

b. Research on improved techniques to take into account changes in the value of goods purchased by consumers which result from changes in quality as distinct from "pure" price changes;

c. The more rapid development of price indexes by industry in order that it may be possible to determine which industry or industries have contributed to the change in prices of goods purchased by final consumers. Such indexes, called "sector price indexes," are to be arranged according to the Standard Industrial Classification in order that consistent analysis of prices, wages, production, and productivity may be made—and a framework may be provided for analysis of demand and cost influences upon price changes.

Labor Statistics

More than ten years ago—in November 1955—I appeared before this Subcommittee to report on the status of employment and unemployment statistics. A number of recommendations for improvement were made which recognized the importance of these data in measuring the input of labor as well as the utilization of human resources. Most were shortly put into effect—revised definitions of unemployment in 1957, an increase in the coverage and detail of our industry and area employment statistics, information on overtime hours and on reasons for part-time work. But implementation of the recommendations for increased analytical studies of labor force participation, for information on the types and sources of unemployment was deferred for lack of funds.

In the summer of 1959, a major realignment of function occurred. Responsibility for planning, analysis and publication of the employment and unemployment statistics obtained from the household survey was transferred to the BLS, while the Census Bureau continued to collect the data as agent. In effect, BLS became more completely the responsible agency for employment and unemployment statistics. Meanwhile, the wealth of detail expanded, and seasonal adjustment of the series was introduced to enhance its use as an economic indicator. Nevertheless, the continued high level of unemployment fostered continued doubt over the reliability and adequacy of the unemployment series.

The President appointed an outside group, the Committee to Appraise Employment and Unemployment Statistics (the Gordon Committee) to review the whole field and recommend improvements. The Committee suggested many changes or directions for future work. Of them all, I should like to touch on two. The first is the major development and testing program for improving the questions in the monthly household survey. Revised questions on unemployment and nonparticipation in the labor force were devised, tested, tentatively adopted and used during a year's overlap period before being incorporated in the official series. At the beginning of this year the basic sample for the monthly labor force reports was expanded from 35,000 households to 52,000. This permits more accurate measures of the data by age, sex, color and other characteristics of labor force participants. The Office of Statistical Standards played a major role in encouraging this work on the CPS in response to the Gordon Committee recommendations and in focussing interagency technical and policy advice on the adoption of the specific proposal which finally evolved.

Efforts to carry out another Gordon Committee recommendation have been less successful. I refer to the proposal to develop job vacancy statistics. The Labor Department, encouraged by some exploratory private attempts, has developed plans for such surveys and has engaged in large-scale testing for several years. As Labor Department representatives reported to this Subcommittee last summer, results have been promising. However, despite the considerable interest in such data, as a means to assist in employment service operations, to throw light on the operations of the labor market and to measure the current conditions of demand in the labor market, funds have not been provided by the Congress to make such surveys "operational." Meanwhile, the Budget Bureau is continuing to work with the Labor Department on improvements in these pilot surveys.

Before leaving the Gordon Committee Report, I might remind you that its Report, like those of other review committees, was far-ranging and not limited solely to immediate changes. Its influence will continue to be felt. For example, BLS is in the process of developing current information on occupational employment from employers, the Department of Agriculture is in the midst of a major revision of its farm employment series and the Census Bureau is continuing some of its methodological tests in connection with the Current Population Survey.

Major changes in other types of labor statistics have occurred in the past decade. Again, I will be selective and mention only two. The first is the strength-