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December 5, 1975

SUBJECT:

NOVEMBER UNEMPLOYMENT

The Unemployment Rate for November dropped to 8.3% from 8.6% in October. 8.3% is the same level as in September. The peak of 9.2% unemployed was reached in May.

What's your reaction to the drop in the November Unemployment?

GUIDANCE: The drop in Unemployment in November indicates that the October rise was essentially an aberration.

In addition, we are pleased that the job-loser category is falling.

JGC

UNEMPLOYMENT

Q: What is your reaction to the rise in the unemployment rate to 8.6 percent in October?

A: The increase in the unemployment rate in October was almost entirely due to persons who were new entrants or reentrants to the labor force. But as I have said many times, the unemployment rate is far too high and we must reduce it as quickly as is feasible without reigniting inflation. The 0.3 percent rise in the unemployment rate together with the increase in wholesale price index is, of course, disturbing, but it should be noted that as the economic recovery proceeds we cannot expect every index to show an improvement every month. The monthly figures are buffeted by a number of forces, including imperfections in the way that we adjust the data for seasonal factors. Consequently, we see no need to alter our forecast of an unemployment rate between 7.0 and 7 1/2 percent by the end of 1976 because of a disappointing figure in one month.

Background

Long Term Unemployment

One encouraging sign has been the decline in what is called the long duration unemployment rate, the number of persons unemployed 15 weeks or longer as a percent of the labor force. This rate declined from the 3.1 percent third quarter average to 2.8 percent in October, or from 2.9 million to 2.6 million persons.

Job Opportunities

The view that job opportunities are improving is supported by data on the payroll (or establishment) series on jobs. The number of nonfarm payroll jobs increased by one half million from the third quarter to October and is now 1.1 million above the second quarter level.

Length of Workweek

There was also an increase in the length of the workweek by 0.1 hour to 36.2 hours from the third quarter to October. The increase was most dramatic in manufacturing, where it increased by 0.2 hour to 39.8 hours.

November 8, 1975

UNEMPLOYMENT

Q: Another increase was announced last Friday in the unemployment rate--this time to 9.2 percent for the month of May. During the past year unemployment has risen by about four million people. How much higher do you expect unemployment to go and how long will it be before the rate begins to decline?

A: Even though total employment rose modestly during May for the second month in a row the growth in the labor force was exceptionally large. As is typical during periods of bottoming out and the early phases of recovery unemployment rose further--by 0.3 percentage points during May to a level of 9.2 percent. The May employment figures are generally in line with our expectations.

It may still be too early to expect a sustained and rapid rise in employment, but we are encouraged that the economy is bottoming out and that employment has stopped declining. (Between last September and February total employment fell by 2.4 million or by an average of 480,000 per month.) As the recovery gets underway and gains momentum during the second half of the year we will then begin to see more substantial increases in total employment and the beginning of a reduction in unemployment.

We are sensitive to the difficulties experienced by those who are unemployed and have taken a number of specific actions to ease their plight in addition to the tax cut to provide general stimulus to the economy. Unemployment insurance claims for eligible workers have been increased from a maximum of 39 to 65 weeks. Unemployment insurance has been extended to previously uncovered worker groups, and a sizeable number of public service jobs have been created. One of the things we urgently need now is action on my request for over \$400 million for summer youth employment.

June 9, 1975

May 22, 1975

SUBJECT: HOUSE PASSES EXTENSION AND
EXPANSION OF UNEMPLOYMENT BENEFITS

The House yesterday passed a \$6 billion bill to extend and expand unemployment benefits through next year. Under this bill, the present maximum of 65 weeks of unemployment benefits would be extended through June 30, 1976. At present, the maximum will revert to 26 weeks, this June 30th. This legislation also would expand the 39 weeks from 26 weeks for the special unemployment assistance for workers who haven't been eligible for the regular program.

Does the President support this extension of jobless benefits?

GUIDANCE: As you may recall in a speech in San Francisco to the San Francisco Bay Area Council on April 4, the President recommended that these benefits be extended and expanded.

While we believe it is important to provide the extended benefits recommended by the President, ~~we~~^{we} think Congress is making a mistake in not carefully targeting where their money goes. We feel that taxpayers' dollars should not be used to support extended unemployment benefits in labor markets where the unemployment rate is 3 or 4%, which indicates that jobs are available.

JGC

May 21, 1975

SUBJECT: HUMPHREY PROPOSES BILL TO REDUCE
UNEMPLOYMENT TO 3%

Humphrey has proposed legislation designed to reduce unemployment to 3% or less within 18 months.

Does the President have any reaction to the Humphrey proposal?

GUIDANCE: If the government were to in fact do what Senator Humphrey is suggesting, the government would ultimately become the employer of first resort. There is no way to become the employer of last resort in that sense without ultimately inducing a very significant governmental regimentation of the economy. This has very broad issues with respect to political freedom and the growth and viability of our economy and our standard of living.

May 2, 1975

SUBJECT:

UNEMPLOYMENT FOR APRIL

Unemployment for the month of April rose to 8.9%, the highest since 1941. The number of persons employed in April rose by 237,000 to 84,086,000, but the number of unemployed also rose 196,000, reaching 8,176,000 people.

What's the President's reaction to the unemployment rate?

GUIDANCE: The President, of course, is not happy with the increase in the unemployment rate for April. However, even though the rate of unemployment rose, there are a number of encouraging signs. The number of people employed increased in sharp contrast to the large declines taking place in recent months. This is another indication that though the decline is not over, it has slowed and should bottom out in the near future.

In addition, the length of the work week on the average for production workers rose slightly in April. This follows a series of sharp declines dating back to last fall.

UNEMPLOYMENT SITUATION

	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>
January	8.2%	5.2%	5.0%	5.9%
February	8.2%	5.2%	5.1%	5.8%
March	8.7%	5.1%	5.0%	5.9%
April	8.9%	5.0%	5.0%	5.8%
May		5.2%	4.9%	5.8%
June		5.2%	4.8%	5.5%
July		5.3%	4.7%	5.6%
August		5.4%	4.8%	5.6%
September		5.8%	4.8%	5.5%
October		6.0%	4.5%	5.5%
November		6.5%	4.7%	5.2%
December		7.1%	4.9%	5.1%

(Actual months and not months reports were made)

April 11, 1975

SUBJECT:

HOUSE COMMITTEE APPROVES \$5 BILLION
TO FUND UNEMPLOYMENT BENEFITS

The House Appropriations Committee yesterday approved \$5 billion to fund unemployment benefits. The money will go to states to bolster regular unemployment compensation programs as well as the emergency 13 week extension of benefits.

Does the Administration go along with this \$5 billion appropriation for unemployment benefits?

GUIDANCE: As you may recall, on March 5 the President recommended to Congress that they provide supplemental funding totaling \$1.625 billion for public service jobs and other manpower programs. In addition, at that time the President asked for \$412 million for specific summer youth programs this year.

Also, in that same March 5th announcement, the President noted that the budget that he transmitted to Congress in February included \$32 billion for aid to the unemployed during fiscal year '75 and '76. The President pointed out at that time that \$5 billion of that aid depended on Congressional action and he asked the White House staff to work with the appropriate committees to see that the money needed is available in time to meet benefit payments as they come due. Therefore, we are pleased by the action taken by the House Appropriations Committee and hope that final Congressional action is concluded soon.

How will this affect the \$60 billion deficit projected by the President?

GUIDANCE: As I mentioned, the \$5 billion is included in the budget projections, therefore, it will have no effect on the budget deficit.

JGC

April 11, 1975

SUBJECT:

COMMERCE OFFICIAL SEES 9%+
UNEMPLOYMENT RATE

James Pate, Assistant Secretary for Economic Affairs at the Department of Commerce, yesterday stated that unemployment will peak at over 9%.

Has the Administration revised its unemployment forecast and are you now predicting an unemployment rate of over 9%?

GUIDANCE: I think various Administration officials have stated that they would not be surprised if the unemployment rate reached 9% or thereabouts. Therefore, we would have no quarrel with the comments made by Mr. Pate yesterday. However, we are still optimistic and hopeful that the economy will turn around in the third quarter and the unemployment rate will begin falling.

JGC

March 20, 1975

SUBJECT:

EXTENSION OF UNEMPLOYMENT BENEFITS

Now that many persons are exhausting their unemployment benefits, will the Administration propose an additional extension of these benefits?

GUIDANCE: As you may recall, the President requested last fall an extension of up to 13 weeks of additional unemployment benefits for those who had exhausted their current benefits and a provision for people not then covered to receive up to 26 weeks of benefits. That legislation was enacted in December.

In addition, on March 5, the President recommended to Congress that they provide supplemental funding totaling \$1.625 million for the extension of 310,000 public service jobs. At that time, the President also indicated a concern about the possibility of unemployed workers exhausting their unemployment compensation benefits. The President asked that a study of this problem be completed promptly for his review. That study is not yet completed, but we would expect it to be completed some time in the next few weeks.

MARCH 7, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESS SECRETARY

The employment figures for February present a mixed situation. The unemployment rate on a seasonally adjusted basis was again 8.2 percent, the same as January.

However, the February figures indicate continuing significant weakness in labor markets. The number employed fell by 535,000, which is approximately the same as the average decline in the three previous months. The reduction in employment in February was not reflected in a further rise in the reported level of unemployment because the labor force also declined sharply, particularly among teenagers. This signals that the lack of job availability is discouraging prospective employees from seeking jobs. Some additional increase in unemployment rates is expected in the immediate future before the turnaround anticipated in the later months of the year.

To reach such a turnaround as soon as possible, the President has emphasized the need for the quickest possible action by Congress to enact his tax-cut proposals to stimulate the economy.

On Wednesday we announced that he had approved an additional two billion dollars for extending public service employment and for summer youth employment programs. The employment situation is, of course a reflection of the country's serious problems. The President's economic and energy proposals are designed to reverse the economic decline in a way that does not reinvigorate inflationary forces.

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January 3, 1975

SUBJECT: UNEMPLOYMENT FOR DECEMBER

Unemployment rose .6% in December to 7.1%. The rise in joblessness was widespread and consistent with the broad weakening in economic activity that is occurring.

What is your reaction to the 7.1% unemployment rate?

GUIDANCE: This figure reemphasizes that the economy is in great difficulty and the decline in production that is now occurring means that we must expect further increases in unemployment during the period immediately ahead.

~~However, it is still too early to get an accurate picture of what the January figures will show.~~

~~NOTHING~~ THE PRESIDENT IS CONCERNED.

THE PRESIDENT'S ECONOMIC PROGRAM..WHICH IS NOW BEING

DEVELOPED...IS AIMED AT RESTORING THE HEALTH ~~AND~~

AND STABILITY OF THE AMERICAN ECONOMY...INCLUDING

REVERSING THE CURRENT ~~AND~~ RISE IN UNEMPLOYMENT.

Statement on Unemployment

Unemployment rose sharply in December. According to statistics released by the Bureau of Labor Statistics today the unemployment rate rose from 6.5 in November to 7.1 percent in December. The rise in joblessness was widespread and consistent with the broad weakening in economic activity that is occurring. The increase of 560 thousand in the number of unemployed was entirely due to a decline in total employment. The increase in the number of unemployed because of job loss rose by 360 thousand in December - equivalent to about two thirds of the increase in unemployment during the month. In December a total ^{of people} equivalent to 3.5 percent of the labor force reported that their unemployment was due to job loss.

The decline in production that is now occurring means that we must expect further increases in unemployment during the period immediately ahead - although it is still too early to get a feel of what the January figures will look like.



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December 18, 1974

AID TO UNEMPLOYED

Congress is nearing final passage on two major bills to aid the unemployed. The bills are authorization bills, although the House may pass the first appropriation today.

Here is a run-down on both bills:

1. --The bill: would allow up to 52 weeks of unemployment compensation (instead of the present 39 weeks),
 --Cost: \$1 billion, provided unemployment stays at about 7 percent,
 --Status: passed by both House and Senate, but House still must agree to minor Senate amendment; final passage expected today.

2. --The bill: (two provisions)
 - a. Make up to 26 weeks unemployment compensation available to 12 million works not included
 Cost: \$2.5 billion

 - b. Create 375,000 public sector jobs
 Cost: up to \$3 billion

- Status: approved by Senate-House conference, but must go back to both houses. Approval expected.

Administration position: The President asked for a total of \$4 billion (with \$1 billion of that for public sector jobs). The Administration prefers a bill which would not be excessive, one which would carry a responsible expenditure. However, we will take a look at the legislation when it comes to the President and make our decision then. Let me point out that this is the President's program and he feels very strongly about it. But at the same time, he is concerned about excessive federal spending. It is interesting to note that the largest expenditure is for public sector jobs. In that area, \$1 billion--enough for 150,000 jobs--is now available to state and local governments and only about a fourth of that has been expended.

December 6, 1974

SUBJECT:

UNEMPLOYMENT FIGURES

Because unemployment has now reached 6.5%, does this automatically trigger in various public service jobs?

GUIDANCE: As the President said in his press conference on Monday night, in anticipating rising unemployment, on October 8, he submitted legislation called the National Employment Assistance Act, which would provide new public service jobs, would provide additional benefits for those who had exhausted their unemployment ebenefits, and benefits for those previously not covered.

If Congress had passed this legislation, today, with unemployment reaching 6.5%, and now averaging 6.0% for each of the last three consecutive months, an amount of \$500 million would be appropriated to provide 83,000 public service jobs.

*For people not covered
would have provided
to 26 weeks of
unemployment insurance*

~~For your information, according to the proposed legislation, an additional \$750 million or 125,000 jobs would be provided once the rate reaches 6.5% for three consecutive calendar months. If national unemployment reaches 7.0% for three consecutive months, an additional \$1 billion or 166,000 jobs would be provided. The National Employment Assistance Act provides a total of \$2B,250M and would provide approximately 370,000 jobs.~~

would have extend unemployment insurance benefits for an additional 13 weeks for those who have exhausted unemployment benefits.

Isn't there any legislation on the books which automatically is triggered when unemployment reaches 6.5%?

No.

GUIDANCE: Under the Comprehensive Employment and Training Act, available resources in fiscal year 1975, would provide approximately 170,000 public service jobs. This summer approximately 85,000 jobs were provided, and on September 11, 1974, at the Labor Conference on Inflation here in the White House President Ford stated that "HE was instructing the Department of Labor to accerate the obligation of currently available funds under the Comprehensive Employment and Training Act, thus providing some 85,000 additional public sector jobs in state and local governments." This provided a total of 170,000 public service jobs. However, this program has now been utilized to its fullest.

December 6, 1974

*Real = somewhat over
Last assessment = 7%*

MEMORANDUM FOR THE PRESIDENT

Subject:

The unemployment data released today indicate a sharp rise in the rate of unemployment to 6.5 percent in November.

The rate for household heads was 3.9 percent and for married males 3.3 percent. Total employment as estimated from the household survey declined by 780,000 and the labor force also declined by 320,000. While an increase in unemployment has

been expected during this phase of the business cycle the increase during the past 3 months has ~~been~~ *accelerated at a* greater than was anticipated *pace* when the President's economic program of October 8 was announced.

The November increase is a source of great concern, ~~and additional measures will be proposed if it appears that they are necessary.~~ *Ben reviewed & As we have our new +*

~~These November employment data which are based upon the employment status of the labor force during the week starting November 11 do not indicate the full deterioration that has occurred. Since the survey week the coal strike has produced some layoffs outside of the coal industry and there have been substantial reductions in employment in the automobile industry.~~

The sharp rise in unemployment makes it all the more important that the Congress promptly enact the Administration's proposals for improving the unemployment compensation system and for creating an additional public service employment program.

The unemployment rate during the past 3-months has averaged more than 6 percent and this would have triggered the proposed public service employment program had it been enacted by the Congress *Expanded unemployment*

and

October 4, 1974

SUBJECT:

UNEMPLOYMENT FOR SEPTEMBER

The Unemployment rate for September climbed to 5.8%, up from 5.4% in August.

What's the Administration's reaction to the increase on unemployment to near 6%?

GUIDANCE: This is a large jump, but it is in line with the expectations made earlier in the year.

Q - Yes over 6%?

A - Not an economist. Can't make prediction. Pres. Program will stimulate economy

If the rate goes any higher, is the President considering expanding the public service employment program? *"Full employment and stable prices."*

GUIDANCE: I might just point out when the President addressed the Labor Conference on Inflation at the White House on September 11, he announced that he had instructed the Department of Labor to accelerate the obligation of currently available funds under the Comprehensive Employment Training Act. President Ford announced that the Secretary of Labor would immediately disperse \$65 million to those communities where unemployment was the highest. By the end of the month, Secretary of Labor was to make available another \$350 million under CETA, Title II. The President pointed out that this \$415 million will finance some 85,000 public sector jobs in state and local governments.

*begin
with
program.*

With this \$450 million added to the almost \$550 million obligated for public service employment in June and about \$50 million from CETA, Title I, for this purpose, current available resources will provide 170,000 public service jobs this winter. In addition \$1.3 billion will be available to state and local governments for manpower programs.

The President also pointed out at that Conference that following the Conference, the Administration would develop contingency plans against the possibility that unemployment might even go higher. If the unemployment statistics continue to demonstrate a need, the Administration will be ready to present such plans to the Congress and to work with Labor to assure a mutually-satisfactory course of action.

file

GUIDANCE FOR RESPONDING TO QUESTIONS ABOUT JUNE
UNEMPLOYMENT RATE

(FOR USE AFTER 10:00 A.M., THURSDAY, JULY 3, WHEN A JUNE
UNEMPLOYMENT RATE OF 8.6 PERCENT WILL BE ANNOUNCED)

We believe unemployment was, in fact, essentially unchanged from May to June. The drop in the figure from 9.2 in May to 8.6 in June, was caused by a statistical abnormality, which distorted both the May and the June figures. The May figure was too high and the June figure was too low. We believe that the average of 8.6 and 9.2 -- in other words about 8.9 -- is roughly the accurate unemployment figure for both May and June. The unemployment figure for April was also 8.9.

We expect the unemployment figure for July to be higher than 8.6. So it would not be accurate to say that the June figure represented the start of a downward trend in unemployment.

But we are pleased that the unemployment rate has stopped rising and is essentially steady.

(In the Fall, a similar statistical quirk, involving "seasonal adjustment," may make it appear, incorrectly, that there is a jump in unemployment between September and October.)

~~CONFIDENTIAL~~

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1974

The Labor Department reported today that **unemployment for the month of October was 6.0%**, the highest in three years.

What is your reaction to the 6% unemployment rate?

GUIDANCE: Unfortunately, the rise in unemployment is about as anticipated. ~~The program the President presented is designed to meet this situation. It is useful to note that total non-agricultural employment remains at an all time high.~~

At what rate is the manpower act triggered, thus providing more jobs?

GUIDANCE: According to the Act, once unemployment averages 6.0% over a three month period, additional funds (\$500 million), will be provided for 80,000 jobs.

5.8-
6.0-
7.-

It also provides a clear illustration of why its important for the Congress to move rapidly to enact ~~the program~~ ^{The President's} proposals for improving ~~the~~ the unemployment compensation program and establishing a public ^{low cost} jobs program.

MEMORANDUM FOR THE PRESIDENT

While there is very little to soften the impact of an 8.2 percent unemployment rate for January, at least the statistics do not indicate an acceleration in the rate of joblessness. The reason is that the survey week in January was six weeks later than the survey week in December which in turn was only three weeks later than the survey week in November. As a consequence, even though the January rise was roughly twice that of the rise in December, the average weekly rate of increase in unemployment did not accelerate.

This point ~~of xxxxxx~~ is confirmed by the evidence of the employment data derived not from sample surveys but direct counts of payroll employment taken in comparable weeks each month. This as the enclosed table shows, does not indicate an acceleration in the decline in employment.

We should have within the next few days data on insured unemployment for late January which may give us some early elements on the February unemployment numbers.

Judging from the manhour figures there appeared to have been another sharp 3 to 4 percent drop in

industrial production for the month of January. Official calculations will be released by the Federal Reserve on February _____. ~~Q~~ The one positive note in the employment releases is the continued decline in the rate of wage increases which in January fell to a 7 1/2 percent annual rate. This continues to bode well for a reduction in inflationary forces.