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SPECIAL ANALYSIS


 February 12, 1975

MORE ABOUT UNEMPLOYMENT

The news media and politicians are continuing to exaggerate and distort the issue of unemployment. With the release of last month's estimated total unemployment rate of 8.2 percent, headlines created visions of the Great Depression and all of its extreme hardships. The facts, as we have pointed out in previous bulletins, clearly contradict such impressions. But the illusion is leading both the Administration and Congress to over-react by spending too much money, a significant portion of which will not be covered by taxation and so could be covered by excessive monetary creation. This raises the threat of another boom-bust cycle down the line, as we have also discussed in earlier bulletins.

Again, let us look at the details of the January unemployment figures, since we are sure that scarcely a single reader knows those details. For heads of households, the January unemployment rate rose to 5.2 percent from 4.6 percent. For married men (spouse present) the rate rose to 4.5 percent from 3.8 percent. The "hardship" unemployment rate (people out of work 15 weeks and over) "zoomed" to 1.7 percent from 1.4 percent. Those out of work 27 weeks and over numbered 594,000 out of a labor force of 91.1 million (or 0.7 percent).

And, bear in mind, most people in the hardship category were still receiving some form of income support from government and/or corporation funds. And in some cases, the support levels are quite high. In other words, the hardship associated even with the 1.7 percent hardship unemployment rate simply isn't what it used to be.

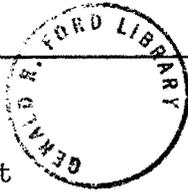
What is more, there are still hundreds of thousands of job vacancies which are not being filled. Yesterday's Wall Street Journal explains that seeming contradiction as follows:

LOW-STATUS JOBS remain hard to fill, despite surging unemployment.

An employment agency in New York complains it recently had a tough time finding takers for a job cutting up and weighing chickens. Jobs as elevator operators and watchmen also go begging, despite the city's high jobless rate. The Cook County jail in Chicago reports no increase in applications for its \$831-a-month prison guard posts. In Pittsburgh, workers are still selective, and the unemployed aren't "jumping at the \$2.50-an-hour job just to get a job," a state official says.

One key reason for the situation: unemployment insurance, food stamps and welfare. A Chicago taxi company official gripes "my biggest competition is Uncle Sam." Bids for hard-to-fill cabbie jobs dropped drastically as soon as President Ford announced new unemployment benefits.





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In other words, unemployment and welfare benefits have now risen to the point where they create "unemployment". So do minimum wage laws, especially during recessions. What is more, the federal government does not publish statistics on job vacancies so that we can get an idea of how many openings are not filled because of a lack of labor mobility or because the jobs simply aren't "good enough", considering the availability of income support from working taxpayers.

Meanwhile, inflation continues to badly hurt nearly 100 percent of the total population. And, of course, it was the inflationary spiral that caused the recession itself (and unemployment). Yet fighting inflation now is said to have been downgraded to second place as a priority.

We'll continue in our efforts to give our clients a more accurate picture of unemployment in today's economy. Compared to the damage inflation does, the unemployment issue today is being blown out of all reasonable proportion.

Albert H. Cox, Jr.
Chief Economist

House of Representatives, U.S.

MEMORANDUM

The attached refers to a subject in which you are interested, and is, therefore, referred for your information.

Yours very truly



Lou Frey, Jr.



		Current Month May 1975	One Month Ago April 1975	One Year Ago May 1974
Florida	Civilian Labor Force	3,397,200	3,401,200	3,348,300
	Employment	3,022,300	3,025,600	3,187,200
	Unemployment	374,900	375,600	161,100
	Unemployment Rate: S/A	12.3%	12.2%	5.4%
	Unemployment Rate: Raw	11.0%	11.0%	4.8%
Brevard	Civilian Labor Force	96,500	95,800	90,100
	Employment	83,000	83,000	81,100
	Unemployment	13,500	12,800	9,000
	Unemployment Rate: S/A	15.5%	14.4%	11.1%
	Unemployment Rate: Raw	14.0%	13.4%	10.0%
Broward	Civilian Labor Force	341,100	346,300	341,000
	Employment	287,100	293,600	323,000
	Unemployment	54,000	52,700	18,000
	Unemployment Rate: S/A	18.1%	16.4%	6.0%
	Unemployment Rate: Raw	15.8%	15.2%	5.3%
Dade	Civilian Labor Force	671,000	672,100	646,300
	Employment	598,200	603,300	615,400
	Unemployment	72,800	68,800	30,900
	Unemployment Rate: S/A	11.7%	11.1%	5.1%
	Unemployment Rate: Raw	10.8%	10.2%	4.8%
Hillsborough	Civilian Labor Force	258,000	256,400	259,300
	Employment	233,700	233,300	247,600
	Unemployment	24,300	23,100	11,700
	Unemployment Rate: S/A	10.6%	9.7%	5.1%
	Unemployment Rate: Raw	9.4%	9.0%	4.5%
Jacksonville SMSA	Civilian Labor Force	294,000	292,500	284,900
	Employment	274,200	272,200	271,900
	Unemployment	19,800	20,300	13,000
	Unemployment Rate: S/A	7.9%	7.9%	5.4%
	Unemployment Rate: Raw	6.7%	6.9%	4.6%
Tallahassee SMSA	Civilian Labor Force	70,300	69,300	68,500
	Employment	66,500	65,700	66,200
	Unemployment	3,800	3,600	2,300
	Unemployment Rate: S/A	6.5%	7.3%	4.0%
	Unemployment Rate: Raw	5.4%	5.2%	3.4%

THE WHITE HOUSE

WASHINGTON

June 3, 1975

MEMORANDUM FOR DONALD RUMSFELD

FROM: RICHARD CHENEY

SUBJECT: Preliminary Unemployment Numbers for the Month
of May

These numbers will be released at 10:00 AM on Friday, June 6. I will make sure the President receives them on the way to West Point Wednesday morning.

The numbers are preliminary, but Alan does not expect any change between now and Friday.

The unemployment rate for April was 8.9%. The unemployment rate for May, to be released on Friday, is 9.2%. The rate, however, is probably not all that valid an indicator for several reasons.

Number one, the total number of people employed increased in May for the second time this year. In April, total employment was 84.086 million. In May the total number employed was 84.402 million. There has been an increase of more than 300,000 people in the total number employed in May.

Most of the increase has been in agriculture. Employment in the non-agricultural sector of the economy increased 42,000 in May.

The second basic reason the unemployment rate should be used cautiously is that traditionally there are statistical quirks which affect the rate in the months of May and June. Historically, the unemployment rate for May has been overstated and the unemployment rate for June has been understated. You will remember in 1971 the rate had been 6.0% for the early part of the year. It went up to 6.1% in May, dropped sharply to 5.8% in June and then went back up to about 6.0% in July.



We should expect a similar pattern this year.

Also, keep in mind that the unemployment rate can increase after we have hit bottom and the actual number employed begins to increase, as happened in the month of May.

Alan expects that in June (these numbers will be released in July) the unemployment rate could drop from 9.2% to 8.8 or 8.9%.

He emphasized that we need to be extremely cautious about assigning too much significance to these numbers.

In general, he believes the unemployment numbers are right on schedule and consistent with other indicators which show the recession coming to an end and a recovery beginning in the months ahead.



THE WHITE HOUSE
WASHINGTON

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June 30, 1975

MEMORANDUM

FOR: DON RUMSFELD

FROM: DICK CHENEY

Lou Frey sent me the attached note.

He is in big trouble in Brevard County, he says, because of the unemployment rate which, historically, has been high but is now 15%.

I thought I should pass it on to you.



THE WHITE HOUSE
WASHINGTON

May 7, 1976

NOTE FOR DICK CHENEY

Rog Morton supports Option II.

Foster Chanock



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By DAD NARS date 6/7/85

THE WHITE HOUSE
WASHINGTON

May 5, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*
SUBJECT: Review of Employment and Unemployment
Statistics

On December 9, 1975 your advisers unanimously recommended and you approved the establishment of a Presidentially appointed commission to conduct a review of the Federal Government's employment and unemployment statistics.

Since your decision, Burt Malkiel has met with representatives of a number of labor unions and various business management organizations and with staff members of the Joint Economic Committee. He explained the need for such a study, reviewed the terms of reference for the commission, and sought advice and suggestions on particular people to be commission members.

A report on the progress toward establishing the Commission was presented to you at your meeting with the EPB Executive Committee on April 13, 1976. At that time some of your advisers questioned the desirability of establishing a Presidentially appointed commission on this issue so close to the election. This memorandum requests your guidance on the timing of implementing your decision to establish the Commission.

Options

Two basic options on the timing of establishing a commission are presented for your consideration.

Option 1: Establish this spring or early summer a Presidential commission to review the Federal Government's employment and unemployment statistics.

Advantages:

- o The establishment of such a commission is substantively desirable and long overdue. The last formal review of the Federal Government's employment and unemployment statistics program by nongovernmental experts was conducted by the President's Committee to Appraise Employment and Unemployment Statistics (The "Gordon Committee"),

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appointed in 1961. The Gordon Committee recommended that a similar formal review of employment and unemployment statistics be conducted in approximately ten years.

- o The Administration is already consistently criticized by labor groups and congressional committees on our present employment statistics. Since your December approval of the establishment of a Commission, the proposal has been widely discussed among labor, business and congressional groups. Failure to establish the Commission soon might lead to political attacks.
- o There are currently two bills in the Congress proposing the formation of a commission to study employment and unemployment statistics. On November 19, 1975 Senator Humphrey wrote a letter to the Secretary of Labor urging him to establish such a commission.

Disadvantages:

- o The mere announcement of a commission might be interpreted by some as indicating that our present statistics are faulty and understate the employment problem. Forming such a commission now could serve as the basis for political attacks during the Presidential election campaign.
- o The announcement of a Presidential commission would call attention to the unsatisfactory level of unemployment.

Option 2: Delay the establishment of a Presidential commission on employment and unemployment statistics until 1977. Request Albert Rees, with the help of a research organization to prepare some study papers that could eventually be used when the commission is established.

Advantages:

- o This approach represents a good way to continue our effort toward improving our employment and unemployment data while keeping the study very low key and less subject to political attack.



Disadvantages:

- o It may be difficult to attract an individual of Albert Rees' stature to undertake such an interim assignment, especially since the final establishment of the commission would be in doubt.

Decision

Option 1 _____ Establish this spring or early summer a Presidential commission to review the Federal Government's employment and unemployment statistics.

Supported by: CEA, Labor, Treasury, OMB*
Cannon, Marsh

Option 2 MAF Delay the establishment of a Presidential commission on employment and unemployment statistics until 1977. Request Albert Rees, with the help of a research organization to prepare some study papers that could eventually be used when the commission is established.

Supported by: Commerce, Buchen, Friedersdorf

* Jim Lynn supports Option 1 provided that announcement of the establishment of the Commission is made after June 15, 1976 and that the announcement of the establishment of the Commission is made at the Department of Labor.

