EMPLOYMENT-UNEMPLOYMENT

HEARINGS

BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

NINETY-SEVENTH CONGRESS

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FEBRUARY 5, MARCH 5, APRIL 2, AND MAY 7, 1982

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SUBMISSIONS FOR THE RECORD

EMPLOYMENT-UNEMPLOYMENT

FRIDAY, FEBRUARY 5, 1982

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

The committee met, pursuant to notice, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Henry S. Reuss (chairman of the committee) presiding.

Present: Representative Reuss, Long, and Mitchell; and Senators Mattingly and Sarbanes.

Also present: James K. Galbraith, executive director; Louis C. Krauthoff II, assistant director; and Mary E. Eccles, Kent H. Hughes, William Keyes, Paul B. Manchester, and Mark R. Policinski, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE REUSS, CHAIRMAN

Representative REUSS. Good morning. The Joint Economic Committee will be in session for its hearing on the January unemployment situation.

Today's figures provide a grim and puzzling picture of the Nation's job conditions. The unemployment rate fell from 8.8 percent in December to 8.5 percent in January due to a drop in the size of the labor force. Employment continued to decline and job losses remain widespread. There is nothing to suggest that the severity of this recession is abating.

These problems were not, as the President tried to suggest in his state of the Union message, simply inherited from the previous administration. The 1980 recession was ending when President Reagan took office; employment was growing and unemployment was gradually declining.

Just as an unfortunate choice of economic policies caused the economy to slump in 1980, it is the policies of this administration, especially its stubborn adherence to tight money and high interest rates, that are to blame now.

There is no excuse to stand idly by waiting for the recession to go away. It's not too late to influence the economic recovery; indeed, the prompt adoption of an alternative program could save us from the high unemployment rates, the high interest rates, and the high deficits that otherwise lie ahead.

Such an alternative four-point program would include:

First, taxes. Tax cuts to provide additional economic stimulus now when it's needed. Let us accelerate the 10 percent tax reduction schedule for next July and make it retroactive to today. Then

to hold down future deficits and interest rates, defer the 10 percent tax cuts scheduled for July 1, 1983 when, if the administration is right, we will be in a period of noninflationary recovery. This first-lady-forward, second-lady-back tax adjustment would bring to bear stimulus when we need it and absence of stimulus when we don't need stimulus.

Second, spending. Resist further spending cuts below the levels enacted in fiscal year 1982 until the recovery is firmly established. Steps should be taken to alleviate the hardship of the recession by restoring cuts made last year in unemployment insurance. Programs to reduce excessive spending should be developed for the out-years with the military budget not exempt.

Third, money. The Federal Reserve should not tighten monetary policy any further in this recession year of 1982 if the administration story is to be believed. Unfortunately, the Federal Reserve has decided to do just that, to tighten money, to lower its target beyond the excruciating levels of last year which brought the recession about. With livable levels of interest rates, the recovery can begin and now sectors like autos, housing, small business, farming, and capital investment can start to come back.

Fourth and last, an incomes policy. While these changes in monetary and fiscal policy will be neutral with respect to inflation because the stimulus from speeding up the tax cut comes at a time of enormous slack, nevertheless, an incomes policy is needed to assure that inflation does not return and prevent us from sustaining a steady growth and high employment in the years ahead.

And I close with the comment I express frequently. I urge the President to turn his attention from hit squads, abortion, and prayers in the schools to issues that are devastating our country, like joblessness.

Senator Mattingly.

Opening Statement of Senator Mattingly

Senator Mattingly. I have just a brief statement, Mr. Chairman.

I think that there will always be good and bad news in Washington, D.C., and sometimes the good news has a hard time getting out, but I think the good news is that our Government has not stood still nor has it stood idly by; that the facts don't justify that this country in the last year has just stood in concrete but, rather, that Congress and the people of our country realize that they were tired of cycled high inflation, high interest rates, high unemployment and the peaks and the valleys we have had for several decades in our country. What they really wanted was permanent recovery and the planning that we had been using for so many years in our country had in fact not worked; that it had in fact given us these ups and downs of these cycles.

I think now that we do have the first phase of our program in place what we need to do is look forward to the second phase of the program, and I think the second phase of the program will be coming forth now in the budget, and I urge that the ideas that will come forth not only from this committee but from other Members of Congress be ones that will justify not negative cycnicism and total negative outlooks from members of committees, but ones that

show that we are trying to help the people of our country to make a recovery and to put people back into jobs, permanent jobs in our country, not Government jobs but private sector jobs.

And what will happen now—and I feel positive about it—is that there will be a permanent improvement in people's lives and I think that's what we will see in some policies. In some policies you see other things, but I think on the whole as I travel around the country that what we see is people wanting to let there be a chance for this new program, one that will restore permanence, and I would hope as the figures come forth today, as the figures come forth every month in Washington, that we would not either get overelated or dejected by those figures but, rather, that we see them as building blocks to go forth to improve the program we have put in place. And I don't mean by that tinkering with the tax program but, rather, improving the overtaxed and overregulated society that we have had that has been so beat up by big spending here in Washington, D.C.

If you would like to propose just that we accelerate the tax cut possibly to January 1, and not tinker with anything else, I might be happy with that, but otherwise I think everything can stay in place. The American people want to give it a chance and I think it's time that we listen to them. Thank you.

Representative REUSS. Thank you, Senator Mattingly.

Representative Mitchell.

OPENING STATEMENT OF REPRESENTATIVE MITCHELL

Representative MITCHELL. Thank you, Mr. Chairman.

My full statement on the unemployment situation will come a little later after we've reached 10 percent. The administration, of course, has a target for unemployment; if we reach a certain point, then you will psychologically break the backs of workers and they will be willing to work for less than the minimum wage, or perhaps even for slave wages. So when we reach the 10 percent figure, I will make a more full statement.

Meanwhile, for those who are unemployed, I want to acknowledge, with gratitude, some of the things the administration has done. Some of them have been given 5 pounds of cheese to give them sustenance while they stand in the unemployment line. When the 5 pounds of cheese is gone I understand, through a voluntary effort, a number of our fine ladies throughout the country will bake fudge and brownies and take those little goodies down to those who are unemployed. We are not going to let them starve.

But let me make a more full statement once we reach the objective of the 10-percent figure desired by the administration.

Representative REUSS. Congressman Long, do you have a statement?

Representative LONG. No, Mr. Chairman.

Representative REUSS. Commissioner Norwood, we are always delighted to have you and your associates here. Would you now proceed to give us the statistical result for January and your interpretation of those statistics?

STATEMENT OF HON. JANET L. NORWOOD, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY THOMAS J. PLEWES, ASSISTANT COMMISSIONER, OFFICE OF EMPLOYMENT STRUCTURE AND TRENDS; AND W. JOHN LAYNG, ASSOCIATE COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS

Ms. NORWOOD. Thank you, Mr. Chairman. I would like to introduce Thomas Plewes, who is our Assistant Commissioner in charge of unemployment statistics on my right; and John Layng, who is our Associate Commissioner for Prices and Living Conditions.

I'm glad to be here this morning to try to provide you with a few brief comments on the press release we released this morning on the employment situation.

The statistics for January released by the Bureau of Labor Statistics today show continued employment declines, a reduction in the labor force, and a drop in the unemployment rate. Following several months of very sharp increases in unemployment, which say the Nation's unemployment rate surged from 7.2 percent in July to 8.8 percent in December, as revised, the overall jobless rate was 8.5 percent in January. The drop in unemployment was accompanied by a decline in the labor force of 300,000. There was no corresponding pickup in employment. In fact, nonagricultural employment, as measured in both the household and establishment surveys, fell by 235,000.

As in December, the employment loss was widespread throughout the goods-producing sector. Substantial job losses occurred in most durable goods industries in manufacturing, and in several nondurable industries. Construction employment also declined. The bad January weather during the survey week probably caused much of the loss in construction jobs and may have contributed to other job losses.

Although the number of Government jobs was down over the month, there was some increase in employment in the service producing sector. Employers in retail trade did not reduce their payrolls as much as they typically do in January because they had not hired as many workers as usual in December for the Christmas rush. Thus, after seasonal adjustment, employment in retail trade rose about 175,000 over the month. Employment in the services industry, which is generally much less affected by recession than other industries, failed to show growth for the second month in a row.

These employment developments do not seem entirely consistent with the drop in unemployment. The decline in the jobless rate for adult men was substantial—from 7.9 percent to 7.5 percent—but durable manufacturing industries, which have a high proportion of male workers, showed considerable job losses in January. However, the drop in the unemployment rate was associated with a sharp decline in the number of men in the labor force. Their participation rate was down half a percent point over the month. We do not have sufficient information to determine whether the drop in labor force activity resulted from discouragement caused by the recession, was merely a temporary phenomenon caused by January's bad weather, or resulted from other factors.

The extremely bad weather conditions which prevailed during the survey reference week in January, including some of the most frigid temperatures ever experienced by the eastern two-thirds of the United States, clearly had a major effect on the length of the workweek in virtually all industries. Overall, the workweek declined by eight-tenths of an hour, the largest over-the-month decline ever recorded. In addition to an exceptionally large drop in the construction workweek, the factory workweek declined 2.1 hours in January; declines were pervasive among both durable and nondurable goods industries. The most extreme effect was in the textile and apparel industries where the average workweek was down 7.5 and 5.2 hours, respectively. Some of the decline in factory hours may be due to the continued impact of the recession, but evidence suggests that the major impact in January in hours resulted from weather conditions.

In summary, the January data are more difficult than usual to interpret. As you know, in analyzing monthly labor market developments, seasonally adjusted data are used so that purely seasonal changes which usually occur in a particular month can be discounted. January, for example, is a month in which we expect a substantial increase in unemployment as employers in the service sector pare down their payrolls after the holiday season, and the goods producing sector, especially construction, is affected by winter weather. This January—as expected—the number of unemployed persons rose sharply, but the increase was somewhat less than the typical January pattern. This may be due, at least in part, to the already high unemployment levels in those industries which typically contribute to the January unemployment increase. As a result, both the seasonally adjusted level of unemployment and the jobless rate declined.

While it is not possible to disentangle the extent to which the over-the-month changes were due to the business cycle or to the weather, the widespread nature of the nonfarm employment declines suggests that no real improvement in the labor market situation occurred in January.

Mr. Chairman, I have included at the end of my statement a short review of the revisions that were made in the employment situation data. I'd like to remind the committee that we have made changes to take account of the population counts projected from the 1980 census. This adjustment has raised the civilian labor force total by about 2.3 million in 1981. However, unemployent rates are essentially unaffected by this adjustment.

I might point out that there are some 30,000 series that are being revised and that this involves work on something like 3 million cells.

I might also point out that this is an unbudgeted activity since we can never have advance notice of the need for this and these are the kinds of things that are necessary to maintain high quality statistics that become increasingly difficult under the terms of the continuing resolution under which we are operating.

I would also like to call your attention to a change that we are making in the release in table A-2. Because of improved procedures following the 1980 census, we have changed that table to include data for the black population now separated from the other

races. We have revised this table to present that information and for purposes of continuity we have included in table A-9 information on black and other races, which was the way in which it used to be presented.

January figures also, of course, reflect changes in seasonal factors which we do every year at this time. The unemployment rate remained fairly stable through the first half of 1981 and then rose during the second half of the year. Those seasonal revisions really confirmed in general the patterns that were originally published.

We would be glad to try to answer any questions you may have.

[The table attached to Ms. Norwood's statement, together with the press release referred to, follows:]

UNEMPLOYMENT RATES BY ALTERNATIVE SEASONAL ADJUSTMENT METHODS

Month and year	Unadjusted rate	X-11 ARIMA method					X-11 method (former official method)	Range (cols. 2-7)
		Official	Concurrent	Stable	Total	Residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1981								
January	8.2	7.4	7.4	7.4	7.4	7.5	7.4	0.1
February	8.0	7.4	7.4	7.2	7.4	7.4	7.4	.2
March	7.7	7.3	7.3	7.3	7.3	7.5	7.3	.2
April	7.0	7.3	7.3	7.2	7.3	7.3	7.3	.1
May	7.1	7.5	7.5	7.8	7.7	7.5	7.6	.3
June	7.7	7.4	7.4	7.3	7.3	7.3	7.4	.1
July	7.3	7.2	7.2	7.2	7.2	7.2	7.1	.1
August	7.2	7.3	7.3	7.3	7.3	7.3	7.3	.....
September	7.3	7.6	7.6	7.6	7.6	7.6	7.6	.1
October	7.5	8.0	8.0	8.1	7.9	7.9	8.0	.2
November	7.9	8.3	8.3	8.3	8.3	8.3	8.4	.1
December	8.3	8.8	8.8	8.8	8.8	8.6	8.8	.2
1982								
January	9.4	8.5	8.6	8.5	8.6	8.7	8.6	.2

Explanation of column heads:

(1) Unadjusted rate.—Unemployment rate not seasonally adjusted.

(2) Official rate (X-11 ARIMA method).—The published seasonal adjusted rate. Each of the 3 major labor force components—agricultural employment, nonagricultural employment and unemployment—for 4 age-sex groups—males and females, ages 16-19 and 20 years and over—are seasonally adjusted independently using data from January 1967 forward. The data series for each of these 12 components are extended by a year at each end of the original series using ARIMA (Auto-Regressive, Integrated, Moving Average) models chosen specifically for each series. Each extended series is then seasonally adjusted with the X-11 portion of the X-11 ARIMA program. The 4 teenage unemployment and nonagricultural employment components are adjusted with the additive adjustment model, while the other components are adjusted with the multiplicative model. A prior adjustment for trend is applied to the extended series for adult male unemployment before seasonal adjustment. The unemployment rate is computed by summing the 4 seasonally adjusted unemployment components and calculating that total as a percent of the civilian labor force total derived by summing all 12 seasonally adjusted components. All the seasonally adjusted series are revised at the end of each year. Extrapolated factors for January-June are computed at the beginning of each year; extrapolated factors for July-December are computed in the middle of the year after the June data become available. Each set of 6-month factors are published in advance, in the January and July issues, respectively, of Employment and Earnings.

(3) Concurrent (X-11 ARIMA method).—The procedure for computation of the official rate using the 12 components is followed except that extrapolated factors are not used at all. Each component is seasonally adjusted with the X-11 ARIMA program each month as the most recent data become available. Rates for each month of the current year are shown as first computed; they are revised only once each year, at the end of the year when data for the full year become available. For example, the rate for January 1980 would be based, during 1980, on the adjustment of data from the period January 1967 through January 1980.

(4) Stable (X-11 ARIMA method).—Each of the 12 labor force components is extended using ARIMA models as in the official procedure and then run through the X-11 part of the program using the stable option. This option assumes that seasonal patterns are basically constant from year-to-year and computes final seasonal factors as unweighted averages of all the seasonal-irregular components for each month across the entire span of the period adjusted. As in the official procedure, factors are extrapolated in 6-month intervals and the series are revised at the end of each year. The procedure for computation of the rate from the seasonally adjusted components is also identical to the official procedure.

(5) Total (X-11 ARIMA method).—This is one alternative aggregation procedure, in which total unemployment and labor force levels are extended with ARIMA models and directly adjusted with multiplicative adjustment models in the X-11 part of the program. The rate is computed by taking seasonally adjusted total unemployment as a percent of seasonally adjusted total civilian labor force. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(6) Residual (X-11 ARIMA method).—This is another alternative aggregation method, in which total employment and civilian labor force levels are extended using ARIMA models and then directly adjusted with multiplicative adjustment models. The seasonally adjusted unemployment level is derived by subtracting seasonally adjusted employment from seasonally adjusted labor force. The rate is then computed by taking the derived unemployment level as a percent of the labor force level. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(7) X-11 method (former official method).—The procedure for computation of the official rate is used except that the series are not extended with ARIMA models and the factors are projected in 12-month intervals. The standard X-11 program is used to perform the seasonal adjustment.

Methods of Adjustment.—The X-11 ARIMA method was developed at Statistics Canada by the Seasonal Adjustment and Times Series Staff under the direction of Estela Bee Dagum. The method is described in "The X-11 ARIMA Seasonal Adjustment Method," by Estela Bee Dagum, Statistics Canada Catalogue No. 12-564E, February 1980.

The standard X-11 method is described in "X-11 Variant of the Census Method II Seasonal Adjustment Program," by Julius Shiskin, Alan Young and John Musgrave (Technical Paper No. 15, Bureau of the Census, 1967).

Source: U.S. Department of Labor, Bureau of Labor Statistics, February 1982.

News

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THE EMPLOYMENT SITUATION: JANUARY 1982

Employment in nonagricultural industries declined in January, and the number of persons unemployed also declined, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The overall unemployment rate was 8.5 percent in January; between July and December, it had risen steadily from 7.2 to 8.8 percent (as revised).

Total employment--as derived from the monthly survey of households--was about unchanged in January at 99.6 million, but there was a decrease in nonagricultural employment. Since July, total employment was down by about 1.3 million. Nonfarm payroll employment--as derived from the monthly survey of establishments--dropped by 235,000 in January. This series was down by 1.0 million since July.

Unemployment

The number of unemployed persons rose less than it usually does from December to January, and, as a result, the seasonally adjusted level fell by 270,000 to 9.3 million. This was 200,000 above the November level and 1.5 million higher than last July. The January unemployment decline coincided with a decrease in the labor force. The Nation's unemployment rate declined by 0.3 percentage point to 8.5 percent, after having risen a half point in December; the jobless rate was still 1.3 percentage points higher than last July. (See table A-1.)

Most of the January decline in joblessness took place among adult men, who have been hit particularly hard in the last few months. Their unemployment rate dropped 0.4 percentage point to 7.5 percent, after rising 0.8 point in the prior month. Unemployment rates for adult women (7.2 percent) and teenagers (21.7 percent) were little changed over the month, while rates for white (7.5 percent) and black workers (16.8 percent) were down marginally. The rate for Hispanics (12.0 percent) increased over the month. (See tables A-1 and A-2.) Unemployment among all workers remained substantially higher than last summer.

A sizeable decline took place in January in the number of unemployed who were on layoff. There also were reductions in the number of unemployed persons who left their last job and those who had reentered the labor force. (See table A-7.)

This release incorporates the introduction of 1980 census population data into the estimation procedures used in the Current Population Survey as well as annual revisions in seasonally adjusted unemployment and other labor force series. As a result, all previously published data back to 1970 are subject to revision. The 1981 overall rates as originally published and as revised, plus additional information on the revisions, appear on page 4. In addition, table A-2 has been revised to include data for black workers (instead of black and other workers) and Hispanics; table A-9 now presents data for black and other workers.

The over-the-month drop in unemployment was concentrated among the short-term jobless (less than 5 weeks), whose number dropped to the November level of 3.9 million. Accordingly, both the mean and median duration measures rose over the month. Nonetheless, two-fifths of all unemployed persons in January were newly unemployed. (See table A-6.)

Total Employment and the Labor Force

Total employment was about unchanged in January at 99.6 million, seasonally adjusted, following a drop of more than half a million in December. There was, however, a continued decline in nonagricultural employment. Since July, the total number of jobholders has fallen by 1.3 million. The employment-population ratio continued to recede, as employment in January did not keep pace with normal population growth. (See table A-1.)

The civilian labor force decreased by 300,000 in January to 108.9 million. Men accounted for virtually all of this decline. On an over-the-year basis, labor force growth was unusually low--1.1 million.

Table A. Major indicators of labor market activity, seasonally adjusted

Category	Quarterly averages			Monthly data			Dec. - Jan. change
	1980	1981		1981			
	IV	III	IV	Nov.	Dec.	Jan.	
HOUSEHOLD DATA	Thousands of persons						
Civilian labor force	107,523	108,667	109,156	109,272	109,184	108,879	-305
Total employment	99,498	100,654	100,043	100,172	99,613	99,581	-32
Unemployment	8,025	8,013	9,113	9,100	9,571	9,298	-273
Not in labor force	61,171	61,746	61,834	61,724	61,982	62,456	474
Discouraged workers	1,063	1,094	1,199	N.A.	N.A.	N.A.	N.A.
	Percent of labor force						
Unemployment rates:							
All workers	7.5	7.4	8.3	8.3	8.8	8.5	-0.3
Adult men	6.3	6.0	7.2	7.1	7.9	7.5	-0.4
Adult women	6.7	6.7	7.2	7.2	7.4	7.2	-0.2
Teenagers	18.2	19.1	21.1	21.4	21.5	21.7	0.2
White	6.6	6.4	7.3	7.4	7.7	7.5	-0.2
Black	15.1	15.8	17.0	16.8	17.3	16.8	-0.5
Hispanic origin	10.1	9.8	11.1	11.5	11.0	12.0	1.0
Full-time workers	7.3	7.0	8.1	8.1	8.7	8.4	-0.3
ESTABLISHMENT DATA	Thousands of jobs						
Nonfarm payroll employment	90,820	91,938	91,483p	91,522	91,096p	90,859p	-237p
Goods-producing industries	25,594	25,933	25,399p	25,418	25,117p	24,761p	-356p
Service-producing industries	65,227	66,005	66,084p	66,104	65,979p	66,098p	119p
	Hours of work						
Average weekly hours:							
Total private nonfarm	35.3	35.1	35.0p	35.0	34.9p	34.1p	-0.8p
Manufacturing	39.8	39.8	39.3p	39.3	39.0p	36.9p	-2.1p
Manufacturing overtime	2.9	2.9	2.5p	2.5	2.4p	2.2p	-0.2p

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

NOTE: 1980-81 household data have been revised. See note on page 4.

Industry Payroll Employment

Total nonagricultural payroll employment declined by 235,000 in January to 90.9 million, seasonally adjusted. The payroll job count has fallen continuously since September, with job cutbacks totaling 1.2 million over this period. As in the earlier months, job losses were widespread; over-the-month employment gains occurred in only about one-third of the 172 industries comprising the diffusion index of nonagricultural payroll employment. (See tables B-1 and B-6.)

The largest over-the-month decline occurred in manufacturing, where employment fell by 215,000. Most of this drop took place in the durable goods sector, with reductions taking place in every industry. There were particularly large cutbacks in transportation equipment, machinery, and fabricated metals. Since July, job losses in durable goods have totaled three-quarters of a million. Within nondurable goods, both the textile and apparel industries registered sizeable declines, sustaining trends evident over the last several months.

Employment in construction continued to decline in January, but the over-the-month drop of 140,000 was much greater than in recent months. Much of the January reduction can be attributed to the extreme cold and severe winter storms which existed over the eastern two-thirds of the country during the survey week, causing temporary halts in construction activities.

Among the service-producing industries, retail trade posted a substantial gain (175,000, after seasonal adjustment) in January, as the normally expected reductions in sales staffs did not take place due to the comparatively light pre-Christmas hiring. Employment in services was about unchanged for the second month in a row. Government employment was down 35,000 over the month.

Hours of Work

The average workweek of production or nonsupervisory workers on private nonagricultural payrolls dropped by a record eight-tenths of an hour to 34.1 hours in January, the result of extremely severe weather conditions that reduced the length of the workweek in virtually every industry. The effect of the weather, combined with an already weakened economy, placed total private hours at an all-time low in January. The workweek in construction was down 3.6 hours (not seasonally adjusted) in January. Manufacturing hours dropped 2.1 hours to 36.9 hours. Factory overtime also declined, falling 0.2 hour to 2.2 hours. Hours reductions were especially marked in the textile and apparel industries. (See table B-2.)

Reflecting both the reduction in employment and the markedly shortened workweek, the index of aggregate weekly hours of production or nonsupervisory workers on private nonfarm payrolls was down by 2.7 percent in January to 103.9 (1977=100), while the factory index dropped sharply to 86.6, a reduction of 6.5 percent. The decline in the overall index has been continuous since July, with a drop of 5.0 percent during this period. The factory index fell by 13.8 percent over the same time span. (See table B-5.)

Hourly and Weekly Earnings

Average hourly earnings rose 0.8 percent in January, but average weekly earnings declined 1.5 percent (seasonally adjusted), because of the cutback in hours. Before adjustment for seasonality, average hourly earnings were up 9 cents to $7.53 and have risen a half dollar over the year. Weekly earnings, at $253.76, declined $8.13 over the month but were up $7.01 over the year. (See table B-3.)

The Hourly Earnings Index

The Hourly Earnings Index (HEI) was 144.8 (1977=100) in January, seasonally adjusted, 1.0 percent higher than in December. For the 12 months ended in January, the increase (before seasonal adjustment) was 8.2 percent. The HEI excludes the effects of two types of changes unrelated to underlying wage rate movements--fluctuations in overtime in manufacturing and interindustry employment shifts. In dollars of constant purchasing power, the HEI decreased 0.6 percent during the 12-month period ended in December. (See table B-4.)

Revisions in the Household Survey Data

Introduction of 1980 census population controls. Effective with the release of data for January 1982, population controls based on the 1980 Decennial Census are being introduced into the estimation procedures used in the Current Population Survey (household survey). Data for 1981 have been revised based on 1980 census population counts. This adjustment raised the 1981 annual average levels of the civilian noninstitutional population by 3.7 million, the civilian labor force by 2.3 million, and total employment by 2.1 million over the 1970 census-based figures. Changes in unemployment levels were relatively small, and unemployment rates, both overall and for individual groups, were not significantly affected.

Because the magnitude of the revisions affected the historical comparability and continuity of labor force series, differences between 1970 and 1980 census-based estimates for 1981 have been wedged back to 1970. Table B presents 1981 annual average data for selected series on both the 1970 and 1980 bases. A detailed discussion of the methodology used to adjust the CPS to 1980 census population controls and revised 1970-81 annual average estimates for major labor force series will appear in the February 1982 issue of Employment and Earnings. Revised 1981 annual averages for more detailed series will be published in the March 1982 issue.

Revision of seasonally adjusted data. At the end of each calendar year, the BLS routinely revises the seasonally adjusted labor force series derived from the Current Population Survey to incorporate the experience of that year. As a result of the recalculation of seasonal factors, seasonally adjusted data for the most recent 5 years are subject to revision. This year, however, as a result of the revisions to the 1970-81 estimates based on 1980 census population counts, seasonally adjusted series have been revised back to 1970.

The table below contains the seasonally adjusted overall unemployment rates for the past 12 months as originally published and as revised. Previously published rates were altered by 0.1 percentage point in 7 months of the year, 0.2 percentage point in 1 month, and were unchanged in the other 4 months. The 1981 annual average rate (7.6 percent), which, like all other annual averages, is calculated using unadjusted data, is of course not affected by seasonal adjustment revisions. Table C presents seasonally adjusted data for major worker groups covering the period January 1981 through January 1982.

New seasonal adjustment factors to be used to calculate the overall unemployment rate for January-June 1982, a description of the current seasonal adjustment methodology, and revised data for the entire 1970-81 revision period for some 365 series will also be published in the February 1982 issue of Employment and Earnings. Historical data (monthly and quarterly) from the time of the inception of the various series may be obtained from the Bureau upon request. (Contact John Stinson, 202-523-1944.)

Seasonally adjusted unemployment rates in 1981

Month	As previously published	As revised
January	7.4	7.4
February	7.3	7.4
March	7.3	7.3
April	7.3	7.3
May	7.6	7.5
June	7.3	7.4
July	7.0	7.2
August	7.2	7.3
September	7.5	7.6
October	8.0	8.0
November	8.4	8.3
December	8.9	8.8

Explanatory Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics Survey (establishment survey). The household survey provides the information on the labor force, total employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 households that is conducted by the Bureau of the Census with most of the findings analyzed and published by the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonagricultural payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with State agencies. The sample includes approximately 166,000 establishments employing about 35 million people.

For both surveys, the data for a given month are actually collected for and relate to a particular week. In the household survey, unless otherwise indicated, it is the calendar week that contains the 12th day of the month, which is called the survey week. In the establishment survey, the reference week is the pay period including the 12th, which may or may not correspond directly to the calendar week.

The data in this release are affected by a number of technical factors, including definitions, survey differences, seasonal adjustments, and the inevitable variance in results between a survey of a sample and a census of the entire population. Each of these factors is explained below.

Coverage, definitions and differences between surveys

The sample households in the household survey are selected so as to reflect the entire civilian noninstitutional population 16 years of age and older. Each person in a household is classified as employed, unemployed, or not in the labor force. Those who hold more than one job are classified according to the job at which they worked the most hours.

People are classified as *employed* if they did any work at all as paid civilians; worked in their own business or profession or on their own farm; or worked 15 hours or more in an enterprise operated by a member of their family, whether they were paid or not. People are also counted as employed if they were on unpaid leave because of illness, bad weather, disputes between labor and management, or personal reasons.

People are classified as *unemployed,* regardless of their eligibility for unemployment benefits or public assistance, if they meet all of the following criteria: They had no employment during the survey week; they were available for work at that time; and they made specific efforts to find employment sometime during the prior 4 weeks. Also included among the unemployed are persons not looking for work because they were laid off and waiting to be recalled and those expecting to report to a job within 30 days.

The *civilian labor force* equals the sum of the number employed and the number unemployed. The *unemployment rate* is the percentage of unemployed people in the civilian labor force. Table A-4 presents a special grouping of seven measures of unemployment based on varying definitions of unemployment and the labor force. The definitions are provided in the table. The most restrictive definition yields U-1, and the most comprehensive yields U-7. The official unemployment rate is U-5.

Unlike the household survey, the establishment survey only counts wage and salary employees whose names appear on the payroll records of nonagricultural firms. As a result, there are many differences between the two surveys, among which are the following:

----The household survey, although based on a smaller sample, reflects a larger segment of the population; the establishment survey excludes agriculture, the self-employed, unpaid family workers, and private household workers;

----The household survey includes people on unpaid leave among the employed; the establishment survey does not;

----The household survey is limited to those 16 years of age and older; the establishment survey is not limited by age;

----The household survey has no duplication of individuals, because each individual is counted only once; in the establishment survey, employees working at more than one job or otherwise appearing on more than one payroll would be counted separately for each appearance.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from the BLS upon request.

Seasonal adjustment

Over a course of a year, the size of the Nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. For example, the labor force increases by a large number each June, when schools close and many young people enter the job market. The effect of such seasonal variation can be very large; over the course of a year, for example, seasonality may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or

increases in the participation of women in the labor force, easier to spot. To return to the school's-out example, the large number of people entering the labor force each June is likely to obscure any other changes that have taken place since May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

Measures of civilian labor force, employment, and unemployment contain components such as age and sex. Statistics for all employees, production workers, average weekly hours, and average hourly earnings include components based on the employer's industry. All these statistics can be seasonally adjusted either by adjusting the total or by adjusting each of the components and combining them. The second procedure usually yields more accurate information and is therefore followed by BLS. For example, the seasonally adjusted figure for the civilian labor force is the sum of eight seasonally adjusted employment components and four seasonally adjusted unemployment components; the total for unemployment is the sum of the four unemployment components; and the official unemployment rate is derived by dividing the resulting estimate of total unemployment by the estimate of the civilian labor force.

The numerical factors used to make the seasonal adjustments are recalculated regularly. For the household survey, the factors are calculated for the January-June period and again for the July-December period. The January revision is applied to data that have been published over the previous 5 years. For the establishment survey, updated factors for seasonal adjustment are calculated only once a year, along with the introduction of new benchmarks which are discussed at the end of the next section.

Sampling variability

Statistics based on the household and establishment surveys are subject to sampling error, that is, the estimate of the number of people employed and the other estimates drawn from these surveys probably differ from the figures that would be obtained from a complete census, even if the same questionnaires and procedures were used. In the household survey, the amount of the differences can be expressed in terms of standard errors. The numerical value of a standard error depends upon the size of the sample, the results of the survey, and other factors. However, the numerical value is always such that the chances are 68 out of 100 that an estimate based on the sample will differ by no more than the standard error from the results of a complete census. The chances are 90 out of 100 that an estimate based on the sample will differ by no more than 1.6 times the standard error from the results of a complete census. At the 90-percent level of confidence--the confidence limits used by BLS in its analyses--the error for the monthly change in total employment is on the order of plus or minus 279,000; for total unemployment it is 194,000; and, for the overall unemployment rate, it is 0.19 percentage point. These figures do not mean that the sample results are off by these magnitudes but, rather, that the chances are 90 out of 100 that the "true" level or rate would not be expected to differ from the estimates by more than these amounts.

Sampling errors for monthly surveys are reduced when the data are cumulated for several months, such as quarterly or annually. Also, as a general rule, the smaller the estimate, the larger the sampling error. Therefore, relatively speaking, the estimate of the size of the labor force is subject to less error than is the estimate of the number unemployed. And, among the unemployed, the sampling error for the jobless rate of adult men, for example, is much smaller than is the error for the jobless rate of teenagers. Specifically, the error on monthly change in the jobless rate for men is .24 percentage point; for teenagers, it is 1.06 percentage points.

In the establishment survey, estimates for the 2 most current months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. When all the returns in the sample have been received, the estimates are revised. In other words, data for the month of September are published in preliminary form in October and November and in final form in December. To remove errors that build up over time, a comprehensive count of the employed is conducted each year. The results of this survey are used to establish new benchmarks—comprehensive counts of employment—against which month-to-month changes can be measured. The new benchmarks also incorporate changes in the classification of industries and allow for the formation of new establishments.

Additional statistics and other information

In order to provide a broad view of the Nation's employment situation, BLS regularly publishes a wide variety of data in this news release. More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $3.75 per issue or $31.00 per year from the U.S. Government Printing Office, Washington, D.C. 20204. A check or money order made out to the Superintendent of Documents must accompany all orders.

Employment and Earnings also provides approximations of the standard errors for the household survey data published in this release. For unemployment and other labor force categories, the standard errors appear in tables B through J of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables M, P, Q, and R of that publication.

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Table A-1. Employment status of the population by sex and age

(Numbers in thousands)

Employment, status, sex, and age	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1981	Dec. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
TOTAL									
Total noninstitutional population[1]	171,229	173,330	173,495	171,229	172,758	172,966	173,155	173,330	173,495
Armed Forces[1]	2,125	2,164	2,159	2,125	2,165	2,158	2,158	2,164	2,159
Civilian noninstitutional population[1]	169,104	171,166	171,335	169,104	170,593	170,809	170,996	171,166	171,335
Civilian labor force	106,885	108,574	108,014	107,923	108,494	109,012	109,272	109,184	108,879
Participation rate	63.2	63.4	63.0	63.8	63.6	63.8	63.9	63.8	63.5
Employed	98,139	99,562	97,831	99,901	100,258	100,343	100,172	99,613	99,581
Employment-population ratio[2]	57.3	57.4	56.4	58.3	58.0	58.0	57.9	57.5	57.4
Agriculture	2,908	2,870	2,883	3,445	3,358	3,378	3,372	3,209	3,411
Nonagricultural industries	95,232	96,691	94,948	96,456	96,900	96,965	96,800	96,404	96,170
Unemployed	8,746	9,013	10,183	8,022	8,236	8,669	9,100	9,571	9,298
Unemployment rate	8.2	8.3	9.4	7.4	7.6	8.0	8.3	8.8	8.5
Not in labor force	62,218	62,592	63,321	61,181	62,099	61,797	61,724	61,982	62,456
Men, 16 years and over									
Total noninstitutional population[1]	81,983	82,978	83,054	81,983	82,707	82,807	82,895	82,978	83,054
Armed Forces[1]	1,954	1,980	1,975	1,954	1,983	1,976	1,974	1,980	1,975
Civilian noninstitutional population[1]	80,029	80,999	81,079	80,029	80,724	80,831	80,921	80,999	81,079
Civilian labor force	61,085	61,617	61,417	61,779	61,977	62,064	62,184	62,303	61,966
Participation rate	76.3	76.1	75.8	77.2	76.8	76.8	76.8	76.9	76.4
Employed	55,993	56,272	55,300	57,323	57,471	57,266	57,051	56,725	56,629
Employment-population ratio[2]	68.3	67.8	66.6	69.9	69.5	69.2	68.8	68.4	68.2
Unemployed	5,092	5,346	6,117	4,456	4,506	4,798	5,133	5,578	5,338
Unemployment rate	8.3	8.7	10.0	7.2	7.3	7.7	8.3	9.0	8.6
Men, 20 years and over									
Total noninstitutional population[1]	73,511	74,714	74,810	73,511	74,382	74,502	74,610	74,714	74,810
Armed Forces[1]	1,660	1,694	1,690	1,660	1,713	1,707	1,689	1,694	1,690
Civilian noninstitutional population[1]	71,850	73,020	73,120	71,850	72,670	72,795	72,921	73,020	73,120
Civilian labor force	56,533	57,305	57,226	56,803	57,262	57,355	57,459	57,665	57,368
Participation rate	78.7	78.5	78.3	79.1	78.8	78.8	78.8	79.0	78.5
Employed	52,467	52,962	52,162	53,342	53,693	53,504	53,354	53,122	53,047
Employment-population ratio[2]	71.4	70.9	69.7	72.6	72.2	71.8	71.5	71.1	70.9
Agriculture	2,180	2,194	2,163	2,409	2,383	2,413	2,382	2,311	2,390
Nonagricultural industries	50,288	50,768	49,998	50,933	51,310	51,091	50,972	50,811	50,657
Unemployed	4,066	4,343	5,065	3,461	3,569	3,851	4,105	4,543	4,322
Unemployment rate	7.2	7.6	8.9	6.1	6.2	6.7	7.1	7.9	7.5
Women, 16 years and over									
Total noninstitutional population[1]	89,245	90,352	90,441	89,245	90,051	90,159	90,259	90,352	90,441
Armed Forces[1]	171	185	184	171	182	181	184	185	184
Civilian noninstitutional population[1]	89,074	90,167	90,256	89,074	89,869	89,978	90,075	90,167	90,256
Civilian labor force	45,800	46,957	46,597	46,144	46,517	46,948	47,088	46,881	46,913
Participation rate	51.4	52.1	51.6	51.8	51.8	52.2	52.3	52.0	52.0
Employed	42,146	43,290	42,531	42,578	42,787	43,077	43,121	42,880	42,952
Employment-population ratio[2]	47.2	47.9	47.0	47.7	47.5	47.8	47.8	47.5	47.5
Unemployed	3,654	3,667	4,066	3,566	3,730	3,871	3,967	3,993	3,960
Unemployment rate	8.0	7.8	8.7	7.7	8.0	8.2	8.4	8.5	8.4
Women, 20 years and over									
Total noninstitutional population[1]	80,997	82,306	82,415	80,997	81,946	82,074	82,193	82,306	82,415
Armed Forces[1]	161	156	155	161	154	154	155	156	155
Civilian noninstitutional population[1]	80,856	82,151	82,260	80,856	81,792	81,920	82,038	82,151	82,260
Civilian labor force	41,811	43,087	42,873	41,833	42,344	42,831	42,987	42,888	42,868
Participation rate	51.7	52.4	52.1	51.7	51.8	52.3	52.4	52.2	52.1
Employed	38,862	40,096	39,603	39,029	39,426	39,814	39,878	39,713	39,764
Employment-population ratio[2]	48.0	48.7	48.1	48.2	48.1	48.5	48.5	48.3	48.2
Agriculture	472	462	489	626	608	596	635	572	649
Nonagricultural industries	38,390	39,634	39,115	38,403	38,818	39,218	39,243	39,141	39,115
Unemployed	2,950	2,991	3,269	2,804	2,918	3,017	3,109	3,175	3,104
Unemployment rate	7.1	6.9	7.6	6.7	6.9	7.0	7.2	7.4	7.2
Both sexes, 16-19 years									
Total noninstitutional population[1]	16,721	16,310	16,269	16,721	16,429	16,390	16,351	16,310	16,269
Armed Forces[1]	324	315	314	324	298	297	316	315	314
Civilian noninstitutional population[1]	16,397	15,995	15,955	16,397	16,131	16,093	16,037	15,995	15,955
Civilian labor force	8,541	8,182	7,915	9,287	8,888	8,826	8,826	8,631	8,643
Participation rate	52.1	51.2	49.6	56.6	55.1	54.8	55.0	54.0	54.2
Employed	6,811	6,503	6,066	7,530	7,139	7,025	6,940	6,778	6,771
Employment-population ratio[2]	40.7	39.9	37.3	45.0	43.5	42.9	42.4	41.6	41.6
Agriculture	257	218	231	410	367	369	355	326	373
Nonagricultural industries	6,554	6,289	5,835	7,120	6,772	6,656	6,585	6,452	6,398
Unemployed	1,730	1,679	1,849	1,757	1,749	1,801	1,886	1,853	1,872
Unemployment rate	20.3	20.5	23.4	18.9	19.7	20.4	21.4	21.5	21.7

[1] The population and Armed Forces figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

[2] Civilian employment as a percent of the total noninstitutional population (including Armed Forces).

NOTE: Effective with data for January 1982, population counts derived from the 1980 Decennial Census are incorporated into the estimation procedures used in the Current Population Survey. Data for 1981 back to 1970 have been revised. In addition, new seasonal adjustment factors have been calculated based on the experience through December 1981. A detailed discussion of these revisions will appear in the February 1982 issue of *Employment and Earnings*.

Table A-2. Employment status of the population by race, sex, age, and Hispanic origin

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1981	Dec. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
WHITE									
Civilian noninstitutional population[1]	146,976	148,755	148,842	146,976	148,370	148,562	148,631	148,755	148,842
Civilian labor force	93,508	98,910	94,424	94,332	94,888	95,365	95,535	95,329	95,120
Participation rate	63.6	63.8	63.4	64.2	64.0	64.2	64.3	64.1	63.9
Employed	86,535	87,956	86,378	88,101	88,628	88,738	88,498	88,010	87,955
Unemployed	6,969	6,958	8,046	6,231	6,256	6,631	7,037	7,319	7,165
Unemployment rate	7.5	7.3	8.5	6.6	6.6	7.0	7.4	7.7	7.5
Men, 20 years and over									
Civilian labor force	50,078	50,716	50,637	50,300	50,712	50,811	50,881	50,968	50,757
Participation rate	79.3	79.0	78.8	79.6	79.3	79.3	79.3	79.3	78.9
Employed	46,760	47,328	46,604	47,567	47,988	47,790	47,649	47,469	47,410
Unemployed	3,319	3,392	4,033	2,753	2,764	3,021	3,232	3,499	3,387
Unemployment rate	6.6	6.7	8.0	5.5	5.5	5.9	6.4	6.9	6.6
Women, 20 years and over									
Civilian labor force	35,871	36,928	36,784	35,852	36,298	36,782	36,832	36,733	36,698
Participation rate	51.2	51.8	51.5	51.1	51.2	51.7	51.8	51.6	51.5
Employed	33,588	34,698	34,242	33,731	34,155	34,517	34,513	34,368	34,380
Unemployed	2,282	2,226	2,502	2,121	2,139	2,225	2,319	2,365	2,319
Unemployment rate	6.4	6.0	6.8	5.9	5.9	6.1	6.3	6.4	6.3
Both sexes, 16-19 years									
Civilian labor force	7,555	7,269	7,042	8,180	7,878	7,812	7,822	7,628	7,665
Participation rate	55.2	54.6	53.1	59.8	58.5	58.2	58.6	57.4	57.8
Employed	6,187	5,938	5,532	6,823	6,525	6,427	6,336	6,193	6,166
Unemployed	1,368	1,335	1,511	1,357	1,353	1,385	1,486	1,455	1,499
Unemployment rate	18.1	18.4	21.5	16.6	17.2	17.7	19.0	19.0	19.6
Men	20.0	21.4	23.7	17.5	17.5	17.9	19.6	20.2	20.8
Women	16.0	15.0	18.9	15.5	16.8	17.5	18.3	17.7	18.2
BLACK									
Civilian noninstitutional population[1]	18,045	18,392	18,423	18,045	18,297	18,333	18,362	18,392	18,423
Civilian labor force	10,810	11,135	11,026	10,998	11,134	11,108	11,207	11,226	11,188
Participation rate	59.9	60.5	59.8	60.9	60.9	61.0	61.0	61.0	60.7
Employed	9,227	9,298	9,117	9,428	9,319	9,313	9,321	9,279	9,314
Unemployed	1,583	1,841	1,907	1,570	1,815	1,795	1,886	1,947	1,874
Unemployment rate	14.6	16.5	17.3	14.3	16.3	16.8	16.8	17.3	16.8
Men, 20 years and over									
Civilian labor force	5,091	5,280	5,253	5,143	5,272	5,276	5,279	5,309	5,284
Participation rate	73.5	74.4	73.9	74.2	74.9	74.7	74.6	74.8	74.3
Employed	4,447	4,633	4,322	4,550	4,505	4,498	4,461	4,432	4,424
Unemployed	643	846	931	593	767	778	818	877	860
Unemployment rate	12.6	16.0	17.7	11.5	14.5	14.7	15.5	16.5	16.3
Women, 20 years and over									
Civilian labor force	4,888	5,081	5,052	4,917	5,019	5,041	5,078	5,075	5,081
Participation rate	55.8	56.3	55.8	55.7	55.9	56.1	56.4	56.2	56.2
Employed	4,284	4,406	4,280	4,312	4,315	4,341	4,388	4,360	4,404
Unemployed	604	676	672	605	704	700	690	715	675
Unemployment rate	12.3	13.3	13.3	12.3	14.0	13.9	13.6	14.1	13.3
Both sexes, 16-19 years									
Civilian labor force	832	774	720	938	863	871	850	842	823
Participation rate	36.2	34.1	31.8	40.8	38.9	38.2	37.4	37.1	36.3
Employed	496	455	416	566	499	478	475	487	484
Unemployed	336	319	304	372	364	397	375	355	339
Unemployment rate	40.4	41.2	42.3	39.7	40.8	45.6	44.1	42.2	41.2
Men	45.3	41.0	39.4	41.8	38.5	41.6	41.9	39.4	36.3
Women	38.6	41.8	45.1	37.0	43.4	49.5	46.6	45.1	46.7
HISPANIC ORIGIN									
Civilian noninstitutional population[1]	9,153	9,519	9,600	9,153	9,466	9,559	9,556	9,519	9,600
Civilian labor force	5,830	6,001	5,915	5,979	5,964	6,074	6,151	6,095	6,054
Participation rate	63.7	63.0	62.9	65.3	63.0	63.5	64.4	64.0	64.4
Employed	5,146	5,330	5,149	5,332	5,393	5,422	5,446	5,426	5,320
Unemployed	684	671	767	647	571	652	705	669	734
Unemployment rate	11.7	11.2	13.0	10.8	9.6	10.7	11.5	11.0	12.0

[1] The population figures are not adjusted for seasonal variations, therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

NOTE: See note, table A-1.

Table A-3. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted		Seasonally adjusted					
	Jan. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
CHARACTERISTIC								
Total employed, 16 years and over	98,139	97,831	99,901	100,258	100,383	100,172	99,613	99,581
Married men, spouse present	38,585	37,813	38,959	38,855	38,746	38,553	38,382	38,234
Married women, spouse present	23,799	23,744	23,806	23,626	23,878	23,820	23,691	23,744
Women who maintain families	4,860	5,081	4,883	5,015	5,045	5,049	5,064	5,107
OCCUPATION								
White-collar workers	52,707	52,872	52,662	52,908	53,199	53,086	53,084	52,836
Professional and technical	16,475	17,021	16,270	16,598	16,681	16,657	16,778	16,803
Managers and administrators, except farm	11,567	11,091	11,561	11,533	11,616	11,461	11,424	11,091
Sales workers	6,310	6,448	6,384	6,981	6,900	6,818	6,850	6,520
Clerical workers	18,354	18,312	18,447	18,336	18,502	18,550	18,436	18,423
Blue-collar workers	30,085	29,150	31,151	31,266	30,953	30,683	30,344	30,203
Craft and kindred workers	12,237	11,987	12,621	12,514	12,446	12,411	12,486	12,370
Operatives, except transport	10,413	9,797	10,586	10,524	10,410	10,220	10,169	9,966
Transport equipment operatives	3,374	3,360	3,425	3,506	3,580	3,438	3,368	3,415
Nonfarm laborers	4,062	4,006	4,519	4,722	4,517	4,614	4,361	4,451
Service workers	12,978	13,419	13,250	13,391	13,525	13,670	13,639	13,709
Farm workers	2,369	2,391	2,786	2,743	2,770	2,802	2,660	2,817
MAJOR INDUSTRY AND CLASS OF WORKER								
Agriculture:								
Wage and salary workers	1,227	1,124	1,505	1,461	1,502	1,436	1,352	1,377
Self-employed workers	1,497	1,513	1,650	1,643	1,631	1,641	1,602	1,676
Unpaid family workers	184	245	284	256	261	321	228	380
Nonagricultural industries:								
Wage and salary workers	87,983	87,775	89,005	89,376	89,460	89,238	88,991	88,759
Government	16,136	15,718	15,988	15,975	15,491	15,397	15,585	15,578
Private industries	-	-	73,017	73,901	73,969	73,841	73,406	73,181
Private households	1,120	1,151	1,214	1,102	1,162	1,204	1,291	1,248
Other industries	70,728	70,906	71,803	72,799	72,807	72,637	72,115	71,932
Self-employed workers	6,861	6,797	7,028	7,217	7,152	7,141	7,057	6,971
Unpaid family workers	387	376	421	399	451	425	410	410
PERSONS AT WORK[1]								
Nonagricultural industries	91,467	90,245	91,322	90,878	91,384	91,323	90,922	90,125
Full-time schedules	74,308	72,730	74,387	73,794	73,886	73,915	73,360	72,803
Part time for economic reasons	4,264	4,847	4,451	4,656	5,009	5,026	5,288	5,071
Usually work full time	1,780	1,885	1,688	1,759	2,006	1,945	2,121	1,783
Usually work part time	2,484	2,962	2,763	2,897	3,003	3,081	3,167	3,287
Part time for noneconomic reasons	12,895	12,668	12,484	12,428	12,489	12,382	12,274	12,251

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

NOTE: See note, table A-1.

Table A-4. Range of unemployment measures based on varying definitions of unemployment and the labor force, seasonally adjusted

(Percent)

Measure	Quarterly averages					Monthly data		
	1980	1981				1981		1982
	IV	I	II	III	IV	Nov.	Dec.	Jan.
U-1 Persons unemployed 15 weeks or longer as a percent of the civilian labor force	2.2	2.2	2.1	2.0	2.1	2.2	2.2	2.2
U-2 Job losers as a percent of the civilian labor force	4.0	3.7	3.7	3.8	4.5	4.5	4.9	4.8
U-3 Unemployed persons 25 years and over as a percent of the civilian labor force 25 years and over	5.3	5.2	5.2	5.3	6.1	6.0	6.5	6.3
U-4 Unemployed full-time jobseekers as a percent of the full-time labor force	7.3	7.1	7.1	7.0	8.1	8.1	8.7	8.4
U-5 Total unemployed as a percent of the civilian labor force (official measure)	7.5	7.4	7.4	7.4	8.3	8.3	8.8	8.5
U-6 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons as a percent of the civilian labor force less ½ of the part-time labor force	9.5	9.4	9.3	9.4	10.8	10.7	11.3	11.0
U-7 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons plus discouraged workers as a percent of the civilian labor force plus discouraged workers less ½ of the part-time labor force	10.5	10.4	10.2	10.4	11.8	N.A.	N.A.	N.A.

N.A. = not available.

NOTE: See note, table A-1.

Table A-5. Major unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)		Unemployment rate					
	Jan. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
CHARACTERISTIC								
Total, 16 years and over	8,022	9,298	7.4	7.6	8.0	8.3	8.8	8.5
Men, 20 years and over	3,961	4,322	6.1	6.2	6.7	7.1	7.9	7.5
Women, 20 years and over	2,804	3,104	6.7	6.9	7.0	7.2	7.8	7.2
Both sexes, 16-19 years	1,757	1,872	18.9	19.7	20.4	21.4	21.5	21.7
Married men, spouse present	1,711	2,146	4.2	4.6	4.8	5.2	5.7	5.3
Married women, spouse present	1,532	1,571	6.0	6.0	6.1	6.5	6.6	6.2
Women who maintain families	558	593	10.3	10.7	10.6	10.8	10.5	10.4
Full time workers	6,611	7,805	7.2	7.3	7.7	8.1	8.7	8.4
Part time workers	1,417	1,515	9.1	9.6	9.5	10.2	9.2	9.6
Labor force time lost[1]	--	--	8.3	8.5	9.1	9.5	10.1	10.0
OCCUPATION[2]								
White-collar workers	2,157	2,344	3.9	4.1	4.1	4.2	4.5	4.2
Professional and technical	471	496	2.8	2.8	2.6	2.7	3.4	2.9
Managers and administrators, except farm	294	307	2.5	2.7	2.8	3.0	3.1	2.7
Sales workers	289	309	4.3	5.0	4.9	5.0	4.9	4.5
Clerical workers	1,103	1,231	5.6	5.8	6.0	6.0	6.2	6.3
Blue-collar workers	3,543	4,322	10.2	10.2	10.9	11.8	12.7	12.5
Craft and kindred workers	939	1,217	6.9	7.7	8.3	8.5	9.3	9.0
Operatives, except transport	1,476	1,809	12.3	11.6	12.8	14.1	15.5	15.4
Transport equipment operatives	362	389	9.1	8.7	8.0	10.4	10.5	10.2
Nonfarm laborers	766	907	14.8	14.6	15.6	16.0	16.9	16.9
Service workers	1,176	1,391	8.2	9.0	9.3	9.7	9.6	9.2
Farm workers	148	210	5.0	6.0	6.2	6.2	6.4	6.9
INDUSTRY[3]								
Nonagricultural private wage and salary workers[4]	5,965	7,026	7.6	7.7	8.1	8.4	9.1	8.8
Construction	712	946	13.7	16.3	17.6	17.8	18.1	18.7
Manufacturing	1,951	2,172	8.5	7.9	8.6	9.4	11.0	10.4
Durable goods	1,165	1,301	8.4	7.7	8.6	9.5	11.8	11.0
Nondurable goods	786	871	8.5	8.3	8.6	9.3	9.6	9.5
Transportation and public utilities	317	372	5.5	4.2	4.8	5.5	6.0	6.4
Wholesale and retail trade	1,498	1,735	7.7	8.5	8.4	8.6	8.9	8.7
Finance and service industries	1,414	1,507	5.8	6.0	6.2	6.1	6.4	5.9
Government workers	760	780	4.6	4.7	4.7	5.2	5.0	4.8
Agricultural wage and salary workers	195	266	11.5	11.0	13.4	14.1	14.8	16.2

[1] Aggregate hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force hours.

[2] Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.

[3] Includes mining, not shown separately.

NOTE: See note, table A-1.

Table A-6. Duration of unemployment

(Numbers in thousands)

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Jan. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
DURATION								
Less than 5 weeks	3,710	4,361	3,290	3,529	3,707	3,852	4,037	3,852
5 to 14 weeks	2,467	3,293	2,328	2,585	2,686	2,882	3,016	3,068
15 weeks and over	2,569	2,579	2,391	2,248	2,292	2,384	2,372	2,399
15 to 26 weeks	1,265	1,374	1,123	1,146	1,168	1,229	1,189	1,210
27 weeks and over	1,284	1,205	1,268	1,102	1,126	1,135	1,183	1,190
Average (mean) duration, in weeks	13.8	13.0	14.4	13.3	13.6	13.1	12.8	13.5
Median duration, in weeks	7.0	6.8	7.4	6.9	6.8	6.9	6.7	7.2
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	42.4	42.8	41.1	42.2	42.7	42.3	42.8	41.3
5 to 14 weeks	28.2	31.8	29.0	30.9	30.9	31.7	32.0	32.9
15 weeks and over	29.4	25.3	29.8	26.9	26.4	25.0	25.2	25.7
15 to 26 weeks	14.7	13.5	14.0	13.7	13.4	13.5	12.6	13.0
27 weeks and over	14.7	11.8	15.8	13.2	13.0	12.5	12.6	12.8

NOTE: See note, table A-1.

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Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted		Seasonally adjusted					
	Jan. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
NUMBER OF UNEMPLOYED								
Lost last job	4,801	6,256	3,982	4,426	4,573	4,905	5,343	5,205
On layoff	1,824	2,574	1,305	1,452	1,631	1,826	2,042	1,860
Other job losers	2,977	3,682	2,677	2,974	2,942	3,079	3,301	3,345
Left last job	951	860	923	921	976	916	923	835
Reentered labor force	2,107	2,141	2,051	2,058	2,178	2,339	2,244	2,079
Seeking first job	886	926	1,015	977	1,002	996	1,021	1,055
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	58.9	61.5	50.0	52.8	52.4	53.6	56.1	56.7
On layoff	20.9	25.3	16.4	17.3	18.7	19.9	21.4	20.3
Other job losers	38.0	36.2	33.6	35.5	33.7	33.6	34.6	36.5
Job leavers	10.9	8.4	11.6	11.0	11.2	10.0	9.7	9.1
Reentrants	26.1	21.0	25.7	24.6	25.0	25.5	23.5	22.7
New entrants	10.1	9.1	12.7	11.7	11.5	10.9	10.7	11.5
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Job losers	4.5	5.8	3.7	4.1	4.2	4.5	4.9	4.8
Job leavers	.9	.8	.9	.8	.9	.8	.8	.8
Reentrants	2.0	2.0	1.9	1.9	2.0	2.1	2.1	1.9
New entrants	.8	.9	.9	.9	.9	.9	.9	1.0

NOTE: See note, table A-1.

Table A-8. Unemployment by sex and age, seasonally adjusted

Sex and age	Number of unemployed persons (in thousands)		Unemployment rates					
	Jan. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
Total, 16 years and over	8,022	9,298	7.4	7.6	8.0	8.3	8.8	8.5
16 to 24 years	3,679	4,033	14.5	14.9	15.4	16.0	16.3	16.4
16 to 19 years	1,757	1,872	18.9	19.7	20.4	21.4	21.5	21.7
16 to 17 years	796	760	20.9	21.4	21.5	22.6	21.9	21.9
18 to 19 years	948	1,098	17.4	18.5	20.0	20.5	21.2	21.3
20 to 24 years	1,922	2,161	11.9	12.3	12.7	13.0	13.5	13.5
25 years and over	4,355	5,282	5.3	5.4	5.7	6.0	6.5	6.3
25 to 54 years	3,836	4,649	5.7	5.8	6.2	6.5	6.9	6.7
55 years and over	516	624	3.5	3.8	3.8	3.8	4.1	4.2
Men, 16 years and over	4,456	5,338	7.2	7.3	7.7	8.3	9.0	8.6
16 to 24 years	2,106	2,300	15.5	15.5	16.0	17.0	17.4	17.4
16 to 19 years	995	1,016	20.0	19.9	20.1	21.8	22.3	22.1
16 to 17 years	463	433	22.5	21.5	21.1	22.7	22.6	23.0
18 to 19 years	530	581	18.3	18.7	19.3	21.0	22.2	21.4
20 to 24 years	1,111	1,284	12.9	13.1	13.8	14.4	14.8	14.9
25 years and over	2,364	3,055	4.9	5.0	5.5	5.8	6.5	6.3
25 to 54 years	2,051	2,662	5.2	5.5	5.9	6.3	6.9	6.7
55 years and over	306	383	3.4	3.5	3.7	3.7	4.4	4.3
Women, 16 years and over	3,566	3,960	7.7	8.0	8.2	8.4	8.5	8.4
16 to 24 years	1,573	1,733	13.4	14.3	14.8	14.7	14.9	15.2
16 to 19 years	762	856	17.7	19.5	20.7	20.9	20.5	21.2
16 to 17 years	333	327	19.1	21.2	21.9	22.5	21.1	20.6
18 to 19 years	418	517	16.3	18.3	20.6	19.9	20.0	21.1
20 to 24 years	811	877	10.9	11.4	11.5	11.3	12.0	11.9
25 years and over	1,991	2,228	5.8	6.0	6.1	6.4	6.4	6.3
25 to 54 years	1,785	1,987	6.3	6.3	6.5	6.8	6.9	6.7
55 years and over	210	241	3.6	4.3	4.0	3.8	3.7	4.1

NOTE: See note, table A-1.

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Table A-9. Employment status of black and other workers

(Numbers in thousands)

Employment status	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1981	Dec. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
Civilian noninstitutional population	22,127	22,411	22,493	22,127	22,222	22,296	22,365	22,411	22,493
Civilian labor force	13,381	13,666	13,591	13,528	13,617	13,697	13,757	13,773	13,704
Participation rate	60.5	61.0	60.4	61.1	61.3	61.6	61.5	61.5	60.9
Employed	11,604	11,605	11,453	11,792	11,607	11,611	11,661	11,610	11,632
Unemployed	1,777	2,059	2,138	1,736	2,010	2,086	2,096	2,163	2,072
Unemployment rate	13.3	15.1	15.7	12.8	14.8	15.2	15.2	15.7	15.1

The population figures are not adjusted for seasonal variations, therefore, identical numbers appear in the unadjusted and seasonally adjusted columns

NOTE: See note, table A-1

Table A-10. Employment status of male Vietnam-era veterans and nonveterans by age, not seasonally adjusted

Veteran status and age	Civilian noninstitutional population		Civilian labor force							
			Total		Employed		Unemployed			
							Number		Percent of labor force	
	Jan. 1981	Jan. 1982	Jan. 1981	Jan. 1982	Jan. 1981	Jan. 1982	Jan. 1981	Jan. 1982	Jan. 1981	Jan. 1982
VETERANS										
Total, 25 years and over	8,465	8,660	7,996	8,165	7,488	7,471	508	694	6.4	8.5
25 to 29 years	7,325	7,264	7,034	6,938	6,565	6,315	469	623	6.7	9.0
25 to 29 years	1,589	1,352	1,574	1,254	1,417	1,080	157	174	10.7	13.9
30 to 34 years	3,477	3,129	3,370	2,991	3,148	2,729	222	262	6.6	8.8
35 to 39 years	2,259	2,783	2,190	2,693	2,100	2,506	90	187	4.1	6.9
40 years and over	1,120	1,396	962	1,227	923	1,156	39	71	4.1	5.8
NONVETERANS										
Total, 25 to 39 years	16,772	17,738	15,852	16,734	14,689	15,232	1,163	1,502	7.3	9.0
25 to 29 years	7,710	8,025	7,266	7,683	6,598	6,659	668	824	8.9	11.0
30 to 34 years	5,185	5,747	4,917	5,476	4,592	5,062	325	414	6.6	7.6
35 to 39 years	3,877	3,966	3,689	3,775	3,499	3,511	190	264	5.2	7.0

NOTE: Vietnam-era veterans are males who served in the Armed Forces between August 5, 1964 and May 7, 1975. Nonveterans are males who have never served in the Armed Forces. Published data are limited to those 25 to 39 years of age, the group that most closely corresponds to the bulk of the Vietnam-era veteran population.

NOTE: See note, table A-1

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Table A-11. Employment status of the noninstitutional population for the ten largest States

[Numbers in thousands]

State and employment status	Not seasonally adjusted*			Seasonally adjusted					
	Jan. 1981	Dec. 1981	Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982
California									
Civilian noninstitutional population[1]	17,874	18,171	18,218	17,874	18,087	18,118	18,145	18,171	18,218
Civilian labor force	11,713	11,884	11,907	11,725	11,758	11,861	11,871	11,851	11,916
Employed	10,783	10,863	10,789	10,872	10,889	10,902	10,915	10,828	10,878
Unemployed	931	1,021	1,117	853	869	959	956	1,023	1,038
Unemployment rate	7.9	8.6	9.4	7.3	7.4	8.1	8.1	8.6	8.7
Florida									
Civilian noninstitutional population[1]	7,765	8,028	8,061	7,765	7,955	7,980	8,005	8,028	8,061
Civilian labor force	4,254	4,569	4,511	4,335	4,568	4,616	4,634	4,627	4,596
Employed	3,982	4,236	4,165	4,071	4,233	4,279	4,281	4,272	4,257
Unemployed	272	333	346	264	335	337	353	355	339
Unemployment rate	6.4	7.3	7.7	6.1	7.3	7.3	7.6	7.7	7.4
Illinois									
Civilian noninstitutional population[1]	8,484	8,525	8,538	8,484	8,512	8,518	8,522	8,525	8,538
Civilian labor force	5,508	5,504	5,518	5,541	5,591	5,586	5,565	5,484	5,554
Employed	4,961	5,022	4,960	5,051	5,118	5,113	5,064	5,000	5,053
Unemployed	547	483	558	490	473	473	501	484	501
Unemployment rate	9.9	8.8	10.1	8.8	8.5	8.5	9.0	8.8	9.0
Massachusetts									
Civilian noninstitutional population[1]	4,415	4,461	4,470	4,415	4,448	4,453	4,457	4,461	4,470
Civilian labor force	2,894	3,039	2,992	2,906	2,964	3,029	3,048	3,029	3,005
Employed	2,711	2,831	2,754	2,753	2,769	2,806	2,835	2,805	2,797
Unemployed	184	208	238	153	195	223	213	224	208
Unemployment rate	6.4	6.9	8.0	5.3	6.6	7.4	7.0	7.4	6.9
Michigan									
Civilian noninstitutional population[1]	6,772	6,776	6,784	6,772	6,774	6,776	6,776	6,776	6,784
Civilian labor force	4,209	4,261	4,227	4,262	4,304	4,331	4,303	4,269	4,284
Employed	3,627	3,647	3,550	3,716	3,791	3,780	3,752	3,632	3,645
Unemployed	583	614	677	546	513	551	551	637	639
Unemployment rate	13.8	14.4	16.0	12.8	11.9	12.7	12.8	14.9	14.9
New Jersey									
Civilian noninstitutional population[1]	5,612	5,665	5,676	5,612	5,650	5,655	5,661	5,665	5,676
Civilian labor force	3,583	3,529	3,564	3,598	3,530	3,568	3,554	3,519	3,579
Employed	3,296	3,269	3,214	3,326	3,289	3,313	3,288	3,249	3,244
Unemployed	287	259	351	272	241	255	266	270	335
Unemployment rate	8.0	7.3	9.8	7.6	6.8	7.1	7.5	7.7	9.4
New York									
Civilian noninstitutional population[1]	13,357	13,440	13,463	13,357	13,415	13,426	13,434	13,440	13,463
Civilian labor force	8,011	7,932	7,980	7,999	8,006	8,004	7,946	7,976	7,963
Employed	7,341	7,321	7,300	7,386	7,443	7,436	7,343	7,325	7,340
Unemployed	670	612	681	613	563	568	603	651	623
Unemployment rate	8.4	7.7	8.5	7.7	7.0	7.1	7.6	8.2	7.8
Ohio									
Civilian noninstitutional population[1]	8,003	8,020	8,031	8,003	8,014	8,017	8,019	8,020	8,031
Civilian labor force	4,955	5,072	5,032	5,042	5,032	5,044	5,084	5,103	5,120
Employed	4,433	4,473	4,434	4,566	4,514	4,510	4,506	4,478	4,570
Unemployed	522	600	598	476	518	534	578	625	550
Unemployment rate	10.5	11.8	11.9	9.4	10.3	10.6	11.4	12.2	10.7
Pennsylvania									
Civilian noninstitutional population[1]	9,075	9,115	9,129	9,075	9,102	9,108	9,112	9,115	9,129
Civilian labor force	5,422	5,437	5,423	5,469	5,461	5,479	5,477	5,467	5,469
Employed	4,925	4,930	4,781	5,003	4,998	5,000	4,982	4,942	4,859
Unemployed	497	507	642	466	463	479	495	525	610
Unemployment rate	9.2	9.3	11.8	8.5	8.5	8.7	9.0	9.6	11.2
Texas									
Civilian noninstitutional population[1]	10,409	10,701	10,740	10,409	10,620	10,648	10,675	10,701	10,740
Civilian labor force	6,929	7,127	7,163	6,938	7,123	7,133	7,178	7,163	7,171
Employed	6,534	6,802	6,737	6,567	6,734	6,759	6,788	6,798	6,770
Unemployed	396	324	426	371	389	374	390	365	401
Unemployment rate	5.7	4.6	5.9	5.3	5.5	5.2	5.4	5.1	5.6

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and the seasonally adjusted columns.

* These are the official Bureau of Labor Statistics' estimates used in the administration of Federal fund allocation programs.

NOTE: See note, table A-1.

ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1981	Aug. 1981	Dec. 1981 p	Jan. 1982 p	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982 p
Total	89,988	92,293	91,935	89,781	91,091	92,033	91,832	91,522	91,096	90,859
Goods-producing	25,136	25,661	25,138	24,294	25,687	25,930	25,662	25,418	25,117	24,761
Mining	1,066	1,170	1,167	1,156	1,083	1,162	1,162	1,172	1,176	1,172
Construction	3,995	4,369	4,153	3,691	4,390	4,272	4,259	4,229	4,191	4,052
Manufacturing	20,075	20,122	19,818	19,449	20,174	20,496	20,241	20,017	19,750	19,537
Production workers	13,975	13,904	13,601	13,295	14,053	14,281	14,030	13,797	13,532	13,366
Durable goods	12,072	11,999	11,789	11,562	12,084	12,311	12,115	11,932	11,727	11,588
Production workers	8,305	8,151	7,953	7,774	8,306	8,465	8,267	8,083	7,880	7,772
Lumber and wood products	676.6	638.7	618.2	592.8	689	677	652	634	618	606
Furniture and fixtures	469.6	478.5	472.2	461.8	464	485	480	470	465	456
Stone, clay, and glass products	635.0	641.2	618.4	599.7	656	655	648	634	621	608
Primary metal products	1,136.7	1,087.8	1,060.6	1,048.2	1,137	1,139	1,114	1,090	1,061	1,048
Fabricated metal products	1,580.2	1,563.5	1,530.9	1,495.7	1,579	1,606	1,575	1,546	1,514	1,496
Machinery, except electrical	2,496.9	2,512.3	2,497.8	2,473.9	2,497	2,553	2,529	2,522	2,490	2,466
Electric and electronic equipment	2,114.0	2,131.3	2,102.2	2,082.8	2,110	2,163	2,150	2,119	2,088	2,077
Transportation equipment	1,854.9	1,803.9	1,764.9	1,742.7	1,840	1,889	1,811	1,783	1,736	1,719
Instruments and related products	712.4	718.6	717.3	711.7	713	727	723	719	716	712
Miscellaneous manufacturing	398.0	424.2	414.2	391.9	411	419	417	415	418	404
Nondurable goods	8,003	8,123	8,029	7,887	8,090	8,185	8,126	8,085	8,023	7,949
Production workers	5,670	5,753	5,648	5,521	5,747	5,816	5,763	5,714	5,652	5,594
Food and kindred products	1,695.2	1,689.2	1,657.5	1,616.9	1,696	1,669	1,675	1,676	1,669	1,665
Tobacco manufactures	72.0	74.9	72.4	71.7	71	71	70	70	69	71
Textile mill products	841.0	826.8	817.8	795.7	841	849	833	823	818	795
Apparel and other textile products	1,222.8	1,259.5	1,223.9	1,185.1	1,244	1,273	1,259	1,251	1,233	1,206
Paper and allied products	697.7	686.4	682.1	675.3	691	703	691	686	682	678
Printing and publishing	1,269.0	1,305.1	1,310.7	1,301.8	1,269	1,301	1,302	1,302	1,300	1,302
Chemicals and allied products	1,100.1	1,100.2	1,098.2	1,092.0	1,106	1,112	1,108	1,104	1,102	1,097
Petroleum and coal products	204.5	210.4	207.2	199.2	211	213	210	210	209	203
Rubber and misc. plastics products	731.8	738.6	726.6	718.5	730	760	744	733	722	716
Leather and leather products	226.9	232.1	222.3	212.1	231	236	234	230	223	216
Service-producing	64,852	66,632	66,797	65,487	65,404	66,103	66,170	66,104	65,979	66,098
Transportation and public utilities	5,063	5,183	5,140	5,087	5,124	5,186	5,168	5,147	5,109	5,108
Wholesale and retail trade	20,366	21,148	21,403	20,726	20,529	20,872	20,916	20,838	20,725	20,693
Wholesale trade	5,276	5,379	5,353	5,304	5,305	5,370	5,360	5,363	5,337	5,331
Retail trade	15,090	15,769	16,050	15,422	15,224	15,502	15,556	15,475	15,388	15,362
Finance, insurance, and real estate	5,235	5,344	5,351	5,327	5,268	5,366	5,360	5,355	5,367	5,359
Services	17,972	18,830	18,754	18,503	18,100	18,378	18,388	18,438	18,448	18,462
Government	16,216	16,157	16,129	15,883	16,223	15,905	15,938	15,926	15,930	15,896
Federal government	2,773	2,729	2,726	2,706	2,798	2,765	2,759	2,748	2,738	2,733
State and local government	13,443	13,428	13,403	13,176	13,425	13,140	13,179	13,178	13,192	13,163

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					
	Jan. 1981	Nov. 1981	Dec. p 1981	Jan. p 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. p 1981	Jan. p 1982
Total private	35.1	35.1	35.2	33.7	35.3	34.9	35.0	35.0	34.9	34.1
Mining	43.6	44.3	44.8	42.4	(2)	(2)	(2)	(2)	(2)	(2)
Construction	36.4	37.0	37.0	33.4	(2)	(2)	(2)	(2)	(2)	(2)
Manufacturing	39.9	39.6	39.9	36.8	40.1	39.3	39.5	39.3	39.0	36.9
Overtime hours	2.9	2.6	2.6	2.2	3.0	2.7	2.7	2.5	2.4	2.2
Durable goods	40.4	40.0	40.4	37.4	40.6	39.7	39.9	39.7	39.3	37.5
Overtime hours	2.9	2.5	2.6	2.0	3.0	2.6	2.6	2.4	2.4	2.1
Lumber and wood products	38.8	37.6	38.3	33.7	39.8	37.3	37.6	37.5	37.8	34.6
Furniture and fixtures	38.1	38.1	38.8	32.5	38.5	37.5	38.1	37.7	37.6	32.8
Stone, clay, and glass products	40.3	40.5	40.2	37.1	41.3	40.3	40.0	40.0	39.6	38.0
Primary metal products	41.1	39.7	39.6	38.0	41.1	40.6	39.8	39.7	39.2	38.0
Fabricated metal products	40.4	40.0	40.5	37.8	40.5	39.5	40.0	39.6	39.3	37.9
Machinery, except electrical	41.2	40.9	41.6	39.1	41.1	40.3	40.7	40.6	40.3	39.0
Electric and electronic equipment	40.1	39.8	40.4	37.6	40.1	39.6	39.9	39.3	39.3	37.6
Transportation equipment	40.9	40.8	41.8	37.2	41.3	39.9	40.5	40.3	39.4	37.5
Instruments and related products	40.6	40.8	40.5	38.0	40.6	40.5	40.4	40.3	39.7	38.0
Miscellaneous manufacturing	38.6	39.5	39.1	36.5	38.8	38.4	39.0	39.0	38.4	36.7
Nondurable goods	39.2	39.1	39.3	35.8	39.5	38.9	39.0	38.8	38.6	36.1
Overtime hours	2.9	2.8	2.7	2.4	3.0	2.8	2.8	2.7	2.5	2.4
Food and kindred products	40.0	39.9	40.3	38.7	40.3	39.2	39.5	39.6	39.7	39.0
Tobacco manufactures	38.6	38.8	38.1	35.6	(2)	(2)	(2)	(2)	(2)	(2)
Textile mill products	39.9	39.2	39.0	30.6	40.0	38.9	39.3	38.8	38.2	30.7
Apparel and other textile products	35.2	35.8	35.5	29.2	36.1	35.2	35.7	35.6	35.1	29.9
Paper and allied products	42.7	42.3	42.7	40.9	42.6	42.1	42.4	41.9	41.8	40.8
Printing and publishing	37.1	37.3	38.0	36.1	37.5	37.1	37.1	36.9	37.3	36.4
Chemicals and allied products	41.6	41.7	42.0	40.4	41.6	42.3	41.5	41.3	41.5	40.4
Petroleum and coal products	42.6	43.0	42.7	43.9	43.8	43.3	42.1	42.3	42.7	45.2
Rubber and misc. plastics products	41.0	39.9	40.0	37.3	40.9	39.6	40.0	39.6	39.3	37.2
Leather and leather products	36.5	36.6	36.4	34.8	36.8	36.1	36.8	36.7	36.1	35.1
Transportation and public utilities	39.4	39.3	39.2	38.5	(2)	(2)	(2)	(2)	(2)	(2)
Wholesale and retail trade	31.7	31.9	32.2	31.0	32.2	32.1	31.9	32.0	31.9	31.5
Wholesale trade	38.5	38.6	38.7	37.7	38.8	38.5	38.5	38.6	38.4	37.9
Retail trade	29.5	29.8	30.2	28.9	30.1	30.1	29.9	29.9	29.8	29.5
Finance, insurance, and real estate	36.4	36.2	36.1	36.1	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.5	32.5	32.6	32.1	32.7	32.4	32.5	32.6	32.7	32.3

[1] Data relate to production workers in mining and manufacturing; to construction workers in 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 employees on private nonagricultural payrolls.

[2] This series is not published seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.

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			
	Jan. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982 p	Jan. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982 p
Total private	$7.03	$7.46	$7.48	$7.53	$246.75	$261.85	$261.89	$251.76
Seasonally adjusted	6.99	7.45	7.48	7.50	246.75	260.75	259.65	255.75
Mining	9.77	10.42	10.41	10.58	425.97	461.61	466.37	448.59
Construction	10.42	11.12	11.16	11.57	379.29	411.44	414.03	386.44
Manufacturing	7.31	8.20	8.25	8.38	308.41	324.72	329.18	308.38
Durable goods	8.23	8.75	8.80	8.86	332.49	350.00	355.52	331.36
Lumber and wood products	6.79	7.15	7.18	7.39	263.85	268.84	273.46	249.08
Furniture and fixtures	5.71	6.04	6.10	6.21	217.55	230.12	236.68	201.83
Stone, clay, and glass products	7.87	8.58	8.55	8.81	317.76	345.87	343.71	319.43
Primary metal products	10.36	11.10	11.09	11.14	425.80	480.67	439.16	423.32
Fabricated metal products	7.89	8.43	8.53	8.55	318.76	337.20	345.47	323.19
Machinery, except electrical	8.53	9.10	9.19	9.18	351.96	372.19	382.30	358.96
Electric and electronic equipment	7.41	7.86	7.92	7.96	297.18	312.83	319.97	299.30
Transportation equipment	9.96	10.66	10.67	10.58	407.36	434.93	441.74	393.58
Instruments and related products	7.19	7.70	7.72	7.75	291.91	314.16	312.66	294.50
Miscellaneous manufacturing	5.82	6.12	6.21	6.14	226.65	241.74	242.61	231.61
Nondurable goods	6.97	7.39	7.45	7.49	273.22	288.95	292.79	275.39
Food and kindred products	7.21	7.63	7.71	7.83	288.80	304.48	310.71	303.02
Tobacco manufactures	8.50	8.96	8.92	9.13	328.10	347.65	339.85	325.03
Textile mill products	5.15	5.74	5.73	5.76	213.47	225.01	223.47	176.26
Apparel and other textile products	4.89	5.06	5.04	5.17	172.13	181.35	178.92	150.96
Paper and allied products	8.27	8.89	8.96	9.04	353.13	376.05	382.59	370.55
Printing and publishing	7.92	8.46	8.47	8.56	293.83	314.81	321.86	309.02
Chemicals and allied products	8.76	9.42	9.47	9.47	363.58	392.81	397.74	390.67
Petroleum and coal products	11.06	11.57	11.52	12.05	471.16	497.51	491.90	529.00
Rubber and misc. plastics products	7.06	7.41	7.50	7.61	289.46	295.66	300.00	283.85
Leather and leather products	4.86	5.10	5.14	5.21	177.19	186.66	187.10	181.31
Transportation and public utilities	9.33	10.07	10.07	10.12	367.60	395.75	394.74	389.62
Wholesale and retail trade	5.80	6.03	6.00	6.16	183.86	192.36	193.20	190.96
Wholesale trade	7.32	7.81	7.81	7.93	281.62	301.67	302.25	298.96
Retail trade	5.18	5.32	5.30	5.44	152.81	158.54	160.06	157.22
Finance, insurance, and real estate	6.10	6.51	6.47	6.57	222.04	235.66	233.57	237.18
Services	6.21	6.67	6.65	6.77	201.83	216.78	216.79	217.32

[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

(1977 = 100)

Industry	Not seasonally adjusted					Seasonally adjusted						
	Jan. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982p	Percent change from: Jan. 1981-Jan. 1982	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982p	Percent change from: Dec. 1981-Jan. 1982
Total private nonfarm:												
Current dollars	134.4	143.2	143.3	145.4	8.2	133.8	141.5	141.9	143.2	143.3	144.8	1.0
Constant (1977) dollars	93.6	92.7	92.5	N.A.	(2)	92.8	92.1	92.0	92.4	92.1	N.A.	(3)
Mining	142.1	153.3	152.7	154.5	8.8	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Construction	127.0	136.0	136.2	140.1	10.4	127.6	132.9	134.3	135.4	136.1	140.8	3.5
Manufacturing	136.9	146.5	147.3	148.7	8.6	136.5	144.8	145.5	146.4	146.8	148.3	1.0
Transportation and public utilities	134.1	144.7	144.9	145.5	8.5	133.7	141.7	142.0	144.0	144.2	145.1	.7
Wholesale and retail trade	134.8	141.0	140.6	143.1	6.2	133.7	141.2	140.5	141.5	141.4	142.0	.5
Finance, insurance, and real estate	133.9	142.6	141.8	144.0	7.6	133.2	140.3	140.9	143.2	142.1	143.3	.9
Services	132.9	142.4	142.2	144.7	8.8	132.0	139.8	140.7	142.6	142.4	143.7	.9

1 See footnote 1, table B-2.
2 Percent change was -.6 from December 1980 to December 1981, the latest month available.
3 Percent change was -.3 from November 1981 to December 1981, the latest month available.
4 Mining is not seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.
N.A. = not available.
p = preliminary.

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

(1977 = 100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982 p	Jan. 1981	Sept. 1981	Oct. 1981	Nov. 1981	Dec. 1981 p	Jan. 1982 p
Total private	105.6	109.0	108.7	101.1	108.2	108.6	108.4	108.0	106.8	103.9
Goods-producing	99.4	101.2	99.0	87.0	102.4	101.1	100.8	99.3	97.0	90.3
Mining	127.9	142.3	143.4	133.0	130.1	139.0	140.1	141.1	143.5	136.4
Construction	100.7	114.4	107.4	82.8	113.9	105.2	109.8	111.0	108.4	98.3
Manufacturing	97.8	98.7	95.3	85.7	98.9	98.5	97.2	95.1	92.6	86.6
Durable goods	98.4	95.9	94.4	85.4	99.0	98.6	96.9	94.1	91.0	85.7
Lumber and wood products	88.8	80.5	78.7	65.3	93.2	85.5	82.7	79.6	77.0	68.8
Furniture and fixtures	98.9	97.8	98.7	80.6	96.6	98.4	98.0	95.1	93.8	80.1
Stone, clay, and glass products	89.2	90.6	85.9	74.9	94.6	92.5	90.0	88.2	85.0	79.5
Primary metal products	94.8	86.2	83.5	79.7	94.6	93.4	89.0	86.4	82.5	79.6
Fabricated metal products	94.1	93.5	92.0	83.5	96.2	95.5	94.3	91.3	88.7	83.5
Machinery, except electrical	110.8	109.8	110.3	102.6	109.8	110.9	111.3	109.1	106.3	101.6
Electric and electronic equipment	106.9	105.4	104.7	96.5	106.5	108.2	107.8	103.1	100.7	96.0
Transportation equipment	89.4	85.0	83.1	73.0	89.1	88.8	84.7	82.4	76.9	72.5
Instruments and related products	112.3	111.7	111.3	101.7	112.3	113.0	112.0	110.4	108.7	103.6
Miscellaneous manufacturing	87.0	90.2	91.2	79.5	91.2	91.4	92.2	92.2	90.8	83.1
Nondurable goods	96.8	97.9	96.6	86.2	98.9	98.5	97.8	96.4	95.1	88.0
Food and kindred products	96.1	99.8	98.3	91.2	100.9	96.3	97.8	98.0	97.7	95.7
Tobacco manufactures	99.8	106.5	101.1	93.5	98.4	103.3	98.1	95.8	93.3	93.9
Textile mill products	90.9	87.6	85.9	65.5	91.2	89.6	88.7	86.1	83.6	65.7
Apparel and other textile products	91.2	95.3	91.6	72.7	95.4	95.0	95.2	94.1	91.4	76.1
Paper and allied products	99.7	98.1	98.4	93.1	99.9	103.0	99.2	97.3	96.2	93.5
Printing and publishing	107.4	109.9	112.8	106.5	108.5	109.3	109.3	108.4	109.6	107.5
Chemicals and allied products	100.2	100.0	100.1	95.8	100.8	103.8	101.0	99.6	99.1	96.0
Petroleum and coal products	99.1	99.4	96.1	94.7	104.6	103.1	97.6	97.3	97.4	99.9
Rubber and misc. plastics products	101.0	98.9	97.3	89.4	100.8	101.7	100.1	97.0	94.7	88.9
Leather and leather products	86.5	89.5	84.8	77.4	88.5	89.5	90.8	89.2	84.6	79.2
Service-producing	109.0	113.3	114.1	108.8	111.3	112.8	112.7	112.8	112.2	111.8
Transportation and public utilities	103.7	105.3	104.3	100.2	105.0	105.5	104.0	104.7	102.7	102.1
Wholesale and retail trade	104.1	108.8	111.3	103.2	106.6	108.0	107.7	107.3	106.2	105.8
Wholesale trade	109.9	112.2	111.8	107.8	111.5	111.8	111.6	111.8	110.8	109.0
Retail trade	101.8	107.4	111.1	101.5	104.7	106.6	106.2	105.5	104.5	104.5
Finance, insurance, and real estate	116.2	117.9	117.5	116.9	117.3	118.3	118.5	118.2	117.9	117.9
Services	114.8	120.2	120.1	116.4	117.7	119.6	120.1	120.8	121.1	119.7

[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
1979				
January	65.1	72.1	72.1	74.7
February	66.0	68.6	71.8	70.6
March	64.2	65.7	70.1	69.5
April	54.1	63.7	64.5	67.2
May	60.5	62.8	58.6	59.6
June	62.5	61.7	54.4	58.1
July	57.0	55.5	56.7	55.8
August	53.2	50.0	51.5	55.2
September	49.1	53.5	52.0	50.0
October	61.6	52.0	50.6	46.2
November	49.4	53.5	51.2	38.1
December	69.7	60.6	47.7	35.8
1980				
January	57.6	50.6	40.4	32.0
February	53.2	46.8	33.4	32.6
March	48.4	38.7	30.8	31.7
April	34.6	30.8	24.7	32.1
May	32.8	27.0	26.2	31.4
June	31.4	25.9	28.2	31.4
July	36.9	35.5	35.2	31.4
August	64.8	54.9	45.1	32.4
September	64.0	71.2	61.0	34.9
October	61.3	69.8	73.5	43.6
November	43.4	64.8	72.7	55.8
December	56.7	64.9	65.4	70.1
1981				
January	59.4	61.0	68.4	78.8
February	55.8	61.3	68.6	75.6
March	52.3	64.2	67.2	73.3
April	49.8	68.9	70.3	64.2
May	47.5	66.9	67.7	54.1
June	51.5	69.6	71.8	45.6p
July	67.2	60.2	52.9	36.9p
August	49.7	66.6	38.7	
September	59.3	39.2	35.2p	
October	30.2	33.1	34.7p	
November	27.9	24.7p		
December	29.7p	23.4p		
1982				
January	31.7p			
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

[1] Number of employees seasonally adjusted, on payrolls of 172 private nonagricultural industries

p = preliminary

Table C. Employment status of the noninstitutional population by sex and age, seasonally adjusted

[Numbers in thousands]

Employment status	1981												1982
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
TOTAL													
Total noninstitutional population [1]	171,229	171,400	171,581	171,770	171,956	172,172	172,385	172,559	172,758	172,966	173,155	173,330	173,495
Armed Forces [1]	2,125	2,121	2,128	2,129	2,127	2,131	2,139	2,160	2,165	2,158	2,158	2,164	2,159
Civilian noninstitutional population [1]	169,104	169,280	169,453	169,641	169,829	170,042	170,246	170,399	170,593	170,809	170,996	171,166	171,335
Civilian labor force	107,923	108,034	108,364	108,777	109,293	108,434	108,688	108,818	108,694	109,012	109,272	109,184	108,879
Percent of civilian population	63.8	63.8	63.9	64.1	64.4	63.8	63.8	63.9	63.6	63.8	63.9	63.8	63.5
Employed	99,901	100,069	100,406	100,878	101,045	100,830	100,864	100,880	100,258	100,343	100,172	99,613	99,581
Percent of total population	58.3	58.4	58.5	58.7	58.8	58.3	58.5	58.4	58.0	58.0	57.9	57.5	57.4
Agriculture	3,465	3,346	3,343	3,470	3,405	3,348	3,342	3,404	3,358	3,378	3,372	3,209	3,411
Nonagricultural industries	96,456	96,723	97,063	97,408	97,640	97,482	97,522	97,476	96,900	96,965	96,800	96,404	96,170
Unemployed	8,022	7,965	7,958	7,899	8,248	8,004	7,824	7,978	8,236	8,669	9,100	9,571	9,298
Unemployment rate	7.4	7.4	7.3	7.3	7.5	7.4	7.2	7.3	7.6	8.0	8.3	8.8	8.5
Not in labor force	61,181	61,246	61,089	60,864	60,536	61,608	61,558	61,581	62,099	61,797	61,724	61,982	62,456
Men, 20 years and over													
Total noninstitutional population [1]	73,511	73,607	73,710	73,817	73,924	74,045	74,164	74,268	74,382	74,502	74,610	74,718	74,810
Civilian noninstitutional population [1]	71,850	71,951	72,037	72,142	72,251	72,359	72,472	72,559	72,670	72,795	72,921	73,020	73,120
Civilian labor force	56,803	56,816	57,028	57,157	57,479	57,094	57,172	57,250	57,262	57,355	57,459	57,665	57,368
Percent of civilian population	79.1	79.0	79.2	79.2	79.6	78.9	78.9	78.9	78.8	78.8	78.8	79.0	78.5
Employed	53,342	53,383	53,618	53,820	53,884	53,597	53,674	53,791	53,693	53,504	53,358	53,122	53,047
Percent of total population	72.6	72.5	72.7	72.9	72.9	72.4	72.6	72.6	72.2	71.8	71.5	71.1	70.9
Agriculture	2,409	2,349	2,352	2,419	2,390	2,379	2,383	2,422	2,383	2,413	2,382	2,311	2,390
Nonagricultural industries	50,933	51,034	51,266	51,401	51,494	51,218	51,291	51,369	51,310	51,091	50,972	50,811	50,657
Unemployed	3,461	3,433	3,410	3,337	3,595	3,497	3,298	3,459	3,569	3,851	4,105	4,543	4,322
Unemployment rate	6.1	6.0	6.0	5.8	6.3	6.1	5.8	6.0	6.2	6.7	7.1	7.9	7.5
Not in labor force	15,047	15,135	15,009	14,985	14,772	15,265	15,300	15,309	15,408	15,440	15,462	15,355	15,752
Women, 20 years and over													
Total noninstitutional population [1]	80,997	81,107	81,221	81,338	81,453	81,583	81,711	81,822	81,946	82,078	82,193	82,306	82,415
Civilian noninstitutional population [1]	80,856	80,966	81,076	81,193	81,308	81,438	81,561	81,671	81,792	81,920	82,038	82,151	82,260
Civilian labor force	41,833	41,974	42,152	42,332	42,608	42,581	42,682	42,666	42,346	42,031	42,987	42,888	42,868
Percent of civilian population	51.7	51.8	52.0	52.1	52.4	52.3	52.3	52.2	51.8	52.3	52.4	52.2	52.1
Employed	39,029	39,211	39,365	39,536	39,737	39,757	39,810	39,841	39,426	39,814	39,878	39,713	39,764
Percent of total population	48.2	48.3	48.5	48.6	48.8	48.7	48.7	48.7	48.1	48.5	48.5	48.3	48.2
Agriculture	626	616	610	609	605	585	590	609	608	596	635	572	649
Nonagricultural industries	38,403	38,595	38,755	38,927	39,132	39,172	39,220	39,232	38,818	39,218	39,243	39,141	39,115
Unemployed	2,804	2,763	2,787	2,796	2,871	2,824	2,872	2,825	2,918	3,017	3,109	3,175	3,104
Unemployment rate	6.7	6.6	6.6	6.6	6.7	6.6	6.7	6.6	6.9	7.0	7.2	7.4	7.2
Not in labor force	39,023	38,992	38,924	38,861	38,700	38,853	38,879	39,005	39,448	39,089	39,051	39,263	39,392
Both sexes, 16-19 years													
Total noninstitutional population [1]	16,721	16,686	16,650	16,615	16,579	16,544	16,510	16,469	16,429	16,390	16,351	16,310	16,269
Civilian noninstitutional population [1]	16,397	16,363	16,341	16,305	16,270	16,249	16,213	16,169	16,131	16,093	16,037	15,995	15,955
Civilian labor force	9,287	9,244	9,184	9,288	9,206	8,759	8,838	8,902	8,888	8,826	8,876	8,631	8,643
Percent of civilian population	56.6	56.5	56.2	57.0	56.6	53.9	54.5	55.1	55.1	54.8	55.0	54.0	54.2
Employed	7,530	7,475	7,423	7,522	7,424	7,076	7,180	7,208	7,139	7,025	6,940	6,778	6,771
Percent of total population	45.0	44.8	44.6	45.3	44.8	42.8	43.5	43.8	43.5	42.9	42.4	41.6	41.6
Agriculture	410	381	381	442	410	384	369	373	367	355	326	326	373
Nonagricultural industries	7,120	7,094	7,042	7,080	7,014	6,692	6,811	6,835	6,772	6,656	6,585	6,452	6,398
Unemployed	1,757	1,769	1,761	1,766	1,782	1,683	1,658	1,694	1,749	1,801	1,886	1,853	1,872
Unemployment rate	18.9	19.1	19.2	19.0	19.4	19.2	18.7	19.0	19.7	20.4	21.4	21.5	21.7
Not in labor force	7,110	7,119	7,157	7,017	7,064	7,490	7,379	7,267	7,243	7,267	7,211	7,364	7,312

[1] The population and Armed Forces figures are not adjusted for seasonal variations.

NOTE: Pre-1982 data have been revised.

Table 9. Labor force status of the noninstitutional population by age, sex, race, and Hispanic origin using 1970 and 1980 census population estimates, 1981 annual averages

(Numbers in thousands)

Labor force status and age	Total			Men			Women		
	1970 base	1980 base	Net difference	1970 base	1980 base	Net difference	1970 base	1980 base	Net difference
Civilian noninstitutional population									
Total, 16 years and over	166,436	170,130	3,694	78,769	80,511	1,742	87,667	89,618	1,951
16 to 19 years	15,905	16,214	309	7,920	8,092	172	7,984	8,121	137
20 to 24 years	20,081	20,820	739	9,717	10,116	399	10,365	10,705	340
25 to 34 years	36,434	37,777	1,343	17,717	18,427	710	18,717	19,350	633
35 to 44 years	24,021	24,291	270	12,527	12,758	231	11,493	11,533	40
45 to 54 years	22,412	22,422	10	10,848	10,797	-51	11,563	11,625	62
55 to 64 years	21,204	21,756	552	10,013	10,151	138	11,191	11,605	414
65 years and over	24,380	24,850	470	10,027	10,170	143	14,353	14,680	327
Civilian labor force									
Total, 16 years and over	106,393	108,670	2,277	60,633	61,974	1,341	45,760	46,696	936
16 to 19 years	8,848	8,988	140	4,688	4,777	89	4,160	4,211	51
20 to 24 years	15,543	16,099	556	8,320	8,648	328	7,224	7,451	227
25 to 34 years	29,306	30,392	1,086	16,819	17,479	660	12,487	12,912	425
35 to 44 years	20,969	21,211	242	11,950	12,166	216	9,019	9,045	26
45 to 54 years	16,985	16,970	-15	9,916	9,868	-48	7,069	7,101	32
55 to 64 years	11,734	11,969	235	7,090	7,170	80	4,644	4,799	155
65 years and over	3,008	3,042	34	1,850	1,866	16	1,158	1,176	18
Employed									
Total, 16 years and over	98,313	100,397	2,084	56,168	57,397	1,229	42,145	43,000	855
16 to 19 years	7,115	7,225	110	3,744	3,815	71	3,371	3,411	40
20 to 24 years	13,638	14,122	484	7,220	7,504	284	6,419	6,618	199
25 to 34 years	27,174	28,180	1,006	15,650	16,266	616	11,525	11,914	391
35 to 44 years	19,909	20,145	236	11,405	11,613	208	8,504	8,532	28
45 to 54 years	16,268	16,255	-13	9,522	9,478	-44	6,746	6,777	31
55 to 64 years	11,298	11,525	227	6,832	6,909	77	4,465	4,616	151
65 years and over	2,911	2,945	34	1,795	1,812	17	1,116	1,133	17
Agriculture									
Total, 16 years and over	3,312	3,368	56	2,656	2,700	44	657	667	10
16 to 19 years	375	380	5	312	317	5	63	63	0
20 to 24 years	421	435	14	348	359	11	74	76	2
25 to 34 years	661	684	23	520	539	19	142	146	4
35 to 44 years	543	547	4	401	406	5	142	141	-1
45 to 54 years	510	508	-2	393	391	-2	117	117	0
55 to 64 years	500	510	10	413	420	7	86	90	4
65 years and over	301	304	3	267	269	2	34	35	1
Nonagricultural industries									
Total, 16 years and over	95,001	97,030	2,029	53,514	54,697	1,183	41,487	42,333	846
16 to 19 years	6,740	6,845	105	3,432	3,498	66	3,309	3,347	38
20 to 24 years	13,217	13,687	470	6,872	7,145	273	6,345	6,542	197
25 to 34 years	26,512	27,496	984	15,131	15,727	596	11,382	11,768	386
35 to 44 years	19,366	19,598	232	11,004	11,207	203	8,363	8,391	28
45 to 54 years	15,758	15,747	-11	9,129	9,087	-42	6,628	6,660	32
55 to 64 years	10,798	11,015	217	6,419	6,489	70	4,379	4,526	147
65 years and over	2,610	2,641	31	1,528	1,543	15	1,082	1,098	16
Unemployed									
Total, 16 years and over	8,080	8,273	193	4,465	4,577	112	3,615	3,696	81
16 to 19 years	1,733	1,763	30	944	962	18	789	800	11
20 to 24 years	1,905	1,976	71	1,100	1,144	44	805	833	28
25 to 34 years	2,132	2,211	79	1,169	1,213	44	963	998	35
35 to 44 years	1,059	1,065	6	545	552	7	514	513	-1
45 to 54 years	717	715	-2	394	390	-4	323	325	2
55 to 64 years	436	444	8	258	261	3	178	184	6
65 years and over	97	98	1	55	55	0	42	43	1
Unemployment rate									
Total, 16 years and over	7.6	7.6	0	7.4	7.4	0	7.9	7.9	0
16 to 19 years	19.6	19.6	0	20.1	20.1	0	19.0	19.0	0
20 to 24 years	12.3	12.3	0	13.2	13.2	0	11.3	11.2	0.1
25 to 34 years	7.3	7.3	0	6.9	6.9	0	7.7	7.7	0
35 to 44 years	5.1	5.0	-0.1	4.6	4.5	-0.1	5.7	5.7	0
45 to 54 years	4.2	4.2	0	4.0	4.0	0	4.6	4.6	0
55 to 64 years	3.7	3.7	0	3.6	3.6	0	3.8	3.8	0
65 years and over	3.2	3.2	0	3.0	2.9	-.1	3.6	3.6	0

Representative REUSS. Thank you. And I want to say again that your analysis is invaluable.

Let us look at these figures in terms the average citizen perhaps can best understand. We won't talk in terms of seasonal adjustment or in terms of discouraged workers or other rather difficult concepts, but let's just talk in terms of the number of men and women in the work force who were without a job in January, last month.

That number, so-called unadjusted number, of the actual unemployed was 10,183,000 human beings, was it not?

Ms. NORWOOD. Yes, sir.

Representative REUSS. And is it not a fact that you have to go back to the depression in 1939 to find a comparable number of unemployed? And when we do go back to 1939 you find that the number of unemployed, figured on the same basis, was 9,480,000? Is that not a fact?

Ms. NORWOOD. Yes, in 1939.

Representative REUSS. So that the actual number of unemployed men and women today is greater than the number of unemployed in a severe depression year of 1939. It that not so?

Ms. NORWOOD. Yes, sir.

Representative REUSS. Turning to the statistics which you and your associates for many years have been giving us and which are the only basis we have to try to make sensible decisions as to where we should go, is it not correct that proposed budget cutbacks in the Bureau of Labor Statistics as reported in the press—we will know for sure next Monday whether they are what the press reports them to be—the proposed cutbacks of 4 percent in the Bureau of Labor Statistics' budget will mean that you will have to begin reductions in key programs that will delay and impair the quality of the Consumer Price Index and the unemployment Statistics?

Ms. NORWOOD. Yes. Mr. Chairman, under the continuing resolution under which we are operating we have already begun to implement the 12 percent cut that the President proposed to the Congress. We are putting that into effect.

Unfortunately, the Bureau of Labor Statistics got caught in the overall aggregate decisions that were made because we had already been reduced the full 12 percent. Then when the decision was made by the Congress and the President to cut across-the-board another 4 percent, we were caught in that. I can assure you that we have had discussions about that with Secretary Donovan and within the administration because there is concern about the need to maintain the high quality of the data.

Representative REUSS. I would just like to assure you that I'm going to do my best to see that this country doesn't conceal the fact that the temperature is getting out of hand by breaking the thermometer. To me, it's absolutely unsupportable to cut back on the statistics on jobs and prices at a time when we ought to be focusing on them and on the consequences. Senator Mattingly.

Senator MATTINGLY. Thank you, Mr. Chairman.

I want to know, does this mean that we don't get your speech, Congressman Mitchell, when it hits 10 percent?

Representative MITCHELL. No. I have reconsidered. I might give it today. In fact, it might be today.

Senator MATTINGLY. Well, I'm sorry I have to go out of town.

Representative MITCHELL. I'm sorry also.

Senator MATTINGLY. Commissioner Norwood, one quick question. In the past everybody has talked about how our education system has deteriorated, especially in the three R's. Just to ask a quick question, 8.5 is smaller than 8.9 still?

Ms. NORWOOD. Yes, although the December rate was revised to 8.8 percent.

Senator MATTINGLY. So the figures did go down. And I think that sometimes—I say a lot of times we dwell—not you—but a lot of people dwell upon bad news and there's a certain amount of domagoguery on figures a lot of times, but I think that expecially with the opponents of the Reagan economics. But I think really this can be looked upon also as good news not only for optimists but good news for everybody that things did not get worse but, rather, no matter how they may be interpreted, whether status quo or what, that things did not get worse, that as Congressman Reuss pointed out—and I'm glad the chairman pointed this out about the figures being equal to 1939—that we look and see where we had 43 years of a bad economic posture or poor Government to get us in this place. My feeling is that a sound program can turn this country around—I think that's what we have now and that we don't want to see the program tinkered with using short-term fixes when we need to have long-term, permanent stability restored back in our country.

The comment that was made about how large the labor force was in 1939 as compared to today does not really have a great deal to do with the number of unemployed, does it?

Ms. NORWOOD. I think that the point is that one can look at the level of people who are unemployed or at the proportions of the people who are unemployed, and obviously as the population gets larger, the proportions may differ. I believe that the point that the chairman was making was that there are two ways of looking at data. One is before seasonal adjustment, which is what actually happens. We seasonally adjust data because we want to take account of what we normally would expect to happen. If you expect youngsters to leave school and be looking for jobs in July, you don't want to suddenly think there is a big policy problem.

That does not mean that we should overlook not seasonally adjusted data. There are two ways of looking at it and my job, I think is to try to present to all of you in as objective a fashion as possible all aspects of the data.

Senator MATTINGLY. If you looked at all the figures from the great depression compared to the figures today, it's ridiculous to say that they are in fact the same. I mean, not just unemployment figures but all figures.

Ms. NORWOOD. Of course, the circumstances are very different. I think it makes a lot more sense to look at this recession in comparision to previous recessions, particularly the one in 1980 and the one in 1974-75, and there are some relationships we can see there.

The important thing about the current period is that the declines in employment have been very sharply focused in durable manufacturing industries.

Senator MATTINGLY. I want to thank you for coming today. I thank you for bringing the good news and, like always, I guess it depends upon the way you look at it, and I appreciate good news, as I think the majority of the people in our country do. Thank you.

Representative REUSS. Representative Mitchell.

Representative MITCHELL. Thank you.

I'm not at all sure you brought good news for the 234,000 people who showed up at the plants and were told there were no jobs, but good news or bad news, it's highly interpretative. I am never a demagog. I just won't do that. I try to be constructive.

There's an excellent book you ought to read by an author named Ralph Ellis. The name of the book is "The Invisible Man." It was written some time ago, when blacks were invisible in America. You just didn't see them. I had the feeling that we're becoming invisible again until I heard some of your comments, and I looked at the unemployment rate for blacks as of January 1982. It went down from 17.3 percent in December of last year to 16.8 percent in January.

Now how do we interpret this? Does this mean that there's been a sudden reversal of the antiaffirmative attitude that's been permeating this administration, that was evidenced in the Senate on the busing vote, or does it mean that blacks have again become visible? Does it mean that the private sector is now saying, " We recognize this problem," and therefore, we have had this dramatic reduction in the black unemployment rate, or does it mean that the unemployment offices were closed in the urban centers because of the loss of personnel and to weather? Which one would you opt for?

Ms. NORWOOD. Mr. Mitchell, I would suggest the 16.8-percent rate for blacks in January is roughly the same as that for October and November and perhaps even for December, and that it is more than two times the rate for whites.

The unemployment situation for our black population has not improved for some time. It did not improve after the 1980 recession and, although we have had a deterioration in the situation for whites, we have continued to have high unemployment among the black population.

Representative MITCHELL. That must be exceedingly good news for those of my race. It's unchanged, maybe even a little worse. Did the Senator leave? I'm sorry.

How many weeks is a typical worker now eligible for unemployment compensation?

Ms. NORWOOD. I believe it's 26. I'm not an authority on the unemployment insurance system, but I think it's 26 weeks, and there is some supplementation in some States.

Representative MITCHELL. Do you have any idea what proportion of the unemployed have already exhausted their unemployment benefits?

Ms. NORWOOD. I'm not sure. The most recent figures for the eight largest States where there is a large decline in employment appear to be about what they have been in other recessions at this stage. I'm not sure of the exact figures. We can try to get that for the record.

Representative MITCHELL. I would be interested in that because the President, as you know, has requested some additional money

for unemployment compensation benefits, $2.1 billion, and I'm really curious as to whether that would be enough.

I indicated earlier that the plight of the unemployed is being supplemented by the 5 pounds of cheese and the volunteer efforts by the ladies auxiliary to the Kiwanis Club that makes cookies and little things like that. I would need to know that figure to try to find out whether the $2.1 billion that the President proposes to handle the unemployment situation that he's created will be sufficient. If you could send me that, I would appreciate it.

Ms. NORWOOD. I would be glad to.

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

Persons exhausting State unemployment insurance benefits in 1981

January	309,000
February	276,000
March	290,000
April	289,000
May	240,000
June	244,000
July	247,000
August	205,000
September	207,000
October	200,000
November	203,000
December	265,000

Because many of these persons either got jobs or dropped out of the labor force in subsequent months, it would not be appropriate to cumulate the monthly exhaustion counts. Therefore, we are unable to estimate the proportion of the total unemployed in any given month who are exhaustees.

Representative MITCHELL. Thank you.

Representative REUSS. Congressman Long.

Representative LONG. Thank you, Mr. Chairman.

Commissioner Norwood, you mentioned earlier that it might be more appropriate to consider the ramifications of the unemployment situation now with respect to the recession of 1974–75 or those immediately past rather than the big depression in the 1930's. Can you give us some of your conclusions in a comparison of that type and particularly do the job losses spread evenly, for example, through the economy, or are some sectors weaker or stronger? What type of comparison could you make that might be helpful to us?

Ms. NORWOOD. You will recall that the 1973–75 recession had some lag in the rise of unemployment; therefore, the period for comparison should begin with August 1974 when unemployment really began to rise. What we find in that comparison is that the declines in employment as well as the rise in unemployment is still somewhat less than those in the 1974–75 period, and they are about equal to or in some cases slightly more than the changes in the 1980 recession.

For example, there was a decline of about a million in the nonagricultural payroll employment from July 1981 to January. In the 6-month period of the 1980 recession, there was a decline of a little more than 700,000. In 1974–75 there was a decline of about 1,750,000.

Representative LONG. What type of conclusion do you draw from that?

Ms. NORWOOD. I believe that at this stage in the business cycle, the unemployment increases and the employment declines are not yet as severe as in the 1974–75 recession. The 1980 recession was a very short one. It only lasted 6 months, but so far at least we have not reached the kind of drops that we had in the 1974–75 recession.

Representative LONG. How does the percentage of unemployed blacks compare between those three periods? Do you have that information?

Ms. NORWOOD. Yes; I do. There has been a change in the unemployment rate for the black population in the first 6 months of this recession of 1.9 points. It was 2.4 points in the 1980 period and 4.3 in the 1974–75 period.

Representative LONG. Translate those into overall percentages, would you please, of unemployment for blacks during the three periods.

Ms. NORWOOD. It's about a 15-percent change in the last 6 months as compared to roughly a little more than 40 percent in 1974–75.

Representative LONG. Meaning that it was much more acute amongst blacks at that time than it is now?

Ms. NORWOOD. Yes, sir. Among whites too.

Representative LONG. Thank you, Mr. Chairman.

Ms. NORWOOD. May I just add that I think it's extremely important to recognize that we started this recession from a much higher unemployment rate?

Representative LONG. Yes.

Ms. NORWOOD. And so we have a high-rate increase, but the increase started from a higher rate.

Representative LONG. Yes. This is alluding back to the point Congressman Mitchell made or you made in response to him that it continually had been high and had not really improved?

Ms. NORWOOD. Yes.

Representative LONG. Thank you.

Representative REUSS. Senator Sarbanes.

Senator SARBANES. Thank you, Mr. Chairman.

Ms. Norwood, what was the survey week you just released on the unemployment?

Ms. NORWOOD. It's the week including the 12th, the 10th to the 16th.

Senator SARBANES. The 10th to the 16th of January?

Ms. NORWOOD. Yes, sir.

Senator SARBANES. Now you say in your statement:

> However, the drop in the unemployment rate was associated with a sharp decline in the number of men in the labor force. Their participation rate was down half a percentage point over the month.

That is the people who had opted out of being in the labor force; is that what we are to understand?

Ms. NORWOOD. Yes, sir.

Senator SARBANES. Does that figure correspond to the figure you reported last month for that last quarter, when you had had the

highest reported figure of nonparticipants in the labor force, as I recall?

Ms. NORWOOD. We had the highest reported number of people who said they were looking for jobs, and therefore, were out of the labor force, because they believed no jobs were available. Those data are collected from a very small sample each month, and we really only have reliable figures on a quarterly basis. That's why I believe that one needs to be somewhat careful in interpreting these data. It could be that men have left the labor force because they are discouraged and feel that no jobs are available. It could also be they left the labor force because the weather was very bad. It will take us another couple months to be sure.

Senator SARBANES. Perhaps this question was asked earlier, but if you had not had this sharp decline in the number of people in the labor force, if they had been in the labor force at the levels of the previous month, what would the unemployment figure have been?

Ms. NORWOOD. It would have been higher. We'll calculate it. It would probably have been about 8.8 or 8.9.

Senator SARBANES. So the drop reflected in the unemployment rate figure is not a drop that comes from people finding jobs who were unemployed, or more people being put to work, but comes from the fact that the number of people looking for work dropped because a significant number opted out of the labor force for the month; is that correct?

Ms. NORWOOD. That's right. I think the troubling part of these data is that there has continued to be a decline in employment and that the decline was more than 200,000 in January among manufacturing industries. The payrolls have been reduced. That's why I said in my statement that I believe that these data do not suggest a real improvement in the labor market situation.

Senator SARBANES. In fact, if you assume that a lot of these people have gone out of the labor market because they are just convinced that there aren't any jobs to be found—have good reason to believe that despite the 24 pages of want ads—then if their attitude changed and they all flooded back into the labor force, you could anticipate the unemployment rate really going up very markedly. To some extent, the degree of unemployment is being understated because a significant number of people aren't even in the labor force and therefore are not counted to determine the unemployment rate?

Ms. NORWOOD. That is, of course, possible, Senator Sarbanes. The labor force data tend to jump a bit from one month to the next. If you look at this over a period of time you see that we have had a pretty steady rise in unemployment. December's rise was particularly steep. The January change may be a slight correction of that or it may be some different phenomenon.

Senator SARBANES. I'm interested in your table on the Vietnam veterans. You have a special table on that. That's A-10.

Ms. NORWOOD. Yes.

Senator SARBANES. As I understand that—let me see if I understand it. You don't have one for nonveterans total 25 years and older; is that correct?

Ms. NORWOOD. That's right.

Senator SARBANES. For comparison purposes, I have to go to the second figure at the top. In any event, the unemployment rate among Vietnam-era veterans which was running a little better in January 1981 is now running worse; is that correct?

Ms. NORWOOD. Yes, sir.

Senator SARBANES. Is there any explanation for that? We've spent a great deal of effort to try to provide job opportunities for Vietnam-era veterans. There have been various programs and a year ago they were apparently having some effect because at least some of their rates seemed to be better than the nonveterans. But now they seem to be exceeding the nonveterans in every respect.

Ms. NORWOOD. We are, of course, in a different stage of the business cycle now than we were then. Also, I think it's important to recognize that this is a rather small group and that it is very difficult to develop data that have very great accuracy about them.

Generally speaking, over a long period of time, the experience of the veterans is pretty close to the experience of others of that age group, but they do have a somewhat harder time I think getting a job. I think that's about all one can read from the data.

Senator SARBANES. Thank you.

Representative REUSS. Congressman Long.

Representative LONG. Commissioner Norwood, going back to the comparison you were making between the two prior recessions and this one, what is the geographic impact of this recession as compared to the geographic impact of the prior two recessions?

Ms. NORWOOD. The 1980 recession began with construction and automobile manufacturing. This recession has begun with automobiles and the housing industry already depressed at the beginning of the recession. It has focused even more sharply in durable manufacturing and, therefore, in those areas of the country that are affected by durable manufacturing. So we have the north central part of the country affected because of machinery, steel, automobile manufacturing; and we have the northwest, which is the large lumber area, affected by the housing industry. They are worse off in terms of unemployment than other parts of the country.

Representative LONG. Then compared to the prior two recessions, it's not as evenly distributed as it was in the prior two recessions—unemployment is not?

Ms. NORWOOD. It is more concentrated.

Representative LONG. It's more concentrated in the areas to which you referred?

Ms. NORWOOD. Yes.

Representative LONG. Thank you, Mr. Chairman.

Representative REUSS. Congressman Mitchell.

Representative MITCHELL. Just one last question. You were very kind and explained that the drop in unemployment in January was due to seasonal factors, yet at the same time you pointed out indications of further deterioration in the economy—big job losses in construction and manufacturing. I think you said in nondurable goods also, and declines in the hours worked and a real increase in unemployment. Then you concluded by saying that the situation did not improve.

Do these factors which you cite suggest that we will see a continued increase in unemployment reaching the magical objective of 10 percent sought by the administration?

Ms. NORWOOD. Well, I'm not sure, Congressman Mitchell. All that I can tell you is that the unemployment rate tends to lag for at least a month or two. It tends to continue to go up even after the whole economy has turned around.

Representative MITCHELL. Then we would expect an increase in unemployment generally in the month of February?

Ms. NORWOOD. I never expect anything. I'm most interested in seeing what happens.

Representative MITCHELL. Well, you're such a wonderful person. I expect it because I think I know what the objective is. Thank you.

Representative REUSS. Commissioner Norwood, turning from jobs to prices, in his State of the Union address last week the President said, "We have brought inflation down faster than we thought we could," and Mr. David Stockman over the weekend on the television expressed the same "look, ma, no hands; we did better than we thought" joyously.

I have a little difficulty with this because the official forecast of the administration, the most recent one last July, on the Consumer Price Index was that it would rise in 1981 by 8.6 percent. Is it not a fact that the actual increase on a fourth-quarter to fourth-quarter basis was 9.6 percent?

Ms. NORWOOD. The over-the-year rate of change in the Consumer Price Index for all consumer prices as of December was 8.9 percent. Over the last 3 months the seasonally adjusted annual rate has been 5.3 percent. I think perhaps that's what they were referring to.

Representative REUSS. Even 8.9 percent is a greater increase than 8.6 percent as was predicted, was it not?

Ms. NORWOOD. Yes, it's higher.

Representative REUSS. Could this then be another case of what Mr. Stockman so well stated in the Atlantic Monthly article in which he said: "None of us really understands what's going on with all these numbers"?

Ms. NORWOOD. I can't speak for Mr. Stockman or anybody else in the administration. I do think that there was a focus on the changes over the last several months and there has been a slackening in the rate of inflation over the last several months.

Representative REUSS. Thank you. I have one additional question, Commissioner Norwood, which is quite technical and has to do with alternatives, X-1, X-2, X-3, X-4, and X-5 to the official CPI. Rather than put this question to you, which has been prepared by staff and which I don't think I understand—I'm not even sure I could read it—may I present this to you in writing and would you be kind enough to answer it?

Ms. NORWOOD. Certainly, if we can.

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

RESPONSE OF HON. JANET L. NORWOOD TO WRITTEN QUESTION POSED BY REPRESENTATIVE REUSS

Question. The administration has recently claimed credit for the drop in inflation, as measured by the official CPI, from 12.4 percent in 1980 to 8.9 percent in 1981 (measured on a December-to-December basis), an impressive drop of 3.5 percentage points. However, you publish five alternative versions of the CPI. The drop in inflation was much less than this with *all* of the other measures, and two of the alternative indices actually rose faster than in 1980:

Measure	Rate of increase (percent)		1981 change in inflation (percent)
	1980	1981	
Official CPI	12.4	8.9	−3.5
Alternative X1	10.8	8.5	−2.5
Alternative X2	12.8	13.7	+0.9
Alternative X3	11.9	13.5	+1.6
Alternative X4	12.0	9.5	−2.5
Alternative X5	11.3	9.1	−2.2

Could you provide for the record an analysis of why the results differ so much? What in your opinion is the best measure? Doesn't the official CPI significantly overstate the true drop in inflation last year?

Answer. Differences among rates of change in 1980 and 1981 in the official CPI and the 5 experimental measures reflect, ultimately, differences in the definition of each. Experimental indexes X-1, X-2, and X-3 are of the type referred to as "flow-of-services" measures. They attempt to estimate the value of housing services consumed by the homeowner and thus eliminate the investment aspects of owning a home. The X-1 index attempts to measure changes in the rental value of owned housing and uses the residential rent component of the CPI. The sharp deceleration in the rate of increase in the homeownership component of the official CPI, from an increase of 16.5 percent in 1980 to 10.1 percent in 1981 (see table below), was due mostly to smaller increases in house prices and mortgaging cost in 1981 than in 1980. These two elements, by definition, are not included in the X-1 experimental measure whose homeownership component showed a much smaller deceleration—up 8.5 percent in 1981 compared with 9.1 percent in 1980.

HOMEOWNERSHIP COMPONENT

Relative importance December 1980 (percent)	Measure	Rate of increase (percent)		Change 1980 to 1981 (percent)
		1980	1981	
22.8	Official CPI	16.5	10.1	−6.4
14.5	Alternative X1	9.1	8.5	−0.6
11.4	Alternative X2	25.0	45.4	+20.4
10.0	Alternative X3	19.8	54.5	+34.7
10.0	Alternative X4	20.0	15.9	−4.1
8.7	Alternative X5	14.5	14.9	+0.4

The experimental measures X-2 and X-3 estimate changes in the value of housing services consumed by homeowners through the "user cost" approach to measuring the "flow-of-services." This method includes mortgaging costs and, as is the official CPI, is affected by changes in house prices and mortgage interest rates. However, the user cost measures also include an element which adjusts for the fact that appreciation in house values benefits the homeowner. Specifically, appreciation in house values is counted in part as an offset to other homeownership expenses in the user cost approach. The X-2 and X-3 measures actually rose more in 1981 than in 1982 largely because the slowdown in house price increases in 1981 resulted in a smaller offset to other homeownership costs than in the previous year.

The experimental indexes X-4 and X-5 are referred to as "outlays" measures. In a sense they attempt to estimate what consumers pay out each month for shelter services. These measures include mortgaging costs. The X-4 index includes current

mortgage interest rates and the increase in its homeownership component accordingly decelerated noticably in 1981. A 15-year average of mortgaging costs is employed in X-5 and its homeownership component, being much less sensitive to current interest rates, actually rose slightly more in 1981 than in 1980. It is important to note that the homeownership components of all 5 experimental measures represent smaller shares of their respective index's overall weight than does the homeownership component of the official CPI. In other words, changes in homeownership costs have a smaller impact on the overall indexes in the experimental measures than they do in the official CPI. Thus, the differences in rates of change observed between 1980 and 1981 result both from differences in how shelter costs are estimated and from differences in relative weights assigned to homeowners' shelter costs among the 6 measures.

For the reasons set forth in my announcement that the approach to homeownership costs in the CPI would be changed to a rental equivalence measure, I believe that currently the CPI-U-X1 represents the best estimate of the impact of changes in the cost of shelter services. There clearly is considerable controversy about which method of measuring homeownership costs is most appropriate for the CPI. Some believe that the official CPI overstated the rate of inflation when interest rates and house prices were rising rapidly and understates the rate of inflation now that they are rising more slowly. If one abstracts from the homeownership issue, however, it is clear that slowdown in the rate of advance in prices was widespread in 1981; all major categories of consumer spending, except medical care, rose less than they did in 1980. The rate of increase in a special purpose index, which excludes homeownership costs all together, went from 11 percent in 1980 to 8.5 percent in 1981.

Representative REUSS. Are there any further questions from the panel?

[No response.]

Representative MITCHELL. If not, as always, we are most grateful, Commissioner Norwood, Mr. Layng and Mr. Plewes. Thank you for helping us and you may now step down and we'll hear from Mr. Eli Ginzberg, director of the Conservation of Human Resources at Columbia University and former Chairman of the National Commission for Employment Policy. We also expect to hear from Leon Keyserling. Is he here? Mr. Keyserling, would you come up too and take your place at the witness table? Mr. Keyserling, an old friend of this committee, is president of the Conference on Economic Progress and former Chairman of the Council of Economic Advisers in the Truman administration.

Incidentally, both of you have submitted prepared statements for which we are grateful, and they will, under the rule and without objection, be received in full in the record, and we will now ask you to proceed.

STATEMENT OF ELI GINZBERG, HEPBURN PROFESSOR EMERITUS OF ECONOMICS AND DIRECTOR, CONSERVATION OF HUMAN RESOURCES, COLUMBIA UNIVERSITY

Mr. GINZBERG. I would like to begin if I may, Mr. Chairman, by dividing my brief oral comments into first, how one should think about the current unemployment problem and, second, what one can and cannot do about it.

In terms of thinking about the subject, I would differentiate the present unemployment into three major sets of causes and I think making distinctions is important. If one doesn't see a subject right one's policy is not likely to be very good.

The first major cause of current unemployment is that we have been pursuing an anti-inflationary policy which is connected with these high interest rates, which in turn have put a real damper on a substantial part of the goods-sector of the economy.

The second part of the trouble lies in terms of the unemployment that comes out of our "structural" troubles. We have people who are not readily absorbable into the labor force and we have industries that are very badly affected by their national and international competitive position, like automobiles and automobile suppliers. So you have whole areas in the Midwest that are in real serious trouble. So that's what I would call a structural difficulty.

Then I think we have, in addition to these two, the anti-inflationary and the structural, cyclical unemployment which is the result of the general weakening of the economy. We can keep on being in recession I believe for quite a while, and that's still another kind of unemployment.

Now I'm impressed with the fact that practically no European or other developed economy is able to run very tight these days, which means that it's not easy to get rid of the cyclical unemployment because to run the economy very tight means that you probably invite still more inflationary pressures. The only people who are escaping that, as far as I can see, are Japan and Sweden. The Germans' latest report says that unemployment is almost 7.5 percent, which is extraordinary for Germany.

Second, I don't think that going for public service employment now would make much sense, either the old-fashioned public works nor soft public works, because by the time you got them going I would hope the recession would be a little bit behind us.

The third thing I want to say is, that having watched the $80 billion of Federal funds that we expended in manpower since 1962 when be began with MDTA, I don't think we gave the people who were the most unemployable much help. We did very little for the hard-to-employ out of those $80 billion because we did not have in this country at any time over the two decades a serious skill training program in which we made sizable investments in the people that needed help, with the possible single exception of the Job Corps. That's about the only exception.

We really used our manpower moneys mostly for income transfer moneys and a little bit of training but not serious.

In terms of the tax programs that we used, both the employment tax credit and the targeted tax credit, I think we have to say that neither the Treasury nor the Department of Labor ever got very enthusiastic about them. Such programs are very hard to put into order and to run without giving sizable windfall profits. The evidence suggests that we can do a little bit with tax credits targeted on employment, but I don't really have a great deal of enthusiasm about the approach.

Finally, I have been studying the European efforts to help stricken areas, what the British call distressed areas and what the other countries call high unemployment areas, and one of the things that bothers me about their efforts has been that you can use up a lot of national capital without being able to turn such areas around.

If an industry and a whole area is in serious economic trouble—and I began my studies in south Wales in the coal mining area in 1939, so I have some direct experience as a researcher—it is very hard to turn such a sector of the economy around, no matter how much money you spend. You may make the people's problems

worse if you don't help to get them out of there unless of course the economic base can be turned around.

I go up to Martha's Vineyard in the summer. I have been waiting for two generations for New Bedford and Fall River to turn themselves around. They got into trouble in the late twenties and they are still not out of that trouble. So that when you're dealing with geographically concentrated problems, I believe, for better or worse, that one has to rely quite a lot on getting the people to move, although occasionally you can get some new industry to move in.

Now what to do about all of this?

No. 1, I do not believe that the Federal Government, powerful as it is, has all the instruments at its control—there's no single approach that will work. You're not going to be able to get cyclical unemployment, high interest rate unemployment, and the structural unemployment cured through one approach.

In the sixties, from 1965–69, when we had a booming economy due to Vietnam and other reasons, we still had disturbingly high black youth unemployment rates in this country. So you can have a big booming economy and certain subgroups can still have troubles.

I think if we try to do what we've tried to do in the past—every time we get into a recession try to push out new money fast—we will have what is called a hiccough economy. We will get some people back to work a little faster and then pretty soon we will run into other problems or interest rate problems, and we will have to stop the very expansionary policies that we have started.

I think that in an economy in which we have been having wage and price increases year after year out of all relationship to our productivity—although I don't believe that the productivity figures are as bad as they are reported, because we don't reflect the service sector correctly—I think that unless we can get some new understandings in the area of labor-management bargaining, we simply will have perpetual inflationary pressures continuing on and there will be nothing we can do on the monetary side or the tax side that will help us very much.

I think that to cope better with cyclical unemployment we have to try to strengthen the UI system. I would not go beyond 39 weeks without tying it into some kind of manpower training or mobility allowances, because after 39 weeks—we once paid UI for 65 weeks—I think you contribute to the inertia on the part of people to look for new jobs.

I don't think any of our unemployment out there, not any substantial amount of it has anything to do with the loss of the work ethic. I've never believed in that doctrine. I think it has to do with a weak demand for labor. It's very soft. You can see it. I did not hear Ms. Norwood's testimony, but I read the report and the reduction in the employment-population ratio and the increasing numbers of people who are not in the labor force makes it clear to me that it's soft demand that's at the back of rising unemployment.

I think that we have a serious long-term problem in this country—I come from New York—to make sure that the youngsters coming out of school develop one way or another minimum employability skills. We do not have that at the moment. In New York

City we still have quite a lot of jobs, but we import 600,000 people a day because the local population is not able to handle those jobs effectively.

With respect to the stricken areas of the Midwest, I would move as follows: I would put some heat on defense contractors in connection with interstate clearances of the Job Service to open up some of their new jobs for capable factory workers who are unemployed who have a long history of good job performance and who need help. One must help them to find new jobs.

I would consider a Federal loan program for communities which indicate that they have some local planning capability and may be able to interest some new industries to come in. They need some help on borrowing to do that.

I think we should consider the more flexible use of UI funds to include mobility allowances and maybe some retraining.

I am not enthusiastic from what I have yet seen about the enterprise zone program, but since it's the only initiative that I've heard the administration suggest so far about the inner cities, I don't want to prejudge it. But I don't think that enterprise zones with just the use of tax benefits are going to turn around the parts of New York that I know need turning around.

I would like to remind everybody of a speech that a not very radical chairman of the Federal Reserve Board, Arthur Burns, made in 1975 at the University of Georgia. I had been talking with Arthur for a year that one couldn't follow an anti-inflationary policy in this country unless one could be sure that in banking the fires of inflation one didn't increase unemployment. So I said, "Arthur, you've got to work that out. Our Commission will help as long as you make sure you don't get people thrown out of work with an anti-inflation program." He made a speech in Georgia in which he said he thought the Government should be the employer of last resort and he put in that little twist at 10 percent below the minimum wage. Mr. Meany didn't like it. But in talking before the Joint Economic Committee, I would like to remind you that Senator Humphrey got up in the Senate and said he thought that was a major contribution to the thinking of the country, that with a conservative Republican in the White House the Chairman of the Federal Reserve Board saw the need for a new structure beyond the marketplace to help care for people who could not find jobs.

[The prepared statement of Mr. Ginzberg follows:]

PREPARED STATEMENT OF ELI GINZBERG

1. Nobody should pay particular attention to any single month's figures about unemployment. The trend is what counts and the trend appears to be definitely upward. Greenspan, and many other forecasters, talk about the unemployment rate going above 10 percent in the months ahead.

2. Another reason for not paying undue attention to any one month's figures is my restiveness about what our basic reporting systems leave out such as activity in the "off the record economy" which I suspect continues to grow at a differentially rapid rate. I also am uneasy about much of the literature on "productivity" because of weaknesses in the data collection because of a failure to capture "quality" changes - i.e., in computers or in services such as hospital care, etc.

3. The high and rising U.S. unemployment rate results from the compounding of the following:

--Anti-Inflationary Policy: High interest rates with their adverse impact on autos, construction, and other areas dependent on consumer credit. Roughly 1 percent drop in inflation leads to 1 percent increase in unemployment for 2 years. Not much of a policy.

--Structural difficulties affecting <u>groups</u> (hard-to-employ minority youth) and <u>locations</u> whose industrial base has been severely weakened (autos and suppliers).

--Cyclical - general weakening of the economy with bankruptcies, low investment, etc. leading to tighter cost controls resulting in dismissals, layoffs and postponed hiring.

4. A review of U.S. employment policy, further informed by an assessment of the employment policies of other large OECD countries, suggests:

--The preconditions for running the economy very tight, with correspondingly low unemployment, no longer exist in most countries with the possible exception of Japan and Sweden. The inflationary potential and balance of payments concerns are being given priority.

--Public sector job creation, public works or soft public works can't be effectively implemented as a counter-cyclical device. The dollars go out and the jobs come on stream too slowly. The National Commission for Employment Policy repeatedly advised against resort to PSE as a counter-cyclical measure. In my view counter-cyclical PSE really undermined the long term contribution of CETA to help the disadvantaged.

--Despite the expenditure of over $80 billions on Employment and Training programs since MDTA in 1962 relatively little was directed at serious skill training for the hard-to-employ, training of 12 months or so, with opportunities for remedial education included. Job Corps, for those who stayed the course, had a good record.

--The various tax-based incentive programs to expand employment in general or for targeted groups in particular, both in U.S. and abroad, suggest some potential at sustainable costs, although some firms will get windfalls for hiring persons whom they would have

anyway. But this tax approach to job creation does not appear to provide a major answer to substantial unemployment.

--European countries, particularly the United Kingdom, but to a lesser extent Sweden, Germany, France have entered upon targeted subsidies to help out regions and industries that have been hard hit by structural changes. In my view, most of these efforts have been costly to the Treasury and have prolonged the agony of the shifts of capital and labor that must occur in an open economy if a country is not to lose its competitive edge. They may have some potential if aimed to speed necessary shifts in the economy.

5. Findings and Recommendations:

--There is no one policy intervention that can be effective with respect to all types of unemployment.

--The most effective approach to restraining unemployment is to have the economy run "taut" as it did for most of the years between 1963-69. Even then, minority youth unemployment was high because of the gap in skills between job seekers and what employers needed.

--Because of the inflationary potential in the economy trying to run it "taut" will lead to short booms followed by necessary cooling off periods to contain the inflation that brings unemployment in its wake.

--What this means is that the classic Keynesian response to spend one's way out of a recession is not appropriate in inflation-prone economies.

--But if unemployment is to be partially contained while the inflationary virus resulting from high deficits and wage-price spirals is being drawn out of the system, we need new labor-management undertakings about wage settlements that will keep wage increases in some reasonable balance with productivity gains. One of the few favorable signs on the horizon is more realistic wage bargaining linked to more appropriate pricing behavior.

--As far as cyclical unemployment is concerned, major reliance should be placed on extending UI but probably not beyond 39 weeks without some training-mobility requirements attached. Current unemployment primarily reflects lack of demand.

--PSE should not be resorted to as a counter-cyclical device.

--There is need for a stronger long-term federal policy aimed at helping hard-to-employ young people to acquire the skills and competences they require to become and remain employable. It is essential that such efforts involve closer local linkages among schools, employers, and labor. Only through human capital accumulation can the poor get a job and also one that has promise of leading to a better one with more income.

--There is no tested way for the federal government to intervene directly to help "turn around" strickened areas and industries suffering from structural changes in the market. However, the federal government should aim to improve its interstate Job Service clearance system; provide retraining funds where indicated; encourage or insist that government contractors hire a percentage of "dislocated" workers, etc. Federal loan assistance to strickened communities that have a plan for revitalization should be explored.

--Enterprise zones that rely solely on tax incentives are not likely to assist those most in need of jobs. Such programs to have a chance of succeeding must be linked to skill training programs.

6. The present no-win game of trying to get inflation down at the cost of pushing unemployment up helps to explain why in 1975, Arthur F. Burns, the then Chairman of the Federal Reserve Board, recognized that a long-term attack on inflation should be linked to positive employment policy. He recommended (University of Georgia speech) that the federal government become the employer of last resort, offering a job to anybody who wanted to work at 10 percent below the minimum wage. Mr. Meany attacked the proposal but Senator Humphrey spoke favorably of it.

Representative REUSS. Thank you very much, Mr. Ginzberg. Are you able to stay with us?

Mr. GINZBERG. Yes; I can stay with you, definitely.

Representative REUSS. Fine. Then, Mr. Keyserling, we are delighted to hear from you and then we will examine both of you.

STATEMENT OF LEON H. KEYSERLING,[1] PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS

Mr. KEYSERLING. I'm very glad, Mr. Chairman, that my good friend, Professor Ginzberg, had the opportunity to talk to Arthur Burns for an hour—or was it a day?

Mr. GINZBERG. A year.

Mr. KEYSERLING. I wish he had had the opportunity to talk to him for 10 years, and I also wish I had the opportunity, from what I just heard, to talk to my friend before he talked to Arthur Burns.

Now, I have been asked to talk about unemployment. I can't isolate it from other matters. I have never believed—certainly not with the mass unemployment that we have now—that the unemployed are to be explained mainly by their personal characteristics, scrutinized or divided into segments. They are all basically people and they are, for the predominant part, unemployed for the same reason. The economy is operating miserably and has been operating miserably for a long time.

I suffer from the liability of having been around too long, and I vividly remember before World War II we heard every explanation of unemployment that we hear now. They were too old or too young to work; they were too black; they didn't run across the street to get a job; they preferred unemployment relief; they need to be trained and retrained. But then the Nation recognized that people and jobs were needed; namely, when we got into World War II, and they became employed.

It wasn't because we were in a war; during the Vietnam war employment increased. It was because we recognized that people are needed and the people who are too old to work and the women and the blacks who had never had industrial opportunity before and the trained and untrained—they marched into the factories and they performed well and most of the people who were unemployed need to be trained on the job anyway, and even if they didn't, you can't train them until you know what jobs to train them for, until the jobs are there.

The jobs are not there now. The economists, for the most part, whether advising the Government or not advising the Government, have fallen into the miasma of confusion of not distinguishing between how many people are unemployed and who gets selected for unemployment. If they had analyzed the situation at the time when the *Titanic* sank, they'd say that the men drowned and the women and children were saved because the men had the special characteristic of being men. They drowned because the boats sank and there weren't enough lifeboats to go around. The different choice that would have been made under a different law of the sea would have been that the women and children drowned and the

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men were saved, but still the number of people who drowned was because there weren't enough lifeboats and they couldn't train themselves in a quicky course in learning how to swim the 300 icy miles to New York Harbor.

And second, I do think there's need, a vital need, for a permanent, long-range, well-thought-out program of permament public employment—for two reasons. First—and this is amplified on some of my charts which I won't burden you with now—the long-range technological trends have such that for a long, long time the rate of output per man employed or women employed—despite the temporary aberrations in the form of productivity which I will come to—rose immensely and consequently the technological displacement of workers was immense.

I believe in the automobile industry, even before the automobile industry got into its current troubles, it was employing several hundred thousand fewer people to produce automobiles than it had been and the size of the union grew because it had gone into aerospace and other things. This applies to most of our basic industries.

The second and even more important reason why there is a need for a long-range, thought-out program of public employment is that there are many things the Nation needs that can be done only publicly and will be done only publicly. I don't even need to mention them. They relate to the Department of Education which is now being slashed and they rate to some types of housing and they relate to many aspects of health services. They relate to the rescue of the infrastructure of our cities which are decaying. They are all well know.

The only thing that's standing in the way is not economic imperatives. The only thing that is standing in the way is that we have erected into a cardinal principle of our national thinking that much of what the Government does is bad as against anything that anybody else does. We have denigrated the role of government. Handing out tax benefits to private companies to improve cigarette plants has become more valued than public investment in health services or education, and we see that all around, both in thought and in action, and we've got to get hold of this.

So I advocate a large-scale, long-range program of public employment, financed in the main by the Federal Government, in terms of our national priorities allowing for what the States and local governments can do alone and allowing for what Federal assistance can do.

Now, having said this, what I said about unemployment also means that the unemployment problem cannot be sensibly attacked by talking just about unemployment. We've got to be talking about what's wrong with the Nation's policy and what causes unemployment, what's wrong with taxation, what's wrong with the money policy, what's wrong with the housing program which is the second or third most important factor in the whole economy, what's wrong with the policies of the Federal Reserve Board.

First, let me read a paragraph from my prepared statement, in which I generally describe what's wrong. "National economic policy is in an utter disarray. The Government is trying to stimulate the economy but the tax cuts toward that end are misdirected

in their composition and, in any event, are being counteracted by budget cuts which are straining the economy."

Now to show the extent of the decline, which has nothing to do with what the detailed public programs should be or the detailed outlays, 40 years ago you couldn't have marshaled a corporal's guard responsibly who would not have recognized that massive budget cuts are restraining the economy and at a higher multiple ratio than even the best tax cuts stimulate it, much less the worst ones.

We have so declined in our national thinking that even Nobel Prize winners tell us we need a looser monetary policy and a tighter fiscal policy. What does that mean? Does it mean that we need a tighter fiscal policy to hold back the economy at the same time as looser monetary policy to push it up? Does it mean that we can accomplish through monetary policy many of the specific things which can be accomplished only through direct and well directed public investment?

Even to the extent that fiscal policy is stimulating on net balance, it is being more than counterbalanced by Federal Reserve policy designed to be repressive. In the view of the most optimistic estimates of a turnaround, which are not yet supported by solid evidence, the reported upturn is not happening.

Now the next deal we get into—and I'm trying to be only qualitative, is the shortrun idea. One month, the top priority is unemployment. The next month, it's inflation. The next month, it's the Federal deficit. It's always short range and now we witness the monstrosity of one of the most distinguished and enlightened former Chairmen of the Council of Economic Advisers advising this body that we'd better watch out because things may be pretty good next year. Maybe there will only be 8 million unemployed. Maybe we will be in an upturn, albeit of short duration, and everybody is forecasting a short duration.

This is like a man out in the water and every time his head bobs up the people on the wharf, instead of providing any real assistance, shout, "Hurrah, he's up again." I don't care much whether the upturn comes in 3 months or 6 months or 9 months, and I don't know and none of the people who pretend to know know, and they don't know how big it will be. But I do know—and this is what they all should know—is that whatever the upturn may be, it is merely a part of a long-range problem that is universal, uniform, has had the same causes, and needs the same remedies.

Since World War II, we've had eight recessions, eight periods of stagnation, eight aborted upturns, each of which has left us at its peak for the most part with more unemployment than at the trough of the previous recession. We had more unemployment at the peak of the upturn last year before the latest recession—more unemployment than we had at the trough of an earlier few years back. This is an appalling record for an American economy which has as much resources, as much potential, as much skills, as much strength, as much of everything, as it ever had; and, moreover, it's a bad policy and it's caused a loss since 1953 in total national product, measured in last year's dollars, three times as great as our total national product last year. Since 1953, we have had 80 million years of unnecessary unemployment.

What do we do to turn this around? The first item I have already stated. We need to stop expounding that the Government is by definition to be pillared, denigrated, and stripped, that 50 States can assume the more important national priority programs and that 50 of them will have less bureaucracy and less inefficiency and be more responsive to the needs of the country and have the economic means to do it that the Federal Government hasn't got.

Second, we need billions of dollars of increase in public outlays in support of a more efficient way of stimulating the economy. It's the only way of meeting many national priority needs. We are many, many billions of dollars short and that needs to be corrected.

We need to distinguish between the value of tax reduction and the value of public outlays. They are not indistinguishable. You can't say, we'll do one or the other, and you certainly can't say, we'll inconsistently reduce outlays to retard the economy and reduce taxes to stimulate the economy. Further, tax reduction does not have the same function as increased public outlays. The public outlays should be determined first on the basis of needs for a fully employed economy, and then the taxes should be varied to reduce inflation or further stimulate the economy depending on the condition or the economy.

Determining the tax policy independent of the spending policy or in conflict with the spending policy forgets what both are about and forgets what fiscal policy means.

We need to have the Government exercise its necessary supervision of the Federal Reserve System which for 49 years, to my knowledge—and increasingly during the past 10 years—has been on a reckless, unconscionable, senseless binge of driving up inflation by tripling the cost of money, of ruining some of our greatest industries. It is claimed that the money policy is too expansionary, when in fact in real terms in the last few years the money growth rate has been negative, and it's the real growth rate of the money supply that needs to be related to the requirements for real economic growth.

We need to reverse the trend in housing drastically. We are now moving toward cutting out entirely publicly financed housing and reducing aid to various types of private housing. We have let the rate of construction fall from 2 million to 800,000 with no plan to reverse it, but rather to do worse.

Finally, nothing is being put together. Not only is each program wrong and damaging, but each program is inconsistent with the other one. It's a miracle to get programs that are all wrong and at the same time get programs that are inconsistent. It's better to be consistent and right. We had that in World War II. We equally had it the nearly 7 years I served President Truman when there was no war half of the time. We had it during the first years of Walter Heller in the Kennedy-Johnson administrations, before there was any Vietnam war, and the principles are the same as for big business. First, you have to have a set of specific targets. You can't even talk about reducing unemployment unless you know how much and when. Is there any observed national policy now that tells us how much unemployment is to be reduced and when? How can we then know what to do with tax policy or money policy or any of the others?

Second, we need a tableau of the relationship between investment and consumption which has gone all wrong, and while we continue to attempt to incite the economy to action by all kinds of reckless bonanzas to stimulate investment, we are forgetting entirely about the income distribution and the private consumption and the public consumption, which is really public outlays. We are cutting both private and public consumption or letting them languish.

We tried that in 1964. It worked for a year and a half. We keep trying it over and over again, more and more and worse and worse, and the financial journals, which were the main huzzah raisers for this policy a year and a half ago and others who were calling it the most momentous achievement in the history of legislation—the financial journals are shaking their heads and saying it hasn't worked.

The reason it hasn't worked is obvious. Nobody is going to invest very much more when they are operating at 75 percent of capacity, which is average for the American economy, and nobody is going to invest very much more when the sales aren't there and aren't foreseeable. It is wrong to increase the net tax take either now or next year when we are in a deep recession. It is essential to change the composition, to have some change in the nature of the business tax reductions and shift some of them to personal after-tax disposable income, and to use some of it so that the Government does not progressively shrink in any proper definition of what the Federal Government should do. And we need to get the Federal Reserve Board on the track by leaving it no longer the only functioning body in the United States that is in fact responsible to nobody. Congress is responsible to the President and vice versa, and the Supreme Court can check both, and at least the Congress can check the Supreme Court. Nobody is checking the Federal Reserve Board.

They need a different kind of membership, more representative. They need more responsibility to the people. They need some congressional standards as to interest rates and money supply and some variations in credit as to relative priority needs, and the same as to interest rates.

Mr. Chairman, this is about all I can say in a short time, but, believe you me, it is very discouraging to observe what has been going on in this great country for the past 10 years—this unraveling deterioration in commonsense and in learning from experience in national policies. Thank you, sir.

[The prepared statement of Mr. Keyserling follows:]

PREPARED STATEMENT OF LEON H. KEYSERLING

Mr. Chairman and Members of the Committee:

Including my appearances before this Committee when I was on the Council of Economic Advisers during the Truman Administration and those since leaving the Government in early 1953, I have come before this Committee in person 18 times, and in addition prepared Invited Comments for the use of the Committee 13 times. As some privileges are usually accorded to the old and outdated if not senile, I now petition you for a continuation of your patience and tolerance, despite the impolite and impolitic frankness of the message I shall attempt to deliver which may be jarring to some.

My heart goes out to this Committee for its almost eternal willingness to hear what I have to say, which is more than some others have been willing to do. But I am less than exuberant, and this applies far more to those in the Executive Branch and elsewhere than to this Committee, about the lack of policy responsiveness to what I have had to say. More important, lack of responsiveness to the uncontestable facts I have set forth concerning decades of actual experience and developments in the unequalled laboratory of the American economy in action. Under these circumstances, and influenced by the commemoration during the past week of the 100th birthday of Franklin D. Roosevelt, I shall draw upon what he said in his first inaugural and speak here today with the unpleasant frankness which our recent and current economic troubles seem to me to demand. It may be that my setting forth the facts about what has actually been happening, and broadly speaking, the vindication of my analyses by unfolding events, have not made more of a dent just because the facts and charts which I have presented in the past have been too numerous and complex to facilitate distinction between the trees and the forest.

I shall therefore attempt today to hit the high points by being more qualitative than quantitative, and to deal more with analyses and conclusions than with detailed facts. Yet I have lost none of my conviction that disregard of the facts and the lessons they teach is the main reason why national economic policies, and those economists both inside and outside the Government who have been so heavily implicated in the determination of these policies, have fallen so far short in terms of the generally poor results obtained. It may seem brash for me to point out that, during almost 6-1/2 years on the first Council of Economic Advisers under the Employment Act of 1946, as Vice Chairman as well as Chairman, I had as much influence upon the recommendations of the Council and the decision of the President as anyone since. And the results obtained, in terms of our economic performance, were far better on balance than at any later time, despite domestic and international difficulties greater than any since; and I say this not for any reasons of

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self-praise, but merely to "qualify" me for what I have to say today.

I shall try to be responsive to the request of the Chairman of this Committee that I "focus on policies for reducing unemployment" and upon "What can be done to mitigate the hardship of this recession and avoid a prolonged period of high unemployment." But in asking for my "assessment of current economic and employment policy," the letter of invitation to me recognizes fully that the entire range of major national economic policies must be evaluated in discussing the unemployment problem.

In this perspective, I will now proceed to highlight the essentials of my testimony.

Imperative need for a long-range approach

First of all, the duration and fundamental consistency of experience, since the Employment Act of 1946 was approved and this Committee was established, should turn us at long last away from excessive stress upon the short-term and large neglect of the long-term, in a nation and economy which were not built in a day and which cannot be brought to fulfillment of its potentials and needs by looking only at how things seem at the moment and forecasts of how they will look for the balance of this year. As I have often said, there is much policy similarity between what led us into the Great Depression of the 1930s, what led us into the eight recessions which we have suffered since the end of World War II, the seven since the end of the Korean war, and the four during the past three national Administrations and the first year of the current one. There is much similarity in the fundamental causes of the declines in each instance, and also in the reasons why, at least since around 1966, the policies subsequently designed by way of "rescue" have fallen so far short of adequate results.

Because of the "rescue" mistakes, most of the aborted recoveries at their peak have left us with more unused resources in terms of workers and other unused production facilities than the peak of the previous recession; and the most recent so-called recovery just before the current recession left us with more unused resources than at the trough of some of the earlier recessions. We have thus been in a long-term retreat from the imperative objectives of the Employment Act of 1946, not to speak of the completely violated Full Employment and Balanced Growth Act of 1978, and we have even managed to engineer some difficulties which the 1946 Act did not even envisage. So today, I am startled by the suggestions in some quarters Executive and Legislative, and among so-called conservative and so-called liberal, that we should take comfort in the fact that a so-called recovery some time in 1982 may leave us with only 8 million unemployed, even though it is widely admitted that the so-called recovery will be of short duration. We have boxed ourselves into an astigmatic perspective.

I might point out to this Committee that, in my first published study under the aegis of the Conference on Economic Progress in 1954, entitled Toward Full Employment and Full Production, I forecast that, on the basis of the short-range and long-range

economic policies which I then saw in prospect, we would have just the kind of roller-coaster economic performance and unacceptable net results which we have in fact experienced. And when I hear the usual forecast today about how much better we may be doing by some time in this year, though not for long, I am reminded of the people standing on a wharf, with a person struggling in the water and with his head bobbing up once again, shouting "he's up again" instead of throwing an adequate life preserver or rowing out to render effective help. This has been and still is an inexcusable performance for a great nation which has the potentials and the power to do so much better. At times in the past and during even the life of this Committee, we did so much better with greatly different policies.

The top priority is to improve real economic growth, and to achieve other objectives through this process

If asked to cite the towering central reason for our long-term default, I would unhesitatingly cite our enduring unwillingness if not claimed inability to put first things first instead of putting second things first. We have accorded top priority to reducing the deficits in the Federal Budget, or reducing inflation, or sloughing off some of the most essential responsibilities of the Federal Government and attempting to turn these over to those who cannot and should not be asked to perform them. Meanwhile, we have neglected to note, much less to attend to, the real and ultimate source of all of our wealth and strength and progress. This resides in how much and how consistently we expand the real production of goods and services, what we do to expand our capabilities further, and how much, through national policy influence upon income flows and resource allocation, we facilitate the most needed objectives instead of neglecting them or actually militating against them. If we suffered the Budget deficits we have suffered and still are suffering, and if we experienced the great chronic rise in inflation which we are still suffering despite some temporary reduction in the pace of price increases, we would have been wonderfully well off, nonetheless, if at the same time we were moving toward reasonably full employment, production, and purchasing power, and distributing these benefits in a manner designed to maintain them, vindicating our great national priorities, and doing social justice. That would have been a good bargain.

But to suffer the evils of a horrible chronic rise in deficits and inflation, by the very process of thwarting all of these benefits, has been indefensible, cruel, and unsound. We should also have taken notice that some of the nations which are so far outdoing us, and causing us so many competitive difficulties, have registered these successes just by putting second things second and first things first. And to cap the climax, the national policies which have long attempted to put second things first and first things last have resulted in chronic increases in the Federal deficit and in inflation which nobody would have deemed

possible two decades ago. Further, experience so long and clear should have taught us that Budget balances and very small deficits and reasonable price stability have been achieved only in consequence of reasonably full use of our resources and a rewarding rate of real economic growth.

The staggering costs of low average real economic growth

To illustrate this point further, I must depart for a moment from my promise not to use facts and charts, and demonstrate once again how much we have lost through this gross misplacement of emphasis and effort. From 1953 through first quarter 1981, as my Chart 1 shows, measured in first quarter 1981 dollars, we have forfeited almost 9.8 trillion dollars worth of total national production, or considerably more than three times our annual GNP now / This is conservatively measured by comparing the actual GNP results in the same dollars. of our 3.3 percent average annual rate of real economic growth with the average annual real growth rate of about 4.5 percent which most economists up until recently held to be an attainable and necessary rate of growth without excessive strain and without national policies as strong and comprehensive as those we used during wartime. Correspondingly, as the same Chart 1 shows, we have suffered more than 88 million years of unemployment in excess of what we would have suffered if we had maintained reasonably full employment, which we did in some significant years without war, at an average unemployment rate of about 3 percent/ And the amount of employment forfeiture I depict takes into account (see later Chart 2). only full-time unemployment as officially recorded, and ignores the very large amount of full-time equivalent of part-time unemployment and the concealed unemployment or dropouts due to lack of job opportunity. And / my Chart 1 runs only from the beginning of 1953 through the first quarter of 1981. But if we added on the period from then until now, the record would be much worse. We are now, at an annual GNP rate, in current dollars, running more than a trillion dollars short of where we would have been now if we had grown properly since the start of 1953. Even after writing off the loss in capabilities due to many stagnations and recessions, we are now at least 300 billion dollars short of a full-economy GNP. This would yield about 75 billion more Federal revenues without tax increases. And the unemployment rate now of about 9 percent would be lifted to between 10 and 11 percent by taking proper account of part-time and concealed unemployment.

The entire performance has progressively worsened, with some undulations to be sure, and so have the national policies intended to deal with it. During 1966-1969, as my Chart 2 shows, the average annual rate of real economic growth was only 3.2 percent, compared with 4.8 percent during 1947-1953; during 1977 -second quarter 1981, it was only 3.0 percent; during 1979-second quarter 1981, it was only 1.2 percent; and now we are in another recession which could turn out to be the worst retreat since the Great Depression.

The erroneous contrivement of low growth

But, as I have said, attention to this towering central problem remains miniscule

and misdirected, related to its importance. I now cite a January 30, 1982 lead editorial in the Washington Post, important partly because of the influence of this great newspaper, but mostly because it reflects the general thinking among policymakers, leading economists, financial analysts, and others. The editorial recommends a continuation of the slow-go policy. It urges, for the years ahead, national policies pointed toward an average annual real growth rate "somewhere around 2 percent a year . . . At 2 percent, unemployment would go down very slowly, if at all. That's not very inviting. But there's one thing to be said for it: it's better than the actual record of the past three years."

The editorial supports this dreadful approach on the ground that this is the way to fight inflation, despite the fact that neither abysmally low rates of real growth nor the new recessions into which they lead have aggravated the chronically rising inflation. Thus, the most recent drop in the inflation rate to 9-10 percent is not at all conclusive and not very comforting anyway. Moreover, the unavoidable implication of the editorial, like that of a majority of leading economists, is just this: When the inflation is converted into an unsatisfactory and aborted recovery, the inflationary rate will augment again until we have another recession in short order. More and more of the same is awful to contemplate and accept./ Almost none of the other great nations in the world are so dreary and defeatist as we are in our own appraisal of the long-term prospects of wayward policies which we continue to espouse. I must refuse to join the uncertain, often wrong, and not assuring forecasts of just where we will be six months from now or at the end of the year and on into 1983. I think I know, and everyone ought to know, what is continuing to happen to us over the longer run, and how little we are doing about it. The short-run is part of the long-run; they are not separable.

I am not treating extensively the subject of very low productivity and how to improve it, although it is of extreme importance. This is because I am convinced that the prime factor in the collapse of productivity has been deficient use of available resources, and that the main highway toward its improvement is the achievement of much higher use of the labor force and other production resources (see my later Chart 17).

The only sound way to reduce the Federal deficit

Coming next to the subject of the Federal deficit. Perhaps it is too much to ask that most of the national policymakers and leading economists of today get back to where they were 50 or even 20 years ago, when they recognized at long last that balancing the Federal Budget is less important than balancing the national economy, that Budget policy should always be the servant rather than the master of needed national economic policy. It may be too much to ask that they stop indicting the Government for the amount of money it borrows without comprehending the reasons why, or that they recognize that the Federal Budget even today would not be much out of balance if productive capital invest-

ments were separated from out-of-pocket expenditures, or that they value the economic and human benefits of Federal outlays which other instrumentalities could not attempt in nearly adequate measure. But it is not too much to ask these national policymakers, leading economists, and others to recognize that there would be no Federal deficit, even at current levels of expenditure and taxation, if the economy had been running and were kept running at reasonably full use of its resources, and that the blood of adequate Federal revenues cannot be squeezed from the turnip of a deliberately stunted economy. On this last point, my Charts 2 and 3 are highly indicative. National policymakers should take more notice of the increasing numbers of economists who make the point that there has been no meaningful correlation between the size of the Federal deficit and the amount of inflation, both of which for other reasons have grown unconscionably and unnecessarily during recent years. And to indict the Federal Budget solely because of the deficits is just as irrational as it would be to judge the private enterprise sector by the amount of debts it contracts. Instead, we should start to act upon the proposition that the rise in private debts--see my Chart 4--is much more dangerous than the rise in the national debt, and caused substantially by the pennywise and pound-foolish management of the Federal Budget.

It is also desirable to make mention of some of the other oft-repeated misconceptions about the Federal deficit. It is said that the Federal Government, by borrowing so much money, leaves inadequate funds available for private investment. Even if the increase in public borrowing necessitated a decrease in private borrowing, the real question--not raised by the policymakers--is whether the increase in the first, viewing the national interest, is of more or less value than avoiding some decrease in the second. The automatic assumption that an additional increment of private borrowing is more desirable than an additional increment of private borrowing is another lurid illustration of the denegration of the role of Government. But this is really beside the point. For the amount of money available for all purposes is not a finite resource like oil and many other things. The amount of money available is mainly a function of national monetary policy. If the amount of money borrowed by the Federal Government really leaves too little borrowed money available for private investment and other purposes, it is only because the Federal Reserve repeatedly has decided, in its own faulty and improper judgment, to counteract and negate efforts of the Federal Government to stimulate the economy, by using monetary policy in the opposite direction. Availability of money and credit should be adequate to serve both private and public needs.

The destructive policies of the "Fed"

This brings me to some discussion of the Federal Reserve Board and its monstrous policies, in some degree since 1953, and with accumulating speed and force during recent

years and now. The degree of the Board's asserted and actualized independence has violated the American principle that a function as important as the management of money should be subject, not only to the watchful eye of an informed public, but also to considerable control by the elected representatives of the people--the Congress and the President. The Board has failed to observe that more than trebling the cost of money, which is so widely used, is inflationary per se; has contributed as much as any one factor to credit crunches and the roller-coaster economic performance of stagnations and recessions; has just about wrecked some of our biggest industries like autos and housing; has done nothing to stop the longest and greatest chronic inflation we have ever suffered; and has imposed additional interest costs upon the Federal Government which by now are about as large as the total Federal deficit and several times as large as some of the most important Budget programs which are being crippled or discarded on the ground that the Budget cannot afford to undertake them. My Charts 5,6,7, and 8 relate to this phase of the problem, and the situation today is much worse than when these Charts were prepared.

The almost universal hoopla about some reductions in some interest rates, though not in all, a few months ago was as misplaced, just as the shouting about the man struggling in the water which I have already mentioned. In April 1980 I published, also under the aegis of the Conference on Economic Progress, perhaps the most comprehensive examination of the Federal Reserve in terms of its economic and social effects, entitled Money, Credit, and Interest Rates: Their Gross Mismanagement by the Federal Reserve System. This covered a period of about thirty years. When I wrote the study, the prime rate was well above 20 percent. But by the time it reached the public and the Congress, the "Fed", alarmed by the recession which it had helped to bring about and the confusion caused by the imposition of credit controls and their removal a few weeks later, helped to get the prime rate down very considerably, and likewise as to some other interest rates. So I issued a press release when my study reached the public, pointing out that in terms of impact upon the economy the lowered rates were still so high as to be about as damaging as the higher rates had been, and I forecast that it would only be a short time until the "Fed" put the rates up again. It was only a short time until the prime rate was again above 20 percent. Still later, it and other interest rates came down again, but only a tiny part of the needed distance.

The press on February 2 informed us that the interest rates which had gone down again are now going up again. The significant difference is only that some of the earlier increases came when the economy was beginning to revive, while they are coming now when the economy is in a deep and growing recession. The newest news is that on February 1 two major U.S. banks, Citibank and Crocker, raised their prime rates from

15-3/4 percent to 16-1/2 percent, while other short-term rates climbed and credit tightened. More of this is expected by other banks shortly. Also on February 1, interest costs to the Federal Government, as measured by weekly Treasury bill auctions, rose to the highest levels since October 5, 1981. The average yield on short-term Treasury bills also moved upward. Several major banks raised their broker loan rates to 16 percent. Mr. Volcker, who really runs the "Fed", remains as steadfast and adamant as a steel wall designed to block all vehicles seeking to move the economy forward.

It is not entirely comforting that so many worthy Members of the Congress, and even the President at times in words alone, are protesting vigorously against Mr. Volcker and his works; the fact remains that almost nobody seems willing to screw courage to the sticking point by taking arm against the sea of troubles which stem from the Federal Reserve.

The erroneous fiscal policy

It is not yet sufficiently recognized, as it was some years back, that fiscal policy is even more important than monetary policy. National fiscal policy, now as in recent years, is running a race with monetary policy to determine which can be worse in terms of reason and experience. We take measures, though sorely deficient ones, to stimulate the economy by the use of fiscal policy, while the "Fed" is hitched on the opposite side of the cart to pull in the opposite direction. Leading economists, including some Nobel Prize winners, urge that the monetary policy should be loosened and the fiscal policy tightened up further, and in the wrong ways at that. They do not recognize that the economy desperately needs net stimulation from all national economic policies for reasons which I have already stated. It has become hard to say which is worse, the tax or the spending side of national fiscal policy.

Errors in the tax side of national policy

The tax actions are founded upon the belief that tax reduction as a way of life will stimulate the economy enough to counteract the depressive effects of immense cuts in Federal spending for domestic purposes. The evil is compounded, because it is not recognized that tax cuts for the recipients to use as they please will not stimulate the economy nearly as much, nor meet public needs nearly as well, as selected and well chosen public investment. And most of the competent studies have found that, per dollar spent, public outlays increase production much more and reduce unemployment much more than tax reduction.

Even the financial journals are now expressing amazement that the 1981 "supply-side" tax reductions to stimulate investment, and thereby to stimulate production and employment and improve productivity, are not working. They are not working for exactly the same reasons that prompted by criticisms of the 1964 and later tax reductions, before

this Committee and elsewhere--that it has not been lack of investment funds, but rather lack of purchases of products, that has been holding back investment. The 1981 tax cuts favored investors excessively as against consumers, and also reduced availability of Federal funds to aid consumption directly and indirectly. These imbalances, as I then insisted, were present in the much-heralded tax cuts of 1964. And as early as 1966, the rate of real economic growth began to decline seriously, and we were headed straight for a recession but for the vast expansion of Vietnam spending which was not properly and promptly met by tax increases. Yet, instead of heeding this lesson, national policies continue with one tax reduction after another, each tending to become more excessively skewed in favor of investors, and the tax reductions of 1981, hailed at the start as a tremendous achievement, have already turned out to be totally wrong even in terms of their avowed objectives. I need not recall to the attention of this Committee the content of the 1981 tax cuts, but my Chart 9 indicates the distortions and imbalances in the 1971 tax cuts--we all know the consequences which in the main have followed it and other similar endeavors. And my Chart 10 traces the recurrent imbalances between investment on the one hand, and private and public consumption on the other.

Errors in the outlays side of the Federal Budget

The snowballing trend in national policies toward cuts in Federal Budget outlays is wrong because these cuts do more to slow down the economy and increase unemployment than tax cuts could do in the opposite direction even if the latter were correctly devised to place the major accent upon increasing consumer and public purchases rather than upon increasing business investment funds. The cuts in spending are undesirable because, even if the defense Budget requires as large increases as are now in process (on which I can pass no judgment), there is room for more domestic public spending in an economy where we are now and for long will remain so woefully short of full use of our resources. The cuts are unworkable, from the viewpoint of balancing the Budget, because the Budget does not move toward balance by economic slowdown and tremendous unemployment. The cuts are indefensible from the valid objective of improving efficiency within the Government, for the removal of inefficiency is an entirely separate question from which national programs are needed, and because many of the programs being cut are more essential to economic strength and human well-being than many of the activities in other sectors of the economy which the tax cuts are designed, though ineffectually, to stimulate. And these cuts in national domestic spending, at least relative to the size of the economy, have been going forward in the main since the early 1960s, and in the main with unfavorable eocnomic and social results.

Federal responsibilities are not met by sloughing them off

The main reason advanced for these cuts is the most spurious of all. It is that, by concept or ideology, and not by reason or experience, private spending is almost always

more desirable than public spending, and that almost any assumption of responsibilities by the States and localities is more desirable than the retention of responsibility by the Federal Government. We all desire to attain the basic contours of the American economy, with the accent upon private initiative and action, in a combination of responsible free enterprise and responsible free Government. We all desire the States and localities to do what they can. But we have now gotten to the stage where we regard private spending to build more cigarette plants more desirable than public spending to provide more health services, private spending to produce more gadgets more desirable than public spending to aid education or housing or the restoration of the farm population and the revitalization of our cities, private spending to buy luxurious housing and meals more desirable than public aid to house our people or feed the malnutritioned. Instead of making the Federal Government more responsible and useful, we are sloughing off its responsibilities and making it less useful. Instead of helping the States and localities to help themselves, we are making their condition more impossible by shoving upon them responsibilities which they cannot fulfill.

The most poignant example in this respect is the proposal to shift dozens of Federal programs to the fifty States. As to most of these programs, we need more accent upon a well thought out, concerted, consistent, and speedy national response, guided by common analysis of causes and appropriate remedies. The American people's spirits would be best lifted and their cooperation best evoked by a sense of national unity rather than by division, and by an elected Chief Executive and Congress who assume responsibilities instead of attempting to cast them off. The so-called "New Federalism", despite its gaudy new name, is as old as the hills and discredited by all relevant experience. This is not a partisan matter. It was used by Hoover and again by Jimmy Carter. The drive for returning national responsibilities to the States is not a genuine plea as to the location of responsibility, but rather a powerful and selfish drive for the abandonment of responsibility. Leaving it to the States would leave a large part of the job undone, in terms of resources, experience, and climate. The claim that the States are closer to the people and would therefore respond better to their needs is simply untrue. Allowing for the faults common to all human efforts, the Congress and the President are watched more by the people, more susceptible to the people's control in the long run, more responsible to the people's needs at almost all times, and less subject to frustration of good intent by powerful private interests than are the State legislatures.

And now we learn from a front-page story in the Washington Post on February 2 that the new Budget President Reagan will send to the Congress next week calls for deep new cuts in Medicare, food stamps, subsidized housing, welfare, aid to education, and many other of the basic Federal social programs. It is also reported that the new Budget

calls for wiping out the Economic Development Administration, dealing with a public works program. The new Budget contemplates cuts in the future costs of retirement benefits for Federal, civilian, and military employees and deep further cuts in the Medicare program for the elderly and disabled. The Post reports that the 1983 Budget would keep Federal aid to state and local governments at about the same level as in 1974 in terms of purchasing power, that being also about the same level as this year. These cuts, if enacted by the Congress, would dramatically shrink a wide range of Federal programs before they were turned over entirely to the States under Reagan's proposed "New Federalism" program.

There would be termination of all commitments under the Government's subsidized housing program, a 2 billion dollar cut in Medicaid, a 1.2 billion cut in Aid to Families with Dependent Children, a 2.4 billion cut in the food stamp program, and a 1.4 billion dollar cut in Federal aid for elementary, secondary, and vocational education, a cut of 23 percent as part of an overall cut in aid to education coming to about one-third. The cut would be 500 million in the Federal civil service retirement program, 2.2 billion in other Government retirement programs, and 2 billion in the railroad retirement fund. There would be a cut of 600 million dollars or 16 percent in Federal aid for urban mass transportation, already in distress. On the big entitlement programs, the President will propose total reductions of 11.8 billion for fiscal 1983, rising quickly to 16.5 billion in 1984, and 33 billion in 1983. Viewed at large, this is the most devastating series of proposals, in both economic and social terms, and in its impact upon employment and unemployment, that we have witnessed since goodness knows when.

Need for much more Federal public action to create jobs

Mr. Chairman and Members of the Committee, as I have already said, I welcome and appreciate fully, and believe that I am responding fully, to the invitation of the Chairman asking me to testify on policies for reducing unemployment. But the main part of this problem is not in measures pointed solely or even mainly to direct action with regard to the unemployed. The vitally important elements in such an effort relate to the policies which I have discussed, and which determine what is happening to the economy at large. In this connection, widespread assertions to the contrary are based upon the false assumption that the unemployed are mainly responsible for their plight, and that something needs to be done directly to get them to be different and to change their ways. This is not the case.

Vividly do I and some of the rest of us recall that, before World War II, the massive unemployment was attributed to the preference of the unemployed for relief or welfare or unemployment insurance, to not looking at the want ads, to not wanting to walk across

the street to take a job, to being insufficiently educated or inadequately trained. Some of this exists, and needs direct attention. But when World War II came along, without any compulsory manpower program, the women marched into the factories, the blacks who had never had industrial opportunity received it, a large part of the farm population marched into the factories, and they all performed remarkably well. The main place for training is on the job, and we do not know what to train people for when we do not know what jobs will be opening up for them when they are trained.

The so-called characteristics of the unemployed determine who is selected for unemployment when unemployment is terribly high for other reasons; the amount of unemployment is not determined largely by these characteristics. And even if it were, changing these characteristics would not help them much if the jobs are not created. We have had a plethora of unsuccessful "manpower" training based upon failure to admit this. A good analogy, as I have often said, was the sinking of the Titanic. Those guilty of the common error would say that the men drowned and the women saved because the men had different characteristics from the women and children, with the law of the sea requiring that the women and children be saved first. But the number of people who drowned, as distinguished from the method of selection as to who drowned, was determined by the fact that the boat sank and there were not enough lifeboats to go around. A different law of the sea might have saved the men and drowned the women and children, but would not have affected one iota the number of people who drowned.

This does not mean that we do not need manpower and training programs and other forms of direct attention to the unemployed. But it does mean that these must be allied with and made supplementary to policies directed toward the health of the entire economy, and not policies in the opposite direction. Further, we should change the nature of the direct employment of people with the aid of Federal funds, even if administered by the States and localities. "Made-work" and temporary work does not fill the bill. For what then happens to the people first put on the rolls and then cast off after a year or two? The nature of the new technology and automation (see my Charts 11 and 12), and the fundamental needs of the economy and the people, require a large increase in permanent public employment. This needs to be matched with a long-range program for the appropriate distribution of employment opportunity, not just in accord with the need for jobs, but even more important with the priority needs for selected types of goods and services and how best they can be met.

Home construction is being ruined, at immense costs

Housing is a perfect example of what I have just said. Quite apart from its social significance, home construction is the second or first more important industry in terms of its direct and indirect effect upon total GNP and employment. We have already suffered

a calamitous decline in housing starts, accompanied by the slashing and prospective abandonment of some Government programs essential to a full housing program concentrating upon those who most need more and better housing. I simply cannot comprehend the dearth of attention to this whole problem. My Charts 13,14,15, and 16 illuminate this phase of the discussion.

We need a targeted and quantified set of national goals to guide consistent and adequate national policies

This brings me to my final point. The Federal Government, as the most important single instrument for economic recovery and progress and social justice, must develop a long-range and integrated set of goals and purposes as a guide to all relevant policies and programs. In much Congressional testimony, writings, and speeches during three and a half decades, I have called this an American Economics Performance Budget or a Full Prosperity Budget. The egregiously ignored Humphrey-Hawkins Act of 1978 calls this a program for Full Employment and Balanced Growth. We need long-range quantitative and time-tabled goals for employment and unemployment, for without these we cannot adjust policies to where we need to go. We need long-range goals, with time schedules, for increases in real GNP. We need to make sure that our top national priorities are included in these goals. We need to use the Federal Budget as the main single instrument toward these achievements, and we must recognize that this is the only way to reduce the Federal deficit and then remove it. We need to strike a new balance between the use of taxation and the use of public outlays. We need a realistic appraisal of the respective responsibilities of Federal, State, and local governments, and of public and private actions.

In the final analysis, all of these things and the resource allocations essential to their attainment depend upon the flow and distribution of income, as the Chairman of this Committee has so well emphasized. All major Federal programs and policies affect the distribution of income--and practically all do--must be adjusted to a composition which promotes full real growth and brings unemployment down to levels consistent with reasonably full employment.

We need to recognize that a well-performing economy in these respects is the best and only way to increase productivity and reduce inflation toward price stability. Charts 2, already cited, and 17 are illustrative of this.

Toward a meaningful national incomes policy

A national incomes policy is essential toward these ends, and this may well include some compacts among industry, labor and the Government. But the so-called income policies that we have had or talked about are nothing like this. Nor is the widely advocated TIP proposal. These turn out to be nothing more than efforts to increase the

imbalances between investment in the means of production and consumption by both individuals and government. This error has been based upon the false theory that consumption has been growing too fast relative to investment, and that the inflation has been due primarily to excessive wage-rate increases. In fact, the real incomes of most wage earners who are two-thirds of all consumption, which in turn is more than 60 percent of all GNP, are lower than they were a decade ago. My Chart 10, already cited, illustrates how many times, and even from fourth quarter 1980 to second quarter 1981, investment in plant and equipment has increased so much faster in real terms than ultimate demand in the form of total private consumption plus total public outlays, and how relative income flows have been so supportive of these imbalances. And the study of real experience in the great laboratory of the American economy would demonstrate that exactly these same imbalances led to the Great Depression and to the recessions since then.

Briefly stated, my specific recommendations, implicit in what I have already said, are as follows:

Specific recommendations

(1) In view of current conditions and outlook for the economy, and for longer term reasons both economic and social, the President's 1983 Budget should, in many respects, be stopped dead in its tracks. The domestic outlays side of the Federal Budget should be increased by many billions of dollars, regardless of the outcome with respect to outlays for national defense. A specific "model" Federal Budget, directed toward these ends, now requiring some modification, is set forth in previous testimony before this Committee and in my September 1979 published study under the aegis of the Conference on Economic Progress, "Liberal" and "Conservative" National Economic Policies and Their Consequences, 1919-1979, especially the Chart on page 102.

(2) The net stimulative impact of tax policy should not be reduced while we are in a severe recession. This is not the time for a net increase in Federal taxes. But the structure of the 1981 tax action should be considerably revised, with a shift away from so large a part of the tax reductions designed to stimulate investment and toward increases in the personal tax reductions on a progressive basis. There is nothing in the foreseeable economic situation to justify cuts or abandonment in 1983 of the 1981 personal tax cuts.

(3) Other Federal programs should be adopted to increase the purchasing power of consumers, especially the poor and others of low incomes. Measures toward this end include further improvements in the minimum wage and in other types of aid to the poor and others of low income. Proposals such as those to appear in the President's 1983 Budget, such as to abandon the food stamp plan, and to do so much damage to other programs cited above, are economically injurious and socially inequitable. All of the

programs recommended in this testimony would help to enlarge consumption and improve the long-range balance between consumption and investment.

(4) The wrong and futile attempt to balance the Federal Budget at the expense of the economy and the people should be put in limbo. The goal to balance the Budget, or even to run a surplus, should be geared to the time when the economy is close to full resource use.

(5) The monetary policies of the Federal Reserve should be drastically revised through Congressional legislation. This should include the requirement for real growth in the money supply needed to support the desired rate of real economic growth. This rate is now between 6 and 7 percent and should be between 4 and 5 percent when the economy has been restored. Interest rates should be systematically reduced, with time schedules to guide this. Interest rates and credit availability should be adjusted selectively to relative national priority needs. The general policies of the "Fed" should be made more answerable to the Congress and the President. A detailed program regarding the "Fed" is set forth in the published study of the Conference on Economic Progress, April 1980, entitled Money, Credit, and Interest Rates: Their Gross Mismanagement by the Federal Reserve System.

(6) An immediate and strong program should be legislated greatly to increase home construction, with concentration upon homes for low and lower middle income groups and for the reduction of substandard housing. The declared purpose of the Administration to abandonment of publicly assisted low rent housing and toward great reduction of the FHA programs to enlarge privately developed home construction should be thwarted by legislation.

(7) The progressive abandonment of direct Federal employment programs should be reversed, with a strong and new accent upon permanent jobs which provide needed goods and services otherwise unavailable in anywhere near adequate amounts. Several worthy bills not before the Congress, to revive Federal aid to public employment (in place of CETA, etc.) should be revised to take account of these recommendations. Otherwise, while useful, they may fall as far short of attempts to date.

(8) Based upon all relevant experience, the effort to reduce inflation and move toward price stability should be based primarily upon the measures recommended herein to get the economy in much better shape (see again Chart 2). Other anti-inflation measures are needed. They are listed in the 1978 Humphrey-Hawkins Act, and they are not yet being used.

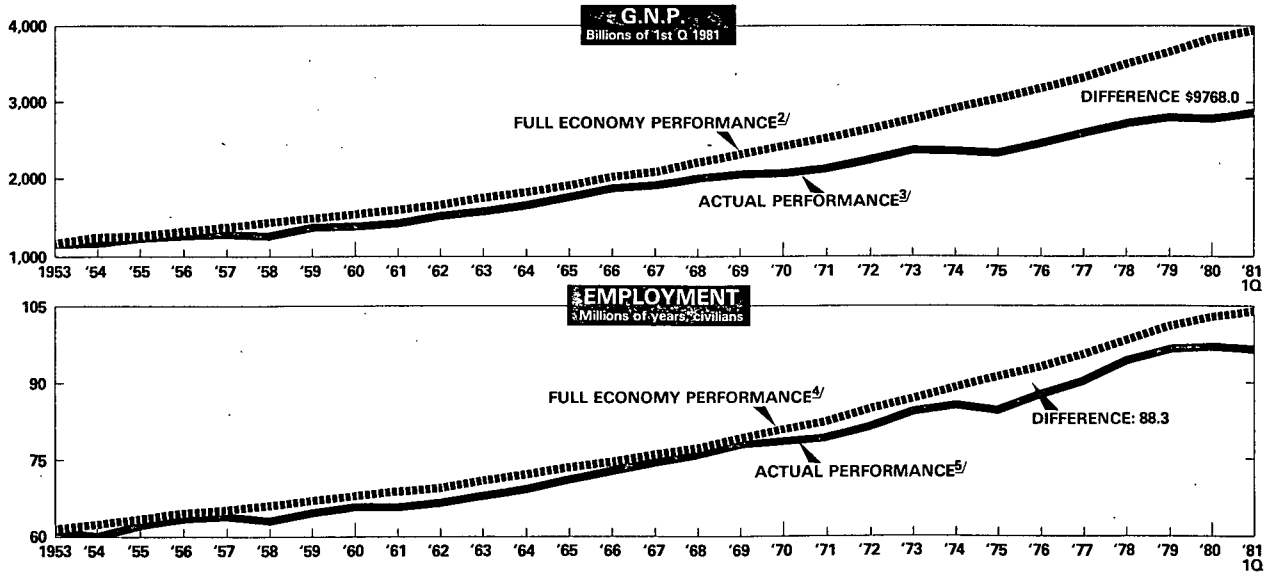
(9) Following upon the submission of the President's 1983 Budget Message and Economic Report, I respectfully recommend that the Joint Economic Committee take the leadership in developing a long-range and consistent set of integrated goals and policies along the

multiple-lines already discussed. For this, there is no better guide than that set forth in the thus far ignored Full Employment and Balanced Growth Act of 1978. This Act really restates and makes more specific the intent of the largely abandoned Employment Act of 1946. The 1978 Act is based upon successful approaches, not only during World War II, but also during the Truman Administration even before the Korean war, and by the Kennedy-Johnson Administrations even before the Vietnam war became large.

Again, I thank the Committee for this additional opportunity to be heard, and hope that what I have said is frank, pertinent, and useful.

CHART 1

COST OF DEPARTURES FROM FULL ECONOMY, 1953-1Q 1981[1/]

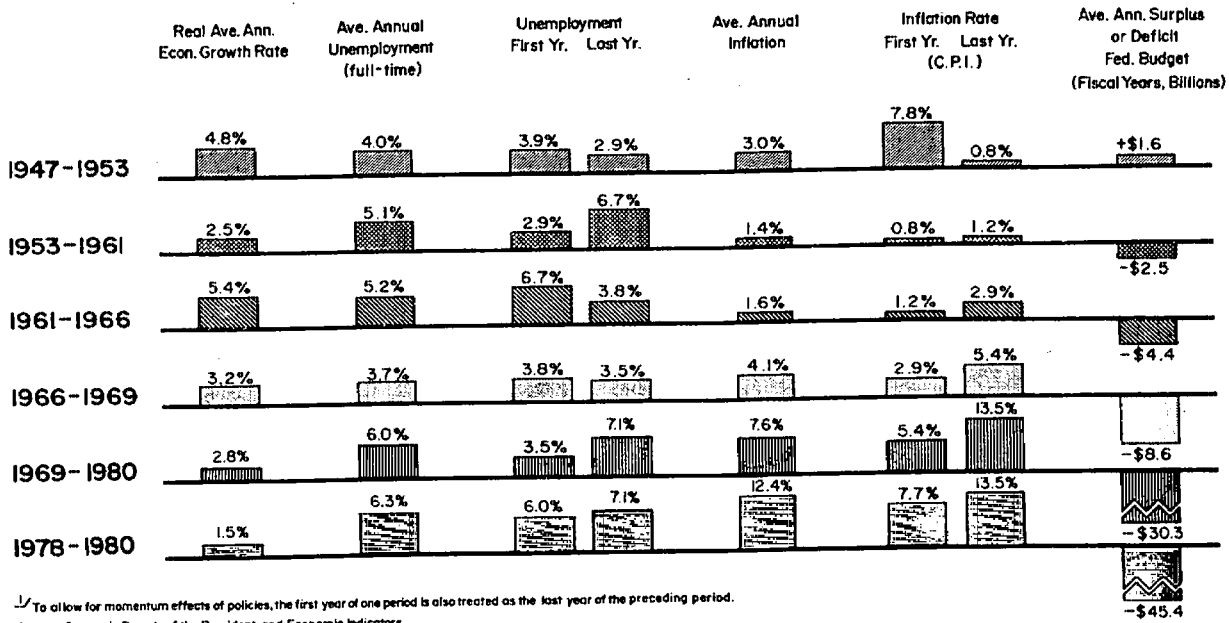


1/ 1st Q 1981 preliminary.
2/ Real average annual growth rate of 4.5 percent.
3/ Real average annual growth rate of 3.3 percent, the 1953-1Q 1981 average.
4/ Average true level of unemployment of 4.1 percent, or 2.9 percent full-time unemployment.
5/ Average true level of unemployment of 7.9 percent, or 5.3 percent full-time unemployment.

Basic Data: Dept. of Commerce; Dept. of Labor.

CHART 2

REAL ECONOMIC GROWTH RATES, EMPLOYMENT & UNEMPLOYMENT, INFLATION, AND FEDERAL BUDGET CONDITIONS, DURING VARIOUS PERIODS, 1947-1980 1/

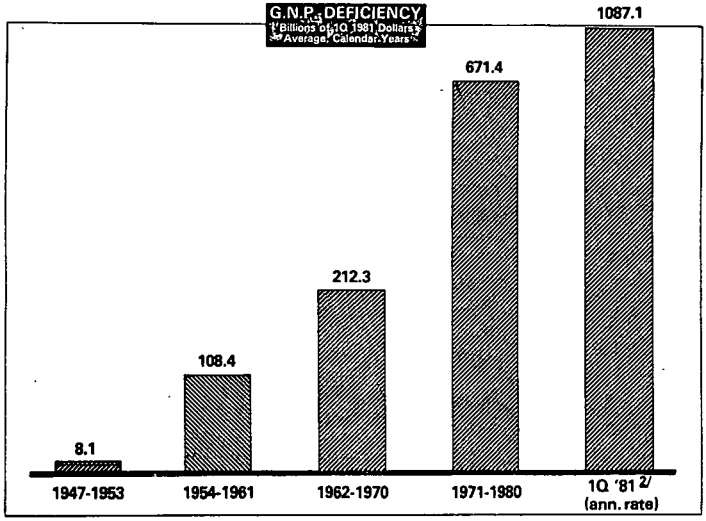


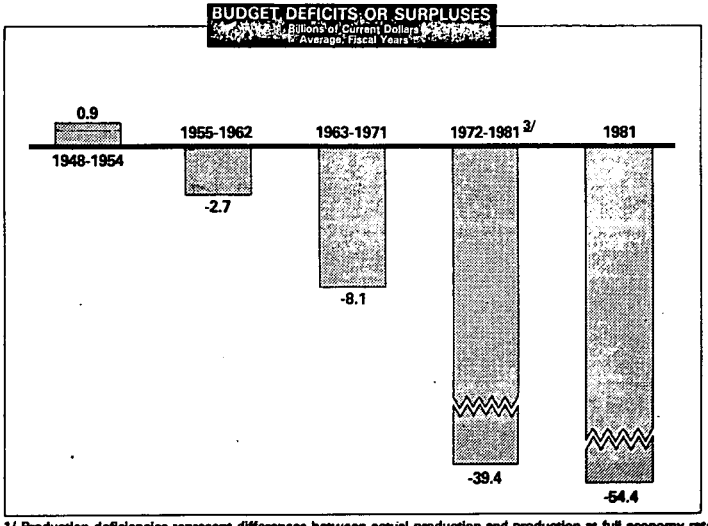
1/ To allow for momentum effects of policies, the first year of one period is also treated as the last year of the preceding period.

Source: Economic Reports of the President, and Economic Indicators.

G.N.P. DEFICIENCIES[1/] AND BUDGET DEFICITS CALENDAR 1947-1981 AND FISCAL 1948-1981

CHART 3





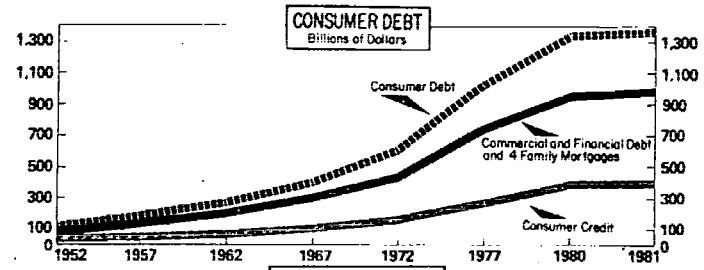
1/ Production deficiencies represent differences between actual production and production at full economy rate growth. Projections from 1946. Allowing for nonrecouperable losses, over the years, GNP 250-300 billion below full economy in 1981.

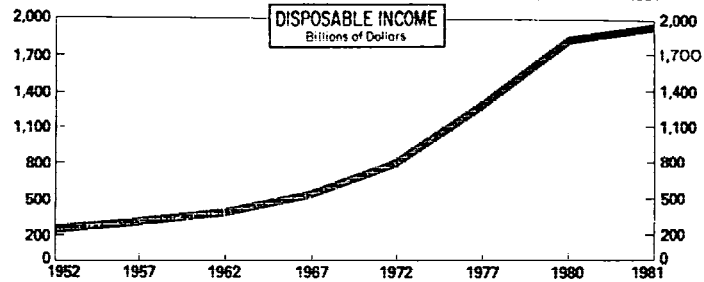
2/ 1Q '81 preliminary.

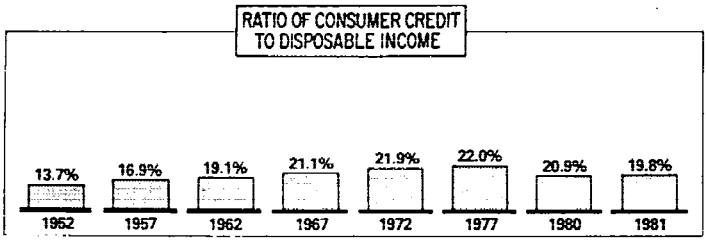
Source: Dept. of Commerce; Office of Management and Budget, for actual figures.

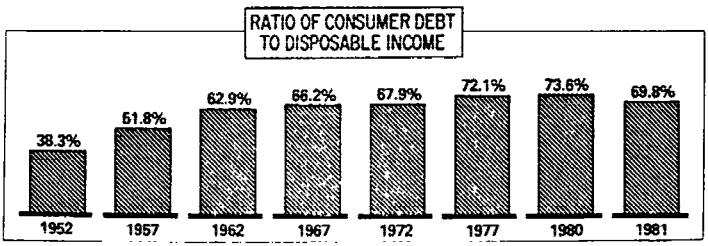
CHART 4

RISING CONSUMER CREDIT AND DEBT IN RATIO TO DISPOSABLE INCOME, 1972-IQ '81







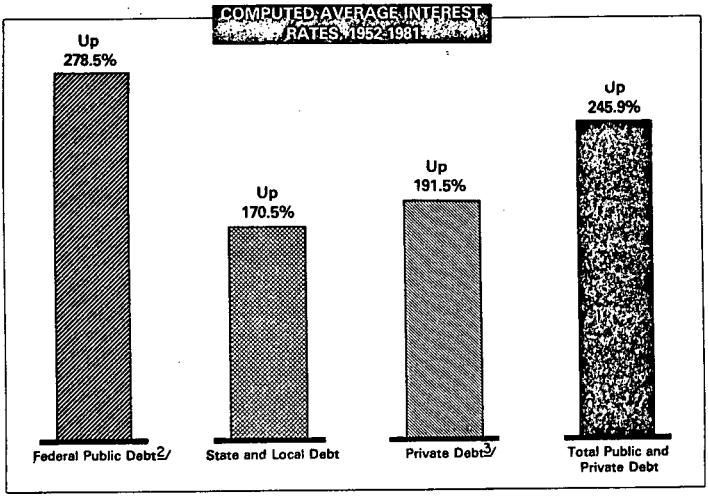


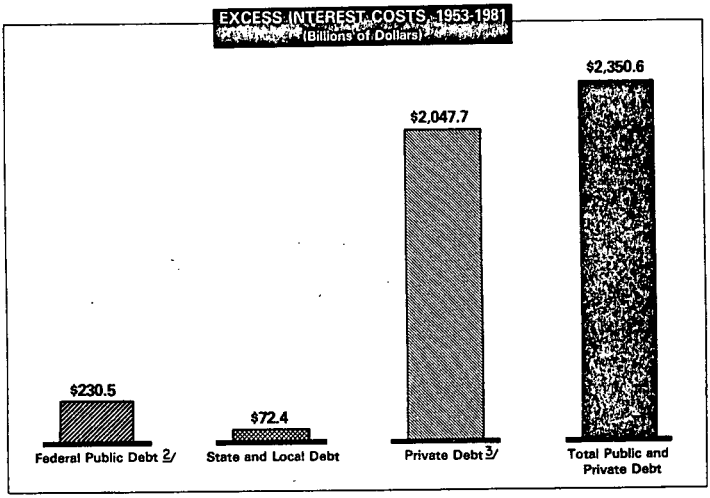
1/ 1977-IQ '81 partly estimated.

Basic data: Dept. of Commerce, Federal Reserve Board

CHART 5

INCREASES IN AVERAGE INTEREST RATES, AND EXCESS INTEREST COSTS DUE TO THESE INCREASES, 1952-1Q '81[1/]





1/ 1977-1Q 1981 estimated.

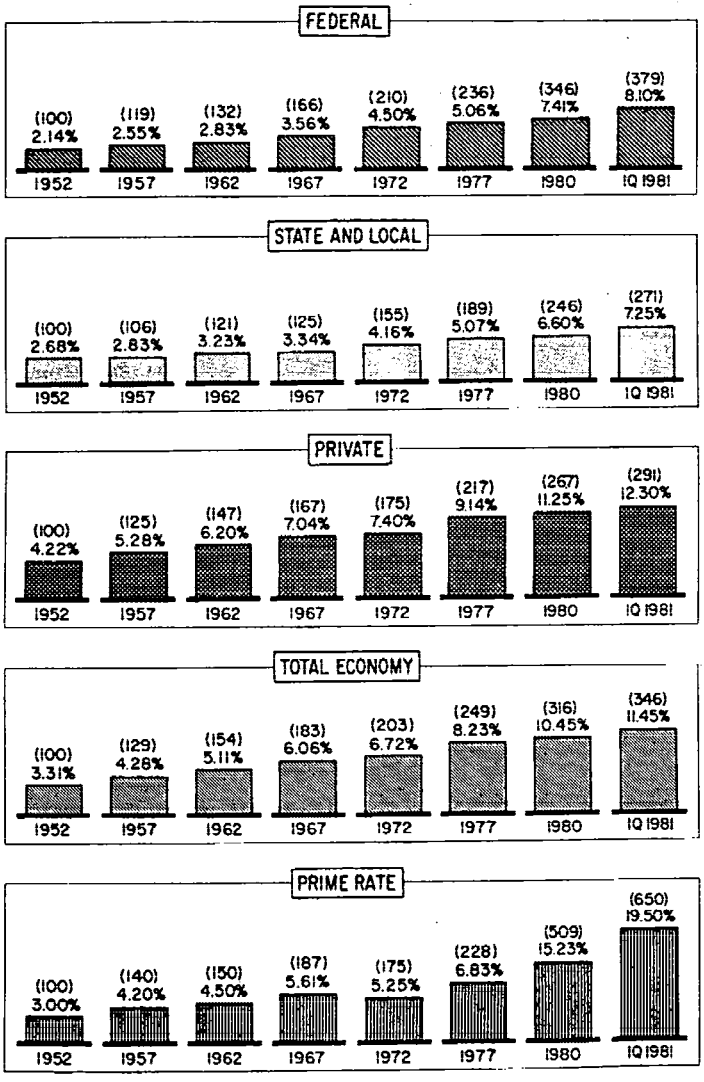
2/ Includes net foreign interest.

3/ Private debt series has been discontinued by Government. Estimates from 1977 forward based on historical data and current trends in interest rates.

CHART 6

THE SOARING INTEREST RATES, 1953-1Q 1981[1]

(INDEXES SHOWN IN PARENTHESES)

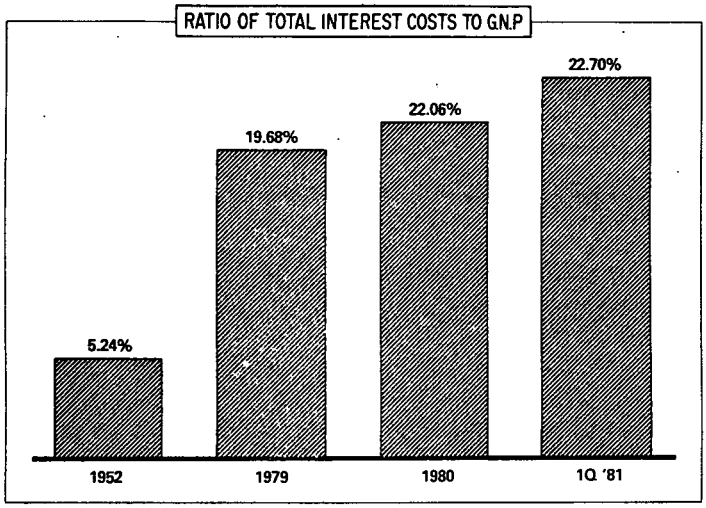


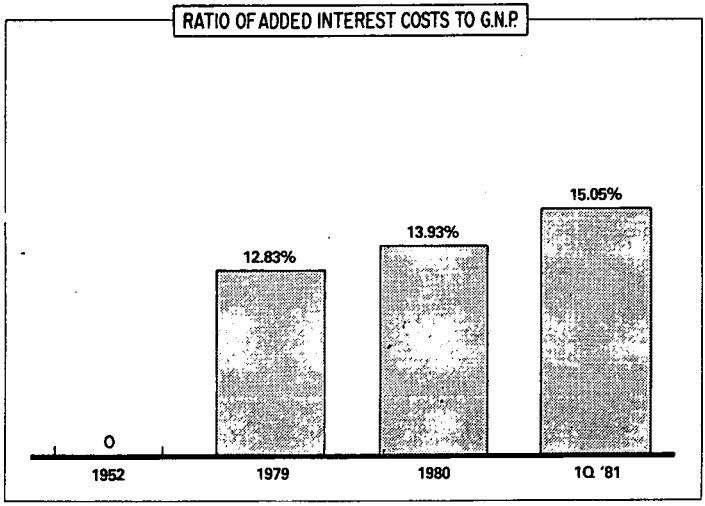
[1] Except for prime rate, 1977-1Q 1981 estimated.

Basic data: Dept. of Commerce, Federal Reserve Board

CHART 7

RISING RATIO OF TOTAL[1/] INTEREST COSTS AND EXCESS[2/] INTEREST COSTS TO G.N.P., 1952-1Q '81[3/]





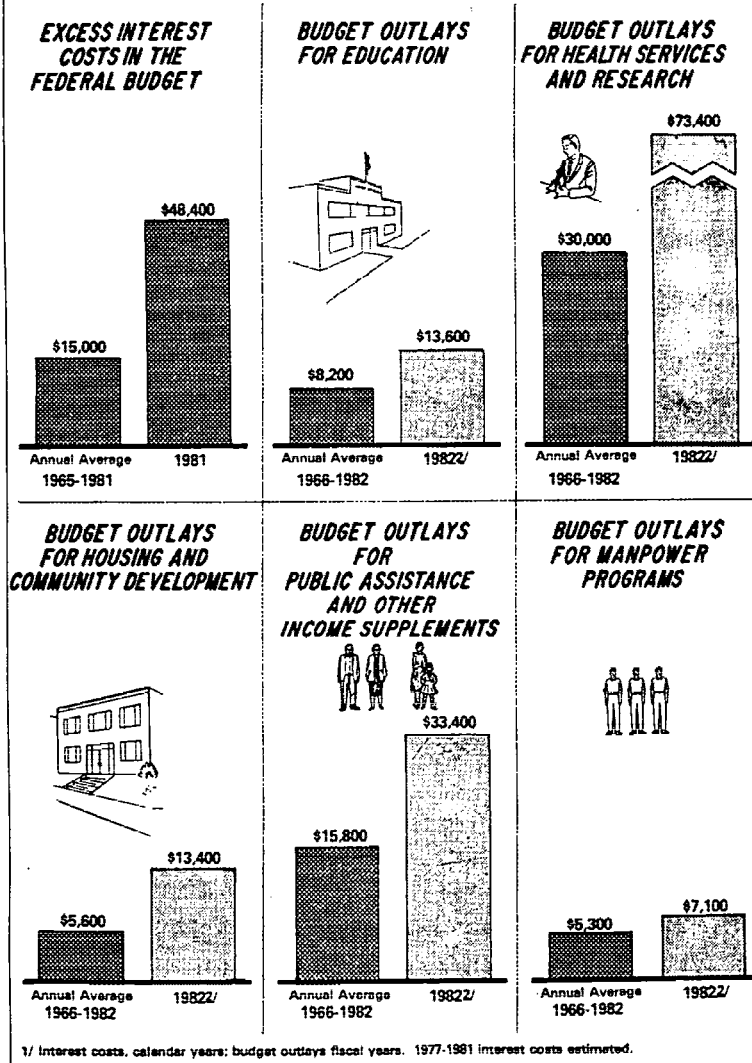
1/ Federal, State, local, and private.
2/ Additional costs due to rising interest rates since 1952.
3/ 1977-1Q 1981 estimated.

Basic Data: Dept. of Commerce, Federal Reserve Board

CHART 8

EXCESS INTEREST COSTS IN THE FEDERAL BUDGET 1965-1981 CONTRASTED WITH OTHER COSTS FOR SELECTED BUDGET PROGRAMS 1/

Millions of Current Dollars



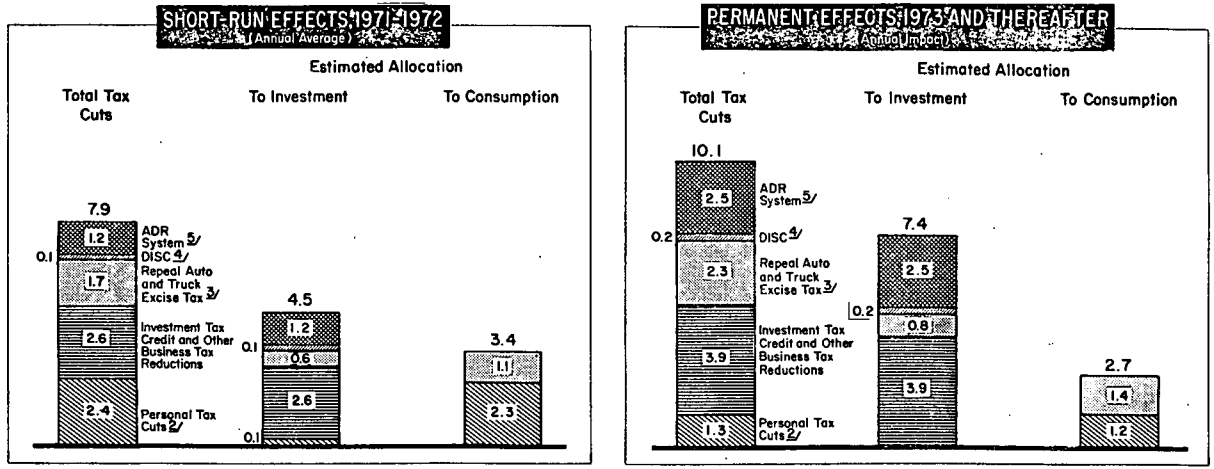
1/ Interest costs, calendar years; budget outlays fiscal years. 1977-1981 interest costs estimated.

2/ As shown for fiscal 1982 in President Carter's Budget, as revised by President Reagan, March 10, 1981.

CHART 9

ALLOCATION OF 1971 TAX CUTS[1]: BETWEEN INVESTMENT AND CONSUMPTION

(Billions of Dollars)



1/ H.R. 10947, as reported by the House-Senate Conference Committee, and Asset Depreciation Range (ADR) System promulgated by the Treasury Department.

2/ Allocation to investment based on portion of cuts for those with income over $15,000, which they would save; remainder allocated to consumption.

3/ Allocation between investment and consumption based on business or nonbusiness use of vehicles.

4/ Tax deferral by Domestic International Sales Corporations (DISCs).

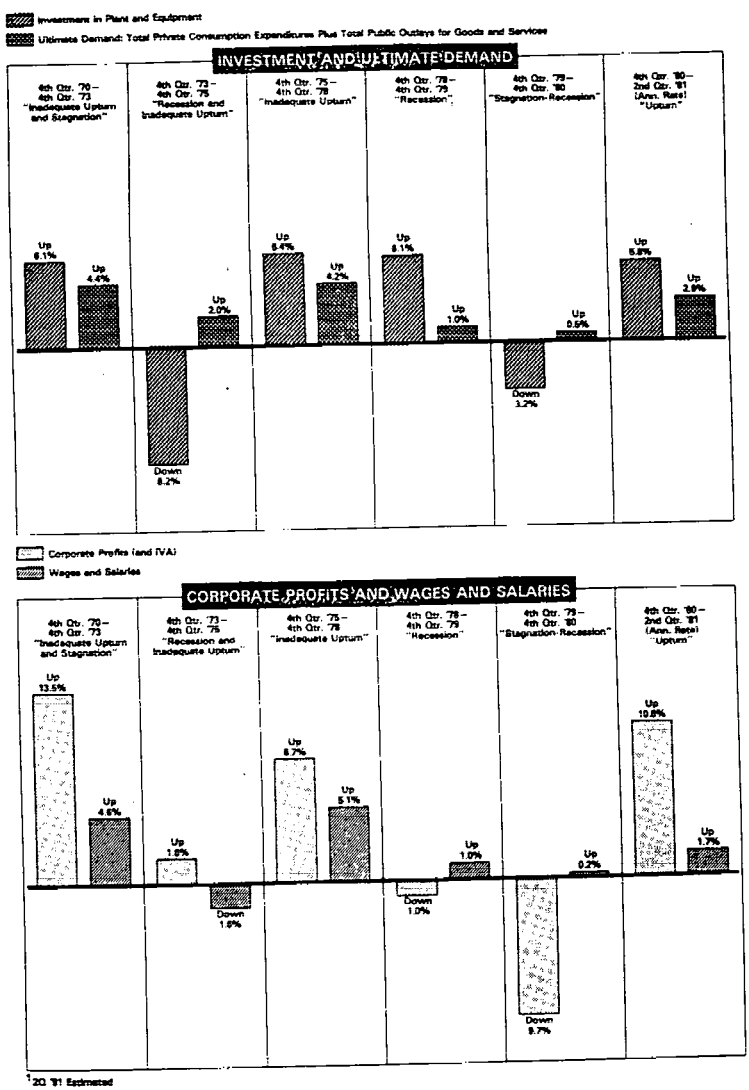
5/ Treasury regulations as modified by H.R. 10947 as reported by the conference committee.

Note: Components may not add exactly to totals, owing to rounding.

COMPARATIVE GROWTH RATES, 1970-2Q '81[1/]

(Average Annual Rates of Change, in Uniform Dollars)

CHART 10



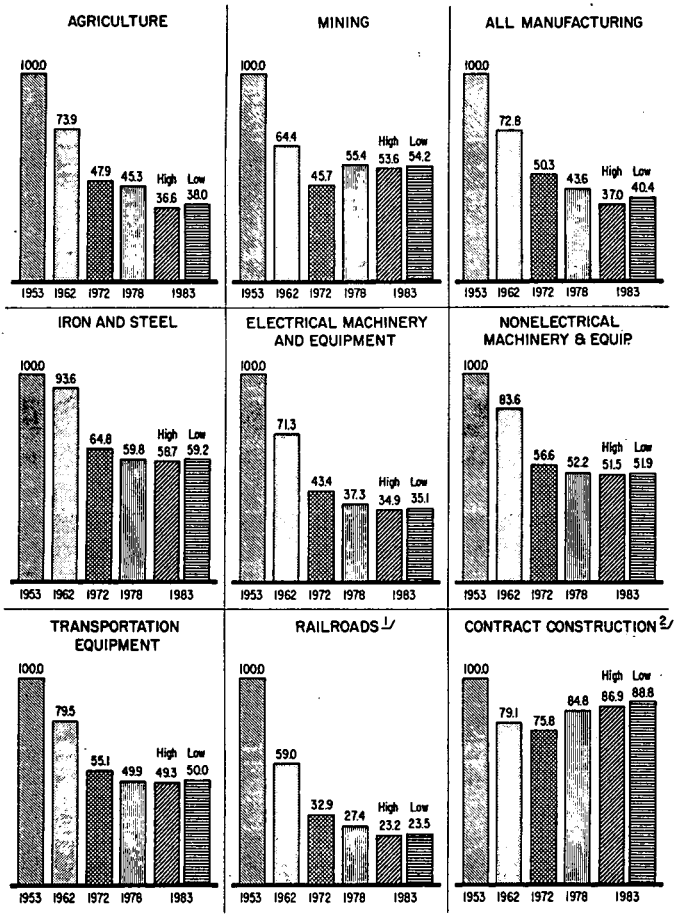
[1] 2Q '81 Estimated

Basic Data: Department of Commerce.

CHART 11

RATIO OF VOLUME OF EMPLOYMENT TO PHYSICAL VOLUME OF PRODUCTION

(1953 Ratio of Employment to Production = 100)



1/ Rates of index of employment for all railroads to index of revenue ton-miles carried by Class I railroads.

2/ Ratio of index of employment in contract construction to index of constant dollar value of structures put in place.

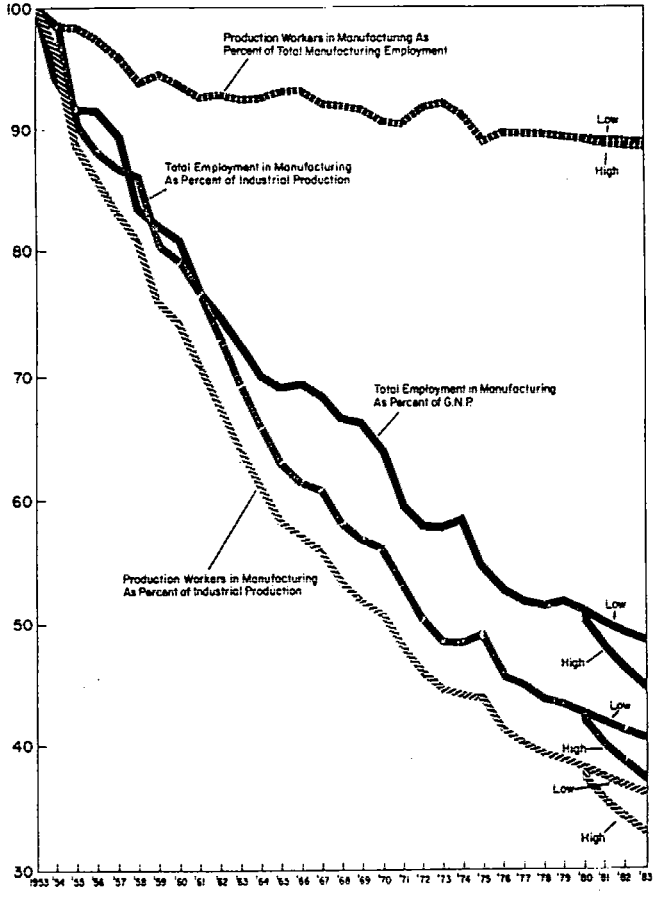
Note: The highs and lows represent developments in accord with Humphrey - Hawkins Act goals compared with estimated developments under projections of current national economic policies.

Sources through 1978: B.L.S., B.E.A., F.R.B.

CHART 12

IMPACT OF TECHNOLOGICAL PROGRESS ON EMPLOYMENT TRENDS, 1953-1978, AND PROJECTED THROUGH 1983

Ratios of Indexes, 1953 = 100



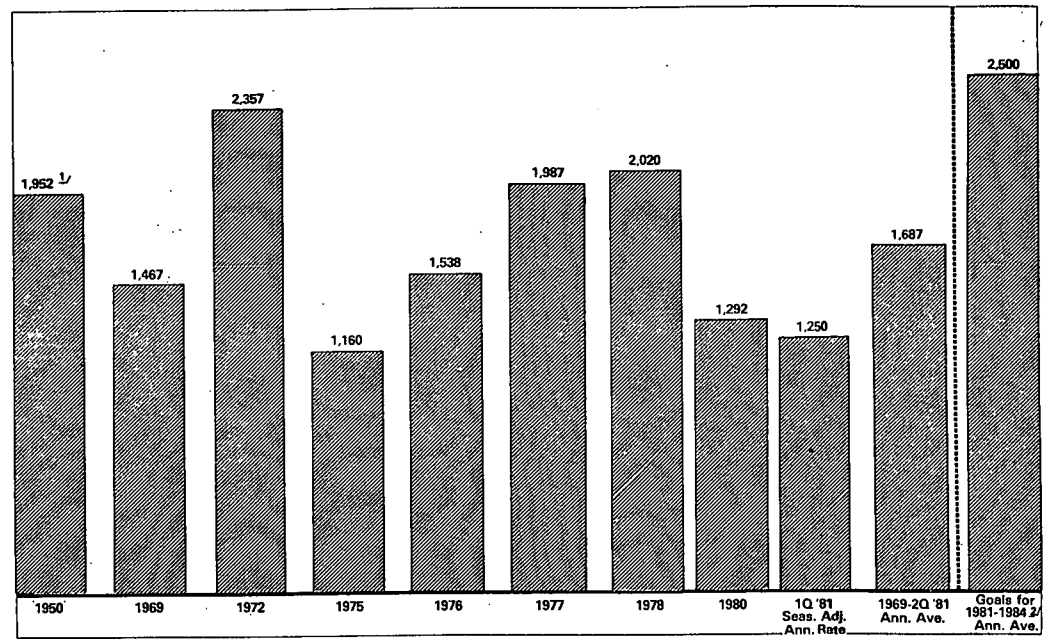
Note: The highs and lows represent developments in accord with Humphrey-Hawkins Act goals compared with estimated developments under projections of current national economic policies.

Sources through 1978: B.L.S., F.R.B., B.E.A

CHART 13

HOUSING STARTS, 1950-1ST Q 1981 AND GOALS FOR 1981-1984

(Thousands of Units)



1/ Non-farm only; farm not available.

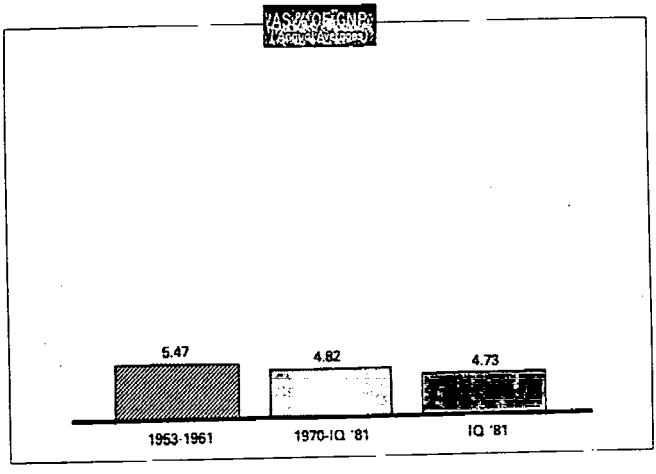
2/ Based on home construction needs and its role in attaining full economy goals.
Estimate includes quantitative needs for population growth and shifts, and for overcrowding. If reduction of substandard housing is included, estimate rises to about 3 million.

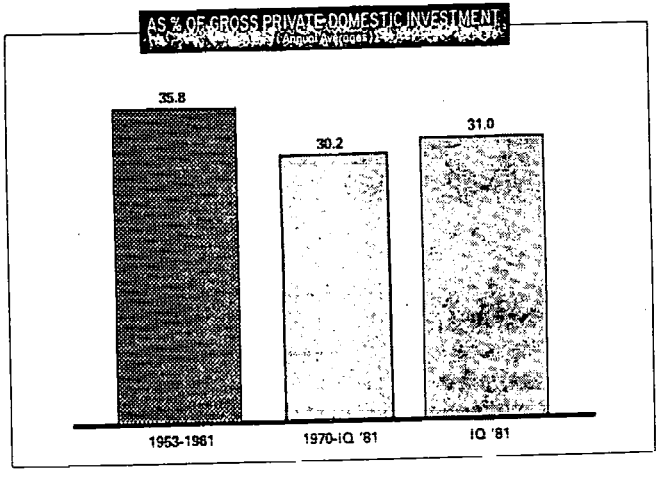
Source: Dept. of Commerce, Bureau of the Census

CHART 14

ROLE OF NEW RESIDENTIAL AND COMMERCIAL STRUCTURES IN THE NATIONAL ECONOMY, 1953-1981

(Construction as Percentage of Major Economic Aggregates, in current dollars)

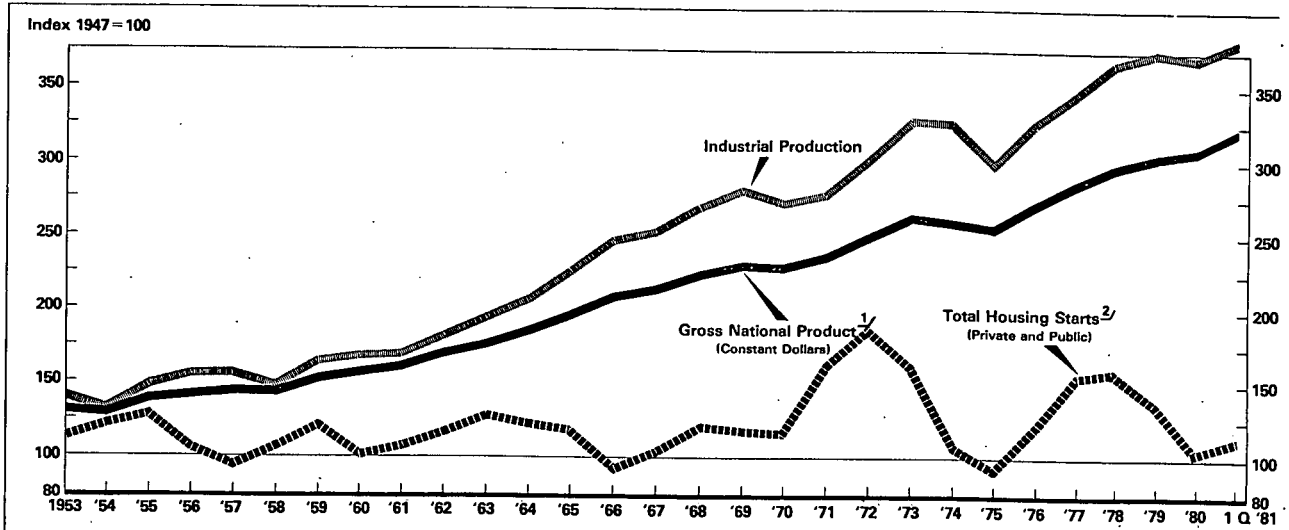




Source: Dept. of Commerce, Bureau of Economic Analysis

CHART 15

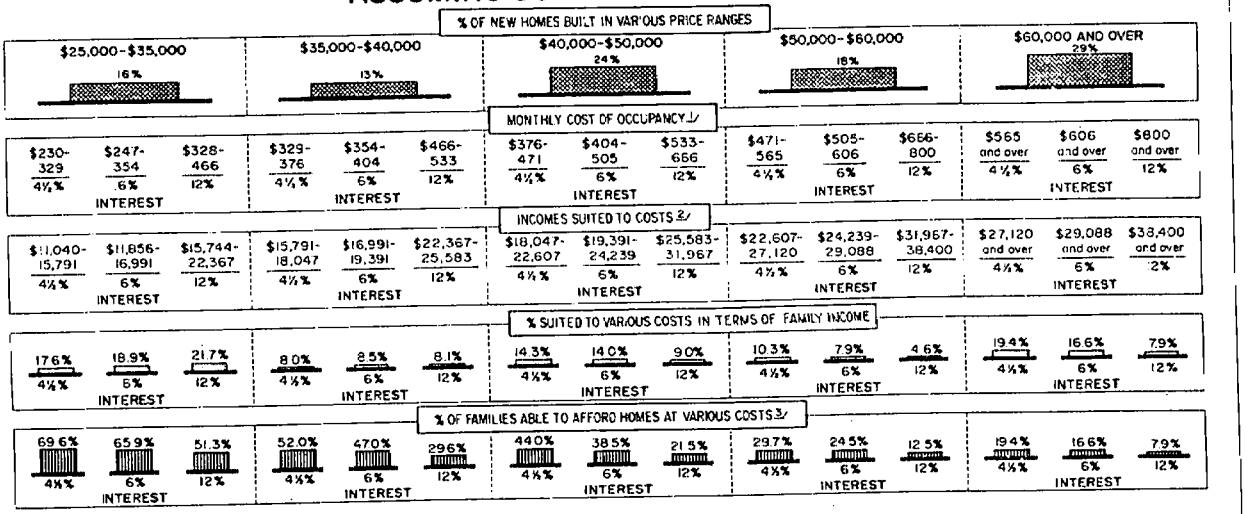
HOUSING STARTS, INDUSTRIAL PRODUCTION AND GROSS NATIONAL PRODUCT, 1947-1ST Q 1981



1/ 1ST Q 1981 preliminary
2/ 1953-1958 is non-farm only.
Source: Dept. of Commerce, F.H.A., and V.A.

CHART 16

NEW HOMES BUILT AT VARIOUS PRICE RANGES AND COSTS, AND FAMILY INCOMES RELATED TO THESE COSTS, 1977 ASSUMING 30 YEAR AMORTIZATION



1/ Total monthly costs, with variations in costs due to variations in interest rates only. 25% down payment assumed throughout.

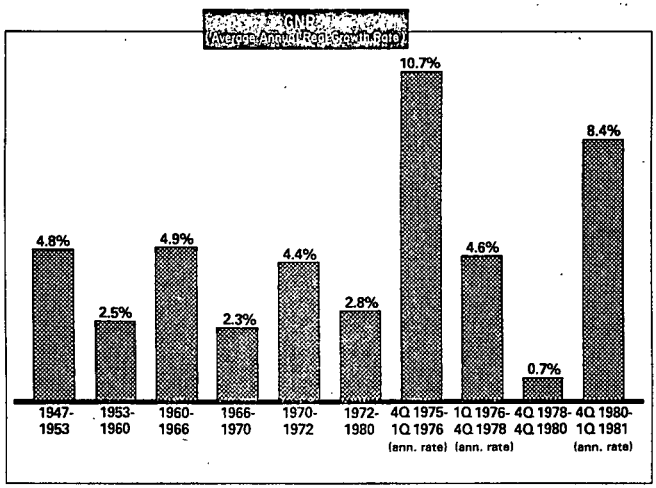
2/ Applicable incomes are monthly costs times 12 times 4.

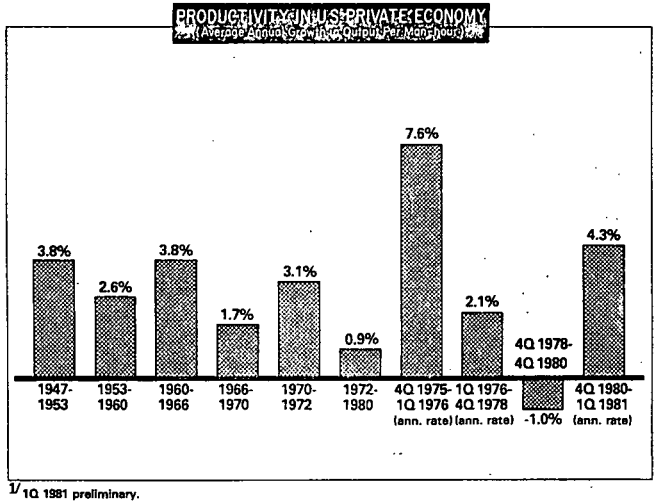
3/ Includes all families from bottom to top who can afford houses in each cost range. About 30% of all families have incomes below cost requirements even for $25,000-35,000 homes at 4 1/2% interest, and about 49% are below at 12% interest.

Basic Data: Dept. of Housing and Urban Development, Dept. of Commerce, Library of Congress

CHART 17

IMPACT OF ECONOMIC GROWTH UPON PRODUCTIVITY GROWTH 1947-1Q 1981/





1/ 1Q 1981 preliminary.

Source: Dept. of Labor, Dept. of Commerce

Representative REUSS. Thank you, Mr. Keyserling.

When did you first come to Washington?

Mr. KEYSERLING. 1933. I have been before this committee 28 times and 13 times have submitted invited comments.

Representative REUSS. It might be instructive if we looked together and with Dr. Ginzberg at the unemployment figures over the year since the time that you arrived here and the present days because, this being FDR centennial year, we are in a nice exercise of looking back; and I have before me the Bureau of Labor Statistics unemployment figures over the years since they were first kept in 1929.

In 1929—that was the year President Hoover took office—the unemployed were 1.5 million. The President kept talking about the abolition of poverty, and the next year, in 1930, unemployment had risen to 4.3 million. The President kept saying that prosperity is around the corner, and the next year, in 1931, unemployment had risen to 8 million. By 1932, the unemployment rate was 12 million and by 1933—that was the year that FDR took office—it had risen to 12,830,000.

Then the New Deal started and unemployment started going down. In 1934, it went down by more than a million, to 11.3 million. In 1935, it again went down to 10.6 million. In 1937, there was further progress and unemployment went down to 7.7 million. And then, if I read history right, a congressional coalition of Republicans and so-called "Boll Weevil" Democrats repealed much of the New Deal stimulus and at the same time the Federal Reserve went on a bender of money tightening and interest rate raising, and the unemployment rate then went up almost 3 million and by 1938 it was 10,390,000. It then started going down again to 9.4 million in 1939, 8.1 million in 1940, and then, with the war on or about to be on, it went in 1941 to 5.5 million, and then in successive years it went down to 2.6 million, to 1 million, to 675,000, less than a million by 1944, and thereafter, for 25 years, unemployment hovered with just a couple exceptions in the 1, 2, or 3 million range in 2 years. In 1958 and 1961 it got a little above 4 million. Then in 1970, it got out of that range and, just reading off the figures for the 1970's, starting in 1971, it was 4.9 million, then 4.8 million, then 4.3 million, 5 million, 7.8 million, 7.2 million, 6.8 million, 6 million. By 1979, it was down to 5.9 million. In 1980, 7.4 million, and in 1981, up to 8 million; and today, as you know from the report of unemployment adjusted, it is 10,183,000 and adjusted it's 9,298,000.

I would ask a couple questions. Let's take the 1937–38 experience when a Republican—"Boll Weevil" coalition on the fiscal side and a reactionary Federal Reserve on the monetary side was able to up the unemployment in 1 year from 7.7 to 10.3 million. Take the current situation where before the President's program went into effect in early August the unemployment figures—these were for last July—were 7.8 million. Today, as I said, they are in the 10 million range.

Isn't this a case of history repeating itself and isn't there an uncanny correspondence in the upreach of the unemployment figures and the same coalition on the fiscal side and the same reaction on the monetary side?

Mr. KEYSERLING. First, let me say that my charts give the absolute figures.

Second, everything that has happened is so largely inconsistent that I cannot accept the alibi—contrary to your admonition—I can't follow the alibi by so many policymakers and economists that we can't learn from all of the past because it's all irrelevant because we live in a new and complex world.

We live in the same world. Taking periods that are relevant: First, from 1922 to 1929, we had an amazingly stable price level, one of the most stable we ever had, except for falling farm prices. So whatever caused the great collapse, it was not inflation.

Second, the great collapse, according to a great book by John Kenneth Galbraith and another by Paul Douglas, was caused because, even with a stable price level, productivity went up greatly and the income was not shared. Farm income fell. Workers' wages did not increase enough. Profits soared and investment got all the way out of line with consumption. That was the scenery, and the crash in the stock market would not have ignited it if the rotten number hadn't been there. So these are things we might have learned, but we have repeated the same errors again and again.

The New Deal came along. In 1937 there was a sharp downturn, as you said. Incidentally, fiscal policy was even more important than monetary policy because there was a great cut in public spending which at its peak reached about $6 billion, a great cut in public spending, under the pressure of some people in the Congress and also some people in the administration, including the then Secretary of the Treasury. This cut brought on the 1937–1939 trouble.

More important, since we've heard everywhere, always that we can't thrive and can't use the direct employment of the people by the Government because Roosevelt failed and didn't succeed until the war, I had occasion to study that again, and with all the flaws and starting from an infinitely more difficult base, the percentage reduction in unemployment from the 1933 level, whether we stop at 1937 or go on to 1939, far surpassed anything we have done since.

In other words, with a much smaller problem, much more resources, we have failed miserably measured even against what was done then, hardly through the direct employment of people by the Government. So we can learn from that. Many other things were done, also, to help the private sector directly.

Coming on later, we have to unwrap ourselves of the doctrine that the way to stop inflation is to increase unemployment. The Federal Reserve is more committed to that than ever. The National Government policy really is also, and we have never, in all economics, had a more apparent demonstration, with some undulations, than more unemployment, more idle plants, stimulate inflation.

The argument that inflation has come down to 9 or 10 percent in the last few months, indicating that this anti-recovery policy reduces inflation, is really ridiculous. A few months is not long enough to be very meaningful. It isn't consistent with the long term record and, furthermore, where have we gotten when we regard it as a great thing when we have 8-percent unemployment and 8- to 10-percent inflation, when the 8- to 10-percent inflation comes on top of years of double digit inflation, so that 8- to 10-per-

cent inflation now is infinitely harder on everybody than 15-percent inflation was 8 years ago? That's perfectly obvious. So we can use that experience.

The reason—this gets to productivity also. Books are written about why productivity has fallen and why inflation has been caused. But these books do not relate to what all experience teaches. The main reason for the productivity decline is plants operating at 75 percent capacity instead of 92 percent. When they are operating at 75 percent of capacity, they only have 8- to 10-percent of the workers. Things would be much worse if more were fired. But when you divide 92 into 75 you get a low productivity figure.

Just a year ago, when for a very short time the economy rallied and grew at a real annual rate of about 9 percent, it was unbelievable that in about 3 months the productivity shot up to a gain of 5 or 6 percent at an annual rate and as soon as the economy collapsed again the productivity went down to zero again, and for the same reason. That's a main reason for the inflation, because the lower productivity means higher per unit cost, and also because the lower output means that in an administered price system they try to gain more per unit to compensate for the lower volume of business. We have learned nothing from that.

So you take the whole experience the chairman referred to, and the lesson is plain. The mistakes have been the same. The results have been the same. The penalties have been smaller than in the Great Depression for a variety of reasons, especially because of the stabilizers that were built into the economy long, long ago and that are now reducing the size of the decline.

Representative REUSS. Do I gather, Mr. Keyserling, that it is your view that the great crash of 1929 and the long depression which shortly thereafter occurred were, in large part, due to the maldistribution of income and too little after-tax income being left in the pockets of the great mass of people and too much in the pockets of the affluent few at the top who neither spent it or invested it, and as a result, the productivity of which our economy is capable of producing simply wasn't taken off the market?

Mr. KEYSERLING. No question about it, plus the fact that too little tax revenues were left in the hands of government to do what the government needed to do. In fact, it was mainly what you say, but this isn't just Leon Keyserling's view. This is the view of Ken Galbraith. It was the view of Paul Douglas. It's the view, I think, by now of most economists, and it's important because, in smaller measure, it's exactly the same kind of thing that is——

Representative REUSS. Wasn't it also the view of a number of very conservative and enlightened bankers, at least after the event, like Frank Vanderlip?

Mr. KEYSERLING. After the event, no question about it.

Representative REUSS. One final question before I turn to Mr. Ginzberg. In the light of the policy which the Government of the United States is currently pursuing with respect to the distribution of income, the vast tax cuts for corporations, for people in the top 5 or 10 percent of income receivers, the cutting down of programs generally which were an aid to the poor and to the middle class—here I'm thinking of clean air and clean water and so on—and in view of the results of monetary policy which means that the trans-

fer from debtors to creditors is in the range of scores of billions a year, are we now, in your judgment, working toward a replay of the disastrous events which befell us 50 years ago?

Mr. KEYSERLING. I'm not prepared to say whether we will have something as bad as that. But I think we could, because I think we are skating on thin ice in a fragile economy. I wouldn't be willing to predict that, but I don't need to because we haven't had that since World War II and yet we have sunk from a first class to a second class power. We have seen ourselves outdone by many. We have inflicted upon our own people tremendous losses of goods and services and, more important, of social purposes that they need. So it's bad enough.

What I would be prepared to predict, the way we are going now—and if I were asked to write a program for disaster instead of for progress, I couldn't write a better one than is now being written. I think the way we are going now we will, over the next 5 years, not average more than 2 percent real average increase in GNP, which always means the selling out of those who need and not too much damage to those who have, with progressive danger of a more serious situation even than that.

Representative REUSS. Mr. Ginzberg, I have a number of questions to ask you, but before I do, did you wish to make a comment?

Mr. GINZBERG. I would like to comment. I wrote a book in 1939 called, "The Illusion of Economic Stability." I would not go quite as far as Mr. Keyserling did to say that it was maldistribution of income, although I mentioned that. We had a speculative boom with the bankers giving the stock market all kinds of foolish support in the latter 1920's. We had an outrageous foreign policy of lending to Cuba, to Eastern Europe and to Latin America. And I would argue that, one can have a very serious credit inflation going on without the price level showing it, in fact the price level should have gone down but for this inflationary speculative boom. So I would put no small amount of the blame for the trouble we got into on speculation and credit inflation.

Second, I think it's inevitable in a dynamic capitalistic economy that when you get an automobile industry, which was the dominant industry of the 1920's, and housing that boomed with it and the relocation of populations, such a boom could not be maintained in the absence of new major industries coming in. We have always had a start-stop economy to some extent in response to major technological-structural changes.

The parallel in more recent times would be something I have not heard here about the fact that the U.S. is no longer in the position to control its own economy to the extent that it used to be able to do so. We live now in an increasingly open economy. The Japanese, the Germans, the French, the South Asians and so on know how to produce much of the stuff that we do with the same technology at lower wages. So there are tremendous problems that the U.S.economy faces.

It's made clear by the current problems in the Midwest. I do not believe for a moment that any kind of fiscal and monetary policies alone are the answer to the kinds of relocation, competitive disadvantages, and the employment consequences that the area faces.

So I think that while there are analogies between then and now and I do believe the 1937 drop was just as you put it, Mr. Chairman, a sudden tightening up on the spending of the Federal Government, the 1930's left much to be desired. I did a study on the long-term unemployed in 1939 in New York City and Mr. Roosevelt's policies, I have to say for the record, while relatively much better than Mr. Hoover's, were only relatively much better. By the end of the 1930's, there was no real solution by the New Deal for the problems facing the country. We got rescued by the war. My first job in Washington—I showed up 5 days after Pearl Harbor—was in the Executive Office of the President at which time we must have had 10 or 11 million unemployed. I suggested we start to get women, educated women, registered because we would need them. People thought I was out of my mind because we were just overloaded with the unemployed. Most observers did not expect them to be absorbed, but I expected that they would be and quickly.

Representative REUSS. How right Winnie the Welder proved you were in the years right after that.

Mr. GINZBERG. Yes. So that forecast turned out right. Mr. Keyserling didn't, but I would like to really ask the fundamental questions as to what are the potentials and limits of governmental policy to affect the economy? He mentioned Mr. Galbraith. Mr. Galbraith and I, I think, were the only two people who opposed the tax cut of 1964, for different reasons.

Mr. KEYSERLING. I did.

Mr. GINZBERG. Then we've got three of us. Galbraith opposed it because he didn't think one ought to diminish the area of public spending. I was frightened, frankly, of teaching the Congress bad tricks. I thought we live in a political democracy and I thought we would only teach Congress how to reduce taxes and when the time came to raise taxes Congress would not follow and we would get ourselves into inflationary troubles. I regret to say, that's been the record of successive Congresses through Republican and Democratic administrations, and that is another way of saying that a Congress can only move one step ahead of the public and I think we really did something that was foolish in 1964.

I think our present situation is very difficult because I think the public doesn't understand what is and is not doable. I cannot understand the present administration's economic policies, but I come out of a pre-Keynesian period, and it's very complicated for me to believe that taxes and tax incentives—I don't care how much you lower them—they don't seem to me to be that significant a stimulus. I remember Walter Hoadley of the Bank of America coming in and talking to our Commission in 1975. He said that there are a lot of projects that business was not moving from the back burner to the middle burner to the front burner because of uncertainties. I think uncertainty is real, not make-believe, and I don't think there's any way in the world, not even if Mr. Keyserling controlled the Federal Reserve and the tax-writing powers, that we can ignore the expectations, the attitudes, not only of our own bankers and businessmen but of the entire world's bankers and businessmen. So I think we are working now in a much narrower decision frame with much less scope to do things.

Surely in the short run—and I agree with Mr. Keyserling that there's a denigration of Government going on which leaves me very uneasy. But I have been involved in the expenditure of our $80 billion in the Federal Goverment's money for manpower. It was not wasted, but its productivity was not high. It turned out to be an income transfer program primarily.

I believe that we need to do more on that front, not less. I don't agree with him when he says that all you have to do is run the economy very taut to make sure that everybody has a job because we don't know how to do that. That's my trouble. Of course, I could run the economy taut if I knew how to keep on doing it, but I don't think in this kind of world we are able to do so. I don't believe that there is any combination of instruments at the disposal of the Federal Reserve, which has admittedly been making many errors.

If I may, I would like to talk to your four points.

Representative REUSS. Yes, I would be delighted, but let me just extract a little more from your historically backward view and from what you perceived in 1939 when you wrote that remarkable book about what had happened.

You just testified that certainly maldistribution of income, as Dr. Keyserling has said and as I have suggested, was an important factor in the depression that visited us in the 1930's. You, of course, said that wasn't all and that another important factor was the great growth of speculative credit which manifested itself by huge loans to gamble in the stock market and a series of foreign loans.

Well, isn't that contributory condition, in large part, present today? While there isn't speculative credit in any alarming amount at work in the stock market—some wish that it were—there is and has been speculative credit at work in alarming amounts in my view in commodity speculation, witness Bunker Hunt and his billion dollar extraction of credit to try to corner the silver market, in the merger mania of today which immobilizes huge amounts of credit which might go into machine tools and useful capital investment; and finally, in another 1929 revisited, in bum loans to poor-risk countries from Poland to Zaire.

Isn't that another striking parallel to the conditions of 50 years ago which should at least be remembered by future policymakers?

Mr. GINZBERG. I could not agree more with you, Mr. Chairman. In the writing I do I always have at least a sentence or two to say that there is no guarantee that the international economic and financial underpinnings of this expanded world economy may not be in jeopardy. I simply am not sufficiently at home in international finance to have an independent judgment about that, but I continue to be worried. And I introduce statements about things starting to collapse, because I have enough general unease about the situation.

Representative REUSS. Thank you. I now turn to the subject that you mentioned, and I do want to ask you, and perhaps Mr. Keyserling, about the proposal I made in my opening statement which generally is designed to be a short-term, realizable program for what is left of this Congress, the 97th Congress, and what is left of this fiscal year that runs—both of them—until next October. And I, for one, am not ready to write off either one of them.

Mr. Ginzberg, in your most helpful statement and recommendations, you said the following—and I'm going to quote from you—"The most effective approach to restraining unemployment is to have the economy run taut as it did for most of the years between 1963 and 1969," and then you add:

> But if unemployment is to be partially contained while the inflationary virus resulting from high deficits and wage-price spirals is being drawn out of the system, we need new labor management undertakings about wage settlements that would keep wage increases in some reasonable balance with productivity gains.

I take it that that, in this imperfect world, is your suggestion for a sensible, if not perfect, program for the present. Is that a fair statement?

Mr. GINZBERG. Yes, that is. I tried several years ago—I spend my summers in Martha's Vineyard, and there were three presidents of the American Economic Association who are my neighbors up there. When Mr. Carter was President, I tried to get the three of them to join me to recommend to Carter that we go for an incomes policy at that time because I thought the inflation was moving disturbingly fast. I got one of the three but the other two wouldn't sign. So I didn't bother to send the letter. They were very opposed.

I think we are in a continuing dilemma unless we get some better understandings of what to do, and I would agree with Mr. Keyserling that it's not only the wage part of the story but it's also how we set prices. I agree with him on that. So that although I know that our recent history with wage and price controls leaves lots to be desired—lots to be desired—I think one does need to get some understanding between the large unions and the large employers so that one can run the economy tighter.

In the absence of some kind of prearrangement about what's going to happen on the wage side and on the price side, I don't think one can risk it, given an open economy, because I think our economy will get unraveled. So that's definitely one of the positions where I'm in close sympathy with you.

Representative REUSS. Could I just put the whole question to you, because as I say, I subscribe wholeheartedly to the recommendations that you just made to us. Indeed, I thought you were working the same side of the street with my recommendations, which are four in number, restricted to this fiscal year and this Congress and what conceivably can be done while we work on the longer-term structural forms which both of you agree are so necessary.

My program, in essence, is a new four freedoms: that 1982 be free from further restrictions on tax restrictions; be free from further restrictions on expenditures over those which have been made; be free from further restrictions in monetary tightness—the Federal Reserve has squeezed the money supply to a pip-squeak last year and now they want to lower their targets, and I believe that's unwise—and finally, freedom from cost-push inflation while we work our way out of the high unemployment and recession by some sort of an incomes policy.

That's the modest program which I put forth and I welcome your comments on it.

Mr. GINZBERG. I would put before you, Mr. Chairman, the fact that even if you could persuade your colleagues to go with you, a very critical point is how would such a program be interpreted by

people on the outside who have a large amount of decisionmaking leverage on investment, on sending dollars out of the country and taking other critical actions.

My sense is at the moment—and I agree with what Mr. Keyserling said earlier also, that it is very hard, in the absence of a strategic understanding or agreement about how to fashion any kind of policy, short run or long.

Now the President offered a policy and a lot of people thought it was going to work. All one had to do was lower taxes and especially lower the taxes on the people paying the most, which of course they liked, and everything was going to fall into place.

Well, it's clearly not working. I never believed it had a chance to work. I don't believe it has a chance to work. But that leaves us at the moment with no effective dialog, much less consensus.

Now I would say that I understand that the Congress can only act in very short time frames and I believe I'm correct to say that you may not be around at some later sessions. Didn't you indicate that you're going to retire from Congress?

Representative REUSS. Yes.

Mr. GINZBERG. That's what I thought. For the record, I would like to say that I am one who regrets that very much. But that is a constant problem in this country and that is that we really haven't got a longer range set of policies to deal with what I believe are serious longer range questions.

Representative REUSS. Could I interrupt you to say that I completely agree with you. In presenting this short-range program, what can be done in the next few months set of policies, I mean that to be taken only in the context of a longer range program which should be started right now. We should start acting on that longer range program which includes the structural reforms you talked about, the recognition that America is increasingly a member of the world group unit and all the other things.

So we should do that, but, quite frankly, I don't think we are going to be able to solve that one by next September.

Mr. GINZBERG. Let me say that I have the most trouble probably with No. 1 and less with spending money and the incomes policy. The reason I have less ease about No. 1 is I think we are now in such a mess with the whole tax proposals that I think we gave away so much money and got so little for it in terms of stimulation that I think your proposal—while in some kind of a theoretical way I could say there's nothing wrong with it and I could even support it and there's something right with it—I would say any further movement to reduce taxes which in the short run would suggest—would suggest, I don't say would result—in still further deficits could be interpreted out there to lead to still more unraveling.

So I'm really not at this point in time anxious to do anything to reduce taxes. I may be willing not to raise them at the moment, but I sure don't want to see the Congress reduce them further, with a $100 billion plus deficit staring us in the face for 1983.

That's another way of saying I don't think that the tax reductions that are left, because we gave most of them away, will have a significant effect of and by themselves. I think one could have a tax program that would make bad worse, and I would like to avoid

that, but I don't have any confidence that fooling around with lowering taxes would help us at this time.

I'm fairly comfortable with the rest of the proposals. I ought to add for the record that I am not a macroeconomist who specializes in the short run. I'm really a long-range fellow interested primarily in employment, but I think I have some feelings for the depth of our problems and the structural issues that underlie them, and a skepticism about all instruments in the hands of the Federal Government, all instruments that are usable in the short run.

I think your No. 2 on the UI is critically important. I think we've just got to make sure that in a State like Michigan, with its high unemployment rate, that the triggers work. The fact that they went off is incomprehensible.

I spent a good part of 35 years in and around the Pentagon and I would say that while I don't downgrade the Russian threat, I would say that surely some stretchout of the very large budgetary figures for the Pentagon would probably help, not harm. One way to be sure that the Pentagon is even more inefficient in the use of dollars is to give them lots to spend quickly. That's been my experience. If you give the Pentagon more money, but avoid forcing it to spend it quickly, it will spend it better. If you just overload them with money, their productivity rates will be very low. So I would be in favor of some stretchout.

Representative REUSS. You brought in, as I suppose one has to, the element of psychology into your discussion. How do you account for the following curious phenomenon today: If the polls are to be believed and if one's conversations are to be credited, the working people of this country, or many of them, are saying, "The Reagan program is killing us. It's a miserable aid-the-rich, hurt-the-workingman program, and I'm about to lose my job, but it should be given a chance and we are quite confident it will work out in the sweet by-and-by." Meanwhile, the rich folks, the affluent, are saying, "Oh, it's a marvelous program. We love it. It's just what we needed," but in their actions they are liquidating the stock market; they are liquidating the bond market; they are liquidating the Nation's capital investment program and, following Andy Mellon's advice, they are liquidating labor and liquidating farmers at a very rapid rate.

How do you account for this rather strange way in which we are all behaving?

Mr. GINZBERG. I don't think it's so strange. I would put it this way. I think Mr. Reagan's election, which was not by that many votes, was a sign of widespread dissatisfaction with the preceding years, and that had to do with how the public perceived Mr. Carter, as well as his policies and the results of his policies. That's another way of saying that Americans were unable to believe that they had to live with high inflation and Mr. Reagan told them they didn't have to live with such high inflation and he would do something about it, and that was the dominant view at the time.

I was at Camp David with Mr. Carter and I tried to persuade him at the time when he was up there that his inflation problem was worse than his unemployment problem, and that he should pay attention to the inflation at that time—that was 1979, if I remember correctly—rather than the question of further stimulation.

I thought we had real nets under the poor at that time and I thought that was a better way to move.

The bulk of the American employed public was not improving itself through the whole of the 1970's. There was no gain in real wages throughout the whole of the 1970's. There were gains in real income of families, but not of individual workers. So the American public, in terms of a large number of blue-collar workers, felt the preceding administration had not delivered. They wanted to give the new man a chance.

They are by no means satisfied with what they see happening, but they figure that he's entitled to a chance. I suppose they figure that in November they will make another appraisal.

I don't think the rich people ever believed in the new economics, but how can you turn your back on a kind of windfall that Mr. Reagan offered them? I don't think they ever believed him. I mean, the smart bankers I talked to in New York were always skeptical about this whole affair. They had the most serious questions about it, but they also didn't like the old regime. They knew that the new administration was going to be "more probusiness." However, now when they see this policy beginning to work out—they are pretty smart and they have pretty good staffs—and they do exactly what Mr. Keyserling said, they look at 72 percent capacity and say, "No use putting up a new plant or doing anything now."

So I think each group, given its own history and response, is acting the way I would expect them to act.

Now I think the really interesting psychological question is, what will the economy look like as we go into the November elections? And since I believe this is an economy that nobody really understands in the short run, it could go either way. I think we could still be at over 10 percent unemployment—it wouldn't surprise me—and the inflation probably will be coming down a little bit, but if we are over 10 percent unemployment, it is not something that the administration will be happy about. Conceivably, unemployment would begin to move downward a little bit earlier. I don't pretend to be a shortrun forecaster, but I am impressed with the volatility of the American public.

I think one of the really unfortunate things that happened with the last President and I believe is beginning to happen now is the difficulties that Presidents have to talk in an educational way to the public and make it clear what they are after. Although Mr. Reagan talks easily, I'm not sure that what he's saying could be called educational in the sense of helping to define our issues correctly and to point to solutions. For instance I really don't think that unemployment has much to do with people who have lost their work ethic and I don't believe that the market is going to do all the wonderful things that it is supposed to do.

I believe our international competitive situation has a lot to do with our vulnerable state. I believe that the way we are moving or not moving on research and development is connected with our troubles. I think we underestimate our opponents.

These and other lessons need to be discussed and the public educated. Unless the President is able to do so the environment is not created in which Congress and the President and the Federal Reserve can find resolutions.

I think we are in a very serious position because I think it's going to take 1 or 2 years before there will be an understanding on the part of the big, unwashed American public as to what our options really are and what we have to do.

Representative REUSS. Thank you.

Did you want to add anything to that?

Mr. KEYSERLING. I would like to subtract a little bit from it.

In the first place, I think it is a gross distortion by those who say that the maldistribution of income which had so much to do with the depression is irrelevant now. They talk about what happened on the stock market or talk about how much money we put overseas. These were by-products of an excessive rate of savings as against the amount of investment, which in turn flowed from the maldistribution of income.

Even allowing for the fact that people were buying on margin, it still was true that most of the buying in terms of amount was by the people who benefited by the maldistribution of income. It wasn't the other people who were buying so much stocks. And as for the people who sent money overseas, they sent it overseas because it couldn't be used at home. I pointed out that the same thing would happen to our balance of payments due to the 1964 tax reduction and so forth, and it did.

Second, I can't stand to hear the general diminution of the extent to which unemployment was reduced during the New Deal 1933-39. I already said that unemployment was reduced percentage-wise more than at any other subsequent times. And what about the New Deal reforms? America was permanently transformed. These reforms explain the difference in the standard of living of the people, the hopes of the people, the legitimate expectancies of the people, even today. They are absolutely incomparable if I compared living standards in all their forms before and after these reforms. So I say they should not be deprecated. They should be built on instead of sloughed off.

Now I come to other aspects of the same problem. Where do we get when we say that we don't have much confidence in the instrumentality of Government and that we have learned there is not really much that can be gained from fiscal and monetary policy. Where do we get from there?

This tremendous problem, short range and long range, which we are now confronted with must be, in whole or in part, because we don't have much confidence in Government. I don't think anybody today should add—by the strength of his distinguished and accepted intelligence and record—should add to the proposition that not much can be accomplished by Government or not much by fiscal and monetary policy.

Why don't we face up to the fact that we have lost out because we have had the wrong policies? A part of the reason for this is not to deprecate experience.

Let me say something about the value of long experience, and I necessarily was quite close to it, as opposed to being on this vacation island talking to other economists. You know, I was on "Wall Street Week" a year ago, and when I got through saying that we could learn from what we did in the fifties, they said what is very commonplace now, "Oh, but it was a different world. What prob-

lems did you have compared with the Japanese sending in their automobiles and the Germans sending in their cameras?" I said, "Do you think that these problems compare to what the Germans or the Japanese did in the forties? Were those less difficult to handle or required less resources or less management or less effort than the problem of the automobiles?"

Every problem that we have now was greater in the period shortly after World War II. We have no problem comparable to the demobilization following that war. Within 1 year after World War II, the spending for defense was cut from $100 to $12 billion. Most economists predicted $8 million after the war, and it didn't happen because of policy, not because of accident. We have had no recent problem with Western Europe, which is talked about so much, comparable to then, when they were decimated by war and threatened by communism. We have recently had no inflationary pressure comparable to the postwar cashing in of World War bonds, which euphemistically were sold to finance a war which was paid for out of current product. And there were no product facilities to pay off bonds which had been used for making war. The labor and management problems of the fifties were as serious as later on. We had nationwide strikes.

We had the same problems during 1947–53 as now, but there was a net surplus in the Federal budget for 7 years, despite the Korean War. There was an average rate of unemployment of 4 percent, reduced to 2.9 percent by 1953; an average rate of inflation of 3 percent, reduced to 0.8 percent by 1953. National priorities were served and Government was not denigrated. We had a President who said, "I'm the only one who represents all the people, and my function as the head of the Government is to act for them."

From 1953 forward, there wasn't a change in the difficulty of the problems. There wasn't a change in anything except the nature of the policies and the philosophy. Arthur Burns came in as my successor, and he said, 0.8 percent inflation is too high and 2.9 percent unemployment is dangerously low. So there were profound changes in both fiscal and monetary policies and the unemployment rate went up from 2.9 to 7.6 in 8 years. The inflation rate multiplied 2½ times. Everything that's happened since then, with slight undulations, results from the continued application of the change of philosophy through the Federal Reserve Board itself, through the Federal budget, through the idea that 2.9 percent unemployment was an inflationary threat even when inflation was only 0.8 percent; therefore, it must be inflationary to have 6-percent unemployment when inflation is 10 percent; therefore, let's get the unemployment up to 8 or 9 or 10 percent and we'll stop the inflation. And what we got most of the time was double-digit inflation.

And it's up to this Congress—I'm not speaking of the chairman here because I'm in agreement with all of his short-range proposals. I'm in agreement with them except to recognize, as he does, that if he got all of them and did not move now on the longer range things, we would still be largely where we are now. And as I heard him, he talked more about, if I'm correct, a stop on increasing taxes rather than about a further decrease in taxes. I didn't think that the chairman was plugging for a further decrease in taxes, on net long-range. In the past, at times, we have met all the

problems successfully in the vast laboratory of the American economy in action, the biggest economy, the greatest economy, in peace and at war. At other times, we've had recession and inflation. We've got to learn something from the experience. But instead of learning something from all the experience, we say that we no longer have much confidence in the instrumentality of Government. We say that we no longer have confidence in fiscal and monetary policy. Although practically all national economic policy is fiscal or monetary, because almost all Government economic policy either spends money or directs the flow of money. So if we adhere to fiscal and monetary policy, where do we go from there? That position is entirely defeatist and hopeless. We need to correct fiscal and monetary policy.

Representative REUSS. Mr. Ginzberg and Mr. Keyserling, we encroached on you a good deal and we are well into the lunch hour. I want to thank you on behalf of the committee for a memorable contribution on the part of each of you in our deliberations.

The committee now stands adjourned.

[Whereupon, at 12:20 p.m., the committee adjourned, subject to the call of the Chair.]

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

LEON H. KEYSERLING,
Washington, D.C., February 12, 1982.

Hon. HENRY S. REUSS,
Chairman, Joint Economic Committee,
Washington, D.C.

DEAR HENRY: When I testified on February 5 before the Joint Economic Committee, I did not answer fully your four-point program. I did state that I agree in general with the program, and now add these comments:

(1) *Taxes.* I agree that the full 10 percent tax rate reduction scheduled for July 1, 1982 be made retroactive to January 1 of this year. However, I believe that consideration of deferral of the 10 percent tax cut scheduled for July 1, 1983 be postponed until we are closer to the situation then and see how we stand. My best guess now is that we will then be so far short of full recovery that this tax cut should remain in effect.

(2) *Spending.* I agree entirely with your proposal to resist further cuts in spending below the levels enacted in fiscal 1982 until the recovery is firmly established, and to restore cuts made last year in unemployment insurance programs. As to developing programs for reducing spending in the out-years, I can see the need for changes in the composition but think that total Federal outlays are now much too low and scheduled to remain much too low, for reasons too elaborate to state herein but fully contained in my testimony. This conclusion is based upon the requirements for restoration of full employment and full production, plus the portion of these requirements which cannot be met except by a higher level of properly apportioned Federal outlays.

(3) I further agree that the Federal Reserve Board should not tighten monetary policy any further this year. But further, as developed in my testimony, I believe that monetary policy is far too tight and interest rates far too high and that the Congress should require basic changes in the policies of the Federal Reserve.

(4) I am strongly in favor of an incomes policy, which should not be limited to the price and wage problem but in addition should relate to the determination of the size and direction of all Federal programs which importantly affect the flow of income, that being so essential to the attainment of a full and equitable economy.

Thank you also for your very kind letter relating to my recent testimony.

With kindest regards and best wishes,

Very sincerely yours,

LEON H. KEYSERLING.

EMPLOYMENT-UNEMPLOYMENT

FRIDAY, MARCH 5, 1982.

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

The committee met, pursuant to notice, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Henry S. Reuss (chairman of the committee) presiding.

Present: Representative Reuss.

Also present: James K. Galbraith, executive director; and Mary E. Eccles, professional staff member.

OPENING STATEMENT OF REPRESENTATIVE REUSS, CHAIRMAN

Representative REUSS. Good morning. The Joint Economic Committee will be in order for its monthly hearing on unemployment.

Today's figures, 8.8 percent unemployment, up 0.3 of a percentage point since last month, show that this recession hasn't abated.

What lies ahead? As the recession drags on and as one prediction of recovery after another goes by the boards, the tone of economic discussion has changed. It used to be that the question asked was, When will things get better? Now the question has become, How much worse are things going to be?

Yesterday, the President confidently predicted that there would be no depression. How does he know? What evidence, what single sign of hope does Mr. Reagan offer?

According to the most recent data, industrial production is down 3 percent; auto sales, 15.9 percent; factory orders, 1.2 percent; and capacity utilization, 2.6 percent. Even the leading indicators whose apparent upturn last month caused such joy have now been revised into a decline, and now unemployment is up to 8.8 percent.

The president continues to offer no alternative to his failed program. There are alternatives. One offered unanimously by the Democrats on this Joint Economic Committee would change tax, expenditure, and monetary policy to get the economy moving again. We asked Data Resources, Inc., to put our program and the administration's program through the computer and the results are clear. The Democratic Joint Economic Committee program would produce lower interest rates, lower deficits, and lower unemployment, far below the levels of the President's program. Our program would put nearly 2 million people back to work in the private sector within the next few months, building homes, automobiles, appliances, furniture, and all the other products necessary to a prosperous America.

What is the President waiting for?
[A comparison of the two programs referred to follows:]

COMPARISON OF FORECASTS OF RESULTS OF REAGAN PROGRAM AND JEC DEMOCRATIC PROGRAM, PREPARED BY DATA RESOURCES, INC.

	1982	1983	1984
Real GNP growth (percent):			
Reagan [1]	−0.7	4.3	4.0
Democratic [2]	.5	7.4	3.9
Unemployment (percent):			
Reagan	9.4	8.7	7.8
Democratic	9.2	7.3	6.3
Deficit (fiscal year, billions of dollars):			
Reagan	109.1	100.1	93.7
Democratic	101.7	65.3	38.7
Housing starts (millions of units):			
Reagan	1.2	1.6	1.7
Democratic	1.4	2.2	2.1
Auto sales (millions of units):			
Reagan	8.9	10.0	10.6
Democratic	9.7	11.5	12.4
3-month Treasury bill rate (percent):			
Reagan	11.8	12.0	11.4
Democratic	8.8	9.9	7.7
Consumer Price Index (percent change):			
Reagan	7.4	7.3	7.1
Democratic	7.4	8.0	8.0
Prime interest rate (percent):			
Reagan	15.2	15.5	14.6
Democratic	12.9	12.9	11.1

[1] Data Resources, Inc., analysis of Reagan policies, Feb. 10, 1982.
[2] Data Resources, Inc., Feb. 22, 1982, simulation run of forecasting model.

Representative REUSS. Commissioner Norwood, we are delighted to have you with us this morning with your data. Would you now proceed and introduce your two associates?

STATEMENT OF HON. JANET L. NORWOOD, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY THOMAS J. PLEWES, ASSISTANT COMMISSIONER, OFFICE OF EMPLOYMENT STRUCTURE AND TRENDS; AND W. JOHN LAYNG, ASSOCIATE COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS

Ms. NORWOOD. I'd like to introduce on my left, John Layng, who is our Associate Commissioner for Prices and Living Conditions; and Tom Plewes on my right, who is our Assistant Commissioner for Employment Structure and Trends.

I am very glad to have this opportunity this morning to offer the Joint Economic Committee a few comments to supplement the press release we issued.

The overall unemployment rate rose to 8.8 percent in February, the same as in December. Hours of work recovered from the effects of January's unusually bad weather, and there was little over-the-month change in employment.

Nonfarm payroll jobs have decreased 200,000 since December. Employment in manufacturing, down more than a million since last summer, continued to decline in February, although at a

slower rate than in earlier months. Declines occurred in a number of specific manufacturing industries, particularly machinery, primary and fabricated metals, and rubber and plastics. Employment in construction rose in February after seasonal adjustment, but the over-the-month change was distorted by the severe January weather. Since December, nearly 50,000 jobs have been lost in the construction industry.

Jobs in the service producing sector rose by 70,000 in February, as employment in retail trade and in the services industry increased, while Government employment declined. The service producing sector is usually less affected by recession than the goods producing sector. Since the recession began last summer, the pace of growth in the service sector has slowed considerably. This slowdown includes an actual decline in Government jobs; employment in Government rose in all previous recessions.

Hours, as measured by the payroll survey, returned to their December level following a dramatic decline in January. Because the January movement was so affected by the terrible weather conditions, it is difficult to know whether any real improvement took place in February. The aggregate hours index did not fully return to its December level and was 2.7 percent below the July high. The index for the goods producing sector, which has borne the brunt of the recession, was 7.8 percent below last July and 1.4 percent below the December level.

The number of jobless persons in February was 9.6 million, and the overall jobless rate rose to 8.8 percent. The unemployment rate for adult men was 7.6 percent in February, about the same as in January, but up 1.8 percentage points since last July. The February rate for adult women rose to 7.6 percent, its highest point since 1976.

As we have discussed many times in these hearings, black workers continue to face serious problems in the labor market. Comprising 10 percent of the labor force, they constitute 20 percent of the unemployed. Since July, the black jobless rate has risen from 14.9 to 17.3 percent. Over the same period, the unemployment rate for whites rose from 6.3 to 7.7 percent.

The total number of persons working part time for economic reasons reached a new record of 5.6 million in February. The number of long-term jobless has also begun to increase.

In summary, the unemployment rate rose in February, returning to the December level. While there was no over-the-month change in overall employment, job declines continued to occur in a number of individual manufacturing industries.

Mr. Chairman, my colleagues and I will now be glad to try to answer any questions you may have.

[The table attached to Ms. Norwood's statement, together with the press release referred to, follows:]

UNEMPLOYMENT RATES BY ALTERNATIVE SEASONAL ADJUSTMENT METHODS

Month and year	Unadjusted rate	X–11 ARIMA method					X–11 method (former official method)	Range (cols. 2–7)
		Official	Concurrent	Stable	Total	Residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1981								
February	8.0	7.4	7.4	7.2	7.4	7.4	7.4	0.2
March	7.7	7.3	7.3	7.3	7.3	7.5	7.3	.2
April	7.0	7.3	7.3	7.2	7.3	7.3	7.3	.1
May	7.1	7.5	7.5	7.8	7.7	7.5	7.6	.3
June	7.7	7.4	7.4	7.3	7.3	7.3	7.4	.1
July	7.3	7.2	7.2	7.2	7.2	7.2	7.1	.1
August	7.2	7.3	7.3	7.3	7.3	7.3	7.3	.....
September	7.3	7.6	7.6	7.5	7.6	7.6	7.6	.1
October	7.5	8.0	8.0	8.1	7.9	7.9	8.0	.2
November	7.9	8.3	8.3	8.4	8.3	8.3	8.4	.1
December	8.3	8.8	8.8	8.8	8.8	8.6	8.8	.2
1982								
January	9.4	8.5	8.6	8.5	8.6	8.7	8.6	.2
February	9.6	8.8	8.7	8.6	8.8	8.9	9.7	.3

Explanation of column heads:

(1) Unadjusted rate.—Unemployment rate not seasonally adjusted.

(2) Official rate (X–11 ARIMA method).—The published adjusted rate. Each of the 3 major labor force components—agricultural employment, nonagricultural employment and unemployment—for 4 age-sex groups—males and females, ages 16–19 and 20 years and over—are seasonally adjusted independently using data from January 1967 forward. The data series for each of these 12 components are extended by a year at each end of the original series using ARIMA (Auto-Regressive, Integrated, Moving Average) models chosen specifically for each series. Each extended series is then seasonally adjusted with the X–11 portion of the X–11 ARIMA program. The 4 teenage unemployment and nonagricultural employment components are adjusted with the additive adjustment model, while the other components are adjusted with the multiplicative model. A prior adjustment for trend is applied to the extended series for adult male unemployment before seasonal adjustment. The unemployment rate is computed by summing the 4 seasonally adjusted unemployment components and calculating that total as a percent of the civilian labor force total derived by summing all 12 seasonally adjusted components. All the seasonally adjusted series are revised at the end of each year. Extrapolated factors for January-June are computed at the beginning of each year; extrapolated factors for July-December are computed in the middle of the year after the June data become available. Each set of 6-month factors are published in advance, in the January and July issues, respectively, of Employment and Earnings.

(3) Concurrent (X–11 ARIMA method).—The procedure for computation of the official rate using the 12 components is followed except that extrapolated factors are not used at all. Each component is seasonally adjusted with the X–11 ARIMA program each month as the most recent data become available. Rates for each month of the current year are shown as first computed; they are revised only once each year, the rate for January 1980 would be based, during 1980, on the adjustment of data from the period January 1967 through January 1980.

(4) Stable (X–11 ARIMA method).—Each of the 12 labor force components is extended using ARIMA models as in the official procedure and then run through the X–11 part of the program using the stable option. This option assumes that seasonal patterns are basically constant from year-to-year and computes final seasonal factors as the entire span of all the seasonal-irregular components for each month across the entire span of the period adjusted. As in the official procedure, factors are extrapolated in 6-month intervals and the series are revised at the end of each year. The procedure for computation of the rate from the seasonally adjusted components is also identical to the official procedure.

(5) Total (X–11 ARIMA method).—This is one alternative aggregation procedure, in which total unemployment and labor force levels are extended with ARIMA models and directly adjusted with multiplicative adjustment models in the X–11 part of the program. The rate is computed by taking seasonally adjusted total unemployment as a percent of seasonally adjusted total civilian labor force. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(6) Residual (X–11 ARIMA method).—This is another alternative aggregation method, in which total employment and civilian labor force levels are extended using ARIMA models and then directly adjusted with multiplicative adjustment models. The seasonally adjusted unemployment level is derived by subtracting seasonally adjusted employment from seasonally adjusted labor force. The rate is then computed by taking the derived unemployment level as a percent of the labor force level. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(7) X–11 method (former official method).—The procedure for computation of the official rate is used except that the series are not extended with ARIMA models and the factors are projected in 12-month intervals. The standard X–11 program is used to perform the seasonal adjustment.

Methods of adjustment.—The X–11 ARIMA method was developed at Statistics Canada by the Seasonal Adjustment and Times Series Staff under the direction of Estela Bee Dagum. The method is described in "The X–11 ARIMA Seasonal Adjustment Method," by Estela Bee Dagum, Statistics Canada Catalogue No. 12–564E, February 1980.

The standard X–11 method is described in "X–11 Variant of the Census Method II Seasonal Adjustment Program," by Julius Shiskin, Alan Young and John Musgrave (Technical Paper No. 15, Bureau of the Census, 1967).

Source: U.S. Department of Labor, Bureau of Labor Statistics, February 1982.

News United States Department of Labor

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THE EMPLOYMENT SITUATION: FEBRUARY 1982

Unemployment rose in February and employment remained near January levels, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The Nation's jobless rate returned to the December level of 8.8 percent after declining to 8.5 percent in January.

Total employment--as derived from the monthly survey of households--was 99.6 million in February, about the same as in the prior 2 months. Nonfarm payroll employment--as derived from the monthly survey of establishments--was 90.9 million, also about unchanged from January but down somewhat from the December level. Since the pre-recession peak of last July, the two employment series have declined by 1.3 million and 950,000, respectively.

Unemployment

The number of unemployed persons in February, at 9.6 million, was up 280,000 over the month, after declining by a similar magnitude in January. The jobless total was 1.8 million above the July 1981 level. February's jobless rate was 8.8 percent, equaling the December figure and up from last July's low of 7.2 percent.

Adult women accounted for most of the February increase in unemployment. An over-the-month rise of 0.4 percentage point brought their jobless rate to 7.6 percent, the same as that for adult men. Both white and black women shared in the unemployment increase. Overall unemployment rates for white and black workers returned to their December levels of 7.7 and 17.3 percent, respectively. There was also increased joblessness among white-collar and part-time workers. Unemployment rates for most other worker groups, including adult men, teenagers (22.3 percent), Hispanics (12.6 percent), blue-collar workers (12.5 percent), and workers in the construction (18.1 percent) and manufacturing industries (10.6 percent) showed little or no change. (See tables A-1, A-2, and A-5.)

The February rise in unemployment reflected an increase in the number of persons who left their last job and those who returned to the labor force after a period of absence. The number of workers on layoff fell for the second consecutive month but remained half a million above the July level. (See table A-7.) Workers who have been unemployed for 3 months or more increased in number in February, and the average (mean) duration of joblessness lengthened to 14.1 weeks. (See table A-6.)

The number of persons working part time for economic reasons (sometimes referred to as the "partially unemployed") rose by nearly half a million over the month to a record 5.6 million. Nearly all of the increase was attributable to persons who usually work full time. (See table A-3.)

Total Employment and the Labor Force

Total employment was at the 99.6 million level for the third consecutive month, after declining by 1.3 million between July and December. Virtually all of this drop took place among adult men and teenagers. The employment-population ratio (the percentage of the population employed) continued to edge down and in February was 57.3 percent; the percentage has declined 1.2 percentage points since last July to its lowest level in 4-1/2 years.

The civilian labor force returned to the December level of 109.2 million and was up by only 1.3 million over the year. Adult women comprised the bulk of this gain. (See table A-1.)

Industry Payroll Employment

Total nonagricultural payroll employment was about unchanged in February at 90.9 million, seasonally adjusted, following 4 months of decline. Employment losses continued to occur in

Table A. Major indicators of labor market activity, seasonally adjusted

Category	Quarterly averages			Monthly data			Jan. - Feb. change
	1980	1981		1981	1982		
	IV	III	IV	Dec.	Jan.	Feb.	
HOUSEHOLD DATA	Thousands of persons						
Civilian labor force	107,523	108,667	109,156	109,184	108,879	109,165	286
Total employment	99,498	100,654	100,043	99,613	99,581	99,590	9
Unemployment	8,025	8,013	9,113	9,571	9,298	9,575	277
Not in labor force	61,171	61,746	61,834	61,982	62,456	62,324	-132
Discouraged workers	1,063	1,094	1,199	N.A.	N.A.	N.A.	N.A.
	Percent of labor force						
Unemployment rates:							
All workers	7.5	7.4	8.3	8.8	8.5	8.8	0.3
Adult men	6.3	6.0	7.2	7.9	7.5	7.6	0.1
Adult women	6.7	6.7	7.2	7.4	7.2	7.6	0.4
Teenagers	18.2	19.1	21.1	21.5	21.7	22.3	0.6
White	6.6	6.4	7.3	7.7	7.5	7.7	0.2
Black	15.1	15.8	17.0	17.3	16.8	17.3	0.5
Hispanic origin	10.1	9.8	11.1	11.0	12.0	12.6	0.6
Full-time workers	7.3	7.0	8.1	8.7	8.4	8.5	0.1
ESTABLISHMENT DATA	Thousands of jobs						
Nonfarm payroll employment	90,820	91,938	91,489	91,113	90,839p	90,936p	97p
Goods-producing industries	25,594	25,933	25,395	25,104	24,764p	24,789p	25p
Service-producing industries	65,227	66,005	66,094	66,009	66,075p	66,147p	72p
	Hours of work						
Average weekly hours:							
Total private nonfarm	35.3	35.1	35.0	34.9	34.2p	34.9p	0.7p
Manufacturing	39.8	39.8	39.3	39.0	37.3p	39.1p	1.8p
Manufacturing overtime	2.9	2.9	2.5	2.4	2.3p	2.3p	0p

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

many industries, however, as over-the-month job gains were registered in less than half of the 172 industries comprising the BLS diffusion index of nonagricultural payroll employment. (See tables B-1 and B-6.)

Manufacturing employment fell by about 45,000 in February; this contrasts with declines of more than 200,000 in each of the previous 4 months. The February drop was evenly divided between the durable and nondurable goods industries. Among durables, small declines continued the employment downtrend in most industries, including machinery, primary metals, and fabricated metals, while employment rose slightly in transportation equipment. Transportation equipment jobs had dropped by 185,000 between September and January. In nondurable goods, the largest decrease occurred in rubber and plastics.

Elsewhere in the goods-producing sector, construction employment, which had been severely depressed in January because of especially bad weather conditions, rose by about 80,000 in February. This increase, however, was not large enough to erase the January decline, and construction employment was down by about 45,000 over the 2-month period. Mining jobs edged down for the second month in a row.

In the service-producing sector, retail trade rose in February by about 60,000, following an even larger increase in the previous month; however, these advances may be related to lighter than usual pre-Christmas hiring, and hence the post-Christmas reduction in jobs was less than seasonally expected. Since October, employment in retail trade was up by a modest 75,000. After pausing in January, the services industry job count resumed its upward course, rising by about 55,000 in February. Employment in government--which has been losing jobs over the past year--decreased by about 40,000 over the month, with reductions occurring at both the Federal and the State and local levels.

Hours of Work

The average workweek of production or nonsupervisory workers on private nonagricultural payrolls rose by seven-tenths of an hour in February, following a weather-related decline of the same magnitude in January. The manufacturing workweek, at 39.1 hours, was up 0.1 hour over the 2-month period, as a 1.8-hour February increase slightly exceeded the January drop. Factory overtime held steady in February at 2.3 hours. (See table B-2.)

Reflecting principally the over-the-month increase in the length of the workweek, the index of aggregate weekly hours of production or nonsupervisory workers on private nonfarm payrolls rose by 2.3 percent in February to 106.5 (1977=100), while the manufacturing index was up by 4.8 percent. Both indexes remained below their December levels. (See table B-5.) Since July, the overall index has dropped by 2.7 percent and the factory index has fallen by 9.1 percent.

Hourly and Weekly Earnings

Average hourly earnings edged up 0.1 percent in February, while average weekly earnings rose 2.2 percent, seasonally adjusted. Before adjustment for seasonality, average hourly earnings were down 1 cent in February to $7.54, 48 cents above the year-earlier level. Average weekly earnings, at $260.88, rose $5.69 over the month and $13.78 over the year. (See table B-3.)

The Hourly Earnings Index

The Hourly Earnings Index (HEI) was 145.1 (1977=100) in February, seasonally adjusted, 0.1 percent higher than in January. For the 12 months ended in February, the increase (before seasonal adjustment) was 7.5 percent. The HEI excludes the effects of two types of changes unrelated to underlying wage rate movements--fluctuations in overtime in manufacturing and interindustry employment shifts. In dollars of constant purchasing power, the HEI increased 0.2 percent during the 12-month period ended in January. (See table B-4.)

Explanatory Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics Survey (establishment survey). The household survey provides the information on the labor force, total employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 households that is conducted by the Bureau of the Census with most of the findings analyzed and published by the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonagricultural payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with State agencies. The sample includes approximately 166,000 establishments employing about 35 million people.

For both surveys, the data for a given month are actually collected for and relate to a particular week. In the household survey, unless otherwise indicated, it is the calendar week that contains the 12th day of the month, which is called the survey week. In the establishment survey, the reference week is the pay period including the 12th, which may or may not correspond directly to the calendar week.

The data in this release are affected by a number of technical factors, including definitions, survey differences, seasonal adjustments, and the inevitable variance in results between a survey of a sample and a census of the entire population. Each of these factors is explained below.

Coverage, definitions and differences between surveys

The sample households in the household survey are selected so as to reflect the entire civilian noninstitutional population 16 years of age and older. Each person in a household is classified as employed, unemployed, or not in the labor force. Those who hold more than one job are classified according to the job at which they worked the most hours.

People are classified as *employed* if they did any work at all as paid civilians; worked in their own business or profession or on their own farm; or worked 15 hours or more in an enterprise operated by a member of their family, whether they were paid or not. People are also counted as employed if they were on unpaid leave because of illness, bad weather, disputes between labor and management, or personal reasons.

People are classified as *unemployed*, regardless of their eligibility for unemployment benefits or public assistance, if they meet all of the following criteria: They had no employment during the survey week; they were available for work at that time; and they made specific efforts to find employment sometime during the prior 4 weeks. Also included among the unemployed are persons not looking for work because they were laid off and waiting to be recalled and those expecting to report to a job within 30 days.

The *civilian labor force* equals the sum of the number employed and the number unemployed. The *unemployment rate* is the percentage of unemployed people in the civilian labor force. Table A-4 presents a special grouping of seven measures of unemployment based on varying definitions of unemployment and the labor force. The definitions are provided in the table. The most restrictive definition yields U-1, and the most comprehensive yields U-7. The official unemployment rate is U-5.

Unlike the household survey, the establishment survey only counts wage and salary employees whose names appear on the payroll records of nonagricultural firms. As a result, there are many differences between the two surveys, among which are the following:

----The household survey, although based on a smaller sample, reflects a larger segment of the population; the establishment survey excludes agriculture, the self-employed, unpaid family workers, and private household workers;

----The household survey includes people on unpaid leave among the employed; the establishment survey does not;

----The household survey is limited to those 16 years of age and older; the establishment survey is not limited by age;

----The household survey has no duplication of individuals, because each individual is counted only once; in the establishment survey, employees working at more than one job or otherwise appearing on more than one payroll would be counted separately for each appearance.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from the BLS upon request.

Seasonal adjustment

Over a course of a year, the size of the Nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. For example, the labor force increases by a large number each June, when schools close and many young people enter the job market. The effect of such seasonal variation can be very large; over the course of a year, for example, seasonality may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or

increases in the participation of women in the labor force, easier to spot. To return to the school's-out example, the large number of people entering the labor force each June is likely to obscure any other changes that have taken place since May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

Measures of civilian labor force, employment, and unemployment contain components such as age and sex. Statistics for all employees, production workers, average weekly hours, and average hourly earnings include components based on the employer's industry. All these statistics can be seasonally adjusted either by adjusting the total or by adjusting each of the components and combining them. The second procedure usually yields more accurate information and is therefore followed by BLS. For example, the seasonally adjusted figure for the civilian labor force is the sum of eight seasonally adjusted employment components and four seasonally adjusted unemployment components; the total for unemployment is the sum of the four unemployment components; and the official unemployment rate is derived by dividing the resulting estimate of total unemployment by the estimate of the civilian labor force.

The numerical factors used to make the seasonal adjustments are recalculated regularly. For the household survey, the factors are calculated for the January-June period and again for the July-December period. The January revision is applied to data that have been published over the previous 5 years. For the establishment survey, updated factors for seasonal adjustment are calculated only once a year, along with the introduction of new benchmarks which are discussed at the end of the next section.

Sampling variability

Statistics based on the household and establishment surveys are subject to sampling error, that is, the estimate of the number of people employed and the other estimates drawn from these surveys probably differ from the figures that would be obtained from a complete census, even if the same questionnaires and procedures were used. In the household survey, the amount of the differences can be expressed in terms of standard errors. The numerical value of a standard error depends upon the size of the sample, the results of the survey, and other factors. However, the numerical value is always such that the chances are 68 out of 100 that an estimate based on the sample will differ by no more than the standard error from the results of a complete census. The chances are 90 out of 100 that an estimate based on the sample will differ by no more than 1.6 times the standard error from the results of a complete census. At the 90-percent level of confidence--the confidence limits used by BLS in its analyses--the error for the monthly change in total employment is on the order of plus or minus 279,000; for total unemployment it is 194,000; and, for the overall unemployment rate, it is 0.19 percentage point. These figures do not mean that the sample results are off by these magnitudes but, rather, that the chances are 90 out of 100 that the "true" level or rate would not be expected to differ from the estimates by more than these amounts.

Sampling errors for monthly surveys are reduced when the data are cumulated for several months, such as quarterly or annually. Also, as a general rule, the smaller the estimate, the larger the sampling error. Therefore, relatively speaking, the estimate of the size of the labor force is subject to less error than is the estimate of the number unemployed. And, among the unemployed, the sampling error for the jobless rate of adult men, for example, is much smaller than is the error for the jobless rate of teenagers. Specifically, the error on monthly change in the jobless rate for men is .24 percentage point, for teenagers, it is 1.06 percentage points.

In the establishment survey, estimates for the 2 most current months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. When all the returns in the sample have been received, the estimates are revised. In other words, data for the month of September are published in preliminary form in October and November and in final form in December. To remove errors that build up over time, a comprehensive count of the employed is conducted each year. The results of this survey are used to establish new benchmarks—comprehensive counts of employment—against which month-to-month changes can be measured. The new benchmarks also incorporate changes in the classification of industries and allow for the formation of new establishments.

Additional statistics and other information

In order to provide a broad view of the Nation's employment situation, BLS regularly publishes a wide variety of data in this news release. More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $3.75 per issue or $31.00 per year from the U.S. Government Printing Office, Washington, D.C. 20204. A check or money order made out to the Superintendent of Documents must accompany all orders.

Employment and Earnings also provides approximations of the standard errors for the household survey data published in this release. For unemployment and other labor force categories, the standard errors appear in tables B through J of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables M, P, Q, and R of that publication.

HOUSEHOLD DATA

Table A-1. Employment status of the population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1981	Jan. 1982	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
TOTAL									
Total noninstitutional population[1]	171,400	173,495	173,657	171,400	172,966	173,155	173,330	173,495	173,657
Armed Forces[1]	2,121	2,159	2,168	2,121	2,158	2,158	2,168	2,159	2,168
Civilian noninstitutional population[2]	169,283	171,335	171,489	169,280	170,809	170,996	171,166	171,335	171,489
Civilian labor force	107,015	108,314	108,324	108,034	109,012	109,272	109,184	108,879	109,165
Participation rate	63.2	63.0	63.2	63.8	63.8	63.9	63.8	63.5	63.7
Employed	98,431	97,831	97,946	100,069	100,383	100,172	99,613	99,581	99,590
Employment-population ratio[2]	57.4	56.4	56.4	58.4	58.0	57.9	57.5	57.4	57.3
Agriculture	2,821	2,883	2,853	3,346	3,378	3,372	3,209	3,411	3,373
Nonagricultural industries	95,580	94,948	95,093	96,723	96,965	96,800	96,404	96,170	96,217
Unemployed	8,614	10,183	10,378	7,965	8,669	9,100	9,571	9,298	9,575
Unemployment rate	8.0	9.4	9.6	7.4	8.0	8.3	8.8	8.5	8.8
Not in labor force	62,264	63,321	63,165	61,246	61,797	61,724	61,982	62,456	62,324
Men, 16 years and over									
Total noninstitutional population[1]	82,062	83,054	83,129	82,062	82,807	82,895	82,978	83,054	83,129
Armed Forces[1]	1,950	1,975	1,983	1,950	1,976	1,974	1,980	1,975	1,983
Civilian noninstitutional population[2]	80,112	81,079	81,146	80,112	80,831	80,921	80,999	81,079	81,146
Civilian labor force	61,013	61,417	61,453	61,750	62,064	62,184	62,303	61,966	62,242
Participation rate	76.2	75.8	75.7	77.1	76.8	76.8	76.9	76.4	76.5
Employed	55,937	55,300	55,269	57,331	57,266	57,051	56,725	56,629	56,658
Employment-population ratio[2]	68.2	66.6	66.5	69.9	69.2	68.8	68.4	68.2	68.2
Unemployed	5,073	6,117	6,184	4,419	4,798	5,133	5,578	5,338	5,584
Unemployment rate	8.3	10.0	10.1	7.2	7.7	8.3	9.0	8.6	8.7
Men, 20 years and over									
Total noninstitutional population[1]	73,607	74,810	74,906	73,607	74,502	74,610	74,714	74,810	74,906
Armed Forces[1]	1,657	1,690	1,697	1,657	1,707	1,689	1,694	1,690	1,697
Civilian noninstitutional population[2]	71,951	73,120	73,209	71,951	72,795	72,921	73,020	73,120	73,209
Civilian labor force	56,593	57,226	57,328	56,816	57,355	57,459	57,665	57,368	57,448
Participation rate	78.6	78.3	78.3	79.0	78.8	78.8	79.0	78.5	78.5
Employed	52,505	52,162	52,221	53,383	53,504	53,354	53,122	53,047	53,097
Employment-population ratio[2]	71.3	69.7	69.7	72.5	71.8	71.5	71.1	70.9	70.9
Agriculture	2,136	2,163	2,169	2,349	2,413	2,382	2,311	2,390	2,386
Nonagricultural industries	50,369	49,998	50,052	51,034	51,091	50,972	50,811	50,657	50,711
Unemployed	4,043	5,065	5,108	3,433	3,851	4,105	4,543	4,322	4,351
Unemployment rate	7.1	8.9	8.9	6.0	6.7	7.1	7.9	7.5	7.6
Women, 16 years and over									
Total noninstitutional population[1]	89,338	90,441	90,528	89,338	90,159	90,259	90,352	90,441	90,528
Armed Forces[1]	170	184	185	170	181	184	185	184	185
Civilian noninstitutional population[2]	89,167	90,256	90,343	89,167	89,978	90,075	90,167	90,256	90,343
Civilian labor force	46,005	46,597	46,871	46,284	46,948	47,088	46,881	46,913	47,123
Participation rate	51.6	51.6	51.9	51.9	52.2	52.3	52.0	52.0	52.2
Employed	42,464	42,531	42,677	42,738	43,077	43,121	42,888	42,952	42,932
Employment-population ratio[2]	47.5	47.0	47.1	47.8	47.8	47.8	47.5	47.5	47.4
Unemployed	3,542	4,066	4,194	3,546	3,871	3,967	3,993	3,960	4,191
Unemployment rate	7.7	8.7	8.9	7.7	8.2	8.4	8.5	8.4	8.9
Women, 20 years and over									
Total noninstitutional population[1]	81,107	82,415	82,523	81,107	82,074	82,193	82,306	82,415	82,523
Armed Forces[1]	140	155	156	140	154	155	156	155	156
Civilian noninstitutional population[2]	80,966	82,260	82,367	80,966	81,920	82,038	82,151	82,260	82,367
Civilian labor force	42,073	42,873	43,140	41,974	42,831	42,987	42,888	42,868	43,031
Participation rate	52.0	52.1	52.4	51.8	52.3	52.4	52.2	52.1	52.2
Employed	39,249	39,603	39,788	39,211	39,814	39,878	39,713	39,764	39,784
Employment-population ratio[2]	48.4	48.1	48.2	48.3	48.5	48.5	48.3	48.2	48.2
Agriculture	467	489	476	616	596	635	572	649	628
Nonagricultural industries	38,782	39,115	39,312	38,595	39,218	39,243	39,141	39,115	39,116
Unemployed	2,825	3,269	3,352	2,763	3,017	3,109	3,175	3,104	3,286
Unemployment rate	6.7	7.6	7.8	6.6	7.0	7.2	7.4	7.2	7.6
Both sexes, 16-19 years									
Total noninstitutional population[1]	16,686	16,269	16,228	16,686	16,390	16,351	16,310	16,269	16,228
Armed Forces[1]	323	314	316	323	297	314	315	314	316
Civilian noninstitutional population[2]	16,363	15,955	15,913	16,363	16,093	16,037	15,995	15,955	15,913
Civilian labor force	8,394	7,915	7,856	9,244	8,826	8,826	8,631	8,643	8,686
Participation rate	51.3	49.6	49.4	56.5	54.8	55.0	54.0	54.2	54.6
Employed	6,647	6,066	5,937	7,475	7,025	6,940	6,778	6,771	6,748
Employment-population ratio[2]	39.8	37.3	36.6	44.8	42.9	42.4	41.6	41.6	41.6
Agriculture	218	231	208	381	369	355	326	373	359
Nonagricultural industries	6,428	5,835	5,729	7,094	6,656	6,585	6,452	6,398	6,389
Unemployed	1,747	1,849	1,918	1,769	1,801	1,886	1,853	1,872	1,938
Unemployment rate	20.8	23.4	24.4	19.1	20.4	21.4	21.5	21.7	22.3

[1] The population and Armed Forces figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

[2] Civilian employment as a percent of the total noninstitutional population (including Armed Forces).

Table A-2. Employment status of the population by race, sex, age, and Hispanic origin

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1981	Jan. 1982	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
WHITE									
Civilian noninstitutional population*	147,132	148,042	148,855	147,132	148,562	148,631	148,755	148,842	148,855
Civilian labor force	93,699	94,424	94,616	94,552	95,365	95,535	95,329	95,120	95,333
Participation rate	63.7	63.8	63.6	64.3	64.2	64.3	64.1	63.9	64.0
Employed	86,902	86,378	86,492	88,388	88,734	88,498	88,010	87,955	87,990
Unemployed	6,797	8,046	8,124	6,164	6,631	7,037	7,319	7,165	7,344
Unemployment rate	7.3	8.5	8.6	6.5	7.0	7.4	7.7	7.5	7.7
Men, 20 years and over									
Civilian labor force	50,101	50,637	50,692	50,344	50,811	50,881	50,948	50,757	50,812
Participation rate	79.2	78.8	78.8	79.6	79.3	79.3	79.3	78.9	79.0
Employed	46,832	46,604	46,624	47,533	47,790	47,649	47,449	47,410	47,430
Unemployed	3,268	4,033	4,068	2,711	3,021	3,232	3,499	3,347	3,382
Unemployment rate	6.5	8.0	8.0	5.4	5.9	6.4	6.9	6.6	6.7
Women, 20 years and over									
Civilian labor force	36,097	36,744	36,984	35,978	36,742	36,632	36,733	36,698	36,660
Participation rate	51.4	51.5	51.8	51.2	51.7	51.6	51.6	51.5	51.7
Employed	33,965	34,242	34,461	33,939	34,517	34,513	34,368	34,380	34,427
Unemployed	2,111	2,502	2,523	2,039	2,225	2,119	2,365	2,319	2,233
Unemployment rate	5.8	6.8	6.8	5.7	6.1	6.1	6.4	6.3	6.6
Both sexes, 16-19 years									
Civilian labor force	7,502	7,042	6,940	8,230	7,812	7,822	7,648	7,665	7,662
Participation rate	58.9	53.1	52.5	60.3	58.2	58.6	57.4	57.8	58.0
Employed	6,084	5,532	5,407	6,816	6,427	6,336	6,193	6,166	6,133
Unemployed	1,418	1,511	1,533	1,414	1,385	1,486	1,455	1,499	1,529
Unemployment rate	18.9	21.5	22.1	17.2	17.7	19.0	19.0	19.6	20.0
Men	21.0	23.7	23.8	18.0	17.9	19.6	20.2	20.8	20.4
Women	16.6	18.9	20.1	16.3	17.5	18.3	17.7	18.2	19.4
BLACK									
Civilian noninstitutional population*	18,076	18,423	18,450	18,076	18,333	18,362	18,392	18,423	18,450
Civilian labor force	10,769	11,024	11,036	10,951	11,188	11,207	11,226	11,188	11,205
Participation rate	59.6	59.8	59.8	60.6	61.0	61.0	61.0	60.7	60.7
Employed	9,147	9,117	9,060	9,350	9,313	9,321	9,279	9,314	9,265
Unemployed	1,622	1,907	1,977	1,601	1,875	1,886	1,947	1,874	1,939
Unemployment rate	15.1	17.3	17.9	14.6	16.8	16.8	17.3	16.8	17.3
Men, 20 years and over									
Civilian labor force	5,107	5,253	5,278	5,147	5,276	5,279	5,309	5,284	5,299
Participation rate	73.6	73.9	74.1	74.1	74.7	74.6	74.8	74.3	74.4
Employed	4,424	4,322	4,343	4,531	4,498	4,461	4,432	4,424	4,450
Unemployed	683	931	935	616	778	818	877	860	849
Unemployment rate	13.4	17.7	17.7	12.0	14.7	15.5	16.5	16.3	16.0
Women, 20 years and over									
Civilian labor force	4,933	5,052	5,019	4,939	5,043	5,078	5,075	5,081	5,063
Participation rate	55.4	55.8	55.4	55.9	56.1	56.4	56.2	56.2	55.8
Employed	4,286	4,280	4,208	4,285	4,341	4,385	4,360	4,406	4,330
Unemployed	634	672	711	654	700	693	715	675	733
Unemployment rate	12.9	13.3	14.2	13.2	13.9	13.6	14.1	13.3	14.5
Both sexes, 16-19 years									
Civilian labor force	762	720	739	865	871	850	842	823	893
Participation rate	33.2	31.8	32.7	37.7	38.2	37.4	37.1	36.3	37.3
Employed	457	416	409	534	474	475	487	484	486
Unemployed	305	304	331	331	397	375	355	339	357
Unemployment rate	40.0	42.3	44.7	38.3	45.6	44.1	42.2	41.2	42.3
Men	43.3	39.4	46.2	38.2	41.6	41.9	39.6	36.3	40.7
Women	36.4	45.1	43.2	38.4	49.5	46.6	45.1	46.7	43.2
HISPANIC ORIGIN									
Civilian noninstitutional population*	9,186	9,400	9,341	9,186	9,559	9,556	9,519	9,400	9,341
Civilian labor force	5,931	5,915	5,955	6,019	6,074	6,151	6,095	6,059	6,065
Participation rate	64.5	62.9	63.8	65.6	63.5	64.4	64.0	64.4	64.9
Employed	5,171	5,149	5,166	5,312	5,422	5,446	5,426	5,330	5,298
Unemployed	730	767	790	707	652	705	669	729	767
Unemployment rate	12.4	13.0	13.3	11.7	10.7	11.5	11.0	12.0	12.6

*The population figures are not adjusted for seasonal variations, therefore, identical numbers appear in the unadjusted and seasonally adjusted columns

NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

HOUSEHOLD DATA

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Table A-3. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted		Seasonally adjusted					
	Feb. 1981	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
CHARACTERISTIC								
Total employed, 16 years and over	98,401	97,946	100,069	100,343	100,172	99,613	99,581	99,590
Married men, spouse present	38,425	37,758	38,944	38,746	38,553	38,342	38,234	38,255
Married women, spouse present	23,940	23,846	23,824	23,874	23,820	23,691	23,744	23,727
Women who maintain families	4,932	5,163	4,926	5,045	5,049	5,064	5,107	5,158
OCCUPATION								
White-collar workers	52,874	52,986	52,739	53,199	53,086	53,084	52,836	52,841
Professional and technical	16,541	16,977	16,185	16,681	16,657	16,774	16,803	16,612
Managers and administrators, except farm	11,607	11,242	11,629	11,616	11,461	11,424	11,091	11,253
Sales workers	6,276	6,426	6,397	6,400	6,418	6,450	6,520	6,544
Clerical workers	18,450	18,340	18,528	18,502	18,550	18,436	18,423	18,432
Blue-collar workers	30,004	29,192	31,193	30,953	30,683	30,344	30,203	30,309
Craft and kindred workers	12,263	12,231	12,684	12,446	12,411	12,446	12,370	12,454
Operatives, except transport	10,402	9,756	10,618	10,410	10,220	10,169	9,966	9,955
Transport equipment operatives	3,377	3,433	3,446	3,580	3,438	3,368	3,415	3,503
Nonfarm laborers	3,962	3,922	4,445	4,517	4,614	4,361	4,451	4,397
Service workers	13,210	13,473	13,347	13,525	13,670	13,639	13,709	13,612
Farm workers	2,313	2,345	2,728	2,770	2,802	2,660	2,817	2,787
MAJOR INDUSTRY AND CLASS OF WORKER								
Agriculture:								
Wage and salary workers	1,131	1,161	1,389	1,502	1,436	1,352	1,377	1,426
Self-employed workers	1,492	1,456	1,637	1,631	1,641	1,602	1,674	1,596
Unpaid family workers	199	235	306	261	321	228	380	359
Nonagricultural industries:								
Wage and salary workers	88,190	87,700	89,104	89,460	89,238	88,991	88,759	88,586
Government	16,117	15,760	15,875	15,491	15,397	15,585	15,578	15,527
Private industries	72,073	71,940	73,229	73,969	73,841	73,406	73,181	73,059
Private households	1,140	1,113	1,190	1,162	1,204	1,291	1,248	1,161
Other industries	70,933	70,827	72,039	72,807	72,637	72,115	71,932	71,898
Self-employed workers	7,045	7,027	7,080	7,152	7,141	7,057	6,971	7,055
Unpaid family workers	345	366	384	451	425	410	410	408
PERSONS AT WORK[1]								
Nonagricultural industries	91,683	91,248	91,287	91,384	91,323	90,922	90,125	90,892
Full-time schedules	74,155	72,736	74,482	73,886	73,915	73,360	72,803	73,028
Part time for economic reasons	4,021	5,289	4,227	5,009	5,026	5,288	5,071	5,563
Usually work full time	1,678	2,232	1,650	2,006	1,945	2,121	1,783	2,193
Usually work part time	2,343	3,057	2,577	3,003	3,081	3,167	3,287	3,370
Part time for noneconomic reasons	13,507	13,223	12,578	12,489	12,382	12,274	12,251	12,300

[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. Range of unemployment measures based on varying definitions of unemployment and the labor force, seasonally adjusted

(Percent)

Measure	Quarterly averages					Monthly data		
	1980	1981				1981	1982	
	IV	I	II	III	IV	Dec.	Jan.	Feb.
U-1 Persons unemployed 15 weeks or longer as a percent of the civilian labor force	2.2	2.2	2.1	2.0	2.1	2.2	2.2	2.5
U-2 Job losers as a percent of the civilian labor force	3.0	3.7	3.7	3.8	4.5	4.9	4.8	4.7
U-3 Unemployed persons 25 years and over as a percent of the civilian labor force 25 years and over	5.3	5.2	5.2	5.3	6.1	6.5	6.3	6.4
U-4 Unemployed full-time jobseekers as a percent of the full-time labor force	7.3	7.1	7.1	7.0	8.1	8.7	8.4	8.5
U-5 Total unemployed as a percent of the civilian labor force (official measure)	7.5	7.4	7.4	7.4	8.3	8.8	8.5	8.8
U-6 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons as a percent of the civilian labor force less ½ of the part-time labor force	9.5	9.4	9.3	9.4	10.8	11.3	11.0	11.4
U-7 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons plus discouraged workers as a percent of the civilian labor force plus discouraged workers less ½ of the part-time labor force	13.5	10.4	10.2	10.4	11.8	N.A.	N.A.	N.A.

N.A. = not available.

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Table A-5. Major unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)		Unemployment rate					
	Feb. 1981	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
CHARACTERISTIC								
Total, 16 years and over	7,965	9,575	7.4	8.0	8.3	8.8	8.5	8.8
Men, 20 years and over	3,433	4,351	6.0	6.7	7.1	7.9	7.5	7.6
Women, 20 years and over	2,763	3,286	6.6	7.0	7.2	7.4	7.2	7.6
Both sexes, 16-19 years	1,769	1,938	19.1	20.9	21.4	21.5	21.7	22.3
Married men, spouse present	1,668	2,120	4.1	4.8	5.2	5.7	5.3	5.3
Married women, spouse present	1,673	1,775	5.8	6.1	6.5	6.6	6.2	7.0
Women who maintain families	513	583	9.8	10.6	10.8	10.5	10.4	10.2
Full time workers	6,537	7,897	7.1	7.7	8.1	8.7	8.4	8.5
Part time workers	1,433	1,681	9.1	9.5	10.2	9.2	9.6	10.8
Labor force time lost[1]	--	--	8.2	9.1	9.5	10.1	10.0	9.8
OCCUPATION[2]								
White collar workers	2,063	2,548	3.8	4.1	4.2	4.5	4.2	4.6
Professional and technical	428	526	2.6	2.6	2.7	3.4	2.9	3.1
Managers and administrators, except farm	296	366	2.5	2.8	3.0	3.1	2.7	3.1
Sales workers	276	328	4.1	4.9	5.0	4.9	4.5	4.8
Clerical workers	1,065	1,325	5.4	6.0	6.0	6.2	6.3	6.7
Blue collar workers	3,539	4,126	10.2	10.9	11.8	12.7	12.5	12.5
Craft and kindred workers	973	1,148	7.1	8.3	8.5	9.3	9.0	8.4
Operatives, except transport	1,462	1,817	12.1	12.8	14.1	15.5	15.4	15.4
Transport equipment operatives	325	400	8.6	8.0	10.4	10.5	10.2	10.3
Nonfarm laborers	779	961	14.9	15.6	16.0	16.9	16.9	17.9
Service workers	1,272	1,476	8.7	9.3	9.7	9.6	9.2	9.8
Farm workers	140	145	4.9	6.2	6.2	6.4	6.9	4.9
INDUSTRY[3]								
Nonagricultural private wage and salary workers[4]	6,010	7,240	7.6	8.1	8.4	9.1	8.8	9.0
Construction	712	928	13.7	17.6	17.8	18.1	18.7	18.1
Manufacturing	1,991	2,405	8.5	8.6	9.4	11.0	10.4	10.6
Durable goods	1,210	1,551	8.7	8.6	9.5	11.8	11.0	11.3
Nondurable goods	781	854	8.3	8.6	9.3	9.6	9.5	9.5
Transportation and public utilities	309	339	5.4	6.8	5.5	6.0	6.4	5.9
Wholesale and retail trade	1,505	1,816	7.7	8.4	8.6	8.9	8.7	9.0
Finance and service industries	1,493	1,663	5.9	6.2	6.1	6.4	5.9	6.5
Government workers	718	849	4.3	4.7	5.2	5.0	4.8	5.2
Agricultural wage and salary workers	187	210	11.9	13.4	14.1	14.8	16.2	12.8

[1] Aggregate hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force hours.

[2] Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.

[3] Includes mining, not shown separately.

Table A-6. Duration of unemployment

(Numbers in thousands)

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Feb. 1981	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
DURATION								
Less than 5 weeks	3,089	3,583	3,267	3,707	3,852	4,037	3,852	3,789
5 to 14 weeks	2,951	3,782	2,979	2,686	2,882	3,016	3,066	3,052
15 weeks and over	2,574	3,015	2,422	2,292	2,364	2,372	2,399	2,724
15 to 26 weeks	1,267	1,678	1,072	1,166	1,229	1,189	1,210	1,405
27 weeks and over	1,307	1,337	1,250	1,126	1,135	1,183	1,190	1,278
Average (mean) duration, in weeks	14.3	14.3	14.1	13.6	13.1	12.8	13.5	14.1
Median duration, in weeks	8.2	8.5	7.0	6.8	6.9	6.7	7.2	7.3
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	35.9	36.5	41.0	42.7	42.8	41.3	39.6	39.6
5 to 14 weeks	34.3	38.4	29.9	30.9	31.7	32.0	32.9	31.9
15 weeks and over	29.9	29.1	29.1	26.4	26.0	25.2	25.7	28.5
15 to 26 weeks	14.7	16.2	13.5	13.4	13.5	12.6	13.0	15.1
27 weeks and over	15.2	12.9	15.7	13.0	12.5	12.6	12.8	13.4

Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted		Seasonally adjusted					
	Feb. 1981	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
NUMBER OF UNEMPLOYED								
Lost last job	4,835	6,132	4,050	4,573	4,905	5,343	5,205	5,153
On layoff	1,781	2,344	1,312	1,631	1,826	2,042	1,860	1,780
Other job losers	3,054	3,788	2,738	2,942	3,079	3,301	3,345	3,373
Left last job	882	931	911	976	916	923	835	964
Reentered labor force	2,041	2,300	2,020	2,178	2,339	2,244	2,079	2,277
Seeking first job	856	1,015	943	1,002	996	1,021	1,055	1,100
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	56.2	59.1	51.1	52.4	53.6	56.1	56.7	54.3
On layoff	20.7	22.6	16.6	18.7	19.9	21.8	20.3	18.3
Other job losers	35.5	36.5	34.6	33.7	33.6	34.6	36.5	35.9
Job leavers	10.2	9.0	11.5	11.2	10.0	9.7	9.1	10.2
Reentrants	23.7	22.2	25.5	25.0	25.5	23.5	22.7	24.0
New entrants	9.9	9.8	11.9	11.5	10.9	10.7	11.5	11.6
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Job losers	4.6	5.7	3.7	4.2	4.5	4.9	4.8	4.7
Job leavers	.8	.9	.8	.9	.8	.8	.8	.9
Reentrants	1.9	2.1	1.9	2.0	2.1	2.1	1.9	2.1
New entrants	.8	.9	.9	.9	.9	.9	1.0	1.0

Table A-8. Unemployment by sex and age, seasonally adjusted

Sex and age	Number of unemployed persons (in thousands)		Unemployment rates					
	Feb. 1981	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
Total, 16 years and over	7,965	9,575	7.4	8.0	8.3	8.8	8.5	8.8
16 to 24 years	3,685	4,209	14.6	15.4	16.0	16.3	16.4	17.0
16 to 19 years	1,769	1,938	19.1	20.4	21.4	21.5	21.7	22.3
16 to 17 years	810	792	21.3	21.5	22.6	21.9	21.9	22.7
18 to 19 years	961	1,149	17.7	20.0	20.5	21.2	21.3	22.0
20 to 24 years	1,916	2,271	11.9	12.7	13.0	13.5	13.5	14.1
25 years and over	4,309	5,401	5.2	5.7	6.0	6.5	6.3	6.4
25 to 54 years	3,768	4,756	5.6	6.2	6.5	6.9	6.7	6.8
55 years and over	526	630	3.5	3.8	3.8	4.1	4.2	4.3
Men, 16 years and over	4,419	5,384	7.2	7.7	8.3	9.0	8.6	8.7
16 to 24 years	2,094	2,357	15.5	16.0	17.0	17.4	17.4	17.8
16 to 19 years	986	1,033	20.0	20.1	21.8	22.3	22.1	22.5
16 to 17 years	455	429	22.1	21.1	22.7	22.6	23.0	23.0
18 to 19 years	532	604	18.5	19.3	21.0	22.2	21.4	22.1
20 to 24 years	1,108	1,324	12.9	13.8	14.4	14.8	14.9	15.4
25 years and over	2,360	3,071	4.9	5.5	5.8	6.5	6.3	6.3
25 to 54 years	2,042	2,675	5.2	5.9	6.3	6.9	6.7	6.7
55 years and over	303	377	3.3	3.7	3.7	4.4	4.3	4.2
Women, 16 years and over	3,546	4,191	7.7	8.2	8.4	8.5	8.4	8.9
16 to 24 years	1,591	1,852	13.5	14.8	14.7	14.9	15.2	16.1
16 to 19 years	783	905	18.2	20.7	20.9	20.5	21.2	22.1
16 to 17 years	355	363	20.3	21.9	22.5	21.1	20.6	22.5
18 to 19 years	429	545	16.8	20.6	19.9	20.0	21.1	21.9
20 to 24 years	808	947	10.9	11.5	11.3	12.0	11.9	12.7
25 years and over	1,949	2,330	5.6	6.1	6.4	6.4	6.3	6.5
25 to 54 years	1,726	2,081	6.0	6.5	6.8	6.9	6.7	7.0
55 years and over	223	253	3.8	4.0	3.8	3.7	4.1	4.3

Table A-9. Employment status of black and other workers

(Numbers in thousands)

Employment status	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1981	Jan. 1982	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
Civilian noninstitutional population	22,148	22,693	22,638	22,148	22,266	22,365	22,411	22,693	22,638
Civilian labor force	13,316	13,591	13,708	13,476	13,697	13,757	13,773	13,704	13,857
Participation rate	60.1	59.9	60.6	60.8	61.6	61.5	61.5	60.9	61.2
Employed	11,499	11,453	11,454	11,697	11,611	11,661	11,610	11,632	11,633
Unemployed	1,817	2,138	2,254	1,779	2,086	2,096	2,163	2,072	2,209
Unemployment rate	13.6	15.7	16.4	13.2	15.2	15.2	15.7	15.1	15.9

The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

Table A-10. Employment status of male Vietnam-era veterans and nonveterans by age, not seasonally adjusted

Veteran status and age	Civilian noninstitutional population		Civilian labor force							
			Total		Employed		Unemployed			
							Number		Percent of labor force	
	Feb. 1981	Feb. 1982	Feb. 1981	Feb. 1982	Feb. 1981	Feb. 1982	Feb. 1981	Feb. 1982	Feb. 1981	Feb. 1982
VETERANS										
Total 25 years and over	8,468	8,660	7,993	8,181	7,483	7,462	510	719	6.4	8.8
25 to 39 years	7,325	7,236	7,006	6,933	6,529	6,270	477	663	6.8	9.6
25 to 29 years	1,571	1,326	1,454	1,215	1,293	1,043	161	172	11.1	14.2
30 to 34 years	3,450	3,094	3,327	2,978	3,113	2,699	214	279	6.4	9.4
35 to 39 years	2,304	2,816	2,225	2,740	2,123	2,528	102	212	4.6	7.7
40 years and over	1,143	1,424	987	1,248	954	1,192	33	56	3.3	4.5
NONVETERANS										
Total 25 to 39 years	16,855	17,832	15,921	16,894	14,769	15,373	1,152	1,521	7.2	9.0
25 to 29 years	7,738	8,053	7,257	7,596	6,643	6,745	614	851	8.5	11.2
30 to 34 years	5,243	5,786	4,982	5,515	4,644	5,085	338	430	6.8	7.8
35 to 39 years	3,874	3,993	3,682	3,783	3,482	3,543	200	240	5.4	6.3

NOTE: Vietnam-era veterans are males who served in the Armed Forces between August 5, 1964 and May 7, 1975. Nonveterans are males who have never served in the Armed Forces. Published data are limited to those 25 to 39 years of age, the group that most closely corresponds to the bulk of the Vietnam-era veteran population.

Table A-11. Employment status of the noninstitutional population for the ten largest States

[Numbers in thousands]

State and employment status	Not seasonally adjusted*			Seasonally adjusted					
	Feb. 1981	Jan. 1982	Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982
California									
Civilian noninstitutional population[1]	17,900	18,218	18,242	17,900	18,118	18,145	18,171	18,218	18,242
Civilian labor force	11,675	11,907	11,946	11,730	11,861	11,871	11,851	11,916	12,004
Employed	10,738	10,789	10,801	10,868	10,902	10,915	10,828	10,878	10,935
Unemployed	937	1,117	1,145	862	959	956	1,023	1,038	1,069
Unemployment rate	8.0	9.4	9.6	7.3	8.1	8.1	8.6	8.7	8.9
Florida									
Civilian noninstitutional population[1]	7,788	8,061	8,083	7,788	7,980	8,005	8,028	8,061	8,083
Civilian labor force	4,405	4,511	4,558	4,421	4,616	4,634	4,627	4,596	4,575
Employed	4,127	4,165	4,236	4,133	4,279	4,281	4,272	4,257	4,243
Unemployed	278	346	322	288	337	353	355	339	332
Unemployment rate	6.3	7.7	7.1	6.5	7.3	7.6	7.7	7.4	7.3
Illinois									
Civilian noninstitutional population[1]	8,487	8,538	8,541	8,487	8,518	8,522	8,525	8,538	8,541
Civilian labor force	5,478	5,518	5,551	5,547	5,586	5,565	5,484	5,554	5,621
Employed	4,996	4,960	4,990	5,085	5,113	5,064	5,000	5,053	5,079
Unemployed	482	558	561	462	473	501	484	501	542
Unemployment rate	8.8	10.1	10.1	8.3	8.5	9.0	8.8	9.0	9.6
Massachusetts									
Civilian noninstitutional population[1]	4,419	4,470	4,474	4,419	4,453	4,457	4,461	4,470	4,474
Civilian labor force	2,929	2,992	2,960	2,936	3,029	3,048	3,029	3,005	2,968
Employed	2,746	2,754	2,714	2,770	2,806	2,835	2,805	2,797	2,737
Unemployed	184	238	247	166	223	213	224	208	231
Unemployment rate	6.3	8.0	8.3	5.7	7.4	7.0	7.4	6.9	7.8
Michigan									
Civilian noninstitutional population[1]	6,772	6,784	6,784	6,772	6,776	6,776	6,776	6,784	6,784
Civilian labor force	4,193	4,227	4,240	4,215	4,331	4,303	4,269	4,284	4,266
Employed	3,593	3,550	3,556	3,665	3,780	3,752	3,632	3,645	3,634
Unemployed	600	677	684	550	551	551	637	639	632
Unemployment rate	14.3	16.0	16.1	13.0	12.7	12.8	14.9	14.9	14.8
New Jersey									
Civilian noninstitutional population[1]	5,616	5,674	5,680	5,616	5,655	5,661	5,665	5,676	5,680
Civilian labor force	3,537	3,564	3,508	3,572	3,568	3,554	3,519	3,579	3,542
Employed	3,265	3,214	3,180	3,312	3,313	3,288	3,249	3,244	3,226
Unemployed	272	351	327	260	255	266	270	335	316
Unemployment rate	7.7	9.8	9.3	7.3	7.1	7.5	7.7	9.4	8.9
New York									
Civilian noninstitutional population[1]	13,363	13,463	13,469	13,363	13,426	13,434	13,440	13,463	13,469
Civilian labor force	8,083	7,980	8,036	8,089	8,004	7,946	7,976	7,969	8,043
Employed	7,415	7,300	7,314	7,464	7,436	7,343	7,325	7,345	7,364
Unemployed	669	681	722	625	568	603	651	624	679
Unemployment rate	8.3	8.5	9.0	7.7	7.1	7.6	8.2	7.8	8.4
Ohio									
Civilian noninstitutional population[1]	8,004	8,031	8,031	8,004	8,017	8,019	8,020	8,031	8,031
Civilian labor force	4,922	5,032	4,967	5,020	5,044	5,084	5,103	5,120	5,066
Employed	4,423	4,434	4,361	4,554	4,510	4,506	4,478	4,570	4,493
Unemployed	499	598	606	466	534	578	625	550	573
Unemployment rate	10.1	11.9	12.2	9.3	10.6	11.4	12.2	10.7	11.3
Pennsylvania									
Civilian noninstitutional population[1]	9,078	9,129	9,131	9,078	9,108	9,112	9,115	9,129	9,131
Civilian labor force	5,380	5,423	5,448	5,443	5,479	5,477	5,467	5,469	5,511
Employed	4,918	4,781	4,850	5,012	5,000	4,982	4,942	4,859	4,945
Unemployed	462	642	598	431	479	495	525	610	566
Unemployment rate	8.6	11.8	11.0	7.9	8.7	9.0	9.6	11.2	10.3
Texas									
Civilian noninstitutional population[1]	10,435	10,740	10,765	10,435	10,648	10,675	10,701	10,740	10,765
Civilian labor force	6,923	7,163	7,223	6,945	7,133	7,178	7,163	7,171	7,245
Employed	6,596	6,737	6,803	6,629	6,759	6,788	6,798	6,770	6,834
Unemployed	327	426	421	316	374	390	365	401	411
Unemployment rate	4.7	5.9	5.8	4.6	5.2	5.4	5.1	5.6	5.7

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and the seasonally adjusted columns.

* These are the official Bureau of Labor Statistics' estimates used in the administration of Federal fund allocation programs.

ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p
Total	90,138	91,932	88,760	89,861	91,258	91,832	91,522	91,133	90,839	90,931
Goods-producing	25,037	25,125	24,796	24,212	25,457	25,662	25,418	25,104	24,766	24,269
Mining	1,071	1,144	1,150	1,141	1,091	1,142	1,137	1,135	1,148	1,161
Construction	3,901	3,153	3,706	3,686	4,389	4,259	4,229	4,193	4,048	4,146
Manufacturing	20,065	19,804	19,440	19,385	20,177	20,241	20,017	19,736	19,528	19,482
Production workers	13,971	13,581	13,247	13,260	14,053	14,030	13,797	13,512	13,334	13,332
Durable goods	12,043	11,786	11,572	11,531	12,074	12,113	11,932	11,714	11,578	11,555
Production workers	8,279	7,961	7,754	7,738	8,267	8,267	8,083	7,868	7,749	7,749
Lumber and wood products	674.5	618.8	598.8	603.6	691	652	631	619	612	618
Furniture and fixtures	471.7	471.1	462.0	456.5	466	480	470	455	457	451
Stone, clay, and glass products	630.6	619.6	591.7	583.9	654	645	635	622	609	607
Primary metal products	1,137.7	1,058.0	1,019.1	1,024.3	1,160	1,114	1,090	1,058	1,039	1,030
Fabricated metal products	1,578.1	1,532.6	1,502.8	1,495.5	1,577	1,575	1,546	1,516	1,501	1,496
Machinery, except electrical	2,498.4	2,493.4	2,361.8	2,458.1	2,481	2,549	2,522	2,488	2,452	2,441
Electric and electronic equipment	2,112.3	2,104.1	2,089.4	2,087.9	2,113	2,150	2,119	2,089	2,081	2,084
Transportation equipment	1,824.8	1,755.7	1,719.1	1,716.8	1,833	1,811	1,784	1,725	1,706	1,722
Instruments and related products	716.1	718.0	711.7	708.1	721	723	719	717	712	709
Miscellaneous manufacturing	401.3	412.2	395.0	395.3	411	417	415	416	407	399
Nondurable goods	8,023	8,018	7,868	7,854	8,103	8,128	8,085	8,022	7,950	7,927
Production workers	5,692	5,642	5,513	5,522	5,756	5,763	5,714	5,644	5,585	5,583
Food and kindred products	1,639.2	1,657.3	1,633.1	1,608.4	1,705	1,675	1,674	1,669	1,663	1,672
Tobacco manufactures	70.4	73.3	72.3	69.4	72	70	70	70	71	70
Textile mill products	841.1	814.3	795.4	791.3	835	833	823	812	795	786
Apparel and other textile products	1,238.7	1,224.6	1,142.8	1,149.9	1,245	1,259	1,251	1,233	1,208	1,204
Paper and allied products	683.7	681.7	674.2	671.1	691	691	686	682	677	673
Printing and publishing	1,273.6	1,317.5	1,299.7	1,306.3	1,272	1,302	1,302	1,302	1,300	1,305
Chemicals and allied products	1,103.9	1,096.3	1,087.9	1,087.6	1,109	1,108	1,104	1,100	1,093	1,093
Petroleum and coal products	205.7	206.8	199.9	195.9	210	210	210	208	206	199
Rubber and misc. plastics products	734.2	726.6	718.8	707.9	731	745	733	723	717	706
Leather and leather products	229.5	223.1	218.5	216.8	231	234	230	225	222	218
Service-producing	65,101	66,807	63,963	65,651	65,801	66,170	66,104	66,029	66,073	66,662
Transportation and public utilities	5,076	5,157	5,058	5,058	5,135	5,168	5,147	5,127	5,120	5,134
Wholesale and retail trade	20,196	21,433	20,626	20,510	20,600	20,916	20,838	20,735	20,843	20,905
Wholesale trade	5,273	5,352	5,297	5,287	5,313	5,360	5,363	5,336	5,324	5,324
Retail trade	14,823	16,081	15,329	15,223	15,287	15,556	15,475	15,399	15,519	15,581
Finance, insurance, and real estate	5,245	5,350	5,339	5,324	5,283	5,360	5,355	5,360	5,361	5,362
Services	18,126	18,762	18,510	18,675	18,343	18,788	18,838	18,859	18,869	18,902
Government	16,458	16,829	15,890	16,084	16,240	15,938	15,926	15,930	15,907	15,869
Federal government	2,774	2,729	2,713	2,715	2,795	2,759	2,768	2,761	2,738	2,738
State and local government	13,684	14,100	13,177	13,369	13,445	13,179	13,158	13,169	13,169	13,131

p = preliminary

ESTABLISHMENT DATA

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

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1981	Dec. 1981	Jan. p 1982	Feb. p 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. p 1982	Feb. p 1982
Total private	35.0	35.2	33.8	34.6	35.2	35.0	35.0	34.9	34.2	34.9
Mining	42.8	44.7	42.8	43.2	(2)	(2)	(2)	(2)	(2)	(2)
Construction	35.0	37.0	33.2	35.3	(2)	(2)	(2)	(2)	(2)	(2)
Manufacturing	39.5	39.9	37.1	38.9	39.8	39.5	39.3	39.0	37.3	39.1
Overtime hours	2.8	2.6	2.2	2.3	2.8	2.7	2.5	2.4	2.3	2.3
Durable goods	39.9	40.4	37.7	39.3	40.1	39.9	39.7	39.3	37.9	39.5
Overtime hours	2.8	2.6	2.1	2.2	2.8	2.6	2.4	2.4	2.2	2.2
Lumber and wood products	38.5	38.1	33.8	37.6	39.1	37.6	37.5	37.6	34.7	38.2
Furniture and fixtures	38.3	38.9	32.6	37.4	38.6	38.1	37.7	37.7	32.9	37.6
Stone, clay, and glass products	39.6	40.1	37.3	38.9	40.6	40.0	40.0	39.5	38.2	39.9
Primary metal products	40.7	39.6	38.4	39.1	40.7	39.8	39.7	39.2	38.4	39.1
Fabricated metal products	40.0	40.4	37.8	39.1	40.2	40.0	39.6	39.2	37.9	39.3
Machinery, except electrical	40.8	41.5	39.1	40.4	40.8	40.7	40.6	40.3	39.0	40.4
Electric and electronic equipment	39.6	40.3	38.1	39.4	39.6	39.9	39.3	39.2	38.1	39.4
Transportation equipment	40.1	41.4	38.5	39.9	40.5	40.5	40.3	39.4	38.8	40.3
Instruments and related products	40.5	40.7	38.5	39.8	40.5	40.4	40.3	39.9	38.5	39.8
Miscellaneous manufacturing	38.4	39.1	36.4	38.1	38.6	39.0	39.0	38.4	36.6	38.3
Nondurable goods	38.9	39.2	36.2	38.2	39.2	39.0	38.8	38.6	36.4	38.5
Overtime hours	2.8	2.6	2.4	2.4	2.9	2.8	2.7	2.4	2.4	2.5
Food and kindred products	39.3	40.4	38.7	38.9	39.9	39.5	39.6	39.8	39.0	39.5
Tobacco manufactures	38.5	38.1	36.1	38.3	(2)	(2)	(2)	(2)	(2)	(2)
Textile mill products	39.9	38.6	31.1	37.5	40.0	39.3	38.8	37.8	31.2	37.5
Apparel and other textile products	35.3	35.5	30.2	34.6	35.6	35.7	35.6	35.1	30.9	34.8
Paper and allied products	42.2	42.7	41.2	41.9	42.4	42.4	41.9	41.8	41.1	42.1
Printing and publishing	36.9	37.9	36.3	37.0	37.3	37.1	36.9	37.2	36.6	37.4
Chemicals and allied products	41.5	41.8	40.8	41.2	41.6	41.5	41.3	41.3	40.8	41.3
Petroleum and coal products	42.5	42.6	43.1	42.4	43.8	42.1	42.3	42.6	44.3	43.7
Rubber and misc. plastics products	40.2	40.1	37.8	39.3	40.3	40.0	39.6	39.4	37.7	39.4
Leather and leather products	36.7	36.4	33.5	34.6	37.0	36.8	36.7	36.1	33.8	34.8
Transportation and public utilities	39.5	39.3	38.6	39.4	(2)	(2)	(2)	(2)	(2)	(2)
Wholesale and retail trade	31.7	32.2	31.1	31.5	32.2	31.9	32.0	31.9	31.5	31.9
Wholesale trade	38.3	38.7	37.9	38.1	38.6	38.5	38.6	38.4	38.1	38.4
Retail trade	29.6	30.3	28.9	29.4	30.2	29.9	29.9	29.9	29.5	29.9
Finance, insurance, and real estate	36.4	36.2	36.2	36.3	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.6	32.6	32.1	32.4	32.8	32.5	32.6	32.7	32.3	32.6

[1] Data relate to production workers in mining and manufacturing; to construction workers in 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 employees on private nonagricultural payrolls.

[2] This series is not published seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.

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			
	Feb. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p	Feb. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p
Total private	$7.06	$7.45	$7.55	$7.54	$247.10	$262.24	$255.19	$260.88
Seasonally adjusted	7.04	7.45	7.51	7.52	247.81	260.01	256.94	262.45
Mining	9.86	10.43	10.67	10.72	422.01	466.22	456.68	463.10
Construction	10.41	11.19	11.55	11.17	364.35	414.03	383.46	394.30
Manufacturing	7.75	8.26	8.41	8.35	306.13	329.57	317.01	324.82
Durable goods	8.26	8.81	8.90	8.90	329.57	355.92	335.53	349.77
Lumber and wood products	6.81	7.17	7.38	7.41	262.19	273.18	249.44	278.62
Furniture and fixtures	5.74	6.11	6.26	6.17	219.84	237.68	204.08	230.74
Stone, clay, and glass products	7.89	8.56	8.70	8.67	312.44	343.26	324.51	337.26
Primary metal products	10.56	11.09	11.21	11.16	429.79	439.16	430.46	436.34
Fabricated metal products	7.91	8.53	8.55	8.61	316.40	344.61	323.19	336.65
Machinery, except electrical	8.56	9.20	9.21	9.24	349.25	381.80	360.11	371.30
Electric and electronic equipment	7.43	7.93	8.00	8.03	294.23	319.58	304.80	316.38
Transportation equipment	9.93	10.69	10.69	10.72	398.19	442.57	411.57	427.73
Instruments and related products	7.20	7.83	7.94	7.99	291.60	318.68	305.69	318.00
Miscellaneous manufacturing	5.83	6.20	6.32	6.33	225.87	242.42	230.05	241.17
Nondurable goods	6.98	7.45	7.68	7.57	271.52	293.04	278.02	289.17
Food and kindred products	7.24	7.69	7.82	7.73	284.53	310.68	302.63	300.70
Tobacco manufactures	8.56	8.90	9.13	9.39	329.56	339.09	329.59	359.64
Textile mill products	5.35	5.72	5.76	5.78	213.47	220.79	179.14	216.75
Apparel and other textile products	4.87	5.05	5.19	5.19	171.91	179.28	156.74	179.57
Paper and allied products	8.28	8.96	9.06	8.98	349.42	382.59	373.27	376.26
Printing and publishing	7.96	8.50	8.59	8.60	293.72	322.15	311.42	318.20
Chemicals and allied products	8.80	9.52	9.67	9.66	365.20	397.94	394.54	392.99
Petroleum and coal products	11.33	11.58	12.03	12.14	481.53	493.31	518.49	514.74
Rubber and misc. plastics products	7.04	7.48	7.62	7.61	283.01	299.45	288.04	299.07
Leather and leather products	4.88	5.14	5.21	5.25	179.10	187.10	174.54	181.65
Transportation and public utilities	9.45	10.06	10.13	10.17	373.28	398.14	391.02	400.70
Wholesale and retail trade	5.86	6.01	6.17	6.15	185.13	191.52	191.89	193.73
Wholesale trade	7.38	7.83	7.94	7.95	282.65	303.02	300.93	302.90
Retail trade	5.20	5.32	5.44	5.41	151.92	161.20	157.22	158.05
Finance, insurance, and real estate	6.21	6.46	6.60	6.62	226.04	233.85	238.92	240.31
Services	6.27	6.66	6.77	6.78	204.40	217.12	217.32	219.67

[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

(1977 = 100)

Industry	Not seasonally adjusted					Seasonally adjusted						
	Feb. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p	Percent change from: Feb. 1981–Feb. 1982	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p	Percent change from: Jan. 1982–Feb. 1982
Total private nonfarm:												
Current dollars	135.3	143.6	145.7	145.5	7.5	135.0	141.9	143.2	143.5	145.0	145.1	0.1
Constant (1977) dollars	93.2	92.7	93.7	N.A.	(2)	92.8	92.0	92.5	92.3	93.0	N.A.	(3)
Mining	143.2	153.2	155.9	156.4	9.2	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Construction	126.6	136.3	140.0	135.4	7.0	128.0	134.3	135.4	136.2	140.7	136.9	-2.6
Manufacturing	137.6	147.5	149.3	149.5	8.6	137.5	145.5	146.4	147.0	148.8	149.3	.3
Transportation and public utilities	135.7	145.1	145.9	146.5	7.9	135.4	142.0	144.0	144.4	145.5	146.2	.5
Wholesale and retail trade	135.6	141.1	143.3	143.3	5.7	135.0	140.5	141.5	141.9	142.2	142.7	.3
Finance, insurance, and real estate	136.2	141.5	144.7	145.0	6.5	135.0	140.9	143.2	141.8	144.0	143.7	-.2
Services	134.2	142.4	144.5	145.0	8.1	133.2	140.7	142.6	142.7	143.5	144.0	.3

1 See footnote 1, table B-2.
2 Percent change was .2 from January 1981 to January 1982, the latest month available.
3 Percent change was .8 from December 1981 to January 1982, the latest month available.
4 Mining is not seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.
N.A.=not available
p=preliminary

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

(1977 = 100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p	Feb. 1981	Oct. 1981	Nov. 1981	Dec. 1981	Jan. 1982 p	Feb. 1982 p
Total private	105.0	108.8	101.3	103.5	107.9	108.4	108.0	106.9	104.1	106.5
Goods-producing	97.5	98.8	87.6	91.6	100.9	100.8	99.3	96.8	90.8	95.4
Mining	126.2	142.7	133.9	133.4	128.6	140.1	141.1	143.0	137.4	136.9
Construction	94.1	107.2	83.1	87.7	109.1	109.8	111.0	108.4	98.6	105.8
Manufacturing	96.8	95.1	86.3	90.4	98.0	97.2	95.1	92.4	87.2	91.4
Durable goods	97.1	94.2	85.9	89.4	97.8	96.9	94.1	90.8	86.2	89.9
Lumber and wood products	87.9	78.5	67.0	75.7	91.7	82.7	79.6	77.5	70.4	78.9
Furniture and fixtures	97.8	98.4	80.4	91.2	97.4	98.4	95.1	93.6	80.1	90.6
Stone, clay, and glass products	86.7	85.9	75.4	78.0	92.8	90.0	88.2	84.9	79.9	83.4
Primary metal products	93.9	83.1	79.1	79.7	94.0	89.0	86.4	82.3	78.9	79.8
Fabricated metal products	94.9	92.0	83.8	86.4	95.3	94.3	91.3	88.0	83.8	86.5
Machinery, except electrical	110.0	110.0	101.7	105.0	108.7	111.3	109.1	106.1	100.7	103.7
Electric and electronic equipment	105.7	104.7	98.1	101.4	105.3	107.8	103.1	100.5	97.5	101.1
Transportation equipment	85.8	82.6	74.6	77.5	86.8	84.7	82.4	76.4	74.2	78.3
Instruments and related products	111.4	111.6	104.6	107.7	111.2	112.0	110.4	109.0	104.4	107.4
Miscellaneous manufacturing	87.7	90.8	80.4	83.8	90.7	92.2	92.2	90.2	84.0	86.4
Nondurable goods	96.4	96.3	86.8	91.8	98.3	97.8	96.4	94.8	88.6	93.6
Food and kindred products	94.0	98.5	90.9	91.3	100.4	97.8	98.0	97.8	95.3	97.5
Tobacco manufactures	97.1	102.0	95.4	96.2	98.1	98.1	95.8	93.3	95.2	99.4
Textile mill products	90.9	84.8	66.5	80.0	90.9	88.7	86.1	82.6	66.6	79.7
Apparel and other textile products	92.9	91.7	75.6	87.5	94.0	95.2	94.1	91.4	78.9	88.4
Paper and allied products	98.3	97.9	93.4	94.4	99.2	99.2	97.3	95.8	93.6	95.3
Printing and publishing	107.3	112.3	106.6	110.1	108.2	109.3	108.4	109.1	107.5	110.9
Chemicals and allied products	100.5	99.6	96.2	98.1	101.1	101.0	99.6	98.8	96.6	98.6
Petroleum and coal products	98.1	95.3	91.6	90.4	104.6	97.6	97.3	96.4	96.3	95.8
Rubber and misc. plastics products	99.5	97.2	90.6	92.8	99.3	100.1	97.0	94.8	90.1	92.4
Leather and leather products	88.0	85.0	76.2	77.8	89.5	90.8	89.2	84.6	78.0	78.6
Service-producing	109.1	114.3	109.0	110.2	111.7	112.7	112.8	112.4	111.4	112.7
Transportation and public utilities	104.1	104.7	100.6	102.7	105.4	104.0	104.7	103.2	102.4	104.3
Wholesale and retail trade	103.0	111.5	103.3	103.7	106.8	107.7	107.3	106.5	105.7	107.3
Wholesale trade	109.2	111.9	108.0	108.5	111.1	111.6	111.8	110.8	109.3	110.2
Retail trade	100.7	111.3	101.5	101.9	105.2	106.2	105.5	104.9	104.3	106.2
Finance, insurance, and real estate	116.4	117.8	117.0	116.9	117.4	118.5	118.2	118.2	118.0	117.8
Services	116.1	120.2	116.6	118.7	118.2	120.1	120.8	121.2	119.6	120.8

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
1979				
January	65.1	72.1	72.1	75.7
February	66.9	68.6	71.8	70.6
March	64.2	65.7	70.1	69.5
April	56.1	65.7	66.9	67.2
May	60.5	62.8	59.6	59.6
June	62.5	63.7	58.6	58.1
July	57.0	55.5	56.7	55.8
August	53.2	50.0	51.5	55.2
September	50.1	53.5	52.0	53.0
October	51.6	52.0	50.6	46.2
November	48.1	53.5	51.2	38.1
December	47.7	54.6	47.7	35.8
1980				
January	52.4	50.6	40.4	32.0
February	53.7	46.4	33.4	32.6
March	49.5	38.7	30.4	31.7
April	34.4	30.4	24.7	32.3
May	32.8	27.0	29.3	31.4
June	34.5	25.9	28.2	31.4
July	36.4	35.5	35.2	32.6
August	64.8	54.9	45.1	34.9
September	66.0	71.7	61.0	43.6
October	61.3	69.8	73.5	55.8
November	63.4	66.8	72.7	70.3
December	56.7	66.0	65.4	78.8
1981				
January	59.6	61.0	68.6	75.6
February	55.8	61.3	69.6	73.3
March	52.3	64.2	67.2	64.2
April	60.8	68.9	70.3	54.1
May	62.5	66.9	67.7	45.1
June	58.5	68.6	71.8	37.5p
July	67.2	60.2	52.9	34.6p
August	49.7	66.6	38.7	
September	59.3	59.2	35.8	
October	30.2	33.1	29.2p	
November	27.9	23.8	28.2p	
December	29.9	21.8p		
1982				
January	29.4p	28.8p		
February	46.2p			
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

[1] Number of employees, seasonally adjusted, on payrolls of 172 private nonagricultural industries

p = preliminary

Representative REUSS. Thank you, Commissioner Norwood.

You say that the total number of persons working part time for economic reasons reached a new record of 5.6 million in February. By economic reasons, you mean they couldn't get full-time work though they wanted it?

Ms. NORWOOD. That's correct.

Representative REUSS. Can you give us the series of part-time workers—when you say a new record, what do you mean; since when?

Ms. NORWOOD. The data are on table A-3 of our press release. The part time for economic reasons group rose almost 500,000 over the month. By record level, I mean that the February level of 5.6 million is the highest registered since we began tabulating these data many years ago.

Representative REUSS. When?

Ms. NORWOOD. Since 1955, Mr. Plewes informs me.

Representative REUSS. Isn't it likely, then, that there are more people today working part time against their will who simply can't get a full-time job than at any time in the history of the republic?

Ms. NORWOOD. Certainly since the mid-1950's. I don't know what happened before that, but that's a very long time, Mr. Chairman.

Representative REUSS. That is a startling and tragic figure. The next thing to being unemployed is to be partially employed. Who are these 5.6 million human beings; men, women, black, white, brown, new entrants, young, old?

Ms. NORWOOD. They are generally people who have a harder time in the labor market and, therefore, are affected more by recession conditions. There tends to be a high proportion of women among them and also minority groups. We can provide some further information on that for the record.

Representative REUSS. That would be appreciated.

What kind of occupations tend to be part time? That is to say, I wouldn't think that a blue collar job such as a machinist in a factory would be part time. I wouldn't think that an executive in an office would be part time. Who is part time, involuntary part time?

Ms. NORWOOD. Well, I'm glad you added the last point because I think that makes a difference. If we look at part-time work in general, obviously a great deal of it is in the service sector, though some of it occurs in the goods-producing sector as well.

Part time for economic reasons tends to permeate the entire economy in a period of recession and I would expect that any of the industries that are working at reduced hours would have at least some of their workers affected.

We would be glad to try to put together a paragraph analyzing those data for the record for you.

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

Compared to their overall employment levels, women, teenagers, and blacks were all disproportionately represented among those at work part time for economic reasons. About half of this group was female, and about one-tenth were teenagers. In terms of occupational distribution, the group was fairly widespread; 41 percent in blue-collar jobs, 32 percent in white-collar, and 27 percent in service jobs. Service and blue-collar workers—particularly operatives and laborers—were over represented when compared to their share of overall employment.

In terms of industry, 4 of every 5 persons involuntary at work part time were employed in service industries, retail trade, or manufacturing. However, such part-time work was disproportionately located in the construction industry as well as retail trade. Among the manufacturing industries, apparel, textile mill products, printing and publishing, and food processing showed the highest absolute numbers of involuntary part-timers, although the lumber and furniture industries had a large number of involuntary part-timers relative to the overall job count for these two industries. The workweeks of some, but not all, of the industries with high levels of involuntary part-time workers were shortened considerably since February 1981.

Representative REUSS. This is a new concept, and since there are more of these unhappy part-time, involuntary unemployed than at any time in the past 27 years, surely, we want to know as much about it as we can. So we appreciate that.

You give as the overall unemployment rate for blacks as 17.3 percent, another disgracefully high figure. How does this break down as between various areas, particularly the metropolitan areas of the country? I'm thinking of metropolitan areas with large concentrations of minorities, for instance. Do you have that data on a metropolitan basis?

Ms. NORWOOD. We do not have data on the subgroups of some of the population by individual metropolitan area every month. Many of those data are available with a greater time lag. I can tell you that the unemployment rates for blacks are high, both for men and for women. The black teenage rate, as you know, has always been extremely high and it is over 40 percent, but unemployment is a problem for all parts of the black population.

Representative REUSS. You say you don't have it yet for individual metropolitan areas. Do you have it for metropolitan areas generally?

Mr. PLEWES. Mr. Chairman, we don't have that yet on an individual metropolitan basis. That is available once a year and we are compiling that now based on last year's annual averages. However, on a monthly basis, we do get a metropolitan-nonmetropolitan break and I don't have those figures with me, but we would be pleased to put them in the record.

[The information referred to follows:]

UNEMPLOYMENT RATES IN METROPOLITAN AND NONMETROPOLITAN AREAS BY RACE, SEX, AND AGE, FEBRUARY 1982 (NOT SEASONALLY ADJUSTED)

	Total United States	Metropolitan areas	Nonmetropolitan areas
Total:			
Both sexes, 16 years and over	9.6	9.3	10.3
Males, 20 years and over	8.9	8.6	9.6
Females, 20 years and over	7.8	7.5	8.5
Both sexes, 16–19 years	24.4	24.4	24.4
White:			
Both sexes, 16 years and over	8.6	8.2	9.5
Males, 20 years and over	8.0	7.6	8.9
Females, 20 years and over	6.8	6.4	7.7
Both sexes, 16–19 years	22.1	21.7	22.9
Black:			
Both sexes, 16 years and over	17.9	17.6	19.0
Males, 20 years and over	17.7	17.6	18.0
Females, 20 years and over	14.2	13.6	16.2
Both sexes, 16–19 years	44.7	45.1	43.4

Representative REUSS. If the unemployment rate should average 8.9 percent this year, and it's approximately that now—8.9 percent is the figure that both the administration and the Congressional Budget Office are projecting—how many people could be expected to have at least one spell of unemployment during 1982?

Ms. NORWOOD. About three times that amount, because people tend to become unemployed and then either leave the labor force or become employed and then, sometimes later on in the year, have another spell of unemployment. So that the number of people who have suffered some spell of unemployment during the year is far greater than the number who are unemployed in any particular month.

Representative REUSS. Thus, you would expect something like 30 million Americans to experience unemployment this year; is that correct?

Ms. NORWOOD. In 1980, the latest year for which work expenditure data are available, the number of persons experiencing unemployment sometime during the course of the year was 21 million. In 1982, if unemployment were to average 8.9 percent for the year, we could expect a larger number, perhaps as many as 25 to 30 million.

Representative REUSS. And that's out of a labor force of 100 million?

Ms. NORWOOD. The labor force was 109 million in February. In 1980, the labor force averaged 107 million, but 118 million persons worked or looked for work over the course of the year.

Representative REUSS. In addition to the 30 million that can be expected to be unemployed at least once in 1982, how many millions in addition to that 30 million would you expect to experience involuntary part-time unemployment? Three times the 5 million that you now have?

Ms. NORWOOD. There are about 5.5 million this month and I do not have offhand a figure on that over the year, but we can look at that and submit it for the record. I'm sure it would be larger.

Representative REUSS. Would it not be like a factor of three, 15 million?

Ms. NORWOOD. I really don't know. Perhaps less, but I'm not sure.

[The following was subsequently supplied for the record:]

The number of persons working part time for economic reasons over the course of a year runs a little more than three times the number at work in that situation in an average month. In 1980, the number at work less than 35 hours for economic reasons was 4.1 million; over the course of the year it averaged 13 million.

Representative REUSS. The unemployment rate in the construction sector is still a horrible 18 percent or worse, and housing sales, as we indicated, got even worse in January. In a business cycle, isn't the housing sector frequently the first to recover?

Ms. NORWOOD. I'm not sure. I did note that for the month of January and for December that housing permits were beginning to increase. Obviously, the situation in construction is very much affected by the problems on the financial markets.

Representative REUSS. The program of the Democratic members of the Joint Economic Committee, which I mentioned before, would bring interest rates down very fast and very sharply. The prime

rate, for example, which is currently 16.5 percent, would come down this year, so says Data Resources, under the Democrats' program, to 12.9 percent and it would stay there or go lower in the next 3 years through 1984.

If by some miracle that Democratic program were adopted, wouldn't housing quite rapidly expand in response to the lower interest rates? While I gave the prime rate figure, long-term rates would show a similar happy decline under our program which includes controlling and diminution of the deficit as well as a somewhat restrictive monetary policy which would ensue from budgetary responsibility.

My question again was, wouldn't that emphasis of the Democrats on lower interest rates produce happiness in the housing industry and isn't such happiness a traditionally good augury of getting out of a recession or depression or whatever we have?

Ms. NORWOOD. I'm sure that the construction industry would be happy to see mortgage interest rates decline. As we all know, the industries that have been hardest hit during this recession have been those who do rely upon long-term financing, and the long-term financing costs are an extremely important element in the planning and in the operation of those industries.

Representative REUSS. This morning's hearing is on unemployment rather than inflation, but, of course, the cost-of-living figures are very much in your mind, too, and, not surprisingly, with a weakened OPEC cartel and with a beneficient harvest, the Consumer Price Index has been going agreeably downward.

Looking at the cost-of-living indexes, have price increases tended to slow markedly in industries hardest hit by unemployment—autos, construction, steel?

Ms. NORWOOD. The price of houses has been dropping and the decline in house prices has clearly had an effect on the deceleration of the Consumer Price Index.

Representative REUSS. Here we're talking largely about nonnew houses, used houses. I mean, that's about all there are now.

Ms. NORWOOD. Houses in general.

Representative REUSS. Apart from housing, what can you say—has the devastating unemployment achieved that which the perpetrators of the unemployed have bragged about; namely, markedly lower prices?

Ms. NORWOOD. It's very hard to pinpoint the relationship of the price change in a specific industry or a specific commodity to the changes in employment in those industries. It's quite clear that last year housing had an important effect in the Consumer Price Index. We do have relatively low rates of price increase in things like lumber and wood products and in some of the other products which go into the manufacture of durable goods.

Representative REUSS. We are aware, Commissioner Norwood, from your previous testimony, that the Bureau of Labor Statistics has for some weeks now been carrying out the belt tightening, the budget cuts dictated by the administration's tightening of the budget.

How long has this process been going on and can you comment on the results as of now in terms of the efficiency with which you perform your statistical function?

Ms. NORWOOD. I'm sure, Mr. Chairman, that you would expect me to point out that we are an extremely efficient agency, and I will do that.

Representative REUSS. And I would agree.

Ms. NORWOOD. However, we have had considerable difficulties in implementing the budget cuts. We have taken in the Bureau of Labor Statistics this year a 12-percent reduction from the budget that was submitted both by President Carter and by President Reagan, a budget which we considered to be exceedingly tight.

In eliminating the expenditures, we have actually eliminated and in some cases reduced drastically some 19 separate programs that the Bureau of Labor Statistics is responsible for. In addition, we have postponed the redesigns and the revisions of some programs which we feel are essential and are normally begun at about this time of the decade. After the 1980 census it is necessary to revise the Current Population Survey, the market basket of the CPI, and the Employment Cost Index, and so on.

Nevertheless, Mr. Chairman, the programs that we have tried to retain are what I consider to be the basic core of data for which the Bureau of Labor Statistics is responsible. I'm pleased that the President saw fit to propose a program supplemental for the Bureau of Labor Statistics when he sent forward the fiscal 1983 budget. That is a supplemental for a little more than $5 million which would not restore the 12 percent cut which we have already put in place but, rather, would restore the additional across-the-board cut of 4 percent that was agreed to between the Congress and the President in an aggregate decision.

So far as I understand, there seems to be general agreement, both among Republicans and Democrats, that the Bureau should not be cut further than the 12 percent level; but I will feel a great deal happier when the supplemental request is acted upon.

Representative REUSS. You spoke of 19 of your programs which have been cut; is that correct?

Ms. NORWOOD. That's right.

Representative REUSS. And those cuts range from total to partial?

Ms. NORWOOD. Yes, sir.

Representative REUSS. Can you give us the 19 programs and tell us right now the amount of the cut? And if the name of the program is not sufficiently indicative of what it does, spell it out a little bit so we can have it for the record?

Ms. NORWOOD. I would be glad to. The programs range across the entire sphere of activity of the Bureau of Labor Statistics. In the price area, we have cut the Consumer Price Index data collection by eliminating some of the special collection we did for the CPI for Wage Earners. We will in the future use, as we did before 1978, the same set of prices for the Wage Earner and the All Urban Index. So in the future, the difference between the two indexes will be only in the weights.

We are eliminating the family budget program. We are stretching out the revision of the Producer Price program.

Representative REUSS. May I interrupt?

Ms. NORWOOD. Yes.

Representative REUSS. You're eliminating the family budget program?

Ms. NORWOOD. Yes, sir.

Representative REUSS. Will you tell us what that is or was?

Ms. NORWOOD. The BLS family budget program is a program which purports to measure a moderate but adequate budget for a family with a husband working, nonworking wife, and two children. There is also an upper and lower budget. We have tried for many years to improve that program and to put it on a sounder foundation as well as to collect prices for it. That requires money and, in my judgment, the current status of that program is weak. One of the rules that I tried to use in determining the basic cuts was to cut those things which were of weaker quality than our other programs. Since there seemed to be no possibility of getting additional funds for data collection for that program, it was added to the list.

Representative REUSS. In reducing the weaker programs, has that lightened the load?

Ms. NORWOOD. It's one of the criteria, but obviously we have tried to maintain a basic set of economic intelligence that I believe the country needs. We have cut a great deal in the wage and industrial relations program. We have cut out five industry wage surveys. We have reduced the series on strikes and workdays lost due to strikes enormously. We have cut out our analysis of the collective bargaining files. We have eliminated the union directory. We have eliminated the labor turnover program. We have postponed the redesign of the current population survey. We have eliminated the May supplement to the Current Population Survey which provides information on hours of work and multiple job holders. We have eliminated the construction labor materials requirements survey entirely. We have reduced the work on economic projections. The Occupational Outlook Handbook will have a number of the occupations eliminated and we will be reducing the level of effort of work in that area.

We have also taken rather stringent action to reduce our overhead. We have an extremely low overhead in BLS; in fact I think too low; and we have reduced much of our information activity. We have reduced the number of publications we have. We are now charging for everything that we can charge for. We have taken a whole set of steps which will eliminate programs that can be eliminated.

Now let me say that one of the problems is that many of the programs that we have are either a part of the basic core of economic intelligence necessary to measure employment, unemployment, prices, wages, productivity, and economic growth; or they are programs which are required by law. And so we don't have a great deal of leeway. That's why I'm pleased to be able to report to you that Secretary Donovan agreed with me that 12 percent was the limit that we could go. He, Mr. Stockman, and the President agreed that the administration should propose a supplemental to replace the additional cut beyond that 12 percent, and I hope that the Congress will act quickly on that because our appropriation runs out April 1.

Representative REUSS. On some of the programs that you're forced to discontinue, such as the Bureau of Labor Statistics family budget program that you described, isn't it necessary to have those figures for certain Federal programs? I'm thinking of the targeted jobs program which is still in effect where, if I'm not mistaken, one doesn't become eligible unless one has a relationship with that lower family budget.

Ms. NORWOOD. Mr. Chairman, we have proposed data which could be used to replace that in the CETA programs and the bills which are being considered to extend the job training will make provision for that. We have several concerns about the family budget program. One is that it is not a reproducible series. It is a normative budget and we are not sure that we, in the Bureau of Labor Statistics, are competent to set norms for the country.

In addition, we have not collected prices for that program for some 10 years. It's just been extended by the Consumer Price Index and we are very concerned about that.

I think that it is unfortunate that we need to cut many of the programs that are on this list but I also believe that statistical agencies, like any other part of the Government, have to make their contributions. I believe that the message I would like to leave with you is that we have made our contribution in this 12-percent cut. I feel very strongly that if we go beyond that we will seriously injure the basic core of economic intelligence that the country needs and, as I said, I'm pleased that both Republicans and Democrats seem to agree with that.

Representative REUSS. Well, I think the Joint Economic Committee generally agrees with that philosophy. Of course, we want to get rid of waste, fraud, and abuse, and we applaud your charging for your publications wherever possible and your cutting down on dispensable information services; but I certainly can assure you that we are going to do our best to see that you aren't cut below the point where you can do the vital job that you have to do, for a Nation that lets its statistical services atrophy walks in darkness, and unless we want to emulate Albania, it seems to me we should start right now seeing that the Bureau of Labor Statistics is not allowed to die.

With that happy thought, thank you.

Ms. NORWOOD. I would certainly support that. Thank you.

Representative REUSS. The committee will now stand in adjournment.

[Whereupon, at 10:35 a.m., the committee adjourned, subject to the call of the Chair.]

EMPLOYMENT-UNEMPLOYMENT

FRIDAY, APRIL 2, 1982

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

The committee met, pursuant to notice, at 11 a.m., in room 2128, Rayburn House Office Building, Hon. Parren J. Mitchell (member of the committee) presiding.

Present: Representative Mitchell; and Senators Kennedy and Sarbanes.

Also present: James K. Galbraith, executive director; and Nat Thomas and Mary E. Eccles, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE MITCHELL, PRESIDING

Representative MITCHELL. Good morning. The hearing will now come to order.

Today's report on unemployment plainly shows that the recession is deepening.

The overall unemployment rate reached 9 percent, the same level we had at the bottom of the 1974–75 recession. The unemployment rates for blacks shot up to a shocking 18 percent, well over twice the rates for whites. Job losses continued in a broad range of industries, and a total of 9.9 million men and women were out of work.

Once again, at this week's news conference, President Reagan defended his economic program as fair and compassionate. But what is fair, or compassionate, about policies that have cost millions of people their jobs, driven low-income families back under the poverty line, when they have shredded the social safety nets in order to cut taxes for wealthy businesses and individuals?

Are the American people better off today than they were before the President took office? Each month that the Reagan recession drags on, more Americans will have to answer "No." If unemployment remains at current levels, 30 million people—nearly 30 percent of our labor force—will have at least one spell of joblessness in 1982.

As for the high interest rates that caused the recession and stand in the way of the economy's recovery, the President states flatly: "There is nothing that Government can do." Can the President really mean, or expect us to believe, that the problem of high interest rates and the tight money policies of the Federal Reserve are unrelated?

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It's time this administration, instead of stubbornly insisting that its economic program will work, gave some serious thought to the social consequences if conditions fail to improve. To growing numbers of desperate people—and I mean really desperate people—it is already clear that the Reagan program will not provide jobs or the opportunity to earn a decent living. In fact, they are worse off than ever before.

It does no good to dismiss the threat of violence in our poor communities and inner city areas, or to assume that such problems can be solved by calling out the National Guard. It is not too late to turn to an alternative program, that ends the recession, restores growth and jobs, and truly warrants the confidence of the American public.

I hope that the administration will heed the messages that are being sent. People are desperate. They're fed up and unwilling to take any more.

I will turn to Senator Sarbanes for his opening statement first.

OPENING STATEMENT OF SENATOR SARBANES

Senator SARBANES. Thank you, the economic news this morning is distressing. At no time since prior to World War II has the unemployment rate been higher than the 9-percent rate reported to us this morning. Only once in the postwar period has it reached this figure. At no time in the entire postwar period—in other words, nearly 40 years—has the unemployment rate exceeded the 9 percent with which we are confronted this morning. Almost 10 million Americans are out of work, looking for a job, cannot find work.

The Secretary of the Treasury was quoted on the radio this morning as having said last night, in giving reassurance to the American people, that he is confident the unemployment rate would not exceed 10 percent. Every time it reaches the next figure, the administration backs off 1 percent. That's cold comfort to the American people. I agree with you that it is a pressing necessity for the administration to adopt a midcourse correction in its economic policy.

The Nation is being driven deeper and deeper into a recession with all of the consequences that flow from that. The time is here to put the American people back to work, not to throw them out of work.

Representative MITCHELL. Thank you, Senator Sarbanes.

Before I recognize Senator Kennedy, Senator Paula Hawkins asked that her statement be submitted for the record and, without objection, it is submitted for the record.

[The opening statement of Hon. Paula Hawkins follows:]

OPENING STATEMENT OF SENATOR HAWKINS

The continuing reports of rising unemployment prompt me to ask: Does the Bureau of Labor Statistics contemplate including estimates of the "underground" or unrecorded economy in official employment statistics? If this were done, might not actual employment be considerably higher than officially reported?

Our current understanding of the unrecorded economy suggests that estimates of employment and the size of the labor force are downward biased. Illegal employment is not counted, nor is unemployment on secondary jobs fully recorded. For example, compensation may be paid in cash, or services may be exchanged in a barter transaction leaving almost no trace.

Estimates of the size of the unrecorded economy vary. Using macroeconomic estimating techniques, different research economists suggest a range in the size of the unrecorded economy, in 1981, of from 14 percent of gross national product to 27 percent of gross national product. These are truly astounding figures. Even assuming the unrecorded economy is 10 percent of gross national product, or approximately $290 billion in 1981, the amount is phenomenal.

Why does it exist? Why is it so high? Obviously, a main reason is that taxes are too high and they are driving people out of "official" and into "unofficial" employment. If taxes were reduced significantly, we might bring more people back into the recorded economy and the Treasury would not suffer much of a revenue decrease. I would like to see some work done on this issue by the Bureau of Labor Statistics.

Representative MITCHELL. Senator Kennedy.

OPENING STATEMENT OF SENATOR KENNEDY

Senator KENNEDY. Thank you very much. More families are more desperate now with less hope for the future than at any time since the Great Depression. Major industries are in crisis, millions of individual lives are in crisis, and there is more suffering ahead, longer unemployment lines and fewer support services for those who depend on them. Interest rates stay up, deficits grow, confidence in this administration's capacity for leadership and compassion and caring diminishes day by day and week by week.

The President offers no compromise on the budget or on tax cuts, no meaningful solution to the problems of unemployment, and no hope to the 9.5 million unemployed Americans.

Across the Nation citizens are looking over their shoulders and wondering who's next for the unemployment line. Thank you, Congressman Mitchell.

Representative MITCHELL. Thank you very much, Senator.

I welcomed you informally, Commissioner Norwood. I welcome you again more formally. I'm always sorry that such a fine public servant as you must constantly come before us bringing us generally bad news. We would like to receive your statement now and then we'll ask questions. Following that, we expect to hear from Mr. Fletcher L. Byrom, the chairman of the Committee for Economic Development. Commissioner Norwood, please proceed.

STATEMENT OF HON. JANET L. NORWOOD, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY THOMAS J. PLEWES, ASSISTANT COMMISSIONER, OFFICE OF EMPLOYMENT STRUCTURE AND TRENDS; AND W. JOHN LAYNG, ASSOCIATE COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS

Ms. NORWOOD. Thank you very much. Congressman Mitchell and members of the committee, I'm very glad to have this opportunity to comment on the data released this morning by the Bureau of Labor Statistics.

The labor market continued to deteriorate in March. Factory jobs declined further. Hours of work were reduced. The unemployment rate rose to 9 percent, and the number of jobless persons reached 9.9 million.

The increase in unemployment over the month occurred entirely among those who had lost their last job; the number of persons who left jobs voluntarily or entered the labor force to search for

work declined. There was also an increase in the proportion of workers who had been without jobs for 3 months or longer.

As you know, we regularly publish a range of unemployment rates based on varying definitions of unemployment. All of these rates increased in March. The rate for job losers alone (U-2) rose from 4.7 to 5.1 percent. The rate for full-time jobseekers (U-4) rose from 8.5 to 8.9 percent. The rate including discouraged workers (U-7), which is compiled on a quarterly basis, rose to 12.5 percent in the first quarter of this year.

The number of unemployed persons has risen by 2 million from July to March. Adult men have accounted for more than 60 percent of this increase. At 7.9 percent in March, their jobless rate returned to the postwar high of last December. The rate for adult women also rose to 7.9 percent in March, but this rate is still below the 8.5 percent recorded during the 1974-75 recession.

Black workers continue to experience extremely high unemployment. The jobless rate for these workers, which had hovered around 17 percent for the last half year, reached 18 percent in March. The unemployment rate for white workers—at 7.9 percent—was less than that for blacks, and the rate for persons of Hispanic origin was 12.7 percent.

Moreover, blacks accounted for two-thirds of the 300,000 increase in the number of discouraged workers since the recession began. These data, which are compiled on a quarterly basis, show that during the first 3 months of this year, a record total of 1.3 million people were not seeking work because they believed no jobs were available.

The seriousness of the employment situation for black workers is demonstrated by the fact that blacks comprise 10 percent of the population, but they constitute 20 percent of the unemployment and nearly 40 percent of the discouraged.

Although employment, as measured in the business survey, increased from February to March, the increase was considerably less than is usually the case at this time of the year. As a result, on a seasonally adjusted basis, payroll jobs dropped by 220,000 in March. In manufacturing, the job drop in March was 130,000, bringing the total decline in factory jobs since last July to 1.2 million.

Small job declines in March occurred in most of the individual manufacturing industries included in this morning's release, but the employment declines were largest in metals, machinery, and electronics among the durable industries and in textiles, apparel, and food processing in the nondurable industries. The widespread nature of these employment declines was signaled by the BLS diffusion index. Less than a third of the 172 industries included in the diffusion index registered employment increases in March.

In addition to declines on payroll employment, weekly working hours also were cut back in March. The comprehensive index of aggregate weekly hours of factory production workers, which reflects changes in hours as well as in employment, declined sharply from February to March. Since July, the drop in this index has totaled 10 percent.

In summary, the labor market continued to deteriorate in March. The unemployment rate reached 9 percent, matching the

highest rate achieved during the 1974–75 recession. The drop in payroll jobs since last summer when the current recession began (1.2 million) was less than the decline in the 1974–75 period (2.1 million). Nevertheless, several important industries—steel, automobiles, textiles, and leather—had fewer jobs in March than at the bottom of the recession in 1975.

Congressman Mitchell, I have with me on my right Mr. Thomas Plewes, who is Assistant Commissioner for labor force work in the Bureau of Labor Statistics; and Mr. John Layng, who is our Associate Commissioner for Prices and Living Conditions. Together, we will try to answer any questions you may have.

[The table attached to Mr. Norwood's statement, together with the press release referred to, follows:]

UNEMPLOYMENT RATES BY ALTERNATIVE SEASONAL ADJUSTMENT METHODS

Month and year	Unadjusted rate	X-11 ARIMA method					X-11 method (former official method)	Range (cols. 2–7)
		Official	Concurrent	Stable	Total	Residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1981								
March	7.7	7.3	7.3	7.3	7.3	7.5	7.3	0.2
April	7.0	7.3	7.3	7.2	7.3	7.3	7.3	0.1
May	7.1	7.5	7.5	7.8	7.7	7.5	7.6	0.3
June	7.7	7.4	7.4	7.3	7.3	7.3	7.4	0.1
July	7.3	7.2	7.2	7.2	7.2	7.2	7.1	0.1
August	7.2	7.3	7.3	7.3	7.3	7.3	7.3	.....
September	7.3	7.6	7.6	7.5	7.6	7.6	7.6	0.1
October	7.5	8.0	8.0	8.1	7.9	7.9	8.0	0.2
November	7.9	8.3	8.3	8.4	8.3	8.3	8.4	0.1
December	8.3	8.8	8.8	8.8	8.8	8.6	8.8	0.2
1982								
January	9.4	8.5	8.6	8.5	8.6	8.7	8.6	0.2
February	9.6	8.8	8.7	8.6	8.8	8.9	8.7	0.3
March	9.5	9.0	9.0	8.9	9.0	9.3	9.0	0.4

EXPLANATION OF COLUMN HEADS

(1) *Unadjusted rate.*—Unemployment rate not seasonally adjusted.

(2) *Official rate (X-11 ARIMA method.*—The published seasonally adjusted rate. Each of the 3 major labor force components—agricultural employment, nonagricultural employment and unemployment—for 4 age-sex groups—males and females, ages 16–19 and 20 years and over—are seasonally adjusted independent using data from January 1967 forward. The data series for each of these 12 components are extended by a year at each end of the original series using ARIMA (Auto-Regressive, Integrated, Moving Average) models chosen specifically for each series. Each extended series is then seasonally adjusted with the X-11 portion of the X-11 ARIMA program. The 4 teenage unemployment and nonagricultural employment components are adjusted with the additive adjustment model, while the other components are adjusted with the multiplicative model. A prior adjustment for trend is applied to the extended series for adult male unemployment before seasonal adjustment. The unemployment rate is computed by summing the 4 seasonally adjusted unemployment components and calculating that total as a percent of the civilian labor force total derived by summing all 12 seasonally adjusted components. All the seasonally adjusted series are revised at the end of each year. Extrapolated factors for January-June are computed at the beginning of each year; extrapolated factors for July-December are computed in the middle of the year after the June data become available. Each set of 6-month factors are published in advance, in the January and July issues, respectively, of Employment and Earnings.

(3) *Concurrent (X-11 ARIMA method).*—The procedure for computation of the official rate using the 12 components is followed except that extrapolated factors are not used at all. Each component is seasonally adjusted with the X-11 ARIMA program each month as the most recent data become available. Rates for each month of the current year are shown as first computed; they are revised only once each year, at the end of the year when data for the full year become available. For example, the rate for January 1980 would be based, during 1980, on the adjustment of data from the period January 1967 through January 1980.

(4) *Stable (X-11 ARIMA method).*—Each of the 12 labor force components is extended using ARIMA as in the official procedure and then run through the X-11 part of the program using the stable option. This option assumes that seasonable patterns are basically constant from year-to-year and computes final seasonal factors as unweighted averages of all the seasonal-irregular components for each month across the entire span of the period adjusted. As in the official procedure, factors are extrapolated in 6-month intervals and the series are revised at the end of each year. The procedure for computation of the rate from the seasonally adjusted components is also identical to the official procedure.

(5) *Total (X-11) ARIMA method).*—This is one alternative aggregation procedure, in which total unemployment and labor force levels are extended with ARIMA models and directly adjusted with multiplicative adjustment models in the X-11 part of the program. The rate is computed by taking seasonally adjusted total unemployment as a percent of seasonally adjusted total civilian labor force. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(6) Residual (X-11) ARIMA method).—This is another alternative aggregation method, in which total employment and civilian labor force levels are extended using ARIMA models and then directly adjusted with multiplicative adjustment models. The seasonally adjusted unemployment level is derived by subtracting seasonally adjusted unemployment from seasonally adjusted labor force. The rate is then computed by taking the derived unemployment level as a percent of the labor force level. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(7) *X-11 method (former official method).*—The procedure for computation of the official rate is used except that the series are not extended with ARIMA models and the factors are projected in 12-month intervals. The standard X-11 program is used to perform the seasonal adjustment.

Methods of Adjutment.—The X-11 ARIMA method was developed at Statistics Canada by the Seasonal Adjustment and Times Series Staff under the direction of Estela Bee Dagum. The method is described in "The X-11 ARIMA Seasonal Adjustment Method," by Estela Bee Dagum, Statistics Canada Catalogue No. 12-564E, February 1980.

The standard X-11 method is described in "X-11 Variant of the Census Method II Seasonal Adjustment Program," by Julius Shiskin, Alan Young and John Musgrave (Technical Paper No. 15, Bureau of the Census, 1967).

Source: U.S. Department of Labor, Bureau of Labor Statistics, April 1982.

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THE EMPLOYMENT SITUATION: MARCH 1982

The overall employment situation continued to show weakness in March, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The Nation's unemployment rate rose from 8.8 to 9.0 percent, equaling the rate of May 1975.

Nonfarm payroll employment--as derived from the monthly survey of establishments--declined by 220,000 over the month to 90.8 million. Payroll jobs have declined by 1.2 million since reaching a high of 92.0 million last September. At 99.5 million, total employment--as derived from the monthly survey of households--was little different from the levels of the prior 3 months but well below the pre-recession peak of last summer.

Unemployment

The Nation's unemployment rate was 9.0 percent in March, up 0.2 percentage point over the month and 1.8 points since the July 1981 pre-recession low. The number of jobless persons rose 280,000 over the month to 9.9 million, 2 million above last July's level.

The March rise in unemployment occurred among adult men and women, whose jobless rates were once again identical at 7.9 percent. The rate for men equaled last December's high, while that for women was still somewhat below 1975 levels. The increase in unemployment affected both white (7.9 percent) and black (18.0 percent) workers, whereas the incidence of joblessness among Hispanics and teenage workers was about unchanged at 12.7 and 21.9 percent, respectively. (See tables A-1 and A-2.)

Joblessness among white-collar (4.8 percent), blue-collar (12.9 percent), and full-time (8.9 percent) workers was up over the month. The jobless rate for workers in wholesale and retail trade rose from 9.0 to 10.3 percent, while rates for workers in the construction and manufacturing industries were about unchanged. (See table A-5.)

All of the over-the-month increase in joblessness was among job losers, most of whom were permanently terminated from their jobs. The number of persons on layoff (job losers expecting recall) rose slightly, following 2 months of decline. Job losers have accounted for nearly all of the increase in unemployment since the recession began and in March comprised over 57 percent of the unemployed. (See table A-7.)

The number of persons out of work for 15 weeks or more increased by 230,000 over the month; average (mean) duration was about unchanged at 14 weeks, while median duration rose to 7.6 weeks. (See table A-6.)

The number of persons in nonagricultural industries working less than 35 hours for economic reasons rose by 150,000 in March to a high of 5.7 million. This represented an increase of 1.7 million from last June's 1981 low. Most of the over-the-month increase took place among persons working part time because they couldn't find full-time jobs. (See table A-3.)

Total Employment and the Labor Force

Total employment was little changed for the third consecutive month and, at 99.5 million in March, was 1.4 million below last July's level. The percentage of the population employed--the employment-population ratio--continued to recede, as employment failed to keep pace with population growth. The March ratio was 57.2 percent, 1.6 percentage points below its May 1981 pre-recession peak.

The civilian labor force edged up to 109.3 million in March. The labor force grew by only 1.1 million over the year; adult women accounted for most of this relatively small gain. (See table A-1.)

Table A. Major indicators of labor market activity, seasonally adjusted

Category	Quarterly averages			Monthly data			Feb. - Mar. change
	1981		1982	1982			
	I	IV	I	Jan.	Feb.	Mar.	
HOUSEHOLD DATA							
	Thousands of persons						
Civilian labor force	108,107	109,156	109,130	108,879	109,165	109,346	181
Total employment	100,125	100,043	99,554	99,581	99,590	99,492	-98
Unemployment	7,982	9,113	9,576	9,298	9,575	9,854	279
Not in labor force	61,172	61,834	62,367	62,456	62,324	62,321	-3
Discouraged workers	1,093	1,199	1,339	N.A.	N.A.	N.A.	N.A.
	Percent of labor force						
Unemployment rates:							
All workers	7.4	8.3	8.8	8.5	8.8	9.0	0.2
Adult men	6.0	7.2	7.7	7.5	7.6	7.9	0.3
Adult women	6.6	7.2	7.6	7.2	7.6	7.9	0.3
Teenagers	19.1	21.1	21.9	21.7	22.3	21.9	-0.4
White	6.5	7.3	7.7	7.5	7.7	7.9	0.2
Black	14.6	17.0	17.4	16.8	17.3	18.0	0.7
Hispanic origin	11.0	11.1	12.4	12.0	12.6	12.7	0.1
Full-time workers	7.1	8.1	8.6	8.4	8.5	8.9	0.4
ESTABLISHMENT DATA							
	Thousands of jobs						
Nonfarm payroll employment	91,232	91,489	90,914p	90,879	91,040p	90,822p	-218p
Goods-producing industries	25,670	25,395	24,767p	24,801	24,841p	24,660p	-181p
Service-producing industries	65,562	66,094	66,146p	66,078	66,199p	66,162p	-37p
	Hours of work						
Average weekly hours:							
Total private nonfarm	35.3	35.0	34.7p	34.2	35.0p	34.8p	-0.2p
Manufacturing	39.9	39.3	38.6p	37.3	39.5p	39.0p	-0.5p
Manufacturing overtime	2.9	2.5	2.3p	2.3	2.4p	2.3p	-0.1p

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

Discouraged Workers

The number of discouraged workers (persons who report that they want to work but are not looking for jobs because they believe they could not find any) rose by 140,000 in the first quarter of 1982 to 1.3 million, the highest level recorded since the series began in 1967. The increase was particularly sharp among blacks, who historically have accounted for a disproportionately large number of the discouraged; in the first quarter, they comprised nearly 40 percent of the total. Four-fifths of all discouraged workers were not seeking work because of job-market factors. (See table A-11.)

Industry Payroll Employment

Employment on nonagricultural payrolls declined by 220,000 in March to 90.8 million, seasonally adjusted. Since last September, employment reductions have totaled 1.2 million, with more than 1.1 million in manufacturing alone. March employment declines were particularly widespread, as gains occurred in fewer than a third of the 172 industries comprising the BLS diffusion index of private nonagricultural payroll employment. (See tables B-1 and B-6.)

The largest over-the-month decrease took place in manufacturing, where employment fell by 130,000. Almost 50,000 of this drop was among nonproduction workers. Within the durable goods sector, the industries suffering the heaviest losses were primary and fabricated metals, machinery, and electrical equipment. In nondurable goods, employment in textiles and apparel continued to drop, and there was also a decline in food processing jobs. Construction employment in March was off by 45,000; job losses have totaled 700,000 since last April.

Employment in the service-producing sector was little changed, as none of the industry groups which make up that sector experienced particularly strong movements. There has been essentially no job growth in the service-producing sector since last fall.

Hours of Work

The average workweek of production or nonsupervisory workers on private nonagricultural payrolls fell two-tenths of an hour in March to 34.8 hours, seasonally adjusted. The average workweek was one-half hour below its year-earlier level. Average hours in manufacturing were down one half hour from February, and overtime was reduced by 0.1 hour. Reflecting the declines in both hours and employment, the index of aggregate weekly hours of production or nonsupervisory workers on private nonagricultural payrolls declined by 0.9 percent to 106.1 (1977=100). The manufacturing index declined by 1.7 percent to 90.6 and was down by 10 percent from last July. (See tables B-2 and B-5.)

Hourly and Weekly Earnings

Average hourly earnings rose 0.5 percent in March, while average weekly earnings were virtually unchanged, after seasonal adjustment. Before adjustment for seasonality, average hourly earnings rose one cent to $7.55, 45 cents above a year earlier. Weekly earnings were up 35 cents over the month and $12.07 over the past year.

The Hourly Earnings Index

The Hourly Earnings Index (HEI) was 145.8 (1977=100) in March, seasonally adjusted, 0.5 percent higher than in February. For the 12 months ended in March, the increase (before seasonal adjustment) was 7.4 percent. The HEI excludes the effects of two types of changes unrelated to underlying wage rate movements--fluctuations in manufacturing overtime and interindustry employment shifts. In dollars of constant purchasing power, the HEI increased 0.2 percent during the 12-month period ended in February. (See table B-4.)

Explanatory Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics Survey (establishment survey). The household survey provides the information on the labor force, total employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 households that is conducted by the Bureau of the Census with most of the findings analyzed and published by the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonagricultural payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with State agencies. The sample includes approximately 166,000 establishments employing about 35 million people.

For both surveys, the data for a given month are actually collected for and relate to a particular week. In the household survey, unless otherwise indicated, it is the calendar week that contains the 12th day of the month, which is called the survey week. In the establishment survey, the reference week is the pay period including the 12th, which may or may not correspond directly to the calendar week.

The data in this release are affected by a number of technical factors, including definitions, survey differences, seasonal adjustments, and the inevitable variance in results between a survey of a sample and a census of the entire population. Each of these factors is explained below.

Coverage, definitions and differences between surveys

The sample households in the household survey are selected so as to reflect the entire civilian noninstitutional population 16 years of age and older. Each person in a household is classified as employed, unemployed, or not in the labor force. Those who hold more than one job are classified according to the job at which they worked the most hours.

People are classified as *employed* if they did any work at all as paid civilians; worked in their own business or profession or on their own farm; or worked 15 hours or more in an enterprise operated by a member of their family, whether they were paid or not. People are also counted as employed if they were on unpaid leave because of illness, bad weather, disputes between labor and management, or personal reasons.

People are classified as *unemployed,* regardless of their eligibility for unemployment benefits or public assistance, if they meet all of the following criteria: They had no employment during the survey week; they were available for work at that time; and they made specific efforts to find employment sometime during the prior 4 weeks. Also included among the unemployed are persons not looking for work because they were laid off and waiting to be recalled and those expecting to report to a job within 30 days.

The *civilian labor force* equals the sum of the number employed and the number unemployed. The *unemployment rate* is the percentage of unemployed people in the civilian labor force. Table A-4 presents a special grouping of seven measures of unemployment based on varying definitions of unemployment and the labor force. The definitions are provided in the table. The most restrictive definition yields U-1, and the most comprehensive yields U-7. The official unemployment rate is U-5.

Unlike the household survey, the establishment survey only counts wage and salary employees whose names appear on the payroll records of nonagricultural firms. As a result, there are many differences between the two surveys, among which are the following:

----The household survey, although based on a smaller sample, reflects a larger segment of the population; the establishment survey excludes agriculture, the self-employed, unpaid family workers, and private household workers;

----The household survey includes people on unpaid leave among the employed; the establishment survey does not;

----The household survey is limited to those 16 years of age and older; the establishment survey is not limited by age;

----The household survey has no duplication of individuals, because each individual is counted only once; in the establishment survey, employees working at more than one job or otherwise appearing on more than one payroll would be counted separately for each appearance.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from the BLS upon request.

Seasonal adjustment

Over a course of a year, the size of the Nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. For example, the labor force increases by a large number each June, when schools close and many young people enter the job market. The effect of such seasonal variation can be very large; over the course of a year, for example, seasonality may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or

increases in the participation of women in the labor force, easier to spot. To return to the school's-out example, the large number of people entering the labor force each June is likely to obscure any other changes that have taken place since May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

Measures of civilian labor force, employment, and unemployment contain components such as age and sex. Statistics for all employees, production workers, average weekly hours, and average hourly earnings include components based on the employer's industry. All these statistics can be seasonally adjusted either by adjusting the total or by adjusting each of the components and combining them. The second procedure usually yields more accurate information and is therefore followed by BLS. For example, the seasonally adjusted figure for the civilian labor force is the sum of eight seasonally adjusted employment components and four seasonally adjusted unemployment components; the total for unemployment is the sum of the four unemployment components; and the official unemployment rate is derived by dividing the resulting estimate of total unemployment by the estimate of the civilian labor force.

The numerical factors used to make the seasonal adjustments are recalculated regularly. For the household survey, the factors are calculated for the January June period and again for the July-December period. The January revision is applied to data that have been published over the previous 5 years. For the establishment survey, updated factors for seasonal adjustment are calculated only once a year, along with the introduction of new benchmarks which are discussed at the end of the next section.

Sampling variability

Statistics based on the household and establishment surveys are subject to sampling error, that is, the estimate of the number of people employed and the other estimates drawn from these surveys probably differ from the figures that would be obtained from a complete census, even if the same questionnaires and procedures were used. In the household survey, the amount of the differences can be expressed in terms of standard errors. The numerical value of a standard error depends upon the size of the sample, the results of the survey, and other factors. However, the numerical value is always such that the chances are 68 out of 100 that an estimate based on the sample will differ by no more than the standard error from the results of a complete census. The chances are 90 out of 100 that an estimate based on the sample will differ by no more than 1.6 times the standard error from the results of a complete census. At the 90-percent level of confidence--the confidence limits used by BLS in its analyses--the error for the monthly change in total employment is on the order of plus or minus 279,000; for total unemployment it is 194,000; and, for the overall unemployment rate, it is 0.19 percentage point. These figures do not mean that the sample results are off by these magnitudes but, rather, that the chances are 90 out of 100 that the "true" level or rate would not be expected to differ from the estimates by more than these amounts.

Sampling errors for monthly surveys are reduced when the data are cumulated for several months, such as quarterly or annually. Also, as a general rule, the smaller the estimate, the larger the sampling error. Therefore, relatively speaking, the estimate of the size of the labor force is subject to less error than is the estimate of the number unemployed. And, among the unemployed, the sampling error for the jobless rate of adult men, for example, is much smaller than is the error for the jobless rate of teenagers. Specifically, the error on monthly change in the jobless rate for men is .24 percentage point; for teenagers, it is 1.06 percentage points.

In the establishment survey, estimates for the 2 most current months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. When all the returns in the sample have been received, the estimates are revised. In other words, data for the month of September are published in preliminary form in October and November and in final form in December. To remove errors that build up over time, a comprehensive count of the employed is conducted each year. The results of this survey are used to establish new benchmarks—comprehensive counts of employment—against which month-to-month changes can be measured. The new benchmarks also incorporate changes in the classification of industries and allow for the formation of new establishments.

Additional statistics and other information

In order to provide a broad view of the Nation's employment situation, BLS regularly publishes a wide variety of data in this news release. More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $3.75 per issue or $31.00 per year from the U.S. Government Printing Office, Washington, D.C. 20204. A check or money order made out to the Superintendent of Documents must accompany all orders.

Employment and Earnings also provides approximations of the standard errors for the household survey data published in this release. For unemployment and other labor force categories, the standard errors appear in tables B through J of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables M, P, Q, and R of that publication.

Table A-1. Employment status of the population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted					
	Dec. 1981	Feb. 1982	Dec. 1982	Dec. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Dec. 1982
TOTAL									
Total noninstitutional population[1]	171,531	173,557	173,943	171,581	173,155	173,330	173,495	173,657	173,843
Armed Forces[1]	2,128	2,168	2,175	2,123	2,158	2,164	2,159	2,158	2,175
Civilian noninstitutional population[1]	169,453	171,389	171,667	169,453	170,996	171,166	171,335	171,499	171,667
Civilian labor force	107,634	108,324	108,761	108,354	109,272	109,194	108,879	109,155	109,346
Participation rate	63.5	63.2	63.4	63.9	63.9	63.8	63.5	63.7	63.7
Employed	99,368	97,946	98,471	100,405	100,172	99,613	99,581	99,593	99,492
Employment-population ratio[2]	57.9	56.4	56.5	59.5	57.9	57.5	57.4	57.3	57.2
Agriculture	2,953	2,853	2,964	3,343	3,372	3,209	3,411	3,373	3,349
Nonagricultural industries	96,413	95,093	95,507	97,363	96,800	96,404	96,170	96,217	96,144
Unemployed	8,271	10,378	10,290	7,953	9,100	9,571	9,298	9,575	9,853
Unemployment rate	7.7	9.6	9.5	7.3	8.3	8.8	8.5	8.8	9.0
Not in labor force	61,819	63,165	62,936	61,089	61,724	61,982	62,456	62,324	62,321
Men, 16 years and over									
Total noninstitutional population[1]	82,147	83,129	83,218	82,147	82,895	82,978	83,054	83,129	83,218
Armed Forces[1]	1,958	1,983	1,987	1,958	1,973	1,933	1,975	1,983	1,987
Civilian noninstitutional population[1]	80,193	81,146	81,231	80,193	80,921	81,045	81,079	81,146	81,231
Civilian labor force	61,435	61,853	61,733	61,936	62,184	62,333	61,966	62,042	62,082
Participation rate	76.5	75.7	76.3	77.2	76.8	76.9	76.4	76.5	75.4
Employed	56,577	55,269	55,533	57,531	57,351	56,725	56,629	56,658	56,572
Employment-population ratio[2]	68.9	66.5	66.7	71.3	69.8	68.4	68.2	68.2	67.9
Unemployed	4,823	6,184	6,206	4,375	5,133	5,578	5,338	5,384	5,610
Unemployment rate	7.9	10.1	10.1	7.1	8.3	9.0	8.6	8.7	9.0
Men, 20 years and over									
Total noninstitutional population[1]	73,710	74,906	75,015	73,710	74,513	74,718	74,810	74,906	75,015
Armed Forces[1]	1,573	1,697	1,728	1,573	1,589	1,694	1,690	1,697	1,728
Civilian noninstitutional population[1]	72,037	73,209	73,287	72,037	72,921	73,022	73,120	73,209	73,287
Civilian labor force	55,931	57,328	57,585	57,023	57,459	57,655	57,368	57,498	57,554
Participation rate	79.2	78.3	78.6	79.2	78.8	79.0	78.5	78.5	78.5
Employed	53,030	52,221	52,618	53,613	53,356	53,122	53,047	53,097	53,096
Employment-population ratio[2]	71.9	69.7	69.9	72.7	71.5	71.1	70.9	70.9	70.7
Agriculture	2,173	2,169	2,194	2,352	2,382	2,311	2,390	2,386	2,377
Nonagricultural industries	50,857	50,052	50,224	51,266	50,972	50,811	50,657	50,711	50,629
Unemployed	3,881	5,108	5,167	3,410	4,105	4,543	4,322	4,351	4,543
Unemployment rate	6.9	8.9	9.0	6.0	7.1	7.9	7.5	7.6	7.9
Women, 16 years and over									
Total noninstitutional population[1]	89,384	90,428	90,625	89,434	90,259	90,352	90,441	90,528	90,625
Armed Forces[1]	171	185	188	171	184	185	184	185	189
Civilian noninstitutional population[1]	89,253	90,243	90,437	89,263	90,075	90,167	90,256	90,343	90,437
Civilian labor force	46,229	46,971	47,023	45,458	47,388	46,881	46,913	47,123	47,264
Participation rate	51.3	51.9	52.0	52.3	52.3	52.3	52.0	52.2	52.3
Employed	42,735	42,577	42,939	42,875	43,121	42,888	42,952	42,932	43,022
Employment-population ratio[2]	47.3	47.1	47.4	47.9	47.8	47.5	47.5	47.4	47.5
Unemployed	3,493	4,193	4,084	3,583	3,967	3,993	3,960	4,191	4,243
Unemployment rate	7.6	8.9	8.7	7.7	8.4	8.5	8.4	8.9	9.0
Women, 20 years and over									
Total noninstitutional population[1]	81,221	82,523	82,640	81,221	82,193	82,305	82,415	82,523	82,640
Armed Forces[1]	155	156	162	155	156	156	155	156	162
Civilian noninstitutional population[1]	81,376	82,367	82,478	81,376	82,338	82,151	82,260	82,367	82,478
Civilian labor force	42,234	43,143	43,359	42,152	42,987	42,688	42,868	43,031	43,233
Participation rate	52.2	52.4	52.6	52.3	52.4	52.2	52.1	52.2	52.4
Employed	39,557	39,788	40,010	39,365	39,378	39,713	39,764	39,784	39,837
Employment-population ratio[2]	48.7	48.2	48.4	48.5	48.5	48.3	48.2	48.2	48.2
Agriculture	523	476	525	613	635	572	649	628	635
Nonagricultural industries	39,063	39,312	39,485	38,755	39,283	39,141	39,115	39,156	39,172
Unemployed	2,717	3,352	3,346	2,787	3,109	3,175	3,104	3,286	3,435
Unemployment rate	6.4	7.8	7.7	6.6	7.2	7.4	7.2	7.6	7.9
Both sexes, 16-19 years									
Total noninstitutional population[1]	15,653	16,228	15,188	16,653	16,351	16,310	16,269	15,228	16,188
Armed Forces[1]	313	316	285	313	314	315	314	315	285
Civilian noninstitutional population[1]	15,341	15,913	15,902	15,341	16,037	15,995	15,955	15,913	15,902
Civilian labor force	9,139	9,355	9,823	9,139	9,826	8,631	8,643	8,586	8,559
Participation rate	51.6	49.4	49.2	56.2	55.0	54.0	54.2	54.6	52.8
Employed	6,765	5,937	6,003	7,823	5,940	6,778	6,771	5,783	6,679
Employment-population ratio[2]	38.6	35.6	37.3	44.6	42.4	41.6	41.6	41.6	41.3
Agriculture	275	233	245	391	355	326	373	359	335
Nonagricultural industries	6,493	5,729	5,798	7,042	6,585	6,452	6,398	6,389	6,343
Unemployed	1,673	1,918	1,777	1,761	1,386	1,353	1,872	1,939	1,970
Unemployment rate	19.3	24.4	22.7	19.2	21.4	21.5	21.7	22.3	21.9

[1] The population and Armed Forces figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

[2] Civilian employment as a percent of the total noninstitutional population (including Armed Forces).

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Table A-2. Employment status of the population by race, sex, age, and Hispanic origin

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted					
	Dec. 1981	Feb. 1982	Dec. 1982	Dec. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Dec. 1982
WHITE									
Civilian noninstitutional population[1]	147,331	148,855	149,132	147,333	148,531	148,755	148,852	148,855	149,132
Civilian labor force	94,236	94,616	95,101	94,756	95,535	95,329	95,120	95,333	95,508
Participation rate	63.9	63.6	63.8	64.3	64.3	64.1	63.9	64.0	64.0
Employed	87,739	86,492	87,388	88,653	88,498	88,010	87,955	87,990	87,956
Unemployed	6,451	8,124	8,013	6,103	7,037	7,319	7,165	7,344	7,552
Unemployment rate	6.8	8.6	8.4	6.4	7.4	7.7	7.5	7.7	7.9
Men, 20 years and over									
Civilian labor force	50,387	50,592	50,937	50,505	50,881	50,968	50,757	51,012	50,903
Participation rate	79.5	78.8	79.1	79.7	79.3	79.1	78.9	79.0	79.0
Employed	47,283	46,624	46,837	47,814	47,649	47,469	47,410	47,340	47,351
Unemployed	3,117	4,068	4,106	2,691	3,232	3,499	3,347	3,382	3,552
Unemployment rate	6.2	8.0	8.1	5.3	6.4	6.9	6.6	6.7	7.0
Women, 20 years and over									
Civilian labor force	36,409	36,984	37,218	36,106	36,832	36,733	36,698	36,861	37,035
Participation rate	51.6	51.8	52.1	51.3	51.8	51.6	51.5	51.7	51.8
Employed	34,306	34,161	33,716	34,061	34,513	34,368	34,380	34,427	34,425
Unemployed	1,998	2,523	2,502	2,045	2,319	2,365	2,319	2,433	2,568
Unemployment rate	5.5	6.8	6.7	5.7	6.3	6.4	6.3	6.6	6.9
Both sexes, 16-19 years									
Civilian labor force	7,520	6,940	6,946	8,145	7,822	7,648	7,665	7,692	7,557
Participation rate	55.1	52.5	52.5	59.7	58.6	57.8	57.8	58.0	57.2
Employed	6,184	5,607	5,542	6,778	6,436	6,193	6,166	6,133	6,133
Unemployed	1,336	1,333	1,405	1,367	1,386	1,455	1,499	1,529	1,437
Unemployment rate	17.8	22.1	20.2	16.8	19.0	19.3	19.6	20.0	19.0
Men	19.5	23.8	22.3	17.7	19.6	20.2	20.8	20.4	23.2
Women	15.3	20.1	17.9	15.7	18.3	17.7	18.2	19.4	17.6
BLACK									
Civilian noninstitutional population	18,125	18,350	18,383	18,135	18,362	18,392	18,423	18,450	18,480
Civilian labor force	10,923	11,036	11,085	11,036	11,207	11,226	11,188	11,205	11,217
Participation rate	60.2	59.8	60.0	61.0	61.0	61.0	60.7	60.7	60.7
Employed	9,251	9,060	9,062	9,383	9,321	9,279	9,314	9,285	9,197
Unemployed	1,684	1,977	2,022	1,653	1,886	1,947	1,874	1,919	2,020
Unemployment rate	15.1	17.9	18.2	15.0	16.8	17.3	16.8	17.3	18.0
Men, 20 years and over									
Civilian labor force	5,196	5,278	5,296	5,193	5,279	5,309	5,288	5,299	5,284
Participation rate	74.6	74.1	74.2	74.6	74.6	74.3	74.3	74.4	74.1
Employed	4,562	4,393	4,379	4,563	4,461	4,432	4,428	4,450	4,427
Unemployed	634	885	918	630	818	877	860	849	858
Unemployment rate	12.2	16.7	17.3	12.1	15.5	16.5	16.3	16.0	16.2
Women, 20 years and over									
Civilian labor force	4,961	5,019	5,060	4,969	5,078	5,075	5,081	5,063	5,091
Participation rate	55.8	55.4	55.7	56.1	56.6	56.2	56.2	55.8	56.1
Employed	4,283	4,308	4,299	4,293	4,385	4,360	4,406	4,333	4,307
Unemployed	657	711	766	675	693	715	675	733	784
Unemployment rate	13.3	14.2	15.1	13.6	13.6	14.1	13.3	14.5	15.4
Both sexes, 16-19 years									
Civilian labor force	768	739	728	877	850	842	823	843	819
Participation rate	33.4	32.7	32.2	38.2	37.4	37.1	36.3	37.3	37.1
Employed	465	409	393	529	475	487	486	486	453
Unemployed	303	331	339	348	375	355	339	357	385
Unemployment rate	39.5	44.7	46.5	39.7	44.1	42.2	41.2	42.3	46.0
Men	35.9	46.2	50.3	35.7	41.9	39.6	38.3	40.7	48.5
Women	43.4	43.2	42.1	43.9	49.6	45.1	44.7	44.2	43.1
HISPANIC ORIGIN									
Civilian noninstitutional population[1]	9,039	9,141	9,297	9,039	9,556	9,519	9,430	9,341	9,297
Civilian labor force	5,723	5,955	5,943	5,777	6,151	6,095	6,056	6,065	6,024
Participation rate	63.3	65.8	63.9	63.9	64.4	64.0	64.2	64.9	64.8
Employed	5,118	5,166	5,186	5,187	5,416	5,426	5,330	5,298	5,260
Unemployed	605	790	757	610	735	669	726	767	764
Unemployment rate	10.6	13.3	12.7	10.5	11.9	11.0	12.0	12.6	12.7

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

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Table A-3. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted		Seasonally adjusted					
	Jan. 1981	Jan. 1982	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
CHARACTERISTIC								
Total employed, 16 years and over	99,364	98,871	100,436	100,172	99,613	99,581	99,593	99,492
Married men, spouse present	38,766	37,914	39,036	38,553	38,382	38,234	38,255	38,181
Married women, spouse present	24,071	24,357	23,920	23,820	23,691	23,744	23,727	23,900
Women who maintain families	4,928	5,054	4,960	5,049	5,064	5,107	5,158	5,095
OCCUPATION								
White-collar workers	53,132	53,052	52,660	53,386	53,081	52,835	52,841	52,763
Professional and technical	16,542	16,932	16,219	16,557	16,774	16,803	16,612	16,659
Managers and administrators, except farm	11,771	11,368	11,725	11,461	11,424	11,391	11,253	11,311
Sales workers	6,267	6,518	6,372	6,418	6,450	6,320	6,544	6,637
Clerical workers	18,552	18,173	18,544	18,550	18,436	18,423	18,432	18,155
Blue-collar workers	30,286	29,445	31,288	30,683	30,343	30,293	30,309	30,416
Craft and kindred workers	12,479	12,185	12,825	12,411	12,446	12,370	12,454	12,511
Operatives, except transport	10,292	9,702	10,464	10,220	10,169	9,966	9,955	9,860
Transport equipment operatives	3,383	3,332	3,447	3,438	3,368	3,415	3,503	3,397
Nonfarm laborers	4,132	4,225	4,551	4,514	4,361	4,451	4,397	4,648
Service workers	13,500	13,559	13,478	13,570	13,639	13,709	13,612	13,526
Farm workers	2,436	2,416	2,730	2,832	2,663	2,817	2,787	2,710
MAJOR INDUSTRY AND CLASS OF WORKER								
Agriculture:								
Wage and salary workers	1,214	1,236	1,391	1,436	1,352	1,377	1,426	1,416
Self-employed workers	1,503	1,508	1,638	1,641	1,602	1,574	1,596	1,644
Unpaid family workers	237	219	299	321	228	380	359	277
Nonagricultural industries:								
Wage and salary workers	88,974	87,951	89,592	89,238	88,991	88,759	88,586	88,526
Government	16,202	15,771	15,930	15,997	15,585	15,578	15,527	15,492
Private industries	72,772	72,180	73,662	73,241	73,406	73,181	73,059	73,033
Private households	1,184	1,167	1,242	1,204	1,291	1,248	1,161	1,225
Other industries	71,588	71,013	72,423	72,037	72,115	71,932	71,898	71,809
Self-employed workers	7,027	7,083	7,065	7,141	7,057	6,971	7,055	7,126
Unpaid family workers	409	473	374	425	413	410	408	434
PERSONS AT WORK[1]								
Nonagricultural industries	92,505	91,537	91,405	91,323	90,922	90,125	90,892	90,548
Full-time schedules	74,614	72,794	74,453	73,915	73,360	72,803	73,028	72,649
Part time for economic reasons	4,110	5,476	4,290	5,026	5,288	5,271	5,563	5,717
Usually work full time	1,652	2,226	1,650	1,945	2,121	1,783	2,193	2,237
Usually work part time	2,458	3,253	2,630	3,081	3,167	3,287	3,370	3,480
Part time for noneconomic reasons	13,781	13,267	12,662	12,382	12,274	12,251	12,300	12,183

[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. Range of unemployment measures based on varying definitions of unemployment and the labor force, seasonally adjusted

(Percent)

Measure	Quarterly averages					Monthly data		
	1981				1982	1982		
	I	II	III	IV	I	Jan.	Feb.	Mar.
U-1 Persons unemployed 15 weeks or longer as a percent of the civilian labor force	2.2	2.1	2.0	2.1	2.5	2.2	2.5	2.7
U-2 Job losers as a percent of the civilian labor force	3.7	3.7	3.8	4.5	4.9	4.8	4.7	5.1
U-3 Unemployed persons 25 years and over as a percent of the civilian labor force 25 years and over	5.2	5.2	5.3	6.1	6.5	6.3	6.4	6.8
U-4 Unemployed full-time jobseekers as a percent of the full-time labor force	7.1	7.1	7.0	8.1	8.6	8.4	8.5	8.9
U-5 Total unemployed as a percent of the civilian labor force (official measure)	7.4	7.8	7.4	8.3	8.8	8.5	8.8	9.0
U-6 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons as a percent of the civilian labor force less ½ of the part-time labor force	9.4	9.3	9.4	10.8	11.4	11.0	11.4	11.8
U-7 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons plus discouraged workers as a percent of the civilian labor force plus discouraged workers less ½ of the part-time labor force	13.4	13.2	13.4	14.8	15.5	N.A.	N.A.	N.A.

N.A. = not available.

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Table A-5. Major unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)		Unemployment rates					
	Dec. 1981	Dec. 1982	Sept. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
CHARACTERISTIC								
Total, 16 years and over	7,958	9,854	7.3	8.3	8.8	8.5	8.8	9.0
Men, 20 years and over	3,410	4,598	6.0	7.1	7.9	7.5	7.6	7.9
Women, 20 years and over	2,787	3,935	6.6	7.2	7.4	7.2	7.6	7.9
Both sexes, 16-19 years	1,761	1,870	19.2	21.9	21.5	21.7	22.3	21.9
Married men, spouse present	1,672	2,217	4.1	5.2	5.7	5.3	5.3	5.5
Married women, spouse present	1,593	1,824	5.9	6.5	6.6	6.2	7.0	7.1
Women who maintain families	529	687	9.6	10.8	10.5	10.4	10.2	10.6
Full-time workers	6,553	8,355	7.1	8.1	8.7	8.4	8.5	8.9
Part-time workers	1,932	1,564	8.1	10.2	9.2	9.6	10.8	10.8
Labor force time lost[1]	--	--	8.2	9.5	10.1	10.0	9.8	10.8
OCCUPATION[2]								
White-collar workers	2,133	2,656	3.9	4.2	4.5	4.2	4.6	4.8
Professional and technical	663	559	2.7	2.7	3.4	2.9	3.1	3.2
Managers and administrators, except farm	306	369	2.5	3.0	3.4	2.7	3.1	3.0
Sales workers	273	407	4.1	5.0	4.9	4.5	4.8	5.8
Clerical workers	1,111	1,381	5.7	6.0	5.2	6.3	6.7	6.9
Blue-collar workers	3,663	4,514	10.0	11.8	12.7	12.5	12.5	12.8
Craft and kindred workers	982	1,246	7.1	8.5	9.3	9.0	8.4	9.1
Operatives, except transport	1,380	1,862	11.7	14.1	13.5	15.4	15.8	15.9
Transport equipment operatives	346	393	9.1	10.4	10.5	10.2	10.3	10.4
Nonfarm laborers	755	1,012	14.2	16.3	16.9	16.9	17.9	17.9
Service workers	1,224	1,533	8.3	9.7	9.6	9.2	9.8	10.2
Farm workers	153	155	5.2	6.2	6.4	6.9	6.9	5.8
INDUSTRY[3]								
Nonagricultural private wage and salary workers[4]	5,935	7,698	7.5	8.9	9.1	8.8	9.0	9.5
Construction	759	928	16.7	17.8	18.1	18.7	18.1	17.9
Manufacturing	1,896	2,835	8.1	9.6	11.0	10.4	10.6	10.8
Durable goods	1,117	1,839	8.0	9.5	11.8	11.0	11.3	10.8
Nondurable goods	777	996	8.3	9.3	9.6	9.5	9.5	10.8
Transportation and public utilities	351	322	5.1	5.5	6.0	6.4	5.9	5.6
Wholesale and retail trade	1,506	2,103	7.6	8.6	8.9	8.7	9.0	10.3
Finance and service industries	1,173	1,755	5.6	6.1	6.4	5.9	6.5	6.9
Government workers	765	791	4.6	5.2	5.0	4.8	5.2	4.9
Agricultural wage and salary workers	192	230	12.1	14.1	14.8	16.2	12.8	14.0

[1] Aggregate hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force hours.

[2] Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.

[3] Includes mining, not shown separately.

Table A-6. Duration of unemployment

(Numbers in thousands)

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Dec. 1981	Dec. 1982	Dec. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
DURATION								
Less than 5 weeks	2,987	3,485	3,277	3,352	4,337	3,852	3,789	3,825
5 to 14 weeks	2,695	3,377	2,608	2,882	3,016	3,068	3,052	3,078
15 weeks and over	2,637	3,827	2,269	2,368	2,372	2,210	2,724	2,959
15 to 26 weeks	1,311	1,951	1,057	1,229	1,183	1,210	1,445	1,605
27 weeks and over	1,326	1,476	1,212	1,135	1,183	1,199	1,278	1,349
Average (mean) duration, in weeks	15.1	15.1	13.9	13.1	12.8	13.5	14.1	13.8
Median duration, in weeks	8.9	9.6	7.1	6.9	6.7	7.2	7.3	7.6
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	36.1	33.9	42.3	42.3	[illegible]	[illegible]	39.6	38.8
5 to 14 weeks	32.6	32.8	33.3	31.7	[illegible]	[illegible]	31.9	31.7
15 weeks and over	[illegible]	33.3	29.4	26.0	[illegible]	[illegible]	28.5	[illegible]
15 to 26 weeks	[illegible]	19.0	13.7	13.5	12.6	13.0	15.1	[illegible]
27 weeks and over	16.0	14.3	15.7	12.5	[illegible]	12.8	13.4	[illegible]

Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted		Seasonally adjusted					
	Dec. 1981	Dec. 1982	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
NUMBER OF UNEMPLOYED								
Lost last job	4,432	5,246	3,989	4,905	5,383	5,205	5,153	5,622
On layoff	1,620	2,238	1,323	1,826	2,042	1,860	1,740	1,828
Other job losers	2,822	3,008	2,666	3,079	3,301	3,345	3,413	3,794
Left last job	859	840	901	916	923	835	964	885
Reentered labor force	2,064	2,242	2,069	2,339	2,244	2,279	2,277	2,249
Seeking first job	905	952	988	996	1,021	1,055	1,100	1,044
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	53.7	60.8	50.2	53.6	56.1	56.7	54.3	57.4
On layoff	19.6	21.8	16.6	19.9	21.4	20.3	18.3	18.7
Other job losers	34.1	39.0	33.5	33.6	34.6	36.5	35.9	38.7
Job leavers	10.4	8.2	11.3	10.0	9.7	9.1	10.2	9.0
Reentrants	25.0	21.8	26.0	25.5	23.5	22.7	24.0	22.9
New entrants	10.9	9.3	12.4	10.9	10.7	11.5	11.6	10.7
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Job losers	4.1	5.8	3.7	4.5	4.9	4.8	4.7	5.1
Job leavers	.8	.8	.8	.8	.8	.8	.9	.8
Reentrants	1.9	2.1	1.9	2.1	2.1	1.9	2.1	2.1
New entrants	.8	.9	.9	.9	.9	1.0	1.0	1.0

Table A-8. Unemployment by sex and age, seasonally adjusted

Sex and age	Number of unemployed persons (in thousands)		Unemployment rates					
	Mar. 1981	Mar. 1982	Mar. 1981	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
Total, 16 years and over	7,958	9,854	7.3	8.3	8.8	8.5	8.8	9.0
16 to 24 years	3,657	4,163	16.5	16.0	16.3	16.4	17.0	16.9
16 to 19 years	1,761	1,870	19.2	21.4	21.5	21.7	22.3	21.9
16 to 17 years	812	775	21.4	22.6	21.9	21.9	22.7	22.7
18 to 19 years	952	1,099	17.5	20.5	21.2	21.3	22.0	21.3
20 to 24 years	1,896	2,293	14.9	13.0	13.5	13.5	14.1	14.2
25 years and over	4,303	5,798	5.2	5.0	6.5	6.3	6.4	6.8
25 to 54 years	3,793	5,066	5.6	6.5	5.9	6.7	6.8	7.3
55 years and over	549	691	3.6	3.8	4.1	4.2	4.3	4.6
Men, 16 years and over	4,375	5,610	7.1	8.3	9.0	8.6	8.7	9.0
16 to 24 years	2,086	2,408	15.4	17.0	17.4	17.4	17.8	18.4
16 to 19 years	965	1,062	19.3	21.8	22.3	22.1	22.5	23.5
16 to 17 years	436	445	21.7	22.7	22.6	23.0	23.0	24.3
18 to 19 years	531	621	18.5	21.0	22.2	21.4	22.1	22.9
20 to 24 years	1,121	1,346	13.3	14.4	14.8	14.9	15.4	15.7
25 years and over	2,321	3,267	4.8	5.8	6.5	6.3	6.3	6.6
25 to 54 years	2,023	2,820	5.1	6.3	6.9	6.7	6.7	7.1
55 years and over	298	431	3.3	3.7	4.4	4.3	4.2	4.8
Women, 16 years and over	3,583	4,243	7.7	8.4	8.5	8.4	8.9	9.0
16 to 24 years	1,571	1,755	13.4	14.7	14.9	15.2	16.1	15.2
16 to 19 years	796	808	18.5	20.9	20.5	21.2	22.1	20.1
16 to 17 years	376	330	21.2	22.5	21.1	20.6	22.5	20.8
18 to 19 years	421	478	15.6	19.9	20.0	21.1	21.9	19.6
20 to 24 years	775	947	10.5	11.3	12.0	11.9	12.7	12.6
25 years and over	2,022	2,501	5.0	6.4	6.4	6.3	6.5	7.0
25 to 54 years	1,773	2,246	6.2	6.8	6.9	6.7	7.0	7.6
55 years and over	251	260	4.2	3.8	3.7	4.1	4.3	4.3

Table A-9. Employment status of black and other workers

(Numbers in thousands)

Employment status	Not seasonally adjusted			Seasonally adjusted					
	Dec. 1981	Jan. 1982	Dec. 1982	Nov. 1981	Dec. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Dec. 1982
Civilian noninstitutional population[1]	22,113	22,436	22,535	22,118	22,365	22,411	22,493	22,636	22,535
Civilian labor force	13,425	13,708	13,661	13,586	13,757	13,773	13,706	13,859	13,813
Participation rate	60.7	60.6	60.6	61.4	61.5	61.5	60.9	61.2	61.3
Employed	11,639	11,454	11,383	11,792	11,661	11,610	11,632	11,653	11,515
Unemployed	1,820	2,254	2,277	1,804	2,096	2,163	2,072	2,206	2,294
Unemployment rate	13.6	16.4	16.7	13.4	15.2	15.7	15.1	15.9	16.6

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns

Table A-10. Employment status of male Vietnam-era veterans and nonveterans by age, not seasonally adjusted

Veteran status and age	Civilian noninstitutional population		Civilian labor force							
			Total		Employed		Unemployed			
							Number		Percent of labor force	
	Dec. 1981	Dec. 1982	Dec. 1981	Dec. 1982	Dec. 1981	Dec. 1982	Dec. 1981	Dec. 1982	Dec. 1981	Dec. 1982
VETERANS										
Total, 25 years and over	8,875	8,668	8,046	8,186	7,535	7,839	509	767	6.3	9.1
25 to 29 years	7,316	7,216	7,038	6,909	6,561	6,225	477	684	6.8	9.9
25 to 29 years	1,548	1,302	1,461	1,209	1,286	1,006	155	205	10.8	17.0
30 to 34 years	3,421	3,059	3,315	2,928	3,111	2,648	204	276	6.2	9.4
35 to 39 years	2,347	2,855	2,282	2,776	2,164	2,573	118	203	5.2	7.3
40 years and over	1,159	1,452	1,006	1,277	976	1,214	32	63	3.2	4.9
NONVETERANS										
Total, 25 to 39 years	16,939	17,907	16,060	15,961	15,008	15,491	1,052	1,470	6.6	8.7
25 to 29 years	7,766	8,072	7,290	7,595	6,716	6,796	574	799	7.9	10.5
30 to 34 years	5,333	5,825	5,074	5,567	4,784	5,165	290	422	5.7	7.6
35 to 39 years	3,873	4,010	3,696	3,799	3,508	3,550	188	249	5.1	6.6

NOTE: Vietnam-era veterans are males who served in the Armed Forces between August 5, 1964 and May 7, 1975. Nonveterans are males who have never served in the Armed Forces. published data are limited to those 25 to 39 years of age, the group that most closely corresponds to the bulk of the Vietnam-era veteran population

Table A-11. Persons not in labor force by reason, sex, and race, quarterly averages

(In thousands)

Reason, sex, and race	Not seasonally adjusted		Seasonally adjusted				
	1981	1982	1981				1982
	I	I	I	II	III	IV	I
TOTAL							
Total not in labor force	62,131	63,131	61,172	61,002	61,746	61,834	62,367
Do not want a job now	55,858	56,636	55,245	55,555	56,079	56,053	56,095
Current activity: Going to school	7,950	7,973	6,304	6,637	6,556	6,522	6,323
Ill, disabled	4,166	4,009	4,166	4,256	4,352	4,320	4,020
Keeping house	28,542	28,719	28,334	28,762	28,930	28,535	29,103
Retired	11,539	12,127	11,520	11,731	11,929	12,140	12,105
Other	3,657	3,807	4,361	4,168	4,312	4,536	4,545
Want a job now	6,285	6,495	5,927	5,727	5,668	6,019	6,162
Reason not looking: School attendance	1,859	1,926	1,575	1,562	1,518	1,569	1,641
Ill health, disability	852	822	802	726	708	832	775
Home responsibilities	1,266	1,329	1,287	1,300	1,176	1,374	1,347
Think cannot get a job	1,151	1,409	1,093	1,043	1,098	1,199	1,339
Job-market factors[1]	852	1,088	849	718	801	883	1,074
Personal factors[2]	299	325	244	325	293	316	264
Other reasons[3]	1,118	1,008	1,171	1,096	1,171	1,046	1,061
Men							
Total not in labor force	18,945	19,616	18,299	18,325	18,734	18,733	19,122
Do not want a job now	16,810	17,315	16,336	16,588	16,952	16,862	16,837
Want a job now	2,134	2,303	1,947	1,861	1,831	2,000	2,096
Reason not looking: School attendance	961	1,060	813	775	725	787	901
Ill health, disability	404	388	372	329	323	414	319
Think cannot get a job	398	546	375	414	383	435	516
Other reasons[3]	372	346	387	343	399	365	360
Women							
Total not in labor force	43,156	43,515	42,872	42,677	43,012	43,101	43,245
Do not want a job now	39,048	39,320	38,909	38,966	39,127	39,191	39,259
Want a job now	4,112	4,194	3,980	3,866	3,836	4,019	4,067
Reason not looking: School attendance	898	866	761	787	793	782	740
Ill health, disability	449	474	430	397	385	418	456
Home responsibilities	1,266	1,329	1,287	1,300	1,176	1,374	1,347
Think cannot get a job	753	863	718	630	711	764	823
Other reasons	746	662	784	753	772	681	701
White							
Total not in labor force	53,345	54,230	52,601	52,420	53,106	53,240	53,623
Do not want a job now	48,813	49,605	48,259	48,370	48,932	48,852	49,065
Want a job now	4,532	4,624	4,333	4,133	4,116	4,401	4,414
Reason not looking: School attendance	1,294	1,357	1,116	1,057	990	1,156	1,177
Ill health, disability	597	543	564	523	504	568	513
Home responsibilities	922	969	959	983	963	1,034	1,006
Think cannot get a job	804	939	744	708	748	807	868
Other reasons	914	815	950	863	1,015	836	850
Black and other							
Total not in labor force	8,756	8,901	8,601	8,550	8,553	8,599	8,769
Do not want a job now	7,082	7,029	6,859	6,933	7,217	7,104	6,844
Want a job now	1,714	1,871	1,665	1,558	1,558	1,589	1,836
Reason not looking: School attendance	565	569	467	483	497	451	473
Ill health, disability	255	279	256	220	203	234	277
Home responsibilities	343	360	332	302	332	348	361
Think cannot get a job	347	369	387	365	341	364	521
Other reasons	203	293	213	226	194	192	204

[1] Job market factors include "could not find job" and "thinks no job available."
[2] Personal factors include "employers think too young or old," "lacks education or training," and "other personal handicap."
[3] Includes small number of men not looking for work because of home responsibilities.

HOUSEHOLD DATA

Table A-12. Employment status of the noninstitutional population for the ten largest States

[Numbers in thousands]

State and employment status	Not seasonally adjusted [1]			Seasonally adjusted					
	Mar. 1981	Feb. 1982	Mar. 1982	Mar. 1981	Mar. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982
California									
Civilian noninstitutional population [2]	17,925	18,242	18,269	17,925	18,145	18,171	18,218	18,242	18,265
Civilian labor force	11,693	11,946	11,953	11,729	11,871	11,451	11,916	12,004	11,995
Employed	10,822	10,801	10,797	10,887	10,915	10,828	10,878	10,935	10,865
Unemployed	871	1,145	1,156	842	956	1,023	1,038	1,069	1,130
Unemployment rate	7.4	9.6	9.7	7.2	8.1	8.6	8.7	8.9	9.4
Florida									
Civilian noninstitutional population [2]	7,811	8,083	8,107	7,811	8,005	8,028	8,041	8,083	8,107
Civilian labor force	4,412	4,559	4,598	4,410	4,634	4,627	4,594	4,575	4,594
Employed	4,127	4,236	4,205	4,112	4,281	4,272	4,257	4,243	4,187
Unemployed	285	322	393	298	353	355	339	332	407
Unemployment rate	6.4	7.1	8.6	6.8	7.6	7.7	7.4	7.3	8.9
Illinois									
Civilian noninstitutional population [2]	8,489	8,561	8,556	8,489	8,522	8,523	8,538	8,561	8,544
Civilian labor force	5,521	5,551	5,531	5,584	5,565	5,484	5,554	5,671	5,595
Employed	5,006	4,990	4,966	5,088	5,064	5,000	5,053	5,079	5,048
Unemployed	515	561	565	496	501	484	501	592	547
Unemployment rate	9.3	10.1	10.2	8.9	9.0	8.8	9.0	9.6	9.8
Massachusetts									
Civilian noninstitutional population [2]	4,423	4,474	4,478	4,423	4,457	4,461	4,470	4,474	4,478
Civilian labor force	2,919	2,960	2,976	2,928	3,048	3,029	3,005	2,968	2,987
Employed	2,741	2,714	2,750	2,758	2,835	2,805	2,797	2,737	2,768
Unemployed	178	247	227	170	213	224	208	231	219
Unemployment rate	6.1	8.3	7.6	5.8	7.0	7.4	6.9	7.8	7.3
Michigan									
Civilian noninstitutional population [2]	6,771	6,784	6,784	6,771	6,776	6,776	6,784	6,784	6,784
Civilian labor force	4,204	4,240	4,251	4,244	4,303	4,269	4,286	4,246	4,289
Employed	3,453	3,556	3,527	3,722	3,752	3,632	3,665	3,634	3,597
Unemployed	553	684	725	522	551	637	639	632	692
Unemployment rate	13.1	16.1	17.0	12.3	12.8	14.9	14.9	14.8	16.1
New Jersey									
Civilian noninstitutional population [2]	5,620	5,680	5,685	5,620	5,641	5,655	5,676	5,680	5,685
Civilian labor force	3,597	3,506	3,590	3,634	3,554	3,519	3,579	3,542	3,624
Employed	3,296	3,180	3,259	3,334	3,288	3,249	3,244	3,226	3,305
Unemployed	311	327	331	300	266	270	335	316	319
Unemployment rate	8.6	9.3	9.2	8.3	7.5	7.7	9.4	8.9	8.8
New York									
Civilian noninstitutional population [2]	13,369	13,469	13,476	13,369	13,434	13,440	13,463	13,469	13,476
Civilian labor force	8,032	8,036	8,058	8,044	7,946	7,976	7,969	8,043	8,071
Employed	7,348	7,314	7,366	7,395	7,343	7,325	7,365	7,364	7,412
Unemployed	692	722	692	649	603	651	604	679	659
Unemployment rate	8.6	9.0	8.6	8.1	7.6	8.2	7.6	8.4	8.2
Ohio									
Civilian noninstitutional population [2]	8,005	8,031	8,033	8,005	8,019	8,020	8,031	8,031	8,033
Civilian labor force	5,039	4,967	5,014	5,107	5,084	5,104	5,120	5,066	5,080
Employed	4,587	4,361	4,398	4,651	4,504	4,478	4,570	4,493	4,480
Unemployed	471	604	616	456	578	625	550	573	600
Unemployment rate	9.3	12.2	12.3	8.9	11.4	12.2	10.7	11.3	11.8
Pennsylvania									
Civilian noninstitutional population [2]	9,080	9,131	9,134	9,080	9,112	9,115	9,129	9,131	9,134
Civilian labor force	5,474	5,448	5,399	5,488	5,477	5,467	5,469	5,511	5,415
Employed	5,042	4,850	4,827	5,082	4,982	4,942	4,959	4,945	4,864
Unemployed	432	598	573	406	495	525	510	566	549
Unemployment rate	7.9	11.0	10.6	7.4	9.0	9.6	11.2	10.3	10.1
Texas									
Civilian noninstitutional population [2]	10,460	10,765	10,791	10,460	10,675	10,701	10,740	10,765	10,791
Civilian labor force	6,964	7,273	7,284	7,008	7,178	7,163	7,171	7,245	7,335
Employed	6,633	6,803	6,875	6,656	6,788	6,798	6,770	6,834	6,901
Unemployed	331	471	413	352	390	365	401	411	434
Unemployment rate	4.8	6.5	5.7	5.0	5.4	5.1	5.6	5.7	5.9

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and the seasonally adjusted columns.

[2] These are the official Bureau of Labor Statistics' estimates used in the administration of Federal fund allocation programs.

ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p
Total	90,720	89,799	89,964	90,255	91,347	91,522	91,113	90,879	91,040	90,822
Goods-producing	25,292	24,332	24,261	24,280	25,705	25,418	25,104	24,801	24,841	24,660
Mining	1,084	1,149	1,146	1,148	1,098	1,172	1,175	1,166	1,166	1,163
Construction	4,048	3,721	3,705	3,780	4,416	4,229	4,193	4,085	4,168	4,122
Manufacturing	20,160	19,462	19,410	19,352	20,191	20,017	19,736	19,550	19,507	19,375
Production workers	14,049	13,276	13,250	13,215	14,074	13,797	13,514	13,342	13,321	13,237
Durable goods	12,120	11,589	11,539	11,511	12,099	11,932	11,714	11,596	11,562	11,485
Production workers	8,345	7,763	7,734	7,714	8,325	8,083	7,868	7,758	7,745	7,691
Lumber and wood products	678.3	602.4	610.6	608.0	692	634	619	615	625	620
Furniture and fixtures	472.1	463.2	459.8	456.1	467	470	464	458	454	451
Stone, clay, and glass products	639.5	589.1	584.6	588.1	651	634	622	607	605	599
Primary metal products	1,141.3	1,041.7	1,024.1	1,018.3	1,141	1,090	1,058	1,042	1,026	1,017
Fabricated metal products	1,585.4	1,502.3	1,496.4	1,485.7	1,581	1,546	1,516	1,501	1,493	1,481
Machinery, except electrical	2,504.3	2,465.0	2,458.3	2,442.1	2,480	2,522	2,488	2,455	2,441	2,418
Electric and electronic equipment	2,119.5	2,099.3	2,089.2	2,077.5	2,117	2,119	2,089	2,093	2,085	2,075
Transportation equipment	1,860.4	1,719.4	1,713.8	1,734.5	1,849	1,783	1,725	1,706	1,721	1,722
Instruments and related products	712.1	710.8	708.1	704.5	712	719	717	711	709	704
Miscellaneous manufacturing	406.7	395.3	396.2	396.5	409	413	416	408	403	398
Nondurable goods	8,040	7,873	7,871	7,841	8,092	8,085	8,022	7,954	7,945	7,890
Production workers	5,704	5,513	5,516	5,501	5,749	5,714	5,646	5,584	5,576	5,546
Food and kindred products	1,632.5	1,613.5	1,614.5	1,610.1	1,691	1,676	1,669	1,663	1,678	1,667
Tobacco manufactures	68.3	72.1	68.7	64.6	72	70	70	71	70	68
Textile mill products	840.9	795.5	794.7	782.1	838	823	812	795	792	780
Apparel and other textile products	1,250.2	1,189.8	1,207.3	1,199.3	1,243	1,251	1,233	1,210	1,211	1,192
Paper and allied products	688.6	674.9	670.8	667.4	689	686	682	678	673	667
Printing and publishing	1,278.2	1,300.9	1,304.1	1,304.9	1,276	1,302	1,302	1,301	1,303	1,302
Chemicals and allied products	1,106.8	1,088.0	1,087.3	1,089.2	1,108	1,104	1,100	1,093	1,093	1,090
Petroleum and coal products	207.0	199.0	197.5	198.6	210	210	208	203	201	201
Rubber and misc. plastics products	737.2	720.4	715.5	715.6	734	733	722	718	712	713
Leather and leather products	230.4	218.5	210.7	209.6	231	230	224	222	212	210
Service-producing	65,428	65,467	65,703	65,975	65,642	66,104	66,009	66,078	66,199	66,162
Transportation and public utilities	5,095	5,063	5,045	5,047	5,139	5,147	5,122	5,124	5,101	5,088
Wholesale and retail trade	20,290	20,682	20,529	20,602	20,635	20,838	20,735	20,849	20,925	20,904
Wholesale trade	5,293	5,294	5,283	5,288	5,316	5,363	5,336	5,321	5,320	5,309
Retail trade	14,997	15,388	15,246	15,314	15,319	15,475	15,399	15,528	15,605	15,595
Finance, insurance, and real estate	5,263	5,329	5,326	5,341	5,293	5,355	5,366	5,361	5,364	5,373
Services	18,287	18,506	18,691	18,804	18,371	18,838	18,856	18,845	18,918	18,898
Government	16,493	15,887	16,112	16,181	16,204	15,926	15,930	15,899	15,891	15,899
Federal government	2,769	2,717	2,721	2,724	2,781	2,748	2,741	2,742	2,737	2,732
State and local government	13,724	13,170	13,391	13,457	13,423	13,178	13,189	13,157	13,154	13,167

p = preliminary.

ESTABLISHMENT DATA

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

Industry	Not seasonally adjusted				Seasonally adjusted					
	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p
Total private	35.2	33.9	34.7	34.7	35.3	35.0	34.9	34.2	35.0	34.8
Mining	42.3	42.8	43.6	43.9	(2)	(2)	(2)	(2)	(2)	(2)
Construction	37.2	33.2	33.6	36.7	(2)	(2)	(2)	(2)	(2)	(2)
Manufacturing	39.9	37.1	39.2	39.1	39.9	39.3	39.0	37.3	39.5	39.0
Overtime hours	2.8	2.2	2.3	2.3	2.8	2.5	2.4	2.3	2.4	2.3
Durable goods	40.5	37.7	39.6	39.5	40.4	39.7	39.3	37.9	39.8	39.4
Overtime hours	2.9	2.1	2.2	2.2	2.8	2.4	2.4	2.2	2.3	2.1
Lumber and wood products	39.0	33.7	37.3	37.2	38.1	37.5	37.6	34.6	37.9	37.3
Furniture and fixtures	38.8	32.3	37.4	37.2	38.6	37.7	37.7	31.9	37.6	37.0
Stone, clay, and glass products	40.6	37.4	39.1	39.4	40.2	40.0	39.5	38.3	40.1	39.5
Primary metal products	41.1	38.4	39.5	39.1	41.0	39.7	39.2	38.4	39.5	39.0
Fabricated metal products	40.6	37.8	39.5	39.5	40.4	39.6	39.2	37.9	39.7	39.3
Machinery, except electrical	41.2	39.1	40.6	40.3	40.9	40.6	40.3	39.0	40.6	40.0
Electric and electronic equipment	40.2	38.1	39.8	39.7	40.0	39.3	39.2	38.1	39.8	39.5
Transportation equipment	41.1	38.4	40.4	40.4	40.9	40.1	39.4	38.7	40.8	40.3
Instruments and related products	40.6	38.6	40.0	40.4	40.5	40.3	39.9	38.6	40.0	40.3
Miscellaneous manufacturing	38.9	36.7	38.5	38.7	38.7	39.0	38.4	36.9	38.7	38.5
Nondurable goods	39.1	36.2	38.6	38.4	39.3	38.8	38.6	36.4	39.0	38.5
Overtime hours	2.7	2.4	2.5	2.4	2.8	2.7	2.4	2.4	2.6	2.5
Food and kindred products	39.2	38.8	39.7	39.5	39.7	39.6	39.8	39.1	40.3	39.9
Tobacco manufactures	37.2	36.1	38.3	37.1	(2)	(2)	(2)	(2)	(2)	(2)
Textile mill products	40.1	31.2	38.0	37.7	39.9	38.8	37.8	31.3	38.0	37.5
Apparel and other textile products	35.8	30.0	35.3	35.0	35.7	35.6	35.1	30.7	35.5	34.9
Paper and allied products	42.4	41.3	42.1	41.7	42.4	41.9	41.8	41.2	42.3	41.7
Printing and publishing	37.1	36.2	37.1	37.2	37.1	36.9	37.2	36.5	37.5	37.2
Chemicals and allied products	41.6	40.8	41.2	40.9	41.5	41.3	41.3	40.8	41.3	40.8
Petroleum and coal products	42.6	43.1	42.5	42.1	43.5	42.3	42.6	44.3	43.8	43.0
Rubber and misc. plastics products	40.7	37.9	40.0	40.0	81.0	79.2	78.8	75.6	80.2	79.6
Leather and leather products	36.8	33.5	35.4	35.5	37.1	36.7	36.1	33.6	35.6	35.8
Transportation and public utilities	39.4	38.4	39.1	38.9	(2)	(2)	(2)	(2)	(2)	(2)
Wholesale and retail trade	31.9	31.1	31.5	31.5	32.2	32.0	31.9	31.6	32.0	31.8
Wholesale trade	38.5	37.8	38.2	38.1	38.6	38.6	38.4	38.0	38.3	38.2
Retail trade	29.8	29.0	29.5	29.4	30.2	29.9	29.9	29.6	30.0	29.8
Finance, insurance, and real estate	36.4	36.2	36.3	36.2	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.6	32.3	32.5	32.4	32.8	32.6	32.7	32.5	32.7	32.6

[1] Data relate to production workers in mining and manufacturing, to construction workers in 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 employees on private nonagricultural payrolls.

[2] This series is not published seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.

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			
	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p
Total private	$7.10	$7.55	$7.54	$7.55	$249.92	$255.95	$261.64	$261.99
Seasonally adjusted	7.09	7.52	7.52	7.56	250.28	257.18	263.20	263.09
Mining	9.85	10.68	10.63	10.61	416.66	457.10	463.47	465.78
Construction	10.44	11.56	11.27	11.27	388.37	383.79	401.21	413.61
Manufacturing	7.80	8.41	8.33	8.37	311.22	312.01	326.54	327.27
Durable goods	8.32	8.91	8.88	8.93	336.96	335.91	351.65	352.74
Lumber and wood products	6.79	7.40	7.27	7.27	264.81	249.38	271.17	270.44
Furniture and fixtures	5.76	6.27	6.17	6.21	223.49	202.52	230.76	231.01
Stone, clay, and glass products	7.94	8.73	8.65	8.69	322.36	326.50	338.22	342.39
Primary metal products	10.52	11.23	11.20	11.28	432.37	431.23	442.40	441.05
Fabricated metal products	8.01	8.55	8.57	8.63	325.21	323.19	338.52	340.89
Machinery, except electrical	8.62	9.21	9.22	9.24	355.14	360.11	374.33	372.37
Electric and electronic equipment	7.47	8.02	8.00	8.05	300.29	305.56	318.40	319.59
Transportation equipment	10.08	10.72	10.76	10.83	414.29	411.65	434.70	437.53
Instruments and related products	7.23	7.94	7.96	7.96	293.54	306.48	318.40	321.58
Miscellaneous manufacturing	5.85	6.31	6.34	6.36	227.57	231.58	244.09	246.13
Nondurable goods	7.01	7.68	7.55	7.57	274.09	278.02	291.43	290.69
Food and kindred products	7.29	7.83	7.76	7.79	285.77	303.80	308.07	306.15
Tobacco manufactures	8.61	9.15	9.52	9.69	320.29	330.32	364.62	359.50
Textile mill products	5.36	5.76	5.77	5.77	214.94	179.71	219.26	217.53
Apparel and other textile products	4.94	5.20	5.14	5.15	176.85	156.00	181.44	180.25
Paper and allied products	8.30	9.07	9.00	9.04	351.92	374.59	378.90	376.97
Printing and publishing	8.02	8.61	8.60	8.62	297.54	311.68	319.06	320.66
Chemicals and allied products	8.84	9.68	9.65	9.64	367.74	394.94	397.58	394.28
Petroleum and coal products	11.23	11.90	12.06	11.93	478.40	512.89	512.55	502.25
Rubber and misc. plastics products	7.07	7.62	7.59	7.60	287.75	288.80	303.60	304.00
Leather and leather products	4.90	5.18	5.21	5.22	180.32	172.49	184.43	185.31
Transportation and public utilities	9.42	10.15	10.16	10.14	371.15	389.76	397.26	394.45
Wholesale and retail trade	5.85	6.17	6.15	6.15	186.62	191.89	193.73	193.73
Wholesale trade	7.42	7.95	7.93	7.96	285.67	300.51	302.93	303.28
Retail trade	5.20	5.44	5.42	5.42	154.96	157.76	159.89	159.35
Finance, insurance, and real estate	6.19	6.57	6.62	6.64	225.32	237.83	240.31	240.37
Services	6.29	6.79	6.80	6.80	205.05	219.32	221.00	220.32

[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

(1977 = 100)

Industry	Not seasonally adjusted					Seasonally adjusted						
	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Percent change from: Mar. 1981-Mar. 1982	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Percent change from: Feb. 1982-Mar. 1982
Total private nonfarm:												
Current dollars	135.8	145.7	145.6	145.9	7.4	135.8	143.2	143.5	145.1	145.2	145.8	0.5
Constant (1977) dollars	93.0	93.8	93.4	N.A.	(2)	92.8	92.5	92.3	93.1	92.9	N.A.	(3)
Mining	144.0	156.0	155.8	156.2	8.4	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Construction	127.3	140.1	136.5	136.6	7.3	128.6	135.4	136.2	140.8	138.0	138.0	(5)
Manufacturing	138.5	149.4	149.2	150.0	8.3	138.5	146.4	147.0	149.0	149.1	150.0	.6
Transportation and public utilities	135.3	146.2	146.6	146.3	8.1	136.1	144.0	144.4	145.8	146.3	147.2	.6
Wholesale and retail trade	136.2	143.3	143.4	143.6	5.4	135.8	141.5	141.9	142.3	142.7	143.1	.3
Finance, insurance, and real estate	135.9	144.1	145.1	145.6	7.1	134.0	143.2	141.8	143.4	143.8	145.7	1.3
Services	134.6	144.7	145.1	145.2	7.9	134.0	142.6	142.7	143.6	144.1	144.6	.4

1 See footnote 1, table B-2.
2 Percent change was .2 from February 1981 to February 1982, the latest month available.
3 Percent change was -.2 from January 1982 to February 1982, the latest month available.
4 Mining is not seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.
5 Percent change is less than .05 percent.
N.A.=not available.
p=preliminary.

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

(1977 = 100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Mar. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p	Mar. 1981	Nov. 1981	Dec. 1981	Jan. 1982	Feb. 1982 p	Mar. 1982 p
Total private	106.5	101.5	104.0	[illegible]	108.4	105.0	106.9	104.3	107.1	106.1
Goods-producing	100.5	87.6	92.5	92.9	102.4	99.3	96.8	90.9	96.4	94.8
Mining	125.1	133.8	135.6	[illegible]	128.2	141.1	143.0	137.2	139.5	139.3
Construction	104.8	83.5	89.3	94.3	116.6	111.0	108.6	99.1	107.5	105.9
Manufacturing	96.4	86.3	91.1	90.6	98.4	95.1	92.4	87.2	92.2	90.6
Durable goods	99.3	85.9	90.0	89.5	98.6	94.1	90.8	86.3	90.5	88.9
Lumber and wood products	89.5	67.2	76.0	75.3	91.9	79.6	77.5	70.7	79.3	77.2
Furniture and fixtures	99.1	75.9	[illegible]	90.4	97.4	95.1	93.6	79.6	90.8	88.9
Stone, clay, and glass products	90.5	75.3	77.1	79.4	92.7	88.2	84.9	79.7	83.5	81.3
Primary metal products	95.2	79.1	79.9	75.6	94.7	86.4	82.3	79.0	80.1	78.3
Fabricated metal products	96.9	83.7	86.9	86.5	96.2	91.3	88.0	83.8	87.2	85.7
Machinery, except electrical	111.5	101.7	105.6	[illegible]	109.1	109.1	106.1	100.6	104.1	101.2
Electric and electronic equipment	107.7	96.6	[illegible]	101.3	107.0	103.1	100.5	98.2	102.0	100.5
Transportation equipment	90.2	74.4	78.6	63.0	88.7	82.4	76.4	73.9	79.3	79.0
Instruments and related products	112.0	104.6	107.9	108.5	111.5	110.6	109.0	104.5	107.7	107.7
Miscellaneous manufacturing	90.1	80.9	85.2	86.0	90.6	92.2	90.2	84.4	87.9	86.6
Nondurable goods	97.1	86.8	92.9	92.1	98.1	96.4	94.8	88.6	94.6	93.0
Food and kindred products	93.2	90.9	[illegible]	97.4	[illegible]	98.0	97.8	95.4	99.6	98.2
Tobacco manufactures	90.4	94.9	95.9	85.7	96.5	95.8	93.3	95.2	97.6	92.6
Textile mill products	91.4	66.7	81.2	79.3	90.7	[illegible]	82.6	66.8	80.9	78.8
Apparel and other textile products	95.1	75.3	89.8	88.7	94.3	94.1	91.4	76.5	90.7	87.9
Paper and allied products	98.9	93.7	95.0	93.6	99.1	97.3	95.8	93.8	95.8	93.7
Printing and publishing	108.2	106.1	109.2	110.2	107.8	108.4	109.1	107.1	110.0	109.7
Chemicals and allied products	101.4	95.2	96.9	96.9	101.0	99.6	98.8	96.5	97.3	96.2
Petroleum and coal products	99.3	91.0	88.5	88.0	103.9	97.3	96.4	95.5	94.5	92.0
Rubber and misc. plastics products	101.7	91.1	95.4	95.7	100.1	97.0	94.8	90.5	95.1	94.7
Leather and leather products	88.2	75.8	77.4	77.7	89.3	83.2	84.6	77.5	78.1	76.6
Service-producing	109.9	107.2	110.2	[illegible]	111.8	112.8	112.4	111.7	113.0	112.3
Transportation and public utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	104.7	103.2	102.0	103.1	102.5
Wholesale and retail trade	104.0	105.3	[illegible]	[illegible]	106.9	107.3	106.5	105.9	107.2	106.9
Wholesale trade	110.2	107.7	108.9	[illegible]	111.1	111.8	110.8	108.9	110.2	109.2
Retail trade	101.6	101.5	[illegible]	102.6	105.4	105.5	104.9	104.7	106.8	106.0
Finance, insurance, and real estate	116.7	117.0	[illegible]	[illegible]	117.5	[illegible]	118.2	118.0	117.8	118.1
Services	117.3	117.3	[illegible]	[illegible]	[illegible]	120.8	121.2	120.4	121.4	120.8

[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
1979				
January	65.1	72.1	72.1	74.7
February	66.0	68.6	71.8	70.6
March	64.2	65.7	70.1	69.5
April	54.1	65.7	64.8	67.2
May	60.5	62.8	59.6	59.6
June	62.5	63.7	54.4	58.1
July	57.0	55.5	56.7	55.8
August	53.2	50.0	51.5	55.2
September	49.1	53.5	52.0	50.0
October	61.6	52.0	50.6	46.2
November	49.4	53.5	51.2	38.1
December	49.7	49.4	47.7	35.8
1980				
January	52.6	50.6	40.4	32.0
February	53.2	46.8	33.4	32.6
March	49.4	38.7	30.8	31.7
April	34.6	30.8	24.7	32.3
May	32.8	27.0	26.2	31.4
June	31.4	25.9	28.2	31.4
July	36.9	35.5	35.2	31.4
August	64.8	54.9	45.1	32.6
September	64.0	71.2	61.0	34.9
October	61.3	69.8	73.5	43.6
November	63.4	64.8	72.7	55.8
December	56.7	64.0	65.4	70.3
1981				
January	59.6	61.0	68.6	78.8
February	55.8	61.3	68.6	75.6
March	52.3	64.2	67.2	73.3
April	69.8	68.9	70.3	64.2
May	62.5	66.9	67.7	54.1
June	51.5	68.6	71.8	45.1
July	67.2	60.2	52.9	37.8
August	49.7	66.6	38.7	34.6p
September	59.3	39.2	35.8	35.8p
October	30.2	33.1	26.7	
November	27.9	23.8	27.6p	
December	29.9	23.0	23.8p	
1982				
January	30.5	26.5p		
February	48.3p	29.9p		
March	31.4p			
April				
May				
June				
July				
August				
September				
October				
November				
December				

[1] Number of employees, seasonally adjusted, on payrolls of 172 private nonagricultural industries.
p = preliminary.

NOTE: Figures are the percent of industries with employment rising. (Half of the unchanged components are counted as rising.)

Representative MITCHELL. Thank you very much, Commissioner Norwood.

Let me say before I raise any questions that I'm not at all shocked by the drastic increase in black unemployment. I think you've got two things working here: the general sickness of the American economy as of this time, and the antiaffirmative action stance or posture that has been assumed by this administration, which as has been articulated by the Attorney General and many of the other persons closely associated with the Reagan administration.

So I think you've got another factor working in addition to just the economic factors. It depends upon which member of the administration speaks whether or not the picture is completely rosy, partly rosy, or prospectively rosy. I'm always bewildered when I hear the spokespersons for the administration saying, "We're just about to turn the corner. We will bottom out next month. There will be a turnaround. Hold on a little longer. Have faith in us and our program. We'll be all right."

Can you tell me from the March unemployment figures—and these are really unadorned figures, no problems with bad weather or other kinds of forces. Can you tell me from these figures whether or not, in your opinion, the recession has bottomed out?

Ms. NORWOOD. I can't tell you whether the recession has bottomed out from these figures. I can tell you that the employment situation has deteriorated and that there are many, many worrying factors about the latest figures.

Unemployment, as I am sure you know, Congressman, tends to continue upward whether the recession is bottoming out or turning, and one needs to look at a lot of other data to determine that.

Representative MITCHELL. All right. In light of the fact that there's been a decline in the index of leading indicators, the depressing level of auto sales, plans for new cutbacks in auto production, rising numbers of new unemployment claims and so on, add infinitum—based upon those developments and your figures, can you suggest how high the unemployment rate might go?

Ms. NORWOOD. No. I'm very happy that I don't have to forecast. It's a rather dangerous kind of thing to do. If one looks at past recessions, even going back to 1954, there was approximately a 2- to 3-month lag in the unemployment rate, even when the recession ended and the recovery occurred. So one can expect that the unemployment rate, if it behaves as it has in the past, might continue upward.

Representative MITCHELL. You don't like to forecast. I have no objection to doing it. I did it in this chamber in one of these meetings some several months ago, and I remember there were titters and gaffaws and loud protects when I said that before this trend that the administration has launched us on, before it ends, we'll see 10 million people out of work. That was my forecasting as of that time.

I will now indicate to you that I expect that we will see the unemployment rate go even higher in the next few months, and I think it's going to be a long time before we see any turnaround in the economy.

Senator Sarbanes.

Senator SARBANES. Thank you, Congressman Mitchell.

Ms. Norwood, after hearing your statement I am even more deeply distressed than I was upon hearing the 9-percent figure be-

cause as I read your statement, not only do we have a situation in which the 9-percent unemployment rate reported to us this morning is as high as it has been at any time since 1941, but other aspects of the unemployment situation separate and apart from the figure are also apparently at their alltime worst.

Let me ask these questions. As I understand it, the number of people who have stopped seeking work, who have dropped out of the labor force and therefore aren't counted in the unemployment figure but obviously have done so because of the discouraging economic climate is at an alltime high. Is that correct?

Ms. NORWOOD. Yes, sir.

Senator SARBANES. And that's 1.3 million people?

Ms. NORWOOD. Yes.

Senator SARBANES. The 9-percent unemployment figure represents how many people seeking work and unable to find it—9.9 million; is that correct?

Ms. NORWOOD. Yes, on a seasonally adjusted basis, about 9.9 million.

Senator SARBANES. The 1.3 million of discouraged workers is in addition to that; is that correct?

Ms. NORWOOD. They are not counted in the 9.9.

Senator SARBANES. Second, as I understand it, for those working—those fortunate enough still to have jobs—their weekly working hours have dropped, dropped sharply; is that correct?

Ms. NORWOOD. Yes, sir.

Senator SARBANES. What is the average work week in hours now?

Ms. NORWOOD. The average for the total private economy is 34.8 and that's down two-tenths of an hour from last month.

Senator SARBANES. What was that figure last July? The overall unemployment rate last July was 7.2 percent, in July 1981. Today, it's 9 percent. What was the average work week in hours for those who had jobs then?

Ms. NORWOOD. We'll find out in a moment. I don't have it in my head; 35.3 hours.

Senator SARBANES. So in addition to more and more people being thrown out of work, those that are working are working less and less. Would that be correct?

Ms. NORWOOD. In general, yes. Of course, the people who are working part time for economic reasons would have an effect on that, and they are at a record high.

Senator SARBANES. The number of part-time workers is at a record high?

Ms. NORWOOD. The number of people who are working part time but who want to work full time, that is, they're working part time for economic reasons.

Senator SARBANES. So the number of workers so discouraged that they're not looking for work is at an alltime high; the number of workers working part time for economic reasons but who would like to work full time is at an alltime high; and the number of workers out of a job is as high as it has been since 1941. Is that correct?

Ms. NORWOOD. Yes.

Senator SARBANES. Now on the diffusion index, would you explain that a little bit? I notice, in effect, that it reflects the widespread nature of the unemployment. I wonder if you could elaborate on that.

Ms. NORWOOD. The diffusion index indicates the proportion of industries in which employment increased. The index counts half of the industries whose employment was unchanged as increasing. There is no weighting by size of establishments. The index is quite useful in looking at business cycle developments. It includes 172 industries, most of which are manufacturing.

Senator SARBANES. And would you say that the turndown in the economy has had as broad and pervasive an impact across the board as in any recession that we've experienced in the postwar period?

Ms. NORWOOD. It is very broad and pervasive. I don't have the data here, for example, on the diffusion index going back to 1974-75. I have it through 1979 and the index certainly is lower than it has been at any time since then.

Senator SARBANES. Do you have the unemployment rate by region or by State?

Ms. NORWOOD. I have the unemployment rates for the 10 largest States which were released with the release this morning. For other States, as you know, there is a month's lag.

Senator SARBANES. Is that in the release?

Ms. NORWOOD. Yes; it's in the release. It's table A-12.

Senator SARBANES. I see. So the pertinent figure is the last column, seasonally adjusted? Is that the State figure that relates to the 9-percent national figure?

Ms. NORWOOD. Yes. The State rates, of course, as you know, have a somewhat larger variance associated with them.

Senator SARBANES. So, in other words, Michigan 16.1 percent; Ohio, 11.8; Pennsylvania, 10.1; Illinois, 9.8; California, 9.4; those are the pertinent figures?

Ms. NORWOOD. Yes.

Senator SARBANES. And in all of those States their unemployment rate exceeds the national figure. So in 5 of our 10 largest States, the unemployment rate in those States exceeds, in some instances, by very significant margins, the national unemployment rate?

Ms. NORWOOD. Generally so, yes.

Senator SARBANES. Are there any tables that we ought to refer to that indicate what we might expect in subsequent months, any tables you tend to look to as indicating where we might be going?

Ms. NORWOOD. No. We, as you know, Senator Sarbanes, tend to be retrospective in our analyses. There are a number of factors that one needs to look at. For example, the increase in the labor force has been relatively small. That is normal during a recession. Nevertheless, there has been quite a slowdown in the number of women entering the labor force. If that should pick up, we can expect some changes in the unemployment rates. And many of the things that you've already pointed out are also important.

Senator SARBANES. I have one other question, Ms. Norwood. I continue to be worried about your own budget and your ability to do your own job. I must say I'm very deeply concerned at any effort

to cut off indirectly the head of the messenger who brings the bad news. You're a professional and your organization is professional. You reflect that in your testimony here, which sticks very much to the facts, despite the questions that may come from the panel; I don't want to see us move into a situation where the basic data that we need to think hard about these problems and formulate a reasonable public policy is lost to us, so that we then try to make public policy off of anecdote and illusion.

I'd like to ask about the status of the budget situation of the Bureau of Labor Statistics?

Ms. NORWOOD. Well, the Bureau of Labor Statistics, as you know, Senator Sarbanes, is a part of the Department of Labor, and the Department of Labor is one of those agencies that does not have a budget passed by the Congress. We are operating, therefore, under a continuing resolution which was extended this week.

Unfortunately, from my point of view, that continuing resolution was extended at a level, which includes, in addition to a 12-percent program cut, an additional 4-percent cut which had been agreed to in December. The administration has proposed a program supplemental appropriation of $5.23 million for the Bureau of Labor Statistics, which is presently before the Congress.

We had hoped that the supplemental request would be acted on before this recess. We now hope very strongly that it will be acted on as soon as the recess is over. We are in the process now, after already having put into place a 12-percent cut in our budget and reduced or eliminated some 19 programs, of trying to look at how we would meet the budget restrictions, if we don't get the supplemental, by taking furloughs. And I would hope that I could arrange that so I could still be here and not on furlough on the first Friday of the month.

Senator SARBANES. Well, for those concerned with obtaining information, which includes not just the Members of the Congress but others present here today, it seems to me that we ought to be sensitive to what may be taking place; and that is, that the messenger is going to be starved to the point where the messenger won't be able to bring the message.

Congressman Mitchell, I want to just close by noting that the Secretary of Treasury in July 1981 said, "All I know is that our economy is slowing down, but it will turn up again with its automatic built-in effects by the end of the year." That was July 12, 1981. On November 1, 1981, the Secretary of the Treasury said, "The recession will probably now be more prolonged, still not a deep recession, still on the shallow side, but definitely we'll be pulling out of it sometime in the spring of 1982."

And, as I said in my opening statement, it was reported on the radio this morning that he now says that while he expected the figure to go to 9 percent, he certainly did not expect it to reach 10 percent.

That's cold comfort for the American people and I think that the President and the administration need to shift course. It's no compliment, as Herb Stein said at one point, for the captain of a ship leaving New York Harbor with a destination of Miami who turns the ship northward and sails in a northward direction to stick to course. That's only going to bring disaster.

Representative MITCHELL. Senator Kennedy.

Senator KENNEDY. Thank you, Congressman.

In your statement, Commissioner Norwood, you talk about the industries of steel, automobiles, textiles, and leather had fewer jobs in March than at the bottom of the recession in 1975. Where do you put housing and building of homes?

Ms. NORWOOD. Well, that's pretty low too, but I was looking at employment and——

Senator KENNEDY. Well, what about the employment in the housing area?

Ms. NORWOOD. I don't know about housing iself, but the overall construction industry is perhaps 700,000 above the trough of 1975 and 400,000 below the peak reached in early 1980. It's a very small industry, as you know.

Senator KENNEDY. Well, there are still millions of Americans involved in it and although I think any of us who travel the country see that there's a fair amount of construction going on in the major urban areas, there's a virtual standstill in terms of homebuilding.

Ms. NORWOOD. Yes.

Senator KENNEDY. All the statistics indicate that a number of people in small communities and towns that are involved in the construction industry, in the building of homes, have joined the unemployment lines as well.

If you take those major industries—the steel, automobile, textile, leather, and other industries—they are the basic backbone of an industrial society. I just don't see how this country can meet its responsibilities as an industrial society when you see the backbone of it—steel and automobiles and these other industries—experiencing dramatic and significant increases in workers who are unemployed.

What I would be interested in trying to probe, as my colleagues have, is what indicators do you have that would presently show that there will be some turnaround in either those industries that are mentioned there or in other industries which are included in your report?

Ms. NORWOOD. I don't think that there is anything that we can look at that will tell us clearly. A lot of people look at leading indicators. I find that those data are frequently revised month after month and so it's rather difficult to read very much into them.

I do think, as you have pointed out, that there is a real structural problem in some of these very major industries. They have, of course, gone down, a great deal in this recession, but they also did not recover as much as we had hoped after the 1974-75 recession. And so this has been going on for some time and it's just gotten much, much worse.

Senator KENNEDY. Well, from looking at the various factors that you could look at, is there anything from the material which you examine that would indicate that there's going to be anything but a further deterioration in those particular industries and, if so, what?

Ms. NORWOOD. I have no knowledge of anything which would suggest what will happen one way or the other about the future. I think the situation in March is a pervasive deterioration. That doesn't say anything much about April.

Senator KENNEDY. Well, although you're not able to predict or project, you have indicated from your response that the pervasive indicators show a deterioration. I'm just asking you whether the indicators that you have now show a continued deterioration or whether you have other indicators that show that the deterioration will not continue?

Ms. NORWOOD. The real problem, Senator Kennedy, is that the employment situation data are the first data that are released each month. We only have data for things like industrial production, retail sales, durable orders, and so on for February. The February data were all up in those series, but they were up because they were a rebound from the very bad weather in January and, therefore, I believe, should not be read as suggesting that there has been a great deal of improvement in February.

I think that if they show some substantial decline in March—and they are not out yet so I don't know—that that would be a very worrying sign.

Senator KENNEDY. Those are the ones that we should watch for. Well, there's been this past week a number of awards that were given—Oscar Awards. Perhaps there should have been one for creating the highest interest rates, highest deficits, highest unemployment, and equal opportunity for men and women to be out of work.

Thank you, Congressman Mitchell.

Representative MITCHELL. Thank you, Senator.

My colleagues and Commissioner Norwood, one of the heroes in my life was a little known attorney named Mr. Welch and I was thinking about him as we went through this hearing this morning.

You recall that during the days of Joe McCarthy, who is unlamented in my mind, finally there came a confrontation with this little known attorney—at least little known in halls of government—Welch, and the attorney finally was goaded into saying, "At long last, have you no sense of decency left?"

And I'm afraid that I, as one member of this panel, and the 10 million people who are unemployed because of the Reagan policies, are being goaded into asking of the administration, "At long last, can't you show some sense of compassion for those of us whose lives you're beginning to wreck?"

Thank you for being here.

Senator Sarbanes.

Senator SARBANES. Congressman Mitchell, I'd like to take just another minute or two of Ms. Norwood's time because I want to underscore again what I tried to develop in my previous questioning, and that is how deep and pervasive the unemployment which has taken place is and how deep and pervasive it is beyond the 9-percent figure which in and of itself is at an alltime high in 40 years.

I was just looking, Ms. Norwood, at your table on veterans. I think that's A-10. If I understand the table correctly, the unemployment rate among veterans in March 1982 in the ages of 25 to 29, 30 to 34, 35 to 39, exceeds by significant margins—in one instance, 17 percent as against 10.5 percent—the unemployment rate among nonveterans.

Ms. NORWOOD. Yes.

Senator SARBANES. So that another group that is being very severely impacted are the Vietnam-era veterans which many of us

have been particularly concerned about in terms of their employment opportunities.

Second, as I understand it, the increase in the unemployment over the month is entirely among those people who have lost their jobs; in other words, people who had a job and lost it.

Ms. NORWOOD. That's correct.

Senator SARBANES. And finally, there's been an increase in the proportion of workers who now have been without jobs for extended periods, as I understand it, 3 months or longer.

Ms. NORWOOD. Yes.

Senator SARBANES. Well, I just reemphasize how severe this situation is and how these extra dimensions—discouraged workers, particular segments of the labor force at alltime highs in their unemployment rate, people who have lost their jobs, an alltime record in people engaged in part-time work for economic reasons who would like to be working full time but are working part time, a drop in the average weekly working hours of those who have jobs, a diffusion of the unemployment throughout the economy in such a way that less than a third of the industries included in the diffusion index have registered employment increases, the fact that 5 of our 10 largest States have unemployment rates above the national level.

Thank you for your testimony.

Ms. NORWOOD. You're very welcome.

Representative MITCHELL. Commissioner Norwood, we thank you and your colleagues for being with us this morning. We deeply appreciate it.

Ms. NORWOOD. Thank you very much, sir.

Representative MITCHELL. Out next witness is Mr. Fletcher Byrom, who is the chairman of the Committee for Economic Development. We are delighted that you can take time to come here. We know how difficult it is to take what amounts to a full day away from business and we are most appreciative that you could be here with us.

We have a copy of your prepared statement and we are fully prepared to receive your testimony as of this time.

STATEMENT OF FLETCHER L. BYROM, CHAIRMAN, COMMITTEE FOR ECONOMIC DEVELOPMENT, ACCOMPANIED BY FRANK W. SCHIFF, VICE PRESIDENT AND CHIEF ECONOMIST

Mr. BYROM. Thank you very much, Congressman Mitchell.

It's a great privilege to be once again before this committee.

As you know, the CED is 40 years old this year and I think almost every year we have had the privilege of discussing the state of the economy before this committee.

Since you have received my prepared statement, I would like, if I may, with your permission, to put that in the record and rather than repeat it, I would like to just quickly summarize it and then respond to any questions that you may have.

Representative MITCHELL. Without objection, your entire prepared statement will be included in the record.

Mr. BYROM. Thank you very much sir.

Our economy, interestingly enough, I think today has an exceptional opportunity to embark on a very sustained period of economic growth. This is fundamentally the heritage of the seventies which was basically, now as we look back in history, a period of liquidation of the capital base of this country and also of the public infrastructure of the country, and to me, our situation is a little bit like a seething volcano with demand that is just so great that if we could eliminate the obstructions to the introduction of the opportunities to exploit that potential we could in fact have a very, very strong economy for much of the eighties at least.

Unfortunately, at this point, the progress in these directions is being seriously impeded by the high level of interest rates and that, in my opinion and that of the CED associates, is significantly related to the enormous prospective budget deficits that we face.

What's happening is that high interest rates and the economic slack that you have just been discussing are swamping the favorable potential effects on investment which were introduced by the recent policy changes, particularly including the major capital recovery allowances that were made last year. If you'd like later, I could give you an example based on a model of an economic projection of one of our projects to give you an example of how these interest rates impact on it.

I think there's a growing appreciation that without further major action the budget deficit is not only going to rise well above the $100 billion mark in 1983, but is going to continue to increase from that point forward. This just cannot be allowed to happen. We need, I think, early and convincing action to reduce the magnitude and change the direction of those deficits to levels that are consistent with lower interest rates and sound economic recovery.

What I'd particularly want to stress here is the importance of reducing the deficit in a way that is consistent with key, long-term goals for the economy. Among the most important of these are: first, a progressive year by year reduction in the inflation rate until essential price stability is achieved. Second, achievement of a healthy economic growth and the opportunities for high employment. Third, the redirection of public policies so that a significantly growing share of what I hope will be a growing real GNP will be devoted to investment and savings. And forth—and this is most important and you and I have had discussions before at this committee and I know you will certainly be in sympathy with the fact that I introduce this—and this is that we have to give adequate weight in our policies to the concerns of those disadvantaged members of our society who have the greatest need.

Now let me outline the kind of approach toward reducing the deficit that I believe would adequately balance the various goals I've cited. The total reduction in the projected deficit must be adequate to make a major dent in the existing inflationary expectations and reduce the pressures on interest rates and financial markets sufficiently to allow for a major revival of the capital investment that I'm talking about.

I think it's generally accepted that one of the great needs of this Nation is to improve its competitive posture by recapitalization of its industry and by rebuilding of its infrastructure which has so seriously deteriorated.

Given the magnitude of the required cuts, there is no major segment of the budget that should be excluded from consideration. More specifically, with more intensive scrutiny, significant savings in defense spending should be possible without weakening our basic defense posture, and if you would like I would be willing to discuss this to some degree—I'm not an expert in the field, but I have some understanding of what I believe.

An important part of the budgetary savings should come from slowing down the indexed growth of entitlement programs, including social security. Actually indexing of social security benefits at less than 100 percent for a period of a few years might still be equitable in view of the fact that social security benefits actually exceeded the average wage increases in terms of the indexing effects in past years.

One way to accomplish what I'm talking about—and this I recognize may be somewhat harsh, but I think we have to examine all potentials. One way would be a 1-year to 15-year moratorium on cost-of-living adjustments to all entitlement programs. There are budgetary savings——

Representative MITCHELL. Excuse me. I rarely do this, but did you say 1 to 15 years?

Mr. BYROM. No, no, I'm sorry. One year to 15 months. If I said that, I certainly didn't mean to. One year to 15 months, and I recognize that this could be very harsh. I think it has to be looked at, though, because I think every aspect of the budget has to be examined.

There are probably budgetary savings in other programs that would be possible, but I think—and here I'm sure you'll be in sympathy with this—that care must be taken that essential social safety nets are preserved.

In various programs such as those concerned with longer term investment and productive plant and equipment and very much so in human resources, some budgetary cutbacks could actually be counterproductive in terms of the long-range objectives that we're looking for.

Even with a generous estimate of the savings that can be achieved through the measures that I've recommended on the expenditure side, it's clear, I believe, that a substantial contribution will also have to come from the revenue side if the overall deficit is to be brought down to manageable proportions.

In general, tax increases that fall on consumption, whether it be personal or business, are to be preferred. I believe that at least a significant part of our present problem is because of a consumption bias to our public policy since 1966.

Some of these changes can be brought about by greater reliance on user taxes, but I think serious consideration has to be given to increasing various Federal excise taxes and I'm talking about taxes on alcohol, cigarettes, gasoline, and so forth.

I think that there should be a review of the so-called safe harbor leasing provisions, and I'd like to discuss that a little bit with you if we have time. I happen to believe that the intent of the safe harbor leasing program was very proper and wise. I think that some of the things that have happened under it maybe are not as appropriate, and I think some modification could be possible.

I think that the special oil tax allowances which were fundamentally aimed at independent small producers to give them benefits and take away some of the windfall profits tax impact on them as small producers could be looked at.

Even if the probable yield that could be realized from these kind of revenue measures proved to be substantial, I frankly find it hard to envision that in conjunction with realistically achievable expenditure cuts that there still will be enough to accomplish the decisive reduction in the potential deficit that's needed.

And just to put this in context, I'm thinking that we need to do something on the order of $60 billion for fiscal 1983, something like $100 billion for fiscal 1984, something like $150 billion for fiscal 1985. Here, I'm using the Congressional Budget Office projections of what the deficit will be rather than the administration because, frankly, as an individual, I tend to believe those to be more credible than the ones that the administration has projected at this point.

One way to accomplish this further then might be to eliminate or defer the provision for indexing personal income taxes in fiscal year 1985. I suspect that that should be done. It's interesting to me that the fact that it's there is an admission that we expect inflation to still be a pervasive force in our society. I would hope that it wouldn't have any effect because there wouldn't be any need for indexing, but I don't believe that should be in there.

Now whether that in itself will still be enough to take care of the large reductions I'm talking about, it could be. And I must say that I have some more sympathy possibly with the administration's objectives in this than some people might have. It could be that we must defer a part of or all of the income tax reduction in fiscal 1982 taking place in July—or I'm talking about the 1983 reduction.

The reason I'm not so happy about that is that I honestly believe that we need to do everything we can to be sure that we reduce expenditures as much as possible. I would hope that we would continue to move in the direction where the share of the GNP that is taken in taxes would be reduced and I would hope that we would move toward a number, rather than 24 percent of the GNP being reflected by Government expenditures, that it would move in the direction of 18 percent.

For that reason, it's obvious that I, with some reluctance, suggest that maybe what we have to do is reduce the planned tax reductions.

I think that the advantage of everything we're talking about, if we could accomplish that, would be that we would end up with a fiscal policy that would be sufficiently responsible that monetary policy then could be used to do what it's supposed to do, and that is to provide the money supply necessary to take care of the potential for real growth in the economy without inflationary impact.

One of the difficulties that we're in today is that in the absence of responsible fiscal policy we have been forced to use monetary policy as our sole weapon against inflation. In my opinion, that's asking too much, and I believe that if we could move in the direction reasonably close to the kind of numbers I'm talking about we would end up with a monetary policy that would in fact support the real growth that we need.

If those things happened, I frankly, as I said, feel that our economy is like a seething volcano and I really have great hope for where we could go if we can just get these interest rates down.

If I may, I'd just like to respond to any questions you may have, sir.

[The prepared statement of Mr. Byrom follows:]

Prepared Statement of Fletcher L. Byrom

My name is Fletcher L. Byrom. I am Chairman of the Koppers Company and also of the Committee for Economic Development, an organization which is composed of 200 leading business executives and educators. I appreciate the opportunity to appear before you to discuss key economic policy issues that confront our nation today.

CED was founded just forty years ago, at a time when there were widespread fears that the end of World War II would bring a major economic downturn. The founders of CED were convinced that there was nothing inevitable about this. They believed -- correctly -- that with proper economic policies, both the U.S. and the world economy could experience steady economic growth and high employment, based fundamentally on the productive strengths of the private enterprise system. To achieve this result, however, they argued it was essential that short-run fiscal, monetary and other economic policies be systematically and steadily geared to the nation's broad long-range economic goals. This emphasis has been a central feature of CED's thinking ever since.

There are some definite parallels to that earlier situation today, though I would certainly not want to drive the analogy too far. Our economy currently has an exceptional opportunity to embark on a sustained period of economic growth, based primarily on increased private capital investment and restoration of the U.S. competitive position. In the last several years, a growing national consensus has finally emerged that inflation must be brought under firm control; that

the progressive liquidation of the capital base of our nation's economic system had to be halted; and that greater reliance needs to be placed on competitive market forces. Yet progress in these directions is now being seriously impeded by the high level of interest rates that is significantly related to the enormous prospective budget deficits and by the continuation of economic slack in this high-interest rate environment. These conditions are swamping the potential favorable effects on investment of recent policy changes, including particularly the major improvements in capital recovery allowances instituted last year.

There is now growing appreciation that without major further action, the budget deficit will not only rise well above the hundred billion dollar mark in 1983 but will show successive yearly increases thereafter. This must simply not be allowed to happen -- and both the markets and the public need to receive clear indications soon that it will not happen. It is imperative that early and convincing action be taken to reduce the magnitude and change the direction of these deficits to levels that are consistent with lower interest rates and sound economic recovery. A downward trend in these deficits must be clearly demonstrated and confidence built that such a trend will be sustained.

What I particularly want to stress here, however, is the importance of approaching the task of reducing the deficit in a way that is consistent with key long-term goals for the economy. Let me comment briefly on four of these goals that we regard as centrally important.

First, there is need for a progressive, year-by-year reduction in the inflation rate until essential price stability is achieved. The recent sharp deceleration in the rise of the Consumer Price Index is of course very gratifying. It would be a mistake, however, if we were to declare victory over inflation prematurely. As the chart attached to my testimony shows, the overall inflation rate has dropped significantly in all recent recessions, only to show a more pronounced rise in each recovery phase. There are strong reasons for believing that we are now witnessing more permanent progress toward bringing down the underlying inflation rate. The trend in various recent labor agreements toward more emphasis on labor-management cooperation to achieve greater productivity is particularly encouraging in that connection. But adequate progress toward the goal of reducing inflation cannot be taken for granted and fiscal and monetary policies, in particular, must be conducted on the assumption that inflationary risks remain great.

A second central policy aim is the achievement of healthy economic growth and high employment. Given the continuing inflationary threat, some moderation in the rate of long-term economic growth from what otherwise might have been desirable is probably necessary. But demand restraint must not become so severe that it blocks out necessary incentives for capital formation and productivity growth.[1/]

1/ See CED's 1980 policy statement, Fighting Inflation and Rebuilding a Sound Economy, p.11

Third, public policies need to be redirected so that a significantly greater share of the growing real Gross National Product will be devoted to investment and saving. We need more investment not only in new plant and equipment but also in more rapid technological progress and innovation, in domestic energy production and conservation, in improved skill training and education, and in public infrastructure.

Fourth, for reasons of both equity and humanity, national policy can and should give adequate weight to the concerns of those disadvantaged members of our society who have the greatest need.

Let me now outline the kind of approach toward reducing the deficit that, I believe, would adequately balance the various goals I have cited. While the specifics of this approach are my own, they are largely in line with positions that CED has supported in the past. On the basis of an informal check with other CED trustees, I also believe that they would have wide support within our organization.

1. The total reduction in the projected deficit must be adequate to make a major dent in existing inflationary expectations and reduce pressures on interest rates and financial markets sufficiently to allow for a major revival of capital investment.

2. Given the magnitude of the required cuts, no major segment of the budget should be excluded from consideration. Defense spending should be subjected to the same intensive scrutiny that has been applied to non-defense programs. This should permit significant savings from projected increases, at least by fiscal years 1984 and 1985, without any

weakening in our basic defense posture. Better-honed strategies, plus improved procurement and pre-purchase planning ought to enable us to get more for our money. Such careful scrutiny of defense spending can strengthen our defense posture, because a strong economy is in itself a key ingredient of U.S. overall national security.

3. In the non-defense area, an important part of budgetary savings should come from slowdowns in the indexed growth of entitlement programs, including Social Security, which have been adjusted annually on the basis of the Consumer Price Index or some roughly equivalent index to take account of inflation. It would be neither realistic nor equitable to concentrate the principal burden of budget cuts on a narrower range of social programs, particularly those that were already subjected to heavy cuts last year. Indexed entitlement programs now constitute more than one-third of the total federal budget and an even larger portion of the non-defense budget. Adjustments to take account of inflation for these programs have considerably exceeded the increase in average wages in the past few years.

On grounds of equity, therefore, there is a strong case for linking future increases in Social Security and other entitlement benefits to average wage increases rather than the rise in consumer prices whenever average wage increases are less than the consumer price rise. CED's Research and Policy Committee specifically endorsed such an approach with respect to Social Security in its statement on retirement policy.[1/] However,

1/ See CED policy statement, Reforming Retirement Policies, September 1981, p.9

while this rule would have produced important budgetary savings in the past few years, it cannot be counted on to produce savings in the next few years. Most current forecasts suggest that the rise in average wages will exceed increases in the Consumer Price Index, in line with more normal past patterns.

Hence, a number of other possibilities should be considered if budgetary savings are to be achieved through a slowdown in the indexed growth of entitlement programs. As we indicated in our statement on retirement policy last year, indexing of Social Security benefits at less than 100 percent for a period of several years would be equitable simply to correct in part for past increases in Social Security benefits in excess of average increases in wage rates.

One way to accomplish this purpose would be a one-year or fifteen month moratorium on cost-of-living adjustments for all entitlement programs, starting this July and extending until either July 1983 or the end of the fiscal year in September 1983. According to the Congressional Budget Office, this would yield annual budget savings of $18 billion by FY 1983 and $22 billion by FY 1985. About three-quarters of these savings would come from Social Security. Another option would be to combine such a one-year or fifteen-month moratorium for all entitlement programs with allowing cost-of-living adjustments in subsequent years only for CPI increases in excess of 3 percent. By 1985, this combination (assuming a one-year moratorium) would produce an annual saving of $38 billion. A third option might be to start this July with the practice of basing cost-

of-living adjustments on the rise in the CPI less three percentage points, yielding estimated savings of about $7 billion in FY 1983 and $24 billion in FY 1985.[1/] In connection with all of these options, some exceptions to the rule for less-than-full indexing may be desirable to aid persons in the lowest income categories.

4. Budgetary savings in other programs are undoubtedly possible, in part through greater management efficiency. Care must be taken, however that essential social safety nets are in fact preserved. Moreover, in various programs such as those concerned with longer-term investment in productive plant and equipment and also in human resources, some budgetary cutbacks would actually be counterproductive in terms of the longer-range objectives I have outlined. I consider it particularly important, for example, that adequate funds be allocated for training the hard-to-employ, provided these programs are properly designed. Similarly, while I see a need for tightening up on student loan programs at both the college and graduate levels, I believe that overly drastic cuts in this area would run counter to the national need for more adequate investment in the kind of education and training that our workforce will need to be able to meet the requirements of the coming decades.

5. Even with a generous estimate of the savings that can be achieved through the measures I have recommended on the expenditure side

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1/ Still another option: holding cost-of-living adjustments to 85 percent of the rise in the CPI. Estimated savings: about $3 billion a year in FY 1983 and $9 billion in 1985.

of the budget, it is clear that a substantial contribution will also have to come from the revenue side if the overall deficit is to be brought down to manageable proportions.

6. A number of reasonable increases on the revenue side of the budget should be possible that would not interfere with achieving the long-run goals I have cited. In general, tax increases that fall on consumption, whether it be personal or business, are to be preferred. Some of these increases can be brought about by greater reliance on user taxes, as proposed by the Administration. Also, serious consideration should be given to increasing various federal excise taxes on alcohol, cigarettes, gasoline, and some luxury items, starting in 1983. Nor do I think corporations should go untouched. Review of certain of the tax changes affecting corporations that were enacted last year may be appropriate, specifically including the so-called safe harbor leasing provision and some of the tax allowances on hydrocarbon extraction. At the same time, it is vitally important that needed incentives for investment in new plant and equipment be preserved, including especially provisions for adequate capital recovery allowances. The patent inadequacy of these allowances prior to last year, coupled with inflation and excessive regulatory burdens, was a major factor in the effective decapitalization of a great deal of our capital-intensive industry, particularly steel, non-ferrous metals, railroads, the airlines, and utilities.

I am concerned about the potential adverse effects of the proposed minimum corporate tax on investment incentives. For example, according to a recent article by Emil Sunley, Director of Tax Analysis for Deloitte, Haskins and Sells, about half of the revenue gain through imposition of the minimum tax would derive from limitations on just one tax preference, namely the use of the investment tax credit.[1/] As Sunley goes on to explain,

> Any minimum tax blunts the incentive effects of tax preferences. Congress, by enacting a minimum tax, in effect is saying that if a business engages only a little in activities encouraged by tax subsidies, ...no minimum tax is imposed. But if the business is good at these activities and specializes in them, it will have to pay the minimum tax, putting it at a competitive disadvantage.

7. Even if the probable yield that can be realized from the kind of revenue measures I have cited should prove to be substantial, I find it hard to envisage that it would, in conjunction with realistically achievable expenditure cuts, be substantial enough to produce the decisive reduction in the potential deficit that is needed. Hence, I believe that we must look for additional revenues through deferral of the provision for indexing personal income taxes beginning in FY 1985 and, possibly, elimination or postponement of at least part of the personal income tax cut now scheduled for 1983. The potential added revenues from either or both of these steps, or possible variants that have been proposed, could, of course, be very large.[2/]

1/ See Tax Notes, February 15, 1982.

2/ Shown below are estimated revenue effects of various alternative possibilities for deferral of the indexation of personal income taxes and of the scheduled reductions in these taxes. (Sources: Congressional Budget Office, Reducing the Federal Deficit: Strategies and Options (February 1982) and, for Item (e), Office of Senator Dole.)

Footnote 2, continued

I would consider postponement of tax indexing ahead of any decision to defer the 1983 personal tax reduction. To reach the overall goal for reducing the deficit, however, it may as a last resort also be necessary to defer or stretch out at least part of the scheduled 1983 tax cut.

Footnote 2/ from p.9 continued:

(a) Full deferral or elimination of the scheduled 10 percent personal income tax cut in 1983 and of the tax indexing now scheduled to start in 1985. According to the Congressional Budget Office, these two steps combined would, on an annual basis, cut the prospective deficit by $9 billion in 1983, $37 billion in 1984, $54 billion in 1985, and $76 billion in 1986. On a cumulative basis, the estimated revenue savings would come to $46 billion in 1984, $100 billion by 1985, and $176 billion by 1986.

(b) Deferring tax indexation but retaining the 1983 tax cut. This would yield estimated annual savings of $12 billion in 1985, $30 billion in 1986 and $51 billion in 1987.

(c) Eliminating or deferring the entire 1983 personal income tax cut but retaining tax indexing. Annual savings: $9 billion in 1983, $37 billion in 1984, $40 billion in 1985 and $44 billion in 1986. Cumulative savings by 1985: $86 billion.

(d) Reducing the 1983 tax cut to 5 percent. This would, by itself, produce annual budget savings of $4 billion in 1983, $18 billion in 1984, $20 billion in 1985 and $22 billion in 1986. Cumulative savings by 1985: $42 billion.

(e) "Stretching out" the scheduled 1983 tax cut, so that a 5 percent cut would be scheduled for July 1, 1983 and another 5 percent cut for July 1984. This would save $4 billion in 1983 and $14 billion in 1984, but only $1 billion a year in 1985-87. Cumulative savings by 1985: $19 billion.

(f) Eliminating the scheduled 1983 tax cut but starting tax indexation in that year instead, as proposed by Senator Dole. Assuming 7 percent inflation in 1983, this would by 1985 produce about three-fourths of the accumulated savings generated by reducing the 1983 tax cut to 5 percent.

(g) Making activation of tax indexation beginning in 1985 contingent on specified improvements in the budget situation.

CED strongly favors a longer-run objective of gradually reducing the total share of GNP taken by taxes, in balance with the phased reduction in government spending as a share of GNP. We have also taken the position, however, that the nation must be prepared to finance any necessary increases in defense spending on a noninflationary basis. In this sense, deferment or stretch out of all or part of the 1983 tax cut and of the subsequent income tax indexation ought to be seen as part of the price that has to be paid for the projected sharp step-up in national security outlays.

If agreement on any package of budgetary trimming is to have its desired effect on the financial markets, business and the public, several conditions must be met. The first of these, to be quite blunt, is that the proposed plan must be fully credible. On too many occasions spanning several Administrations and Congresses, budget numbers promulgated by the Executive Branch as well as the Congress have failed to meet that condition. Yet given the amount of supplemental information now available and the number of analysts with sharp pencils in financial houses, business firms, universities and the press who follow these numbers, it now usually takes only a relatively short time before any lack of credibility becomes apparent to everybody. I very much hope, therefore, that any agreed new program for deficit reduction will from the start be one that is generally accepted as "adding up."

There must also be convincing indications that the proposed reductions will, in fact, be carried out. Congress' recent failure to pass a meaningful budget resolution and current talk of a possible

breakdown of the entire budget process are clearly very detrimental in this connection.

I am not one of those who put the blame for all this on the budget process as such. The present procedures represent a major advance over the way things were done prior to the Budget Act of 1974. Without the tools provided by that Act, the various participants in the current budget debate would not be able to discuss detailed budget projections for three or more years ahead, argue about economic assumptions, or come up with prompt estimates of potential budget savings through alternative approaches. Cynics might say this may not be all bad. But the fact is that the new process has given Congress major new tools for making more rational budget decisions. The chief problem lies in facing up to the basic choices now that they are being presented with greater clarity.

I do not think that new legislation is required this year to improve the budget process. But if the business community is to have continuing confidence that agreement on a deficit-reducing package will actually be carried out, it will be highly important that the Congress passes the required legislation expeditiously and adheres to the basic requirements and timetable of the budget procedure. We believe that various other steps should also be taken to make that procedure more effective, such as giving binding force to the first resolution, bringing credit activities under closer control, moving various activities now classified as "off-budget" back into the budget, and subjecting not only the spending side but also the revenue side of the budget to closer

scrutiny, particularly where it involves tax provisions that have the same purpose as particular expenditure programs and should be examined jointly with such programs. The most important immediate need, however, is to reach an agreement on an adequate cutback in the budget deficit that will be widely regarded as realistic.

With a credible program for progressively lowering the deficit in coming years, there is a strong chance that interest rates will be significantly reduced. Such a fiscal policy would provide assurance that monetary policy could be directed at fostering rates of monetary and credit expansion adequate to support noninflationary real growth in the economy.

Cutting deficits and improving the fiscal-monetary mix of course constitutes only part of what is needed to restore healthy noninflationary growth and make our economy more productive as well as competitive. Another part of the answer lies in removing inappropriate disincentives to the effective working of the market mechanism and in positive measures to increase productivity. The sharp slowdown in U.S. productivity growth since 1973 has been profoundly disturbing, particularly when one considers that our rate of productivity growth has lagged significantly behind those recorded by many of our major competitors among the industrial countries. CED is currently working on an in-depth study of how productivity might be improved, as well as on a parallel study that examines a desirable industrial strategy to make this country more competitive and allow it to adapt effectively to the emerging needs of the 1980s.

At the same time, we believe there is need for greatly increased focus on the potentials for more extensive public-private cooperation in a variety of areas. Just a few weeks ago, CED issued a new policy statement on the opportunities which public-private partnership poses for urban communities.[1/] That statement examines in detail what has made for successful public-private cooperation in seven major cities -- Atlanta, Baltimore, Chicago, Dallas, Minneapolis-St. Paul, Pittsburgh, and Portland, Oregon -- and points to the elements of these successes that may be transferable to other communities.

Our earlier 1978 statement Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership similarly pointed to successful instances of public-private cooperation in developing training and job programs for the disadvantaged. While that statement served as a catalyst for increased private sector involvement in these efforts, including the creation of Private Industry Councils, we are by no means satisfied that these efforts are as vigorous or effective as they could be. CED's Program Committee expects shortly to issue a statement which spells out the steps that we believe are needed to achieve more effective and sustained business involvement in this area. Steps to enable smaller businesses to participate effectively in these programs will be an important element of our recommendations since a high proportion of the new entry-level jobs for the disadvantaged opens up in smaller businesses.

1/ See CED policy statement Public-Private Partnerships: An Opportunity for Urban Communities, February 1982.

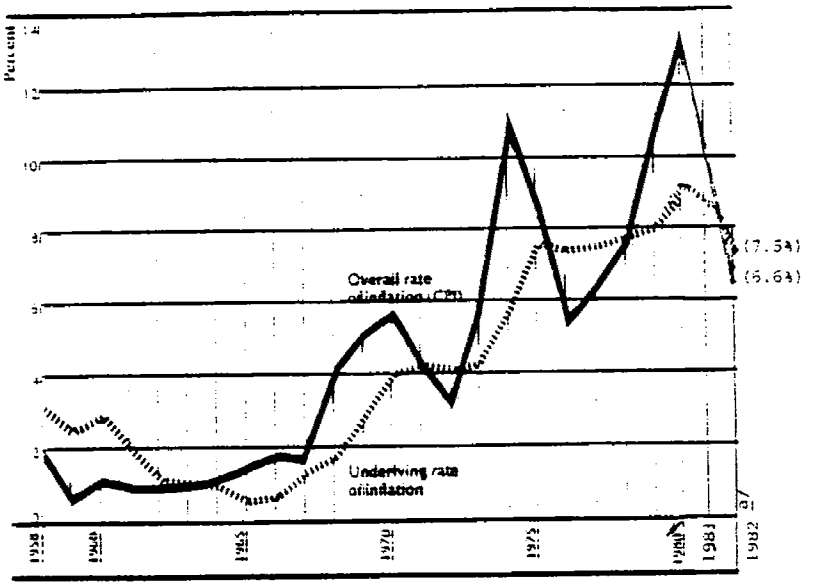
I myself have taken a special interest in another area of needed public-private partnership: namely, ways in which businessmen can help to improve the caliber of our nation's high school graduates. The quality of workers entering the labor force in the next few years will be of major importance for the success of our efforts to revitalize the nation's economy. There is a great deal that business can do, in cooperation with local educational institutions, to assist in developing high school graduates who are not only well-rounded academically but who also have the flexibility and capacity for leadership needed to cope with the challenges of the coming decades.

I want to make it very clear that in emphasizing the potentials for public-private partnership in a variety of fields, we are not suggesting that the private sector can or should be expected to assume full responsibility for meeting needs that will result from current cutbacks in federal domestic programs. What we are saying is that with time and proper preparation, public-private cooperation at the local level can accomplish a great deal more than is generally realized. This can, in time, also help lighten the burden on public sector budgets. We are also saying that success in these efforts does not depend on money alone but requires creative and energetic personal involvement by public and private local leaders to work out mutual problems in a constructive fashion. The President's new Task Force on Private Sector Initiatives which is headed by my good friend, Bill Verity, is working hard on plans for encouraging such involvement.

All of these efforts at public-private cooperation can contribute to a national economic environment that is conducive to steady, non-inflationary growth. But early and convincing action to restore the more viable fiscal-monetary mix needed to achieve that goal should be everyone's first order of priority today.

FIGURE 1

Overall and Underlying Rates of Inflation



Various alternative measures can be used to depict overall and underlying inflation. In this chart, the overall inflation rate is represented by the consumer price index (CPI). Underlying inflation is represented by the "core rate" concept developed by Data Resources, which measures the weighted average of the trend rates of growth in unit labor and capital costs (with weights equal to the estimated shares of these costs in total value added and with adjustments for productivity growth). For a detailed technical description, see Otto Eckstein and Robin Siegel, "More on Core Inflation," *Data Resources U.S. Review* (June 1979), pp.I.19–I.23.

1982
a. [illegible] figures partly estimated by Data Resources.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, and Data Resources, Inc.

Representative MITCHELL. Thank you for your statement. I must say it's rather astounding in certain portions. A reduction in the deficit of the magnitude you suggest is exceedingly difficult for me to even comprehend if we look at the present attitude of the Congress and the present state of the economy. Maybe it's worth a shot. I don't know.

You stated that subjecting the defense budget to the same standards as nondefense expenditures should permit significant savings from projected defense increases—that would be for fiscal years 1984 and 1985—without any weakening of our basic defense posture.

You join with a very fine member of the administration, Mr. David Stockman, who suggested at one point that $20 billion in waste exists in the military budget and could be eliminated without harming our national posture at all.

In your opinion, what magnitude of savings do you think is possible in the defense area? You said you're not an expert and I would receive your reply within that statement.

Mr. BYROM. Well, I base this, very frankly, on an experience—and the last thing we need is a character coming before you who says, "Now back in World War II"—but I was with the Naval Ordnance Laboratory during the Second World War, and at the end of the war, Ollie Burke, a name you well know, asked me to stay on as chairman of a task force to try to determine what the research and development policy for the Navy Department should be in naval weapons. And we looked at the situation where, as is common, the desires and the needs as expressed contemplated that we should maintain our arsenal in the most modern posture that it could be at all times. And, at the same time, as you'll recall, we were just then moving out of subsonic status; we had just fissioned the atom; we were starting to look at rocketry and that sort of thing, and the problem was how do you also be prepared for whatever you're going to need 10 years out.

Frankly, our task force looked at it and decided that at that point in time the economy of the United States couldn't afford to be currently up to date in every respect and also be spending the money that was needed to be prepared 10 years hence.

And we recommended that we take the modification that we were working on for the particular marked weapons that we had and complete that and put that into production and put that into inventory, and recognize that if we had to go to war within a 10-year period we would be going to war with those weapons.

I think one of the things that we aren't doing, as I read the papers—and I have to say that that's my sole source of knowledge on this—is that we're not willing to recognize that the fundamental strength of the economy in the United States is a first priority in order to have any kind of a defense posture. You cannot be prepared to defend yourself if your industry has been allowed to go to pot.

So that even though we would like to fulfill all the needs that we foresee, we may not be able to do everything we want all at the same time and we may have to make choices. And I'm sure that every expressed need of every part of the services is a legitimate, logical statement of their perceptions of the needs, but somewhere

or other we have to prioritize those requirements and we have to say we can afford so much and we're going to do the best we can with this kind of money. Anything more than that is going to shatter the nature of our economy. That's what I had in mind.

Representative MITCHELL. Would this approach possibly yield the $20 billion that Mr. Stockman alluded to?

Mr. BYROM. I would certainly hope so. I had a number slightly higher in mind.

Representative MITCHELL. What number did you have in mind?

Mr. BYROM. Well, I was hoping that it would be something in the order of $25 or $30 billion for fiscal 1983, which is now—you know, you have to get at it pretty fast. That may not be possible.

Representative MITCHELL. Of course, we could achieve enormous savings in the military if we would prevent the cost overruns. I understand right now that the Fedeal Bureau of Investigation is looking at one branch of our service where cost overruns have been estimated up to 80 percent.

Mr. BYROM. Well, Congressman, I'm an engineer, and one of the problems on anything of this sort—and it's tough to do—is that you have to freeze the design. It doesn't matter whether I'm building a blast furnace for somebody or a coke oven or somebody is trying to build some new piece of weaponry. Unless you freeze the design at some point, you can be certain the cost overruns will continue. And the difficulty with scientists and engineers is that they always want to be sure that they are completely up to date with where they are, and I don't blame them. This is what they're hired to do.

On the other hand, somebody has to say, gentlemen or ladies, we're going to freeze it here.

Representative MITCHELL. A number of committees of the Congress and individual Congresspersons are wrestling with this problem of indexing. I'm not at all sure that any clear discernible trend has emerged, but let me try to look at the other side of the coin in terms of one of your recommendations on indexing.

While social security clearly benefits families in all income brackets—there's no question about that—most of the elderly poor receive social security payments which really is the main reason why poverty is less prevalent among the aged as compared with the nonaged households. Counting in the transfer payments, however, the incomes of large numbers of elderly households still remains very, very close to the poverty line?

In your prepared statement you recommend a limit or some sort of limit on the extent of indexing in entitlement programs, particularly social security. When you made that statement, when you prepared your background to make that statement, did you think about any estimate of how much more poverty could be created if we took that indexing approach.

Mr. BYROM. Yes. Maybe I didn't say it in my oral statement—I mean to—that there need to be, I would believe, some exceptions to this indexing program for those who are most disadvantaged and at the closest level of poverty.

In connection with all these options, some exception to the rule for less than full indexing may be desirable to aid persons in the lowest income categories. I just think it is a probability that you will have to do that.

Representative MITCHELL. You and I are together, beyond any reasonable doubt, on the issue of putting into effect and really implementing some programs for the socially and economically disadvantaged in our country, particularly job training programs. We've got a whole new manpower demand out there, much of which is not being met because we don't have trained people.

I'd like to ask you a couple questions in this area. In your prepared statement, you stress the need for effective and adequately funded education and training programs for the hard-to-employ. There are a number of suggestions now being moved around on Capitol Hill and in the White House, a number of pending proposals for revamping the CETA program to fit this sort of description.

Do you have some specific approaches in mind for this?

Mr. BYROM. Well, as I'm sure you will recall, the CED actually in a 1978 statement called "Jobs for the Hard-to-Employ" recommended an increase in public-private partnerships, and we like to believe at least that that particular statement had something to do with the establishment of the so-called PIC's in the CETA program.

I come from a background of at least regional experience with the NAB and with job training programs and so forth, and I've always been convinced that you need something where, in effect, you're training for a job that you know is there. There's nothing worse than to train somebody and give them the aspiration for employment and then not have a job out there.

I do not believe, in my opinion, that the PIC's are working very well in a number of places. There are a lot of places where they aren't working as well as they should.

Representative MITCHELL. What about in our city?

Mr. BYROM. Here in Washington?

Representative MITCHELL. No, I'm talking about Baltimore.

Mr. BYROM. In Baltimore, I don't know if it is working very well. I think of New York. Some parts of New York are doing quite well. St. Louis, Boston—and I'm not an expert on this. I sort of have an overview of it and I can't honestly tell you how well Baltimore is doing.

Representative MITCHELL. Then would you be in a position to advise me as to what are the key ingredients that make this a successful venture where it is a successful venture?

Mr. BYROM. I think I know a little bit about it. For example, there is an interesting program in—I think it's in Bedford Stuyvesant, but at least it's a disadvantaged area of New York, where they're training diamond cutters. In St. Louis, a fellow by the name of Lou Brock, the baseball player, has a program to train installers for cable television which is something where in an 8-week program somebody who fundamentally has very few in the way of employable skills can be trained to be a perfectly good cable television installer, and that, as you know, is a burgeoning industry, despite the state of the economy, and there are installers needed.

My feeling, to make a successful PIC, to be honest with you, is that the leaders of the community have to decide that they want to make it work.

Representative MITCHELL. The business community?

Mr. BYROM. Well, yes, the business community has the major responsibility to make it work, but I'm not trying to say that other

segments of the local society shouldn't be a part of the policymaking. I'm not trying to say this is business' responsibility. But unless the leaders in business decide that this is something they want to make go, it isn't going to go. And I've said that in our CED meetings and, as a matter of interest, we've just come out recently with a statement called "Public-Private Partnerships in the Revitalization of Cities," and we are having forums all around the country and we're doing all we can to let people understand that locally they can do something about their situation.

Representative MITCHELL. I just have two more questions. You're right, there's got to be a partnership and there's got to be a commitment on the part of the business sector, but there's got to be a commitment of some duration.

Mr. BYROM. Absolutely.

Representative MITCHELL. I think when the National Alliance for Business [NAB] was formed, it came out of a very tumultuous situation that the Nation was confronting, and beyond any shadow of doubt the initial efforts on the part of NAB's worked. It got jobs for people. But then just as soon as the tension in our cities subsided, I've seen really the withdrawal of the business community from this particular effort.

We're dealing with a problem that has been in effect for far too long, for far too many decades, and I would just suggest that as CED pursues its selling of this idea that you've got to sell along with it the idea of a commitment period of almost a decade.

Mr. BYROM. Oh, sure.

Representative MITCHELL. It's not a one-shot thing, a 1- or 2-year thing.

Mr. BYROM. Congressman, I forgot to introduce Frank Schiff, my associate who's vice president and chief economist for the CED, and he just mentioned to me that we're about to come out with a program statement in this area, if he might comment.

Representative MITCHELL. Yes, if you will, please.

Mr. SCHIFF. Well, I think, as a matter of fact, one of the other trustees of CED, Mr. Lindsay, has testified in this area to point out some of the key elements that we think ought to be involved in a new program. One of the most important things is not only—obviously, the business leaders have to be ready to lead in their local communities, but the overall setup, the overall arrangement has to be one that gives them a chance to really do something, to have an important voice.

One of the reasons many of those private industry councils in the past have not worked well enough is because they have been too restricted. They have not really had independence and independent staffs and so on.

Representative MITCHELL. Too restricted by whom?

Mr. SCHIFF. Well, I think by the local government units, councils. The arrangement has not always been one in which there was enough of an opportunity to do a really independent job working in this area, and there are other ideas in terms of relation to the education system, in terms of a series of other arrangements, better performance standards and other standards that I think we will suggest.

Mr. BYROM. Let me address myself just for a minute—in Pittsburgh, for example—and I'm not in any way criticizing anybody—but, as you know, we have a very complex political system. We have 139 separate political entities in Greater Pittsburgh and we have a set of county commissioners and we have a mayor and we have a city council. And you get into a question such as we're talking about here—and this is a very political question in addition to being a very significant humane problem.

I was talking to Congressman Coyne about this recently and we agreed that there's a lot we can do to just get better understanding between the various sectors of our society in the community, such as Baltimore or Pittsburgh, where we first understand that basically we're all in agreement as to what we're trying to do, and then try to figure out how to remove the differences we may have as to how we implement our objectives.

Too often in our society I find we start off enunciating the disagreements we have and we never get around to finding out that we're all trying to accomplish the same thing.

Representative MITCHELL. Yes, I agree with you, but there's just one other factor that you've got to take into account and that is—and I'll say with reference to the minority community, I think in most cities there's a kind of skepticism. You know, you've come out time and time again saying we're going to do this. I know of one businessmen's group that said in one city we're going to put up housing. They never did do it. There was a commitment on NAB's part. That dwindled away. Now there's really a kind of skepticism that has to be overcome and I'm not quite sure—you're in a catch-22 situation. You've got to produce something first before you overcome the doubt and skepticism and you can't produce without winning the confidence of large segments of the community.

Mr. BYROM. May I just take 2 or 3 minutes to express an experience I had?

Representative MITCHELL. Sure.

Mr. BYROM. Back in the early 1960's, in fact 1960, I chaired in Pittsburgh a sort of—we called it an ad hoc committee. It was made up of a few white businessmen and some leading people in the black community at that time, and we agreed that we really had to sit down and start to understand the perspectives that each of us held about various things.

At any rate, because of that experience, I remember very vividly that in 1960 you could stand outside the headquarters of any major corporation in the United States at quitting time and there wouldn't be a black face come out of the building. And I can remember that you could go to a major department store in Pittsburgh and see neither black sales people nor black customers.

Bod Halbern in his book, "Business Civilization and Decline," points out that one of the tragedies is that the psychic gains between generations are not cumulative, and what were my aspirations have become my children's entitlements, and there's no history to show how much progress has been made.

The fact is that you know and I know that there has been fantastic progress from a nothing situation in the early 1960's to where we are today, but if you are a black, undereducated teenager today,

with no hope of employment, what I've just said doesn't mean a thing to you; and I understand exactly what you're saying.

Representative MITCHELL. Because the illustrations that you cite were not the direct result of the sole and exclusive efforts of the business community.

Mr. BYROM. No.

Representative MITCHELL. What I was pointing to was in the past there have been sole and exclusive commitments made by the business community and they simply have either, No. 1, never materialized or, No. 2, after the initial commitment the interest dwindled. I wish you well. I think we need this kind of partnership.

I must say in all candor, despite my good relationship with you, I'm not quite as sanguine as you are.

Mr. BYROM. Let me say that I'm not sanguine. I understand the charge you're giving me and I think the CED understands this, and I think that these kinds of questions have to be the responsibility of all of us and we don't have a lot of time to deal with them. We've got to get going on them.

But we're doing some things in Pittsburgh, for example, with what we call a partnership program with the public schools, where some 14 schools have been, in effect, adopted by businesses in town, and we've really done, I think, some very exciting things. The Robert Wood Johnson Foundation is underwriting a program, on a matching gift basis, to give support to some 10 different experiments where coalitions of labor, business, government, the health delivery system, and so forth, will work together to provide increasing quality of delivery of health care at costs which are not running wild the way they are now.

I think that I happen—and I guess here is where you and I might come to some disagreement. My feeling is that the past decade or two has tended to give some of us an opportunity to cop out on our obligations as human beings. We have tended to assume that the Government would take care of responsibilities that were fundamentally ours as individuals, and I happen to have a belief that John Donne was right when he said, "Don't say for whom the bell tolls; it tolls for thee," and I didn't pick my parents; I didn't pick my country; I didn't pick my race. I didn't pick the time in civilization that I'm living, and I think that those gifts, if you will, impose on me an obligation to have a sensitivity toward the problems of my fellow man and we've got to do something about it. And what we need to do is get more and more people to understand that each of us as individuals has a responsibility toward the well-being of our fellow man.

Representative MITCHELL. I just wish that you represented the entire business community in that line of thinking, but keep selling it. You're a fascinating witness and you've given us a great deal of information. I really have a lot more questions to ask you, but that's not fair. I do want to submit some questions to you for response. I'll just write you.

Mr. BYROM. Fine, I'd be happy to come down and talk with you any time you would like.

Representative MITCHELL. Thank you very, very much for taking the time to be here.

Mr. BYROM. Thank you, Congressman.

EMPLOYMENT-UNEMPLOYMENT

FRIDAY, MAY 7, 1982

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

The committee met, pursuant to notice, at 9:35 a.m., in room 2128, Rayburn House Office Building, Hon. Henry S. Reuss (chairman of the committee) presiding.

Present: Representative Reuss and Senator Kennedy.

Also present: James K. Galbraith, executive director; Louis C. Krauthoff II, assistant director; and Mary E. Eccles and Mark R. Policinski, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE REUSS, CHAIRMAN

Representative REUSS. Good morning. The Joint Economic Committee will be in order.

The April figures on unemployment are in and they're terrible. Today's 9.4-percent unemployment rate is the highest at any time since the Great Depression, 10,300,000 men and women are out of work, millions more are the victims of part-time unemployment, and with the jobless rate of 9.4 percent that means that almost 1 out of 3 members of the labor force is going to find himself or herself out of a job some time this year.

All of this thanks to the economic policies of President Reagan and his branch office over at the Federal Reserve.

The President's answer to the unemployed was his budget compromise of yesterday in which I think compromise to the jobless seems to be of further cuts in training, further cuts in job programs, further cuts in aid to the children, further cuts to education and nutrition, and, instead, a program of school prayers presumably prepared by the Reverend Falwell.

It's time somebody said it. Mr. Reagan's policies aren't just mistaken; they're wicked. Congress will have to step into the gap here. With Congressman Udall, Congressman Miller, and others, we've introduced a program to bring interest rates and deficits down to levels that can sustain a recovery. Congress will have to force the administration's hand by attaching a rider containing additional revenue-raising measures to the bill extending the debt ceiling which the President in the nature of things has to sign. Then, in fashioning the first budget resolution, the Congress must issue a directive to the Federal Reserve to refrain from frustrating recovery by further tightening monetary policy.

These are set forth in the program presented by us yesterday and are available at the press table. And, without objection, I will provide a copy for the record.

[The information referred to follows:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 5, 1982.

Hon. JAMES JONES,
Chairman, Committee on the Budget.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
U.S. House of Representatives, Washington, D.C.

DEAR JIM AND DANNY: With the economy in such bad shape and the President unwilling to make any concessions on taxes or military spending, the Committees on the Budget and on Ways and Means must now assume responsibility for forging an acceptable budget and tax program.

The elements of such a program are widely recognized. We must have a budget which lowers the deficit dramatically from this day forward, until there is a reasonable prospect of budget balance in a few years. We must protect vital social programs, including Social Security. We must allow for an increase in our military forces. And we must dramatically improve the fairness of our tax system by undoing many of the excessive tax breaks and loopholes for wealthy individuals and businesses which were enacted last year, as well as continuing to seek out and eliminate excessive, wasteful, unfair and unnecessary tax preferences which have long been on the books.

We expect the Budget Committee will meet this challenge, and produce a program which provides for budget deficits dramatically lower than would occur under current policy assumptions, while doing so more fairly and realistically than the President has proposed in his Budget. At the same time, we expect the Ways and Means Committee to produce a tax package which contributes constructively to reducing the deficit, and which restores some of the progressivity to our tax code which was lost last year in the enactment of Kemp-Roth and other excessive new tax preferences. We offer our support to you in these efforts.

The truth, however, is that these efforts alone are not enough. The purpose of deficit reduction is to permit lower interest rates and so to foster a rapid recovery from the present recession. Actions taken now to lower the deficit in years ahead are definitely needed. But they will not lower interest rates now, and will not foster economic recovery now, unless they are accompanied by an easing of monetary policy now. And the Chairman of the Federal Reserve Board has said, clearly, emphatically and without reservation, that he refuses to change his monetary policies unless Congress orders him to do so.

The Federal Reserve should therefore be instructed in the Budget Resolution to adjust its monetary targets for 1982 in order to assure full recovery and lower interest rates. This measure, taken in conjunction with steps toward fiscal responsibility outlined above, would engender a rapid reduction in the deficit, from two sources: lower interest payments on the national debt, and higher revenues from the more rapid recovery of the economy which would then occur.

With monetary policy during 1982 we have a special problem. For 1981, the Federal Reserve announced that it would try to achieve money growth of between 3 to 6 percent. Instead, it achieved only 2.2 percent money growth for the year. Then, in February 1982, the Federal Reserve announced that the money growth target range for 1982 had been set 2.5 to 5.5 percent from a base that was severely depressed by the failure to attain even the bottom of the 1981 target range.

So far this year, the Federal Reserve has actually permitted money growth of 8.9 percent at an annual rate, which is much more in line with the requirements for economic recovery than the announced targets. But this rate of growth presents its own problems.

If the Federal Reserve decides to stick with its M1 growth targets of 2.5 to 5.5 percent, the fact that money growth has exceeded the upper limit during the first four months means that growth will have to be severely restricted between May and December. For example, to hit a 4 percent money growth rate for 1982—the midpoint of the range—would require less than 1 percent money growth for the rest of this year, much less than the actual growth rate of last year. How could such monetary stringency give us anything but even higher interest rates and continued recession?

On the other hand, the Federal Reserve may decide to let the current rate of money growth continue through the rest of the year. But if the Fed does this without publicly revising upward its monetary target ceiling, it will make a mockery of the requirements of the Humphrey-Hawkins Act. Worse, it will add to the uncertainty that currently prevails in the financial community. The result will be unnecessary upward pressure on interest rates as lenders demand higher uncertainty premiums.

We propose that the 1983 Budget Resolution include instructions to the Federal Reserve to announce new monetary growth targets for the year. One way to do this would be for the Federal Reserve to announce a feasible six-month target beginning July 1, 1982, rebased to the level of the money supply in the second quarter of 1982. Such as action would clearly convey that the Federal Reserve intends only a once-for-all correction, and not a sustained, potentially inflationary increase of the money growth rate.

It would be nice if Congress could reach an agreement with the Federal Reserve without the necessity for a formal congressional instruction. Unfortunately, it appears that this will not be possible. Just late last month, the House Banking Committee, by a vote of 26 to 14, called on the Federal Reserve to agree to link a loosening of its monetary targets to congressional action which reduces the deficit. Federal Reserve Board Chairman Paul A. Volcker rejected the Banking Committee's overture the same day. Accordingly, the Federal Reserve has aligned itself with the intransigence of the Administration, and will have to be dealt with in the same way—by formal instruction in the appropriate format.

The 1975 precedent, H. Con. Res. 133, establishes that an instruction embodied in a Concurrent Resolution of Congress is binding on the Federal Reserve. Therefore, a simple statement of policy in the Budget Resolution, effective when the President signs the tax measure listed in (1) above, will suffice: "The Federal Reserve shall ease its present 5.5 percent monetary growth ceiling, so as to permit full economic recovery and lower interest rates."

There is no need, in our view, to put the Federal Reserve in a straitjacket of congressionally imposed monetary targets or congressionally mandated technical procedures. The Federal Reserve is quite capable of reading, understanding, and acting in response to a general policy directive, and Congress is quite capable of distinguishing compliance from inaction.

In the case of the Administration, a sterner format is necessary. The President has indicated he might veto tax legislation which incorporates significant deficit-closing increases. Therefore, this measure must be adopted in a form which the President would find extremely distasteful to veto. Only one such vehicle is available: the debt ceiling increase, which, like the Budget Resolution, must be enacted within the next few weeks. The Ways and Means Committee thus can attach needed revenue legislation to the debt ceiling extender and report a conglomerate debt-and-taxes bill to the Floor for prompt action. We need not decide at this time what steps would be necessary in the event the President vetoes such a bill.

Prompt action by the Budget and Ways and Means Committees along the lines suggested above provides the best remaining hope of preserving the budget process from destruction and of avoiding a political stalemate which would make economic recovery impossible and imperil the American economy. We are confident that an appeal to the good sense and patriotism of Democrats and Republicans alike can lead to the adoption of a budget on a bipartisan basis if we act now. Success cannot be guaranteed, but the stalemate leaves us no choice but to act.

Sincerely,

MORRIS K. UDALL,
GEORGE MILLER,
HENRY S. REUSS,
Members of Congress.

Representative REUSS. By seizing these opportunities Congress can rise above the scapegoating, establish the basis for a sound recovery, and show the people that Congress has the power to set things straight.

Commissioner Janet Norwood, accompanied by Mr. Plewes of the Bureau of Labor Statistics, is here, and we welcome you, as always, Commissioner Norwood. Would you present the report for the April unemployment figures?

STATEMENT OF HON. JANET L. NORWOOD, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY THOMAS J. PLEWES, ASSISTANT COMMISSIONER, OFFICE OF EMPLOYMENT STRUCTURE AND TRENDS

Ms. NORWOOD. Thank you, Mr. Chairman. I am very glad to have this opportunity this morning, together with Thomas Plewes who is Assistant Commissioner for labor force and employment data, to offer the Joint Economic Committee a few brief comments to supplement our press release this morning.

Job-market conditions continued to deteriorate in April. Employment in construction reponded very weakly to the improved spring weather, and factory jobs continued to decline. The unemployment rate rose to 9.4 percent.

Unemployment, which generally drops substantially each year from March to April, declined much less than usual this year—by 330,000. Businesses customarily increase staff as the spring weather sets in, and large numbers of people usually resume job search activity as opportunities for outdoor work increase. This April, however, the continued impact of the recession dampended all of these developments. As a result, after seasonal adjustment, the number of unemployed workers increased by 450,000, and the jobless rate rose. This April change in unemployment affected most labor force groups, especially adult men and women. The jobless rate for adult men was 8.2 percent in April, a post-World War II high. The rate for adult women was 8.3 percent, close to the 8.5 percent high reached in May 1975. Jobless rates for black workers continued at extremely high levels in April and the black force participation rate dropped.

Since the recession began last summer, the overall unemployment rate has risen by more than 2 percentage points, from 7.2 to 9.4 percent. Over the same period, the number of unemployed workers has risen by 2.5 million, with about 60 percent of this increase occurring among adult men. In addition, the number of persons working part time for economic reasons has increased by 1.5 million since July.

The employment-population ratio—that is, the proportion of the population who are employed—was 57.1 percent in April; and this represents a decline of nearly a point and a half since last July.

Employment in both the household and the business surveys increased from March to April, but the change fell short of usual seasonal expectation. As a result, after seasonal adjustment, employment declined in both surveys. The 200,000 decline in the payroll survey was concentrated primarily in construction, retail trade, and manufacturing.

Construction jobs were down by 85,000 over the month, after seasonal adjustment. They have declined by nearly 400,000 over the past year. During that period, the unemployment rate for construction workers has risen from 14.5 to 19.4 percent. Jobs in retail trade declined by 70,000 in April, after seasonal adjustment; employment in this traditional growth industry has risen less than 100,000 since last July.

Employment in manufacturing is especially sensitive to recession conditions and in April factory jobs continued the steady decline

which began last July. The 80,000 over-the-month drop was quite widespread. Job losses were especially large in the metals and machinery manufacturing, transportation equipment, and apparel industries. Total factory jobs were down by 1.3 million since July, and the jobless rate for factory workers has increased from 7.3 to 11.3 percent.

In summary, the employment data for April released this morning show continued weakness in the economy. The unemployment rate rose above 9 percent. The early spring pickup in construction and retail trade jobs was much smaller than usual, and the number of factory jobs continued to decline. Indeed, in several industries within the manufacturing sector, the number of payroll employees was below the level reached at the trough of the 1975 recession.

Mr. Chairman, Mr. Plewes and I would be glad now to try to answer any questions you may have.

[The table attached to Ms. Norwood's statement, together with the press release referred to, follows:]

UNEMPLOYMENT RATES BY ALTERNATIVE SEASONAL ADJUSTMENT METHODS

Month and year	Unadjusted rate	X-11 ARIMA method					X-11 method (former official method)	Range (cols. 2-7)
		Official	Concurrent	Stable	Total	Residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1981								
April	7.0	7.3	7.3	7.2	7.3	7.3	7.3	0.1
May	7.1	7.5	7.5	7.8	7.7	7.5	7.6	.3
June	7.7	7.4	7.4	7.3	7.3	7.3	7.4	.1
July	7.3	7.2	7.2	7.2	7.2	7.2	7.1	.1
August	7.2	7.3	7.3	7.3	7.3	7.3	7.3	.....
September	7.3	7.6	7.6	7.5	7.6	7.6	7.6	.1
October	7.5	8.0	8.0	8.1	7.9	7.9	8.0	.2
November	7.9	8.3	8.3	8.4	8.3	8.3	8.4	.1
December	8.3	8.8	8.8	8.8	8.8	8.6	8.8	.2
1982								
January	9.4	8.5	8.6	8.5	8.6	8.7	8.6	.2
February	9.6	8.8	8.7	8.6	8.8	8.9	8.7	.3
March	9.5	9.0	9.0	8.9	9.0	9.3	9.0	.4
April	9.2	9.4	9.3	9.4	9.5	9.4	9.4	.2

EXPLANATION OF COLUMN HEADS

(1) *Unadjusted rate.*—Unemployment rate not seasonally adjusted.

(2) *Official rate (X-11 ARIMA method).*—The published seasonally adjusted rate. Each of the 3 major labor force components—agricultural employment, nonagricultural employment and unemployment—for 4 age-sex groups—males and females, ages 16-19 and 20 years and over—are seasonally adjusted independently using data from January 1967 forward. The data series for each of these 12 components are extended by a year at each end of the original series using ARIMA (Auto-Regressive, Integrated, Moving Average) models chosen specifically for each series. Each extended series is then seasonally adjusted with the X-11 portion of the X-11 ARIMA program. The 4 teenage unemployment and nonagricultural employment components are adjusted with the additive adjustment model, while the other components are adjusted with the multiplicative model. A prior adjustment for trend is applied to the extended series for adult male unemployment before seasonal adjustment. The unemployment rate is computed by summing the 4 seasonally adjusted

unemployment components and calculating that total as a percent of the civilian labor force total derived by summing all 12 seasonally adjusted components. All the seasonally adjusted series are revised at the end of each year. Extrapolated factors for January–June are computed at the beginning of each year; extrapolated factors for July–December are computed in the middle of the year after the June data become available. Each set of 6-month factors are published in advance, in the January and July issues, respectively, of Employment and Earnings.

(3) *Concurrent (X–11 ARIMA method).*—The procedure for computation of the official rate using the 12 components is followed except that extrapolated factors are not used at all. Each component is followed adjusted with the X–11 ARIMA program each month as the most recent data become available. Rates for each month of the current year are shown as first computed; they are revised only once each year, at the end of the year when data for the full year become available. For example, the rate for January 1980 would be based, during 1980, on the adjustment of data from the period January 1967 through January 1980.

(4) *Stable (X–11 ARIMA method).*—Each of the 12 labor force components is extended using ARIMA models as in the official procedure and then run through the X–11 part of the program using the stable option. This option assumes that seasonal patterns are basically constant from year-to-year and computes final seasonal factors as unweighted averages of all the seasonal-irregular components for each month across the entire span of the period adjusted. As in the official procedure, factors are extrapolated in 6-month intervals and the series are revised at the end of each year. The procedure for computation of the rate from the seasonally adjusted components is also identical to the official procedure.

(5) *Total (X–11 ARIMA method).*—This is one alternative aggregation procedure, in which total unemployment and labor force levels are extended with ARIMA models and directly adjusted with multiplicative adjustment models in the X–11 part of the program. The rate is computed by taking seasonally adjusted total unemployment as a percent of seasonally adjusted total civilian labor force. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(6) *Residual (X–11 ARIMA method).*—This is another alternative aggregation method, in which total employment and civilian labor force levels are extended using ARIMA models and then directly adjusted with multiplicative adjustment models. The seasonablly adjusted unemployment level is derived by subtracting seasonally adjusted employment from seasonally adjusted labor force. The rate is then computed by taking the derived unemployment level as a percent of the labor force level. Factors are extrapolated in 6-month intervals and the series revised at the end of each year.

(7) *X–11 method (former official method).*—The procedure for computation of the official rate is used except that the series are not extended with ARIMA models and the factors are projected in 12-month intervals. The standard X–11 program is used to perform the seasonal adjustment.

Methods of adjustment.—The X–11 ARIMA method was developed at Statistics Canada by the Seasonal Adjustment and Times Series Staff under the direction of Estela Bee Dagum. The method is described in "The X–11 ARIMA Seasonal Adjustment Method," by Estela Bee Dagum, Statistics Canada Catalogue No. 12–564E, February 1980.

The standard X–11 method is described in "X–11 Variant of the Census Method II Seasonal Adjustment Program," by Julius Shiskin, Alan Young and John Musgrave (Technical Paper No. 15, Bureau of the Census, 1967).

Source: U.S. Department of Labor, Bureau of Labor Statistics, May 1982.

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THE EMPLOYMENT SITUATION: APRIL 1982

Unemployment increased in April and employment declined after seasonal adjustment, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The Nation's unemployment rate rose from 9.0 to 9.4 percent, the highest recorded in the post-World War II era.

Nonfarm payroll employment--as derived from the monthly survey of establishments--declined by 200,000. Total employment--as derived from the monthly survey of households--edged down for the second consecutive month. Since their peaks last year, both employment series have declined by about 1.5 million.

Unemployment

Unemployment, which usually declines in April, fell less than seasonally and, after seasonal adjustment was up by 450,000. The overall unemployment rate rose four-tenths of a point to 9.4 percent. It had been 7.2 percent last July, the pre-recession series low.

The April rise in unemployment was widespread, as adult men (8.2 percent), adult women (8.3 percent), and teenagers (23.0 percent) experienced increases in their jobless rates. The rise in unemployment was felt most heavily by workers in the construction and durable goods manufacturing industries. The unemployment rate for blue-collar workers rose to a record 13.7 percent in April, up from 9.5 percent last July. In contrast, the rate for white-collar workers was about unchanged over the month, at 4.9 percent; it has risen by about a percentage point since July. (See tables A-1 and A-5.)

Among race-ethnic groups, the jobless rate for white workers rose to 8.4 percent in April, up from 6.3 percent last July. The unemployment rate for black workers was 18.4 percent; it had been 14.9 percent in July. The rate for Hispanics, 12.5 percent, was 2-1/2 points above the July level. (See table A-2.)

About three-fifths of the over-the-month increase in joblessness was among job losers, who accounted for 57 percent of the unemployed. The median duration of unemployment rose from 7.6 to 8.5 weeks, while the mean duration was little changed at 14.2 weeks. Increases occurred in the number of persons unemployed less than 15 weeks and those out of work for 27 weeks or longer. (See tables A-6 and A-7.)

Total Employment and the Labor Force

After seasonal adjustment, total employment edged down in both March and April, with the 2-month decline totaling a quarter of a million workers. At 99.3 million, total employment has

dropped by 1.5 million from last July. While employment of adult women was little changed over this period, that for adult men declined by 890,000, and teenage employment fell by 540,000. The percentage of the population employed continued to trend downward; at 57.1 percent in April, the employment-population ratio was 1.7 percentage points below its 1981 high.

The civilian labor force grew by 300,000 over the month to 109.6 million. Labor force growth over the past year has been slow, about 900,000, reflecting reduced labor force participation among adult men and teenagers, as well as a decline in the size of the teenage population. While the participation rate for adult women did rise over the year, the increase was much smaller than in recent years. (See table A-1.)

Industry Payroll Employment

Total nonagricultural payroll employment declined by 200,000 in April, after adjustment for seasonality, to 90.6 million. Job losses since last September have totaled 1.5 million, with 1.2 million occurring in manufacturing alone. Over-the-month employment curtailments were fairly

Table A. Major indicators of labor market activity, seasonally adjusted

Category	Quarterly averages			Monthly data			Mar. - Apr. change
	1981		1982	1982			
	I	IV	I	Feb.	Mar.	Apr.	
HOUSEHOLD DATA							
	Thousands of persons						
Civilian labor force	108,107	109,156	109,130	109,165	109,346	109,648	302
Total employment	100,125	100,043	99,554	99,590	99,492	99,340	-152
Unemployment	7,982	9,113	9,576	9,575	9,854	10,307	453
Not in labor force	61,172	61,834	62,367	62,324	62,321	62,197	-124
Discouraged workers	1,093	1,199	1,339	N.A.	N.A.	N.A.	N.A.
	Percent of labor force						
Unemployment rates:							
All workers	7.4	8.3	8.8	8.8	9.0	9.4	0.4
Adult men	6.0	7.2	7.7	7.6	7.9	8.2	0.3
Adult women	6.6	7.2	7.6	7.6	7.9	8.3	0.4
Teenagers	19.1	21.1	21.9	22.3	21.9	23.0	1.1
White	6.5	7.3	7.7	7.7	7.9	8.4	0.5
Black	14.6	17.0	17.4	17.3	18.0	18.4	0.4
Hispanic origin	11.0	11.1	12.4	12.6	12.7	12.5	-0.2
Full-time workers	7.1	8.1	8.6	8.5	8.9	9.2	0.3
ESTABLISHMENT DATA							
	Thousands of jobs						
Nonfarm payroll employment	91,232	91,489	90,886p	91,019	90,760p	90,562p	-198p
Goods-producing industries	25,670	25,395	24,749p	24,836	24,609p	24,435p	-174p
Service-producing industries	65,562	66,094	66,137p	66,183	66,151p	66,127p	-24p
	Hours of work						
Average weekly hours:							
Total private nonfarm	35.3	35.0	34.7p	35.0	34.9p	34.8p	-0.1p
Manufacturing	39.9	39.3	38.6p	39.5	39.0p	39.1p	0.1p
Manufacturing overtime	2.9	2.5	2.3p	2.4	2.3p	2.4p	0.1p

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

widespread, as employment gains were registered in only two-fifths of the 172 industries comprising the BLS diffusion index of private nonagricultural payroll employment. (See tables B-1 and B-6.)

Job cutbacks in construction and manufacturing accounted for most of the over-the-month decline. Construction employment was down 85,000 in April; over the past year, nearly 1 in 10 construction jobs have been lost. Employment in manufacturing continued to decline in April, though the over-the-month decrease of 80,000 was smaller than in most previous months of the current downturn. Most of the reduction occurred within durable goods industries, where the largest cutbacks took place in machinery, primary and fabricated metals, and transportation equipment. In the nondurable goods sector, changes were generally small except for an increase in textile mill products and a decrease in apparel. Elsewhere in the goods-producing sector, jobs in mining continued the downward trend that has totaled 25,000 since last December.

Employment in the service-producing sector edged down for the second month in a row. An increase of 65,000 in services was countered by declines of 65,000 in retail trade and 25,000 in government.

Hours of Work

The average workweek of production or nonsupervisory workers on private nonagricultural payrolls was 34.8 hours in April, down 0.1 hour over the month. Average hours in manufacturing were up 0.1 hour, as an increase of 0.2 hour in durable goods more than offset a small decline in nondurables. Factory overtime hours were also up 0.1 hour in April. (See table B-2.)

The index of aggregate weekly hours of production or nonsupervisory workers on private nonfarm payrolls--a comprehensive measure of both employment and hours effects--dropped 0.4 percent in April to 105.7 (1977=100). The manufacturing index also declined 0.4 percent in April to 89.9. Since last July, the factory index has fallen 10.5 percent. (See table B-5.)

Hourly and Weekly Earnings

Average hourly earnings rose 0.3 percent in April, while average weekly earnings were virtually unchanged, after seasonal adjustment. Before adjustment for seasonality, average hourly earnings rose 2 cents to $7.56, 43 cents above a year earlier. Weekly earnings were little changed over the month but increased $10.60 over the past year. (See table B-3.)

The Hourly Earnings Index

The Hourly Earnings Index (HEI) was 146.4 (1977=100) in April, seasonally adjusted, 0.4 percent higher than in March. For the 12 months ended in April, the increase (before seasonal adjustment) was 7.1 percent. The HEI excludes the effects of two types of changes unrelated to underlying wage rate movements--fluctuations in overtime in manufacturing and interindustry employment shifts. In dollars of constant purchasing power, the HEI increased 0.7 percent during the 12-month period ended in March. (See table B-4.)

Explanatory Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics Survey (establishment survey). The household survey provides the information on the labor force, total employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 households that is conducted by the Bureau of the Census with most of the findings analyzed and published by the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonagricultural payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with State agencies. The sample includes approximately 166,000 establishments employing about 35 million people.

For both surveys, the data for a given month are actually collected for and relate to a particular week. In the household survey, unless otherwise indicated, it is the calendar week that contains the 12th day of the month, which is called the survey week. In the establishment survey, the reference week is the pay period including the 12th, which may or may not correspond directly to the calendar week.

The data in this release are affected by a number of technical factors, including definitions, survey differences, seasonal adjustments, and the inevitable variance in results between a survey of a sample and a census of the entire population. Each of these factors is explained below.

Coverage, definitions and differences between surveys

The sample households in the household survey are selected so as to reflect the entire civilian noninstitutional population 16 years of age and older. Each person in a household is classified as employed, unemployed, or not in the labor force. Those who hold more than one job are classified according to the job at which they worked the most hours.

People are classified as *employed* if they did any work at all as paid civilians; worked in their own business or profession or on their own farm; or worked 15 hours or more in an enterprise operated by a member of their family, whether they were paid or not. People are also counted as employed if they were on unpaid leave because of illness, bad weather, disputes between labor and management, or personal reasons.

People are classified as *unemployed,* regardless of their eligibility for unemployment benefits or public assistance, if they meet all of the following criteria: They had no employment during the survey week; they were available for work at that time; and they made specific efforts to find employment sometime during the prior 4 weeks. Also included among the unemployed are persons not looking for work because they were laid off and waiting to be recalled and those expecting to report to a job within 30 days.

The *civilian labor force* equals the sum of the number employed and the number unemployed. The *unemployment rate* is the percentage of unemployed people in the civilian labor force. Table A-4 presents a special grouping of seven measures of unemployment based on varying definitions of unemployment and the labor force. The definitions are provided in the table. The most restrictive definition yields U-1, and the most comprehensive yields U-7. The official unemployment rate is U-5.

Unlike the household survey, the establishment survey only counts wage and salary employees whose names appear on the payroll records of nonagricultural firms. As a result, there are many differences between the two surveys, among which are the following:

----The household survey, although based on a smaller sample, reflects a larger segment of the population; the establishment survey excludes agriculture, the self-employed, unpaid family workers, and private household workers;

----The household survey includes people on unpaid leave among the employed; the establishment survey does not;

----The household survey is limited to those 16 years of age and older; the establishment survey is not limited by age;

----The household survey has no duplication of individuals, because each individual is counted only once; in the establishment survey, employees working at more than one job or otherwise appearing on more than one payroll would be counted separately for each appearance.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from the BLS upon request.

Seasonal adjustment

Over a course of a year, the size of the Nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. For example, the labor force increases by a large number each June, when schools close and many young people enter the job market. The effect of such seasonal variation can be very large; over the course of a year, for example, seasonality may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or

increases in the participation of women in the labor force, easier to spot. To return to the school's-out example, the large number of people entering the labor force each June is likely to obscure any other changes that have taken place since May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

Measures of civilian labor force, employment, and unemployment contain components such as age and sex. Statistics for all employees, production workers, average weekly hours, and average hourly earnings include components based on the employer's industry. All these statistics can be seasonally adjusted either by adjusting the total or by adjusting each of the components and combining them. The second procedure usually yields more accurate information and is therefore followed by BLS. For example, the seasonally adjusted figure for the civilian labor force is the sum of eight seasonally adjusted employment components and four seasonally adjusted unemployment components; the total for unemployment is the sum of the four unemployment components; and the official unemployment rate is derived by dividing the resulting estimate of total unemployment by the estimate of the civilian labor force.

The numerical factors used to make the seasonal adjustments are recalculated regularly. For the household survey, the factors are calculated for the January-June period and again for the July-December period. The January revision is applied to data that have been published over the previous 5 years. For the establishment survey, updated factors for seasonal adjustment are calculated only once a year, along with the introduction of new benchmarks which are discussed at the end of the next section.

Sampling variability

Statistics based on the household and establishment surveys are subject to sampling error, that is, the estimate of the number of people employed and the other estimates drawn from these surveys probably differ from the figures that would be obtained from a complete census, even if the same questionnaires and procedures were used. In the household survey, the amount of the differences can be expressed in terms of standard errors. The numerical value of a standard error depends upon the size of the sample, the results of the survey, and other factors. However, the numerical value is always such that the chances are 68 out of 100 that an estimate based on the sample will differ by no more than the standard error from the results of a complete census. The chances are 90 out of 100 that an estimate based on the sample will differ by no more than 1.6 times the standard error from the results of a complete census. At the 90-percent level of confidence--the confidence limits used by BLS in its analyses--the error for the monthly change in total employment is on the order of plus or minus 279,000; for total unemployment it is 194,000; and, for the overall unemployment rate, it is 0.19 percentage point. These figures do not mean that the sample results are off by these magnitudes but, rather, that the chances are 90 out of 100 that the "true" level or rate would not be expected to differ from the estimates by more than these amounts.

Sampling errors for monthly surveys are reduced when the data are cumulated for several months, such as quarterly or annually. Also, as a general rule, the smaller the estimate, the larger the sampling error. Therefore, relatively speaking, the estimate of the size of the labor force is subject to less error than is the estimate of the number unemployed. And, among the unemployed, the sampling error for the jobless rate of adult men, for example, is much smaller than is the error for the jobless rate of teenagers. Specifically, the error on monthly change in the jobless rate for men is .24 percentage point; for teenagers, it is 1.06 percentage points.

In the establishment survey, estimates for the 2 most current months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. When all the returns in the sample have been received, the estimates are revised. In other words, data for the month of September are published in preliminary form in October and November and in final form in December. To remove errors that build up over time, a comprehensive count of the employed is conducted each year. The results of this survey are used to establish new benchmarks—comprehensive counts of employment – against which month-to-month changes can be measured. The new benchmarks also incorporate changes in the classification of industries and allow for the formation of new establishments.

Additional statistics and other information

In order to provide a broad view of the Nation's employment situation, BLS regularly publishes a wide variety of data in this news release. More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $3.75 per issue or $31.00 per year from the U.S. Government Printing Office, Washington, D.C. 20204. A check or money order made out to the Superintendent of Documents must accompany all orders.

Employment and Earnings also provides approximations of the standard errors for the household survey data published in this release. For unemployment and other labor force categories, the standard errors appear in tables B through J of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables M, P, Q, and R of that publication.

HOUSEHOLD DATA

Table A-1. Employment status of the population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted					
	Apr. 1981	Mar. 1982	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
TOTAL									
Total noninstitutional population[1]	171,773	173,843	174,020	171,773	173,330	173,495	173,657	173,843	174,020
Armed Forces[1]	2,129	2,175	2,176	2,129	2,164	2,159	2,168	2,175	2,175
Civilian noninstitutional population[1]	169,643	171,667	171,844	169,643	171,166	171,335	171,489	171,667	171,844
Civilian labor force	137,935	138,761	138,814	133,777	139,186	138,879	139,165	139,345	139,649
Participation rate	63.6	63.4	63.3	64.1	63.8	63.5	63.7	63.7	63.8
Employed	100,345	98,471	98,858	100,878	99,513	99,581	99,590	99,432	99,343
Employment-population ratio[2]	58.4	56.6	56.8	58.7	57.5	57.4	57.3	57.2	57.1
Agriculture	3,313	2,964	3,172	3,173	3,209	3,211	3,373	3,349	3,309
Nonagricultural industries	97,032	95,507	95,686	97,408	96,406	96,170	96,217	96,184	96,032
Unemployed	7,551	10,290	9,957	7,899	9,571	9,298	9,575	9,854	10,307
Unemployment rate	7.0	9.5	9.2	7.3	8.8	8.5	8.8	9.0	9.4
Not in labor force	61,735	62,906	63,030	60,864	61,982	62,456	62,324	62,321	62,197
Men, 16 years and over									
Total noninstitutional population[1]	82,235	83,218	83,303	82,236	82,978	83,054	83,129	83,218	83,303
Armed Forces[1]	1,955	1,987	1,987	1,955	1,980	1,975	1,983	1,987	1,987
Civilian noninstitutional population[1]	80,280	81,231	81,315	80,280	80,999	81,079	81,146	81,231	81,315
Civilian labor force	61,548	61,738	61,773	62,592	62,103	61,966	62,042	62,082	62,247
Participation rate	76.7	76.0	76.0	77.3	76.9	76.4	76.5	76.4	76.6
Employed	57,281	55,533	55,924	57,792	55,725	56,629	56,658	56,472	56,401
Employment-population ratio[2]	69.7	66.7	67.1	72.3	68.4	68.2	68.2	67.9	67.7
Unemployed	4,253	6,206	5,850	4,333	5,378	5,338	5,384	5,610	5,846
Unemployment rate	6.9	10.1	9.5	6.9	9.0	8.6	8.7	9.0	9.4
Men, 20 years and over									
Total noninstitutional population[1]	73,817	75,315	75,121	73,817	78,710	78,810	74,906	75,015	75,121
Armed Forces[1]	1,675	1,728	1,729	1,575	1,598	1,690	1,697	1,728	1,729
Civilian noninstitutional population[1]	72,142	73,287	73,392	72,142	73,320	73,120	73,209	73,287	73,392
Civilian labor force	56,953	57,585	57,585	57,157	57,665	57,368	57,448	57,554	57,730
Participation rate	78.9	78.6	78.5	79.2	79.0	78.5	78.5	78.5	78.7
Employed	53,551	52,418	52,736	53,220	53,122	53,097	53,097	53,006	52,988
Employment-population ratio[2]	72.5	69.9	70.2	72.9	71.1	70.9	70.9	70.7	70.5
Agriculture	2,355	2,198	2,332	2,119	2,311	2,390	2,386	2,377	2,382
Nonagricultural industries	51,195	50,224	50,404	51,401	50,811	50,657	50,711	50,629	50,606
Unemployed	3,403	5,167	4,851	3,337	4,543	4,322	4,351	4,543	4,742
Unemployment rate	6.0	9.0	8.4	5.8	7.9	7.5	7.6	7.9	8.2
Women, 16 years and over									
Total noninstitutional population[1]	89,535	90,525	90,718	89,535	90,352	90,481	90,528	90,625	90,718
Armed Forces[1]	174	188	188	174	185	184	185	188	183
Civilian noninstitutional population[1]	89,361	90,437	90,529	89,361	90,167	90,256	90,343	90,437	90,529
Civilian labor force	46,352	47,323	47,041	46,685	46,881	46,913	47,123	47,284	47,421
Participation rate	51.9	52.0	52.0	52.2	52.0	52.0	52.2	52.3	52.4
Employed	43,064	42,939	42,934	43,086	42,988	42,952	42,932	43,020	42,940
Employment-population ratio[2]	48.1	47.4	47.3	48.1	47.5	47.5	47.4	47.5	47.3
Unemployed	3,298	4,084	4,107	3,599	3,993	3,962	4,191	4,243	4,481
Unemployment rate	7.1	8.7	8.7	7.7	8.5	8.4	8.9	9.0	9.4
Women, 20 years and over									
Total noninstitutional population[1]	81,338	82,543	82,753	81,338	82,306	82,415	82,523	82,640	82,753
Armed Forces[1]	155	162	162	155	156	155	156	162	162
Civilian noninstitutional population[1]	81,193	82,378	82,591	81,193	82,151	82,260	82,367	82,478	82,591
Civilian labor force	42,331	43,356	43,267	42,332	42,888	42,868	43,031	43,243	43,301
Participation rate	52.1	52.6	52.4	52.1	52.2	52.1	52.2	52.4	52.4
Employed	39,748	40,010	39,939	39,536	39,713	39,764	39,744	39,897	39,715
Employment-population ratio[2]	48.9	48.4	48.3	48.6	48.3	48.2	48.2	48.2	48.0
Agriculture	559	525	551	639	572	699	628	636	601
Nonagricultural industries	39,189	39,485	39,388	38,927	39,141	39,115	39,116	39,172	39,114
Unemployed	2,593	3,346	3,328	2,796	3,175	3,104	3,286	3,435	3,586
Unemployment rate	6.1	7.7	7.7	6.6	7.4	7.2	7.6	7.9	8.3
Both sexes, 16-19 years									
Total noninstitutional population[1]	16,615	16,188	16,146	16,615	16,310	16,269	16,228	16,188	16,146
Armed Forces[1]	310	285	285	310	315	314	316	285	285
Civilian noninstitutional population[1]	16,305	15,902	15,861	16,305	15,995	15,955	15,913	15,902	15,861
Civilian labor force	8,611	7,820	7,961	9,288	8,631	8,643	8,686	8,549	8,616
Participation rate	52.8	49.2	50.2	57.3	54.0	54.2	54.6	53.8	54.3
Employed	7,046	6,043	6,183	7,522	6,778	6,771	6,798	6,679	6,637
Employment-population ratio[2]	42.4	37.3	38.3	45.3	41.6	41.6	41.6	41.3	41.1
Agriculture	333	245	289	442	326	373	359	336	326
Nonagricultural industries	6,657	5,798	5,894	7,080	6,452	6,398	6,389	6,343	6,311
Unemployed	1,565	1,777	1,778	1,766	1,853	1,872	1,938	1,873	1,979
Unemployment rate	18.2	22.7	22.3	19.0	21.5	21.7	22.3	21.9	23.0

[1] The population and Armed Forces figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

[2] Civilian employment as a percent of the total noninstitutional population (including Armed Forces).

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Table A-2. Employment status of the population by race, sex, age, and Hispanic origin

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted					
	Apr. 1981	Mar. 1982	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
WHITE									
Civilian noninstitutional population[1]	147,539	148,132	148,249	147,539	148,755	148,842	148,855	149,132	149,249
Civilian labor force	94,656	95,101	95,252	95,199	95,329	95,120	95,333	95,508	96,015
Participation rate	64.0	63.8	63.8	64.5	64.1	63.9	64.0	64.0	64.3
Employed	88,615	87,088	87,509	89,080	88,212	87,955	87,990	87,956	87,988
Unemployed	5,851	8,013	7,743	6,119	7,119	7,165	7,344	7,552	8,026
Unemployment rate	6.2	8.4	8.1	6.4	7.7	7.5	7.7	7.9	8.4
Men, 20 years and over									
Civilian labor force	59,500	59,937	59,933	59,719	59,948	59,757	59,812	59,903	59,124
Participation rate	79.6	79.1	78.9	79.9	79.3	78.9	79.0	79.0	79.2
Employed	57,794	56,830	57,109	58,070	57,549	57,410	57,430	57,351	57,393
Unemployed	2,735	4,106	3,824	2,648	3,499	3,347	3,382	3,552	3,731
Unemployment rate	5.4	8.1	7.5	5.2	6.9	6.6	6.7	7.0	7.3
Women, 20 years and over									
Civilian labor force	36,323	37,218	37,164	36,276	36,733	36,638	36,860	37,038	37,179
Participation rate	51.6	52.1	51.9	51.5	51.6	51.5	51.7	51.8	52.0
Employed	34,414	34,716	34,696	34,197	34,368	34,280	34,427	34,475	34,489
Unemployed	1,908	2,502	2,469	2,077	2,365	2,359	2,433	2,564	2,693
Unemployment rate	5.2	6.7	6.6	5.7	6.4	6.4	6.6	6.9	7.2
Both sexes, 16-19 years									
Civilian labor force	7,646	6,946	7,155	8,207	7,648	7,665	7,662	7,567	7,712
Participation rate	56.2	52.5	54.3	60.3	57.8	57.8	58.0	57.2	58.6
Employed	6,407	5,562	5,706	6,813	6,193	6,166	6,133	6,130	6,106
Unemployed	1,239	1,385	1,450	1,395	1,455	1,499	1,529	1,437	1,606
Unemployment rate	16.2	20.2	20.3	17.0	19.0	19.6	20.0	19.0	20.8
Men	16.5	22.3	21.6	17.3	20.2	20.8	20.4	20.2	22.3
Women	15.9	17.9	18.8	16.6	17.7	18.2	19.4	17.6	19.2
BLACK									
Civilian noninstitutional population[1]	18,137	18,480	18,511	18,137	18,392	18,423	18,450	18,480	18,511
Civilian labor force	10,963	11,385	10,986	11,126	11,226	11,188	11,205	11,217	11,170
Participation rate	60.4	61.6	59.4	61.3	61.0	60.7	60.7	60.7	60.3
Employed	9,405	9,092	9,031	9,488	9,279	9,314	9,265	9,197	9,111
Unemployed	1,548	2,022	1,955	1,638	1,947	1,874	1,939	2,020	2,058
Unemployment rate	14.1	18.2	17.8	14.7	17.3	16.8	17.3	18.3	18.4
Men, 20 years and over									
Civilian labor force	5,173	5,296	5,310	5,208	5,309	5,284	5,299	5,284	5,350
Participation rate	74.2	76.2	76.3	74.7	74.8	74.3	74.6	74.1	74.8
Employed	4,550	4,379	4,418	4,579	4,432	4,424	4,450	4,437	4,445
Unemployed	623	918	896	629	877	860	849	848	906
Unemployment rate	12.0	17.3	16.8	12.1	16.5	16.3	16.0	16.0	16.9
Women, 20 years and over									
Civilian labor force	4,975	5,060	5,020	5,310	5,275	5,081	5,063	5,093	5,058
Participation rate	56.1	55.7	55.2	56.4	56.2	56.2	55.8	56.1	55.6
Employed	4,358	4,288	4,263	4,366	4,360	4,406	4,330	4,307	4,272
Unemployed	617	766	759	684	715	675	733	786	787
Unemployment rate	12.4	15.1	15.1	12.9	13.1	13.3	14.5	15.4	15.6
Both sexes, 16-19 years									
Civilian labor force	820	728	656	906	842	823	843	839	761
Participation rate	34.9	32.2	29.0	39.6	37.1	36.3	37.3	37.1	33.7
Employed	496	390	351	583	487	486	486	453	385
Unemployed	324	339	305	325	355	339	357	386	366
Unemployment rate	38.9	46.5	46.5	35.8	42.2	41.2	42.3	46.0	48.1
Men	41.1	52.0	48.5	41.5	39.6	36.3	40.7	48.5	48.3
Women	34.1	42.1	44.0	38.5	45.1	46.7	44.2	43.1	47.8
HISPANIC ORIGIN									
Civilian noninstitutional population[1]	9,133	9,297	9,235	9,133	9,519	9,400	9,381	9,297	9,235
Civilian labor force	5,883	5,983	5,897	5,882	6,095	6,054	6,065	6,024	5,933
Participation rate	64.0	63.9	63.9	64.4	64.0	64.6	64.9	64.8	64.2
Employed	5,322	5,186	5,170	5,345	5,426	5,330	5,298	5,260	5,191
Unemployed	527	757	727	537	669	724	767	764	743
Unemployment rate	9.0	12.7	12.3	9.1	11.0	12.0	12.6	12.7	12.5

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns

NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

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Table A-1. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted		Seasonally adjusted					
	Apr. 1981	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
CHARACTERISTIC								
Total employed, 16 years and over	100,385	98,858	100,878	99,613	99,581	99,590	99,492	99,383
Married men, spouse present	39,075	38,028	39,166	38,342	38,234	38,255	38,181	38,142
Married women, spouse present	24,091	23,950	23,979	23,691	23,744	23,727	23,900	23,831
Women who maintain families	5,085	5,120	5,061	5,064	5,107	5,158	5,095	5,095
OCCUPATION								
White-collar workers	52,674	53,209	52,855	53,088	52,836	52,841	52,763	53,177
Professional and technical	16,377	17,046	16,178	16,278	16,803	16,612	16,659	16,844
Managers and administrators, except farm	11,617	11,305	11,616	11,424	11,091	11,253	11,311	11,501
Sales workers	6,251	6,557	6,290	6,453	6,529	6,544	6,637	6,603
Clerical workers	18,829	18,322	18,771	18,936	18,423	18,432	18,155	18,229
Blue-collar workers	31,215	29,490	31,685	30,344	30,203	30,309	30,416	29,928
Craft and kindred workers	12,751	12,433	12,825	12,486	12,379	12,458	12,511	12,492
Operatives, except transport	10,531	9,514	10,691	10,169	9,966	9,955	9,860	9,688
Transport equipment operatives	3,486	3,359	3,483	3,368	3,415	3,503	3,397	3,403
Nonfarm laborers	4,518	4,187	4,686	4,351	4,451	4,397	4,648	4,343
Service workers	13,557	13,649	13,868	13,639	13,709	13,612	13,526	13,555
Farm workers	2,699	2,509	2,826	2,660	2,817	2,787	2,710	2,623
MAJOR INDUSTRY AND CLASS OF WORKER								
Agriculture:								
Wage and salary workers	1,472	1,342	1,560	1,352	1,377	1,426	1,416	1,423
Self-employed workers	1,584	1,586	1,661	1,602	1,674	1,596	1,644	1,664
Unpaid family workers	258	244	286	228	380	359	277	270
Nonagricultural industries:								
Wage and salary workers	89,588	88,038	89,913	88,991	88,759	88,586	88,526	88,322
Government	16,151	15,716	15,885	15,585	15,578	15,527	15,492	15,453
Private industries	73,437	72,321	74,028	73,406	73,181	73,059	73,034	72,869
Private households	1,205	1,150	1,249	1,291	1,248	1,161	1,225	1,192
Other industries	72,232	71,171	72,779	72,115	71,932	71,898	71,809	71,677
Self-employed workers	7,118	7,228	7,150	7,057	6,971	7,055	7,126	7,264
Unpaid family workers	330	423	325	419	410	408	434	413
PERSONS AT WORK[1]								
Nonagricultural industries	91,179	90,534	91,094	90,922	90,125	90,892	90,548	90,596
Full-time schedules	73,873	73,298	74,259	73,350	72,803	73,028	72,649	72,335
Part time for economic reasons	3,882	5,326	4,200	5,288	5,078	5,563	5,717	5,834
Usually work full time	1,552	2,163	1,593	2,121	1,783	2,193	2,237	2,223
Usually work part time	2,293	3,163	2,607	3,167	3,287	3,370	3,480	3,611
Part time for noneconomic reasons	13,468	13,235	12,635	12,274	12,251	12,300	12,183	12,427

[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. Range of unemployment measures based on varying definitions of unemployment and the labor force, seasonally adjusted

(Percent)

Measure	Quarterly averages					Monthly data		
	1981				1982	1982		
	I	II	III	IV	I	Feb.	Mar.	Apr.
U-1 Persons unemployed 15 weeks or longer as a percent of the civilian labor force	2.2	2.1	2.0	2.1	3.5	2.5	2.7	2.7
U-2 Job losers as a percent of the civilian labor force	3.7	3.7	3.8	4.5	4.9	4.7	5.1	5.0
U-3 Unemployed persons 25 years and over as a percent of the civilian labor force 25 years and over	5.2	5.2	5.3	6.1	6.5	6.6	6.8	7.0
U-4 Unemployed full-time jobseekers as a percent of the full-time labor force	7.1	7.1	7.0	8.1	8.6	8.5	8.9	9.2
U-5 Total unemployed as a percent of the civilian labor force (official measure)	7.4	7.4	7.4	8.3	8.8	8.8	9.0	9.4
U-6 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons as a percent of the civilian labor force less ½ of the part-time labor force	9.6	9.3	9.6	10.8	11.4	11.6	11.8	12.2
U-7 Total full-time jobseekers plus ½ part-time jobseekers plus ½ total on part time for economic reasons plus discouraged workers as a percent of the civilian labor force plus discouraged workers less ½ of the part-time labor force	10.8	10.2	10.6	11.8	12.5	N.A.	N.A.	N.A.

N.A. = not available.

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Table A-6. Major unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)		Unemployment rate					
	Apr. 1981	Apr. 1982	Apr. 1981	Oct. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
CHARACTERISTIC								
Total, 16 years and over	7,899	10,307	7.3	8.8	8.5	8.8	9.0	9.4
Men, 20 years and over	3,337	4,782	5.8	7.9	7.5	7.6	7.9	8.2
Women, 20 years and over	2,796	3,598	6.6	7.6	7.2	7.6	7.9	8.3
Both sexes, 16-19 years	1,766	1,979	19.0	21.5	21.7	22.3	21.9	21.8
Married men, spouse present	1,558	2,456	3.8	5.7	5.3	5.3	5.5	6.0
Married women, spouse present	1,494	2,002	5.9	8.6	6.2	7.0	7.1	7.8
Women who maintain families	557	668	9.9	10.5	10.4	10.2	10.6	11.5
Full-time workers	6,442	8,601	6.9	8.7	8.4	8.5	8.9	9.2
Part-time workers	1,461	1,726	9.2	9.2	9.6	10.8	10.9	10.9
Labor force time lost[1]	--	--	8.2	10.1	10.0	9.8	10.9	10.6
OCCUPATION[2]								
White-collar workers	2,196	2,755	4.0	4.5	4.2	4.6	4.8	4.9
Professional and technical	515	560	3.1	3.4	2.9	3.1	3.2	3.2
Managers and administrators, except farm	286	387	2.4	3.1	2.7	3.1	3.0	3.3
Sales workers	276	395	4.2	4.9	4.5	4.8	5.8	5.4
Clerical workers	1,121	1,412	5.6	6.2	6.3	6.7	6.9	7.2
Blue-collar workers	3,617	4,733	9.7	12.7	12.5	12.5	12.9	13.7
Craft and kindred workers	980	1,320	6.8	9.3	9.0	8.4	9.1	9.6
Operatives, except transport	1,607	1,977	11.6	15.5	15.4	15.6	15.9	16.9
Transport equipment operatives	309	406	8.1	10.5	10.2	10.3	10.4	10.7
Nonfarm laborers	761	1,031	14.0	16.9	16.9	17.8	17.9	19.2
Service workers	1,256	1,691	8.5	9.6	9.2	9.8	10.2	11.1
Farm workers	114	161	3.9	5.4	6.9	6.9	5.8	5.8
INDUSTRY[3]								
Nonagricultural private wage and salary workers[4]	5,823	7,965	7.3	9.1	8.8	9.0	9.5	9.9
Construction	756	1,011	18.5	18.1	18.7	18.1	17.9	19.6
Manufacturing	1,778	2,557	7.6	11.3	10.8	10.6	10.8	11.3
Durable goods	1,047	1,582	7.5	11.8	11.0	11.3	10.8	11.9
Nondurable goods	727	975	7.8	9.6	9.5	9.5	10.8	10.5
Transportation and public utilities	338	411	5.5	8.3	8.4	5.8	5.8	7.3
Wholesale and retail trade	1,501	2,059	7.5	8.9	8.7	9.0	10.3	10.1
Finance and service industries	1,436	1,805	5.8	6.4	5.9	6.5	6.9	7.0
Government workers	787	873	4.7	5.0	4.8	5.2	4.9	5.3
Agricultural wage and salary workers	162	243	9.4	14.8	15.2	12.8	14.0	14.6

[1] Aggregate hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force hours.

[2] Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.

[3] Includes mining, not shown separately.

Table A-8. Duration of unemployment

(Numbers in thousands)

Weeks of unemployment	Not seasonally adjusted		Seasonally adjusted					
	Apr. 1981	Apr. 1982	Apr. 1981	Oct. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
DURATION								
Less than 5 weeks	2,791	3,863	3,188	4,037	3,852	3,789	3,825	3,958
5 to 14 weeks	2,127	2,851	2,472	3,316	3,068	3,052	3,078	3,308
15 weeks and over	2,683	3,642	2,187	2,372	2,399	2,724	2,956	3,015
15 to 26 weeks	1,399	1,996	1,248	1,189	1,215	1,485	1,605	1,508
27 weeks and over	1,284	1,646	1,139	1,183	1,193	1,278	1,349	1,507
Average (mean) duration, in weeks	15.6	16.0	13.7	12.8	14.5	14.1	13.9	14.2
Median duration, in weeks	8.8	9.8	7.6	6.7	7.2	7.3	7.6	8.5
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	36.9	34.8	40.6	42.8	41.3	39.6	38.8	38.5
5 to 14 weeks	28.1	28.6	33.5	32.0	32.9	34.9	31.2	32.1
15 weeks and over	35.0	36.6	27.9	25.2	25.7	28.5	33.0	29.3
15 to 26 weeks	18.5	20.0	15.8	12.6	13.0	15.1	16.3	14.7
27 weeks and over	16.5	16.5	12.5	12.6	12.8	13.4	13.7	14.7

HOUSEHOLD DATA

Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted		Seasonally adjusted					
	Apr. 1981	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
NUMBER OF UNEMPLOYED								
Lost last job	4,026	6,003	3,958	5,383	5,205	5,153	5,622	5,906
On layoff	1,304	1,960	1,303	2,062	1,869	1,740	1,828	1,986
Other job losers	2,722	4,040	2,655	3,301	3,345	3,413	3,794	3,959
Left last job	806	838	903	923	835	964	885	937
Reentered labor force	1,853	2,138	2,044	2,284	2,079	2,277	2,249	2,365
Seeking first job	936	980	988	1,021	1,055	1,100	1,044	1,081
PERCENT DISTRIBUTION								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	53.2	60.3	50.1	56.1	56.7	56.3	57.4	57.4
On layoff	17.2	19.7	16.5	21.4	20.3	18.3	18.7	18.9
Other job losers	36.0	40.6	33.6	33.6	36.5	35.9	38.7	38.5
Job leavers	10.7	8.6	11.4	9.7	9.1	10.2	9.0	9.1
Reentrants	24.4	21.5	25.9	23.5	22.7	24.0	22.9	23.0
New entrants	11.7	9.8	12.5	10.7	11.5	11.6	10.7	10.5
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Job losers	3.7	5.5	3.6	4.9	4.8	4.7	5.1	5.4
Job leavers	.7	.8	.8	.8	.8	.9	.8	.9
Reentrants	1.7	2.0	1.9	2.1	1.9	2.1	2.1	2.2
New entrants	.9	.9	.9	.9	1.0	1.0	1.0	1.0

Table A-8. Unemployment by sex and age, seasonally adjusted

Sex and age	Number of unemployed persons (in thousands)		Unemployment rates					
	Apr. 1981	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
Total, 16 years and over	7,889	10,307	7.3	9.8	8.5	8.8	9.0	9.4
16 to 24 years	3,705	4,353	14.5	16.3	16.4	17.0	16.9	17.6
16 to 19 years	1,766	1,979	19.3	21.5	21.7	22.3	21.9	23.0
16 to 17 years	828	851	21.5	21.9	21.9	22.7	22.7	24.6
18 to 19 years	937	1,130	17.2	21.2	21.3	22.0	21.3	21.9
20 to 24 years	1,939	2,374	12.3	13.5	13.5	14.1	14.2	14.7
25 years and over	4,213	5,962	5.1	6.5	6.3	6.4	6.8	7.0
25 to 54 years	3,683	5,186	5.3	6.9	6.7	6.8	7.3	7.4
55 years and over	539	752	3.4	4.1	4.2	4.3	4.6	5.0
Men, 16 years and over	4,330	5,846	6.9	9.0	8.6	8.7	9.0	9.4
16 to 24 years	2,085	2,481	15.3	17.4	17.4	17.8	18.4	18.9
16 to 19 years	963	1,104	19.5	22.3	22.1	22.5	23.5	24.4
16 to 17 years	459	454	22.5	22.6	23.0	23.0	24.3	24.7
18 to 19 years	499	647	17.3	22.2	21.4	22.1	22.9	24.3
20 to 24 years	1,122	1,377	13.3	14.8	14.9	15.4	15.7	16.0
25 years and over	2,237	3,383	4.6	5.5	6.3	6.3	6.5	6.9
25 to 54 years	1,927	2,895	4.9	6.9	6.7	6.7	7.1	7.2
55 years and over	283	461	3.2	4.4	4.3	4.2	4.8	5.1
Women, 16 years and over	3,539	4,461	7.7	8.5	8.4	8.9	9.0	9.4
16 to 24 years	1,620	1,873	13.7	14.9	15.2	16.1	15.2	16.1
16 to 19 years	803	875	18.4	20.5	21.2	22.1	20.1	21.3
16 to 17 years	369	397	20.5	21.1	20.6	22.5	20.8	24.5
18 to 19 years	438	483	17.1	20.0	21.1	21.9	19.6	19.4
20 to 24 years	817	998	10.9	12.2	11.9	12.7	12.6	13.1
25 years and over	1,976	2,578	5.7	6.4	6.3	6.5	7.0	7.2
25 to 54 years	1,756	2,291	6.1	6.9	6.7	7.0	7.6	7.7
55 years and over	220	291	3.7	3.7	4.1	4.3	4.3	4.8

Table A-9. Employment status of black and other workers

(Numbers in thousands)

Employment status	Not seasonally adjusted			Seasonally adjusted					
	Apr. 1981	Mar. 1982	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
Civilian noninstitutional population*	22,132	22,535	22,595	22,132	22,411	22,493	22,634	22,535	22,595
Civilian labor force	13,463	13,561	13,562	13,633	13,773	13,704	13,857	13,810	13,768
Participation rate	60.8	60.6	60.0	61.7	61.5	60.9	61.2	61.3	60.9
Employed	11,753	11,283	11,349	11,827	11,610	11,632	11,653	11,535	11,446
Unemployed	1,710	2,277	2,213	1,806	2,163	2,072	2,204	2,294	2,322
Unemployment rate	12.7	16.7	16.3	13.2	15.7	15.1	15.9	16.6	16.9

* The population figures are not adjusted for seasonal variations, therefore, identical numbers appear in the unadjusted and seasonally adjusted columns

Table A-10. Employment status of male Vietnam-era veterans and nonveterans by age, not seasonally adjusted

Veteran status and age	Civilian noninstitutional population		Civilian labor force							
			Total		Employed		Unemployed			
							Number		Percent of labor force	
	Apr. 1981	Apr. 1982	Apr. 1981	Apr. 1982	Apr. 1981	Apr. 1982	Apr. 1981	Apr. 1982	Apr. 1981	Apr. 1982
VETERANS										
Total, 25 years and over	8,507	8,675	8,370	8,181	7,510	7,872	860	739	5.7	8.7
25 to 39 years	7,325	7,194	7,041	6,804	6,612	6,240	429	564	6.1	9.4
25 to 29 years	1,535	1,277	1,419	1,176	1,288	971	131	205	9.2	17.4
30 to 34 years	3,396	3,023	3,280	2,898	3,195	2,629	185	269	5.6	9.3
35 to 39 years	2,394	2,396	2,342	2,210	2,229	2,640	113	170	4.8	6.0
40 years and over	1,182	1,481	1,029	1,297	998	1,232	31	65	3.0	5.0
NONVETERANS										
Total, 25 to 39 years	17,012	17,999	16,128	17,065	15,169	15,633	959	1,412	5.9	8.3
25 to 29 years	7,788	8,101	7,316	7,629	6,783	6,870	533	758	7.3	9.9
30 to 34 years	5,357	5,867	5,119	5,629	4,875	5,199	244	430	4.8	7.6
35 to 39 years	3,867	4,031	3,693	3,792	3,511	3,564	182	228	4.9	6.0

NOTE: Vietnam-era veterans are males who served in the Armed Forces between August 5, 1964 and May 7, 1975. Nonveterans are males who have never served in the Armed Forces. Published data are limited to those 25 to 39 years of age, the group that most closely corresponds to the bulk of the Vietnam-era veteran population

Table A-11. Employment status of the noninstitutional population for the ten largest States

[Numbers in thousands]

State and employment status	Not seasonally adjusted*			Seasonally adjusted					
	Apr. 1981	Mar. 1982	Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982	Apr. 1982
California									
Civilian noninstitutional population[1]	17,951	18,269	18,295	17,951	18,171	18,218	18,242	18,269	18,295
Civilian labor force	11,736	11,953	11,995	11,811	11,851	11,916	12,004	11,995	12,065
Employed	10,895	10,797	10,865	10,974	10,828	10,878	10,935	10,865	10,943
Unemployed	842	1,156	1,130	837	1,023	1,038	1,069	1,130	1,122
Unemployment rate	7.2	9.7	9.4	7.1	8.6	8.7	8.9	9.4	9.3
Florida									
Civilian noninstitutional population[1]	7,835	8,107	8,131	7,835	8,028	8,061	8,083	8,107	8,131
Civilian labor force	4,410	4,598	4,644	4,412	4,627	4,596	4,575	4,594	4,645
Employed	4,172	4,205	4,278	4,138	4,272	4,257	4,243	4,187	4,243
Unemployed	238	393	366	274	355	339	332	407	402
Unemployment rate	5.4	8.6	7.9	6.2	7.7	7.4	7.3	8.9	8.7
Illinois									
Civilian noninstitutional population[1]	8,493	8,546	8,568	8,493	8,525	8,538	8,541	8,544	8,568
Civilian labor force	5,550	5,531	5,572	5,610	5,484	5,554	5,621	5,595	5,631
Employed	5,096	4,966	5,009	5,130	5,000	5,053	5,079	5,048	5,043
Unemployed	454	565	563	480	484	501	542	547	588
Unemployment rate	8.2	10.2	10.1	8.6	8.8	9.0	9.6	9.8	10.4
Massachusetts									
Civilian noninstitutional population[1]	4,427	4,478	4,482	4,427	4,461	4,470	4,474	4,478	4,482
Civilian labor force	2,854	2,976	2,949	2,900	3,029	3,005	2,968	2,987	2,997
Employed	2,709	2,750	2,714	2,737	2,805	2,797	2,737	2,768	2,743
Unemployed	145	227	235	163	224	208	231	219	254
Unemployment rate	5.1	7.6	8.0	5.6	7.4	6.9	7.8	7.3	8.5
Michigan									
Civilian noninstitutional population[1]	6,772	6,784	6,784	6,772	6,776	6,784	6,784	6,784	6,784
Civilian labor force	4,274	4,251	4,218	4,318	4,269	4,284	4,266	4,289	4,265
Employed	3,753	3,527	3,564	3,810	3,632	3,645	3,634	3,597	3,625
Unemployed	521	725	654	508	637	639	632	692	640
Unemployment rate	12.2	17.0	15.5	11.8	14.9	14.9	14.8	16.1	15.0
New Jersey									
Civilian noninstitutional population[1]	5,625	5,685	5,690	5,625	5,665	5,676	5,680	5,685	5,690
Civilian labor force	3,574	3,590	3,594	3,637	3,519	3,579	3,542	3,624	3,655
Employed	3,304	3,259	3,275	3,351	3,249	3,244	3,226	3,305	3,320
Unemployed	270	331	319	286	270	335	316	319	335
Unemployment rate	7.5	9.2	8.9	7.9	7.7	9.4	8.9	8.8	9.2
New York									
Civilian noninstitutional population[1]	13,377	13,476	13,483	13,377	13,440	13,463	13,469	13,476	13,483
Civilian labor force	8,047	8,058	7,966	8,076	7,976	7,969	8,043	8,071	7,995
Employed	7,404	7,366	7,347	7,404	7,325	7,345	7,364	7,412	7,347
Unemployed	643	692	619	672	651	624	679	659	648
Unemployment rate	8.0	8.6	7.8	8.3	8.2	7.8	8.4	8.2	8.1
Ohio									
Civilian noninstitutional population[1]	8,006	8,033	8,034	8,006	8,020	8,031	8,031	8,033	8,034
Civilian labor force	5,058	5,014	5,050	5,142	5,103	5,120	5,066	5,080	5,136
Employed	4,672	4,398	4,444	4,729	4,478	4,570	4,493	4,480	4,498
Unemployed	386	616	606	413	625	550	573	600	638
Unemployment rate	7.6	12.3	12.0	8.0	12.2	10.7	11.3	11.8	12.4
Pennsylvania									
Civilian noninstitutional population[1]	9,084	9,134	9,137	9,084	9,115	9,129	9,131	9,134	9,137
Civilian labor force	5,400	5,399	5,423	5,459	5,467	5,469	5,511	5,415	5,485
Employed	5,026	4,827	4,867	5,055	4,942	4,859	4,945	4,866	4,896
Unemployed	374	572	557	404	525	610	566	549	589
Unemployment rate	6.9	10.6	10.3	7.4	9.6	11.2	10.3	10.1	10.7
Texas									
Civilian noninstitutional population[1]	10,486	10,791	10,817	10,486	10,701	10,740	10,765	10,791	10,817
Civilian labor force	6,999	7,288	7,252	7,052	7,163	7,171	7,245	7,335	7,302
Employed	6,701	6,875	6,823	6,711	6,798	6,770	6,834	6,901	6,831
Unemployed	299	413	429	341	365	401	411	434	471
Unemployment rate	4.3	5.7	5.9	4.8	5.1	5.6	5.7	5.9	6.5

[1] The population figures are not adjusted for seasonal variations; therefore, identical numbers appear in the unadjusted and the seasonally adjusted columns.

* These are the official Bureau of Labor Statistics' estimates used in the administration of Federal fund allocation programs.

ESTABLISHMENT DATA

Table B-1. Employees on nonagricultural payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982 p	Apr. 1982 p
Total	91,337	89,945	90,192	90,451	91,458	91,113	90,879	91,019	90,760	90,562
Goods-producing	25,440	24,258	24,228	24,192	25,700	25,104	24,801	24,836	24,609	24,435
Mining	941	1,145	1,144	1,141	950	1,173	1,166	1,165	1,159	1,151
Construction	4,246	3,707	3,769	3,849	4,418	4,193	4,085	4,185	4,110	4,026
Manufacturing	20,253	19,410	19,315	19,182	20,332	19,736	19,550	19,506	19,340	19,258
Production workers	14,127	13,243	13,168	13,057	14,187	13,514	13,342	13,316	13,188	13,113
Durable goods	12,197	11,535	11,482	11,384	12,207	11,714	11,596	11,559	11,458	11,393
Production workers	8,412	7,729	7,686	7,598	8,412	7,868	7,758	7,740	7,661	7,596
Lumber and wood products	686.9	610.3	609.8	613.5	702	619	615	625	622	627
Furniture and fixtures	478.0	459.7	455.1	451.7	478	464	458	456	450	452
Stone, clay, and glass products	652.6	584.5	588.8	593.7	656	622	607	605	600	597
Primary metal products	1,149.9	1,025.0	1,011.8	998.6	1,145	1,058	1,042	1,027	1,013	995
Fabricated metal products	1,593.7	1,484.5	1,483.9	1,466.8	1,595	1,516	1,501	1,493	1,478	1,468
Machinery, except electrical	2,506.1	2,457.7	2,429.1	2,393.6	2,491	2,488	2,455	2,441	2,405	2,379
Electric and electronic equipment	2,129.7	2,088.1	2,074.8	2,071.9	2,134	2,089	2,093	2,084	2,073	2,076
Transportation equipment	1,874.3	1,712.6	1,723.8	1,696.8	1,878	1,725	1,706	1,719	1,712	1,700
Instruments and related products	716.4	707.1	706.1	703.9	714	717	711	708	705	703
Miscellaneous manufacturing	411.3	396.9	397.2	395.2	414	416	408	403	398	396
Nondurable goods	8,056	7,874	7,833	7,798	8,125	8,022	7,954	7,947	7,882	7,865
Production workers	5,715	5,514	5,482	5,459	5,775	5,646	5,584	5,576	5,527	5,517
Food and kindred products	1,631.0	1,613.1	1,608.4	1,591.9	1,697	1,669	1,663	1,677	1,665	1,657
Tobacco manufactures	64.2	68.8	65.4	63.0	72	70	71	70	69	68
Textile mill products	841.6	795.1	777.2	785.1	842	812	795	793	775	785
Apparel and other textile products	1,255.2	1,208.5	1,199.0	1,181.4	1,250	1,233	1,210	1,212	1,192	1,177
Paper and allied products	690.9	671.4	671.0	667.1	691	687	674	673	671	667
Printing and publishing	1,280.4	1,304.6	1,306.9	1,305.3	1,280	1,302	1,301	1,303	1,304	1,305
Chemicals and allied products	1,104.3	1,086.5	1,087.4	1,081.9	1,107	1,100	1,093	1,092	1,088	1,083
Petroleum and coal products	209.5	197.5	196.4	199.2	211	208	201	201	201	210
Rubber and misc. plastics products	743.5	715.8	708.5	709.6	744	722	718	712	708	712
Leather and leather products	231.7	212.2	210.5	213.0	231	224	222	214	211	212
Service-producing	65,897	65,687	65,964	66,259	65,758	66,009	66,078	66,183	66,151	66,127
Transportation and public utilities	5,120	5,049	5,047	5,059	5,161	5,122	5,124	5,105	5,088	5,100
Wholesale and retail trade	20,513	20,538	20,580	20,697	20,636	20,735	20,849	20,934	20,892	20,822
Wholesale trade	5,317	5,284	5,284	5,285	5,333	5,336	5,321	5,321	5,305	5,301
Retail trade	15,196	15,254	15,306	15,412	15,303	15,399	15,528	15,613	15,587	15,521
Finance, insurance, and real estate	5,295	5,325	5,345	5,350	5,316	5,366	5,361	5,365	5,377	5,371
Services	18,512	18,666	18,793	18,990	18,475	18,856	18,845	18,893	18,887	18,952
Government	16,457	16,106	16,189	16,163	16,170	15,930	15,899	15,885	15,907	15,882
Federal government	2,773	2,723	2,721	2,722	2,767	2,741	2,742	2,739	2,729	2,717
State and local government	13,684	13,383	13,468	13,441	13,403	13,189	13,157	13,146	13,178	13,165

p = preliminary.

ESTABLISHMENT DATA

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

Industry	Not seasonally adjusted				Seasonally adjusted					
	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982 p	Apr. 1982 p
Total private	35.2	34.7	34.7	34.6	35.4	34.9	34.2	35.0	34.9	34.8
Mining	43.6	43.5	43.7	43.1	(2)	(2)	(2)	(2)	(2)	(2)
Construction	36.9	35.7	36.9	36.2	(2)	(2)	(2)	(2)	(2)	(2)
Manufacturing	39.7	39.2	39.1	38.7	40.2	39.0	37.3	39.5	39.0	39.1
Overtime hours	2.6	2.3	2.3	2.1	2.9	2.4	2.3	2.4	2.3	2.4
Durable goods	40.3	39.7	39.6	39.1	40.8	39.3	37.9	39.9	39.4	39.6
Overtime hours	2.7	2.2	2.2	2.0	3.0	2.4	2.2	2.2	2.1	2.2
Lumber and wood products	39.1	37.6	37.7	37.5	39.6	37.6	34.6	38.2	37.9	38.0
Furniture and fixtures	38.2	37.4	37.6	37.1	38.8	37.7	32.6	37.6	37.4	37.7
Stone, clay, and glass products	40.9	39.2	39.7	39.8	41.2	39.5	38.3	40.2	39.8	40.1
Primary metal products	41.2	39.6	38.9	38.4	41.2	39.2	38.4	39.6	38.8	38.4
Fabricated metal products	40.2	39.4	39.5	38.9	40.9	39.2	37.9	39.6	39.3	39.6
Machinery, except electrical	40.8	40.7	40.4	39.7	41.3	40.3	39.0	40.7	40.1	40.2
Electric and electronic equipment	39.8	39.8	39.6	39.1	40.2	39.2	38.1	39.8	39.4	39.5
Transportation equipment	41.0	40.5	40.5	40.6	42.0	39.4	38.7	40.9	40.4	41.6
Instruments and related products	39.9	40.0	40.1	39.3	40.1	39.9	38.6	40.0	40.0	39.5
Miscellaneous manufacturing	38.6	38.5	38.7	38.3	38.9	38.4	36.9	38.7	38.5	38.6
Nondurable goods	38.9	38.6	38.4	38.0	39.3	38.6	36.4	38.9	38.5	38.4
Overtime hours	2.6	2.5	2.4	2.3	2.9	2.4	2.4	2.6	2.5	2.6
Food and kindred products	39.3	39.7	39.2	38.9	40.1	39.8	39.1	40.3	39.8	39.7
Tobacco manufactures	37.2	38.3	37.0	36.7	(2)	(2)	(2)	(2)	(2)	(2)
Textile mill products	39.1	38.1	37.7	37.0	39.8	37.8	31.3	38.1	37.5	37.4
Apparel and other textile products	35.2	35.2	35.1	34.5	35.5	35.1	30.7	35.4	35.0	34.8
Paper and allied products	42.3	42.0	41.7	41.9	42.6	41.8	41.2	42.2	41.7	42.2
Printing and publishing	37.0	37.0	37.1	36.5	37.3	37.2	36.5	37.4	37.1	36.8
Chemicals and allied products	41.6	41.1	40.8	40.5	41.5	41.3	40.8	41.2	40.7	40.4
Petroleum and coal products	43.9	42.2	42.4	42.6	44.1	42.6	44.3	43.5	43.4	42.8
Rubber and misc. plastics products	40.4	39.9	39.7	39.4	40.7	39.4	37.8	40.0	39.5	39.7
Leather and leather products	36.3	35.3	35.5	35.2	36.6	36.1	33.6	35.5	35.8	35.4
Transportation and public utilities	39.3	39.2	38.9	39.0	(2)	(2)	(2)	(2)	(2)	(2)
Wholesale and retail trade	32.1	31.5	31.5	31.5	32.3	31.9	31.6	31.9	31.8	31.8
Wholesale trade	38.5	38.2	38.2	38.1	38.6	38.4	38.0	38.5	38.3	38.2
Retail trade	30.0	29.4	29.4	29.5	30.3	29.9	29.6	29.9	29.8	29.8
Finance, insurance, and real estate	36.3	36.2	36.2	36.1	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.6	32.5	32.5	32.5	32.8	32.7	32.5	32.7	32.7	32.7

[1] Data relate to production workers in mining and manufacturing; to construction workers in 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 employees on private nonagricultural payrolls.

[2] This series is not published seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.

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			
	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p
Total private	$7.13	$7.55	$7.54	$7.56	$250.98	$261.99	$261.64	$261.58
Seasonally adjusted	7.14	7.53	7.54	7.56	252.76	263.55	263.15	263.09
Mining	9.70	10.65	10.64	10.68	422.92	463.28	464.97	460.31
Construction	10.43	11.28	11.30	11.22	384.87	402.70	416.97	406.16
Manufacturing	7.88	8.34	8.35	8.40	312.84	326.93	326.49	325.08
Durable goods	8.40	8.88	8.89	8.91	338.52	352.54	357.04	348.38
Lumber and wood products	6.83	7.28	7.24	7.18	262.05	273.73	272.95	259.25
Furniture and fixtures	5.78	6.18	6.20	6.20	220.80	231.13	233.12	230.02
Stone, clay, and glass products	8.13	8.65	8.65	8.70	331.70	339.08	343.41	346.26
Primary metal products	10.78	11.20	11.16	11.30	443.31	443.52	434.12	433.92
Fabricated metal products	8.05	8.57	8.63	8.68	323.61	337.66	340.69	337.65
Machinery, except electrical	8.67	9.22	9.19	9.18	353.74	375.25	371.28	364.45
Electric and electronic equipment	7.51	8.00	8.06	8.09	298.90	318.40	319.18	316.32
Transportation equipment	10.14	10.75	10.80	10.76	415.74	435.38	437.40	436.86
Instruments and related products	7.25	7.95	8.01	8.04	289.28	318.00	321.20	315.97
Miscellaneous manufacturing	5.91	6.33	6.36	6.40	228.13	241.71	246.13	245.12
Nondurable goods	7.08	7.55	7.57	7.66	275.61	291.43	290.69	291.08
Food and kindred products	7.37	7.75	7.79	7.89	289.64	307.68	305.37	306.92
Tobacco manufactures	8.90	9.58	9.62	9.94	331.08	364.23	355.94	364.80
Textile mill products	5.36	5.76	5.77	5.80	211.18	219.46	217.53	214.60
Apparel and other textile products	4.96	5.15	5.17	5.21	174.59	181.28	181.47	179.75
Paper and allied products	8.37	9.00	9.03	9.13	354.05	378.00	378.55	382.55
Printing and publishing	8.04	8.60	8.63	8.67	297.48	318.20	320.17	316.46
Chemicals and allied products	8.94	9.68	9.66	9.74	371.90	397.85	394.13	396.50
Petroleum and coal products	11.40	12.27	12.20	12.45	500.66	517.79	517.28	530.37
Rubber and misc. plastics products	7.15	7.59	7.55	7.63	288.86	302.84	299.74	300.62
Leather and leather products	4.93	5.21	5.22	5.23	178.96	183.91	185.31	184.10
Transportation and public utilities	9.54	10.19	10.14	10.19	374.92	399.45	394.45	397.41
Wholesale and retail trade	5.87	6.16	6.15	6.17	188.43	194.04	193.73	194.36
Wholesale trade	7.47	7.95	7.94	7.97	287.60	303.69	303.31	303.66
Retail trade	5.22	5.43	5.43	5.45	156.60	159.64	159.64	160.78
Finance, insurance, and real estate	6.20	6.62	6.60	6.64	229.06	239.64	238.92	239.70
Services	6.30	6.79	6.77	6.79	205.38	220.68	220.03	220.68

[1] See footnote 1, table B-2

ESTABLISHMENT DATA

Table B-4. Hourly Earnings Index for production or nonsupervisory workers[1] on private nonagricultural payrolls by industry

(1977 = 100)

Industry	Not seasonally adjusted					Seasonally adjusted						
	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p	Percent change from: Apr. 1981–Apr. 1982	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982 p	Apr. 1982p	Percent change from: Mar. 1982–Apr. 1982
Total private nonfarm:												
Current dollars	136.8	145.7	145.7	146.4	7.1	136.7	143.5	145.1	145.3	145.7	146.4	0.4
Constant (1977) dollars	93.0	93.4	93.6	N.A.	(2)	93.1	92.3	93.1	92.9	93.5	N.A.	(3)
Mining	145.7	155.9	155.8	156.8	7.6	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Construction	127.7	136.7	136.9	136.5	6.9	129.0	136.2	140.8	138.2	138.3	137.8	-.3
Manufacturing	139.8	149.3	149.8	150.7	7.8	139.9	147.0	149.0	149.1	149.8	150.8	.7
Transportation and public utilities	137.0	146.8	146.3	146.8	7.1	137.3	144.4	145.8	146.5	147.2	147.1	-.1
Wholesale and retail trade	137.0	143.6	143.7	144.5	5.5	136.4	141.9	142.3	143.0	143.2	144.0	.5
Finance, insurance, and real estate	135.9	145.2	144.8	145.5	7.1	135.4	141.8	143.4	143.9	144.9	144.9	(5)
Services	135.1	145.0	144.7	145.4	7.7	134.8	142.7	143.6	144.0	144.2	145.1	.7

1 See footnote 1, table B-2.
2 Percent change was .7 from March 1981 to March 1982, the latest month available.
3 Percent change was .6 from February 1982 to March 1982, the latest month available.
4 Mining is not seasonally adjusted since the seasonal component is small relative to the trend-cycle and/or irregular components and consequently cannot be separated with sufficient precision.
5 Percent change is less than .05 percent
N.A. = not available
p = preliminary

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

(1977 = 100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Apr. 1981	Feb. 1982	Mar. 1982 p	Apr. 1982 p	Apr. 1981	Dec. 1981	Jan. 1982	Feb. 1982	Mar. 1982 p	Apr. 1982 p
Total private	107.5	104.0	104.2	104.2	108.9	106.9	104.3	107.0	106.1	105.7
Goods-producing	100.7	92.5	92.6	91.4	102.8	96.8	90.9	96.4	94.6	93.4
Mining	110.8	135.1	135.5	132.4	112.0	143.0	137.2	139.0	138.3	134.0
Construction	110.4	89.6	94.8	96.3	115.8	108.4	99.1	107.9	106.4	101.6
Manufacturing	98.4	91.1	90.2	88.5	99.9	92.4	87.2	92.2	90.3	89.9
Durable goods										
Lumber and wood products	99.5	90.0	89.3	87.3	100.7	90.8	86.3	90.6	88.7	88.4
Furniture and fixtures	91.0	76.5	76.4	76.6	94.5	77.5	70.7	79.7	78.6	79.6
Stone, clay, and glass products	98.9	91.8	91.0	89.2	100.5	93.6	79.6	90.8	89.3	90.6
Primary metal products	93.6	78.3	80.0	81.1	94.8	84.9	79.7	83.7	82.0	82.2
Fabricated metal products	96.4	80.1	77.9	75.8	95.7	82.3	79.0	80.3	77.6	75.3
Machinery, except electrical	96.5	86.7	86.3	84.0	98.2	88.0	83.8	87.0	85.5	85.5
Electric and electronic equipment	110.4	105.3	102.8	99.0	110.5	106.1	100.6	104.1	100.7	99.1
Transportation equipment	107.3	102.3	100.8	99.4	108.4	100.5	98.2	102.0	100.1	100.6
Instruments and related products	90.8	78.4	79.4	77.3	93.3	76.4	73.9	79.5	78.4	79.4
Miscellaneous manufacturing	110.6	107.8	107.8	104.7	110.9	109.0	104.5	107.5	107.2	105.1
Nondurable goods	90.3	85.3	86.1	84.2	92.0	90.2	84.4	87.9	86.6	85.6
Food and kindred products	96.8	92.7	91.6	90.3	98.7	94.8	88.6	94.5	92.6	92.2
Tobacco manufactures	93.4	93.3	91.8	89.6	100.5	97.8	95.4	99.7	97.7	96.5
Textile mill products	86.5	95.1	86.5	81.6	96.5	93.3	95.2	97.6	93.8	90.1
Apparel and other textile products	89.9	81.3	78.4	78.0	90.7	82.6	66.8	81.1	77.9	78.9
Paper and allied products	93.8	89.7	89.0	86.2	94.1	91.4	78.5	90.5	88.3	86.5
Printing and publishing	99.1	94.7	94.0	94.1	99.9	95.8	93.8	95.6	94.0	94.8
Chemicals and allied products	108.0	108.8	109.5	107.7	108.5	109.1	107.1	109.7	109.1	108.1
Petroleum and coal products	101.8	96.7	95.9	95.1	101.2	98.8	96.5	97.3	95.5	94.7
Rubber and misc. plastics products	103.7	87.9	88.5	91.0	105.3	96.4	95.5	93.0	92.8	92.3
Leather and leather products	101.3	95.3	93.8	93.6	102.2	94.8	90.5	94.9	92.8	94.3
Service-producing	88.0	77.7	77.9	78.3	88.5	84.6	77.9	78.4	78.6	78.6
Transportation and public utilities	111.3	110.3	110.6	111.3	112.3	112.4	111.7	112.9	112.4	112.5
Wholesale and retail trade	104.5	101.8	101.0	101.4	105.4	103.2	102.0	103.4	102.3	102.9
Wholesale trade	105.7	104.0	104.3	104.8	107.2	106.5	105.9	107.6	106.9	106.5
Retail trade	110.7	108.5	108.7	108.3	111.4	110.8	108.9	110.3	109.3	108.9
Finance, insurance, and real estate	103.9	102.3	102.7	103.5	105.6	104.9	104.7	106.5	106.0	105.5
Services	117.3	117.1	117.2	116.8	117.8	118.2	118.0	117.7	118.0	117.4
	118.7	119.0	119.8	121.1	119.3	121.2	120.4	121.2	121.1	121.6

1 See footnote 1, table B-2.

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
1979				
January	63.1	72.1	72.1	74.7
February	66.0	68.6	71.8	70.6
March	54.2	65.7	70.1	69.5
April	54.1	65.7	64.8	67.2
May	60.5	62.8	59.6	59.6
June	62.5	63.7	54.4	58.1
July	57.0	55.5	56.7	55.8
August	53.2	50.0	51.5	55.2
September	49.1	51.5	52.0	50.0
October	61.6	52.0	50.6	46.2
November	49.4	53.5	51.2	38.1
December	49.7	49.4	47.7	35.8
1980				
January	52.6	50.6	40.4	32.0
February	53.2	46.8	33.4	32.6
March	49.4	38.7	30.8	31.7
April	34.6	30.8	24.7	32.3
May	32.8	27.0	26.2	31.4
June	31.4	25.9	28.2	31.4
July	38.9	35.5	35.2	31.4
August	44.8	54.9	45.1	32.4
September	64.0	71.2	61.0	34.9
October	61.2	69.8	73.5	43.6
November	63.4	64.8	72.7	55.8
December	56.7	64.0	65.4	70.5
1981				
January	59.6	61.0	68.6	78.8
February	55.8	61.5	68.6	75.6
March	52.3	64.2	67.7	73.3
April	69.8	68.9	70.3	64.2
May	62.5	66.9	67.7	56.4
June	51.5	68.4	71.4	45.1
July	67.2	60.2	52.9	37.8
August	49.7	66.5	38.7	34.9
September	59.3	59.2	35.8	35.5p
October	30.2	33.1	36.7	31.1p
November	27.9	23.8	28.9	
December	29.9	23.0	23.5p	
1982				
January	30.5	26.7	24.7p	
February	48.0	31.1p		
March	36.3p	33.5p		
April	40.1p			
May				
June				
July				
August				
September				
October				
November				
December				

[1] Number of employees, seasonally adjusted, on payrolls of 172 private nonagricultural industries.
p = preliminary.

Representative REUSS. Thank you, Commissioner Norwood.

The picture you paint is bleak and unrelieved, is it not? Is there any glad news there at all for anybody, whites, blacks, old, young, male, female, full time, part time? I don't see any.

Ms. NORWOOD. The developments in employment and unemployment are clearly weaker in many cases than would be usual for the spring period, and in manufacturing, which is especially sensitive to changes in the economy, there seems to be continued decline.

Representative REUSS. Last year the President and all his men and women were saying that the enactment of the President's budget and tax program would bring in an immediate new wave of prosperity as a result of the wonders of supply-side economics.

I'm going to read you the unemployment figures from last July on and ask you if they are the actual ones. In July, unemployment was 7.2; August, 7.3; September, 7.6; October, 8.0; November, 8.3; December, 8.8; January 1982, 8.5; February, 8.8; March, 9.0; and April, 9.4. Are those substantially accurate? My point is, they've gone up unremittingly and remorselessly every month since the Reagan program was put in place. Is that not so?

Ms. NORWOOD. They have risen.

Representative REUSS. The President, Commissioner, has described the seasonal adjustment techniques used by the Bureau of Labor Statistics as a funny way of counting. This month you do note in your report that the adjusted figures show a substantial increase in unemployment even though the actual number of unemployed persons fell by 330,000. You explained that the reason for this divergence is that unemployment typically falls at this time of year and that the March–April drop this time was subpar.

Do you think there's anything funny or misleading about the procedures of the Bureau of Labor Statistics?

Ms. NORWOOD. I'm sure, Mr. Chairman, that you are quite aware that we are very proud of our professionalism at BLS.

Representative REUSS. I want to take this opportunity to pay my respects to the objectivity and competence of the Bureau. I'm distressed that the Bureau faces troubles next week because they haven't yet been given the modest $6 million budget supplement—moneys found elsewhere in the Department so it doesn't entail any new overall spending—that was requested. I hope that the Congress will in its supplemental next week be able to see that your operation continues. I'm going to do my best to bring that about.

If we can do that by the end of next week in the supplemental, do you think it would be possible for you to forestall RIF notices and other morale breakers that I hope really aren't going to be necessary?

Ms. NORWOOD. Mr. Chairman, I appreciate your comments and I would appreciate rather prompt action by Congress on the administration proposal for a supplemental appropriation for the Bureau.

We are increasingly concerned about the approach of May 15, when we are going to have to make some very hard decisions about furloughs. The entire Bureau of Labor Statistics—and others in the Department are affected by the threat of furlough—some 9,000 employees in all. We will look at this with great care and if the Congress can assure us that it will act very rapidly, we will try to wait

for congressional action for a few days. But we are in a very precarious situation, particularly once May 15 comes along.

Representative REUSS. Well, I hope that we will do the right thing next week and I hope you have a little luck in whatever internal paperwork is needed to keep the ship floating.

On this matter of adjusted-unadjusted figures, it is a fact, is it not, that using the unadjusted figures, that the President places such great store in, actually shows in many manufacturing industries that on an unadjusted basis there were drops in employment; things got worse on an unadjusted basis; is that not so?

Ms. NORWOOD. In manufacturing in the month of April, employment declined both before and after seasonal adjustment. As you know, Mr. Chairman, the Bureau of Labor Statistics publishes data both before seasonal adjustment and after seasonal adjustment, and we do that because those data in both cases have value.

If we are examining the overall trends in the economy, seasonal adjustment is a statistical tool that helps to remove or filter out movements in time series that are due to seasonal events like weather, major holidays, reduced or expanded industrial production and the opening and closing of schools. And it is therefore important to look at these data on a seasonally adjusted basis.

At the same time, it is important in any individual month to look at the number of people who are actually on payrolls, and who are actually unemployed. In the month of June, for example, we normally have a large number of young people who come onto the labor market out of school. We seasonally adjust the numbers because every June we expect them and so if they appear in the labor force looking for jobs we are not surprised. The unemployment rates and the number of unemployed when seasonally adjusted are smoother. We would not want to infer a sudden deterioration in the economy from these.

On the other hand, it's extremely important for policymakers to know that students are seeking jobs because there may be some need in the summer to do something about it.

So I think it is important to note both the seasonally adjusted and the not-seasonally adjusted data. The interpretation of the two sets of data have very different uses.

Representative REUSS. In the latest blue chip forecast representing the views of the major forecasting services, 11 percent thought that the recession would become a depression. By making the cuts that have been made in unemployment insurance and other income support programs, haven't we weakened the power of the economy's so-called automatic stabilizers and thus increased the possibility of a depression?

Ms. NORWOOD. I'm not sure about the overall developments in programs that have been cut. I, therefore, can't comment on that. There are, of course, some economic support systems. We have found that unemployment insurance and the earnings of other family members frequently provide greater income for families of people who suffer some spell of unemployment that is normally understood. That doesn't mean that these are not serious problems. We do not have data on those developments and on family income for 1982 yet. The latest data are for the year 1980 and, of course, there have been some significant changes since then.

Representative REUSS. Among the appalling figures you report are an April unemployment rate for teenagers of 23 percent, and for black teenagers 48.1 percent.

Our committee recently asked the U.S. Conference of Mayors to report from the Nation's leading cities their expectations for the summer as a result of the very sharp cutbacks under Mr. Reagan's summer job programs, and the reports from a great majority of those cities, of course, were very distressing—more crime in the streets, more hopelessness, more helplessness, more civic tension.

Due to the recession, won't summer jobs for young people in private industry be especially scarce this summer?

Ms. NORWOOD. Well, if the recession continues in the same way that it is now, I would suppose so.

Representative REUSS. Senator Kennedy.

OPENING STATEMENT OF SENATOR KENNEDY

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

I'd like to make a brief comment before getting into the questions. I'd like to welcome Ms. Norwood back and commend her for what I thought was a very informative speech she made recently up in New York at the Industrial Relations Society of New York, which I think would be very instructive for many of the members of this committee.

Today we have learned that unemployment has burst through the 9-percent barrier to the highest level since 1941. Last month Ronald Reagan's breadline grew longer by 450,000 people. For the first time since the depression, more than 10 million workers are out of work in America, and the country is now harvesting the bitter fruit of a failed and unfair economic policy that has brought us record tax cuts for the wealthiest individuals and corporations in this country, record budget cuts for the needy, the middle class, record interest rates for business and homeowners, record budget deficits for the Federal Government, and record unemployment for working men and women.

Americans all across the country are losing their homes, their hopes, their savings, and their pride. The President seems to be pretending that he has not been in the White House for the past 15 months while the economy has been collapsing around him and that the past administration is still to blame for the present hardships his policies are producing.

Over these periods of months we have seen the administration try to blame the highest rate of unemployment on the fact that women are working and are part of our work force. He has tried to blame the lack of jobs for Americans on the fact that there are illegal immigrants. And he has tried to blame unemployment on other factors also, even by manipulating the statistics which reflect the numbers of unemployed in our society.

What the American people know and what the President has yet to face, is that the condition of our economy is the direct result of the administration's program that has failed. Millions of men and women are out of a job today and they can't feed their children tonight on the promise of a better tomorrow. The American people, I believe, understand that the buck stops in the Oval Office and this

country needs an economic policy that creates jobs and growth, not a scheme that destroys the dreams of decent families, delivers pink slip after pink slip after pink slip to millions of decent working men and women.

[The speech referred to follows:]

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WHAT'S BEHIND THE UNEMPLOYMENT RATE?

Remarks by

Dr. Janet L. Norwood
Commissioner of Labor Statistics

at

Meeting of
Industrial Relations Society, Inc.

New York, N.Y.

April 29, 1982

Unemployment today is at record levels.

This fact is, I am sure, not news to anyone here. The overall unemployment statistic receives a great deal of attention. It is the focal point for analysis of the state of the economy and is used to measure the success of economic policy. It is a "fact," engrained in the public consciousness and, in a subtle manner, affects the way in which the American people feel about their own well-being and the well-being of their Nation.

The overall unemployment rate is an important statistic. But to understand what is really happening, we need to look behind it--to find out who is working and who is not, who has earnings and who does not, and to learn what we can about the employment and income of others in the families with whom they live. We need to examine the information that lies behind the overall unemployment rate, and beneath the headlines of the daily newspapers.

Who are the unemployed?

The latest unemployment figures, for March 1982, show 9.9 million unemployed and a jobless rate of 9.0 percent. About 45 percent of the unemployed were adult men, 35 percent were adult women, and the remainder--20 percent--were teenagers.

Women, generally have higher rates of unemployment than men, in good times as well as bad. During a recession, however, unemployment tends to rise in the cyclically sensitive goods-producing industries, where a lot of men work, and their jobless rate shoots up sharply. Thus, in March, adult men and women had the same rate of unemployment--7.9 percent.

Teenagers experience much higher unemployment rates than adults--21.9 percent in March. They lack skills and experience and have difficulty competing for jobs. They also change jobs more

frequently than older workers do. Moreover, a large number of them--nearly half of all unemployed teenagers--are full-time students, which limits the hours that they have available for work.

It should not surprise us, then, that unemployment rates for older workers are lower than those for younger ones. Older workers have more experience, education, and training. In addition, they frequently have greater family responsibilities and in many cases have a stronger attachment to the labor force. While it is true that the jobless rates for workers under 25 years of age are considerably higher than the rates for older workers, it is also true, of course, that joblessness among older, mature workers can be longer lasting and have more serious economic consequences than joblessness among younger workers.

Black workers represent only about 10 percent of the population, but they account for 20 percent of the unemployed. In March, the jobless rate for black workers was 18.0 percent, a great deal higher than the 7.9 percent for whites. Blacks also represent a disproportionately high share of those too discouraged to look for work and of those unemployed for long periods of time.

Hispanic unemployment rates fall between those of whites and blacks. But, as with other groups in the population, there is a great variation among the various Hispanic groups. For example, persons of Puerto Rican origin typically have had the highest jobless rates of all Hispanics.

Turnover among the unemployed

People tend to think of the 9.9 million who were unemployed in March as essentially the same group of people who were jobless in February. In fact, however, the jobless pool is constantly changing. Of those unemployed in a given month, only about one-half will remain unemployed in the following month. About one-quarter of the previous month's jobless group will have found a job and another quarter will have decided to leave the labor force. Among this latter group, some will have become discouraged over the prospects for finding work, but many more enroll in school, devote full time to homemaking or engage in other activity.

This turnover among the jobless means that the total number of individuals experiencing unemployment over the course of a year is considerably larger than the number of jobless in any single month. Typically, the number experiencing some unemployment in the course of a year is 2-1/2 to 3-1/2 times larger than the average number of jobless in any single month. In 1980, when the number of jobless averaged 7.6 million, for example, the total number of persons experiencing some spell of unemployment over the course of the entire year was 21.4 million.

This means that most unemployed persons have relatively short spells of joblessness. In March, for example, nearly 40 percent of the unemployed had been jobless for less than 5 weeks. Nevertheless, a small but significant number of persons experience long spells of joblessness which stretch over many weeks--or indeed, even months. In March, 1.3 million people had been unemployed for 6 months or more, and another 1.6 million had been out of work between 3 and 6 months.

Unemployment in families

In many ways--both psychologically and economically--the family serves as an important support system for workers who are unemployed. In addition to unemployment insurance, which for several decades now has provided income to workers during periods of joblessness, the earnings of other employed family members help to cushion economic distress caused by unemployment.

As a result, the presence of unemployment is not always associated with low family income. Of the 21.4 million people who experienced unemployment during 1980, for example, 3 out of every 10 lived in a family with an annual income under $10,000, 3 had family incomes between $10,000 and $20,000, and nearly 4 in every 10 lived in families with incomes of $20,000 or more. When we look at those at the low end of the income scale, however, we find that 17.5 percent of those with unemployment lived in families with incomes that were actually below the official poverty level. The proportion of those unemployed for long periods who lived in families below the official poverty level was far greater. When joblessness lasted 27 weeks or more, fully 30 percent lived in families with income below the poverty level.

While these income statistics show that poverty does not always accompany unemployment, we should not conclude from the data that unemployment has little effect on family income. In 1980, median family income of persons experiencing unemployment was almost one-third lower than it was for those without unemployment ($16,646 compared to $24,472). Thus, the reduction in a family's living standard and, indeed, in its well-being that is caused by unemployment can be very great even though the family may not fall below the levels established as the official poverty line.

Family types - Despite the dramatic changes in living arrangements of the past few decades, most Americans live in families and most married-couple families have two or more earners. It is in these situations that the traditionally strong link between unemployment and poverty has been loosened. The increased labor force participation of married women has brought about a decline in the proportion of families who lose their only wage earner when the husband loses his job. In fact, in 55 percent of the families with an unemployed husband, some other family member had a job. Nevertheless, husbands tend to earn considerably more than their wives,

and extended periods of joblessness for a husband usually results in a substantial reduction in family income. In 1980, the income of families of husbands with some unemployment during the year was about 35 percent lower than income of families with a fully employed husband. The reduction in family income caused by unemployment among wives was far less--about 25 percent.

The disturbing phenomenon is that unemployment tends to "run in families." That is, when one family member is jobless, there is a greater likelihood that another person in the family may also be unemployed. The unemployment rate of a wife or a husband whose spouse is also unemployed runs about 3 times that for persons with an employed spouse. This is in large part due to the fact that the education and general skills of people in the same family tend to be at comparable levels. Thus, when one has problems in the labor market, the other tends also to have difficulty. In 1981, for example, the unemployment rate for women whose husbands were also unemployed was 17.6 percent. In those families where the women without jobs had employed husbands, however, the jobless rate for wives was only 5.3 percent. While it is true that only a small number of families have both husband and wife unemployed--about 200,000--the situation in which they find themselves is indeed a very unfortunate one.

Families maintained by a woman--The most serious financial distress caused by unemployment occurs in families maintained by a woman who has no husband present. First, a much greater proportion of such families experience unemployment--15 percent on average in 1981, compared with 9 percent of married-couple families. Second, when there is unemployment it is far less likely that there will be another family member who is employed. In fact, less than 20 percent of the unemployed women maintaining families had some other member of the family who was working.

Currently, 1 out of every 6 families is maintained by a woman, and 18 percent of all children live in such a family. Not only have these families increased in number--from less than 5 million in 1960 to nearly 10 million, today--but their marital status has changed considerably. In 1960, about half of the women maintaining families were widowed, now only 30 percent are in that category; separated and divorced women comprise about half of the group and never married women the remainder.

These women who maintain families on their own have a very difficult time in the labor market. Among those who worked or looked for work, a little more than one-fifth experienced some spell of unemployment during the course of 1980. The median family income for these women was only $6,179. Indeed, more than half of these women and their families were in poverty.

There are also a small number of families maintained by a man without a wife. Joblessness for these men is lower than for women maintaining families and the income of males maintaining

families is higher than the family income of women in comparable situations. Similarly, in 1980 the poverty rate for men maintaining families on their own who experienced unemployment was less than one-half that for women--24 percent compared with 56 percent for women.

Persons who live by themselves outside of a family unit generally depend entirely on their own earnings. Nearly 15 percent of the unemployed in 1981 did not live in a family group. According to income data for 1980, about one-third of the unrelated individuals who experienced some unemployment during the year were in poverty.

Conclusion

I hope that my remarks this morning have left you with a better understanding of the widely different effects of unemployment. There are those who believe that all of the unemployed are in dire financial straits and others who dismiss the problems of the unemployed, thinking that their burdens are relieved by unemployment compensation and the earnings of other family members. We have seen that neither of these situations is totally correct; there is a wide range of circumstances among the unemployed. While the statistics available from the BLS provide some insight into these circumstances, it is clear that no set of statistics can adequately portray the emotional and psychological impact of unemployment. As professionals we try to look at the data dispassionately, but we must also remember that unemployment statistics represent real people with real problems.

Senator KENNEDY. Ms. Norwood, I would like to question you on some of the points that were raised in your speech that I think are related to these recent statistics—and this is looking beyond just the statistics themselves—about who is really losing their jobs, who is most affected by this.

One of the many valuable points that you make in your statement is that those in the middle and lower incomes are the ones that are losing their jobs, have the greatest difficulty in sustaining employment, and are the ones that are increasingly affected by the adverse economic policies.

I'm wondering if you could develop that point for us briefly.

Ms. NORWOOD. I think, Senator Kennedy, that the important point is that when we look at averages or medians, we are seeing the group that is able to cope combined with those who are not able to cope. Sometimes the numbers in difficulty may be small. There is, for example, a relatively small number of people who have suffered long spells of unemployment, but those who have suffered long spells of unemployment tend to live, obviously, in families with much lower family income than others do. In addition, unemployment tends to run in families so that the unemployment rate for a wife whose husband is unemployed is perhaps three times the rate of a wife who has a husband working.

The group that is in greatest difficulty with some spells of unemployment are the households maintained by women alone with no husband present. A very large percent of those families are in real poverty conditions.

Senator KENNEDY. Well, I think it's important as we try to gain a clearer picture of the economic condition of the country to understand that the middle income people and the working poor in our society are the ones who bear the very heaviest burden of the

flawed and failed economic policies. And at the present time the Senate Budget Committee has just adopted a budget which is going to curtail, in a very significant and dramatic way, those support programs that reach out to these individuals and are really lifelines to them and their children and their parents.

The recommendations for cutbacks in social security, cutbacks in the entitlement programs, cutbacks in education, cutbacks in school lunch programs—what does it mean to the increasing number of Americans who are losing their jobs? Their children's school lunch programs are being closed down. They find out that the job opportunities for a young teenager are increasingly grim. I think the statistics are particularly dramatic in terms of the jobless rate among the teenagers, especially for those who live in the inner cities. And they find out that opportunities for their children to continue to get a decent education are curtailed.

It was the Republican members of the Budget Committee who, without exception, supported the administration's proposal for the significant reductions in support programs. There is virtually no request for an increase or no request to reduce the kind of tax inequities which exist in the current tax system. You come here and tell us this morning, as you have the responsibility to do, about the significant increase of joblessness in our society, some 450,000 more Americans who are on the unemployment level. It seems to me that this country, in an unfair and unequitable way, is asking a particular group in our society to bear the harsh burden of a flawed and failed economic policy. That's wrong. That's unfair. And Americans are increasingly understanding it.

I know the chairman has reviewed some of these figures with you, but I think it's important that this record be as complete as possible. I see in my own State of Massachusetts the rather dramatic increase in unemployment from 7.3 percent in March 1982 to 8.5 percent. I know there are States that have higher unemployment, but that has to be one of the most significant percentage increases in any of the States.

Ms. NORWOOD. Yes.

Senator KENNEDY. We have an old industrial base and we are able to see the structural difficulties which our State and many of the Northeast States faced over a period of years reflected in unemployment. We have progressed in recent years. That's why we have been able to get unemployment as low as 7.3 percent. And it was even lower in the early part of the year. Now we see this dangerous trend again which is going to bring great hardship on tens, and possibly hundreds, of thousands of people up in my State and our region of the country.

Unemployment for blue collar workers, as I understood, has gone from 9.5 percent in July 1981 to some 15.7 percent in April 1982. And this is obviously a reflection of our industrial strength, of whether we're going to be an industrial power able to compete with the industrial giants of the world as well as meet our own responsibilities with regard to national security and defense.

We see the increase in the rate of unemployment for blacks from 14.9 to 18.4, for Hispanics from 10 percent to 12.5, and then in the construction industry it is from 17.9 in March 1982 to 19.4 in April

1982. Did you break those figures in terms of commercial construction and home construction?

Ms. NORWOOD. No, sir. The samples are too small for that.

Senator KENNEDY. Do you have any impression about the difference between the unemployment in each of those areas?

Mr. PLEWES. Senator Kennedy, we don't have it on the unemployment side from the household survey; however, our establishment survey does give us some indication of what's going on in employment in the construction industry below the major level.

We found, for example, that as everybody recognizes, that for some time homebuilding construction was well down but office construction was holding up and highway construction was also. In recent months, we found that the construction declines have been fairly widespread among the various construction sectors.

Senator KENNEDY. The map I have of this country shows the unemployment rates by State, for February 1982. I think there are many people that believe that the harshest reactions in terms of increasing unemployment is in the Northeast. It usually was for many years. President Kennedy used to say:

> When the unemployment and other economic indicators are adverse, the tide goes out a little more rapidly in our part of the country, and when the country recovers from a recession the tide comes in a little slower than in other parts of the country.

But in recent times we've done somewhat better than some of our sister industrial States.

I think the figures that you bring to us today should be recognized as reflecting the increased unemployment even in the Sun Belt. And it was the Sun Belt which really led the way in putting the President into office, and though the Reagan programs have been known to favor this area, many of those Sun Belt States are facing high unemployment.

As I understand it, the statistics show that California goes from 7.1 percent since April 1981 to 9.4 percent last month. In Florida, 6.2 percent since April 1981 to 7.9 percent last month; in Texas, 4.8 percent since April 1981 to 5.9 percent last month. That's almost a half million more people who are unemployed in those major Sun Belt States, just about a half million more than are unemployed this year over a year ago.

And I think the point is that even the States that are the most favored in terms of the economic indicators—the ones that are generally recognized within the financial communities as States for one reason or another having the greatest kind of growth potential—are also very adversely affected and impacted.

Could you tell us just generally about the growth of unemployment in some of those Sun Belt States?

Ms. NORWOOD. As you quite rightly point out, Senator Kennedy, what happened was that the recession began in some very sensitive, interest rate sensitive industries—the automobile industry, the steel industry, and lumber and wood, for example, which are related to the construction industry. Gradually, as the recession has continued, the employment conditions have deteriorated in industries which feed into those industries and what we are seeing now is some further spreading in areas, as you point out quite rightly, in your own State of Massachusetts, and in some of the

North Central and Northwestern parts of the country and California, and also down into the Southern States. There are even some slight changes in the Southwest portion of the country.

Senator KENNEDY. Today's figures really bring us into some uncharted areas, at least in the postwar era we're talking about. There's a good deal of discussion whether we're in a recession or a depression. I think those that work in the automobile industry would say we're in a depression. Those that work in the housing industry would say clearly we're in a depression. Those small farmers in the Midwest would say that clearly we're in a depression. The banks, the savings and loan banks, which have meant so much to millions of Americans in being able to acquire a home, would have to say that we're in a depression.

And the workers who work in those areas, in those industries, those companies, are by and large the ones that are being adversely affected. The number of failures in small businesses has been dramatic. I believe it's close to a 40-percent increase in bankruptcies over a year ago. I don't know whether you have those figures and statistics here, but I believe that is correct.

We have seen, almost each time you've come here, another segment of our economy that I think you could define as moving from a recession into a depression. I think we used to hear that the definition of a recession is when your neighbor loses his job and it's a depression when you lose one. But the fact is that there are not many people in these industries that I've mentioned here that are working. And I think the ones that are working are looking over their shoulder for the next month's pink slip with a sense of hopelessness and despair.

What's your rule of thumb? Are there going to be other sectors that are going to be added to that list? Are we headed toward a depression?

Ms. NORWOOD. Well, I'm not sure about these definitions, Senator Kennedy. Since July, payroll employment has declined by 1.3 million and even the service-producing sector which tends in general to be rather insulated from a recession, has been extremely weak, though it has increased by 186,000.

As you quite rightly point out, there is some spreading and as I said in my statement industries like stone, clay, and glass, primary metals, some miscellaneous manufacturing, tobacco, textile mill products, apparel and other textile products and leather products manufacturing have employment levels in April 1982 that are below the low reached in 1975.

Senator KENNEDY. There are just one or two areas that I want to review if it's all right, Mr. Chairman.

With Senator Quayle, I am sponsoring a Jobs Training Act. Half of the funds are targeted toward teenage unemployment. It also provides for the retraining of older workers through the business communities. There is a comparable, although not identical bill, over in the House that's made good progress. We were able to get $3.8 billion for job training included in the budget. But the administration has opposed us along the way on the development of the jobs training program. Effectively, we've got a unanimous vote, Republican and Democrat alike, out of our subcommittee, and we're

having difficulty getting the full committtee meeting because of the administration's reluctance and opposition.

But when I go back to my colleagues on the Human Resources Committee, I want from you the latest in terms of information about youth unemployment and what trendlines that you might be able to see. I know you're not in the business of predicting, but I would be interested in whatever you can do to help us better understand this problem. You've given us the statistics and maybe there's something you'd like to elaborate on in terms of unemployment, and particularly youth unemployment and the trendlines.

Ms. NORWOOD. There are several trends. Of course, the unemployment rates for teenagers are high. For black teenagers, in particular, they are exceedingly high and have been high for a long period of time.

That which we think a little bit less about but which is equally important is that the unemployment-population ratio for teenagers, and black male teenagers in particular, has been declining for some period of time. And the labor force participation rates for teenagers which a year ago, for example, was 57 percent is now down to 54.3 percent. So there has been a downward trend in labor force participation.

We should also recognize, however, that the teenage population which had been increasing rapidly for many years is now beginning to decline because the postwar baby boom has grown up and moved into the adult part of the labor force.

Senator KENNEDY. In the late 1970's, 1977 to 1980, as I understand it, there was a reduction in youth unemployment from 16.9 to about 13.9 in 1979. Have you drawn any conclusions as to what accounted for that progress? Was that the expansion of the economy or was it the results of youth training programs and the jobs programs?

Ms. NORWOOD. It's hard to draw any causal relationship. My observation particularly when we look at the minority population has been that when the conditions in the economy improve their labor force participation and their labor market experience tends to improve as well. And in the 1960's, for example, when the economy was moving vigorously ahead, many of the groups which had difficulty in the labor market were improving, and then in periods when the economy was in retrenchment there was a great deal of difficulty. But I do not know whether there is any direct relationship between those programs. There may be; there may not be.

Senator KENNEDY. That is certainly something that we ought to find out. The youth summer jobs program was a part of the safety net that was commented on by the President. That program has been significantly reduced and at the recommendations of the administration; and yet you report to us increasing numbers of unemployed youth and we're nearing summertime. It would appear to me that we are going to be in for a long, hot summer, and sometime or other we're going to have to make some rather important and significant and dramatic changes in our economic program and also in youth training and other aspects of this program if we're going to really meet our responsibilities to the young people of this Nation.

Ms. NORWOOD. Senator, generally, every year toward the end of May, the Bureau of Labor Statistics issues a release looking at the condition of teenagers and providing the labor force projections for the summer months. We will have that information I believe for the next hearing.

Senator KENNEDY. I want to thank Ms. Norwood for her appearance here today, Mr. Chairman. Each month, as we meet and see these statistics grow, I can't help but think in terms of human beings and what the effect must be on these families all across this Nation—and it's all across this Nation, as we pointed out again here today. I remember not many months ago the challenge that was issued to the American people: Are you better off today than you were 4 years ago? That was a challenge that was offered by the President to the American people. That was during the course of the campaign.

I daresay for 450,000 more people who are now unemployed and for the millions who have been added to the jobless list as a direct result of these economic programs which were adopted virtually intact by the Congress—the administration's programs—I daresay that if that question was asked to millions of Americans today, there would certainly be 450,000 of them this month that would answer that question with a resounding "No."

I want to thank the Chair and thank Ms. Norwood.

Representative REUSS. Thank you, Senator.

I have just one additional question, Ms. Norwood. On unemployment insurance, I have the impression that in addition to these tragic unemployment figures that the percentage of Americans who are covered by unemployment insurance in this recession is substantially lower than previous recessions.

What is that percentage and is what I've said true?

Ms. NORWOOD. For the week of March 17, the percent of UI covered employment was 4.7.

Representative REUSS. 4.7?

Ms. NORWOOD. No, 4.7 percent. That's the UI [insured unemployment] rate—the percent of covered workers who are unemployed. That's less, of course, than the overall unemployment rate, as we would expect.

You're quite right. In recent months the proportion of the unemployed covered by unemployment insurance in terms of those actually getting claims has been much lower than in past recessions.

Representative REUSS. Can you give us some comparative figures? What percentage of present jobless workers in this terrible recession we're in are covered by unemployment insurance and what was the case in 1975?

Ms. NORWOOD. Mr. Plewes, who always knows everything, tells me that in 1975, as much as 69 percent of the unemployed were covered and now 49 percent are covered.

Representative REUSS. And that is another shocker. What proportion of today's——

Senator KENNEDY. Would the chairman yield? Why is that? What accounts for that dramatic reduction?

Ms. NORWOOD. Well, there are, of course, several reasons. One is that there has been some tightening over several years in the eligi-

bility requirements for the unemployment benefits. So that's one reason.

Second, this recession has followed closely on the recession of 1980, so that some people may have used up benefits and not have earned new eligibility. There are a number of reasons for that.

Senator KENNEDY. Can you give us some idea of the numbers that are affected because of the administration's reductions in unemployment insurance?

Ms. NORWOOD. No, sir; I cannot. As I'm sure you're aware, a number of the eligibility requirements were tightened during the Carter administration. There were further changes this year.

Senator KENNEDY. But you can't quantify it?

Ms. NORWOOD. No; I cannot.

Representative REUSS. I would just say, to a worker who's out of a job and out of unemployment insurance, it's small comfort whether his troubles are due to the Carter administration or the Reagan administration. In either event, the 60-plus coverage of the 1975 recession has now shrunk to something like 40 percent; is that not so?

Ms. NORWOOD. I think it is, of course, important, Mr. Chairman, as you well know, to remember that it is primarily the job losers—the people who actually lost their job—who are eligible for unemployment insurance and they represent about 57.4 percent of the total unemployed.

The people who have left their last jobs and those who are either new entrants to the labor force or reentrants to the labor force tend to have no eligibility.

Representative REUSS. Do you have the figures on the proportion of the unemployed today that have exhausted: (a) their regular jobless benefits; and (b) their extended unemployment benefits?

Ms. NORWOOD. There is a time lag in the reporting of the exhaustees. You understand that this UI system is not a statistical system in the same sense that the BLS has statistics.

Representative REUSS. How long is that lag?

Ms. NORWOOD. The latest data, I believe—they're about a quarter behind.

Representative REUSS. Well, could we have it for January or whenever the latest time is, recognizing there is a lag?

Ms. NORWOOD. February, about 266,000 people were reported by the State program to have exhausted their regular UI benefits.

Representative REUSS. And you say 260,000?

Ms. NORWOOD. 266,000.

Representative REUSS. How many had exhausted their extended benefits? Do you have that figure?

Ms. NORWOOD. In February, an additional 14,000 persons exhausted their extended benefits. In March, preliminary data indicate that exhaustions from regular UI programs totaled 335,000, and there were an additional 39,000 who exhausted extended benefit payments.

Representative REUSS. Thank you.

Under the rule and without objection, we have before us a very perceptive paper on the effect of Mr. Reagan's supply-side tax program in contributing to recession and unemployment prepared by Gardiner C. Means, a respected, venerable economist now residing

in Virginia. Under the rule and without objection, that will be placed in the record.

[The paper referred to follows:]

Why the Marginal Income Tax Cuts Are Intensifying Recession

Gardiner C. Means

This paper will show the three gross logical errors in the Supply-Side argument justifying marginal income tax cuts. When these errors are corrected, it is easy to show why the program is contributing substantially to high interest rates and declining production.

Part I will show the unreality of the Supply-Side argument by showing that it deals only with an economic world which has long since disappeared under the impact of the Industrial and Corporate Revolutions.

Part II will show the gross error in the Supply-Side assumption that the direct effect of tax cuts financed by an equal borrowing from the public would be neutral. Rather, under modern conditions, their direct effect would work in the wrong direction, tending to raise interest rates and depress production and employment.

Part III will point to the great logical gap in the Supply-Side argument that increased incentives to save will increase incentives to produce and will show that under modern conditions this gap cannot be filled so that the incentive effects will also work in the wrong direction.

Part I

The Unreality of the Supply-Side Theory

In February 1981, three Congressmen, headed by Congressman Kemp, circulated a document to their colleagues entitled "The Classical Economic Case for Cutting Marginal Income Tax Rates."(1) This will be used as the basis for appraising the Supply-Side

(1) Circulated by Rep. Bob Michel - House Republican Leader, Rep. Trent Lott- House Rep. Whip, Rep. Jack Kemp, House Republican Conference Committee.
No author given.

Theory which was relied on to justify the huge marginal income tax cut program.

Basically the Supply-Side argument starts with the proposition that:

(1) A reduction in marginal income taxes will increase the supply-side incentives to work more and to save more and concludes that:

(2) The free market system will convert these supply-side incentives into demand-side incentives to increase production and employment.

Just how the free market system does the converting is far from clear. Indeed it appears to be taken for granted.

Here in Part I the assumptions made in Kemp's document as to working and saving and their implications for the behavior of the free market system will be shown to be wholly inconsistent with the modern world.

The Basic Assumption on the Supply of Labor

In the Kemp document, the discussion of "Tax Rates and the Supply of Labor" starts off with the assertion:

"Every individual faces the same choice between the two uses of his or her time. It can be used to earn additional income or for additional leisure". (p. 21)

And in the discussion of the supply of labor there is no mention of involuntary unemployment. This means that so far as the supply of labor is concerned, Kemp assumes that any person who is unemployed is idle because he or she prefers leisure to working and the income from working. Thus Kemp appears to believe that the

ten million persons now officially reported as seeking work and unable to find it are choosing leisure in preference to working for pay. He also implies that the quarter of the labor force that was unemployed at the bottom of the Great Depression was made up of persons who were avoiding work for pay because they preferred leisure. This assumption is so contrary to experience that it would be funny if it were not so cruel.

The Basic Assumption on the Supply of Saving

The discussion of "Tax Rates and the Supply of Saving" is equally unreal but for a different kind of reason. It starts off with the statement:

> "There are two uses of income - consumption and saving. Income can be used to buy goods today, or else invested to obtain additional income in the future." (p. 28)

This statement is applied to individuals but as a statement of how an individual can "use" income, it is clearly wrong. There are three things an individual can do with income, not two. Income can be spent on goods, it can be invested or it can be held as additions to money balances. And when one is concerned with the problem of before-the-fact incentives and not the after-the-fact equality of real saving and real investment this can be of vital importance. If the Kemp statement were true it would mean that each person would haveto end each day and each month and each year with exactly the same money holding as the person started with. For a Theory of Incentives, the assumption that individuals have no choice except to buy goods today or invest is as startling as the assumption that they have to choose between work and leisure.

These two flaws in the assumptions underlying the supply-side analysis are important in themselves but they are even more important for the light they throw on the character of the free market system which Supply-Side Theory assumes. There is one mathematical model in which the supply-side assumptions could be realized. If prices and wage rates were perfectly flexible and supply and demand were continuously equated by price and wage adjustments, such adjustments would continuously convert supply-side incentives into the demand-side incentives needed to clear each market and prevent involuntary unemployment of men and machines. This price-wage flexibility would also adjust the public's desire to hold money balances to the outstanding stock of money by reducing or raising the price level, thereby changing the real buying power of the money in the hands of the public to the necessary extent.

This Supply-Side World of course describes the classical model of perfect competition which would automatically maintain full employment. But mathematically marginal income tax cuts could not possibly correct recessions in such a world because there would be no recessions to correct. If there were recessions, it would mean that the free market was not working classically. Obviously a Government policy to produce recovery in the real world would have to take account of the differences between the classical model and the modern world.

One might overlook these obvious errors in assumption if price and wage behavior in the modern world approximated the Classical Model. But the modern free-market system bears little

relation to this classical model. One cannot discover how a marginal tax cut would affect the incentives to produce and employ until the basic assumptions are altered to account for the great discrepancy in practice between the results to be expected in the classical world of Supply-Side theory and the modern world. These differences are crucial for the ability of the free market system to convert changes in the supply-side incentives to work and save into the demand-side incentives to produce and employ. The failure to take account of these differences leads to the fundamental flaw in the supply-side theory of incentives.

The Practical Shift from Classical to Modern Markets

When Adam Smith delineated the free market system two centuries ago, he was fully justified in analysing its behavior in terms of a perfectly flexible price system with due recognition that this was an approximation with some lags in price adjustment and some prices which behaved non-classically. But since Smith wrote, the Industrial Revolution and the Corporate Revolution have gradually altered the structure of the free market system. The bulk of workers are no longer owners or apprentices in small enterprises such as "the butcher, the baker and the candle-stick maker" but hired hands in huge corporations and the Corporate Revolution has greatly increased the separation between the process of saving and the process of investing in the instruments of production. As a result of this gradual structural change, the bulk of prices today behave in a non-classical fashion.

The most important structural change has come in the shift in the free market system from one dominated by classically competitive markets to one dominated by imperfect competition. In

the first type of market there are so many competitors that no one competitor has any significant effect on price. This is the classical market in which the unseen hand of the market determines current price and is still to be seen in the auction markets which set the constantly changing prices of wheat and cotton. In the second type of market there are only a few competitors and price is usually set by the visible hand of management in the light of its costs and the actual or expected price behavior of a few competitors. Such administered prices can be held constant for months at a time as in the case of steel and farm implements.

Both types of competition will tend to minimize monopoly profits. Also selling at administered prices is an efficient way of doing business. But the two types of market have quite different effects on prices and production in a recession. Under Classical Competition, when demand falls in a recession, the unseen hand brings down the price in any given market with little if any effect on production for that market. But under Administrative Competition, the visible hand of management tends to divide the adjustment to reduced demand between price and production, curtailing production and cutting price less than would be the case under Classical Competition or even raising price perversely.

The Great Depression Experience

This basic difference in market behavior is clearly visible in the first three years of the Great Depression. By 1929, the gradual structural shift had progressed to such a point that only half the items in the BLS Index of Wholesale Prices behaved classically while half behaved non-classically. Under these conditions, the three years of decline in demand reduced real GNP by close to

30 percent and the GNP price deflator by 24 percent, but the level of non-classically competitive prices at wholesale declined, on average, by only a third as much as the level of classically competitive wholesale prices while the big drop in production during the recession was in the administratively competitive items. Clearly, fifty years ago the Classical Model was no longer even a crude approximation to the real economy of that day. Indeed, the depth of the Great Depression can properly be described as the result of President Hoover's application of a Laissez-Faire policy based on the Classical Model to an economy in which markets were roughly divided between classical and non-classical behavior with the prices in the non-classical markets providing reduction in production instead of price reductions to a greater or less extent. The Kemp analysis makes the same sort of damaging mistake in basing its advocacy of marginal tax cuts on the Classical Model which no longer approximates the real world and can no longer provide a sound basis for appraising policy under the modern free market system.

Part II

The Damaging Result of the Marginal Income Tax Program's Direct Effect

The second major logical error in the Supply-Side Theory is its assumption that the Government's program of marginal income tax cuts financed by extra borrowing from the public will have no direct effect on production and employment. It is true that the two sets of transactions would put money into the hands of the

public through the tax cuts and would take out exactly the same amount through borrowing to finance the resulting deficit. Also in the Supply-Side model of perfect flexibility, the free market would adjust so that the effect of the double set of transactions on total demand was neutral. But the Kemp document assertion that "Aggregate income and demand are unchanged by a change in the tax rates" (p. 13) would not apply to the modern world.

This is easily seen by examining the two mechanisms which would operate to make the assumption valid for the classical model. Suppose that the Government cut tax rates by 100 billion and borrowed 100 billion from the public to finance the deficit, making no change in the money stock. It would be mathematically possible for this double set of transactions to be perfectly neutral if each tax payer with extra after-tax income turned around and loaned this same amount to the government at the initial rate of interest. But the first effect would almost certainly be a rise of interest rates as the government sought to raise the extra 100 billion from the public as a whole. This is because, to the extent that the tax payers spent a part of their extra after-tax income on goods, the Government would have to get others to save out of income to an equal extent and this would push up interest rates. But the rise in the level of interest rates could be expected to curtail production and employment unless some other adjusting mechanism came into play.

In the unreal Supply-Side Model there would be a second adjusting mechanism. When demand fell as a result of the rise in the level of interest rates, prices would fall, increasing the

real buying power of the fixed money stock. This is turn would continue until real incomes were brought back to approximately the initial level and interest rates were down again. Thus the Classical Supply-Side model would automatically tend to neutralize any direct effect on real demand.

When we turn to the real world with its free-market system dominated by administrative competition, the neutralizing effect of price-level adjustments is no longer operative. If all prices were frozen, it is easy to see that the net direct effect of a 100 billion shift would raise interest rates and reduce production and employment with no price-level corrective. But the blocking of the automatic corrective does not require a price freeze. The gradual change in the free market structure has carried to a point where a drop in general demand no longer brings a fall in the level of prices. Indeed, in recent years, major declines in general demand have been accompanied by a price rise so that the direct effect of the marginal income tax reduction can be expected to be a rise of interest rates plus an even greater fall in general demand than would occur with a frozen price structure.

The gross logical error in the Supply-Side theory in assuming that a fall in price level could neutralize the direct effect of a tax cut is alone sufficient to invalidate the theory and explain why the financial community has not reacted as the Supply-Side proponents have expected. Logically, in the modern economy with its non-classical price behavior, the direct effect of the tax cuts is in the wrong direction.

Part III

The Big Logical Gap in the Supply-Side Theory

The basic structural change in the free market system has also opened up a devastating logical gap between the Supply-Side argument that a cut in marginal income taxes will stimulate the incentive to save and the Supply-Side conclusion that the free market system would somehow convert these Supply-Side incentives to save into Demand-Side incentives to expand production and employment. Supply-Side Theory gives little if any attention to this incentive gap and seems to assume that it would be bridged by the working of the free market system. Part II has already shown the error of the assumption that in the modern world the direct effect of the double swap will be neutral as far as production and employment is concerned. In this Part it will be shown that in a free market system dominated by Administrative Competition, there is no logical bridge over this incentives gap and that the effect of measures to stimulate incentives to save would also work in the wrong direction by contributing to recession.

The Source of the Logical Gap

There are three factors which, in combination, give rise to the logical gap between incentives to save more and incentives to produce more.

First, the Corporate Revolution has not only separated ownership and control in the modern corporation to a large extent but it has also greatly increased the separation between individuals who actually make decisions to save more and those who make decisions

to produce more. The Gap problem arises partly because this separation has become so important. If one were dealing with the decisions of single decision makers who could both save and expand production, there would be no "gap". For example, consider the independent baker referred to by Kemp (P. 18). A marginal tax cut could provide him with both an incentive to save more and an incentive to expand his production with no mechanism of adjustment involved. If all producers were as self contained, there would be no gap. Thus the gap turns on the presence of the two groups, savers and producers with their separate sets of incentives.

Second, the gap is solely between incentives to save and incentives to produce. Tax cuts which involved incentives to spend more such as Excise tax cuts could be expected to stimulate production by increasing sales and, as is well known, when firms are producing at less than capacity, nothing stimulates increased production more than increased sales or orders. The presence of a gap is the great difference between the effect of marginal tax cuts and flat rate tax cuts.

Third, the gap problem arises because of the fact that, as a matter of definition "an incentive to save more out of a given income" is also "an incentive to spend less out of that same income". This means that any action based on incentives to save more out of a given income must also be action to spend less out of that income.

As has already been pointed out, this last is a problem that could be solved if both interest rates and goods prices were all

made in classically competitive markets. The real problem is whether the gap between can be bridged under today's conditions.

The Incentive Effect of Expected Marginal Tax Cuts

The most revealing light on the logical gap is cast by considering the effect of incentives in the period between the passage of the Economic Recovery Tax Act in July 1981 and the time the first marginal income tax cuts became effective in October 1981. The Supply-Side theory of incentives called for some stimulus to production in this period simply from the expectation of the tax cuts to come. In this interim period the gap between incentives to save more and those to produce more can be brought out clearly by considering first the incentives to produce and then the incentives to save.

Suppose that, in this interim period, the executives of a big manufacturing corporation meet to decide whether to expand production because of the prospective incentives to individuals to save more. Assume that the corporation is using only 80 percent of its productive capacity, a typical condition at that time. Also assume that the Supply Siders have explained that the tax cuts will have no direct effect on the public's total demand for goods because the Government will have to borrow as much buying power from the public to finance the deficit as it reduces tax payments by the public and that the economic stimulus can be expected to come from the extra incentives to save by individuals since any additional income from additional saving will yield a higher after-tax income and that the extra saving will bring down interest rates.

What will the management team say to this? Undoubtedly they will welcome a reduction in their personal income tax rates and here the issue is not the reaction to Corporate tax changes. Will they accept the incentives argument and decide to expand the corporate production? A natural reaction would be:

1) "We now have more than ample capacity to meet a considerable increase in sales and can wait until the extra sales show up before we expand output or capacity, even if interest rates fall significantly".
2) "If interest rates go down significantly we might hold larger inventories though we have been keeping real inventories low because of the recent declines in demand;"
3) "If the tax and deficit swap adds nothing to the total buying power in the hands of the public and the Government persuades the public to save more, what is the source of the extra demand for any increase in goods we might make?"
4) "If interest rates are actually going down, should we postpone any of our new construction until we can borrow on better terms?"
5) "And are we really sure that the actual financial swap when it comes will not increase interest rates instead of reducing them?"

It is easy to see the meeting adjourning after agreeing to "wait and see". And there seems to be nothing in this intermediate period to suggest that management would increase its rate of production or new construction because of the cut due to individuals in

the new tax act.

Turning to the potential savers, would the expectation of lower marginal tax rates stimulate net savings out of personal income during this interim period? Until the tax cuts came into effect, there would be no change in net income available to be saved due directly to the program. And so long as producers adopted a "wait and see" policy there would be no reason to expect an increase in income out of which to save. Also, any incentive to save more would lead to less spending on goods.

In these circumstances, there would seem to be no reason to expect that the prospect of lower marginal tax rates would tend to stimulate production and employment where decisions on production and decisions on saving are made by the two different groups of decision makers. There would not even be a true gap between the two sets of decisions since neither set of incentives would call for an increase in production.

The Incentive Effects With Marginal Tax Cuts in Operation

Once the actual income tax cut of 5 percent came into effect on October first, the gap between saving and producing became very real and its analysis much more complicated. The complications arise partly because the increased incentives to save more are also incentives to spend less and partly because of the necessity of taking account of the direct effect of the financial swap.

First, consider the corporate policy makers. If they still believed the Supply-Side theory that the financial swap would have no net direct effect on their sales but that interest rates would fall, would this alone induce them to expand their production?

Or would they continue to say, "let us wait and see . We have ample unused capacity and until interest rates are down and sales are up, there is no reason for us to expand capacity faster than we had planned." And, if they suspected that Supply-Siders were wrong and that the necessity of borrowing to finance the large extra deficit would require Government to pay higher interest rates in competition with the private sector than would otherwise be the case, this would strengthen the decision to "wait and see" or even to slow up plans already underway to expand capacity. There would again seem to be nothing in the personal income tax cuts to give corporate producers incentives to expand production even if the direct effect were neutral.

Finally, the failure of the surge of increased demand to materialize is easy to understand even if the Supply-Siders were correct in assuming that the direct effect of the financial swap would be neutral. When the potential savers put into effect their incentives to save they would simultaneously be increasing their offering of loanable funds to obtain the extra after-tax rate return and be reducing their spending. It is difficult to see how any stimulus to production from lower interest rates could overcome the decline in sales that this would require. Indeed, the decline in sales would be immediate while the stimulus to production from lower interest rates would usually take time, particularly when decisions involved new plant. This would mean a real gap between incentives to save and incentives to produce so that the incentive effect of

the marginal income tax cuts alone would work in the wrong direction, reinforcing the depressing action of the direct effect, unless, somehow, both could be offset by price level adjustments.

The Impotence of Price Adjustments to Bridge the Gap

It has already been shown that in the Supply-Side model of Classical Competition, a rise of interest rates and fall in demand due to a cut in marginal income tax rates could automatically be corrected by a fall in price level. But in the modern economy, the non-classical behavior of the majority of prices prevents the automatic bridging of the gap through price adjustment. Even a model which crudely approximated the modern economy would show why such a classical correction would break down into greater recession and greater inflation.

Such a model would have to take account of the new type of inflation called Stagflation which first made its appearance after 1960. In substantial recessions before that time the price level had always gone down because (by weight) more prices dropped than rose in a recession. As a result, it could be said that inflation was "always and everywhere a result of too much money chasing too few goods." But since 1960 every substantial recession, including the present one, has been accompanied by inflation. Instead of inflation from too much money chasing too few goods we have a new kind of inflation with "too little money chasing goods on well stocked shelves." This is not the place to discuss the cause and cure of this new type of inflation but it would not be realistic to leave it out of a modern model of the modern world. It is enough

to point out that under today's conditions, more prices go up in a recession than go down and therefor an adjustment mechanism which relies on a fall in prices when demand falls cannot be effective.

This new type of inflation is not essential to an explanation of why a price-level adjustment could not automatically bridge the gap. It would be enough if a substantial body of prices behaved non-classically. But it does simplify such an explanation. When the structure of the free-market system has so changed from the supply-side model that a general drop in demand produces both recession and inflation at the same time, it should be obvious that it cannot provide a mechanism to convert incentives to save more into incentives to produce more. Rather it can be expected to convert the drop in demand due to marginal income tax cuts not only into lower real demand but also make it a contributor to inflation along with any excessive monetary expansion.

Other Considerations

In the Kemp document much is made of the Laffer Curve and the Kennedy tax cuts of 1964 as supporting the Supply-Side theory. But neither appears to offer clear support for this claim.

The Logical Flaws in the Way the Laffer Curve is Used

There are two Laffer Curves. Both are concerned with the relation between tax rates and tax revenue. One was introduced by Jude Wanniski in his 1978 book - The Way the World Works (p. 97ff) and shows the obvious facts that if the average income tax rate were zero, there would be zero tax revenue; if the average tax rate were 100 percent, there would also presumably be no tax revenue and that

between these extremes there could be various combinations of rates and revenues. It was used to justify the claim that between the two extreme positions, there was a specific tax rate which would yield the maximum revenue in a given income situation and that therefore there was a point beyond which a higher tax rate would discourage production.

We do not need to go into the implications of this simple curve because other Supply-Siders soon rejected this curve because of its unreality. Mathematically, a curve representing marginal income tax rates could never reach an average of 100 percent and the Supply-Side problem was one of marginal rates.

The rejection of this first Laffer Curve was signalized by Congressman Kemp in his book the following year, An American Renaissance, where he says: "The Laffer Curve has nothing to do with average tax rates but instead deals with marginal tax rates and their effect on the activity of individuals. A marginal tax rate is the added tax imposed on added earnings". (p. 45, Emphasis in original)

The discarding of the first Laffer Curve was accompanied by the creation of a wholly new conception which was promoted under the old name. It related marginal tax revenue to marginal tax rates and here will be referred to as the Refined Laffer Curve. It points to the well-known and obvious fact that when marginal tax rates are 0 or 100 percent, there would be no marginal tax revenue and that, under a given set of conditions the incentive to produce must reach a maximum somewhere between. This means that excessive tax rates can be self defeating as far as raising revenue is concerned. But beyond this acceptable fact, the assumption that a

simple two-factor curve can throw light on the effect of tax changes on incentives to produce involves two major logical errors.

The first logical error arises from the confusion between nominal and real values. Tax rates and Tax Revenues are given in terms of nominal dollars while individuals tend to make their income-producing decisions in real terms. A given point on a Laffer Curve could represent a given money income at a given price level that is taxed at a given marginal tax rate but it would also represent an innumerable number of different combinations of production and price level. This means that price level becomes an essential factor in discussing the relation between marginal tax rates and the amount people will choose to produce. But this obviously cannot be done with a two-dimensional Laffer Curve.

The second logical error arises because of the Laffer Curve's one-sided character which leaves entirely out of account the demand-side incentives to produce or not to produce which arise from changes in the Federal Deficit. For example, suppose that government reduced its marginal income tax rates by $100 billion and financed the resulting deficit through borrowing from the public. The effect of this would depend not only on the change in the supply-side incentives of tax-payers but also on the changes in the demand-side incentives which are brought into play. No simple two-factor Laffer Curve can take into account the rise in the level of interest rates which could be expected from financing the extra $100 billion of deficit. This means that the Laffer Curve would have to explode into millions of curves in order to provide a realistic

indication of the relation between tax changes, price level changes and production changes. This, like the confusion between nominal and real, makes the simple Laffer curve useless in trying to throw light on whether a cut in marginal income tax rates would stimulate or depress production.

The Mis-Reading of the Kennedy Tax Cuts

Much is also made in the Kemp document (p. 97 ff) of the marginal income tax cuts to individuals which were included in the Kennedy recovery program and amounted to around $9 billion in 1965. By the end of that year, nearly full employment had been achieved, reducing unemployment from 6.7 percent in 1961 to 4.1 percent. There is a widespread tendency to give great credit for the program's success to these marginal tax cuts. But it is easy to explain the actual recovery on three other major grounds. First, at that time it was possible to expand the real stock of money by 11 percent in the five years of recovery without major inflation, an option no longer available. Second, and more important, the Kennedy Guide Posts called on Labor to limit wage increases to the magnitude of the increases in productivity with a corresponding guide post on prices for management. Labor abided by this guide post to a remarkable extent until the latter part of 1965. In the period from 1960 to the end of 1965, the rise in the Government index of total hourly compensations paid to workers exactly kept pace with the rise in the index of productivity so that the nominal labor cost per unit of output in the private economy

remained almost constant. But in the same period, prices measured by the GNP deflator rose at a 1.4% rate a year or a total of 7.3 percent. This means that the increase in real wages fell by around $20 billion below that needed to keep pace with productivity. In effect this failure of real wages to keep pace with productivity raised capital's share of the combined labor-capital income from 16.5 percent in 1960 to 19.2 percent in the last quarter of 1965 and provided incentives to expand production and employment far more than the 9 billion marginal income tax reductions to which Supply-Siders attribute the recovery. This source of substantially higher profit margins was brought to an end when Labor ceased to abide by the unfair Labor Guide Post and sought to catch up to the dollar wage increases required to obtain its real share in the productivity gains. Third, very large reductions in excise taxes were made in 1965 which, as has already been shown, involve no bridge between incentives to spend more and incentives to produce more. The stimulus to produce more coming from the real increase in the money stock of 11 percent, the 20 billion of extra return to capital and the increase in stimulating excise taxes are enough to account for the Kennedy recovery up to the end of 1965 when increased military expenditure added a new factor and labor rejected the Kennedy Guide Posts as unfair. Given these conditions, there would seem to be nothing in this historical period to run counter to the conclusion that marginal income tax cuts can be expected to be depressing and raise interest rates. Indeed, interest rates went up somewhat from mid-1964 to the end of 1965.

The Basic Economic Conclusion

The basic conclusion of this analysis is that cuts in marginal income tax rates which stimulate the incentives to save are depressing under present day conditions for three basic reasons.

First, the Supply-Side theory which justifies marginal income tax cuts as a stimulus to recovery could be accepted for an economy in which all free markets operated Classically but does not apply to the modern economy in which the bulk of free markets operate under conditions of Administrative Competition in which a few competitors are in a position, each to set its prices in the light of its costs and its expectation of how its few competitors will behave.

Second, where an economy is dominated by markets in which competition is among a few competitors, a reduction in marginal income tax rates can be expected to have the direct effect of reducing production and employment and raising interest rates. This is because, while a reduction in marginal tax rates will increase the after-tax income of individuals, the extra savings this will produce is certain to be less than the extra savings that will be required to finance the resulting deficit and the Government's effort to finance the whole deficit will raise interest rates as it competes for private savings and this, in turn, will be depressing.

Third, and more important, the structural changes in the free market system due to the Industrial and Corporate Revolutions which make competition among a few competitors the dominant form of free competitive market, have destroyed the ability of the free market to convert incentives to save more into incentives to

produce more. By definition, the economic phrase "incentives to save more" also means "incentives to consume less". Supply-Side Theory which argues for marginal income tax cuts, assumes that the free market system will automatically convert increased incentives to consume less into incentives to produce more. But it leaves a logical gap unbridged. There is no inducement for management to expand production when real interest rates are high or rising and orders and sales are falling.

The conclusion of the present analysis is that, under modern conditions, the free market system would automatically convert marginal income tax cuts into recession combined with high interest rates. How the free market produces simultaneous inflation and recession is another matter.

Implications for Fiscal Policy

If the above conclusion is accepted, it has the following implications for fiscal policy:

1) It was a great mistake to pass the bill cutting marginal income tax rates by 5-10-10 percent as an aid to recovery;
2) The 10-10 rate cuts should be repealed immediately;
3) the 5 percent cut now in operation should be repealed so far as fiscal 1983 and future years are concerned;
4) These repeals would largely eliminate the huge deficits planned from 1983 on;
5) The Supply-Side Theory should be relegated to the Museum of Economic Oddities.

Representative REUSS. Commissioner Norwood, we are very grateful for your being here today and explaining the sad news that you have to bring. Thank you very much.

We now stand in adjournment.

[Whereupon, at 10:35 a.m., the committee adjourned, subject to the call of the Chair.]

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