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Labor Market News Letter, July 1956

Maine Employment Security Commission

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LABOR MARKET



NEWS LETTER

Maine Employment Security Commission 331 Water Street Augusta, Maine

JULY - 1956

ISSUED BI-MONTHLY



Despite the weather, secondary effects of the steel industry strike, and the continuing unfavorable position of Maine textile mills in competing with southern and foreign producers of cloth goods, over-all economic activity in the State has been at a very high level this summer. Unemployment trends have followed an exceptionally sharp downward course since the winter months — claims for unemployment insurance benefits having dropped to the lowest early and mid-summer point in eleven years. Employment rose last month to the highest June peak attained in the post-war years, and the average hourly earnings of production workers employed in Maine manufacturing industries has climbed to an all-time record high.

The UI claims load dropped off between May and June at an unprecedented rate as unemployed workers were absorbed in both seasonal and non-seasonal jobs. In June, continued claims for unemployment insurance benefits totaled 28,569 as compared with 52,326 in May. A May-June decline in claims is consistent with normal expectations, but the 45.4 percent decrease this year was the greatest relative reduction for the two-month period in the nineteen-year history of the State UI benefits program. Not only was the rate of decline significant, but it is noted that the absolute number of continued claims filed in June this year was at the lowest point for the month since 1945. Last year continued UI claims filed in June totaled 46,323.

Manufacturing plant closings for vacation periods in the first part of July resulted in a temporary halt in the downward trend in the claims load, but this factor did not cause a particularly marked change in volume of claims filed in the local offices of the Maine Employment Security Commission. During the second week of July, a total of 5,728 persons were in an insured unemployed status as compared with 5,449 in the last week of June and 7,596 in the second week of that month. The slight increase between the end of June and the middle of July followed the customary week-to-week trend pattern for the summer period and, therefore, could not be regarded as indicative of a reversal of the strong downward long-range trend which has been in evidence over the past few months.

The degree to which improvements have occurred in the Maine economy is emphasized by the fact that the rate of unemployment in this State has dropped below the nation-wide rate for the first time in several years. During the first week of July, the unemployment rate, as measured by the relationship of insured unemployment to average monthly covered employment, was 2.6 percent for Maine and 2.9 percent for the country as a whole. Comparable ratios for three of the other five New England States were lower than Maine's. Connecticut and Massachusetts had the lowest rates — 2.1 percent for each. Vermont's rate was 2.3 percent, while the two States with rates higher than Maine were New Hampshire and Rhode Island with rates of 3.7 percent and 4.1 percent, respectively.

Nonfarm employment in Maine rose by 14,800 jobs between May 15 and June 15 to 285,700 — the highest June level since the end of World War II. The extensive, thirty-day gain was attributable to greatly accelerated hiring in various seasonal activities which ordinarily expand at this time of year and to added labor requirements in a number of industries which usually are not especially sensitive to seasonal influences. The number of workers on the payrolls of manufacturing establishments increased from 103,400 to 112,400, largely as a result of substantial expansions in the lumber and wood products, food processing, shoe manufacturing, and paper making industries. The total number of jobs in nonmanufacturing activities jumped from 167,500 to 173,300. Non-manufacturing industries showing the most strength included contract construction, retail trade, and service.

June employment this year was 1.7 percent higher than a year ago when 281,000 persons held nonagricultural jobs in Maine. Twelve-month increases occurred in most of the State's principal industries — the only noteworthy exception having been the leather and leather products group which suffered a loss of 600 jobs, from a level of 21,400 to 20,800. Among the industries showing the largest over-the-year advances were the lumber and wood products, metal products, paper manufacturing, transportation, and public utilities groups. Textile jobs were up 500, from 17,100 to 17,600, but this particular increase cannot be credited to basic economic improvements affecting the industry. Rather, it is traceable to the fact that production last year in several major mills had been halted or seriously impaired by labor-management disputes.

The average workweek for production workers employed in Maine manufacturing industries has remained constant at 40.1 hours per week during the past three months, but, compared with June 1955, this year's June average was down 0.9 hours. Average hourly earnings, on the other hand, have been increasing steadily during the past several months, rising to an all-time peak of \$1.553 in June. This was more than 12 cents per hour above the June 1955 average of \$1.431 and 25 cents per hour higher than the June average five years ago. Production workers averaged \$62.25 per week last month as compared with \$58.71 in June last year and \$51.60 for the same month five years ago.

Localized shortages of workers available to fill vacancies in demand occupations increased in number as unemployment was falling off in the late spring and early summer, but such shortages have been much less extensive than the drop in unemployment might portend. That manpower reserves have not become depleted is explained by the fact that many employers with expanding labor requirements have been able to utilize youths who entered the labor market following the completion of the school year in June. At the moment, local employment offices are experiencing difficulty in finding qualified workers who will accept referral to 247 scattered job openings. These jobs are classified on a broad occupational group basis as follows: professional and managerial — 12; clerical and sales — 1; service — 4; skilled and semiskilled — 84; and unskilled — 146.

While not inexhaustible, the State's reserve of labor continues to be more than sufficient, numerically, to satisfy existing demand. Both youths and adults entered the labor market in large numbers as job opportunities developed during the past several weeks, and it is apparent that still more could be attracted if additional jobs were to materialize. At present, approximately 10,500 persons are actively seeking work through the facilities of the thirteen local employment offices of the MESC, and it is known that many non-registered workers are attempting to find employment through other means. The registrants are qualified on the basis of work experience to fill jobs in a wide range of occupations, being classified according to broad occupational categories as follows: professional and managerial — 300; clerical and sales — 1,190; service — 650; skilled — 1,620; semiskilled — 2,700; and unskilled — 4,040.

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