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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

December 6, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Employment Situation in November

Summary

The data released today indicate that the seasonally adjusted unemployment rate was 6.5 percent in November a one month increase of 0.5 percentage point. This is the highest rate of unemployment since October 1961. The increase in unemployment was spread among 11 demographic groups. The sharp rise in unemployment has been accompanied by a decline in employment -- private nonfarm payroll employment decreased by 490,000 in November.

In the last 12 months the unemployment rate increased 1.8 percentage points which is a large increase, even if not as large as several previous increases in 12 month periods after unemployment started rising during postwar recessions.

William J. Fellner  
Acting Chairman



## Optional Reading

### Details

The data present a gloomy employment situation for November, yet they do not report the full story for the month. The data reflect employment status in the week starting Sunday November 11. Since then the coal strike led to layoffs in the railroad, iron and steel, and electric power industries, and the major automobile manufacturers announced substantial layoffs. The coal settlement should remove the adverse employment effects of the strike within one to two weeks. For the next few months a recovery in automobile employment is less likely.

The Supplemental Unemployment Benefit Funds (SUB Funds) have helped to maintain consumer demand in the areas hard-hit by auto industry layoffs. However, many less experienced workers are exhausting their benefits, and the funds themselves may be in financial difficulty if the large scale layoffs continue. As income sources for the unemployed decrease, layoffs in the consumer goods industries in these areas can be expected to increase.

The November data indicate that the recent employment declines are widespread. Employment in manufacturing declined by 348,000, but only 47,000 of this is attributable to the transportation equipment sector. Employment in the private service sectors -- transportation, utilities, trade, finance and other services -- declined by 82,000 on a seasonally adjusted basis. State and local government employment, however, continues to grow -- employment increased by 48,000 in November,

The length of the average workweek for private nonfarm payroll workers declined by 0.4 hour to 36.2 hours. The substantial decline in hours worked in mining is attributable to the strike. However, hours of work declined substantially in manufacturing (0.6 hour). Among the service sectors and contract construction, there was no significant change in the length of the workweek.

The index of hourly earnings, in current dollars, for private nonfarm payroll workers increased by 0.5 percent in November (annual rate 6.8 percent), compared to a 9.1 percent increase in the past twelve months and an annual rate of 9.8 percent for the past three months.