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3/3/75

TREATED AS HANDWRITING -- NO BLUE CARD MADE.

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THE WHITE HOUSE

March 3, 1975

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MR. PRESIDENT:

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Attached is the latest copy of the Ronald Reagan column.

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THE PRESIDENT HAS SEEN M

THE RONALD REAGAN COLUMN (For Release In Papers On Friday, Feb. 28, And Thereafter)

By RONALD REAGAN

Copley News Service

It was Christmas Eve. The Great Depression had begun and unemployment was spreading across the land. There in our small town in Illinois, though, we thought things were going to be all right. All right, that is, until my father opened the envelope he thought was a Christmas greeting from his employer. I can never forget the long silence as he sat there holding that greeting, or his half-audible whisper: "That's a h--l of a Christmas present." He had just learned that, as of that Christmas Eve, he was one of the unemployed.

Today, or any time, if you have a family to feed and you're laid off work through no fault of your own, unemployment--with all its anxieties--becomes the central fact of your life. If you can't find another job and, unlike the auto workers, you aren't protected by a guarantee of 95 per cent of your wages during layoff periods, you have to turn to unemployment insurance or other public assistance to tide you over. And, that's why we have such programs, to help those who need it when they need it.

On the other hand, if you're an economist, you look for trends in the economy that will affect people by the millions. Both perspectives are valid. The economist knows that inflation, recession and unemployment can have a snowball effect and that a recession is, in part, psychological (not to discount such factors as federal deficit spending and too-easy consumer credit).

The very way in which unemployment statistics are reported contributes sharply to the psychological part of the problem. They are presented by the media as a sort of statistical fright wig: scarifying headlines, with little analysis. In fact, the method of reporting such data by the Bureau of Labor Statistics is misleading, if not downright phony.

What the statistics provide is a reasonably good estimate (not an accurate count) of housewives who don't need but would like part-time work; young people still fully supported by their parents, but who are seeking their first jobs; and even teen-agers wanting paper routes or other after-school work.

What the statistics don't provide is a sharp focus on the actual number of breadwinners involuntarily unemployed, looking for a job to support a family, and drawing unemployment benefits if they are eligible. That number would be a true measure of our economic situtaion. This is how England counts its unemployed. If we did it that way our rate would be about 1 per cent or less instead of the 8 per cent the federal government is talking about (or the 10 per cent George Meany is predicting). An official high in England's Labor government asked a friend of mine the other day if we were masochists. He said, "We know your figures are phony, and so do you."

The Bureau of Labor Statistics makes 50,000 random phone calls each month, and from that tells us our rate of unemployment as if they'd made an accurate nose count. In addition to those out of work because of economic trouble, their telephone "net" catches thousands in the other categories mentioned. Yet, as reported, all are lumped together as "unemployed," thus conjuring a picture of millions huddled in bread lines. Actually, more than half the unemployed will find jobs in five weeks or less (at any given time); the average for all is 10 weeks; and less than 7 per cent have been without work for 26 weeks or longer.

Why does the BLS lump the actually employed with the like-to-be-employed and others?

Part of the answer may lie in the fact that certain federal programs are triggered into action when the so-called unemployment rate rises to a certain level. When it does, of course, it "proves" that all those bureaucrats are essential, for they must administer such programs.

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Full reporting of the true unemployment picture is essential if we're going to avoid "psyching" ourselves into a depression. It's time the secretary of labor overhauled the reporting system. The telephone survey may have value, but only if the results tell the public how many people are looking for part-time work, how many are teen-agers, how many are new entrants in the labor force and, finally but most important, how many are breadwinners out of a job through no fault of their own.

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The reports should also tell something else: what job skills are in surplus in some localities and in short supply in others. The National Federation of Independent Business recently surveyed its members and found almost one-quarter looking for workers to fill job openings. The BLS could perform a real service by tallying such job skill needs so the truly unemployed can find them. It makes more sense than spending billions to create new public jobs which add little to national productivity.

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