

Chapter VII.

Ewan Clague: An Expanding Role for Economic Indicators

Ewan Clague took office in August 1946, a difficult time for the Bureau. The legacy of wartime controversies, the appointment of a new Secretary of Labor, and the departure of Lubin and Hinrichs had created a stressful transition. Then the sweep of the Republican Party in the fall congressional elections brought government budget reductions in which the Bureau shared heavily. About 700 of its 1,700 employees had to be dismissed, a loss which removed a generation of middle management personnel.

The economy also was undergoing the strains of transition. With the end of the war, as workers faced reduced earnings and uncertainty over employment prospects, labor-management difficulties mounted, leading to the highest strike activity on record in 1946. The onset of inflation in 1947 after the removal of price controls intensified the economic uncertainty.

New opportunities as well as problems accompanied Clague into office. With passage of the Employment Act of 1946, Congress had created two agencies—the Council of Economic Advisers in the Executive Branch and the congressional Joint Economic Committee—which were to introduce the regular scrutiny of economic indicators

to the highest levels of policymaking and thus heighten the importance of the Bureau's work. Further, the innovative agreement between General Motors and the United Auto Workers in 1948 calling for the use of the Consumer Price Index and productivity measures for adjusting wages increased public concern with the Bureau's statistics.

The growing use of statistics for government and private actions affecting millions of Americans was the subject of the 1952 presidential address to the American Statistical Association by Arynness Joy Wickens, the Bureau's Deputy Commissioner. She warned that the statistical profession was "scarcely prepared, and certainly not organized, to meet the serious responsibilities placed upon us by these new uses of statistics." She contrasted these "awesome" uses with the purely descriptive and analytical purposes for which they were created, and called upon the statistical and related professions not merely to be competent, fair, and honest, but "to be able to prove to a statistically unsophisticated public that, in fact, our statistics are trustworthy."¹

Maintaining public confidence was a paramount consideration for Clague as he adapted and extended the Bureau's programs to meet changing needs during his long tenure. Almost immediately upon his appointment, he established formal advisory relations with the trade unions; contacts with the unions had been curtailed as a result of the wartime controversy over the cost-of-living index. And shortly thereafter, following expressions of interest from business organizations, he formed a business advisory committee. The committees consisted primarily of technicians in the fields of economics, statistics, and labor relations. Clague later suggested that it was through their experience with these advisory groups that General Motors and the Auto Workers gained sufficient confidence in the Bureau's statistics to adopt the CPI for wage escalation in 1948.²

Clague's success in keeping the Bureau's statistics trustworthy was attested by the findings of the various commissions, committees, and teams of experts which examined the Bureau during his many years in office and upheld the integrity and impartiality of its work.

Lubin addressed a meeting of trade association executives and explained that direct government collection was necessary in the interest of uniform and timely reporting.⁷⁸ Further, meeting with representatives of State governments and interested Federal agencies on the NRA order, Lubin cautioned on the need for maintaining and improving reporting relationships based on the established practices of voluntarism and confidentiality in reporting. While "under this order we have for the first time legal authority to secure these data," Lubin stated, "we don't want to use that power . . . , we would rather it would be a cooperative venture. . . . We have no intention of imposing any burdens on them that they couldn't easily handle. We expect, however, to continue on the old basis of absolute confidence. These data are confidential and not to be used for enforcement purposes."⁷⁹

In another episode, in January 1936, the Automobile Manufacturers' Association advised the Bureau that information for individual companies in the industry would no longer be furnished directly to the Bureau, and that individual plants would not be identified, except by a code to make monthly comparisons for individual plants. The arrangement was a source of constant irritation to the Bureau.

Lubin wrote the association that he viewed this "as a one-way proposition, with the Bureau being placed in the position where it can have only what the association says it should have and not what it feels it needs for its own use. It seems queer that after 15 years of a cooperative relationship with the leading firms in the industry, they should suddenly stop giving us reports on their own initiative. It is hard for us to believe that they were not specifically told not to give us the reports." He went on to state, "I frankly cannot continue in the uncomfortable position I find myself in of warding off questions concerning our automobile figures." Lubin continued to press the matter.

The problem was finally resolved at the end of 1937, when the Automobile Manufacturers' Association authorized the forwarding of the individual reports to the Bureau. "I am sure this arrangement will prove to our mutual advantage," Lubin wrote.⁸⁰ Through his wide contacts with industry executives, he was also able to overcome other occasional reporting problems.

Lubin also worked to maintain good relations with labor groups. Early in his administration, he asked labor union research staff members to meet with BLS and the Advisory Committee to the Secretary of Labor. Relations with union research staff members continued on

an informal basis until June 1940, when a formal advisory relationship was established.

Perkins and Lubin set the keynote for the relationship. Perkins saw this avenue of exchange of information as helping trade unions "to make contributions to the . . . solving of the industrial problem and the economic problem of the nation as a whole." Lubin urged the importance of continuing the relationship "so that we will have direct access to the people who are using our data."⁸¹

Annual conferences were held between 1940 and 1944. A standing committee was appointed each year and there were frequent discussions of the concerns of the research directors. The arrangement worked satisfactorily under Hinrichs until it came to an abrupt end in the midst of the controversy over the cost-of-living index.

Lubin and Hinrichs depart

Lubin resigned as Commissioner of Labor Statistics in January 1946, giving "personal obligations" as his reason for leaving government service. President Truman accepted his resignation but stated that he would continue to regard him "as a public servant whom I shall feel free to call upon whenever the occasion warrants. . . . For 13 years you have, without hesitation, given of your time and energy to the service of your government. You built up the Bureau of Labor Statistics into an institution that has commanded the respect of all recognized leaders in the field of economics and statistical science, as well as of labor and management throughout the country."⁸²

Truman shortly appointed Lubin as the U.S. representative to the UN Economic and Social Council. In 1955, New York Governor Averell Harriman called on Lubin to serve as State Industrial Commissioner. In 1960, Lubin joined the economics faculty at Rutgers University. He served as economic consultant to the Kennedy and Johnson administrations, and to the Twentieth Century Fund. Lubin died in 1978 at the age of 82.

Ford Hinrichs had continued as Acting Commissioner during 1945 at the request of Secretary Perkins' successor, Lewis Schwellenbach. He had considered resigning when press reports cited the new Secretary as being critical of BLS, but Schwellenbach denied these as inaccurate and persuaded him to stay on. In September 1945,

Schwellenbach indicated he would recommend Hinrichs for the commissionership when Lubin left.⁸³

On Lubin's resignation the following January, Philip Murray of the CIO submitted the name of Murray Latimer for the commissionership. AFL President William Green and some railway officials also supported Latimer. Some press reports indicated that Hinrichs was being replaced by a union-supported candidate; the cost-of-living controversy of 2 years earlier figured prominently in these stories and editorials.⁸⁴

There was a groundswell of support of Hinrichs from the professional and academic community. Lubin urged Schwellenbach to nominate Hinrichs, advising, "Failure to nominate Hinrichs will, in my opinion, be grossly unfair to him as well as an admission by this administration that it has no faith in the Bureau." He also stressed that the commissionership had never been considered a political position.⁸⁵ Wesley Mitchell and Frederick C. Mills reiterated the findings of their technical committees on the Bureau's "highly competent" work under Hinrichs on the cost-of-living index, in the face of the "extraordinarily difficult" wartime conditions. Mitchell's description of Hinrichs' performance was characteristic: "His courage in countering the criticisms made by the labor union statisticians commanded my respect. He is a man of rare competence in his field and of rare integrity."⁸⁶

Hinrichs again considered resigning but, at the urging of the Bureau staff, stayed on to avoid serious consequences to the Bureau's budget and operations. Schwellenbach also requested that he stay, again stating that his personal preference was to nominate Hinrichs, but that this was not immediately possible. In May, Hinrichs indicated that he could not appear before the Appropriations Committee in support of crucial postwar budgetary actions unless there were assurances that the forthcoming selection of the Commissioner would be based on professional competence and not on support by a special interest group. Schwellenbach responded in terms proposed by Hinrichs, giving "my full assurance that I will not recommend to the President the name of any person concerning whose professional competence and integrity there will be the slightest doubt, and that such recommendation will only be made after consultation with the President of the American Economic Association and the American Statistical Association."⁸⁷

On July 1, 1946, Hinrichs tendered his resignation to Schwellenbach. In it, he noted that he had continued to maintain satisfactory informal relations with a number of unions, and that the establishment of a formal consultation procedure required careful consideration, one of the important problems calling for the prompt appointment of an excellent Commissioner. In accepting the resignation, Schwellenbach acknowledged that Hinrichs' appointment as Commissioner "now is not possible." He reiterated his assurance of the selection of the next Commissioner, "given as the result of firm conviction on my part that the Bureau of Labor Statistics shall be free and independent and one upon which everyone can rely."⁸⁸ At a press conference on his retirement, Hinrichs stressed the importance of maintaining the Bureau's nonpolitical and impartial position: "You can't run this organization under any political obligation from the outside. The man must be selected from the inside for his ability and competence. Later he should be cleared with the unions to be sure he enjoys their confidence."⁸⁹

The search for the new Commissioner was already underway, with Edwin E. Witte of the University of Wisconsin canvassing the professional associations regarding the several men under consideration. By the end of July, there was agreement on Ewan Clague.⁹⁰

Hinrichs subsequently served in the Economic Cooperation Administration and its successor agencies, as statistical adviser to the governments of Pakistan and Taiwan, and, later, as Director of Graduate Business Studies at Syracuse University. He died in 1979.

The sixth Commissioner

Commissioner Clague came to office as a trained economist and an experienced civil servant, an outsider but one with roots and connections in the Bureau. His ties with the Bureau extended back some 20 years when he had joined the BLS staff to conduct pioneering productivity studies. In the early 1930's, he had participated in major examinations of Bureau activities, serving on President Hoover's Advisory Committee on Employment Statistics and Secretary Perkins' Advisory Committee to the Secretary of Labor.

Clague was born in Prescott, Washington, in 1896, the son of immigrants from the Isle of Man. He attended the University of Washington and, after serving as an ambulance driver during World War I, moved on to the University of Wisconsin where he studied under John R. Commons. On Commons' recommendation, Commissioner Ethelbert Stewart brought him to the Bureau in 1926 to help develop productivity indexes.

When that project ended, Clague worked under W.A. Berridge at the Metropolitan Life Insurance Company. He then joined the Institute of Human Relations at Yale University, where he studied the effects on workers of the shutdown of rubber mills in Hartford and New Haven. He moved to Philadelphia as Director of Research and Professor of Social Research at the Pennsylvania School of Social Work. While in Philadelphia, he made a number of studies for the Lloyd Committee on Unemployment Relief and the Philadelphia County Relief Board.

In 1936, Clague returned to Federal employment, serving first as Associate Director of Research and Statistics of the new Social Security Board and then as Director. In 1940, he became Director of the Bureau of Employment Security, a post he held until his appointment as Commissioner of Labor Statistics.

The Bureau's role

Clague gave as his first priority for the Bureau in 1947 "maintenance of the many recurrent statistical series," but he also noted the Bureau's continuing responsibility for a wide variety of comprehensive investigations dealing with many phases of American labor and industry.

And he referred to the Bureau's role as a special statistical service agency for Congress and other government agencies.³

Hoover Commission

Early in his administration, Clague's view of the role of the Bureau was affirmed and strengthened by the findings of the Hoover Commission—the Commission on Organization of the Executive Branch of the Government—established by Congress in 1947. The commission was set up to examine the amalgam of emergency agencies and expanded programs developed under the New Deal and during the war, with the charge to recommend organizational arrangements to provide economy, efficiency, and improved service.

The commission called on the National Bureau of Economic Research for a study of the various statistical agencies, which was conducted by Frederick C. Mills and Clarence D. Long. Mills and Long praised the cooperative program in which the Bureau, the Social Security Administration, and the State agencies joined to produce the employment statistics. They also spoke well of the reimbursable work the Bureau performed for other agencies which solved some problems of overlapping jurisdiction. However, they pointed out duplication in other areas and noted the competition between BLS and the Bureau of the Census over the monthly report on the labor force.⁴

The commission generally accepted the recommendations of the National Bureau. It called on the Office of Statistical Standards in the Bureau of the Budget to designate the responsibilities and fields of operation of each of the major special-purpose statistical agencies. Census was recommended as the service agency for the primary collection and tabulation of statistics on a repetitive basis "for which highly specialized knowledge of the subject matter is not required in the collection process." For the special role of BLS, the commission recommended transfer to the Bureau of the "prevailing wage" surveys conducted by other agencies in setting the pay of government blue-collar workers.⁵

Clague wrote the Under Secretary that the Bureau stood to gain from the recommendations and urged that he take action to secure the prevailing wage and labor force surveys. On the other hand, he strongly opposed any transfer to Census of responsibility for collecting statistics on the volume of construction, rents, or food prices.⁶

The Bureau in a growing Department

The Hoover Commission also provided support for the growth of the Department of Labor over the following decade. Following the commission's recommendations to restore lost functions and delegate new responsibilities to the Department, Congress transferred three agencies into the Department from the Federal Security Administration—the U.S. Employment Service, the Bureau of Unemployment Compensation, and the Employees' Compensation Appeals Board. The reorganization also strengthened the Secretary's authority over all the Department's agencies. Clague supported the reorganization and saw it as a formalization of existing operating relationships between the Bureau and the Secretary's office.

Soon after Secretary Mitchell's appointment in 1953, he set up a team of consultants to evaluate the Department's programs, administration, and organization. The team included J. Douglas Brown of Princeton University; Clark Kerr of the University of California; Eli Ginzburg of Columbia University; and Cyrus Ching, former Director of the Federal Mediation and Conciliation Service.

Reporting late in 1954, the consultants made extensive recommendations on the Department's programs. For BLS, they called for enhancement of the Bureau's series, increased appropriations for its work, and the designation of the Commissioner as the Secretary's chief statistical adviser. But, in commenting on the role of the Bureau in the Department, they observed that, while the Bureau devoted much of its efforts to the development of statistical materials which had some bearing on important departmental programs, "it has also proceeded in terms of its history, traditions, and inclinations, with the result that much of its work is not closely geared into the major programs of the Department."⁷

For better coordination within the Department, the consultants recommended the establishment of a Committee on Statistics and Research, to be headed by the Under Secretary. The committee would centralize decisionmaking and work towards eliminating duplication in statistical work. The committee was established but apparently met only twice. Mitchell did make Clague his statistical adviser, as recommended.⁸

Mitchell gave his own view of the Bureau in an article which followed the consultants' report. He pointed to the "high regard" and "fine reputation" which the Bureau had earned with employers, work-

ers, and the general public. But he also stressed that "facts and figures must meet the growing needs of the country and the economy" and cautioned against "stagnation and self-satisfaction," concluding, "Our goal must be constantly to increase the usefulness of the work of the Bureau of Labor Statistics to all our people."⁹

At various times, Department officials suggested the establishment of a periodical which would absorb the Bureau's periodical, the *Monthly Labor Review*, arguing for a "popular" journal representing all the Department's activities. In 1957, following the report of another team of consultants which had stated, "We have encountered frequent expressions of hope that the MLR could be made more flexible and provocative of new ideas," George C. Lodge, Director of the Department's Office of Information, proposed recasting the *Review* as the Department's monthly periodical.¹⁰

Clague, expressing the view of the BLS executive staff, opposed the proposal on the grounds that it was inappropriate for the Office of Information to direct a research journal. The Under Secretary accepted this view while directing that the *Review* planning board include representatives from other agencies in the Department, which should be encouraged to publish in the *Review*. He later established a departmental publications committee to set general guidelines and provide oversight.¹¹

The issue of making the *Review* a departmental publication arose again in the 1960's during a comprehensive review of departmental publications for reducing costs. In January 1964, Secretary Wirtz advised the Director of the Bureau of the Budget, "The *Monthly Labor Review*, heretofore a BLS publication, is being made a departmental publication." The move, he said, would save money by eliminating pressure for new periodicals and facilitating the consolidation of existing releases and reports.¹²

Assistant Secretary Daniel Patrick Moynihan, as chairman of the Department's advisory committee on publications, pursued the idea through various formulations. In December 1964, he reported to the Secretary's staff meeting that "a new proposal" had been developed "for transfer of the *Monthly Labor Review*" to the Office of the Assistant Secretary for Policy, Planning and Research. The *Review*, Moynihan argued, had become too closely associated with BLS and faced the danger of becoming isolated from the rest of the Department.¹³

Clague successfully opposed such a shift, charging that it would ruin the *Review's* reputation for objectivity, as it would become a policy and program organ for the Department. He did accede, however, to the creation of an expanded planning and advisory committee to counsel the Commissioner and the editor.

Meanwhile, the Department was expanding as Congress, concerned with manpower and labor relations issues in the late 1950's, passed the Welfare and Pension Plans Disclosure Act in 1958 and the Labor-Management Reporting and Disclosure Act in 1959—legislation for which the Bureau had conducted much of the early research. To administer the 1959 act, the Department created the Bureau of Labor Management Reports. BLS proposed a broad program of labor-management research, but the Commissioner of the new bureau decided instead to encourage private research by universities, a position from which BLS could not move him.¹⁴

In 1962, when the establishment of the Labor-Management Services Administration was under consideration in Secretary Arthur J. Goldberg's term, Clague again asserted the Bureau's role in basic factfinding in the field of labor-management relations. Later on, the Bureau was called upon for support services on a reimbursable basis.¹⁵

The formation of new agencies within the Department aroused heated controversy over jurisdiction, especially after the creation of the Office of Manpower, Automation, and Training and passage of the Manpower Development and Training Act of 1962. In 1963, Clague put the issue in stark terms. In referring to a draft of a departmental order establishing the Manpower Administration, he expressed the belief that BLS "has a most vital role to play in making certain that the new organization operated successfully" but that the proposed order "appears to be an attempt to restrict severely the role of this Bureau." Continuing, he posed the choice: The new agency could be primarily a coordinating and promotional organization or it could combine coordination with substantive research responsibilities. If the Department chose the latter, he argued, it faced the prospect that the agency would arrogate to itself "functions, personnel, and budget to the detriment of other Bureaus in the Department."¹⁶

As Robert J. Myers, Clague's Deputy Commissioner, described it later, the discussions resulted in an improved, although not entirely satisfactory, statement of BLS responsibilities. The establishment in 1964 of the Coordinating Committee on Manpower Research "has

been quite useful in resolving jurisdictional questions and other problems that have arisen." Congress also had become concerned about jurisdictions, and a subcommittee of the House Appropriations Committee asked for a comprehensive statement from the Department. In February 1964, in "Programs in Manpower Research and Statistics," the Department laid out the responsibilities of the various agencies.¹⁷

With the launching of the "war on poverty" in 1964, the Department again gained new responsibilities. To meet the policy and administrative needs of the poverty programs, it called on the Bureau for data on the characteristics of the unemployed and the nature and extent of poverty. The Department considered cutting funds for the Bureau's regular programs, presumably without eliminating "absolutely essential economic data," to provide the resources for concentrating on the problem of unemployment.¹⁸ The Bureau did establish an Office of Economic Research to examine such social issues as poverty and the condition of minorities. The office contributed substantially to Assistant Secretary Moynihan's much publicized report on the Negro family.

In 1965, the Department proposed another survey of BLS administrative procedures and programs. Clague asked for emphasis on the program aspect of the study, stressing that, for many years, the Bureau had faced competing demands from the Department of Labor, other Federal agencies, Congress, and the general public. The strain on the Bureau's resources had been intensified, Clague stated, by employment ceilings and limitations on average salaries and the number of supervisory personnel.¹⁹

A study was conducted by the management consultant firm of Booz-Allen and Hamilton, who later reported that Department officials had become "quite critical of the Bureau's capacity to respond to current economic and manpower problems and to supply innovative program ideas for their solution." Therefore, the report called for a "thoroughgoing examination of the Bureau with the objective of bringing its product more in line with the thrust and emphasis of current lines of social and economic advance."²⁰

The climate within the Department at the time is suggested by Secretary Willard Wirtz's final report, for fiscal 1968, which provided an assessment of the Department's policies, programs, and administration over his 5-year term. The activist emphasis in the manpower

program is evident in the following excerpt from his report: "Infinitely more than before, most of the gain was atmospheric, attitudinal: reflected in the identification of a 'manpower program' instead of an 'employment service,' in attacking not just 'unemployment' (as an economic fact) but 'poverty' (which is human) and in striking (even if only for one administrative generation) the phrase 'labor market' from the Department lexicon. It was, in any event, the unifying and dignifying theme in the history of the Department of Labor, 1963 to 1968, that wage earners—and those seeking that status—are people. Not statistics, not drones."²¹

Wirtz's appraisal of the administration of the Department also commented on the relationship between the "two governments" in the Federal Executive Branch—the political and the professional. It concluded: "(1) that a stronger central executive authority over both 'policymaking' and 'operations' was required, and (2) that better communications had to be developed between the two governments."

As Wirtz described the communications problem, particularly in regard to research activities, "Various efforts to develop a flow of ideas and suggestions up the lines have been largely unsuccessful. The prevailing notion is still that what is asked for will be supplied, but that volunteering anything is not worthwhile. Attempts by the Secretary's office to draw on the ideas incubating in the Bureau of Labor Statistics and in the research unit of the Manpower Administration are still disappointing. A first staff draft of testimony for a congressional committee hearing is characteristically sterile."²²

Although these criticisms reflected the dissatisfaction of top policy officials with the Bureau's stance, and its position in the Department in terms of staff and budget was relatively diminished, the Bureau's reputation for integrity and technical competence was secure.

The Bureau's work

Employment and unemployment statistics

The Bureau had published national employment figures since 1916, based on surveys of payrolls of a sample of nonfarm establishments. In 1945, as part of the reconversion statistics program, the Bureau began to develop a national series that would yield estimates for each State. In some States, State agencies collected the data; in others, BLS

regional offices compiled the figures. All the data were sent to Washington for construction of the national series.

However, with the budget cuts of 1947, the Bureau shifted to complete compilation by State agencies under cooperative agreements. By 1949, all States were participating. BLS provided the technical guidance and standards and reimbursed the State agencies for half the direct personnel cost of the program. The Bureau of Employment Security also shared in the cost. In 1954, the program took over from the Federal Reserve Board the preparation of seasonally adjusted estimates of employment.²³

Another source of data on employment was the monthly survey of the labor force, a survey of households which the Census Bureau had conducted since 1942. This survey, unlike the payroll survey, provided a direct measure of unemployment as well as employment. Increasingly, the publication and analysis of data from these two surveys, differing in concept and method, caused confusion and controversy. The substantial rise in unemployment in 1953 focused attention on the lack of coordination between the different agencies responsible for the figures. The matter came to a head when the Census Bureau had to reduce and restructure its survey program because of a cut in funds, and discrepancies cropped up even between its own new and old unemployment figures.

Noting these difficulties, the American Federation of Labor urged that BLS be given responsibility for the unemployment count, concluding, "We believe issuance by the Bureau of Labor Statistics of a single figure based upon statistically sound procedure will restore confidence in the measurement of unemployment and bring to an end the present uncertainty." The Joint Economic Committee called for better coordination and the Council of Economic Advisers also expressed concern. The confusion contributed to the formation of the Federal Statistics Users' Conference.²⁴

The controversy also gave momentum to efforts to issue a joint monthly news release, a course urged, for example, by Wickens and Clague in February 1954. Secretary of Labor Mitchell and Secretary of Commerce Weeks agreed to a unified release, planned with the assistance of the Council of Economic Advisers and the Bureau of the Budget. The new report on employment and unemployment appeared in May 1954 with data for April. For the next 5 years, representatives

of BLS, the Bureau of Employment Security, and the Census and Budget Bureaus met monthly to produce the release.²⁵

Also in 1954, the Bureau moved to establish a Federal-State cooperative program for labor turnover statistics. For a number of years, BLS had published a national series based on turnover rates for selected industries which reported directly to the Bureau. Under the new agreements, as in the employment statistics program, the State agencies collected the data and transmitted the figures for the national series to BLS; BLS provided guidance and money; and the Bureau of Employment Security also allocated funds. The system proved popular, producing figures useful in both analysis and operations, and within 10 years all States were participating.

The recession of 1957-58 again stirred criticism of the occasional divergence of the figures of the various agencies in the unemployment release, and, in 1959, BLS finally achieved a long-sought goal. Secretary Mitchell negotiated an exchange between BLS and Census in which BLS gained responsibility for financing and analyzing the household survey (Current Population Survey) and publishing the results, while Census took over the BLS surveys on housing and construction activity.²⁶ Census continued to conduct the Current Population Survey under a contract with BLS. That same year, BLS instituted a formal press conference to release the monthly employment and unemployment figures.

With recurrent recessions, pressure mounted for a reexamination of the whole program of employment and unemployment statistics. In November 1959, the AFL-CIO complained that part-time and discouraged workers did not appear in the monthly totals and that, moreover, a national figure masked conditions in the severely depressed areas. In May 1960, Senator Gale W. McGee of Wyoming, speaking for the Senate Special Committee on Unemployment Problems, supported the BLS request for increased appropriations to expand surveys and conduct studies, citing the need for data on part-time and discouraged workers; on frictional, structural, and cyclical causes of unemployment; on the composition of the labor force; and on the effect of foreign trade on employment.²⁷

Unemployment became a major issue in the 1960 election campaign. When organized labor and the Democrats blamed the incumbent Republicans for the high rate, Secretary Mitchell responded by pointing to the record level of employment and arguing that teenagers

and those idled for short periods added considerably to the count of unemployed. Both Senator Henry M. Jackson of Washington, chairman of the Democratic National Committee, and George Meany, president of the AFL-CIO, asked the Department to release the October figure before the general election. Mitchell refused, saying that the normal schedule would call for a later release date.²⁸

However, the October unemployment figure did become public before the election. Bernard D. Nossiter, writing in *The Washington Post* on November 3, 1960, noted that, in fact, in 1954, 1956, and 1958, President Eisenhower had announced favorable figures before the voting. Then Nossiter stated—correctly, as it turned out—that unemployment had reached 6.4 percent, the highest since the recession year of 1958.²⁹

Clague promised a review of procedures “to develop better ways of keeping the confidentiality of the data under better control.” And, during 1961, the Department began announcing the release dates for each month a year in advance.³⁰

With unemployment mounting to almost 7 percent in 1961, Secretary of Labor Arthur J. Goldberg proposed various legislative programs to deal with the unemployment problem, focusing even more attention on the BLS figures. In the fall of 1961, *Reader's Digest* published an article accusing the Department of manipulating the data, charging that the Bureau exaggerated the figures to build support for the legislative agenda.³¹ This prompted the Joint Economic Committee to call hearings and moved President Kennedy to establish the President's Committee to Appraise Employment and Unemployment Statistics. Under the chairmanship of Robert A. Gordon of the University of California, the committee made an extensive study of technical and program issues, including concepts and definitions, sampling, seasonal adjustment, State and local statistics, labor force dynamics, and comparison and reconciliation of the various series.

The Gordon Committee report, *Measuring Employment and Unemployment*, was issued in 1962. On the charge of manipulation, the committee “unanimously and categorically concluded that doubt concerning the scientific objectivity of the agencies responsible for collecting, processing, and publishing employment and unemployment statistics is unwarranted.” The committee commended the Bureau for its policy of publishing release dates in advance, but it also called for a sharper distinction between the release of the statistics,

with technical explanation and analysis, and policy-oriented comment, stressing the need to "publish the information in a nonpolitical context."³²

For the household survey, the Gordon Committee also recommended implementation of sharper definitions and collection of more data on persons not in the labor force. It suggested developing questions to determine if a person had taken specific jobseeking steps within a definite time period and that BLS publish data on those working part time and whether that was voluntary.

For the establishment survey, the committee called for improvements in the benchmark data, strengthened sampling techniques, and preparation of estimates of standard error. In addition, the committee urged improvement of State and local statistics and development of job vacancy and occupational employment series.³³

In January 1963, BLS and the Bureau of the Census added questions to the Current Population Survey designed to refine information concerning family relationships and availability for part-time work. In addition, BLS and Census undertook several research programs to develop and test other proposed changes.

Early in 1963, following up on the committee recommendation for a greater separation between technical explanations and policy-oriented comment, the Department announced that Bureau professionals would release the figures and that administration officials would make separate political statements.

Clague was obliged to protest to Secretary Wirtz on several occasions when President Johnson commented on favorable employment figures before their official release. On one such occasion, Gardner Ackley, Chairman of the Council of Economic Advisers, wrote members of the White House staff urging them to avoid "accidental premature" release and to respect the BLS procedures as recommended by the Gordon Committee, thus avoiding any political implications.³⁴

Job vacancy statistics

Beginning in the 1950's, BLS conducted several studies to determine the feasibility of collecting statistics on job vacancies—twice at the urging of Arthur Burns, Chairman of the Council of Economic Advisers. In 1956, the Bureau surveyed about 100 plants to determine whether such information was available. Since only six were maintaining job vacancy data, it was found impractical to initiate a program.³⁵

In the early 1960's, Burns returned to the idea, supported by a recommendation from the Gordon Committee, and in 1964 the Bureau again undertook feasibility studies. Clague personally surveyed programs in Israel and Great Britain, and the Division of Foreign Labor Conditions investigated reporting systems in Great Britain, the Netherlands, West Germany, and Sweden. In the summer of 1964, Secretary Wirtz proposed to the President and received approval for a series of pilot surveys on job vacancies in 20 labor market areas. BLS cooperated with the Bureau of Employment Security and State agencies to conduct the surveys, after which it concluded that collection was feasible and technical problems could be solved.³⁶

The National Bureau of Economic Research and the National Industrial Conference Board actively supported the effort with their own conferences and projects. However, some criticisms of the program were voiced. The Bureau of the Budget, for example, objected to the combining of operating and statistical programs, the increased reporting burden on employers, and the high cost and hasty planning.³⁷

The BLS Business Research Advisory Committee pointed to difficulties in establishing objective definitions and in obtaining accurate reports from employers and strongly opposed collaboration with the Bureau of Employment Security. The BLS Labor Research Advisory Committee expressed similar concern for defining terms and concepts and argued that vacancy statistics would be misused to "deflate" unemployment figures. The AFL-CIO opposed increased appropriations for the program, calling instead for continued research and investigation at the current level of funding.³⁸

Secretary Wirtz responded to the allegation that the program provided "a device to centralize control of all job hiring in the U.S. Employment Service or to police compliance with Title VII of the Civil Rights Act of 1964." He stated that workers would be referred to employers only in response to a specific request, as in the past. The program, as Wirtz expressed it, had only one purpose—"to help reduce the still-too-high burden of unemployment on all sectors of our society."³⁹

The request to expand the program was not approved by Congress, but the Bureau continued the experimental program and explored additional techniques.

Labor force studies

The many demands for new measurements and for improvements in concepts and methodology reflected increasing concern for manpower, or labor resource, issues. In the mid-1950's, analysts suggested that the traditional cyclical problems of the economy were being compounded by long-term structural problems of technological change and economic dislocation.⁴⁰ Secretary Mitchell encouraged research directed at the changing composition of the labor force, particularly the emerging problems of youth. In 1955, the Department published *Our Manpower Future, 1955-1965*, and, in 1960, its sequel, *Manpower—Challenge of the Sixties*. In 1960, the Bureau issued the results of a joint study with the Department, *School and Early Employment Experiences of Youth*. Also, at the request of the Senate Committee on Labor and Public Welfare, the Bureau updated and expanded *Employment and Economic Status of Older Men and Women*, which it had initially published in 1952. Moreover, BLS produced a number of studies as part of the Department's older worker program.⁴¹

In addition to its work on youth and older workers, BLS undertook studies of labor resource issues such as job mobility, the secondary labor force, labor surplus areas, and plant closings. Also, in line with its responsibility for the Monthly Report on the Labor Force, the Bureau began publishing data from the Current Population Survey on educational attainment, marital and family characteristics of workers, and multiple jobholders, among other topics.⁴²

Meanwhile, at the request of the Armed Forces, the Bureau produced two projections of military manpower requirements. It also conducted several surveys of personnel resources in the sciences in cooperation with the Defense Department. Expanding activities in space research and technology, spurred by the Soviet challenge embodied in the launching of Sputnik in 1957, increased the demand for such information. In 1959, the Bureau joined with the National Science Foundation to launch an annual canvass of scientific and technical personnel.⁴³

Consumer prices

Soon after the war, as goods reappeared on store shelves, BLS adjusted the weights and components of the Consumer Price Index. It also revised its calculations of food prices and, during the postwar inflationary surge, conducted special weekly telegraphic surveys of food

prices for prompt release. However, as a result of budget cuts in 1947, the Bureau dropped a number of cities, eliminated some items, and reduced the frequency of pricing.⁴⁴

The Bureau was saved from a further slash in its appropriation the following year by the General Motors-United Auto Workers contract, which stipulated the use of the Consumer Price Index for wage escalation. The importance of the Bureau's product to stability in this crucial industry was apparent even to congressional budget cutters.

In 1949, Congress approved funds for a major revision of the CPI. An important feature of the revision was a survey of dwelling units to correct for the acknowledged understatement of the rental component of the index arising from its failure to cover new units. The Bureau of the Budget proposed that BLS contract with the Census Bureau for the fieldwork in the dwelling unit survey, in line with the Hoover Commission recommendation that agencies use the Census Bureau to collect primary data. In response, BLS pushed for formulation of a governmentwide policy and posed three specific objections: The loss of training experience, the threat to confidentiality, and the delay the change would cause. Department support for the BLS position apparently settled the question for 20 years.⁴⁵

Before the CPI revision was well underway, the outbreak of the Korean War and the subsequent rapid inflation required a change in the Bureau's plans. In October 1950, to avoid a repetition of the World War II controversy over the use of the CPI in adjusting wages, the Bureau announced a program for a temporary revision. It would draw on the field surveys already conducted on rents to ensure adequate coverage of new rental units and also on the results of several continuing expenditure surveys conducted between 1947 and 1949.

The Bureau held emergency discussions with its labor and business advisory committees, as well as with the American Statistical Association's technical advisory committee to BLS on prices. All agreed that the interim revision should produce improvements in the index, but there were differences on the particulars. The ASA and the business advisers suggested that the interim revised index should be linked to the existing series as of January 1950; the labor advisers asked for June 1950 and also preferred a more comprehensive revision. The Bureau adopted the January 1950 linking date and issued the interim revised indexes in February 1951, reflecting revision of city

population weights, correction of the rent index, addition of new items, and revision of market basket weights.⁴⁶

Shortly thereafter, in April, the United Electrical, Radio and Machine Workers, an unaffiliated union since its expulsion from the CIO for Communist domination, issued the "UE Cost of Living Index," threatening a repetition of the World War II cost-of-living controversy and disruption of the stabilization program. Attacking the "fundamental pro-employer, anti-labor character of the BLS index," the UE charged that the BLS index still had the shortcomings alleged in the earlier controversy and understated the substantially higher price level calculated by the union.⁴⁷

As a result of the charges, the House Committee on Education and Labor established a special subcommittee to study the CPI, under the chairmanship of Representative Tom Steed of Oklahoma. The subcommittee heard testimony from Bureau officials and a variety of government, academic, business, and union representatives, including members of the Bureau's advisory committees. The hearings became a comprehensive examination of the development, concepts, construction, and use of the CPI. The relationship between the interim revision and the comprehensive revision was brought out, and there was a full discussion of the unresolved issues, including population coverage and the treatment of taxes, housing costs, quality changes, and new products.

Before the subcommittee issued its report, Soviet delegates to the United Nations Economic and Social Council in Geneva attacked the CPI, citing the UE report. U.S. delegate and former Commissioner Isador Lubin informed the Council of the situation. And Clague, writing to Representative Steed, pointed to Communist attacks on cost-of-living indexes in several western countries and predicted their continued criticism of such measures as part of the "party line."⁴⁸

In its report, issued in October 1951, the Steed subcommittee noted several technical problems with the CPI and made a number of suggestions, including the development of estimates of place-to-place differences, annual sample surveys of family expenditures, and direct measures of homeowner costs. The report specifically rejected the UE criticisms, stating that the index was "the most important single statistic issued by the Government," meriting "the widespread confidence which the users have expressed in it." It concluded, "It is imperative

that adequate financial support be given to the Bureau of Labor Statistics for this work."⁴⁹

The Bureau came up against another problem when the time arrived to publish the new CPI and discontinue both the "interim index" and the "old series." In January 1953, in issuing the figures for December 1952, Clague noted that this was the last appearance of the old series, which had been published along with the interim index. The AFL, the railroad unions, and a number of manufacturers called for continuation of the old series to allow adequate time for parties to escalation agreements to convert to the new measure. The UAW, however, seeking to reopen the automobile contracts, opposed extension of the old series; the automobile manufacturers supported extension. The dispute finally came to President Eisenhower, who directed BLS to carry the old series for another 6 months and provided the funds.⁵⁰

Later in 1953, BLS introduced the revised CPI. It covered a modernized market basket and an increased number of items. In addition, coverage had been expanded to include small urban places. Towns with a population as small as 2,500 were now included in the sample of cities priced; previously, no cities with a population under 50,000 had been included.

The treatment of housing costs also had been changed. The Bureau previously had used the rent index to approximate all changes in the cost of shelter, but, by 1950, 49 percent of the wage-earner and clerical-worker families owned their homes—up from 30 percent at the time of the previous survey in the 1930's—and the homes were much better equipped with "modern conveniences." Therefore, the Bureau began to measure all items connected with acquisition and operation of a home and calculated a housing index.⁵¹

The Bureau went to some lengths to make available to the public the detailed information from the consumer expenditure survey conducted as part of the revision program. When Congress rejected requests for appropriations to publish the results, the Bureau sought private financing and secured a grant from the Ford Foundation for work by the Wharton School, which published 18 volumes of statistical data.⁵²

In 1953, to provide the opportunity for questions and clarification of the monthly CPI data, the Bureau began to hold a formal press conference for release of the figures.

In the late 1950's, shifting demographic and buying patterns prompted renewed criticisms of the CPI, especially as prices began to creep upward. Further, labor disputes in the steel industry, the 1957-58 recession, and debates over "administered" prices all focused attention on the index.⁵³

Business economists, for example, complained that BLS included too many luxury items: "Actually, the index represents what the average urban family spends to live, not what it actually costs to supply its reasonable needs." In the process, the critics continued, BLS ignored the bargain-hunting and substitution habits of American consumers. They pointed to specific problem areas, such as treatment of quality change and introduction of new products.⁵⁴

In view of these and other concerns—and just as BLS was starting another major revision—the Bureau of the Budget sponsored a comprehensive review of government price statistics by a committee of the National Bureau of Economic Research headed by George J. Stigler of the University of Chicago. The committee surveyed the Consumer Price Index, the Wholesale Price Index, and the Indexes of Prices Received and Paid by Farmers, studying such technical aspects as weight revision, specification pricing, sampling, and seasonal adjustment. In regard to the CPI, the committee discussed a broad range of issues such as the basic concept, population coverage, and treatment of quality change, government services, and taxes.⁵⁵

The committee's report, issued in 1961, recommended periodic weight revisions, increased use of probability sampling, more prompt introduction of new commodities, and more funds for research. The committee also advocated restructuring the Wholesale Price Index and emphasizing actual transaction prices. As a major field of expansion, the group suggested the need for export and import price indexes.

For the CPI, the panel urged inclusion of single persons and nonfarm rural workers and renewed the call for development of a more comprehensive index for the entire population. Inclusion of single persons had been considered by BLS during planning for the 1953 revision but had been rejected because of the great heterogeneity within that population group.⁵⁶

The committee also recommended additional research on two controversial and complex aspects of the CPI. First, it suggested that BLS investigate the feasibility of constructing an index based on rental

housing units, but representative of owner-occupied houses, which could be substituted for the homeownership components introduced in the previous revision. This prompted a union economist to argue that the homeownership components measured "prices prevailing in the marketplace" and that use of a rental equivalent would introduce "subjective estimates."⁵⁷

The second research area concerned the committee's recommendation to modify the CPI "in the direction of a welfare index"; that is, from the fixed-market-basket concept to the constant-utility or welfare or "true cost of living" approach. The committee urged research to develop such an approach to account more accurately for the introduction of new products; changes in product quality, consumer tastes, and relative prices; and product substitution by consumers. While recognizing that the complexities involved might require the production of both the CPI and a "true cost of living" index, the committee favored the continuous modification of the CPI to the extent that a welfare index could be produced on a monthly basis. Clague and the Bureau staff opposed outright any alteration of the CPI fixed market basket or replacement by a welfare index. They stressed the necessity of maintaining the CPI as a pure price index in view of the many purposes it served, arguing that hybridization by shifting toward the welfare concept would destroy "the usefulness of the index as an acceptable, unambiguous measure of change in consumer prices." However, Clague saw a welfare index, if one could be developed, as complementary to the CPI.⁵⁸

By the time the committee made its report, BLS was deep into its revision program, but it did incorporate some of the committee's ideas in the new index issued in March 1964. It expanded population coverage to include single-person families, introduced probability sampling techniques in selecting items for pricing, and developed a system for measuring sampling error. It also established a division of price and index number research. And it returned to many of the unresolved issues in planning for the next CPI revision in the late 1960's.⁵⁹

The usual local concerns arose during the planning for the 1964 revision. Writing to Clague in 1960, a top officer of the Department pointed to a particular difficulty. Noting that 32 cities would be dropped in the new sample, he pointed out that 8 of these were in districts which had Congressmen on the appropriations committee. "I have explored thoroughly the probability sampling technique, and I

am not impressed by its purity to the extent that a little practicality cannot also be taken into consideration in the selection of cities." The official reminded the Commissioner of "the problems we encountered when cities were changed as a result of the last revision."⁶⁰

Many letters over the period concerned New Orleans, San Diego, Phoenix, Denver, and others. As one response, BLS frequently tried to arrange for a local university to continue the work with BLS assistance. This avenue was used in responding to requests from Scranton and Portland in the early 1960's, but, after much discussion, the Secretary directed BLS to continue those surveys itself.

At one point, in view of the continuing controversies, Secretary Wirtz suggested eliminating all city indexes. In response, Clague noted that the national series depended on the city data, in that BLS first prepared the city indexes and then combined them to derive the national figure. The Commissioner recommended studying the issue in planning for the next comprehensive revision.⁶¹

Standard budgets

In 1945, the House Appropriations Committee had directed BLS to determine the living costs of workers in large cities and the differences between cities. In 1948, the Bureau published *Workers' Budgets in the United States*, reporting "a modest but adequate standard of living" for families of 4 persons in 34 cities in 1946-47. BLS priced the budget several times before discontinuing it in 1951, when the list of goods and the quantities had become obsolete.

In 1959, Congress authorized BLS to update its standard budgets. The Bureau priced its revised list of articles in the fall of the year in 20 large cities then included in the Consumer Price Index, publishing interim budgets for a city worker's family and a retired couple in 1960. Although based on a new list of commodities, the revisions were considered interim because the basic data reflected patterns in the 1950 consumer expenditure survey, soon to be replaced by the 1960-61 survey.

In 1963, recognizing the need to examine basic standard budget concepts while adjusting to the results of the more recent survey, BLS established the Advisory Committee on Standard Budget Research with representatives from industry, labor, State agencies, and academic and private research organizations. Publication of a new and greatly

expanded series began in 1966 with *City Worker's Family Budget* (Bulletin 1570-1).⁶²

Wholesale prices

During Clague's tenure, the Bureau regularly produced three measures of price movements in primary markets—the comprehensive monthly index, a weekly estimate of trends in the monthly series, and a daily commodity index. The Bureau completely revised the monthly program in 1952 and changed weights in 1955, 1958, and 1961. BLS had introduced the daily data for the Treasury Department during the 1930's and developed them into a series covering 28 commodities. With the 1952 revision, it issued a new series reporting prices for 22 items, either raw materials or commodities very close to the initial stage of production.⁶³

In February 1952, BLS issued a revised Wholesale Price Index. Assisted by the advisory committee of the American Statistical Association, the Interagency Price Committee of the Bureau of the Budget, and its own business research advisory committee, the Bureau more than doubled the number of commodity series and shifted the base period from 1926 to an average of 1947-49. In the process, BLS added new major groups, split other groups into their component parts, and added new special-purpose indexes.

During the 1950's, BLS twice developed industry-sector price indexes—in 1953 as part of the input-output project and in 1959 for the Census Bureau.

In its 1961 report, the Stigler Committee criticized the Wholesale Price Index as having a universe that was never clearly defined, with ease of collection a major determinant of which prices to include. To provide a more meaningful concept for economic analysis, the committee proposed a revision to achieve three major objectives: To cover every important sector of the economy dealing in commodities; to provide maximum detail in price reporting; and to develop price indexes for the subgroups of commodities most useful in economic analysis. After the Stigler Committee recommendation, BLS launched a program to develop a time series of industry prices.⁶⁴

Wages and industrial relations

For many decades, BLS had conducted studies of wage rates by occupation and industry, but experience during World War II emphasized

the need for local labor market data. Thus, after the war, industry surveys gave greatly increased attention to local area information. Following the budget cuts of 1947, however, BLS severely reduced the number of industry surveys and restructured the program to produce two types of surveys: The longstanding industry surveys and a new series of community or area surveys. The industry surveys provided data on occupational levels and trends for the Nation as a whole and regions, while the community surveys covered several occupations common to a number of industries in a metropolitan area.⁶⁵

In 1959, the Bureau announced a revamped and enlarged wage program. In the industry series, BLS proposed to cover 50 manufacturing and 20 nonmanufacturing industries on a regular cycle. The area program, previously limited to about 20 major labor markets, would be expanded to 80 areas chosen to represent all Standard Metropolitan Statistical Areas.

A stimulus for this expansion was the proposal for a pay comparability program for Federal civil service and postal employees which would require national data on white-collar salaries in private industry. An interagency committee established by the Bureau of the Budget concluded that the 80-area survey design was appropriate, and, in 1960, BLS conducted a survey of professional, managerial, and clerical occupations. With the enactment of the Federal Salary Reform Act of 1962, this National Survey of Professional, Administrative, Technical, and Clerical Pay, or "white collar" survey, was used as a basis for comparing the pay of Federal and private sector employees.⁶⁶

Also as part of the community wage survey program, BLS provided other Federal agencies with information to assist in determining rates for blue-collar workers. In the late 1940's, concerned for duplication among various Federal wage-setting boards, the Bureau of the Budget had suggested that BLS serve as the collecting agency in communities where it made wage surveys. State and local governments used such data, too.⁶⁷

The Bureau conducted a number of studies on the effect of the Federal minimum wage. After the rate rose from \$0.40 to \$0.75 per hour in January 1950, BLS worked with the Wage and Hour and Public Contracts Divisions of the Department on a project to survey the economic effects, covering industries such as southern sawmills, fertilizer, wood furniture, seamless hosiery, and men's dress shirts. When the rate rose to \$1.00 in 1956, the Bureau again cooperated in a

study. In the late 1950's, the two agencies sponsored a broad program of industry wage studies as part of a continuing appraisal of minimum wage legislation by the Wage and Hour Division and Congress.⁶⁸

Congress called on BLS for a special study of earnings in retail trade to help in determining whether the industry should be covered by the Fair Labor Standards Act and, if so, what the minimum rate should be. Congress acted to increase the minimum wage but did not extend coverage. BLS published the results of its retail trade survey in late 1957.⁶⁹

Health and other employee benefit plans were a growing area of study for the Bureau. During World War II and its aftermath, supplemental or "fringe" benefits increasingly were used to raise workers' pay. Wage controls restricted direct cash increases, and congressional failure to raise Social Security contributions prevented the system from providing health and other benefits. Therefore, labor unions pressed for health and welfare benefits in collective bargaining negotiations.

Early BLS benefit studies were largely descriptive rather than statistical. In the late 1940's, the Bureau conducted several sample surveys of health, insurance, and retirement plans as part of a joint program with the Social Security Administration and the Public Health Service. In 1953, BLS contracted with the National Bureau of Economic Research for a feasibility study on supplementary benefits. By 1959, the Bureau had worked out technical and conceptual problems to begin a program on employer expenditures for supplementary compensation. Starting with individual industries, reports later covered all employees in the private nonfarm sector. In the 1960's, as benefits continued to grow in importance, the Council of Economic Advisers asked for more frequent and detailed surveys. With departmental support, BLS put forward a plan to expand and refine its program, which was pending on Clague's retirement.⁷⁰

In 1959, when Congress passed the Welfare and Pension Plans Disclosure Act, BLS expressed concern over whether the administrative regulations would assign the Bureau "responsibility for the conduct of substantive research in the field of employee benefits and pension plans, a responsibility which we now have and exercise in a modest way to the benefit of the Department."⁷¹ Reports filed under the act with the Department's Bureau of Labor Standards provided a wealth of information. In cooperation with Labor Standards, BLS

launched a regular program of sample studies of pension and retirement plans filed. It also published digests of health and welfare and pension plans derived from its industrial relations activities and analyses of collective bargaining agreements.

The provision of information on collective bargaining increased during Clague's tenure. With the rapid increase in prices and wages after the war and the need for the most current information on collective bargaining developments, the Bureau began to issue a monthly report, *Current Wage Developments*, which listed by company and union the negotiated changes in wages and supplementary benefits. In 1953, the list was limited to agreements affecting 1,000 or more production and related workers. Beginning in 1954, a statistical summary of wage changes was prepared on a quarterly basis to supplement the listing. In 1959, another statistical summary was introduced covering changes in wages and benefits in manufacturing for both union and nonunion workers.

The Bureau introduced a series of wage chronologies in 1948, each providing detailed information on changes in wages and benefits of a specific company and union, whether through collective bargaining or unilateral management decisions. During the Korean emergency, the Wage Stabilization Board found these and the *Current Wage Developments* reports particularly useful in their review of wage settlements.

Throughout the period, the Bureau maintained a file of collective bargaining agreements, as required by Section 211 (a) of the Labor Management Relations Act of 1947. Even before passage of the act, BLS had begun publication of in-depth studies on provisions of collective bargaining agreements, the Bulletin 908 series, continuing through 19 collective bargaining subjects before ending in 1950. Having issued many individual studies of contract provisions in the meantime, BLS launched a major new series in 1964 with a study of grievance procedures in major collective bargaining agreements (Bulletin 1425-1). In succeeding years, the Bureau produced studies on such subjects as severance pay, supplemental unemployment benefit plans, seniority, safety and health provisions, and wage-incentive provisions.

Productivity and technology

Under Clague, the Bureau resumed its work on productivity indexes for selected industries which had been interrupted by the war. A new

program of detailed industry reports, based on direct field surveys, supplemented the series. However, funding cuts in the early 1950's forced the Bureau to drop field collection and to rely on available secondary sources.

The General Motors-United Auto Workers contract of 1948, with its provision for wage adjustment based on an annual "improvement factor" as well as on the Consumer Price Index, was a major stimulus to the development of productivity measures for the economy as a whole. It was also a harbinger of the "guideposts" policy set forth by the Council of Economic Advisers in the 1960's. Both the Council and the Joint Economic Committee expressed continuing interest in the measurement of national productivity. The Bureau of the Budget and the AFL also pressed for such measures.

The Bureau's development of productivity measures for the economy was a long and arduous process, partly because productivity measurement was a very sensitive area of labor-management relations. Concern with the policy implications of the figures, in addition to the novelty and complexity of the technique and the lack of adequate data, made for extended discussions with the Bureau's business and labor advisory groups. One issue was the effect on collective bargaining of comparisons between economywide productivity indexes and the productivity developments in specific industries, particularly in the automobile and steel industries. Both labor and management in the auto industry were critical of the emphasis given to the broad measures, but the consensus within both of the Bureau's advisory groups was finally that such productivity measures were needed.

In 1955, the Bureau published its first productivity indexes for the manufacturing sector as a whole, reflecting the relationship of output to man-hours of production workers for the period 1939-53. Building on this experience, the Bureau worked toward development of indexes for the total private economy. These were published in 1959, covering the period 1909-58.⁷²

The importance of productivity measurement was heightened in 1962, when the Council of Economic Advisers, in its annual report to the President, offered wage and price guideposts for noninflationary behavior in collective bargaining, basing them on the Bureau's data. The wage guidepost suggested was that "the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of over-all productivity increase." On the price side, the Council

suggested that price increases were warranted only if an industry's productivity rose less than the average for the economy.⁷³

The labor requirements program authorized by Congress in 1959 added a significant new project to the Bureau's productivity work. In this program, BLS estimated the employment generated by—or labor hours required for—various types of government, or government-financed, construction, such as schools, hospitals, public housing, and college housing. This expanded the work begun in the 1930's to measure the volume of employment created by new construction.⁷⁴

The role of labor costs in international trade was another subject of study for the Bureau. Increased competition in foreign trade, balance of payments problems, the outflow of gold, and other factors raised the question of whether the United States was pricing itself out of world markets. Bureau studies examined unit labor costs at home and abroad and the effects on collective bargaining and employment. As part of its activities, BLS also prepared materials for the "Kennedy Round" of tariff negotiations.

The Bureau was also called upon to study the effects of—and adjustments to—automation and technological change. It conducted a series of case studies on the introduction of automatic technology and also produced two major studies of office automation. Then, for the President's Advisory Committee on Labor Management Policy, it prepared a major study on technological trends in 36 industries. The Bureau also studied retraining programs and published case studies of workers displaced by the new technologies.

The continuing sensitivity of the productivity issue in labor-management relations was reflected in the Bureau's difficulty in conducting the automation studies despite the approval of its advisory groups. Management in the railroad and automobile industries proved reluctant to arrange for them. And Clague wrote of difficulties with union research directors who, feeling labor had an important stake in automation studies, demanded review of texts, participating companies, and other aspects of the work. In 1959, the research director of the Auto Workers attacked the BLS "surrender to big business" in the development of productivity materials, charging that the Bureau had succumbed to business pressures to "downgrade, obscure, and conceal" the facts, urging the Joint Economic Committee to investigate.⁷⁵

Industrial safety and health

Continuing its long interest in industrial safety and health, BLS expanded its annual series of injury-frequency and injury-severity measures covering manufacturing and nonmanufacturing industries, and its monthly series (collected quarterly) for manufacturing. By 1966, the annual program covered over 650 industries and industry groups, and the monthly (quarterly) covered 140 manufacturing and industry groups. BLS also conducted intensive studies of injury rates and accident causes in selected industries, surveying about one industry a year.

Amendments to the Longshoremen's and Harbor Workers' Compensation Act passed in 1958 provided more work for BLS. These amendments authorized the Secretary of Labor to issue regulations protecting the health and safety of employees, including requirements to maintain records. The Secretary delegated the administrative functions to the Bureau of Labor Standards, and BLS acted as its agent in collecting and compiling data.⁷⁶

International activities

During the late 1940's, the Bureau cooperated with various overseas projects of the U.S. Government. Working with the European Recovery Program, it planned and conducted a number of productivity studies and gave technical assistance to European governments for developing their own economic statistics. During 1950 and 1951, about 80 European labor statisticians took 3-month courses with BLS under arrangements made by the Organization for European Economic Cooperation and the Economic Cooperation Administration.

The Gift of Freedom, a Bureau publication which presented a wide range of statistics on the economic and social status of American workers, was reprinted in several foreign languages for distribution abroad.⁷⁷

The Bureau published information on foreign labor conditions and statistics, introducing the monthly publication, *Labor Developments Abroad*, in 1956 and a series on labor law and practice in various countries in 1961. The Bureau also developed a considerable amount of material in collaboration with the International Cooperation Administration/Agency for International Development, including descriptions of labor conditions—primarily in developing countries—and a Foreign Labor Information Series. These were intended for the

use of Foreign Service staff, labor specialists assigned abroad, and participants in technical and exchange programs, as well as businessmen and others.⁷⁸ BLS also developed several technical manuals, in cooperation with ICA/AID, to help foreign countries develop statistical programs relating to consumer prices and the labor force.⁷⁹

In the early 1960's, BLS and the Department's Bureau of International Labor Affairs collaborated to publish *Labor Digest*, a series of brief notes on labor conditions around the world.

Economic growth studies

Since the 1930's, BLS had worked with Wassily Leontief of Harvard to develop "input-output" or interindustry analysis. Following the war, with W. Duane Evans heading the project, the Bureau projected employment patterns to 1950. Congress showed special interest in the BLS projections for steel, made in 1947.

At the initial request of the National Security Resources Board and the military establishment, the Bureau joined a cooperative program with other Federal agencies, universities, and research institutions which was later financed by the Air Force. As part of the project, BLS produced a 450-sector input-output table based on the 1947 Census of Manufactures.⁸⁰

During the Korean War, the program became controversial when some employers called it state planning, a step toward a planned economy. With the armistice, the new administration sought ways to cut the defense budget, and Air Force funding was halted. Evans and BLS tried without success to arrange private financing for continuing studies. But in the late 1950's there was renewed interest in input-output studies as a means of analyzing economic problems.⁸¹

In 1962, the Bureau joined with other government agencies and private organizations in a wide-ranging program of studies for the analysis and projection of economic growth trends. The program represented an effort to develop a more comprehensive and integrated framework than had previously been available for analyzing the implications of long-term economic growth, particularly the implications for employment.

Other participants in the research program included the Office of Business Economics of the Department of Commerce, the Department of Agriculture, the Bureau of Mines of the Department of the Interior, Harvard University, George Washington University, the

Council of State Governments, and the National Planning Association. Guidance was provided by an interagency coordinating committee consisting of representatives from the Departments of Labor and Commerce, the Budget Bureau, and the Council of Economic Advisers. The chairman of the Council headed the committee.⁸²

As one aspect of the research, BLS developed projections of the industrial distribution of employment based upon the input-output tables prepared by the Commerce Department. In late 1966, the Bureau published the 1970 projections of demand, interindustry relationships, and employment developed by BLS and the other participating agencies.⁸³

Administration

Funding

After recovering from the slash in fiscal year 1948, the Bureau's regular appropriations for salaries and expenses showed little if any increase in the early 1950's. They began to rise in the late 1950's, then grew substantially in the 1960's with the expansion in the Bureau's programs (table 6). Congress provided separate funds for two revisions of the CPI within the period.

Outside funds, also called working funds or intragovernmental advances and reimbursements, added considerably to Bureau resources as other agencies funded statistical work done on their behalf. Normally providing from 4 to 7 percent of the Bureau's total budget, these payments mounted during the Korean War and later, in the 1960's, when the Department undertook new programs. The Atomic Energy Commission, the Air Force, the Office of Naval Research, the National Security Resources Board, the Veterans Administration, and the National Science Foundation, among others, underwrote Bureau activities.

Management

As had happened before in the Bureau's history, in 1950 Congress had occasion to investigate complaints lodged by employees and former employees of the Bureau. They alleged that the Division of Prices and Cost of Living "was overstaffed, poorly supervised, and steeped in an atmosphere of employee discontent." In the report presenting its findings, the House Subcommittee on Overstaffing in the Executive

Table 6. Funding for Bureau of Labor Statistics, 1947-65
(in thousands)

Fiscal year ended June 30 —	Total ¹	Salaries and expenses
1947	² \$6,826	\$6,268
1948	4,218	3,945
1949	4,579	4,362
1950	6,990	5,569
1951	8,702	5,722
1952	9,149	5,701
1953	7,077	5,766
1954	6,081	5,593
1955	5,974	5,441
1956	6,802	6,407
1957	7,481	6,875
1958	8,159	7,463
1959	8,597	7,989
1960	11,394	10,520
1961	13,350	11,118
1962	15,970	12,667
1963	17,655	14,590
1964	19,831	16,345
1965	20,373	18,542

¹Includes appropriations for CPI revision (1950-52 and 1960-64) and miscellaneous, working, and trust funds.

²Includes \$15,000 for a study of conditions in Hawaii.

SOURCE: *The Budget of the United States Government.*

Departments and Agencies concluded that funds for the revision of the CPI had been "dissipated through gross overstaffing, inferior planning, untrained supervision, and improvident administration."⁸⁴

Secretary Tobin immediately wrote the subcommittee chairman of "the overall efficiency and economy of the Division's work" in turning out some of the country's "most important and most closely scrutinized statistics." While challenging the charge of dissipation of funds, Tobin acknowledged some problems of administration, which had been compounded by congressional delay in funding. He stated that, after great effort, the revision program was now back on sched-

ule, and was urgently needed to avoid the controversy which had developed during World War II. Clague pointed out that an attitude survey had demonstrated that the vast majority of BLS employees were satisfied. Upon assurance that the Bureau would improve its management, the matter was dropped.⁸⁵

Reconfirmation

Clague's administration was interrupted for about a year when Secretary Mitchell proposed his reappointment for a third term in 1954. Since Clague was a legal resident of Pennsylvania, his nomination required the assent of both Pennsylvania Senators, but Senator Edward Martin, the senior Senator, objected.

Senator Martin's objection centered on two pieces of information he had received about Clague's activities in the early 1930's—a newspaper clipping quoting Clague as saying that the economic future of the country would be state socialism, and his contribution to a college which the Attorney General had later listed as a Communist institution.

Delayed by Martin's objection, the appointment also became entangled with difficulties surrounding the appointment of another Department official, and confirmation proceedings were held up for almost a year. In the interim, Secretary Mitchell named Clague as his special assistant, and Aryness Joy Wickens, Clague's Deputy Commissioner, served as Acting Commissioner. A highly respected statistician, Wickens had had a long career in government before joining the Bureau in the late 1930's. Under Lubin, Hinrichs, and Clague, she had moved steadily upward, from Chief of the Price Division to Assistant Commissioner to Deputy Commissioner. During the year of Clague's absence, the work of the Bureau went on largely unaffected.

In July 1955, Clague finally had his confirmation hearing, and he was able to reply to Senator Martin's implied charge of association with radical causes. He informed the committee that the remark quoted—from an extemporaneous speech—was intended as a challenge to the audience and not as an espousal of socialism. His contribution to the college had been pledged in the 1920's to help provide education for poor students.⁸⁶

Senator Martin had already informed the committee that he was no longer going to oppose the nomination. In addition, the committee had received letters from supporters. Stephen M. DuBrul, Executive-

in-Charge of the Business Research Staff at General Motors, praised Clague's integrity, open-mindedness, courage, and determination. William F. Sullivan, President of the Northern Textile Association, noted Clague's "splendid record of accomplishment" as well as his objectivity and impartiality. Leo Teplow, Industrial Relations Consultant to the American Iron and Steel Institute, commented that Clague enjoyed "the wholehearted confidence of both management and labor."⁸⁷ Earlier, AFL President George Meany had spoken with Secretary Mitchell in support of reappointment.⁸⁸ Newspaper columnists and editorials also supported Clague. His confirmation took only half an hour.

Confidentiality

Early in his tenure, Clague reaffirmed the voluntary nature of the BLS reporting process and the necessity for strict confidentiality of the data provided by respondents. He saw the Bureau's dependence on voluntary cooperation as "a great asset in a democracy" rather than a limitation, as some others had viewed it.⁸⁹

In the early 1960's, a serious challenge arose to the Bureau's policy of confidentiality. Under the provisions of the Public Contracts Act of 1936, government suppliers were required to pay at least the locally prevailing minimum wage, and the Secretary of Labor had been making determinations of the prevailing minimum in various industries from data collected in BLS wage surveys. Interested parties had won the right to judicial review of the Secretary's decisions. The Baldor Electric Company and 10 other suppliers in the electrical machinery industry brought the Department to court, challenging the Secretary's determination on the grounds that they had been denied access to documents underlying the BLS tables.

Throughout, the Bureau, supported by the Department, argued its fundamental policy that it operated on the basis of voluntary reporting, that granting access would break confidentiality and endanger its whole system of data collection. The Federal District Court and the Court of Appeals for the District of Columbia upheld the manufacturers, ruling that refusal of access to BLS documents breached their legal right to rebuttal and cross-examination.⁹⁰

Rather than imperil the foundation of the Bureau's data gathering system, the Secretary revoked his determination, and none have been issued since. Over the years, the policy of confidentiality has

been maintained, and other influences on wages, such as minimum wage setting under the Fair Labor Standards Act and the general extension of collective bargaining, have lessened the importance of the Public Contracts Act. It now serves mainly as a statement of the government's intent to be a good employer.⁹¹

Retirement

On September 14, 1965, Secretary Wirtz announced Ewan Clague's retirement, saying, "Ewan Clague has built his ideals and his competence and integrity into the traditions and strength of the Bureau of Labor Statistics and the Department of Labor. He stands preeminent in his field. His colleagues have paid him every honor they command. . . . The staff of the Bureau is both his compliment and his legacy to the future."⁹²

Clague later described the understanding he had had with Secretary Wirtz: "When I was confirmed for a fifth term in August 1963, Secretary of Labor W. Willard Wirtz and I reached an agreement that we should be on the lookout for a successor. When Professor Arthur M. Ross of the University of California at Berkeley, one of the names on our joint list, became available in the summer of 1965, I submitted my resignation, and Ross was appointed Commissioner."⁹³

Observers praised Clague and his accomplishments. Senator William Proxmire, a close observer of BLS from his post on the Joint Economic Committee, referred to his "19 immensely productive years," noting the "steady improvement in quality and the constantly more accurate and detailed picture of our economy" provided by BLS data during Clague's tenure. At Ross' nomination hearing, Senator Wayne Morse, veteran of economic stabilization programs and major labor-management crises, commented that he could always place complete reliance on Clague's work.⁹⁴

The *New York Times* declared, "Integrity has been the dominant characteristic of the Bureau's approach to all its assignments." Under Clague, it continued, the Bureau had achieved "a remarkable degree of professional detachment and trustworthiness." The *Washington Post* editorialized in the same vein, commending Clague for his probity—his determination "to maintain the integrity of the BLS as an objective agency at times when there were pressures to twist results in conformity with political preconceptions."⁹⁵

Clague had an active career for many years after his retirement. Initially, he served as a consultant to Secretary Wirtz. Later, he conducted and published research studies on labor force subjects, including the all-volunteer army, older workers, and coal miners. He has continued to be active in civic affairs.

Chapter VIII.

Four Commissioners: An Economy Going by the Numbers

There were four Commissioners of Labor Statistics in the two decades following Clague's departure as a variety of circumstances produced limited terms for Arthur M. Ross, Geoffrey H. Moore, and Julius Shiskin. Janet L. Norwood was well into her second term in 1984. Whatever the length of service, the head of the Bureau faced relentless demands as public interest in the Bureau's statistics heightened with continuous inflation, rising unemployment in four recessions, and the increased use of BLS data in evaluating national economic policies and distributing public and private funds.

The economic climate and escalating uses of statistics

In 1966, the chairman of the Joint Economic Committee stated, in introducing the hearings on government price statistics, that they would cast some light on "whether or not we have inflation. . . ." The annual rate of increase in consumer prices at that time was about 2 percent.¹ By the end of 1968, there was no longer any doubt about inflation—consumer prices had risen almost 5 percent over the year.

The inflationary boom of the late 1960's was accompanied by a drop in unemployment, which fell below the 4-percent goal set in the early 1960's. In 1969, however, unemployment started to rise, and the economy began to suffer from both inflation and high levels of unem-