

Mitchell's Musings 10-1-12: Looking Backward at the Supposed BLS Labor Data Conspiracy

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Labor market data - such as the unemployment rate - are widely watched as indicators of the direction of the national economy. In the world of politics, they are also often seen as indicators of how the electorate is responding to economic trends. Although there are models that link voting behavior to unemployment rates, the models don't tell you whether manipulating the official data would change voter response. That is, are voters responding to actual economic conditions or are they responding to the official reports of those conditions?

One of the more shameful outcomes of the Watergate affair and the revelation of the existence of the White House tapes was the discovery that President Nixon – encouraged by his aide Charles “Chuck” Colson – that there was a conspiracy at the U.S. Bureau of Labor Statistics (BLS) to fudge the unemployment data to his (Nixon's) disadvantage. Transcripts from the tapes reveal that the President was convinced that Jews and Democrats at the BLS were behind the conspiracy and that he ordered aides to compile a list of Jews and Democrats in the BLS – which the aides did. It appears that some of those persons listed experienced adverse job consequences subsequently.⁽¹⁾

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⁽¹⁾ Timothy Noah, “Malek Talks! Fred Malek makes his most detailed public statement about counting Jews for Richard Nixon, but he omits the most shameful part,” *Slate*, April 1, 2011. The documents providing a count of the alleged conspirators refer to them as “ethnics.” See http://www.nixonlibrary.gov/themuseum/exhibits/2010/watergateexhibitbackground/wg_resources/malek06a.pdf and http://www.nixonlibrary.gov/themuseum/exhibits/2010/watergateexhibitbackground/wg_resources/malek06b.pdf

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Although the demand for the listing came over a year before the 1972 election in which Nixon won a second term handily, even after the victory talk of the conspiracy continued. In a 35-minute conversation between the President and Colson of December 9, 1972, focused mainly on political matters and on the aftermath of the 1972 election, there is discussion of the new Secretary of Labor named by Nixon, Peter Brennan. Brennan came out of the construction unions of New York City and was a Democrat. But the Democrats had been split by the Vietnam War with the anti-war faction succeeding in nominating George McGovern as the party's presidential candidate. Brennan represented the “hard hat”/support-the-war faction.

At one point in their December 9th conversation, the President and Colson discuss what they see as a purge of McGovernites following the loss to Nixon. The AFL-CIO and its president George Meany had not endorsed either candidate in 1972. Some individual unions did support McGovern; the Teamsters – who were outside the AFL-CIO at the time – supported Nixon. Nixon and Colson in their conversation see the Brennan appointment as bringing the “working man” to Nixon, if not to the Republicans more generally.

In a second excerpt from that conversation, the alleged conspiracy at the BLS comes up and Nixon and Colson indicate they believe that Brennan will clean out the conspirators. In this conversation, the alleged conspirators are referred to as “bureaucrats.” Colson and Nixon seem to believe that the conspiracy involved fudging the seasonal adjustment factors used for the unemployment rate data. No such conspiracy existed but the two are sure that one did.

There is reference to the Commissioner of Labor Statistics, Geoffrey Moore. In a break from the past - in which the Commissioner was seen as a technical-professional position, not a political appointment - Moore had been requested, along with political appointees, to submit his resignation at the end of Nixon’s first term. Surprisingly, the resignation was accepted so that Moore was effectively terminated. In the conversation, Nixon says he didn’t want Moore kicked upstairs to some other government position; he wanted him out. Apparently, the President blamed Moore for not removing or controlling the alleged BLS conspirators.

The individual later named to succeed Moore – Julius Shishkin – presumably with Brennan’s endorsement, ironically was Jewish while Moore was not. Shishkin continued as Commissioner under President Ford after Nixon resigned due to the Watergate affair and refused to submit his resignation when Ford’s term ended.⁽²⁾ Of course, there never was any conspiracy at the BLS against Nixon, before or after the termination of Moore. Indeed, although BLS statistical methodology has sometimes been criticized on various technical grounds, there has never been evidence of a data conspiracy involving labor market information for or against any president. The Moore termination did inject politics into a technical function. Shishkin’s stance undid some of the damage and no president, as far as we know, has since believed in a data conspiracy at BLS.

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⁽²⁾Shishkin’s refusal to submit a resignation is mentioned in the official BLS history, http://www.bls.gov/opub/blsfirsthundredyears/chapter_8.pdf, p. 218. His papers are in the Gerald Ford presidential library:

<http://www.fordlibrarymuseum.gov/library/guides/findingaid%5CShishkin,%20Julius%20-%20Papers.htm>

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You can hear the two excerpts from the December 9, 1972 Nixon-Colson conversation at:

<http://www.youtube.com/watch?v=pQjiSQKlpS8>