

DISCUSSION

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Before turning to the paper by Mr. Stein and Mr. Levine, I should like to congratulate all of the agencies of the Federal government on the splendid way in which they have followed up the recommendations of the Gordon Committee. Where possible, recommendations were implemented promptly. Others have been followed up through the kind of research reported here this morning, and those that have proved unworkable have been intelligently modified. The only part of the government that should perhaps be excepted from this commendation is the White House, which has on occasion ignored the recommendation that labor force statistics should be released by technicians according to a predetermined schedule, and not be announced prematurely by policy making officials when they show especially favorable developments. It might be supposed that the recommendations of any such committee would be pursued or explored with vigor, but the experience of the Price Statistics Review Committee (the Stigler Committee) suggests that this is not always the case.

The paper by Mr. Stein and Mr. Levine reports on a large-scale test of an experimental definition of unemployment. Let me underscore some of the points made in the paper concerning the shortcomings of the present official definition. Although that definition is generally satisfactory, it is misleading because some of its elements have no counterpart in the measurement procedure. For example, according to the official definition, a person awaiting the results of a job application made within the last 60 days is considered unemployed. However, there is no question in the Current Population Survey interview designed to elicit this information. If the information is volunteered, it is used, but this will occur in a random fashion. Volunteered information may therefore be a source of "noise" in the present procedure, having an effect similar to that of an increase in sampling variability.

In proposing an experimental definition the Gordon Committee suggested the use of a screening question on whether the person concerned wanted to work in the reference week. The authors report that this question produced unsatisfactory results. With the wisdom of hindsight, I am not surprised at this finding and feel that some of us on the Gordon Committee should have anticipated it. Asking whether a person wants to work is likely to produce defensive reactions in those who don't want to work, but feel that it may be expected of them.

In general, the definitions used in the Monthly Labor Survey seem to me to be excellent. They are clear, unambiguous, and accord well with the general understanding of the terms defined. One feature of the new definition that was not suggested or even discussed by the Gordon Committee seems to me to be especially desirable. This is the transfer from unemployed to employed of the people who were looking for work during the reference week but who had a job from which they were absent for such reasons as illness, vacation, or bad weather.

It is gratifying to learn that for the first six months of 1965 the MLS definitions produce an estimated unemployment rate very close to that of the CPS. This suggests that there would not be large costs of changing over to the new definitions in terms of the historical continuity of the overall unemployment series, though there would be larger differences for subgroups of the unemployed.

More insight into the experimental definitions will be gained as the results from the present larger MLS sample become available. If these results are as encouraging as those reported here, I would hope that the MLS definitions or some variant of them could before too long become the official definitions.