

# One hundred years of the Bureau of Labor Statistics

*Following its establishment in 1884, the Bureau embarked on investigation of a wide range of issues affecting working men and women; major advances in survey scope and technique over the years have enhanced these efforts*

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It is now 100 years since the law creating a Bureau of Labor in the Department of the Interior was signed by President Chester A. Arthur. The new Bureau, which until 1913 functioned as the only Federal agency concerned with the world of work, was directed by the Congress to collect information in the labor field.

The first BLS Commissioner—Carroll D. Wright—understood the importance of employer-employee relationships in the U.S. economy. He recognized the role that objective information could play in the development of an atmosphere in which workers could realize their full potential and industry could be innovative and efficient. He believed that disinterested information could promote effective, rational, and equitable decisionmaking. It was Wright who established the motto that has, during the past century, become the hallmark of the BLS—“judicious investigations and the fearless publication of the results thereof.”<sup>1</sup>

## Early interests

Carroll Wright's early Bureau, with a staff of three and a budget of \$25,000, was a far cry from the BLS of today, a well-established institution of some 2,000 employees with a budget of more than \$170 million. But its activities foreshadowed the range of areas in which we continue to operate today. In its first quarter of a century, for example, the

Bureau gathered information on working conditions. Also during this early period, and especially between its establishment in 1884 and its merger into the new Department of Labor in 1913, the Bureau of Labor investigated and reported on just about every important labor dispute in the country. Commissioner Wright's agents gathered data on the Missouri and Wabash and the Southwest railroad strikes of the middle 1880's. Bureau agents collected information on labor conflicts in the Pennsylvania anthracite coal fields and in the Colorado mines in the early 1900's. Wright himself was involved, at the request of the President, in investigating the Pullman strike in 1894, and served as recorder for the Anthracite Coal Commission following a 1902 strike. Bureau agents also investigated the packinghouse strikes in Chicago during 1904.

Charles P. Neill, the Bureau's second Commissioner, helped to conciliate more than 50 railroad disputes under the Erdman Act, and Neill himself or the Bureau staff investigated almost all of the major strikes of the period. Later commissioners studied such issues as industrial democracy, technological displacement, and pensions; collected information on changing conditions in industry; and provided data for major collective bargaining situations.

The first important study undertaken by the new Bureau of Labor dealt with the industrial turmoil growing out of the depression of 1873-78 and the recurrent labor disputes of the 1870's and the 1880's. In addition to presenting data, the study sought to explain the background of this unrest and to propose some remedies. For one thing, Commissioner

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Wright suggested that capital and labor "each shall treat with the other through representatives" in disputes, and suggested further that the party refusing conciliatory methods could be considered as responsible for the full effects growing out of the dispute.<sup>2</sup>

Interest in collective bargaining issues, therefore, began early in the history of the BLS. In those days, the agency was viewed as a part of a movement for social reform. In addition to developing reports to shed light on the social and economic issues of the day, Commissioners were called upon to mediate industrial disputes and to advise the Government on a broad range of labor issues. Indeed, the Bureau performed many of the tasks which today are performed by other parts of the Department of Labor.

In a very real sense, therefore, this observance of the Bureau's centennial is an observance of Federal involvement in issues relating to the working men and women of this country. The establishment of the Bureau of Labor was, in fact, evidence of the interest of the Congress in the plight of the American worker. As one Congressman put it during debate on the legislation creating the new Bureau: "A great deal of public attention in and out of Congress has been given to the American hog and the American steer, I submit, Mr. Chairman, that it is time to give more attention to the American man."<sup>3</sup>

These early activities in the industrial relations of this growing country produced a large series of reports, findings, and data, as well as a number of statements supporting collective bargaining, mediation, and conciliation. But the Bureau also collected a good deal of information on earnings and working conditions. Data collection was not easy. Bureau agents went out to business establishments to search their records for data. Numbers were carefully transcribed onto previously tested collection schedules, properly verified, then combined into estimates for publication.

This early work on conditions of employment had many problems. Indeed, some of them remain unsolved to this day. The Bureau found, for example, that hours of work and earnings were frequently reported differently by employers and by employees. In addition, the earnings levels—and particularly their reliability—looked very different depending on whether the point of collection was the worker or the employer.

Data collection also presented problems. Then, as now, high-wage employers were happy to report their wage practices, whereas those paying very low wages were less eager to expose their positions. The Bureau's strict rules on confidentiality of data, which began with the administration of Commissioner Wright, have gone a long way toward breaking down this reticence.

Response rate issues also dogged the early data collectors. Special efforts were made to increase responses to Bureau surveys. Indeed, as the commissioner of one of the State bureaus of labor statistics commented in reporting on the work of his agency in 1885:

If questions are asked of five hundred men indiscriminately, and two hundred actually give answers, these two hundred will not be average representatives of the whole five hundred. They will, on the average, have more brains than the other three hundred. The very fact that they answer, while the others do not, shows this.<sup>4</sup>

As the Bureau developed, its data base grew. And the approach taken in its reports and analyses was very broad. It is interesting to look at some of the early reports. For example, *Working Women in Large Cities*, which was published in the Bureau's fourth year of existence, was a real trailblazer. The first of its kind, that study of women working in city "manufactories" covered 354 industries in 22 cities. Data for the study were collected by women who were paid the same wages as the male agents of the Bureau. In this respect, the Bureau was ahead of its time. The report itself is full of concern for the plight of women workers, who earned generally no more than \$2 to \$3 per week. ". . . the figures tell a sad story, [the report declares] and one is forced to ask how women can live on such earnings."<sup>5</sup> Statistics were presented on women's wages and general working conditions, incomes and expenses, as well as home surroundings.

The study on working women was but one of the early reviews of the economic and social conditions of workers and their families. In this work, one can see a recognition of the difficulties in interpreting aggregates and averages. Indeed, as early as 1889, we find Commissioner Wright lecturing his State colleagues on the employment mix problem. He pointed out that there were many temporary workers on the railroads, many of whom did not work full time. It is very easy, he said, to obtain two simple facts from the railroads—the aggregate wages paid and the total number of workers employed at a given time. Division of one number by the other results, Wright said, in "a vicious quotient" to represent the average earnings of all railroad workers in the country. This general average could be quite misleading, he maintained, and insisted that those involved with data collection work out methods to "individualize" the accounts so that the actual earnings of each worker would be properly reported.<sup>6</sup>

It took many years for the Bureau's occupational wage surveys in major industries and in particular areas of the country to solve some of these problems. Indeed, the average earnings series from the BLS Current Employment Statistics program, a monthly Federal-State cooperative survey of business establishments, is still based on aggregate earnings and employment figures collected from company payroll records.

This BLS business survey was also the basis of some of the country's earliest efforts to estimate the number of workers who had lost their jobs. Long before the Current Population Survey, which today provides both employment and unemployment data from households, was begun by the Works Progress Administration, BLS reports on payroll em-

ployment constituted the most important source of continuing information on the number of workers in the country. Indeed, when the Congress requested unemployment figures from the Secretary of Labor, he turned to the Bureau of Labor Statistics for an estimate. Pointing to the differences between unemployment and a reduction in payroll employment, the Bureau responded with an estimate of the “shrinkage in employment” as measured in its business survey.<sup>7</sup> A reading of this history sometimes helps to put into context the problems we have in explaining some of the differences between the current estimates from the household survey and the business survey.

With the Great Depression and the New Deal of Franklin Roosevelt came development of a system of social benefits, as well as landmark labor legislation such as the Wagner-Peyser Act, the Fair Labor Standards Act, and the National Labor Relations Act. Later, World War II brought government wage and price stabilization programs. The BLS refined and expanded its activities to provide data needed for these new initiatives. The number of occupational industry wage surveys was increased, a system of area wage surveys was inaugurated, and a comprehensive approach to information on and for collective bargaining was put in place.

### **The record of recent years**

During the Commissionership of Geoffrey Moore (1969–73), a new and innovative approach was established for analysis of wage developments with publication of the BLS Employment Cost Index (ECI). The ECI, a Laspeyres index based on a fixed-employment-weighted market basket of occupations in establishments, controls for both occupational and employment shifts over time. The index—which filled an important void in the Nation’s economic intelligence system—has become increasingly important as the structure of earnings has shifted from reliance on wage rates to greater emphasis on nonwage compensation or fringe benefits.

The ECI needs expansion—in occupations, establishments, industries, and areas—for economic and social analysis to be made available to users. We are currently developing plans at BLS to reweight the ECI, to expand its detail in the service-producing sector, and to find methods to provide levels, as well as rates of change, for employer costs of wages and fringe benefits.

We at BLS have not forgotten our heritage. We understand the need for revising and rescaling our programs to provide the kind of data required for modern collective bargaining as well as for analysis of economic and social developments at the micro level. Although budget cuts during recent years forced some retrenchment in the BLS industrial relations and collective bargaining programs, we nevertheless continue to provide a large body of data bearing on issues in labor-management relations. Our quarterly series on major collective bargaining settlements in private industry continues to reflect the results of successful labor-management ne-

gotiations. This series was recently supplemented with a semiannual series on settlements in State and local government bargaining units with 1,000 employees or more.

We have also maintained our monthly *Current Wage Developments* reports on individual bargaining settlements and major work stoppages, as well as our collective bargaining agreement public reference file. In addition, we began publishing data on union membership from the Current Population Survey (CPS) in January 1985. This set of data from the household survey permits analysis relating union membership to the rich body of demographic data collected in the CPS.

In spite of this work, however, we know that more data are needed. Collective bargaining is a dynamic process, and our programs must keep abreast of important changes. We have asked both our business and our labor advisory committees for advice on their data needs for collective bargaining. We believe that the collective bargaining process can take place fairly only when decisions are made in a knowledgeable atmosphere. A new initiative is required, based upon the needs of both business and labor, which takes account of the conditions under which collective bargaining is conducted today. I believe that development of new measures in this area is very much in the public interest.

We also need to know more than we now do about changes in employer practices and conditions of employment. More attention needs to be given to the collection of an integrated set of data covering wage and employment conditions for analysis that can be accomplished in a longitudinal framework.

Information on the safety and health of the workplace is now, and will continue to be, an essential element in improving conditions of work. We have recently begun to work more closely with the National Institute for Occupational Safety and Health and the National Center for Health Statistics to coordinate available data sources and to develop long-range improvement plans.

### **Outlook**

The Bureau of Labor Statistics is now 100 years old. Its program over the past century has changed with the times. The Bureau began by producing a large body of information touching on most of the social and economic issues of the labor markets of the time. Over the years, the Bureau’s output has moved from the collection of data on social issues to the development of information on economic problems, from one-time publication of statistics on particular industries in a few cities to regular time series for the Nation as a whole. Through the years, the pendulum of focus has swung back and forth between social data and economic data and between micro and macro series.

The Bureau has been faced with the problem of setting priorities for use of limited resources in a period of increasing use of statistics in public policy programs. At the same time, there has been increasing demand for data by a pop-

ulation concerned with understanding the complex issues that confront the country as well as by traditional groups of data users. A 1.0-percent change in the Consumer Price Index, originally developed for wage adjustment, now triggers \$2 billion to \$2.5 billion in Federal expenditures for entitlement programs.<sup>8</sup> Published unemployment rates determine the allocation of Federal funds to States and local areas. BLS average earnings and producer price series are used to escalate payments in long-term defense contracts. Over the last two decades, as the uses of BLS data have grown, the Bureau has been reassessing its priorities and spending more time and money than before to modernize and to improve the quality of some of its series.

During the last 100 years, the Bureau of Labor Statistics

has, I believe, contributed to an understanding of labor conditions themselves and to the effective functioning of wage determination and collective bargaining. We have just begun the Bureau's second century. As we move forward, we need to act rapidly to keep our data systems relevant and accurate. The world of the labor market changes quickly. It is only by providing a data base that reflects these social and economic changes, as well as the most modern state of the statistical art, that the Bureau can fulfill its basic mission to provide the country with "information upon the subject of labor, its relation to capital, the hours of labor and the earnings of laboring men and women, and the means of promoting their material, social, intellectual and moral prosperity." □

—FOOTNOTES—

<sup>1</sup> Commissioner of Labor Caroll Wright to Secretary Teller, Feb. 4, 1885, National Archives Record Group 48.

<sup>2</sup> *First Annual Report, Industrial Depressions* (U.S. Bureau of Labor, 1886), pp. 290-93.

<sup>3</sup> *Congressional Record*, 48th Cong., 1st sess., Apr. 19, 1884, p. 3140.

<sup>4</sup> *First Annual Report*, second series (Connecticut Bureau of Labor Statistics, 1885), p. 3.

<sup>5</sup> *Fourth Annual Report, Working Women in Large Cities* (U.S. Bureau of Labor, 1888), p. 10.

<sup>6</sup> National Convention of Chiefs and Commissioners of the Various Bureaus of Statistics of Labor in the United States, *Proceedings* (1889), p. 20.

<sup>7</sup> Secretary of Labor to the President of the Senate, Aug. 12, 1921, and Stewart to the Secretary of the same date, file 20/145, National Archives Record Group 174; and *Congressional Record*, 70th Cong., 1st sess., Mar. 26, 1928, p. 5337.

<sup>8</sup> Congressional Budget Office, *Indexing with the Consumer Price Index: Problems and Alternatives* (June 1981), p. xiii.

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### September publication planned for book about BLS

A book-length history of the first hundred years of the Bureau of Labor Statistics is scheduled for publication in September. The book is the product of 4 years of research by historians Joseph P. Goldberg and William T. Moye, who had access to the records of the Bureau, consulted other public and private collections, and interviewed recent commissioners, secretaries of labor, and others familiar with the work of the Bureau.

The book traces the careers of the Bureau's ten commissioners and reports on the development of the Bureau's programs, statistical breakthroughs, and public controversies.

*The First Hundred Years of the Bureau of Labor Statistics* will be available for sale by the Government Printing Office in both hard-bound and soft-bound editions. The *Review* will report price and ordering information as soon as these are available.

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