

Ewan Clague, Oral History Interview—JFK #1, 11/1/1966
Administrative Information

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Biographical Note

Clague, Commissioner of the Bureau of Labor Statistics in the Department of Labor (1946-1965), discusses the Bureau of Labor Statistics' role during John F. Kennedy's administration; Kennedy's Labor Secretaries, Arthur J. Goldberg and W. Willard Wirtz; and the working relationships among the various bureaus during the Kennedy Administration, among other issues.

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Ewan Clague—JFK #1

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First of Two Oral History Interviews

with

EWAN CLAGUE

November 1, 1966
Washington, D.C.

By Larry J. Hackman

For the John F. Kennedy Library

HACKMAN: Mr. Clague, did you know President Kennedy [John F. Kennedy] before the election of 1960?

CLAGUE: Yes, I did.

HACKMAN: Could you comment on your relationship with him before the election, or how you might have been connected with him?

CLAGUE: With respect to the election itself I was not, of course, very close to it. We were in the government and conducting our regular business so that I had no direct connection during the election period. I knew him to some extent when he was a senator. I don't remember all the occasions on which our paths crossed, but I do recall meeting him and his wife [Jacqueline Bouvier Kennedy] once at a White House reception, where he was dancing, and I was dancing with my wife [Dorothy Whipple Clague], and he invited me to come down to see him at the Senate. It happened also that Ted Sorensen [Theodore C. Sorensen], his administrative assistant, was at that time married to the daughter of one of my closest friends, Edgar Palmer [Edgar Zavitz Palmer] and his wife [Opal Yarbrough Palmer]. I had known Camilla Palmer in a former period. I met

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with Ted Sorensen and Camilla on several occasions back in the middle fifties when they were here in town. So I knew something about Senator Kennedy, and in fact, I have an autographed copy of his *Profiles in Courage*.

HACKMAN: Do you remember anything specifically you discussed with him when you went in to talk to him during this time?

CLAGUE: No, there was nothing specific; it was mostly a matter of greeting and just speaking in these very general terms: "I need to have your figures, and will you keep us in mind when things come up that are of interest to us?" but no negotiations about either legislation or speeches or anything thing like that.

HACKMAN: Do you recall any events during the campaign in 1960 where then Senator Kennedy, or his staff might have called on you or your staff for information?

CLAGUE: Oh yes indeed. When an election is on, we get calls of all sorts for data. In this particular election of 1960, of course, the White House staff was active on Mr. Nixon's [Richard Milhous Nixon] behalf; they were gathering information of various kinds as soon as the figures came out—employment, for example, or the price index; and both the Democratic and the Republican National Committees would call us up and ask for information. We gave all published information to both parties. I don't recall specific individuals from Senator Kennedy's group calling on me, but I have no doubt that a good many of the calls were directly related to speeches that he was making and policies that were decided upon in the course of the campaign. It wasn't necessary always for inquirers to consult me as Commissioner when they wanted information of this sort. Each of my assistant commissioners was authorized to exercise his judgment about what he should give out and to notify me afterwards that they had made such material available, so that at least I was aware of it. But in no sense did I exercise any restraints on what they made available, as long as it was published material.

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HACKMAN: Do you recall any statistics released during the campaign that you thought played a particularly important part?

CLAGUE: No. No statistics released played an important part; it was those that weren't released that caused the trouble. The particular episode which caused the difficulty was the unemployment statistics. This arose because of the problem of the date on which the information becomes available. Generally speaking, our timing on these statistics of employment and unemployment at that time was that we got them out around about the eighth, ninth, tenth, eleventh, or twelfth of the month, say, in about the second week of the month, the statistics of employment—unemployment for the preceding month. It took about that long to process the data and make them available to the public,

particularly to write them up and get the material ready for a press conference. For years, we had always held a press conference when the material was made available so that we could answer questions and interpret the data for the press.

Well, as long in advance as the summer of 1960 I foresaw trouble in connection with the release of the October figures in early November, the point being that the election came on a certain date, as I recall it was November the seventh. It was quite clear that we in B.L.S. [Bureau of Labor Statistics] might have in our hands over the preceding weekend the statistics coming to us from the Bureau of the Census. This is a partnership relationship in which the Bureau of Labor Statistics obtains the funds from the Congress and then buys the service of the Census Bureau in collecting the information and tabulating it. The Bureau of Labor Statistics then puts the information together with its other kinds of data on employment, hours, and earnings in American industries and issues the final report.

We could see that it would be a nip-and-tuck matter as to when the October figures would actually be released. In those days we did not have a firm date for the release. The Bureau got its material together as fast as it could. We couldn't select the same day each month for the reason that the survey conducted by the Census Bureau occurred in the week that contained the twelfth of the month. Now that date might fall in a late week or an early week in the month, and that in turn would determine how much time we would have to get the material ready.

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However, it was quite clear that our normal release date would fall on a Thursday or a Friday immediately after the election. But, having had experience in former elections about these figures, I raised the question with the Under Secretary of Labor—that's Under Secretary O'Connell [James T. O'Connell], who was not only a good leader, but a good professional friend of mine—I took up the question with him at that time and said we ought to have an early decision as to what we were going to do, that I felt confident the Bureau could release the figures on unemployment for October on Monday, the day before the election. If that decision was made, it would require the Bureau's staff to work overtime on Saturday and on Sunday, but that was not unique for us. We seldom worked on Sunday; we nearly always worked on Saturday on any emergencies. So I said it would be very helpful if we could have a decision in advance as to what we were going to do. Then there would be no hesitation and no uncertainty as we approached the date.

Well, the Under Secretary told me he agreed with me one hundred percent, but apparently higher up in the Administration, there was no such consensus. I don't know who made the decision, but it was decided to wait and see, and of course that's what got us into the trouble. Now, what actually occurred was that we did have the figures on the Friday; I think we got them that Friday morning. I and my staff had brought persistent pressure on the Under Secretary to see if we couldn't get a decision one way or the other, so that I could tell whether my staff was going to be geared to get the figures out quickly. The final decision we did get was that they would decide to hold the figures. I don't remember exactly when that decision was made, but it was not until shortly before the election.

It was quite evident, even before we got the date, that the economy was sinking into a recession and that the October figures, which are usually the lowest unemployment figures of

the year, would not be as low as might have been expected on a seasonal basis. In other words, the unemployment figures would not make the low point that was expected; and it didn't take any foresight to see that that would be the case. Consequently, I suppose the pressure which might have been exerted on the Bureau to get them out on Monday was not brought to bear; we were told to make our regular date and the Bureau selected the ninth, which was the best we could normally do.

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Well, what happened was that those figures became known to several people; we always reported them within the Department to several different individuals. The key figures were also reported to the Council of Economic Advisers, and of course they reached the White House. That report would be a very sketchy paragraph presenting the simplest kind of overall basic figures, but those figures were being made known.

Now the problem that arose was that somebody leaked those figures to the AFL-CIO [American Federation of Labor-Congress of Industrial Organizations]. There was a general assumption around and the Department that it was members of the staff of the Bureau of Labor Statistics that did it; I don't believe that. Our Bureau had never leaked these confidential figures on prices nor unemployment in all the years I'd been here, and I feel confident that none of them broke our trust, but somebody else did. Consequently, Mr. Meany [George Meany], as head of the AFL-CIO, announced that he knew that the figures were available. He didn't say he knew what they were, but he announced that he knew they were available and he challenged the Administration to release them. It just went from bad to worse. The Administration would not put them out; we could not put them out, and we explained that, after all, we were bound by our regular dates. Furthermore, since we hadn't arranged to work on Saturday and Sunday we wouldn't have them analyzed for release, unless we just took the bare figures and put them out. Mr. Meany, who had apparently threatened to release them himself, never did so; and they never came out until the following Thursday. On the other hand, the uproar had a devastating effect on the Bureau; there was the widespread implication that the figures had been held up and that they were being concealed for political purposes. This was most unfortunate; it could have all been avoided if it had been decided to carry on over the weekend and issue the results on Monday, which has my firm judgment.

HACKMAN: Do you recall anything else of interest about the period before the election?

CLAGUE: No, I do not. I am reminded—since we speak about figures in an election—I am reminded that in 1952 the Bureau was burned in another way by a set of figures that came out during an election period. It's very tough on these statistical agencies to have to issue figures during that

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kind of a period, because they're very likely to be misinterpreted. In this case it was the Consumer Price Index that caused the trouble. This was 1952. The Bureau was making a

survey, had been making a survey at that time on family expenditures, because we were revising the Consumer Price Index. The revision took effect in January of '53. (Incidentally, we determined, over our dead bodies, that we would never again revise an index to take effect when a new Administration came in. You will notice that this last time our revision took effect in January of 1964, which was after we had an Administration in power for three years, so that officials who knew about the background would be in office when we were putting out the revised index, rather than having a change of Administration, with all the risk which that entailed.) But to return to my story, the point was that in that summer there was a great deal of clamor from various groups, particularly the retailers and other groups dealing with consumers, who were exceedingly anxious to get the basic figures on consumer family incomes and spendings. And so a brief release was drawn up which was brought in to me for clearance by my chief of publications; it sketched the average income of the family, and the average expenditures on consumer goods.

Well, there were two unfortunate mistakes. One was that all our average income figures are about ten percent too low, and when we issue them, we explain that. A good many people, especially in the middle and higher incomes, always understate their income. And consequently we know we have there a factor of deflation that we have to explain. We publish the figures as they are reported to us, but we explain that in general the public should recognize that the reported incomes are lower than the real facts. The other difficulty was that we actually made a mistake in the calculation; this report was run off very fast and apparently we made a mistake in understating the income averages. The point was that the family expenditures showed higher than the incomes in the release that came out. If I had only taken time to read it! I'll carry to my dying day my memory of this man coming to my office and showing me that release; but I was bothered with several other things and I just glanced at it when he said, "Look this over." I said, "What is it?" He said, "It's this release on family incomes and expenditures." I said, "Well, have you checked it carefully? Are the figures correct?" He says, "Oh yes, we've checked it." "Have you read it yourself?" "Yes," he said, "I've read it."

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"Well then," I said, "Go ahead." I didn't read it. Had I read it, there's no question in my mind that I would have recognized the blooper that was in it, the blooper being that the income was lower than the expenditures.

And that is what Mr. Nixon then picked up. He was pretty alert on figures like this. He began putting out stories to the effect that the economic situation was so bad that people were earning less than they were spending, that people were in debt and that working families were in need. Well, I couldn't persuade the Secretary of Labor of that day, who was Maurice Tobin [Maurice J. Tobin]. I wanted him to come out with a full explanation. The Bureau of the Budget got into it, and everybody got after us. The Bureau was in a mess for about a month or six weeks. There was no way of answering, since the Secretary did not want me to answer at all, except to say that we'd made a mistake in some figures; but he refused to put out any press release or let me hold a press conference. So it continued during the election; I don't know whether the episode had much influence on the election or not. It had a bad effect upon the Bureau in that we had made a mistake in a very crucial period. This

was why I have found it exceedingly tricky during an election period and why the Bureau has always been extremely sensitive and nervous about any kind of figures coming out during an election.

HACKMAN: Going back to 1960, after the election of Senator Kennedy in November how did the Bureau of Labor Statistics prepare for the incoming administration? Was there any thing specific that you did or anticipated?

CLAGUE: No, you see, generally speaking, we had had in the Bureau of Labor Statistics very good relationships with the Labor people and with the Democrats all during the Eisenhower Administration [Dwight D. Eisenhower]. Of course, my nomination had come up a couple of times during the Eisenhower period and the first time I ran into the objection of Senator Martin [Edward Martin] of Pennsylvania to my being appointed. I had never given up my Civil Service residence in Philadelphia, which is the place at which I came into the Federal Civil Service in 1936. And I just let it stand; I suppose I should have transferred it to Washington, where I was living all those years, and I had no voting rights anyhow in Pennsylvania. But I just let it stand.

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As long as there was a Democratic Senator in Pennsylvania there was no problem. In 1950, when my first reappointment came up, Senator Frank Myers [Francis John Myers] was there; he was a Democrat. It was Truman [Harry S. Truman] who appointed me, so there was no problem. But when Eisenhower came up there were two Republicans, and the senior was Senator Martin, who objected. He didn't have any objection to me personally, but on political grounds he said, "Couldn't we find one of our own boys for that job?" So I was kept out for about a year. I cite that as a contrast to the fact that this time, in 1960, first of all, my term hadn't run out yet; and secondly, I was quite familiar with President Kennedy and members of his staff. So I anticipated no political troubles of any kind, no pressures or anything else. And as a matter of fact there were none.

HACKMAN: Did you anticipate any change in the role of the Bureau of Labor Statistics in the new administration?

CLAGUE: No, I did not. We knew that the Department of Labor had a good many ambitions. We were quite alert, in the Bureau, because we thought maybe good times were coming again, as far as our budgets were concerned, and as far as some of our long range projects were concerned. First of all, we were concerned about the revision of the Consumer Price Index, which was then under way once more. And we felt that this was a very fortunate circumstance, that we might now be able to get some more funds to do the job more adequately. We did get some more funds, enlarged the sample of families to include farm families, for example, as well as rural non-farm families, with the Department of Agriculture teaming up with us. So we viewed the prospect with some anticipation. I went around to see Secretary Goldberg [Arthur J. Goldberg] when he was appointed, but before he took office, and talked to him a little bit about the Bureau of Labor

Statistics. He knew our work very well indeed, and therefore not a great deal of clearance was needed. So that on the whole we were optimistic and hopeful.

HACKMAN: What types of problems did you have, particularly in the late Eisenhower years, concerning budget, staffing, expansion and so on?

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CLAGUE: Well, of course in the first Eisenhower year, in '53, the budget we went in for was the Truman budget. Of course that was affected by the Eisenhower Administration coming to power—Congress was in the hands of Republicans. I had bitter memories of what took place in the spring of 1947 when the Eightieth Congress came in; they had slashed the Bureau's budget forty percent. We didn't come off too badly in the first Eisenhower Administration, because Durkin [Martin P. Durkin] was Secretary of Labor. But we had a tight budget, we didn't get much additional money, the budget remained fairly tight most of the time. We had a rather severe cutback—well, moderate cutback—along about 1956 or '57. There always is the danger, when change in Administration takes place, that there would be some cut in the budget. But otherwise there was nothing that concerned us greatly about the incoming Kennedy Administration except hoping that we could get going on some of the projects that had been lying fallow for a long period of time.

HACKMAN: You were talking about Secretary Goldberg and your relationship when he first came to the Department in 1961. Could you comment on the differences in your relationship with Secretary Goldberg and other Secretaries of Labor you worked with?

CLAGUE: Yes. I would say that the Bureau of Labor Statistics didn't fall backward, but we fell to a much lower level of relationship with the Secretary than had been the case formerly. Back in the early days, back with Miss Perkins [Frances Perkins], when Lubin [Isador Lubin] was Commissioner, the Commissioner of Labor Statistics was the big man in the Labor Department. Certainly the Secretary of Labor would have taken very few steps without consulting him. When I was here with Schwellenbach [Lewis B. Schwellenbach] in 1946-'48, again there was no question—Schwellenbach, the poor man was pretty sick during most of that time—but the Under Secretary, Keen Johnson of Kentucky, was leaning on me right along. Schwellenbach always wanted to consult me when he was able; Tobin, somewhat the same way. The B.L.S. was the big wheel in this department.

During the Eisenhower Administration, in the Durkin period, we didn't have much of a close relationship. Durkin was so intent on getting some revisions of the labor legislation—remember that was the point on which he finally reigned—that

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he really didn't pay very much attention. He knew me very well, and knew the work of our Bureau. I would say that we got almost no attention. But we just worked along by ourselves

and it worked out all right. With Mitchell [James P. Mitchell] we got more attention, and for periods of time we got along very well. In fact, we always got along well with Mitchell, and especially with O'Connell, the Under Secretary. But the Department began expanding; other things began claiming more attention and we were not consulted too often. Partly, this was our own decision. We didn't want the Bureau of Labor Statistics to get in and assume responsibility for a lot of policy decisions. I was always telling the Secretary of Labor that if he wanted my judgment, or that of my staff, he could have it. Privately, we'd tell him what we thought he might do in a given policy situation. But he must take the full responsibility himself, that we wouldn't publicly make that kind of a decision.

HACKMAN: Are you speaking now just of Secretary Goldberg, or Mitchell?

CLAGUE: No, I'm back at Mitchell now. I'm talking about it because the same problem came up with Goldberg. This relationship meant that on many of the policy activities in the Department they paid more attention to the assistant secretaries, and the deputies, and others on a more political level, so to speak, and certainly on more of a policy level.

Now when Goldberg came in, I had the feeling that we might play quite a large part in a number of the things, especially since Goldberg started launching his policy of preventive industrial relations activities. They were not going to have any strikes, because they were going to prevent them. In fact, it turned out to be not such a wise policy, because it meant that anybody who wanted to get some attention just had to threaten a strike and then Goldberg and the White House got into the act. I'm sure the prevention policy to some extent stimulated this kind of action by union chiefs. But this wasn't foreseen at the outset, and undoubtedly Goldberg was a master mediator. He's superlative as a personality in brain and in ability to diagnose things; I've seen him before Congressional committees—remarkable presence of mind and I've no doubt that as a mediator he's a very forceful character.

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However, what happened in the Department was that the plans for expansion, the Manpower Development Act, the various other programs that were moving forward, meant that more and more the policy was determined by the staff that were around him, and not by us down in the Bureau of Labor Statistics. In fact, we got a little bit of a reputation of being the "no men;" we were always pointing out the difficulties or limitations, or whatnot.

As a matter of fact, it was the general policy of the Department in the spring of 1961, which led to the *Reader's Digest* outburst later in September. I could see it coming, and perhaps at this point I'd better review something I said for the Truman Library, but I'll touch on here too. In the early days, the Bureau of Labor Statistics issued all its own figures; we had our press conferences, the Commissioner was the spokesman or one of his staff. When we got into the deal with the Census Bureau on the employment-unemployment figures back in 1954, a kind of a cooperative arrangement was worked out. In that cooperative arrangement, we had a very complex system of clearances. The Commerce staff, that is, the Census, the Bureau of Employment Security, the Bureau of Labor Statistics, the Bureau of the Budget, all met together in a comprehensive committee for the purpose of reviewing the

text that the B.L.S. had worked up, and then it came back and was cleared with the Secretary of Labor and with the Secretary of Commerce; and finally they usually issued two press releases, one with the Secretary of Commerce with his name first, and one with the Secretary of Labor with his name first. We had this kind of arrangement for about five years.

Well, during that period of time I was always the one who would clear it with Secretary Mitchell, because I could go in to him and decide what changes he could make. Thus, he might say, "Why don't we change this? Let's put unemployment first and put employment second"—I would sometimes have to say, "I'm sorry but if we do that I'll have to go back to the committee. You just can't make that kind of a change without delaying us another day." Or I would say, "Well, yes, I think I can sell them on that," so we'd make the change. In other words, I was able to negotiate what was finally said in the release.

Now, in 1959, Mitchell made a Ten-strike for the Department of Labor. He made a deal with the Secretary of Commerce [Frederick H. Mueller] by which he got control of all these figures, to the extent of getting the budget and having the final responsibility for release of the figures. In exchange, he transferred the housing statistics out of the Bureau of Labor Statistics to the Census, so that we

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lost one and we picked up another. When that had happened however, there came the question as to what we should do all these clearances. Should we meet over at the Bureau Budget, and should the Census come in and sit with us, as was the Bureau of Employment Security? So I made what perhaps was a mistake; I recommended that we cut out all the outside people. I said, "Really, it's our responsibility now, lets take it. So we'll just review it here." But what happened is that the Department substituted an internal Labor Committee for this review, consisting of the Deputy Under Secretary—theoretically it was the Under Secretary, but it was Cass [Millard Cass] who did most of the chairing and Cass eventually became the chairman—and then there would be the representative Bureau of Employment Security, and Mr. Wolfbein [Seymour L. Wolfbein] who by that time was heading up an Office of Manpower, Automation and Training, and Mrs. Wickens [Arynness J. Wickens], who had been Deputy Commissioner of Labor Statistics. We had seven, eight, nine people who reviewed the release. Of course, the B.L.S. was there. But when it came to clearing the text with the Secretary and it was Mitchell then, this clearance took place usually through the Department's Information Office. The Secretary would sometimes make changes which would then be reported to us. We had the awkward situation that if we objected to a change we had to report back up through the Information Office; and we had to, in effect, put on a veto, so to speak, saying, "Sorry, you can't say that. You must go back and see the Secretary." "Oh we don't want to see the Secretary again, why can't we say that?" If it was crucial, I had to insist on the change being referred back to the Secretary, but on borderline cases, we let it go. However, I had lost the direct connection with the Secretary which was so essential to some meeting of minds on this text. Later, Mitchell also made another change. He assigned Seymour Wolfbein, as Deputy Assistant Secretary of Labor, to release the figures to the Press in the Press Conference. Wolfbein had often released them when he was my subordinate in the Bureau of Labor Statistics. But now he was Deputy Assistant Secretary. He was a Civil Service person; because Mitchell is one of few, in fact perhaps he is the only

Cabinet officer, who adopted the recommendation of the Hoover [Herbert Hoover] Commission [Commission on Organization of the Executive Branch of Government] that deputies to political officers should be career civil servants. Millard Cass, the Deputy Under Secretary was a civil servant. So was Wolfbein, but he became a member of the policy-making group in the Department. In any case he was then releasing the figures, which he did very well. He has a superb mind and very effective

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at using it; so Mitchell preferred to keep it that way.

The Bureau of Labor Statistics made representations several times. I'd talk to O'Connell, the Under Secretary, and say that I thought this was not a good idea, that those figures ought to come out through the Bureau of Labor Statistics. I didn't care whether they had me conduct the press conference. I said "Let's have one of my subordinates, but let's have it done through the Bureau." But Mitchell wouldn't change and so it went this way until Mr. Goldberg came in.

Well, then I raised the question with Under Secretary Wirtz [W. Willard Wirtz], who was the one I was getting to see. I said very early in the year, "I wonder if you wouldn't be wise to return the press conferences to the Bureau of Labor Statistics," because by this time some of the press were becoming critical. During the Mitchell Administration some of the Washington reporters were making a great furor about the "slanting of the figures." You yourself may have heard about that. The slanting mostly would be, they'd say, "Why did you open with employment instead of with unemployment? Why didn't you play up the significant thing instead of playing up a lot of other things first?" There is always a matter of judgment; in every instance the Bureau of Labor Statistics had at least consented to what was done, even though we might, on our own, have done it differently. But in the press conference there was a great opportunity to clear up any possible misunderstanding. However, this was now being done by Deputy Assistant Secretary for Manpower.

So I approached Under Secretary Wirtz and asked him about it and he said, "Well, Mr. Goldberg wants to make a number of changes eventually, but right now he'd just prefer to leave it the way it is." In the meantime, what obviously was happening was that, instead of playing down the unemployment which Republicans had been doing, the Labor Department was playing it up. And they expatiated on the serious unemployment of February and March, and April, as you know so well. Again, I got alarmed because I always had good contact with the outside world and I began hearing allusions among my newspaper friends about "the distortion of these figures." I'm not even sure there weren't editorials in the *Wall Street Journal* and some others. I even wrote letters to some of these to try and straighten them out and indicate that these figures were all right.

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But it was out of this situation that the *Reader's Digest* explosion came, because they sent a feature writer down to the Department. I had already approached Under Secretary Wirtz in about April or May and urged that he review with Goldberg to see if it wouldn't be wise to have the Bureau of Labor Statistics release these figures in the press conference and

in the text so that the Bureau, which was known to be non-partisan, would be the one that was taking responsibility. Well, Goldberg was very good in press conferences. He'd sometimes hold a press conference and release the figures himself, which I thought was a major disaster, because I didn't think he could prevent a charge of distortion then. But he'd have me sitting there, and Bob Goodwin [Robert Clifford Goodwin] of the Bureau of Employment Security. He'd always wanted everybody to come in and participate in the conference. But the emphasis on unemployment, tied in to the programs the Department was pushing germinated the outside political criticism, which was welling up; and then came the *Reader's Digest* debacle which, in itself, was partly the result of the new Administration's method of handling these statistics. This man [James Daniels], who came down to write an article for the *Reader's Digest*, came in to see the Secretary of Labor. He sat with the Secretary and with the press officer, the information officer of the Department. We were never notified that he was around at all. I never knew that an article was being written. He apparently led them to think that he was going to publicize the new, magnificent programs that Secretary Goldberg was putting in the Department. Eventually, he did make a phone call to the Bureau and collected some information from some members of my staff, but they didn't recognize what it was all about; they just sent him some pamphlets. Nobody got hold of him and talked with him. When the final text came in, mind you, even when the text was sent to the Department for comment, it went to the Information Office; it was never referred to me at all; I never saw it. So we in the Bureau never had a chance to work on this writer from the *Reader's Digest*. Whether we could have influenced him or not is another matter. In fact, he himself was a loser. There was one great good fortune for us. He made so many mistakes because he hadn't cleared with us, that when it came to the congressional review and hearings he was caught flat-footed with a lot of stupid mistakes, and that was our great defense. Incidentally, I learned then for the first time that

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the *Reader's Digest* never publishes a letter to the editor. They never acknowledge any criticism. As far as I know, they're the only major journal in our society which refuses to have a letter to the editor.

HACKMAN: Could you tie in this whole episode then to the appointment of that committee of experts in November of 1961?

CLAGUE: Yes, when this thing broke, of course... The text of the *Digest* article happened to come to the attention of the Bureau of Labor Statistics by pure chance. I wasn't here, but my deputy Myers [Robert J. Myers] was. A phone call came from the Information Office to Gertrude Bancroft, who was our statistician in charge of those figures, asking her to verify some statement. And so she went around and wanted to see the article. They showed it to her briefly. They said, "It must be delivered to the plane very shortly, but you can look at it." She was horrified when she saw it, and she immediately reported to Bob Myers. She wrote in several comments on the margin, such as, "This isn't so; this is wrong," et cetera. But they took it away from her and delivered it to the plane, and as far as I know it got reproduced about as it was in the first place. The writer didn't pay much

attention to her recommendations. I always thought the Department was very much to blame for not having alerted me much sooner, and for giving me more access to this. It was a typical illustration of people who didn't recognize the danger of what they were facing at all, who had no idea that this would have such repercussions.

Now, when it broke, of course, believe me, President Kennedy in the White House was upset and Goldberg was certainly upset. I don't know what conversations they had, they never brought me into it. Remember, we in the Bureau were still rather far down on the line. Wolfbein was still handling the press conferences, and I don't know to what extent—you'd better find out from him to what extent—he was in on the negotiations. But, at any rate, they soon began consulting with me about what we ought to do. Goldberg was the one who had the idea of a committee of experts. There was considerable discussion; I was in favor of a congressional investigation. I had come off well with a congressional investigation on several occasions, and I knew that

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the Joint Economic Committee was the natural one. They called me up; of course the Joint Economic Committee staff were already in touch with me and Senator Proxmire [William Proxmire], indirectly. They asked me about it, and I said, "Well, I welcome the chance." They said, "Congress ought to investigate this." I said, "Go to it." But Secretary Goldberg felt that wasn't enough. He said, "We ought to have something that makes more of a splash. We have to have somebody that gets going on this soon." He sold the President—maybe it didn't take any selling—on having this committee. They tried to get a committee of seven but finally had to settle for a committee of six. They couldn't get the seventh man they wanted, so they went ahead and set up a committee of six. We worked with them on it, selecting and suggesting names. They finally made up this committee—that was the so-called Gordon Committee [chaired by Robert Gordon]—which was then announced to the public. That procedure did have a very good effect in that then everybody said, "We'll wait and see what this committee says."

HACKMAN: What was your opinion of the way the committee worked? Was it effective, or did the report that came out in September of 1962 have any effect on the workings of the Bureau of Labor Statistics?

CLAGUE: Oh yes, it had a tremendous effect. It had a very good effect. In the first place, it had a good effect in that these were reputable scholars from the top universities. Most of them knew us pretty well anyway. They went to work by gathering testimony and by making studies intensively. They asked the Bureau of Labor Statistics for all kinds of reports. Naturally, we threw ourselves into it with gusto. We were able to tell them, as we were able to tell the Congress, that our data were sound and that as far as integrity was concerned there was no question, and you'll notice that's one of the first things.... They knew that there was absolutely no reason why the Bureau's integrity should be suspect. Proxmire's committee, fortunately, came out to that same conclusion; and the fact that the *Reader's Digest* writer didn't show up was, of course, in itself significant. That indicated that they were unwilling to meet us in an open debate

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so on that score we were soon settled. However, when it came to the question of what ought to be done, this was another matter. We have to admit there are some weaknesses in the figures that we have very small samples; and that to get an unemployment rate for Negro females, aged fourteen to nineteen, we just had too small a representation to be effective. So the Gordon Committee said, "You need to have a number of improvements," and they launched into a whole gamut of changes that ought to be made. One thing they did was most helpful to us, in addition to many, many things that were helpful, but the best thing they said was that we should run a test sample. They recommended that we get an appropriation right away to run a sample, not interfering with the regular figures, but testing out some of their conclusions. I don't need to go into all the detail of that, but it involved such questions as: Is there some concealed unemployment because people think no work is available? How long ago should a man have asked for work in order to be considered unemployed? If he just failed to look last week, is that fatal? Or suppose he asked two weeks ago, or three weeks ago—looking for work that far back, isn't that valid?—a number of things like that, which they recommended that we test. That test sample did get started off, smaller than we wanted and growing more slowly than we wanted, but it has been continued from that year right down to the present. And right now at this crucial period, January, 1967, they're in the process of making the decisions for amalgamating the results of this sample survey into the regular series. So it was a most effective committee.

HACKMAN: Any other results?

CLAGUE: Well, there were a number of other results which are more in the professional field: expansion of certain kinds of statistics of employment, a suggestion of job vacancies is one that they recommended, that there ought to be a series on job vacancies. They also recommended that we should gather from employers periodic, perhaps annual, statistics of occupations; because the occupation statistics now come from the 1960 decennial census and are frequently answered by the woman in the home who tells what her husband does. The occupation data could be much sharpened up if we gathered them from payrolls of employers who reported on how the job was actually classified at the place where the man works. So they recommended that, and some results have been obtained on that.

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HACKMAN: Did you agree at that time that there was a need to look at the other side of the unemployment picture and to see where these vacancies existed?

CLAGUE: Philosophically, we recognized the importance of that and agreed in logic that it ought to be there. Frankly, the B.L.S. was somewhat skeptical of getting it. We wondered whether we could devise a system by which it could be obtained. Some efforts had been made way back in 1955 to gather certain kinds of

information on this subject, and it had not worked out too well. We were aware—I myself was aware—of some of the activities in Great Britain and in Israel, where they had gathered this kind of information; but it was nearly always under compulsion, war-time compulsion, and I wasn't sure what we could do. It was perfectly evident that in the United States in the 1960s no one was going to force employers to report vacancies. It just wasn't practical. So we had some skepticism as to whether we could get it.

On the other hand, when the system was set up, it was an experimental system in which the Bureau of Employment Security played a certain part, and the Bureau of Labor Statistics a part. We, in B.L.S., checked on the results of their finding. They used the local employment offices to gather the information. And out of it we came to the conclusion that it could be done. As a matter of fact, our checks showed that the reports of employers were substantially and accurately what our own staff would have reported had we been in the plant collecting it. So we made the recommendation that it ought to be done. Then in my last year as Commissioner, I supported a budget down on the Hill to gather these statistics. On the other hand, the labor union people have always been opposed to them; they're afraid of that they'll be used to exaggerate the other side of the case. They always cite the case of the salesmen. In most firms, they will employ as many salesmen as want to work on commission, so long as the only pay they get is the commission. Therefore we might get a lot of phony jobs that were unreasonable. However, in our work so far, in all the experimental work that's been done by the B.E.S. [Bureau of Employment Security] and by the B.L.S., there's been none of that of any significance at all. I think the figures are very good, they're probably an understatement of job vacancies rather than an overstatement, those that we've obtained so far. So Arthur Ross [Arthur M. Ross], the new Commissioner, tried again last spring, but he didn't get

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the funds either. I think someday there will be a breakthrough. I don't believe we can go on this way, ignoring the demand side of the labor market and simply concentrating on the supply side. One ought to know what's the other side of the picture.

HACKMAN: We were talking before about your relationship with Secretary Goldberg. How did your relationship with Secretary Wirtz differ from that with Secretary Goldberg?

CLAGUE: Well, let me expand a little bit more on Secretary Goldberg. In the case of Secretary Goldberg, he was very much interested, of course, in the new legislation. That meant that the people that were closest to him were those who were helping get the legislation through. Now, in the early days of the Manpower Development Act, the Bureau of Labor Statistics thought that it would play an important part in some of those research funds that were coming in on manpower. I think they had three million dollars in the first year's budget for research, and it was our anticipation that the research aspect, particularly the statistical research, the gathering of data and all that, would come to us in B.L.S. In fact, I know Senator Clark [Joseph S. Clark], who was one of the authors of the legislation, talked to my staff once in the B.L.S. and he expounded on the fact

that the Bureau of Labor Statistics should soon be very busy on this Manpower Act when it was passed, because there was a good deal of statistical research there. Clark, of course, knew me very well personally, and he'd sponsored my last nomination by President Kennedy. However, instead of that, Secretary Goldberg decided to put that whole thing into his new Office of Manpower, Automation, and Training. So the three million dollars did not come to the Bureau of Labor Statistics. And then began the problem of overlapping and duplication. In fact, this was the great problem that arose in the Labor Department, since this office of Manpower, Automation, and Training was obviously cutting across the Employment Service, the Apprenticeship Bureau, the Women's Bureau, and practically every Bureau in the Department. There was a lot of ironing out to be done, and Mr. Goldberg was not a great administrator. He would turn this all over to somebody else. So Under Secretary Wirtz had the problem of trying to bring some law and order into this, and right in the middle of it, when the expansion was going fastest and the new budgets were coming

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in—this would be '62 you see, and '63—Well, it was '62, I guess, wasn't it? That's when...

HACKMAN: Goldberg left?

CLAGUE: Goldberg left, yes. Right in the middle of these most expansive and explosive interrelationships in the Department, Goldberg left, and Wirtz found himself with the problem on his hands. Then he was busy being Secretary of Labor, so he couldn't devote so much attention to it, and the problem got passed on down to his deputy, that is, the new Under Secretary, who turned out to be Henning [John F. Henning], who was not primarily interested in administration; so what happened is that it came on down to Millard Cass, the Deputy Under Secretary. All the Bureaus were meeting. Forty people would meet in a room to discuss: "What are you doing? What are you doing? What are you doing? How can we coordinate this better?" And of course, you must have a superior authority. We could all negotiate how we would handle this particular problem, or that, or some other, but we needed somebody to make final decisions and draw lines. This is what we weren't getting.

Well, it got very bad, as perhaps you know. It finally got so bad that Congress slashed the budget and then further cuts began under the Johnson Administration [Lyndon Baines Johnson]. So, there had to be a readjustment. In the meantime, however, the Bureau of Labor Statistics didn't play a very important part; we were always running into this duplication. But we always had our basic work which we could do, and we did it. We would bid on some of the contracts that were being put out by the Department, but most of them went to private universities and to outsiders. However, the buildup of a competing research staff in the Department was cut out, and finally some breakdowns were made as to what work belonged to the Bureau of Labor Statistics, such as the regular statistics of employment, hours and earnings, employment and unemployment, price statistics, productivity statistics, productivity indexes and so on.

HACKMAN: Who actually made these decisions at that point after all your trouble?

CLAGUE: I really couldn't tell you who made them; I never knew. I just know that gradually.... What happened is we in B.L.S. sat tight with our work and continued

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to do it, while these other people got into more harassments and more troubles. I would guess that on the administrative side, it was the relationships with the Employment Service which really got rough. In other words, in daily operations they were in lots more trouble than they were in research. In research they could pass out projects out to universities, and the universities would produce reports and turn them in. There was no danger of duplication there. Perhaps there was a project that might have been done better if we'd been in on it; but, nevertheless, this worked all right, I think, for the most part. We didn't suffer a great deal as a result of it.

But on the administrative side they were always having trouble. You see, a whole series of regional officers were set up by the Office of Manpower, Automation, and Training. way they were in the late 1930s, when the Employment Service was in the Department of Labor, and Employment Security was in the Social Security Board. Whenever field men went out to see the states in those days, around 1936, '7, and '8, the two went together, so they could watch each other. They always visited by twos, and now we were in that situation in 1963-4. I was in charge of research for the Social Security Board, and now again in Research and Statistics, I was a bystander in this administrative hasseling, and while we in B.L.S. were in a way affected, we were a mere satellite and not at the center of the problem. When the final resolutions began to be made with budget cuts and with shifting here and there—decisions made by Secretary Wirtz undoubtedly—the in that situation the B.L.S., the fact that it was somewhat remote from it, was perhaps advantageous. We weren't caught up in the administrative problem.

HACKMAN: Was this whole problem partially due to a lack of interest in administration on the part of Secretary Wirtz like it would have been, let's say, under Secretary Goldberg, or was it just a time problem, or can you pin-point the problem?

CLAGUE: Yes. Well, the Secretary really ought to answer this question because I have only a worm's eye view. But, number one, in which I think I could safely speak for

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him, a Secretary of Labor is going to have a tremendous amount of public relations activities. As Commissioner, I know that I had to be making speeches to the outside public; I had to be seeing labor crowds; I had to be seeing business people; I had to pay attention to the universities and the professionals, and be justifying our indexes in various ways. Meanwhile, the shop must run; and the only way you can do that is to have a superlatively competent administrative deputy, somebody who is not interested in going out and plowing the public

field, but who stays home and sees that things get done. In the Bureau of Labor Statistics, I had always had a superlative deputy. I had Mrs. Wickens first; she was an acid sort of a girl, but believe me, she followed up administratively. She was always the one that would say, "We haven't found out whether that study we're doing for one of these agencies is going to be out soon. I must call up that assistant commissioner and find out." You know it never occurred to me to bother him. He's in charge of it and I'm a great delegater, so in general, I would just delegate to him. Aryness was always the follower-upper; she would insist on getting things done. Well, when she went, I got Bob Myers back from the I.L.O. [International Labor Organization]; he'd been the assistant commissioner to me way back in the early part of my term, '46-'48. He came back; and while he was an entirely different type, he was again a good administrator.

Now, the Secretary of Labor didn't have that, you see. It's bad enough for him anyhow, because a department is never as well organized as a bureau. A bureau is an entity which has had a long career. It's got loyalties and established customs and practices, which give it continuity and strength, especially if you build that into it; and this Bureau of Labor Statistics had that built into it. In my day in the Bureau of Employment Security we had that built into it too; we had loyalty and friendliness and topside guidance, but not direction. That's the difference.

Well, in this situation the Secretary didn't have anybody who was a high-powered administrator; and as you may recall, Wirtz finally went to Johnson and tried to get Mr. Henning put somewhere else, so as to get a deputy in there that would do this sort of thing. But Henning resisted and the thing fell through, and so Wirtz, for the remaining part of his term here, has been without a major deputy. Now, in the Industrial Relations field, with Jim Reynolds [James J. Reynolds] at his door, he's worked out

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a very good relationship, including another agency, the Federal Mediation Conciliation Service; because there's been a single line of authority going down under a very good leader, Reynolds. But in this internal department operation, the Secretary has had to wrestle with this problem himself. Henning is a delightful person, but Henning was not administratively minded at all. He was really a researcher for the AFL-CIO of California, and he's much more of a public relations man. Consequently they haven't had anybody here to do this job. Now Millard Cass just received a Rockefeller [John Davison Rockefeller, III] Award; he was a deputy, and he got that award with strong support from Wirtz. Now Millard, I'm sure, has worked his head off trying to pull things together. But, you see, he has no top level status; he's only a civil servant, and while he may be a helpful individual he didn't have any authority to knock any heads together or to make any decisions. So, they've never had that decision-making down to this day. Now, they're getting a little bit of it, I guess, in the Manpower Administration; they got in Stan Ruttenburg [Stanley H. Ruttenburg]. In that sense now, they have a Manpower Administration which is beginning to pull together and that success somewhat corresponds to Jim Reynolds in industrial relations. I think Ruttenburg seems to be doing a very good job; I know the B.L.S. seems to get along very well with him, and that's a very good sign, since the Bureau is a colleague in so many of these things. But insofar as Wirtz had administrative problems, those were his problems.

Whether he had administrative ability or not, I don't know; it's very hard for a secretary of labor to exercise it, because he just can't pay so much attention internally. He's got to do so much externally.

HACKMAN: Well, we've talked a little bit about relationships within the Department. In regard to the White House, did you or members of your staff ever attend any conferences in the White House during this period?

CLAGUE: No, never did, no. That again, perhaps, reflects a difference. Back in the early days, when Steelman [John R. Steelman] was there in the Truman days, I was frequently called over to the White House to talk with them about problems particularly connected with the Council of Economic Advisers; because the B.L.S. material was very central to most of the policy decisions the Council was making. But when the Eisenhower Administration came in, it was more distant. The contact then

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was this way: Arthur Burns [Arthur F. Burns] in the Council knew me personally very well indeed, and I would have direct contact with the Council. But Burns changed the old arrangement with the White House. It used to be that the three of them would go over to see the President, and that's much more a sort of conferencing technique, whereas Arthur took over as the responsible reporter to Eisenhower. Eisenhower was a straight-line administrator, and that meant I had lots of contact with Arthur Burns on the phone and in personal talks and things of that sort, and we got along very well indeed. Our influence was quite high. The Department of Labor was not so directly involved; it was just B.L.S. and the Council of Economic Advisers. But I was never called to the White House, and I never got in on any of their policy meetings at all.

Then when the Kennedy Administration came in we had change over there. Of course, Saulnier [Raymond J. Saulnier] had succeeded Burns; and I think in the latter part of Eisenhower's term the B.L.S., on the economics of it, was rather frequently somewhat at odds with the Council. There was no fundamental disagreement, but we didn't interpret the economic situation the way they did, and so our comments on their annual reports were nearly always critical, with pressures to see that they didn't say certain things that we thought shouldn't be said, and vice versa. At any rate the relationship was rather remote.

Now then, when the new council came in we were no longer in the central position. The Department, that is to say, Secretary Goldberg, began exercising much more activity. He used Wolfbein more to go over to the Council of Economic Advisers, and he used the staff immediately around him. B.L.S. was remote, except that we still had the feeding of the data to the Council of Economic Advisers. After all, we were the source of much of the data. But I was never called in to any great extent.

HACKMAN: Did you differ greatly on economic matters with the Kennedy Council of Economic Advisers like the situation that existed with the Eisenhower Council of Economic Advisers? Was there a discrepancy in philosophy here at all?

CLAGUE: No, the Council had more trouble with the Department than with the Bureau. For some reason the Department of Labor—which, you see, as a result of these unemployment figures was pushing for its programs of Manpower Development and later for the youth programs, the poverty programs,

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and so on—apparently took exception to the Council of Economic Advisers' doctrine, which was that what was needed was an expansion of demand. On the Department of Labor here we were more structuralists. We in B.L.S. were whole-hearted supporters of the Department's position on this. But, on the other hand, we were never quarrelsome about it. Our general attitude was that there's a little element of both. We were quite willing to concede that expansion of demand would reduce unemployment to some extent. Our big test was, when does inflation begin? Until you get to that point you can expand demand; after that you're going to find out that unemployment is structural. I think it's structural now; I think the demand idea is over now, I mean as a cause, lack of demand.

But we in B.L.S. never quite understood why there was so much animus between the Department and the Council. I'm sure part of it was the question of who reported what, and this was one place where the B.L.S. did get into quite a, I mean we were aware of a struggle going on. You see, we used to send our material as soon as it was available over to Heller [Walter Wolfgang Heller]. He knew me very well also; he was a Wisconsin man originally, and he knew me both personally and professionally. So they would get the material from us as soon as it was available, and then Heller would write up something for the President. In the meantime, our data would also go up to Secretary Wirtz; we'd send him the same thing. We never sent it to Heller, we wouldn't even give Heller a phone call until we had made sure that it was on Wirtz' desk, because, after all, our own chief should hear it first. Heller would, however, work up his own report for the President. He could get in to see the President, you know; he'd just call him up and go in. So, I think part of this jealousy was the feeling of Secretary Wirtz that he should be reporting these figures and not Heller. We were caught in several brushes like that in a variety of ways—instructions not to send anything over to the Council, to use Wolfbein and the Department as an avenue of getting the material to the Council, etc. Heller didn't want to stand for that; he'd call me on the phone. He'd say, "I can't get anything. It's four o'clock. You delivered this to the Secretary at one o'clock. Where is it?" Well, they were holding it up here, I suppose, trying to write something to get to the White House before him. This kind of thing, which is bureaucratic squabbling of a kind, I wasn't in on it at all, except that I was aware that something like this was going on.

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I never could quite understand why there was so much professional jealousy about it. At any rate our relationships with Heller and the Council were exceedingly good; we got along very well with the Council under the Kennedy Administration.

HACKMAN: Were there any other changes that took place in the B.L.S. because of the Keynesianism or the concern with demand on the part of the Council?

CLAGUE: No, we were always writing articles demonstrating, as we believed fervently, the structural problems. We kept trying to tell them, "Don't go down this lack of demand road too far; there is an unemployment problem here that's structural." And we'd keep writing and speaking on that. I'd make talks to businessmen and so on. Actually, I think the Council was quite sensible about it. Some of their supporters wrote a lot of what I think were rather stupid memoranda indicating that there was no problem here, that unemployment would all be absorbed in time, if they pressed demand hard enough.

HACKMAN: Well I think we'll switch the tape here.

[BEGIN TAPE 1, SIDE 2]

CLAGUE: There is one more point about the Gordon Committee report that might be mentioned, since you asked me to summarize what appeared in it. When the Gordon Committee reviewed the whole situation in 1961-'62, including the public relations aspects of these employment and unemployment figures, they put their finger on this issue about who releases the figures, and so they made, as one of their recommendations, that the Secretary of Labor should not have the figures released in his name, and that the press conferences should be conducted by members of the staff of the Bureau of Labor Statistics. The reason they did so is that, having examined the whole intervening period, including 1960 and what happened then, they became convinced that you could never get a release by a Cabinet officer that didn't have political implications wider than he ever intended. No matter how honest his statements, it would be presumed to have a political slant. Secondly, nearly always the Secretary would

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tie up the figures—there was no point in him releasing the figures and being a mere technician in the field—he nearly always tied them up with the fact that he needed this or that program. He showed that the figures supported something he was planning to do. Therefore, in effect, those who didn't like his solution, of course then attacked the figures and attacked the interpretation of them. So the Gordon Committee made this proposal, and I will say that Secretary Wirtz, when he found that out restored this to B.L.S. immediately. He took away the press conference from Mr. Wolfbein and gave it to the Bureau of Labor Statistics, and I delegated it to my Assistant Commissioner in charge of employment statistics [Harold Goldstein], so that there wasn't any implication that the Commissioner was directly tied up with it. And the press releases were issued in the name of the Bureau of Labor Statistics. The Secretary would sometimes issue a companion release interpreting, which was perfectly all right. But in this way I think we've solved that problem, and there's never been any complaint about the figures since.

HACKMAN: We've been talking too about the Council of Economic Advisers. Did the Bureau of Labor Statistics play any role in setting up the Wage-Price

Guidelines, or what effect did these guidelines have on the functioning of the Bureau of Labor Statistics?

CLAGUE: First, we did not have anything to do with setting them up. Obviously they're connected with our productivity statistics, and those productivity statistics were, I suppose, my special concern because my first professional work in the Bureau of Labor Statistics forty years ago was in preparing the indexes of output per man hour of labor. That was my job here from 1926 to '28, and I'd always been concerned with these statistics, nationally and internationally as well. I knew their strength and their limitations, and we knew that the kind of data that we were putting out in this field were very useful, but unfortunately, subject to a great deal of misinterpretation and misunderstanding. The Price Indexes, after all, are reasonably well understood. People think they know and they do know in general, what a Consumer Price Index is, what a Cost of Living index is; but what productivity is, they don't know, and neither do the attempted users. Even the economists in the universities don't know too much about it.

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So I was always eager to issue these productivity figures and talk about technological developments, but I wanted to explain them ourselves and to give the proper interpretation.

Now, the first time that those figures came into industrial relations was in 1948, when General Motors and the United Automobile Workers signed that escalation contract, which escalated on the Consumer Price Index. But, in addition, they made what amounted to a guess at the general rise of productivity in the economy as a whole. They called it a rising standard of living, but since a rising standard of living is pretty much dependent upon the rate of productivity increase this was, by implication, an indirect use of the productivity figures. But they had a very modest estimate of long-range productivity for the United States; two and a quarter percent about, sometimes it got a little higher to two and a half. This was well within the real figure—that is, their annual increment was not quite up to that level. Secondly, they referred to the productivity for the economy as a whole, not to the automobile industry. They never argued that productivity in automobiles would fix the wages of automobile workers. The United Automobile Workers have always been clear on that.

So this development had not had any bad effect; in fact, it had some beneficial effect in a way, because then it pressed the Bureau of Labor Statistics to produce overall productivity figures. We devoted, beginning in the early fifties and from then on, a good deal of our energy to getting these overall figures for the private economy as a whole—we don't include government—and for agriculture, manufacturing, and non-manufacturing. We stayed out, as much as we could, of some of the difficult industries where we would have a political, I mean, a policy battle about what productivity really means, as far as wages are concerned. In that sense we ran along quite comfortably, and when the Council of Economic Advisers, even back in Chairman Nourse's [Edwin G. Nourse] day, back in '46, '7, and '8, when he announced the general principle that wage increases, if possible, ought to be held within the limits of productivity increases, it didn't do us any harm. We were producing some overall figures, but the fact that they varied from time to time didn't matter much because they never

got down to actual precise use. It was the same way in the Eisenhower Administration; there were several announcements by the Council that this restraint would be a good

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idea. It was in the Kennedy Administration and with Heller—well it really didn't happen, yes, I guess it did—it really was set forth in '62 I think, wasn't it, for the first time?

HACKMAN: Spring of '62.

CLAGUE: Spring of '62. Well, that was Heller and his group. You see, they were getting business recovery by that time; and of course we were getting some wage increases that were ranking up rather high, and they were a little afraid. They knew how fast the economy was recovering. However, while they announced the guideposts, they didn't do anything about them; they announced them as guides, and they worked out all right. That was what fooled them and everybody; the wage increase actually came out about right. It wasn't that some unions didn't break over the traces; they did. Some workers were getting seven and eight percent wage increases, but in some industries, here conditions were poor, the workers went without any wage increases—miners and textiles being a couple of illustrations. So the B.L.S. averages of wage increases were coming out about 3.2, 3.1, 3.3, and that just about what the productivity was yielding. So in '62 and in '63 and in '64 this ,all worked out very well. It wasn't until '65 that it got into trouble.

Now the B.L.S. had no direct connection with this policy, and, as a matter of fact, as long as it was announced as a mere truism, I even made speeches emphasizing that this was an economic truism. There's no question about the fact that you can't consume goods that you haven't produced, and so productivity measures the extent to which you can increase consumption in the economy. This is very solid economics; the question is how it works out.

Well, the problem arose, you see, when they decided they would try and hold individual firms and bargains to a specific average, because that meant taking what had been a spread of increases from eight percent to zero, and making them all 3.2; and that meant they had to bring down all those that were above the average down to 3.2. Of course, by this time, in the tight labor market of '65, all the zeros wanted to come up to 3.2, and so they were forced—they were caught both ways. They couldn't hold the workers back that were now wanting more. By the way, the "catch-upper" crowd wanted a three-year increase to catch up, a good many of them. They asked for ten and twelve percent.

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"We're going to make up now for the time we had no increases." So inevitably there was a pressure upward that was too strong.

Now, in the meantime, one of the members of our staff, my Associate Commissioner Douty [Harry M. Douty], wrote an article for the *Monthly Labor Review*, in which he criticized the guideposts pretty much from this point of view, namely, that it's all very well to issue a general pronouncement, but you must leave wide range for variability, because there will be variability, and further, you really can't control what happens in the bargains without

getting the government squarely into the picture. In other words, if you don't accept what they map out in the bargaining, then you've got to make a decision yourself and then you're stuck with enforcing it. So he wrote an article; the Council didn't like it at all. I forget when he wrote that, '64 or early '65 I guess. The Council didn't like it at all and were very critical. He explained that he wasn't trying to defeat their program, but just discussing the weaknesses of it. At any rate, that was our only B.L.S. reaction.

The Productivity Division, Leon Greenberg and his staff, who produced the Productivity Indexes, weren't keen about the policy either, because they knew that the heat would be on their figures. And sure enough, the heat then came on the productivity figures. There were big arguments: Is the average 3.2, 3.4, 3.6? The way you calculate the figures on national production can have some bearing, and the thing that was most devastating to the Council was that the Office of Business Economics readjusted the production figures for the economy. And when they readjusted the production figures they forged a higher rate of productivity. Instead of being 3.2, it turned out to be 3.6, I believe, if you take the revised figures. So, instead of bowing to that opening, and using that easing, the Council was by this time, in 1966, in such a hot spot that they decided to cling to the 3.2. Then, of course, they were ignored, nearly every time this issue came up in a crucial bargain; and so we got increases of five percent, six percent, seven percent, nine percent. And it just won't work; you should not issue pronouncements like this, unless you just leave them as well-meaning statements, or unless you have authority to administer and that would have meant controls, which is what they didn't want.

HACKMAN: Did wage guidelines mean that the Bureau of Labor Statistics was more frequently called upon for information by the parties in a labor dispute? This would be what, Mr. Douty's office?

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CLAGUE: No, it wasn't Douty; Greenberg's office. Douty was in wages. He was my Associate Commissioner for program, but he had formerly been in charge of the wage division. He's a leading expert in the B.L.S., and perhaps one of the leading experts in the country, on wage theory and wages and salaries and so on. No, Leon Greenberg was the one. We got a lot of pressure for individual industries. Now that this Council doctrine was really set up as a guideline. The first thing that occurred was that any union, that wanted more than the 3.2 or 3.6—if they—wanted five and six percent—they had only one good argument. They could say, "Well, productivity in our industry is higher, and so there doesn't need to be a price increase." The machinists made a vigorous argument of that in the airlines case. They were saying: "Well, they're making big profits; the productivity's very high; our output per man hour is good; you don't have to raise airplane fares to pay us five percent or six, so we're not causing the price level to go up." That's a wrong argument, because by that argument some industry in which the productivity is less than three percent should stay below that rate of wage increase; but they don't. If it's a tight market so that the workers have bargaining power, they want at least 3.2. So we're not getting any wage increases below the average to balance the wage increases at the average for workers in industries with low productivity.

But the machinists' argument resulted in new demands for individual industry productivity indexes. For individual industries there can always be some question raised about the figures. The way to calculate these indexes is to make an index of production, which means putting together a wide variety of products of one kind or another, and adding them together by statistical techniques. Another statistician could think up another way of doing it: Couldn't you use different weights, didn't you over-weight this product and underweight that, and so on. So there are a lot of technical arguments that could be made, and particularly in individual industries, where the workers themselves had ideas as to what these figures should be.

We didn't produce indexes for most industries anyway. We had indexes for only about thirty industries out of several hundred, and some of them were not very important at this strategic time. We didn't have an index for automobiles, for example. I mean, we used one internally, but we hadn't published any. So it made it very rough for the productivity staff.

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Then the Council began calling for quarterly figures. The timing was such that the parties had to wait until September, 1966 to find out what the figures were for 1965. They want to know how it's going this year, what's happening right now, and that forced our staff to supply privately to the Council the quarterly figures. We just don't have much confidence in the quarterly figures for the statistics of production. Where do you pick them up? Sometimes they're shipments; but sometimes they're going into inventory. The exact deadline for each kind of report doesn't provide smoothness from quarter to quarter. So you can get rather bizarre figures from quarter to quarter, and one should recognize this. Besides, people familiar with the figure annually will take the quarterly figure—my goodness, they'll try to get a monthly figure even—and they are dealing with statistics that are just not that accurate. So our productivity division has had a tough time wrestling with this. The trouble is in trying to explain what they have got.

HACKMAN: What do you recall about the role of the Bureau of Labor Statistics in the Steel Price Dispute of 1962?

CLAGUE: I don't remember very much about that. We were heavily drawn in 1959; you know that was the big dispute where we had hearings down here in the departmental auditorium for several days. They had this special committee appointed; George Taylor [George William Taylor] was chairman. Secretary Mitchell gathered some people together, I remember, and published a special report, which was under the editorship and the leadership of Professor Livernash [E. Robert Livernash] of Harvard, on collective bargaining in the steel industry over the years. We in B.L.S. produced a steel fact book, which was a B.L.S. product, but issued by the Department. That was a case in which the Department took responsibility for having ordered us to get the materials out. We, in B.L.S., would not have initiated that book in the middle of a bitter dispute. Our data was used, and, I guess, to some extent misused in that 1959 settlement. However, we had come out of that all right, I think, because although there was a great deal of dispute about the

statistics, there wasn't any great deal of animus left after it was over, and things seemed to settle down pretty well.

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In '62, Secretary Goldberg played an active part, didn't he? It seems to me that he was constantly in the center of the thing. I think all that happened was.... We just brought our figures up to date this time, we'd been publishing steel statistics every year, and we just issued our data which, I guess, must have been carried through '61. We had nothing to do with the big debate; our wages data related to productivity in steel or to productivity in the economy as a whole, and we had nothing to do with that decision.

There was a great deal of pressure on us for another reason, pressure on the staff. In so many of these industry indexes there is a question as to what to include. The particular problem in steel was that in the olden days in the fifties, and up to about 1957-9, the industry classification of the coke industry was independent of steel, and so we had a separate productivity index for each. Then, in the 1957 Census, by the decision of the Bureau of the Budget, the two industries were combined. So then we had a combined productivity figure for the two together. We started a new index then, and ran the combined figure all the way through up to '61, '62, '63, '64, right down to date.

The problem was that—coke, not having as good a productivity gain as steel, damaged the steel index generally; it had the effect of dampening it. Although coke was rather small in comparison with the giant steel, nevertheless it had damaging effects, such as it was. But now the question was raised, could we link the combined index into the two indexes prior to that? In the first place, Greenberg and his staff didn't have time, so they didn't do it. We said, "We'll give you an index for steel up to '57, and then we'll have a break; then we'll give you another one since." Well, there was pressure from the union to say, "Why don't you link it with the old steel index?" Then we had to say, "I'm sorry, if we link it with the old one we've got to combine steel and coke going clear back, which we will do eventually." But that wouldn't help them any from the productivity point of view. In fact, it made the trend worse yet, so they didn't want that. Here's a very good illustration of a half-technical and a half-policy decision. Here is somebody who wants a long range figure on productivity in steel. What do you use? Technically, I suppose they could say, "Why don't you take the steel index the way it was and give us a steel index now?" Well, that meant trying to separate the coke out, which we couldn't do without a major job

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of calculation. So the technicians were caught in this dilemma. We issued both sets of indexes, but we wouldn't link them.

HACKMAN: How would a representative in the union go about making a point like that? Would they just call you up and discuss this?

CLAGUE: Oh no, we had meetings you see. They would have a committee. They had committees on employment statistics, price, statistics, wage statistics, etc.

Occasionally, we would have council meetings of the whole group. But they had special committees, and most of this issue was fought out in committees. They had a productivity committee, which would hold meetings. They would say, "Look, here's the situation. Now what are you going to do about it? Here's this, and this and this." They brought pressure on us to run a productivity index for non-production workers. You see, we originally made an index of output per man hour using the total output related to the hours of the factory workers only. For a long time, we didn't have data for the rest of the employees, but finally we had begun gathering such data and we had assembled adequate data on the total employment in steel. Then we issued productivity indexes for total employees, and for total employee man hours. We had to guess at some of the man hours of the white-collar workers, we had to make estimates, and that figure wasn't as accurate as the other.

Well, there was a big argument about that. "Should you make that estimate at all? Why don't you just use production workers?" We knew, in view of the great saving that was occurring in production workers and the expansion occurring in white-collar workers, that, if we were going to show productivity for steel as a whole, we had to allow for the fact that some of this shift was a replacement of one worker for another. Therefore, we had to have the overall total figures. We had to make a decision. There was an argument, and a knock-down debate, and a wrestle over and over again; but finally I had to say, "Well, the Commissioner's going to make a decision; the decision is we're going to run it on all employees," which we did.

Then there came a further debate: Now that you run an index of output per man hour for production workers, you should also run an index of output per man for the others, for the white-collar workers. That productivity index fluctuated all over,

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as you might imagine, because white-collar employment is not responsive to shifts in production. In the case of the productivity of factory workers, when steel production is up you've got more and more man hours, and when steel production's down you get fewer workers and lower man hours. Generally, productivity is somewhat poorer at the bottom of a recession. There is some overhead the employer has to keep, even in the factory. But, in general, factory workers' productivity makes a fairly smooth trend; in good times and in bad times the output and the factory employees go up and down together. But with the white-collar workers that is not the case. The employer doesn't drop out all the stenographers when they have a cutback. So this index was dominated by the fact that employment was pretty stable, pretty solidly stable. On the other hand, this would make the output per man hour go up and down, quite bizarre. I never liked it; I didn't think this figure was worth anything, but we finally conceded on that issue. So now if you take the latest release on the steel industry, you'll see that they've got all three plotted on the chart: output per man-hour for the total employment, for the non-production workers, and for the production workers. Well, these are some of the problems that our productivity staff has to wrestle with.

HACKMAN: Well, let's move on to something else. Do you recall how the Bureau of Labor Statistics became involved in the study of manpower conditions in the Longshoreman Industry? There was a year and a half study made.

CLAGUE: Yes.

HACKMAN: Could you comment on that? Whose decision it was to get involved, and what the results were; what your feelings about it were?

CLAGUE: Yes. Well, first of all, the Congress instructed the Secretary to make this decision, to make this study. The first thing we knew the law was already passed and the Secretary was telling us that they would need some help from B.L.S. In the meantime, however, he set up a special Departmental Committee to conduct the study. That was Dave Stowe [David H. Stowe] and some other people assigned to him;

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and there was a team made up also of the—let's see, who did make up—I think somebody from the Labor-Management Administration was on it. Anyhow, we had a special task force operational in the Department. Then, that task force asked the B.L.S. to make studies. At that point, we raised the question, which we have to raise in matters of this sort: Where do we get the money and what do we do? "Well, partly," they said, "you should divert some of your present staff. If you're now making some studies somewhere, you divert part of them." And, under a certain amount of compulsion, we did that. We said, "All right, we do have some productivity studies, manpower studies, which we are making; we will, to some extent—or, in other words, to put it the other way around—we won't charge you for certain services." On the other hand, I insisted that all tabulation would have to be paid for, because I had no loose money for tabulation, and I could just see tabulations coming in from the Department which would make our employment statistics late, would make our price index late. We were always at this issue with the Department, always, because everybody who conducted a study here in the Department would usually plan to get the B.L.S. to tabulate it. When they'd come over, our tabulations were sometimes so tight that we were running two and a half shifts; we had a half of a third shift running in order to handle our own stuff. My answer was, "I'm sorry, we can't do it." And there would be a lot of hasseling about this. Some of our poor reputation in the Department was due to this business of the overloading of our tabulations. You see, to non-statistical people.... They couldn't understand, "Why can't you find some machine out there and run this? What's the matter?"

BACKMAN: Was this true to a great degree during the Kennedy Administration?

CLAGUE: No, no, that was more recently, since, no.... At that time we weren't too badly off on this. Let's see, when was this Longshore Study made?

HACKMAN: Let's see, it began in '61 and then ran through....

CLAGUE: Well, yes, we were getting some of it in the Kennedy Administration, although in this particular study we solved it. We solved this, because I was

stubborn. I laid down the point, "You're going to have to pay for your tabulations." So they did; you see, they had some money. I don't know where they got it, but they had some money. So it was agreed that our tabulation unit would have the money for tabulations. Then it was also agreed that they would pay for our field staff that was set to work to do the studies. Then there was a discussion as to who should make some of these studies.

They had three different studies. One was the study of the manpower on the waterfront, and that meant such things as labor turnover, how often did the men work and what hours did they work? And that would fall in our employment statistics. That's where the biggest tabulations were. Then there was one which was a study of the contracts and of the fringe benefits in related industries; the amount and character of the fringe benefits belonged in the wage division. Then there was the study of efficiency on the waterfront, and that fell into the productivity division. So I had all three of those divisions represented in there.

The big tabulations came in the employment statistics and on that one they arranged that they would pay us for them, and so that problem then disappeared. They paid whenever they used us; if we asked for more money, we got it. Then they agreed that they would pay for our field agents who worked in the productivity study. Agents were sent out to the waterfront to stand on the decks of the vessels to look the operations over and make tabulations of various kinds, make judgments at least, and notes. We didn't have enough staff of our own to do this, so they loaned a Wage and Hour staff to us, Wage and Hour agents. There was some discussion as to whether they would assign the Wage and Hour staff, to do the study, but they decided they'd rather not. I imagine that, when they thought it all over, they decided they'd better have a reputable research agency do it, because they would have to use these studies in the eventual bargaining. So, the result was that staffs were loaned to us from the Wage and Hour Administration and worked under our supervision in the surveys. One of Greenberg's deputies in the field of productivity was put in charge of one study. Jerry Mark [Jerome A. Mark] did a magnificent job. The agents went and stood on the decks of the vessels and watched the loading and the unloading, made their notes and gathered their productivity figures.

Then a tremendous amount of work was done by Howard Stambler [Howard A. Stambler], who worked for Goldstein, who was the head of

our Employment Statistics Office. These employers on the waterfront never had the remotest idea how many hours different workers worked during the year, what their attachment to the labor force was. We tabulated thousands, thirty thousand cards. Sometimes bitter arguments arose over the fact that the employers turned in the wrong reports on some occasions, and suddenly, we had thirty thousand other cards that had to be collected and run on the machines. Meantime, we were doing our regular Bureau work. So I wouldn't say it was always sweetness and light in that relationship, but we did the work that we were called upon to do and they got the reports they needed.

Then on the wage study, it was a little easier from our point of view, because our people were used to doing that kind of work. They worked up an analytical study of fringe benefits which was very useful.

There was another problem on publication. We had an understanding that, when these data came in and were all used and were available, we in B.L.S., might later on publish something on them. But they got into.... The figures were used in the negotiations; and, I guess, as you remember, the negotiations were only partially successful, so the issue was postponed for another year. They established a *modus vivendi*, and then went another year to work out some more details concerning it. As a result, the data got older and older, and I think they're still impounded. I don't know whether Commissioner Ross [Arthur M. Ross] is making any effort to get hold of them to publish them, but perhaps he thinks it's not worth while doing much with the now. But at any rate, I had thought there might be a very fascinating study on the differential productivity on the Eastern and Gulf ports—because what we found was a tremendous range of variation between the relative efficiency, the techniques, the type of gang loading they were using and so on, between New Orleans and Charleston and Baltimore and New York and Boston. The methods were all different. There's a wealth of material collected, but it's all tied up. I suppose they think that it would cause industrial relations problems if we published it. I would hope that it wouldn't cause a strike.

By the way, I must watch on the Five Year Rule, I'd better check, because when I was here in 1926-28, we did some very fine studies on the productivity of the steel industry—on blast furnance, open hearth and Bessemer operations, just those three.

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The only thing we ever published was the Merchant Blast Furnaces, because the Commissioner of that day promised the steel industry that, unless he got U.S. Steel, he wouldn't publish the other figures. U.S. Steel had agreed to cooperate, but by the time, a year later, we were ready to get the figures from them, they wouldn't cooperate. I believe there had been a change in leadership or something like that. In any case, we didn't get their data. As a result, what we had was all lost. When I got back here in 1933—'34, the first thing I did was to check to see if those figures that we had collected were available. They had been burned under the Five Year Rule, so everything was lost. It would be invaluable for historical purposes if we had them now. The longshore figures ought to be preserved, because when these present issues are out of the way, it might be possible to make some analysis of the status of the longshoreing on the east coast, because a splendid job was done by the staff.

HACKMAN: Do you recall any other incidents when this executive intervention or interference in labor-management disputes led to the use of the Bureau of Labor Statistics for any major studies?

CLAGUE: Oh yes, well, not to that extent, but a lot of smaller ones. For instance, in the big dispute in the airlines back a number of years ago, when the committee was at work on that, we got a request for a great deal of information on fringe benefits.

HACKMAN: This in '61?

CLAGUE: Yes, it must have been about '61. I remember, because I was in on that one personally—I mean that they negotiated with me personally—yes, a great deal of information was obtained on comparable fringe benefits in other industries, and something about the history or record of changes in the past, things like that. We were always getting—the wage division was always getting—requests for assemblage of all kinds of material like that.

HACKMAN: Could you comment, in a general way, on the relationship of the Bureau and the Federal Reserve Board during the Kennedy Administration? Any difference from earlier relationships or any special problems?

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CLAGUE: Well, our relationships with the Federal Reserve Board were always good. One of the functions of the Bureau of Labor Statistics is to write a little weekly report on the economic situation. We started this in 1951 and it's been continued ever since. It goes to the Secretary of Labor, and it goes to the Council, and sometimes reaches the White House, I understand. We called it "Labor Conditions" or something like that; "Labor and the Economy," we called it, a little mimeographed green book. It would sometimes be supplemented with economic analysis. It was done by the economists of the B.L.S. It contained up-to-date information, some of it not yet published; it was mostly for interpreting to the Secretary—that was its idea—of the crucial events currently happening.

Well, for this purpose we usually retained a very careful close relationship with the Federal Reserve Board; we wanted to know what they thought about conditions. The economists over there were very much interested in the employment-unemployment situation. In fact, for a long time the seasonality adjustments of the employment figures and the unemployment figures were done by the Federal Reserve. This was not shifted to the Bureau of Labor Statistics until sometime in the 1960's; I think it was during the Kennedy Administration that the Federal Reserve gave up running the seasonality estimates and it became a function—this was about the time of the Gordon Committee, I think—it became a function of the B.L.S.; perhaps a short time before the Gordon Committee began working. So we were.... And this meant that in this whole field of employment and unemployment the Federal Reserve officials were taking a great interest; because after all, these employment figures, or rather unemployment figures, were governing their policies. They took an interest and so did we.

Now the only thing I recall that represented anything, but a very close and effective cooperative relationship was when one of their fellows got up this statistical report, this analytical report, in which he demonstrated that lack of demand was the only factor in the economy making for unemployment. I forget his name now, but I know we disagreed with that. But he actually wrote while on leave from the Federal Reserve Board, I think. He wrote

it for a congressional committee, as I recall it. Maybe it was the Joint Economic Committee; I think it was. At any rate, his demonstration was that what we needed

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specifically was to expand demand in order to take care of this situation, that unemployment would disappear when that was taken care of; perhaps it wouldn't disappear, but it would get down to prosperity levels. We disagreed with that, but I think a lot of the Federal Reserve Board people disagreed with him too; they didn't entirely agree with their own man.

On the whole, they have rather strongly supported the Department of Labor consensus that the core of unemployment is an institutional and a structural problem and not wholly due to a lack of demand. On the whole, as you know, the Federal Reserve Board's got to worry about making money too easy and having inflation result from their policy. So they and we were never at swords points on any kind of philosophic argument.

HACKMAN: We talked for a minute... You had mentioned earlier about giving speeches on a number of subjects. Was there any coordination within the Labor Department on speech-giving, let's say by Bureau chiefs or other people in the Department?

CLAGUE: No, there wasn't, as far as B.L.S. was concerned. There was supposed to be a kind of coordination, but you see, each Bureau chief would be following his own line: the unemployment insurance people would have a program for unemployment insurance; the employment service would be talking about its functions in the manpower field; apprenticeship chiefs would be making speeches on that. Written speeches by chiefs of bureaus were supposed to be cleared by the Secretary. Now actually, what this meant was sending a copy into John Leslie [John W. Leslie] at the Information Office, where Leslie would look it over and sometimes make a few changes; but he was a kind of a one-man show. His subordinates couldn't check it, and as a matter of fact, he himself, even with his long experience in the Department, who was he to say that if I said something about the price index, that this didn't make sense? He'd check it over to see if he thought there was any danger in it here or there, and once in a while he'd make a suggestion. He'd say, "It's a little awkward for the Department to make that particular point." But I didn't write my speeches anyhow; I talked extemporaneously for the most part. I usually would have about a couple of pages for the press. They would

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be innocuous, and I'd send that around to the Information Office, in case they wanted to look at it. But I would deliver a speech in which I said what I thought in my own way. Then, if I needed to, I would write it up afterward. Usually, the conference people would say, "That was a fine speech, won't you write it up?" And then I'd get back here and have to dictate for a couple of days, dictate the speech and send it out; they'd usually put it in their proceedings, so it would become a retroactive speech. Most all my talks were of that kind. Very seldom did I have a speech in advance in full, simply a little press release, which didn't do any harm.

But there was one time when I really got into trouble over a speech. That was in 1962, when I made my speech at Atlantic City to the Interstate Conference on Labor Statistics. I was making a talk before the whole group of about two hundred and fifty people—these were the labor commissioners, the labor statisticians of the states, the professors, the federals, and so on—a conference sponsored jointly by the New Jersey Department of Labor and the B.L.S. in the U.S. Department of Labor. I was making a speech there; it was one of those speeches in which I had my charts and was showing them to the audience, and one of the young fellows, the young reporters, asked a question—and from the figures it looked as if the third year after the 1960-61 recession would be up in 1963. So he raised the question “Would we be likely to have a recession in ‘63?” And I said, “Well yes, you could have; that might be a time when you might have it.” And that was all. After the speech was over, people came up and crowded ‘round and this fellow again pointed at that chart and said, “Couldn’t you have a recession in ‘63?” And I said, “Yes, you might have. We have these ups and downs. We’re not through with the present trend, but you can’t tell for sure when the next one will develop.” Well, this had such good news value that he went off and used it, and that’s when I got into trouble with Secretary Goldberg. That headline reached the White House all right, because I know they said that President Kennedy blew his top over it. Of course, to make it worse, the stock market fell the next day. But I explained to Goldberg that I’d done this in answer to a question, and Goldberg, when I talked with him on the phone, said, “Why don’t you get hold of them and tell them that you should have a chance to explain that this was not part of your

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regular speech.” Because from his point of view, you see, he had seemingly allowed this speech to be made with this statement in it; and the answer to that implication was this explanation. And so it relieved his mind, apparently a good deal, when he found out that this was simply in answer to a question. As a matter of fact, the young fellow completely misunderstood my remark, because I didn’t predict a recession. I thought one might occur, but it was mostly a matter of his making it into a headline that “Clague Says Recession Could Occur in ‘63”; and of course that headline made news.

Well, that was the one time I got into any trouble on speeches. Mostly, I never did, because I handled the press better than that. I should have know how to handle that reporter a little better, but in the confusion of questions and standing around and talking I just didn’t. It didn’t occur to me that I should be careful about what this guy would go out and write. When a reporter comes around like that and wants to talk at some length after a speech I’ve made, I usually insist that he sit down and talk with me and we have a clearance session. And then I say, “I want to see what you’re going to write now.” That’s the safest way. I’ll say, “I’ll help you write. You write it down; tell me now what you’re going to say;” and then I would be sure they have it the way I wanted it.

HACKMAN: I know frequently you spoke on the need for retraining programs, for instance. Was this ever done in conjunction with the legislative effort on the part of the Department of Labor?

CLAGUE: No, no, no, no, no. On legislation, I never went down on the Hill. They always took their own people; they didn't ask me, as a matter of fact. But in my reactions to the Congress I had established that rule for a long while, that even though I might be testifying before a congressional committee and the chairman would sometimes say, "Well now, Mr. Clague, you see the problem here. What do you suggest?" And I would always say, "Well, Senator, my job is to present you with the figures, but not to work out proposals. I'd be glad to talk with you sometime about it, but it's not my job and function to do that." This was well established in the Department, too. I never took responsibility for policy decisions; and as a matter of fact, it's a great strength of

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the Bureau of Labor Statistics that they never got caught up in any of these things. We never backed the youth program legislation, or the Manpower Development Training Act. I'd make speeches indicating this was a good idea and so on, but the Bureau never officially went behind any of these programs at all. And it's the great protection it has against being caught up in politics.

HACKMAN: How was the Bureau involved in the formulation each year of the Department's legislative program, or was it at all?

CLAGUE: It wasn't. We didn't.... Oh, I'll tell you at one point, there is one point. Always the legislative proposals were cleared with every Bureau of the Department. These would come out of the Solicitor's office, which took responsibility for that, and they were very jealous of their responsibility. Their job was legislation; they would send out to us all kinds of legislative proposals that they received or that they initiated. They'd send round to every bureau chief and say, "We want your comments on this." Now I had a staff—Pete Henle [Peter Henle] handled most of that for me in recent years—but I had an associate commissioner who would watch for that, and we'd clear the proposal around among the different divisions to see if anybody had an interest in it. Then we would write our official statement. We would write and say, "Here's the pro's and the con's of this," or we would say, "We would certainly not recommend this; this has so many defects that I don't think the Department should support it." There were literally scores. There must have been a hundred of those letters every year on which we were expected.... Now ours were just bundled together with all the other bureau comments, you see; but that was an internal document in which we gave our advice. I want to make clear that point, by the way. No secretary ever asked us for advice that we didn't give to him. If Goldberg came in, as he did once, and said, "What kind of a settlement would you fellows think might resolve this thing, that would be reasonable?" And as we gave him the figure we said, "We think this would work all right; that's our judgment. But you've got to take responsibility for it." He couldn't say, "B.L.S. told me that this is a good idea." He had private advice, but he's the one that takes responsibility.

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HACKMAN: Was there any basic reorganization of the Bureau of Labor Statistics in this period, in the Kennedy period?

CLAGUE: No, no, we had a review since, which was brought in by Wirtz, a review of our organization and our economy, our efficiency of operation, et cetera, et cetera. And that was all part of that 1964 debacle in the Department. They brought in Booz, Allen and Hamilton [Booz, Allen, Hamilton, Inc.] the management concern, to review us to see if economies couldn't be made in our operations. But that was not a reorganization so much as it was a review of our efficiency, so-called. And that was occurring just as I was leaving, so the bulk of it fell in Ross' administration. But I don't think they made any significant changes; Ross has made some readjustments here and there, but this bureau is a well-run organization.

HACKMAN: Do you recall any changes in the relationships of the Bureau to other departments or agencies? For instance, you talked before about duplications in some cases. Was there any change, for instance, in your relationship with the Census Bureau or to other statistic collecting departments?

CLAGUE: No, no. In the Census Bureau this last arrangement has worked very well indeed from our point of view, and I think the Census Bureau likes it too. We have a teamwork relationship, in which they do what they like to do, the collection, the tabulation, and the field work, so that there's no competition in the field. We haven't got agents out in the field....

HACKMAN: When does this arrangement date from?

CLAGUE: 1959.

HACKMAN: I see.

CLAGUE: Yes, 1959, and that one has worked very well. Let's see, any other statistics? There's another one that occurred to me that.... Oh, yes, in the field of job vacancy analysis there was a cooperative relationship with the Bureau of Employment Security within the Department.

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HACKMAN: Right.

CLAGUE: But again, with them operating through the employment offices, and with us operating on a national basis; and that was a cooperative relationship in which the project worked out very well. They did their kind of work, which was one thing, and we did another. We did the analytical work; we reviewed and really ran an evaluation of their results in terms of statistical error, et cetera, et cetera, and that division of responsibility seemed to work out very well indeed.

Now there was some rivalry, obviously because they hoped in the long run to be the collecting agency and to handle the job vacancy statistics in their local offices. What they ran into was employer antagonism to the U.S. Employment Service. They have a difficult public relations problem, as you know, and my Business Research Advisory Council in the B.L.S., you see, were passing resolutions: "We won't favor the gathering of these data unless it's done by the Bureau of Labor Statistics." Employers throughout the country were saying, "We trust the Bureau of Labor Statistics. We don't trust this operating agency. They're going to try and make us report vacancies compulsorily." The Employment Service has a bad image with the employers generally, and they thought it would fail. Actually, the curious thing is that that image had less effect than was thought. Even in New York, where the New York Chamber of Commerce and Industry recommended that employers not answer the questionnaire, the Employment Service got some very good results just the same. So the public image was not preventing the average employer from cooperating.

There was one phase of B.L.S. work which is worth mentioning here, since it does relate to one function of the Bureau of Labor Statistics. There was a plan at one time—and this arose on several occasions, it arose back in Mitchell's day—to take the *Monthly Labor Review* away from the Bureau of Labor Statistics and make it into a Department publication. The Department, you see, has no overall publication; and they were interested in developing one when George Lodge [George Cabot Lodge] was here as the head of the Information Office. He had a plan. They gathered a committee together and got the committee to make a report which recommended that the *Monthly Labor Review* be moved under the jurisdiction of the Information Office. I fought that vigorously, because

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I don't think a research journal belongs under an Information Office, and I was positive that it would utterly change the whole character of the publication. So we fought that strenuously, and Under Secretary O'Connell saved us on that because O'Connell agreed with me, and he apparently talked Mitchell out of it, because they finally dropped it. Lodge went on to greater things; he became International Affairs [Assistant Secretary of International Affairs]; and once he was gone, that pressure was over.

Then it arose again recently when Moynihan [Daniel Patrick Moynihan] was here as Assistant Secretary for Research [Assistant Secretary for Policy Planning and Research]. The proposal was made that the *Review* be moved over to his office. What defeated it previously, in Lodge's case, was lack of funds. Perhaps it wouldn't have been defeated had it not been for the fact that in the tightness of budgets in the Eisenhower Administration the Information Office didn't have the money, while the B.L.S. had the necessary publication funds. But the Department couldn't transfer this money. The Secretary then had no authority to transfer a function out of the Bureau of Labor Statistics and put it in another office. Their plan was that the Director of Information would direct the editor of the *Monthly Labor Review*, while I would have the budget and the responsibility for supervising him; but he would be directed by the Information Director. I refused to do that. I said, "That's an administrative monstrosity." So that plan fell through; there was no way of setting up the arrangement.

Then in this newer plan, there was some authority for the Secretary to transfer questions. I think he had some general authority by which he could do this. So he could have

transferred the *Monthly Labor Review*. When that proposal came up again, it was again strongly supported by the Information Office, which always wanted it moved out of B.L.S. And Moynihan joined in and wanted to do that; in fact, he made a specific proposal. But the business people opposed it. The Business Research Advisory council were forceful about their views. They called on Moynihan and told him that they were absolutely opposed to it. They thought that the *Review* was a responsible journal for labor-management statistics, and did not want to see it made into a Department publication under some uncertain person who wouldn't be there for long. They trusted the Commissioner of Labor Statistics. So that rather put a quietus

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on it for the time being. Then finally Moynihan left and that took the heat out from under it. Finally Ross came in and he's much closer to the Secretary than I was. I imagine that he talked to the Secretary, because one of the first announcements Ross made when he became Commissioner was that he assured the staff of the Bureau of Labor Statistics that the *Review* would not be taken away. I think that idea has now died.

HACKMAN: Would you comment on the role of Daniel Moynihan in relation to the Bureau of Labor Statistics while he was Assistant Secretary for Policy, Planning and Research? How was this relationship supposed to work out, or what was...

CLAGUE: Well, it was supposed to work out, in that there was a lot of research work being done in the Department. I spoke about the fact that O.M.A.T. [Office of Manpower, Automation, and Training] had this three million dollars for research in manpower which was not in the B.L.S., so there was that growing interrelationship. There was the regular unemployment insurance and manpower research being done in the Bureau of Employment Security. There was some being done over at the Apprenticeship Bureau; and of course B.L.S. was active in a number of other areas. There was a difficult problem of coordinating all these, and a departmental committee was set up. Henle served for the Bureau of Labor Statistics on that committee. Well, theoretically it was Moynihan's job to try and bring some law and order into program planning, into the research work of the Department. The problem was that Moynihan was not really a researcher; he was a policy maker—wonderful mind, very good writer, fluent speaker, novelist almost—but not research minded at all. He used data to prove what he already believed, and he had no flair for administration at all. In fact, most difficult cases arose. He would be seeing the Secretary and the Secretary would give him some instructions for me; he'd forget to tell it to me, so I never knew. For example, I was telling congressmen that I was not going to continue a price index for Scranton, Pennsylvania, that I was going to cut it out, because I didn't have any money; and in the meantime the Secretary had assured them on the Hill that we would keep it up. Moynihan had forgotten to tell me, so for a month I was writing letters that ran contrary to the

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Department's decision. Well, I imagine that the Secretary bawled him out for that, but it was not unusual. He was absolutely the most disorganized person I had run into in many a year. He didn't know how to organize his office, and he didn't know how to use subordinates, even to get his office well organized. He was just full of imagination, full of new ideas, a lot of them very fruitful. This was fine, but the trouble of it was that what B.L.S. needed was solid, substantial, clean-cut direction.

We in B.L.S. produced the documents, on which he wrote his famous *Negro Family*, which I think is quite an imaginative piece of work; but we told him that his thesis wouldn't go over, his speculative reflections. B.L.S. never wanted the authorship of that document, although Mrs. Newman [Dorothy K. Newman] did practically all the work of assembling the data. But we later published, as you know, *The Negro Fact Book*. Now that's more in our line, the basic statistics with a little bit of interpretation; something like the Economic Indicators. The public can use it and make up its own mind. We provide just the barest kind of interpretation.

But that isn't Moynihan; he was out beyond the current scene. So I'd say that he didn't have a very good effect on us in the B.L.S. because he always thought of us as being "stick-in-the-muds." He would tell me lot of times, "The Bureau of Labor Statistics is moribund." Well, of course from his point of view we were. [Laughter] But we were the stalwart underpinning for all the work the Department was doing, and Pat just didn't have any interest in that kind of activity. In addition, he had no administrative ability, and no organizational sense. He was busy doing his own writing all this time. He didn't pay much attention to administration. I think the Secretary finally caught on to this. The Secretary of Labor, Wirtz, is thrilled with people with new ideas; he likes this kind of imagination. But he began suffering in our field just as I'm sure he did with Henning as Under Secretary; he just didn't have an effective administrator under him, and I think he detected that situation in research.

Now, when Ross came in, he's new blood, and Ross and the Secretary are very close. I would say that the Commissioner of Labor Statistics is now back up where he was twenty years ago. I think the Secretary consults him perhaps as much as anybody in the whole Department, and that's very fortunate for the Bureau.

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HACKMAN: You had talked earlier about the Business Research Advisory Council or Committee. Could you comment on the role this committee would play, and also the one the Labor Research Advisory Committee played during the Kennedy years?

CLAGUE: During the Kennedy years. Well....

HACKMAN: Were they used any differently than before?

CLAGUE: No, they weren't, except in the '60s, which is in the Kennedy years. They then became much more active, partly perhaps because so many new

programs were coming in. I had set up the Labor Council back in 1947 when I first became Commissioner. The Labor Statistics had broken with the labor movement during World War II because of the uproar and the controversy over the price index. Secretary Perkins told the Commissioner of Labor Statistics not to have any more labor research meetings. They didn't have a business council at that time, only the labor group. But when I came in, one of my thoughts was that you can't live in a government agency like the B.L.S. without establishing these advisory relationships. So I re-established a committee of the labor people, the Labor Research Advisory Council—a committee we called it then—and then I organized the business representation, because I thought they're equally important. In the Employment Security, we always had relations with both groups.

So that's what started it off, and the most successful public relation job I did during my whole term as Commissioner was to get those two councils set up, because they have operated ever since. And they were very useful. They never met together, but they would meet with the Bureau staff, and we got the reactions of both. We had troubles about them—which I don't need to go into—at various times, quite rough at times; but they never resigned, they never quit, and they never went at any time to the Secretary. At times some of the labor people, as individuals, threatened to go to the Secretary over a decision I had made, but the Council as a body never did.

HACKMAN: Was this in the Kennedy period?

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CLAGUE: No, that was before this Administration. In the Kennedy period, you see, the good fortune that we had these Councils was very useful to us in the whole uproar which lead to the Gordon Committee, et cetera. When we got into the Kennedy period, we were caught with this sudden reversal of attitude toward unemployment, and the seething going on with all the new programs being inaugurated. The Bureau was caught up in this situation. We had need of good stalwart supporters on either side, and in this case, both the labor people and the business people came to our aid like nobody's business. They formed committees to study the problems, they said that they endorsed what was being done. It was the golden age of our committee relationships, and this continued all during the Kennedy Administration. No changes occurred that were adverse. Our advisory relationships were built up more and more strongly, with lots of support on the Hill, and, I believe, at the White House, probably through the labor group, and also indirectly through the business group. And the act that both these groups were so strongly supporting us had its effect on the Hill too. Senator Hill [Lister Hill], every time I would come down to testify on appropriations before his committee, would say, "Oh, here is Mr. Clague from the Bureau of Labor Statistics. Mr. Clague, I hear that both labor and management always rely on your figures," which was a good introduction to my testimony.

HACKMAN: I think we'll close for today if that's all right with you.

CLAGUE: Yes, that's fine.

[END OF INTERVIEW #1]

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