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THE WHITE HOUSE

WASHINGTON

December 9, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

L. WILLIAM SEIDMAN

FROM:

JAMES E. CONNOR 

SUBJECT:

Review of Government Statistics
On Employment and Unemployment

The President reviewed your memorandum of November 26 and approved the following:

Issue 1: Should a committee to review employment and unemployment statistics be established?

Establish a committee to conduct a review of the Federal Government's unemployment and employment statistics.

Issue 2: Should any review of employment and unemployment statistics be conducted by a Presidentially appointed committee or contracted out to a private research organization to conduct the review and to appoint a committee of nongovernmental experts to evaluate their research findings and recommendations?

Establish a Presidentially appointed committee to conduct the review.

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE
WASHINGTON

December 8, 1975

MR. PRESIDENT:

Staffing of the attached memorandum resulted in the following:

Max Friedersdorf commented:

"I recommend against any review. It would only be interpreted as a political attempt to artificially juggle unemployment figures."

Bob Hartmann comments:

"I think such a step now, with an election campaign coming on, would be universally interpreted to the President's discredit as an attempt to "rig" high unemployment statistics for political purposes. Recommend it be deferred to 1977."

Phil Buchen's comments are attached at TAB A:

Jack Marsh concurs with EPB's recommendations.

Jim Connor

THE WHITE HOUSE

WASHINGTON

November 26, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Review of Government Statistics on Employment and Unemployment

The last formal review of the Federal Government's employment and unemployment statistics program by nongovernment experts was conducted by the President's Committee to Appraise Employment and Unemployment Statistics (The "Gordon Committee"), appointed by President Kennedy in 1961. The Committee's report, Measuring Employment and Unemployment, (September 1962) made several recommendations which were subsequently incorporated into the procedures used by the Bureau of Labor Statistics and the Bureau of the Census. The last recommendation of the Gordon Committee was that a similar formal review of employment and unemployment statistics be conducted in approximately ten years.

In the intervening years since the Gordon Committee, experience with the various statistical series has revealed certain strengths and weaknesses. At the same time there have been important developments in the economy which have affected the Federal Government's data requirements. The labor force has undergone substantial structural change associated with the large increase in the proportion of women and teenagers. The expansion of social programs that substantially reduce the loss of income from unemployment may also have affected the nature and duration of unemployment. Because these developments have a bearing on the interpretation of statistics on unemployment they warrant a new look at definitions and methodology. Moreover, unemployment statistics are increasingly used in determining the allocation of Federal aid to State and local governments.

A new employment statistics review committee would be charged with addressing several broad issues: First, the committee would examine the concept and definition of employment and unemployment in terms of their adequacy to meet current needs. Secondly, the committee would review the need for new statistical measures that may be desirable in view of structural changes in the economy as well as changes in government social programs. For example,

it would be useful to know more about job search behavior and duration of unemployment and how they are affected by the availability of social benefit programs. Thirdly, the committee would review a number of technical and methodological issues including survey technique (e.g., telephone verses personal interviews) collection of the data, analytical procedures used in processing the statistics, and issues relating to the presentation and release of the data.

Proposal

These considerations prompted the Economic Policy Board's Subcommittee on Economic Statistics to recommend the establishment early in 1976 of a committee of nongovernmental experts to evaluate the Federal Government's definitions, procedures, and methodologies concerning data related to employment and unemployment. The proposed committee would report its findings and recommendations during the first quarter of 1977. The committee would be composed of from six to ten individuals. A private research organization would conduct the basis analysis for the committee. The estimated cost of the review is approximately \$250,000.

Issue 1: Should a committee to review employment and unemployment statistics be established?

Option A: Establish a committee to conduct a review of the Federal Government's unemployment and employment statistics.

Advantages:

- o It has been nearly 15 years since the last full scale review of employment statistics. In the intervening years the economy has undergone many structural changes. Unemployment influences and is influenced by an expanded range of Government expenditure programs.
- o Appropriate changes in definition and methodology may be easier to implement if they come from a nongovernment committee than if they originate from the Department of Labor.
- o The current Commissioner of the Bureau of Labor Statistics in his confirmation hearings made a commitment, in response to a Senate Labor and Public Welfare Committee request, that such a review be undertaken.

Option B: Do not establish a committee to review the Federal Government's unemployment and employment statistics.

Advantages:

- o The establishment of such a committee at this time may appear as a self-serving political act to "explain away" the unemployment of the past year.
- o The same expert advice can be obtained on an ad hoc basis without establishment of a committee.

Recommendation

The EPB Executive Committee recommends that you establish a committee to conduct a review of the Federal Government's unemployment and employment statistics.

Approve



Disapprove _____

If you approve the establishment of a committee to review unemployment and employment statistics consideration of the appointment and visibility of such a committee requires your decision.

Issue 2: Should any review of employment and unemployment statistics be conducted by a Presidentially appointed committee or contracted out to a private research organization to conduct the review and to appoint a committee of nongovernmental experts to evaluate their research findings and recommendations?

In either case a private research organization would conduct background studies for review.

Option A: Establish a Presidentially appointed committee to conduct the review.

Advantages:

- o A Presidentially appointed committee would have greater stature and adoption of its recommendations would likely encounter less resistance from opponents of such changes.

- o A Presidentially appointed committee shows the President's direct interest in employment and unemployment conditions by taking steps to improve our data.

Option B: Contract with a private research organization to conduct the review and to appoint a committee of non-governmental experts to evaluate their research findings and recommendations.

Advantages:

- o Review by a private research organization would be less likely to arouse adverse political reaction as self-serving than if the review were conducted by a Presidential committee.
- o Since the report of a Presidential committee will be issued after January 1977, it may be less well received if there is a change of administration.

Recommendation

The EPB Executive Committee recommends that you establish a Presidentially appointed committee to conduct the review.

Approve *GCY*

Disapprove _____

If you decide to establish a Presidential committee, Secretary Dunlop and Burton Malkiel, Chairman of the EPB Subcommittee on Economic Statistics, will prepare a list of suggested committee members including a Chairman and a draft Presidential statement announcing formation of the Committee.

THE WHITE HOUSE

WASHINGTON

December 2, 1975

MEMORANDUM FOR: JIM CONNOR
THROUGH: PHIL BUCHEN *P.*
FROM: DUDLEY CHAPMAN *DC*
SUBJECT: L. William Seidman's memo of 11/26/75
re Review of Government Statistics on
Employment and Unemployment

A Presidentially appointed committee such as proposed in Options 1A, 2A, and 2B would probably be subject to the Federal Advisory Committee Act (86 Stat. 770, 5 U.S.C. App. I), since it would include nongovernment members and have as its purpose the giving of advice and recommendations to the President. This would mean that meetings of the Committee would have to be announced 30 days in advance through publication in the Federal Register, and be open to the public. A number of other formalities would also be required.

These requirements could be avoided if the Presidential Committee were composed entirely of government employees. Members of the Committee could consult with outside experts, and employ them, without triggering the Advisory Committee Act, so long as such contacts are on an individual rather than on a group basis.

STAFFING

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 28, 1975

Time:

FOR ACTION: Phil Buchen
 Max Friedersdorf
 Jack Marsh
Bob Hartmann

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 2

Time: 3 P.M.

SUBJECT:

L. William Seidman's memo of 11/26/75
re Review of Government Statistics on
Employment and Unemployment

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Friedersdorf - see comments
Marsh - concurs with OMB
Buchen - see comments
Hartmann - wants to comment
when he returns (per Smith)

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James E. Connor
For the President

up.
12/8

December 8, 1975

MR PRESIDENT:

Staffing of the attached memorandum resulted in the following:

Max Friedersdorf commented:

"I recommend against any review. It would only be interpreted as a political attempt to artificially juggle unemployment figures."

Bob Hartmann comments:

"I think such a step now, with an election campaign coming on, would be universally interpreted to the President's discredit as an attempt to "rig" high unemployment statistics for political purposes. Recommend it be deferred to 1977."

Phil Buchen's comments are attached at TAB A:

Jack Marsh concurs with EPB's recommendations.

Jim Connor

THE WHITE HOUSE

WASHINGTON

November 26, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

L. WILLIAM SEIDMAN *fwS*

SUBJECT: Review of Government Statistics on Employment and Unemployment

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In the intervening years since the Gordon Committee, experience with the various statistical series has revealed certain strengths and weaknesses. At the same time there have been important developments in the economy which have affected the Federal Government's data requirements. The labor force has undergone substantial structural change associated with the large increase in the proportion of women and teenagers. The expansion of social programs that substantially reduce the loss of income from unemployment may also have affected the nature and duration of unemployment. Because these developments have a bearing on the interpretation of statistics on unemployment they warrant a new look at definitions and methodology. Moreover, unemployment statistics are increasingly used in determining the allocation of Federal aid to State and local governments.

A new employment statistics review committee would be charged with addressing several broad issues: First, the committee would examine the concept and definition of employment and unemployment in terms of their adequacy to meet current needs. Secondly, the committee would review the need for new statistical measures that may be desirable in view of structural changes in the economy as well as changes in government social programs. For example,

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Proposal

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Issue 1: Should a committee to review employment and unemployment statistics be established?

Option A: Establish a committee to conduct a review of the Federal Government's unemployment and employment statistics.

Advantages:

- o It has been nearly 15 years since the last full scale review of employment statistics. In the intervening years the economy has undergone many structural changes. Unemployment influences and is influenced by an expanded range of Government expenditure programs.
- o Appropriate changes in definition and methodology may be easier to implement if they come from a nongovernment committee than if they originate from the Department of Labor.
- o The current Commissioner of the Bureau of Labor Statistics in his confirmation hearings made a commitment, in response to a Senate Labor and Public Welfare Committee request, that such a review be undertaken.

Option B: Do not establish a committee to review the Federal Government's unemployment and employment statistics.

Advantages:

- o The establishment of such a committee at this time may appear as a self-serving political act to "explain away" the unemployment of the past year.
- o The same expert advice can be obtained on an ad hoc basis without establishment of a committee.

Recommendation

The EPB Executive Committee recommends that you establish a committee to conduct a review of the Federal Government's unemployment and employment statistics.

Approve _____

Disapprove _____

If you approve the establishment of a committee to review unemployment and employment statistics consideration of the appointment and visibility of such a committee requires your decision.

Issue 2: Should any review of employment and unemployment statistics be conducted by a Presidentially appointed committee or contracted out to a private research organization to conduct the review and to appoint a committee of nongovernmental experts to evaluate their research findings and recommendations?

In either case a private research organization would conduct background studies for review.

Option A: Establish a Presidentially appointed committee to conduct the review.

Advantages:

- o A Presidentially appointed committee would have greater stature and adoption of its recommendations would likely encounter less resistance from opponents of such changes.

- o A Presidentially appointed committee shows the President's direct interest in employment and unemployment conditions by taking steps to improve our data.

Option B: Contract with a private research organization to conduct the review and to appoint a committee of non-governmental experts to evaluate their research findings and recommendations.

Advantages:

- o Review by a private research organization would be less likely to arouse adverse political reaction as self-serving than if the review were conducted by a Presidential committee.
- o Since the report of a Presidential committee will be issued after January 1977, it may be less well received if there is a change of administration.

Recommendation

The EPB Executive Committee recommends that you establish a Presidentially appointed committee to conduct the review.

Approve _____

Disapprove _____

If you decide to establish a Presidential committee, Secretary Dunlop and Burton Malkiel, Chairman of the EPB Subcommittee on Economic Statistics, will prepare a list of suggested committee members including a Chairman and a draft Presidential statement announcing formation of the Committee.

THE WHITE HOUSE

WASHINGTON

November 29, 1975

MEMORANDUM FOR:

JIM CONNOR

FROM:

MAX FRIEDERSDORF *M.G.*

SUBJECT:

L. William Seidman's memo of 11/26/75
re: Review of Government Statistics on
Employment and Unemployment

I recommend against any review.

It would only be interpreted as a political attempt to
artificially juggle unemployment figures.

12/1/75
8 a.m.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 28, 1975

Time:

FOR ACTION: Phil Buchen
Max Friedersdorf
Jack Marsh
Bob Hartmann

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 2

Time: 3 P.M.

SUBJECT:

L. William Seidman's memo of 11/26/75
re Review of Government Statistics on
Employment and Unemployment

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

I think such a step now, with an election campaign coming on, would be universally interpreted to the President's discredit as an attempt to "rig" high unemployment statistics for political purposes. Recommend it be deferred to 1977

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James E. Connor
For the President

