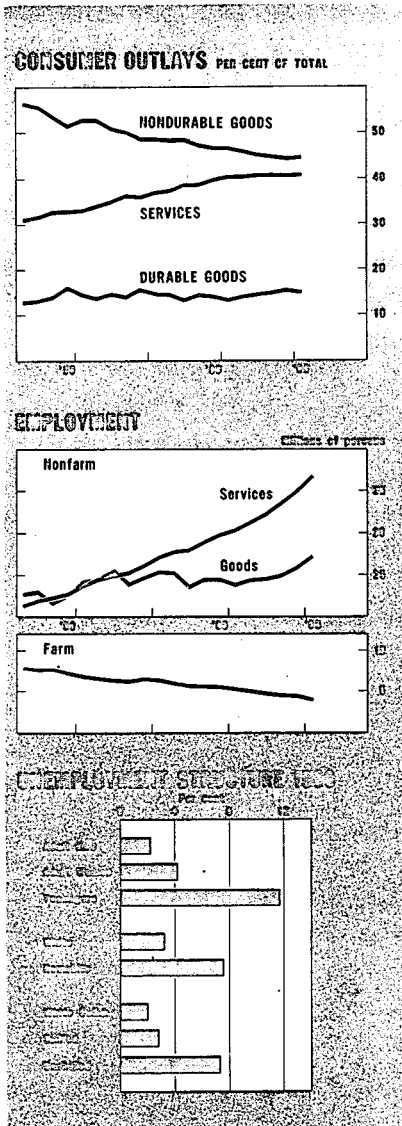




Consumers are allocating a larger portion of their outlays to better housing and to increased education and medical care, and a smaller portion to such basic nondurable goods as food and clothing. Durable goods expenditures continue to fluctuate cyclically, but over the longer run the proportion of consumers' spending on durable goods has changed little.

Growth of government and private spending for services and the rapid increase in productivity in the output of goods, have profoundly affected the structure of employment. Service employment, including persons engaged in trade and in private and public services, has increased almost uninterruptedly. Employment in the goods-producing industries, although recovering somewhat in recent years, is only a little higher now than in 1953. Farm employment, meanwhile, has declined steadily.

With a higher proportion of our work force in the more stable service sectors, cyclical unemployment problems may become less severe. But with slow growth of jobs in output of goods, and with increasing demands for highly trained workers, unemployment problems of a different kind have developed.

Last year, for example, the overall unemployment rate declined, and quickly reduced the pool of trained and experienced workers. Among adult men the unemployment rate was nearly as low as during the Korean war. But for the increasing number of teenage jobseekers, the unemployment rate has remained exceptionally high. Similarly, the rate for nonwhite workers has shown little improvement, and it remains more than double the figure for white workers. Inadequate skills and inexperience are clearly major occupational handicaps in the labor market. For white-collar and skilled