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COUNCIL OF ECONOMIC ADVISERS
WASHINGTONALAN GREENSPAN, CHAIRMAN
WILLIAM J. FELLNER
GARY L. SEEVERS

January 10, 1975


MEMORANDUM FOR THE PRESIDENT

Subject: Employment Situation in December -- Establishment Series

Summary

The sharp decline in payroll employment observed in November continued in December. The seasonally adjusted number of nonagricultural payroll jobs declined by 675,000, and is 200,000 less than a year ago. As we reported a week ago, the household survey data then published had shown a somewhat smaller decline. The declines in employment observed in the establishment series were particularly large in manufacturing and retail trade. Employment did, however, increase in some sectors, particularly services and State and local government employment.

Hours of work per week continued to fall in manufacturing, but recovered in construction and mining, and on the whole did not change in the service producing sectors. For the private nonfarm sector as a whole we have a slight increase in hours per week. Average hourly earnings adjusted for overtime and interindustry shifts rose at an annual rate of 8.7 percent during the month.

William J. Fellner
Member
Alan Greenspan
Chairman

Detail

The decline of 675,000 in the seasonally adjusted number of nonagricultural payroll jobs in December is the largest one-month decline since September 1945.

Employment fell by 585,000 in the goods producing sector. It continued to decline in construction (50,000) and dropped sharply in durable and nondurable manufacturing (336,000 and 169,000, respectively). After being on a plateau for several months, employment in the transportation equipment sector declined moderately in November (32,000) but sharply in December (63,000). Employment fell in each of the manufacturing subsectors with the exception of ordnance and accessories and tobacco manufacturing.

In the private service producing sector the number of jobs declined by 122,000 in December, with a decline of 128,000 in retail trade, presumably due to the sluggish Christmas selling season. The small employment increases in services and finance more than offset the small declines for the wholesale trade and the transportation and public utilities sectors.

In spite of the sharp employment decline in December, hours of work recovered by 0.2 hour to reach 36.4 hours. However, this is 0.6 hour less than the length of the workweek in the previous December. The recovery in hours is largely attributable to mining (the end of the strike) and construction. Hours per week, including overtime hours, declined in durable and nondurable manufacturing, retail trade and services.