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I

CHARACTERISTICS OF THE SAMPLE AND DATA

THE SIX SURVEYS that provided the underlying data for this study were conducted in Pennsylvania (1954), Florida (1956), South Carolina (1957), New York (1957), Missouri (1958), and Oregon (1958).¹ The data in the six surveys were combined to obtain a sample of

¹ Further information on the area surveys can be obtained from the published summaries of results cited below.

Pennsylvania: 319 respondents, September 1953–August 1954. *A Digest of the Survey of Unemployment Compensation Beneficiaries in Pittsburgh, Pennsylvania*, Duquesne University and U.S. Department of Labor, Bureau of Employment Security, October 1955.

Florida: 273 respondents, November 1955–October 1956. *Unemployment Compensation, A Survey of Benefit Adequacy*, conducted by Pan-American Consulting Corporation, Buford B. Ruhl, president, in cooperation with Florida Industrial Commission and U.S. Department of Labor, June 1957.

South Carolina: 257 respondents, April 1956–March 1957. *Survey of Unemployment Compensation Beneficiaries in Anderson, Greenville, Spartanburg Counties, South Carolina*, conducted by Department of Agricultural Economics and Rural Sociology, Clemson Agricultural College, in cooperation with South Carolina Employment Security Commission and Bureau of Employment Security, U.S. Department of Labor, August 1958.

New York: 269 respondents, May 1956–April 1957. *Benefits, Incomes and Expenditures of Unemployed Workers, Experience of a Group of Unemployment Insurance Beneficiaries in Albany-Schenectady-Troy*, conducted by Bureau of Applied Social Research, Columbia University, under contract with the Division of Employment, New York State Department of Labor, and the U.S. Bureau of Employment Security.

Missouri: 364 respondents, April 1957–March 1958. *Survey of Unemployment Compensation Beneficiaries in St. Louis and St. Louis County*, conducted by School of Business and Public Administration, Washington University, St. Louis, in cooperation with Missouri Division of Employment Security and Bureau of Employment Security, U.S. Department of Labor, June 1959.

Oregon: 354 respondents, April 1957–March 1958. *The Adequacy of Unemployment Benefits, Experience of Unemployment Compensation Beneficiaries in the Portland Metropolitan Area*, by Dr. Carl M. Stevens, Reed College, in cooperation with the Research and Statistics Division, Oregon Unemployment Compensation Commission, Salem, March 1959.

1,836 cases deemed usable. It should be borne in mind that the figures were originally developed to analyze the adequacy of unemployment benefits rather than the pattern of net worth and expenditure adjustment to unemployment; hence the questionnaire was basically concerned with the level of expenditures, income, and so on. Nonetheless, it has been possible to bring the available information to bear on the matter of the nature of unemployment adjustments.

Representativeness of the Sample

The six original subsamples were drawn by means of a survey design developed by the Bureau of Employment Security. The BES sample design did not attempt to garner a random sample; on the contrary, it stratified the sample by selecting only insured unemployed individuals from families of specified composition.²

Comparison was made of the BES sample with the Bureau of Labor Statistics' sample of the insured unemployed and also where possible with the total U.S. civilian labor force. The latter comparison is more indicative of differences in the demographic characteristics of the employed and the unemployed generally. The sample was also examined for its representativeness vis-à-vis the insured unemployed with respect to distribution by age, marital status, occupation, disposable personal income prior to unemployment, outstanding debt (by income class and by age), liquid-asset holdings (by income class and by age), and expenditure pattern prior to unemployment.³ In considering these factors, it should be borne in mind that the sample is stratified by size of household, and so is initially atypical.

The distribution of the BES sample by age and marital status conforms reasonably well to that of the insured unemployed generally. By occupation, too, there is reasonable conformity to the distribution found among the insured unemployed. The greater susceptibility to unemployment of some occupations shows up clearly in

² The BES specified that the cases included in the sample should be limited to single persons and persons from four-person households.

³ Cf. Appendix Tables A-1 to A-7.

the comparison of both the BES and the BLS samples with the employed labor force as a whole.

For the other characteristics no data are available from the BLS sample of all insured unemployed, and the only comparisons possible are between the BES sample and the total U.S. adult population. In the main, the comparisons show the differential impact of unemployment in certain subsectors of the population. Thus, a smaller part of the BES sample comes from upper-income groups since these groups are unemployed with relatively less frequency. The lower-income groups are even more underrepresented, presumably because many low-income agricultural workers, for example, are not eligible for unemployment compensation. It is of interest to note in this connection that the BES sample shows a higher pre-unemployment median income than the population as a whole. In general, it seems to be true that the BES sample of unemployed tends to underrepresent extremes of the population. There are relatively fewer very low or very high incomes, as noted, and also relatively fewer very old or very young family heads.

Much of the subsequent analysis will be concerned with how the unemployed in the BES sample adjusted to unemployment-reduced net family income by utilizing various kinds of debt and liquid assets, and hence it is of interest to know whether or not their pre-unemployment net worth position was in any way unique. Comparison is possible only with consumers in general, but this has some relevance to an analysis of the adjustments that might be expected if unemployment should ever become widespread. Comparison of the BES sample with a sample of all consumers obtained by the Survey Research Center at the University of Michigan suggests that the unemployed in the BES sample are somewhat more likely to be in debt prior to unemployment than the population generally. This is particularly pronounced when one compares respondents with the same income. Only 30 per cent of the entire sample of unemployed had no debt prior to unemployment, whereas the comparable figure for the population as a whole is 41 per cent.⁴

⁴ Cf. Table A-5. The difference may be because unemployment tends to be repetitive. There were, however, some differences in coverage. Furthermore, there is some evidence that the Survey Research Center makes a less intensive canvass of personal debt than did the BES.

Similarly, there is reason to believe that the percentage in the BES sample with no liquid asset holdings prior to unemployment (43) is higher than that of the population as a whole (26), and that this discrepancy is larger among the upper-income groups.⁵ In view of the importance of liquid assets in determining adjustment to unemployment, as will be seen, it is noteworthy that as many as 57 out of every 100 unemployed in the BES sample did have some liquid assets to fall back on.

Inasmuch as we are concerned with how the unemployed in the sample adjusted to their reduced weekly incomes when unemployment struck, it is of interest to know whether their preunemployment expenditure patterns were to any degree dissimilar to the typical expenditure patterns of employed American consumers in recent years. Since studies of all consumers are not frequently conducted, the BES sample was compared with the only general study available for the same period—a study of consumer expenditures undertaken by *Life* magazine. Comparisons are possible only for broad categories of expenditures—food, clothing, home operation, home furnishing, recreation, automobiles, and “other.” The two samples show a similar pattern of expenditure. In all income groups food expenditures were the largest item in the family budget in both the BES and the *Life* samples; and while there were differences in relative importance among other adjustments, the rank correlation coefficients were over .9 in all except one income group.⁶

In sum, the BES sample conforms reasonably well to the insured unemployment generally in terms of broad demographic characteristics, allowing for differences in sample design. Differences between the BES sample and the U.S. population reflect the differential impact of unemployment among occupations and income groups. Fi-

⁵ Cf. Table A-6. Again the data do not permit precise comparisons. Although the definitions of liquid assets used in the Survey Research Center and the BES samples were the same, it was not always possible to distinguish clearly those individuals in the BES sample who had assets from those who had them but did not choose to use them. In other cases individuals would not specify the amount of their asset holdings. A check of one hundred questionnaires from Oregon indicated that only fifteen individuals clearly did not own any liquid assets.

⁶ In the under \$2,000 income group, the rank correlation coefficient was .7. Cf. Table A-7.

nally, the preunemployment expenditure pattern of the BES sample group suggests that the individuals in the sample were not unique and that other consumers faced with unemployment might be expected to make financial adjustments in roughly similar fashion. It can be concluded that the BES sample is sufficiently representative to permit application of the findings of this study to consumers generally, were they to undergo similar experiences.⁷

⁷ However, see Appendix A for a discussion of some other problems which arose in this connection.