

6 EXTENT AND NATURE OF FRICTIONAL UNEMPLOYMENT

longer average duration of their unemployment results in their having a rate of long-term unemployment almost three times the rate for whites (11.3 percent for nonwhite males; 4.3 percent for white males).

It is long-term unemployment that generates most of the concern on the part of policymakers and other students of the employment situation. The workers involved in long-term unemployment face serious problems in terms of wage loss and the possible psychological effects of prolonged idleness. Many of the long-term unemployed exhaust their rights to unemployment insurance benefits. In some cases the existence of long-term unemployment is symptomatic of underlying maladjustments in the economy. For these reasons, as well as considerations of individual welfare, the characteristics of both the short and long-term unemployed are presented in considerable detail.

STRUCTURAL UNEMPLOYMENT

Chapter V of this report analyzes changes in unemployment during the postwar period resulting from structural changes in the economy. Major trends in the composition of the labor force were studied, together with unemployment trends within specific occupational and industrial groupings. The major findings were: (1) the absence of any significant trend in the overall rate of unemployment due to labor force changes since World War II; (2) a slight rise due to structural changes.

In 1956, about 8 to 10 percent of the unemployed could be considered jobless as a result of structural changes over the postwar period. Probably the most significant development was the continuing shift of emphasis within the economy from goods-producing to service-rendering activities. The unemployment rate among wage workers in goods-producing industries (agriculture, mining, construction, manufacturing) taken as a group rose from 4.1 to 5 percent, with each industry showing some increase. The unemployment rates in service-type industries (including transportation, trade, finance, government, and personal and professional services) either remained the same or declined somewhat. The rise in unemployment among goods producers did not reflect an increased number of different persons becoming unemployed, but rather, longer duration on the average for those who did become unemployed.

For the future, it is likely that the rate of unemployment will edge upward as a result of the increasing numbers and proportions of both older and younger workers in the labor force. The changed age composition of the labor force alone could lead to an increase of about 0.5 percent in the rate of unemployment by 1975, assuming that the age-specific unemployment rates remain at about 1955-57 levels.

A forthcoming report will compare unemployment and other labor force characteristics in depressed areas with those in nondepressed areas. Special tabulations are being prepared for this study, in order to provide detailed characteristics for four groupings of labor market areas, classified according to their history of unemployment levels over the past 3 years. These data may provide useful new information on cyclically vulnerable as well as chronically distressed localities whose extensive and persistent unemployment has caused national concern.