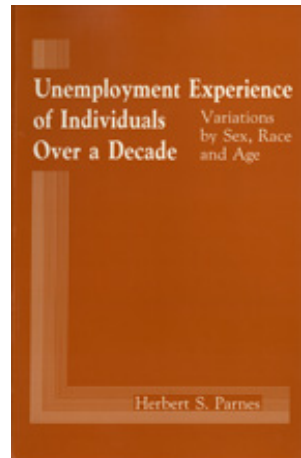


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## Introduction

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**Unemployment Experience of Individuals Over a Decade:  
Variations by Sex, Race and Age**

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# Introduction

# 1

From official Current Population Survey data on labor force and employment status and annual work experience, it has long been possible to infer that (1) the longer the reference period, the greater the incidence of unemployment; and (2) irrespective of the length of the reference period, the distribution of unemployment is far from random.<sup>1</sup> The first of these phenomena is attributable to turnover among the unemployed; the latter to the fact that a variety of economic, demographic, and perhaps personality characteristics are correlated with the likelihood of becoming or remaining unemployed. However, until the emergence of longitudinal data sets during the past decade, it has not been possible to generate reliable estimates of the number of individuals who experience varying amounts of unemployment over periods longer than a year. The National Longitudinal Surveys of Labor Market Behavior (NLS) and the Michigan Panel Survey of Income Dynamics (PSID) have provided opportunities to investigate questions of this kind. Using these data sets, the incidence and/or the determinants of unemployment over periods longer than a year have been studied by Kohen (1971), Dickinson (1974), Gramlich (1974), Feldstein (1975), Clark and Summers (1979), Corcoran and Hill (1979), and Parnes and Nestel (1980).

This paper is a modification and substantial expansion of the 1980 study. It analyzes the unemployment experience over the major portion of a decade of each of four NLS cohorts: young men (1966-1976) and young women (1968-1978) who were 26 to 34 years of age at the end of the relevant decade, women (1967-1977) who were 40 to 54 years old at the end of the period, and older men (1966-1976) who had attained 55 to 69 years of age by the terminal year. It is the first longitudinal study that examines the long-run unemployment experience of women as well as men.<sup>2</sup> For the four groups under consideration, four major questions are addressed: (1) What was the distribution of the samples, by race, according to the cumulative number of weeks of unemployment? (2) What are the correlates of having experienced some unemployment during the decade? (3) Among individuals who suffered some unemployment, what characteristics are associated with its cumulative duration? (4) Controlling for other factors, what effect did cumulative unemployment during the decade have on the earning capacity of the respondents by the end of the period?

In the remainder of this section, the character of the data is described in somewhat greater detail. Section II describes the extent and distribution of unemployment among the four cohorts, and Section III analyzes the correlates of both the incidence and duration of unemployment. Section IV compares the hourly earnings records of individuals without unemployment and those who experienced moderate and substantial amounts of joblessness. Section V provides additional insights into the anatomy of chronic unemployment by a brief examination of selected cases. The final section summarizes the findings and offers concluding observations.

### *The Data Base*

Although data for each of the four cohorts extend over a 10-year period, we have information on unemployment for a

total of only 8 years. In each case these represent the 12-month periods immediately preceding the surveys (or the approximately 24-month period between the 1969 and 1971 surveys in the case of the two older cohorts).<sup>3</sup> For individuals who were not interviewed in one or more years but who had returned to the sample by the final year, imputations were made by attributing to each such year the average number of weeks of unemployment experienced in the remaining years, although the average figure was arbitrarily increased by four weeks when the reason for noninterview in a particular year was inability to locate the respondent, on the assumption that unemployment was more likely in such cases. Special rules were also used for periods following military service for which data were incomplete. The decision rules for these imputations are available from the author.

The universe of males covered by the analysis are those who were interviewed in 1976 and who had spent at least one week in the civilian labor force (or in the armed forces in the case of the young men) *in each* of the 12-month periods covered by the data. However, young men were excluded if they were enrolled in school at the time of the initial survey (1966). Since the imposition of these criteria would have made the size of the women's samples too small for meaningful multivariate analysis, the universe of each cohort of women was defined to include those who spent at least one week in the civilian labor force *at any time* during the period covered by the data. Sensitivity analysis has shown that measures of the incidence and the distribution of unemployment are remarkably insensitive to these variations in the specification of the universe (see appendix tables A-1 and A-2).<sup>4</sup>

Nevertheless, in interpreting the data, it is important to keep several points in mind. First, because they cover only eight years, the data obviously understate both the incidence and duration of unemployment over the full decade. Second,

the restriction of the universe of young men to those who were not enrolled in school in 1966 means that the 1976 sample overrepresents high school dropouts and underrepresents college graduates. This means that the data tend to overstate the incidence and the annual average duration of unemployment during the preceding decade among the total group of men who were 26 to 34 years of age in 1976. However, the exclusion from the NLS sample of young men who were in the armed services in 1966 but later rejoined the civilian population operates in the opposite direction. The exclusion of individuals who dropped out of the sample and were not interviewed in 1976 is a source of downward bias in all of the estimates of total unemployment over the decade, since we have evidence that the individuals who dropped from the sample had a somewhat higher incidence and somewhat higher average duration of unemployment prior to their departure than did individuals who remained in. Finally, intercohort comparisons of the incidence and distribution of unemployment are affected by the fact that there is a slight variation among the several cohorts in the specific years of the decade that are covered, during which there was variation in the national unemployment rate.