

## Chapter VI.

# Isador Lubin: Meeting Emergency Demands

Isador Lubin was sworn in as Commissioner of Labor Statistics in July 1933, in the midst of the worst depression in the Nation's history. The Bureau expanded greatly during his tenure, first to meet the needs of the New Deal agencies set up to deal with the emergency and then to provide the information needed for guiding the economy during the war years. Through the force of his personality and the breadth of his knowledge and experience, Lubin provided the impetus for the Bureau's development into a modern, professionally staffed organization equipped to deal with the many tasks assigned.

### The fifth Commissioner

Isador Lubin was born in 1896 in Worcester, Massachusetts, the son of Lithuanian immigrants. Helping out in his father's retail clothing business, Lubin learned of the uncertainties confronting factory workers in the early years of the century. He attended Clark College in Worcester and, with the goal of an academic career, accepted a fellowship at the University of Missouri. There he established a close relationship with Thorstein Veblen.

With U.S. entry into the war in 1917, Lubin, along with many other young academicians, was drawn into government service. For several months, he and Veblen were employed in the Food Administration, preparing studies dealing with food production and farm labor problems. In one study, they interviewed local leaders of the Industrial Workers of the World—widely viewed as radicals threatening the war effort—and reported that some of the grievances of the group were legitimate and that the agricultural workers involved were not receiving fair treatment.<sup>1</sup>

Lubin then joined the War Industries Board's Price Section at the invitation of its head, Wesley C. Mitchell. For a year, he was involved in studies analyzing wartime fluctuations in the prices of rubber and petroleum and their products, and the general effect of wartime government price floors and ceilings.

After his service in Washington, Lubin received an appointment as an instructor in economics at the University of Michigan and later was put in charge of the labor economics courses. He returned to Washington in 1922 to teach and conduct studies at the new Institute of Economics, which became The Brookings Institution in 1928. Among the studies he led were broad-gauged analyses of the American and British coal industries, dealing with the economic, social, and psychological influences on mine operators and unions, including the competitive effects of nonunion operations, national efforts at self-sufficiency in coal production, and alternative sources of energy.<sup>2</sup>

In the late 1920's, Brookings was a prime source of advice and research on the growing problem of unemployment. Lubin became a leading participant in studies of technological unemployment and of the British experience in dealing with unemployment. In 1928, he was assigned by Brookings to assist the Senate Committee on Education and Labor, which was considering legislation to deal with unemployment. He became economic counsel to the committee and, working closely with Senator James Couzens, the committee chairman, organized and directed the hearings, laying out the subject matter and selecting representatives of government, business, unions, and the economics profession to testify.

Brookings then assigned Lubin, at the request of Senator Robert Wagner, to assist in hearings on three bills in the spring of 1930. One called for expanded monthly reports on employment by the Bureau of Labor Statistics; another, for advance planning of public works to be

activated during business depressions; and the third, for establishment of a Federal-State unemployment insurance system. Frances Perkins, New York State Industrial Commissioner, was among the witnesses Lubin assembled. Only the bill on employment statistics was enacted immediately.

Lubin helped organize the National Conference of Professionals held in Washington in March 1931 at the call of a bipartisan group of Senators led by Robert M. La Follette, Jr., to discuss a legislative program to combat the depression. The conference participants included governors, members of Congress, farm and labor leaders, businessmen, economists, social workers, and others. He also worked actively with Senators La Follette and Costigan in late 1931 and 1932 on bills proposing Federal relief and public works programs, again serving as economic counsel.

In August 1932, Senator Wagner asked Brookings to grant Lubin a leave of absence to work in his campaign for reelection. Lubin's 5 years of experience with measures to deal with unemployment proved valuable in Wagner's successful campaign, in which Wagner stressed his efforts to ease the burdens of the depression.<sup>3</sup>

In 1933, Frances Perkins, Secretary of Labor in the new Roosevelt administration, was looking for a Commissioner of Labor Statistics to fill the vacancy created by the retirement of Ethelbert Stewart. Lubin was on the list of candidates submitted by the American Statistical Association, and, knowing of his broad interests and experience, Perkins chose him as her nominee. Her biographer has stated, "When she offered him the post, she told him that he had been chosen because she thought he would remember that statistics were not numbers but people coping or failing to cope with the buffeting of life."<sup>4</sup>

### Lubin's views

Lubin was prominent among those economists who saw the need for an increased role for government in economic affairs, particularly after the onset of the depression. As early as 1929, in reporting on the result of the study he conducted for the Senate Committee on Education and Labor, Lubin stressed that the so-called absorption of the "dispossessed" worker by "newer" industries was a "slow and painfully prolonged process." Further, many displaced workers were being

forced into unskilled trades, with lower earnings and consequently reduced standards of living. "At the same time, they are being made to bear the burden of unemployment for which they are in no way responsible and over which they have no control." Lubin's assessment was that "unemployment is the result of industrial organization, and not of individual character."<sup>5</sup>

In testifying on unemployment insurance measures in 1931-32, Lubin stated that society was partly responsible for unemployment, resulting as it did "from the general disorganization of the economic system due to the fact that those persons who direct our system are not doing the job as well as it should be done." National corporations and industries and employed consumers benefiting from depressed prices should bear their share of the burden.<sup>6</sup>

It was his view that underconsumption resulting from the inequitable distribution of income had been a major factor contributing to the Great Depression. At the opening hearing of the Temporary National Economic Committee in 1938, Lubin stated, "A more equitable distribution is more than an ethical problem. . . . To me it is a problem of keeping the gears of the economic machine constantly in mesh." What was needed, he believed, was to so distribute income "that it will pull into our homes, through a higher standard of living, the goods, that is the clothing, food, entertainment, education, and so forth, which our economic machine must turn out at a rate considerably higher than at the present time. . . ."<sup>7</sup>

Lubin supported the establishment of minimum wages and maximum hours to protect the competitive system while making it possible for American workers to maintain a decent standard of living. In reviewing the industry codes established under the National Industrial Recovery Act, he frequently protested against the inadequate provisions on wages, hours, and child labor, and sought to include minimum standards for health and safety in the codes. With the establishment of adequate standards, Lubin stated, "Employers with a social conscience are assured that they will no longer be compelled to conform to the standards of competitors with blunted social sensibilities."<sup>8</sup>

At the final TNEC hearings in 1941, Lubin stressed the need for viewing the economy as a whole. "No set of measures that can be recommended will be adequate unless there is a fundamental underlying and continuing commitment that the goal of national economic

policy is the full utilization of our resources, both of men and materials. . . ." When economic progress involved losses as well as gains, Lubin deemed it proper "that the cost of progress, which benefits the community as a whole, should be borne by the community. . . ." He called for defense contracts to require special dismissal funds to cover employees affected by cutbacks in defense industries in the postwar reconversion period.<sup>9</sup>

He believed events had demonstrated that government leadership and participation were required to meet violent economic dislocations, whether in peace or in war, since private enterprise did not adapt readily to such dislocations. No single program, neither the discouragement of economic concentration nor the indiscriminate spending of public funds, would bring a solution of these problems. "There is no panacea that will guarantee the creation of full employment in a free democracy."<sup>10</sup>

### Lubin and the New Deal years

When Lubin assumed the leadership of the Bureau, he and Secretary Perkins were in agreement that the Bureau's staff and programs needed to be improved to keep up with the economic and social needs of the times. More and better information on employment and unemployment was of vital importance. More price data were needed by the agencies administering the National Industrial Recovery Act and the Agricultural Adjustment Act to determine whether consumers were being faced with unwarranted price increases. The National Recovery Administration also needed expanded and more current industry wage and hour studies for use in its code-formulating activities. And the new era of industrial relations ushered in by the National Labor Relations Act, as well as the division between the AFL and the CIO, called for more information on unions and collective bargaining developments.

Lubin added another dimension to the task: "Not only must raw data be improved but the Bureau must be enabled more fully to analyze the material it now has, so that evidence may be available as to where the recovery program is having the greatest effect and where it is falling down."<sup>11</sup>

Both Lubin and Perkins showed immediate interest in improving the Department's statistical program. Upon her appointment, Perkins

called on the American Statistical Association to establish a committee for advice "regarding the methods, adequacy, usefulness and general program of the Bureau of Labor Statistics." This committee, whose membership included Ewan Clague and Arynness Joy, became part of the broader based Committee on Government Statistics and Information Services (COGSIS) sponsored by the Social Science Research Council and the ASA.<sup>12</sup>

Lubin readily acknowledged the role of outside experts in the "work of revision and self-criticism", reporting that "the Bureau has followed a consistent policy of consulting with recognized technical experts, and of constantly soliciting the opinions of employers and labor union officials regarding possible improvements to provide greater service."<sup>13</sup> At an informal meeting of labor union research staff members in 1934, Lubin announced the creation of a Labor Information Service for the use of local union officers and members. Relations with union research staff continued on an informal basis until June 1940, when a more formal relationship was established.

In mid-1934, Perkins reported that the Department's statistical work "is perhaps better than at any time during its history and represents the best technical standards, as to method, coverage and interpretation."<sup>14</sup>

Lubin and Perkins also were interested in improving the coordination of Federal statistical work. Immediately after his appointment in July 1933, Lubin participated in the setting up of the Central Statistical Board, which Roosevelt established by Executive Order at the end of July. Subsequently, Lubin and Perkins endorsed legislation for a permanent board, which was established by Congress in 1935 for a 5-year period to ensure consistency, avoid duplication, and promote economy in the work of government statistical agencies. The technical board was responsible to a Cabinet-level Central Statistical Committee composed of the Secretaries of Labor, Commerce, Treasury, and Agriculture. Lubin urged Perkins to press her claim as chairman of the committee with Roosevelt, and she was so designated. Lubin served as vice-chairman of the technical board.

While Lubin worked towards the improvement of statistical programs, Secretary Perkins encouraged a broader role for the Commissioner, giving him many special assignments, among them the chairmanship of a labor advisory board to the Public Works Administration. In this capacity, he dealt for almost 3 years with questions

relating to the referral of union and nonunion workers to construction projects, job opportunities for Negro skilled workers in view of their exclusion from building trades unions, observance of arbitration awards, and determination of wages.

Lubin also served as chairman of a board set up to settle a strike of citrus workers in Florida in early 1934. The board included representatives of the National Recovery Administration, the National Labor Board, and the Department of Agriculture. The board's report called on the Department of Agriculture to insist that the marketing agreement approved for the citrus industry include provisions encouraging steady employment and recognizing the right of labor to organize and bargain collectively. In submitting the report to Agriculture Secretary Henry Wallace, Lubin urged that he establish an office to deal with agricultural labor problems. When Wallace took no action, Lubin proposed that the Bureau study the farm labor area. The effect of inadequate knowledge about these workers, according to Lubin, was their exclusion from all existing laws.<sup>15</sup>

When a strike threatened in the auto industry in November 1934, Leon Henderson, Chief Economist of the National Recovery Administration, asked Lubin's help in an investigation. The Bureau conducted a study of wages in the industry, including analyses of annual earnings, employment patterns, and seasonal fluctuations in production. Henderson and Lubin personally interviewed industry representatives. Among their recommendations was one accepted by the auto manufacturers, that new models be brought out in November, rather than in December, to achieve greater regularization of employment.<sup>16</sup>

Early in her administration, Perkins named Lubin chairman of a departmental committee to promote U.S. membership in the International Labor Organization. At the same time, she agreed to an ILO request to have Lubin serve on its advisory committee on labor statistics. Following U.S. entry into the ILO in August 1934, Lubin was the first U.S. delegate to its governing body. The Bureau was given responsibility for the administrative arrangements for continuing U.S. representation in Geneva, with funds for the purpose included in the Bureau budget.<sup>17</sup> Lubin continued to attend meetings of the governing body.

Perkins frequently asked Lubin to participate in economic discussions at the White House. He prepared analyses for her and for the

Central Statistical Committee she headed. Elected secretary to the committee, Lubin regularly prepared an economic report, which was abstracted for presentation to the National Emergency Council. In 1936, Perkins wrote the President that "the value of this arrangement would obviously be enhanced by Dr. Lubin's membership in the National Emergency Council. May I recommend and request that you designate him?"<sup>18</sup>

Lubin was soon given other White House assignments. He participated in the discussions the President held with business, labor, and government policy officials on measures for dealing with the major economic downturn of 1937. Soon after, he was the first witness in hearings on unemployment. In 1938, when Congress established the Temporary National Economic Committee to investigate monopolistic practices, the President asked Lubin to call off a lecture commitment to be on hand to help with preliminary arrangements.<sup>19</sup>

Lubin was designated as the Department of Labor representative to the TNEC, with A. Ford Hinrichs, the Bureau's Chief Economist, as alternate. Lubin had a large part in planning the work of the committee, in preparing analyses, and in making recommendations. The Bureau prepared several monographs for the committee, with Special Assistant Arynness Joy directing the staff work, which included both analytical and case study approaches.

Lubin's full-time direction of the Bureau came to an end in June 1940 when Secretary Perkins, at the request of Sidney Hillman, head of the Labor Division of the National Defense Advisory Commission, assigned Lubin to serve as Hillman's economic adviser. Lubin retained his position as Commissioner. In a memorandum to Hinrichs, named Acting Commissioner, Lubin stated, "In general, you are authorized on your own responsibility and without reference to me to represent the Bureau of Labor Statistics in any matters which may arise and to make any decisions that may be necessary either with reference to policy or internal administration." However, he would continue to be available to Hinrichs "on all matters of fundamental policy."<sup>20</sup>

Lubin's responsibilities grew under the Defense Advisory Commission, then under the Office of Production Management, and later under the War Production Board. Within a year, he was called to serve in the White House as special statistical assistant to the President. On May 12, 1941, Secretary Perkins wrote the President, "I am very glad to comply with your request to assign to your office and for your

assistance Mr. Isador Lubin. . . . While Mr. Lubin will, I know, give you great assistance, his entire staff in the Department of Labor will be at his disposal to assist him in the inquiries he will make for you."<sup>21</sup>

Lubin remained as Commissioner on leave until his resignation from government service in 1946.

### **Hinrichs and the war years**

Hinrichs served as Acting Commissioner for 6 years, supervising the wartime activities of the Bureau. He communicated with Lubin on a regular basis, but generally to meet Lubin's needs at the White House. His relations with Secretary Perkins were more formal than Lubin's had been.

A. Ford Hinrichs was born in New York City in 1899. He received his doctorate at Columbia University and taught there and at Brown University, where he was director of the Bureau of Business Research. In 1930 and 1932, he travelled to the Soviet Union, Italy, and Germany to study state economic planning.<sup>22</sup>

On his entry into the Bureau as Chief Economist, Hinrichs conducted a study of wages in the cotton textile industry requested by the National Recovery Administration for the development of industry codes. Later, he made a more intensive survey of the industry for the use of the Wage and Hour Administration. In early 1940, Hinrichs was designated Assistant Commissioner, shortly before becoming Acting Commissioner.

When Hinrichs took over the leadership of the Bureau in the midst of the national defense buildup, it had significantly enhanced its role as the factfinding agency of the Federal Government in the fields of employment, prices, wages, industrial relations, industrial safety and health, and productivity. It had an extensive file of data on economic trends and a staff trained to collect data accurately and economically.

With U.S. entry into the war, the agencies administering war production and stabilization programs needed a vastly more detailed body of economic data. Under Hinrichs, the Bureau became the factfinding arm of the Office of Price Administration, the National War Labor Board, the War Production Board, the War and Navy Departments, the Maritime Commission, and, to a lesser extent, other agencies. It supplied detailed information on employment conditions and provided estimates, by occupation and region, of the amount of

labor needed to meet war production schedules. For price control and rationing programs, it provided data on wholesale and retail prices and the cost of living; for wage stabilization programs, it provided data on wages, hours, and the cost of living. Agencies such as the OPA and the WLB used the statistics from the Bureau to monitor the effectiveness of their administrative activities. The wartime work had a lasting impact on the Bureau's programs in improved quality, the expansion of regional and local data, and the development of more advanced statistical techniques.

### **The Bureau's work**

#### **The cost-of-living index**

The Bureau's cost-of-living index figured in legislation immediately upon Roosevelt's entry into office. On March 20, 1933, Congress passed the Economy Act, which reduced Federal Government salaries by 15 percent on the basis of a drop of more than 20 percent in the cost of living since June 1928. Later in the year, as required under the act, the Bureau conducted a survey of the cost of living of Federal employees in the District of Columbia, comparing prices paid in 1928 and December 1933. Grouping expenditures for those earning under \$2,500, over \$2,500, and for single individuals living in rented rooms, the study found price declines averaging about 15 percent, except for the single individuals, for whom restaurant prices had not fallen as much as unprepared foods used at home.<sup>23</sup>

The national cost-of-living index underwent early improvement with the help of the Advisory Committee to the Secretary. By 1935, the index, still based on the 1917-19 expenditure survey, was published quarterly, calculated from food prices in 51 cities and other commodity and service prices in 32 of the large cities. Beginning in 1935, the national index was calculated by applying population weights to the data for the 51 cities. The number of food items was increased from 42 to 84, with a better representation of meats, fruits, and vegetables, and with weighting to make them representative of other foods whose pattern of price movements was similar. Pricing was based on written specifications, ensuring comparability from city to city and over time, and trained local personnel were employed on a contract basis to collect some of the data. The rent index was revised

to make it more representative of wage earners and lower salaried workers.

Lubin pressed for authorization to conduct a new nationwide family expenditure survey and was able to obtain a special appropriation. Ethelbert Stewart had regularly, but unsuccessfully, asked for such authorization.

The expenditure survey was conducted in 1934-36, covering 12,903 white families and 1,566 Negro families in 42 cities with a population of 50,000 or more. Limited funds made it necessary to restrict the survey to large cities. The families included had incomes of at least \$500 per year, were not on relief, and had at least one earner employed for 36 weeks and earning at least \$300 or a clerical worker earning a maximum of \$200 per month or \$2,000 per year. The income of all the families averaged \$1,524-\$1,546 for white families and \$1,008 for Negro families.<sup>24</sup>

The results showed a significant increase in expenditures for radios and used automobiles, and also reflected increased purchases of readymade clothing, gasoline, fuel oil, and refrigerators, better food and nutrition habits, better lighting in homes, use of dry cleaning and beauty shop services, and more automobile travel.

Data derived from the survey were incorporated in a revised cost-of-living index for wage earners and lower salaried workers in 33 large cities which was issued for the first quarter of 1940. One innovation was the inclusion of outlets representative of those patronized by Negro wage earners and salaried workers in cities where they constituted an important sector of the population.<sup>25</sup>

Almost simultaneously with the expenditure survey, BLS and the Bureau of Home Economics joined in a nationwide survey of expenditures of urban and rural consumers for the Works Progress Administration. The Central Statistical Board and the National Resources Committee sponsored the survey and led in the planning. At the opening of the TNEC hearings, Lubin called attention to the evidence from the survey that 54 percent of the 29 million American families had incomes below \$1,250 a year.<sup>26</sup>

The requirements of the defense preparedness programs soon called for additional data on prices and the cost of living. In 1940, the National Defense Advisory Commission asked the Bureau to act as its statistical agency in the field of prices and to summarize price developments. Shortly thereafter, the Bureau was providing information on

current price developments, special-purpose index numbers for war-associated products, additional pricing of such basic items as industrial chemicals and essential oils, cost-of-living price collection in additional cities and more rapid issuance of reports, and rent and housing surveys in defense production areas. Special studies were undertaken of commodities in short supply during the period of "voluntary" price regulations by the Office of Price Administration. The national index was now issued monthly, based on price and rent reports for 20 of the 34 large cities for which quarterly data were issued. By the end of the year, the Bureau also had initiated indexes for 20 additional representative small cities to compare changes in the cost of living in large and small cities.

In 1941, with the rising cost of living, the Bureau adopted a policy of keeping the index as up to date as possible. In 1942, consumer goods which were no longer available, such as refrigerators, automobiles, sewing machines, and new tires, were dropped. In 1943, the relative weights of rationed foods were changed to take account of their reduced availability. Also, commodity specifications were changed more frequently than in normal periods, and, with the introduction of Federal rent control, the Bureau began to obtain information from tenants rather than from rental management agencies. In addition, the Bureau conducted tests to determine whether the prices reported to field agents were those actually paid by consumers.

The validity of the cost-of-living index was further tested by an important economic study, the Survey of Family Spending and Saving in Wartime, notable for its use of probability sampling techniques. The survey was made primarily for the use of the Treasury Department in formulating its tax and war bond programs and for OPA and the War Production Board for decisions on rationing, price, and allocation policies. Data were obtained from a representative sample of 1,300 city families on income, spending, and savings in 1941 and the first part of 1942. The survey tested the relative weights in the cost-of-living index, establishing that they were substantially correct as of 1941. A similar study in 1945, covering 1944, resulted in minor changes in specifications and weighting patterns.<sup>27</sup>

The cost-of-living index had come in for review at the Bureau's annual conferences of union research directors from their inception in June 1940. Originally, these were basically technical reviews of the shortcomings of the index in view of changes in the availability and

quality of commodities, additional expenditures by workers required to shift work locations, and rising prices in booming localities. Some participants called for a BLS pamphlet of questions and answers about the index, including what it showed and could not show. Lazare Teper, Research Director of the International Ladies' Garment Workers' Union, suggested that the Bureau point out that the index understated price rises due to quality deterioration and other wartime conditions, so that employers and unions could make appropriate adjustments in their negotiations.<sup>28</sup>

Later, when wage controls appeared imminent, some research directors asked the Bureau to either replace the index or supplement it by developing budgets for maintaining a working class family in "health and decency." Hinrichs contended that this was a matter for the War Labor Board to decide and not the Bureau. However, if the unions wished to press their case with the board, the Bureau was prepared to furnish them with the information on family income, expenditures, and savings from the survey conducted in 1941 and early 1942.<sup>29</sup>

The Bureau issued the pamphlet "Questions and Answers on the Cost-of-Living Index" in April 1942. The description of the index was relatively simple and clear. The pamphlet described the adjustments made for the disappearance and rationing of civilian goods. On the index's coverage, it stated, "A cost of living index can only measure the general change in the particular city of the goods and services customarily purchased by workers. It obviously cannot cover every conceivable increased cost which individual families experience." Among the costs which "by their nature cannot be covered in any measure of *average* living costs" were costs of maintaining the family at home while a wage earner worked at a distant job; commuting costs to distant jobs; higher costs, especially of rent and utilities, in cities to which workers migrated for defense jobs; and inconveniences caused by limited or disappearing goods.

Shortly after passage of the Economic Stabilization Act, in a letter to William H. Davis, chairman of the National War Labor Board, Hinrichs described the problems the Bureau faced in preparing the index. "You should be aware of the fact that we are experiencing considerable difficulty in the compilation of our indexes because of the many changes in kinds of consumer goods available. Moreover, as the rationing program is extended to more and more commodities, it will

be necessary promptly to take account of the resulting changes in wage-earners' spending, if the cost of living is to be truly representative. We expect to make every effort to keep the index on the soundest possible basis and we will wish to discuss with your staff, from time to time, some of the policy problems which will arise in this connection."<sup>30</sup>

Davis replied, "We are much concerned that the Bureau's Cost-of-Living Index should not be open to attack on technical grounds. There have already been some comments by trade union representatives in cases before this Board, alleging that the index did not reflect the full rise in the cost of living. Our general policy is now based on the assumption that the cost of living will not rise substantially, and we must be in a position to prove that this is in fact the case by reference to an official index which is not open to serious question. While this is a technical problem that the Bureau must handle in its own way, it is very important to us that the index faithfully show changes in actual prices of wage earners' purchases under rationing or any other system of control of buying which may be instituted by the government."<sup>31</sup>

Unions had begun to collect retail price data in 1941 to demonstrate that tighter price controls were needed and that wage controls would reduce workers' real income. By late 1942, following the imposition of wage controls, the union studies were receiving much public attention. The Bureau and the standing committee of union research directors discussed the studies in December 1942, at which time it was decided to have two union research directors work with the Bureau to keep the unions and the public generally informed on the uses and limitations of the index.<sup>32</sup>

The effort at public education was extended in early 1943. Aryness Joy Wickens made trips to a number of cities where price surveys had been done, meeting with members of the public and union officials to explain the uses of the index, the methods of gathering and compiling price data, and the BLS materials available on changes in food prices. The Bureau gave advice on how to collect prices comparable to cost-of-living figures in cities it did not cover in the index. One result was that in Detroit, where union figures had differed substantially from BLS data, a new union survey following BLS techniques showed no significant divergence.<sup>33</sup>

By June 1943, in view of the 24-percent rise in the index over January 1941, as against the 15-percent general wage increase permitted by the Little Steel wage stabilization formula, the union research directors intensified their arguments. They now questioned the use of the cost-of-living index for wage adjustments, contending that what was needed were studies of workers' expenditures and a determination of the cost of an adequate standard of living. To those who insisted that the shortcomings of the index should be announced, and specifically to the labor members of the War Labor Board, Hinrichs replied, "If our index carries within it such serious shortcomings as to invalidate the policy conclusions based on it, then the thing to do is not to announce the shortcomings of the index, but to scrap it altogether or make it better. Our job is to make it better so that nobody else will scrap it." As to telling the War Labor Board members about the shortcomings, Hinrichs said he had not been invited to do so. "If asked, I am not going to avoid the question of any of the shortcomings. I have, of course, discussed our index with members of the staff of the War Labor Board, but it is not our function to ask for a formal discussion with the Board." He stressed that the unions should not put "all their eggs" in the cost-of-living basket and suggested that other BLS material could be used by the labor unions to support demands before the stabilization agencies.<sup>34</sup>

At Hinrichs' request, Secretary Perkins asked the American Statistical Association "to review and appraise the cost of living index with reference both to its construction and its uses." Frederick C. Mills, of Columbia University and the National Bureau of Economic Research, was appointed to head a committee of experts, which heard from labor organizations, employer associations, consumer groups, and government agencies. The committee also conducted special field studies and tests of Bureau procedures, utilizing Bureau staff.

The principal conclusions of the Mills Committee sustained the Bureau's position. These were: "First, that within the limitations established for it, the Cost of Living Index provides a trustworthy measure of changes in the prices paid by consumers for goods and services. Second, that many of the difficulties and doubts which have arisen concerning the index have their origins in attempts to use it uncritically for purposes for which it is not adapted."

The committee's assessment was that the index was useful for public policy dependent on measuring the average trend in consumer

prices nationwide, but, for other policy uses, more specific indexes were required. If a policy of relating wage adjustments to actual living costs of workers were adopted, indexes for particular areas, industries, population groups, and income levels would be needed.<sup>35</sup>

The Mills Committee report was released in October 1943. Chairman Davis of the National War Labor Board wrote to Perkins, "I think this will be very helpful to the whole stabilization program. I was not only gratified to have my own conviction about the index confirmed, but I also think the committee's statement of the proper use to be made of the index will be helpful."<sup>36</sup>

The report was only the first stage in a prolonged scrutiny of wage stabilization policy and the cost-of-living index. With labor pressing for relaxation of the wage stabilization policy, President Roosevelt suggested that the War Labor Board set up a tripartite committee to explore the widespread "controversy and dispute as to what the cost of living is," and that agreement by such a committee could "have a salutary effect all over the country, because today all kinds of exaggerated statements are made."<sup>37</sup>

The board acted immediately to appoint the committee, known as the President's Committee on the Cost of Living, with Davis as chairman. At the initial meeting, the committee adopted a motion by George Meany of the AFL to investigate a number of specific questions: The cost of living in October 1943 compared with January 1, 1941, May 15, 1942, and September 15, 1942; how the index figure was arrived at; whether there were any changes in the methods of securing or computing the figures; and concrete suggestions for improving the securing of figures. The Bureau promptly provided the information, along with a description of the preparation of the index.<sup>38</sup>

In January 1944, the labor members of the War Labor Board submitted a report stating that, by December 1943, the true cost of living had risen at least 43.5 percent above January 1941, whereas the BLS index had risen only 23.5 percent. The report stressed that the BLS index understated price rises because of deterioration of quality and disappearance of low-priced merchandise. It also noted the absence of consideration of room rent, food bought in restaurants, and costs in moving from one city to another. In general, it charged that the index was inaccurate.<sup>39</sup>



The Bureau submitted a comprehensive statement in reply, observing that "there is conclusive evidence that they are absolutely wrong in asserting that the rise in the cost of living is nearly twice as great as the Bureau of Labor Statistics shows it to be." The Mills Committee reaffirmed the conclusions of its October report.<sup>40</sup>

The comments on the wide discrepancy of 20 percentage points impelled Davis to call on a committee of technical experts for an unbiased study. Wesley C. Mitchell, of the National Bureau of Economic Research, was designated as chairman. Other members were Simon N. Kuznets, of the War Production Board, and Margaret Reid, of the Budget Bureau's Office of Statistical Standards.

In June 1944, before the Mitchell Committee was ready with its report, the Bureau held its fifth annual conference with union research directors. While in previous years only research directors had been invited, this time other union officers also were included, among them George Meany. Meany addressed the conference. Meany's biographer has described what followed: "What he said was a bombshell, and a well-publicized one, for advance texts went to the press." He charged the administration with failing to keep down living costs and deciding that "the next best thing to do was to keep down the cost of living index. In this policy the Bureau of Labor Statistics obsequiously acquiesced. We are led to the inescapable conclusion that the Bureau has become identified with an effort to freeze wages, to the extent that it is no longer a free agency of statistical research."<sup>41</sup>

Shortly after the conference, the Bureau issued its regular monthly cost-of-living release, which now contained a brief explanatory statement: "The BLS index indicates average changes in retail prices of selected goods, rents, and services bought by families of wage earners and lower-salaried workers in large cities. The items covered represented 70 percent of the expenditures of families who had incomes ranging from \$1,250 to \$2,000 in 1934-36. The index does not show the full wartime effect on the cost of living of such factors as lowered quality, disappearance of low-priced goods, and forced changes in housing and eating away from home. It does not measure changes in *total* 'living costs'—that is, *in the total amount families spend for living*. Income taxes and bond subscriptions are not included."<sup>42</sup>

The release was greeted in the *American Federationist* with the headline, "BLS admits its index gives faulty view of true rise in living

costs." The article continued, "Mr. Meany and other labor spokesmen had exposed the injustice of using the BLS figures as a guide to computing living costs and as a basis for establishing wage rates."<sup>43</sup>

The report of the Mitchell Committee also appeared at this time, stating, "Our examination of the methods used by the BLS and the other information we have gathered . . . leads us to conclude that the BLS has done a competent job, under very difficult market conditions, in providing a measure of price changes for goods customarily purchased by families of wage earners and lower-salaried workers living in large cities." The committee estimated that the Bureau's index in December 1943 understated hidden price rises by only 3 to 4 percentage points, mainly due to quality deterioration. The committee's one explicit recommendation was that the name of the index be changed.<sup>44</sup>

In November 1944, Davis submitted the report he had prepared as chairman of the President's Committee on the Cost of Living. In it, he drew on the Mitchell report in finding that "the accuracy of the index figures for what they were intended to measure is confirmed. They are entitled to the good reputation they have long enjoyed. . . . They are good basic figures for use in the formulation of fiscal and other governmental policies and for observing the effects of such policies." With the "searching" studies conducted for the committee, "no such substantiated criticism of BLS methods has survived." He did recognize that the 3 to 4 percentage points for the hidden increases, plus 0.5 of a point if small cities were also covered in the index, would bring the official rise of 25.5 percent in the index from January 1941 to September 1944 to about 30 percent. The industry members generally concurred in the chairman's conclusions, but the labor members issued separate statements. For the CIO, R.J. Thomas strongly endorsed changing the name of the index. For the AFL, Meany clarified the policy issues of the index, indicating that the AFL had never endorsed basing wages on the cost of living: "The established wage policy of this country has always been based on raising wages as increases in productivity made this possible."<sup>45</sup>

The findings of the President's Committee on the Cost of Living were an important element in the recommendations made in February 1945 to the Director of Economic Stabilization for maintaining the Little Steel formula as the standard for general wage increases for wage stabilization. In a dissenting statement, the AFL contended that wage earners had borne the brunt of the wartime anti-inflation program.<sup>46</sup>

In the early postwar period of continuing wage-price controls, the wage adjustment standard was relaxed. Regulations permitted adjustments for a 33-percent rise in the cost of living from January 1941 to September 1945, including a 5-point adjustment over the official cost-of-living index to allow for continued deterioration of quality and unavailability of merchandise. The Bureau explained the 5-point adjustment in its monthly release but did not include it in the index. In February 1947, in recognition of the disappearance of some of the wartime market factors, the Bureau discontinued the explanation.

Following Meany's appearance at the research directors' conference, Secretary Perkins ordered the annual conferences terminated. However, informal relations with the members of the former standing committee continued; Hinrichs actively sought and received their advice on Bureau programs. Formal relations were not reestablished until 1947, when Commissioner Clague set up both labor and business advisory councils.

Changing the name of the cost-of-living index as proposed by the Mitchell Committee was the subject of a conference with union research directors in January 1945, who, as early as 1940, had raised a question regarding the title. They agreed on a new title, "Consumer's Price Index for Moderate Income Families in Large Cities." Hinrichs submitted the proposal to Secretary Perkins, indicating that it met with Bureau approval. Perkins opposed any change, however, pointing out that the "Cost of Living" title was widely used in other countries and was well understood. She believed that the index under the new name would be no more acceptable to its critics and, in fact, would create even more confusion. In a few months, Secretary Perkins was succeeded by Lewis B. Schwellenbach, and, in July 1945, he agreed to the new title.<sup>47</sup>

#### Standard budgets

In 1936, the Works Progress Administration published two budgets giving quantities necessary for families for "basic maintenance" and for "emergency standards of living." These budgets were intended to appraise relief needs and set WPA wage rates. The Bureau updated the budgets periodically for 33 cities by applying changes in prices and rents reported to the Bureau for the cost-of-living index. In 1943, with the base of the estimates long out of date, they were discontinued.

In 1945, the House Appropriations Committee directed the Bureau to prepare a family budget based on current conditions, or to "find out what it costs a worker's family to live in large cities in the United States." A technical advisory committee of outstanding experts in the fields of nutrition and consumption economics helped develop the standards and procedures. The Bureau prepared the list of items and quantities to be included in the budget, priced them in 1946 and 1947, and developed dollar totals for 34 large cities. The results were published in 1948. As formulated, the budget for a city worker's family of four was an attempt to describe and measure a modest but adequate American standard of living.<sup>48</sup>

#### Wholesale prices

Lubin called for expansion of the Bureau's wholesale price work in 1933 to aid in the analysis of changes in the economy, both in specific industries and in major economic sectors. Immediate improvements included more detailed commodity specifications and broader commodity and industry coverage. In 1937, the index was changed from the "link-chain" formula used since 1914 to the "fixed-base" technique. Between 1933 and 1939, the number of individual commodities priced increased from about 2,300 to 5,000; the number of firms reporting increased from about 750 to 1,500.

The requirements of wartime gave a new orientation to the wholesale price program. The extensive use of the indexes in escalator clauses in large war contracts and in preparing price regulations made it necessary for the Bureau to hire price specialists with a thorough knowledge of particular commodity fields, to increase staff training, and to develop new techniques of price analysis. In a project conducted with the cooperation of the WPA, new groupings of commodities were developed, including separate indexes for durable and nondurable goods; producer and consumer goods; and agricultural and industrial goods.

#### Wages

The long-established program of periodic industry and union wage surveys continued under Lubin. In addition, the monthly series on average hourly earnings and average weekly hours in selected industries begun in 1932, based on the establishment survey, was expanded.

The Bureau had to recast its priorities to meet the urgent demands for information required to establish and administer the NRA codes. In place of the periodic studies of major industries, the Bureau had to conduct hurried and limited studies of industries such as cigars, cigarettes, tobacco, boys' hosiery, and silk. More comprehensive studies, dealing with working conditions as well as wages, covered such diverse subjects as the cotton textile and petroleum industries, the onion fields of Ohio, and editorial writers on newspapers.

With the end of the NRA, the regular program was resumed and new studies were undertaken. At the request of the engineering societies, the Bureau conducted a study of employment, unemployment, and income in the engineering profession. Also, special analyses were made to provide information on earnings and hours of Negro workers in the iron and steel industry and in independent tobacco stemmeries.

In its regular industry survey program, the Bureau made efforts to expand coverage to include annual earnings, earnings by age and length of service, and information on personnel policies. Annual earnings data proved difficult and costly to obtain, however, and this work was soon curtailed.

Several industry wage studies during the period included broad analyses of the industry's structure, including its competitive features, technology, demand, and profits. In his introduction to a study of cotton goods manufacturing, Lubin observed, "The more specific the economic application of the facts with reference to wages, the more intensive should be the preliminary study of the industrial background."<sup>49</sup>

The passage of the Walsh-Healey Public Contracts Act in 1936 and the Fair Labor Standards Act in 1938 resulted in a substantial increase in the wage program. The Bureau provided summary data on wages and hours to the Department's Wage and Hour and Public Contracts Divisions for the setting of minimum wages, and, during 1938 and 1939, developed frequency distributions of wages in about 45 industries, primarily low-wage consumer goods industries.<sup>50</sup>

Another reorientation of the Bureau's work was required when the defense program got underway in 1940. With the emphasis on war production, the Bureau shifted to occupational wage studies of heavy industries such as mining, smelting, and fabrication of nonferrous metals; shipbuilding; machinery; rubber; and aircraft. In addition, a

number of disputes coming before the National Defense Mediation Board required the collection of wage data by occupation and locality.

Such data were increasingly needed by the National War Labor Board, especially after it was given wage stabilization authority in October 1942. In May 1943, the Director of Economic Stabilization authorized the board to establish, by areas and occupational groups, brackets based on "sound and tested going rates" for decisions in cases involving interplant wage inequity claims. Wage increases above the bracket minimum were permitted only in "rare and unusual" cases and cases of substandards of living.<sup>51</sup>

By agreement with the board, the Bureau was to be "one of the instrumentalities" for the collection of occupational wage rate data within various labor markets in each of the 12 War Labor Board regions. The Bureau was required to establish regional offices to service the needs of each board, with the program in the field subject to the general direction of the tripartite regional boards. The regional boards had authority to designate the occupations and industries to be covered and to interpret and evaluate the data. In practice, the boards relied substantially on the Bureau's expertise in the preparation of occupational patterns and job descriptions for the surveys.

The Bureau met the challenge of the board's requirements for occupational wage rate data by industry for virtually all U.S. labor markets. Within 6 months, with board funds, the Bureau collected data from over 60,000 establishments in 400 localities—an unprecedented volume of information for such a short period of time. By 1945, pay rates in key operations had been collected from more than 100,000 establishments, and some 8,000 reports on an industry-locality basis had been transmitted to the board. The data collection included supplementary information such as overtime and shift-work provisions, the prevalence of union agreements, paid vacations, bonuses, insurance, and pensions. Using the summary reports, the regional boards established wage brackets covering tens of thousands of board determinations in interplant wage inequity situations.

A major issue arose over the board's proposal that "data secured by the Bureau in carrying out this project will be used and published, if at all, by or under the direction of the Board." Secretary Perkins, in opposing the rigid limitation on the Bureau's right to publish the material, cited the Bureau's mandate to make its information available as widely as possible, its importance for maintaining good public rela-

tions, and the use of its own funds for some of the work. The matter was finally resolved with the understanding that the Bureau would submit any proposed release or article to the authorized representative of the board, seeking advice on the content and timing of releases. Any disagreement would be referred jointly to the Secretary of Labor and the chairman of the NWLB.<sup>52</sup>

At first, the release procedure created problems for the Bureau. The unions contended that they needed the data in bracket-setting cases, even though they had been submitted to the War Labor Board. A satisfactory arrangement was developed whereby unpublished information was sent in response to requests, with the requesting party obliged to advise the Bureau of the intended use of the information in any wage negotiations or official procedure leading to wage determination, to insure that the Bureau's position was impartial.<sup>53</sup>

The occupational wage work provided the basis for developing an overall urban wage rate index to measure the impact of the stabilization program on basic wage rates. Data from the Bureau's regular programs were inadequate for the purpose. The weekly earnings series for example, failed to take account of the increased importance of payroll deductions. While estimates were made for these deductions, the series developed was affected by such factors as the effects of overtime pay; changes in the relative importance of regions, industries, and individual establishments; and changes in occupational structure. Gross average hourly earnings, subject to the same influences, were adjusted to eliminate the effects of overtime pay and interindustry shifts in employment, but the resultant straight-time hourly earnings index continued to be affected by changes in the relative importance of residual factors.

The urban wage rate index, first published in 1944, provided a better measure of basic wage rate changes. Field representatives collected the data directly for specific and well-defined key occupations; the same establishments were covered; and fixed weights were used for each occupation, industry, and area. The index was continued until 1947.<sup>54</sup>

As the war was coming to an end in 1945, plans were made to meet anticipated requirements for wage statistics during the reconversion period. The Bureau decided to conduct a large number of nationwide occupational surveys on an industry basis, including regional and

locality breakdowns when feasible. Between 1945 and mid-1947, 70 manufacturing and 11 nonmanufacturing industries were studied.

### Industrial relations

The great impetus given to union growth and collective bargaining by the NRA and the National Labor Relations Act stimulated the Bureau to gear up to provide information to ease the adjustment to new labor-management relationships. In 1934, the Bureau began publication of the *Labor Information Bulletin* and also established a separate Industrial Relations Division which began the collection and analysis of collective bargaining agreements. Within a few years, a file of 12,000 agreements was developed. Thereafter, efforts were made to improve the sample and to maintain it on a current basis. Strike statistics also were improved and made more current.

In conjunction with the National Labor Relations Board, the Bureau undertook a study of company unions in 1935. David Saposs, who had just completed a study on the subject for the Twentieth Century Fund, was hired as director of the study. At an informal meeting with BLS, AFL representatives expressed some reservations about the project, suggesting that the Bureau should place its emphasis on studying collective bargaining agreements rather than on what they viewed as merely "an arm of management."<sup>55</sup>

After the study was completed, Lubin reported to Secretary Perkins that union officials were urging him to issue the report as soon as possible. "Somehow or other a rumor has been spread that the bulletin may be suppressed."<sup>56</sup>

The preliminary report, appearing as an article in the *Monthly Labor Review* entitled "Extent and Characteristics of Company Unions," stirred up a tempest. The National Association of Manufacturers advised Lubin that some of its members, including those who had cooperated in supplying information to the Bureau, felt that in many respects the study "attempts to establish standards for employee representation plans which may result in misleading conclusions as to their functions and operations." They met with Lubin, and immediately thereafter the *Journal of Commerce* reported, "Although resentment in industrial circles against the recent study on company unions prepared by the BLS continues high, it now seems doubtful that an organized boycott will result."<sup>57</sup>

With the war emergency, the Bureau's ongoing analysis of collective bargaining provisions proved valuable to government agencies, employers, and unions as collective bargaining received encouragement under wartime policies. In 1942, the Bureau published *Union Agreement Provisions* (Bulletin 686). Based on the Bureau's file of several thousand agreements, it analyzed and provided examples of clauses for some 28 principal labor contract provisions. The demand for the bulletin was so great that it was reprinted four times.

During the war years, the War Labor Board called on the Bureau for special studies on the prevalence of certain contract provisions, including maintenance-of-membership clauses, seniority rules, and grievance procedures. The Bureau also developed statistics on strikes in defense industries and for specific cases before the board. It also provided considerable information to the War and Navy Departments, the Conciliation Service, and the War Production Board.

### Employment and unemployment

*Establishment data.* The Bureau's employment statistics were of crucial importance in assessing the extent of the industrial recovery from the Great Depression and, later, in monitoring the defense and war programs. The monthly reports based on establishment payrolls were improved and expanded, incorporating recommendations of the Advisory Committee to the Secretary of Labor. Benchmarking to the biennial Census of Manufactures was finally implemented in 1934 and carried out on a regular schedule thereafter. In 1938, State, county, and municipal employment was included. Sampling was improved both on an industry and regional basis. Between 1933 and 1940, coverage increased from 70,000 representative private establishments employing 4.5 million workers to 148,000 establishments employing 8.4 million. By 1939, 17 States were cooperating in obtaining employment and payroll data in manufacturing establishments.

In 1937, in cooperation with the Women's Bureau, BLS began semiannual collection of separate data for men and women in those industries in which large numbers of women were employed. The information was analyzed and published by the Women's Bureau.

In 1940, with the growing defense program, Lubin pointed out the likely increase in the employment of women, as in the first World War. He called for wider collection and more detailed analysis of the employment conditions and earnings of women.<sup>58</sup> Regular monthly

reporting on the employment of women in manufacturing industries was begun in June 1943. Separate turnover figures for women also were published.

Defense production programs required the expansion of industry coverage and reclassification to take account of industries manufacturing war materiel such as guns, tanks, and sighting and fire-control equipment. Sixty-seven industries were added to the 90 manufacturing industries previously covered. By 1945, reports were received from 180 industries covering 148,000 establishments and representing 12.5 million workers. Turnover rates were also compiled and analyzed for all employees and for women employees in 125 mining and manufacturing industries.

To aid in dealing with reconversion problems, the Bureau received a supplemental appropriation in 1945 permitting collection of data in all States for construction of State and area employment estimates comparable to the BLS national series. While the program was short lived, it served to develop close relationships with State agencies, facilitating establishment of the cooperative program that replaced it.<sup>59</sup>

Throughout the 1930's, the Bureau sought to provide additional measures which would serve as indicators of overall employment trends. Beginning in 1936, two series of estimates of nonagricultural employment were developed. The first, "total civil nonagricultural employment," showed the total number of individuals engaged in gainful work in nonagricultural industries, including proprietors and firm members, self-employed persons, casual workers, and domestic servants. The second, "employees in nonagricultural establishments," was limited to employees only. The totals for both series were benchmarked to the 1930 Census of Occupations, with periodic adjustments to the various industrial censuses and the newly developed Social Security tabulations. Persons employed on WPA and National Youth Administration projects, enrollees in the Civilian Conservation Corps, and members of the Armed Forces were not included. Beginning in 1939, similar estimates were prepared for each of the 48 States and the District of Columbia.<sup>60</sup>

*Census of unemployment.* The Bureau participated in an experimental census of unemployment in 1933 and 1934. Along with the Secretary's Advisory Committee and the Central Statistical Board, the Bureau provided professional direction for a trial household census in

three cities. The Central Statistical Board set up an interdepartmental committee, chaired by Lubin, to supervise the study, which was conducted with resources provided by the Civil Works Administration. While the results were not published, the study was significant for its trailblazing application of methods by which the theory of sampling could be used under practical conditions for developing Federal economic and social statistics. The experience gained was to influence the development of techniques for measuring unemployment.<sup>61</sup>

Although the Advisory Committee recommended that the Bureau be responsible for unemployment estimates, later developmental work was carried on by the WPA, which, in 1940, initiated a national monthly sample survey of households, "The Monthly Report of Unemployment." Drawing on an innovation in the 1940 census, the survey made use of a new concept—the "labor force"—in place of the earlier "gainful workers" concept. The new concept included only persons who were actually working or seeking work; formerly, persons who had had a paid occupational pursuit were included whether or not they were at work or seeking work at the time of the survey.<sup>62</sup>

The Bureau contrasted the new series with its own nonagricultural employment series. It viewed the latter as providing "a means of throwing into proper perspective the significant fluctuations in basic industrial and business employment, where changes are measured currently with a high degree of accuracy." The WPA monthly sample survey of individual households, on the other hand, was viewed as the only satisfactory method of directly measuring the fluctuations in the size of the labor force and in unemployment, including in the employment total agricultural workers and such temporary and casual employment as the summer vacation employment of students not caught directly by BLS reporting techniques.<sup>63</sup>

With the termination of the WPA in 1942, the Bureau of the Budget transferred the work to the Census Bureau, which continued to publish the results, retitled the "Monthly Report on the Labor Force," until 1959, when responsibility for the survey was turned over to BLS.

*Labor requirements studies.* In association with its work in obtaining reports of employment and payrolls from contractors involved in the vast system of Federal public works projects, the Bureau obtained monthly reports of all expenditures for materials by the Federal Gov-

June 27, 1884.

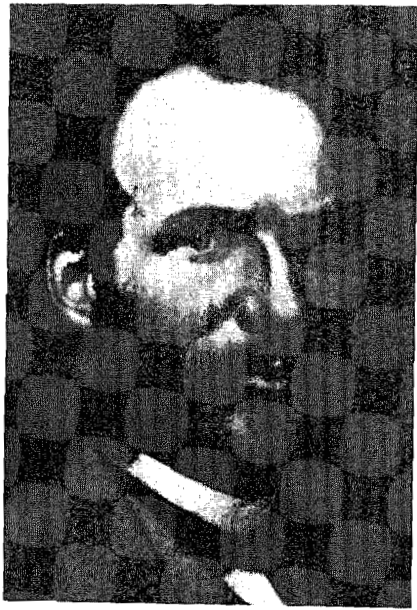
CHAP. 127—An act to establish a Bureau of Labor.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That there shall be established in the Department of the Interior a Bureau of Labor, which shall be under the charge of a Commissioner of Labor, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Labor shall hold his office for four years, and until his successor shall be appointed and qualified, unless sooner removed, and shall receive a salary of three thousand dollars a year. The Commissioner shall collect 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. The Secretary of the Interior upon the recommendation of said Commissioner, shall appoint a chief clerk, who shall receive a salary of two thousand dollars per annum, and such other employees as may be necessary for the said Bureau: *Provided,* That the total expense shall not exceed twenty-five thousand dollars per annum. During the necessary absence of the Commissioner, or when the office shall become vacant, the chief clerk shall perform the duties of Commissioner. The Commissioner shall annually make a report in writing to the Secretary of the Interior of the information collected and collated by him, and containing such recommendations as he may deem calculated to promote the efficiency of the Bureau.

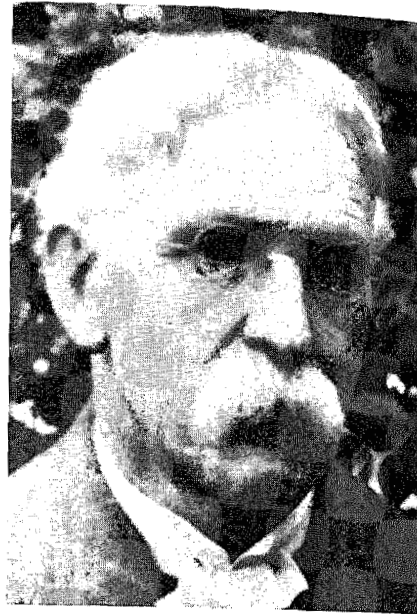
Approved, June 27, 1884

On June 27, 1884, President Chester A. Arthur signed the bill establishing a Bureau of Labor in the Department of the Interior.





*William H. Sylvis, president of the iron molders union, first set the goal of establishing a national labor bureau at the 1867 convention of the National Labor Union.*

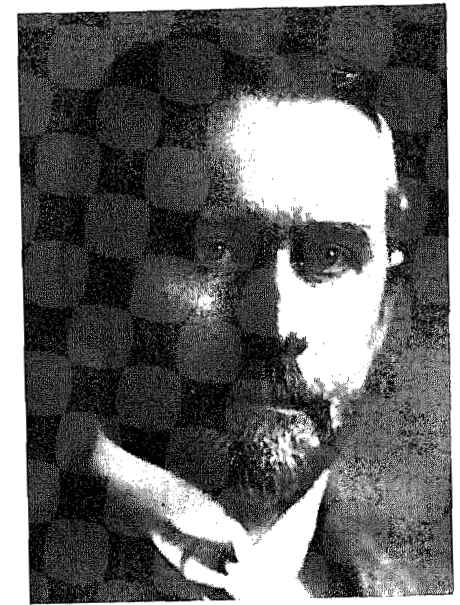


*Terence V. Powderly, as Grand Master Workman of the Knights of Labor, campaigned for establishment of a national bureau and sought the post of Commissioner.*



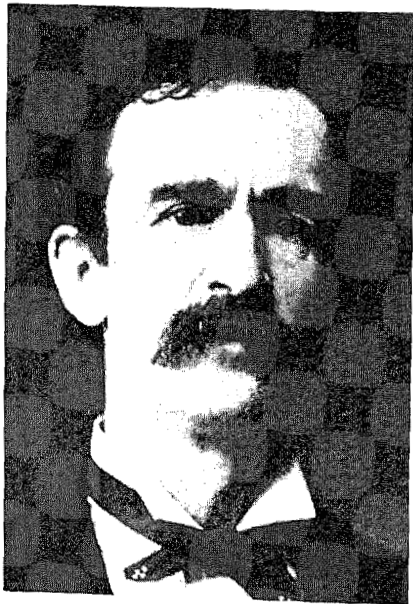
*Carroll D. Wright, Commissioner, 1885-1905*

*Kellogg Building, first home of the Bureau of Labor*



*Charles P. Neill, Commissioner, 1905-13*

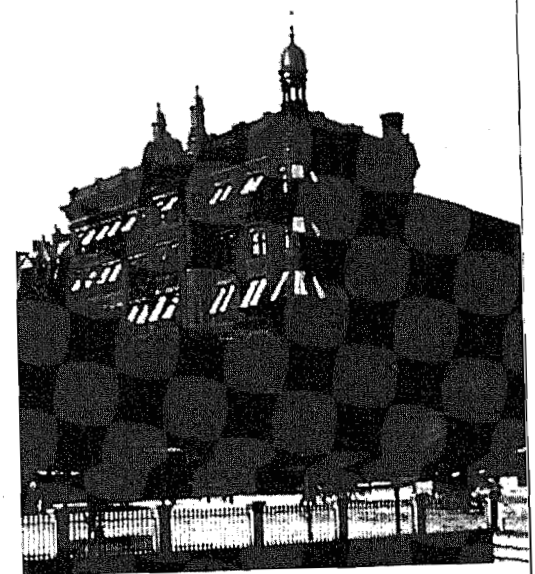
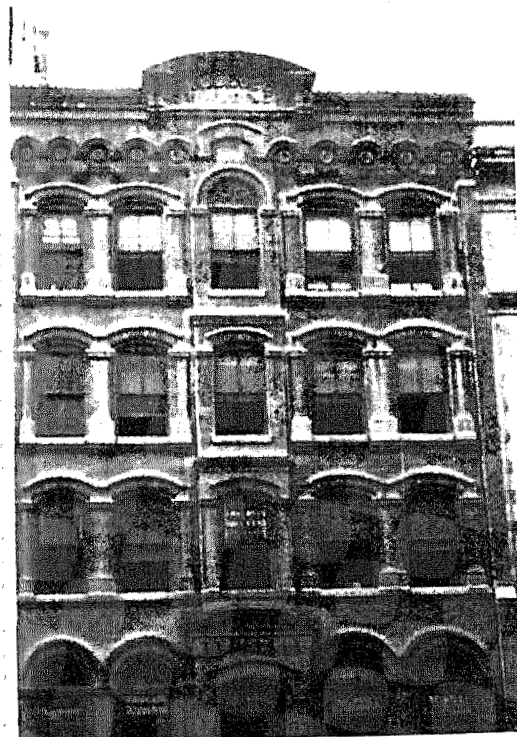
*National Safe Deposit Building, home for 20 years, 1890-1910*



*Representative James H. Hopkins of Pennsylvania sponsored the bill establishing the Federal Bureau during the Presidential election year of 1884.*



*Samuel Gompers, president of the American Federation of Labor, counseled with and supported the Bureau while leading the fight to establish the Department of Labor.*

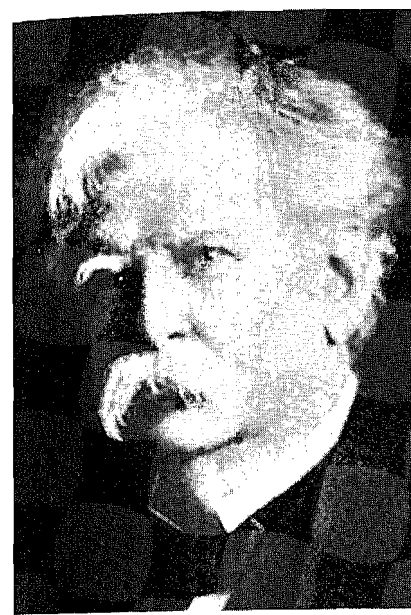




G.W.W. Hanger, Acting Commissioner, 1913



Royal Meeker, Commissioner, 1913-20



Ethelbert Stewart, Commissioner, 1920-32



Charles E. Baldwin, Acting Commissioner, 1932-33

BLS administration and finance office, 1920



Department of Labor Building, 1917-35



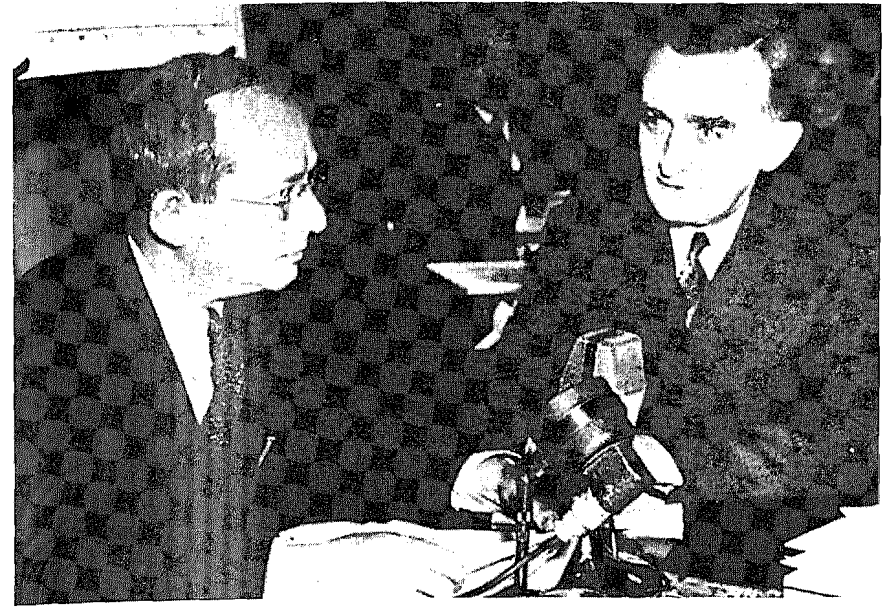




*Isador Lubin, Commissioner, 1933-46*



*A. Ford Hinrichs, Acting Commissioner, 1940-46*

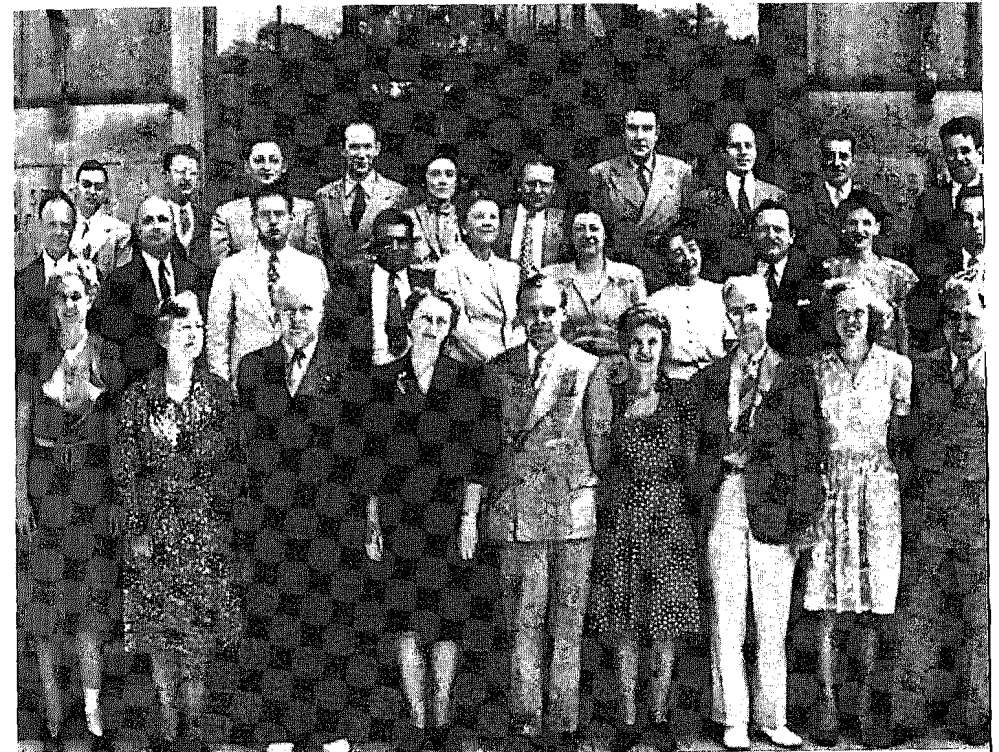


*Lubin and Senator O'Mahoney opening hearings of Temporary National Economic Committee, 1938*

*BLS tabulating room, about 1935*



*Top BLS staff, July 1946*



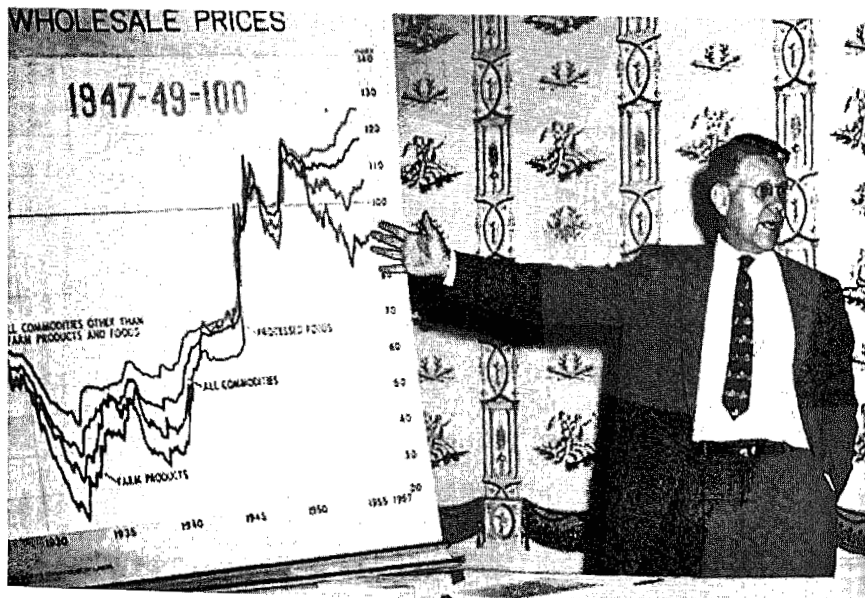


Ewan Clague, Commissioner, 1946-65



Aryness Joy Wickens, Acting Commissioner, 1946 and 1954-55

Clague explains chart on wholesale prices.



Faith Williams (second from left),  
Chief of the Office of Foreign Labor Conditions,  
meeting with Swedish statistical group, 1950's

BLS tabulating room, 1950's







Arthur M. Ross, Commissioner, 1965-68



Geoffrey H. Moore, Commissioner, 1969-73



Janet L. Norwood, Acting Commissioner and Commissioner, 1978 to present

*Norwood presents economic data to Joint Economic Committee.*



Ben Burdetsky, Acting Commissioner, 1968-69 and 1973



Julius Shiskin, Commissioner, 1973-78





MONTHLY LABOR REVIEW

U.S. Department of Labor  
Bureau of Labor Statistics  
August 1984

### Joint Resolution

To commemorate the one hundredth anniversary of the Bureau of Labor Statistics.

Whereas legislation was enacted on June 27, 1884, to establish a bureau to "collect 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";

Whereas the Bureau of Labor Statistics has completed a century of service to government, business, labor, and the public by producing indispensable data and special studies on prices, employment and unemployment, productivity, wages and other compensation, economic growth, industrial relations, and occupational safety and health;

Whereas many public programs and private transactions are dependent today on the quality of such Bureau statistics as the unemployment rate and the Consumer Price Index which play essential roles in the allocation of Federal funds and the adjustment of pensions, welfare payments, private contracts, and other payments to offset the impact of inflation;

Whereas the Bureau pursues these responsibilities with absolute integrity and has a reputation for being unfailingly responsive to the need for new types of information and indexes of change;

Whereas the Bureau has earned an international reputation as a leader in economic and social statistics;

Whereas the Bureau meets the public need for timely and accurate information by publishing data in the most appropriate printed form, including press releases, periodicals, bulletins, and special reports, and by making data available through microfiche and new electronic services;

Whereas the Bureau has pioneered in the development of computer applications to data gathering and statistical analyses; and

Whereas the Bureau has established the highest standards of professional competence and commitment: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That special recognition and commendation be given on the one hundredth anniversary of the establishment of the Bureau of Labor Statistics for the century of exemplary service provided by the administrators and employees of the Bureau in collecting and disseminating vital information to the Nation.*

*Thomas P. O'Rourke*  
Speaker of the House of Representatives

*Strom Thurmond*  
Vice-President of the United States and  
President of the Senate, *Pro Tempore*

APPROVED  
JUL - 9 1984

*Ronald Reagan*

ernment or government contractors, in order to estimate the employment created by such public expenditures. Out of this developed studies of the indirect labor involved in the fabrication of certain basic materials, including steel, cement, lumber and lumber products, and bricks. Other studies covered the electrification of the Pennsylvania Railroad, several power projects, and houses constructed by the Tennessee Valley Authority.<sup>84</sup> The records of almost 40,000 federally financed construction projects completed between 1935 and 1940 were analyzed to determine the types and cost of labor and materials required to carry out a given dollar volume of construction contracts. The techniques developed in these studies proved useful in projecting labor requirements for planned expenditures for defense facilities.<sup>65</sup>

*Occupational outlook studies.* The defense effort also spurred the establishment of the Bureau's occupational outlook program. The original impetus came from the recommendation, in 1938, of President Roosevelt's Advisory Committee on Education that an occupational outlook section be set up in the Bureau to provide information to aid in career counseling. In 1940, under congressional authorization, the Occupational Outlook Service was established.

Soon, however, it was occupied with developing projections of manpower supply and needs for defense industries, including the aircraft industry. Calling attention to the need for authentic information on demand and supply of certain labor skills "to avoid all sorts of wild schemes which we may not be able to forestall and which may later rise to plague us," Lubin indicated that the recently authorized funds for occupational outlook investigations could be used legitimately for this purpose. In mid-1940, at Sidney Hillman's request, the President asked Congress to provide the Bureau with an additional \$150,000 for the development of data on occupational skills needed by private industry in meeting military procurement needs.<sup>66</sup>

After the war, the occupational outlook program began to revert to its original function—studies for the guidance of young people. With demobilization, requests for outlook information came from the Army, the Navy, the Office of Education, and others. The Veterans Administration called on the Bureau for appraisals of the employment outlook for use in counseling veterans at its guidance centers. The Bureau developed analyses of over 100 occupations. Studies were also made of the occupational realignments during the war, which were

Commemorating the centennial, Congress recognized the contributions of the Bureau of Labor Statistics with a Joint Resolution, featured on the cover of the Monthly Labor Review for August 1984.

used in planning the demobilization of the 11 million members of the Armed Forces and the 12 million workers in the munitions industries.

*Research on postwar employment problems.* The study of postwar labor problems was begun as early as 1941, when the House Appropriations Committee provided funds for research on the provision of jobs for workers displaced from war production. A division for research on postwar problems was established in the Bureau, which initially conducted studies of the impact of the war effort on employment in individual localities and industries. Subsequently, in the study of postwar full employment patterns, a major technical innovation—the “input-output” concept—was utilized. This involved the study of interindustry relationships throughout the economy in 1939, the last year before the expansion of munitions production. Funded by the Bureau, the work was conducted at Harvard University in 1942 and 1943 under Wassily Leontief and was then transferred to Washington. The input-output tables and techniques were utilized in developing both wartime attack targets and subsequent reparations policies for Germany; for estimates of postwar levels of output and employment in U.S. industries; and to forecast capital goods demand. The results of the program were published in 1947 as *Full Employment Patterns, 1950*. The study spread knowledge of the input-output concept within the government.<sup>67</sup>

#### **Productivity and technological change**

In 1935, the Bureau applied to the WPA for funds to conduct studies of productivity in 50 industries. The American Federation of Labor supported the proposal as filling a gap which had been experienced in developing the NRA codes and as necessary in collective bargaining for dealing with the problem of technological unemployment.<sup>68</sup> At about the same time, the WPA developed its own program. In cooperation with the WPA National Research Project on Reemployment Opportunities and Recent Changes in Industrial Techniques, the Bureau conducted several labor productivity surveys in important industries. By 1939, all of the surveys were completed.

Lubin's annual report for 1939 stated, “The Bureau expects to carry on further researches in the important field of labor productivity, in which it was a pioneer.”<sup>69</sup> This resolve was underscored when, at the urging of the unions, Congress authorized the Bureau to “make

continuing studies of labor productivity” and appropriated funds for the establishment of a Productivity and Technological Development Division, which was organized at the start of 1941. One of its earliest activities was to update the indexes constructed by the National Research Project.

During the war years, the division maintained annual indexes of productivity for some 30 industries and compiled collateral information on technological developments and other factors affecting employment and production in various industries. It provided information on technological developments in a monthly summary for the use of U.S. agencies and those of allied governments. Industrial establishments in 31 war industries were surveyed on the extent of absenteeism, with a monthly series continued for almost 2 years. Also, in the face of shortages, surveys of productivity were made in the rubber and gasoline industries.

#### **Industrial safety and health**

Compilation of data on the frequency and severity of industrial injuries had begun in 1926. When Lubin became Commissioner, about 1.4 million workers in 7,000 establishments were being covered. By 1944, 57,000 establishments were reporting annually. The much larger volume of reports was still being handled by the same number of staff members as in 1926; the enlarged coverage was made possible by radical changes in the methods of collecting and processing the data.

The impact of industrial accidents on war production, with the resultant loss of manpower, produced demands for more current information. The annual schedule on which reports had been issued previously could not meet this need. In 1942, the Bureau undertook to collect and publish monthly data on injuries in almost 10,000 establishments in industries of particular wartime importance. These were used by government agencies to pinpoint the plants and industries with high accident rates.

Several special studies were conducted during the war, including an examination of the effect of long work hours on efficiency, output, absenteeism, and accidents. A study of operations at the Frankford Arsenal in 1941 showed that, when extended hours required exertion beyond the normal physical strength of the workers, there were more accidents, greater spoilage of material, greater turnover, and decidedly

less production in the extended hours than in the regular hours.<sup>70</sup> Further studies were made in 1943 and 1944.

The Bureau conducted detailed studies of accidents in the foundry, longshoring, and slaughtering and meatpacking industries. The Bureau's data were made available to the Department's Labor Standards Division, and to the Maritime Commission for safety drives.

### Administration

#### Funding

The Bureau grew substantially under Lubin's direction. When he took over in 1933, the Bureau's budget had just been reduced in a governmentwide economy drive. Emergency funds made up for a further reduction in the regular budget in 1934. In succeeding years, congressional appropriations and funds transferred from other agencies permitted expansion and improvement of the Bureau's programs. By 1941, the regular budget had increased to over \$1 million, more than double its level in 1934, and the staff had grown from 318 full-time employees to 810 (690 in Washington and 120 in the field).

There was a large increase in funding for the Bureau's activities during the war (table 5). Between 1942 and 1945, Bureau resources doubled, and at one point the number of full-time employees totaled almost 2,000. Congress maintained the regular appropriation for salaries and expenses at close to the prewar level but granted supplemental and national defense appropriations. In 1945, the Bureau received funds to expand its regional offices for the collection of State employment and payroll data comparable with national figures and also to cover occupational wage studies previously financed by the National War Labor Board. Both of these activities were terminated in 1946, however, when Congress failed to provide further funding.

As the war neared an end, the Bureau began planning for a reduction in its operations, and by 1946 had cut its staff by about 12 percent from the wartime peak. Supplemental appropriations, granted for expansion of work on foreign labor conditions, industrial relations, and productivity, partially made up for the reduction in wartime funds.

Table 5. Funding for Bureau of Labor Statistics, 1934-46  
(in thousands)

Fiscal year ended June 30 —	Total <sup>1</sup>	Salaries and expenses	
		Regular	National defense
1934	\$ 440	\$ 414	—
1935	2949	528	—
1936	<sup>2</sup> 1,284	885	—
1937	2,529	850	—
1938	1,114	784	—
1939	1,999	814	—
1940	3,215	1,012	—
1941	3,103	1,108	—
1942	2,677	1,081	\$288
1943	4,292	1,207	1,001
1944	4,463	1,312	1,365
1945	5,507	1,312	2,672
1946	5,435	1,492	2,781

<sup>1</sup>Includes special and working funds in addition to appropriations for salaries and expenses.

<sup>2</sup>Includes special appropriation for revision of the cost-of-living index.

SOURCE: *The Budget of the United States Government.*

#### Staff

In the early days of the New Deal, the Bureau found itself without adequate staff to meet the vastly increased demand for data. When the National Recovery Administration called upon the Bureau for information needed to develop and assess the industry codes, personnel had to be detailed from inside and outside the Department. As Secretary Perkins stated at an appropriation hearing in 1933, "The Bureau of Labor Statistics has turned itself inside out in order to get this information and to make it available. . . in a form that was easily understood and readily used by people who had the responsibility of taking some action." Lubin added that every labor group involved in any NRA code had had to go to the Labor Department for information.<sup>71</sup>

Lubin indicated the lengths to which ingenuity had to be applied to make up for the shortage of staff: "I do not want to appear to boast, but I think I am one of the few officials who have actually gone out and borrowed people from other departments of the Government and

put them to work during their spare time getting materials for which we would otherwise have to pay."<sup>72</sup>

In appropriation requests and in public statements, Lubin stressed the need to improve the professional qualifications of the Bureau's staff and to establish professional job categories at adequate levels to assure recruitment and retention of such personnel. He pointed out that he was the only trained economist on the Bureau's staff. The work of the Bureau's "highly efficient technical statisticians," he wrote the House Appropriations Committee, required the addition of economists to permit full analyses of the current economic problems facing the country.<sup>73</sup>

Lubin was always on the alert for capable staff. He brought into the Bureau persons of outstanding professional capacity who were authorities in their fields. Most had had advanced graduate study at top universities. A. Ford Hinrichs, director of Brown University's Bureau of Business Research, came as the Bureau's Chief Economist; Aryness Joy joined the staff from the Central Statistical Board. Throughout the period, there was internal training of the staff of a quality equal to that in the best American universities.

Lubin encouraged young economists to seek employment in government. Before the American Economic Association, he proselytized for the role of government economists. He contrasted the circumscribed environment of the academic researcher with the opportunities offered by Federal economic research for breaking down the barriers between economics, sociology, and political science.<sup>74</sup>

As a measure of his success in improving the Bureau's staff, he was able to report as early as 1937 that "more liberal appropriations by a Congress sympathetic with its work made possible a very considerable strengthening of its personnel."<sup>75</sup>

### Organization

Lubin made several organizational changes just before he went on leave in 1940. To distribute the workload more evenly and reduce the pressure on top officials, he reorganized the Bureau into three, rather than two, principal areas. The former line positions of Chief Economist and Chief Statistician, each responsible for the activities of all the divisions of the Bureau in his field, were altered, with the Chief Statistician made a staff position and the other eliminated. Instead, the divisions were grouped under three branch chiefs who were to be

responsible to the Assistant Commissioner, a new position. The three branches were Employment and Occupational Outlook, Prices and Cost of Living, and Working Conditions and Industrial Relations. During the war, when Hinrichs was Acting Commissioner, the position of Assistant Commissioner was not filled, however, and Hinrichs relied on the branch chiefs directly.

Wartime requirements resulted in the establishment of field offices. Before 1941, the only full-time field staff were those involved in the collection of retail prices. Between December 1941 and mid-1942, 8 field offices were established for price collection and 12 for wage analysis. All the activities in each region were consolidated under one regional director in 1944. Early in 1945, the collection of employment statistics was added to regional office duties, but this was discontinued in 1946 when Congress failed to renew appropriations. By the end of the war, the permanent value of the regional offices was well established.

### Cooperation and consultation

Lubin's facility for inspiring confidence and gaining cooperation was of great value to the Bureau. His open and straightforward approach in his dealings with labor and business groups and the press made him influential in all of these areas. He maintained personal relationships with many corporate executives, and they exchanged views frankly on major issues of the day. He was intimately involved in resolving issues which might threaten the Bureau's activities, and, generally, his directness and persuasiveness kept the incidence of such occurrences low.

For example, he played a major role in resolving reporting problems arising from the role permitted trade associations by the National Recovery Administration. Companies were submitting their data directly to these associations, and some were refusing to continue to submit reports to the Bureau and other government agencies.<sup>76</sup> When, at Lubin's request, Secretary Perkins brought the problem to the attention of the NRA director General Hugh Johnson, Johnson ordered industries under NRA codes to furnish data directly to the Bureau and the Federal and State agencies cooperating with the Bureau.<sup>77</sup>

Some industry representatives questioned the order, contending that the code authorities—the trade associations—should be encouraged to get the information and provide it to the government.