

THE EMPLOYMENT SITUATION

Recently released labor-force data, showing a seasonally adjusted unemployment rate of 5.3 percent for July, have been greeted as a reassuring high of continued recovery. The June figure had been 5.5 percent.

Officially counted unemployment in July totaled 4,018,000 as compared with 5,140,000 in July of 1961, and 4,968,000 in February 1961.

It is difficult to say how much these figures may be credited as straws in the economic winds.

However, to certify them as indicative of any basic solution to the national problem of unemployment goes beyond credence.

The character of that basic problem is suggested by the Bureau of Labor Statistics' labor force projections for 1962. On the basis of such projections, an increase in the Nation's labor force of 1,134,000 could have been predicted between 1961 and 1962.

In fact, by June of 1962, the total increase in the Nation's workers (including the Armed Forces) over June of 1961 amounted to 63,000. The civilian labor force, calculated with and without seasonal adjustment, actually dropped by more than 285,000 in this 12-month period. This means that, after counting those who went into the Armed Forces, more than a million workers who had been expected to join 1962's labor force were not, by the middle of the year, seeking any employment.

They are not, according to the official definitions, of course, included among the unemployed. Of that million or more workers who disappeared from labor markets, some were undoubtedly students who decided on more schooling, some were older workers who took advantage of social security retirement set at the age of 62, and some were housewives who had worked only on a marginal basis. A sizable fraction of this group were certainly involuntary withdrawals from the labor force.

The key fact, however, is that the Nation had no work to offer a million or more workers who, under normal economic conditions, would have been seeking jobs.

The key fact is that no employment opportunity existed for them, or seems likely to develop for the additional 1.3 million new workers who are expected to come into the Nation's labor force by 1963.

The cushions which operated in 1962 may not soon be available again. Students who continued schooling will presumably seek jobs some day. No expansion in Armed Forces manpower is now planned. No further reduction in the retirement age levels appears to have any serious congressional contemplation. New workers, for whom there are no jobs, may again be among the unemployed in statistics as well as fact.

Assuming a continuation of the present trends—a 3-percent growth rate and a 3-percent annual gain in labor productivity—in the year 1963, there will be no jobs for at least 2 million people who desire work, but are not now numbered among the unemployed. This would be, of course, in addition to those officially numbered, a total of roughly 4 million at the present time.

Representative REUSS. If I may interrupt, what would that work out in percentages of the work force unemployed?