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EMPLOYMENT

In the national economy, in both June ~~and~~ July, nonfarm employment surpassed the year ago totals. Strong recovery forces since last March attributed to a more than seasonal increase in the number employed. During the four months from March through July, 1,250,000 workers were added to the payrolls of nonfarm industries beyond their normal seasonal expansion. The loss of nonfarm employment during the past recession had been regained by July.

In August, nonfarm employment showed only a small increase. A further rise occurred in nonmanufacturing activities but there was little change in manufacturing. The auto model changeover resulted in a decline in employment in this industry which about offset continued gains in other metal producing industries. In nondurable goods industries, employment continued to show little change in August.

In the Ninth district, nonfarm employment has risen more slowly than in the nation as a whole and in July and August had not equaled the prerecession high of 1960. During the past recession, as in previous ones, nonfarm employment declined considerably less than nationally and in the current recovery it has also expanded more slowly. The resistance to the cyclical contraction of employment in this district is due to the larger proportion of workers employed in the relatively stable trade and service-type industries and a smaller proportion in manufacturing than in the nation. For instance, in the district, only 20 percent of total nonfarm workers are employed in manufacturing whereas in the nation it is close to 30 percent.

In this district as in other parts of the nation, the industrial recovery has made it possible for manufacturing firms to add workers to their payrolls. Seasonally adjusted employment has risen since last March and in July exceeded the year-ago level. The rise in manufacturing employment has been

concentrated in durable goods industries which, in this district, are located largely in Minnesota. In soft goods industries, the rise in employment has been at a slower rate.

Not only has there been a rise in manufacturing employment but the work week has been lengthened. Hours worked per week in this district rose from an average of 40.1 in March to 40.4 in both July and August compared with an increase of 39.1 hours in March to 40.1 hours in July in the nation. The increase has been quite general occurring in all district states except Montana where the important lumber industry has been confronted with a weak demand for its products. As a result of the rise in weekly hours and some increases in hourly rates, average weekly earnings in the district averaged in July and in August \$4.37 and _____ respectively higher than a year ago.

In the first half of the year, there was more than the usual seasonal slack in district construction. The layoff due to a labor dispute in the special trades contracting category in the Twin Cities depressed employment for awhile but more important has been the lags in highway and other types of heavy construction projects. A large number of highway projects were completed in 1960 and a shortage of state funds in Minnesota this year accounts for much of the slow start. The amount of contracts awarded for all types of nonresidential building has been up since May from former months and this has resulted in more activity during the third quarter. Furthermore, some improvement has taken place in home building as is reflected in the moderate rise in the number of dwelling units authorized by building permits in the district. Although prospective buyers are not so responsive to easier financing terms as formerly, liberal mortgage terms have brought more buyers into the market.

Employment on district farms has declined year after year as new equipment has been substituted for labor. In addition to this long-term downward trend, drouth conditions in North Dakota, western South Dakota and eastern Montana, in June began to reduce the seasonal demand for farm labor.

In the reports for June and July, several local state employment offices referred to the increased supply of semi-skilled and unskilled labor due to drouth conditions. The number of job seekers in some localities in those areas was doubled and tripled from a year ago. Furthermore, the supply of labor was expected to remain in surplus throughout the remainder of the summer season.