

the half million difference between (a) the labor force growth that has actually taken place during the past 12 months, and (b) the increase that might have been expected on the basis of past trends, was among women 25 to 54 years of age. That is, women in the prime working years of life.

In other words, these adult women, who have accounted for such a large part of the expansion in our work force since World War II, have not been entering the labor force during the past year as they had in the former years.

We are not sure that shortage of job opportunities is the full explanation for this development. Over the year, the labor force participation of women 55 to 64 years of age rose sharply, as it has in all recent years; it is not clear why jobs should be available for them, but not for younger women. Moreover, if this slowdown for women 25 to 54 is related to job opportunities, it is not clear why it should have taken place since the summer of 1961, in view of the continued business recovery.

We have done a good deal of work on this problem and will continue to study it carefully. Our present thinking is that it may be partly related to labor supply as well as demand. It is possible that among women 45 to 54 years of age, for example, with one out of every two already in the labor force, we have already tapped most of the readily available supply of such workers. Moreover, evidence is starting to accumulate that indicates at least a temporary leveling off even in the professional and service occupations where we feel confident that demand for labor continues to be strong.

Finally, we turn to the young workers and those past the usual retirement age. As the next chart shows, the labor force rates for these groups have been going down throughout the postwar period and continued to do so in 1962. There does not appear to be any unusual speedup in the rate of decline during the past year. The main reasons for these long-term trends are well known to you—the tendency for young people to remain in school longer and the push toward earlier retirement at the upper ages. Both groups have also been affected by the long-term decline in agriculture which has always been an important source of employment for teenagers and older men.

We do not regard these developments as unfavorable. This committee is certainly aware of the importance of formal education to young people entering the labor market. And to the extent that retirement represents a preference for leisure over work, it is also a healthy sign.

On the other hand, to the extent that lower labor force participation among youth occurs among school dropouts, it can be a serious social and economic problem. We are vitally concerned about this and in fact are planning a special survey of the employment status, work experience, education, and training of out-of-school youth 16 to 21 years of age. We are also disturbed by the possibility that some older workers retire only after prolonged unemployment and inability to find suitable jobs. Some additional insight into this problem may come from detailed studies to be undertaken in the coming year.

Mr. Chairman, that concludes my general statement.
(The charts referred to are as follows:)