

Chapter V.

Ethelbert Stewart: Holding the Fort

Ethelbert Stewart, appointed in June 1920, was the first Commissioner of Labor Statistics to come from the ranks. Carroll Wright had hired him as a special agent 33 years earlier, and he had served the Bureau in increasingly responsible positions for most of the period. Although he was 63 when he became Commissioner, he devoted 12 more years to the Bureau, serving during the administrations of Woodrow Wilson, Warren Harding, Calvin Coolidge, and Herbert Hoover.

During these years, the political climate was not a favorable one for the Department of Labor or the Bureau. Congressional and administration policies encouraged business interests, and the Department of Commerce, for 8 years headed by Herbert Hoover, grew in influence. Congress also gave some attention to the needs of farmers, who were suffering from depressed prices, by granting the Department of Agriculture additional funds, mainly for agricultural statistics. Other agencies, however, were subject to economy drives.

Following the brief recession of 1921, there was relative prosperity during much of Stewart's tenure, except in agriculture and in such "sick" industries as coal and textiles. The growth of the consumer

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durable goods industries—automobiles, radios, refrigerators, and electric and gas stoves—contributed substantially as mass production, low prices, and installment credit brought these products increasingly into American households. Even with prosperity, however, there was constant unemployment, attributed largely to technological change.

For the first time in a period of prosperity, organized labor was unable to increase its membership or influence. A combination of factors contributed, including antiunion policies in the growing mass production industries, the continuing craft orientation of the American Federation of Labor, conservative Federal labor policies, and court decisions unfavorable to labor.

While Stewart fought for funds to modernize the Bureau's statistical and analytical work, he was usually rebuffed. Only when concern over unemployment mounted in the late 1920's did Congress provide additional funds. Under difficult circumstances, Stewart maintained the Bureau's independence and objectivity, standing firm against misuse of its reports for political purposes. He broke new ground in the field of productivity measurement and, with the encouragement and advice of the professional organizations, achieved some gains in the coverage and reliability of the Bureau's traditional employment, wage, and occupational safety programs.

The fourth Commissioner

Born in Cook County, Illinois, in 1857, Stewart spent his early years on the family farm. Because of a stammer, he was "practically barred" from any formal schooling, but he read voraciously and received some private tutoring. At 20, he moved to Lincoln, Illinois, to publish the *Lincoln County Republican*, but later sold his interest. After trying several jobs, he went to work at the Decatur (Illinois) Coffin Factory. While at the factory, Stewart joined a "workingmen's club" in Decatur and became involved in politics. In 1885, he ran for city clerk on a workingmen's ticket and served as an officer at the Illinois State Trades and Labor Convention; he was blacklisted by the coffin company for his activities.¹

In 1885, Governor Richard J. Oglesby appointed Stewart Secretary to the Illinois Bureau of Labor Statistics, apparently at the suggestion of Henry Demarest Lloyd, financial editor of the *Chicago Tribune*. Stewart had visited Lloyd, impressed by his attacks on the

monopolistic power exercised by the giant oil and railroad corporations, and they had formed what was to be a lifelong friendship.

Also in 1885, Stewart became editor of the *Decatur Labor Bulletin*, having joined the Knights of Labor a few months earlier. For several years to follow, he held positions with various labor papers.

Stewart was reappointed as Secretary of the Illinois Bureau of Labor Statistics in 1887 and for successive 2-year terms through 1893. In this capacity he participated in a number of investigations of labor conditions in the State.

In 1887, he obtained a position as a special agent for the new Federal Bureau of Labor. In 1889, he wrote Wright about the possibility of securing a permanent position, but the Commissioner apparently demurred then because of Stewart's speech problem. He continued to do fieldwork for the Bureau in the Midwest until 1910. Among other major studies, he worked on *Regulation and Restriction of Output* with John R. Commons. Under Neill, he planned and conducted the fieldwork for studies of the telephone and telegraph industries and the Bethlehem Steel Corporation.

In 1910, Stewart transferred to the Tariff Board and in 1912 to the Children's Bureau, serving as statistician of each agency.

He returned to the Bureau of Labor Statistics in 1913 to function simultaneously as Chief Clerk, Chief Statistician, and Deputy Commissioner, Meeker's second in command. In addition to his extended Bureau responsibilities, he served the Department in a variety of capacities. Between 1913 and 1916, Secretary Wilson called upon him to investigate and mediate strikes in coal mining, the garment industry, and street railways. In 1917, the Secretary appointed him to a board of arbitration for wage adjustment in New York Harbor. During the war he served as chief of the Department's Investigation and Inspection Service, part of the War Labor Administration, conducting a number of brief surveys. In 1919, he went to London to help plan the League of Nations Labor Conference that met in Washington later that year. On returning from London, Stewart served as a technical adviser to the Bituminous Coal Commission. In 1920, as the special representative of the Secretary, he investigated deportation cases and, in that connection, advised on bail policy.²

In June 1920, the Secretary recommended Stewart to President Wilson for the position of Commissioner of Labor Statistics to succeed Royal Meeker. Stewart had not been Meeker's first choice, but

the Secretary thought him better qualified, and the President accepted his judgment, issuing a recess appointment. With the change in administrations imminent, the Republican Senate refused to confirm any of the Democratic President's appointees, including Stewart. The new Secretary, James J. Davis, renominated Stewart, writing to the incoming President, Warren G. Harding, "The position. . . is a technical and scientific one, and I have become entirely satisfied, from conferences I have held with men qualified to advise in such matters, that Mr. Stewart measures up fully to the standard."³ The Senate confirmed Stewart in April 1921.

Stewart served under Secretary Davis for 10 years and more than fulfilled his expectations. On Stewart's 70th birthday in 1927, Davis wrote him, "You were represented to me as a fearless fighter for right and justice, and you have proved to be all of that and more. . . ." In 1930, Davis noted that he had watched the development of the Bureau with great interest and commented, "I am becoming more and more impressed, not only with the breadth and scope of the work of that Bureau, but by the industry, energy, and enthusiasm with which its work is conducted."⁴

Stewart's views

Stewart emphasized the practical over the academic or theoretical. Something of a muckraking newspaperman early in life, he retained that sense of the human, of the person behind the number. As he himself said, "For 30 years, I have been struggling to put some flesh upon the bony skeleton of mere tabulation." He cautioned against "this mania for statistics," warning that "the only things that make human life human do not lend themselves readily to the statistical method."⁵

In discussing the Bureau's cost-of-living surveys, Stewart once said, "It is accurate by any test to which you can put figures. But, like all similar attempts, it is of little value because it is impossible to put the necessities and aspirations of any family into figures. We can easily determine what they spend, but what they should have is a matter of widely varying opinion."⁶ Similarly, the use of such surveys for setting wages only "perpetuates that standard, ossifies conditions, and paralyzes progress." As he expressed it, "there is one standard of the cost of living—that is the cost, whatever it may be, of living the maximum

span of life and living it fully. This cannot be figured from the day's or the year's grocery bill."⁷

But statistics could shed light on the human condition, contributing to the understanding and remedying of economic and social problems. Indeed, progress had already been made. Textbooks carried facts and figures compiled by the bureaus, and such education and publicity stimulated passage of legislation to improve the condition of workers.

Statistics could also help in other ways. Stewart explained, "In the mad effort to produce and sell without any accurate information as to the amount of each commodity required by the people of this country or of the world, we run factories long hours and on night shifts, and the result is to produce unemployment and panics." Unemployment could be reduced by use of consumption statistics to guide production operations. The use of wage and cost-of-living data to establish a "fair day's work" and a "fair day's wage" could smooth industrial relations.⁸

Stewart expressed his view of the Bureau's independent role in replying to the Secretary regarding an editorial which had objected to the Bureau's reporting on old-age pensions. Stewart declared, "So long as the subject matter is of sufficient general interest to justify the publication of the facts, and so long as the Bureau of Labor Statistics sticks strictly to the question of facts, then all I have to say to this is that anybody [who] dislikes the facts is in hard luck."⁹

In reviewing the decade of the 1920's, Stewart pointed out the importance of the Bureau's studies of the impact of technology on employment, observing, "Never before did mechanical and industrial changes strike so many industries, processes, and occupations at one and the same time. The working people of the United States are entitled to know what the changing industrial conditions are, where they are, and the nature and extent of the occupational readjustment which is necessary to meet them without loss of earning power or industrial status."¹⁰

Earlier, in 1924, Stewart had analyzed some of the causes of discontent and dissatisfaction among workers—low wages, extensive unemployment and lost time, and plant inefficiency, or, as he put it, "the feeling that their power and energies are being frittered away, that their life and energy are being exhausted in inconsequential and unnecessarily laborious toil." Capitalism, he concluded, had brought

increased physical comforts but had also "rendered life more hectic, more nerve-wracking, brain and soul wrecking, than any of the systems which preceded it."¹¹

He stressed the importance of the broader social context when considering a particular social reform. In discussing the limitations of workmen's compensation laws, he wrote, "If we prize individualism so highly as an ism, let us think of the individual once in a while. . . . If from conditions inherent in an industry, a man loses wages because of an illness contracted by reason of and in the course of his employment, he is just as much entitled to compensation as if a flywheel split in two and injured his arm."¹²

Stewart favored proposed legislation to set wage standards on Federal construction projects. "Is the government willing, for the sake of the lowest bidder, to break down all labor standards and have its work done by the cheapest labor that can be secured and shipped from State to State?" And, when the Bureau developed wage data on municipal street laborers, he found these to reflect "sweatshop conditions," even though, as he said, "It is pretty generally agreed that the public, when it acts as an employer, should be a good employer."¹³

In regard to the effect of the minimum wage on the employment of women, he stated, "Anybody who handles the minimum wage law ought to realize that what we should consider is not industry, not administration, not legislation, but the social question, society; it is the question of whether our men are going to decrease 3 inches in height in 25 years as the men in France did. No industry has a right to mold women who are to be the mothers of our men in such a way as to deteriorate the race."¹⁴

In the same vein, he opposed the "family wage rate," an experiment popular in some European circles, in which the worker's earnings reflected the size of the family, arguing that this was too narrowly focused. Society as a whole should pay its share for replacing what he called "the raw material of which civilization is composed," so he supported a "social allowance" from the "political and social institutions." Given such relief from the costs of child rearing, more people would marry, and fewer mothers would work outside the home, thereby improving homelife.¹⁵

Commenting on the effects of automatic machine production, Stewart argued, "Let us change our point of view as to the object of existence. At present, it is work, work, work; produce, produce, pro-

duce; and sell, sell, sell. We have no education along other lines. We do not know what to do with our leisure." He warned, in recognition of the likely effects of technological developments, "The whole machinery of education should be turned at once toward a study of leisure, and toward teaching the coming generation the use and purpose of leisure, for, take it from me, they will have plenty of it."¹⁶

On the subject of leisure, Stewart received considerable newspaper coverage for his comments to the Second National Outdoor Recreation Conference in 1926. In discussing the need for public parks and the difficulties of conducting social life in boarding houses, Stewart observed, "I believe that a girl who works 9 hours in the spindle room of a cotton factory, or 8 hours a day in a boot and shoe factory at the speed rates which now prevail, can stand a little petting." This prompted headlines such as "Petting in City Parks Advocated by Labor Department Attache," "Let 'Em Pet in the Parks," and "Wants More 'Petting' and Fewer Policemen."¹⁷

Stewart was equally forthright in evaluating the problems confronting industry. Writing on the textile industry in the *American Federationist* in 1929, he pointed to overproduction, the loss of foreign markets, the decline in wages, and the rise in night work, coupled with inability to adjust readily to style changes and the hoary and inefficient commission or agent system of selling. His conclusion was, "In short, the situation in the textile industry is just as bad or worse than it is in the bituminous coal industry, and the problem is in the hands of men no more competent to solve it."¹⁸

The Bureau's work

Although the Bureau was recognized as a valuable and capable institution by technical experts and professional societies, it found few opportunities to modernize and improve its work during the 1920's. Only through increased cooperative arrangements with the professional associations and State agencies did the Bureau manage to expand some of its programs. Stewart maintained close relations with the International Association of Industrial Accident Boards and Commissions, the International Association of Public Employment Services, and the Association of Governmental Labor Officials, publishing their proceedings as Bureau bulletins. The Bureau also worked with the American Engineering Standards Committee, publishing an

extensive series of its safety codes, and with the Personnel Research Federation and the National Conference on Outdoor Recreation.

The professional societies often came to the defense of the Bureau when its activities were threatened, as in 1922, when the Bureau of Efficiency recommended centralizing government statistical work in an enlarged Bureau of the Census. To be retitled the Bureau of Federal Statistics, it would take over the BLS programs of wages and hours, accident statistics, and prices. BLS, much reduced in function, would become the Bureau of Labor Economics.¹⁹

The American Economic Association and the American Statistical Association opposed the change. They pointed out that such an increase in responsibilities might swamp the Census staff, that there was in fact less duplication of statistical work than a "superficial survey" might indicate, and that friends of the Census Bureau should concern themselves more with securing larger appropriations to attract the best professional staff than with expanding its authority.²⁰ Talk of reorganization of statistical work subsided during the rest of the decade, and the Bureau's functions remained intact, although jurisdictional disputes flared from time to time.

Stewart and the Bureau also put considerable emphasis on developing cooperative relations with the State bureaus and establishing a nationwide network of reporting agencies. In this way, the Bureau was able to expand some of its programs despite congressional refusal to increase appropriations. Late in the decade, Stewart outlined several of the cooperative programs, specifically in employment, union wage, building permit, and accident statistics. Joining in one or more of the programs were New York, Illinois, Wisconsin, Massachusetts, Maryland, California, New Jersey, Michigan, and Pennsylvania.

In the business-oriented 1920's, the Bureau's relations with the business community were limited, but Stewart was fairly successful in obtaining cooperation in expanding regular, routine series on wages and employment. His contacts were mostly with research directors, safety experts, and personnel managers.

Cost-of-living and price indexes

Not long after he became Commissioner, Stewart was faced with a possible transfer of the cost-of-living work to another agency. In 1921, Secretary of Commerce Hoover, with President Harding's support, pressed to have the Census Bureau issue the cost-of-living reports.

Hoover claimed that the shift would result in greater accuracy, economy, and efficiency and complained that BLS was not cooperating with the Census Bureau. When *The New York Times* reported the proposed transfer, Secretary of Labor Davis indicated that no decision had been reached. Hoover, however, replied, "So far as I am aware, there is no dispute over this matter unless it arises from minor employees of the government who fear that, through any reorganization of method, their positions and authority might be curtailed."²¹

Stewart assured Secretary Davis that BLS was cooperating with the Census Bureau and would continue to do so in every way possible. No action was taken on Hoover's proposal.²²

In appropriations hearings, Stewart regularly cited uses of the Bureau's cost-of-living index in wage adjustments. In 1923, he reported that more than half the settlements in wage controversies were based on the index. However, he was unable to obtain funds to maintain quarterly collection and publication. In his 1923 annual report, Stewart wrote, "It is very plain that the Bureau must continue to make these surveys every 3 months no matter at what cost, and the only immediate problem is how to answer the demand for such surveys from smaller cities and from a wider geographical distribution of industrial centers." But the director of the Bureau of the Budget responded that the President wanted BLS to live within its appropriation even if the surveys had to be curtailed. In May 1925, the work was put on a semiannual basis.²³

In 1927, Stewart set forth the need for a new family budget study on which to base a revision of the cost-of-living index to reflect the changes in purchasing patterns, population distribution, and retail establishments since the last survey. He stated, "It is a very serious question as to whether or not the Bureau should continue to collect up-to-date prices to be applied to a 1918 quantity distribution of family purchases and call this an up-to-date cost of living." He proposed a new survey to cover a better variety of industrial centers, a larger number of smaller cities, a larger number of families, and families with a higher income level. Among the influences on consumers which such a study would reflect would be the increased purchase of automobiles and radios, the rise of installment payment plans, new types and locations of retail stores, and the growth of advertising.²⁴

Support for a new study came from outside professional organizations, but Congress would not provide funds during Stewart's term.

However, a limited study was conducted in 1928, when Congress directed the Personnel Classification Board to formulate a wage scale for the government field service. The Board asked for BLS assistance, and the Bureau responded with a survey of the incomes and expenditures of the families of 506 Federal employees in Baltimore, Boston, New York, Chicago, and New Orleans.²⁵

The Bureau also participated in an innovative cost-of-living inquiry conducted by the International Labor Office in 1930-31. The study originated with a request by the Ford Motor Company for information to help in setting wage rates of its employees in certain European cities to ensure the same general living standard as that of its employees in Detroit. The Bureau conducted the work in Detroit, covering a sample of 100 families. The Detroit budget was then used by the various European statistical agencies, with adjustment for differences in national consumption habits, government social insurance payments, and other factors, to determine the cost of living in those cities relative to Detroit.²⁶

The Bureau did expand its collection of retail prices, a less costly and complex process than a consumer expenditure survey, so that by 1932, it included 42 articles of food in 51 continental cities of the United States and in Honolulu. The Bureau added electricity to the list of items priced—gas and coal for household use were already covered—but dropped dry goods.

The wholesale price index was revised and expanded several times during the period. In 1921, BLS completed a two-pronged improvement, regrouping the commodities and adding new articles and also shifting to the 1919 Census of Manufactures for weighting purposes. With data for August 1927, the Bureau issued a revised index in which the weighting base was changed from 1919 to 1923-25 and the price base was shifted from 1913 to 1926. At the same time, some new articles were added, such as automobiles, tires, rayon, and prepared fertilizer, and some old ones dropped, such as New York State hops and Bessemer steel billets and rails. With data for January 1932, BLS completed the third revision of Stewart's term, increasing the number of price series from 550 to 784, with adjustments back to 1926. At the same time, the Bureau began publication of a weekly index along with the regular monthly figures.

The wholesale price work was very popular. In 1922, the Bureau was providing data in advance of publication to such agencies as the

Federal Reserve Board, the Bureau of Standards, the Census Bureau, the Bureau of Markets, and the Federal Trade Commission. In the private sector, the *Review of Economic Statistics* based part of its Index of Business Conditions on BLS commodity prices.²⁷

The wholesale price index became the focus of legislative proposals for stabilizing commodity price levels. A 1922 bill inspired by Irving Fisher would have pegged the quantity of gold weight in the dollar to a BLS index of wholesale prices to maintain constant purchasing power. In 1926, Stewart testified on a bill to amend the Federal Reserve Act to provide for the stabilization of the price level for commodities in general. The "price level" was defined as the price at wholesale as reflected in the BLS wholesale price index. Stewart gave considerable evidence on the index and supported the proposal, declaring that the responsibilities "are not burdensome and are entirely acceptable to the Department of Labor and to the Commissioner of Labor Statistics." In 1932, Stewart again testified on a proposal "for increasing and stabilizing the price level of commodities" by using data from the wholesale price index.²⁸

With the onset of the depression, private research groups pointed out the need for better statistics on prices and living costs. In September 1931, the Social Science Research Council and the American Statistical Association sponsored a conference on improving the state of knowledge of price movements in the United States. The limits of the Bureau's cost-of-living index were noted, since pricing was based on 1918-19 family expenditures, as was the need for more comprehensive coverage for the retail and wholesale price indexes. The conference recommended construction of the official wholesale and retail price indexes by a single agency, with plans to be developed for a comprehensive family budget study when normal economic conditions were restored. Stewart agreed with many of the recommendations but noted the time and expense involved in carrying them out.²⁹

Wages and industrial relations

Stewart expanded the collection of wage data, launching studies of the automobile, airplane, metal mining, cigarette, rayon, and Portland cement industries, among others. In the course of expanding coverage, the Bureau also focused on some new areas such as bonus systems and pay for overtime, Sundays, and holidays.

Stewart pointed out, however, that the limited funds permitted surveys of only about a dozen of the larger industries every 2 years at best, and that the importance of information on wages required at least annual reports, particularly for the newer industries. He cited the Bureau's embarrassment in meeting requests for data needed in tariff discussions with old information or with none at all.³⁰ The Bureau did continue annual publication of union scales of wages and hours, now grouped into about 12 trades and occupations in 67 cities.

A few new series were begun during Stewart's tenure. In the late 1920's, the Bureau started a monthly series on current general wage changes based on questionnaires sent to establishments and unions. Especially valuable were the series begun in 1932 on man-hours worked per week and average hourly earnings, obtained from reports of the establishments furnishing monthly employment data. Previously, only payroll totals had been available. The new information was an important addition to the Bureau's series, particularly for month-to-month changes.

Statistics on strikes and lockouts continued to be published quarterly until 1926, when they were issued monthly and supplemented by an annual report.

The Bureau also published much information on developments in collective bargaining. Bulletins on bargaining agreements were issued annually from 1925 through 1928. The *Monthly Labor Review* regularly carried information on labor agreements, awards, and decisions, and reports by Hugh L. Kerwin, Director of Conciliation, on the conciliation work of the Department of Labor. Other publications on industrial relations included studies of meatpacking, the West Coast lumber industry, bituminous coal mining, and apprenticeship systems in building construction. Studies relating to such aspects of welfare capitalism as the provision of recreational facilities by employers also presented information on vacations, sick leave, medical and hospital services, and group insurance.

Two editions of the *Handbook of American Trade Unions* were published. These listed union organizations and gave their history, jurisdiction, apprenticeship systems, benefits paid, and membership.

Employment and unemployment

The Bureau had published a monthly series on employment and payrolls since 1916. During the recession of 1920-21, in the absence of

measures of unemployment, the figures gained increased attention. In August 1921, the Senate directed the Secretary of Labor to report the number of unemployed, and Stewart prepared a response for Secretary Davis, reporting that "the best estimate that can be made from available sources of information is that there are at present 5,735,000 persons unemployed in the United States." He explained, "These figures relate to the differences in the numbers of employees carried on payrolls July 1921, as compared with the peak of employment in 1920," thus calling attention to the fact that the series was not a direct measure of unemployment, reflecting only "employment shrinkage."³¹

In transmitting Stewart's figures to the Senate, Davis alleged that the prewar unemployment situation had been worse, that more men and more breadwinners had been out of work in 1914. *The New York Times* supported the Secretary's position, pointing to farmhands drawn into the cities by the lure of silk-shirt pay but now returned to the farms, and to women factory workers who had returned to "the more normal life of the home." *The New Republic* however, vehemently disagreed, saying that Commissioners Wright and Neill and Secretary William B. Wilson had established a "tradition of accuracy and impartiality." It continued, "It remained for the present incumbent, in spite of the high standing of many of his bureau chiefs, to shatter this tradition. Manifestoes by the Secretary of Labor are no longer taken seriously in this country."³²

In October 1921, at the urging of Secretary of Commerce Hoover, President Harding called a conference on unemployment, with Hoover as chairman. Varying estimates of the extent of unemployment were offered at the conference. The Bureau estimated the "shrinkage of employment" at 5.5 million. The U.S. Employment Service, which had been conducting its own surveys and issuing reports, estimated the number unemployed at 2.3 million. With such a range of estimates, the conference, as reported later, "merely voted to announce to the country that the number unemployed was between 3.5 million and 5.5 million, numbers startling enough to challenge attention."³³

In 1922, after the conference adjourned, Assistant Secretary E. J. Henning directed the Employment Service to discontinue the publication of employment statistics in view of the function being performed by the Bureau. But despite agreements and directives, the Employment Service continued to collect such statistics. Stewart noted that

both New Jersey and Pennsylvania refused to cooperate with the Bureau because of the duplication of requests from the two agencies. "It seems imperative," he said, "that unless the Employment Service gets out of the field, the Bureau of Labor Statistics must drop this feature of its work." In 1924, the Secretary again had to chastise the Employment Service, however, saying that its role was to match men with jobs, not to function as a statistical bureau. "Our Department already has one Bureau which devotes its energies to the gathering of statistics which affect labor."³⁴

The matter did not end there. The Employment Service continued to issue reports on the general industrial situation, although it had stopped collecting payroll data from firms. The American Statistical Association warned in 1924 that these reports "tend to confuse the public mind, particularly when they are not in agreement with the more accurate statements based on payroll data put out by the State and Federal Bureaus of Labor Statistics."³⁵ Later, in the charged atmosphere of the Great Depression, such differences in unemployment estimates were to become politically explosive and were, in fact, to hasten Stewart's retirement.

An important outgrowth of the President's Conference on Unemployment was a committee appointed by Hoover to study the factors underlying employment and the practical measures that could be taken to prevent or mitigate unemployment. The committee called on the National Bureau of Economic Research for a study of business cycles and on the Russell Sage Foundation for a study of the adequacy of employment statistics. Under the direction of Wesley C. Mitchell, the National Bureau published *Business Cycles and Unemployment* in 1923, a comprehensive set of essays by noted economists. The American Statistical Association assumed the sponsorship of the study of employment statistics and appointed a committee on measurement of employment with Mary Van Kleeck of the Russell Sage Foundation as chairman. The full results of that study were published in 1926, representing the joint efforts and recommendations of the three organizations.

The report, *Employment Statistics for the United States*, was a landmark in the development of the role of professional advisory committees on government statistics. It recommended that BLS function as the coordinating agency for the publication of "a periodic report on employment throughout the nation," to include data made

available by other Federal agencies and the States. It urged expansion of the employment series to include nonmanufacturing industries, information on hours worked, and additional data on characteristics of workers. It also recommended careful sampling.

The report acknowledged that employment statistics did not provide a measure of unemployment—they did not cover those who had never obtained employment, for example. And it pointed out the need for information on unemployment in local areas, since “the alleviation of distress can best be achieved in the locality where it is found.”

The Bureau had already moved to expand its employment series, but the report served as encouragement and support for further work. By 1927, the Bureau’s monthly reports provided employment and total payroll information for 54 manufacturing industries, covering about 11,000 establishments.

Outside experts were now examining the Bureau’s data closely, and they pointed out some major shortcomings. For one thing, the series was still limited to manufacturing establishments and the railroads, and the shift of workers into distribution and service industries was not being captured. Further, Federal Reserve Board statisticians found a downward bias of nearly 2 percent a year in the factory employment figures when comparing them with the Census of Manufactures. The bias was attributed to the Bureau’s slowness in picking up new industries, and new establishments in older industries. BLS was urged to adjust its data to the biennial census and to apply seasonal adjustment factors.³⁶

In March 1928, with ominous signs of increasing unemployment, the Senate passed a resolution sponsored by Senator Robert F. Wagner calling on the Secretary of Labor to report the extent of unemployment and to devise a plan for periodic, permanent statistics. Secretary Davis responded, citing a BLS estimate of 1.9 million unemployed based on the “shrinkage in employment.” Wagner and others were critical of the figure, claiming that the number unemployed was three times as large. He proposed three measures dealing with unemployment—expansion of BLS statistical programs, establishment of a nationwide system of employment offices, and creation of a Federal public works program.³⁷

In May, Congress authorized \$100,000 for expansion of the Bureau’s employment series. With the funds, BLS would be able to double the number of manufacturing establishments covered and add

establishments in agriculture, mining, building construction, and wholesale and retail trade. Data collection for some of these industries began in 1928.

In 1928 and 1929, the Senate held landmark hearings, chaired by Senator James Couzens of Michigan, on Wagner’s comprehensive proposals on unemployment. Stewart testified on the “shrinkage of employment” and, as he had over the years, stressed that the Bureau’s employment index was not an unemployment measure. He stated that a census of unemployment was necessary, from which the employment data could be adjusted to reflect current unemployment. To questions as to whether unemployment matters, including a count of the unemployed, were a State rather than a Federal Government function, Stewart responded that, while he did not intend the latter to assume all of the responsibility, it was the Federal Government’s responsibility to undertake a complete survey. He pointed out that unemployment, in affecting purchasing power, affected commerce, which he saw as a Federal, not a State, concern. Furthermore, technological displacement of labor was a world problem.³⁸

The Senate Committee had the benefit of advice from many technical advisers, including representatives of the American Statistical Association. Isador Lubin, later to become Commissioner of Labor Statistics, was economic adviser to the committee, on assignment from The Brookings Institution. Lubin and other technical witnesses supported Stewart’s view of the need for a census of unemployment as a benchmark for the employment series, approved of the BLS effort underway to expand the reporting sample, and agreed that coverage of part-time employment should be added.³⁹

Congress authorized the census of unemployment, and Secretary of Commerce Robert P. Lamont created an advisory committee to plan it. J. Chester Bowen, BLS Chief Statistician, served on the panel, as did William A. Berridge, of the Metropolitan Life Insurance Company and Arynness Joy, of the staff of the Federal Reserve Board.⁴⁰

As public concern with unemployment intensified following the stock market crash of October 1929, the differing reports of the Bureau of Labor Statistics and the U.S. Employment Service again became a subject of debate. The Employment Service emphasized hiring prospects, and its figures showed a more optimistic forecast. The BLS data on employment and labor turnover provided a more accurate picture, but the figures appeared after the Employment Serv-

ice releases. The administration highlighted the Employment Service figures, despite criticisms from New York State Industrial Commissioner Frances Perkins and others, and downplayed the more objective BLS data.⁴¹

Another incident grew out of President Hoover's request to Stewart for an experimental weekly employment index. In January 1930, basing his statement on the first weekly returns, President Hoover announced, "The tide of employment has changed in the right direction."⁴²

A number of public figures attacked Hoover's statement. Frances Perkins said the numbers were based on too short a time period and did not correspond to data collected by her office. She further noted that the President had not quoted Stewart. Secretary Davis responded, "Unfortunately there is developing an inclination in some quarters to make politics out of our employment situation even to the extent of questioning the accuracy of the statement that the latest figures show an upward trend in employment." Senator La Follette, however, said of the administration that all it had done amounted to publishing "optimistic ballyhoo statements." In a February editorial, *The New York Times* noted that the Bureau's regular monthly numbers for January confirmed Perkins rather than Davis.⁴³

Further incidents followed. In June, Secretary of Commerce Lamont released some very preliminary returns from the Census of Unemployment conducted in April. In a protest against what he viewed as attempts to reduce the unemployment count by separating those laid off from those with no jobs at all, Charles E. Persons, the man in charge of the Census tabulations, resigned. Perkins again complained of misleading interpretations given to the public. In July, following release of preliminary data on Greater New York City, Perkins declared that "a more accurate count" would have revealed more unemployment.⁴⁴

These events, and the growing crisis, spurred action on improving employment statistics. In July, Congress enacted a bill sponsored by Senator Wagner directing the Bureau to "collect, collate, report, and publish at least once each month full and complete statistics of the volume of and changes in employment." Additional appropriations were provided.

At the same time, President Hoover announced the appointment of a committee on employment statistics to advise him "on methods by

which we should set up statistics of employment and unemployment," later adding the consideration of "technological unemployment."⁴⁵

Joseph H. Willits of the Wharton School of Finance and Commerce served as chairman of the committee, which included, among others, the Secretaries of Labor and Commerce, the Director of the Census, the Commissioner of Labor Statistics, representatives of the AFL and the National Association of Manufacturers, and academic experts. Among the technical advisers were W.A. Berridge, Meredith Givens, Ralph Hurlin, Bryce Stewart, and Ewan Clague. Thus, the committee constituted a "blue ribbon" panel of government and private compilers and users of such statistics.

After conducting several studies, the committee issued its report in February 1931. While noting the Bureau's efforts to expand the scope and samples of the series, the committee called for further improvements. In the manufacturing sector, it urged the Bureau to adjust its series to the Census of Manufactures to correct the downward bias reported by the Federal Reserve Board statisticians. It also called for data by city and State, especially where State agencies were not collecting such information. Sampling coverage should be improved to take account of the rise of new firms and new industries. The committee commended BLS for launching data collection in nonmanufacturing industries but called for further effort to include building construction and the growing "white collar" fields. On the measurement of hours worked and part-time employment, BLS should concentrate initially on manufacturing and railroads to gain experience for covering other industry sectors.⁴⁶

The committee stressed the importance of accurate employment data for the measurement of unemployment. In the absence of some system of universal registration of the unemployed, nationwide unemployment censuses would provide the best measure, but these were costly and had other shortcomings. Therefore, the committee recommended the continuation of a decennial census of unemployment, possibly a quinquennial census, to which the employment series, with the recommended improvements, could be benchmarked.⁴⁷

The committee gave considerable attention to the subject of technological unemployment, noting the difficulty of relating labor displacement to specific causes. Ewan Clague, who earlier had directed the development of industry productivity measures by the Bureau, was asked to prepare a preliminary survey. The committee stressed the

importance of technological advance in any discussion of employment and unemployment, and recommended that fundamental data collection and case studies "should be a continuing part of the responsibility of the Federal Government and specifically of the Bureau of Labor Statistics."⁴⁸

BLS had already begun many of the proposed programs. But the committee gave sanction and direction to a specific, comprehensive plan of action, and the Bureau's activities intensified rapidly. By 1932, summary reports covered 64,000 establishments in manufacturing and nonmanufacturing industries. With the assistance of several cities and States, the Bureau developed a series on construction industry employment, covering some 10,000 firms. Also, the Bureau developed a series showing the trend of employment in States, using data from State agencies to supplement BLS figures, as well as a series on employment in cities with a population of more than 500,000, covering 13 such cities by supplementing the monthly survey. However, an experimental survey of State, county, and city government employment and earnings proved unsatisfactory when reports declined substantially due to economy measures taken by those jurisdictions during the depression years. Federal civil service employment was reported beginning in 1932. The Bureau did not begin to benchmark its employment series to the Census of Manufactures until 1934.⁴⁹

Industrial safety and health

The Bureau continued its campaign for improvement of industrial accident statistics. Its objective was to "do for the entire field what has been done for the iron and steel industry", referring to the Bureau's regular reports on accident rates in that industry begun in 1910. As Meeker had said earlier, Secretary Davis declared in 1923, "It is not greatly to the credit of our people that nobody knows with any substantial degree of accuracy how many industrial accidents occur annually in the United States. No one knows even the annual number of industrial fatalities. The difficulty in obtaining reliable data is due largely to the incomparability and incompleteness of the accident statistics published by the various States."⁵⁰

Thus, the Bureau encouraged States and industries to adopt a uniform method of recording and reporting accidents. Stewart urged a strong statistical program to identify "where it will pay you to get busy."⁵¹

In the late 1920's, Stewart pushed for congressional authorization for a Division of Safety within the Bureau to act as a "clearinghouse for the information the States are gathering."⁵² Although the authorization was never received, in 1926 the Bureau began an annual survey of industrial injuries in a group of manufacturing industries, based on State records and reports from establishments. With data for 1930 covering about 25 percent of the workers in some 30 manufacturing industries, it reported average frequency and severity rates.

Articles and bulletins covered a variety of related studies, including a survey of health in the printing trades and the mortality experience of union typographers, as well as several studies of industrial hygiene and industrial poisoning.

In addition, the Bureau cooperated with the American Engineering Standards Committee to write and publish safety codes. It also sponsored meetings such as the Industrial Accident Prevention Conference that convened in Washington in July 1926 with 33 States represented, a major step forward in cooperation. In 1926, the Bureau published a bulletin on phosphorus necrosis in the fireworks industry, the result of one of its investigations. Following this, through agreements with manufacturers, BLS was successful in eliminating the production and sale of small articles of fireworks containing white or yellow phosphorus.⁵³

Social insurance

Social insurance and various forms of protective legislation continued to be an active interest of the Bureau. In the early 1920's, reports were published on workmen's compensation, family allowances, legal aid, cooperatives, a minimum wage, women workers, and child labor. Later in the decade, the Bureau concentrated on a relatively new field, pension and retirement systems. Following passage of amendments to the Federal retirement system in 1926, the Bureau launched a survey of 46 State and municipal plans, publishing the results in 1929 along with information on public service retirement systems in Canada and Europe. It followed with many other studies of domestic and foreign experiments.

The Bureau also published material in a related field, care for the elderly under private auspices. The *Review* presented articles on homes for the elderly operated by fraternal, religious, and nationality organizations, including one on homes for "aged colored persons."

The Bureau also cooperated with fraternal organizations in a survey of conditions in almshouses and "poor farms" around the country, developing the results in cooperation with the National Fraternal Congress.

Productivity and technological change

The study of productivity and the effects of technological change made important strides under Stewart. The Bureau had published studies on productivity in the lumber and shoe industries during Meeker's years, but, in general, as Stewart observed in 1922, "Few statistical subjects are more discussed, there is none upon which we know less."⁵⁴

Productivity was an issue in labor-management relations in the 1920's. Wage adjustments recognizing the increased productivity of American industry became a goal of labor, formally stated by the AFL in 1925: "Social inequality, industrial instability, and injustice must increase unless the workers' real wages, the purchasing power of their wages, coupled with a continuing reduction in the number of hours making up the working day, are progressed in proportion to man's increasing power of production."⁵⁵

Among spokesmen for management, there were divergent views on the role of productivity. Some contended that there were restrictions and inefficiencies in the work rules sought by labor; others reluctantly accepted the "economy of high wages" which would make for increased purchasing power to improve both standards of living and the demand for the increasing output of American industry.⁵⁶

Stewart explained that the Bureau's work would not involve "what a man can do or what he ought to do. It is proposed simply to record what he does, as a matter of statistics." He had no sympathy with the use of such information "to drive men" in an "unreasonable speed-up," but believed that it was as important for industry to know "the time cost of production" as it was to know the labor cost or the material cost.⁵⁷

In 1922, Stewart signed an agreement with the Babson Statistical Organization for a joint project on productivity, with the construction industry as the first subject. The study could not be carried out successfully, however, because of the great variation in materials among contractors and the lack of adequate records. Several other studies were completed and published—for longshoring and the shoe, brick, and paper boxboard industries—but the project was abandoned

in 1924 because of a lack of funds and a shortage of staff equipped to handle the complex technical work.⁵⁸

The groundwork for a more sophisticated program of industry productivity measures was laid in 1926, when Stewart brought Ewan Clague from the University of Wisconsin to direct a special project. For data on output, the work drew on the biennial Census of Manufactures supplemented by more current figures available from the Department of Commerce. Employment data came from the Bureau's monthly series. In 1926, the Bureau published output per man-hour measures for the steel, automobile, shoe, and paper industries. In 1927, measures were published for 11 additional industries. More extensive case studies of particular industries, such as the glass industry, also included output per man-hour measures.

Stewart cautioned that, while labor time was used as the unit for measurement, this did not mean that the increased output was due to the efforts of labor alone, or at all. "The increased output per man-hour in a given industry may have been due to more skillful and efficient labor, to new inventions, improved machinery, superior management, or any one of a number of factors; but the Bureau in these general summaries makes no attempt to determine the relative importance of these factors."⁵⁹

Later, as concern grew over the effects on employment of increased productivity and technological change, the Bureau developed information on the displacement of workers. In the early 1930's, Bureau studies covered the effects of new technology in the telephone and telegraph industry; the amusement industry, in particular the effect of sound motion pictures; street and road building; agriculture; cargo handling; iron and steel sheet production; cigar making; and the automobile and tire industries.⁶⁰

Administration

During Stewart's 12 years, the leadership of the Bureau changed little. Charles E. Baldwin was Stewart's second in command throughout, first as Chief Statistician and Chief Clerk, then as Assistant Commissioner. When Baldwin became Assistant Commissioner, J.C. Bowen succeeded him as Chief Statistician. Only two men served as Chief Editor under Stewart, Herman L. Amis and Hugh S. Hanna. All four had been in the Bureau since at least 1909.

Stewart complained of underclassification of positions. As Commissioners had before him, he testified to Congress, "Clerks competent to do the work of the Bureau of Labor Statistics cannot be had at these rates." This was one reason for the relatively poor attraction of the Bureau for young professionals in these years.⁶¹

Perversely, even congressional attempts to improve pay for government employees affected the Bureau negatively. In 1927, Stewart informed the House Committee on Appropriations that, although Congress had increased the per diem paid to field agents, the Budget Bureau had granted less than half the amount needed to cover the increase. The liberalization resulted, he said, "in still further reducing our possible field work."⁶²

On one occasion, however, Stewart and Secretary Davis were able to gain some ground in improving the status of Bureau personnel. In September 1923, Stewart wrote Davis to complain that the Personnel Classification Board had rated BLS as a "minor bureau." In turn, Davis wrote the Board, "There are four separate counts under each of which it would appear a distinct injustice has been done in that the real status of the Bureau has not been adequately considered. . . . I cannot consent to the relegation of the personnel and work of the Bureau of Labor Statistics to a Departmental clerical status." Concerned for the general treatment of economists, sociologists, and technical statisticians, the American Statistical Association, the American Economic Association, the American Sociological Association, and the American Association for Labor Legislation joined in protest. Reversing itself, the Classification Board established the "Economic Analyst Group" in the professional and scientific service.⁶³

Congress routinely refused funds for expansion of the Bureau's programs. In Stewart's first 4 years, the budget was at about its level in 1919 (table 4). In fact, Congress often reacted to Stewart's requests for increased appropriations with suggestions for reductions instead. He was pressed, for example, to justify the cost of field visits for data collection in the wage and price programs when collection by mail would be cheaper.

Table 4. Appropriations for Bureau of Labor Statistics, 1921-33 (in thousands)

Fiscal year ended June 30 —	Total ¹	Salaries
1921	\$248	\$173
1922	242	173
1923	242	173
1924	242	173
1925	288	215
1926	285	215
1927	294	220
1928	300	220
1929	2419	220
1930	396	273
1931	399	273
1932	³ 580	(⁴)
1933	450	(⁴)

¹Includes salaries, miscellaneous, library, and deficiency and supplemental appropriations.

²Includes deficiency appropriations of \$119,000.

³Includes supplemental appropriation of \$140,000.

⁴Not available separately; total given as "salaries and expenses."

SOURCES: Legislative, Executive, and Judicial Appropriations. *The Budget of the United States Government*.

And the *Monthly Labor Review* was in jeopardy in 1921, when Congress, seeking to rein in government publications, put a requirement in an appropriations bill for specific congressional authorization for such journals. Approval for the *Review* was held up, and the need for economy was not the only reason given. Representative Stevenson of South Carolina, from the Joint Committee on Printing, declared that a Department of Labor pursuing its "legitimate functions" and publishing materials "legitimately to be used by the institutions of this country" would have no difficulties. However, "a magazine that reviews books and prints commendations of soviet literature and all that sort of thing . . . we do not propose that it shall be further published at the expense of the voters of the United States." Nevertheless, Congress passed the necessary authorization in May 1922.⁶⁴

The disposition of Congress changed somewhat later in the decade. The Bureau's appropriation was increased by about 20 percent in 1925, with slight additional increases until 1929, when, with a weakening economy and growing unemployment, Congress granted a substantial deficiency appropriation for work on employment and unemployment statistics. Deficiency and supplemental appropriations were given for this work during the next years, but they often came too late in the fiscal year to be allocated, so that the Bureau of the Budget would delete the amount from new requests.⁶⁵

International activities

The reporting of economic conditions abroad never flagged under Stewart. Bureau publications frequently presented statistics and reports on legislation and industrial developments in foreign countries. However, U.S. rejection of membership in the League of Nations in 1920 greatly limited BLS participation in international agencies. The Bureau moved to drop the annual allocation of \$1,000 from its budget for the International Association for Labor Legislation. Stewart noted that the association had merged with the International Labor Organization, one of the constituent agencies of the League of Nations, to which the United States did not belong. Even so, the Bureau maintained "a friendly cooperation" with the ILO, especially while former Commissioner Meeker was there.⁶⁶

Stewart did attend the meetings of the International Institute of Statistics in Rome in 1925 as a member of the U.S. delegation. He attended only one other international meeting, a session of the ILO Conference of Labor Statisticians in 1931. Stewart was there primarily because of the Bureau's work on the international study of wages and the cost of living for the Ford Motor Company. Stewart explained his reluctance to join in such functions: "If we send delegations to one of their conferences or conventions, I do not believe that we can escape the implication that we are as a country refusing to enter the League of Nations by the front door but are in fact crawling in through the back door."⁶⁷

Retirement

On July 1, 1932, Commissioner Stewart, then 74 years old, was retired involuntarily under the Economy Act of 1932, which required automatic separation of retirement-age Federal employees after July 1932 unless specifically exempted by the President. Stewart's term ran until December 1933, but Secretary Doak's refusal to recommend an exemption resulted in his termination.

Observers generally attributed his retirement to factors other than age. The following incident, reported in *Time*, was also cited in other newspapers as the main reason: "Last spring, Secretary of Labor Doak told newsmen that he had been supplied departmental data which showed that employment was increasing throughout the land. Fooled before by such cheery statements from politically minded Secretaries, the reporters went to Commissioner Stewart to check up. The white crowned, white whiskered old man telephoned Secretary Doak that the statistics given him warranted no such declaration. Thereupon Secretary Doak recalled the newsmen, told them to disregard his earlier statement, and then, in front of them gave Statistician Stewart a tongue-lashing for daring to contradict his chief. It was Secretary Doak who refused to certify Mr. Stewart's indispensability to the President, thereby depriving him of his job."⁶⁸

Stewart himself wrote that he had been considering retirement but "it was the cheap, boorish method employed that hurt me." The *San Francisco News* was more caustic: "In the city named for George Washington, it seems they fire people for telling the truth. Stewart has been in continuous government service for 45 years. He is recognized as one of the ablest men in his line in America, and his honest work on employment is particularly needed now. But, unfortunately for him and the country, he is too candid."⁶⁹

For a year, from July 1, 1932 until July 6, 1933, Charles E. Baldwin served as the Acting Commissioner, and he tried to follow Stewart's policies.

Ethelbert Stewart died in 1936.