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Central Files

THE PRESIDENT HAS SEEN...*49*

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
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November 1, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Employment Situation in October

Summary

The seasonally adjusted unemployment rate increased by 0.2 percentage point to 6.0 percent in October. This can be contrasted with a 4.6 percent rate that prevailed in October 1973. The number of unemployed persons increased by 0.2 million to 5.5 million in October.

The increase in unemployment in October was concentrated among adult males (0.2 million). In spite of the weakening of job opportunities the labor force participation rate increased by 0.1 percentage point to 62.2 percent, a record high level.

The household survey and the establishment survey both indicate that employment did not change significantly in October. Nor has the number of hours worked per week changed significantly over the last few months.

William Fellner
Member

Alan Greenspan
Chairman



Detail

While from September to October the seasonally adjusted unemployment rate rose by 0.2 percentage point to 6.0 percent, the rate increased by 0.4 percentage point for adult males and did not change significantly for adult females and teenagers. Civilian employment remained at 86.5 million in October but the number of unemployed persons increased by 0.2 million to 5.5 million.

The weakening of employment opportunities is also seen in the demographic composition of the labor force participation rate. Although the labor force participation rate increased to an all-time high of 62.2 percent, the rate for adult females decreased for the fourth consecutive month.

The increase in unemployment in October was concentrated among blue collar workers in the durable goods manufacturing sector. The unemployment rate of blue collar workers increased by 0.5 percentage point to 7.3 percent, and among durable manufacturing workers by 0.8 percentage point to 5.9 percent.

The number of unemployed persons who were either new entrants or reentrants into the labor force declined, but the number who lost their last job or who voluntarily left their last job increased. The average duration of unemployment increased by 0.4 week to 10.0 weeks in October.

The seasonally adjusted number of workers on nonfarm payrolls did not change significantly in October and remained at 77.4 million. A small employment decline in the goods producing sector (112,000) was offset by an increase of a similar magnitude in the service sector (142,000).

The seasonally adjusted average weekly hours of work of nonfarm production or nonsupervisory workers declined by 0.1 hour in October to 36.6 hours, returning to the August magnitude. Although weekly hours have not changed significantly in the last few months, the current level is below the 37.0 hours of last October.

The seasonally adjusted hourly earnings index of private nonfarm production workers increased by 0.7 percent in October, for an annualized rate of increase of 8.7 percent. Since last October the index increased by 9.3 percent. These are substantially below the rate of increase in the CPI in recent months.