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## APPENDIX A

### LIMITATIONS OF THE DATA

AS HAS BEEN MENTIONED in the text, the basic data were developed in the original surveys to test the adequacy of unemployment benefits. The aim of this study has been somewhat broader—to examine the entire range of adjustments which unemployed persons make.

Although there is no reason to question the accuracy with which the interviewers recorded the information they received, there is a serious question about the reliability of the replies to a number of questions. For example, the claimants were asked to give their average monthly expenditures on a large number of items, such as food, liquor, tobacco, clothing, and recreation for each month during the survey year. Since it is questionable whether the average person can recall these details with any degree of accuracy, this study assumes that the claimant would remember approximately when major adjustments were made and about how large they were. There is less confidence in the reporting of other expenditures. The timing of expenditure changes appears to be more accurate than quantitative estimates of the details for months before or after unemployment.

Each individual survey differed from all the other surveys in several important respects.<sup>1</sup> They were not all taken at the same time, the interviewers were much more painstaking in some states than in others, and the states themselves differed widely in their economic and demographic structures. It appears that they were

<sup>1</sup>There is some reason to question the comparability of the Florida data with that obtained in the other state surveys. Originally the differences did not appear to be so great as to warrant excluding the Florida material, but as the analysis for this study proceeded there were many occasions when the relationships indicated by the other five surveys were not observable in the Florida survey.

selected by the Bureau of Employment Security precisely because of this diversity. This is a virtue in that any trends or tendencies for certain kinds of adjustments to prevail must be sufficiently clear to emerge from an analysis of claimants with diverse backgrounds. Occasionally the results of a specific type of analysis have been indicated separately for the six surveys, but in general the surveys have been combined so that what emerges is a pattern of adjustment to unemployment based on various sorts of people and covering periods of prosperity as well as recession.

A more serious problem concerns the relation between the basic data and the conceptually relevant data for a study of adjustments to unemployment. Ideally, one would like to know the adjustment in the "normal" rate of spending for consumption, the "normal" rate of change in debt, the "normal" rate of change in liquid assets, and the "normal" rate of default on instalment credit obligations. Information such as this cannot be obtained from the data at hand because the characteristics of a normal (not influenced by unemployment) period are not known for this sample of households. There is considerable information in the surveys concerning magnitudes (e.g., durable goods instalment debt) held at the beginning of the survey year, and much concerning how magnitudes were altered during the survey year. But there is no information about how these magnitudes change normally, e.g., during the year *preceding* the survey year (a year presumably, but not necessarily, marked by unemployment). Thus the change in several debt categories during the survey year can be computed, but it cannot automatically be said that this change was "associated with unemployment" unless it is assumed that debt normally does not change at all. Similarly, if there was a 10 per cent increase in unpaid food bills during the survey year, it would in principle be necessary to know the change in unpaid food bills during previous years. In effect, one would like to be able to talk about unemployment-associated changes in normal rates of change, i.e., about first differences.

This inability to measure first differences makes it extremely difficult to interpret some of the data. To relate a change (in tobacco expenditures, for example) during the survey year entirely to the existence of unemployment is to imply that the rate of change in

the past had been nonexistent or negligible. In this example the assumption that change is equal to first differences might not lead one too far afield. But to attribute a decrease in liquid assets to unemployment might underestimate the effect of unemployment on saving, since liquid assets may well have tended to increase in "normal" periods. Some indirect evidence can be brought to bear on this pattern, and it has been discussed in the text.

TABLE A-1  
AGE DISTRIBUTION OF CIVILIAN LABOR FORCE, UNEMPLOYED PERSONS,  
BLS SURVEY OF INSURED UNEMPLOYED PERSONS, AND BES SAMPLE  
OF INSURED UNEMPLOYED PERSONS

Age Class	Total Civilian Labor Force, 1956 <sup>a</sup> (per cent) (1)	Unemployed Persons, 1956 <sup>a</sup> (per cent) (2)	BLS Survey of Insured Unemployed Persons, 1956 (per cent) (3)	BES Survey of Unemployed Persons, 1954-58	
				Per Cent (4)	Number (5)
20-24	9.5	17.4	13.8 <sup>c</sup>	8.0	147
25-34	24.0	24.3		28.0	514
35-44	25.2	20.7	47.3	29.9	549
45-54	21.5	18.9		17.4	319
55-64	14.2	13.9	34.6	10.7	196
65 and over	5.5	4.9	4.3	4.4	80
Not ascertained				1.7	31
Total	100.0	100.0	100.0	100.0	1,836

NOTE: Details may not add to totals owing to rounding. Chi-square analysis of column 4 vs. column 2 and column 3 shows that the differences are significant at the .01 per cent level, due largely to the underrepresentation of the two younger classes in the BES sample.

<sup>a</sup> Department of Commerce, *Current Population Reports, Annual Report on the Labor Force, 1956*, Series P-50.

<sup>b</sup> Department of Labor, *Monthly Report on the Characteristics of the Insured Unemployed*, December 1956, Table C-3. This survey is based on a 1 per cent sample of insured unemployed.

<sup>c</sup> This class is "under 25" and is not strictly comparable.

TABLE A-2  
 MARITAL STATUS OF U.S. ADULT POPULATION, BLS SURVEY OF  
 INSURED UNEMPLOYED PERSONS, AND BES SAMPLE OF  
 INSURED UNEMPLOYED PERSONS

Marital Status	U. S. Adult Population, 1958 <sup>a</sup> (per cent)	BLS Sample of Insured Unemployed Persons, /1956 <sup>b</sup> (per cent)	BES Sample of Unemployed Persons, 1954-58	
			Per Cent	Number
Single	21.6	18.5	26.2	481
Married	78.4	73.2	73.7	1,353
Widowed		8.3	0.0	0
Divorced			0.1	2
Total	100.0	100.0	100.0	1,836

<sup>a</sup> Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-20, No. 87. Reproduced in *Statistical Abstract of the United States*, 1959, p. 40.

<sup>b</sup> Department of Labor, *Monthly Report on the Characteristics of the Insured Unemployed*, December 1956, Table A-7.

TABLE A-3  
 OCCUPATIONAL DISTRIBUTION OF EXPERIENCED CIVILIAN LABOR FORCE,  
 UNEMPLOYED PERSONS IN EXPERIENCED CIVILIAN LABOR FORCE,  
 BLS SURVEY OF INSURED UNEMPLOYED PERSONS,  
 AND BES SURVEY OF UNEMPLOYED PERSONS

Occupation	Total U.S. Experience Civilian Labor Force, 1954-58 <sup>a</sup> Average (per cent)	Unemployed Persons in Experienced Civilian Labor Force, 1956 <sup>b</sup> (per cent)	BLS Survey of Insured Unemployed Persons, 1956 <sup>c</sup> (per cent)	BES Survey of Unemployed Persons, 1954-58	
				Per Cent	Number
Professional, semi- professional, and managerial	19.3 <sup>d</sup>	5.0 <sup>d</sup>	2.9	2.6	47
Clerical and sales	19.8	14.5	11.0	10.8	199
Skilled and semiskilled	33.4	44.7	45.0	36.0	661
Unskilled and service	17.8	30.4	37.8	47.4	871
Agricultural workers	9.5	5.6	--	1.6	29
Not ascertained	--	--	3.2	1.6	29
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>1,836</b>

NOTE: Details may not add to totals owing to rounding.

<sup>a</sup> Department of Commerce, *Current Population Reports, Annual Report on the Labor Force, 1954-58*, Series P-50.

<sup>b</sup> Estimated by applying annual average (1956) of unemployment rates (experienced unemployed as percentage of experienced civilian labor force) to the distribution of experienced civilian labor force by occupation (1956). Unemployment rates are taken from Table P, p. 10, *1956 Annual Report on the Labor Force*, Series P-50, *Current Population Reports*, Department of Commerce.

<sup>c</sup> Department of Labor, *Monthly Report on the Characteristics of the Insured Unemployed*, December 1956, Table 4. These estimates are an unweighted average of the percentage distribution for those unemployed for one to four weeks and over fourteen weeks. While this does not include all the insured unemployed, it is a better estimate than that of any single month, which is subject to seasonal factors.

<sup>d</sup> Excluding farm managers, who were included with agricultural workers.

TABLE A-4  
DISPOSABLE-INCOME DISTRIBUTION OF U.S. POPULATION AND  
BES SAMPLE OF INSURED UNEMPLOYED PERSONS

Income Class	Percentage Distribution of Consumer Units, Total U.S., 1955-57 <sup>a</sup>				BES Sample of Unemployed Persons, 1954-58 <sup>b</sup>	
	1955	1956	1957	3-Year Average	Per Cent	Number
Under \$2,000	16.8	15.7	14.9	15.8	8.6	157
2 - 2,999	12.5	11.7	11.0	11.7	15.7	289
3 - 3,999	15.3	14.9	13.9	14.7	18.7	344
4 - 4,999	15.7	15.2	14.8	15.2	17.9	329
5 - 5,999	12.8	12.7	12.6	12.7	16.1	295
6,000 and over	26.9	29.8	32.8	29.8	21.4	392
Not ascertained					1.6	30
Total	100.0	100.0	100.0	100.0	100.0	1,836
Median income	\$4,338	\$4,506	\$4,689	\$4,513	\$4,346	

NOTE: Details may not add to totals owing to rounding.

<sup>a</sup> Department of Commerce, *Survey of Current Business*, April 1959, Table 12.

<sup>b</sup> Data represent household income prior to unemployment.

TABLE A-5  
PERCENTAGE OF SPENDING UNITS WITH NO PERSONAL DEBT

Income Class	Within Income Groups		Age Class	Within Age Groups	
	All Spending Units, 1957 <sup>a</sup>	BES Sample of Unemployed Persons, 1954-58		All Spending Units, 1957 <sup>a</sup>	BES Sample of Unemployed Persons, 1954-58
Under \$1,000	60	57	18-24	38	22
1 - 1,999	53				
2 - 2,999	49	48	25-34	23	16
3 - 3,999	42	33	35-44	33	25
4 - 4,999	31	24	45-54	42	34
5 - 5,999	33	17	55-64	55	60
6,000	26	17	65 and over	73	80
7,500 and over	34		Not ascertained	--	48
Total	41	30	Total	41	30

<sup>a</sup> Survey of Consumer Finances, *Federal Reserve Bulletin*, September 1958, Supplementary Table 11. The percentages apply to spending units.

**TABLE A-6**  
**PERCENTAGE OF SPENDING UNITS WITH NO LIQUID ASSETS**

Within Income Groups			Within Age Groups		
Income Class	All Spending Units <sup>a</sup> 1957 <sup>a</sup>	BES Sample of Unemployed Persons, 1954-48	Age Class	All Spending Units <sup>a</sup> 1957 <sup>a</sup>	BES Sample of Unemployed Persons, 1954-58
Under \$1,000	62		Under 25	37	47
1 - 1,999	50	56	25 - 34	26	40
2 - 2,999	37	50	35 - 44	22	41
3 - 3,999	32	45	45 - 54	21	45
4 - 4,999	25	44	55 - 64	28	50
5 - 5,999	16	40	65 and Over	27	39
6 - 7,499	10	28			
7,500 - 9,999	2		Total	26	43
10,000 and Over	1				
Total	26	43			

<sup>a</sup> Survey of Consumer Finances, *Federal Reserve Bulletin*, September 1958, Supplementary Tables 7 and 9. The percentages apply to spending units.



TABLE A-8  
 RANK CORRELATION BETWEEN SAMPLE AS A WHOLE AND INDICATED  
 SUBGROUPS, NINE PRINCIPAL TECHNIQUES OF ADJUSTMENT  
 TO UNEMPLOYMENT

Subgroup	Rank Correlation Coefficient for:	
	Frequency of Use	Dollar Amount
Age: under 35 years	.96	.93
35 years and over	.996	1.00
Occupation		
Professions etc.	.91	.92
Clerical and sales	.95	.93
Skilled and semiskilled	.93	.92
Unskilled and service	.73	.98
Agricultural	.80	.81
Earners status		
Single	.90	.95
Primary	.93	.95
Secondary	.98	.88
Change in liquid assets		
Negative		
\$1,000 and over	.81	.70
\$300 - 999	.94	.97
\$100 - 299	.94	.97
Under \$100	.96	.95
Positive		
Under \$1,000	.74	.90
\$1,000 and over	.55	.55
Percentage change in income		
Negative		
20 and over	.98	.97
10 - 19	.96	.98
5 - 9	.98	.92
Under 5	.98	.85
Positive		
Under 10	.95	.83
10 and over	.91	.87
Location		
Pennsylvania	.73	.77
South Carolina	.85	.87
Florida	.88	.88
New York	.93	.87
Missouri	.97	.98
Oregon	.93	.93
Duration of unemployment		
1 - 9 weeks	.95	.95
10 - 14 weeks	.95	.97
15 - 19 weeks	1.00	1.00
20 - 24 weeks	.93	.95
25 - 29 weeks	.93	.94
30 weeks and over	.87	.88

TABLE A-9  
FREQUENCY OF USE RELATED TO DURATION OF UNEMPLOYMENT,  
SELECTED ADJUSTMENTS

Method of Adjustment	1-9 Weeks (292 cases)		10-14 Weeks (397 cases)		15-19 Weeks (387 cases)		20-24 Weeks (321 cases)		Total (1,836 cases) <sup>a</sup>	
	Number of Users	Percentage of sible Users	Number of Users	Percentage of sible Users	Number of Users	Percentage of sible Users	Number of Users	Percentage of sible Users	Number of Users	Percentage of sible Users
Delinquencies										
Rent	14	10.3	33	13.4	33	17.3	27	15.3	135	13.9
Mortgage	15	18.8	14	18.9	11	12.9	17	31.5	76	19.2
Major house improvements	4	3.9	1	1.1	4	3.5	3	3.1	16	2.9
Appliances										
Purchased during survey year	14	15.9	30	23.2	37	31.6	20	23.0	132	24.4
Purchased before survey year	9	13.6	28	30.4	29	40.3	20	32.3	116	30.4
Total		16.7		27.6		33.9		24.8		26.8
Hospital payment	9	3.9	21	6.9	20	7.5	13	5.8	79	5.9
Auto payment	15	12.6	10	6.6	9	6.3	15	13.4	47	6.9
Repossession										
On autos	5	4.2	9	5.9	8	5.6	16	14.3	46	6.7
On appliances	--	0	4	2.6	4	2.8	4	3.6	21	3.1
Acquisition of funds										
Decrease savings and checking account	132	73.3	151	71.9	153	73.9	140	79.9	737	73.8
Life insurance loans	3	1.3	3	1.0	5	1.9	7	3.3	24	1.9
Personal loans	69	23.7	98	24.7	90	23.2	80	24.9	452	24.6
Sale of automobile	10	4.5	12	4.3	26	9.7	19	8.7	93	7.2

(continued)

Method of Adjustment	1-9 Weeks (292 cases)			10-14 Weeks (397 cases)			15-19 Weeks (387 cases)			20-24 Weeks (321 cases)			Total (1,836 cases) <sup>a</sup>		
	Number of Users	Percentage of Postable Users	Number of Users	Number of Users	Percentage of Postable Users	Number of Users	Number of Users	Percentage of Postable Users	Number of Users	Percentage of Postable Users	Number of Users	Percentage of Postable Users	Number of Users	Percentage of Postable Users	Number of Users
<b>Change expenditures on:</b>															
<b>Food</b>															
Increase	37	12.7	54	13.6	51	13.2	31	9.7	240	13.1					
Decrease	82	28.1	101	25.4	104	26.9	87	27.1	476	25.9					
No change	173	59.2	242	61.0	232	59.9	203	63.2	1,120	61.0					
<b>Tobacco</b>															
Increase	5	2.1	4	1.3	5	1.7	4	1.6	22	1.6					
Decrease	12	5.0	11	3.6	11	3.8	12	4.9	51	3.7					
No change	222	92.9	288	95.0	274	94.5	227	93.4	1,309	95.0					
<b>Liquor</b>															
Increase	13	8.5	4	1.9	15	8.5	5	3.0	42	4.8					
Decrease	15	9.8	23	11.0	23	13.1	16	9.5	95	10.8					
No change	125	81.7	182	87.1	138	78.4	148	87.6	743	84.4					
<b>Movies and recreations</b>															
Decrease	11	3.8	8	2.0	12	3.1	13	4.0	56	3.1					
<b>Newspapers, etc.</b>															
Decrease	6	2.1	6	1.5	6	1.6	6	11.9	30	1.6					
<b>Auto Operations</b>															
Increase	19	8.6	35	12.6	23	8.6	16	7.3	127	10.7					
Decrease	27	12.2	31	11.2	43	16.0	34	15.5	164	12.8					
No change	176	79.2	212	76.3	203	75.3	169	17.2	983	76.6					

<sup>a</sup> The sum of cases will not add to the total because of cases involving more than twenty-six weeks of unemployment; these cases must have been employed more than once during the survey year because none of the states covered here paid benefits for more than twenty-six consecutive weeks.