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THE PRESIDENT HAS SEEN *deja*

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 7, 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Employment Situation in February

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Summary

The seasonally adjusted unemployment rate was 8.2 percent in February, unchanged from the previous month. However, this masks several strong signs that the recession has not "bottomed-out."

There was a sharp decline in employment in February. The decline was concentrated in the construction and manufacturing sectors where employment fell by 621,000 jobs. The civilian labor force declined by 580,000. The duration of unemployment among the unemployed increased sharply. Hours of work fell in the goods producing sector.

The only positive sign was the small employment decline, and stabilization of hours of work, in the private service producing sectors. State and local government employment remains the only "growth" sector.

Gary Seevers
Gary L. Seevers
Acting Chairman

Attachment



Additional Detail

A. Household Survey

Although the overall unemployment rate was unchanged in February, there were changes for particular demographic groups. Unemployment rates increased for adult men and household heads, did not change for adult women, and declined for teenagers. The proportion of the unemployed who were job losers or job leavers increased from 62 to 65 percent in February.

Seasonally adjusted civilian employment declined by 535,000 in February for the fifth consecutive month. Employment fell by 202,000 for adult men, 213,000 for adult women and 120,000 for teenagers.

The labor force participation rate declined by 0.5 percentage point to 60.9 percent, the lowest level since August 1973. Participation rates fell for all demographic groups, but especially for teenagers.

The duration of unemployment among the 7.5 million unemployed persons increased sharply in February. The average duration increased by 1.0 week to 11.7 weeks, and the percent of the labor force unemployed 15 weeks or longer increased by 0.3 percentage point to 2.0 percent, the highest monthly level since October 1961.

B. Establishment Survey

The seasonally adjusted number of nonfarm payroll jobs fell by 608,000 in February and is at its lowest level since April 1973. Employment was largely unchanged in the service producing sector, with declines in private and Federal employment offset by increased employment in State and local government (50,000). Sharp declines in employment were experienced in contract construction (194,000), durable goods manufacturing (275,000), and nondurable goods manufacturing (152,000). The declines were widespread among the manufacturing subsectors.



The length of the average workweek of private nonfarm payroll workers declined by 0.1 hour to 36.1 hours. Whereas hours of work were stable in the service producing sectors, they fell in construction and manufacturing, reflecting the changed pattern of employment.

The adjusted hourly earnings index, in current dollars, increased at an annual rate of 9.1 percent in February. This is less than the 9.6 percent increase since last February. Increases in wages have been weaker the past few months than during the second and third quarters of 1974.

These data were released at 10:00 a.m., Friday, March 7.

