

**DEMOGRAPHIC AND ECONOMIC  
TRENDS:  
IMPLICATIONS FOR FAMILY LIFE  
AND PUBLIC POLICY**

**by**

**Heidi Hartmann  
Director  
Institute for Women's Policy Research**

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## **DEMOGRAPHIC AND ECONOMIC TRENDS: IMPLICATIONS FOR FAMILY LIFE AND PUBLIC POLICY**

Among the most important economic and social changes in the United States is the changing role of women. The growing labor force participation of women is changing the economy, household structure, and family life, and the changes can be expected to continue. While some observers regret these changes and suggest that women have been pushed into the labor market by unfavorable economic developments, such as falling real wages for men, in my view, women are largely responsible for these changes as they have actively sought greater economic autonomy and responsibility.

Adult women have always worked to support themselves and their families. As the nature of work changed and the economy industrialized, women responded to these changes by following work outside the home. Women's labor force participation increased sharply, particularly in the 1950's and 60's, when older married women began to return to the labor force after children had grown, in the 70's when mothers of school age children entered the labor force, and in the 80's with the entry of mothers of preschool age children. Now more than half the mothers of one-year-olds are in the labor force. Simultaneously, and many would argue it is the driving force behind women's increased economic participation, women have increased their educational attainment, and also reduced their fertility. Smaller families and increased education have allowed women to work more and to gain more financially from their work.

Fundamental changes in the post-war economy were also favorable to women. The shift in the economy towards services created employment opportunities for women (just as the availability of well-educated women workers allowed the service sector to grow). Women have

increased the range of occupations they can enter and their wages have increased relative to men's, albeit slowly. The increased earnings of women have in general contributed to a higher standard of living; real family incomes increased substantially in every post-war decade, except the 1980's.

As economic actors, women, we could say, have become more like men, increasing their education and work effort and reducing their hands-on family care activities. These trends, I believe, can be expected to continue.

But public, and private, policies have not kept pace with these changes. As women have entered the workforce, arrangements must be made to replace the work they formerly did, primarily child care and family care. Some of this work has been commercialized, for example the increase in eating out replaces home cooking, but, of course, such services are not equally available to all because of differences in income. Basic job protections, such as the right to return to work after an absence for family-related needs (childbirth, care of ill family members), are more important when all adult workers (not only men) are in the labor force, yet they have still not become public policy in the U.S. And public support for family care needs, eg. child care and elder care, becomes more necessary if it is no longer being taken care of privately--in families. As these needs become more universal--only 25 percent of all families with children have a working father and a mother at home--the case for public action grows. This year, substantial federal aid has been authorized for child care for families with low and moderate incomes. Nevertheless, public programs and policies have not kept pace, and substantial overhaul and creativity in our public institutions is needed.

### **Trends in Labor Force Participation**

Labor force participation has grown in three ways. First, each cohort of women has worked more in the labor market than the one before. Today's young women (ages 25-29) for

example) work more than those 10 years ago (and those young women of 10 years ago worked more than young women entering the labor market 10 years before them). Second, women have worked more as they age. Women increase their labor force participation over their lifetimes, and while they used to drop out for a period during the childbearing years, fewer do so today. (Figure 1 illustrates trends in women's labor force participation between 1960 and 1990.) Third, women have increased their hours of work, so each woman who is participating in the labor market works more. Married mothers, for example, have increased their annual hours of work by the equivalent of about five weeks between 1979 and 1987. Average expected years of work at birth have increased from 12 to 29 years between 1940 and 1979-80, for women, or from about 1/3 to 3/4 of men's work life expectancy.

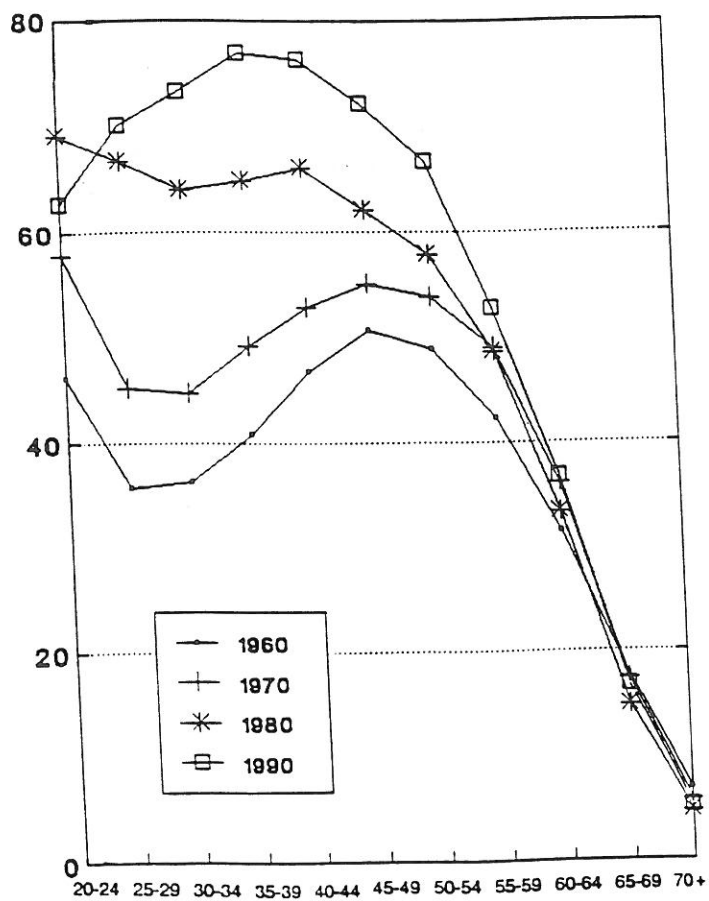
Labor force participation has become more similar among different racial and ethnic groups of women in the labor force; white women's participation has caught up with that of black women, for example.

### **Employment Trends**

While some employment shifts have been favorable to women, such as the shift towards services and the creation during the post-war period of opportunities for women in clerical work, management, health, education, and other professions, some have been less favorable to women, and indeed all workers.

"Contingent" work, work that does not involve a reasonably permanent attachment to an employer, has increased. Temporary work arrangements, including work through a temporary help services firm (eg. Manpower), direct temporary hires by firms, consulting appointments, and subcontracting, have all increased substantially. And while the number of part-time workers has not grown as a proportion of all workers, the portion of part-time work that is involuntary has increased--people are looking for full-time work and cannot find it. Women are more likely

Figure 1. Labor Force Participation Rates of Women, by Age: 1960-1990



Source: U.S. Department of Labor, Bureau of Labor Statistics,  
Published and Unpublished Data

to be temporary or part-time workers than men. Many workers, especially women workers, who cannot find full-time work (and even some who do) take two, or more, jobs to make ends meet. The number of women moonlighting, or holding two or more jobs, increased five times between 1970 and 1989.

Most of these contingent arrangements involve lesser job benefits, such as health insurance and pensions, as well as reduced job security and lower wages. In addition, many of the jobs in the growing sectors (eg. private services) are less likely to provide fringe benefits than jobs in the older sectors. Manufacturing and the public sector (sectors which are also the most likely to be unionized) are the most likely sectors to provide health insurance, for example, but these sectors have experienced slow or no growth. Jobs in retail trade, a sector that has grown substantially, are less likely to provide fringe benefits. In general then, except for the public sector where women are well-represented, women tend to work more in those jobs (temporary and part-time) and sectors (private services, retail trade) where fringe benefits are less likely to be provided by the employer. Thus women are more in need, relative to male workers, of "public" benefits, such as social security.

The proportion of the labor force that is unionized has fallen dramatically since World War II, falling from about one-third of the labor force to less than 17 percent. This has occurred partly because of the shift of economic activity to services and the entry of new groups, such as women, into the labor force that unions have traditionally not organized. But equally important has been changed behavior by employers--more employers work actively against unions now--and the failure of collective bargaining laws to respond to the changed labor relations environment. The playing field is not equal between workers wanting to unionize and employers wanting to stop them; workers find it increasingly difficult to exercise their legal right to unionize. Women are now more likely to join unions than men and are a larger share of new union members than they are of the labor force as a whole. Indeed, after blue collar work,

professionals, particularly the female-dominated professions of teaching and nursing, are the most likely occupational group to be unionized. Thus the proportion of union members who are women and the proportion of women workers who are unionized is growing, but overall unionization is falling for the workforce as a whole (more male members are being lost than new female members are being gained). Studies show that union membership raises wages for minorities and women substantially more than it does for white men, holding such other factors as qualifications constant, but, of course, unionization raises wages for white men as well.

Particularly during the late 1970's and throughout the 1980's, there has been a growth of low-wage jobs; women are more likely than men to be in low-wage work. Because of the lack of increases for a number of years, and recent small increases, the federally-mandated minimum wage has fallen below its usual relationship to average wages (generally about half the median wage in manufacturing). Consequently, there are more working poor--working even full-time, year-round is less likely than before to allow a family to live above poverty. Indeed children with no working parents are no more likely to be poor than children with one earning parent who works in a low-wage job.

There has been some progress against race and sex discrimination in the labor market, particularly when the entire post-war period is considered. Women and minorities have entered a broader range of occupations and the wage gap between them and white men has fallen, but progress for minorities, especially men, pretty much came to a halt in the mid-seventies. And since 1980, the wage gap between white women and women of color appears to be increasing, or at least, no longer closing. Even when differences in education and other attributes of workers are taken into account, women and minorities still earn substantially less than white men. Women of color, for example, with the same years of schooling and labor force experience, are four times as likely to be low wage workers as are white men, while men of color are 1.5 times as likely to be low wage workers as white men.

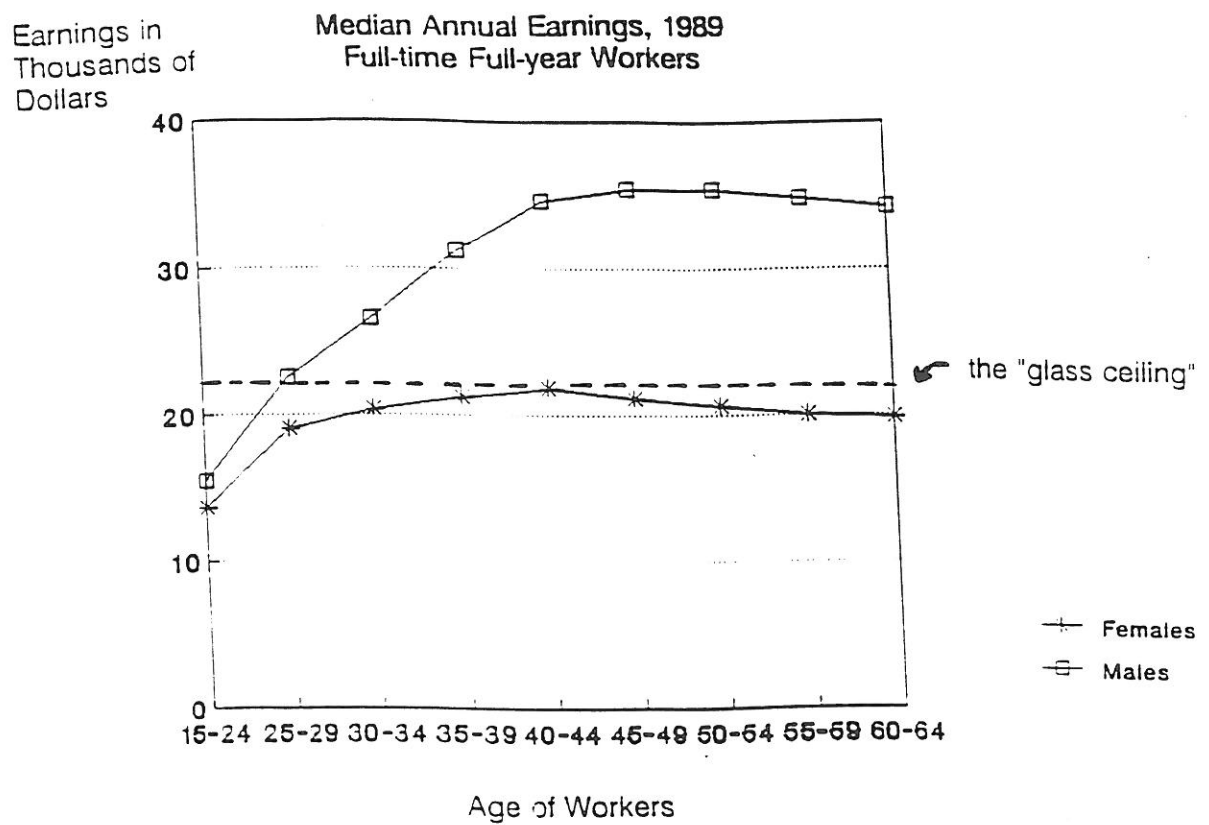
Also much of the recent progress of women's wages relative to men's has occurred because men's real wages have fallen since 1973. And, despite the progress that has been made in the average gap, the wage gap still widens as workers age, so that older women earn substantially less than older men. Figure 2 shows that at the peak earning years for women, ages 40-44, women earn, on average, only about the same amount as men aged 25-29.

### **Economic Trends**

The shift to services, and the decline in manufacturing jobs as a share of the total economy, is one of the most important shifts that has occurred. As more countries are able to compete economically by developing low-wage manufacturing sectors, it is logical that employment in manufacturing in the more advanced countries will decline, as it has in most such countries. For manufacturing to remain a significant sector in the US economy it must become more highly skilled; the US will simply not be able to compete with countries like Mexico for low-wage, low-skill labor intensive manufacturing. Investment in productivity growth, particularly in the development of human resources, is especially important.

The US manufacturing sector has also been particularly hard hit by the budget deficit. The large US budget deficit has necessitated high interest rates and a high exchange rate for the dollar to attract foreign capital; this has made it difficult for US exports to compete on the world market. Currently, the value of the dollar is falling and we are seeing the recovery of US manufacturing. The heavy hit taken by manufacturing in the 80's, however, especially the high wage manufacturing areas like autos and steel, did contribute substantially to the decline in real wages for men. The defense spending binge of the 80's, largely responsible for the increased budget deficit, was thus very costly for the US as a whole. Investment in defense, as compared to schools or infrastructure such as highways, is also not very productive and does not contribute to our long-term ability to compete.

Figure 2. The Earnings Gap Between Women and Men by Age, 1989



Source: U.S. Bureau of The Census, Unpublished data.

During the same period, the 1980's, the budget deficit was exacerbated by reduced tax rates on the rich and on corporations. These tax changes, along with the growth of low wage jobs, contributed to a dramatic increase in income inequality. During the 1980's, all income groups except the top quintile experienced reductions in their share of total income. The average family income in the bottom quintile (bottom 20 percent) of all families dropped 4.5 percent in real dollars between 1979 and 1988, while the top five percent increased their average income, in real dollars, by 17.6 percent. The share of total income received by the bottom quintile fell 0.6 percent, while that of the top quintile rose 2.3 percent. These are large changes in income distribution for a short time period--nine years. Income inequality is now greater than at any time since 1947.

Because the service sector is expected to continue to increase its overall share of the economy, some have argued that tendencies towards income inequality will be exacerbated, because the service sector tends to generate more low and high wage jobs than does manufacturing, which generates proportionately more middle wage jobs. This is a legitimate concern, and policies that enhance productivity growth in the service sector and encourage higher wage jobs, as well as policies that discourage the creation of low wage jobs, would be useful in helping to generate a more equal income distribution. Unionization also works toward a more equal income distribution, as does progressive taxation.

But it should not be forgotten that the relative strength of the service sector in the post war period contributed to women's employment opportunities. Women got a substantial share of the higher wage service jobs in areas such as teaching and nursing, which contributed to women's higher wages overall (these are among the highest-paid occupations that are dominated by women). The recession that appears to be beginning as we end 1990 and enter 1991 seems to be one centered in the service sector--in real estate, finance, and retail--sectors where women predominate. Thus, being in the service sector, which has been a "good" location for women

because of job growth up to now, may turn out to be a bad location for the early 90's.

Another important economic change has been the increase in housing and health care costs. Higher housing costs, exacerbated by higher interest rates, have made it more difficult for people to purchase homes. Higher health care costs have contributed to a declining tendency for employers to offer health insurance, especially to dependents of their workers, and an increasing tendency for costs to be shifted to workers. Thus, an increasing portion of the US population is underinsured and uninsured. Many US employers now believe that high health care costs, which are borne by the employer (at least some employers), contribute to their inability to compete internationally. Pressure is mounting for a substantial change in health care policy; unfortunately this has been a public policy debate in which women's organizations have, for the most part, not been active.

Some of the economic changes that predominated in the 80's and those that look likely in the early 90's presage a harder time for women and their families. The trend toward income inequality, the growth of low wage jobs and contingent jobs, the current economic weakness particularly in the service sector, as well as the rising cost of, and limited access to, basic necessities, such as housing and health care, and now oil, will likely reduce women's economic capabilities. In addition, new public policies that could facilitate women's economic contributions, such as family and medical leave, have not been widely enacted.

### **Demographic Trends**

After a period of elevated fertility and increased population growth after World War II resulting in the babyboom, fertility rates have resumed their historic decline and population growth has slowed. Amidst the overall slower population growth, several minority groups have higher rates of growth than the white population. For example, the total population is expected to grow 9 percent to reach 268 million by the year 2000, while the black population will grow 15

percent and the other races population (mostly Asian Americans) will grow by 42 percent. The Hispanic population, who may be of any race, is expected to grow by 27 percent. Thus the share of the population that is minority is expected to increase, as is the share of the population made up of immigrants.

In general, women are marrying later, divorcing more, and having fewer children. Fertility has fallen for all age groups of women, but the share of births that are occurring outside marriage is increasing. Increased divorce and nonmarital fertility mean that more women are single parents for a substantial portion of their lives. One recent demographic study estimates that white women will spend only 43 percent of their lives in marriage (a substantial decline), and black women only 22 percent (an even greater decline). Another recent study estimates that more than two-thirds of all mothers will spend some portion of their lives as single parents. Interestingly, although fertility is falling overall, a rising proportion of women have at least one child. This means the childbearing experience of all women is becoming more similar--most women have at least one child, and most have only one or two. While fertility behavior is becoming more similar, family types are diversifying. There are fewer married couple families, and more single parent families. There are also substantially more women (and men) living alone or in nonfamily settings, with unrelated individuals; the growth in living alone has been greater for women, because when single, they are more likely than heretofore to establish their own households and because they live longer than men.

Of all households, about one-third consist of families with children, about one-third are families without children (mostly married couples), and about one-third are nonfamily households (mostly adults who live alone).

## **Implications for Family Life**

The central implication for family life of these economic and demographic developments is that women are increasingly responsible for their own economic well-being and that of their children, whether married or not. Whether married or not, women who are parents contribute an increasing share of family income from their own earnings. Young women in particular can now expect to work most of their lives and for their earnings to be a crucial part of the family earnings.

Among all families with children, only 25 percent now conform to the previously traditional married couple family with a father at work and a mother at home. Nearly half, 48 percent, have both parents working, while 19 percent have working single parents. The remaining nine percent have no parent in the labor market. Thus, only one third (25 percent plus 9 percent) of today's families with children have a parent at home; two-thirds are families where all available parents are working. Given that two-thirds of today's mothers are working, and that many more women live alone and are largely self-supporting, women can today truly be thought of as bread winners. They need wages high enough to support families, just as much as men do.

More single parenting also implies more step-parenting when mothers and fathers remarry. Interestingly, women in step families (whether they are the mothers bringing children into a relationship with a new husband or whether they are the step-mothers of the children of their new husbands) have higher labor force participation rates than other married women. Nearly one-fifth of all married couple families with children are now "blended" families (having at least some step children though there may also be joint children of the new marriage).

Single parents are disproportionately poor, especially female single parents. The poverty rate for single mother families is over 40 percent, compared to a poverty rate of about 8 percent for married couple families with children. Welfare benefits to single mothers are low, even

when compared to public assistance to other groups, such as the disabled, elderly, and unemployed. Single mothers who work full-time, year-round do better at bringing their families above poverty, with poverty rates around 10 percent, but single mothers in general find it difficult to commit as much time to the labor market as two-parent families.

Despite the fact that single parent families are disproportionately poor, the proportion of such families in poverty has declined over time. These families are a disproportionate share of families remaining poor, however, because other groups--in particular married couple families and the elderly--got out of poverty at a faster rate. These groups were helped more by economic developments and public policy than single parents. For example, the increased work of married women has helped many married couple families rise above poverty, while more generous social security benefits and Medicare have reduced the poverty rate of older Americans. Public policy has not been targeted at female single parents, however. The barriers to their finding employment that can support themselves and their children are greater. Not only do they need child care (no wife at home), but they face sex discrimination and race discrimination as well (since single parents are also disproportionately minority).

The disproportionate share of poverty borne by single parents, along with the large number of single parent families, means that children in the US have a poverty rate that is higher than the poverty rate for the population as a whole. Nineteen percent of all US children are poor, while the total poverty rate is 13 percent.

### **Implications for Public Policy**

Nearly all public policy in the United States has been based on the model of the traditional nuclear family, a model which is now totally anachronistic. From the Fair Labor Standards Act of 1938, which makes the 40 hour week the norm (practically presupposing a wife at home to take care of family needs), to unemployment insurance (designed to offer wage

replacement to full-time workers who are laid off but not to part-time workers or workers who must leave the labor force for family-related reasons), and social security (which provides per dollar paid-in a better deal for at-home wives than working wives), virtually all public policies fail to equitably meet the needs of working women. Public policy often fails to keep up with change in general. For example, because of changes in the type of work available and changing employment patterns, only one-third of all the unemployed are now receiving unemployment insurance. But the failure to meet women's needs seems more than simply ordinary policy lag. For example, welfare, designed to meet the needs of single mothers, was, when originally enacted as part of the 1935 Social Security Act, targeted only to their children; the mothers themselves had no stipend allocated to them until the 1950's, and even now the benefits do not bring these families even up to the poverty line. The extremely low benefit levels must be interpreted as punitive.

The vast preponderance of our public policy, we could say, does not believe women should be independent citizens, often living without men, competing in the market place with men, and being equal bread winners with men. Women, our public policies seem to believe, should be primarily wives and mothers, serving men and children at home.

What is clearly needed now is new public policies that deal with new realities, women's autonomy and women's economic responsibilities. Given the new realities it may be possible to generate more responsive public policies.

For example, the increased similarity of childbearing behavior might make child care subsidies more appealing. If most women (95 percent) will have children and if most women have 1 or 2, then having children is a life cycle stage that most families will go through at one point or other. Just as the elderly need help with the end of the life cycle, parents of young children need help with the costs of child rearing in this life cycle stage.

Similarly, the increased reliance of families on women's earnings may increase the range of acceptable reasons for which wage replacement schemes are created. Currently, we have extensive nationally mandated wage replacement schemes for unemployed workers (at least for those whose past employment was lucrative and regular enough to make them eligible), for long-term disabled workers, and for retired workers. The reasoning behind these wage replacement programs is that families depend on these workers' earnings for survival and when the worker cannot earn, the worker and the family is entitled to wage replacement. But, in the U.S. there is no national wage replacement program for childbirth, parenting, care of ill family members, or the worker's own shorter-term illness (less than six months). Clearly, women and families are increasingly dependent on women's earnings, and women are more likely (though not exclusively) to be absent for these family-related reasons. As women work more, male workers, too, will need to take on more family support activities, sometimes missing work for these reasons. Absences for these reasons, then, may become eligible for wage replacement.

Public and private policies must also address fringe benefits and wages. The fringe benefits attached to typically male employment (full-time high wage work) must become attached to typically female employment (part-time and intermittent and lower wage work). Since women spend so much less time married, they must have access to fringe benefits, such as health and life insurance and retirement pensions, in their own names. Otherwise, they and their dependents cannot be sustained at a decent standard of living. Of course, women, as equal breadwinners with men, need access to higher paying jobs as well; pay equity strategies are also needed to make sure that jobs dominated by women and minorities pay as well as similarly difficult jobs that are dominated by white males. But not all jobs will be high wage and full-time. Even if economic policies succeed in increasing the proportion of better jobs, and even if the less good jobs are more equitably distributed by race and gender, those with the less good jobs will still need the fringe benefits that we have come to associate with work and that families

rely upon for their economic well-being. Either the private sector must be required to provide more universal benefits or public universal benefits will have to be enacted, if we want to reduce hardship for the significant part of our population that is maintained by women.

Changes in collective bargaining law would help working people by making it easier for them to organize. Particularly in low wage service sector jobs, where turnover is high and so many women work, the cumbersome process now required to certify a union makes it virtually impossible for workers to organize. Thus, changing these laws, toward facilitating quick elections and certifications, will especially help women workers. In addition, unions have been at the forefront of pay equity drives and campaigns for equal opportunity legislation, family and medical leave, child care support and a host of other policies beneficial to working people, and particularly working women.

Women have improved their economic status in the past several decades. They are increasing their political power as well. In the coming decades; however, economic changes may make it more difficult for women to maintain the gains they've made. It is therefore imperative that women use the power they have acquired to bring about the policy changes that are so critically needed. We need a period of creative social invention, similar to that in the 1930's, to build the new social institutions and programs that will safeguard new generations of workers and families.