An example of statistical fluctuation in the labor force series was the change from first quarter of 1960 to first quarter 1961, which was unusually high, but which we know by subsequent analysis to be due to extreme sampling variability. However, this does not affect the data accumulated during the last year—that is, from the summer of 1961 to the present summer of 1962—which do indicate pretty conclusively that there has been a slowdown in labor force growth. For example, if we get only seasonal changes from now until the end of the year, the growth in the labor force between 1961 and 1962 will average out to only 200,000 for the civilian labor force (allowing for the change in estimating procedures) and to 500,000 for the total labor force, including the Armed Forces. For the postwar period as a whole (1947–61), labor force growth has averaged about 900,000 a year. However, the annual growth has been very uneven, ranging from 1½ million in 1956 to only 400,000 in 1957 even though the unemployment rate was about the same in both those years.

This raises the question as to what extent labor force growth is related to changes in the level of general economic activity. My first chart bears on this point.

We have there a comparison of the gross national product charted against the civilian labor force.

It shows the civilian labor force and the gross national product (in constant 1954 dollars), indexed in terms of seasonally adjusted quarterly averages with the first quarter of 1948 as the base period. The chart shows that there is not a very close relationship between the two series during periods of moderate cyclical change.

I want to call your attention to the fact we have used different scales on the two series in order to facilitate the comparison in their up and down movements.

In order to get a better understanding of labor force behavior, it seems to us that it is essential to look at the major segments—adult men, adult women, teenagers (both boys and girls), older persons—since very different forces affect each group. The behavior of the large number of intermittent workers (students, housewives, semiretired persons) is particularly important. There are a great many such persons in the American labor force—for example, in 1960 our peak employment month of July had 68.7 million persons employed but there were over 80 million people who had employment at some time during the year. This suggests a great deal of short-term employment and turnover.

My second chart focuses on the adult men in the prime working ages (20–64) who are overwhelmingly year-round members of the labor force. These are the persons you normally expect to be in the labor force at work or unemployed. On a seasonally adjusted quarterly average basis, their civilian labor force participation rates (which measure people's propensity to work) have remained fairly steady at high levels under a variety of economic conditions. In the last year or so, however, the rate for men 55 to 64 years of age has been edging down slightly, no doubt reflecting in part the recent changes in the social security law lowering the retirement age for men to 62 as well as more retirements under private pension plans.

Chart 3 depicts the trend in labor force rates for women 25 to 64 years of age. Our most important finding to date is that most of