This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: The Labor Force in Wartime America

Volume Author/Editor: Clarence D. Long

Volume Publisher: NBER

Volume ISBN: 0-87014-329-8

Volume URL: http://www.nber.org/books/long44-1

Publication Date: 1944

Chapter Title: The Labor Force in Peacetime

Chapter Author: Clarence D. Long

Chapter URL: http://www.nber.org/chapters/c6301

Chapter pages in book: (p. 23 - 27)

the 1940 labor force concept (see Tables 1 and 2).¹⁷ The adjustments are sometimes big for individual age-sex groups, but most of them offset one another in the over-all classification¹⁸ and do little to explain the 1940 drop in labor force percentages of the male age groups 25-44 and 45-64, and of female groups below 20 and over 64 (Table 2). Much of the decline for the middle-age groups might, it is true, be explained plausibly in terms of relief and higher employability standards; but at least some may reflect an undercount by the 1940 census. As mentioned earlier, this partial explanation is suggested by the WPA poll data.

4 THE LABOR FORCE IN PEACETIME

The outstanding peacetime characteristic of the labor force is its stability of size relative to the population. Gainful worker propensities computed from decennial censuses have deviated remarkably little from certain trends noted in comparable age and sex groups. These trends themselves have been influenced by rather obvious factors: the rising school attendance; the postponing of the date of marriage; the decline in the average number of children a woman must care for; the easing of household burdens; and the development of insurance, pensions, and charity for the aged. All this was commented on when we discussed the decennial census figures. Three of the four censuses (1910-30) were, it is true, taken at times of rather high cyclical activity. Periods of low activity are not, however, unrepresented. The 1930 census was taken on the downgrade of a cycle, and the 1940 census was taken at a time of considerable unemployment and of far from full utilization of the nation's productive potential.

As already admitted, the labor force propensity in April 1940 seems a little low compared with propensities at preceding censuses, though not so much lower as the over-all propensities might lead us to believe or when measured by the poll estimate. The big rises in school enrollment percentages as well as in old age benefit payments in preceding years explain most of the below-trend drop in the labor force propensities of young and old. The remaining,

¹⁷ Discussion of these adjustments must be reserved for later publication.

¹⁸ There is a large net over-all adjustment but it is the effect of the 1,400,000 adjustment for the 1910 census overcount of child and women workers, not of a net adjustment for definitions.

¹⁹ The rises, of course, may have been in part the political and social consequences of the drop in labor force propensities.

unexplained, drop is most noticeable in the propensities of males 25-54, because no long-run change in trend is expected for this group. Indeed its propensities may help explain the excess of the poll estimate over the census count.

PERCENTAGE OF MALES 25-54 IN THE LABOR FORCE

April	1930,	census		97.2
[°] April	1940,	census		94.1
_		monthly	poll	95.1
April	1941,	monthly	poll	96.5

For the lower labor force percentages in April 1940 than in the earlier occupational censuses three reasons can be offered: the change from the definition of gainful worker; possibly inadequate field work in the 1940 census; the small demand for labor and the resulting high labor standards of business firms, coupled with an unprecedentedly generous system of home relief. The percentage of the monthly poll, it will be noticed, was above that of the 1940 census but below that of the 1930 census. This middle position suggests that all three reasons may contain some truth.

On the whole, the unexplained decline is not large. Though it does make one a bit apprehensive about the depressing effects a severe economic collapse might have on labor force propensities, it is not large enough to prevent the conclusion that the propensities evident in the censuses seem highly insensitive to ordinary random or cyclical influences.

The monthly poll estimates from April 1940 through 1941, which marked the end of peace for the United States, seem to reflect the same insensitivity as the census enumerations. But they offer another service. The drop in unemployment indicated by them furnishes a test of the existence, in 1940, of additional work seekers or what I have called the 'psychic' unemployed (see note 5). Unemployment was surely greater at the 1940 census than at any other occupational census, at least since 1900. It is often urged that the idleness of primary workers brings into the labor force these psychic work seekers. If any were in the labor force of April 1940, however, the subsequent fall in unemployment ought to have induced a corresponding fall in the percentage of persons, especially women, who claimed labor force membership.

Yet Table 4 indicates nothing of the kind. Unemployment as a percentage of population declined greatly from 1940 to 1941. Monthly estimates of the labor force propensity fluctuated inappreciably, and the labor force propensity of the two sexes combined

TABLE 4
Changes in Labor Force Propensity Associated with Changes in the Percentage of Unemployed, United States, 1940-1941

% of population 10 and older	1940	1941	CHANGE
In labor force	50.5 ·	50.9	+.4
Male	76.3	77. 5	+1.2
Female	24.6	24.4	2
Unemployed	7.7	5.1	2.6

April-September averages computed from data in Appendix B and the Labor Force Bulletin (Bureau of the Census), March and April 1943. The Census Bureau is now revising its 1940-43 monthly employment and unemployment estimates to conform to a change in sampling method beginning November 1943 (The Labor Force, Feb. 2, 1944, p. 1). These revisions will have the effect of raising somewhat the labor force estimate for females. They are not likely, however, to alter appreciably the significance of this table.

shows virtually no change.²⁰ However, the percentage of females fell very slightly as the total unemployed percentage fell heavily. One has a choice of interpretations for this decline in the female labor force propensity. To begin with, it is doubtful that the poll estimates are exact within the limits of the small change. However that may be, the fall may represent the exit of a few secondary workers as primary workers got jobs. It is more likely, however, that in the early period of the Selective Service Act the threat to draft husbands caused some women to leave, or refrain from entering, the labor force in order to establish a dependency case for deferment. Whatever the interpretation, the test can still be said to show that, despite the large unemployment, there were an insignificant number of additional workers in the labor force in 1940.²¹

²⁰ In the face of the possible argument that induction may have amounted to the same thing as unemployment, so far as keeping women from leaving the labor force is concerned, the armed forces have been added into the labor force figures of 1940 and 1941. However, the increase in the armed forces was only one-third of the drop in the unemployed, so that the argument, even if sound, would have no great practical importance. A further comparison with 1942 data would show marked increases in labor force propensity accompanying the further decline in unemployment. But the comparison would not be significant, because of the marked effect exercised by the draft.

21 John D. Durand writes: "It seems to me that a more convincing test of this hypothesis can be made by examining our family tabulations, which show the proportions of married women reported as employed, unemployed, and not in the labor force, in relation to the employment status of their husbands. If there were many 'additional workers' counted . . . in the labor force, one would expect the proportion in the labor force and particularly the proportion unemployed to be higher for the wives of unemployed men than for the wives of employed men. However, within specific age groups our figures show no particular differences between the employment status distributions for the wives of employed and unemployed men, though they do show a much larger percentage in the labor force for wives of men not in the labor force than for wives of either employed or unemployed men. The figures to which I refer will appear in a bulletin entitled The Labor Force—Sample Statistics, Employment and Family Characteristics of Women, which we hope to receive from the Government Printing Office shortly."

In a deep depression year, such as 1932, it is conceivable, of course, that the gross (psychological) labor force would exceed the net (productive) labor force. But the chances are that if no such excess (psychic unemployment) existed in 1940, it did not exist in the more normal years covered by preceding censuses.

The over-all labor force propensity seems no more sensitive to the events of the seasons than to cyclical or random fluctuations in income and employment, except, of course, for the definite seasonal in the labor force participation of school-age boys and girls. To be sure, some seasonal variation—in this case, a winter decline—is noticeable for females over 24 and for males over 54. From April 1940 to March 1941, before the draft began to impinge seriously on the labor market, monthly deviations from the 12-month average were noted for some age-sex groups. Maximum deviations (March 1941) for males and females 25 and older, however, were only about 1 per cent of each group, involving together perhaps three-quarters of a million persons.

School-age boys and girls naturally crowd into the labor force during the summer vacation months, May through September. This movement does not constitute a change in labor force propensity. It is simply a seasonal shift from the school-attending group, which has a low labor force propensity, to the non-school-attending group, which has a high propensity. Even during the school year the labor force percentages of school-age persons varied, and, slight as they were, these variations must be regarded as real seasonal fluctuations in propensity. During the winter of 1940-41 the propensities of males and females under 25 were six-tenths of 1 per cent (of the population of that age group) below the average propensity for the school year. About 200,000 young persons may be said to have left the labor force.

Altogether, the maximum deviation of the labor force propensity from the 12-month average involved fewer than a million males and females of all ages,²² less than 1 per cent of the working-age population and less than 2 per cent of the average labor force. If the poll estimates are reliable, they suggest a rather stable labor force propensity from season to season, especially for adults. Indeed the seasonal stability is much greater than could have been established a priori from the mere presumption that most men are obliged to work the year round and that most women work at occupations unaffected by the weather.

²² Excluding labor force variations of persons under 25 from May through September.

It must not be overlooked, of course, that the labor force data studied in this section are spotty or cover only a short period, and to some extent are stable as the result of census definition. Nevertheless the propensity to be 'in the labor force' seems one of the most stable elements in the labor market, varying hardly at all except in long, slow trends, requiring years to consummate. It may be that the peacetime propensity is based not upon mere impulse, but upon deeply rooted habits, on the size and composition of families, on institutions of child care, education, and old age dependency, on the concentration of population, and on the structure and geography of industry. The labor force evidently does not expand or shrink under ordinary economic pressures. If that is correct, one enters the study of wartime activity at least alive to the difficulties of manipulating the civilian labor force.

5 THE LABOR FORCE BEFORE WORLD WAR I AND II In 1941 the American labor force was, of course, bigger than in 1917. It also contained relatively fewer males and relatively more older people (Table 5). These differences sprang not only from changes in the size and composition of the population, but also from certain

TABLE 5
Population and the Labor Force, by Age Groups and Sex
United States, October 1916 and 1941

	October 1916 % OF					October 1941*				
AGE	POPUL	POPULATION % of		LABOR FORCE % of		POPUL	POPULATION % of		LABOR FORCE % of	
GROUP	(000)	total	(000)	total	LABOR FORCE	(000)	total	(000)	total	LABOR FORCE
	MALE									
10-24	14,336	17.9	7,709	19.0	53.8	17,802	15.9	8,300	14.8	46.6
25-44	16,068	20.1	15,602	38.4	97.1	19,940	17.8	19,400	34.7	97.3
45-64	8,395	10.5	7,750	19.1	92.3	13,660	12.2	12,400	22.2	90.8
65 & older	2,326	2.9	1,345	3.3	57.8	4,542	4.1	2,100	3.8	46.2
10 & older	41,126	51.5	32,406	79.7	78.8	55,944	50.0	42,200	75.5	75.4
	FRMALR									
10-24	14,365	18.0	3,532	8.7	24.6	17,711	15.8	4,700	8.4	26.5
25-44	14,874	18.6	3,376	8.3	22.7	20,386	18.2	6,100	10.9	29.9
45 & older	9,557	12.0	1,336	3.3	14.0	17,918	16.0	2,900	5.2	16.2
10 & older	38,796	48.5	8,243	20.3	21.2	56,015	50.0	13,700	24.5	24.5
				MA	LE ANI	FEMA	LE			
10-44	59,643	74.6	30,219	74.3	50.7	75,839	67.7	38,500	68.8	50.8
45 & older	20,278	25.4	10,431	25.7	51.4	36,120	32.3	17,400	31.2	48.2
10 & older	79,922	100.0	40,649	100.0	50.9	111,959	100.0	55,900	100.0	49.9

SOURCE: U.S. Census. For details and my interpolations of Census population and labor force data see Appendices A and B. See also Table 1, note 1.

^{*}See note to Table 4. The revisions may change the age distribution of this table somewhat. It is likely that they will increase the number of women in the labor force in October 1941 by something less than a million, for the tentative revisions have resulted in an increase for December 1941 of 800,000.