STRUCTURAL UNEMPLOYMENT


The author urges that we think of structural unemployment in "class rather than mass" terms. Relief of such unemployment is not incompatible with inflation control. Conversely, the existence of these unemployed may even add to inflation, since they contribute nothing to output and cannot be substituted for other workers, while their consumption adds further to the strains on key sectors of the economy.


Considers some of the economic characteristics of depressed areas and then points out that proposals which seek to insulate an area by diversification may be ignoring the "necessity of area specialization in our highly interdependent exchange economy." Galloway questions lack of diversification as the underlying cause of depressed areas by showing that these areas are not substantially less diversified than their more fortunate counterparts.


Essentially critical of an approach that fails to attack the problems of labor mobility, Galloway ranks the Douglas type of legislation as providing the greatest assistance to depressed areas, but adds that "it is indeed regrettable that all of the proposed measures deal almost exclusively with the area development approach to solving the depressed area problem." The author adopts the relative unemployment of an area as the criterion for qualification as depressed and adds that the cut-off amount will vary, since depressed areas are depressed relative to the general economy.


Actually written before much of the legislation proposed by Kennedy was considered, this article anticipates the Administration's general


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remedial approach. It also points out that the Bureau of Labor Statistics in 1959 reported to the Joint Economic Committee that about 8-10% of total [un]employment during relatively prosperous times is due to structural unemployment. Levitan discusses Heller's report (referred to below) and is fairly critical, referring to the Detroit unemployment experience as indicative of the rise of structural unemployment.


"... Only a sixth of the average peacetime idleness since 1947 has been directly traceable to the business cycle," Professor Long says in the introduction to this paper. He attempts to show that disparities in productivity are related to differences in education more than to just an education-ability aggregate. In addition, he examines the impact of variations in age, color, and sex on "creeping unemployment." Long looks at aggregate demand and also uses concepts such as the "social minimum wage" and a "winding productivity spread." He concludes that, with a continuation of development similar to that of the '50's there will be a continued "up creep of prosperity unemployment."


The authors propose the establishment of municipal reserve funds when local employment is high, these funds to be collected through taxes over an entire labor market. This reserve could be used to attract new industry or, in serious national depression, to subsidize work projects. Proposals for the administration of such funds are also offered.


Begins with a discussion of unemployment and relates the chronic (or structural) variety to other types of unemployment. The second chapter presents some methodological considerations for estimating the magnitude of such unemployment and then makes some estimates. The authors present a general prototype of the chronically depressed areas,
including rural underemployment areas. The last chapter presents a discussion of government programs for dealing with this problem.


Discussing the British Unemployment Bill, the authors point out that there is an apparent lack of understanding of the economic forces underlying local unemployment. They view the regional problem as a very specialized case of countries engaged in "international trade" and lament the shortage of even rudimentary statistics. Personally, the authors are sympathetic with relief which does something to counteract the tendencies to immobility.


With Sweden's long experience in dealing with problems of structural unemployment, this collection attains added significance. Included are papers on such problems as "Measures to Stimulate the Mobility of Manpower in Sweden," "The Present and Future of Vocational Guidance," "Location of Industries," and others of equal relevance to the basic question. Some of the papers are actual staff memoranda or government circulars, but all are written in English or have been translated.


This compendium represents the thinking of more than two decades on varied aspects of unemployment. Part I, "Public Policy, History, Cost and Measurements," includes particularly relevant writings by Lloyd G. Reynolds, Ewan Clague, and W. S. Woytinsky. Part II considers "Selected Causes and Special Problem Groups." The impact of automation, foreign competition, and changing defense requirements upon such groups as youth, older workers, and women is discussed. "Remedial Measures" is the heading for Part III which includes consideration of mobility, retraining, and employment services.


"In Sayre, Pa., where 110 persons were enrolled in a training program in shoemaking, 85 were placed, with an annual estimated earned income of $233,759 for a training cost of $14,000." This is but one of the many cases cited. The statement by John T. Shuman, Director of Vocational Education, Allentown, Pennsylvania, provides an illustration of one city's work on the general problem of training for the unemployed. Secretary Ribicoff's statement points up some problems of division of responsibility by levels of government.

----. 87th, 1st session. Joint Economic Committee. January 1961

Nearly all of this volume may prove worthwhile to the reader interested in structural unemployment in its broader aspects as well as in peripheral problems of current and continuing importance. Supplement B of Professor Heller's statement presents evidence refuting the hypothesis that "the new unemployment is concentrated among workers who are intrinsically unemployable by reason of sex, age, location, occupation, or skill."


Prepared as background material for hearings on employment and unemployment, this paper reports results of an attempt "to test statistically two alternative explanations for the persistently high level of unemployment since 1957..." A series of tests comparing the 1957-60 cycle with its two predecessors are used. "The tests fail to reveal any of the symptoms which would accompany a rise in unemployment due to structural changes...[but] indications of inadequate demand are present in all data tested." It is possible, however, that structural changes have increased frictional unemployment and slightly raised the minimum level of unemployment attainable at a non-inflationary level of activity.


This study concludes that "structural unemployment has not contributed significantly to this rise in the unemployment rate." The conclusions are based in part on projections of the 1948 occupational structure and unemployment both by occupation and duration. Changes in sex, age, and occupational composition are evaluated, and a methodological appendix is included.