

Family Economics International

You will be interested to know that your family economics study is not only a highly valued national resource in this country but its success has inspired other countries to establish similar national economic studies. Four began this year: in Sweden, West Germany, The Netherlands and Australia. Scientists from these countries as well as interested visitors from France and Great Britain attended a recent conference, organized by James Morgan director of this study, to discuss what each country hoped to learn from its own panel study. On the whole, their goals are much like ours, but their studies are set up very differently.

For instance, Sweden, being a small country, can maintain a register of the names and addresses of every individual in the country. Participants in the Swedish family economics study were chosen randomly from this list (the choice was limited to people between ages 18 and 74). The household that the selected individual lived in was then included in the study. When the household contained a husband and wife, both of them were interviewed. If the selected individual lived in such a household but was neither husband nor wife, he or she was interviewed too. So three respondents might be interviewed in the same household. During this first year each respondent in a household was interviewed three times: two telephone interviews and one much longer personal one. A diary was also left with the family to keep track of household expenses.

After translation some of the Swedish questions were very much like ours, including the pension and asset questions we asked you last year, but much more detail was asked on how people spent their time and money. With possibly as many as three respondents per family and three interviews apiece, the Swedish study could not afford to pay for each interview as we do. Instead, after the personal interview,

respondents could choose one of a selection of small presents or, if they felt adventurous, skip the gift and have their names entered in a lottery on the chance of winning a flight for two to Paris. They will also receive a respondent report.

The study plans to revisit the same families early in 1986 to see what has changed, and every year thereafter if their funding holds out.

The directors of the West German family economics study say that they were greatly influenced by the Michigan study and they do ask many of the same questions. However, their study seems far more ambitious than ours. Every year they interview in person each household member 16 or older in about 4500 households. They also interview those who move into the household and those who move out in their new homes. As younger children in the family reach 16 they will be interviewed too.

To make the study even more complicated, it includes, besides the West German sample, five other subsamples, totaling about 1,400 families of other nationalities who have moved to West Germany as "Guest Workers." This calls for interviewers or interpreters who speak Turkish, Greek, Yugoslavian, Italian and Spanish.

During its first year about 12,000 individuals have been interviewed in 6000 households in the West German study and its subsamples. As far as we know, these respondents are not rewarded for their time except by what pleasure they may take in being part of a very important national study.

The Australian study is the least like ours. It has started out with a sample of young adults and will follow them as they grow older.

We haven't had any report yet on the first year of family economics in The Netherlands so we don't know how their study is working out. They plan to interview people

twice each year. We'll let you know what happened in our next report.

We hope that you are as pleased as we are that you have become international pioneers. You should be very proud of yourselves.

The Breadwinners

It is usually taken for granted that month after month, year after year, the average working man puts in a standard 40-hour work week, while the work hours of women are thought to vary considerably because they often move in and out of the labor force and between full- and part-time jobs.

Recently we examined the work hours of the working men and women in the study over a ten-year period (1969-1978). We focused on those who were between 25 and 50 years old in 1969--old enough to have been out of school for several years and to be established in their own households, but not old enough to have retired by 1978.

As usual, when we look at groups of you over a long period of time, we came up with some startling discoveries. Although women's work hours did vary a great deal, men's work hours were even more irregular. Over the ten-year period many men reported working far more than the standard 40-hour week (2,000 hours a year); in fact, nearly half of them worked at least 2,250 hours a year. They must have had a second job or a good deal of overtime but, in spite of this heavy load, many of them would have liked more work. The average annual work hours for black men were a little lower than for whites, but blacks were just as likely to have extra

jobs and even more likely to report that they were working fewer hours than they wanted to.

What really astonished us was the amount of year-to-year change at all income levels in the number of hours worked. Over the ten-year period the average yearly change for men was 350 hours in one direction or the other, which amounts to plus or minus about two months of 40-hour weeks. Twenty percent had changes of more than 500 hours. For women the average year-to-year change was about seven 40-hour weeks--somewhat less than for men, but more women than men reported smaller changes of less than 100 hours.

It is difficult to explain these large yearly changes in work hours and therefore in earnings. For women, they probably result to some extent from trying to balance a job against child care and household responsibilities. For men, some changes could be due to taking on or dropping extra jobs, having more or less overtime, or by occasional illness or spells of unemployment. There were two recessions during this period, 1970-1971 and 1974-1976, which probably increased unemployment temporarily. Some people believe that the worker himself decides to work more or fewer hours depending on whether he wants more leisure or more money. A raise in pay sometimes did lead to a decrease in work hours for individuals who could then afford not to work so hard. And work hours sometimes increased in times of high inflation. Most workers are not free to vary their regular work hours or overtime much, but they can choose whether or not to have an extra job.

Granted that some changes in work hours are voluntary; those due to unemployment generally are not. During the ten-year period we were looking at, 40 percent of household heads were unemployed at least once, and about 10 percent reported some unemployment every year. Although

unemployment appeared to be widespread, layoffs were distributed very unevenly. Only 5 percent of the men who reported some unemployment each year accounted for half the work hours lost by the whole group. This 5 percent averaged about two years of unemployment and \$19,000 of lost income between 1969 and 1978. Blacks were not over-represented among the frequently unemployed.

What sort of men experienced these devastating losses in work hours and earnings? Eighty percent of them were blue-collar workers--but so are millions of other people who work regularly. Forty percent of them worked, when they found work, in the construction business. This is an industry that wasn't prospering in the seventies and where work is often seasonal, which might account for some of the unemployment. However, the main problem that these men faced seemed to be lack of education. Only 30 percent of all male household heads have less than a high school education, but 60 percent of the chronically unemployed had not finished high school.

Describing changes in work hours and earnings and chronic unemployment is much easier than explaining how these things came about. Lack of education seems to be a leading cause of chronic unemployment, but we don't know exactly how the benefits of education work. We know that it plays an important part in improving long-run earnings, but is this because education provides useful skills, or does the level of education reached by an individual say something about his or her motivation and capacity--keeping in mind that most employers prefer an educated, motivated employee, or is it simply a convenient way for employers to select workers? Maybe it's some of each; but for whatever reason, education pays off. You might find this fact helpful in persuading your kids to stay in school.

We have suggested some causes for the erratic hours and earnings experienced by so many of you, but there may be more to it than that. How much is choice; how much is necessity? You have given us some entirely unexpected information, and we need to do some more thinking about it. You are, as always, full of surprises.

Out of Work, Out of Mind and Other Memory Lapses

In our interviews we sometimes ask those of you who are working to remember the dates of events like job changes, changes in earnings, and spells of unemployment that happened some time ago, and we worry that we may be expecting too much of your memories.

We assume that the ability to remember the exact timing of even important events will diminish a little as the length of time grows between the events themselves and the time that we ask you to tell us about them. But we did not know if the failure to remember past events accurately is a common problem or a rare one. If most people can't remember exact dates from very far back, many studies besides this one would be affected and it would be pointless to ask for information about things that occurred several years ago.

We needed to test the memory span of some group of people whose answers to questions could be checked against accurate records. In the spring of 1984 we were fortunate in getting the cooperation of a large company that kept (we hope) accurate information about the changes in position, earnings and temporary layoffs of its employees. A group of long-term

employees of the company very kindly agreed to let us test their memories of such events against the company records.

The workers were asked to tell us about all the different work positions they had held within the company since the beginning of 1981 and the timing of these changes. We matched what they told us against the company records. On average we found the workers remembered correctly about 80 percent of the time. But, as expected, we also found that their ability to remember the exact dates of the changes decreased over time. For months near to the interview the error rate was only about 12 percent; for months in the more distant past it rose to close to 20 percent.

In telling us about changes in their earnings and the dates when they happened, many workers reported that they earned somewhat more or less than the company records showed, but *on average* their reports and the company's were fairly close. The real surprises came in answers to our question asking in what months since January 1, 1981 they had been unemployed. Overall, the amount of error was less than for job changes and earnings but, unlike the others, most errors and omissions occurred in reporting fairly recent layoffs, those between October 1982 and March 1983. This was a period when there were extensive company layoffs which may have led individuals to forget when, or even if, they had been unemployed themselves. One would expect that anything as dramatic as being out of work would be remembered, but apparently people tend to forget even recent spells of unemployment once they are back at work.

On average, though, what workers remembered compared pretty well with the company records. This means that for the first time we know that surveys interviewing people all over the country asking these and other questions about past events can be counted on to paint an acceptably accurate picture of what went on even if it's not perfect. This

should reassure all researchers who rely on surveys and individual memory to study human behavior.

If there were any way to test your memory of past events and check its accuracy, we think that you would do much better at remembering than the people we actually did test. You are old hands at being interviewed, know more or less what questions to expect and have probably thought about your answers ahead of time.

The 1985 Questionnaire

The big event of 1985 is that, for only the second time in the history of the family economics study, we have been given extra funding to interview wives. Wives should be delighted to speak for themselves about their jobs, education, housework, child care, and so on, questions that their husbands usually answer for them; and the answers are bound to be more accurate. We wish we had the money to do this every year. Husbands and wives will each be paid \$10.00.

There will be two questionnaires: one for wives, the other for husbands and single heads of households. The questionnaires are very much alike. Both will include questions about completed education in case you have had additional schooling or training since we last asked you about education. We will also ask some of the other background questions that are normally asked only of new heads of families and wives, in case some of that information needs updating too.

Because changes in family make-up have a great deal to do with how well a family is getting along financially, we will ask everyone about family changes such as marriages, divorces,

or becoming widowed that may have happened to them. We will also ask everyone how many children they have had, when they were born, and where the children are now, (at home, with other relatives, on their own, away at school or what). Everyone will also be asked whether they have raised any children who were not theirs. We hope that the information about children will help us straighten out once and for all whose children are whose and with whom they live. If we ask for names, it is only to help us get the family history right. Names never appear in the interviews.

You will be glad to know that we have dropped last year's complicated series of questions about fringe benefits, pensions and assets, so the 1985 interview should be considerably easier for most of you. Otherwise the questionnaire will be much as usual.

Child Support

A growing worry brought on by the increasing rate of divorce in this country is the extent to which fathers who live apart from their children do not assume any financial responsibility for them. Some fathers who have been assigned legal child support obligations make lower payments than they are supposed to; others, in spite of their legal obligations, make no payments at all and still others do not seem to have any legally assigned obligation to support their children.

According to a recent Census Bureau Report, only 42 percent of divorced or separated women living with a child or children under 21 received any child support from the children's father. This is unfortunate because there is usually a

dramatic fall in income after a divorce for the now single mother and the divorced couple's children (who almost always live with her), and they need all the help they can get.

The average level of family income for the ex-wife and children dropped from more than \$26,000 before divorce to less than \$15,000 during the first year after divorce. For 40 percent of these families, after-divorce income dropped by more than half. If the ex-wife does not remarry, her family income remains at about this level.

Census Bureau figures show that almost half of the families with children headed by a woman were living in poverty in 1983. Some of these women had never been married, but many of them had ex-husbands. Ex-husbands, on the other hand, though their incomes tend to drop a little after a divorce, usually spend much less on supporting a family so end up better off financially than they were before the divorce.

The low level of child support among a large proportion of absent fathers and the high degree of poverty among their children and ex-wives has led to proposed changes in the child support system, and the Federal Government is currently considering new legislation to strengthen child support enforcement laws. In order to work out a fair system of child support, some crucial pieces of information are needed, particularly how much available income an absent father has. If there is no extra income to tap, stricter support rules would be useless. It is also important to find out if the ex-husband has remarried and is now supporting a new wife and children. Where two sets of children are involved, arriving at a fair division of income is complicated. Increasing support to the first family will mean less income for the second. Within three years of a divorce about a third of ex-husbands have remarried and live in a household that has children in it, so this is a common problem. Eventually--five years or so after a divorce--about 50 percent of the ex-wives also remarry.

However, this is much less likely for black women than for white women. If the ex-wife does remarry, a new husband will probably improve the family's financial situation though remarriage may reduce child support payments, if any, from the ex-husband.

Complications can also arise when the divorced couple live in different states. By the eighth year after a divorce, more than half of absent fathers live in different states from their ex-wives and children, and the number is even higher for the fathers who pay no child support. Getting entangled with jurisdictions in different states could slow the process of collecting support payments but, though it might be more efficient for the Federal Government to collect them rather than the individual states, this is not likely to happen.

The average family income level for divorced or separated women with children in the household in the year following a divorce is \$14,781. The ex-wives' earnings account for about three-fifths of this. Alimony and child support account for about one-tenth of it, one twentieth comes from welfare and about one percent comes from other private sources outside the household. The make-up of the income is divided somewhat differently for low-income white families and for black families where welfare plays a more important part. Alimony and child support are apt to be more important for higher income white women. On average, though, at all income levels the ex-wife's labor income makes up more than 60 percent of her total family income and as time goes on may make up more than 60 percent for women who don't remarry. Child support from an absent father, even if paid in the first years after a divorce, is apt to diminish after a while.

The most serious concerns about the children of divorced or separated parents focus on low-income mothers and children who are living in poverty. It has been suggested

that welfare programs such as AFDC be replaced by stronger child support laws. Although some more equitable division of income may be possible between the absent fathers of these families and their children, the fathers may also be poor, and some help from welfare would still be needed to provide a decent standard of living for many divorced or separated women and their children.

Considering that if present rates continue, half of all recent marriages will end in divorce--as will 38 percent of the first marriages of women in their twenties--how and if financial problems brought about by separation and divorce are solved will be likely to affect quite a few of you. Some modifications in child support laws are already underway. If we hear of any drastic changes, we'll tell you about them next time.

Something for Everybody

This is a quote from the Catholic Bishops' Pastoral Letter on the U.S. economy:

"One much-discussed condition that does not appear to be either a cause or a cure of poverty is personal motivation. Some claim that the poor are poor because they do not try hard enough to find a job, do not work hard enough when they have one and generally do not try to get ahead. In fact, one of the most detailed studies ever done on poverty in this country showed that initial attitudes were not an important predictor of later income. Indeed some of those who worked the longest hours remained poor because of low wages. Until there is real evidence that motivation significantly contributes to

poverty, this kind of argument should be abandoned. It is not only unsupported but is insulting to the poor."

You may have guessed that the study referred to by the bishops is this one. We are particularly pleased that they used our findings about attitudes. It is exceedingly difficult for many people to believe that an individual's attitudes and habits don't have much to do with how he or she gets along financially. We have tried for years, with very little success, to find evidence that holding the "right" attitudes or doing the "right" things leads to prosperity. Many people do get better off and others end up worse off but they do so for a variety of reasons other than their attitudes or what they do that we can measure.

Now for an opposing point of view, we quote from an article on the editorial page of the November 28th *Wall Street Journal*. The author of the *Journal* article disagrees with the bishops and also backs up his opinion with information from your family economics study. The *Journal* quarrels with the bishops' stand that free markets produce an unequal distribution of income. The bishops gave as an example that in 1982 the richest 20 percent of Americans received more income than the bottom 70 percent combined. "But," (says the *Journal*) "what if the people who comprise the top 20 percent and the bottom 20 percent are constantly changing, bubbling up and down as in a volcano" rather than staying frozen in place. The *Journal* goes on to quote from Greg Duncan's book *Years of Poverty, Years of Plenty*, which describes the findings of the family economics study, that families do indeed move frequently from one income bracket to another. The *Journal* is enthusiastic about Duncan's book and says, "it ought to be required popular reading." The *Journal* goes on to say "For what the Michigan group found is explosive. From 1971 to 1978, about 52 percent of families who started off in the top (income) bracket shifted to a lower bracket and of those who

started in the lowest bracket 45 percent moved up ... Only a little over one-half of the individuals living in poverty in one year are found to be poor in the next and considerably less than one-half of those who experience poverty remain persistently poor."

The author of the *Journal* article continues to focus on the bits of information that suit his way of thinking from Duncan's book and he ends up by saying, "The Michigan statistics paint a picture radically at odds with those who talk of 'the rich' and 'the poor' as if they were distinct, static groups."

"And therein lies the justification of free enterprise as a whole. Under what other system do we see families so unequal at the start leaping up and crashing down, reflecting varying drives and talents? This is equality, not of result but of opportunity."

The *Journal's* view seems overly dramatic with its "leaping up and crashing down." People don't normally leap or crash very far at a time, and when incomes do go up or down, the "drives and talents" of individuals seem to have very little to do with it. The journal article (which favors drastic cuts and changes in the welfare systems) ignores our finding that more than five million Americans are persistently poor. Many of them are elderly, disabled, women, or children and have too much going against them to be likely to climb up by themselves or to profit by the *Journal's* "equality of opportunity."

A Few Statistics

For the family economics study 1984 was a good year. To begin with, we were delighted that over three-quarters of you remembered to return your address correction postcard. This helped us find and interview more than 98 percent of the families we talked to in 1983. Even better, we were also able to add 257 new "splitoff" members to the study out of a possible 278. Welcome aboard! We have never before managed to interview as many as 92 percent of these mostly young people who can be very difficult to catch up with.

There are now 6,918 families in the study. Your postcards are coming in at a great rate with many changes of address. Wherever you live, we hope that you are having a very happy 1985. Best wishes and many thanks for your help from all of us on the study staff.