SELECTED REFERENCES
INDUSTRIAL RELATIONS SECTION    PRINCETON UNIVERSITY
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MEASURING EMPLOYMENT AND UNEMPLOYMENT**

1. The Gordon Committee Report


In 1961 in response to long-standing criticism of both the meaningfulness and accuracy of employment statistics, the President appointed a committee of private experts, chaired by Robert A. Gordon, to study the official system of collecting, processing and reporting employment data. The Committee was concerned with the concepts and measurement of employment and unemployment. They addressed the question of definitions, basic data sources, survey and sampling procedures and their reliability. Other chapters deal with the deficiencies in regional, state and local data and the lack of information on job vacancies. A final chapter compares unemployment rates in various leading industrial countries. Throughout the exhaustive report, the Committee made numerous recommendations.

2. Response: The Present Program


The Commissioner of the Bureau of Labor Statistics describes the method of conducting the monthly Current Population Survey which is the basis for statistics on unemployment. He discusses four major areas where the Bureau is working to improve the definitions used in collecting data: the job search, secondary workers, discouraged workers, and the subemployed.


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**Items from this list should be ordered from the publisher. Addresses are given in connection with each reference.
In response to the recommendations of the Gordon Committee, the Bureau of Labor Statistics sharpened and clarified its definition of unemployment and raised the lower age limit from 14 to 16 years. At the same time, January 1967, the Bureau increased the number of households surveyed each month and redesigned the questionnaire to provide greater accuracy and more information on all components of the labor force.


The Comprehensive Employment and Training Act, which distributes funds to state and local areas, based in part on local unemployment figures, focused attention on the need for more accurate estimates of unemployment. Effective January, 1974, the Bureau of Labor Statistics made three major changes in the system of estimating unemployment: new procedures for estimating employment and unemployment in noncovered industries; the classification of the labor force by place of residence rather than jobs by place of work; and finally, the substitution of data from the Current Population Survey for the annual estimates from selected states and areas. This report is summarized in an article by James R. Wetzel and Martin Ziegler in the *Monthly Labor Review* for June, 1974, pp. 40-46.

### 3. Continuing Criticism


The authors contend that the present method of defining and measuring unemployment results in a systematic understatement of the desire for work on the part of the unemployed.


The reasons for the differences in the estimates of discouraged workers as measured by the Current Population Survey and the econometric models developed by Simler-Tella and Butler-Demopoulos are examined in this paper.

This article compares the methodology and the resulting data developed by the Bureau of Labor Statistics from its monthly interviews of 45,000 households covered by the Current Population Survey and the monthly payroll data from 155,000 business establishments, the Current Employment Statistics program. Employment estimates for major industry groups from both series show that underlying movements have been comparable over time, but differ in short run trends and in the timing and extent of business cycles. In addition, the household survey provides demographic and labor force specifics.


This paper considers the implications of measuring labor force time lost by the unemployed and by workers in involuntary part-time and of adjusting the unemployment rate to reflect full-time equivalent rates. The author also considers the development of an index of unemployment severity.


Daniel H. Brill in his paper “Unemployment measures for government and business policy formulations,” indicates a need for more information on the dynamics of the labor force and flows into and out of employment. Thomas Victorina, Robert Mier, Bennett Harrison and Jean-Ellen Giblin in their paper “Subemployment: concepts, measurements, and trends,” call for the development of a time series of exclusion and inadequacy indexes which would provide a better indication of underemployment. They stress that the traditional unemployment statistics do not adequately measure economic hardship as related to labor market conditions. An outline of recent changes initiated by the Bureau of Labor Statistics to improve current labor market statistics is presented by James R. Wetzel on pp. 129-133.


This volume contains the papers, and summary of discussion, which were presented at a series of seminars in 1971 attended by congressmen and academic experts. Charles Killingsworth in a paper entitled “Changes in the definition of aggregate unemployment,” points out how the classification of enrollees in manpower training programs and changes in the definition of seeking work have resulted in underestimat-
ing unemployment. Thomas F. Dernberg in his examination of "The behavior of unemployment: 1967-1969" argues that the overall unemployment rate is misleading because of hidden unemployment among sub-groups and sub-areas. The final paper in this section, "Underemployment: the measure we refuse to take" cites the need for better data on subemployment.


The author compares the concepts and definitions of discouraged workers used by the Bureau of Labor Statistics with the hidden unemployment and manpower gap concept employed in various econometric models.


In these four essays the author attempts to answer recurring questions about the meaning and use of official unemployment statistics.


The authors show how changes in the economy and in labor market behavior indicate a need for data which will measure both the adequacy of employment and the availability of jobs.

4. INTERNATIONAL COMPARISONS


The author defines the various kinds of unemployment, and outlines what British official statistics do and do not measure. He then examines the arguments of recent critics who contend that British unemployment figures are exaggerated. Hughes believes that the estimates of involuntary unemployment are too low and suggests areas where more detailed data is required.


This publication presents summary descriptions of the methods used by national statistical offices in preparing data for the Year Book of Labour Statistics and the Bulletin of Labour Statistics published by the ILO. It provides basic information on definitions, coverage, source of data, computation and how published.