The original documents are located in Box 30, folder "Unemployment (2)" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

January 26, 1976

SUBJECT: DURATION OF UNEMPLOYMENT

The average duration of unemployment during the fourth quarter of 1975:	16.2 weeks
The average duration of unemployment during the month of December 1975:	16.4 weeks
Percentage of persons unemployed less than five weeks:	34.9%
Percentage of persons unemployed between five and fourteen weeks:	27.2%
Percentage of unemployed 27 weeks or longer:	21.1%

Type of unemployed persons as a percentage of the total employed civilian work force (December 1975):

Job losers	4.1%
Job leavers	.9%
Re-entrants into labor force	2.1%
New entrants into labor force	1.0%

ME

UNEMPLOYMENT SITUATION

(adjustments made at later dates)

	1976	1975	1974	1973	1972
January	7.8%	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		9.2%	5.2%	4.9%	5.8%
June		8.6%	5.2%	4.8%	5.5%
July		8.4%	5.3%	4.7%	5.6%
August		8.4%	5.4%	4.8%	5.6%
September		8.3%	5.8%	4.8%	5.5%
October		8.6%	6.0%	4.5%	5.5%
November		8.3%	6.5%	4.7%	5.2%
December		8.3%	7.1%	4.9%	5.1%

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

February 7, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Unemployment Situation in January

<u>Summary</u>

The seasonally adjusted unemployment rate declined by 0.5 percentage point to 7.8 percent in January. This was a result of an unusually large increase in employment (800,000) and an unusually large decline in unemployment. The decline in unemployment was almost exclusively among persons who had lost their job.

The data from the establishment series indicate a seasonally adjusted increase in nonfarm payroll employment of 360,000 jobs. Since April 1975 payroll employment has increased by 1.7 million jobs, but remains 0.7 million below the September 1974 peak. Hours of work per week continued its upward trend.

The data from the two surveys are extremely encouraging. They indicate that the economy has continued to strengthen and that employment opportunities are expanding. The establishment data, however, tend to be the more reliable guide to employment changes on a month-to-month basis. Although we can say with a high degree of confidence that the unemployment rate declined from December to January, the true (but unknown) decline was probably not as large as that reported in the Current Population Survey. Accordingly, it is possible that the unemployment rate in February may hold steady or may even rise a bit.

Burton Malkiel
Burton G. Malkiel

Detail

The seasonally adjusted unemployment rate was 7.8 percent in January, a substantial decline from the 8.3 percent in the previous month. This was the result of a large increase in employment (800,000) and a large decline in unemployment (445,000). There was an increase in the labor force participation rate.

The unemployment rate declined in January for most demographic groups, in particular, adults (except black women) and full-time workers. It did not decrease for teenagers, or part-time workers.

The unemployment rate declined sharply for blue collar workers (by 1.3 percentage point to 9.4 percent) but was essentially unchanged for white collar and service workers. By industrial structure, unemployment fell in construction, manufacturing and trade, with the most dramatic decline in durable manufacturing (1.7 percentage point).

The January decline in the unemployment rate can be attributed to the decline in unemployment among job losers. Unemployment arising from labor force entry and voluntary leaving of a job did not change.

Data for the number of employees on nonfarm payrolls (establishment survey) show a seasonally adjusted increase of 360,000 jobs in January to 78.1 million. This is substantially smaller than the increase of nearly 700,000 in nonfarm employment reported in the CPS (household survey). In general, however, the establishment survey tends to be the more reliable indicator of month-to-month changes in employment.

The January increase in payroll employment is the largest monthly increase since August. Payroll employment has increased by 1.7 million jobs since the trough in April 1975 but remains 700,000 jobs below the peak in September 1974.

There were large increases in payroll employment in January in durable and nondurable manufacturing (139,000), retail trade (94,000) and services (58,000). Contract construction employment has not increased since October.

The average weekly hours of private nonfarm production and nonsupervisory workers increased by 0.2 hour to 36.6 hours in January. This is a continuation of the generally upward trend in hours worked per week since the trough of 35.9 hours in the period March to May. Hours of work are now at the highest level since August 1974.

Ron — Q+A's you asked for are marked with clips

THE WHITE HOUSE

WASHINGTON

February 10, 1976

MEMORANDUM FOR PRESIDENTIAL SPOKESMEN

FROM: WILLIAM F. GOROG WFG
Deputy Director, Economic Policy Board

SUBJECT: Briefing Material Concerning the Present Unemployment Situation

In the months ahead, the unemployment problem will be a constant question which will be analyzed and reviewed. In your role as a Presidential Spokesman, you will undoubtedly be faced with the problem of explaining the Administration's position in this regard.

These briefing materials are furnished to provide you with up-to date factual data regarding the history of our current unemployment problem and facts regarding our estimates for the months ahead.

The most single important concept to understand is the fact that the problems of inflation and unemployment are locked together and cannot be approached as mutually exclusive problems. We are convinced that a mandatory requirement for a sustained recovery is continued control of inflation. As a result, we may be heavily attacked for not using "quick fixes" to provide immediate relief for the unemployed.

It is hoped that this briefing material may provide the answers that you need to satisfactorily respond both to our critics and to our friends who need to have a thorough understanding of our position.

Attachments

ECONOMIC POLICY INITIATIVES

Last year, unemployment or the prospect of being unemployed, coupled with rising prices for food, fuel, energy, clothing, and goods and services in general brought hardship for many Americans.

- The sharp decline of over 9 percent in economic growth in the first quarter of 1975 marked the end of a string of five consecutive quarters of declining real output.

- During these five quarters, prices of consumer goods increased over 14 percent.

- Businesses reduced production because of weakened demand and rising costs, and state and local governments encountered sharply rising costs and shrinking tax revenues. Between July 1974 and March 1975 the total number of unemployed dropped by nearly 2.2 million.

Recession and inflation in 1975 were associated with a number of unique circumstances:

- Crop failures and food shortages around the world, coupled with the actions of the oil producers' cartel in 1973 and 1974, set in motion a wave of inflation and other severe adjustments that are still being felt.
- Deficit financing throughout the 60's contributed to an accelerating inflation rate.

- Shortages and near shortages, particularly in basic industries, contributed to inflationary pressures throughout the industrial world.

- Most industrialized countries took restrictive actions at the same time. International demand receded and the worldwide recession began.

In late 1974, the President convened an Economic Summit to solicit the ideas of economists, businessmen and labor leaders on the state of the economy and the direction government policy should take. Views were conflicting and no consensus emerged. Few persons foresaw the magnitude of the downturn; but as unemployment rose from 5.3 percent to 6.6 percent and the real Gross National Product fell at a $23.4 billion rate in the fourth quarter of 1974, we took action.

- In January the President called for an immediate reduction in both business and personal taxes and a system of rebates to bolster spending in large-purchase items. In March, somewhat later than the President had hoped, the Congress passed and the President signed the Tax Reduction Act of 1975.

- Beginning in December 1974, the Administration, in cooperation with the Congress, also took a series of actions to reduce the hardships of unemployment.

-- First, we expanded public service employment programs.

-- Second, we temporarily broadened the eligibility for unemployment insurance payments to cover all wage and salary workers with the Emergency Jobs and Unemployment Assistance Act, which the President signed on December 31, 1974.

-- Third, as the recession continued, we lengthened, on a temporary basis, the number of weeks of unemployment insurance benefits from 39 to 52 and then to 65 weeks.

-- These measures cushioned the hardships of the recession and allowed us to avoid the widespread disruption of the 1930's. As many as 5.9 million people, over two-thirds of those unemployed, were receiving benefits at the depths of the recession last spring. A year earlier, only one-third of the unemployed had been claiming benefits under the UI system. Because of our income maintenance programs, per capita real disposable income did <u>not</u> decline in 1975.

o Despite increased difficulty in responding appropriately due to abrupt shifts in economic conditions, <u>our response was</u>

timely and our recovery so far exceeds that of other Western industrial countries who have faced many of the same economic problems.

By acting as promptly as information warranted, the government was able to contribute importantly to stemming the downturn and starting the economy steadily upward. Spurred by a strong increase in the production of goods and services and a marked improvement in the inventory positions of business, real GNP increased at an annual rate of growth of 8.6 percent during the third and fourth quarters of 1975. The number of jobs increased by over 1.3 million from the March low, and the unemployment rate fell from 8.9 percent in May, 1975 to 7.8 percent in January 1976. These employment gains coupled with a significant moderation in the rate of inflation produced significant gains in real disposable income over the last three quarters of the year.

Despite this progress in increasing the number of jobs, the task ahead is great.

Reduction in the unemployment rate will lag behind general economic recovery.

- Employers, at first, try to fill increased orders by utilizing workers already on the payroll more intensively.

- New people always seek jobs during recoveries along with those who lost jobs because of the recession.

  -- Now it has become more common for a family to have several workers. All seek jobs, if they already don't have them, adding to the number of jobs which must be created. During the last 10 years, for example, women have accounted for 65 percent of the increase in the labor force.

  -- New workers are entering the labor force at an annual rate of 1.6 million persons, a faster rate of increase than during any recovery period since World War II — clear evidence of the new forces at work.

  -- It will take over 3 million jobs just to bring the unemployment rate down to where it was when the recession started, and then 1.5 million jobs each year to employ the continuing stream of new job seekers.

If we are to achieve a sustained recovery, capital spending must create jobs in those capital goods and construction industries where the job losses have been the greatest. Manufacturing and construction industries usually experience greater swings in recessions and recoveries than service producing industries. For example, in the current recession, 500,000 construction workers and 1.5 million manufacturing workers lost their jobs while 100,000 new jobs were being added in service industries, particularly state and local government employment. If we are to achieve our greater national goals beyond this recovery, we must build new factories that are more efficient, safer, and cleaner. This is the best way to put factory workers back to work in factories, and construction workers back to work with brick and and mortat. Emphasis on private capital investment is important for six reasons:

- First, it will directly create jobs.
- Second, it will provide for future capacity to produce goods and services so that we can avoid the problem of bottlenecks and shortages which added to inflationary pressures in 1972-1974. These pressures reflected in part inadequate industrial capacity.
- Third, it will enable us to remain competitive with our major trading partners in the quest for export markets.
- Fourth, it will allow us to adjust to a new world of higher energy costs. Just as we as individuals have struggled to

adjust to higher energy costs, so must our factories and the places in which we work. This will require substantial investment in new sources of energy.

- Fifth, it will allow us to maintain our national commitment to work and live in a safer and cleaner environment. Making unsafe factories safe and dirty rivers clean costs money. Sometimes equipment can be added; sometimes whole new processes must be developed and installed. Both are expensive.

- Finally, it will allow us to create good, permanent, productive jobs. This requires not only a capacity for growth but substantial investment in both human and physical capital if we are once again to regain that dynamic productivity growth which is necessarily the source of our real wealth.

The President has proposed a number of specific actions to spur economic recovery and expand job opportunities:

- First, early last year he proposed a tax reduction, part of which was enacted into law with the Tax Reduction Act of 1975.

- Second, because of a number of cancellations or postponements in the construction of new electric power facilities, he sent to the Congress last August a bill designed to encourage or speed up the construction of electric power plants. In addition to providing energy for economic growth in the years ahead, enactment of this bill will provide jobs in the construction and heavy equipment industries, which have been unusually hard hit by this recession.

- Third, the President proposed initiatives to implement more rapidly our existing housing programs in efforts to avoid shortages and large rent increases in the near future. This will have added results of providing jobs to the construction industry.

But more needs to be done if we are to sustain the present recovery and ensure productive, meaningful jobs and growth in our economy beyond 1976. In his State of the Union message, the President addressed the problem of localized unemployment. Even if we ensure adequate overall investment, another problem limiting job creation remains. As unemployment comes down, pools of high unemployment will remain in some parts of the country. This has been true historically.

For example, in mid-1975, Michigan had an unemployment rate of 14.3 percent while Kansas had an unemployment rate of 4.9 percent. The President proposed a new program of job development incentives to aid those areas of the country suffering from relatively high unemployment. This would take the form of special tax relief for job-producing investments in areas with unemployment rates equal to or greater than 7 percent for calendar year 1975.

THE WHITE HOUSE

WASHINGTON

February 10, 1976

MEMORANDUM FOR PRESIDENTIAL SPOKESMEN

FROM: WILLIAM F. GOROG
Deputy Director, Economic Policy Board

SUBJECT: Budget Outlays for Public Works and Public Service Employment, 1976 and 1977

PUBLIC WORKS

- The 1977 Budget includes $249 million for EDA public works and business development projects focused on developing permanent employment opportunities for residents of economically depressed areas of the country. In 1977, full attention will again be turned to assisting chronically depressed areas; in 1975 and 1976, considerable attention was given to creating temporary jobs. The 1977 figure is $133 million less than the amount appropriated in 1976. This decrease reflects a strengthening of the economy and a resultant decrease in the need for temporary job creation, and the need for budget restraint.

- Funding in 1977 for the Regional Action Planning Commissions (RAPC) of the Department of Commerce will remain at the 1976 level of $42 million.

- The 1977 Budget does not include further funding of the Job Opportunities program, for which $375 million was appropriated in 1976. In addition, the 1977 Budget does not continue the 1976 expansion amounting to $92 million for the regular job programs of EDA and RAPC. These rescissions are based on the Administration's view that the Job Opportunities program is extremely difficult to administer.

COMMUNITY DEVELOPMENT GRANTS

- Block grants to communities for construction of such things as sewerage, municipal parks, and urban renewal will be increased from $2.75 billion for FY 1976 to $3.2 billion for FY 1977.

TEMPORARY EMPLOYMENT ASSISTANCE (TEA)

- The TEA program enacted in December of 1974 authorized rapid hiring for one-year jobs. Original funding was set at $2.5 billion (260,000 jobs) through the end of FY 1976. The President has proposed reducing TEA funding for FY 1977 by $1.2 billion. Funding will continue into FY 1977 for the 243,000 TEA jobs in areas of substantial unemployment. Phase-out will begin January 1, 1977. Discretionary funds will be provided for earlier phase-out of the other 17,000 jobs.

- This is in line with the overall shift away from emergency countercyclical employment programs and towards training and placement programs. Additionally, the proposed cuts are based on the recognition that public service employment programs lose their job creating impact rapidly after the first year, and that the program induces states and localities to substitute Federal funds for expenditures that should be covered with their own resources.

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

- The regular CETA PSE program will be maintained for 1977 at the 1976 level of $400 million (50,000 jobs).

- The regular state and local CETA programs will be maintained at the 1976 level of $1.6 billion (466,000 training and employment opportunities for 1.3 million enrollees).

- The national CETA programs will be maintained at the 1976 level of $414 million.

- The CETA Summer Youth Employment Program will be funded at $400 million (672,000 jobs) for 1977. This is a decrease from the 1976 level of $440.3 million (740,000 jobs), reflecting an anticipated decrease in youth unemployment. The 1977 level is equivalent to the 1975 level.

TRENDS IN EMPLOYMENT AND UNEMPLOYMENT

- The number of persons with jobs has risen by nearly 2.1 million from a low of 84.1 million in March 1975.

- Unemployment has declined from a high of 8.9 percent in May 1975 to 7.8 percent; for heads of households, from 6.1 percent to 5.1 percent.

- Forecasts for the end of 1976 under the President's program are:

  -- Total employment exceeding 87.5 million by the end of 1976, an increase of over 1.3 million jobs.

  -- A decline in the unemployment rate to around 7.25 percent.

Unemployment statistics by quarter attached

Unemployment Statistics by Quarter

		Civilian Labor Force (millions)	Employed (millions)	Unemployed (millions)	Unemployed (percent)
1974:	I	90.5	85.9	4.6	5.0
	II	90.7	86.1	4.6	5.1
	III	91.3	86.2	5.1	5.6
	IV	91.6	85.5	6.1	6.7
1975:	I	91.8	84.3	7.5	8.1
	II	92.5	84.4	8.1	8.7
	III	93.1	85.1	8.0	8.6
	IV	93.2	85.2	8.0	8.5

QUESTIONS AND ANSWERS
(FOR BRIEFING PURPOSES)

CONCERNING

UNEMPLOYMENT AND JOB CREATION ALTERNATIVES

Q. I know that, because of the recovery, employment has increased by 2.1 million since March of 1975. Why haven't the unemployment statistics reflected this?

A. It is important to note that in July of 1974, total employment reached an all-time high of 86.3 million. As a result of the recession, employment dropped to 84.1 million in March of 1975 -- the recession cost us 2.2 million jobs.

Since March, total employment has risen to 86.2 million, which means that we have put back to work almost all workers laid off due to the recession.

Yet the unemployment rate statistics do not fully reflect the progress we are making against unemployment. This is due to the fact that new persons are entering the labor force at a record rate of 1.6 million per year. To absorb this tremendous input, we need to provide private sector job creation incentives that will allow businesses to hire workers at an accelerated rate.

Q. Can we afford the tremendous loss in GNP caused by the recession?

A. It is often stated that the recession is causing the loss of about $200 billion per year in output. This figure represents the difference between what the economy is producing now and what it would be producing today at a 4 percent unemployment rate.

This comparison is misleading in that it presupposes that there are sets of governmental policies which can quickly restore full employment. There are in fact no set of policies which can quickly restore the types of productive jobs which will create $200 billion in GNP. Therefore, if there is no action which can be taken to produce full resource utilization in the short run, the "lost" GNP is hypothetical and not currently available.

A related concern argues that the current budget deficit is solely the consequence of recession and if we eliminate the recession the deficit would disappear. This happens to be statistically correct if the recession ends because of growth in activity in the private sector. The calculations implicit in the "full employment budget" simply assume that GNP increases to a level consistent with full resource utilization with no change in government programs. Public service employment, however, is unlikely to create a large net addition to jobs and it is likely to add considerably to government expenditures so as to enlarge the deficit.

Q. Isn't the Administration's planned growth rate of 6 percent too low? Can't we use public service jobs to further reduce unemployment and increase our rate of growth?

A. It should be abundantly clear by now that inflation was a major cause of the current recession. It should also be clear that renewed inflation could abort the recovery and precipitate another recession. Therefore, we have to strive for a moderate, sustainable recovery, keeping one eye on the inflation figures and the other on unemployment figures. Certainly it would be ill-considered to provide temporary public service jobs for a few at the risk of throwing many more workers out of work later. The President is critically aware of the dual problems of inflation and recession. For this reason, he will ask Congress to act swiftly on his tax incentive proposal to spur construction and investment in areas of high unemployment. If enacted, these incentives would result in substantial added employment in two critical sectors -- construction and capital goods.

Q. Do you think the U. S. would face another recession if the Government attempts more stimulation of the economy?

A. Yes, I do. The recession would not occur in 1976, but in 1977 or beyond. Because of the lags involved in implementing expenditure programs, their effect would not be felt until we are much further along in the recovery. With fuller utilization of resources, however, the stimulus would result in inflation, dislocations in the economy and inefficiencies.

Moreover, such stimulation would lead to larger deficits, which, of course, need to be financed. As the Treasury continues to borrow large sums, some private-sector borrowers are forced to pay higher rates.

This has serious implications for capital formation and for inflation in the longer run. As the recovery progresses, private capital investment must rise to sustain the recovery. In the longer run, we need capital formation to increase productivity and hold down inflation. Yet, if the Federal government continues to place huge demands on the savings of the private sector, capital formation will suffer.

Finally, we must be concerned with the present inflation psychology that permeates our society. This psychology has been building for a decade and it is not easy to bring down. Policies which are overly stimulative will quickly upset this psychology and lead to a new round of inflation.

For these reasons, I believe that massive stimulation of the economy would result in heightened inflation which, in turn, will ultimately cause another recession. It was inflation that caused the severe recession of 1974-75. We must not allow this to occur again. The path to a sustained and healthy recovery in a non-inflationary environment lies in responsible policies that restore confidence and stability to our economic system.

Q. Some Democrats have made the charge that the President's program fails to come to grips with the unemployment problem and that, with more decisive action, many more jobs could be created at little net cost to the taxpayers (since employed people pay taxes rather than collect unemployment compensation).

A. Nothing could be further from the truth. The economic program presented in the President's State of the Union and Budget messages takes a major step forward in meeting our employment needs. It provides sufficient net stimulus to bring about real output gains (GNP) this year of 6-6 1/2 percent - a rate that is widely accepted by economists both in and out of Government as best suited to sustain steady long-term growth. Such a rise in economic activity will reduce the unemployment rate from its high level, not only this year, but beyond.

To bring the rate down more rapidly would necessitate stimulating real growth to levels well above 6 percent. This would be dangerous since it would raise the potential for an increased rate of inflation. For example, to reduce the unemployment rate by 1 percentage point more than our expectations this year would require a 9-9 1/2 percent real growth in GNP. This is not a sustainable growth rate. It would lead to a much higher rate of inflation which, in turn, would eventually bring about another serious recession sometime in the future. This should be the clear lesson of the two recessions of the past decade. It does no good to help people find a job in the short run only to have an even worse unemployment problem later on. The President's program is designed to support a durable economic advance that will create lasting and better paying jobs.

Q. How do you answer the charge of some Democrats that the State of the Union address "fails to be realistic," and there is "not really anything new?"

A. The basic thrust of the President's program is most certainly realistic, and more importantly, is a well-balanced program to meet our various economic needs.

First, there is sufficient net thrust to the budget to keep the economic advance progressing at a pace sufficiently fast to keep the unemployment rate falling.

Second, the policies are not so stimulative that they threaten a return to high and destabilizing rates of inflation.

Third, the program takes major steps to control the excessive rise in Federal Government spending and to curb the multitude of regulations. It also provides greater incentives for job creation and capital formation, which are very important for economic recovery in short run and sustained economic growth in the long run.

Finally, the program moves decisively to eliminate budget deficits and thereby free up resources for our long-term capital requirements.

It is a good program that takes important steps toward meeting our country's long and short-term needs.

Q. Why is the President opposed to public service employment?

A. The President is not opposed to public works and public service employment. As an examination of his 1976 and 1977 Budget proposals indicates, the President is using this type of employment in the most practicable manner. For 1977, CETA public service employment programs are to be maintained at the 1976 level of $400 million (50,000 jobs). The State and local CETA programs are also to be maintained at the 1976 level of $1.6 billion (466,000 training and employment opportunities for 1.3 million enrollees). National CETA program funding for 1976 and 1977 will be the same - $414 million.

Summer youth employment will be cut back for 1977 to the 1975 level of $400 million (672,000 jobs). This decrease of $40.3 million (68,000 jobs) from the 1976 level reflects an anticipated decrease in youth unemployment by the summer of 1977. Temporary Employment Assistance funding for 260,000 jobs will continue into FY 1977, with some phase-outs to begin January 1, 1977.

As all of this bears out, the President is using public sector employment in what he believes to be the most prudent manner. The issue at stake involves a question of degree.

The alternative most frequently advanced by leaders of the Democratic Party is to spend far more Federal money on public employment and public works programs, hiring people under Government auspices until the economy has regained its full strength. On first glance, such programs may appear promising. In the last few months, however, the President has spent a great deal of time reviewing proposals to further enlarge public employment and public works programs. He has concluded that the benefits of any massive expansion of these programs would be far less than the risks they pose to the continued viability of the present recovery.

In the past, our experience with such programs is that funds for public service jobs have not created significantly more jobs per dollar spent than other Federal countercylical policy, such as a tax cut. It is very important to recognize the distinction between jobs paid for and new jobs actually created. Public service employment has, according to recent evidence, a large so-called displacement effect. That is that the public service employment funds tend to be used for financing the employment slots of State and local governments which ordinarily would be financed with their own funds. Some studies indicate that after one year or so, only 40 percent of jobs paid for under public service employment programs are actually net additions to employment that would not otherwise exist. After two years, the net increase could be as low as 10 percent. Moreover, Federally funded public service employment cannot be expanded very quickly because it takes time for State and local governments to create meaningful new jobs.

Problems also arise in connection with any large and new public works program that might be devised. Given the lengthy start-up times, such programs tend to have their greatest impact only years after their inception. They may then undermine budgetary control in the advanced stages of the present recovery, just when budgetary control will be most needed.

The President is convinced that the road to public service employment and public works, though paved with the best of intentions, is also the road to disappointment. We can no longer afford to hold out false hopes to the unemployed; we must offer real hope - and real, lasting jobs.

The President's economic program to restore full employment is simple and straightforward:

- He proposes a Federal budget that is large enough to reenforce and strengthen the process of recovery, but is also small enough not to bring a new wave of inflation and unemployment.

- He proposes tax cuts and spending cuts that will let every taxpayer keep more of his or her earnings. Money left in private hands will ultimately do more to increase consumption and increase capital investment than what the Government would do.

- He proposes a series of changes in the Tax Code that will spur private investment in new jobs and will encourage middle-income Americans to invest in common stock.

- Finally, to ensure that the hardships of unemployment are reduced, the President signed into law, major expansions in the duration and coverage of unemployment insurance, which eased the financial burdens of 3.6 million Americans who were unemployed for a part of last year. Programs in his Fiscal Year 1977 Budget also provide 3.6 million Americans with opportunities for training and employment.

This is a comprehensive program to combat unemployment - not by expanding the Government, but by expanding and invigorating the private sector where five of every six jobs are still located today. This is a program that works: since March, we have provided 2.1 million new jobs. The process of economic recovery is much slower than any of us would like, and unemployment is still intolerably high, but we are making substantial progress. As long as we stay on course, that progress will continue to be steady and sure.

Q. Apart from the economic costs of unemployment, do not the social costs dictate a direct employment program?

A. There is no question that the social costs of a person unemployed are very great. This hardship gnaws at the fiber of our society. We all are dedicated to increasing employment through providing jobs.

However, the jobs must be meaningful and productive ones. A program of temporary public service employment is unlikely to provide productive job opportunities. Public service jobs are not sustainable; they do not provide for further employment gains. A make-work job administered by a cumbersome bureaucracy at low wages may be no less demeaning than unemployment insurance and income maintenance.

The important thing is to provide meaningful and productive jobs in the private sector. That is our goal. Employment is increasing and will continue to do so if we have responsible fiscal and monetary policies that bring stable growth to our economy. More stimulation may provide a short-term palliative, but only at the expense of additional inflation and production bottlenecks later on. In the end, unemployment again rises. The stop-and-go policy of the past fifteen years has led to an instability which now is deeply rooted in our society. We can undo this problem only through a steady economic recovery which restores confidence in the prospect for longer run prosperity in a noninflationary environment.

Q. Senator Muskie claims that one million more public service jobs will save the taxpayers $17 billion ($14 billion in new taxes and $3 billion in unemployment insurance savings.) Are these numbers accurate?

A. The Senator has made some highly questionable assumptions in deducing these figures. It is true that historically, a one percent reduction in the permanent work force results in a tax receipt loss of $14 billion. It does not hold true, however, that replacing those permanent productive jobs with low paying, public service jobs will immediately replace that revenue. The Senator suggests that the creation of a $6,000 a year public service job will create 1976 tax receipts of $14,000 per man. These receipts certainly cannot be expected from a worker in that category of pay; and since he is already receiving $3,000 a year in unemployment benefits, the additional stimulation to the economy is negligible.

The real answer is that the Senator's proposition is accurate only if we can restore workers to permanent productive jobs. This is exactly what the President's program is intended to do. It will take longer than the "quick fix" of public service jobs, but it will provide the basis for permanent, long term recovery.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 5, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Unemployment Situation in February

Summary

The seasonally adjusted unemployment rate declined by 0.2 percentage point to 7.6 percent in February. The unemployment rate has declined by 0.7 percentage point in two months. The February decline was the result of increased employment and decreased unemployment of nearly equal size. The long duration unemployment rate (those unemployed 15 weeks or longer as a percent of the civilian labor force) continued to decline from its December peak of 3.3 percent and was 2.7 percent in February.

Nonfarm payroll employment increased by over 200,000 jobs in February, for the eighth consecutive monthly increase. The growth in employment was strongest in retail and wholesale trade (nearly 100,000), services and state and local government employment. The number of jobs in the goods producing sector was unchanged. There was a small decline in hours of work, concentrated in manufacturing.

Alan Greenspan
Chairman

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Detail

The seasonally adjusted unemployment rate was 7.6 percent in February, a decline of 0.2 percentage point from the previous month. The unemployment rate declined because of the combined effect of a 125,000 increase in employment (a nearly 300,000 increase for nonfarm employment) and a 154,000 decline in unemployment. There was little change in the size of the labor force. In the last two months nonfarm employment has increased by about 1 million.

Unemployment remained unchanged or declined for nearly all demographic groups (with the exception of black women and black teenagers). The recent decline in the unemployment rate was most pronounced (0.3 percentage point in both January and February) for persons unemployed 15 weeks or longer. About 60 percent of the decline in unemployment in the last two months has been among the long duration unemployed (15 weeks or longer). To some extent this decline in long duration unemployment may be due to persons who have exhausted their unemployment insurance benefits either leaving the labor force or taking employment. The most recent data indicate that about 125,000 persons are exhausting their benefits each month.

The data on unemployment rates by industry and occupation indicate that wholesale and retail trade and services showed substantial improvement in February. Additional support for this appears in the payroll data.

Seasonally adjusted nonfarm payroll employment increased by 207,000 in February to 78.3 million, for the eighth consecutive monthly increase. Employment was little changed in the goods producing sector -- small increases in manufacturing employment offset a decline in employment in contract construction. The 222,000 increase in employment in the service producing sectors was largely concentrated in wholesale and retail trade (97,000), services (70,000), and state and local government employment (30,000).

After increasing almost monthly since May, the length of the average workweek for production and nonsupervisory workers on private nonfarm payrolls declined by 0.1 hour to 36.5 hours. Hours of work fell in manufacturing (0.2 hour), although overtime hours did not change. Hours of work were generally unchanged in the service producing sectors.

For Saturday, March 6, 1976

NEWS

RON NESSEN

ECONOMY

Unemployment Down, Humphrey, Ford Comment: The Labor Department announced Friday that the unemployment rate fell for the fourth straight month from 7.8% in January to 7.5% in February.

The total number of people employed was back to pre-recession levels.

The Ford Administration expects unemployment to continue downward, Nelson Benton (CBS) reported.

Alan Greenspan said (on CBS film): "We haven't made an official re-evaluation yet, but as of December we were estimating that the unemployment rate would be somewhere between seven and seven and a half percent at the end of the year. And I would say the most recent evidence suggests the possibility at least, that we may be under seven percent."

"The unemployment figures got a mixed reaction from the Joint Economic Committee. Some congressmen were concerned that the new system of computing the new national jobless figures is tilted politically, and does not actually reflect the true unemployment rate," Bill Matney (ABC).

Sen. Hubert Humphrey said (on ABC film): "There are thousands more people on the unemployment figures and I keep hearing these general national figures. I don't know where they're all coming from. They're certainly not coming out of Boston, or New York or Detroit."

Labor Department official Julius Siskin defended the new system as accurate and when pressed, said the unemployment rate should be below 7 per cent by year's end.

Before leaving the White House for Illinois, President Ford commented on the jobless figures. Ford said (on ABC film): "This is the trend that we've been predicting. This is the trend that we've been counting on another excellent proof of the optimism that I think the Republic is getting as to the recovery from the recession." -- AP;UPI;Networks (3/5/76)

PRESIDENCY

Ford Campaigns in Illinois, Proposes Increased Estate Tax Exemption: President Ford Friday announce a reorganization of federal agricultural policy-making machinery and proposed a 150% increase in the current estate tax exemption to help many Americans, especially family farm owners.

Ford said (on CBS film): "To ease the burden of the state taxes on many Americans with modest estates, I am now proposing an increase of the present $60,000 state tax exemption to $150,000."

In Illinois, the President "campaigned hard on the theme that increased farm production with wheat sales to Russia had been good for the farmer," Tom Jarriel (ABC) reported.

"There was no direct bid to counter Ronald Reagan's criticisms of detente which has led to greater farm exports to Russia. Instead, in an appearance at the home of Abraham Lincoln, candidate Ford chose to let the words of Lincoln answer anyone who dares to criticize the words of Abraham Lincoln," Jarriel said.

Ford said (on ABC/CBS film): "Lincoln told a visitor at the White House, and I quote, 'If I were to try to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business."'

President brushed off Ronald Reagan's new foreign policy criticism as just campaign talk. "But he managed to remind his audience of Lincoln's view of critics," Bob Schieffer (CBS) repoted.

In his principle speech, the President stressed the economic and personal profits to the farmer from US-Soviet trade.

Ford said (on ABC film): "We want to keep your boys on the farm and send out your bushels overseas in good terms of trade. I oppose policies which would keep you bushels at home and send your boys overseas."

"Mr. Ford had hoped to tell these farmers of another grain sale to Russia," Tom Brokaw (NBC) reported, "but the deal hasn't been completed, so he promoted detente by saying there would be more sales and he promised not to withhold grain."

Ford said (on NBC film): "I admit that there are a number of people in political life, and some of them are candidates for the presidency, who have indicated that they would use food to try to change a social system in another country and, in the process, would stop exporting and, in the process, would have you store your grain instead of sell it. I categorically disagree with the person or persons who advocate that policy."

"So the stress here in the farm belt of Illinois is on the profits of detente and the politics of grain. The Ford campaign officials are confident that Ronald Reagan's Florida attacks on detente will be counter-productive for him here. And each time Ronald Reagan hammers away at detente in Florida, he's driving a nail in his political coffin here in Illinois," Jarriel said.

Secretary Butz accompanied the President to Illinois. "Secretary Butz is so popular in Illinois, a local observer remarked the President is campaigning on Butz's coattails," Jarriel said. Butz will chair the new agricultural policy committee, which replaces two committees previously chaired by Henry Kissinger.

"The President is planning to come to Illinois again late next week," Bob Schieffer (CBS) said. "The people now believe that if Reagan can be defeated in Florida on Tuesday, then he can ben finished off for good in Illinois the week after." -- AP;UPI Networks (3/5/76)

FOREIGN POLICY

Head of Soviet Agriculture Changed: The Communist Party Conference announced its new Politburo Friday, and the major change was the post of Minister of Agriculture.

Observers said the Minister was the obvious scapegoat for the Soviet farm failures in recent years. -- AP;UPI;Networks (3/5/76)

Secret OPEC Meeting In Florida: Panama City, Florida, is the scene of a major meeting of American oil company executives and officials of the OPEC oil exporting nations, ABC news has learned.

Several oil companies and the State Department said they knew nothing about the meeting, but key local people told ABC news it was a meeting of OPEC. Local people also say the security is unlike anything they've ever seen before.

"Obviously the oil companies do not want to subject their guests to the sort of incidents that occurred several months ago in Vienna," Charles Murphy (ABC) reported. -- ABC (3/5/76)

ELECTION

Reagan Continues Attack On Detente: Ronald Reagan, campaigning in Florida Friday, again attacked President Ford on Ford's defense policies.

Reagan said (on ABC film): "Mr. Ford, who a few weeks ago said no one can foresake detente and get elected, now tells us that he's going to abandon the word but retain the policy. But it's the policy that has made the word unpopular. No words from Washington can hide the fact that we no longer deal from strength. That's what former Secretary of Defense Schlesinger was trying to tell us and I believe that's why he no longer is a member of the Administration."

Frank Reynolds (ABC) reported: "Reagan will not relent in this hardline criticism of the Ford-Kissinger foreign policy, as he calls it, but he's not likely to expand his direct attack into other areas. There are members of the Reagan entourage who believe he should make a further assault on Mr. Ford's 'nice guy' image. They believe the President has knowingly, willfully, misrepresented Reagan's position on a number of issues, and that, they say, is not the mark of a nice guy. They want Reagan to say that, but he won't go that far," Reynolds said. -- AP;UPI;ABC (3/5/76)

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

Florida hopefuls seek Latin vote with tough anti-Castro position

Election '76 :
News

Ford Doesn't Practice What He Preaches

Jack Anderson -- ABC Good Morning America

President Ford's pet crusade is to reduce government spending. He has vetoed a record number of bills on the grounds they would cost the taxpayers too much money. On the campaign trail he keeps calling for reduced federal spending, he would like to have a balanced federal budget.

Well, I've been doing a little digging into White House expenditures. Looks as if the President doesn't practice what he preaches. Nearly as I can calculate it, Ford's White House payroll runs about $10,800,000. Now, this is $3,400,000 more than his predecessor Richard Nixon spent for salaries. All told, President Ford has 592 aides on his immediate staff and another 2,000 scattered throughout his executive offices. But is he cutting back like he has ordered other government agencies to do? No. He has asked Congress for money to double his senior staff. He wants 95 assistants in the $36,000 to $42,500 annual wage bracket.

But the salaries are only a small part of the White House expenses. The communications and transportation budget is a whopping 35 million. Part of this money, I should add, is used to maintain the presidential retreat at Camp David. It costs $1,800,000 to keep up the White House itself. Now, this comes out of the National Park Service's budget. President Ford also dips into the State and Defense Department funds for money to operate the White House. He takes $55,000 a year out of the State Department budget, for example, to pay for White House entertaining.

Four decades ago, President Franklin D. Roosevelt was accused of being a spendthrift. He fought the Depression in the early 1930s with four civilian aides, four military aides, and forty clerks, typists and messengers.

Message from Massachusetts

tive," Mr. Jackson enjoys support not   Mr. Jackson and Mr. Ford.

Bye-bye Bayh

The Candidates Thin Out

In the Republican race, the Massachusetts primary election has positioned President Ford for a knockout blow against Ronald Reagan, either next week in Florida or the following week in Illinois.

Among the Democrats, Massachusetts has driven out one of the eight contenders, all but eliminated three others, and clearly identified the strongest challengers from the moderate and liberal wings of the party.

Ford has now won three primaries to none for Reagan—in New Hampshire last week and in Massachusetts and Vermont Tuesday. Although Reagan came within 1% of matching the President's vote in New Hampshire, his defeat there in the first of the preferential elections was significant. It was thought to be his strongest Northern state, and he was confident of a victory that would carry him into the next critical primaries with the front-runner's momentum.

Instead, that advantage went to Ford, and in Massachusetts—their first match-up in an important urban/industrial state—he gave Reagan a 62%-35% pounding.

There were no delegates at stake in Vermont, and only Ford's name was on the ballot. There was, however, a write-in effort in behalf of Reagan, but his 16% of the vote fell far short of his supporters' expectations. Yet if Vermont was not a major victory for the President, it, too, helped banish the canards that he had no constituency outside Grand Rapids and that he, not Reagan, was most vulnerable to early elimination.

It may be the end for Reagan if he also loses in Florida's primary next Tuesday, and there are increasing indications that his early strength in the polls is crumbling. Ford could take a defeat in Florida—whose Republicans are even more conservative than those in New Hampshire—but Reagan could not survive early defeats in two conservative states.

Democrats in Massachusetts told former Georgia Gov. Jimmy Carter to move over and share the front-running position among the moderates and conservatives with Henry M. Jackson. The Washington senator, in his first all-out effort, ran first and Carter fourth, just behind Alabama Gov. George C. Wallace.

Although Carter won easily in the Vermont popularity contest—as he did a week earlier in New Hampshire—Jackson's name was not on the ballot in either state. Massachusetts was their first test of strength among Democrats to the right of liberal, and the match is now all-square.

It would be careless to read too much into Wallace's strong third-place showing, but it was probably due most to his strident antibusing position in a state where school integration is the most inflammatory of all the issues.

The crucial test for Wallace will come Tuesday in Florida, where he will face both Carter and Jackson. The Alabama governor has the most to lose, because he must repeat his substantial 1972 victory there to preserve his image as the candidate to reckon with in the South.

Florida should also dislodge either Jackson or Carter from the top of the heap by establishing which of them is likely to run stronger in the South in November.

If the portents from Massachusetts were grim for Reagan, they were just as disheartening for four Democratic contenders who brought up the rear of the pack—former Oklahoma Sen. Fred Harris, Indiana Sen. Birch Bayh, Pennsylvania Gov. Milton Shapp and 1972 vice presidential nominee and Kennedy in-law Sargent Shriver. Bayh quit the race Thursday.

The only liberal to gain ground in Massachusetts was Arizona Rep. Morris Udall, who ran a surprising second to Jackson and who was also second to Carter in New Hampshire. There is no question that he is now the only surviving representative of what he calls the "progressive" wing of the party.

It was Shapp's first outing, but Harris, Bayh and Shriver also took a whipping from Udall in New Hampshire. Shriver's sixth-place showing was a particularly bitter defeat for him; he was counting on his Kennedy identification in that family's native state to keep his candidacy alive.

Conversely, the results, from the only state that the McGovern/Shriver ticket was able to carry four years ago, were a strong validation of Udall's liberal credentials.

There is nothing left for Shriver, Harris or Shapp. If one or more of them stay in the race, it will have more to do with the largesse of public financing than with a reasonable expectation of going to the convention with more than token support.

As always, the primaries continue to take a fearful toll—and in Florida, next week, the casualty list could include even bigger names.

LA Times, 3/5/76

Election '76 : Comment

Jerald terHorst

Will the South rise for Carter?

Goodies in the presidential lunch pail

JAMES WIEGHART

Man in the Gray Flannel Senate

Congress: Comment

Ford: a pardoner's tale resumes

Richard L. Strout

Washington

new struggle. His trip gives him leverage at

Foreign Policy : Comment

Cat-and-Mouse

Goldwater heard it all before

By John D. Lofton Jr.

strategist, now advising President
Ford, says of Mr. Ford's attacks on

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 2, 1976

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

MEMORANDUM FOR THE PRESIDENT

Subject: Employment Situation in March

Summary

The seasonally adjusted unemployment rate declined by 0.1 percentage point in March to 7.5 percent. The rate has declined by 1.4 percentage points since the record high in May. The most dramatic change in recent months has been in the long duration unemployment rate (those unemployed 15 weeks or longer as a percent of the labor force). This rate declined from 3.3 percent in December to 2.4 percent in March.

In March, nonfarm employment increased in both the household series and in the payroll series. The nearly 200,000 increase in the number of payroll jobs was shared by the manufacturing, private service producing and government sectors. Although the length of the workweek of private nonfarm payroll workers decreased in March, overtime hours in manufacturing continued to increase.

Detail

The seasonally adjusted unemployment rate declined by 0.1 percentage point to 7.5 percent in March, continuing the sustained decline in the unemployment rate since the peak of 8.9 percent in May. The March decline in unemployment was due to an increase in nonfarm employment of 382,000 nearly no change in farm employment and a decline of 109,000 in the number unemployed.

During the last few months the unemployment rate has declined sharply for nearly all demographic groups. The decline had been weaker for blacks and teenagers. In March, however, the unemployment rates for whites did not change but for blacks it declined by 1.2 percentage points, with the improvement concentrated among adult blacks. Unemployment rates by occupation and industry continued to decline in the cyclically sensitive sectors.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

The most dramatic decline in recent months has been in the long duration unemployment rate (those unemployed 15 weeks or longer as a percent of the labor force). After reaching a peak of 3.3 percent in December this rate has declined monthly to 2.4 percent in March. The faster decline in long duration unemployment than in overall unemployment has led to a decline in the average duration of weeks of unemployment for those currently unemployed from 17.0 weeks in December to 15.8 weeks in March. It is not clear to what extent the sharp decline in long duration unemployment is caused by persons exhausting long duration unemployment benefits or dropping out of the labor force or is due to those individuals eventually finding jobs.

Employment on nonfarm payroll jobs increased by 191,000 in March for the ninth consecutive monthly increase. Since last May, the number of payroll jobs has increased by 2.0 million, but remains about 300,000 jobs below the peak in September 1974. The March increase was widespread -- employment increased in durable and nondurable manufacturing (75,000), the private service producing industries (78,000) and government (46,000).

The average weekly hours of work of persons on private nonfarm payrolls declined sharply (0.3 hour) in March to 36.2 hours, the lowest level since October 1975. Although the length of the workweek in manufacturing declined (0.2 hour), manufacturing overtime hours continued to increase (by 0.1 hour). The increase in private payroll employment and in overtime hours suggests that the decline in average weekly hours of work may in part be due to new employees being added to payrolls in the middle of a pay period.

Burton Malkiel
Burton G. Malkiel

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 20, 1976

MEMORANDUM FOR L. WILLIAM SEIDMAN

Subject: Translation of Overall Unemployment Rates to Adult Unemployment Rates

The mid-year review of the budget projects an overall unemployment rate of 4.7 percent in 1981. This implies an "adult" unemployment rate of 4.1 percent if adult is defined as age 18 and over. It implies a 3.6 percent "adult" unemployment rate if adult is defined as age 20 and over.

The Humphrey-Hawkins bill contains as a goal an "adult" unemployment rate of 3 percent. This translates into an overall unemployment rate of 3.5 percent if adult is defined as age 18 and over. The 3 percent rate translates into a 4 percent overall rate if adult is defined as age 20 and over. In other words, the Humphrey-Hawkins 3 percent goal translates into an overall unemployment rate roughly 1 percentage point below the overall rate we have projected for 1981.

Burt

Burton G. Malkiel

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

Contact: J. Bregger (202) 523-1944
523-1371
K. Hoyle (202) 523-1913
home: 333-1384

USDL 76-1190
TRANSMISSION OF MATERIAL IN THIS RELEASE IS EMBARGOED UNTIL 10:00 A. M. (EDT), FRIDAY, SEPTEMBER 3, 1976

THE EMPLOYMENT SITUATION: AUGUST 1976

Both unemployment and total employment were about unchanged in August, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. The Nation's unemployment rate was 7.9 percent, little different from the July rate of 7.8 percent but 0.6 percentage point above the 1976 low reached in May.

Total employment--as measured by the monthly survey of households--totaled 88.0 million in August, about the same level as in July. Since its March 1975 recession low, employment has grown by 3.9 million, or an average monthly change over the 17-month span of nearly 230,000.

Nonagricultural payroll employment--as measured by the monthly survey of establishments--rose by 240,000 to 79.4 million. Payroll jobs were 3.1 million above their June 1975 recession low, a monthly average gain of 220,000.

Unemployment

Both the number of unemployed persons and the unemployment rate were little changed in August, after rising in the 2 previous months. A total of 7.5 million persons (adjusted for seasonality) were jobless, representing 7.9 percent of the labor force. (See table A-1.)

Although overall joblessness was essentially unchanged, there were offsetting movements among major labor force groups. In particular, the unemployment rate for teenagers, which had been declining gradually since the beginning of the year, rose from 18.1 to 19.7 percent, while there was an improvement in the job situation for adult men--especially among heads of households. Divergent movements in joblessness were visible among adult women: The jobless rate for those 25 years of age and over declined over the month, while the rate for younger women (20-24 years) increased substantially. There was also a sizeable rise in the unemployment rate of female family heads. (See table A-2.)

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

October 8, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Unemployment Situation in September

<u>Summary</u>

The seasonally adjusted unemployment rate declined from 7.9 percent in August to 7.8 percent in September. The civilian labor force declined after several months of unprecedented growth. The unemployment rate was unchanged for blue collar workers and declined for white collar workers.

The number of employees on nonfarm payrolls increased by over one-quarter million, with increases in manufacturing and service jobs. The length of the workweek declined by 0.2 hour because of sharp declines in construction and in several sectors within durable goods manufacturing.

The report is consistent with our view that declines can be expected in the unemployment rate over the period ahead.

Burton Malkiel
Burton G. Malkiel

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Detailed Analysis

The seasonally adjusted unemployment rate decreased by 0.1 percentage point to 7.8 percent in September. Civilian employment declined by 163,000 and unemployment declined by 122,000. In spite of the fall in the seasonally adjusted labor force by 285,000, it still exceeds the June level by more than one-half million and has grown by 2.1 million since the first of the year.

Among adult men (age 20 and over) employment increased by 40,000 and unemployment increased by 130,000. The unemployment rate increased by 0.2 percentage point to 6.1 percent.

Both employment and unemployment declined among adult women in September, and their unemployment rate fell by 0.2 percentage point. Labor force participation declined by 134,000, returning to the June participation rate.

The seasonally adjusted number of nonfarm payroll jobs increased by 244,000 in September. Employment increased by 145,000 in manufacturing, with a 62,000 increase in the durable goods sector. Of the 87,000 job increase in nondurable goods employment, 60,000 may be directly attributed to the return to work of the striking rubber workers. (Note that the UAW-Ford Motor Company strike started in the middle of the reference week, and did not significantly affect the reported number of jobs in the transportation equipment sector in September.)

There was an increase of 73,000 jobs in the private service producing sectors, with the increases fairly widespread. Although the number of persons on state and local government payrolls decreased by 41,000 in September, there are 262,000 more state and local government jobs than one year ago.

The seasonally adjusted average weekly hours of work of production and nonsupervisory workers declined by 0.2 hour in September. Hours of work declined in construction (0.8 hour) and durable manufacturing (0.5 hour). For the latter, the largest declines were in lumber and wood products, primary metals, machinery, and electrical equipment. There was little change in hours of work in nondurable goods manufacturing and in the service sectors.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

October 8, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Unemployment Situation in September

Summary

The seasonally adjusted unemployment rate declined from 7.9 percent in August to 7.8 percent in September. The civilian labor force declined after several months of unprecedented growth. The unemployment rate was unchanged for blue collar workers and declined for white collar workers.

The number of employees on nonfarm payrolls increased by over one-quarter million, with increases in manufacturing and service jobs. The length of the workweek declined by 0.2 hour because of sharp declines in construction and in several sectors within durable goods manufacturing.

The report is consistent with our view that declines can be expected in the unemployment rate over the period ahead.

Burton Malkiel
Burton G. Malkiel

Detailed Analysis

The seasonally adjusted unemployment rate decreased by 0.1 percentage point to 7.8 percent in September. Civilian employment declined by 163,000 and unemployment declined by 122,000. In spite of the fall in the seasonally adjusted labor force by 285,000, it still exceeds the June level by more than one-half million and has grown by 2.1 million since the first of the year.

Among adult men (age 20 and over) employment increased by 40,000 and unemployment increased by 130,000. The unemployment rate increased by 0.2 percentage point to 6.1 percent.

Both employment and unemployment declined among adult women in September, and their unemployment rate fell by 0.2 percentage point. Labor force participation declined by 134,000, returning to the June participation rate.

The seasonally adjusted number of nonfarm payroll jobs increased by 244,000 in September. Employment increased by 145,000 in manufacturing, with a 62,000 increase in the durable goods sector. Of the 87,000 job increase in nondurable goods employment, 60,000 may be directly attributed to the return to work of the striking rubber workers. (Note that the UAW-Ford Motor Company strike started in the middle of the reference week, and did not significantly affect the reported number of jobs in the transportation equipment sector in September.)

There was an increase of 73,000 jobs in the private service producing sectors, with the increases fairly widespread. Although the number of persons on state and local government payrolls decreased by 41,000 in September, there are 262,000 more state and local government jobs than one year ago.

The seasonally adjusted average weekly hours of work of production and nonsupervisory workers declined by 0.2 hour in September. Hours of work declined in construction (0.8 hour) and durable manufacturing (0.5 hour). For the latter, the largest declines were in lumber and wood products, primary metals, machinery, and electrical equipment. There was little change in hours of work in nondurable goods manufacturing and in the service sectors.