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COUNCIL OF ECONOMIC ADVISERS ~~THE PRESIDENT HAS SEEN~~ *1.6*
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

January 3, 1975

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MEMORANDUM FOR THE PRESIDENT

Subject: Unemployment Situation in December

Summary

The seasonally adjusted unemployment rate in December increased 0.6 percentage point to 7.1 percent. This is the highest monthly unemployment rate since May 1961. The number of unemployed persons increased by 560,000 in December to 6.5 million persons. Nonfarm employment fell by 529,000 to 81.8 million. These adverse developments reflect the characteristics of the adjustment period through which the economy is going after years of accelerating inflation.

William J. Fellner

William J. Fellner
Member

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Alan Greenspan
Chairman



Detail

The increase in unemployment in December was spread widely throughout the economy. The unemployment rate for married men (spouse present) increased by 0.4 percentage point to 3.7 percent, and for household heads it increased by 0.6 percentage point to 4.5 percent. The increase was also large for adult females, 0.6 percentage point to 7.2 percent. The long-duration unemployment rate (those unemployed 15 weeks or longer as a percent of the labor force) increased by 0.2 percentage point to 1.4 percent. This is the highest monthly long-duration unemployment rate since May 1972.

Unemployment increased in all occupations and industries in the private nonfarm economy. However, the increase was particularly large for blue-collar workers, for whom unemployment increased by 1.2 percentage points to 9.4 percent.

Although the civilian labor force did not change (91.7 million persons), the labor force participation rate declined by 0.1 percentage point to 61.8 percent, the same as in the low unemployment month of October 1973. The participation rate declined for adult males and for teenagers of both sexes, but increased slightly for adult women. This pattern is typical for recessions.

The precipitating cause of unemployment continued to change. The proportion of the unemployed who were job losers increased from 47 percent in November to 49 percent in December. Although the absolute number of unemployed new entrants and reentrants to the labor force increased, they declined as a proportion of the unemployed from 40 percent to 39 percent.

Note: The establishment data are being released later in the month because of the slow mail service during the Christmas season. The foregoing is based on a household survey.