.46 |
| Printing and publishing | 5.01 | 5.34 | 5.37 | 5.39 | 190.38 | 196.51 | 197.08 | 201.05 |
| Chemicals and allied products | 4.91 | 5.34 | 5.41 | 5.43 | 203.77 | 218.41 | 220.73 | 223.17 |
| Petroleum and coal products | 5.72 | 6.41 | 6.54 | 6.56 | 240.24 | 265.37 | 273.37 | 259.12 |
| Rubber and plastics products, nec | 4.09 | 4.32 | 4.42 | 4.38 | 166.46 | 171.94 | 175.92 | 176.95 |
| Leather and leather products | 3.04 | 3.21 | 3.21 | 3.21 | 113.09 | 122.62 | 122.62 | 122.30 |
| **TRANSPORTATION AND PUBLIC UTILITIES** | 5.42 | 5.82 | 5.89 | 6.00 | 221.14 | 231.05 | 235.01 | 240.60 |
| **WHOLESALE AND RETAIL TRADE** | 3.50 | 3.74 | 3.74 | 3.74 | 122.15 | 127.53 | 129.40 | 129.40 |
| **WHOLESALE TRADE** | 4.53 | 4.86 | 4.88 | 4.91 | 176.22 | 187.60 | 188.86 | 190.02 |
| **RETAIL TRADE** | 3.12 | 3.33 | 3.34 | 3.33 | 104.83 | 109.22 | 111.22 | 111.22 |
| **FINANCE, INSURANCE, AND REAL ESTATE** | 3.82 | 4.15 | 4.13 | 4.14 | 140.96 | 151.48 | 150.33 | 150.70 |
| **SERVICES** | 3.73 | 4.00 | 4.00 | 4.00 | 129.06 | 136.40 | 137.20 | 137.60 |

[1] See footnote 1, table B-2.
p=preliminary.

**Table B-4. Hourly earnings index for production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry division, seasonally adjusted**

[1967=100]

| Industry | Aug. 1974 | Mar. 1975 | Apr. 1975 | May 1975 | June 1975 | JulyP 1975 | Aug.P 1975 | Percent change from: Aug. 1974 - Aug. 1975 | Percent change from: July 1975 - Aug. 1975 |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL PRIVATE NONFARM: | | | | | | | | | |
| Current dollars | 160.2 | 168.8 | 168.8 | 170.0 | 171.9 | 172.6 | 174.0 | 8.6 | 0.8 |
| Constant (1967) dollars | 107.0 | 107.0 | 106.3 | 106.8 | 107.1 | 106.3 | N.A. | (2) | (3) |
| MINING | 165.7 | 178.6 | 178.2 | 180.9 | 182.6 | 183.5 | 185.0 | 11.7 | .8 |
| CONTRACT CONSTRUCTION | 166.8 | 173.6 | 173.0 | 173.0 | 176.0 | 176.8 | 178.7 | 7.1 | 1.1 |
| MANUFACTURING | 158.0 | 167.6 | 168.0 | 169.2 | 170.8 | 171.8 | 173.1 | 9.6 | .8 |
| TRANSPORTATION AND PUBLIC UTILITIES | 167.1 | 176.5 | 176.5 | 178.6 | 180.6 | 181.7 | 184.4 | 10.4 | 1.5 |
| WHOLESALE AND RETAIL TRADE | 157.2 | 164.6 | 164.6 | 166.4 | 167.7 | 168.3 | 169.0 | 7.5 | .4 |
| FINANCE, INSURANCE, AND REAL ESTATE | 149.8 | 159.6 | 158.4 | 160.0 | 162.9 | 161.4 | 162.6 | 8.5 | .7 |
| SERVICES | 163.4 | 171.8 | 171.7 | 172.5 | 174.3 | 174.4 | 175.4 | 7.4 | .6 |

[1] See footnote 1, table B-2.

[2] Percent change was -0.8 from July 1974 to July 1975, the latest month available.

[3] Percent change was -0.8 from June 1975 to July 1975, the latest month available.

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.

**Table B-5. Indexes of aggregate weekly man-hours of production or nonsupervisory workers[1] on private nonagricultural payrolls, by industry, seasonally adjusted**

[1967 = 100]

| Industry division and group | 1974 | | | | | 1975 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | JulyP | Aug.P |
| TOTAL | 113.4 | 113.4 | 113.0 | 111.2 | 109.7 | 108.7 | 106.7 | 105.5 | 105.6 | 106.0 | 105.8 | 105.7 | 107.3 |
| GOODS-PRODUCING | 103.8 | 103.7 | 103.0 | 99.4 | 96.5 | 94.1 | 90.0 | 88.0 | 88.9 | 89.2 | 88.8 | 89.1 | 91.3 |
| MINING | 109.9 | 112.3 | 114.0 | 95.8 | 100.9 | 113.3 | 113.5 | 112.1 | 109.5 | 114.9 | 113.6 | 112.9 | 108.7 |
| CONTRACT CONSTRUCTION | 115.6 | 115.2 | 116.5 | 114.4 | 113.1 | 111.9 | 103.4 | 94.9 | 99.4 | 100.3 | 95.4 | 96.1 | 98.5 |
| MANUFACTURING | 101.6 | 101.3 | 100.3 | 96.9 | 93.4 | 90.3 | 86.9 | 85.9 | 86.3 | 86.4 | 86.8 | 87.1 | 89.5 |
| DURABLE GOODS | 102.5 | 102.5 | 101.7 | 98.1 | 94.4 | 91.0 | 86.9 | 85.8 | 85.7 | 84.8 | 84.8 | 84.5 | 87.3 |
| Ordnance and accessories | 47.7 | 49.1 | 49.0 | 49.0 | 49.5 | 49.3 | 48.2 | 48.2 | 48.3 | 48.1 | 47.5 | 44.9 | 43.7 |
| Lumber and wood products | 103.4 | 99.9 | 95.8 | 90.6 | 87.8 | 84.1 | 83.0 | 81.9 | 83.7 | 86.3 | 87.7 | 89.0 | 91.3 |
| Furniture and fixtures | 112.3 | 111.0 | 107.4 | 100.6 | 96.1 | 89.2 | 86.3 | 85.4 | 87.7 | 89.4 | 89.7 | 90.4 | 97.2 |
| Stone, clay, and glass products | 110.6 | 108.8 | 107.7 | 105.2 | 101.7 | 98.1 | 93.9 | 91.0 | 92.4 | 92.4 | 92.2 | 93.3 | 95.9 |
| Primary metal industries | 102.6 | 104.6 | 105.0 | 102.3 | 97.7 | 94.0 | 89.5 | 86.1 | 83.1 | 80.9 | 80.0 | 78.3 | 83.9 |
| Fabricated metal products | 108.1 | 107.8 | 105.8 | 101.9 | 98.4 | 93.4 | 90.1 | 88.9 | 88.6 | 87.4 | 87.5 | 86.3 | 89.0 |
| Machinery, except electrical | 109.2 | 109.9 | 109.7 | 108.5 | 106.0 | 103.3 | 99.3 | 96.6 | 95.1 | 91.9 | 90.4 | 89.0 | 91.7 |
| Electrical equipment and supplies | 100.8 | 102.5 | 101.2 | 96.3 | 92.3 | 89.6 | 84.6 | 83.7 | 82.9 | 81.8 | 81.9 | 81.7 | 84.4 |
| Transportation equipment | 91.1 | 90.5 | 92.0 | 87.0 | 81.9 | 78.4 | 73.1 | 75.6 | 78.3 | 78.3 | 79.6 | 80.6 | 82.6 |
| Instruments and related products | 115.8 | 114.2 | 113.0 | 111.3 | 108.9 | 106.8 | 102.1 | 100.0 | 100.0 | 98.9 | 99.4 | 99.3 | 98.9 |
| Miscellaneous manufacturing, ind. | 103.0 | 101.3 | 98.7 | 94.6 | 90.2 | 88.5 | 86.0 | 85.1 | 85.9 | 86.5 | 87.4 | 88.2 | 89.3 |
| NONDURABLE GOODS | 100.2 | 99.5 | 98.2 | 95.0 | 92.0 | 89.3 | 86.8 | 86.1 | 87.1 | 88.7 | 89.7 | 90.8 | 92.6 |
| Food and kindred products | 97.3 | 97.9 | 97.4 | 95.6 | 94.7 | 93.0 | 92.4 | 93.4 | 92.9 | 93.6 | 93.7 | 94.6 | 95.1 |
| Tobacco manufactures | 84.5 | 82.5 | 83.1 | 81.4 | 83.4 | 86.4 | 85.8 | 86.5 | 83.6 | 80.3 | 84.4 | 77.3 | 79.2 |
| Textile mill products | 100.4 | 98.8 | 93.7 | 89.5 | 83.9 | 78.7 | 76.9 | 78.0 | 82.2 | 87.1 | 88.5 | 89.8 | 94.4 |
| Apparel and other textile products | 91.7 | 91.3 | 90.3 | 85.9 | 81.3 | 78.8 | 76.1 | 75.3 | 77.9 | 79.3 | 81.8 | 84.0 | 84.2 |
| Paper and allied products | 102.5 | 101.8 | 99.3 | 96.8 | 94.4 | 92.0 | 88.0 | 85.8 | 85.0 | 86.5 | 87.4 | 88.9 | 91.2 |
| Printing and publishing | 100.2 | 99.1 | 99.1 | 96.9 | 96.4 | 96.6 | 94.5 | 92.9 | 92.1 | 91.4 | 90.8 | 90.2 | 92.0 |
| Chemicals and allied products | 106.0 | 105.5 | 105.1 | 103.3 | 100.3 | 97.1 | 95.4 | 93.2 | 92.2 | 93.5 | 93.7 | 94.3 | 96.6 |
| Petroleum and coal products | 105.4 | 106.1 | 108.0 | 107.0 | 106.4 | 100.5 | 97.7 | 101.7 | 98.7 | 101.6 | 102.8 | 103.6 | 99.1 |
| Rubber and plastics products, nec | 135.8 | 134.1 | 134.6 | 125.3 | 118.6 | 114.7 | 105.1 | 101.3 | 103.8 | 106.3 | 107.5 | 109.6 | 113.4 |
| Leather and leather products | 78.6 | 76.6 | 75.7 | 74.8 | 71.9 | 68.7 | 65.8 | 64.2 | 67.4 | 68.8 | 71.7 | 72.5 | 74.6 |
| SERVICE-PRODUCING | 120.0 | 120.2 | 119.9 | 119.4 | 118.9 | 118.9 | 118.2 | 117.7 | 117.2 | 117.5 | 117.5 | 117.2 | 118.3 |
| TRANSPORTATION AND PUBLIC UTILITIES | 109.3 | 108.4 | 108.9 | 107.5 | 107.1 | 105.9 | 103.9 | 102.6 | 102.5 | 100.6 | 100.4 | 100.5 | 101.5 |
| WHOLESALE AND RETAIL TRADE | 116.7 | 116.8 | 116.3 | 115.4 | 114.2 | 113.8 | 113.4 | 113.3 | 112.8 | 113.7 | 113.8 | 113.7 | 114.5 |
| WHOLESALE TRADE | 115.2 | 115.8 | 115.4 | 114.9 | 114.5 | 114.0 | 113.0 | 112.2 | 112.5 | 112.3 | 111.5 | 111.6 | 111.6 |
| RETAIL TRADE | 117.2 | 117.2 | 116.6 | 115.6 | 114.1 | 113.7 | 113.5 | 113.7 | 112.9 | 114.2 | 114.6 | 114.4 | 115.6 |
| FINANCE, INSURANCE, AND REAL ESTATE | 123.7 | 124.3 | 123.8 | 123.0 | 123.7 | 124.2 | 123.2 | 121.8 | 120.4 | 121.1 | 121.4 | 120.5 | 120.9 |
| SERVICES | 128.3 | 129.0 | 128.7 | 129.2 | 129.3 | 130.2 | 129.9 | 129.5 | 129.0 | 129.5 | 129.3 | 128.9 | 130. |

[1] See footnote 1, table B-2.

P=preliminary.

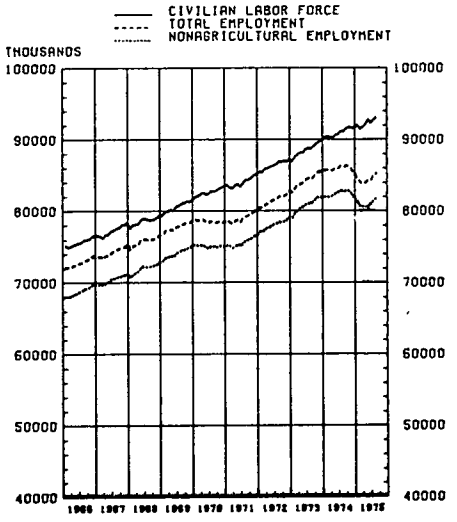
**Table B-6. Indexes of diffusion: Percent of industries in which employment[1] increased**

| Year and month | Over 1-month span | Over 3-month span | Over 6-month span | Over 12-month span |
|---|---|---|---|---|
| **1972** | | | | |
| January | 68.6 | 71.2 | 78.8 | 77.3 |
| February | 70.6 | 80.5 | 82.0 | 81.7 |
| March | 75.0 | 80.8 | 84.9 | 79.7 |
| April | 76.2 | 84.0 | 79.7 | 82.3 |
| May | 75.6 | 82.8 | 81.1 | 84.3 |
| June | 77.6 | 74.4 | 82.6 | 84.3 |
| July | 45.6 | 74.4 | 84.6 | 83.7 |
| August | 73.0 | 74.4 | 82.0 | 84.0 |
| September | 74.7 | 82.0 | 80.2 | 85.2 |
| October | 82.6 | 83.4 | 82.8 | 83.1 |
| November | 73.5 | 79.4 | 82.3 | 82.0 |
| December | 75.3 | 80.5 | 84.6 | 84.3 |
| **1973** | | | | |
| January | 73.8 | 82.0 | 82.3 | 80.5 |
| February | 73.3 | 81.1 | 77.9 | 83.1 |
| March | 76.2 | 79.4 | 80.8 | 84.9 |
| April | 66.9 | 77.0 | 75.9 | 85.8 |
| May | 57.8 | 73.3 | 76.5 | 86.3 |
| June | 72.1 | 66.6 | 74.7 | 84.0 |
| July | 59.9 | 73.0 | 73.8 | 79.1 |
| August | 66.6 | 68.6 | 74.7 | 74.4 |
| September | 59.6 | 74.7 | 71.8 | 68.9 |
| October | 75.9 | 78.2 | 72.1 | 64.5 |
| November | 77.3 | 72.4 | 68.3 | 65.1 |
| December | 58.7 | 68.6 | 62.5 | 61.6 |
| **1974** | | | | |
| January | 62.5 | 54.9 | 55.8 | 61.6 |
| February | 47.1 | 50.9 | 50.9 | 59.0 |
| March | 48.0 | 44.8 | 50.0 | 54.9 |
| April | 54.1 | 51.7 | 49.4 | 48.0 |
| May | 55.5 | 56.4 | 50.0 | 40.7 |
| June | 58.7 | 52.0 | 50.6 | 30.5 |
| July | 48.8 | 46.8 | 39.5 | 25.9 |
| August | 52.3 | 42.2 | 34.3 | 22.4 |
| September | 38.1 | 43.6 | 27.3 | 20.1 |
| October | 40.4 | 29.1 | 20.3 | 18.6 |
| November | 19.2 | 20.9 | 18.0 | 16.3 |
| December | 19.8 | 13.7 | 14.2 | 13.4 |
| **1975** | | | | |
| January | 17.7 | 13.7 | 13.7 | 16.3p |
| February | 16.6 | 14.0 | 12.8 | 16.3p |
| March | 26.2 | 19.8 | 16.9 | |
| April | 42.2 | 35.2 | 32.0p | |
| May | 54.1 | 43.9 | 46.8p | |
| June | 43.0 | 50.0p | | |
| July | 54.9p | 58.1p | | |
| August | 72.4p | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |

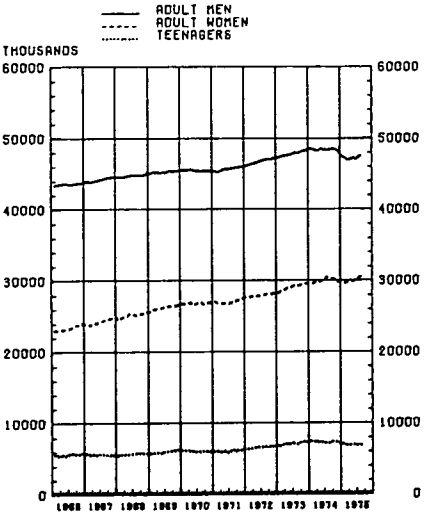
[1] Number of employees, seasonally adjusted, on payrolls of 172 private nonagricultural industries.
p = preliminary.

# LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

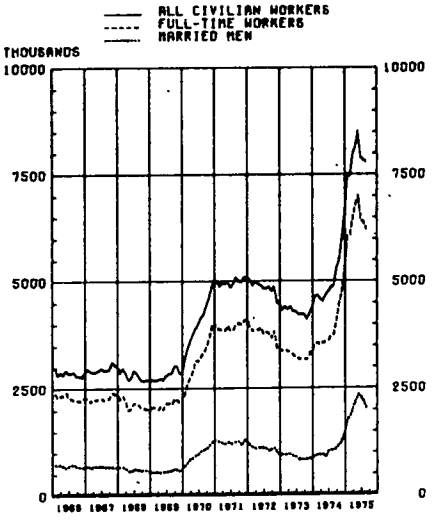
1. LABOR FORCE AND EMPLOYMENT



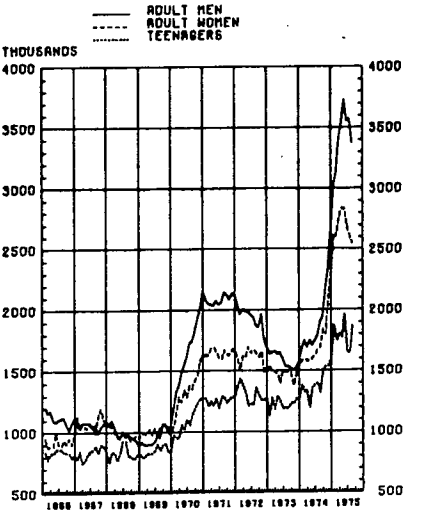

2. TOTAL EMPLOYMENT




3. UNEMPLOYMENT

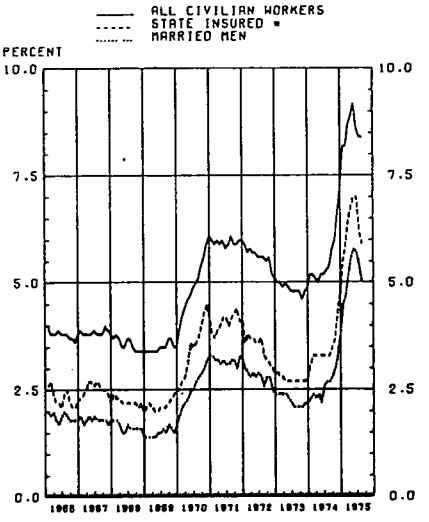



4. UNEMPLOYMENT

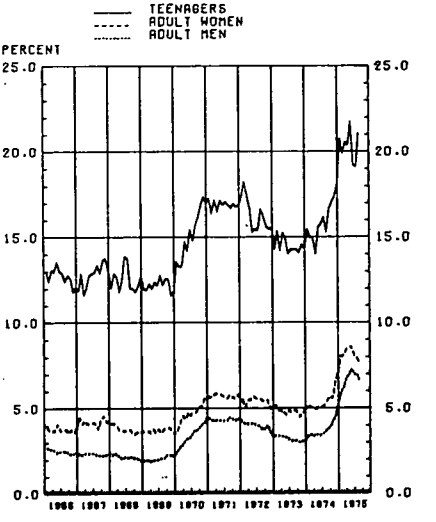


# UNEMPLOYMENT RATES
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

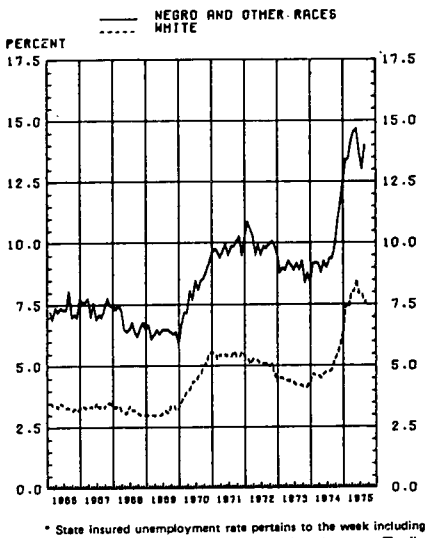
### 5. UNEMPLOYMENT RATES



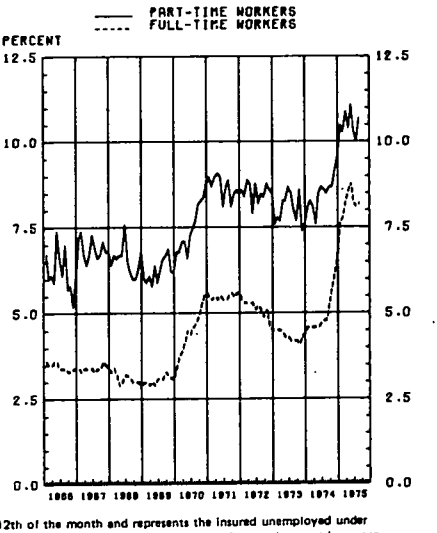

### 6. UNEMPLOYMENT RATES




### 7. UNEMPLOYMENT RATES



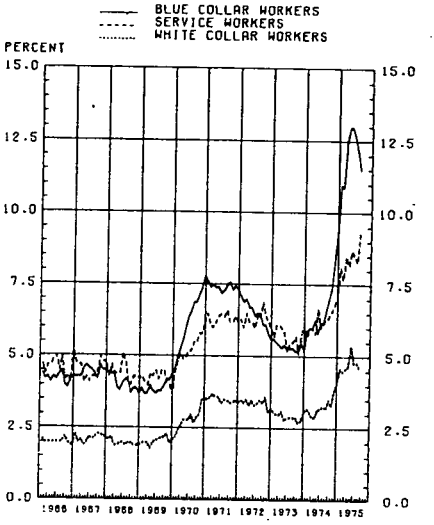

### 8. UNEMPLOYMENT RATES



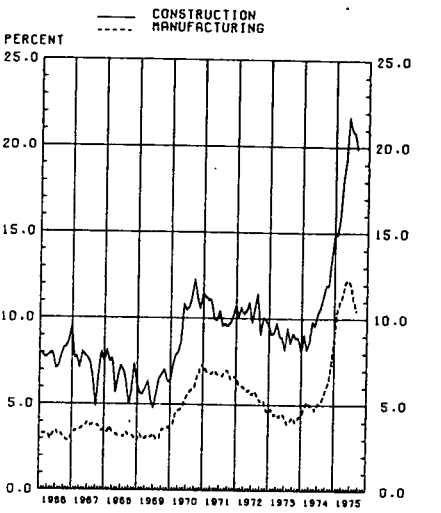

* State insured unemployment rate pertains to the week including the 12th of the month and represents the insured unemployed under State programs as a percent of average covered employment. The figures are derived from administrative records of unemployment insurance systems.

# UNEMPLOYMENT
## HOUSEHOLD DATA - SEASONALLY ADJUSTED

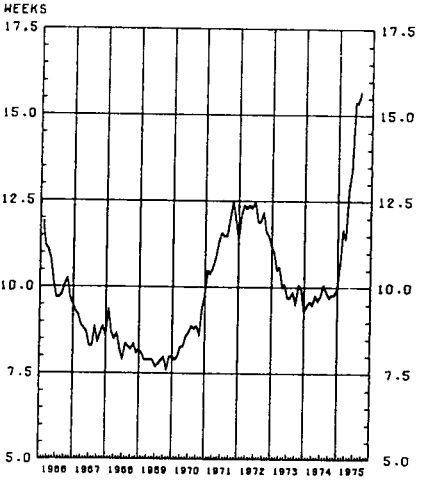
### 9. UNEMPLOYMENT RATES



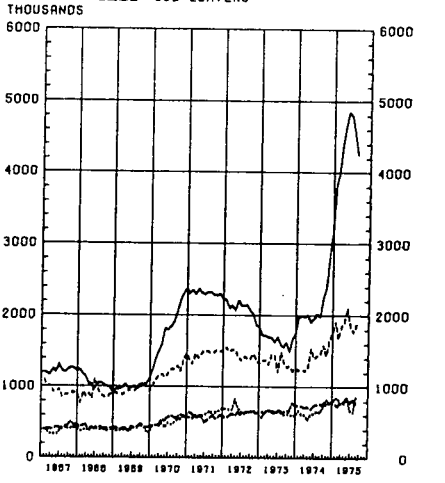

### 10. UNEMPLOYMENT RATES




### 11. AVERAGE DURATION OF UNEMPLOYMENT

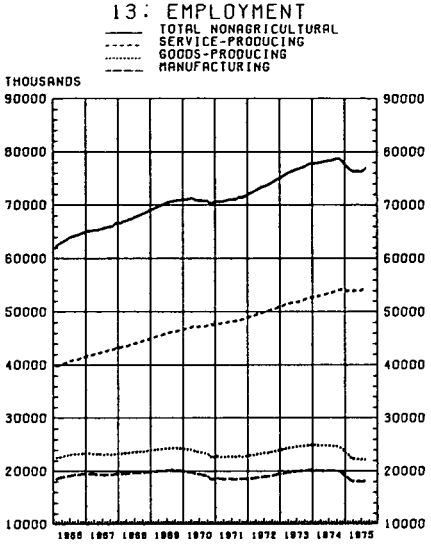



### 12. UNEMPLOYMENT BY REASON

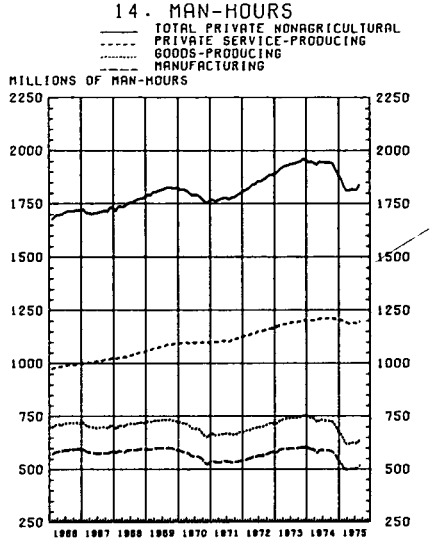


# NONAGRICULTURAL EMPLOYMENT AND HOURS
## ESTABLISHMENT DATA - SEASONALLY ADJUSTED

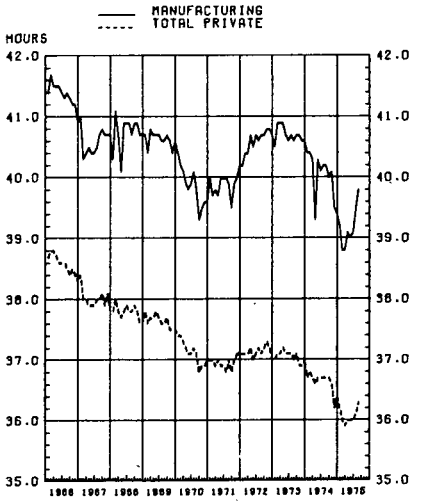
### 13. EMPLOYMENT



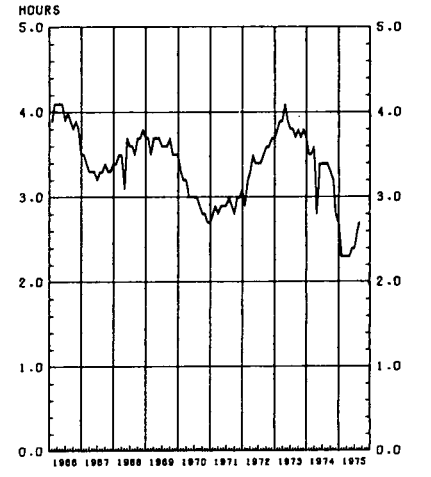

### 14. MAN-HOURS




### 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.

[Press release No. 75-492, Bureau of Labor Statistics, Department of Labor, Sept. 5, 1975]

## WHOLESALE PRICE INDEX: AUGUST 1975

The Wholesale Price Index for All Commodities rose 0.8 percent from July to August on a seasonally adjusted basis, it was reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. Higher prices for industrial commodities more than offset lower prices for farm products. (See table A.)

The industrial commodities index moved up 0.6 percent in August after seasonal adjustment, following increases of 0.4 percent in each of the 2 preceding months. The largest increase was for fuels and related products and power.

Prices for farm products declined 1.5 percent on a seasonally adjusted basis. The sharpest decreases occurred for fresh fruits and vegetables and cattle. The index for processed foods and feeds averaged 0.3 percent higher, led by advances for vegetable oils, roasted coffee, pork, and sugar and confectionery. In July, the indexes for farm products and processed foods and feeds had risen 6.6 percent and 3.3 percent, respectively, on a seasonally adjusted basis.

The All Commodities WPI is seasonally adjusted independently and is *not* derived by adding together its seasonally adjusted components. On occasion, as in August, this procedure can produce situations in which changes in components are inconsistent with changes in the total, particularly when prices fluctuate widely.

In August, the All Commodities WPI (before seasonal adjustment) was 176.7 (1967=100). This was 5.6 percent higher than a year earlier. Industrial commodities were up 6.6 percent. Prices for farm products rose 2.1 percent, and processed foods and feeds were up 3.7 percent.

TABLE A.—PERCENT CHANGES IN WPI AND COMPONENTS, SELECTED PERIODS

| | Changes from preceding month | | | | | | Changes in all commodities: Compound annual rate from— | |
|---|---|---|---|---|---|---|---|---|
| | All commodities | | Farm products and processed food and feeds | | Industrial commodities | | | |
| Month | Unadjusted | Seasonally adjusted | Unadjusted | Seasonally adjusted | Unadjusted | Seasonally adjusted | 3 mo ago, seasonally adjusted | 12 mo ago, unadjusted |
| 1974: | | | | | | | | |
| August | 3.5 | 3.7 | 6.2 | 4.9 | 2.4 | 2.5 | 35.3 | 17.8 |
| September | −.1 | 0 | −2.3 | −.9 | .8 | 1.0 | 34.9 | 19.7 |
| October | 1.8 | 2.9 | 3.4 | 5.0 | 1.2 | 1.5 | 29.6 | 22.7 |
| November | 1.0 | 1.4 | 2.1 | 3.2 | .6 | .8 | 18.3 | 23.5 |
| December | −.2 | −.9 | −1.3 | −3.7 | .2 | .4 | 14.2 | 20.9 |
| 1975: | | | | | | | | |
| January | .2 | −.2 | −1.4 | −2.5 | .8 | .5 | .9 | 17.2 |
| February | −.3 | −.8 | −2.3 | −3.3 | .5 | .4 | −7.7 | 14.6 |
| March | −.5 | −.5 | −2.6 | −2.2 | .3 | .1 | −6.3 | 12.5 |
| April | 1.0 | 1.5 | 2.2 | 4.8 | .5 | .1 | .6 | 12.7 |
| May | .6 | .4 | 1.3 | .6 | .4 | .2 | 5.5 | 11.7 |
| June | .3 | −.1 | .6 | −1.4 | .2 | .4 | 7.2 | 11.6 |
| July | 1.2 | 1.2 | 3.2 | 4.6 | .3 | .4 | 6.0 | 8.7 |
| August | .6 | .8 | .4 | −.7 | .6 | .6 | 7.7 | 5.6 |

*Price changes by stage of processing*

On a stage of processing basis, the index for crude nonfood materials rose after seasonal adjustment, the fourth increase in the last 5 months. Prices for intermediate goods rose more rapidly than in recent months, while finished goods moved up at a much slower pace. (See table B.) The 1.4 percent increase for crude materials for further processing (excluding foods, feeds, and fibers) resulted from higher prices for scrap metals and crude petroleum, which more than offset declines for natural gas and bituminous coal.

The index for intermediate materials, supplies, and components (excluding foods and feeds) moved up 0.7 percent on a seasonally adjusted basis in August. This was the second consecutive large increase following 5 months of relative stability. Prices were higher for refined petroleum products, electric power, textile products, nonferrous metals, motor vehicle parts, liquefied petroleum gas, and glass containers. These increases more than offset declines for agricultural chemicals and softwood plywood.

The index for finished consumer and producer goods moved up 0.1 percent in August after seasonal adjustment, following 4 months of larger price advances. Both producer finished goods (up 0.2 percent) and consumer finished goods (up 0.1 percent) rose more slowly than in earlier months. The slowdown was most noticeable in consumer finished goods. The foods index dropped 0.6 percent on a seasonally adjusted basis from July to August, after large increases in the 4 previous months. Prices declined for beef and veal, fresh fruits and vegetables, fish, and cereal and bakery products. Prices rose for pork, dairy products, roasted coffee, sugar and confectionery, fluid milk and eggs. Prices for consumer finished goods other than foods were up 1.0 percent, much more than in any of the previous 9 months. Consumer nondurables rose 1.3 percent, chiefly because of increased prices for gasoline and home heating oil. Consumer durables averaged 0.2 percent higher, about the same as in recent months.

TABLE B.—PERCENT CHANGES IN STAGE OF PROCESSING COMPONENTS OF WPI, SELECTED PERIODS, SEASONALLY ADJUSTED

| Month | Changes from preceding month | | | | | | | Annual rates | |
|---|---|---|---|---|---|---|---|---|---|
| | Crude materials less some items [1] | Intermed. materials less some items [2] | Finished goods | | | | | All finished goods | |
| | | | Total | Producer | Consumer | | | Changes from 3 mo ago | Changes from 12 mo ago |
| | | | | | Total | Foods | Less foods | | |
| 1974: | | | | | | | | | |
| August | 0.6 | 3.2 | 1.6 | 2.5 | 1.3 | 1.8 | 1.4 | 18.7 | 14.2 |
| September | .3 | .7 | 1.3 | 2.0 | 1.1 | .8 | 1.3 | 24.8 | 15.9 |
| October | .2 | 1.2 | 2.8 | 2.8 | 2.4 | 2.8 | 1.8 | 25.1 | 18.3 |
| November | −.6 | .9 | 1.7 | 1.5 | 2.1 | 4.2 | .3 | 25.9 | 19.5 |
| December | −2.8 | .5 | −.5 | .6 | −.8 | −2.2 | .7 | 17.0 | 18.3 |
| 1975: | | | | | | | | | |
| January | −1.8 | .7 | .5 | 1.2 | .4 | −.6 | .6 | 7.1 | 15.9 |
| February | −.4 | 0 | −.3 | .6 | −.6 | −.9 | .1 | −1.3 | 13.7 |
| March | −.5 | .2 | −.1 | 1.0 | −.6 | −2.0 | .2 | .3 | 12.7 |
| April | 1.1 | .2 | 1.1 | .6 | 1.3 | 2.6 | .2 | 2.5 | 12.6 |
| May | 1.9 | −.2 | .8 | .3 | 1.0 | 1.8 | .3 | 7.0 | 12.1 |
| June | .5 | .1 | .7 | .3 | .7 | 1.0 | .5 | 10.5 | 12.8 |
| July | −.9 | .5 | 1.2 | .4 | 1.4 | 2.5 | .6 | 10.9 | 11.1 |
| August | 1.4 | .7 | .1 | .2 | .1 | −.6 | 1.0 | 8.2 | 9.5 |

[1] Excludes crude foodstuffs, and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.
[2] Excludes intermediate materials for food manufacturing and manufactured animal feeds.

*Changes before seasonal adjustment*

The All Commodities Wholesale Price Index moved up 0.6 percent in August before seasonal adjustment to 176.7 (1967=100). The industrial commodities index rose 0.6 percent over the month, as higher prices for fuels and related products and power accounted for a little more than half of the upward movement. Prices increased for liquefied petroleum gas, gasoline, light and middle distillates, crude petroleum, and electric power, but natural gas, residual fuel oil, and bituminous coal declined.

Seven other major groups accounted for most of the rest of the increase for industrial commodities. Increased prices for cotton and synthetic products were largely responsible for the rise in the textile products and apparel index. Prices for nonmetallic minerals moved higher chiefly because of an increase for glass containers. Most of the advance for metals and metal products was due to higher prices for iron and steel scrap and nonferrous metals. Among chemical products, sharply higher prices for inedible fats and oils were partly offset by reduced prices for agricultural chemicals. The most important upward movements within the furniture and household durables category were made by hard surface floor coverings, television receivers, and commercial furniture. The miscellaneous and special industry machinery indexes posted the largest increases in the machinery and equipment group. The rise in the transportation equipment index was chiefly due to motor vehicle parts.

Five major WPI groups showed little or no change in August. Higher prices for lumber were nearly offset by lower plywood prices. Within the miscellaneous products group, prices rose for musical instruments and photographic equipment.

The rubber and plastic products index edged down, in large part because of reduced crude rubber prices. Lower leather prices balanced increases for footwear and footwear cut stock as the index for hides, skins, leather, and related products remained unchanged. The pulp, paper, and allied products index also averaged unchanged as higher wastepaper prices offset a decline for paperboard.

### WPI WEIGHTS TO BE UPDATED

The Bureau of Labor Statistics is currently revising the value weights used to calculate the Wholesale Price Index (WPI) to reflect more recent production and distribution patterns. Presently, WPI weights are derived from 1963 shipment values taken from the Census of Manufacturers and other sources. The updated weights, which will be introduced early next year, will be based on 1972 data.

These new weights will also be used to calculate the Industry Sector Price Indexes (ISPI), the Durability of Product indexes, and the Stage of Processing (SOP) indexes. SOP indexes are calculated by reallocating basic WPI values according to input-output relationships. Those SOP end-use allocations will be updated from 1958 to the latest input-output data, based primarily on the 1967 Interindustry Sales and Purchases Study done by the Bureau of Economic Analysis, U.S. Department of Commerce.

The revision of the WPI weights will not affect the arithmetic reference period of these indexes, which will remain 1967=100. No major sample or classification changes will result from this weight revision. The weight update will not affect the continuity or comparability of the indexes.

The farm products index dropped 0.3 percent over the month, largely because of declines for fresh fruits and vegetables, cattle, and live poultry. Prices for most other farm products moved up, led by green coffee, eggs, and grains.

The index for processed foods and feeds increased 0.9 percent. Crude and refined vegetable oils, sugar and confectionery, and manufactured animal feeds registered the largest advances. Prices were lower for meats, poultry, and fish, cereal and bakery products, and processed fruits and vegetables.

TABLE 1.—WHOLESALE PRICE INDEXES FOR MAJOR COMMODITY GROUPS AND SPECIAL GROUPINGS, AUGUST 1975

| Code | | Relative importance [1] December 1974 | Unadjusted indexes (1967=100 unless otherwise noted) | | Unadjusted percent change to August 1975 from— | | Seasonally adjusted percent changes between— | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | July 1975 | August 1975 | August 1974 | July 1975 | May–June 1975 | June–July 1975 | July–August 1975 |
| | All commodities | 100.000 | 175.7 | 176.7 | 5.6 | 0.6 | −0.1 | 1.7 | 0.8 |
| | All commodities (1957–51=100) | | 186.4 | 187.5 | | | | | |
| | COMMODITY GROUPS | | | | | | | | |
| | Farm products and processed foods and feeds | 29.078 | 188.2 | 189.0 | 3.1 | .4 | −1.4 | 4.6 | −.7 |
| 1 | Farm products | 11.141 | 193.7 | 193.2 | 2.1 | −.3 | −1.5 | 6.6 | −1.5 |
| 2 | Processed foods and feeds | 17.937 | 184.6 | 186.3 | 3.7 | .9 | −1.2 | 3.3 | .3 |
| | Industrial commodities | 70.922 | 171.2 | 172.2 | 6.6 | .6 | .4 | .4 | .6 |
| 3 | Textile products and apparel | 5.772 | 136.8 | 137.6 | −3.3 | .6 | .4 | .6 | .7 |
| 4 | Hides, skins, leather, and related products | 1.040 | 149.3 | 149.3 | 2.1 | 0 | 1.1 | 1.2 | −.4 |
| 5 | Fuels and related products and power [2] | 9.616 | 246.6 | 252.4 | 11.7 | 2.4 | 1.8 | 1.3 | 2.9 |
| 6 | Chemicals and allied products [2] | 6.475 | 181.4 | 182.1 | 14.9 | .4 | −.5 | .1 | .5 |
| 7 | Rubber and plastic products [3] | 2.074 | 150.1 | 150.0 | 4.6 | −.1 | | | |
| 8 | Lumber and wood products | 2.393 | 179.6 | 179.7 | −2.2 | .1 | −.7 | −.1 | 1.4 |
| 9 | Pulp, paper and allied products | 4.782 | 170.0 | 170.0 | 4.4 | 0 | −.1 | .4 | 0 |
| 10 | Metals and metal products | 13.828 | 183.4 | 184.3 | −.7 | .5 | −.2 | 0 | .6 |
| 11 | Machinery and equipment | 10.954 | 161.7 | 162.2 | 12.4 | .3 | .4 | .4 | .2 |
| 12 | Furniture and household durables | 2.893 | 139.2 | 139.8 | 7.7 | .4 | .4 | .1 | .4 |
| 13 | Nonmetallic mineral products | 2.936 | 174.7 | 175.8 | 11.5 | .6 | .7 | .5 | .9 |
| 14 | Transportation equipment (12/68–100) [3] | 6.054 | 140.1 | 140.5 | 10.9 | .3 | | | |
| 15 | Miscellaneous products [3] | 2.105 | 147.7 | 147.8 | 9.2 | .1 | | | |
| | SPECIAL GROUPINGS | | | | | | | | |
| 31 | Consumer finished goods | 30.893 | 165.0 | 165.3 | 8.7 | .2 | .7 | 1.4 | .1 |
| 311 | Foods | 13.355 | 184.8 | 183.9 | 9.7 | −.5 | 1.0 | 2.5 | −.6 |
| 453 | Finished goods, except foods | 17.538 | 152.4 | 154.1 | 8.0 | .8 | .5 | .6 | 1.0 |
| 312 | Nondurable | 11.183 | 163.2 | 165.1 | 7.9 | 1.2 | .6 | .4 | 1.3 |
| 313 | Durable | 6.355 | 137.4 | 137.4 | 7.9 | 0 | .3 | .1 | .2 |
| 32 | Producer finished goods | 8.614 | 162.4 | 163.0 | 12.3 | .4 | .3 | .4 | .2 |
| 82 | Manufactured goods | 81.313 | 171.4 | 172.3 | 6.5 | .5 | .5 | .4 | .8 |
| 821–1 | Durable | 39.276 | 165.2 | 165.7 | 7.0 | .3 | .2 | −.1 | .3 |
| 452 | Intermediate materials, supplies and components except selected items. | 42.626 | 178.3 | 179.3 | 5.7 | .6 | .1 | .5 | .7 |
| 451 | Crude materials for further processing, excluding selected items. [4] | 3.395 | 223.4 | 225.8 | −1.6 | 1.1 | .5 | −.9 | 1.4 |

[1] Comprehensive relative importance figures are computed once each year in December.
[2] Prices for most items in this grouping are lagged and refer to 1 or 2 mo earlier than the index month. See component footnotes in table 3 for specific lag intervals.
[3] Not seasonally adjusted.
[4] Excludes intermediate materials for food manufacturing and manufactured animal feeds.

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

Mr. Shiskin, I would like to start off by getting into your release so that we can get a better understanding of the situation.

The overall labor force increased rather substantially in August, by 400,000 people. Is that correct?

Mr. SHISKIN. By 230,000.

Senator PROXMIRE. I beg your pardon; I misread that; over 200,000.

At any rate, there was an increase in the civilian labor force, and an increase in total employment of 300,000.

Mr. SHISKIN. Roughly.

Senator PROXMIRE. That total employment is now higher than it was in the first or second quarter, close to what it was in the first quarter, but well below what it was at the peak. Is that correct?

Mr. SHISKIN. Yes.

Senator PROXMIRE. Employment is about 1,300,000 below what it was when it reached its peak.

I notice that the employment among adult men increased. It seems to me that this is the first increase in some time, is it not? What is the reason for that?

Mr. SHISKIN. Well, the way I interpret that is that the job losers who bore the brunt of the recession were mainly in heavy industry, and they were mainly adult males. You may recall that I talked on this subject at some length at a meeting of this committee in May.

I think what is going on is that, as recovery proceeds, as we have been seeing in the last few months, many of these job losers are getting their jobs back. Well, since they were mostly adult men——

Senator PROXMIRE. Let me get a better picture. If we understand what industries we are talking about—the big layoffs were in automobile and construction industries.

Does your industry figure—incidentally, I do not see any statistics on that here, on unemployment at least.

Mr. SHISKIN. I deliberately left them out, and I will explain why.

Senator PROXMIRE. I hope you will explain that. I hope you will tell us whether or not this represents recalls in automobiles and recalls in construction.

Mr. SHISKIN. What I can tell you is that there has been widespread improvement in employment and hours, in manufacturing.

Now, that is where the recession hit hardest. So—I am not prepared to comment on any particular industry, although there is a little bit of change, in construction; I remember that. But the improvement in manufacturing is widespread; 200,000 employees got jobs in manufacturing.

Senator PROXMIRE. An increase of how many in manufacturing?

Mr. SHISKIN. A little over 200,000 in August.

Senator PROXMIRE. 200,000 more jobs in manufacturing.

Mr. SHISKIN. I also want to call your attention to the fact that the July figures for total nonagricultural employment—the establishment survey was revised upward by about 150,000. So over the 2-month period from June to August, our figures now show an increase of almost three-quarters of 1 million employees, and that is a very large increase. A lot of it came in manufacturing.

Senator PROXMIRE. Where in manufacturing did that occur?

Mr. SHISKIN. If you are interested in employment, it is table B–1. The table I personally prefer, although you could have your choice, is table B–5, which shows aggregate hours. Total labor activity is shown best by combining new employment and hours worked. However, if you are interested in employment alone——

Senator PROXMIRE. What I am interested in really is—I think I can see it most clearly if I can see it in unemployment. The figure that I asked for, and I do not see anywhere, either in your statement or——

Mr. SHISKIN. I can give you that table, Senator Proxmire. I brought it with me, but I did not put it in my statement this time for the following reason: We have previously not published the detailed industry unemployment figures. At the request of your committee, we prepared a special tabulation of the unemployment figures, by detailed industry.

Senator PROXMIRE. You have given that to us every month.

Mr. SHISKIN. I have.

I have been studying these figures, and I do not think they are very reliable. They bounce around an awful lot. In fact, you have commented on that in the past.

However, I am perfectly willing to give you this table.

[The table referred to follows.]

## UNEMPLOYMENT RATE BY ALTERNATE SEASONAL ADJUSTMENT METHODS

| Month | Unadjusted rate | Adjusted rate | Other aggregations | | | | | Additive (X-11) | Direct adjustments | | | Composite | | Range (col. 2-13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Duration | Full time and part time | Reasons | Occupat. | Industry | | Rate | Level | Residual | 1 | 2 | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1974: | | | | | | | | | | | | | | |
| January | 5.6 | 5.2 | 5.1 | 5.1 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 0.1 |
| February | 5.7 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 | 5.2 | 5.1 | 5.2 | 5.1 | 5.1 | 5.1 | .1 |
| March | 5.3 | 5.1 | 5.1 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| April | 4.8 | 5.0 | 5.1 | 5.1 | 5.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | .1 |
| May | 4.6 | 5.2 | 5.2 | 5.2 | 5.3 | 5.2 | 5.2 | 5.1 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | .2 |
| June | 5.8 | 5.2 | 5.3 | 5.3 | 5.2 | 5.3 | 5.2 | 5.3 | 5.2 | 5.3 | 5.3 | 5.3 | 5.3 | .1 |
| July | 5.6 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | 5.4 | .1 |
| August | 5.3 | 5.4 | 5.4 | 5.4 | 5.3 | 5.4 | 5.4 | 5.4 | 5.4 | 5.3 | 5.5 | 5.4 | 5.4 | .2 |
| September | 5.7 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 0 |
| October | 5.5 | 6.0 | 6.0 | 6.2 | 6.0 | 6.0 | 6.0 | 6.0 | 6.1 | 6.1 | 5.9 | 6.0 | 6.0 | .3 |
| November | 6.2 | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 | 6.5 | 6.4 | 6.6 | 6.6 | 6.4 | 6.6 | 6.6 | .2 |
| December | 6.7 | 7.2 | 7.0 | 7.2 | 7.1 | 7.1 | 7.1 | 7.0 | 7.3 | 7.2 | 7.0 | 7.1 | 7.1 | .3 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1975: | | | | | | | | | | | | | | |
| January | 9.0 | 8.2 | 8.2 | 8.1 | 8.0 | 8.1 | 8.0 | 8.4 | 8.2 | 8.2 | 8.4 | 8.2 | 8.1 | .4 |
| February | 9.1 | 8.2 | 8.0 | 8.1 | 8.0 | 7.9 | 8.1 | 8.5 | 8.2 | 8.2 | 8.6 | 8.2 | 8.1 | .7 |
| March | 9.1 | 8.7 | 8.6 | 8.7 | 8.5 | 8.6 | 8.5 | 8.9 | 8.7 | 8.7 | 9.0 | 8.7 | 8.7 | .5 |
| April | 8.6 | 8.9 | 8.7 | 8.9 | 8.8 | 8.8 | 8.8 | 8.8 | 9.0 | 9.0 | 8.8 | 8.8 | 8.8 | .3 |
| May | 8.3 | 9.2 | 9.0 | 9.2 | 9.3 | 9.3 | 9.3 | 8.8 | 9.4 | 9.3 | 8.9 | 9.1 | 9.2 | .6 |
| June | 9.1 | 8.6 | 8.7 | 8.5 | 8.8 | 8.6 | 8.6 | 8.7 | 8.2 | 8.2 | 8.7 | 8.7 | 8.6 | .6 |
| July | 8.7 | 8.4 | 8.5 | 8.4 | 8.4 | 8.3 | 8.3 | 8.5 | 8.4 | 8.3 | 8.4 | 8.4 | 8.4 | .2 |
| August | 8.2 | 8.4 | 8.5 | 8.3 | 8.4 | 8.5 | 8.4 | 9.3 | 8.3 | 8.3 | 8.3 | 8.4 | 8.4 | .2 |
| September | | | | | | | | | | | | | | |
| October | | | | | | | | | | | | | | |
| November | | | | | | | | | | | | | | |
| December | | | | | | | | | | | | | | |

NOTES

Col. (1) Unemployment rate, not seasonally adjusted.

Col. (2) Seasonally adjusted unemployment rate.—This is the rate as published. Each of 4 unemployed sex-age components—males and females, 16 to 19 and 20 yr and over—are independently seasonally adjusted. The rate is calculated by aggregating the 4 and dividing them by 12 summed labor force components—these 4 plus 8 employed components, which are the 4 sex-age groups in agriculture and nonagricultural industries. This employment aggregate is also used in the calculation of the labor force base in (3)–(8). The current "implicit" factors for the total unemployment rate are as follows: January, 109.1; February 111.1; March, 104.2; April, 95.7; May, 89.1; June, 110.7; July, 105.5; August, 97.8; September, 98.4; October, 91.0; November, 94.6; December 93.

Col. (3) Duration.—Unemployment total is aggregated from 4 independently adjusted unemployment by duration groups (0–4, 5–14, 15–26, 27 plus).

Col. (4) Full-time and part-time.—Unemployment total is aggregated from 6 independently seasonally adjusted unemployment groups, by whether the unemployed are seeking full-time or part-time work and men 20 plus, women 20 plus, and teenagers.

Col. (5) Reasons.—Unemployment total is aggregated from 4 independently seasonally adjusted unemployment levels by reason for unemployment—job losers, job leavers, new entrants, and re-entrants.

Col. (6) Occupation.—Unemployment total is aggregated from independently seasonally adjusted unemployment by the occupation of the last job held. There are 13 unemployed components—12 major occupations plus new entrants to the labor force (no previous work experience).

Col. (7) Industry.—Unemployment total is aggregated from 16 independently adjusted industry and class-of-worker categories, again including new entrants to the labor force.

Col. (8) Additive method.—The basic 4 unemployed sex-age groups—males and females, 16 to 19 yr and 20 yr and over—are adjusted by the X–11 additive method rather than the conventional multiplicative method. Employment (8 sex-age groups) is the same, however, as in cols. (2) to (7).

Col. (9) Unemployment rate adjusted directly.

Col. (10) Unemployment and labor force levels adjusted directly.

Col. (11) Labor force and employment levels adjusted directly, unemployment as a residual and rate then calculated.

Col. (12) Average of (2), (3), (4), (5), and (11).

Col. (13) Average of (2), (3), (4), (5), (6), (7), and (11).

The X–11 method, developed by Julius Shiskin at the Bureau of the Census over the period, 1955–65, was used in computing all the seasonally adjusted series described above.

Senator PROXMIRE. Well, we have been told that construction last month was 22 percent unemployment; the automobile industry had declined very, very sharply but was still high.

Now, what can you tell us about those two industries and others?

Mr. SHISKIN. Well, I am giving you these figures, but I think that they are so erratic that the short-term figures just are not reliable.

Now, what these figures show is that the automobile industry unemployment rate held constant at about 10 percent. The construction unemployment——

Senator PROXMIRE. From 17 percent in June to 10 percent in July and August.

Mr. SHISKIN. Twenty-four percent in January.

So the automobile industry has certainly experienced a great improvement.

Now, if you look at table A–2, you will see some more industry unemployment figures. Here they are more reliable, because we are dealing with very broad groupings. Table A–2, I am now referring to, and it is the third grouping down, by industry.

There was a slight improvement in construction.

Senator PROXMIRE. I am sorry. I missed that. Where is that?

Mr. SHISKIN. It is in the release, table A–2 of the release.

Unemployment in construction, as you can see, changed very little.

Manufacturing unemployment, however, went down from 11.1 in July to 10.5 in August. It was as high as 12.3 in May. I think it is clear that we have had substantial improvement in manufacturing, and it is widespread.

Then you would have to refer to other tables. If you look at the table on aggregate hours, for example, all but three manufacturing industries showed improvement from July to August. So there has been a very widespread improvement in labor activity in manufacturing.

Senator PROXMIRE. But you say that this table is not reliable.

Mr. SHISKIN. The specific table—if you look at it, Senator—you know, you commented, and I believe Senator Humphrey and Mr. Brown have commented that the figures fluctuate a great deal. And the reason that they bounce around is that the cells are very thin—there are very few observations in each cell. The figures are not that reliable.

Senator PROXMIRE. When you say here, for example, that unemployment in the automobile industry was down to 10 percent—which is a high figure, but compared to the very high figure earlier this year, it is an enormous improvement. You say that is not reliable.

What do you mean by that?

Mr. SHISKIN. Well, let me talk about most of the industries to begin with.

In most of these industries, the number of persons in the sample for the industry is small. And, therefore, there is a very large measurement error.

When the measurement error is large, the figures bounce around from month to month. Automobiles happen to be a very big industry, and, therefore, the figures for that industry are more reliable than the figures for most other industries. It is a question of the size of the industry and the size of our sample.

Senator PROXMIRE. The bigger the industry, the greater the error?

Mr. SHISKIN. No. The bigger the industry, the more likely it is that we will have more workers in the sample.

Senator PROXMIRE. I would think so. But, again, this fluctuates so much that I am astonished; I just cannot believe it. From everything I hear and what I see in my State—we are a big auto production State; we have a huge Chevrolet factory, and American Motors has almost all of its production in Wisconsin—and they seem to be somewhat improved over earlier this year, but not greatly.

Mr. SHISKIN. Well, the figures that we are willing to stand back of are the ones just for manufacturing, durable goods and nondurable goods. I thought I was rendering a service to the committee when you asked me earlier to provide these detailed data, which I have done. Now, I am not so sure it was a service to the committee, because the figures may not be accurate. So, as the saying goes, use them at your own risk.

Senator PROXMIRE. All right.

I have some other questions here, but I will yield to Congressman Brown.

Representative BROWN of Michigan. Thank you, Mr. Chairman.

Mr. Shiskin, as I recall, the last time you were before us, the household and establishment data were pretty distorted.

Mr. SHISKIN. There was a wide divergence between the two series, in magnitude, over 1 million employees.

Representative BROWN of Michigan. As I recall, the household data were really more favorable than the establishment figures.

Mr. SHISKIN. Correct.

Representative BROWN of Michigan. But in this report, it appears that the establishment figures are more favorable.

Mr. SHISKIN. Well, I would say that they are both favorable in this report. I am not sure you were in the room when I mentioned this, but I have attached to my statement a technical note which explains in more detail——

Representative BROWN of Michigan. I regret I have not had a chance to——

Mr. SHISKIN. Well, let me summarize what is in that technical note.

To begin with, there was a sharp rise in the July–August employment levels shown by both surveys. These are new data we just got. Believe it or not, we did not get the correct establishment data, ourselves, until noon yesterday. They have been released to the public within the last hour.

The establishment figures now show—let me say it again—a rise of more than half a million employees between July and August.

In addition, we made a substantial upward revision of the July figure, about 150,000. So now what we have before us, which we did not have last month, is a 2-month rise of three-quarters of a million employees in nonagricultural industries according to the establishment survey. That is a very large rise, three-quarters of a million in 2 months.

The household survey continued to rise, but it did not rise as rapidly in the last month as the establishment survey. But since it had already been rising for a number of months, the total rise is still higher than the rise in the establishment survey.

Because of these developments, the discrepancy that we discussed last month has been cut to nearly half of what it was. But both surveys are now showing, in my judgment, a strong rise in employment.

Representative BROWN of Michigan. And you also would say, would you not, that if you look at the two surveys cumulatively over the last 3 or 4 months, because of the adjustments you have mentioned, that they now are more compatible?

Mr. SHISKIN. Yes; they are. We have eliminated about half of the difference between them.

We also know this: That there have been many occasions in the past when we have had divergence of about that size. In fact, we made a detailed study of those divergences, we learned that in 15 percent of the cases there was a discrepancy over a 5-month period of half a million employees. So that is not infrequent. But we also know that these discrepancies are short-lived, and the series eventually come together.

There are many reasons for those divergences. Some of them arise from the fact that the concepts are different between the two surveys. For example, the household survey is a count of people who hold jobs. The establishment survey is a count of jobs. Many people hold two or more jobs. We measure the number once a year, and, therefore, we cannot eliminate multiple jobholders from our monthly data.

In addition, there are other differences in concept. For example, the household survey includes proprietors and partners; it includes domestic workers; it includes unpaid family members. It also includes people who are temporarily absent from work for noneconomic reasons, but not paid. So we cannot bring these series that close together all the time, for reasons that we understand, in a sense.

We do know that discrepancies of the size that we have been talking about occur frequently and that the series always come together before very long.

But let me not lose the main point, the main substantive point, which is that both series now show very strong upward movements in employment.

Representative BROWN of Michigan. In your statement, you point out that one of the significant occurrences over the last month has been the number of job losers who have obtained jobs. You are saying that unemployed job losers as a percentage of the civilian labor force is significantly smaller now.

How do you account for this? Or do you account for this? Can you account for it?

Mr. SHISKIN. Well, this is consistent with the data that we have on unemployment. Our employment data show that the industries that were hurting a lot during the recession are now beginning to come back. For example, the industry group that was hardest hit was manufacturing, that and construction. There has been a very substantial rise in manufacturing employment in August.

Now, obviously, what must have happened is that the manufacturers looking for employees took back the people whom they had laid off.

Representative BROWN of Michigan. So, therefore, you, in effect, negate the idea that the figure has declined because people have given up and they are no longer job seekers. But rather it is because they

have been job seekers and now, having lost their jobs, have been rehired?

Mr. SHISKIN. Right.

Representative BROWN of Michigan. And you put the accomplishment, the achievement practically all in that last category. Is that right?

Mr. SHISKIN. I think that what we are seeing today is this phenomenon, that the job losers who were hurt most by the recession were mainly in heavy industry. Heavy industry is improving now, so they are getting their jobs back.

On the other hand, the teenagers and blacks—mainly black women, by the way—who were not primarily involved in those industries had no jobs to get back, and they are still hurting a lot.

Everybody is still hurting because, in absolute terms—no, not everybody, but a lot of people, because the unemployment rate is still very high, and the employment level is still well below a year ago. But we are on our way back.

Representative BROWN of Michigan. The only reason I asked the question, Mr. Shiskin, is that some people say the reason that you are getting some improvement in the unemployment figures is because people are no longer seeking jobs, so therefore they are not called unemployed. So what I was attempting to establish with as great certainty as possible is that the improvement in the employment of job losers is because of improvement of the job situation rather than the workers' not seeking employment and therefore not becoming statistics.

Mr. SHISKIN. I agree completely with you.

Representative BROWN of Michigan. Would you care to—disgressing a bit, would you care to put yourself in the middle of the Butz-Burns-Meany debate on food prices?

Mr. SHISKIN. No, sir. I studied for years under Mr. Burns at Rutgers University. I worked for him at the National Bureau of Economic Research, and he can give a good account of what the situation is. I am willing to let his statement stand, as far as I am concerned.

Representative BROWN of Michigan. Which statement? The statement before this committee or the statement before the Agriculture Committee? Because, apparently, he has somewhat backed off his statement before this committee with respect to the impact of grain sales, et cetera, on food prices. Now he seems to have said that the processing cost and all those things have a great impact, too.

Mr. SHISKIN. I should have stayed quiet after I said I did not want to get into the middle of that argument.

Representative BROWN of Michigan. Thank you very much.

Senator PROXMIRE. I want to come back to that Burns statement myself a little later. Remember that the May–June unemployment figures were affected by seasonal adjustment problems, you said so. There was a big drop at that time from 9.3 to 8.6 percent. The last month when unexpectedly the figure fell to 8.4 percent it was really a surprise to many people. You stated, and I quote, "The seasonal adjustment problem that complicated the May–June analysis," and I am quoting now, "does not appear to have affected the July figures."

And then you said, "Results of the three different methods, multiplicative, additive, and residual, indicate approximately the same seasonally adjusted rate for July." And then you said this and I quote, "We see no serious seasonal adjustment problem with the July figures. And that is what I said last month when I was asked about whether we have such a problem with the July figures."

Now, in the last 2 weeks, Mr. Greenspan, the Chairman of the Council of Economic Advisers, was quoted by Mr. Nessen as having told the President in meeting with the economic advisers in the last week of August that the figure for July which came out in August which you called reliable were a statistical quirk and that we could expect the figure to rise again. Now, my staff worked on that this morning and confirmed the correctness of that story with the Council of Economic Advisers and they said Mr. Greenspan said it because he said the growth in output had not been sufficient to bring unemployment from the 9.2 down to the 8.4 figure.

Now, how about that Mr. Shiskin, have you taken that into consideration?

Mr. SHISKIN. Well, sir, I think our July figure was about right. I think our seasonal adjustment in July was good. I think that in August and then, I think, again in September the seasonal adjustment will also be good. The seasonal adjustments will be good, but not quite as good as July.

Senator PROXMIRE. Why is not Mr. Greenspan's methodology sensible? Why is it not proper to look at production and if production does not go up sufficiently to warrant that kind of reduction in unemployment, to highlight it and question it?

Mr. SHISKIN. Well, you know that is a complicated question and there are numerous aspects of it. One is that the production figures are just not that accurate. Second, it may be that one reason we are having the big rise in employment is that the psychology of employers is changing again and they are expecting a vigorous expansion and they are hiring perhaps a little bit faster than they are producing. So that is another possibility.

Senator PROXMIRE. But that would be reflected in shorter hours and there is not much of an increase in hours. If you are hiring people who are not producing, then the hours would be longer.

Mr. SHISKIN. You are quite right. There is another technical point—their figures cover the full month and our figures cover one week of the month. I would expect that there will be a very substantial rise in industrial production in August.

Senator PROXMIRE. How secure do you feel about this August figure? Do you feel that the seasonal problems are taken care of, are minor?

Mr. SHISKIN. Well, Mr. Breggar who is sitting here with me today, and I, did an exercise similar to the one that we did when we announced that we thought the June figure would be out of line. We did a similar exercise for August and September. We asked ourselves the question—suppose there is no real change in unemployment? Suppose there would be no change in the seasonally adjusted unemployment figures that we publish under the official method and the additive method?

What kind of changes would that imply in unadjusted unemployment? And we found that the two methods gave about the same results. And for that reason, as we said last month and are willing to say again, and also for September, I think that we will get a good seasonal adjustment in September. We have evidence today which Mr. Bregger and I did not have when we went through this exercise. If you look at this table, the table showing numerous seasonal adjustments which I have showed you in earlier months, you will see that the official figure is 8.4. Now if you run your eye down column 8, showing the additive adjustment, the figure is 8.3. The other method I have a lot of confidence in is the residual method and that also gives 8.3.

So I would say that the official figure for August is about right, possibly a little too high.

Senator PROXMIRE. Possibly a little too high?

Mr. SHISKIN. Yes.

Senator PROXMIRE. Why do you say that?

Mr. SHISKIN. Because compared with the other methods, the official method gives the highest figure. All the other methods under columns 3 to 7 are really different variants of the official method and you do not get into anything really different until you come to column 8, and then the following columns. So, I skipped by columns 3 to 7. But in any case, if you look at the last column, column 14, you will see that the range, even by the different methods, is very small—two-tenths.

Similarly, the range for July was very small, whereas the ranges for May and June were very large. Now, for all these reasons I think the July and August seasonal adjustments are reliable.

Senator PROXMIRE. If employment is in fact rising more than the production would indicate, what does this imply for productivity? Does it imply that productivity is dropping? And it has been increasing, in the second quarter it increased sharply.

Mr. SHISKIN. With respect to the industrial production data for the last month, I think we ought to wait awhile. The Federal Reserve makes some revisions too, you know. We just made the 150,000 upward revision in our July employment figures. A substantial percentage of the Federal Reserve Index of Industrial Production is based on those employment figures.

My guess—and I do not know for sure, of course; it is not my area—my guess is that they will revise the industrial production index for July up and the August figure will show a big rise.

Senator PROXMIRE. Well, it just seems to me that it would be a very unusual situation for employers to hire back employees at this stage of recession. It usually does not happen that way. Usually they wait until they are pressing their capacity more, until their people are working overtime.

Mr. SHISKIN. No, sir, I would disagree. The historical studies that have been made of establishment employment show that it is the best most accurate indicator of cyclical change of all series that we have.

Senator PROXMIRE. What I am saying, however, is that if production does not increase very much, and employers are less likely to hire people back and they are working short hours now, usually they

have waited. This is why productivity increases in the recovery period of a recession.

Mr. SHISKIN. Well, employment always rises from the trough.

Senator PROXMIRE. It rises more slowly.

Mr. SHISKIN. That is right. Production speeds up more quickly and that is why productivity——

Senator PROXMIRE. Well, that does not seem to be the case.

Mr. SHISKIN. Well, I think we have to wait a little longer. For example, you know there is a big problem in reconciling the industrial production index and the corresponding component of GNP. I would want to wait until I saw the revised industrial production figures, and a figure for August for the GNP, the real GNP figures for the third quarter, before I reached any such conclusion.

Senator PROXMIRE. Now, Mr. Shiskin, I would like to challenge you on this one because I have never seen anything more puzzling, a perplexing or contradictory release, than this wholesale price release we had this morning. It does not make one bit of sense to me, and I do not think it makes much sense to anybody unless they have some kind of pipeline to a higher being. Let us take a look.

Mr. SHISKIN. Senator Proxmire, the fact that the Printing Office nearly fouled that release up must have been induced by the hidden hand. But, they did not foul the printing up quite enough, because they got the release out.

Senator PROXMIRE. In the Wholesale Price Index there is an increase of eight-tenths of a percent or an annual rate of about 9.6 percent. That is seasonally adjusted all commodities. Then we see that two of the important ingredients of this, perhaps there are others, but two of the important ingredients are farm products and industrial commodities. Farm products declined, seasonally adjusted, by seven-tenths of a percent, and industrial commodities rose by six-tenths of a percent. Now, I can understand how you cannot add them up, but I cannot understand, for the life of me, how you can have a situation where there is no other explicable factor, where you come to higher increasing wholesale prices by far than any combination of these could possibly suggest. What is the explanation?

Mr. SHISKIN. I will tell what the rationalization is, but it is obviously a weird situation. All the statistical agencies except BLS obtain a seasonally adjusted aggregate, like the all commodities WPI or the all items CPI, by adding up the seasonally adjusted components so the total and the components have to be consistent. The Census does it. I did it for all the years I was at the Bureau of the Census. The Federal Reserve does it, and so on.

The BLS, some years ago, before I was here, changed the method. The rationale was that you could more accurately seasonally adjust the total directly than by adding the components, because many of the components have relatively narrow coverage and they therefore have a large erratic element, whereas in the aggregate, the erratic element tends to balance out so you have a more stable total and the seasonal stands out more clearly. So BLS decided several years ago to seasonally adjust the aggregate for the CPI and the WPI separately from the components.

When that is done, I think you do get a more accurate aggregate adjustment. But every once in a while you get kind of a weird result, particularly when you are dealing with rates of change which themselves are very erratic. The results this month are about the weirdest I have ever seen arising from that process.

Senator PROXMIRE. Where is the big increase the release indicates?

Mr. SHISKIN. Well, that is the problem. The components do not show big increases.

Now, I might direct your attention to—well, let me make one or two more observations.

Senator PROXMIRE. It says the largest increase was for fuels and related products and for power. Is that included in industrial commodities?

Mr. SHISKIN. Yes.

Senator PROXMIRE. And yet they do not aggregate as high as the all commodities figure?

Mr. SHISKIN. Well, may I continue with this explanation for just another minute or two?

I want also to say that, you know, this is another example of why economists and statisticians are always saying, do not make too much of 1 month's figures, because you can get odd results with 1 month's figures. These were odd results.

But the other remark I want to make is that as in the case of the unemployment series, we have seasonally adjusted the wholesale price index by numerous different methods and one of the methods we used was the standard method of adding up the seasonally adjusted components, adding them up to a total. And I have the results in front of me. We have just finished them. It is all hand written material, I do not have anything to distribute yet. But what that shows is that if you use a half a dozen or so different methods, 0.8 is the highest that you get. We did not get 0.8 by any other method.

Senator PROXMIRE. All right, let us take the products, the wholesale products which increased more than 0.8, so that we can understand what evidence there would be in there that could push up the index as much in view of these contradictory figures. Can you tell me what major wholesale commodities increased more than 0.8 and what was the amount?

Mr. SHISKIN. I cannot, maybe Mr. Layng can.

Mr. LAYNG. As you indicated, fuels and related products was one category; that increased 2.9 percent.

Senator PROXMIRE. It was 2.9 percent; in other words, an annual rate of well over 30 percent.

Mr. LAYNG. I might point out that the July increase in gasoline prices reflected the one-month lag in refined petroleum products.

Within the industrial category, other major groups and subgroups, inedible fats and oils, for example, went up 4.7 percent.

Senator PROXMIRE. That is about a 60-percent annual rate.

Mr. LAYNG. Cotton products were up 1.6, manmade fiber textile products were up 1.

Senator PROXMIRE. Can you give us any commodities outside of these two categories of farm products and industrial commodities, are there not any others?

Mr. LAYNG. Farm products, processed foods and feeds and industrials comprise the total index; they are exhaustive.

Senator PROXMIRE. Then I am really puzzled. I must say I just do not understand how you can possibly have your total amount as included in a minus 0.7 and a plus 0.6 and you say that that adds to a 0.8—no way, no way. I mean I have to go back to first grade and learn how to add.

Mr. SHISKIN. There must be a way because we did it.

Senator PROXMIRE. You cannot tell me that you add 1 and 1 and get 10.

Mr. SHISKIN. I will tell you an interesting side point on this. As you know, the person who gets the figures outside the BLS—who gets these figures in advance—is the President, President Ford.

Senator PROXMIRE. That really bothers me. No wonder we are getting such confusion from the White House.

Mr. SHISKIN. He gets them through Mr. Greenspan, to whom I give the figures. You know, this curiosity did not escape us or him either. You must realize that.

Senator PROXMIRE. Well, it has got to be wrong. There is no way it could be right. You cannot add minus 0.7 and plus 0.6; there is no combination that will make it 0.8.

Mr. SHISKIN. Well, let me finish my anecdote, if I may.

So Mr. Greenspan also thought there was an error here and I did, too, and poor John Layng and his staff had been working long hours to try to find the error, and could not fine one. That does not mean there was not one, but we could not find it. But Mr. Greenspan called me again yesterday afternoon and asked me about the Wholesale Price Index and I said we could not find an error. And he said, well you know I have not given the figures to the President because I thought there was an error.

Senator PROXMIRE. Once again, as simple as you can, slowly, go back and tell us how you get 0.8 out of this combination, how do you do it?

Mr. SHISKIN. I can tell you how it happened but you know I do not like it either.

We separately seasonally adjust the all commodities total and the components. For this series we do not follow the usual procedure of adding up the seasonally adjusted components to a total. If we did follow that procedure, we would never get an inconsistency. Now, all the other statistical agencies follow that practice and we follow it in the unemployment figures.

Senator PROXMIRE. Why do you not follow that practice?

Mr. SHISKIN. Let me say that I inherited this arrangement and I will tell you why it is has not been changed. The reason that the BLS decided WPI to use a different procedure is that many of the detailed components of the WPI are erratic. When you seasonally adjust erratic components, you sometimes do not get good seasonal adjustments of the aggregates. When you take a broad aggregate like the total, the erratic element tends to average out and you get a much more reliable total figure.

So, if you apply the seasonal method to that broad aggregate, are you probably going to get a better adjustment of the aggregate. So there is a rationale for doing it that way. Now, once in a while it gives you very weird results and that is what happened this month.

Senator PROXMIRE. Well, will you for the benefit of the committee and for our enlightenment have your people make as detailed and clear an explanation of this as you can so that we can study it and go over it because I just do not see any way that we can clarify it this morning. And I think we should do our best so that by next month at least we will understand it.

I know that it may not occur again for 10 years, but still we should understand it and understand that this probably gives us a better understanding of the weakness of the wholesale price index.

Mr. SHISKIN. I think we ought to change the method. John Layng, sitting to my left, who is in charge of the Office of Prices has thought so, too.

Senator PROXMIRE. Well, if you had the aggregated method, then would it be something like a 0.3 increase?

Mr. SHISKIN. We tried it several different ways, you know, and here are the kind of numbers you get by the aggregated method—0.3, 0.5, 0.3, 0.4, 0.7.

Senator PROXMIRE. But 0.7 does not make any sense either because the highest figure is 0.6, and it has to be diminished by the minus 0.7.

Mr. SHISKIN. I will tell you, you would not have gotten the same figures for the components either under this method. One of the variables we used was the period and some of the data are carried through March 1975, others through June 1975, in these different experiments and still others through December of last year. Now, the official method goes through March of last year and that is where we got the 0.7.

Senator PROXMIRE. You see this is of considerable importance because it indicates that for the last 2 months we have had an increase and the 2-month period is more significant than any single month—an increase of about 2 percent, annual rate 12 percent of the Wholesale Price Index. Is that not correct? You just add up the seasonally adjusted figure for all commodities, with 1.2 in July, 0.8 in August, and that adds up to 2, and multiply that by 6 and you get a 12-percent increase. Now, what is wrong with that?

Mr. SHISKIN. Senator Proxmire, let me say this, the farm products and processed foods and feeds components are very erratic. Now we all buy food, many of us buy it every day, so that their prices are often called to our attention. But farm products and processed foods and feeds is, in fact, a highly variable series. On the other hand, industrial commodities is a much more stable and cyclically sensitive series. In view of this freak that we just experienced in seasonal adjustment, I would suggest that we direct our attention to the industrial commodities component.

If you look at that component, here is what you see. Take a look at the first page of our report and in the third column there it says, industrial commodities. Now, if you look at that you will see that after very high rises in the fall of 1974 the rate of rise in the Wholesale Price index declined sharply until it was down to 0.1 in March and April. But since March and April it has been steadily rising. Now, if you want to talk about substance as distinguished from the statistical freak——

Senator PROXMIRE. Now, that is very helpful.

Mr. SHISKIN. It is pretty clear, it seems to me, and we are putting aside the very variable food data and looking at the industrial commodities—this component shows that starting since early this year there has been a steady increase in price inflation as shown by the Wholesale Price Index for industrial commodities and that is something to worry about. That is a solid set of figures and the movements are very reasonable.

So, I think that while we do have this freak in the change of the total, in relation to the components, the major component industrial commodities, tells us a very sensible and reasonable story, and the story is that price rises at the wholesale level have been increasing steadily since February.

Senator PROXMIRE. Now, Mr. Shiskin, you are the principal statistical expert for the Federal Government, many people come to you if they want to get—at least I always come to you—if I want to get a competent, official analysis of prices and the effect of various policies and actions on prices. Now, if they ask you; you are very careful about not providing policy declarations or policy advice, I am sure of it, but you do say, to the extent that you can, what effect a particular action might have had on prices.

One of the most significant acts, of course, is the administration's decision to sell wheat to the Soviet Union. Have you been consulted in this respect?

Mr. SHISKIN. No, sir.

Senator PROXMIRE. Have you made any estimate at all?

Mr. SHISKIN. I have not, no.

Senator PROXMIRE. You made none, nobody in your department has?

Mr. SHISKIN. John, have you been consulted?

Mr. LAYNG. No.

Senator PROXMIRE. I think that is appalling. We have had all of these guesses from various people in government, and they have not come to the principal statistical expert to find out what effect this might have. I'm shocked to hear that.

Mr. SHISKIN. Our feelings are not hurt, sir.

Senator PROXMIRE. Well, it seems to me that you should have been consulted.

Mr. SHISKIN. Well, there are very competent statisticians elsewhere in the Government, and they have all of our figures.

Senator PROXMIRE. I understand that, but you are in a very strong position to give advice on this, to give professional advice, and I am shocked that they have not come to you for it.

Mr. SHISKIN. Well, thank you for the compliment, but I must say that people usually do come to us in connection with the oil situation. As you know, we were approached, pressure was applied to us to do things we usually do not do. We did provide an estimate of the direct impact of decontrol of oil prices, but we did not do anything on the indirect impact, but on this one I have not been consulted, neither has John Layng.

Now, John has a staff of, what is it, about 200 people, and maybe some of them have been consulted.

Senator PROXMIRE. All right, sir. Were you consulted in any way?

Mr. LAYNG. No; to my knowledge, I do not think any of our staff was. Our staff maintains a knowledge of what is happening, what is being said, but I do not believe they were consulted.

Senator PROXMIRE. Now, the latest figures you have on the Consumer Price Index, of course, are the July figures, and they came out August 22 or 21. On these figures you show an increase, a sharp increase, for food, for gasoline, and for medical services, particularly. The increase for food, seasonally adjusted, was 1.7 percent. This is a rather steady, comparatively at least, steady record, steadier record than we have in the wholesale price area, 1.5 and 1.7 increase.

Can you give us any indication, or do you have any statistics to show how much of this is the result of farm prices, which would be the wholesale prices, and how much of it is nonfarm price of food distribution, processing, and so forth?

Mr. SHISKIN. No; we do not do that.

Senator PROXMIRE. Now, with respect to gasoline, you say you have been consulted in this area. Can you tell us how much the price of gasoline is likely to increase if the decontrol remains in its present form and there is no reestablishment of control over gasoline prices?

Mr. SHISKIN. Well, what I said last month, you may recall, is that we did make an estimate of the direct impact of decontrol on the CPI. The answer was that it would raise the CPI by 0.6 over a period of months. However, we did not make an estimate of the indirect effects. That is a much more complex estimating process, and others have been doing it, so we did not do it.

Senator PROXMIRE. What have you found on the basis of your studies?

Mr. SHISKIN. We found that the direct impact of decontrol on the CPI would be 0.6.

Senator PROXMIRE. 0.6?

Mr. SHISKIN. Yes.

Senator PROXMIRE. Over what period?

Mr. SHISKIN. Several months. We do not know how fast the higher prices will be passed on to gasoline stations, so we cannot say how many months, but if all worked through, it would be 0.6.

Senator PROXMIRE. The indirect effect might be much bigger than that, is that right?

Mr. SHISKIN. It might be; yes.

Senator PROXMIRE. Why can you not make an estimate of that? Somebody has to do it.

Mr. SHISKIN. We could if we applied ourselves to it. It is a much more complex problem. Most of the people who do it use econometric models, and we could do that too, but others are doing it. Several other groups in Washington are doing it, and there is so much to do that we see no need to duplicate their efforts.

You might be interested in this odd bit of intelligence, Senator Proxmire. We were asked also what would be the impact of a rise in the postage rates of first-class mail from 10 cents to 13 cents, and the answer is one-half of one-tenth of 1 percent; that is 0.05. That is just an incidental bit of intelligence, but it illustrates the fact that people do consult us on many things.

Senator PROXMIRE. How difficult would it be for you to give this committee an estimate, No. 1, of the effect of the Russian wheat sale—and we could give you two or three different assumptions as to how big that would be because we are not sure now—and also the effect of continued decontrol of oil prices?

Mr. SHISKIN. Senator, I would be very reluctant to take that assignment on because it is, in fact, being done in numerous other places in the Government. For example, the Federal Reserve has been doing it.

Senator PROXMIRE. Been doing what?

Mr. SHISKIN. They have been making estimates of the impact on prices of grain sales. I presume that is what Burns is saying. Agriculture has been doing it, and we have so much to do——

Senator PROXMIRE. Well, the Federal Reserve is not in the position that you are, as far as the grain prices are concerned. You are in a far stronger position. You are making studies all the time. That is what I understand the farm products and process food and feeds consists of. You studied grain prices, you study them constantly. You have your experts in this area.

Mr. SHISKIN. But, what our experts do is to——

Senator PROXMIRE. Why could they not simply tell us that we have an initial sale of, say, a certain amount, a certain number of tons or bushels of wheat to the Soviet Union, how it would be likely to affect prices, other things remaining the same. Could you not do that rather simply?

Mr. SHISKIN. That is an economic analysis.

Senator PROXMIRE. You did it with other things.

Mr. SHISKIN. Well, we could certainly do it. We have highly qualified economists and statisticians, but the reason I am being so reluctant is that we are so busy and others are doing it. I really appreciate your implied confidence.

Senator PROXMIRE. Well, I say that because this has divided the various Government agencies. You have a reputation of not having an ax to grind; you are professional; you do not make policy as these other people do, and I would hope that you would reconsider it. Maybe we can get together and discuss it.

Mr. SHISKIN. Well, I would like to discuss it with my staff and also with Secretary Dunlop, and we will talk about it.

Senator PROXMIRE. Well, I am not going to ask you to do it if it is going to take a great deal of your time, but if you have reasonable resources, I would ask for it.

Mr. SHISKIN. Well, I will talk with Secretary Dunlop. The Secretary we have is an extremely knowledgeable person in this field, and he will be able to respond very intelligently to the situation.

Senator PROXMIRE. I notice in your release you discuss the services index and the increase there, and I was shocked at the tremendous increase in medical care services.

Mr. SHISKIN. You are talking about prices?

Senator PROXMIRE. Yes. Hospital service charges rose 1.6 percent, and I am talking now about the release on August 21 under consumer price list.

Hospital services rose 1.6 percent. Semiprivate room rates rose 2.7 percent. Operating room rates rose 1.4 percent. My question is, has this been fairly consistent, this high increase, month after month, or is this an erratic increase for this particular month?

Mr. LAYNG. It is not erratic. Medical care costs and hospital service charges were very stable for a considerable period of time during the freeze and stabilization program. After it ended, they started to increase. This is one of the larger ones, but it is not necessarily an erratic occurrence. They have been moving up.

Senator PROXMIRE. That has been true since price controls in the health industry were dropped?

Mr. LAYNG. Rougly. Shortly after that; yes.

Senator PROXMIRE. How long a period is that?

Mr. LAYNG. About a year. Health insurance and medical care—I am not sure when controls expired—there were special controls that were maintained, I think, a little longer.

Senator PROXMIRE. Can you tell us how much hospital service charges rose since decontrol?

Mr. LAYNG. I cannot tell you since decontrol, but I can tell you since a year ago. Through July, they have increased hospital service charges overall, which includes the room rates and various services, increased 15.5 percent.

Senator PROXMIRE. 15 percent, and how much of an increase do we have in semiprivate room rates?

Mr. LAYNG. 18 percent.

Senator PROXMIRE. And how much of an increase in operating room rates?

Mr. LAYNG. 20.6.

Senator PROXMIRE. 20.6, and how much in fees for doctors, dentists, and other professionals?

Mr. LAYNG. That is in another category, but physicians' fees overall were up 11.4.

Senator PROXMIRE. Well, I think that is something we have forgotten. We paid a lot of attention to food and energy and very little to this area. Now, let me just get into, back into the unemployment——

Mr. SHISKIN. Senator, before you leave prices, may I just add in connection with the freak results of our seasonal adjustments on the WPI, that John Layng and I have known about this potentiality for a long time. We have discussed changing the method, and we would both like to do it. I would certainly like to do it, speaking for myself, but, unfortunately, it is not that simple a matter because it is not just a question of taking the group of series, seasonally adjusting them and adding them up, as we do in the employment and unemployment series. The problem is we do not have a basic file of these data that we can use for this purpose, a corrected file. Now, it is quite an effort to keep a file up to date and corrected. For example, much of the editing is done at the final stage when we see the tables. We fix the numbers up because they are wrong, and then the problem is to carry the corrections back to the basic file.

Now, when I was at the Census Bureau we never had a corrected file of the census of manufactures, which I worked on.

Senator PROXMIRE. What would it take to develop an accurate file?

Mr. SHISKIN. I told the man in charge of that work that I was not going to go through this kind of freak situation again while I was Commissioner of Labor Statistics, and that he had better get that file fixed up fast, and that is where it stands now.

Senator PROXMIRE. Do you think that you will be able to give us the aggregated figures next month?

Mr. SHISKIN. I do not think so.

Senator PROXMIRE. Two months, three months? How long? The beginning of the year?

Mr. SHISKIN. I will let you know next month because I have asked the head of our operations to give personal attention to this.

Senator PROXMIRE. Well, it is not only because the wholesale price index, but I think it goes to the credibility of the whole statistical process. I can imagine people in the country reading this and saying, those fellows do not know what they are doing. We cannot rely on those figures. They do not mean a thing.

Mr. SHISKIN. I agree with you. There is a question of credibility of the whole statistical organization.

Senator PROXMIRE. Now, in unemployment we have, as I said, some very reassuring elements here, especially with respect to head of households and the great importance that they have in our economy. However, we have a very big increase in teenage unemployment. I take it that there is no question that that is statistically significant. Is that right? 19.1 percent to 21.1 percent? Any explanation for that?

Mr. SHISKIN. Mr. Bregger has been very quiet the whole hour, and that is very much unlike him, so I would like to give him a chance.

Mr. BREGGER. Well, Senator, my opinion, at least, is that the teenage situation has not improved since its recent peak. We had a temporary drop in the rate in June and July, but this is a very volatile series because it is a comparatively small group. If you follow the movements in their jobless rates over time, you will see that they tend to have quite a great amplitude.

Senator PROXMIRE. Well, that is a vrey high figure. It is higher than any place on that chart. There may have been a month or two when it was more, but it is higher than what it was in the first or second quarter. It is about the only statistic that is higher.

Mr. BREGGER. The May rate was 21.8 percent, which was slightly higher. Of course, we tend to discount May silghtly because of the recent problems of seasonal adjustment in the May–June period, but I would point to that as an indication that the August figure is still not as high as that figure.

Mr. SHISKIN. What Jack is saying is that whereas unemployment among adults has improved, white adults anyway, it has not improved as far as teenagers are concerned.

Senator PROXMIRE. Can you give us the reason by industry or by the demand for services, or the demand for particular labor that would suggest why that figure is so high?

Mr. BREGGER. Well, I would also suggest that since the economy is beginning to improve now—we see the big increases in employment—that you get a labor force effect where some teenagers, who earlier were more likely to be discouraged, and thus may have given up the search for work, re-enter the labor force when they perceive that the market has improved slightly.

Senator PROXMIRE. Do your figures confirm that? Do they show a higher number of teenagers in the labor force this month than last month?

Mr. BREGGER. Yes.

Mr. SHISKIN. Yes, but does this not come back to the point I was making earlier in this discussion that the rise of employment, the job losers, those that have lost their jobs, are getting their jobs back?

Senator PROXMIRE. Why should that mean the teenagers would not be——

Mr. SHISKIN. Well, since very few teenagers, relatively few teenagers, were employed in the industries that were so hard hit during the recession, they are not included very heavily in those getting their jobs back, and with more of them moving into the market, into the labor market, which I think is shown by more entrants and re-entrants, those figures are still very, very high.

Senator PROXMIRE. How about the figure on blacks, Negroes? That is a very high figure too, 14 percent, and the highest we have had. It is a big increase over last month. I take it statistically significant.

Mr. SHISKIN. That is, mostly women, black women, who experience more unemployment.

Senator PROXMIRE. What is the explanation?

Mr. SHISKIN. I do not know. I would say, again, what I have been saying all along, that black women were not heavily involved in the industries that got hard hit during the recession, and, so, when the employers are going back into the market and bringing back the employees to work, not many black women are included.

By the way, Senator, I wonder if I may take this opportunity to call to your attention an article that I mentioned to this committee many months ago. I would like to distribute this, if I may. It is an article on counseling black teenage girls, published in a BLS report. I am very proud of this article because I initiated it. One of the first things I did at BLS was to initiate this study.

Senator PROXMIRE. Well, very good. We would like to have that article, and I would be happy to read it.

Mr. SHISKIN. Fine. Since this month we have the phenomenon of high teenage unemployment and high unemployment among black women, I think that this article is very timely, and I commend it to your attention, as well as that of the press.

Senator PROXMIRE. I notice that you have unemployment, teenage black unemployment, I think is 37½ percent. 55 percent of the unemployed in August were job losers. This is down from 59 percent in June, but it still is a very, very high figure compared to the 41 percent in August, in August of 1974, so we cannot be misled in thinking that unemployment is now primarily among new entrants by any means. It still is a job loser problem.

Mr. SHISKIN. The level of employment in manufacturing and construction is still far below what it was a year ago, and while some of the job losers have gotten their jobs back, by no means all of them have. There is a long way to go. I pointed that out in my statement, that we have just barely gotten this recovery underway. We have a long way to go.

Senator PROXMIRE. Similarly, we have a very tough problem with the long-term unemployed, people unemployed more than 6 months. It is now close to a million and a half. That is the highest figure it has been. It is up, and those are the people who really in many cases suffer

very severely, unemployed for more than 6 months. What additional information do you have about that? Do you know anything about their age or sex distribution? How many have worked before? How many are new entrants? What kinds of jobs they are seeking?

Mr. SHISKIN. We can provide something for you on the record.

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

CHARACTERISTICS OF PERSONS UNEMPLOYED 27 WEEKS AND OVER, AUGUST 1975

[Not seasonally adjusted]

| Characteristic | Thousands of persons | | Percent distribution 27 weeks and over | 27 weeks and over as a percent of unemployed in group |
|---|---|---|---|---|
| | Total | 27 weeks and over | | |
| Total, 16 yr and over | 7,696 | 1,482 | 100.0 | 19.3 |
| 16 to 21 yr | 2,632 | 254 | 17.1 | 9.7 |
| 16 to 19 yr | 1,823 | 111 | 7.5 | 6.1 |
| 20 to 24 yr | 1,836 | 355 | 24.0 | 19.3 |
| 25 to 34 yr | 1,698 | 392 | 26.5 | 23.1 |
| 35 to 44 yr | 883 | 221 | 14.9 | 25.0 |
| 45 to 54 yr | 848 | 219 | 14.8 | 25.8 |
| 55 to 64 yr | 469 | 140 | 9.4 | 29.9 |
| 65 yr and over | 139 | 46 | 3.0 | 33.1 |
| Males, 16 yr and over | 4,102 | 976 | 65.9 | 23.8 |
| 16 to 21 yr | 1,391 | 175 | 11.8 | 12.6 |
| 16 to 19 yr | 967 | 66 | 4.5 | 6.8 |
| 20 to 24 yr | 1,002 | 254 | 17.1 | 25.3 |
| 25 to 34 yr | 883 | 246 | 16.6 | 27.9 |
| 35 to 44 yr | 439 | 148 | 10.0 | 33.7 |
| 45 to 54 yr | 460 | 142 | 9.6 | 30.9 |
| 55 to 64 yr | 264 | 90 | 6.1 | 34.1 |
| 65 yr and over | 87 | 29 | 2.0 | 33.3 |
| Females, 16 yr and over | 3,594 | 507 | 34.2 | 14.1 |
| 16 to 21 yr | 1,241 | 79 | 5.3 | 6.4 |
| 16 to 19 yr | 856 | 44 | 3.0 | 5.1 |
| 20 to 24 yr | 833 | 101 | 6.8 | 12.1 |
| 25 to 34 yr | 814 | 146 | 9.9 | 17.9 |
| 35 to 44 yr | 444 | 73 | 4.9 | 16.4 |
| 45 to 54 yr | 389 | 77 | 5.2 | 19.8 |
| 55 to 64 yr | 205 | 49 | 3.3 | 23.9 |
| 65 yr and over | 53 | 17 | 1.1 | (1) |
| White | 6,201 | 1,193 | 80.5 | 19.2 |
| Males | 3,330 | 776 | 52.4 | 23.3 |
| Females | 2,871 | 417 | 28.1 | 14.5 |
| Negro and other races | 1,495 | 289 | 19.5 | 19.3 |
| Males | 772 | 200 | 13.5 | 25.9 |
| Females | 723 | 90 | 6.1 | 12.4 |
| Household heads | 2,794 | 765 | 51.6 | 27.4 |
| Males: | | | | |
| Married, spouse present | 1,824 | 538 | 36.3 | 29.5 |
| Widowed, divorced, or separated | 341 | 104 | 7.0 | 30.5 |
| Single (never married) | 1,938 | 334 | 22.5 | 17.2 |
| Females: | | | | |
| Married, spouse present | 1,726 | 287 | 19.4 | 16.6 |
| Widowed, divorced, or separated | 589 | 94 | 6.3 | 16.0 |
| Single (never married) | 1,278 | 126 | 8.5 | 9.9 |
| Reason for unemployment: | | | | |
| Job losers | 4,016 | 1,125 | 75.9 | 28.0 |
| Job leavers | 848 | 136 | 9.2 | 16.0 |
| Reentrants | 1,877 | 168 | 11.3 | 9.0 |
| New entrants | 955 | 53 | 3.6 | 5.5 |

[1] Percent not shown where base is less than 75,000.

Senator PROXMIRE. The BLS in the press release noted that the unemployment rate for workers covered by State insurance programs has dropped quite a bit. Do you know how much this drop is due to people returning to work and how much to exhaustion of benefits?

Mr. SHISKIN. No, but we do have figures on the number claiming benefits under supplementary programs, and they are mentioned in our release. The number claiming regular State UI benefits, was 3.9, and, in addition, 3.7 million persons attained benefits under various programs.

Senator PROXMIRE. How large is the potential exhaustion over the last few months? There is no further evidence on that.

Mr. SHISKIN. I have no information on that. The Manpower Administration gets those figures out and, I believe Secretary Dunlop reported to the Congress on that recently. We will get something up and put it in the record.

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

REGULAR STATE UNEMPLOYMENT INSURANCE PROGRAM INITIAL CLAIMS, TOTAL CLAIMANTS AND EXHAUSTIONS AND SPECIAL BENEFIT PROGRAM CLAIMANTS, 1975 [1]

[In thousands]

| Month | Regular State unemployment insurance program (seasonally adjusted) | | | Special program claimants (not seasonally adjusted) [3] |
|---|---|---|---|---|
| | Initial claims | Insured unemployment | Average weekly exhaustions [2] | |
| January | 583 | 3,619 | 47 | 332 |
| February | 521 | 3,883 | 55 | 874 |
| March | 539 | 4,248 | 59 | 1,211 |
| April | 540 | 4,494 | 73 | 1,348 |
| May | 511 | 4,676 | 85 | 1,623 |
| June | 510 | 4,599 | [4] 97 | 2,039 |
| July | 440 | 4,120 | ---------- | 2,348 |
| August | 441 | 3,908 | ---------- | 2,547 |

[1] Does not include data on claimants under UCFE (unemployment compensation for Federal employees) and UCX (unemployment compensation for exservicemen) programs.
[2] Many persons exhausting benefits move into special extended benefit programs.
[3] Data on exhaustion of benefits from special program (extended benefits, Federal supplemental benefits, and special unemployment assistance) are not available.
[4] Preliminary.

Senator PROXMIRE. All right, sir. There is a rollcall, so I will just take a minute or 2 more. Yesterday, the Commerce Department reported capital spending by business with $113.5 billion for 1975, only 1 percent more than 1974. The latest report compares with an expected increase of 1.6 percent that was reported in March. Actual outlays were up 13 percent in 1974 and 1973. Actual outlays in the second quarter of 1975 were 1.8 percent lower than in previous quarters, no higher than the third quarter or the four quarters of this year.

Now, the Commerce report—the new 1975 figures are not adjusted for price changes. Since capital goods prices rose 14 percent in the four quarters ended in June 1975, compared with the previous four quarter period, this trend is expected to continue. There will be an 11 percent decline, a drop in real capital spending from 1974 to 1975. This, as you know, is what the economists call the accelerator in the economy.

It seems like we are taking our foot off the gas at a time that we are still in a recession, at east with heavy unemployment, so this is a very depressing report.

As an expert in cycle analysis, would you not agree that that is a serious problem?

Mr. SHISKIN. Yes, I do.

Senator PROXMIRE. What would be your reaction to that?

Mr. SHISKIN. Well, first of all, I agree with what you said. I think that is a very discouraging report. I would add, though, that if the recovery proceeds vigorously that many of the people who make those expenditures will change their minds.

Senator PROXMIRE. Well, they have a long way to go because many industries are operating well below 70 percent of capacity, 63, 68 percent.

Mr. SHISKIN. Well, what has usually happened during recoveries that investment has been quite high because it took place in new industrial areas. The industrial areas where there is a lot of excess capacity and those industries which may be declining are well known. Historically, there has been very vigorous capital expansion in recoveries because firms go into new industrial fields.

If this expansion follows the path of the others, many people who are now saying that they will not make expenditures will change their minds, and they will be making them in new and different places from the ones where excess capacity is very high.

Senator PROXMIRE. Well, Mr. Shiskin, thank you very much. You have been most helpful, and I am glad that you are going to take another hard look at what wholesale price report because that is something that just has to be changed.

Mr. SHISKIN. We have had numerous questions on how we are going to price housing in the revised CPI. Now, I want to say that we have not reached a decision. I also want to take this opportunity to distribute an issue paper that we have. I would like for the committee to have it and the staff and any reporters who want it.

Senator PROXMIRE. The issue paper will be printed in the record at this point.

[The paper follows:]

OWNER OCCUPIED HOUSING IN THE REVISED CPI: A REVIEW, AUGUST 29, 1975

During the past few years, the BLS staff has been engaged in a major review of the treatment of shelter costs for homeowners in the present CPI in an attempt to develop a better approach for use in the revised CPI. The appropriateness of alternative approaches has been discussed at length, both within and outside the Bureau of Labor Statistics. However, in these discussions the major points which must be considered in arriving at a decision have, at times, become blurred, largely because of the complexity of the subject matter. This paper attempts to bring these points into better focus in order to assist the process of deciding on the treatment of homeownership for the revised CPI.

*The concept*

The CPI is being revised on the basis of the proposition that the primary purpose of the index is to measure changes in prices in a cost-of-living framework. It is clear that the major practical uses of the CPI—contract negotiation, wage escalation, and analysis of the rate of "inflation"—view the index as a cost-of-living-oriented measure. Furthermore, this view is consistent with the Bureaus' official description of the CPI as a measure of "change in [the] cost of living, insofar as living costs are affected by price change." While many accept this as

the appropriate objective for the CPI, it must be recognized that there are other definitions for which a CPI could be constructed. For example, Peter Steiner's article in the Stigler Report discusses three measures which probably encompass most of the commonly held views of how the CPI should be defined.*

"The oldest axiom of index number construction is that the purpose of use governs the form of the index and therefore it is in principle possible to justify a variety of different procedures. It is not difficult to think of uses for which each of the following three sorts of measures might be useful:

1. An index of the prices of assets purchased (or contracted for) by members of the index population.
2. An index of the current outlays out of income made by members of the index population.
3. An index of the user (or opportunity) cost of consuming the services produced by the assets in question."

Steiner goes on to say that for many types of goods each of the 3 measures yields essentially the same result and, thus, specifying which concept is to be used is not critical. This is the case, for example, in the food area where purchases are frequent and durability is typically short. For other goods—clothing, for example, where durability is long but purchase rates are relatively constant—the differences in concept among the 3 measures become more important but, in practice, each tends to give similar results. For goods purchased infrequently and which are of long durability, the conceptual and empirical differences among the measures become critical. This is exactly the situation with respect to shelter costs of homeowners. Thus, it is essential from the outset to have agreement on the concept to be used for the CPI. Short of this understanding, it is virtually impossible to evaluate any of the proposed alternatives for the homeownership component of the CPI.

The user cost of consuming a fixed quantity and quality of goods and services—the third measurement approach presented by Steiner—alone appears to be consistent with the uses of the CPI. The proposition that the well being of consumers is a function of the flow of services from goods rather than the stocks of goods purchased in any period was adopted by the Stigler Committee in 1961, the Seever's Committee in 1973, underlies the treatment of shelter costs in the National Income and Product Accounts and is the view held by almost all countries that produce price statistics.

Of fifteen developed countries investigated, only one—Australia—includes expenditures on the capital value of the house in the base year expenditure weights. All other countries either exclude homeownership or attempt to measure the change in the cost of consumption.

*Current method*

With this as background, it is now appropriate to ask how the treatment of homeownership in the current CPI relates to a measure of the user cost of consuming a fixed quantity and quality of goods and services. The major components of homeownership costs in the current CPI are home purchase, mortgage interest, maintenance and repair costs, property taxes and insurance. These categories represent the major expenses consumers make for owned housing. However, the conceptual and operating definitions on which weights were derived to combine these elements produced a hybrid measure, which cannot be related to a single, unambiguous objective. For example, in the 1964 revision of the CPI it was decided to consider home purchase, as well as related financing costs, as "purchases for consumption." This definition was employed in deriving the weights for the index as well as in establishing the methods of pricing. As a result, weights for property taxes, insurance, and maintenance and repairs were obtained simply by taking the actual expenditures of *all* households in the base period. This treatment would seem to be appropriate to either an index of current outlays—measure 2—or an index of user costs of consumption—measure 3. The weights for home purchase and mortgage interest, on the other hand, represent expenditures of *only* those who purchased homes in the base period. Expenditures for those who purchased their homes in previous years were not included. In addition, the mortgage interest weight includes expenditures made not only in the base year but also those future interest expenses estimated to be paid over the life of the mortgage. The treatment of houses is clearly not consistent with a

*"Consumer Durables in an Index of Consumer Prices," Peter O. Steiner, National Bureau of Economic Research, 1961, *The Price Statistics of the Federal Government*, p. 305.

measure of user costs or even current outlays and seems to point in the direction of an index of asset prices. It is not clear, on the other hand, that the treatment of mortgage interest is even consistent with a measure of asset price. As a result the homeownership index is an ambiguous measure since it attempts to satify three different and incompatible objectives simultaneously.

*New methods*

The primary difficulty in implementing the flow of services concept is that the value of shelter services consumed by homeowners cannot be *directly* measured. However, it is possible to estimate the implicit costs which an owner-occupant incurs in the consumption of shelter services. It should be recognized, though, that this approach abstracts from transaction costs in the housing market—such as moving expenses—which can be important in the short run. We have been investigating two methods for valuing shelter services consumed by homeowners in the CPI: the user cost method and the rental equivalency method.

There does not appear to be a clear cut preference among the 15 countries for the particular method of measuring the cost of homeownership. Austria, France, Germany, Japan and the Netherlands use a rental equivalence approach. Canada, Norway, Sweden, the United Kingdom, Denmark, Ireland, Italy and Switzerland include at least some items of user costs and exclude the capital value of the home. One country, Belgium, excludes all shelter costs—rent and homeownership. As noted above, Australia includes the purchase value of the house in the base year weight.

*User cost method*

Under the user cost method, the value of shelter services is estimated by combining major cost elements which homeowners actually face in providing themselves with shelter. A complete user cost measure includes not only the familiar elements such as property taxes, insurance, and interest, but also elements which are sometimes overlooked as influencing shelter costs, such as the cost of invested capital, depreciation, appreciation and income tax deductibility. Additionally, the base period weights for the elements of user cost are based on the experience of *all* homeowners rather than only those who purchased houses.

Another major difference between a complete user cost approach and the approach used in the current index is that home purchase would no longer carry an explicit weight in the index. Nevertheless, under the user cost method, house prices would continue to play an important role in the behavior of homeownership costs in the CPI since they would be used in the derivation of the weights for debt, equity, depreciation, and appreciation as well as in estimating changes in these elements over time. For example, the amount of mortgage interest paid in the base period is influenced by the price of houses, i.e., the size of mortgages. In subsequent periods, the change in mortgage interest paid is estimated, in part, by changes in quality adjusted home prices.

The most attractive aspects of this approach are that it is constructed from data on houses which are actually owner occupied and it provides important and useful data on components of user cost.

The primary difficulty with this approach is that it requires data on several variables, some of which may be extremely hard to measure or define operationally. Individual houses change hands on average only once every several years. Thus, to calculate a monthly index, it is necessary to compare prices of different houses—this creates a serious quality adjustment problem. The source of house price data currently available for CPI purposes is data on FHA insured mortgages. These mortgages cover only a fraction of the total number of houses sold and the quality of the data on these limited transactions is suspect. Consequently, adoption of the user cost approach will require the BLS to institute a house price survey, for at least the existing portion of the housing market. The cost of such a survey, which must satisfy the stringent demands for accuracy and timeliness of the CPI program, may be prohibitive.

Perhaps the most serious difficulty with the user cost approach is that it is very sensitive to the treatment of several elements of the cost function. There are, for example, many different ways to treat appreciation in the user cost approach, none of which emerges as superior in principle but each of which produces a different estimate of the movements in shelter cost. Selecting an interest rate to use for the cost of invested capital also presents difficulties, as does the determination of the appropriate set of mortgage interest rates.

The inescapable conclusion is that the specification of a user cost function requires many largely arbitrary, though highly important, decisions. One suggested alternative to exclude some of the elements from the estimate of user cost. This presumably would obviate the need to make these difficult decisions and, to some extent, abstract from dealing with the more intangible aspect of homeownership costs. However, the basis for this suggestion cannot be that these elements do not belong in the user cost function, but rather must be that they are not important. If they are important, their exclusion may have a more significant impact than their inclusion, even if included in a way that can be considered arbitrary.

*Rental equivalence method*

The alternative method of estimating the value of shelter services for owner occupied housing in the CPI is to measure changes in the actual rents paid for housing units that have characteristics comparable to those occupied by owners. The estimate of base period rent paid by owner occupants for shelter would be derived from the 1972–73 Consumer Expenditure Survey and the 1970 Census of Population, which contain extensive data on housing. Monthly data would come from the revised CPI data base, which would be augmented to increase the number of units in the sample with characteristics similar to those occupied by owners. Preliminary work appears to indicate that it will be necessary to augment the revised rent sample by between 5 percent and 30 percent.

The major advantages of this approach are that it is simple, requiring estimation of only one variable, and it utilizes a collection procedure with which the BLS has extensive familiarity. The BLS has been collecting and processing rent data for many years and will have an operating system for measuring rent changes for the revised CPI in place in the near future.

The primary objection to the rental equivalency approach is that the characteristics of rental units and their occupants differ, on average, from units which are normally owner occupied. The objection impacts both the estimation of base period expenditure weights and the estimation of change over time in implicit rents. The fact that the *average* rental housing unit differs from the *average* owner occupied unit is not an insurmountable problem in estimating base period rents for owner occupied housing, since the population of each type is extremely large and covers a broad spectrum of housing unit characteristics. It should be possible to estimate the rent levels of owner occupied units on the basis of data from units which are renter occupied. With respect to estimation of rent change, BLS analysis of a wide range of rental unit characteristics has uncovered very few which can be considered as significant determinants of the pace at which rents move. Thus, if further investigations support this finding, it will be possible to use a small set of characteristics to design a stratified rental equivalency sample which provides a good estimate of the change in the implicit value of the flow of services of owner occupied housing.

Another objection is that the institution of rent controls would cause critical distortions in the rental equivalency index. However, the proposition underlying the rental equivalency method is that it produces an estimate of what an owned home would bring in the rental market. The imposition of controls in the rental market should be reflected in the rental equivalency measures as long as the controls pertain to units which are characteristic of owner occupied houses. This is a somewhat simple treatment of the problem, and it is easy enough to think of other price control situations which would produce significant conceptual and operational problems. More generally, however, very little research has been done on how an index of price change should be constructed when any price, such as a rent, is not market determined. The implications of rent controls—as well as price freezes in general and various forms of nonprice rationing programs—deserve much closer investigation, not only with regard to the construction of a rental equivalence index, but more generally with respect to the construction of the rent index or any other price index.

*Summary*

In summary, the current treatment of owner occupied housing in the CPI is not consistent with a measure of user cost. In fact, it is a mixture of approaches and employs expenditure weights that are extremely sensitive to rates of home purchase. As a result, a new approach must be developed which is consistent with the objective of the CPI. The cost function approach is an attractive alternative but it is very sensitive to the treatment of several key

components. One alternative would be to exclude some of these elements from the estimate of user cost. However, this can be done only on the basis that they are not important, which has not been demonstrated. In any event, it would be necessary to develop an acceptable measure of house prices, an area with which the BLS has virtually no operational or cost experience. The rental equivalence approach also has potential flaws, the most important of which is that the proposition that the rental value of owner occupied units can be estimated from renter occupied units may not be valid. However, it is simpler than the user cost alternative, and therefore easier to explain to index users, and requires fewer simplifying assumptions to implement. Further, a rental equivalence approach would build on the already large investment in the revised rent system.

Senator PROXMIRE. How will you price housing?

Mr. SHISKIN. Yes. Housing makes up about 20 percent of the CPI; it is very important. I am talking about the method of pricing housing in the revised CPI.

Also, I will be holding meetings with various BLS committees, and I would suggest to you that you consider holding a hearing of your subcommittee on this issue. The labor people feel very strongly about it. Business people feel strongly about it. It is a very complex and difficult issue, and that might be a very useful subject for your subcommittee.

Senator PROXMIRE. That is an excellent suggestion. We will certainly consider it. We will stand in adjournment.

[Whereupon, at 12:22 p.m., the committee adjourned, subject to the call of the Chair.]

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