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Labor Market News Letter, March 1961

Maine Employment Security Commission

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LABOR MARKET



NEWS LETTER

Maine Employment Security Commission

331 Water Street

Augusta, Maine



MARCH - 1961
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Labor Market Highlights — The general business slump, together with usual seasonal influences, caused total unemployment in Maine to continue along an upward trend during the winter period. By mid-February, the volume of joblessness—although slightly lower than in the comparable period of 1958—was appreciably above a year ago. In spite of the seriousness of the unemployment situation, the absence from this State's industrial framework of some of the hard goods industries which in other areas of the Country have suffered extensive reverses during the current recession has saved the Maine economy thus far from a worse downturn.

Unemployment Levels—During the middle week of February, the estimated work force in Maine comprised 369,200 persons. The unemployment rate among those in the work force was 9.6 percent, the number unemployed having been estimated at 35,500. This was above the nation-wide unemployment rate for February — estimated by the U. S. Department of Labor at 8.1 percent—but at this time of year Maine's rate is always higher. This year's difference between the nation-wide and Maine ratios for February was smaller than usual, however. Last year, the number unemployed in Maine was 29,400 during the middle week of February; a year earlier the number was 34,300; and in the corresponding week of 1958 the unemployed totalled 36,800. In contrast with unemployment trends in this State, the February total for the Country as a whole was higher than at any time in over twenty years.

Work Force Trends — After allowing for seasonal fluctuations, the trend in the number of persons in this State's work force has shown a decided upward tendency during the past three years. This has been attributable in no small measure to the effects of a sharp rise in the birth rate starting in the early 1940's. The work force in February was at an all-time peak level for the month, having expanded by 3,200 from a February 1960 total of 366,000, and by 7,500

from a level of 361,700 two years ago. The emerging uptrend in the size of the labor force promises to accelerate in the coming years, a matter which poses numerous problems, particularly with respect to the preparation and training of youths who will be entering the labor market and the development of job opportunities in which these youths may be absorbed. Failure to move forward in these two important areas of public endeavor could, it appears certain, prove to be extremely damaging to the future economy of the State.

Employment Developments — During mid-February, approximately 333,700 of the persons in the Maine work force had jobs, and of this number an estimated 265,700 were nonagricultural wage and salary workers. Trends in the number of employed nonfarm wage and salary workers have been downward since last August when, according to current estimates, the total employed was 293,200. The indicated six-month decline of 27,500 jobs cannot be attributed to a basic worsening of business conditions alone, and, as a matter of fact, this factor had much less to do in creating the downturn than did seasonal influences. The significance of changes in seasonal labor requirements in this State between the summer and mid-winter periods, regardless of the cyclical status of the general business picture, is apparent from the size of the declines

(25,000 in 1960; 22,800 in 1959; 30,800 in 1958; and 25,500 in 1957) which occurred during the six-month periods ending in February of each of the past four years.

Over-the-Year Changes — Although seasonal curtailments of the past few months have been responsible for a major part of the downward employment trend since last summer, cutbacks traceable to the effects of the nation-wide economic recession also have been evident. Comparison of current and year-ago nonfarm job levels illustrates that other-than-seasonal pressures have played a definite role in producing a part of the recent changes in the employment situation. Between February 1960 and February 1961 the number of persons on the payrolls of non-agricultural employers rose by 500, from 265,200 to 265,700. During this period, government employment showed a gain of 1,900; manufacturing jobs dropped by 1,100; and private nonmanufacturing industries experienced a decline of 300. Despite the over-all decrease in manufacturing—caused primarily by sizable reductions in textiles, lumber and wood products, food and kindred products, and paper and allied products—rather substantial twelve-month counter-cycli-

cal gains were made in the machinery and transportation equipment industries.

Hours and Earnings — The average workweek for production workers employed in Maine manufacturing industries rose from 39.2 to 41.1 hours between the middle week of December and the mid-week period of February. The latter average was identical with that for the corresponding week of 1960 and could be regarded as indicative of comparatively full production schedules in manufacturing industries as a whole. During the past fall and early winter, workweek averages showed signs of weakening and, therefore, pointed to sluggish production requirements. The December 1960 average was the lowest for any end-of-the-year period on record—the Commission having started maintaining average workweek data in 1948. The improvement in February, while not entirely conclusive, could be viewed with a certain degree of optimism as a symptom of a possible strengthening in the basic economy. In February, the average weekly earnings of manufacturing production workers amounted to \$73.98 which represented an all-time record high. In December the average was \$70.17, whereas a year ago it was \$68.89.

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