

Buechner
CURRENT LABOR MARKET DEVELOPMENTS

HEARINGS
BEFORE THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
NINETY-SECOND CONGRESS
FIRST SESSION

PART 1

APRIL 2, MAY 7, JUNE 4, JULY 2, AUGUST 6, AND SEPTEMBER 3, 1971

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CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, APRIL 2, 1971

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to call, at 10 a.m., in room S-407, the Capitol Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire and Bentsen; and Representatives Reuss, Moorhead, Conable, and Blackburn.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Loughlin F. McHugh, senior economist; John R. Karlik, Richard F. Kaufman, and Courtenay M. Slater, economists; Lucy A. Falcone and Jerry J. Jasinowski, research economists; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig and Leslie J. Barr, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

Each month the Bureau of Labor Statistics issues its report on employment and unemployment in the United States. For years, the issuance of that report has been accompanied by a press conference at which time the Commissioner of Labor Statistics or his assistant answers questions put to him by the press on the meaning and significance of the statistics.

That explanation by technical experts on employment developments has been recognized as the most effective way there is of communicating to the news media and, hence, to the general public what is the current state of the economy, and it has been done free from any political slant which could easily be applied to the facts.

The Bureau of Labor Statistics over the years has built and retained its reputation for absolute impartiality, high professional competence, and a completely nonpartisan approach.

The BLS has epitomized the rule that to make useful judgments we must have absolutely honest statistics.

When the long-standing practice of a monthly news conference was stopped last month, I felt that a forum was needed whereby the Congress, the press, and the public could receive both the details of the employment and unemployment figures and the public, truthful and unvarnished explanation of them which has characterized the experts at the Bureau of Labor Statistics in the past.

It is the purpose of this hearing to provide that forum. While those of various political persuasions outside this forum may place differing

interpretations on the figures, it is my hope today that the questions we ask and the spirit in which they are asked will help perform the function which the news conference performed in the past. This forum cannot replace the press conference. But, it can help to get the information to the public.

I will say now and repeat again when Mr. Moore and Mr. Goldstein arrive, that if either one of them believes that any question they are asked is in any sense a partisan political question that they will say so at the time. I urge them to do that.

We hope the questions will be searching. We expect them to be nonpolitical.

I would like to welcome you, Mr. Clague.

I would like to say that your record as a public servant is virtually unparalleled. You served for 18 years diligently and with distinction as Commissioner of Labor Statistics under both Democratic and Republican administrations. I understand that for 1 year under a Republican administration you served as Special Assistant to the Secretary of Labor. You were cited as one of the top 10 career men in the Federal Government.

As I have already indicated this hearing was called because some of us here in Congress are concerned about recent actions of the administration which seem to suggest that our economic statistics may be being used for political purposes. I do not mean the statistics are being "honeyed up." I have the utmost trust in the technical Government experts.

But we are worried as I said, about the elimination of the press conference in announcing price and employment statistics. So why don't you go ahead. I understand you have a statement that you would like to make.

And then, unless Congressmen Conable or Blackburn would like to make a statement at this time, you may proceed.

Mr. Conable.

Mr. CONABLE. I have no statement to make at this time, Mr. Chairman.

I would just like to congratulate you on this splendid new forum.

Chairman PROXMIRE. Thank you, Mr. Conable.

Mr. Clague, will you proceed?

To start off, I would appreciate your comments on the general problem which is bothering us. You might wish to review for us your experience in this area.

STATEMENT OF EWAN CLAGUE, FORMER COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR

Mr. CLAGUE. Mr. Chairman, this does seem like old times, my appearing before the Joint Economic Committee, since, as you know, I did so on many occasions when I was Commissioner of Labor Statistics.

If you will spare the time to hear a little history, I would like to explain from long in the past why the Bureau of Labor Statistics is practically a unique bureau in the Federal service, why the commissionership is a unique position, and why the periodic press conferences are also quite unique. They are not common in the Federal

service in any agency. So I would like to reach into the past to explain how this came about.

The Bureau was established in 1884. That was an election year. The labor movement was beginning to express itself at that time. The A.F. of L. had actually been created, although it did not get its present name until 1886. The Knights of Labor was a political-oriented labor group that was active. They were pressing for a Department of Labor, for an 8-hour law, for child labor regulation, et cetera. And Congress was under pressure with an election due in November. So Congress passed a law providing that there would be a Bureau of Labor created in the Department of the Interior and a Commissioner appointed by the President.

Well, the President, who was President Arthur—he was President Garfield's Vice President—was in office at the time. He had a half a dozen candidates for the job. He selected one of them and sent his name down to the Senate, and the man was confirmed.

But then the Republican convention was held and President Arthur was not given the nomination; it went to Senator Blaine. The President was so disappointed that he would not give the Commissioner his commission. And so this man was appointed, but never took office.

In the meantime, November rolled around and Cleveland was elected. So there was a change of administration.

At that time, you may recall, we had the lameduck Congress which took office in December and served until the 4th of March. So when the Congress met they began asking questions about that Commissioner they had confirmed and this Bureau of Labor that they had expected to be created.

In that situation President Arthur decided to be strictly nonpolitical, so he reached up into the State of Massachusetts and chose the director of the Bureau of Labor Statistics of Massachusetts, who had been serving in that capacity for about 12 years. In fact he had already become world famous for his researches in cost of living, wages, et cetera.

So he was appointed, and became the first Commissioner of Labor. His name was Carroll D. Wright, who had been director of the Bureau of Labor Statistics of Massachusetts.

Then there was another incident that took place. Since the new President took office in March, and they were appointing this man in January, President Arthur had to consider how long he would remain, would he take office for 2 months and be retired in March? Apparently an agreement was reached. History does not explain how it happened, but apparently an agreement was reached between the incoming President and the outgoing President, so that President Arthur appointed him to the job. So he was confirmed in January, and President Cleveland left him alone for the 4-year term. The term is 4 years from the date of appointment, whenever it might be, and each term starts fresh. So he was appointed in that way.

His term ran out in January 1889, when Cleveland had been defeated and Harrison was elected President; the Republicans were in again. So the same arrangement was made. He was appointed in January, and Harrison permitted him to stay. And then Harrison was followed by Cleveland, and Cleveland was followed by McKinley and McKinley was followed by Theodore Roosevelt. And Carroll D.

Wright continued on to 1905; he completed five terms of 4 years' each, but with a change of administration almost every term.

So that established the principle of nonpartisanship of the Commissioner of Labor Statistics. And that tradition has been carried on down to date. Several Commissioners served two or three terms, frequently with changes in administration. I was appointed, as you indicated, in 1946. I was appointed twice by President Truman, twice by President Eisenhower, and once by President Kennedy.

And so the tradition of nonpartisanship has been maintained.

Now, with respect to the press conferences, as far back as Carroll D. Wright's day the Commissioner of Labor was a very important figure in the activities of the Nation. I might have emphasized in my history that, after being in the Department of the Interior for 3 years, in 1888 the Commissioner had attained such influence and stature that the Congress created a "Department" of Labor. I have to put that in quotes, because they did not create a department with a secretary; they created a department with a commissioner, who was to report to the President of the United States. So from 1888 to 1903 the Commissioner of Labor was a Presidential appointment, and in a sense represented the equivalent of a Cabinet Secretary, except that he was not of secretarial rank.

During all this time he treated the Bureau of Labor, as it was then called, as a research agency. He took no part in policymaking. He never made any recommendations for legislation. But he made studies on child labor, on women's labor, on wages and other kinds of labor problems, which in turn of course produced legislation of one kind or another in the Congress.

In 1903 President Theodore Roosevelt used Carroll D. Wright very importantly in the famous coal strike which took place at that time and which created quite a convulsion in industrial relations in this country.

Coming down to more recent times, when Frances Perkins was Secretary of Labor and Commissioner Isadore Lubin was in office, they would have occasional conferences, with Miss Perkins talking on some general subjects, and Commissioner Lubin being there to handle any economic questions. These were not periodic; they just occurred from time to time, whenever something of interest came up.

Then when World War II came along, the Bureau of Labor Statistics served, as it always did in wartime, as the service agency to the price control agencies, and to the wage control boards, and therefore said very little other than issuing its periodic announcements. These control agencies would be explaining to the public what the situation was.

In my own experience, beginning in 1946, when I took office, I had the problem—I do not know whether to call it the good fortune or the bad fortune—that price controls were taken off by President Truman in the summer of 1946. So that the long controversy about whether the price index properly measured the cost of living was soon put to sleep, because the index rose 30 percent in 2 years. It was not my fault that it rose so fast, but it became the most crucial public policy statistic of that period.

It was right in the midst of that period that I had one of my first serious encounters with the problem of how to deal with the press.

The Congress of the United States—I should say, the House Appropriations Committee—in the controversy about the index measuring the cost of living during World War II, had instructed the Bureau to develop a four-person family budget. That would show what it actually cost to live in dollars.

A key member of the House Appropriations Committee explained that he did not like the index, that he did not understand indexes, that he would just like to know in dollars how much it cost to live. So the committee instructed the Bureau to prepare such a family budget. And that study was underway when I became Commissioner.

This project came to fruition in the summer of 1947. We had our four-person family budget worked out. And we had some figures showing what it would cost.

In the situation at that time, with the Consumer Price Index rising as rapidly as it was, it was not the time for the Commissioner of Labor Statistics to open up a press conference and announce he had some new data on what it costs to live. And so I was in a dilemma. And it was from that dilemma that the Joint Economic Committee rescued me. Senator Flanders was the chairman of the committee at that time, and Senator O'Mahoney was the Democratic minority leader.

The two of them got together and invited me to come down to explain to the Joint Economic Committee what was in this four-person family budget. So under that compulsion I came down and explained. And the press, of course, took it up. So it came out without any difficulty for us in the Bureau of Labor Statistics.

This was one case in which your committee was a conduit to the public on a subject that I would have been embarrassed to publicize on my own.

Coming down still more recently, in May 1948, the Auto Workers Union signed the escalator contract with General Motors. That was an expression of confidence in the price index of the Bureau of Labor Statistics. I have to emphasize how spectacular a change of sentiment that was, when there had been so much controversy about the index during the war, whether it properly measured the cost of living. And yet in 1948 the Auto Workers Union signed a contract with General Motors (and later with the other auto companies) providing that there would be an annual increase in wages of about 3 percent a year, based on productivity, based on real income in the Nation, plus a cost-of-living escalation every 3 months, if the price index rose by a certain amount. That first contract was for 2 years. And that explains why there was so much interest then on the part of the public in getting periodic and frequent conferences on the Consumer Price Index. Workers in the auto industry wanted to know each quarter what the index showed.

Incidentally, it was very important to keep that figure confidential up to the deadline. We had been rather loose in the timing with which we had been issuing the figures prior to that. There was a lack of precision in what hour of the day or what day of the week. We then fixed, as far as the Consumer Price Index was concerned, a very firm time, 11 o'clock, when that would come out, so that everybody in the country, labor and management and all the workers, would know about it at the same time.

I hardly need to emphasize the point that there was every reason why we should be explaining every month what that figure was, and

how it happened to be at that level, and of course, how many workers were affected by it. If you should look at our old releases of that date you would see that we always brought out the figures on the number of workers affected.

That contract ran for 2 years. I must remind you that the auto workers had lost several cents per hour because the index had declined some. And predictions were freely made in the spring of 1950 that that contract would never be renewed, it would be a one-shot proposition. And yet, surprisingly enough, the auto workers and General Motors and the auto industry renewed that contract in May 1950. I want to emphasize to you that that was before Korea. There had been no outbreak of war. It was renewed for a period of 5 years, 1950 to 1955. That is evidence, I think, as to what extent the workers—and after all, Walter Reuther represented the workers—to what extent the workers thought that this was a good contract, that wage increases based on productivity plus an escalation for the consumer price index (if the rest of the country did not keep the cost of living down) constituted a useful contract.

At any rate that was the situation as far as the consumer price index was concerned, until it was dropped during the Korean war. First of all, the Government put on controls in the spring of 1951. The index then remained very stable. Price and wage controls were in effect, and nothing much was happening to the index.

Then the press conferences were renewed again in 1954, after the war was over. And these have continued—I would not say every month, but more or less continuously—ever since.

Now, to turn briefly to the unemployment figures. It was in Secretary Tobin's administration—you will recall that Secretary Tobin was appointed Secretary of Labor in 1948. Up to that time we had had full employment, a shortage of labor, during the postwar years. No great unemployment arose during the conversion to peace. But in the summer of 1948 we began to get a mild business downturn. And so when Secretary Tobin became firmly entrenched as the continuing Secretary of Labor for the Truman administration, the second Truman administration, the economy went into the economic downturn of 1949, not a tremendous downturn, and not a very long one, but sufficient for unemployment to rise. The Bureau of Labor Statistics was not responsible for the unemployment figures at that time. Those were in the Bureau of the Census. But the Bureau of Labor Statistics had the figures on employment, hours and earnings reported by employers in industries throughout the country.

It was on those figures of employment, hours and earnings that Secretary Tobin thought we ought to be presenting more frequent explanations to the public as to what was happening in this field. So he set up a situation room in the Department of Labor with maps and charts, so that he could bring visitors in to take a look at the unfolding economic situation.

He encouraged us to start talking to the press about our figures of employment, hours and earnings. And we did so. I cannot recall that that we did it regularly, but we did it from time to time.

Then the Korean war began, and once more we went off the air, so to speak. Control agencies were then much more important. We

were servicing them, and they were the ones who interpreted to the country what was happening at that time.

After the war was over, the Korean war, we sank into the recession of 1954, again a very brief and shallow recession. But at that time there was a controversy about the unemployment figures. And this time it was the Census Bureau that was in difficulty. That was because Census had a sample, a small sample at that time, scarcely much more than one-third of its size today, and it was decided that it should be enlarged. That revision was taking place in 1953-54 just as the business recession was developing. The shift from the old discarded sample to the new improved one was taking place over the winter.

The introduction of the new sample by the Bureau of Census took place in February 1954. February is the worst month of the year for unemployment, except when June produces a temporarily high figure for unemployment because of young people coming out of school. The difficulty was that the difference between the old series and the new series on unemployment was quite marked, and caused some controversy. And as a result of that, the administration made an arrangement whereby the Departments of Commerce and Labor worked together, Census and BLS worked out jointly a press release to the public, that would explain both the employment and unemployment in the large, and the employment hours and earnings of the Bureau of Labor statistics in detail. And that arrangement existed for 5 years.

During that period of time there were no press conferences that I recall, either by the Census or by ourselves, because the information was put out in a joint release by the Secretaries of Commerce and Labor. That system continued until 1959, when, for a variety of reasons that I do not need to go into, the Secretary of Labor made an arrangement with the Secretary of Commerce whereby the Bureau of Labor Statistics would take over the whole job of analyzing and interpreting the employment, unemployment, hours, and earnings figures, while the Census would continue to collect the data in accordance with their normal procedures.

Then the work of analysis and release of the data came over to the Bureau of Labor Statistics. And then the press conferences were renewed.

Now, at that renewal——

Chairman PROXMIRE. What was that date?

Mr. CLAGUE. That was sometime in 1959, I cannot remember the exact date.

Chairman PROXMIRE. Thank you.

Mr. CLAGUE. But it was some month in 1959. I cannot remember exactly when it was.

That transfer produced another result. We resumed the press conferences in the Department of Labor at that time. But in the meantime there had been changes in personnel. The man who used to be my right-hand power in employment, hours and earnings statistics had become Deputy Assistant Secretary of Labor. And therefore he was then in the Labor Department, no longer in the Bureau. He was assigned the task of conducting the press conferences being

reinstated by the Department of Labor. He was a competent person, quite well-known, and very able to handle the press conferences.

The difficulty that began developing with the press was that, in practically all departments of Government, deputy officers, deputy commissioners, deputy assistant secretaries, are political officers, like their chiefs. Secretary Mitchell, to his credit, had changed that in the Department of Labor. It was a fact that every one of our deputy assistant secretaries was not a political officer, but a career employee, as was Seymour Wolfbein.

But the outside public did not always understand this. And whenever questions began to be raised about the figures, there were murmurs such as, why isn't the Bureau of Labor Statistics issuing these reports? Why is it being done by a representative of the Department of Labor?

Then came the famous "eating of the hat." And that occurred in the election year of 1960. I suffered through this, so I can speak feelingly about it. We had no fixed date for releasing the monthly figures at that time. We released them when we were ready. And that took some time. We in BLS would have the figures in our hands, and of course in the Bureau of Census, because census tabulated them and sent them over to us. Furthermore, we reported them to the Secretary of Labor. And they were given to the Council of Economic Advisers. Of course they were sent to the White House. You could not have the President caught unawares about a figure that might have a serious bearing on his policies.

That meant, however, that the figures were in storage for 2, 3, or 4 days, pending our 11 o'clock release on the day we chose.

In June of 1960, when the youngsters out of school brought the unemployment figure very high, Secretary Mitchell wanted to show the public—and this was a perfectly legitimate objective—that the figure would be much better later on, that the June peak was purely seasonal, that it had nothing to do with a recession, that there was no recession—and there was not. So he bet Mr. Meany of the AFL-CIO a hat that that figure, whatever it was, in June—it was 4.2 million—would be below 3 million in October. He based his guess on the seasonal variations. October is often the lowest unemployment month of the year. So Secretary Mitchell bet Mr. Meany that in October unemployment would be down to 3 million.

As soon as that happened, I started agitating with the Secretary of Labor, and with Under Secretary O'Connell, who was the finest administrator under whom I ever worked. I said:

We will be in trouble in November, because the normal time of issuing this release will be around Thursday, November the 9th. That will be our usual time. But if we want to get that figure out in time for the election on Tuesday, we will have to start working on Friday and work all weekend. Our staff will have to be assembled for that purpose, so that we can rush it out on Monday.

Well, they could not make up their minds. They did not know which way to do it. They said, we had better wait and see.

Well, we waited and we saw. We even hoped that Census would not get the figures to us early. They were not cooperative on that occasion, and produced them on Friday. There we were on Friday with no plan, with the data in hand, with no release until the following Thursday.

Somebody leaked the fact that the figures were available. So beginning on Saturday and continuing Sunday and Monday, telegrams began arriving—Mr. Meany issued a challenge: Why don't they let the Bureau of Labor Statistics release those figures; they have them. Of course we had them. The argument got hotter and hotter. It was literally a disaster, because the figures did not actually come out until Thursday. In fact, they were not too bad—3.5 million. Secretary Mitchell missed by about half a million.

If the figures had come out in advance, my guess is that they would have had less effect than they actually did on the election. It is even conceivable that there might have been quite a difference in the results, because the unknown always looms large in people's minds.

One result of that experience was that, when Secretary Goldberg came in with the next administration, the first thing he did—and we in the Bureau of Labor Statistics cooperated with him, we believed in that—was to arrange that those dates would be fixed for a year in advance, that we would release the data exactly on the date that we pledged. The public would know that on a certain date in each month this index would come out. And incidentally, we tried to see if we could not get it out before the election.

That last is very difficult, because that election day in November gravitates back and forth, sometimes early, sometimes late. It is a difficult situation for the BLS at that time every election year.

We met the deadlines. For the next 4 years I recall only once when we had to delay it 1 day, because of a machine breakdown. We made those dates, we worked overtime, we did everything we could to make those dates effective. On that basis, then, we put an end to the issue of the dates of release. And I have not heard of any problem about that since.

Then another problem arose, Mr. Chairman—you will be familiar with this, because you got into the act at that time. That was the difficulty that arose in 1961. When the new administration came in they were still following the practice of having the press conferences with Seymour Wolfbein, Deputy Assistant Secretary. I would sometimes be there, and sometimes not. Our staff were always there, in case any questions needed to be answered technically.

But now Secretary Goldberg, in the new administration, was pressing for legislation. So he arranged for press conferences, at which he would release the figures. I would be sitting there, and other members of our staff to support him if necessary. The Secretary would go on to discuss the new legislation which he had devised to take care of the unemployment problem. That type of conference merged the policy decisions that were going to be made with the statistics that were being announced.

I began to get murmurs about this as early as April or May. And I made representations at that time to the Secretary that this was not a good idea, that while the TV lights and TV cameras were very spectacular, and undoubtedly had an effect on the legislation, it was having a bad effect on the statistics.

That was the situation which gave rise to the criticism that was expressed through the Reader's Digest. I want to say, on behalf of the Reader's Digest, that I can understand why a journalist who was

looking at that performance would raise the question, are these policies being based on the right figures? So the criticism was made that we in BLS were juggling the figures in the interest of the Secretary's policies.

That was the trigger that established the Gordon Committee, so called. When the story broke, the President was deeply concerned. A decision was finally made that a committee of experts, well-known national experts, be appointed to review the whole situation, not only in the Bureau of Labor Statistics, but all the other statistics as well, and report on what needed to be done to improve them and to guarantee their nonpartisanship and accuracy.

The Gordon Committee reported a year later. And that Gordon Committee report has been a timetable for the improvement of the data. As a matter of fact, on the basis of the Gordon Committee report plans for revision of the sample were undertaken immediately and carried through in the following 3 years.

In the meantime, your committee, Mr. Chairman, became active. You called us down to testify in November of 1961, as I recall it, and to report how we were making out and what the true situation was. Our staff appeared before your committee at that time. Those hearings are well known.

And your committee gave us a clean bill of health as a result of the hearings. So that put an end to that situation. I think, then, that carries me down—

Chairman PROXMIRE. What was that date?

Mr. CLAGUE. That was November 1961, sometime in November.

I think, Mr. Chairman, that I used too much time—I really never intended to talk this long. It shows what an old man will do when you get him to reminiscing.

But I think I should say one more word in closing. We did have difficulties from time to time—I do not want to lend the impression that it was a bed of roses, holding a press conference with a score of reporters there, some of whom are willing to trip you up if you stumble, and some of whom are going to ask questions that are difficult to answer. In fact, I think I will close by mentioning one that occurred in my case.

President Truman was in the White House. He had made some statement a day or two before. I do not remember what it was, but it had something to do with employment and unemployment. I had noted it at the time, fortunately. In the press conference, I was giving my little spiel and showing our charts. One of the press representatives said to me, "Could you reconcile what you are saying now with what President Truman said at the White House the day before yesterday?"

I thought for a minute, and finally I said, "Do you want to get me fired?"

The whole group burst into laughter, and nobody made an issue of it, so it died.

Now, if I had been pressed, I would have had to deal with it, and I would have had a difficult problem. Fortunately, I knew what the President had said. The point is that it is difficult when a career officer comes into contact with the political officers, the policymaking officials we may call them, who are interested in policy and who are endeavoring to make a case for their policies.

Chairman PROXMIRE. Thank you very much, Mr. Clague, for not only an interesting but also a delightful résumé of the whole background and history of this.

I would just like to ask, because I would like to sharpen it—I think you may have answered this already—I would like to know as briefly and simply as you can state it, how long has the Commissioner of Labor Statistics' press conference been going on, on the basis of replying to the press on a monthly basis and answering questions relating to the unemployment figures?

Mr. CLAGUE. I would say since 1959, since the responsibility passed from the joint Commerce-Labor relationship to the Bureau of Labor Statistics. It has been continuous since 1959.

Chairman PROXMIRE. When Secretary Goldberg came into that situation to discuss legislation as you explained it to us, what effect did that have on the opportunities for the press to ask questions of the Commissioner, or the Commissioner to respond? Did that interfere with it in any way?

Mr. CLAGUE. No, it did not. Because if Secretary Goldberg did not know the answer, he would turn to me. Or sometimes—

Chairman PROXMIRE. Were they questioning him or were they questioning you?

Mr. CLAGUE. Well, they could question us directly also. They would say sometimes, "I want Commissioner Clague to answer, what has happened to such and such an industry, what do these figures show, in your opinion what does this mean?" And I would then answer accordingly.

Chairman PROXMIRE. So since 1959, there has been this regular press conference in which the Commissioner of Labor Statistics has been available to the press to explain the significance and the meaning as he saw it as a nonpartisan expert, nonpolitical expert, the meaning of the statistics; is that right?

Mr. CLAGUE. Yes.

I should have emphasized that when the Gordon Committee sized up the whole situation, including the background and the circumstances under which the problem had arisen, they recommended that the press conferences be returned from officials of the Department of Labor to the technical experts of the Bureau of Labor Statistics. The committee felt that this was a cloudy area, the Secretary talking policy, or a Deputy Assistant Secretary giving a report on the statistics, and that it was not wise. So they recommended that it be changed. And Secretary Wirtz, when he read that recommendation, immediately issued an order and restored it to the Bureau of Labor Statistics staff, where it has been ever since.

Chairman PROXMIRE. That Gordon recommendation, then, was made effective in what year?

Mr. CLAGUE. 1962. They took a year to report, they spent a year studying this situation, and made their recommendations. Their recommendations constitute, as you know, a fair-sized volume. They looked into the census figures, employment security figures, et cetera, et cetera. And they made a number of recommendations, which were carried out in the next succeeding years, and which greatly improved the figures. They made one interesting recommendation, which was that in 10 years they should be called back. But so far nobody has done that.

Chairman PROXMIRE. Prior to 1959 there were periodic conferences by the Commissioner of Labor Statistics, is that right?

Mr. CLAGUE. There were press conferences on the cost of living, on the Consumer Price Index, but not on unemployment. I do not recall that we had any press conferences in those joint Commerce-Labor years, because those were releases issued in the name of the Secretaries, the two Secretaries. The text read the same in both releases; they said what we wrote for them. There was no way of holding a press conference unless we gathered a large group of officials together. I do not recall that we had any. However, we were always available for dealing with the press, so that the press could come to us and ask about it. They could also go to the Census and ask questions. We were always available to the press.

Chairman PROXMIRE. I understand that is the situation which prevails now—I am not sure, but from the little I know, and from what I have read through the press, the Secretary of Labor has indicated that instead of the experts being available for questioning at the press conference they will be available to the press on an informal basis if they want to call the experts and ask their interpretation or their understanding?

Mr. CLAGUE. Yes.

Chairman PROXMIRE. That would return, then, to the pre-1959 situation when you had this kind of a situation, is that right?

Mr. CLAGUE. That is right.

Chairman PROXMIRE. At any time before 1959—you said there were periodic press conferences on the cost of living figures—had there been any action taken by any officials to say that there would not be a press conference similar to the action taken by Secretary of Labor Hodgson?

Mr. CLAGUE. No. I want to emphasize that these press conferences were arranged with the Department of Labor. We took that into account in the release of the price index, which was not quite as dangerous a field as the unemployment figures. We never knew for sure until about 2 or 3 days in advance when we were going to make it for the price index. It ranged from the 20th of the month to much later in the month, depending on our computation problems. We would negotiate with the Department as to what day would be a good day to hold the conference. That was just commonsense. We did not want to hold a cost-of-living press conference on the day that the Secretary might be making a statement on the employment or unemployment situation, for example. So we selected what seemed like the best time to make the figures available, the time that would cause the least trouble.

Chairman PROXMIRE. Mr. Commissioner, we have five members of the committee here. I am sure some of them may want to question you. We have something of a problem, because at 11 o'clock, I understand, Mr. Moore will be available for questioning on the statistics just released. Of course, members of this committee do whatever they want, there is no restriction. We, of course, do not want to impose on you. But I understand you are not prepared to discuss the statistics which have just been released.

Mr. CLAGUE. I have not seen them.

Chairman PROXMIRE. And I would hope that members of the committee would question the following witness on that, because that is

his function, and he has studied the figures, and he understands their significance, because he has had a chance to review them.

But as I say, members of this committee can ask any questions they want.

Mr. Conable.

Representative CONABLE. Mr. Clague, I think you have given us a delightful hour, and we appreciate it.

May I ask you, has there been any customary embargo on information going out from members of the Bureau following the press conferences? Have you been under any restrictions to the sort of things you could talk to the press about traditionally?

Mr. CLAGUE. No, not to my knowledge. As a matter of fact, I was frequently, in the days when this series was hot, I was frequently called by the TV or radio and asked if I would give 2 or 3 minutes, and I would appear on that kind of a basis. I never got any orders from the Secretary of Labor to restrain myself in any way.

Representative CONABLE. In other words, the avenue of communication by the telephone and the media generally has been open over there at the Bureau, it has not been under any limitation which resulted in the press conference being an exception?

Mr. CLAGUE. No, Mr. Congressman. In a way I think the press conference grew out of the point that, when these figures were very hot, in the beginning, we would be inundated by the press coming around to question us. The press conference was one response to the multiplicity of inquiries. I could not meet them all, my assistant commissioners could not. They would call at different times. We were located in the Department of Labor, so we were very handy to the press, who would be there covering the Department. Then we had a problem sometimes of different members of our staff answering somewhat differently. The press conference in a way enabled us to put it all together. So while we had the misfortune of being exposed, as it were, to chance questions, at the same time we were insuring an orderly presentation.

Representative CONABLE. From this am I to assume that when interest was very slow in economic statistics there sometimes would be no press conference at all, or a pro forma press conference?

Mr. CLAGUE. I do not recall that we held it every month. But certainly—in the 1960's, I would say that I doubt if we ever skipped. In the 1950's it was not, I think, completely regular. But it gradually became so, because the press got used to it. And we had the regular reporters on the labor beat, who would come around and say, aren't you going to hold a press conference?

Representative CONABLE. How protracted would these press conferences be, and how many attended?

Mr. CLAGUE. They differed. Sometimes we would have as few as perhaps a dozen, and sometimes we would have 30 to 40. Sometimes there was standing room only, if a crucial figure was coming out. So it varied.

Representative CONABLE. How many people would participate in the press conference from your organization?

Mr. CLAGUE. Well, I would always have my staff—myself, my assistant commissioner for that activity, whichever one it was, prob-

ably two or three of his senior executives, senior division chiefs. On any topic that we thought was hot, we would have the specialist in that field. I myself never pretended to answer any of the technical questions on the details of how the material was obtained or handled, I would call on different members to make a response.

Representative CONABLE. Was it understood, then, generally that the purpose of the press conference was to deal with technical questions and only technical questions?

Mr. CLAGUE. Yes; only technical questions. We stayed away from any policy—if somebody asked us what bearing this had on a piece of legislation, our answer was that we have no comment on that. Our most difficult problem that I recall was forecasting. People would ask, what is the index going to do next month? I would try to say that, of course, I do not know what it will do.

But they would ask, what is likely to happen?

In those days we did not have a seasonal adjustment so it was rather easy for me to say sometimes, "I think it will be up a little next month," because I knew that seasonally it would be likely to go up.

But now that the data are seasonally adjusted it is not even easy to answer that way.

So I told my staff to stay away from forecasting. It is our most difficult problem, because if we let people know what we think it is going to be it will look as if we are guiding it so to speak. And we are not.

Representative CONABLE. The nature of the subject matter has become more complex as we have gone along, then, because of the greater sophistication of our data, is that correct?

Mr. CLAGUE. The greater sophistication of the data, the much improved data, and the greater sophistication of reporters. They have a better understanding, and therefore they can ask the searching questions that touch on how these figures are affected.

I recall last fall, when I was not on the stand. I would have had a difficult time dealing with this General Motors problem, which came up, and which I read about in the press: What is the effect of the General Motors strike on the unemployment figures? This is a very difficult question, and hard to estimate. And yet one can make some assumptions and make an estimate. This is the kind of thing that a staff member of the Bureau of Labor Statistics is up against when he tries to explain that he really cannot give, unless he has made a special study, a definitive answer.

Representative CONABLE. Did you sometimes find it necessary to defer an answer and resolve your difficulties among the staff as a result of it?

Mr. CLAGUE. Yes—thank you for asking that question—yes, indeed. When there was a point at which I felt—both that I did not understand the question, or I did not quite know where it led, or I didn't know the answer—I would say, "if you will wait until afterwards, we will have a meeting with you and we will go into detail, or will supply it later." And then some members of the press might say, "We are going to stay for that, because we are interested." Perhaps two or three would stay, and we would spend an hour with them working it out. Usually those were reporters who were not running to make headline news. Maybe it was a weekly magazine representative, or a columnist who was interested in making a more intensive analysis.

Representative CONABLE. I will yield back the balance of my time.

Chairman PROXMIRE. Congressman Reuss.

Representative REUSS. Thank you, Mr. Chairman.

And thank you, Mr. Clague, for giving us the benefit of your historical insight. You are as keen as ever, and we are very grateful to you.

You have participated over the years in many a BLS press conference on the recently released unemployment figures, have you not?

Mr. CLAGUE. Oh, yes. I did not always, let me explain, conduct it myself. We passed it around. I would have my deputy commissioner of labor statistics sometimes handle it. It did not rest on any one person.

Representative REUSS. In your judgment was the holding of those press conferences in the public interest, in terms of greater understanding of our current economics?

Mr. CLAGUE. Oh, yes, I think so. I felt that we made things clear, so that we prevented public misunderstanding, that unusual figures were properly interpreted, so that the press could understand them. I think that the education of the press is very important. They must not be shut off. They must have access to come in, to talk, and to find out how they could write their stories accurately, because that is the way the public gets a true picture of these figures.

Representative REUSS. As I understand what happened this morning, the unemployment figures were announced at 10 o'clock, and no press conference was held, but those reporters who were able to get through to the Bureau of Labor Statistics and find someone were able to get some conversation about them. Does that race-is-to-the-swift, early-bird-catches-the-worm method of conducting the public business seem to you the best way of doing it, or would it be better to go back to the press conference technique?

Mr. CLAGUE. Well, I do not want to comment on the wisdom of the Secretary of Labor in making the decision that the press conference is difficult from a policymaking point of view. All I can say is that in my day we managed to do this successfully without causing difficulty. I do not want to lend the impression that it is easy. The policy questions do intrude. There is one advantage of the behind-the-scenes meeting, so to speak, smaller groups talking in detail. There can be a much freer exchange, and the TV lights are not on, and we are not performing before an audience. We can sometimes do better that way.

As indicated, when our little presentation was made—we limited it to a half hour, we started at 10:30—we would talk for about 15 minutes, and then there would be about 15 minutes for questions. After that it would break up.

We limited the structure of the conference in that way. Of course, the shortage of time was a limiting factor in providing full understanding to the press. But, as I said, we would ask reporters to come around afterward to get a complete story if they wanted to. The latter is an advantage to the Bureau staff, since the answers are not given on the firing line, so to speak. We are able to answer such questions in detail, and get press reports that were accurate.

Representative REUSS. Finally, then, you have said that you have not had an opportunity to learn of what this morning's unemployment figures were.

Mr. CLAGUE. I have heard a rumor.

Representative REUSS. If when you found them out, the March figures proved to be 6 percent, representing an increase over February, with the bulk of unemployment concentrated in the 16 to 24 age group.

If you were a member of this committee, and you had just one question to ask, and you wanted that to be a sensible question, what would you ask?

Mr. CLAGUE. Could I have until tomorrow?

Representative REUSS. Thank you very much.

Chairman PROXMIRE. Thank you very much.

Congressman Blackburn.

Mr. CLAGUE. Mr. Reuss, I did not want to turn that question aside. But as you see, you are giving me two new sets of figures. I need to know how many people are in the 16 to 24 group. I need to know more than you have given me to answer your question as to the meaning of those figures.

Representative REUSS. Thank you very much.

Representative BLACKBURN. I do want to thank Mr. Clague for his appearance here. I find it most instructive myself. In fact, I think the last question asked and answered demonstrates that the increasing degree of sophistication in the figures makes it more probable that misunderstanding can arise in giving interpretations to these figures. Isn't that true?

Mr. CLAGUE. It certainly is. You may see only a few items, and you can get a completely distorted view of what the underlying situation is.

Representative BLACKBURN. And as the development and reporting of these figures becomes more difficult, is there not always an increased danger, that someone can draw erroneous conclusions from the figures?

Mr. CLAGUE. Oh, yes. We have suffered from erroneous conclusions many times.

By the way, an erroneous conclusion means that somebody who attended the press conference publishes a statement, and then it turns out that the Bureau of Labor Statistics may have to say, that simply is not right, they just misunderstood.

Representative BLACKBURN. Isn't it true that the long-term trends in economic changes cannot generally be gathered or measured from changes from one month to another, and that you have to take a longer period to draw conclusions about trends?

Mr. CLAGUE. Yes, you are right. The seasonal adjustments of the monthly figures are designed to do that, to detect the longrun trends emerging from these ups and downs, which can be quite marked from month to month. The unemployment figures are particularly difficult. Youngsters come into the labor market in some months; they go out in others. Many women are part-time workers, they lose their jobs, and employment goes down; but they do not report in the survey that they are looking for work, so the unemployment does not go up. I think that happened a couple of months ago.

The series has wide sampling variations. The different kinds of people, the youngsters, the old people, the economywide circumstances, the local circumstances even, will make a difference.

So it is very difficult to discern what is really happening, until we get a trend movement big enough to insure that we are on the right track.

Representative BLACKBURN. Then we can conclude that if you were a Democrat you would see no reason to become overjoyed if the unemployment figures should change by two-tenths of 1 percent, and if you were a Republican you would see no reason to become overly delighted if they should change favorably perhaps by two-tenths of 1 percent?

Mr. CLAGUE. These little percentage changes—statistically, one-tenth of 1 percent is insignificant; at least, it was in my day. Two-tenths of a percent becomes significant, meaning that the change is somewhat more than accidental. The one-tenth could happen by pure accident; you cannot be sure that it means any real change. With two-tenths you have some assurance that the move actually represents change of direction. With three-tenths, you are quite sure. In fact, Congressman Reuss' question about the 16-to-24-year-old group was important. In certain months that group could vary enough to move the whole index, as you will see this next June, when we shall find how many unemployed youngsters there are. They could make the overall index move very significantly.

But we shall not know the underlying trend of unemployment in the economy until we adjust the figures to take those youngsters out, and get the rates for the full-time men employed, the adult women holding regular jobs, et cetera. One can draw conclusions from the figures and make a significant statement about them, based on one's knowledge of the state of the economy.

Representative BLACKBURN. I will not take any more time, Mr. Chairman. Thank you, Mr. Clague.

Chairman PROXMIRE. I understand that Congressman Moorhead has just one question he would like to ask.

Representative MOORHEAD. Just one question, Mr. Clague.

Do I understand that the Gordon committee report recommended two things; one, that the figures be presented by nonpolitical civil servants, and, two, that this be at a press conference, publicly?

Mr. CLAGUE. I am sorry to say I do not remember that text. And therefore I do not know that they recommended a press conference. I think they probably worded it—and we could check this for the record—I think they probably intended that, if we are holding a press conference, the press conference should be conducted by the career officials. I doubt if they recommended press conferences; I think they assumed them.

Representative MOORHEAD. Assumed the press conferences, but specified that it should be by the nonpolitical civil servants?

Mr. CLAGUE. That is right. They said, we think it should be restored to the professional staff of the Bureau of Labor Statistics.

Now, I think I should add one word to that, on behalf of myself as a Commissioner. I made clear, I think, that the Commissioner of Labor Statistics is a nonpartisan official, has always been so, and that has been recognized by the Congress time and time again. And that is still true. My immediate successor, Commissioner Arthur Ross, and the present Commissioner Moore, would qualify as nonpartisan professional statisticians. I always regarded myself as a civil servant. Even when I became Commissioner, and theoretically a politician by Senate confirmation, I continued on the civil service retirement, which I am happily drawing today. I always maintained to the public that

the Commissioner of Labor Statistics ranked as a career employee, and therefore was entitled to nonpartisan stature.

Representative MOORHEAD. Thank you. Thank you, Mr. Chairman. Chairman PROXMIRE. Senator Bentsen.

Senator BENTSEN. Merely an observation, Mr. Chairman. In finding this room I feel a little like I participated in Mission Impossible.

I want to further add, when I see this many of the news media here, it is high evidence the great interest they have in these unemployment figures and what is happening to our economy.

And I commend you on the public hearing.

Chairman PROXMIRE. Thank you very much, Senator Bentsen.

Thank you, Mr. Clague. We have many more questions that I think all of us would like to ask you, Mr. Clague. But the hour of 11 has just about arrived, and Mr. Moore is here, and Mr. Goldstein. So we want to thank you so much for a marvelous fill-in, and a fine nonpartisan civil service performance.

And now we have Commissioner Geoffrey Moore and Assistant Commissioner Harold Goldstein.

And will you identify the other distinguished gentleman who is with you?

Mr. GOLDSTEIN. This is Howard Stambler, who is chief of our Division of Employment and Unemployment Analysis, and who is responsible for preparing the press reports.

Chairman PROXMIRE. Mr. Moore, unfortunately I am no longer a member of the press. I was once briefly before I was fired. But I would like to suggest that you might conduct this the way you have conducted your press conferences in the past, inasmuch as if there is any statement you would like to read you might read it. It is my feeling that you would be serving the committee and all of us if you would read the brief and very fine employment situation which you have distributed to the press, because while we have it, and we glanced at it, I do not think any of us have had a chance to read it as carefully as we should before we question. So if you would like to read that or anything else, you may proceed.

STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS; AND HOWARD STAMBLER, CHIEF, DIVISION OF EMPLOYMENT AND UNEMPLOYMENT ANALYSIS

Mr. MOORE. Thank you very much, Mr. Chairman.

I would like to read a statement, and possibly two statements, since this is the first time in a good many years that the Bureau of Labor Statistics—

Chairman PROXMIRE. Before you go ahead, because we have been proceeding with such momentum, I would like to make a couple of quick points. One is that I should more properly have identified you as one of the most distinguished economist in the country.

For a long time before serving the present administration, Mr. Moore was director of research at one of the most prestigious nonprofit and

nonpartisan organizations in the economic field, the National Bureau of Economic Research. I know Commissioner Moore still hews to this nonpartisan approach. This is a principal reason we are especially glad to have him here today.

I might also say that as I said when Mr. Clague began, if you feel that any of the questions are partisan, or political, I would hope that you would say so. And if you feel that because they are partisan and political that they should not be answered, I think it would serve a useful purpose if you would not answer them and say you were not answering them for that reason. Because we want this to be as nonpartisan and nonpolitical as possible.

Mr. MOORE. Thank you, Mr. Chairman. I appreciate those sentiments, both the personal ones and the ones with respect to political problems.

Well, as I was saying, since this is the first occasion that we have adopted this new policy of dispensing with press briefings on the employment data—earlier, a couple of weeks ago, we did the same thing with the consumer price release—I would like to make a brief statement on my own feelings with respect to this matter and why we did it.

The Bureau of Labor Statistics is committed to the timely and full disclosure of the data it assembles and analyzes on prices and employment. The decision to discontinue the press briefings in no way lessens this commitment. Quite the opposite. It should enable us to do our job better. We will continue to follow long-standing procedures in the preparation of news releases and in the distribution of them to the press and public according to schedules announced long in advance of release dates. Moreover, BLS staff members will be available, as they have always been, to answer technical questions about the data.

There are, of course, advantages to press briefings, which we know well from experience with them over many years. But there are disadvantages, too, for professionals whose job it is to explain changes in economic indicators without implying policy judgments. In the press conference setting, it is often difficult to keep these two functions separated—the objective reporting and interpretation for which the Bureau is justly admired, on the one hand, and the policy evaluation and prescription, on the other hand, which are properly the responsibilities of policymaking officials of the executive branch and the Congress. The new procedure, we expect, will facilitate this separation and avoid the awkwardness of subjecting the professional staff of the BLS to questions with policy implications.

This step is not unprecedented. A year ago the Department of Commerce discontinued press briefings by the Assistant Secretary of Commerce for Economic Affairs at the time new figures are released. I do not believe this has resulted in any deterioration in public information concerning the gross national product, retail sales, or other important economic data released by that Department. The discontinuance of our briefings on the Consumer Price Index and the employment situation makes release procedure on economic statistics uniform throughout the executive branch while permitting us to maintain the free flow of information which is utterly indispensable.

That is the end of my statement, Mr. Chairman.

But I would like, if I may, to read another one, which is by Secretary Hodgson. And it was addressed to me concerning the BLS professional staff.

There have been some implications or insinuations that the Secretary was not pleased with the way the BLS staff was performing. That is not the case. And this statement of his, which I received a few days ago, I think makes that perfectly clear:

When a change occurs in governmental procedures, such as the change in procedure for release of the indexes, a certain amount of concern can be expected.

In these circumstances, it can be anticipated that some may infer the action shows a lack of confidence by Department management in the professional capability of the BLS staff. This is simply not so. The staff should understand that we have been and continue to be proud of the professional competence they possess. I have publicly praised this competence many times.

Under the new procedure, the staff will still be receiving questions either directly or indirectly from the media. There are two things the staff should understand in this situation. First, they should not feel "put down" by the change that has been made. They should not feel on the defensive in responding to these questions. Second, they should respond as fully, accurately, and relevantly as is possible to media inquiries regarding their field of specialization. The real test of the effectiveness of the change will be whether we can separate the important contributions of our professional staff from policy comment and interpretation.

We will, of course, continue to provide the public needed information. I believe we can do it under the new procedure even more effectively than before. We will continue to respond to the inquiries of the media but we will be able to do it in a less time-constraining manner than formerly.

Other agencies in the Government have made changes similar to the one made in BLS without adverse effect. I believe BLS can do the same.

That is the end of the statement by Secretary Hodgson.

Chairman PROXMIRE. May I ask you, Mr. Commissioner, do you fully, unqualifiedly support that statement, or are you simply reading it to us so that we can be informed of what Mr. Hodgson's position is?

Mr. MOORE. I am very proud to be able to read that statement, both as a Commissioner of Labor Statistics and as a person who is employed and directed by Secretary Hodgson. I feel very proud to work for him.

Chairman PROXMIRE. He is a wonderful man, but do you support that statement?

Mr. MOORE. I do, sir.

Chairman PROXMIRE. You support it. All right. Thank you.

Mr. MOORE. Finally, Senator, I would like to ask to put into the record, if you will, the letter to you that Secretary Hodgson wrote on March 26 replying to your questions concerning the discontinuance of the press briefings.

Chairman PROXMIRE. Without objection, that will be printed in the record at this point.

(The letter referred to follows:)

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 26, 1971.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: I am glad to respond to the questions posed in your letter of March 22 regarding press briefings concerning the consumer price index and employment figures. It is, of course, vital that this information be made available to the American public and to the Congress in a timely and impartial fashion, and I believe our decision to eliminate the press briefings will contribute to that end.

The practice of holding press briefings on the occasion of the release of these figures is a long-standing one. Staff members recollect that press briefings on employment data were occasionally held as far back as the late 1930's. In 1948

cost-of-living adjustments linked to the Consumer Price Index were introduced into collective bargaining agreements, and briefings on the CPI became more frequent until the Korean War, when they were discontinued. They were resumed in 1953 and have been on a regular monthly basis since.

Briefings on employment data were held from time to time during the 1940's, but were discontinued in 1954 when the Bureau of the Budget ordered that the reports of BLS (establishment employment survey) and Census (household employment survey) be combined. Since the release was then a joint one by the Secretary of Labor and the Secretary of Commerce, it seemed impractical to continue the briefings and they were dropped.

In 1959, the responsibility for the release and analysis of the household employment survey data was turned over to BLS, and regular monthly briefings were begun. They were held by Seymour Wolfbein, Deputy Assistant Secretary for Manpower. In 1961, Secretary Goldberg began holding the employment conferences jointly with Commissioners Clague (BLS) and Goodwin (BES). This combination of statistical reporting and policy commentary was one of the practices criticized by the *Reader's Digest* in 1961, and later by the Gordon Committee. Beginning in early 1963, the briefings were handled by BLS personnel.

The question about the manner in which the release of important statistics should be conducted, has been under review by this Administration since early 1969. Shortly after President Nixon assumed office, he issued a memorandum to the Bureau of the Budget on this subject, in which he stated that:

"Although the compilation of statistics by Federal agencies has been conducted on a highly professional basis, that has not always been the case with the release of the figures to the public. In some instances data have been released only after unnecessarily long delay or at irregular intervals. This practice must stop. The prompt release on a regular schedule of official statistics is a matter of vital importance to the proper management of both private and public affairs.

"Please direct the departments and agencies of the Executive Branch of the government to review within the next 30 days the publication schedules of all principal weekly, monthly, and quarterly statistical series with a view to:

(A) reducing to the shortest practicable time the interval between the date to which the figures refer and the date when compilation is completed, and

(B) ensuring that the basic figures are released promptly to the public.

"I recognize that some time must be allowed to prepare, review, and reproduce statistical tables, press releases, etc. One or two days for this should be sufficient. The schedules should therefore allow no more than two working days between the time when compilation of the basic figures has been completed and when they are released to the public. In certain special situations, exceptions to this requirement may be necessary, but they must receive prior approval of the Bureau's Office of Statistical Standards. As a rule, new figures should be released through the statistical officer in charge.

"Please arrange for the preparation by each statistical agency of a publicly available schedule of future released dates for periodic statistical series covering at least a three-month period ahead." (February 8, 1969.)

One of the changes in release procedures that was made in response to this policy took place in the Department of Commerce. Under the previous Administration various statistical releases prepared by the Commerce Department were released at press briefings held by the Assistant Secretary of Commerce for Economic Affairs. The practice of holding such briefings was stopped about a year ago. I do not believe this has resulted in any deterioration in public information concerning the gross national product, retail sales, or other important economic data released by the Commerce Department. The present decision with respect to the CPI and employment briefings makes release procedure uniform throughout the Executive Branch.

The desideratum of timeliness stressed in the President's memorandum also was a factor in this decision. Scheduling and preparation for the briefings have imposed delays—sometimes just a few hours, sometimes a whole day or a weekend. Such delays place the statistical agencies in the position of holding back vital information and risking possible premature leaks. When such leaks occur the information that gets out is usually coupled with misinformation. Without the briefings we expect to save some time in getting the information into the hands of the public, thereby reducing the risk of leaks.

Implicit in the President's memorandum is the desirability of separating the release of statistics and the technical interpretation thereof from consideration of their implications from the point of view of policy. The new procedure, we expect,

will facilitate this separation, and avoid the awkwardness of subjecting the professional staff of the BLS to questions with policy implications. The BLS staff will, of course, continue to prepare written releases and articles explaining the data, and will be glad to help with technical questions as before.

The new procedure for release of price and employment statistics, which now conform to the procedures followed with all other statistics issued by the BLS and by other government agencies, will ensure, as you put it, "that news on such important developments as inflation and unemployment will be forthrightly and objectively placed in the public record." The BLS has deservedly achieved a fine reputation for doing exactly that. Our recent decision will, in my judgment, help the Bureau to maintain that reputation.

Sincerely,

J. D. HODGSON,
Secretary of Labor.

Mr. MOORE. Thank you, sir.

That concludes my statement.

Chairman PROXMIRE. I think it may be desirable to break this up into two parts, if the committee would agree. I would like to ask some questions on what you have just told us. Because I expected you to give us something, either a summary of the unemployment figure, or read this statement. But you have chosen to explain the reason for the elimination of the press conference, and I think it might be desirable for the committee members to ask you a question or two on that.

Now, you are telling us this morning that in your view this was not a political decision to end the press conferences, it was a technical decision, that you or the staff felt uneasy answering questions of the press, within the constraints of a press conference you could not explain these collection figures with such clarity and accuracy so that the press would get a better picture than they would absent a press conference; is that a fair interpretation of what you have told us?

Mr. MOORE. No, sir, I do not think that is quite what I meant to say. I was consulted with respect to the decision that was made. But the Secretary and the White House made the decision themselves. I was, as I say, consulted about it. And I support the decision.

Chairman PROXMIRE. Did they initiate the decision, the Secretary and the White House?

Mr. MOORE. Well, I have been concerned about the problem of the best method of getting our data into the hands of the public ever since I became Commissioner. And I have discussed it and considered it and thought seriously about it for the roughly 2 years that I have been Commissioner. The immediate action that was taken on this occasion I did not initiate, no, sir.

Chairman PROXMIRE. Are you telling us that you simply dropped the press conference? And as I understand it, you did have what was a press conference, following which members of the press could interrogate you and members of your staff at some length if they wished to do so. So that the only different situation now is that you do not have a press conference. They also could do what they do at the present time, that is, call you on the phone or call your staff people on the phone and get answers in as searching a way as they might wish. But you apparently feel that the press conference somehow, because of its brevity, perhaps, because of the number of people who are present asking questions, was not a proper forum to provide information; is that not correct? And if so, why not? And if it is not correct, why did you drop the press conference?

Mr. MOORE. Well, I think there are disadvantages to the press conference as a medium for putting our information before the public. We do write a press release that is released at the same time as we have had our press conferences. We are very careful and thorough-going in wording that statement so that it is an impartial and accurate statement of the facts. And in a press conference or a press briefing it is difficult to be as considerate and thoughtful in one's judgment in answering questions as one can be in preparing a written release.

And furthermore, I think when we answer questions on the telephone that are put to us by the press, we can be a little more relaxed in our answers than we can be in the middle of a press conference when the lights, as I see them around here, are pouring down on one, and one is before a large audience.

Chairman PROXMIRE. As you know, Mr. Moore, one of the problems of a newspaper or television or radio is that they have to report promptly. What is news today is awfully dead 24 hours from now to many people. Maybe it should not be that way, but that is a fact of life. Are you and your staff sufficiently available to the press so that any one of them can call up within an hour or two and get a detailed explanation? Isn't it necessary for them to stand in line in view of the limited availability of staff experts?

Mr. MOORE. Well, we have made ourselves ready and prepared to answer any questions that can be put to us by the press by telephone or visit. And I think we are prepared to carry that out. We have the staff to do it.

Chairman PROXMIRE. How many staff people do you have who are available to the press and competent to respond in this area?

Mr. MOORE. I would like to ask Mr. Goldstein to answer that question.

Mr. GOLDSTEIN. Mr. Chairman, this morning, in anticipation of getting inquiries over the telephone from the press, we had four staff members prepared with all the records in front of them waiting at the telephones to handle inquiries. And depending on the volume of inquiries, we may have to increase that number. But we are prepared to do that.

Chairman PROXMIRE. You see, there has been a lot of criticism of the press for not recording economic information, not analyzing it and not having it available to the public, and not having the kind of expert competence that you have had in your department made available to the public. And I am just wondering if this availability of four or eight or 10 people to the press corps in Washington, which numbers in the hundreds—and on statistics which may become very, very important, and newsworthy in the coming months—is satisfactory by itself. You can have that anyway. What you are doing is, you are saying that the press conference itself serves a negative purpose. And you feel there is no way apparently you can make it positive.

We just heard from Commissioner Clague, for whom we all have respect, I know you do too, and he gave the very strong impression that he thought it served a positive purpose, a useful purpose.

Mr. MOORE. Our experience in connection with the consumer price index, which we released a couple of weeks ago, was that we were fully capable of answering all the questions that we received immediately

after the written press release was made available. And there were not very many of such questions, I might add. So I think there was no difficulty on the part of the press getting to us with any questions they had about the consumer price index. And that is of course a very important statistic too.

Chairman PROXMIRE. The part of our media that has been most criticized for failing to report the economic news—in fact Treasury Department Secretary Walker specifically criticized the television, he said there is very little economic news on television, very little. Well, you cannot use a telephone interview for a report that goes on television. I know that you fellows are not public men in quite the sense that those of us who are elected, or try to be. But at the same time you have far more believability with many people, just because you are nonpartisan, because you are experts. And it seems to me you are depriving the public by not being willing to go on a media which reaches very deeply and broadly the American people, but are simply answering questions on the telephone to reporters who in turn have to make their interpretation, and then in turn make an explanation to some fellow in New York who makes his own misinterpretation of it. Wouldn't it be better for you to do it directly?

Mr. MOORE. I might say that around our office both Mr. Popkin and Mr. Goldstein are known as our TV stars.

Chairman PROXMIRE. We want to keep it that way.

Mr. MOORE. We are certainly willing to make appearances before the public in connection with the explanation of our statistics. I think that is an important function for the BLS to perform.

The question really is whether we should be doing that at the exact moment that we are releasing a new monthly statistic on unemployment or employment or consumer prices. And it is that type of press briefing that has been discontinued in connection with the release of those new statistics.

Chairman PROXMIRE. Just one other question before I yield to my colleagues.

If you gentlemen are going to follow this policy, this committee is going to have to feel at least in my view—the committee may overrule me—in my view it will serve a public purpose to invite you to come up here every month and give us this report. And as you can see, the press, the television is very interested in this. And this will be one way of trying to get expert nonpartisan professional opinion on the significance of these vital figures to the American people.

Mr. MOORE. We would be very happy to do that, Senator. The only thing I would suggest is that it would be better, in my view, as the Gordon committee really recommended, that there be a separation in time—and it cannot be a short time—but there should be some separation between the release of our figures and the kind of questioning and interpretation that this committee and others may want to engage in.

Chairman PROXMIRE. By time you mean—this morning, for example, you released it at 10 o'clock, and as I understand it you prefer to come up at 11 instead of 10 to answer questions on it? Is that what you had in mind?

Mr. MOORE. That is a sort of minimum. I would say longer interval than that would be preferable.

Chairman PROXMIRE. I yield to Congressman Conable.

I would hope that you can give us an express explanation on the figures themselves before we ask you questions on the significance of them.

Representative CONABLE. Thank you, Mr. Chairman.

Is there anything in what you are doing now that is inconsistent with the Gordon report?

Mr. MOORE. Not to my knowledge; no, sir.

Representative CONABLE. Was there any specific recommendation in the Gordon report that there be the type of press conference that has been held now since 1961?

Mr. MOORE. No; I have read the Gordon report, and I do not believe they recommended specifically that we have press conferences.

Representative CONABLE. You have had no chance yet, have you, sir, to test out how this new method would work; is that right?

Mr. MOORE. Only with respect to the consumer price index, where we did not have a press conference about 2 weeks ago, when we released that figure, which we normally have had in the past. And as I say, my judgment of that experience is that it was perfectly satisfactory, both from our point of view and from the press' point of view.

Representative CONABLE. You say there were comparatively few questions asked?

Mr. MOORE. Comparatively few questions asked.

And furthermore, the stories about the price index seemed to me to be roughly the same type as we have had when we have had press conferences.

Representative CONABLE. How long have your press conferences been taking on the average?

Mr. MOORE. I think about half an hour.

Representative CONABLE. Do you find widespread television coverage of your press conferences?

Mr. MOORE. Yes, there has been.

Representative CONABLE. There has been widespread press coverage. Of course, there is considerable editing, is there not, of what is said in these press conferences as far as the television is concerned? The networks are obviously not going to have a half an hour television program in reporting your conference. Is your report the sort of thing that lends itself to excerpting, or do you have to have very substantial overall understanding of the report in order to interpret it?

Mr. MOORE. We provide in the first page of the written report a summary statement. If you have time only to read that one page, you get a general idea of what has been happening. And then in the next several pages we go into further detail on employment, on unemployment, on the labor force, and the workweek, and other trends that we think are essential to understand the full situation. But we do provide a relatively brief summary as well.

Representative CONABLE. Have you received any instructions about alternatives to a press conference from your superiors in the administration? Or are you left to work the details out yourself, sir? For instance, how to set up the inquiry routine that you assume will replace the press conference, the informal telephone approach for the most part?

Mr. MOORE. Well, it was left completely to us to set up the arrangements to answer questions by telephone.

Representative CONABLE. And you have not had a chance yet to experiment with the most appropriate way of accomplishing this, you think that for the present that four staff people informed and with their charts in front of them will be adequate, is that right?

Mr. MOORE. Yes, I do.

Representative CONABLE. That is based on your understanding of the extent of the press interest in conferences in the past?

Mr. MOORE. Yes, sir.

Representative CONABLE. I guess that is all, Mr. Chairman. Thank you.

Chairman PROXMIRE. Congressman Reuss.

Representative REUSS. Mr. Moore, I understand the reason for the Secretary of Labor concurring with you in discontinuing the press conferences was that you wanted to avoid, on the very morning that you announced important figures, being subjected to a large number of press men, harsh lights, the grinding of network television cameras, and so on and so on. Is that a fair statement of the rationale?

Mr. MOORE. Well, it is not so much the lights and the grinding of cameras, Mr. Reuss. There were several reasons—and I think I have tried to outline them—for thinking that the disadvantages of press briefings outweighed the advantages. There was something to be said on both sides of this point. But the disadvantages, as I see them, are that we are not quite as able to take a careful objective view of the facts and present only those facts in the form of a press briefing at the time the figures are released. And second, we are not quite as flexible in our scheduling of the release of the figures if we have to make arrangements beforehand for press briefings. We can be more flexible if we do not have those briefings to schedule.

And third, we can avoid the awkwardness that I think the professional staff is almost inevitably subjected to in the form of press conferences, questions having to do with the policy implications of the data.

Representative REUSS. At least as to that third reason, in view of this morning's proceedings here, you have not really succeeded in doing away with that possible source of confusion or embarrassment, have you?

Mr. MOORE. Well, we have not yet finished this meeting.

Representative REUSS. I will admit that in an hour and a half session we have not yet mentioned the awful 6-percent figure.

One final question. When the press calls you, as they did this morning, and talked to one of your four qualified people on the phone, is any record kept of those telephone conversations?

Mr. MOORE. I don't believe so, no, sir.

Representative REUSS. I should think really from your standpoint, it would be better to have a press conference and take a tape recording or stenographic transcript of it so that if there were any inadvertent slips they can be corrected. I would feel safer if I were a commissioner doing that than having four people, however competent they are—and I am sure they are most competent—on four different phones without a record.

But finally you and the department will review, will you, the tentative decision that has been made not to hold the press conference in the light of what has been said here?

Mr. MOORE. I think this will be subject to continuous review, yes, sir.

Representative REUSS. Thank you, sir.

Chairman PROXMIRE. Congressman Blackburn.

Representative BLACKBURN. Thank you, Mr. Chairman.

I too want to thank Commissioner Moore for his very fine statement today.

Commissioner Moore, as I understand, or as I interpret your comments, you feel that the presence of a large press does tend to flavor, or could tend to flavor, to some extent, the complete impartiality of what you are trying to get across to the public. Am I correct in that?

Mr. MOORE. Yes, sir. I think it adds to the dangers or difficulties of that situation.

Representative BLACKBURN. Now, at your usual briefings, the ones you have had over the past 6 months or a year, perhaps, have you had as large a turn-out for these briefings as we have here this morning?

Mr. MOORE. Mr. Goldstein.

Mr. GOLDSTEIN. Not quite, but nearly so, Mr. Blackburn.

Representative BLACKBURN. I see.

Then we can assume, then, that if a political figure calls a press conference of this sort for possibly political reasons, you will have a larger turnout than you would at a nonpolitical briefing?

Mr. MOORE. I would not like to speculate on that issue. There are many people here more experienced in that matter than I am. I do not know what the answer to that would be. We do have a large turnout at our press conferences. I think that reflects on the importance of the data that we are presenting.

Representative BLACKBURN. Let me ask you this. Is the sheet that I have in front of me, which you recognize, a typical press release that your Department issues at one of these press conferences? Is this fairly representative of the type of document that is issued?

Mr. MOORE. Yes; I think as to the employment situation that is rather typical as to length and general content.

Representative BLACKBURN. Is this document complete in your opinion? Is it representative enough so that anyone who is familiar with economic data can review it and draw some fair conclusions about the state of the economy?

Mr. MOORE. Yes, sir, I think it is complete. And one thing, of course, is true, that we send that written press release all over the country. The people who cannot be at our press conferences of course get that written statement. We believe it is a complete and accurate portrayal of the situation.

Representative BLACKBURN. Do economic writers in various publications use the data that is given in this sheet without any need for telephone conversations, or otherwise quite frequently use them in drawing their own conclusions as to the economic status of the country?

Mr. MOORE. Oh, yes, sir. I believe there are many people in the United States who are perfectly competent to analyze those data without any further assistance from the Bureau of Labor Statistics.

Representative BLACKBURN. So we can conclude, then, can we not, that as far as the members of the economic community are concerned, whether they are members of the press or academic community or business community, that they can take these figures without the necessity for a press conference, and use the data to draw their own conclusions as to prognostications or otherwise?

Mr. MOORE. Yes, sir, I believe that is correct.

Representative BLACKBURN. I think that is all.

Thank you, Mr. Chairman.

Chairman PROXMIRE. Congressman Moorhead.

Representative MOORHEAD. Thank you, Mr. Chairman.

Mr. Commissioner, do you believe that initial releases of statistical series should be made through the principal statistical officer in charge?

Mr. MOORE. Yes, sir, I believe that is a good practice.

Representative MOORHEAD. Mr. Commissioner, was there an understanding or an unwritten rule that comments on those initial releases of statistical data by political officers should be delayed for a period of 24 hours?

Mr. MOORE. I do not know of any understanding as to the exact time of delay, 24 hours or any other interval, except that it should be separate and later.

Representative MOORHEAD. You mentioned the Gordon report calling for a separation of time.

Mr. MOORE. Yes, sir.

Representative MOORHEAD. Could you give me the exact words of the Gordon report in that respect?

Mr. MOORE. I would like to read this paragraph—

Representative MOORHEAD. You might give us the page and recommendation.

Mr. MOORE. Yes. It is the report on measuring employment and unemployment by the President's Committee to Appraise Employment and Unemployment Statistics. It was issued in September 1962. The committee was appointed by President Kennedy. And on page 213 of that report the following paragraph is—

Representative MOORHEAD. Is this one of the numbered recommendations?

Mr. MOORE. No, I do not see any number in connection with it, Mr. Congressman.

Shall I read this statement?

Representative MOORHEAD. Yes, if it is brief.

Mr. MOORE. I will make it as brief as it can be made.

The collection, tabulation and analysis of the basic data rests in the hands of the technical experts, and it is important that it remain this way. Nevertheless, candor requires that we recognize that political significance is immediately attached to these data. Therefore it would be desirable to draw a sharp line between the release of the statistics and their accompanying explanations and analysis on the one hand, and comments on the policy implications on the other. The technical explanations and analysis are properly the function of the professional staff or the statistical agencies responsible for collecting and processing the data. The professional staff also has an obligation to offer analytical interpretive comments that will assist the users of the data to assess the significance of the changes recorded by the figures. The more general type of policy oriented comment, however, is properly the function of those officials responsible for policy-making and program administration, who must necessarily express the views of the Executive concerning the state of the economy, and the actions if any that should be taken in relation to the changes revealed by the statistical reports.

I think that is the relevant section.

Representative MOORHEAD. But as I read that with you, it does not call for any separation in time between the publishing of the figures by the technical experts and their explanations, is that correct?

Mr. MOORE. No, it does not specifically mention a difference in time. It does refer to a sharp line. And one way of course to draw a sharp line is to make a difference in time.

Representative MOORHEAD. But you could have a difference in location, in other words, the Secretary of Labor at the same time could be holding a press conference making policy explanation or, shall we say, political statements, could he not, under the Gordon report as you have read it?

Mr. MOORE. My view is that that would not be making a sharp line between the release of the statistics and the comments on the policy implications. There must be a separation in time to make it at all meaningful.

Representative MOORHEAD. What is your idea of the separation? Twenty-four hours, a whole day passing, a new set of newspapers?

Mr. MOORE. No, I do not think I would want to specify any particular interval. Let me just call it a decent interval.

Representative MOORHEAD. But so far as the explanations by the technical staff, there need be no time lag at all in your judgment, is that correct, sir?

Mr. MOORE. No, sir. They are on hand at the Bureau of Labor Statistics to provide their explanations as soon as the figures are released.

Representative MOORHEAD. So it is just a question of the form that it takes, whether it is in a press conference or a telephone call immediately by the release?

Mr. MOORE. Yes, sir.

Representative MOORHEAD. Thank you, Mr. Chairman.

Chairman PROXMIRE. I might say that Congressman Moorhead and I are going to look into this in some depth. We have not had a chance to talk about it very much. But some time after April 21 I know we are going to have to have Professor Gordon with us to testify in depth on this. And I know that will be useful to get a full and complete understanding of just what they recommended and what their feeling is on the newest departure.

Senator BENTSEN.

Senator BENTSEN. I have no questions.

Chairman PROXMIRE. Before you go into your explanation of this I would point out that by making no expert, nonpartisan comment, or explanation, to an assembled press group on the significance of those figures, you are leaving this really to the politicians, the politicians of this administration, and the politicians on the Hill. We know perfectly well that the administration is going to put their own political interpretation, as every administration does, on the meaning of the unemployment statistics, and the price statistics. You know very well that those of us in the other party here are going to do the same thing right away, we are going to get our releases out. This means that the press and the public are going to have explanations, on television and directly to the public, on what we think the figures mean. But those who are by far the most competent and the most objective are not going to get the same kind of availability to the public. That is the reason why I am so concerned about this. And the way we are trying to correct it does not satisfy me, and I do not think it would satisfy many. Because it would seem to me that the questions of a

political group like the Joint Economic Committee, hard as we may try to make our questions fair and objective, would not in my view be as effective as the questions by the press.

And this is another reason why this forum, it seems to me, is a less desirable forum than having a press conference.

And there is one other point too. And that is that it just seems perfectly logical to me that a much smaller proportion of the press are going to have a chance to be present at least while questioning is conducted on your release and on your figures than has been in the past. Many people in the press will not get this kind of explanation that they have received in the past.

All right, sir, if you would like to go ahead with your statement, I think it would be most helpful to us.

I am going to ask you to read the six pages, because we can glance at it, I think that is the besetting sin we have up here, we look at the surface figures and do not get into the depth. And I think we would like you to get into that so that we will know what the figures mean.

Mr. MOORE. Would it be all right with you, Senator, if I asked Mr. Goldstein to read the statement? He has been, as you know, conducting these press briefings for some time, and he is a very good reader.

Chairman PROXMIRE. We want to keep him on television.

Congressman Reuss suggested we put it in the record. Would the other members of the committee prefer that?

Supposing you highlight it, and give us 2 or 3 minutes explaining it, and then we will ask the questions on it. I am outvoted.

Representative CONABLE. May I ask, are copies of this made available to the press at this time?

Chairman PROXMIRE. Oh, yes; they were distributed at 10 o'clock—11 o'clock—it says 10 o'clock.

Representative CONABLE. It says "transmission embargo 10 o'clock."

Chairman PROXMIRE. Go ahead, Mr. Goldstein.

Mr. GOLDSTEIN. Mr. Chairman and members of the committee, some of the highlights of this release, are as follows:

In March unemployment edged up, and employment was basically unchanged. The number of unemployed was 5,200,000 in March. That was a drop of 270,000 from February, but normally we get a larger drop seasonally. So that on a seasonally adjusted basis there was an increase in the number of unemployed. The unemployment rate seasonally adjusted was 6 percent as compared to 5.8 percent in February, and 6.2 in December.

The increase was largely among teenagers, young people 20 to 24 years of age, and those who were looking for work on reentering the labor force, rather than among those who had lost jobs. There was actually a decline in the number of unemployed who had lost jobs.

The number of unemployed adult men and women was essentially unchanged over the month.

And the unemployment rate for white workers was up from 5.3 to 5.6 percent, whereas that for Negro and other workers remained basically unchanged over the month.

The rate for white workers was back to the levels that we had in November and January.

And the ratio between the unemployment rate for white and for Negro and other workers continued at the level that it has been for some months, a ratio of 1.7 for the Negro and other to 1 unemployed for the white workers.

State insured unemployment was 3.9 percent of the applicable labor force, as compared to 3.7 last month.

State insured unemployment had been going down since the November level of 4.6 percent, which it had attained at the time of the big auto strike. This is the first month since that time that State insured unemployment went up.

There were no significant changes for full-time workers, for part-time workers, for the long-term unemployed. But the average duration of unemployment for those who had been unemployed did go up from 10.4 weeks in February, the same as in January, to 10.8 weeks in March.

Employment, as I said, was basically unchanged. Total employment has been on a plateau since May 1970, and about a half a million below the all-time high reached in March of 1970.

Payroll employment went up by 280,000. This is just about what we would expect seasonally, so that on a seasonally adjusted basis there was really no change in payroll employment. It would have been up a little bit more but for an increase in the number of workers on strike, who of course are off payrolls and not counted in this figure. There were about 56,000 more workers on strike in March than there were in February.

Manufacturing employment was down on a seasonally adjusted basis. And nearly all of this was associated with a strike which occurred in the can industry.

There were declines in the metalworking industries on a seasonally adjusted basis in addition to the industry in which can manufacturing is located.

And there were some increases in nondurable goods manufacturing, primarily in the apparel industry.

Construction was up on a seasonally adjusted basis by 45,000, following 2 months of decline.

The service sector, the trade and service industries, government, and finance, was up only 25,000, all of this in State and local government. There was little or no growth in trade, in the service industries like hotels, in finance, the transportation, and public utilities industry, and the Federal Government. We have looked to growth in the service industries over the years to provide a fairly constant growth in employment. And this month we did not get it.

Hours of work for all private rank and file workers were up a little bit, two-tenths of an hour on a seasonally adjusted basis, and back to the January level. There had been a dip in February, partly due to the holiday that occurred in the survey week and partly due to the bad weather. And now we are back to the January level.

In manufacturing there was also a seasonally adjusted increase, in this case four-tenths of an hour, which brought us a little bit

above the January levels and back to the level of last spring and summer, but down a little bit, about three-tenths of an hour from March of last year. So that hours of work are still off from their high levels of last spring.

Finally, one other item ought to be noted. Overtime hours in manufacturing were down two-tenths of an hour on a seasonally adjusted basis. This is the opposite trend from the average hours of manufacturing. And this sometimes occurs. And overtime hours in manufacturing were down by four-tenths of an hour over the year.

That would be a summary, Mr. Chairman.

(The full text of the press release referred to above follows:)

[Bureau of Labor Statistics, U.S. Department of Labor, Press Release 71-190, Fri., Apr. 2, 1971]

THE EMPLOYMENT SITUATION: MARCH 1971

Unemployment edged up in March, while employment remained basically unchanged, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The overall unemployment rate moved up to 6.0 percent in March, following a decline from 6.2 percent to 5.8 percent between December and February.

The March increase in unemployment occurred largely among 16-24 year-olds, many of whom were new entrants or re-entrants to the labor force. Jobless rates for most other major labor force groups were about unchanged over the month.

The seasonally adjusted jobless rate for workers covered by State unemployment insurance programs moved up to 3.9 percent in March after declining from 4.6 percent in November to 3.7 percent in January and February.

Total employment was about unchanged in March at 78.5 million, seasonally adjusted. With the exception of a temporary rise in January, total employment has remained on a virtual plateau since May 1970 and was 500,000 below the alltime high reached last March.

Nonfarm payroll employment was also unchanged in March on a seasonally adjusted basis. At 70.6 million, payroll employment in March was about the same as last September, prior to the beginning of the auto strike, but was down 680,000 from last March. Over-the-month gains in contract construction and State and local government were countered by a decline in manufacturing employment; the manufacturing drop largely reflected a net increase in the number of workers off payrolls because of strikes. The average workweek for all rank-and-file workers in private nonfarm industries, as well as in manufacturing, rose over the month after a dip in February.

UNEMPLOYMENT

The number of unemployed persons totaled 5.2 million in March, down 270,000 from February. The decline was less than usual for this time of year, and, after seasonal adjustment, unemployment was up by 150,000, largely among teenagers and 20-24 year-olds.

The March rise in unemployment occurred primarily among jobseekers who had reentered the labor force. At 1.5 million, seasonally adjusted, the number of unemployed reentrants returned to the January level, following a sharp drop in February. Unemployment stemming from job loss totaled 2.2 million in March, seasonally adjusted, down 100,000 from February and at the lowest level since September 1970.

The overall unemployment rate moved up from 5.8 to 6.0 percent in March, the same as in January but slightly below December's 9-year peak of 6.2 percent. Approximately half of the over-the-month increase in unemployment occurred

among teenagers, mostly females. At 17.8 percent in March, the teenage jobless rate returned to the levels reached in late fall when it had been at its highest point since 1963.

Jobless rates for adult men (4.2 percent) and married men (3.2 percent) were unchanged over the month, but both were down from their December highs. The rate for adult women, at 5.8 percent, was about unchanged for the fourth straight month. However, the rate for 20–24 year-old women moved up from 9.1 to 10.1 percent, the highest in more than 7 years.

The jobless rate for whites rose from 5.3 to 5.6 percent in March, following a decline in February. The jobless rate for Negroes, at 9.4 percent, was about unchanged for the third straight month, remaining near its highest level since 1964.

After holding steady at 10.4 weeks in February and January, the average (mean) duration of unemployment rose to 10.8 weeks in March, seasonally adjusted, the highest level since April 1966. A slight decline in the number of persons unemployed less than 5 weeks and a rise in the number unemployed 5 to 26 weeks contributed to the higher average duration of joblessness. The number unemployed 15 weeks or more totaled 1.1 million in March (seasonally adjusted), the highest level since 1963.

The jobless rate for white-collar workers edged up from 3.5 to 3.7 percent over the month, although it remained within the 3.5–3.8 percent range that has prevailed since October 1970. The rate for professional and technical workers, although about unchanged in March at 3.4 percent, was at its highest point since the monthly series began in 1958. The jobless rate for craftsmen and foremen (4.9 percent) was up over the month, returning to its December–January levels following a decline in February. Jobless rates for the other occupation groups were not significantly changed over the month, although most have moved down from their high December levels.

Among major industry groups, jobless rates were up in trade (to 6.7 percent) and in the finance and service industries (to 5.3 percent). The March rate in the finance and service industries was at its highest level in 8 years. In transportation and public utilities, on the other hand, the unemployment rate moved down from 4.0 to 3.3 percent. The jobless rate in construction (10.9 percent) was unchanged in March, remaining below the 1970 peak reached in September (12.7 percent). Although unchanged over the month, the rate in manufacturing (6.9 percent) was also down from its winter highs.

The jobless rate for workers covered by State unemployment insurance programs rose from 3.7 percent in February to 3.9 percent in March, seasonally adjusted. This was the first increase in the State insured rate since the end of the automobile strike.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

The civilian labor force, at 83.5 million seasonally adjusted, was little changed over the month, after declining in February. The labor force had risen sharply between July 1970 and January 1971.

Total employment, at 78.5 million, seasonally adjusted, was also unchanged from the February level. Except for a temporary rise in January, total employment has remained on a virtual plateau since May 1970. Over the year, total employment—which includes self-employed, domestic, and unpaid family workers, as well as wage and salary workers—has fallen by about one-half million.

An over-the-month increase in employment for part-time workers was countered by a decline in employment among full-time workers. At 67.4 million in March, seasonally adjusted employment of full-time workers was at its lowest level since May 1969.

INDUSTRY PAYROLL EMPLOYMENT

The number of persons on nonagricultural payrolls was 69.8 million in March, up 280,000 over the month. The increase was in line with the usual seasonal pattern, and, after seasonal adjustment, nonfarm payroll employment was un-

changed from the February level. Payroll employment would have shown a very small rise over the month, however, except for a net increase in the number of workers on strike. Since March 1970, the number of payroll jobs has dropped by 680,000.

Employment increases in contract construction and State and local government in March were countered by a seasonally adjusted decline in manufacturing (65,000). With the exception of November 1970 (the second month of the auto strike), manufacturing employment in March was at its lowest point in 5 years. Manufacturing jobs have declined by 630,000 since September (the month prior to the strike) and by 1.3 million, or 6.5 percent, since March a year ago.

The job cutbacks in manufacturing were confined primarily to the durable goods sector. A drop of 75,000 in durables took place largely in the primary and fabricated metals, machinery, and stone, clay and glass industries. The decline in fabricated metals (25,000) resulted from a strike in the metal can industry.

Employment in nondurable goods showed a small gain in March (10,000) and has remained virtually unchanged since October. Apparel accounted for the entire over-the-month increase, as changes in the other soft goods industries were small and largely offsetting.

Employment in contract construction increased by 45,000, seasonally adjusted, following 2 straight months of significant declines. Compared with March 1970, however, construction employment was down by 230,000, or 7.2 percent.

Employment in the service-producing sector edged up 25,000, seasonally adjusted, between February and March, due almost entirely to an increase in State and local government. Employment in State and local governments has continued to rise steadily in recent months, although the remainder of the service-producing sector—transportation and public utilities, trade, finance, services, and the Federal government—has shown little or no growth since January. Over the year, however, employment in the service-producing industries has risen by 840,000, providing a partial offset to the 1.5 million job loss in the goods industries.

HOURS OF WORK

The workweek for all rank-and-file workers on private nonagricultural payrolls rebounded from the sharp decline of the previous month, which had reflected bad weather conditions and a holiday weekend in mid-month. On a seasonally adjusted basis, the workweek was up by 0.2 hour to 37.1 hours, a return to the January level. The largest over-the-month increases took place in manufacturing and contract construction.

In manufacturing, the average workweek moved up 0.4 hour in March to 39.9 hours, bringing the factory workweek back to the levels of last spring and summer. A large part of the March increase occurred in durable goods, particularly in primary metals, which may reflect a build-up of inventories in anticipation of a strike. Over the year, factory hours were down 0.3 hour.

Factory overtime edged down over the month to 2.7 hours (seasonally adjusted), equalling the 7-year low reached in November and December of last year. Since March 1970, factory overtime has fallen by four-tenths of an hour.

EARNINGS

Average hourly earnings of rank-and-file workers on private payrolls were \$3.36 in March, up 1 cent from February. Hourly earnings were 19 cents, or 6.0 percent, above the year-ago level.

Average weekly earnings were up \$1.37 over the month to \$123.98, as the small increase in hourly earnings was bolstered by the large gain in the workweek. Over-the-month increases were recorded in all of the major industries with the exception of transportation and public utilities. Compared with March 1970, average weekly earnings were up by \$6.06, or 5.1 percent. During the latest 12-month period for which Consumer Price Index data are available—February 1970–February 1971—the Index rose by 4.8 percent.

FIRST QUARTER DEVELOPMENTS

Labor force and total employment

The civilian labor force averaged 83.6 million (seasonally adjusted) in the first quarter of 1971, up slightly (125,000) from the fourth quarter of 1970. The advance was substantially less than in either of the previous 2 quarters—640,000 and 290,000, respectively. The first quarter 1971 increase occurred entirely among teenagers and adult women, as the number of adult men in the labor force declined slightly.

The total labor force, which includes the Armed Forces, was unchanged in the first quarter of 1971. Since the first quarter of 1970, the total labor force has risen by 870,000. During the same period, the civilian labor force increased by 1.3 million, with the difference reflecting the net return to the civilian labor force of young men who had been in the armed services.

Total employment, at 78.6 million, remained virtually unchanged for the third straight quarter, as an increase among teenagers was offset by a decline in employment of adult men. Employment among adult women was not significantly changed from the fourth quarter. There was also no significant change in the employment level of either whites or blacks during this period.

At 67.6 million, seasonally adjusted, full-time employment was down by 190,000 from the last quarter of 1970, mostly among adult men. This drop was countered by a rise in part-time employment, principally among adult women and teenagers.

Unemployment

The number of unemployed persons averaged 5.0 million (seasonally adjusted) in the first quarter of 1971, essentially unchanged from the fourth quarter; this was the first 3-month period in which unemployment had not risen substantially since the first quarter of 1970.

At 5.9 percent in the January-March quarter, the overall unemployment rate was also unchanged, after having risen steadily since the fourth quarter of 1969. Jobless rates were unchanged for adult men (4.3 percent) and for teenagers (17.4 percent), but the rate for adult women inched up from 5.5 to 5.7 percent between the fourth quarter of 1970 and the first quarter of 1971.

Unemployment rates for both white and black workers showed no significant change between the fourth quarter of 1970 and the first quarter of 1971. As a result, the ratio of Negro-to-white joblessness remained at 1.7 to 1 during the first quarter of 1971. This ratio has been below the historic 2-to-1 relationship since the fourth quarter of 1969.

Jobless rates remained unchanged for most major occupation groups in the first quarter of 1971. The only significant rise occurred among professional and technical workers, whose jobless rate rose to 3.2 percent from 2.5 percent in the fourth quarter of 1970.

Industry employment

Nonagricultural payroll employment averaged 70.6 million, seasonally adjusted, in the first quarter of 1971. After declining steadily throughout most of 1970, payroll jobs rose 400,000 from the October-December quarter.

The rise in payroll employment occurred primarily among service-producing industries, particularly in trade, services, and State and local government. Although goods-producing employment declined for the sixth straight quarter, the decline of 45,000 was smaller than those of the previous quarters. Employment in manufacturing was only slightly above the fourth quarter level despite the return to work of more than 300,000 strikers who had been off payrolls because of the auto strike. In contract construction, employment was down 85,000 from the fourth quarter of 1970.

This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on industry employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication *Employment and Earnings*.

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION BY SEX AND AGE

[In thousands]

Employment status, age, and sex	March 1971	February 1971	March 1970	Seasonally adjusted				
				March 1971	February 1971	January 1971	December 1970	November 1970
TOTAL								
Total labor force.....	85,598	85,653	85,008	86,405	86,334	86,873	86,622	86,512
Civilian labor force.....	82,668	82,703	81,690	83,475	83,384	83,897	83,609	83,473
Employed.....	77,493	77,262	77,957	78,475	78,537	78,864	87,463	78,550
Agriculture.....	3,042	2,846	3,171	3,396	3,329	3,413	3,408	3,353
Nonagricultural industries.....	74,452	74,415	74,786	75,079	75,208	75,451	75,055	75,197
On part time for economic reasons.....	2,377	2,390	1,888	2,455	2,458	2,484	2,533	2,413
Usually work full time.....	1,284	1,267	1,120	1,242	1,227	1,377	1,382	1,249
Usually work part time.....	1,093	1,123	768	1,213	1,231	1,107	1,151	1,164
Unemployed.....	5,175	5,442	3,733	5,000	4,847	5,033	5,146	4,923
MEN, 20 YEARS AND OVER								
Civilian labor force.....	47,367	47,281	46,856	47,425	47,239	47,483	47,531	47,548
Employed.....	44,996	44,698	45,250	45,411	45,237	45,425	45,365	45,531
Agriculture.....	2,324	2,194	2,423	2,439	2,347	2,435	2,458	2,472
Nonagricultural industries.....	42,671	42,504	42,827	42,972	42,890	42,990	42,907	43,059
Unemployed.....	2,371	2,582	1,606	2,014	2,002	2,055	2,166	2,017
WOMEN, 20 YEARS AND OVER								
Civilian labor force.....	28,710	28,804	28,348	28,594	28,645	28,855	28,644	28,580
Employed.....	27,049	27,071	27,084	26,938	27,051	27,211	26,988	26,967
Agriculture.....	412	386	440	539	551	544	538	519
Nonagricultural industries.....	26,637	26,685	26,644	26,399	26,500	26,667	26,450	26,448
Unemployed.....	1,661	1,733	1,264	1,656	1,594	1,644	1,656	1,613
BOTH SEXES, 16-19 YEARS								
Civilian labor force.....	6,591	6,619	6,486	7,456	7,500	7,562	7,434	7,345
Employed.....	5,448	5,492	5,623	6,126	6,249	6,228	6,110	6,052
Agriculture.....	305	265	308	418	431	434	412	362
Nonagricultural industries.....	5,143	5,227	5,316	5,708	5,818	5,794	5,698	5,690
Unemployed.....	1,142	1,127	863	1,330	1,251	1,334	1,324	1,293

TABLE A-2.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE BY SEX AND AGE

[Numbers in thousands]

Full- and part-time employment status, sex, and age	Seasonally adjusted							
	March 1971	March 1970	March 1971	February 1971	January 1971	December 1970	November 1970	March 1970
FULL TIME								
Total, 16 years and over:	69,896	69,116	71,351	71,627	71,710	71,937	71,815	70,669
Civilian labor force.....	65,828	67,247	67,410	67,765	67,766	67,805	67,789	67,868
Employed.....	4,068	2,869	3,941	3,862	3,944	4,132	4,026	2,801
Unemployed.....	5.8	4.2	5.5	5.4	5.5	5.7	5.6	4.0
Unemployment rate.....								
Men, 20 years and over:	44,866	44,449	45,055	45,048	45,138	45,300	45,268	44,748
Civilian labor force.....	42,698	42,982	43,217	43,202	43,272	43,318	43,402	43,504
Employed.....	2,169	1,468	1,838	1,846	1,866	1,982	1,866	1,244
Unemployed.....	4.8	3.3	4.1	4.1	4.1	4.4	4.1	2.8
Unemployment rate.....								
Women, 20 years and over:	22,228	21,914	22,349	22,599	22,575	22,512	22,514	22,037
Civilian labor force.....	20,887	20,940	21,013	21,331	21,269	21,191	21,178	21,066
Employed.....	1,340	974	1,336	1,268	1,306	1,321	1,336	971
Unemployed.....	6.0	4.4	6.0	5.6	5.8	5.9	5.9	4.4
Unemployment rate.....								
PART TIME								
Total, 16 years and over:	12,772	12,574	12,092	11,747	12,291	11,640	11,736	11,900
Civilian labor force.....	11,666	11,711	11,038	10,727	11,156	10,637	10,746	11,076
Employed.....	1,107	863	1,054	1,020	1,135	1,003	990	824
Unemployed.....	8.7	6.9	8.7	8.7	9.2	8.6	8.4	6.9
Unemployment rate.....								

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Note: Persons on part-time schedule for economic reasons are included in the full-time employed category; unemployed persons are allocated by whether seeking full- or part-time work.

TABLE A-3.—MAJOR UNEMPLOYMENT INDICATORS

[Persons 16 years and over]

Selected categories	Thousands of persons unemployed		Seasonally adjusted rates of unemployment					
	March 1971	March 1970	March 1971	February 1971	January 1971	December 1970	November 1970	March 1970
Total (all civilian workers).....	5,175	3,733	6.0	5.8	6.0	6.2	5.9	4.4
Men, 20 years and over.....	2,371	1,606	4.2	4.2	4.3	4.6	4.2	2.9
Women, 20 years and over.....	1,661	1,264	5.8	5.6	5.7	5.8	5.6	4.5
Both sexes, 16 to 19 years.....	1,142	863	17.8	16.7	17.6	17.8	17.6	13.8
White.....	4,311	3,082	5.6	5.3	5.6	5.6	5.5	4.0
Negro and other races.....	864	651	9.4	9.6	9.5	9.5	9.0	7.2
Married men.....	1,505	1,064	3.2	3.2	3.3	3.4	3.2	2.2
Full-time workers.....	4,068	2,869	5.5	5.4	5.5	5.7	5.6	4.0
Part-time workers.....	1,107	863	8.7	8.7	9.2	8.6	8.4	6.9
Unemployed 15 weeks and over ¹	1,419	692	1.3	1.3	1.3	1.3	1.1	.7
State insured ²	2,639	1,080	3.9	3.7	3.7	4.2	4.6	2.7
Labor force time lost ³			6.5	6.3	6.4	6.4	6.4	4.8
OCCUPATION ⁴								
White-collar workers.....	1,419	997	3.7	3.5	3.5	3.8	3.6	2.6
Professional and technical.....	325	206	3.4	3.3	3.0	2.9	2.6	2.2
Managers, officials, and proprietors.....	156	101	1.7	1.5	1.5	1.7	1.7	1.2
Clerical workers.....	671	502	4.9	4.7	4.9	5.3	5.0	3.6
Sales workers.....	267	188	4.4	3.9	4.1	5.1	4.9	3.4
Blue-collar workers.....	2,497	1,798	7.4	7.4	7.6	7.8	7.4	5.2
Craftsmen and foremen.....	658	420	4.9	4.3	5.1	5.0	4.5	3.1
Operatives.....	1,314	1,019	8.4	8.4	8.6	9.0	8.8	6.1
Nonfarm laborers.....	525	359	10.0	11.3	10.6	11.0	10.1	7.5
Service workers.....	678	500	6.0	5.9	6.4	6.2	6.0	4.9
Farmworkers.....	80	83	2.2	3.2	3.2	3.3	2.7	2.1
INDUSTRY ⁴								
Nonagricultural private wage and salary workers ⁴	4,179	2,976	6.4	6.1	6.4	6.6	6.2	4.6
Construction.....	599	437	10.9	11.0	11.2	11.8	9.1	8.1
Manufacturing.....	1,559	1,099	6.9	6.8	7.2	7.6	7.3	4.7
Durable goods.....	958	661	7.3	7.1	7.2	8.0	8.2	4.7
Nondurable goods.....	601	439	6.4	6.4	7.1	7.2	6.1	4.6
Transportation and public utilities.....	164	155	3.3	4.0	4.6	4.1	3.6	3.1
Wholesale and retail trade.....	1,025	677	6.7	6.2	6.1	6.7	6.1	4.7
Finance and service industries.....	811	595	5.3	4.8	5.0	4.9	5.1	3.9
Government wage and salary workers.....	319	233	2.8	2.6	2.9	3.0	2.8	2.0
Agricultural wage and salary workers.....	99	94	6.5	9.4	9.0	9.6	8.8	6.4

¹ Unemployment rate calculated as a percent of civilian labor force.² Insured unemployment under State programs—unemployment rate calculated as a percent of average covered employment.³ Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.⁴ Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.⁵ Includes mining, not shown separately.

TABLE A-4.—UNEMPLOYED PERSONS 16 YEARS AND OVER BY DURATION OF UNEMPLOYMENT

(In thousands)

Duration of unemployment	March 1971	March 1970	Seasonally adjusted					March 1970
			March 1971	February 1971	January 1971	December 1970	November 1970	
Less than 5 weeks.....	1,868	1,734	2,116	2,154	2,322	2,456	2,333	1,964
5 to 14 weeks.....	1,888	1,306	1,649	1,595	1,624	1,612	1,758	1,141
15 weeks and over.....	1,419	692	1,107	1,069	1,079	1,084	880	540
15 to 26 weeks.....	895	482	651	614	666	750	555	357
27 weeks and over.....	524	210	456	455	413	334	325	183
Average (mean) duration, in weeks.....	12.2	9.5	10.8	10.4	10.4	9.7	9.3	8.4

TABLE A-5.—UNEMPLOYED PERSONS BY REASON FOR UNEMPLOYMENT

(In thousands)

Reason for unemployment	March 1971	March 1970	Seasonally adjusted					March 1970
			March 1971	February 1971	January 1971	December 1970	November 1970	
NUMBER OF UNEMPLOYED								
Lost last job.....	2,652	1,797	2,185	2,288	2,281	2,536	2,385	1,480
Left last job.....	548	441	594	652	643	614	607	478
Reentered labor force.....	1,477	1,143	1,537	1,296	1,497	1,472	1,397	1,189
Never worked before.....	498	351	648	570	633	581	636	460
PERCENT DISTRIBUTION								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	51.2	48.1	44.0	47.6	45.1	48.7	47.5	41.0
Left last job.....	10.6	11.8	12.0	13.6	12.7	11.8	12.1	13.3
Reentered labor force.....	28.5	30.6	31.0	27.0	29.6	28.3	27.8	33.0
Never worked before.....	9.6	9.4	13.1	11.9	12.5	11.2	12.7	12.8
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Lost last job.....	3.2	2.2	2.6	2.7	2.7	3.0	2.9	1.8
Left last job.....	.7	.5	.7	.8	.8	.7	.7	.6
Reentered labor force.....	1.8	1.4	1.8	1.6	1.8	1.8	1.7	1.4
Never worked before.....	.6	.4	.8	.7	.8	.7	.8	.6

TABLE A-6.—UNEMPLOYED PERSONS BY AGE AND SEX

Age and sex	Thousands of persons		Percent looking for full-time work March 1971	Seasonally adjusted unemployment rates					
	March 1971	March 1970		March 1971	February 1971	January 1971	December 1970	November 1970	March 1970
	Total, 16 years and over.....	5,175		3,733	78.6	6.0	5.8	6.0	6.2
16 to 19 years.....	1,142	863	48.9	17.8	16.7	17.6	17.8	17.6	13.8
16 and 17 years.....	516	431	26.6	18.8	17.4	20.3	19.8	18.6	15.8
18 and 19 years.....	626	432	67.4	17.2	16.1	16.0	16.5	16.6	12.2
20 to 24 years.....	1,129	728	85.3	10.0	9.4	9.7	10.2	10.0	6.9
25 years and over.....	2,903	2,142	87.7	4.0	3.9	4.0	4.2	3.9	3.0
25 to 54 years.....	2,345	1,694	89.6	4.2	4.0	4.1	4.4	4.2	3.1
55 years and over.....	558	448	79.9	3.3	3.6	3.6	3.5	3.3	2.7
Males, 16 years and over.....	3,008	2,082	81.9	5.3	5.2	5.4	5.6	5.2	3.7
16 to 19 years.....	636	475	46.2	17.0	16.2	17.6	17.2	16.5	12.7
16 and 17 years.....	303	253	27.4	18.4	17.3	19.8	20.0	17.7	15.1
18 and 19 years.....	333	223	63.4	16.0	15.3	15.7	15.0	15.1	10.9
20 to 24 years.....	651	397	85.7	10.0	9.7	10.4	10.9	10.4	6.6
25 years and over.....	1,720	1,209	93.7	3.4	3.4	3.5	3.7	3.4	2.4
25 to 54 years.....	1,342	902	96.5	3.4	3.2	3.4	3.6	3.5	2.3
55 years and over.....	378	307	83.3	3.5	3.9	3.8	3.7	3.5	2.8
Females, 16 years and over.....	2,167	1,651	74.1	7.2	6.8	6.9	7.1	7.0	5.6
16 to 19 years.....	506	387	52.4	18.8	17.2	17.7	18.6	19.0	15.0
16 and 17 years.....	213	178	25.8	19.4	17.5	21.0	19.4	19.8	16.8
18 and 19 years.....	293	209	72.0	18.5	17.0	16.4	18.2	18.4	13.7
20 to 24 years.....	478	330	84.5	10.1	9.1	9.0	9.3	9.6	7.2
25 years and over.....	1,183	933	79.1	5.0	4.8	4.9	5.1	4.8	4.0
25 to 54 years.....	1,003	792	80.3	5.6	5.3	5.2	5.7	5.4	4.4
55 years and over.....	180	141	73.3	3.1	3.1	3.3	3.1	2.9	2.5

TABLE B-1.—EMPLOYEES ON NONAGRICULTURAL PATROLS, BY INDUSTRY

[In thousands]

Industry	Change from					Seasonally adjusted			Change from February 1971	
	March 1971 ^p	February 1971 ^p	January 1971	March 1970	February 1971	March 1970	March 1971 ^p	February 1971 ^p		January 1971
Total.....	69,782	69,503	69,622	70,460	279	-678	70,568	70,559	70,652	9
Goods-producing.....	22,046	21,983	22,143	23,565	63	-1,519	22,506	22,524	22,673	-18
Mining.....	606	607	611	610	-1	-4	622	624	625	-2
Contract construction.....	2,932	2,819	2,910	3,161	113	-229	3,229	3,182	3,241	47
Manufacturing.....	18,508	18,557	18,622	19,794	-49	-1,286	18,655	18,718	18,807	-63
Production workers.....	13,357	13,395	13,432	14,385	-38	-1,028	13,490	13,530	13,595	-50
Durable goods.....	10,541	10,606	10,665	11,607	-65	-1,066	10,581	10,654	10,717	-73
Production workers.....	7,538	7,595	7,634	8,379	-57	-841	7,566	7,633	7,679	-67
Ordinance and accessories.....	201.3	205.9	215.0	271.0	-4.6	-69.7	202	205	214	-3
Lumber and wood products.....	567.9	557.4	552.1	578.6	10.5	-10.7	582	575	572	7
Furniture and fixtures.....	447.8	447.9	449.8	468.6	-1	-20.8	451	449	451	2
Stone, clay, and glass products.....	601.6	604.8	605.4	635.1	-3.2	-33.5	616	627	625	-11
Primary metal industries.....	1,242.2	1,251.9	1,247.2	1,338.1	-9.7	-95.9	1,241	1,254	1,255	-13
Fabricated metal products.....	1,303.1	1,329.8	1,334.0	1,416.1	-26.7	-113.0	1,311	1,336	1,337	-25
Machinery, except electrical.....	1,794.5	1,810.1	1,819.5	2,058.3	-15.6	-263.8	1,784	1,803	1,818	-19
Electrical equipment.....	1,770.4	1,787.7	1,799.7	1,983.2	-17.3	-212.8	1,781	1,786	1,794	-5
Transportation equipment.....	1,789.4	1,782.2	1,813.3	1,963.4	7.2	-174.0	1,777	1,772	1,802	5
Instruments and related products.....	425.5	432.5	436.6	471.3	-7.0	-45.8	426	433	437	-7
Miscellaneous manufacturing.....	397.0	396.0	392.6	423.0	1.0	-26.0	410	414	412	4
Nondurable goods.....	7,967	7,951	7,957	8,187	16	-220	8,074	8,064	8,090	10
Production workers.....	5,819	5,800	5,798	6,006	19	-187	5,914	5,897	5,916	17
Food and kindred products.....	1,704.6	1,696.3	1,711.7	1,735.6	8.3	-31.0	1,791	1,784	1,783	7
Tobacco manufactures.....	69.6	73.0	75.4	73.8	-3.4	-4.2	76	76	75	0
Textile mill products.....	940.5	940.9	941.2	977.3	-4	-36.8	943	952	948	-4
Apparel and other textile products.....	1,389.7	1,375.6	1,354.7	1,402.8	14.1	-13.1	1,383	1,370	1,381	13
Paper and allied products.....	6,880	6,930	6,933	714.9	-2.3	-26.9	694	698	698	-2
Printing and publishing.....	1,088.7	1,092.4	1,093.9	1,112.3	-3.7	-23.6	1,090	1,096	1,099	-6
Chemicals and allied products.....	1,032.9	1,929.3	1,030.9	1,064.1	3.6	-31.2	1,035	1,036	1,040	-1
Petroleum and coal products.....	187.0	187.8	188.2	189.7	-8	-2.7	199	192	193	1
Rubber and plastics products, nec.....	553.4	549.4	549.3	585.0	4.0	-31.6	557	550	550	5
Leather and leather products.....	312.9	316.3	317.9	331.6	-3.4	-18.7	314	315	319	5
Service-producing.....	47,736	47,520	47,479	46,895	216	841	48,062	48,035	47,979	27
Transportation and public utilities.....	4,456	4,438	4,427	4,443	18	13	4,515	4,515	4,499	0
Wholesale and retail trade.....	14,814	14,749	14,899	14,700	65	114	15,135	15,133	15,133	2
Wholesale trade.....	3,835	3,823	3,837	3,797	12	38	3,886	3,869	3,868	1
Retail trade.....	10,979	10,926	11,062	10,903	53	76	11,249	11,264	11,265	-15
Finance, insurance, and real estate.....	3,727	3,708	3,701	3,639	19	88	3,753	3,745	3,746	8
Services.....	11,674	11,609	11,554	11,433	65	241	11,780	11,786	11,778	-6
Government.....	13,065	13,016	12,898	12,680	49	385	12,879	12,856	12,823	23
Federal.....	2,646	2,646	2,640	2,758	0	-112	2,654	2,659	2,656	-5
State and local.....	10,419	10,370	10,258	9,922	49	497	10,225	10,197	10,167	28

^p=preliminary.

TABLE B-2.—AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Change from						Seasonally adjusted			Change from February 1971
	March 1971 p	February 1971 p	January 1971	March 1970	February 1971	March 1970	March 1971 p	February 1971 p	January 1971	
Total private.....	36.9	36.6	36.7	37.2	0.3	-0.3	37.1	36.9	37.1	0.2
Mining.....	42.3	41.9	42.4	42.4	.4	-.1	43.1	42.7	42.8	.4
Contract construction.....	37.3	35.5	36.1	37.2	1.8	.1	38.1	36.8	37.1	1.3
Manufacturing.....	39.7	39.4	39.6	40.0	.3	-.3	39.9	39.5	39.8	.4
Overtime hours.....	2.6	2.7	2.7	3.0	-.1	-.4	2.7	2.9	2.8	-.2
Durable goods.....	40.4	39.9	40.1	40.6	-.5	-.2	40.5	40.1	40.4	-.4
Overtime hours.....	2.6	2.7	2.6	3.1	-.1	-.5	2.7	2.9	2.7	-.2
Ordnance and accessories.....	41.8	41.3	41.6	40.8	.5	1.0	42.1	41.8	41.2	.3
Lumber and wood products.....	40.3	39.4	38.9	39.5	.9	.8	40.3	40.1	39.4	.2
Furniture and fixtures.....	39.5	38.7	38.9	39.1	-.8	.4	39.8	39.2	39.5	.6
Stone, clay, and glass products.....	41.2	40.4	40.4	41.3	-.8	-.1	41.7	41.2	41.2	.5
Primary metal industries.....	41.5	40.5	40.4	40.8	1.0	.7	41.4	40.6	40.3	.8
Fabricated metal products.....	40.0	39.8	40.1	40.9	.2	-.9	40.3	40.2	40.5	.1
Machinery, except electrical.....	40.4	40.1	40.2	42.1	.3	-1.7	40.1	40.1	40.2	0
Electrical equipment.....	39.5	39.2	39.6	40.1	.3	-.6	39.6	39.2	39.8	.4
Transportation equipment.....	41.1	40.8	41.2	40.0	.3	1.1	41.6	41.5	41.3	.1
Instruments and related products.....	40.0	39.3	39.5	40.7	.7	-.7	40.0	39.3	39.7	.7
Miscellaneous manufacturing.....	38.6	38.0	38.3	39.0	.6	-.4	38.6	37.8	38.8	.8
Nondurable goods.....	38.8	38.6	38.9	39.2	-.2	-.4	39.0	38.8	39.3	.2
Overtime hours.....	2.6	2.7	2.7	3.0	-.1	-.4	2.8	2.9	2.9	-.1
Food and kindred products.....	39.6	39.9	40.4	40.0	-.3	-.4	40.1	40.6	40.8	.5
Tobacco manufactures.....	36.0	35.7	38.3	36.4	.3	-.4	37.1	36.1	39.4	1.0
Textile mill products.....	40.2	40.1	40.0	40.1	.1	.1	40.3	40.2	40.4	.1
Apparel and other textile products.....	35.3	34.7	34.8	35.8	.6	-.5	35.1	34.7	35.2	.4
Paper and allied products.....	41.5	41.4	41.5	42.0	.1	-.5	41.7	41.8	41.9	.1
Printing and publishing.....	37.4	37.2	37.2	38.0	.2	-.6	37.4	37.4	37.7	0
Chemicals and allied products.....	41.6	41.3	41.3	41.8	.3	-.2	41.6	41.5	41.6	.6
Petroleum and coal products.....	42.9	42.5	42.0	41.8	0	.7	42.9	43.5	42.6	-.6
Rubber and plastics products, nec.....	39.6	39.6	39.9	40.4	0	-.8	39.9	40.0	40.1	-.1
Leather and leather products.....	36.7	36.9	37.1	37.1	-.2	-.4	37.0	36.6	37.0	.4
Transportation and public utilities.....	40.2	40.2	39.9	40.2	0	0	40.6	40.4	40.1	.2
Wholesale and retail trade.....	34.7	34.6	34.7	35.0	.1	-.3	35.0	35.0	35.0	0
Wholesale trade.....	39.5	39.4	39.6	40.0	.1	-.5	39.6	39.6	39.7	0
Retail trade.....	33.2	33.1	33.2	33.4	.1	-.2	33.6	33.5	33.6	.1
Finance, insurance, and real estate.....	36.9	36.8	36.7	37.0	.1	-.1	36.9	36.8	36.7	.1
Services.....	34.4	34.1	34.1	34.7	.3	-.3	34.4	34.2	34.2	.2

¹ Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approxi-

mately four-fifths of the total employment on private nonagricultural payrolls.

p—Preliminary.

TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry.....	Average hourly earnings						Average weekly earnings					
	March 1971 ²	February 1971 ²	January 1971	March 1970	Change from—		March 1971 ²	February 1971 ²	January 1971	March 1970	Change from—	
					February 1971	March 1970					February 1971	March 1970
Total private.....	\$3.36	\$3.35	\$3.34	\$3.17	\$0.01	\$0.19	\$123.98	\$122.61	\$122.58	\$117.92	\$1.37	\$6.06
Mining.....	3.98	4.00	3.98	3.78	— .02	.20	168.35	167.60	168.75	160.27	.75	8.08
Contract construction.....	5.49	5.52	5.50	5.06	— .03	.43	204.78	195.96	198.55	188.23	8.82	16.55
Manufacturing.....	3.52	3.51	3.50	3.31	.01	.21	139.74	138.29	138.60	132.40	1.45	7.34
Durable goods.....	3.74	3.74	3.73	3.51	0	.23	151.10	149.23	149.57	142.51	1.87	8.59
Ordnance and accessories.....	3.75	3.77	3.77	3.57	— .02	.18	156.75	155.70	156.83	145.66	1.05	11.09
Lumber and wood products.....	3.08	3.06	3.01	2.86	.02	.22	124.12	120.56	117.09	112.97	3.56	11.15
Furniture and fixtures.....	2.86	2.84	2.83	2.71	.02	.15	112.97	109.91	110.09	105.96	3.06	7.01
Stone, clay, and glass products.....	3.56	3.55	3.52	3.32	.01	.24	146.67	143.42	142.21	137.12	3.25	9.55
Primary metal industries.....	4.11	4.10	4.08	3.86	.01	.25	170.57	166.05	164.83	157.49	4.52	13.08
Fabricated metal products.....	3.66	3.67	3.67	3.48	— .01	.18	146.40	146.07	147.17	142.33	.33	4.07
Machinery, except electrical.....	3.91	3.90	3.87	3.75	.01	.16	157.96	156.39	155.57	157.88	1.57	.08
Electrical equipment.....	3.46	3.44	3.43	3.24	.02	.22	136.67	134.85	135.83	129.92	1.82	6.75
Transportation equipment.....	4.42	4.45	4.42	4.01	— .03	.41	181.66	181.56	182.10	160.40	1.10	21.26
Instruments and related products.....	3.48	3.46	3.45	3.28	.02	.20	139.20	135.98	136.28	133.50	3.22	5.70
Miscellaneous manufacturing.....	2.92	2.94	2.93	2.80	— .02	.12	112.71	111.72	112.22	109.20	.99	3.51
Nondurable goods.....	3.21	3.20	3.19	3.03	.01	.18	124.55	123.52	124.09	118.78	1.03	5.77
Food and kindred products.....	3.34	3.33	3.32	3.10	.01	.24	132.26	132.87	134.13	124.00	— .61	8.26
Tobacco manufactures.....	3.14	3.02	3.01	2.90	.12	.24	113.04	107.81	115.28	105.56	5.23	7.48
Textile mill products.....	2.55	2.54	2.54	2.42	.01	.13	102.51	101.85	101.60	97.04	.66	5.47
Apparel and other textile products.....	2.48	2.48	2.46	2.37	0	.11	87.54	86.06	85.61	84.85	1.48	2.69
Paper and allied products.....	3.59	3.57	3.56	3.35	.02	.24	148.99	147.80	147.74	140.70	1.19	8.29
Printing and publishing.....	4.10	4.08	4.06	3.84	.02	.26	153.34	151.78	151.03	145.92	1.56	7.42
Chemicals and allied products.....	3.84	3.83	3.82	3.60	.01	.24	159.74	158.18	157.77	150.48	1.56	9.26
Petroleum and coal products.....	4.48	4.48	4.42	4.23	0	.25	190.40	190.40	185.64	176.81	0	13.59
Rubber and plastics products, nec.....	3.29	3.31	3.32	3.15	— .02	.14	130.28	131.08	132.47	127.26	— .80	3.02
Leather and leather products.....	2.60	2.58	2.56	2.47	.02	.13	95.42	95.20	95.23	91.64	.22	3.78
Transportation and public utilities.....	4.02	4.03	3.99	3.75	— .01	.27	161.60	162.01	159.20	150.75	— .41	10.85
Wholesale and retail trade.....	2.83	2.82	2.81	2.68	.01	.15	98.20	97.57	97.51	93.80	.63	4.40
Wholesale trade.....	3.58	3.58	3.57	3.40	0	.18	141.41	141.05	141.37	136.00	.36	5.41
Retail trade.....	2.54	2.53	2.52	2.41	.01	.13	84.33	83.74	83.66	80.49	.59	3.84
Finance, insurance, and real estate.....	3.24	3.23	3.19	3.05	.01	.19	119.56	118.86	117.07	112.85	.70	6.71
Services.....	2.98	2.99	2.98	2.79	— .01	.19	102.51	101.96	101.62	96.81	.55	5.70

¹ See footnote 1, table B-2.

² Preliminary.

Mr. MOORE. If I might interject for a moment, I brought along for the convenience of the committee a set of charts, or a chart book, that shows these current data right up to date. And one reason I would like very much to have you examine it—I am afraid we do not have enough copies for the press—

Chairman PROXMIRE. In any future conference here, of course, you would like the press to be as well informed as we are. So I would appreciate it if you would bring along enough for the press.

Mr. MOORE. Thank you.

I would like to say that this chart book is produced on practically an instant basis by computer. Everything in it is plotted by computer on the day that we get the figures. And we have this immediately available to examine. So it includes the March data.

Chairman PROXMIRE. Mr. Goldstein or Mr. Moore, let me first ask, as I understand it, we had the peak of our unemployment in December of last year, it was first reported at 6 percent, and then was readjusted to 6.2. Now, as I understand it, because of the impact of the General Motors strike, I read one analysis somewhere in which either your Commission or some other expert body said that if we corrected December unemployment for the General Motors strike—took the General Motors strike out of it—your unemployment, instead of being 6.2 in December would have been 5.8. Is that accurate or is it not, and if so, how would you correct for the GM strike?

Mr. GOLDSTEIN. Mr. Chairman, the GM strike ended before the midweek in December, in which we measured that 6.2-percent unemployment. There may have been some residual effects of the strike on unemployment, but I do not think that that accounts for very much of it—well, I don't think you could account for four-tenths of a percentage point on the basis of the—

Chairman PROXMIRE. Would it account for two-tenths? What I am getting at, of course, I would like to see if we can find any trend here, if on the basis of the unemployment in December, January, February, or March we can now look at a situation where unemployment has bottomed out at 6 percent. Is that a reasonable interpretation? We had unemployment at 6.2, but perhaps somewhat higher than it would have been if we did not have the General Motors strike, and we had unemployment the following month at 6 percent. And then we had unemployment going down to 5.8, and now back up to 6.

Mr. MOORE. I think, if I may interject here, if you look at some of the charts in this book that I just distributed, it would show unemployment in different groups. On pages 4, 5, 6, 7, and so on, there are various groups of persons: teenagers, males 20 years of age and over, women 20 years of age and over, married men, full-time and part-time workers, joblosers, jobleavers—looking over that as a whole, I think you can see that in most instances since the turn of the year these figures have either leveled off or turned downward for most of the groups that are shown here.

Chairman PROXMIRE. So your overall impression in your answer is that in your view it appears that there may have been a leveling off at unemployment at a 6-percent rate; is that right or wrong?

Mr. MOORE. That would be approximately right. In many groups, I would add, there has been an actual decline. For the jobloser group, for example—these are the unemployed who have actually lost their

jobs—it shows, as you can see on the chart on page 6, a considerable drop since December.

Chairman PROXMIRE. There is a decline in some and an increase in others. Overall it seems to have been fairly stable for a period of 4 months?

Mr. MOORE. I think the declines as I look at these groups outweigh the increases.

Chairman PROXMIRE. In spite of the fact that the index is very close to—

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. As a matter of fact, we now have the figures on the fourth quarter, of course, of 1970, and the first quarter of 1971. And the average unemployment is 5.9 percent. During the course of the quarter the unemployment rate stayed about the same. So, looking at that one statistic, it does seem that it has reached some kind of stability at a depressingly high level, in my view, but it has reached some kind of stability.

Did total civilian employment increase during the first quarter?

Mr. GOLDSTEIN. Very little, Mr. Chairman.

Chairman PROXMIRE. Barely?

Mr. GOLDSTEIN. Yes.

Chairman PROXMIRE. Did the civilian labor force grow during the first quarter?

Mr. GOLDSTEIN. By about 125,000, which is a small growth in the quarter.

Chairman PROXMIRE. When the labor force declines—as it did from January to March, it grew a little bit from February to March, but it declined from January to March—what does this mean? Obviously the work-age population is continuing to grow, and in addition men are being released from the armed services. That means that some people stop looking for work?

Mr. GOLDSTEIN. It could mean that in part, Mr. Chairman. I would not use the concept of discouragement, the notion of workers failing to look for work because they felt work was not available, which I think is the concept that we have to be concerned about here. I would not try to measure that by the decline in total civilian labor force. There could have been a lot of situations in which people did not look for work for reasons other than that.

Chairman PROXMIRE. But those situations tend to even out when you have hundreds of thousands of people, millions of people involved. And the very fact that you have a situation where, as I said, the work force is growing, should be growing, the population is growing, the people at the working age are growing, and the number of people getting out of the armed services is increasing, and yet the work force declined from January to March—I do not see how we can come to any broad conclusion other than that the people must be discouraged and looking for work. Is there any other factor I am missing here that you would say would be no universal and substantial that it would outweigh that?

Mr. GOLDSTEIN. People make a lot of decisions on labor force participation, on whether they want work, which are related to personal factors, family factors in the case of women, the choice of retirement in the case of older men, going to school in the case of young people.

Chairman PROXMIRE. Wasn't that just as true in December as it was in March?

Mr. GOLDSTEIN. That is true. But the net effect of people's decisions could have different effects in different months, it could go up or down.

Chairman PROXMIRE. But you have adjusted this seasonally?

Mr. GOLDSTEIN. There could be random changes. And I do not mean just sampling changes, although these could be in there too.

Mr. Chairman, we do have a better way of getting at what I think you are interested in, the effect of the economic situation on people's willingness or desire to look for work. We have since 1967 been asking all people who are not working or looking for work—that is, people who are not counted in the labor force currently—a few questions such as, do you want a job now? And we get about 4 or 5 million at any one time who say they do want a job now even though they are not looking. But when we ask a further question, why aren't you looking for work, we find that in many cases even among people who say they want a job now, the reasons are what I would call noneconomic insofar as we can see them, a lot of women have home responsibilities, older workers, retired, and so forth.

Chairman PROXMIRE. It would seem to me, Mr. Goldstein, if you would forgive me, that unless you could quantify that some way and relate it to what has happened in the past, that you always have that situation. And the presumption is that when you are dealing with 70 or 80 million people, that this should not change unless there is some long-term factor that we ought to be able to find out about.

Mr. GOLDSTEIN. Well, one of the things we have learned—I want to give you the nubbin of what I was going to say—which is that we can measure the number of people who say they want a job now, but are not looking for work because they believe no work is available, or because they believe they cannot get a job. And I think this is a much more reasonable measure of this notion of discouragement.

This figure has been running between 600,000 and 800,000 ever since we have measured it. In the first quarter of 1970 it was about 600,000. And in the first quarter of 1971 it was about 800,000. So this suggests that as nearly as we can measure this factor of discouragement, there has been an increase over the year on the order of a couple of hundred thousand.

Chairman PROXMIRE. That is almost a one-third increase.

Mr. GOLDSTEIN. That is right.

Chairman PROXMIRE. What do the payroll data show as compared to the household data on which the unemployment rate is based?

Mr. GOLDSTEIN. The payroll data show a no change on a seasonally adjusted basis over the month, from February to March.

Chairman PROXMIRE. Almost unchanged in March?

Mr. GOLDSTEIN. Overall. I mentioned that there was an increase of about 50,000 in the number of workers on strike. If that increase had not taken place, we would have had a similar increase in the overall figure, because the overall figure was virtually unchanged. But these are small changes in this figure anyway.

Chairman PROXMIRE. What change was this—

Mr. MOORE. Mr. Chairman, could I revert to the matter of the discouraged workers for one moment?

It seems to me that this needs to be taken into account in relation to the change in the total labor force over the year which Mr. Goldstein referred to. And that increase came to, between the first quarter of 1970 and the first quarter of 1971, 1.3 million. That is an increase in the total civilian labor force of 1.3 million. And an increase of 200,000 in the discouraged worker number needs to be compared with that.

Chairman PROXMIRE. Yes. But we have a work force of how much, 75 million, 80 million?

Mr. MOORE. About 80 million.

Chairman PROXMIRE. So that the proportionate increase was much greater in the discouraged worker category than in the size of the work force?

Mr. MOORE. That is correct. But it does not stand up very large in relation to the total increase in the labor force.

Chairman PROXMIRE. In view of the slight drop in the manufacturing employment, but a drop, in view of the fact that the average work week is still very short, it is better, but it is still very short, in view of the duration of unemployment, you say that is slightly improved, but it is still high, so there are unfortunately a large number of people who are unemployed for a long period.

Mr. MOORE. No; the duration of unemployment has not improved, it has increased.

Chairman PROXMIRE. I beg your pardon, that has increased. But nevertheless based on those indicators and others you regard as significant, have labor markets strengthened in your judgment during the first quarter of this year, or have they weakened? In other words, have we made up the ground lost during the auto strike with respect to employment?

Mr. MOORE. Mr. Goldstein.

Mr. GOLDSTEIN. Mr. Chairman, I think that in terms of employment the situation is about the same. There is no change in the number of people working. Perhaps we should have expected some increase as a result of the rebound from the auto strike. But there are other factors in the economy. If you look at the employment data for other industries, those not affected by the auto strikes, particularly in manufacturing, they go down from before the auto strike period.

Chairman PROXMIRE. Let me try an answer and see the extent to which you would agree with it. I would say that our labor markets are not strengthened, they are weakened, and for this reason. The number of employed people is higher in March than it was last August, but the labor force has been growing too, and the March unemployment rate is 6 percent compared to 5.1 percent last August before the strike. So it would seem to me the labor market is not strengthened, it has weakened since the strike took place.

Do you fault me on that?

Mr. MOORE. Well, the one thing I was going to point to is that I think the increase in the workweek is a significant development. And it is in the nature of a strengthening. This is, as you know, one of the leading indicators. The workweek usually increases before the number of people employed begins to rise. And there has been an appreciable rise in the length of the average workweek. Again, if I may refer to some of these charts in the book, you will see plotted for most in-

dustries, particularly in the manufacturing area, the average workweek, and especially in the durable goods manufacturing area the workweek has definitely gone up from where it was last fall.

Chairman PROXMIRE. About back to where it was in August; is it not?

Mr. MOORE. Yes.

Chairman PROXMIRE. And it is still on the basis of historical experience unfortunately short?

Mr. MOORE. You mean—

Chairman PROXMIRE. Compared to what it was during the rest of the season, and so forth?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. When unemployment was as high as it is now?

Mr. MOORE. Yes.

Chairman PROXMIRE. My time is up.

Congressman Conable.

Representative CONABLE. I must be brief because I am late for another appointment.

I would like to know, though, sir, if you can, how you reconcile the reduction in overtime and the increase in the average workweek. I have been led to believe that the increase in the average workweek was significant also, in that you have an increase in productivity for over a period of time before employers start hiring people again. And thus, if people are working a little longer, and if productivity is improving as a result, this is a prelude to some pickup in employment. So how do you reconcile these two apparent inconsistencies in projection of overtime? Is this also an effort at cost control on the part of the employers, and more related to that, then, than the issue of productivity?

Mr. MOORE. I have asked Mr. Goldstein exactly that question, so I hope he is prepared with an answer.

Mr. GOLDSTEIN. Mr. Conable, you sometimes do get different movements from one month to another in the average workweek and in the overtime. You have situations where even in the same industry the number of workers working overtime is reduced, but on the other hand, there are longer hours for other workers in the plant. Very often overtime is worked by a limited number of people in the plant, or a limited number of people in an industry. It may be repair, some machine has gone out and they put the repair crew to work overtime, and they put in a lot of overtime hours and that shows up in the average, whereas the rest of the plant might not be working any longer. If the machinery has to be repaired some of the other people may even work less. So you can have those diverse movements.

Representative CONABLE. Which is the more significant figure? It is hard to tell.

Mr. GOLDSTEIN. It is hard to tell. I would have to look at both.

Mr. MOORE. I would say from some studies of the historical evidence over a good many years that I depend more on the average workweek figure than I do on the overtime hours.

Representative CONABLE. Did you claim any significance to the reduction from 6 percent to 5.8 percent last month when these figures were issued? And if so, do you feel that you would like to review that

in the light of the increase again by two-tenths of a percent to 6 percent this month? Or do you feel that this is all part of a perfectly expectable pattern, assuming that we are in a comparatively stable employment situation, that a variation of as much as 2 percent a month up or down is not necessarily of great significance in comparison to the long-term trends?

Mr. MOORE. Well, I think the variation of two-tenths of a percentage point, not 2 percent—

Representative CONABLE. Two-tenths, I am sorry.

Mr. MOORE (continuing). Can have some significance if these two-tenths occur cumulatively over a period of time. Now, in this case they only occurred in the downward direction for 2 months, and now we have had a reversal for 1 month, so it is hard to attach significance, as I was saying to Mr. Proxmire, to a trend on the basis of figures that have gone down 2 months and up 1 month.

I do think, however, that in relation to the general economic situation, the fact that unemployment has been in the neighborhood of 6 percent for several months now is not inconsistent with the idea that a recovery period in the economy is underway and has been underway for a few months. That has typically, and I think quite uniformly, been the case in the past. The unemployment rate has not normally declined as quickly or as rapidly as other indicators of what is going on in the economy.

Representative CONABLE. Thank you, Mr. Chairman. That is all.

Chairman PROXMIRE. Congressman Moorhead.

Representative MOORHEAD. Thank you, Mr. Chairman.

Mr. Goldstein, you pointed out that in the service industry employment edged up only 25,000. What would the normal rate of increase in employment in the service industry be?

Mr. GOLDSTEIN. Mr. Stambler will try to get a figure on that, Mr. Moorhead.

Services have been providing the greater part of our employment increase for the last 8 or 10 years. And I would think something like 2 million or a million and three-quarters a year, might be what we have had from the service industries in this period, say a million and three-quarters.

Representative MOORHEAD. So something like a hundred thousand per month would be what you would hope to get, and in this period it was only 25,000?

I notice also that you attribute that 25,000 growth almost entirely to State and local governments, so that there has not been an increase in what I will call the private sector of service employment, is that correct?

Mr. GOLDSTEIN. That is right, sir.

Representative MOORHEAD. I wonder, if that is related to the fact earlier stated in the statement, that with the exception of November 1970, manufacturing employment in March was at the lowest point in 5 years, would the service industries tend to follow the decline in manufacturing employment? Is there a relationship between the two?

Mr. GOLDSTEIN. There is a relationship, I think, to more extreme declines, but not, I think, to the kind of decline we got last November. If that were to persist longer, I think you would see the effects of that in the services.

But I think it should be added that in this last few months the growth in services has not been as strong as we normally get. It is not only in this last part.

Mr. MOORE. Mr. Moorhead, may I call your attention to the chart in the little booklet I gave you which shows the trend in the service-producing industries, total and private. And as you can see at a glance at that chart, there is a very steady trend over the last 8 years upward in that figure. And in the last 3 months it has been at a higher level than it was at any time last year, even though there was not much growth or any growth to speak of in this last month.

Representative MOORHEAD. Mr. Commissioner, let me ask you the question—getting back to your statement—that in the manufacturing employment you point particularly to primary and fabricated metals, machinery, stone, clays and glass, as those manufacturing industries where the job cutbacks were primarily located. Is this related to imports, or is it not related to imports?

Mr. GOLDSTEIN. I do not think we have enough evidence, Mr. Moorhead, on the basis of a single month's figure, I do not think we have import data that would enable us to say that. But some of these industries are industries which have had import competition.

May I also correct a statement I made earlier about the average annual increase we have had in service industries. I said something like a million and three-quarters. It is closer to a million and a half.

Representative MOORHEAD. The chart on primary metals shows a decline in the total employment, but an increase in average weekly hours. What is the significance of that?

Mr. GOLDSTEIN. It is hard to say, Mr. Moorhead. As you can see, there are diverse movements between employment and hours in this record in the past. Often, as Mr. Moore has said, an increase in hours is the first step that employers will take when they see their orders are increasing before they hire new workers. And it is possible that that is what we are seeing now. One can speculate; there is a lot of discussion in the papers about inventory buildup in anticipation of a steel strike, and this may be affecting the hours of work in some of the primary metals industries. At the same time the decline in employment could be occurring in different plants.

Mr. MOORE. One thing that employers frequently do, of course, if they feel an increase in demand is temporary, is to meet that by increasing the workweek, but not by hiring more employees. And that may be what is going on in that case.

Representative MOORHEAD. This chart is interesting—and I do not understand the significance—in that the unemployment for those unemployed less than 5 weeks is declining, whereas the unemployment for those unemployed for 15 weeks or more is increasing. Again, one would think that the trend would be similar. Isn't this an unusual phenomenon? And if it is, what is the significance?

Mr. MOORE. I do not think it is such an unusual phenomenon, sir. One thing that you find if you look back over the long historical record is that the so-called short duration unemployment, the less than 5 weeks' group, typically declines before the long duration group declines. In other words, the short duration group tends to be a leading indicator, and the long duration group a lagging indicator. And so this may be an indication of that relationship going on right now.

Representative MOORHEAD. And this is consistent with the addition or the increase in the total average duration of unemployment?

Mr. MOORE. Yes, sir, it would tend to produce that.

Representative MOORHEAD. Thank you, Mr. Chairman.

Chairman PROXMIRE. Commissioner Moore, you told Mr. Conable that this stability of unemployment, even though it is at a high level, could be an indication that we may be on the road to economic recovery. In your view is the administration's estimate of 5 percent unemployment at the end of the year likely in the light of the unemployment development in the first quarter of this year that you now know about?

Mr. MOORE. Well, Mr. Chairman, I would prefer not to get into the forecasting business. I believe the Bureau of Labor Statistics is wise to remain out of that area of shortrun forecasting. And I have tried in official statements to maintain that view.

I would say—as you know, I am a student of business cycles, and have been for many years. I cannot ignore the knowledge that I have of that subject, even though I am Commissioner of Labor Statistics. In studying these past recovery periods they have usually shown a fairly sharp decline in the unemployment rate in the first year or first year and a half of the recovery period. The declines have ranged up to 1 or 2 percentage points, not one-tenth of a percent, but percentage points, in the unemployment rate in these past periods.

Chairman PROXMIRE. Is it possible that the stability between December and March, Mr. Goldstein, of unemployment, at the level of 5.9 or 6 percent, is accountable by the fact that you have had a buildup in steel inventories? I have talked to a number of people who are not nearly as expert as you are who argue that when this buildup is completed that there is likely to be a layoff in the steel industry and in related industries that may be substantial? How significant is this?

Mr. GOLDSTEIN. Mr. Chairman, I really do not have enough—I have not had a chance to study enough the effect of the steel inventory buildup that we have been hearing about on employment in the steel industry and employment generally to be able to answer that question today.

Chairman PROXMIRE. Is there any way we could get that information? Is there anybody available to make this kind of a study or who could give us their kind of expert information, sir?

Mr. GOLDSTEIN. I could try to find out.

Chairman PROXMIRE. Will you do that. We would appreciate that very much.

Mr. MOORE. We would be very happy to do it.

(The following was subsequently supplied for the record:)

RECENT EMPLOYMENT AND PRODUCTION DEVELOPMENTS IN THE STEEL INDUSTRY

In the past 25 years there have been four nationwide strikes in the basic steel industry lasting for a period of more than one month—in 1949, 1952, 1956, and 1959. The likelihood of a major steel strike this year, when present agreements covering approximately 400,000 steelworkers terminate on July 31, has generated considerable interest in whether recent employment and production developments in the industry have reflected the anticipation of a strike.

PRODUCTION

Prior to the General Motors strike, production of steel was averaging slightly over 2.6 million net tons a month for several months. In November and December 1970, when the full impact of the auto strike was felt, steel production fell slightly, to an average of about 2.3 million net tons. Since December, production of steel has risen steadily and during the week ending April 10, 1971 reached 2.9 million net tons, a level far above pre-automobile strike levels and the highest since May 1969. Between December and the week ending April 10, the index of steel production (1967=100) rose from 96.8 to 120.2. Although the data are not seasonally adjusted, this sharp and sustained production increase appears to reflect not only a rebound from the reduced demand during the GM strike, but also an inventory buildup in possible anticipation of a steel strike.

This is borne out by the continued buildup of steel inventories. Inventories in the blast furnaces and steel mill products industries have risen 5 percent between December 1970 and February 1971. Moreover, although new orders in both primary metals and blast furnaces and steel mill products turned up following the GM strike, the February level (the last period for which data are available) was about the same as in December. This too would indicate that the increased production was not a reflection of increased business demand but of an inventory buildup.

There are no hard figures on capacity utilization of plant and equipment for the steel industry, but during the GM strike, informed sources reported to the press that the industry was operating at about 65 percent capacity. In recent conversations the American Iron and Steel Institute and Iron Age International staff, expressed their belief that the industry is now operating near or at full capacity.

EMPLOYMENT AND AVERAGE HOURS

Payroll employment in the primary metals or the blast furnaces and steel products industries do not reflect the production expansion. Prior to the GM strike, employment in blast furnaces totaled about 630,000 (seasonally adjusted). Employment in this industry by March had not yet returned to pre-strike levels, remaining at about 610,000.

Hours of work, however, have risen. Average hours in both primary metals and blast furnaces and steel products industries fell from above 40 hours prior to the strike to below 40 hours during the strike (seasonally adjusted). Since December, the workweek in both industries has risen sharply. In blast furnaces and steel products, the latest figures indicate a rise from 39.0 hours in November to 41.1 hours in February, and in primary metals, from 39.6 to 41.4 over the same time period. In durables as a whole, on the other hand, average hours have remained close to 40 hours between November and February, except for a spurt in January.

Chairman PROXMIRE. I think in industry this is regarded as a very significant factor now. It may be exaggerated.

Do you have any explanation for the decline in the number of men in the labor force in the first quarter? Isn't this very unusual?

Mr. GOLDSTEIN. That decline is, I think, mostly among young men.

Chairman PROXMIRE. Especially with the demobilization of the military, and so forth, you should not have that decline at the time the population is increasing, and so forth?

Mr. GOLDSTEIN. There are a lot of young men who of course go to school, and particularly the veterans may be going to school in larger numbers, and are removing themselves from the labor force. And this could account for some of that.

Chairman PROXMIRE. Some of it, but not all of it?

Mr. GOLDSTEIN. I would not be able to say right now.

Chairman PROXMIRE. How significant is the fact that there was a drain in the first quarter of employment of adult men? Is this a pattern that could indicate economic trouble ahead, or recession?

Mr. GOLDSTEIN. I do not know what it portends for the future.

Some of the industries in which men typically work, manufacturing and construction, have been off some in this period. And that could account for some of the decline in employment of men, as well as this other factor.

Chairman PROXMIRE. In view of the fact that we have a long-range structural readjustment in our economy apparently with automation, and so forth, suggesting that we are going to have at least a shift in employment from manufacturing to services, is there likely to be a problem in the future with more men laid off, fewer jobs for men, unemployment rising perhaps among men?

Mr. GOLDSTEIN. Mr. Chairman, the shift that you refer to is a shift in the percentage composition. The projections that we have been able to make of the long-term trends in the economy of the United States suggest that manufacturing and construction will continue to rise, even though the service industries will rise more, so that on a percentage composition basis there will be less employment in these heavy industries.

Chairman PROXMIRE. Can you explain why unemployment among professional and technical workers is continuing to rise in the first quarter when it is not rising for the occupational groups?

Mr. GOLDSTEIN. I am not sure that I have an explanation of the first-quarter movement. But in general the professional workers have been hit by cutbacks in defense, in space, in Federal—

Chairman PROXMIRE. In the SST?

Mr. GOLDSTEIN. According to the newspapers, that is a recent factor which would not show up in the statistics. Another factor is the squeeze on the colleges—in their financial situation—which has made some of them lay off professional people; and there is a rather large oversupply of young people who are prepared to go into the teaching profession, and who have been unable to get jobs. I think these factors, which go back a year or so, are continuing to make themselves felt in the unemployment rate for professional workers.

Chairman PROXMIRE. To what extent do the returning servicemen account for the increased unemployment in the 16-to-24 age category?

Let me elaborate on that a little bit. To what extent do the returning servicemen plus the lottery system which results in young men knowing that they are not going to be drafted and therefore become perhaps less interested in going to college—they do not need the student deferment—to what extent would that account for the increase in unemployment in the 16-to-24 age group?

Mr. GOLDSTEIN. I think, Mr. Chairman, that the net return of servicemen to civilian life, which amounts to about 400,000 over the past year, does contribute to unemployment among young men, whether or not it is the same individuals—that is, the servicemen who unemployed, or whether they take jobs that somebody else might have had.

I guess I have no comment on the effect of the lottery. We had heard before that a lot of men were not able to get jobs because they were uncertain about their draft status, or employers were uncertain. And if that was a factor, then they should be more employable now than before.

Chairman PROXMIRE. Having put it this way, I do not want to reverse my field, but it occurs to me that this is possible. There is a

movement in the 16-to-24-year group which explains both the increase in the unemployment rate in March and its decrease in February, so that essentially the rate has not been changed since January.

Mr. GOLDSTEIN. Yes, I think that that has a major factor both in the downturn in unemployment in February and the upturn in March.

Chairman PROXMIRE. Then, everything that I have been discussing about people from the Armed Forces and so forth would not seem to be logical if there has not been any real change?

Mr. GOLDSTEIN. I would not try to explain the February-to-March change in terms of the influx of men from the Armed Forces into civilian life, but rather the increase in unemployment among men, particularly young men, over the last year.

Chairman PROXMIRE. If employment or hours in a certain industry, metals, for example, show an increase due to extra production in anticipation of a strike, what happens the last half of the year if we have stockpiled inventories? Does it mean unemployment, a drop in hours? Are there any historical patterns from similar situations?

Mr. GOLDSTEIN. There are certainly historical patterns, Mr. Chairman.

Chairman PROXMIRE. What do they suggest, that we are likely to have this adverse situation at the last half of the year, whether we have a strike or not?

Mr. GOLDSTEIN. Yes, those patterns themselves would have that effect. But you have to try to answer that question in terms of the whole economy.

Chairman PROXMIRE. I asked you earlier about the effect of the inventory buildup. And you told me that you would like to study it further. I just wondered if you could answer it with respect to metals itself; has it been isolated in that area, or whether it is the explanation for the increased employment or the longer hours in the metals industry?

Mr. GOLDSTEIN. There has been a decline in employment, sir.

Mr. MOORE. The increase has been in the workweek, and there has been virtually no change or a slight decline in employment.

Chairman PROXMIRE. I misunderstood. I thought in metals there might have been an increase in the last month or so. Perhaps there would have been a lesser increase or a decrease if it had not been for the buildup in steel inventories.

Who are the people considered reentrants to the labor force?

Mr. GOLDSTEIN. It would be people who were looking for work, which is how we count them as unemployed, and who had worked in the past, as distinct from, say, new entrants, people who had never worked before. And they would be mostly women or young people.

Chairman PROXMIRE. I want to thank you gentlemen very, very much. This is a unique and unusual hearing for this committee, and I imagine for you gentlemen here. You have been most responsive and helpful.

I think it is very unsatisfactory that the press did not have a chance to ask questions directly, but perhaps we can work this out. I hope very much that you will reconsider your decision, because I would think that just dropping that press conference does not mean that the American people would have less information than they

otherwise would have on this economy, and all of us recognize that the more they get from nonpartisan, objective experts the better off we will be.

Mr. MOORE. Mr. Chairman, we appreciate the opportunity to be here. And, as you can see, I am very happy to have an expert in the field such as Mr. Goldstein to back me up. He is a real expert, and I appreciate his knowledge of this subject.

I do think too that the kind of questions that this committee has put before us are a little more penetrating than the ones that we typically get at a press conference. I am very happy to have the opportunity to answer them.

Chairman PROXMIRE. Let me say, the last four or five questions came directly from the press. I am just Charlie McCarthy; they are Edgar Bergen.

The committee will stand adjourned.

(Whereupon, at 12:30 p.m., the committee adjourned, to reconvene subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, MAY 7, 1971

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to call, at 10:05 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire and Sparkman; and Representative Brown.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Richard F. Kaufman and Courtenay M. Slater, economists; Lucy A. Falcone, research economist; and Walter B. Laessig and Leslie J. Barr, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

This is the second consecutive hearing by the Joint Economic Committee on monthly employment-unemployment trends. These hearings are meant to provide the Congress and the public with meaningful analyses of labor market developments by top-level technicians in the field. It was hoped that by this means the committee would fill the void created by the decision of the Secretary of Labor to abolish the press conference. This conference approach was evolved as a means by which technicians informed the public in a general forum about the many specialized aspects of month-to-month movements which must be taken into account before a true evaluation of developments can be established as to basic trends.

This procedure evolved—and has existed for a decade—because there was a widespread public interest in this critical gage of the temperature of economic well-being. This point was highlighted years ago by the Gordon committee, whose chairman is with us today. Last month at our hearing a former distinguished Commissioner of Labor Statistics, serving both Republican and Democratic administrations, made clear he was aware of problems of the political variety, but he also made clear that even though he was a “political” appointee, he felt he could speak at such press conferences as the technician which he was. And he did so.

It was in this spirit that we last month asked the present Commissioner of Labor Statistics to appear. While he is a political appointee, he is also a highly regarded professional economist. It was in this latter capacity as a professional economist that we asked him to discuss March employment developments. We also asked his technicians to be present to answer questions.

I am sorry to say that Commissioner Moore, for some reason or other, assumed we were inviting him as a policymaker, or politician. We are not. At any rate, he may apparently have assumed the role of defender of policymakers. And when the staff invited him for a reappearance this month, he once more made clear his reluctance to appear. The general thrust of his comment was that he could not be assumed to be an objective interpreter and that we were, therefore, taking advantage of his dual capacity. This presumption, I repeat, is completely wrong.

In addition, we have asked the Bureau of Labor Statistics to send any one of their several expert technicians to this hearing. Mr. Moore was unavailable. We feel we should hear—and I believe the Congress has a right to hear—from a competent person who can interpret the unemployment figures in an objective and technically competent way. That is all we ask and we have every right to make a request and have it honored.

Now, think of it. We asked for one, as I understand it, out of seven technicians, one to come before this committee which has the responsibility, as a bipartisan committee of the House and Senate, the responsibility with respect to recommending economic policy to Members of the Congress. And it appears that not one of these technicians is going to appear.

By way of background concerning this meeting, I would like to read the telegram I sent to Secretary Hodgson yesterday. This is what I said:

In view of continued high unemployment, it is imperative that the administration adopt a policy of strong wage-price guidelines so that we may immediately pursue more stimulative fiscal-monetary policies to get unemployment down and get the economy moving ahead to rapid attainment of our growth potential.

One crucial factor in congressional and general public understanding of the economy is a full knowledge of what is happening to employment and unemployment. I believe it essential that the Labor Department technicians be made available to the Joint Economic Committee at its hearing tomorrow on the employment-unemployment situation.

This is what I wired Mr. Hodgson yesterday:

The Labor Department has been aware of the committee's position on this for the past 2 months. And it has also been informed that we believe the Congress should have access to the technicians' briefing just as soon as the information is available to the press.

For the past 2 weeks discussions have proceeded between our staff and that of the Labor Department, but—

This is what I wired Mr. Hodgson—

apparently you are not willing to cooperate.

I have just been informed that even if the April data are available to the press tomorrow morning at 10 a.m., the Labor Department will not provide this technical aid to the committee and the Congress before 1 p.m., the "reason" being that the technicians are needed to answer calls from the press. I heartily agree that the press receive prompt and timely explanations of unemployment developments. I deplore the fact that you are treating Congress as second-class citizens in this important matter. Indeed your reply to our request is insulting to the Congress and to this committee, and I respectfully request that you reverse your decision.

If for any reason the employment-unemployment release is delayed past 10 a.m., we shall be ready to hear from your technicians at that later time.

WILLIAM PROXMIER,
Chairman, Joint Economic Committee.

Mr. Gordon, we are honored to have you present this morning appearing before us. We deeply appreciate your willingness to come.

As you know, your position, the position of your committee, on this matter, has become a matter of controversy and confusion, and we feel that the best man to clear this up is you. We are delighted to have you. Go right ahead in your own way.

**STATEMENT OF R. A. GORDON, PROFESSOR OF ECONOMICS,
UNIVERSITY OF CALIFORNIA, BERKELEY, CALIF.**

Mr. GORDON. Thank you, Senator Proxmire. I will, with your permission, submit my prepared statement for the record. I will read a substantial part of it and try to summarize the rest. I shall skip the introductory paragraphs, sir, and begin with my substantive comments. Before going on, let me emphasize that I speak only for myself. I have not consulted the other former members of the so-called Gordon committee in preparing this statement.

I did, however, send to the other members of the committee a similar statement which I recently presented before the Subcommittee on Foreign Operations and Government Information of the House Committee on Government Operations—a subcommittee of which Congressman Moorhead is chairman—and those members of my committee who have thus far replied concurred strongly with the criticisms which I expressed before Congressman Moorhead's subcommittee. Indeed, virtually every economist with whom I have spoken about this matter has been critical of the administration's action in ending these technical press briefings. But, to repeat, I speak here only for myself.

Before I go on to elaborate on my reasons for believing that the administration's action in this matter was clearly wrong, I want to get the record straight on another but related matter. In his press conference on March 19, 1971, when he announced that the technical press briefings were being terminated, Secretary of Labor Hodgson cited the report of the so-called "Gordon committee," as if there were something in that report to justify the action being taken. I wish to state here for the record, as strongly as I can, that there is nothing, and I repeat nothing, in our report that could conceivably be interpreted as supporting the cessation of these technical press briefings in the form in which they have been conducted. With your permission, I should like to elaborate briefly.

I now quote the official release, issued by the Office of the White House Press Secretary, as to what Secretary Hodgson said on March 19 in falling back on the report of the "Gordon committee" to support the decision to terminate the technical press briefings. And here I reproduce Secretary Hodgson's words as given in the White House press release.

Secretary Hodgson said:

We have been examining how we might further insure the credibility and integrity of our statistical releases. We went back and examined the report of the Gordon committee, that was appointed by President Kennedy in 1962, on this.

One of the things that they recommended there was that sharp lines should be drawn between the release of statistics and their accompanying explanations and analysis. We felt it would be desirable just to draw a sharp line between the release of these statistics with the explanations, the written explanations, that go along with them, and the comments on policy implications on the other.

Secretary Hodgson did not actually quote from our report, but his summary certainly is an inaccurate representation of what we said. Let me quote our actual words (p. 20 from our report, *Measuring Employment and Unemployment*). This is what we said:

The need to publish the information in a nonpolitical context cannot be over-emphasized. By and large, this has been the case—the collection and reporting of the basic data has always been in the hands of technical experts. Nevertheless, a sharper line should be drawn between the release of the data and their accompanying explanation and analysis, on the one hand, and the more general type of policy-oriented comments which is the function of officials responsible for policy making, on the other.

The Secretary, in the second paragraph from his statement, which I have read above, says that we recommended that a sharp line should be drawn between the release of the statistics, on the one hand, and "their accompanying explanations and analysis." As you can see what we actually did was to associate the accompanying explanation and analysis with the release of the data, and to draw a sharp line between the explanation and analysis which go with the release of the data, on one hand, and, on the other, the policy-oriented comment which those responsible for policy might quite properly make. We intended the explanation and analysis to go with the press release, and the technical press conference in the past has helped to provide such explanation and analysis.

What we said on page 213 of our report reinforces this interpretation. We repeated our recommendation that a sharp line be drawn between the release of the statistics and their accompanying explanations and analysis, on the one hand, and comments on the policy implications, on the other. Then the committee added:

The technical explanations and analysis are properly the function of the professional staff of the statistical agencies responsible for collecting and processing the data. The professional staff also has an obligation to offer analytical, interpretive comments that will assist the users of the data to assess the significance of the changes recorded by the figures.

I hope I have made my point. There is nothing in the report of the "Gordon committee" to suggest the desirability of doing away with the technical press briefings. The reverse is the case.

I shall now consider the positive reasons advanced for terminating the press briefings. The Department of Labor press release on March 19 and Secretary Hodgson gave three reasons for eliminating the technical press briefings: (1) Speeding up release of the data, (2) consistency with the practice in releasing other official data (which are not accompanied by press briefings), and (3) "to avoid any awkwardness that can occur and has occasionally occurred to our professional staff from having to respond to inquiries that call for a policy response."

Let us consider these reasons in turn. First, speeding up release of the data. I have done some checking on this, and my original impression is confirmed that abolishing the press briefings will not accelerate the release of the data on employment and unemployment. I have no information about the Consumer Price Index, the press briefings for which were also ended in March. When the Joint Economic Committee held hearings on April 2, the day on which the employment figures were first issued under the new rules, the press release was issued at 10 a.m. The text of the release was not completed, I believe,

until some time during the evening of April 1. Had a press briefing been permitted, it would have taken place on the morning of April 2, just as under the old schedule.

The second reason offered by the Secretary of Labor was uniformity of procedure. The release of other data are not accompanied by press conferences. Why press briefings in this case? I see no virtue in uniformity for its own sake. The first sentence at the beginning of our report reads:

It has been said that the seasonally adjusted unemployment rate is—at least in its political implications—the most important single statistic published by the Federal Government.

There is a good deal of truth in this statement—never more so than when unemployment has reached an unacceptably high level, as in recent months. And here I insert into my statement that I believe that the administration has demonstrated the truth of its statement in its recent behavior. Our committee also warned against exclusive attention being paid to the overall rate. Much is to be learned about the current situation from careful analysis of the data for different parts of the labor force. All this suggests to me that there is a real need for a press briefing at which the technical experts can elaborate on the press release and answer questions that will help the public better to understand the objective facts about the current situation in the various segments of the national labor market.

Now as to the third reason for dropping the press conferences—to “avoid the awkwardness of subjecting the professional staff” of the BLS to questions “with policy implications.” There undoubtedly has been an “awkwardness” involved here, but, so far as I know, it is not one from which the technical staff has asked to be relieved. Assistant Commissioner Harold Goldstein and his colleagues have handled this problem in admirable fashion. When real problems have arisen, as in the last few months, it is not because Mr. Goldstein has ventured to make policy-oriented statements but because some persons in policy positions have tried to interpret the data in a way that ran counter to Mr. Goldstein’s technical analysis of the data. If Mr. Goldstein, in his press conference in February, referred to a decline in the national unemployment rate of 0.2 percentage point as being, on technical grounds, “marginally significant” and Secretary Hodgson considered it to have “great significance,” I can understand why the administration would have preferred that that particular press conference had not taken place. A similar conflict in interpretation occurred also in connection with the press briefings in December and in March. In all three of these cases the technical people in BLS were on solid ground in their interpretation of the figures. And, Mr. Chairman, if I may interpolate, I find in the Washington Post this morning a report on the accelerated rise in the wholesale price index last month and the following statement by the Secretary of the Treasury:

“I don’t think we should pay much attention to it.”

Namely, a five-tenths of a percentage point increase seasonally adjusted in the wholesale price index.

If the figures had been the other way around, as Secretary Hodgson did on an earlier occasion, with a two-tenths of a percentage point of change, decrease, in the unemployment rate, he might have found it highly significant.

All this demonstrates to me the need to continue these press conferences, not to eliminate them.

The administration has stated that the technical staff will be available to answer questions from the press on technical matters. Secretary Hodgson, in a personal letter, has informed me that there will be "a minimum interval of at least 1 hour after BLS figures are released before an administration official makes any comment on their policy implications." In the hour, reporters can seek such clarification and amplifications as they wish, but, to mention only one point, they each lose the opportunity to benefit from the questions asked by others and from the entire discussion at the press conference.

I understand that on the day of the first press release of the labor force data under the new rules, BLS had four staff persons manning telephones to answer questions—only two of whom could have been Mr. Goldstein and Mr. Howard Stambler, who have been in charge of the press briefings in the past and who are undoubtedly the most expert in answering questions and avoiding policy-oriented answers. This procedure seems to me a pretty poor substitute for the press briefing. And I wonder how the administration is going to check on whether any policy-oriented answers are given over the telephone. I sincerely hope no monitoring is being planned.

I cannot help but comment on the timing of this action. The national unemployment rate moved up from 3.5 percent in December 1969, to 6.2 percent in December 1970. It has remained in the neighborhood of 6 percent since December, and the new figure of 6.1 for April is still at that level. During these months of relatively high unemployment, which obviously creates difficult policy problems for the administration, there have been several cases in which statements by those in policy positions conflicted with technical interpretations that came out of the press briefings. It is difficult to believe that the timing of the decision to eliminate the technical press conference was not influenced by these developments. Indeed, at his March 19 press conference, Secretary Hodgson was moved to say: "Probably the timing of this thing does have an unfortunate look to it. * * *" It certainly does to me. I wonder if I am unfair in suggesting that the administration has in effect announced by this action that it wants to be free to minimize bad news and to maximize good news without any interference from its own technical experts who know most about the facts.

Senator Proxmire, I have a short second section of the prepared statement which deals with the current economic situation and my policy suggestions, and I don't know whether you want me to go ahead with that or to talk first about the action with respect to the press briefings.

Chairman PROXMIRE. Why don't you go ahead with it because I think it is most appropriate. I have had a chance to see it and I think it is good to have your views on this.

Mr. GORDON. Well, I will simply summarize that part of the prepared statement in the interest of time.

I share the general view that the administration's figure of \$1,065 billion for GNP for 1971 is too high. It is more likely to be in the neighborhood of \$1,050 billion.

This means that the average unemployment rate will be close to 6 percent for the year 1971 as a whole, unless there are unanticipated changes in the rates of productivity increase, and this forecast implies that the unemployment rate will still be 5½ percent or higher by the end of 1971.

Now, in making this forecast, I am assuming a rate of increase in the GNP price deflator of about 4 percent. And when I wrote my prepared statement, based on first quarter figures, I added that perhaps economists generally have set their forecasts for prices possibly a little too high. The new figure for the wholesale price index is a little bit more evidence that we are far from having finished the problem of inflation.

But, for the rate of price increase to be as low as 3 percent as the administration wishes and hopes implies a slower rate of wage increase and/or a greater increase in labor productivity than I see in the cards.

Now, on the labor market. There regularly tends to be an accelerated increase in the labor force when employment rises as we hope it will during the remaining months of 1971, and the faster the increases in the labor force, the more difficult will it be to bring down the unemployment rate as employment rises.

I should like to emphasize also a set of problems in which I have been much interested over the last decade. There is likely to be, in 1971, very little improvement in the pattern of unemployment rates about which we have been concerned for a long period.

The teenage unemployment rate is currently and has been about three times the national rate, and I predict it will continue to be three times the national rate during the rest of this year. Even more tragically, the unemployment rate for black teenagers is running at 5½ times the national rate, and I see little possibility of any significant improvement in that figure.

There has been some moderate improvement in the relative unemployment rate for black adults. This is not to say that the black rate still isn't very high compared to the rate for comparable whites, for a long time around a 2 to 1 ratio of blacks to whites. The ratio has recently fallen to in the neighborhood of 1.7.

I was sorry to see in the new press release on the unemployment figures that there has been a deterioration in that relationship in the month of April. The black rate moved up from 9.4 to 10 percent, whereas the national rate rose by one-tenth of a percentage point.

I should like also to bring to the attention of the committee an unemployment problem that I predict we will be talking about more and more in the years ahead, and that is the position of young adults aged 20 to 24. The relative unemployment position of this group has been worsening. The teenagers of the 1960's are the young adults of the 1970's, and I foresee that the unemployment rate for adults—male and female—aged 20 to 24 will deteriorate relative to the national unemployment rate in the years ahead.

Now, as to policy: It should be obvious from my concern about the pattern of unemployment rates that I very much favor a considerably enlarged manpower program, as I gather does this committee. I also favor strongly a large-scale program of public service employment beginning now.

On the macro side I would favor a somewhat more expansionary fiscal policy, both on the tax and on the expenditure side, than the present administration seems to be prepared to recommend.

I also favor, and I have favored for a considerable time, the adoption of an incomes policy in the United States, something which again I believe this committee has expressed itself in favor of, at least the majority of this committee, and here I will read the final two paragraphs of my prepared statement.

Finally, I am now and for some time have been in favor of a full-fledged incomes policy for the United States. In this respect, I support the recommendations to this end made in chapter III of the last joint economic report of this committee, although there is one respect in which I think the committee sets an overly optimistic objective.

The committee proposes the twin goals of 3 percent unemployment and a rate of increase in the GNP deflator of no more than 2 percent. I do not believe that in the medium-term future—say, the next 4 years—we can get the unemployment rate down to 3 percent and keep it there with an inflation rate of 2 percent or less.

Granted that an incomes policy and more effective manpower programs will help. But it is important to remember also that there is evidence that the so-called Phillips' curve has shifted to the right—that is, a given unemployment rate generates more inflation today than was the case 15 years ago.

Just to mention one important point, there have been important changes in the composition of the labor force. The same unemployment rates for the different age-sex groups which would have yielded a national unemployment rate of 4 percent in 1956 would result in an overall rate about 0.3 percent higher today.

In my opinion, there have also been some other structural changes increasing the rate of inflation that is likely to be associated with a low rate of unemployment, particularly if that low rate is maintained over some considerable time.

In short, Mr. Chairman, I favor an incomes policy and expanded manpower programs in order to achieve somewhat more modest objectives than those set out in the committee's last joint economic report.

Chairman PROXMIRE. Mr. Gordon, thank you so much for an excellent statement and for a very, very interesting economic analysis. It has been most helpful, coming from a man with your background and experience and reputation.

(The prepared statement of Mr. Gordon follows:)

PREPARED STATEMENT OF R. A. GORDON

I

It is in a two fold role that I appear before you today. As an economist who has devoted a good deal of time to teaching and research in the field of economic stability and growth, I am much concerned about the unemployment and inflation from which this country has recently been suffering and about the policies that have been and might be taken to cope with these problems. Secondly, I am here today because of another role that I briefly played nearly ten years ago. In 1961-1962, I had the honor to serve as chairman of a special committee appointed by President Kennedy to appraise the statistics on employment and unemployment published by the Federal Government. The committee's report, entitled *Measuring Employment and Unemployment*, was completed in September, 1962. I believe it is

fair to say that this report has provided a major guide to the Bureau of Labor Statistics in seeking to improve and enlarge the official statistics on the American labor force, including the major revisions in the household survey that were inaugurated in January, 1967.

The timing of this hearing, I believe, was intended to coincide with the release of the April figures on employment and unemployment, and a similar hearing was held at the time of the release of the March figures. In March, the Secretary of Labor announced that the release of these data would no longer be accompanied by a technical press briefing, which for years had been conducted by the technical staff of the Bureau of Labor Statistics. This decision has aroused much comment and criticism, and I have joined vigorously in this criticism. I shall address myself first to the decision of the Administration to terminate these press briefings.

II

Before going on, however, let me emphasize that I speak only for myself. I have not consulted the other former members of the so-called "Gordon Committee" in preparing this statement. I did, however, send to the other members of the committee a similar statement which I recently presented before the Subcommittee on Foreign Operations and Government Information of the House Committee on Government Operations—a Subcommittee of which Congressman Moorhead is Chairman—and those members of my committee who have thus far replied concurred strongly with the criticisms which I expressed before Congressman Moorhead's Subcommittee. Indeed, virtually every economist with whom I have spoken about this matter has been critical of the Administration's action in ending these technical press briefings. But, to repeat, I speak here only for myself.

Before I go on to elaborate on my reasons for believing that the Administration's action in this matter was clearly wrong, I want to get the record straight on another but related matter. In his press conference on March 19, 1971, when he announced that the technical press briefings were being terminated, Secretary of Labor Hodgson cited the report of the "Gordon Committee," as if there were something in that report to justify the action being taken. I wish to state here for the record, as strongly as I can, that there is *nothing* in our report that could conceivably be interpreted as supporting the cessation of these technical press briefings in the form in which they have been conducted. With your permission, I should like to elaborate briefly.

I now quote the official release, issued by the Office of the White House Press Secretary, as to what Secretary Hodgson said on March 19 in falling back on the report of the "Gordon Committee" to support the decision to terminate the technical press conferences. And here I reproduce Secretary Hodgson's words as given in the White House press release.

Secretary Hodgson said:

"We have been examining how we might further insure the credibility and integrity of our statistical releases. We went back and examined the report of the Gordon Committee, that was appointed by President Kennedy in 1962, on this."

"One of the things that they recommended there was that sharp lines should be drawn between the release of statistics and their accompanying explanations and analysis. We felt it would be desirable just to draw a sharp line between the release of these statistics with the explanations, the written explanations, that go along with them, and the comments on policy implications on the other."

Secretary Hodgson did not actually quote from our report, but his summary certainly is an inaccurate representation of what we said. Let me quote our actual words (page 20 from our report, *Measuring Employment and Unemployment*).

"The need to publish the information in a nonpolitical context cannot be over-emphasized. By and large, this has been the case—the collection and reporting of the basic data has always been in the hands of technical experts. Nevertheless, a sharper line should be drawn between *the release of the data and their accompanying explanation and analysis, on the one hand*, and the more general type of policy-oriented comments which is the function of officials responsible for policy making, on the other."

I have added the italics; it is not in the original report. I do so to emphasize the contrast between what the Secretary said and what our Committee said. The Secretary, in the second paragraph from his statement which I have reproduced above, says that we recommended that a sharp line should be drawn *between* the release of the statistics, on the one hand, and "their accompanying

explanations and analysis." As you can see, what we actually did was to *associate* the "accompanying explanation and analysis" with the release of the data, and to draw a sharp line between the "explanation and analysis" which go with the release of the data, on one hand, and, on the other, the policy-oriented comment which those responsible for policy might quite properly make. We intended the "explanation and analysis" to go with the press release, and the technical press conference in the past has helped to provide such "explanation and analysis."

What we said on page 213 of our report reinforces this interpretation. We repeated our recommendation that a sharp line be drawn between the release of the statistics and their accompanying explanations and analysis, on the one hand, and comments on the policy implications, on the other. Then the committee added:

"The technical explanations and analysis are properly the function of the professional staff of the statistical agencies responsible for collecting and processing the data. *The professional staff also has an obligation to offer analytical, interpretive comments that will assist the users of the data to assess the significance of the changes recorded by the figures.*" (My emphasis.)

I hope I have made my point. There is nothing in the report of the "Gordon Committee" to suggest the desirability of doing away with the technical press briefings. *The reverse is the case.*

I shall now consider the positive reasons advanced for terminating the press briefings. The Department of Labor press release on March 19 and Secretary Hodgson gave three reasons for eliminating the technical press briefings: (1) speeding up release of the data, (2) consistency with the practice in releasing other official data (which are not accompanied by press briefings), and (3) "to avoid any awkwardness that can occur and has occasionally occurred to our professional staff from having to respond to inquiries that call for a policy response."

Let us consider these reasons in turn. First, speeding up release of the data. I have done some checking on this, and my original impression is confirmed that abolishing the press briefings will not accelerate the release of the data on employment and unemployment. (I have no information about the Consumer Price Index, the press briefings for which were also ended in March.) When the Joint Economic Committee held hearings on April 2, the day on which the employment figures were first issued under the new rules, the press release was issued at 10 a.m. The text of the release was not completed, I believe, until some time during the evening of April 1. Had a press briefing been permitted, it would have taken place on the morning of April 2, just as under the old schedule.

The second reason offered by the Secretary of Labor was uniformity of procedure. The release of other data are not accompanied by press conferences. Why press briefings in this case? I see no virtue in uniformity for its own sake. The first sentence at the beginning of our report reads: "It has been said that the seasonally adjusted unemployment rate is—at least in its political implications—the most important single statistic published by the Federal Government." There is a good deal of truth in this statement—never more so than when unemployment has reached an unacceptably high level, as in recent months. Our committee also warned against exclusive attention being paid to the overall rate. Much is to be learned about the current situation from careful analysis of the data for different parts of the labor force. All this suggests to me that there is a real need for a press briefing at which the technical experts can elaborate on the press release and answer questions that will help the public better to understand the objective facts about the current situation in the various segments of the national labor market.

Now as to the third reason for dropping the press conferences—to "avoid the awkwardness of subjecting the professional staff" of the BLS to questions "with policy implications." There undoubtedly has been an "awkwardness" involved here, but, so far as I know, it is not one from which the technical staff has asked to be relieved. Assistant Commissioner Harold Goldstein and his colleagues have handled this problem in admirable fashion. When real problems have arisen, as in the last few months, it is not because Mr. Goldstein has ventured to make policy-oriented statements but because some persons in policy positions have tried to interpret the data in a way that ran counter to Mr. Goldstein's technical analysis of the data. If Mr. Goldstein in his press conference in February referred to a decline in the national unemployment rate of 0.2 percentage point as being, on technical grounds, "marginally significant" and Secretary Hodgson considered it to have "great significance," I can understand why the Administration would have preferred that that particular press conference had not taken place. A similar conflict in interpretation occurred also in connection with the press briefings in

December and in March. In all three of these cases the technical people in BLS were on solid ground in their interpretation of the figures.

All this demonstrates to me the need to continue these press conferences, not to eliminate them.

The Administration has stated that the technical staff will be available to answer questions from the press on technical matters. Secretary Hodgson, in a personal letter, has informed me that there will be "a minimum interval of at least one hour after BLS figures are released before an Administration official makes any comment on their policy implications." In the hour, reporters can seek such clarification and amplifications as they wish, but, to mention only one point, they each lose the opportunity to benefit from the questions asked by others and from the entire discussion at the press conference.

I understand that on the day of the first press release of the labor-force data under the new rules, BLS had four staff persons manning telephones to answer questions—only two of whom could have been Mr. Goldstein and Mr. Howard Stambler, who have been in charge of the press briefings in the past and who are undoubtedly the most expert at answering questions and avoiding policy-oriented answers. This procedure seems to me a pretty poor substitute for the press briefing. And I wonder how the Administration is going to check on whether any policy-oriented answers are given over the telephone. I sincerely hope no monitoring is planned.

I cannot help but comment on the timing of this action. The national unemployment rate moved up from 3.5 per cent in December 1969, to 6.2 per cent in December 1970. It has remained in the neighborhood of 6 per cent since December. During these months of relatively high unemployment, which obviously creates difficult policy problems for the Administration, there have been several cases in which statements by those in policy positions conflicted with technical interpretations that came out of the press briefings. It is difficult to believe that the timing of the decision to eliminate the technical press conference was not influenced by these developments. Indeed, at his March 19 press conference, Secretary Hodgson was moved to say: "Probably the timing of this thing does have an unfortunate look to it. . . ." It certainly does to me. I wonder if I am unfair in suggesting that the Administration has in effect announced by this action that it wants to be free to minimize bad news and to maximize good news without any interference from its own technical experts who know most about the facts.

III

In inviting me to appear before this Committee today, Senator Proxmire asked me also to comment on the current economic situation and on possible policy actions that might move the economy closer to the twin goals of full employment and considerably less inflation than we have had in the last few years.

There is general agreement today that we have passed the low point of the 1970 recession and that we can look forward to a significant expansion in output and employment in 1971. I share the general view that the Administration's figure for the GNP in 1971 of 1,065 billions—there seems to be some uncertainty as to whether this is a forecast or a target—is too high. In the absence of more expansionary measures than the Administration has thus far proposed, I am inclined to share the general view that the GNP in 1971 is more likely to be in the neighborhood of 1,050 billion. This implies an average unemployment rate for 1971 of close to 6 per cent, assuming a rise in the GNP deflator of perhaps 4 per cent and standard forecasts of the increase in labor force and man-hour productivity. The unemployment rate in the fourth quarter of 1971 implied by this forecast would still be more than 5.5 per cent—some forecasts run as high as 6 per cent—which is significantly more than is implied in the Administration's forecast.

There was a gratifying deceleration in the rate of increase in prices in the first quarter of 1971, but I do not believe that we can count on this low a rate of increase in the CPI or the GNP implicit price deflator during the remainder of the year. It is possible, however, that the general expectation of a rise in prices of 4 per cent or so in 1971 is on the high side. For the rate of price increase to fall to and remain below 3 per cent, however, requires a slower rate of wage increase than we had in 1970 and a faster increase in productivity than we have had during most of the last two years.

At the expense of overrunning my allotted time, I should like to comment briefly on a few current and prospective developments in the labor market. It is important to remember that we have had an abnormally small increase in the

labor force during the last year, a result of high and rising unemployment. Expanding employment opportunities during the remainder of 1971 will accelerate the expansion of the labor force and make it that much harder to bring down the official unemployment rate.

I see little to suggest, also, that any significant improvement in the pattern of unemployment rates will occur in 1971. The teenage unemployment rate is still about three times the national rate, just as it was a year ago—and, I am afraid, as it is likely to be a year from now. And the rate for nonwhite teenagers continues at an alarmingly high 5.5 times the national rate. While unemployment rates generally have risen over the last year, among adults the nonwhite rate has risen slightly less than that for whites. Two factors seem to have been responsible for this improvement. First, some progress has resulted from a combination of manpower programs and concerted efforts to reduce discrimination in employment. Second, unemployment has risen relatively fast in those occupations that tend to be dominated by white workers. A reversal of this second factor as employment expands in the months ahead may cause white unemployment to decline relatively faster than that of nonwhites.

I might also mention that we have been observing some deterioration in the relative position of young adults in the 20–24 age group. The rapid growth of the teenage labor force in the 1960's is now beginning to result in an accelerated rise in the number of young adults seeking work, and this problem is likely to grow more serious in the next several years. It is not merely the result of the recent and current reduction in the size of the armed services.

Permit me to conclude with a few observations about appropriate policies. What I have just said about relative unemployment rates should suggest that I am in favor of a much expanded—and more effective—manpower program. I gather that the Joint Economic Committee is of the same opinion. I also strongly support a large-scale program of public-service employment.

I believe also that the Administration needs to adopt somewhat more expansionary fiscal measures than it has thus far proposed—both on the tax and the expenditure side. I do not think that accelerated monetary expansion, beyond what has occurred in recent months, is necessary. I do think that the Fed should continue with its renewed “Operation Twist” to bring down long-term interest rates relative to short-term rates.

Finally, I am now and for some time have been in favor of a full-fledged incomes policy for the United States. In this respect, I support the recommendations to this end made in Chapter III of the last *Joint Economic Report* of this Committee, although there is one respect in which I think the Committee sets an overly optimistic objective. The Committee proposes the twin goals of 3 per cent unemployment and a rate of increase in the GNP deflator of no more than 2 per cent. I do not believe that in the medium-term future—say, the next four years—we can get the unemployment rate down to 3 per cent and keep it there with an inflation rate of 2 per cent or less. Granted that an incomes policy and more effective manpower programs will help. But it is important to remember also that there is evidence that the so-called Phillips curve has shifted to the right—that is, a given unemployment rate generates more inflation today than was the case 15 years ago. Just to mention one important point, there have been important changes in the composition of the labor force. The same unemployment rates for the different age-sex groups which would have yielded a national unemployment rate of 4 per cent in 1956 would result in an overall rate about 0.3 per cent higher today. In my opinion, there have also been some other structural changes increasing the rate of inflation that is likely to be associated with a low rate of unemployment, particularly if that low rate is maintained over some considerable time.

In short, Mr. Chairman, I favor an incomes policy and expanded manpower programs in order to achieve somewhat more modest objectives than those set out in the Committee's last *Joint Economic Report*.

Chairman PROXMIRE. Before we start our questioning, I would like to ask whether or not there is a technician in the room from the Bureau of Labor Statistics who is here in response to my telegram to Secretary of Labor Hodgson.

Apparently not.

This is most unfortunate. I hope it isn't connected with the fact that unemployment is now at 6.1 percent and that for this reason the Labor

Department feels that it is not wise to send an expert to respond to this committee's request to have an expert interpretation of the significance of the statistics.

I would like to ask you, Mr. Gordon, first, as you said, and as we know now, the April unemployment data has just been released. The unemployment rate rose slightly from 6 percent to 6.1. The length of the average workweek in manufacturing fell.

On the other hand, the number of people employed rose for the first time in 3 months. It is a little difficult to tell whether overall the labor market picture is slightly worse, slightly better, or essentially unchanged.

What would be your interpretation?

Mr. GORDON. I would characterize the changes as, and I would quote Mr. Goldstein, "marginally significant." I don't think there has been any essential change between March and April—which is disappointing.

Chairman PROXMIRE. Well, if the unemployment had fallen to 5.9 percent, would you say that that was marginally significant?

Mr. GORDON. Yes. And I would have characterized the unemployment situation as being one in which we had been at approximately a level of 6 percent since last December, a period now of 5 months.

Chairman PROXMIRE. I notice that the news report from the Labor Department calls this not significantly different, and you say it is of marginal significance.

Mr. GORDON. I was simply referring to that now famous remark of Mr. Goldstein's, which has been much publicized. There has been essentially no change in the unemployment picture as reported by these figures in the last month.

Chairman PROXMIRE. So you say roughly it is unchanged?

Mr. GORDON. Right. One cannot, if I may add, place a great deal of significance on any month-to-month change of no more than 0.2 of a percentage point.

Chairman PROXMIRE. Was there anything in the Gordon report which should be interpreted as meaning that a press briefing by the Bureau of Labor Statistics experts on a technical interpretation on the employment-unemployment data is in any way inappropriate or undesirable?

You have already mentioned this in your statement but I wanted to—I just want to emphasize it for the record.

Mr. GORDON. Let me say it again, and I tried to elaborate on this in my report. There is absolutely nothing in the Gordon committee report to justify or warrant the cessation of technical press briefings. Rather, to the contrary.

Chairman PROXMIRE. Was there anything in the Gordon report which should be interpreted as meaning that 1 hour, or any other specific time interval, should elapse between the release of the data and the presentation of technical explanations by the BLS staff?

Mr. GORDON. No, Mr. Chairman.

Chairman PROXMIRE. Are you aware of any recent incident at which any member of the BLS staff overstepped his authority and presented policy oriented comments at any press briefing?

Mr. GORDON. On the contrary. While I did not attend the technical press briefings myself very often—living in California—I have fol-

lowed the newspaper reports, including the several incidents in recent months, and in every case I have only admiration for the way that the technicians have handled the press briefings.

Chairman PROXMIRE. Does the new system of individual briefing by telephone offer insurance against policy oriented comment by BLS technicians?

Mr. GORDON. On the contrary. As I said, if individual reporters are on the telephone with individual technicians in the BLS, there is no control over what the individual technician will say.

Further, if the practice inaugurated with the release of the March data on April 2 is continued, some of the technicians at the other end of the telephone will be other than Mr. Harold Goldstein and Mr. Howard Stambler, the two top technicians who have handled the press briefings in the past, and there is more danger that there may be inadvertent policy interpretations of the figures.

Chairman PROXMIRE. Do you feel that Members of the Congress are equally as entitled as anyone else to have their technical questions about employment and unemployment competently answered in a timely way? Is it not highly desirable that Congress have this technical information? Is it in any way improper for this committee, or any other committee, to request BLS experts to testify on technical matters? Do you feel that when such experts are invited, the Secretary of Labor should allow them to appear?

Mr. GORDON. I am not a technical expert in the field of constitutional law, Mr. Chairman, but it seems to me as a matter of conscience and in light of the need for public understanding that it would be appropriate for the Labor Department technicians to appear before this committee and answer its questions about current developments in the labor market.

Chairman PROXMIRE. Mr. Gordon, Secretary Hodgson recently predicted that unemployment would drop to 5.3 percent in the final quarter of this year.

Of course, that is still very high, and it is higher than the 5 percent which the administration predicted last February.

Even so, many observers think Mr. Hodgson's prediction is far too optimistic. Arthur Okun testified this week that unemployment might still be 6 percent at the end of this year.

You also indicate that unemployment may still be close to 6 percent by yearend.

James Duesenberry testified yesterday that unemployment would probably still be above 5½ percent, as I recall—no, 5 to 5½ percent at the end of 1972. That is the end of next year. That is a year and a half from now.

Can you give us your estimate of when unemployment might start to go down?

Mr. GORDON. It may start to go down next month. I certainly hope it will. But as I suggested in my prepared statement, as employment rises, there will be an accelerated increase in the labor force and it will be difficult to get the overall unemployment rate down.

Chairman PROXMIRE. Doesn't that shorter workweek in manufacturing suggest a difficult problem that we have in getting unemployment down, too?

Mr. GORDON. Well, I don't place—I place a different significance on that drop in hours in manufacturing. I find it disappointing because manufacturing, and particularly the sector in which it occurred—durables manufacturing—is a very sensitive part of the economy, and this is the part that I would hope would be rising now, indicating both a coming substantial expansion in capital investment and indicating that improvements would be taking place in the coming months in other sectors of the economy also.

I would guess that if we bring the unemployment rate down painfully somewhat in 1971, there would be also some slight lengthening in hours—the two usually go together. I wouldn't think that this would significantly affect the overall unemployment rate. The figure that we emphasize so much in our public discussion is one based on a count of bodies and not a count of hours.

Chairman PROXMIRE. Can you give us any estimate—

Mr. GORDON. Other people already employed are working 37, 37½, 38, or 40 hours. It is not in fact a figure which affects the overall unemployment rates. It does affect another figure that the Bureau of Labor Statistics published to which little attention is usually paid namely time lost through involuntary unemployment.

Chairman PROXMIRE. Can you give us your estimate as an economist as to how long it is likely to take us to get unemployment down to a 4-percent level?

Mr. GORDON. Well, may I be cautious Mr. Chairman, and simply say I do not expect it to happen by the end of 1972?

Chairman PROXMIRE. Mr. Gordon every time a new monthly figure for unemployment or for prices or for other indicators comes out, there is a tendency for observers to read a trend into it.

Lately people have even been reading trends into weekly data on retail sales. It seems particularly dangerous if you happen to be using the week before Easter.

Now, sometimes people may be looking for trends for political purposes but quite apart from that, assuming one is genuinely trying to be objective, it is sometimes quite difficult to interpret monthly data.

Can you offer us any guidelines on how to identify trends in economic data? How can we tell whether the rate of inflation is diminishing? Do we look at monthly data, quarterly data, annual data, seasonally adjusted or unadjusted, wholesale prices or consumer prices, or is it better to ignore the price indexes and look primarily at underlying factors such as wage settlements, supply conditions, and so forth?

Are there any rules of thumb?

Mr. GORDON. I know of none, I am sorry to say. You look at the whole picture. You certainly—if you are concerned about inflation—look at the available price indices. You compare the CPI with the GNP deflator. You examine the wholesale price statistics month by month and accumulate the changes since the last turning point.

You make the kind of distinction which the BLS is careful to make between farm and nonfarm prices. Then as I tried to do in my prepared statement, in evaluating the possible behavior of prices in the months ahead, I paid attention not only to the deceleration in price increases in the first quarter of the year but to my estimate of future trends in

labor productivity and in wages. Thus I came to the conclusion, and I hope I am wrong, that the slowing down in the rate of price increase in the first quarter won't last.

Chairman PROXMIER. Before I yield to Congressman Brown, I would like to point out that I failed, when I introduced you, to give you your due. You are recognized as one of the top economists in the country, without any question. As I understand, you received your doctorate from Harvard in 1934. You were chairman of the Department of Economics at the University of California, Berkeley, from 1959 to 1963. You were a Guggenheim fellow from 1956 to 1958, director of the Ford Foundation study on business education, and on the board of directors of the National Bureau of Economic Research. From 1961 to 1962 you were Chairman of the President's Commission on Employment and Unemployment Statistics.

You have also served on the National Task Force on Economic Education and as an adviser to the Committee for Economic Development.

I understand you are now professor of economics at the University of California at Berkeley, and I know of nobody in the country who is better qualified to speak on the statistics and their significance than are you, Mr. Gordon.

Congressman Brown.

Representative BROWN. Mr. Gordon, I am also pleased to see you here this morning. I am sorry that we don't have the whole cast here today, both on this side of the committee table and at the witness stand.

We have a tradition for this kind of difference of opinion as to when we shall meet. There are people who want to—whom the Congress would like to discuss things with and sometimes even on where we shall meet. There is a classic experience where we had to meet I guess in the middle of the Capitol Dome, the Rotunda, and maybe I should suggest with some good humor that we could have this meeting at Sixth and Constitution Avenue this morning and that would be halfway in between, and perhaps at 11:30 which was I guess the difference in the 2 or 3 hours between the time which the Senate asked for the meeting and those from the Labor Department seemed to be willing to come.

In any event, we have each other and so perhaps we can pursue the thing on that basis.

How significant, Mr. Gordon, is a 10th of a percentage point for 1 month?

Mr. GORDON. As I said, I place no significance, attach no significance to it at all. As far as I am concerned, the unemployment rate has been "about 6 percent" since last December.

Representative BROWN. So I suppose if it were 5.9 and you were in the administration, it would be wonderful, a good sign, and if it were 6.1 and you were in the opposition, it would be sort of a bad sign, but in fact economically it isn't all that significant.

Mr. GORDON. Statistically it is not all that significant. Economically one can't say because it has no statistical significance. I can't speak for the administration. If the figure had been 5.9 compared to 6 percent last month, perhaps the Secretary of Labor would have felt moved to make some comment about the figure.

Since it is 6.1, the same 10th of a point difference, but in an upward direction, I suspect the Secretary would not have much to say.

Representative BROWN. And the Congress is the——

Mr. GORDON. And with the opposition it would have been the opposite; yes.

Representative BROWN. Yes. Thank you.

With reference to the productivity now in our society, can you give me some idea—and pick any period that you like—if we had retained the same rate of productivity that we had, say, 18 months ago, 2 years ago, what the current employment rate——

Mr. GORDON. Better go back a little earlier.

Representative BROWN. Well, you pick the time? I will let you do that, sir. Could you give me some idea what our employment rate would be on the basis of productivity difference?

Mr. GORDON. If we had the same——

Representative BROWN. Pick 2 years ago, if you will.

Mr. GORDON. If we had the same level of aggregate demand as we now have, and the rate of productivity increase over the last 2 years, 1969 and 1970, had been on its past long-run trend, the rate of unemployment today would be significantly higher than it now is.

I would have to go home and run through the numbers.

Representative BROWN. Let's look at the change, the significant change, in productivity that has occurred just in the last few months and go back to the period of time prior to that when we had no productivity change, as a matter of fact, very low rate——

Mr. GORDON. I can't——

Representative BROWN. We have had, have we not, a productivity increase in the last 3 months?

Mr. GORDON. Yes. No. Not in the last 3 months. I am sorry. You are now talking about the first quarter of 1971. Yes. The figures for the last five quarters run approximately as follows: No increase in productivity in the last quarter of 1970, substantial increases in productivity in the second and third quarters, leading to high hopes for a continued accelerated rate of increase in productivity, and as an offset against wage increases, a drop in productivity again in the fourth quarter associated with the General Motors strike, and then an increase in productivity again in the first quarter.

I cannot cite the precise figure to the decimal point.

It has been always—I think I am safe in saying—it has been always true that the largest increases in productivity have occurred in the early stages of a cyclical recovery and we are hoping for the same thing to happen in 1971.

Representative BROWN. Now, the question was if one relates the productivity changes to the unemployment figures, in other words, if we had the same low level of productivity that we had in 1968 and 1969, let us say, currently, where would our employment figures be?

Mr. GORDON. Well, you said low level of productivity.

Representative BROWN. Relatively low.

Mr. GORDON. Let us distinguish between levels of productivity and rates of increase in productivity.

Representative BROWN. Yes; the increase.

Mr. GORDON. The level of productivity is now, I presume, higher than it was in the first or second half of 1969, but if, as I said, the rate of productivity——

Representative BROWN. As I understand, so we can maybe get on the same wavelength here, productivity increase in 1970 was averaged out at 3.3 percent.

Is that—

Mr. GORDON. I would be surprised if it were as high as that.

Representative BROWN. Is that a correct figure?

Mr. GORDON. No. I think that is too high. The productivity increase in 1970 was entirely concentrated in the second and the third quarters of the year and that would have meant, to average out at more than 3 percent, that it averaged at an annual rate better than 6 percent in the second and third quarters, and I can't believe it was that high.

Representative BROWN. Well, since we can't agree on the base, then we can't agree, I suppose, on any assumption about where the figure on unemployment would be. Can you give me some idea of the direction we might have—

Mr. GORDON. As I said, if the rate of productivity increase had maintained its long-run trend through 1969 and 1970, and we had no higher level of aggregate demand than we have today, the unemployment rate would be significantly higher than 6 percent.

Representative BROWN. Well, you answered the question what might happen, but you haven't particularly answered the question I asked. Apparently we can't get together on—

Mr. GORDON. You asked me—I am sorry. I didn't understand the question, I guess.

Representative BROWN. Apparently not.

Can you give me some intimation of what goes into the unemployment figure? Are there, for instance, in that figure included women seeking temporary employment, young people looking for part-time work? How is that reflected in the unemployment statistics?

Mr. GORDON. The unemployment figures that were released this morning are based on household survey of 52,000 families from a scientifically selected sample covering all persons age 16 or over in each of the 52,000-odd households. And the same questions were asked each person age 16 and over, male and female.

Was that person working last week? If not, was that person seeking employment? And if so, what was that person doing to seek employment?

The last question, a check on what the person was doing to seek employment, is in response to a recommendation of the so-called Gordon committee.

Before our report, indeed before the 1967 revision, if the lady of the house who usually answered the door when the census interviewer came around replied that the husband, the daughter, or a son age 16 or over was looking for work last week, that person was recorded as unemployed without any check on what the person had done to look for a job. That is no longer the case.

I think you are quite right—

Representative BROWN. I am making no exceptions, sir. I just asked the question.

Mr. GORDON. You asked, did it include teenagers, married women, and so forth. Yes. It includes everyone in the family covered, male and female, age 16 and over, whether in school or not. Say the teenager

is in school, is doing nothing to look for a job, then he is simply out of the labor force, not in the figures.

If he is reported as having looked for work, such as answering job ads, or checking at the employment office, or whatever, he may be in school and looking only for a part-time job, but he is one of the bodies in the total of unemployment, and the same for the married woman who has looked for a job. It happens to be true for both groups, married women and teenagers, that they move in and out of the labor force without the intermediate status of being unemployed much more than is true for prime age adults, particularly age 25 and over, even 20 and over.

By that I mean this, that a married woman may not report herself as looking for a job. If she is not working but has an interest in working and she hears of a job and it is readily available, she will take it; and then if she is later let off, she will retire from the labor force and not report herself as unemployed until another job becomes available.

That is not true of all married women nor of all teenagers, but it is more characteristic of them than it is of adult men. That is why I made the comment that, as in previous cyclical expansions, as hope for recovery takes place in 1971 we will not only see those presently recorded as unemployed going back to work but will see substantial additions to the labor force from these sources that I just described, so that employment will go up more than unemployment goes down.

Representative BROWN. Now, if we can—my time is up but I would like to continue and conclude on that thought, if I might, with a question.

What happens on a unit basis, the family basis, with reference to people seeking employment when either the husband is laid off from a regular job or his hours decrease or his paycheck may decrease because he is no longer getting overtime?

Do we have, during such a period, a rather sharp increase in the number of women seeking work on a part-time basis or the number of youngsters who might be looking for part-time work in order to supplement the family income?

In other words, is there an increase in the number of people who would seek employment through the agencies that tick off the statistical increase in unemployment figures? Is there a multiplier effect, is the question?

Mr. GORDON. I understand. There has been a great deal of research done on precisely this question. There are two conflicting tendencies at work with respect to what is called the secondary labor force, the married women, the young people in school, and so on.

In some cases, and this happens particularly in poor families, very poor families, when the husband is laid off the wife has to go to work, and in the—

Representative BROWN. So that they are both seeking employment, is that correct?

Mr. GORDON. Yes.

Representative BROWN. In other words, he is unemployed and she, then, if she wants to find a job, becomes—

Mr. GORDON. Frequently she finds a job and this happens particularly with poor black families where the husband is likely to be among the first laid off and the wife can always find a job as a domestic

servant, so she moves from outside the labor force into the category of employed.

She may also be for some period unemployed while she is looking for a job. But there is a contrary trend, that married women will look for jobs when jobs are available. So you have two conflicting tendencies.

They stop looking for jobs when unemployment rises and jobs are less generally available. The evidence is overwhelming, let me repeat, overwhelming, that the second tendency strongly outweighs the first, so that, if you take the figure called the labor force participation rate—the percentage of all women, let us say, aged 16 and over, aged 20 and over, aged 25 and over, you name it, the percentage of the population of that age-sex group who try to be in the labor force—falls when unemployment rises, and rises when unemployment falls.

Representative BROWN. This also is true of teenagers and other members of the family?

Mr. GORDON. Yes; the discouraged worker effect is more important than the contrary effect of the need to support a family.

Representative BROWN. So you are telling me that when there is an increase in unemployment, the number of people seeking employment actually drops percentage-wise?

Mr. GORDON. Right; and this is—you can see it in last year's figures on the labor force. The rate of increase in the labor force was below the trend that one might have expected from the demographic factors, the increase in the various age-sex groups, and the long-run trend in the labor force participation of men and women.

Representative BROWN. So that 6 percent is a percentage of a smaller figure. Is that what you are saying?

Mr. GORDON. Yes; the 6-percent figure is 6 percent of a smaller figure than we would have had had unemployment been 4 percent.

Representative BROWN. Thank you.

Chairman PROXMIRE. Senator Sparkman.

Senator SPARKMAN. Thank you, Mr. Chairman.

Mr. Gordon, I have enjoyed your testimony throughout. I think you have given us a very fine statement and I think you have given us some revealing thoughts.

I do not care to go into it in greater detail but I want to say just this: I have listened to hearings, facts, figures, that have been presented to us since January, dealing with the economic situation, and I remember Mr. McCracken, the chairman of the President's economic advisers, testifying before us, laying before us what was called the full-employment budget plan.

My recollection is that he said that that was estimated to bring the unemployment down to 5 percent by the end of 1971.

Then I asked him this question, if he would call 5 percent unemployment a full employment.

How would you answer that question?

Mr. GORDON. I was guilty of writing a book with the title of "The Goal of Full Employment," so you are prodding me where I am strongly tempted to a longer answer than you wish.

Five percent is completely unacceptable; a completely unacceptable goal for full employment, to me, personally, for the United States. I will be brief.

Senator SPARKMAN. Well, it did disturb me to feel that we were purposely planning a \$30-billion deficit over the next 2 fiscal years

in order to obtain full employment and yet, as was—and I certainly thought all three of the goals they were aiming at were good, that is, to step up the production, cut down unemployment, and beat down inflation.

But the thing that did disturb me was the ability to do that with the plan that they were putting into effect.

Then on top of that, at a time when we are talking about cutting down unemployment, and I suppose that is just the same way as saying increasing employment, the President has impounded over \$12 billion of money made available by Congress, and by the way, I, for one, have not questioned the constitutionality of his doing that, certainly in case of emergency, but I have felt that it ought to be used only in the case of emergency and that those funds ought to be released as soon as possible after that emergency, released selectively so that those activities that are tied up, those funds provided for, which create jobs, may get moving again.

Now, I have been particularly concerned about funds impounded covering certain housing, home construction programs, that we have passed.

In the last Congress, the last session of Congress, we appropriated I believe it was \$3.4 billion, if I remember correctly, for all of those housing and urban programs, and the President impounded \$1.3 billion, I think it was, an unusually heavy percentage, in a field that—in an activity that produces jobs, perhaps more generally, all over the country and in different lines of activity than almost any other program that we have.

Public works were held up. I remember Senator Aiken called attention one day in the Foreign Relations Committee to the fact that the establishment of water and sewer systems has been held up.

The building of rural electric lines has been held up.

So many things that produce jobs—I just cannot reconcile a program of holding up all of those funds, and I am not saying that all of them should be released at once, but certainly those that would help achieve the objective of cutting down unemployment, it seems to me, ought to be released. Otherwise, it seems to me they are running counter—the two programs are running counter to each other.

You may comment on that if you wish. I don't particularly ask you to, but it would be good to know what your thinking is.

Mr. GORDON. Well, I already expressed my view that we need a more expansive fiscal policy in 1971 than the administration is apparently thus far planning, and obviously a release of funds already authorized by the Congress with the necessary appropriations which are currently being encountered would increase Government expenditures, and to that extent be expansive.

I cannot, from my personal knowledge, speak about the merits on other grounds of particular parts of those total expenditures that are currently being held up.

If I may, I would like to elaborate, however, on one point when I was asked about what is an appropriate goal of full employment.

I should like to emphasize that I place no confidence in any single figure as a goal of full employment, whether it is 5 percent, or 4 percent, or 3 percent. And I urgently call to the committee's attention something that I said in my prepared statement, and that is that the black

rate has painfully come down from twice the national rate to about 1.7 times the national rate. It went up this month.

My guess is that it will deteriorate somewhat in the rest of 1971. The teenage rate is three times the national rate, in the neighborhood of 18 percent when the national rate is 6 percent, and the black teenage rate is approximately five and a half times the national rate. Thirty percent black teenage unemployment rate, gentlemen, is not the way to have cool summers.

Senator SPARKMAN. Thank you, Mr. Gordon.

Thank you, Mr. Chairman.

Chairman PROXMIRE. Mr. Gordon, when my time elapsed and I was inquiring the last time, you were talking about the significance of monthly, quarterly, annual data, and so forth.

Would you have any comment on the dangers of reading too much into monthly data?

Does it damage the credibility of public officials when they keep predicting improvement and the improvement does not materialize?

Mr. GORDON. I can only say that I urge responsibility on persons in policy positions as well as in the technicians in interpreting weekly or monthly data.

It obviously is dangerous to blow up a single month's figures, but on the other hand, if a month's change, let us say, in the cyclical indicators, which have been again much in the public eye lately, not only increased last month but this increase came on top of 5 months' or so increases during the preceding months, it takes on added significance.

But if, as in the case of the unemployment rates, the figure reaches a peak of 6.2 in December and then fluctuates down to 6, down to 5.8, back up to 6, up to 6.1, it seems clear to me that nothing can be made out of any single one of these month changes.

The cumulative evidence for the last 5 months on unemployment is that it has remained at about the 6-percent level.

Chairman PROXMIRE. I take it from that response that you feel that the indicators are much more significant. After all, I think our experience is that unemployment does increase during a period of recovery, increase for the first part of the period of recovery, or remain at a high level.

But the indicators perhaps still have validity. You say they have improved for the last 5 months. They continue to improve. That would suggest that the economy is recovering. Is that right?

Mr. GORDON. Just as I would put no great confidence in the change in 1 month in any measure, no matter how comprehensive, such as the unemployment rate or the GNP itself, so I would place very limited confidence in the behavior of any single indicator, even if it had been going up for the last 4 or 5 months.

Chairman PROXMIRE. You said the leading indicators, and I think that is correct, as I understand it.

Mr. GORDON. That happens to comprise a half-dozen statistical series which the National Bureau of Economic Research has discovered in looking back over the records for many decades, as far back as the figures go, typically lead in cyclical terms, in recoveries, and in downturns.

I certainly pay attention to those. Those figures, incidentally, are largely the result of the original research done by Mr. Geoffrey Moore, the Commissioner of Labor Statistics, but again I would want to look

at many other indicators; what is happening to industrial production; what is happening with profits; what is happening to unit labor costs, and across the board.

There is, as far as I know, no single path to heaven, and there is no single road to perfect forecasting.

Chairman PROXMIRE. I certainly can do nothing but agree but the point I am trying to make is that on the assumption that these leading indicators are correct, the indications that we may draw from them are correct, that is we are moving into a period of economic expansion, you still conclude that we are likely to have unemployment during the rest of this year at a level of $5\frac{1}{2}$ to 6 percent.

Mr. GORDON. Right.

Chairman PROXMIRE. Of course, this, by itself, is a terrible economic failure, in my view.

Let me ask you, what level of unemployment would be consistent with 3 percent inflation under present structural circumstances, given the problems we have with teenagers and minority groups, and so forth?

Mr. GORDON. This is a long story, Mr. Chairman. And economists, econometricians and others, are still coping with it. There is a debate going on, as you know, between those economists led particularly by Milton Friedman of the University of Chicago, who are characterized as the accelerationists, and shall I say the rest of the profession who think of themselves as being nonaccelerationists.

The accelerationists' argument is that if you keep unemployment low, as it was between 1966 and 1969, as low as that, you have brought unemployment below what might be called the natural level of unemployment as determined by real wages and that this will be offset increasingly by accelerating price increases, and this position implies that the so-called Phillips' curve is vertical, that you can't change—there isn't any tradeoff between unemployment and inflation, and if they are right, the rest of us are knocking our heads against a stone wall in trying to find some kind of optimal tradeoff and to improve it.

I do not want to exclude it. I think there is a tradeoff between unemployment and inflation. But I am pessimistic, as I said in my prepared statement, as to what has been happening to that tradeoff.

And again I would like to emphasize that the age-sex composition of the labor force has been changing over the last 15 years for demographic reasons that makes it more difficult to achieve an acceptable rate of inflation with an unemployment rate, say, of 4 percent.

For example, if you went back to 1956 when the unemployment rate was just a trifle over 4 percent, and took the unemployment rates in 1956 for each age-sex group from 16 up separately, then came up to 1971 and weighted those 1956 age-sex unemployment rates by the number of people in those age-sex groups, you wouldn't come out with 4 percent unemployment. You would come out with unemployment about 0.3 of a percentage point higher because the relative number of people with high unemployment rates has increased—the young people, the women, who typically have higher unemployment rates.

That is another reason for my urging that we not concentrate so exclusively on just the overall unemployment rate but look at the pattern of unemployment rates also.

I think it is more difficult—I think there are other reasons why it is more difficult to get, say, 3 percent inflation with 4 percent unemployment than it was 10 or 15 years ago.

I think that both because of the long period of rapid rise in prices which is a bit of the accelerationists' argument, trade unions are more belligerent and in a stronger position today than they were 5 years ago.

There has been a radical change in the situation since the early 1960's, when, even taking account of the relatively high unemployment, wages rose less than we predicted from past relationships to a situation today where wages are rising faster than we would have predicted from past experience with unemployment and other real factors.

And then let me cite also the European experience. Long periods of low unemployment do create a stronger pressure for accelerated wage increases which the Europeans have stopped from time to time by putting the squeeze on just as we put the squeeze on in 1969.

Only in our case, unfortunately, while it has had the expected effect on unemployment, it has not had the expected effect on price increases, at least not until the last few months.

Chairman PROXMIRE. Has there been any change in the definitions or the categories of labor force data which have tended to reduce the measured unemployment rates?

It is my understanding, at least it is the contention on the part of some people, that what is now—what would now be considered 3-percent unemployment would have been 2½-percent unemployment.

Mr. GORDON. That difference is much too great. The answer is to be found in the February 1967 issue of the Bureau of Labor Statistics monthly publication, "Employment and Earnings," where there is a long article describing the change in the labor force data that was made beginning with January 1967.

I computed the difference that the change in definitions made in 1967 and the change was a little less than 0.2 of a percentage point.

Chairman PROXMIRE. On which side?

Mr. GORDON. I am sorry; I realized on the plane coming east I probably would get asked that question but I forgot to look it up and I can't remember it. I think it was probably a downward adjustment—in part because one thing that was done, for example, was to exclude 14- and 15-year-olds where unemployment rates would be high. Also the more stringent definition of what constitutes being unemployed, giving evidence that something actually was done to look for work, would tend to reduce the figure.

Chairman PROXMIRE. Mr. Gordon, I don't know if you were surprised—many of us were and certainly many economists—about the fact that both unemployment and inflation went so high and continued so long, it seemed to challenge the notion of many people that this just couldn't occur.

I can recall so well when we had the administration testifying before this committee early in 1969 and their notion was at that time they were going to try to hold unemployment at a level between 3½ and 4 percent and hope with that kind of a situation that prices would begin to moderate.

Well, we know we have been terribly disappointed on both scores. Has there been any basic reason other than the one that you have

suggested which I think is very interesting and has not been advanced with sufficient force before, that is, that there has been a demographic change and a sex-age change that accounts for 0.3 of a percent increase perhaps but there seems to be something more fundamental here at work perhaps because we have had a disappointingly long period of continuing inflation, high unemployment, and now these latest wholesale price figures again are very disappointing to me, and I don't know how you can avoid placing some significance on them. They are one-half of 1 percent for 1 month, a 6-percent annual rate, and wholesale prices by and large have been quite stable.

Mr. GORDON. Well, I suggested a few other reasons why experience in 1970-71 has been so surprising. I might call the attention of the committee to the fact, which I don't think is sufficiently emphasized, that the period from December 1965 through December 1969, a period of 4 years and 1 month, was the longest period in peacetime in which the unemployment rate has remained at 4 percent or less in American history, at least as far as the reported statistics go.

We had one longer period of 4 percent or lower unemployment and that was during World War II and the immediate postwar boom. World War II prices were controlled by price controls.

In 1946-47 the lid was taken off and prices went through the roof. But this is the longest period in peacetime without wartime controls that we have kept the unemployment rate this low, and the inflationary pressures have built up in a way that experience did not lead us to expect.

Chairman PROXMIRE. Then would you say that this is a response to the fact that we have had an extended period of economic expansion?

Mr. GORDON. And inflationary pressures. And as I said, we have the European experience, where they have done a much better job of holding unemployment very low, but the inflationary pressures have built up and they then have had to take restrictive action.

They have been able to take restrictive action thus far without shooting the unemployment rates up in the way that seems to have occurred in the United States.

Chairman PROXMIRE. We can't seem to do the job they do of holding unemployment down.

Mr. GORDON. Well, it is important to remember also, as we brought out in the Gordon Committee Report for the first time, that you can't compare the published European figures with ours because they are prepared in a completely different way.

For example, you have to take the official British figures and add about 50 percent to them to make them comparable with those of the United States.

Chairman PROXMIRE. When you do that, don't they still have lower unemployment than we have?

Mr. GORDON. Today the British figure would be by American definitions—it is difficult to talk about the British figures. They don't publish them in percentage form. They publish them in absolute numbers and you have to carry around in the back of your head what the British labor force is, and do the division yourself.

But it is my impression that by American definitions today in the United Kingdom the unemployment rate would be about 5 percent or a little more, which is higher than it has been in the entire postwar period in Britain.

Chairman PROXMIRE. And it is lower still than in this country. This is the example you cite—Germany, France, and Italy.

Mr. GORDON. A little bit lower.

Chairman PROXMIRE. In Japan they also have lower unemployment.

Mr. GORDON. By American definitions, it is considerably lower than ours but they have a much easier job than we do.

Chairman PROXMIRE. But under any statistical allowance for their difference, you would still have to conclude, would you not, that their unemployment is substantially lower than ours?

Mr. GORDON. Yes, but let me repeat, the differences are not only statistical or definitional, but there are differences which have to be explained in the character of the economies and the labor markets of these countries. No country in Europe, not even the United Kingdom, with its new problems about black West Indians, has as heterogeneous a labor force as does the United States. They don't have 11 percent of the labor force subject to an unemployment rate nearly twice that of the rest of the country as we do.

Second, the mere geographical expanse of this country means that frictional unemployment will be higher.

Thirdly, the population of the United States is much more mobile than that of the European countries and, therefore, you would expect frictional unemployment to be higher.

And, finally, we have no way in this country of moving youth smoothly and quickly into regular employment in the way that is true in most European countries. We do not have the developed apprenticeship programs on such a large scale as exist in European countries, and we don't have the tradition that when a young boy or girl finishes secondary school in Europe at ages from 14 to 16, they move immediately into a job. They move around, take their time.

One of the most dramatic facts of the behavior of the American labor force and the statistics which I like to cite to my students is the difference between the figures for, say, the male age group 20 to 24, unmarried and married. When the young man marries, the unemployment rate for his group drops dramatically. He has got a family to take care of now and he stops moving around.

Now, I don't think, although I may be wrong, that most Americans want to interfere with most of that mobility. If young men want to work around, be restless, try out another town, see what it means living away from their parents; and particularly for those who don't go on to college and get some sort of professional training, not knowing what they want to do, there is going to be a lot of shifting around and that is one of the reasons for our high teenage unemployment rates.

Chairman PROXMIRE. Congressman Brown.

Representative BROWN. So that if we got rid of the institution of marriage, we would have a lot more unemployment, but we would enjoy it more; right?

Mr. GORDON. Possibly.

Representative BROWN. Mr. Gordon, in your exchange with Senator Proxmire just now, are you suggesting that the 4-percent unemployment rate is not a realistic figure for the maintenance of stability of prices? That generally has been the figure that has been accepted as the full-employment rate at which we could maintain economic stability and at a minimum of social inconvenience of unemployment.

I think you said that the 4-percent unemployment rate or less for extended periods of time had led to persistent rates of inflation in this country.

Now, am I wrong in listening to what you were saying, or——

Mr. GORDON. I don't think so. This history of the 4-percent number is an interesting one. To go back through the Economic Reports of the President since the first one, you won't find the figure until 1961. You will find general comments on the unemployment rate, that it is 4.3 or 4.5, that we are in the neighborhood of full employment, or employment is satisfactory, or some general statement of that sort. You will not find the 4-percent number.

The 4-percent figure was first used officially in the first Economic Report of the Kennedy administration. Then the 4 percent was put forward as an interim full-employment target—interim, until we could get the figure down to a lower figure. Even before that, the 4-percent number got into general circulation but without any kind of documentation. Among economists it tends to be rationalized in terms of an inflation-unemployment tradeoff. Hopefully, and I emphasize "hopefully," we would maintain, we could maintain an unemployment rate of 4 percent with an acceptable—quotes around acceptable—inflation rate.

Representative BROWN. Well, it doesn't seem to have been the case when the Congress——

Mr. GORDON. Now, what is acceptable, however, will differ from person to person. That is a matter of your evaluation of the evils of inflation, and also how much importance you attach to the phenomenon of unemployment.

Representative BROWN. For the young employed with the backing of the labor union to demand higher wages and inflationary rates, it is not as much of a problem as it is for a retired person who is living on the stable income; and so what is acceptable would vary, it would seem to me, with the demographic makeup of our society and the acceptance, for instance, of blacks in the labor force on a counter-basis; but with reference to the society we now have, apparently that high rate of inflation looks to become to a degree politically unacceptable. So what I would like to ask you is what do you think the trade-off figure is where we could have a relatively stable price factor that would be politically acceptable and an unemployment figure that would be politically acceptable?

Mr. GORDON. Well, I think it will depend partly on whether we want that full-employment figure—whether you assume it to be permanent or whether you are prepared to accept periodic interruptions with a higher unemployment rate while inflation is checked.

Representative BROWN. Such as we have right now?

Mr. GORDON. Such as we are going through right now.

Representative BROWN. Which is part of the whole problem, right?

Mr. GORDON. Right. When I wrote my book in 1967, I expressed the hope—well, I expressed the belief from the evidence at the time (which was before most of the inflation of the last few years occurred)—that we might achieve 4-percent unemployment with an inflation rate of about 3 percent. And I then went on to present some tables indicating how we might get that unemployment rate down to 3 percent through manpower policies and related programs, hopefully with no acceleration of inflation.

I am considerably less optimistic today than I was 4 years ago in that respect.

Also, let me say quite frankly that while I don't like 5-percent inflation, I would much rather take 5-percent inflation than 5-percent unemployment. My personal welfare function, as the economists say, my personal tastes are such as to give an awful lot more weight to unemployment than to inflation, particularly if some institutional changes are made through gearing social security and private pensions to the rise in the Consumer Price Index and making other kinds of adjustments that would make it easier for us to live with inflation.

Representative BROWN. Let's assume 3-percent inflationary rate for a moment, and let me ask the question again. What would be the unemployment rate that would sustain a 3-percent inflationary rate? What do you think at this particular time?

Mr. GORDON. Again, I have to distinguish between a continuing situation and one you might get for a few months.

Representative BROWN. Let us talk about——

Mr. GORDON. Or a year or so.

Representative BROWN. Let us talk about the continuing situation.

Mr. GORDON. All right. If we were to get back to 4-percent unemployment, hopefully by the end of 1971——

Representative BROWN. Which would mean an average of what, 5 percent for the full year? That is what you are saying?

Mr. GORDON. For 1971.

Representative BROWN. For the year 1971.

Mr. GORDON. Yes. If you were getting down to 4 percent by the end of 1971 and then from 1972 on keep it at 4 percent or slightly less for 4 or 5 years, it would be my prediction with the present institutional set-up that the U.S. inflation could not be kept down during those 5 years to 3 percent.

Representative BROWN. Now, the question was to keep it at 3 percent, what rate of unemployment do you think you would have to sustain?

Mr. GORDON. Between 5 and 6 percent, and that is a guess.

Representative BROWN. Between 5 and 6 percent. So you could perhaps accept a 4-percent rate of inflation and get, what, 5-percent unemployment?

Mr. GORDON. Maybe. I simply don't know.

Representative BROWN. No. I don't know either, but——

Mr. GORDON. All the econometric work done thus far does not provide an answer to your question, but I will guess, yes.

Representative BROWN. We are talking about a trade-off, are we not?

Mr. GORDON. And I think here we are in approximately the same ball park when you mention those figures.

Representative BROWN. Fine. Thank you very much.

Now let me go back to my original question which the staff also had difficulty in understanding and which, perhaps, explains your difficulty in responding.

We have been able to check one assumption made in my comment here and that is that in 1970 the figures for the increase were 3.3 percent.

Mr. GORDON. I am surprised that they were that high.

Representative BROWN. During 1969. After 1969 there was virtually no increased productivity in the United States. In 1970 the figures were 3.3-percent productivity increase in the first quarter, and in 1971, the productivity-increase figure which I have was 5 percent during that quarterly period.

Mr. GORDON. Well, remember—

Representative BROWN. Now, if I may go on, please, and state my question:

Had there been no productivity increase in 1970 and the first quarter of 1971, as was the case in 1968 and 1969, what would be the rate of unemployment now?

Mr. GORDON. If there had been no productivity increase—well, in that case, if there were no productivity increase at all, and the same output, there would have had to have been more workers and if the labor force had not increased, the unemployment rate would be lower.

Representative BROWN. You don't have any rough idea as to what that figure would be, what our difference would be?

Well, I—

Mr. GORDON. No.

Representative BROWN. I think that is a fairly difficult question, but suffice it to say the rate of unemployment would have been considerably lower had we sustained that zero productivity increase that was the case in 1968 and 1969.

Now, my question is do high wage increases and low productivity offset unemployment?

Mr. GORDON. Do high wages and low-productivity increases offset unemployment? Again let me repeat, if aggregate demand and output had behaved as they have in fact behaved, then the less productivity the more workers you need to produce that output.

That is plain arithmetic. But let me also add that if productivity had been lower and wages had been what they were, I don't know how the increase in costs could have been divided between an increase in prices and a reduction in profits, and to the extent that it reduced profits, your output might have been lower than today and that would have offset the reduction in unemployment that might otherwise have occurred.

Representative BROWN. Let me go on and ask a couple of questions in that regard.

Are average wage increase rates currently going up or stabilizing or going down?

Mr. GORDON. As far as I can see at the moment, they are neither accelerated or retarding. They are continuing at the surprisingly high rate of 1970.

Representative BROWN. Which means at least they are stabilized at that rate rather than spiraling.

Mr. GORDON. Stabilized at a rate of increase, yes.

Representative BROWN. What about productivity? It is increasing, as we have indicated.

Mr. GORDON. I am not aware of this figure of 5 percent or better for the first quarter. I am pleased to hear it.

Representative BROWN. I might say since we can't get through to the phone, which is the phone to BLS—that is part of the problem, I couldn't get that figure verified. It was a figure given to me early this morning by my staff.

Chairman PROXMIRE. If you will yield at that point, I think that the release that we got this morning specifies a productivity increase of 5.3 percent for the first quarter. Output per man-hour, 5.3 percent, first quarter.

Mr. GORDON. As I said before, it has been typical in all past cyclical recoveries that you get your fastest rate of productivity increase in the early stages of recovery, and I would characterize what we are in now as an early stage of recovery.

Representative BROWN. Now, what would the impact of productivity increase be on corporate profits?

Mr. GORDON. It would increase them, and corporate profits were up in the first quarter.

Representative BROWN. And what would be the impact of increasing profits on employment?

Mr. GORDON. Increasing profits would presumably lead to an increase in employment and, subject to how much of an increase in the labor force there was, there should be some decline in unemployment, but also just as in the past cyclical recoveries, there has been a sharp upswing in labor productivity and in profits in the early stages of recovery.

There has been a slow improvement in unemployment in the early stages of recovery because those people outside the labor force, as well as those recorded as unemployed, started looking for jobs.

Representative BROWN. My time is up but I would like to point out that there has also been an increase in personal incomes, that we now have consumer prices rising at a decreasing rate and personal savings rate is currently declining, and I would suggest that all of these things would have impact on increasing sales and increasing economic activities.

There is evidence of that with the auto sales increasing and also the total increase in trade.

Mr. GORDON. I agree.

Representative BROWN. And that in turn then provides some optimism for increasing employment and hopefully declining rates of unemployment.

Mr. GORDON. It is merely a degree of one's optimism. As I said, I cannot share the administration's optimism in predicting a GNP of \$1,065 billion this year.

Representative BROWN. And even optimism, sir, does have some impact on all of us as to whether we are willing to go out and spend that money.

Maybe that has something to do with the things we are starting on, whether a man is single or married.

Mr. GORDON. I have had some contact with businessmen in various connections—CED, my own research, and so on. It is my impression that they do not govern their investment or employment plans by the latest optimistic statements from the White House.

Representative BROWN. Their own optimistic attitude, however, does have some impact, does it not?

Chairman PROXMIRE. There is a credibility factor there involved both in marriage and in the future of the economy.

You are aware, Mr. Gordon, of the administration's decision to bail out the Lockheed Corp. with a Government-guaranteed loan.

Mr. GORDON. Yes.

Chairman PROXMIRE. Now, the major argument I have seen advanced for this is that this is needed to prevent additional unemployment. You are from California and I suppose you are very much aware of the problem with Lockheed out in California.

In light of the finite demand for the C-1011 air bus, which is the program that has brought about Lockheed's crisis, the overcapacity in the airline and aircraft manufacturing industry, and the fact that two other U.S. companies—Boeing and McDonnell-Douglas—are competing for the same market, do you think it is wise economic policy for the Government to rescue Lockheed?

Is it necessary, in your opinion, to prevent widespread unemployment or an economic collapse?

Mr. GORDON. Mr. Chairman, you will forgive me. This is obviously a loaded question. This is outside my field of competence.

If I may, I will reply as a citizen. I object to bailing out Lockheed, and I suggest that the nationalizing of Lockheed and related companies is the way out.

Chairman PROXMIRE. You favor nationalizing defense contractors.

Mr. GORDON. Right. Major ones of that magnitude and whose business is so predominantly for the Government.

Chairman PROXMIRE. You object to bailing out Lockheed. Let me put it, then, in a theoretical framework. Would you favor a guarantee of a very large company whose product was commercial? In this case it is a commercial product.

Mr. GORDON. I think it is a contradiction in the assumptions underlying our defense of a private enterprise system.

Chairman PROXMIRE. Well, in view of your experience—and you got your doctorate in the middle of the depression—I think the concern is that—it is expressed by Secretary of the Treasury Connally that if Lockheed should go bankrupt, that this might have a domino effect.

Mr. GORDON. I would doubt that. To repeat, let the Government take over Lockheed. It is in the business of making aircraft and related products very largely for the Federal Government.

The manufacture of commercial transport planes is also heavily subsidized. Witness the recent debate about the SST. If we are going to put that much money into products which we think are in the national interest, why not protect the interests of the taxpayers and the citizens by having the Government do it itself?

Chairman PROXMIRE. Your position is if the Government does not take over Lockheed that it should not provide the guarantee; is that right?

Mr. GORDON. Yes.

Chairman PROXMIRE. We run into many constituents who argue a different approach to this unemployment problem and it makes a certain amount of hard commonsense although economists haven't picked up the notion very much.

One of the arguments is that we could solve much of our unemployment problem, for example, if we could persuade people to retire a little earlier, and there is a very strong movement to reduce the retirement age with full social security benefits to 60 from 65. There is also a lot of talk—not much at the moment in this direction—but

a lot of talk about reducing the workweek to 35 hours a week and providing legislation that would provide for overtime and time and a half for anybody who worked over 35 hours.

Also an effort to develop longer vacation policy where people have 6 weeks vacation rather than 2 or 3 weeks. All of this would work on the supply side of the employment area. Do you think that that kind of an approach has any economic merit?

As an economist do you think this would have any real promise?

Mr. GORDON. Well, I suppose one of the basic axioms of economics is that you cannot have your cake and eat it, too.

If you reduce the size of the labor force and reduce hours, you are reducing potential output.

Now, to some extent a reduction in hours may increase labor productivity per hour. Edward Denison's figures for the United States and for Western Europe show that when hours were reduced, from what we now think of as the very long hours of the 1920's and earlier, to the 40 or less of today, there was a substantial increase in productivity.

I think we have reached the point where further reduction in hours, 35, or whatever, will not result, at least in the United States, in significant increases in productivity.

Chairman PROXMIRE. You see, this has behind it the kind of emotional push of sharing the available work and there is just so much work and some people can't work and they would like to, and they aren't able.

Other people get all the work.

Mr. GORDON. You share a smaller output, and therefore one must be prepared for a slower increase in real wages.

Chairman PROXMIRE. Supposing you do this: Supposing you shared the same output and had, instead of 5 million unemployed, 2½ million unemployed?

Mr. GORDON. Well, that is a choice I think each person has to make for himself. If you believe that a more equitable sharing of employment opportunities would occur and you are prepared to pay the cost of a lower output for this more equitable distribution of employment opportunities, then fine.

I fail to see, however, how a sharing of this sort will in fact reduce the black unemployment rate relative to the white, or the teenage rate relative to the adult, or the female rate relative to the male, and to that extent the present inequities would continue because employment practices and the types of discrimination that now exist would continue to exist—

Chairman PROXMIRE. I take it you feel the fundamental answer is much more aggressive and imaginative and effective manpower training policies, vocational education that is more vigorous and widespread, overcoming prejudices against women and against minority groups, and opening up more jobs to minority groups and to women.

Is that correct?

Mr. GORDON. My answer is emphatically in the affirmative.

Chairman PROXMIRE. Just one other question: You have spoken with considerable emphasis about the discouraged worker. You replied to Congressman Brown's question in emphasizing that. And I think it is a factor that seems to be in kind of a twilight zone in our

statistics. I learned just last month that the BLS now collects data on discouraged workers; that is, the number of people not actively seeking work because they don't think they can find a job if they look.

Mr. GORDON. That is a response to a recommendation of the Gordon committee.

Chairman PROXMIRE. Did you think it would be useful to have this information published on a regular basis and made available in the indicators, or—

Mr. GORDON. Certainly. In the economic indicators or elsewhere. But it should be published and widely so.

Chairman PROXMIRE. And this would be a figure that would help us greatly, it seems to me, to evaluate the significance of employment-unemployment data.

Mr. GORDON. That is true.

Chairman PROXMIRE. Do you know how those have been developed over the past year or so, the number of discouraged workers?

Mr. GORDON. No. I haven't followed that in detail. It is only since 1967, I believe, that these figures have become available.

At the time of the general overhaul of the labor force statistics, in response to the recommendations of the Gordon committee, these additional data began to be collected.

For the first 2 years or more they were not published while the BLS compiled them in order to get some background as to what was happening to the figures, and they are now made available.

Chairman PROXMIRE. Earlier you said something about how you were deeply concerned that in the next few years the unemployment for people between the ages of 20 and 24 would substantially increase.

It has always been my impression that this has been an age group that has done much better with employment than the teenagers have because by and large they are looking for permanent work.

They are likely to stick with a job. They don't have to move out for educational purposes or other purposes. I understand the demographic figures indicate we will have more people in that category, but I wonder if there is any other reason why this age group, which should be at the peak of physical capacity and mental capacity, should be an attractive work group, why they should have problems and what we can do to—

Mr. GORDON. Well, the 20- to 24-age group has always had a higher unemployment rate than the national rate, higher than for males, let us say, in the 25- to 45-age group, which is generally considered the prime age group from the point of view of the labor market.

So what we are talking about now is a change from an unemployment rate which in the past has been a little bit higher than the national rate to one which in the next few years will be somewhat higher relatively than in the past.

Just as in the case of teenagers, we began to notice from about 1963 an upsurge in the teenage unemployment rates that could not be associated with anything that was happening to the national rate, and that was when the postwar babies began to pour into the labor market.

Representative BROWN. It occurs to me on that point the people in the 20- to 24-age group continuing in education will increase the number of master's and doctorate degrees, that they would not be in

the labor market basically anyway, or wouldn't be as many, and then beyond that the explosion of knowledge, the higher educated young people or more sophisticated educated young people might be in more demand by industry faced with sharp technological changes now than was the case historically.

Do those two conclusions not fit?

Mr. GORDON. As you are probably aware, as I am only too sensitively aware, being an academic, the unemployment rate would be—is going up sharply for Ph. D.'s and M.A.'s.

Representative BROWN. Currently.

Mr. GORDON. Currently because of the excess of supply relative to demand.

Representative BROWN. Do you think that will continue?

Mr. GORDON. It may continue, to be pessimistic, through the decade of the 1970's.

Representative BROWN. Well, it may continue because there is not the need for them or it may continue because we will continue to produce them beyond the capacity of our business technology to absorb them.

Mr. GORDON. Because the supply is increasing very rapidly now because of investment made in higher education beginning several years ago at a time that the demand for these higher educated people was beginning to decline for a variety of reasons.

For purely demographic reasons, the demand for schoolteachers is going to decline in the 1970's. This is purely—this is for two reasons: demographic factors and limited aid for education.

The same trends will move up through the colleges and the universities. We are increasingly emphasizing to our young graduate students that they must begin to think in terms of finding jobs in Government agencies, in business firms, and so forth.

There simply aren't going to be the academic openings for them, because of the stringency in the field of higher education about which much has been written in the last few years. I see no prospect that that is going to improve significantly in the next few years.

My university has almost a freeze on hiring. We have several hundred fewer members of the faculty this year than we had last year in spite of the further increase in student enrollment.

This is happening all over the country.

I expect that the decline in the demand for engineers will improve gradually during the 1970's. I don't know when we will be back up to the former demand. But I don't take an optimistic view of the medium-term prospects for highly trained and educated people.

Representative BROWN. Does that relate to the kind of utilization that we make of—the defense industries seem to have a high use rate for engineers, and reduction in defense expenditures has apparently had some impact on the availability of engineers and Ph. D.'s and master's types.

Mr. GORDON. That certainly has been a fact. Let me repeat again some of the other factors: The greatest—

Representative BROWN. How big a factor has that been? Could you tell us how big a factor that has been in terms of this whole unemployment picture?

Mr. GORDON. It is trivial in terms of the national unemployment rate.

Representative BROWN. What would be the rate attributed to a cutback in defense industries?

Mr. GORDON. I would have to check, but I don't think that the accelerated rise of unemployment in such technical people has been more than 0.1 of a percentage point in terms of the national unemployment rate.

Representative BROWN. What about the whole figure—in other words, the whole unemployment has risen. Do you know what the unemployment figures are as a result of defense cuts?

Mr. GORDON. No.

Representative BROWN. And returning servicemen and so forth?

Mr. GORDON. It is estimated—I saw a figure in the paper in the last week, if I recall—that it is estimated something like 400,000 returning veterans are out of work. I don't know how many of them would have been out of work if they had not gone into the armed services.

Representative BROWN. Total figure—the total figure I have seen on military cutbacks and defense cutbacks, that is the cutback of military personnel and defense cutbacks, is in the nature of 1 million people unemployed.

Mr. GORDON. The two together, that would sound reasonable to me.

Representative BROWN. What is the impact of that with reference to total unemployment figures?

Mr. GORDON. Well, the total unemployment figure is in the neighborhood of 5 million.

Representative BROWN. So if we had avoided the situation that we find ourselves in, those people would have either been unemployed earlier or would have been employed in the market in some other field.

Is that the conclusion that we can come to?

Mr. GORDON. Well, if the cutback in the military had not occurred, output would have been higher and employment would have been higher and there would be more people at work, and presumably fewer unemployed technicians, highly qualified technical people, engineers, and so forth.

Representative BROWN. So here again we have a trade-off problem obviously, and we don't have to keep a war going just to keep people employed or keep the Military Establishment.

Mr. GORDON. I think it is certainly true that the administration entered into its carefully thought-out plan of reducing defense expenditures knowing that there would be rising unemployment in some parts of the country, and among some occupations, and this is something they hoped to cope with.

Representative BROWN. Perhaps those of us who feel it is desirable that we terminate the war and that we cut back to some degree in our Military Establishment would have to accept with some grace some unemployment situation.

Mr. GORDON. As I recall a long, long way back, in 1945, a lot of us, including myself, were expecting a serious period of readjustment after World War II, thinking back to World War I, expecting a depres-

sion, expecting a rise in unemployment. That did not prevent me from dancing in the streets when the war was over.

Representative BROWN. Indeed. Nor did that occur, as a matter of fact.

Mr. GORDON. And it did not occur.

Representative BROWN. So you had the best of both worlds.

Mr. GORDON. Right.

Representative BROWN. Mr. Gordon, just to conclude about the question of credibility and optimism, when President Nixon suggested that if he had a little extra money he would go——

Mr. GORDON. I am sorry.

Representative BROWN. To conclude on the question of credibility and optimism, when President Nixon suggested last June, I believe it was, that if he had a little extra money he would go into the market and buy some stocks, did you follow his advice?

Mr. GORDON. I haven't been in the market for 3 years, for personal reasons.

Representative BROWN. Had you followed his advice, would it have been inordinate optimism, do you think, or bad advice?

Mr. GORDON. No. As a matter of fact, stock prices are one of those leading indicators that we were talking about. If a recovery were in the wind that would begin later on in the year, you would expect a substantial rise in stock prices to precede the business recovery by a period from 6 months to a year.

The stock market was behaving naturally. If the stock market was behaving naturally, and President Nixon bought his stocks, he would have made quite a bit of money. I am sorry that I didn't pay more attention to his statement, myself.

Representative BROWN. Thank you, sir.

Chairman PROXMIRE. Mr. Gordon, I cannot sit here and accept the notion that those who favor cutting defense expenditures should gracefully assume responsibility for increased unemployment on the part of anybody. It seems to me that any kind of imaginative policies on the part of the administration in view of the enormous needs in the areas of health, doctors, the area of manpower training, for educators, in the area of antipollution, for technicians, areas of city planning, mass transit, housing; I think there is even a need for economists—I hate to say it, but I think there is, so I think there are all kinds of areas where we could, with sensible policies on the part of our Government, provide jobs for highly trained people as well as for the great generality of people whose skills are not as great.

Mr. GORDON. Well, Senator Proxmire, I could even add to your list of things which are not only desirable but which I feel are urgently necessary that the Government do. I think it is also fair to say that it would have been unprecedented in American history for the Federal Government to have been so farsighted and the Congress to have been so willing to go along, to have appropriated sufficient funds for desirable purposes to absorb all the unemployed that were created by the cutback in defense expenditures.

I wish that it had happened. It didn't. I don't think it was even in the cards.

Chairman PROXMIRE. Isn't it true—I think President Nixon deserves a lot of credit for phasing out the Vietnam war. Of course, a lot think it should have been done faster, but I am not talking about that. The fact is, he knew that we were demobilizing people from Vietnam, cutting back to some extent in our defense expenditures, and under the circumstances we knew these people were coming on the job market and it would seem to me that sensible leadership on the part of the White House would have provided economic opportunities to meet that available manpower.

Mr. GORDON. Well, I think that is right. I am reluctant to get into what would essentially be a political debate which would carry me outside of my competence as a professional economist, but certainly more could have been done to plan for creating jobs to absorb those who were going to be thrown out of work.

It wouldn't have been easy. It would involve problems of matching jobs against displaced men in particular occupations involved and particular geographical areas involved. It would not have been easy; and let me repeat, it would have called for the cooperation of the Congress.

Representative BROWN. Not to mention fiscal problems.

Mr. GORDON. Part of what I mean by the cooperation of the Congress.

You would have had to appropriate money.

Chairman PROXMIRE. Well, as you know, we have almost \$12 billion appropriated and unspent.

Senator Sparkman cited some of that problem, although I would agree that we would have to be more generous than that.

Well, thank you very much, Mr. Gordon, for a superb job. You are one of the finest witnesses we have had in the years I have been on this committee.

You have done an excellent job. We are most grateful to you.

Mr. GORDON. Thank you.

Chairman PROXMIRE. The committee will stand adjourned.

(Thereupon, at 12:10 p.m., the committee recessed, to reconvene at the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, JUNE 4, 1971¹

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire and Miller.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Loughlin F. McHugh, senior economist; Lucy A. Falcone and Jerry J. Jasinowski, research economists; Ross F. Hamachek, Richard F. Kaufman, and Courtenay M. Slater, economists; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig, economist for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The hour of 11 a.m., having arrived, we are going to place a call to the Department of Labor, for this reason:

After a long history of monthly press conferences announcing the employment-unemployment figures, the practice was discontinued about 3 months ago.

Many of us have a fundamental disagreement with that action. First, we believe that the public business should be conducted in public.

What the Government needs, at all levels and in the legislative as well as the executive branch, is more information, not less. We need more open hearings and less closed hearings. And we need more public announcements of events rather than secret actions or partial information.

Second, as the employment-unemployment statistics are among the most important and most controversial, there is a great need that everyone have confidence in both the way they are developed and the interpretation cost on them.

The Bureau of Labor Statistics has an unparalleled reputation for honesty, objectivity, and playing it straight. We know the figures are as accurate as it is possible to get them. When the BLS puts them out, we have found in the past that their summary and their interpretation of them have been held in the highest regard by objective experts and professional economists of every political and economic persuasion.

¹This hearing day was held in conjunction with the hearing day of June 4, 1971, before the Subcommittee on Priorities and Economy in Government, Joint Economic Committee, entitled "The Economics of National Priorities," pt. 1, June 1, 2, and 4, 1971.

Third, there is no other way, save through the press conference, that a full and complete picture can be given fairly to all elements of the press and public.

The substitution of almost any other technique means, in my judgment, that there is more chance for uneven interpretation and selective judgments.

To overcome these difficulties, the fact that the press conference has been discontinued, we asked the Labor Department to send their technical experts before the Joint Economic Committee, so the committee could question them. They did that once, but only once.

The following month, last month, they refused to do it. We did fortunately have an outstanding expert, Professor Gordon, who is one of the leading experts, I guess the leading expert in the country in this area. He testified. But the Labor Department refused to do it.

The superiors of the experts have refused to let them appear here until several hours after the figures are made public, And by that time, of course, the interpretation is cold, because the interpretation, as we all know, in this modern age of news has to follow quickly upon the release of the figures.

I think that is a great mistake on the part of the Labor Department, both because it was a method of getting the information out, and an objective interpretation of the figures, before the public quickly, and also because this committee, under the Employment Act of 1946, has a legal and continuing responsibility over the questions of employment, unemployment, economic growth, prices, and the state of the economy.

In order to get the information about employment and unemployment promptly, I intend now to place a call to the experts at the Labor Department and to put a series of questions to them.

That call is now being placed by Mr. McHugh.

The line is busy over there.

As I say, I intend to put to them a series of questions about the meaning of the unemployment figures today.

We were unable to get a picture of Mr. Goldstein, who is the expert we are trying to reach. We did get a smiling and attractive picture, however, of Secretary Hodgson the Secretary of Labor, Mr. Goldstein's superior. So we placed that here in the hearing room.

And so as we talk to Mr. Goldstein, you know that he speaks under the jurisdiction of Secretary Hodgson, but he speaks as an independent expert and not with the voice of Secretary Hodgson.

It is my hope that in the future the White House, the Secretary of Labor, and the political appointees at the Labor Department will reconsider their move to abolish the press conference, will reinstate it in order that we may get the information faster and more conveniently.

And now we have got a line through.

Senator MILLER. Mr. Chairman, may I ask a question?

Is there any danger that the telephone call might be bugged?

Chairman PROXMIRE. This is one telephone call we don't have to worry about. We are bugging it ourselves.

Last month we were told by the Labor Department that this was the most efficient way to handle it. If it is, we obviously need a change up in the Labor Department.

First the line was busy, and now the young lady says that she doesn't know anybody by that name.

Senator MILLER. This reminds me of the time in my own home city of Sioux City, Iowa, when they inaugurated the direct dial system. They had it all set up, but the direct dialing wouldn't go through, and they had to put the long distance call through the other way.

Chairman PROXMIRE. While we are waiting, for the benefit of those who are here, let me read from the release this morning.

Employment rose moderately while the unemployment rate was essentially unchanged between April and May, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The overall unemployment rate was 6.2 percent compared with 6.1 percent in April.

After rising steadily throughout 1970, the jobless rate reached a nine-year high of 6.2 percent in December. Since then, however, unemployment has shown little month-to-month movement, with the rate dipping in the first two months of the year but subsequently returning to the December level.

Total employment rose 265,000 in May (seasonally adjusted), returning to the alltime peak reached in March 1970. Non-farm payroll employment also advanced over the month, with trade accounting for most of the pickup. A small increase in manufacturing employment in May was accompanied by a rise in the factory workweek, returning it to the March level.

The actual number of unemployed persons, which usually declines between April and May, dropped 300,000 this May to 4.4 million. After seasonal adjustment, however, unemployment edged up by 130,000 over the month.

Jobless rates for most major labor force groups showed little change in May. The rates for all adult men (4.5 percent) and for married men (3.3 percent) were not significantly different from their April levels; both were close to their seven-year highs reached in December 1970.

The unemployment rate for women 20 years and over, at 6.0 percent in May, was unchanged over the month at its highest mark since October 1961.

However, the rate for 20-to-24-year-old women continued its sharp rise of recent months, increasing from 10.3 percent in April to 11.5 percent in May, the highest level in more than a decade.

(Chairman Proxmire picks up telephone receiver.)

Chairman PROXMIRE. Can you hear me?

They said, "Don't call us, we will call you."

Let me continue with the news release:

The unemployment rate for teenagers, at 17.3 percent, also was unchanged in May. The teenage rate has shown little change since reaching the 17 percent mark in the fall of 1970.

The jobless rate for workers covered by State unemployment insurance programs, however, moved up from 3.9 percent in March and April to 4.3 percent in May, seasonally adjusted. After reaching a 1970 high of 4.6 percent during the automobile strike, the State insured rate had fallen to 3.7 percent by February.

Jobless rates in May for both Negro and white workers were about the same as in April. At 10.5 percent, the Negro unemployment rate was not significantly changed over the month but was up from 9.4 percent in March and at its highest point since November 1963. Joblessness among adult Negro women increased again in May (to 10.6 percent), continuing the upward trend in evidence since the beginning of the year. The rate for whites was 5.7 percent in May, its highest level since September 1961.

(Chairman Proxmire picks up telephone receiver.)

Chairman PROXMIRE. Hello. This is Senator Proxmire of the Joint Economic Committee speaking. I have some questions for you, if you will answer them for us, on the unemployment figure that you released this morning.

To whom am I speaking?

TESTIMONY OF HON. HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR

Mr. GOLDSTEIN (over the telephone). Goldstein.

Chairman PROXMIRE. Mr. Goldstein, can you hear me?

Mr. GOLDSTEIN. I can hear you very well.

Chairman PROXMIRE. In May the unemployment rate rose by 0.1 of a percent, from 6.1 to 6.2 percent. I recognize that, by itself, is not a statistically significant change, is that true?

Mr. GOLDSTEIN. That is correct.

Chairman PROXMIRE. Does it have economic significance in the sense that unemployment is remaining so disturbingly high for so long?

Mr. GOLDSTEIN. It might have economic significance, but [inaudible].

Chairman PROXMIRE. What I am referring to—Mr. Goldstein, can you hear me?—is the fact that in December, last year, unemployment was at a 6.2 level. And, of course, that was because we had an auto strike, in part. I understand if you corrected it for the auto strike to take that out of the picture, unemployment would be around 5.8 or 5.9 percent. In January it was 5.7, then in successive months 6.0, 6.1, and 6.2 percent. This sounds as if there may be a statistically significant trend here. Would that be your interpretation?

Mr. GOLDSTEIN. Yes, I think there is a significant increase in unemployment from February to May.

Chairman PROXMIRE. Are we correct to say that unemployment has remained essentially at 6 percent over the past 6 months, or to say that there has been a slight upward trend in unemployment over the last 3 months, following a small decline from December to February?

Mr. GOLDSTEIN. I think that statement would be accurate.

Chairman PROXMIRE. I am going to yield to Senator Miller in just a minute. But let me ask you this:

In the past year the labor force has increased by 1.4 million. Is that a normal or average annual increase?

Mr. GOLDSTEIN. That would be normal [inaudible]. An increase of 1½ million.

Chairman PROXMIRE. Just one followup question on that, and then I will yield to Senator Miller.

Employment has increased only 350,000. Clearly that is a below normal increase, which explains why unemployment has risen so sharply. Now, how large an increase in employment do we need just to keep the unemployment rate from rising?

Mr. GOLDSTEIN. [Inaudible.]

Chairman PROXMIRE. I am going to ask Senator Miller if he has any questions he would like to ask. And I want to come back with a couple of questions before we hang up.

This is Senator Miller.

Senator MILLER. Thank you, Mr. Chairman.

Mr. Goldstein, you stated, I believe, that there has been an economically significant increase in unemployment from February to May. What I would like to find out is how much of that significant increase is attributable to reductions in the number of people in our military services during that period of time.

Mr. GOLDSTEIN. [Inaudible.]

Senator MILLER. We can't understand you. Can you try it again?

Mr. GOLDSTEIN. [Inaudible.]

Chairman PROXMIRE. I think the Vice President must be at the control over there.

Try it once more.

Mr. GOLDSTEIN. [Unintelligible.]

Senator MILLER. I am sorry, Mr. Goldstein, we didn't understand that.

Mr. GOLDSTEIN. There has been a decrease in the amount of the Armed Forces [inaudible].

Senator MILLER. Give us a yes or no answer. It may make it a little easier to understand. Has there been a significant impact on this significant increase in unemployment as a result of the large numbers of reductions in our military services? Yes or no?

Mr. GOLDSTEIN. [Unintelligible.]

Chairman PROXMIRE. Mr. Goldstein, this is Senator Proxmire again. We want to thank you very much. We do have a number of questions we want to ask you. We had you before the committee a couple of months ago, and you did an excellent job, you responded clearly and intelligently. And at that time we could understand every word you said. We can't understand you now.

It is probably the fault of some of our technicians over here. But at any rate, we haven't arranged this very well. And it is obvious from the trouble that we are having that we can't get much information from you. I would hope that the Labor Department could spare the Congress of the United States at least one expert to testify before us an hour after the figures come out, because it is really an outrage that this committee, which has the principal responsibility in the Congress of the United States to secure economic information and to assist other committees to arrive at economic policy—we have this principal factfinding function—that the Congress of the United States can't even get one expert from your Department to appear before us to testify.

I talked to Secretary Hodgson on the phone about this yesterday. At first he said that they could come at 1 o'clock, and then he agreed that we could do it by telephone at 11 o'clock. Obviously this is a very unsatisfactory method of proceeding.

And I would hope that you would be free to come up here next month.

I understand that this isn't your decision to make, but we will be in communication with Secretary Hodgson, and perhaps with others in the administration.

Senator MILLER. We couldn't have him come up at 1 today?

Chairman PROXMIRE. One o'clock—I feel it is a second-day story at that time. The interpretation under those circumstances I think is quite difficult. I am perfectly willing, of course, to schedule a meeting at 1 o'clock if you would like to do so. We have a vote at 1, and I would hope that we could go on to something else. Perhaps we could ask Mr. Haveman, who is a very competent expert, some questions about this.

Mr. Haveman, first, will you give us any technical background that would qualify you to give us an opinion on the unemployment statistics, and then let us ask one or two questions of you?

**TESTIMONY OF ROBERT H. HAVEMAN, PROFESSOR, DEPARTMENT
OF ECONOMICS, UNIVERSITY OF WISCONSIN¹**

Mr. HAVEMAN. Senator, I have my Ph. D. in economics from Vanderbilt University.

I taught economics to undergraduate students for 8 years at Grinnell College, which is in Senator Miller's State. And I now teach economics to both graduates and undergraduates at the University of Wisconsin, which is in your State.

Senator MILLER. He is well qualified.

Chairman PROXMIRE. Let me ask you, you have the statistics, and you know from our conversation, at least from our end of the conversation with Mr. Goldstein, that unemployment increased very slightly 6.1 to 6.2 percent last month, that there is a trend upward, and there are other elements involved, including the discharge of substantial military personnel. Would you give us your interpretation of the significance of this latter figure?

Mr. HAVEMAN. I feel, Senator, that it is very difficult to talk about the significance of the latest jump in the unemployment rate. It seems to me that what is really significant about the current state of the economy is the absolute size of the unemployment rate.

I came before this committee to talk about the use of user charges to improve efficiency in Government and in resource allocation. I guess, after thinking a little bit about the impact of waste implicit in the 6.2 percent unemployment figure, I feel a little "chincy" in talking about saving a few billion dollars here and a few billion dollars there through allocating priorities.

If one has to give a rough estimate, Senator, of the kind of economic waste which is involved in an unemployment rate of 6 percent, I think it would not be unfair to use the figure of \$15 billion worth of wages foregone in this economy every year, every year that the unemployment rate continues at around 6 percent per year.

Now, clearly, when it goes up from 6 percent to 6.2 percent, that is an increase in the gross amount of waste. It is the total waste, however, implicit in the 6 percent—whatever figure—that we end up with.

Chairman PROXMIRE. Let me just ask, before I yield to Senator Miller, if you would like to give us your notion of whether or not this trend is significant, the fact that we had an increasing trend since the last quarter of last year, recognizing of course, that the General Motors strike distorted that quarter from 5.8 percent to 6.2 percent. This would seem to me to possibly have some significance for the future. But what is your judgment, as an expert?

Mr. HAVEMAN. Let me speak to what is even more disturbing than the current amount of waste implicit in the unemployment figures. And that is what seems to me to be the future picture for aggregate economic policy in this country.

Before I came today I did some checking with the major projection models in this country, including the Wharton model. A number of

¹ The full text of Mr. Haveman's oral statement, prepared statement, and colloquy may be found in the hearing day of June 4, 1971, before the Subcommittee on Priorities and Economy in Government, Joint Economic Committee, entitled "The Economics of National Priorities," pt. 1, June 1, 2, and 4, 1971.

these models are projecting a continued increase in the rate of unemployment in this economy.

As I am sure you will recall from the newspapers a few days ago, Pierre Rinfret is projecting that the unemployment rate is going to continue sailing upward until it reaches 7 percent, and then it will top off. In my own view, that is not an outlandish forecast; that is probably in the ball park.

Let me give a couple of other points with respect to the future on price increases and unemployment. Just a few days ago some leading indicators were announced, Senator. These leading indicators were viewed by the administration as being favorable because they indicated that five of the leading indicators have gone up, and only three have gone down. However, if you look at the indicators which are cited you will find that the five that went up are the following: materials prices, industrial prices, stockmarket prices, and compensation. Note that all of those leading indicators are price variables.

The three that went down of the total of eight that were cited were the average workweek, building permits, and new orders for durable goods. Those, Senator, are all real production indicators.

Chairman PROXMIRE. You only gave four indicators going up. You missed one.

Mr. HAVEMAN. I guess I only listed four. The fifth indicator was orders for plant and equipment.

Chairman PROXMIRE. That would have significance?

Mr. HAVEMAN. That is right. That is a real production indicator that did go up.

It seems to me that what these numbers indicate is that when one looks at the future and asks the question concerning the trend of prices, and then the trend on real output on employment, one does not come up with a very encouraging set of signals. The set of signals one gets is that the leading indicators, which are primarily money or prices variables, are going up, and the leading indicators which indicate real production, employment, are going down.

Chairman PROXMIRE. Senator Miller.

Senator MILLER. First of all, you talk about the waste involved in the unemployment figure.

Mr. HAVEMAN. Yes.

Senator MILLER. I think that was a very good approach to use. My only question would be how you arrive at the \$15 billion annual figure. Did you arrive at that simply by taking say, 6 percent of the total income that is now being derived and use a sort of rule-of-thumb approach that way or did you take what I suggest might have been the most realistic approach, and that is, say, the difference between 6 percent and a so-called full employment rate of 4 percent, so that you would be talking about a 2-percent factor?

Mr. HAVEMAN. My rough back-of-the-envelope calculations were based on assumptions that you would like me to use; namely, the difference between full employment and the current level of unemployment.

From that calculation I arrived at a number which was an estimate of the number of people that would be employed had we been at full employment.

To those people I attributed a wage and salary figure which was in my view a reasonable one.

Senator MILLER. I think that is a very fair approach. Thank you.

Now, on the statement you made about the unemployment figure, as you know, the Subcommittee on Economic Statistics of this committee several years ago made quite an in-depth study of performance statistics. And perhaps you saw our report. It brought out the fact that while we had the best unemployment statistics of any country of any comparable size in the world, there still is a long way to go to be accurate.

Do you believe that with the softness which exists in your unemployment statistics that economists generally don't worry very much about a 1- or 2-percent increase or decrease in the unemployment rate?

Mr. HAVEMAN. The problem with any aggregate statistical series, Senator, is that it is based on a sample of observations, that is, the takers of the poll go out and talk to a limited number of appropriately selected people.

When one does that, and then when one tries to extrapolate from that to the Nation as a whole, one runs into some problems of statistical estimation.

Now, the sample that is drawn as a basis for the unemployment figures is a good statistical sample. The question is, What kind of extrapolation can one make from that sample to the Nation? It is difficult to say with 100 percent certainty that an increase in measured unemployment from 6.1 percent to 6.2 percent indicates a real increase in national unemployment.

On the other hand, one can say with substantial confidence that that difference is a significant difference, meaning that even though it is based on a sample, one can have a good deal of confidence that it does actively reflect the national picture.

Senator MILLER. Thank you very much.

One last question: You referred to the projections from econometric models.

Mr. HAVEMAN. Yes, sir.

Senator MILLER. What would be the underlying assumptions that might result in those projections? For example, I must say that with the very substantial decline in the numbers of people in our armed services that has occurred over the last 2 years, and with the further decline that is projected, with the cutback in defense and space contracts that we have, I can very well understand such a projection.

It gets down to where we can't have our cake and eat it too, we can't cut down the number of people in our Armed Forces and expect them all to be employed the next day.

I think most people understand that. The question is: How quick can we make the transition? Isn't that the real problem that we have? We have got a problem. But nobody should be surprised about it.

The question is: How short can we make that transition so that—well, make it up to 7 percent, and then level off, as you say—how soon can we change things around, especially with the input to the Federal Government, so that it will get back down to where we want it to be?

Mr. HAVEMAN. Two points on that, Senator.

First of all, the increase in unemployment that we have experienced since 1969 is many times greater than the unemployment that would have occurred because of the reduction in size in military forces, which is a very large number. What I am saying is that the reduction in size of the military has accounted for only a small slice of the increase in unemployment.

Secondly—

Senator MILLER. You are talking about since 1969?

Mr. HAVEMAN. Yes, sir.

Senator MILLER. How about in the last year? We have all been reading that there is a very large number of Vietnam war veterans that are unemployed. I don't know what percent of the unemployed that is, but it seems to me it would be more than one-tenth.

Mr. HAVEMAN. I don't have the exact figures on that.

Senator MILLER. And then, of course, in addition to those you have the others that have been taken out of the armed services, quite apart from the reduction in Vietnam.

Mr. HAVEMAN. That is correct. And I wouldn't in any way want to deny that the reduction in military forces has accounted for some slice of the increase in unemployment.

Senator MILLER. Then how about the space and the defense contracts?

Mr. HAVEMAN. Let me make the second point I was going to make earlier. You are asking about the lag that we could expect in employing people that came out of the military forces. It seems to me, Senator, that the key variable in determining the size of that lag is the level of aggregate demand in this economy, that is, the demand for goods and services, which turns into employment for people. We can reduce that lag substantially if we can induce a substantial increase in the aggregate demand in this economy. And it seems to me that that at the present time calls for some rather major stimulative policies and perhaps a tax cut.

Senator MILLER. Would you include maybe price controls in that?

Mr. HAVEMAN. I would strongly support a more cogent, stringent application of an income policy for this country now. I would stop short of advocating wage-price controls.

Senator MILLER. Thank you very much.

Thank you, Mr. Chairman.

Chairman PROXMIRE. Thank you very much, Professor Haveman, for a most helpful job in wearing two hats.

Mr. HAVEMAN. Thank you.

Chairman PROXMIRE. The committee will stand adjourned.

(Whereupon, at 1:05 p.m., the committee adjourned, subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, JULY 2, 1971

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to call, at 10:10 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Also present: John R. Stark, executive director, Loughlin F. McHugh, senior economist; Richard F. Kaufman and Courtenay M. Slater, economists; Lucy A. Falcone, research economist; and Walter Laessig and Leslie J. Bander, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

Today, the unemployment figures for June are to be released. These hearings are being held because a month ago the administration canceled monthly press conferences by the Bureau of Labor Statistics for the experts to interpret these figures for the press and the public in a professional and analytical objective way. This month, we see a dramatic and very welcome drop in the unemployment. I think this is the single most encouraging statistic of the year. The fact that unemployment has dropped from 6.2 percent to 5.6 percent or six-tenths of a percent in a single month, but because there was such a big drop, it seems to me more than ever that we need an analytical, professional expert analysis of how significant it is. Does this mean we are now moving out of a recession into a period of full employment, or is this some statistical aberration?

We expect to have experts at 11:30, coming before the committee this morning to give us their explanation and respond to cross-examination.

On June 21, long before the statistics were known for this month, we invited Secretary of Labor Hodgson and his technicians to appear here as soon as the statistics were available. He declined, saying it would serve no useful purpose, but offered to send his technicians up, and, as I say, they are going to be here this morning.

Now, before they come and because of the importance of the unemployment figures and what they mean to individuals and the fact that the human aspects of unemployment has been ignored and the statistical aspect are cold and do not mean very much to people and to get at what this 5.6 or 6.2 percent really mean, we decided, this morning, that the best way to really get the significance of unemployment was

to have five American citizens who represent those Americans who are looking for work and do not find it to appear before this committee and give us their view. In doing this, we have asked five people who, I think, represent various phases of our economy which are distressed, various groups of people. Each of you, I think, represent hundreds of thousands of people who are in the same category you are in—at least many thousands of Americans.

The first is a highly trained worker from the aerospace industry which has been faced with curtailed orders.

The second represents a jobless construction industry worker who, at the height of the construction season, is still unable to find remunerative employment.

The third is a veteran returned from Vietnam who found little Government aid in finding a suitable job in industry or Government.

Next is a young man representing an unemployed automobile industry worker with little seniority and, therefore, through long unemployment is now without unemployment compensation.

Then, a black woman. As we know, unfortunately, unemployment is higher for women and it is higher for blacks, and I suppose it is higher for black women than just about any group in the society.

We will ask these witnesses to tell us about their experiences, and then have some questions for each of the witnesses.

So, our first witness is Mr. Keith W. Bose.

Is that correct, Mr. Bose—B-o-s-e?

MR. BOSE. That is correct, sir.

Chairman PROXMIRE. Of Kings Park, N.Y.?

I understand, Mr. Bose, you have been unemployed 8 months out of the last 12. You wrote a story which appeared in the Washington Post recently, on June 6?

MR. BOSE. That is correct.

Chairman PROXMIRE. And it was designed to help others find jobs.

Mr. Bose, will you go ahead and briefly tell us your experience?

STATEMENT OF KEITH W. BOSE, UNEMPLOYED AEROSPACE PROFESSIONAL, KINGS PARK, N.Y.

MR. BOSE. Senator Proxmire and distinguished gentlemen. I represent a new kind of unemployed American. We have been cast aside by the Federal Government. Why we were chosen for sacrifice while others remained is left for each of us to brood about. It is unimportant now.

Yet society demands that we seek reemployment at any task which is offered. Many of us from the aerospace industry have been laid off before. It is not a new experience. But now we are told to seek work in other fields.

We are meeting with prejudice when we seek jobs in a peacetime economy. It is not a secret that a psychological ploy of the military industrial complex is to capture the loyalty of a mediocre worker by paying him more than he is worth to engage in trivial work.

We know that in the aerospace industry diligence and craftsmanship is often cast aside in favor of shoddiness. But let us look at the future of the diligent, skilled, honest employee. We have no job rights, no tenure, no pensions. We work from contract to contract. Few of us

spend more than 5 years with a firm. One of my young friends at the age of 32 has held nine jobs in 10 years. He holds a master's degree in electrical engineering.

Our savings are destroyed by frequent relocation. We call ourselves "defense bums." We have little time to sink roots in local communities, to enjoy the cultural benefits open to us.

A vast coercive mechanism has shown up upon which we must depend when we seek a job. Company personnel staffs are linked together; nefarious policies militate against the lonely individual who must bargain for himself. As we seek work we fill out countless applications divulging our confidences on records to be pawed over and bartered by agents. Our résumés sell in bulk lots in the larger cities. I have with me an application form. Listen to these ominous words:

Failure to keep your appointments or agreements will be communicated to the state and my associates. This will result in your being classified as undesirable, as well as losing state subsistence checks.

The system now used to recruit professional personnel has spawned a labyrinth of "placement agencies," "management consultants," and others that work together with firms on a lucrative basis which has degenerated into cutthroat competition. By this process many naive young professionals with impressive paper credentials have become figureheads in shaky corporate structures.

Many irregularities of personnel recruiting stem from the practice of paying 10 percent of the first year's wage of a job candidate to private recruiting agencies through what is known as fee-paid recruiting. This fee is ultimately billed to the taxpayers as overhead cost. It opens the possibility of kickbacks and so-called Christmas lists and erodes the qualifications of job candidates by placing a premium on superficial paper qualifications. But most important, the system feeds on constant job turnover.

We are accustomed to seeing glittering ads for professional positions. Such ads are often placed by competitive agencies in response to a single vacancy. Another practice is to place glossy help wanted ads conveniently close to the financial pages as a ploy to attract naive investors. Such practices over the years have created an illusion of scarcity when in fact we are now faced with a surplus of technically educated people.

I recommend legislation to destroy this criminal activity and the establishment of a supervised central job bank upon which Federal contractors must draw. This would improve community stability by eliminating "musical chairs" between firms and prevent unnecessary relation of families. Another advantage would be the elimination of a minority of incompetent employees with impressive paper academic credentials who are migrating from company to company to lend glitter to contract proposals. Finally, it would provide ombudsmen rights to protect employees in a climate which is growing vicious due to expansion of the working force.

Another practice which must be eliminated is the use of so-called job shoppers to fill personnel vacancies in directly billed contracts. This is the practice whereby a prime contractor engages a vendor to provide personnel on what is presumed to be a temporary basis. The vendor takes a percentage of the fee paid for services and contributes

nothing. The employee sacrifices job rights and is enticed by higher pay, but receives no more money in the long run due to periods of unemployment.

Thus I have described the plight of the aerospace worker. But it is time to recognize a greater problem. Within my close neighborhood are unemployed librarians, a college professor, and accountant, and a computer programmer. A great number of these so-called middle-class unemployed come from jobs which are paid by Federal, State, or local funds. Countless millions of Americans are now a part of a vast segment which depends for its livelihood upon the Federal Government, including a vast military bureaucracy which appears to have no useful part in warfare.

It is beyond my ability to understand how this great bulk of our working population can be supported by taxes from another, and I do not propose to discuss this paradox. Yet one thing is painfully obvious to many of us. It is utterly impossible for the commercial economy of the Nation to absorb the numbers of professional workers now being declared surplus by the Federal Government. Let's stop kidding ourselves.

Many of the Nation's newly unemployed are from firms which depend upon the Pentagon, and who charge the bulk of the labor cost directly to a Federal budget number through computer accounting systems. This system has certain peculiarities. By increasing the number of employees, great increases in capital gains can be realized with comparatively little capital investment. Moreover, in certain cases capital gains through gross billings can be increased by laying off workers while others are working overtime.

Many of us for years have charged our salaries directly to a Federal contract number. Now, we are asking: Of the trillions spent by the Pentagon in the past two decades, how much has gone into workers' salaries, how much has benefited local communities? We suspect that the Federal Treasury could support far more families than it now supports by subsidizing the military industrial complex.

Many local community leaders and businessmen privately admit that we simply do not know what is going on in local economies. We do not know the direct impact of Federal spending. Which firms are actually and in truth part of the military industrial complex?

Do we know the amount of wages lost to the community in the current unemployment crisis? Methods of reporting unemployment rates by an adjusted system of percentages are an archaic left-over from the agrarian economy of the 1930's. Certainly, the loss of wages from the layoff of an executive has far greater impact than the unemployment of a schoolboy.

We have also discovered that gadgetry produced by the military industrial complex is included in the gross national product and listed under such classifications as "durable goods." This is a bureaucratic hoax.

In the past 30 years whole communities have arisen and more than a generation has been spawned around Federal expenditures. Now, the post-World War II baby crop is emerging into the job market with diplomas in hand, and we know nothing about the grassroots economy of America which must provide salaries.

It is well for all of us to remember that there is no case of record of any of us turning down a paycheck for producing shoddy, useless

gadgetry, no stockholder has refused a dividend, no community has refused to accept a new defense plant. Colonels do not turn down promotions to general.

So, it is hypocrisy to make political capital out of the current unemployment crisis. Nevertheless, it is not a secret to us that some political leaders and the business community in general are sympathetic to the growing propagation of a dangerous, placebo that the economy at grassroots is now on the upswing. Many of us have realized for a long time that competition for jobs has become oppressive.

Pressure for jobs is growing from extreme ends. On one end are the veterans and young graduates, many with master's credentials, some with a doctorate. On the other end is the professional at middle age. And this is not a recent syndrome. It has been creeping up for several years. Were it not for the shabby inflation of the obscene Vietnam boondoggle a far more serious condition should currently prevail.

By far the greatest crisis facing this nation now lies obscured by the violence of its own symptoms. Unemployment is not an ethnic problem; neither can it be placated by education. Our lopsided economy has declared the human being surplus!

As this new decade of the 1970's dawns, America faces problems brought about by subtle population and economic changes. The Federal Government has become the dominant national "growth industry." The rationale of solving community financial problems by attracting defense industry is destroying middle America at its roots. Federal grants to education have created a race of academic freeloaders and neglected, bored students. Federally sponsored industries amount to a giant concentration of socialism which is eroding our nominally free enterprise economy. Yet millions of honest, decent citizens whose primary responsibility is earning a livelihood have become tragically dependent upon the caprice of Federal, State, and local employment. Citizens entered the service of the military industrial complex because they honestly felt that skills and talent were needed. And over the years this notion was blatantly advertised. Now many of these citizens have been cast aside at middle age without means of support. Legitimate primary commercial industries cannot absorb the growing army of middle class unemployed. Immediate realistic financial relief is imperative for middle class unemployed. Men with perfect credit ratings can no longer pay their bills. Families are faced with destruction. It is defense expenditures that have made us a nation on welfare.

Yet, in the next 10 years, 20 million workers come of age. This is greater than the combined population of the United Kingdom of Great Britain and Ireland when Napoleon was the scourge of Europe. It is greater than the number of serfs owned by the czar when Peter Kropotkin was writing "Memoirs of a Revolutionist"; greater than the population of the entire Balkans when a Serbian student fired the shot heard around the world.

Senator Proxmire, by saying the things I have just said, I have made myself unemployable. No bureaucracy will now tolerate me, nor will a corporation hire me. It does not matter. A much greater concern is our future. Within this decade we are faced with socio-economic upheaval. We cannot find the answer for the future until we state the problem.

No one individual or body alone can solve impending economic problems. Nevertheless, Congress can help by insisting that an exact

count of Pentagon spending in local communities is published. We need laws to protect the rights of millions of workers who cannot bargain in today's crowded market and who cannot report fraud, shady operations and dangerous conditions.

And, finally, all of us must return to intellectual honesty, and the tradition of craftsmanship and excellence.

Thank you for allowing me to be heard.

Chairman PROXMIRE. Thank you very much for a fine statement and thoughtful statement, Mr. Bose.

Mr. Wulforst—and I wish to address this to others, too—we would be delighted to have your opinions in any way you would like to give them to us as to what we can do and what you think in analyzing the situation, if you wish, but I think it would also be very useful to the committee if you could concentrate as much as possible on your own particular problem; that is, when you were last employed, what happened to you to cause the loss of work, what efforts you have made to find employment, how this kind of problem has affected others who are in your industry or who have similar problems.

Mr. Wulforst lives in Hyattsville, Md.; and, as I understand, Mr. Wulforst, you have been out of work off and on for the last 6 months.

TESTIMONY OF HENRY WULFORST, UNEMPLOYED PLUMBER, HYATTSVILLE, MD.

Mr. WULFORST. That is correct.

Chairman PROXMIRE. And particularly have tried to get work in Baltimore and that area.

Mr. WULFORST. I have tried; and I have gone around on these jobs, I would say—I would say I have traveled at least anywhere from 25 to 30 miles a day looking for work, from Virginia, to Maryland, to all around the District, going around to the jobs, and it is the same old story: "We will put you on later."

I do not see these jobs; this work does not seem to be breaking. I do not know what the reason is. But we have in our union approximately 925 workmen.

Chairman PROXMIRE. What local is that?

Mr. WULFORST. Local No. 5, Plumbers Union.

Chairman PROXMIRE. You have how many people?

Mr. WULFORST. We have 925 working employees.

Chairman PROXMIRE. That is in the Baltimore area?

Mr. WULFORST. This is in Washington, the Washington local.

Chairman PROXMIRE. Washington local?

Mr. WULFORST. That is right, and out of the 925 we have approximately, at least, 170 to 200 men out of work. We have approximately 80 men working out of town, and the way this thing seems to me to be, that is just does not seem to be getting any better.

Now, I have been more fortunate than some of the others, and some of the other men have been out of work approximately on and off for about a year where they work for only about 3 months out of the year, and they are very good mechanics. I have been fortunate in my line of work, because I have specialized a little in some of this glass-type and plastic piping that we have been installing in the last couple o years.

Now, I would like to know, and maybe you people can answer, but the situation does not look too good as far as our industry is concerned. Chairman PROXMIRE. When was your last job, Mr. Wulforst?

Mr. WULFORST. My last job was in June, this past June. I worked approximately 4 days.

Chairman PROXMIRE. Last month, you worked about 4 days?

Mr. WULFORST. Four days, that is right.

Chairman PROXMIRE. Before that, what was your past job experience?

Mr. WULFORST. Well, so far this year I have lost exactly 49 working days due to lack of work, and, actually, you might say 9 weeks of work.

Chairman PROXMIRE. You are in a highly skilled trade. We certainly need, urgently need, new houses. We are not getting the kind of houses we need and the kind of construction and activity in that area that we need. But you have been a plumber for the most of your adult life?

Mr. WULFORST. I have been a plumber in this town here for 33 years, to be exact.

Chairman PROXMIRE. How does this present experience compare with experience throughout that time?

Mr. WULFORST. Well, I would say for the last 4 years, maybe less than the last 4 years, it seems to be in the summertime that we always have men working from out of town who come to this town to work, and we used to have what we called summer apprentices, the high school boys, as plumbers, or some of the men that had no work would come to the local and apply for summertime jobs. We have not given any of those jobs now in the last 3 years, and we have had men leave us to go out of town to work in Baltimore, and instead of in Baltimore the Baltimore men coming over here to work. We have been going to Baltimore to work, and this is the first time in my life when I have ever had to go out of town to work. I am not saying that I would not go out of town to work, but it is one thing about going to Baltimore, and at least, if it rains or something and you are working on construction jobs you can come home; whereas, if you go out of town on some of these jobs, the wages are far less.

Chairman PROXMIRE. You say this is the first time in your life in which you have worked—for 33 years in this area, and that extends back to the late 1930's—that you have had to go out of town to seek work?

Mr. WULFORST. That is right.

Chairman PROXMIRE. Despite the fact of your vigorously looking for work all of this time. And you still have not been able to find work for 49 days in the first half of this year?

Mr. WULFORST. That is right.

Chairman PROXMIRE. How does your position compare with others in the Plumbers Union?

Do you find your experience exceptional, or is it quite common?

Mr. WULFORST. Well, I would say it is. I would say it is about the same as any of the other craft. I mean, the other craft seem to be in the same category.

Chairman PROXMIRE. I mean, the plumbers, themselves. Do you find that most plumbers have the same problem of unemployment, 30, 40, 50 days in the first half of the year?

Mr. WULFORST. Some of them are very good mechanics and have been working in this town on Government buildings, and they just cannot find work. I, for one. For instance, I did that east end of the Capitol over there back in 1961, and I know my qualifications should be fine so far as seeking work. I have got a good reputation. I never lost no time as far as sickness or lack of work. I think I have a good work record. And in going down to these unemployment places, I have gone down there, and the first thing you know you get a job for about 2 weeks, and then you are off again.

Chairman PROXMIRE. Is age a problem for you?

How old a man are you?

Mr. WULFORST. I am 53 years old.

Chairman PROXMIRE. Do you find that is a handicap in getting work?

Mr. WULFORST. In a way, yes. Yes, I do. When you go around on these jobs to the contractors, if you look around you will find the majority of the ones will be a little younger than I am.

Chairman PROXMIRE. Well, thank you very much.

We will be back for some other questions.

Our next witness is Mr. Louis P. Lantner of Silver Spring, Md.

Mr. Lantner is, as I understand it—and you correct me if I am wrong on any of this—a college graduate.

**TESTIMONY OF LOUIS P. LANTNER, UNEMPLOYED VETERAN,
SILVER SPRING, MD., ACCOMPANIED BY KARIN LANTNER, WIFE**

Mr. LANTNER. Yes, sir.

Chairman PROXMIRE. You would like to work for the U.S. Government. You have had difficulty with the civil service. You had a GS-9 rating, I understand, but were willing to take a GS-7 job or whatever you can get. The VA has helped you somewhat in discovering your numerical rating, which I understand the civil service would not give, and this would have been essential for your being considered by prospective employers.

I understand your wife is also unemployed. Is that correct?

Mr. LANTNER. That is correct.

Chairman PROXMIRE. So, you are living doubled up with in-laws. I guess that is a problem for you.

Mr. LANTNER. Well, I have been very lucky. It is not as uncomfortable as it could be. I have very gracious in-laws.

I am college graduate, and I went to Naval Officers Candidate School immediately upon graduation and was commissioned 4 months later, and I served 3 years in the Navy with an ensign rank, lieutenant, junior grade.

I had one tour here in Washington, D.C., at the Naval Communications Station which is outside of Andrews Air Force Base. I transferred to Vietnam where I served for 1 year, primarily in Saigon. I was a communications officer of the Navy liaison unit to the 7th Air Force which is homebased in Saigon. I traveled in Vietnam, throughout the country, and also on some carriers operating in the area. I was division officer in Saigon. I had 10 to 15 enlisted men in my division, and we had some very interesting experiences.

Chairman PROXMIRE. What was your rating again, your rank?

Mr. LANTNER. Lieutenant, junior grade. I know I wanted Federal employment when I came back to the States; I knew I wanted to get employed, and I thought I would like to work for the Federal Government, and I have a number of friends and relatives who have had successful careers, and I knew a little about the system, and I liked it.

And I came back here to Washington, which is not my home of record. My home of record is Rhode Island, but because my wife is here in Maryland with her parents, I was here in the Washington area.

I took my civil service exam, and you were correct, I was not able to get my scores from the Civil Service, and I was very fortunate that the Veterans' Administration was able to get that for me. I have a 101.5 out of 100. That is because I earned 96.5 and I have the 5 point veteran privilege, which gives me 101.5.

I also took the midlevel exam, and I wound up in the 90 percent pile in the midlevel. I feel I have the qualifications for a GS-9, but I would be willing to take GS-7.

Chairman PROXMIRE. You are in an exceptional position as compared with other veterans. No. 1, you have a college education. No. 2, you served as an officer. No. 3, you have a civil service rating. No. 4, it is a high civil service rating, and, in addition, you qualified very high—you say 101.5 out of 100 and you get the extra, of course, because of your veteran's bonus.

So, you would seem to be extraordinarily well qualified to work—and what strikes me right away and must strike everybody else, if you cannot find work with those kind of qualifications, imagine the dilemma that other people with far less qualifications would have.

Tell us about your experience now, in looking for work?

What, actually, have you done? Where have you applied?

You indicated that you would be willing to take work in addition to Government work, or do whatever is available?

Tell us about this.

Mr. LANTNER. Yes, sir.

I assume that you are familiar with form 171, the Government form for employment, and I have 15 of those forms in circulation now.

I went to the agencies I thought I would be interested in, and this on what I read about these agencies in the newspaper and the media and whatnot. I went to HEW, HUD, Transportation, OEO, FCC, and, in addition, to several others.

Chairman PROXMIRE. You did. Did some of those agencies say that work opportunities were closed to you?

Mr. LANTNER. The State Department for one. I went to several others.

Chairman PROXMIRE. On what grounds did they say they were closed and you would not be considered?

Mr. LANTNER. In that they were not hiring, that they had a number of people inside of the organization that they would promote, but they simply had no openings, that there was no openings. They said "Come back in a month or two, maybe 2 months after the fiscal year and there might be some new positions created." They actually said that it was a closed market.

Chairman PROXMIRE. For how long have you been looking for work?

Mr. LANTNER. Six weeks.

Chairman PROXMIRE. And your wife?

Mr. LANTNER. My wife is a highly trained professional. She is a computer linguist and has 2 years of valuable experience in addition to her master's degree. My wife was employed 2 years in a small private company doing some very interesting research. That research was terminated, and my wife has been unemployed for 5 months. And as I say, she has her master's in linguistics, and she is experienced with computers and has found a closed job market.

Chairman PROXMIRE. Have you tried any employment outside of Government?

Mr. LANTNER. No, sir. I have not had any interest in it.

Chairman PROXMIRE. How about your wife?

Mr. LANTNER. My wife has, yes, sir.

Chairman PROXMIRE. What kind of work has she sought?

Mr. LANTNER. Well, my wife is here. Can she answer the question, please?

Chairman PROXMIRE. Yes, indeed.

Young lady, would you come up?

Mrs. LANTNER. Would you please repeat the question?

Chairman PROXMIRE. Yes.

First, would you identify what your first name is?

Mrs. LANTNER. My name is Karin Lantner.

Chairman PROXMIRE. Karin Lantner; fine.

Mrs. LANTNER. Yes; and I am unemployed. I am a trained linguistic and work with computers doing language analyses, basically, and I would be willing—I would prefer, much prefer, to work in my field, of course, because I have been working for the past 2 years in my field. Well, I could get a job possibly as a secretary or various other things. I do not feel I should accept a job like that right now, and, as long as I have a place to live—

Chairman PROXMIRE. I want to get as complete and honest a picture as we can.

Your position is that you are well trained, that you are well qualified—and I think there is no question about that, as your husband is in his field, and neither one of you can get work in your field, even though your husband is willing to take any kind of job, even at a lower rating than he is qualified for. He has not applied vigorously outside of Government for employment.

Mr. LANTNER. That is correct.

Chairman PROXMIRE. And you are looking for work in your particular area that is not available?

Mrs. LANTNER. That is right. The trouble with my particular training is that there are not very many jobs at all. There are not very many projects going on. In the Government, a year ago, I looked around, tentatively, for a job to see what kind of jobs were open. I called places, but I did not actually apply, because I had the other job, but I knew it would end in a year. And there were about five projects going on in the Government in various agencies. There was one in NASA; there was one at the Bureau of Standards, and NIH—several at the Bureau of Standards—in linguistics, and there is also an organization which is called the Center for Applied Linguistics, which is a private organization, and at that time there were several projects going on. There were no openings at that time. I

called back this year, and the only project that is left is the one project in NIH where they could use me possibly, and I have applied. The Center for Applied Linguistics is closed, and applications—they do not have any jobs, they said.

Chairman PROXMIRE. Is there prospect for you, both of you, for retraining—getting into something else, to the extent that jobs are not available?

Have you thought about that?

Or, maybe I should put it the other way.

What are you going to do if jobs do not open up for a while?

I take it from your testimony that the situation looks as though it might continue to be difficult for a number of months. Would you simply wait or would you lower your sights and see if you could get a job as a secretary?

And, Mr. Lantner, you might take some kind of a job, whatever you can, in a private sector.

Mr. LANTNER. Yes, sir.

Chairman PROXMIRE. Or would you try to get some kind of retraining and go into some other field?

Mr. LANTNER. Well, Senator, one point I feel I should have informed you concerning is the fact that I have the GI bill to work with in terms of education, and I have indicated to the agencies I have been to that I would be willing and anxious to go to night school and work toward a master's degree, probably in business administration or along some other line, sociology, something that would apply to my job. In terms of retraining, I feel that I definitely indicated to the agencies that I would be willing to receive training. I have been in communications, and I was not anxious to pursue that as a career. I feel that in case I am unable to get work I probably will use my GI bill and go back to school, although I am not sure of what value a further degree would be at this time.

Chairman PROXMIRE. I have a list here of permanent civilian employment in the executive branch, and it appears virtually every department is increasing its number of personnel. There is also attrition, people leaving, retiring, and they have to be replaced. So, I am puzzled and surprised that you were unable to find an agency that was employing people. You said that they simply said that they were not any openings and they were not employing anybody?

Mr. LANTNER. Yes, sir. I have a number of agencies that will be hiring and have my application and it is possible that I may have an interview in the next month or so, and I have been told by the personnel officers that they will call me in 3 to 4 weeks. But, as I have been looking for 6 weeks and I have not had any interviews in the last 6 weeks, and I was told that I would not have an interview for at least 2 weeks.

Chairman PROXMIRE. How about the management intern programs?

Mr. LANTNER. That is what I am aiming for.

Chairman PROXMIRE. Would they accept your application?

Mr. LANTNER. No, sir. The programs began on July 1, and applications closed on the 15th of March, and I was told that to apply I would have to apply for next year's programs and to submit my application after the first of October. Now, this is something I feel I

could have been told about or could have been publicized while I was in the service. I came back to the Washington area thinking about these programs, realizing that I came back about 2 months too late. I should have taken my Federal service entrance exam about a year earlier. I was not aware of this, but the Federal management intern program is an attractive program, as well as highly competitive, and I definitely hope to apply for one of those programs.

Chairman PROXMIRE. Well, thank you very much. We will be back to you.

Our next witness is Mr. Jules D. Fabre.

Is that correct, sir?

Mr. FABRE. Yes, sir.

**TESTIMONY OF JULES D. FABRE, UNEMPLOYED BLACK MAN,
BALTIMORE, MD.**

Chairman PROXMIRE. You are from Baltimore, Md.

Mr. FABRE. Correct.

Chairman PROXMIRE. Age 28, married; spent 6 months in the armed services.

Is that right?

Mr. FABRE. Yes, sir.

Chairman PROXMIRE. You were employed by General Motors for 7 months prior to March 7, 1970, at which time you were let go, and you have been unemployed for the most part since March of 1970, and that is more than a year ago. You have tried other jobs, I understand, driving cabs, selling, and so forth.

Will you tell us about that, and expand your experience a little bit, what you have tried to do to get employment?

Mr. FABRE. Well, sir, first of all, when I was laid off from General Motors, I could not receive any subsistence pay from them because I had not been there a year, and, immediately after that, I started selling—

Chairman PROXMIRE. So, there is no severance pay when you were laid off?

Mr. FABRE. No. You have to be there a year.

Chairman PROXMIRE. Pull the microphone a little bit closer, Mr. Fabre.

Mr. FABRE. I sold insurance part time, but I had to let that go, because my car went out on me, and I could not afford another one.

Chairman PROXMIRE. You had to let that go because of what?

Mr. FABRE. The engine went.

Chairman PROXMIRE. I see.

Mr. FABRE. And after that I drove a cab part time, which is—well, you cannot make too much money driving a cab. And my wife was working, she teaches school. But now school is out, she has not been working to teach summer school, so, that means both of us are unemployed at the moment.

Chairman PROXMIRE. Your wife is unemployed, too?

Mr. FABRE. At the moment, yes, but she will resume teaching in September.

Chairman PROXMIRE. I see.

Mr. FABRE. Well, when I came out of the service, I was under the impression that the Veterans' Administration had a vigorous program

for retraining veterans, but they did not. I took a number of tests, and the employment that they offered me was mediocre jobs, and I was 28 and I would be working with people that were 17 and 18 on the same level as they were, even with my five points, and would give me a 92.

Chairman PROXMIRE. What kind of jobs were those?

Mr. FABRE. This was in the Government, Social Security, and they start me off as a GS-3, I think. I have had several jobs. I worked at Baltimore Gas & Electric. I worked there for approximately 6 months, and I was in an auto accident and I was laid up for about a month. Then I started with GM and worked there for 7 months, and I was laid off. And that is about it.

Chairman PROXMIRE. Do you have unemployment compensation?

Mr. FABRE. No; I have not received that.

Chairman PROXMIRE. You have not received any?

Mr. FABRE. No; because immediately after being laid off from GM, I had a part-time job which was only paying me \$85 a week at that time. Unemployment was \$65 a week, plus the people laid off could get food stamps, but I could not get food stamps because my wife was still teaching school at that time, and I was making \$85 a week with no food stamps, and those people who were receiving the \$65 a week were not working, plus they received food stamps, which made them better off than I was working.

But my salary did increase at the insurance company, as I worked on a quarterly basis. But, as I say, this meant losing my job basically.

Chairman PROXMIRE. Now, can you give us a little generalization as to the experience that your colleagues, others, your friends, other veterans you know, others who worked with you, what their experience has been?

Mr. FABRE. Well, basically, people who worked with me at General Motors that were laid off the same time I was, some of them have been called, and the ones that have not, have gone to other jobs. I know a number are driving cabs full time, and a number have gone into construction work if they can get it, because it runs on the basis of the people that are permanent—there is no permanency in the job. I, myself, do not particularly like construction work, but if necessary I will have to go into that, because it is like—well, on days it rains, there is no salary, and things like that.

Chairman PROXMIRE. Tell me about this option of being able to drive a cab. You say you can move into that when you wish, you can work there, but the pay, the remuneration, is very low?

Mr. FABRE. Yes, it is; it is. Well, you see, in driving a cab, when they have a big layoff in Baltimore, everyone goes to the cab company. And it is just true; everyone goes to the cab company. You can sit in the cab company—

Chairman PROXMIRE. So what happens is that when unemployment increases, they all move into the cab area?

Mr. FABRE. Right, Because there are always openings.

Chairman PROXMIRE. And then the supply of cabdrivers increase so much that the amount of work each one of them can get diminishes sharply?

Mr. FABRE. Yes.

Chairman PROXMIRE. At unemployment time, it is the worst time to be a cabdriver because you have so much competition?

Mr. FABRE. Definitely. You can work 12 hours—I could work 12 hours and spend 4 hours waiting for a cab to be available.

Chairman PROXMIRE. You have to wait 4 hours for a cab to be available for you to drive? I see.

Mr. FABRE. It depends.

Chairman PROXMIRE. And what would be your typical income under these circumstances in Baltimore?

Mr. FABRE. Roughly, if I were out for 8 hours on a weekend, I would probably get \$30 or \$35.

Chairman PROXMIRE. \$35?

Mr. FABRE. Yes, on a good weekend, like Friday night or Saturday evening.

Chairman PROXMIRE. That is your net income, after you pay—

Mr. FABRE. That is the net, yes, roughly. I would get about \$50 or \$60. It all depends. The average cab would average out to make about \$120 a week if he drove all the time, but, you see, they have what they call—well, if you are a permanent cabdriver, you can easily get a cab, but if you are just coming in to drive, it is not as easy to get a cab. It stands to reason, because these are permanent men, they have been driving cabs for a livelihood; whereas, they consider me part time.

Chairman PROXMIRE. Now, you are eligible for reemployment at General Motors?

Mr. FABRE. Yes.

Chairman PROXMIRE. You could be called back?

Mr. FABRE. Yes, possibly.

Chairman PROXMIRE. That is what you would like to do?

Mr. FABRE. Yes.

Chairman PROXMIRE. That was your best, highest remunerative opportunity?

Mr. FABRE. Yes; it is.

Chairman PROXMIRE. All right, sir.

Now, our other witness this morning is Mrs. Mamie Chambers, unemployed presser.

Mrs. CHAMBERS. That is right.

TESTIMONY OF MAMIE CHAMBERS, UNEMPLOYED PRESSER, WASHINGTON, D.C.

Chairman PROXMIRE. And we do not have any background on your unemployment experience; so, you just go ahead and tell us.

Mrs. CHAMBERS. Well, it is very difficult to get jobs, you know, pressing. You see, I am a presser.

Chairman PROXMIRE. You are a presser?

Mrs. CHAMBERS. Yes, sir. I press clothes in the drycleaners, and it is very difficult to get jobs like that. You go out on jobs, and, you know, they say, "Well, fill out this application." Well, if you do not have the education to fill out the application, they feel you do not do the type of work they want, but whole lots of times the people can do the work but do not have the education. So, it seems to me that education goes along with my type of job.

But, so far, I have been unemployed ever since February 20, and I got food stamps once, and then I started to draw unemployment and social security.

Chairman PROXMIRE. Do you get unemployment compensation?

Mrs. CHAMBERS. Yes.

Chairman PROXMIRE. When will that run out?

Mrs. CHAMBERS. Well, this one will not go out. I am still drawing unemployment.

Chairman PROXMIRE. You say it has not run out yet?

It lasts—what? Twenty-six weeks? So, it will expire in another month or so?

Mrs. CHAMBERS. I signed up for 23 weeks.

Chairman PROXMIRE. Well, have you tried to seek other kinds of work?

Mrs. CHAMBERS. Well, not exactly other kinds of work, because I am not as good at other kinds of work as I am on pressing. But I have nothing left for me to do; if I do not, then, I will try seeking other kinds of work. But I am an experienced presser.

Chairman PROXMIRE. How long have you been in that field of pressing?

Mrs. CHAMBERS. Close to 20 years.

Chairman PROXMIRE. What other kinds of work have you done?

Mrs. CHAMBERS. I have did some private home work in South Carolina. My native home is in Spartanburg; S.C., and I worked down there, and the work there is very cheap; so, when I came here in 1956 seeking work, I found the work paid more here, more than it did at home, and so I have been here ever since 1956. And I have been lucky with work in pressing ever since I have been here, up until—you know.

Chairman PROXMIRE. When you say here, you mean here in Washington, D.C.?

Mrs. CHAMBERS. That is right.

Chairman PROXMIRE. Of course, by and large, this town has been blessed compared to the rest of the country. We have had much lower unemployment, as I understand it, far better job opportunities. But in spite of that you have not been able to get work as a presser, at least since February of 1971, this year?

Mrs. CHAMBERS. That is right.

Chairman PROXMIRE. What are your plans? What do you expect to do?

Mrs. CHAMBERS. Well, if I cannot get a pressing job, I will just have to go to the unemployment office and see if I can get a private home job. But I was sent out and the man told me to come back Tuesday, that he will give me a try.

Chairman PROXMIRE. So, you have applied for a job, a domestic job, is that correct?

Mrs. CHAMBERS. No, I did not apply for a domestic job; I applied for pressing.

Chairman PROXMIRE. Pressing?

Mrs. CHAMBERS. Yes.

Chairman PROXMIRE. Would that be private? I thought you said a private home job?

Mrs. CHAMBERS. If I cannot get a job pressing, I will go back to private home work.

Chairman PROXMIRE. I see. I see. But neither job is available to you right now, but it might be available next week; is that right?

Mrs. CHAMBERS. Well, the press job was promised next week, next Tuesday.

Chairman PROXMIRE. What does that pressing job pay?

Mrs. CHAMBERS. Well, some pay \$2.50 an hour, some pay \$2.75, and then some go on a flat salary. Some people pay \$100 a week and some pay \$110 to \$120. But the job the employment office sent me out on Wednesday, he was paying \$110.

Chairman PROXMIRE. Are you married?

Mrs. CHAMBERS. I have been married, but I am divorced.

Chairman PROXMIRE. And you are your sole support?

Mrs. CHAMBERS. Yes.

Chairman PROXMIRE. And you have not had any income, really, since February of this year?

You have had food stamps, you say?

Mrs. CHAMBERS. I had food stamps once.

Chairman PROXMIRE. You have them now?

Mrs. CHAMBERS. No; I do not use them. I got them when I first got unemployed, and then when I got out of a job—but then I received my unemployment and social security.

Chairman PROXMIRE. I see.

Did you say you were precluded from working for a private employer?

Mrs. CHAMBERS. I beg your pardon?

Chairman PROXMIRE. Did you say you could not work for a private employer? That was not my understanding—Oh, I beg your pardon. I beg your pardon.

I would like to go back to Mr. Bose.

Now, did you tell me you precluded from working for a private employer, but did you simply say that your statement you made this morning was so controversial that you expected that you could not work for a private employer?

Mr. BOSE. On the statement I made, I do not think that I would be normally considered for employment, if these statements were heard, by a large corporation.

Chairman PROXMIRE. You say that on experience you have had in the past or—

Mr. BOSE. Definitely.

Chairman PROXMIRE. Tell us a little bit about that.

You represent, as you said, a kind of a new kind in unemployment, a highly skilled, highly trained area where you are very much in demand, people with your skills being in demand up until relatively a short time ago. And now we know that unemployment is extraordinarily high in many parts of the country.

Mr. BOSE. Well, first, the question that you asked me, sir—I think the average person who is employed in the categories that I am is not required—or rather is prevented from speaking out in cases where management shows incompetence, fraud, or other malpractices. The general feeling among the types of people that I represent is one of oppression in the sense that in order to retain one's job it requires that one walk a rather narrow line.

I read the statement from the application in order to illustrate that.

Chairman PROXMIRE. Well, I wish you would generalize a little bit. You are an unusual man, and you are certainly one who is willing

to talk about the problems of your industry and obviously, you speak up and speak your mind. When you are willing to do that often, at anytime, under any circumstances, it may mean your job, as you know, but I would like for you to give us as much as you can, your impression of what the problems are, even for those who are not as outspoken, and I think that is a fine quality and characteristic to be as outspoken as you are. Now, in that industry what are the problems? Because, as I understand it, there are many qualified people who are willing to do almost anything to get jobs, including keeping their mouths shut and agreeing with the management on whatever policies they want to adopt, cannot find jobs now.

Mr. BOSE. That is correct. As a matter of fact, I do not know the exact numbers of the so-called aerospace engineers in the area from which I come. I have heard officials estimate it, variously, from 7,000 to 1,000.

Chairman PROXMIRE. Seven thousand to 10,000?

Mr. BOSE. From 7,000 down to 1,000, or from 1,000 to 7,000.

Now, among my acquaintances there has been no improvement, and I made an attempt to become acquainted with as many unemployed aerospace people as possible.

Chairman PROXMIRE. Let me ask all of you witnesses, in turn, to tell me what you think the Federal Government can do to help in this situation?

What policies do you think we can adopt?

Now, Mr. Bose has given some ideas on this. We can come back to him if you would like that, but let me start off with Mr. Wulforst and then go right across the table and ask you to tell us what you would like to see us do.

Mr. WULFORST. Well, I would like to see some kind of a work program around here like, you know, in the long-range jobs; not the short jobs. Like, for instance, you have these buildings downtown now. They go on, and then they just stop, and there does not seem to be other jobs in line. Now, like for instance, we have the FBI Building downtown. That is a long-range job. Well, that job there, I would say approximately, as far as plumbing is concerned, and I am speaking about my end of the industry now, that that job has been dragging for about 4 years, and what I mean by dragging is that it is just one of these come-and-go deals where you have got a few men on the job, and that is the way it is.

Chairman PROXMIRE. I have wondered about that hole in the ground. What is behind that? You imply that it seems to be a deliberate plan to keep the—

Mr. WULFORST. I would say there is no deliberate plan. I do not know what the holdup is on that job down there. I would like to know myself.

Chairman PROXMIRE. There is a feeling among the workers that there is some kind of a drag, a holdup, that is it being slowed down for no particular reason, and that the employment on it is far less than it should be?

Mr. WULFORST. That is right.

Chairman PROXMIRE. So that your suggestion—and I realize I am being a little unfair; I did not ask you folks to prepare for this kind of a question, but one suggestion you had is that with a project of this kind they move ahead and build it and complete it?

Mr. WULFORST. That is right.

Chairman PROXMIRE. This would certainly help at a time like this when we have relatively high unemployment, and I would think in the long run it might save the taxpayers some money, because in view of inflation, and so forth, it would cost more to finish it in 2, 3 or 4 years from now.

Mr. WULFORST. That is right.

Chairman PROXMIRE. All right.

Mrs. Lantner or Mr. Lantner.

Mrs. LANTNER. Well, from my experience, I did go down to the U.S. Employment Service downtown, and I believe it is on 20th and L Streets, and they have a list of supposedly all of the openings for Federal jobs, and that list is far from complete. There are jobs all over that are not reported to the Employment Service. I think the Government should have a central clearinghouse for all jobs so that someone who is seeking a Federal job can at least go to this one office and see what jobs are open and what jobs they qualify for to apply for, because my problem is just finding a job I can apply for. And my husband has had the same problem.

Chairman PROXMIRE. So that you say you cannot go to one central place and find out what jobs are available?

Mrs. LANTNER. That is correct.

Chairman PROXMIRE. You favor a job bank of the kind that Mr. Bose has suggested?

Mrs. LANTNER. Yes, for Federal jobs. The Employment Service is supposed to be.

Chairman PROXMIRE. With the computers we have and the capability of pulling an enormous amount of material together and making it readily available, it would seem to me that that would be a very simple thing to do, and I thought that was something we had made some progress on. But you say, insofar as you know, in your area, in your particular job-interest area, you cannot go to one place and find out what jobs are available? Is that right?

Mrs. LANTNER. That is right. Well, there is the Employment Service which is supposed to be, the Employment Service is supposed to be such a job bank, but the trouble with it is that the agencies do not cooperate, I do not think. They do not report the jobs possibly because they are saving them for people within the organization, or I do not know exactly why—or perhaps because they just do not know about the Employment Service.

Chairman PROXMIRE. You say you can go to the Employment Service and they have some jobs available but there are many jobs that are not reported to them?

Mrs. LANTNER. Yes; that is correct.

Chairman PROXMIRE. Including Government jobs that are not provided to the Employment Service?

Mrs. LANTNER. Yes.

Chairman PROXMIRE. Do you know this as a fact? Can you give us any examples, or have you heard of any situations?

Mrs. LANTNER. One example is this one job that I am qualified for at NIH. I did go to the Employment Service, and I looked in there. They had computer printouts of jobs, and there were none remotely connected with my field at all, yet I did hear about this

project at NIH. My mother works for NIH, and she heard about it, and that is how I found out about it, and I called and "Yes," they are looking for one or two people and, you know, they are interested in me. But I would not have found out about it had it not been for the personal contact.

Chairman PROXMIRE. That is very interesting. I can understand why a private employer would not do it. It is hard to persuade them to do it, although it would be an enormous service, of course, both to the unemployed and to themselves. After all, they would have a chance to interview more applicants and they would have a wider choice, but I cannot understand, for the life of me, why the Government would not do it. You say that HEW, in this case, that you just happened to hear about it. If you heard about one case that way, undoubtedly there are many, many others that are just not reported to the Employment Service.

Mrs. LANTNER. Yes, sir.

Chairman PROXMIRE. That is a very good point.

Mr. Lantner.

Mr. LANTNER. Senator, I can substantiate from my own experiences exactly what my wife has just said. Being a veteran, I had an employment counselor at the U.S. Employment Service, and my counselor really impressed me with her complete knowledge of job opportunities which are announced in the outer office. In the lobby one walks into there, there are computer printouts of job openings, and my counselor is always familiar with everything at her reach and the announcements made in her office. But I have gone to 15 Government agencies, and I have seen openings at various agencies and these openings were not announced in her office, my employment counselor was not at all aware of them. I have applied for several, but, as I mentioned earlier, I will not be called for an interview for at least another 2 weeks.

One other recommendation I have: When I was in Saigon, it was very—

Chairman PROXMIRE. Well, before you go on from that, I think these are very, very helpful recommendations, the kind of thing I think should be called to our attention. We have created in the Employment Service, as you say, exactly the kind of thing you have asked for, but it is not working and it is not working, as you say, because the job counselors, even good ones such as you have, just are not made aware of jobs that are available. And somehow action should be taken by the Employment Service, the Labor Department, the Bureau of the Budget, some central agency, and we will see what we can do to stimulate this, to persuade all of the agencies of the Government to list every job available when it becomes available with the Employment Service. It seems to me it would serve the interest of not only those who are unemployed but of the taxpayer and it would be much more efficient. They would be able to get the best people that way, the best qualified.

Mr. LANTNER. One more aspect of that problem. When I was in the Employment Service, I was given a printout of personnel offices at the Government agencies, and that printout was dated June 1969. When I went to the Civil Service to take my exams, I was given a printout of personnel offices that was dated May 1971. And the Labor

Employment Service has been using a printout that was outdated by about 2 years of where personnel offices were located. I found this out by going to an incorrect address, and I realized that the printout was not complete as well as not correct.

When I told my job counselor about the new personnel offices' listing, I believe she immediately ordered a good quantity for her office, but there seemed to be little contact between the civil service on this one. This might be an isolated aspect, but it surely is a concrete point, that there was no contact, no communication about this one aspect about where the personnel offices are located.

Chairman PROXMIRE. Now, you had another point that you were about to make and I interrupted you.

Mr. LANTNER. Yes, sir. When I was in Saigon the last year, it was very easy to take college boards, very easy to take law boards and business boards. The Educational Testing Service was in force. They were encouraging servicemen to get their high school equivalencies, to take all kinds of tests in any type of job area. I think it would have been simple for me to take my Government Federal service entrance exam while I was in Saigon, and it would have helped me greatly when I came back to the States, because I knew I wanted Federal work.

Now, the supervision is there. There are people trained in administering tests.

Chairman PROXMIRE. You cannot do that now?

Mr. LANTNER. I could not do that in April, at least.

Chairman PROXMIRE. We will check that out.

Mr. LANTNER. I know the structure is there. They are used to administering professional tests. I feel that if college boards and other types of exams can be given, the same structure applies to the Federal service entrance exam. I would have been ahead of the game if I had come back to Washington with my score in hand. Of course, if there are no job openings, I do not know exactly where that would have gotten me. Anyway, I would have been more confident.

Chairman PROXMIRE. You might have gotten a job at that time that is no longer available.

Mr. LANTNER. That is right.

Chairman PROXMIRE. Has the job market improved, would you think, in the last 6 months or so?

The figures we have this morning suggest that for young people, for minority groups and others the job market has quite dramatically improved since last month.

Do you see any evidence of this?

Mr. LANTNER. No, sir. Since I have been looking for work in the last 6 weeks, and many of my friends are now as well, are now employed by the Federal Government, which is the line of work I am looking for, I have not personally seen any indications.

Chairman PROXMIRE. Now, you and your wife are both, obviously, very well qualified, yet, obviously, you get by, in part, by living with your wife's parents.

Mr. LANTNER. Karin's parents.

Chairman PROXMIRE. How else do you get by?

Neither of you have jobs; neither of you have income.

Mr. LANTNER. I am receiving unemployment compensation. I have been receiving this for 4 weeks now.

Chairman PROXMIRE. How much is that?

Mr. LANTNER. I am very fortunate in that I am receiving maximum. I am getting \$73 a week.

Chairman PROXMIRE. \$73 a week?

Mr. LANTNER. Yes, sir.

Chairman PROXMIRE. And your wife, is she getting any income?

Mrs. LANTNER. No; I am not.

Chairman PROXMIRE. So, your income, your family income is \$73 a week?

Mr. LANTNER. Yes, sir.

Chairman PROXMIRE. And that is all you have to get by on? It is a good thing you have in-laws to live with?

Mr. LANTNER. Yes, sir; that is very true.

Chairman PROXMIRE. Now, Mr. Fabre, you are a veteran and you indicated your veteran's record, and although you have a fine record for a substantial period of time, the Veterans' Administration has not helped you very much in getting work.

Can you suggest any course that the Government might follow that would be helpful to people like you and your friends that you know?

Mr. FABRE. Well, yes, sir. So far as the veterans are concerned, there does not seem to be any vigorous program of retraining.

Chairman PROXMIRE. For training, retraining into civilian jobs?

Mr. FABRE. At the time I was discharged it was like a carefree attitude, you know. Most people are. I find most veterans do not find jobs. The Veterans' Administration does not find them their first job after they are out of the service.

Chairman PROXMIRE. Was there an optional program available? Could a veteran be trained, if the veteran wished?

Mr. FABRE. They just told me I qualified to work in the social security. In case I did not want to work for social security, I felt that—

Chairman PROXMIRE. Did you have a chance to develop any skill in the military?

Mr. FABRE. Not really; I was administrative intelligence specialist. All we did was interpret photographs.

Chairman PROXMIRE. Interpret photographs?

Mr. FABRE. I don't know what the counterpart is.

Well, as I have said, I have never been completely without a job is the reason, and my wife's salary, and jobs here and there.

Chairman PROXMIRE. Going into debt?

Mr. FABRE. Yes, I am in debt. You see, we purchased a home, and of course, I don't want to lose my home, but now it seems that we might have to rent the house and move in with some in-laws.

Chairman PROXMIRE. You say you're going to lose your home?

Mr. FABRE. No, I said I plan to rent my home and move in with some in-laws; my sister's sister.

Chairman PROXMIRE. So the rent might supplement your income?

Mr. FABRE. It would pay for the house itself; the rent that I would receive. In other words, the house would pay for itself.

Chairman PROXMIRE. Did you have any savings that you could use that you could ride on?

Mr. FABRE. We had some, but she doesn't receive any salary sometimes.

Chairman PROXMIRE. Mrs. Chambers, do you feel there's anything the Federal Government can do to help you in your position, or people who have the problems that you have?

Mrs. CHAMBERS. Well, the way I feel, everything is so high, and they tells you the overhead in dry cleaning is high, and the fluids, and the high flowpower is rated high, and they can't afford you, so if the Government could bring some of that expenses down where then maybe we could live a little bit better.

Chairman PROXMIRE. Well, how about the availability of unemployment compensation and food stamps?

Mrs. CHAMBERS. Well, I signed up for food stamps once, and they gave 'em to me free and they told me the next time I came back for food stamps, I would have to pay \$18 for \$28 worth of food stamps, and I was drawing my unemployment, and I wouldn't go back for the food stamps. I made out without them.

Mr. PROXMIRE. You have obviously a lot of experience as a presser for 20 years. It is a trade that you like very much, and you would like to do it.

Mrs. CHAMBERS. Yes, sir.

Chairman PROXMIRE. But how about the prospect of retraining, in your case?

Will you be willing to learn another trade?

Mrs. CHAMBERS. Yes, I'd be willing to learn another trade.

Chairman PROXMIRE. Have you tried to find what possibility there is for you?

Mrs. CHAMBERS. Well, I have never known where to go to find that type of—

Chairman PROXMIRE. Have you asked at the Employment Service about that?

Mrs. CHAMBERS. Yes, I asked after it.

Chairman PROXMIRE. What did they say about it?

Mrs. CHAMBERS. They sent me upstairs, and I went to room 215 and the lady told me to go back in another room, opposite from room 215, and I looked through some books for a job, and all I seed was press jobs was taken.

I never did find out where to go to get no training at all.

Chairman PROXMIRE. Have they ever suggested to you that you might learn another trade, another skill, so that you would have that to fall back on?

Mrs. CHAMBERS. Well, they never suggested, but they asked me had I been taking any training, but I settled that myself, when I went upstairs and I asked the lady where it were, up the stairs at the unemployment, and she told me to go up the stairs, and I went up the stairs, and one lady directed me to 215.

Chairman PROXMIRE. And how about your experience in getting by?

Mrs. CHAMBERS. In pressing?

Chairman PROXMIRE. No, just in getting by, just in living. You haven't had food stamps in a long time.

Do you still have unemployment compensation?

Mrs. CHAMBERS. I have unemployment compensation.

Chairman PROXMIRE. You have that?

Mrs. CHAMBERS. Yes.

Chairman PROXMIRE. How much is that?

Mrs. CHAMBERS. \$61 a week.

Chairman PROXMIRE. That is your full income—\$61 a week?

Mrs. CHAMBERS. That is right.

Chairman PROXMIRE. Do you live alone?

Mrs. CHAMBERS. Yes, sir. I live alone. I have an apartment on I Street.

Chairman PROXMIRE. Are you able to get by on \$61 a week? Are you in debt?

Mrs. CHAMBERS. So far, I haven't been borrowing.

Chairman PROXMIRE. You must be a good budgeter. It is pretty hard to live on \$61 a week.

I beg your pardon?

Mrs. CHAMBERS. I'm afraid I might be put out if I don't have the check so I can pay the rent, 'cause I normally used to—

Chairman PROXMIRE. What is your rent? What does it cost you?

Mrs. CHAMBERS. \$90 a month.

Chairman PROXMIRE. It costs you \$90 a month, which is about \$22 a week out of your \$61 that goes into rent. It doesn't leave you very much for food, or clothing, everything else you have to have.

Mrs. CHAMBERS. But I have to let that go by, and I eat a lot of canned goods to get by until I get a steady job.

Chairman PROXMIRE. Mr. Wulforst, I would like to ask you about some criticism this committee has heard around the country. We're told the construction workers are the cause of inflation. They make excessive wages.

Now, how many hours or days a year do you work?

Mr. WULFORST. How many hours—well, let's see. Approximate workdays a year—I would say roughly 10 months out of the year.

Chairman PROXMIRE. And those 10 months that you worked, you worked roughly how many hours a week? Would you work 40 hours a week?

Mr. WULFORST. Twenty, forty hours a week.

Chairman PROXMIRE. You worked throughout the month, 10 months a year?

Mr. WULFORST. No. Sometimes there's a job lag where there's no work for me. Maybe it could be weather conditions—but no, I don't know what the trouble seems to be now. It just seems to be the work just isn't there.

Chairman PROXMIRE. Well, when you last worked regularly—I'm not talking about the situation now—when you last worked regularly, what was your yearly income?

Mr. WULFORST. My yearly income?

Chairman PROXMIRE. Yes.

Mr. WULFORST. I would say it was roughly between—it was roughly \$10,000.

Chairman PROXMIRE. \$10,000. That was in good times?

Mr. WULFORST. That was in good times.

Chairman PROXMIRE. This year it will be substantially less than that?

Mr. WULFORST. That's right.

Chairman PROXMIRE. In spite of the fact there have been wage increases for plumbers, there have been for all construction workers, but it hasn't been for you, because you haven't worked—well, I should say, the last 49 or 50 days this year already?

Mr. WULFORST. That's right.

Chairman PROXMIRE. Do you find that when you take a short-term job, such as during the building crunch of 1966 or 1969 and 1970, that the employer cuts your effective wage by reducing benefits?

Mr. WULFORST. Well, I tell you, I been fortunate getting the small jobs, but some of the other fellows—you take the small jobs and as soon the man that you're going to go to work for—he might have something better, in other words, a longer work program, but it just seems to be that these jobs just seem to end, like you get these 2- or 3-week jobs, maybe a week job, and that is the way things have been going with me.

I mean, as far as the jobs are concerned, I mean, like you wait for this big job, and well, maybe you go for a couple of days here, and you see this man, and maybe this man might have work, and then sometimes when you get back to these big jobs—well, maybe you're in line to get a job; you went direct and they say "I'm sorry," I had to put somebody else on, but the slogan is, on these jobs, before, I would say, 20 years ago, you go around on these jobs—you always had a chance on them.

In other words, what I'm talking about is, in a week—in a week, you have a job. Today there don't seem to be no jobs available, average time.

Chairman PROXMIRE. What I'm talking about in specifying effective wages is when you go into the part-time jobs, is there money for your tools?

Mr. WULFORST. We don't furnish our tools. The bosses furnish our tools.

Chairman PROXMIRE. Do they pay unemployment compensation when you have a short-term job? Do you qualify for it?

Mr. WULFORST. What do you mean, unemployment? I don't get you.

Chairman PROXMIRE. Do they take money out of your paycheck for unemployment compensation?

Mr. WULFORST. Yes, they do.

Chairman PROXMIRE. Is that the part-time jobs?

Mr. WULFORST. That's right.

Chairman PROXMIRE. Do you work at a lower wage when you go to those jobs?

Mr. WULFORST. No, I do not.

Chairman PROXMIRE. When you go out to a rural district, away from the local area, do you get a lower wage?

Mr. WULFORST. It just depends. As a rule, in Baltimore—Baltimore has lower scales than Washington, yes.

Chairman PROXMIRE. The rural area, I guess, is lower than Washington—is that right or not?

Mr. WULFORST. That's right.

Chairman PROXMIRE. Any leave time from weather—snow, rain, so forth?

Mr. WULFORST. No.

Chairman PROXMIRE. You see, the picture that has been painted to this committee, and the Banking Committee—I'm on that—

and the Housing Subcommittee, on which I serve, is that the construction worker is a real aristocrat. He's really rolling in it; he's got all kinds of tremendous income, because there have been big increases in the wages.

But, I take it, what happens is that your hours of work are spasmodic, irregular, limited, and for this reason, your annual income is quite modest.

Mr. WULFORST. That's right.

Chairman PROXMIRE. Well, can one earn \$10,000 this year, after all the wage increases?

Mr. WULFORST. It sounds awfully big to say a plumber makes \$7.83 an hour, but you don't make that 52 weeks in a year. You don't know how many weeks you're going to make that.

Chairman PROXMIRE. And you've indicated you travel to work often.

Mr. WULFORST. That's right. I travel to Baltimore. I travel to Quantico.

Chairman PROXMIRE. And when you travel to and from work, it comes out of your pocket, doesn't it?

Mr. WULFORST. That's right.

Chairman PROXMIRE. OK, an additional drain, an additional burden.

Mr. WULFORST. That's right.

Chairman PROXMIRE. Mr. Bose, you said that you wrote to Governor Rockefeller about the unemployment situation. Could you tell us a little more about that? Did you get a reply?

Mr. BOSE. We received no reply on it, or acknowledgment. We did send it registered mail, so apparently it did get there.

We—now, when I say we, when the situation became acute a year ago, a number of us grouped ourselves together in a small ad hoc group, a number of us who were unemployed in an effort to help each other.

The first thing that we discovered was that the unemployment was, as far as we could tell, certainly far greater than would be indicated by percentage figures which were being published, and so we wrote to the Governor and requested his permission or his cooperation in voluntarily making a study of this situation, as well as other things, which I mentioned previously, in the statement which I made.

One of the things that we asked him to do is to allow us, free of charge, to voluntarily simply form a small group and submit to the State, or to whomever he may designate, a report on our analysis of the effects of military spending on Long Island communities. This was never acknowledged.

Chairman PROXMIRE. Mr. Bose, I don't think I've asked you. I've asked the other witnesses, but I don't think I have asked you, how you get along.

Now, you are unemployed. What kind of income do you have?

Mr. BOSE. Well, at the present time, my income, again, has dropped to zero.

Chairman PROXMIRE. Are you living on savings; going into debt?

Mr. BOSE. Savings, but also I've had unemployment compensation, and, up until 2 months ago, 3 months ago, I had been employed again, reemployed, and so my most recent unemployment has only been 2 or 3 months, and since that time I have received some compensation, plus one free-lance article which I sold.

Chairman PROXMIRE. Well, first I want to thank all of you. You have been very, very helpful witnesses. You represent, I think, a very

different picture than many people have of the traditionally unemployed.

They think of the unemployed as people with no skill, no trade. Every one of you has some experience in the past that would seem to qualify you well for employment, some of you, extraordinarily well, and yet you are suffering unemployment, and I think you represent, as I said earlier, altogether, you represent millions of Americans who are in this serious dilemma.

At the same time, I think that some of your cases—I suppose it would be possible for you to take some kind of a job. It is understandable, in view of your skill, your training, your background, your expectations of the future and so forth—it is awfully hard for a man who's been a plumber for 20 years to move into something else. It is very hard for a man who's been trained so highly, as you have, Mr. Bose, in the aerospace industry, to get a job elsewhere. I think that is true, certainly of all of you folks, who have had background and experience that should enable you to produce for society and our economy in very constructive and helpful ways, and yet the jobs aren't available.

Well, we will certainly do our best on this committee to put pressure on both the Congress and the administration to see what we can do about improving the situation, making it possible for jobs to be more abundantly available.

I want to thank you very, very much for your testimony, because it certainly gives us a record, a basis, for making that kind of appeal, and make it not be simply on statistics, which are cold and empty.

But in human terms—terms that we can understand—we can all see ourselves in your dilemmas and I think what you have done this morning has been very helpful, for the Congress, and, I think, for the country, too.

Thank you very much.

We do have Commissioner Moore and Harold Goldstein present. We would like to dismiss you folks and thank you for being most helpful witnesses.

Gentlemen, welcome back to the committee. We are delighted to see you, and are happy you come forth at a time when we can all be grateful that the statistics are tremendously improved this 1 month, and we would like to have you make whatever statement you would like to make. Mr. Moore and Mr. Goldstein.

TESTIMONY OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS; AND HOWARD STAMBLER, CHIEF, DIVISION OF EMPLOYMENT AND UNEMPLOYMENT ANALYSIS

Mr. MOORE. Thank you, Mr. Chairman. I am very glad to be back also and I have brought with me Mr. Harold Goldstein, who is the Assistant Commissioner of the Bureau of Labor Statistics, and Mr. Howard Stambler, who works very closely with Mr. Goldstein on employment data.

I think, Mr. Chairman, that our release speaks for itself. We, perhaps should have it in the record, if you would care to place it there.

Chairman PROXMIRE. Yes.

Without objection, your full release will be printed at this point in the record, along with the statistics. I think they are awfully helpful.

(The document referred to follows:)

[Bureau of Labor Statistics, Department of Labor, Press Release 71-371, July 2, 1971]

THE EMPLOYMENT SITUATION: JUNE 1971

Employment and unemployment rose less than seasonally expected in June as the number of young people entering the job market was smaller than in recent years, the U.S. Department of Labor's Bureau of Labor Statistics reported today. On a seasonally adjusted basis, the overall unemployment rate dropped from 6.2 percent in May to 5.6 percent in June, returning to the level of last fall. Total employment fell one-half million to 78.4 million, the same level as in March.

These declines may be somewhat overstated because of the seasonal adjustment procedures and because more young workers than usual were still in school during the survey week. (See note below.)

NOTE. Seasonal adjustment of labor force data is essentially based upon the average experience of the previous 8 years. When the level of unemployment changes appreciably, such as it did beginning in late 1969, the seasonal factors based on earlier years may produce an over- or under-compensation for many of the usual seasonal movements. Large seasonal changes in unemployment typically occur between May and June, August and September, and December and January. It is likely, therefore, that seasonally adjusted changes may be exaggerated during such periods. As originally reported in 1970, for example, the overall rate decline from 5.0 percent in May to 4.7 percent in June, but this change was moderated to 4.9 percent in May and 4.8 percent in June when the seasonal adjustment factors were re-computed in the regular revision in early 1971. When the seasonal adjustment factors for this year are updated, the May-June 1971 change will probably also be moderated. This comment also applies to a number of specific unemployment rates, such as those by occupation. A review of seasonal adjustment procedures is currently underway at the Bureau of Labor Statistics.

Many young persons were still in school at the time of the June 1971 survey, because the regular survey week, defined to be the week including the 12th day of each month, came early this June, the week of June 6-12.

The jobless rate for teenagers and 20-24 year-olds declined sharply over the month. There was also a reduction in joblessness among workers 25 years and older.

Nonagricultural payroll employment declined by 310,000 in June on a seasonally adjusted basis, returning to the February level. Declines were widespread among the major industry divisions, particularly in manufacturing and trade. The average workweek for all rank-and-file workers in manufacturing inched up over the month, while factory overtime rose to the highest level since last summer.

UNEMPLOYMENT

The number of unemployed persons totaled 5.5 million in June, 1.1 million more than in May. Unemployment usually increases sharply between May and June, but this year the rise was much less than seasonally expected, as a smaller-than-usual number of youth entered the labor force at the conclusion of the school year. After seasonal adjustment, the level of unemployment was down by 530,000. Most of the decline occurred among workers who were either new entrants or reentrants to the labor force, largely teenagers and young adults. Unemployment stemming from job loss was virtually unchanged in June for the second straight month.

The overall unemployment rate dropped from 6.2 percent in May to 5.6 percent in June, the lowest level since the 5.5 percent of October. Especially sharp reductions in the unemployment rate occurred among teenagers and young adults. For teenagers, the jobless rate fell from 17.3 to 15.8 percent, seasonally adjusted, returning to the level of last summer. The jobless rate for 20-24 year-olds declined from 11.1 percent in May to 9.9 percent in June, reflecting reduced joblessness among both young men and women.

The jobless rate for men 25 years and over fell from 3.6 percent in May to 3.3 percent in June. For women 25 years and over, the rate moved down from 4.8

percent to 4.5 percent. Both June rates were at their lowest levels since the fall of last year.

Unemployment rates were reduced for both Negro and white workers in June. The Negro unemployment rate dropped from 10.5 percent in May to 9.4 percent in June, a return to the March level. The decline took place exclusively among women 20 years and over, whose rate fell from 10.6 to 7.9 percent; this represented a return to the levels of early 1971. The rate for white workers fell from 5.7 to 5.2 percent, returning to its October 1970 level.

For workers covered by State unemployment insurance programs, the jobless rate edged up from 4.3 percent in May to 4.4 percent in June. The State insured rate had declined to 3.7 percent in February but has increased steadily since then. (State insured jobless figures exclude unemployed new workers and those with no recent work history.)

The number of persons unemployed less than 5 weeks fell by 235,000 over the month to 2.0 million, seasonally adjusted, a return to the June 1970 level. This primarily reflected the relatively small inflow of 16-24 year-old jobseekers. Unemployment of long-term duration (15 weeks or more) was essentially unchanged over the month. The average (mean) duration of joblessness increased from 11.5 weeks in May to 12.7 weeks in June.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

The number of persons in the civilian labor force rose by 1.9 million in June to 85.0 million. The rise was less than usual for the month, however, as the early summer influx of youth into the job market was smaller than in the past few years. As a result, after seasonal adjustment, the civilian labor force was down by over 1.0 million, with nearly all of the change occurring among 16-24 years olds. The June reduction brought the civilian labor force to its lowest level since the summer of 1970.

The number of employed persons rose 770,000 in June to 79.5 million, but this increase was also less than seasonally expected. Consequently, after seasonal adjustment, total employment was down by 520,000, with nearly all of the drop occurring among teenagers. Employment of both men and women 20 years of age and over was unchanged in June, although employment of adult men has risen 400,000 since the recent low reached last December.

Over the year, the civilian labor force has grown by 920,000, with three-fifths of the rise occurring among young adult men, many of whom were returning veterans. In contrast, total employment was about unchanged since last June, as a moderate employment gain among men 20-24 years of age was offset by a decline in employment among teenagers and men 25 years and over. Unemployment was up by 820,000 over the year.

INDUSTRY PAYROLL EMPLOYMENT

The number of wage and salary workers on nonagricultural payrolls was 71.3 million in June, 490,000 more than in May. The rise was less than the usual May-June pickup, however, and, after seasonal adjustment, payroll employment was down 310,000. The drop returned employment to the February level, 660,000 below the alltime peak reached in March 1970.

Seasonally adjusted payroll employment declines were widespread among the major industry divisions. Employment in manufacturing dropped 115,000 in June, following small gains in the previous 2 months. More than half of the drop was registered in the durable goods industries, particularly in the five major metals and metal-using industries. In nondurable goods, the largest seasonally adjusted employment decrease occurred in the apparel industry. Since reaching an alltime peak in September 1969, total manufacturing employment has declined by 1.6 million, or 8.1 percent.

Contract construction fell 55,000 in June on a seasonally adjusted basis, the second straight monthly reduction. Employment in the industry was below its year-ago level and 280,000 (or 8.0 percent) below the alltime peak reached in December 1969.

In the service-producing industries, employment reductions were recorded in trade (90,000) and services (45,000). The decline in trade followed several months of increases and returned the job total to the January level. In government, a decline in Federal employment (25,000) more than offset a small gain in State and local employment.

HOURS OF WORK

The workweek for all rank-and-file workers on private nonagricultural payrolls rose by 0.4 hour between May and June, slightly more than seasonally expected. After seasonal adjustment, weekly hours were up one-tenth of an hour to 37.1 hours. Since October 1970, the average workweek has ranged narrowly between 36.9 and 37.1 hours.

In manufacturing, seasonally adjusted weekly hours inched up 0.1 to 40.0 hours. This was the first time since July 1970 that the factory workweek had touched the 40-hour mark, although hours still remained considerably below the levels prevailing in 1969. The small increase in the factory workweek took place largely in the major metals industries of the durable goods sector.

Factory overtime rose 0.2 hour over the month to 3.0 hours in June, seasonally adjusted. This brought the level to the highest point since August 1970.

EARNINGS

Average hourly earnings of rank-and-file workers on private nonagricultural payrolls were \$3.42 in June, up 1 cent from May. Compared with a year ago, hourly earnings were up by 21 cents or 6.5 percent.

As a result of the increase in the workweek and the rise in hourly earnings, average weekly earnings increased by \$1.74 over the month to \$127.57. Advances in weekly earnings occurred in all major industry divisions with the exceptions of finance, insurance and real estate. Compared with June 1970, average weekly earnings were up by \$7.52 or 6.3 percent. During the latest 12-month period for which Consumer Price Index data are available—May 1970 and May 1971—the index rose by 4.4 percent.

QUARTERLY DEVELOPMENT

On a quarterly average basis, total employment and unemployment (seasonally adjusted) have shown relatively little change since the fall of 1970. The overall jobless rate, at 6.0 percent in the second quarter, was essentially unchanged from the 5.9 percent rate which prevailed in both the last quarter of 1970 and the first quarter of 1971. Labor force and employment have risen only slightly during this period. The average workweek has also remained rather steady since last fall, though in the manufacturing sector it rose in both the first and second quarters.

Labor force and total employment.—The civilian labor force edged up 110,000 to 83.7 million (seasonally adjusted) in the second quarter of 1971. This was the second consecutive quarter in which the civilian labor force growth was very small. Between the second quarter of 1970 and the second quarter of 1971 the civilian labor force grew by a total of 1.1 million, with roughly one-third of the gain being attributable to a reduction of the armed forces.

The total labor force, which includes persons in the Armed Forces in addition to those in the civilian labor force, averaged 86.5 million (seasonally adjusted) in the April-June period—the third consecutive quarter at that level. Since the second quarter of 1970, the total labor force has grown by only 700,000, or at about half the pace at which it is expected to grow on the basis of long-term population growth and labor force participation trends. The recent slackening of

labor force growth has been most evident among women and teenagers, the two groups largely responsible for the very rapid labor force increases of the late 1960's.

Total civilian employment averaged 78.7 million (seasonally adjusted) in the second quarter, slightly above the first quarter level. Employment in the April-June period was 200,000 below the alltime peak of 78.9 million attained in the first quarter of 1970.

Employment among males 20 years and over, which had drifted downward for 4 consecutive quarters, posted a substantial advance of 350,000 in the second quarter of 1971. This gain, however, was largely offset by a sizeable decline in employment among adult women (250,000) and a slight drop in teenage employment (30,000). The gain in employment among adult men was about evenly divided between those in the 20-to-24 age group and those 25 years of age and over; the decline in female employment occurred entirely among those 25 years of age and over.

Unemployment.—The number of jobless persons averaged 5.0 million (seasonally adjusted) in the second quarter of 1971, virtually the same as in the previous 2 quarters. Joblessness among most major labor force groups has exhibited little change over the past 2 quarters. The April-June average rates for all adult men (4.4 percent), married men (3.2 percent), and teenagers (16.8 percent) were virtually the same as in the fourth quarter of 1970. The jobless rate for adult women, however, has drifted upward slightly (from 5.5 to 5.8 percent) since the last quarter of 1970. This rise occurred largely among Negro women and caused the jobless rate for all Negro workers to advance from 9.2 to 9.9 percent between the fourth quarter of 1970 and the second quarter of 1971. The rate for white workers (5.5 percent in the second quarter) has been virtually unchanged since last fall. The rate of Negro-to-white joblessness was 1.8 to 1 in the April-June quarter, compared with 1.7 to 1 in the 2 previous quarters.

Quarterly unemployment rates by occupation and industry have also shown few discernable trends thus far in 1971. The only significant exceptions on an occupational basis were a decline in unemployment among craftsmen and foremen and an increase among service workers. On an industry basis, there was a moderate decline in unemployment among manufacturing workers and an increase among trade workers.

Industry employment.—Payroll employment in the nonagricultural sector averaged 70.7 million (seasonally adjusted) in the second quarter of 1971, about 100,000 above the year's first quarter but still well below the 71.1 million quarterly peak attained in 1970's January-March period.

In the goods-producing industries (manufacturing, construction, and mining), employment has shown practically no change over the last 2 quarters, after declining substantially over the previous 5 quarters. In the service-producing sector, employment continued to rise in the second quarter, but the gain (140,000) was modest compared with the increases of the previous 2 quarters—300,000 and 465,000, respectively.

The average workweek for production and nonsupervisory workers in the total private economy remained unchanged at 37.0 hours in the second quarter. In manufacturing, however, the workweek moved up for the second consecutive quarter. At 39.9 hours, it returned to the level of a year ago.

(This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on industry employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication *Employment and Earnings*.)

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION BY SEX AND AGE

[In thousands]

Employment status, age, and sex	June 1971	May 1971	June 1970	Seasonally adjusted				
				June 1971	May 1971	April 1971	March 1971	February 1971
TOTAL								
Total labor force.....	87,784	85,954	87,230	85,498	87,028	86,665	86,405	86,334
Civilian labor force.....	84,968	83,104	84,050	83,132	84,178	83,783	83,475	83,384
Employed.....	79,478	78,709	79,382	78,443	78,961	78,698	78,475	78,537
Agriculture.....	3,920	3,598	4,208	3,294	3,458	3,558	3,396	3,329
Nonagricultural industries.....	75,559	75,111	75,174	75,149	75,503	75,140	75,079	75,208
On part time for economic reasons.....	2,657	2,183	2,571	2,176	2,504	2,494	2,455	2,458
Usually work full time.....	1,142	1,102	1,321	990	1,219	1,309	1,242	1,227
Usually work part time.....	1,515	1,081	1,250	1,186	1,285	1,185	1,213	1,231
Unemployed.....	5,490	4,394	4,669	4,689	5,217	5,085	5,000	4,847
MEN, 20 YEARS AND OVER								
Civilian labor force.....	48,220	47,684	47,602	47,789	47,893	47,703	47,425	47,239
Employed.....	46,226	45,780	46,018	45,765	45,737	45,625	45,411	45,237
Agriculture.....	2,627	2,546	2,801	2,426	2,460	2,476	2,439	2,347
Nonagricultural industries.....	43,599	43,234	43,218	43,339	43,277	43,149	42,972	42,890
Unemployed.....	1,994	1,904	1,584	2,024	2,156	2,078	2,014	2,002
WOMEN, 20 YEARS AND OVER								
Civilian labor force.....	28,143	28,567	27,826	28,386	28,576	28,489	28,594	28,645
Employed.....	26,526	27,058	26,524	26,818	26,857	26,791	26,938	27,051
Agriculture.....	692	608	770	510	539	583	539	551
Nonagricultural industries.....	25,834	26,450	25,754	26,308	26,318	26,208	26,399	26,500
Unemployed.....	1,617	1,509	1,302	1,568	1,729	1,698	1,656	1,594
BOTH SEXES, 16-19 YEARS								
Civilian labor force.....	8,605	6,853	8,622	6,957	7,699	7,591	7,456	7,500
Employed.....	6,726	5,872	6,840	5,860	6,367	6,282	6,126	6,249
Agriculture.....	601	444	637	583	459	499	418	431
Nonagricultural industries.....	6,126	5,428	6,203	5,502	5,908	5,783	5,708	5,818
Unemployed.....	1,879	981	1,783	1,097	1,332	1,309	1,330	1,251

TABLE A-2.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE BY SEX AND AGE

[Numbers in thousands]

Full- and part-time employment status, sex, and age	June 1971	June 1970	June 1971	May 1971	Seasonally adjusted			
					April 1971	March 1971	February 1971	June 1970
FULL TIME								
Total, 16 years and over:								
Civilian labor force.....	74,058	73,555	71,309	72,338	71,810	71,351	71,627	70,772
Employed.....	69,402	69,610	67,554	68,156	67,896	67,410	67,765	67,691
Unemployed.....	4,657	3,945	3,745	4,182	3,914	3,941	3,862	3,081
Unemployment rate.....	6.3	5.4	5.3	5.8	4.5	5.5	5.4	4.4
Men, 20 years and over:								
Civilian labor force.....	46,092	45,567	45,479	45,619	45,326	45,055	45,048	44,958
Employed.....	44,208	44,085	43,598	43,652	43,434	43,217	43,202	43,476
Unemployed.....	1,883	1,483	1,881	1,967	1,892	1,838	1,846	1,482
Unemployment rate.....	4.1	3.3	4.1	4.3	4.2	4.1	4.1	3.3
Women, 20 years and over:								
Civilian labor force.....	22,277	22,083	22,278	22,493	22,448	22,349	22,599	22,100
Employed.....	20,939	21,004	21,023	21,039	21,130	21,013	21,331	21,088
Unemployed.....	1,338	1,079	1,255	1,454	1,318	1,336	1,268	1,012
Unemployment rate.....	6.0	4.9	5.6	6.5	5.9	6.0	5.6	4.6
PART TIME								
Total, 16 years and over:								
Civilian labor force.....	10,910	10,496	12,012	11,731	11,853	12,092	11,747	11,536
Employed.....	10,077	9,772	11,095	10,650	10,739	11,038	10,727	10,740
Unemployed.....	833	724	917	1,081	1,114	1,054	1,020	796
Unemployment rate.....	7.6	6.9	7.6	9.2	9.4	8.7	8.7	6.9

Note: Persons on part-time schedules for economic reasons are included in the full-time employed category; unemployed persons are allocated by whether seeking full- or part-time work.

TABLE A-3.—MAJOR UNEMPLOYMENT INDICATORS

[Persons 16 years and over]

Selected categories	Thousands of persons Unemployed		Seasonally adjusted rates of unemployment						
	June 1971	June 1970	June 1971	May 1971	April 1971	March 1971	February 1971	June 1970	
	Total (all civilian workers).....	5,490	4,669	5.6	6.2	6.1	6.0	5.8	4.8
Men, 20 years and over.....	1,994	1,584	4.2	4.5	4.4	4.2	4.2	3.4	
Women, 20 years and over.....	1,617	1,302	5.5	6.0	6.0	5.8	5.6	4.5	
Both sexes, 16 to 19 years.....	1,879	1,783	15.8	17.3	17.2	17.8	16.7	14.9	
White.....	4,403	3,660	5.2	5.7	5.6	5.6	5.3	4.3	
Negro and other races.....	1,087	1,009	9.4	10.5	10.0	9.4	9.6	8.4	
Married men.....	1,061	863	3.1	3.3	3.1	3.2	3.2	2.5	
Full-time workers.....	4,657	3,945	5.3	5.8	5.5	5.5	5.5	4.4	
Part-time workers.....	833	724	7.6	9.2	9.4	8.7	8.7	6.9	
Unemployed 15 weeks and over ¹	1,167	658	1.4	1.4	1.3	1.3	1.3	.8	
State insured ²	2,345	1,575	4.4	4.3	3.9	3.9	3.5	3.7	
Labor force time lost ³			5.6	6.8	6.4	6.5	6.3	4.9	
OCCUPATION⁴									
White-collar workers.....	1,487	1,220	3.1	3.7	3.8	3.7	3.5	2.6	
Professional and technical.....	395	266	2.1	3.2	3.3	3.4	3.3	1.5	
Managers, officials, and proprietors.....	144	112	1.7	1.5	1.6	1.7	1.5	1.4	
Clerical workers.....	707	634	4.6	4.8	5.2	4.9	4.7	4.0	
Sales workers.....	241	209	3.9	5.5	4.5	4.4	3.9	3.4	
Blue-collar workers.....	2,044	1,829	7.0	7.5	7.4	7.4	7.4	6.3	
Craftsmen and foremen.....	363	368	3.9	4.1	4.5	4.9	4.3	4.0	
Operatives.....	1,169	1,036	8.1	8.8	8.6	8.4	8.4	6.8	
Nonfarm laborers.....	512	425	11.2	11.5	10.2	10.0	11.3	10.2	
Service workers.....	833	609	6.2	6.4	6.3	6.0	5.9	5.1	
Farm workers.....	72	72	2.2	1.9	1.8	2.2	3.2	1.9	
INDUSTRY⁴									
Nonagricultural private wage and salary workers ⁵	3,825	3,233	6.0	6.5	6.3	6.4	6.1	5.2	
Construction.....	354	343	10.4	11.2	9.6	10.9	11.0	10.6	
Manufacturing.....	1,327	1,144	6.5	6.9	7.0	6.9	6.8	5.3	
Durable goods.....	785	627	6.9	7.2	7.5	7.3	7.1	5.2	
Nondurable goods.....	542	517	6.0	6.4	6.3	6.4	6.4	5.5	
Transportation and public utilities.....	165	164	3.3	4.4	4.0	3.3	4.0	3.3	
Wholesale and retail trade.....	1,049	798	6.5	6.9	6.5	6.7	6.2	5.3	
Finance and service industries.....	905	768	4.7	5.1	5.3	5.3	4.8	4.1	
Government wage and salary workers.....	474	362	2.5	3.0	2.8	2.8	2.6	2.0	
Agricultural wage and salary workers.....	79	76	5.7	7.5	6.1	6.5	9.4	5.5	

¹ Unemployment rate calculated as a percent of civilian labor force.² Insured unemployment under State programs—unemployment rate calculated as a percent of average covered employment.³ Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.⁴ Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.⁵ Includes mining, not shown separately.

TABLE A-4.—UNEMPLOYED PERSONS 16 YEARS AND OVER BY DURATION OF UNEMPLOYMENT

[In thousands]

Duration of unemployment	Seasonally adjusted							
	June 1971	June 1970	June 1971	May 1971	April 1971	March 1971	February 1971	June 1970
Less than 5 weeks.....	2,976	2,920	2,040	2,276	2,276	2,116	2,154	2,001
5 to 14 weeks.....	1,346	1,091	1,574	1,519	1,560	1,649	1,595	1,276
15 weeks and over.....	1,167	658	1,173	1,202	1,071	1,107	1,069	681
15 to 26 weeks.....	607	425	609	622	641	651	614	427
27 weeks and over.....	560	232	564	580	430	456	545	234
Average (mean) duration, in weeks.....	10.3	7.6	12.7	11.5	10.9	10.8	10.4	9.4

TABLE A-5.—UNEMPLOYED PERSONS BY REASON FOR UNEMPLOYMENT

[Numbers in thousands]

Reasons for unemployment	Seasonally adjusted							
	June 1971	June 1970	June 1971	May 1971	April 1971	March 1971	February 1971	June 1970
NUMBER OF UNEMPLOYMENT								
Lost last job.....	2,026	1,598	2,339	2,311	2,281	2,185	2,288	1,845
Left last job.....	481	565	476	618	606	594	652	559
Reentered labor force.....	1,931	1,567	1,338	1,527	1,460	1,537	1,296	1,086
Never worked before.....	1,051	939	540	740	688	678	589	482
PERCENT DISTRIBUTION								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	36.9	34.2	49.8	44.5	45.3	13.8	47.4	46.5
Left last job.....	8.8	12.1	10.1	11.9	12.0	11.9	13.5	14.1
Reentered labor force.....	35.2	33.6	28.5	29.4	29.0	30.8	26.9	27.3
Never worked before.....	19.1	20.1	11.5	14.2	13.7	13.6	12.2	12.1
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Lost last job.....	2.4	1.9	2.8	2.7	2.7	2.6	2.7	2.2
Left last job.....	.6	.7	.6	.7	.7	.7	.8	.7
Reentered labor force.....	2.3	1.9	1.6	1.8	1.7	1.8	1.6	1.3
Never worked before.....	1.2	1.1	.6	.9	.8	.8	.7	.6

TABLE A-6.—UNEMPLOYED PERSONS BY AGE AND SEX

Age and sex	Thousands of persons		Percent looking for full-time work, 1971	Seasonally adjusted unemployment rates					
	June 1971	June 1970		June 1971	May 1971	April 1971	March 1971	February 1971	June 1970
Total, 16 years and over.....	5,490	4,669	84.8	5.6	6.2	6.1	6.0	5.8	4.8
16 to 19 years.....	1,879	1,783	76.4	15.8	17.3	17.2	17.8	16.4	14.9
16 and 17 years.....	950	903	69.1	18.1	19.0	18.3	18.8	17.4	16.4
18 and 19 years.....	929	880	83.9	13.9	16.7	15.8	17.2	16.1	13.6
20 to 24 years.....	1,344	971	89.1	9.9	11.1	10.4	10.0	9.4	7.6
25 years and over.....	2,267	1,915	89.3	3.8	4.0	4.0	4.0	3.9	3.2
25 to 54 years.....	1,828	1,534	91.4	3.9	4.1	4.2	4.2	4.0	3.3
55 years and over.....	440	382	80.0	3.4	3.6	3.6	3.3	3.6	2.9
Males, 16 years and over.....	2,972	2,531	89.0	5.1	5.6	5.3	5.3	5.2	4.3
16 to 19 years.....	978	947	77.7	15.7	17.6	16.5	17.0	16.2	15.2
16 and 17 years.....	509	504	70.3	17.7	17.5	18.5	18.4	17.3	16.7
18 and 19 years.....	469	444	85.7	13.7	18.0	14.9	16.0	15.3	13.5
20 to 24 years.....	741	515	92.2	9.7	10.8	10.5	10.0	9.7	7.4
25 years and over.....	1,253	1,069	95.8	3.3	3.6	3.5	3.4	3.4	2.9
25 to 54 years.....	992	838	98.1	3.4	3.6	3.4	3.4	3.2	2.9
55 years and over.....	262	230	86.6	3.3	3.5	3.7	3.5	3.9	2.8
Females, 16 years and over.....	2,518	2,137	79.9	6.5	7.2	7.3	7.2	6.8	5.5
16 to 19 years.....	900	835	75.0	15.9	16.9	18.2	18.8	17.2	14.5
16 and 17 years.....	441	399	67.6	18.7	20.8	17.9	19.4	17.5	15.9
18 and 19 years.....	459	436	82.1	14.1	15.2	16.9	18.5	17.0	13.6
20 to 24 years.....	603	456	85.4	10.1	11.5	10.3	10.1	9.1	7.9
25 years and over.....	1,014	846	81.2	4.5	4.8	5.0	5.0	4.8	3.8
25 to 54 years.....	836	696	83.6	5.0	5.1	5.5	5.6	5.3	4.2
55 years and over.....	178	150	70.2	3.6	3.7	3.4	3.1	3.1	3.0

TABLE B-1.—EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY

(in thousands)

Industry	June 1971 ¹	May 1971 ¹	April 1971	June 1970	Change from		Seasonally adjusted			Change from May 1971
					May 1971	June 1970	June 1971 ¹	May 1971 ¹	April 1971	
Total	71,333	70,840	70,391	71,385	493	-52	70,581	70,891	70,735	-110
Goods-producing	22,775	22,468	22,296	23,766	307	-991	22,441	22,612	22,602	-171
Mining	635	623	617	635	12	0	620	623	623	-3
Contract construction	3,389	3,251	3,154	3,504	128	-115	3,215	3,258	3,289	-53
Manufacturing	18,751	18,584	18,525	19,627	167	-876	18,606	18,721	18,690	-115
Production workers	13,612	13,460	13,389	14,261	152	-649	13,494	13,573	13,532	-79
Durable goods	10,685	10,622	10,584	11,392	63	-707	10,585	10,654	10,623	-69
Production workers	7,701	7,644	7,593	8,228	57	-527	7,610	7,663	7,626	-53
Ordinance and accessories	202.5	199.7	198.1	249.9	2.8	-47.4	203	201	199	2
Lumber and wood products	597.6	574.8	563.8	396.4	22.8	1.2	576	577	574	-1
Furniture and fixtures	460.4	451.5	448.6	454.1	8.9	6.3	459	457	453	2
Stone, clay, and glass products	638.5	629.1	622.0	650.0	9.4	-11.5	625	629	626	-4
Primary metal industries	1,272.3	1,270.1	1,265.8	1,331.6	2.2	-59.3	1,247	1,260	1,260	-13
Fabricated metal products	1,344.8	1,337.2	1,332.4	1,400.9	7.6	-56.1	1,333	1,345	1,340	-12
Machinery, except electrical	1,774.9	1,776.4	1,790.5	1,998.1	-1.5	-223.2	1,761	1,775	1,783	-14
Electrical equipment	1,782.1	1,774.8	1,771.7	1,932.1	7.3	-150.0	1,786	1,791	1,790	-10
Transportation equipment	1,473.7	1,477.5	1,764.8	1,889.6	-1.4	-115.9	1,761	1,775	1,761	-14
Instruments and related products	427.3	427.9	426.1	462.6	5.5	-35.3	426	430	428	-4
Miscellaneous manufacturing	411.3	405.8	400.4	426.7	5.5	-15.4	408	409	409	-1
Nondurable goods	8,066	7,962	7,941	8,235	104	-169	8,021	8,067	8,067	-46
Production workers	5,911	5,816	5,796	6,033	95	-122	5,884	5,910	5,906	-26
Food and kindred products	1,765.3	1,702.8	1,687.4	1,796.7	62.5	-31.4	1,769	1,770	1,769	-1
Tobacco manufactures	67.0	66.1	66.9	71.4	9	-4	76	76	76	0
Textile mill products	951.9	940.1	938.8	971.5	11.8	-19.6	940	944	943	-4
Apparel and other textile products	1,386.3	1,387.3	1,378.5	1,400.0	-1.0	-13.7	1,371	1,390	1,390	-19
Paper and allied products	684.1	676.4	686.8	720.0	7.7	-38.9	675	683	694	-8
Printing and publishing	1,087.0	1,084.6	1,086.5	1,105.7	2.4	-1.8	1,085	1,090	1,088	-5
Chemicals and allied products	1,036.7	1,033.4	1,033.0	1,063.7	3.3	-27.0	1,023	1,035	1,032	-7
Petroleum and coal products	194.2	191.4	189.5	196.7	2.8	-2.5	190	192	192	-2
Rubber and plastics products, nec.	569.3	562.5	558.5	572.5	6.8	-3.2	566	567	563	-1
Leather and leather products	323.7	317.0	315.1	336.5	6.7	-12.8	321	320	320	1
Service-producing	48,558	48,372	48,095	47,619	186	939	48,140	48,279	48,133	-139
Transportation and public utilities	4,548	4,487	4,455	4,561	61	-13	4,489	4,496	4,491	3
Wholesale and retail trade	15,197	15,125	15,017	14,994	72	203	15,129	15,217	15,158	-88
Wholesale trade	3,893	3,851	3,837	3,872	42	21	3,870	3,898	3,888	-28
Retail trade	11,304	11,274	11,180	11,122	30	182	11,259	11,319	11,270	-60
Finance, insurance, and real estate	3,816	3,772	3,749	3,708	44	108	3,786	3,780	3,764	6
Services	11,965	11,891	11,800	11,717	74	248	11,777	11,820	11,800	-43
Government	13,032	13,697	13,074	12,639	-65	393	12,949	12,966	12,920	-17
Federal	2,656	2,659	2,662	2,710	-3	-54	2,635	2,662	2,662	-27
State and local	10,376	10,438	10,412	9,929	-62	447	10,314	10,304	10,258	10

¹ Preliminary.

TABLE B-2.—AVERAGE WEEKLY HOURS OF PRODUCTION OF NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry					Change from—		Seasonally adjusted			
	June 1971 ²	May 1971 ²	April 1971	June 1970	May 1971	June 1970	June 1971 ²	May 1971 ²	April 1971	Change from May 1971
Total private.....	37.3	36.9	36.7	37.4	0.4	-0.1	37.1	37.0	37.0	0.1
Mining.....	42.8	42.4	42.4	42.9	.4	-1	42.3	42.3	42.4	0
Contract construction.....	38.1	37.0	37.0	38.4	1.1	-3	37.4	37.0	37.4	.4
Manufacturing.....	40.2	39.9	39.5	40.0	.3	.2	40.0	39.9	39.8	.1
Overtime hours.....	3.0	2.8	2.7	3.1	.2	-1	3.0	2.8	2.9	.2
Durable goods.....	40.8	40.5	40.0	40.6	.3	.2	40.6	40.5	40.2	.1
Overtime hours.....	3.0	2.8	2.6	3.2	.2	-2	3.0	2.9	2.8	.5
Ordnance and accessories.....	42.0	41.4	41.3	40.7	.6	1.3	41.9	41.4	41.6	.1
Lumber and wood products.....	40.5	40.3	40.2	40.1	.2	.4	40.0	39.9	40.2	.1
Furniture and fixtures.....	40.2	39.6	38.9	39.1	.6	1.1	40.0	40.0	39.5	0
Stone, clay, and glass products.....	42.1	41.6	41.1	41.5	.5	.6	41.7	41.4	41.2	.3
Primary metal industries.....	41.2	41.1	41.1	40.7	.1	.5	40.9	40.9	40.8	0
Fabricated metal products.....	41.1	40.7	39.8	41.1	.4	0	40.9	40.6	40.1	.3
Machinery, except electrical.....	40.7	40.4	40.0	41.2	.3	-5	40.6	40.4	40.0	.2
Electrical equipment.....	40.2	39.8	39.4	39.6	.4	.6	40.1	39.9	39.8	.2
Transportation equipment.....	41.6	41.2	39.9	41.6	.4	0	41.6	41.1	40.4	.5
Instruments and related products.....	39.8	39.8	39.5	40.3	0	-5	39.7	39.9	39.7	-.2
Miscellaneous manufacturing.....	38.7	38.8	38.5	38.7	-1	0	38.6	38.9	38.7	-.3
Nondurable goods.....	39.4	39.2	38.8	39.2	.2	.2	39.2	39.3	39.2	-.1
Overtime hours.....	2.9	2.9	2.7	3.0	0	-1	2.9	3.0	2.9	.1
Food and kindred products.....	40.4	40.2	39.8	40.5	.2	-1	40.2	40.4	40.5	-.2
Tobacco manufactures.....	40.6	38.2	36.6	38.0	2.4	2.6	40.0	38.5	37.8	1.5
Textile mill products.....	41.0	40.7	40.1	40.3	.3	.7	40.7	40.8	40.8	0
Apparel and other textile products.....	35.6	35.4	34.9	35.4	.2	.2	35.4	35.4	35.0	0
Paper and allied products.....	42.1	41.9	41.9	41.7	.2	.4	42.0	41.9	42.3	-.1
Printing and publishing.....	37.7	37.6	37.3	37.7	.1	.4	37.7	37.7	37.5	0
Chemicals and allied products.....	41.4	41.5	41.9	41.5	-1	-1	41.4	41.4	41.7	0
Petroleum and coal products.....	41.9	42.4	42.3	42.8	-5	-9	41.7	42.1	42.0	-.4
Rubber and plastics products, nec.....	40.5	40.4	39.9	40.4	.1	.1	40.5	40.5	40.3	0
Leather and leather products.....	37.9	37.8	37.2	38.1	.1	-2	37.5	38.0	38.3	-.5
Transportation and public utilities.....	40.8	40.4	40.1	40.7	.4	-1	40.7	40.6	40.5	.1
Wholesale and retail trade.....	35.5	34.8	34.8	35.6	.7	-1	35.3	35.2	35.2	.1
Wholesale trade.....	40.0	39.6	39.4	40.0	.4	0	39.9	39.8	39.6	.1
Retail trade.....	34.1	33.3	33.4	34.1	.8	0	33.8	33.7	33.8	.1
Finance, insurance, and real estate.....	36.9	36.9	36.9	36.7	0	.2	36.9	37.0	36.9	-.1
Services.....	34.4	34.0	34.1	34.5	.4	-1	34.3	34.2	34.2	.1

¹ Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employment on private nonagricultural payrolls.

² Preliminary.

TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

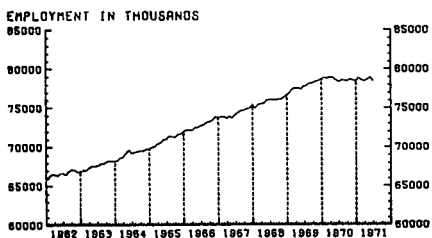
Industry	Average hourly earnings						Average weekly earnings					
	June 1971 ²	May 1971 ²	April 1971	June 1970	Change from—		June 1971 ²	May 1971 ²	April 1971	June 1970	Change from—	
					May 1971	June 1970					May 1971	June 1970
Total private.....	\$3.42	\$3.41	\$3.38	\$3.21	\$0.01	\$0.21	\$127.57	\$125.83	\$124.05	\$120.05	\$1.74	\$7.52
Mining.....	4.07	4.04	4.03	3.82	.03	.25	174.20	171.30	170.87	163.88	2.90	10.32
Contract construction.....	5.61	5.63	5.53	5.13	-.02	.48	213.74	208.31	204.61	196.99	5.43	16.75
Manufacturing.....	3.57	3.55	3.54	3.36	.02	.21	143.51	141.65	139.83	134.40	1.86	9.11
Durable goods.....	3.80	3.79	3.76	3.57	.01	.23	155.04	153.50	150.40	144.94	1.54	10.10
Ordnance and accessories.....	3.83	3.81	3.80	3.59	.02	.24	160.86	157.73	156.94	146.11	3.13	14.75
Lumber and wood products.....	3.18	3.12	3.08	2.98	.06	.20	128.79	125.74	123.82	119.50	3.05	9.29
Furniture and fixtures.....	2.89	2.88	2.86	2.76	.01	.13	116.18	114.05	111.25	107.92	2.13	8.26
Stone, clay, and glass products.....	3.65	3.63	3.59	3.40	.02	.25	153.67	151.01	147.55	141.10	2.66	12.57
Primary metal industries.....	4.18	4.16	4.17	3.92	.02	.26	172.22	170.98	171.39	159.54	1.24	12.68
Fabricated metal products.....	3.74	3.74	3.70	3.54	0	.20	153.71	152.22	147.26	145.49	1.49	8.22
Machinery, except electrical.....	3.99	3.97	3.95	3.77	.02	.22	162.39	160.39	158.00	155.32	2.00	7.07
Electrical equipment.....	3.51	3.50	3.47	3.30	.01	.21	141.10	139.30	136.72	130.68	1.80	10.42
Transportation equipment.....	4.45	4.45	4.41	4.10	0	.35	185.12	183.34	175.96	170.56	1.78	14.56
Instruments and related products.....	3.50	3.49	3.47	3.31	.01	.19	139.30	138.90	137.07	133.39	.40	5.91
Miscellaneous manufacturing.....	2.97	2.94	2.95	2.81	.03	.16	114.94	114.07	113.58	108.75	.87	6.19
Nondurable goods.....	3.25	3.24	3.23	3.06	.01	.19	128.05	127.01	125.32	119.95	1.04	8.10
Food and kindred projects.....	3.38	3.38	3.38	3.15	0	.23	136.55	135.88	134.52	127.58	.67	8.97
Tobacco manufactures.....	3.38	3.29	3.25	3.03	.09	.35	137.23	125.68	118.95	115.14	11.55	22.09
Textile mill products.....	2.56	2.56	2.55	2.43	0	.13	104.96	104.19	102.26	97.93	.77	7.03
Apparel and other textile products.....	2.48	2.47	2.47	2.38	.01	.10	88.29	87.44	86.20	84.25	.85	4.04
Paper and allied products.....	3.66	3.62	3.61	3.42	.04	.24	154.09	151.68	151.26	142.61	2.41	11.48
Printing and publishing.....	4.18	4.17	4.14	3.90	.01	.28	157.59	156.79	154.42	147.03	.80	10.56
Chemicals and allied products.....	3.94	3.89	3.87	3.68	.05	.26	163.12	161.44	162.15	152.72	1.68	10.40
Petroleum and coal products.....	4.59	4.56	4.57	4.23	.03	.36	192.32	193.34	193.31	181.04	-1.02	11.28
Rubber and plastic products, nec.....	3.37	3.38	3.35	3.15	-.01	.22	136.49	136.55	133.67	127.26	-.06	9.23
Leather and leather products.....	2.58	2.58	2.58	2.49	0	.09	97.78	97.52	95.98	97.87	.26	2.91
Transportation and public utilities.....	4.09	4.08	4.05	3.84	.01	.25	166.87	164.83	162.41	156.29	2.04	10.58
Wholesale and retail trade.....	2.87	2.87	2.85	2.70	0	.17	101.89	99.88	99.18	96.12	2.01	5.77
Wholesale trade.....	3.64	3.66	3.62	3.42	-.02	.22	145.60	144.94	142.63	136.80	.66	8.80
Retail trade.....	2.58	2.58	2.56	2.43	0	.15	87.98	85.91	85.50	82.86	2.07	5.12
Finance, insurance, and real estate.....	3.28	3.30	3.25	3.04	-.02	.24	121.03	121.77	119.93	111.57	-.74	9.46
Services.....	3.02	3.01	3.00	2.81	.01	.21	103.89	102.34	102.30	96.95	1.55	6.94

¹ See footnote 1, table B-2.

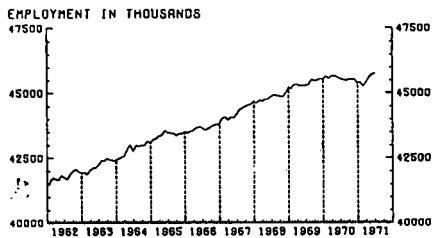
² Preliminary.

EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

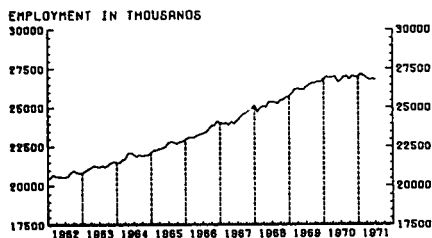
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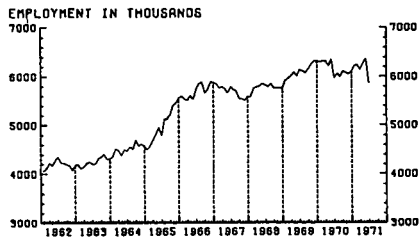
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3. ADULT WOMEN



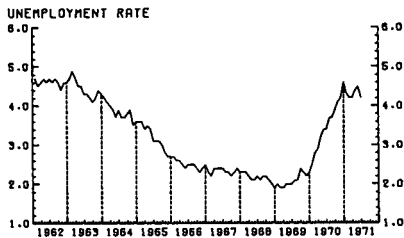
4. TEENAGERS



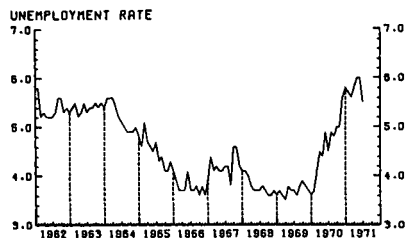
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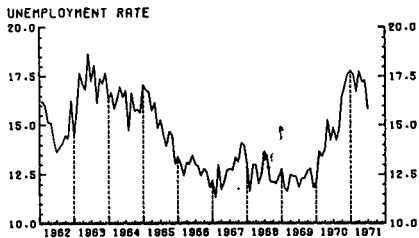
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7. ADULT WOMEN

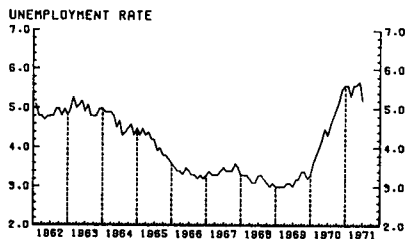


8. TEENAGERS

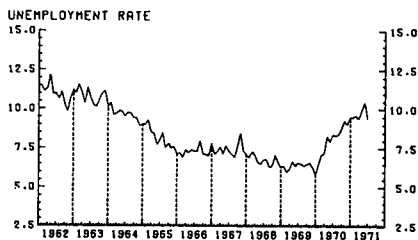


UNEMPLOYMENT-HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

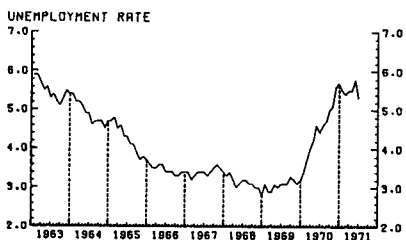
9. WHITE WORKERS



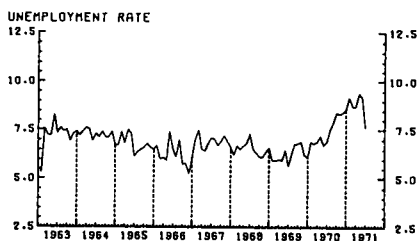
10. NEGRO AND OTHER RACES



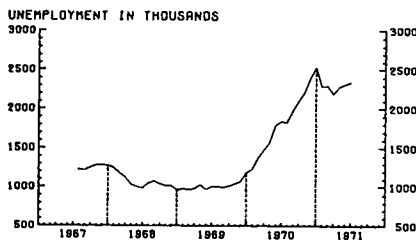
11. FULL-TIME WORKERS



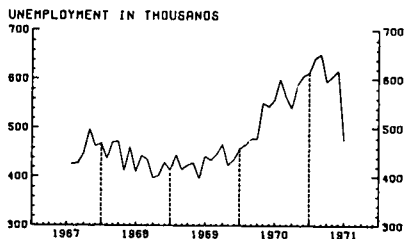
12. PART-TIME WORKERS



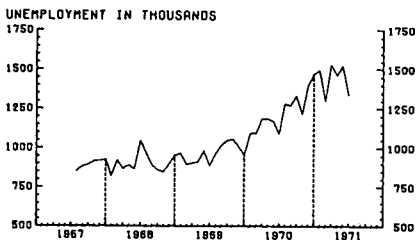
13. JOB LOSERS



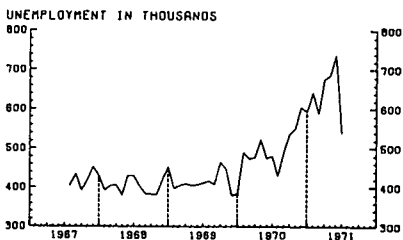
14. JOB LEAVERS



15. REENTRANTS

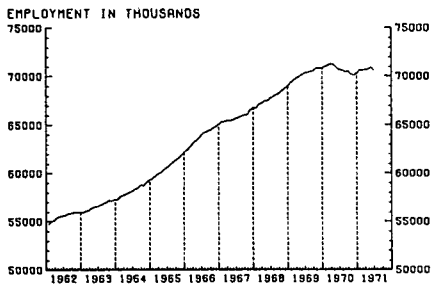
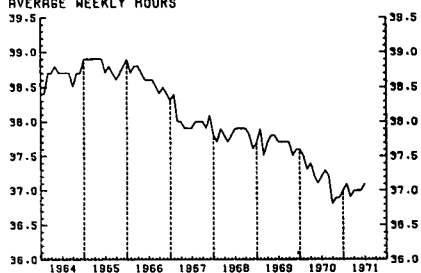


16. NEW ENTRANTS

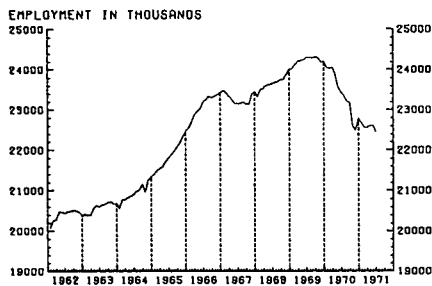


EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED

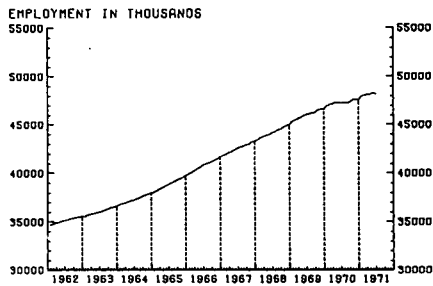
17. TOTAL NONAGRICULTURE

18. TOTAL PRIVATE
PRODUCTION OR NONSUPERVISORY WORKERS

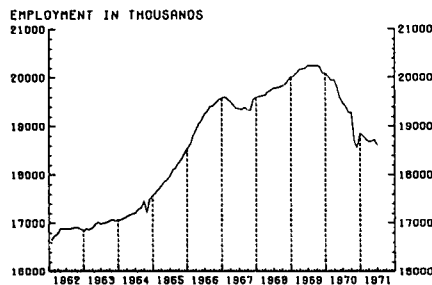
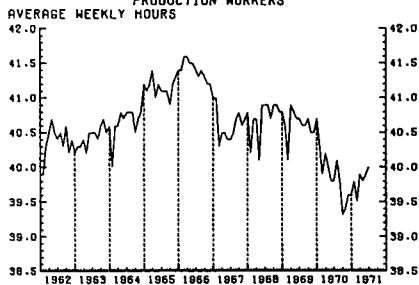
19. GOODS-PRODUCING INDUSTRIES



20. SERVICE-PRODUCING INDUSTRIES



21. MANUFACTURING

22. MANUFACTURING
PRODUCTION WORKERS

NOTE: Data for the two most recent months on charts 17-22 are preliminary.

Mr. MOORE. I don't think I want to make any general statement, Mr. Chairman. I just want to tell you we've done the best we can in this document to characterize the data for June.

The unemployment rate dropped from 6.2 percent in May to 5.6 percent in June, which was approximately the level it was at last autumn. Employment also declined from the May level about to the level that it was in March, and that decline was very largely concentrated among younger workers; that is, teenagers.

But, beyond that, Mr. Chairman, I think if you have some questions, we would be happy to answer them.

Chairman PROXMIRE. Well, yes, first I'd like to ask Mr. Goldstein if he'd like to make any statement at all to expand anyway the release, make the kind of statement that you would if this were a press conference.

Mr. GOLDSTEIN. No, sir, Mr. Chairman. I think Mr. Moore's comment on this covers what I would want to say.

Chairman PROXMIRE. Very good.

Now, you know Professor Tella of George Washington University?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. Professor Tella, I understand—I would be happy to be corrected if this isn't the case—says that this improvement, if corrected, for discouraged workers is actually a deterioration in June.

In May, the unemployment, including discouraged workers, was 6.6 percent; in June we went to 7.4 percent. What you have then is people who have simply given up, thrown in the sponge, because they couldn't get a job anywhere. So they are responding "No" when they are asked if they are looking for work.

What is your answer to that?

Mr. MOORE. Well, let me try to answer—Mr. Goldstein can probably supplement what I am going to say.

I haven't actually seen Mr. Tella's June figures. The first I've heard is when you mentioned them, though I have seen them on earlier occasions.

Now, Mr. Tella makes an estimate of the number of people who would be looking for work, under certain circumstances, that is, under normal employment conditions, and he makes that estimate, as I understand it, by an econometric mathematical method, applied to past experience. So it is a calculated estimate of how many people would be looking for work if conditions were more or less normal.

It is for that reason that I would—I have in the past—placed some uncertainty about his estimates. I don't know how good the mathematical way of getting at this question is, and I would much prefer to rely on what people tell us they are doing, rather than to make some mathematical calculation of what people might do if things were different.

Chairman PROXMIRE. No. 1, wouldn't you agree that there is some element when you have heavy unemployment, or relatively heavy unemployment? People simply get discouraged.

And, No. 2, would it be possible—and, perhaps as experts you can tell us this—just as an objective judgment—would it be possible that, although you have this dramatic improvement in unemployment, that the number of discouraged workers could have increased enough to account for the entire improvement?

Mr. MOORE. Well, on the first part, I think there are always some people who are moving out of the labor force because circumstances have changed, they feel discouraged about looking for work. We do have some actual figures on the number of people who report themselves that way, and I don't know currently exactly what they are, but I am sure we can supply them.

Now, it has slipped my mind what the second part of your question was.

Chairman PROXMIRE. The second part of the question was whether it would be possible, in your professional judgment, and in view of the fact that you had a drop from 6.2 to 5.6 percent, this entire improvement of 0.6 percent, which is a very big improvement in 1 month, could be accounted for by more discouraged workers by the fact that there are fewer people looking for work; they have just dropped out of the labor force.

Mr. MOORE. Well, I don't think that is very likely, sir. I don't think it is.

Chairman PROXMIRE. Well, Mr. Goldstein, do you think that is possible?

Mr. GOLDSTEIN. No, sir.

Chairman PROXMIRE. You think it's not possible?

Mr. GOLDSTEIN. I don't think that all of that change in unemployment would be a reflection of an increase in the number of so-called discouraged workers, Mr. Chairman.

Chairman PROXMIRE. Well, what does account for this drop? This is a dramatic drop. I see there is a concentration in the drop in unemployment for young people between 16 and 24. Why should there be this sudden turnabout, or at least this sudden diminution in unemployment?

We got some encouragement in the general statistics in other areas, but not that kind of dramatic improvement in industrial production or other retail sales or other activities which should reflect this much of an improvement.

How do you account for it?

Mr. GOLDSTEIN. Well, we can't account for it fully, Mr. Chairman, but there are a few factors that we have noted in our summary release. One of them is that this year the survey week—the week in which the survey was taken—which always is the week that includes the 12th of the month, came this June as early as it possibly can. That is, the 12th was the end of that week.

Now, this means that a lot of youngsters who, in an average June, might be already out of school and in the labor force—

Chairman PROXMIRE. And looking for work.

Mr. GOLDSTEIN. Either looking for work or employed, were not employed this June, and were not looking for work.

Chairman PROXMIRE. They were still in school, and therefore, they weren't counted as unemployed, where if school were over, they might have been looking for work?

Mr. GOLDSTEIN. Right.

Chairman PROXMIRE. In most years, I understand, the 12th of June fell on a different week. Is that right?

Mr. GOLDSTEIN. Well, last year the week ended on the 13th, so there was not very much change.

Mr. MOORE. It was early last year.

Chairman PROXMIRE. Early last year also. But over the years, might that account for part of that?

How much would you say that that particular difference could account for in seasonal adjustment; 0.2 percent; 0.1 percent?

Mr. GOLDSTEIN. It is hard to say, Mr. Chairman. A part of the total.

Chairman PROXMIRE. Certainly part of it?

Mr. GOLDSTEIN. Yes, sir.

Now, the other factor that we called attention to in our report is that we are dealing with a seasonal adjustment problem here. Normally—well, let me say that seasonal adjustment is a matter of averaging the experience of past years—the seasonal movements of past years—and applying that average to the current period. When you have a very sharp change in the level during a year, as we have had in unemployment, and you view seasonal experience based on last year's level, when it was much lower, you tend to get an over-compensation, month to month, in the seasonal adjustment.

For example, in this year, the seasonal factors called for an increase in the level of unemployment of 1.6 million from May to June. In the last 4 years, the average increase in unemployment from May to June was only 1.2 million. This year we got 1.1 million, only slightly below the average for the last 4 years. But, because we didn't get the full 1.6 million, we have a seasonally adjusted decline in unemployment. The 1.6 million called for by seasonal factors is well above the 1.2 million average increase that we have had in the past 4 years.

This, I think, accounts for some of the seasonally adjusted drop in unemployment.

Chairman PROXMIRE. Another element that puzzles me, as I understand it, is that long term unemployment increased in June.

As I understand, the duration now stands at 12.7 weeks. This would be another element indicating, perhaps, that the job market isn't improving as much as the overall statistical job picture suggests.

Mr. GOLDSTEIN. Mr. Chairman, I think the change in the average was more due to a drop in the number of unemployed who were short term unemployed, which goes back to what we have been talking about—a smaller increase in the number of unemployed youth. When we look at it in the table that we have in the release (table A-4) you find that the substantial change over the month was a drop in the number of unemployed who have been out of work for less than 5 weeks. Actually, on a seasonally adjusted basis, there was very little change in people who have been out of work for 15 weeks or more.

The average went up because of a drop in the short term unemployed.

Mr. MOORE. I might add, Mr. Chairman, that that increase, or an increase in the average duration of unemployment, measured this way, is a fairly normal characteristic of the period of economic recovery, that is, in the early stages of that recovery. Usually that average tends to rise, and partly for the reason that Mr. Goldstein just mentioned as the people who are out of work for short periods of time are in diminishing numbers, and the number of those that are out of work longer periods either remain that large or become a little larger, so the average goes up for a while.

Chairman PROXMIRE. Let me ask you—does the earlier count you referred to a few moments ago mean that we may have a jump in unemployment in July?

Mr. Goldstein.

Mr. GOLDSTEIN. Mr. Chairman, we can't predict other factors, such as the economic situation in July, but if that were the only factor—if seasonal adjustment and the timing of the survey week were the only factors between now and July—that would operate that way.

Chairman PROXMIRE. Incidentally, will you give me—if BLS has it—your estimate of the number of discouraged workers; if this number were included in the labor force, what the unemployment level would be?

Mr. GOLDSTEIN. We ask people who were not working or looking for work—that is, people not in the labor force—several questions.

One of them is, do you want a job now, and if someone says he wants a job now, we ask why aren't you looking for work? We think this is a better measure, a truer measure of the number of people who, could be viewed as discouraged. We have these data only quarterly Mr. Chairman. For the second quarter of 1970—

Chairman PROXMIRE. 1971 or 1970?

Mr. GOLDSTEIN. 1970. Last year.

The figure averaged about 600,000 people who wanted a job and weren't looking because they thought they couldn't get a job.

Chairman PROXMIRE. 600,000 in the second quarter last year?

Mr. GOLDSTEIN. In the second quarter this year; the average is about 700,000.

Chairman PROXMIRE. It's gone up 100,000?

Mr. GOLDSTEIN. This is just a small increase in the group.

Chairman PROXMIRE. Do you think that you could estimate—but, of course, you don't know what it could be in June because that second quarter figure, I take it, is for the whole quarter, probably taken in May. Is that right?

Mr. GOLDSTEIN. That is the average of figures for April, May, and June.

Chairman PROXMIRE. And it doesn't rule out Professor Tella's estimate that there may have been a big increase in June as compared to July.

Mr. GOLDSTEIN. This average doesn't rule it out, but my understanding of why the unemployment rate dropped—the reasons that we have given—suggests that Mr. Tella's assigning the whole drop, in effect, to an increase in discouraged workers is not accurate.

Chairman PROXMIRE. Now, another element that troubles and puzzles me is that in June, employment, not unemployment, but employment, the number of jobs, in manufacturing dropped from the May level on the seasonally adjusted basis, and it remains at the same level that prevailed in April. There are fewer jobs in manufacturing.

Would you comment on the employment situation in manufacturing, both in durable and nondurable goods, especially in light of the buildup in steel production in anticipation of the steel strike and the expectation that, in July and perhaps in August, we may have an increase in unemployment for that very reasons, because the buildup is taking place now in steel in anticipation of the strike, and whether there is a strike or not, we are likely to have less employment in that big industry?

Mr. GOLDSTEIN. Well, what we got in the June figures is a little difficult to understand. We got a drop in manufacturing employment.

Normally we do get a drop, but we got one somewhat larger than usual at this time of the year.

Chairman PROXMIRE. A larger than usual drop in employment?

Mr. GOLDSTEIN. Manufacturing employment. We got a drop of 167,000, and we should get a drop of about 50,000.

I'm sorry—we got an increase of 167,000. On a seasonally adjusted basis, it was a drop of 115,000, so this is an increase smaller than expected.

Chairman PROXMIRE. I didn't get that.

Mr. GOLDSTEIN. We got an increase of about 115,000 less than we would expect.

On the other hand, hours of work—

Chairman PROXMIRE. You got 115,000 fewer jobs? There was less employment that you would expect in manufacturing?

Mr. GOLDSTEIN. Yes.

Chairman PROXMIRE. Hours of work?

Mr. GOLDSTEIN. Hours of work, on the other hand, were up on a seasonally adjusted basis. They went up by one-tenth.

Chairman PROXMIRE. One-tenth of a percent?

Mr. GOLDSTEIN. One-tenth of an hour.

Chairman PROXMIRE. By how much?

Mr. GOLDSTEIN. One-tenth of an hour.

Chairman PROXMIRE. Is that enough to be statistically significant, in your view?

Mr. GOLDSTEIN. We frequently get revisions when we get all our reports in, which may—

Chairman PROXMIRE. You would almost say that was unchanged, wouldn't you?

Mr. GOLDSTEIN. Well, it has been moving up slightly.

Chairman PROXMIRE. I see.

Mr. GOLDSTEIN. In the last few months.

And overtime hours in manufacturing went up two-tenths, and overtime in manufacturing is now back to the level of mid-year 1970, so that this is a positive sign in manufacturing.

Some of the less-than-seasonal increase in employment in manufacturing may be a result of the same factor we were talking about earlier, youngsters not yet being out of school, and we really won't know what the story is until we get another month's figures on that.

Chairman PROXMIRE. Now, how about the steel strike? I should say, how about the prospects of a steel strike, and the anticipation of it, which happened because of that.

Mr. GOLDSTEIN. Well, I'm not sure that there's very much that we can say. The employment level in the primary metal industries—the one figure we have now—has been fairly steady in the last few months. It's now off on a seasonally adjusted basis, by about 1 percent, or about 13,000 from May.

It may be that whatever buildup in inventory has been undertaken by consumers of steel has now worked itself out, and resulted in less strengthening of employment.

Chairman PROXMIRE. Would you anticipate in July this will be even more of a problem?

Mr. GOLDSTEIN. I don't know if it will be more of a problem.

Chairman PROXMIRE. Well, isn't it almost inevitable for such a big industry? They have so many employees, so many, and, of course, there is the multiplier effect.

We know there has been stockpiling by the automobile industry, by the construction industry, and others, in anticipation of this strike. We are all hoping that there won't be; but, if there is not a strike, we have got to work it off that stockpile, that additional inventory of steel. That means less workers; that means less jobs.

Isn't that right?

Mr. GOLDSTEIN. That seems reasonable, but—

Chairman PROXMIRE. Can you give us any qualification of that? What does that mean in terms of numbers? Could it affect the unemployment by 0.2 percent?

Mr. GOLDSTEIN. I wouldn't think that situation would affect unemployment by that much, Mr. Chairman.

Chairman PROXMIRE. Really? I would think it would be that much or more. In your judgement, it wouldn't be that much?

Mr. GOLDSTEIN. It would not be that much.

Chairman PROXMIRE. Let me ask you—such a startling series of statistics as we have now—and one of the figures that strikes me is the unadjusted unemployment figure, that 5,490,000.

How long since the unadjusted unemployment figures has been as high as 5,490,000 people out of work?

Mr. GOLDSTEIN. Well, Mr. Stambler will look that one up, Mr. Chairman.

Mr. STAMBLER. February 1961.

Chairman PROXMIRE. February 1961? Are you sure? The staff here tells me that it should go back to 1941.

Mr. STAMBLER. Unadjusted, it is 5,654,000 in February of 1961.

Chairman PROXMIRE. It goes back 10 years, then?

Mr. STAMBLER. Unadjusted.

Chairman PROXMIRE. Now, how about—it seems to me, for the others, the man in the public, it is awfully hard for him to understand how we have this statistic which all of us accept, because you men are, of course, the most competent that we have in the country in this area. You have studied, and devoted your lives to it, and you tell us that there has been this improvement in unemployment, and yet we have this dramatic high figure of the number of people actually looking for work, the highest in 10 years. Almost five and a half million.

How do we reconcile that?

Mr. GOLDSTEIN. Well, to answer your question directly, your question doesn't refer to the comparison with 1961, but with the present.

Chairman PROXMIRE. No. It is just the fact that I just want to see what we can do to make this clear to the Members of Congress and to the public, how you can have a record number of people out of work, and yet be able to throw our hats in the air on the basis of a substantial improvement in the percentage, seasonally adjusted.

Mr. MOORE. Let's take the comparison with 1961, Mr. Chairman. It is true that the labor force then was very much smaller than it is now, and, hence, because of a normal growth in the population and

the labor force, a given number of millions of people is of smaller significance from an aggregate point of view.

Furthermore, we are comparing a June figure, unadjusted for seasonal variation, with a February figure, unadjusted for seasonal variation, and one would normally expect some increase in unemployment between February and June for seasonal reasons.

So, I think allowances may be made for both of those factors.

Now, on the other hand, it seems to me while 5.6-percent unemployment rate is a drop from May, and is lower than it was earlier this year, it isn't a low rate. It is still roughly 5½ percent. That is a fairly high unemployment rate.

Chairman PROXMIRE. I think that's a good, honest answer.

Let me ask you this—after discounting the effects of the early survey week, and the seasonal adjustment problem Mr. Goldstein developed so well, both in his statement and in answer to the question, does the overall rate end up as close to 6 percent, in the 6-percent neighborhood, the area we have been in since December? Do you conclude, generally, that we are probably close to the same level?

Mr. MOORE. I would conclude, sir, that there has been some improvement in the unemployment rate between last winter and June. I think virtually any method of seasonally adjusting the figures would support that statement.

Chairman PROXMIRE. Well, there is obviously some improvement, but is it still close to the 6 percent, if you allow for these two factors that you gentlemen have so ably explained. There are elements we have to be alert to?

Mr. MOORE. Well, I think we can't really speculate on what the number might have been if we had done this differently. My feeling is that, when the seasonal adjustment factors are revised, as we describe in the press release, as our normal procedure, the June figure may be slightly higher than we now report it. But I can't say that with any certainty, and I don't think it is going to be substantially higher.

So it is now in the neighborhood of, I would say, 5½ percent, and it may go a little higher than is now reported, or it may not.

Chairman PROXMIRE. Now, I realize that you gentlemen are nonpolitical, and you are not here on a political mission of any kind; nevertheless, I think it might be helpful if we could clarify a statement which Secretary Connally made, which had, I think, profound implications for our economy.

After all, Secretary Connally has been designated here by the powers of the President as the principal economic spokesman for the administration, and he is an extraordinarily able man, as we all know.

He made the statement that 4 percent unemployment in peacetime is a myth. We've never had it; we can't expect to have it.

Now, I have here the figures on unemployment in this country since 1901, and there have been a lot of years in which we had unemployment below 4 percent—1901, 1902, 1903, 1906, 1919, 1923, 1926, 1946, 1947, 1948, 1953, 1955. None of those years were war years.

Of course, in all of the war years, or most of the war years, it was less than 4 percent.

On the basis of your professional knowledge, and your judgment, do you think it is possible to have unemployment at a level of 4 percent or less, without serious inflation and without war?

Mr. MOORE. That is a very tough question to answer, Mr. Chairman, and I think I would like to make this comment.

I don't believe a 4 percent rate of unemployment today means quite the same thing that it did 10 or 15 years ago. The reason is that the labor force, the composition of the labor force, has changed, over the last 10 or 15 years, in a direction that tends to produce, under normal economic conditions, a higher rate of unemployment.

Chairman PROXMIRE. A change in what way?

Mr. MOORE. Well, I'm about to explain that.

Chairman PROXMIRE. All right, sir.

Mr. MOORE. The number of women in the labor force has increased very substantially, and the number of teenagers in the labor force has increased substantially, and, as a rule, the unemployment rates for both of those groups in the population are higher than those for the adult males that form, I might say, the backbone of our working population.

So that, when you have a larger number of these people, you tend to experience higher rates of unemployment. That tends to push the average rate of unemployment up. Over the past 15 years, since 1956, according to some calculations that we have made, that shift tended to raise the rate of unemployment about a half a percentage point.

Chairman PROXMIRE. One element is particularly clear to me, as was emphasized by Secretary Shultz and by others when they appeared before our committee. We have a different element in our economy now, which should provide for more stability in employment, and perhaps for less unemployment, over the years, and that is the much greater proportion of service jobs, as compared to manufacturing.

The service part of the economy is expanding more rapidly, has expanded over the last 20 years at a very great rate. This is an element both in the stability of employment, and perhaps in the availability of employment to both women and teenagers.

The second element is the fact that we have, in our society now, a far, far greater proportion of people who are staying in high school until they graduate, and a much greater proportion going on to college. When I went to college, I think 3 or 4 percent of college age people went to college.

Now it is 30 percent or more. When I was in high school, a substantial majority didn't finish. Now a very big majority of our teenager-finish high school.

By taking that into account, doesn't that compensate for the elements you just discussed.

Mr. MOORE. Well, the teenagers who stay in school are out of the labor force, so they are really not counted in these calculations.

Chairman PROXMIRE. That's right.

Mr. MOORE. And it's true that, nevertheless, despite that, there are more teenagers in our labor force nowadays than there were 10 or 15 years ago.

On the other point, service industry employment certainly has increased relative to total employment, and I think that has added a

degree of stability to the cyclical situation. That is, the declines in employment in the service industries are certain to be fairly smaller, if there are any declines at all, than in the other industries. It is also true, as you have indicated, the service industries employ a great many women and teenagers. But despite the fact that many of them are employed in service trades, their unemployment rates are typically higher than the adult male population.

There is one other change that I think ought to be brought into the picture, and that is the change in the average length of unemployment, the average period of unemployment that is experienced. There we have had something of a reduction. The average we reported for June is 12.7 weeks, but that is relatively low compared with other periods in similar economic conditions, and that has been true for the past couple of years.

I think the duration of unemployment is almost equally as important as the number of people who are unemployed.

Chairman PROXMIRE What is the unemployment rate among returning Vietnam veterans? Do you have that figure?

Mr. GOLDSTEIN. We don't have that figure here, Mr. Chairman. We can get it.

(The following information was subsequently supplied for the record:)

UNEMPLOYMENT OF MEN 20 to 29

	2d quarter, 1971		2d quarter, 1970	
	Number	Unemployment rate (percent)	Number	Unemployment rate (percent)
Vietnam era veterans.....	309,000	8.5	196,000	6.3
Nonveterans.....	569,000	7.0	429,000	5.6

Chairman PROXMIRE. You have the total number of unemployed veterans?

Mr. GOLDSTEIN. We have estimated the total number of unemployed veterans who are veterans of the Vietnam era. The figures for the second quarter of this year show that it is up.

Chairman PROXMIRE. How does that figure compare—do you have any idea, roughly, without asking you to give the percentage number—but how does the unemployment among Vietnam veterans compare with the figure last year?

Mr. GOLDSTEIN. It is well above the figure last year.

Chairman PROXMIRE. About in proportion to the increase in unemployment, or is it above that?

Mr. GOLDSTEIN. Roughly proportionate. For the same age group, that is.

The unemployment of veterans compared to that of nonveterans in the same age, 20 to 29—

Chairman PROXMIRE. What is the comparison of veterans to nonveterans in the same group? Is veterans' unemployment higher, lower, or about the same?

Mr. GOLDSTEIN (continuing). Veterans' unemployment is somewhat higher on the order of 20 to 25 percent.

Chairman PROXMIRE. Twenty to twenty-five percent higher?

Mr. GOLDSTEIN. Than that of nonveteran men in the same age group.

Chairman PROXMIRE. How does that compare with our experience in World War II and the Korean war?

Mr. GOLDSTEIN. I can't answer that question, Mr. Chairman. We'll see if we can get it.

(The following information was subsequently supplied for the record:)

A comparison can be made for the Korean War period, since this was a war of approximately similar magnitude in terms of the expansion of the Armed Forces and involvement of the economy. In November 1952, while the war was still on but was winding down, the unemployment rate among veterans who had served during the period of the Korean war, 20-34 years of age (but mostly under 30 years) was 7.2 percent. In November 1970 the unemployment rate among Vietnam era veterans 20-29 years old was 8.6 percent—a difference that may not be statistically significant because of the small numbers in the civilian labor force in 1952. In general, the situation now seems to be roughly similar to that at the same stage of the Korean war.

Comparison with World War II is difficult to make because of the relatively greater magnitude of the war, the demobilization, and the cutbacks in defense employment after the war. While the war was still going on unemployment generally was much lower than it is today; after the end of the war unemployment rates for veterans were considerably higher.

Chairman PROXMIRE. I would like to have that, for the record. I know you agree that it is one of our most pressing problems.

After all, these men gave up so much for our country. We ought to at least do our best to see that they get an equal break, with everybody else, in getting jobs.

In a press statement earlier this week, Secretary of the Treasury Connally provided a breakdown of the unemployment rate. He said that at a 6.2 rate prevailing in May, only 5.5 percent was attributable to economic conditions. The remainder, he said, was due to the unemployment resulting from a winding down of the Vietnam war, according to him, a substantial decrease in the defense procurement.

Was this analysis prepared for him by the Bureau of Labor Statistics?

Mr. GOLDSTEIN. No, sir.

Chairman PROXMIRE. It was not? Do you have any estimates of the amount of unemployment resulting from defense cutbacks?

Mr. GOLDSTEIN. We can't estimate the amount of unemployment. It is possible to estimate the declining employment resulting from defense contracts. I think figures of that sort were used by Mr. Connally.

Chairman PROXMIRE. Is it possible to derive an estimate of the net effect of decreased defense spending?

Mr. GOLDSTEIN. On employment, yes, sir.

Chairman PROXMIRE. On unemployment?

Mr. GOLDSTEIN. Well, this is a little different. We can only make inferences.

Chairman PROXMIRE. Is it part of only being a guess that a Republican can say one thing, and a Democrat something else, and you can't tell which one is telling the truth.

Mr. GOLDSTEIN. It is possible to make a rough estimate, but obviously it isn't as easy as making an estimate on the decline in employment. A lot of the people who either lost jobs in defense industries or civilian jobs in the Department of Defense, or men who left the Armed Forces found other jobs. The decline in the Armed Forces; for example, amounts to some 600,000 or more men since 1969. We don't know exactly what happened to those individuals.

Chairman PROXMIRE. I beg your pardon?

Mr. GOLDSTEIN. I was just making the point that we don't know what happened to the individuals who lost their jobs, or who left the Armed Forces. We don't know how many of them are unemployed.

Chairman PROXMIRE. Let me ask you just one final question.

Mr. Goldstein, do you consider that this month's drop means a substantial, significant drop in unemployment, or is it just a 1 month statistical aberration?

Mr. GOLDSTEIN. Certainly there are statistical factors we mentioned which make it difficult to conclude how much is the real drop in unemployment, Mr. Chairman, but there seems to be some evidence of a real drop.

There was a drop in the unemployment rate for men 25 and over, and women 25 and over (the latter of marginal statistical significance), so that there seems to be some elements of a real drop in unemployment. But how much of the total drop of 0.6 of a percentage point is real and how much is a result of the statistical factors we can't say.

I think we will get more insight when we get the figures for subsequent months.

Chairman PROXMIRE. Can you give us an estimate how much of it could be statistical and how much of it is substantive?

Mr. GOLDSTEIN. No, sir; I don't think we have enough information to do it.

Chairman PROXMIRE. Would you say half of it was statistical?

Mr. GOLDSTEIN. I wouldn't want to guess.

Chairman PROXMIRE. Would you deny that half of it is statistical?

Mr. GOLDSTEIN. I would neither confirm nor deny it. [General laughter.]

Chairman PROXMIRE. You should be a diplomat.

Mr. MOORE. Mr. Chairman, I don't want to get into the question of what is statistically significant or what isn't, but there is one way of looking at the unemployment figure that gets around the seasonal adjustment problem, and that is to compare it with a year ago.

Now, compared with a year ago, and without any seasonal adjustment, the rate is 6.5 percent this June and 5.6 percent in June of 1970, so there is an increase of nine-tenths of a percent, unadjusted for seasonality.

Now, that happens to be the lowest year-to-year increase in the last 6 months. The year-over-year increase was as large as 2.4 percentage points in January, and it has dropped in every month since January, so I think that indicates or gives you some measure of improvement.

Now, the situation relative to a year ago is unaffected by the seasonal adjustment problem—

Chairman PROXMIRE. I'm going to ask you one other question, because it's a question that just came to me, and puzzles me very much, too.

The administration seems to say that 4.5 percent unemployment is your equivalent now of the earlier 4 percent interim target for unemployment. Well, then, how can the administration use a 3.8 percent unemployment figure for estimating potential GNP, on which full employment revenue estimates are based, if we're never going to get to the 3.8 percent?

What they are telling us is that we are always going to have a deficit, and a substantial deficit, even when you get down to full employment, 4.5 percent, because their full employment budget is based on the 3.8 percent figure. You're going to have a whale of a deficit.

Are they telling us, now, that this means, from any realistic standpoint, except in wartime, we are going to run a very big deficit indefinitely?

Mr. MOORE. I'm afraid you're getting beyond our competence, Mr. Chairman. The questions of how those full employment—

Chairman PROXMIRE. I'm sure I'm not beyond your competence. I may be beyond your immediate authority, but I'm not beyond your competence.

Mr. MOORE. Well, thank you very much.

Our economic projections must be made on some assumptions with respect to the level of unemployment, but what that underlying assumption should be, I think, is a serious question.

The Bureau of Labor Statistics itself has made some projections to 1980. We have made some assumptions as to what levels of unemployment we were to assume during this period—I think, as I recall it, we used alternative assumptions rather than a single one.

Chairman PROXMIRE. Well, maybe I misspoke. I think that would be the most important element of all. Has the administration changed their target now from 4 to 4.5 percent? They seem to have done so in the Connally press conference, but I certainly don't want to say they did, if they did not. What is your understanding?

Mr. MOORE. Well, I have no authority to speak for the administration on that.

Chairman PROXMIRE. Well, do you think the Secretary speaks for the administration?

Mr. MOORE. That is my understanding.

Chairman PROXMIRE. So, if he says 4.5 percent is the goal, that is it for unemployment?

Mr. MOORE. He was designated by the President as his economic spokesman.

Chairman PROXMIRE. This has been a most helpful appearance, gentlemen. All of you have been very, very helpful to us, and I do hope that, on the basis of this, that you will each start your press conferences, or at least come up to us. I don't know which one you dread the most, but either one, I think is a public service. We really do feel very strongly.

Mr. Gordon testified, as you know, and you have great respect for him, and he was very emphatic in stating he thought the conferences was a very helpful instrument for the public and the press and the Congress, so I do hope you will reconsider that, or consider coming back up here an hour after you release the unemployment figure each month, rather than 2 hours.

Mr. MOORE. Well, I might say, Mr. Chairman, that I have been very pleased with the handling of our written releases by the press, since we dropped the conferences. They have spoken for themselves. We stand back of them, and we are ready to explain anything that is in them that we possibly can.

Chairman PROXMIRE. But by telephone—not in public. Not where you are cross-examined by a number of reporters who are able

to benefit from the fact that, collectively, as is true in human affairs they are more of a force than they are individually.

Mr. MOORE. That is a big issue. What I think is that the handling of our material—the statistical releases—in the press since the discontinuance of the conferences, has been very good, indeed.

Chairman PROXMIRE. I hope you will come back, then.

Thank you very, very much gentlemen.

The committee will stand adjourned.

(Whereupon at 12:15 p.m., the committee was adjourned, to reconvene subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, AUGUST 6, 1971

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to call, at 10:05 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire and Humphrey; and Representative Reuss.

Also present: John R. Stark, executive director; Courtenay M. Slater, economist; Lucy A. Falcone, research economist; and Walter B. Laessig, economist for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

This is the fifth consecutive month in which the Joint Economic Committee has held a hearing on the unemployment situation; a hearing timed to coincide with the release by the Bureau of Labor Statistics of the monthly data on employment and unemployment.

I believe I can speak for the committee when I say that I have found these hearings very valuable. They provide an occasion for very careful examination of the employment situation, and a mechanism for obtaining the best possible technical advice in assessing the true significance of the statistical data. Furthermore, the regular occurrence of these hearings has stimulated us to call in some of the country's leading private experts on the economics of employment and unemployment, thereby gaining a fuller understanding of the dimensions and the costs of unemployment.

This month we are again fortunate to have as witnesses two leading experts on the economics of employment. Before I introduce these gentlemen, I want to make it very clear that, valuable as these hearings are, they are a poor substitute for the monthly press conference which the present Secretary of Labor abolished last spring. There simply is no good substitute for a live press briefing by the officials who supervise the preparation of the employment data. Written releases, excellent though they are, are not a substitute; neither are telephone conversations. Neither are these hearings, although their value would be greatly increased if officials could appear at the time the data are released, rather than 2 hours later.

Now I want to welcome our two witnesses. Our first witness is Woodrow Ginsburg, director of research and public policy of the Center for Community Change. Prior to joining the center, Mr. Ginsburg has served as research director for the rubberworkers, the autoworkers,

and the interunion department of the AFL-CIO. During the 1950's he worked with the OPEC in Paris and prior to that he served with the Commerce Department and the War Labor Board. Both this long and distinguished background and his present position make him eminently qualified to discuss the impact of high unemployment, most especially the impact on young people and on minority groups.

Our other witness is Mr. Charles Killingsworth, professor of economics at Michigan State University. Throughout a distinguished academic career Mr. Killingsworth has concentrated his research on problems of structural unemployment. He is the author of "Jobs and Income for Negroes." I should also mention that Mr. Killingsworth was Chairman of the Wage Stabilization Board in 1952-53. So we hope for some advice this morning on inflation as well as on unemployment.

At 11 :30 a.m. Commissioner Moore, Mr. Goldstein, and Mr. Popkin are expected to join us to discuss the latest statistics.

Mr. Ginsburg, please go right ahead.

STATEMENT OF WOODROW L. GINSBURG, DIRECTOR, RESEARCH AND PUBLIC POLICY, CENTER FOR COMMUNITY CHANGE

Mr. GINSBURG. Thank you, Mr. Chairman.

As you know, the center which I represent—

Chairman PROXMIER. May I interrupt to say that I see you have a concise prepared statement. If you abbreviate it in any way, the full prepared statement will be printed in the record and the tables which you attached will be printed in full in the record.

Mr. GINSBURG. As you know, the center which I represent is an organization of specialists in the fields of social and economic action which provides technical assistance to community groups of poor people in urban and rural America.

I am happy to appear here today in response to the written request from the Joint Economic Committee to present the views of the center and its affiliated local organizations on today's high unemployment level, particularly as that unemployment affects members of minority groups and young people.

It may be thought by many that when unemployment is listed by the Department of Labor at 5.6 or 6 percent or whatever, the economic burden that figure indicates is shared somewhat equally among the American labor force. It is my hope today to put that notion to rest.

Focusing attention on the extent of joblessness among various groups of workers is essential if we are to understand clearly that unemployment has not struck evenly among all racial or age sectors of the labor force. For as always happens in a period of economic stagnation—such as we are now experiencing—it is the poor and the young and the unskilled and the minority group members who suffer most, who are plunged into poverty, who must bear the indignity and deprivation.

In summary, there are six major points I would like to stress in this statement. Briefly these are:

1. According to the Department of Labor, only 600,000 additional jobs have been created in the past 2 years.
2. There are fewer persons employed full-time today than there were 2 years ago.

3. Not one of the 600,000 new jobs has been in the private sector. State and local governments alone account for more than a 700,000 gain in public employment in the period.

4. There are an estimated 700,000 jobless persons not counted as unemployed although they assert they are willing to work. They have become so discouraged by the shortage of jobs that they have given up the search for work. Since they are not looking for jobs they know do not exist, they are not counted as unemployed by the Labor Department. This results in a significant understatement of the unemployment figure.

5. While the nonwhite labor force has most assuredly grown in the past 2 years, it is a shocking fact that there are actually fewer minority group members at work today than there were 2 years ago, and

6. Young persons in the critical age group of 20 to 24 years, the period when they should be embarked on their lives' work, are faced with the highest unemployment for their group in the postwar period.

These six facts result in a social pathology of enormous dimensions. For the center and the groups it works with, they present staggering problems. The local community organizations affiliated with the center are among the most imaginative and energetic of any in the country in trying to solve the problems of poverty, racism, inadequate education, and bad housing. How are they to cure the ills of the urban and rural poor with an economic picture so bleak and bereft of hope? And Mr. Chairman, if there is little or no hope that these groups can accomplish their goals, what of the communities that are not organized or of community organizations that lack the drive and commitment of the groups we are associated with?

Unemployment, which has averaged 6.0 percent for the second quarter of 1971, is at a 10-year high. Even with the relatively smaller expansion in the labor force over the last 2 years—2.6 million—unemployment has risen precipitously in the wake of the failure of the economy to experience healthy growth. Employment in nonagricultural industries has increased by only 1 million in the 2-year period of June 1969–June 1971. With jobs in agriculture continuing their long-term decline—such jobs decreased by some 400,000 in the same 2-year span—the net gain in new job opportunities for the entire Nation amounted to a tiny 600,000.

The combined effect of the increase of 2.6 million in the labor force and 600,000 additional jobs resulted in unemployment for 2 million more persons as of June 1971, compared to June 1969.

The underlying weakness in the job market is further revealed by examining the changes in employment in full-time and part-time jobs, as well as in Government and the private sector. Opportunities for those who normally work full-time and are scheduled on a full-time basis, actually contracted.

In June 1969, there were 67 million workers employed on a full-time schedule. Two years later, the number of such jobs had shrunk by some 500,000. The gains which added up to a net increase in employment came about through a 655,000 rise in the number of employees voluntarily working on a part-time basis, plus a 377,000

increase in the number of normally full-time workers working part-time because of economic reasons.

The doldrums which have plagued the private sector in the past 2 years show up even more dramatically when one takes into account the figure on Government employment trends. Combined Federal, State, and local government payrolls grew from \$12.3 million in June 1969, to \$13 million in June 1971. (State and local employment expanded by 900,000, while Federal employment dropped by 200,000.)

The doldrums which have plagued the private sector in the past 2 years derives from additions in State and local government employment, as, overall, private industry failed to register any job growth whatsoever. In many industries, employment has declined. In manufacturing alone, there are 1.6 million fewer jobs than there were 2 years ago.

And if the private economy cannot provide jobs for people as they come into the labor force, whatever their race, the discouragement, the frustration, the hopelessness which besets this important segment of our population, present a major challenge to us throughout the country.

I have mentioned the fact that there have also been a great number of discouraged workers. As you know, as you have gone through your many hearings with the Bureau of Labor Statistics personnel, in order to be considered unemployed, one must engage in some form of active search for a job to be counted in the labor force. However, during the second quarter of 1971, which was the last period for which such date had been published, there are a total of some 685,000 workers, 150,000 more than 2 years ago, who say that there is little chance for them to find jobs. They therefore are not pursuing the job search in terms of visiting companies, following up newspaper ads, and generally applying themselves to job hunting, since they know there are no jobs available.

Those 700,000, in effect, are an addition to the officially reported number of unemployed throughout our country today.

I would like now to turn to the unemployment problems which minorities face, be they black, brown, Filipinos, Indians, or from other groups. They reveal how harsh the effect of this slowdown in the economy has been on them.

In my prepared statement, table I, I show the unemployment opportunities for male and female, broken down by racial groups. In that table you will see that there has been a 46,000 decline in the number of jobs which male minority workers have in this country today, as compared to 2 years ago. This is slightly offset by the improvement among jobs for women in minority groups, but the net effect is that for men and women in all minority groups, there are actually some 13,000 fewer jobs today than there were 2 years ago.

Any urging for self-advancement—go to school, learn, find yourself a better job, improve yourself—must certainly fall on deaf ears when the employment picture is so bleak for so many persons.

With an actual decline in jobs for minorities, the result has been a sharp jump in total unemployment among blacks and other minority group members of over 300,000, to a total of 1,087,000. At that level of unemployment, the rate for blacks for June 1971, stood at 11.5 percent; for whites, at 5.8 percent.

The breakdown of job opportunities among the young in minority groups is even more distressing. Among the 16-24 age group, there were 88,000 fewer jobs in June 1971, than 2 years ago. The 20-24 age group showed a slight gain in jobs, but that was more than offset by the contraction of 140,000 in the number of jobs for the 16-19 age group.

And I might add, as I point out in my prepared statement, that 30,000 of the 20-24-year-old minority male members who are unemployed are returned veterans from Vietnam. These are persons who have been in the armed services, fighting battles for Americans. They have learned various skills and yet, coming back, face this dismal employment picture. A full 17 percent of them, again according to the second quarter of 1971, almost one out of five is without work.

I have included in my prepared statement a table, table II, where I tried to disaggregate, show separately if you will, the unemployment for both male and female as to race. You can see that there the count is not confined only to minority groups. When jobs become scarce, obviously, the last to be hired are the newest workers, the less experienced workers. Both among white and minority members, those unemployment figures are among the highest in the postwar period. Anyone seeing the figures of white males in the 20-24-year-age group of 10.3 percent, or black men and other minority people of 41.0 percent in the 16-19-year-old group, or among females, 51 percent, which are the highest rates those groups have ever experienced in the postwar period, will get some sense of the distress and frustration and the worry that prevails within so many of the communities where we at the center work.

The unemployment rate as of June 1971, was more than twice as high among minority groups as among the white groups. Which is saying that unemployment is bad for youth, but if you take it among black, brown, and other minority groups, the unemployment among those youths is even worse.

The Bureau of Labor Statistics has been getting at some of this with urban poverty neighborhood surveys, where they take the census tracts which reflect the poorest communities within the 100 largest metropolitan areas. The figures for those areas, for all age groups, run more than twice as high as the national average unemployment.

Part of the social disintegration which occurs in many of these urban communities shows up in the measure of those working, or seeking work. We find that during the 1971 period, there were 250,000 fewer workers in the labor force in those poor communities. We hear so much from leaders at many levels of American life: "Why doesn't he work," we find 250,000 workers in our biggest cities who are so discouraged that though they are willing to work they have just withdrawn from the labor force.

Mr. Chairman, as I say, we work with some 18 community action groups around the country, and these groups are doing all they can to try to improve the conditions where they operate.

I have brought with me a copy of our annual report which details some of the work they are doing. I would be happy to send to the members of the committee a copy of this report, leaving this one with you, so they can see the many efforts which these community groups are making to improve the lot of the people they work with.

(The annual report referred to above follows:)

Center for Community Change

1970 ANNUAL REPORT

'a humane and generous concern...'



This report outlines in some detail the activities in 1970 of the Center for Community Change.

The Center operated under generally unfavorable circumstances in 1970. The climate created by passage of the Tax Reform Act of 1969 made it more difficult for the Center to perform its mission. The stock market dipped sharply, reducing the financial ability of private foundations to make funds available to CCC and those associated with the

Center. And, of course, the national administration began the slow process of dismantling many programs enacted to help the poor.

Despite all of this, however, and largely as a result of the hard lessons learned in the past two years, we believe CCC was able in 1970 to deal with greater skill and perception in helping groups of the poor set about solving their problems.

What follows relates essentially the successes enjoyed by CCC and the organizations affiliated with it. It should not be assumed, however, that every project begun produced satisfactory results. For every one idea that turned into a successful program, probably four were rejected as unworkable. Many projects undertaken by local groups were still struggling for survival as 1970 ended. Some simply failed.

On balance, though, 1970 was a year which produced new advances for the local organizations the Center works with and for the people these groups represent. There are

new health services, new housing units, new businesses, new jobs, new counseling programs which perhaps would not be in existence if the Center and its affiliates had not been organized.

It should be noted that no one who works with community action groups, in the Center or out, seriously suggests that organizations such as ours can solve all the problems associated with human poverty in this country. But one thing is clear: at this point in time, particularly in the absence of a concerted effort by government to cure the ills that afflict America, there is an important place for the Center and like organizations. Even with a full-scale effort by government, there would still be a need for groups such as CCC.

And until poverty and deprivation and repression are part of history rather than contemporary facts of our lives, the Center will continue in its efforts to bring about change in the distribution of power and resources in this society.

Ramsey Clark once observed that "our greatest need is reverence for life . . . a humane and generous concern for each individual, for his safety, his health and his fulfillment."

This is the kind of America we believe in. And this is the kind of America we are trying, in a small way, to help create.

Jack T. Conway
 JACK T. CONWAY
 President
 Center for Community Change

A Time of Adversity for America

The year 1970 was not, by most counts, a good one for the American people. The tragic and seemingly endless war in Indochina continued to rob us of our youth and of our treasure.

Unemployment increased by two million from January to December. Interest rates reached record heights and, only at year's end, began somewhat to abate. The cost of living soared. The tax burden on individuals was increased in almost every community in the country. The buying power of the average working family was lower at the end of the year than at the beginning.

The public school system in many places was approaching a state of chaos. Medical care became more costly and less accessible. Racial discrimination in all its vicious aspects continued to plague us. Pollutants befouled our air and water and land. Ugliness encroached on our lives and deafening noise assaulted our senses.

Above all, there was a deepening malaise induced by a growing sense of hopelessness and powerlessness, a general feeling that somehow society had got too big and too involved for any individual to control or seriously affect, that the machines—or machine-like institutions—had taken over, without consulting the people and without receiving their consent.

And in 1970, as always in a period of national distress, it was the poor who suffered the most. Without the skills, the knowledge, the access to power, it was upon them that the burdens fell most heavily.

Even their national government seemed to be against them. A program of family assistance, which would have

been an important first step in modernizing our antiquated welfare system, was mutilated by a Senate committee and its enactment made impossible.

A historic bill that would have provided hundreds of thousands of jobs in public service work was vetoed by the President.

Even moderate improvements in the Food Stamp program were denied the poor and the new legislation was made more punitive than the old.

If there was any hope for these Americans as 1970 ended, it was in their increasing awareness of the need to organize themselves to deal more effectively with the institutions which control their lives.

For they learned in the 1960's—from a combination of government-sponsored programs that required local involvement and from television—that only those who banded together in common effort were able significantly to change their communities.

They learned, too, that to exercise power for the benefit of the community, and to meet the day-to-day responsibilities that such power imposed upon them, required the help of persons skilled in the many fields of social and economic action.

The Center for Community Change was organized to provide just such assistance.

To achieve its objectives, the Center charted three basic missions: to provide technical assistance on a wide variety of programs aimed at bringing about genuine economic and social change among the poverty-stricken in urban and rural America; to intervene on behalf of

local groups of the poor with private and public institutions which have power and resources, and to focus national attention on issues dealing with human poverty and deprivation.

What CCC did in carrying out these three missions in 1970 is spelled out in detail in the report of the activities of the 12 local organizations associated with the Center.

None of these missions is independent of the others. All are closely related.

Construction of low-income housing by a local community organization, for example, requires much more than the expression of a desire.

The group must first see housing as an urgent need of the people it represents. It must bring to the task the energy and the commitment necessary to make the project successful.

Such a program might well require the formation of a company, controlled by the community, to employ and train members of the community in the actual construction of the units. It could mean establishment of a housing corporation, again controlled by the community, to own and sell or rent or perhaps even manage the complex.

To do all these things requires extensive legal, architectural and planning services, knowledge of where housing money can be had, the writing of proposals to get these funds and, of course, extensive negotiations with the agencies that have the funds. It means intervention on behalf of the local organization with city, state and Federal agencies, or with such private organizations as banks and other lending institutions. It may even be necessary to bring before national or regional audiences the shocking lack of housing programs available to the poor.

In short, the Center must work at all three of its missions simultaneously—the provision of assistance, intervening on behalf of local groups, spotlighting the problems of the poor.

Most important in all of this in the Center's view—a view shared by the organizations affiliated with CCC—is that a housing program, to cite the example used above, is only one way in which the local group can create a new community.

Such a new community means many things. The



'to create
a new
community . . .'

poor will have control of successful enterprises which are visible and a source of pride, of services which are vital to the well-being of the people who live there. Moreover, such a community will be able to get improved public services and will be able to attract major infusions of resources from private and public institutions, resources which will create jobs and improve the lives of the residents.

Beyond the specific and obvious benefits that will accrue to the poor—the jobs that will be created, the health care services that will be rendered, the homes that will be built—they will gain a new confidence, a knowledge that they have the power to negotiate successfully with the larger institutions, public and private, whose decisions affect their lives and their futures.

Technical Assistance — The activity which absorbs the greatest proportion of the resources of the Center is the delivery of technical assistance to local organizations.

To do so requires a combination of staff skills covering economic development, legal services, financial and administrative management, staff training, housing and urban development, manpower training, leadership development, community organization, education, research and communications.

The Center's work with the Watts Labor Community Action Committee in Los Angeles serves to illustrate the wide variety of services offered and the soundness of CCC's coordinated delivery system.

CCC began by helping WLCAC establish a legal structure for its economic development activities. A new, non-profit corporation, controlled by WLCAC, was formed. It was the Greater Watts Development Corporation.

A Greater Watts Enterprises Corporation, or GWEC, was organized with the majority of stock held by the development corporation, with the remaining shares sold to individuals. This second corporation became the holding company for economic ventures by WLCAC.

CCC then helped WLCAC determine the feasibility of various economic development possibilities. Many were considered by WLCAC before it finally decided that the acquisition of supermarkets in the Watts neighborhood offered greater benefits to the people of Watts and the members of WLCAC.

When the decision was made, CCC worked with WLCAC to secure financing. This involved extensive negotiations with the Alliance for Labor Action, the Small Business Administration, the Bank of America and the Occidental Life Insurance Company. CCC then participated in the final settlement with the owners of the markets.

Once the supermarkets were purchased, the Center designed a program for submission to the United States Department of Labor which, when approved, began to train people from all over Watts to work in personnel, sales and clerical jobs in the supermarkets.

The Center now works with WLCAC to teach and develop skills in management, accounting and cost-control procedures so the markets can be run efficiently and profitably.

All of this, of course, involved only one activity of WLCAC in which CCC provided technical assistance. The same is true of other local community organizations associated with CCC. All have a large number of programs and projects beyond those mentioned in this report. In addition, each project mentioned—while perhaps sounding simple enough to carry out—in fact required extensive assistance from many sections of the Center.

Intervention — Experience in the second mission of CCC, to ensure that government programs are responsive to community needs and to intervene on behalf of organizations of the poor, has demonstrated the necessity of bringing to bear a variety of skills to solve specific problems.

The award of \$169,750 by the Department of Health, Education and Welfare to the United Farm Workers Cooperative in Toppensh, Washington, was made possible by CCC assistance in the development of the proposal for a Migrant Health Program, in building community support, in overcoming local and state opposition to com-

munity control of the program and in winning support for the project at the national level.

The override of the Governor's veto of community-operated Head Start programs in Mississippi by the Secretary of Health, Education and Welfare required the compilation of a record, the mobilization of private and public forces and the preparation of a law suit.

The Hubbard Street project of The East Los Angeles Community Union, the first FHA-insured, low-income housing in that Mexican American community, came as a direct result of intervention by CCC.

National Issues — It is CCC's charge also to identify national issues based on needs and problems encountered by local organizations and to develop strategies to deal with them.

The Center has helped expose both the widespread hunger and malnutrition that plague the poor in America and the plight of migrant workers and their families.

During 1970, the Center also provided basic, non-partisan research on family assistance, public service employment for the chronically jobless, day care, the school lunch program, Food Stamps and welfare reform.

In cooperation with other groups concerned about these issues—the Urban Coalition, the National Council on Hunger and Malnutrition, the Washington Research Project, the Project on Corporate Responsibility, the Agri-



Business Accountability Project and the Migrant Research Project—the Center helped evaluate recommendations advanced to solve these problems, worked to eliminate deficiencies in the programs put forth and helped develop more effective proposals.

The Operation Of the

Center — The Center for Community Change is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CCC is governed by a board of directors, its activities carried out under the direction of the Center's president, assisted by

officers and staff members who possess a wide range of specialized skills.

In the year 1970, the Center received a total of \$2,061,539.57 to carry on its activities. Of this amount, \$1,511,135.55 was supplied by the Ford Foundation to support basic administrative costs of the Center and to enable CCC to provide a wide variety of services to affiliated local community organizations.

Of the total amount of funds, \$494,744.56 was raised specifically for programs operated by the Center in the fields of manpower training, housing and urban planning, economic development, legal services and the like. The sources of these monies are identified in the audit which appears later in this report.

beyond all of this, the Center has raised, from its formation through mid-1970, more than \$16 million which went directly to CCC affiliates for their various programs.

Local organizations, with CCC assistance, have developed some 50 business enterprises which have an aggregate gross operation in excess of \$50 million annually. The Center has helped these groups develop 1,200 units of housing costing more than \$24 million. It is expected that an additional 1,500-2,000 units will be developed in 1971.

These are the statistics. But the activities of the Center for Community Change cannot be evaluated by figures alone. They must be measured by the distance that community organizations of the poor have come in meeting the problems that confront them and by the impact they have had on the structure of their communities. By this measurement, too, the Center for Community Change has made a contribution of value.



'to change communities, to enrich life...'

The Woodlawn Organization a ghetto has been described as a place where the poor live because they have no other choice. Until 1967, it was generally recognized that the Woodlawn section of Chicago—the southeast central area of that city—was a ghetto by every standard.

But then the work of The Woodlawn Organization, started in 1960, began to pay off. From that time, there was a change. People who had a choice to live and work elsewhere began to move in.

Woodlawn is not Beverly Hills. Far from it. It's a big city slum, pure and simple. But it is changing.

As a result of TWO there is new housing, a far-reaching economic development program, day-care and Head Start centers, education projects, and soon, a new health center which will take care of the medical needs of 10,000 poor Chicagoans in the Woodlawn neighborhoods.

The Center for Community Change has been closely associated with TWO since the Center was organized. CCC assistance began with a small "seed" grant. Then the Center helped generate funds from both government and private institutions, gave technical assistance on housing and urban planning, on the development and operation of a number of businesses.

TWO has developed and controls a housing complex of 501 new units and 84 rehabilitated units. The year 1970 saw the first full year of operation of this program. In the summer and fall of 1971, ground-breaking will

take place for the construction of an additional 410 units for low-income people in Woodlawn.

TWO is a mature, highly sophisticated "organization of organizations," with a solid record of community development activity. Currently, 144 block, religious and neighborhood groups are affiliated with TWO.

The Woodlawn Organization operates an innovative manpower training program (which has "graduated" some 3,000 residents and has placed an additional 4,000 in good-paying jobs), an experimental educational project for area youngsters from the first grade through the 12th (more than 6,000 children have completed the TWO-sponsored program), a shopping center with 14 retail establishments (including a TWO-controlled supermarket), a service station, a weekly newspaper, a motion picture theater, a security service for neighborhood merchants and, of course, the necessary counseling for people in the neighborhoods.

It is on this last that the basic philosophy of TWO comes through: people with problems who contact TWO are not simply referred to public or private agencies for help. The Woodlawn Organization takes up the problem itself with whatever source of power is involved, a landlord or a bank or utility company. In the doing, TWO uses both the grievance and its solution as tools to further the organization of the Woodlawn community.

Colonias del Valle Colonias del Valle, literally the valley colonies, is an organization made up of a string of rural ghettos in the fertile Rio Grande Valley of southeastern Texas.

Formed in the aftermath of Hurricane Beulah in 1968, Colonias has grown to include more than 2,000 Chicanos in its ranks, residents of 23 separate communities in the valley.

Poverty, repression, bad housing, a lack of public services, poor schools, few jobs—these form the mosaic of life for the Americans of Mexican descent who live in the valley.

The flat, sunburned land of southeastern Texas produces some of the finest crops grown anywhere in the world. But the people who pick the grapefruit and the melons and the cotton earn generally less than 75 cents for an hour's work. In a few crops, picked under a rigid incentive system, earnings can reach as "high" as \$1.15 an hour.

When they are not working—it is estimated that unemployment among the region's farm laborers is higher than 50 per cent—people of the Colonias live off public assistance, which provides little more than survival rations.

In its first associations with Colonias, the Center for Community Change made small, direct grants and provided community organizing and legal assistance. Using Federal funds, CCC hired a manpower specialist to help Colonias in its job-training activities. It helped draft a proposal to the Federal government for funds to give the organization support it needed to plan its organizing and economic development efforts. That planning grant of \$97,000 from the Office of Economic Opportunity has been used to design several activities Colonias-members feel are most needed.

The first result of the OEO planning grant emerged in 1970 when Colonias contracted with a Chicano food

processor in the valley to clean and ship okra, peppers and other vegetables. Under the plan, Chicano farm workers will pick the crops, as always, but members of Colonias will perform all the work in the sheds. After payment of a fee to the owner, Colonias del Valle will realize the profits.

The organization hopes through this project to aggregate enough capital to start other activities, which if all works well, will provide jobs and community-controlled resources to aid the poverty-stricken of the valley.

The East Los Angeles Community Union One person in seven is out of work. The school dropout rate is the highest in the United States—as is the rate of heroin addiction.

Businesses there are owned by absentees, who siphon off money spent in the community. The public school system is overcrowded, the homes are antiquated, obsolete and in many instances, just plain dilapidated.

Physically the community is isolated in a sea of concrete with a lacework of freeways cutting it off, culturally and economically, from the more affluent areas that surround it.

This is East Los Angeles, an urban island with few resources and little hope. It is inhabited mostly by Americans of Mexican descent. About 275,000 Chicanos live in East LA.

To organize this community, to give it life and meaning and identity, the Chicanos formed The East Los Angeles Community Union in 1968.

The Center for Community Change has worked with TELACU from its formation. Direct grants, technical assistance on generation of funds, housing and urban planning, manpower training, economic development—all

of these and more were provided by CCC in its work with the group.

TELACU, by the end of 1970, had set up an operating structure which included an economic development division—a profit-making entity—which operates a service station, mattress factory, a building maintenance service. It was this division that in 1970, with CCC assistance, raised \$1.3 million from government and private sources to assist Chicano businessmen in the area.

TELACU also controls a profit-making construction company which is nearing completion of the first FHA-sponsored, low-income housing units in East Los Angeles. This arm of TELACU will soon be called on to build housing under a new program, also planned with CCC architectural and legal assistance.

There are manpower training programs teaching Chicano young people the skills they need to enter the job market successfully.

And all of this is controlled by the Chicano community through TELACU.

Its goals haven't changed since the group organized: capital formation, self-determination, the creation of an East Los Angeles system in which the inhabitants can meet their basic needs, become economically independent and can influence decisions made by the larger institutions in the greater Los Angeles community.

North Jersey Community Union Trying to change the "central ward" of Newark, New Jersey from a welfare community to one that's self-supporting is an effort perhaps as easily accomplished as moving the pyramids to Louisville, Kentucky.

But that's exactly what the North Jersey Community Union is up to.



There is nothing unique about the central ward. The area has all the classic problems of the ghetto: hideous slums, dreadfully overcrowded classrooms in ancient school buildings, a low level of municipal services, high unemployment, large groups of very old people and, above all, widespread despair about the future.

The central ward, where the disastrous riot of 1967 occurred, has the largest concentration of drug addicts in the state. The symbol of success on the streets is the pusher, the pimp, the agent of the underworld.

When NJCU started in 1966, it saw its first goal as providing jobs. It arranged with employers in North Jersey to place NJCU trainees in good-paying jobs. More than 600 persons went to work as a result of this single project.

The next move was to develop an expanded manpower training program. With assistance from the Federal government, Black employers in the area and local building trades unions, training in the construction crafts was begun for young people in the ward. At the end of 1970, more than 80 were enrolled in this activity. A new grant from the government, received late in the year, has brought an additional 150 into the program.

During 1970 also, NJCU branched out, began to increase its community organizing efforts and enlarged its goals to include economic development, provision of legal and health services, the operation of day-care centers for children of working parents (NJCU operates the largest center in the state of New Jersey), the direct employment of senior citizens.

The Center for Community Change early-on provided grants and extensive technical assistance to NJCU. Management services personnel set up NJCU's bookkeeping and administrative system, then trained NJCU members to take over these tasks.

CCC aided in drafting proposals both to private and public agencies, helped win grants to set up the manpower training programs. A Center staff member pro-

Such assistance covers programs to train local people for jobs; to equip them to provide counseling services—welfare, Food Stamp entitlement, health care and legal aid—so desperately needed by the people of the area; working out legal problems involved in setting up economic enterprises, and help in the actual management of the businesses.

The Center for Community Change helped the people of the Delta organize MACE. CCC provided grants and legal services, help set up programs to teach job and management skills and provided know-how in planning and establishing businesses.

Through its economic development arm, the National Council for Equal Business Opportunity, CCC gives continuing assistance to MACE as it works to expand its operations in the Delta.

Currently, MACE has more than a score of young people in training as community counselors, has established a farmers' cooperative where the poor of the area can buy seed, fertilizer and other farm necessities at reasonable prices, provides on-the-spot advice aimed at solving the problems of the rural poor and has helped set up a string of "superettes", small self-service grocery stores owned by the county community organizations.

Delta Foundation, Inc.

The Delta Foundation was organized to provide jobs for the poor in the west central section of Mississippi.

It is the community-owned economic development arm of Mississippi Action for Community Education and a host of other self-help organizations in the state.

Delta recognized from the beginning that in creating jobs (the need is great: some estimates put year-end un-

employed continuous assistance throughout 1970 in community organizing and trained two NJCU members in techniques and methods that could be used to bring the community closer together.

The crowning achievement in 1970 was the establishment of a new health center which will, in a few months, provide a full range of medical care to some 10,000 persons in the central ward. The facility was opened in the first month of 1971 and already 1,000 persons are enrolled.

NJCU's health center has the back-up support of the New Jersey College of Medicine and Dentistry, conducts paramedical training for people of the area, and has four community aides in the field at all times, engaged in health education and in explaining to the residents of the ward the benefits available through the health center.

Mississippi Action for Community Education

The Delta Region of Mississippi, a vast alluvial plain in the west central section of the state, has some of the richest soil and poorest people on the North American continent.

The human poverty and degradation are of a scale to beggar the imagination. The statistics of privation are a grim litany of neglect, social injustice and repression.

Of the 100 poorest counties in the United States, 24 are in Mississippi, 14 of them in the Delta. Median annual income for the 14 range from \$1,260 in Tunica, lowest of any county in the nation, to a "high" of \$2,285 in LeFlore.

It is here, among the poorest of the poor, that Mississippi Action for Community Education was formed in 1968.

MACE's primary charge is to provide technical assistance to county groups of poor Blacks.



employment at 50 per cent or higher), it had to manufacture products that could be sold elsewhere. The simple shortage of dollars in the poverty-stricken Delta made



sales to local residents or businesses clearly out of the question.

The Center for Community Change helped establish the foundation. The Center's economic development section, the National Council for Equal Business Opportunity, helped write the planning grant proposal to the Federal Government (Delta eventually received \$1.2 million from the Office of Economic Opportunity to start its activities), assisted in setting up the corporate structure, provided legal services in getting the foundation's tax-exempt status approved by the Internal Revenue Service, and helped recruit industrial planners to train Delta employees and to run the manufacturing operations.

towns and crossroad communities which dot the four "target" counties. By the end of 1970, TIED had trained more than 200 community organizers out of a mobile education center, headquartered in Crystal City.

In this initial phase of its work, the Center for Community Change helped draft proposals to several private foundations for funds and supplied technical assistance in setting up the training center and in teaching organizational skills.

With these activities under way, TIED in 1970 began to expand its operations.

It first set up a research and media division. This section will be responsible for economic research for TIED and will prepare analyses of the power forces in each area. It is using outside technicians to teach local Chicanos to take over the research activities.

The other function of this section—work in the communications media—is already being carried out. TIED is now part of a community-owned publishing company which turns out a weekly bi-lingual newspaper in San Antonio and provides a news service to several rural papers covering items of interest to the Chicanos in the four counties.

The second project started by TIED in 1970 was the establishment of an experimental "laboratory" in which community organizers will conduct continuing evaluation of TIED's training program, will follow through on the progress of the program's "graduates," and will, with the aid of the research section, identify resources available to the poor of the area.

The third program undertaken in 1970 involved economic development. TIED hopes to establish a revolving loan fund to help Chicano businessmen in the four counties. Already, two community-owned construction companies, employing Chicanos skilled in the construction trades, have been set up in Crystal City.

The economic development group, using the training, research and construction sections of TIED, plans to

As 1970 ended, Delta was operating a successful profit-making corporation which manufactures blue jeans and employs upwards of 50 persons. By mid-1971, Delta hopes to increase employment to 150, not an overly optimistic prediction since the factory presently cannot handle all of the orders that have come in.

On Delta's drawing board for 1971 are other job-producing enterprises: a plant nursery business, a food processing facility, a metal stamping factory. Each, as is true of the apparel plant, will train and employ the poor of the Delta, the overwhelming majority of them Black. To be successful, Delta ventures must survive as businesses, be competitive in any industry entered. It has already demonstrated that its approach—community-owned manufacturing companies in labor-intensive industries—is a sound one.

Texas Institute for Educational Development

To organize a community, to bring together people who share common values or common problems, remains the greatest challenge facing any group trying to bring about change in the cities and on the farms of America.

The Texas Institute for Educational Development has devoted almost all its energies, since it was formed in 1969, to this task. It is a formidable undertaking in any locale. In the agricultural area of south central Texas, it is a job of agonizing complexity.

One person in three is unemployed. The two in three who have jobs work for abysmally low wages. Most of the people who live there are Chicanos who have little formal education, possess few skills, have no access to the capital which could provide economic opportunity.

TIED wants to change all this. Thus, its first goal became the training of Chicanos to organize the small

build housing for the poor in the area. CCC is providing direct technical assistance in the design and development of the new housing program.

Whether it's housing or economic development or publishing ventures, however, the ultimate objective of TIED remains unaltered: to make Chicano communities in the region independent, with the power and resources to run their own lives and have a voice in their futures.



**National
Farm Workers
Service Center,
Inc.**

On December 14, 1970, the Ford Foundation announced a grant of \$225,000 to the Center for Community Change to help finance the operation of seven National Farm Workers Service Centers and to permit NFWSC to

open additional centers in the west and southwest. This latest grant, generated by CCC, will bring counseling, legal, health and welfare services offered by NFWSC to added thousands of farm workers in California, Arizona and Texas.

It is no secret that farm workers are among the most deprived citizens in American society. They are often denied the protection of some of the nation's most basic laws: welfare, unemployment insurance, Medicaid. (In Kern County, California, where Delano is located, even Food Stamps are not available to the poor!)

Centered in Delano, the organization operates a credit union, a cooperative (which runs a discount service station and a car repair shop), a newly-constructed health clinic (which employs three nurses and three assistants and has at its disposal the help of volunteer physicians), a retirement village for aged Filipino farm workers, a legal services project and a general counseling program.

It has also conducted an extensive training program — many hundreds of farm workers have been "graduated" — in office and management work, community counseling and organizing skills.

The Center's assistance to NFWSC has been continuous and intensive. Proposal writing, generating financial support (all from private sources: no government funds are involved), legal services, design and, with the help of local volunteers, construction of the service station and auto repair shop as well as the medical clinic — all of these have been carried out by CCC.

The 15 service centers now employ 30 persons who have the help of scores of volunteers at the various sites.



Through these activities, the National Farm Workers' Service Centers organization hopes to achieve its ultimate goal: to make farm workers economically independent through the process of self-determination.

... among the most deprived citizens in American society.'

**United
Farm Workers
Cooperative**

In early spring, 1971, the United Farm Workers Medical Center will open in Toppenish, Washington. To the poverty-ridden Chicano community of the rich Yakima Valley of Washington State, it will be the realization of a dream that, as late as a year ago, seemed almost impossible of fulfillment.

The center will be controlled by farm workers of the valley who will vote into office a majority of the members of the policy board.

It was this notion — that the recipients of the health services control policy rather than the suppliers of the services — which threatened to frustrate the efforts of the United Farm Workers Cooperative, the sponsoring agency, to get the funds from the federal government.

The Center for Community Change was intimately involved in every aspect of the plan from its inception. Finding resources, drafting proposals to get funds, seemingly endless negotiations with regional and national officials of the Department of Health, Education and Welfare, building widespread community support, overcoming opposition of the local power structure, intervening on behalf of the project with public officials on the West Coast and in Washington, D.C. — all of these functions were carried out by representatives of the Center.

The United Farm Workers Cooperative, founded in 1967, first set up a community-owned retail grocery store. In competition with the giant food chains in the area, its sales grew steadily from \$500 to more than \$23,000 a week as 1970 ended.

UFWC, which will be responsible for running the health center, operates programs with classroom instruction and on-the-job training for people who will work in the health complex and maintains a service center to meet the day-to-day needs of the valley's farm workers.

Its plans are far-ranging: a company to train and



hite the unemployed in making furniture; a corporation to build low-income housing for the poor of the valley; a legal services program, also controlled by the community.

How soon UFWC will be able to open its new businesses and service operations is impossible to predict.

But there are those in the valley—the 7,000 who will have health care never before available to them (at fees they can afford or for free, if they haven't the money), the people who have made the grocery store a success, those who have had counseling and advice from



across the face of the city. There was no ghetto, in the geographic sense. There was no one place—aside from a small barber shop—where information on relatives still in the islands could be had, where advice could be received.

So UFA started, began to negotiate with the agencies, public and private, which controlled the lives of the Filipinos. Jobs, housing, civil rights—all of these became UFA's problems.

Then came the announced closing of the International Hotel. This hostelry, an ancient, three-story walkup, housed scores of elderly, indigent Filipinos who had spent their lives on the farms and in the vineyards of California. Now it was to be torn down to make way for a parking lot.

It was at this point, at the request of UFA, that the Center for Community Change became involved. CCC, through its executive office and legal and field services divisions, entered protracted negotiations to postpone the razing of the hotel and, at the same time, to find more adequate quarters for those who were to be dispossessed.

The postponement was obtained. Another hotel was located and, in the latter part of 1970, negotiations begun on its purchase. This, for the Center, has meant direct financial aid and personal intervention on behalf of the United Filipino Association with the city and Federal housing authorities, the owners of the hotel and with private banks in the bay area.

The hotel, if negotiations are successful, will provide decent living quarters for the elderly Filipino men and, more important in the long run, become the center of all Filipino activity in San Francisco.

From such a community-controlled facility can be launched the housing, training and economic development activities that will make the Filipino community independent, able to participate more fully in the life of the city.

UFWC-trained workers—who would wager that these hopes, like the vision of the health care center, will soon be realized. They see it all as just a matter of time.

United Filipino Association **S**an Francisco may indeed be the Paris of the United States, the most sophisticated community in the land. But the San Francisco of Barbary Coast legend, cable cars and Tony Bennett lyrics, is a city far removed from the reality of a place where a highly qualified Filipino physician can get work only as a laboratory technician, where most immigrants from the Philippine Islands are employed as busboys or stock room clerks.

This is the real San Francisco to the Filipino immigrant, the Asian who comes to the storied land of opportunity, the city by the bay.

San Francisco, as is true of all cities, lives off its minorities. The hard work is done by these, the lowest wages paid to them, only the most dilapidated housing open to them.

At the bottom of the minority scale in San Francisco are the Filipinos. The average Filipino there has a median income barely more than \$3,000 annually—and in a community which over the years has had the highest prices on its goods and services of any in the nation.

In every category—education, income, even funds from government which are ostensibly designed to help the poor—the Filipinos are last.

That's why the United Filipino Association was organized. UFA originally began as a service center, to counsel people in the community, to give advice on problems dealing with the harsh immigration requirements, with getting health care, educational opportunities, jobs, welfare entitlement.

The problems were staggering. Filipinos were spread



Mexican American Unity Council **E**very day now, in the "Model Cities" area on San Antonio's west side, 10 field service workers move among the poor, bringing knowledge of good health practices and providing at-home counseling and referral service, advice on everything from child-rearing to heroin withdrawal.

It's all part of a mental health program initiated by the Mexican American Unity Council, a self-help organi-

zation of Chicanos in San Antonio which has been affiliated with the Center for Community Change since 1969.

None of the field workers is a professional. All were given training under a Labor Department grant, generated with the assistance of the Center. The program itself is funded by the National Institute of Mental Health and offers, in MAUC's terms, a "humanistic approach to people and their problems as opposed to the cold, disengaged clinical approach."

The program, which was begun in September of 1970, employs in addition to the field personnel, a program director, a full-time nurse, a youth coordinator and a psychiatrist on a part-time basis. And of course, it has the back-up support of a general hospital and its staff.

The mental health project is only the most recent of a number of programs started by MAUC.

A community-controlled, non-profit organization, MAUC has created an urban development division (which covers economic development, housing and manpower training), a fiscal and management section and a field services branch which operates, in addition to the mental health program, an experimental education program. This last division is now developing two new projects: a co-operative grocery store and "Food for All," which will make available to the poor of the city the benefits of the Food Stamp, hot lunch and surplus commodity programs.

The Center in 1970 made a small grant to the Unity Council and provided extensive technical assistance for MAUC's economic projects—run by a MAUC-controlled holding company and including a fast-food franchise, a building maintenance service and soon, a meat processing plant—and in the development of a housing plan.

MAUC has a staff of 40 persons. MAUC-owned enterprises will employ, by mid-1971, some 125 persons. Profits from these operations will permit the organization to expand its technical assistance to neighborhood clubs of San Antonio Chicanos and to develop its new housing program.

During the year, MAUC, with assistance from CCC, generated more than \$350,000 in government and private grants and loans.

Watts Labor Community Action Committee

Early in January, 1971, officers of the Center for Community Change and the Watts Labor Community Action Committee told reporters at a Washington news conference of the formation of a new "land bank" fund which would be used to develop housing for the poor in Watts. The amount of the fund: \$2.75 million.

A far cry from any report on WLCAC that would have been made five and a half years ago. Then, the group had a treasury of slightly more than \$5, few members and little apparent future.

To make matters more difficult, shortly after WLCAC was organized—its early goal was to beautify the community—the first major urban riot in America in more than a generation erupted.

The fires and violence are not forgotten in today's Watts. But from the holocaust has come a community in which for the first time, there is a sense of purpose, a new hope.

The success story in Watts has been a project engineered jointly by the Watts committee and the Center for Community Change. The Center, since its founding, has worked on an intensive basis with WLCAC in virtually every new project considered or executed.

CCC has helped design, package and deliver programs on economic development, housing and manpower training. It has negotiated and intervened with public and private institutions on behalf of WLCAC. And the results, for WLCAC, for CCC and for the people of the community, have been most rewarding.



Watts is a vast, flat, slum-pocked area in south central Los Angeles. Its unemployment rates are double those for the rest of the city. Inhabited almost entirely by Blacks, Watts has few job-producing industries or businesses, very little by way of public services, overcrowded schools, the ever-present problem of narcotic addiction and a high rate of street crime.

The creation of jobs and the formation of capital have been the major objectives of WLCAC. In pursuit of these goals, WLCAC has grown phenomenally.

It developed "vest pocket" neighborhood parks, using land burned out in the riot.

It led the successful campaign to have a major health

facility built in Watts. (The closest general hospital is 14 miles distant). Late in 1971, the Martin Luther King, Jr. Hospital will open its doors in Watts. More than 2,000 jobs will be available for the people of Watts, many of them trained for the work by WLCAC programs.

WLCAC itself is a private, non-profit corporation. Its functions are fiscal management, manpower training, transportation, the operation of a number of Federally-financed work-related programs including the Urban Residential Education Center at Saugus, California, and the general administration of two subsidiary corporations.

Saugus, as the UREC is called, is a vast 630-acre facility 35 miles north of Los Angeles. Acquired from the city, the center serves a number of purposes: a training site (it teaches culinary arts, horticulture, woodwork, auto repair, secretarial work, stationary engineering as well as academic programs); food producer (Saugus supplies fresh vegetables and soon will provide poultry and eggs to WLCAC-controlled supermarkets and other retail outlets), and a recreation center.

The committee also operates two service stations as training centers for the youth of the area. Other training activities are carried out in the Elsie Supermarket (stock clerks, cashiers and store management), a newly-opened restaurant (cooking and waitress training), landscaping and beautification programs in Watts, and in the central offices of WLCAC itself where trainees are instructed in office techniques and skills.

Then there is the credit union, the transportation service for people who work outside of the area as well as for senior citizens, and on the drawing boards, a government-funded child care center.

One of WLCAC's subsidiary corporations is the Greater Watts Development Corporation, a non-profit, total service contractor which performs demolition, construction, electrical and plumbing work. Under a state contract, this firm has moved more than two dozen homes that stood in the way of airport expansion from

... from the holocaust has come a community ... a new hope.



west Los Angeles to Watts, where they have been re-
 funded on lots landscaped by GWDC.
 GWDC has under construction a pharmaceutical train-
 ing facility at 25th St., the corporation will also land-
 Bank of America in Watts, (the corporation will also land-
 scape the King Hospital grounds), and continue to per-
 form a variety of maintenance contracts.

Plans for 1977 include the sponsorship, development
 and construction of hundreds of new homes in
 Watts to be built on property acquired under the
 "land bank."
 The record of WJLCCA's subsidiaries is Greater Watts

Enterprises, a profit-making corporation. This company, a
 majority of whose stock is owned by GWDC, controls
 five large supermarkets in the Greater Watts area.
 As with everything else initiated by WJLCCA, these
 markets provide jobs for the people of the area. The ag-
 gregation of capital to create even more work oppor-
 tunities and aid, at the same time, an important symptom
 of the progress that can be achieved by an action organi-
 zation controlled by the community.
 What the Watts committee has meant was perhaps
 best summed up by a national magazine late in 1970:
 "The committee, in its five years of existence, has changed
 the face of Watts and has instilled legends of independ-
 ence, productivity, pride and hope in the hearts of the
 ghetto dwellers of Los Angeles."

Financial Statements

BALANCE SHEET
 CENTER FOR COMMUNITY CHANGE
 December 31, 1970

	ASSETS	
	CURRENT ASSETS	
	Cash:	
	Demand deposits	\$ 1,324.38
	Certificates of deposit	410,000.00
	petty cash	145.80
1,770.18		
	Employee advances	
	Accounts receivable:	
	fund projects	14,250.92
14,250.92		
16,021.10		
	Other — Note A	31,780.94
31,780.94		
67,802.04		
	Note receivable — Note A	17,100.00
17,100.00		
84,902.04		
	TOTAL CURRENT ASSETS	84,902.04
	OTHER ASSETS	
	Deposits	5,000.00
	Furniture and fixtures, at cost less allowance of \$25,412.03 for depreciation	10,000.00
15,000.00		
100,000.00		
	TOTAL CURRENT ASSETS	100,000.00
	LIABILITIES AND FUND EQUITY	
	CURRENT LIABILITIES	
	Accounts payable	\$ 27,000.00
	Accrued payroll taxes	1,100.00
28,100.00		
	TOTAL CURRENT LIABILITIES	28,100.00
	DEFERRED INCOME	
	Grants applicable to 1971	100,000.00
100,000.00		
	FUND EQUITY	
	Grants applicable to 1971	100,000.00
100,000.00		
	TOTAL FUND EQUITY	100,000.00

See notes to financial statements.

STATEMENT OF OPERATIONS AND FUND EQUITY

CENTER FOR COMMUNITY CHANGE
Year ended December 31, 1970

INCOME		
Administrative	\$871,144.41	
Program organizations	696,250.60	
Funded projects	<u>494,144.56</u>	\$761,399.57
EXPENSES		
Administrative and Support Services:		
Field services	277,697.74	
Executive offices	245,500.52	
Finance and business services	97,368.81	
Communications	100,979.88	
Special projects	135,099.46	
Research and public policy	41,200.27	
Economic development	21,289.48	
Urban development	<u>155,688.63</u>	1,074,874.79
Grants to local community organizations		250,024.00
Other program costs		34,961.24
Funded projects		<u>45,663.74</u>
		1,849,114.11
	EXCESS OF INCOME OVER EXPENSES FOR THE YEAR	212,124.66
Deficiency in assets January 1, 1970		219,914.00
	FUND EQUITY, DECEMBER 31, 1970	\$ 127,009.90

() Indicates negative figure.
See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
CENTER FOR COMMUNITY CHANGE
December 31, 1970

Note A—During the year ended December 31, 1970 the Center advanced services and funds to other community organizations. Approximately \$53,000 worth of these advances were owed to the Center at December 31, 1970 by organizations of limited financial means. Ultimate collection of these amounts is dependent upon the success of these organizations in obtaining other sources of funds. At the present time no estimate can be made as to the collectibility of these amounts.

Note B—The Center has a pension plan covering substantially all employees. Contributions are made to the plan at the rate of 7.35% of an employee's salary, the employee obtaining an immediate vested interest in the amount contributed to his account. Upon retirement, the employee has several options for payment of the balance in his pension account. The pension cost to the Center for the year was \$32,647.53.

ERNST & ERNST
1225 CONNELL AVENUE, N.W.
WASHINGTON, D. C. 20036

Board of Directors
Center for Community Change
Washington, D. C.

We have examined the balance sheet of Center for Community Change as of December 31, 1970 and the related statement of operations and fund equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the ultimate collection of the receivables described in Note A to the financial statements, the accompanying balance sheet and statement of operations and fund equity present fairly the financial position of Center for Community Change at December 31, 1970 and the results of its operations for the year then ended, in conformity with the generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Ernst & Ernst
Ernst & Ernst

Washington, D. C.
February 16, 1971

FUNDED PROJECT INCOME

CENTER FOR COMMUNITY CHANGE
Year ended December 31, 1970

	Funded Projects
Board of National Missions	19,472.06
Department of Labor — Manpower Development - Contract 1	156,067.83
Department of Labor — Manpower Development - Contract 2	12,887.95
Field Foundation	26,205.27
Field Foundation — Youth Projects	17,100.02
Ford Foundation — Milestone Cooperative	42,153.13
Ford Foundation — National Farm Workers Service Center	71,029.13
Fund for City of New York	44,112.15
National Council on Hunger and Malnutrition	20,649.15
National Housing Abandonment Study	12,004.57
National Urban Coalition	26.91
Sarah Winthrop Memorial Fund — Economic Development	615.41
Stern Fund — High School Students Information Center	4,194.96
Stern Fund — Youth Projects	8,550.02
	\$494,144.56

Center for Community Change

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Mr. GINSBURG. Let me just give you a few examples to bring down to a day-to-day, grassroots basis, if you will, the problems which these aggregates of 5 percent and 6 percent unemployment levels mean for the people who live in these communities.

Let's start with San Francisco, where a United Filipino Association group with which we work, tries to help the 20,000 Filipinos and Samoans in the city. There you would find, as reported, that for 120 neighborhood youth corps spots which the organization was allocated, more than 400 young people applied. And those jobs, as you know, pay about \$1.40 and \$1.50 an hour for about 24 hours a week. So they are really not that much in terms of compensation, and yet we have four and five applicants for each opening.

If you look at the 20- to 24-year-old groups among the Samoans and Filipinos in the San Francisco area, virtually the only jobs available are of a casual labor character, either on a farm or in a manual labor occupation in the city.

In Newark, for the city proper, we find unemployment is close to 16 percent. But in the third ward, the central ward, which is the largest ward in the city, where our local group is working, there are some 100,000 black residents and approximately one out of every three, or 35 percent, is unemployed. And among the teenagers who have finished school, some 50 percent are out of work. This is very consistent with the figures which the Department of Labor has published on youth unemployment rates.

If we turn to the west coast again, it is interesting to see what is happening in communities like Los Angeles. In a special study of selected poverty areas for the year July 1968 through June 1969, the Department of Labor found that 15.2 percent of blacks and other minorities were unemployed in the Los Angeles area. Remember, this was during the period when nationwide the unemployment rate registered 3.4 percent, and for blacks 6.5 percent.

While the Department of Labor has not published comparable data for the last fiscal year, we know well the worsening of economic conditions has made things definitely worse for the minorities in the poorest areas of Los Angeles.

In the Watts community we find unemployment is estimated at a shocking 24 percent of the work force. Among younger persons in the 16- to 24-year-age group, recent surveys show scarcely one out of five has a job, which translates to an astronomical jobless rate of some 60 percent.

Just this week, community leaders meeting on local problems agreed that the high unemployment rate poses the most serious threat to the stability and tranquility of this area in recent years.

You may remember, Mr. Chairman, after the rioting in 1965, there was a flurry of activity in Watts, trying to improve conditions and upgrade the community. But today, despite all of those efforts, when there is superimposed a weak national economy, we see that unemployment is higher than it was prior to the riots. We find more of the young people unemployed, more of the young people without hope.

Nor is the problem confined to urban areas. Of the 100 poorest counties in the United States, 24 are in Mississippi. In the delta region, where the Mississippi Action for Community Education was formed,

we have also set up a Delta Foundation, Inc., as an economic development arm. Last year, the Delta Foundation opened an apparel plant in Greenville, Miss. This plant, when it opened, needed some 50 employees. More than 600 persons from the nearby communities traveled, seeking these jobs at a rate which was—I believe the minimum wage of \$1.60 an hour.

The severe unemployment among minority groups and among the poor and the worsening economic situation over the past 2 years, create almost insurmountable obstacles for the improvement in the living standards of the constituencies of the 18 groups with which the center works. Development of new economic enterprises, training in basic education and work skills, assisting workers in their search for jobs, and providing other community support services at adequate levels are tasks which are virtually unachievable under these conditions. Unless Government policy recognizes the extreme hardships which its economic programs have dealt so many, the future for the poor is indeed grim.

The rhetoric which explains the lack of vigorous Government action to stimulate our stagnant economy in the name of fighting inflation has a hollow ring for those ready and willing to work, but for whom there are no jobs at decent wages.

We have inherited the grim legacy of Government inaction on these pressing domestic problems.

We have watched our cities burn as the frustration brought on by poverty, unemployment, and discrimination has erupted in the streets.

How long must the poor wait?

There are numerous programs which the Congress should enact to insure justice for the poor—adequate health care, good housing, quality education. But the most important first step that Congress must take is the recognition and enactment of those measures which will insure that every American willing and able to work should have a chance to work at a decent job at decent wages.

It is our firm belief that the present course of this administration is a policy fraught with peril. We call on this committee, on the entire legislative branch and on the executive to set our economic house in order.

(The prepared statement of Mr. Ginsburg follows:)

PREPARED STATEMENT OF WOODROW L. GINSBURG

Mr. Chairman, my name is Woodrow L. Ginsburg. I am director of research and public policy of the Center for Community Change. The Center, as you doubtless know, Mr. Chairman, is an organization of specialists in the fields of social and economic action which provides technical assistance to community groups of poor people in urban and rural America.

I am happy to appear here today in response to the written request from the Joint Economic Committee to present the views of the Center and its affiliated local organizations on today's high unemployment level, particularly as that unemployment affects members of minority groups and young people.

It may be thought by many that when unemployment is listed by the Department of Labor at 5.6 percent or 6.0 percent or whatever, the economic burden that figure indicates is shared somewhat equally among the American labor force. It is my hope today to put that notion to rest.

Focusing attention on the extent of joblessness among various groups of workers is essential if we are to understand clearly that unemployment has not struck evenly among all racial or age sectors of the labor force. For as always happens in a period of economic stagnation—such as we are now experiencing—it is the poor and the young and the unskilled and the minority group members who suffer most, who are plunged into poverty, who must bear the indignity and deprivation.

In summary, there are six major points I would like to stress in this statement. Briefly these are:

1. According to the Department of Labor, only 600,000 additional jobs have been created in the past two years.

2. There are fewer persons employed full-time today than there were two years ago.

3. Not one of the 600,000 new jobs has been in the private sector. State and local governments alone account for more than a 700,000 gain in public employment in the period.

4. There are an estimated 700,000 jobless persons not counted as unemployed although they assert they are willing to work. They have become so discouraged by the shortage of jobs that they have given up the search for work. Since they are not looking for jobs they know do not exist, they are not counted as unemployed by the Labor Department. This results in a significant understatement of the unemployment figure.

5. While the non-White labor force has most assuredly grown in the past two years, it is a shocking fact that there are actually fewer minority group members at work today than there were two years ago, and

6. Young persons in the critical age group of 20 to 24 years, the period when they should be embarking on their lives' work, are faced with the highest unemployment for their group in the post-war period.

These six facts result in a social pathology of enormous dimensions. For the Center and the groups it works with, they present staggering problems. The local community organizations affiliated with the Center are among the most imaginative and energetic of any in the country in trying to solve the problems of poverty, racism, inadequate education and bad housing. How are they to cure the ills of the urban and rural poor with an economic picture so bleak and bereft of hope? And Mr. Chairman, if there is little or no hope that these groups can accomplish their goals, what of the communities that are not organized or of community organizations that lack the drive and commitment of the groups we are associated with?

Unemployment, which has averaged 6.0 percent for the second quarter of 1971, is at a 10-year high. Even with the relatively smaller expansion in the labor force over the last two years—2.6 million—unemployment has risen precipitously in the wake of the failure of the economy to experience healthy growth. Employment in nonagricultural industries has increased by only one million in the two-year period of June, 1969-June, 1971. With jobs in agriculture continuing their long-term decline (such jobs decreased by some 400,000 in the same two-year span), the net gain in new job opportunities for the entire nation amounted to a tiny 600,000.

The combined effect of the increase of 2.6 million in the labor force and 600,000 additional jobs resulted in unemployment for two million more persons as of June 1971, compared to June 1969.

The underlying weakness in the job market is further revealed by examining the changes in employment in full-time and part-time jobs, as well as in the government and private sector. Opportunities for those who normally work full-time to be scheduled on a full-time basis, actually contracted.

In June 1969, there were 67.0 million workers employed on a full-time schedule. Two years later, the number of such jobs had shrunk by some 500,000. The gains which added up to a net increase in employment came about through a 655,000 rise in the number of employees voluntarily working on a part-time basis, plus a 377,000 increase in the number of normally full-time workers working part-time because of economic reasons.

The doldrums which have plagued the private sector in the past two years show up even more dramatically when one takes into account the figures on government employment trends. Combined Federal, state and local government

payrolls grew from 12.3 million in June 1969, to 13.0 million in June 1971. (State and local employment expanded by 900,000, while Federal employment dropped by 200,000.)

In short, the *entire gain* in the number of employed in the last two years derives from additions to state and local government employment, as overall private industry failed to register any job growth whatsoever. In many industries, employment has declined. In manufacturing alone, there are 1.6 million fewer jobs than there were two years ago.

One other aspect of the labor force figures should be noted—the discouraged workers. Among those who are listed as “not participating in the labor force,” and therefore not counted as “unemployed,” are those workers who state they want to work but think it is impossible to find work in their communities. Such workers had not taken specific action during the four weeks previous to the time of the monthly survey and, when questioned as to the reasons for not looking for work, indicated that no work was available in either their occupation or their community.

During the second quarter of 1971, these discouraged workers totaled 685,000 up 150,000 from the same period two years earlier. These discouraged workers are but one component of the relatively smaller growth in the labor force during the past two years. That smaller growth, in turn, leads to understating the extent of unemployment.

Looking at the distribution of the slightly higher employment by color and sex in June 1971, compared to that of two years ago, provides a rough measure of the harsh impact weak economic conditions have had on Blacks, particularly men.

TABLE I.—EMPLOYMENT BY SEX AND COLOR,¹ JUNE 1969 TO JUNE 1971

[In thousands]			
	June 1969	June 1971	Change
Male:			
White.....	45, 100	45, 391	+291
Black and others.....	4, 836	4, 782	-46
Female:			
White.....	25, 444	25, 698	+253
Black and others.....	3, 575	3, 608	+33

¹ Not seasonally adjusted.

Note: Data: Table A-3, Employment and Earnings, July 1971 and July 1970.

As the table shows, there was an actual decrease of 46,000 in the number of jobs held by males among Black and other minority groups, offset only in part by the 33,000 gain in jobs among women in the same minority groups.

With an actual decline in jobs for minorities, the result has been a sharp jump in total unemployment among Blacks and other minority group members of over 300,000, to a total of 1,087,000. At that level of unemployment, the rate for Blacks for June, 1971, stood at 11.5 percent; for Whites, at 5.8 percent.

The breakdown of job opportunities among the young in minority groups is even more distressing. Among the 16-24 age group, there were 88,000 fewer jobs in June, 1971, than two years ago. The 20-24 age group showed a slight gain in jobs, but that was more than offset by the contraction of 140,000 in the number of jobs for the 16-19 age group.

With such stagnation in the creation of new jobs, the unemployment figures, as I have noted, soared during this two-year period, particularly for minorities and, within the minority groups, especially for youths. [Also, 30,000 of the 20-24 year old male minority unemployed were veterans (based on data on the second quarter of 1971). That represents about 17 percent of the Black veterans in the labor force.]

Table II, which follows, traces the increases in unemployment among young workers, June 1969-June 1971.

TABLE II.—UNEMPLOYMENT—BY COLOR, SEX, AND AGE—JUNE 1971, 1970, 1969¹

[In thousands]

	1971		1970		1969	
	Number	Percent	Number	Percent	Number	Percent
White:						
Male:						
16 and over.....	2,410	5.0	2,027	4.3	1,233	2.7
16 to 19.....	759	17.3	733	17.0	507	11.9
20 to 24.....	591	10.3	421	8.0	242	4.9
Female:						
16 and over.....	1,992	7.2	1,633	6.0	1,400	5.2
16 to 19.....	696	21.2	610	18.9	574	17.7
20 to 24.....	476	10.9	343	8.1	263	6.4
Black and others:						
Male:						
16 and over.....	562	10.5	504	9.4	348	6.7
16 to 19.....	219	41.0	214	36.0	169	29.7
20 to 24.....	149	18.5	95	12.7	84	11.8
Female:						
16 and over.....	525	12.7	505	12.1	420	10.5
16 to 19.....	204	51.1	225	47.6	187	42.6
20 to 24.....	127	19.1	113	18.0	84	14.1

¹ Not seasonally adjusted.

Source: Table A-3, Employment and Earnings, July 1971, 1970, 1969.

In virtually every category, the rate among minorities as of June, 1971, was twice as high as that of the corresponding White group. Among the 20-24 year old minority members, an age group which has completed its schooling and is embarking upon work careers, unemployment hit almost one of every five, among both males and females.

It should be noted that the unemployment rate among both Whites and non-Whites in this 20-24 age group is extremely high, as the table shows.

For White males 20-24, the unemployment rate has more than doubled in the past two years, going from 4.9 percent to 10.3 percent, and currently there are more than one million male and female Whites in this key age group who are without work. Among Blacks and other minorities in this age group, there are more than 270,000 unemployed.

Among the younger portion of the minority youth—16-19 years old—unemployment reached a staggering 41 percent for males and 51.1 percent for females. These figures are on the basis of unemployment during the week of June 7-12—a week too early to reflect the full impact on the job market of those who are just out of school.

URBAN POVERTY NEIGHBORHOODS

Another indicator of the severity with which unemployment has hit minorities and youth is the Department of Labor's statistics on unemployment in the poorest one-fifth of the census tracts in the 100 largest metropolitan areas. The Department publishes on a quarterly basis the number of unemployed in the poorest communities within our largest cities on the basis of the overall totals and by race and age.

For the months of April, May, and June, 1971, for which information was recently published, the unemployment rate in these selected census tract areas averaged 10.1 percent, compared to the national average noted earlier of 6.0 percent. Among Blacks and other races, the rate was 11.9 percent, and among minority youth 16-19, the rate averaged 36.2 percent. The figures mark an accelerating deterioration from the second quarter of 1969.

In that quarter, overall unemployment in the urban poverty neighborhoods averaged 5.7 percent; for Blacks and others, 7.8 percent, and for minority youth, 31.5 percent. (The one measure in the most recent quarter which showed some improvement, but only against the immediately preceding quarter, was that for 16-19 age group among minorities. However, on a year-to-year basis, even that unemployment rate of 36.2 percent was higher than the second quarter of 1970, when it reached 31.5 percent.)

Part of the social disintegration which is occurring in these communities shows up in the measure of those working, or seeking work. During the second quarter of 1971, the labor force in these poverty communities totaled 6,119,000, down 136,000 from the same three-month period a year earlier and down 250,000 from the like period in 1969.

But even these figures of the widespread extent of unemployment and the poverty which attends it are most likely understatements. For employment among workers in these communities fell a full 500,000 in the two-year span, and that fact, plus the 250,000 decline in the labor force, results in the officially released figure of a 250,000 jump in unemployment.

Mr. Chairman, I indicated earlier that the Center works closely with 18 community action groups around the country.

By way of illustration, I have here cited examples of what unemployment has meant to members of just six of the 18 organizations. I know that the leaders of these and the other organizations would be happy to relate in detail the disastrous effect this recession has had on their memberships and their communities.

The *United Filipino Association*, a CCC affiliate, is a community action group in San Francisco which works among the 20,000 Filipinos and Samoans in that city. UFA has reported that more than 400 young people applied for the 120 Neighborhood Youth Corps job slots which were allocated to the organization.

Virtually the only jobs available to the 21-24 year age group are of a casual labor character, either on the farm or in manual labor occupations in the city.

In Newark for the month of June, 1971, unemployment on a city-wide basis amounted to 15.9 percent.

For the central ward of the city, with a population of 100,000, a large majority of whom are Black, unemployment is estimated at 35.0 percent of the work force. Among Black teenagers who have finished school, some 50.0 percent are out of work. Many who had registered at the Employment Service looking for work have now given up any hope of finding a job.

Every time a job opening has occurred in any of the programs conducted by the *North Jersey Community Union*, the organization has been swamped with applications.

Across the country in East Los Angeles, one person in five is out of work. The school dropout rate is the highest in the United States—as is the rate of heroin addiction. Businesses there are owned by absentees, who siphon off money spent in the community. The public school system is overcrowded, the homes are antiquated, obsolete and in many instances, just plain dilapidated.

The problems in the community which *The East Los Angeles Community Union* has been trying to solve have been compounded by the recent shutdown of a Chrysler plant where close to 900 of the 3,000 employees are Chicanos.

Among high school graduates, unemployment ranges from 40 to 50 percent.

In a special study of selected poverty areas in six cities for the year July, 1968-June, 1969, the Department of Labor found 15.2 percent of Blacks and other minorities were unemployed in Los Angeles. This was during a period when nationwide the unemployment rate registered 3.4 percent, and for Blacks, separately, 6.5 percent.

Comparable data have not been published for the year ending June, 1970, nor for the latest fiscal year, but with the worsening of economic conditions generally, we know that minorities in the poorest areas of Los Angeles are suffering far more today.

In the Watts section of Los Angeles, where the *Watts Labor Community Action Committee* has been functioning for six years, unemployment is estimated at a shocking 24.0 percent of the work force. Among young persons 16-24 years of age, only one in five has a job—which means an astronomical jobless rate of 80 percent.

Community leaders, meeting just this week on local problems, agreed that the high unemployment rate poses the most serious threat to the stability and tranquility of this area in recent years.

Nor is the problem confined to urban areas. Of the 100 poorest counties in the United States, 24 are in Mississippi, 14 of them in the Delta region. Median

annual income for the 14 ranges from \$1,250 in Tunica, lowest of any county in the nation, to a "high" of \$2,285 in LeFlore.

It is here, among the poorest of the poor, that *Mississippi Action for Community Education* was formed. The Delta Foundation, Inc., the economic development arm of MACE, last year opened an apparel plant in Greenville, in the heart of the region. This plant needed 50 employees. More than 600 persons applied.

In Chicago, unemployment has been lower than in most urban areas. Yet even here, the unemployment rate for Blacks has hovered around the 10 percent level in recent months. A much higher rate of unemployment—an estimated 20 percent—prevails among Blacks in the core of the inner city. And, as in other urban ghetto areas, the rate of joblessness is appreciably greater among young people, according to *The Woodlawn Organization*.

The severe unemployment among minority groups and among the poor and the worsening economic situation over the past two years, create almost insurmountable obstacles for the improvement in the living standards of the constituencies of the 18 groups with which the Center works. Development of new economic enterprises, training in basic education and work skills, assisting workers in their search for jobs, and providing other community support services at adequate levels are tasks which are virtually unachievable under these conditions. Unless government policy recognizes the extreme hardships which its economic programs have dealt so many, the future for the poor is indeed grim.

The rhetoric which explains the lack of vigorous government action to stimulate our stagnant economy in the name of fighting inflation has a hollow ring for those ready and willing to work, but for whom there are no jobs at decent wages.

We have inherited the grim legacy of government inaction on these pressing domestic problems.

We have watched our cities burn as the frustration brought on by poverty, unemployment and discrimination has erupted in the streets.

How long must the poor wait?

There are numerous programs which the Congress should enact to ensure justice for the poor—adequate health care, good housing, quality education. But the most important first step that Congress must take is the recognition and enactment of those measures which will ensure that every American willing and able to work should have a chance to work at a decent job at decent wages.

It is our firm belief that the present course of this Administration is a policy fraught with peril. We call on this committee, on the entire legislative branch and on the executive to set our economic house in order.

Chairman PROXMIRE. Thank you very much, Mr. Ginsburg.

Mr. Killingsworth, I see you have quite a detailed prepared statement. I would appreciate it if you could compress it in any way you can, taking 15 minutes or less, if possible, and the entire prepared statement will be printed in full in the record, including your tables.

STATEMENT OF CHARLES C. KILLINGSWORTH, PROFESSOR OF ECONOMICS, MICHIGAN STATE UNIVERSITY

MR. KILLINGSWORTH. Thank you, Mr. Chairman.

I very much appreciate the opportunity to appear here in what I think is a very valuable and worthwhile series of hearings. I will condense and summarize, and perhaps read a few key paragraphs.

My statement deals with the unemployment problem from a rather longer time perspective than is usual. The reason for that approach is that I believe a substantial part of the present excessive unemployment is the reappearance of some longrun problems that we tempo-

rarily deferred or masked in the latter half of the 1960's, partly through the Vietnam war and partly by other factors.

Looking back to 10 or 15 years ago, in the 1950's and in the early 1960's, the growth patterns of our affluent society were serious structural changes in the economy which, in turn, created serious problems of imbalance in our labor markets. The Vietnam war and the rapid expansion of some new social programs in the 1960's temporarily offset the effects of those structural changes. The situation now is that the winding down of the war and the much slower growth of the social programs are together permitting these growth patterns in the economy to reassert their profound effect on our labor market.

Unless we understand that our excessive unemployment is the product of a complex combination of causes, there is a real danger of excessive reliance on a single remedy, which can reach only some of the causes. That course, if we follow it, seems likely to prolong the unusual combination of unacceptable rates of inflation and excessive rates of unemployment which now affect us.

I have made a comparison of recovery patterns in four postwar business cycles in order to establish what seems to me a fairly important point concerning the nature of our present recovery. I have examined the aggregate unemployment rate and total employment in manufacturing. Table 1 in my prepared statement deals with changes in the aggregate unemployment rate, following the month that has been officially designated by the National Bureau of Economic Research as the trough of the particular recession. The basic point that is shown by table 1 is that in the first three postwar recessions, 1948-49, 1953-54, and 1957-58, by 8 months after the trough, we have had a very substantial reduction in the national unemployment rate, 1 full percentage point or more.

In the current recovery period, which began in November 1970, there has been scarcely any significant reduction in the unemployment rate. I understand the figure which is to be announced this morning is 5.8 percent, which is within the range of the figures that we have for the last 8 months. In other words, no significant evidence has as yet appeared of a downward trend in the unemployment rate.

The 5.8 percent is the current figure that we had this past February. So, by the evidence of these figures, we are not making progress in reducing the aggregate unemployment rate.

When we look at the figures regarding employment in manufacturing, which is the largest single source of employment in the economy, I think the same general conclusion comes through. From the peak months of December 1969 to the trough in November 1970, we had the largest loss of employment in any of the postwar recessions—2.3 million. By June 1971, last month, the recovery in employment was only 68,000 jobs, which is far and away the smallest recovery that we have had in a comparable period, following a turning point in the recession.

So I conclude that by these two quite important labor market measures, the current recovery is clearly the slowest and feeblest in the past 25 years.

I would suggest to the committee that the basic reason for this marked departure from past patterns is that powerful forces other than the familiar business cycle are presently at work in the economy and especially in the labor market.

I hope that I can be permitted to point out that I was fortunate enough to forecast some of these developments in some testimony that I presented in March 1970, about 18 months ago, to two other congressional committees. I predicted at that time a sharp rise in the unemployment rate, which then was at 4.2 percent, and I also predicted that the higher rate would be surprisingly persistent. My "relatively optimistic" prediction was that the rate would be about 6 percent by the middle of 1971. And my "relatively pessimistic" forecast was a rate of 7 to 8 percent by mid-1971. The 6 percent rate appeared sooner, of course, than my relatively optimistic forecast, but I think that the prediction that the rate would be surprisingly persistent has proved to be quite accurate.

At the time of that testimony, the Council of Economic Advisers was still defending its forecast that the average unemployment rate for calendar 1970 would be 4.3 percent, a figure, of course, which turned out to be far wide of the mark. One of the members of the Council was characterizing the rise above the 4-percent level as simply a transitional problem and presumably one that would disappear fairly promptly.

I think it is fair to say that the great majority of professional economists agreed with Council at that time. I am not saying this merely for the purpose or pleasure of being able to say, "I told you so." The more basic point is that there are two sharply conflicting views about what happened to unemployment in this country during the 1960's. And this, in turn, refers back to some differences about what was causing high unemployment in the early 1960's.

My view is shared by a few others. I think that the majority view is the one expressed by the Council.

Let me summarize very briefly what I call, "the conventional wisdom" about what happened to unemployment in the 1960's. I have analyzed it in some detail in my prepared statement, but I think it can be summarized quite simply by saying that the conventional view is unemployment at the beginning of the 1960's, in 1963, stood at about 5½ percent; there was an enormous stimulation of aggregate demand by tax cutting first, and then by expansion of defense spending; this expansion of demand brought about a great decline in the unemployment rate, all the way down to 3½ percent. A very simple cause-and-effect relationship. The lesson of this period is quite clear. The only thing, absolutely the only thing, that is necessary to reduce the unemployment rate, if that is your sole or most important domestic goal, the only thing necessary to reduce that unemployment rate to at least 3½ percent is to provide adequate stimulation of aggregate demand.

In my view, that is a fallacious analysis. It is excessively simplistic in that it assumes that the only factor, the only significant factor, that

was affecting the unemployment rate was the rapid growth of aggregate demand from 1964, or 1965, on through to the end of the decade.

I think it can be quite clearly demonstrated that there were other major factors that accounted for more of the reduction in the unemployment rate than did the growth of aggregate demand. I will not detail these other factors, but simply mention them.

The first of these factors was two significant changes in the definition of "unemployment." One came in 1965. It involved switching from the unemployed category to the employed category those people, several hundred thousand of them ultimately who were enrolled in certain manpower programs and who in the past had been counted among the unemployed. By 1969 this change had reduced the overall unemployment rate by five-tenths of a percentage point and had had a particularly large effect on the specific rates for certain groups, particularly black teenagers.

There was another change in definitions in January 1967, which, among other things, involved a tightening up of the definition of "seeking work." And according to the Bureau of Labor Statistics that this set of changes—including the dropping of 14- and 15-year-olds from the labor force—had the effect of reducing the overall rate by about two-tenths of a percentage point. In other words, these two definition changes combined reduced the unemployment rate by seven-tenths of a percentage point.

This is a fact that is very frequently overlooked in discussions and, particularly, in comparisons with earlier periods. If we took the pre-1965 definitions for today's unemployment rate of 5.8, the rate actually would be 6.5 percent. In his press conference earlier this week, the President pointed out with some satisfaction that the unemployment rate today is lower than it was in 1962 and 1963, when it was up around 6 percent. Well, actually, if you use the same yardstick today's unemployment rate is substantially higher than the unemployment rate of 1962 and 1963.

The second factor that reduced unemployment in the 1960's, was the withdrawal of a maximum of about 900,000 young men from civilian life into the Armed Forces. My estimate, without going into any of the details, is that that factor by itself had an effect of about six-tenths of a percentage point on the national unemployment rate.

So from 1964 to the low point in 1969, there was a reduction of 2 full percentage points in the national unemployment rate. These factors that I have just discussed, together, counted for a total of 1.3 percentage points of that reduction in the unemployment rate, so that the residual is only seven-tenths of a percentage point. It can be argued, and I think not unreasonably, that if demand expansion had been the only factor affecting the unemployment rate in the 1960's, it probably would have fallen no lower than 4.8 percent.

Now, I mentioned some other factors that I think had a significant effect—a little more on the composition of unemployment perhaps than on the overall unemployment rate. One of those factors is the high proportion of blue-collar jobs involved in defense work. About 60 percent of the jobs created by higher defense spending were blue-collar jobs, whereas in the economy as a whole, only about 40 percent

of the jobs are blue-collar jobs. The significance of this is that the blue-collar workers in manufacturing were the ones who had been hard hit by the longrun trends in the economy that I mentioned somewhat earlier. They were the ones most benefited by the increase in defense spending and, of course, they are now the ones who are being particularly adversely affected by the cutbacks in defense spending.

That brings me to the recent rise in unemployment. I think the factors involved here can be rather quickly summarized. They are probably fairly familiar. The first of these is the reduction in the size of the Armed Forces. The Armed Forces have been drawn down to a level about 800,000 below the peak level in 1968, and the present level of Armed Forces is only 100,000 men above pre-Vietnam level.

The second factor is the massive layoffs and dismissals from defense plants as a result of the spending cutbacks.

The third factor is the much slower or zero growth of the manpower programs that were expanding during the mid-1960's.

Now, I emphasize these factors simply because they are factors over and above and unrelated to the normal cyclical patterns, that many people assume are the only things that work today. We have these added factors and I think they account for a good deal of the unusual, the highly unusual persistence of high unemployment following a turning point in the conventional recession.

I have here a discussion of hidden unemployment. Mr. Ginsburg has already covered this matter. I will not repeat what he has said on that point, other than to make one rather important point, which is that the rise in hidden unemployment in my judgment has been particularly marked among nonwhite workers. We have had a good deal of emphasis in the last year or so on the fact that the nonwhite-white unemployment ratio has dropped below the 2 to 1 relationship that had prevailed since the early 1950's. And for calendar 1970, the ratio was 1.8, rather than 2 or above. My calculations show, and I think on a fairly conservative estimating basis, that this change in the ratio is due entirely to an increase, a differential increase, in hidden unemployment among the nonwhites. If you correct for the growth of hidden unemployment among the nonwhites, this ratio for 1970 increases from 1.8, which is the official reported figure, to 2.6. So this particular kind of racial inequality is not disappearing. If you take into account the hidden unemployment it is worsening instead of improving.

Just a few words about the policy implications of what I have said here. It seems to me passivity in employment policy has gained a degree of acceptance in high circles. One must concede that there has not been a total lack of activity in the administration and certainly that is not true of Congress. But the basic assumption in the administration, I believe, is that "natural forces" will clear away excess unemployment if we just wait long enough. The unemployed veterans and displaced defense workers will be absorbed in a year or two.

And I say these were the groups, these veterans and defense workers were taken very largely from the groups that were having the hardest time finding jobs in the early 1960's. There is no evidence that I see that these people are going to have any easier time in the early

1970's in finding other jobs, than the time that they had in the early 1960's.

I make the second point that simply waiting for the problem to go away is not usually a very effective method of dealing with the problem. I point to the matter of the sharp rise in the unemployment rate of 20- to 24-year-olds. This reflects the teenage unemployment problem of the 1960's, which has grown a little older. That is what it is. The 20- to 24-age group had, in May 1971, the highest unemployment rate that it has had in any postwar month with the sole exception of the very bottom of the 1957-58 recession.

This, I think, means that we really did not solve the teenage unemployment problem in the 1960's. We simply allowed it to grow older.

And I observe that time really does not really solve most problems; it only makes them older and it makes us more complacent about them.

My final observation is that I think there is a policy trap in the belief that we have now discovered and tested the ultimate weapon against unemployment, and that is sufficiently vigorous fiscal and monetary policy. I believe, of course, one thing wrong with that, even if it were the ultimate weapon, the thing wrong with it is we are unable to use it right now. The threat of even faster inflation bars the use of what many people regard as this great weapon. But the fact that this is supposed to be the best weapon is sometimes used as another current justification for passivity in employment policy.

Now, I do not say that fiscal and monetary policy have no role to play in reducing unemployment. But I do argue that it is a mistake to make fiscal and monetary policies the centerpiece of employment policy. By the same token, I think it would be a serious mistake to make manpower retraining or public service employment or any other one program the centerpiece of the employment policy. I think there is some analogy with the views of the medical men today that cancer is really a whole family of diseases that must be fought with a variety of treatments. In the same way, I think we need to see that unemployment is a complex problem for which we lack any one sovereign remedy. Economic growth will cure some cases but it will leave others untouched. Retraining is the best treatment for some kinds of unemployment, but it is useless for some. And in many cases we will need subsidized unemployment of one kind or another.

The greatest weakness, I think, in our array of manpower programs at the present time is that all of them, without any exception that I know about, provide slots for only a pitifully small fraction of those who really are eligible under the terms of the programs. I would point out to you that that weakness is particularly apparent in the newly enacted Public Service Employment program, which I enthusiastically supported. However, this new program will provide a maximum of about 173,000 slots in this fiscal year, and there will be several million workers who will be eligible for them.

I conclude with the thought that the trouble today with the rules of economics—referred to by Mr. Arthur Burns in his appearance last month before this committee—the trouble with the rules of economics is that we have tried to apply the unchanged rules of the past to a greatly changed world. I suspect that John Maynard Keynes himself would protest against some of the applications that are being

made of his doctrines today. Even 35 years ago, Keynes had a keener appreciation of the limitations of his analysis and policy prescriptions than some of his recently converted disciplines of today.

(The prepared statement of Mr. Killingsworth follows:)

PREPARED STATEMENT OF CHARLES C. KILLINGSWORTH

I wish to thank the Joint Economic Committee for the invitation to participate in this important series of hearings on unemployment. Rarely in modern times has the discussion of our national unemployment problem seemed as confused as in the past 18 months. Administration spokesmen have fairly consistently found something encouraging in the monthly reports on employment and unemployment, while technicians and spokesmen for private groups have often contradicted the Administration interpretations. The Joint Economic Committee is performing an important public service by holding these monthly hearings and thus providing a forum in which not only Administration figures and government technicians but private researchers may assess the significance of the latest figures and suggest the meaning of the longer-term trends.

In my statement this morning, I propose to deal with the unemployment problem from a longer time perspective than is usual. The reason for this approach is simply that I believe that a substantial part of the present excessive unemployment is the reappearance of some long-run problems that were temporarily deferred or masked in the latter half of the 1960's, partly by the Vietnam War and partly by other factors. In the 1950's and the early 1960's, the growth pattern of our affluent society were creating structural changes in the economy which, in turn, created serious problems of imbalance in our labor markets. The Vietnam War and the rapid expansion of some new social programs temporarily offset the effects of those structural changes. Now the winding-down of the war and much slower growth of the social programs are permitting those growth patterns to reassert their profound effects in our labor markets. Unless we understand that our excessive unemployment is the product of a complex combination of causes, there is real danger of excessive reliance on a single remedy which can reach only some of the causes. The course seems likely to prolong the unusual combination of unacceptable rates of inflation and excessive rates of unemployment which now afflicts us.

RECOVERY PATTERNS IN FOUR POSTWAR BUSINESS CYCLES

"The rules of economics are not working in quite the way they used to," commented Chairman Arthur F. Burns when he appeared before this Committee last month. His comment is applicable to a broader range of developments than he discussed. I want to point out two important respects in which the present recovery pattern differs from earlier recoveries in the past quarter-century. I will deal with the aggregate unemployment rate and total employment in manufacturing.

One of the soothing thoughts relied by some analysts in recent months has been that reductions in the national unemployment rate always lag behind recovery in other sectors of the economy after a turning point has been reached. Time is now running out on that explanation for the persistence of high unemployment today. Table 1 presents the data relevant to this point. It is indeed true that the unemployment rate has tended to remain high for several months after the turning point of the recession. But in each of the first three postwar recessions (1948-49, 1953-54, and 1957-58), the unemployment rate has dropped by at least a full percentage point within seven months after recovery had begun. In our current recovery, there is no clear evidence as yet of any downward trend in the unemployment rate. (Here I am accepting the judgment of most technical experts that the reported rate of 5.6 percent for June, 1971 was unduly low because of unusual seasonal adjustment problems and the timing of the household survey.) Only in the 1960-61 recovery did the unemployment rate remain so close to the recession high. And that recovery was the feeblest of the postwar era (up to that time). Even in 1962, the unemployment rate remained in the 5.5 to 6.0 percent range. It was this development that stimulated a rather intense debate concerning the causes of high unemployment even during prosperous times. The current persistence of high unemployment many months

after the trough of the recession has been passed is one of a number of factors suggesting that we are returning to labor market conditions which are similar to those that prevailed in the early 1960's.

TABLE 1.—*Unemployment rates for the civilian labor force, seasonally adjusted, in the months following trough of the 5 postwar recessions*

1969-70:		December 1958.....	6.2
November 1970 ¹	5.9	January 1959.....	6.0
December 1970.....	6.2	February 1959.....	5.9
January 1971.....	6.0	1953-54:	
February 1971.....	5.8	August 1954 ¹	6.0
March 1971.....	6.0	September 1954.....	6.1
April 1971.....	6.1	October 1954.....	5.7
May 1971.....	6.2	November 1954.....	5.3
June 1971.....	5.6	December 1954.....	5.0
1960-61:		January 1955.....	4.9
February 1961 ¹	6.9	February 1955.....	4.7
March 1961.....	6.9	March 1955.....	4.6
April 1961.....	7.0	April 1955.....	4.7
May 1961.....	7.1	May 1955.....	4.3
June 1961.....	6.9	June 1955.....	4.2
July 1961.....	7.0	July 1955.....	4.0
August 1961.....	6.6	August 1955.....	4.2
September 1961.....	6.7	1948-49:	
October 1961.....	6.5	October 1949 ¹	7.9
November 1961.....	6.1	November 1949.....	6.4
December 1961.....	6.0	December 1949.....	6.6
January 1962.....	5.8	January 1950.....	6.5
February 1962.....	5.5	February 1950.....	6.4
1957-58:		March 1950.....	6.3
April 1958 ¹	7.4	April.....	5.8
May 1958.....	7.4	May 1950.....	5.5
June 1958.....	7.3	June 1950.....	5.4
July 1958.....	7.5	July 1950.....	5.0
August 1958.....	7.4	August 1950.....	4.5
September 1958.....	7.1	September.....	4.4
October 1958.....	6.7	October 1950.....	4.2
November 1958.....	6.2		

¹ Indicates turning point or trough of recession and beginning of expansion, as designated by the National Bureau of Economic Research, in *Business Conditions Digest*, June, 1971.

Source: For unemployment rates: 1970-71, *Employment and Earnings*, table A1, July, 1971; Others, *Employment and earnings*, vol. 17, No. 3, February 1971, p. 1969.

The behavior of total employment in manufacturing industries during the current recession and recovery has also departed from past patterns. First, the employment loss in manufacturing from peak to trough was the greatest in any of the postwar recessions, whether you consider the loss in percentage terms or in absolute numbers. The drop was from 20.8 million in December, 1969 (the peak month) to 18.5 million in November, 1970 (the trough)—a decline of 2.3 million jobs. By June, 1971, the total recovery of employment in the seven months after the turning point was 68,000, or 3 percent. In all four of the other postwar recessions, manufacturing employment had made a much stronger recovery seven months past the turning point. In 1949-50, the gain in this period was 1.0 million jobs, or two-thirds of the peak-to-trough loss; in 1954-55, the gain was 600,000, or a third of the prior loss; and in the 1957-58 and 1960-61 recovery periods, the seven-month gain was about 300,000 (20 to 30 percent of the prior loss).

By these two labor market measures, the current recovery is clearly the slowest and feeblest in the past 25 years. I suggest to the Committee that the basic reason for this marked departure from past patterns is that powerful forces other than the familiar business cycle are presently at work in the economy and especially in the labor market.

In March, 1970, in testimony before two other Congressional Committees, I predicted a sharp rise in the unemployment rate (the latest figure then showed a 4.2 percent rate) and also predicted that the higher rate would be surprisingly persistent. I said then that it was "relatively optimistic" to forecast that the rate

would be approaching 6 percent by mid-1971; a "relatively pessimistic" forecast would be a rate of 7 to 8 percent by mid-1971. The 6 percent rate appeared sooner than my "relatively optimistic" forecast; but the unusual persistence of that rate through the year thus far is quite consistent with my view that even vigorous application of fiscal and monetary remedies would have little effect on this new unemployment problem. At that time, the Council of Economic Advisers was still defending its forecast that the average unemployment rate for calendar 1970 would be 4.3 percent, and one of its members was characterizing the rise above the 4 percent level as a "transitional" problem. I think it is fair to say that the great majority of professional economists agreed with the Council at that time.

My purpose here is not to claim great prowess as a forecaster, or to say, "I told you so." The point is that there are two sharply conflicting views about what happened to unemployment in this country in the 1960's. The Council and most other economists hold one view, and I and a few others hold a very different view. The Council view has led it into major forecasting errors, while my view led to a forecast which, at least up to now, has proved to be fairly accurate. In my Congressional testimony last year, I reviewed these differing interpretations of the 1960's in some detail and will not repeat all that I said then. It does seem appropriate today to summarize some salient points. Before doing so, however, I want to say as forcefully as possible that this disagreement should not be regarded as any kind of conflict of personalities; rather, it is a clash between ideas and methods of analysis.

INTERPRETING THE 1960'S

There has developed what may fairly be called a "conventional wisdom" concerning what happened to unemployment in the 1960's. As I have already noted, even after recovery from the 1960-61 recession the national unemployment rate remained at the excessively high level of 5.5 to 6.0 percent. Most economists attributed this "prosperity" unemployment to a chronic insufficiency of aggregate demand, produced by "fiscal drag" in the Federal revenue system. If aggregate demand were sufficiently stimulated by massive tax cuts, it was argued, unemployment would fall at least to the 4 percent level. In 1964, there was a huge reduction in personal and business income taxes, and further cuts were made in 1965. Then, also in 1965, defense expenditures moved sharply upward, providing further fiscal stimulus. The unemployment rate fell below 4 percent in 1966 and continued down to roughly 3.5 percent, which prevailed through most of 1968 and 1969. The conventional wisdom sees a simple cause and effect relationship at work here: the great tax cut, followed by great increases in defense expenditures, fully remedied the earlier insufficiency of aggregate demand and solved the problem of excessive unemployment. The policy conclusion, which is heard constantly today, is that sufficiently strong application of fiscal and monetary policy, *without anything else*, is capable of reducing unemployment to the 3.5 percent level. Any unemployment rate higher than that is clear evidence of an insufficiency of aggregate demand *and nothing else*. Most economists today accept this conventional wisdom as fully proven by the experience of the 1960's.

In my view, the conventional wisdom rests squarely on the *post hoc, ergo propter hoc* fallacy. It implicitly assumes that the only factor which reduced the reported unemployment rate was the rapid growth of aggregate demand in the later 1960's. This assumption is demonstrably contrary to the facts of the matter. Undeniably, the expansion of aggregate demand created more jobs in the 1960's and was partially responsible for the lower unemployment rates. But there were other factors at work which, in combination, accounted for more of the decline in unemployment than did the growth of demand.

First, there were two significant changes in the definition of unemployment. In 1965, government technicians decided that they would no longer count as "unemployed" the participants in certain work-relief programs—notably the Neighborhood Youth Corps and the College Work-Study Program, and some other smaller ones. In the 1930's, participants in the CCC, NYA, and WPA program had been counted as unemployed; but starting in 1965, participants in the fairly comparable contemporary programs have been counted as "employed." There is no point now in debating the soundness of that change in definition. What is important is that it contributed significantly to the lowering of the reported

unemployment rate. By a very conservative method of calculation, it can be shown that by 1969, the national unemployment rate was 0.5 percent lower than it would have been under the pre-1965 definition. Another set of definition changes was made effective in 1967. One of the important changes was a tightening of the "seeking work" test. The net effect of these changes, according to the Bureau of Labor Statistics, was to reduce the reported unemployment rate by about 0.2 percent under the conditions prevailing in 1966. (I suspect that the effect might be somewhat greater under the higher unemployment levels of today.) The combined effect of the 1965 and 1967 definition changes, then, was a reduction of at least 0.7 percent in the unemployment rate.

Second, the expansion of the Armed Forces which began in 1965 withdrew a total of about 900,000 young men from civilian life at the peak (in late 1968). Most of these young men would have been in the labor force if they had not been in the military. Only a minor fraction would have been unemployed; but the jobs filled by those who were employed obviously would have been unavailable to those who actually held them. After making a generous allowance for new entries to the labor force induced by the greater availability of jobs, it seems reasonable to estimate that the expansion of the Armed Forces and the resulting shrinkage of the civilian labor force reduced the reported unemployment rate by 450,000, or 0.6 percent.

The national unemployment rate fell from about 5.5 percent in early 1964 to about 3.5 percent in 1969. The two factors just discussed accounted for a total of 1.3 percentage points, or roughly three-fifths of the decline. At the risk of some oversimplification, it might be said that if demand expansion had been the *only* factor affecting the unemployment rate, it probably would have fallen no lower than about 4.8 percent.

I trust that the fallacy in the conventional wisdom now stands exposed. But there is more that must be said. There was a *third* factor, other than "pure" demand expansion, which contributed to lower unemployment in the late 1960's. This factor was the nature of defense spending increases. Most of the defense work went to manufacturing industries, and in those industries a disproportionately large number of the new jobs were filled by bluecollar workers. In the 1950's and early 1960's, bluecollar jobs in manufacturing had been subject to a disproportionately high rate of attrition, and defense spending patterns temporarily reversed this trend. There is no obvious way to quantify the effect of this factor on the national unemployment rate, but it must have made some contribution.

There was also a *fourth* factor. Even during the great economic expansion of the middle 1960's, there was a continued growth of hidden unemployment among men with less-than-average education. Even in the years from 1962 to 1967, there was a net increase of more than 700,000 men who must be counted among the hidden unemployed, according to my estimates. In these years, even among men in the prime working ages but with less-than-average education, there was a persistent and pervasive decline in labor force participation rates. The basic reason for this continuing phenomenon, in my judgment, was a continuing scarcity of jobs for low-skilled and poorly-educated workers. It is true that millions of new jobs were created in the 1960's; but my calculations show that about 97 percent of the gross increase in jobs for men went to those with average or better-than-average education. The employment of men with 8 or fewer years of schooling actually declined from 1962 to 1969—by more than 2.5 million. Some of the job loss was offset by deaths and retirements in this group, but hundreds of thousands of less-educated men simply stopped looking for work. Since those not actively seeking employment are not counted among the unemployed, these dropouts made some further contribution to the lowering of the reported unemployment rate.

THE RECENT RISE IN UNEMPLOYMENT

The conventional wisdom has no difficulty in explaining the rise in unemployment that began late in 1969. The level of unemployment is determined by the state of aggregate demand, says this school of thought; and, it argues, the experience of the 1960's is clear proof that any level of unemployment above 3.5 percent is conclusive evidence of insufficient aggregate demand. If our only domestic goal is full employment, this school says, we can readily achieve it by fiscal and monetary policies directed to the expansion of demand. In this view, the real obstacle in the road to full employment is inflation: a policy of strong

stimulation of aggregate demand would defeat the effort to bring inflation under control. Therefore, it is obvious to this school that the restoration of price stability must be given priority over the restoration of full employment. (Unless, of course, political necessities dictate an economically irrational reversal of these priorities.)

In my view, the linkages between inflation, aggregate demand and unemployment are considerably looser and less direct than the conventional wisdom assumes. Perhaps it is hardly necessary to do more than to point to our recent experience with sustained high levels of unemployment, large amounts of unused industrial capacity, and continued high rates of price increases in order to make the basic point. But I think it can also be shown that, even in the absence of a recession, we would have had a substantial rise in reported unemployment. In other words, some part—but only a part—of the recent rise in unemployment rates was caused by the economic slowdown; and faster economic growth will remedy part—but only part—of our excessive unemployment.

Three major factors in addition to the recession have contributed to higher unemployment rates in the past two years. The first and most obvious is the reduction in the size of the Armed Forces. Current reports indicate a reduction by mid-1971 of about 800,000 men from the peak strength reached late in 1968; the present level is only about 100,000 men above the pre-Vietnam level. Obviously, not all of the men returned to civilian life are in the labor force, nor are all of those in the labor force unemployed; but unemployment rates for Vietnam-era veterans are running substantially above the national average, and the jobs now held by veterans are obviously unavailable to the unemployed workers who might have filled them if the veterans were still withheld from the labor force. In other words, the reduction in the size of the Armed Forces has contributed to the growth of the civilian labor force and has increased the competition for jobs.

The second obvious factor is massive layoffs and dismissals from defense plants as a result of spending cutbacks. I have not succeeded in finding any up-to-date figures that I regard as reliable, but it seems likely that a substantial part of the 2.2 million job loss in manufacturing must be attributed to this factor.

A third, less obvious, factor is slower or zero growth of the manpower programs that were expanding in the mid-1960's. In their expansionary years, these programs were drawing off into "employment" a growing percentage of designated groups with high unemployment rates. Many of these groups have continued to grow, but the manpower programs stopped growing (or greatly slowed their growth rates) some time ago.

I emphasize these factors because I believe that many analysts have ignored or underrated their significance. Let me also emphasize that in my view the recession, and the weakening in aggregate demand which it brought, have contributed to the rise in unemployment. It would be clearly contrary to the evidence to deny that. But it is equally contrary to the evidence to assert that all of the rise in unemployment is the result of the recession (as conventionally defined).

HIDDEN UNEMPLOYMENT

I have already referred briefly above to the concept of "hidden unemployment." Almost by definition, hidden unemployment cannot be counted as accurately as officially-defined unemployment. And the basic assumption of the official definitions is that if a man (or woman) is not actively looking for work, his desire for it is at least questionable. Yet we know from a number of technical studies that the percentages of certain groups that get counted as being "in the labor force" change considerably as their reported unemployment rate rises and falls. We do have fairly elaborate reporting of labor force participation rates, and the study of these rates can give us some fairly strong clues to the approximate size and distribution of hidden unemployment. The Government has now adopted the concept of the "full employment budget," which sometimes turn deficits into surpluses; and I think that labor market analysts should give more attention to the idea of an unemployment measure calculated on the basis of a "full employment participation rate." Unfortunately, the kinds of data that I regard as most meaningful in the calculation of a reasonable estimate of "hidden unemployment" are gathered only once a year and are not available to the public for many months after they have been gathered. Therefore, I have not been able to update to 1971 my own detailed estimates of hidden unemployment. There is every reason to ex-

pect, however, given the level of reported unemployment, that the calculated figure for hidden unemployment in early 1971 will exceed 1,000,000 persons.

There is one aspect of hidden unemployment which deserves special attention at this hearing today. As the Committee undoubtedly knows, considerable attention has recently been directed to the nonwhite-white unemployment rate ratio. Since 1954, the nonwhite unemployment rate has consistently been at least twice the white unemployment rate. In recent months, however, that ratio has declined. In 1970, for the first time since the early 1950s, the ratio was below 2.0 for the entire year. This fact has repeatedly been cited as a bright area in a generally gloomy unemployment picture. Even though nonwhite unemployment rates were going up, it has been said, the fact that they were rising less rapidly than white rates meant that this long-established racial inequity was finally being reduced. Unhappily, further analysis shows that this optimistic interpretation is unjustified.

The reduction in this unemployment ratio is more than accounted for by a rise in hidden unemployment among nonwhites. Especially since 1967, nonwhite males in virtually all age groups have had declining labor force participation rates, and the rate of decline has, in general, substantially exceeded declines in the comparable white age groups. The aggregate participation rate for nonwhite females has remained essentially unchanged in recent years, while the participation rate for white females has steadily risen. We can calculate what the nonwhite unemployment rate would have been if male and female participation rates had changed in the same way and by the same proportion as the participation rate changes for white males and females. (This would mean declining participation rates for nonwhite males, but at a slower rate; it would mean rising, instead of static, participation rates for nonwhite females.)

This seems to me to be a reasonably conservative method of calculating a "real" unemployment rate for nonwhites—that is, adding into the official count a realistic estimate of the *recent* increases in hidden unemployment in this group. Table 2 presents the reported figures for 1966 through 1970, the ratios, and the revised unemployment rates and ratios for nonwhites in 1970. When recent additions to hidden unemployment are taken into account, the nonwhite unemployment rate for 1970 increases by nearly half; and the nonwhite-white ratio rises from the widely-publicized 1.8 to 2.6.

In other words, the apparent reduction in this racial inequity is entirely attributable to the economic forces that produced a relatively rapid shrinkage in the nonwhite male labor force and a lack of growth in the nonwhite female labor force at a time of relatively rapid growth in the white female labor force. The "better" figures for nonwhites are not attributable to more jobs, or more success in holding on to jobs, but rather to delayed entry to or induced departure from the labor force.

POLICY CONCLUSIONS

I have imposed upon the patience of the Committee enough, or perhaps too much already. The purpose of this discussion has obviously been diagnosis rather than prescription. Yet I hope that I may offer a few concluding words on the implications of my diagnosis for public policy. In particular, I want to draw attention to two currently popular lines of policy that are, in my judgment, traps for the unwary.

TABLE 2.—UNEMPLOYMENT RATES FOR PERSONS AGE 16 AND OLDER, BY SEX AND COLOR, ANNUAL AVERAGES, 1966-70, AND NONWHITE/WHITE RATIO

Year:	Unemployment rates								
	White			Nonwhite			Nonwhite/white ratio		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
1966.....	3.3	2.8	4.3	7.3	6.3	8.6	2.2	2.3	2.0
1967.....	3.4	2.7	4.6	7.4	6.0	9.1	2.2	2.2	2.0
1968.....	3.2	2.6	4.3	6.7	5.6	8.3	2.1	2.2	1.9
1969.....	3.1	2.5	4.2	6.4	5.3	7.8	2.1	2.1	1.9
1970.....	4.5	4.0	5.4	8.2	7.3	9.3	1.8	1.8	1.7
1970R ¹	4.5	4.0	5.4	12.0	9.5	14.8	2.6	2.4	2.7

¹ Nonwhite unemployment rates based on revised labor force participation rates by methods summarized in text.

Passivity in employment policy has gained a degree of acceptance in high circles, it appears. It is true that the President ultimately accepted a Public Service Employment program, but not until the Congressional proposals had been considered watered down under threats of another veto. The Administration has proposed a new Manpower bill; but its chief purpose appears to be the tidying-up of organization and flow charts, with only a modest increase in funding. It is fair to say, I think, that these measures would be just as appropriate at a 4.5 percent level of unemployment as they are today. In other words, they are not really responsive to the degree of excess unemployment that we are presently experiencing. The basic assumption in the Administration appears to be that "natural forces" will clear away the excess unemployment if we just wait long enough; the unemployed veterans and the displaced defense workers will be "absorbed" in a year or two. Obviously, not all are likely to be permanently unemployed. However, many of these long-term unemployed may drop out of the unemployment reports and into the limbo of hidden unemployment, as so many nonwhites have recently. And that kind of statistical improvement is hardly a solution to either the economic or the human problems that are really involved.

There is always a temptation to postpone action until next month's report or next quarter's index figure is available. There are also those who will argue that "benign neglect" is the best treatment for some problems, because they will go away if you wait long enough. There were some who so argued with regard to the teen-age unemployment problem of the 1960's. Wait until the teen-agers get a little older, and their apparent unemployment problem will moderate greatly, it was argued. And that was partly true. In the current recession, the teen-age unemployment rate went up at a substantially slower rate than the national rate (about a 40 percent rise versus about a 70 percent rise). The catch—so often there is a catch!—is that the teen-age problem of the 1960's, which was treated in part with benign neglect, has now matured into a young adult unemployment problem. The unemployment rate for workers in ages 20 to 24 rose substantially faster than the national rate during the recession; and the May 1971 rate of 11.1 percent for this group has been exceeded only once in the past 25 years: at the bottom of the 1957-58 recession. Time does not really solve most problems, at least in the labor market; it only makes them older and makes us more complacent about them.

The second policy trap is the belief that we have now discovered and tested the ultimate weapon against unemployment—sufficiently vigorous fiscal and monetary policy—and the only thing wrong with it is that we can't use it right now. As I have demonstrated, this belief rests squarely on a fallacy. Yet we must not underestimate its influence. This belief does not induce action, in the present circumstances; its real utility today is as another justification for passivity in employment policy. But so long as the inflation threat prohibits the use of this putative weapon, it is the practical equivalent of no weapon at all. And, in any event, a proper reading of the experience of the 1960's shows that the reputed power of this ultimate weapon is grossly exaggerated.

Fiscal and monetary policy have an important role to play in controlling unemployment. I argued in 1963, however, and continue to argue today that it is a serious mistake to make fiscal and monetary policy the "centerpiece" of employment policy. It would be an equally serious mistake to make manpower retraining, or public service employment, or any other one program the "centerpiece" of employment policy. Medical men today generally accept the idea that cancer is really a whole family of diseases which must be fought with a variety of treatments. Similarly, we need to see that unemployment is a complex of problems for which we lack a sovereign remedy. Economic growth will cure some cases while leaving others untouched. Retraining is best for some, but useless for others, and many cases will need subsidized employment of one kind or another. Various combinations of remedies may be needed for some types of unemployment.

The greatest weakness of our array of manpower programs at present is that all, without any exception known to me, provide "slots" for only a pitifully small fraction of those eligible under the terms of the programs. This weakness is especially apparent in the newly-enacted Public Service Employment Program. This new program will provide a maximum of about 173,000 slots in this fiscal year; several million workers will be eligible for them.

With all respect to Dr. Burns, I suggest that the trouble today with the rules of economics is that we have tried to apply the unchanged rules of the past to a

greatly changed world. I suspect that J. M. Keynes himself would protest against some of the applications of his doctrines today. Even 35 years ago, Keynes had a keener appreciation of the limitations of his analysis and policy prescriptions than some of his recently-converted disciples of today.

Chairman PROXMIRE. Thank you, Mr. Killingsworth.

Thank both you gentlemen very, very much for a most interesting and helpful analysis.

According to news accounts in this morning's paper, it seems the Council of Economic Advisers has capitulated and accepted Secretary Connally's definition of "full employment." In a statement yesterday, Mr. McCracken said, and I quote: "The Nation could achieve a full employment situation when the unemployment is somewhere around 4.5 percent." Of course, it is quite a drastic modification. This follows the assertion that full employment or 4 percent unemployment for the U.S. economy is a myth. Secretary Connally insisted in his press conference a month ago, the only way the United States could achieve a 4 percent unemployment figure was under wartime conditions. Yet, in the post World War II period alone, there have been 5 nonwar years when unemployment has been at or near 4 percent.

Mr. McCracken's reason for shifting the goal from 4 to 4½ percent is worthy of your comments. He suggested that 4 percent was adequate 15 years ago, but that today, "because the labor force is more dispersed and larger, we will begin to experience many of the symptoms of general pressures in the labor market at about a 4½ percent unemployment rate."

Now, in view of your analysis, Mr. Killingsworth, in which you say the figures are not comparable to 15 years ago—as a matter of fact, if you took those figures, a 4½ percent unemployment rate 15 years ago would be about what?

Mr. KILLINGSWORTH. 5.2.

Chairman PROXMIRE. A 5 percent or more figure today. You did speak about structural changes in the economy, but you did not develop those as a reason for permitting or supporting or recognizing you have to have a higher level of unemployment.

Mr. KILLINGSWORTH. I did not intend to imply we had to accept a higher level of unemployment because of the structural changes. Let me comment on this change in the goal.

I observed in the 1960's that one of the great unheralded discoveries of the previous administration was that the cheapest and quickest way to reduce the unemployment rate was to change the definition. Now, we have updated that technique. The quickest and cheapest way to achieve full employment is to change the definition of "full employment."

It is worth remembering, I think, that when the Council of Economic Advisers back in 1962 announced 4 percent as the "interim full employment target," they were widely criticized for a very timid approach to full employment. Now we see 4½ percent set as our target.

Obviously, by my analysis, it is more difficult today to achieve a 4-percent unemployment rate than it was 15 years ago, or 20 years ago.

Chairman PROXMIRE. Do you say that even recognizing that the 4-percent rate today would be about 4.6 percent?

Mr. KILLINGSWORTH. Yes.

Chairman PROXMIRE. Even allowing for that, it is more difficult?

Mr. KILLINGSWORTH. I think that is correct.

Chairman PROXMIRE. Why?

Mr. KILLINGSWORTH. I have written several tens of thousands of words on that subject.

Chairman PROXMIRE. Give it to us in about 150 words.

Mr. KILLINGSWORTH (continuing). I think the essence of the matter is these growth patterns in the economy I referred to very briefly have had the effect, in total, of greatly strengthening the demand for highly skilled and highly educated workers over the last 20 years, and they have depressed the demand for poorly educated and low skilled workers. One of the big factors, just to cite an example, has been a relative decline in manufacturing as a source of employment and, of course, an absolute decline in agriculture as a source of employment. The very rapid growth of employment in fields like education and health care and other fields—

Chairman PROXMIRE. In spite of that, as you know very well, being an educator, there seems to be in some areas, at least in education, a surplus of manpower with unemployment. People very well trained, very well educated, cannot find work. In aerospace it is even more conspicuous. Here are people with enormous skills who had fine salaries in the past and cannot find work. Do you think that is just an aberration or is that at least statistically a smaller factor or is that significant?

Mr. KILLINGSWORTH (continuing). Statistically it is a quite small factor in the total picture and in my judgment these surpluses of labor are more the result of deficits in financing. The universities are facing the greatest financial crisis of their history. It is not that they do not need more people, but it is simply that they do not have the money to hire the people that they need. And, as is well known, in school system after school system around the country, the funds have been voted down. And school boards have had to scale down their requests. If all of the school districts of the country observed the standards of staffing that we have in the best school districts, we would still have a shortage of teachers, a severe shortage of teachers. There is a real doubt we would be able to meet the demand.

Chairman PROXMIRE. The figures I have seen have indicated because of the number of school-aged people in the population, children, will level off, at least would not rise at the rate it has, there may be a lesser increase in the need for teachers in the future than in the past, and we have had a big expansion of our training program in at least that area.

Let me get at another phase of your presentation that somewhat troubled me. You seemed to indicate that fiscal and monetary policy could not be used now or could not be used very fully because of the inflationary problem. I recognize there are 5.3 million Americans out of work. When we are operating at 75 percent of capacity, when we have this surplus of people in many city areas, it is beyond me to understand why a stimulus would not be highly appropriate now, especially if combined with some kind of effective incomes policy, it would get at areas of concentration, both labor and industry, which, results in inflation, even though you have no excess demand.

Mr. KILLINGSWORTH. I think that is the key factor. I was not stating as my own view that it was impossible to make use of fiscal and monetary policy; I intended to convey the thought that this was the preva-

lent view at the moment, at least as far as the administration is concerned.

Like you, I believe that if we develop some alternative approach to inflation control, then we would see ourselves make more effective use of fiscal and monetary policy. I believe more effective use of fiscal and monetary policy would have an effect on the unemployment rate. I think we could get a substantial reduction in unemployment with a more expansive policy. I do not think we could get down even to the 4½ percent that the Council espouses now.

But, of course, the key to the problem is some other approach to control the inflation problem. Certainly, the current approach is not working satisfactorily. Even though as you mentioned in your introduction, I had the rather horrible experience of serving on the National Wage Stabilization Board during the Korean war, I would endorse a period of wage and price controls in order to break the inflationary spiral which seems to be virtually endless today. If we do that, then we would free our hands, I think, to make much more effective and much larger scale use of fiscal and monetary policy.

Chairman PROXMIRE. Let me ask Mr. Ginsburg to comment on Mr. McCracken's revision of what we said was the target of full employment of 4 percent.

Mr. GINSBURG. There are two things which Mr. Killingsworth mentioned that tie to it. He said there has been a sharp underfinancing of many of the services in this country. The skilled teachers, the skilled aerospace technicians, who could move into other fields, would take jobs if there were jobs, either in private industry or government. But the chief place you can get the tax revenues to support government programs, whether they be in the university or public schools, is from the private sector. The private sector has stayed stagnant in terms of providing new job opportunities, more broadly overall increases in income. As a result, we have had a sharp fall in our tax revenues. And with the sharp fall in tax revenues, schools cannot expand, the universities cannot take on the kind of additional staff they need and so on.

The other thing about McCracken's statement that I find distressing is that if you go to 4½ percent as the full-employment target, again it is just one other excuse, as Mr. Killingsworth says, a new excuse, for not taking aggressive and firm action. It seems to me this administration just finished less than 2 weeks ago telling us we had our budget in balance—on the full-employment budget concept there was no deficit, even though there was an actual deficit of over \$23 billion. The administration was arguing; there was a balance. But that full-employment budget calculation, I daresay, was made on a 4-percent unemployment basis. They will have to go back and recalculate their new definition of "full employment." We are not in balance.

Chairman PROXMIRE. A very good point. I do not think that has been made before. In other words, the 4½ percent the administration is now recommending, Connally, McCracken and the President, as our goal, you would have a deficit of probably \$4 or \$5 billion, or perhaps more.

Mr. GINSBURG. Right.

Chairman PROXMIRE. Not a surplus.

Mr. GINSBURG. They are saying we are operating at a budget balance on a full employment basis, but they will have to revise their whole calculation if they are now accepting Mr. Connally's definition. Certainly this Nation has been able to achieve less than 4 percent unemployment in some of the postwar years, not without the stress and strains of a wartime economy.

But, even that, Mr. Chairman, I would suggest does not provide an obstacle we cannot hurdle. The fact that we can have a 3-percent unemployment rate as we did in the early 1950's, let us say, when the Korean war period was on, the fact that we could utilize that much of our manpower under wartime conditions, should be, in fact, a target, and a demonstration that we can, if we keep our economic house operating fully, achieve low unemployment levels. And the argument is groundless that you can have people employed only if they are building tanks and guns, but cannot without a massive war effort.

Chairman PROXMIRE. My time is about up. Let me just ask you this. Mr. Galbraith told the committee just a few days ago that in his view, we should have an immediate freeze on prices and wages that we should follow that up with controls on prices or corporations, maybe 500 corporations, maybe a thousand, and a limited number of labor unions. And this could be done with a few hundred people, and that it should be permanent. In other words, we should have them available all of the time. There may be times when we do not need to have that kind of limitation, but we probably would have to have it most of the time in the future. I would like very much to get your comments on that approach. I think it is interesting. Of course, he is highly esteemed as an economist. He is president of the American Economists Association. I would like to know your views.

Mr. KILLINGSWORTH. I would certainly agree it would be a wise policy to establish an immediate wage-price freeze. I would have said that several years ago in the earlier stages of this inflationary movement; it is worth noting that the Vietnam war is the first major war in this century that we have tried to fight without wage and price controls. I would endorse the wage-price freeze. I would endorse a period then of wage-price control. A freeze always creates inequities that have to be adjusted, through some kind of administrative board.

I would have some reservations about starting out with the assumption or the assurance that this whole system is going to be permanent. I think it is quite correct, as President Nixon was saying in his press conference, that it is very difficult to maintain effective wage and price controls over an extended period of time. I do not think the life is limited to 3 or 4 months, as he said. They can be effective for much longer periods than that, and it seems to me that once the current inflationary spiral has been stopped, once expectations have been changed, it is very likely that it would be possible to drop the wage-price controls.

I think there is going to be a lot more resistance to the whole idea if you start out with the assurance you are going to have a permanent system. It makes a lot more sense to me to say you are going to have first the wage-price freeze and then a system of controls, but only for as long as these controls are urgently needed. They will be dropped and

if Congress undertook such action on a mandatory basis, a definite date of expiration could be provided for in the legislation. With that one quibble, I would basically agree with Professor Galbraith's position.

Mr. GINSBURG. I would, too, particularly in one area Mr. Galbraith has talked about before, and which many of us who have had trade union experience have supported. And that is the concept of a price and wage review board, an agency where the public would have an opportunity to examine the pricing policies, particularly those of large corporations. When the steel industry just moved ahead and raised prices 8 percent immediately upon completion of their contracts, there was really no way for the public to understand the justification of such a price increase, in the context of that settlement.

Many of us have argued, and Mr. Galbraith has supported that view, too, that there be a hearing in which the representatives of the parties and of the Government and public if you will, have an opportunity to discuss with the officials who are making these basic price policies which affect the entire economy the justification and basis for those price changes. This is not to say if the increase was found to be excessive that Government would rescind it. But at least the actions would put in the public view, so everyone could know just what was behind such increase, what was its meaning and what would be its impact.

Chairman PROXMIRE. This is a much faster approach. This is the approach 17 Republicans sponsored the other day. It is far different, however, from what I understand Mr. Killingsworth and Mr. Galbraith to say. They want to freeze now and want to limit the price and wage increase by law.

Mr. GINSBURG. If that were done now, if the conclusion was the pressures are so great on the inflationary front, obviously, something more must also be done. It is almost too late. Many of you were arguing for this months ago before inflation reached the serious proportions it has today. The addition I would make is that the wage and price freeze be extended into the income area. Otherwise, of course, you are singling out only certain sectors. There is rent income, dividend income, professional income, and profits, that in a sense would go untouched under a wage and price freeze. And that is one of the legitimate complaints of unions and corporations, if you will, for their actions are not the only actions which affect the whole pricing structure.

Chairman PROXMIRE. Congressman Reuss.

Representative REUSS. Thank you, Mr. Chairman.

You two fellows are a breath of fresh air. I come from a State, as does the chairman, where we had a man named Sailey Perlman teaching economics at the University of Wisconsin years ago, and he used to refer to his economics as the "Economics of Tom, Dick, and Harry," something that was understandable by the average person.

Yours is, too, and I think what you are both saying is this: Today the learned doctors in the administration and outside the administration are ringing their hands about what they can do about inflation. You gentlemen say that what is needed is an across-the-board wage-price income freeze and that is what the man in the street is saying. And I agree with you. I think he is right and the learned doctors are all wrong.

On the employment side, you point out, I think, devastatingly, the two social and economic reasons of the real unemployment crisis that we are facing, and while the learned doctors are transfixed by the Phillips' Curve and other problems, both of you say, I think, that what we ought to do now, more than anything else, is expand the infinitesimal little public service program that we finally passed the other day, which would deal with 173,000 unemployed human beings, and expand it tenfold or twentyfold. Is that a fair statement?

Mr. GINSBURG. That is right.

Representative REUSS. And that is precisely what Tom, Dick, and Harry, the man in the street says. He says if there aren't jobs and if it appears many of the unemployed are persons of insufficient skills to be employed in skill-demanding jobs, even if those jobs existed, then the thing to do is turn the unemployed loose at a decent minimum wage on the great jobs of conservation, and forestry, and soil, and pollution, and hospitals, and slums, whatever has to be done. It is as simple as that, isn't it?

Mr. KILLINGSWORTH. I cannot resist pointing out—

Representative REUSS. How do you account for the "sleeping beauty" quality of the administration on the matters that to anybody in this room are obvious? If you want to stop inflation, stop it. If you cannot do something about unemployment, make jobs for the people. Why are they such a disaster?

Mr. KILLINGSWORTH. I cannot resist the temptation to point out, Mr. Chairman, and Congressman, I was a student of Selig Perlman back in the 1930's.

I hope that is not taken as an excessively personal comment when I say that a great many of these people whom you refer to as "learned doctors" are in the grip of what I call the "mystique of the market." The market has enormous magic, has almost mystical powers to solve problems, and the worst thing that we can do is interfere with the operations of this market. Their opposition to wage and price controls is a doctrinaire opposition really rather than an opposition based on hard analysis of the realities of the situation that we have today.

In my judgment, that is the basic explanation. I have a good deal of respect for the market, the power of the market, and I believe a market regulated economy is on the whole the best kind of economy that has been evolved thus far in the history of the human race. But I do not think that there is a sacredness about the market mechanism. I think in certain areas and, particularly in the labor market, this market mechanism needs some help. It is not omnipotent. Problems do develop that are not self-solving. Inflation is one and this chronic, hard-core unemployment is another. We have to intervene to give the market a little shove.

One classic comment made by a man who is now departing the administration was in referring to Adam Smith's idea of the invisible hand, the invisible forces in the economy that brought about the best possible result. He made the observation once that in the labor market, the invisible hand seems to be all thumbs. And that is, I think, a very pertinent comment for today.

Mr. GINSBURG. There is one thing I would add on to the Phillips Curve. We know the whole concept you allude to of the trade off be-

tween inflation and unemployment. Had we had some leveling off of the price rises during this period when unemployment continued to go up, those who espoused it might have pointed to its validity. But what we had was a sharply rising inflation attendant upon a sharply rising unemployment. So, now, what they are telling us is that they have to redraw that curve and shift it so that now we need maybe 6 and 7 percent unemployment rates before the curve of inflation slows down. This is a very, very dismal concept for people who are looking for work; to say that they have to stay unemployed in order that those people who go to the marketplace won't be faced with rising prices.

Representative REUSS. Let me ask this. It is said by apologists for the "do nothing" policy of the administration, that, well, things are bad, but employment isn't as bad as it was in the depression. You, both, and particularly Mr. Killingsworth have had some interesting things to say about that. For one thing, Mr. Killingsworth has pointed out that in the depression, the millions of people who worked for the Civil Conservation Corps, the National Youth Administration, and the Works Progress Administration, were counted as unemployed. whereas their latter day equivalents are counted as employed. That affected millions. You also point out that we have got 2.8 millions in the Armed Forces nowadays. That makes it a little easier to jigger the unemployment figures.

Get a load of some figures. In 1937, in the depression, the unemployed numbered 7.7 million. That was down a bit from 10 million 2 years before. I do not know what the exact WPA, CCC, and NYA figures were, but they were in the millions. I do know what the number in the armed services was in 1937. It was 320,000 against 2.8 million today. Therefore, by any honest count, there are more unemployed today than there were in the depression year of 1937. Is that not so?

Mr. KILLINGSWORTH. In terms of absolute numbers, yes. Of course, we have a much larger population, much larger labor force.

On that point, let me say it is possible to apply these current definitions back to the figures for the 1930's. In other words, switch the WPA workers from the unemployed to the employed and it does make a very large difference. I have developed two tables that I will be glad to supply you for the record.

Chairman PROXMIRE. Without objection, the two tables will be placed in the record at this point.

(The tables referred to follow:)

Participants in Federal work relief programs, annual averages, 1933-42

Year:	Participants ¹ (thousands)	Year:—Continued	Participant ¹ (thousands)
1933.....	4, 151	1938.....	4, 210
1934.....	661	1939.....	3, 246
1935.....	3, 817	1940.....	2, 869
1936.....	3, 666	1941.....	1, 767
1937.....	2, 553	1942.....	386

¹ Includes Civil Works Administration, Civilian Conservation Corps, National Youth Administration, Works Progress Administration, and other Federal agency projects financed from emergency funds, Data do not include administrative personnel.

Source: *Statistical Abstract of the United States*, 1943 edition, table 204; and 1946 edition, table 259,

CHANGES IN REPORTED UNEMPLOYMENT RATES BY COUNTING PARTICIPANTS IN FEDERAL WORK RELIEF PROGRAMS AS "EMPLOYED," 1933-42

Year	Reported unemployment rate ¹	Recalculated unemployment rate ²	Percentage reduction
1933.....	24.9	18.3	-26.5
1934.....	21.7	20.7	-4.6
1935.....	20.1	13.8	-31.3
1936.....	16.9	10.8	-34.9
1937.....	14.3	10.0	-30.1
1938.....	19.0	12.3	-35.3
1939.....	17.2	12.0	-30.2
1940.....	14.6	10.0	-31.5
1941.....	9.9	7.0	-29.3
1942.....	4.7	4.1	12.8

¹ Data from 1947 Handbook of Labor Statistics, table A12.

² Calculated by switching all participants in Federal work relief programs from "Unemployed" to "Employed" category

Representative REUSS. If we only had John Connally and Paul McCracken handling these statistics for F.D.R., he could have claimed that unemployment had been solved.

Let me ask Mr. Ginsburg a question. In your prepared statement you state that in the last 2 years, there has been an actual decrease of 46,000 in the number of jobs held by male minority group workers and an increase of 33,000 in women minority group workers.

That is interesting. What do you suppose that means? A lot of black women who have not wanted to be domestic servants previously, suddenly have gone into domestic service because times are bad? That is about the only guess.

Mr. GINSBURG. Yes. There is no doubt the stability of employment among the black women has always been somewhat greater, because when the men do not have opportunities many of the women are forced to work. The other factor about it, too, as I tried to point out, probably relates to the number of part-time workers, many of whom are women. That number has actually increased in this 2-year period and I dare say minority women participated in some of this expansion in part-time employment.

I do not have those figures directly but I know they are available. The number of people on part-time work has been the one factor in the employment picture, which has shown a rise and may have a component in it of female blacks, browns, and other minorities.

Representative REUSS. Thank you very much, Mr. Chairman.

Chairman PROXMIRE. I would like to ask both you gentlemen about a problem that has troubled the President and troubled Members of Congress. The voluntary incomes policy which now seems to be gaining a great deal of support of the Congress, even if the President does not voluntarily put it into effect we may mandate him to do it. One of the problems is the question of whether or not labor would cooperate with that kind of a policy. When you listen to Mr. Meany speak he indicates that he wants either wage-price controls or nothing. Maybe that is not a fair interpretation of his complete position but that is the impression I get. I would like to ask both of you gentlemen if you think labor would cooperate as they did very well, I think in the period 1962 to 1966, with a voluntary system or wage-price guidelines. It succeeded in holding down labor costs and wage costs very

well, and gave us a period of relative price stability. Is that feasible now?

Mr. KILLINGSWORTH. I am quite sure that I am not qualified to speak for the labor movement. But I am sure you want simply an estimate. I think this would be a matter of negotiation. Obviously, labor is not going to give away anything and I suspect that Mr. Meany's public statements represent a kind of maximum negotiating position. There may be some flexibility. It would have to be determined through conversations with him and with the people around him.

Of course, I am sure Mr. Meany would say that on this kind of matter even he is not qualified to speak for the whole labor movement. After all, there are some important segments of labor that are not in the AFL-CIO. So it would be necessary to negotiate with groups in addition, spokesman in addition to Mr. Meany—

Chairman PROXMIRE. Is it feasible in view of the fact steel workers and the United Auto Workers and Teamsters just fairly recently signed multi-year contracts with built-in wage increases? Is it possible under these circumstances to get a meaningful agreement?

Mr. KILLINGSWORTH. I would say that this is probably an unusually propitious time in that we have just about completed a major cycle of renegotiated agreements. There aren't any other big agreements coming up with the possible exceptions of the longshore east and west coast agreements. We have a relative calm now on the negotiating front, which would be a particularly appropriate time to pursue this matter with the labor leaders. We do not have any very large unsettled claims that are pending.

Mr. GINSBURG. There is one other thing, too, that should be brought out. Many of those long-term contracts have cost-of-living clauses which protect the workers against future rises in the price level. And there certainly would be nothing amiss to work vigorously to curtail future price increases, which in turn would curtail wage changes in ensuing years. So to that extent the workers would not be adversely affected by a policy which limits price increases.

I think the key thing that many trade union leaders will argue is that they are willing to accept, and, have in the past, accepted controls when such controls are imposed on an equitable basis and when all groups in society bear the same kind of control. The biggest objection I have always heard is the singling out of wages as the sole factor responsible for price changes. The labor leader objects to those who say wages are an easy thing to control so let's control them.

Chairman PROXMIRE. I think that may be what Mr. Meany has in mind. At the same time, in view of the fact you have now, as Mr. Killingsworth has pointed out, a situation in which most of the big contracts have been negotiated, it seems this would be a propitious time to move.

Mr. GINSBURG. Definitely.

Chairman PROXMIRE. I would like to ask you about the discouraged worker problem. You dealt with that, Mr. Ginsburg, very well, and I understand you have done some work in this area. Mr. Alfred Tella

of Georgetown has a differing view from that of these statisticians who give us these estimates on discouraged workers. I want to ask you if you think the BLS estimate is adequate? I wonder how did the discouraged worker element influence unemployment data for June and July. How much higher would the rate of unemployment be if these discouraged workers were included in the unemployment statistics? And I wonder if you think the "discouraged worker" is proportionately higher among minority groups and the young.

Mr. GINSBURG. Yes, definitely. Much higher among the young and among the minority groups. Because their job outlook in so many communities is so dismal, they have stopped looking for work. For example, in the Newark area where some 35 percent of the black population is unemployed and where jobs within the inner city are so limited—

Chairman PROXMIRE. It is right there, you see, 35 percent unemployed and you said 80 percent of a certain age group in Watts unemployed. Eighty percent.

Mr. Ginsburg. Right.

Chairman PROXMIRE. When you say "unemployed" you mean they do not have jobs and are unable to work, but it does not mean that they are actively seeking work, does it?

Mr. GINSBURG. That is right, they are so discouraged.

Chairman PROXMIRE. These people, of course, would not, according to the definition we accepted, be regarded as unemployed. They would be out of the labor force.

Mr. GINSBURG. That is true. A precise amount of that nationwide I do not have, but I think when the Bureau of Labor statistics people do appear here, if you get from them the participation rates for many groups, you will find that the labor force participation is not either steady or rising. Instead, it is declining, which is another part of the same question, another aspect of it. There are people who are not participating in the work force, either in employment or seeking jobs. And when this figure drops from 60 percent to 59, to 58, to 57, of the non-institutionalized population in various age groups, you know there are a lot of people who are not attracted by the job outlook to be actively seeking work.

Chairman PROXMIRE. Gentlemen, I want to thank you very much. The hour of 11:30 a.m. has come and I see the distinguished gentlemen, about whom we have been talking, have now entered the room. So I want to thank you very much. You have been helpful. We are grateful to you.

Our next witness is Geoffrey H. Moore, Commissioner of Labor Statistics; Joel Popkin, Assistant Commissioner for Prices and Living Conditions, Bureau of Labor Statistics; Harold Goldstein, Assistant Commissioner for Manpower and Employment Statistics; and Howard Stambler, Chief of the Division of Employment and Unemployment Analysis.

Mr. Moore, do you have a statement you would like to read?

Mr. MOORE. Yes.

Chairman PROXMIRE. We appreciate this statement. It is very helpful. It is concise and to the point. Go right ahead.

**STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER,
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR,
ACCOMPANIED BY JOEL POPKIN, ASSISTANT COMMISSIONER
FOR PRICES AND LIVING; HAROLD GOLDSTEIN, ASSISTANT COM-
MISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS;
AND HOWARD STAMBLER, CHIEF, DIVISION OF EMPLOYMENT
AND UNEMPLOYMENT ANALYSIS**

Mr. MOORE. Inasmuch as we have just released this morning the July employment figures, together with our analysis of what they show, there is no need for me to review them in detail, though we should, of course, be glad to answer any questions about them. I should, however, like to place our press release in the record.

Chairman PROXMIRE. Go ahead.

Mr. MOORE. That would be helpful.

(The press release follows:)

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-447, Aug. 6, 1971]

THE EMPLOYMENT SITUATION: JULY 1971

Employment rose in July, but not enough to offset the increase in the labor force, and the unemployment rate edged up, the U.S. Department of Labor's Bureau of Labor Statistics reported today.

The overall unemployment rate was 5.8 percent in July compared with 5.6 percent in June and 6.2 percent in May. The July increase in unemployment was concentrated among part-time workers; the rate for full-time workers was 5.3 percent in both June and July.

Total employment rose one-half million in July to 78.9 million (seasonally adjusted), following a decline of the same amount in June. The employment pickup occurred primarily among teenagers and adult men. The increase in employment among adult men was a continuation of recent trends and brought their employment level to an alltime high.

In contrast to the increase in total employment, the number of wage and salary workers on nonagricultural payrolls declined by 190,000 between June and July to 70.5 million, seasonally adjusted. The drop occurred almost entirely in manufacturing and construction and was partly accounted for by a net increase in the number of workers on strike. (Payroll employment excludes agricultural workers, self-employed workers, domestic, unpaid family workers, and workers on unpaid vacations or other unpaid absences such as workers on strike—all of whom are included in the figures on total employment. See Technical Note in *Employment and Earnings*.)

UNEMPLOYMENT

The number of unemployed persons totaled 5.3 million in July. After allowance for usual June-July changes, unemployment was up by 200,000 over the month but down 330,000 from May. The July rise took place primarily among jobseekers who had reentered the labor force. At 1.5 million, seasonally adjusted,

Note: Included in this release for the first time is a section on the employment status of Vietnam Era War veterans.

the number of jobless reentrants rose 200,000 in July, following a similar drop in June. Unemployment stemming from job loss was not significantly changed in July.

The overall unemployment rate was 5.8 percent in July compared with 5.6 percent in June and 6.2 percent in May. The July rate was 0.4 percentage point below the highs of December 1970 and May 1971.

Unemployment rates for all adult men (4.3 percent) and married men (3.1 percent) were essentially unchanged between June and July, but both were down from their high points reached in December 1970.

For adult women 20 years and over, the unemployment rate was 5.7 percent in July, also about unchanged from June; their rate has remained in the narrow range of 5.6 to 6.0 percent since last winter. An over-the-month increase in the jobless rate for women 25 and over (from 4.5 to 5.0 percent) was largely offset by a drop among 20-24 year-olds, whose rate fell for the second straight month.

After dropping sharply in June, the jobless rate for teenagers held relatively steady in July. At 16.2 percent, the teenage rate remained well below the late fall and winter highs of nearly 18 percent.

The unemployment rate for Negro workers edged up in July to 10.1 percent, following a decline in June. The rate for white workers, at 5.3 percent, was basically unchanged over the month.

The jobless rate for part-time workers rose from 7.6 to 8.7 percent between June and July. For full-time workers, the rate was unchanged over the month at 5.3 percent, following a sharp drop in June, and was at its lowest point since October 1970.

Among occupation groups, jobless rates moved up for professional and technical workers (to 2.8 percent) and sales workers (to 4.7 percent). Although rebounding from their June declines, rates for both groups were still below their high points recorded earlier this year. For craftsmen and foremen, the jobless rate rose to 5.3 percent in July, returning to its highest point since last fall. The rate for nonfarm laborers declined sharply in July to 9.1 percent, the first time in a year that the rate was below 10 percent. Jobless rates for the other occupation groups were not significantly changed over the month, although most were below their recent highs.

For workers covered by State unemployment insurance programs, the jobless rate moved down from 4.4 to 3.9 percent in July (seasonally adjusted). The drop returned the State insured rate to the levels of early spring, after increases in May and June.

The number of persons unemployed 15 weeks or more totaled 1.3 million in July, seasonally adjusted, up 140,000 from June. This brought the portion of the labor force that was unemployed 15 or more weeks to 1.6 percent, the highest level since August 1963. The number of persons unemployed less than 5 weeks rose slightly over the month but remained below the levels of last winter. The average (mean) duration of joblessness dropped from 12.7 weeks in June to 11.6 weeks in July (seasonally adjusted), to about the same level as in May; this was the first decline in the average duration since last October.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

Reflecting the continued summer entrance of youth into the job market, the civilian labor force rose by 700,000 in July to 83.8 million, seasonally adjusted. The over-the-month rise occurred almost exclusively among young workers 16-24 years of age. The July increase followed a sharp decline in June, when the regular survey week (the one that includes the 12th of the month) was unusually early and large numbers of youth were still in school. The increase brought the civilian labor force back to the levels of this spring.

Total employment rose by one-half million in July to 78.9 million (seasonally adjusted), following a decline of the same magnitude in June, again a reflection

of the early survey week. Most of the July pickup in employment took place among teenagers. Employment of adult men, which has increased steadily since February, rose slightly in July to an alltime high. Employment of adult women was not significantly changed in July, remaining 300,000 below the peak level reached in January.

Over the year, the civilian labor force has grown by 1.2 million. Three-fifths of this rise occurred among adult men, primarily reflecting a substantial increase among 20-24 year-olds, many of them returning veterans. Teenagers accounted for one-third of the year-to-year gain in the labor force, while there was little labor force growth among adult women. Total employment was up 390,000 over the year, as a substantial gain among men, primarily those 20-24 years of age, was partially offset by declines among adult women. Teenagers experienced little job growth over the year.

STATUS OF VIETNAM ERA VETERANS

The number of Vietnam Era war veterans 20-29 years of age in the civilian labor force was 3.8 million in July 1971 (not seasonally adjusted), an increase of 525,000 over the year. A total of 3.5 million were employed, an increase of 450,000 since last July. Unemployed veterans numbered 310,000, about the same level as in June but 75,000 more than a year ago.

At 8.2 percent in July, the unemployment rate (not seasonally adjusted) for 20-29 year-old veterans was the same as a month earlier but was higher than the rate for last July (7.2 percent). The rate for nonveterans 20-29 years, at 7.2 percent in July (not seasonally adjusted), was below that of veterans. Earlier in the year, the spread between the rates for veterans and nonveterans was higher than in June and July, but the difference has narrowed as a greater proportion of nonveterans sought summer jobs.

EMPLOYMENT STATUS OF MALE VIETNAM ERA VETERANS AND NONVETERANS, 20 TO 29 YEARS OLD

[Numbers in thousands; data not seasonally adjusted]

Employment status	War veterans ¹			Nonveterans		
	July 1971	June 1971	July 1970	July 1971	June 1971	July 1970
Civilian noninstitutional population.....	4,089	4,032	3,458	9,428	9,405	8,905
Civilian labor force.....	3,815	3,699	3,291	8,576	8,430	8,159
Percent of population.....	93.3	91.7	95.2	91.0	89.6	91.6
Employed.....	3,503	3,399	3,055	7,962	7,770	7,672
Unemployed.....	313	300	326	614	660	487
Unemployment rate.....	8.2	8.1	7.3	7.2	7.8	6.0
Not in labor force.....	274	333	167	852	975	746

¹ War veterans are defined by the dates of their service in the U.S. Armed Forces. War veterans 20 to 29 years old are at veterans of the Vietnam era (service at any time after Aug. 4, 1964), and they account for about 85 percent of the Vietnam era veterans of all ages. About 700,000 post-Korean-peacetime veterans 20 to 29 years old are not included in this table.

INDUSTRY PAYROLL EMPLOYMENT

Nonagricultural payroll employment declined 190,000 on a seasonally adjusted basis between June and July to 70.5 million. About one-fourth of the over-the-month decline was attributable to a net increase in the number of workers on strike. (Workers on strike the whole week are not counted as employed in the payroll series. In the household series on total employment, on the other hand, workers on strike are classified as employed—with a job but not at work.) The July decrease in payroll jobs, which brought this series to its lowest monthly level for 1971, occurred almost entirely in the goods-producing sector of the economy.

Manufacturing employment (seasonally adjusted) declined 130,000 in July. This decrease followed a slightly smaller drop in June and reduced manufactur-

ing employment to its lowest level since November 1965. About two-thirds of the July decrease took place in the durable goods industries. Employment fell by 40,000 in primary metals, due largely to cutbacks in steel production and to a strike in the copper industry. Declines also occurred in the machinery, electrical equipment, and miscellaneous manufacturing industries. In nondurable goods, employment dropped in the food, paper, and leather industries.

In contract construction, employment declined 35,000 in July, the third consecutive monthly reduction. This brought employment in this industry 300,000 below its alltime high of December 1969. Mining employment dropped 20,000 in July, due entirely to a strike by copper miners.

In the service-producing industries, employment increases of 20,000 each in trade and government were offset by declines in services (30,000) and transportation and public utilities (10,000). Since January, payroll employment in the services sector has shown relatively little growth.

HOURS OF WORK

The average workweek for all rank-and-file workers on private nonagricultural payrolls declined by 0.2 hour in July to 36.9 hours on a seasonally adjusted basis. This decline can be attributed to the telephone strike which idled 500,000 workers for part of the survey week. (Because these workers were on payrolls during part of the week, the payroll employment levels were not affected.) Average hours for all private nonfarm workers remained in the narrow 36.9-to-37.1 range that has prevailed since October 1970.

In manufacturing, the average workweek was 39.9 hours (seasonally adjusted), down by 0.1 hour from June but at about the same level as the summer of 1970. The over-the-month decline was concentrated in the durable goods industries where the workweek fell by 0.2 hour, mainly because of a large drop in transportation equipment related to automobile model changeover. In the nondurable industries, the average workweek edged up 0.1 hour.

Factory overtime (seasonally adjusted) declined by 0.1 hour over the month to 2.9 hours. Overtime hours were down in both durable and nondurable goods industries.

Because of the telephone strike, which began during the middle of the reference week, the seasonally adjusted average workweek in the transportation and public utilities industry declined by 2.9 hours to 37.8 hours.

EARNINGS

Average hourly earnings of rank-and-file workers on private nonagricultural payrolls remained at \$3.42 in July, the same as in May and June. Compared with July a year ago, average hourly earnings were up 19 or 5.9 percent.

Average weekly earnings fell by 35 cents over the month to \$127.22, with large decreases occurring in durable goods manufacturing and in transportation and public utilities. In the latter industry, weekly earnings were heavily affected by the telephone strike. Weekly earnings rose in July in all other major industry divisions with the exception of mining.

Compared with July 1970, average weekly earnings were up by \$5.77 or 4.8 percent. During the latest 12-month period for which Consumer Price Index data are available—June 1970 to June 1971—the index rose 4.5 percent.

This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on industry employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication *Employment and Earnings*.

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION BY SEX AND AGE

Employment status, age, and sex	July 1971	June 1971	July 1970	Seasonally adjusted				
				July 1971	June 1971	May 1971	April 1971	March 1971
TOTAL								
Total labor force.....	88,808	87,784	87,955	86,626	85,948	87,028	86,665	86,405
Civilian labor force.....	86,011	84,968	84,801	83,829	83,132	84,178	83,783	83,475
Employed.....	80,681	79,478	80,291	78,941	78,443	78,961	78,698	78,475
Agriculture.....	3,971	3,920	4,118	3,367	3,294	3,458	3,558	3,396
Nonagricultural industries.....	76,710	75,559	76,173	75,574	75,149	75,503	75,140	75,079
On part time for economic reasons.....	3,033	2,657	2,763	2,450	2,176	2,504	2,494	2,455
Usually work full time.....	1,094	1,142	1,204	1,134	990	1,219	1,309	1,242
Usually work part time.....	1,939	1,515	1,559	1,316	1,186	1,285	1,185	1,213
Unemployed.....	5,330	5,490	4,510	4,888	4,689	5,217	5,085	5,000
MEN, 20 YEARS AND OVER								
Civilian labor force.....	48,393	48,220	47,700	47,956	47,789	47,893	47,703	47,425
Employed.....	46,410	46,226	46,033	45,888	45,765	45,737	45,625	45,411
Agriculture.....	2,633	2,627	2,759	2,458	2,426	2,460	2,476	2,439
Nonagricultural industries.....	43,777	43,599	43,274	43,430	43,339	43,277	43,149	42,972
Unemployed.....	1,983	1,994	1,667	2,068	2,024	2,156	2,078	2,014
WOMEN, 20 YEARS AND OVER								
Civilian labor force.....	27,852	28,143	27,730	28,525	28,386	28,586	28,489	28,594
Employed.....	26,232	26,526	26,339	26,897	26,818	26,857	26,791	26,938
Agriculture.....	669	692	713	516	510	539	583	539
Nonagricultural industries.....	25,563	25,834	25,626	26,381	26,308	26,318	26,208	26,399
Unemployed.....	1,620	1,617	1,391	1,628	1,568	1,729	1,698	1,656
BOTH SEXES, 16 TO 19 YEARS								
Civilian labor force.....	9,766	8,605	9,370	7,348	6,957	7,699	7,591	7,456
Employed.....	8,039	6,726	7,919	6,156	5,860	6,367	6,282	6,126
Agriculture.....	669	601	646	393	358	459	499	418
Nonagricultural industries.....	7,370	6,126	7,273	5,763	5,502	5,908	5,783	5,708
Unemployed.....	1,727	1,879	1,451	1,192	1,097	1,332	1,309	1,330

TABLE A-2.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE BY SEX AND AGE

Full- and part-time employment status, sex, and age	July 1971	July 1970	Seasonally adjusted					
			July 1971	June 1971	May 1971	April 1971	March 1971	July 1970
FULL TIME								
Total, 16 years and over:								
Civilian labor force.....	75,871	74,884	72,006	71,309	72,338	71,810	71,351	71,157
Employed.....	71,435	71,132	68,161	67,564	68,156	67,896	67,410	67,903
Unemployed.....	4,437	3,753	3,845	3,745	4,182	3,914	3,941	3,254
Unemployment rate.....	5.8	5.0	5.3	5.3	5.8	5.5	5.5	4.6
Men, 20 years and over:								
Civilian labor force.....	46,326	45,644	45,738	45,479	45,619	45,326	45,055	45,050
Employed.....	44,476	44,097	43,819	43,598	43,652	43,434	43,217	43,445
Unemployed.....	1,850	1,547	1,919	1,881	1,967	1,892	1,838	1,605
Unemployment rate.....	4.0	3.4	4.2	4.1	4.3	4.2	4.1	3.6
Women, 20 years and over:								
Civilian labor force.....	22,245	22,224	22,315	22,278	22,493	22,448	22,349	22,303
Employed.....	20,923	21,084	21,049	21,023	21,039	21,130	21,013	21,211
Unemployed.....	1,322	1,140	1,266	1,255	1,454	1,318	1,336	1,092
Unemployment rate.....	5.9	5.1	5.7	5.6	6.5	5.9	6.0	4.9
PART TIME								
Total, 16 years and over:								
Civilian labor force.....	10,140	9,917	11,960	12,012	11,731	11,853	12,092	11,696
Employed.....	9,247	9,159	10,924	11,095	10,650	10,739	11,038	10,816
Unemployed.....	893	757	1,036	917	1,081	1,114	1,054	880
Unemployment rate.....	8.8	7.6	8.7	7.6	9.2	9.4	8.7	7.5

Note: Persons on part-time schedules for economic reasons are included in the full-time employed category; unemployed persons are allocated by whether seeking full- or part-time work.

TABLE A-3. MAJOR UNEMPLOYMENT INDICATORS

(Persons 16 years and over)

Selected categories	Thousands of persons unemployed		Seasonally adjusted rates of unemployment					
	July 1971	July 1970	July 1971	June 1971	May 1971	April 1971	March 1971	July 1970
	Total (all civilian workers).....	5,330	4,510	5.8	5.6	6.2	6.1	6.0
Men, 20 years and over.....	1,983	1,667	4.3	4.2	4.5	4.4	4.2	3.7
Women, 20 years and over.....	1,620	1,391	5.7	5.5	6.0	6.0	5.8	4.9
Both sexes, 16-19 years.....	1,727	1,451	16.2	15.8	17.3	17.2	17.8	14.2
White.....	4,224	3,615	5.3	5.2	5.7	5.6	5.6	4.6
Negro and other races.....	1,106	895	10.1	9.4	10.5	10.0	9.4	8.3
Married men.....	1,110	959	3.1	3.1	3.3	3.1	3.2	2.7
Full-time workers.....	4,437	2,753	5.3	5.3	5.8	5.5	5.5	4.6
Part-time workers.....	893	757	8.7	7.6	9.2	9.4	8.7	7.5
Unemployed 15 weeks and over ¹	1,131	599	1.6	1.4	1.4	1.3	1.3	8
State insured ²	1,981	1,774	3.9	4.4	4.2	3.9	3.9	3.5
Labor force time lost ³			6.3	5.6	6.8	6.4	6.5	5.4
OCCUPATION⁴								
White-collar workers.....	1,450	1,195	3.6	3.1	3.7	3.8	3.7	3.0
Professional and technical.....	365	280	2.8	2.1	3.2	3.3	3.4	2.1
Managers, officials, and proprietors.....	141	114	1.8	1.7	1.5	1.6	1.7	1.6
Clerical workers.....	701	611	5.0	4.6	4.8	5.2	4.9	4.3
Sales workers.....	244	191	4.7	3.9	5.5	4.5	4.5	3.9
Blue-collar workers.....	2,049	1,915	7.1	7.0	7.5	7.4	7.4	6.5
Craftsmen and foremen.....	445	357	5.3	3.9	4.1	4.5	4.9	4.3
Operatives.....	1,178	1,138	8.0	8.1	8.8	8.6	8.4	7.2
Nonfarm laborers.....	426	420	9.1	11.2	11.5	10.2	10.0	9.7
Service workers.....	774	559	6.6	6.2	6.4	6.3	6.0	5.3
Farm workers.....	90	85	2.8	2.2	1.9	1.8	2.2	2.5
INDUSTRY⁴								
Nonagricultural private wage and salary workers ⁵	3,750	3,319	6.1	6.0	6.5	6.3	6.4	5.5
Construction.....	304	323	9.6	10.4	11.2	9.6	10.9	10.8
Manufacturing.....	1,398	1,302	6.6	6.5	6.9	7.0	6.9	5.8
Durable goods.....	839	780	6.5	6.9	7.2	7.5	7.3	5.7
Nondurable goods.....	558	522	6.7	6.0	6.4	6.3	6.4	6.0
Transportation and public utilities.....	143	162	3.0	3.3	4.4	4.0	3.3	3.3
Wholesale and retail trade.....	982	752	6.4	6.5	6.9	6.5	6.7	5.3
Finance and service industries.....	897	773	5.4	4.7	5.1	5.3	5.3	4.6
Government wage and salary workers.....	423	279	2.9	2.5	3.0	2.8	2.8	2.0
Agricultural wage and salary workers.....	107	104	8.3	5.7	7.5	6.1	6.5	7.9

¹ Unemployment rate calculated as a percent of civilian labor force.² Insured unemployment under State programs—unemployment rate calculated as a percent of average covered employment.³ Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.⁴ Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.⁵ Includes mining, not shown separately.

TABLE A-4.—UNEMPLOYED PERSONS 16 YEARS AND OVER, BY DURATION OF UNEMPLOYMENT
[In thousands]

Duration of unemployment	July 1971	July 1970	Seasonally adjusted					
			July 1971	June 1971	May 1971	April 1971	March 1971	July 1970
Less than 5 weeks.....	2,348	2,313	2,112	2,040	2,276	2,276	2,116	2,080
5 to 14 weeks.....	1,851	1,597	1,532	1,574	1,519	1,560	2,649	1,322
15 weeks and over.....	1,131	599	1,311	1,173	1,202	1,071	1,017	694
15 to 26 weeks.....	516	341	747	609	622	641	651	458
27 weeks and over.....	615	258	564	564	580	430	456	236
Average (mean) duration, in weeks.....	10.8	8.4	11.6	12.7	11.5	10.9	10.8	9.0

TABLE A-5.—UNEMPLOYED PERSONS BY REASON FOR UNEMPLOYMENT
[Numbers in thousands]

Reason for unemployment	July 1971	July 1970	Seasonally adjusted					
			July 1971	June 1971	May 1971	April 1971	March 1971	July 1970
NUMBER OF UNEMPLOYED								
Lost last job.....	2,202	1,778	2,258	2,339	2,331	2,281	2,185	1,824
Left last job.....	548	635	518	476	618	606	594	600
Reentered labor force.....	1,615	1,342	1,544	1,338	1,527	1,460	1,537	1,283
Never worked before.....	965	756	548	540	740	688	678	429
PERCENT DISTRIBUTION								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	41.3	39.5	46.4	49.8	44.5	45.3	43.8	44.1
Left last job.....	10.3	14.1	10.6	10.1	11.9	12.0	11.9	14.5
Reentered labor force.....	30.3	29.8	31.7	28.5	29.4	29.0	30.8	31.0
Never worked before.....	18.1	16.8	11.3	11.5	14.2	13.7	13.6	10.4
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE								
Lost last job.....	2.6	2.1	2.7	2.8	2.7	2.7	2.6	2.2
Left last job.....	.6	.7	.6	.6	.7	.7	.7	.7
Reentered labor force.....	1.9	1.6	1.8	1.6	1.8	1.7	1.8	1.6
Never worked before.....	1.1	.9	.7	.6	.9	.8	.8	.5

TABLE A-6.—UNEMPLOYED PERSONS BY AGE AND SEX

Age and sex	Thousands of persons		Percent looking for full-time work	Seasonally adjusted unemployment rates						
	July 1971	July 1970		July 1971	July 1971	June 1971	May 1971	April 1971	March 1971	July 1970
	Total, 16 years and over.....	5,330	4,510	83.2	5.8	5.6	6.2	6.1	6.0	5.0
16 to 19 years.....	1,727	1,415	73.2	16.2	15.8	17.3	17.2	17.8	14.2	
16 and 17 years.....	893	741	62.5	18.3	18.1	19.0	18.3	18.8	15.5	
18 and 19 years.....	834	710	84.8	14.9	13.9	16.7	15.8	17.2	13.4	
20 to 24 years.....	1,150	950	89.4	9.7	9.9	11.1	10.4	10.0	8.5	
25 years and over.....	2,453	2,109	87.4	4.0	3.8	4.0	4.0	4.0	3.4	
25 to 54 years.....	2,043	1,726	89.1	4.2	3.9	4.1	4.2	4.2	3.6	
55 years and over.....	410	383	79.0	3.1	3.4	3.6	3.6	3.3	2.9	
Males, 16 years and over.....	2,908	2,475	86.9	5.2	5.1	5.6	5.3	5.3	4.5	
16 to 19 years.....	924	807	73.2	15.5	15.7	17.6	16.5	17.0	14.2	
16 and 17 years.....	515	418	61.6	18.5	17.7	17.5	18.5	18.4	15.4	
18 and 19 years.....	409	389	87.8	13.5	13.7	18.0	14.9	16.0	13.7	
20 to 24 years.....	643	528	91.3	10.1	9.7	10.8	10.5	10.0	9.0	
25 years and over.....	1,341	1,140	94.3	3.4	3.3	3.6	3.5	3.4	2.9	
25 to 54 years.....	1,092	907	96.5	3.5	3.4	3.6	3.4	3.4	2.9	
55 years and over.....	249	233	84.3	3.1	3.3	3.5	3.7	3.5	2.8	
Females, 16 years and over.....	2,422	2,035	78.9	6.9	6.5	7.2	7.3	7.2	5.8	
16 to 19 years.....	803	644	73.2	17.1	15.9	16.9	18.2	18.8	14.1	
16 and 17 years.....	378	323	63.8	18.1	18.7	20.8	17.9	19.4	15.7	
18 and 19 years.....	424	321	82.1	16.5	14.1	15.2	16.9	18.5	13.1	
20 to 24 years.....	507	422	87.0	9.1	10.1	11.5	10.3	10.1	8.0	
25 years and over.....	1,112	969	79.2	5.0	4.5	4.8	5.0	5.0	4.3	
25 to 54 years.....	951	819	80.5	5.5	5.0	5.1	5.5	5.6	4.7	
55 years and over.....	161	150	70.8	3.3	3.6	3.7	3.4	3.1	3.0	

TABLE B-1.—EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY

(In thousands)

Industry	July 1971 ¹	June 1971 ¹	May 1971	July 1970	Change from—		Seasonally adjusted			
					June 1971	July 1970	July 1971 ¹	June 1971 ¹	May 1971	Change from June 1971
Total.....	70,404	71,399	70,834	70,602	-995	-198	70,456	70,647	70,885	-191
Goods-producing.....	22,443	22,820	22,480	23,532	-377	-1,089	22,298	22,486	22,624	-188
Mining.....	617	636	622	635	-19	-18	601	621	622	-20
Contract construction.....	3,444	3,406	3,257	3,572	38	-128	3,195	3,231	3,264	-36
Manufacturing.....	18,382	18,778	18,601	19,325	-396	-943	18,502	18,634	18,738	-132
Production workers.....	13,244	13,637	13,474	13,958	-393	-714	13,408	13,520	13,588	-112
Durable goods.....	10,413	10,706	10,631	11,156	-293	-743	10,517	10,606	10,663	-89
Production workers.....	7,441	7,722	7,650	7,993	-281	-552	7,564	7,632	7,670	-68
Ordnance and accessories.....	198.2	199.8	199.6	242.6	-1.6	-44.4	198	200	201	-2
Lumber and wood products.....	593.6	596.5	574.7	589.0	-2.9	4.6	575	575	577	0
Furniture and fixtures.....	452.5	459.8	452.0	446.2	-7.3	6.3	460	459	457	1
Stone, clay, and glass products.....	636.0	640.6	629.4	643.8	-4.6	-7.8	620	627	629	-7
Primary metal industries.....	1,225.6	1,274.4	1,270.8	1,316.6	-48.8	-91.0	1,211	1,249	1,261	-38
Fabricated metal products.....	1,324.0	1,353.0	1,337.9	1,370.0	-29.0	-46.0	1,340	1,341	1,346	-1
Machinery, except electrical.....	1,752.8	1,777.5	1,778.7	1,969.3	-24.7	-216.5	1,753	1,763	1,777	-10
Electrical equipment.....	1,749.6	1,778.9	1,774.5	1,913.2	-29.3	-163.6	1,769	1,782	1,796	-13
Transportation equipment.....	1,663.9	1,782.9	1,780.3	1,795.0	-119.0	-131.1	1,767	1,771	1,780	-4
Instruments and related products.....	427.5	431.4	428.2	457.2	-3.9	-29.7	428	430	431	-2
Miscellaneous manufacturing.....	389.5	411.6	404.7	412.9	-22.9	-23.4	396	409	408	-13

Nondurable goods.....	7,969	8,072	7,970	8,169	-103	-200	7,985	8,028	8,075	-43
Production workers.....	5,803	5,915	5,824	5,965	-112	-162	5,844	5,888	5,918	-44
Food and kindred products.....	1,784.6	1,758.9	1,706.6	1,826.4	25.7	-41.8	1,748	1,762	1,774	-14
Tobacco manufactures.....	62.6	65.5	66.1	71.8	-2.9	-9.2	71	74	76	-3
Textile mill products.....	928.8	950.8	942.0	948.2	-22.0	-19.4	935	939	946	-4
Apparel and other textile products.....	1,324.5	1,390.7	1,387.3	1,346.8	-66.2	-22.3	1,370	1,376	1,390	-6
Paper and allied products.....	676.3	693.0	678.6	709.8	-16.7	-33.5	673	684	685	-11
Printing and publishing.....	1,093.5	1,087.5	1,084.8	1,104.8	6.0	-11.3	1,094	1,085	1,090	9
Chemicals and allied products.....	1,035.6	1,036.5	1,032.3	1,066.0	-9	-30.4	1,024	1,028	1,034	-4
Petroleum and coal products.....	194.4	193.8	191.4	197.3	.6	-2.9	188	190	192	-2
Rubber and plastics products, nec.....	565.6	571.2	562.8	569.7	-5.6	-4.1	574	568	567	6
Leather and leather products.....	303.2	324.4	317.8	328.0	-21.2	-24.8	308	322	321	-14
Service-producing.....	47,961	48,579	48,354	47,070	-618	891	48,158	48,161	48,261	-3
Transportation and public utilities.....	4,528	4,533	4,485	4,593	-5	-65	4,474	4,484	4,494	-10
Wholesale and retail trade.....	15,183	15,239	15,119	14,924	-56	259	15,193	15,171	15,211	22
Wholesale trade.....	3,922	3,892	3,854	3,902	30	20	3,875	3,869	3,901	6
Retail trade.....	11,261	11,347	11,265	11,022	-86	239	11,318	11,302	11,310	16
Finance, insurance, and real estate.....	3,854	3,826	3,771	3,738	28	116	3,790	3,796	3,779	-6
Services.....	11,938	11,966	11,890	11,698	-28	240	11,750	11,778	11,819	-28
Government.....	12,458	13,015	13,089	12,117	-557	341	12,951	12,932	12,958	19
Federal.....	2,689	2,674	2,659	2,700	15	-11	2,657	2,653	2,662	4
State and local.....	9,769	10,341	10,430	9,417	-572	352	10,294	10,279	10,296	15

¹ Preliminary.

TABLE B-2.—AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Change from—					Seasonally adjusted				
	July 1971 ²	June 1971 ²	May 1971	July 1970	June 1971	July 1970	July 1971 ²	June 1971 ²	May 1971	Change from June 1971
Total, private.....	37.2	37.3	36.8	37.6	-0.1	-0.4	36.9	37.1	36.9	-0.2
Mining.....	42.4	42.7	42.3	42.9	-.3	-.5	42.0	42.2	42.2	-.2
Contract construction.....	38.3	38.0	37.0	38.5	.3	-.2	37.2	37.3	37.0	-.1
Manufacturing.....	39.7	40.2	40.0	39.9	-.5	-.2	39.9	40.0	40.0	-.1
Overtime hours.....	2.8	3.0	2.8	2.9	-.2	-.1	2.9	3.0	2.8	-.1
Durable goods.....	40.0	40.8	40.5	40.3	-.8	-.3	40.4	40.6	40.5	-.2
Overtime hours.....	2.6	3.0	2.8	2.9	-.4	-.3	2.8	3.0	2.9	-.2
Ordnance and accessories.....	41.5	41.8	41.5	39.8	-.3	1.7	42.0	41.7	41.5	.3
Lumber and wood products.....	39.4	40.7	40.2	39.7	-1.3	-.3	39.5	40.2	39.8	-.7
Furniture and fixtures.....	39.4	40.2	39.5	38.8	-.8	.6	39.9	40.0	39.9	-.1
Stone, clay, and glass products.....	42.1	42.2	41.7	41.3	-.1	.8	42.0	41.8	41.5	-.2
Primary metal industries.....	40.7	41.2	41.1	40.6	-.5	-.1	40.8	40.9	40.9	-.1
Fabricated metal products.....	40.2	40.9	40.6	40.9	-.7	-.7	40.6	40.7	40.5	-.1
Machinery, except electrical.....	40.3	40.8	40.4	40.6	-.5	-.3	40.8	40.7	40.4	.1
Electrical equipment.....	39.5	40.1	39.8	39.8	-.6	-.3	40.1	40.0	39.9	.1
Transportation equipment.....	39.7	41.5	41.2	40.7	-1.8	-1.0	40.2	41.5	41.1	-1.3
Instruments and related products.....	39.8	39.8	39.8	39.9	0	-.1	40.2	39.7	39.9	.5
Miscellaneous manufacturing.....	38.2	38.8	38.9	38.4	-.6	-.2	38.9	38.7	39.0	.2

Nondurable goods.....	39.3	39.4	39.2	39.3	-.1	0	39.3	39.2	39.3	.1
Overtime hours.....	2.9	3.0	2.9	2.9	-.1	0	2.9	3.0	3.0	-.1
Food and kindred products.....	40.3	40.5	40.3	40.7	-.2	-.4	39.8	40.3	40.5	-.5
Tobacco manufactures.....	36.9	36.8	37.9	37.5	.1	-.6	37.3	36.3	38.2	1.0
Textile mill products.....	40.6	41.0	40.6	39.9	-.4	.7	41.0	40.7	40.7	.3
Apparel and other textile products.....	35.8	35.6	35.5	35.4	.2	.4	35.9	35.4	35.5	.5
Paper and allied products.....	42.6	42.3	42.0	41.7	.3	.9	42.6	42.2	42.0	.4
Printing and publishing.....	37.5	37.7	37.6	37.8	-.2	-.3	37.6	37.7	37.7	-.1
Chemicals and allied products.....	41.0	41.8	41.5	41.4	-.8	-.4	41.1	41.8	41.4	-.7
Petroleum and coal products.....	42.7	42.7	42.5	43.4	0	-.7	41.9	42.5	42.2	-.6
Rubber and plastics products, nec.....	40.2	40.7	40.3	40.4	-.5	-.2	40.6	40.7	40.4	-.1
Leather and leather products.....	37.9	38.2	37.8	37.9	-.3	0	37.6	37.7	38.0	-.1
Transportation and public utilities.....	38.1	40.8	40.3	41.1	-2.7	-3.0	37.8	40.7	40.5	-2.9
Wholesale and retail trade.....	36.1	35.5	34.8	36.2	.6	-.1	35.3	35.3	35.2	0
Wholesale trade.....	40.1	40.0	39.6	40.3	.1	-.2	39.8	39.9	39.8	-.1
Retail trade.....	34.8	34.0	33.3	34.9	.8	-.1	33.8	33.7	33.7	.1
Finance, insurance, and real estate.....	37.1	37.0	36.9	36.8	.1	.3	37.1	37.0	37.0	.1
Services.....	34.7	34.3	34.0	34.9	.4	-.2	34.4	34.2	34.2	.2

¹ Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately

4% of the total employment on private nonagricultural payrolls.
² Preliminary.

TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS ¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Average hourly earnings						Average weekly earnings					
	July 1971 ²	June 1971 ²	May 1971	July 1970	Change from—		July 1971 ²	June 1971 ²	May 1971	July 1970	Change from—	
					June 1971	July 1970					June 1971	July 1970
Total, private.....	\$3.42	\$3.42	\$3.42	\$3.23	0	\$0.19	\$127.22	\$127.57	\$125.86	\$121.45	-\$0.35	\$5.77
Mining.....	4.06	4.04	4.04	3.82	\$0.02	.24	172.14	172.51	170.89	163.88	-.37	8.26
Contract construction.....	5.65	5.60	5.62	5.20	.05	.45	216.40	212.80	207.94	200.20	3.60	16.20
Manufacturing.....	3.56	3.57	3.56	3.37	-.01	.19	141.33	143.51	142.40	134.46	-2.18	6.87
Durable goods.....	3.79	3.80	3.79	3.57	-.01	.22	151.60	155.04	153.50	143.87	-3.44	7.73
Ordnance and accessories.....	3.89	3.84	3.82	3.60	.05	.29	161.44	160.51	158.53	143.28	-.93	18.16
Lumber and wood products.....	3.15	3.18	3.12	2.98	-.03	.17	124.11	129.43	125.42	118.31	-5.32	5.80
Furniture and fixtures.....	2.89	2.89	2.88	2.78	0	.11	113.87	116.18	113.76	107.86	-2.31	6.01
Stone, clay, and glass products..	3.70	3.67	3.63	3.42	.03	.28	155.77	154.87	151.37	141.25	-.90	14.52
Primary metal industries.....	4.23	4.22	4.16	3.94	.01	.29	172.16	173.86	170.98	159.96	-1.70	12.20
Fabricated metal products.....	3.73	3.75	3.74	3.54	-.02	.19	149.95	153.38	151.84	144.79	-3.43	5.16
Machinery, except electrical.....	3.98	3.99	3.97	3.77	-.01	.21	160.39	162.79	160.39	153.06	-2.40	7.33
Electrical equipment.....	3.50	3.50	3.50	3.32	0	.18	138.25	140.35	139.30	132.14	-2.10	6.11
Transportation equipment.....	4.40	4.44	4.45	4.08	-.04	.32	174.68	184.26	183.34	166.06	-9.58	8.62
Instruments and related products.....	3.52	3.51	3.51	3.33	.01	.19	140.10	139.70	139.70	132.87	-.40	7.23
Miscellaneous manufacturing.....	2.95	2.96	2.94	2.82	-.01	.13	112.69	114.85	114.37	108.29	-2.16	4.40

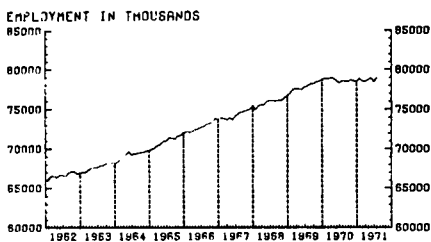
Nondurable goods.....	3.28	3.26	3.24	3.09	.02	.19	128.90	128.44	127.01	121.44	.46	7.46
Food and kindred products.....	3.40	3.38	3.38	3.16	.02	.24	137.02	136.89	136.21	128.61	.13	8.41
Tobacco manufactures.....	3.30	3.26	3.30	3.03	.04	.27	121.77	119.97	125.07	113.63	1.80	8.14
Textile mill products.....	2.56	2.56	2.56	2.43	0	.13	103.94	104.96	103.94	96.96	-1.02	6.98
Apparel and other textile products.....	2.47	2.48	2.47	2.39	-.01	.08	88.43	88.29	87.69	84.61	.14	3.82
Paper and allied products.....	3.68	3.66	3.62	3.47	.02	.21	156.77	154.82	152.04	144.70	1.95	12.07
Printing and publishing.....	4.20	4.19	4.18	3.92	.01	.28	157.50	157.96	157.17	148.18	-.46	9.32
Chemicals and allied products.....	3.97	3.94	3.90	3.71	.03	.26	162.77	164.69	161.85	153.59	-1.92	9.81
Petroleum and coal products.....	4.57	4.57	4.57	4.25	0	.32	195.14	195.14	194.23	184.45	0	10.69
Rubber and plastics products, nec.....	3.43	3.37	3.37	3.21	.06	.22	137.89	137.16	135.81	129.68	-.73	8.21
Leather and leather products.....	2.54	2.58	2.58	2.48	-.04	.06	96.27	98.56	97.52	93.99	-2.29	2.28
Transportation and public utilities.....	4.16	4.09	4.08	3.87	.07	.29	158.50	166.87	164.42	159.06	-8.37	-.56
Wholesale and retail trade.....	2.87	2.86	2.87	2.71	.01	.16	103.61	101.53	99.88	98.10	2.08	1.51
Wholesale trade.....	3.66	3.65	3.67	3.42	.01	.24	146.77	146.00	145.33	137.83	.77	8.94
Retail trade.....	2.58	2.57	2.57	2.44	.01	.14	89.78	87.38	85.58	85.16	2.40	4.62
Finance, insurance, and real estate services.....	3.28	3.27	3.29	3.06	.01	.22	121.69	120.99	121.40	112.61	.70	9.08
Services.....	3.00	3.00	3.02	2.83	0	.17	104.10	102.90	102.68	98.77	1.20	5.33

¹ See footnote 1, table B-2.

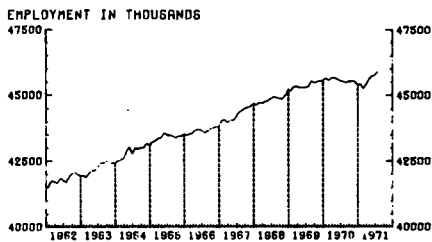
² Preliminary.

EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

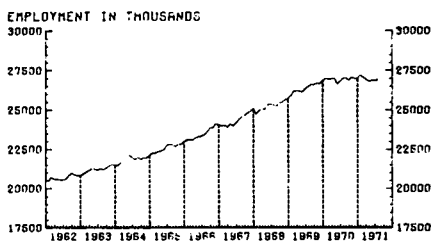
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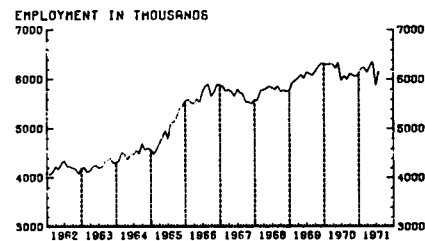
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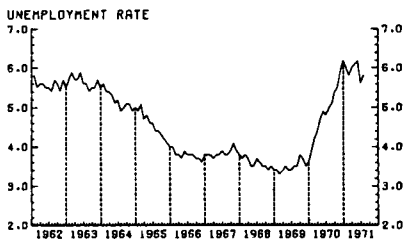
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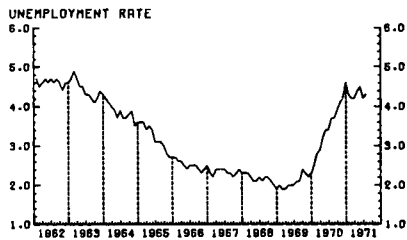
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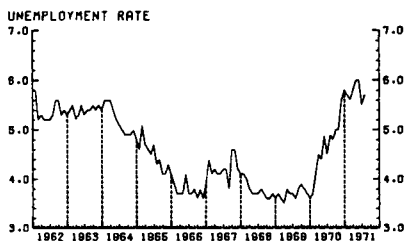
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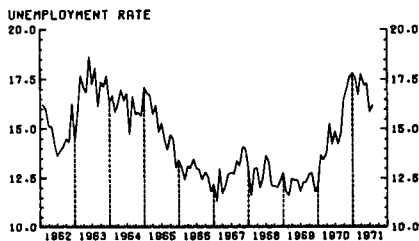
6. ADULT MEN



7. ADULT WOMEN

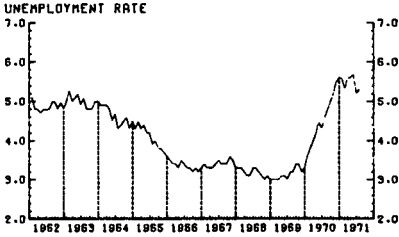


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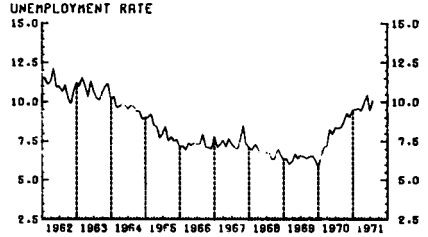


UNEMPLOYMENT-HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

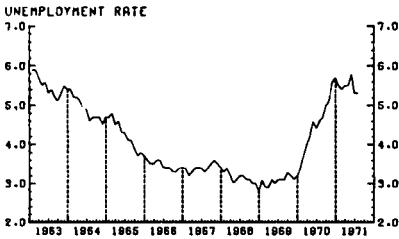
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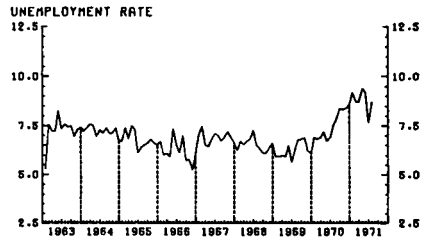
10. NEGRO AND OTHER RACES



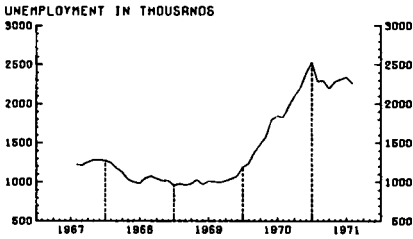
11. FULL-TIME WORKERS



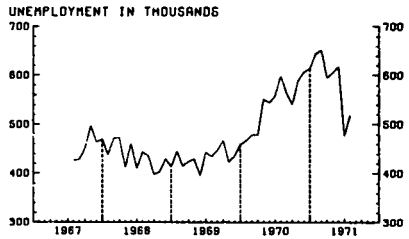
12. PART-TIME WORKERS



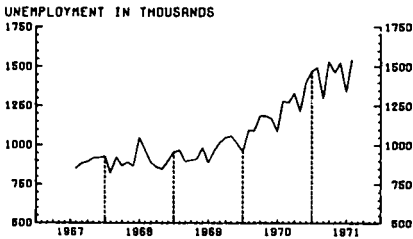
13. JOB LOSERS



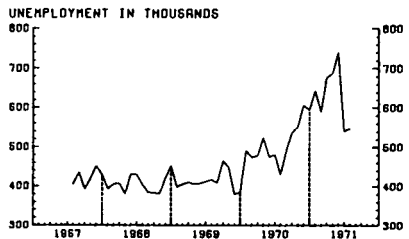
14. JOB LEAVERS



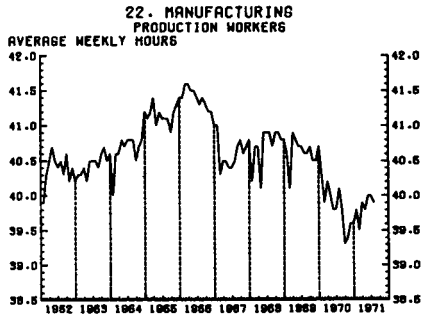
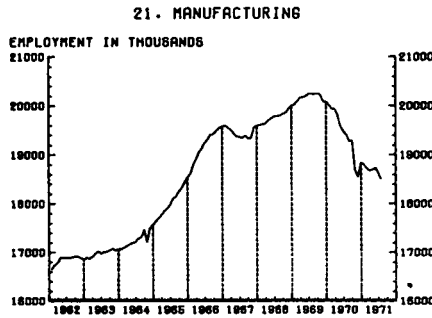
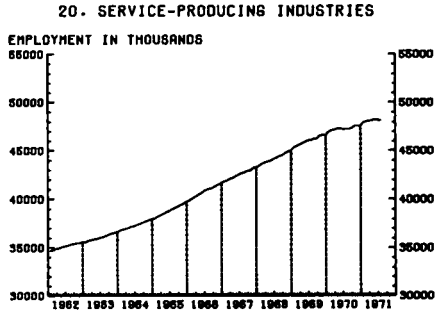
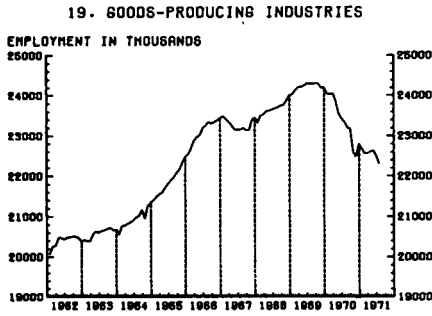
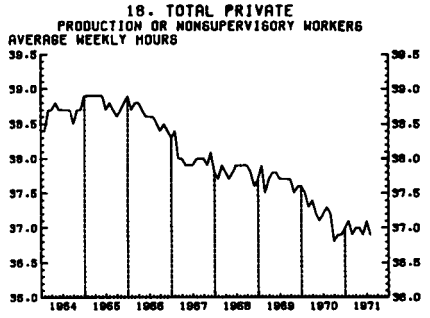
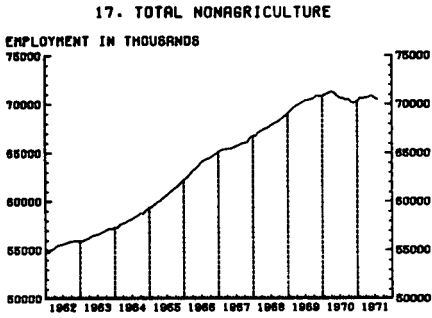
15. RECENTRANTS



16. NEW ENTRANTS



EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED.



NOTE: Data for the two most recent months on charts 17-22 are preliminary.

Mr. MOORE. Perhaps it would be helpful to the committee if I tried to put the recent figures in a somewhat longer perspective than is appropriate to our current press release. The charts at the end of our release are particularly helpful in this respect, so I shall refer to them.

May I ask whether you have copies of the release?

Chairman PROXMIRE. I do not have copies of the charts. Go right ahead.

Mr. MOORE. Chart 1 tells us that total employment has been moving irregularly upward since around the middle of last year after a small dip in the spring of 1970. The recovery of this loss in jobs is now complete, in the sense that the July figure, after allowance for seasonal variations, is approximately equal to the high reached in March 1970. This recovery, as chart 2 indicates, has been especially vigorous with respect to the employment of adult men, with new highs reached in May, June, and July. On the other hand, the number of adult women and teenagers at work has remained on a plateau for about a year and a half, after rising sharply in previous years.

The total employment figures I have just referred to are based on a monthly survey of households. Another monthly survey of employment, based on reports from business establishments, rather than from households, yields the figures shown in chart 17. Here also there has been a recovery since late last year, but it has not extended as far, owing to a setback in June and July. The major weakness has been in goods-producing industries, particularly manufacturing, while the major strength has been in the service-producing industries as indicated in charts 19, 20, and 21.

The establishment survey data reveal that the decline in the average workweek during 1969 and 1970 came to a halt this year as shown in chart 18. In manufacturing the workweek has been rising on an irregular path since last autumn as shown in chart 22. The usual pattern as a recovery gets underway is for the workweek to be lengthened; and this has been happening in a number of industries in recent months.

Turning to unemployment, our data show that the rise in the unemployment rate that occurred last year stopped around the turn of the year, and that the rate has moved irregularly lower this year as indicated in chart 5. Month-to-month movements in the rate are difficult to appraise, but now that we have had 2 months, June and July, in the 5.6 to 5.8 percent range, we can be reasonably confident that the modest improvement since last winter is a real one.

This appraisal is buttressed by the behavior of the unemployment rate for full-time workers, who constitute the bulk of the adult labor force, and for whom the inability to find a job is often a serious matter. The full-time unemployment rate was 5.3 percent in both June and July, lower than at any time since last October as indicated in chart 11.

One of the important dimensions of unemployment is its duration. As a recovery in the economy proceeds, one of the early developments is a reduction in the number of unemployed who have been unemployed only a short while. At the same time, the number of job-seekers out of work for long periods continues to increase for a while. As a result of this shift, the average duration of unemployment usually increases for some months before beginning to decline.

This type of development has been going on this year. Since December, the number unemployed less than 5 weeks has declined sharply, while the number of unemployed more than 15 weeks has continued to rise. The average duration of unemployment has risen from about 10 weeks to more than 12. In July, however, the average duration dropped below 12 weeks. Although it is too early to tell, on the basis of 1 month's figures, whether this is the start of a downtrend, it is a development well worth watching. Both the number of persons unemployed and the average length of time they remain unemployed are important aspects of the unemployment situation.

The July figures on the wholesale price index were released by the BLS yesterday. They showed a relatively modest advance in the all commodities index: Three-tenths of 1 percent in the unadjusted index, two-tenths of 1 percent after allowance for seasonal factors. A rather sharp rise occurred in the industrial commodities price index, in large part because of increases in the prices of lumber and metals. However, the index that is most closely related to the Consumer Price Index—the index of wholesale prices of consumer finished goods—actually declined, owing to a drop in food prices. This development augurs well for the food price component of the CPI in July and possibly August.

With respect to consumer prices, you are familiar with the fact that in May and June the index rose more sharply than earlier this year. This recent development should not be allowed to obscure the fact that early in 1970 the rate of increase in the Consumer Price Index stopped rising, and that a lower rate of increase has prevailed over the past year and a half. During the 12 months ending in February 1970 the index rose 6.3 percent. During the latest 12-month period, ending in June 1970, the index rose 4.5 percent. To appreciate the magnitude of this reduction, one can liken it to the difference between paying a 4½-percent interest rate on a loan instead of a 6-percent rate.

As a matter of fact, part of the reduction in the rate of increase in the CPI has been due in sharply lower interest costs on mortgage loans. But the decline in the rate of price increase is not confined to just a few commodities or services. The rate of increase in food prices over the 12 months ending in June, 3½ percent, was less than half the peak rate of increase of nearly 8 percent, which was reached in February 1970. Apparel price increases have also moved down to much more moderate levels since 1969, and so have prices of household durables. Rents, on the other hand, have continued to accelerate.

The BLS quarterly review of productivity, wage, and price trends is being released today. One of the important findings is that productivity growth over the past year, at 3.7 percent, was sharply higher than in 1969 and early 1970, when growth in output per man-hour was very slow. Reflecting this improvement in productivity, the rise in unit labor costs in the past year, 4.2 percent, has been significantly lower than it was earlier.

This would suggest that some of the cost pressures on prices are easing a bit. Nevertheless, despite this improvement, the current rate of inflation in costs as well as in prices, is still uncomfortably high.

Thank you, Mr. Chairman.

Chairman PROXMIRE. Thank you very much, Mr. Moore.

Mr. Moore, I find you making the best possible situation out of what seems to me to be a rather bleak outlook as far as unemployment and inflation are concerned. First, let us take a look at the basic picture with respect to unemployment. What assumptions do you make looking at the future? What assumptions do you make with respect to the growth in the labor force and the increase in productivity and the increase in real economic growth?

It seems to me, if we can get these three ingredients together, we can pretty much estimate approximately what unemployment is likely to be over the next 6 months and the next year.

I have been having some trouble with economists who come in who indicate the present game plan is working out all right and then when we ask them to estimate the increase in productivity, and the increase in the labor force, and the increase in growth of our economy, it just adds up to increased unemployment.

Now, can you handle these statistics in such a way as to give us a little more reassurance that we can look forward to something, except increasing unemployment over the next 6 or 12 months?

Mr. MOORE. Well, as you know, Mr. Chairman, the Bureau of Labor Statistics does not engage in a forecasting operation. We are devoted, basically, to measuring the situation as it happens and the current situation for July is as indicated in our release.

Now, we have made longer run projections of labor force growth, going up to 1980, but we have not made any projections as to what is going to happen this coming year.

Chairman PROXMIRE. Is it not true in the recovery period, if this is the recovery period, there is usually an increase in productivity? You say the assumption productivity should increase at 3½- to 4-percent rate is a fairly moderate estimate?

Mr. MOORE. I think it is a moderate estimate.

Chairman PROXMIRE. It could be more than that?

Mr. MOORE. It could be more than that and, in fact, the last quarter was.

Chairman PROXMIRE. In the labor force you expect to increase over the next year; can you give us any estimate on that?

Mr. MOORE. No, I do not believe I could.

Chairman PROXMIRE. What would the trend suggest?

Mr. MOORE. The increase this year has been relatively modest, much less than it was last year. But whether it is going to accelerate again, I cannot answer.

Chairman PROXMIRE. In view of the fact we have several hundred thousand people we know coming out of the Armed Forces who will be looking for work, in view of the fact that we have, we know, on the basis of demographic statistics that people will be leaving school looking for work, in view of the general growth in the population, wouldn't it be fair to estimate that we would have a two or three and a half percent increase, or is that too much in the labor force over the next year?

Mr. MOORE. I think that would be an unusually rapid rate.

Chairman PROXMIRE. 1½ percent?

Mr. MOORE. 1½ percent would be certainly closer to it.

Chairman PROXMIRE. If we have one and a half percent net labor force increase and then you get a 4-percent productivity increase, you would need a 5½-percent increase in growth, real growth, over the next year simply to prevent an increase in unemployment. Are these assumptions correct?

Mr. MOORE. I think that is arithmetically correct.

Chairman PROXMIRE. Do you feel that it would be realistic to expect our economy will grow at a rate greater than 5½ percent in real terms? Doesn't that exceed the forecast of the Council? Wouldn't that be an extraordinary growth?

Mr. MOORE. Mr. Chairman, as you know, I am a student of business cycles and business cycle history. I think on the basis of the record of past recovery periods, the U.S. economy has been able to generate an expansion of sufficiently rapid growth to reduce unemployment, and this is a reasonable expectation to hold. In all of the previous recoveries in the postwar period, there has been a substantial reduction in unemployment.

Chairman PROXMIRE. Well, that may well be, but on the basis of the outlook and basis of predictions on real growth, I just cannot see where we can expect an improvement in the unemployment situation. You say—and I think there is some corroboration here in these statistics—that in the past 5 months we have had a fairly stable situation. The unemployment situation has not worsened. It has been in the area of 6 percent.

Mr. MOORE. In the past 2 months, sir, it has been below 6 percent.

Chairman PROXMIRE. Well, it is 5.8 percent. It is close to 6.

Let me ask you why is there no chart showing how the labor force has grown, why unemployment has been leveling?

Mr. MOORE. Well, we do have charts of that sort, and they have not been put into the release because there was more interest in what is happening to unemployment and employment than to the labor force.

Chairman PROXMIRE. Wouldn't it be necessary to have that kind of statistics, that kind of chart, that kind of data, if we are going to analyze the situation? We ought to know what is happening to the labor force?

Mr. MOORE. It certainly would be helpful to have the two together; there is no question about that.

Chairman PROXMIRE. What is happening? I am asking a historical question, not a question of the future. What has happened to the growth in the labor force over the last 4 or 5 months?

Mr. MOORE. Over the last 4 or 5 months?

Chairman PROXMIRE. Yes, sir.

Mr. MOORE. Since January, there has been a small decline, I think this is correct, in the total labor force and in the civilian labor force.

Chairman PROXMIRE. Now, we certainly cannot expect that in the future, can we, a decline or we should not in a period of recovery, with the armed services declining, with the demographic figures showing people coming out of school, the labor force should increase, should it not? Unless we are not counting discouraged workers somewhere?

Mr. MOORE. As the population grows more people certainly do come into the labor market.

I might point out, Mr. Chairman, with respect to charts, we do have in our monthly publication "Employment and Earnings," is on labor

force and employment. Chart 1 contains the labor force figures and the employment figures.

I would be glad to have you look at that chart if you care to.

Chairman PROXMIRE. Let me ask you about a fascinating assertion that was made by the preceding witness, Mr. Killingsworth, whom as you know, is an eminent economist who studied this very carefully. He made the charge that President Nixon's statement in his news conference a few days ago, that unemployment was higher in 1961, 1962, and 1963, than it is now is just not true, if you compare the same statistics now with the same statistics then. He said there had been a series of changes in these statistics and if you adjust to those changes, unemployment is substantially higher now than it was in the first 3 years of this decade.

Let me just read briefly what he said :

In 1965, Government technicians decided that they would no longer count as "unemployed" the participants in certain work-relief programs—notably the Neighborhood Youth Corps and the College Work-Study Program and other smaller ones. In the 1930's, participants in the CCC, NYA, and WPA programs have been counted as unemployed; but starting in 1965, participants in the fairly comparable contemporary programs have been counted as "employed."

He goes on to say :

By a very conservative method of calculation, it can be shown that by 1969, the national unemployment rate was 0.5 percent lower than it would have been under the pre-1965 definition. Another set of definition changes was made effective in 1967. One of the important changes was a tightening of the "seeking work" test. The net effect of these changes, according to the Bureau of Labor Statistics was to reduce the reported unemployment rate by about 0.2 percent under the conditions prevailing in 1966. The combined effect of the 1965 and 1967 definition changes then, was a reduction of at least 0.7 percent in the unemployment rate.

Do you agree with Mr. Killingsworth, or do you disagree? If you disagree, why?

Mr. MOORE. Well, I have not studied his statement, Mr. Chairman. My understanding—and I would like to have Mr. Goldstein comment on this—is the unemployment series constructed and published by the BLS is reasonably consistent with respect to its definition over time. Some changes in the definitions were made in 1967. But perhaps you could comment further.

Mr. GOLDSTEIN. Yes. The statement made by Mr. Killingsworth, the first statement, refers to decisions that we had to make when the Manpower Development and Training Act and related programs came in. Decisions were made on how to classify people who were participating in those programs.

It presented some difficulties and it was thoroughly discussed within the Government agencies responsible, and finally decision was made at the Bureau of the Budget, now the Office of Management and Budget, after all parties had a chance to comment on the problem.

The problem was how to fit the categories of workers in these various new programs, each of which was a little bit different, into the standard concepts for the measurement of employment. These categories included groups like people who participated in manpower and development programs. At that time, in order to participate in those programs, you had to be unemployed. Most of those programs at that time were institutional training programs, training was given in

institutions. And the decision there was that people in those programs should be counted, continued to be counted as unemployed, even if they were in the programs.

On the other hand, there was the Neighborhood Youth Corps the largest of the programs, which involved employment in community service activities. These youngsters might be employed in hospitals, public libraries, other kinds of local public service. It appeared to many of us, and to the Bureau of the Budget which made the decision, that this work, involving regular wage payment was in many ways similar to other types of employment.

Chairman PROXMIRE. If I could interrupt. I think that is a good explanation. I do not disagree, necessarily, with the judgment. It may have been a proper judgment. My only question, however, is whether or not the statement as to the effect this would have on unemployment, if you made them comparable, is that correct? In other words, would it be as much as seven-tenths percent lower than 10 years ago because of these changes, or is that too much and, if so, for how much?

Mr. GOLDSTEIN. Mr. Chairman, if you were to count all of these groups as unemployed, which is questionable in my judgment, the unemployment rate would be about one-half percent higher, I believe. I have to add that our method of collecting unemployment data from households does not enable us to precisely identify people who are on these programs. But the numbers are about that much.

The other two-tenths that Mr. Killingsworth referred to—

Chairman PROXMIRE. "Seeking work."

Mr. GOLDSTEIN (continuing). The changes made as a result of the recommendation of the Gordon committee which, when we introduced the change, resulted in a reduction in the unemployment rate of about one-tenth of 1 percent. There were two changes introduced at the same time. One of them involved the elimination of 14- and 15-year-olds from the measurement of the labor force and unemployment. We now begin at age 16. That change resulted in the reduction of one-tenth of 1 percent in the unemployment rate, but we have carried that one back so that for comparison with all periods in the past, with respect to the elimination of the 14- and 15-year-olds, we are now consistent.

The other change in the definition of "seeking work" resulted in one-tenth change. So I think it is more fair to say that our present statistics are in the order of one-tenth lower.

Chairman PROXMIRE. One-tenth for that reason and five-tenths for the other reason you gave us, so it is a total of six-tenths instead of seven-tenths.

Mr. MOORE. Except on the five-tenths part, there is a question, it seems to me, as to what is comparable with what. The Government agencies at that time made the best judgment they could, I presume. I was not here at the time. They made the best judgment they could as to what was comparable.

Chairman PROXMIRE. Congressman Reuss.

Representative REUSS. Thank you, Mr. Chairman.

Welcome, Commissioner Moore. We are always grateful to have you.

I want to commend you on including for the first time a section on the employment status of the Vietnam war veterans. It is most in-

structive and I find the information contained in that release absolutely tragic. According to your figures, the overall unemployment today for all men 20 years and over is 4.3 percent. The unemployment for Vietnam veterans, 20 years and older, is 8.2 percent. In other words, a Nation fit for heroes gives its returned veterans about twice the unemployment rate of men generally.

If it be said that Vietnam veterans are goldbricking and are not looking for jobs, your figure certainly gives the lie to that. As I read them, in your press release, among Vietnam veterans, their labor force makes up 93.3 percent of the total Vietnam veteran population, whereas for nonveterans their participation in the labor force is only 91 percent. That indicates, does it not, that Vietnam veterans, far from getting discouraged, are eager-beavers and are looking for jobs harder than the rest of that age group in the population? Harder by 2.3 percentage points?

Mr. MOORE. Yes; their participation rate is higher than the comparable nonveteran groups.

Representative REUSS. Isn't this even more remarkable when you consider the fact Vietnam veterans have the advantage of the GI bill of rights for educational purposes, which, if taken, removes them from the labor force, whereas nonveterans do not have that?

Mr. MOORE. Well, that is true. But it is also true that the nonveterans are in school to a very much larger extent than the veterans in the population. That is, they are attending schools, whether they have had the advantage of the GI bill or not.

Representative REUSS. Yes; but my point is, one certainly cannot help our veterans by saying they are not looking hard. That point is doubly made, it seems to me, by the fact that they are looking harder than nonveterans. More of them are looking.

Mr. MOORE. Well, there is certainly a very high rate of participation; 93 percent is a very high rate, no question of that.

Representative REUSS. I find, and I will say it again, that it is a tragedy that the Vietnam veterans who have fought in the most difficult war in our history are treated this way, when they come back. Their unemployment rate is double that of men over 20 generally and, as the record shows, they are trying harder to find jobs.

Mr. MOORE. For men in the same age group that are outside the veteran population, the unemployment rate as we show in the release was 7.2 percent in July. That is lower than the rate for the same age group of veterans, but much higher than it is for the entire population.

Representative REUSS. I have no further questions.

Chairman PROXMIRE. Senator Humphrey.

Senator HUMPHREY. Commissioner, I thank you for giving us your time. I have a number of questions which I hope will be helpful for this record.

I was looking over the growth rate of our economy, to go back to what Chairman Proxmire was discussing with you. In 1969, the real growth was 2½ percent. In 1970, it was minus six-tenths of 1 percent. In 1971, the first quarter, because of the settlement of the steel strike and automobile strike, there was a substantial increase. It went up to 8. But it has leveled off in the second quarter at 3.6. And it is estimated at 3½ percent, I believe, for real growth in 1971.

The figures indicate somewhere around an average growth rate of a little over 3 percent over a substantial period of time. Now, if that is the case and going back to the calculations discussed by Senator Proxmire and you, sir, isn't it inevitable that unless there are some unusual developments in the economy, that with the growth of population, with the reduction of military manpower coming into the civilian force, that we are going to have a rather large body of unemployed in this country?

Mr. MOORE. Well, Senator, I do not regard that as inevitable. I think one point should be made in that connection and in relation to the point I was making to Senator Proxmire. During recovery periods in the economy where we start with a certain amount of slack, a relatively high level of unemployment, and a considerable amount of unused industrial capacity—starting from that circumstance the rates of growth in real output and in employment are substantially higher than they are when you are starting from a high level of utilization of capacity, and a relatively low level of unemployment.

So it is not at all unusual in past experience to get relatively rapid rates of growth in both employment and real output during the initial year or so after a recovery from that kind of situation.

Senator HUMPHREY. What was the unemployment rate in 1961 when Kennedy became President?

Mr. MOORE. 6.7.

Senator HUMPHREY. Four years later, 1965, before large outputs into Vietnam, what was it?

Mr. MOORE. 4.5.

Senator HUMPHREY. It dropped 2.2 percent in 4 years—2.2 percent in 4 years. We had a downturn in the economy in 1969. It has not had much rebound, I would say, since 1969. The unemployment rate has been mighty sticky, it has varied between 5.5 and 6.2. It is 5.8, what I believe your figures show, today.

Mr. MOORE. Yes.

Senator HUMPHREY. So that the pattern of yesterday, does not show the patterns of the of the early sixties. They do not seem to be evident in the early seventies, and if the calculations that Senator Proxmire made of a little over 5½ percent growth in productivity unless we have additional stimulus to the economy that really gets this economy on the move, aren't we in serious trouble with problems of unemployment?

Mr. MOORE. Well, Senator, I would like to avoid entering into questions of what we should do or what the policy direction of the economy should be. I do not regard that as a function of the Bureau of Labor Statistics, and I rather studiously avoid getting involved in that question, although it is a very important one, indeed.

I think it is correct that, as I have said, in past recovery periods including 1961, the initial spurt in the economy has been sufficient to reduce the unemployment rate significantly. Now, as I am looking at the table of the annual figures of unemployment over the past period since World War II, I see that in 1961, as you said, the unemployment rate was 6.7 percent. The following year it was 5.5 percent, which is a decline of 1.2 percentage points. In 1958, the unemployment rate was 6.8 percent, the following year, 1959, it was 5.5 percent, a decline of 1.3 percent.

Senator HUMPHREY. What has happened now that prevents this kind of recovery we noted in 1961 to 1962?

Mr. MOORE. One thing we have not had yet is a full year of recovery.

Senator HUMPHREY. I guess that is perfectly true. But you give us figures for 1958 to 1959, which documents your thesis of periods of rapid recovery. Unemployment drops in 1961 to 1962. But what I am getting at, there is no indication—and I realize you may not want to get into what kind of policies we ought to have—but there is no justification for assertion that we have recovery. We have industrial plants working at 75 percent of capacity. There is no indication of any—maybe you can give us some indication—but I see no indication that there is any recovery.

If that is the case, even if you get a point, let's say, a 1 percent drop, we still have a considerable amount of unemployment.

Mr. MOORE. I believe there are a great many indications that a recovery is underway, but it did not begin, in my judgment, until late last year around November.

Senator HUMPHREY. Do you think there has been recovery since last November?

Mr. MOORE. What is that?

Senator HUMPHREY. Do you believe there has been some recovery since November?

Mr. MOORE. Yes, sir.

Senator HUMPHREY. Who has recovered?

Mr. MOORE. Well, there has been an increase in the average work-week, as I pointed out in my statement. And you do not get that with a situation that continues to decline. There have been increases in the starting of new houses, considerable increase in housing starts. I am not prepared, at the moment, to go over the whole list of evidences of recovery. Real output is higher now than any previous time in our history.

Senator HUMPHREY. Farm prices are down, inflation is up, interest rates are up, the stock market is down. I don't know, I mean I keep hearing about these wonderful recoveries, but everybody I talk to says they are sort of misleading.

Mr. MOORE. Well, I believe that is true. It is likely to be true at any time shortly after a recovery has begun, say, within the first 6 months or so. Naturally, you do not get back to full employment immediately and we have certainly not done that in this case.

Senator HUMPHREY. Do you make calculations of the hidden unemployment, those so discouraged they do not actively seek employment?

Mr. MOORE. Yes, sir; we include in our survey—but we do not include them in the number that are counted as unemployed—persons who say they would like to have a job, but are not doing anything to find one.

Senator HUMPHREY. How many would you estimate that to be?

Mr. MOORE. In the second quarter, the figure is 740,000.

Senator HUMPHREY. If you added that 740,000 to the ones that you list as seeking work unemployed, what would the rate of unemployment be?

Mr. MOORE. It would be approximately nine-tenths of a percentage point higher.

Senator HUMPHREY. So they would come to almost between 6.7 and 7 percent unemployment; 6.7?

Mr. MOORE. Yes, sir; I would like to remind you, Senator, that the Gordon committee, which was appointed by President Kennedy and reported its results and its recommendations as to the measurement of unemployment, did not recommend that that group of so-called discouraged workers be included in the concept of unemployment. And we have been following in that respect the recommendations of the Gordon Commission.

Senator HUMPHREY. I am going to have to go down to a rollcall and I will be back.

Mr. Chairman, when I return, I want to ask some questions on the agricultural economy, because as I said to you before, I think the witnesses before this committee have been very derelict in talking about agriculture. I noticed this morning that one of the reasons that the cost-of-living index is not quite as high as it was is that farmers are taking it on the chin again. Farm prices are down.

Chairman PROXMIRE. That is right.

Senator HUMPHREY. And they are the people who are the forgotten Americans, in all of the economic calculations of Government. I want to come back to you and find out what we can do about those poor souls out there selling eggs from the farm at 21 cents a dozen, and you are paying 76 cents in New York.

Chairman PROXMIRE. Mr. Moore, one of your charts shows the hours of work. Can you direct me on that? I notice you refer to that. You point out they are up a little bit.

Mr. MOORE. Yes; charts 18 and 22. Chart 18 refers to private non-farm hours of work.

Chairman PROXMIRE. Let's take chart 18. This adds to the point I was going to make before. You not only have a problem here of an increase in productivity, that all of us expect at 4 percent, an increase in labor force of maybe $1\frac{1}{2}$ percent, but I point out to you here the number of hours are close to 37 hours a week, whereas in the period of 1964-65, they were around 38, close to 39 hours a week. As hours lengthened, say they lengthened 1 hour from 37 to 38. That would be a moderate recovery.

Here is another element of almost 3 percent increase in production, without any increase in employment. So as you put the three together, we have to have a perfectly extraordinary, it seems to me, increase in the economic growth to have any significant reduction in unemployment. And even with a booming period in terms of production, it looks as if we are going to continue to have unemployment at about this high level of close to 6 percent.

Am I misinterpreting this hourly figure? Isn't this another factor?

Mr. MOORE. I think you may want to take into account there has been a long-term downtrend in the average workweek. It shows up in chart 18. And to reverse that trend completely, would take quite a bit of doing.

And I guess, furthermore, that while it is true that a lengthening of the workweek does not in itself add numbers of people to the payroll, it does provide those who are on the payroll with more work.

Chairman PROXMIRE. I understand that, more income, and there is something of a multiplier factor involved. This I appreciate. But I am still—when you look at it from the standpoint of the employer

who has people working at 35-36 hours a week, rather than hiring new people, he is going to put his people to work 40 hours, or even overtime.

Mr. MOORE. I think that generally happens in the early stages of recovery. The workweek goes up fairly promptly and fairly rapidly, and only at a somewhat later time, that is in terms of months, a few months later, does the number of people on the payroll—

Chairman PROXMIRE. That is exactly what I had in mind. And when you look at this figure here, there was a small increase in 1970, but it has not increased very much. It seems to me, that may still be in the future, in which case that is another element we have to consider in getting unemployment under control.

I want to return to unemployment figures in a minute, but I would like to ask Mr. Popkin a question. Yesterday, we learned about wholesale industrial prices—not wholesale prices overall, which were, of course, affected very much by the drop in food prices, which I think is an erratic drop itself, unpredictable, but wholesale industrial prices advanced very sharply in July. Am I correct? This was the largest 1-month increase, seasonally adjusted since sometime in 1956?

Mr. POPKIN. Yes, sir.

Chairman PROXMIRE. The largest since 1956?

Mr. POPKIN. Yes, sir.

Chairman PROXMIRE. And the largest 6 months' increase since 1957?

Mr. POPKIN. Yes, sir.

Chairman PROXMIRE. The two major causes of the jump in prices last month were the large price increases for steel and lumber; is that right?

Mr. POPKIN. Yes, sir.

Chairman PROXMIRE. Does the increase include the price increases just announced by the steel companies or are these new increases to be on top of the July increase?

Mr. POPKIN. The new increases just out are not included in the July figure.

Chairman PROXMIRE. What is the probable impact of the 8-percent increase on your index?

Mr. POPKIN. If you take the weight that is attributed to steel mill products among industrial commodities in the wholesale price index, the impact, and then multiply that 8 percent times that weight, the impact on the industrial commodities components of the wholesale price index would be about three-tenths of 1 percent. Some of it coming in August, some in December.

Chairman PROXMIRE. Does that take into account the ultimate effect, that is, the fact steel goes into other elements?

Mr. POPKIN. No, sir; it does not.

Chairman PROXMIRE. Is there any way we can estimate that?

Mr. POPKIN. That is a very difficult thing to do. Sometimes input-output tables can be used, but the various assumptions about what happens to margins in the process—it is a very difficult calculation to make.

Chairman PROXMIRE. But it is certainly reasonable to assume it would be somewhat more than three-tenths of a percent overall increase? If you want to include the total effect on industrial wholesale prices of the steel increase?

Mr. POPKIN. I would say, generally, yes; but some consideration ought to be given to the state of the economy, and changes in pro-

ductivity at the time those price increases are put into effect. In other words, what will steel purchasers, what kind of market will they be facing, and what kind of cost structure will they be facing at that time?

Chairman PROXMIRE. What is the situation regarding lumber? Can you explain why lumber prices have increased 27 percent in the last year?

Mr. POPKIN. The only explanation I can give is to relate it to the strong demand in construction, particularly in residential construction, which is the primary user of lumber, vis-a-vis non-residential construction.

Chairman PROXMIRE. Certainly if we are going to get anything like the kind of growth we need to reduce unemployment, or even to keep it from increasing, we are going to have to have this ingredient. The housing part of the economy is going to have to improve, expand, and grow. So, under those circumstances, would you expect lumber prices to continue to increase sharply?

Mr. POPKIN. Well, I do not think I can forecast the outlook for lumber prices. One should take into account two factors, the rate of price change is probably associated as much with the rate of change of demand as with changes in the level of demand.

Chairman PROXMIRE. But you explained the 27-percent increase in relationship to the housing expansion, and if housing continues to grow as we all hope it will and expect it will, there must be a growing demand there, it is essential if we are going to have an expanding economy, then this would continue to be a serious factor in the price picture, as far as lumber is concerned.

Mr. POPKIN. Again, I am getting in the area of making a forecast, and I prefer not to do it.

Chairman PROXMIRE. I also note other housing materials are up 4 percent, concrete up 8 percent. You have a composite index of material used in residential construction.

Mr. POPKIN. Not materials used in residential construction, although this is proposed in a program that is pending before the Congress in our 1972 budget appropriation. We have a construction materials price index, but that is not fragmented by residential-nonresidential or anything like that, at the present time.

Chairman PROXMIRE. How expensive would that be to be able to put that together? It would be a very helpful index.

Mr. POPKIN. As I recall, the request for funds for prices in that area amount to \$100,000 to develop an index of construction materials prices, broken down by type of construction end product.

Chairman PROXMIRE. Whether you get that depends on action by the Congress, or is it the Budget Bureau?

Mr. POPKIN. That is in the BLS 1972 budget that is before the Congress, and I am really not qualified to speak on that point at which that budget is in the Congress' consideration at this time.

Chairman PROXMIRE. But at any rate, the Budget Bureau has put it in, the administration is asking for it?

Mr. POPKIN. Yes, sir.

Chairman PROXMIRE. In testimony before the Joint Economic Committee 2 weeks ago, Mr. Arthur Burns told us this, and I quote: "I wish I could report we are making substantial progress in dampening the inflationary spiral. I cannot do so." Mr. Burns said: "Neither the

behavior of prices, nor the pattern of wage increases as yet provides evidence of any significant moderation in the advances of cost and prices."

We all know that Mr. Burns is a highly respected economist and one not given to making inaccurate statements. Do you think we have made substantial progress in dampening the inflationary spiral?

Mr. POPKIN. I cannot really evaluate terms like "substantial progress." I can report to you on the numbers. In the 6 months ending in June of this year, the Consumer Price Index rose at an annual rate of 4 percent. In the preceding 6 months, that is, from June through December of 1970, it rose at a rate of 4.9 percent. In the most recent quarter, from March to June of this year, it showed a seasonally adjusted annual rate of 5.3 percent, and in the first 6 months of 1970, an annual rate, I believe, of 6 percent.

Chairman PROXMIRE. How about the GNP deflator? Isn't that a more comprehensive index that economists feel is a more accurate indicator of overall inflation than the Consumer Price Index?

Mr. POPKIN. Since we produce the Consumer Price Index and the Wholesale Price Index and not the GNP deflator, I do not know if I should go along with that statement. But it depends on the question, on comprehensive with respect to what? Certainly, the GNP deflator reflects the prices paid by all people, governments, investors and consumers in final markets. The Consumer Price Index relates just to consumer markets and then just to urban wage earner and clerical families. The Wholesale Price Index, by and large, is an index that reflects what is going on behind the final demand of the economy, behind the GNP deflator, although certain parts of it, like the price index for durable equipment is used in the deflator.

Chairman PROXMIRE. It is more comprehensive?

Mr. POPKIN. It is more comprehensive with respect to covering not only consumers but the Government purchases as well.

Chairman PROXMIRE. And it has not shown the same kind of improvement as the CPI?

Mr. POPKIN. I really have not studied those figures in enough detail to comment on that. They have a different weighting structure in that index, a variable weight structure. We use a fixed weight structure, and there are some conceptual differences that I am not prepared to analyze.

The impacts on the two indexes are different at this point.

Mr. MOORE. Mr. Chairman, I might make—

Chairman PROXMIRE. You admit at any rate the CPI is worse in the last 2 months. The Consumer Price Index is worse in May and June?

Mr. POPKIN. In May the CPI went up, seasonally adjusted, six-tenths of 1 percent; In June, five-tenths of 1 percent.

Chairman PROXMIRE. That does not represent much of an improvement.

I am sorry, Mr. Moore, you wanted to say something.

Mr. MOORE. Mr. Chairman, I was just going to elaborate a little on the question of the GNP deflator. One of the differences between it and the Consumer Price Index is with respect to the inclusion of mortgage interest rates, which is not in the GNP deflator for consumer expenditures. It is in the CPI. The decline in those interest rates has had a significant impact on the Consumer Price Index.

Chairman PROXMIRE. Once again, the mortgage interest rates, the outlook lately has not been very favorable. There have been some indi-

cations that rates may continue to go up. They have gone up somewhat, not much, but some in the last month.

Mr. MOORE. In recent weeks I think that is correct.

Chairman PROXMIRE. In connection with the industrial commodities component of Wholesale Price Index which many people feel is a very vital and important figure and is related to the Consumer Price Index ultimately, has your office, Mr. Popkin, or any other in BLS, made a study of the correlation between the rises in industrial commodities indices and rises in consumer prices? What kind of lag effect is there between the two?

Mr. POPKIN. I am in the process of some research on that subject at the moment. The sort of thing I am finding is, first of all, I think you have to separate the industrial components into three parts. First, crude material, then intermedial materials and then consumer finished goods at wholesale, waiting to be shipped to the retail stores.

The lags I have been finding have been rather short from wholesale finished to consumer finished goods, relatively short from the intermediate to the finished at wholesale, and somewhat longer from crude to intermediate.

Now, the other thing is that it is sort of an average over history and it does not necessarily hold for any one point in time.

Chairman PROXMIRE. At any rate, you feel there is a connection?

Mr. POPKIN. Yes, there seems to be a connection.

Chairman PROXMIRE. So this increase, dramatic increase, was just announced in the last day or so—today, I guess it was announced, the biggest increase in 14 or 15 years for any month. It is certainly a harbinger of problems in the Consumer Price Index in the future, is it not?

Mr. POPKIN. The bulk of that increase was at the intermediate level. Things like lumber and wood products, metals and metal products are intermediate products. A lot of them will go into construction. Others will go in the manufacture of consumer and producers' goods. While there is a correlation, the only thing I would like to add is the fact that the extent to which a movement in prices at the intermediate level gets reflected at retail, depends, too, on the supply situation and the demand situation at retail at the time those earlier costs get embodied in production.

Chairman PROXMIRE. Well, either reflected in higher prices or a squeeze on the retailer, lower profits—

Mr. POPKIN. Or it could be absorbed in things like productivity increase, change in technology, things like that.

Chairman PROXMIRE. Oh, yes. It is not too large, of course. In July, the prices of farm products, processed foods, and feeds fell more than seasonably. So that on a seasonally adjusted basis, they declined by 1 percent. You must make your own projections and also receive forecasts from the Department of Agriculture. What do you anticipate the behavior of food prices will be for the remainder of the year? Do you have any data on that?

Mr. POPKIN. I have no forecast of that, sir.

Chairman PROXMIRE. You make no attempt to determine that? I understand you fellows are not crystal-ball gazers—

Mr. POPKIN. No. There is one bit of evidence I think I can comment on, and that is, that I have found that changes in farm prices at wholesale average for 3 months are mirrored in changes in food prices at retail 1 month later. And, also, that the fluctuations in food prices at

wholesale, do not occur to the same extent as retail. A 1-percent increase or decrease in farm product prices, or processed food prices at wholesale, would on the average get reflected in a five-tenths of 1 percent change, let us say.

Chairman PROXMIRE. It has been my observation—maybe it is bias on my part—that the increases in food prices are reflected and then some, and the decreases are just ratcheted in and not reflected. One indication of that is there has been a fairly steady decline in the proportion of housewives' food dollars that go to the farmer. It is down now. It used to be over 50 percent a few years ago; it is down close to a third now.

Mr. POPKIN. I am really not prepared to comment on the gross margins, the gross margin figures produced by the Department of Agriculture, other than to cite the fact that those figures do include wages and other costs and profits between the farmer and retailer.

Chairman PROXMIRE. I would like to ask you, Mr. Moore, there is one conspicuous contradiction. I am not saying it is any error on your part, of course, but there is a conspicuous contradiction in the figures as you present them to us. There is a divergence between total employment which went up in July and payroll employment which declined. How do you explain that?

Mr. MOORE. Well, with great difficulty. As our release indicated, on the first page, the payroll employment figures exclude agricultural workers for one thing. They exclude self-employed workers, domestics, unpaid family workers, and workers that are on unpaid vacations or unpaid absences, for example, if they were on strike. Whereas all of those groups are included in the figures on total employment.

So there is naturally to be expected a difference between those two sets of figures. However, there is a good deal more to it than that. When we get reports from companies on the number of persons that are on payrolls, if an individual is on more than one payroll, has more than one job, he will get reported more than once. Whereas in the household survey, where we ask individual families who are working, naturally, each individual gets reported only once.

Hence, there is a difference between the two sets of numbers because of that fact.

Unfortunately, we do not have current, up-to-date information on the number of multiple jobholders, which is the source of discrepancy just mentioned, and that could be a source of the discrepancy between the two sets of figures.

Apart from that, there is, of course, the problem of sampling. The household survey is a sample, although a fairly large one.

Chairman PROXMIRE. A huge one. A sample that big, I thought that was much more accurate than any of the Gallup polls or anything like that. It is so much bigger. What is it—55,000?

Mr. MOORE. 50,000 families.

Chairman PROXMIRE. That is an enormous sample. I think professional polltakers would say that is ample to give you an accuracy to a pretty small percentage.

Mr. MOORE. I believe it does give us a very considerable degree of accuracy but, nevertheless, it is a sample and subject to sampling errors. And, likewise, the payroll figures which we get from individual companies is also a sample, and that is subject to sampling error and to revision as we get more reports in.

Chairman PROXMIRE. Beyond the sampling errors, as I understand it, payroll employment is down 200,000 from July 1970, manufacturing is down a million. Now, employment is down a million. Is that characteristic of a recovery? Isn't that an extraordinary figure when we talk about the notion that we are moving into an economic recovery period, that payroll employment is down a million in manufacturing and overall 200,000?

Mr. MOORE. Well, you are looking at the changeover the past year, not this past month. And it is definitely true there has been much greater drop in manufacturing employment than in total employment.

Chairman PROXMIRE. Well, I understand you are right, it is the past year for the million figure. Well, still, it is an aberration, a statistical shift of some kind, but a year, a drop over a year of a million, it seems to me is even more significant for a recovery period.

Mr. MOORE. Well, as I indicated earlier, I do not think recovery in the economy began a year ago. It began more like 6 or 7 months ago.

Chairman PROXMIRE. What happened in the last 6 months to payroll employment? Manufacturing has gone down every month according to our figures. May was 18.703 million; June, 18.634 million; July, 18.502 million. Some recovery.

Mr. MOORE. In manufacturing there has been, I would say, no recovery in the number of employed.

Chairman PROXMIRE. Total overall is going down. I have 70.885 million; 70.647 million; 70.456 million. Recent figures down, overall year is down, we have nothing but a negative figure as far as the economy is concerned with respect to jobs. Payroll figures.

Mr. MOORE. Well, that is certainly true in the last 2 months. Over the period, say, from last November, there has been an increase in payroll employment of about 370,000 and, certainly, that has been true also of the other sample survey; namely, the household survey.

Chairman PROXMIRE. Mr. Moore or Mr. Goldstein, have young people entered the labor force in expected numbers this summer or haven't they bothered to look for jobs, presumably because no jobs are available? Any enlightenment you can give us on that?

Mr. GOLDSTEIN. The young people have such a high unemployment rate and a lot of them—

Chairman PROXMIRE. My question is not whether they have a high unemployment rate, it is whether they have been looking for jobs on the basis of past experience, or whether they have been unusually discouraged?

Mr. GOLDSTEIN. I am looking at the figures on the labor force participation. The labor force participation rates for teenagers are a bit down as compared to May. And this could reflect some additional discouragement as a result of their high unemployment rate and their inability to find jobs.

Chairman PROXMIRE. Table A-1, the number of teenagers in July rose slightly above last July. The number of unemployed was up quite a bit.

Mr. GOLDSTEIN. That is right, Mr. Chairman.

Chairman PROXMIRE. In the past year, average weekly earnings went up 4.8 percent. Consumer prices went up 4.5 percent from June to June. We do not have July yet, but it looks like in real terms, weekly earnings are just where they were a year ago. Is that right?

Mr. GOLDSTEIN. Just about.

Chairman PROXMIRE. This series measures earnings before taxes?

Mr. GOLDSTEIN. That series does, yes.

Chairman PROXMIRE. Well, if there had been tax increases, and there have been, social security went up in January, State and local taxes are going up, and real expendable earnings would be down this year; is that right?

Mr. GOLDSTEIN. Down slightly.

Chairman PROXMIRE. Again, this is not much of an indication of an economic recovery.

Mr. GOLDSTEIN. I take that back. It depends on what we get for July. The average weekly earnings were up 4.8 percent CPI, 4.5.

Chairman PROXMIRE. As I say, we do not have July figures. On the basis of what we have, it looks as if the real earnings, after taxes, are down. There is another indication that we are concerned about, the argument that we are in recovery. That is not characteristic of a recovery either, is it? What information do you have on changes in labor force participation by age groups? If you do not have it readily available, supply it for the record.

Mr. GOLDSTEIN. In general, the labor force participation has moved up slowly in this last year. Among men, there has been a slight decline in the labor force and among women there has been an arrest after a long-term increase. We can supply the figures later, Mr. Chairman. (The information follows:)

CIVILIAN LABOR FORCE PARTICIPATION RATES BY SEX, AGE, AND COLOR

Sex, age, and color	Quarterly averages, seasonally adjusted						Annual averages			
	1971		1970				1970	1969	1968	1967
	2d	1st	4th	3d	2d	1st				
TOTAL										
All persons, 16 years and over.....	60.0	60.2	60.5	60.3	60.4	60.6	60.4	60.1	59.6	59.6
Male:										
16 years and over.....	79.2	79.1	79.7	79.5	79.8	80.0	79.7	79.8	80.1	80.4
16 to 19 years.....	55.7	56.8	56.9	54.9	56.0	57.5	56.1	55.9	55.1	55.6
20 to 24 years.....	82.8	82.3	84.4	83.8	83.1	82.6	83.3	82.8	82.7	84.4
25 to 54 years.....	95.5	95.2	96.0	95.9	96.0	95.9	95.8	96.1	96.3	96.6
55 to 64 years.....	82.3	82.9	82.3	82.6	83.3	83.8	83.0	83.4	84.3	84.4
65 years and over.....	25.8	25.6	26.2	26.2	27.1	27.6	26.8	27.2	27.3	27.1
Female:										
16 and over.....	43.0	43.6	43.5	43.3	43.2	43.4	43.3	42.7	41.6	41.1
16 to 19 years.....	43.5	44.9	43.5	43.6	44.5	44.8	44.0	43.3	41.9	41.6
20 to 24 years.....	56.9	57.0	58.0	58.0	57.2	57.6	57.7	56.7	54.5	53.3
25 to 54 years.....	50.0	50.6	50.1	50.0	50.0	50.2	50.1	49.1	47.9	47.3
55 to 64 years.....	42.3	43.8	43.5	42.9	42.8	43.1	43.0	43.1	42.5	42.5
65 years and over.....	9.2	9.5	9.7	9.8	9.5	9.8	9.7	9.9	9.6	9.6
WHITE										
Male:										
16 years and over.....	79.7	79.6	80.1	79.8	80.2	80.3	80.0	80.2	80.4	80.6
16 to 19 years.....	57.3	58.5	58.9	56.3	57.1	58.6	57.5	56.8	55.9	56.3
20 years and over.....	82.4	82.1	82.7	82.7	83.0	82.9	82.3	83.0	83.2	83.5
Female:										
16 years and over.....	42.2	42.9	42.8	42.5	42.3	42.7	42.6	43.4	40.7	40.1
16 to 19 years.....	45.4	46.9	45.4	45.2	45.8	46.6	45.6	44.6	43.0	42.6
20 years and over.....	41.8	42.5	42.5	42.2	41.9	42.3	42.2	41.5	40.4	39.8
NEGRO AND OTHER RACES										
Male:										
16 years and over.....	74.6	75.4	76.0	76.6	76.4	77.4	76.5	76.9	77.6	78.5
16 to 19 years.....	43.8	46.0	45.8	45.2	48.1	51.2	47.3	49.6	49.6	51.1
20 years and over.....	79.8	80.4	81.0	81.9	81.1	81.7	81.4	81.4	82.2	82.9
Female:										
16 years and over.....	49.1	49.4	48.5	49.3	50.2	50.1	49.5	49.8	49.3	49.5
16 to 19 years.....	31.6	31.1	32.6	33.7	35.5	34.6	34.2	34.6	34.7	35.2
20 years and over.....	51.6	52.1	50.8	51.5	52.4	52.4	51.8	52.0	51.4	51.6

Chairman PROXMIRE. Senator Humphrey.

Senator HUMPHREY. Mr. Moore, when you were answering Senator Proxmire's question about payroll employment was up after November, some 300,000, isn't that primarily due to the ending of the auto strike?

Mr. MOORE. Yes, sir. The November figures were affected by the auto strike.

Senator HUMPHREY. So that really the payroll employment for the past 10 months, almost a year, has not gone up, and had a modest, slight decrease. Isn't that correct?

Mr. MOORE. I think I have the figures on that.

Senator HUMPHREY. Payroll employment I am thinking about.

Mr. MOORE. And they are included in the figures as they stand. But as I read them, I think the principal recovery from the auto strike came early in the year and there was further improvement in the figures up until May, and then we had a setback in June and July.

Senator HUMPHREY. Yes. Could you give us again the percentage increase in the CPI, the Consumer Price Index annual rates by quarters for the last four quarters.

Mr. MOORE. Beginning in the quarter ending in September 1970—

Senator HUMPHREY. That would be the third quarter.

Mr. MOORE. Third quarter of 1970, the figure is 4.5 percent. December 1970, 5.3 percent; March, 1971, 2.8 percent; June, 5.3 percent.

Senator HUMPHREY. Back to 5.3. Now, thank you for those figures. I wanted them for the record here.

General Motors, I heard this morning on the radio, has hiked its prices for its new models, somewhere in the figure of \$150-plus or more. What weight will these price increases have on Consumer Price Index next month or the following month?

Mr. MOORE. I will ask Mr. Popkin to answer that if he can.

Mr. POPKIN. We have just gotten word of these increases, Senator.

Senator HUMPHREY. What do they run by the way, to be more exact.

Mr. POPKIN. I am not so sure my memory is better at noon. I cannot recall. It seems like one company announced in the range of 4 percent, another in the range of 5 percent. Now, one of the things we have to take into account, first of all, is on which specific car increases are posted. Those figures are overall changes. Certain cars are in our samples for the Consumer Price Index, certain are sampled for the Wholesale Price Index. And then we go to another calculation which is to determine the extent of quality change between the 1972 and the 1971 model. In other words, part of the price may reflect quality change. It could go either way. We do not know until we look at the figures.

So exactly what that would translate into for the Consumer Price Index, I am not certain. I may know a little bit more, I think, in a week or so based on rough figures, but we would not have the quality adjustments until October when the 1972 models would be reflected in our index.

Senator HUMPHREY. What is your previous experience of price increases in autos and the effect on the Consumer Price Index? We have had these increases before and I have not noticed a tremendous improvement in quality. Did you ever have one of your fenders bumped lately? It is really something.

Mr. MOORE. I have, Senator.

Senator HUMPHREY. So have I.

Mr. MOORE. I agree.

Mr. POPKIN. Let me go back for a few years. Let me take the December to December figure rather than October to October figure because we phase these cars over time. We take into account the fact last year's model is still in the showroom. So the full effect will get pulled in somewhere in November and December.

In December 1970, new car prices were 6.7 percent above December of 1969. In December of 1969, they were 2.1 percent above December of 1968; in December of 1968, they were 1.4 percent above December of 1967; and in December of 1967, they were 2.8 percent above December of 1966.

Senator HUMPHREY. How does that affect the overall Consumer Price Index? What does it do to it?

Mr. POPKIN. The weight for autos is, I think, somewhere in the order of 5 percent.

I am not quite sure on this one. If it was 5 percent, and there was a 5-percent increase, the effect on the index would be 0.25.

Senator HUMPHREY. So if we added 0.25 coming on up, what was the most recent Consumer Price Index figure, 4. what, for this month of July?

Mr. POPKIN. The seasonally adjusted increase in July was five-tenths of 1 percent. Again, I want to make the point that 0.25 has no adjustment for any quality change that takes place.

Senator HUMPHREY. I understand that.

What effect will the increase in steel prices have on the overall increase in the consumer price and wholesale price index?

Mr. POPKIN. The increases announced on the steel prices will have an effect of three-tenths of 1 percent on the industrial component of the wholesale price index. That is, given the weight of steel among industries, there will be a three-tenths increase, provided that prices are reported when the companies have indicated they will be reported. These are price increases that have been announced. Some do not go into effect until December. And, according to our calculations, there would be about two-tenths in August, and one-tenth in December.

Senator HUMPHREY. So we have two factors here that indicate some rise in Consumer Price Index. Of course, there could be other things that would lower it. Do you have any indication as to what is going to happen to fuel prices?

Mr. POPKIN. No, sir. I was looking at that just this morning. I noted that fuel prices were rising sharply last winter and they have slowed considerably in the last several months.

Senator HUMPHREY. But they are still rising; aren't they?

Mr. POPKIN. Yes, they are still increasing, but they slowed markedly.

Senator HUMPHREY. But even though they slowed, they still tend to increase the current Consumer Price Index; isn't that the fact?

Mr. POPKIN. That is right.

Senator HUMPHREY. What has happened to electrical rates?

Mr. POPKIN. In June, electric rates rose five-tenths of 1 percent. They were 7.4 percent above June of 1970.

Senator HUMPHREY. There are a number of implications as we know almost every State commission has asked for an increase in utility rates. Isn't that correct?

Mr. POPKIN. I understand that there are rate increases pending.

Senator HUMPHREY. Substantial increases. Do you have any indication of what transportation rates will be like?

Mr. POPKIN. No, sir; I don't. I can provide some history on it, but I have no—

Senator HUMPHREY. Is there any indication that they are going down?

Mr. POPKIN. Transportation rates?

Senator HUMPHREY. Yes; rail, bus, trucks, air?

Mr. POPKIN. There certainly has not been a decrease in those rates for some time, sir. In fact, that is one component of the Consumer Price Index that has gone up the fastest.

Senator HUMPHREY. On medical costs, how do you factor in medical costs in the Consumer Price Index?

Mr. POPKIN. Well, medical care services which are really the labor part of medical care, these exclude pills and things like that—

Senator HUMPHREY. Excluding pharmaceuticals.

Mr. POPKIN. Medical care services up five-tenths of 1 percent in July; 7.7 percent over a year ago. If you take into account the total medical care components, that will show four-tenths of 1 percent, up 6.7 percent from a year ago.

Senator HUMPHREY. I listened to the same radio broadcast this morning that in the next five years they contemplate an increase of 50 percent in medical costs. What is the percentage effect of a sharp rise, let us say, for example, medical costs go up next year 10 percent, which would not be beyond possibilities, what would be the percentage effect on the Consumer Price Index?

Mr. POPKIN. I did not bring the weight sheet here—

Senator HUMPHREY. Just approximately.

Mr. POPKIN. But I can figure that for you. Ten percent? Five-tenths of 1 percent on the total CPI.

Senator HUMPHREY. Five-tenths of 1 percent on the total CPI?

Mr. POPKIN. I think it has a weight, if my calculations are correct, of about that.

Senator HUMPHREY. I think there is every indication that those costs will approximate between 7 and 10, from what studies have been made in other committees here in the Congress over the coming year. That would be inclusive, I should say, of prescription drugs, appliances, and so forth. Inclusive.

Mr. POPKIN. Inclusive?

Senator HUMPHREY. Yes. If we have fuel, electricity, transport, steel, cars, and medical costs, we have quite a few items that are going up. Do you see much hope for a drop in the Consumer Price Index? I know you are not supposed to be a prophet, but let us just look at it as a consumer for a minute.

Mr. POPKIN. You say drop. You mean in absolute terms?

Senator HUMPHREY. Yes, I mean, is it going to recede, is it going to stand where it is, or is it going to go up?

Mr. POPKIN. Well, I guess I have to say looking back in the history of the absolute level of consumer prices, it has dropped only infrequently in the post-World War II period. Usually, what you are talking about is the rate of increase, is it slow or faster, and that involves a forecast of that rate— any change in that rate of increase is something I am not prepared to give.

Senator HUMPHREY. I think it would be very interesting—I know that it is hard to make forecasts with any degree of absolute accuracy, but when I have looked over the picture of the three components—rent, there is no indication that money rental is going down; interest rates are going up; lumber has gone up considerably, has it not?

Mr. POPKIN. Yes, sir.

Senator HUMPHREY. As a factor in housing costs. The cost of money has gone up. Construction labor costs have gone up. Everything you touch that relates to homebuilding has gone up. And if your fuel costs go up, your transport goes up, if your electrical energy goes up, postage rates are going up—

Mr. POPKIN. The increase from 6 to 8 cents was reflected last month. So that one is behind us.

Senator HUMPHREY. That one is behind us. Thank goodness. I have a feeling we are in for some more trouble.

Chairman PROXMIER. Would the Senator yield at that point?

Senator HUMPHREY. Yes.

Chairman PROXMIER. When the Senator had to leave to go to roll-call, he was getting on the other element, that he may be about to get to now, and I would like to point out, food prices, while farm prices may have dropped in the industrial, or rather in the Wholesale Price Index, but I have in my hand here the economic indicators, and they show that farm parity now is down to 70. You have to go back to a year—it is right off the chart, you find it was down that low before.

It seems to me with all of the items the farmer pays going up—interest, taxes, wage rates, and so forth—with all of these living items going up, that just inevitably the price he gets is going to have to go up and, therefore, food prices have to rise. And the Senator from Minnesota has done such a good job covering the whole waterfront, except for food, I do not want to jump the gun on him, but it just seems to me there is nothing except a clear, almost certainty, that prices are going to continue to rise perhaps at a greater rate than they have over the past year or so.

Mr. MOORE. Mr. Chairman, I was going to point out in line with what Mr. Popkin said about an absolute decline in the Consumer Price Index, a sustained, fairly substantial decline, really has happened only once in the postwar period and that was in the recession of 1949. I trust that we do not want a repetition of that.

Senator HUMPHREY. I think what we are dealing with here is the rate of increase.

Mr. MOORE. The rate of increase has declined on many occasions.

Senator HUMPHREY. The rate of increase has declined but the increase is still there.

Mr. MOORE. The increase is still there.

Senator HUMPHREY. It is a question of whether the rate increase of 20 percent, 15, 5, 4, or what increase is just continued. I have tried to figure out all of the component parts of the price index and the rating you give to each part as it relates to the ordinary family, and what you find, of course, is he has to rent, he needs credit, he has to have fuel, he needs electricity, he needs medical care, he needs food, he needs a car. Those are things that he just has got to have. He has got to have clothing. And what I am trying to get at is I have yet to see any indication that the vital necessities of life seems to be showing either price stability or any price decline.

Surely, in manufactured products and in services, services are incredible, which I do not know how you weigh those in, but you get your TV repaired, you have got to have—the disposal unit repaired, you get any of these things repaired—but it is sheer, outright murder, isn't it?

Mr. MOORE. Well, I agree we have had a very serious inflation problem, and I think it is still serious and I have indicated that in my statement.

Senator HUMPHREY. There are two industries you have here—if the chairman will bear with me, I will get to the farm thing, I won't take too long—with the components of the two indexes explained by wholesale prices of farm products dropped 2.2 percent in 1 month's time, and during that same month when the wholesale prices of food and feed processed from these products rose by 1 percent.

In reality, this is a shift of 3 percent in 1 month, or an annual shift of 36 percent. Now, if this kind of thing kept up very long, we would have some pretty serious problems.

What components in the two indexes caused this wide discrepancy between the change in farm prices and the change in prices of processed food and feed? Farm prices dropped 2.2; the other goes up 1.

Mr. POPKIN. Yes. Lower prices for fresh fruit and vegetables, fresh fruits and grains and fresh eggs caused a drop in the farm products index. Also, in that index, hogs, live poultry, oil, feeds and food, milk, were higher. The processed food and feeds index rose principally as a result of increases for meats, processed poultry, fats and oils, and fish. These were all processed counterparts of some of the livestock elements that are in farm products.

Mr. MOORE. The point is you are not talking about the same commodities.

Senator HUMPHREY. We are not talking about the same items, of course. But, again, I always am concerned about the respective weight here. I mean, what are the items again that dropped? I had a list of those for some reason or other.

Mr. POPKIN. Among farm products, fresh and dried vegetables, fresh fruits, grains, and fresh eggs.

Senator HUMPHREY. What happened to the price of poultry during this time; do you remember? Because I noticed you said poultry went up, processed poultry as you call it.

Mr. POPKIN. Yes, sir. In the Wholesale Price Index, goods are priced at every stage in the transportation process. Every time they change physically, they are priced again.

Senator HUMPHREY. I see.

Mr. POPKIN. Processed poultry was up about 9 percent this month and 13 percent over the year. So you get 9 percent of the 13 percent occurring in this 1 month.

Senator HUMPHREY. In this 1 month?

Mr. POPKIN. It might have declined in the interim.

Senator HUMPHREY. What do you think happened to the price of chicken on the farm?

Mr. POPKIN. Well, I do have a price for live poultry.

Senator HUMPHREY. Live poultry?

Mr. POPKIN. Those prices went up 12 percent and are up 21 percent over a year ago.

Senator HUMPHREY. And the processed went up—what was the total amount?

Mr. POPKIN. Thirteen percent. Usually the amount of fluctuation in these price indexes diminishes as you move from the crude, the raw material stage to the finished.

Senator HUMPHREY. This is something on which I have never quite had the statistical information. I am really asking you this, primarily, for purposes of education, because when you are out visiting with people they always are bringing up this question. Of course, when it comes to eggs, I remember I was having an argument with a young academician a long time ago. I was telling him in St. Cloud, Minn., eggs, grade A, were 19 cents a dozen, and I picked them up at the Safeway store for 69 cents. He said, "Well, you have to consider the factor of processing." I said, "Well, the hen has done all of that."

One of the most scandalous things in this country is what happens in the egg market, I might add, between the price the farmer gets and what you pay when it finally gets to the market.

With farm prices going down and feed prices going up, can you give us some idea what is liable to happen in the income of livestock, hogs, poultry, eggs, and milk producers, or is this out of your category?

Mr. POPKIN. It is beyond my ken.

Senator HUMPHREY. This brings up the question I want to ask you. What liaison do your statisticians have with the statisticians of the research services of the Department of Agriculture with respect to their indexes of prices paid by farmers, prices received by farmers? And if you have any, what do you find out is the relationship between the two latter indexes and the two that were published to date?

Mr. POPKIN. There is cooperation in the spreading of the workload in the collection of these prices. I think the Bureau of Labor Statistics helps the Agriculture Department out in retail stores, where we have experience in doing pricing, and they collect various processed and farm prices. I have not really studied gross margins. I do not think I could explain, give you an answer to your question on them.

Senator HUMPHREY. I am not prepared to really make a critique here, but one thing I feel is so important is to get more information on the relationship of farm prices and the price that gets into that consumer's take-home basket, that market basket. I say this because there is a lack of understanding in this country which is primarily due to the failure of, I think, accurate and extensive information of what the relationship is of real farm prices to what the worker or the professional man or the school teacher pays for food products. As a matter of fact, I see my friends of the press over here. You cannot hardly get the word "farm" in the newspaper. I am going to keep at this for a while until we get somebody angry enough to do something about it.

You have to search the New York Times with a microscope to find anything about agriculture. Of course, it is a great national newspaper, it ought to have something about it. In the Washington Post, it does not know about it at all. If it does, it keeps it a dark secret.

Until we start to get accurate information and adequate information, I should say, about the relationship between what the farmer gets for what he sells and what you and I pay for what we buy, we are not going to have any decent appreciation at all of the economic problems of agriculture.

I have a feeling that when this Consumer Price Index comes out that everybody sort of lifts their hands with joy when food prices go down, and what it really means is that these prices that Mr. Farmer gets may have gone down a whole lot more, and we are literally rubbing out thousands of people. I wish we gave as much attention to the farm casualties as we do the Vietnam casualties.

And when I stop to think, Mr. Chairman, the rate of farm foreclosures is four times higher than the 10-year average right now. And I bet that has not been said in Washington, D.C., for a long time, because they do not even think about farmers around here. I think that it is something to be worried about. What I think is happening is that when steel prices go up and car prices go up and energy prices go up, somebody looks around to see—oh, one of those poor farmers has taken a little more licking. If they get just a little less for their pork, their eggs, and their beef, wouldn't it be too bad if we had to pay more for a car.

I do not make cars and I do not represent any car makers. In my State we have one plant. But I represent a lot of farmers, and I am going to talk up for them. And I want more information from the Bureau of Labor Statistics as a member of this Committee on Agricultural Matters and the relationship of these indices to what a farmer gets, to the whole system of processing, all of the way up the line, including profits that processors make as well as profits that farmers make. I think we are getting a raw deal in agriculture.

I have been talking about this around here and I am going to keep at it. We have had a dozen economists around here, and with one or two exceptions, not one of them has come in with any information on the agricultural economy. They all like to talk about steel, utilities, transports, and the whole crowd would starve to death in a month if Mr. Farmer did what some other people do—just got out.

Yes, sir.

Mr. MOORE. Senator, I recall a publication of the Bureau of Labor Statistics that I happened to write and publish a few months ago, in which I made the observation which I think is agreeing with yours, that I did not believe the average consumer in this country—thinking about the behavior of the Consumer Price Index—realized what an important effect on that index farm prices have. In the study that I was making of the history of the behavior of the Consumer Price Index, that particular point was brought home to me very strongly. And I made the observation in the publication.

But I agree, sir, about the question and the problem about the relationship of prices at different stages or production, starting with the farmer, and what he gets for his products and going on to the distributor and retailer is a very important question, and I think we should be studying that relationship very much more thoroughly.

Senator HUMPHREY. I thank you.

I appreciate your listening to me. When I saw that 2.2 drop again and I know this is one of the things that kind of kept the price index from getting way out of joint, so to speak, it bothered me. Because really what it means is, you know, the steel companies just announced one day steel is going up 8 percent. What do you think would happen if the farmers just announced that? First of all, they just cannot do it because there are so many producers. They just add it on, that is all.

Mr. Chairman, I am through.

Chairman PROXMIRE. Thank you very much, Senator Humphrey. I think it is most helpful calling attention to the farm situation. We have had much too little analysis of this.

I notice in the economic report, there are two pages out of 190 that deals with the farm economic problem.

Senator HUMPHREY. It is a \$55 billion industry, a big industry. It makes General Motors look like a popcorn stand. But we go around here worrying about General Motors all of the time, and do not bother about the beef industry or hog industry or egg industry in this country.

Chairman PROXMIRE. I would like to ask just one other question of Mr. Moore.

You refer repeatedly in your statement and in your responses to questions about our being in the early stages of recovery. It seems to me this is getting to be a pretty old recovery, if it is a recovery. If it started in November, this is the 10th month. How long does the baby stay in the crib? It is like referring to one of us older Senators as a young man. We like to hear it—

Senator HUMPHREY. Now, don't bring that up. You can overdo these analogies, you know.

Mr. MOORE. I just became a grandfather myself 2 months ago and that baby is still in the crib.

Chairman PROXMIRE (continuing). Don't you think if this is a recovery in the 10th month, we should recognize it as being along the way? Maybe it is not a recovery. You talk about it being in the early stages of recovery.

Mr. MOORE. Well, it is partly a matter of degree, certainly. It is getting older every day. And in referring to early stages, I was looking back, you know, several months and what has been the trend, say, of the average workweek over that period of 6 or 7 months.

Fortunately, it is true that recovery or expansion periods last a good deal longer than 6 or 7 months. In the case of total employment, as I pointed out in my statement, in one sort of statistical sense, the recovery stage is completed, since total employment has risen to the level from which it began to decline in 1970. But that does not complete the process as far as a lot of other things are concerned, particularly unemployment.

Chairman PROXMIRE. That is a very disappointing thing in a growing country with a growing population, with a situation with respect to the age of our population having more people in the working ages. It seems to me if that is the best we can do, we are in serious trouble.

Mr. MOORE. It is not the best we can do, but first things come first, and the first thing that happens in these recovery periods is to get back to where you started from, and then you go beyond that.

Chairman PROXMIRE. I hope we do go beyond it.

Thank you very, very much gentlemen. You have been most helpful. The committee will stand adjourned.

(Whereupon, at 1:15 p.m., the committee adjourned, subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, SEPTEMBER 3, 1971¹

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senator Proxmire and Representative Brown.

Also present: James W. Knowles, director of research; Loughlin F. McHugh, senior economist; Richard F. Kaufman and Courtenay M. Slater, economists; Jerry J. Jasinowski, research economist; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig, economist for the minority.

Chairman PROXMIRE. Now our time has come once again for us to hear from the distinguished Commissioner of Labor Statistics, Geoffrey Moore, and Harold Goldstein, Assistant Commissioner of Labor Statistics, and I am hopeful that Mr. Moore brought a price man along.

I understand our staff requested that, and if you have a price expert, I hope you will introduce him to the committee, Mr. Moore.

We know, of course, Mr. Moore, that you yourself are an outstanding expert in the area of prices and I am sure you can speak on that, too. I see you have brought more than one.

Mr. MOORE. I seem to have more backing than usual.

Chairman PROXMIRE. If you will introduce the other witnesses for the record and then proceed with your statement.

**TESTIMONY OF HON. GEOFFREY H. MOORE, COMMISSIONER,
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS; HOWARD STAMBLER, OFFICE OF MANPOWER AND EMPLOYMENT STATISTICS; JOSEPH A. CLORETY, JR., AND JOHN LAYNG, OFFICE OF PRICES AND LIVING CONDITIONS**

Mr. MOORE. This is Mr. Harold Goldstein, Assistant Commissioner for Manpower and Employment Statistics; and Mr. Joseph Clorety, Office of Prices. On my left, Mr. Stambler of the Employment Office

¹This hearing day was held in conjunction with the hearing day of Sept. 3, 1971, before the Joint Economic Committee, entitled "The President's New Economic Program," pt. 2, Aug. 30 and 31; Sept. 1 and 3, 1971.

and on his left is John Layng of the Office of Prices; so, on the two ends, we have price experts, and in the middle, employment experts. And I am the jack-of-all-trades.

Mr. Chairman, I do not have any prepared statement. I do have, of course, the press release which was issued at 9:30 this morning, and I think I would like to have that placed in the record if I may.

Chairman PROXMIRE. Yes; without objection, that press release will be printed in full in the record at this point.

(The full text of the press release referred to above follows:)

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-489, Sept. 3, 1971]

THE EMPLOYMENT SITUATION: AUGUST 1971

Total employment and unemployment rose in August, as the labor force increased sharply, after allowance for the usual seasonal changes, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The unemployment rate rose from 5.8 percent in July to 6.1 percent in August.¹

The 260,000 gain in total employment (seasonally adjusted) brought the number at work to an alltime high. The August rise occurred almost entirely among adult women. The increase in unemployment, on the other hand, occurred largely among adult men and teenage boys. A curtailment in production in the steel industry was the principal factor in the rise in adult male unemployment.

Nonagricultural payroll employment remained essentially unchanged in August, with gains in several service-producing industries being offset by small declines in manufacturing and construction.

UNEMPLOYMENT

There were 5.1 million unemployed persons in August. After allowance for the usual July-to-August change, unemployment showed an over-the-month increase of 230,000. This raised the seasonally adjusted unemployment rate from 5.8 to 6.1 percent. Increased joblessness occurred among both full- and part-time workers.

The jobless rate for all adult men, who accounted for about half of the rise in the number of unemployed, edged up from 4.3 to 4.5 percent between July and August, returning to the peak levels reached in late 1970 and in the spring of 1971. The principal factor in the increase was the drop in steel production. The jobless rate for married men, at 3.2 percent, remained essentially unchanged over the month.

The unemployment rate for adult women, at 5.8 percent, showed little change from the previous month; it has hovered around this level since last fall. The rate for teenagers, at 17.0 percent in August, also was not significantly changed from the July level.

The over-the-month increase in unemployment occurred entirely among white workers. Their rate advanced from 5.3 percent in July to 5.6 percent in August. The rate for Negroes (9.8 percent) showed little change from the previous month.

¹The reference week for the August data discussed in this release was the week of August 8-14, prior to the President's economic policy announcement of August 15.

TABLE A.—HIGHLIGHTS OF THE EMPLOYMENT SITUATION, AUGUST 1971 AND SELECTED PERIODS (SEASONALLY ADJUSTED)

Selected categories	August 1971	July 1971	2d quarter, 1971	1st quarter, 1971	4th quarter, 1970	3rd quarter, 1970
Millions of persons						
Civilian labor force.....	84.3	83.8	83.7	83.6	83.5	82.8
Total employment.....	79.2	78.9	78.7	78.6	78.6	78.5
Unemployment.....	5.1	4.9	5.0	5.0	4.9	4.3
Percent of labor force						
Unemployment rates:						
All workers.....	6.1	5.8	6.0	5.9	5.9	5.2
Adult men.....	4.5	4.3	4.4	4.3	4.3	3.8
Adult women.....	5.8	5.7	5.8	5.7	5.5	4.9
Teenagers.....	17.0	16.2	16.8	17.4	17.5	15.5
White.....	5.6	5.3	5.5	5.5	5.4	4.8
Negro and other races.....	9.8	10.1	9.9	9.5	9.2	8.5
Married men.....	3.2	3.1	3.2	3.2	3.2	2.8
Full-time workers.....	5.5	5.3	5.5	5.5	5.5	4.7
State insured.....	4.2	3.9	4.2	3.8	4.4	3.8
Millions of persons						
Nonfarm payroll employment.....	70.6	70.6	70.7	70.4	70.1	70.5
Goods producing.....	22.3	22.4	22.5	22.5	22.6	23.2
Service producing.....	48.2	48.2	48.1	47.9	47.6	47.3
Hours of work						
Average weekly hours:						
Total private nonfarm.....	37.0	36.9	37.0	36.9	36.9	37.0
Manufacturing.....	39.9	40.0	39.9	39.8	39.5	39.7
Manufacturing overtime.....	2.8	2.9	2.9	2.8	2.7	2.9

Note: Payroll employment and hours figures for latest 2 months are preliminary.

Source: Tables A-1, A-3, B-1, B-2.

A rise in the blue-collar unemployment rate, from 7.1 percent in July to 7.6 percent in August, appears to stem largely from developments in the steel industry. An increase from 3.9 to 4.2 percent in the jobless rate for workers covered by State unemployment insurance programs was also attributable largely to the same factor.

The bulk of the August rise in joblessness stemmed from job loss (rather than from the entry or re-entry of jobseekers into the labor force). The increase resulted in a rise in the number of workers unemployed less than 5 weeks but had little effect on the average duration of unemployment. At 11.5 weeks, seasonally adjusted, the average duration of unemployment was unchanged from July; it has remained above 11.0 weeks since May.

LABOR FORCE AND TOTAL EMPLOYMENT

The Nation's civilian labor force increased by 500,000 in August and attained an alltime high of 84.3 million (seasonally adjusted). About two-thirds of the August increase was among adult women.

Total employment posted a seasonally adjusted gain of about 260,000, also reaching an alltime high. The over-the-month increase was largely among part-time workers.

Over the year ending in August, the civilian labor force has expanded by 1.6 million, while employment has risen 700,000. More than one-third of the civilian labor force gain has been accounted for by men in the 20-to-24 age group, many of whom entered the job market upon separation from the Armed Forces.

VIETNAM ERA VETERANS

About 3.9 million Vietnam Era veterans 20 to 29 years old were in the civilian labor force in August 1971, an increase of 560,000 over the year (data not seasonally adjusted; see table A-7). Since last August, the number of employed veterans has increased by about 440,000, to 3.5 million. A total of 320,000 veterans were unemployed this August, about the same number as in July but nearly 120,000 more than a year ago.

The unemployment rate for 20-29 year old veterans was 8.4 percent in August, about the same as a month earlier but significantly higher than the rate for last August (6.2 percent). The jobless rate for nonveterans 20 to 29 years, at 7.0 percent in August, was below that of veterans and has risen less than the rate for veterans over the year.

INDUSTRY PAYROLL EMPLOYMENT

Nonagricultural payroll employment was unchanged between July and August, at 70.6 million, seasonally adjusted. Small employment gains in trade and State and local government were offset by declines in manufacturing and contract construction. Since May, payroll employment has declined 220,000, erasing the gains made earlier in the year.

Manufacturing employment was down 30,000 in August, seasonally adjusted, the third straight monthly reduction. The drop brought factory employment to its lowest level in nearly 6 years. The over-the-month decline resulted from a 45,000 drop in primary metals, as employment in the other manufacturing industries was little changed over the month. The decline in the primary metals industry stemmed from the curtailment in steel production; since May, employment in this industry has fallen by 90,000.

In contract construction, employment edged down in August for the fourth consecutive month (by 15,000, seasonally adjusted). Employment in this industry was 100,000 below last August and 260,000 below the alltime high reached in December 1969. In mining, a small job gain resulted from the net return to payrolls of workers who had been on strike in the copper industry.

Employment increases in trade (35,000, seasonally adjusted) and State and local government (25,000) were partially offset by declines in other service-producing industries. The largest drop among these industries occurred in transportation and public utilities (25,000), due largely to new strike activity in the industry.

HOURS OF WORK

The average workweek for all rank-and-file workers on private nonagricultural payrolls edged up by 0.1 hour in August to 37.0 hours, seasonally adjusted. Average hours of work have been either 36.9 or 37.0 hours for 11 straight months.

The small rise in the nonfarm workweek resulted mainly from a large increase in average hours worked in transportation and public utilities (1.5 hours, seasonally adjusted). This reflected a return to normal work schedules in the telephone industry, where striking employees had worked only part of the reference week in July.

In manufacturing, the average workweek was 39.9 hours (seasonally adjusted), down 0.1 hour from July but within the narrow range of 39.8-40.0 hours that has prevailed since January. The August change mainly reflected a sharp drop in primary metals (0.8 hour). In most other manufacturing industries, the average workweek moved up over the month. Since January, average weekly hours have risen in 15 of the 21 manufacturing industries.

Factory overtime hours dropped 0.1 hour to 2.8 hours, seasonally adjusted, in August. Overtime hours have moved between 2.8 and 3.0 hours since January.

EARNINGS

Average hourly earnings of rank-and-file workers on private nonagricultural payrolls were \$3.44 in August, up 2 cents from July. Compared with a year ago, average hourly earnings were up 19 cents or 5.8 percent.

Average weekly earnings increased by \$1.43 over the month to \$129.00, as a result of increases in both the workweek and hourly earnings. Compared with August 1970, average weekly earnings were up by \$6.80, or 5.6 percent. During the latest 12-month period for which Consumer Price Index are available—July 1970 to July 1971—the index rose 4.4 percent.

(This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on payroll employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication *Employment and Earnings*.)

(Beginning with this release, the regular annual adjustment of the payroll employment, hours, and earnings data to new benchmarks (comprehensive counts of employment) and the adjustment of the data based on new seasonal factors

are being introduced. The September 1971 issue of *Employment and Earnings* contains a discussion of the effects of the revision and also provides revised historical data and new seasonal adjustment factors.)

TABLE 1-A.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION BY SEX AND AGE
[In thousands]

Employment status, age, and sex	August 1971	July 1971	August 1970	Seasonally adjusted				
				August 1971	July 1971	June 1971	May 1971	April 1971
TOTAL								
Total labor force.....	88,453	88,808	87,248	87,087	86,626	85,948	87,028	86,665
Civilian labor force.....	85,678	86,011	84,115	84,312	83,829	83,132	84,178	83,783
Employed.....	80,618	80,681	79,894	79,197	78,941	78,443	78,961	78,698
Agriculture.....	3,764	3,971	3,782	3,415	3,367	3,294	3,458	3,558
Nonagricultural industries.....	76,853	76,710	76,112	75,782	75,574	75,149	75,503	75,140
On part time for economic reasons.....	3,014	3,033	2,697	2,469	2,450	2,176	2,504	2,494
Usually work full time.....	1,262	1,094	1,390	1,173	1,134	990	1,219	1,309
Usually work part time.....	1,752	1,939	1,307	1,296	1,316	1,186	1,285	1,185
Unemployed.....	5,061	5,330	4,220	5,115	4,888	4,689	5,217	5,085
MEN, 20 YEARS AND OVER								
Civilian labor force.....	48,454	48,393	47,652	48,074	47,956	47,789	47,893	47,703
Employed.....	46,465	46,410	46,030	45,903	45,888	45,765	45,737	45,625
Agriculture.....	2,556	2,633	2,614	2,472	2,458	2,426	2,460	2,476
Nonagricultural industries.....	43,909	43,777	43,416	43,431	43,430	43,339	43,277	43,149
Unemployed.....	1,989	1,938	1,622	2,171	2,068	2,024	2,156	2,078
WOMEN, 20 YEARS AND OVER								
Civilian labor force.....	28,154	27,852	27,690	28,859	28,525	28,386	28,586	28,489
Employed.....	26,355	26,232	26,229	27,172	26,897	26,818	26,857	26,791
Agriculture.....	605	669	581	543	516	510	539	583
Nonagricultural industries.....	25,750	25,563	25,648	26,629	26,381	26,308	26,318	26,208
Unemployed.....	1,800	1,620	1,461	1,687	1,628	1,568	1,729	1,698
BOTH SEXES, 16 TO 19 YEARS								
Civilian labor force.....	9,070	9,766	8,772	7,379	7,348	6,957	7,699	7,591
Employed.....	7,798	8,039	7,635	6,122	6,156	5,860	6,367	6,282
Agriculture.....	604	669	587	400	393	358	459	499
Nonagricultural industries.....	7,194	7,370	7,048	5,722	5,763	5,502	5,908	5,783
Unemployed.....	1,272	1,727	1,137	1,257	1,192	1,097	1,332	1,309

TABLE A-2.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE BY SEX AND AGE
[Numbers in thousands]

Full- and part-time, employment status, sex, and age	August 1971	August 1970	Seasonably adjusted					
			August 1971	July 1971	June 1971	May 1971	April 1971	August 1970
FULL TIME								
Total, 16 years and over:								
Civilian labor force.....	75,817	74,610	62,233	72,006	71,309	72,338	71,810	71,084
Employed.....	71,715	71,169	68,243	68,161	67,564	68,156	67,896	67,754
Unemployed.....	4,102	3,441	3,990	3,845	3,745	4,182	3,914	3,330
Unemployment rate.....	5.4	4.6	5.5	5.3	5.3	5.8	5.5	4.7
Men, 20 years and over:								
Civilian labor force.....	46,416	45,702	45,697	45,738	45,479	45,619	45,326	44,958
Employed.....	44,542	44,206	43,669	43,819	43,598	43,652	43,434	43,339
Unemployed.....	1,874	1,496	2,028	1,919	1,881	1,967	1,892	1,619
Unemployment rate.....	4.0	3.3	4.4	4.2	4.1	4.3	4.2	3.6
Women, 20 years and over:								
Civilian labor force.....	22,782	22,469	22,620	22,315	22,278	22,493	22,448	22,328
Employed.....	21,360	21,266	21,339	21,049	21,023	21,039	21,130	21,245
Unemployed.....	1,422	1,202	1,281	1,266	1,255	1,454	1,318	1,083
Unemployment rate.....	6.2	5.4	5.7	5.7	5.6	6.5	5.9	4.9
PART TIME								
Total, 16 years and over:								
Civilian labor force.....	9,861	9,504	12,222	11,960	12,012	11,731	11,853	11,793
Employed.....	8,902	8,725	11,089	10,924	11,095	10,650	10,739	10,866
Unemployed.....	959	779	1,133	1,036	917	1,081	1,114	927
Unemployment rate.....	9.7	8.2	9.3	8.7	7.6	9.2	9.4	7.9

Note: Persons on part-time schedules for economic reasons are included in the full-time employed category; unemployed persons are allocated by whether seeking full- or part-time work.

TABLE A-3.—MAJOR UNEMPLOYMENT INDICATORS (PERSONS 16 YEARS AND OVER)

Selected categories	Thousands of persons unemployed		Seasonally adjusted rates of unemployment					
	August 1971	August 1970	August 1971	July 1971	June 1971	May 1971	April 1971	August 1970
	Total (all civilian workers).....	5,061	4,220	6.1	5.8	5.6	6.2	6.1
Men, 20 years and over.....	1,989	1,622	4.5	4.3	4.2	4.5	4.4	3.7
Women, 20 years and over.....	1,800	1,461	5.8	5.7	5.5	6.0	6.0	4.8
Both sexes, 16 to 19 years.....	1,272	1,137	17.0	16.2	15.8	17.3	17.2	15.8
White.....	4,104	3,407	5.6	5.3	5.2	5.7	5.6	4.8
Negro and other races.....	956	814	9.8	10.1	9.4	10.5	10.0	8.4
Married men.....	1,162	1,006	3.2	3.1	3.1	3.3	3.1	2.8
Full-time workers.....	4,102	3,441	5.5	5.3	5.3	5.8	5.5	4.7
Part-time workers.....	959	779	9.3	8.7	7.6	9.2	9.4	7.9
Unemployed 15 weeks and over ¹	1,074	598	1.5	1.6	1.4	1.4	1.3	.9
State insured ²	1,987	1,748	4.2	3.9	4.4	4.2	3.9	3.7
Labor force time lost ³			6.5	6.3	5.6	6.8	6.4	5.5
OCCUPATION⁴								
White-collar workers.....	1,487	1,141	3.5	3.6	3.1	3.7	3.8	2.8
Professional and technical.....	48	282	3.1	2.8	2.1	3.2	3.3	1.9
Managers, officials, and proprietors.....	130	118	1.4	1.8	1.7	1.5	1.6	1.3
Clerical workers.....	703	565	4.8	5.0	4.6	4.8	5.2	3.9
Salesworkers.....	206	177	4.5	4.7	3.9	5.5	4.5	4.0
Blue-collar workers.....	1,990	1,863	7.6	7.1	7.0	7.5	7.4	6.9
Craftsmen and foremen.....	463	365	5.5	5.3	3.9	4.1	4.5	4.4
Operators.....	1,113	1,121	8.3	8.0	8.1	8.8	8.6	7.8
Nonfarm laborers.....	414	377	10.5	9.1	11.2	11.5	10.2	10.1
Service workers.....	755	564	6.6	6.6	6.2	6.4	6.3	5.5
Farmworkers.....	87	82	2.8	2.8	2.2	1.9	1.8	2.6
INDUSTRY⁴								
Nonagricultural private wage and salary workers ⁵	3,650	3,177	6.2	6.1	6.0	6.5	6.3	5.5
Construction.....	301	324	10.2	9.6	10.4	11.2	9.6	11.8
Manufacturing.....	1,394	1,237	6.9	6.6	6.5	6.9	7.0	5.8
Durable goods.....	853	760	6.8	6.5	6.9	7.2	7.5	5.7
Nondurable goods.....	541	478	7.0	6.7	6.0	6.4	6.3	5.9
Transportation and public utilities.....	138	142	3.1	3.0	3.3	4.4	4.0	3.1
Wholesale and retail trade.....	884	715	6.2	6.4	6.5	6.9	6.5	5.5
Finance and service industries.....	907	734	5.4	5.4	4.7	5.1	5.3	4.4
Government wage and salary workers.....	491	328	3.1	2.9	2.5	3.0	2.8	2.2
Agricultural wage and salary workers.....	109	95	9.4	8.3	5.7	7.5	6.1	8.0

¹ Unemployment rate calculated as a percent of civilian labor force.² Insured unemployment under State programs—unemployment rate calculated as a percent of average covered employment.³ Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.⁴ Unemployment by occupation includes all experienced unemployed persons, whereas that by industry covers only unemployed wage and salary workers.⁵ Includes mining, not shown separately.

TABLE A-4.—UNEMPLOYED PERSONS 16 YEARS AND OVER BY DURATION OF UNEMPLOYMENT

(In thousands)

Duration of unemployment	Seasonally adjusted							
	August 1971	August 1970	August 1971	July 1971	June 1971	May 1971	April 1971	August 1970
Less than 5 weeks.....	2,294	2,144	2,372	2,112	2,040	2,276	2,276	2,217
5 to 14 weeks.....	1,693	1,478	1,535	1,532	1,574	1,519	1,560	1,340
15 weeks and over.....	1,074	598	1,305	1,311	1,173	1,202	1,071	727
15 to 26 weeks.....	527	349	752	747	609	622	641	475
27 weeks and over.....	547	249	553	564	564	580	430	252
Average (mean) duration, in weeks.....	11.2	8.6	11.5	11.6	12.7	11.5	10.9	8.8

TABLE A-5.—UNEMPLOYED PERSONS, BY REASON FOR UNEMPLOYMENT
[Numbers in thousands]

Reason for unemployment	August 1971	August 1970	Seasonally adjusted					
			August 1971	July 1971	June 1971	May 1971	April 1971	August 1970
Number of unemployed:								
Lost last job.....	2,199	1,773	2,449	2,258	2,339	2,311	2,281	1,974
Left last job.....	644	639	568	518	476	618	606	563
Reentered labor force.....	1,475	1,242	1,507	1,544	1,338	1,527	1,460	1,269
Never worked before.....	742	567	644	548	540	740	688	492
Percent distribution:								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	43.5	42.0	47.4	46.4	49.8	44.5	45.3	45.9
Left last job.....	12.7	15.1	11.0	10.6	10.1	11.9	12.0	13.1
Reentered labor force.....	29.2	29.4	29.2	31.7	28.5	29.4	29.0	29.5
Never worked before.....	14.7	13.4	12.5	11.3	11.5	14.2	13.7	11.4
Unemployed as a percent of the civilian labor force:								
Lost last job.....	2.6	2.1	2.9	2.7	2.8	2.7	2.7	2.4
Left last job.....	.8	.8	.7	.6	.7	.6	.7	.7
Reentered labor force.....	1.7	1.5	1.8	1.8	1.6	1.8	1.7	1.5
Never worked before.....	.9	.7	.8	.7	.6	.9	.8	.6

TABLE A-6.—UNEMPLOYED PERSONS, BY AGE AND SEX

Age and sex	Thousands of persons		Percent looking for full-time work, August 1971	Seasonally adjusted unemployment rates					
	August 1971	August 1970		August 1971	July 1971	June 1971	May 1971	April 1971	August 1970
	Total, 16 years and over.....	5,061	4,220	81.1	6.1	5.8	5.6	6.2	6.1
16 to 19 years.....	1,272	1,137	63.4	17.0	16.2	15.8	17.3	17.2	15.8
16 to 17 years.....	605	520	46.6	19.7	18.3	18.1	19.0	18.3	17.3
18 to 19 years.....	667	616	78.6	15.0	14.9	13.9	16.7	15.8	14.5
20 to 24 years.....	1,171	915	87.1	10.1	9.7	9.9	11.1	10.4	8.4
25 years and over.....	2,618	2,169	86.9	4.1	4.0	3.8	4.0	4.0	3.4
25 to 54 years.....	2,162	1,799	87.9	4.3	4.2	3.9	4.1	4.2	3.6
55 years and over.....	456	370	82.0	3.5	3.1	3.4	3.6	3.6	2.8
Males, 16 years and over.....	2,667	2,207	86.3	5.5	5.2	5.1	5.6	5.3	4.7
16 to 19 years.....	678	585	63.0	17.3	15.5	15.7	17.6	16.5	15.7
16 to 17 years.....	338	284	46.7	19.5	18.5	17.7	17.5	18.5	17.0
18 to 19 years.....	340	301	79.1	15.4	13.5	13.7	18.0	14.9	14.5
20 to 24 years.....	628	476	92.4	10.5	10.1	9.7	10.8	10.5	8.7
25 years and over.....	1,361	1,147	95.1	3.6	3.4	3.3	3.6	3.5	3.0
25 to 54 years.....	1,086	900	96.4	3.6	3.5	3.4	3.6	3.4	3.0
55 years and over.....	275	247	89.8	3.3	3.1	3.3	3.5	3.7	3.0
Females, 16 years and over.....	2,394	2,013	75.2	7.0	6.9	6.5	7.2	7.3	5.9
16 to 19 years.....	594	552	63.8	16.7	17.1	15.9	16.9	18.2	15.8
16 to 17 years.....	267	237	46.4	19.9	18.1	18.7	20.8	17.9	17.6
18 and 19 years.....	327	315	78.0	14.6	16.5	14.1	15.2	16.9	14.6
20 to 24 years.....	543	439	81.0	9.5	9.1	10.1	11.5	10.3	8.1
25 years and over.....	1,257	1,022	78.1	5.1	5.0	4.5	4.8	5.0	4.2
25 to 54 years.....	1,076	899	79.4	5.5	5.5	5.0	5.1	5.5	4.6
55 years and over.....	182	123	69.2	3.8	3.3	3.6	3.7	3.4	2.6

TABLE A-7.—EMPLOYMENT STATUS OF MALE VIETNAM ERA VETERANS AND NONVETERANS 20 TO 29 YEARS OLD

[Numbers in thousands; data not seasonally adjusted]

Employment status	War veterans ¹			Nonveterans		
	August 1971	July 1971	August 1970	August 1971	July 1971	August 1970
Civilian noninstitutional population.....	4,142	4,089	3,523	9,458	9,428	8,933
Civilian labor force.....	3,855	3,815	3,295	8,569	8,576	8,158
Percent of population.....	93.1	93.3	93.5	90.6	91.0	91.3
Employed.....	3,533	3,502	3,090	7,971	7,962	7,667
Unemployed.....	322	313	205	598	614	491
Unemployment rate.....	8.4	8.2	6.2	7.0	7.2	6.0
Not in labor force.....	287	274	228	889	852	775

¹ War veterans are defined by the dates of their service in the U.S. Armed Forces. War veterans 20 to 29 years old are all veterans of the Vietnam era (service at any time after Aug. 4, 1964), and they account for about 85 percent of the Vietnam era veterans of all ages. About 550,000 post-Korean-peace-time veterans 20 to 29 years old are not included in this table.

TABLE B-1.—EMPLOYEES ON NONAGRICULTURAL PAYROLLS BY INDUSTRY

[In thousands]

Industry					Change from		Seasonally adjusted			Change from July 1971
	August 1971 ¹	July 1971 ¹	June 1971	August 1970	July 1971	August 1970	August 1971 ¹	July 1971 ¹	June 1971	
Total.....	70,583	70,479	71,355	70,452	104	131	70,552	70,566	70,657	-14
Goods-producing.....	22,845	22,535	22,794	23,654	310	-809	22,324	22,357	22,482	-33
Mining.....	626	615	634	636	11	-10	610	599	619	11
Contract construction.....	3,502	3,480	3,414	3,599	22	-97	3,213	3,228	3,255	-15
Manufacturing.....	18,717	18,440	18,746	19,419	277	-702	18,501	18,530	18,608	-29
Production workers.....	13,602	13,320	13,611	14,083	282	-481	13,429	13,445	13,496	-16
Durable goods.....	10,542	10,485	10,694	11,095	57	-553	10,522	10,554	10,598	-32
Production workers.....	7,578	7,518	7,713	7,961	60	-383	7,578	7,600	7,627	-22
Non-durable goods.....	8,184	7,955	7,952	8,324	117	-170	7,999	7,986	8,010	-13
Production workers.....	5,964	5,867	5,941	6,118	154	-203	5,951	5,935	5,963	-28
Ordnance and accessories.....	193.9	189.3	192.7	232.3	4.6	-38.4	195	190	193	5
Lumber and wood products.....	601.0	596.8	593.3	582.8	4.2	18.2	582	580	574	2
Furniture and fixtures.....	465.4	452.5	459.3	457.0	12.9	8.4	462	462	458	0
Stone, clay, and glass products.....	643.8	637.8	641.7	650.1	6.0	-6.3	627	624	629	3
Primary metal industries.....	1,190.0	1,240.1	1,283.1	1,315.0	-50.1	-125.0	1,182	1,227	1,259	-45
Fabricated metal products.....	1,335.0	1,323.2	1,343.6	1,378.8	11.8	-43.8	1,334	1,339	1,333	-5
Machinery, except electrical.....	1,768.0	1,771.8	1,784.6	1,945.1	-3.8	-177.1	1,775	1,770	1,769	5
Electrical equipment.....	1,778.1	1,756.9	1,780.6	1,915.5	21.2	-137.4	1,773	1,771	1,783	-2
Transportation equipment.....	1,705.5	1,684.9	1,770.7	1,729.6	20.6	-24.1	1,746	1,751	1,759	5
Instruments and related products.....	433.8	430.4	430.9	455.9	3.4	-22.1	431	431	430	0
Miscellaneous manufacturing.....	427.1	400.9	413.3	433.3	26.2	-6.2	415	409	411	6

Nondurable goods.....	8,715	7,955	8,052	8,324	220	-149	7,979	7,976	8,010	3
Production workers.....	6,024	5,802	5,898	6,122	222	-98	5,851	5,845	5,869	6
Food and kindred products.....	1,898.6	1,794.5	1,749.3	1,908.1	104.1	-9.5	1,763	1,760	1,751	3
Tobacco manufactures.....	74.1	61.0	67.9	91.9	13.1	-17.8	66	68	77	-2
Textile mill products.....	963.3	948.6	968.2	975.6	14.7	-12.3	957	959	956	-2
Apparel and other textile products.....	1,353.1	1,296.3	1,372.3	1,378.2	56.8	-25.1	1,338	1,340	1,357	-2
Paper and allied products.....	687.4	678.6	690.2	708.3	8.8	-20.9	680	677	682	3
Printing and publishing.....	1,085.9	1,082.7	1,088.6	1,104.8	3.2	-18.9	1,085	1,084	1,088	1
Chemicals and allied products.....	1,014.4	1,017.8	1,022.9	1,059.2	-3.4	-44.8	1,003	1,008	1,016	-5
Petroleum and coal products.....	192.8	193.6	192.6	195.0	-.8	-2.2	188	188	189	0
Rubber and plastics products, n.e.c.....	589.5	579.7	585.0	579.7	9.8	9.8	587	587	583	0
Leather and leather products.....	315.9	301.9	314.9	323.1	14.0	-7.2	312	305	311	7
Service-producing.....	47,738	47,944	48,561	46,798	-206	940	48,228	48,209	48,175	90
Transportation and public utilities.....	4,511	4,535	4,539	4,582	-24	-71	4,453	4,477	4,500	-24
Wholesale and retail trade.....	15,112	15,124	15,192	14,838	-12	274	15,183	15,150	15,135	33
Wholesale trade.....	3,887	3,877	3,860	3,858	10	29	3,845	3,835	3,837	10
Retail trade.....	11,225	11,247	11,332	10,980	-22	245	11,338	11,315	11,298	23
Finance, insurance, and real estate.....	3,864	3,866	3,837	3,742	-2	122	3,803	3,805	3,807	-2
Services.....	11,943	12,022	12,050	11,679	-79	264	11,895	11,903	11,895	-8
Government.....	12,308	12,397	12,933	11,957	-89	351	12,894	12,874	12,838	20
Federal.....	2,678	2,688	2,674	2,675	-10	3	2,638	2,643	2,640	-5
State and local.....	9,630	9,709	10,259	9,282	-79	348	10,256	10,231	10,198	25

1 Preliminary.

TABLE B-2.—AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	August 1971 ²	July 1971 ²	June 1971	August 1970	Change from		Seasonally adjusted			Change from July 1971
					July 1971	August 1970	August 1971 ²	July 1971 ²	June 1971	
Total private.....	37.5	37.3	37.2	37.6	0.2	-0.1	37.0	36.9	37.0	0.1
Mining.....	42.4	42.6	42.6	42.6	-2	-2	42.1	42.2	42.3	-1
Contract construction.....	38.4	38.1	38.0	38.5	.3	-1	37.2	37.1	37.2	.1
Manufacturing.....	39.9	39.8	40.2	39.8	.1	.1	39.9	40.0	4.0	-1
Overtime hours.....	2.9	2.8	3.0	3.0	.1	-1	2.8	2.9	2.9	-1
Durable goods.....	40.3	40.1	40.8	40.2	.2	.1	40.3	4.4	4.6	-1
Overtime hours.....	2.8	2.7	3.0	2.9	.1	-1	2.8	2.8	2.9	0
Ordnance and accessories.....	42.2	41.3	41.8	40.2	.9	2	42.4	41.9	41.6	.5
Lumber and wood products.....	40.8	40.2	40.9	40.0	.6	.8	40.5	40.3	40.4	.2
Furniture and fixtures.....	41.1	39.7	40.1	39.5	1.4	1.6	40.6	40.1	39.9	.5
Stone, clay, and glass products.....	42.3	42.0	42.3	41.5	.3	.8	41.8	42.8	41.0	0
Primary metal industries.....	39.7	40.6	41.3	4.04	-9	-7	39.7	40.5	41.0	-.8
Fabricated metal products.....	40.5	40.3	40.9	40.7	.2	-2	40.4	40.7	40.6	-.3
Machinery, except electrical.....	40.5	40.3	40.7	40.4	.2	.1	41.0	40.7	40.7	.3
Electrical equipment.....	39.8	39.5	40.1	39.7	.3	.1	39.8	40.0	39.9	-.2
Transportation equipment.....	39.6	39.5	41.5	40.0	.1	-4	40.2	39.6	41.4	.6
Instruments and related products.....	40.1	39.6	39.8	39.8	.5	.3	4.3	39.9	39.7	.4
Miscellaneous manufacturing.....	39.3	38.6	38.8	38.6	.7	.7	39.3	39.2	38.7	.1
Nonurable goods.....	39.5	39.3	39.4	39.3	.2	.2	39.3	39.2	39.3	.1
Overtime hours.....	3.0	3.0	3.1	3.1	0	-1	2.9	3.0	3.1	-1
Food and kindred products.....	40.7	40.5	40.5	41.2	.2	-5	40.5	40.4	40.4	.1
Tobacco manufactures.....	37.6	36.7	36.8	37.7	.9	-1	37.3	37.0	36.2	.3
Textile mill products.....	40.6	40.1	41.0	39.9	.5	.7	40.5	40.3	40.8	.2
Apparel and other textile products.....	36.1	35.8	35.5	35.5	.6	.6	35.8	35.8	35.4	0
Paper and allied products.....	42.5	42.4	42.3	41.1	.1	.6	42.4	42.4	42.3	0
Printing and publishing.....	37.6	37.6	37.7	37.8	0	-2	37.4	37.6	37.7	-.2
Chemicals and allied products.....	41.4	41.3	41.7	41.2	.1	.2	41.6	41.4	41.7	.2
Petroleum and coal products.....	42.3	42.8	42.6	43.2	-5	-9	43.1	42.4	42.3	.7
Rubber and plastics products, n.e.c.....	40.4	40.1	40.7	40.5	.3	-1	40.2	40.3	40.7	-1
Leather and leather products.....	38.0	38.3	38.1	36.9	-3	1.1	38.0	37.8	37.5	.2
Transportation and public utilities.....	40.6	39.3	40.7	40.6	1.3	0	40.4	38.9	40.6	1.5
Wholesale and retail trade.....	36.1	36.1	35.4	36.2	0	-1	35.2	35.3	35.2	-1
Wholesale trade.....	40.0	39.9	40.0	40.1	.1	-1	39.8	39.6	39.9	.2
Retail trade.....	34.9	34.8	34.0	35.0	.1	-1	33.8	33.8	33.7	0
Finance, insurance, and real estate.....	37.2	37.1	37.0	36.9	.1	.3	37.2	37.1	37.0	.1
Services.....	34.8	34.8	34.2	35.0	0	-2	34.4	34.4	34.1	0

¹ Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employment on private nonagricultural payrolls.

² Preliminary.

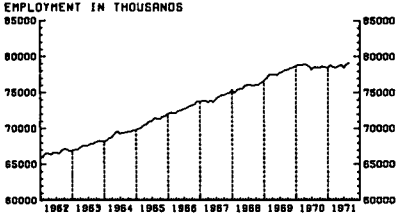
TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OF NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry Industry	Average hourly earnings						Average weekly earnings					
	August ² 1971	July ² 1971	June 1971	August 1970	Change from—		August ² 1971 ²	July 1971 ²	June 1971	August 1970	Change from—	
					July 1971	August 1970					July 1971	August 1970
Total private.....	\$3.44	\$3.42	\$3.42	\$3.25	\$0.02	\$0.19	\$129.00	\$127.57	\$127.22	\$122.20	\$1.43	\$6.80
Mining.....	4.08	4.05	4.04	3.84	.03	.24	172.99	172.53	172.10	163.58	8.46	9.41
Contract construction.....	5.75	5.69	5.63	5.32	.06	.42	220.80	216.79	213.94	204.82	4.01	15.98
Manufacturing.....	3.57	3.57	3.57	3.37	0	.20	142.44	142.09	143.51	134.13	3.35	8.31
Durable goods.....	3.80	3.78	3.80	3.58	.02	.22	153.14	151.58	155.04	143.92	4.76	9.22
Ordnance and accessories.....	3.92	3.89	3.85	3.63	.03	.29	165.42	160.66	160.93	145.93	4.76	19.49
Lumber and wood products.....	3.19	3.17	3.17	3.05	.02	.14	130.15	127.43	129.65	122.00	2.72	8.15
Furniture and fixtures.....	2.95	2.91	2.90	2.81	.04	.14	121.25	115.53	116.29	111.00	5.72	10.25
Stone, clay, and glass prod- ucts.....	3.73	3.71	3.67	3.43	.02	.30	157.78	155.82	155.24	142.35	1.96	15.43
Primary metal industries.....	4.30	4.18	4.21	3.98	.12	.32	170.71	169.71	173.87	160.79	1.00	9.92
Fabricated metal products.....	3.73	3.73	3.75	3.56	0	.17	151.07	150.32	153.38	144.89	7.75	6.18
Machinery, except electrical.....	4.03	4.00	3.99	3.77	.03	.26	163.22	161.20	162.39	152.31	2.02	10.91
Electrical equipment.....	3.53	3.51	3.49	3.31	.02	.22	140.49	138.65	139.95	131.41	1.84	9.08
Transportation equipment.....	4.40	4.38	4.43	4.10	.02	.30	174.24	173.01	183.85	164.00	1.23	10.24
Instruments and related products.....	3.55	3.55	3.52	3.38	0	.17	142.36	140.58	140.10	134.52	1.78	7.84
Miscellaneous manufactur- ing.....	2.94	2.94	2.95	2.82	0	.12	115.54	113.48	114.46	108.85	2.06	6.69
Nondurable goods.....	3.27	3.28	3.26	3.08	-.01	.19	129.17	128.90	128.44	121.04	7.27	8.13
Food and kindred products.....	3.35	3.38	3.38	3.13	-.03	.22	136.35	136.89	136.89	128.96	1.54	7.39
Tobacco manufactures.....	3.17	3.30	3.30	2.78	-.13	.39	119.19	121.11	121.44	104.81	1.92	14.38
Textile mill products.....	2.58	2.56	2.56	2.44	.02	.14	104.75	102.66	104.96	97.36	2.09	7.39
Apparel and other textile products.....	2.49	2.47	2.47	2.40	.02	.09	89.89	88.43	87.69	85.20	1.46	4.69
Paper and allied products.....	3.72	3.70	3.67	3.49	.02	.23	158.10	156.88	155.24	146.23	1.22	11.87
Printing and publishing.....	4.20	4.20	4.20	3.95	0	.25	157.92	157.92	158.34	149.31	0	8.61
Chemicals and allied prod- ucts.....	3.97	3.98	3.94	3.73	-.01	.24	164.36	164.37	164.30	153.68	-.01	10.68
Petroleum and coal products.....	4.62	4.60	4.58	4.27	.02	.35	195.43	196.88	195.11	184.46	-1.45	10.97
Rubber and plastics prod- ucts, not elsewhere clas- sified.....	3.43	3.44	3.38	3.23	-.01	.20	138.57	137.94	137.57	130.82	.63	7.75
Leather and leather prod- ucts.....	2.57	2.58	2.58	2.48	-.01	.09	97.66	98.81	98.30	91.50	-1.15	6.15
Transportation and public utilities.....	4.18	4.16	4.10	3.90	.02	.28	169.71	163.49	166.87	158.34	6.22	11.37
Wholesale and retail trade.....	2.87	2.87	2.87	2.72	0	.15	103.61	103.61	101.60	98.46	0	5.15
Wholesale trade.....	3.67	3.67	3.66	3.45	0	.22	146.80	146.43	146.40	138.35	3.77	8.45
Retail trade.....	2.58	2.58	2.58	2.45	0	.13	90.04	89.78	87.72	85.75	.26	4.29
Finance, insurance, and real estate.....	3.31	3.29	3.28	3.08	.02	.23	123.13	122.06	121.36	113.65	1.07	9.48
Services.....	2.99	2.97	2.97	2.82	.02	.17	104.05	103.36	101.57	89.70	.69	5.35

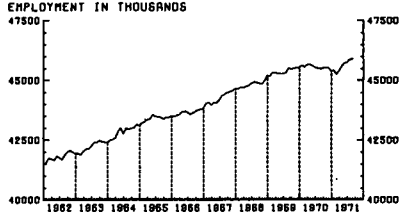
 See footnote 1, table B-2. ² Preliminary.

EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

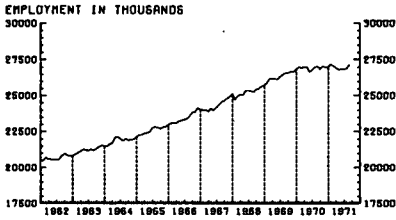
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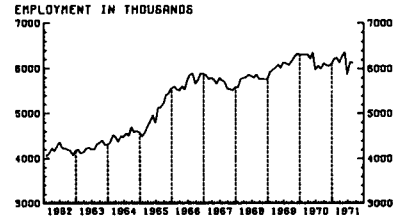
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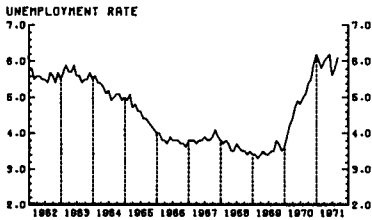
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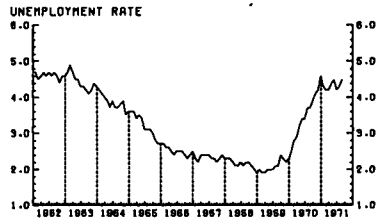
4. TEENAGERS



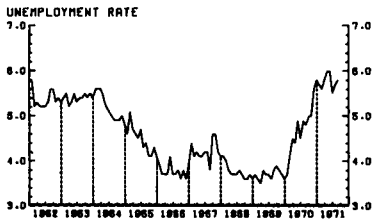
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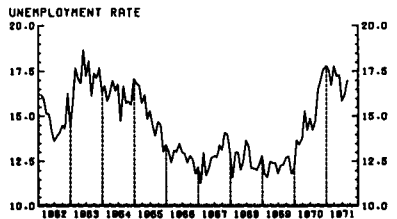
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7. ADULT WOMEN

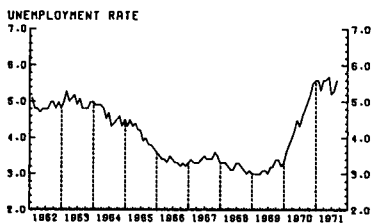


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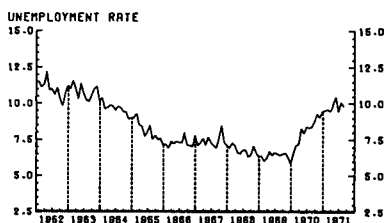


UNEMPLOYMENT-HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

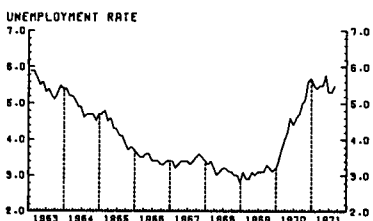
9. WHITE WORKERS



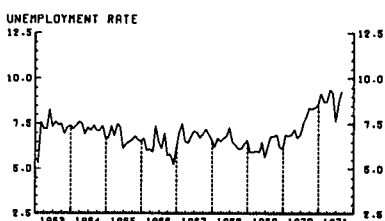
10. NEGRO AND OTHER RACES



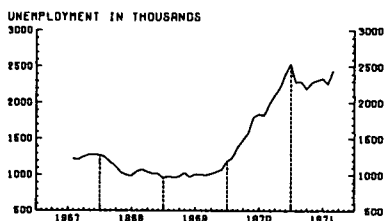
11. FULL-TIME WORKERS



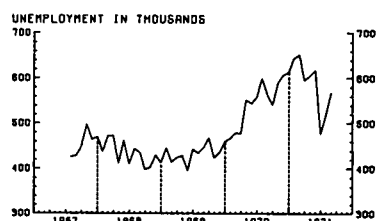
12. PART-TIME WORKERS



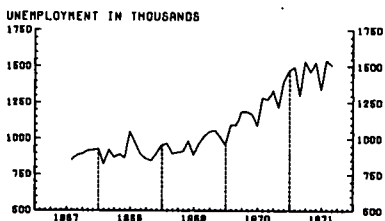
13. JOB LOSERS



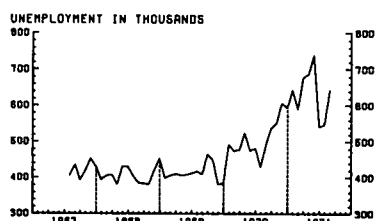
14. JOB LEAVERS



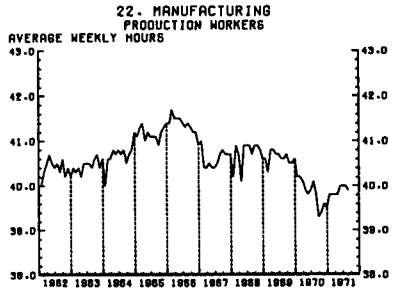
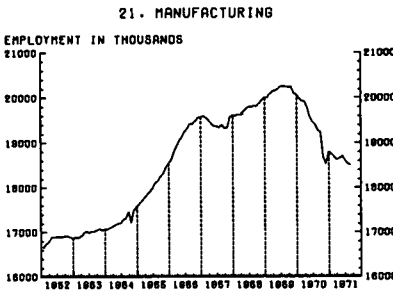
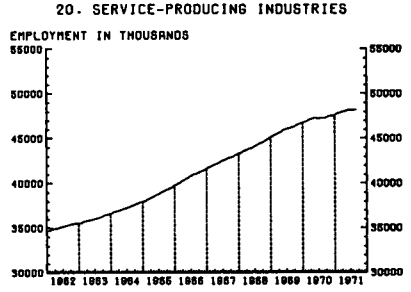
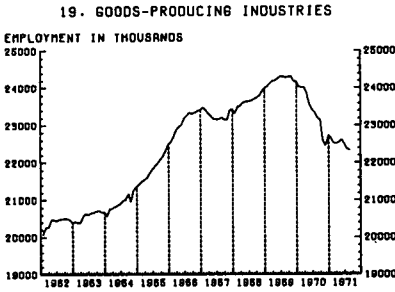
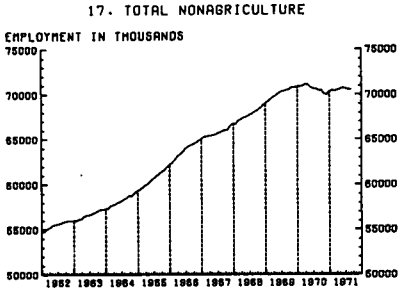
15. REENTRANTS



16. NEW ENTRANTS



EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED



Note: Data for the two most recent months on charts 17-22 are preliminary.

Mr. MOORE. I would like simply to refer very briefly to the charts in the press release.

Chairman PROXMIRE. The charts are on the last two pages, right?

Mr. MOORE. Last three pages. They give a perspective to the current situation that is very difficult to get either from tables of figures or from a single month's figure which is likely to get a great deal of attention today.

One thing that the top four charts in the collection show is what has happened to employment of all civilian workers, and adult men, adult women and teenagers; and as you can see, the total employment of all civilian workers in August reached another new high.

It has been gradually creeping up from a dip that occurred early in 1970, and has now exceeded the high that it reached in the spring of 1971.

Chairman PROXMIRE. Do you have labor force charts showing the increase in the labor force?

Mr. MOORE. They are not in this collection, sir. We do have them but we do not have them in this.

Chairman PROXMIRE. Will you bring them next month? I would like to see them.

Mr. MOORE. Yes, sir; we will be glad to do that.

The employment of adult men rose just a little in August but, as you can see from the chart, it has had a very substantial rise since early this year.

The employment of adult women rose more sharply in August but looking over the past year and a half, it has been on a fairly horizontal trend. And the employment of teenagers is similarly on a fairly horizontal trend although with ups and downs month by month.

The unemployment rate is shown on the next four charts in the collection, first for all civilian workers. The rate in August was 6.1 percent. It has moved both up and down during the past 8 months. The unemployment rate for adult men has similarly shown a fluctuating movement.

The unemployment rate for adult women was somewhat lower than it was in the spring; and for teenagers it is also somewhat lower than it was in the spring.

I don't want to go over each of these charts in detail, Mr. Chairman. I think the record speaks for itself. If there are any specific questions that you would like to put to us, I will be glad to try to provide an answer.

Chairman PROXMIRE. Thank you very, very much.

This does show, No. 1, that the unemployment rate went up from 5.8 percent to 6.1 percent. This disturbs us and disturbs people throughout the country. However, you say employment rose, rose rather vigorously and rose to an alltime high.

How do you interpret that combination?

Mr. MOORE. Well, I think the fact that employment rose represents a basic strength in the economy. There are more people actually at work now than ever before in our history. At the same time the rise was not large enough to absorb all of the increase in the labor force

that also occurred in August and hence there was a rise in unemployment at the same time.

Chairman PROXMIRE. Would you call this a statistically significant rise in unemployment?

Mr. MOORE. I believe the answer to that is yes, if you use our usual test of significance of the change.

Chairman PROXMIRE. In view of these contrary trends, would you say the labor market was weaker in August than it had been for the past few months or has the situation been essentially unchanged for some time?

Mr. MOORE. Well, it is very difficult to characterize the labor market when employment is increasing as it has, but unemployment is also increasing and hence there are more people seeking work as more people actually get work.

Chairman PROXMIRE. Recognizing that we have a high level of unemployment and have had, as you say, for 8 months, at least it has been at about the same level for 8 months, and it seems rather high, and comparing what you have in your charts, the first quarter, second quarter, July and August, unemployment is about the same, the unemployment rate is about the same; payroll employment is about the same, weekly hours of workers are about the same; total employment has gone up some but has not quite kept pace with the growth of the labor force. We seem to have been in a rather stagnant position up until now; is that correct?

Mr. MOORE. Well, I would not characterize the change in employment as stagnant. Ordinarily, since that is a very large aggregate, including almost 80 million people, it does not move very sharply from time to time and it has been improving.

Chairman PROXMIRE. But recognizing that—

Mr. MOORE. I wouldn't call that stagnant.

Chairman PROXMIRE (continuing). We have demographic statistics showing we are going to continue to have a substantial increase in our labor force just because more people are coming of working age than are dying or leaving the labor force, under those circumstances we are not making progress in reducing the rate of inflation. We have not in the last 8 or 10 months of this recovery.

Mr. MOORE. You mean the rate of unemployment?

Chairman PROXMIRE. Did I say inflation? Yes, I mean reducing the rate of unemployment.

Mr. MOORE. It was higher in some months and lower in others but the 6.1 percent is very close to the highest rate.

Chairman PROXMIRE. Let me be sure I understand this. These figures were all before the President's speech of August 14. Is that correct?

Mr. MOORE. They refer to the week preceding that speech. They were actually collected in the following week but they refer to the preceding week.

Chairman PROXMIRE. I am not sure about that. You say they were collected in the following week. When the pollsters or whatever you want to call them went out to make inquiries of the households, that was the week before the President's speech. Was that collected before or not?

Mr. MOORE. No; the interviews were conducted in the week following the President's speech but the data themselves refer to the preceding week.

Chairman PROXMIRE. I see. At any rate the President's speech—he spoke on Sunday—was a fine statement and I approved very largely of it, certainly of the freeze and so forth, but I don't think anybody would expect even a Presidential speech to have any effect even in a week.

Mr. Moore, are we still in the very early stages of a recovery? And if so, when will we move to the later stages? When will we begin to see more encouraging statistics?

Mr. MOORE. Well, as I indicated last month, Mr. Chairman, the recovery is getting older every day. The question is really one of definition, and there is no hard and fast rule about it.

One possible definition that I have employed sometimes in the past is when aggregate activity recovers to the height that it reached before any slowdown occurred, then you can say the early stages of that recovery are ended. But naturally you can use other definitions and come to other conclusions.

On that basis, though, since we are now in terms of employment above the previous high level, on that definition the early stages are over. But I must point out, Mr. Chairman, that expansions in business activity as a whole have usually in this country lasted several years, not just months but years.

Chairman PROXMIRE. They have lasted an average of about what, 31 months, 32 months, something of that kind?

Mr. MOORE. I think the average is closer to 3 years.

Chairman PROXMIRE. Thirty-six months. This is 10 months, so it is a third of the average life?

Mr. MOORE. Yes.

Chairman PROXMIRE. Hardly a baby still in its swaddling clothes?

Mr. MOORE. Yes.

Chairman PROXMIRE. It should be getting out of college about now. [Laughter.]

I think maybe you and I, especially it is my fault because I put the principal stress, put too much stress on growth in the labor force as an explanation, an implicit explanation, at least for the fact that unemployment has been increasing. As we go back a little bit and see what has happened to the labor force in the 3-month period since May, June, July, and August, we find, that is under table A-1 in the press release, I note the civilian labor force declined sharply last June. If we compare August to May, the 3-month period, the civilian labor force has increased from 84.2 to 84.3 million, a very small increase; in fact it was practically stable. So under those circumstances this 6.1 percent unemployment does look as if it is a matter of real concern.

Mr. MOORE. Well, as I have indicated these monthly figures fluctuate and there may be an upward fluctuation this month that will be reversed next month. You just can't tell.

I think it is better, wherever possible, to look at the whole series of monthly figures and see what you can make out of it.

Chairman PROXMIRE. That is why I suggested a 3-month period. Would you suggest a longer period or a different period would be fairer?

Mr. MOORE. I would say that the civilian labor force over the past 6 or 8 months has been growing at a less rapid pace than it was growing earlier in 1970.

Chairman PROXMIRE. If we are growing at a less rapid pace, and in spite of that we still have 6 percent unemployment, that is a pretty depressing development. What evidence do you have on jobs and unemployment among young people this summer? Does the evidence suggest that many young people did not look for work this summer because their prospects were not very bright? These young people would not necessarily be counted as discouraged workers because they would have found something to do in many cases—summer school, travel, volunteer work, and so forth; is that correct?

Mr. MOORE. Yes; that is correct.

We issued a report on the summer job situation for youth on August 24, and perhaps I will ask Mr. Goldstein to summarize that report, if he will.

Mr. GOLDSTEIN. Well, perhaps, Mr. Chairman, we could put that report in the record?

Chairman PROXMIRE. Yes; we have a copy of the report here and we will be happy to put it in the record.

(The report referred to follows:)

EMPLOYMENT IN PERSPECTIVE: SUMMER JOB SITUATION FOR YOUTH, 1971¹

(By the Bureau of Labor Statistics, U.S. Department of Labor, August 1971, Report 397)

More 16-year-olds were employed in the summer of 1971 than were employed last summer, but the number of unemployed youths also increased. This represented a sizable increase in the civilian labor force, which was concentrated among young men and largely reflected net reductions in the Armed Forces; the employment of young men reached a record level this summer. However, a larger proportion of young persons remained outside the labor force this summer than last. (Summer data in this report are averages of June and July, not seasonally adjusted.)

Employment increases in service-related industries for summer 1971 more than offset a decline in manufacturing, as employment among youths rose 100,000 over the year to 11.3 million, and returned close to the alltime summer record of 11.4 million recorded in 1969. However, since many more young people were in the labor force this summer, the number of unemployed youths rose 280,000 above last summer's level, to 2.4 million. As a consequence, the youth unemployment rate was 17.3 percent this summer, compared with 15.7 percent in 1970 and 12.8 percent in 1969. The over-the-year increase occurred among both young men and women and among both black and white youths.

EMPLOYMENT

Each summer a large number of youths enter the labor market to seek either summer employment or permanent employment after the completion of their formal education. The number of youths with jobs in the summer of 1971, at 11.3 million, rose 100,000 over the year, compared with a drop of 200,000 between

¹ This report is a continuation of the Bureau of Labor Statistics series on Employment in Perspective. It was prepared in the Bureau's Office of Manpower and Employment Statistics, Division of Employment and Unemployment Analysis, by Christopher G. Gellner, under the direction of Paul M. Schwab.

the summers of 1969 and 1970. This increase, however, was well below the employment gains of several earlier years, when large numbers of young people entered the labor market as a result of the post-World War II "baby boom."

The number of youths employed in the service-producing industries (private wage and salary jobs) rose by 100,000 over the year to 6.2 million; however, the increase was much less than in previous summers. During the past 5 summers, youth employment gains in this sector had ranged between 250,000 and 400,000. In the most recent period, an employment increase in retail trade, the largest employer of youth, more than offset declines in other miscellaneous services.

Another increase in employment this summer occurred among youths working in private household jobs and as self-employed or unpaid family workers. The number of youths in such jobs rose by 100,000 over the year.

In the goods-producing industries, the number of youths with private wage and salary jobs declined by 100,000 this summer, after a 460,000 drop the preceding year. A decline in youth private wage and salary employment in manufacturing (180,000) more than offset a gain in construction (75,000). The increase in construction employment was the first substantial summer-to-summer gain in this industry in recent years and probably reflects the resurgence in home building activity.

Employment of youths in the government sector, meanwhile, remained unchanged in summer 1971 at 1.2 million, after declining the previous 2 summers. About 10.3 percent of all young workers were employed in government this summer, down somewhat from the recent high of 11.8 percent recorded in 1968.

The overall increase in youth summer employment this year occurred entirely among young men, in contrast to 1970, when employment among both men and women decreased. Employment of young men rose by 200,000 from 1970, to 6.4 million, and reached its highest level on record. Employment of young women, on the other hand, dropped 100,000 over the year to 4.9 million, its lowest level since 1968.

Employment of white youths, at 10.2 million, was up to 150,000 from 1970, as an increase in jobs among young men more than offset a decline in employment among young women. In contrast, young black persons (both men and women) found fewer jobs this summer than last, as their employment edged down over the year to 1.1 million, the lowest level since 1966.

UNEMPLOYMENT

Although the number of employed youths increased slightly for summer 1971, the number of youths in the civilian labor force increased sharply and consequently, the number of unemployed youths rose by 280,000, to 2.4 million. Their unemployment rate, 17.3 percent, was higher than last summer's 15.7 percent and the highest summertime average since 1963.

The rise in the number of unemployed 16-21 year-olds between this summer and last occurred fairly equally among young men and women. The unemployment rate for young men rose from 15.5 to 16.5 percent over the year, and the rate for young females increased from 15.9 to 18.3 percent. The increase in the number of jobless youths this summer occurred largely among whites, almost exclusively among young women. The number of unemployed white youths increased by 250,000, to 1.8 million, and their unemployment rates rose from 13.6 percent in the summer of 1970 to 15.3 percent this summer. The number of unemployed black youths increased by 30,000 between the two summers, to 530,000. The increased joblessness among young black persons, combined with virtually no change in the number of black youths in the job market this summer, resulted in an increase in their unemployment rate from 30.2 percent to 32.1 percent, the highest summer average for black youth since 1963—the first year for which statistics for 16-21 year-olds by race are available.

CIVILIAN LABOR FORCE DEVELOPMENTS

The total number of youths in the civilian labor force rose by 390,000 over the year in the summer of 1971, about twice the increase for last summer, to 13.7 million. Most of the increase occurred among young men (340,000), largely as a reflection of continued reductions in the Armed Forces. White persons accounted

for the entire increase in the youth civilian labor force; the number of black youths in the labor force, in contrast, was about the same as last summer.

Though more young persons were in the labor force during summer 1971 than last, more youths also were staying outside the labor force. Compared with 1970, 400,000 more youth remained out of the labor force this year, bringing the level to 7.6 million. Bolstered by a net reduction in the Armed Forces of 290,000, the youth civilian noninstitutional population rose 780,000 between the 2 summers, an increase of the magnitude recorded during the mid-1960's. Contrary to the earlier period, however, a relatively smaller proportion of these additional youths (only about one-half) entered the job market. A substantial number chose to remain outside the labor force; many stayed in school.

As a large proportion of the substantial increase in the youth civilian noninstitutional population this summer remained outside the labor force, the labor force participation rate of all youths, at 64.2 percent, was down somewhat for the second consecutive summer. Participation was lower both for young men and women. Although the participation rate for white youths declined only slightly, the participation rate for black youths, at 55.9 percent, was down substantially from last summer's rate (58.5 percent). After declining continuously since 1968, the participation rate for black youths this summer fell to its lowest level on record.

TABLE 1.—EMPLOYMENT STATUS OF YOUNG PERSONS 16-21 YEARS, BY SEX AND COLOR, JUNE-JULY AVERAGES, 1968-71

Employment status, sex, and color	[In thousands]			
	1971	1970	1969	1968
TOTAL				
Civilian noninstitutional population.....	21,317	20,536	19,998	19,871
Civilian labor force.....	13,687	13,300	13,098	13,026
Labor force participation rate.....	64.2	64.8	65.5	65.6
Employed.....	11,322	11,215	11,420	11,206
Unemployed.....	2,365	2,085	1,678	1,821
Unemployment rate.....	17.3	15.7	12.8	14.0
Not in the labor force.....	7,630	7,236	6,900	6,845
MALE				
Civilian noninstitutional population.....	10,242	9,705	9,358	9,296
Civilian labor force.....	7,635	7,298	7,086	7,148
Labor force participation rate.....	74.5	75.2	75.7	76.9
Employed.....	6,378	6,167	6,270	6,275
Unemployed.....	1,258	1,131	817	873
Unemployment rate.....	16.5	15.5	11.6	12.2
Not in the labor force.....	2,607	2,407	2,272	2,148
FEMALE				
Civilian noninstitutional population.....	11,074	10,832	10,640	10,575
Civilian labor force.....	6,052	6,003	6,012	5,879
Labor force participation rate.....	54.7	55.4	56.4	55.6
Employed.....	4,944	5,048	5,150	4,931
Unemployed.....	1,108	955	862	947
Unemployment rate.....	18.3	15.9	14.3	16.1
Not in the labor force.....	5,023	4,830	4,628	4,696
WHITE				
Civilian noninstitutional population.....	18,378	17,703	17,302	17,266
Civilian labor force.....	12,043	11,643	11,481	11,042
Labor force participation rate.....	65.5	65.8	66.4	66.0
Employed.....	10,206	10,057	10,199	10,003
Unemployed.....	1,837	1,586	1,282	1,399
Unemployment rate.....	15.3	13.6	11.2	12.3
Not in the labor force.....	6,335	6,061	5,821	5,864
NEGRO AND OTHER RACES				
Civilian noninstitutional population.....	2,939	2,833	2,696	2,606
Civilian labor force.....	1,644	1,658	1,617	1,624
Labor force participation rate.....	55.9	58.5	60.0	62.3
Employed.....	1,116	1,159	1,221	1,203
Unemployed.....	528	500	397	422
Unemployment rate.....	32.1	30.2	24.6	26.0
Not in the labor force.....	1,295	1,175	1,079	982

TABLE 2.—EMPLOYMENT OF YOUNG PERSONS 16-21 YEARS, BY MAJOR INDUSTRY GROUP, CLASS OF WORKER, AND COLOR, JUNE-JULY AVERAGES, 1968-71

[In thousands]

Industry, class of worker, and color	1971	1970	1969	1968
TOTAL				
Total employed.....	11,322	11,215	11,420	11,206
Agriculture.....	773	768	773	816
Nonagricultural industries.....	10,549	10,447	10,647	10,390
Private wage and salary workers.....	9,169	9,131	9,257	8,905
Private household workers.....	505	473	469	498
Other private wage and salary workers.....	8,665	8,658	8,788	8,407
Goods-producing industries.....	2,435	2,542	3,000	2,899
Service-producing industries.....	6,231	6,117	5,782	5,508
Government workers.....	1,163	1,163	1,215	1,319
Self-employed and unpaid family workers.....	216	153	176	167
WHITE				
Total employed.....	10,205	10,057	10,199	10,003
Agriculture.....	686	662	638	673
Nonagricultural industries.....	9,520	9,395	9,561	9,331
Private wage and salary workers.....	8,372	8,308	8,431	8,102
Private household workers.....	464	420	422	435
Other private wage and salary workers.....	7,909	7,887	8,010	7,667
Goods-producing industries.....	2,201	2,276	2,679	2,601
Service-producing industries.....	5,709	5,611	5,331	5,066
Government workers.....	943	943	968	1,072
Self-employed and unpaid family workers.....	204	145	163	158
NEGRO AND OTHER RACES				
Total employed.....	1,116	1,159	1,221	1,203
Agriculture.....	88	106	136	144
Nonagricultural industries.....	1,029	1,053	1,085	1,055
Private wage and salary workers.....	797	823	826	803
Private household workers.....	41	52	48	63
Other private wage and salary workers.....	756	771	778	741
Goods-producing industries.....	234	266	327	298
Service-producing industries.....	522	506	451	443
Government workers.....	220	221	247	247
Self-employed and unpaid family workers.....	13	8	13	9

Mr. GOLDSTEIN. There was an increase in the number of unemployed youths over the year, and a seasonally adjusted falling off in the labor force in the summer months which, I think, is a reflection of the difficulties they have had in getting jobs at a time of higher unemployment. Of course, the seasonal adjustments reflect the experience of recent years.

Their employment is about where it was a year ago.

Chairman PROXMIRE. I have some other questions on that but my time is up.

Congressman Brown.

Representative BROWN. Mr. Moore, I want to first get into a matter of semantics here.

You just said, and there was a lot of head nodding in the room, that this 0.3 percent rise in unemployment, seasonally adjusted unemployment, was statistically significant, in response to Senator Proxmire's question. In June, when there was a 0.6-percent decrease, as I understand you or somebody at BLS were quoted in the press as saying it was a statistical quirk. Can you define for me what is statistically significant and what is a statistical quirk?

Mr. MOORE. Well, I am sure, Mr. Brown, I did not use the expression statistical quirk.

Representative BROWN. Who did?

Mr. MOORE. I can't answer that question. I don't believe anybody in BLS used it.

Chairman PROXMIRE. It is my understanding Secretary Connally used that expression.

Representative BROWN. It was quoted in the press, as I understood from BLS that it was a statistical quirk that unemployment dropped by 0.6 percent and now with a lot of head nodding it is statistically significant that it rose to 6.1 percent. Please defend it.

Mr. MOORE. I am not defending the phrase.

Representative BROWN. Will you defend the 0.6 percent drop?

Mr. MOORE. Any change of that size is statistically significant.

Representative BROWN. What is that percentage?

Mr. MOORE. In this case it is 0.2 percent.

Representative BROWN. So anything that is more than 0.2 percent is "statistically significant" whether it is up or down; is that correct?

Mr. MOORE. Yes.

Representative BROWN. All right. Is that based on seasonal adjustments; or is that based on real figures; or is it 0.2 percent no matter what?

Mr. MOORE. It is 0.2 percent no matter what.

Representative BROWN. Why is 0.2 percent "significant"?

Mr. MOORE. Well, it has to do with the sampling error.

Representative BROWN. In other words, the possibility for error makes it statistically significant?

Mr. MOORE. The possibility of error makes it a change smaller than 0.2 percent.

Representative BROWN. In other words, there is a 0.2 percent possibility for error in these figures; is that right?

Mr. MOORE. Yes, sir.

Representative BROWN. That is correct; there is a 0.2 percent possibility for error in the 5.8 and 6.1?

Mr. MOORE. In each of them.

Representative BROWN. So what you are telling me is that it is possible on the basis of statistical adjustment that the 5.8 could actually have been 6.0 and that 6.1 could actually have been 5.9; is that what you are telling me?

Mr. MOORE. No; not quite that. The 0.2 that I referred to is the error or possible error in the change; and you have now a change of 0.3 from 5.8 to 6.1.

Representative BROWN. But you just said if it was only 0.2 that it would perhaps not be statistically significant because there was that possibility for error. Now is it possible that when you give a figure of 6.1 it could be 5.9 or 6.3; is that what you are saying?

Mr. MOORE. There is a possibility of error.

Representative BROWN. When you give a figure of 5.8 it could be 5.6 or 6.0; is that correct? All I am asking is if it wasn't possible that last month's figures could really have been 6.0 and that this month's figures could really have been 5.9. Now where are we? Is that correct?

Mr. MOORE. Well, let me turn that one over to Mr. Goldstein.

Representative BROWN. Help yourself, Mr. Goldstein.

Mr. GOLDSTEIN. Congressman, the sampling error is a measure that tells us that the chances are nine out of 10 that if we took a complete census instead of just a sample survey, we would get a figure that was within two-tenths of 1 percent of the figure on unemployment that we reported.

Representative BROWN. Nine out of 10, that is 10 percent?

Mr. GOLDSTEIN. The chances are nine out of 10 that if we took the complete census the answer we would get, the unemployment rate, would be within two-tenths of 1 percent.

Representative BROWN. So you got a 90 percent, not a 100 percent chance but 90 percent chance that you got a 2 percent error; is that correct?

Mr. GOLDSTEIN. Two-tenths of 1 percent.

Representative BROWN. Two-tenths of 1 percent error?

Mr. GOLDSTEIN. That is right.

Representative BROWN. Well, my question is this month's figures could be from 5.9 to 6.3; is that right?

Mr. GOLDSTEIN. That is right.

Representative BROWN. Is that right?

Mr. GOLDSTEIN. Yes, sir.

Representative BROWN. And last month's figures, which were 5.8, could either be 5.6 or 6.0; is that correct?

Mr. GOLDSTEIN. That is right.

Representative BROWN. All right; that is all I want to know. So I want to clear up what statistically significant means here; so it just seems on that basis that a 0.3-percent rise in unemployment is more statistically significant than a statistical quirk. And then there was a 0.6-percent decrease—it was more a statistical quirk than statistically significant.

Can you give me some more accurate figures? I get confused in seasonally adjusted figures. I took a course, and I am not sure I did too well. What is the significance? Has the work force increased or not?

Mr. GOLDSTEIN. It actually decreased.

Representative BROWN. Decreased?

Mr. GOLDSTEIN. From July to August.

Representative BROWN. All right. Now, what happened to employment?

Mr. GOLDSTEIN. Employment also decreased.

Representative BROWN. How much did the work force decrease?

Mr. GOLDSTEIN. In actual figures, 330,000.

Representative BROWN. 330,000 down. All right. How much did employment actually decrease?

Mr. GOLDSTEIN. About 63,000.

Representative BROWN. 63,000 down. So the work force went down 330,000 and those people employed went down 63,000. Did that 63,000 include the men laid off work because of the steel strike threat?

Mr. GOLDSTEIN. Yes.

Representative BROWN. How many were those?

Mr. GOLDSTEIN. Well, it was not the strike threat, sir; it was the decline in steel employment as production went down after the settlement—that is from July to August. About 45,000 or so dropped on a seasonally adjusted basis.

Representative BROWN. I don't want seasonally adjustments, because of the 90 percent chance of 0.2 percent error and all that stuff; I want the actual figures because I can understand those a little better. Can you give me that?

Mr. GOLDSTEIN. There was a drop of 50,000 in employment in primary metals industries from July to August.

Representative BROWN. All right. So 63,000 of this decrease is 50,000 men in steel and primary metals; is that correct?

Mr. GOLDSTEIN. Yes.

Representative BROWN. All right. Now, can you give me what happened to the workweek on an actual basis?

Mr. GOLDSTEIN. The overall workweek, sir, or in primary metals?

Representative BROWN. No; the overall workweek, the total workweek, the hours worked?

Mr. GOLDSTEIN. For all production and nonsupervisory workers in private industry the workweek increased from 37.3 to 37.5.

Representative BROWN. So the workweek is up 0.2 of an hour?

Mr. GOLDSTEIN. In actual terms?

Representative BROWN. In actual terms.

All right, we have the work force decreasing 330,000. Employment, leaving out the situation in steel, down 13,000, and the work week generally up from July to August.

Let me ask about unemployment specifically in real terms.

What are the total figures?

Mr. GOLDSTEIN. In July?

Representative BROWN. The change between July and August?

Mr. GOLDSTEIN. A drop of about 270,000.

Representative BROWN. In other words, unemployment actually went down?

Mr. GOLDSTEIN. Yes.

Representative BROWN. 270,000. I want to be very clear we are saying the same things here. You are telling me the number of people actually out of work in this country decreased 270,000?

Mr. GOLDSTEIN. Yes.

Representative BROWN. And yet the percentage went up?

Mr. GOLDSTEIN. Normally it decreases somewhat more from July to August.

Representative BROWN. But from July to August the actual decrease in unemployment was 270,000. So you had—all right, let me ask another question: Over the last year—one man's stagnation is another man's stability—over the last year, have we been absorbing in our economy those people who have been added to the work force? I mean, have they been getting jobs?

Mr. GOLDSTEIN. No, sir; and this is shown in the fact that unemployment has increased.

Representative BROWN. Is that right? Wait just a minute. What was the January employment figure?

Mr. GOLDSTEIN. January employment?

Representative BROWN. Yes, sir; unemployment figure. I am under the impression that the real unemployment was 5,414,000; is that correct?

Mr. GOLDSTEIN. That is correct.

Representative BROWN. And the real unemployment figure in August is how many?

Mr. GOLDSTEIN. 5,061,000.

Representative BROWN. Does that infer, then, we have had no increase in the work force between January and August?

Mr. GOLDSTEIN. Well, in order to make a comparison from January to August that is really meaningful, you have to look at the seasonally adjusted figure.

Representative BROWN. That is not the question I started out with. The question I started out with was whether or not we are absorbing in the increased employment in this country the people who are coming into the work force and you said we were not and yet we have 5,414,000 unemployed in January, and 5 million—what—unemployed in August?

Mr. GOLDSTEIN. 5,061,000.

Representative BROWN. Including those steel people. All right, so there is a drop in unemployment real figures from 5,414,000 to 5,061,000. What happened to the number of people employed?

Mr. GOLDSTEIN. My statements were—

Representative BROWN. Could you answer my question, please? What happened to the people employed?

Mr. GOLDSTEIN. The number of people employed from January to August, let's see, the August figure is 80,618,000.

Representative BROWN. And what was it in January?

Mr. GOLDSTEIN. January figure is 77,238,000.

Representative BROWN. That looks on the surface to me as it there are about 3,380,000 people who have been absorbed into our—into jobs in this country that were not absorbed into jobs in June; and the unemployment figure is down something like 250,000; is that correct?

Mr. GOLDSTEIN. That is factually correct, sir.

Representative BROWN. Thank you.

Mr. GOLDSTEIN. But I would not draw the same inferences that you seem to have drawn.

Representative BROWN. I am not drawing inferences, but just trying to get the actual figures and it seems to me we have absorbed 3.5 million people in our work force and that the unemployment numbers have actually dropped over that period of time also. That is the only inference I have drawn from it, the actual figures.

Mr. GOLDSTEIN. I would just like to add one comment to that, sir. In January normally employment is lower than in August. The construction industry and agriculture and other outdoor industries are at a low point in the year; whereas, in August many of these industries are at a high point and this has to be taken into account in trying to understand changes in employment and unemployment from January to August.

Representative BROWN. Well, my time is up but I would like to conclude with one question. You know we have had a change over the last several years in the construction industry. There is a lot more annualizing of construction effort. Have the Bureau of Labor Statistics' figures taken that adjustment in the construction industry into account? In this statistical, you know, 80 percent of 0.2 percent seasonal adjustment and all that? Have you taken that into account?

Mr. GOLDSTEIN. Insofar as this has developed over several years it should be reflected in the seasonal adjustments that we make.

Representative BROWN. When did you last make a change in your seasonal adjustment figures with reference to the construction industry and the fact that it has been moving toward a 12-month year business?

Mr. GOLDSTEIN. The figures that we released today embody a seasonal adjustment we have just made this last week. We make this seasonal adjustment every year.

Representative BROWN. That is not my question. The question is when did you last take into account by changing your seasonal adjustment figure the fact that the construction industry has become pretty much a 12-month business as opposed to a summer business?

Mr. GOLDSTEIN. Since we just made the seasonal adjustment this last month, sir, taking into account the experience through this last spring—that is we update the factors to take into account the actual developments in the industry up until the point that we make the seasonal adjustment—that change, if that change occurred, and to the extent that it occurred should be taken into account.

Chairman PROXMIRE. Mr. Moore or Mr. Goldstein, if we want to avoid the seasonal adjustment factor, and I have great sympathy with Mr. Brown that it is complicated to those of us who are not professional statisticians and you gentlemen are, one way we can do it is simply to compare the same months last year; isn't it?

Mr. GOLDSTEIN. Yes, sir.

Chairman PROXMIRE. If you take the month of August last year, unemployment was 4,220,000. If you take the month of August this year, unemployment is 5,061,000, an increase of 800,000. That seems to be pretty simple to me. Can anybody argue, could you argue successfully, do you think, that this represents an improvement in the unemployment situation?

Mr. GOLDSTEIN. I would say that that increase of 800,000 in unemployment is a reasonable understanding of what has happened to unemployment over the last year.

Chairman PROXMIRE. Now, isn't it true that in June we had a sharp drop in percentage of unemployment, I think, from something like 6.2 to 5.6?

Mr. GOLDSTEIN. 5.6.

Chairman PROXMIRE. And at that time, I think you said, either Mr. Moore or Mr. Goldstein or both, said this was statistically significant, but that there were explanations because of the day of the week in which the data were gathered. The day of the week it seems to me was the earliest possible, and, therefore, the seasonal adjustment was not as true as it had been in the past because so many were in school at that time, many prospective workers were in school. Therefore, you did not get a precise comparison with the same period last year, and it was taken on a different day of the month. Is that right?

Mr. GOLDSTEIN. Yes, sir. It is the week of the month rather than the day of the week, but your statement is correct.

Chairman PROXMIRE. As I recall, and correct me if I am wrong, both Mr. Moore and Mr. Goldstein contended this was a statistically significant drop in unemployment although there was explanation for it; is that right?

Mr. MOORE. Let me clarify that, Mr. Chairman. The drop in unemployment in June, I think, was statistically significant; it was large enough to qualify on that score, but there were some special explanations for it to be as large as it was. We tried to explain what those were, one of them being the early date or the early week in the month in which the June survey was taken and, furthermore, some question about the seasonal adjustment factors and their applicability to the June data.

We don't have the same question about the early week in the case of August or about the seasonal factor.

Chairman PROXMIRE. Now, I would like to ask your price man, if we can, when was the last time we had such a large 2-month increase in wholesale industry prices. I understand it was a 0.7-percent increase in July, a 0.5-percent increase in August?

Mr. CLORETY. In all commodities?

Chairman PROXMIRE. In wholesale industrial prices.

Mr. MOORE. You mean over the 2 months?

Chairman PROXMIRE. Two-month period, 1.2-percent increase.

Mr. CLORETY. That is on a seasonally adjusted basis.

Chairman PROXMIRE. That is my understanding.

Mr. CLORETY. August and September 1955.

Chairman PROXMIRE. So this is the largest 2-month increase then in 16 years?

Mr. CLORETY. That is correct, sir.

Chairman PROXMIRE. Now, I would agree that 2 months may not be of any real significance, but can you tell us what was the increase in wholesale industrial prices for the past 6 months?

Mr. CLORETY. Adjusted or unadjusted?

Chairman PROXMIRE. Well, adjusted; I want it on the most comparable basis; I assume that adjusted would be proper.

Mr. CLORETY. Over the 6 months ending in July, it was up 2.4, and for the 6 months ending in August it was up 2.8.

Chairman PROXMIRE. That means on an annual basis it would be fair to translate that into an annual basis or not—multiply that by two and say this would—

Mr. CLORETY. You can say, Senator, that for the 6 months ending July, on a 6-months basis, it was running at an annual rate of 4.9 percent, and in August at an annual rate of 5.7 percent.

Chairman PROXMIRE. All right. One other question: What was the increase in industrial prices on an annual basis during the decade of the 1960's, wholesale industrial prices during the decade of the 1960's? Do you have that figure at all, or can you give me a rough estimate if you don't have that available?

Mr. CLORETY. During the decade of the 1960's?

Chairman PROXMIRE. Yes, sir; just run down the years quickly, if you can.

Mr. CLORETY. The only way I can do it very rapidly would be to say that on a seasonally adjusted basis, December of 1959, that index was 95.5 and on December of 1969, closing out the decade, it was 100 percent. So that the increase was approximately 5 percent.¹

Chairman PROXMIRE. For the 10 years an average increase of one-half of 1 percent per year. So this latest rise would represent 10 times as rapid an increase in wholesale industrial prices on an annual basis for the last 2 months as it was in the 1960's; is that right? Is that fair? It went from 95.5 to 100 which is a little less than 5 percent for 10 years, right?

I divide that 4.5 by 10 and you get less than one-half of 1 percent per year; is that right?

¹ Later in the day Commissioner Moore wrote Senator Proxmire that the correct index figure for December 1969 was 107.8, equivalent to an annual rate of 1.2 percent instead of 0.5 percent. Hence the rate of change during the 6 months ending in August, 5.7 percent at a seasonally adjusted annual rate, is about five times the 10-year average.

Mr. CLORETY. Yes; over the past 6 months ending this August we were running at an annual rate of 5.7 percent.

Chairman PROXMIRE. The reason I am getting at this, we had remarkable stability of wholesale industrial prices during the 1960's and the evidence you gave would appear to justify that; and now we have had a difference, a period of instability in the last 2 months on wholesale industrial prices.

Can you gentlemen depart from your precise position as statisticians and experts in what the figures are, perhaps Mr. Moore would like to join in this, and give us the significance of this kind of rise in wholesale industrial prices. What does this mean, Mr. Moore?

Give us your best judgment and I would ask the price men to comment too. Would this suggest an unusual pressure on consumer prices in the future without some kind of action by the President and Congress?

Mr. MOORE. Well, I would interpret it in this way: That a good deal of the pressure in the industrial wholesale price index came from prices of metals and metal products and lumber and lumber products. The lumber price increases, I think, reflect the demand for housing particularly, where lumber is very widely used. The metal price increases reflect some increases in demand for metal products, but mainly those two sources are what have contributed to the very rapid increase of the industrial index in the last few months.

Chairman PROXMIRE. Would you say those factors would be, likely to be, and again I apologize because these are not exact and we have to make our own judgments, but would you say these are factors which are likely to be temporary and they are not fundamentally, should not be fundamentally disturbing in projecting what could happen to price increases in the future?

Mr. MOORE. I would prefer not to make a projection, sir; but housing demand seems to me to be still very strong. And insofar as that is a factor on the lumber price side it will continue to be a factor.

Chairman PROXMIRE. Now one of the other large elements in the price figure is the price of services, of course, aside and apart from wholesale industrial prices, another element. That has been far more inflationary, has it not?

Mr. MOORE. Yes; that has risen faster than the commodity price component in the Consumer Price Index.

Chairman PROXMIRE. Since we are engaged as leaders of the country in this great effort to restore consumer confidence, in addition to the August unemployment figures in real terms, could I have the August to August employment figures in real terms?

Mr. MOORE. Well, they were 79,894,000 in August 1970, and 86,681,618 in August of 1971.

Representative BROWN. Real figures?

Mr. MOORE. Those are the unadjusted figures.

Representative BROWN. I am sorry; give them to me again, will you please?

Mr. MOORE. 79,894,000 in August 1970; 80,618,000 in August of this year.

Representative BROWN. And the unemployment figures again, please?

Mr. MOORE. 4,220,000 in August 1970; 5,061,000 in August 1971.

Representative BROWN. The most specific area of employment or the most significant group rather, I should say, I don't see broken out specifically in the figures that you have given us, and that is married men. Are those in this press release? What's happened to the employment of married men, unemployment, or workweek figures?

Mr. MOORE. We have the figures on the unemployment of married men, again without seasonal adjustment, and in August 1970 it was 1,006,000; in August 1971, 1,162,000. Now, I don't have handy the employment figures of married men; we will have to supply those for the record; we do not have them here.

(The following information was subsequently supplied for the record:)

The employment figures for married men: 37,862,000 in August 1970, 38,275,000 in August 1971.

Representative BROWN. Let me ask the question this way: Is this generally the most stable figure? Is this the highest unemployment figure, the lowest unemployment figure? In other words, the head of the household, the full-time wage earner who is married and maintaining a wife and children, it seems to me may be a little more significant in terms of the—and perhaps I am wrong, I don't want to make an incorrect judgment here—perhaps the teenager in the market is a more stabilizing factor in our society. Would you want to make a judgment on that?

Mr. MOORE. Well, let me say the unemployment rate for married men is a much more stable figure normally than the unemployment rate for teenagers.

Representative BROWN. Let me ask this question: How does the unemployment rate for married men currently relate to the unemployment rate for married men, say, in the early 1960's, 1961 to 1963? Could you get that figure?

Mr. MOORE. Yes, we have those figures. The rate in August of this year was 3.2 percent, seasonally adjusted.

Mr. STAMBLER. In 1963, August of 1963, on the same basis 3 percent. The annual average for 1963 was 3.4 percent. For 1964 it was 2.8 percent.

Representative BROWN. Could you give me 1961 and 1962?

Mr. STAMBLER. In 1961 it was 4.6 percent annual average; 1962 was 3.6 percent annual average.

Representative BROWN. So the current figure for married men as head of the household is a lower unemployment rate than it was in 1961, 1962, and 1963; is that correct?

Mr. MOORE. Yes, sir.

Representative BROWN. Can you give me the percentage of the labor market made up of these married men?

Mr. MOORE. It was approximately 39 million out of the 84 million, which would be nearly half of the total.

Representative BROWN. I wonder if you could include those next time, both employment and unemployment figures in your statistics? I think it would be helpful because it seems to me they are of some significance.

Mr. MOORE. We will be glad to.

Representative BROWN. With reference to the growth rate of the jobs in our economy, what would be or can you give me a figure for what that growth rate has been, say, during the period 1961, 1962, 1963—the last 10 years—or is there a statistical figure that is accepted as a normal growth rate in the number of jobs in our society? Is there a 1957–59 period or anything like that of percentage of increase in people employed?

Mr. GOLDSTEIN. No, sir. I don't know of any that is accepted as a normal. We could give you the actual growth rate of the number employed. One way of looking at this issue—

Representative BROWN. Is there an average over our history?

Mr. GOLDSTEIN. We could get that for you for any period back to 1940.

Representative BROWN. Well, is there some way to get it like now because I would like to make a comparison between what happened in the last 8 months?

Mr. MOORE. Why don't we take it for the period 1960–70, those 10 years, all right?

Representative BROWN. All right, or perhaps you could give me a period that did not include the war in Vietnam. Maybe we could take it from 1955 to 1965 or 1964, that seems to be a more likely peacetime period.

Mr. GOLDSTEIN. May I comment on your question about a normal growth rate, sir? One way of looking at what the growth rate ought to be is to look at the growth of the labor force itself which has been going up in general at this time at the rate of about 1.5 million a year; and in order to keep unemployment from rising in any time we need to have a growth in employment of about the same amount. In order to get unemployment down, we have to have a larger growth in employment.

Representative BROWN. All right, let's look at this stable period, if you can give me those figures when you get to them: the period between January and August, you say we should absorb a million and a half new people a year; is that correct, in the work force?

Mr. GOLDSTEIN. Yes, on the average.

Representative BROWN. All right, now in January what did we have employed?

Mr. GOLDSTEIN. In the labor force?

Representative BROWN. What did we have employed?

Mr. GOLDSTEIN. Employed in January?

Representative BROWN. 1971.

Mr. STAMBLER. 77,238,000.

Representative BROWN. And in August we had 80,061,000. So we added 3.5 million people employed during the last 8 months; is that correct?

Mr. GOLDSTEIN. That is correct, sir.

Representative BROWN. Well, that absorbs this year's 1.5 million and last year's 1.5 million, doesn't it?

Mr. GOLDSTEIN. Well, as I said earlier, we always get an increase in employment from January to August because of the seasonal changes, and in order to make this kind of analysis one would have to use an increase over a year, say from August last year to August this year. That would enable us to make a comparison with the normal increase in the labor force.

Representative BROWN. Let me ask it this way: Is the increase that we have had from January to August in the number of people employed, the 3.5 million people that have been added to the work force in 8 months, does that square with January to August average over—you know, some statistically acceptable period of time, that is not aberrational by the war in Vietnam.

Mr. GOLDSTEIN. We would have to study the figures in order to be able to answer that.

Representative BROWN. What do we figure as the growth rate for the 10-year period? Have we got an answer to that?

Mr. MOORE. We don't have it for the January to August period, and I think that would be—

Representative BROWN. What is the 10-year rate of growth?

Mr. MOORE. Well over the period from 1955 to 1964, that 9-year period, the total growth in employment was 7.1 million, which works out to about 800,000 per year increase in employment.

Representative BROWN. Increase in employment?

Mr. MOORE. Right.

Representative BROWN. What is that on an annual basis, 2.5 percent of the work force?

Mr. MOORE. About 1.5, I would say.

Representative BROWN. About 1.5 percent of the work force, OK. Are we talking about 1.5 percent or 1.5 million?

Mr. GOLDSTEIN. That is 1.5 million; that is an average for this particular period of time and does not reflect the actual change in the labor force over any particular time, but it is an average expected on the basis of long-term trends in populations and in participation in the labor force.

Representative BROWN. What I am getting at, of course, is it seems to me the 3.5 million increase from January to August and a reduction in unemployment, actual figures, is at least significant, holding of one's own, if one cannot concede that it is an improvement in the number of people employed. It seems to me that if we are supposed to absorb 1.5 million people a year, that in this year at least perhaps we have not absorbed the people who were out of work in January; I would be willing to concede that since we still have got 5 million or therabouts unemployed and you had 5.5 million unemployed in January and nobody is happy with the 5.5 million unemployed or 5 million unemployed, but at least the economy is absorbing the growth of the labor force; is that a fair conclusion or not?

Mr. GOLDSTEIN. Since the unemployment rate in August was about the same as in January after seasonal adjustment, I would say your statement is correct, sir.

Representative BROWN. Thank you very much.

Chairman PROXMIER. Mr. Moore, do you or your experts feel there is anything at all in these figures that we should be warned about? We were warned on the June figures about the time of the month that the sample was taken. Is there anything at all in these figures we should be conscious of in evaluating them?

Mr. MOORE. Well, I think the only thing that we remarked on in the press release was the release of workers from the steel industry and that special situation.

Chairman PROXMIRE. How much would that affect it? Supposing you leave that out, can you give us a figure, would you have had 6 percent unemployment instead of 6.1 or would that have had any statistical effect at all?

Mr. MOORE. The difference would have been about one-tenth of 1 percent.

Chairman PROXMIRE. So it would have been about 6 percent if you leave the workers in the steel industry out? As I understand it, the workers in the steel industry were extraordinarily employed because they were stockpiling in anticipation of a strike. The strike didn't take place; the stockpiles were developed so it wasn't necessary for these people to work and they were laid off and they were counted as unemployed; is that right?

Mr. MOORE. Yes; that is correct.

Chairman PROXMIRE. That is the only aspect of this that you think might represent a distortion of any kind; is that correct?

Mr. MOORE. That is the only one I am aware of; that is true.

Chairman PROXMIRE. We were told by an economist who testified before the committee—I am not sure whether you had a chance to comment on this or not, but we were told by an economist that these figures are not comparable, these unemployment figures, with the unemployment figures in the early 1960's, that at that time those who were working in special Government projects were considered as unemployed. Today if they are working for job training or other special Government projects they are considered employed; and he said if you consider that factor, and correct for it, that there are not fewer people unemployed now than there were in the early 1960's but more.

Do you know if that conclusion, in your judgment, is that conclusion correct?

Mr. MOORE. Well, sir; we got into that question last month at this hearing.

Chairman PROXMIRE. I beg your pardon.

Mr. MOORE. I think Mr. Goldstein's answer at that time put our position very clearly on it.

Chairman PROXMIRE. And your position is that that judgment was correct; is that right? That is what I recall.

Mr. MOORE. That the judgment—

Chairman PROXMIRE. The judgment of the economist who made that argument was correct; in other words, that the figures are not comparable because of the factor I just suggested; is that right, Mr. Goldstein?

Mr. GOLDSTEIN. I would put it this way, sir: In the early 1960's we instituted new kinds of programs, and the problem was how to classify people who are in those programs. I believe a sensible decision was made as to whether they should be classified as employed, unemployed or out of the labor force; however, if one classified these people differently, then this judgment was correct. It depends on whether you agreed with the decision that was made.

Chairman PROXMIRE. Yes; I am just asking you whether that judgment was correct and I understand your response.

We have had many suggestions, including Mr. Okun's, Mr. Ackley's and many others, and many estimates, that the President's Cost

of Living Council is going to try to work out some kind of price-wage policy relying on price-cost data. From a technical point of view, do we have the price-cost data needed to monitor a price-wage policy now?

Mr. MOORE. Well, I think we have a very good supply of wage and price data now. It certainly can be improved, and we have been making efforts in the Bureau to continue those improvements.

Chairman PROXMIRE. Can you give us an opinion as an expert, Mr. Moore, and maybe the others can help us—can you give us your opinion as to whether it is possible to approximate the productivity in industry to make a price policy based on it? Can you say an industry is extraordinarily productive and therefore their prices should not increase but should be rolled back given a particularly modest increase in wages? Do you think that we could base a policy on that kind of finding?

Mr. MOORE. It would depend on the industry. We have reasonably reliable figures for some industries but not for others. It is not 100-percent correct.

Chairman PROXMIRE. How much time would it take, in your judgment, to develop an adequate basis for this kind of administration?

Mr. MOORE. Using productivity figures for each industry?

Chairman PROXMIRE. Yes, sir; each major industry.

Mr. MOORE. Each major industry. I would have to think that over, sir. I just don't know.

Chairman PROXMIRE. I wish you would and let us know as soon as you can. I think this is very critical, and if the Congress is going to be in a position to make constructive criticisms to the administration and to develop legislation that would be appropriate, we ought to know that. I am not talking about every industry, but major industries. If we had an assurance that we could develop adequate productivity measurements, I think we would be in a good position to proceed with the kind of suggestions that Mr. Okun made; otherwise it is very questionable.

Mr. MOORE. We would be glad to review just exactly what we have and what we don't have and give you our judgment.

Chairman PROXMIRE. Let me ask, why did food prices fail to show their usual seasonal decline in the last month; do you have any explanation?

Mr. CLORETY. In the Wholesale Price Index?

Chairman PROXMIRE. Yes, sir.

Mr. CLORETY. We don't have any official answer to it. The commodities, basically, which caused this failure to drop as much as usual were livestock, eggs, and fruits and vegetables. The best explanation I have heard on that actually came from outside the Bureau. It was that in all probability these are items which were particularly affected by the railroad strike, and while the strike was over by August 10, which is the date these prices referred to, their effects were still being felt in those particular commodity markets. In other words, not as much livestock moved to market as usual over the weeks preceding August 10; not as much of fruits and vegetables and not as much of eggs; and in the part of our economy where the classical supply-demand relationships are still pretty effective, this could very well have been

the reason why prices failed to decline as much as they usually do.

Chairman PROXMIRE. Now, the President has excluded raw, unprocessed foods from the freeze?

Mr. CLORETY. Yes, sir.

Chairman PROXMIRE. As I understand it, that price reaches whatever level the market provides. Can you give us any indication of what can be expected over the next 3 months with respect to that on the basis of past experience? Is there any way we can predict that or is it unpredictable?

Mr. CLORETY. I don't think I could predict it, Senator.

Chairman PROXMIRE. On the basis of what's happened in the past few months, is the price likely to move quite a bit up and down or is it fairly stable?

Mr. CLORETY. Farm products are very volatile. They move up and down by substantial amounts almost every month, and since they are not subject to controls, I would expect that we would probably see a continuation of that kind of behavior, that they will move in both directions.

Chairman PROXMIRE. Do you think, still without being subject to controls, they are still likely to go down; is that a reasonable possibility, as well as to go up.

Mr. CLORETY. I think so, Senator.

Chairman PROXMIRE. How large an element is this in the cost of food, the part that is not subject to the freeze?

Mr. CLORETY. In the Wholesale Price Index?

Chairman PROXMIRE. Yes; because they are not subject to the freeze?

Mr. CLORETY. Not subject to the freeze because they are raw agricultural products.

Chairman PROXMIRE. How much of the food budget is exempt from the freeze, what proportion?

Mr. MOORE. May I interject for a moment?

Chairman PROXMIRE. Yes.

Mr. MOORE. I think the answer that Mr. Clorety can give is with respect to the Wholesale Price Index, approximately 10 percent of that index consists of these raw agricultural products.

Chairman PROXMIRE. Ten percent of the Wholesale Price Index? I am talking about the food budget.

Mr. MOORE. Now, in the retail price, the Consumer Price Index, the figures are less than that.

Chairman PROXMIRE. Well, yes, but you see, I am not talking about the proportion that food represents in the retail price figures; I am talking about the part that the exemption of food prices represents to the food budget as a whole.

Mr. MOORE. That is about what I was going to say.

Chairman PROXMIRE. How big is that?

Mr. MOORE. That would be about, of the total Consumer Price Index, about 2 percent is raw food that would not be subject to the freeze.

Chairman PROXMIRE. That would be reassuring; it is a very, very small proportion that is exempt from the freeze?

Mr. MOORE. Of the foods.

Chairman PROXMIRE. So far as you know, what else is exempt from the freeze? New products?

Mr. MOORE. I think those are the only products except imported products.

Chairman PROXMIRE. Imported products, and imported products can simply reflect the import surtax, right?

Mr. MOORE. Yes, sir; or any foreign price increase outside this country.

Chairman PROXMIRE. How big an element is that?

Mr. MOORE. A very small fraction. I have a figure of about one-tenth of 1 percent.

Chairman PROXMIRE. One-tenth of 1 percent.

How about new products; how large an element do they represent? I understand they are exempt; they have to be, of course.

Mr. MOORE. Brand new products?

Chairman PROXMIRE. Yes; any new product, any new product that comes on the market after August 14 there is no base so the result is the seller has no base to which he can be held.

Mr. MOORE. Well, my understanding is that he has to charge a price that is comparable with some other related product, but I don't have any estimate of how much that might affect—

Chairman PROXMIRE. One other question, Mr. Moore.

We are very concerned about this because, of course, we in the Senate are elected by States, and we have many colleagues who argue for policies on the basis of what the situation is in a particular State. I understand that the Bureau of Labor Statistics collects unemployment data by State but only on an annual basis; is that correct?

Mr. MOORE. For certain States we do; yes.

Chairman PROXMIRE. And only in certain States? How many States?

Mr. MOORE. The 10 largest States.

Chairman PROXMIRE. Do you do it on a regional basis for the other States?

Mr. GOLDSTEIN. We do have regional estimates, broad regions.

Chairman PROXMIRE. For example, my State is not one of the 10 largest. Would you have a region in the category of Minnesota, Wisconsin, and Iowa, would you have that area?

Mr. GOLDSTEIN. Yes.

Mr. MOORE. We have the census regions, whatever region that is in.

Mr. GOLDSTEIN. We have the Census Bureau regions.

Chairman PROXMIRE. Why haven't you attempted to publish monthly State data for the 10 largest States?

Mr. GOLDSTEIN. It gets back to the size of the samples. The annual figures that we do publish are based on an average of the 12 monthly figures and during that period of time we have a large enough sample in some of the big States and some of the large metropolitan areas, about 20 of the large metropolitan areas, to get reasonably reliable figures. But for any 1 month even for the larger individual States or metropolitan areas the data would not be accurate because of the sample size setup.

Chairman PROXMIRE. Your sample is so much larger than the sample by Gallup and these other people who are considered professional pollsters, your sample is about 55,000 and their is about 1,400, I understand, and your sample therefore, for a State like California, would be about 5,500, 10 percent; New York would be close to the same; Illi-

nois would also be much larger than the Gallup samples. Why couldn't you have a monthly statistic?

It seems to me because social legislation is being passed by grants funded to States on the basis of their unemployment rates, this would be most pertinent and helpful.

Mr. GOLDSTEIN. Well, it might, if we were willing to accept large sampling errors.

Chairman PROXMIRE. How large a sampling error would you have if you had a monthly sample of a State say the size of Illinois?

Mr. GOLDSTEIN. I cannot answer the question offhand, sir, but I will provide it for the record.

(The following information was subsequently supplied for the record:)

The sampling error for monthly estimates of the unemployment rate for the State of Illinois would be approximately 0.8 percentage points, using current BLS criteria of reliability of 1.6 times the standard error. That is, in 90 cases out of 100, the unemployment rate from a complete census would fall within a range of plus or minus 0.8 percentage points of the estimate developed through the sample.

Chairman PROXMIRE. How much would it cost in your view to collect an adequate sample for a State the size of Illinois so that you could come in with monthly figures that you could rely on?

Mr. GOLDSTEIN. Again, I would be glad to put a figure, an estimate in the record.

(The following information was subsequently supplied for the record:)

To develop monthly estimates of unemployment of a reasonable degree of reliability for a State the size of Illinois would cost approximately \$400,000 a year, with an additional \$250,000 needed for initial set-up and development costs in the first year. Such an estimate would have a sampling error (90 cases out of a hundred) of plus or minus 0.3 percentage point each month. Reliable estimates on a quarterly basis would cost somewhat less.

Chairman PROXMIRE. Has that request been made when the Department of Labor budget is sent to the Congress?

Mr. GOLDSTEIN. No; we have not asked for money to do that.

Chairman PROXMIRE. We would appreciate getting these data so then we could determine whether or not we ought to press for it. I think it would be helpful. Whether it is worth additional funding is something we will just have to determine on the basis of costs.

Once again, thank you, gentlemen, very, very much. You have been most helpful. We appreciate your coming up. The committee will stand in recess.

We expect to have hearings next week and to continue on our hearings on the President's new economic program.

(Whereupon at 12:40 p.m., the committee was adjourned, to reconvene subject to the call of the Chair.)