



## Employment problems and their effect on family income, 1979–83

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A few years ago, the Bureau of Labor Statistics started the publication of an annual report which examines three of the key problems that workers may face during the course of a year—unemployment, involuntary part-time work, and earnings below the minimum-wage equivalent for full-time year-round employment—and analyzes whether and to what extent these problems affect the economic welfare of workers and their families. An important feature of the report is that it determines the proportion of such workers whose family income falls below the poverty line.<sup>1</sup>

The first report in this annual series<sup>2</sup> was based on data from the March 1980 Current Population Survey (CPS) and focused on the employment situation in 1979. The most recent report in the series—“Linking Employment Problems to Economic Status”—uses data from the March 1984 CPS and focuses on the situation in 1983.

The report shows that considerably fewer persons experienced any of the above-mentioned three labor market difficulties in 1983 than in 1982. However, among those who did, the proportion whose family income fell below the poverty line increased slightly, continuing a trend evident since 1979. The key data for 1983 and prior years are summarized in table 1.

As table 1 shows, of the 23.8 million persons who encountered some unemployment during the year, about 23 percent lived in families with incomes below the poverty level. Of the 14.9 million who worked part time involuntarily, either because their work hours were reduced or because they could not find full-time work, about 19 percent were members of families in poverty. Finally, of the nearly 4.5 million full-time year-round workers who earned less than \$6,700 (the minimum-wage equivalent), approximately 31 percent were in families living in poverty.

In many cases, the same person encountered more than one of the problems and was thus counted in at least two

of the above categories, most often unemployment and involuntary part-time work. Therefore, the total number of individual workers experiencing one of the above problems or more is not the simple aggregation of the three categories (43.2 million) but a much lower number (35.8 million).

### Employment problems

**Unemployment.** Of the 23.8 million persons with some unemployment in 1983, more than 4 million were jobless a month or less. On average, however, those with unemployment spent 14 weeks without a job over the year, and close to one-fourth were members of families whose incomes for 1983 fell below the poverty level. Furthermore, even when unemployment did not result in poverty, it may have caused some reductions in family living standards. The differences in family income between persons with and without unemployment were particularly large for blacks: the median family income for those with unemployment was 47 percent lower than that for those who were free of unemployment during the year.

**Involuntary part-time work.** There were two types of workers among the 14.9 million who, although preferring a full-time job, worked part time during at least some of 1983. One group consisted of workers who had been in full-time jobs but whose workweek was cut back, at least temporarily, because of material shortages or slack demand. The other type consisted of workers who had not been able to secure full-time work and had to settle for a part-time job. The latter group were generally on part time for much longer periods than the former.

**Table 1. Persons with employment problems, 1979–83**

[Numbers in thousands]					
Employment problem	1979	1980	1981	1982	1983
<b>Persons with unemployment:</b>					
Number . . . . .	18,468	21,410	23,382	26,493	23,799
Percent below poverty line . .	14.3	17.5	19.1	20.5	22.9
<b>Persons with involuntary part-time employment:</b>					
Number . . . . .	11,455	13,033	14,627	16,064	14,903
Percent below poverty line . .	13.4	15.4	16.7	18.0	19.1
<b>Persons with low earnings:</b>					
Number . . . . .	4,922	5,199	5,202	4,608	4,453
Percent below poverty line . .	22.4	24.4	26.5	29.8	30.5

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There also was a big difference in the incidence of poverty between the two groups. It was 14 percent for those whose involuntary part-time work was because of material shortages or slack work and nearly twice as high (27 percent) for those who could find only part-time work. For blacks, the proportion in either of these two categories whose families were in poverty was much higher—26 and 45 percent.

**Low earnings.** The economic recovery in 1983 was reflected in an increase of about 2.9 million in the number of workers employed full time year round, which reached 66.8 million. However, about 7 percent of these workers reported earnings below \$6,700—that is, less than what one would have earned from a full year's work at the Federal minimum wage of \$3.35 an hour. Many of these workers were self-employed or otherwise exempted from coverage under the minimum-wage law. Nevertheless, nearly one-third reported total family income below the poverty level.

Teenagers and workers 65 years old and over were the most likely to report low earnings for full-year work: more than one-third of youth age 16 to 19 and about one-quarter of workers age 65 and over in 1983. Overall, the incidence of low earnings was much higher for women (9 percent) than for men (5 percent).

### Trends since 1979

Between 1979 and 1983, the number of persons with some unemployment during the year increased and decreased in line with the fluctuations of the economy. However, as shown in table 1, there was a gradual but sustained annual increase over this period in the proportion of persons with unemployment whose family income fell below the poverty line. The same pattern also prevailed for the persons with involuntary part-time employment.

The number of full-time year-round workers with earnings below the \$6,700 minimum-wage equivalent rose slightly between 1979 and 1981 and declined thereafter, even in 1982 when the number of persons with the other employment problems was increasing. But the meaning of the decline is difficult to interpret. To a certain extent, it may have reflected the fact that the Federal minimum wage remained at the same level while the wages of most workers kept inching upward. On the other hand, given the severity of the recession, some low-wage workers who previously had worked a full year may not have been able to do so in 1982. They may thus have fallen among the persons with other employment problems.

An additional phase of the research discussed in the report cited above focused on individual workers for whom both the labor force status and poverty status were tracked over a 2-year period. It was found that of the workers who had been in poverty in 1982, about one-half were no longer so the following year. Among those who remained poor in 1983—a year of strong economic performance—many were members of families maintained by women. This suggests

that noneconomic factors, such as the makeup of families, are important determinants of poverty status. □

### FOOTNOTES

<sup>1</sup> The poverty thresholds, based primarily on a U.S. Department of Agriculture study of the consumption requirements of families by size, are updated annually to reflect changes in the Consumer Price Index. The poverty threshold for a family of four in 1983 was \$10,178. However, when making such determinations, only cash income is considered.

<sup>2</sup> The report was launched in response to recommendations from the National Commission on Employment and Unemployment Statistics. *Linking Employment Problems to Economic Status*, Bulletin 2222, Stock No. 029-001-02838-5, \$2, is for sale by the Superintendent of Documents, Washington 20402.

### Pay levels in meat products reflect trimmed rates

Straight-time hourly earnings of production workers averaged \$7.80 in meatpacking plants and \$7.61 in prepared meat products plants in June 1984, according to a study by the Bureau of Labor Statistics.<sup>1</sup> These averages represent increases of 12 and 17 percent since a similar survey in May 1979.<sup>2</sup> Average annual increases were 2.3 percent for meatpacking and 3.1 percent for prepared meat products, contrasting sharply to the 6.8-percent annual rate for non-durable goods manufacturing during approximately the same period.<sup>3</sup>

The pace of pay increases in meat plants partly reflects wage concessions agreed to by the United Food and Commercial Workers Union in bargaining with a number of meat companies. These companies sought reduced labor costs to compete against newer, lower-cost firms with modern facilities and distribution methods. Concessions included reductions in base hourly wage rates, suspension of automatic cost-of-living adjustments (even though COLA clauses were retained in the contracts), and hiring rates set below existing levels.<sup>4</sup> Some reductions in employee benefit levels were also negotiated at a few companies.

Seven-tenths of the meatpacking and nearly three-fifths of the prepared meat products workers were in plants with collective bargaining agreements covering a majority of their production work force in June 1984. Most of these workers were represented by the United Food and Commercial Workers Union (AFL-CIO).

At the time of the June 1984 survey, meatpacking plants employed 82,948 production workers—down 20 percent since the May 1979 survey. Employment in prepared meat products plants was up slightly during the period—from 48,804 to 50,854 production workers.

The \$7.80 average in meatpacking plants and the \$7.61 in prepared meat products plants also represented broadly dispersed earnings in both industries. Hourly earnings of individual workers ranged from the \$3.35 Federal minimum

to more than \$14. The middle 50 percent of workers in meatpacking earned between \$6.50 and \$8.75 an hour, while the corresponding range in prepared meat products was \$5.70 to \$9.59. Large differences in skill levels required for the industries' varied manufacturing processes contributed to the relatively wide dispersions in pay.

Regional pay differences were also large, especially for prepared meat products workers. June 1984 averages were highest in the Pacific States (\$8.60 an hour in meatpacking and \$9.03 in prepared meat products) and lowest in the Southeast (\$6.22 and \$5.70). The regions with the largest employments for both industries—the Great Lakes region and the Middle West—averaged \$8.31 and \$8.41 an hour in meatpacking and \$8.76 and \$7.16 in prepared meat products.

Seventy-nine occupations were selected to represent the various skills and pay levels in meatpacking and prepared meat products plants. These occupations accounted for approximately two-fifths of the production workers in each industry. Among these occupations, hourly averages in meatpacking plants ranged from \$6.14 for washers who clean beef carcasses to \$10.15 for maintenance millwrights. Jobs in meatpacking with at least 2,000 employees and their hourly averages were: shipping packers, \$7.25; trimmers, \$7.41; night cleaners, \$7.76; boners preparing boxed beef, \$7.99; and general maintenance workers, \$8.85.

In prepared meat products plants, occupational averages ranged from \$6.25 for hangers (bellies) to \$11.26 for stationary engineers. Shipping packers, numerically the most important job studied in this industry, averaged \$6.83. Other numerically important jobs (having at least 1,000 workers) and their pay averages included night cleaners, \$7.46; slicing-machine operators, \$7.52; truckdrivers, \$7.90; ham boners, \$8.71; and general maintenance workers, \$8.90.

Virtually all production workers in each industry were in plants providing paid holidays, paid vacations, and at least part of the cost of various health and insurance plans. Retirement pension plans covered approximately two-thirds of the production workers in each industry. Seven to ten holidays annually were typical, as were 1 to 5 weeks of vacation pay (depending on years of service).

A comprehensive bulletin on the study, *Industry Wage Survey: Meat Products, June 1984*, may be purchased from any of the Bureau's regional sales offices or the Superintendent of Documents, Government Printing Office, Washington, DC 20402. The bulletin provides additional information on occupational pay, such as earnings distributions and averages by type of company, size of establishment, and union contract status, and the incidence of selected employee benefits. □

—FOOTNOTES—

<sup>1</sup>In meatpacking, the study covered establishments employing 50 workers or more and primarily engaged in slaughtering cattle, hogs, sheep, lambs, and calves either for the establishment's own account or on a

contract basis for the trade (SIC 2011, as defined in the 1972 *Standard Industrial Classification Manual*, prepared by the U.S. Office of Management and Budget). For prepared meat products, the study covered establishments employing 20 workers or more and primarily engaged in manufacturing sausages and other products from purchased meats (SIC 2013).

Wage data in this article are straight-time hourly earnings, which exclude premium pay for overtime and for work on weekends, holidays, and late shifts.

<sup>2</sup>See "Wages in meatpacking and prepared meat products, May 1979," *Monthly Labor Review*, June 1981, p. 53.

<sup>3</sup>Increases for nondurable goods manufacturing are from the wage and salary component of the Bureau's Employment Cost Index for the 5 years ending in June 1984.

<sup>4</sup>See Bureau of Labor Statistics, *Current Wage Developments*, January 1982 and March 1984 issues.

## The status of women in Canada's labor force

Almost 2 million women joined the Canadian labor force during the 1970's and about half entered male-dominated fields, according to a study on the role of women in the economy published by the Economic Council of Canada. Authors of the study state that although there was an increase in the number of women who attained higher education, worked more hours, and entered nontraditional occupations, their progress was offset by a larger number of those who had secondary school education, received lower earnings, and entered traditional occupations.

In 1971, the participation rate for women was 33.9 percent and by 1981 it was 52.9 percent (compared with 76.4 percent and 79.4 percent for men). All of the age groups increased their participation rates except those in the 65-and-over age group. Those in the 25–34 and 35–44 age groups had the largest increase—almost 50 percent, while those 15–19 participated almost as much as their male counterparts (51.2 percent, compared with 55.0 percent).

The authors, Jac-André Boulet and Laval Lavellée, state further that although the participation rates of women with children increased sharply, those who had few or no family responsibilities made up 83 percent of the increased number of women in the labor market. The reason for this activity is the slight decline in the number of working age women with preschool children and the 30-percent increase in the number of other women without such responsibilities.

Education played a major role in the economic status and labor force participation of women. In 1972–73, 39 percent of the total undergraduate student population was made up of women, and by 1981–82, the figure increased to 47 percent. Those women in the Master's and Doctorate programs increased their number from 28 percent to 42 percent in the same periods, and tended to fare better in the labor force in terms of occupations and earnings. The participation rate of women with a bachelor's degree or diploma below a bachelor's increased 12.7 percent, the highest increase of

all the educational attainment levels among women as well as men.

During the 10-year period, the number of women in the 20 highest paid occupations quadrupled—32,050 to 125,755—while that of men only doubled. However, in the 20 lowest paid occupations, the number of women almost doubled—750,00 to 1,175,430—compared with the relatively small increase for the men.

Earnings were another area in which Canadian women enhanced their status. In 1970, the average annual earnings of women were 51.2 percent of men's, by 1980, the average was 54.4 percent. However, in terms of average hourly wages, the female-male earnings gap narrowed from about 66 percent that of men to almost 72 percent during the same period.

One out of six families was headed by only one parent, and five out of six single-parent families were headed by women. Earnings of these women were very low, and transfer income was low such that most of them were in poverty.

The financial status of women during preretirement and retirement is also discussed in the study. Mainly, women face more financial hardships during their retirement years than do elderly men because they earned less than men, lacked coverage in employer-sponsored pension plans, worked fewer hours or had more part-time jobs, and they tended to work in nonunionized companies which do not have pension plans. Moreover, those women who lived alone, mainly widows, were among the most impoverished.

In an attempt to remedy the difficulties that women face in the labor market, Canadian governments have either proposed or adopted recommendations such as: equal pay for equal work; training for women re-entering the job market, with emphasis on nontraditional occupations; expansion of part-time work and job sharing; professional development courses; adequate day care centers; and parental leave.

In conclusion, the authors state that if current trends in Canada's labor market continue, there will be "an even more dramatic improvement in the economic status of women" in the 1980's.

The report, *The Changing Economic Status of Women*, is available from Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, Canada K1A 0S9, for \$8.35. □

## **Earnings of 1975 Vietnam refugees surpass U.S. average in 4 years**

Starting low on the U.S. economic ladder, South Vietnamese refugees of 1975 have moved up rapidly, according to a recently published study.

In 1976, the refugees had median earnings subject to Social Security taxes of \$4,242, while the median for all U.S. workers was \$6,235. By 1979, the corresponding totals were \$8,874 and \$7,478. Thus, in 4 years refugee earnings rose from 68.1 percent of taxable U.S. earnings to 118.6 percent.

Authors Reginald P. Baker and David S. North urge caution in interpreting the data, because the "refugee population is younger, and has a higher proportion of males than the U.S. labor force, thus tending to overstate the refugees' relative success in the labor market." They also note that most of the Indochinese who resettled here in 1975, the year the Saigon government fell, were "relatively well prepared for life in the U.S."

Their report, *The 1975 Refugees: Their First Five Years in America*, was published in 1984 by New TransCentury Foundation, Washington, DC. □