

CURRENT LABOR MARKET DEVELOPMENTS

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

PART 2

OCTOBER 8 AND 27, NOVEMBER 5, AND DECEMBER 3, 1971;
AND JANUARY 7, 1972

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CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, OCTOBER 8, 1971

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

The committee met, pursuant to recess, at 10:15 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire, Ribicoff, and Javits; and Representative Conable.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Courtenay M. Slater, economist; Lucy A. Falcone, research economist; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig, economist for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

Today we resume our monthly review of the employment and unemployment situation. We have been holding these hearings since last April, following the discontinuance of the regularly scheduled press conference at which the press had been briefed by skilled technicians of the Labor Department.

I might say every comment we have heard from the press has been to the effect that these hearings have served a very useful purpose, in the absence of the regular briefings. We all hope that these briefings will be resumed, but so far, the higher up officials have adamantly refused.

On top of this development we have recently learned that a major reorganization is contemplated for the Bureau of Labor Statistics, the agency responsible for the preparation of the statistics. The technician in charge of the press conference has been told that his office will be split in two and he has been assigned to that portion which will not be dealing with current labor market developments.

Obviously questions have been raised as to the connection of these two developments. We must soon find the answer! Regardless of how favorable the answers may be, the sad fact—and I know it to be a fact—is that morale in the agency is extremely low. One must wonder whether any improvement in efficiency from the reorganization can outweigh the damage caused by the way in which the reorganization is being handled.

Our first witness today is Stanley Ruttenberg, who has spent the greater part of his working life dealing with employment and unemployment problems. He was director of research in the AFL-CIO

from 1955 to 1962. He was with the Department of Labor from 1962 to 1969, serving as Assistant Secretary of Labor from 1966 to 1969.

Senator RIBICOFF. The only comment I would make, Mr. Chairman, is that I would like to commend you for staying with this very tough problem. Unemployment and inflation still remain high. Personally, I believe that the President should be given every possible encouragement to try to make his suggestions work. The President's statement was general. I am interested to find out the specifics from Secretary Connally this noon.

I am disturbed, however, at the reorganization of the Bureau of Labor Statistics. The press and the people of this country have an absolute right to know the truth and know the facts upon which they are being asked to act, and it is absolutely inexcusable to play politics with something so important. It is important for us and absolutely essential to have the figures and have them correct. Only this way will we be able to find where we are going and whether the President's plans are actually working.

Chairman PROXMIRE. Thank you, Senator Ribicoff.

Mr. Ruttenberg, I see you have a short statement. You may proceed in your own fashion.

STATEMENT OF STANLEY H. RUTTENBERG, PRESIDENT, STANLEY H. RUTTENBERG & ASSOCIATES, INC.

Mr. RUTTENBERG. Thank you very much, Mr. Chairman. I had not seen the unemployment figures released this morning until arriving here this morning. I have just had a brief opportunity to review them in the last half hour. I would be interested in commenting on them after I have gone through my statement, and interestingly enough, also I had to do this statement before I heard President Nixon's statement last night. So, I will be glad to comment also on that.

But if I might just go on with the statement I have here, I obviously appreciate very much the invitation to discuss with this committee the Nation's unemployment problem because, like so many others, I have watched with no little dismay over these past 2 years the steady growth in joblessness, accompanied by the steady increase in prices, capped by the administration's totally inadequate response in the form of its new economic policy designed to create "a new prosperity."

I do not intend to engage in a recital of the unemployment statistics, in aggregate or disaggregate form, or to talk about the social implications of those data. Let me simply assure you that I am only too well aware of the human tragedies that lie behind the numbers, and to focus directly, in the short time available, on the basic problem as I see it.

That problem, in my view, is essentially a matter of priorities. Our No. 1 economic policy priority should be full employment—a job, at a decent wage, for everyone who wants to work—which is, after all, the basic commitment that is embodied in the Employment Act of 1946.

I found lacking in President Nixon's statement last night any reference to what might happen to unemployment and I think it was a serious gap, but I will comment more on that later.

I do not believe that we must be compelled to retreat from that objective by any trade-off over prices; but if there must be such a

trade-off, then I think we should not be inclined to opt for higher unemployment as readily as we have heretofore.

The present administration came into office promising to reduce the rate of price increase without any increase in unemployment. It promised, in short, to avoid the necessity of the trade-off. And, in one sense, it did. Nothing constructive happened on the price side, even though unemployment rose steadily. There was no trade-off to be had; prices, instead of easing, climbed far more rapidly than they had in the previous administration.

The failure of the present administration to succeed in this regard—that is, to slow down the rate of increase in prices by deliberately increasing unemployment—was not in any way due to lack of effort. It tried, and it tried very hard, indeed. It brought economic growth to a grinding halt. Even so, it was unable to slow the rate of price rise, because the Philips' curve—which describes the relationship of price inflation to unemployment rates—had shifted to the right. That is to say, compared with previous periods, there is now more price inflation associated with any given level of unemployment.

This development is the result of structural changes in the economy. Those changes—which are embodied in the shift to services, to automation and increased use of costly technology, as well as to bigness generally—have produced added cost rigidities. And, in an economy such as ours, where prices in many sectors have never been particularly responsive to shifts in demand, it is to be expected that these increased rigidities in costs will result in increased rigidities in prices. Specifically, as corporations strive to maintain profit margins, prices will too often not respond readily to the declines in demand that accompany slowdowns of economic activity and increases in unemployment. The response is likely to be more sluggish today than it was in the past. Indeed, as we have seen during the current recession, prices may be increased in the face of weak demand.

It follows from this that one route to improved price performance would be through increased output; that is, higher levels of capacity utilization, which will mean lower unit costs, and the ability to maintain and improve profit margins without raising prices. Thus, the failure of the administration to comprehend the nature of the structural changes that have occurred—or to comprehend that more output and more utilization and more employment can ease inflationary pressures—led to reliance on remedies that actually aggravated the situation.

Ultimately, the dilemma that confronted the administration was that, in order to get the inflation under control, it needed substantially more unemployment, and it needed that unemployment for a longer period of time than was available, given the closeness of the 1972 election. It chose, instead, contrary to all of its previous pronouncements, to impose a wage-price freeze and to enunciate its new economic policy.

So far as domestic economic impact is concerned, there is little that is new in that policy, and even less that is expansionary about it. If one considers that the stimulative aspects of the program have been purposely offset by planned reductions in Federal outlays, there is just no basis for anticipating that any significant dent will be made in the present level of joblessness.

The imposition of some form of controls on prices can, of course, ease the rate of inflation. But this will not create jobs. Increases in employment can come only from increases in spending, and the more rapidly productivity advances, the greater the increase in spending that is required by all segments of the economy in order to achieve any increase in employment.

At this juncture, one can only speculate as to the shape of the equation, since we do not know what kinds of restraints will be placed in phase II on increases in wages and salaries purchasing power, if you will—while productivity can be expected to register above-average growth in the months ahead.

There is, however, no need to speculate about the proposed investment tax credit. The net effect of such a measure is to increase corporate profits and to decrease corporate taxes. This means an ultimate shift in the tax burden away from corporations, with the consequent adverse impact on the distribution of income shares so far as wage and salary earners are concerned.

If such a proposal is of dubious value even under the best of circumstances, its purpose at a time when more than 25 percent of the Nation's productive capacity, especially while growth in consumer buying power is restrained through controls over wages and salaries, the result can be the basis for yet another recession.

Clearly, then, the administration's new economic policy can be expected to do little about the Nation's problem of joblessness. To be sure, much will be promised. But the hard reality is that any significant increase in employment cannot be achieved without a significant stimulus to the economy. And that is not in sight. Rather, the policy thrust of the administration seems to be to secure some moderation of price increases—through controls—in time for the 1972 election. Once over that hurdle, the administration apparently would be inclined to bury controls, and to have the economy return to the traditional method of dealing with the twin problems of jobs and prices; that is, the "trade-off."

In my opinion, this would be a tragic mistake. I think it is wrong deliberately to use unemployment—and the unemployed—as the economy's price stabilizer, and that is just what is involved in acceptance of the concept of a "trade-off." I would rather have some form of controls and the accompanying restraints on prices and all forms of income, if it meant a full employment economy. This, to me, is far more humane than to condone the deprivation—and the severe restraint—that goes with unemployment.

I hasten to add, however, that I find the administration's version of controls, as manifested in the wage-price freeze, inequitable and discriminatory. By the same token, the administration's actions represent a significant breakthrough, even if those actions are contrary to every philosophical instinct of the administration. For the first time in our history, controls have been imposed on an economy that is not on a wartime footing.

Obviously, this represents a dramatic break with the past, and it gives us, and particularly the Congress, the opportunity to explore some new approaches to the operation of our economy, and particularly to the problem no one has yet resolved: the achievement of full employment within a framework of reasonable price stability.

If we are prepared to accept controls during wartime in order to achieve price stability simultaneously with full utilization of resources, why not in peacetime? Is there a significant distinction to be made between an economy that booms because of war and one that booms because of good economic policies? I think not. Moreover, we may well discover that the existence of controls could serve, in due course, to change the behavior of different sectors of the economy, thus easing the normal inflationary pressures to be found at full employment. Thus, the duration of such controls, in whole or in part, need not become a permanent feature of our economy.

As I indicated at the outset, I firmly believe we have an obligation, as a society, to make full employment a reality, and we ought to use whatever talent and tools are available to us to achieve that objective. For this reason, I would hope that the committee would begin now to explore the methods by which controls could be periodically used—fairly as well as effectively—in order to sustain a national commitment to full employment. There is, in my view, no goal that is of any greater urgency than a job, at a decent wage, for everyone who wants to work.

As I indicated at the outset, I think we should be prepared, if it is necessary, to accept more in the way of price increases to secure that objective. But it may no longer be necessary, if we can only manage to make imaginative use of the new opportunity that has now been presented to us to restrain, through controls, the inflationary pressures that periodically plague our economy and that have tended to make us shy away from the goal which should have our highest priority; namely, full employment.

Thank you.

Chairman PROXMIRE. Mr. Ruttenberg, thank you very, very much. I think this is a most useful, straightforward expression, something that I think must have been in the back of all of our minds. It is good to have somebody with your ability state it so clearly and emphatically. That is, we have relied, not only this administration but past administrations, too, for that matter, relied on unemployment as a way of trying to combat inflation. It means that the poorest people in the economy, those least able to defend themselves, are the fall guys. They take the brunt of antiinflation policies and the cruelty of the Philips' curve notion; that is, that there is a trade-off, that the only way you can hold down prices is to permit unemployment to increase, I think it has never been spelled out more clearly in my presence than you did this morning.

I would like to ask you about that a little later but I cannot resist frankly, in getting on to what, of course, is current, and something in which we are all so deeply interested; that is, the President's announcement last night of the phase II approach.

One of the things that troubled me very greatly about the President's announcement is that he does delegate, he hands over to these two Boards a tremendous amount of power.

Now, frankly, I was part of the act, as we are all Members of Congress, in giving it to the President but one witness told us we did not give him the ball game, in control of prices and wages, we gave him the whole ball park.

The President in turn is handing this over to a Board that nobody elected and I find in the papers this morning in the documentation of how this is going to work that the legal powers of each Board will be exercised by the chairman of each Board. So, one man will have virtually dictatorial authority over prices with no appeal. That was spelled out very clearly last night to us by both the President and Mr. Connally in a briefing.

In the same way one man will have virtually dictatorial power over wages, with no appeal.

Now, how would you feel about this? Do you think that this is right or do you think that maybe Congress should get back into the act now? We are going to have to act on renewing this authority the President has. He is going to send that legislation down next week. Do you not think we should take a very careful look so that at the very least a wage earner, union, businessman, would have some recourse under a firm and established law so that he could go into court and have some legal basis for saying that action against him is arbitrary by these two Boards?

Mr. RUTTENBERG. Well, Mr. Chairman, on the issue of the Pay Board, I am inclined to feel very strongly that the tripartite arrangement of having 15 members, five labor, five business, and five from the general public, in a sense, does establish the kind of a structure that ought to review the wage contracts that are negotiated and wage decisions of employers, and be able on their own to determine what the overall general policy would be within the very broad framework of general price and wage and cost and income stability.

Whether or not the Congress ought to spell out in some detail some authority under which such Boards or individuals should function I am not so sure. I think it would be very difficult to try to spell them out in advance of a situation that exists when it is very difficult to know what the situation is going to be.

Chairman PROXMIRE. What I am getting at is this. Almost all economists who testified said that a fundamental basis for a wage increase would be productivity increases and many of them said you also ought to take into account some element of the cost-of-living increases. Now, without giving a precise figure, I agree it would be a mistake for Congress to say a 5- or 6- or 4-percent increase in wages, but to incorporate some productivity and cost-of-living principles into the law, so that a union or a wage earner or an employer could say that the Board has not acted in accordance with the rules of the game set down by the Congress and they would have a basis then for defending themselves against arbitrary action. This way, as I understand it—I would be happy to be refuted if this is not the case—the Chairman and Board, in effect, can say that one group can have a 10-percent increase and another group cannot have any, and Secretary Connally last night said with respect to the existing contracts, if the Board should say that an existing contract of a particular union should be allowed to permit an 8-percent increase in wages or a 10-percent increase in wages, then the Wage Board would just have to take it out of somebody else.

Well, unless you have a settled law, it seems to me, you are just asking for all kinds of mischief and all kinds of trouble and all kinds of complaints, legitimate complaints, on the part of the American

people because there will not be a settled law under which they can operate.

Mr. RUTTENBERG. Of course, Mr. Chairman, if the Congress were to spell out some broad general principles such as those you have indicated relating to productivity and to the cost of living, there are other factors that are involved—certainly, the inequities that creep into the structure, the level of wage in relation to standard of living of many people, obviously, at the low-income level, so that you would have to spell out a variety of specific proposals.

I do not react against that general notion but I think if such criteria were spelled out by the Congress, they would have to be in very, very broad general terms.

I do believe that a tripartite board of the kind that is being contemplated here, if given the liberty to function freely, and I think that is not clear from what the President has said, I think, in a sense, if I read this morning's paper correctly, the Cost of Living Council under Secretary Connally may very well have final deciding authority.

Chairman PROXMIRE. I do not think that is the case in a particular instance. Now, they do have a final authority in the sense, as I understand it, that they can decide that the policies of the Wage Board or Price Board are not achieving the goal that was set out and call for new policies. But on a case-by-case basis, if United States Steel, for example, is permitted by the Price Board to put into effect an 8-percent price increase, there would be no appeal of that to the Cost of Living Council. They could simply say after United States Steel and automobiles and others, after the decision has been made, from now on the Board will just have to adopt more stringent policies. As I understand, that is the way it was explained and I have not seen any contradiction.

It seems very clear in the briefing papers that have been given that this would be how it would operate.

Mr. RUTTENBERG. You are right, and I did not mean to imply that individual cases would be referred from the Pay Board to the Cost of Living Council. The Cost of Living Council, as you did indicate, and what I was trying to say, was that they would determine the general overall policies, the guidelines and procedures under which the Pay Board will operate. The Cost of Living Council's guidelines will be sent down, either before or after decisions are made by the Pay Board. One does not know, but frankly—I guess maybe you and I may differ slightly on this, Senator—I believe that a tripartite arrangement in which the public and real public members, individuals that have no association with either the management or labor side, if competent, well respected, to serve as public representatives, I really think that such a five-man public board supported by five management and five labor members can be adequately entrusted with pay decisions in this economy.

I think if one looks at the stabilization board in the construction industry, it is true that that board under the chairmanship of Mr. Dunlop has moderated the level of increases negotiated in the construction industry.

Chairman PROXMIRE. Let me just say this: The personnel, their attitude, their acceptance is immensely important. That all will be done under Executive order. No participation by Congress at all. All

15 members of the Pay Board appointed by the President, period, anybody he wants. All seven members of the Price Commission appointed by the President. No confirmation by the Senate.

Would it not seem wise to broaden this a little bit, at least bring in the participation of the Congress to the extent of confirmation proceedings?

Mr. RUTTENBERG. You and I would agree fully on that, Senator. I think it would be a good idea to involve the Congress in the advice and consent of the appointment of people to such boards.

Chairman PROXMIRE. After all, we confirm—the Senate confirms second lieutenants, we confirm literally thousands of people, and this Board will have far greater economic power in my view, than any other person or agency in our Government. After all, the power to determine whether people get a wage increase or do not get it, whether prices go up or down, is an immense power, a power that was called by Mr. Burns dictatorial.

Give me your views on the Price Commission authority here. How would that—would you have a different view on that than you do on the Wage Board?

Mr. RUTTENBERG. Well, again, I have not had—I have had the same amount of time that everybody else has had to study and think about what the President did in his announcement last night. I think a seven-man board representing the general public, certainly, obviously, the first thing that comes to my mind is that those people must be, as I think the President did indicate, and I hope he carries it out, they have to be well-respected Americans with no association with the interest groups in the economy. That would be terribly important.

I just want to reserve for a while yet at least my own feeling about whether or not that approach to the price situation is adequate or sufficient. I think that it has some merit for support, but I am not quite sure in my own mind, sir, yet.

Chairman PROXMIRE. Congressman Conable.

Representative CONABLE. Thank you, Mr. Chairman.

Mr. Ruttenberg, I know you to be a man of fine reputation. It seems to me, however, that your statement this morning is one of almost unrelieved partisanship. I am interested, for instance, in some of the statements you have here about tradeoffs. You say, for instance, that prices are climbing more rapidly than in the previous administration.

Do you not feel that the course of action that has been taken has had some depressing impact on the rate of price increase?

Mr. RUTTENBERG. The actions taken since August 15, yes.

Representative CONABLE. I am talking about before August 15. Do you think that 4.2 percent rate over the past year is no improvement?

Mr. RUTTENBERG. I think if one looks carefully at the rate of price increases in 1968, 1969, and 1970, you will find that accelerating and increasing rate of price increases in the Consumer Price Index as well as in the Wholesale Price Index.

Now, if you select out the second quarter of 1971, and compare that to previous periods, yes, you can say that the rate of price increase is not as large, but I am not so sure that one ought to be selecting—obviously, we ought not to be selecting 1 month as the President did last night and judge and conclude from that that something wonderful is happening. And I would like to comment on last month's Wholesale

Price Index, but basically, I think I am willing to concede that statistics speak for themselves, and I think it will indicate that selecting certain months or certain periods the rate of price increase may be less, but the years 1969 and 1970, show price increases significantly above what they were in 1967 and 1968.

Representative CONABLE. I am interested—the only proposal that you are inclined to be at all complimentary about is this tripartite Board on Wages and a highly placed Democrat described it to me this morning as a sellout to organized labor. I take it, you do not consider that to be so.

Mr. RUTTENBERG. I do not know why it would be considered a sellout to organized labor. It is obvious—George Meany, the president of the AFL-CIO, has testified, in support of the tripartite arrangement. My background is in the labor movement. Let us not misrepresent my own personal point of view and background in the labor union before I went into the Government in 1963. But I think any fairminded person looking at the situation today would tend to conclude that public representatives on a tripartite board will be closer in point of view to that of the business community than to that of the labor community. And if that is the case, then this is not a partisan kind of approach to a tripartite board and I believe that to be the case.

Representative CONABLE. Let me ask you, sir, with your long experience before Congress—I know you have a good deal of experience here—if we were to move to the confirmation of members of this board, do you think they would be confirmed by the Senate before the Stabilization Act was up for extension again?

Mr. RUTTENBERG. Well, I would hope that the caliber of the appointments by the administration would be such as to warrant full and complete support rather quickly. And I think without any unfavorable connotations—I would say this as far as any President of the United States is concerned, not just President Nixon, I think when confirmation is involved, there is a far more careful process of selection than if confirmation is not involved. The selections would tend to be closer to what the President himself described he wanted as the type of public representative on the Price Board.

Representative CONABLE. I am sure more care might be involved. I am not sure in what direction that care might be extended. Possibly a different type of person would be appointed. You are correct in that.

I would like to know, sir—you have been closely associated, of course, as director of research in the AFL-CIO before you served in the last administration, and your views as a member, as a participating member of the labor movement, have at some times worked against the free trade view that has prevailed in the country over this same period of time.

I wonder what your attitude is toward the import surcharge. I would be interested in hearing your views on that.

Mr. RUTTENBERG. Well, as you know, Congressman Conable, you and Senator Ribicoff, I have had the privilege of discussing international trade with you in your offices. I have not had that privilege with Senator Proxmire yet.

I cannot give you a quick short answer to that question. I can say this, that I think the 10-percent surcharge placed by the President on August 15 on all imports did create the shocking effect that it was

designed to create; namely, that in the United States we have a serious import and balance-of-payments problem, and that something needs to be done about it.

I would not have chosen to do it through the route of a 10-percent surcharge. The surcharge, as you know, exempts those commodities which are on the duty-free list, such as automobiles from Canada. It exempts those items that are covered by quota restrictions, and in effect it does not permit a full 10-percent surcharge on many items. Those items, for example, whose duty in 1930 was not 10 percent above where they are today, you cannot impose the full 10-percent surcharge. So it was not an across-the-board kind of impact.

I would have chosen to see something different. But I do think that it is a recognition on the part of this administration which up to now they have failed to recognize, and in all due respect, the previous Democratic administrations failed to recognize, that there is a growing serious problem in terms of import competition.

Representative CONABLE. Do you view the surcharge as a temporary expedient, or do you feel it is something which should be left on indefinitely? Do you consider it a bargaining device? Do you consider it an alternative at all, for instance, to the quantitative limitations that were implicit in the Mills bill last year, quotas which probably would have been considerably more permanent under any circumstances than the import surcharge?

Mr. RUTTENBERG. I think, Mr. Chairman, that the 10-percent surcharge was imposed by the President clearly as a bargaining technique. Secretary Connally has indicated that it obviously is of only interim duration until such time as they work out problems on the monetary front with other countries throughout the world and have acceptance of the general principle of nonconvertibility of gold. All of that relates to it. It is a temporary measure.

From my point of view, I think the actions taken by the President were insufficient to handle the very serious and newly developing problems that are occurring in the trade area. It is not the purpose of this hearing to go into this problem, but I do want to say just very quickly and very briefly, that what has been happening to the tremendous outflow of American capital, investing overseas in subsidiaries of U.S. multinational corporations, has changed the complexion of the international trade picture substantially. Until that issue is faced up to and tackled, I think in order to preserve job opportunities in the United States, quantitative restrictions are essential and would be far more successful than would the continuation of the 10-percent surcharge.

Representative CONABLE. That is all.

Chairman PROXMIRE. Senator Ribicoff.

Senator RIBICOFF. Mr. Ruttenberg, you have been involved in one way or another with Government and labor as an economist. How would you rate the batting averages of Presidential economic advisers over the years?

Mr. RUTTENBERG. I agree, Senator Ribicoff, with an old friend of mine who was a member of the Council of Economic Advisers during President Truman's days; namely, Professor Blough, from the University of Chicago and Columbia University, when he said that Presidential economic advisers should be expendable. I think the Presi-

dential advisers need to state their own personal opinion about the economic condition, and as long as their personal opinions which they state, reflect and are consistent with the administration, they are providing that administration with the advice it needs and wants, but at the moment, he said, that my own personal opinion, said Mr. Blough, differs from that of the President, it is my duty to resign.

Now, I think what has happened, without disparaging the position of any of the economic advisers, past or present, is that I think they tended to state the administration's positions, not their own personal positions. They tended to reflect less of their own personal positions and more of what the administration from a political point of view, wanted and needed.

Senator RIBICOFF. In other words, generally these economists who advise Presidents, and upon whom the public relies, are part of the political process instead of being independent experts. They moderate their personal opinions to reflect what the political necessities may be at any given moment.

Mr. RUTTENBERG. That is what I was trying to say, and you said it better in a short form.

Senator RIBICOFF. So, basically, it is very difficult for the Congress or the people to get the best economic advice.

Now, what have been the batting averages of economists generally in and out of Government on unemployment trends, on inflation, and on our monetary system, as you would rate them?

Mr. RUTTENBERG. Well, I think the batting average from the standpoint of economists outside of Government, not involved directly in economic advice to the administration or to Presidents in the past, has tended to be fairly good. I would say—I would give them a passing average, a passing grade. They are a little above average. No one calls the shots and the trends in the economy completely correctly at any one point in time, and any one economist can point to those points in time when he was correct, and his associates can point to the fact of, well, at certain points you were not correct. But the other fellow says I was correct at that point. So it is a very difficult game, and we are not talking about an exact science, obviously.

Senator RIBICOFF. That is true, but there is an awful lot of obfuscation by economists. They form an in-group and come out with a lot of complicated theories, using language that very few people understand, which all create a very confusing picture.

Going back, however, since you are a student of economics, and I am not, during the past, say, 10 years, which economists in their writing and predictions have been proven to be correct?

Mr. RUTTENBERG. You do not really want me to answer.

Senator RIBICOFF. Yes, I certainly do, because this becomes very important. Here we are being asked to make decisions, and we have to greatly rely on the so-called experts. Now, I think the country is entitled to know your opinion, as a man who has studied it, which economists have good enough batting averages to get into the world series of this business?

Mr. RUTTENBERG. I think economists ought to be more modest in their approach to their own predictions. I would say that the batting average of—let us start now and go back—the batting average of the economists associated with this administration, namely, George Shultz

and Paul McCracken, has not been very good in terms of their public pronouncements as to what was going to happen, for example, back in 1969, to unemployment as they eased the economy to ease the pressure on prices. They did not anticipate the price increases that occurred nor did they anticipate the rise in unemployment that resulted. So, I could not give them a very high mark in terms of their batting average.

Going back into the previous administration, I guess the economists in the early part of the Kennedy administration, Walter Heller and his associates, were confronted with a different kind of economy, one that had high levels of unemployment when they came into office, and their predictions for what was going to happen and the actions and steps they took were bold ones. Whether one agreed with them or not, they were bold. The tremendous tax decrease, personal income tax cuts of February 1964, whether one agreed or disagreed with them, did have a tremendous stimulating effect upon the economy. Substantially greater stimulating effect on the economy than did the liberalized depreciation of July 1962 or the tax investment credit of October 1962. But then they—and they were predicting that impact—I think they were wrong on what they thought would be the impact of the investment credit. They were right on what they thought would be the impact of the personal income tax cut of 1964.

Then as one gets into the 1965-68 period, then I think the economists were, your words, obfuscating the problem and the problem obviously was the acceleration in the activities in Vietnam, the large increase in military expenditures which either were not predicted in advance or not disclosed.

Senator RIBICOFF. Or hidden.

Mr. RUTTENBERG. Or not disclosed, and its resultant price increases that began to grow and no one can deny the fact that this inflationary pressure started back in 1966, 1967. They did not anticipate that.

So, you know, as one goes back over the record, I do not know whether it is—I would say it is average. A little above average maybe but predicting is not a safe game for anybody to engage in.

Senator RIBICOFF. Now, you talked about the trade-offs. You mentioned that no one has achieved a program of full employment. It is easy to criticize but what would your program be for full employment?

Mr. RUTTENBERG. Well, Senator Ribicoff, first of all, I want to restate the central thesis that I was trying to develop in that brief statement of mine. I think that in terms of the economy we should opt continuously for full employment, for maximum employment production and purchasing power, for job opportunities for all those who are willing and able to work. That ought to be our primary priority goal.

Senator RIBICOFF. But how would you get that?

Mr. RUTTENBERG. All right. I would move certainly toward a very substantial increase in the Government support and participation in carrying on the many kinds of services and aids and construction that needs to take place in this country, in the whole field of rapid transit, of urban renewal, of education, of environmental control and pollution abatement, the whole area of medical health and medical care and medical facilities.

I think when the President points to the fact that he is going to appoint another committee here to look at the problems of health and

medical care in order to hold costs down, you are not going to hold those costs down until one does, as you know only too well, Senator Ribicoff, that we do something about increasing the supply of doctors and increasing the availability of medical facilities across this country. Too many people now cannot get medical care and those who get it having to pay far too much for it.

I think there is much to be done in the field of Government expenditures and I would say I accept fully President Nixon's conversion to a balanced budget at full employment and that that ought to be the fiscal policy of the Federal Government. He is not practicing that now. As a matter of fact, if one follows that concept fully, it can be demonstrated that one ought to, at certain points in time, have a deficit in the full employment budget in order to return ourselves to a level of economic activity which is essential.

I am not unaware of the fact that the present budget is going to be out of balance by some \$23, \$24, \$25 billion but that does not say that out of balance is the result of increased expenditures. It is, in the main the result of decreased revenue resulting from a declining economy and rising unemployment and falling production, and that kind of a deficit is not helpful to an economy. It is not helpful.

The kind of activity we need is Government expenditures for the kinds of economic and social programs that I have talked about. And I think in addition to that that if we were really moving in that direction we would ease the burden of the consumer and the worker in terms of his savings rates—savings rates that are now in the neighborhood of 8, 8½, 8⅓ percent, would be declining and people would be more willing to spend if they saw the economy moving forward.

The greatest fallacy with President Nixon's program here as he announced it last night, to me, is that he really seemed to me to opt for preserving the concept of controls rather than doing something about jobs and unemployment. And that is a very strange position, it seems to me, for the President to be in. It is kind of regrettable that he did not even mention the fact of unemployment.

Senator RIBICOFF. Do you think he might have failed to mention the problem of unemployment because of the uncertainty whether these programs he announced will reduce unemployment?

Mr. RUTTENBERG. Senator Ribicoff, I agree fully with the implication of the remark you made. I think that well may be the case. I do not see unemployment falling. I disagree with the President's announced program of tax reductions. I think, frankly, at this point in time I would much sooner see Federal revenues used not to try to stimulate through an increase of investment credit or accelerated depreciation on plant equipment but I would prefer to see Federal revenues used for the social programs this country needs, not only because we need those social programs but because they are also job-creating mechanisms that are not involved currently in the kind of Government expenditure levels that are taking place.

Senator RIBICOFF. I have some more questions but I will ask those later.

Chairman PROXMIRE. Mr. Ruttenberg, one of the purposes of these hearings this morning is to get at the reorganization the administration has proposed for the handling of economic statistics, and a number of people are deeply concerned about this and charge that the re-

organization may enable the administration to provide analysis of these statistics that would favor their viewpoint, but would be a great disservice to the public in understanding the meaning of unemployment if it increased or price statistics if they changed.

I understand you played a significant role when you were in the Government or perhaps later in the Gordon committee record, on the handling of employment statistics. Would you state your function?

Mr. RUTTENBERG. Yes. Senator Proxmire, before I went into the Government—I went in in January 1963 as the economic adviser to the Secretary of Labor, then Bill Wirtz, but before that, President Kennedy appointed a committee in either late 1961 or early 1962 to look at the problem of "Measurement of Employment and Unemployment Statistics." The committee was made up of seven members, of which Mr. Aaron Gordon was the chairman, and I was one of the seven members on that committee. At that point, I was the director of research for AFL-CIO. Other members of the committee—you have their names, one of whom was Martin Gainsbrugh, National Industrial Conference Board.

My responsibility in the committee, specific responsibility, was to write the chapter in the report dealing with the release of unemployment statistics by the Federal Government.

Chairman PROXMIRE. Then let me ask you, do you have some thoughts on elimination of the press conference which used to be held in which the press could question in public session the experts on these statistics?

Mr. RUTTENBERG. I most certainly do because when I came into Government, the report of the Gordon committee was issued some time in, I guess late August of 1962, maybe September 1962—September 27. I joined the administration on the first of January 1963 in the Department of Labor as the economic adviser to the Secretary. One of the first things that Secretary Wirtz agreed to do upon my arrival there, and he had agreed to do it really before I arrived, was to eliminate—that is the wrong word—to change the concept of how the press conference on releasing of unemployment data was to take place. Up to that point, the press conference was conducted not by a technician, a former technician, but by an individual who at that point was a Deputy Assistant Secretary, who had political involvements with the administration, interestingly enough, who had the same position under Secretary Mitchell in the Eisenhower administration. But when the change of administration came, Seymour Wolfbein began to reflect in his press conferences the political position of the administration. In addition, there was a problem of dates for press conferences. Should there be advance dates on when the press conferences should be held, and should they be announced clearly, well in advance?

This came about because there were various changes in the release of data. Data would get postponed in order to not interfere with certain activities, as the postponement in 1960 of the release of the unemployment data until after the November elections because they would have been unfavorable to the administration then in power. So that the whole concept starting the very first month that I became an economic adviser to the Secretary, the notion of turning over the press conference to the technicians to handle was inaugurated.

Chairman PROXMIRE. Now, how about the ongoing reorganization?

Mr. RUTTENBERG. The current ongoing reorganization?

Chairman PROXMIRE. Yes.

Mr. RUTTENBERG. In my judgment, I do not know the individual who has been brought in to replace Mr. Peter Henle; namely, Dan Rathbun. I have no way of knowing him except by his biography. The person who will be selected to take the job in the—one of the two jobs that Hal Goldstein had; namely, the new Office of Data Analysis, Office of Current Employment Analysis—I do not know who that person is going to be. I can only say that Mr. Rathbun has not been involved in employment data as has Peter Henle.

Whoever they bring in to succeed Hal Goldstein will not have the experience and knowledge and background in the data, and however honest the approach may be on the part of the Department of Labor to appoint—to make the reorganization and to appoint new people, however honest, and I do believe it is a sincerely honest development on their part, however honest it is, the whole concept at this point, doing it at this point in time, when the press conference has been terminated, creates the feeling that maybe there is to be some undue influence involved. Whether there will be influence or not involved in the release of the data from this point on or in their interpretation, I do not know. I think what you will have, however, is relatively inexperienced people handling the release of terribly important data. People who have not in the past been involved with that data.

Chairman PROXMIRE. Would you classify these people as technicians? Would you say that they could be identified as not political partisans but as technicians in the sense that you have described before, with respect to the press conference?

Mr. RUTTENBERG. I do not know—as I say, I do not know, Mr. Rathbun. I cannot comment. I do not know. As far as I am concerned, I have been in and around Washington for more than 30 years. I have been directly involved in one way or another outside of Government, in Government, in the employment, unemployment statistics and the collection of such data. I have never run across Mr. Rathbun in this context.

Now, that does not mean that he is not an extremely excellent and competent individual. All I am saying is that I think at this crucial point in time, to replace the present people with new people, however sincere and honest that is, is going to mean turning over the interpretation and analysis of the data to people with less experience, and I think that is wrong. Dead wrong.

Chairman PROXMIRE. What can we do to protect the integrity of this operation, or at least to make constructive criticism, so that we can be sure that the interpretation is not political, is not partisan?

Mr. RUTTENBERG. Well, I think what you have been doing, Mr. Chairman, is one way. To hold these hearings on the day scheduled for the release of the data and invite the Commissioner of Labor Statistics up to appear and testify, is one way to bring pressure upon the administration to reinstitute the concept of a press conference conducted by the technicians. You see, what the administration said does not make sense. They said we are not really curtailing any activity. We are just eliminating the press conference. These technicians shall be available to answer their phones, and they can comment on the phone about the interpretation of the data. Anybody can call these people if they want, and I guess one of the reasons Geoffrey Moore holds himself in the

Department of Labor close to 11 or 11:30 on the day of release is to be able to respond to such phone calls.

That is fine, but how many telephone calls can they take when there is a press corps in Washington that is tremendously interested in this data that far outnumbers the amount of time that is available to talk to the proper people before they write their news story which has to be written by 12, 1, 2 o'clock at the very, very latest for all the newspapers? So, I think pressure upon the administration to reestablish the press conference would be of first order.

Chairman PROXMIRE. Now, let me ask you this. This is shifting gears again. This is October. Congress would like to wind things up in the next month or so if we possibly can. There will be great pressure not to get into anything complicated or involved. I have already heard from Senators who said let the President handle this phase II. Let us not get into it. It will just be more grief. Let us just renew the law on the books for another year and provide standby powers on interest and dividends, period, nothing else.

Now, I am wondering if this is adequate. The President laid great stress on the desirability of reducing some prices and yet the present law does not give him the authority to reduce prices below the May 1970 level. They cannot be reduced below that. Can we have an effective program of price restraint without this authority to achieve some price reduction?

Mr. RUTTENBERG. I do not think so, Senator Proxmire, because specifically I disagree with the President's comments last night about profits and about the lack of need for any kind of control of profits in the current period. He did go on to say in his speech that under certain limited circumstances there might be some windfall profits and under those situations the Price Board should be authorized and will be required to review that situation to reduce prices, to bring about a price reduction in those situations.

I think the fact that the authority does not exist to force the price increase below the level of, as you pointed out, May 1970, is a great shortcoming in the whole program because if you are going to make it work, if any program is going to work honestly and sincerely, those industries that have very high productivity rates and, therefore, low costs of production, ought to be required to reduce prices while those industries with low productivity and high labor costs might be very well permitted to increase their prices.

Chairman PROXMIRE. I think the administration has not looked much beyond what we did in May 1970, because a few months ago we modified that law. As a matter of fact, it was my bill, I found out, after I discussed it previously, my bill in connection with the construction problem, and we provided that the control of prices in a particular segment of the economy, prices can only be restrained if increases have been grossly disproportionate to the average.

Now, that is what the law says and it seems to me that the Price Board is going to be bound by that law and if they are taken to court, they have to be restrained by that particular law. Again, it seems to me, an effective phase II program should require a greater discretion for the Boards than to bind them to a position where they cannot restrain prices unless those prices are grossly disproportionate to what has happened to average prices. Would that not be your interpretation?

Mr. RUTTENBERG. I would agree with that.

Chairman PROXMIRE. And does not this suggest, then, that we should take a much more careful look than we have at the laws we have on the books and before we take further action in this tremendously important and very great power we are providing for the President, the administration, we should be careful to see that it is workable and that it is limited by what is necessary?

Mr. RUTTENBERG. I agree that Congress needs to look very carefully at the problem and I would hope they would also look more carefully at the profit problem. I am concerned that there seems to be almost a unanimity of opinion amongst my fellow economists who are denouncing any kind of an excess profits tax. I do not quite understand this, frankly; I really do not.

I think that because so many prominent economists have spoken out against an excess profits tax, going all the way from Arthur Okun and Gardner Ackley to representatives of this administration, although I must say, I have got to give some of the economists in this administration at least a good checkmark in terms of their saying they are going to consider the problem. In considering the problem of what to do about profits, they decided, I guess, in terms of what the President said last night, only limited to those situations of windfalls.

I think we need to give very serious consideration to the profit picture and I just do not buy and accept the notion that when we have an economy with 25 or 27 percent of our capacity lying idle and operating at only a utilization rate of 73, 74 percent, that any stimulation to the economy from the profit side or from the tax investment side is going to be very productive. I think on the profit picture that is one thing one ought to really keep in mind. I was looking at the August 1971, newsletter from the First National City Bank of New York and let me just give you two quotes from that letter in which they report on the profits of 1,300 nonfinancial corporations. The first one is that "Virtually all the 22 percent decline in manufacturing earnings during the recession has been made up during the first two quarters of the recovery."

Second quote: "The 11 percent"—this is not quite a quote because I have summarized it but in effect the second one goes like this. In the period from the second quarter of 1970, to the second quarter of 1971, profits increased by 11 percent. And then they go on to say: "Only in four quarters in the past two decades have we shown a more widespread advance in profits."

Now, we have not even begun to experience the recovery at least that the administration is talking about. But yet in the second quarter of this year, we discovered almost all of the profits that were lost during the recession period and, second, that that profit recovery has been larger than in any other except four quarters during the whole past two decades. The past two decades, you know, is 80 quarters.

Representative CONABLE. Is it your position, then, that we have excess profits now? Let me just go into a little history. You were an economic adviser to the Labor Department in 1963. At that point were not profits considerably higher, expressed as a proportion of the gross national product, than they are right now? Then did not we have an unemployment rate of over 5 percent? Was not the administration recommend-

ing at that point the institution of an investment tax credit which would have major impact on profits?

Mr. RUTTENBERG. While I was economic adviser to the Secretary of Labor in 1963, they were not taking my advice on what ought to be done on investment tax credit and I was quite candid in my open reaction against it. I was against it then. I testified before the Congress in 1961-62 on behalf of the AFL-CIO.

Representative CONABLE. Were you advocating an excess profits tax then?

Mr. RUTTENBERG. No; I was not advocating it then nor was anybody else advocating a wage-price freeze. I am saying that at this point in time, as contrasted to 1963 or 1964, the economy is in a different condition, moving in a different direction. In 1963, the thrust was already downward in terms of unemployment and continuing downward to lower than 4 percent by 1965. At this point in time the thrust of unemployment is—I am not sure. I think it is at best stable and at worst it is on its way up and I think the current monthly figures that are being released today indicate that and I wish I had time to comment on them. But what I am saying is that if you are asking for a wage-price freeze, if you are talking about, as I hope we are talking about, doing something on other forms of income, not just on a voluntary basis on interest and dividends as the President proposes, but I hope something else, then under those conditions it is also well to consider what one should do about the profit situation. I am not talking about holding profits to what they were during the recession period of 1969-70. But I am talking about keeping in mind the fact that if we recovered the loss of profits in the recession of 1969-70 in the one quarter, second quarter 1970-71, that we ought to be thinking about the implication of not placing an excess profits tax or about the implication of not placing an excess profits tax or some form of profit control.

I am not wedded to an excess profits tax. I think Gardiner Means came up with a very excellent idea the other day in terms of doing something about profit margins. I think they ought to be considered. Something ought to be considered but it ought to be part of a broad package and that fits in with the central thesis I developed in my statement which is that we ought to opt for full employment and if that produces unstable prices, we ought to have across-the-board controls and we ought to be willing to accept and admit that that is what is necessary to avoid this trade-off between prices and unemployment.

Representative CONABLE. Well, let us come back to the issue of full employment. You advise increased economic stimulus and you are talking in terms of Government spending and you say we should move toward full employment balance. At that point would not that mean cutting down on Government spending? Do we not have an anticipation of a \$11 billion full employment deficit next year, and are we not looking to an actual deficit of somewhere between \$27 and \$28 billion, and, therefore, do we not have a situation where actually we are going beyond what you are advocating? Despite this, you apparently feel we should have more Government spending?

Mr. RUTTENBERG. Well, Congressman Conable, let us go back 15 or 20 minutes in this conversation and recall some of the things I did say. I did say that we ought to have—I accept—I welcome President Nixon into the camp of, as he said himself in his own words, the

Keynesian, balanced budget at full employment concept. I also went on to say that there are points in time, and now is one of those points in time, when we ought to be working toward a deficit at full employment in the full employment budget because we are so far behind.

Representative CONABLE. That is in prospect; is it not?

Mr. RUTTENBERG. Yes. And second, you recall that I said that the prospect for the presently anticipated deficit is not the product of increased levels of Government expenditures as much as it is significantly the product of declines in tax revenues resulting from the unfavorable conditions of the general economy. And, therefore, a deficit created by a decline in revenue is not as stimulative to the economy as would a deficit created by increased expenditures dealing with the needs of our economy.

Representative CONABLE. I do not see how you can avoid the implication that increased Government expenditures will add to a deficit already very substantial and relating to the full employment budget as well as—

Mr. RUTTENBERG. I am convinced that the kind of deficit that is being talked about now will not be stimulative enough of the economy to bring about recovery. I am convinced, on the other hand, that if Government expenditures were to be increased for many of the essential activities that we already talked about that it would stimulate the economy toward full employment and it would recoup the revenue lost that the Federal Government has suffered as a result of the recession and that that is the key factor. We will eliminate the deficit at full employment if we get to full employment, but we are not going to get to full employment if this administration is more concerned with preserving controls than with developing job opportunities for people.

Representative CONABLE. I am frank to say I am very much confused about how we can have anything but increasing control if we are putting increasing stimulus into the economy. We already have a full employment deficit in prospect. You say, well, all right, but if you just spend more, somehow that full employment deficit would evaporate because it would be the right kind of stimulus. It is very confusing to me. Of course, admittedly I am only a layman.

Mr. RUTTENBERG. I would like to clarify your confusion if I might, Congressman Conable.

Representative CONABLE. I would like to have you do that.

Mr. RUTTENBERG. What I am trying to say, what I have said in my statement, is that we should be driving toward full employment and we ought not to shy away from controls in the process. We ought to have across-the-board controls if price stability is not going to flow from any other means. We ought to have controls on profits, on rents, on interest, on dividends, on all forms of income, including wages, and we ought to have controls over prices. In the process of moving to full employment, with the reduction in labor costs flowing from increased productivity you will have a very potent force working on your side in an anti-inflationary way. And second, I am convinced—this again, is purely a personal opinion—I am convinced psychologically that if this Government imposed across-the-board controls and we moved back to full employment that that will begin to imprint itself upon the minds of the key decisionmakers in the private economy so that we very well may be able to eliminate controls and still move toward full employ-

ment, and have restraints on the part of people because they have been psychologically conditioned to changing their reaction to the economy as a result of a temporary period of controls.

But I say this, that if it does not produce price stability by removing the controls, I would be more for continuing the controls than I would be for permitting unemployment to rise because with unemployment rising, this country can only suffer.

Representative CONABLE. I only say, sir, I am not sure whether you are talking economics or magic. To us it sounds quite remarkable to me. I acknowledge my confusion may be based on ignorance. I regret that I do not fully understand what you are putting before us.

Chairman PROXMIRE. Before I yield to Senator Ribicoff, let me just say that the reference to Gardiner Means' proposals with respect to how to handle profit margin, we have that statement with respect to that from Mr. Means and that has been printed in the hearings entitled "The President's New Economic Program," part 4.

Senator Ribicoff.

Senator RIBICOFF. Mr. Ruttenberg, the President's family assistance program would cost an additional \$5½ billion. In addition to its objective of eliminating poverty, if we put that \$5½ billion into the hands of the poorest segments of our population, what impact would that \$5½ billion have upon the economy as a whole?

Mr. RUTTENBERG. I think it would have a very significant impact and I think it was regrettable that the President announced on August 15, that he was asking for a postponement for a year of the welfare reform program. But I gather there has been some change of heart and there might even be a reversal of that position on the part of the administration. At least I hope so. If not, I hope the Congress will do something about carrying on the reform program anyway, because I agree with you, Senator Ribicoff, it would have very great impact on the economy. We ought to move forward with it.

Senator RIBICOFF. Now, you discussed with Congressman Conable the problems of the multinational corporation. What would you suggest in the following situation? In my home town of Hartford, Conn., the Royal Typewriter Co. has been in business some 60 years. It was acquired by Litton Industries some years ago. Litton Industries now plans to move the Royal Typewriter Co. to its Hull, England, facilities. This means some 1,900 blue collar workers and possibly 900 white collar workers will have their jobs jeopardized. Many of these blue collar and white collar workers are in their fifties. We have a very, very high rate of unemployment throughout the State of Connecticut.

How do you think a situation like that could be handled? What restrictions, what controls, what provisions can Congress initiate to stop this from happening?

Mr. RUTTENBERG. Well, two things. I would—maybe three that I would suggest, certainly.

One, if our tax laws provided for the taxation of income earned by American subsidiaries overseas as soon as they earn that income rather than waiting until it is repatriated, which it may or may not be, then I think we would have one additional incentive to retain operations in this country because they would be paying the same taxes here immediately upon receipt of the income rather than having a tax deferral.

Second, in transferring the operation of the production of the Royal Typewriter from the subsidiary in Connecticut to England, it may very well involve the transferring of the patent rights to the subsidiary overseas to operate it. At the present time our tax laws specifically exclude the capital gain income derived from the transfer of the patent to the subsidiary. I think that loophole needs to be closed in the tax law.

Third, I do believe that we ought to have a general authority granted to the President other than in the Trading With the Enemy Act to regulate the outflow of American capital from this country and to regulate the outflow of technology from this country. And by placing some criteria upon that outflow in terms of having the President's review before such capital outflows are permitted, to have him permitted to look at the impact on jobs and employment in the United States as the result of that capital outlay.

Let me just read to you—I just happen to have it in my pocket—a report in the New York Times. It is a very tiny little story about a release in Tokyo by MITI, the Minister of Industry Trade, that handles the trade and investment problems in the country, and in this little study it says in effect that if the United States, and this is from the study, if the United States had regulated overseas investments by these multinational corporations since 1965 in the way, and listen to this, "in the way Japan restricts its own firms directing their capital outlays into domestic channels, this would have increased U.S. exports by \$12.3 billion and reduced imports by \$5 billion, producing a favorable balance of \$17.2 billion annually," the study said.

Now, the only point in quoting the study is the fact that the United States accepts the notion of the free flow of capital without any interference at all. Basically to me this is a fallacy. Japan has used it and used it well to rebuild itself in this post-World War II era and there is no reason why the United States should not also be using it.

Senator RIBICOFF. Did you say that was from the New York Times? What date?

Mr. RUTTENBERG. You know, Senator, it was one day last week. I shall get the reference for you. I will even try to get you a copy of the MITI study.

Senator RIBICOFF. As you know, I am concerned about the constant repetition of the arguments of the so-called liberal economists, against the investment tax credit. They always talk about the 25 percent of unused plant capacity. But the fact remains that German and Japanese plants are much more modern than American plants. Is that not true generally?

Mr. RUTTENBERG. Well, I have not really seen a good comparison of the average lives of plants in this country and abroad. I think it was true back before the 1950's, certainly after World War II, and those countries, Germany and Japan, have been able to rebuild much of their facilities because they were destroyed during the war and the United States did not do it as rapidly.

But I think it is interesting to note that the average life of equipment in the United States in 1962 was 7.4 years and the average age today of the equipment is 6.8 years, and it is inconceivable to me that Germany's or Japan's equipment could be much younger than 6.8 years. I do not know.

Senator RIBICOFF. My understanding is that in the steel industry where Japan is outpacing the United States, their steel plants use much more modern methods and equipment than the United States. If you granted a substantial investment tax credit this year as requested by the administration, would that not be an incentive, an impelling motive for many American industries to buy new capital goods for their plants?

Mr. RUTTENBERG. Well, it would, it seems to me, if we were operating at 85, 90 percent of capacity and we really needed replacement. Incentives would help at that point, but I think we would do it anyway without the incentives, but when we are operating at 70, 75 percent, that incentive does not exist. Let me point out—

Senator RIBICOFF. This I do not follow. Why does it not exist? If a manufacturer has a plant operating at 75 percent of capacity with old equipment and the per unit cost of the product he is manufacturing is high, why would he not be willing to buy new equipment which would reduce the unit cost of his product?

Mr. RUTTENBERG. Well, I can only cite you various comments by various leaders of American industry and American business who are saying, in effect, they do not think the investment credit, if done at this particular point in time, is going to have that impact on the economy. The impact is going to occur at that point in time when they see the demand for the product and demand for the production occurring. Until that happens the investment credit may have a minor impact, but it will not have a significant impact. If one goes back and reviews what happened after the enactment of the investment credit in 1962 and the liberalized depreciation allowances that were also approved in July of 1962, you will find that unemployment fell much more rapidly in the period before these investments took place, before these credits took place. During the 18-month period of the credit to the end of 1963 unemployment remained stationary and unemployment did not really begin to move down again in the 1960's until after the February 1964 personal individual income tax reduction.

Senator RIBICOFF. So if the manufacturers are not going to buy new equipment anyway, why be concerned with the investment tax credit? If they are not going to buy, nothing is lost, but if it does work and they do buy it, you give a shot in the arm to the capital goods market.

Mr. RUTTENBERG. I think you give a shot in the arm to the capital goods market but if one has the choice, as the Congress does, in how to use tax revenues that are coming in, at this particular point in time in the business cycle, I would opt for using those revenues in other ways than through an investment credit.

Senator RIBICOFF. But the difference is this: Both the conservative and the liberal points of view look at priorities on a unitary basis without realizing there should be a combination. I would like to see us spend more money for welfare, for social services, transportation, pollution control, education, and health. But at the same time I am willing to say: give our industries a break with an investment tax credit. If you are willing to give them a shot in the arm, it should not be one alternative or the other. You should do both. And why not advocate both instead of being exclusionary?

Mr. RUTTENBERG. Well, one of the major reasons why I would be exclusionary, if I can use that word at this point, as far as investment

credit is concerned, is that I think on a priority basis there is only so much revenue that one is going to be willing to use and if you use up \$2, \$3, \$4, \$5 billion through the combination of investment credit and liberalized depreciation allowance, that is that much less revenue available to do the welfare reform projects.

Senator RIBICOFF. My time is up, but what I do not understand is if people are not going to buy the new machinery anyway then how are you going to lose \$3 to \$50 billion in tax revenues because the people do not buy the equipment and they do not get the investment credit? I cannot really understand the arguments made by liberal economists about this.

Chairman PROXMIRE. Senator Javits.

Senator JAVITS. Thank you very much, Mr. Chairman. I am sorry I did not hear Mr. Ruttenberg. I have known him and respected him for many years. But I tried to glance through his statement and I have heard the discussion with Senator Ribicoff.

First, I would like to state that I agree with Senator Ribicoff. I am deeply troubled by the fact that we cannot accommodate within the full employment concept idea of modernization of the American industrial plant. It seems to me that our big problem in balance of payments has been created precisely by that failure to modernize ourselves while those whom we financed to rebuild after World War II modernized much more realistically. And I do not believe the two concepts are at all mutually exclusive.

I would be very happy if you wish to comment on that. I would like to ask you one question and you might perhaps wrap it all up together.

A group of us have proposed a job development tax credit which would be based strictly upon increase in employment and that also we consider to be a desirable corollary to the tax credit relating to capital goods. Could you give us your comments on my statement as to the capital goods credit and also any thoughts you might have on the possibility of cranking into it something which would be mainly attractive to the service industries which employ about half our people, a job increase or job development credit directly related to increased employment?

Mr. RUTTENBERG. First, on your first point, Senator Javits, on the investment credit, and the comments I made to Senator Ribicoff, I must say I guess I differ in the approach which has been indicated and which many other economists support because I firmly believe that plant and equipment expenditures will take place. Modernization will occur when the economy is moving toward full employment regardless of whether or not there is an investment credit. I believe that. I think it can be demonstrated to be true.

On the other hand, I know there are those who say you have got to have an investment credit if business is going to invest. I think corporations are in business to make a profit and when they see production and demand picking up and capacity inadequate to meet it or costs too high to meet competition, even if there is not an investment credit they will engage in building new plants and equipment.

Secondly, on the job development tax you referred to, I guess—I have not had time to really look carefully at the proposal. I know you introduced it within the recent past. I saw reference to it. I have not really looked at it carefully but I would make only this one comment.

I hate to think that it takes an incentive to the corporation or to the business, if I understand your credit, in order to stimulate employment. I would much prefer seeing if such an incentive is going to be granted that it be granted to the worker and not to the individual corporation. Why should the corporation, who is going to benefit and profit from the labor of the individual, receive an incentive to place a person on its payroll? I can see both sides of the argument but I think basically, I would think that that would be only, as I see it, a windfall to the corporation because they are going to, if demand picks up, they are going to hire the people anyway and if they hire the people anyway, they do not need a windfall incentive to encourage them to do so.

Senator JAVITS. I have time for only one question. Would that not also be a big benefit to the worker if he were hired by a corporation which would otherwise not hire him except for the marginal fact that the tax benefits make up their mind?

Mr. RUTTENBERG. What bothers me about both the investment credit idea and this job development tax notion is that it all presumes that it is an incentive that is going to create a job and if I can put it crudely, it "ain't" an incentive that is going to create a job. The jobs have to be there in terms of a stimulative economy and I do not think that we have an economy that is being stimulated to full employment today by the policies of this administration.

Senator JAVITS. So that your argument is really that no jobs will be created except by a stimulative economy and there is no such thing as a marginal decision as to whether to hire or not hire.

Mr. RUTTENBERG. Oh, Senator, you know, it is not all—we used to say black and white. It is not either one or the other. Obviously, there are marginal situations that may very well be influenced by an incentive kind of an arrangement but as I said to Senator Ribicoff, I really believe that when Federal revenues are needed so badly and so vitally now for so many kinds of social activities in the area of environmental control and removal of urban blight and urban transit programs, rapid transit, et cetera, that we ought not to be thinking that we should give a high priority to these kinds of incentives.

Senator JAVITS. Well, with all respect we are talking about a maximum of a billion \$800 million in the job development credit which may produce 500,000 jobs. I am all for all the other improvements you are talking about. I do not see anything exclusive about it. But I greatly appreciate your point of view.

Mr. RUTTENBERG. Thank you very much, Senator.

Representative CONABLE (presiding). Thank you, Mr. Ruttenberg, for being here, for a very stimulating morning. I would like to call Mr. Geoffrey Moore forward now. I regret the temporary absence of the chairman. He had to go and vote and he will be back very shortly. Do you have a statement, sir, or are you here primarily to answer questions?

Mr. MOORE. Well, I am here primarily to answer questions but we do have a press release out this morning on the employment situation.

Representative CONABLE. We are most grateful for your coming here this morning, sir. I realize there have been points of stress and strain here on the issue you are here to talk about and I think probably the chairman, were he here, would ask that you proceed and, of course, he will be back before you finish.

STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY BEN BURDETSKY, DEPUTY COMMISSIONER

Mr. MOORE. Thank you very much. I have brought with me this morning Mr. Ben Burdetsky, Deputy Commissioner, Bureau of Labor Statistics, because I know one of the topics that is of great public concern and concern to the chairman, is the reorganization of the Bureau of Labor Statistics that has been announced and discussed, and I would like to say what I can about that.

Immediately after a story broke in the newspapers on September 29, I issued a press release describing the plan for reorganization of the Bureau of Labor Statistics. In that release I indicated that the Office of Management and Budget on July 15 had asked four departments of the Federal Government—Labor, Commerce, Health, Education, and Welfare, and Agriculture—to review the statistical operations going on within their departments and to develop an organization plan along certain specified guidelines within each department.

This request was published in the Statistical Reporter, a journal published by the Office of Management and Budget, so it was public knowledge. The Department of Labor began working to develop an organizational structure for its statistical operations that followed the guidelines specified by the Office of Management and Budget.

Since roughly 90 percent of the statistical work of the Department of Labor is done by the Bureau of Labor Statistics, that primarily involved us. We have developed a plan, which has been submitted to the Office of Management and Budget, that will help improve the management of the Bureau's programs and help us meet the growing needs for statistical data that are evident in virtually everything that you hear about these days.

I want to say that no changes in the Bureau's statistical procedures are contemplated nor will the high standards of objectivity and impartiality in the Bureau's analysis of its data be affected in any way whatsoever. Although some changes in personnel will be required to fit the new organization plan, all new appointments and promotions will be based on the professional competence of the individual concerned and will be approved personally by me.

Further, since there has been some speculation on this point, no political appointees have been placed in the Bureau of Labor Statistics in any position whatever. No one has suggested to me that that be done. And no such appointments will be made as long as I am Commissioner. I believe that the professional competence and integrity of the Bureau of Labor Statistics staff must be maintained absolutely inviolate. Moreover, the public must have absolute confidence that it is being maintained. Unfounded public assertions as to what is happening in the reorganization will not help at all and can have a very damaging effect on public confidence.

Now, let me just review briefly what the nature of the plan is.

Chairman PROXMIRE (presiding). Before you do that, Mr. Commissioner, let me simply make a statement because you and I discussed this and it was my understanding and your understanding that I would make a statement in connection with what I had said before when you came before us.

We hope that you can give—we can have a thoroughgoing discussion of recent employment, unemployment developments but in view of the fact that there has been a great deal of publicity recently about reorganization in your Bureau, I think you may want to discuss that briefly at the start and I understand this is what you are doing. As you know, Commissioner Moore, I expressed great concern when the BLS conferences were canceled. This committee is vitally concerned with both the quality and adequacy of economic information and has a duty to involve itself in any measures that might work against the fullest possible flow of accurate and unbiased information. Also, I have already expressed anxiety at stories of staff shakeups in the Bureau of Labor Statistics but I did not intend to imply that your own integrity or that of your staff was in question.

Needless to say, this committee, in view of its basic responsibility for overseeing all Government statistical programs, is the first to hear of any reassessments of personnel in the statistical departments. I am sure you can understand the basis for my concern. At the same time, I respect you as the ranking statistical overseer and believe you should have a fair and complete opportunity to explain the purpose of these personnel changes to this committee and the Congress. I want to be openminded about this matter.

With that in mind you can proceed with your statement and I apologize for having to leave at the opening but we did have a rollcall and I thought it was best to vote while Senator Javits was questioning the previous witness. That is why I left.

You may proceed.

Mr. MOORE. Thank you very much, Mr. Chairman. I appreciate that statement.

The general plan of the organization in the BLS as we envision it now is to establish two major offices. One, to handle what we call data analysis and the other to handle survey operations and data processing.

This structure was laid down in the Office of Management and Budget guidelines for each of the four departments that I mentioned and we are following that guideline. The new Office of Data Analysis will have within it a number of program offices dealing with different subject matter fields such as prices, wages, employment, productivity, occupational health and accident statistics, and so on.

I have named a new head for that Office of Data Analysis. He is Mr. Daniel Rathbun. He has been up until very recently the staff director of the President's Commission on Federal Statistics. He is an economist with a Ph. D. from the University of California at Berkeley, who has had a number of positions of an academic nature and research nature in his career. I believe he is a distinguished scholar and man of judgment, a man whose managerial skill is needed within the Bureau of Labor Statistics, and that is why I have asked him to head up this new office.

That is the only new appointment of an individual outside the Bureau of Labor Statistics that I have made so far. There may be others, but we have not made any decisions yet on other appointments of individuals outside of the Bureau of Labor Statistics.

However, we have made a number of promotions and some transfers within the Bureau, people that I thought were particularly competent and able to handle the jobs that we have in mind.

In setting up the new Office of Statistical Operations and Processing I have asked Mr. Thomas Gavett, who is now Assistant Commissioner of the BLS in charge of wages and industrial relations, to head up that Office. He also has had a distinguished career not only within the Bureau but elsewhere. He has his Ph. D. in economics, I might say, Mr. Chairman, from Wisconsin. The upshot of this is that we will have two top economists in the important positions directly reporting to me in the Bureau.

One of the objectives of the reorganization is to reduce the number of individuals reporting directly to the Commissioner. There have been some 15 to 20 such individuals with direct reporting responsibilities to me. I think you can recognize that is an inordinately large number, and that it would be better management to reduce it. That is one of the objectives of the reorganization.

Under the present scheme there will be four principal officers of the Bureau in Washington reporting to me; including the heads of the two offices I just mentioned. There will be also an Office of Publications with Mr. Herbert Morton, who is now our Director of Publications, in charge, and an Office of Administrative Management with Mr. Keuch, who is presently head of that Office.

We also have eight regional offices in different cities and they will report directly to the Commissioner as well.

The substantive program offices dealing with prices and employment and other matters will report to the new head of the Office of Data Analysis.

Within this overall structure we are making some other changes. I would like to mention one or two of those briefly. Most of these changes we have had in mind and have been thinking about for some time. They are not new to us, though they may be new to the public.

For one thing, and this is the one office that has created the most attention in the press, we now have an Office of Manpower and Employment Statistics headed by Harold Goldstein. It has somewhat over 200 people in it, and is far larger than any other program office in the Bureau. What I have thought about for many months is how to make it more manageable in its size and at the same time preserve something of the analytical unity that is required in an office that deals with an important subject.

The plan I conceived, and it was my plan, nobody else's, was to divide that Office into two units, one that would deal with manpower structure and trends—the more long run aspects of employment and labor force behavior—and second, an Office of Current Employment Analysis which would deal with the current situation, unemployment, employment, and so on.

I have asked Harold Goldstein to take charge of the Office of Manpower Structure and Trends. I have not yet named a head of the new Office for Current Employment Analysis.

Chairman PROXMIRE. Well, I may have misunderstood you. I thought you said Mr. Goldstein would head the overall manpower employment statistics.

Mr. MOORE. He presently does.

Chairman PROXMIRE. But now he is being given one part of this.

Mr. MOORE. Under the reorganization he will be given the part dealing with the manpower structure and trends and another individual will be named to be head of the Current Employment Analysis Office.

I would like to point out that Mr. Goldstein's analytical contributions on the subject of employment, unemployment and the labor force, have been very largely in this structure and trends area. That is the subject that he has written on. That is of very great interest to him. To the public I think he has become known as the man in the BLS who has presented the current employment statistics, and he certainly has a very wide knowledge of them as well, but his chief intellectual interest as I have observed it, is in this longer run field. It seemed to me entirely appropriate, then, to ask him to head up that office, if we were going to divide it up at all. And the reason for dividing it, as I have indicated, is to get it to a more manageable operational size.

Other changes within the BLS will, I think, help us in our functions. The publication functions that are now somewhat scattered in different offices will be consolidated into one office headed by Herbert Morton, who is presently our Assistant Commissioner for Publications. Under the present organization he does not have complete responsibility for all the Bureau's publications, and I think it would be effective for him to have that responsibility.

I have not mentioned Peter Henle, whose name has also been in the press accounts about this subject. He is now Chief Economist of the Bureau. Some months ago, I think it was either in May or June, he asked me if he might have a leave of absence for a brief period, 6 months to a year, to undertake some studies on his own, independently of the Bureau. I think very highly of Mr. Henle's analytical capacities and his abilities, and I certainly tried to get him the leave of absence that he wished.

In the meantime, the plan for reorganization of the BLS came up through this directive from the Office of Management and Budget that I mentioned earlier, and I had to consider how Mr. Henle's position as Chief Economist would fit into the plan we were developing. I concluded that I wanted a new individual to head up that office. The upshot is that we have arranged for Mr. Henle to have a leave of absence with pay to do the research that he himself wishes to do, and to return to the Department of Labor in a suitable position when that period of 6 months to a year is up.

I think that is all that I would like to say about the reorganization, but if you have any questions I will be glad to answer them.

Chairman PROXMIRE. Yes. Let me ask first about the Goldstein situation. He was formerly, you say, head of the overall manpower and employment? Is that what you called it?

Mr. MOORE. Manpower and Employment Statistics Office.

Chairman PROXMIRE. Now you have divided it in two and you have given him half of it. Is that not a demotion?

Mr. MOORE. Well, he will have exactly the same title that he has now.

Chairman PROXMIRE. But he has half the clout.

Mr. MOORE. His office will have approximately half the number of people. As I mentioned, it has more than 200 people reporting to him now.

Chairman PROXMIRE. To whom will he report?

Mr. MOORE. He will report to Mr. Rathbun, the new head of the Office of Data Analysis. Mr. Rathbun reports to me.

Chairman PROXMIRE. And you have not selected the man who will head the current employment office?

Mr. MOORE. No, sir.

Chairman PROXMIRE. Did Mr. Goldstein ask for his assignment in the office he received?

Mr. MOORE. No, he did not ask for it. I think he recognized that it had some sense when I mentioned it to him some time early in August, but he did not ask for it.

Chairman PROXMIRE. Did he indicate any interest in heading the other office, Current Employment?

Mr. MOORE. Not directly; no, sir.

Chairman PROXMIRE. Not directly. Did he do so indirectly?

Mr. MOORE. Well, he asked me if he might have the option of selecting the one or the other and I told him he did not have that option.

Chairman PROXMIRE. He did not have that option?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. Let me ask you more general questions about this operation. I take it, from your comments in your recent press conferences, that you have absolutely no intention of resuming the press conference. Is that a fair statement?

Mr. MOORE. Well, that was a decision of the Secretary in which I concurred. I have not asked him recently how he feels about it, but there is no plan at the moment to resume those conferences.

Chairman PROXMIRE. Have you or the Secretary or anybody else in the Department made any evaluation of the greater or lesser availability of information to the press since the suppression of press conferences?

Mr. MOORE. Well, we have been aware of the number of telephone calls that we get. It is in the neighborhood of 40 or so on each occasion. There has been no difficulty that I have been aware of in handling that number of calls. I read the press accounts of our statistical releases and, as far as I can see, Senator, the quality of those accounts that appear in the press—I also watch television occasionally and listen to the radio—is about the same, if not a little bit better than it was before. I believe personalities, as far as the Bureau of Labor Statistics is concerned, have pretty much vanished from the news with respect to our statistics. They have not vanished from the news as far as this reorganization is concerned, but in the reports dealing with our statistics it is the Bureau of Labor Statistics that is making the report and I think that is a very desirable change.

Chairman PROXMIRE. Well, in view of the fact that the press seems to want the conference, they seem to feel it fulfills a useful function, they seem to benefit by being present when others ask questions and the conference is more general, why is there not reconsideration for continuing? What do you lose by—what do you gain, I should say, by having abandoned this conference?

Mr. MOORE. I think what we have gained, Senator, is an avoidance of the risk that technical, professional people will be drawn into what appear to be political controversies. I think it is very important that the statistical operations of the Government, especially the BLS, for which I am responsible, be kept out of those types of controversies.

Chairman PROXMIRE. It seems to me exactly the opposite. Would it not be true because they are technical people, respected as technicians, that the press—after all, there may be some abuse on the part of the press but I would think that the press after all would question the

technicians on the meaning of the technical data, on a technical analysis, and they would expect to get from them and I think we have gotten from them under your supervision, and under your predecessors, fairly objective, reasonably objective, nonpartisan—they have made mistakes, I suppose, but nonpartisan responses. This is what is at issue now. Can the press rely on this in view of the fact that the technicians are not available for a general press conference?

Mr. MOORE. Well, I believe that is the kind of information the press is still getting. They are getting it either over the telephone or coming around to the offices for a talk. They are simply not getting it in the form of a public conference where they all get together at one time.

Chairman PROXMIRE. How would you envision press relations under the new organization of BLS? Who at the technical level will prepare the press release?

Mr. MOORE. Well, the same officers that prepare them now.

Chairman PROXMIRE. Who will clear the statement?

Mr. MOORE. I will clear the statement.

Chairman PROXMIRE. Will it differ in any way from present arrangements?

Mr. MOORE. No, sir.

Chairman PROXMIRE. It will not.

Now, so far we have heard of the reorganization only of the BLS, talking only of statistical information. Are there other statistical programs in the Labor Department?

Mr. MOORE. Yes, there are other statistical programs. As I mentioned, I think before you came back, the BLS conducts about 90 percent of the statistical work of the Department, at least as measured in dollars. The other 10 percent is conducted in different agencies within the Department. The Manpower Administration does some work, and so do other offices within the Department.

Those statistical operations are now being reviewed by the Department to see whether they should be incorporated in this reorganization or not. But no decision on that has yet been made.

Chairman PROXMIRE. In the past statistical releases, the content was determined by professionals and not subject to substantial changes by political appointees. The technicians knew that some headlines would cause hackles to rise but the press release went forward without significant interference from on high. Can we expect that kind of attitude and that kind of result under the change?

Mr. MOORE. Absolutely. There are very few changes that I make or approve in the press release after it is prepared by technicians and I think, Senator, you will have to judge by results. If there is any slanting of any press release or any other report by the Bureau of Labor Statistics, I would like to hear about it and I will do something about it. But no one has brought that to my attention yet, and I am determined that they will not have the occasion to do it.

Chairman PROXMIRE. Well, are the releases subject to clearance or subject to modification, by the Assistant Secretary of Labor or by other political appointees?

Mr. MOORE. They are subject to change by me, and I am a political appointee. I have to review the releases and approve them. We do that in the course of a meeting at which the technicians are present and able to discuss and argue back and forth as to whether a word ought to be changed or a phrase should be added or something of that sort.

Chairman PROXMIRE. Does anybody else see them or review them besides you? Any other official? Does the Secretary of Labor have a chance, for example?

Mr. MOORE. The Secretary of Labor sees them.

Chairman PROXMIRE. And he can suggest changes or he can determine changes. If he decides the release should be changed in a particular way, that is it; is it not? Technicians can speak out but he determines what will go into the release; is that right?

Mr. MOORE. I think you have to realize that the Bureau of Labor Statistics is a part of the Department of Labor.

Chairman PROXMIRE. Well, I want to get the facts straight first. Is that a correct assertion, that the Secretary of Labor will determine what goes into these statistical releases?

Mr. MOORE. I believe, sir—

Chairman PROXMIRE. Final authority.

Mr. MOORE. I believe, sir, if I disagreed with anything that the Secretary suggested, my decision on that would hold. So far that has not happened.

Chairman PROXMIRE. You believe that is the case, but the Secretary of Labor does have final authority over these releases; is that correct?

Mr. MOORE. Well, I think in view of what I just said, I have the final authority.

Chairman PROXMIRE. You have the final authority.

Mr. MOORE. On the releases of the BLS.

Chairman PROXMIRE. How does this differ from the way it was handled in the past, if at all?

Mr. MOORE. Well, I am not too familiar with what happened before I became Commissioner, but—perhaps Mr. Burdetsky could say something on that.

Mr. BURDETSKY. Senator, prior to Commissioner Moore's time, Commissioner Ross used to conduct the press conferences himself. Only when he was not there did Harold Goldstein or Arnold Chase conduct the press conferences.

Chairman PROXMIRE. I understand that, but with respect to the statistical releases, did the Secretary of Labor exercise the authority or the man who occupied the position before Commissioner Moore?

Mr. BURDETSKY. To the best of my knowledge the Commissioner is always the final word on releases.

Chairman PROXMIRE. Did he exercise that authority on what the technicians determined?

Mr. BURDETSKY. He exercised that authority.

Chairman PROXMIRE. Let me ask one other question, Mr. Moore, to try to clarify this situation in my mind. Frankly, I consider you an excellent technician and I think you are generally considered that. Would you object to a review of statistical releases by the Secretary or one of his assistants?

Mr. MOORE. I did not quite get your question.

Chairman PROXMIRE. Would you object to the Secretary of Labor asking to review one of your releases, either the Secretary or one of his other top assistants?

Mr. MOORE. No; I would not object to his asking to review it.

Chairman PROXMIRE. You would not object to it but you would assume that you would have the final word. You would insist on it; is that correct?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. And to date you have not been overruled in any case; is that right?

Mr. MOORE. No, sir. That is right.

Chairman PROXMIRE. My time is up. Mr. Conable.

Representative CONABLE. I have no questions.

Chairman PROXMIRE. Let me ask you about some of the data that is before us now. The unemployment rate was 6 percent in September, virtually unchanged from the 6.1 percent in August. Employment increased just slightly more than did the civilian labor force. Payroll employment also increased, as the length of the average workweek declined. The one-tenth of a percent change in the unemployment rate is not, if I understand this correctly, a statistically significant change; is that correct?

Mr. MOORE. Yes, sir. As we measure the statistical significance of these changes, a change of one-tenth is not significant.

Chairman PROXMIRE. Looking at all the available data, would you say the labor market conditions showed much change from August to September?

Mr. MOORE. Well, yes; I would. I think there was an important change in the volume of employment.

Chairman PROXMIRE. Volume of what?

Mr. MOORE. Employment.

Chairman PROXMIRE. Employment?

Mr. MOORE. The number of people employed. That rose substantially. In terms of the largest aggregate that we have, measuring the total number of people at work, there was an increase of 325,000. The figure has now reached a new high level that has never been achieved before. There has also been a similar gain in the nonfarm payroll employment which is a somewhat narrower concept in terms of industrial coverage. The gain was approximately 300,000 in that measurement also, but that was not a new high for that total.

Chairman PROXMIRE. Well, in view of the fact that this is seasonally corrected and the seasonal correction if counted, I presume would be changes you normally get in October or September, is it not fair to conclude that if there is no significant change in unemployment that the employment-unemployment picture has not changed either or am I missing something?

Mr. MOORE. Well, the fact that there was virtually no change in the unemployment rate means that about the same percentage of the labor force was employed as it was before; that is, about 94 percent. Nevertheless, I think that needs to be considered in relation to the increase in the labor force itself.

Chairman PROXMIRE. Am I correct that the unemployment rate has been at or near 6 percent ever since last November? That is almost a year—11 months.

Mr. MOORE. I do not remember the November figure but that is approximately right.

(The following additional information was later supplied for the record :)

With the exception of June 1971, when the unemployment rate dipped to 5.6 percent, the jobless rate has fluctuated between 5.8 and 6.2 percent each month since November 1970—that is, for a period of 10 months.

Chairman PROXMIRE. Now, when is the last time that the unemployment rate stayed essentially constant at such a high level for almost an entire year?

Mr. MOORE. I am sorry, sir. I just cannot answer that question. I will be glad to supply an answer for the record. As you will notice, I did not bring along any of the BLS technicians with me at this time.

(The information requested was later supplied as follows:)

The most recent period during which the unemployment rate remained at 6 percent or higher for about a year was in 1961—from October 1960 to December 1961.

Chairman PROXMIRE. I wish you had.

Mr. MOORE. But I will give you whatever information I can that I have here and—

Chairman PROXMIRE. Let me interrupt. Why did you not bring the technicians with you?

Mr. MOORE. I thought, sir, in view of the fact that you wished to discuss this reorganization, it would be better for them to remain at their jobs. I brought Mr. Burdetsky with me because he has been helping me with the reorganization.

Chairman PROXMIRE. Well, it is my fault for not making it clear, then, that we would like to have the technicians come up when you do come up. It would be most helpful to get this kind of information.

Can you give us any estimate as to how long it has been since, either you or Mr. Burdetsky, how long it has been since we had a period of 6 percent unemployment for virtually a year, every month?

Mr. MOORE. I would like to supply that for the record.¹ I cannot answer the question directly.

Chairman PROXMIRE. Would you say, then, we are still in the early stages of recovery or did something happen to interrupt the recovery?

Mr. MOORE. Well, as I guess I said the last time, Mr. Chairman, it is not easy to define the early stages of recovery. One criterion is when you have exceeded the previous peak level of either employment or output or whatever aggregate of activity you want to examine, and we have already done that.

Both aggregate output and total employment have reached new high levels. The unemployment rate, as you have observed, has not declined and one way of looking at this is to say that the labor force—force total number of people either at work or seeking work—has continued to increase about as much as employment has. So that unemployment has not declined appreciably.

Chairman PROXMIRE. In that connection, the administration has expressed the hope that we all share that unemployment will be 5 percent or below by next July and naturally we are all hoping that that can be realized. Can you tell us by how much employment will have to grow to reach that target taking into account the fact that the labor force will, of course, be coming out of the armed forces, perhaps out of the defense plants, and that we can expect a substantial improvement in productivity?

Mr. MOORE. No, sir. And even if I had my technicians with me, I would not like them to answer that question. That requires a forecast and I would like the BLS to stay out—

¹ See response above, this page.

Chairman PROXMIRE. No, no; I am not asking for a forecast. I am not asking whether it will go to 5 percent or not or 4 percent or 6 percent or whatever it will be. I am saying if we do achieve 5-percent unemployment by mid-1972, how much growth of the economy would that require to achieve that? I am not asking you to forecast whether we will achieve it or not. How much will it require employment to grow?

Mr. MOORE. Well, it requires a forecast of what is going to happen to the labor force. I cannot answer that question without forecasting the labor force.

Chairman PROXMIRE. It seems to me that this is a—an attempt at this would be very useful to us in formulating our economic policy here on the Hill. We ought to have some notion of what we have to do, how much we have to increase employment. The President suggested his program will increase it by 500,000 jobs. Many feel that is not nearly enough.

Are you telling us, then, that we cannot rely on your office, we will have to go to economists, et cetera, either in the Government or outside, to give us this kind of information? Not on forecasting again but what you have to do to achieve this level?

Mr. MOORE. Well, without forecasting I do not see any way to answer your question because the simple answer is that if 94 percent of the people in the labor force are now employed and you want to achieve 95 percent, you have to increase employment by that 1 percentage point of the labor force. But how many people that will be depends on how many people are in the labor force at the time your projection is to come true.

Chairman PROXMIRE. Can you answer the question, if we give you the assumptions, in other words, if we assume there will be an increase in the labor force of 1 million in the next year. Assume that there will be a half million people discharged from the military and also from defense plants. Assume that there will be a 4-percent increase in productivity.

Given those assumptions, could you then tell us how much this would require an increase in the labor force to achieve the 5-percent level of unemployment? Frankly, I think that—

Mr. MOORE. I think we could.

Chairman PROXMIRE. I think this would be most helpful to economic policy to get that answer. You think you could?

Mr. MOORE. Yes.

(The information requested was later supplied as follows:)

If we assume, as you indicated, an increase of 1 million in the size of the civilian labor force (seasonally adjusted) over the next 12 months, and an unemployment rate of 5 percent at the end of that period, the rise in number of employed workers from the September 1971 level of 79.5 million (seasonally adjusted) would be 1.8 million or 2.3 percent. If we assume an increase of 1.5 million in the civilian labor force, the implied increase in employment would be 2.3 million, or 2.9 percent.

Chairman PROXMIRE. And then if you have any reaction of any kind to the assumptions, we will be delighted to, of course, entertain that. Do you want to comment?

Representative CONABLE. I think you are asking for a mathematical computation up to the point where you ask for comment on the assumptions and the assumptions that Mr. Moore is not willing to make or comment on them because that involves forecasting. Is that not correct?

Mr. MOORE. Yes, sir; I think that is right. The assumptions, of course, are the crucial element in the pie and we can certainly have the answers based on the assumptions worked out arithmetically.

Chairman PROXMIRE. Is it not the case we have demographic figures which are quite reliable that can show how many young people we will bring into the labor force? Can that not be worked out statistically?

Mr. MOORE. In the past; yes.

Chairman PROXMIRE. Cannot that be done reasonably on a projection basis or not?

Mr. MOORE. Well, over a short period like a year, I think it is a very hazardous operation. Over a 10-year period possibly not, although even long run projections tend to catch up with you if you live long enough to see how they come out.

Chairman PROXMIRE. Did I understand you to say a new division on forecasting change has been set up? Long-term trends? How long would the trends be? Would a year be too short?

Mr. MOORE. I think a year would probably be a little bit on the short side. What we have done in the past, and I have not really contemplated any change in that, is to look at longer run trends, 10 or 15 years in the past, and see how they would look if projected 10 or 15 years in the future.

Chairman PROXMIRE. I think that would be helpful and interesting but unfortunately, neither the Congress nor the President makes policy on a 10- or 15-year basis. We make it on the basis of a year or two and it would be most helpful to us if you could give us the same kind of input for a shorter period. That is the way we do it. I do not think there is any prospect for a long, long time that Congress is going to do very much about 10 or 15 years from now.

Mr. MOORE. Well, the trouble with forecasting, Mr. Chairman, as you know, is that there is a risk of serious error and one reason for my hesitancy about getting the Bureau of Labor Statistics into that kind of operation is that people may believe, the public may believe, that the errors in forecasts have some influence or cast some doubt on the statistics themselves, which I think is our fundamental contribution.

There are lots of people making forecasts in this country. I do not think there is any dearth of that going on. It is expanding almost at a geometric rate, but no one is providing the objective data, the measurements, of what is currently the situation and what it has been in the recent past, as the Bureau of Labor Statistics is doing. I would like to concentrate our operations on that fundamental task.

Chairman PROXMIRE. Let me ask you more quickly, was the absence of as many strikes as usual a factor in the increase in payroll employment?

Mr. MOORE. I have not heard that from our technicians when we discussed the figures yesterday.

Chairman PROXMIRE. I should think they could determine that, as a matter of fact, could they not?

Mr. MOORE. What is that?

Chairman PROXMIRE. I should think they can determine that. The President often has spoken of the fact that strikes were at a low level in the last month or so.

Mr. MOORE. Yes. It could be a factor but I do not believe it is an important factor.

Chairman PROXMIRE. Well, are there any special factors we should be aware of in interpreting the September figures? Anything about the survey data or seasonal adjustment or any other technical factors?

Mr. MOORE. No. I have not detected any problem with the seasonal adjustment in the September data. The only thing that was a bit puzzling about the figures this month was the decline in the workweek; two-tenth of an hour. That was a little unusual.

Chairman PROXMIRE. That runs counter to everything else. You had an increase in employment. You had, if any change at all, a small drop in unemployment. You would think under these circumstances the workweek would be a little longer if anything, but it is not. It is shorter.

Mr. MOORE. Yes. Of course, all of these statistics fluctuate from month to month and this may simply be a short fluctuation, but it was fairly widespread among different industries and I simply have been unable to account for it.

One possibility, though it might not account for this particular month, is that normally the workweek is increased initially in a recovery period as a way of increasing the input of labor quickly and relatively easily. But once that has been accomplished and the number of people employed begins to increase significantly, there is no longer the same incentive to increase the workweek and very frequently it tends to level off or even decline a bit. I do not know whether that accounts for this month's decline.

Chairman PROXMIRE. The reason that surprises me, it is such a low level, less than 38 hours a week is very low historically.

Mr. MOORE. There has been a downward trend in the work week—and this may be another manifestation of the long run trend—

Chairman PROXMIRE. There has been a lot of talk about the Wholesale Price Index—the President mentioned it last night—and how encouraging that is and I must say it is a source of comfort for all of us but I understand the Wholesale Price Index release states that price changes for raw agricultural products and imported commodities accounted for 0.2 percentage point out of the 0.3 percentage point decline in the all-commodities index. In other words, if raw agricultural products, imported goods, are excluded the index would have declined one-tenth of 1 percent.

Since neither of these categories is covered by the price freeze, it is not fair to say that the maximum impact of the price freeze could be a decline of one-tenth of a percent in the Wholesale Price Index?

Mr. MOORE. I would say what this means is the index, excluding these noncovered commodities, agricultural products and imported goods, remained virtually stable—actually declined a tenth of a percent—but it is virtually stable in the first month of the wage-price freeze.

Chairman PROXMIRE. I see. Well, then, that does confirm the Wholesale Price Index then remains stable as far as the covered commodities are concerned.

Mr. MOORE. Yes.

Chairman PROXMIRE. In which categories of the machinery and equipment components were declines reported in September? Machinery and equipment?

Mr. MOORE. The question was in which categories did they decline? Chairman PROXMIRE. Which categories; yes, sir.

Mr. MOORE. I do not believe I have that information. Pardon me. Maybe I do.

Chairman PROXMIRE. Let me ask you this.

Mr. MOORE. I have an answer to that. Shall I go ahead?

Chairman PROXMIRE. Fine. I beg your pardon. Go ahead.

Mr. MOORE. Well, there are some seven types of machinery and equipment that we report separately on and there were declines in a tenth of a percentage point in construction machinery, metal working machinery, general purpose machinery; declines of two-tenths of a point in electrical machinery and miscellaneous machinery; no changes in agricultural machinery; and an increase of a tenth of a point in special industry machinery. An overall decline of a tenth of 1 percent in the whole category of machinery and equipment.

Chairman PROXMIRE. Mr. Commissioner, when the Secretary of Labor and you gave a press conference on the latest Cost of Living Index increase, you indicated that the Cost of Living Council has asked your aid on wages but did not ask for help on price changes. Do you have any idea why this was so?

Mr. MOORE. Well, I think the situation is this. The Cost of Living Council has asked us to analyze the price statistics and we incorporated in our release of yesterday on the Wholesale Price Index a section in which we showed, as you just cited, what happened to prices when you exclude those not covered by the freeze. Similarly, we will include in the Consumer Price Index for September which is issued on October 22, some analysis of what has happened to prices that are covered by the freeze and prices that are not covered, and any other analysis that we can make of that sort of the figures themselves. And likewise, we will do something with hourly earnings. In fact, we did have a section on average hourly earnings in today's release, on what has happened to average hourly earnings in September, and we will have sections of that sort in each of our releases.

In connection with the wage data, however, they have asked us, and we have supplied, information on deferred wage changes that have been agreed to but have not been put into effect or that have been agreed to but are for some future period during 1972. We normally make such tabulations anyway. We speeded up our work in response to their request.

Chairman PROXMIRE. Do you contemplate any special studies to evaluate the success of the freeze covering wages or prices or rents or interest rates?

Mr. MOORE. Only insofar as the kind of thing I just mentioned. We will try to analyze the figures in relation to whether they are covered or not or whether they are going up for some technical reason that is implicit in the construction of the index itself, and that is about it.

Chairman PROXMIRE. I read the transcript of your news conference on prices and you pointed out the difficulties in evaluating the freeze effect because of the way the CPI is measured from month to month. I recognize those difficulties but looking at those prices for which you have monthly quotations for actual prices paid, does this not give you a pretty good idea of violations?

Mr. MOORE. Well, we do intend to look at the prices that we collect monthly. A very large portion of them are in the food area. In fact, all of the food prices that go into the CPI are collected monthly and I

think approximately half of the other commodities that are in the CPI are collected monthly. We will look at those in particular. But a large portion—

Chairman PROXMIRE. I would think that would give you a pretty good answer on violations, how effective the freeze has been.

Mr. MOORE. Well, we are not particularly looking for violations but we think it important to explain how the index is constructed in relation to what people might expect it to do in connection with the freeze.

Chairman PROXMIRE. One of the most serious problems of unemployment, of course, has been with black. And it has been a persistent problem and a very sad and discouraging problem. I notice you say, and I quote: "The jobless rate for white workers declined slightly from 5.6 to 5.4 percent while the rate for Negro edged up"—that is your verb—"edged up from 9.8 to 10.5."

Is that not a dramatic spectacular increase? That is an increase of, in 1 month, seven-tenths of a percent. Why do you say edged up?

Mr. MOORE. Well, the problem is that the sample size for Negro workers, since they are a much smaller fraction of the work force than the white workers, produces a relatively large sampling error just due to the size of the sample. So that we cannot be certain when a change of a given magnitude occurs whether it is due to sampling error or not and consequently, we use words a little differently in that case.

Chairman PROXMIRE. Well, looking at your table, "Negro and other races," in the second group of statistics, it goes up steadily from the fourth quarter of 1970 when it was 9.2 to September of 1971 when it is 10.5. There is a little change. August was a little better than the preceding quarter but it is certainly going up at a fairly steady trend and it is a very high rate.

Mr. MOORE. If you will look at chart 14.

Chairman PROXMIRE. Incidentally, I want to compliment you on that table you have. I think it is most helpful.

Mr. MOORE. Thank you.

Chairman PROXMIRE. You are referring now to chart 14?

Mr. MOORE. Chart 14, the chart attached to the back of the release. Chart 14 refers to Negro and other races unemployment rate. Chart 13 next to it refers to the white workers' unemployment rate. I think that gives you a pretty good picture of what has been happening over recent months in both cases.

I might say, Mr. Chairman, that we have reorganized this set of charts and one thing that we put into it, in view of your interest, was chart 1, the civilian labor force, which is shown separately.

Chairman PROXMIRE. Congressman Conable.

Representative CONABLE. Mr. Moore, I notice you show the civilian labor force between August and September somewhat smaller than usual resulting in the seasonally adjusted rise in the civilian labor force level. As I recall, we had some problem of seasonal adjustments also in June when the unemployment rate fell off quite sharply because of adjustment factors and we were warned against considering that too significant because of adjustment problems.

At previous hearings before this committee we have discussed the issue of the extent to which jobless workers are leaving the labor force out of hopelessness of finding a new job. I wonder if this seasonally adjusted rise in the civilian labor force has anything to do with the

reversal of this other phenomenon. I am wondering, for instance, if the direct and dramatic action of the President has given people more hope about finding a job and, therefore, has resulted in some decline in the number of people leaving the labor force because of conditions. Would you care to comment on that?

Mr. MOORE. Well, I am afraid I do not have the information about that. We issue figures on a quarterly basis on people who want a job but are not looking for one for one reason or another, including the fact that they do not think they can find one. I do not have those figures with me today, and even if I did, it would not have any bearing on the August to September change. So, I just cannot say whether or not that is a factor. It might be.

Representative CONABLE. Your statistics show that the civilian labor force increased by 1½ percent over a year ago. Is this the average growth of our population? Is there any indication from this number that otherwise employable people are leaving the labor force?

Mr. MOORE. I think a 1½-million person increase in the labor force is about the average rate.

Representative CONABLE. Well, that is more than 1½ percent.

Mr. MOORE. Yes.

Representative CONABLE. I notice also from looking at this that we have a higher rate of unemployment than we had a year ago among veterans. Has there been a change, then, in the rate at which the Vietnam war veterans are entering the civilian labor force or does this just reflect an increased number of people phased out of the armed services?

I am wondering, for instance, is it possible to generalize, are people that more reluctant to hire veterans now because of the bad publicity they have had over drugs in Vietnam and because of the problems of morale in the military and—has there been any change in the rate at which these men are entering the labor force?

Mr. MOORE. Well, the rate at which they are entering the labor force depends on how many are leaving the armed services and that, of course, has accelerated. Whether there has been any change in their situation on account of reaction from employers, I just do not know. As you can see from the table A-7 in the press release, this September about 91.8 percent of the population of this age group—veterans—were in the labor force and that is a small decline from a year ago when it was 92.7 percent. In the meantime, the unemployment rate has risen from 6 to 8.3 but there has been a very large increase also in employment. That is, there has been an increase from about 3.1 million to 3.5 million in the number of veterans actually in jobs.

Representative CONABLE. You think, then, that probably the jump in unemployment of veterans is the result of a sharply increased number of veterans moving into the work force; is that right?

Mr. MOORE. I would think that was a reasonable explanation; yes, sir.

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

Chairman PROXMIRE. Well, I want to thank you, Mr. Moore. I do want to say that I am still a little puzzled and disturbed about this reorganization as it affects all Government statistics. You have to focus on some aspects of it. It is a vast thing. I do hope the Congress will get a chance to consider it. It is something that is very vast, very signifi-

cant, affects four departments. Do you have any idea whether this is subject to congressional review?

Mr. MOORE. No. I do not believe so. But I am not an authority on that subject.

Chairman PROXMIRE. Well, at any rate, I think we should have George Shultz up here before us to explain it because it affects many departments, yours principally, but others, too, and in a very important way.

Mr. MOORE. Yes.

Chairman PROXMIRE. Let me ask you this about Mr. Goldstein. We have all been impressed by him and you, I am sure, have great regard for him. He was head of this department. He was given the part of it that refers to long-term trends, on a 10- or 15-year basis, and I just do not see how this can play an important part or an immediate part, at least, a significant part in economic policy.

You do not like to make forecasts. You do not like to construe much out of whatever trends we develop. He was not given an option. He did not have the choice. You say that. You told us he did not have the choice to take the current statistical phase of this operation. It looks to me like a demotion.

Mr. MOORE. Well, I would like to make this comment about that. I do not think this area of our work is unimportant, either to us or to the public.

Chairman PROXMIRE. Well, I think it may well be important but what do you use it for?

Mr. MOORE. Well, let me just say, one of the aspects of this work on manpower structure and trends is to develop information on the occupational outlook for different occupations. We publish reports on that quarterly for different occupations, write articles about the prospects over the long run in different occupations, and publish a volume on this subject every other year.

Now, there is hardly any more widely used publication of the Bureau of Labor Statistics than on that subject. It is very widely used throughout the country by guidance people in schools and by young people looking for a career and deciding what they want to do. Mr. Goldstein himself has had a very prominent role in developing that program, a very great intellectual interest in it, and he will continue to be in charge of that. When I call the Office an Office of Manpower Structure and Trends, it includes that. By structure what we have in mind is how the labor force is organized, how it is classified, how different parts of it behave in relation to other parts, and Mr. Goldstein has had an interest in that, too. If it were not for that interest, sir, I would not really be thinking of him in that connection at all. But I know that is one of his major contributions to analysis and he has written very widely on those subjects.

Chairman PROXMIRE. We appreciate that. You understand that after all, Mr. Goldstein was very prominent and very popular and effective at the press conferences. At the same time, nobody questioned his integrity or his objectivity, nor his fairness, to my knowledge. Those press conferences were canceled and then he moved to this other position which looks like a demotion.

How about Mr. Henle? Will he be given the same job when he returns after a year? He was chief economist. Will there be in this reorganization a very similar job?

Mr. MOORE. No. Well, similar in a sense. The Office of Data Analysis that we are creating is similar in many respects to the Office of Economic and Social Research that Mr. Henle headed. He did not, however, have the line authority over the program offices that we are establishing in this reorganization and that is one change. Since I have appointed Mr. Rathbun to that position it will not be open to Mr. Henle when he returns.

Chairman PROXMIRE. What position would be open under these circumstances?

Mr. MOORE. Well, I cannot predict that, sir. It may not be in the Bureau of Labor Statistics but the Department of Labor as a whole has assured him that he will have an opportunity to take a suitable position when he does return.

Chairman PROXMIRE. Was this sabbatical entirely on his initiative?

Mr. MOORE. Well, the initial inquiry was his own. This happened, as I said, in May or June. The reorganization began to be discussed around the middle of July and it was then that I had to make a decision whether I would ask Mr. Henle to head up this new office or not. I decided that I would not.

Chairman PROXMIRE. All right, sir. Thank you very much, Commissioner Moore. It has been most useful and helpful. You have done your usual responsive and capable job. We very much appreciate it.

The committee will stand in recess, subject to the call of the Chair.

(Whereupon, at 12:55 p.m., the committee was recessed, subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

Federal Statistical Program

WEDNESDAY, OCTOBER 27, 1971

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

The committee met, pursuant to notice, at 2:30 p.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senator Proxmire and Representative Blackburn.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Courtenay M. Slater, economist; Lucy A. Falcone, research economist; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig, economist for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order. This committee was established under the terms of the Employment Act of 1946. This act represented and still represents the determination of the Federal Government to achieve full and steady economic growth without inflation. Thus, it is the central committee of the Congress to oversee the broad range of economic policies necessary to achieve the goals established under the act.

Of critical importance to the implementing of its duties is the availability of economic statistics which will adequately depict the course of economic developments in such vital areas as employment and unemployment, production and productivity, capital formation, and international trade.

Moreover, it is extremely important that the integrity of the statistics be beyond question. In the last month or so there have been widespread fears expressed that certain actions and rumored actions taken within the major statistical agencies point in the direction of managed news.

As is well known, as chairman of this committee I was deeply disturbed when the BLS discontinued its press briefings on employment, unemployment, and the cost of living. To this day I have heard no adequate explanation for this action by the administration, and I still think the discontinuance was politically motivated.

More recently, we heard that one of the chief technicians responsible for these briefings had been downgraded in a reorganization of the Bureau of Labor Statistics.

The reason given for the reorganization was to improve efficiency. The reorganization was undertaken by the Secretary of Labor under a directive of Mr. George Shultz, Director of the Office of Management and Budget.

We, therefore, asked Mr. Shultz to appear here today to spell out for this committee the rationale of the BLS reorganization and other reorganizations which we understand are underway, the extent of their coverage, their present status and how they may be expected to improve the Federal statistical program.

I am disturbed, and I know the press is deeply disturbed and fearful that the reorganizations may well mean less straightforward information in the future.

Mr. Shultz was unable to appear, but he has directed his Chief Statistician, Mr. Julius Shiskin, to appear and discuss with us these and related questions.

Mr. Shiskin, we are very honored to have you here. You have a justifiably very high reputation as a man of extraordinary ability and unquestionable standing; and you may proceed in your own way.

I understand you have a statement. If you wish to abbreviate any part of that statement, the entire statement will be printed in full in the record.

STATEMENT OF JULIUS SHISKIN, CHIEF STATISTICIAN, OFFICE OF MANAGEMENT AND BUDGET, ACCCOMPANIED BY MARIE D. WANN AND ROBERT B. PEARL

Mr. SHISKIN. Thank you very much, Mr. Chairman. I am very honored to be here and have this opportunity to explain our objectives in the reorganization and to answer any questions you may have.

I have with me to my left Mr. Pearl, to my right Mrs. Wann, colleagues of mine in the OMB who are prepared to help me answer questions.

Before I come to my statement, Mr. Chairman, I would like to make a personal observation that concerns your committee.

When I first took this post, now almost 2½ years ago, Raymond Bowman, my predecessor, had not left. There was a period of about 1 month overlap between us; and during that month I took advantage of his presence close by to consult him on what kind of steps I should take to do my job, how to do it better, and so on; and one of the things he advised me most strongly was to maintain the close working relations he had with this committee.

Now, I took that advice and before long I got in touch with members of your staff and we had a very fine discussion; and I have been hoping that you would call on me so that we would have an opportunity to exchange views and so that I could build on the good work of my predecessor.

I was waiting for this opportunity and so I am very glad the time has come; I am very glad to be here.

Now, I would like to read my statement.

Mr. Chairman and members of the committee, I welcome this opportunity to appear before this committee to explain the purpose of the statistical reorganization recently requested by the Director of the Office of Management and Budget.

This committee has long been a bulwark of support for improvements in Federal statistics. We believe the statistical reorganization currently underway will constitute an important step in this direction. The reorganization, together with the increases in the budget for statistics which the President recommended and Congress approved, will facilitate many specific improvements underway or contemplated.

SOME HISTORICAL BACKGROUND

Before assuming my present post of Chief of the Statistical Policy Division in OMB, I was for many years a member of the staff of the Bureau of the Census. My present senior staff have also spent much of their careers in the various statistical agencies. Many of us have been eagerly awaiting an opportunity to bring about an improved organization of our fragmented statistical activities. Some of us were encouraged by a staff report of the Hoover Commission of the early 1950's which recommended a basic reorganization of Federal statistical activities. More recently we were similarly encouraged by the 1967 report of your Subcommittee on Economic Statistics which supported greater coordination and integration of Government statistics.

In June 1969, when I became head of the Statistical Policy Division in OMB, the then Director of the Bureau of the Budget, Robert Mayo, gave me a simple and clear charter: Improve Federal statistics.

During the following year, Mr. May firmly supported measures to strengthen the statistical system. The present Director and the Associate Director of OMB have provided equally strong support. Not only have the heads of OMB been aware of the need to improve statistics required for economic and social policy formulations, but the statistical profession has also been concerned.

Shortly after President Nixon's inauguration, the president of the American Statistical Association suggested to him that he appoint a commission of distinguished citizens to review Federal statistical activities and to make recommendations for their improvement. President Nixon did appoint such a Commission and it has recently completed its work.

It is now more than a year since we began intensive planning within our office in OMB in reorganization of Federal statistical activities. We have kept the President's Commission fully informed of our thinking and decisions in this field.

The President's departmental reorganization plan proposed at the beginning of this year gave us an opportunity for presenting staff suggestions on statistical organization to OMB Director Shultz. The President's proposal, following the Ash Council recommendation, called for concentrating the major statistical agencies of the Departments of Agriculture, Commerce, and Labor in one principal subdivision of the proposed Department of Economic Affairs. The plan we had prepared earlier could readily be adjusted to the proposed departmental structure, and after some modifications a revised plan was made ready for consideration within OMB in February 1971.

The decision to proceed with internal statistical reorganizations in four major departments, as reflected in Director Shultz' letter of July 15 to the Secretaries of Labor, Commerce, Agriculture, and HEW, was based on a number of considerations.

The growing importance of statistics in policy formulation and the demands for greater speed and accuracy in data compilation made it essential in our opinion to bring about promptly an improved type of organizational structure capable of producing statistical information consistent with the needs of our increasingly complex society.

Labor, Commerce, and Agriculture were selected for these reorganization efforts because these Departments are responsible for the key economic statistics of the Government and HEW was included because of its key role in social planning and its rapidly expanding social statistics program.

RATIONALE OF REORGANIZATION PLAN

Let us turn now to a brief account of the reasons why the reorganization took this particular form and what we expect to accomplish.

There has long been a debate in the statistical profession as to whether it is preferable to have a centralized or a decentralized system. There are advantages and disadvantages in either approach. It is generally conceded that a centralized system has a comparative advantage arising from economies of scale, but that a decentralized system can be more sensitive and responsive to emerging data needs for policymaking and other purposes.

Most major countries have a single, centralized statistical agency. The only important exceptions are the United States and the United Kingdom. Like the British, we have opposed excessive centralization because we believe such a system would be inflexible and unresponsive and would heighten legitimate public concerns about overconcentration of information in any one agency of Government.

On the other hand, both nations have become increasingly aware of the defects of overproliferation of statistical operations. In considering these problems, we have developed similar although not identical solutions, retaining the main advantages of a decentralized system while removing principal deficiencies.

The principal strength of decentralization is that individual policy-making departments and agencies have responsibility for determining their own data needs and updating their requirements as circumstances change. This feature is retained in our reorganization plan. The greatest weakness is that there are far too many agencies, something over 40 at the latest count, engaged in the actual collection and tabulation of statistics. Close to two-thirds of all statistical work is still carried out by the five largest agencies with the remaining one-third widely scattered among 35 others.

This fragmentation of statistical operations has resulted in a number of serious problems. There are at present wide disparities in the quality of the data produced by different agencies and in their statistical standards. This is most often a consequence of the lack of adequately trained statistical personnel such as survey and mathematical statisticians and the lack of facilities, such as ready access to computers and programmers. This is especially true in the smaller agencies.

However, even in larger agencies, comparability of basic economic statistics is often uncertain. For example, the sales and inventories data, the employment, payrolls and earnings data, and the profits data

are collected by different agencies, all using different report forms and different statistical methods, for example, industry coding and editing.

Moreover, the way even the best statistical agencies are structured, with large-scale, fixed programs of their own, a good deal of inflexibility is built into the system. This accentuates the problems of meeting new emerging data requirements without further fragmentation of the system.

A great many favorable things can be said about our statistical programs. In their scope, accuracy, and timeliness they are the envy of statisticians and policymakers the world over. In a country as large as this, with a highly complex economy and society, it is noteworthy that we are able to have statistical measures of major economic phenomena, such as employment and unemployment, retail sales, manufacturers' sales and orders, within 20 working days after the end of the month covered by the data.

It is nevertheless true that our statistical system has not kept up with the ever-rising requirements for better data to serve as the basis for economic and social policy formulation.

As Paul McCracken, the Chairman of the Council of Economic Advisers, recently observed : "We are trying to navigate a jet-age economy with horse-and-buggy statistical instruments." We must correct the deficiencies so that the statistical system will be fully responsive to the informational needs of our present day economy and society. Further increases in funds, a greater number of skilled technicians, better managers and a major reorganization of our statistical system are all required to achieve this goal. Thus, although reorganization by itself would not settle all issues, it could at least provide a manageable structure within which solutions could be reached.

OMB GUIDELINES

Next I shall describe briefly the main principles of our reorganization plan as they apply within existing departments.

Although the present plan can stand on its own, and is not dependent upon further reorganization, it is also consistent with the larger scale reorganization proposed for the Department of Economic Affairs and the other new departments.

The OMB directive called for establishment of two principal statistics units within each of the four departments affected : (1) a unified data planning and analysis office, and (2) a centralized, service-oriented data collection and processing center. The main purpose of this two fold organization plan is to improve quality and reduce duplication in analytical activities, while gaining operational efficiency, technical validity and comparability through centralized data collection and processing.

CENTERS OF DATA ANALYSIS

The unified data planning and analysis office would be responsible for the planning, technical analysis, and issuance of the main general-purpose statistics of the department as well as carrying out special analytical assignments. Their main focus would be data of widespread use for overall policy planning and informational purposes both inside and outside Government, as distinguished from information

mostly useful in the conduct of specific programs and internal Government management. This office would also produce the various kinds of analytical statistical measures such as the national accounts, economic models, productivity indexes, social and economic indicators, projections, and the like.

DATA COLLECTION AND PROCESSING CENTERS

The key expression in the description of the other main new structure is "service oriented." The data collection and processing centers would have no programs of their own to carry out but would have the staffing, capacity, and equipment to provide the necessary statistical services for the programs decided upon and funded by the various informational planning groups. They would be responsible for carrying out not only the general-purpose statistics programs developed by the planning and analysis office just described, but also for meeting the informational needs of the substantive program agencies within their departments and elsewhere in the Government.

The centers would provide the technical know-how across all statistical programs which is now so often lacking, especially in the smaller agencies, and would hopefully achieve the level of quality, consistency of data and flexibility in meeting new requirements so difficult to accomplish under the present system. Greater concentration of collection and processing activities would also facilitate effective coordination. Together these should produce substantial efficiencies and relieve some of the public reporting burden.

Altogether we have proposed centers of this kind in the Labor, Agriculture, and Commerce Departments, and perhaps three or four within HEW because of its size and complexity. Separate centers may also be established in other departments with large-scale statistical needs such as the Justice Department and particularly law enforcement—Law Enforcement Assistance Administration.

PROGRAM PLANNING RESPONSIBILITY REMAINS DECENTRALIZED

Planning of the scope and content of statistics intended primarily for substantive program development and evaluation would remain decentralized among the policymaking agencies of each department. Although these agencies would obtain their own funding, in general they would contract with the data collection and processing centers for statistical services.

My office, the Division of Statistical Policy of OMB, would continue to monitor and coordinate the statistical work of Government and to carry out the provisions of the Federal Reports Act and other legislative mandates.

A good example of how we expect this overall system to work is the present relationship between one of the more service-oriented data collection units of the Bureau of the Census and a number of its outside sponsors. This Census unit, the Demographic Surveys Division, has responsibility for the design and conduct of all household sample surveys within the Bureau. It has no program of its own but carries out work under contract mostly for outside agencies and also for other units of the Bureau of the Census.

Among the important surveys covered by this arrangement are: the current population survey which is the source of the monthly unemployment statistics published by the BLS; the major health surveys of the Government sponsored by the Public Health Service; a number of complex, in-depth surveys of the aged and disabled for the Social Security Administration; the soon to be instituted national consumer expenditure survey which will provide the weights for the updated Consumer Price Index; and many others.

I believe it would be generally agreed that these surveys are among the best designed and most effective statistical operations in existence. Also, the sponsoring agencies, relieved of the burden of technical operations, are among the most respected and productive of our statistical analytical staffs.

The flexibility of this type of arrangement can be illustrated by the fact that the workload contracted to this census unit has steadily expanded from about \$3 million a year at the time it was created in 1960 to something over \$15 million a year at present, not counting some large special projects.

Moreover, the budget figures only begin to tell the story with regard to the increased complexity of the work this service-oriented unit has been willing and able to undertake.

STATUS OF REORGANIZATION

As matters now stand, the statistical reorganization is proceeding expeditiously in the Commerce and Labor Departments. I expect that the new structures will be operative by the target date of November 30 specified in the OMB directive.

Our role—that is, the role of my office—in reviewing departmental plans as they develop is to determine whether they follow the OMB guidelines and not with either the detailed organizational units or staff assignments. Although the plans we have reviewed do appear to be basically consistent with our guidelines, they do not go quite so far as we would like at the outset. We expect, however, that further progress will be made once the core elements are in place. We will soon turn our attention to HEW and Agriculture which have somewhat different problems.

Once this plan is fully operative, it is our intention to begin reviewing statistical operations in other departments to assess which of these could be more effectively carried out in the new statistical centers.

Emphasis will be given to statistics of importance for policymaking which are now being inadequately developed, are of poor quality and are not being issued in a timely manner. However, we do not intend to shift every statistical activity into the centers. Highly specialized activities, such as those closely related to medical research or work of a highly experimental nature, are expected to remain in their present locations.

LONGER TERM PLANS

In your letter to Director Shultz announcing this hearing you expressed interest in knowing how the new organization would be integrated into the proposed Department of Economic Affairs.

The organizational plan I have summarized today can be followed advantageously within the present departmental structure.

Moreover, as I indicated earlier, since the new statistical organizations will be essentially the same in all the departments involved, they can be easily combined into a larger unit. We would probably want them to integrate the separate planning and analytical offices created under the present plan into one unit, and the separate data collection and processing centers into another. For the data planning and analysis office, the internal structuring could proceed along lines of broad subject matter areas or functional specialties, or some combination of these.

For the data collection and processing centers in a consolidated department, we envisage two main and largely separate centers: one for population censuses and household surveys and the other for censuses and surveys of business establishments and enterprises. A division of this kind is contemplated in order to avoid diminishing economies resulting from a single massive center, and also because the statistical expertise, methodologies and materials are quite different in these two categories of activities. In addition, there would be auxiliary units for research and development and units to provide certain common services.

CONCLUSION

In conclusion, I should like to say that I am cautiously optimistic that the new arrangements will accomplish some sorely needed improvements in statistics and will open the way for greater advances as the full system develops. With the help and support of your committee and the Congress to improve Federal statistics, we anticipate a statistical system which will be ever more responsive to the requirements of government, business and labor groups as well as the public at large for the information essential to arriving at intelligent decisions.

I would now be very glad to answer any questions that you may have.
Thank you.

Chairman PROXMIRE. Thank you, sir, for a comprehensive, very general description.

I think you are sensitive of and aware of the criticism that this reorganization has had both in the press and with members of Congress and the understandable suspicions that it raises.

Let me go right to the heart of that first and then maybe some of the questioning will be clearer and we can relate it to it.

You spoke at some length in your statement about the difficulty of decentralization with the proliferation that develops, and duplication and so forth, and the unfortunate necessity—unfortunate because you have to pay another price when you bring some of these agencies together, and yet one of the actions taken was to split the Office of Employment and Manpower Statistics, over which Mr. Goldstein had jurisdiction, and with which he did such a fine job—that was split in two; it was divided in two; and the current labor and market development was taken away from him and given to somebody else and he was given the long-term trends aspect of it, although he didn't have an opportunity to express a preference, according to Commissioner Moore.

How do you square that kind of action with the broad outlines that you have given us here?

Mr. SHISKIN. Well, Mr. Chairman, I am very anxious to be responsive to your questions and I shall try to be. But as I pointed out

in my statement, we set up very general guidelines and we don't try to review the detailed boxes, the organizational units, in each of the department plans, and so we didn't review that change.

Chairman PROXMIKE. Your office had nothing to do—neither you nor Mr. Shultz had any voice in that decision?

Mr. SHISKIN. No, sir. No, sir.

Chairman PROXMIKE. Why wouldn't it have been a good idea to question that in view of the fact that it divided a function which seemed to have been performed very competently by one agency or subagency?

Mr. SHISKIN. Well, we have a division of responsibilities within the executive branch, and my office set out to prepare guidelines for reorganization; and we did it. And now we are anxious to see that the agencies follow them.

Now, there are a great many kinds of questions that cannot be asked, the kind you just raised, the question of appointment to position; we feel that we shouldn't get into that level of detail. We have—our main job—

Chairman PROXMIKE. I can understand—

Mr. SHISKIN. So we avoid these kinds of details.

Chairman PROXMIKE. I can understand how you have to avoid much of the detail in personnel appointments and so forth. But something of this kind which was so clearly controversial, and there were such questions raised by the press, and by the Congress, by members of this committee and others, it would seem to me this is something that would deserve the attention of your agency as a coordinator, and the agency which has the responsibility for determining whether or not the guidelines are being lived up to.

Mr. SHISKIN. Well—

Chairman PROXMIKE. You say that neither you nor Mr. Shultz took part in this decision or felt that it was within your jurisdiction?

Mr. SHISKIN. Well, I certainly don't feel it is within my jurisdiction; and I really can't speak for Mr. Shultz on this point.

Chairman PROXMIKE. You are up here, as I understand it, Mr. Shiskin, to speak for Mr. Shultz.

Mr. SHISKIN. Right.

Chairman PROXMIKE. And you say you can't speak for him on this particular thing.

Mr. SHISKIN. I can speak for him on statistical reorganization, but on this particular thing which is something that our office did not control. I cannot speak for him, but I can speak for myself.

Chairman PROXMIKE. That statistic, unemployment statistic, is so vital and so important.

Mr. SHISKIN. We follow those very closely.

Chairman PROXMIKE. Politically it is of importance; economically it is of very great importance. Our policies are based on—to a great extent—those statistics and this reorganization has challenged the previous interpretation, changed it dramatically from a man who had the top responsibility and then demoted him.

Mr. SHISKIN. Well, I don't have anything to say on that; I wouldn't say that he has been demoted or not.

Chairman PROXMIKE. Well, Commissioner Moore's testimony indicated that Mr. Goldstein had been over the entire agency before; the agency was cut in two; he was given one-half of the old agency he was

not given a choice. It would be hard to interpret that treatment in my view as anything except a demotion. I don't think Commissioner Moore challenged that. I can't remember, in the testimony it seems to me he accepted that as a fact.

Mr. SHISKIN. Well, Mr. Chairman, let me tell you what our experience was.

Chairman PROXMIRE. As I understand it, Moore gave your directive as the reason for what he did.

Mr. SHISKIN. He gave our directive as the reason for doing the reorganization?

Chairman PROXMIRE. That is correct.

Mr. SHISKIN. I see.

Well, let me explain what our experience was with the Bureau of Labor Statistics and Commerce. The experience thus far has been quite similar.

We sent out the directive on reorganization on July 15 and we asked them for an early report of the general outline they had in mind; and we got something back from both Labor and Commerce; and we gave them some immediate reactions, and then later, sometime later, we had a meeting, first with BLS and then later with Commerce.

At the meeting with Labor, they spelled out the BLS reorganization plan. At that time they had not yet taken into account the second part of our program which was to bring in statistical activities that are now under different parts of the departments, into the BLS. They had not done it yet, but they are doing it now. They showed us an overall reorganization plan. There were boxes on an organization chart without any names associated with them; and we went over them and, by and large, we concluded that they did follow our guidelines and that is as far as we went. Mr. Chairman.

Chairman PROXMIRE. You think it makes sense to divide this office that Mr. Goldstein previously headed—the Office of Employment and Manpower Statistics—into two parts, that fitted into your guidelines?

Mr. SHISKIN. Mr. Chairman, I wouldn't comment on any detailed box in any of the charts.

Chairman PROXMIRE. I mean disregarding personnel, you still wouldn't comment.

Mr. SHISKIN. Not at that level of detail, because each Administrator has to have some latitude in setting up the organization he wants. What we want to be sure of is that they separate collection activities, on the one hand, within the Department, and analysis, on the other hand; and we are satisfied that the organization that had been set up with these two major units follows those guidelines. And that is as far as we went.

Chairman PROXMIRE. You see, you put us in a dilemma. The Bureau of Labor Statistics did what they did because of your guidelines, your proposals; and you say that you are not responsible for what happened?

Mr. SHISKIN. Not at that level of detail, no. We didn't try to control it.

Chairman PROXMIRE. Well, let me move, then, into another area.

Mr. SHISKIN. OK.

Chairman PROXMIRE. You might have seen in a recent editorial in the New York Times which was dated October 23. It is a brief editorial; I will read it and ask you to comment. It says:

The politicizing of the Federal Bureau of Labor Statistics seems to be gaining headway, despite fervent White House denials that anyone topside wants to tamper with the Bureau's reputation for scholarly detachment.

Comes now an announcement that the BLS will discontinue for all of the 1972 Presidential year the quarterly reports it has been issuing on unemployment in poverty neighborhoods. The latest such report, covering the third quarter of this year, shows a disturbing increase in joblessness among blacks, especially young blacks, while the white unemployment rate declined appreciably.

Undoubtedly, a continuation of this disparity in the immediate preelection period would be politically embarrassing to the administration, especially since much criticism of the Nixon record revolves around its "Southern strategy." One obvious way to disarm the critics is to make sure that no statistical measuring rod is available to indicate whether the job picture is getting better or worse for poor Negroes.

The official explanation for the planned suspension of the job reports on low-income areas is the necessity for switching from 1960 to 1970 census data as the basis for calculation. But why the old base cannot be used until the computers are fully reprogrammed is not made clear. The unfortunate reality is that the slum neighborhoods of a decade ago remain the slum neighborhoods of today. Not much has changed, least of all the misery of the people.

Would you comment on that because—

Mr. SHISKIN. Yes; I would be very glad to do that.

Chairman PROXMIRE (continuing). It seems very strong and a plausible editorial. What is your comment?

Mr. SHISKIN. Yes; I am very glad to have that opportunity.

As you know, I am sure, Mr. Chairman, our office works with the various agencies to set general standards and general principles; and we were working with the agencies involved on this problem.

Now, in view of the 1970 census, an overhaul of the CPS, the survey instrument through which a great many Government data are collected, including employment data and these poverty data, had to take place.

Now, the overhaul of the CPS, so that it reflects the 1970 census data, will start later this year and not be finished until next year.

Now, more than 1 year ago, Mr. Chairman, more than a year ago, the technical people involved decided it would not be worthwhile during this interim period to continue this quarterly survey. It would have cost somewhere between \$50,000 and \$100,000. This decision was made, let me emphasize, more than a year ago by the technical people involved, including two participants in my office.

Chairman PROXMIRE. How can you justify that kind of decision unless you argue that the statistics are just inaccurate and deceptive and untrue?

Mr. SHISKIN. Well—

Chairman PROXMIRE. It seemed to me as long as you have a consistent base and continue to base it on 1960 census data, unless you are prepared for the 1970 data, in other words go on for another year or so, that at least you can get the notion of whether this unemployment among the blacks in the inner city is increasing or not increasing?

Mr. SHISKIN. I don't want to say now whether that was a good decision or not. You see, maybe it was a poor decision; I am neutral on that at this point.

However, I want to emphasize in response to comment on the editorial that this decision was made more than a year ago, entirely by technical people including two of the distinguished statisticians in my office, Margaret Martin and Gertrude McNally. That is where the matter rests.

Chairman PROXMIRE. Did the two statisticians under your jurisdiction have the authority to make a decision at this point?

Mr. SHISKIN. At this level they can; yes.

Chairman PROXMIRE. A final definitive decision?

Mr. SHISKIN. Yes; at that level.

Chairman PROXMIRE. I would think you would have the responsibility of determining whether it was a good decision or not?

Mr. SHISKIN. Well, the way that works is that when the members of my staff bring to me certain matters they feel require my attention. Now, these two people I mentioned are extremely intelligent, sensible, mature workers, and their judgment was, with the collaboration of the BLS and Census people, the Census collects the data through the CPS, they decided that it wouldn't be worth the money.

Chairman PROXMIRE. Well, I think all of us have a lot of respect for \$50,000 or \$100,000; it is a lot of money. But at the same time, statistics of this kind are so vital for policy especially when you must be aware of the very, very high level of unemployment among blacks and especially teenage blacks, and especially teenage blacks living in these inner city areas; and to discontinue that under these circumstances before you had the 1970 figures available for analysis, it just seems to me to be an appalling decision. I can understand why statisticians can make a decision like that but it would seem to me a better governmental responsibility if in view of the policy factors at stake here, in view of the importance of enabling Congress and the President to be aware of what the trend was, if that would be overruled and said, "Well, we know the 1960 data are not as good as we would like it to be, but at least it tells us whether unemployment is going up and roughly by how much."

Mr. SHISKIN. Well, the raw data on black unemployed are available in the monthly release on unemployment.

Chairman PROXMIRE. Yes; the raw data.

Mr. SHISKIN. It is not by poverty area.

Chairman PROXMIRE. That is what we need. At any rate, it is your contention that these decisions were made by these statisticians?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. Would you continue to have a policy decision of this great importance made under these circumstances, not reviewed by you and not reviewed by Mr. Shultz?

Mr. SHISKIN. I believe there are very few such decisions that are not reviewed by me.

Now, for example, I can tell you now that we made a decision concerning poverty areas last Friday; and I not only reviewed it but I sent out the letter to the Director of the Census. We established a new definition of poverty areas, poverty areas will henceforth be defined in terms of the ratio of people, families, in poverty in those areas.

Chairman PROXMIRE. This makes our statistical comparisons invalid. Will we be able to make comparisons with improvement or deterioration?

Mr. SHISKIN. Well, we have looked at some of them and we don't think the new areas will be substantially different from the old.

Mr. Chairman, there are people who are much better qualified than I to discuss this subject of poverty. I could either prepare for you a written statement or I could bring in Miss Martin to talk to you and the staff about it.

Chairman PROXMIRE. I wish you would; and, furthermore, I wish you would do what you could. I realize there is cost involved but do what you could to try to provide a body of data so we can go back on the new definition, if necessary, to see what the trend is, see whether or not there is an improvement, deterioration or change of any kind. That kind of information is very essential.

Mr. SHISKIN. We are very sensitive in that area.

Chairman PROXMIRE. I think that has been done in the past on changing definitions. They have tried to project backward the data so we have a basis for acting.

Mr. SHISKIN. Yes, Mr. Chairman. I want to emphasize there were no political motives in that decision, no political people involved at all.

Chairman PROXMIRE. Let me get into another area.

Again, you may feel you are not qualified here; I hope you can give us a comment.

I would like to quote first briefly from the Gordon Committee Report on Measuring Employment and Unemployment.

The report recommended, and I quote:

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

Now, I am not convinced that the release of statistics and technical analysis is being separated from the policy-oriented comment as a result of cancellation of the BLS press conference. If anything, the separation between the statistics and the policy-oriented comment has been blurred when the Secretary of Labor makes the only live appearance before TV cameras and radio microphones. His interpretation of the unemployment rate, since it is most easily accessible, receives the most publicity, and not the technical comment of the BLS staff.

This is a change. Mr. Gordon, as you know, feels very strongly about this. He testified before this committee and he indicated he felt this was wrong; this was a complete violation of what his committee found.

Now, how, in your view, is the Gordon committee's recommendation being served by cancellation of the technician's press conference?

Mr. SHISKIN. Mr. Chairman, this is an area where I do feel I am an expert and I have a strong view on it and am very anxious to present it to you.

Chairman PROXMIRE. Very good.

Mr. SHISKIN. As you may know that for 7 or 8 years my job at the Bureau of the Census was to run Business Conditions Digests, BCD, as it is known. Now, BCD also has some very important series; namely, the leading indicators. Because of the fact I edited BCD, and ran it, I received a great many telephone calls from the press.

Furthermore, the leading indicators in the early 1960's, and later on, increasingly so, got a great deal of attention from high policy officials. The question arose in the Department of Commerce, Mr. Chairman, as to whether we shouldn't have press conferences similar to the BLS press conferences, to release the leading indicators and other sensitive series like unit labor costs. I strongly opposed it, Mr. Chairman, and I opposed it on the basis of my experience over several years at that time in running BCD. And I will explain the reasons.

It is essential, we would all agree, that to have constructive debate on economic policy, figures have to be above reproach. Now, the question is, How do you issue statistics in such a way that is completely neutral and objective?

Well, I think what you need to do, to issue figures in that way, is to follow guidelines of this kind: First of all, the figures have to be released promptly; you have to get them out immediately so that there can't be a suspicion that people are camouflaging the figures, that they are holding them for political motives. So you have to get them out at once.

We instituted immediately—now it already had started at the time I came into my present office—a very vigorous program to speed up statistics. That was our first project, and we have been quite successful.

Approximately 30 percent of the principal economic indicators now come out faster than they did when I assumed my post.

If you look at the other series, approximately 70 percent come out faster. So we speeded up statistics. We don't want anybody to hold the figures more than 2 days after compilation. Most governmental agencies get the figures out in 1 day. I think that is an accomplishment, and it serves to improve the credibility of figures. Point one.

Secondly, we thought it was very important to publish in advance the publication dates for the different series. So if you will look at—any month—the release from our office, the Statistical Reporter, you will find in there a schedule of release dates for the principal 120 indicators, for the month ahead.

We have made a tally on how that has worked over the past 2 years, and our tally shows that in 75 percent of the cases we have met the target dates; in 13 percent we have missed them by being too late; and in 12 percent we have missed them by being too early. Our instructions are if the agency gets the figures ready early, they should get them out. So they are following instructions when they issue figures early. Now we publish advance schedules and I think that is a step toward improving credibility.

Next we think it is important to separate the release of data from the policy oriented commentaries. Now, that is a very difficult thing to do because as you must realize the President's appointed officials are very anxious to comment on the figures once they get them. Nevertheless, and this took quite a lot of doing, we have instituted a rule which is universally followed in all the agencies, that the written press release must come out at least 1 hour before any policy commentary; that is, no commentary, no policy oriented commentary is made until 1 hour after the written press release is put on the press table. I think all the reporters now understand that; all the reporters now understand, I believe, that the release of the data, the basic work, is separated from the policy oriented commentary. It is separated physically and in time.

Another question is, How should the figures be released? Well, I think the best way to release them is in written form. If a man releases them in a written form he has an opportunity to weigh his thoughts, to get advice from others, so that it is a careful, creditable, professional job.

On the other hand, when he exposes himself to an audience only a few hours after the data have become available, he can get involved in various kinds of controversies, differences in interpretation which can reflect on the quality of the basic statistics themselves.

Chairman PROXMIRE. Let me interrupt at this point. This press conference isn't anything new; it has been tried and well established there are not differing opinions among economists generally. This has been in operation, as you know, for many, many, many years under many different administrations, Republican and Democratic. I don't know of any criticism of the quality or honesty or capability or professionalism of the interpretation, no criticism by economists, by Congress or from the public generally; and this is such a controversial area that it seems to me that in the event there had been a politicizing or impetuous mistakes made, those would have been called very promptly to the attention of the public and the Congress.

We haven't had that. We have had a long and successful record and the Gordon committee went into this in great detail and they came to the conclusion that this should continue to be handled the way it has been by dispassionate, objective, qualified experts who would give as objective an interpretation as they could.

Mr. SHISKIN. Mr. Chairman, I followed this very carefully for many, many years.

Chairman PROXMIRE. Can you give me—can you document—

Mr. SHISKIN. Yes; I will.

Chairman PROXMIRE. Can you document the criticism of this?

Mr. SHISKIN. Yes; you know, the BLS press conferences of recent years were not the only press conferences. One of the issues that led to the Gordon Commission recommendation were the press conferences that were previously held by the Labor Department, and that is why they made that criticism.

Chairman PROXMIRE. Say that again; I am sorry.

Mr. SHISKIN. In early years before the Gordon committee was appointed there were also press conferences.

Chairman PROXMIRE. Yes.

Mr. SHISKIN. Now, the reason that the Gordon committee got into that was because of the dissatisfaction with those press conferences. The press conferences in those periods were being held by people who were not civil servants; and so they made the point that this kind of a press conference was unsatisfactory.

Chairman PROXMIRE. We are talking about different things.

I am talking about the press conferences which Mr. Goldstein held.

Mr. SHISKIN. I know what you are talking about; I understand. You are talking about the later ones.

Chairman PROXMIRE. Yes.

Mr. SHISKIN. But now, I followed those closely—the activities of the Gordon committee—and I worked with, I talked to them many times. They did not recommend, the committee did not recommend that press conferences be held.

Now, Mr. Gordon may have given that to you as his personal opinion.

Chairman PROXMIRE. It seems to me the Gordon committee made their recommendations before the press conferences were stopped; didn't they, well before, yes?

Mr. SHISKIN. Well, Mr. Chairman, as I remember that sequence—

Chairman PROXMIRE. Since then the chairman of the committee, Professor Gordon, has testified with very, very great vehemence that the thought of abandoning the press conferences was a mistake.

Mr. SHISKIN. I found it out when I read about his testimony here. But that recommendation was not explicitly made in the report.

Chairman PROXMIRE. Let me go back.

Mr. SHISKIN. That is his personal point of view.

Chairman PROXMIRE. Let me go back to something else you said.

Mr. SHISKIN. May I just take a minute and just mention the fact there were also press conferences held in the Department of Commerce on and off. It was on the basis of our recommendations that they were discontinued in 1969.

Chairman PROXMIRE. Well, now, you made quite a point of the argument there had been a separation in time of the release of the statistics, on the one hand, and then the commentary by policy officials on the other. On February 5, and again on March 5, Secretary Hodgson put out a press release on unemployment at the exact time as the statistics were put on the press table. There was just no lapse of time at all. It was simultaneous. So this criteria that you gave us right here as being a great improvement is not being followed at all.

Mr. SHISKIN. Mr. Chairman, we have been issuing an advanced schedule of release dates now for almost 2 years. Each one of them lists 120 series. Now, let us see, 120 series, let's just say for 2 years, this is 1,200 a year, 2,400 in 2 years. The policy-oriented commentary should follow by no less than 1 hour. We have had two lapses. I think that is a very good record.

Chairman PROXMIRE. Not only are statistics very important but they are a matter of policymaking, especially to affect legislation on the floor. As a matter of fact, statistics of this kind can make a difference between whether a President is successful or unsuccessful in the interpretation of them, in acceptance of them.

Mr. SHISKIN. And this has not happened since this occasion; and I don't think it will happen again because we watch them very carefully. Whenever we have any kind of a lapse, we follow up. We follow up on these release dates, and we want to know why they are missed. And we managed to control that very well; but we couldn't do it perfectly. My feeling, considering the fact that there is so much turnover in Government people who are involved in these things, is that we have a very, very good record on that.

Chairman PROXMIRE. We have the same experience with the GNP, another statistic of great importance and controversy.

Assistant Secretary Passer makes his comments simultaneous with the release.

Mr. SHISKIN. No, Mr. Chairman, I beg to differ. I know Mr. Passer very well; I follow that like a hawk. If I may say so he never makes a statement until 1 hour after a release.

Chairman PROXMIRE. There is a difference between you and our very competent staff and you may be right and they may be right.

Mr. SHISKIN. I know they are very competent, and I know Mr. Harold Passer very well.

Chairman PROXMIRE. The fact that you know him very well——

Mr. SHISKIN. I follow him; there have been meetings in his office; there have been pressures on him to violate this rule and he won't do it. If you look at the press releases you will see they are dated different hours. Passer may sometimes get his release on a press table earlier than release time, but such cases are embargoed and that may be where the difference in interpretation arises. We watch that very, very carefully.

Chairman PROXMIRE. Mr. Blackburn, go ahead.

Representative BLACKBURN. Thank you.

Mr. Shiskin, when I came in here earlier I thought I heard the chairman ask you why didn't we continue receiving the dispassionate, objective type of statistics we have received in the past. Is there anything to say that your work in the future is going to be anything but dispassionate and objective?

Mr. SHISKIN. No, I don't think there is.

Representative BLACKBURN. Do you think your work in the future would be of higher quality than in the past?

Mr. SHISKIN. We do and it is getting to be of higher quality.

Representative BLACKBURN. And these changes that you have discussed in your testimony, which I was able to read just before I left, are primarily organizational changes to make your operation more efficient and actually more accurate; is that true?

Mr. SHISKIN. And more responsive.

Representative BLACKBURN. More responsive to changes that take place; that is, more immediately responsive to changes that take place in the economy?

Mr. SHISKIN. Right.

Representative BLACKBURN. So it is your professional judgment that these changes will achieve that goal?

Mr. SHISKIN. I am cautiously optimistic to that effect.

Representative BLACKBURN. Now, in your statement, you refer to "the wide disparity in quality of data produced by different agencies and in their statistical standards."

Mr. SHISKIN. Yes.

Representative BLACKBURN. You further state that:

This is most often a consequence of the lack of adequately trained statistical personnel such as survey and mathematical statisticians and the lack of facilities, such as the ready access to computers and programers.

Do you suggest these lacks are especially characteristic of the smaller agencies? How does the data compiled and produced by the big agencies compare from agency to agency in general? That is one question.

And, second: How would the lack of adequately trained personnel in certain areas be cured by the consolidation which the Office of Management and Budget has prepared and proposed?

And, final question: Will the Government's statistical services be able, under the reorganization, to operate with fewer personnel?

Mr. SHISKIN. Now, the first question is how does the quality of the larger agencies compare. Well, by and large, I think the quality of all larger agencies is very, very good.

Now, the Bureau of the Census has taken a great deal of leadership, you may know, on development of various types of measures of error, sampling error, and survey methodology. They have been in the forefront in those fields, but the BLS is close behind, in some ways, just as good. The National Center for Health Statistics is very good. The National Center for Educational Statistics, and the Social Security Administration are very good. So all of these big agencies do very well.

I worked for a very big agency, the Bureau of the Census and I was very familiar with these techniques. So when I came into this job 2 years ago I invited representatives of three of the smaller statistical agencies for a discussion of what they were doing and in each case we spent about 3½ hours reviewing their programs. And I was absolutely appalled at what I heard.

Now, in coming to another part of your question, not a single one of these smaller agencies had a mathematical statistician. The mathematical statisticians design the samples; they develop measures of error. Not a single one of these agencies had such an employee. All of these big agencies do.

Representative BLACKBURN. This was just a lack of professionalism?

Mr. SHISKIN. Yes. A lack of technical personnel. What happens in a smaller agency, when they need to get a statistical job done is that they take whatever personnel happen to be available. Sometimes they are not trained professionally at all. So in terms of their technical personnel, the situation is by and large appalling.

Also we discovered they couldn't get quick access to computers or programers. The data were coming out—some of the monthly data were coming out—9 months after the data period. So you wonder what the data are for, what good can they do when they come out that late?

So, having taken a look at these three smaller agencies, I realized this was a can of worms. This was three out of 35; and I felt something needed to be done. OK.

Now, would you mind repeating your next question? I sort of lost it.

Representative BLACKBURN. How would the lack of adequately trained personnel in certain areas be cured by the consolidation?

Mr. SHISKIN. Yes. At the Bureau of the Census, for example, the organization with which I am very familiar, there is a highly skilled central staff consisting of mathematical statisticians and survey analysts. They also had a psychologist who looked at the questions to see if they were appropriate from his point of view. This highly skilled body was available to the whole vast organization so that every survey had to get through that group. So you could take this highly skilled group with their scarce skills, and apply it to a great many different fields.

When I had this sort of a shocking episode, I asked Mrs. Wann, who is sitting beside me, who is a mathematical statistician—

Chairman PROXMIRE. May I just interrupt for a minute; it is a rollcall. I can get back, because the Senate is closer, in about 4 or 5 minutes; and Mr. Blackburn will continue the questions and I will be back because I am very anxious to pursue the questioning.

Mr. SHISKIN. So I asked Mrs. Wann to phone them and offer to help, but it turned out they didn't want help. So I think you can take

the scarce, highly skilled talent of the kind I have just described in the central organization and apply it much more broadly than you can at the present time.

Representative BLACKBURN. Then you will be making available to the smaller agencies a quality of professional advice which is not presently available to them?

Mr. SHISKIN. Yes, sir; that is our intention.

Representative BLACKBURN. And so would you feel that this would make it possible for smaller agencies to develop a better trained staff within their present operations?

Mr. SHISKIN. Well, what we would like to do is to transfer the statistical operations to the large agencies, to the large centers; that is part of our plan.

Once we get these centers set up, then we will start looking at the smaller operations and transfer the statistical collection and processing on a contract basis to the large centers. We won't transfer the responsibility for the program or the program planning; but we will transfer the statistical work; that will be done on a service contract. That is our thinking.

Representative BLACKBURN. Here, again, in the initial gathering of data and programming plan, the smaller agencies will still have available the expertise that we discussed earlier?

Mr. SHISKIN. The agencies will be responsible for planning, determining the kinds and needs they have to carry out their programs. They know better than anybody else what kind of information they need. But once that is determined they will then turn over to a statistical center the collection and processing and editing of the material.

Representative BLACKBURN. Now, this final question in this phase of my questioning, will the Government statistical services be able, under the reorganization, to operate with fewer personnel?

Mr. SHISKIN. They certainly should be. Now, we think there is duplication in personnel of certain kinds. For example, every agency has to apply industry codes, has to assign industry codes to any kind of data that come out by industry. For example, a survey which covers manufacturing, retail and wholesale codes; for each return industry codes have to be assigned.

Well, you have separate coding now, you see. For example, the Federal Trade Commission collects data on profits; they code the companies. The Bureau of the Census collects data on production, sales, orders, and inventories. They code their company forms, and so on and so on.

Now, bureaucracies being what they are, I won't make any commitments for them, but they certainly should be able to operate with fewer personnel. That is our intention; it is one of our objectives.

Representative BLACKBURN. Well, am I correct in surmising from your testimony and statements I have read in various publications in recent weeks that in a society as dynamic, as changing, as evolving as ours is, the very gathering of statistics and the analysis of such statistics has to be an evolving and changing proposition?

Mr. SHISKIN. Yes. New surveys are often required; you have to find new ways of obtaining different kinds of information. Again, I would say that I cannot discuss the details of this program, but you know there is a great deal of criticism of our crime statistics and we are searching for new, more effective ways of collecting them.

Last year the LEAA sponsored two victimization surveys. Instead of depending upon reported crimes, they went out to selected samples, both of people and of business establishments and asked them a series of questions which would enable them to determine whether crimes of different types had been committed. So this is an entirely new approach, you see, to getting crime statistics.

Similarly, there is recent work in education—there have been developed new kinds of tests to determine how people learn; so you put it very well; you have to adapt the methods to the problems of the day. I can assure you, sir, that is going on; and I think these new centers will facilitate more effective research in these directions.

Representative BLACKBURN. Actually, if either the Congress or the administration were to insist that you doctrinize your methods and your approaches to such an extent that you were not flexible, that you could not make changes in methods and techniques over a period of time, the results of your data would become increasingly erroneous; isn't that correct?

Mr. SHISKIN. They would be obsolete; yes. They would be dealing with problems of yesterday, not with problems of today.

Representative BLACKBURN. So these changes that you have proposed and are discussing here today are a recognition of the adaptability that is necessary in a changing society?

Mr. SHISKIN. Yes, sir; yes, sir; exactly.

Representative BLACKBURN. Well, I keep hearing the phrase that these changes are an effort to inject politics into statistics from your agency. Now, is there being inserted a political czar in the agency as an arm of the White House to give direction to your method of securing data or your method of interpreting data?

Mr. SHISKIN. Sir, I wish the chairman were here and I hope he will allow me to repeat what I am going to say.

I have been in the statistical service almost 30 years. I am a civil servant. With the aid of my staff I developed this plan. I recommended it to Director Shultz. We started this over a year ago. I worked with his Associate Director Arnold Weber over a year, and we finally got the plan into shape. The Director approved it and we sent it out.

I have been a civil servant over 30 years. Everyone who works for me is a civil servant. Now, with only very rare exceptions the Commissioner of Labor Statistics in Labor and perhaps a few in Commerce, every employee of the statistical service is a civil servant.

Now, I just don't see any—

Representative BLACKBURN. As I interpret your remarks here, it is not contemplated that an office will be created for the injection of Presidential opinions into analysis of your data; is that a fair statement?

Mr. SHISKIN. No, sir. I can tell you that while we have no responsibility for appointments, and we didn't try to supervise the detailed organizational charts, I very carefully checked to determine there were no noncivil service jobs established. If you look at the Bureau of Labor Statistics' charts, you will find there is only one Presidential appointee and that is the Commissioner of Labor Statistics himself. The new heads of the offices will be civil servants, just as I am.

Representative BLACKBURN. Well, I appreciate your making that point as clear as you have because I think that is important and I think it is something the public should be made more aware of than they have been as of today; that is, the personnel who will be on the firing lines and making the decisions as to how to analyze the data that are being processed are civil servants and they will not find our staffs being loaded up with new personnel, political appointees.

Mr. SHISKIN. Well, now, the Bureau of Labor Statistics has between 1,500 and 2,000 employees and the Bureau of the Census has, I guess, over 3,000 permanent employees, and they are all civil servants, with the few exceptions I mentioned. The data are collected by them, edited by them, mostly by machine, I might say. They are reviewed by them. Each step is carried along by civil servants.

Representative BLACKBURN. These machines aren't Republican or Democratic?

Mr. SHISKIN. Neutral.

Representative BLACKBURN. Mr. Shiskin, I have to go back over to the floor. I am expecting a vote myself very shortly on a rule that is going to be rather controversial, and I want to be there when the vote starts. I will ask for the benefit of the chairman that you continue to make yourself available. I would suggest if you were more comfortable moving around that you feel free to get up and move around, and I am sure the chairman will be back very shortly.

Mr. SHISKIN. Thank you very much.

(Recess.)

Chairman PROXMIRE. Mr. Shiskin, my staff has just checked with the Commerce Department newsroom and I understand today at 12:30 an advanced BCD containing leading indicators was released exactly, precisely, at the same time as Assistant Secretary Passer's comment.

Mr. SHISKIN. Was there an embargo on his comment? Do you have a copy of that?

Chairman PROXMIRE. No embargo, I understand.

Mr. SHISKIN. Well, then, he violated the rules and we will check up on it. To the best of my knowledge that is the first time he violated the rules. I will check. To the best of my knowledge, when he has put his press release on the table in less than an hour before the data were released, it has always been embargoed.

Chairman PROXMIRE. I regret Mr. Blackburn has left because I would like to point out that he talked about whether or not the data would be as dispassionately and professionally gathered and secured and published and so forth as in the past; and there is no question about that. What I am talking about is the interpretation of that data and I wonder how he would feel, for example, if Senator Harris, who is a candidate and is elected President of the United States and should appoint me as Assistant Secretary or Secretary of Labor and Proxmire should make the interpretation, the only interpretation available.

I think I am as qualified as Mr. Hodgson but I think that the Republicans would be rather concerned about that, the only interpretation of the unemployment statistics available before the press and before the television should come in that event from a political appointee—Mr. Hodgson would be now, is now, and I might be under President Harris' administration.

Mr. SHISKIN. Mr. Chairman, my responsibility, and I take it very, very seriously, is to maintain the credibility of the figures that are issued; and I am going to talk about interpretation in a minute.

Now, I watch credibility zealously and I have set up all these rules with support from my superiors; and now I think it is correct to say that during the past year or two, since we have had these rules in effect, there have been no attacks on the figures themselves. Now that is quite unusual. I remember in the past when people said that the figures themselves had been manipulated and fudged, as the saying goes, but I can't remember a single attack in the last 2 years on the credibility of the figures themselves. That is quite an accomplishment.

Chairman PROXMIRE. Well, you had better be prepared for attacks from here on in. I would agree with you there hasn't been in the past. Now that we have dropped the press conference and made this reorganization, which is certainly subject to considerable interpretation, misinterpretation or critical interpretation, now that we have dropped the statistics on unemployment in the poverty areas, I think that there is going to be a growing suspicion of where does the power of the administration stop in this respect.

The next thing they are going to do, if they can't find a way to interpret away adverse statistics which are vital in an election, is to tamper with the statistics, at least that would be the general feeling on the part of too many people.

Mr. SHISKIN. Well, that may happen, Mr. Chairman, but I am very proud of the fact that it hasn't happened during the past 2 years.

Chairman PROXMIRE. It hasn't happened in the past because you have had people like Mr. Goldstein; and heaven knows whether he is a Democrat or Republican or Independent, but nonpartisan people are making these interpretations.

Mr. SHISKIN. We will see; but, you know, the Department of Commerce doesn't have any press conferences to release data and there are no criticisms of the basic data. The GNP, the balance of payments, the leading indicators all come out of the Department of Commerce; they are not attacked. They are attacked in other ways. People are not satisfied with their quality, but that is quite another matter. The statistics put out by other agencies, social statistics, are becoming very important, too. By and large, the statistics themselves—I don't see attacks on them.

Now, in terms of the interpretation, sir, I am interested in what the figures mean; I follow them very closely and I find no shortage of interpretation.

For one thing, I usually want written press releases and I usually get them in my office. When I arrive at my office there is the Washington Post with Hobart Rowan. I get the morning Times, and then the Wall Street Journal comes out later and there are equally prominent analysts. Many of these people have Ph. D.'s in economics; I have dealt with them; they are very good and they provide very good interpretations of the figures. Then you bring in people, and I am following your hearings very carefully. Milton Friedman comes, and Jim Tobin comes, and Paul Samuelson and so on, and they provide interpretations. Then every day at least one bank letter reaches my desk. I can't read all the interpretations. So we have a plethora of interpretations.

Chairman PROXMIRE. Yes; but we are not talking about that kind of interpretation of the figures. The kind of interpretation of the figures given by these eminent economists that you mentioned, it seems to me, are likely to take the figures and then spend almost all of their emphasis on what should be done, what policies they imply and so forth. The kind of testimony that we want, the kind that is essential, the kind that should be subject to public cross-examination is the nature of that particular figure in its immediate significance in terms of whether it is statistically significant, in terms of what has gone on in the months before, in terms of whether or not there are some developments of which the department may well be aware that would tend to make the latest statistics temporary or perhaps some other development that would mean that they understate the increase or decrease in unemployment; this kind of thing is not so much a matter of Ph. D.'s in economics who have big national reputations making economic proposals based on the statistics as much as it is of taking that particular statistic and giving us all that lies behind it in a dispassionate way.

I just think the Secretary of Labor, any Secretary of Labor, whether he is Secretary Hodgson or Secretary Proxmire or anybody else who is a political appointee and has to serve the administration and wants to do it loyally and wants to put the best light on the administration, just is not going to give you the kind of interpretation that a man like Goldstein would.

Mr. SHISKIN. Let me go back and say only that the written press release is also there, where everything is spelled out. What is avoided by dropping the press conferences is a controversial atmosphere which can reflect on the basic statistics themselves.

Chairman PROXMIRE. Well, you get a controversial atmosphere when the Secretary gives his interpretation.

In any event, I understand that the Census Bureau conducted a survey earlier this month on the cost of living, the principal emphasis of the survey being the new economic program; that is, the wage-price freeze.

Mr. SHISKIN. Right.

Chairman PROXMIRE. Could you please tell us the results of that survey?

Mr. SHISKIN. Well, I don't know the detailed results. I know the tables are out and they have been made available to the public. Now, yesterday, I asked a representative of the COLC to send me a copy of those tables. I don't have it here, but anybody can get a copy of those tables. And I would like to also say that partly through our office, and partly through COLC, the second phase of that survey was discontinued.

There were supposed to have been two rounds, you know, but the survey was discontinued in part because it did not appear appropriate to phase 2.

Chairman PROXMIRE. The second part of what?

Mr. SHISKIN. The survey which the COLC sponsored was supposed to have two rounds, one immediately after the wage-price freeze started when the people first knew there was a wage and price freeze. They were asked questions about whether they knew about it and whether they thought it was fair, and so on; it was supposed to be done in two phases. They did one phase.

The second phase was dropped, so that is the status of that. If you would like, I can be sure that you and the staff get sets of the tables. I did not have them this morning when I left my office.

Chairman PROXMIRE. The final question on the survey has become somewhat controversial. It asked, "Does the interviewee belong to a labor union?" Was this question an essential part of the survey and does the Census Bureau make it a practice to question about union membership?

Mr. SHISKIN. Well, that question has been asked many times in different surveys. Now, I wouldn't guarantee this: My memory may not be quite right on this, but I believe that was even such a question in one census. It is not unique to that survey.

Chairman PROXMIRE. Was this an effort by the administration to determine union support or opposition to the wage-price freeze?

Mr. SHISKIN. I don't know. I really can't answer that. I don't know enough about that survey. We get 200 survey forms a month, I did pay a little more attention to this one than most of them. I might say that this is the only survey of this kind that our office has approved under the Federal Reports Act. We have had numerous other such proposals that were disapproved.

Chairman PROXMIRE. Following the release of a Census Bureau report in May which showed that poverty had increased in 1970 for the first time in 10 years; it was quite an issue.

Mr. SHISKIN. I remember that quite well.

Chairman PROXMIRE. And was made quite an issue by various Senators and Congressmen. I have been told following that report that a memorandum was circulated instructing agencies such as Census and BLS to eliminate the word "poverty" from their press releases and substitute instead "low income."

Has poverty been eliminated yet? And will you please comment on the memorandum.

Mr. SHISKIN. I don't know about the memorandum; it certainly didn't come from me. However, I can tell you this, that our office operates through interagency committees.

Chairman PROXMIRE. Can you tell me whether the word "poverty" has been eliminated?

Mr. SHISKIN. Not officially. Some of the agencies are using the words "low income."

Chairman PROXMIRE. You say not officially?

Mr. SHISKIN. We have not instructed them to eliminate it.

Chairman PROXMIRE. But some of the agencies are using the words "low income" not "poverty"?

Mr. SHISKIN. Yes.

Chairman PROXMIRE. So some of the agencies got instructions somewhere?

Mr. SHISKIN. I would like to explain the background. I am very familiar with that program, too. Our agency, as I say, operates through interagency committees. We bring in the Census and BLS, the Council of Economic Advisers, the OEO, and we discuss various problems.

Now, in the previous administration there was a great deal of interest in the problem of poverty. The President had a war on poverty so a great deal of attention was paid to this subject. They had to have a definition of poverty. So they came up with a very crude, simple

definition: Any family with an income less than \$3,000 was a poor family; that is, a family of four or its equivalent. Then they tried to develop a more sophisticated measure of poverty. Sometime later a method was developed, under the leadership of the Social Security Administration; that is, a more sophisticated definition.

I am chairman of the committee, and we have been holding meetings of this committee during the past few years. We have the following objectives in mind: One thing we want to try to develop is a better measure of what takes place at the lower incomes than you can get by having a poverty line—so that we know something about not only how many people are under this line but we know how many of them are much under, a little under, a little above. So then we get sort of an income distribution, so that is actually underway. We have a committee actively at work on it.

Chairman PROXMIRE. Let me interrupt, Mr. Shiskin.

I don't understand why substituting the words "low income" for "poverty" has any significance at all, except politically.

Mr. SHISKIN. Let me come to that. Let me explain what our program is.

Chairman PROXMIRE. All right.

Mr. SHISKIN. Now, as part of this attempt on my part—I have the leadership in this—so that we can be sure that the figures are credible is to develop a neutral terminology. I think that the statistical profession, Government statisticians, should as part of this effort toward neutrality and objectivity should always be seeking neutral expressions.

Now, on my instructions our committee is reexamining these terms to see if we can be sure that we have neutral terms to describe the statistics that we are putting out; and that is underway. But no decisions have as yet been reached.

Chairman PROXMIRE. Without reaching a decision, it seems to me that makes it somewhat worse. Without reaching a decision these agencies have gone ahead somehow on the basis of some kind of interpretation, not from you—I think you represent a very high degree of professional competence and objectivity and nonpolitical affiliation—but they have gone ahead on the basis of some instructions and changed "poverty" to "low income."

Mr. SHISKIN. Yes.

Chairman PROXMIRE. The fact you have not ordered it and it is beyond your guidelines makes it so much worse.

Mr. SHISKIN. They consulted us and we said it was OK, but we were reviewing with a view to getting primarily—let me emphasize primarily—we were trying to get better measures of what goes on in these lower income groups; but also we were trying to develop a more neutral terminology.

Chairman PROXMIRE. Why was it all right for them to change it before you made a decision? It seems to me a decision ought to be made at a reasonably high policy level. That is a pretty significant change.

Mr. SHISKIN. Well, sir, they have so many reports coming up, you know; you could fill up the room with the output of a few days.

Chairman PROXMIRE. I am sure you could, but this is one of the important ones.

Mr. SHISKIN. Well, I told them so far as we were concerned they could change the term or keep it; and they have done both until we

finish this review. Then we would assure that this would be part of our statistical standard work and we would set out some standards.

Chairman PROXMIRE. You spoke, and I was very appreciative, very much, about your attitude toward this committee; and I do appreciate that. Let me ask you some specific questions about it.

Did you ever make an effort to tell this committee or the staff members of this committee, the staff director, Mr. Stark, in advance about such major moves as the transfer of statistical functions from SEC to FTC and Commerce?

Mr. SHISKIN. I didn't and I regret I haven't done it. I wish I had. I didn't think of it; it is my fault.

Chairman PROXMIRE. We would appreciate it in the future.

Mr. SHISKIN. I will do that in the future. On the other hand, I want to remind you, and I think John Stark will certify to this, that shortly after I assumed this office I phoned him and arranged to have lunch and I invited his cooperation, and so on, but on these particular occasions I regretfully say I did not tell him.

Chairman PROXMIRE. Yes; I understand that is true.

Mr. SHISKIN. I shall do so in the future.

Chairman PROXMIRE. Have you ever specifically asked us for any opinions on your various major proposals for collection of statistics?

Mr. SHISKIN. Well, regrettably I have not. My communication with this committee has been inadequate. I am sorry; I wish I had been more effective in this respect. I wish you had called me earlier. I wish that John Stark had followed up on my invitation with an invitation to me. I think I would like to improve our relations and I hope we will be communicating much better from now on than we have in the past year.

Chairman PROXMIRE. I understand the SEC is being phased out in the plant and equipment survey?

Mr. SHISKIN. Yes, sir; they are.

Chairman PROXMIRE. With all responsibilities being given to Commerce?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. Will this responsibility reside in the Office of Business Economics or with the Census Bureau?

Mr. SHISKIN. Well, we have transferred it formally, or are in the process—I don't know where those letters are—from SEC to the Office of Business Economics. Now, the Commerce Department is reconsidering that responsibility in the light of its overall reorganization plan and there is a very good chance they will, once the transfer is completed, transfer it to the Census Bureau.

Chairman PROXMIRE. Would you agree to that?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. What is the justification for it?

Mr. SHISKIN. Well, the Census Bureau collects a great amount of data on manufacturers. They collect the Census of Manufacturers to begin with; they have a monthly survey on sales orders and inventory. In the Census of Manufacturers they have not only establishments' data—

Chairman PROXMIRE. You are saying the Census Bureau has all that?

Mr. SHISKIN. The Census Bureau. They collect such data in the Census of Manufacturers, you see, and in the Annual Survey of Man-

ufacturers. The census is once every 5 years, the annual survey every year. Both collect data on plant and equipment expenditures, so it seems to me this survey could be most effectively carried out as part of this complex and not as a separate operation.

When you stepped out of the room I believe I explained the problems that had arisen because different agencies assigned different codes for companies in different establishments. If you put them under the same office and the same sampling frame, this wouldn't happen. So I would encourage that transfer.

Chairman PROXMIRE. As you know, there is considerable discussion of how to handle corporate profit in the phase II period. Almost all economists who testified before this committee did not think an excess profits tax was the answer.

Now, one theme which ran through the testimony was that profits are low in historical perspective. But some people questioned the statistics. I understand that there was a whopping downward revision in the figures for the last few years as a result of new benchmarks from the Internal Revenue Service?

Mr. SHISKIN. Correct.

Chairman PROXMIRE. Could we be sure that the new numbers are realistic?

Mr. SHISKIN. Can you be sure? No, sir. I can only tell you what we are doing.

Chairman PROXMIRE. Was there any reason that the benchmark figures were reported especially low, say, to take advantage of tax law changes?

Mr. SHISKIN. Well, when we learned about this, and we knew about it well before the time the figures came out—the OBE people told us—we promptly set up a small task force of people from the various agencies that know about financial statistics—FTC, the Federal Reserve and the OBE, and perhaps one other agency. I am not chairman of that committee; one of my staff is. But the last report I had is they don't know why there was that big difference. They have not been able to figure it out. At this point they can't say why, but we haven't given you—

Chairman PROXMIRE. Are these profit figures comparable now? Can we get profit figures and go back in the economic indicators?

Mr. SHISKIN. Are they comparable?

Chairman PROXMIRE. Are they comparable? In other words, are we comparing the same things in light of this change?

Mr. SHISKIN. Well, you would know.

Chairman PROXMIRE. I say there was a whopping downward revision and you said that was absolutely correct and, therefore, we compare the profits for 1971 and the profits for 1961—are we comparing comparable profits?

Mr. SHISKIN. Well, the same benchmarks were used by the OBE people in whom I have great confidence; I think they made them comparable. I believe they are, but, again, I have not reviewed that particular set of statistical adjustments.

Chairman PROXMIRE. I understand a major series—the FTC-SEC Quarterly Financial Report—is of critical significance in developing current profit data for manufacturing. Largely as a result of your Office's efforts, the SEC is being phased out of this program?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. Why is that being done?

Mr. SHISKIN. Well, again, I went into this a little while ago but I will be very glad to do it again. My experience—

Chairman PROXMIRE. You mean you went through it while I was out of the room?

Mr. SHISKIN. I would like to explain this particular one, though. I did; I explained this general point.

The small agencies don't have statistical expertise. They don't have the statisticians; they don't have survey statisticians and don't have ready access to computers. Now, when I talked to the people from SEC, as I did several times, I found that they are just terribly understaffed and therefore were doing a very inadequate job on that survey.

Now, they have a great advantage in having access to certain data and have interest in it, but the statisticians in SEC are organizationally at the bottom of the totem pole and couldn't do an adequate job on those figures; no criticism of the staff is intended. I thought to do an effective job on those figures the survey had to be transferred out. And I did so.

Chairman PROXMIRE. You referred in your statement—I think this was what you were going to do—the President is appointing a Commission on Federal Statistics?

Mr. SHISKIN. Yes, sir; I did.

Chairman PROXMIRE. And their staff director is Mr. Daniel Rathbun, now head of the Office of Data Analysis in BLS?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. You said they completed their findings?

Mr. SHISKIN. They have.

Chairman PROXMIRE. The implication was that the reorganization that has been undertaken already is as a result, at least in part, of the findings of this committee; is that correct?

Mr. SHISKIN. Well, that is not correct. My understanding, based on conversations with members of the Commission, that their findings will not—the major thrust, the major findings—deal with the reorganization. They told us that some months ago; they told us that before we went ahead with this plan.

Chairman PROXMIRE. So that the reorganization is not related to that report at all?

Mr. SHISKIN. Not that I know of, Senator.

Chairman PROXMIRE. Why was the report's publication delayed? Why can't we get it?

Mr. SHISKIN. The Commission report? Well, I am not responsible for the Commission, sir—the Commission is an independent body—but I happen to know about that and I will sort of unofficially tell you. Well, they finished their work on October 26; that was the date—I am sorry—September 26. By law they were required to finish by that day. They couldn't carry on beyond 1 year and they finished.

Now, they turned their report over to the printer and they are running into familiar printing troubles.

Chairman PROXMIRE. Turned it over to whom?

Mr. SHISKIN. The printer; turned it over to printing and they are running into familiar printing troubles. The next step, once they know for sure it is coming out, they will have to present it to the

President, either transmit it to the President or present it to him; the Chairman may present it to him personally.

Now, we are all very hopeful that the President will agree to do it in person; and my office is helping to arrange an appointment, but there is no appointment at this moment. But I think that the report will come out within the next, let's say, 30 to 60 days.

Chairman PROXMIRE. I was hoping it would come out at least that soon.

As you know, if it is really important, and I think it is very important, the White House could have—we have reports printed that are more voluminous than that, I am sure, overnight in the Congress—hearings and so on and other matters.

Mr. SHISKIN. Well, the Commission is an independent body and they made quite a point of it; we made quite a point of it when it was set up. They operate independently and do not consult us on printing, at least not my Office. They went ahead and made their own arrangements and that is the situation.

Chairman PROXMIRE. Mr. Shiskin, the OMB directive of last July on statistical reorganization states, and I quote:

Planning and analytical functions for general purpose statistics should be centralized in the Office of Data Analysis, and collection and processing of statistical data should be centralized in a service-oriented data collection and processing center.

Now, I take this to mean that data collection will be done by one group and data analysis by another. After thinking this over, I am doubtful that this is a good idea. Could we explore how this could work out in terms of the Consumer Price Index?

It seems to me anybody analyzing last month's CPI will have to be very familiar with how the data were collected. You would have to know, for example, what data are collected every month and what data are collected less frequently. You would have to know, (1) what data are collected less frequently than every month and (2) the total in every monthly increase; (3) what specific items go into the collecting center, which items have seasonal price fluctuations, how large are these seasonal fluctuations.

Who is going to know all these things unless it is someone who is thoroughly familiar with the data collection process, such as the person who supervises collection. It seems to me that collection, processing, and analysis ought to be more closely coordinated than your directive seems to contemplate.

Mr. SHISKIN. I think they will be closely coordinated and there is absolutely no reason why the people who analyze the results of a survey shouldn't know all the details you just described. As a matter of fact, I happen to be very familiar with this process, not in the case of the CPI but, let me talk about housing starts. I know all about that and I worked with the people who collect those data for many years. I was not involved in collecting the data in housing starts, Mr. Chairman, but I knew a great deal about how it was done. I knew about their seasonal variations, and I knew about samples and I knew what the people who did the collecting knew. Those people knew very little about the series. What they did know was what the schedules were, where they were supposed to get the data, what the time schedule was, and so on. Once the data come in they go to machines and machines

edit them and process them and a machine run is produced. It is their job to keep on top of those procedures.

Chairman PROXMIRE. I was not thinking that the analysis would necessarily come from somebody who had actually gone out and collected it and was operating a machine, but what I mean was the people who were responsible for supervising this and putting together and evaluating, at least evaluating what should be done and determining the methods of how it is done and so forth, might also be in a good position, at least in the same agency, be in a good position to provide the analysis.

Mr. SHISKIN. Mr. Chairman, I was in a similar situation in the Bureau of the Census when I put out BCD. I had to know a lot of the series; I was not responsible for the collection, but it was easy for me to learn about it.

Further, let me repeat the example I read from my statement. Probably the best survey in the United States is the unemployment survey—certainly it is one of the best.

Now, there you have a separation of collection and analysis. The collection is conducted by the Bureau of the Census on the basis of specifications prepared by the BLS, and the BLS people—the people you have been mentioning this afternoon—are the ones who do the analysis. I think that works extremely well. In fact, it is the model on which we base this whole idea. The model provided by having the CPS collection function in one place and the analysis in another is what we want to go on all through the Government. And so we have the unemployment case where the BLS analyzes the data, the Census collects it under their instructions. We have the Public Health Surveys. We have similar arrangements in the cases of various surveys of SSA, on the aged and disabled; and now we are instituting this year exactly the same arrangement for the consumers expenditures survey. So the unemployment survey method was a model for the consumers expenditures survey. That was the first major decision we made on changes in organizations, and it follows the model for this whole reorganization.

Sir, this method works extremely well, and here is a living example of it.

Chairman PROXMIRE. Well, in your statement you cite the Census Bureau as an example of the type data collection you have in mind?

Mr. SHISKIN. It works beautifully.

Chairman PROXMIRE. Are relations between the Census Bureau and the statistical agencies for which it performs service functions really so totally and completely satisfactory as you make it sound? Is the Commerce Department adept, for example, totally satisfied with the way census has handled revision of retail sales?

Mr. SHISKIN. Sir, I would assure you that they are not totally satisfied. However, I would like to tell you about an incident when we transferred, under our authority under the Federal Reports Act—

Chairman PROXMIRE. Of course, what I am getting at perhaps totally is the wrong term.

Mr. SHISKIN. They are dissatisfied and I am glad they are dissatisfied; they want better work and so do I. But I would like to say this: When we were trying to convince the BLS on a voluntary basis to make a contract with the census to conduct the consumers expendi-

tures survey and—John, you and I did have a consultation at the Cosmos Club at your initiative—

Chairman PROXMIRE. Where did you have that conference?

Mr. SHISKIN. At the Cosmos Club, and I paid for his lunch.

Chairman PROXMIRE. I am relieved.

Mr. SHISKIN. OK.

Chairman PROXMIRE. You had an ethics question there for a minute.

Mr. SHISKIN. Right. [Laughter.]

You know we were trying to convince the BLS to do this and they were very reluctant to do it; they wanted to do the survey collection themselves. Later on I think the Commissioner certainly, and I read in one of the articles recently that Joel Popkin and his assistant, Janet Norwood, at least thought it was a good idea, a reasonable idea. But at that time I was trying to convince Moore. So I arranged for lunch with Mr. Moore and myself and I brought in Ida Merriam, who is Assistant Commissioner of the Social Security Administration—she is in charge of data collection there—and she has contracts with the Census Bureau to collect data for them. And you know she had complaints about what census did for them; but what she told Mr. Moore that day is that the service she got from census, although it was not completely, totally satisfactory at all, was much better than what she got from her own organization.

Chairman PROXMIRE. There is one other question I would like to ask you now, and it will be the final question.

In announcing the Bureau of Labor Statistics reorganization, Commissioner Moore said that the changes were being made "to improve the management of the Bureau's programs and to help meet the growing needs for statistical data."

What additional statistical programs will the Bureau be equipped to undertake as a result of the reorganization? Are any specific new programs presently contemplated?

Mr. SHISKIN. Yes, sir; they are.

Chairman PROXMIRE. What?

Mr. SHISKIN. These are being contemplated; that is what I want to emphasize.

Chairman PROXMIRE. The way you emphasize that it sounds as if nothing else is going to be done except contemplated.

Mr. SHISKIN. Well, let me tell you. We first have to get the Secretary of Labor to approve the budget. Then we have to get the Director of OMB to approve the budget. Then we have to get the appropriate congressional committee to approve the President's recommendation.

Chairman PROXMIRE. The reason you have difficulty is that these will require an increase in the budget?

Mr. SHISKIN. Yes, sir.

Chairman PROXMIRE. There is nothing in the reorganization then that will enable you to go farther with the resources you now have at your disposal? You could have done much more with more money, without changing this system?

Mr. SHISKIN. Well, I think the new organization will be more efficient, and I think we will be able to do more; but I think that will take a little time before it shakes down.

Chairman PROXMIRE. But, you see, my question was—Commissioner Moore seemed to indicate, or did indicate that the reason, the prin-

cipal reason for your reorganizing was to enable you to get into other areas—

Mr. SHISKIN. Yes.

Chairman PROXMIRE (continuing). Presumably with the same resources, otherwise the reorganization by itself does not indicate, is no indication, any real efficiency that you have gotten.

Mr. SHISKIN. Well, to make it more responsive, to make the service orientation more responsive. As part of this they are going to be shifting part of the work now being done in other parts of the Labor Department into the BLS. That is now going on; and they are now considering it and we will be looking at their proposal shortly in terms of our guidelines. But by November 30 they are supposed to have for us a list of the items that they will transfer from other parts of the Labor Department, such as the Manpower Administration to the BLS.

Second, once that is done, our office will be taking a look at all the other agencies, 35 small agencies, with a view to transferring functions, statistical operations, not the planning of the programs but the statistical collection and the processing from these 35 small agencies to these centers.

The BLS can be expected to get some of that work, so that even if there were no new statistical programs, and many are in the mill and some I am sure you would be very much interested in when you have the time to learn about these new programs, to improve statistics. But even without them I think the BLS and the other services processing centers, can look forward in the near future to substantial increases in their workload.

Chairman PROXMIRE. Well, Mr. Shiskin, I want to thank you very, very much. You have been most patient and responsive. And, as I say, I have great admiration and respect for your professional ability. I am delighted you came up.

There are a number of issues on which I disagree with the administration, as you can tell by the questioning, but you have done a fine job and we are very grateful.

Mr. SHISKIN. Mr. Chairman, I hope you give me an opportunity to appear again, and I can assure you even if I have to pay for his lunch again, I will make sure John Stark knows better what I am going to do than he did in recent months.

Chairman PROXMIRE. John Stark said he isn't sure you will pick up the check. I must say, if you didn't pick up the check I hope the Joint Economic Committee will pick up the check.

Mr. SHISKIN. The Joint Economic Committee cannot pay for lunch at the Cosmos Club.

Chairman PROXMIRE. All right.

The committee will stand adjourned.

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

Chairman PROXMIRE. You bet.

(Whereupon, at 4:15 p.m., the committee was adjourned, to reconvene subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, NOVEMBER 5, 1971

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

The committee met, pursuant to recess, at 11:31 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senator Proxmire and Representative Blackburn.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Richard F. Kaufman and Courtenay M. Slater, economists; George D. Krumhaar, Jr., minority counsel; and Walter B. Laessig and Leslie J. Bander, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The meeting will come to order.

Once more we have the pleasure of hearing from Geoffrey Moore, Commissioner of Labor Statistics, who will discuss with us this morning recent labor market developments, with special reference to employment and unemployment during October.

Mr. Moore is accompanied by three experts, two of whom are here for the first time in their capacity as heads of offices recently formed in the reorganization of the Bureau: Daniel Rathbun and Hyman Kaitz. Joel Popkin has appeared before the committee previously to discuss price developments. I hope he will advise us again today on this subject, because frankly, I am puzzled about what we have in the release and what appeared in three of the greatest newspapers in America this morning. They did not seem to reflect the facts.

As we all know, we are fast approaching the end of phase I of the administration's new economic program. This program has a dual objective of returning the economy to full employment with relative price stability. So far, there is little evidence that even a dent has been made in the excessively high level of unemployment. There is evidence that the price increases have been brought under some control.

I was particularly interested in yesterday's announcement that wholesale prices did not increase significantly in October. We shall be anxious to hear from you experts whether this is clear evidence that the price freeze is working.

The unemployment situation does not, it seems clear to me, show signs of improvement from the excessively high level of joblessness which has persisted for the past year. I hope you will be able to find some ray of hope for all of us in this, your most recent, report.

Mr. Moore, you may proceed in your own fashion. By the way, let me take this opportunity to thank you for your promptness in inform-

ing me of Mr. Kaitz' appointment to his new position. Your letter with respect to the appointment was highly laudatory of Mr. Kaitz.

STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY DANIEL RATHBUN, OFFICE OF DATA ANALYSIS; HYMAN KAITS, OFFICE OF CURRENT EMPLOYMENT ANALYSIS; AND JOEL POPKIN, ASSISTANT COMMISSIONER FOR PRICES AND LIVING CONDITIONS

Mr. MOORE. Thank you, Mr. Chairman. The release on employment came out this morning; and I think, Mr. Chairman, if you would permit us to put that in the record—

Chairman PROXMIRE. Yes, without objection, following your oral remarks, we will put the press release on the unemployment situation and also the press release which came out yesterday on wholesale prices in the record.

Mr. MOORE. Very good, sir.

Let me summarize just very quickly some of the highlights in the employment situation release.

The unemployment rate in October is 5.8 percent compared with 6 in September, 6.1 August, and 5.8 in July. So the figure is back to the July level.

The total number of employed persons increased in October by 320,000, seasonally adjusted, to a new high level of 79.8 million persons employed.

The figures on nonfarm payroll employment, which are obtained from the reports of employers, was unchanged in October, but this was partly due to an increase in the number of workers on strike, particularly in the coal mines, and on the docks.

Without that, there would have been an increase of something a little less than 100,000 in the nonfarm payroll employment figure.

The average workweek rebounded in October after a drop in September. The jobless rates for white workers was 5.3 percent in October, little changed from the September rate and from the October rate a year ago. For blacks, the rate was 10.7 percent in October, not very different from the September rate of 10.5, but up from the 9.3 of October a year ago.

The number of persons unemployed for relatively long periods that is 15 weeks or longer, was unchanged over the month, but substantially above year ago levels. The number of people unemployed for shorter periods typically is reduced sooner than those unemployeed for longer periods. There has not been much reduction in that. There has been a fluctuation around the level, but at least there has not been any increase.

There has been a significant, I think, increase in the employment of adult men. It has risen at a rapid pace since early this year, and I think that is an encouraging factor.

Related to that is the fact that in October the unemployment rate for veterans of the Vietnam era was down to 7.0 percent, from 8.3 percent in September, and this is the lowest rate since October 1970.

As I mentioned earlier, the average workweek has recovered from the September decline and is now at 37.1 hours, which is the highest level for the whole private nonfarm economy since August 1970.

Finally, average hourly earnings, which are reported in this employment release, were \$3.48 in October, essentially unchanged from the September figure, but up about 6.1 percent from a year ago. This is slightly higher, that is the over-the-year increase is slightly higher than the increase in the Consumer Price Index. The latest figures we have for that are for September, and they showed an increase from a year ago of 4.2 percent.

Those as I see them are the highlights of this release, Mr. Chairman, and I am ready to try to answer any questions you might have. (The press releases referred to in Mr. Moore's statement follow:)

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-594, Nov. 5, 1971]

THE EMPLOYMENT SITUATION: OCTOBER 1971

Total employment continued to rise in October, and unemployment edged down, the U.S. Department of Labor's Bureau Statistics reported today. The unemployment rate was 5.8 percent in October compared with 6.0 percent in September.

The total number of employed persons increased by 320,000 (seasonally adjusted) in October to a record level of 79.8 million.

Nonagricultural payroll employment was unchanged in October, as employment gains in several industries were offset by a net increase on workers on strike (90,000). (Workers on strike are not counted as employed in the nonagricultural payroll series, because they are not on employer payrolls. In the total employment series from the household survey, strikers are counted as employed—with a job but not at work.) The average workweek rebounded in October after a drop in September.

UNEMPLOYMENT

The number of unemployed persons totaled 4.6 million in October, 270,000 fewer than in September. Unemployment usually decreases between September and October, but the decline this year was somewhat greater than usual, and, after seasonal adjustment, unemployment was down by 135,000. The decline stemmed largely from a reduction in the number of unemployed workers who had lost their jobs and was essentially confined to adult men. The overall jobless rate also declined slightly—from 6.0 percent in September to 5.8 percent in October.

The unemployment rate for all adult men edged down from 4.5 percent in September to 4.3 percent in October. The rate for married men also declined, from 3.3 to 3.0 percent, reaching its lowest level in a year. The unemployment rates for adult women (5.5 percent) and teenagers (17.0 percent) were virtually unchanged from their September levels.

The jobless rate for white workers was 5.3 percent in October, little changed from September and from October a year ago. The rate for Negroes was 10.7 percent this October, also little changed from September (10.5 percent) but up from 9.3 percent in October 1970.

Among occupation groups, the unemployment rate for blue-collar workers declined substantially over the month, from 8.0 to 7.2 percent, following increases in the previous 2 months. The reduction in blue-collar joblessness was most evident among craftsmen and foremen, whose rate dropped sharply—from 5.8 to 4.7 percent. Jobless rates among most other major occupational groups showed little change in October.

Among industry groups, the jobless rate moved down for workers in manufacturing industries—from 7.0 to 6.3 percent. For workers in transportation and public utilities, on the other hand, the jobless rate rose to 4.4 percent in October, up from 3.6 percent in September and 3.1 percent in August. This rise in part reflected the secondary effects of strikes among dock workers and coal miners. The unemployment rate for construction workers, at 10.3 percent in October, has remained essentially unchanged since June but was down from a year ago.

TABLE A.—HIGHLIGHTS OF THE EMPLOYMENT SITUATION (SEASONALLY ADJUSTED)

Selected categories	October 1971	September 1971	3d quarter 1971	2d quarter 1971	1st quarter 1971	4th quarter 1970
Millions of persons						
Civilian labor force.....	84.8	84.6	84.2	83.7	83.6	83.4
Total employment.....	79.8	79.5	79.2	78.7	78.6	78.6
Unemployment.....	4.9	5.1	5.0	5.0	5.0	4.9
Percent of labor force						
Unemployment rates:						
All workers.....	5.8	6.0	6.0	6.0	5.9	5.9
Adult men.....	4.3	4.5	4.5	4.4	4.3	4.3
Adult women.....	5.5	5.6	5.7	5.8	5.7	5.5
Teenagers.....	17.0	17.1	16.8	16.8	17.4	17.5
White.....	5.3	5.4	5.5	5.5	5.5	5.4
Negro and other races.....	10.7	10.5	10.1	9.9	9.5	9.2
Married men.....	3.0	3.3	3.2	3.2	3.2	3.2
Full-time workers.....	5.4	5.7	5.5	5.5	5.5	5.5
State insured.....	4.5	4.4	4.2	4.2	3.8	4.4
Millions of persons						
Nonfarm payroll employment.....	70.9	70.9	70.6	70.7	70.4	70.1
Goods-producing industries.....	22.4	22.5	22.4	22.5	22.5	22.6
Service-producing industries.....	48.5	48.4	48.3	48.1	47.9	47.5
Hours of work						
Average weekly hours:						
Total private nonfarm.....	37.1	36.7	36.8	37.0	37.0	36.9
Manufacturing.....	39.7	39.6	39.8	39.9	39.8	39.5
Manufacturing overtime.....	2.9	2.8	2.9	2.9	2.8	2.7

Note: Payroll employment and hours figures for latest 2 months are preliminary.

Sources: Tables A-1, A-3, B-1, B-2.

For workers covered by State unemployment insurance programs, the October jobless rate of 4.5 percent was essentially unchanged from its September level (4.4 percent).

The number of persons unemployed for 15 weeks or longer, at 1.2 million (seasonally adjusted), was unchanged over the month but was substantially above year-ago levels. The average duration of unemployment, at 12.2 weeks in October (seasonally adjusted), has remained close to 12 weeks since May and was nearly 4 weeks above a year ago.

The number of workers on part time for economic reasons (those who want full-time work but have been able to find only a part-time job or had their work-week reduced because of economic factors affecting their jobs) rose to 2.5 million (seasonally adjusted) in October. This returned the series to the average level of July and August, after a decline in September.

LABOR FORCE AND TOTAL EMPLOYMENT

Total employment increased more than seasonally between September and October, and, after seasonal adjustment, was up by by 320,000 to 79.8 million. The over-the-month increase in employment was spread fairly evenly among the major age-sex groups.

Since 1st October, total employment has risen by 1.1 million, with half of the increase being registered by men 20 years and over. Employment of adult men has risen at a rapid pace since early this year, after showing no growth during 1970.

The number of persons in the civilian labor force totaled 84.8 million in October (seasonally adjusted). Since last October, the civilian labor force has expanded by 1.5 million, with nearly half of the increase being accounted for by adult men, many of whom have entered the job market after being discharged from the Armed Forces.

VIETNAM ERA VETERANS

The job situation for Vietnam veterans 20 to 29 years old was better in October 1971 than it had been all year, despite the fact that discharges in this age group

from military service have continued at the rate of about 50,000 a month. The number of employed veterans in this age group reached 3.6 million, and both the number unemployed and their unemployment rate dropped substantially over the month. (Data are not seasonally adjusted; see table A-7.)

A total of 270,000 veterans ages 20-29 were unemployed in October, 50,000 fewer than in September. October was the first time in nearly a year that their unemployment was below the 300,000 mark. The veterans' unemployment rate of 7.0 percent in October was down sharply from the 8.3 percent rate posted in September and was the lowest rate since October 1970. Moreover, the veterans' rate this October was not essentially different from the jobless rate for non-veterans in the same age group. At 6.6 percent, the rate for nonveterans was the same as it had been both a month and a year earlier.

INDUSTRY PAYROLL EMPLOYMENT

Total nonagricultural payroll employment was about unchanged in October on a seasonally adjusted basis, following an increase of almost 400,000 in September. Employment would have risen by about 85,000 except for the net effect of increased strike activity—especially among coal miners and longshoremen. The October level was 250,000 below the alltime peak reached in March 1970. Over the month, employment rose by 60,000 in the service-producing industries, but this was offset by a decline in the goods-producing industries.

Manufacturing employment was virtually unchanged in October on a seasonally adjusted basis, following a large gain between August and September (160,000). Factory employment, at 18.6 million in October, was 1.6 million below the alltime high reached in July 1969. Most manufacturing industries showed little over-the-month change, although there were increases of about 10,000 each in primary metals and transportation equipment and a decline of 15,000 in food products. The increase in primary metals was its second in a row, following 3 months of sharp declines.

In contrast construction, employment edged up for the second consecutive month, after declining for 4 straight months. The increase brought employment in this industry to within 25,000 of its year-ago level. A 95,000 decline in mining employment was due to a strike among bituminous coal workers.

The over-the-month employment gain in the service-producing industries was dominated by pickups in State and local government (40,000) and services (30,000). These increases more than offset a 25,000 decline in transportation and public utilities, which was largely the result of a strike among longshoremen. Employment in the service-producing sector has increased steadily during 1971, although the rate of growth has been below long-term trends.

HOURS OF WORK

The average workweek for all rank-and-file workers on private nonagricultural payrolls more than recovered from its September decline, increasing by 0.4 hour to 37.1 hours (seasonally adjusted) in October. With the exception of June 1971, this was the highest level for the private nonfarm workweek since August 1970.

The largest over-the-month rise among the major industries took place in contract construction—2.1 hours, seasonally adjusted. The October increase followed a sharp drop in September (1.4 hours) that was attributable in part to unusually bad weather conditions.

In manufacturing, the workweek averaged 39.7 hours, seasonally adjusted, up 0.1 hour from September. Increases in hours took place in most of the durable goods industries, where workweeks rebounded from sizeable declines in the previous month. After rising to the 40.0-hour mark during the past summer, average hours in manufacturing are now near the lower levels that prevailed earlier in the year.

Factory overtime edged up 0.1 hour in October to 2.9 hours, seasonally adjusted. Overtime hours have ranged narrowly between 2.8 and 3.0 hours throughout 1971.

EARNINGS

Average hourly earnings of production and nonsupervisory workers on private nonfarm payrolls, at \$3.48 in October, were essentially unchanged over the month. Compared with a year ago, average hourly earnings were up 20 cents or 6.1 percent.

Average weekly earnings of rank-and-file workers were also essentially stable over the month at \$129.11. Contract construction and finance, insurance, and real estate were the only industries that posted over-the-month increases. Compared with October 1970, average weekly earnings were up by \$8.08 or 6.7 percent.

During the latest 12-month period for which the Consumer Price Index is available—September 1970 to September 1971—consumer prices rose 4.2 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*.)

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

Employment status, age, and sex	Seasonally adjusted							
	October 1971	Sep-tember 1971	October 1970	October 1971	Sep-tember 1971	August 1971	July 1971	June 1971
TOTAL								
Total labor force.....	87,352	86,884	86,255	87,500	87,347	87,087	86,626	85,948
Civilian labor force.....	84,635	84,135	83,175	84,783	84,598	84,312	83,829	83,132
Employed.....	80,065	79,295	78,916	79,845	79,525	79,197	78,941	78,443
Agriculture.....	3,470	3,444	3,394	3,369	3,356	3,415	3,367	3,294
Nonagricultural industries.....	76,595	75,851	75,522	76,476	76,169	75,782	75,574	75,149
On part time for economic reasons.....	2,246	2,220	2,173	2,507	2,260	2,469	2,450	2,176
Usually work full time.....	1,080	1,126	1,253	1,161	1,056	1,173	1,134	990
Usually work part time.....	1,166	1,094	920	1,346	1,204	1,296	1,316	1,186
Unemployed.....	4,570	4,840	4,259	4,938	5,073	5,115	4,888	4,689
MEN, 20 YEARS AND OVER								
Civilian labor force.....	48,003	48,065	47,309	48,176	48,194	48,074	47,956	47,789
Employed.....	46,247	46,236	45,673	46,104	46,004	45,903	45,888	45,765
Agriculture.....	2,531	2,484	2,500	2,474	2,426	2,472	2,458	2,426
Nonagricultural industries.....	43,717	43,752	43,173	43,630	43,578	43,431	43,430	43,339
Unemployed.....	1,755	1,829	1,636	2,072	2,190	2,171	2,068	2,024
WOMEN, 20 YEARS AND OVER								
Civilian labor force.....	29,540	29,077	28,940	29,108	28,995	28,859	28,525	28,306
Employed.....	27,886	27,256	27,449	27,515	27,376	27,172	26,897	26,818
Agriculture.....	595	592	580	521	551	543	516	510
Nonagricultural industries.....	27,291	26,664	26,869	26,994	26,825	26,629	26,381	26,308
Unemployed.....	1,654	1,821	1,491	1,593	1,619	1,687	1,628	1,568
BOTH SEXES, 16 TO 19 YEARS								
Civilian labor force.....	7,093	6,993	6,927	7,449	7,409	7,379	7,348	6,957
Employed.....	5,932	5,803	5,794	6,226	6,145	6,122	6,156	5,860
Agriculture.....	344	368	314	374	379	400	393	358
Nonagricultural industries.....	5,588	5,435	5,480	5,852	5,766	5,722	5,763	5,502
Unemployed.....	1,161	1,190	1,133	1,273	1,264	1,257	1,192	1,097

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								
	October 1971	October 1970	October 1971	September 1971	August 1971	July 1971	June 1971	October 1970	
FULL TIME									
Total, 16 years and over:									
Civilian labor force.....	71,685	70,756	72,534	72,419	72,233	72,006	71,309	71,560	
Employed.....	68,299	67,609	68,614	68,320	68,243	68,161	67,564	67,914	
Unemployed.....	3,386	3,146	3,920	4,099	3,990	3,845	3,745	3,646	
Unemployment rate.....	4.7	4.4	5.4	5.7	5.5	5.3	5.3	5.1	
Men, 20 years and over:									
Civilian labor force.....	45,479	44,923	45,750	45,790	45,697	45,738	45,479	45,172	
Employed.....	43,892	43,448	43,804	43,773	43,669	43,819	43,598	43,361	
Unemployed.....	1,586	1,476	1,946	2,017	2,028	1,919	1,881	1,811	
Unemployment rate.....	3.5	3.3	4.3	4.4	4.4	4.2	4.1	4.0	
Women, 20 years and over:									
Civilian labor force.....	22,949	22,668	22,759	22,810	22,620	22,315	22,278	22,481	
Employed.....	21,679	21,495	21,507	21,454	21,339	21,049	21,023	21,324	
Unemployed.....	1,270	1,173	1,252	1,356	1,281	1,266	1,255	1,157	
Unemployment rate.....	5.5	5.2	5.5	5.9	5.7	5.7	5.6	5.1	
PART TIME									
Total, 16 years and over:									
Civilian labor force.....	12,950	12,420	12,166	12,346	12,222	11,960	12,012	11,665	
Employed.....	11,766	11,306	11,140	11,326	11,089	10,924	11,095	10,701	
Unemployed.....	1,184	1,113	1,026	1,020	1,133	1,036	917	964	
Unemployment rate.....	9.1	9.0	8.4	8.3	9.3	8.7	7.6	8.3	

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 employed		Seasonally adjusted rates of unemployment					
	October 1971	October 1970	October 1971	September 1971	August 1971	July 1971	June 1971	October 1970
Total (all civilian workers)....	4,570	4,259	5.8	6.0	6.1	5.8	5.6	5.5
Men, 20 years and over....	1,755	1,636	4.3	4.5	4.5	4.3	4.2	4.1
Women, 20 years and over....	1,654	1,491	5.5	5.6	5.8	5.7	5.5	5.0
Both sexes, 16 to 19 years....	1,161	1,133	17.0	17.1	17.0	16.2	15.8	17.0
White.....	3,674	3,506	5.3	5.4	5.6	5.3	5.2	5.2
Negro and other races.....	895	753	10.7	10.5	9.8	10.1	9.4	9.3
Married men.....	968	978	3.0	3.3	3.2	3.1	3.1	3.0
Full-time workers.....	3,386	3,146	5.4	5.7	5.5	5.3	5.3	5.1
Part-time workers.....	1,184	1,113	8.4	8.3	9.3	8.7	7.6	8.3
Unemployed 15 weeks and over ¹	1,104	676	1.5	1.5	1.5	1.6	1.4	.9
State insured ²	1,724	1,728	4.5	4.4	4.2	3.9	4.4	4.5
Labor force time lost ³			6.5	6.3	6.5	6.3	5.6	6.1
OCCUPATION⁴								
White-collar workers.....	1,383	1,213	3.4	3.3	3.5	3.6	3.1	3.0
Professional and technical..	316	208	2.9	2.6	3.1	2.8	2.1	1.9
Managers, officials, and proprietors.....	150	125	1.6	1.6	1.4	1.8	1.7	1.4
Clerical workers.....	709	659	4.6	4.7	4.8	5.0	4.6	4.3
Sales workers.....	208	210	3.9	3.9	4.5	4.7	3.9	4.0
Blue-collar workers.....	1,842	1,874	7.2	8.0	7.6	7.1	7.0	7.3
Craftsmen and foremen.....	426	365	4.7	5.8	5.5	5.3	3.9	4.0
Operatives.....	989	1,122	8.0	8.4	8.3	8.0	8.1	8.5
Nonfarm laborers.....	427	387	10.9	11.6	10.5	9.1	11.2	11.2
Service workers.....	673	580	6.1	6.5	6.6	6.6	6.2	5.7
Farm workers.....	54	79	2.0	2.9	2.8	2.8	2.2	2.9
INDUSTRY⁵								
Nonagricultural private wage and salary workers ⁶	3,374	3,303	6.0	6.2	6.2	6.1	6.0	6.0
Construction.....	301	324	10.3	10.0	10.2	9.6	10.4	11.7
Manufacturing.....	1,199	1,320	6.3	7.0	6.9	6.6	6.5	6.7
Durable goods.....	727	834	6.7	7.1	6.8	6.5	6.9	7.3
Non durable goods.....	472	486	5.8	6.8	7.0	6.7	6.0	5.8
Transportation and public utilities.....	166	133	4.4	3.6	3.1	3.0	3.3	3.5
Wholesale and retail trade.....	865	769	6.1	6.2	6.2	6.4	6.5	5.8
Finance and service industries.....	824	741	4.8	5.1	5.4	5.4	4.7	4.5
Government wage and salary workers.....	403	293	3.3	2.9	3.1	2.9	2.5	2.5
Agricultural wage and salary workers.....	75	87	7.1	8.8	9.4	8.3	5.7	8.4

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	Seasonally adjusted							
	Octo- ber 1971	Octo- ber 1970	Octo- ber 1971	Sep- tember 1971	August 1971	July 1971	June 1971	Octo- ber 1970
Less than 5 weeks.....	2,084	2,254	2,194	2,344	2,372	2,112	2,040	2,373
5 to 14 weeks.....	1,382	1,329	1,549	1,589	1,535	1,532	1,574	1,490
15 weeks and over.....	1,104	676	1,231	1,239	1,305	1,311	1,173	754
15 to 26 weeks.....	578	446	641	672	752	747	609	496
27 weeks and over.....	526	230	590	567	553	564	564	258
Average (mean) duration, in weeks.....	12.1	8.4	12.2	12.0	11.5	11.6	12.7	8.5

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

[Numbers in thousands]

Reason for unemploy- ment	Seasonally adjusted							
	October 1971	October 1970	October 1971	Septem- ber 1971	August 1971	July 1971	June 1971	October 1970
NUMBER OF UNEMPLOYED								
Lost last job.....	1,875	1,866	2,219	2,372	2,449	2,258	2,339	2,208
Left last job.....	575	629	539	571	568	518	479	590
Reentered labor force.....	1,504	1,254	1,456	1,547	1,507	1,544	1,338	1,214
Never worked before.....	616	510	668	607	644	548	540	553
PERCENT DISTRIBUTION								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	41.0	43.8	45.5	46.5	47.4	46.4	49.8	48.4
Left last job.....	12.6	14.8	11.0	11.2	11.0	10.6	10.1	12.9
Reentered labor force.....	32.9	29.4	29.8	30.4	29.2	31.7	28.5	26.6
Never worked before.....	13.5	12.0	13.7	11.9	12.5	11.3	11.5	12.1
UNEMPLOYED AS A PER- CENT OF THE CIVILIAN LABOR FORCE.								
Lost last job.....	2.2	2.2	2.6	2.8	2.9	2.7	2.8	2.7
Left last job.....	.7	.8	.6	.7	.6	.6	.6	.7
Reentered labor force.....	1.8	1.5	1.7	1.8	1.8	1.8	1.6	1.5
Never worked before.....	.7	.6	.8	.7	.8	.7	.6	.7

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

Age and sex	Thousands of persons		Percent looking for full-time work, October 1971	Seasonally adjusted unemployment rates					
	October 1971	October 1970		October 1971	September 1971	August 1971	July 1971	June 1971	October 1970
Total, 16 years and over.....	4,570	4,259	74.1	5.8	6.0	6.1	5.8	5.6	5.5
16 to 19 years.....	1,161	1,133	45.6	17.0	17.1	17.0	16.2	15.8	17.0
16 and 17 years.....	561	532	22.3	20.5	18.6	19.7	18.3	18.1	19.7
18 and 19 years.....	599	601	67.4	14.6	16.0	15.0	14.9	13.9	15.1
20 to 24 years.....	1,008	925	80.4	9.3	9.6	10.1	9.7	9.9	9.1
25 years and over.....	2,401	2,201	85.2	4.0	4.1	4.1	4.0	3.8	3.7
25 to 54 years.....	2,016	1,798	86.6	4.3	4.4	4.3	4.2	3.9	3.9
55 years and over.....	385	403	78.2	2.9	3.1	3.5	3.1	3.4	3.0
Males, 16 years and over.....	2,391	2,238	78.0	5.3	5.5	5.5	5.2	5.1	5.1
16 to 19 years.....	635	602	43.9	17.0	16.4	17.3	15.5	15.7	17.0
16 to 17 years.....	333	300	20.7	21.1	19.1	19.5	18.5	17.7	19.8
18 and 19 years.....	302	302	69.5	14.0	14.5	15.4	13.5	13.7	14.9
20 to 24 years.....	549	536	83.2	10.1	10.5	10.5	10.1	9.7	10.6
25 years and over.....	1,207	1,100	93.5	3.5	3.6	3.6	3.4	3.3	3.2
25 to 54 years.....	975	852	95.8	3.7	3.8	3.6	3.5	3.4	3.3
55 years and over.....	231	247	84.4	2.9	3.0	3.3	3.1	3.3	3.0
Females, 16 years and over.....	2,179	2,021	69.8	6.6	6.8	7.0	6.9	6.5	6.3
16 to 19 years.....	526	530	47.5	17.0	17.8	16.7	17.1	15.9	16.9
16 to 17 years.....	229	232	24.5	19.8	17.9	19.9	18.1	18.7	19.5
18 and 19 years.....	297	298	65.3	15.4	17.7	14.6	16.5	14.1	15.3
20 to 24 years.....	459	390	76.9	8.4	8.6	9.5	9.1	10.1	7.4
25 years and over.....	1,195	1,101	76.7	4.9	4.9	5.1	5.0	4.5	4.6
25 to 54 years.....	1,041	946	78.0	5.4	5.3	5.5	5.5	5.0	5.0
55 years and over.....	154	156	68.2	2.9	3.4	3.8	3.3	3.6	3.0

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		
	October 1971	September 1971	October 1970	October 1971	September 1971	October 1970
Civilian noninstitutional population.....	4,252	4,206	3,633	9,515	9,476	9,033
Civilian labor force.....	3,876	3,863	3,312	8,159	8,163	7,792
Percent of population.....	91.2	91.8	91.2	85.7	86.1	86.3
Employed.....	3,606	3,541	3,104	7,621	7,621	7,272
Unemployed.....	270	322	208	538	542	520
Unemployment rate.....	7.0	8.3	6.3	6.6	6.6	6.7
Not in labor force.....	376	343	321	1,356	1,313	1,241

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 600,000 post-Korean-peacetime veterans 20 to 29 years old are not included in this table.

TABLE B-1. EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY

(In thousands)

Industry	Seasonally adjusted										Change from September 1971	
	Change from						October 1971 ¹	September 1971 ¹	August 1971	October 1970		
	October 1971 ¹	September 1971 ¹	August 1971	October 1970	September 1971	August 1970						
Total.....	71,432	71,234	70,542	70,604	198	828	70,901	70,907	70,529	—	6	
Goods producing.....	22,749	22,926	22,785	22,906	-177	-157	22,411	22,477	22,285	-66		
Mining.....	522	621	625	622	-99	-100	521	614	609	-93		
Contract construction.....	3,445	3,465	3,509	3,471	-20	-26	3,259	3,244	3,219	15		
Manufacturing.....	18,782	18,840	18,651	18,813	-58	-31	18,631	18,619	18,457	12		
Production workers.....	13,671	13,744	13,524	13,550	-73	121	13,515	13,525	13,371	-10		
Durable goods.....	10,667	10,655	10,485	10,634	12	33	10,622	10,598	10,485	24		
Production workers.....	7,699	7,697	7,514	7,548	2	151	7,649	7,636	7,534	13		
Ordnance and accessories.....	188.7	189.9	189.9	221.9	-1.2	-33.2	189	190	191	-1		
Lumber and wood products.....	598.1	600.7	602.3	569.5	-2.6	28.6	593	590	583	3		
Furniture and fixtures.....	476.1	468.1	459.1	459.3	7.8	16.8	470	465	456	5		
Stone, clay, and glass products.....	641.4	644.5	643.8	636.8	-3.1	4.6	635	633	627	2		
Primary metal industries.....	1,171.1	1,176.3	1,164.1	1,260.5	-5.2	-89.4	1,193	1,182	1,156	11		
Fabricated metal products.....	1,345.6	1,352.0	1,332.4	1,333.6	-6.4	12.0	1,338	1,344	1,331	-6		
Machinery, except electrical.....	1,780.0	1,785.5	1,767.6	1,874.6	-5.5	-94.5	1,796	1,791	1,775	5		
Electrical equipment.....	1,794.9	1,803.5	1,777.2	1,863.4	-8.6	-68.5	1,788	1,791	1,772	-3		
Transportation equipment.....	1,803.7	1,770.8	1,694.6	1,531.7	32.9	272.0	1,774	1,765	1,754	9		
Instruments and related products.....	434.2	434.9	432.4	446.1	-7	-11.9	435	435	430	0		
Miscellaneous manufacturing.....	432.7	428.4	421.4	437.0	4.3	-4.3	411	412	410	-1		
Nondurable goods.....	8,115	8,185	8,166	8,179	-70	-64	8,009	8,021	7,972	-12		
Production workers.....	5,972	6,047	6,010	6,002	-75	-30	5,866	5,889	5,837	-23		
Food and kindred producers.....	1,823.7	1,887.7	1,882.8	1,836.6	-64.0	-12.9	1,747	1,763	1,748	-16		
Tobacco manufacturers.....	90.5	84.2	77.7	91.6	-3.7	-11.1	69	72	70	-3		
Textile mill products.....	963.4	963.5	964.7	965.5	-1	-2.1	961	959	959	2		
Apparel and other textile products.....	1,375.5	1,371.5	1,366.1	1,368.3	4.0	7.2	1,362	1,358	1,351	4		
Paper and allied products.....	687.5	694.6	688.1	694.6	-7.1	-7.1	689	692	681	-3		
Printing and publishing.....	1,085.8	1,081.1	1,080.6	1,014.7	4.7	-18.9	1,084	1,082	1,080	2		
Chemicals and allied products.....	1,002.3	1,008.4	1,015.4	1,040.2	-6.1	-37.9	1,005	1,007	1,004	-2		
Petroleum and coal products.....	190.3	192.0	193.2	190.0	-1.7	3	189	190	188	-1		
Rubber and plastic products, nec.....	598.4	596.3	584.5	572.5	2.1	25.9	595	592	582	3		
Leather and leather products.....	307.5	305.2	313.2	314.7	2.3	-7.2	308	306	309	2		
Service-producing.....	48,683	48,308	47,757	47,698	375	985	48,490	48,430	48,244	60		
Transportation and public utilities.....	4,444	4,505	4,486	4,531	-61	-87	4,431	4,456	4,428	-25		
Wholesale and retail trade.....	15,328	15,235	15,151	15,002	93	326	15,271	15,266	15,223	5		
Wholesale trade.....	3,906	3,976	3,886	3,856	30	50	3,883	3,861	3,844	22		
Retail trade.....	11,422	11,359	11,265	11,146	63	276	11,388	11,405	11,379	-17		

Finance, insurance, and real estate.....	3,818	3,827	3,865	3,699	-9	119	3,826	3,819	3,804	
Services.....	12,042	12,010	11,994	11,745	32	297	12,018	11,986	11,946	32
Government.....	13,051	12,731	12,261	12,721	320	330	12,944	12,903	12,843	41
Federal.....	2,661	2,666	2,690	2,643	-5	18	2,677	2,674	2,650	3
State and local.....	10,390	10,065	9,571	10,078	325	312	10,267	10,229	10,193	38

¹ 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 September 1971
	October 1971 ²	Septem- ber 1971 ²	August 1971	Octo- ber 1970	Septem- ber 1971	Octo- ber 1970	Octo- ber 1971 ²	Septem- ber 1971 ²	August 1971		
Total private.....	37.1	37.0	37.4	36.9	0.1	0.2	37.1	36.7	36.9	0.4	
Mining.....	43.0	41.9	42.3	43.0	1.1	0	42.7	41.7	42.0	1.0	
Contract construction.....	38.4	36.9	38.3	37.6	1.5	.8	37.8	35.7	37.1	2.1	
Manufacturing.....	39.9	39.9	39.8	39.6	0	.3	39.7	39.6	39.8	.1	
Overtime hours.....	3.0	3.1	3.0	2.9	-.1	.1	2.9	2.8	2.9	.1	
Durable goods.....	40.4	40.1	40.0	40.1	-.3	.3	40.2	39.8	40.0	.4	
Overtime hours.....	2.9	3.0	2.8	2.8	-.1	.1	2.7	2.7	2.8	0	
Ordnance and accessories.....	41.4	41.6	41.7	40.2	-.2	1.2	41.4	41.4	41.9	0	
Lumber and wood products.....	41.0	40.4	40.5	39.6	.6	1.4	40.7	40.1	40.2	.6	
Furniture and fixtures.....	40.3	40.0	40.4	39.9	.3	.4	39.6	39.4	39.9	.2	
Stone, clay, and glass products.....	42.3	41.9	42.3	41.3	-.4	1.0	42.0	41.4	41.8	.6	
Primary metal industries.....	39.7	39.7	38.8	39.5	0	.2	40.1	39.7	38.8	.4	
Fabricated metal products.....	40.4	40.0	40.3	40.4	.4	0	40.2	39.4	40.2	.8	
Machinery, except electrical.....	40.8	40.8	40.3	40.4	0	.4	40.8	40.7	40.8	.1	
Electrical equipment.....	40.4	40.0	40.0	39.9	.4	.5	40.2	39.6	40.0	.6	
Transportation equipment.....	40.2	39.5	39.3	40.4	.7	-.2	39.7	38.9	39.9	.8	
Instruments and related products.....	40.0	40.0	39.6	40.0	0	0	39.8	39.7	39.8	.1	
Miscellaneous manufacturing.....	39.4	39.0	39.2	38.7	-.4	.7	39.0	38.8	39.2	.2	
Nondurable goods.....	39.3	39.5	39.5	39.0	-.2	.3	39.2	39.1	39.3	.1	
Overtime hours.....	3.1	3.3	3.2	3.0	-.2	.1	2.9	3.0	3.1	-.1	
Food and kindred products.....	40.1	41.1	40.7	40.6	-.1	-.5	40.0	40.7	40.5	-.7	
Tobacco manufactures.....	36.5	37.7	37.4	39.4	-.2	-2.9	35.2	36.5	37.1	-1.3	
Textile mill products.....	41.2	40.5	40.8	39.8	.7	1.4	41.0	40.3	40.7	.7	
Apparel and other textile products.....	35.6	35.5	36.0	34.9	.1	.7	35.7	35.4	35.7	.3	
Paper and allied products.....	42.1	42.2	42.5	41.9	-.1	.2	41.8	41.9	42.4	-.1	
Printing and publishing.....	37.5	37.7	37.7	37.5	-.2	0	37.4	37.4	37.5	0	
Chemicals and allied products.....	41.2	42.2	41.3	41.3	-.1	-.1	41.2	42.2	41.5	-1.0	
Petroleum and coal products.....	41.8	42.7	42.6	43.3	-.9	-1.5	41.6	42.8	43.4	-1.2	
Rubber and plastics products, n.e.c.....	40.8	40.6	40.3	39.9	.2	.9	40.5	40.1	40.1	.4	
Leather and leather products.....	37.7	37.0	37.6	36.8	.7	.9	37.9	37.4	37.6	.5	
Transportation and public utilities.....	40.8	40.9	40.7	40.4	-.1	.4	40.6	40.7	40.5	-.1	
Wholesale and retail trade.....	35.0	35.2	36.0	35.0	-.2	0	35.2	35.1	35.1	.1	
Wholesale trade.....	39.8	39.7	39.9	39.9	.1	-.1	39.8	39.7	39.7	.1	
Retail trade.....	33.5	33.8	34.7	33.5	-.3	0	33.8	33.7	33.6	.1	
Finance, insurance and real estate.....	37.2	36.9	37.3	36.8	.3	.4	37.1	37.0	37.3	.1	
Services.....	34.2	34.2	34.7	34.2	0	0	34.3	34.3	34.3	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 4/5ths of the total employment on private nonagricultural payrolls.² Preliminary.

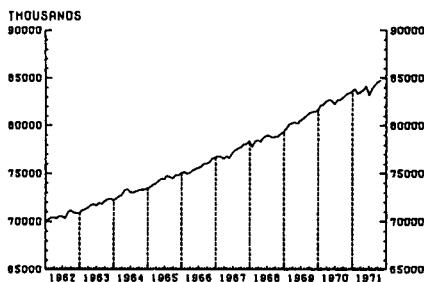
TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Average hourly earnings						Average weekly earnings					
	Change from—						Change from—					
	October 1971 ²	Septem- ber 1971 ²	August 1971	October 1970	Sep- tember 1971	October 1970	October 1971 ²	Septem- ber 1971 ²	August 1971	October 1970	Sep- tember 1971	October 1970
Total private.....	\$3.48	\$3.49	\$3.45	\$3.28	-\$0.01	\$0.20	\$129.11	\$129.13	\$129.03	\$121.03	-\$0.02	\$8.08
Mining.....	3.93	4.14	4.10	3.92	-.21	.01	168.99	173.47	173.43	168.56	-4.48	.43
Contract construction.....	5.88	5.86	5.75	5.44	.02	.44	225.79	216.23	220.23	204.54	9.56	21.25
Manufacturing.....	3.59	3.60	3.56	3.37	-.01	.22	143.24	143.64	141.69	133.45	-.40	9.79
Durable goods.....	3.82	3.82	3.79	3.56	0	.26	154.33	153.18	151.60	142.76	1.15	11.57
Ordnance and accessories.....	3.92	3.90	3.88	3.67	.02	.25	162.29	162.24	161.80	147.53	.05	14.76
Lumber and wood products.....	3.21	3.21	3.19	3.04	0	.17	131.61	129.68	129.20	120.38	1.93	11.23
Furniture and fixtures.....	2.92	2.95	2.94	2.80	-.03	.12	117.68	118.00	118.78	111.72	-.32	5.96
Stone, clay, and glass products.....	3.75	3.74	3.73	3.47	-.01	.28	158.63	156.71	157.78	143.31	1.92	15.32
Primary metal industries.....	4.29	4.33	4.29	3.99	-.04	.30	170.31	171.90	166.45	157.61	-.15	12.70
Fabricated metal products.....	3.78	3.77	3.75	3.53	.01	.25	152.71	150.80	151.13	142.61	1.91	10.10
Machinery, except electrical.....	4.05	4.05	4.02	3.81	0	.24	165.24	165.24	162.01	153.92	0	11.32
Electrical equipment.....	3.52	3.52	3.50	3.32	0	.20	142.21	140.80	140.00	132.47	1.41	9.74
Transportation equipment.....	4.41	4.40	4.37	4.00	.01	.41	177.28	173.80	171.74	161.60	3.48	15.68
Instruments and related products.....	3.57	3.57	3.55	3.41	0	.16	142.80	142.80	140.58	136.40	0	6.40
Miscellaneous manufacturing.....	2.96	2.96	2.95	2.85	0	.11	116.62	115.44	115.64	110.30	1.18	6.32
Nondurable goods.....	3.29	3.31	3.27	3.13	-.02	.16	129.30	130.75	129.17	122.07	-.45	7.23
Food and kindred products.....	3.37	3.37	3.34	3.19	0	.18	135.14	138.51	135.94	129.51	3.37	5.63
Tobacco manufactures.....	3.02	3.04	3.19	2.82	-.02	.20	110.23	114.61	119.31	111.11	4.38	-.88
Textile mill products.....	2.59	2.57	2.59	2.50	0	.09	106.71	104.90	104.86	99.50	1.81	7.21
Apparel and other textile products.....	2.51	2.53	2.50	2.42	-.02	.09	89.36	89.82	90.00	84.46	-.46	4.90
Paper and allied products.....	3.73	3.76	3.73	3.51	-.03	.22	157.03	158.67	158.33	147.07	-1.64	9.96
Printing and publishing.....	4.24	4.27	4.23	4.01	-.03	.23	159.00	160.98	159.47	150.38	-1.98	8.62
Chemicals and allied products.....	4.01	4.03	3.99	3.77	-.02	.24	165.21	170.07	164.79	155.70	-4.86	9.51
Petroleum and coal products.....	4.66	4.65	4.59	4.32	.01	.34	194.79	198.56	195.53	187.06	-3.77	7.73
Rubber and plastics products, nec.....	3.45	3.48	3.45	3.24	-.03	.21	140.76	141.29	139.04	129.28	-.53	11.48
Leather and leather products.....	2.63	2.61	2.59	2.50	.02	.13	99.15	98.57	97.38	92.00	2.58	7.15
Transportation and public utilities.....	4.33	4.33	4.25	3.94	0	.39	176.66	177.10	172.98	159.18	-.44	17.48
Wholesale and retail trade.....	2.90	2.90	2.88	2.76	0	.14	101.50	102.08	103.68	96.60	-.58	4.90
Wholesale trade.....	3.71	3.72	3.70	3.49	-.01	.22	147.66	147.68	147.63	139.25	-.02	8.41
Retail trade.....	2.60	2.60	2.57	2.48	0	.12	87.10	87.88	89.18	83.08	-.78	4.02
Finance, insurance, and real estate.....	3.30	3.30	3.30	3.13	0	.17	122.76	121.77	123.09	115.18	.99	7.58
Services.....	3.04	3.04	2.99	2.88	0	.16	103.97	103.97	103.75	98.50	0	5.47

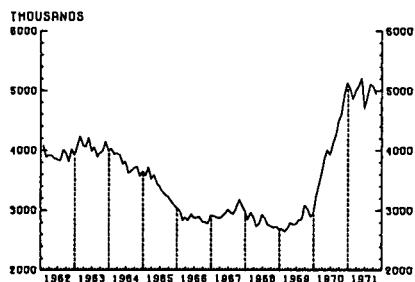
¹ See footnote 1, table B-2.² Preliminary.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

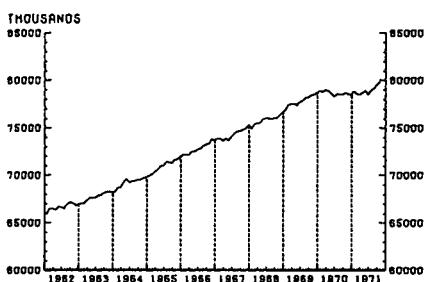
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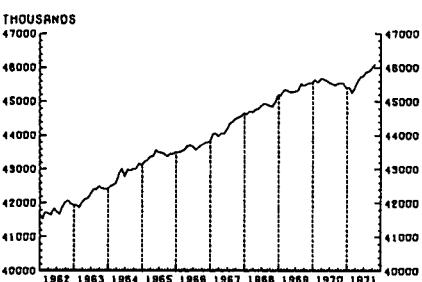
2. TOTAL UNEMPLOYMENT



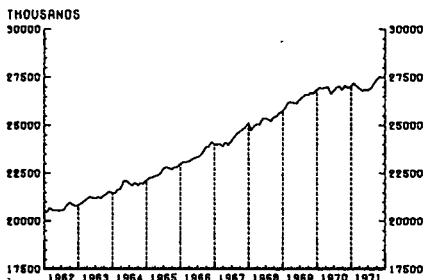
3. TOTAL EMPLOYMENT



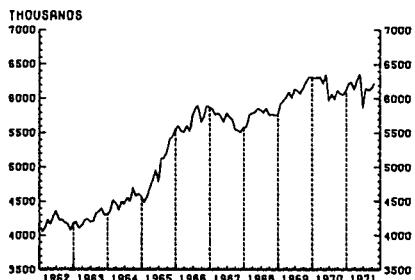
4. EMPLOYMENT OF ADULT MEN



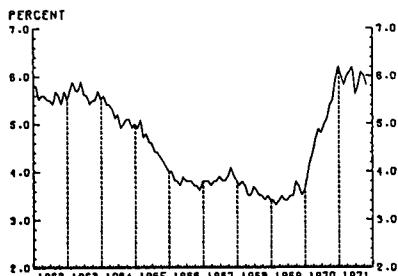
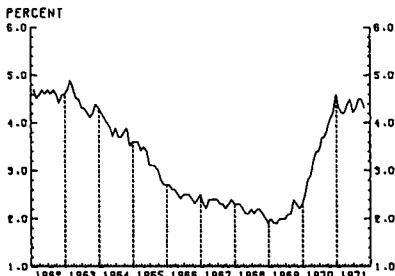
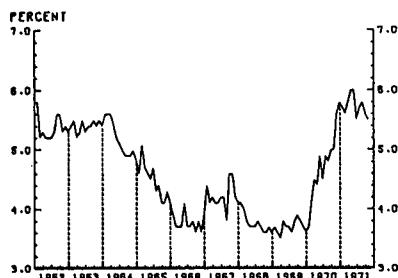
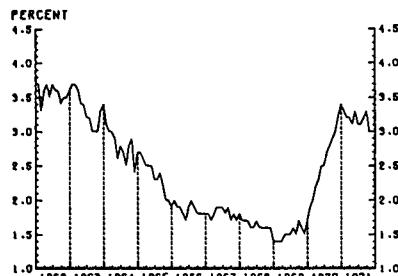
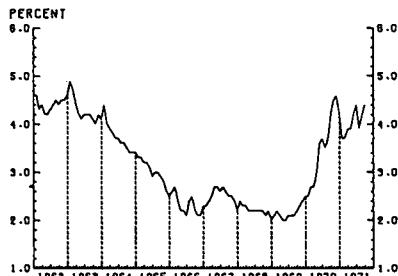
5. EMPLOYMENT OF ADULT WOMEN



6. EMPLOYMENT OF TEENAGERS

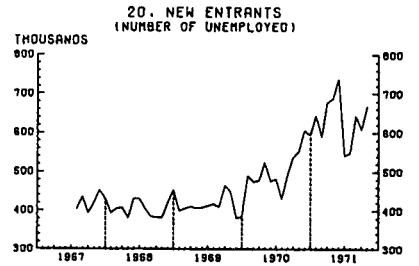
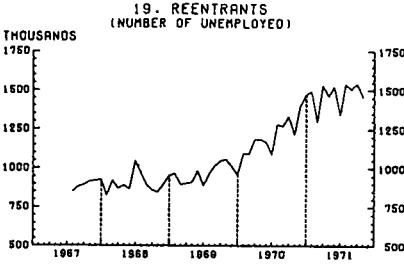
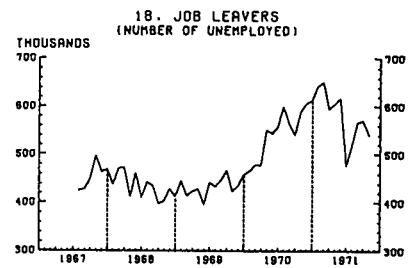
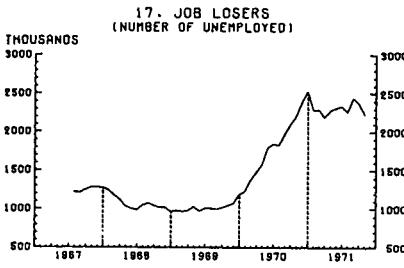
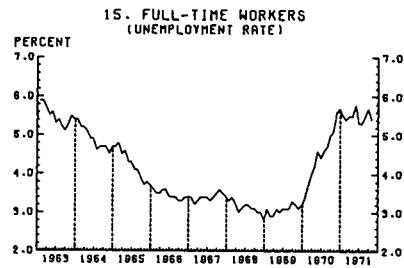
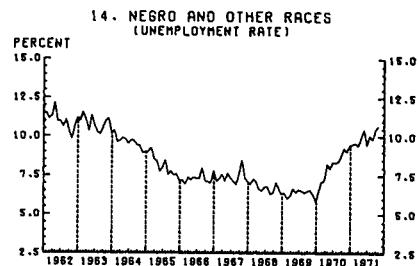
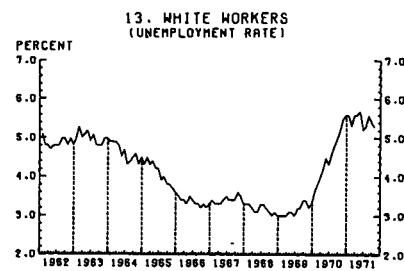


**UNEMPLOYMENT RATES—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED**

7. ALL CIVILIAN WORKERS**8. ADULT MEN****9. ADULT WOMEN****10. TEENAGERS****11. MARRIED MEN****12. STATE INSURED**

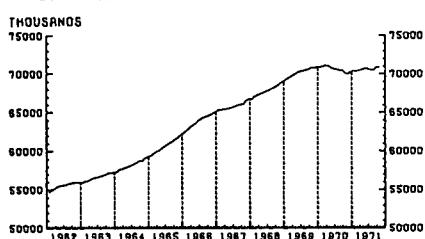
NOTE: Data for chart 12 represent the insured unemployed under State programs as a percent of average covered employment and are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

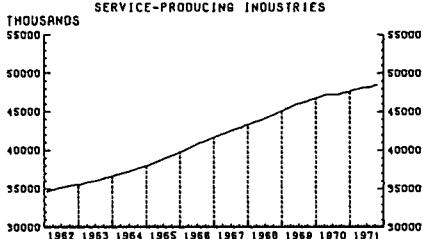


**NONAGRICULTURAL EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED**

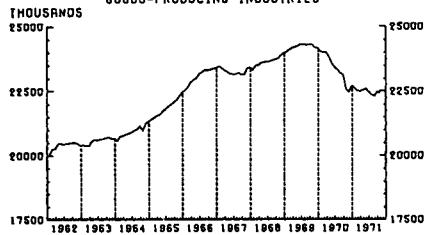
21. TOTAL NONAGRICULTURAL EMPLOYMENT



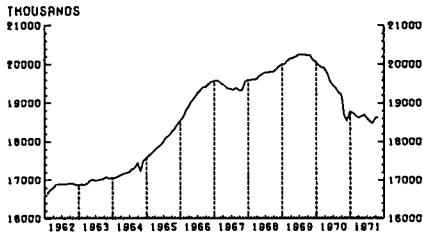
**22. EMPLOYMENT
SERVICE-PRODUCING INDUSTRIES**



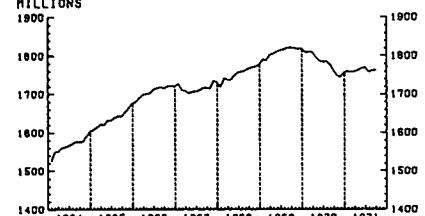
**23. EMPLOYMENT
GOODS-PRODUCING INDUSTRIES**



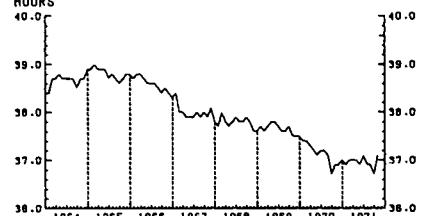
24. EMPLOYMENT IN MANUFACTURING



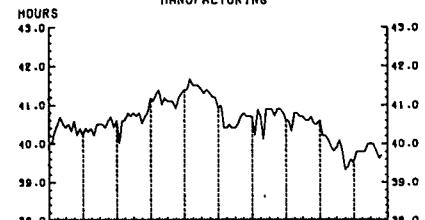
**25. MAN-HOURS
PRIVATE NONFARM**



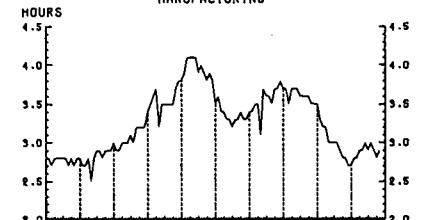
**26. AVERAGE WEEKLY HOURS
PRIVATE NONFARM**



**27. AVERAGE WEEKLY HOURS
MANUFACTURING**



**28. AVERAGE OVERTIME HOURS
MANUFACTURING**



NOTE: Charts 25 and 26 relate to production or nonsupervisory workers; charts 27 and 28 relate to production workers. Data for the 2 most recent months are preliminary in charts 21-28.

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-590, Nov. 4, 1971]

WHOLESALE PRICE INDEXES: OCTOBER 1971

The Wholesale Price Index of All Commodities declined one-tenth of one percent (0.1 percent) between September and October, the U.S. Department of Labor's Bureau of Labor Statistics announced today.

- * Industrial commodities showed no change.
- * Prices of farm products and processed foods and feeds also held steady on average, with a rise for farm products offsetting a decline for processed foods and feeds.
- * Consumer finished goods, an index closely comparable to the commodity component of the Consumer Price Index, increased 0.2 percent.
- * Of the 15 major commodity groups measured by the Wholesale Price Index, 8 declined between September and October, 5 showed no change and 2 increased.

In October, the All Commodities index was 114.4 (1967=100), 3.1 percent above a year earlier.

SEASONALLY ADJUSTED CHANGES

On a seasonally adjusted basis, the Wholesale Price Index increased 0.1 percent in October.

- * Industrial commodities were down 0.3 percent.
- * Farm products and processed foods and feeds rose 1.4 percent.
- * Consumer finished goods were up 0.6 percent on an adjusted basis, principally because of higher prices for food.

The October increase in the seasonally adjusted all-commodities index of 0.1 percent followed a decline of 0.4 percent in September. In this two-month period the WPI declined on average 0.2 percent per month. This compares with an average monthly rise of 0.4 percent during the six months from March through August, the period immediately preceding the stabilization action. The decrease over the 2-month period in the industrial commodities index averaged 0.2 percent per month in contrast to an average monthly rise of 0.5 percent in the March-August period. The index for consumer finished goods declined on average 0.1 percent in the September-October period compared with an average monthly increase of 0.3 percent in the six months preceding the freeze.

PRICE CHANGES FOR MATERIALS AND FINISHED GOODS (SEASONALLY ADJUSTED)

Among consumer finished goods, foods (seasonally adjusted), advanced 2.1 percent, offsetting the preceding month's decrease, chiefly reflecting price increases for fresh vegetables and fruits, dairy products and meats; foods were 3.3 percent higher than a year earlier. Consumer nonfood finished goods were down 0.3 percent over the month. Within this grouping nondurable finished goods declined 0.1 percent, largely as a result of lower gasoline prices. Consumer durables also dropped (by 0.5 percent) for the most part because passenger car prices did not increase by as much as usual for this time of year.

Lower seasonally adjusted prices for passenger cars as well as motor trucks were the predominant influence in the drop of 0.4 percent for producer finished goods. Processed (intermediate) materials, supplies and components (excluding foods and feeds) were down 0.2 percent. On the other hand crude materials for further processing (excluding foods, feeds and fibers) rose 0.3 percent.

PRICE CHANGES FOR COMMODITY GROUPS, NOT SEASONALLY ADJUSTED

The only major increase among industrial commodities in October was for passenger cars and motor trucks which usually rise in October. In September prices included in the index were entirely for old-model year vehicles on which rebates were offered in order to reduce inventories. However, in October prices used in the index were for new-model year vehicles on which as usual there were no rebates.

Prices of most other industrial commodities either moved lower or remained unchanged in October. The most important decline both percentage-wise and in terms of influence on the overall index was for lumber and wood products. The decrease was much steeper than that in September which had followed an 8-month period of almost continually rising prices. Softwood plywood and lumber showed the largest declines. Weakness also affected the fuels as prices dropped for gasoline, residual fuel and electric power. Decreases for nonferrous metals, iron and steel

scrap, steel mill products and some fabricated metal products brought the metals index down. Chemicals and allied products were lower in price chiefly because of declines for inedible fats and oils and fertilizer materials. Textiles—most notably, manmade fiber products—declined after showing considerable strength through the end of the summer. There were widespread decreases among rubber and plastic products. Nonmetallic mineral products registered the first decline since September 1968 chiefly because of price weakness for gypsum products.

Substantial increases for fresh and dried vegetables and hogs caused most of the rise in the farm products index; fresh fruit and raw cotton also were up in price, but eggs, live poultry, cattle, grains and oilseeds declined. The processed foods and feeds index dropped chiefly as a result of lower prices for manufactured animal feeds, processed poultry, fats and oils, sugar and confectionary and canned vegetables and juices; dairy products, meats and flavoring syrups were higher.

IMPACT OF WAGE-PRICE-RENT STABILIZATION ACTION

The 0.1 percent decline in the All Commodities Index between September and October is largely attributable to commodities subject to the provisions of the President's stabilization action. There was a net upward movement in October for raw agricultural products which are uncontrolled and imported items to which special regulations apply. Excluding these raw agricultural products and imports, the WPI shows a decline of 0.1 percent. The index for industrial commodities which was unchanged in October, reflects declines in controlled commodities which offset increases for some imported industrial commodities and domestic passenger cars and trucks. Domestic cars increased 1.6 percent over the month, a less than seasonal rise.

TABLE 1.—WHOLESALE PRICE INDEXES FOR MAJOR COMMODITY GROUPS (UNADJUSTED, UNLESS OTHERWISE INDICATED)

Commodity groups	Indexes (1967=100 unless otherwise noted)				Percent change to October from—		
	October 1971	Septem- ber 1971	July 1971	October 1971	1 month ago	3 months ago	1 year ago
All commodities.....	114.4	114.5	114.6	111.0	-0.1	-0.2	3.1
All commodities (1957-59=100).....	121.4	121.5	121.6	117.8	.....	.....	.....
Farm products, and processed foods and feeds.....	113.0	113.0	115.0	110.3	0	-1.7	2.4
Farm products.....	111.3	110.5	113.4	107.8	.7	-1.9	3.2
Processed foods and feeds.....	114.1	114.6	106.0	111.8	-.4	-1.6	2.1
Industrial commodities.....	115.0	115.0	114.5	111.3	0	.4	3.3
Textile products and apparel.....	109.6	109.7	109.2	107.3	-.1	.4	2.1
Hides, skins, leather, and related products.....	114.7	114.7	114.2	110.4	0	.4	3.9
Fuels and related products and power.....	114.8	115.3	114.4	108.7	-.4	.3	5.6
Chemicals and allied products.....	104.2	104.3	104.4	103.0	-.1	-.2	1.2
Rubber and plastic products.....	109.5	109.7	109.7	109.5	-.2	-.2	0
Lumber and wood products.....	131.8	134.3	130.6	113.1	-1.9	.9	16.5
Pulp, paper, and allied products.....	110.6	110.6	110.5	108.9	0	.1	1.6
Metals and metal products.....	121.0	121.1	119.4	117.7	-.1	1.3	2.8
Machinery and equipment.....	116.0	116.0	115.7	112.7	0	.3	2.9
Furniture and household durables.....	110.2	110.2	100.0	108.0	0	.2	2.0
Nonmetallic mineral products.....	124.1	124.2	123.3	114.2	-.1	.6	8.7
Transportation equipment (December 1968=100).....	110.7	109.6	110.3	108.2	1.0	.4	2.3
Miscellaneous products.....	113.0	113.0	112.8	111.6	0	.2	1.3
Seasonally adjusted:							
Farm products.....	113.8	110.9	111.0	.....	2.6	2.5	.....
Processed foods and feeds.....	114.6	114.0	114.5	.....	.5	.1	.....

TABLE 2.—CHANGES FROM PREVIOUS MONTH IN INDEXES FOR WPI GROUPINGS UNADJUSTED AND SEASONALLY ADJUSTED

Month and year	All commodities		Industrial commodities		Farm products, and processed foods and feeds		Consumer finished goods, total		Consumer foods		Consumer goods excluding foods	
	Sea-sonally ad-justed		Unad-justed		Sea-sonally ad-justed		Unad-justed		Sea-sonally ad-justed		Unad-justed	
	Unad-justed	Sea-sonally ad-justed	Unad-justed	Ad-justed	Unad-justed	Sea-sonally ad-justed	Unad-justed	Sea-sonally ad-justed	Unad-justed	Sea-sonally ad-justed	Unad-justed	Sea-sonally ad-justed
October 1970	0	.2	.8	.5	-2.0	-.7	-.3	.2	-2.5	-.6	1.3	.7
November 1970	-.1	-.1	0	.1	-.4	-.4	.4	.1	-.6	-.1	.2	.3
December 1970	.1	0	.4	.3	-.5	-.5	0	.1	-.9	-.7	.5	.5
January 1971	.7	.4	.4	.3	1.3	2	.7	.1	1.2	.3	.5	.6
February 1971	.9	.8	.3	.1	2.6	2.5	.6	.6	1.4	1.7	.1	0
March 1971	.2	.2	.3	.3	-.2	0	-.1	.2	.6	.9	-.2	-.1
April 1971	.3	.5	.4	.5	-.1	.5	-.1	.3	-.1	.8	-.1	0
May 1971	.4	.3	.4	.4	.9	-.2	.6	.4	1.0	0	.4	.4
June 1971	.4	.4	.2	.3	1.0	.4	.4	.1	.7	0	.1	0
July 1971	.3	.2	.5	.7	-.3	-1.0	-.1	-.5	-.7	-1.6	.4	.5
August 1971	.3	.2	.5	.5	-.3	1.4	-.3	1.1	.4	2.2	.1	.2
September 1971	-.3	-.4	-.1	-.1	-1.4	-.7	-.5	-.9	-1.0	-2.1	-.2	-.1
October 1971	-.1	.1	0	-.3	0	1.4	.2	.6	.1	2.1	.3	-.3

TABLE 3.—PERCENT CHANGES IN WPI AND COMPONENTS (SEASONALLY ADJUSTED COMPOUND RATES FOR 3 MONTHS AND 6 MONTHS; UNADJUSTED FOR 12 MONTHS)

Month and year	All commodities			Industrial commodities			Farm products and processed foods and feeds		
	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago
	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago
October 1970	2.8	2.6	3.4	3.8	4.1	3.9	0	-1.8	1.5
November 1970	2.1	2.5	2.6	3.4	3.3	3.6	-1.1	.4	-.1
December 1970	.6	2.2	2.3	3.8	3.4	3.6	-6.6	-.4	-1.2
January 1971	1.2	2.0	2.3	2.9	3.3	3.6	-3.2	-1.6	-1.5
February 1971	4.6	3.4	2.8	2.9	3.2	3.5	8.9	3.8	.7
March 1971	5.4	3.0	2.8	2.9	3.3	3.6	11.3	2.0	.4
April 1971	6.0	3.6	3.1	3.7	3.3	3.7	12.9	4.5	1.3
May 1971	3.9	4.3	3.4	5.0	4.0	3.6	1.4	5.1	2.8
June 1971	4.7	5.0	3.6	5.3	4.1	3.7	3.2	7.2	3.3
July 1971	3.5	4.7	3.3	6.1	4.9	4.1	-3.1	4.6	1.4
August 1971	5.3	4.6	4.0	6.5	5.7	4.4	3.2	2.3	3.1
September 1971	2.1	3.4	3.2	4.7	5.0	4.2	-5.5	-1.2	.4
October 1971	1.7	2.6	3.1	.7	3.4	3.3	4.3	.5	2.4
Consumer finished goods, total									
Consumer foods									
From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago
October 1970	3.0	1.5	2.3	-2.5	-3.3	.5	5.7	4.4	3.6
November 1970	2.9	2.0	1.7	-1.4	-1.1	-1.1	5.7	4.1	3.6
December 1970	1.5	2.2	1.5	-5.5	-1.9	-2.4	6.4	5.1	4.0
January 1971	2.9	2.9	1.6	-2.1	-2.3	-.7	6.0	5.8	4.2
February 1971	5.2	4.1	2.2	5.1	1.8	-1.0	4.8	5.3	4.1
March 1971	5.5	3.5	2.2	12.0	2.8	-.4	2.2	4.3	3.8
April 1971	4.4	3.7	2.6	14.3	5.8	1.1	-.4	2.8	3.6
May 1971	3.3	4.2	3.1	6.9	6.0	2.4	1.1	2.9	3.5
June 1971	2.9	4.2	3.2	3.2	7.5	2.6	1.5	1.8	3.4
July 1971	-.4	2.0	2.4	-6.4	3.4	.5	3.3	1.5	3.6
August 1971	2.5	2.9	3.5	2.1	4.4	3.1	2.5	1.8	3.5
September 1971	-1.4	.7	2.1	-6.1	-1.6	.6	2.2	1.8	3.1
October 1971	3.2	1.4	2.5	9.1	1.0	3.3	-.7	1.3	2.0

Note on relative importance. As of December 1970, industrial commodities account for 73.664 percent of the all commodities index; farm products and processed foods and feeds 26.336 percent. Consumer foods account for 38.251 percent of the total consumer finished goods index and consumer goods excluding foods 60.749. Consumer finished goods have a weight of 33.487 in the all commodities index.

TABLE 4.—WHOLESALE PRICE INDEXES FOR SPECIAL GROUPINGS, UNADJUSTED AND SEASONALLY ADJUSTED

Commodity groups	Indexes (1967=100)			Percent change to October 1971 from:	
	October 1971	September 1971	October 1970	1 month ago	1 year ago
Consumer finished goods:					
Not seasonally adjusted.....	112.9	112.7	110.1	0.2	2.5
Seasonally adjusted.....	113.2	112.5	.....	.6	.....
Foods:					
Not seasonally adjusted.....	115.0	114.9	111.3	.1	3.3
Seasonally adjusted.....	116.3	113.9	.....	2.1	.....
Finished goods, ex. foods:					
Not seasonally adjusted.....	111.6	111.3	109.4	.3	2.0
Seasonally adjusted.....	111.3	111.6	.....	-.3	.....
Non durable:					
Not seasonally adjusted.....	111.7	111.9	109.2	-.2	2.3
Seasonally adjusted.....	111.7	111.8	.....	-.1	.....
Durable:					
Not seasonally adjusted.....	111.3	110.4	109.7	.8	1.5
Seasonally adjusted.....	110.6	111.2	.....	-.5	.....
Intermediate materials, supplies and components					
ex. selected items: ¹					
Not seasonally adjusted.....	115.7	115.9	111.0	-.2	4.2
Seasonally adjusted.....	115.9	116.1	.....	-.2	.....
Crude materials for further processing, ex. selected items: ²					
Not seasonally adjusted.....	122.9	123.0	120.6	-.1	1.9
Seasonally adjusted.....	123.6	123.2	.....	.3	.....
Producer finished goods:					
Not seasonally adjusted.....	117.1	116.9	113.8	.2	2.9
Seasonally adjusted.....	117.0	117.5	.....	-.4	.....
Manufactured goods, total:					
Not seasonally adjusted.....	114.5	114.7	111.2	-.2	3.0
Seasonally adjusted.....	114.6	114.8	.....	-.2	.....
Durable:					
Not seasonally adjusted.....	118.3	118.3	113.6	0	4.1
Seasonally adjusted.....	118.3	118.8	.....	-.4	.....

¹ Excludes intermediate materials for food manufacturing and manufactured animal feeds.² Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.

TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, OCTOBER 1971

[1967=100 UNLESS OTHERWISE INDICATED]

Grouping	Indexes			Percent change to October 1971 from:	
	1971	1970	October	1 month ago	1 year ago
Grouping	October	Septem- ber	October	October	October
Farm products.....	111.3	110.3	107.8	0.7	3.2
Fresh and dried fruits and vegetables.....	115.8	103.6	100.8	11.8	14.9
Grains.....	88.3	89.0	104.1	-.8	-15.2
Livestock.....	120.9	119.1	110.5	1.5	9.3
Live poultry.....	93.5	102.8	93.4	-9.0	.1
Plant and animal fibers.....	96.3	95.2	88.9	1.2	8.3
Fluid milk.....	119.2	119.2	115.3	0	3.4
Eggs.....	92.4	107.8	104.6	-14.3	-11.7
Hay, hayseeds, and oilseeds.....	107.9	108.9	106.6	-.9	1.2
Other farm products.....	115.4	115.6	117.6	-.2	-1.9
Processed foods and feeds.....	114.1	114.6	111.8	-.4	2.1
Cereal and bakery products.....	111.3	111.3	109.9	0	1.3
Meats, poultry, and fish.....	116.9	117.5	110.9	-.5	5.4
Dairy products.....	116.4	115.4	112.0	-.9	3.9
Processed fruits and vegetables.....	115.3	115.7	111.1	-.3	3.8
Sugar and confectionery.....	118.7	119.8	118.6	-.9	.1
Beverages and beverage materials.....	116.4	116.0	114.5	-.3	1.7
Animal fats and oils.....	132.1	136.5	141.2	-3.2	-6.4
Crude vegetable oils.....	128.9	135.6	131.1	-4.9	-1.7
Refined vegetable oils.....	127.9	133.6	123.9	-4.3	3.2
Vegetable oil end products.....	122.8	123.3	115.2	-.4	6.6
Miscellaneous processed foods.....	112.7	113.0	114.2	.3	-1.3
Manufactured animal feeds.....	98.7	101.3	104.2	-2.6	-5.3
Textile products and apparel.....	109.6	109.7	107.3	-.1	2.1
Cotton products.....	112.2	112.2	106.0	0	5.8
Wool products.....	92.4	92.5	97.7	-.1	5.4
Mannmade fiber textile products.....	102.5	103.1	99.1	-.6	3.4
Apparel.....	113.8	113.8	112.3	0	1.3
Textile housefurnishings.....	104.1	104.1	104.9	0	-.8
Miscellaneous textile products.....	120.8	119.8	106.5	.8	13.4

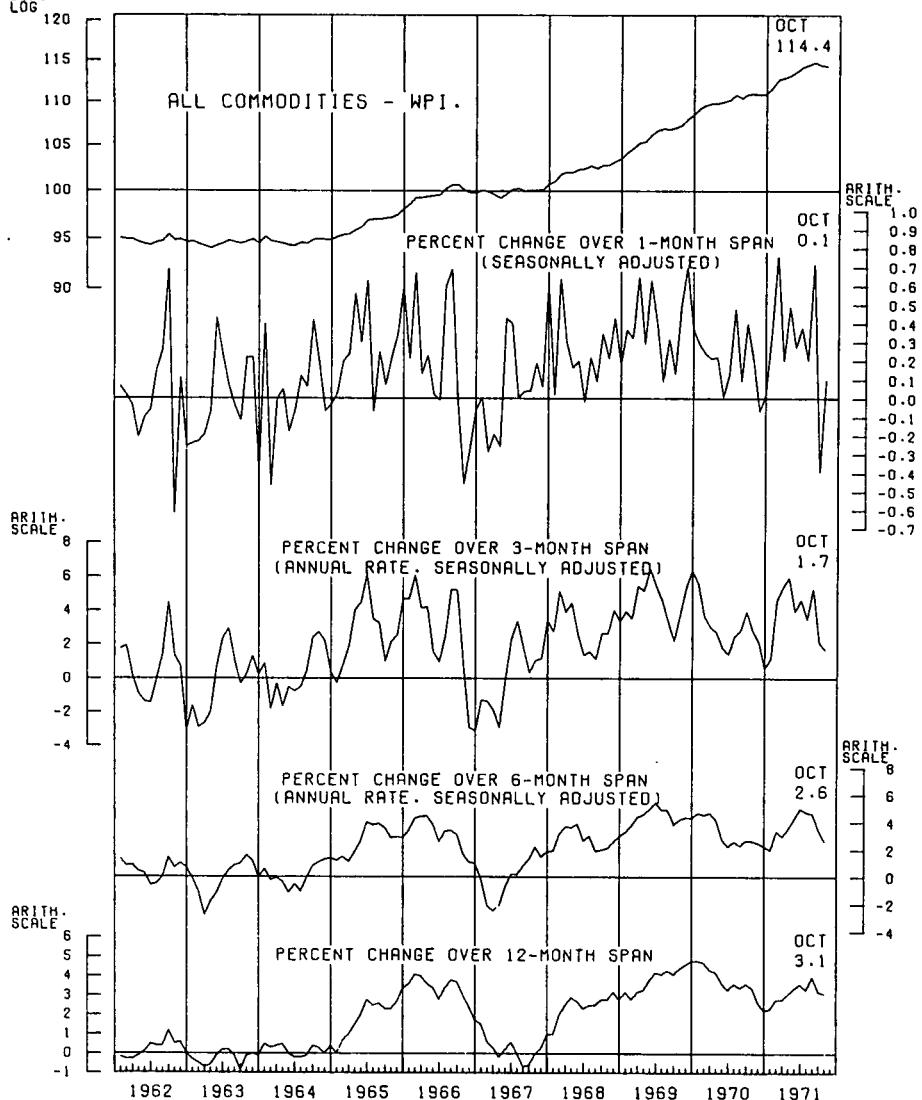
TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, OCTOBER 1971—Continued

Grouping	Indexes			Percent change to October 1971 from—	
	1971	Sep- tember	1970 October	1 month ago	1 year ago
October					
Hides, skins, leather, and related products.....	114.7	114.7	110.4	0	3.9
Hides and skins.....	117.2	117.7	103.2	-.4	13.6
Leather.....	113.4	113.4	107.1	0	5.9
Footwear.....	117.1	117.1	113.8	0	2.9
Other leather and related products.....	109.0	109.0	106.8	0	2.1
Fuels and related products and power.....	114.8	115.3	108.7	-.4	5.6
Coal.....	182.9	182.9	175.2	0	4.4
Coke.....	150.5	150.5	145.9	0	3.2
Gas fuels.....	108.8	108.4	107.0	.4	1.7
Electric power.....	116.3	116.4	107.2	-.1	8.5
Crude petroleum.....	113.2	113.2	104.8	0	8.0
Petroleum products, refined.....	106.3	107.3	101.6	-.9	4.6
Chemicals and allied products.....	104.2	104.3	103.0	-.1	1.2
Industrial chemicals.....	102.4	102.4	101.5	0	.9
Prepared paint.....	115.9	115.9	112.7	0	2.8
Paint materials.....	99.7	99.7	100.1	0	-.4
Drugs and pharmaceuticals.....	102.6	102.6	101.2	0	1.4
Fats and oils, inedible.....	129.0	132.9	144.4	-.2.9	-10.7
Agricultural chemicals and chemical products.....	90.4	91.0	89.5	-.7	1.0
Plastic resins and materials.....	89.9	89.5	91.3	.4	-1.5
Other chemicals and allied products.....	112.5	112.4	109.3	.1	2.9
Rubber and plastic products.....	109.5	109.7	109.5	-.2	0
Rubber and rubber products.....	113.3	113.7	112.8	-.4	.4
Crude rubber.....	99.0	99.3	99.6	-.3	-.6
Tires and tubes.....	110.8	110.8	112.0	0	-1.1
Miscellaneous rubber products.....	119.2	119.8	117.0	-.5	1.9
Plastic construction products (December 1969 equals 100).....	94.6	94.7	95.5	-.1	-.9
Unsupported plastic film and sheeting (December 1970 equals 100).....	100.0	100.0	-----	0	-----
Laminated plastic sheets, high pressure (December 1970 equals 100).....	98.2	98.6	-----	-.4	-----
Lumber and wood products.....	131.8	134.3	113.1	-.9	16.5
Lumber.....	142.7	146.8	113.8	-2.8	25.4
Millwork.....	123.7	123.7	114.3	0	8.2
Plywood.....	116.2	119.1	108.0	-2.4	7.6
Other wood products.....	118.8	118.9	117.1	-.1	1.5
Pulp, paper, and allied products.....	110.6	110.6	108.9	0	1.6
Pulp, paper, and products, excluding building paper and board.....	110.9	110.8	109.2	.1	1.6
Woodpulp.....	111.5	111.5	111.8	0	-.3
Wastepaper.....	117.2	114.5	111.1	2.4	5.5
Paper.....	114.7	114.7	111.9	0	5.5
Paperboard.....	102.9	102.8	102.3	.1	.6
Converted paper and paperboard products.....	110.1	110.2	108.7	-.1	1.3
Building paper and board.....	104.6	104.5	100.9	.1	3.7
Metals and metal products.....	121.0	121.1	117.7	-.1	2.8
Iron and steel.....	125.5	125.6	117.4	-.1	6.9
Nonferrous metals.....	116.3	116.5	122.0	-.2	-4.7
Metal containers.....	124.2	124.2	115.9	0	7.2
Hardware.....	117.7	117.7	112.8	0	4.3
Plumbing fixtures and brass fittings.....	118.3	118.3	113.1	0	4.6
Heating equipment.....	116.3	116.7	112.8	-.3	3.1
Fabricated structural metal products.....	120.3	120.3	114.1	0	5.4
Miscellaneous metal products.....	119.7	119.9	117.2	-.2	2.1
Machinery and equipment.....	116.0	116.0	112.7	0	2.9
Agricultural machinery and equipment.....	117.5	117.5	114.0	0	3.1
Construction machinery and equipment.....	121.8	121.8	117.7	0	3.5
Metalworking machinery and equipment.....	118.1	118.0	114.6	.1	3.1
General purpose machinery and equipment.....	120.2	120.2	115.9	0	3.7
Special industry machinery and equipment.....	122.0	121.7	117.4	.2	3.9
Electrical machinery and equipment.....	109.6	109.7	107.6	-.1	1.9
Miscellaneous machinery.....	117.8	117.8	113.9	0	3.4
Furniture and household durables.....	110.2	110.2	108.0	0	2.0
Household furniture.....	115.6	115.6	112.1	0	3.1
Commercial furniture.....	118.2	118.2	115.8	0	2.1
Floor coverings.....	97.6	97.6	99.6	0	-1.8
Household appliances.....	107.5	107.6	105.9	-.1	1.5
Home electronic equipment.....	93.8	93.8	93.7	0	.1
Other household durable goods.....	121.9	122.1	116.9	-.2	4.3

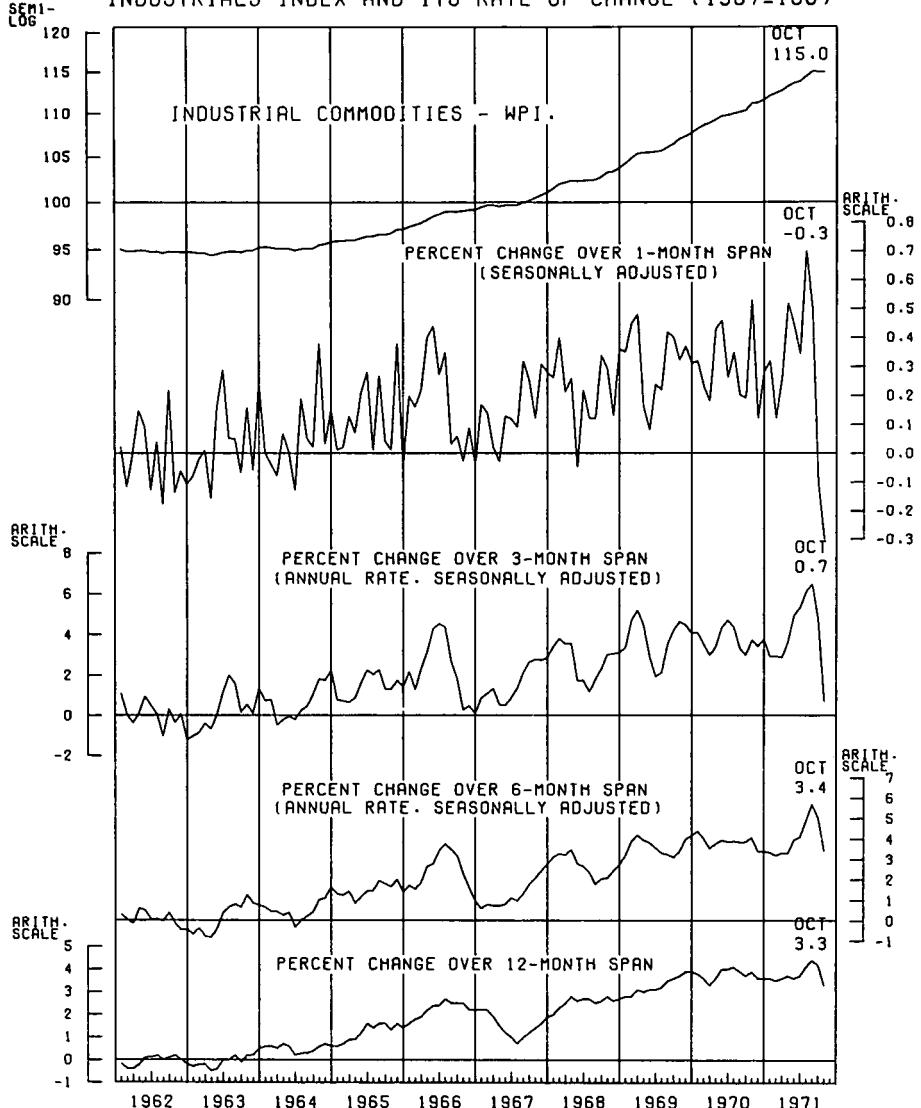
TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, OCTOBER 1971—Continued

Grouping	Indexes		Percent change to October 1971 from		
	1971		1970 October	1 month ago	1 year ago
	October	September			
Nonmetallic mineral products.....	124.1	124.2	114.2	- .1	8.7
Flat glass.....	124.3	124.3	116.4	0	6.8
Concrete ingredients.....	124.1	124.1	115.9	0	7.1
Concrete products.....	122.6	122.6	113.7	0	7.8
Structural clay products excluding refractories.....	114.9	114.9	110.7	0	3.8
Refractories.....	127.1	126.9	119.7	.2	6.2
Asphalt roofing.....	131.2	131.2	102.3	0	28.3
Gypsum products.....	113.6	114.5	97.1	-.8	17.0
Glass containers.....	131.5	131.5	119.6	0	9.9
Other nonmetallic minerals.....	125.7	125.7	114.6	0	9.7
Transportation equipment (December 1968 equals 100).....	110.7	109.6	108.2	1.0	2.3
Motor vehicles and equipment.....	115.2	113.8	112.5	1.2	2.4
Railroad equipment.....	122.5	122.5	116.0	0	5.6
Miscellaneous products.....	113.0	113.0	111.6	0	1.3
Toys, sporting goods, small arms, ammunition.....	112.6	112.6	110.6	0	1.8
Tobacco products.....	116.8	116.8	117.0	0	-.2
Notions.....	111.7	111.7	109.0	0	2.5
Photographic equipment and supplies.....	106.3	106.3	105.5	0	8
Other miscellaneous products.....	112.9	112.9	109.9	0	2.7

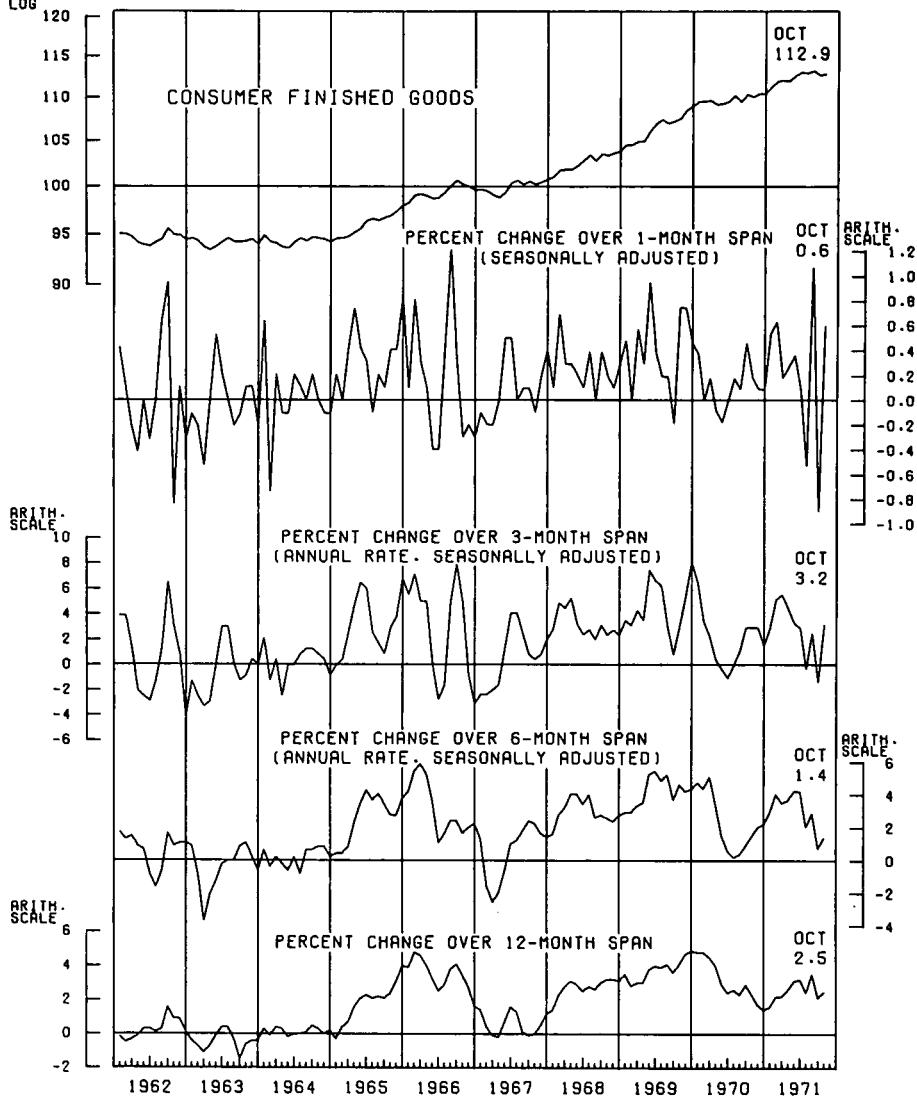
WHOLESALE PRICE INDEX 1962-1971
SEMI- ALL COMMODITIES INDEX AND ITS RATE OF CHANGE (1967=100)



WHOLESALE PRICE INDEX 1962-1971
INDUSTRIALS INDEX AND ITS RATE OF CHANGE (1967=100)



WHOLESALE PRICE INDEX 1962-1971
 SEMI- CONSUMER FINISHED GOODS AND ITS RATE OF CHANGE (1967=100)
 LOG



Chairman PROXMIRE. Yesterday the Wholesale Price Index came out, and in the first paragraph of the Wholesale Price Index it says:

The Wholesale Price Index of all commodities declined one-tenth of 1 percent between September and October, the U.S. Department of Labor's Bureau of Labor Statistics announced today.

Then the next paragraph says:

On a seasonally adjusted basis, the Wholesale Price Index increased 0.1 percent in October.

Now, in the experience that I have had, Mr. Moore, which is nothing compared to the experience you have had, but it is considerable, I have assumed that when figures are given, the critical figure, the figure that should be accepted for comparison purposes, is the seasonally adjusted figure, not the raw figure. The raw figure may be very useful for many purposes. But the reason we go through the painful and difficult process of seasonally adjusting these figures is so we can make them comparable, is that correct?

Mr. MOORE. Well, I am very much in favor and have been for many years, Mr. Chairman, of seasonally adjusted data. But in the case of prices, this is a relatively new process, at least as far as these aggregate measures are concerned. In fact, I think I am responsible for instituting this practice of adjusting the aggregate figures on prices and publishing—

Chairman PROXMIRE. For how long have we had seasonal adjustment of wholesale prices?

Mr. POPKIN. Since June 1970, I believe, sir.

Chairman PROXMIRE. We have had them for more than a year.

Mr. POPKIN. That is the first time we started to report them in a press release. There were seasonal factors that had been calculated and were available on request from the Bureau, and farm products, and processed foods, and feeds, traditionally reported seasonally adjusted because the seasonal was very large there, but I believe it was in connection with the Wholesale Price Index for May or June of 1970 we began to report the figures both unadjusted and seasonally adjusted as well.

Chairman PROXMIRE. Well, I take it that the Bureau of Labor Statistics would not publish a seasonally adjusted figure if they did not have confidence that that was accurate and was reliable?

Mr. MOORE. Oh, no; we would have confidence in the figure, although there are always possibilities of errors in seasonal adjustment.

Chairman PROXMIRE. I understand that. This is why, what happened, of course, is that the three major newspapers in this area—three of the major newspapers, I do not have the Washington Daily News, but the Washington Post, the Washington Star, and the New York Times in unison said the same thing. The headline, front page headline, in the Washington Post this morning, "Wholesale Prices Drop for Second Month."

The headline in the Star, "Wholesale Prices Drop for Second Month."

The headline in the New York Times, "October Wholesale Prices Off Slightly for Second Month."

It seems to me all those headlines are wrong. Certainly if the unemployed figure seasonally adjusted had gone down and the raw figure had gone up, every newspaper account would say that the unemploy-

ment had gone down, and they would be correct in saying so. Are these headlines not wrong?

Mr. MOORE. I would not say they are wrong, sir. Actually, as we measure the Wholesale Price Index without seasonal adjustment—

Chairman PROXMIRE. First, let me find out if I was correct. When you report the unemployment figures, you rely on seasonal adjustment as the determinative figure, as the figure that should be used for comparison purposes; is that correct?

Mr. MOORE. That is the way that we report. But we also report unemployment unadjusted.

Chairman PROXMIRE. I understand. The raw figure went one way, or if the raw figure went one way and seasonally adjusted went the other, the figure that would be useful for public understanding would be seasonally adjusted figure, is that right, on unemployment?

Mr. MOORE. On the unemployment rate, I would say that is the more useful figure, yes, sir. I think, and let me explain my position on this: As I say, the seasonal adjustment of aggregate price indexes, like the total Wholesale Price Index or the Consumer Price Index, is a relatively new experience as far as the Bureau of Labor Statistics is concerned, and I think as far as the public is concerned. Many people are inclined to argue, well, I do not pay seasonally adjusted prices, I want to know what the real prices are. So we report the real prices, but we also make a seasonal adjustment of those prices because I think that is one of the best ways to measure and compare the rate of inflation.

Chairman PROXMIRE. I could not agree with you more. And you say you have had this figure for some time, but you have only published it for a year and a half, since June of 1970, but you have had the figure before that?

Mr. MOORE. Well, not very much before that in my memory, but I am relying on my memory. I remember when I came to the Bureau as Commissioner, this was one of the practices that I wanted to have instituted—namely, to publish seasonally adjusted rates of change in price indexes—and we have done that.

Chairman PROXMIRE. In view of the fact that the raw figures show a drop in wholesale prices of a tenth of a percent, the seasonally adjusted figures show an increase of a tenth of a percent, there probably was not a significant change. The story should be that the wholesale prices remained stable, which is good news, but it seems to me that is the most accurate way to report it, is that right?

Mr. MOORE. Well, broadly speaking, I would agree. There was certainly not much change either way, except in case of industrial commodities. There is a little bit of difference there. There the raw figures showed no change. After seasonal adjustment, they showed three-tenths of 1 percent decline. In other words, the usual seasonal change in industrial commodity prices between September and October is up about three-tenths of a percent. That is what was eliminated to get the seasonally adjusted change.

Chairman PROXMIRE. Now, you indicated that unemployment was now at 5.8 percent, down from 6 percent, a drop of two-tenths of 1 percent. How would you characterize this? Significant, not significant, marginally significant? How would you characterize it, particularly in view of the history that you gave us that it was at the same level as July?

Mr. MOORE. Well, my own views on the matter of measuring statistical significance are that it is somewhat useful to make such calculations, but the fact that some problems of measurement and some areas of measurement are ignored, make it a little less useful than many people might think.

For example, as I mentioned before, there are possible errors in seasonal adjustment. We revise those seasonal factors once a year and usually that changes the number by a tenth or two-tenths of a percentage point. Those errors, seasonal adjustment errors, are ignored in the usual measure of statistical significance. But you cannot ignore them in fact because they are present. But in terms of the customary measure of statistical significance that we use, the two-tenths decline in the rate, I guess we would characterize as being marginally significant.

Perhaps Mr. Kaitz would like to elaborate on that a bit.

Mr. KAITS. I think that is the best way to characterize it, without going into lengthy detail.

Chairman PROXMIRE. Pull your microphone a little closer.

Mr. KAITS. I think the best way to characterize this change is in terms of marginal significance. I agree with Commissioner Moore, I think it may be a little bit less than that in fact.

Chairman PROXMIRE. It appears that the unemployment rate has been fairly stable, after all, it was 6.1, 5.8, it was 6, it was 5.8, so it appears to be moving within a rather narrow range and to remain hovering around 6 percent for a long time now, almost a year.

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. It appears, then, we have made very little progress in reducing unemployment, and the figure today, call it marginally encouraging at any rate, it does not indicate any breakthrough below the 5.8 level which, as you say, is the level that it was at in July.

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. One of the most troubling aspects of this is the fact that black unemployment, you say, is at 10.7 percent. Now, this is more than twice as high as white unemployment, which is 5.3 percent. This is, it seems to me, about the highest relationship, about the worst relationship that I can recall in some time; is that correct?

Mr. MOORE. That ratio has been below 2 for about 20 months, and this is the first time in that—

Chairman PROXMIRE. This is the first time in that period that it has gotten that high?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. Is there any explanation of why it did rise? It rose by 0.2 of a percent, while overall unemployment went down. Is there any explanation why it is so high, remaining so high, the relationship to white unemployment?

Mr. MOORE. I have not heard of any. Perhaps Mr. Kaitz has heard about the matter, but I have not heard this myself.

Mr. KAITS. In terms of the over-the-month movement for both white and blacks, we do not have any clear evidence of any particular change, so that I would say that the situation from last month is essentially unchanged.

Now, arithmetically the ratio of black employment rate to white unemployment rate may have gone slightly above 2 this month, but actually it has been very close to that in several preceding months. Last month, for example, I think it was just a little bit below that. So I do not think that we have any hard information on any change from last month to this month with respect to the white-black comparison.

Chairman PROXMIRE. One of our complaints about recent changes in statistical organization gathering is the fact that the unemployment figures with relationship to the unemployment in the inner city areas, black unemployment inner city areas, is no longer being gathered, because, as I understand it, you are waiting for the 1970 figures to become available. It seems to me that right now is the time when this would be highly useful to us on a policy basis. We see black unemployment rising. We see the ratio is bad, deteriorating, continuing to be very bad.

We do not have this basic statistic which we have had before, and which has been discontinued. I wonder how we can justify discontinuance of a statistic which is this vital to policymaking purposes, simply to await a new census figure, however inadequate and unsatisfactory the precise figure may be, at least it would give us some notion of the trends in the inner city areas, and help us arrive at wiser policies.

Mr. MOORE. I would like to address myself to that briefly, Mr. Chairman.

Let me make clear to begin with that our data on urban poverty neighborhood employment is a quarterly series, and it has been that since 1967. We published the third quarter figure in a release on October 19, and we will publish the fourth quarter figure for 1971 as soon as we have it available. So it is not being discontinued as of now. We were projecting in saying in the last release that it would be discontinued beginning with the first quarter of 1972.

Again, the discontinuance is temporary. We expect to resume the publication as soon as we can put the figures on a proper basis.

Chairman PROXMIRE. Is that usually done? Do you usually discontinue figures at the end of a period of, a 10-year period while you wait for the new census figures?

Mr. MOORE. Well, this particular series has not been in existence for 10 years. It started in 1967, but the basis for the classification of neighborhoods, as to whether they are poverty neighborhoods or not was the 1960 census. We feel, first of all, that since the 1970 census has been taken, we should begin using that information on poverty neighborhoods as soon as it is available.

Chairman PROXMIRE. I would wholeheartedly agree with that. But absent that, we will not be able to gather that information for some time—what is it—a year or so before that will become available. That means we have a period all during 1972 when this vital statistic will not be available on any basis.

Mr. MOORE. Let me try to explain why that decision was reached. It was reached by a technical staff, both of the BLS and the Census Bureau and the Office of Management and Budget. They consulted one another over a considerable period and arrived at this decision as to how to meet the problem of redefining the poverty areas, according to the 1970 census information.

Now, as I understand it, and perhaps Mr. Kaitz can elaborate, the reason why it is going to take a year approximately to accomplish

this transition, basically is that the survey from which we get the urban poverty neighborhood data is the same survey that we get the national employment and unemployment figures, the ones we reported on this morning.

Now, that national survey really has to be converted, and this is standard practice every 10 years, to the most recent census findings.

The beginning of that process is going to start in December. That is, at that time the Census Bureau will begin using information from the 1970 census to develop a national sample for the unemployment and employment statistics. That process of converting to 1970 census information is spread out over a little more than a year in order that the national data will have a continuity to them and there will not be any abrupt change in the meaning of the figures. So it is done gradually. It is phased in gradually, and it takes 16 months to do that, and it took approximately 16 months to do that when it was done in 1960. Well, because of that phasing-in process which takes more than a year, and because the urban poverty neighborhood data came out of that same identical survey, the technicians have just found it impossible or impracticable to develop the urban poverty data any sooner than early 1973.

Chairman PROXMIRE. I understand they cannot develop it sooner, but they could develop it on the old basis, could they not?

Mr. MOORE. Let me answer that question. Why should we not use the old basis? I think the chief reason is that the sample of households that is used in the national survey, based on the old 1960 criterion for selecting households is gradually becoming smaller and will be becoming smaller all during this year, 1972. And by around March of 1972, that part of the sample based on the 1960 information will only be about half as large as the total sample, or as the present sample. So if we continue to base the poverty neighborhood statistics on those figures, just extending the old definitions, the sample size is going to diminish.

Chairman PROXMIRE. I understand that; but it would seem to be a safeguard of misinterpretation by simply stating that the sample size is smaller, therefore, the figures are somewhat less reliable. This decision was made by technicians?

Mr. MOORE. Yes, sir; that was made by the technical staffs of the three agencies.

Chairman PROXMIRE. What agency, what technicians made the decision?

Mr. MOORE. The Bureau of Labor Statistics, the Census Bureau, and the Office of Management and Budget.

Chairman PROXMIRE. Do you not think this is such an important policy matter of such significance that it should not have been made by technicians strictly on a technical basis?

Mr. MOORE. Well, it was in their hands.

Chairman PROXMIRE. It was testified to before this committee that because of the cost, the cost would be \$50,000 to \$100,000 to gather the statistics, this was a consideration.

Mr. MOORE. Let me just say what I know about it. I had a recommendation in August from Mr. Goldstein, who is one of the technicians involved in this process under consideration, recommending that this temporary discontinuance of the figures was the only feasible alternative that they could see.

Now, I considered that recommendation and I inquired of him a little bit further about it, but at that point I concluded that they were right and we had to go along with their decision.

Chairman PROXMIRE. Then you made the decision?

Mr. MOORE. Well, I concurred.

Chairman PROXMIRE. At least you could have overruled their position?

Mr. MOORE. What is that?

Chairman PROXMIRE. And you chose not to do that. You could have overruled their decision and you decided not to do so?

Mr. MOORE. They did not give me any alternative.

Chairman PROXMIRE. So they did make the decision and you did not disagree?

Mr. MOORE. I did not disagree because I did not see any alternative either.

Chairman PROXMIRE. This does raise a very fundamental point about how decisions of this kind affecting statistics that have great policy significance should be made, whether they should be made on a technical level. Of course, I recognize that technicians want a big enough sample to justify their own feelings, and so forth, but in view of the policy questions involved here and the dependence of Congress and the President on this kind of statistic, I question whether it was wise to abandon it before you had something to replace it with?

Mr. MOORE. There was another consideration, sir, if I may interrupt a moment. That is that the definitions of these areas based on 1960 information, and that was the opinion of the technicians as well, has simply become more and more out of date, and many of these areas that were designated 10 or more years ago are simply not of the same character as they were then.

Urban renewal has changed many of these areas into other types of areas and many of them have now expensive housing projects being built within them. So that the definitions were simply getting more and more out of date, and the technicians recognized this as a factor in their decision.

Chairman PROXMIRE. The October unemployment report notes, as I said, that black unemployment is at 10.7 percent. I understand, I have been told, I do not know whether this is correct, perhaps you can correct it if it is not, that this is the highest level in almost 8 years, that is since November 1963. This I think is a very significant fact. Why is this point not made in your release, that unemployment for blacks is the highest level in 8 years?

Mr. MOORE. We do have a chart in the press release attached to it; it is chart 14.

Chairman PROXMIRE. Let me say first, is that correct, is it correct that unemployment is the highest since November 1963 for blacks?

Mr. MOORE. Do you have that information?

Mr. KAITZ. Yes; I do.

Mr. MOORE. That is correct.

Chairman PROXMIRE. Let me say if the unemployment was the highest for all, the whole labor force for the 8 years, would that not be stated, would that not be a significant fact to note, and if that is true, why should it not be stated for this very important component of the labor force, especially in view of the fact that the overall report shows unemployment going down slightly.

Mr. MOORE. Well, I just do not have a good answer. We did not say it, but maybe we should have.

Mr. Chairman, one of the advantages of presenting the chart information in the back of the release is to enable people to get all of these figures on a given month in historical perspective. They can compare them with any month of any year and go back about 8 or so years in these charts.

Chairman PROXMIRE. I think that is very, very useful, and I highly commend you on it. But I doubt if many reporters, certainly not many Members of Congress, are going to spend their time going through that. Reporters are very busy, and they have got many other things to do, and they have to report the stories in a hurry in most cases. And as you know, we are all busily involved up here. Unless something like that is highlighted, it is very hard for most people who will use this to dig it out, it is in the charts, and the chart is most useful.

We have been concerned about the performance of the economy under the freeze, and I have had the very distinct impression from both the census study and the witnesses who have appeared before this committee, and as you know, we have had extensive hearings on the new economic program, that the freeze had been working very well, and then the Consumer Price Index came out, and it indicated that in October—I beg your pardon, in September, reported in October that consumer prices went up 0.2 percent, and an annual rate of 2.4 percent.

Furthermore, that the frozen prices, those that were covered by the freeze, went up 0.4 percent, or an annual rate of 4.8 percent. This was very shocking to me, and I secured some examples including processed fruits and vegetables, gasoline prices, and so forth, that have gone up very sharply during the month of September. Now, this would suggest that the freeze is not working, and I have been so concerned about that statistic that I have tried to be in touch with Mr. Popkin to find out what is the explanation for it. In the course of this, I find that the Department price figure is not really a September price figure, entirely—well, it is kind of a moving average, it includes what is happening during the quarter, it is something else that even goes back for more than a quarter. We always thought, I always thought, and many others did, that when you said what happened to prices during September, you knew what happened to prices during September.

What is the explanation for this situation where we are told on the best statistic we can get, the Consumer Price Index, that during the period of the freeze, that those prices that were frozen actually increased at an annual rate of 4.8 percent, which is about the kind of inflation we had with no freeze.

Mr. MOORE. Well, let me try an explanation, Mr. Chairman, and Mr. Popkin can join in.

First of all, the September price index, the index itself does represent September prices in very large part.

Chairman PROXMIRE. Can you give a proportion? You say in very large part. Would you say in about 90 percent?

Mr. MOORE. Approximately that. Somewhere in that neighborhood. The problem is with the change from August to September or September to October or another month; that is, does the August to September

change represent what actually changed between August and September? And there is the problem. Because many of the prices, and particularly of services, that are collected for the CPI are collected only once every 3 months, and in the case of rents, only once every 6 months.

So if you take rents, for example, when we go to an apartment house, let us say, in September, to get the September rent, which is what will get into the index, we will not have visited that particular apartment for the past 6 months. So the change in the rent that gets into the August to September change could be a change that occurred in July or May or any of the earlier 6 months. We cannot be sure in any given month that the change for those prices, the rents, and most of the other services, represents the change that actually occurred between August and September.

Chairman PROXMIRE. I can see how you can have an extraordinary situation like that, but if 90 percent of your prices actually reflect that month, if, for example, you had gasoline prices going up as they did, I understand, 0.7 of a percent in that one month, or annual rate of 8.4 percent, and prices were frozen for gasoline, and for everything else, the freeze is not working.

Mr. MOORE. They were frozen after August 15. But in some cities we price gasoline every 3 months. You look at the September price—

Chairman PROXMIRE. Every 3 months you price it?

Mr. MOORE. Yes. If you look at the September price, we get that price, but the change could have occurred between June and July or between July and August.

Chairman PROXMIRE. When and how will we be able to measure whether or not the freeze is working effectively? This is becoming quite a big and controversial issue. The Justice Department, I understand, with 13 days left in the freeze, has brought exactly one prosecution for price violation. That was against the Atlanta Falcons for having increased the price of football tickets. When you consider the millions of transactions in this country, when you consider the fact that you now have evidence that prices have gone up rather sharply, considering the fact that we had a freeze on, it seems appalling that there is only one prosecution.

Now, maybe I am greatly misinterpreting these statistics; but if we cannot get satisfaction from the CPI, on what has happened to prices, where can we get it?

Mr. MOORE. That is why we made and we put it into our release an analysis of the prices for which we did actually have information on changes that occurred between August and September.

I do not have the figures in front of me, but Mr. Popkin does, and perhaps he can recite what they show.

Mr. POPKIN. Where we were able, for the five largest cities in the Nation where most pricing is done monthly, to determine that the price was collected after August 15—which is another dimension of the problem, the price in August might have been collected before the 15th or after the 15th—but where we were able to make a determination that the price in August was collected after the 15th of the month, we compared it with the price collected in September. And that analysis, which covers 3,885 prices in the five largest cities, shows that fewer than 8 percent of the prices increased, 87 percent showed no change, and almost 6 percent decreased.

So we were able to do that.

Chairman PROXMIRE. Let me just pause a minute there. Frankly, I am shocked that 8 percent of the prices showed an increase. Would that not indicate that in view of the millions of commodities that there have been tens of thousands of violations of the law, only one of which was prosecuted by the Justice Department? Or were these price increases permissible for some reason?

Mr. POPKIN. You cannot conclude that those 8 percent that increased were violations, because some prices can rise if they remain below their May 25, 1970, level. Some prices can rise for seasonal reasons. There are factors of this sort that can enter, and that is why it is difficult using this index to make a comparison with any number of violations that might have occurred nationwide.

Chairman PROXMIRE. I notice in looking at the five cities, that Chicago's increase was 2.4; Detroit 2.4; that is annual rate; Los Angeles, Long Beach, 4.8 percent; New York 6.0 percent; Philadelphia 10.8 percent.

Mr. POPKIN. These are annual rate figures.

Chairman PROXMIRE. That is right. In 1 month in Philadelphia, there was an increase of 0.9 of a percent annualized over 10 percent.

Mr. POPKIN. Yes sir.

Chairman PROXMIRE. Would that not suggest that in Philadelphia there is a problem, whether or not the freeze was being observed?

Mr. POPKIN. I do not want to say that it does not reflect that. The only—

Chairman PROXMIRE. Not reflecting anything else, that is a huge increase under any circumstances.

Mr. POPKIN. I want to point out some of the things that could enter there. For example, of that increase, housing increased 2.1 percent at a monthly rate. Now, as I recall, there was some property tax increase there, some changes in mortgage interest rates, those were things not subject to the freeze. Apparel went up 3.7 percent during the month. Seasonal price increases were allowed for certain types of commodities, and September is a period, as you know, when the fall apparel reaches the market.

Chairman PROXMIRE. These may be complete explanations, but—

Mr. POPKIN. I am not saying they are complete.

Chairman PROXMIRE. The only point I am trying to get at is, is there any way that the Congress can or that the public can determine whether or not the freeze was in fact observed or whether there were many violations?

It seems to me the American people deserve some kind of reassurance on this score, and you would be by far the best authorities, the most accurate, most competent to give us an answer.

Mr. POPKIN. I think that you can draw certain inferences that some things may be—the index may give some clues as to certain areas, but the price freeze does, after all, apply to millions of prices in stores across the country. For that reason alone, the sampling question, we cannot be certain that we can do a perfect job with our index.

There are other problems that really relate to the fact that you do not have the ceiling prices with which to make the comparison. We do not price every day of the month. Somebody may have raised their price on the 25th of July, between two CPI pricing dates.

Chairman PROXMIRE. I understand. What I am getting at is this. The freeze is almost over. There is no point arguing about that. We only have a few more days before it is over. Then we go into phase II. During phase II we are going to have some kind of limitation on prices, perhaps for some time, perhaps for a year, at least for many months. It seems to me it would be most helpful to the Congress and to the public if your agency would be able to give us whatever you can give us, interpretation of your statistics, to indicate the degree to which there is evidence that the phase II is working or is not working. Prices are going up more than the guidelines set by the Price Commission or are not going up. I know that is not your immediate job, of course, but—

Mr. POPKIN. It was my job,—

Chairman PROXMIRE. It seems to me this is one of the most useful functions you can perform now; and if you cannot perform it yourself, if you can suggest to us some way in which this can be determined, I would be very grateful, because it is one thing to rely on the administration, which I think is trying its best to combat this, but of course it has political reasons for making it look good and making it look as if it is significant. It is something else to rely on the most competent, dispassionate professional experts, as you gentlemen are, to give us your views, and to be able to do so as freely as you can.

Mr. MOORE. May I just make—

Chairman PROXMIRE. I hope you will work on that and let us know what you can give us, because with all respect for the Secretary of Labor, who is a very fine and able man—he does represent the Nixon administration—he is loyal to him—he wants to make it look as if it is going to work. But I think we want, and the American people are entitled, to the facts.

Mr. MOORE. Well, the tabulation that Mr. Popkin mentioned with the 8-percent showing increases was an effort that we made especially for this purpose, and I think it is significant. That is, a large proportion of the prices selected for the CPI where we had actual August to September changes recorded, showed either no change, or a decline, and 8 percent showed an increase.

Now, Mr. Chairman, one thing I would be very happy to have your support on is this. We have been thinking that the problem of interpreting the CPI in connection with a stabilization program is complicated and difficult. Part of the complication is this pricing every 3 months or every 6 months. We would like to get rid of that. If we had the funds to do it, we would do it. We have developed a plan to put the entire CPI, with the possible exception of rents, but possibly including information on them too—on a strict monthly basis so the change recorded between any month and the next would represent what happened during that month as nearly as we could determine it. That does cost more because, you know, we have to go back to the same—

Chairman PROXMIRE. How much more would that cost?

Mr. MOORE. I think we have made an estimate of approximately \$1 million per year.

Chairman PROXMIRE. Per year?

Mr. MOORE. Yes.

Chairman PROXMIRE. That would be an excellent investment. I can think of few investments that would be better. It would be very, very important to us for us to have that kind of information in connection

with the phase II and for many, many other reasons. So, I will certainly do my best to persist on that.

Mr. MOORE. All right.

Chairman PROXMIRE. Let me get back to unemployment data which you are releasing this morning. Your press release notes that the year-to-year gain in the civilian labor force was 1.5 million. The Vietnam labor force is up 600,000. Does this not suggest a rather poor performance—increase—for the non-Vietnam labor force, considering it was supposed to be—we are supposed to be in a recovery period? Does it not suggest that hidden unemployment has increased substantially over the past year? People who should be coming into the work force, in view of the demographic figures, they should be increasing?

Mr. MOORE. Well, there are a lot of factors that influence the behavior of the labor force, and many of them we do not know anything about. We do have information on so-called discouraged workers, that is a person who is not in the labor force, but wants a job in some sense or other, but is not actively seeking one. Now, those figures, over the past year, and we only have them quarterly, have shown some increase. I do not remember them exactly, but that increase is by no means sufficient to explain the slowing down or slight slowing down in the rate of increase in the labor force. I do not have any other explanation.

Chairman PROXMIRE. It would seem that there are substantial numbers of discouraged workers, people who just throw in the towel and cannot get a job.

Mr. MOORE. Well, in the best of times, there are substantial numbers of people who have not been able to find a job, and have given up looking. There has been some increase over the past year, but as I say, it is relatively small compared to the increase in the civilian labor force, or even the slowing down in that rate—

Chairman PROXMIRE. If you want—

Mr. MOORE. Mr. Kaitz, do you have anything to add?

Mr. KAITZ. No, I do not have anything on this score. This phenomenon is under study by us, and we hope to be able to clarify it, certainly for ourselves and for others, but at the moment I do not think we have anything particularly on this, except that I think that this slowdown is very much in line with the behavior of the labor force during past periods of high unemployment.

I think there are similar patterns. That is about it.

Chairman PROXMIRE. I read the text of your press release, and I did not find any reference—maybe there is one, but I missed it, if there is one—to the level of seasonally adjusted unemployment in October. You refer to the 4.6 million persons unemployed, but that does not take into account seasonal influences. Would it not be worthy of mention that after allowance for seasonal influence, the level of unemployment was still in the range of 5 million, where it has been for the past year?

Mr. MOORE. I do not see any reference to that in the text either. The figures are in the table, but I do not see any reference in the text.

Chairman PROXMIRE. Anyway, is it not correct that seasonally adjusted it means that unemployment is still in that very depressing range of 5 million?

Mr. MOORE. The figure we report is 4,938,000 for October.

Chairman PROXMIRE. What do we say about a figure like that in relationship to economic recovery? Can you really call this recovery, when now for very close to a year, what is it, 11 months? And the staff tells me for 12 months now, we have had unemployment at this disturbingly high rate, around 5 million, and close to 6 percent.

Mr. MOORE. I would still call it a recovery, sir, because of what has been happening to employment and to output and to a number of other measures of economic activity.

Chairman PROXMIRE. This is the dilemma we face now. I was going to say yesterday the newspapers reported that October was the best car month in the history of this country. One million cars produced for the first time, in a long time, perhaps ever. And employment did not increase at all. They were able to produce more because they were more productive, and they worked the workers a little longer. So whatever is happening to other statistics, the fact is that we still have a persistent level of depression or recession, however you want to define it, with respect to unemployment, still at close to a 6-percent level, close to 5 million people out of work.

Mr. MOORE. Well, there has not been much recovery in the goods-producing industries in general, and our figures show that. The service industries have continued to rise, though at somewhat slower rates than they were rising several years ago, but I would say that is about the best way to characterize the situation.

Chairman PROXMIRE. Well, with respect to productivity, and you mentioned that, your latest release on productivity notes that rise in productivity in the private nonfarm sector slackened sharply. Is this what you would expect in the recovery phase of the cycle?

Mr. MOORE. Well, what I would expect in the recovery phase is a higher rate than is sort of the normal or average rate of increase in productivity. I think in the initial quarters of this year, that is what we had. In the third quarter, which is the latest one that we have reported, there was a sliding back in the rate of increase. Part of that I am persuaded was due to a change in the mix, that is, the steel industry in particular was relatively weak in the third quarter, and the relatively high rates of productivity in that industry—with that being weak—got less weight in the aggregate. So that tended to hold down the third quarter.

Chairman PROXMIRE. But even if you leave that out of account, you are not getting the kind of productivity in the economy as a whole, are you, that you would expect in a recovery period? What should we normally expect in the way of productivity gains? Should we not expect about 4 percent?

Mr. MOORE. For the third quarter, looking at the private economy as a whole, it was a little bit more than 4 percent, as I remember the figures. I do not have it in front of me—

Chairman PROXMIRE. Year-to-year gain is only about 2.4 percent, I understand, which is substantially lower.

Mr. MOORE. In the third quarter I believe it was at a 4.3-percent rate.

Chairman PROXMIRE. The household survey for October shows a large increase for employment, that is about 320,000 seasonally adjusted. The payroll data shows no change. The release explains that workers on strike account for about 90,000 of this difference. Do you have any explanation for the remainder of the discrepancy?

Mr. MOORE. Well, there are a large number of differences between the household report on employment and the payroll report on unemployment. Self-employed people are counted in the household survey, and they are not in the payroll reports. Unpaid family workers, likewise, and private household workers, and people who are absent without pay either because they are on strike or on vacation. So that there are a number of categories of people who are counted in one but not in the other.

Now, making the best adjustment we can for those differences in the concept, there is still some discrepancy between the two figures. But it is very much smaller when you make those adjustments than before, at least in this particular month. And they show approximately the same change from September—

Chairman PROXMIRE. Would you say household survey is more reliable than payroll data, or vice versa?

Mr. MOORE. I would find that very difficult to answer. The payroll figures have the advantage of being actual counts of numbers of people on payrolls. They are sent in by employers to us.

Chairman PROXMIRE. They show no increase?

Mr. MOORE. They show a very small increase after you allow for the strike. Over the past year, there is a substantial difference between the household series and the establishment or payroll series, amounting to around 500,000-person difference over a 12-month period. We really do not have an explanation for that, and for the life of me I cannot say for sure which is the more reliable measurement of employment.

Chairman PROXMIRE. Now, I am very concerned about another element here which indicates very little progress. That is the job vacancy rate. For September it is 0.5 of a percent. These statistics are not seasonally adjusted, so I imagine month-to-month comparisons can be misleading. The September number of 0.5 of a percent compares with 0.6 percent in September a year ago. In the intervening year, the job vacancy rate went down to 0.4 of a percent and then back up to 0.5 of a percent. Now, the job vacancy rate, as I understand it, of course, moves in the opposite direction from the unemployment rate, so that the job vacancy rate should rise as we get closer to the full employment.

The latest month available is below what it was a year ago. So that does not indicate that as far as the job vacancy rate is concerned we are making any significant kind of recovery.

Would you say that the pattern over the past year compares to what you would expect in a recovery period?

Mr. MOORE. Well, the vacancy rates that we have available now are for manufacturing only, not for all the other industries that have vacancies.

Chairman PROXMIRE. Even still, do you expect the job vacancy rate to rise in a period of recovery?

Mr. MOORE. Yes, sir; I certainly would. And in manufacturing, the employment situation has not improved appreciably over the past year either.

Chairman PROXMIRE. What plans do you have to extend this beyond manufacturing, since, as you say, it is inadequate now, only applies to manufacturing?

Mr. MOORE. Well, we are now collecting in some States, it is a State-Federal cooperative program—data on vacancies in other

industries besides manufacturing. The sample that we are collecting is not sufficiently large or spread over the country to provide a national statistic yet, but we do want to develop that, and I hope that within the course of the next year or so we will be getting that on a fully comprehensive basis.

Chairman PROXMIRE. Good. I read yesterday in the Wall Street Journal, with mixed feelings, that the Lockheed Co. is having trouble finding skilled labor for its Palmdale plant, after all the moaning and groaning about if we did not provide this guarantee for Lockheed, we are going to have so much unemployment. We have the guarantee, and they cannot find people to go to work for them in Palmdale, despite the high level of unemployment among aerospace workers, as reported in California, in particular.

Is there any way you can explain that? I read the article. Perhaps if you have not had it called to your attention, it might be difficult for you to comment.

Mr. MOORE. I did not actually see that article, and I would find it difficult to comment. Of course, in any situation, the workers may not be near where the jobs are, and that may be the problem in that case, that it is difficult to find workers in that immediate vicinity. But I am not sure specifically.

Chairman PROXMIRE. Well, they certainly ought to be near where the jobs are in California if we can believe what we read. What information do we have on employment among scientists, engineers, and skilled aerospace workers? Do we have any breakdowns that reflect that?

Mr. MOORE. The only one that is published in this release is for the professional, technical, and managerial group, as a whole, and there the seasonally adjusted unemployment rate in October was 2.9 percent, which for that group is a relatively high rate of unemployment.

Chairman PROXMIRE. But one of the great concerns has been expressed, and expressed very emphatically by Members of the Congress, with respect to our funding various weapons programs and funding various commercial aircraft operations, is the very heavy unemployment—we just do not have the facts. We do not know what it is. We do not have the details. You have a broad category that includes this, but there is no way we can tell what the situation is, and it would seem to me it would be very useful for us if we could have some breakdown, especially by area, so we would know what numbers of people in these highly skilled categories are looking for work.

Mr. MOORE. I guess we just do not have that information.

Chairman PROXMIRE. I would hope that you could get that. It would be very, very useful to have it.

Maybe you can tell us next month what it would cost, what it would take to gather that kind of information, because certainly Congress is making many decisions appropriating a great deal of money on the notion that there is very heavy unemployment in these areas, and we ought to know what we are doing.

Mr. MOORE. I will be glad to make a report on that to you, Mr. Chairman.

Chairman PROXMIRE. I asked Mr. Shiskin, chief economist of OMB, about the status of the report on the President's Commission on Federal Statistics. It seems to me he gave two reasons for its nonappearance today. One was that there was some delay in printing.

The other seemed to be there was some difficulty in getting an appointment with the President.

In your view, are these the reasons?

Mr. RATHBUN. No. The Commission completed its work on the 26th of September. The report went to printing at that time. We thought we were going to get it by the 18th of October. We have experienced a number of delays, and we now have a reasonably firm promise from GPO that we will get it on the 19th of October.

Chairman PROXMIRE. 19th of what?

Mr. RATHBUN. 19th of November. It has been delayed in the printing process.

Chairman PROXMIRE. When do you think the report will be available? Do you think it will be available on the 19th of November?

Mr. RATHBUN. That is my best estimate.

Chairman PROXMIRE. We in Congress are having increasing doubts about Federal statistical programs. As you know, questions have been raised by the press, by Members of Congress, by this committee. We are especially concerned about a credibility gap developing about the quality and free flow of economic information. Does the Commission report address itself to this question?

Mr. RATHBUN. The Commission addressed all the deficiencies it could think of in the Federal statistical system. You are asking did it—

Chairman PROXMIRE. Did it address itself to the free flow of information, to the availability of quality information, promptly to the press and to the Congress, availability of experts to respond to question?

Mr. RATHBUN. Yes. This was a factor in all their deliberations, and the recommendations they make are designed to promote the free flow of information. I would like to discuss—

Chairman PROXMIRE. I am sure of that, but does it address itself specifically to problems that have been raised by some of us with respect to reorganization and so forth?

Mr. RATHBUN. In part. Throughout the course of the year, the Commission met, there were people who raised questions about these problems, and the Commission considered them.

Chairman PROXMIRE. And it will make recommendations, report on it in part when the report is available on November 19?

Mr. RATHBUN. That is right.

Chairman PROXMIRE. Mr. Moore, can you tell me what information the Bureau of Labor Statistics has concerning unemployment among Spanish Americans; that is, Mexican Americans, Puerto Ricans, and others of Latin descent?

Mr. MOORE. I guess I will have to rely on Mr. Kaitz for that information.

Chairman PROXMIRE. Does the regular monthly data contain any information which enables you to isolate any unemployment problems of that group?

Mr. KAITZ. No, sir.

Chairman PROXMIRE. Has the Bureau done any special studies?

Mr. KAITZ. We have at various times.

Chairman PROXMIRE. How recently?

Mr. KAITZ. I think the most recent one, perhaps, would be for the year 1968.

Chairman PROXMIRE. 1968?

Mr. KAITZ. 1968 or 1969, I am not sure. We had several special studies in a limited number of areas. For example, the New York City area, which permits identification of the labor force and demographic characteristics of Spanish—

Chairman PROXMIRE. Do you plan to do a study in the near future?

Mr. KAITZ. Not to my knowledge.

Chairman PROXMIRE. Is that not a rather long time for this very substantial group which obviously is a minority group and does suffer presumably greater unemployment? We have these regular statistics on black; they have been very helpful to us. We do not have enough of those. But we appear to have practically nothing on the Spanish-speaking people, Puerto Ricans, who are very—who have a very, very tough language problem.

Mr. MOORE. As far as regular monthly or quarterly reporting, the problem is the familiar one of sampling. The national sample that we used to collect these employment and unemployment figures is, I believe, not large enough to give accurate information broken down that way. But I agree that it is an important problem, and that every so often additional information should be provided. But I doubt that it is worth doing every month, or even every quarter.

Chairman PROXMIRE. Now, but this is 3 years now; there is no plan to do it again. It sounds as if you can do it about once every 5 years.

Mr. MOORE. There will be some information becoming available soon from the Census Bureau on the situation in August 1970. It followed the regular census—it is called census employment survey, and it covered a great many areas where blacks, Spanish Americans, and others live. Those reports will be becoming available very shortly.

Chairman PROXMIRE. Would it show unemployment as of what? 1970?

Mr. MOORE. August 1970.

Chairman PROXMIRE. That becomes historical, but it is not as useful as it could be in making policy. I would think once a year as a beginning might be a good goal to shoot at if we could do it without excessive cost.

Mr. MOORE. Well, there would be a possibility, I would think, of getting additional information once a year from the current population survey. We will look into that. Mr. Kaitz, do you have anything on that?

Mr. KAITZ. We have a proposal under discussion among the various agencies concerning the expansion of the March household sample, perhaps to twice its normal level so that it would permit showing detailed information for some groups like Spanish-speaking people, which cannot now be done for the present sample size. In other words, the proposal was to increase the sample from perhaps 50,000 to 100,000 households for the month of March. The sample in the month of March is used not only to collect normal information for the labor force status of people in the preceding month, but it also collects information on the income received by families and individuals during the preceding calendar year.

So that I think it gives quite good information with regard to the economic status of various groups during the preceding year.

Now, if this sample could be doubled, I think we could get some rather good tabulations for Spanish-speaking groups, for example.

There are other special factors that can be considered in this expansion of the sample, such as to have a disproportionate expansion of the sample in those areas of the country where Spanish—

Chairman PROXMIRE. To answer one of my previous questions, would that sample show with respect to aerospace workers, for example, would it give us a breakdown by State so we could get more data on, say, aerospace workers in California or in Georgia?

Mr. KAITSZ. If the sample were properly designed for that purpose, it could do this. Across the country, as a whole, of course, it would not be too good to identify groups whose numbers are relatively small relative to the entire labor force. But if it were concentrated in certain areas, we could get good results. Until now, I think we largely have to rely for area data and type of skills of unemployed people on the information which comes from the unemployment insurance program, collected through the local employment offices.

This is the only kind of information we really have on that kind of detailed basis at the present time.

We do have a survey which is gradually building up at the present time to collect information on occupational employment by industry, and it will be a national survey. It will have a considerable amount of occupational detail on a regular basis, perhaps once a year. This is something that is in the process of development now. The survey is operating at, I think, a rather modest level.

Chairman PROXMIRE. That might answer the problem on the yearly information on Spanish-speaking people's employment problems.

Mr. KAITSZ. No; it would not. It has no demographic information in it. It is an establishment survey, where we get the information from the payroll records of employers. They furnish us with the occupational breakdown of the employment on their payrolls, but there is no provision to give us the demographic or personal characteristics of the people on their payroll. We would have to get that, I think, preferably, through a household survey.

Mr. MOORE. That would answer, though, your question concerning scientific and technical personnel, and it is designed to do that.

Chairman PROXMIRE. I just have one other question, before I yield to Congressman Blackburn.

Now that the "cult of personality" has been eliminated, do you still think you should not restore the press conference on employment and prices?

Mr. MOORE. Well, I have about the same view as I had all along on that subject, Mr. Chairman. So I have not altered my view. We do hope, and I hope the gentlemen of the press hear me, to establish good relations with the press. We want to do that. We try to answer their questions as honestly and as reliably and as promptly as we can, and that is about the size of it. But at the moment there are no plans to restore the press conferences as they used to be run.

Chairman PROXMIRE. Well, you could do it to the better satisfaction of the press, obviously, if you had a press conference, because that is what they want. I have not heard a single member of the press say to forget it, or say it is not worthwhile. They universally are enthusiastic about it, and enjoyed it, and benefited from it, give out better information, and I have a hunch—of course, this is not related

to your employment press conference—but if you had a press conference, maybe you did, on that wholesale price release, I would think if you had a press conference with the kind of sharp reporters we have here, that they would not have made, as I think they did, the disastrous mistakes in the New York Times, Washington Post, and Washington Star, which all reported the wrong thing on the wholesale prices today.

Mr. Blackburn.

Representative BLACKBURN. Thank you, Mr. Chairman. I want to make this observation. I think a lot of people who looked forward to these press conferences did so with some sadistic glee that they would indicate a lack of success of the administration's economic policies. Maybe some joy has gone out of it for some people, perhaps present and nonpresent, in that the indicators are proving to be more favorable than they were some time in the past.

As I recall, when we first had one of our meetings here, after you had discontinued the regular press conference, I posed the question then as to whether or not an economist or an expert in economic matters could not use the published figures put out by your department and analyze those figures on his own, if he were truly an expert, without the need for further information by verbal dialog; is that still true?

Mr. MOORE. Well, I would say substantially so. There are a great many experts in this country, as you know, who know the employment and unemployment data very thoroughly indeed, and analyze them every month, just as we do.

However, there are technical questions relating to, say, a given month's figure that they may not know the answer to, but there the telephone is available, and they can call us up and we will give them an answer.

Representative BLACKBURN. Then it remains just as true today as it was some months ago that anyone who is really interested and has some expertise in the matter can use your published statements, combined with telephone information, and get all the information that is needed for a dispassionate and accurate appraisal of our economic status, is that true?

Mr. MOORE. I believe so.

Representative BLACKBURN. Your release states that the rate of unemployment for married men declined from 3.3 percent in September to 3 percent in October, which is the lowest unemployment rate for married men is one of our more important economic indicators; and, if so, is this drop not a very encouraging sign? Would you care to make an observation on that?

Mr. MOORE. Well, being a married man myself, sir, I perhaps have a biased view of that, but it is true that many, many families depend on the earnings of the male member of the household. In some cases, they depend on the female members of the household as well. So that the rate for married men is very important, and I think this 3-percent rate for October, which is the lowest in a year, is an important result.

Chairman PROXMIRE. Would the Congressman yield on that?

Representative BLACKBURN. I would be happy to yield.

Chairman PROXMIRE. You would not observe that if more men got married, we would have less unemployment, would you?

Representative BLACKBURN. I would make the observation, having been nonmarried and married, that the stimulus for employment is far greater for a married man, particularly those with children. I can attest to that. Now, this morning's papers carried a report that McGraw-Hill Publications has predicted a 7-percent increase in capital spending in 1972. I will quote it:

The planned increase for 1972, the chief economist from McGraw-Hill said, is significantly higher than what was estimated last fall. It now appears that capital investment will be a more positive factor in economic planning next year than it was this year.

Now, the question I have is this: Is there a direct relationship between increased capital spending and increased employment?

Mr. MOORE. Well, looking over the history of the past, I would say there is. That is, in most economic expansions, there has been both a growth in employment and a rise in capital investment, and to a very large extent, from an economic standpoint, I think one helps to generate the other. The production of the capital goods employs people in that part of the production process, and usually along with the capital investment there are other stimulating factors that stimulate employment as well. So the two normally have gone very closely together.

Representative BLACKBURN. Do you not feel that there is some significance in the planned increase in capital investment to the extent that it would indicate there would be a move toward greater productivity? Does increased capital investment not generally result or is the purpose of it not to improve productivity?

Mr. MOORE. I think that is by and large the result, that the important factor in improving productivity is the growth of capital investment; yes, sir.

Representative BLACKBURN. So to the extent that Government policies are encouraging increases in capital investment, we hope, we have reasons to expect it will improve productivity.

Mr. MOORE. Yes, sir.

Representative BLACKBURN. Now, of the nine items on which unemployment rates are published, seven went down during the past month, and only two went up. Does this represent to you a significant factor in analyzing the October unemployment figure?

Mr. MOORE. Well, I am not sure just what nine items you refer to. We publish a large number of unemployment rates.

Representative BLACKBURN. It is in your report issued today. Second item, percent of labor force, unemployment rates, you have nine categories, and seven of them showed a decrease. Do you not feel that is an encouraging sign that the economy is beginning to move again, which is one of our phrases?

Mr. MOORE. Well, it is hard for me to answer that, sir. The figures that are in that section of the table were picked out as being important categories, in which many people were interested and wanted to know what the figures were, it is, I would say, more encouraging to have most of them going down than it would be to have most of them going up.

Representative BLACKBURN. I would certainly agree with you. If you will let me make one other observation here. The figures published in the Economic Report of the President and the Economic Indicator

of the Joint Economic Committee show that active duty military personnel strength has declined by 750,000 since the President took office. If one subtracts this figure from the number of unemployed in October 1971, you can reach the interesting conclusion that but for this reduction in military strength, the unemployment rate would be less than 5 percent. That is, 4.9 percent. Of course additional unemployment can be traced to the cutting back of military contracts and other activities, such as the SST in the civilian sector, a process which would lower this 4.9 percent figure still further.

Would you comment on this?

Mr. MOORE. I am not sure I can follow the arithmetic in the first part of your statement. But I would say this, that upon the release of veterans from the armed services, by far the largest number of them, percentagewise, do go into the labor force. The labor force participation rate is around 91 percent. So that adds to the supply of labor that is available.

Now, a large fraction, and this month it was 93 percent of those that are in the labor force, got employment. Just what the effect of adding that number to the civilian labor force is on the unemployment rate, I think, is a little more complicated than the arithmetic that was indicated in that statement.

I have myself not made that kind of calculation. I guess that is about all I would care to say on that without thinking about it further.

Representative BLACKBURN. What you are saying, in effect, is that my figures are an oversimplification.

Mr. MOORE. I guess that is the way to put it.

Representative BLACKBURN. Thank you, sir.

Thank you, Mr. Chairman. We are expecting a vote shortly in the House, and so I will get back to earning my keep after being up till 3 o'clock this morning.

Thank you, gentlemen.

Chairman PROXMIRE. You were earning your keep here.

Thank you very, very much, Mr. Moore, and gentlemen, for an excellent, responsive job.

We appreciate your coming up and appreciate your press release, and also your excellent responses.

The committee will stand adjourned.

(Whereupon, at 1 p.m., the committee was adjourned, subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, DECEMBER 3, 1971

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

The committee met, pursuant to notice, at 11:35 a.m., in room S-407, the Capitol Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senator Proxmire; and Representatives Reuss and Brown.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Courtenay M. Slater, economist; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig and Leslie J. Bander, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIKE

Chairman PROXMIKE. The committee will come to order.

We once again welcome to the committee the Commissioner of the Bureau of Labor Statistics and members of his staff to this monthly review of employment-unemployment developments. This is the ninth consecutive time BLS technicians have appeared before this committee to discuss labor market conditions since the regular open press conference was discontinued.

Whatever progress we are making toward combating inflation in the President's program, we certainly are not making anything like that kind of progress with respect to unemployment or economic growth. I think this is the most discouraging aspect of all, Mr. Commissioner, in your press release here this morning. We are three and a half months into the new economic program. There should be a real bite after that period in increased demand and decreased unemployment. This seems to me to be the most discouraging report, in a sense, that I have seen. We have an increase in unemployment from 5.8 to 6 percent.

You say the bulk of the overall rise in joblessness stemmed from job loss, not from new people coming into the work force. You say furthermore that the November increase in unemployment occurred almost entirely among full-time workers, whose jobless rate rose from 5.4 to 5.8. As I understand it, the unemployment rate for white workers is close to the highest since May of 1970; the number of workers on part time for economic reasons—that is, those who want full-time work but can't find it, can only find a part-time job or have had their workweek reduced because of economic factors. That is at a 10-year high.

In addition, we have the unemployment rate for veterans which rose from 7 percent to 8.2 percent, an especially cruel statistic. The veterans' rate in November exceeded the rate for nonveterans in their age group.

Then we have an appalling figure. Maybe this has occurred a few times when there have been strikes, but we have the figure that the average hourly earnings in production and nonsupervisory workers was \$3.47 in November, which was a decline from October, and that the weekly earnings dropped 74 cents a week on the average—money earnings, not allowing for inflation, but actual money earnings.

I think when we put all those factors together, this is a most disturbing picture in terms of providing the kind of jobs we need, the kind of economic growth we need. I would like to have your response, Mr. Commissioner, to see if you can disabuse us of this kind of interpretation of your release.

STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY JOEL POPKIN, ASSISTANT COMMISSIONER FOR PRICES AND LIVING CONDITIONS; AND HYMAN KAITZ, CHIEF, OFFICE OF CURRENT EMPLOYMENT ANALYSIS

Mr. MOORE. I do not think the picture is entirely one of gloom, but I will try to give you as accurate a picture as I can, as the releases tried to do themselves.

I would, if you have no objection, like to have the employment release and the wholesale price release put in the record.

Chairman PROXMIRE. Yes; without objection, the press releases, including the employment release and the wholesale price release, will be put in the record at this point.

(The releases referred to follow:)

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-643, Dec. 3, 1971]

THE EMPLOYMENT SITUATION: NOVEMBER 1971

Unemployment moved up in November but employment continued to gain and reached 80 million for the first time, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Total employment has risen substantially since the summer. The unemployment rate was 6.0 percent in November, compared with 5.8 percent in October. The overall jobless rate has fluctuated close to the 6-percent mark since last November.

Nonagricultural payroll employment rose slightly in November, as employment in most major industry divisions edged up from their October levels.

UNEMPLOYMENT

The number of unemployed persons totaled 4.8 million in November. After allowance for the usual seasonal changes, unemployment was up 210,000 between October and November, with virtually all of the increase occurring among young adults. The bulk of the overall rise in joblessness stemmed from job loss (rather than from the entry or re-entry of jobseekers into the labor force).

The overall jobless rate was 6.0 percent in November, compared with 5.8 percent in October and 6.0 percent in September. Although unemployment rates for a few major labor force groups changed over the month, the jobless situation for most workers was not significantly different in November from the patterns that have generally prevailed during 1971.

Unemployment rates for all adult men (4.4 percent) and teenagers (17.0 percent) showed little or no change from their October levels. The adult male rate continued within the relatively narrow 4.2-4.5 percent range in evidence since the beginning of the year. The teenage jobless rate stood at the 17-percent mark for the fourth consecutive month and has shown no clear trend since rising sharply in late summer and early fall of 1970. For married men, however, the jobless rate (3.4 percent) was up significantly over the month, following a drop in October. Their rate has also shown no marked change during the course of the year.

The unemployment rate for adult women rose from 5.5 to 5.8 percent over the month but was little different from the levels that have prevailed throughout 1971. The October-to-November rise primarily reflected increased joblessness among 20-24 year-olds.

TABLE A.—HIGHLIGHTS OF THE EMPLOYMENT SITUATION (SEASONALLY ADJUSTED)

Selected categories	November 1971	October 1971	3d quarter 1971	2d quarter 1971	1st quarter 1971	4th quarter 1970
Millions of persons						
Civilian labor force.....	85.2	84.8	84.2	83.7	83.6	83.4
Total employment.....	80.0	79.8	79.2	78.7	78.6	78.6
Unemployment.....	5.2	4.9	5.0	5.0	5.0	4.9
Percent of labor force						
Unemployment rates:						
All workers.....	6.0	5.8	6.0	6.0	5.9	5.9
Adult men.....	4.4	4.3	4.5	4.4	4.3	4.3
Adult women.....	5.8	5.5	5.7	5.8	5.7	5.5
Teenagers.....	17.0	17.0	16.8	16.8	17.4	17.5
White.....	5.7	5.3	5.5	5.5	5.5	5.4
Negro and other races.....	9.3	10.7	10.1	9.9	9.5	9.2
Married men.....	3.4	3.0	3.2	3.2	3.2	3.2
Full-time workers.....	5.8	5.4	5.5	5.5	5.5	5.5
State insured.....	4.2	4.5	4.2	4.2	3.8	4.4
Millions of persons						
Nonfarm payroll employment.....	70.9	70.8	70.6	70.7	70.4	70.1
Goods-producing industries.....	22.4	22.4	22.4	22.5	22.5	22.6
Service-producing industries.....	48.5	48.5	48.3	48.1	47.9	47.5
Hours of work						
Average weekly hours:						
Total private nonfarm.....	37.2	37.1	36.8	37.0	37.0	36.9
Manufacturing.....	40.1	39.8	39.8	39.9	39.8	39.5
Manufacturing overtime.....	2.9	3.0	2.9	2.9	2.8	2.7

Note: Payroll employment and hours figures for latest 2 months are preliminary.

Source: Tables A-1, A-3, B-1, B-2.

The November increase in unemployment occurred almost entirely among full-time workers, whose rate rose from 5.4 percent in October to 5.8 percent in November. The jobless rate for part-time workers was essentially unchanged over the month.

White workers accounted for all of the November increase in joblessness. Their unemployment rate, which had edged down between August and October, rose from 5.3 to 5.7 percent in November, a return to the levels prevailing during much of 1971. The jobless rate for Negroes, on the other hand, dropped over the month—from 10.7 percent to 9.3 percent—after drifting upward since the beginning of the year.

Among the major industries, the jobless rate for manufacturing workers moved up in November following a decline in October. At 6.8 percent, the jobless rate for factory workers has shown little change thus far in 1971. The unemployment rate for workers in wholesale and retail trade also rose over the month, after inching downward since May. In contrast, the jobless rate for workers in construction dropped from 10.3 to 8.9 percent in November; this rate had

hovered around the 10-percent mark in recent months, following a decline from even higher levels earlier in the year. With the exception of a small increase in the rate for white-collar workers, unemployment rates for most major occupational groups showed little change over the month.

For workers covered by State unemployment insurance programs, the jobless rate moved down from 4.5 to 4.2 percent in November (seasonally adjusted). The decline returned the State insured rate to the August level, after small increases in the intervening months.

The increase in joblessness in November resulted in a rise in the number of workers unemployed less than 5 weeks, which, in turn, was partly responsible for lowering the average duration of unemployment to 11.7 weeks, seasonally adjusted. Since May, the average duration of unemployment has fluctuated narrowly around 12 weeks, some 3 weeks above year-ago levels.

The number of workers on part time for economic reasons (those who want full-time work but have been able to find only a part-time job or have had their workweek reduced because of economic factors affecting their jobs) rose from 2.5 to 2.6 million (seasonally adjusted) in November. This series had hovered around the 2.5-million mark since last December, but the November increase brought the number of such workers to a 10-year high.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

The Nation's civilian labor force rose by 390,000 in November, seasonally adjusted, to an alltime high of 85.2 million. The over-the-month increase, confined largely to adult women and teenagers, continued the rapid expansion of the civilian labor force in evidence since late summer.

Total employment has also risen substantially since the summer. The increase in recent months has been concentrated among adult women.

VIETNAM ERA VETERANS

After dropping substantially in October, unemployment among Vietnam Era veterans 20 to 29 years old returned to the level that had prevailed throughout the third quarter of 1971. A total of 320,000 war veterans were unemployed in November, 50,000 more than in October, while the number employed held steady at 3.6 million. (Data are not seasonally adjusted; see table A-7.) Compared with November 1970, unemployment was little changed, but employment increased by 500,000; the number of 20-29 year-old Vietnam Era veterans in the population rose 590,000 over the year.

The unemployment rate for veterans rose from 7.0 to 8.2 percent over the month. The veterans' rate in November exceeded the rate for nonveterans in this age group, as was the case in most months of 1971. For nonveterans, both the level (570,000) and rate of unemployment (7.0 percent) in November were essentially unchanged from October.

INDUSTRY EMPLOYMENT DEVELOPMENTS

Nonagricultural payroll employment rose 80,000, seasonally adjusted, in November, following a month of little change. The November increase brought the number of payroll jobs to within 235,000 of the alltime high set in March 1970. Small over-the-month employment gains were posted in both the goods- and service-producing sectors.

Employment in manufacturing increased by 40,000, seasonally adjusted, between October and November. At 18.6 million, factory employment was up by 135,000 from the recent low reached this past August but was still 1.7 million below the alltime high of July 1969. Half of the over-the-month increase took place in the food processing industry, where employment rose 20,000, following a decline of similar magnitude in the previous month. There were no substantial employment changes in the other manufacturing industries.

In contract construction, employment rose for the third month in a row, increasing by 10,000 (seasonally adjusted) in November. After declining during the spring and summer, construction employment has returned to the levels of late 1970, although remaining well below the record highs reached in late 1969 and early 1970. Mining employment was unchanged at its low October level, due to the continuation of the bituminous coal strike (which was settled after the survey week).

Employment in the service-producing industries rose by 40,000 in November, as increases in finance, insurance, and real estate (20,000), service (40,000), and State and local government (30,000) more than offset a decline in wholesale and retail trade (50,000). Employment in transportation and in Federal government remained virtually unchanged in November.

HOURS OF WORK

The average workweek for all rank-and-file workers on private non-agricultural payrolls edged up 0.1 hour, seasonally adjusted, in November to 37.2 hours. This small rise in seasonally adjusted hours resulted from the shift of the Veterans Day holiday—which in previous years had usually occurred during the November survey week—to the fourth Monday of October. As a result of this change in the holiday schedule, the typical decline in hours did not take place this year.

In manufacturing, the workweek moved up by 0.3 hour in November to 40.1 hours (seasonally adjusted), with gains being posted in most industries. This increase also largely resulted from the effect of the shift in Veterans Day.

The largest over-the-month increase in hours occurred in contract construction (1.5 hours, seasonally adjusted) and may be attributable to exceptionally good weather in the survey week as well as to the effect of the Veterans Day shift. The workweek in transportation and public utilities, trade, and services all edged up 0.1 hour in November.

Factory overtime hours edged down 0.1 hour in November to 2.9 hours. The contraction in overtime was centered in the nondurable goods industries. Overtime hours in manufacturing have continued in the 2.8 to 3.0 hours range since the beginning of the year.

EARNINGS

Average hourly earnings of production and nonsupervisory workers on private nonagricultural payrolls were \$3.47 in November, a decline of 2 cents from October. Compared with a year ago, hourly earnings have risen 18 cents or 5.5 percent.

As a result of the drop in hourly earnings, average weekly earnings in November were down 74 cents over the month to \$128.74. Gains in weekly earnings in manufacturing and services were more than offset by declines in mining, contract construction, and finance, insurance, and real estate. Compared with November 1970, average weekly earnings were up by \$7.67 or 6.3 percent. During the latest 12 month period for which the Consumer Price Index is available—October 1970 to October 1971—consumer prices rose by 3.8 percent.

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

Employment status, age, and sex	November 1971	October 1971	November 1970	Seasonally adjusted				
				November 1971	October 1971	September 1971	August 1971	July 1971
Total								
Total labor force.....	87,715	87,352	86,386	87,868	87,500	87,347	87,087	86,626
Civilian labor force.....	85,019	84,635	83,347	85,172	84,783	84,598	84,312	83,829
Employed.....	80,204	80,065	78,741	80,022	79,845	79,525	79,197	78,941
Agriculture.....	3,262	3,470	3,226	3,393	3,369	3,356	3,415	3,367
Nonagricultural industries.....	76,942	76,595	75,515	76,629	76,476	76,169	75,782	75,574
On part time for economic reasons.....	2,311	2,246	2,353	2,616	2,507	2,260	2,469	2,450
Usually work full time.....	1,120	1,080	1,250	1,250	1,161	1,056	1,173	1,134
Usually work part time.....	1,191	1,166	1,103	1,366	1,346	1,204	1,296	1,316
Unemployed.....	4,815	4,570	4,607	5,150	4,938	5,073	5,115	4,888
Men, 20 years and over								
Civilian labor force.....	48,013	48,003	47,335	48,238	48,176	48,194	48,074	47,956
Employed.....	46,090	46,247	45,520	46,101	46,104	46,004	45,903	45,888
Agriculture.....	2,440	2,531	2,418	2,495	2,474	2,246	2,472	2,458
Nonagricultural industries.....	43,650	43,717	43,102	43,606	43,630	43,578	43,431	43,430
Unemployed.....	1,923	1,755	1,815	2,137	2,072	2,190	2,171	2,068
Women, 20 years and over								
Civilian labor force.....	29,762	29,540	29,057	29,276	29,108	28,995	28,859	28,525
Employed.....	28,114	27,886	27,500	27,568	27,515	27,376	27,172	26,897
Agriculture.....	529	595	523	525	521	551	543	516
Nonagricultural industries.....	27,584	27,291	26,977	27,043	26,994	26,825	26,629	26,381
Unemployed.....	1,648	1,654	1,557	1,708	1,593	1,619	1,687	1,628
Both sexes, 16 to 19 years								
Civilian labor force.....	7,244	7,093	6,955	7,658	7,499	7,409	7,379	7,348
Employed.....	6,000	5,932	5,720	6,353	6,226	6,145	6,122	6,156
Agriculture.....	293	344	285	373	374	379	400	393
Nonagricultural industries.....	5,707	5,588	5,435	5,980	5,852	5,722	5,722	5,763
Unemployed.....	1,244	1,161	1,235	1,305	1,273	1,264	1,257	1,192

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	November 1971	November 1970	November 1971	Seasonally adjusted							
				October 1971	September 1971	August 1971	July 1971	November 1970			
FULL TIME											
Total, 16 years and over:											
Civilian labor force.....	71,969	70,724	73,100	72,534	72,419	72,232	72,006	71,815			
Employed.....	68,395	67,302	68,896	68,614	68,320	68,242	68,161	67,789			
Unemployed.....	3,575	3,422	4,204	3,920	4,099	3,990	3,845	4,026			
Unemployment rate.....	5.0	4.8	5.8	5.4	5.7	5.5	5.3	5.6			
Men, 20 years and over:											
Civilian labor force.....	45,606	44,951	45,939	45,750	45,790	45,697	45,738	45,268			
Employed.....	43,865	43,315	43,953	43,804	43,773	43,669	43,819	43,402			
Unemployed.....	1,740	1,635	1,986	1,946	2,017	2,028	1,919	1,866			
Unemployment rate.....	3.8	3.6	4.3	4.3	4.4	4.4	4.2	4.1			
Women, 20 years and over:											
Civilian labor force.....	23,106	22,603	23,015	22,759	22,810	22,620	22,315	22,514			
Employed.....	21,859	21,390	21,643	21,507	21,454	21,339	21,049	21,178			
Unemployed.....	1,247	1,214	1,372	1,252	1,356	1,281	1,266	1,336			
Unemployment rate.....	5.4	5.4	6.0	5.5	5.9	5.7	5.7	5.9			
PART TIME											
Total, 16 years and over:											
Civilian labor force.....	13,049	12,624	12,128	12,166	12,346	12,222	11,960	11,736			
Employed.....	11,810	11,439	11,089	11,140	11,326	11,089	10,924	10,746			
Unemployed.....	1,240	1,185	1,039	1,026	1,020	1,133	1,036	990			
Unemployment rate.....	9.5	9.4	8.6	8.4	8.3	9.3	8.7	8.4			

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						
	Nov. 1971	Nov. 1970	Nov. 1971	Oct. 1971	Sept. 1971	Aug. 1971	July 1971	Nov. 1970	
Total (all civilian workers).....	4,815	4,607	6.0	5.8	6.0	6.1	5.8	5.9	
Men, 20 years and over.....	1,923	1,815	4.4	4.3	4.5	4.5	4.3	4.2	
Women, 20 years and over.....	1,648	1,557	5.8	5.5	5.6	5.8	5.7	5.6	
Both sexes, 16 to 19 years.....	1,244	1,235	17.0	17.0	17.1	17.0	16.2	17.6	
White.....	3,982	3,818	5.7	5.3	5.4	5.6	5.3	5.5	
Negro and other races.....	832	788	9.3	10.7	10.5	9.8	10.1	9.0	
Married men.....	1,189	1,140	3.4	3.0	3.3	3.2	3.1	3.2	
Full-time workers.....	3,575	3,422	5.8	5.4	5.7	5.5	5.3	5.6	
Part-time workers.....	1,240	1,185	8.6	8.4	8.3	9.3	8.7	8.4	
Unemployed 15 weeks and over.....	1,058	720	1.5	1.5	1.5	1.5	1.6	1.1	
State insured ²	1,828	2,004	4.2	4.5	4.4	4.2	3.9	4.6	
Labor force time lost ³			6.5	6.5	6.3	6.5	6.3	6.4	
OCCUPATION⁴									
White-collar workers.....	1,378	1,370	3.6	3.4	3.3	3.5	3.6	3.6	
Professional and technical.....	310	253	3.2	2.9	2.6	3.1	2.8	2.6	
Managers, officials, and proprietors.....	169	140	2.0	1.6	1.6	1.4	1.8	1.7	
Clerical workers.....	696	734	4.8	4.6	4.6	4.8	5.0	5.0	
Sales workers.....	203	242	4.0	3.9	3.9	4.5	4.7	4.9	
Blue-collar workers.....	2,009	2,011	7.5	7.2	8.0	7.6	7.1	7.4	
Craftsmen and foremen.....	434	431	4.5	4.7	5.8	5.5	5.3	4.5	
Operatives.....	1,074	1,177	8.4	8.0	8.4	8.3	8.0	8.8	
Nonfarm laborers.....	501	403	11.5	10.9	11.6	10.5	9.1	10.1	
Service workers.....	733	602	6.6	6.1	6.5	6.6	6.6	5.0	
Farmworkers.....	99	77	3.4	2.0	2.9	2.8	2.8	2.7	
INDUSTRY⁴									
Nonagricultural private wage and salary workers ⁵	3,620	3,558	6.2	6.0	6.2	6.2	6.1	6.2	
Construction.....	352	336	8.9	10.3	10.0	10.2	9.6	9.1	
Manufacturing.....	1,284	1,450	6.8	6.3	7.0	6.9	6.6	7.3	
Durable goods.....	765	935	7.1	6.7	7.1	6.8	6.5	8.2	
Nondurable goods.....	519	515	6.3	5.8	6.8	7.0	6.7	6.1	
Transportation and public utilities.....	192	161	4.4	4.4	3.6	3.1	3.0	3.6	
Wholesale and retail trade.....	950	826	6.6	6.1	6.2	6.2	6.4	6.1	
Finance and service industries.....	829	778	5.2	4.8	5.1	5.4	5.4	5.1	
Government wage and salary workers.....	398	326	3.4	3.3	2.9	3.1	2.9	2.8	
Agricultural wage and salary workers.....	111	102	9.3	7.1	8.8	9.4	8.3	8.8	

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							
	Nov. 1971	Nov. 1970	Nov. 1971	Oct. 1971	Sept. 1971	Aug. 1971	July 1971	Nov. 1970
Less than 5 weeks.....	2,244	2,284	2,292	2,194	2,344	2,372	2,112	2,333
5 to 14 weeks.....	1,513	1,603	1,659	1,549	1,589	1,535	1,532	1,758
15 weeks and over.....	1,058	720	1,293	1,231	1,239	1,305	1,311	880
15 to 26 weeks.....	564	437	726	641	672	752	747	555
27 weeks and over.....	494	283	567	590	567	553	564	325
Average (mean) duration, in weeks.....	11.5	9.1	11.7	12.2	12.0	11.5	11.6	9.3

TABLE A-5.—UNEMPLOYED PERSONS BY REASON FOR UNEMPLOYMENT
[Numbers in thousands]

Reason for unemployment	Seasonally adjusted							
	Nov. 1971	Nov. 1970	Nov. 1971	Oct. 1971	Sept. 1971	Aug. 1971	July 1971	Nov. 1970
Number of unemployed:								
Lost last job.....	2,103	2,082	2,409	2,219	2,372	2,449	2,258	2,385
Left last job.....	608	586	630	539	571	568	518	607
Reentered labor force.....	1,509	1,398	1,507	1,456	1,547	1,507	1,544	1,397
Never worked before.....	595	541	668	668	607	644	548	607
Percent distribution:								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	43.7	45.2	46.2	45.5	46.5	47.4	46.4	47.7
Left last job.....	12.6	12.7	12.1	11.0	11.2	11.0	10.6	12.1
Reentered labor force.....	31.3	30.3	29.9	29.8	30.4	29.2	31.7	28.0
Never worked before.....	12.4	11.7	12.8	13.7	11.9	12.5	11.3	12.1
Unemployed as a percent of the civilian labor force:								
Lost last job.....	2.5	2.5	2.8	2.6	2.8	2.9	2.7	2.9
Left last job.....	.7	.7	.7	.6	.7	.7	.6	.7
Reentered labor force.....	1.8	1.7	1.8	.17	1.8	1.8	1.8	1.7
Never worked before.....	.7	.6	.8	.8	.7	.8	.7	.7

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

Age and sex	Thousands of persons		Seasonally adjusted unemployment rate						
	Nov. 1971	Nov. 1970	Nov. 1971	Nov.	Oct.	Sept.	Aug.	July	
				1971	1971	1971	1971	1971	
Total, 16 years and over.....	4,815	4,607	74.2	6.0	5.8	6.0	6.1	5.8	5.9
16 to 19 years.....	1,244	1,235	47.3	17.0	17.0	17.1	17.0	16.2	17.6
16 and 17 years.....	590	566	22.9	18.4	20.5	18.6	19.7	18.3	18.6
18 and 19 years.....	654	669	69.3	15.7	14.6	16.0	15.0	14.9	16.6
20 to 24 years.....	1,083	977	81.4	10.5	9.3	9.6	10.1	9.7	10.0
25 years and over.....	2,488	2,395	84.6	4.0	4.0	4.1	4.1	4.0	3.9
25 to 54 years.....	2,012	1,936	86.1	4.3	4.3	4.4	4.3	4.2	4.2
55 years and over.....	476	460	78.2	3.4	2.9	3.1	3.5	3.1	3.3
Males, 16 years and over.....	2,580	2,343	79.7	5.4	5.3	5.5	5.5	5.2	5.2
16 to 19 years.....	657	619	48.2	16.4	17.0	16.4	17.3	15.5	16.5
16 and 17 years.....	325	300	24.6	18.0	21.1	19.1	19.5	18.5	17.7
18 and 19 years.....	332	320	71.1	14.7	14.0	14.5	15.4	13.5	15.1
20 to 24 years.....	609	556	83.6	10.7	10.1	10.5	10.5	10.1	10.4
25 years and over.....	1,314	1,259	93.7	3.5	3.5	3.6	3.6	3.4	3.4
25 to 54 years.....	1,037	955	96.4	3.8	3.7	3.8	3.6	3.5	3.5
55 years and over.....	276	305	83.7	3.2	2.9	3.0	3.3	3.1	3.5
Females, 16 years and over.....	2,235	2,173	67.9	7.0	6.6	6.8	7.0	6.9	7.0
16 to 19 years.....	587	616	46.2	17.8	17.0	17.8	16.7	17.1	19.0
16 and 17 years.....	265	266	20.8	18.9	19.8	17.9	19.9	18.1	19.8
18 and 19 years.....	322	350	67.1	17.0	15.4	17.7	14.6	16.5	18.4
20 to 24 years.....	474	421	78.7	10.3	8.4	8.6	9.5	9.1	9.6
25 years and over.....	1,174	1,136	74.4	4.9	4.9	4.9	5.1	5.0	4.8
25 to 54 years.....	975	980	75.2	5.3	5.4	5.3	5.5	5.5	5.4
55 years and over.....	199	155	70.9	3.7	2.9	3.4	3.8	3.3	2.9

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		
	November 1971	October 1971	November 1970	November 1971	October 1971	November 1970
Civilian noninstitutional population.....	4,293	4,252	3,702	9,570	9,515	9,066
Civilian labor force.....	3,937	3,876	3,401	8,170	8,159	7,819
Percent of population.....	91.7	91.2	91.9	85.4	85.7	86.2
Employed.....	3,616	3,606	3,110	7,600	7,621	7,318
Unemployed.....	321	270	291	570	538	501
Unemployment rate.....	8.2	7.0	8.6	7.0	6.6	6.4
Not in labor force.....	356	376	301	1,400	1,356	1,247

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 600,000 post-Korean-peacetime 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 October 1971
	November 1971	October 1971	September 1971	November 1970	October 1971	November 1970	November 1971	October 1971	September 1971	
Total.....	71,517	71,365	71,184	70,562	152	955	70,915	70,831	70,853	84
Goods-producing.....	22,589	22,701	22,934	22,609	-112	-20	22,407	22,360	22,482	47
Mining.....	514	520	623	623	-6	-109	515	519	616	-4
Contract construction.....	3,390	3,477	3,471	3,383	-87	7	3,301	3,289	3,250	12
Manufacturing.....	18,685	18,704	18,840	18,603	-19	82	18,591	18,552	18,616	39
Production workers.....	13,608	13,612	13,738	13,374	-4	234	13,506	13,459	13,515	47
Durable goods.....	10,607	10,601	10,657	10,485	6	122	10,566	10,555	10,597	11
Production workers.....	7,669	7,649	7,695	7,425	20	244	7,623	7,600	7,630	23
Ordnance and accessories.....	186.9	188.0	190.2	218.2	-1.1	-31.3	186	188	190	-2
Lumber and wood products.....	596.8	600.6	601.5	560.9	-3.8	35.9	600	596	591	4
Furniture and fixtures.....	477.0	473.6	468.3	458.3	3.4	18.7	471	468	465	3
Stone, clay, and glass products.....	642.8	639.6	644.0	628.1	3.2	14.7	640	633	633	7
Primary metal industries.....	1,171.5	1,165.1	1,176.0	1,239.0	6.4	-67.5	1,185	1,186	1,182	-1
Fabricated metal products.....	1,347.4	1,349.5	1,354.1	1,315.7	-2.1	31.7	1,335	1,341	1,346	-6
Machinery, except electrical.....	1,779.2	1,772.4	1,788.4	1,851.6	6.8	-72.4	1,797	1,788	1,794	9
Electrical equipment.....	1,805.1	1,799.9	1,803.2	1,826.9	5.2	-21.8	1,789	1,793	1,791	-4
Transportation equipment.....	1,736.4	1,747.5	1,768.7	1,513.2	-11.1	223.2	1,718	1,718	1,758	0
Instruments and related products.....	435.3	435.4	434.8	442.4	-1	-7.1	434	436	435	-2
Miscellaneous manufacturing.....	428.6	429.6	428.1	430.7	-1.0	-2.1	411	408	412	3
Nondurable goods.....	8,078	8,103	8,183	8,118	-25	-40	8,025	7,997	8,019	28
Production workers.....	5,939	5,963	6,043	5,949	-24	-10	5,883	5,859	5,885	24
Food and kindred products.....	1,767.5	1,802.3	1,879.3	1,786.8	-34.8	-19.3	1,747	1,726	1,755	21
Tobacco manufactures.....	75.8	80.3	84.2	86.1	-4.5	-10.3	70	69	72	1
Textile mill products.....	972.8	965.4	964.5	964.0	7.4	8.8	969	963	960	6
Apparel and other textile products.....	1,384.4	1,379.3	1,374.2	1,369.0	5.1	15.4	1,373	1,366	1,361	7
Paper and allied products.....	693.6	690.9	696.7	699.5	2.7	-5.9	691	692	694	-1
Printing and publishing.....	1,086.4	1,088.4	1,081.4	1,105.0	-2.0	-18.6	1,082	1,086	1,082	-4
Chemical and allied products.....	1,002.3	1,004.1	1,009.4	1,032.8	-1.8	-30.5	1,006	1,007	1,008	-1
Petroleum and coal products.....	189.0	190.5	191.9	189.2	-1.5	-2	189	190	190	0
Rubber and plastics products, nec.....	599.2	597.8	595.9	571.2	1.4	28.0	594	594	591	0
Leather and leather products.....	306.7	303.7	305.5	314.7	3.0	-8.0	304	403	306	0
Service-producing.....	48,928	48,664	48,250	47,953	264	975	48,508	48,471	48,371	37
Transportation and public utilities.....	4,458	4,445	4,509	4,520	3	-62	4,446	4,442	4,460	3
Wholesale and retail trade.....	15,469	15,321	15,242	15,154	148	315	15,211	15,264	15,273	-53
Wholesale trade.....	3,897	3,899	3,880	3,858	-2	39	3,866	3,876	3,865	-10
Retail trade.....	11,572	11,422	11,362	11,296	150	276	11,345	11,388	11,408	-43

Finance, insurance, and real estate.....	3,839	3,825	3,829	3,706	14	133	3,854	3,833	3,821	21
Services.....	12,037	12,032	11,986	11,738	5	299	12,049	12,008	11,962	41
Government.....	13,125	13,031	12,684	12,835	94	290	12,949	12,924	12,855	25
Federal.....	2,663	2,659	2,666	2,648	4	15	2,672	2,675	2,674	-3
State and local.....	10,462	10,372	10,018	10,187	90	275	10,277	10,249	10,181	28

¹ Preliminary.

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

Industry	November 1971 ²	October 1971 ²	September 1971	November 1970	Change from			Seasonally adjusted			Change from October 1971
					October 1970	November 1970	November 1971 ²	October 1971 ²	September 1971	October 1971 ²	
Total private.....	37.1	37.1	37.0	36.8	0.0	0.3	37.2	37.1	36.7	36.7	1
Mining.....	42.7	42.9	42.1	42.7	-2	0	42.7	42.6	41.9	41.9	.1
Contract construction.....	38.1	38.3	36.9	36.2	-2	1.9	39.2	37.7	35.7	35.7	1.5
Manufacturing.....	40.2	40.0	39.8	39.7	.2	.5	40.1	39.8	39.5	39.5	.3
Overtime hours.....	3.0	3.1	3.1	2.8	-1	.2	2.9	3.0	2.8	2.8	-.1
Durable goods.....	40.8	40.5	40.0	40.1	.3	.7	40.7	40.3	39.7	39.7	.4
Overtime hours.....	3.0	3.0	3.0	2.6	0	.4	2.9	2.8	2.7	2.7	-.1
Ordnance and accessories.....	41.6	41.7	41.9	40.5	-1	1.1	41.5	41.7	41.7	41.7	-.2
Lumber and wood products.....	40.5	40.9	40.4	39.6	-4	.9	40.7	40.6	40.1	40.1	.1
Furniture and fixtures.....	40.3	40.3	40.0	39.7	0	.6	39.9	39.6	39.4	39.4	.3
Stone, clay, and glass products.....	42.1	42.1	41.9	41.1	0	1.0	42.1	41.8	41.4	41.4	.3
Primary metal industries.....	39.6	39.7	39.5	39.4	-1	.2	39.8	40.1	39.5	39.5	-.3
Fabricated metal products.....	40.7	40.4	39.9	40.3	.3	.4	40.5	40.2	39.3	39.3	.3
Machinery, except electrical.....	41.2	40.7	40.6	40.6	.5	.6	41.2	40.7	40.5	40.5	.5
Electrical equipment.....	40.4	40.2	40.0	40.0	-.2	.4	40.1	40.0	39.6	39.6	.1
Transportation equipment.....	41.6	41.0	39.1	40.6	-.6	1.0	41.0	40.5	38.5	38.5	.5
Instruments and related products.....	40.7	40.0	40.0	40.2	.7	.5	40.4	39.8	39.7	39.7	.6
Miscellaneous manufacturing.....	39.6	39.3	38.9	38.9	.3	.7	39.2	38.9	38.7	38.7	.3
Non durable goods.....	39.5	39.3	39.5	39.1	-.2	.4	39.4	39.2	39.1	39.1	.2
Overtime hours.....	3.0	3.2	3.4	2.9	-2	.1	2.9	3.0	3.1	3.1	-.1
Food and kindred products.....	40.0	40.0	40.9	40.6	0	-.6	39.9	39.9	40.5	40.5	0
Tobacco manufacturers.....	35.3	36.8	37.8	38.5	-1.5	-3.2	35.2	35.5	36.6	36.6	-.3
Textile mill products.....	41.3	41.0	40.6	40.0	-.3	1.3	40.0	40.8	40.4	40.4	.2
Apparel and other textile products.....	36.4	35.9	35.5	35.4	.5	1.0	36.3	36.0	35.4	35.4	.3
Paper and allied products.....	42.4	42.3	42.2	41.8	-.1	.6	42.3	42.0	41.9	41.9	.3
Printing and publishing.....	37.8	37.5	37.7	37.5	.3	.3	37.8	37.4	37.4	37.4	.4
Chemicals and allied products.....	41.8	41.4	42.1	41.5	.4	.3	41.6	41.4	42.1	42.1	.2
Petroleum and coal products.....	42.1	42.4	42.8	43.1	-.3	-1.0	41.8	42.2	42.9	42.9	-.4
Rubber and plastics products, nec.....	40.6	40.6	40.5	39.7	0	.9	40.4	40.3	40.0	40.0	.1
Leather and leather products.....	38.2	37.6	36.9	37.2	.6	1.0	38.1	37.8	37.3	37.3	.3
Transportation and public utilities.....	40.8	40.7	40.8	40.5	.1	.3	40.6	40.5	40.6	40.6	.1
Wholesale and retail trade.....	35.0	35.0	35.2	34.9	0	.1	35.3	35.2	35.1	35.1	.1
Wholesale trade.....	40.0	39.9	39.7	39.7	.1	.3	40.1	39.9	39.7	39.7	.2
Retail trade.....	33.5	33.5	33.7	33.4	0	.1	33.8	33.8	33.6	33.6	0
Finance, insurance, and real estate.....	37.1	37.1	36.9	36.8	0	.3	37.0	37.0	37.0	37.0	0
Services.....	34.2	34.1	34.1	34.2	.1	0	34.3	34.2	34.2	34.2	.1

¹ Data related 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.

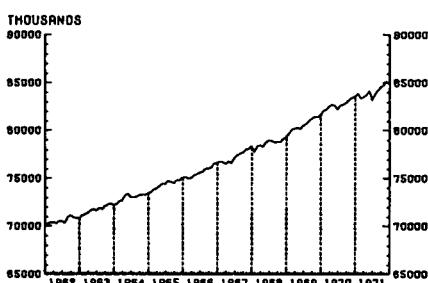
TABLE B-3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS¹ ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Average hourly earnings					Average weekly earnings					Change from	
	November 1971 ²	October 1971 ²	September 1971	November 1970	October 1971	November 1970	November 1971 ²	October 1971 ²	September 1971	November 1970	October 1971	November 1970
Total private.....	\$3.47	\$3.49	\$3.49	\$3.29	-\$0.02	\$0.18	\$128.74	\$129.48	\$129.13	\$121.07	-\$0.74	\$7.67
Mining.....	3.92	3.91	4.15	3.97	.01	-.05	167.38	167.74	174.72	169.52	.36	-2.14
Contract construction.....	5.89	5.89	5.86	5.46	0	.43	224.41	225.59	216.23	197.65	-1.18	26.76
Manufacturing.....	3.60	3.60	3.60	3.39	0	.21	144.72	144.00	143.28	134.58	.72	10.14
Durable Goods.....	3.83	3.82	3.83	3.57	.01	.26	156.26	154.71	153.20	143.16	1.55	13.10
Ordnance and accessories.....	3.91	3.91	3.90	3.73	0	.18	162.66	163.05	163.41	151.07	-.39	11.59
Lumber and wood products.....	3.19	3.20	3.21	3.05	-.01	.14	129.20	130.88	129.68	120.78	-1.68	8.42
Furniture and fixtures.....	2.93	2.92	2.95	2.81	.01	.12	118.08	117.68	118.00	111.56	.40	6.52
Stone, clay, and glass products.....	3.72	3.73	3.75	3.50	-.01	.22	156.61	157.03	157.13	143.85	-.42	12.75
Fabricated metal products.....	3.76	3.77	3.77	3.54	-.01	.22	153.03	152.31	150.42	142.66	.72	10.37
Primary metal industries.....	4.37	4.35	4.35	3.98	.02	.39	173.06	172.70	171.83	156.81	.35	16.24
Machinery, except electrical.....	4.03	4.04	4.04	3.82	-.01	.21	166.04	164.43	164.02	155.09	1.61	10.95
Electrical equipment.....	3.51	3.52	3.52	3.34	-.01	.17	141.80	141.50	140.80	133.60	.30	8.20
Transportation equipment.....	4.46	4.45	4.42	4.01	.01	.45	185.54	182.45	172.82	162.81	3.09	22.73
Instruments and related products.....	3.53	3.56	3.57	3.42	-.03	.11	143.67	142.40	142.80	137.48	1.27	6.19
Miscellaneous manufacturing.....	2.95	2.96	2.96	2.87	-.01	.08	116.82	116.33	115.14	111.64	.49	5.18
NONDURABLE GOODS.....	3.29	3.29	3.31	3.15	0	.14	129.96	129.30	130.75	123.17	.66	6.79
Food and kindred products.....	3.39	3.38	3.38	3.24	.01	.15	135.60	135.20	138.24	131.54	.40	4.06
Tobacco manufactures.....	3.01	3.04	3.03	2.93	-.03	.08	106.25	111.87	114.53	112.81	-5.62	-6.56
Textile mill products.....	2.60	2.59	2.58	2.52	.01	.08	107.38	106.19	104.75	100.80	1.19	6.58
Apparel and other textile products.....	2.53	2.52	2.53	2.43	.01	.10	92.09	90.47	89.82	86.02	1.62	6.07
Paper and allied products.....	3.72	3.73	3.77	3.53	-.01	.19	157.73	157.78	159.08	147.55	-.05	10.18
Printing and publishing.....	4.26	4.26	4.28	4.02	0	.24	161.03	159.75	161.36	150.75	1.28	10.28
Chemicals and allied products.....	4.01	4.00	4.03	3.79	.01	.22	167.62	165.60	169.66	157.29	2.02	10.33
Petroleum and coal products.....	4.62	4.65	4.66	4.34	-.03	.28	194.50	197.16	199.45	187.05	-2.66	7.45
Rubber and plastic products, nec.....	3.45	3.46	3.48	3.29	-.01	.16	140.07	140.48	140.94	130.61	-.41	9.46
Leather and leather products.....	2.62	2.63	2.62	2.51	-.01	.11	100.08	98.89	96.68	93.37	1.19	6.71
Transportation and public utilities.....	4.30	4.31	4.33	3.96	-.01	.34	175.44	175.42	176.66	160.38	.02	15.06
Wholesale and retail trade.....	2.90	2.90	2.90	2.77	0	.13	101.50	101.50	102.08	96.67	0	4.83
Wholesale trade.....	3.72	3.71	3.72	3.52	.01	.20	148.80	148.03	147.68	139.74	.77	9.06
Retail trade.....	2.59	2.60	2.60	2.49	-.01	.10	85.77	87.10	87.62	83.17	-.33	3.60
Finance, insurance, and real estate.....	3.29	3.31	3.30	3.15	-.02	.14	122.06	122.80	121.77	115.92	-.74	6.14
Services.....	3.03	3.03	3.04	2.90	0	.13	103.63	103.32	103.66	99.18	.31	4.45

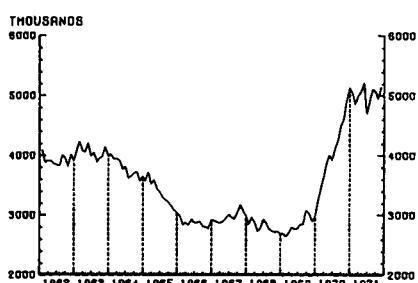
¹ See footnote 1, table B-2.² Preliminary.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

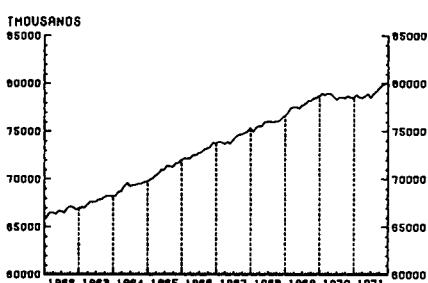
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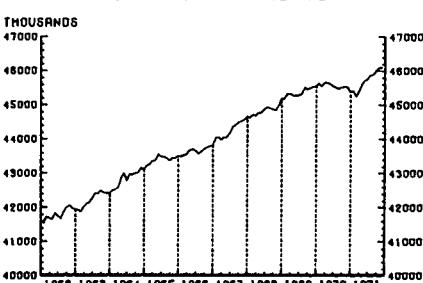
2. TOTAL UNEMPLOYMENT



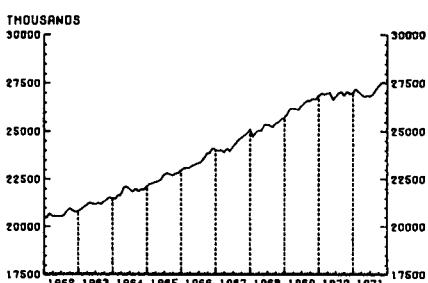
3. TOTAL EMPLOYMENT



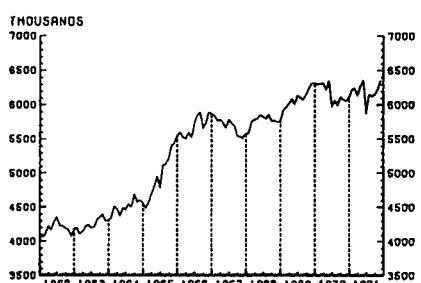
4. EMPLOYMENT OF ADULT MEN



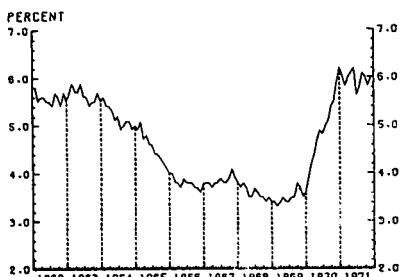
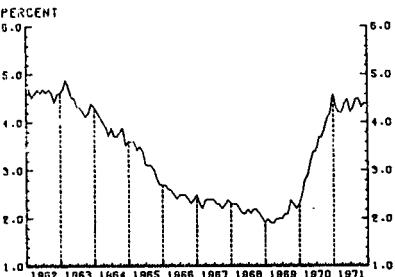
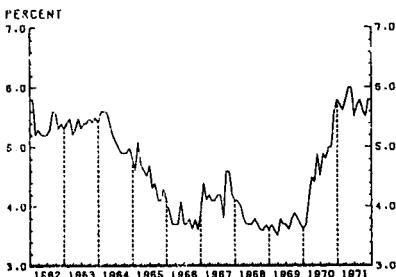
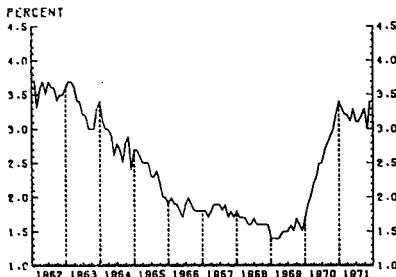
5. EMPLOYMENT OF ADULT WOMEN



6. EMPLOYMENT OF TEENAGERS

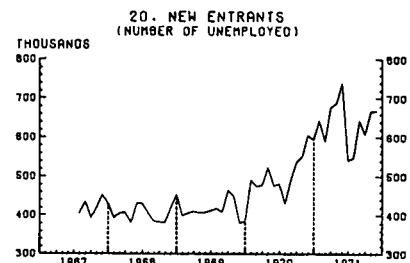
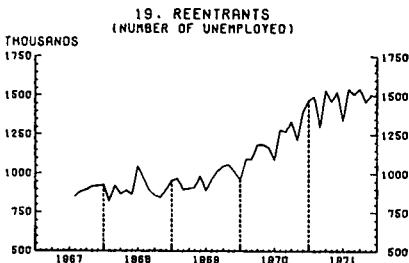
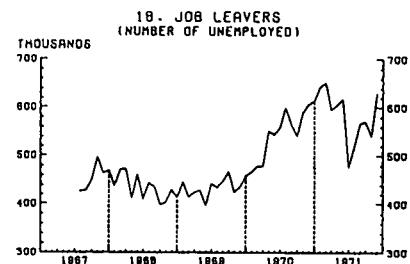
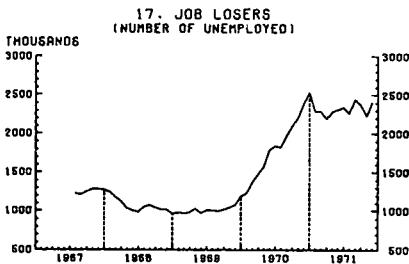
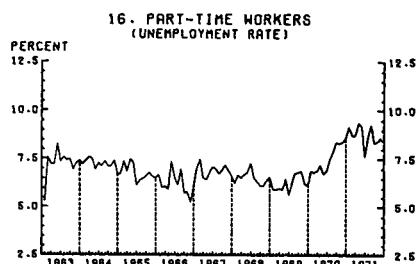
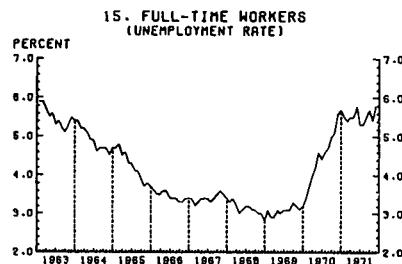
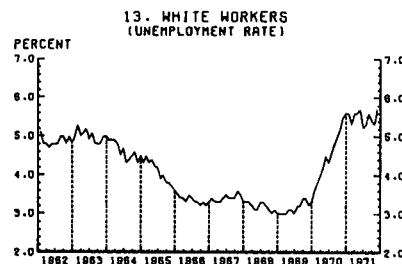


**UNEMPLOYMENT RATES—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED**

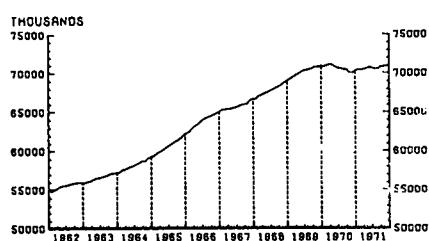
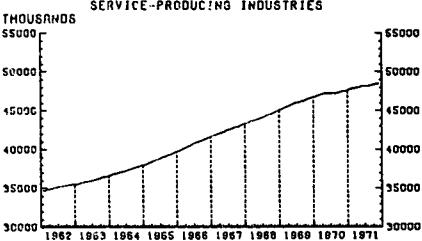
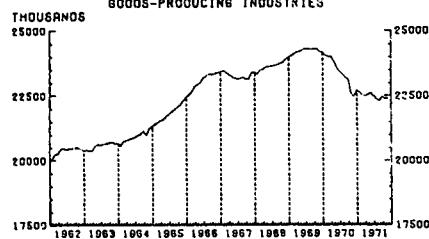
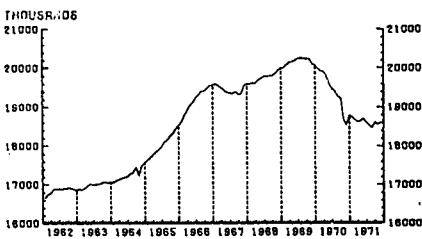
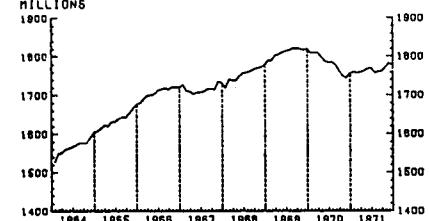
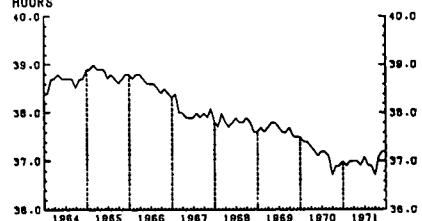
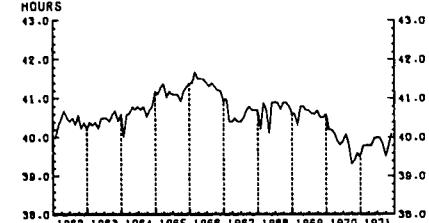
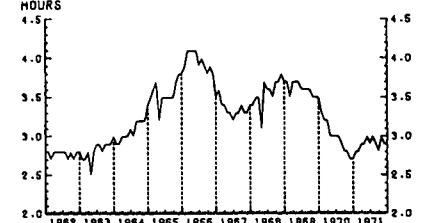
7. ALL CIVILIAN WORKERS**8. ADULT MEN****9. ADULT WOMEN****10. TEENAGERS****11. MARRIED MEN****12. STATE INSURED**

NOTE: Data for chart 12 represent the insured unemployed under State programs as a percent of average covered employment and are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED



NONAGRICULTURAL EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED

21. TOTAL NONAGRICULTURAL EMPLOYMENT**22. EMPLOYMENT
SERVICE-PRODUCING INDUSTRIES****23. EMPLOYMENT
GOODS-PRODUCING INDUSTRIES****24. EMPLOYMENT IN MANUFACTURING****25. MAN-HOURS
PRIVATE NONFARM****26. AVERAGE WEEKLY HOURS
PRIVATE NONFARM****27. AVERAGE WEEKLY HOURS
MANUFACTURING****28. AVERAGE OVERTIME HOURS
MANUFACTURING**

NOTE: Charts 25 and 26 relate to production or nonsupervisory workers; charts 27 and 28 relate to production workers. Data for the 2 most recent months are preliminary in charts 21-28.

[Bureau of Labor Statistics, Department of Labor, Press Release No. 71-642, Dec. 3, 1971]

WHOLESALE PRICE INDEXES: NOVEMBER 1971

The Wholesale Price Index of All Commodities rose one-tenth of one percent (0.1 percent) between October and November, the U.S. Department of Labor's Bureau of Labor Statistics announced today.

Industrial commodities decreased 0.1 percent.

Prices of farm products and processed foods and feeds were up 0.5 percent.

Consumer finished goods, a selection of commodities closely comparable to those in the commodity component of the Consumer Price Index, were up 0.2 percent.

Of the 15 major commodity groups measured by the Wholesale Price Index, 6 declined between October and November and 6 rose while 3 showed no change.

In November, the All Commodities index was 114.5 (1967=100), 3.2 percent above a year earlier.

SEASONALLY ADJUSTED CHANGES

On a seasonally adjusted basis, the Wholesale Price Index increased 0.1 percent in November.

Industrial commodities showed no change.

Farm products and processed foods and feeds rose 0.3 percent.

Consumer finished goods were down 0.1 percent, principally because those farm products and processed foods sold for retail distribution were lower after seasonal adjustment.

The November increase in the seasonally adjusted all-commodities index of 0.1 percent followed a similar advance of 0.1 percent in October and a decline of 0.4 percent in September. In this three-month period which corresponds closely to Phase I of the economic stabilization program, the WPI declined at a seasonally adjusted annual rate of 0.8 percent. This compares with an annual rate of increase of 4.6 percent during the six months from March through August, the period immediately preceding the stabilization action. The industrial commodities index declined at an annual rate of 1.3 percent in the 3 months ending in November in contrast to an annual rate of rise of 5.7 percent in the preceding 6 months. Farm products and processed foods and feeds showed no change between August and November but they increased at an annual rate of 2.3 percent in the six months ending in August. The index for consumer finished goods declined at an annual rate of 1.4 percent in the September-November period compared with an annual rate of increase of 2.9 percent in the six months preceding the freeze.

PRICE CHANGES FOR MATERIALS AND FINISHED GOODS (SEASONALLY ADJUSTED)

Among consumer finished goods, foods (seasonally adjusted) edged down 0.1 percent following an advance last month. Foods were 3.3 percent higher than a year earlier. Consumer nonfood finished goods were up 0.1 percent over the month. Within this grouping nondurable finished goods showed no change. Consumer durables edged up 0.1 percent mostly because passenger car prices, which usually decline in November, were unchanged.

Producer finished goods moved 0.2 percent lower on a seasonally adjusted basis chiefly as a result of decreases for machinery and equipment. Processed (intermediate) materials, supplies and components (excluding foods and feeds) were down 0.1 percent. Crude materials for further processing (excluding foods, feeds and fibers) decreased 0.2 percent.

PRICE CHANGES FOR COMMODITY GROUPS, NOT SEASONALLY ADJUSTED

A 0.4 percent decline for the chemicals and allied products group made the greatest contribution to the unadjusted 0.1 percent decrease in the industrial index. Most of the decrease for the group was due to a sharply lower index for methyl alcohol (methanol). The downward movement in the list price of this chemical as used in the index brought it in line with actual transaction prices that have been in effect since earlier in the year. Inedible fats and oils and plastic resins and materials also showed price weakness. The index for metals and metal products moved down for the second successive month mostly because of falling prices for iron and steel scrap and nonferrous metals. Prices of lumber and wood products continued their slide from their most recent high in August.

Machinery and equipment declined for the second time this year chiefly as a result of weakness for electric machinery and equipment. Price cuts for flat glass and gypsum products brought the index for nonmetallic mineral products down moderately. The fuels index moved lower because of reductions in electric power rates and residual fuel quotations.

Renewed strength in prices of cotton and manmade fiber textile products helped lift the average for textiles and apparel; jute woven goods also were up but apparel was unchanged. Cattlehide quotations rose sharply. Prices of small arms and ammunition were raised.

Sharply higher prices for fresh and dried vegetables caused most of the rise in the farm products index; in addition, cattle, oilseeds, fresh fruits, raw cotton, lambs and turkeys were up in price. Hogs, eggs, nuts, fluid milk, chickens, and grains were lower. The advance for processed foods and feeds chiefly reflected increases for manufactured animal feeds, fresh and processed fish, sugar and confectionery, cereal and bakery products, alcoholic beverages and miscellaneous foods.

IMPACT OF WAGE-PRICE-RENT STABILIZATION ACTION

Practically all of the 0.1 percent advance in the All-Commodities WPI reflects increases for domestically produced raw agricultural commodities which were uncontrolled. Imported items had a very small downward effect. If raw agricultural products and imports were excluded, the WPI would show no overall change. The decline for industrial commodities is almost entirely the result of decreases for controlled items. Prices used in the November WPI referred to dates in the week ending November 13 or earlier, when provisions of Phase I of the stabilization action were still in effect.

TABLE 1.—WHOLESALE PRICE INDEXES FOR MAJOR COMMODITY GROUPS—UNADJUSTED, UNLESS OTHERWISE INDICATED

Commodity groups	Indexes (1967=100, unless otherwise noted)				Percent change to November 1971 from—		
	November 1971	October 1971	August 1971	November 1970	1 month ago	3 months ago	1 year ago
All commodities.....	114.5	114.4	114.9	110.9	.0	-0.3	3.2
All commodities (1957-59=100).....	121.5	121.4	121.9	117.7	.....	.....	.....
Farm products, and processed foods and feeds.....	113.6	113.0	114.6	109.9	.5	-.9	3.4
Farm products.....	112.2	111.3	113.2	107.0	.8	-.9	4.9
Processed foods and feeds.....	114.4	114.1	115.4	111.7	.3	-.9	2.4
Industrial commodities.....	114.9	115.0	115.1	111.3	-.1	-.2	3.2
Textile products and apparel.....	109.8	109.6	109.7	107.1	.2	.1	2.5
Hides, skins, leather, and related products.....	115.1	114.7	114.4	110.9	.3	.6	3.8
Fuels and related products and power.....	114.7	114.8	114.8	109.7	-.1	-.1	4.6
Chemicals and allied products.....	103.8	104.2	104.3	103.3	-.4	-.5	.5
Rubber and plastic products.....	109.5	109.5	109.8	109.1	0	-.3	.4
Lumber and wood products.....	131.3	131.8	134.6	111.9	-.4	-2.5	17.3
Pulp, paper, and allied products.....	110.6	110.6	110.6	108.7	0	0	1.7
Metals and metal products.....	120.9	121.0	121.1	116.8	-.1	-.2	3.5
Machinery and equipment.....	115.9	116.0	116.1	113.1	-.1	-.2	2.5
Furniture and household durables.....	110.2	110.2	110.2	108.4	0	0	1.7
Nonmetallic mineral products.....	124.0	124.1	124.2	114.6	-.1	-.2	8.2
Transportation equipment (December 1968=100).....	110.8	110.7	110.5	108.5	.1	.3	2.1
Miscellaneous products.....	113.1	113.0	113.0	111.8	.1	.1	1.2
Seasonally adjusted:							
Farm products.....	113.8	113.8	114.2	.....	0	-.4	.....
Processed foods and feeds.....	115.2	114.6	114.8	.....	.5	.3	.....

TABLE 2.—PERCENT CHANGES FROM PREVIOUS MONTH IN INDEXES FOR WPI GROUPINGS—UNADJUSTED AND SEASONALLY ADJUSTED

Month	All commodities		Industrial commodities		Farm products, and processed foods and feeds		Consumer finished goods, total		Consumer foods		Consumer goods excluding foods	
	Unadjusted	Seasonally Adjusted	Unadjusted	Adjusted	Unadjusted	Seasonally Adjusted	Unadjusted	Seasonally Adjusted	Unadjusted	Seasonally Adjusted	Unadjusted	Seasonally Adjusted
1970:												
November.....	0.1	-0.1	0	0.1	-0.4	-0.4	0.4	0.1	0.6	-0.1	0.2	0.3
December.....	0.1	0	0.4	0.3	-0.5	-0.5	0	0.1	-0.9	-0.7	0.5	0.5
1971:												
January.....	0.7	0.4	0.4	0.3	1.3	0.2	0.7	0.5	1.2	0.3	0.5	0.6
February.....	0.9	0.8	0.3	0.1	2.6	2.5	0.6	0.6	1.4	1.7	0.1	0
March.....	0.2	0.2	0.3	0.3	-0.2	0	0.1	0.2	0.6	0.9	-0.2	-0.1
April.....	0.3	0.5	0.4	0.5	-0.1	0.5	-0.1	0.3	-0.1	0.8	-0.1	0
May.....	0.4	0.3	0.4	0.4	0.9	-0.2	0.6	0.4	1.0	0	0.4	0.4
June.....	0.4	0.4	0.2	0.3	1.0	0.4	0.4	0.1	0.7	0	0.1	0
July.....	0.3	0.2	0.5	0.7	-0.3	-1.0	-0.1	-0.5	-0.7	-1.6	0.4	0.5
August.....	0.3	0.7	0.5	0.5	-0.3	1.4	0.3	1.1	0.4	2.2	1.0	0.2
September.....	-0.3	-0.4	-0.1	-0.1	-1.4	-1.7	-0.5	-0.9	-1.0	-2.1	-0.2	-0.1
October.....	-0.1	0.1	0	-0.3	0	1.4	0.2	0.6	0.1	2.1	0.3	-0.3
November.....	0.1	0.1	-0.1	0	0.5	0.3	0.2	-0.1	0.6	-0.1	0	0.1

TABLE 3.—PERCENT CHANGES IN WPI AND COMPONENTS—SEASONALLY ADJUSTED COMPOUND RATES FOR 3 MONTHS AND 6 MONTHS; UNADJUSTED FOR 12 MONTHS

Month	All commodities			Industrial commodities			Farm products and processed foods and feeds			From 12 months ago
	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	From 3 months ago	From 6 months ago	From 12 months ago	
1970:										
November.....	2.1	2.5	2.6	3.4	3.3	3.6	-1.1	0.4	-0.1	
December.....	.6	2.2	2.3	3.8	3.4	3.6	-6.6	-.4	-1.2	
1971:										
January.....	1.2	2.0	2.3	2.9	3.3	3.6	-3.2	-1.6	-1.5	
February.....	4.6	3.4	2.8	2.9	3.2	3.5	8.9	3.8	.7	
March.....	5.4	3.0	2.8	2.9	3.3	3.6	11.3	2.0	.4	
April.....	6.0	3.6	3.1	3.7	3.3	3.7	12.9	4.5	1.3	
May.....	3.9	4.3	3.4	5.0	4.0	3.6	1.4	5.1	2.8	
June.....	4.7	5.0	3.6	5.3	4.1	3.7	3.2	7.2	3.3	
July.....	3.5	4.7	3.3	6.1	4.9	4.1	-3.1	4.6	1.4	
August.....	5.3	4.6	4.0	6.5	5.7	4.4	3.2	2.3	3.1	
September.....	2.1	3.4	3.2	4.7	5.0	4.2	-5.5	-1.2	.4	
October.....	1.7	2.6	3.1	.7	3.4	3.3	4.3	.5	2.4	
November.....	-.8	2.2	3.2	-1.3	2.5	3.2	0	1.6	3.4	

TABLE 4.—WHOLESALE PRICE INDEXES FOR SPECIAL GROUPINGS—UNADJUSTED AND SEASONALLY ADJUSTED

Commodity groups	Indexes (1967=100)			Percent change to November 1971 from—	
	November 1971	October 1971	November 1970	1 month ago	1 year ago
Consumer finished goods:					
Not seasonally adjusted.....	113.1	112.9	110.5	0.2	2.4
Seasonally adjusted.....	113.1	113.2	.....	-.1	.....
Foods:					
Not seasonally adjusted.....	115.7	115.0	112.0	.6	3.3
Seasonally adjusted.....	116.2	116.3	.....	-.1	.....
Finished goods, excluding foods:					
Not seasonally adjusted.....	111.6	111.6	109.6	0	1.8
Seasonally adjusted.....	111.4	111.3	.....	.1	.....
Non durable:					
Not seasonally adjusted.....	111.7	111.7	109.5	0	2.0
Seasonally adjusted.....	111.7	111.7	.....	0	.....
Durable:					
Not seasonally adjusted.....	111.3	111.3	109.9	0	1.3
Seasonally adjusted.....	110.7	110.6	.....	.1	.....
Intermediate materials, supplies and components excluding selected items: ¹					
Not seasonally adjusted.....	115.6	115.7	111.0	-.1	4.1
Seasonally adjusted.....	115.8	115.9	.....	-.1	.....
Crude materials for further processing, excluding selected items: ²					
Not seasonally adjusted.....	122.6	122.9	118.2	-.2	3.7
Seasonally adjusted.....	123.3	123.6	.....	-.2	.....
Producer finished goods:					
Not seasonally adjusted.....	117.0	117.1	114.2	-.1	2.5
Seasonally adjusted.....	116.8	117.0	.....	-.2	.....
Manufactured goods, total:					
Not seasonally adjusted.....	114.5	114.5	111.2	0	3.0
Seasonally adjusted.....	114.6	114.6	.....	0	.....
Durable:					
Not seasonally adjusted.....	118.3	118.3	113.6	0	4.1
Seasonally adjusted.....	118.4	118.3	.....	.1	.....

¹ Excludes intermediate materials for food manufacturing and manufactured animal feeds.² Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.

TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, NOVEMBER 1971—1967=100 UNLESS OTHERWISE INDICATED

Grouping	Indexes			Percent change to November 1971 from		
	1971	November	October	November 1970	1 month ago	1 year ago
Farm products.....						
Fresh and dried fruits and vegetables.....	112.2	111.3	107.0	0.8	4.9	
Grains.....	127.1	115.8	107.7	9.8	18.0	
Livestock.....	87.8	88.3	104.2	-.6	-15.7	
Live poultry.....	121.0	120.9	101.2	-.1	19.6	
Plant and animal fibers.....	92.3	93.5	95.5	-.3	-3.0	
Fluid milk.....	97.3	96.3	87.9	1.0	10.7	
Eggs.....	118.8	119.2	116.7	-.3	1.8	
Hay, hay seeds, and oilseeds.....	88.5	92.4	117.8	-4.2	-24.9	
Other farm products.....	109.0	107.9	108.1	1.0	.8	
Processed foods and feeds.....						
Cereal and bakery products.....	111.8	115.4	121.4	-3.1	-7.9	
Meats, poultry, and fish.....	114.4	114.1	111.7	.3	2.4	
Dairy products.....	111.5	111.3	110.6	.2	.8	
Processed fruits and vegetables.....	117.1	116.9	108.8	.2	7.6	
Processed fruits and vegetables.....	116.3	116.4	112.2	-.1	3.7	
Sugar and confectionery.....	115.4	115.3	111.6	.1	3.4	
Beverages and beverage materials.....	119.1	118.7	118.1	.3	.8	
Animal fats and oils.....	116.6	116.4	114.7	.2	1.7	
Crude vegetable oils.....	130.1	132.1	148.9	-1.5	-12.6	
Refined vegetable oils.....	128.6	128.9	141.2	-.2	-8.9	
Vegetable oil end products.....	130.4	127.9	133.9	2.0	-2.6	
Miscellaneous processed foods.....	122.8	122.8	119.0	0	3.2	
Manufactured animal feeds.....	113.0	112.7	113.3	.3	-.03	
Textile products and apparel.....						
Cotton products.....	100.3	99.7	105.6	1.6	-5.0	
Wool products.....	109.8	109.6	107.1	.2	2.5	
Manmade fiber textile products.....	112.5	112.2	106.2	.3	5.9	
Apparel.....	92.3	92.4	97.7	-.1	-5.5	
Textile housefurnishings.....	103.2	102.5	98.0	.7	5.3	
Miscellaneous textile products.....	113.8	113.8	112.4	0	1.2	
	104.2	104.1	104.9	0	-.8	
	121.2	120.8	106.4	.3	13.9	

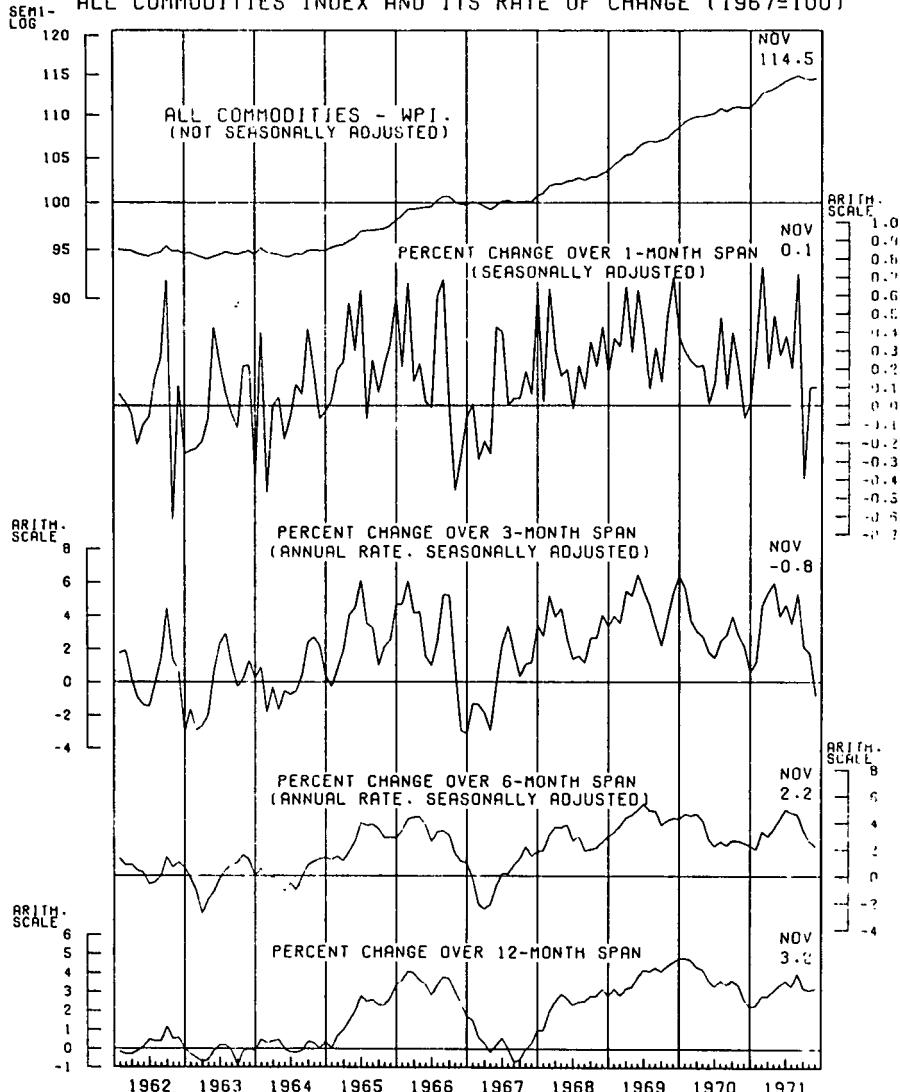
TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, NOVEMBER 1971—1967=100
UNLESS OTHERWISE INDICATED—Continued

Grouping	Indexes			Percent change to November 1971 from	
	1971		November 1970	1 month ago	1 year ago
	November	October			
Hides, skins, leather, and related products.....	115.1	114.7	110.9	.3	3.8
Hides and skins.....	123.1	117.2	109.2	5.0	12.7
Leather.....	113.5	113.4	107.3	.1	5.8
Footwear.....	117.1	117.1	113.8	0	2.9
Other leather and related products.....	109.1	109.0	106.9	.1	2.1
Fuels and related products and power.....	114.7	114.8	109.7	-.1	4.6
Coal.....	182.9	182.9	175.8	0	4.0
Coke.....	150.5	150.5	145.9	0	3.2
Gas fuels.....	108.8	108.8	106.5	0	2.2
Electric power.....	116.2	116.3	108.2	-.1	7.4
Crude petroleum.....	113.2	113.2	104.8	0	8.0
Petroleum products, refined.....	106.2	106.3	103.1	-.1	3.0
Chemicals and allied products.....	103.8	104.2	103.3	-.4	.5
Industrial chemicals.....	101.7	102.4	101.5	-.7	.2
Prepared paint.....	115.9	115.9	112.7	0	2.8
Paint materials.....	99.7	99.7	101.9	0	-2.2
Drugs and pharmaceuticals.....	102.4	102.6	101.6	-.2	.8
Fats and oils, inedible.....	125.3	129.0	151.5	-2.9	-17.3
Agricultural chemicals and chemical products.....	90.3	90.4	89.5	-.1	.9
Plastic resins and materials.....	89.2	89.9	90.4	-.8	-1.3
Other chemicals and allied products.....	112.5	112.5	109.4	0	2.8
Rubber and plastic products.....	109.5	109.5	109.1	0	.4
Rubber and rubber products.....	113.3	113.3	112.7	0	.5
Crude rubber.....	98.5	99.0	99.5	-.5	-1.0
Tires and tubes.....	110.8	110.8	112.0	0	-1.1
Miscellaneous rubber products.....	119.2	119.2	116.8	0	2.1
Plastic construction products (December 1969=100).....	94.1	94.6	94.7	-.5	-.6
Unsupported plastic film and sheeting (December 1970=100).....	100.1	100.0	-----	.1	-----
Laminated plastic sheets, high pressure (December 1970=100).....	98.0	98.2	-----	-.2	-----
Lumber and wood products.....	131.3	131.8	111.9	-0.4	17.3
Lumber.....	141.9	142.7	112.2	-.6	26.5
Millwork.....	123.7	123.7	114.1	0	8.4
Plywood.....	115.9	116.2	105.7	-.3	9.6
Other wood products.....	119.5	118.8	117.1	.6	2.0
Pulp, paper, and allied products.....	110.6	110.6	108.7	0	1.7
Pulp, paper, and products, excluding building paper and board.....	110.9	110.9	108.9	0	1.8
Woodpulp.....	111.5	111.5	111.8	0	.3
Wastepaper.....	117.2	117.2	109.6	0	6.9
Paper.....	114.7	114.7	112.1	0	2.3
Paperboard.....	102.9	102.9	99.5	0	3.4
Converted paper and paperboard products.....	110.1	110.1	108.8	0	1.2
Building paper and board.....	104.7	104.6	100.9	-.1	3.8
Metals and metal products.....	120.9	121.0	116.8	-.1	3.5
Iron and steel.....	125.3	125.5	116.5	-.25	7.6
Nonferrous metals.....	116.0	116.5	119.4	-.3	-2.8
Metal containers.....	124.2	124.2	115.8	0	7.3
Hardware.....	117.7	117.7	114.5	0	2.8
Plumbing fixtures and brass fittings.....	118.3	118.3	112.6	0	5.1
Heating equipment.....	116.5	116.3	112.8	.2	3.3
Fabricated structural metal products.....	120.3	120.3	113.9	0	5.6
Miscellaneous metal products.....	119.7	119.7	117.6	0	1.8
Machinery and equipment.....	115.9	116.0	113.1	-.1	2.5
Agricultural machinery and equipment.....	117.5	117.5	115.2	0	2.0
Construction machinery and equipment.....	122.0	121.8	118.9	.2	2.6
Metalworking machinery and equipment.....	118.2	118.1	114.7	.1	3.1
General purpose machinery and equipment.....	120.2	120.2	116.2	0	3.4
Special industry machinery and equipment.....	122.0	122.0	117.5	0	3.8
Electrical machinery and equipment.....	109.3	109.6	107.9	-.3	1.3
Miscellaneous machinery.....	117.8	117.8	114.6	0	2.8
Furniture and household durables.....	110.2	110.2	108.4	0	1.7
Household furniture.....	115.4	115.6	112.4	-.2	2.7
Commercial furniture.....	118.2	118.2	117.2	0	.9
Floor coverings.....	97.6	97.6	99.5	0	-1.9
Household appliances.....	107.6	107.5	106.1	.1	1.4
Home electronic equipment.....	93.4	93.8	94.2	-.4	-.8
Other household durable goods.....	122.0	121.9	117.0	.1	4.3

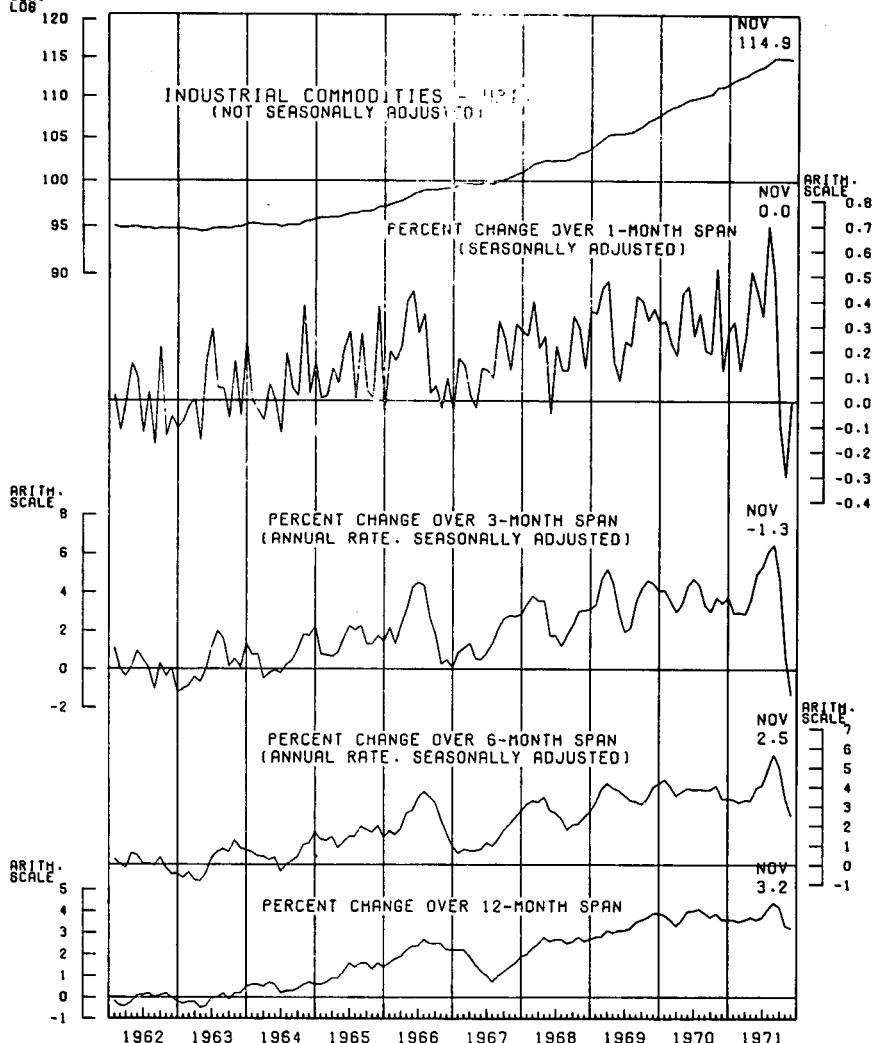
TABLE 5.—WHOLESALE PRICE INDEXES FOR COMMODITY GROUPS AND SUBGROUPS, NOVEMBER 1971—1967=100
UNLESS OTHERWISE INDICATED—Continued

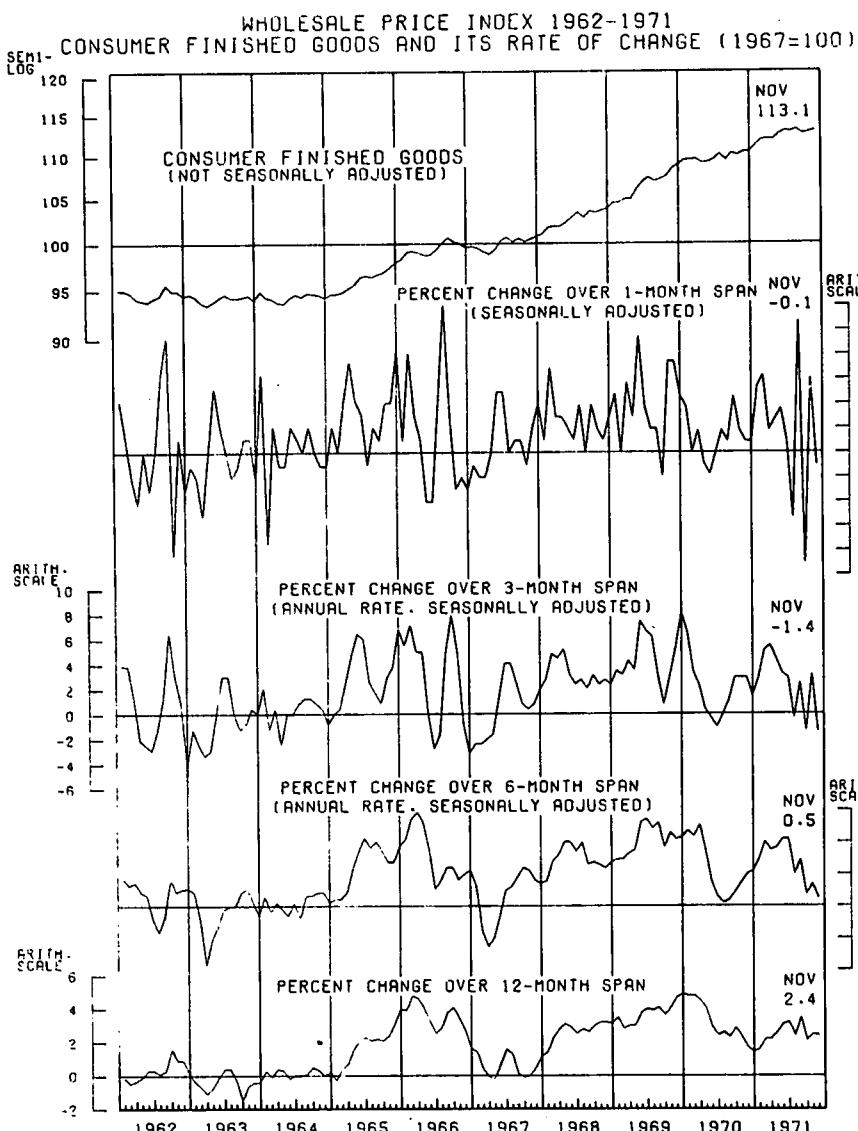
Grouping	Indexes		Percent change to November 1971 from		
	1971		November 1970	1 month ago	1 year ago
	November	October			
Nonmetallic mineral products.....	124.0	124.1	114.6	-.1	8.2
Flat glass.....	123.1	124.3	116.4	-1.0	5.8
Concrete ingredients.....	124.3	124.1	112.8	.2	10.2
Concrete products.....	122.6	122.6	113.9	0	7.6
Structural clay products excluding refractories.....	114.9	114.9	110.9	0	3.6
Refractories.....	127.1	127.1	126.4	0	.6
Asphalt roofing.....	131.2	131.2	105.9	0	23.9
Gypsum products.....	112.1	113.6	96.0	-1.3	16.8
Glass containers.....	131.5	131.5	124.3	0	5.8
Other nonmetallic minerals.....	125.6	125.7	115.0	-.1	9.2
Transportation equipment (December 1968=100).....	110.8	110.7	108.5	.1	2.1
Motor vehicles and equipment.....	115.3	115.2	112.8	.1	2.2
Railroad equipment.....	122.5	122.5	116.2	0	5.4
Miscellaneous products.....	113.1	113.0	111.8	.1	1.2
Toys, sporting goods, small arms, ammunition.....	112.8	112.6	110.4	.2	2.2
Tobacco products.....	116.8	116.8	117.0	0	-.2
Notions.....	111.7	111.7	109.0	0	2.5
Photographic equipment and supplies.....	106.5	106.3	105.7	.2	.8
Other miscellaneous products.....	112.9	112.9	110.5	0	2.2

WHOLESALE PRICE INDEX 1962-1971
ALL COMMODITIES INDEX AND ITS RATE OF CHANGE (1967=100)



WHOLESALE PRICE INDEX 1962-1971
INDUSTRIALS INDEX AND ITS RATE OF CHANGE (1967=100)





Mr. MOORE. The unemployment rate did move up to 6.0 percent from 5.8 in October, up to the level it reached in September, which was 6.0 as well. Over the past year, it has been in the neighborhood of 5.8 to 6.1 or 6.2.

What has also happened, though, in recent months is that we have had a substantial rise in employment, the number of people actually with jobs. Since July, that number has increased by a little over a million persons. I think that part of the picture is encouraging.

The unemployment rate for married men, which is a highly significant rate, relatively stable over time, moved up to 3.4 percent in November, following a drop in October. The jobless rates for white workers, as you indicated in your statement, rose to 5.7 percent from 5.3, but the jobless rate for Negroes dropped from 10.7 to 9.3 percent in November.

For the large number of people that are covered by State unemployment insurance programs, really millions of workers, the jobless rate moved down from October to November from 4.5 percent to 4.2 percent.

You already mentioned the unemployment rate for veterans, which rose from 7.0 to 8.2 percent. Again, there has been some increase in employment of veterans of the Vietnam war, but not this month. It has remained roughly stable this month, at 3.6 million veterans in the age group 20 to 29.

The average workweek for the private nonfarm part of the economy rose to 37.2 hours, up a tenth of an hour. As we explain in the press release, that is substantially the result of a shift in the Veterans Day holiday to October rather than the usual November survey week.

You also mentioned the changes in average hourly earnings. Our figures show a decline of 2 cents from October. The figures in the last 4 months, during the wage-price freeze period, show rough stability in average hourly earnings. I have the figures here from August, where they were \$3.45; September, \$3.49; October, \$3.49; and now, November, \$3.47. Within a small range, they are roughly stable.

I would like, if I might, to bring in one other point. Sometimes questions are raised about the accuracy of the sample survey on which we rely for these employment figures. We have been looking at the reports from the Census Bureau on the census in April 1970, with respect to employment and unemployment. While we have not completed our studies and the census figures themselves are still preliminary, there is one result that I think is quite encouraging in terms of the accuracy of the employment survey. As you know, we depend for the monthly data on a survey of some 50,000 households, and in April 1970, that survey gave an unemployment rate of 4.4 percent.

The preliminary census figure for April 1970, which is based on something like 12.5 million households, all of whom replied either by mail or, in a few cases, by personal interview, gave an unemployment rate of 4.3 percent. They were virtually identical, and I think it is encouraging in the sense that the accuracy of the monthly survey seems to be supported by this general result from the overall census.

With respect to wholesale prices, which we released also this morning for November, I think again, the general statement of rough stability in the price index is in order. The all-commodity index rose a tenth of a percent between October and November; the industrial component declined a tenth of a percent. After seasonal adjustment, the

total index increased a tenth of a percent and the industrials component showed no change.

Now, the behavior of the Wholesale Price Index during the past 3 months is very different from what it was immediately before. In our release, we make a comparison between the rate of change in the index over the past 3 months as compared with its behavior in the preceding 6 months. For the total index, it turns out that there is a decline in the Wholesale Price Index at an annual rate of eight-tenths of a percent, seasonally adjusted, in the 3-month period of the wage-price freeze, as compared with an annual rate of increase of 4.6 percent in the 6 months that immediately preceded the President's program.

Another main point in the release is that if you exclude raw agricultural products and imports, which are either not controlled at all by the freeze or were subject to special regulations, the Wholesale Price Index would have shown no change at all in November and the Industrial Commodities Index would have declined.

I would like to mention, in addition, that we have some more recent figures on commodity markets prices. We publish every week, and the figures relate to Tuesday of each week, a set of figures on the prices of 22 spot market commodities. We now have figures for three Tuesdays following the end of the phase I program, the price freeze. The facts are that that index has remained virtually stable since the end of the freeze, on the three Tuesdays, November 16, November 23, and November 30, and at a level about 2 percent below the level just before the freeze began which in our index was Tuesday, August 10.

So there again, from the few observations on what has happened since phase II began, there is rough stability in this highly sensitive price index.

I have one other subject I should like to report on, Mr. Chairman. At last month's session of this committee, you asked me to provide some information on sources of data on unemployment of scientists and engineers. We have prepared a brief statement on that subject which I would like to have placed in the record, if you will.

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

(The statement referred to follows:)

SOURCES OF INFORMATION ON UNEMPLOYMENT OF SCIENTISTS AND ENGINEERS

1. The Current Population Survey (Census Bureau) which is the source of the monthly national data on employment and unemployment has estimates of employment and unemployment of engineers. These estimates are given in the attached table for the 1967-71 period. The number of engineers employed has remained roughly stable since 1967, at about 1.2 million. The number of unemployed engineers rose to nearly 40,000 in the first quarter of 1971, but had dropped back to around 30,000 by the third quarter. This represents an unemployment rate of 2.6 percent. Because the unemployment numbers are relatively small, their sampling error is relatively high. Similar information for engineers by geographic areas, or for various individual scientific occupations is not available from this source because they represent much smaller numbers with very large sampling errors.

2. Unemployment rates for engineers in June-July 1971 were estimated from a survey conducted by the Engineers Joint Council for the National Science Foundation. The survey was based on mailing lists of major engineering societies (about 40 percent of all engineers) and the findings cannot be necessarily said to represent the other 60 percent. The unemployment rate reported for this group was 3 percent, which compares closely with the 2.9 percent reported for the Cur-

rent Population Survey for the second quarter of 1971. Unemployment rates were provided for engineers by age, field of engineering, function and degree level. Unemployment rates were given for 14 labor market areas. More detailed information will be published later. A copy of the first release (Science Resource Studies Highlights, September 23, 1971, NSF 71-33) is attached.

3. A survey of unemployment among scientists was conducted by the National Science Foundation in the spring of 1971, using the 1970 Register of Scientific and Technical Personnel. About 300,000 scientists in the Register were surveyed with an 85-percent response rate. The number responding covered about 50 percent of all U.S. scientists. The initial results from this survey provided data on unemployment of scientists by field of science, highest degree, and age. The overall unemployment rate was 2.6 percent in spring 1971, compared with 1.5 percent in spring 1970. Data were also published on unemployment rates of scientists in 14 local areas. The preliminary report of survey findings was published in NSF Science Resources Studies: Highlights, July 1971, NSF 71-26. A copy is attached.

4. Another but more limited source of data on unemployment of engineers and scientists is the National Register of Engineers centered in Sacramento, California, which was set up in November 1970 to provide specialized employment assistance to unemployed professional-level engineers and scientists. The number registered as of September 30, 1971, was 18,315 (the most recent compilation available). Registrants are classified by the 50 States and the District of Columbia.

EMPLOYMENT AND UNEMPLOYMENT OF ENGINEERS

[Numbers in thousands]

Year and quarter	Employ- ment	Unemploy- ment	Unemploy- ment rate	Year and quarter	Employ- ment	Unemploy- ment	Unemploy- ment rate
1967:							
1st.....	1,160	7	.6	1969—Continued			
2d.....	1,180	6	.5	3d.....	1,251	11	.9
3d.....	1,174	10	.8	4th.....	1,265	16	1.2
4th.....	1,131	7	.6	1970:			
1968:				1st.....	1,217	23	1.8
1st.....	1,185	7	.6	2d.....	1,170	27	2.2
2d.....	1,183	11	.9	3d.....	1,162	29	2.4
3d.....	1,196	6	.5	4th.....	1,183	29	2.4
4th.....	1,208	9	.7	1971:			
1969:				1st.....	1,170	29	3.2
1st.....	1,187	5	.4	2d.....	1,150	34	2.9
2d.....	1,176	7	.6	3d.....	1,177	31	2.6

Source: Current Population Survey

Mr. MOORE. Basically, the figures relate to one current source of data, and only to engineering, employment of engineers; and they are available quarterly from our Current Population Survey.

Chairman PROXMIRE. How do you define engineers, Mr. Commissioner?

Mr. MOORE. Well, I honestly do not know.

Do you know, Mr. Kaitz? Is there any particular definition that you are aware of?

Mr. KARTZ. Well, the definition of engineers in the Census Household Survey is in accord with the occupational classification used by the census throughout all its household information. Now, we can get that information for you.

Chairman PROXMIRE. Well, if you would put that definition in the record, it would be helpful.

Mr. MOORE. We will be very glad to do that.

(The following information was subsequently supplied for the record:)

Engineers—Occupational code and title

Aeronautical and astronautical engineers-----	006
Chemical engineers-----	010
Civil engineers-----	011
Electrical and electronic engineers-----	012
Industrial engineers-----	013
Mechanical engineers-----	014
Metallurgical and materials engineers-----	015
Mining engineers-----	020
Petroleum engineers-----	021
Sales engineers-----	022
Engineers, not elsewhere classified-----	023

Source: Page X of *Alphabétical List of Industries and Occupations, 1970 Census of Population*. A more detailed listing is given on pages 0-59 to 0-63 of this report.

Mr. MOORE. What these figures show, and they are attached to this statement, from the first quarter of 1967 through the third quarter of 1971, is rough stability in the level of employment at about 1.2 million, but an increase in the number of unemployed engineers to around 40,000 in the first quarter of 1971, and since then, a decline back to around 30,000 in the third quarter of 1971, which is the latest figure we have. The statement goes on to report on a few other sources that we have been able to discover for this type of information.

That concludes my observation, Mr. Chairman.

Chairman PROXMIRE. I indicated in my opening remarks that I am very disturbed about the employment outlook, and I am especially disturbed because of the outlook for the future. We have not had any improvement at all in 13 months and I think we have to go back a long, long time before we find any economic recovery period in which we had unemployment of this kind for this long. It would be hard to find a recovery from any other recession period where unemployment hovered around 6 percent for this long. But when we look to the future, it is especially pessimistic. The most optimistic estimates I have seen is that the GNP might grow at a rate of up to about a \$100 billion in the coming year; Henry Wallich just this morning estimated \$85 billion.

But \$100 billion seems to be a kind of optimistic effort. That would be about a 9-percent increase in demand. I want you to check on my assumptions here, whether they are realistic and whether they would come out as I say with respect to unemployment. If we have that, and if we have about 3-percent inflation, which we hope to achieve, that would mean a real demand increase of about 6 percent. If we have a productivity increase of 3 to 4 percent, which is expected in the coming year, that leaves only about 2 to 3 percent for demand that would create new jobs.

Now, the staff of this committee has estimated there will be about a 1.7 million increase in the work force, just according to the demographic figures, likely, based on a study by the Bureau of Labor Statistics. They also estimate that about 500,000 presently discouraged workers are likely to come in during this coming period. They also estimate that there will be an increase of about 200,000 in the Armed Forces if that declines.

Now, this adds up to a situation where the result is that you will still have, very possibly, unemployment at a 6 percent level at the end of next year, even on the most optimistic kind of assumptions with respect to economic activity.

Now, is this, in your view, Mr. Commissioner, on the basis of your expert knowledge, is this an unrealistic analysis? Would you fault that? Would you think it is likely that if we have the kind of growth which the optimists say we can expect in the next year, we could diminish unemployment much below 6 percent?

Mr. MOORE. Well, as you know, Mr. Chairman, I have steadfastly refused to forecast what is going to happen to unemployment.

Chairman PROXMIRE. I am not asking you to forecast. I have made the forecast. Now you pick it apart.

Mr. MOORE. Well, that comes too close to making a forecast in my case.

Chairman PROXMIRE. What is wrong with it?

Mr. MOORE. I cannot fault you on the arithmetic, though I have not checked it thoroughly. But there are a number of questions, it seems to me, on which reasonable men might differ, and I would not want to say what my forecast is or what the forecast of the BLS is, because we do not make them.

The question of what is going to happen to the labor force, I think, is an important question. We are not particularly adept, it seems to me, at forecasting those movements. The question as to what is going to happen to employment seems to me to be a problem also.

For example, I do not know that any one forecast, to my knowledge, that we would have an increase of a little over a million workers in the population employed between July and November of this year. And that is a very big increase. If that rate of increase continued for the rest of the year and into 1972, there would be a very different outcome from your forecast. So I think that is about all the comment I would care to venture on that subject.

Chairman PROXMIRE. Well, you see, again, I am discouraged, because this is the initial part of the President's new economic program and as I say, it should have the greatest psychological effect. You should begin both increased consumer demand, increased business activity, increased employment. You have had 3½ months of it and it does not seem to be enough to reduce this very high level of unemployment.

Now, you talked about hourly earnings having been stable for the last 3 or 4 months. Is that correct?

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. All right. During that period, we have had an increase in the Consumer Price Index, is that correct? Not much, but some increase.

Mr. MOORE. There has been some increase; yes, sir.

Chairman PROXMIRE. That means real income, adjusted for inflation, has declined. Is that correct?

Mr. MOORE. Well, real hourly earnings.

Chairman PROXMIRE. Real income, too, putting it on a weekly basis?

Mr. MOORE. And in terms of weekly earnings—

Chairman PROXMIRE. Has declined?

Mr. MOORE. It has declined.

Chairman PROXMIRE. I notice in the Indicators, it is not exceptional to have 3 or 4 months of stability in the Wholesale Price Index. In 1970, we had no freeze, we were all concerned about inflation, we had a considerable inflation in the Consumer Price Index. Wholesale prices

were 111.0 in September 1970, 111.0 in October, 110.9 in November, and 111.0 in December.

So the wholesale price index was stable a year ago for 4 months with no freeze. While good news, and it would certainly be unfortunate if it increased substantially under the circumstances, but the fact that it is stable is not necessarily an indication that the Consumer Price Index is going to perform similarly. Is that correct?

Mr. MOORE. Well, there is no very tight relation between the Wholesale Price Index and the Consumer Price Index. For one thing, the Wholesale Price Index covers only commodities, whereas the Consumer Price Index includes services, and very importantly. But I do think the stability in the Wholesale Price Index over the past 3 months—that is, during the period of the wage-price freeze—is unusual. And if you would not mind turning to the chart on the back of the press release—

Chairman PROXMIRE. That is precisely what happened exactly a year ago. We had the same stability for the 4 months of the last third of the year, September through December; wholesale prices were 111.0 throughout that period. So it may be not common, but it is certainly not—

Mr. MOORE. If you will turn to the chart at the back of the press release, if you will look at the first one, the rate of change over a 3-month span—that is, over the past 3 months—ending in November, is minus 0.8 of a percent. Now, we have not had a negative figure of that sort since 1967. If you look at the next page, which is for the industrials component of the wholesale price index, the rate of change over the past 3 months is a negative 1.3 percent; glancing at that chart, I do not see any figure like that going back until early 1963. So it is a relatively unusual 3-month development, as far as I can see.

Chairman PROXMIRE. All right.

Now, let me get back to the release itself. You say, and I would like you to give a little more substance to this sentence, which seems rather significant: "The bulk of the overall rise in joblessness"—the bulk of unemployment—"stemmed from job loss, rather than from the entry or reentry of job seekers into the labor force."

What is the significance of that?

Mr. MOORE. Well, each month, we classify the unemployed as to the reason for the unemployment in the sense of did they lose their job, did they leave a job—that is, quit—and look for another one? Did they reenter the labor force? Or had they never worked before and this is the first job that they are seeking?

The figures for that are given in table A-5 of the press release for those four categories, and the change between October and November shows an increase of approximately 200,000 in the number of persons who were unemployed and got to that situation by losing their job.

Chairman PROXMIRE. In other words, these are the really tragic people who were laid off, whose jobs were lost because they were just jobs that disappeared?

Mr. MOORE. That is correct, they lost their jobs.

Chairman PROXMIRE. Demand fell in that particular industry and they were laid off. This is not people looking for their first job or housewives who decide they would like to get a job when they were not looking for them before.

Mr. MOORE. No, those are shown in the other categories, and they were relatively stable.

Chairman PROXMIRE. And there is an increase, reflecting the same kind of stabilization, for unemployed married men; is that correct?

Mr. MOORE. Yes, the unemployment rate for married men went to 3.4 percent. It was 3.0 in October, 3.3 in September.

Chairman PROXMIRE. Do you have any explanation that you can give us of the reason for the sharp increase in unemployment for veterans? That is an extraordinary percentage. It rose from 7.0 to 8.2. That is perhaps the biggest increase in unemployment that we have in this release, in any category that I have seen. To have that occur in a single month is very startling.

Mr. MOORE. One thing you must recall is that these figures are not adjusted for seasonal variations and I cannot say at this point, since we have not seasonally adjusted them, what the seasonally adjusted rate would be, but that is one possible source of fluctuation in those numbers.

Representative BROWN. Excuse me, do you mean that the military, that the veterans figures are not seasonally adjusted at all in the statistics?

Mr. MOORE. No, sir; we have not carried out a seasonal adjustment of those figures.

Chairman PROXMIRE. Could you make an estimate, based on the seasonal adjustment for the rest of the work force? Would it not be fairly similar?

Mr. MOORE. Well, no. As a matter of fact, I have here a comparison of the nonveteran part of the population, age 20 to 29, the same age group, and it is quite evident that there are seasonal variations in both groups, but they are quite different. So it does not look as though you could tell much from the one as compared with the other.

But the figures do fluctuate from one month to another. The 8.2 percent for veterans puts the figure back to about where it was earlier this summer, but it is still a good deal lower than it was in the spring when it was in the neighborhood of 10 or 11 percent.

Chairman PROXMIRE. I have felt that the freeze worked pretty well, and I approved the freeze, I supported it, I had called for it before the President announced it. Can we conclude now that it is over, now that it is history, now that we have these statistics available, can we give a conclusion as to how well it worked? Are we in a position to say, or will we have to wait until we get additional statistics?

Mr. MOORE. Well, I would like to have the Consumer Price Index for November and I do not have that figure yet. The principal figures that we have are these wholesale price figures and the spot market commodity figures that I mentioned.

Chairman PROXMIRE. We need one more CPI index. That will be forthcoming in a few days.

Mr. POPKIN. On the 22d of December, the November index will be released.

Mr. MOORE. We will have it just before Christmas.

Chairman PROXMIRE. My time is up.

Mr. Brown.

Representative BROWN. I would like to go back to the veterans' figures just for a minute. I do not have, or at least I have not found it

in the September raw figures for the number of people in service. I want to be sure I am extrapolating correctly. From the total labor force, the civilian labor force, the difference would be the number of men in service, would it not?

Mr. KAITZ. That is right. The total labor force includes men in the Armed Forces.

Representative BROWN. OK. So I have that in November, there were approximately 2,717,000 in the armed services, and in—I am sorry, that is October. In November, there were approximately 2,696,000 men in the armed services. Now, I realize that is both men coming in and going out, so I get at least 21,000 men released from the military service during the month between October and November. I assume if you had taken anybody into service during that time, the number of people released has to exceed 21,000 by a rather substantial figure. Is that correct?

Mr. MOORE. Yes; it is a net figure.

Representative BROWN. That is the way I am trying to get at the number of people who have been released from the Armed Forces during the last month. And, of course, we are in the process of phasing down both the war in Vietnam and the general membership in the military regardless of the war. What, then, if that figure is 21,000 or substantially above 21,000, is the impact of that on men who are considered veterans with reference to their employment?

In other words, how long is a man a veteran unemployed? Suppose he gets out of service, is out for 3 months, gets a job. How is he carried in your statistics should he later be out of a job? Is he carried as an unemployed veteran, or is the guy who is out of service before he gets his job back, is he the unemployed veteran? Can you explain that to me, please?

Mr. MOORE. Well, I will try to and maybe Mr. Kaitz can supplement what I have to say.

The veteran who is discharged does not necessarily join the labor force; that is, he may go back to school or may do something else for a few months. But he is characterized as employed if he is employed; he is characterized as unemployed if he is seeking work and does not have a job.

Representative BROWN. And further characterized as an unemployed veteran if he does not have a job. He is not necessarily characterized as an employed veteran if he does have a job; is that correct?

Mr. MOORE. No; he would be characterized as an employed veteran if he has a job.

Representative BROWN. Oh, he would. You have statistics for employed veterans, do you?

Mr. MOORE. Yes, sir; they are all in table 7 of the press release, if you have not found that. What that shows is that between October and November, there was an increase of the number of employed veterans, very small, about 10,000 shown here in the table, from 3.606 million to 3.616 million, a very small increase in the number of employed. A much more substantial increase, from 270,000 to 321,000, in the number unemployed. The number that were in the civilian labor force in those 2 months increased by around 60,000. That, of course, partly reflected the discharge of veterans from the armed services.

Representative BROWN. You say partly. Partly or totally?

Mr. MOORE. Well, it is a net phenomenon in the sense that people are joining the armed services, are being inducted and leaving them, and some of them that leave do not immediately look for work or do not join the labor force. So that this change in the labor force is not necessarily all due to discharges.

Representative BROWN. Well, do I correctly assume that there were 31,000 people—I am sorry—roughly 61,000 people discharged from the service or in excess of that amount, because of the numbers who did not enter the work force, some were going back to college or not seeking work, that there were in excess of 61,000 people who entered the work force released from the armed services? Is that correct?

Mr. MOORE. Well, they were released at some time, but not necessarily in this month. You see, they may have been out of the armed services before, but not in the labor force.

Representative BROWN. But just started looking for work?

Mr. MOORE. Right.

Representative BROWN. I see.

Mr. KAITZ. Sir, I wonder if I might add something here. The top line in that table A-7 of the press release is the civilian noninstitutional population. Under the war veterans' section, there is an increase from October 1971 to November 1971 of 41,000. This is our estimate of the net increase in the number of veterans in the civilian population. So it does include the discharges during the month, from October to November, men who have come out of the Armed Forces. And as a matter of fact, that is all it should include. So this would really represent the addition of veterans, discharged veterans, during the month from October to November.

Representative BROWN. You have 41,000 people out of service, is that correct?

Mr. KAITZ. That is right.

Representative BROWN. And another 20,000 people out of service who, perhaps during the summer, were not looking for employment, but now that the fall is on, have started looking for employment; is that correct?

Mr. KAITZ. Yes; that is right.

Representative BROWN. OK. I am trying to figure out what that situation is: 61,000 of your—41,000 additional people out of the service who are looking for employment?

Mr. KAITZ. Yes.

Mr. MOORE. No; not who are looking for employment; 41,000 out of the service entering or counted in the civilian population because they are now in the civilian population; 61,000 more in the labor force, either employed or unemployed.

Representative BROWN. So if 31,000 decided to go back to school, that means that actually, all of a sudden, you have more than 20,000, you have maybe 25,000 or 30,000 veterans looking for employment in the fall? Is that right?

Mr. KAITZ. That is right. We cannot tell from the figures we have what fraction of the newly discharged veterans are looking for work.

Representative BROWN. I have tried also to do some other extrapolating here on the annual figures. If I have added and subtracted correctly, which is a pretty wild assumption to begin with, there is an increase in unemployment over the past year of 208,000 people; is that correct? Or 4.807 million to 4.815 million; is that correct?

Mr. MOORE. Yes, sir; that is right.

Representative BROWN. And the increase—that is the increase in unemployment, 208,000. The increase in employment is the difference between 80,204,000 and 78,741,000, or 1,463,000.

Mr. MOORE. That is correct.

Representative BROWN. Now, the trend lines in the back of the press release, in terms of employment—look at the trend line for adult men, for instance, No. 4, or the trend line over the last what looks like 6 months of total employment. Is that going up substantially sharper than the trend line, say, over the last 10 years?

Mr. MOORE. I would certainly judge so from the chart; yes, sir.

Representative BROWN. So actually, our employment trend is increasing more sharply in the last 6 to 9 months than has been the tradition or the experience for the last 8 or 9 years?

Mr. MOORE. Yes, sir.

Representative BROWN. You see, it remains for me to be the optimist in this group, since it is my administration in the White House. I do not know whether I would ask for a conclusion or just reach the conclusion myself, but the chairman suggested that there is a relationship between phase I with reference to price and wage freezes and these statistics. It occurs to me that the very prospect of freezing prices and wages would likely also tend to freeze employment, would it not? In other words, if you were operating a manufacturing business and your price was frozen and your wage rate was frozen, unless you were absolutely forced to, you are not likely to do a great deal of additional hiring during that freeze period. You are likely to want to hold your costs down to a fairly stable figure, would you not?

Mr. MOORE. Well, nevertheless, there has been a substantial increase in employment during that period. That was my point before, that during the past 4 months, from July to November, the number of people actually with jobs has increased by more than a million. Now, somebody must have hired them.

Representative BROWN. Well, let me just make one other comment, because my time is up.

It occurs to me that the part of the phase I program that was designed to increase employment is the part that is still batting around the Congress, and that is the tax reductions and the incentives for additional investment in plant and equipment. I will have more to ask about the investments. I want to ask you to do a little predicting, too, about the impact of investment in plant and equipment. But those things have not really had an impact on the economy yet because we have not done it; the Congress has just not gotten around to doing its part of trying to cure this problem. Actually, the wage-price freeze is directed at statistics which I understand will not be out until December 22, but we have had some impact on those statistics already. That is the statistics on the Consumer Price Index, wholesale prices, and the whole range of prices and wages.

My time is up, as I say.

Chairman PROXMIRE. Congressman Reuss.

Representative REUSS. Thank you, Mr. Chairman.

Welcome, Mr. Commissioner.

Mr. Commissioner, there has been much talk in the press recently about the alleged political nature of Government statistical services.

For example, in a UPI story in the New York Times of October 19, it is set forth that labor leaders and some Democrats have charged that a recent reorganization of the Bureau of Labor Statistics, reshuffling of personnel, and discontinuance of news briefings on monthly reports on consumer prices and unemployment were ordered by the administration for political reasons.

It goes on to quote an AFL-CIO spokesman, who says:

It is pretty obvious that the administration is afraid that the statistical truth will hurt the campaign.

As I understand it, your position is that there is nothing to these charges of political manipulation of governmental statistics?

Mr. Moore. Absolutely, that is my position.

Representative REUSS. Let me ask you about the interesting but distressing figures which came out last May from the administration through the Bureau of the Census, in which it turned out that for the first time, there had actually been an increase in the number of Americans below the poverty line, from 24.3 million in 1969 to 25.5 million in 1970, an increase of more than a million in just 1 year. Is it not a fact that following that unfortunate report, a meeting was held of the governmental statistical people on last July 13, at which meeting, the poverty index was, in effect, done away with so that no further reports like that would have to be issued?

Mr. Moore. Well, I do not recall such a meeting, though it may well have occurred. And it is possible that I was present, but I do not recall that, either.

Representative REUSS. Yes. Well, is it not a fact that whether you were present in person or through a representative or not, the poverty index has now been abolished and something called a low income projection put in place of it?

Mr. Moore. Well, as I understand it, and the BLS is not really responsible for the poverty level figure—

Representative REUSS. No, but you go to these meetings that Mr. Shultz lays on at the OMB to discuss statistical matters, do you not?

Mr. Moore. Yes; I attend some of them or send someone.

Representative REUSS. Based on what you or the BLS know, I repeat my question: Is it not a fact that following the damaging publication of the May figures which showed that for the first time, the number of poverty persons went up by more than a million from 1969 to 1970, the poverty index formulation was abolished?

Mr. Moore. The poverty level that is used in many of the Census Bureau and other statistics is the same as it was. What was changed and altered, and I supported the change, was what it was called.

It seemed to me, and it has seemed to me for a good long while, long before this particular episode, that the condition of poverty as people generally understand it refers to a long-run state, and an unfortunate state, of course. Now, what is used to measure this poverty level is income in a single year, and the fact is that income fluctuates from one year to another. Many people have a low income one year and a higher income the next year. And it has seemed to me that furthermore, some people with a low income have quite a lot of property and are not poorly off in that sense.

So it seemed to me better to call the statistics what it is, namely, a measure of the lowness of income rather than to attach to it the con-

notation of poverty, because, as I understand that term, that means something more than just what happened last year to an individual's income. That was why I supported the shift in the terminology.

That does not mean that poverty has disappeared from the country or that it is not a very serious problem. And it certainly does not mean that I am not concerned about that subject. I am, and I think it is a very serious problem to be concerned with, and the statistics ought to reveal whatever we can reveal about it. But I would like very much to call a spade a spade and if we measure something in terms of this year's income, let us call it income.

Representative REUSS. And in any event, the method of delineating the poor, which had prevailed for many years prior to this year, now has been changed.

Mr. MOORE. The terminology has been changed—

Representative REUSS. The terminology has been changed, yes.

Mr. MOORE. I am not aware of any change in the methodology.

Representative REUSS. Let me call your attention to a second incident involving the Bureau of Labor Statistics directly. In October, your statistics showed for the third quarter a very sharp increase in unemployment in poverty areas, particularly among Negroes. There has now been an announcement put out that for the 1972 period—which, of course, happens to be an election year—you are going to discontinue this series and are not going to report on joblessness in poverty areas.

Mr. MOORE. I would like to explain that. We did put out such an announcement, yes.

Representative REUSS. Now, maybe these labor leaders and Democrats who are charging politics are over-sensitive and uncharitable. But I would like to hear your explanation.

Mr. MOORE. Well, I would be glad to give it.

We did make such an announcement with the third quarter release of the Urban Poverty Neighborhood Unemployment and Employment figures. We will be putting out a fourth quarter figure for this year. The reasons for our decision on that are rather complicated, but I would like to try to explain them.

They were made, first of all, at a technical level in the Bureau of Labor Statistics, in the Census Bureau, and in the Office of Management and Budget. The experts in the field of employment statistics got together, and they got together for more than a year of meetings, to discuss what should be done about these particular figures. Now, the conclusion of that group was, and this occurred last summer, that we would have to temporarily discontinue the publication of the quarterly figures. The reasons were essentially two-fold.

One is that the definition of these neighborhoods—and there were 100 of them around the country—depended on the 1960 census. That was where the information came from to define what was a poverty neighborhood and what was not. Over the past 10 or 11 years, quite a lot of things have happened in many of these neighborhoods. For example, one of them is right close by here, the southwest area in Washington. There has been a substantial amount of rebuilding of that area, with high rise apartments and so on, and a good many people who, in my terminology, do not have a low income, live in that area now and its character has changed.

Well, those changes have occurred in other places across the country. And it seemed since we were about to have the 1970 census available, we should change the definition and update it by use of the 1970 census. That was one reason for raising this question.

The second reason is that the source of the data for these figures on unemployment in poverty neighborhoods is the current population survey, the same identical survey that we are talking about here this morning, which gives the national figures. Now, that, too, depended, up until just about now, on the 1960 census results. In framing the sample—that is, in deciding on how the sampling system should be set up, with the availability of the 1970 census figures, it is clear that the sampling frame should be updated.

Now, the process of doing that is a long drawn out one. It takes something like 16 months—namely, to March of 1973, beginning this month, December of 1971, to complete that process of shifting from a 1960 framework to a 1970 census framework.

The reason it takes that long is because we do not want to make any change in the monthly national statistics that will make them not comparable from one month to another. That is a very important figure, as you know, and we want to be as careful as we can about any changes that are made in the processing of it. So the process is undertaken gradually. This was done in 1960 also, when the 1960 census became available. And I think it is a very good practice.

Now, getting back to the urban poverty neighborhood problem, the situation that that left us with was that during the early part of 1972, most of the sample from which the data would be derived would be based on the 1960 definitions of neighborhoods and the 1960 sampling system. But about March of 1972—that is a few months from now—roughly half of the sample from which these figures are derived would disappear. It would no longer be in the system, it would be replaced by the 1970 system that is gradually being phased in.

Well, the situation then was should we continue to publish these urban poverty neighborhood statistics with a diminished sampling reliability and quite sharply diminished reliability, or not, because of this changeover? And the decision was made not to.

Representative REUSS. Thank you. My time is up.

Chairman PROXMIRE. Mr. Commissioner, as I understand it, we may not be able to get satisfactory data even by December 22 on the effect of the freeze on prices. I am told by my staff that because of the nature of the Consumer Price Index, and you men are the experts on this, that there are some delays that will take a little longer time and there will be a considerable expert analysis involved to determine just what did happen to prices during this period. In view of the unprecedented nature of this freeze and the kind of economic period we had, I think it would be most helpful if you could give us a study of what the freeze, what actually happened to consumer prices during the freeze.

Could you do that?

Mr. MOORE. Well, we do expect on December 22, in releasing the Consumer Price Index, to have an analysis of the changes in the prices in it that pertain to October to November. We have made such an analysis every month since the freeze began.

Chairman PROXMIRE. What I am getting at, for example, is that the rent figures, I understand, are not on a monthly basis. And there are

other figures involved in this complex component which would not be accurately reflected, even in the December figures—November figures on December 22; is that correct?

Mr. MOORE. We will be making a special analysis, as we have each month since the freeze began, of the figures that do pertain to November, including rent. So we will continue to do that and we will develop that at that time.

Chairman PROXMIRE. Now, let me say just very briefly in response to my good friend, Congressman Brown, that I thought, I understood, and I know you may not want to respond to this, that the freeze itself was supposed to stimulate the economy by providing greater consumer confidence. As a matter of fact, Chairman McCracken said that about half of the stimulus would come from the consumer who, once decisive moves had been made against inflation in the form of a freeze, would begin to spend more money because they would have more confidence. They would not be so afraid of inflation.

We also have the fact that a surtax was placed on imports which is supposed to benefit domestic industry and provide more jobs. We also had a clear anticipation of repeal of the excise tax, with automobile manufacturers either, as in the case of American Motors, providing for a price cut reflecting it, or as in the case of others saying that when Congress cut the taxes, that would be returned to them. As a result, we had the biggest car sales in any month in American history in October. Over a million cars were sold.

Incidentally, it is my understanding—perhaps you can correct me on this—there was no increase in employment in the auto industry in that month. No significant increase, in spite of the remarkable production figures for that month. And this is the crux of the problem. You get more production, but you get it from more productivity. People have not been working full hours, so they work a little longer.

I would like to see if we can get a profile of the kind of unemployment situation we have now as compared with this past month and a year ago. As I look at your table A-3 in the press release, I think it is very helpful in giving us that. It seems that the main areas where you have the increases in unemployment are in the following: First, taking the occupations, we find a very substantial increase in professional and technical workers, an increase from 253,000 unemployed to 310,000, more than a 20-percent increase, a very large proportionate increase, far larger than the rest of the work force. You also have a large increase for managers, officials, and proprietors. That is an extraordinary group to suffer from substantial unemployment on the basis of past history, I understand.

There is also a very big increase from 602,000 in November of 1970, to 753,000 unemployed in November of this year among service workers. Will you give us a description of what the service workers includes?

Mr. MOORE. Mr. Kaitz, can you do that?

Mr. KAITZ. I am not certain that I can.

Chairman PROXMIRE. I think this is a useful comparison, because unemployment percentagewise was about the same and in absolute figures was not very different. But in these categories, there were very sharp increases in unemployment.

Mr. KAITZ. Sir, we will have to furnish this.

(The following information was subsequently supplied for the record:)

Service workers, except private household

Occupational Title:	Occupational Code
Cleaning service workers:	
Chambermaids and maids, except private household-----	901
Cleaners and charwomen-----	902
Janitor and sextons-----	X (903)
Food service workers:	
Bartenders -----	910
Busboys -----	911
Cooks, except private household-----	912
Dishwashers -----	913
Food counter and fountain workers-----	914
Waiters -----	Y (915)
Food service workers, n.e.c., except private household-----	916
Health service workers:	
Dental assistants-----	921
Health aides, except nursing-----	922
Health trainees-----	923
Lay midwives-----	924
Nursing aides, orderlies, and attendants-----	925
Practical nurses-----	926
Personal service workers:	
Airline stewardesses-----	931
Attendants, recreation and amusement-----	932
Attendants, personal service, n.e.c-----	933
Baggage porters and bellhops-----	934
Barbers -----	935
Boarding and lodging house keepers-----	940
Bootblacks -----	941
Child care workers, except private household-----	942
Elevator operators-----	943
Hairdressers and cosmetologists-----	944
Personal service apprentices-----	945
Housekeepers, except private household-----	950
School monitors-----	952
Ushers, recreation and amusement-----	953
Welfare service aides-----	954
Protective service workers:	
Crossing guards and bridge tenders-----	960
Firemen, fire protection-----	961
Guards and watchmen-----	962
M marshals and constables-----	963
Policemen and detectives-----	964
Sheriffs and bailiffs-----	965

Chairman PROXMIRE. Would service workers be people like barbers and people who provide services of this kind—tailors, cleaning and dyeing, that kind of thing?

Mr. MOORE. Yes; I believe they are largely in that category; yes, sir.

Chairman PROXMIRE. Then there is a big increase in unemployment in transportation and public utilities. Again, this is an indication of the kind of policies that perhaps we are neglecting to adopt. A mass transit program would be very helpful.

A big increase I am surprised to see is in the wholesale and retail trade. And quite a big, substantial, sharp increase in the month between October and November, when I understand the statistics suggest that the retail trade is very good. But unemployment is increasing in that area.

And you have a large increase in finance and service industries, and a big increase in unemployment in Government wage and salary workers.

Is this kind of a pattern—am I correct in interpreting your data this way? Does this not show a substantial increase for white-collar workers, for people in the service trades, and so forth, the service area?

Mr. MOORE. I would like to make two comments. One is you are comparing 2 single months a year apart. And as you know, there are sampling errors and other reasons.

Chairman PROXMIRE. I think it is most helpful that you get the same month; to wit, November each year; because at least you get the seasonal things out.

Mr. MOORE. I understand the reason, that is the reason we put the two columns next to one another. But single-month figures are subject to fluctuations and the smaller they are in terms of actual numbers, the more fluctuation they are subject to because of sampling problems.

Secondly, you are only looking at the unemployment side. The employment side in some cases is rather different from the unemployment side.

We have from the payroll survey, which is reported on table B-1 of the press release, the data on employment as termed in that survey.

All I am saying in general is that I would like to look at both sides of the picture and in the case, for example, of wholesale and retail trade, over the past year, while there has not been a very enormous growth in employment, there has been an upward trend as compared with a virtual flat trend in the preceding year, 1970.

Chairman PROXMIRE. It is interesting to note that in spite of the fact that we have a growing country, we have more people, of course, who enter the work force—we are bound to have it with growing population—the goods-producing sector, a very massive part of our economy, involving some 22 million workers, is actually down in November 1971 as compared to November 1970. Declined.

Mr. MOORE. Yes, sir.

Chairman PROXMIRE. It is unusual in a period of economic recovery; is it not?

Mr. MOORE. Yes, that is certainly true. The weakness has been in the manufacturing area, and in part, of course, that is due to the cutbacks in defense.

Chairman PROXMIRE. Mr. Moore, do you still stand by your optimistic description of the economic situation we are in as still being a recovery period?

Mr. MOORE. Oh, yes, sir.

Chairman PROXMIRE. In view of the fact that for 13 months now, we have had 6 percent unemployment? In view of the fact that we have this very discouraging figure up once again, unemployment up at 6 percent, you would still call this recovery?

Mr. MOORE. Definitely. I would certainly call it a continuation of the recovery.

Chairman PROXMIRE. Can you give me an example in the past when we have had a recovery period when unemployment has been at the level of 6 percent for more than a year?

Mr. MOORE. Well, I can give you an example of a situation where unemployment was at the rate of around 5 and a half percent for more than a year.

Chairman PROXMIRE. But this is unprecedented, that is this high?

Mr. MOORE. Well, the difference is around a half percent. That was in 1962 and 1963.

Chairman PROXMIRE. Well, yes, but just let me interrupt.

Mr. MOORE. Comparing these two periods, I think you have to take into account that the character of the population has changed. There are more women in the labor force, more teenagers in the labor force. That has tended to lift the average level of unemployment. So a difference of half a percent is really not very much over that period.

Chairman PROXMIRE. But this is presumably in a period of recovery, when you have had unemployment rising to a high level, sustained at that level for more than a year, at 6 percent. And again, you cannot cite a single example of where that has happened. It is true that in 1960 and 1961, we had unemployment that may have been above 6 percent, but that was coming down from 7 percent to 6, then the next year to less than 6. So this is an unprecedented period of stagnation.

Mr. MOORE. Between 1962 and 1963, there was rough stability at around about a 5 and a half percent level. It had declined from the higher levels of 1961.

But I would agree that in most recovery periods, beginning whenever they start, unemployment does tend to go down as employment tends to go up.

Chairman PROXMIRE. And you would also agree that we have not had this kind of precedent before, unemployment at 6 percent, for this long a period, a period that you would characterize as recovery?

Mr. MOORE. Well, the 1961, 1962, and 1963 period was a period of recovery.

Chairman PROXMIRE. But you said it was 5.5 percent.

Mr. MOORE. And it was in the neighborhood of 5.5 percent.

Chairman PROXMIRE. My time is up.

Mr. BROWN.

Representative BROWN. I think all this is pretty well explained on—I do not remember the page in the press release—unemployment rates, household surveys, seasonally adjusted. If you would turn to the page, I would like to ask a couple of questions about that page.

Chairman PROXMIRE. Is that on the charts?

Representative BROWN. Yes. I note in there if you take a piece of paper and hold it even, say, for adult men at 5.4, in 1962 and well into 1953—no, I am sorry, 4.4 percent—that is about where it has been for adult men over the last year, hovering around that 4.4-percent line. But if you put that across to the other side of the chart, it is above 4.4 during all of 1962 and most of 1963. I do not know what it averages in 1963, but I would say it averages perhaps above that, because certainly at the end of 1963, it was to 4.4 again. Now, I do not remember 1962 and 1963 being characterized as recession years. If I recall correctly, the recession, that generally identified by economists as the recession, was in the latter half of 1960 and the first half of 1961. Is that correct?

Mr. MOORE. Yes; we have dated it in the organization I formerly was associated with, the National Bureau of Economic Research, as starting in May of 1960 and ending in February 1961. The period since then was a recovery.

Representative BROWN. I look down at teenagers and that behavior seems to be a little aberrational with relation to recessions, too. If you put the line at the notch under 17.5—I do not know what those distinctions are there—half a percent, I guess—you have figures in

1963 and almost in 1964 above that line. And so on down through the list.

Now, the 5.8- or 5.6-percent figure hung on through 1962 and 1963 as an average, it looks like, in all civilian workers.

To look at this hours and number of people employed, and so forth, is it not true that when we get into a period of downturn, people do not work longer, they work harder or more efficiently. The hours people work drops because the employer would like to cut down the number of hours worked. If you can do it on straight time, it is a lot more efficient to do it on straight time than it is on overtime in terms of what you pay and what productivity you get from the worker.

Mr. MOORE. Yes.

Representative BROWN. What we have had here in terms of downturn, if I understand it, is that the average overtime hours, chart No. 28 in the press release, has dropped rather sharply up through, from 1969 up through 1970, and now it seems to be that the number of overtime hours worked seems to be turning back up. Or it is hovering back at 3 hours? So you get more production, in effect, with less people and less hours. And the impact of that, of course, is productivity or, in effect, more profit on the unit of labor. If it is not profit, then you can reduce prices if you want to reduce your profits. So, in effect, this has the impact of lower prices.

Well, let me ask one other question. You said something about the character of the work force, and I have looked on page 10 of this "Economic Indicators of November 1971," and notice that in 1966, the labor force participation rate unadjusted was 60.1. Is that a percentage of the total population of the country? Is that what that is?

Mr. MOORE. I do not have a copy. That is "Economic Indicators," did you say?

Representative BROWN. It is a percentage of the noninstitutional population, as I understand. But that percent has gone up in a period of 5 years by 1 actual percent. Now, is this because you have more people in the work force, a higher percentage of people in the work force, out of the total population? In other words, we are getting more teenagers, we are getting more women, we are getting more older people into the population—I mean from the population who are still employed or seeking work?

Mr. KAITS. Sir, this is a little hard to determine from the overall figures. These are the so-called labor force participation rates. And, of course, if there are changing proportions of teenagers and women and men in the population during this period of time, this change in the mix of these groups could produce a change of this kind. We would have to go back and do some work in order to identify this.

But to some extent, of course, this does indicate from one time to another that increasing or decreasing proportions of certain groups are either working or looking for work. In other words, labor force participation has increased or decreased as a percent of the relevant population.

Representative BROWN. OK, but this is on the whole population. This is based on the whole population.

Mr. KAITS. Sixteen years of age and over.

Representative BROWN. What I am suggesting is that I notice in the summer, for instance, you have a high of 62.2 percent of the popula-

tion looking for work. What I am suggesting is that we have a higher percentage of the total number of Americans looking for work now than we did in 1960 and 1961. Is that correct?

Mr. KAITZ. Yes; that is correct.

Representative BROWN. All right. Now, a 5-percent unemployment, as a percentage of unemployed in the total population at this point, is a significantly lower percentage, is it not, than a 6-percent unemployment? Or a 5 percent then?

All I am saying is that 5 percent of those people in the work force now, when you have a higher percentage of the total population in the work force, may account for that half percent that you are talking about here, where we level off during times when the economy is picking back up. We level off on our unemployment, even though the economy may be going up. Do you follow my suggestion here?

Mr. MOORE. I think I understand what you mean. There has been an increase in the percentage of the population in the labor force. As a consequence, if you took unemployment relative to the population, it would tend to—it would be lower now relative to the level then than the unemployment rate is as we presently compute it. It is for the reason that you indicated.

The point I was making, though, is a somewhat different one. That is that because women normally have higher unemployment rates year in and year out than men, and teenagers likewise, any increase in the proportion of women or teenagers in the labor force tends to increase the average unemployment rate of the population. And it is that that accounts for something like a half of 1 percent over possibly 10 to 15 years.

Representative BROWN. OK. So, in effect, we really have two phenomena working, not just one here.

Mr. MOORE. Yes. Both.

Representative BROWN. In your press release, you indicate that the jobless rate for construction workers dropped from 10.3 to 8.9 percent in November. That is a very positive move, in my opinion. Can you tell us what the probable reason for the drop was?

Mr. MOORE. Well, I am afraid I cannot. We do mention in the discussion of the workweek that there was exceptionally good weather during the survey week, and that may have affected the number of hours worked. But whether that affected the number of people unemployed, I cannot say.

Representative BROWN. Well, you are talking about the length of the workweek. I am talking about the employment of the number of people.

Mr. MOORE. I do not know.

Representative BROWN. Well, obviously, the increase in housing starts had something to do with it, I would assume.

Mr. MOORE. That has certainly been a strong factor in improving the outlook in the construction area, yes, sir.

Representative BROWN. Well, now, what about the follow-on of that? Because as you add new housing starts, then you wind up having to have additional furniture, additional appliances, and so forth. Are we to anticipate that there will be a statistical change in some of those other areas as a follow-on to the housing area?

Mr. MOORE. Well, judging from past history, it seems to me that is the reasonable expectation; that is in the past, movements in the housing starts have been followed by more construction activity; the houses not only have to be started, they have to be financed. And they have to have things put into them—furniture and the like—that go with living.

So there is a process involved that the starting of a house maintains.

Representative BROWN. One final question. The joint Commerce Department-Securities and Exchange Commission survey, regarding business plans for spending on new plant and equipment predicts a 9-percent increase in the first half of 1972 over the comparable period this year. Of course, spending for plant and equipment usually has a powerful effect on the economy, because it stimulates borrowing for construction and demand for both material and manpower. Assuming that the projected increase in capital spending takes place during the first half of 1972, what effects would you expect on our unemployment rate and when would you think that such effects would first be statistically discernible? We are talking about a 9-percent increase.

Mr. MOORE. You are getting me in the same position as the chairman, and I will not make a forecast.

Representative BROWN. Well, it is a game that many can play.

Mr. MOORE. I will not make a forecast on that subject.

Chairman PROXMIRE. If Congressman Brown would yield, next time, why not bring a forecaster along?

Representative BROWN. Thank you, Mr. Chairman.

I am going to have to depart.

Chairman PROXMIRE. I am serious. Think about that. It would be very helpful if Mr. Hodgson or someone else who could speak on what he expects will happen could show up and it would make for much more interesting responses. I do not mean to fault your professional competence, which is very, very high, and I say that with all respect.

Congressman Reuss suggested that we have Jean Dixon come.

Mr. Reuss.

Representative REUSS. Mr. Commissioner, I think you have characterized the general movement of the economy in the last year as one of recovery.

Mr. MOORE. Yes, sir.

Representative REUSS. What was the unemployment rate in November 1970?

Mr. MOORE. The unemployment rate seasonally adjusted was 5.9 percent in November 1970.

Representative REUSS. So actually, this year of recovery has actually worsened unemployment. I am wondering if inadvertently, you may not be adding to unemployment yourself? You have characterized the progression from 5.9 to 6 percent unemployment as recovery. People are going to read that. Is that not going to cause people who are presently not counted in the unemployed because they are "discouraged workers"—is not the tidings that we are having a recovery likely to make them think, well, we are in a recovery period, I had better go out and look for a job again, and thus remove their status from that of discouraged worker to that of a member of the labor force, and hence add to an already bad statistical situation?

Mr. MOORE. Well, I doubt very much that anything that I say will influence anyone to that extent. But when I say there has been an economic recovery in the country since about a year ago, I do not mean simply in terms of unemployment. There has been virtually no recovery in unemployment.

Representative REUSS. Well, virtually. Virtually, it is worse, is it not? A negative recovery.

Mr. MOORE. A tenth of a percentage point difference in a single month does not strike me as being worth talking about. What I am talking about is that in output, in employment, in income, and a great many measures of the activity of the country, there has been a recovery and a substantial one. So that employment is now, for the first time in our history, above 80 million persons at work or with jobs; the physical volume of gross national product is at a new record high level. That is what I mean by an economic recovery. It is true, it has left unemployment virtually unchanged.

Representative REUSS. That is what worries me a little bit, not just with regard to your observation, but with regard to Mr. Nixon's philosophy generally. Of course, with a growing population, we should have more employed and more output every year. That does not take any genius. I would have thought that the point of the Employment Act of 1946 was to keep unemployment low. And there we have been slipping backward. Is this not true? And should you not stop consoling yourself by reciting the inevitable? Of course population and employment and output go up every year. It would be a catastrophe if they did not. But that is no solace.

Mr. MOORE. But those catastrophes have happened.

Representative REUSS. And it was a catastrophe in 1958, was it not? When did it happen?

Mr. MOORE. Well, in 1958 and 1961.

Representative REUSS. But you do not think even despite a growing population, an actual diminution in people employed is a catastrophe?

Mr. MOORE. Well, I would say this: I would like to have a better and more vigorous recovery than we have had. But I would not say we have had none. And that is really simply my position.

Representative REUSS. Let me turn to a note of cheer that you had in your press release, and I quote from it, where you say: "The jobless rate for Negroes, on the other hand, dropped over the month." Well, is it not a fact that that seeming diminution of unemployment among Negroes could well have been due to a sampling error?

Mr. MOORE. Well, that is a possibility, but it is larger—that is, the drop is larger than our sampling errors as we usually compute them.

Representative REUSS. How big a drop would you say could be accounted for by a sampling error?

Mr. KAITZ. We would have to have at least eight-tenths of a percent to exceed our sampling error criterion.

Chairman PROXIMIRE. How big was that? I missed that.

Mr. KAITZ. Eight-tenths of 1 percent is the size of the sampling error.

Representative REUSS. Do I understand you? Are you saying that eight-tenths of 1 percent would be a possible statistical sampling error, but that in changes of greater magnitude than that, the excess over eight-tenths of a percent could not be accounted for by a sampling error? Is that what you are saying?

Mr. MOORE. That is right, sir.

Representative REUSS. I would like to ask one additional question on the wholesale price side. In the press release you say: "Renewed strength in prices of cotton and manmade fiber textile products helped lift the average for textiles and apparel."

Well, I am not going to quibble about the later tone, although referring to inflationary disasters as renewed strength and helping to lift may not be the way I should put it. But is it not a fact that these commodities were the subject of President Nixon's textile agreements with Japan and other countries? And do you not think, therefore, that this renewed strength—that is, more inflation at increased prices—is an in-house job?

Mr. MOORE. Well, I guess I am going to rely on Mr. Popkin to answer that. But I agree, the language—

Representative REUSS. Consumers, you know, they like cotton and manmade textile fibers and apparel, and they are disturbed when there is renewed strength and when they help lift the average; they do not like that.

Mr. MOORE. I might say, Mr. Reuss, that in going over the text of this, we changed the word "boost," which was originally there, to "lift" to tone it down a little.

Representative REUSS. Thank God for that.

Mr. MOORE. We did not do quite enough editing.

Do you have any comment, Mr. Popkin?

Mr. POPKIN. No; I do not. Those kinds of negotiations are very complicated and have specific provisions relating to each of the many textile products, undoubtedly. So I really cannot comment on the question.

Representative REUSS. I would have just one more question. Could you furnish, Mr. Commissioner, for the record, the scenario your BLS samplers use on the discouraged worker bit? What do they ask Mr. Schultz when they ring the doorbell about, are you working, are you discouraged? It seems to me very subjective and I would like to know exactly what it is you ask if you could find that.

Mr. MOORE. Yes; we will be glad to do that.

(The following information was subsequently supplied for the record:)

Members of a household in the sample who are 16 years of age or older, and who did not work in the reference week (week including the 12th of the month) and who had not looked for work in the last 4 weeks are asked some supplementary questions (questions 24C, 24D, and 24E). It should be noted that answers to these questions are expressed in appropriate terms used by the respondent. Neither the words "unemployment" or "discouraged" are in the questionnaire itself.

24C. Does ----- want a regular job now, either full- or part-time?

Yes-----	<input type="checkbox"/>	} (Go to 24D)
Maybe it depends (<i>Specify in notes</i>)-----	<input type="checkbox"/>	
No-----	<input type="checkbox"/>	
Don't know-----	<input type="checkbox"/>	

} (Skip to
24E)

24D. What are the reasons ----- is not looking for work?

(Mark each reason mentioned)

- | | |
|---|--------------------------|
| Believes no work available in line of work or area----- | <input type="checkbox"/> |
| Couldn't find any work----- | <input type="checkbox"/> |
| Lacks nec. schooling, training, skills or experience----- | <input type="checkbox"/> |
| Employers think too young or too old----- | <input type="checkbox"/> |
| Other pers. handicap in finding job----- | <input type="checkbox"/> |
| Can't arrange child care----- | <input type="checkbox"/> |
| Family responsibilities----- | <input type="checkbox"/> |
| In school or other training----- | <input type="checkbox"/> |
| Ill health, physical disability----- | <input type="checkbox"/> |
| Other (Specify in notes)----- | <input type="checkbox"/> |
| Don't know----- | <input type="checkbox"/> |

24E. Does ----- intend to look for work of any kind in the next 12 months?

- | | |
|------------------------------------|--------------------------|
| Yes----- | <input type="checkbox"/> |
| It depends (Specify in notes)----- | <input type="checkbox"/> |
| No----- | <input type="checkbox"/> |
| Don't know----- | <input type="checkbox"/> |

(If entry in 24B, describe job in 23)

Chairman PROXMIRE. Also in this recovery, you have the data here in the press release, that the number of workers on part-time for economic reasons—I read this before but I would like to get your answer to this now—that is, those who want full-time work but have been able to find only a part-time job or have had their workweek reduced because of economic factors affecting their jobs, this is at a 10-year high. You have to go back 10 years to find a situation in which this many people were only able to work part-time. What is the answer to that? Does that not seem to be characteristic of a period of recession or stagnation, rather than a period of recovery?

Mr. Moore. Well, I do not have the full record here. I do have it for persons who are on part-time for economic reasons but are in the non-farm area. And the statement is factually correct; that is, it is at a 10-year high. But it has been in the neighborhood of the present figure; namely, two and a half million, for roughly a year. So that while this particular month stuck up above the rest of the year and there are no figures earlier than that going back 10 years at that level, it is not a really entirely new development.

Chairman PROXMIRE. I only have a couple or more questions, but I would like to get once again into your argument which seems to be your principal defense of your position that this is a recovery; that is, that we have an all-time high level of employment. There seems to be some question about that. You say in the press release: "The November increase brought the number of payroll jobs to within 235,000 of the all-time high set in March 1970." You do not say it is at an all-time high, but you say it is close to it. Now, that is by one measure. That is total civilian employment as estimated by a household survey.

Mr. Moore. No, sir, that is the payroll employment, I believe.

Chairman PROXMIRE. I beg your pardon. Let me start over again on this.

What you say is that employment continued to gain and reached 80 million for the first time.

Mr. Moore. Yes, sir.

Chairman PROXMIRE. So you say that is at an all-time high on the basis of your survey. However, the payroll data obtained from em-

ployers indicates that employment is still below what it was 20 months ago.

Mr. MOORE. Yes.

Chairman PROXMIRE. So that even though the country has been growing and we have more people, it is below and substantially below or significantly below, at least, the figure that it was in March of 1970. Is that right?

Mr. MOORE. It is below March of 1970. That figure really refers to the number of jobs that people on payrolls have. And of course, some people are on more than one payroll. So they are counted more than once in that total. In terms of the total number of jobs as we measure it in this payroll series, that is not at an alltime high. The other figure is.

Chairman PROXMIRE. That means there is less moonlighting now?

Mr. MOORE. It could mean that, but we do not have any monthly data on the number of people with more than one job. So I cannot say whether that is the sole reason for it.

Chairman PROXMIRE. Now, looking at this November compared to last November, total employment is up 1.5 million. But payroll employment is up only 1 million. That is a difference of 500,000. Some time ago you pointed out, there are some differences in the coverage, but even so, is that not a very large discrepancy? How do you explain that difference?

Mr. MOORE. I cannot explain it. There is that discrepancy and it has been persisting for a year or so now. The rate of increase in the household employment has been greater than that in the payroll employment.

Chairman PROXMIRE. Which series should we believe?

Mr. MOORE. It is difficult to answer that question. Really, the only measure of total employment that we have, where everybody, including those on farms, is counted and counted only once is the household survey. But that is based on a sample of 50,000 households; it is subject to sampling fluctuations. The other figure which comes from employers and is based on their payrolls, covers a great many more jobs in the sense of the number of jobs that are reported to us specifically.

Chairman PROXMIRE. That is not a sample. That is an actual figure, is that not correct?

Mr. MOORE. No, that is a sample, also, but it is a very large sample.

Chairman PROXMIRE. How large a sample is it?

Mr. MOORE. Well, something like 160,000 establishments reported each month.

Chairman PROXMIRE. And reported on how many jobs? Tens of millions of jobs, I take it. Is that correct?

Mr. MOORE. Well, just one moment.

Chairman PROXMIRE. Compared to 50,000 in the sample.

Mr. KAITZ. I believe that is right, sir.

Chairman PROXMIRE. So you could say that the figure which shows that employment is not as high as it was a year and a half ago—that is, the payroll data—might be considered by some to be more accurate. And that indicates that in spite of the fact that it is a growing country, we may not have as many jobs now as we had then.

Mr. MOORE. That is certainly a possibility, yes, sir.

Chairman PROXMIRE. Now, I was glad to see your correction of what seems to me to be kind of heartening figures on the extension of the workweek. It seems that people were working longer hours and that is good news. It is an element of recovery; they usually do in a recovery. But then you said this does not mean anything, because there was no Veterans' Day holiday this November as there had been in previous Novembers. Adjusting for that, there was no increase in the workweek, or about the same, or was there a slight decline?

Mr. KAITZ. I think normally, with the holiday in that week, we would expect a slight decline. Now, since that decline did not take place, we show—

Chairman PROXMIRE. So adjusting for it, you have the same figure as in the previous month, is that right?

Mr. MOORE. Yes, I would say it just about accounts for the increase.

Chairman PROXMIRE. What effect did the absence of a normal holiday have on seasonal adjustment factors for employment and unemployment data?

Mr. KAITZ. With respect to employment, we do not know at this time of any reason why we should have expected any difference in the figures; in other words, any impact on the numbers.

Chairman PROXMIRE. How about unemployment?

Mr. MOORE. I do not believe we would have expected anything different from unemployment, either, sir.

Chairman PROXMIRE. It would have no effect?

Mr. MOORE. We have not yet detected any effect in any of the work we have done.

Chairman PROXMIRE. All right, I have one last area that I had mentioned.

I understand, Mr. Moore—in fact, I read your very interesting letter to the New York Times of November 18, 1971, in which you say: "The phrase 'politicizing' the Bureau of Labor Statistics has been used recently in editorials, news columns, TV shows, speeches in Congress and at cocktail parties. Is politics really at work in the Bureau or is political calumny at work?"

Now, I understand that the New York Times did not include your full letter and I will be happy to include that in the record of this proceeding and also in the Congressional Record.¹

Mr. MOORE. Thank you, sir.

Chairman PROXMIRE. However, the copy that was delivered to me had a deletion from what occurred in the New York Times and I wonder if you put it in or they put it in. What was deleted was "or is political calumny at work?"

Now, calumny is a pretty strong term. The dictionary says a false statement maliciously or knowingly made to injure someone.

Are you indicating in your letter to the New York Times that you have been injured by false statements maliciously made here in the Congress? Is so, by whom? By this Senator?

Mr. MOORE. Well, I would like to explain that situation. When I submitted this article to the New York Times, it had that sentence in it. I asked them, after sending it to them, that it be deleted. And I have a letter here in which that request was made, together with some other changes to be made in the text. For some reason, and I do

¹ The full text of the letter may be found on pp. 458-460.

not know what the reason was, or if it was simply an oversight, they did not delete that sentence. So that is the reason why it is not in the full text of the statement that I have circulated to you and which I would appreciate it if you would put in the record.

The reason I deleted it is that it seemed a bit out of character with the question I was trying to get at and to answer. So I decided it was better to have it out than to have it in.

Chairman PROXMIRE. You initially put it in. Do you really feel that you had been the victim of false statements maliciously made?

Mr. MOORE. Well, I am sure there have been false statements. Naturally, I do not know about the intent of anybody.

Chairman PROXMIRE. Which false statements?

Mr. MOORE. Well, statements have been made that after a certain date, for example, when we underwent our reorganization, analysts in the Bureau would be coloring their statements about the figures that they are reporting on. Now, that has not happened; there was no intention that it should happen. I was very much disturbed at reading statements of that kind.

Chairman PROXMIRE. Who made that statement that the analysts would be coloring their statements?

Mr. MOORE. Well, I will read you a sentence that Congressman Moorhead made in the Congressional Record, September 29, 1971. And I am quoting:

I note with outrage but little surprise the news today that the White House is replacing Bureau of Labor Statistics personnel with political appointees whose roll will be to try and fool the American public and to put a veneer of hope on the poor showing on the President's fiscal policies. This substitution of new charlatans for trained economists is another example of the emptiness of the current administration's economic record.

Now, as I say, that has not happened and if it ever should happen, I will not be the Commissioner of Labor Statistics. It is just not going to happen under my administration.

Chairman PROXMIRE. Was that the one incident, the one statement to which you were referring?

Mr. MOORE. Well, there was another one that you made on the same date and were quoted in the Washington Post.

Chairman PROXMIRE. I do not want Congressman Moorhead to get all the attention here.

Mr. MOORE. But it is a little different in its phrasing and I think it does not exactly say what we are going to be doing in terms of—

Chairman PROXMIRE. What does it say?

Mr. MOORE. It says that after November 1, "when the Bureau of Labor Statistics provides an analysis of the latest economic figures, it will be what the administration wants the public to believe about the figures, not what objective economic experts believe they signify."

Chairman PROXMIRE. Well, now, you know what that was based on, Mr. Commissioner.

Mr. MOORE. Yes.

Chairman PROXMIRE. In view of what has happened to Mr. Goldstein, in view of the fact that this man did explain complex statistics at the only news conference in which BLS experts appeared and at the conference he very competently responded to reporters questions and those answers did seem to embarrass the administration, and then he was given a lesser job, apparently demoted, and the function that

he performed in the past was not performed at all as far as the news conferences are concerned, and a man was appointed to provide interpretation of current data whose background was not familiar to members of this professional staff, we came to that conclusion. I think I wrote you subsequently, however, and I think I made that statement publicly at the hearing, too, that there was no question in my mind about your integrity or your competence or your intention to do your best to see that the truth was given to us. Is that not correct?

Mr. MOORE. Yes, sir; and I appreciate that statement very much indeed. And I might say, too, that the man who was appointed to analyze the current employment data is sitting right here next to me, Mr. Kaitz, and I respect his integrity and his ability in that field just as much as I do Mr. Goldstein's.

Chairman PROXMIRE. Well, I have been very impressed by Mr. Kaitz in his appearances before this committee. I still feel that the very competent and useful, helpful job that Mr. Goldstein did in giving his analysis to the press is a service that should be performed and in my view, Mr. Goldstein performed it very well.

I think that these hearings that we have are helpful, but I think it would be far better to have what you had before. We disagree on that. I am not going to detain you on it. But I think if you and Mr. Kaitz and Mr. Popkin and others were free to have a press conference monthly to interpret this very technical and extremely important data, the country would be far better served.

Reporters, after all, that is their job, to ask questions and to get at the facts and the truth and you are in by far the best position of anyone in our Government to give them the answers.

Mr. MOORE. Well, I should say that that question has not left our minds. I would like to accommodate the press as best we can. We do answer all the questions that we get from them by telephone or other kinds of inquiries and as promptly as we can. So I think we are doing a reasonably good job that way, though everything can be done better. But we are not coloring our statements about the figures.

Chairman PROXMIRE. All right, sir.

Well, thank you very much. I appreciate your appearance. As I say, the full text of your letter—not the truncated text that was in the *New York Times*—the full text will be printed in the transcript of the hearing and I will put it in the Congressional Record.

Mr. MOORE. Thank you very much, sir.

(The letter follows:)

U. S. DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D.C., November 19, 1971.

OBJECTIVITY IN THE BLS

In view of recent public concern over changes at the Bureau of Labor Statistics, I thought you might be interested in a copy of a statement that I sent to the *New York Times* and which appeared in abridged form in the Times of November 18.

The phrase "politicizing the Bureau of Labor Statistics" has been used recently in editorials, news columns, TV shows, speeches in the Congress, and cocktail parties. Is politics really at work in the Bureau? The question is of vital concern to the public and to policymakers, as well as to the staff of the BLS.

Since I direct the affairs of the Bureau of Labor Statistics, the issue is of particular concern to me. When I first became Commissioner of Labor Statistics in March 1969, I set forth four goals for the BLS, and one of them was to main-

tain a position of impartiality in the presentation and analysis of statistics. The other three were to insure that our work was kept relevant to the economic and social problems of the Nation, that the results were accurate, and that they were presented in a timely manner. If the BLS in fact is being "politicized," one of my goals is being dumped overboard.

I have another reason for concern. For nearly thirty years before coming to BLS I was associated with the National Bureau of Economic Research, Inc., in New York City. This private organization is well known for its devotion to the conduct of impartial studies of economic problems. At the NBER, the goal of objectivity in economic analysis is at the forefront, and I believe it is basic to the development of economics as a science. As exponents of that idea both the National Bureau and the BLS stand out as landmark institutions.

Finally, as President of the American Statistical Association during 1968, just before I became Commissioner, I developed and helped to promote the idea that a comprehensive review of the Federal statistical system was needed, a proposal that resulted in President Nixon's appointment last year of a Commission on Federal Statistics. Clearly the purpose of this proposal was to improve the Federal statistical system, not to destroy it.

With that background, it is evident that I did accept the job of Commissioner in order to "politicize" the BLS, and I would regard it as a disaster if, despite my efforts, it should happen. My belief is, however, that the BLS is now in a stronger position than ever to maintain its objectivity, for two reasons. One is that the recent public attention given to the subject and the outpouring of support for the BLS as an institution whose objectivity must be maintained would make it more difficult for anyone, from either side of the political fence, to divert the Bureau from its path of strict objectivity. The second reason is that the recent reorganization of BLS and the accompanying hubbub concerning its motivation, has put all of us on our mettle. The top staff of the Bureau is particularly aware that now is the time to demonstrate afresh our capacity for objective analysis.

What is the evidence of "politicization"? Last April the news briefings that the BLS had conducted twice a month with the release of employment and consumer price figures were discontinued. This step was not taken to "politicize" the release of information, but for precisely the opposite reason—to prevent that from happening. The press briefings had personally involved the technical staff of the Bureau in situations leading to political controversy. I recognize there are differences of view regarding the usefulness of briefings for the release of statistical data—and understandably the press has criticized the decision. But the essential fact is that our written releases, which are available to everyone and not just those who can attend briefings, still contain the factual information and technical analysis they have always contained. Moreover, the staff continues to be available to answer and amplify technical questions at any time.

Last July the Office of Management and Budget requested the Departments of Labor, Commerce, Agriculture, and Health, Education, and Welfare each to review their statistical organizations and to set up parallel structures following certain broad guidelines. Since the BLS conducts about 90 percent of the statistical work of the Labor Department, this request directly involved BLS. A new organization plan was worked out, and went into effect October 18. Nearly all the new members of the top staff have held important positions in the BLS for years. Only one person from outside BLS has been appointed, and his professional qualifications are of the highest. Two positions remain to be filled. The new duties and responsibilities given to the members of the top staff will in my judgment in each case better fit their professional and managerial capacities and the needs of the organization.

Although the reorganization has been cited as evidence of "politicization," the fact is that no political appointments have been made, none have been suggested to me, and none will be made as long as I am Commissioner. All new appointments and promotions have been, and will continue to be, based on the professional and managerial competence of the individual concerned.

It is not easy, in a Washington agency, to dispel the notion that any changes in personnel, in policy, or in procedures are politically motivated. Virtually every move can be so interpreted with a little imagination and political suspicion. For example, the BLS recently announced that there would be a gap during 1972 in our quarterly releases on the employment situation in low-income areas, in order to shift from 1960 to 1970 Census definitions of such area. This was immediately described in the press as a political move by the Administration

to avoid reporting "bad news" during an election year. The fact is that the decision originated with and was recommended by the technical staff of the BLS and the Census Bureau.

If as a result of such episodes the Bureau should be inhibited from making technically justified decisions for fear they might be considered political, then a real "politicization of the BLS" would have begun. A real deterioration in the quality of its output would be the result.

Politics is not at work in the Bureau. We are fully mindful of the importance of an independent fact-finding agency in economic affairs, and we are dedicated to the preservation of the Bureau's reputation for objectivity and reliability.

GEOFFREY H. MOORE,
Commissioner.

Chairman PROXMIRE. The committee will stand adjourned.

(Whereupon, at 1:20 p.m., the committee was adjourned, subject to the call of the Chair.)

CURRENT LABOR MARKET DEVELOPMENTS

FRIDAY, JANUARY 7, 1972

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

The committee met, pursuant to notice, at 11 a.m., in room 1202, New Senate Office Building, Hon. William Proxmire (chairman of the committee) presiding.

Present: Senators Proxmire and Percy; and Representative Blackburn.

Also present: John R. Stark, executive director; Loughlin F. McHugh, senior economist; Courtenay M. Slater, economist; Jerry J. Jasinski, research economist; George D. Krumbhaar, Jr., minority counsel; and Walter B. Laessig and Leslie J. Bander, economists for the minority.

OPENING STATEMENT OF CHAIRMAN PROXMIRE

Chairman PROXMIRE. The committee will come to order.

Our hearing this morning marks the 10th consecutive month in which we have invited officials of the Bureau of Labor Statistics to brief the committee on the employment and unemployment situation. I want to say again, as I have before, that the committee finds these occasions interesting and instructive. We are grateful for the fine cooperation we have received from the Bureau of Labor Statistics. Nonetheless, I continue to look forward to the day when these hearings can be replaced by a resumption of the regular monthly press conferences on the employment data which were canceled last April.

We are beginning a new year, a year in which we certainly all hope to see unemployment begin to decline. I think it is most unfortunate that the administration did not choose to celebrate the new year by allowing the BLS to resume its regular press briefings. It is still not too late to adopt a new year's resolution. Mr. Moore, we urge you to give serious consideration to a resumption of the press conferences, beginning next month.

This question of who does and who does not hold press conferences has taken on added importance in the past month. I mean press conferences on important economic data as it comes out. On December 17, Secretary Romney held a special press conference to announce monthly housing start figures. Obviously, Secretary Romney is not a technician; he is a major political figure, a prominent member of the administration. This was a highly political press conference. He used the occasion to call for the reelection of the incumbent President and to speculate on whether the Vice President was or was not a political asset. Not only that but he held this press conference at least 3 hours

before the scheduled release of these statistics, statistics which are not even prepared in his department.

Mr. Moore, I realize you are not responsible for the actions of Secretary Romney. Nonetheless, I felt I had to bring this up. The administration can't have things both ways. They are trying to muzzle the technicians but give the politicians free rein. The public is getting not information but a propaganda barrage. Mr. Moore, I hope you object to this as strongly as I do and I hope you will make your objections known within the administration.

This morning we will be discussing not only the monthly employment data for December but also the quarterly data for the fourth quarter and the annual data for the entire year 1971. Of course, we have all known for some time that 1971 was a very bad year for employment. The unemployment rate for the year was the highest in 10 years. Worst of all, there were no clear signs of improvement as the year progressed. Unemployment was 5.9 percent in the first quarter, 6 percent in the second, 6 in the third, 6 in the fourth. In other words, unemployment has remained virtually constant throughout the year.

I know that a single statistic, such as the unemployment rate, cannot possibly give a full picture of the situation. I would like this morning to examine all the data for December and for the fourth quarter, to see whether the total picture is one of any improvement in job opportunities. In recent months there has been a rapid growth in total civilian employment. This would have been very encouraging except that the other principal employment series—nonfarm payroll employment—showed a contradictory trend of only very slow growth of employment.

One thing I might ask you, Mr. Moore, is what happens to each of these employment statistics—I should say estimates—in December, whether they continued to show different trends and, if so, how this should be interpreted.

Another aspect of the employment situation I would like to learn more about is the data on what you call work experience of the population. I saw a most interesting article in the December Monthly Labor Review. This article, which summarizes 1970 data, reveals that 14.6 million persons, or over 15 percent of all those who worked or looked for work, were unemployed at some time in 1970. It also reveals that the number of full-time, year-round workers declined by 800,000 in 1970, the first significant decline since 1958. This is very important information. I would like to find out this morning what your plans are for collecting similar information for 1971. I want to be sure that this information becomes available as soon as possible and that people are aware of the availability of this important data.

Another area I think we should discuss today, even though it is quite technical, is the way in which the population sample on which the employment estimates are based will be changed to conform with the 1970 census. I understand this change will take place gradually over a number of months. I want to know what impact, if any, this change in the sample may have on the estimate of the unemployment rate.

Mr. Moore, welcome to our 10th monthly session. You probably have some opening remarks you would like to make; then we will proceed to some of these questions.

STATEMENT OF HON. GEOFFREY H. MOORE, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, ACCOMPANIED BY JOEL POPKIN, ASSISTANT COMMISSIONER FOR PRICES AND LIVING CONDITIONS; AND HYMAN B. KAITZ, ACTING ASSISTANT COMMISSIONER FOR CURRENT EMPLOYMENT ANALYSIS

Mr. Moore. Thank you, Mr. Chairman.

As usual, I would like to have the employment press release inserted in the record.

Chairman PROXMIRE. Yes; without objection. It is a very helpful release and will be inserted in full in the record at this point.

(The press release referred to above follows:)

[Bureau of Labor Statistics, Department of Labor, Press Release No. 72-10, Jan. 7, 1972]

THE EMPLOYMENT SITUATION: DECEMBER 1971

The employment situation was essentially unchanged in December, the U.S. Department of Labor's Bureau of Labor Statistics reported today.

The overall unemployment rate was 6.1 percent in December, not appreciably different from the 6.0 percent in November. Jobless rates for most major groups in the labor force showed little or no change over the month and remained in line with the patterns that have generally prevailed during 1971.

Total employment was also little changed in December. Since the summer, however, total employment has risen substantially. (This month's release also includes a special review of employment and unemployment developments in 1971.)

UNEMPLOYMENT

The number of unemployed persons totaled 4.7 million in December. After allowance for usual seasonal patterns, unemployment was virtually unchanged over the month.

Jobless rates for most major groups continued within the relatively narrow ranges that have been in evidence through most of the year. Unemployment rates for all adult men (4.4 percent), married men (3.3 percent), adult women (5.8 percent), and teenager (17.5 percent) were all essentially the same in December as in November. Similarly, the jobless rates for both full-time workers (5.8 percent) and for part-time workers (8.4 percent) were virtually unchanged over the month. For workers covered by State unemployment insurance programs, the December unemployment rate of 4.1 percent also was little changed from November.

The jobless rate for Negroes, which had dropped from 10.7 to 9.3 percent between October and November, rose over the month to 10.3 percent. The unemployment rate for white workers, on the other hand, moved down to 5.4 percent in December, after rising from 5.3 percent in October to 5.7 percent in November.

The unemployment situation for workers in most major occupation and industry groups was little changed in December. However, the jobless rate for construction workers rose from 8.9 percent in November to 11.2 percent in December, after dropping in November.

The average duration of unemployment, at 11.3 weeks in December (seasonally adjusted), edged down for the second consecutive month. There was an increase in the number of persons unemployed less than 5 weeks and a drop in the number unemployed 5 weeks or more. Very long-term joblessness (persons unemployed 27 weeks or longer) fell to 510,000 in December, its lowest level since April.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

The civilian labor force in December, at 85.3 million seasonally adjusted, was virtually the same as in November. Total employment, at 80.1 million, was also little changed over the month. Nonetheless, both civilian labor force and employment have risen substantially since the summer, with the bulk of the increases occurring among full-time workers, mostly adult females.

The number of workers on part time for economic reasons (those who want full-time work but have been able to find only a part-time job or have had their workweek reduced because of economic factors affecting their jobs) dropped from 2.6 to 2.4 million in December, seasonally adjusted. The November level had been a 10-year high.

TABLE A.—HIGHLIGHTS OF THE EMPLOYMENT SITUATION

{Seasonally adjusted}

Selected categories	1971—					
	December	November	4th quarter	3d quarter	2d quarter	1st quarter
Civilian labor force (millions of persons):						
Total employment.....	85.3	85.2	85.1	84.2	83.7	83.6
Unemployment.....	5.3	5.2	5.1	5.0	5.0	5.0
Unemployment rates (percent of labor force):						
All workers.....	6.1	6.0	6.0	6.0	6.0	5.9
Adult men.....	4.4	4.4	4.4	4.5	4.4	4.3
Adult women.....	5.8	5.8	5.7	5.7	5.8	5.7
Teenagers.....	17.5	17.0	17.2	16.8	16.8	17.4
White.....	5.4	5.7	5.5	5.5	5.5	5.5
Negro and other races.....	10.3	9.3	10.1	10.1	9.9	9.5
Married men.....	3.3	3.4	3.2	3.2	3.2	3.2
Full-time workers.....	5.8	5.8	5.7	5.5	5.5	5.5
State insured.....	4.1	4.2	4.3	4.2	4.2	3.8
Nonfarm payroll employment (millions of persons):						
Goods-producing industries.....	71.1	71.0	71.0	70.6	70.7	70.4
Service-producing industries.....	22.4	22.4	22.4	22.4	22.5	22.5
Average weekly hours (hours of work):						
Total private nonfarm.....	37.2	37.2	37.1	36.8	37.0	37.0
Manufacturing.....	40.3	40.1	40.1	39.8	39.9	39.8
Manufacturing overtime.....	3.1	3.0	3.0	2.9	2.9	2.8

Note: Payroll employment and hours figures for latest 2 months are preliminary.

Sources: Tables A-1, A-3, B-1, B-2.

VIETNAM ERA VETERANS

The employment situation for Vietnam Era veterans 20 to 29 years old did not change materially in December. Almost 3.7 million were employed and 325,000 were unemployed. (Data are not seasonally adjusted; see table A-7.) The unemployment rate for veterans was 8.1 percent this December, not significantly different from November. The number of unemployed veterans this December was about the same as in December 1970, while employment was 500,000 higher. Compared with a year ago, the number of Vietnam veterans aged 20 to 29 years old in the population was up by nearly 600,000.

For nonveterans in the same age group, employment and unemployment were also essentially unchanged over the month. Their unemployment rate, at 7.2 percent in December, has been consistently below that of veterans.

INDUSTRY PAYROLL EMPLOYMENT

Total nonagricultural payroll employment was up 120,000 in December to 71.1 million, seasonally adjusted. The rise resulted almost entirely from the net return to payrolls of striking workers in mining and transportation. In the other industries, job gains in trade, services, and government were offset by losses in manufacturing and contract construction.

Manufacturing employment declined by 55,000, seasonally adjusted, between November and December, returning to about the October level. The drop was about evenly divided between the durable and nondurable goods sectors. In contract construction, employment fell by 60,000, seasonally adjusted, in December. Mining employment increased by 100,000 due to the end of a strike among bituminous coal workers.

In the service-producing industries, employment rose by 135,000, seasonally adjusted, in December. The largest over-the-month gains occurred in wholesale and retail trade (55,000) and State and local government (40,000). Smaller employment gains were posted in the transportation and public utilities industry (25,000) and in services (also 25,000); the gain in the transportation industry resulted from the return to payrolls of striking longshore workers.

HOURS OF WORK

The average workweek for all rank-and-file workers on nonagricultural payrolls rose in line with previous seasonal patterns between November and December. After seasonal adjustment, the average workweek was unchanged at 37.2 hours, its highest level since July 1970.

In manufacturing, the workweek moved up by 0.2 hour in December to 40.3 hours (seasonally adjusted), the highest level in 2 years. Increases occurred in both the durable and nondurable goods sectors. Factory overtime, at 3.1 hours in December, was not materially changed from November.

A particularly large increase in the workweek was posted in the mining industry (1.1 hours, seasonally adjusted). This was probably a reflection of stepped-up activity following the conclusion of the coal strike. In the construction industry, on the other hand, the workweek declined 2.4 hours on a seasonally adjusted basis between November and December.

EARNINGS

The average hourly earnings of production and nonsupervisory workers on private nonagricultural payrolls were \$3.50 in December, up 2 cents from November. Compared with a year ago, hourly earnings have risen 20 cents or 6.1 percent.

Because of the increase in the actual workweek and the gain in hourly earnings, average weekly earnings rose by \$1.44 in December to \$130.55. Weekly earnings gains were posted in all major industries except construction. Compared with December 1970, average weekly earnings were up by \$8.12 or 6.6 percent. During the latest 12-month period for which the Consumer Price Index is available—November 1970 to November 1971—consumer prices rose by 3.5 percent.

The Year in Review

The Nation's employment situation during 1971 was highlighted by a resumption of employment growth late in the year and a leveling off in unemployment. After peaking at a 9-year high at the close of 1970 (6.2 percent), the unemployment rate hovered around 6 percent of the labor force throughout 1971. The following sections describe developments in the employment situation during the course of 1971, with special emphasis on quarterly movements.

CIVILIAN LABOR FORCE AND TOTAL EMPLOYMENT

The civilian labor force continued to expand in 1971, although the rate of growth was slower than in recent years. This slowdown was confined largely to the first half of the year, as the labor force rose substantially over the last 2 quarters. The fourth quarter pickup was the biggest posted since the first quarter of 1969. On an annual basis, the civilian labor force gain amounted to 1.4 million, compared with a 2-million rise in each of the 2 previous years. The reduction in the Armed Forces contributed substantially to the increases in the civilian labor force in 1970 and 1971.

Total employment rose substantially in the second half of 1971, after showing little growth through most of 1970 and the first half of 1971. Employment hit the 80-million milestone in the last quarter, 780,000 above the third quarter level and 1.1 million above the pre-slowdown peak attained in the first quarter of 1970.

Because of the lack of growth in the early part of the year, total employment for 1971 as a whole posted a modest gain of 490,000, compared with increases of 730,000 in 1970 and nearly 2 million in 1969. The 1971 gain was concentrated among 20-24-year-olds, mostly young men returning to civilian life after leaving the Armed Forces. Employment of men 25 years and over declined, while small gains were posted for women 25 and over and for teenagers.

UNEMPLOYMENT

Despite the renewed expansion of employment in the second half of 1971, unemployment fluctuated around 5 million the entire year. However, the steady increases in unemployment that had characterized all of 1970 did not continue in 1971, and the overall jobless rate was either 5.9 or 6.0 percent of the labor force from the fourth quarter of 1970 through the fourth quarter of 1971. On an annual basis, unemployment averaged 5.0 million in 1971, up 900,000 from 1970.

The jobless rate averaged 5.9 percent in 1971, up from 4.9 percent in 1970 and 3.5 percent in 1969.

There were few significant unemployment trends among the major groups in the labor force during the course of the year, as jobless rates for all adult men, married men, adult women, and teenagers remained essentially unchanged. (See table A). On an annual basis, 1971 jobless rates for all of these groups were up substantially from 1970 (table D).

The jobless rate for Negro workers continued to drift upward in the first half of 1971, reaching 10 percent in the second quarter and remaining at that level through the remainder of the year. In contrast, the rate for white workers stayed at 5½ percent from the fourth quarter of 1970 on. The overall Negro-white jobless rate ratio, which had fallen to its lowest point in nearly two decades in late 1970 and early 1971 (at 1.7 to 1), was 1.8 to 1 in the last 3 quarters of 1971. On an annual basis, the Negro jobless rate rose from 8.2 to 9.9 percent, while the white rate moved from 4.5 to 5.4 percent. The ratio of Negro-to-white jobless rates, at 1.8 to 1 in 1971, was unchanged from 1970; it was 2.1 to 1 in 1969.

Among workers in major industries, jobless rates for construction and manufacturing workers, edged down during 1971 after rising especially sharply in 1970. For construction workers, the jobless rate moved down from a high of 11.7 percent in the third quarter of 1970 to 10 percent in the last 2 quarters of 1971, as the strong pickup in new housing starts began to be felt. Unemployment among manufacturing workers, after peaking at 7.2 percent in late 1970, declined to 6.7 percent by the fourth quarter of 1971. In most other industries, unemployment rates did not change materially during the course of 1971, although their annual rates, as in manufacturing and construction, were at their highest levels since the early 1960's.

Among blue- and white-collar workers, jobless rates were little changed during the year, but both were up significantly from their 1970 averages. The rise in the annual average jobless rate for white-collar workers (from 2.8 to 3.5 percent) was proportionately greater than that for blue-collar workers (from 6.2 to 7.4 percent), with the increase concentrated among professional and technical workers. The 1971 jobless rate for professional workers, at 2.9 percent, was the highest since occupational unemployment statistics were first collected in 1948.

Although the level and rate of overall unemployment were on a virtual plateau during 1971, the average period of time workers remained unemployed continued to lengthen during the year. The average (mean) duration of joblessness rose markedly during the 1969-71 period, from a low of 7.8 weeks in late 1969 to 11.7 weeks in the last 3 quarters of 1971. Duration of unemployment averaged 11.4 weeks for 1971 as a whole, about 2½ weeks longer than the mean duration in 1970.

The number of long-term unemployed—those who were jobless for 15 weeks or more—averaged 1.2 million in 1971, 520,000 above the 1970 level and the highest annual level since 1961. As a result, long-term unemployment represented 24 percent of total unemployment in 1971, up from 16 percent in the previous year.

VIETNAM ERA VETERANS

During 1971, some 900,000 men of all ages were discharged from the Armed Forces, and at yearend the number of Vietnam Era veterans in the civilian population totaled 5.6 million. Approximately 80 percent of these men were in their twenties, and their relative youth and lack of recent labor force experience made jobfinding a difficult task.

An average of 3.7 million veterans 20 to 29 years old were in the labor force in 1971, 500,000 more than a year earlier. Employment averaged 3.3 million and unemployment 325,000. Although the number of employed veterans was 400,000 greater than in 1970, the increase was not enough to offset the gain in their labor force, and both the level and rate of unemployment rose over the year.

The unemployment rate for veterans in ages 20-29 averaged 8.8 percent in 1971, compared with 6.9 percent in 1970. Among the veterans in ages 20-24, the rate averaged 12.2 percent and in ages 25-29, 5.7 percent—both up about one-third over the year. By the fourth quarter of 1971, however, the veterans' unemployment rate began to show improvement; their rate at yearend was the same as in fourth quarter 1970, in contrast to substantially higher rates in earlier quarters of 1971 compared with those in 1970.

INDUSTRY DEVELOPMENTS

Total nonagricultural payroll employment was essentially unchanged between 1970 and 1971, as moderate growth in the service sector during most of the year offset continued job cutbacks in the goods-producing sector. The 1971 growth in the service-producing sector continued to be led by State and local government and the service industry.

The bulk of the decline in goods-producing employment was centered in the manufacturing industries, where total employment was down 760,000 between 1970 and 1971. The durable goods industries were hardest hit, particularly in primary metals, machinery, and electrical equipment. By the fourth quarter, however, the declines in manufacturing employment appeared to have halted.

Contract construction employment remained relatively weak in 1971. However, the contract construction employment picture began to improve near the end of the year, as employment rose by 60,000 in the last quarter. On an annual average basis, contract construction employment, at 3.3 million, was down 90,000 from the 1970 average.

The average workweek for all production and nonsupervisory workers on private nonfarm payrolls was little changed during 1971, apart from minor monthly fluctuations. On an annual average basis, it edged down by 0.1 hour from the 1970 average of 37.1 hours.

After decreasing throughout 1970, the average workweek of manufacturing production workers also was essentially unchanged during most of 1971 but moved up in the fourth quarter. On an annual average basis, manufacturing hours were 0.1 hour above their 1970 level of 39.8 hours. Manufacturing overtime hours generally remained in a narrow 2.8-3.0 hours range throughout the year and, on an annual average basis, fell 0.1 hour from the 3.0 hour average 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 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*.

Starting with data for December 1971, a series of changes is being introduced in the methods of sampling and estimation for the Current Population Survey for the purpose of using newly-developed data from the 1970 Census of Population and Housing to improve the sample design. The modification in estimation methods, which corresponds to those used following the 1950 and 1960 censuses, will have a negligible effect on the comparability of the data with previous months. All of the changes to be made will be described in detail in the February 1972 issue of *Employment and Earnings*.

TABLE B.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION 16 YEARS AND OVER, ANNUAL AVERAGES 1969-71

[In thousands (excluding percentages)]

Employment status	1971	1970	1969	Change	
				1970-71	1969-70
Total labor force.....	86,929	85,903	84,239	1,026	1,664
Armed Forces.....	2,817	3,188	3,506	-371	-318
Civilian labor force.....	84,113	82,715	80,733	1,398	1,982
Employed.....	79,120	78,627	77,902	493	725
Agriculture.....	3,387	3,462	3,606	-75	-144
Nonagricultural industries.....	75,732	75,165	74,296	567	869
Unemployed.....	4,993	4,088	2,831	905	1,257
Unemployment rate (percent).....	5.9	4.9	3.5	1.0	1.4
Not in labor force.....	55,666	54,280	53,602	1,386	678

TABLE C.—UNEMPLOYED PERSONS 16 YEARS AND OVER, BY DURATION OF UNEMPLOYMENT, ANNUAL AVERAGES, 1969-71

Duration of unemployment	1971		1970		1969	
	Thousands of persons	Percent	Thousands of persons	Percent	Thousands of persons	Percent
Total.....	4,993	100.0	4,088	100.0	2,831	100.0
Less than 5 weeks.....	2,234	44.7	2,137	52.3	1,629	57.5
5 to 14 weeks.....	1,578	31.6	1,289	31.5	827	29.2
15 weeks and over.....	1,181	23.7	662	16.2	375	13.3
15 to 26 weeks.....	665	13.3	427	10.4	242	8.5
27 weeks and over.....	517	10.4	235	5.7	133	4.7
Average (mean) duration.....	11.4	-----	8.8	-----	7.9	-----

TABLE D.—MAJOR UNEMPLOYMENT INDICATORS, ANNUAL AVERAGES, 1966-71

[Persons 16 years and over—in percent]

Selected categories	1971	1970	1969	1968	1967	1966
Total (all civilian workers).....	5.9	4.9	3.5	3.6	3.8	3.8
Men, 20 years and over.....	4.4	3.5	2.1	2.2	2.3	2.5
Women, 20 years and over.....	5.7	4.8	3.7	3.8	4.2	3.8
Both sexes, 16 to 19 years.....	16.9	15.3	12.2	12.7	12.9	12.7
White.....	5.4	4.5	3.1	3.2	3.4	3.3
Nonwhite.....	9.9	8.2	6.4	6.7	7.4	7.3
Married men.....	3.2	2.6	1.5	1.6	1.8	1.9
Full-time workers.....	5.5	4.5	3.1	3.1	3.4	3.4
Part-time workers.....	8.7	7.6	6.2	6.5	6.9	6.2
Unemployed 15 weeks and over.....	1.4	.8	.5	.5	.6	.7
Labor force time lost.....	6.4	5.4	3.9	4.0	4.2	4.2
OCCUPATION						
White-collar workers.....	3.5	2.8	2.1	2.0	2.2	2.0
Professional and technical.....	2.9	2.0	1.3	1.2	1.3	1.3
Managers, officials, and proprietors.....	1.6	1.3	.9	1.0	.9	1.0
Clerical workers.....	4.8	4.0	3.0	3.0	3.1	2.9
Sales workers.....	4.3	3.9	2.9	2.8	3.2	2.8
Blue-collar workers.....	7.4	6.2	3.9	4.1	4.4	4.2
Craftsmen and foremen.....	4.7	3.8	2.2	2.4	2.5	2.8
Operatives.....	8.3	7.1	4.4	4.5	5.0	4.4
Nonfarm laborers.....	10.8	9.5	6.7	7.2	7.6	7.4
Service workers.....	6.3	5.3	4.2	4.4	4.5	4.6
Farmworkers.....	2.6	2.6	1.9	2.1	2.3	2.2
INDUSTRY						
Private nonagricultural wage and salary workers.....	6.2	5.2	3.5	3.6	3.9	3.8
Construction.....	10.4	9.7	6.0	6.9	7.3	8.1
Manufacturing.....	6.8	5.6	3.3	3.3	3.7	3.2
Durable goods.....	7.0	5.7	3.0	3.0	3.4	2.8
Nondurable goods.....	6.5	5.4	3.7	3.7	4.1	3.8
Transportation and public utilities.....	3.8	3.2	2.2	2.0	2.4	2.1
Wholesale and retail trade.....	6.4	5.3	4.1	4.0	4.2	4.4
Finance and service industries.....	5.1	4.2	3.3	3.4	3.6	3.5
Government workers.....	2.9	2.2	1.9	1.8	1.8	1.9
Agricultural wage and salary workers.....	7.9	7.5	6.0	6.3	6.9	6.6

TABLE E.—EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY, ANNUAL AVERAGES, 1969-71
[In thousands]

Industry	Change				
	1971 ¹	1970	1969	1970-72	1969-70
Total.....	70,689	70,616	70,284	73	332
Goods producing.....	22,470	23,335	24,221	-886	-885
Mining.....	602	622	619	-20	3
Contract construction.....	3,259	3,345	3,435	-86	-90
Manufacturing.....	18,608	19,369	20,167	-761	-798
Durable goods.....	10,589	11,197	11,895	-609	-697
Ordnance and accessories.....	193.2	242.1	316.2	-48.9	-74.1
Lumber and wood products.....	590.3	572.5	606.7	7.8	-34.2
Furniture and fixtures.....	458.8	459.9	483.9	-1.1	-24.0
Stone, clay, and glass products.....	628.7	638.5	656.4	-9.8	-17.9
Primary metal industries.....	1,224.7	1,314.8	1,360.8	-90.1	-46.0
Fabricated metal products.....	1,32.1	1,379.9	1,440.4	-47.8	-60.5
Machinery, except electrical.....	1,790.1	1,976.9	2,032.6	-186.8	-55.7
Electrical equipment.....	1,787.2	1,922.9	2,019.9	-135.7	-97.0
Transportation equipment.....	1,751.3	1,806.8	2,060.5	-55.5	-253.7
Instruments and related products.....	432.1	458.6	476.6	-26.5	-18.0
Miscellaneous manufacturing.....	410.7	425.7	441.0	-15.0	-15.3
Non durable goods.....	8,019	8,171	8,272	-152	-101
Food and kindred products.....	1,752.6	1,781.7	1,790.8	-29.1	-9.1
Tobacco manufactures.....	73.5	81.7	83.0	-8.2	-1.3
Textile mill products.....	961.9	977.6	1,002.5	-15.7	-24.9
Apparel.....	1,360.8	1,372.2	1,409.1	-11.4	-36.9
Paper and allied products.....	687.7	706.5	711.1	-18.8	-4.6
Printing and publishing.....	1,087.7	1,106.8	1,093.6	-19.1	13.2
Chemicals and allied products.....	1,014.7	1,051.3	1,059.9	-36.6	-8.6
Petroleum and coal products.....	190.0	190.4	182.3	-4.4	8.1
Rubber.....	582.3	580.4	596.3	1.9	-15.9
Leather and leather products.....	307.9	322.2	343.2	-14.3	-12.0
Service producing.....	48,219	47,280	46,063	939	1,217
Transportation and public utilities.....	4,481	4,504	4,429	-23	75
Wholesale and retail trade.....	15,175	14,922	14,639	253	283
Wholesale trade.....	3,855	3,824	3,733	31	91
Retail trade.....	11,320	11,098	10,906	222	192
Finance, insurance, and real estate.....	3,799	3,690	3,564	109	126
Services.....	11,912	11,630	11,229	282	401
Government.....	12,853	12,535	12,202	318	333
Federal.....	2,665	2,705	2,758	-40	-53
State and local.....	10,188	9,830	9,444	358	386

¹ Preliminary.

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION, BY SEX AND AGE
[In thousands]

Employment status, age, and sex	December 1971	November 1971	December 1970	Seasonally adjusted				Septem- ber 1971	August 1971
				December 1971	November 1971	October 1971			
TOTAL									
Total labor force.....	87,541	87,715	86,165	88,007	87,868	87,500	87,347	87,087	
Civilian labor force.....	84,883	85,019	83,152	85,349	85,172	84,783	84,598	84,312	
Employed.....	80,188	80,204	78,516	80,133	80,022	79,845	79,525	79,197	
Agriculture.....	2,948	3,262	2,952	3,413	3,393	3,369	3,356	3,415	
Nonagricultural industries.....	77,240	76,942	75,564	76,720	76,629	76,476	76,169	75,782	
On part time for economic reasons.....	2,198	2,311	2,329	2,404	2,616	2,507	2,260	2,469	
Usually work full time.....	1,045	1,120	1,309	1,103	1,250	1,161	1,056	1,173	
Usually work part time.....	1,153	1,191	1,020	1,301	1,366	1,346	1,204	1,296	
Unemployed.....	4,695	4,815	4,636	5,216	5,150	4,938	5,073	5,115	
MEN, 20 YEARS AND OVER									
Civilian labor force.....	47,990	48,013	47,301	48,219	48,238	48,176	48,194	48,074	
Employed.....	45,907	46,090	45,194	46,078	46,101	46,104	46,004	45,903	
Agriculture.....	2,266	2,440	2,286	2,437	2,495	2,474	2,426	2,472	
Nonagricultural industries.....	43,641	43,650	42,907	43,641	43,606	43,630	43,578	43,431	
Unemployed.....	2,083	1,923	2,108	2,141	2,137	2,072	2,190	2,171	
WOMEN, 20 YEARS AND OVER									
Civilian labor force.....	29,628	29,762	28,928	29,338	29,276	29,108	28,995	28,859	
Employed.....	28,182	28,114	27,529	27,628	27,568	27,515	27,376	27,172	
Agriculture.....	434	529	419	557	525	521	551	543	
Nonagricultural industries.....	27,748	27,584	27,111	27,071	27,043	26,994	26,825	26,629	
Unemployed.....	1,445	1,648	1,399	1,710	1,708	1,593	1,619	1,687	
BOTH SEXES, 16 TO 19 YEARS									
Civilian labor force.....	7,266	7,244	6,922	7,792	7,658	7,499	7,409	7,379	
Employed.....	6,099	6,000	5,793	6,427	6,353	6,226	6,145	6,122	
Agriculture.....	248	293	248	419	373	374	379	400	
Nonagricultural industries.....	5,851	5,707	5,545	6,008	5,980	5,852	5,766	5,722	
Unemployed.....	1,167	1,244	1,129	1,365	1,305	1,273	1,264	1,257	

TABLE A-2.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE, BY SEX AND AGE
 [Numbers in thousands]

Full- and part-time employ- ment status, sex, and age	Decem- ber 1971	Decem- ber 1970	Seasonally adjusted							
			Decem- ber 1971	Novem- ber 1971	October 1971	Septem- ber 1971	August 1971	Decem- ber 1970		
FULL TIME										
Total, 16 years and over:										
Civilian labor force-----	72,012	70,735	73,296	73,100	72,534	72,419	72,232	71,937		
Employed-----	68,362	67,153	69,045	68,896	68,614	68,320	69,242	67,805		
Unemployed-----	3,649	3,583	4,250	4,204	3,920	4,099	3,990	4,132		
Unemployment rate-----	5.1	5.1	5.8	5.8	5.4	5.7	5.5	5.7		
Men, 20 years and over:										
Civilian labor force-----	45,582	44,989	45,895	45,939	45,750	45,790	45,697	45,300		
Employed-----	43,662	43,058	43,926	43,953	43,804	43,773	43,669	43,318		
Unemployed-----	1,920	1,932	1,969	1,986	1,946	2,017	2,028	1,982		
Unemployment rate-----	4.2	4.3	4.3	4.3	4.3	4.4	4.4	4.4		
Women, 20 years and over:										
Civilian labor force-----	23,107	22,636	22,978	23,015	22,759	22,810	22,620	22,512		
Employed-----	2,962	21,488	21,659	21,643	21,507	21,454	21,339	21,191		
Unemployed-----	1,145	1,147	1,319	1,372	1,252	1,356	1,281	1,321		
Unemployment rate-----	5.0	5.1	5.7	6.0	5.5	5.9	5.7	4.9		
PART TIME										
Total, 16 years and over:										
Civilian labor force-----	12,871	12,416	12,076	12,128	12,166	12,346	12,222	11,640		
Employed-----	11,826	11,363	11,066	11,089	11,140	11,326	11,089	10,637		
Unemployed-----	1,046	1,053	1,010	1,039	1,026	1,020	1,133	1,003		
Unemployment rate-----	8.1	8.5	8.4	8.6	8.4	8.3	9.3	8.6		

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					
	December 1971	December 1970	December 1971	November 1971	October 1971	September 1971	August 1971	December 1970
Total (all civilian workers)-----	4,695	4,636	6.1	6.0	5.8	6.0	6.1	6.2
Men, 20 years and over-----	2,083	2,108	4.4	4.4	4.3	4.5	4.5	4.6
Women, 20 years and over-----	1,445	1,399	5.8	5.8	5.5	5.6	5.8	5.8
Both sexes, 16 to 19 years-----	1,167	1,129	17.5	17.0	17.0	17.1	17.0	17.8
White-----	3,832	3,848	5.4	5.7	5.3	5.4	5.6	5.6
Negro and other races-----	863	787	10.3	9.3	10.7	10.5	9.8	9.5
Married men-----	1,281	1,324	3.3	3.4	3.0	3.3	3.2	3.4
Full-time workers-----	3,649	3,583	5.8	5.8	5.4	5.7	5.5	5.7
Part-time workers-----	1,046	1,053	8.4	8.6	8.4	8.3	9.3	8.6
Unemployed 15 weeks and over ¹ -----	1,104	951	1.5	1.5	1.5	1.5	1.5	1.3
State insured ² -----	2,108	2,223	4.1	4.2	4.5	4.4	4.2	4.2
Labor force time lost ³ -----			6.4	6.5	6.5	6.3	6.5	6.4
OCCUPATION⁴								
White-collar workers-----	1,178	1,213	3.7	3.6	3.4	3.3	3.5	3.8
Professional and technical-----	241	234	3.0	3.2	2.9	2.6	3.1	2.9
Managers, officials, and proprietors-----	147	140	1.9	2.0	1.6	1.6	1.4	1.7
Clerical workers-----	616	634	5.0	4.8	4.6	4.7	4.8	5.3
Sales workers-----	173	205	4.1	4.0	3.9	3.9	4.5	5.1
Blue-collar workers-----	2,202	2,323	7.5	7.5	7.2	8.0	7.6	7.8
Craftsmen and foremen-----	551	551	4.7	6.5	4.7	5.8	5.5	5.0
Operatives-----	1,121	1,255	8.3	8.4	8.0	8.4	8.3	9.0
Nonfarm laborers-----	527	475	11.8	11.5	10.9	11.6	10.5	11.0
Service workers-----	648	573	6.4	6.6	6.1	6.5	6.6	6.2
Farm workers-----	95	114	2.8	3.4	2.0	2.9	2.8	3.3
INDUSTRY⁴								
Nonagricultural private wage and salary workers ⁵ -----	3,559	3,656	6.4	6.2	6.0	6.2	6.2	6.6
Construction-----	496	473	11.2	8.9	10.3	10.0	10.2	11.8
Manufacturing-----	1,301	1,501	6.9	6.8	6.3	7.0	6.9	7.6
Durable goods-----	762	940	6.9	7.1	6.7	7.1	6.8	8.0
Nondurable goods-----	538	561	7.0	6.3	5.8	6.8	7.0	7.2
Transportation and public utilities-----	187	186	4.2	4.4	4.4	3.6	3.1	4.1
Wholesale and retail trade-----	814	767	6.6	6.6	6.1	6.2	6.2	6.7
Finance and service industries-----	730	716	4.9	5.2	4.8	5.1	5.4	4.9
Government wage and salary workers-----	367	317	3.2	3.4	3.3	2.9	3.1	3.0
Agricultural wage and salary workers-----	103	138	7.7	9.3	7.1	8.8	9.4	9.6

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 unemployment 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							
	December 1971	December 1970	December 1971	November 1971	October 1971	September 1971	August 1971	December 1970
Less than 5 weeks.....	2,068	2,083	2,439	2,292	2,194	2,344	2,372	2,456
5 to 14 weeks.....	1,524	1,601	1,535	1,659	1,549	1,589	1,535	1,612
15 weeks and over.....	1,104	951	1,259	1,293	1,231	1,239	1,305	1,084
15 to 26 weeks.....	604	624	750	726	641	672	752	750
27 weeks and over.....	499	328	509	567	590	567	553	334
Average (mean) duration, in weeks.....	11.9	10.2	11.3	11.7	12.2	12.0	11.5	9.7

TABLE A-5.—UNEMPLOYED PERSONS, BY REASON FOR UNEMPLOYMENT
[Numbers in thousands]

Reason for unemployment	Seasonally adjusted							
	December 1971	December 1970	December 1971	November 1971	October 1971	September 1971	August 1971	December 1970
Number of unemployed:								
Lost last job.....	2,322	2,412	2,442	2,409	2,219	2,373	2,449	2,536
Left last job.....	554	505	670	630	539	571	568	614
Reentered labor force.....	1,257	1,269	1,458	1,507	1,456	1,547	1,507	1,472
Never worked before.....	566	450	747	668	668	607	644	594
Percent distribution:								
Total unemployed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job.....	49.4	52.0	45.9	46.2	45.5	46.5	47.4	48.6
Left last job.....	11.7	10.9	12.6	12.1	11.0	11.2	11.0	11.8
Reentered labor force.....	26.8	27.4	27.4	28.9	29.8	30.4	29.2	28.2
Never worked before.....	12.1	9.7	14.0	12.8	13.7	11.9	12.5	11.4
Unemployed as a percent of the civilian labor force:								
Lost last job.....	2.7	2.9	2.9	2.8	2.6	2.8	2.9	3.0
Left last job.....	.6	.6	.8	.7	.6	.7	.7	.7
Reentered labor force.....	1.5	1.5	1.7	1.8	1.7	1.8	1.8	1.8
Never worked before.....	.7	.5	.9	.8	.8	.7	.8	.7

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					
	De-cember 1971	De-cember 1970		De-cember 1971	No-vember 1971	Oc-tober 1971	Sep-tember 1971	Au-gust 1971	De-cember 1970
Total, 16 years and over.....	4,695	4,636	77.7	6.1	6.0	5.8	6.0	6.1	6.2
16 to 19 years.....	1,167	1,129	50.1	17.5	17.0	17.0	17.1	17.0	17.8
16 and 17 years.....	550	550	25.1	19.1	18.4	20.6	18.6	19.7	19.8
18 and 19 years.....	617	579	72.4	16.5	15.7	14.6	16.0	15.0	16.5
20 to 24 years.....	987	927	83.0	10.2	10.5	9.3	9.6	10.1	10.2
25 years and over.....	2,541	2,580	88.4	4.1	4.0	4.0	4.1	4.1	4.2
25 to 54 years.....	2,055	2,069	90.1	4.3	4.3	4.3	4.4	4.3	4.4
55 years and over.....	486	511	80.9	3.4	3.4	2.9	3.1	3.5	3.5
Males, 16 years and over.....	2,784	2,776	81.6	5.5	5.4	5.3	5.5	5.5	5.6
16 to 19 years.....	701	668	50.1	17.5	16.4	17.0	16.4	17.3	17.2
16 and 17 years.....	337	343	27.0	19.5	18.0	21.1	19.1	19.5	20.0
18 and 19 years.....	364	325	71.4	15.8	14.7	14.0	14.5	15.4	15.0
20 to 24 years.....	611	580	82.8	10.7	10.7	10.1	10.5	10.5	10.9
25 years and over.....	1,471	1,528	96.1	3.5	3.5	3.5	3.6	3.6	3.7
25 to 54 years.....	1,175	1,166	97.8	3.6	3.8	3.7	3.8	3.6	3.6
55 years and over.....	296	362	89.5	3.1	3.2	2.9	3.0	3.3	3.7
Females, 16 years and over.....	1,911	1,860	72.1	7.1	7.0	6.6	6.8	7.0	7.1
16 to 19 years.....	466	462	50.2	17.6	17.8	17.0	17.8	16.7	18.6
16 and 17 years.....	213	208	21.6	18.4	18.9	19.8	17.9	19.9	19.4
18 and 19 years.....	253	254	73.9	17.3	17.0	15.4	17.7	14.6	18.2
20 to 24 years.....	376	347	83.0	9.7	10.3	8.4	8.6	9.5	9.
25 years and over.....	1,070	1,052	77.9	5.1	4.9	4.9	4.9	4.9	5.1
25 to 54 years.....	880	902	79.9	5.4	5.3	5.4	5.3	5.5	5.7
55 years and over.....	190	149	67.9	3.8	3.7	2.9	3.4	3.8	3.1

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		
	December 1971	November 1971	December 1970	December 1971	November 1971	December 1970
Civilian noninstitutional population.....	4,334	4,293	3,752	9,616	9,570	9,106
Civilian labor force.....	3,979	3,937	3,437	8,270	8,170	7,818
Not in labor force.....	355	356	315	1,346	1,400	1,288
Percent in labor force.....	91.8	91.7	91.6	86.0	85.4	85.9
Employed.....	3,656	3,616	3,130	7,678	7,600	7,252
Unemployed.....	323	321	307	592	570	566
Unemployment rate.....	8.1	8.2	8.9	7.2	7.0	7.2

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-peacetime 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 November 1971
	December 1971 ¹	November 1971 ¹	October 1971	December 1970	November 1971	December 1970	December 1971 ¹	November 1971 ¹	October 1971		
	71,966	71,579	71,379	71,151	387	815	71,104	70,981	70,848	123	
Total...	71,966	71,579	71,379	71,151	387	815	71,104	70,981	70,848	123	
Goods-producing...	22,386	22,624	22,709	22,677	-238	-291	22,429	22,442	22,371	-13	
Mining...	620	520	522	621	100	-1	622	521	521	101	
Contract construction...	3,190	3,408	3,478	3,233	-218	-43	3,258	3,318	3,290	-60	
Manufacturing...	18,576	18,696	18,709	18,823	-120	-247	18,549	18,603	18,560	-54	
Production workers...	13,496	13,608	13,616	13,617	-112	-121	13,459	13,506	13,462	-47	
Durable goods...	10,568	10,613	10,065	10,763	-45	-195	10,542	10,571	10,561	-29	
Production workers...	7,616	7,661	7,650	7,721	-45	-105	7,583	7,614	7,600	-31	
Ordnance and accessories...	187.7	187.2	188.3	213.2	.5	-25.5	186	186	189	0	
Lumber and wood products...	596.7	598.4	601.8	552.4	-1.7	44.3	605	601	597	2	
Furniture and fixtures...	475.3	475.5	772.8	453.8	-2	21.5	471	469	467	-3	
Stone, clay, and glass products...	627.7	638.3	637.7	621.5	-10.6	6.2	633	636	631	-10	
Primary metal industries...	1,167.3	1,188.0	1,165.4	1,252.2	-7	-84.9	1,714	1,181	1,187	-7	
Fabricated metal products...	1,345.5	1,351.1	1,349.2	1,345.1	-5.6	4	1,333	1,339	1,341	-6	
Machinery, except electrical...	1,776.6	1,778.0	1,774.4	1,846.9	-1.4	-70.3	1,784	1,796	1,791	-12	
Electrical equipment...	1,798.0	1,806.5	1,800.1	1,828.7	-8.5	-30.7	1,786	1,790	1,793	-4	
Transportation equipment...	1,744.2	1,748.7	1,749.4	1,798.0	-4.5	-53.8	1,720	1,730	1,720	-10	
Instruments and related products...	436.3	436.9	436.2	439.5	.6	-3.2	435	436	437	8	
Miscellaneous manufacturing...	412.3	424.4	429.6	412.0	-12.1	.3	415	407	408	-25	
Non durable goods...	8,008	8,083	8,104	8,060	-75	-52	8,007	8,032	7,999	-16	
Production workers...	5,880	5,947	5,966	5,896	-67	-16	5,876	5,892	5,862	-10	
Food and kindred products...	1,724.6	1,769.8	1,803.8	1,749.2	-45.2	-24.6	1,739	1,749	1,728	-3	
Tobacco manufactures...	72.1	76.3	80.0	84.1	-4.2	-12.0	68	71	69	7	
Textile mill products...	979.1	973.8	965.5	963.2	5.3	15.9	977	970	963	-20	
Apparel and other textile products...	1,347.5	1,380.0	1,379.0	1,359.0	-32.5	-11.5	1,349	1,369	1,365	-1	
Paper and allied products...	695.5	693.8	691.9	698.2	1.7	-2.7	692	691	693	0	
Printing and publishing...	1,091.8	1,088.3	1,087.4	9,107.0	3.5	-15.2	1,084	1,084	1,085	-2	
Chemicals and allied products...	1,000.9	1,003.2	1,004.7	1,028.7	-2.3	-27.8	1,005	1,007	1,008	3	
Petroleum and coal products...	190.0	189.7	190.4	187.9	.3	2.1	193	190	189	-1	
Rubber and plastics products, nec...	598.5	599.4	597.4	570.0	-.9	28.5	594	595	594	0	
Leather and leather products...	308.0	308.5	304.1	212.7	-.5	-4.7	306	306	305	0	
Service-producing...	49,580	48,955	48,670	48,474	625	1,106	48,675	48,539	48,477	136	
Transportation and public utilities...	4,463	4,448	4,455	4,454	15	9	4,459	4,435	4,442	24	
Wholesale and retail trade...	16,105	15,535	15,327	15,706	570	399	15,330	15,276	15,270	54	
Wholesale trade...	3,915	3,904	3,896	3,863	11	52	3,884	3,873	3,873	11	
Retail trade...	12,190	11,631	11,431	11,843	559	347	11,446	11,403	11,397	43	
Finance, insurance, and real estate...	3,828	3,837	3,826	3,712	-9	116	3,847	3,852	3,834	-5	
Services...	11,986	12,008	12,020	11,717	-22	269	12,046	12,020	11,996	26	
Government...	13,198	13,127	13,042	12,885	71	313	12,993	12,956	12,935	37	
Federal...	2,695	2,655	2,659	2,693	40	2	2,666	2,669	2,675	-3	
State and local...	10,503	10,472	10,383	10,192	31	311	10,327	10,287	10,260	40	

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

Industry	Change from—						Seasonally adjusted			Change from November 1971
	December 1971 ²	November 1971 ²	October 1971	December 1970	November 1971	December 1970	December 1971 ²	November 1971 ²	October 1971	
Total private.....	37.3	37.1	37.0	37.1	0.2	0.2	37.2	37.2	37.0	0
Mining.....	43.8	42.5	42.8	43.0	1.3	.8	43.6	42.5	42.5	.1
Contract construction.....	36.4	38.0	38.2	37.4	-1.6	-1.0	36.7	39.1	37.6	-2.4
Manufacturing.....	40.7	40.2	40.0	39.9	.5	.8	40.3	40.1	39.8	.2
Overtime hours.....	3.2	3.1	3.1	2.8	.1	.4	3.1	3.0	3.0	.1
Durable goods.....	41.3	40.7	40.5	40.5	.6	.8	40.8	40.6	40.3	.2
Overtime hours.....	3.2	3.0	3.0	2.7	.2	.5	3.0	2.9	2.8	.1
Ordnance and accessories.....	42.3	41.9	41.8	41.1	.4	1.2	41.9	41.8	41.8	.1
Lumber and wood products.....	40.9	40.9	41.0	39.7	0	1.2	40.9	41.1	40.7	-.2
Furniture and fixtures.....	40.5	40.4	40.4	40.4	.1	.1	39.6	40.0	39.7	-.4
Stone, clay, and glass products.....	41.7	42.0	42.1	41.3	-.3	.4	41.7	42.0	41.8	-.3
Primary metal industries.....	41.4	39.9	39.7	39.9	1.5	1.5	41.4	40.1	40.1	1.3
Fabricated metal products.....	41.4	40.6	40.3	40.6	.8	.8	41.0	40.4	40.1	-.6
Machinery, except electrical.....	42.2	41.1	40.8	40.9	1.1	1.3	41.6	41.1	40.8	.5
Electrical equipment.....	40.9	40.4	40.1	40.3	.5	.6	40.3	40.1	39.9	.2
Transportation equipment.....	41.6	41.2	41.0	41.0	.4	.6	40.8	40.6	40.5	-.2
Instruments and related products.....	40.6	40.5	40.1	40.0	-.1	.6	40.2	40.2	39.9	0
Miscellaneous manufacturing.....	39.5	39.6	39.3	39.0	-.1	.5	39.2	39.2	38.9	0
Non durable goods.....	39.9	39.6	39.4	39.3	.3	.6	39.6	39.5	39.3	.1
Overtime hours.....	3.1	3.1	3.2	2.8	0	.3	3.0	3.0	3.0	0
Food and kindred products.....	40.6	40.3	40.1	40.7	.3	-.1	40.3	40.2	40.0	.1
Tobacco manufactures.....	34.9	35.7	36.0	39.7	-.8	-4.8	34.6	35.6	34.7	-1.0
Textile mill products.....	41.7	41.4	41.0	40.1	-.3	1.6	41.2	41.1	40.8	.1
Apparel and other textile products.....	36.5	36.3	35.9	35.3	-.2	1.2	36.5	36.2	36.0	-.3
Paper and allied products.....	42.8	42.5	42.3	41.9	.3	.9	42.3	42.4	42.0	-.1
Printing and publishing.....	38.1	37.7	37.6	38.0	.4	.1	37.6	37.7	37.5	-.1
Chemicals and allied products.....	41.9	41.5	41.5	41.6	.4	.3	41.7	41.3	41.5	.4
Petroleum and coal products.....	42.5	42.0	42.6	42.9	.5	-.4	42.9	41.7	42.4	1.2
Rubber and plastics products (not elsewhere classified).....	41.0	40.9	40.6	39.9	.1	1.1	40.7	40.7	40.3	0
Leather and leather products.....	38.4	38.4	37.7	37.9	0	.5	37.6	38.3	37.9	-.7
Transportation and public utilities.....	40.7	40.6	40.5	40.4	.1	.3	40.6	40.4	40.3	.2
Wholesale and.....	35.5	35.0	35.0	35.3	.5	.2	35.3	35.3	35.2	0
Wholesale trade.....	40.4	39.9	39.8	40.1	.5	.3	40.1	40.0	39.8	.1
Retail trade.....	34.1	33.5	33.5	33.9	.6	.2	33.9	33.8	33.8	0
Finance, insurance, and real estate.....	37.1	37.0	37.0	36.7	.1	.4	37.1	36.9	36.9	.2
Services.....	34.1	34.0	34.1	34.3	.1	-.2	34.1	34.1	34.2	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 ² Preliminary.

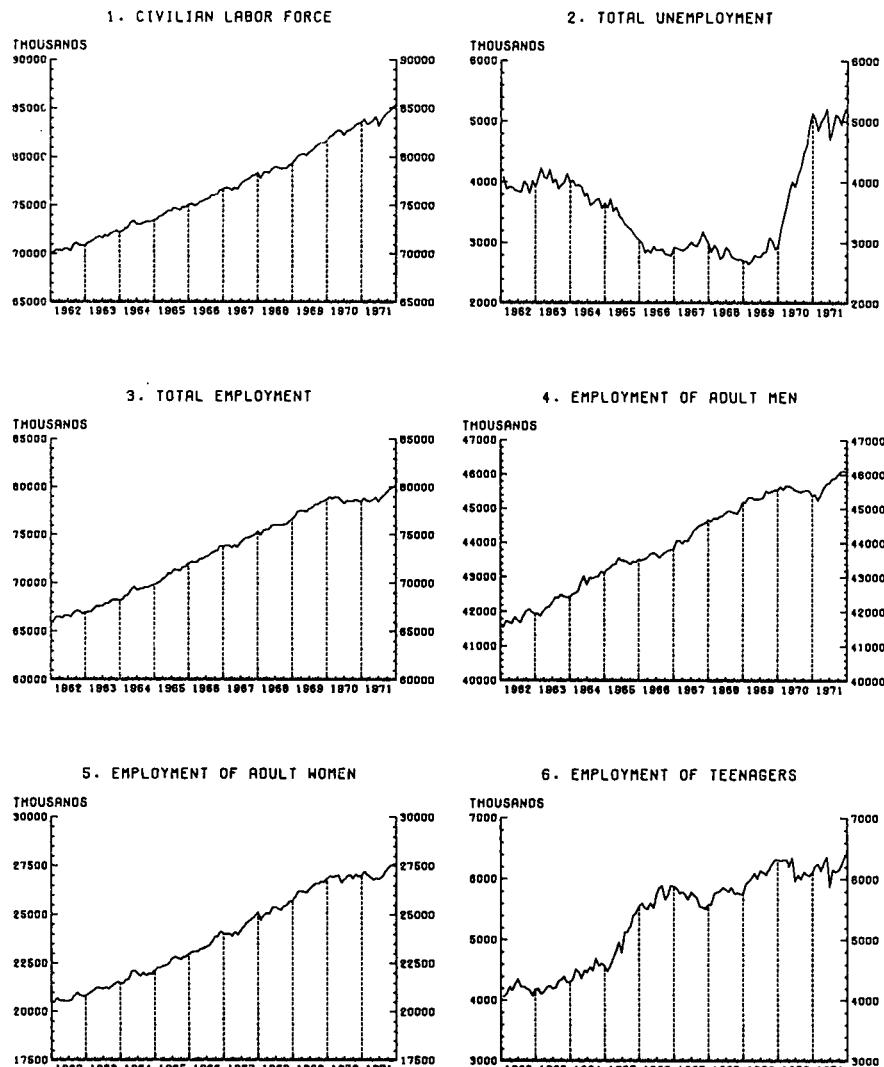
mately 1/6 of the total employment on private nonagricultural payrolls.

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

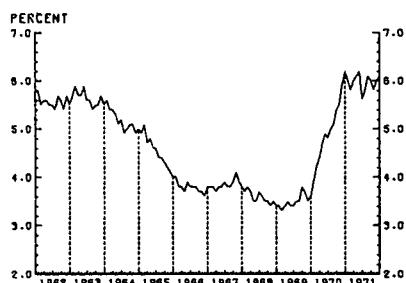
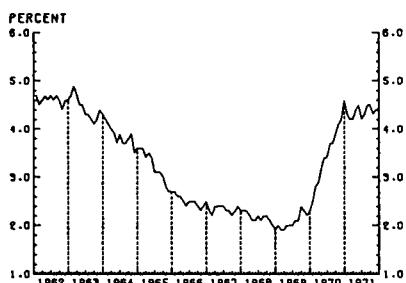
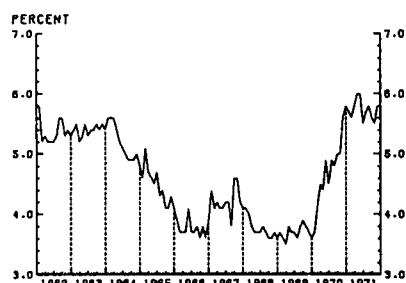
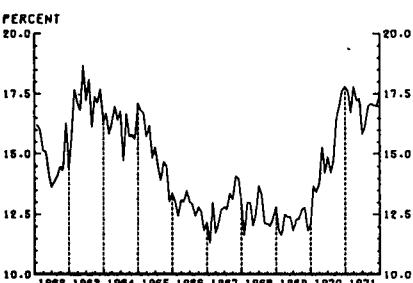
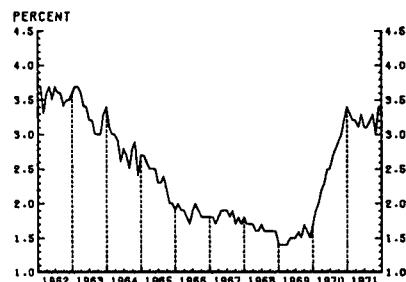
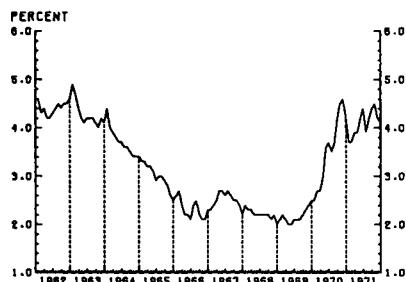
Industry	Average hourly earnings								Average weekly earnings							
					Change from—								Change from—			
	December 1971 ²	November 1971 ²	October 1971	December 1970	November 1971	December 1970	December 1971 ²	November 1971 ²	October 1971	December 1970	November 1971	December 1970	October 1971	December 1970	November 1971	December 1970
Total private.....	\$3.50	\$3.48	\$3.49	\$3.30	\$0.02	\$0.20	\$130.55	\$129.11	\$129.13	\$122.43	\$1.44	\$8.12				
Mining.....	4.29	3.91	3.92	3.96	.38	.33	187.90	166.18	167.78	170.28	21.72	17.62				
Contract construction.....	5.91	5.89	5.90	5.46	.02	.45	215.12	223.82	225.38	204.20	-8.70	10.92				
Manufacturing.....	3.69	3.60	3.60	3.47	.09	.22	150.18	144.72	144.00	138.45	5.46	11.73				
Durable goods.....	3.94	3.83	3.82	3.68	.11	.26	162.72	155.88	154.71	149.04	6.84	13.68				
Ordnance and accessories.....	3.98	3.88	3.91	3.76	.10	.22	168.35	162.57	163.44	154.54	5.78	13.81				
Lumber and wood products.....	3.18	3.20	3.21	3.02	-.02	.16	130.06	130.88	131.61	119.89	-.82	10.17				
Furniture and fixtures.....	2.97	2.92	2.93	2.83	.05	.14	120.29	117.97	118.37	114.33	2.32	5.96				
Stone, clay, and glass products.....	3.74	3.72	3.73	3.51	.02	.23	155.96	156.24	157.03	144.96	-.28	11.06				
Primary metal industries.....	4.52	4.37	4.35	4.05	.15	.47	187.13	174.36	172.70	161.60	12.77	25.53				
Fabricated metal products.....	3.86	3.77	3.77	3.63	.09	.23	159.80	153.06	151.93	147.38	6.74	12.42				
Machinery, except electrical.....	4.18	4.04	4.04	3.86	.14	.32	176.40	166.04	164.83	157.87	10.36	18.53				
Electrical equipment.....	3.60	3.51	3.51	3.42	.09	.18	147.24	141.80	140.75	137.83	5.44	9.41				
Transportation equipment.....	4.62	4.44	4.44	4.30	.18	.32	192.19	182.93	182.04	176.30	9.26	15.89				
Instruments and related products.....	3.61	3.56	3.55	3.46	.05	.15	146.57	144.18	142.36	138.40	2.39	8.17				
Miscellaneous manufacturing.....	3.03	2.96	2.96	2.91	.07	.12	119.69	117.22	116.33	113.49	2.47	6.20				
Nondurable goods.....	3.35	3.29	3.29	3.17	.06	.18	133.67	130.28	129.63	124.58	3.39	9.09				
Food and kindred products.....	3.51	3.39	3.38	3.27	.12	.24	142.51	136.62	135.54	133.09	5.89	9.42				
Tobacco manufactures.....	3.20	3.09	3.02	3.00	.11	.20	111.68	110.31	108.72	119.10	1.37	-.7.42				
Textile mill products.....	2.62	2.59	2.59	2.53	.03	.09	109.25	107.23	106.19	101.45	2.02	7.80				
Apparel and other textile products.....	2.55	2.52	2.52	2.44	.03	.11	93.08	91.48	90.47	86.13	1.60	6.95				
Paper and allied products.....	3.76	3.73	3.73	3.55	.03	.21	160.93	158.53	157.78	148.75	2.40	12.18				
Printing and publishing.....	4.34	4.27	4.27	4.05	.07	.29	165.35	160.98	160.55	153.90	4.37	11.45				
Chemicals and allied products.....	4.05	3.99	4.00	3.81	.06	.24	169.70	165.59	166.00	158.50	4.11	11.20				
Petroleum and coal products.....	4.70	4.64	4.65	4.34	.06	.36	199.75	194.88	198.09	186.19	4.87	13.56				
Rubber and plastics products, not elsewhere classified.....	3.51	3.45	3.46	3.32	.06	.19	143.91	141.11	140.48	132.47	2.80	11.44				
Leather and leather products.....	2.62	2.61	2.63	2.53	.01	.09	100.61	100.22	99.15	95.89	.39	4.72				
Transportation and public utilities.....	4.37	4.32	4.31	3.99	.05	.38	177.86	175.39	174.56	161.20	2.47	16.66				
Wholesale and retail trade.....	2.90	2.90	2.91	2.75	0	.15	102.95	101.50	101.85	97.08	1.45	5.87				
Wholesale trade.....	3.77	3.73	3.72	3.52	.04	.25	152.31	148.83	148.06	141.15	3.48	11.16				
Retail trade.....	2.60	2.60	2.60	2.47	0	.13	88.66	87.10	87.10	83.73	1.56	4.93				
Finance, insurance, and real estate.....	3.33	3.31	3.31	3.15	.02	.18	123.54	122.47	122.47	115.61	1.07	7.93				
Services.....	3.04	3.04	3.03	2.91	0	.13	103.66	103.36	103.32	99.81	.30	3.85				

¹ See footnote 1, table B-2.² Preliminary.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED**

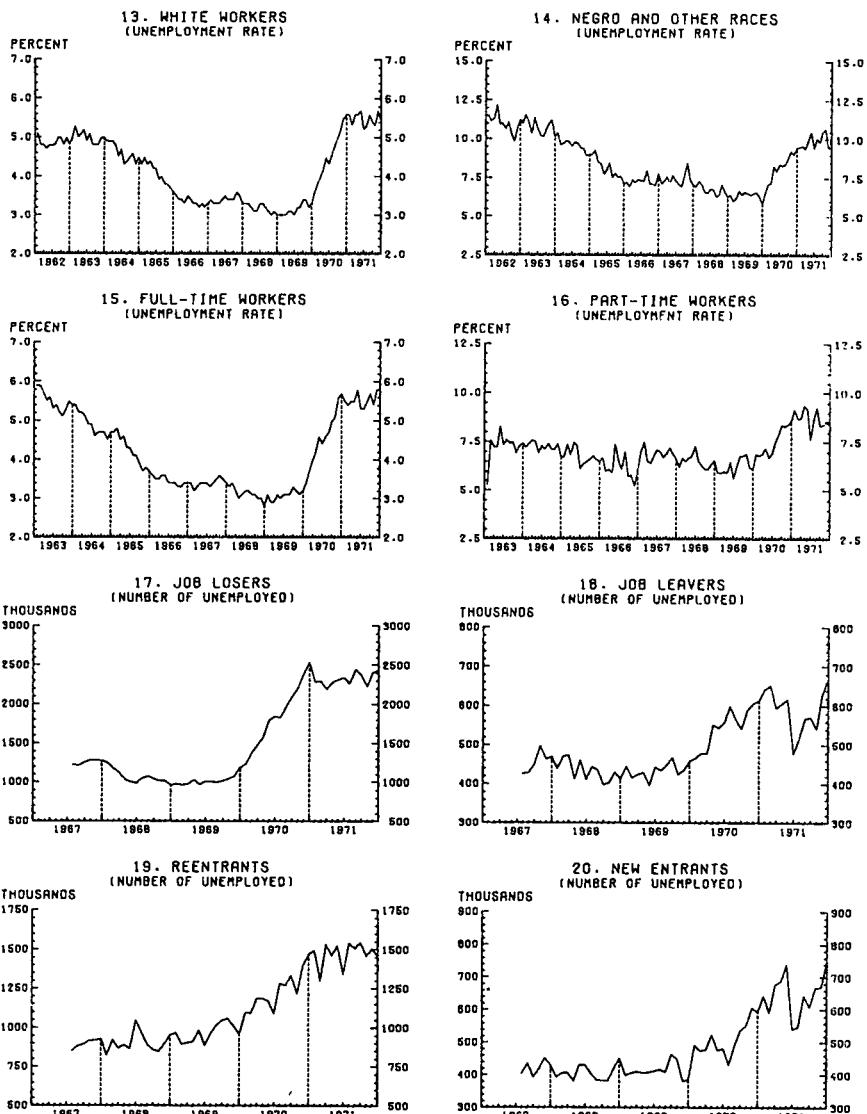


**UNEMPLOYMENT RATES—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED**

7. ALL CIVILIAN WORKERS**8. ADULT MEN****9. ADULT WOMEN****10. TEENAGERS****11. MARRIED MEN****12. STATE INSURED**

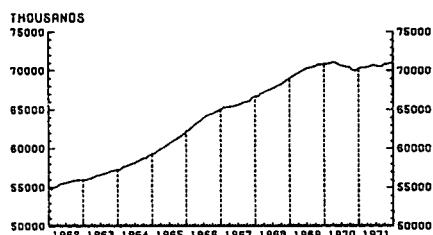
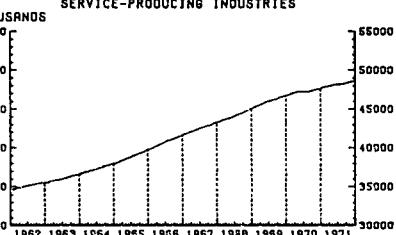
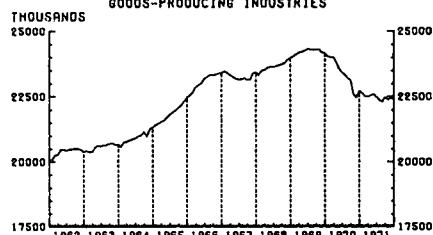
NOTE: Data for chart 12 represent the insured unemployed under State programs as a percent of average covered employment and are derived from administrative records of unemployment insurance systems.

UNEMPLOYMENT—HOUSEHOLD SURVEY
SEASONALLY ADJUSTED

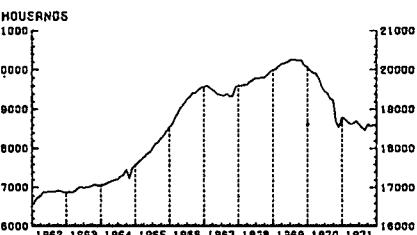
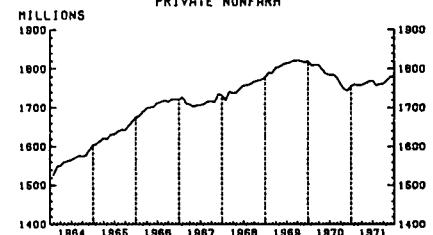
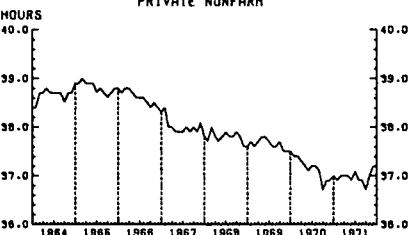
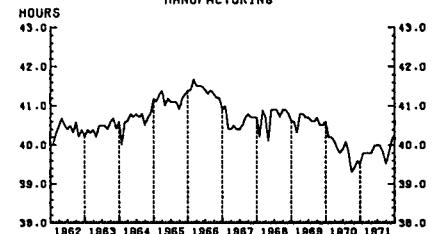
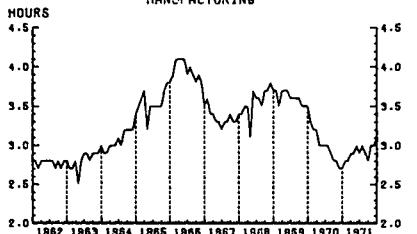


NONAGRICULTURAL EMPLOYMENT AND HOURS—ESTABLISHMENT SURVEY
SEASONALLY ADJUSTED

21. TOTAL NONAGRICULTURAL EMPLOYMENT

22. EMPLOYMENT
SERVICE-PRODUCING INDUSTRIES23. EMPLOYMENT
GOODS-PRODUCING INDUSTRIES

24. EMPLOYMENT IN MANUFACTURING

25. MAN-HOURS
PRIVATE NONFARM26. AVERAGE WEEKLY HOURS
PRIVATE NONFARM27. AVERAGE WEEKLY HOURS
MANUFACTURING28. AVERAGE OVERTIME HOURS
MANUFACTURING

NOTE: Charts 25 and 26 relate to production or nonsupervisory workers; charts 27 and 28 relate to production workers. Data for the 2 most recent months are preliminary in charts 21-28.

Mr. MOORE. If I may summarize it briefly, I think essentially the employment situation in December was about the same as it was in November. The unemployment rate was 6.1 percent. It was 6 percent in November and the jobless rate for most of the major groups in the labor force remained about the same over the month.

Employment was also little changed in December. The total civilian employment figure from the labor force survey showed a small increase and this continued an increase that has occurred since the summer.

Overall during the last 5 or 6 months there has been a very substantial increase in employment. Since July the increase in employment has amounted to 1.2 million persons and that, by historical standards, is a rapid rate of increase in employment. But December by itself did not add much to that increase.

The unemployment rates, as I indicated, for most groups remained about the same in December as in November. There was an increase in the jobless rate for Negroes which went up to 10.7 percent from 9.3. I think the quarterly figures on the unemployment rates for Negroes are more significant because they smooth out some of the sampling fluctuations and over the year there has been an upward creep in the unemployment rate.

Chairman PROXMIRE. Did you say 10.7? Wasn't it 10.3 for December?

Mr. MOORE. I am sorry; it was 10.3 in December. It had been 10.7 in October. Yes; that is my mistake.

But over the quarter; that is, for the fourth quarter, the average was 10.1 and that, as I say, has shown an upward trend during the year.

Another result in this release is that the average duration of unemployment, that is, the average number of weeks that persons who are now unemployed have been unemployed, edged down to 11.3 weeks. The highest value that has had in recent years has been 12.7 weeks and that was reached in June; and there has been some shortening of the duration of unemployment on the average since June.

We have figures for December on the employment and unemployment of Vietnam era veterans. The unemployment rate in December was 8.1 percent, about the same as in November. Employment was also very little different. Over the year the employment of veterans has increased by about a half million and unemployment has remained at about the same level.

Part of this, of course, is the increase in the number of veterans who are in the civilian population as a result of the reduction in the Armed Forces.

In terms of the payroll employment figures, which are developed on an independent basis from the household employment data, the total nonfarm payroll employment was up 120,000 in December. This represented largely an increase in the service industries employment which rose 135,000, whereas in goods production, employment was about the same, down just a very small number.

The average workweek showed for the total private, nonfarm economy a level the same as in November but higher than it has been since July 1970; and in manufacturing, which is a more sensitive indicator, the workweek moved up to 40.3 hours which is the highest level in 2 years.

As you know, the workweek is a leading indicator; it tends to move earlier than the number of people employed and I think this is a favorable sign.

Another set of figures that we get from the payroll employment statistics is on earnings and there, for December, the average hourly earnings of production workers in private nonfarm payrolls was \$3.50, up by 2 cents from the November figure. Over the year there has been an increase of 6.1 percent in hourly earnings.

Weekly earnings also showed some increase. They are affected by the length of the workweek as well as by the hourly earnings and over the year they are up by 6.6 percent. Both of those figures on the hourly basis and on the weekly basis are substantially higher than the rise in consumer prices which, according to the latest measurement we have, November to November, showed an increase of 3.5 percent.

Well, that summarizes the monthly situation as it is shown in this release.

We have also included in it a description of the year as a whole—1971—and I don't think I will try to summarize that, Mr. Chairman, but if you have any questions about it I would be glad to deal with them.

Chairman PROXMIRE. Well, thank you very much, Mr. Commissioner.

Mr. Commissioner, this looks to me like a pretty discouraging if not bleak picture, that is, if you put it in the context of the general aura of optimism about our economy. We have read that the private economists estimate we are going to have a good year. The President says a great year in 1972. We certainly have good figures for production, for profits, for productivity—all those are improving and good. I notice the new factory orders are continuing to improve. We seem to be going along on the same old almost depression level of unemployment and in this quarter it is really bad because it is increasing: 5.8 percent in October, 6 percent in November, 6.1 percent in December—certainly not getting any better. It has been hovering around a very high 6-percent level for a long, long time.

Then when we look in little more detail, total civilian employment went up hardly at all in December. Payroll employment went up some but this was due to the return of striking workers in mining and transportation. Manufacturing employment actually went down, as you pointed out. Hours per week rose and this is one encouraging sign, but on balance it appears that the employment situation certainly is not getting any better. It has been getting worse.

Have I overlooked any special factors or any significant elements in the situation? Am I making an unreasonable interpretation here, do you think?

Mr. MOORE. Well, I would think you do have to distinguish between employment and unemployment and I don't think the employment situation is getting any worse. The figures don't show much increase in December, but they don't show any decrease either; and the hours of work did increase and, of course, that is part of the employment picture: people not only work but they work a certain number of hours and they get paid for the hours that they work.

So, on the employment side, I don't see any deterioration at all. I see a small improvement, particularly on the hours.

On the unemployment side, however, there has been no improvement and one way to look at that, of course, is that the total number of people in the labor force has increased just about in line with the number of people employed so there has been no cut in the number of unemployed.

Chairman PROXMIRE. Well, you see, I look at the press release and you point out that—looking at the whole year 1971—it is true that there was an improvement in the latter half of the year as far as the employment picture is concerned but in the whole year it was worse, worse in 1971 than in 1969 and 1970; that is, there was a smaller increase in jobs in 1971 than in 1970 and 1969 by a substantial margin; isn't that correct?

Mr. MOORE. The number of people unemployed certainly did increase during 1971.

Chairman PROXMIRE. Well, the amount of employment increased in 1971 but it increased less than it did in—I should say—let me read what you have got here:

Employment hit the 80-million milestone in the last quarter, 780,000 above the third-quarter level and 1.1 million above the preslowdown peak attained in the first quarter of 1970.

Because of the lack of growth in the early part of the year, total employment for 1971 as a whole posted a modest gain of 490,000, compared with increases of 730,000 in 1970 and nearly 2 million in 1969.

So you point out that 1971, looked at as a whole, even in this one area which you say is the more encouraging aspect of the employment picture, was less favorable for the year as a whole in 1971 than it was in 1970 and certainly than it was in 1969.

Mr. MOORE. Well, for the year as a whole, that is correct. The only thing is that the second half of the year looks very different from the first half.

Chairman PROXMIRE. Yes.

Now, according to table A in the press release, total civilian employment rose 1.4 million from the first quarter to the fourth. However, nonfarm payroll employment rose only 600,000, less than half as much. Employment in the goods producing industries has actually fallen.

We have talked about this discrepancy before. It is a big discrepancy; it is a great difference and these are both series which I would think would be very reliable. They are both very large samples. The employment data as I take it comes actually from the employment records of the employers which is not really a sample as much as it is a total picture or is that wrong?

Mr. MOORE. No; it is still a sample but—

Chairman PROXMIRE. A very large sample.

Mr. MOORE. Yes.

Chairman PROXMIRE. A sample of about how many—140,000?

Mr. MOORE. About 160,000 establishments report on their employment payrolls to us every month.

Chairman PROXMIRE. How many jobs does this represent, roughly?

Mr. MOORE. Roughly 30 million employees.

Chairman PROXMIRE. Well, the report, then, for 30 million employees, and that report is more pessimistic, gives us a picture of a less favorable expansion in jobs than the 50,000, much smaller sample that you get by knocking on doors and trying to get that kind of a sample reaction. The 30 million figure is the more pessimistic figure; isn't that correct? It shows the lesser growth.

Mr. MOORE. The payroll figure has been showing a smaller growth over the last year than the household employment figure. There are problems in comparing the two since they don't really represent the same concept of employment. We call them both employment; they are really not the same thing. The household employment figure is the number of persons in the population who have jobs. The payroll figure is really the total number of jobs at which people are employed; and if a person has more than one job he is counted more than once in the payroll figure. So that is one source of difference between the two sets of numbers.

The only partial explanation I have been able to find for the discrepancy, and it does not explain the whole of it, is in the construction area. There the payroll figures which represent contract construction have been showing a great deal of weakness this year, virtually no increase at all. The construction figures on employment that we get from the household figures have shown a fairly substantial increase during the year.

Now, I think the reason is that the household construction employment figures include a lot of workers who work on small projects that are not reported in the payroll figures themselves, particularly in housing and, as you know, there has been a great boom in the housing area.

So it has seemed to me that the payroll figures do not represent fully the increase in construction employment. But that would not—

Chairman PROXMIRE. As you say, that would be a relatively modest amount of the difference; it would not account for the difference by any means.

Mr. MOORE. It would not account for all the difference; it would be partial. I am just unaware of what the—

Chairman PROXMIRE. Let me ask you—I don't want to ask you to forecast; you have resisted that; but I ask you as an expert, a business cycle expert, what is there in the picture now that could change this? What is there that could get us off this rut of 6-percent unemployment, of 5 million Americans looking for work? Can you see any change? I am not asking you again to forecast but I am asking you what the possibility is. Increase in housing starts is one area. Most experts say that is unlikely to increase. Increase in automobile production is another area. Most experts say it is unlikely to be any better this coming year than it was last year.

What are the areas where you think there is a possibility and, again, I am not asking you to predict that these will develop but what could change the situation and get us down to a lower level of unemployment?

Mr. MOORE. Well, overall, a continuation of the increase in employment that we have had since July would do a great deal.

Now, as I indicated in my remarks, we have had an increase since July of 1,200,000.

Chairman PROXMIRE. That has not done anything for us; it has not provided any further, any real reduction in unemployment, No. 1; and, No. 2, that employment is questioned because the bigger index does not show that kind of an improvement. The index showing the payroll employment does not show this kind of improvement, does it?

Mr. MOORE. Let me just conclude my point, if I may, on this matter.

Chairman PROXMIRE. OK.

Mr. MOORE. That rate of increase over 5 months is equivalent to about a 2.5-million increase in employment over a year, if it were continued for a full year.

Now, I think a 2.5-million increase in employment, if we could attain that, would clearly improve the unemployment situation because we are very unlikely to have anything like that increase in the labor force. Last year's increase in the labor force was about 1.5 million.

So, simply a continuation of the recent, the last 5 months' rate of increase in employment would accomplish a great deal.

Chairman PROXMIRE. Of course, there are a couple of discouraging aspects—one I have mentioned—that the other index does not show this. The other is that the December figure is not very encouraging. The most recent month—

Mr. MOORE. Yes.

Chairman PROXMIRE (continuing). Does not show the continuation at the rate that you have in the previous 4 months.

Mr. MOORE. That is true.

Chairman PROXMIRE. Now, in your very helpful section on the year end review in the press release you say the year was highlighted by a leveling off in unemployment.

That seems to me a rather strange way to put it, but, at any rate, the dramatic fact about 1971 was that unemployment remained stuck at 6 percent the entire year.

Then you point out that the civilian labor force grew 1.4 million, compared to 2 million in each of the 2 previous years. Employment, however, grew less than 500,000. The labor force grew by 900,000 more than did employment. Even so, the labor force grew by less than in the 2 previous years.

Does that mean a large number of discouraged workers stayed out of the labor force?

Do you have any estimates of the discouraged workers for 1971?

Mr. MOORE. We do. I don't have them right at my fingertips. Do you have them, Mr. Kaitz?

Mr. KAITZ. No, I don't.

Mr. MOORE. We do have a survey that we report on quarterly, on the number of workers that are counted as, in quotation marks, "discouraged," that is, that they have been interested in obtaining work but have felt that it is not obtainable for one reason or another and have moved out of the labor force.

Now, while that has increased over the year, the increase is relatively modest in terms of numbers of people. I don't, as I say, have the figures here but that is my recollection.

Chairman PROXMIRE. If that has increased during a year of recovery it indicates once again the great difficulty in reducing the unemployment figure because as the situation does improve, if it does, job opportunities open up, which we all hope they will continue to do at a more rapid rate; then the discouraged workers come back into the work force and you have that problem of trying to get down the unemployment figure; isn't that correct?

Mr. MOORE. Yes; that contributes to it. But, as I say, I don't think it contributes a great deal to it because the increase in the number of people who are counted as discouraged workers has not been very large.

Chairman PROXMIRE. Congressman Blackburn.

Representative BLACKBURN. Thank you, Mr. Chairman.

I do feel impelled to comment on your initial observations about muzzling the statisticians and turning loose the politicians. I seldom have been in the company of an unleashed politician equal to you, so these hearings have been as political as any I have ever attended and I don't think that we should accuse the administration of being any less political or more political than this committee as it sometimes conducts its own hearings.

Chairman PROXMIRE. Will the Congressman yield?

You see the point I was making was the housing statistics as released, like unemployment statistics being released, were not released in the aura the administration says they intended to have statistics released in. That is without a press conference, released by a press release and telephone calls made to clarify them; they were released instead by a statement of Secretary Romney, a political appointee.

I think it would be completely improper for me to release statistics, if I should be appointed by a Democratic President to some office and I think it would be improper for any Cabinet officer to do this. In fact, the Department of Labor has taken a position that even their own technicians can't have a press conference to release statistics. That was my point.

Representative BLACKBURN. Mr. Chairman, I can't imagine you being in any administration and being muzzled; I just can't imagine it.

Chairman PROXMIRE. When I say that I would not be the one to release statistics though—

Representative BLACKBURN. Let me get to the business at hand.

Mr. Moore. Mr. Blackburn, could I make a comment on this subject?

Representative BLACKBURN. Yes, sir.

Mr. Moore. It is of very great concern to me as a statistician in charge of part of the Government's statistical effort. One of the objectives that the administration has had right from the start is to separate the release of the statistics from any political or policy oriented discussion of them by the administration. In order to do that what has been established over the past 3 years is what has come to be known as the 1-hour rule, namely, that the statistical agency in charge of the data would release its figures and no one would comment on them from the policy point of view for at least 1 hour after the agency had released the numbers.

Now, that rule has, by and large, been followed very conscientiously. It has been followed in the Labor Department and it has been followed in the Commerce Department and in other departments. Occasionally there have been slips and I believe the statement by Secretary Romney was a slip.

Now, I have here a memorandum that George Shultz sent to every member of the Cabinet on December 27 on this very point and if you have no objection I would like to read this memorandum.

Representative BLACKBURN. I would like to hear it.

Mr. Moore. The title is "Safeguarding the Credibility of Economic Statistics."

"Since the early days of this administration the credibility of Government statistics has been of great concern. One of the most important

measures taken to safeguard the credibility of economic statistics was a directive issued by the President on February 8, 1969, on the basis of which the Office of Management and Budget issued guidelines to speed up the release of statistics and arrange for the publication of advanced schedules of release dates of the principal economic indicators.

"In accordance with the President's directive, the Office of Management and Budget has also instituted rules to separate the statistical reports from the policy oriented commentary. For the latter purpose we have introduced a 1-hour rule which provides for the 1 hour separation between issuance of data and release of related commentary. This rule has been in effect for almost 2 years and has been overwhelmingly successful, particularly in persuading the press that the two functions are indeed separated.

"Although the rule has been observed in almost all cases, there have been a small number of lapses, and the press has called attention to them. I am sure"—this is Mr. Shultz' statement—"that all these lapses have been inadvertent.

"In view of the importance of this issue, however, I should like to ask you to bear the 1-hour rule in mind and to ask your subordinates to observe it carefully in future releases of statistical information."

Representative BLACKBURN. I appreciate your calling that memorandum to our attention and I think that memorandum very clearly reflects the intent of the administration.

I know Secretary Romney, and I consider him a very dear friend of mine and I have a very high regard for him. Perhaps because of his enthusiasm for housing starts, which is his department, his agency, and something on which he has labored very diligently ever since his moving into the position of Secretary of HUD he is most anxious to show that he is enjoying some success in creating housing for the American citizen.

Mr. Commissioner, I think the chairman is overlooking the fact there have been some rather substantial changes in our economic posture in the past 2 months. For example, the revaluation of the dollar. This is going to have an impact, without question, in our import-export balance-of-payments problems. Your figures certainly could not reflect that; that is, the figures for the month of November and December could not reflect that as yet, could they?

Mr. MOORE. No, sir; they certainly could not.

Representative BLACKBURN. Yet your figures do indicate that the workweek is lengthening, and I believe you made the observation that that is generally a prelude to more people being employed?

Mr. MOORE. Yes, sir.

Representative BLACKBURN. Is it safe to assume that most businessmen, as their business increases—manufacturing, whatever you have—prefer to keep current workers working longer before adding new workers? Is that generally a true statement?

Mr. MOORE. Yes. There are various reasons that businessmen have for doing this, and that certainly is one of them, that they want to keep their workers and give them additional time when they feel that the demand for their products is rising, and that is their typical reaction.

Representative BLACKBURN. So it is normal for there to be a lag between increases in orders and additional employment. Can't we assume that is what we are facing at the present time?

Mr. MOORE. Yes; additional employment in terms of numbers of people on the payroll.

Representative BLACKBURN. As I recall, you commented, too, that the number employed has increased. That certainly is nothing to be discouraged about, is it, Mr. Commissioner?

Mr. MOORE. No, sir.

Representative BLACKBURN. And if the number of people employed had not increased, then the unemployment picture would indeed be bleak; would it not?

Mr. MOORE. I would say it would be very much bleaker than it is; yes; sir.

Representative BLACKBURN. I believe the retail sales for the month of December were at an alltime high. This certainly does not indicate any great pessimism among the American buying public; does it?

Mr. MOORE. No; retail sales have moved up, I think, in a very substantial manner.

One point, if I may, about the employment situation and its relation to unemployment: If employment had remained level, then it would be far more discouraging for the unemployed because the chances of getting a job within a reasonable period of time would be just that much worse. When employment is increased, while it is unfortunate to be unemployed, the chances of getting a job are a little brighter than they are if employment is stagnant.

Representative BLACKBURN. Let me just ask one last general question.

I recall when the administration terminated the monthly press conferences for the Department of Labor to issue its statistics. We had a great furor, particularly on this committee, about that. Since the termination of these press conferences, have you noted any great hardship among economists, either in the academic community or in the industrial or financial communities, as a result of the termination of these press conferences?

Mr. MOORE. No, sir; I have not noticed any dearth of information getting to the economic community. I think it gets to them just about the same way as it did before.

Representative BLACKBURN. So aside from giving some public official an excuse for additional hearings, the change in procedures amounted to very little; didn't it?

Mr. MOORE. The change in procedure, I think, has done this: I think more attention is given to the written press release. We have augmented the written press release with charts, and we put in an additional brief table. I think it is a better press release than it was before, than it was a year ago. But basically, the same information is getting to the public and just as quickly as it did before, if not a little quicker.

Representative BLACKBURN. So then the written document that you submit now is a more complete document than it was at the time we were depending on an oral press conference?

Mr. MOORE. Yes, sir; it is.

Representative BLACKBURN. So in that sense the present procedure is an improvement over previous procedures; isn't that true?

Mr. MOORE. I think it is definitely an improved procedure; yes.

Representative BLACKBURN. Thank you, Mr. Chairman.

Chairman PROXMIRE. Senator Percy.

Senator PERCY. Commissioner, I wonder if I could get a little background on how these figures are made up. Is the Bureau of the Census still using the procedures of calling on about 15,000 families a quarter?

Mr. MOORE. Well, let me explain it a little more fully. The household survey which yields the unemployment rate is conducted by the Bureau of the Census for the BLS, and they interview about 50,000 households every month.

Senator PERCY. They contact 50,000 every month?

Mr. MOORE. Every month. Now, the other part of our unemployment release which gives the payroll figures are collected by the Bureau of Labor Statistics, and we report them directly.

Senator PERCY. I understand each person has to make about 15 calls a day, so that after the first initial contact in person—and I assume they make the first one on a sample in person—is it perfectly permissible for them to contact the families by telephone after that?

Mr. MOORE. I will ask Mr. Kaitz to answer that.

Mr. KAITS. Sir, a rather large proportion of the household are contacted in subsequent visits by telephone. As you may know, when a household gets into the sample, it stays in 4 months for a total of four interviews, and then it leaves the sample for 8 months, and then comes back for another 4 months the following year.

Now, after the initial contact—well, in the initial contact, the household responding or respondents are asked whether they would respond by telephone in subsequent visits, and if they agree to this procedure, then telephone calls are used subsequently.

Senator PERCY. All right. Well, now, if they call up a family with a father and a mother and an employable son—18 or 19—and the father is working and has a steady job, do they ask the question: Is there anyone else in the household who would like to work? How do they find out whether the wife wants to work or doesn't work, or whether she is holding a job or not holding a job? I am just wondering whether with the rising interest that I see in women wanting to work, and all this emphasis on day care centers, what happens to these figures as this woman keeps reading about new opportunities and the boy is just becoming 18 now and does not need as much of her time, when they ask her, "Do you or would you like a job?" "Well, yes, I could earn a little extra pay; I wouldn't mind a job." "Have you done anything to get a job?" "Well, I did make an inquiry or two."

Is she listed as unemployed or not? She is not out beating the pavement, but she said, "Yes, I would like to earn some extra money," and yes, she had made an inquiry, maybe down at the corner store or maybe someplace at the Fuller Brush office, but there wasn't anything available, and she is not aggressively pursuing it, but she would like a job and said she would; is she listed as unemployed or not?

Mr. KAITS. I think in general she would be, sir.

Senator PERCY. She would be.

What if she was asked, "How about your son; is he working?" "No." "Has he worked?" "Well, yes; he had a paper route." "Would he like to work?" "Well, sure; he is going to college; he would like some extra money." "Has he made an attempt to get a job?" "Yes; he told me that he had been down at the store and asked them down there recently if they needed a delivery boy," or something like that—is he listed as unemployed?

Mr. KAITZ. Well, if he is—

Senator PERCY. He has indicated he has worked; he is not now working; he would like a job and he has recently made inquiry about employment but he is not out beating the pavement 8 hours a day trying to find a job, but he would like a job—would he be listed?

Mr. KAITZ. He would be listed as unemployed. The amount of effort involved in looking for employment that is required by the survey, you know, to classify one as unemployed is actually not very great. The respondent must indicate that he or other members of the household have done some looking for work during the past 4 weeks. Now, this might be only looking through the want ads and nothing more than that in order to find a job, or contacting friends or relatives.

Mr. MOORE. I might say, Mr. Percy, it is not a question of whether they would like to work; they have to do something to seek work and that is the crucial thing. But, as Mr. Kaitz says, they don't have to do very much.

Senator PERCY. Well, I just raise this point because I have been a little concerned as we look at these figures on whether or not the economy is strong or weak. So much depends on whether or not unemployment is 6 percent or 6.1 and, as Senator Proxmire says, this is a bleak outlook.

In touring my State, I don't see a bleak economic outlook. In talking with labor unions and in talking with management, I don't see pessimism. You were down at the business council meeting recently; there was not a lot of pessimism down there; there was a lot of optimism.

As I look at the press release, I look at the optimistic side. I don't look at the hole in the doughnut. I look at the doughnut and I see employment in December over November was up 100,000 people. We have record levels of employment now. We are absorbing into the market a tremendous number of additional people; manufacturing is up—it looks like 40.1 to 40.3, I see more hours put in, manufacturing overtime hours up, and I start to see now in December reflecting what I heard across the country—the cash registers are ringing, people are selling and people are buying. This pessimism and bleakness of the future is not being reflected by the consumer today who is spending a tremendous amount of money. Christmas sales were exceptionally good; houses are being built all over the country and that is going to mean home furnishings. I don't look on that as a bleak outlook.

I think we have to take into account if we are able to hold unemployment percentages stable even at the very time we are reducing the cost of living as much as we are—the administration's short-term goal is 2.5 to 3 percent a year—and wholesale price performance is now being better than at any time during the past 4½ years. With the rate of increase in consumer prices close to the target date already, I think this is a very encouraging economic outlook, almost a dramatic instance of a turnaround.

And, after all, holding the cost of living down means real income to people. It means more expendable dollars for people on relief or on fixed income; so I can't really be too pessimistic at all. In fact, I am quite optimistic that trying to achieve fuller employment and get down to a 5-percent figure on unemployment—can be done at the same time we minimize price inflation—and at least we know the results are coming home on fighting price inflation and we are at least holding

the line on the unemployment figure. I just wonder whether these unemployment figures are as valid as they might appear.

Now, are there any comments you would care to make on that long-winded filibuster? Are you pessimistic about what you see? You live close to these figures, but when I consider that Pete Peterson and Don Rumsfeld are both saying that 500,000 to 750,000 new jobs in the export field alone are possible in the next 2 years—1972 and 1973—I think it is time for us to be confident about the future and confidence in the future builds employment today.

I know that as surely as I know any economic fact. We have got to stop this pessimistic talk and even the figures to me don't look pessimistic.

Mr. MOORE. Well, as a statistician, Senator, I think I would make only one comment and that is, when people ask me what single figure out of all the employment and unemployment figures we produce, what is the one single figure that you need to pay most attention to, to me it is not the unemployment rate it is the employment number.

Now, the reason for that is not that I am a born optimist, which I am, but the reason is that there is a good deal more objectivity to an answer to the question "Are you employed?" than an answer to the question "Are you unemployed?" or "Are you seeking work?" You have exposed that, I think, by your questions about how we ask that question.

Employment is a pretty firm statistic for that reason.

And, by and large, in terms of the business cycle history of this country, when conditions have improved and prosperity has come about, employment has improved. That is a fairly firm finding.

Now, it is also true that as conditions improve, and have improved in the past, unemployment diminishes. So we should be looking for a diminution of unemployment.

But my point is in terms of any single number, the figure that I look for and look at and study most carefully is the employment statistic.

Senator PERCY. Right, and there are today employed 85.8 million people in December.

Mr. MOORE. 80.1; the 85.3 is the labor force.

Senator PERCY. Yes; 80.1.

Mr. MOORE. Right.

Senator PERCY. Which is 100,000 more than the previous month?

Mr. MOORE. Yes.

Senator PERCY. My time is up, Mr. Chairman, and I will come back with questions.

Chairman PROXMIRE. Mr. Commissioner, I think Senator Percy has helped make this point very clear, that I tried to make earlier. He has given it certainly a very useful dimension. There isn't any question about the optimism of many statistics, of profits and production and productivity and of the fact that if you go into the board rooms and if you go to the business council they are optimistic, bubbling with optimism.

The point is in spite of that, in spite of this, you have unemployment just as bad now as it was a year ago and getting worse over the last 3 months.

Now, when you look at the statistics that you have in your second chart, table D in the press release, you find that for men 20 years and

over unemployment was about a third worse in 1971 than in 1970 or about, yes, about a quarter worse. For married men it is about a third worse; for full-time workers it is about a fifth worse; for unemployed 15 weeks and over, the long-term unemployed, it is nearly twice as bad.

Now, under these circumstances, these people may be optimistic and I don't blame the people who have jobs and who are big stockholders from being optimistic, but it—but the No. 1 economic problem of this country today is not inflation; it is unemployment and if we would just say if you talk about it you are being pessimistic and you are going to hurt the economy, it seems to me you are really asking for a lack of credibility among the American people.

If we are going to make the charge that there is anything about these statistics that is deceptive or it does not tell us the truth, it seems to me we ought to document that.

Have there been any changes at all in gathering these statistics? Isn't it true that a year ago you had the same kind of a situation and 2 years ago the same kind of situation where the interrogator would go to the houses; they didn't determine what the effort was in finding a job; they just wanted to find out whether they were looking for a job one way or the other, looked at the want ads or something else. You haven't changed that, have you?

Mr. MOORE. No, sir; we try to maintain those methods as comparable as possible from one month to another.

Chairman PROXMIRE. And you wouldn't have honest figures if you didn't do that, at least if we didn't know you were changing that?

Mr. MOORE. That's right.

Chairman PROXMIRE. So these figures are comparable and the comparable figures show unemployment is just as bad as it was a year ago in spite of 14 months or so of theoretical recovery; and we have had good recovery in many areas but not in the area of unemployment and this is the one area the administration even refuses to set a goal for. They have a goal for inflation. You don't have any goal for getting unemployment down to 4.5 percent or 5 percent at the end of the year.

Mr. PERCY. Would the Senator yield on my time on that point, just to interject a thought?

My whole point was that when you have a condition changing as rapidly as you have, of women desiring to work and wanting to move into the labor force and assert their independence and have an independent career, you are going to have more and more women answering the question, "Yes, I would like a job."

When you have rising prices and inflation which is putting a pinch on every pocketbook, even though you have got a wage earner in the family who may be earning \$18,000 a year, the wife would still say, "Yes, I would like a job and my son ought to be working; he would like to get a job," and they would have to put down two out of three are unemployed out of that family, but that is hardly a hardship family.

Then I think you have one other thing which was pointed out by the paper this morning. I read a survey on how people on welfare were reacting to getting jobs and someone was quoted as saying, "I don't want one of those crummy \$1.25 an hour jobs; I would sooner stay on welfare than do that." You have now with the welfare rights movement a feeling that it is demeaning to take work that isn't a desk job or isn't a junior executive job, at least, and you have got more people

turning jobs down. That is a phenomenon which is not reflected in these statistics at all and I think, therefore, you have to look behind these unemployment statistics and not just simply say that 6 percent unemployment means disaster for the country.

It may be, in the older terms, somewhat less than that, and I would like to keep looking at the number of people who are employed.

I also feel that just in the board rooms people aren't rejoicing only because profits may be good or bad. I think every business executive I know has a conscience about the people that he is employing and he feels good when he is hiring and he feels badly when he is laying people off.

I think the reason business is feeling pretty good today is that they feel they can put the help wanted sign up pretty quickly. They are now putting more overtime in and they are now turning that overtime into new employees when they get confidence that there is now a new plateau of business activity that they can achieve.

So, again, I can't put the term "bleak" on the present overall economic picture and I am not shaken by one-tenth of 1 percent change in the statistical figure based on a very, very small sample which may not be exactly comparable as a lot of factors change as we go along.

Chairman PROXMIRE. What shakes me is the fact there is no improvement. One-tenth of 1 percent, of course, is not statistically significant. The fact is that month after month after month for 14 now we have been at this 6-percent figure. You now argue that, No. 1, more women are looking for work because of the Gloria Steinem movement, because of the Women's Lib; maybe there is something to that. I doubt if that is statistically significant; maybe it is. I doubt if the Women's Lib, bra-burner kind of operation has made more women go out looking for work and if it has we ought to have some kind of analysis indicating that more women are looking for work, rather than just saying that because we have this attitude on the part of some women and it has been publicized widely—this means that more women are looking for work.

As far as the welfare attitude is concerned, we have heard this for years and years, that the people on welfare want to be junior executives or senior executives; they don't want to get a job that is available. I doubt if that has changed much. I doubt if it has.

So far as inflation is concerned, people are looking for work now because inflation is hitting their pocketbook. Well, one of the claims the administration is making is inflation has improved and indeed it has improved somewhat. We have not gotten the same rate of increase in the cost of living over the past 2 or 3 months that we had 4 or 5 months anyway that we did in the first part of the year, so I doubt if any of these would really indicate any basis for challenging the hard cruel fact that unemployment remains dismal.

Let me ask you this, Commissioner Moore: Why did insured unemployment, insured unemployment rise in 1971 from 3.8 in the first quarter to 4.3 percent in the fourth quarter even though total unemployment was fairly constant? Here again, this is a hard statistic. This isn't a figure or a matter of rhetoric. The fact of the matter is that insured unemployment went up very sharply from the first quarter to the fourth quarter. How do you explain that?

Mr. MOORE. Well, there is a moderately close relationship between the insured unemployment rate and the total unemployment rate but it isn't a perfect one.

If you look at the last three quarters, starting with the second quarter, you see a 4.2 in the second quarter and a 4.2 in the third, and 4.3 in the fourth, which is virtual stability; and if you go back to the fourth quarter of 1970 you get a 4.4 percent.

Chairman PROXMIRE. That is when you had the General Motors strike and its implications and so forth.

Mr. MOORE. Well, that had an effect there but it also had an effect on the total rate; and at that time the total unemployment rate was 5.9, so I would say apart from short-term fluctuations they have been following pretty much the same course of stability.

Chairman PROXMIRE. Do you know how many persons have exhausted their insurance benefits and yet remain unemployed?

Mr. MOORE. I don't have that figure. Do you have it?

Mr. KAITS. No; we don't have that figure.

Mr. MOORE. We could make that available.¹ I just don't have it in my notes.

Chairman PROXMIRE. I would appreciate that because when you have this long period of unemployment with so many people unemployed more than 15 weeks and so forth, I would think that figure would be important.

Mr. KAITS. Sir, if I may add something on that?

Chairman PROXMIRE. Yes.

Mr. KAITS. As you know, the unemployment insurance laws have been modified recently and, for example, in 1971 a fair number of States had extended benefit programs beyond the normal expiration date for unemployment insurance; and starting this year, as a matter of fact, we have the Magnuson bill in effect, which extends unemployment compensation for an additional 13 weeks beyond the point where they would otherwise have been extended.

Chairman PROXMIRE. Right.

Mr. KAITS. And in addition, the national program, so-called trigger program, apparently will be effective beginning this month.

Chairman PROXMIRE. I think all those should be very, very helpful; that's right.

Mr. KAITS. Yes.

Mr. MOORE. We would be glad to supply information for that for the record.

(The following information was subsequently supplied for the record:)

Under the Federal-State Extended Unemployment Compensation Act of 1970 (P.L. 91-373) 22 States have paid extended benefits at some time in 1971, because their programs were triggered by their own unemployment levels. In addition, under the provisions of this same law the national program will be triggered in January 1972, automatically extending benefits in all States.

The recently enacted P.L. 92-224, the Emergency Compensation Program, will extend benefits still further in 1972 in about 10-12 States which have unemployment rates above a specified level. In these States, two 13-week extensions of benefits will take place, making it possible for unemployment insurance claimants to receive 52 weeks of benefits.

The only figures available on exhaustions of benefits are the numbers of people who exhausted their benefits at the end of each week. It is not known how many

¹ See response below, this page and page that follows.

continued to be unemployed. The weekly averages under regular State unemployment insurance programs, are as follows:

	Weekly average
1967	17,000
1968	16,000
1969	16,000
1970	25,000
1970 IV quarter	30,000
1971 I quarter	39,000
1971 II quarter	43,000
1971 III quarter	45,000
1971 IV (October and November)	39,000

Chairman PROXMIRE. Mr. Moore, as a business cycle expert, can you recall any comparable period of recovery, recovery where unemployment has stayed so high for so long?

Mr. MOORE. Well, I guess it depends on what you mean by stayed so high.

At this level of 6 percent, roughly speaking—

Chairman PROXMIRE. About a record for a recovery period for this long?

Mr. MOORE. Yes. On the other hand, I think if you compare unemployment over long periods of time it is wise to take into account the change in the composition of the labor force. In this case it means, because there are more women at work and seeking work, and more teenagers at work and seeking work, and they normally, even in good times, experience higher unemployment rates than adult men, that that shift in the composition of the labor force has tended to make a 6-percent unemployment rate more nearly equivalent to a 5.5-percent unemployment rate 10 or 15 years ago.

If you look back, to get back to your question, if you look back to 1962 you again had a period of a good deal of stability in the unemployment rate at about a 5.5-percent level.

Chairman PROXMIRE. Does this mean that if you get down below 5 percent unemployment that you have to be concerned about the inflationary pressures?

Mr. MOORE. Well, I don't want to draw a conclusion as to where the inflation rate starts to become serious as the unemployment is reduced. I don't think there is a very tight relationship between the two in any case.

Chairman PROXMIRE. The reason I ask that question, it appears to me that Mr. Shultz and other persons in the administration want to have it both ways. Mr. Shultz spoke yesterday at the National Press Club and he made the argument that the budget would be in balance at full employment. The only trouble is that full employment, as they define it, at 4 percent and Mr. Connally says it is ridiculous to say we can ever get unemployment in peace time down to 4 percent; he argues it has never been done, never can be done in the future. I think he is wrong about that but he is a very important economic spokesman for the administration.

If they are going to settle for 5 percent, if that is full employment figure, it means they are running a deficit even at full employment according to the figure they hope to achieve of at least \$15 billion, so it would seem to me contradictory for them to say their budget is in balance at their full employment figure; and they have got a full employ-

ment figure which is really not the budget balancing figure but far, far above it.

I would like to ask you this : Seasonally adjusted unemployment was 5.2 million in November and December. That is the most recent figure. Your table A in the press release shows that it was 5 million in the first quarter of 1971. Is this rise statistically significant? Would you consider this par for the course in a recovery period—a rise of 200,000 in unemployment seasonally adjusted?

Mr. KAITZ. I think we could; yes. We could call this statistically significant.

Chairman PROXMIRE. It would be statistically significant?

Mr. KAITZ. In the narrow terms in which you use it.

Mr. MOORE. In terms of the sampling error it is larger.

Chairman PROXMIRE. Larger, so it would be quite an aberration for a recovery period that has 200,000 people more unemployed at the beginning of the year than at the recovery end?

Mr. MOORE. Then you get back to the question of the level, and in terms of the argument I was making before about a shift in the composition, this is not an unusually high level if you allow for that shift in the composition.

Chairman PROXMIRE. All right.

Take another statistic. I notice labor force time lost, table D in the press release, averaged 6.4 percent in 1971 as compared with 5.4 percent in 1970, and 3.9 percent in 1969, 4 percent in 1968 and 5.2 percent in 1967 and 1968. So, it is at its peak over the last 5 years by far, a very high level in 1971. There doesn't seem like a pattern for recovery in 1971 or am I not interpreting the data correctly?

Mr. MOORE. Well, my picture of an economic recovery includes both an increase in employment and a reduction in unemployment. Usually the reduction in unemployment comes later than the increase in employment and this time it seems to be doing about the same thing. It is coming later.

Chairman PROXMIRE. I understand that during the coming year you will be gradually changing the sample of household from which employment data are collected. Also, you will be changing the relative weights which are placed on different groups in the population so as to conform with the 1970 census, that is, for example, you will start basing your estimates on the relative number of teenagers in the population in 1970 rather than in 1960. Is that correct?

Mr. MOORE. We are making a shift or rather the Census Bureau is making a shift toward using the 1970 census of population.

Chairman PROXMIRE. How will that transition be made?

Mr. MOORE. It is being done over a 16-month period.

Chairman PROXMIRE. How will you make that transition, just the one-sixteenth each month, something of that kind?

Mr. MOORE. Well, roughly that is it, but perhaps Mr. Kaitz can elaborate.

Mr. KAITZ. It is a little more complicated than that, sir, but I think the item perhaps of principal interest is the fact that the new population controls will be used in the numbers, in the single month, the month of January. There will consequently be some discontinuity between the figures for December, which are based on the old population

controls and the figures for January which will be based on the new population controls.

Chairman PROXMIRE. I understand this is going to change the data, change what the data tell us; and you have made some study, I understand, as to how this will change, have the effect it will have on the unemployment rate. Can you tell us what these studies show?

Mr. KAITZ. We will have an article coming out on that within a month from now. We will, of course, have the January figures and along with the January figures we will have an assessment of the impact of the changes in these population controls.

Chairman PROXMIRE. Can you give us a preliminary estimate as to what effect this might have? Would it tend to reduce the unemployment rate?

Mr. KAITZ. I think the effect on the unemployment rate itself will be relatively small. The effects, of course, are greatest once we go to specific—

Chairman PROXMIRE. Small in what direction—increase it or decrease it?

Mr. KAITZ. I don't recall.

Chairman PROXMIRE. You don't recall?

Mr. KAITZ. I don't have those numbers with me. I wanted to have some copies with me but I couldn't get them this morning.

Chairman PROXMIRE. I understand, Mr. Moore, that many Federal employees are under pressure to retire early at less than full retirement income. How would such a retiree be counted, if he were forced to retire—unemployed or not in the labor force?

Mr. KAITZ. If a person retires and looks for work, he is counted as unemployed.

Chairman PROXMIRE. Well, supposing he spent a whole lifetime—he is a Federal employee—in a specialized job. He therefore is not looking around, just hoping the Federal job would again be opened up. Wouldn't that be a case of hidden unemployment?

Mr. KAITZ. If in reply to a question on the survey he says he did not look for work in the last 4 weeks, then he is counted as being out of the labor force.

Chairman PROXMIRE. OK.

Senator Percy.

Senator PERCY. Commissioner, I would like to put in the record the fact that adult women, as a percentage of the total labor force, increased in the last decade, 1961 from 30.7 percent to 34.2 percent in 1971. So that has increased a tremendous number. At the same time the total number of women in the population has increased dramatically. The percentage of employed women has increased dramatically as well. So their impact on how they answer the question of whether they want to work is important. I think Senator Proxmire very fairly has pointed out another possible problem here. There is, of course, earlier retirement now. Many times people are retiring at age 55, not just 65, when they really don't want to, but there is compulsory retirement. I suppose if they were called up and asked "Would you want a job and have you looked around for a job," even though they were living on a pension and were retired, they might be inclined to say, "Yes, I would like a job. In fact, I would like a part-time job," and that would also add to that statistic. So I think we have to look very carefully at those statistics.

I would like to ask some questions that relate to whether or not we have a bleak outlook or whether we have an encouraging outlook.

In the press release would you interpret your statement that very long-term joblessness is at its lowest level since April as an encouraging statement?

Mr. MOORE. Well, it certainly is encouraging for those who are unemployed a very long time.

Senator PERCY. Overall, though, is its impact on the economy an encouraging statement?

Mr. MOORE. Yes.

Senator PERCY. Both civilian labor force and employment have risen substantially since the summer, with the bulk of the increases occurring with full-time workers, mostly adult females. Is that an encouraging or a discouraging statement?

Mr. MOORE. Well, personally, I find it encouraging.

Senator PERCY. I find it encouraging.

Then continuing right on, the number of workers on part-time for economic reasons, that is who want full-time work but have been able to find only a part-time job or have had their workweek reduced because of economic factors affecting their jobs, dropped from 2.6 million to 2.4 million. Is that an encouraging or a discouraging indicator?

Mr. MOORE. Again, personally, I find that encouraging.

Senator PERCY. I find it very encouraging.

Now, in the press release you indicate that during November and December the average workweek for workers on nonagricultural payrolls after seasonal adjustment was at its highest level since July 1970. Is that an encouraging statement?

Mr. MOORE. Yes, I think that is encouraging.

Senator PERCY. I think that is very encouraging.

And in manufacturing, the average workweek, after seasonal adjustment, was at the highest level in 2 years. Isn't this an indication of a quickening economic recovery?

Mr. MOORE. Yes, I believe so.

Senator PERCY. An encouraging sign.

So I concur with you. I think those are very encouraging trends.

Then would you classify the rise in unemployment rate that is reported today as a statistically significant change? Isn't it true that the reality of our unemployment situation is that the rate has really hovered around the 6-percent level throughout 1971?

Mr. MOORE. I would rather stand with the statement that it has hovered around 6 percent during the year and December is not very different from that.

Senator PERCY. Very well.

Can you tell us why unemployment dropped for white workers in December, but was higher for Negro workers during the same time period?

Mr. MOORE. I don't think we have an explanation for that. The rate for black workers is subject to much wider fluctuations from month to month because the number of blacks that are in the sample is a very small proportion and so the sampling error is much larger for that group than it is for the white group, which is much larger. But I don't have any particular explanation for this month's fluctuation.

Senator PERCY. Henry Ford issued a very statesmanlike statement yesterday in which he indicated that he would favor a reemphasis and

a shift in funds from just transportation highway funds to overall transportation funds. I wrote him a note this morning and said that was just typical of what I consider to be a statesmanlike position that the automotive industry has taken through the years. It was the first industry who came out for freer trade. Twenty years ago, the Detroit Chamber of Commerce was the first in the history of the chambers of commerce that came out with a strong world trade policy.

On the other side I have admonished the automobile manufacturing companies and their chiefs for a statement they made some time ago that if they show car sales moving ahead, as they have been now, million car sales months, they were going to increase overtime rather than increase their rate of employment.

Now, with this stabilization and our exchange rates now established—I don't want to see economic recession in Europe—certainly there is no question but what the stimulus to American automobile manufacturers has been very great indeed. If they do not add to overtime but hire people, can't we expect to see a higher employment level in the automotive field and certainly others as they reflect increased retail sales?

Mr. MOORE. I can't make a forecast on that, but I would say that the workweek in the auto industry has increased, and there are limits as to how much it pays to do that before adding more to the work force itself; and when that point is reached they will begin to hire more people.

Senator PERCY. Now, if the economic forecasts are accurate, and we had a year ago a sharp difference of opinion between the economic forecasters in the public sector and in the private sector, with the \$1,065 billion economic forecast—there was a sharp difference of opinion. But now there seems to be a very general consensus that we are going to have a real economic growth of 6 percent, that is, economic growth over all of 9 percent minus 2.5- to 3-percent inflation, so there ought to be a real growth at 6 percent. If such predictions come true, and they are now almost universal—wouldn't that have an impact on unemployment?

Mr. MOORE. Well, it will certainly have an impact on employment if these forecasts that have been made come about; whether it will have an impact on unemployment depends on what happens to the labor force.

Senator PERCY. Yes.

Mr. MOORE. Now, if we had an extraordinary growth in the labor force, the effect on unemployment would be very much smaller than if we had a normal or a less than normal growth in the labor force.

What we find very difficult to predict, and I think this is true in every one—

Senator PERCY. How many new workers do we expect?

Mr. MOORE (continuing). Is what the growth of the labor force would be, and that is what makes the forecasts of unemployment very uncertain.

Senator PERCY. Do you have a figure, Mr. Commissioner, as to how many new workers we anticipate coming into the labor force this year, 1972?

Mr. MOORE. No; I do not have that.

Senator PERCY. Could we be furnished with that figure and relate that against the anticipated employment level. Then if we could get a

6-percent real growth this year—I think it might be interesting for us to just take a look to see what would happen to the job force if the forecasts are accurate.

Mr. MOORE. Well, Senator, as you know, I have resisted the temptation, and it is a great one, to make forecasts; I don't believe the Bureau of Labor Statistics should make short-term forecasts, but we do make projections.

Senator PERCY. That is all I want.

Mr. MOORE. And I would be glad to furnish those projections to you for the record.

(The following information was subsequently supplied for the record :)

The size of the total labor force is projected at about 93 million in 1975. This projection reflects expected population changes and assumes continuation of past trends in the labor force participation rates of the several age groups of men and women. This averages out to a net increase of about 1½ million per-year from the 1971 average level of 86.9 million. The size of the Armed Forces averaged 2.8 million during 1971. Current plans call for a reduction to about 2.4 million during 1972. Thus, civilian labor force growth from 1971 to 1972 would exceed total labor force growth by about 400,000.

Senator PERCY. Well, a staff member has just shown me the forecasts made by economists and they certainly—just in glancing at the figures—coincide with my own view after now having had meetings with businessmen and labor leaders in my State and in Denver, San Francisco, Phoenix, and Los Angeles in the last month. I will be in New York for two meetings this month to meet with labor and business leaders. I have a very strong feeling that despite some of the concern I have about these unemployment figures and I prefer to look at the employment figures, I anticipate there are no concerns of bleakness in the future. I would anticipate without any question we are going to have a level of unemployment less than 6 percent, probably between 5 and 6 by year's end, and that coincides, I think, with every major economist in the country. So I have an optimistic outlook and what I would hope we could do, Mr. Chairman, this year—an other member of this committee who is not here today—the ranking minority member, Senator Javits, on the Senate side, I am sure would want to comment on what I would hope, and the two of us have talked about it many times—what we can really accomplish this year is an increase in productivity.

We have now tried to build into legislation productivity factors and incentives that have been little-known and, as I have discussed it with business groups, I haven't found 2 percent of the sophisticated businessmen that even knew that built into the law now are methods for improving the productive capacity of America and America's competitive position in the world. That is where these new jobs are going to come from in competing to fill the needs and hopes and aspirations of 3½ billion people in the world. It is our world markets we have been concerned about and which have been slipping. As imports have flooded the country and as exports have been dropping down you not only have a balance of payments problem, you are also losing employment in this country as a result of it, so productivity and employment, I think, are two factors that must be related and should receive a great deal of emphasis this next year.

For too long labor and business have looked at each other as antagonists. You have to go back to World War II when they sat on the same side and said our job is to produce more, at higher quality and lower cost and get it out faster; and for 25 years we have forgotten that. Our merchandise has been shoddy, our workmanship poor, our productivity lower, lower every single year, until there has been no increase for 2½ years.

And as a result we are losing jobs and I think the greatest way to get the unemployment figures down and employment figures up is to increase our productivity. And we now have built into law—the first was the Percy amendment which was adopted on the floor of the Senate unanimously by a rollcall vote and was accepted by the House, where pay is exempted from control by the Pay Board when it relates to increase in productivity. We are not trying to hold wages down. How do you stimulate an economy holding wages down? We want to get wages up. But what we are going to do is hold prices down and if we can hold the prices down through increased productivity, we cannot only keep our standards of living rising and wages improving but also we can increase our competitive position. And the Javits amendment, which I felt was an extremely important amendment, as I was its principal cosponsor, provides for productivity councils to be established this year throughout the country where labor and management can work together to improve the competitive position of America. And I think that is why Mr. Rumsfeld and Mr. Peterson make the prediction that now with the new exchange rates, plus a new attitude, we hope, here at home, that you can't demand more and keep giving less and keep this country competitive and have unemployment figures go down—that productivity is the key to success in the future and that is why I think your appearance here is a wonderful chance to have us once again focus on the problem and see how we look at it. I think in the last remarks I have made that Senator Proxmire is an enthusiastic supporter of everything we can do to improve the competitive position of American enterprise and I think here there was no difference of opinion one way or the other.

The House and Senate concurred and we now have built into legislation, I think, the mechanism for dramatically improving this year the competitive position of American enterprise.

Thank you, Mr. Commissioner, very much.

Chairman PROXMIRE. Now, I would just like to say in response to what the distinguished Senator from Illinois has said, I was a junior cosponsor of that Percy-Javits productivity amendment and I believe in it wholeheartedly and I think it may help increase and will help increase productivity soon and I think in a period of recovery we should have a substantial productivity increase.

This is exactly the problem. If the economists are right, and we have a 6-percent real growth in GNP and we have a 4-or 4.5-percent increase in productivity, consider the consequences. What does an increase in productivity mean? It means that the same number of people can produce that much more without one additional job. Increased productivity means that you are producing more with the same number of workers, so if we get a 4- or 4.5-percent increase in productivity and a 1.5- or 2-percent increase in the work force, with 6-percent growth

you have no improvement in unemployment at all. None. Zero. That is why unemployment is the No. 1 economic problem before our country. This terrible situation in which we have 5 million people out of work, and the administration talking optimistically about other phases of the economy which they have a right to do, but not doing anything substantially effective at least about reducing unemployment.

Mr. MOORE. Mr. Chairman, could I make an observation on that?

Chairman PROXMIRE. Yes; I wish you would.

Mr. MOORE. I really don't think that is the way the economic system works, if I may say so. That is, I think an improvement in productivity does not really reduce employment; it tends to increase employment.

Chairman PROXMIRE. I think so, too, but let me just interrupt to say that the assumptions the economists are making on the 6-percent increase in real GNP is based, as I understand it, very largely on an increase in productivity.

Mr. MOORE. Well, but to say if we improve productivity more than is implicit in their assumption and thereby don't get the increase in employment, I think, is just twisting—

Chairman PROXMIRE. I know. I am for the increase in productivity. I cosponsored the Percy-Javits amendment; I am for that. I think we have to have that if we are to have an improvement in our standard of living, but I say we need more than that. It is not enough. Does that follow?

Mr. MOORE. I agree we need more than that, but I don't think that is an obstacle in any way to improvement in employment.

Chairman PROXMIRE. It is not an obstacle.

Mr. MOORE. Or reduction in unemployment.

Chairman PROXMIRE. To say we are going to get a 6-percent increase in real growth, then you have to look at how it is possible. You were very correct in your responses to Senator Percy, and you say that may or may not mean a diminution in unemployment. It may mean in all likelihood an increase in employment, but if you get an improvement in productivity, which we anticipate, and if you also get an increase in labor force, which you anticipate in a period of recovery, you may not get a decrease in unemployment; is that right?

Mr. MOORE. That is the way the arithmetic works, but that is not the way the economy works, and the reason for it is that an increase in productivity can reduce costs and prices in such a way that demand increases and you get a bigger rise in output than you otherwise would have.

Chairman PROXMIRE. I would agree with that.

Mr. MOORE. And more jobs rather than fewer jobs.

Chairman PROXMIRE. I think you are right and Senator Percy is right in pushing hard for productivity, but to think that is the way you would get your 6 percent real growth which would be extraordinary—we have had very few periods to get 6 percent growth; we have had some and some better than that, but it would be a very good year, probably a great year, and part of the way that you would get that is through an increase in productivity, but to break it down on whether or not you can solve your unemployment problem this year, you cannot rely on 6-percent of real growth—to say that is your answer—you cannot, even though we have a good year.

Senator PERCY. Mr. Chairman, I think an illustration, an old illustration, is of the fellow showing someone a hole in the ground there where a steamshovel was working, and he said, "You realize there were 10 men down there with shovels last week and we now have replaced them with one steamshovel." And the other said, "Yes; but how about the nine that are unemployed?"

He then said, "If that is the way you are going to create employment, why not put 100 people down there with teaspoons?" And I think we can get across to labor unions, and I was so pleased that their response was so strong in Illinois—and I talked to them about productivity—that we are not putting people out of work if you increase productivity. We are putting them to work because it will create more jobs because it gives a better value to the customer to buy the product, and we have unlimited markets available for the product if we can simply get competitive with other economies that have had greater productivity increases than we have.

Chairman PROXMIRE. Let me get into a couple of more questions because it is getting late.

The press release states that 900,000 men were discharged from the Armed Forces in 1971. There has been an assumption by some members of this committee and others, not by Senator Percy, this means a 900,000 increase in the work force. However, other individuals were entering the Armed Forces during the year. What was the net reduction in the Armed Forces in 1971?

Mr. MOORE. We have a reduction over the year of 371,000.

Chairman PROXMIRE. 371,000 out of 900,000?

Mr. MOORE. A net reduction. Of 900,000, not all were a net addition to the labor force. Some veterans returned to school; others did not seek work for a variety of reasons.

Chairman PROXMIRE. What do you estimate to be the net increase in the civilian labor force due to reduction of the armed services?

Mr. MOORE. The number of Vietnam veterans in the labor force, which we have information on—

Chairman PROXMIRE. That is not the question because—

Mr. MOORE. I realize it is not the question. I just don't have an answer.

Chairman PROXMIRE. At any rate, would you say it would be a fair statement that reduction in the Armed Forces could not possibly account for more than 25 percent of the increase in the civilian labor force, probably considerably less? Even without any reduction in the Armed Forces, the labor force would have grown more than did employment?

Mr. MOORE. If I may, I would like to put an answer to that in the record, Senator.

Chairman PROXMIRE. All right.

(The following information was subsequently supplied for the record:)

The net reduction in the Armed Forces between 1971 and 1972 was 371,000. Since approximately 92 percent of Vietnam era veterans enter the civilian labor force, the approximate net addition to the civilian labor force from the reduction in the Armed Forces would be 340,00. The total increase in the civilian labor force was 1,400,000. Hence, the reduction in the Armed Forces accounted for about one-fourth of the total increase.

Chairman PROXMIRE. Incidentally, in relation to the question that Senator Percy asked, which was a good point, have you figures showing how much change must take place to make it statistically significant? Take blacks—how big a change? You got a big change, you said this month because the sample was small for blacks; it might not be statistically significant?

Mr. MOORE. For a 1-month change the change would have to be in excess of 0.8.

Chairman PROXMIRE. Point eight; that would be a very big change. Can't something be done to reduce that statistical error? Couldn't you improve the sample to reduce the error? After all, blacks constitute what—11 percent of the population which means they should constitute 5,500 of the 50,000 sample, which means that 5,500 is three times the size of the typical Gallup sample, I understand.

Mr. MOORE. Well, they presumably have a larger standard error.

Chairman PROXMIRE. They wouldn't agree they would have a sampling error as big as that, as big as 0.8?

Mr. MOORE. I don't know. I have not inquired, but it does depend on the size of the group that is in the labor force and I don't know whether any change in the sampling technique could be made.

Chairman PROXMIRE. I think it would be very helpful to get that because we do take many policy positions in the Congress, based on minority unemployment, and unemployment of this kind, and it would be most helpful if we could have this more accurately.

Mr. MOORE. The best short-run position to take is to look at the quarterly figures. They do include, of course, large numbers since they are taken over 3 months and they are much more stable in their behavior.

Chairman PROXMIRE. Finally, your tables showing annual averages are quite striking.

Take table E in the press release, employees on nonfarm payrolls increased 400,000 between 1969 and 1971. Would you say this was an indication of recovery? Only 400,000 increase over a period of 3 years, or take goods-producing establishment employment: 24.2 million in 1969; 23.3 million in 1970 and 22.5 million in 1971. Where is the recovery?

If you look at private nonfarm payrolls employment, leaving out Government, the total is virtually unchanged over the last 2 years, and I am not talking about goods producing now, but talking about the whole private sector. The total is unchanged for the last 2 years which seems to me to be a pretty miserable performance and in an economy in which the population is growing, continuing to grow.

Mr. MOORE. May I call your attention to the charts that are attached to the press release, on the very last page which shows the monthly figures on the nonfarm payroll employment data.

Now, it is very difficult to say whether a recovery is or is not underway from annual averages. You need monthly or quarterly data to do it; and in chart 21, for example, attached to the press release you can see a pretty steady rise since the end of last year in the total non-farm employment.

Looking at goods producing alone, chart 23, you see stability roughly.

Chairman PROXMIRE. Wait a minute, chart 21?

Mr. MOORE. Chart 21 shows the total.

Chairman PROXMIRE. It seems to me the chart, as I look at it, looks as if there is very little change from the end of 1969 to the end of 1971. It looks as if it is pretty flat. There is a dip but overall it is pretty flat for that 2-year period.

Mr. MOORE. Well, as I read the chart, it began going down in the early part of 1970, reached the bottom at the end of 1970, and has been moving up more or less steadily ever since.

Chairman PROXMIRE. But at a very slow rate, slower than 1969, 1968, 1967 or 1965 or 1966 or 1964.

Mr. MOORE. That's right.

Chairman PROXMIRE. Hardly a picture of vigorous recovery.

Mr. MOORE. If you look at chart 25, which gives the total man-hours in the private, nonfarm economy; that, too, I think, shows a recovery since the end of last year—end of 1970. That takes into account the improvement in the workweek as well as in the number of people employed.

Chairman PROXMIRE. Well, yes; these are all from the low point in the General Motors strike. If you eliminate the fourth quarter, it is not much; it is about the same. In fact, it is below the third quarter of 1970.

Well, at any rate, I think that perhaps Senator Percy and I together helped make a more balanced picture here. I think your responses have been most professional and helpful, and we are very grateful to you again, Commissioner Moore, for your appearance. Thank you very much.

The committee will stand adjourned.

(Whereupon, at 12:35 p.m., the committee was adjourned, to reconvene subject to the call of the Chair.)

