

# Union Calendar No. 900 <sup>65</sup>

83D CONGRESS  
2d Session

HOUSE OF REPRESENTATIVES

REPORT  
No. 2628

## REPORT OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT

AUGUST 5, 1954.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

Mr. TALLE, from the Joint Committee on the Economic Report,  
submitted the following

### PROGRESS REPORT

[Pursuant to sec. 5 (a) of Public Law 304 (79th Cong.)]

The following progress report to the Joint Committee on the Economic Report was prepared by the Subcommittee on Economic Statistics, composed of Representative Henry O. Talle, chairman, Senator Frank Carlson, and Representative Richard Bolling. The unanimous report from the subcommittee was submitted on July 30, 1954, and approved for transmittal to the Congress by the full committee on August 5, 1954. The report, and additional findings by the subcommittee, will be given further consideration by the full committee in connection with its report on the 1955 Economic Report of the President.

#### PROGRESS REPORT OF THE SUBCOMMITTEE ON ECONOMIC STATISTICS JULY 30, 1954

The Subcommittee on Economic Statistics of the Joint Economic Committee, appointed April 16, 1954, pursuant to the recommendation contained in the committee's report of last February (H. Rept. 1256), has completed exploratory hearings and presents the following progress report.

In its exploratory hearings and deliberations the subcommittee had a twofold objective: It wished to obtain a representative picture of the needs for economic statistics, both within the Government and among its citizens, and it sought suggestions for improvements in the Nation's statistics. Inasmuch as the subcommittee is concerned with Federal economic statistics as a whole, it hopes to find means for improvement not only in particular statistical activities and series but even more in the relationships among them.

*Exploratory hearings by the subcommittee July 12 and 13*

Great care was exerted in planning the hearings held by the subcommittee July 12 and 13. The subcommittee and staff contacted many organizations and individuals in preparing the agenda and selecting the witnesses. The subcommittee wanted a factual statement outlining present programs and recommendations of the appropriate Executive Government agencies. It also wanted the views of the users of Federal economic statistics. In all cases the witnesses were asked to submit written statements in advance. The printed hearings are now available to those interested. The 360 pages of testimony provide a storehouse of information on present statistical programs and the statistical needs of our economy.

The subcommittee first heard from the Assistant Director of the Bureau of the Budget, who submitted a detailed statement on the statistical resources of the Federal Government. The statement lists the Federal agencies that produce economic statistics, the major series provided, and information on the Federal funds devoted to statistical work. An important section of the Bureau's statement outlines the steps needed, in its judgment, to improve the statistical services of the Federal Government. The statement discusses certain basic needs which exist in connection with many statistical series and makes recommendations for improvement of statistics in individual subject fields.

Included as appendixes to the Bureau's statement are memorandums prepared by staff members of the Bureau's Office of Statistical Standards which give additional information on the major needs for improvement of statistics within the individual staff member's field of assignment and review. The principal data-collecting and data-analyzing agencies of the Federal Government also submitted opinions which were included in the appendix to the Bureau's statement.

The chairman of the Council of Economic advisers appeared before the subcommittee to present a statement on the statistical needs of the Council in assisting the President to appraise economic trends and formulate economic policies in the executive branch. The Council's statement emphasizes the need for (1) more prompt and frequent reporting; (2) improvements in existing data; (3) improvements in presentation; and (4) filling gaps in existing information.

The second day of hearings was devoted to a panel discussion with 12 distinguished users of economic statistics representative of or covering the following fields: industry, labor, finance, food and agriculture, consumer finances, State and local government, foreign economics, construction, savings and investment, and retail trade. Each expert presented his observations with respect to (1) the statements of the Bureau of the Budget and the Council of Economic Advisers (these statements were supplied to the panel members several days in advance of the hearings); (2) the general concept of an overall system of economic statistics; (3) significant weaknesses in major existing statistical series as to concepts, accuracy, timing, collections, procedures, and the like; (4) gaps in the Nation's economic statistics and suggestions for closing those gaps; and (5) the kind of statistics and other economic information specifically needed in analyzing the economic plans and expectations of consumers, government and business.

In addition to the non-Government panel, representatives of the major statistics-producing and coordinating agencies of the Federal Government participated in the roundtable discussions which followed.

Other individuals and organizations submitted written statements or observations which were incorporated in the printed hearings.

*Preliminary findings and recommendations of the subcommittee*

Perhaps the greatest single need for improvement is the further integration of Federal statistical activities into a more closely knit and hence more useful statistical system. The Nation is entitled to an intermeshed and smoothly working statistical mechanism which is completely objective, impartial, and staffed by technical personnel of the highest competence.

The subcommittee has received many suggestions for significant statistical improvements. In this short time it has not been possible to evaluate all of this testimony and to prepare a complete list of needed improvements. We wish to summarize, however, major findings and recommendations which have resulted from the work so far, and to indicate plans of the subcommittee for the balance of this year:

1. *Private economic interests and Government policymakers require an increasing quantity and improved quality of economic statistics.*—In its hearings the subcommittee was informed of the statistical needs of some of the important users of Federal data. It hopes to extend its knowledge in this field. A major impediment to statistical development has been the general lack of a clear understanding, particularly by the Congress, of the ways in which statistics are used in Government and in private affairs. The subcommittee is considering the preparation of a factual statement, as comprehensive and precise as possible, of the uses made of statistics and setting forth needs of Government and private enterprise—business, agriculture and labor—for additional statistical data. Statistics are used not only for administrative and operating purposes, but also as necessary aids in promoting high-level employment, economic stability and growth. The proposed statement would include interpretation of the data needs of those engaged in research on business fluctuations and on the development of economic science.

It is clear that intelligent economic judgments can only be made on the basis of adequate factual information. The private enterprise system rightly looks to Government for such facts. Only the Federal Government can assemble and publish the array of economic statistics needed. The Congress, State and local legislative bodies, and public administrators in all levels of government must have improved economic statistics. Programs for national security, taxation, agriculture, housing, schools, highways and virtually every activity of government depend, in both formulation and execution, on the knowledge and use of economic statistics. In today's complex world hundreds of millions of dollars may be involved in the trend of a single statistical series. Wage rates and agricultural support payments are but two examples. Statistics are also needed in the everyday activities of the small, or average, consumer, farmer, businessman, laborer and researcher, some of whom may not even be aware of the uses they make of statistics or the needs they have for them.

The subcommittee notes particularly the needs of the Joint Committee on the Economic Report for improved information on the economic outlook. Knowledge of and the relations between and among the plans, programs, and expectations of consumers, businesses, and governments are necessary in appraising the overall outlook and in considering appropriate economic policy measures. Constant attention and study should be given to statistics which may be particularly useful in indicating changing economic trends, although our dynamic economy does not permit reliance on such statistics alone for predicting future economic conditions.

Speed in gathering and disseminating economic information is another important need, not only of this committee but of policy-makers generally.

2. *The principal stumbling block to providing an adequate economic statistical program is the lack of financial support.*—The primary responsibility for this support rests with the Congress, but the executive branch has the responsibility for providing strong leadership. The subcommittee realizes the importance of economy in Government, and it appreciates the need for carefully screening requests for statistical improvements, and for efficiently planning statistical programs to avoid duplication of effort, harassment of suppliers of data, as well as waste and extravagance generally. At the same time in the light of the need for adequate statistics, past economies have gone too far. Increases are necessary, well justified, and will pay dividends to the economy—and in so doing to the Federal Treasury.

3. *Administrative agencies which produce statistics as a byproduct should be encouraged to recognize their obligations to the statistical system.*—A major part of the available economic statistics results from the administration of such governmental functions as tax collection, the regulation of railroads and banks, and the processing of claims for unemployment insurance. These "administrative statistics" cost relatively little because their production is incidental. The wide dependence upon them is one of the principal reasons for the extreme decentralization that characterizes Federal statistical organization. The subcommittee is gratified that such administrative agencies as the Internal Revenue Service and the Bureau of Old-Age and Survivors Insurance are now providing "benchmarks" for statistical series produced in other agencies, thus hastening the creation of an integrated statistical system in which figures from many separate sources may be fitted together. There is need, however, for more rapid processing and releasing of the data.

4. *Greater emphasis on the development of an overall program of economic statistics by the executive branch of the Government is needed.*—To fit together the economic statistics produced by different Federal agencies so that their aggregate constitutes an integrated system requires a strong and aggressive coordinating unit. The Federal Reports Act of 1942, together with the Budget and Accounting Procedures Act of 1950, provide the necessary legislative authority for this purpose. In particular the second of these acts places the major responsibility for formulating a coordinated statistical program in the President, acting through the Director of the Bureau of the Budget. It is essential for users of statistics, such as the Council of Economic Advisers, to make known their needs. It is especially important for the Council of Economic Advisers to give adequate and appropriate

support within the executive family, and in relations with the Congress, to meeting those needs. This support should also take the form of setting forth specifications and providing technical assistance in the development of programs. The heads of major Federal statistical-producing agencies have much to contribute in designing and executing an integrated statistical system. Administrative machinery should insure that these talents are fully utilized.

However, the final responsibility for assessing the relative importance of many different uses, and for developing an orderly and well-rounded system, and for deciding where in that system the statistical implementation can most effectively and efficiently be carried out, is fixed in the Office of Statistical Standards in the Bureau of the Budget to which this authority is delegated. The progress made in the last 20 years in developing an integrated set of economic statistics under the leadership of the Central Statistical Board and its successor, the Office of Statistical Standards, has been substantial and is to be commended. Nevertheless, it is clear the need to achieve and maintain statistical integration in an adequate and complete system still exists. This is a responsibility of the executive branch of the Government.

5. *More attention should be given by Federal agencies to studying concepts and methods of operation, and to setting forth the limitations of the data appearing in their published reports.*—Complete precision in statistics is probably unattainable and the subcommittee is well aware that there is always a margin of uncertainty attached to statistical results. Its only concern is that adequate steps be taken to measure this lack of precision and to acquaint the user of data with its nature and extent. Relatively greater expenditure of effort and funds needs to be directed by a majority of Federal statistical agencies to an examination and analysis of the built-in limitations upon their findings and the degree of reliability that can be placed upon them.

6. *A section on economic statistics should be included in the President's annual budget and more consideration given to an adequate economic statistics program in the President's Economic Report.*—The various statistical programs of the executive agencies and their costs should be brought together and discussed. Proposed changes in these programs and their relation to the overall Federal statistical system should be pointed out.

The program presented next January should be prepared after careful appraisal of suggestions received by this subcommittee and incorporated in the published hearings. The subcommittee hopes that the various statistical advisory committees to Federal agencies will be asked to review these hearings and that the President's program submitted next January will represent a big step forward in the development of a realistic and adequate economic statistical system.

7. *The subcommittee recommends that the full committee devote one panel session to economic statistics at its hearings next year, preliminary to submitting its own report to the Congress on March 1.*—This would provide opportunity for review of the statistical program submitted in the President's budget and Economic Report. It would equip this committee and subcommittee to be an effective voice in congressional consideration of programs in the next session of the Congress.

8. *Adequate and timely benchmark data from regular censuses of agriculture, business, manufactures, minerals, and State and local*

*government are desperately needed.*—The census data are the foundation of an adequate program of economic statistics. Economists and statisticians recognize that current economic data based on samples and spot studies must be corrected periodically by the use of censuses if they are to maintain their accuracy. Thus, these benchmark statistics have much more significance than just their contribution to historical research. All necessary steps should be taken by the executive branch and the Congress to carry out the census programs as scheduled. We emphasize to administrative agencies the need for speeding up the availability of such data.

9. *The Federal Reserve System might well expand its statistical collection and analysis programs where it has special interest and competence.* The subcommittee is requesting the Federal Reserve to explore, in cooperation with executive agencies, the adequacy of present statistics in three basic areas: (1) inventories, (2) savings, and (3) consumer and business expectations. This request includes a thorough review of, and basic research into, concepts, existing data, sources and procedure for improving these statistics.

10. *The staff is directed to proceed with the revision of economic indicators.*—The suggestions submitted by some 50 subscribers (incorporated in the printed hearings) will be reviewed for possible adoption but complying with the generally expressed desire to maintain the present basic format and contents.

11. *The committee staff is directed to keep the subcommittee informed of progress on revisions and improvements underway or proposed.*—The subcommittee is particularly interested in the implementation given the recommendations for improvement in labor force, employment and unemployment statistics contained in the committee's February report (H. Rept. 1256) and in construction statistics.

Representative HENRY O. TALLE, Iowa, *Chairman,*  
 Representative RICHARD BOLLING, Missouri,  
 Senator FRANK CARLSON, Kansas,

*Subcommittee on Economic Statistics.*

