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Social and economic change since the Great Depression: Studies of census data, 1940–1980

by Elizabeth Evanson

The 1940 census has been termed the first modern census. It was the first to ask about income and seek a wide range of other social and economic information, the first to be designed and planned by a full-time professional staff that included social scientists. Since then the decennial censuses have become increasingly detailed, taking advantage of advances in sampling techniques and, beginning in 1960, of computerization to permit the release of public use sample tapes providing data on a host of household and personal characteristics.

When the 1940 census entered the field, the United States was still struggling with the devastating effects of the Great Depression. Not until the country geared up for entry into World War II did economic conditions begin to improve. But the war effort did more than fuel economic growth: it set in motion a series of extraordinary social changes.

A special project designed and executed by demographers at the University of Wisconsin has permitted the construction of microdata computer tapes from the 1940 and 1950 censuses to provide information comparable to that for 1960 through 1980. (For a brief description of the "40–50 Project," see the accompanying box.) The results have enabled Institute researchers to conduct time-series analyses of trends in poverty and well-being over the 1940–80 period. To provide the context for their findings, it will be of use first to glimpse the underlying demographic and economic changes that occurred in America during the postwar period, when patterns of fertility, mortality, immigration, and internal

Preparation of public use sample tapes from the 1940 and 1950 censuses of population

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Funding Source: The National Science Foundation

The first computerized public use sample of a U.S. census was produced from the census of 1960. Available in 1963, the computer tapes provided records of the population characteristics—age, race, sex, marital status, income, employment, and much more—of a representative sample of one out of every thousand U.S. households. Before this time, most of the information offered to the public from any census was in summary tabular form, in print. With new computer technology, however, all of the data on a sample of households and persons (with identifying information removed) could be made available for statistical analysis, and that is what the 1960 computer file accomplished. It was later redrawn to produce a 1-in-100 sample (600,000 households, 1.8 million persons). Aided by continually advancing computational techniques, users of the file found themselves able to perform analytical studies of population characteristics on a scale never before experienced.

As the social science research community became familiar in the 1960s with the merits of microdata research and later began to investigate time-series comparisons from the public use samples provided by the 1970 census, the notion surfaced of providing similar samples from the 1940 and 1950 censuses, which contained similar information and would permit appraisal of social change since the Great Depression.

In the late 1960s calls for creation of 1-in-100 files from these two earlier censuses came from such individuals as the distinguished sociologist Otis Dudley Duncan and from such organizations as the Population Association of America. In the mid-1970s, the National Science Foundation began seriously to consider what a project of this nature would entail. In 1976 the Foundation summoned three dozen scholars to the campus of the University of Wisconsin–Madison to assay the research questions that could be addressed with 1940–50 computer tapes and to recommend procedures for file creation.

The problems seemed immense. The data consisted of the original manuscript records of the census results, stored on microfilm—two hundred miles of film. The task was twofold: first to transcribe the entire handwritten record into a computer file that would become an archival record housed by the Census Bureau; second, to draw a sample of households in a way that would produce results as comparable as possible to the 1960 and 1970 samples. Procedural and conceptual differences between the two censuses themselves, and between them and the subsequent censuses, had to be resolved. Change in the definition of the urban population, in the definition of metropolitan residence, and in the coding scheme for occupation and industry are but a few examples.

Three Wisconsin demographers, Halliman Winsborough, Karl Taeuber, and Robert Hauser, who had spearheaded development of the project concept, proceeded to formulate from the results of the 1976 conference a feasible plan for constructing the computer tapes. Their proposal was submitted to the National Science Foundation in early 1977. After extensive review, the Foundation approved the project in November of that year.

A pilot study of all phases of the production plan was conducted in 1978. Data entry began in 1980. Two shifts a day of fifty people each worked for two years, reading the film and keying the required information for approximately three million persons onto computer tapes. The files were then coded and edited, missing data were imputed, and the final public use sample files began to be released by the Census Bureau at the end of 1983. Twenty years after the idea for it was born, the project reached completion.

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migration altered in unprecedented—and unanticipated—fashion.[1]

A striking departure from trends of the past occurred in the rate of population growth. In the seventy years preceding 1940, the growth rate followed a fairly regular pattern of cycles, the rate first quickening and then slowing. Each cycle lasted about twenty years, and the upturns resulted primarily from immigration. The cycle that began in 1940 was quite different in both duration and in driving force. The growth rate increased steadily for twenty-five years, then declined as steadily, and the movement was propelled almost entirely by fertility—the baby boom and its subsequent reversal—rather than immigration. The consequences of this population bulge have often been recounted: economic and social "crowding" as the baby boom members matured, competitive pressures within and among birth cohorts. Accompanying this population change after 1950 was an important change in household structure that figures strongly in the studies to be examined: a dramatic increase in female-headed families.

Meanwhile, mortality registered a steep decline from 1940 to about 1955, in the wake of the discovery and spread of "wonder drugs." The death rate then remained stable until the late 1960s, when a new falloff in mortality occurred and continues still, affecting primarily the aged.

The aging of the baby boom and the extension of life expectancy are together bound to produce an ever-enlarging population of the elderly. A recurrent theme in the papers described below is the changing economic status of the young relative to the old.

Immigration also altered after 1940. Immigrants came increasingly from countries outside of Europe. In 1980, for the first time in U.S. history, the majority of immigrants were from non-European nations. The trend in internal migration changed radically as well. The great movement to the cities that began early in the nineteenth century culminated about 1950, then reversed itself as the suburbs grew rapidly and some deserted rural areas began to be repopulated. Among the new inhabitants of suburban areas were a number of former ghetto residents, who left behind their more disadvantaged counterparts whose plight has become familiar under the rubric "urban underclass." At the same time, the U.S. population shifted away from the industrial areas of the North and toward the Sunbelt.

During these years the American economy experienced changes of major dimensions. The massive spending effort required for waging war overcame the effects of depression, and postwar reconversion ushered in a period of prosperity—a "buoyant quarter-century"—in which steady economic growth and productivity increases came to be the norm.[2] Abruptly, 1973 marked a watershed: the beginning of stagnation, inflation, and recurrent recessions until 1983, ten years of "a quiet depression."[3] A recovery followed and continues still, but the record of the past two decades makes future prospects not as bright as in the 1950s and 1960s.

These interacting forces had profound effects on the well-being and behavior of families, children, and the elderly in all economic, racial, and ethnic groups. A number of them are analyzed in the Institute studies described below (listed in the box on p. 11).

The changing profile of poverty

Christine Ross, Sheldon Danziger, and Eugene Smolensky have constructed from the five decennial censuses for 1940 through 1980 a record of the course of poverty and its changing incidence across particular groups. The only measure of poverty that can be accurately extended back to 1940 is that based on earnings alone, here termed "earnings poverty," since the 1940 census restricted precise income information to wages and salaries.[4] From 1950 onward, data on all sources of cash income are available, providing a time series on "income poverty." The authors took the set of official income poverty thresholds that were developed in the 1960s and projected them back to 1940 and 1950 by means of the Consumer Price Index, the same means by which the thresholds have been updated yearly since their adoption.[5]

Earnings poverty stood at almost 70 percent of all persons in 1940, but dropped steadily thereafter, reaching its low point of 27 percent in 1970, then rose to 29 percent in 1980. Income poverty consistently decreased, from 40 percent in 1950 to 13 percent in 1980.[6] Its strong and steady decline, and the rise in unearned income evident in the census data, point to the increasing antipoverty effectiveness of government transfers.

Examining the changing incidence of income poverty across groups as defined by age, sex, and race of the household head (see Table 1), the authors found that poverty declined more among the elderly—who form the subject of a set of studies described later—than the nonelderly, more among whites than nonwhites, and more among men than women, reflecting (1) increased social security benefits for the elderly; (2) higher amounts of property income among men and among whites; (3) higher lifetime earnings of, and consequently greater social security benefits for, whites as compared to nonwhites and men as compared to women.

Demographic changes have contributed to poverty, because the groups more likely to be poor—notably those living in households headed by women—have proportionately increased, while those less likely to be poor—those headed

Table 1

Percentage of Persons in Poverty with Total Money Income Included, by Characteristics of Household Head, 1949–1979

Household Head	1949	1959	1969	1979	% Change, 1949–79
Young (aged 15–24)					
White men	44.2	29.8	22.0	21.1	−52.3
Nonwhite men	79.5	59.8	35.4	34.3	−56.9
White women	73.4	73.8	62.3	54.1	−26.3
Nonwhite women	88.6	85.1	68.8	68.6	−22.6
Prime (aged 25–64)					
White men	31.3	12.9	6.0	5.6	−82.1
Nonwhite men	70.8	45.7	21.5	15.9	−77.5
White women	52.5	38.0	28.6	23.1	−56.0
Nonwhite women	83.8	71.5	56.4	47.2	−43.7
Elderly (over 64)					
White men	52.9	27.8	18.4	8.1	−84.7
Nonwhite men	85.9	62.9	42.6	25.9	−69.8
White women	67.9	48.4	40.5	22.1	−67.5
Nonwhite women	91.5	73.4	58.5	42.3	−53.8
Outside metropolitan area	53.9	29.9	19.1	15.5	−71.2
Inside metropolitan area	30.5	19.2	13.0	12.1	−60.3
Total	40.5	22.1	14.4	13.1	−67.7

Source: Ross, Danziger, and Smolensky, "The Level and Trend of Poverty in the United States, 1939–1979," Table 3; computations from public use samples of the decennial censuses.

by white men of working age—have proportionately decreased. To measure the effect of those changes, Ross, Danziger, and Smolensky first calculated the percentages of all persons living in households categorized as in Table 1 during each of the five censuses. They found that over the forty-year period the proportion of all persons living in households headed by white men aged 25–64 fell from 70 to 58 percent. All other age groups increased their relative shares, and the largest increases were registered among the young and households headed by nonwhite women.

To estimate the effect of these demographic shifts on the incidence of poverty, Ross and colleagues then applied the 1980 poverty rates for each group to the 1940 composition of the population. They calculated that, had no demographic changes occurred in the intervening years, earnings poverty would have been 13.5 percent lower than it actually was in 1980 (25 percent rather than 29 percent), and income poverty would have been 23 percent lower (10 percent rather than 13 percent). To this extent changes in household structure have contributed to increases in poverty.

The level of poverty has also been influenced by the movement of married women into, and of older men out of, the labor force. (The economic status of married women is the subject of another Institute study, described below.) From 1940 to 1980, families in which both husband and wife worked rose rapidly, earnings poverty rates declined sharply among such households, and the earnings gap between white and nonwhite employed couples narrowed.

Thus, trends in the composition of households according to race or ethnicity and sex, on the one hand, and according to employment status of household head and spouse on the other, have had offsetting effects: the proportions of households headed by nonwhites, Hispanics, and women have grown, and the greater likelihood of such households to be poor has raised poverty levels, but the increased tendency of married women to seek paid work has tended to reduce poverty.

Children and the elderly

Policy discussion in recent years has centered on the worsening economic circumstances of children since the 1960s, in contrast with the rapid improvement in the economic status of the elderly after 1965. Eugene Smolensky, Sheldon Danziger, and Peter Gottschalk have placed this discussion in historical perspective by examining the comparative situations of young and old not just since the 1960s, but since 1940. They challenge the interpretation that government policy may bear large responsibility for the plight of the young, finding instead that the erosion of earnings of parents is a prime cause of rising poverty among children. Also implicated is the fact that an increasing percentage of children live in families headed by single women. Government policy is the primary cause of declining poverty among the elderly.

Economic expansion yielded rapid earnings growth from 1940 to 1970 (real median earnings increased by more than 50 percent between 1940 and 1950 alone), but social security retirement benefits changed very little until the mid-1960s. Thus, poverty rates for both old and young declined over the immediate postwar period, and children enjoyed the lead. That situation reversed in the 1970s. Government transfers to the elderly rose rapidly while real earnings fell, and as a consequence poverty fell among the elderly but increased among children, a trend that continued into the 1980s. "For most of our history," the authors point out,

> there has been a dependent population of young and old whose standard of living was virtually determined by the income of the working population with whom they resided. This remains true today only for children in intact families. It is no longer true for the many children in single-parent families dependent on child support and Aid to Families with Dependent Children, and it is certainly past history for the elderly ("The Declining Significance of Age in the United States," p. 47).

They emphasize that if we look behind the aggregate figures for the old and the young, we find that subgroups in both populations are extremely vulnerable. Using data from the March 1986 Current Population Survey to update the 1980 census, Smolensky, Danziger, and Gottschalk identify subgroups for whom poverty rates remain high. They include all elderly persons who are minority-group members, all children who are minority-group members, and white children in single-parent families (see Table 2).

Table 2

Poverty Rates in 1985 for Children and the Elderly, by Race or Ethnicity and Sex of Household Head

	Percentage of Persons Poor		
	White Non-Hispanic	Blacks and Hispanics	All
All Persons	9.85	28.24	13.98
Children (under 18)			
Living with two parents	8.32	21.84	11.35
Living with single parent	35.70	64.34	49.90
Persons living in households headed by:[a]			
Men aged 18–64	6.20	15.22	7.88
Women aged 18–64	20.18	40.19	26.78
Men over 64	5.64	19.57	7.36
Women over 64	20.28	39.17	23.13

Source: Smolensky, Danziger, and Gottschalk, "The Declining Significance of Age in the United States," Table 3.4. The figures are computations from March 1986 Current Population Survey computer tapes.
Note: In 1985, there were 236.6 million persons in the United States; 33 million were poor according to the official poverty definition.
[a]These data are for persons classified by the age of the household head and not for persons classified by their own age.

The authors therefore advocate that policies should not focus on the elderly population as a whole (e.g., cuts in social security, which would harm the poor among the elderly) or on children as a group (e.g., children's allowances, which would benefit many who are not in need). They instead recommend higher tax credits for the parents of poor children, enhancement of the Supplemental Security Income program to help the elderly poor, and reductions in the tax benefits enjoyed by the well-to-do elderly. In these recommendations need, not age, is the overriding criterion.

Families

Three of these census studies concentrate on marriage and the family, offering insight into the evolving condition of single-parent and married-couple households.

Families divided: The poor, the middle class, and the affluent

James P. Smith divides all families into three income groups. The poor are defined by a measure that applies the official poverty thresholds for 1960 (the census year closest to the date the thresholds were first developed, 1963) and adjusts them in other years to rise 50 cents for every dollar increase in real per family income, thus incorporating elements of a relative poverty measure. The affluent are defined as those who in 1960 had incomes equivalent to the top 25 percent of white families; that standard is adjusted dollar-for-dollar to account for real income growth in the other years. The middle class contains the remainder of families. Smith's comparison of the status of different types of families in these income classes over the forty-year period is shown in Table 3.

Table 3

Income Groups of Married-Couple and Female-Headed Families, 1940–1980 (Percentages)

	1940		1950		1960		1970		1980	
	Married Couple	Female-Headed	Married Couple	Female-Headed	Married Couple	Female-Headed	Married Couple	Female-Headed	Married Couple	Female-Headed
All families										
Poor	33	47	20	48	12	42	8	39	7	36
Middle class	40	36	51	37	64	47	66	53	64	58
Affluent	27	17	29	15	24	11	26	8	29	6
White families										
Poor	30	41	17	42	10	34	7	32	6	30
Middle class	41	39	52	40	64	52	67	58	64	62
Affluent	29	20	31	18	26	14	26	10	30	8
Black families										
Poor	69	81	49	76	39	69	21	58	15	53
Middle class	27	17	44	21	54	29	69	40	68	44
Affluent	4	2	7	3	7	2	9	2	17	3
All Hispanic families										
Poor	55	66	40	62	28	59	17	56	16	52
Middle class	34	24	47	30	62	38	70	41	70	44
Affluent	11	10	13	7	10	3	12	3	14	3
Mexican families										
Poor	70	77	53	67	33	68	20	57	19	52
Middle class	27	17	39	26	59	29	70	40	72	46
Affluent	4	6	8	7	7	3	10	2	9	2
Puerto Rican families										
Poor	—[a]	—	33	62	29	52	20	69	21	72
Middle class	—	—	52	38	66	46	71	29	70	26
Affluent	—	—	15	0	5	2	8	2	9	2

Source: Smith, "Poverty and the Family," Table 3; computations from public use samples of the decennial censuses.
Notes: Poor is estimated at poverty threshold plus 0.5 percent increase for every 1 percent growth in real income; affluent is estimated to include the top 25 percent of white families in 1960 (the census year closest to 1963, when the poverty line measure was first developed), and is adjusted fully for growth in real income. The 1940 census data include only wages and salaries, whereas the other years include all sources of money income.
[a]Sample size too small.

The encouraging news is the considerable decline in poverty among two-parent families in all demographic groups. The aggregate poverty rate among them dropped precipitously. Compare the results for families headed by women: poverty declined only from 47 to 36 percent. And whereas the proportion of affluent two-parent families stood at almost the same level at the beginning as at the end of the period, the proportion of affluent female-headed families declined from 17 percent to 6 percent. The table also indicates the strong growth of black and Hispanic middle classes and the dramatic rise in affluence among married-couple black families after 1960.

Because the incomes of women heading families grew more slowly than the average among all families, particularly after 1960, Smith analyzed the changing characteristics of these women. Single mothers now tend to be young and unwed, of limited earning capacity, receiving little in child support from the fathers of their children. These trends are stronger among blacks than whites, which helps explain a paradox: while racial wage differences among employed women have narrowed (twenty-five years ago the typical black employed woman earned half the wage of a white woman; now there is very little difference in their wage), a wide racial gap in the income of families has remained virtually unchanged: in 1970 and in 1980, black family income was about 62 percent of white family income.

The growth of female-headed families

Whereas Smith documented the low economic status of women who head families, a paper by Roger Wojtkiewicz, Sara McLanahan, and Irwin Garfinkel examines the sources of their increase within the U.S. population.

Figure 1 shows trends in the incidence of female-headed families. In the 1940s, the years of war and its aftermath, the fraction of these families declined somewhat. In the next decade blacks and whites experienced small rises in female headship, followed by larger ones in the 1960s and 1970s. It is interesting that the *rate* of growth among whites and blacks in the last two decades was quite similar, even though much greater public attention has been given to black female headship. Because this type of family is much more common among blacks (almost 50 percent of all black families, versus about 15 percent for whites), similar growth rates have led to larger increases for blacks.

A variety of factors influence the formation of female-headed households with children, among them out-of-wedlock and marital birthrates; marriage, divorce, and remarriage rates; and the willingness of single mothers to establish their own households. The authors analyzed the contribution of these separate factors to the growth in female headship over each decade since 1950.

The major source of such growth among white families, they found, was an increase in the numbers of single mothers who had previously been married. After 1960, marriage and fertility rates dropped, and the rise in white single-mother families

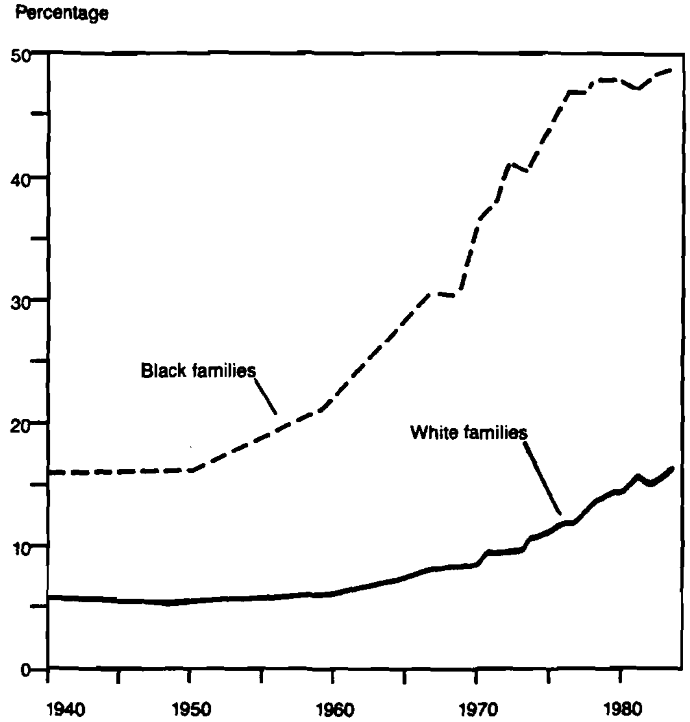

Figure 1. The Growth in Families Headed by Women, 1940–1985

Sources: Wojtkiewicz, McLanahan, and Garfinkel, "The Growth of Families Headed by Women: 1950 to 1980," Figure 1; computations from decennial censuses of 1940–60 and, for 1967–85, U.S. Bureau of the Census, Current Population Reports, Series P-20, various numbers.

resulted primarily from higher divorce rates and lower rates of remarriage. The propensity of single mothers to live independently rather than in the households of other people also contributed, but it was a much stronger influence in the 1950s than in the 1960s and 1970s.

Among blacks, however, growth in the population of never-married mothers after 1960 resulted primarily from declines in marriage rather than increases in out-of-wedlock birthrates. In fact the latter declined in the 1970s. The propensity to establish independent households was a significant factor in the 1950s and 1960s, but had little influence in the 1970s.

In short, among both blacks and whites, changes in marital behavior account for the rise in female headship. Whites are more likely to divorce and not remarry; blacks are not as likely to marry.

The economic condition of wives

A complement to the examination of single-mother families is a study by Annemette Sørensen and McLanahan of married couples over the same period of time. Sørensen and McLanahan summarize their results as follows:

> The situation in 1980 is greatly different from the situation in 1940, when the vast majority of married women were completely dependent on spouses for economic support.

Today, completely dependent wives constitute a distinct minority. Minority women have been less dependent than white women throughout this period ("Married Women's Economic Dependency, 1940–1980," p. 659).

Definitions first. In this study "economic dependency" refers to the wife's contribution to the couple's income (it is assumed that the couple shares income equally). The degree of a wife's dependency is defined as the proportion of her share of the couple's income that results from the husband's contribution. Income excludes assets, not available in census data. Complete dependency is represented by a value of 1 (the husband is responsible for 100 percent of her income); no dependency, a value of 0 (she is entirely responsible for her income). A value of .4, for example, means that the wife receives 40 percent of her share of their income from her husband—to that extent she is dependent. Table 4 shows, for white and nonwhite couples alike, the dramatic decline in dependency of married women over the 1940–80 period.

The table also indicates that nonwhite wives have consistently been less dependent than white wives. This greater equality of minority women partly reflects, however, the relatively disadvantaged position of minority men, who are more limited in their ability to be breadwinners.

Table 4

Degree of Economic Dependency by Race, 1940–1980

Degree of Dependency	1940 (%)	1950 (%)	1960 (%)	1970 (%)	1980 (%)
Nonwhite Couples					
Wife 100% dependent	68.5	66.3	46.3	34.6	27.1
Wife 50%-99% dependent	10.1	12.2	24.0	22.9	20.7
Wife 10%-49% dependent	12.4	9.8	16.1	23.4	27.8
Equal contribution	3.0	4.6	6.9	9.8	11.9
Husband 10%-49% dependent	2.4	4.0	3.8	5.7	7.6
Husband 50%-99% dependent	.6	1.5	1.6	2.5	3.1
Husband 100% dependent	3.0	1.6	1.3	1.2	1.8
White Couples					
Wife 100% dependent	83.7	68.4	55.0	42.9	30.6
Wife 50%-99% dependent	4.2	10.2	20.8	26.3	30.0
Wife 10%-49% dependent	6.5	9.9	14.5	19.0	24.1
Equal contribution	2.7	4.5	5.1	5.9	8.0
Husband 10%-49% dependent	1.0	3.7	2.9	4.0	4.9
Husband 50%-99% dependent	.4	1.6	1.1	1.3	1.9
Husband 100% dependent	1.5	1.7	.6	.6	.6

Source: Sørensen and McLanahan, "Married Women's Economic Dependency, 1940–1980," Table 1; based on income data from the decennial censuses.

Wives' dependency may be expected to vary with age, since familial responsibilities play a large role in their ability and willingness to work. The authors therefore were surprised to find only small differences in dependency among women under 60 years old and very few changes in life-course variations over time. Beyond that age, however, dependency declined substantially over the years, indicating reliance on social security and other unearned income, which is more evenly distributed among older spouses.[7]

To identify sources of dependency, Sørensen and McLanahan analyzed the more detailed information on work effort and personal characteristics that is available in the censuses of 1960, 1970, and 1980. They found that the increase in wives' work effort was a major source of their growing independence and that married women must work longer hours than their husbands to contribute equally to family income.

The elderly

Five studies concentrate upon the changes in effects of such events associated with aging as retirement, widowhood, and alterations in living arrangements.

Demographic changes

Population patterns are sketched in the paper by Gary Sandefur and Nancy Brandon Tuma, who included in their definition of the elderly all persons aged 55 and up, rather than the usual characterization of 65 or older, because important behavioral changes, notably retirement (scrutinized in detail below), are occurring with increasing frequency at younger ages.

The authors first examined the changing age composition of the U.S. population in the twentieth century. The proportion of persons over 54 has increased steadily, rising from 10 to 21 percent between 1910 and 1980. As a result the ratio of those over 54 to those under 20 shifted from 1 : 4 in 1910 to 1 : 2 in 1940 and to about 2:3 in 1980. Since 1940 alone, the proportion of those over 54 has grown by 141 percent, and of those over 84 by 450 percent, while the U.S. population as a whole has increased by 71 percent.

Differential fertility and mortality rates across racial and ethnic groups have produced in the 1980s considerable variation in the proportions of the elderly within each group. Sandefur and Tuma cite the figures for those aged 65 or older as of 1982: 12 percent of whites as compared to 8 percent of blacks, 5 percent of Hispanics, and 5 percent of American Indians.[8]

The life expectancy of both men and women has lengthened, but more so for women. As a consequence, the predominance of women in each age subgroup of the elderly has increased with each census, especially at older ages. Among the "old old," those 85 or more, the proportion of women rose from 55 percent in 1910 to 70 percent in 1980. This gender shift is becoming increasingly apparent at younger ages as well: 47 percent of those aged 55–59 were women in 1910, 53 percent in 1980. The economic circumstances of the elderly are described below.

Economic status

Ross, Danziger, and Smolensky, who analyzed the changing income positions of young and old described earlier in this article, have interpreted changes in the economic circumstances of the elderly since 1950. Their results confirmed the rise in well-being of older persons. In 1980 the average person aged 65 or older had a much higher income in relation to needs and a much smaller chance of being in poverty than had been true in 1950.

The researchers used cohort analysis (five-year age groups) to examine the factors that influence the well-being of the average individuals in particular cohorts across census years. They separated individuals not only by age but also by sex, labor force participation, and marital status. They found that retirement for men brings a large income decline, but that drop is then followed by income increases. For women, widowhood brings a large income decline followed by slow or no increases thereafter. Their analysis suggests that the typical individual experiences increases in income relative to needs during working years, a large one-time decline in his or her income-to-needs ratio with retirement, and increases thereafter. Married women share the changes in income of their husbands, but have an additional drop in income if they become widows. After that point, their income increases slowly.

Retirement

In recent years the proportion of the elderly who work has declined, and retirement is being chosen at earlier ages. The greatest declines in work occur at ages 60–64 and 65–69, but Sandefur and Tuma found that in 1980 a decline in male employment was apparent at ages 55–59 as well, a trend that was even stronger in the 1985 Current Population Survey data.

In contrast, employment among women aged 55–64 has steadily risen since 1940. Because of these opposite trends by gender, the pattern of work among aged Americans has become increasingly similar for men and women. The authors also observed that persons over 65 who have been out of work for at least a year are unlikely ever to enter the labor force again.

The falloff in work effort of men has often been attributed to the increased generosity of social security. Ross, Danziger, and Smolensky documented the decline in male labor force participation rates and the relationship between male earnings, retirement, and social security benefits (see Table 5). Benefits and retirement scarcely changed between 1940 and 1950, yet median earnings rose by more than half. In the next

Table 5

Earnings, Labor Force Participation, and Social Security Benefits, 1940–1980 (constant 1980 dollars)

Year	Median Earnings of Male Workers[a] (1)	Percentage of Men 65+ Retired[b] (2)	Mean Annual Social Security Benefit, Worker and Wife[c] (3)	Ratio of Mean Social Security Benefit to Male Median Earnings[d] (4)	Ratio of Mean Social Security Benefit to Poverty Line (5)[e]
1940	$5,494	58.2%	$2,492	.45	.50
1950	8,667	58.6	2,845	.33	.57
1960	10,782	69.5	4,026	.37	.81
1970	13,100	75.2	4,882	.37	.99
1980	12,128	80.1	6,632	.55	1.34

Source: Ross, Danziger, and Smolensky, "Social Security, Work Effort, and Poverty among Elderly Men, 1939–1979," Table 4.

[a]U.S. Department of Health and Human Services, Social Security Administration, *Social Security Bulletin, Annual Statistical Supplement, 1983*, Table 22, p. 80. Computed for wage and salary workers only. Includes workers of all ages, and those working part-time or part-year.

[b]U.S. Department of Commerce, Bureau of the Census, *Historical Statistics, Colonial Times to the Present* (1976), Series D, pp. 29–41.

[c]*Social Security Bulletin, Annual Statistical Supplement, 1983*, Table 78, p. 153. Mean computed for social security recipients only.

[d]Computed as column 3 ÷ column 1.

[e]The poverty line for an elderly couple is about $4950 in 1980 dollars for each year.

ten years, benefits jumped by about 40 percent, earnings by one quarter. From 1960 to 1970, both benefits and earnings increased by about 20 percent. The relationship reversed after 1970, when benefits rose by 36 percent but earnings declined by 7 percent. The result was that in 1980 the average benefit for a retired couple was equivalent to 134 percent of the poverty line and 55 percent of median earnings of male workers. It does not seem coincidental that by then the retirement rate among men over 64 had risen to 80 percent.

Yet Ross and colleagues caution that the decline in male work effort should not be attributed solely to the rise in social security benefits, for the labor force participation rates of older men have declined over the entire twentieth century—from 63 percent in 1900 to 42 percent in 1940 and 19 percent in 1980. The decision to retire is influenced, the authors point out, by the availability of income from *all* sources—savings, pensions, dividends, rents, in addition to earnings and social security—as well as health conditions, employment opportunities in the event of layoff or compulsory retirement, and a desire for leisure.

Ross, Danziger, and Smolensky reviewed five surveys of retirees conducted by the Social Security Administration between 1941 and 1982. Although the surveys are not strictly comparable because the populations sampled, the questions asked, and the survey formats were not identical, this information can serve as a gauge of changes in motivating forces.

Respondents in 1941–42 cited as the leading reasons for retirement, loss of jobs (56 percent) or poor health (34 percent). Forty years later, few respondents (20 percent) in the same age group reported that they retired because they had lost their jobs and fewer (17 percent) attributed retirement to poor health. Over half of the 1982 respondents had retired voluntarily. The authors sum up their findings: "The increased likelihood that an elderly person will retire in the years since social security benefits began to be paid continues a trend that dates back to at least 1900. Perhaps the most important contribution of social security to this trend is that to an increasing extent retirement could be chosen solely on economic grounds" ("Social Security, Work Effort, and Poverty among Elderly Men, 1939–1979," p. ii).

Living arrangements

Sandefur and Tuma analyze changes in five categories: living in an institution (e.g., nursing home), alone, with a spouse, with other family members, or with unrelated persons.

They observed a marked trend since 1940 toward institutionalization of the very elderly: among those 85 or older, 7 percent were in institutions in 1940, 24 percent in 1980. There was, however, considerable variation by race and gender in this age group—in 1980 29 percent of white women over 84 were in institutions, compared to 14 percent of nonwhite women, 18 percent of white men, and 11 percent of nonwhite men.

Among the aged not in institutions, those married have almost always lived with their spouse, but the unmarried have been increasingly likely to live alone rather than with family members or nonrelatives. Whereas 65 percent of all uninstitutionalized and unmarried persons aged 55 or older shared quarters with family members in 1940, only 34 percent did so in 1980, a decline of almost 50 percent. And most who were not with their families lived alone rather than with unrelated persons.

Karen Holden explored the relationship between income changes and alterations in living arrangements among elderly women in the 1950–80 period. Her study was motivated by the fact that poverty rates have fallen more slowly among older women living alone than among other groups of elderly persons.

Holden first compared the percentage of women over 60 who lived in various household types in 1980 versus 1950. She found a sharp rise in the proportion of those living alone, from 14 to 33 percent, a small rise among the proportion living with their husbands, and decreases in the fractions living with other relatives or with unrelated persons. (Like those of Sandefur and Tuma, her results confirmed a rise in institutionalization among aged women.) She next examined changes in personal incomes—the incomes they alone controlled—of these women and of the incomes of the households in which they lived, if any. Women's own income rose appreciably, from $1,400 to $5,300 (1979 dollars), but household income rose considerably more, from $6,700 to $14,300. The rise in personal income reduced the poverty of elderly women in 1980 to one-third of its 1950 level. Yet married women and those living with other relatives experienced more dramatic reductions in poverty—to 15 and 23 percent of their respective rates in 1950—since they shared income with other household members.

Two offsetting trends have occurred in these years: the survival rate of husbands has improved, so widowhood is occurring at later years and poverty of older women is thereby reduced; yet if not married, women are more likely to live alone than with others, and thus enjoy less shared income, even though personal income has grown. To estimate the net effect of these offsetting trends, Holden estimated what the household poverty rate of elderly women would have been in 1980 if incomes had changed as they did but living arrangements had remained as they were in 1950. The results showed that whereas poverty among older

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women actually fell from 52 to 16 percent, had the distribution of living arrangements of poor and nonpoor older women remained the same as in 1950, the poverty rate would have been 13 percent. On the face of it, the difference is small—three percentage points. In reality, the problem is worse than this average indicates, because as women reach older ages, they are more likely to be widows and less likely to live with others, thus increasing the incidence of poverty. The poverty rate of women in their eighties was in fact 24.3 percent in 1980, but would have been 15.5 percent had living arrangements not changed. And it is the older age groups that can be expected to grow in future years.

Summing up

What does it all add up to? Is there a single theme in this abundance of information on American socioeconomic change over almost fifty years? Although each paper tells a separate story and stands independent of the others, a common message can be found. It is that contrasting trends have marked the experiences of three demographic pairings: men and women, children and the elderly, majority whites and minorities. A synopsis of findings from the papers illustrates the point.

Poverty rates fell more for men than for women across all ages in every census year. Men are on average able to recover from income losses resulting from retirement; women are scarcely able to recover from income losses resulting from widowhood. Men are retiring at earlier ages, and are doing so more out of personal choice. Women, including those of older working ages, are increasingly choosing to enter or reenter the labor force, and more are heading their own households. Married women are becoming less dependent economically on their husbands. As both sexes age, the proportion of women relative to men rises, and unmarried elderly women are more likely than in the past to live alone or in institutions rather than with other family members.

Poverty has declined dramatically among the elderly since 1970 but has risen alarmingly among children over the same years. The elderly constitute an increasingly larger proportion of the total population and are living to older ages. More children live in female-headed households than in earlier years, and these families constitute an ever-larger proportion of the poverty population. Far greater amounts of government transfers are dispensed on behalf of older citizens than on behalf of children.

Whites have experienced greater poverty declines than have nonwhites. On the other hand, since 1940 the white middle class has grown at a slower rate than the black and Hispanic middle classes, which have doubled in size. Female family headship has increased more rapidly among Hispanics and blacks than among whites. Owing to differences in fertility and mortality rates, the elderly form a larger proportion of the white population than of the black, Hispanic, or American Indian populations. Nonwhite wives have moved at a more rapid rate than white wives toward economic independence of their husbands.

These divergent trends reflect changes in the economy, in demographics, and in social attitudes. The availability of census data has enlarged our understanding of the trends and the forces underlying them. The direction of future trends—whether the divergences will continue or abate—cannot confidently be predicted. What we can say with certainty is that our ability to analyze social and economic change will grow stronger with each future census. ■

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[1]The information on population changes is taken from Richard A. Easterlin, "American Population since 1940," in *The American Economy in Transition*, ed. Martin Feldstein (Chicago: University of Chicago Press, for the National Bureau of Economic Research, 1980).

[2]The quoted phrase is from Bruce MacLaury's Foreword to *Trends in American Economic Growth, 1929–1982*, by Edward F. Denison (Washington, D.C.: Brookings Institution, 1985).

[3]Quoted from Frank Levy, *Dollars and Dreams: The Changing American Income Distribution* (New York: Basic Books, 1987).

[4]Beyond wages and salaries, the census asked only whether or not the household received $50 or more in other income.

[5]In each decennial census, income information pertains to the respondent's experience in the preceding year; the reference years for income data are therefore actually 1939 through 1979, although for simplicity the census years are used in this article.

[6]After 1979 the poverty rate rose to a peak of 15.2 percent in 1983, then declined in each year to 13.5 percent in 1987, the most recent year for which official figures are available (see U.S. Bureau of the Census, *Money Income and Poverty Status of Families and Persons in the United States: 1987: Advance Data from the March 1988 Current Population Survey*, Current Population Reports, Consumer Income, Series P-60, no. 161 [Washington, D.C.: GPO, 1988]).

[7]Under social security rules, benefits for the dependent of a retired worker go directly to the dependent; hence the wife of a retired worker will receive her own payments resulting from his earnings record. Furthermore, widows often have control over assets accumulated during marriage. Hence, older women are generally more economically independent of men.

[8]Figures cited from "Elderly Americans Now 12 Percent of Population—Increased Income, Longevity Improve Life-Style," *Family Planning Perspectives*, 16 (1984), 143–144.