

### Vietnam Era veterans

The employment situation for veterans 20-to-29 years old continued to improve in December. At 5.5 percent, their jobless rate was below the 6-percent level for the first time in nearly 3 years. (See table A-38.)

The gap between the unemployment rates for veterans and nonveterans closed decisively during the last few months of 1972. A year earlier, the veterans' rate was appreciably higher than that of nonveterans. By December 1972, the situation was reversed, with the veterans' rate a full percentage point below the nonveteran rate of 6.5 percent. This elimination of the gap also underscores the fact that the veterans' unemployment rate has declined far more sharply over the past year—2.9 versus 1.2 percentage points for nonveterans.

In December 1972, 4.1 million veterans 20-to-29 years old were employed and 230,000 were unemployed (not seasonally adjusted). Veterans' employment increased by 440,000 since December 1971, absorbing all of the increase in the labor force and reducing the number unemployed by 90,000. The age composition of the 20-29 year-old veterans has been changing, with a greater proportion now in ages 25-29. This reflects both the considerable slowdown in discharges of young men from military service in 1972 and the growing number who have been out of the service for several years.

### Industry payroll employment

The number of nonagricultural payroll jobs was virtually unchanged in December from the revised November level of 73.9 million (seasonally adjusted). However, payroll employment was up 2.6 million from December 1971.

Although the payroll job total did not change in December, some industries showed marked movements. Over-the-month employment gains in durable goods manufacturing (almost all of which occurred in machinery and electrical equipment), services, and State and local government were offset by reductions in contract construction and retail trade. The decline in contract construction (85,000) was due in part to unusually bad weather conditions prevailing in many parts of the country. Employment in retail trade rose less than seasonally expected over the month and, after seasonal adjustment, was down by 35,000. It is noteworthy, however, that employment in this sector had increased

markedly in November, an indication of earlier-than-usual hiring for the holiday buying season.

### Hours of work

The average workweek for rank-and-file workers rose by 0.3 hour, but this was in line with the usual November-December movement. After adjustment for seasonality, the workweek was unchanged at 37.2 hours. For the second month in a row, weekly hours in contract construction were down sharply, a development that also stemmed from bad weather conditions.

In manufacturing, weekly hours were about unchanged from the previous month but, at 41.0 hours (seasonally adjusted), were at their highest level in more than 4 years. Compared with December 1971, factory hours have increased by 0.8 hour. Overtime hours in manufacturing were unchanged over the month at 3.8 hours but were also up 0.8 hour from a year ago.

### Hourly and weekly earnings

Average hourly earnings of production or nonsupervisory personnel on nonfarm payrolls were \$3.73 in December, the same level as in November. This was an increase of 21 cents, or 6.0 percent, from a year ago.

Because of an increase in the actual workweek, average weekly earnings rose by \$1.12 to \$139.50. After seasonal adjustment, the increase was considerably less—37 cents. Compared with December a year ago, average weekly earnings have risen \$8.20 or 6.2 percent. During the latest 12-month period for which the Consumer Price Index is available—November 1971 to November 1972—consumer prices rose 3.5 percent.

### Hourly earnings index

The Bureau's Hourly Earnings Index, seasonally adjusted, was 141.9 (1967=100) in December, 0.9 percent higher than in November, according to preliminary figures. The index was 6.2 percent above December a year ago. All industries posted increases in 1972, ranging from 5.0 percent in wholesale and retail trade to 9.6 percent in transportation and public utilities. During the 12-month period ending in November, the Hourly Earnings Index in dollars of constant purchasing power rose 3.1 percent.

## THE YEAR IN REVIEW

The Nation's employment situation during 1972 was highlighted by strong labor force and employment gains

and a moderate decline in unemployment. The overall jobless rate, which had hovered close to the 6-percent

mark during 1971, declined gradually during 1972 and at yearend stood at 5.2 percent. The following sections describe developments in the employment situation during the course of 1972, with special emphasis on quarterly movements.

### Civilian labor force and total employment

Growth of the Nation's civilian labor force, which had resumed at a rapid pace in mid-1971, persisted during 1972. By the fourth quarter of the year, the labor force had reached 87.2 million, exceeding its mid-1971 level by nearly 3.2 million (after eliminating the effects of the 1970 Census population control adjusted introduced in January 1972). On an annual average basis, the labor force gain amounted to 2.1 million, compared with increases of 1.3 million in 1971 and 2.0 million in each of the previous 2 years. In addition to normal population growth, the 1972 upsurge was attributable to the continued reductions in the Armed Forces and to rising participation of adult women and teenagers.

Total employment advanced strongly during the course of 1972, continuing the expansion evident since mid-1971. Job gains averaging more than half a million each quarter brought employment to an alltime high of 82.6 million in the final quarter of the year, 3.6 million above mid-1971. On an annual average basis, employment rose by 2.3 million, in marked contrast to increases of 490,000 in 1971 and 730,000 in 1970. The 1972 job pickup represented the largest annual expansion in the post-World War II period; it was most pronounced among adult workers 25 years of age and over. However, employment of young adults and teenagers also posted impressive gains.

### Unemployment

Despite the resurgence in employment growth during the past year and a half, the reduction in the number of jobless workers was modest. For 1972 as a whole, unemployment averaged 4.8 million, down nearly 200,000 from the 1971 level. The overall jobless rate was 5.6 percent, compared with 5.9 percent in 1971 but still above the annual rates of 4.9 percent in 1970 and 3.5 percent in 1969.

Although the overall jobless rate did not show a large change on an annual basis from 1971, there was an appreciable downtrend in joblessness during the course of the year. The overall jobless rate edged down in every quarter beginning with the last quarter of 1971, following 3 consecutive quarters at 6.0 percent. By the fourth quarter of 1972, the rate was down to 5.3 percent, its lowest point since the third quarter of 1970.

Paralleling the movements in the Nation's overall jobless rate, the rates for most of the major demographic groups in the labor force also diminished from relatively high levels in 1970 and 1971.

The unemployment rate for adult men, which had stayed above 4 percent from late 1970 through mid-1972, dropped to 3.6 percent by the last quarter. On an annual basis, the adult-male rate average 4.0 percent in 1972, down from 4.4 percent in 1971.

The unemployment rate for adult women, on the other hand, showed less improvement. After moving within the 5.5-5.8 percent range since late 1970, it declined to 5.3 percent in the first quarter of 1972. In the next 2 quarters, however, it reverted to the higher 1971 levels and then receded again in the last quarter, to 5.2 percent. On an annual basis, their rate was 5.4 percent, compared with 5.7 percent in 1971.

Teenage unemployment did not begin to decrease until the second quarter of 1972. In the first quarter of the year, in fact, the teenage rate had soared to 18.2 percent, surpassing the previous post-World War II high recorded in 1963. By the fourth quarter of the year, their rate was down to 15.6 percent, the lowest point since the summer of 1970.

The unemployment rate for household heads declined substantially during 1972, moving from 3.6 percent in the last quarter of 1971 to 3.1 percent by the end of 1972; on an annual basis, their rate was 3.3 percent compared with 3.6 percent in 1971.

The rate for married men, which had more than doubled in 1970-71 after attaining a record low of 1.4 percent in 1969, edged down gradually during 1972, reaching 2.6 percent, in the fourth quarter. For the year as a whole, their jobless rate averaged 2.8 percent, down from 3.2 percent in 1971, and only half as high as the rate for all workers.

The jobless rate for Negro workers held close to the 10-percent mark during the course of 1972, while the rate for white workers edged downward. On an annual basis, the Negro jobless rate, at 10.0 percent, was virtually the same as their 1971 rate (9.9 percent). By contrast, the rate for white workers moved down, from 5.4 to 5.0 percent. As a result, the overall Negro-white jobless rate ratio—which had been below 2 to 1 in 1971, averaging 1.8 to 1 in each year—returned to the 2-to-1 differential in 1972.

The unemployment rate for full-time workers, which had held within the 5.4-5.6 percent range from late 1970 through early 1972, drifted downward during the year, reaching 4.8 percent in the fourth quarter. The rate for all part-time workers, on the other hand, was little changed over the 2-year span, averaging 8.6 percent in 1972.

Among workers in the major industries, the jobless rate for manufacturing workers declined by a considerable amount in 1972, after reaching a high of 7.1 percent in the fourth quarter of 1970 and remaining near that point throughout most of 1971. By the last quarter of 1972, the factory worker rate had fallen below 5 percent; this improvement was particularly prominent among workers engaged in durable goods production. For workers in the construction industry, the unemployment rate showed only a mild downtrend since reaching a 6-year high of 11.6 percent in the third quarter of 1970, keeping close to the 10-percent mark since early 1971.

There were also marked reductions in 1972 among some of the key occupational groups. The jobless rate for workers in blue-collar occupations, which had reached an 8-year high of 7.5 percent in late 1970 and had remained at this level throughout 1971, dropped steadily after the first quarter of 1972, reaching 5.8 percent by the end of the year. Their annual average rate was 6.5 percent in 1972, compared with 7.4 percent in 1971. Much of the blue-collar improvement occurred among semi-skilled operatives, whose rate fell from 8.3 to 6.9 percent on an annual basis. For white-collar workers, the 1972 unemployment rate held close to the 3½-percent level that had prevailed since late 1970. There was, however, a substantial reduction among professional and technical workers, a group that had experienced particularly sharp unemployment increases in 1970 and early 1971. Their rate had been at a post-World War II high of a little over 3 percent in early 1971 but receded to an average of 2.4 percent in 1972.

Although the number of jobless workers declined between 1971 and 1972, the average period of time workers remained unemployed, at 12.1 weeks, was a bit longer than in 1971. The number of long-term unemployed—those who were jobless for 15 or more weeks—averaged 1.2 million in 1972. They represented 24 percent of all unemployed persons and 1.3 percent of the civilian labor force, about the same proportions as in 1971.

The small reduction in unemployment on an annual basis between 1971 and 1972 was attributable primarily to a drop in the number of workers losing their jobs. There was a modest upturn in the number of unemployed who were in search of their first jobs as well as among those who had voluntarily quit their last job.

#### **Vietnam Era veterans**

The number of 20-to-29 year-old veterans in the labor force averaged 4.2 million in 1972, about 490,000 more than in 1971. All of this increase was in employment, as their unemployment level remained close to

300,000. The average unemployment rate for veterans dropped from 8.8 to 7.3 percent, a stronger year-to-year decline than for the nonveterans, whose rate fell from 7.3 to 6.8 percent. Over the course of 1972, the veterans' rate declined from over 8 percent early in the year to about 6 percent by the last quarter.

The reduction in the veterans' unemployment rate largely reflected the improved economic situation and special nationwide efforts to help in the employment of veterans. In addition, the tapering off of military discharges from a monthly peak of nearly 100,000 at the beginning of 1972 to less than 50,000 at the end meant that the economy had to absorb fewer of the inexperienced young veterans than in each year since 1969. Also, a large proportion of Vietnam Era veterans in 1972 had been out of the Armed Forces for several years and thus had more labor market experience and less vulnerability to unemployment.

The gap between the average unemployment rate of veterans and nonveterans narrowed in 1972. During the first half, the veterans rate was 1 percentage point higher than the nonveteran rate. By the last few months, however, the gap disappeared altogether, and in December the veterans' rate dropped below that for nonveterans.

At the close of 1972, there were about 6 million male Vietnam Era veterans of all ages in the population; 1.8 million were in ages 20 to 24, 2.8 million were 25 to 29, and 825,000 were 30 to 34. The 30-to-34 year age group will continue to increase in size over the next few years; in 1972, about 97 percent were in the labor force, and their unemployment rate of 2.9 percent was roughly the same as for nonveterans.

#### **Industry developments**

Total nonagricultural payroll employment showed impressive growth in 1972, rising by 2.1 million from the 1971 level to 72¾ million. This gain followed 2 consecutive years of almost no employment growth. The 1971-72 upturn was paced by the continued expansion of the service-producing sector but was also well supported by a renewal of growth in the goods-producing industries.

The turnaround in goods-producing jobs was led by resurgent manufacturing industries. Factory employment had been hit hard by the 1969-70 recession and cutbacks in defense and aerospace expenditures and did not begin to recover until the end of 1971; it rose in every quarter of 1972, however, with the 360,000 increase in the last quarter being the largest single quarter-to-quarter gain in more than 6 years. For the year as a whole, manufacturing employment averaged 18.9 million,

a gain of 400,000 from 1971 but still 1.2 million short of the alltime high reached in 1969. The manufacturing employment gain was centered in the durable goods industries, with the largest gains being registered in electrical equipment, machinery, and fabricated metals.

Among the other goods-producing industries, employment in mining held constant, and employment in contract construction rose by 110,000. The construction gain stemmed from a surge in homebuilding to record levels, bring the employment level to an alltime high of 3.5 million jobs.

Although employment gains were recorded in each of the major service-producing industry categories with the exception of Federal government, the 1.6 million over-the-year increase was concentrated in three industries: retail trade, services, and State and local government.

Despite the rapid economic expansion and large employment gains recorded during the year, the average workweek for production or nonsupervisory workers on private nonfarm payrolls rose only marginally, averaging 37.2 hours as compared with 37.0 hours in 1971 and 37.1 hours in 1970.

In the manufacturing sector, however, the large employment gains were accompanied by a significant increase in the workweek. Continuing the rise which began in the last quarter of 1971, average hours in manufacturing moved up throughout 1972, averaging 40.6 hours for the year. This represented an increase of 0.7 hour from 1971. Factory overtime, an important indicator of the pulse of economic activity, averaged 3.5 hours in 1972, a marked improvement over the 2.9-hours average of 1971.

## The Year in Review

The Nation's employment situation during 1973 was characterized by strong employment growth and a decline in unemployment. On an annual average basis, the number of employed persons increased by 2.7 million, and the overall jobless rate moved down steadily from a first quarter 1972 high of 5.8 percent to 4.7 percent in the fourth quarter of 1973. However, after reaching a 3½-year low of 4.5 percent in October, the unemployment rate rose to 4.7 percent in November and to 4.9 percent in December.

The following sections describe developments in the employment situation during the course of 1973, with special emphasis on quarterly movements.

### Civilian labor force and total employment

The civilian labor force, which had been growing rapidly since the economic recovery began to gain momentum in mid-1971, continued its strong expansion in 1973. By the fourth quarter of the year, the labor force had reached 89.9 million, exceeding its second quarter 1971 level by nearly 5.8 million. On an annual average basis, the labor force expanded by 2.1 million, the same as in 1972, but considerably more than the 1.4-million gain in 1971. The extent to which the labor force increase exceeded normal population growth in both 1972 and 1973 was attributable to the rising participation of adult women and teenagers and also, though to a lesser degree, reductions in the size of the Armed Forces.

Total employment rose substantially during the course of 1973, continuing the expansion evident since mid-1971. Job gains averaging more than half a million each quarter brought employment to an alltime high of 85.7 million in the final quarter of the year, 6.5 million above mid-1971. On an annual average basis, employment grew by 3.3 percent (2.7 million) from 1972, the largest percentage gain in 18 years. Over half of the employment increase took place among workers 25 years and over. The greatest proportionate gains were posted by men and women 20-24 years of age.

### Unemployment

With employment growth exceeding that in the labor force, the number of unemployed declined 535,000 to an average of 4.3 million in 1973. The unemployment rate dropped accordingly, from 5.6 to 4.9 percent on an

annual average basis, and by the last quarter, was 4.7 percent, marking the ninth successive quarter in which the rate had dropped (despite the increase in unemployment in the last 2 months of the year).

Each of the major age-sex groups in the labor force participated in the decline in unemployment. The jobless rate for adult men averaged 3.2 percent in 1973, down from 4.0 percent in 1972. Their rate had moved down to 3.0 percent by the fourth quarter, its lowest level since the first quarter of 1970. Among women 20 years and over, the unemployment rate fell from its average of 5.4 percent in 1972 to 4.8 percent in 1973. All of their 1973 decline occurred in the first 2 quarters, however. Although unemployment for teenagers remained high relative to other groups, it did recede over the year, from 16.2 to 14.5 percent. By the last 2 quarters of 1973, it had reached its lowest rate since early 1970.

The unemployment rates for both household heads and married men declined from 3.3 to 2.9 percent and from 2.8 to 2.3 percent, respectively, between 1972 and 1973. By the final quarter of 1973, both had also reached their lowest rates since the first quarter of 1970.

The unemployment rate for full-time workers continued its strong downward trend in 1973, declining through the first 3 quarters before edging up slightly to 4.3 percent in the last quarter. On the other hand, the rate for part-time workers has not shown quite the same degree of movement since the last recession but, at 7.9 percent in 1973, was below the 8.6-percent average of the previous year.

Joblessness among both Negro and white workers fell during 1973—the Negro unemployment rate decreasing from 10.0 percent in 1972 to 8.9 percent in 1973 and that for whites from 5.0 to 4.3 percent. With both rates declining proportionately, the Negro-white unemployment rate ratio remained at about 2 to 1.

Among the major industries, the jobless rate for manufacturing workers dropped most sharply—from 5.6 to 4.3 percent between 1972 and 1973. Their rate has fallen continuously from its 13-year high of 7.0 percent in the first quarter of 1971 to 4.1 percent by the fourth quarter of 1973. Although unemployment reductions were more pronounced for durable goods workers, there were substantial decreases among nondurable goods workers as well. For workers in the construction industry, the unemployment rate was down

considerably in 1973 (8.8 percent) from its 1972 average of 10.3 percent. Substantial year-to-year declines in unemployment were also registered in transportation and public utilities, finance, and services.

Unemployment reductions in 1973 also took place among most of the major occupational groups. The jobless rate for workers in white-collar occupations declined in 1973 after remaining at close to 3½ percent for over 2 years; unemployment rates for managerial (1.4 percent), sales (3.7 percent), and clerical workers (4.2 percent) were all substantially lower than a year ago. Although the year-to-year decline for professional and technical workers was more modest (from 2.4 to 2.2 percent), their jobless rate had dropped sharply from its post-World War II high of 3.1 percent registered in early 1971. For blue-collar workers, unemployment declined considerably for the second straight year, their rate falling to 5.3 percent from 6.5 percent in 1972 and 7.4 percent in 1971. Operatives (5.7 percent) experienced the greatest unemployment rate reduction, down from 6.9 percent in 1972. The rates for craft workers (3.7 percent) and nonfarm laborers (8.4 percent) were also substantially below their year-earlier levels.

A strong improvement in the unemployment rate of Vietnam Era veterans 20 to 34, from 6.7 percent in 1972 to 5.0 percent last year, reduced the rate to about that of their nonveteran counterparts. During 1973, the veterans' rate dropped from 5.4 percent in the first 2 quarters to 4.1 percent by the fourth quarter. Although the average jobless rate for the more recently discharged veterans (20 to 24 years old) also showed a year-to-year decline—from 10.6 percent to 8.9 percent—it remained much higher than the 6.8-percent rate for young nonveterans.

Along with the decline in the number of jobless workers in 1973, the average period of time workers remained unemployed—at 10.0 weeks—was down considerably from 1972 (12.1 weeks). Where the number of long-term unemployed (those looking for work for 15 or more weeks) averaged 1.2 million in 1972, it was only slightly over 800,000 last year. The long-term unemployed represented less than 1 percent of the civilian labor force in 1973, compared with 1.3 percent in both 1971 and 1972.

About four-fifths of the overall reduction in unemployment on an annual basis between 1972 and 1973 was attributable to a drop in the number of workers who had lost their last jobs. As a result, their proportion of

total unemployment fell to 39 percent, down from 43 percent in 1972.

In addition to the decline in unemployment in 1973, there was also a drop in the number of "discouraged workers"—from 765,000 to 680,000. Discouraged workers are persons who are reported as not seeking work because of a belief that their search for a job would be in vain.

### Industry developments

Total nonagricultural payroll employment rose sharply in 1973, by 2.8 million on an annual basis to 75.6 million. This gain surpassed the large increase experienced in 1972 (2.1 million), which had followed 2 consecutive years of little change. A resurgence in the goods-producing industries paced the 1973 growth, while the service-producing sector continued its strong expansion.

The employment increase in the goods-producing sector was led by manufacturing, where the number of jobs rose by 890,000 in 1973. Factory employment, hard hit by the 1969-70 recession, did not start to recover until late 1971, after which it rose every quarter in the subsequent 2 years. The increase in 1973 was more than twice that registered the year before. Despite this surge in factory employment, its level in the last quarter of 1973 (20.1 million) was still some 200,000 below the alltime high reached in mid-1969, reflecting, in particular, lower employment levels in the ordnance and aerospace industries. The manufacturing job gains were heavily concentrated in the durable goods industries, where 750,000 jobs were added between 1972 and 1973; employment in the five major metal and metal-using industries—primary metals, fabricated metals, machinery, electrical equipment, and transportation equipment—accounted for over four-fifths of this rise.

Among the other goods-producing industries, employment in mining edged up over the year, and the number of jobs in contract construction rose by 130,000.

Employment gains were recorded in each of the major service-producing categories with the exception of the Federal government. The increase, amounting to 1.8 million over the year, was concentrated in retail trade, services, and State and local government.

The workweek for production or nonsupervisory workers on private nonfarm payrolls averaged 37.1 hours

in 1973, compared with 37.2 hours in 1972 and 37.0 hours in 1971. In manufacturing, the workweek was 40.7 hours, not up substantially from 1972 but at its highest annual level since 1968. Factory overtime, an important indicator of prospective economic activity,

moved up over the year from 3.5 hours in 1972 to 3.8 hours in 1973, the highest level since 1966. Although the factory workweek and overtime hours posted gains early in the year, by yearend, both were down to the levels prevailing in late 1972.