The original documents are located in Box 59, folder "1976/05/05 - Economic Policy Board (2)" of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

April 29, 1976

MEMORANDUM FOR: DAVID LISSY

FROM: BILL DIEFENDERFER

RE: Summary "Youth Employment and Maximum Wages" (DOL Bulletin 1657)

The Study sets as its goal an understanding of the relationship between minimum wage levels and youth unemployment. It would not be inaccurate to say that the authors conclusion is "we're not sure."

(1) "The most-important and at the same time discouraging conclusion to emerge from available analyses is that they do not permit confident conclusions about the effect of minimum wage laws upon the employment experience of teenagers."

(2) "From all this it should not be concluded that minimum wage laws have no effect. Rather, the fact is that time series analyses does not permit an adequate separation of various, nominally independent, factors affecting teenage employment problems." (p. 45)

(3) "Independent studies of the problem were reviewed and they were almost equally divided between "yes, minimum wage does effect youth unemployment" and "No, it does not." The bulletin states "these studies provide no consensus." (p. 30)

The study is dated (1970), however, some observations made in drawing these conclusions are worth reviewing.

A. General Observations

1. Non-Economic reasons for high teenage unemployment rates (p. 4)

   A. Casual attitude toward job hunting

   B. Frequent entrance-exit from labor market

   C. Limited horizons in job search activities

2. Since 1963 the gap between adult and youth employment has widened from 4:1 in 1963 to 5.5:1 in 1967 (p. 5)

3. Negro youth unemployment was 125% higher than whites between 1965-68. (p. 5)

4. In poverty areas (nation's 100 largest cities) teenage unemployment was 20% while nationwide it was 12.7%. (p. 6)

5. Some basis for inference that increases in the minimum wage have offset manpower program gains. (p. 45)

6. Some evidence to show minimum wage rate adjustment have greater adverse effects on 16-17 year olds than upon 18-19 year olds. (p. 45)

7. A survey of employers showed availability and insurance costs as decisive factors in decisions about hiring youth. (p. 72)

8. The 1961 and 1966 minimum wage amendments included large increases in the numbers of workers covered, especially in the trades and services, in which disproportionately large numbers of youth are employed. The studies were unable to say which was the villain - the minimum wage increase or the expanded coverage.

B. Observations on State Experience with Minimum Wage

(1) Except for several Mid-Western agricultural states the motivation and willingness of youth to accept a job which didn't pay $2.60 to $3.00 an hour (in 1968) were seen as key factors in youth unemployment: (p. 130)

(a) Absenteeism is high as is turnover

(b) Don't stick to the job

(c) Stay only few days

(d) Don't show up

(e) Long hair

(f) Less dependable than adult

(g) Lack sense of responsibility

(3) The Pennsylvania Summary was offered as a conclusion to State experience:

"In general, there seems to be some sort of standoff. The youth in the labor force are unwilling to accept work at either the State or Federal minimum wage levels and hardly anyone can be persuaded to work at the State youth differential wage. The employer is also unwilling to pay more than the minimum wage or differential unless he can hire someone who is skilled or at least had some type of vocational training. All people interivewed agreed that there is growing pressure on the employer to hire at more than the minimum wage. However, they also agreed that the employer is reluctant to do so because of the quality of the workers he is receiving." (p. 131)

It is my opinion that the study does identify facts about minimum wage and youth unemployment that are useful to decision-makers:

(1) The 1961 and 1966 amendments to the minimum wage law, increased the rate as well as greatly expanded coverage. During that period of time and up until 1968 (end of the study) youth unemployment increased at a faster rate than adult unemployment.

(2) Although the minimum wage rate was not cited by employers as a significant consideration when hiring youth they did list, insurance costs, absenteeism, don't stick to the job, less dependable than adult. All of these things translate into dollar costs to the employer. The significant question is at what point would a reduction of the minimum wage offset the preceived economic disadvantages in hiring youth.

I have marked up the study at places I felt of interest.

THE WHITE HOUSE

WASHINGTON

April 29, 1976

MEMORANDUM FOR: JIM CANNON

FROM: DAVID LISSY

SUBJECT: Youth Unemployment and the Minimum Wage

Bill Diefenderfer read the DOL study which is to be discussed at the EPB and prepared the attached review which I think will be of interest to you.

Attachment

THE WHITE HOUSE

WASHINGTON

April 23, 1976

MEMO TO: ECONOMIC POLICY BOARD EXECUTIVE COMMITTEE MEMBERS

FROM: ROGER B. PORTER RBP

SUBJECT: Youth Unemployment and the Minimum Wage

A copy of a study on "Youth Unemployment and Minimum Wages" prepared by the Department of Labor in 1970 is attached.

The subject of proposals to index the minimum wage and the problem of teenage unemployment will be discussed at an EPB Executive Committee special session the week of May 3rd.

YOUTH UNEMPLOYMENT AND MINIMUM WAGES

BULLETIN 1657

U. S. DEPARTMENT OF LABOR
Bureau of Labor Statistics
1970

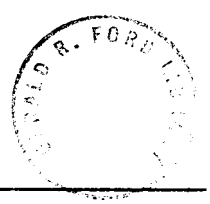
YOUTH UNEMPLOYMENT AND MINIMUM WAGES

BULLETIN 1657

U. S. DEPARTMENT OF LABOR
George P. Shultz, Secretary

BUREAU OF LABOR STATISTICS
Geoffrey H. Moore, Commissioner

1970



For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402 — Price $1.50

Foreword

In April 1969, the Secretary of Labor requested the Bureau of Labor Statistics to take the lead in Departmental efforts to study the relationship between minimum wage levels and the youth unemployment problem. The Secretary stated that he "would expect the study to draw upon experience throughout the free world; to develop insights through the use of regression analysis with respect to past relationships; to review the experiences and problem of industries employing young people; and to explore such factors as the attitudes of youth, including inner-city youth, toward entry wages."

Special thanks are due the authors of the various chapters: Karl Egge, Thomas W. Gavett, Melvin Goldberg, Harvey R. Hamel, Hyman B. Kaitz, Juliet F. Kidney, Andrew I. Kohen, Solomon B. Levine, John W. Piercey, Norman J. Samuels, Clara F. Schloss, John R. Shea, Gerald G. Somers, Irvin F. Wingeard, Fred A. Zeller. Further information on the authors is given at the beginning of each chapter. In addition, acknowledgement is due Philip Arnow, Director of the Office of Policy Planning and Research in the Department of Labor, John P. Gould, Special Assistant to the Secretary for Economic Affairs, Neal Q. Herrick, Director of the Office of Planning in the Wage and Labor Standards Administration, and Howard Rosen and Stuart H. Garfinkle of the Office of Manpower Research in the Manpower Administration for their valued aid and counsel. The Office of Manpower Research was especially helpful in developing and financing the study by the Center for Human Resource Research at the Ohio State University. Within the Bureau of Labor Statistics, the substantial help of Sophia C. Travis, of the Office of Manpower and Employment Statistics, and Matilda R. Sugg, formerly with the Office of Foreign Labor and Trade, should also be recognized. Thomas W. Gavett, Assistant Commissioner, Office of Wage and Industrial Relations, directed the study, and the results owe much to his energy and initiative.

—GEOFFREY H. MOORE
Commissioner of Labor Statistics

CHAPTER I

Introduction

In the 20-year span between 1948 and 1968, the unemployment rate for youths 16–19 years old [1] increased from 9.2 percent to 12.7 percent. The teenage unemployment rate always has been high compared to adults, but the ratio of the teenage unemployment rate to the rate for persons age 25 and over has increased from 3.2 to 1 in 1948 to 5.5 to 1 in 1968.

During those 20 years, the size of the teenage population and labor force has changed significantly, but not smoothly over time. The low birth rates during the Great Depression, followed by unusually high birth rates after World War II, have placed severe pressures upon the economy to cope with these irregular growth patterns.

Compounding the effects of irregular growth in the teenage population has been the need to adjust to major shifts in the industrial composition of employment for teenagers. The movement of jobs and people from farm to city has affected teenagers even more than adults. An increasing proportion of teenagers has been enrolled in school, with an attendant increase in the number of young people entering and leaving the labor market and an increasing number seeking short-term or part-time employment opportunities. Military manpower requirements have been erratic during the last two decades. The Korean war and the Viet Nam war have placed their demands on youth; uncertainties of the draft have compounded problems of youth employment.

The concern over teenage unemployment is not solely a concern over wasted human resources, though that surely is present. Unemployment of teenagers represents, in a sense, failures and difficulties in adjusting to the life of work—problems, to be sure, which are not unique to those teenagers who are unemployed. What effects this experience may have on the future careers of teenagers is uncertain, but it is unlikely to be helpful. The relationship between unemployment among teenagers and social discontent and disorder is another concern present if less frequently voiced.

No single factor explains the high rates of unemployment experienced by youth. Imperfect mechanisms for finding out about the world of work and the existence of jobs, uneven changes in population, changes in the composition of demand, legal restrictions upon the employment of youth, as well as general economic conditions, have all played a part.

One factor that may contribute to the adverse employment experience of youth is the effects of legal minimum wages—the central concern of this study. Since the Fair Labor Standards Act was passed in 1938, the law has been amended periodically to increase the basic minimum under the law from the 25-cent minimum originally set in 1938 to $1.60 in 1968. Coverage

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Prepared by Thomas W. Gavett. The author wishes to acknowledge the valuable help of Sophia Travis, Susan Holland, Patricia Smith, Arthur Sackley, and Douglas Fridrich of the BLS staff. Sylvia Weissbrodt prepared the sections on Federal and State law.

Footnotes appear on p. 16. Appendix tables appear on pp. 17–29.

under the law, originally fairly restricted, was not basically changed until the 1960's. While the minimum wage has been increased and coverage extended during the period that has witnessed increased unemployment of teenagers, causal relationship has been proved. The effects of the level and coverage of the minimum wage upon youth employment and unemployment in the past requires more careful analysis, not for historical reasons alone, but rather for what implications experience may have for the future.

Analytic framework

Although a substantial amount of information is available on the labor force experience of youth and on developments in minimum wage legislation, many questions about the relationship between minimum wages and the problem of youth unemployment are still to be answered. The following are the issues to which this study has been directed.

PAST EFFECTS. Have changes in the FLSA had a significant direct effect upon wages paid to teenagers? Have increases in the level of minimum wages and coverage of the law induced employers to lay off teenagers or avoid hiring teenagers, or to prefer older, more experienced workers? Wages have generally been increasing and we know that minimum wage legislation has had an impact on wages of some workers. Little evidence has been available, however, on the effect of minimum wages on wages paid to teenagers separate from the consequence of general economic developments. The employment or the unemployment rate of teenagers can be affected by the growth of the relative size of the teenage labor force, the proportion of teenagers enrolled in school, and other factors. Minimum wage effect on employment and unemployment must be separated from these other developments.

EMPLOYER HIRING PRACTICES. More information is needed about current employer hiring practices. Do employers frequently stipulate a minimum age or educational requirement that excludes some or all teenagers? Do employers avoid teenagers because they are "unreliable," or because of legal restrictions on the hiring of teenagers, or because they must pay "too high" a wage? If minimum wage laws have any impact on employer decisions, we might expect to find that employers have raised age or education hiring requirements as a consequence of recent changes in the law. Further, if there is an effect, differences would exist in employment patterns and hiring practices among employers who are roughly similar—the same area, the same industry, about the same size—but differ with respect to coverage under the law.

EXPECTATIONS. If young people are looking for and expect to get a wage which is substantially above rates actually paid in the market, the legal minimum would not be a significant factor in explaining unemployment problems of youth. Neither would a lower legal minimum for youth be an effective measure for increasing employment of youth if they are unwilling to accept work at that level. Whether or not wage expectations of youth are affected by the level of the minimum wage requires investigation. Some basis for evaluation of the "reasonableness" of wage expectations would be to compare different teenage groups. Do unemployed teenagers, for example, have wage expectations which are roughly comparable to wages actually received by employed teenagers? Also relevant to know would be whether employed teenagers actually receive wages that are as high as they had expected when they looked for a job or whether they had to adjust expectations down to reality. Further, what effect does the experience of being unemployed or of having had a job in the past have on wage expectations of youth?

ADVERSE EFFECTS OF A YOUTH DIFFERENTIAL MINIMUM. A lower minimum wage for youth were put into effect, and if total employment and total earnings of youth increased, would there be other, undesired effects? Information is needed on the contribution teenagers make to family income, whether the contribution is important to the family or not, whether or not the family would suffer if the teenager's wage rate was lower.

Of greater concern is the question of whether youth differential wage would mean a shift of employment opportunities away from other

groups to teenagers. Would a youth differential expand opportunities for teenagers only as a consequence of redistributing unemployment to older workers? If so, which group of older workers would be disadvantaged?

EFFECTS OF EXISTING DIFFERENTIALS UNDER FEDERAL LAW. Under present regulations, payments below the Federal minimum are permitted in the case of students and learners. About 6,000 establishments have been granted certificates to authorize payment of lower wages, but indications are that firms have not fully utilized these exemptions. Does the inability of employers to utilize fully exemptions granted reflect unwillingness of teenagers to work at lower wages, or employers' unwillingness to employ teenagers? Information on the extent of utilization would also be of interest in assessing the effectiveness of this method of creating a special minimum wage for youth.

EXPERIENCE IN THE STATES. A number of States which have minimum wages exempt young people or have a separate minimum for the young. Although States generally have minimums below the Federal, their experience is relevant since they have in the past, and still do, cover some industries or establishments exempt from the Federal law. Whether or not differences in the level of minimum wages among the States, or differences in treatment of youth under State minimum wage laws, explains differences in employment experience of youth in the various States requires further exploration.

FOREIGN EXPERIENCE. Other nations have not had the same experience with youth in the labor force as the United States, and other nations do not have comparable systems of minimum wage laws. Basic information on relative rates of unemployment for youth, the nature of the legal minimum wages, and the structure of wages in other countries is needed. An examination of the relationship between wages and youth unemployment in other countries would provide relevant insights for the United States. Where youth unemployment rates are relatively low, is the situation attributable to a differential minimum wage for youth or to other factors such as placement methods and customs of work? Where wages of youth are substantially below those of adults (whether due to a differential youth minima or other factors), are youth unemployment rates proportionately lower? Does foreign experience indicate there would need to be a substantial difference in minimum wages between teenagers and adults to have any significant effects on youth employment? Given differences in custom and institutions, to what extent is foreign experience transferable to the United States?

Changes in the labor force status of youth

POPULATION AND LABOR FORCE. The population of teenagers has not increased gradually in the period since World War II. Rather, the effects of low birth rates during the depression and major increases in that rate during and after the Second World War have resulted in great imbalance in the labor market.

The civilian noninstitutional population of persons 16- to 19-years old—the group of teenagers relevant for labor market analysis—increased 62 percent between 1948 and 1968. (See table 1.1.) By the late 1940's and early 1950's, however, the effect of depressed birth rates in the 1930's could easily be seen. Teenage population decreased from about 8,500,000 in 1948 to 7,900,000 in 1951, teenagers in the latter year had been born in the period of especially low birth rates. By 1956, this 7-percent decrease in teenage population had been offset. In subsequent years the effect of increased birth rates during the 1940's began to be felt. In the 5 years between 1955 and 1960, the teenage population increased 22 percent, compared with a 3-percent increase during the preceding 5 years. In the following 5 years, this group increased another 27 percent as the children born in 1946 and 1947 reached the age of entrance to the labor market.

Only in the last few years has the effects of rapid increases in birth rates during the forties —an increase from 19.4 live births per 1,000 population in 1940 to a peak of 26.6 in 1947— ceased to dramatically effect the rate of growth of the teenage population. Growth in the years between 1965 and 1970 will be only 12 percent. In the decade of the seventies, teenage population will increase only 10 percent in the first 5

Table 1.1 Population, labor force, employment, unemployment, and school enrollment 16- to 19-year olds, both sexes, all races, annual averages

[In thousands]

Year	Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment [1]	Percent change, year to year					Civilian labor force participation rate
						Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment	
1948	8,451	4,435	4,028	407	4,152						52.5
1949	8,216	4,289	3,712	575	3,884	−2.8	−3.3	−7.8	41.3	−6.5	52.2
1950	8,145	4,216	3,703	513	4,101	−.9	−1.7	−.2	−10.8	5.6	51.8
1951	7,868	4,105	3,767	336	4,099	−3.4	−2.6	1.7	−34.5		52.2
1952	7,924	4,063	3,718	345	4,158	.7	−1.0	−1.3	2.7	1.4	51.3
1953	8,014	4,026	3,719	307	4,360	1.1	−.9		−11.0	4.9	50.2
1954	8,224	3,976	3,475	501	4,675	2.6	−1.2	−6.6	63.2	7.2	48.3
1955	8,365	4,093	3,643	450	4,686	1.7	2.9	4.8	−10.2	.2	48.9
1956	8,434	4,296	3,818	478	4,935	.8	5.0	4.8	6.2	5.3	51.0
1957	8,613	4,276	3,780	496	5,148	2.1	−.5	−1.0	3.8	4.3	49.6
1958	8,986	4,260	3,582	678	5,594	4.3	−.4	−5.2	36.7	8.7	47.4
1959	9,619	4,492	3,838	654	6,119	7.0	5.4	7.1	−3.5	9.4	46.7
1960	10,188	4,840	4,129	711	6,416	5.9	7.7	7.6	8.7	4.9	47.5
1961	10,513	4,935	4,107	828	6,494	3.2	2.0	−.5	16.5	1.2	46.9
1962	10,653	4,915	4,195	720	6,886	1.3	−.4	2.1	−13.0	6.0	46.1
1963	11,371	5,138	4,255	883	7,765	6.7	4.5	1.4	22.6	12.8	45.2
1964	12,113	5,390	4,516	872	8,378	6.5	4.9	6.1	−1.2	7.9	44.5
1965	12,931	5,910	5,036	874	8,983	6.8	9.6	11.5	.2	7.2	45.7
1966	13,593	6,557	5,721	836	9,303	5.1	10.9	13.6	−4.3	3.6	48.2
1967	13,482	6,519	5,682	838	9,289	−.8	−.6	−.7	.2	−.2	48.4
1968	13,698	6,618	5,780	839	9,870	1.6	1.5	1.7	.1	6.3	48.3

[1] Total school population in month of October

years and 2 percent in the last.

Changes in the size of the teenage civilian labor force reflect population changes, though moderated to some extent by a decline in the labor force participation rate of teenagers. The increasing proportion of teenagers enrolled in school is the most important reason for that decline in participation rates. In fact, the participation rate of teenagers enrolled in school has increased in the last 20 years, while it has declined somewhat for those not in school.[2] However, the participation rate is much lower for those enrolled in school, and the substantial increase in the proportion of teenagers enrolled has brought the overall participation rate down from about 53 percent in 1948 to 48 percent in 1968.[3]

In the past two decades the number and proportion of youths enrolled in school has increased substantially. The proportion of 16 and 17 year-olds in school rose by one-third, to 90 percent of their population in October 1968, while the percentages for the 18–19 year olds and 20–24 year olds more than doubled to 50 percent and 21 percent, respectively. (See tables A3, A4, and A5.) A somewhat greater proportion of white than teenagers of other races are in school. However, among persons 20–24 years old, a much larger percentage of the whites than others attend school, 22 percent and 14 percent, respectively.

Historically, the proportion of girls 18–24 years old enrolled in school (mainly at the college level) has been below that for men. The rate of increase between 1947 and 1968 was greater for women than for men, but they still had not reached the high level for men.

EMPLOYMENT AND UNEMPLOYMENT. Despite the substantial 49-percent increase in the teenage civilian labor force between 1948 and 1968, compared with an increase of 30 percent for all persons, the economy has absorbed an imposing number of teenagers. Employment of teenagers has increased by 1.8 million, or about 44 percent, compared with an overall increase in employment of 30 percent. The rapid growth in demand for teenagers was not, however, adequate to absorb the available supply.

The unemployment rate for teenagers has always been high relative to that of adults. The casual methods teenagers use to find jobs, their frequent entrance to and exit from the labor market, and the limited horizon of their job-search activities are major contributing factors. In every year during the postwar period, the unemployment rate of teenagers has been significantly higher than that of persons 25 and

FACTORS

over, ranging from about 170 percent higher in 1954 to 450 percent higher in 1968.

General economic conditions affect teenagers as they do other workers. The recessions of 1949, 1954, 1958, and 1961 brought marked increases in the unemployment rate of teenagers. (See table A6.) Since teenage unemployment rates are always higher than those of adults, the story of what has happened to the relative position of teenagers in the United States is better revealed by relating the teenage rates to the rate for persons 25 and over.

From 1948 to 1962, the ratio of the teenage jobless rate to that for persons 25 and over fluctuated between 2.7 and 3.5. Beginning in 1963 the divergence increased markedly. In that year, when the teenage jobless rate rose to 17 percent, the ratio increased to 4 to 1. Since 1963, the gap has continued to widen, reaching a peak of 5.5 to 1 in 1968. (See table 1.2.)

In 1963, the relative position of teenagers began to deteriorate markedly as persons born in 1947 entered the labor force. Not surprising is the fact that as they "graduated" to the 20- to 24-year age group in the last 2 years, the relative position of that age group has begun to deteriorate. (See table A11.)

COLOR-SEX-AGE DIFFERENCES. Population and labor force patterns were similar for white and Negro youth and for males and females in the 16–17 and 18–19 age groups in the period after World War II. Each color-sex group was affected by erratic changes in birth rates, each had higher unemployment rates than adults, each had substantially higher rates during recessions, and, beginning in 1963, each experienced a material deterioration in its position relative to adults in the same color-sex group.

Despite these similarities in experience of various groups of teenagers, notable contrasts appear in employment and unemployment developments among youths. From 1955 to 1963, no significant or sustained increases in Negro youth employment took place, while employment rose 600,000, or 19 percent, for white youth. During this period, the Negro teenager unemployment rate about doubled, compared with a rise of one-half for the white teenage rate. Although employment has increased for Negro youth since 1963, their unemployment has also continued to edge up. In contrast, the number of unemployed white 16–19 year-olds has declined since 1963.

In the early 1950's the Negro teenage rate averaged about one-quarter higher than the white rate. Beginning in the mid-1950's, the jobless rate of Negro relative to white teenagers began to further deteriorate, becoming almost double the rate of whites. The economic resurgence since 1964 brought the unemployment rate of white teenagers down to 11 from 15 percent, but the Negro rate failed to show comparable improvement. As a consequence, Negro teenage jobless rates ran about 125 percent higher than the rate for whites during the last 3 years.

If we look at white-Negro unemployment rates among teenage males and females separately, we find that the jobless rate is higher for both Negro men and women. In 1968, for example, the rate for Negro teenage males was about 120 percent higher than the rate for whites, and it was almost 140 percent higher for females. (See table A12.) Relative to white teenagers, Negro females have always been worse off than Negro males. In the last two decades, both male and female Negro teenagers have slipped relative to whites. The Negro male teenager has slipped even more than the female. His jobless rate, relative to whites, has about doubled; hers has increased about two-thirds. While the Negro male's relative position has deteriorated more than that of the Negro female, the jobless

Table 1.2. Ratio of unemployment rates, 16 to 19 years, to rate for 25 years and over, annual averages

Year	Total	Male	Female	White			All others		
				Total	Male	Female	Total	Male	Female
1948	3.17	3.63	2.44	3.30	3.77	2.41	2.49	2.27	2.44
1949	2.79	2.98	2.51	2.89	3.09	2.54	2.35	2.13	2.84
1950	2.77	3.02	2.38	2.95	3.26	2.48	1.96	1.80	2.23
1951	2.93	3.38	2.13	3.00	3.64	2.00	2.44	2.19	2.82
1952	3.54	4.05	2.67	3.77	4.40	2.68	2.33	1.98	2.98
1953	3.17	3.43	2.67	3.41	3.76	2.76	2.26	2.00	2.89
1954	2.68	3.07	2.15	2.88	3.44	2.12	1.91	1.57	2.64
1955	3.06	3.41	2.49	3.25	3.77	2.46	2.08	1.70	2.78
1956	3.36	3.58	2.87	3.48	3.89	2.77	2.66	2.21	3.30
1957	3.41	3.88	2.72	3.42	4.11	2.64	2.98	2.71	3.61
1958	2.84	3.05	2.51	2.82	3.14	2.40	2.63	2.25	3.42
1959	3.32	3.56	2.81	3.36	3.78	2.73	3.00	2.63	3.74
1960	3.27	3.56	2.96	3.46	3.68	3.02	2.89	2.64	3.40
1961	3.11	3.29	2.81	3.19	3.41	2.79	2.66	2.39	3.14
1962	3.34	3.59	3.04	3.50	3.81	2.98	2.84	2.37	3.60
1963	4.00	4.30	3.51	4.08	4.54	3.43	3.70	3.33	4.28
1964	4.26	4.79	3.61	4.35	4.90	3.55	3.79	3.52	4.21
1965	4.63	5.04	3.93	4.62	5.16	3.89	4.49	4.24	4.95
1966	4.92	5.32	4.27	4.87	5.25	4.03	5.18	4.84	5.59
1967	4.92	6.15	3.65	4.58	5.63	3.35	5.57	6.43	4.93
1968	5.52	6.44	4.38	5.24	5.94	4.17	6.23	6.91	5.63

rate for Negro females still is, in absolute terms or relative to whites, much higher than that of the Negro male.

During the 1950's, the unemployment rate for all teenage males ran about 10 percent higher than the rate for females. Since 1963, however, the situation has been reversed, and the teenage male's unemployment rate is about 10 percent lower than the female rate. The relative deterioration in the position of females compared with males has occurred primarily among white females. (See table A12.)

The experience of 16–17 and 18–19 year age categories differ from one another. The younger group still heavily represent those in secondary schools in most months of the year and are more apt to be subject to legal or work-connected restrictions. The 18–19 year-olds are largely out of secondary schools, but the boys are subject to draft calls.

In the last 20 years, the unemployment rates for 16–17 year-olds has been consistently higher than that of the older teenage group, and the postwar increase in rates was sharper for 16–17 year-olds. The increase in unemployment rates for teenage girls, previously noted, was sharpest in the 18–19 age group. (See tables A7 and A8.)

Unemployment rates for Negro 16–17 and 18–19 year-olds closely followed the pattern of their combined total. In both 2-year age groups, the rates for Negroes rose more than that for whites between 1948 and 1963 and declined less afterward. In 1967 and 1968, the Negro rates were about 30 percent for 16–17 year-olds and 23 percent for 18–19 year-olds, both rates more than double those for comparable white age groups.

POVERTY AREAS. In the poverty neighborhoods[5] of the Nation's 100 largest cities, the teenage unemployment rate was 20 percent in 1968, substantially above the national average of 12.7 percent. Only 100,000 unemployed 16–19 year-olds, one-eighth of the U.S. total, lived in these poverty neighborhoods. However, Negro youngsters were a disproportionately large concentration. About one-third of all unemployed Negro 16–19 year-olds lived in these 100 poverty neighborhoods; the comparable proportion was only one-fifteenth for white teenagers.

These data underscore the widespread nature of the unemployment problem for Negro youth. Negro 16–19 year-olds outside the poverty areas had almost as high an unemployment rate as those in poverty neighborhoods. On the other hand, the poverty area rates for white teenagers were about 30 percent higher than for whites in the other neighborhoods of large cities. Moreover, the employment situation for white youngsters in the poverty areas was much better than for Negro youngsters outside poverty neighborhoods.

DURATION AND SEASONALITY OF UNEMPLOYMENT. While unemployment rates of young persons are substantially higher than those for older workers, the duration of unemployment is much shorter. About 55 percent of the teenagers were unemployed less than 5 weeks during the year, compared with 43 percent of those over age 24.[6] Conversely, less than 20 percent of young persons had been unemployed 15 weeks or more during the year compared with 25 percent of persons age 25 and over. Among those who were unemployed, relatively more teenage girls had been jobless for less than 5 weeks compared with males. Unemployment was not only more frequent among Negro than white youths, but relatively more Negroes had been unemployed a total of 15 weeks or more during the year. About 16 percent of the white, but 25 percent of Negro teenagers had been unemployed that long during 1967.

The monthly data on teenage unemployment indicate much the same story as the annual work experience data. In 1968, about 63 percent of all unemployed 16–19 year-olds had been seeking work for less than 5 weeks. (See table A17.) Another 28 percent had been jobless 5 to 14 weeks, and the remaining 9 percent had sought work for 15 weeks or longer. The proportions are not comparable to data from the annual work experience survey, since the latter includes all persons who had been in the labor force anytime during the year—not just the current month—and reports total length of unemployment during the year—not just the length of a current spell of unemployment.

Almost 75 percent of total teenage unemployment in 1968 arose because of entrance or

reentrance into the labor force. The largest group of jobless teenagers—330,000 or 39 percent of the total—were new entrants, persons who had never held a full-time civilian job for 2 weeks or longer. A higher proportion of girls (47 percent) than boys (32 percent) were new entrants. Another 280,000 unemployed 16–19 year-olds (34 percent of the total) were reentering the labor force—most of them after attending school.

Just over 25 percent of all teenage jobseekers in 1968 were persons who began seeking work immediately after losing or leaving a job. Approximately 130,000 (15 percent of all unemployed teenagers) were seeking work because they had lost their last jobs. Another 100,000 (12 percent of the total) had left their previous jobs and immediately began to look for other employment.

During the 1968 school year, teenage joblessness ranged from about 600, to 775,000, but in June and July it soared to 1.6 and 1.3 million, respectively. (See table A18.) For the entire year, teenage unemployment averaged 840,000, or about 140,000 above the school-year average; virtually all of this difference is accounted for by the summertime increase in those seeking full-time employment. During the school months, an average of 335,000 16–19 year-olds were seeking full-time work; this figure rose to an average of 900,000 for the 3 summer months. In contrast, the number of teenagers seeking part-time jobs was about the same (360,000) during the school year and the summer months.

Approximately 43 percent of all unemployed teenagers in 1968 were seeking part-time jobs. During the school year this proportion was up to 53 percent. A larger proportion of teenage boys (58 percent) than girls (47 percent) was looking for part-time work during the school months. School enrollment rates are higher for boys and, therefore, they have a greater need to find part-time jobs after school and on the weekends.

In the last 20 years, there has been no significant change in the composition of youth unemployment in the summertime or in the school year. The teenage level during the school year (the 9 months excluding June, July, and August) remained between 86 and 91 percent of the annual average unemployment level throughout the 1948–66 period. Changes in unemployment definitions introduced in January 1967 tended to lower the school-year average unemployment level moderately for youth. Considerably more variation appeared between the June-July unemployment averages (the two high months) and that for the entire year (ranging from about 137 to 169), but no trend is apparent. (See table A19.)

Between 1963 and 1966, the proportion of unemployed teenagers seeking part-time jobs rose steadily—from 31.4 to 36.1 percent. (See table A20.) This shift resulted from a drop in the number looking for full-time work while the number seeking part-time jobs remained constant. The substantial rise in school enrollment rates for teenagers since the early 1960's has been reflected in a rapid increase in part-time employment. For example, from 1963 to 1966, voluntary part-time employment for 16–19 year-olds rose by about 45 percent, while the increase in full-time employment was 25 percent. In 1966, 41 percent of all employed teenagers were voluntarily working part time; only 3 years earlier the proportion had been 37 percent. As would be expected, the proportions working and seeking part-time employment are substantially higher during the school months than for the entire year.

Unemployment rates for teenagers seeking full- and part-time work both declined over the 1963–66 period. However, the full-time rate dropped more—from 18.7 to 13.7 percent—and the gap between the full- and part-time rates narrowed somewhat. School-year unemployment rates followed the same pattern as the full-year rates. However, the rate for teenagers seeking part-time work was moderately lower during the school months than for the entire year. Changes in concepts make comparisons between 1966 and 1967 impossible, and the overall teenage unemployment picture and its full-time, part-time composition did not change between 1967 and 1968.

The composition of teenage employment

EMPLOYMENT BY INDUSTRY. The most striking change in the industrial composition of employ-

ment of teenagers has been the shift out of agriculture. In the late 1940's, about 20 percent of all employed teenagers worked in agriculture; in the 1966–68 period the proportion was down to 7 percent. (See table A21.) Agriculture, however, still employs a sizable proportion (about 11 percent) of all 16–19 year-old boys.

In terms of absolute numbers, teenage employment in agriculture fell from about 750,000 in 1948 to 400,000 in 1968. Despite this drop, teenagers have maintained their share of total out the postwar period. In the nonagricultural agricultural employment—10 percent throughout the post-war period. In the nonagricultural sector, youth employment fluctuated around the 3 million mark from the late 1940's until 1959. In 1959 and 1960 teenage employment in nonagricultural industries began to rise strongly, reaching 5.4 million in 1968. During the 1966–68 period teenagers were about 7.5 percent of all nonagricultural workers, up from about 5.5 to 6.0 percent during the 1950's and early 1960's.

Data on the distribution of 16–19 year-old teenagers among nonagricultural industries are not available except for recent years. (Materials for the 14–19 year-old group are available for a longer period, as noted below.) Among the 16–19 year-old group, employment is heavily concentrated in retail trade, services, and manufacturing. In 1968 these three industries employed 75 percent of all working 16–19 year-olds. Between 1963 and 1968, the proportion of 16–19 year-olds employed in education and other professional services rose from 9.3 to 12.5 percent, and the proportion in public administration also increase (1.8 to 2.8 percent). Over the same 1963–68 period, the proportion in private household employment declined from 10 to 7.2 percent. (See table 1.3.)

In 1968, teenagers made up 7.5 percent of total nonagricultural employment, but they constituted substantially larger proportions in three industries—retail trade (16 percent), entertainment and recreational services (22 percent) and private households (20 percent). Employment in private households and small retail trade and service establishments is generaliy not covered by the Federal minimum wage. Hence, all of the teenagers working as domestics and babysitters, and many of them employed as camp counselors, waiters, waitresses, and sales clerks are exempt from minimum wage provisions. On the other hand, there are

Table 1.3. Employed 16-19 year olds by nonagricultural industries, annual average, 1963 and 1968

Industry	1968				1963			
	Industrial distribution of employed teens	Percent of total employed in industry			Industrial distribution of employed teens	Percent of total employed in industry		
		Total	Male	Female		Total	Male	Female
Total	100.0	7.5	4.0	3.4	100.0	6.0	3.2	2.8
Mining	0.2	2.5	2.3	0.4	4.7	3.7	3.5	0.2
Construction	4.3	5.1	4.8	.3				
Manufacturing	18.5	4.8	3.2	1.6	18.8	4.0	2.6	1.4
Durables	9.3	4.1	2.9	1.2	8.5	3.1	2.1	1.0
Nondurables	9.2	5.8	3.6	2.2	10.3	5.1	3.2	1.9
Transportation	4.1	4.3	2.3	2.1	4.0	3.3	1.7	1.6
Railroads	.2	1.8	1.5	.3	.2	.9	.7	.2
Other transportation	1.4	3.5	2.7	.8	1.5	3.0	2.2	.7
Other utilities	2.4	6.1	2.1	4.0	2.3	4.7	1.7	3.0
Trade	36.4	13.9	8.5	5.4	35.5	10.5	6.5	4.0
Wholesale	2.2	4.7	3.3	1.4	2.5	3.9	2.7	1.2
Retail	34.2	15.9	9.6	6.2	33.0	12.0	7.3	4.6
Finance	4.4	6.6	1.3	5.2	5.6	6.8	1.3	5.5
Service	22.0	7.0	3.1	3.9	19.6	5.4	2.5	2.9
Business and repairs	2.7	6.5	4.7	1.8	3.1	6.1	4.3	1.7
Personal, except private households	3.8	8.3	3.0	5.2	4.1	6.3	2.4	3.9
Entertainment	2.8	22.2	15.2	7.0	2.8	18.7	13.3	5.2
Medical, except hospitals	1.6	5.9	1.0	5.0	(1)	(1)	(1)	(1)
Hospitals	3.3	7.0	2.1	5.0	(1)	(1)	(1)	(1)
Welfare and religion	.7	5.3	2.2	3.0	(1)	(1)	(1)	(1)
Education	5.6	5.5	2.2	3.3	3.6	3.6	1.5	2.1
Other professional	1.3	5.3	2.5	2.9	[1] 5.7	[1] 4.5	[1] 1.1	[1] 3.3
Forest and fisheries	.1	6.6	5.5	1.1	.3	9.3	8.5	.8
Private household	7.2	19.8	3.5	16.3	10.0	16.5	3.3	13.2
Public administration	2.8	3.5	1.5	2.0	1.8	1.9	.6	1.3

[1] Not available separately; included under "other professional."

few teenagers (less than 5 percent of total employment) in mining, construction, durable goods manufacturing, and transportation, where minimum wage coverage is almost universal.

Some perspective on the changes that have occurred in the industrial distribution of employment can be gained from the decennial census, though here we include the 14–19 teenage group. After standardizing for changes in the size of the population groups over time, the movement of teenagers out of agriculture is, again, striking. Between 1940 and 1960, the net employment shift out of agriculture among 14–17 year-old boys was about 44 percent compared with 25 percent for 18–19 year-olds and only 8 percent for all men.[7]

Among young girls, the shift out of agriculture was smaller (19 percent for those 14–17 and 4 percent for those 18–19), but the shift out of private household employment was substantial (about 18 percent during the two decades compared with 10 percent for all women). Almost all of the movement out of household employment occurred between 1940 and 1950 as the economy moved from the last years of the depression through World War II and the immediate postwar periods of expanded job opportunities.

Among males, retail trade was particularly affected by the employment shifts. Between 1940 and 1960, the net shift into retail trade was 20 percent for 14–17 year olds and 10 percent for those 18–19; for all males, there was a slight (0.2) shift out of retail trade. Services and manufacturing also absorbed a disproportionate number of young males.

A large number of 14–17 year-old teenage girls were also absorbed into retail trade (a net employment shift of 23 percent between 1940 and 1960), and also an appreciable number shifted into services, especially professional and related services (7 percent). Among the older teenage girls, the important sectors of expanding employment opportunity were finance, insurance, real estate (9.3 percent net shift) and services (6.6 percent).

EMPLOYMENT BY OCCUPATION. Teenage employment is concentrated primarily in four occupations—clerical workers (1.3 million), operatives, service workers except private household workers (together 1.0 million each), and nonfarm laborers (800,000). In 1968, these occupations included 72 percent of total teenage employment, up from 67 percent in 1963. (See table A25.) Between 1963 and 1968, the proportion of teenagers in two low-skilled occupations, farm laborers and private household workers, fell from 17 to 12 percent. There are sharp differences in the teenage occupational distribution by sex. Approximately 2.1 million, or 84 percent, of the girls employed in 1968 worked in clerical, sales, or service jobs. On the other hand, 2.6 million, or 80 percent, of the employed 16–19 year-old boys were in blue-collar, miscellaneous service, or farm laboring jobs.

Many teenagers work in the lowest skill occupations. In 1968, when 16–19 year-olds made up 7.6 percent of total employment, they were roughly 20 percent of all private household workers, farm laborers, and nonfarm laborers. On the other hand, few teenagers are among the skilled craftsmen (2.5 percent) and professional and technical workers (1.7 percent). Not surprisingly, youth employment in the managerial occupations (both farm and nonfarm) is almost nonexistent.

Persons under age 20 constituted about 11 percent of the total number of persons on active military duty last year, the lowest percentage in the period since World War II. (See table 1.4.) While the number of young people in active military duty has been higher during war periods, the proportion of military personnel under age 20 has generally been lower during war.

The proportion of 18 to 19 year-old men in the Armed Forces has declined since the 1950's. During the early 1950's, when persons born in the depression were in the 18 to 19 group, about 23 percent of the males were in the Armed Forces, compared with 13 percent the last 5 years as the relatively large number of persons born during the 1940's came of age.[8]

Military service

Since June 1948, the military draft has been in continuous existence in the United States.[9] During the late 1940's, military personnel on

Table 1.4. Military personnel on active duty, inductees, and First Enlistments, 1947–68

[In thousands]

Year	18–19 year old male population as of July 1	Military personnel on active duty as of July 1	Military inductees in year ending June 30	First enlistments in year ending June 30	Military personnel under age 20 on active duty as of July 1	Military personnel under age 20 as percent of all military personnel	Military personnel under age 20 as percent of male population 18–19
1947	[1] 2,277	1,561	([2])	([2])	536	34.3	23.5
1948	[1] 2,254	1,462	([2])	([2])	355	24.3	15.7
1949	2,268	1,610	([2])	([2])	417	25.9	18.4
1950	2,214	1,481	([2])	([2])	266	18.0	12.0
1951	2,125	3,279	587	630	464	14.2	21.8
1952	2,071	3,661	379	510	490	13.4	23.7
1953	2,111	3,590	564	343	464	12.9	22.0
1954	2,148	3,331	265	329	455	13.7	21.1
1955	2,136	2,964	215	440	545	18.4	25.5
1956	2,193	2,835	137	371	575	20.3	26.2
1957	2,264	2,823	180	303	590	20.9	26.1
1958	2,296	2,656	127	271	435	16.4	18.9
1959	2,376	2,553	111	309	407	15.9	17.1
1960	2,530	2,531	90	324	427	16.9	16.9
1961	2,807	2,549	60	360	423	16.6	15.1
1962	2,889	2,860	158	385	453	15.8	15.7
1963	2,815	2,749	74	328	379	13.8	13.5
1964	2,805	2,748	151	345	355	12.9	12.7
1965	3,305	2,698	103	318	374	13.9	11.3
1966	3,696	3,140	340	548	493	15.7	13.3
1967	3,592	3,449	299	483	668	19.4	18.6
1968	3,584	3,593	340	513	403	11.2	11.2

[1] Excludes Alaska and Hawaii.
[2] Not available.

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Report, Series P-25, U.S. Department of Defense, Office of the Secretary, Annual Report, Selected Manpower Statistics, Bureau of the Census, Statistical Abstract.

active duty averaged about 1.5 million; the number rose to about 3.5 million during the Korean war. From the mid-1950's to the mid-1960's, slightly more than 2.5 million were on active duty; the number again approached 3.5 million in the last 3 years as a consequence of the Viet Nam war.

Inductions into the military service reached a peak during the Korean war—587,000 were drafted in 1951, then gradually dropped to a low of 60,000 in 1961, and rose again in the last 3 years to an average of about 325,000 inductees. Enlistments into the armed forces have roughly paralleled draft calls.

Since the mid-1950's, the age of persons drafted has been on the average in the low 20's. According to U.S. Department of Defense data, the average age of inductees was slightly more than 22 from 1956 through 1966, but in the last few years, average age has been closer to 20. (See table A26.) Persons enlisting in the Armed Forces for the first time have generally been younger than inductees. Their average age had been about 18 and one-half years from 1956 to 1964, but in the last 3 years has averaged slightly more than 19 years of age. (See table A26.)

According to available evidence, military service has not posed any greater burden upon the young today than was true during the Korean war. In fact, the burden is smaller relative to the size of their population. The uncertainty of when or whether young men would be drafted has frequenlty been cited, however, as a reason for employment problems in the civilian labor market.

A supplement to the Current Population Survey in October and November 1964 provides some information on this problem.[10] The survey covered civilian males, 16- to 34-years old. About 15 percent of those who had not entered the military and were not attending school full time claimed that they had been told by an employer that they could not be hired because they might be drafted.

Males in the 19–21 year-age group reported a negative employer response more frequently than others, though among males classified 1–A, the proportion reporting a negative experience continued to increase through the 22–25 year-old group. (The latter had, of course, a longer exposure to the labor market and, hence, a greater possibility of a negative experience.)

Those who had not completed high school reported a negative experience less frequently (8 percent) and those who had some college training but had not graduated reported a negative experience most often (25 percent). This pattern held true when standardized for age as well as for all age groups combined.

The overall proportion of veterans reporting a similar experience before entering the service was about the same, though veterans who were college graduates and who entered the service in their twenties reported a negative experience more frequently than their counterparts who had not entered the military.

A substantial minority (about 30 percent) of the group covered by the survey expressed the belief that uncertainty over whether they would be drafted had caused them difficulties. The question asked however, did not specify employment problems as distinct from school or personal problems.

In general, the survey only indicates that about 15 percent of the group had been refused employment due to the possibility of the draft, and that the problem was more common among the better educated and among the most "draftable"—those classified 1–A and 19 years of age or over.

A 1964 survey of 190 local public employment offices providing special placement services for high school graduates and dropouts indicated that 26 percent of the offices contacted reported no employer discrimination on the basis of military status and 61 percent reported that less than 25 percent of the employers in the area discriminated. Twenty-seven percent of the offices reported that the draft had no significant effects on the ability of young men to find work; only 12 percent reported a great effect. Similar results were reported in a survey of offices performing regular Employment Service functions.[11]

Whether or not the results of these surveys conducted in 1964 would hold true in the recent years of higher draft calls and greater involvement in Viet Nam is uncertain.

The Fair Labor Standards Act

HISTORY. The Fair Labor Standards Act was signed July 25, 1938, and became effective on October 24 of that year. The law provided for an initial minimum wage of 25 cents, required payment of time and one-half for hours in excess of 44 a week, and set 16 as the minimum age for general employment in establishments producing goods for shipment or delivery in interstate commerce. If each occupation was declared hazardous by the Secretary of Labor, the minimum age for employment was 18. Employment of 14- and 15-year olds was permitted outside school hours in a few occupations.

The original act provided for increases in the basic minimum to 30 cents in 1939 and to 40 cents in 1945, and required payment of premium overtime rates after 42 hours in 1939 and 40 hours in 1940. Special industry committees, could recommend rates above the 30-cent limit, but not more than 40 cents, prior to 1945.

Table 1.5. Minimum wage and maximum hours levels under the Federal Fair Labor Standards Act

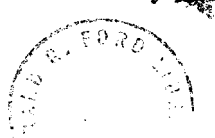
Effective date	Minimum wage		Maximum hours		Enactment date
	covered	newly covered	covered	newly covered	
October 24, 1938	$0.25		44		[1] June 1938
October 24, 1939	.30		42		
October 24, 1940			40		
October 24, 1945	.40				
January 25, 1950	.75				October 1949
March 1, 1956	1.00				August 1955
September 3, 1961	1.15	$1.00			May 1961
September 3, 1963	1.25				
September 3, 1964		1.15		44	
September 3, 1965		1.25		42	
				40	
February 1, 1967	1.40	1.00		[2] 44	September 1966
February 1, 1968	1.60	1.15		[2] 42	
February 1, 1969		1.30		[2] 40	
February 1, 1970		[2] 1.45			
February 1, 1971		[2] 1.60			

[1] An amendment enacted June 26, 1940, authorized special industry committees to recommend rates above the then 30-cent legal minimum, but not above 40 cents, permitting those industries to reach the 40-cent minimum rate before October 24, 1945, when that rate would become effective, generally, for all covered employment. The industry committees were predominantly in the apparel and textiles industries.
[2] Not applicable to newly covered farm workers.

Initially, coverage of the law was restricted. Government, agriculture, and retail trade were virtually excluded, as well as most of the service industry and more than half of construction. The law also contained many exemptions for workers based on the industries or occupations in which they were employed. In addition, it excluded establishments not engaged in interstate commerce or in the production of goods for commerce or activities necessary for such operations. In all, about half of the nonsupervisory workers in the private Sector were covered by the law. (See table 1.5.)

Though the law was, practically nullified by inflation and rapidly rising money wages during and immediately after World War II, the basic minimum under the law was not changed until 1950 when the minimum was raised to 75 cents. Although coverage provisions were amended to incorporate clarifications of the language and to include only those workers "closely related and directly essential" rather than those "necessary" to the production of goods for interstate commerce, the coverage changes were negligible. In 1956, the minimum wage became $1 an hour, but coverage was not changed.

Prior to the 1960's, increases in the number of persons covered by the law was attributable to employment growth or shifts of employment from sectors not covered by the law to others,



such as the shift out of agriculture; changes in the law itself were not important.

In 1961, Congress substantially expanded coverage by including all employees of an enterprise that had some employees engaged in interstate commerce or the production of goods for interstate commerce. Dollar volume tests were established as a basis for enterprise coverage. As a consequence, the number of persons covered in retail trade, construction, and public transit increased substantially. The proportion of nonsupervisory employees covered by the law had been increased to about 60 percent from 50 percent.

The 1961 amendments also increased the basic minimum to $1.15 in 1961 and to $1.25 in 1963. Newly covered workers were granted a minimum wage of $1, which was raised in two steps to $1.25 by September 1965.

Even more extensive than the 1961 amendments, the 1966 amendments to the law brought a half-million workers on large farms under coverage of the law. Also hospitals and schools, whether public or private; nursing homes; laundries; and many hotels, motels, and restaurants were brought under coverage. Further, the enterprise sales test was dropped from the $1 million under the 1961 amendments to $500,000 in 1967 and to $250,000 in 1969. As a consequence, nonsupervisory workers subject to the law increased from approximately 60 percent in the private sector under the 1961 amendments to over 75 percent.[11]

In addition to the extensions of coverage, the 1966 amendments raised the minimum wage to $1.40 in 1967 and $1.60 in 1968 for workers previously covered and set a minimum of $1 for newly covered workers effective February 1, 1967, to be raised by 15-cent intervals each year until $1.60 is reached in 1971. (The minimum wage for agricultural workers stopped at the $1.30 reached in 1969.)

MINIMUM WAGES AND EARNINGS OF WORKERS. While the basic minimum wage has increased more than six fold since 1938, during the same period, a substantial increase has taken place in money wage levels. In manufacturing, where monthly records on earnings extending far back in time, the minimum wage was about 41 percent of average hourly earnings when the law first became effective in October 1938. (See table A28.) The following year the minimum wage rose to about 48 percent of average hourly earnings. By the time of the scheduled increase in the minimum to 40 cents in 1945, increases in average hourly wages had made the new minimum relatively no more meaningful than the original 25 cents. The changes in the basic minimum after the 1940's have kept the minimum at about 50 to 55 percent of average hourly earnings in manufacturing in the month when the change was effective.

Table 1.6. Proportion of earnings covered by the Federal minimum wage, 1947–68[1]

Year	Basic minimum wage as a percent of [2]		Minimum wages as a percent of average hourly earnings weighted by industry total employment and proportion covered [3] private nonfarm	Minimum wages as a percent of average hourly earnings weighted by industry teenage employment and proportion of total employment covered [4] private nonfarm
	Average hourly earnings private nonfarm	Total compensation per man-hour private nonfarm		
1947	35.4	31.3	20.3	(5)
1948	32.7	28.7	19.1	(5)
1949	31.4	27.9	18.0	(5)
1950 [6]	56.2	49.6	32.3	(5)
1951	51.7	45.5	30.1	(5)
1952	49.3	43.1	28.4	(5)
1953	46.6	40.8	26.9	(5)
1954	45.5	39.5	25.8	18.2
1955	43.4	38.1	24.8	17.6
1956 [6]	53.2	46.0	30.7	21.0
1957	52.9	43.4	29.8	20.2
1958	51.3	41.9	28.3	18.4
1959	49.5	40.1	27.3	18.1
1960	47.8	38.5	26.2	17.8
1961 [6]	49.1	40.9	28.3	21.0
1962	51.8	43.1	32.8	27.7
1963 [6]	51.9	42.9	32.5	27.1
1964	53.0	43.3	33.4	27.7
1965	51.0	41.8	32.5	27.1
1966	48.8	39.5	31.5	26.7
1967 [6]	53.8	41.5	39.2	36.9
1968 [6]	55.6	44.0	42.6	40.1

[1] In years when the minimum wage changed, the rate used in the calculations was weighted by the number of months it was in effect. For example in 1968, $1.40 was in effect 1 month and $1.60 for 11 months, a weighted average rate of $1.58.

[2] The basic minimum refers to the single rate provided under law prior to 1961 and, since 1961, to the rate applicable to previously covered workers.

[3] Calculated, as follows:

$$\sum_i \left[\frac{E_i}{E_t} \left[\left(\frac{MP_i}{AHE_i} \cdot CB_i \right) + \left(\frac{MN_i}{AHE_i} \cdot CN_i \right) \right] \right]$$

where:
E=payroll employment.
AHE=average hourly earnings.
MP=basic minimum wage.
MN=minimum wage for newly covered workers.
CB=proportion of nonsupervisory employees covered by the basic minimum.
CN=proportion of nonsupervisory employees covered by the rate applicable to newly covered workers.
i=major industry division (wholesale and retail trade treated as separate divisions).
t=total private nonfarm economy.

[4] Calculations are the same as in footnote 3 except that employment data refer to the 14–19 age group only. Employment data are not strictly comparable to that for all workers since it comes from household rather than payroll records and because government employment not classified as public administration is included in the other divisions; private households were excluded.

[5] Not available.

[6] Denotes years when basic minimum wage was changed. There were also changes for newly covered workers in 1964 and 1965.

As in manufacturing, minimum wages have, in the year the change was effective, averaged slightly over 50 percent of average hourly earnings in the private nonfarm sector as a whole in the postwar period. The constant rise in money wages in the intervening years, however, constituted a partial repeal of the effective minimum wage level. The 75-cent minimum effective in 1950, for example, was 56 percent of average hourly earnings. The rapid rise in wages during and after the Korean war brought the percentage down to 43 in 1955. (See table 1.6.)

The comparison between the basic minimum wage and average hourly earnings both overstates and understates what has happened to the legal minimum compared with actual earnings. The comparison is overstated in that it does not take into consideration the increasing importance of supplements to compensation, such as pensions, health insurance plans, and so forth. Studies indicate that low-wage firms and industries pay out less in the form of fringe benefits than do high-wage firms and industries. Only legally required payments such as social security and unemployment compensation are common in low-wage sectors.

Since workers paid at or near the legal minimum rate are less likely to receive fringe benefits, comparisons are more properly made to total compensation (including fringes) per man-hour rather than earnings alone. In the private nonfarm economy, the minimum wage was 44 percent of total compensation per man-hours in 1968 compared with 49.6 percent in 1950 when the 75-cent minimum was made effective, a decline of 11.3 percent in the proportion. When the comparison was restricted to earnings alone, the comparable figures indicated a more modest decline of 1.1 percent.

The comparisons between minimum wages and average hourly earnings or total compensation per man-hour understates minimum wage developments in that they take no note of the significant expansions of coverage that occurred in 1961 and 1967. Nor do previous comparisons note that, since 1961, two minimum wage rates have been applicable to different groups of workers.

When applicable minimum wages are computed as a percent of average hourly earnings in each major industry division and weighted by the proportion of workers covered by the applicable minimum and the employment in the industry division, we find a substantial rise in the effectiveness of minimum wage laws.

The method of calculation can be illustrated with the following hypothetical example. Suppose there are only two industry divisions in the country and the following facts are known:

Industry	Proportion of total employment in all industries (In percent)	Average earnings hourly	Proportion of nonsupervisory work force in industry covered by— $1.60 minimum	$1.30 Minimum	No minimum	Total
			(In percent)			
A	40	$2.50	60	20	20	100
B	60	3.50	90	10	.....	100
Total	100					

The minimum wage as a percent of earnings weighted by coverage and industry employment would be:

$$.40\left[\left(\frac{1.60}{2.50}\ .60\right)+\left(\frac{1.30}{2.50}\ .20\right)+\left(\frac{0}{2.50}\ .20\right)\right]$$
$$+\ .60\left[\left(\frac{1.60}{3.50}\ .90\right)+\left(\frac{1.30}{3.50}\ .10\right)\right]$$
$$=\ .464 \text{ or } 46.4 \text{ percent.}$$

Measured this way, minimum wages effectively rose from about 32 percent of earnings in 1950 to 43 in 1968 after taking coverage and all applicable minimums into account—a 32-percent increase in the proportion compared with a 1-percent decline when coverage was ignored and only the basic minimum wage considered.

If total compensation were considered, as well as coverage, the estimated effective increase in the proportion between 1950 and 1968 would have been about 18 percent.[12]

MINIMUM WAGES AND DISTRIBUTION OF TEENAGE EMPLOYMENT. A disproportionately large number of teenagers are employed in the trades and services which have been especially affected by the 1961 and 1966 amendments to the law. We have no exact information on the number of teenagers who work in establishments covered by the FLSA or on the relationship between their wage rates and the level of the minimum wage.

An approximation of the effects of expansion in coverage can be made, however, if we compute, as before, minimum wages as a percen-

tage of average hourly earnings in each major division and weight by the proportion of workers covered by the applicable minimums, but use the proportion of teenage employment in each division rather than the proportion of total employment.

The significant comparison is between the data using teenage and that using total employment. Averaging the years 1954 to 1960, teenage employment weights give us an estimate of minimum wages as a percentage of earnings of approximately 19 percent compared with about 28 percent when total employment is used. While the teenage employment weights yield a figure about 68 percent as large for 1954–60, it rose to about 82 percent for 1961–66 and 94 percent for 1967–68.

The estimates are not precise: they do not take into consideration the shift of teenagers out of agriculture and they do not account for the proportion of teenagers employed in small establishments not covered by FLSA. The only important point, however, is that percent changes in coverage under the law are apt to have had more influence on teenagers than on older workers.

Federal law

The basic Federal law governing the employment of children and youth is contained in the FLSA and in the orders and regulations issued under that law.

Minors under the age of 16 are subject to Federal restrictions on occupations and time periods for work. In general, the FLSA sets a basic minimum age of 16 for employment, but permits 14- and 15-year olds to work outside school hours in certain occupations and under restricted conditions with respect to maximum working hours and nightwork as set forth in Child Labor Regulation 3. In agricultural employment, minors under 16 may not be employed during school hours or at any time in an occupation declared hazardous by the Secretary of Labor.

Two other Federal laws govern the employment of minors under 16. The Walsh-Healey Public Contracts Act includes a prohibition on the employment of minors under 16 in work performed under a U.S. Government contract in excess of $10,000. The Sugar Act deals with the cultivation or harvesting of sugarbeets or sugarcane. To qualify for maximum Federal benefits under this law, producers may not employ children under 14, or permit those of 14 or 15 to work more than 8 hours a day.

On reaching his 16th birthday, a youth is released from all Federal restraints on his employment except for an 18-year employment age in nonagricultural occupations declared particularly hazardous by the Secretary of Labor under FLSA, and except for any indirect effect of the age certification program. Although there is no Federal requirement for proof-of-age certificates or work permits for minors of any age, under a cooperative program between the Department of Labor and the States, as set forth in Child Labor Regulation 1, State certificates are accepted as proof of age under FLSA, and employers are urged to obtain an age certificate for every minor claiming to be under 18 before employing him in any occupation, and for every minor claiming to be 18 or 19 before employing him in a nonagricultural occupation declared hazardous.

The Secretary has issued 17 hazardous occupations orders establishing an 18-year minimum for employment in occupations involving:

- Manufacture or storage of explosives
- Occupations of motor-vehicle driver and outsider helper
- Coal mining
- Logging and sawmilling
- Power-driven woodworking machines*
- Exposure to radioactive substances and to ionizing radiation
- Operation of elevators and other power-driven hoisting apparatus
- Power-driven metal forming, punching, and shearing machines*
- Mining, other than coal
- Slaughtering, meat-packing or processing, or rendering*
- Power-driven bakery machines
- Power-driven paper-products machines*
- Manufacture of brick, tile, and kindred products
- Circular saws, band saws, and guillotine shears*
- Wrecking, demolition, and shipbreaking
- Roofing*
- Excavation*

*Apprentices and student-learners are exempted under specified conditions.

FLSA does not preempt State jurisdiction in the regulation of child and youth employment; on the contrary the act specifically preserves State law, thus permitting dual coverage. Whenever both Federal and State law apply to the same employment, the higher (more stringent) standard must be observed, whether Federal or State.

State law

Every State has a child labor law, its initial enactment having predated the Federal law by several decades. Youth employment is also affected by State compulsory school attendance laws and by specific provisions in other types of State laws, primarily those dealing with alcoholic beverage control, hours and nightwork regulated by orders issued under minimum wage programs in a few States, double-award requirements under workmen's compensation, mining, occupational licensing, and restrictions on women's working hours.

Broadly speaking, the child labor laws fall into a pattern for this age group, although considerable variation exists among State. The most common standards relate to employment certificate (or work permit) requirements; minimum employment ages during and outside school hours, as well as in manufacturing, in nonmanufacturing, and in hazardous or detrimental occupations; maximum daily and weekly hours and days per week; and restrictions on nightwork. Many of the State provisions are less restrictive than comparable Federal requirements. Several States also have special provisions regulating employment in agriculture, street trades, messenger work, or public performances.

About one-fourth of the States do not impose any general restraints on employment once the youth has attained age 16. But in the other States protective restrictions or requirements of one or more types are in effect. These deal with employment- or age-certificate requirements, prohibitions on hazardous work, and limitations on maximum hours and/or nightwork. About a third of the States have restraints of all such types.

Most prevalent are limitations on maximum working hours, which are distinctively State in origin for this age group, without Federal equivalents. Twenty-seven States, Washington, D.C., and Puerto Rico have hours limits for boys and girls; three, for girls only. In 11 other States girls of 16 and 17 are subject to hours restrictions by virtue of laws applicable to females as such. The most common limitation is an 8-hour day, 48-hour week, and a 6-day week. In a number of States more restrictive provisions apply to those attending school.

Similarly without Federal equivalents are the State nightwork restrictions, in effect in 20 States, Washington, D.C., and Puerto Rico for boys and girls, and in three for girls only. The mandatory quitting time is often later for boys than for girls, or for those not attending school, or on nights preceding nonschool days or during school vacation. Although the most common curfew is 10 p.m., a few laws have earlier curfews for girls, and several have later ones for boys and girls or for boys only.

Employment certificates are required by 20 States, Washington, D.C., and Puerto Rico. In most of these jurisdictions the minor is required to obtain a prior promise of employment from the employer, and in 12 he must also present a certificate of physical fitness. Less complex procedures are in effect in six other States, where only age certificates are mandatory.

Twenty-four States and Puerto Rico have established an 18-year entrance age in a considerable number of hazardous occupations, as specified by law and/or regulation. State lists of such occupations are usually less restrictive than the Federal counterparts, but a few are more restrictive or bar certain employment that presents a moral or emotional hazard rather than a physical danger.

The workmen's compensation laws of a third of the States provide for the payment of extra compensation (usually double) to a minor who is injured while illegally employed. Under most of these laws, the employer is specifically liable for the additional compensation; it is not insurable. While not in itself a restriction on lawful employment, this type of requirement might affect employer practices.

There is no Federal law governing compulsory school attendance; this is a matter regulated by State law. All States but one have compulsory school attendance laws. Attendance is usually required between the ages of 7 and 16, but eight States have statewide full-time attendance requirements until age 17 and four others until age 18. However, in most of these latter States children of 14, 15, or 16 may be excused for purposes of employment. Even in States which require attendance only until the age of 16, many permit children below this age to be exempted from further attendance under a variety of circumstances related to employment, economic need, educational attainment, uneducability, discipline, handicap, or other particular conditions.

State restraints generally cease when the youth reaches his 18th birthday, except for the age provisions in Alcoholic Beverage Control Laws, which usually establish age 21 as the minimum in occupations involving the selling or serving of alcoholic beverages or ages 18 to 21 in places that sell or serve such beverages. Hours or other types of age restrictions exist in only a very few States or affect only individual occupations of a special nature.

———*FOOTNOTES*———

[1] In this study, the terms "teenager" and "youth" are used interchangeably. Unless otherwise stated, both terms refer to the 16-19 age group.

[2] See *Statistics on Manpower*, a supplement to the Manpower Report of the President, U.S. Department of Labor, 1969, P. 33.

[3] Significantly, in October 1968, a majority of both employed and unemployed teenagers for the first time, were enrolled in school. See table A-29.

[4] Data refer to Negro and other races. Negroes constitute over 90 percent of the total in this group.

[5] Poverty neighborhoods include the lowest quartile of census tracts (based on 1960 Census data) in SMSA's of 250,000 inhabitants or more, ranked in terms of income, education, skills, housing, and broken families. See table A-13.

[6] See tables A-14, A-15, and A-16, Data on work experience of the population in 1968 were not available at the time this report was written.

[7] See table A-24. Net employment shift between two time periods for any group is:

$\frac{E_i}{E_t} - \frac{E_i}{E_t'}$, where E = employment, i = industry, t = total, and the prime (') represents the later time period.

[8] The comparison given in the last column of table 1.4 is not strictly proper. Seventeen year-old males can enlist with parents' permission as is true of girls under age 21. As of March 1969, fewer than 40,000 women of all ages were in the Armed Forces.

[9] The World War II draft act expired March 31, 1947 and the draft was reinstated June 24, 1948. No persons were drafted, however, from late 1945 to 1948.

[10] The results of the study, financed by the Department of Defense, were included in appendix D of the manuscript, *Meeting Our Military Manpower Needs*, U.S. Department of Defense.

[11] See table A-27 for detailed estimates for 1969.

[12] Historical data on total compensation per man-hour by industry division is not currently available. An approximate calculation can be made from the materials in table 1.6. For 1968, for example, minimum wages as a percent of compensation weighted by coverage would be (44.0/55.6) (42.6) = 33.7.

Appendix Tables

Table A–1. Population, labor force, employment, unemployment, and school enrollment 16- to 19-year olds, both sexes, white, annual averages

[In thousands]

Year	Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment [1]	Percent change, year to year					Civilian labor force participation rate
						Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment	
1955	7,293	3,597	3,226	371	[2]						49.3
1956	7,346	3,771	3,387	384	[2]	.7	4.8	4.9	3.5	[2]	51.3
1957	7,505	3,774	3,373	401	[2]	2.2	.1	−.4	4.4	[2]	50.3
1958	7,844	3,759	3,217	542	[2]	4.5	−.4	−4.6	35.2	[2]	47.9
1959	8,432	4,000	3,475	525	5,442	7.5	6.4	8.0	−3.1	[2]	47.4
1960	8,924	4,276	3,701	575	5,694	5.8	6.9	6.5	9.5	4.6	47.9
1961	9,212	4,361	3,692	669	5,777	3.2	2.0	−.2	16.3	1.5	47.3
1962	9,344	4,354	3,774	580	6,172	1.4	−.2	2.2	−13.3	6.8	46.6
1963	9,979	4,558	3,850	708	6,872	6.8	4.7	2.0	22.1	11.3	45.7
1964	10,618	4,784	4,076	708	7,415	6.4	5.0	5.9		7.9	45.1
1965	11,320	5,265	4,562	703	7,921	6.6	10.1	11.9	−.7	6.8	46.5
1966	11,863	5,828	5,176	651	8,177	4.8	10.7	13.5	−7.4	3.2	49.1
1967	11,683	5,748	5,113	635	8,107	−1.5	−1.4	−1.2	−2.5	−.9	49.2
1968	11,841	5,839	5,195	644	8,599	1.4	1.6	1.6	1.4	6.1	49.3

[1] Total school population in month of October.
[2] Not available.

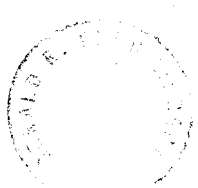


Table A–2. Population, labor force, employment, unemployment, and school enrollment 16- to 19-year olds, both sexes, Negroes and other races, annual averages

[In thousands]

Year	Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment [1]	Percent change, year to year					Civilian labor force participation rate
						Civilian noninstitutional population	Civilian labor force	Employed	Unemployed	School enrollment	
1955	1,072	495	417	78	(2)						46.2
1956	1,087	527	431	96	(2)	1.4	6.5	3.4	23.1	(2)	48.5
1957	1,108	503	407	96	(2)	1.9	−4.6	−5.6		(2)	45.4
1958	1,143	504	366	138	(2)	3.2	.2	−10.1	43.8	(2)	44.1
1959	1,188	491	363	128	676	3.9	−2.6	−.8	−7.2	(2)	41.3
1960	1,263	566	428	138	722	6.3	15.3	17.9	7.8	6.8	44.8
1961	1,301	572	414	158	717	3.0	1.1	−3.3	14.5	−.7	44.0
1962	1,309	561	420	141	714	.6	−1.9	1.4	−10.8	−.4	42.9
1963	1,392	579	403	176	893	6.3	3.2	−4.0	24.8	25.1	41.6
1964	1,496	606	441	165	963	7.5	4.7	9.4	−6.3	7.8	40.5
1965	1,610	644	475	169	1,062	7.6	6.3	7.7	2.4	10.3	40.0
1966	1,731	729	544	185	1,126	7.5	13.2	14.5	9.5	6.0	42.1
1967	1,801	771	569	204	1,182	4.0	5.8	4.6	10.3	5.0	42.8
1968	1,858	779	585	195	1,271	3.2	1.0	2.8	−4.4	7.5	41.9

[1] Total school population in month of October.
[2] Not available.

Table A–3. School enrollment as percent of population all persons 16- to 24-years old, by age and sex October of 1947, 1957, and 1965–68

Year and sex	16 to 19 years			20 to 24 years		
	Total	16 and 17 years	18 and 19 years	Total	20 and 21 years	22 to 24 years
ALL PERSONS, BOTH SEXES						
1968	71.2	90.2	50.3	21.4	31.2	13.8
1967	69.3	88.8	47.6	22.0	33.3	13.6
1966	68.2	88.5	47.2	19.9	29.9	13.2
1965	67.8	87.4	46.3	19.0	27.6	13.2
1957	59.2	80.5	34.9	14.0	(1)	(1)
1947	46.5	67.6	24.3	10.2	(1)	(1)
MALE						
1968	77.3	91.7	60.4	30.5	45.0	20.4
1967	75.3	90.9	56.3	30.6	44.3	21.0
1966	74.6	89.9	57.8	29.2	41.4	21.3
1965	72.9	88.0	55.6	27.6	37.6	21.1
1957	65.5	82.8	43.3	21.3	(1)	(1)
1947	50.8	67.6	31.4	17.0	(1)	(1)
FEMALE						
1968	65.4	88.7	41.2	14.3	21.5	8.3
1967	63.6	86.7	40.3	15.1	24.9	7.4
1966	62.1	87.1	37.7	12.4	20.9	6.6
1965	62.8	86.9	37.7	11.8	19.5	6.5
1957	53.6	78.1	28.1	8.2	(1)	(1)
1947	42.5	67.5	18.5	3.9	(1)	(1)

[1] Not available.

Table A–4. School enrollment as percent of population white person 16- to 24-years old, by age and sex, October of 1947, 1957, 1965–68

Year and sex	16 to 19 years			20 to 24 years		
	Total	16 and 17 years	18 and 19 years	Total	20 and 21 years	22 to 24 years
WHITE PERSONS, BOTH SEXES						
1968	71.8	90.8	50.9	22.4	32.8	14.5
1967	69.9	89.4	48.3	22.9	34.8	14.1
1966	68.8	89.0	48.2	21.3	32.2	14.0
1965	68.3	87.8	47.1	20.2	29.4	14.1
1957	(1)	(1)	34.6	14.7	(1)	(1)
1947	(1)	(1)	24.8	10.5	(1)	(1)
MALE						
1968	78.0	92.1	61.4	32.5	47.8	21.9
1967	76.0	91.4	57.1	32.2	46.9	22.0
1966	75.3	90.3	59.0	31.6	44.9	23.0
1965	73.6	88.6	56.6	29.8	39.9	23.3
1957	(1)	(1)	44.0	22.9	(1)	(1)
1947	(1)	(1)	32.6	17.4	(1)	(1)
FEMALE						
1968	65.8	89.4	41.3	14.6	22.3	8.2
1967	64.2	87.4	40.9	15.4	25.6	7.4
1966	62.6	87.6	38.6	12.9	22.3	6.6
1965	63.0	87.0	38.3	12.2	20.9	6.3
1957	(1)	(1)	27.0	8.3	(1)	(1)
1947	(1)	(1)	18.3	4.1	(1)	(1)

[1] Not available.

Table A–5. School enrollment as percent of population, Negroes and other races 16- to 24-years old, by age and sex, October of 1947, 1957 and 1965–68

Year and sex	16 to 19 years			20 to 24 years		
	Total	16 and 17 years	18 and 19 years	Total	20 and 21 years	22 to 24 years
NEGROES AND OTHER RACES, BOTH SEXES						
1968	67.7	86.8	46.8	14.0	20.2	9.2
1967	65.2	85.1	42.8	15.3	22.4	10.0
1966	64.0	85.4	40.0	10.2	14.2	7.5
1965	64.3	84.6	40.1	10.2	15.5	6.3
1957	(1)	(1)	36.7	8.8	(1)	(1)
1947	(1)	(1)	20.2	6.9	(1)	(1)
MALE						
1968	72.5	88.9	53.7	16.3	25.6	9.4
1967	71.0	88.0	50.6	18.7	26.4	13.1
1966	69.7	87.2	49.1	12.3	17.4	8.6
1965	67.4	83.3	47.5	11.7	21.6	4.5
1957	(1)	(1)	38.5	10.3	(1)	(1)
1947	(1)	(1)	20.7	12.3	(1)	(1)
FEMALE						
1968	63.2	84.7	40.6	12.3	16.3	9.1
1967	59.9	82.3	36.0	12.6	19.3	7.5
1966	58.8	83.7	31.9	8.6	11.6	6.5
1965	61.5	85.9	33.5	8.9	10.4	7.8
1957	(1)	(1)	35.1	7.6	(1)	(1)
1947	(1)	(1)	19.9	2.5	(1)	(1)

[1] Not available.

Table A–6. Unemployment rates, 16- to 19-year olds, annual averages, by color and sex

Year	Total 16–19	Male 16–19	Female 16–19	White			All other		
				Total 16–19	Male 16–19	Female 16–19	Total 16–19	Male 16–19	Female 16–19
1948	9.2	9.8	8.3	8.9	9.8	7.7	11.2	10.0	13.4
1949	13.4	14.3	12.3	13.0	13.9	11.7	16.9	16.6	17.6
1950	12.2	12.7	11.4	11.8	12.4	10.9	15.3	15.1	15.6
1951	8.2	8.1	8.3	7.8	8.0	7.6	11.0	9.2	14.1
1952	8.5	8.9	8.0	8.3	8.8	7.5	10.5	9.1	12.8
1953	7.6	7.9	7.2	7.5	7.9	6.9	8.8	8.2	10.1
1954	12.6	13.5	11.4	12.1	13.4	10.4	16.6	14.4	20.6
1955	11.0	11.6	10.2	10.4	11.3	9.1	15.6	13.4	19.2
1956	11.1	11.1	11.2	10.1	10.5	9.7	18.1	15.0	22.8
1957	11.6	12.4	10.6	10.6	11.5	9.5	19.1	18.4	20.2
1958	15.9	17.1	14.3	14.4	15.7	12.7	27.4	26.8	28.4
1959	14.6	15.3	13.5	13.1	14.0	12.0	26.1	25.2	27.7
1960	14.7	15.3	13.9	13.5	14.0	12.7	24.3	24.0	24.8
1961	16.8	17.1	16.3	15.3	15.7	14.8	27.7	26.8	29.2
1962	14.7	14.7	14.6	13.3	13.7	12.8	25.3	22.0	30.2
1963	17.2	17.2	17.2	15.5	15.9	15.1	30.3	27.3	34.7
1964	16.2	15.8	16.6	14.8	14.7	14.9	27.3	24.3	31.6
1965	14.8	14.1	15.7	13.4	12.9	14.0	26.5	23.3	31.7
1966	12.8	11.7	14.1	11.2	10.5	12.1	25.4	21.3	31.3
1967	12.8	12.3	13.5	11.0	10.7	11.4	26.2	23.8	29.6
1968	12.7	11.6	14.0	11.0	10.1	12.1	24.9	22.1	28.7

Table A–7. Unemployment rates, 16 to 17 year olds, annual averages, by color and sex

Year	Total	Male	Female	White			All other		
				Total	Male	Female	Total	Male	Female
1948	10.0	10.1	9.8	10.0	10.2	9.6	10.2	9.4	11.8
1949	14.0	13.7	14.4	13.5	13.4	13.6	17.3	15.8	20.3
1950	13.6	13.3	14.2	13.6	13.4	13.8	14.1	12.1	17.6
1951	9.6	9.4	10.0	9.6	9.5	9.6	10.3	8.7	13.0
1952	10.0	10.5	9.1	10.3	10.9	9.3	7.4	8.0	6.3
1953	8.7	8.8	8.5	8.7	8.9	8.3	8.8	8.3	10.3
1954	13.5	13.9	12.7	13.2	14.0	12.0	15.4	13.4	19.1
1955	12.3	12.5	12.0	12.0	12.2	11.6	15.0	14.8	15.4
1956	12.3	11.7	13.2	11.5	11.2	12.1	18.0	15.7	22.0
1957	12.5	12.4	12.6	11.9	11.9	11.9	17.0	16.3	18.3
1958	16.4	16.3	16.6	15.2	14.9	15.6	26.5	27.1	25.4
1959	15.3	15.8	14.4	14.4	15.0	13.3	23.0	22.3	25.8
1960	15.5	15.5	15.4	14.6	14.6	14.5	23.7	22.7	25.7
1961	18.3	18.3	18.3	16.7	16.5	17.0	31.0	31.0	31.1
1962	16.2	15.9	16.8	15.3	15.1	15.6	23.9	21.9	27.8
1963	19.3	18.8	20.3	17.9	17.8	18.1	31.8	27.0	40.1
1964	17.8	17.1	18.8	16.5	16.1	17.1	29.5	25.9	36.5
1965	16.5	16.1	17.2	14.8	14.7	15.0	31.1	27.1	37.8
1966	14.8	13.7	16.6	13.3	12.5	14.5	26.9	22.5	34.8
1967	14.7	14.5	14.8	12.8	12.7	12.9	29.9	28.9	32.0
1968	14.7	13.9	15.9	12.9	12.3	13.9	29.5	26.6	33.7

Table A–8. Unemployment rates, 18 to 19 year-olds, annual averages, by color and sex

Year	Total	Male	Female	White			All other		
				Total	Male	Female	Total	Male	Female
1948	8.6	9.6	7.4	8.2	9.5	6.7	12.0	10.5	14.6
1949	13.0	14.6	11.2	12.6	14.2	10.7	16.7	17.1	15.9
1950	11.2	12.3	9.8	10.7	11.7	9.4	16.3	17.7	14.1
1951	7.1	7.0	7.2	6.6	6.7	6.5	11.6	9.6	15.1
1952	7.3	7.4	7.3	6.6	7.0	6.2	12.9	10.0	16.8
1953	6.8	7.2	6.4	6.6	7.1	6.0	8.8	8.1	9.9
1954	12.0	13.2	10.5	11.3	13.0	9.4	17.2	14.7	21.6
1955	10.0	10.8	9.1	9.2	10.4	7.7	16.3	12.9	21.4
1956	10.2	10.4	9.9	9.0	9.7	8.3	18.4	14.9	23.4
1957	10.9	12.3	9.4	9.5	11.2	7.9	20.5	20.0	21.3
1958	15.5	17.8	12.9	13.9	16.5	11.0	24.7	26.7	30.0
1959	14.0	14.9	12.9	12.1	13.0	11.1	28.1	27.2	29.9
1960	14.1	15.0	13.0	12.6	13.5	11.5	24.9	25.1	24.5
1961	15.8	16.3	15.1	14.4	15.1	13.6	25.6	23.9	28.2
1962	13.6	13.8	13.5	12.0	12.7	11.3	25.9	21.8	31.2
1963	15.6	15.9	15.2	13.7	14.2	13.2	29.5	27.4	31.9
1964	14.9	14.6	15.1	13.3	13.4	13.2	25.7	23.1	29.2
1965	13.5	12.4	14.8	12.3	11.4	13.4	22.4	20.2	27.8
1966	11.3	10.2	12.6	9.7	8.9	10.7	24.3	20.5	29.2
1967	11.6	10.5	12.7	9.8	9.0	10.6	23.9	20.1	28.3
1968	11.2	9.7	12.9	9.6	8.2	11.0	22.4	19.0	26.2

Table A–9. Unemployment rates, 20–24 years old, annual averages, by color and sex

Year	Total	Male	Female	White			All other		
				Total	Male	Female	Total	Male	Female
1948	6.2	6.9	4.8	5.6	6.4	4.2	11.1	11.7	10.2
1949	9.3	10.4	7.3	8.7	9.8	6.7	14.4	15.8	12.5
1950	7.7	8.1	6.9	7.1	7.7	6.1	12.8	12.6	13.0
1951	4.1	3.9	4.4	3.8	3.6	3.9	7.6	6.7	8.8
1952	4.6	4.6	4.5	4.1	4.3	3.8	9.2	7.9	10.7
1953	4.7	5.0	4.3	4.3	4.5	4.1	7.0	8.1	5.5
1954	9.2	10.7	7.3	8.3	9.8	6.4	15.2	16.9	13.2
1955	7.0	7.7	6.1	6.2	7.0	5.1	12.7	12.4	13.0
1956	6.6	6.9	6.3	5.7	6.1	5.1	13.1	12.0	14.8
1957	7.1	7.8	6.0	6.3	7.1	5.1	12.5	12.7	12.2
1958	11.2	12.7	8.9	9.9	11.7	7.4	19.4	19.5	18.9
1959	8.5	8.7	8.1	7.3	7.5	6.7	15.7	16.3	14.9
1960	8.7	8.9	8.3	7.9	8.3	7.2	14.0	13.1	15.3
1961	10.4	10.8	9.8	9.4	10.0	8.4	16.9	15.3	19.5
1962	9.0	8.9	9.1	7.9	8.0	7.7	16.0	14.6	18.2
1963	8.8	8.8	8.9	7.7	7.8	7.4	16.8	15.5	18.7
1964	8.3	8.1	8.6	7.3	7.4	7.1	15.0	12.6	18.3
1965	6.7	6.4	7.3	6.1	5.9	6.3	11.1	9.3	13.7
1966	5.3	4.6	6.3	4.6	4.1	5.3	9.9	7.9	12.6
1967	5.7	4.6	7.0	5.0	4.2	6.0	10.6	8.0	13.8
1968	5.8	5.1	6.7	5.2	4.6	5.9	10.1	8.3	12.3

Table A–10. Unemployment rates, 25 years and over, annual averages, by color and sex

Year	Total	Male	Female	White			All other		
				Total	Male	Female	Total	Male	Female
1948	2.9	2.7	3.4	2.7	2.6	3.2	4.5	4.4	5.5
1949	4.8	4.8	4.9	4.5	4.5	4.6	7.2	7.8	6.2
1950	4.4	4.2	4.8	4.0	3.8	4.4	7.8	8.4	7.0
1951	2.8	2.4	3.9	2.6	2.2	3.8	4.5	4.2	5.0
1952	2.4	2.2	3.0	2.2	2.0	2.8	4.5	4.6	4.3
1953	2.4	2.3	2.7	2.2	2.1	2.5	3.9	4.1	3.5
1954	4.7	4.4	5.3	4.2	3.9	4.9	8.7	9.2	7.8
1955	3.6	3.4	4.1	3.2	3.0	3.7	7.5	7.9	6.9
1956	3.3	3.1	3.9	2.9	2.7	3.5	6.8	6.8	6.9
1957	3.4	3.2	3.9	3.1	2.8	3.6	6.4	6.8	5.6
1958	5.6	5.6	5.7	5.1	5.0	5.3	10.4	11.9	8.3
1959	4.4	4.3	4.8	3.9	3.7	4.4	8.7	9.6	7.4
1960	4.5	4.3	4.7	3.9	3.8	4.2	8.4	9.1	7.3
1961	5.4	5.2	5.8	4.8	4.6	5.3	10.4	11.2	9.3
1962	4.4	4.1	4.8	3.8	3.6	4.3	8.9	9.3	8.4
1963	4.3	4.0	4.9	3.8	3.5	4.4	8.2	8.2	8.1
1964	3.8	3.3	4.6	3.4	3.0	4.2	7.2	6.9	7.5
1965	3.2	2.8	4.0	2.9	2.5	3.6	5.9	5.5	6.4
1966	2.6	2.2	3.3	2.3	2.0	3.0	4.9	4.4	5.6
1967	2.6	2.0	3.7	2.4	1.9	3.4	4.7	3.7	6.0
1968	2.3	1.8	3.2	2.1	1.7	2.9	4.0	3.2	5.1

Table A–11. Ratio of unemployment rates, 20 to 24 years, to rate for 25 years and over, annual averages, by sex and color

Year	Total	Male	Female	White			All other		
				Total	Male	Female	Total	Male	Female
1948	2.14	2.56	1.41	2.07	2.46	1.31	2.47	2.66	1.85
1949	1.94	2.17	1.49	1.93	2.18	1.46	2.00	2.03	2.02
1950	1.75	1.93	1.44	1.78	2.03	1.39	1.64	1.50	1.86
1951	1.46	1.63	1.13	1.46	1.64	1.03	1.69	1.60	1.76
1952	1.92	2.09	1.50	1.86	2.15	1.36	2.04	1.72	2.49
1953	1.96	2.17	1.59	1.95	2.14	1.64	1.79	1.98	1.57
1954	1.96	2.43	1.38	1.98	2.51	1.31	1.75	1.84	1.69
1955	1.94	2.26	1.49	1.94	2.33	1.38	1.69	1.57	1.88
1956	2.00	2.23	1.62	1.97	2.26	1.46	1.93	1.76	2.14
1957	2.09	2.44	1.54	2.03	2.54	1.42	1.95	1.87	2.18
1958	2.00	2.27	1.56	1.94	2.34	1.40	1.87	1.64	2.28
1959	1.93	2.02	1.69	1.87	2.03	1.52	1.80	1.70	2.01
1960	1.93	2.07	1.77	2.03	2.18	1.71	1.67	1.44	2.10
1961	1.93	2.08	1.69	1.96	2.17	1.58	1.63	1.37	2.10
1962	2.05	2.17	1.90	2.08	2.22	1.79	1.80	1.57	2.17
1963	2.05	2.20	1.82	2.03	2.23	1.68	2.05	1.89	2.31
1964	2.18	2.45	1.87	2.15	2.47	1.69	2.08	1.83	2.44
1965	2.09	2.29	1.83	2.10	2.36	1.75	1.88	1.69	2.14
1966	2.04	2.09	1.91	2.00	2.05	1.77	2.02	1.80	2.25
1967	2.19	2.30	1.89	2.08	2.21	1.76	2.26	2.16	2.30
1968	2.52	2.83	2.09	2.48	2.71	2.03	2.53	2.59	2.41

Table A–12. Ratios of Negro/white and male/female unemployment rates, 16–19 year-olds, annual averages

[Ratios of unemployment rates]

Year	Negro/White [1]			Male/Female		
	Total	Male	Female	Total	White	Nonwhite
1948	1.26	1.02	1.74	1.18	1.27	0.75
1949	1.30	1.19	1.50	1.16	1.19	.94
1950	1.30	1.22	1.43	1.11	1.14	.97
1951	1.41	1.15	1.86	.98	1.05	.65
1952	1.27	1.03	1.71	1.13	1.17	.71
1953	1.17	1.04	1.46	1.10	1.14	.81
1954	1.37	1.07	1.98	1.18	1.29	.70
1955	1.50	1.19	2.11	1.14	1.24	.70
1956	1.79	1.43	2.35	.99	1.08	.66
1957	1.80	1.60	2.13	1.17	1.21	.91
1958	1.90	1.71	2.24	1.20	1.24	.94
1959	1.99	1.80	2.31	1.13	1.17	.91
1960	1.80	1.71	1.95	1.10	1.10	.97
1961	1.81	1.71	1.97	1.05	1.06	.92
1962	1.90	1.61	2.36	1.01	1.07	.73
1963	2.02	1.72	2.30	1.00	1.05	.79
1964	1.84	1.65	2.12	.95	.99	.77
1965	1.98	1.81	2.26	.90	.92	.74
1966	2.27	2.03	2.59	.83	.87	.68
1967	2.38	2.22	2.60	.91	.94	.80
1968	2.16	2.19	2.37	.83	.84	.77

[1] Data on Negroes include other races.

Table A–13. Teenage unemployment by sex and color in U.S., SMSA's of 250,000 or more inhabitants, poverty and other neighborhoods of these SMSA's, annual averages, 1968

Age, sex, and color	Unemployment (in thousands)				Unemployment rates			
	U.S. total	SMSA's of 250,000 or more			U.S. total	SMSA's of 250,000 or more		
		Total	Poverty neighborhoods	Other neighborhoods		Total	Poverty neighborhoods	Other neighborhoods
Total, 16–19	838	474	107	367	12.7	13.4	20.0	12.2
Male	426	242	57	185	11.6	12.7	18.8	11.6
Female	412	232	50	181	14.0	14.1	21.4	12.9
White, 16–19	644	351	43	308	11.0	11.4	14.3	11.1
Male	328	178	24	154	10.1	10.9	14.3	10.5
Female	316	173	19	154	12.1	12.0	14.3	11.8
Negro and other races, 16–19	195	123	64	59	25.0	25.9	27.3	24.5
Male	98	64	32	32	22.1	24.3	24.7	23.8
Female	96	59	32	28	28.8	28.0	30.7	25.4

Table A–14. Incidence of unemployment in 1967 for persons 16- to 24-years old, by age and sex, all persons

Age and sex	Total with unemployment during 1967		Percent distribution by weeks of unemployment					
	Number	Percent of total working or looking for work	Total	Less than 5 weeks	5 to 14 weeks	15 weeks or more		
						Total	15 to 26 weeks	27 weeks or more
Total, 16 years and over	11,564	12.9	100.0	46.6	30.7	22.6	14.0	8.6
16 to 24 years	4,501	21.8	100.0	53.0	27.7	19.2	11.7	7.5
16 and 17 years	947	22.0	100.0	54.6	26.4	19.0	10.3	8.7
18 and 19 years	1,373	26.5	100.0	55.1	28.3	16.6	9.8	6.8
20 to 24 years	2,181	19.5	100.0	51.0	28.0	21.0	13.6	7.4
25 years and over	7,063	10.3	100.0	42.6	32.6	24.8	15.4	9.4
MEN								
Total, 16 years and over	6,655	12.6	100.0	43.4	32.8	23.7	15.2	8.5
16 to 24 years	2,444	22.9	100.0	49.0	29.0	22.0	13.6	8.3
16 and 17 years	579	23.3	100.0	50.6	25.9	23.5	12.6	10.9
18 and 19 years	672	26.1	100.0	50.3	30.4	19.3	12.1	7.3
20 to 24 years	1,193	21.2	100.0	47.5	29.8	22.7	15.0	7.7
25 years and over	4,211	10.0	100.0	40.2	35.1	24.7	16.2	8.5
WOMEN								
Total, 16 years and over	4,909	13.4	100.0	51.0	27.8	21.2	12.3	8.9
16 to 24 years	2,057	20.6	100.0	57.8	26.3	16.0	9.5	6.5
16 and 17 years	368	20.4	100.0	60.9	27.2	12.0	6.8	5.2
18 and 19 years	701	26.8	100.0	59.6	26.4	14.0	7.6	6.4
20 to 24 years	988	17.7	100.0	55.3	25.8	18.9	11.8	7.1
25 years and over	2,852	10.7	100.0	46.1	29.0	24.9	14.4	10.6

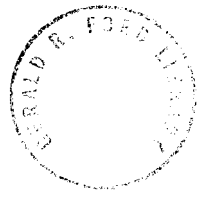


Table A–15. Incidence of unemployment in 1967 for persons 16- to 24-years old, by age and sex, white persons

Age and sex	Total with unemployment during 1967		Percent distribution by weeks of unemployment					
	Number	Percent of total working or looking for work	Total	Less than 5 weeks	5 to 14 weeks	15 weeks or more		
						Total	15 to 26 weeks	27 weeks or more
Total, 16 years and over	9,576	12.1	100.0	48.3	30.6	21.1	13.1	8.0
16 to 24 years	3,714	20.5	100.0	55.7	27.1	17.3	10.5	6.8
16 and 17 years	779	20.8	100.0	57.0	24.8	18.2	9.4	8.9
18 and 19 years	1,130	25.0	100.0	57.7	27.7	14.6	8.6	6.0
20 to 24 years	1,805	18.4	100.0	53.8	27.6	18.6	12.1	6.4
25 years and over	5,862	9.6	100.0	43.7	32.9	23.4	14.7	8.7
MEN								
Total, 16 years and over	5,595	11.8	100.0	45.1	33.1	21.8	14.2	7.7
16 to 24 years	2,024	21.7	100.0	51.7	28.9	19.5	11.8	7.7
16 and 17 years	474	21.8	100.0	52.3	25.1	22.6	11.6	11.0
18 and 19 years	550	24.7	100.0	51.8	30.7	17.5	10.9	6.5
20 to 24 years	1,000	20.2	100.0	51.3	29.6	19.1	12.4	6.7
25 years and over	3,571	9.4	100.0	41.3	35.5	23.2	15.5	7.7
WOMEN								
Total, 16 years and over	3,981	12.5	100.0	52.9	27.1	20.0	11.5	8.4
16 to 24 years	1,690	19.3	100.0	60.4	24.9	14.7	8.9	5.8
16 and 17 years	305	19.3	100.0	64.3	24.3	11.5	5.9	5.6
18 and 19 years	580	25.3	100.0	63.3	24.8	11.9	6.4	5.5
20 to 24 years	805	16.5	100.0	56.9	25.2	17.9	11.8	6.1
25 years and over	2,291	9.9	100.0	47.4	28.7	23.9	13.5	10.4

Table A–16. Incidence of unemployment in 1967 for persons 16- to 24-years old, by age and sex, Negroes and other races

Age and sex	Total with unemployment during 1967		Percent distribution by weeks of unemployment					
	Number	Percent of total working or looking for work	Total	Less than 5 weeks	5 to 14 weeks	15 weeks or more		
						Total	15 to 26 weeks	27 weeks or more
Total, 16 years and over	1,988	19.6	100.0	38.5	31.2	30.3	18.5	11.8
16 to 24 years	787	30.6	100.0	40.5	31.0	28.5	17.7	10.8
16 and 17 years	168	31.0	100.0	43.5	33.9	22.6	14.9	7.7
18 and 19 years	243	36.5	100.0	42.8	31.3	25.9	15.2	10.7
20 to 24 years	376	27.5	100.0	37.8	29.5	32.7	20.5	12.2
25 years and over	1,201	15.9	100.0	37.1	31.4	31.5	19.1	12.4
MEN								
Total, 16 years and over	1,060	19.6	100.0	34.9	31.4	33.7	20.9	12.7
16 to 24 years	420	31.1	100.0	36.2	29.8	34.0	22.4	11.7
16 and 17 years	105	33.0	100.0	42.9	29.5	27.6	17.1	10.5
18 and 19 years	122	35.0	100.0	43.4	28.7	27.9	17.2	10.7
20 to 24 years	193	28.3	100.0	28.0	30.6	41.4	28.5	13.0
25 years and over	640	15.7	100.0	34.1	32.5	33.4	20.0	13.4
WOMEN								
Total, 16 years and over	928	19.7	100.0	42.6	31.0	26.4	15.7	10.7
16 to 24 years	367	29.9	100.0	45.5	32.4	22.1	12.3	9.8
16 and 17 years	63	28.1	(1)	(1)	(1)	(1)	(1)	(1)
18 and 19 years	121	38.3	100.0	42.1	33.9	24.0	13.2	10.7
20 to 24 years	183	26.6	100.0	48.1	28.4	23.5	12.0	11.5
25 years and over	561	16.1	100.0	40.6	30.1	29.2	18.0	11.2

[1] Percent not shown where base is less than 75,000.

Table A–17. Unemployed 16–19 year olds, by reasons for unemployment, duration, sex, and color, 1968 annual averages

[in thousands]

Reasons and duration	Both races			White			All other		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	839	427	412	644	328	316	194	98	96
Less than 5 weeks	528	264	264	415	205	210	113	59	54
5–14 weeks	236	127	109	174	95	79	62	32	30
15 weeks and over	76	36	40	56	28	28	20	8	12
Lost Last Job	130	84	46	100	64	36	30	20	10
Less than 5 weeks	84	55	29	65	42	23	18	12	6
5–14 weeks	36	23	13	25	17	8	10	6	4
15 weeks and over	11	6	5	9	5	4	3	2	1
Left Last Job	97	51	46	74	38	36	23	13	10
Less than 5 weeks	66	34	32	51	26	25	14	8	6
5–14 weeks	25	14	11	18	9	9	6	3	3
15 weeks and over	7	4	3	5	3	2	2	1	1
Re-entrance Labor Force	281	153	128	214	119	95	67	34	33
Less than 5 weeks	174	89	85	135	69	66	38	20	18
5–14 weeks	83	52	31	62	40	22	21	12	9
15 weeks and over	23	11	12	17	10	7	8	2	6
Never Worked Before	330	138	192	256	107	149	74	31	43
Less than 5 weeks	205	86	119	163	68	95	42	18	24
5–14 weeks	91	38	53	67	28	39	24	10	14
15 weeks and over	33	14	19	26	11	15	8	3	5

Table A–18. Unemployed Teenagers seeking full- or part-time employment, by sex, monthly, 1968

[in thousands]

Month	Both sexes				Male				Female			
	Total	Full time	Part time	Part time as Percent of Total	Total	Full time	Part time	Part time as Percent of Total	Total	Full time	Part time	Part time as Percent of Total
January	650	335	314	48.4	385	175	209	54.4	265	160	105	39.6
February	769	367	402	52.3	417	191	226	54.2	352	176	176	50.1
March	722	366	356	49.3	400	174	227	56.7	322	193	129	40.2
April	619	313	307	49.5	320	134	187	58.3	299	179	120	40.1
May	616	371	245	39.8	292	174	118	40.3	324	196	127	39.4
June	1,598	1,200	398	24.9	778	594	184	23.6	820	606	214	26.1
July	1,302	969	334	25.6	627	472	155	24.8	675	496	178	26.4
August	823	546	276	33.6	396	259	137	34.5	427	287	140	32.8
September	741	362	379	51.2	339	138	201	59.2	402	223	179	44.4
October	723	325	399	55.1	368	142	227	61.6	355	183	172	48.4
November	776	307	469	60.4	385	133	251	65.3	391	174	217	55.5
December	727	257	471	64.7	410	140	270	65.8	317	117	201	63.2
Annual average	838	476	362	43.2	426	227	199	46.7	412	249	163	39.6
School year average (excludes June–August)	705	334	371	52.6	369	156	213	57.7	336	178	158	47.0

Table A–19. Levels and rates of 16–19 year-old unemployment, annual averages, school year averages, June–July averages, 1948–68

[levels in thousands]

Year	Annual average	School year average [1]	School year as percent of annual average	June–July average	June–July average as percent of annual average	Unemployment Rates		
						Annual average	School year average [1]	June–July average
1948	409	350	85.6	660	161.4	9.2	8.5	12.2
1949	576	500	86.8	886	153.8	13.4	12.4	17.5
1950	513	468	91.2	748	145.8	12.2	11.9	14.9
1951	336	292	86.9	533	158.6	8.2	7.6	10.9
1952	345	304	88.1	535	155.1	8.5	8.0	10.9
1953	307	279	90.9	439	143.0	7.6	7.4	9.1
1954	501	456	91.0	688	137.3	12.6	12.2	14.6
1955	450	404	89.8	653	145.1	11.0	10.6	13.4
1956	478	411	86.0	803	169.0	11.1	10.4	15.0
1957	497	434	87.3	791	159.2	11.6	11.0	14.8
1958	678	592	87.3	1,075	158.6	15.9	15.0	20.4
1959	654	574	87.8	990	151.4	14.6	13.9	17.6
1960	712	623	87.5	1,104	155.1	14.7	14.1	17.6
1961	828	717	86.6	1,312	158.5	16.8	16.0	20.5
1962	721	649	90.0	1,065	147.7	14.7	14.5	16.9
1963	884	776	87.8	1,405	158.9	17.2	16.6	21.4
1964	872	770	88.3	1,340	153.7	16.2	15.7	19.4
1965	874	776	88.8	1,367	156.4	14.8	14.4	18.2
1966	837	723	86.4	1,376	164.4	12.8	12.2	16.2
1967 [2]	837	721	86.1	1,334	159.4	12.8	12.2	15.8
1968 [2]	838	705	84.1	1,450	173.0	12.7	11.8	16.9

[1] Excludes June, July, August.

[2] Historical data not comparable with 1967–68 data. Change in unemployment definitions introduced in 1967 excluded from the unemployed those people unable to accept work during the survey week. This change reduced the levels and rates of teenage unemployment in the spring, especially in April and May.

Table A–20. Average levels and rates of unemployment 16–19 year olds, by whether seeking full- or part-time work, 1963–68

Years	Unemployed (in thousands)			Percent seeking part-time work	Total	Unemployment rates	
	Total	Seeking full-time work	Seeking part-time work			Seeking full-time work	Seeking part-time work
FULL YEARS							
1963 [1]	904	622	284	31.4	17.3	18.7	15.0
1964	872	574	299	34.3	16.2	17.6	14.0
1965	874	564	312	35.7	14.8	15.9	13.2
1966	837	535	302	36.1	12.8	13.7	11.4
[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
1967	838	482	356	42.5	12.8	13.2	12.4
1968	839	476	362	43.2	12.7	13.0	12.3
SCHOOL YEARS							
1963 [1]	791	511	281	35.5	16.7	19.3	13.4
1964	771	474	297	38.5	15.7	18.2	12.9
1965	776	458	318	41.0	14.4	16.1	12.5
1966	723	420	303	41.9	12.3	14.0	10.5
[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
1967	721	353	368	51.0	12.2	12.7	11.8
1968	705	334	371	52.6	11.8	12.1	11.5

[1] Excludes January 1963, first month when data was collected on whether seeking full- or part-time work.

[2] Break in series; 1967–68 data not comparable with that for earlier years. January 1967 change in definitions reduced teenage unemployment in the spring, especially in April and May, when many students were looking for full-time jobs to begin when the school year ended.

Table A–21. Employed 16–19 year olds in agriculture and nonagriculture industries, by sex, 1948–68

Year	Both sexes			Male			Female			Employed 16–19 year olds as percent of total employment in:		
	Total employed	Agriculture	Non-agriculture	Total employed	Agriculture	Non-agriculture	Total employed	Agriculture	Non-agriculture	All industries	Agriculture	Non-agriculture
1948	4,028	734	3,292	2,344	604	1,740	1,682	130	1,552	6.9	9.6	6.5
1949	3,712	765	2,947	2,124	642	1,482	1,588	123	1,465	6.4	10.0	5.9
1950	3,703	704	2,999	2,186	613	1,573	1,517	91	1,426	6.3	9.8	5.8
1951	3,767	638	3,129	2,156	534	1,622	1,611	104	1,507	6.3	9.5	5.9
1952	3,718	634	3,085	2,107	529	1,578	1,612	105	1,507	6.2	9.8	5.7
1953	3,719	619	3,101	2,136	518	1,618	1,584	101	1,483	6.1	9.9	5.6
1954	3,475	584	2,891	1,985	491	1,494	1,490	93	1,397	5.8	9.4	5.4
1955	3,643	578	3,064	2,095	483	1,612	1,547	95	1,452	5.9	9.0	5.5
1956	3,818	553	3,265	2,164	459	1,705	1,654	94	1,560	6.0	8.8	5.7
1957	3,780	541	3,237	2,115	458	1,657	1,663	83	1,580	5.9	9.1	5.6
1958	3,582	509	3,073	2,012	437	1,575	1,570	72	1,498	5.7	9.1	5.3
1959	3,838	529	3,309	2,198	443	1,755	1,640	86	1,554	5.9	9.5	5.6
1960	4,129	566	3,563	2,361	471	1,890	1,768	95	1,673	6.3	10.4	5.9
1961	4,107	528	3,580	2,315	449	1,866	1,793	79	1,714	6.2	10.2	5.9
1962	4,195	482	3,713	2,362	413	1,949	1,833	69	1,764	6.3	9.7	6.0
1963	4,255	461	3,794	2,406	381	2,025	1,849	80	1,769	6.3	9.8	6.0
1964	4,516	463	4,053	2,587	388	2,199	1,929	75	1,854	6.5	10.2	6.3
1965	5,036	439	4,597	2,918	373	2,545	2,118	66	2,052	7.1	10.1	6.9
1966	5,721	410	5,311	3,253	349	2,904	2,468	61	2,407	7.8	10.3	7.7
1967	5,682	405	5,277	3,186	343	2,843	2,496	62	2,435	7.6	10.5	7.5
1968	5,780	394	5,385	3,254	341	2,914	2,525	54	2,472	7.6	10.3	7.5

Table A–22. Employed persons as percent of total employment in group by industry division, selected age groups and sex, 1940, 1950, and 1960

Industry division	Male								
	1960 [1]			1950 [2]			1940 [3]		
	Total	14–17	18–19	Total	14–17	18–19	Total	14–17	18–19
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, and fisheries	9.0	19.4	11.9	15.8	42.3	24.6	23.5	63.0	36.4
Mining	1.4	.2	.7	2.2	.4	1.5	2.7	.4	1.6
Construction	8.4	2.9	6.8	8.3	2.9	6.6	5.9	1.6	3.5
Manufacturing	30.2	19.8	25.5	27.1	17.1	25.3	24.2	11.5	21.5
Transportation, communication, and other public utilities	8.5	1.6	3.8	9.2	1.9	5.0	8.1	1.6	3.4
Wholesale and retail trade	17.0	33.8	29.2	17.0	20.9	22.0	16.2	13.0	18.1
Wholesale trade	4.1	1.8	3.1	3.9	1.4	3.1	3.0	.8	2.0
Retail trade	13.0	32.0	26.1	13.2	19.5	18.9	13.2	12.2	16.1
Finance, insurance, and real estate	3.4	.7	1.8	2.8	.5	1.6	3.0	.3	1.2
Business and repair services	2.9	2.5	3.4	2.8	1.5	2.6	2.3	1.0	2.0
Personal services	2.5	5.0	2.8	2.9	3.1	2.7	3.3	2.1	2.6
Entertainment and recreation services	.8	3.4	1.6	.9	4.1	1.9	.9	1.7	1.7
Professional and related services	6.9	3.3	5.4	5.0	1.5	2.5	4.3	.7	1.3
Public administrations	5.3	.4	1.4	4.6	.4	1.0	4.2	.2	4.3
Industry not reported	3.6	7.2	5.5	1.3	3.6	1.8	1.3	2.7	2.3
	Female								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, and fisheries	2.0	4.1	1.3	3.8	12.5	3.0	4.4	23.4	5.3
Mining	.2	(4)	.1	.1	(4)	.1	.1	(4)	.1
Construction	.7	.3	.7	.6	.2	.5	.3	.1	.3
Manufacturing	20.8	7.9	18.5	23.2	11.0	22.0	20.8	13.0	23.6
Transportation, communication, and other public utilities	3.6	1.8	5.8	4.4	1.8	6.9	3.1	.7	2.5
Wholesale and retail trade	20.8	34.9	22.7	22.6	32.9	26.9	18.2	11.3	20.0
Wholesale trade	2.1	1.1	2.5	2.4	1.1	2.9	1.6	.7	1.6
Retail trade	18.6	33.8	20.3	20.1	31.7	23.9	16.6	10.7	18.3
Finance, insurance, and real estate	5.8	3.6	13.0	5.0	2.5	10.6	4.1	.9	3.7
Business and repair services	1.6	1.0	1.8	1.2	.5	1.3	.7	.2	.7
Personal services	13.1	25.0	8.9	14.8	23.5	9.2	25.8	42.3	27.7
Entertainment and recreation services	.7	2.4	1.0	.9	3.2	1.3	.7	.9	1.0
Professional and related services	21.5	10.1	17.7	17.3	6.4	13.8	16.6	3.3	11.0
Public administrations	4.3	.4	2.7	4.2	.4	2.2	3.0	.2	1.2
Industry not reported	4.8	8.5	5.9	2.0	5.1	2.0	2.1	3.6	3.0

[1] 1960 Census of Population—Vol. I, Characteristics of the Population; Pt. 1, U.S. Summary, table 212.
[2] 1950 Census of Population—Vol. II, Characteristics of the Population; Pt. 1, U.S. Summary, table 132.
[3] 1940 Census of Population—Vol. III, The Labor Force, Pt. 1, U.S. Summary, table 80.
[4] Less than 0.05 percent.

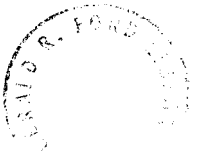


Table A–23. Employed Persons as Percent of Industry Employment, by Industry Division, Selected Age Groups and Sex, 1940, 1950, and 1960

Industry division	Male								
	1960 [1]			1950 [2]			1940 [3]		
	Total	14–17	18–19	Total	14–17	18–19	Total	14–17	18–19
Total	100.0	3.0	2.7	100.0	2.2	2.7	100.0	1.9	3.2
Agriculture, forestry, and fisheries	100.0	6.5	3.5	100.0	6.0	4.2	100.0	5.1	5.0
Mining	100.0	.3	1.3	100.0	.4	1.8	100.0	.3	2.0
Construction	100.0	1.0	2.2	100.0	.8	2.2	100.0	.5	1.9
Manufacturing	100.0	2.0	2.2	100.0	1.4	2.6	100.0	.9	2.9
Transportation, communication, and other public utilities	100.0	.6	1.2	100.0	.5	1.5	100.0	.4	1.3
Wholesale and retail trade	100.0	6.0	4.6	100.0	2.7	3.4	100.0	1.5	3.6
Wholesale trade	100.0	1.3	2.1	100.0	.8	2.1	100.0	.5	2.1
Retail trade	100.0	7.5	5.4	100.0	3.3	3.8	100.0	1.8	4.0
Finance, insurance, and real estate	100.0	.6	1.4	100.0	.4	1.5	100.0	.2	1.3
Business and repair services	100.0	2.6	3.1	100.0	1.1	2.3	100.0	.8	2.8
Personal services	100.0	6.1	3.0	100.0	2.4	2.5	100.0	1.2	2.6
Entertainment and recreation services	100.0	13.0	5.5	100.0	9.1	5.2	100.0	3.5	6.1
Professional and related services	100.0	1.4	2.1	100.0	.7	1.4	100.0	.3	1.0
Public administrations	100.0	.2	.7	100.0	.2	.6	100.0	.1	3.4
	Female								
Total	100.0	3.2	4.8	100.0	2.5	5.5	100.0	2.0	6.3
Agriculture, forestry, and fisheries	100.0	6.8	3.1	100.0	8.4	4.4	100.0	10.9	7.7
Mining	100.0	.6	3.9	100.0	.6	5.2	100.0	.6	4.1
Construction	100.0	1.5	4.5	100.0	1.0	4.9	100.0	.9	6.4
Manufacturing	100.0	1.2	4.3	100.0	1.2	5.3	100.0	1.3	7.2
Transportation, communication, and other public utilities	100.0	1.6	7.6	100.0	1.0	8.9	100.0	.5	5.0
Wholesale and retail trade	100.0	5.5	5.3	100.0	3.7	6.6	100.0	1.3	6.9
Wholesale trade	100.0	1.6	5.6	100.0	1.2	6.8	100.0	.8	6.3
Retail trade	100.0	5.9	5.2	100.0	4.0	6.6	100.0	1.3	7.0
Finance, insurance, and real estate	100.0	2.0	10.7	100.0	1.3	11.9	100.0	.4	5.7
Business and repair services	100.0	1.9	5.3	100.0	1.1	6.2	100.0	.7	6.5
Personal services	100.0	6.2	3.3	100.0	4.0	3.5	100.0	3.3	6.8
Entertainment and recreation services	100.0	10.5	6.2	100.0	8.9	8.4	100.0	2.4	9.0
Professional and related services	100.0	1.5	3.9	100.0	.9	4.4	100.0	.4	4.2
Public administrations	100.0	.3	3.0	100.0	3.1	3.0	100.0	.1	2.5

Table A–24. Net employment shifts, employed persons, by industry division, selected age groups and sex, 1940–60, United States

Industry division	Males								
	Total			14–17			18–19		
	1940–50	1950–60	1940–60	1940–50	1950–60	1940–60	1940–50	1950–60	1940–60
Agriculture, forestry, and fisheries	−7.7	−6.8	−14.5	−20.7	−22.9	−43.6	−11.8	−12.7	−24.5
Mining	−.5	−.8	−1.3		−.2	−.2	−.1	−.8	−.9
Construction	2.4	.1	2.5	1.3		1.3	3.1	.2	3.3
Manufacturing	2.9	3.1	6.0	5.6	2.7	8.3	4.8	−.8	4.0
Transportation, communication, and other public utilities	1.1	−.7	.4	.3	−.3		1.6	−1.2	.4
Wholesale and retail trade	.8		.8	7.9	12.9	20.8	3.9	7.2	11.1
Wholesale trade	.9	.2	1.1	.6	.4	1.0	1.1		1.1
Retail trade		−.2	−.2	7.3	12.5	19.8	2.8	7.2	10.0
Finance, insurance, and real estate	−.2	.6	.4	7.3	.2	.4	.4	.2	.6
Services (except private households)	1.1	1.6	2.7	4.3	2.2	6.5	2.3	3.3	5.6
Business and repair services	.5	.1	.6	.5	1.0	1.5	.6	.8	1.4
Personal services (except private households)	−.1	−.3	−.4	.6	.1	.7	.3	−.1	.2
Entertainment and recreation services		−.1	−.1	2.4	−.7	1.7	.2	−.3	−.1
Professional and related services	.7	1.9	2.6	.8	1.8	2.6	1.2	2.9	4.1
Private households	−.3	−.1	−.4	.4	1.7	2.1	−.2	.2	
Public administrations	.4	.7	1.1	.2		.2	−3.3	.4	−2.9
Industry not reported		2.3	2.3	.9	3.6	4.5	−.5	3.7	3.2
	Females								
Agriculture, forestry, and fisheries	−0.6	−1.8	−2.4	−10.9	−8.4	−19.3	−2.3	−1.7	−4.0
Mining		.1	.1						
Construction	.3	.1	.4	.1	.1	.2	.2	.2	.4
Manufacturing	2.4	−2.4		−2.0	−3.1	−5.1	−1.6	−3.5	−5.1
Transportation, communication, and other public utilities	1.3	−.8	.5	1.1		1.1	4.4	−1.1	3.3
Wholesale and retail trade	4.4	−1.8	2.6	21.6	2.0	23.6	6.9	−4.2	2.7
Wholesale trade	.8	−.3	.5	.4		.4	1.3	−.4	.9
Retail trade	3.5	−1.5	2.0	21.0	2.1	23.1	5.6	−3.6	2.0
Finance, insurance, and real estate	.9	.8	1.7	1.6	1.1	2.7	6.9	2.4	9.3
Services (except private households)	−.2	3.6	3.4	13.8	−4.1	9.7	2.6	4.0	6.6
Business and repair services	.5	.4	.9	.3	.5	.8	.6	.5	1.1
Personal services (except private households)	−1.6	−.8	−2.4	8.1	−7.5	.6	−1.1	−.1	−1.2
Entertainment and recreation services	.2	−.2		2.3	−.8	1.5	.3	−.3	
Professional and related services	.7	4.2	4.9	3.1	3.7	6.8	2.8	3.9	6.7
Private households	−9.4	−.9	−10.3	−26.9	9.0	−17.9	−17.4	−.2	−17.6
Public administrations	1.2	.1	1.3	.2		.2	1.0	.5	1.5
Industry not reported	−.1	2.8	2.7	1.5	3.4	4.9	−1.0	3.9	2.9

Table A–25. Employed 16–19 year olds, by occupation and sex, annual averages, 1963 and 1968

Occupation	1968 (in thousands)			1968 Percent of total employed			1963 (in thousands)			1963 Percent of total employed		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
Total	5,780	3,254	2,525	7.6	6.8	9.1	4,252	2,405	1,847	6.2	5.3	7.9
White collar	2,039	647	1,392	5.7	3.4	8.5	1,484	503	981	4.9	2.9	7.6
Professional and technical	178	94	84	1.7	1.5	2.2	111	57	54	1.3	1.1	1.8
Manager, Officials and Proprietors	35	26	9	.5	.4	.7	34	27	7	.5	.4	.6
Clerical	1,333	300	1,032	10.4	8.8	11.0	958	214	744	9.3	6.8	10.4
Sales workers	493	226	267	10.6	8.3	13.9	381	205	176	8.7	7.8	10.3
Blue Collar	2,076	1,810	265	7.5	7.9	5.6	1,413	1,235	178	5.7	5.8	4.6
Craftsmen	252	242	11	2.5	2.5	3.4	150	144	6	1.7	1.7	2.5
Operatives	1,049	813	236	7.5	8.4	5.5	713	554	159	5.7	6.1	4.5
Nonfarm laborers	775	756	19	21.8	22.0	15.1	550	537	13	15.5	15.5	13.8
Service workers	1,307	488	820	13.9	14.8	13.5	927	312	615	10.3	9.9	10.5
Private households	324	9	314	18.8	25.7	18.6	311	11	300	13.5	18.3	13.4
Other	984	478	506	12.9	14.6	11.5	616	301	315	9.2	9.7	8.7
Farm workers	358	310	48	10.3	10.8	8.2	428	355	73	9.3	9.5	8.4
Farmers and farm managers	14	13	----	.7	.7	----	19	17	2	.8	.8	1.5
Farm laborers and foremen	344	296	47	22.4	28.6	9.3	409	338	71	18.4	22.7	9.7

Table A–26. Mean age at entrance into armed services[1]

Fiscal year	Enlistees DOD	Inductees DOD
1957	18.6	22.4
1958	18.5	22.6
1959	18.5	22.4
1960	18.4	22.7
1961	18.6	23.1
1962	18.7	23.0
1963	18.7	23.1
1964	18.9	22.4
1965	18.7	21.5
1966	19.4	20.2
1967	19.2	20.3
1968	19.3	20.3

[1] DOD data are weighted averages of months.

Source: Department of Defense.

Table A–27. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the FLSA as of February 1, 1969[1]

Industry	Number of nonsupervisory employees	Employees covered by FLSA			Percent of nonsupervisory employees covered by FLSA		
		Total number covered	Covered prior to 1966 amendments	Covered by 1966 amendments	Total covered	Covered prior to 1966	Covered by 1966 amendments
Agriculture, forestry, and fisheries	1,327	617	19	598	46.5	1.4	45.1
Mining	558	553	553	----	99.1	99.1	0
Contract construction	3,312	3,277	2,679	598	98.9	80.9	18.1
Manufacturing	18,081	17,495	17,425	70	96.8	96.4	.4
Transportation, communications, utilities	4,026	3,952	3,847	105	98.2	95.6	2.6
Wholesale trade	3,392	2,576	2,450	126	75.9	72.2	3.7
Retail trade	9,574	5,566	3,158	2,408	58.1	33.0	25.2
Finance, insurance, real estate	2,963	2,215	2,215	----	74.8	74.8	0
Services (excluding domestic service)	7,893	5,576	1,869	3,709	70.6	23.7	47.0
Domestic service	2,380	----	----	----	0	0	0
Government	(2)	2,742	----	2,742	(2)	(2)	(2)
Private economy, excluding agriculture and domestic service	49,799	41,210	34,194	7,016	82.8	68.7	14.1
Private economy	53,506	41,827	34,213	7,614	78.2	63.9	14.2

[1] Estimates based on employment data for 1968. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative, and professional workers in all other industries. Estimates for agriculture include data from a survey conducted by the Department of Agriculture as of May 1968. May data do not vary markedly from annual average data.

[2] Not available.

Source: **Minimum Wage and Maximum Hours Standards under the Fair Labor Standards Act** (U.S. Department of Labor, Wage and Hour and Public Contracts Divisions, Jan. 14, 1969), pp. 28–29.

Table A–28. Basic Federal minimum wage as percent of average hourly earnings in manufacturing in month basic minimum became effective

Effective date	Percent
October 1938	40.6
October 1939	47.6
October 1945	41.1
January 1950	53.8
March 1956	52.1
September 1961	49.6
September 1963	51.0
February 1967	50.2
February 1968	54.4

Table A–29. Percent of Employed and Unemployed 16 to 19 Year Olds Enrolled in School, October 1953 to 1968

[Numbers in thousands]

Year	Employed			Unemployed		
	Total	Enrolled in school		Total	Enrolled in school	
		Number	Percent of total		Number	Percent of total
1953	3,517	1,000	28.4	236	52	22.0
1954	3,439	1,205	35.0	340	79	23.2
1955	3,802	1,389	36.5	330	103	31.2
1956	3,789	1,485	39.2	294	106	36.1
1957	3,784	1,534	40.5	357	111	31.1
1958	3,643	1,572	43.2	545	142	26.1
1959	3,791	1,656	43.7	564	164	29.1
1960	4,035	1,703	42.2	621	189	30.4
1961	4,001	1,607	40.2	664	206	31.0
1962	4,076	1,741	42.7	559	198	35.4
1963	4,293	2,066	48.1	725	268	37.0
1964	4,433	2,135	48.2	684	269	39.3
1965	5,228	2,571	49.2	723	315	43.6
1966	5,523	2,870	52.0	660	282	42.7
1967	5,300	2,852	53.8	828	403	48.7
1968	5,517	3,116	56.5	725	382	52.7

CHAPTER II

Experience of the Past: The National Minimum

Past Studies[1]

In addition to studies included in this volume, there are a number of published (Brozen, Burns, Folk, Thurow) and unpublished (Barth, Easley-Fearn, Kosters-Welch, Moore, Scully) studies on the relationship between the national minimum wage and youth unemployment. These studies provide no consensus. Brozen, Burns, Easley-Fearn, Kosters-Welch, Moore, and Scully concluded that disemployment effects from minimum wages were demonstrable Barth, Folk, and Thurow concluded they were not. Studies have also been made of the effects of State minimum wage laws on the employment of youth by Kalachek and Katz.[2]

STUDIES FINDING ADVERSE EFFECTS OF NATIONAL MINIMUM. The *Brozen* study relies upon changes in the unemployment rates before and after changes in the Federal minimum. In the eight instances when the Federal minimum was changed, the seasonally adjusted unemployment rate of 16–19 year olds was lower the month before the change than the month the change became effective in six instances, higher in one case, and the same in the other. If, instead, comparisons are made (which Brozen did not) between the unemployment rate 2 months before the change and 1 month after, the rate rose in only three cases, dropped in four, and remained the same in one case. This raises some question about the meaningfulness of the change in rates between two adjacent months.

Brozen's article also provided data on changes in unemployment rates for the 12 months before and the 12 months after a change. In this comparison, the unemployment rate for teenagers dropped in four of the six cases where data are available, rose in one, and remained the same in the other. This is only slightly different from the record for the overall unemployment rate, which dropped in five of the six cases and remained the same in the other.

Brozen also noted that the ratio of teenage unemployment rates to the overall unemployment rate rose in the average of 12 months after, compared with the average of 12 months before, minimum wage changes in six instances reposted.

The *Burns* study is based on unpublished regressions relating the unemployment rate of teenagers, to the unemployment rate of adult males (a proxy measure for general business conditions) and to the minimum wage as a percent of average hourly earnings in manufacturing. He found a significant relationship between minimum wages and the unemployment rate of teenagers, especially so in the case of Negro teenagers. Regressions using one- and two-quarter lags did not materially improve the fit of the equations in this analysis.

The forecasting ability of the equation for white teenagers has been examined in some additional detail. For the period, 1954–I (first quarter) through 1965–II (second quarter), it has an adjusted R^2 of 0.359 and a Durbin-Watson co-efficient of 0.352. The patterns of resid-

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Text footnotes begin on p. 45. Appendixes follow.

uals show that white teenage unemployment is over-estimated from 1954-I through 1959-I, and under-estimated from 1959-II through 1965-II with only two exceptions in the latter period. These patterns indicate that significant variables have very likely been excluded from this equation. Since this equation was based on original data through 1965-II, it was subsequently examined for its forecasting ability through 1968-IV. Though it correctly predicted the direction of change, the equation continued to underestimate the actual white teenage unemployment rate, although by less than it had between 1963 and 1965. Clearly other important influences were at work.

The *Easley-Fearn* study is similar to the *Folk* study discussed below. They related the unemployment rate of teenagers in various age-sex-color-school enrollment groups to the unemployment rate of adults, the proportion of teenagers in the labor force, and a set of dummy variables for each statutory minimum wage level applicable to a particular period of time. Some of the regression analyses also include dummy variables for the extensions of coverage effective in 1961 and 1967. The results indicated that both the level and coverage of the minimum wage laws had significant adverse effects on the unemployment of teenagers, especially so in the case of Negro teenagers.

The *Kosters-Welch* study, using quarterly data for the period 1954 through 1968, separate projected total employment from actual total employment, the difference being transitional employment. Using a nonlinear relationship, the authors regressed the employment of different sex-color groups of teenagers against projected employment, transitional employment and the minimum wage. The measure of the minimum wage used was the minimum wage as percent of average hourly earnings in manufacturing times the estimated coverage of the Federal law. The authors found that increases in the effective minimum wage would decrease the teenage share of total employment and also make teenage employment more sensitive to cyclical variations.

The *Moore* study had an elaborate model which included not only the unemployment rate of adult males and the relative magnitude of the minimum wage (as did Burns), but also (in one regression) the relative size of the teenage labor force and the proportion of workers (not only teenage) covered by the minimum wage. The model also included a complex lag structure. The lag structure, as fitted, suggested that minimum wage effects were not fully realized for 2 years. The lag structure was constructed so that minimum wages had no effect immediately but gradually increased. Moore found a significant adverse relationship between minimum wages and teenage unemployment rates. Effects upon Negroes were greater than those upon white, and for females greater than for male teenagers.

The *Scully* paper related teenage unemployment rates to these of adult males (as did Burns and Moore) and added a series of quasi-dummy variables for periods when the minimum wage was raised. No other variables were included. The minimum wage variable was significant in four out of five instances but, as Scully noted, the results do not support the conclusion that all the effects associated with the minimum wage variable was attributable to the minimum wage.

The studies reviewed above can be criticized on the grounds that crude measures of the minimum wage were used or relevant variables were not considered in many of the analyses. Brozen looked only at the "before" and "after" situation, which actually presents a mixed picture, and considered the effects of no other developments. Scully and Easley-Fearn used dummy or quasi-dummy variables representing changes (or levels) of the minimum wage, but no viable measure of the relative level. Burns used a measure of minimum wages not especially relevant to the teenage group and did not consider additional variables other than the adult unemployment rate. The analyses by Moore and Kosters-Welch are more sophisticated but generally consider the effects of few additional variables.

STUDIES FINDING NO ADVERSE EFFECTS OF NATIONAL MINIMUM. *Folk* used data from the October Current Population Surveys for 1948 to 1966 to relate the unemployment rate and the labor force participation rate of different age-sex-groups of young people, classified by school

enrollment status, to the unemployment rate of adult males and a time variable. A simple dummy variable was also included for those years when the minimum wage was significantly increase. Folk did not find the minimum wage variable significant, and in 11 out of 16 regressions the signs of the regression coefficients were contrary to theoretical expectations.

Thurow related employment of disadvantaged to comparable advantaged groups in a sophisticated model which included minimum wage as a percent of average hourly earnings as an explanatory variable. His model provides a test of the deterioration in the employment position of teenagers relative to adults and of white relative to other teenagers, but not a test of absolute employment effects nor of relative unemployment effects. Minimum wages proved to be an insignificant variable, and parts of Thurow's analysis contradict findings in Brozen's and Moore's analysis.[3]

The *Barth* model relates employment (not unemployment) levels of various teenage groups to the employment level of adults, a trend variable, and a dummy variable (or variables) representing periods when the minimum wage was raised. While structurally similar to the Scully model (which used unemployment rather than employment), Barth found the minimum wage variable frequently insignificant and, where significant, only occasionally indicating the direction of change that economic theory would suggest.

The Folk and Barth studies, like Scully and Easley-Fearn, used dummy variables, which are fairly crude measures of minimum wage. Folk had included a trend variable which may have picked up some minimum wage effects. Thurow used stepwise regression methods which have the danger of discarding relevant variables on purely statistical grounds. Thurow, Barth and the Kosters—Walsh study differ from other studies since they concentrated on measures of employment rather than unemployment.

STUDIES OF STATE MINIMUM WAGE LAWS. An additional approach to the evaluation of the effects of minimum wages is through a cross-section analysis of State minimum wage laws. *Kalachek* ran a number of regressions relating teenage employment to the availability of unemployed adult labor, the ratio of teenage to total employment, a measure of the flexibility of relative wages, the occupational and industrial composition of employment, and other control variables (proportion of teenagers in school, proportion married, income of married males, and Negro proportion of the teenage population), as well as a dummy variable for the presence of a State minimum wage law. Applying his analysis to data for the 75 largest SMSA's drawn from the 1960 Census of Population, Kalachek found that the proxy variable for the minimum wage either had the wrong sign or was statistically insignificant in his analyses.

Katz also analyzed the 1960 census data for male teenagers in 67 metropolitan areas. Unlike Kalachek, Katz used estimated hourly earnings, rather than weekly earnings. Further, the study used a model with separate equation for labor demand, teenagers' demand for schooling, and the labor force participation of students and of nonstudents. The preliminary findings of the study indicate that the demand for teenage labor was elastic and that minimum wage laws had a substantial effect on teenage wages and, hence, that extending minimum wage coverage to the other States would have curbed employment opportunities of teenagers in those areas. In fact, however, the difference in the rate of employment between the two groups of metropolitan areas was very modest, though other factors may have offset the greater differences expected due to minimum wage coverage alone. The author speculated that, to the degree the extensions of coverage of the Federal law in 1961 and 1966 into the trade and service sectors increased teenagers' wages relative to those for adults, it may have reduced teenage employment. Because a minimum wage might also discourage teenage labor force participation, the author notes, it would not necessarily cause higher unemployment rates.

New studies: an introduction

The basic intent of this chapter is to develop relevant quantitative relations between teenage

unemployment and minimum wage rates in order to discern whether and by how much the latter affect the former. Section 3 of this chapter includes an analysis of quarterly data from 1954 through 1968. A separate investigation using annual data for 1948 through 1968 is presented in section 4, with conclusions based on all available materials in section 5. A more extensive discussion of the labor force data used can be found in the appendix A to this chapter.

The work underlying the rest of this chapter contains a number of new elements not previously considered. In the course of this work it became clear that the study of the effect of minimum wage on teenage unemployment could only be made within a more comprehensive effort to establish the determinants of teenage labor force behavior. However, it was also evident that neither time nor resources was available for a comprehensive review and the material presented here does not exhaust the possibility for research by others. In fact, several problems which were uncovered in the present study need to be dealt with at greater length in future work.

A considerable amount of the analysis in this chapter is concerned with unemployment ratios rather than unemployment rates. It is important to note the distinction here in order to avoid later confusion. The unemployment ratio is the percentage of the civilian noninstitutional population which is unemployed, while the unemployment rate is the percentage of the civilian labor force which is unemployed. Given the civilian labor force participation rate (the percentage of the civilian noninstitutional population which is in the labor force), the relationship among these various quantities may be expressed as follows:

$$\text{unemployment rate} = \frac{100 \text{ (unemployment ratio)}}{\text{labor force participation rate}}$$

Unemployment ratios were the primary variables in the analysis because they were considered to be conceptually and analytically superior to the unemployment rates for reasons discussed later in this section. Results for unemployment ratios are then translated into results for unemployment rates, since the letter are more widely used and understood.

Quarterly data, 1954–68

The equations representing the labor force behavior of teenagers are all linear in the variables discussed below, and were fitted by least squares. The general form is:

$$Y = b_0 + b_1 X_1 + b_2 X_2 + \cdots + b_k X_k$$

Limited investigation of comparable equations which are linear in the logarithms of the variables was undertaken, but yielded substantially similar results and are only briefly mentioned.

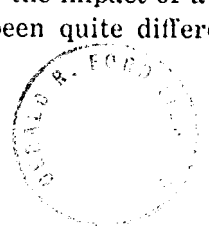
All data were seasonally adjusted quarterly averages, except for population ratios, school enrollment, and minimum wage variables. The historical period upon which the regression equations were based was from the first quarter of 1954 through the fourth quarter of 1968 (60 observations).

Policy variables

The policy variables are those which reflect government laws and programs and therefore, key to the entire analysis. The discussion is limited to those representing the effects over the year of the Fair Labor Standards Act and its amendments, and of Federal manpower programs in recent years.

MINIMUM WAGE VARIABLE. The quantification of the effect of minimum wage provisions of the act has been attempted in various forms by various analysts. The simplest of these is a "dummy" variable which has the value of one after a change in the minimum wage, and of zero prior to the change. Because this variable allows for no gradation, it cannot pick up change over several time periods. Ordinarily, a dummy variable is used only when quantifying a known effect is otherwise not possible.

A second simple variable which has been used to represent the minimum wage is the actual dollar value of the minimum rate, but a dollar variable is deficient by itself. Some account must be taken of changing wage levels over the years. For example, the impact of a $1.60 minimum would have been quite different in 1960 than it was in 1968.



Others have modified this variable by taking it as a ratio to a wage rate level, such as average hourly earnings in manufacturing. This variable is clearly superior to the two previous versions. Nevertheless, it still can be considered only a first approximation for various reasons.

As the FLSA has been amended over the year, both the minimum rate(s) has(have) changed and the coverage provisions have changed. The impact upon the labor market behavior of young people should take the detailed configurations of these provisions into account. For one thing, a coverage variable needs to be added to the equations. In addition, the average hourly earnings rates need to be calculated for those industries and parts of industries covered by the FLSA and used in the denominator of the minimum rate variable, while the numerator should be a weighted combination of the various minimums in effect.

While this minimum wage variable is an improvement over those previously used, it still falls short of what is wanted. More desirable is a weighted average wage rate offered to youth. In those industries covered by the FLSA this would be either the minimum rate or the actual rate offered if it were above the minimum. In the uncovered industries and firms, it would be the actual wage offered. These rates would be weighted by the number of jobs held by and offered to youth.

The minimum wage variable actually used falls short of this goal. Ratios of minimum wage rates to average hourly earnings were computed by industry and combined into an index in which the weight for an industry ratio was the proportion of the industry covered by FLSA times the ratio of the number of young people employed in the industry to total youth employment. The explicit allowance for youth employment probably does not add much information content to this variable because of the slow change in its industrial composition. This minimum wage variable combines both minimum and coverage effects, and no further allowance is made for the latter.

MANPOWER PROGRAM VARIABLES. Since 1965, the Federal Government has developed and maintained a number of significant manpower programs to create job or training opportunities for a considerable number of young people. Estimates are available of the number of people of various ages who have enrolled in the major programs and how they would be classified under the definition of the labor force survey. For example, those groups within the Neighborhood Youth Corps would be counted as "employed;" enrollees in the Institutional Training Program would be called "unemployed," and Job Corps enrollees are classified as "not in the labor force."

Having the various enrollment figures for the major programs and knowing how these enrollees are classified by labor force status gives us some of the information we need. Also needed is data about what these people would have been doing in the absence of these programs. For example, can it be assumed that all those classified as "employed" under the Manpower Programs would have, in the absence of these programs, been unemployed? A study of these programs by Malcolm Cohen assumed that "enrollees would have continued at their previous employment status during their participation in the Federal manpower program if there had been no program."[4] This assumption, plus some others, resulted in estimates of increases to teenage employment of several hundred thousand. Whether or not the assumptions are realistic, clearly some effect is present which must be covered by regression equations. No assumptions have been made about direct quantitative measures for these program effects and therefore, included four dummy variables have been included, one for each of the years 1965 through 1968, in all of the regression equations. The results are discussed in the section on the regression equations themselves.

There is some possibility of interaction between the dummy variable for 1967 and 1968 and the increase in the minimum wage variable for those years. However, no such interaction exists for the dummy variables in 1965 and 1966. Moreover, if the dummy variables exhibit some progression in pattern from 1965–66 to 1967–68, the presumption is that something other than the minimum wage effect is being measured.

Dependent variables

The analysis examines the effects of minimum wage provisions on unemployment and employment patterns of young people. Nevertheless, adjustments by employers to changes in their labor costs may take place in one or more of a variety of ways, i.e., price changes, profit changes, and productivity changes. A comprehensive study of the subject might well give more insights into the adjustment mechanisms involved.

Efforts will first be directed at the study of teenage unemployment ratios in the following categories:

	Male		*Female*	
	White	*All Other*	*White*	*All Other*
16–17 year olds	X	X	X	X
18–19 year olds	X	X	X	X

Subsequently the same equations for all 16–19 year olds combined will be examined.

Various studies have shown that young people have a high labor force elasticity to changes in employment. Roughly, when employment rises by 10, unemployment falls by only six; this is an indication that additional people are drawn into the ranks of the employed from out of the labor force. These magnitudes are about the same for both young men and women. Conversely, when employment falls by 10, unemployment rises by six, so that presumably four people leave the labor force. Consequently, the unemployment rates (ratio of unemployment to labor force) will exhibit behavior combining the effects of both numerator and denominator. Equations using these rates as dependent variables therefore, will be somewhat more difficult to interpret. In place of these rates, as indicated earlier, unemployment ratios (unemployment to civilian noninstitutional population) are used. Since the population estimates in the denominator change rather slowly and exogenously, the behavior of the ratio will reflect more clearly the behavior of the numerator. These ratios lend themselves more readily to projection work as well. Also, the implication for unemployment rates can be and is derived.

Two other ratios for the relevant age-sex-color groups are used as dependent variables. These are the employment and labor force participation ratios. Changes in employer hiring practices should affect both the employment and the unemployment ratios. Equations using these two as dependent variables (and with the same set of independent variables) then can be simply added to obtain the corresponding equations with labor force participation rates as the dependent variable. This has been done, and the results are presented later in this chapter.

The separate categories of white and other races, or of male and female, used for the analysis need no explicit justification. The age categories of 16–17 and 18–19 year olds are considered to be significant because of the different influences to which these groups are subject. The younger group might be expected, other things equal, to be lower paid, and hence their employment more influenced by the minimum wage. This group most generally need work permits for jobs, and may be subject to other work-connected restrictions or requirements as well. In particular, they still heavily represent those in secondary schools in most months of the year. A large proportion of the 18–19 year olds are out of school, but the boys are subject to draft call.

Since both age groups are influenced strongly by the school year, the seasonal patterns of employment and unemployment between the summer and winter months are very marked. The question is whether the use of seasonally adjusted data for these groups for all periods of the year in the same regression equation may affect the analysis in some detrimental fashion. The increasing rates of school enrollment over the years have an effect on the seasonal patterns of labor force activity. Since our methods of seasonal adjustment allow for changing patterns of seasonality, we may perhaps be removing, via seasonal adjustment, some aspects of labor force behavior which should have been retained. This suggests that some other labor force models be examined separately for the in-school and out-of-school youth, and possibly with not-seasonally adjusted data. Limited investigation of this (not reported on here) does not appear to yield any new insights, however.

Two other approaches have not been examined because of time and staff limitations. One of these uses as the dependent variable the ratio

of teenage white to all other unemployment, by sex and age possibly or the ratios of these to adult unemployment, as the dependent variable. Another would incorporate some measure of the duration of teenage unemployment to pick up an additional dimension.

Independent variables

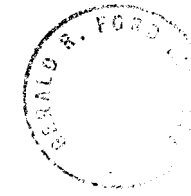
ARMED FORCES. This is the ratio of male Armed Forces 16–19 years old to the population for the same category. This variable is present only in the equations for males, because it is assume that minimal substitution of young women for young men takes place in the labor market. However, the withdrawal of some young men from civilian life into military service presumably has some effect on prospects for those who remain. The variable is unlikely to be successful in reflecting the negative effect on employment opportunities for young men waiting to be called by the draft. It is also deficient in not reflecting the current number of 16–19 year olds in the Armed Forces at all times, since the variable is updated at intervals with no backward revisions. The Armed Forces data thereby contain some short term time movements which are essentially statistical artifacts.

AGRICULTURAL EMPLOYMENT. Two variables were constructed, one for white and the other for all other youth. They are ratios of agricultural employment of the 16–19 year olds to the relevant population totals. The purpose of this variable is to reflect the gradual shift from rural to urban activities. In the rural areas, young people may be either unpaid or paid family workers, but the nature of the labor market is quite different from that in urban areas where the personal element in the worker-employer relationship is less. Interrelationship with other factors, such as school attendance, and distance from home to work, are also present. Since the data for youth agricultural employment are quite scarce no further detailed categories by sex or age were used because of their substantial irregular movement. Data for Negro youth were so irregular in fact that only annual averages were used.

UNEMPLOYMENT RATE OF ADULT MALES. Some measure of the level of economic activity must be included in these equations since youth employment and unemployment patterns are influenced by the general course of economic activity. As will be seen below, this variable has the most important single influence on the employment and unemployment ratios of the young. The unemployment rate of adult males does not have the complex characteristics of that for young people discussed earlier since the labor force denominator (the adult male labor force) is relatively insensitive to changing economic conditions.

POPULATION RATIOS. The regression equations include measures of both relative demand and relative supply. The ratio of the particular age-sex-color population the adult population for the same sex is a measure of relative supply. During the latter part of the postwar period these variables manifested upward trends reflecting the early postwar "baby boom." If at that time the available jobs for young people did not expand rapidly enough, an associated increase in youth unemployment would be expected. On the other hand, the result might also be an increase in the "discouragement" effect with more youth remaining out of the labor force. Unfortunately, population measures for the young, in particular Negroes, are somewhat deficient as described in the appendix on characteristics of the labor force data, and therefore may not exercise their proper role in these equations.

SCHOOL ENROLLMENT RATIOS. This factor is another supply-oriented variable although variations in it reflect variations in demand as well. Eight measures of the variable are used, one for each age-sex-color category. The ratios are available for October of each year; these estimates are used for four successive quarters starting with the last calendar quarter of each year. Consequently, they do not reflect enrollment changes during the school year. In addition, these data, based on a single calendar month are subject to somewhat higher sampling errors than the quarterly or annual data used elsewhere.



The equations

The results for the 24 regression equations are presented in tables 2.1 to 2.7. The symbols in the tables are identified as follows:

E = civilian employment ratio to population for the indicated category
U = unemployment ratio to population for the indicated category
L = civilian labor force participation rate for the indicate category
AF = ratio of male Armed Forces, 16–19 years old, to male population, 16–19
A(W) = agricultural employment ratio to population, white, 16–19 year old
A(NW) = agricultural employment ratio to population, Negro, 16–19 year old
UR = adult male unemployment rate
P = ratio of population of indicated category to corresponding adult (20 years and older) population of same sex
S = school enrollment rate for indicated category
WW = minimum wage variable
D_1 = variable reflecting factors peculiar to the year 1965
D_2 = variable reflecting factors peculiar to the year 1966
D_3 = variable reflecting factors peculiar to the year 1967
D_4 = variable reflecting factors peculiar to the year 1968
R^2 = coefficient of multiple determination adjusted for degree of freedom
S.E. = standard error of estimate of the dependent variable
O = standard deviation of the dependent variable
D-W = Durbin-Watson coefficient
T = ratio of a coefficient to its standard error

Table 2.1. Employment equations: white

Variable	Male 16–17		Male 18–19		Female 16–17		Female 18–19	
	Coefficient	T	Coefficient	T	Coefficient	T	Coefficient	T
Dependent E								
Independent:								
Constant	92.276		78.764		56.429		27.780	
AF	.197	3.2	.060	.6				
A(W)	−.458	.5	.655	.9	−.882	.8	2.380	3.3
UR	−1.513	4.9	−2.250	8.3	−1.423	4.8	−.479	1.8
P	−1.037	.7	−1.057	.6	−3.855	2.2	2.535	1.5
S	−.443	1.4	−.102	.6	−.048	.2	−.030	.2
WW	−2.782	2.9	−2.012	2.0	−2.208	2.3	.147	.2
D_1	2.051	2.1	−.518	.4	−.411	.4	−1.227	1.0
D_2	3.999	3.2	.359	.2	−.761	.6	1.705	1.0
D_3	6.749	5.9	2.025	1.4	3.743	3.3	1.740	1.2
D_4	8.080	6.2	2.688	1.9	4.617	3.7	2.432	1.7
R^2		.817		.795		.653		.563
S.E.		1.371		1.318		1.359		1.382
O		3.168		2.884		2.285		2.070
D-W		.960		1.480		.967		1.370

Table 2.2. Employment equations: Negroes and other races

Variable	Male 16–17		Male 18–19		Female 16–17		Female 1 9	
	Coefficient	T	Coefficient	T	Coefficient	T	Coefficient	T
Dependent E								
Independent:								
Constant	16.719		53.831		11.840		−17.630	
AF	.088	.7	−.013	.1				
A(W)	1.695	2.4	1.473	2.4	.967	2.0	.953	1.5
UR	−1.616	2.2	−.750	1.1	−.495	1.0	−1.454	2.3
P	−28.769	1.0	−3.372	.1	−12.560	.6	87.203	1.8
S	.339	1.6	−.422	3.6	.051	.6	−.038	.3
WW	−.102	.1	4.515	1.9	.829	.7	.002	0
D_1	3.159	1.4	3.266	1.2	.816	.6	−7.757	2.8
D_2	8.723	3.1	4.247	.9	4.837	2.9	−10.613	2.3
D_3	5.675	2.2	−1.668	.3	4.684	2.9	−8.798	1.6
D_4	5.310	1.9	.218	0	4.668	2.7	−9.829	1.7
R^2		.783		.690		.660		.252
S.E.		2.656		3.586		1.905		3.134
O		5.651		6.373		3.234		3.588
D-W		1.724		1.106		1.346		1.140

As noted earlier, the labor force equations may be derived as the simple sum of the corresponding employment and unemployment equations.

The statistical significance is evaluated more easily for the unemployment equations than for the employment equations. In the former set, the Durbin-Watson coefficients indicate the presence of little, if any, positive serial correlation in the residuals. However, still present are the problems of errors in the independent variables and of declining sampling errors over the years, which affect all of the findings to some

Table 2.3. Unemployment equations: white

Variable	Male 16–17		Male 18–19		Female 16–17		Female 18–19	
	Coefficient	T	Coefficient	T	Coefficient	T	Coefficient	T
Dependent U								
Independent:								
Constant	2.358		14.489		4.120		10.550	
AF	.015	.5	−.019	.4				
A(W)	.227	.5	−.903	2.8	−.317	.7	−1.195	3.7
UR	.458	3.2	1.290	10.4	.170	1.4	.336	2.8
P	1.093	1.6	−2.050	2.4	.445	.8	.552	.8
S	−.058	.4	.017	.2	−.009	.1	−.060	1.0
WW	.305	.7	−.042	.1	−.105	.3	−.525	1.3
D_1	−.001	0	.761	1.3	−.480	1.2	−.035	.1
D_2	−.334	.6	.819	.9	−.345	.7	−1.391	1.7
D_3	−.174	.3	.513	.8	−.197	.4	−.718	1.1
D_4	−.539	.9	.000	0	.156	.3	−.130	.2
R^2		.332		.888		.284		.667
S.E.		.631		.606		.575		.619
O		.764		1.792		.673		1.055
D-W		1.671		1.979		1.880		1.676

Table 2.4. Unemployment equations: Negroes and other races

Variable	Male 16–17		Male 18–19		Female 16–17		Female 18–19	
	Coef-ficient	T	Coef-ficient	T	Coef-ficient	T	Coef-ficient	T
Dependent U								
Independent:								
Constant	32.257		33.428		7.830		23.541	
AF	.145	1.8	−.115	.7				
A (NW)	−1.324	3.1	−.860	2.0	−.318	1.0	−.740	2.0
UR	.460	1.0	1.082	2.2	.278	.8	.370	1.1
P	−24.698	1.4	−25.362	.9	2.691	.2	−11.449	.4
S	.091	.7	.291	3.6	−.062	1.0	−.106	1.5
WW	−3.323	3.0	−4.386	2.7	1.111	1.3	1.118	.9
D_1	2.081	1.5	−2.229	1.2	.733	.7	−2.444	1.6
D_2	−.097	.1	−2.978	.9	1.113	1.0	−1.048	.4
D_3	5.134	3.2	3.165	.8	−1.471	1.3	−1.091	.4
D_4	3.945	2.2	2.981	.7	−1.578	1.3	−3.099	.9
R^2		.493		.569		.511		.493
S.E		1.634		2.449		1.312		1.740
O		2.272		3.692		1.856		2.420
D-W		1.845		1.351		1.674		2.205

extent. In the case of the employment equations, the Durbin-Watson coefficients generally indicate the presence of some positive serial correlation, whose nature, discussed in the appendix on the characteristics of labor force data, is different from that for which modified estimation techniques have been developed. Consequently, the significance of the coefficients in these equations cannot be readily assessed, but is probably overstated.

The results for the coefficients of the minimum wage variable are summarized below:

1. Only 7 of the 16 coefficients have the sign usually expected under the hypothesis that the minimum wage affects employment and unemployment. Thus, increases in the minimum wage variable should reduce employment among teenagers; four of the eight coefficients have the expected negative sign. In the same way, increases in the minimum wage are expected to increase unemployment of teenagers. The results are that only 3 of 8 coefficients have the expected positive sign. There may be some indication for the male 16–17 year olds to behave as expected; 3 of the 4 signs are correct.

2. The wrong signs in the employment equations are not amenable to easy explanation, although possibly relevant variables have been omitted, the relationships improperly specified, or deficiencies in the basic data have not been overcome. However, some possibility exists that adverse employment effects for 16–17 year olds may act to improve employment opportunities for 18–19 year olds. This may help explain the large positive coefficient for all other males 18–19, but the statistical significance of the latter is unknown. The other positive coefficients

Table 2.5. Labor force equations: white

Variables	Male 16–17	Male 18–19	Female 16–17	Female 18–19
	Coefficient	Coefficient*	Coefficient	Coefficient
Dependent L				
Independent:				
Constant	94.634	93.253	60.549	38.340
AF	.212	.041		
A	−.231	−.248	−1.199	1.185
UR	−1.055	−.960	−1.253	−.143
P	.056	−3.107	−3.410	3.087
S	−.501	−.085	−.057	−.090
WW	−2.477	−2.054	−2.313	−.378
D_1	2.050	.243	−.891	−1.262
D_2	3.665	1.178	−1.106	.314
D_3	6.575	2.538	3.546	1.022
D_4	7.541	2.688	4.773	2.302

Table 2.6. Labor force equations: Negroes and other races

Variable	Male 16–17	Male 18–19	Female 16–17	Female 18–19
	Coefficient	Coefficient	Coefficient	Coefficient
Dependent E				
Independent:				
Constant	48.976	87.258	19.670	5.911
AF	.233	−.128		
A (NW)	.371	.613	.649	.213
UR	−1.156	.332	−.217	−1.084
P	−53.467	−28.734	−9.869	75.754
S	.430	−.131	−.011	−.144
WW	−3.425	.129	1.940	1.120
D_1	5.240	1.037	1.549	10.201
D_2	8.626	1.269	6.000	−11.661
D_3	10.809	1.497	3.213	−9.889
D_4	9.255	3.199	3.090	−12.928

Table 2.7. Coefficient of minimum wage on variables in employment and unemployment ratio equation

Category	Age group	Employment equation		Unemployment equation	
		Coefficient	T-ratio	Coefficient	T-ratio
White males	16–17	−2.782	2.9	.305	.7
	18–19	−2.012	2.0	−.042	.1
White females	16–17	−2.208	2.3	−.105	.3
	18–19	.147	.2	−.525	1.3
All other males	16–17	−.102	.1	−3.323	3.0
	18–19	4.515	1.9	−4.386	2.7
All other females	16–17	.829	.7	1.111	1.3
	18–19	.002	0	1.118	.9

are clearly insignificant. With respect to unemployment, the situation is actually somewhat more complex.

3. If employment opportunities decrease, does this necessarily result in an increase in unemployment? Our labor force data indicate that a considerable number of teenagers want a job but have not looked for one, and are therefore counted as not in the labor force. Conceivably a decrease in job opportunities could be associated not with an increase in measured unemployment, but with an increase in "potential" unemployment, for which no count exists.[6]

4. The coefficients of the minimum wage variable in the eight labor force equations also are useful:

Category	*White*	*All other*
Male, 16–17	−2.477	−3.425
Male, 18–19	−2.054	.129
Female, 16–17	−2.313	1.940
Female, 18–19	− .378	1.120

Under consideration is whether an increase in minimum wage contracts labor force activity, either working or looking for work. The evidence is inconsistent with basic economic theory: all of the white groups have a negative coefficient, plus the all other males, 16–17. The coefficients for the remaining three groups are positive, influenced largely by positive coefficients in the employment equations. The equations for the all other categories are subject to difficulties of interpretation in general. The cause may be partly the thin data base, and partly the lack of a good model of Negro behavior. Inquiries are necessary about the effect of minimum wages on employment. The answer must consider the complexity of labor force behavior, particularly with respect to "potential" unemployment.

5. These equations contain implications for changes in minimum wage rates. Since the implications (in terms of the coefficients of the minimum wage variable) are not very reliable statistically, they should be considered with great reservations. The estimates in the following paragraph are subject to these reservations and can only be considered as reasonable, but not as definitely established.

Suppose that minimum wage rates were increased by 25 percent for all groups. For the third quarter of 1969, the value of WW equals 3.78. An increase of 25 percent in this figure would yield an added 0.945. Multiplying this increment by the employment ratio coefficients of WW in the preceding table 2.7 and weighting the eight categories by their average 1968 civilian noninstitutional population values, the estimated drop is 182,000 in teenage employment. The same procedure applied to the unemployment ratio equations yields a net decrease of 34,000 for all teenagers. The two changes yield a net decrease in the teenage labor force of 216,000, compared with a total teenage civilian labor force in 1968 of 6,619,000, or a little over 3 percent.

As already indicated, the labor force findings are contrary to simple economic theory. If the minimum wage rises and if this causes an increase in wages offered to youth economic theory says that the supply of teenage labor should also rise, since wages are more attractive. If, by supply of labor is meant those who are working or who want a job, this may well be the case. On the other hand, if supply of labor is interpreted as those who are counted as employed or unemployed in the labor force survey, the problem is again one of measurement. The finding that an increase in the minimum wage variable shrinks the measured labor force is not inconsistent with the hypothesis that it also increases the potential labor force. Since our results are single equation results, estimates of the coefficients may be subject to bias, because certain other relationships are excluded from consideration. This point is discussed further at the end of this chapter.

A cross-section analysis of six groups of male teenagers, using area data from the 1960 Census,[7] came up with a similar finding: when labor force participation rates of male teenagers were correlated against their weekly earnings (the use of hourly earnings was rejected because of data problems) in the presence of other variables, negative coefficients were found in all six equations. In other words, the areas with the higher teenage earnings had lower teenage labor force participation rates. Since this result was somewhat disconcerting, Bowen and Finegan examined it at some length.

They eventually concluded that the source of the apparent contradiction with economic theory was in the use of the measured labor force as the labor supply, a conclusion which is consistent with the results and material presented in this chapter.

Some additional results are given on the effects of an increase in minimum wages on the unemployment rates. As already noted, only three of the eight unemployment ratios rise if the minimum wage is increased. On the other hand, five of the eight unemployment rates rise under the same conditions. Specifically, under the assumption of a 25-percent increase in the minimum wage, the following is found:

	Changes in unemployment rates	
Age-sex	*White*	*All other*
Males 16–17	+1.2	−6.0
Males 18–19	+ .2	−6.6
Females 16–17	+ .6	+1.8
Females 18–19	− .9	+1.7

The net effect for all eight groups is a decrease in the unemployment rate of 0.1 percentage points, or essentially no change. No detailed analysis by group is attempted to avoid reading significance into results which may in some instances not support this effort; nevertheless, increases in unemployment rates may be consistent with decreases in the number of people classified as unemployed.

6. While the other variables in these equations are not of primary concern they were included on a priori grounds that they influenced the labor force behavior of teenagers, so examination of their performance is worthwhile.

The population variable behaves fairly well in accord with expectations. If the population of teenagers rises relative to the population of adults, increasing difficulty in maintaining a given employment ratio for the younger group may be expected. Six of the coefficients in the eight employment equations support this premise. In five of the eight groups there is also an indication of a drop in the labor force participation rates. Overall, the effects are somewhat mixed.

The school enrollment rates play a generally similar role. As enrollment rates rise, most employment and unemployment ratios fall. Seven of eight labor force participation rates are reduced when enrollment rates rise.

The Armed Forces variable seems to play a role only in the case of employment of white males, 16–17 years old. The coefficient here is positive, suggesting that increasing the proportion of 16–19 years olds in the Armed Forces may give the 16–17 year olds a competitive advantage compared with the 18–19 year olds.

The agricultural employment variable has six out of eight positive coefficients in the employment equations, and seven out of eight negative coefficients in the unemployment equations. Since agricultural employment as a percent of population has been falling, this suggest that along with the movement from rural to urban activities has come a decline in the employment ratios and an increase in the unemployment ratios. On balance, the white labor force participation rates have fallen, except for white females 18–19 years old, while labor force participation rates for all others have risen slightly. The movement from employment to unemployment is not inconsistent with the expectations.

7. A separate discussion is needed for the four dummy variables for the years 1965, 1966, 1967, and 1968. Initially the use of single dummies for the 2-year period, 1967–68, in these equations was explored, on the grounds that the change in the labor force questionnaire in 1967 might cause the employment and unemployment data to exhibit somewhat different patterns than in earlier years. The coefficients of these dummies, particularly for some of the employment equations, indicated that something was at work other than just a change in the questionnaire. A comparison of results obtained during the year 1966 with the old and new questionnaire confirmed this impression that other influences were present.

The paper by Cohen[5] estimated that almost 400,000 young people, 16–21 years of age, were covered by Federal Manpower Programs in 1967 and would be counted as "employed" under the definitions of the labor force questionnaire. There is question, therefore, as to whether these youths should not have been picked up in some way by the regression equations. Cohen estimated that the bulk of these

employed young people would have been unemployed in the absence of these programs. Quantities of these magnitudes should clearly affect the regression equations for the years since 1965. The four dummy variables were therefore designed to try to measure the effects of these manpower programs as well as any other influences present. Cohen does not consider the effects of other manpower programs, such as the Job Corps, whose enrollees are classified as being out of the labor force or any other influence which also affect our estimates of the dummy variables.

The effects of these dummy variables are measured in percentage points of the civilian noninstitutional population. When they are multiplied by the corresponding population figures and then aggregated across age-sex-color groups, we get the following results:

Category	*1965*	*1966*	*1967*	*1968*
		(Numbers in thousands)		
Employment effects of dummy variable (16–19 year olds)	3	240	426	544
Cohen estimates of Manpower Program effects (16–21 year olds)	143	309	372	[1]

[1] Not available.

The bulk of those employed were in the Neighborhood Youth Corps. James Tucker [9] shows that three times as many 16–17 year olds were enrolled in NYC as 18–19 year olds. For the 3 years combined, 1966–68, the employment increments in the dummy variables show a five-to-one ratio between the 16–17 and 18–19 year olds, a not unreasonable correspondence.

Despite the fact that some individual dummies (seven out of 32) had negative signs, the aggregate estimates for all teenagers, are not much different from the independent estimates of Cohen, although one must make allowances for his broader age coverage (16–21 years).

A similar comparison between Cohen's estimates and those based on the regression equation dummies may be made for unemployment effects. This comparison is contained in the tabulation:

Category	*1965*	*1966*	*1967*	*1968*
		(Numbers in thousands)		
Unemployment effects of dummy variable (16–19 year olds)	−1	−50	5	−17
Cohen estimates of Manpower Program effects (16–21 year olds)	−97	−191	−237	[1]

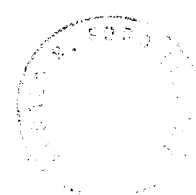
[1] Not available.

The differences between these two independent estimates are large, compared with those for the employment effects. The estimates of the unemployment effects from the regression equations are consistent with the idea developed earlier that shifts in and out of employment are associated with shifts in and out of unemployment, and also in and out of the "not in labor force" category. The Cohen estimates provide for no labor force adjustment mechanism of this kind, as exhibited through our measurement procedures.

The parallel between the finding in this study and for the minimum wage variable is of some interest. Both the dummies and the minimum wage variable pick up employment effects, but no particular unemployment effects. These findings plus the evidence presented throughout this chapter support the hypothesis that a labor force adjustment mechanism is at work which tends to limit the impact on unemployment levels of various factors. However, the employment effects are associated with low Durbin-Watson coefficients, affecting their significance.

The danger in this as well as in other analyses in passing subtly from speculation, probability, and tentative evaluation to a discussion of apparently objective and uncontested facts. The material presented in this chapter has many tentative aspects, and more than the usual number of caveats are discussed. The statistical result contain many plausible elements.

However, some objective facts are present. FLSA changes took effect in February 1967 and in February 1968. At the same time, Federal Manpower Programs were operating in high gear. Clearly the two phenomena were working somewhat at odds, with the increase in minimum wage rate and coverage operating, to some extent, to depress job opportunities for the young, while the manpower programs were working to increase them. Since the manpower programs were quite substantial and covered hundreds of thousands of youngsters, if the analyses had ignored these programs, they would have improperly underestimated the influence of the FLSA changes.



8. In the preceding analysis eight separate age-sex-color groups were analyzed in order to detect any differential patterns among them, with some limited success. In the process of fragmenting the data, the Bureau ran the risk of increased errors in the variables, and decreased significance of results. Also effectively ignored were any substitution effects among these groups. Some added perspectives can be attained by fitting the same equations to all eight groups combined. This has been done both with and without the four dummy variables, with the results indicated in table 2.8.

These equations again indicate a negative coefficient for the minimum wage variable in the employment coefficient when the dummies are included, but a positive coefficient when the dummies are excluded. The problem is clearly pinpointed in the patterns of the variables in the last several years, particularly 1967–68. As indicated earlier, a reasonable assumption is that positive employment effects are being picked up from the manpower programs in these years. The employment effects as measured through this single equation are greater than from the eight separate equations. Another hypothesis must be considered as well with respect to the single equation.

The adult male unemployment rate for the last 4 years were: 1965, 3.2; 1966, 2.5; 1967, 2.3; 1968, 2.2.

As labor market conditions tighten, the adult unemployment rate falls. It is reasonable to assume that it is harder to bring this rate down from 3.0 to 2.0 than it was from 4.0 to 3.0, and so on. As the rate falls, it approaches some frictional limit with increasing difficulty, and labor market pressures are increasingly transmitted to other groups with higher proportions of marginal workers, such as women and teenagers.

The equations are expressed in linear form. Can they be transformed so that they will recognize this nonlinearity effect in very tight labor market conditions?

The simplest way is to transform the equations given earlier into logarithmic form, except for the dummy variables. This has been done, and the results have been converted into employment and unemployment effects with the results shown in table 2.9.

The logarithmic results are taken as better representations of the manpower program effects. These estimates may be compared with those derived earlier for the eight separate categories of teenagers. The latter estimates have picked up some of the presumed nonlinearity through the separate equations and are thus closer to those based on the logarithmic form. The peculiar decline in the unemployment effects for 1967–68 undoubtedly reflect the effects of the change in the questionnaire in 1967 which reduced measured teenage unemployment.

These summary equations are not otherwise analyzed here, since they are generally consistent with the equations discussed earlier. The unemployment equations have negative coefficients for the minimum wage variable in both the linear and logarithmic forms, whether or not the dummy variables are included.

Table 2.8. Equations for all 16-19 year olds combined

Variable	Employment ratio equations				Unemployment ratio equations			
	Coefficient	T-ratio	Coefficient	T-ratio	Coefficient	T-ratio	Coefficient	T-ratio
Constant	87.084		51.690		.728		1.415	
AF	.096	1.4	.110	1.4	.056	1.8	.028	1.0
A	−.530	.6	1.357	1.2	−.312	.7	−.362	.9
UR	−1.303	5.6	−1.303	4.3	.557	5.4	.622	6.1
P	.359	.3	2.051	1.5	.702	1.3	−.013	.03
S	−.652	3.8	−.578	3.3	−.028	.4	.070	1.2
WW	−1.654	2.3	.677	1.1	−.424	1.3	−.188	.9
D_1	.102	.1			−.514	1.4		
D_2	2.431	2.2			−1.226	2.5		
D_3	4.298	4.9			−.555	1.4		
D_4	5.427	5.9			−.392	1.0		
R^2	.856		.730		.739		.723	

Table 2.9. Nonlinear employment and unemployment effects

[Numbers in thousands]

Effects	1965	1966	1967	1968
Employment:				
Linear equation	+13	+331	+579	+744
Logarithmic equation	+5	+311	+420	+457
Difference reflecting labor market tightening	+8	+20	+159	+287
Unemployment:				
Linear equation	−66	−167	−75	−34
Logarithmic equation	−31	−88	−32	−6
Difference reflecting labor market tightening	−35	−79	−43	−28

Annual data, 1948–68 [10]

An analysis of annual data for 1948 to 1968 was conducted separately from the analysis of quarterly data for 1954 to 1968. Data for various age-sex-color groups among teenagers are generally not available for the longer time period; hence, the analysis of annual data is limited in that it deals only with the 16 to 19-year age group as a whole.

The annual data however, do, allow determination of whether the relationships found in the shorter time period hold true for the postwar era as a whole. Second, since no attempt was made to use precisely the same variables in both the analysis of quarterly and of annual data, some evaluation could be made of the effects of slightly different measures of a phenomenon or the exclusion or inclusion of different variables.

THE VARIABLES. Regressions were run using as alternative, dependent variables the employment, unemployment, and labor force ratios (i.e., dividing by population) and also the unemployment rates (dividing by labor force) for all 16–19 year olds.

The independent variables used differed from those in the analysis of quarterly data primarily in detail, rather than concept. Among the independent variables used (with differences from the analysis of quarterly data given in parenthesis) were:

- U_A = unemployment rate of persons age 25 and over (quarterly: adult male unemployment rate)
- $P_{16/25}$ = ratio of teenage population to that of adults age 25 and over (quarterly: adults 20 years and over)
- Af = ratio of armed forces under age 20 to male population age 18 to 19 (quarterly: male armed forces 16–19 years old, to male population 16–19 years old)
- S = ratio of school enrollment to population, 16–19 years old (quarterly: same for appropriate age category)

In addition, the analysis of annual data used two different measures of minimum wage effects. The first—labeled WW—as in the analysis of quarterly data, was the minimum wage as a percent of average hourly earnings in the industry division weighted by the proportion of workers in the industry covered by the applicable minimums and the proportion of all teenagers employed in that industry division (see table 1.6 in chapter 1). An alternative procedure was to use two variables: one a measure of the basic minimum wage as a percent of average hourly earnings in the private nonfarm economy (M/AHE); and the other, the percent of nonsupervisory workers in the private nonfarm economy covered by the Federal minimum wage law. The relationship between the two different measures of minimum wage effect is, of course, quite strong ($R^2 = .978$).

Unlike the analysis of quarterly data, the ratio of agriculture employment to population was not used, nor were dummy variables used for particular years.

THE EQUATIONS. The results of regressing the included independent variables on the teenage ratios and the unemployment rate for the period 1948 to 1968 are given in table 2.10. Only the adult unemployment rate clearly bears the expected relationships with the dependent variables; that is, the employment and unemployment of teenagers is affected by general business conditions as measured by the adult unemployment rate.

The minimum wage variables, as in the analysis of quarterly data, do not fare especially well. The single measure of minimum wage level and coverage (WW) has the expected sign

Table 2.10. Teenage regressions annual data, 1948–68

Dependent variable	R^2	Constant	U	$P_{16/25}$	Af	S	M/AHE	Coverage	WW
L/P	.839	57.3	−.36	1.03	.18	−.49	.08	.06	
			(1.1)	(1.7)	(1.8)	(5.1)	(1.5)	(1.0)	
E/P	.908	62.0	−1.41	.44	.14	−.49	.06	.03	
			(4.3)	(0.7)	(1.4)	(4.9)	(1.0)	(1.1)	
U/P	.928	−4.5	1.04	.59	.04	−.004	.02	−.01	
			(10.5)	(3.1)	(1.2)	(0.1)	(1.4)	(0.7)	
U/L	.940	−9.9	2.17	.83	.001	.13	.02	−.05	
			(9.6)	(1.9)	(0.01)	(1.9)	(0.6)	(1.0)	
L/P	.841	64.6	−.38	.68	.14	−.45			.12
			(1.2)	(1.6)	(1.7)	(6.2)			(1.9)
E/P	.915	68.2	−1.40	.27	.13	−.47			.12
			(4.4)	(0.6)	(1.4)	(6.5)			(1.8)
U/P	.924	−3.7	1.01	.40	.02	.03			.002
			(9.9)	(3.0)	(0.6)	(1.1)			(0.1)
U/L	.941	−10.3	2.11	.56	−.03	.18			−.03
			(9.5)	(1.9)	(0.5)	(3.5)			(0.7)

Table 2.11. Regressions on teenage unemployment rate annual data, 1948–68

Equation number	R^2	Constant	U	$P_{16\,25}$	Af	S	M/AHE	Coverage	WW
1	.547	−1.6	1.96 (4.7)	.....	.....	.....	.15 (2.3)	.....	.....
2	.702	−15.1	2.55 (6.6)	.....	.....	.....	.08 (1.5)	.22 (3.2)	.....
3	.925	−9.4	2.25 (11.5)	1.29 (7.2)	.....	.....	.08 (3.0)	−.06 (1.1)	.....
4	.895	−8.9	2.36 (11.5)	1.24 (9.1)	.....	.....	.....	.....	.....
5	.929	−13.3	2.38 (11.4)	1.53 (6.4)	.08 (1.4)	.....	.08 (3.0)	−.06 (1.3)	.....
6	.940	−9.9	2.17 (9.6)	.83 (1.9)	.0007 (0.01)	.13 (1.9)	.02 (0.6)	−.05 (1.0)	.....
7	.758	−2.3	2.55 (7.7)	.....	.....	.....	.....	.....	.25 (5.1)
8	.898	−8.6	2.45 (11.4)	1.05 (5.1)	.....	.....	.....	.....	.06 (1.2)
9	.899	−12.5	2.56 (10.7)	1.26 (4.4)	.08 (1.1)	.....	.....	.....	.05 (1.1)
10	.941	−10.3	2.11 (9.5)	.56 (1.9)	−.03 (0.5)	.18 (3.5)	.....	.....	−.03 (0.7)

only in the regression on the unemployment ratio ($\frac{U}{P}$). In no case is it statistically significant. In the alternative measures of minimum wage effect, the measure of the relative level of the minimum wage (M/AHE) has the correct sign in the case of the regression on unemployment rates and ratio, but is not statistically significant. The measure of coverage has the wrong sign and, in each case, is not significant.

Some further understanding of these result can be seen in the additional regressions on the teenage unemployment rate—some omitting certain of the variables in the first set of regressions—presented in table 2.11. A study which would include only the adult unemployment rate and the relative level of the minimum wage (M/AHE) would find, as in equation 1, that both are significant variables. However, in comparing equations 1 and 2, the fit of the regression is materially improved by adding a measure of coverage. (The variable WW in equation 7 makes the results of that equation most nearly comparable to equation 2.) Not only is the fit of the equation worse when coverage is omitted, but there is good reason to believe that the omission of a measure of coverage brings about an overstatement of the effect of the relative level of the minimum wage. The size of the regression coefficient on M/AHE is cut in half when a coverage variable is added.

When the relative size of the teenage population is added to the regressions (equations 3 and 8), certain striking changes occur. The coverage variable is no longer significant and, in fact, reverses signs. The joint effect of minimum wage level and coverage is drastically reduced and no longer statistically significant.

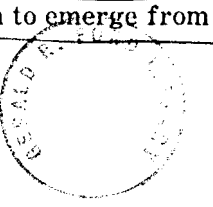
This certainly raises the legitimate question of whether or not the population and the coverage factors should be included in the same regression. There are two purely statistical tests of relative unimportance. When both variables are included in the same regression (equation 3), the population variable clearly dominates the result. If as an alternative test, comparison is made between the regressions using the adult unemployment rate and the minimum wage variables—but not population—(equations 2 and 7) and the regression using the adult unemployment rate and the population variable—but not minimum wages—(equation 4), the latter does a much better job of explaining variation in the teenage unemployment rate.

On statistical grounds, therefore, there is little reason to exclude the population variable in deference to the minimum wage coverage factor. While this may seem to downgrade the importance of minimum wage coverage, it rather reflects the fact that only two major changes in minimum wage coverage have been made since the law was originally passed. This limited experience is too meager to adequately separate out the effects of coverage changes from other developments, especially changes that have occurred in the teenage population.

The addition of a school enrollment variable (equations 6 and 10) materially reduces the level and significance of the minimum wage level measure (M/AHE) and causes the joint effect of level and coverage (WW) to have the wrong sign. Changes in the regression coefficients of the other independent variables in those equations indicate that multicollinearity within the independent variable set compounds problems of appropriately separating out the effects of each independent variable.

Conclusions

The most important—and at the same time discouraging—conclusion to emerge from avail-



able analyses is that they do not permit confident conclusions about the effect of minimum wage laws upon the employment experience of teenagers.

Apparently any measure of the effects of minimum wage laws upon teenage employment or unemployment is highly sensitive to the variables included in the analysis, the measure of minimum wage used, and the specification of the equation. When all variables that have a legitimate claim to consideration are included, the measures of minimum wage not infrequently have the wrong sign and/or are not statistically significant at conventional levels. This is generally true whether one looks at quarterly or annual data, at data for the entire postwar period or more limited time segments, or at data for teenagers as a whole, or teenagers compartmentalized into various sex-color-age groups.

From all this, it should not be concluded that minimum wage laws have no effect. Rather, the fact is that time series analysis does not permit an adequate separation of various, nominally independent, factors affecting teenage employment problems.

While confident conclusions cannot be drawn, the data and equations do suggest certain additional, if highly tentative, conclusions:

There is some basis for the conclusion that the extensions of coverage of the minimum wage law in the 1960's have had more of an effect upon changes in the teenage unemployment rate than changes in the relative level of the minimum wage. The close historic relationship that did exist between the changes in coverage and the growth in the relative size of the teenage population prevent any firm statement.

There is some basis for the inference that the affect of Federal manpower programs and the Federal minimum wage have tended to offset each other. The analysis of quarterly data indicates that increases in employment attributed to the manpower programs have been offset to some degree, by decreases in employment attributed to the minimum wage. These results were not found uniformly, however, among all sex-color-age groups within the teenage population.

Some evidence supports the hypothesis that minimum wages have had greater adverse effects upon 16 to 17 year olds than upon 18 to 19 year olds. The regressions summarized in table 2.7 indicate, for example, that the adverse effect on employment for white males 16 to 17 years old is greater than for white males 18 to 19. The pattern of relative disadvantage holds true in six of the eight cases. However, the quality of the evidence does not meet high standards.

In general, the most important factor explaining changes in teenage employment and unemployment has been general business conditions as measured by the adult unemployment rate. The role of other variables remains clouded by the interrelationships among them. Although hints of adverse effects of minimum wages show up in available data, no firm statement can be made about the magnitude of such effects.

———*FOOTNOTES*———

[1] This section was written by Thomas W. Gavett, Bureau of Labor Statistics.

[2] Yale Brozen, "The Effect of Statutory Minimum Wage Increases on Teen-Age Employment," *Journal of Law and Economics* (April 1969), pp. 109–122. Arthur F. Burns, *The Management of Prosperity* (Columbia University Press, 1966), pp. 45–48. Hugh Folk, "The Problem of Youth Unemployment," in *The Transition from School to Work* (Princeton University, 1968), pp. 76–107, Lester C. Thurow, "The Determinants of the Occupational Distribution of Negroes," in Gerald Somers, ed. *Education and Training of Disadvantaged Minorities* (Wisconsin University Press, 1969) pp. 187–205.

Peter S. Barth, "The Minimum Wage and Teenage Unemployment" (Ohio State University, 1969) unpublished manuscript. James E. Easley and Robert M. Fearn, "Minimum Wages and Unemployment of Teenagers" (North Carolina State University, 1969) unpublished manuscript. Marvin Kosters and Finis Welch, "The Distributional Incidence of Cyclical Fluctuations and the Minimum Wage" (Council of Economic Advisors and NBER, 1970).

Thomas G. Moore, "The Effect of Minimum Wages on

Employment" (Council of Economic Advisers). Gerald W. Scully, "The Impact of Minimum Wages on the Unemployment Rates of Minority Group Labor" (Ohio University).

Edward Kalachek, "Determinants of Teenage Employment," *Journal of Human Resources* (Winter 1968), pp. 3–21. Arnold Katz, "State Minimum Wage Laws and Male Teenage Workers, 1960." (University of Pittsburgh, 1970), a report prepared for the Bureau of Labor Statistics.

[3] Since Thurow used stepwise regression methods, the sign of rejected variables is, of course, unknown. It should be noted that Thurow's investigation was not primarily concerned with the issue of minimum wages.

[4] Malcolm Cohen, "The Direct Effects of Federal Manpower Programs in Reducing Unemployment," *Journal of Human Resources* (Fall 1969), pp. 491–507.

[5] Includes other minorities.

[6] See the appendix on characteristics of the labor force for further discussion of these points.

[7] Bowen and Finegan, op. cit., p. 432.

[8] Op. cit.

[9] "The First 50,000 NYC Enrollees," *Monthly Labor Review* (December 1965), p. 1442.

[10] This section was written by Thomas W. Gavett, Bureau of Labor Statistics.

APPENDIX A

Characteristics of the Labor Force Data

The basic data in this analysis have been drawn from the labor force survey conducted by the Bureau of the Census for the last 25 years. The sample used for this survey is a rather complicated one; several features are of interest in the present study.

1. Population estimates of various age-sex-color groups which are used for control purposes in the estimating procedure are independently made by aging the corresponding groups in the most recent decennial census. They necessarily reflect imperfections in the Census data. The most important of these, for purposes of this discussion, is the differential undercount of the population, which most severely affects the population estimates for young Negro males. At the time of the 1960 decennial census, 15–19 year-old Negro males were estimated to be subject to an undercount of 13 percent. Five years after the date of the census, the 15–19 year-olds are those who had been 10–14 years old at the time of the census. This group is subject to an undercount of about 5 percent in the census. The official population estimates for the 15–19 year-old category therefore show a somewhat higher rate of increase during intercensal years than was believed actually took place. The greatest divergence between "actual" and measured rates of growth for this group take place in the early years of the decade. From then on these two rates of increase converge. Since all of the regression equations contain variables based on the population estimates of the various categories of teenagers, these variables, particularly for Negro males, are necessarily somewhat defective. Improved time series of population data adjusted for these estimated undercounts are not yet available in the kind of age detail needed.

2. Estimates of all of the variables in the regression equations are subject to errors, but the labor force data in particular are subject to known amounts and kinds of sampling error. This has several implications for estimation methods.

a. The quarterly unemployment ratios used for the dependent variables currently have sampling errors of about 10 percent for each of the detailed eight age-sex-color groups we have examined. This is part of the basic "noise" of the equations which exist separately from the errors in fitting these equations. The employment ratios have sampling errors about half this size.

b. Among the independent variables, similar sampling errors exist in the adult male unemployment rate and the school enrollment rate. The latter, which are based on data for a single month, have somewhat larger sampling errors. The presence of errors in the independent variables vitiates the results derived from the use of ordinary least squares in fitting the equations. They do not affect the forecasting power of these equations, since forecasting by use of error-free independent variables cannot be done, but errors affect the tests of significance and bias the estimates of the coefficients of the variables.

c. A particular problem exists with respect to the dependent variables, the employment and unemployment ratios. The labor force sample has three-fourths of the households in common between adjacent months, one-half in common between 2 months with 1 month between, and one-fourth in common between 2 months with 2 months between them.

For individuals with stable characteristics, these patterns are reflected in serial correlation of sampling errors with an unusual and hitherto unstudied pattern, as far as regression estimation methods are concerned. The employment ratios represent somewhat stable characteristics and the equations with these variables we should have, therefore, low Durbin-Watson coefficients. As already seen, this is the case for every one of the eight groups. The unemployment ratios represent far less stable characteristics and the Durbin-Watson coefficient for these equations should fall within some respectable region (somewhere near 2.0), and they do.

These characteristics of labor force data are worth noting since they suggest that basic work needs to be done in developing appropriate estimation techniques for equations which include them. The ordinary type of correction for serial correlation is inappropriate in this study.

d. One final comment must be made about the nature of the sampling errors, particularly in the dependent variables in the equations. Over the postwar years the labor force sample has been improved on a number of occasions. This has been accomplished in more obvious ways by several increases in the size of the sample itself. Less obvious improvements were made in the internal estimation techniques and in ways of updating the universe of households. The net effect of the various changes which have taken place has been to reduce gradually the sampling error in the data. The data for the earlier years are therefore subject to higher sampling error than are those for the later years. This should be, and often is, reflected in diminishing disturbance values over time in the equations. This in turn suggest a weighted estimation procedure be used in fitting

these equations. Unfortunately, the appropriate values of the weights could not be developed in time for this analysis so a standard procedure was used which gave equal weights to all of the observations.

3. This section on the quality of the labor force data must note another source of indeterminacy. Sample households are contacted for successive months of data and then dropped. They re-enter the sample eight months later for another four-months period. Labor force analysts directly concerned with the current population survey have long noted that households first interviewed tend to have higher unemployment levels than those which had also been interviewed in earlier months. The reason for this consistent pattern has never been fully understood, although it has been explored. Possibly, second and subsequent visits may introduce a "learning" effect. In any case, a slight change in the interview situation, or in the treatment of the data affects the results.[1]

In 1967 a modified questionnaire was introduced for the current population survey. During the preceding year, data were collected for two independent household samples using both the old and the new questionnaires. These data indicated that unemployment rates for teenagers were reduced slightly in the next questionnaire and had developed a new seasonal pattern. Employment ratios for teenagers were slightly higher although this was not a statistically substantial result.

An unusual problem arose in this connection. The basic analysis was carried on with seasonally adjusted data. Because unemployment data for 1967 and 1968 have seasonal patterns which differ markedly from those in earlier years for young people, ordinary computer techniques of seasonal adjustment based on continuity of patterns for a number of years could not be used. The method which was used (not described here) necessarily gave much weight to the patterns evident in 1967 and 1968 for seasonally adjusting these two years. Coincidently, basic changes took place in the minimum wage in February 1967 and February 1968. If the changes in the minimum wage affected the unemployment levels for teenagers after the two Februaries, these effects may be partly erased through reliance largely on the data for these two years to develop appropriate adjustments for seasonality. However, to the extent that the effects of minimum wages are always present (as our basic models posit) then the equations should pick up something in 1967 and 1968 as a whole, if there is something to be discerned.

The indeterminacies attached to labor force data, particularly for young people, and which are not given by sampling error measures, have come to light recently in comparisons with a new source of data, a National Longitudinal Study of the educational and labor market experience of male youth 14–24 years of age by an Ohio State University group, under the direction of Herbert S. Parnes.[2]

More detailed comparisons are made in the report cited, but they contain many puzzling elements. One important ingredient must be considered. In the CPS, data for all members of the household over 16 years of age are obtained from a single responsible household respondent. After the first interview, many of the subsequent contacts are made by telephone. In the LGS, all contacts are made with the individual who is in

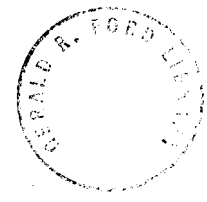


Table 2.12. Ratio of LGS to CPS estimates October 1966

Sex and age	Labor force participation rate	Employment ratio	Unemployment ratio	Unemployment rate
WHITE MALES:				
16–17	1.42	1.39	1.67	1.19
18–19	1.24	1.24	1.29	1.04
ALL OTHER MALES:				
16–17	1.84	1.83	1.87	1.01
18–19	1.31	1.31	1.39	1.06

the sample. Parnes does not conclude that the LGS data are more accurate than the CPS, but that they are definitely different from each other.

The important point for our purposes is that the teenagers, many of whom have marginal attachment in the labor force, will have their responses affected significantly by the structure of the survey instrument and procedures. To what extent a different approach, such as that of Parnes, would have yielded times series with significantly different characteristics than the CPS, and a different set of conclusions about the effects of minimum wage must remain an unanswered question. But labor force measures reflect the real world through a glass somewhat imperfectly.

Measured unemployment vs. potential

A study of the possible effects of minimum wage rates on the unemployment rates of youth must be viewed within a broad context. As already noted, this study primarily considers the employment and labor force ratios of youth. The lack of employment opportunities for youth is not solely reflected in unemployment but also in withdrawal from the labor force. Hence, reduction of employment opportunities for youth may be only imperfectly transmitted to increases in unemployment.

The complexity of the picture is partly indicated by the following material. In 1968 the average number of male unemployed, 16–19 years old, was 427,000. At the same time, the average number of males of the same ages who were neither working nor seeking work was 3,002,000. Although some of this group did not seek work because of more attractive alternative ways of spending their time, as many as 569,000 of them would have taken jobs. This number is larger than the number who, through some overt expression of seeking work, had been counted among the unemployed.

Some 42,000 of the 569,000 did not seek work because they thought they could not find it. Most of the 569,000 did not seek work because they were attending school, and the kind of work they could engage in would have to be available during the off school hours. However, they did not test the labor market and we do not know whether jobs were available on their term. Consequently, though some jobs may not have been available for teenagers because employers would have had to offer them higher wage rates than they were prepared to pay, others were not available because employers could not or chose not to restructure their jobs to fit the hours desired. On the other hand, if they could have attracted prospec-

Table 2.13. Average Labor Force Status of 16–19-Year-Old Males and Females in 1968

[In thousands]

Status	Males		Females	
Total noninstitutional civilian population	6,703		7,243	
Civilian labor force	3,681		2,938	
Employed	3,254		2,526	
Unemployed	427		412	
	Want jobs	Do not want jobs	Want jobs	Do not want jobs
Not in labor force:				
Total	569	2,453	652	3,653
In school	475	2,038	425	2,325
Ill health, disability	9	25	16	26
Home responsibilities	1	15	79	678
Think cannot get work	42		67	
Want no job at present		354		397
All other reasons	42		65	

Source: Special Labor Force Report No. 110, Monthly Labor Review, July 1969.

tive employees with the use of lower wage rates, they might have been willing to do some of the necessary job restructuring.

The background data for 16–19 year old males and females are summarized in table 2.13. The questions on reasons for not in labor force have only been asked since 1967; therefore, such data for other years in the postwar period are unfortunately, not available.

Nevertheless, a number of other analyses of postwar patterns of variations in labor force status for various age-sex-color groups show that reductions in employment flow both to unemployment and out of the labor force. In the same way employment increases draw upon the pool of unemployed and those out of the labor force. Some people who evidence no work-seeking behavior when disemployed during less prosperous times, and therefore are counted among those not in the labor force, have been labeled the "disguised" or "hidden" unemployed.[3] These analyses, which are necessarily indirect in nature, are supported by the new evidence of the last two years on reasons for not being in the labor force.

Clearly, although work with the established categories of labor force status is necessary, we must also bear in mind that our measured unemployment does not represent the dimensions of need and desire for a job. This will be discussed again below in another connection.

Effects of prosperity and affluence and changing social climate

In another way the present analysis, as well as those of previous researchers, is deficient. The labor market for youth is thought of in an oversimplified way. There are counts of the number of young who are employed or unemployed, but no corresponding counts of the number of job vacancies for young workers which remain unfilled for one reason or another. From the statements, both voluntary and solicited, of individual employers and others, such jobs exist, are known to exist. During the post-World II years, for which labor force data are available, this country

has steadily maintained its economic progress and both individuals and households have increased their standards of living. At the same time, and at least partly fueled by these trends, as many see it, a pattern of rising expectations has developed, particularly for the young.[4] Many jobs, such as bootblacks, messenger, stockboy, etc., which had been filled largely from the ranks of young workers in the past, have moved down in relative status, even though some of them may offer wage rates at or above the legal minimum.

Apart from the various analyses of the effects of minimum wages on labor force participation, other studies have been made in recent years on the effects of welfare payments on incentives to participate in the labor force. The results of these studies, as in the case of minimum wage analyses, have been mixed. However, they have at least raised the possibility that the presence of increased earned or unearned incomes has a dampening effect on labor force participation. For the purpose of this chapter this hypothesis can be modified to cover the case of teenagers: Does the amount of income of other family members, whether earned or unearned, have a negative impact on the labor force participation rate of teenagers? This can be manifested through both reduced employment and unemployment as a result of reduced job search. Real family income is not explicitly included among the variables in the present analysis, but its effects are present. Since the influence of this omitted factor on employment and unemployment is sometimes in the same and sometimes in an opposite direction to that for the minimum wage variable, analysis of the behavior of both the employment and unemployment ratios may therefore be somewhat inconclusive. However, school enrollment rates which have been included in the analysis, and which have risen steadily throughout the period under study, may act as a partial proxy for family income effects.

As in the previous section, some new information casts light on this problem in data which have been collected since 1967. These are summarized in table 2.14.

About 10 percent of the unemployment of each sex-color group consists of those who said they left their job. Another 20 percent of males and 10 percent of females (white and others) lost their jobs, while the balance of 70 percent males and 80 percent females were looking for a job but had previously been out of the labor force, whether or not they had ever worked at an earlier time. In other words, some indication exists of volun-

Table 2.14. Reasons for Unemployment, 1968 Averages 16–19 Year Olds, by Sex and Color

[Thousands]

Reasons for Unemployment	White		Negro	
	Male	Female	Male	Female
Job Leavers	41	34	12	9
Job Losers	71	36	22	12
Entrants and Reentrants	229	238	69	76
Total	341	308	103	97

tary disemployment among the young, which may well be related to the economic status of the family.

——FOOTNOTES——

[1] Robert Pearl and Joseph Waksberg, "Effects of Repeated Household Interviews in the Current Population Survey," paper presented before the 47th National Conference of the American Marketing Association, June 17, 1964.

[2] In appendix E of their report, "Career Thresholds: A longitudinal study of the educational and labor market experienced of male youth, 14–24 years of age" Volume I Center for Human Resource Research (The Ohio State University, Columbus, Ohio, 1969). They compare their data (LGS) with CPS data and find that for the white and Negro male groups, 16–17 and 18–19 years of age, their survey (also conducted by the Bureau of the Census) uncovers both higher unemployment and employment ratios than does the CPS. On the other hand, the unemployment rates are very similar. There are some small differences in timing between the two surveys, but the differences in results are larger than can be accounted for by known factors including sampling error. Table 2.12 summarizes some of this information.

[3] Thomas Dernberg and Kenneth Strand, "Hidden Unemployment 1953–62: A Quantitative Analysis by Age and Sex," *American Economic Review* (March 1966), pp. 71–95; Alfred Tella, "Labor Force Sensitivity to Employment by Age, Sex," *Industrial Relations* (February 1965), pp. 69–83; Sophia Cooper and Denis Johnston, "Labor Force Projections for 1970–80," (BLS Special Labor Force Report No. 49, 1965).

[4] William G. Bowen and T. Aldridge Finegan in their mammoth book, *The Economics of Labor Force Participation* (Princeton University Press, 1969), p. 460, discuss a byproduct phenomenon—the "hippie" movement and its impact on labor force behavior for which they could not find any isolated effects in the data available through 1966.

APPENDIX B

Single Equation Biases in Findings

The equations in this analysis are of the form:

$$E = a_o + a_1AF + a_2A + a_3UR + a_4P + a_5S + a_6WW + \text{other variables}$$

$$U = b_o + b_1AF + b_2A + b_3UR + b_4P + b_5S + b_6WW + \text{other variables}$$

and

$$L = c_o + c_1AF + c_2A + c_3UR + c_4P + c_5S + c_6WW + \text{other variables.}$$

In these single equation formulations, the assumption is that the independent variables are independent in economic terms, but that any covariation among them is taken care of in the statistical derivation of the coefficients as "net" coefficients; in other words, each coefficient represents the influence of that variable if all other variables are held constant.

This analytical framework has yielded coefficients for the minimum wage variable which are not in accord with economic theory, without

further qualifications. One source of the apparent contradiction has been identified tentatively as the deficiency in our process of measuring unemployment.

The present discussion is concerned with the possibility that the minimum wage coefficients may be biased because they are derived from single equations, although they should have been estimated within the framework of a simultaneous equation model, with the appropriate interdependencies among the variables explicitly exhibited.

In the absence of such a simultaneous model, a limited examination was made of some implicit internal relationships among selected variables, based on our earlier findings. Through this exploration we can see whether the minimum wage relationships are more in accord with simple economic theory even through the exploration does not obviate the problem of simultaneity bias in the estimation.

This analysis was confined to the equation results for all teenagers combined. First, let us specify that the adult male unemployment rate is affected by the minimum wage variable in accord with economic theory. As the minimum wage rises, the supply of adult male labor rises, but the demand falls. It may be shown that the adult male unemployment rate will thereby rise. In fact we find that

$$UR' = \frac{(1 - UR)\ n_s - n_d)}{WW}$$

where UR′ is the derivative of UR with respect to WW, n_s and n_d are the supply and demand elasticities. UR is less than one, WW is positive, n_s is positive, and n_d is negative, so that UR′ is positive.

The derivative of the teenage unemployment rate with respect to the minimum wage variable is

$$\partial\left(\frac{U}{L}\right)/\partial\, WW = (LU' - UL')/L^2 = \frac{1}{L}\left(U' - \left(\frac{U}{L}\right)L'\right)$$

where U′ and L′ are partial derivatives with respect to WW.

From our single equations we find that

$$U' = b_e + b_s UR'$$

$$L' = c_e + c_s UR'$$

By combining these expressions and using the coefficients from our equations plus 1968 values for the variables in these expressions, we find that the adult unemployment rate elasticity with respect to minimum wages would have to be about one third in order to lift the corresponding teenage unemployment rate elasticity just over zero.[1] Moreover, the teenage elasticity will always be less than the adult elasticity in the positive range, a finding contrary to expectation. Consequently, this exploration has not provided a wholly satisfactory answer to our original puzzle. It must be emphasized, however, that there results are not definitive, since they are still based on single equation ordinary least squares estimates which are subject to simultaneity bias.

In this analysis we have ignored the possibility that other "independent" variables may be affected by the minimum wage. Let us consider that school enrollment may be so affected. I am inclined to think

that the elasticity with respect to the minimum wage variable should be positive, although an argument can be made for a negative elasticity. If an increase in the minimum shrinks the number of jobs held by teenagers and increases the number looking for work, there should be more incentive for teens to stay in school, since there is less likelihood of their finding a job. In any event we can investigate the relationship between this elasticity and that for the teenage unemployment rate without prejudicing our case.

Here we find $U' = b_6 + b_5S'$, and $L' = c_6 + c_5S'$.
Our computations yield the following result:
$n_{U\,L} = -.1044 + .6593\, n_s$ where $n_{U\,L}$ and n_s are elasticities.

This equation implies that if school enrollment has a negative elasticity, the teenage unemployment elasticity will also be negative. On the other hand, when n_s is about .15, the teenage unemployment elasticity is zero, and as n_s increases in the positive direction, the teenage unemployment rate elasticity also increases, but is never more than two thirds the former.

Again, this result is difficult to accept. It would appear reasonable to expect a small elasticity for the school variable than for the teenage unemployment rate variable, but we find the opposite.

These two investigations have confined themselves to the relationships of single variables to the minimum wage. Not only should other variables such as AF and A be included, but they should be all considered within a simultaneous framework which brings us back to a simultaneous equation model. At any rate while our original problem has not been easily resolved in the terms of this further analysis, the analysis does suggest that single equation bias may exist. This is not the only technical problem which we must face in additional research on minimum wages. All of these problems should offer a stimulus and a challenge to the students in this field.

FOOTNOTES

[1] The equation is $n_{U\,L} = -.1044 + .3188 n_{UR}$.

CHAPTER III

Changes in the Federal Minimum Wage and the Employment of Young Men, 1966-67

The 1966 Amendments to the Fair Labor Standards Act increased Federal statutory minimum wage rates effective February 1, 1967, for some 32.3 million workers previously covered, and extended protection to an additional 9.1 million employees for the first time. The U.S. Department of Labor estimates that when the amendments became effective in 1967, almost 3.7 million employees covered prior to that time were earning less than the new minimum of $1.40 an hour. An additional 953,000 workers, or one-tenth of the newly covered, were earning less than $1, the new minimum for this latter group. Extension of the act affected workers in certain industries much more than in others. Hospitals, nursing homes, laundries, and establishments in retail trade employed nearly half of the newly covered and about three-tenths of those earning less than $1 an hour.[1]

Prompted by the predictions of economic theory that statutory wage minimums will, at least temporarily, affect the amount of labor demanded, a number of attempts have been made to gage the effect of increases in minimum wages on employment opportunities. Because jobless rates among Negroes and others and white teenagers have remained high or have increased in recent years despite low and declining overall unemployment rates, recent studies have sometimes focused specifically on the effect of minimum wages on teenage employment. That is, attempts have been made to test the assertion that statutory wage minimums price teenagers out of the labor market, causing either high unemployment rates or abnormally low participation rates.

This chapter examines the labor force experience of a national sample of young men interviewed in the fall of 1966 and again one year later to test the assertion. These youth constitute one of the four population samples constituting the National Longitudinal Studies being carried out by The Ohio State University Center for Human Resource Research in cooperation with the U.S. Bureau of the Census, under contracts with the Manpower Administration of the U.S. Department of Labor. A representative sample of slightly more than 5,000 male youth 14–24[2] years of age in the noninstitutional civilian population was interviewed for the first time in October and November 1966 with a far more ambitious aim than that under

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Footnotes begin on p. 62, tables on p. 63.

consideration here: To study the labor market adjustment of young men over a 5-year period.[3] Fortuitously, the first of the six scheduled annual interviews was conducted shortly before the 1967 minimum wage increase went into effect and the second about nine months after the effective date.

Research question

In recent years a significant expansion in the number of young people in the labor force has been witnessed, stemming from the "baby boom" of the late forties and fifties. Despite low overall unemployment rates, joblessness among white and Negro and other youth had remained high—with unemployment rates experienced by them in each age group being about double those for whites. Furthermore, as measured by the current population survey, between October 1966 and October 1967, unemployment rates rose substantially for male youth enrolled in school and slightly for those not enrolled (table 3.1).

High rates of unemployment among young people have added to the controversy over the wisdom of statutory wage minimums. It is argued by some that young people tend to be inexperienced and that many may be priced out of the market. Their potential contribution to the economy (marginal productivity) may be less than the minimum wage. To the extent that this is true, some young people may remain openly unemployed or may withdraw from the labor force through frustration and end up among the "disguised unemployed."

We do not propose to make a definitive test of conventional wage theory. For one thing, the *ceteris paribus* assumptions of the theory make a definitive test extremely difficult, if not impossible, to design. The theory makes no unambiguous prediction about the effects of an increase in the minimum wage on the employment opportunities for *particular* groups of persons (for example, teenage males). At least theoretically, there are opportunities for complex substitutions of various types of workers for others so that an increase in the minimum wage for some workers might reflect itself in adverse employment effects on other groups of workers. Our objective is more modest, that is, to ascertain whether young men whose wages in 1966 were below the new minimums were more likely than those already earning at least that much to suffer a deterioration (or a lesser expansion) in employment opportunities between 1966 and 1967. In the light of some of the assertions that have been made about the connection between the minimum wage law and the recent behavior of teenage unemployment rates, this seems to be an important question in its own right.

Basically, the method of analysis in this report involves comparing the 1966–67 employment experience of young men who had different wage rates levels in 1966; less than $1, $1–1.39, $1.40 and more. The limits of these wage categories were selected in the light of the provisions of the 1966 Amendments to the Fair Labor Standards Act. The lowest category includes all of those young men whose wage rate prior to February 1, 1967, was below the minimum established for those persons newly brought under the coverage of the act at that time. Although we cannot be certain that all the youth in this category were directly affected by the law, we do know that none of the directly affected male youth within the age limits of the study are outside the category. Similarly, all employed youth whose wage rates prior to February 1, 1967, were directly affected by the increase in the minimum rate from $1.25 to $1.40, are included in the middle category. However, there also may be some in that category in types of work not previously covered by the law and thus unaffected by the increase. Finally, no one in the top category was directly affected by the amendments since all of them were already receiving more than the new minimum.

Our strategy is to compare the 1966–67 employment experience of those who were potentially affected by the law (those earning less than $1 and between $1 and $1.39 in 1966), with that of the group that could not have been directly affected (those earning more than $1.40). If the change between 1966 and 1967 was more unfavorable for the lower wage group than for the higher wage groups, this would be consistent with (although not proof of) an adverse employment effect of the minimum wage

changes. If not, it would make claims of serious adverse effects of the minimum wage on employment opportunities for youth more difficult to support.

Three different types of measures were used to compare the relationship between the 1966 and 1967 employment experience of the youth:

1. The labor force participation rate and the unemployment rate during the survey week of 1966 compared with those prevailing during the survey week of 1967.
2. For those *employed* in 1966, the rate of disemployment—that is, movement into unemployment and/or out of the labor force—between the survey week of 1966 and the survey week of 1967.
3. Change in mean number of weeks unemployed and mean number of weeks out of the labor force between the 12-month period preceding the 1966 interview and the 12-month period preceding the 1967 interview.

Limitations of the data and the analysis

The interview schedules used in 1966 and 1967 were not designed specifically for a special study of the effect of minimum wage standards. Had the longitudinal study been addressed specifically to the minimum wage issue, different variables and questions doubtlessly would have been included in the interview schedules and, ultimately, in the analysis. Nonetheless, the two surveys have produced types of data for a national sample of male youth that, to the best of our knowledge, are unique in that they permit employment experience prior and subsequent to a change in the minimum wage to be related to the wages that the employed youth earned prior to the change. Moreover, additional data permit the youth to be classified according to color, age, educational attainment, industry, occupation, extent of labor market knowledge, unemployment level in the local area, and region. These characteristics are important since it is conceivable that adverse employment effects, even if not generally discernible, will be manifested among certain groups that have special labor market disadvantages.

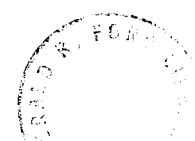
Although the data afford a basis for some unique analysis, their limitations must be kept in mind in interpreting the findings. First, our wage data are not in all instances wage rates, but are frequently average hourly earnings.[5] Moreover, for large numbers of students—especially those who reported their earnings on a daily basis—it was impossible to calculate an hourly rate, and these are excluded from the analysis.

Second, since the analysis uses wage rate as a major control, it is confined to those youth who have at some time worked for pay. Any effect of a minimum wage in limiting employment opportunities for youth entering the labor market for the first time would not be reflected in the data. Although the tabulated wage rate reflects the wage as of the autumn of 1966 for those respondents who were employed at the time of the first survey, for others with work experience it reflects the earnings of their most recent job.

Third, there has been some attrition in our sample between the 1966 and 1967 surveys, although it has been remarkably small, especially in view of the age-sex characteristics of the group. Of those interviewed in 1966, 5.3 percent had entered the Armed Forces by the following year and an additional 3 percent were not interviewed for other reasons, making an attrition rate of slightly over 8 percent. Tabulations that would permit an analysis of the characteristics of the nonrespondents are not yet available.

Fourth, although the timing of the surveys relative to the date of the effective change in the minimum wage was fortunate for purposes of this study, it was by no means perfect. The 12-month period prior to the 1967 interviews, which is being used to represent the situation after the increase in minimum wages, actually includes at least two months, and possibly three, prior to the effective date of the amendments.[6]

Finally, and probably most important, our sample is really too small to permit reliable estimates to be made for many of the categories of youth, once all of the necessary controls are introduced. For instance, in comparing employment experience in 1966 with that of 1967, it does not make much sense to combine persons who have been in school both years with those who have been out of school both years or with those whose enrollment status has changed be-



tween the two years. Consequently, in most of the analysis we examine only two groups: Those who were enrolled in school both years and those enrolled neither year. Even within these relatively large groups, however, when we have controlled for color, age, and educational attainment, we are frequently reduced to painfully small cell sizes. As an arbitrary rule, we have decided not to use any percentages based on fewer than 25 sample cases.

The incidence of low wages

Before examining the relation between 1966 wage rate level and comparative labor market experience in 1966 and 1967, the characteristics of youth in three wage categories will be compared. Table 3.2 shows that there is a pronounced positive association between hourly rate of pay and age. Although 62 percent of the youth earning less than $1 an hour were 15–17 years of age, only 8 percent of those earning $1.40 or more were within that age bracket. The relationship is more consistent among those enrolled in school in both 1966 and 1967 than among those out of school both years. Nevertheless, even in the latter case, the age differences among the wage groups are quite striking. For example, 20 percent of those earning less than $1 an hour were under 20 years of age, while the comparable proportion of those earning $1.40 an hour or more was 12 percent.

Sample size is too small to explore color differences in wage rates for all age-school enrollment categories. Table 3.3, however, shows the relationship for the two groups on which most of the subsequent analysis in this report will focus: 15–17 year olds who were enrolled in school both years and 20–25 year olds who were out of school both years. As would have been anticipated, there are clear differences in the color distributions of the three wage-rate groups among the out-of-school youth. Whites, who constitute 85 precent of all of the youth in this category, make up only 58 percent of those earning under $1 an hour, 71 percent of those with wage rates of $1–$1.39 an hour, but 88 percent of those earning over $1.40 an hour.

In contrast, no such difference prevails among those in school. The proportions of whites and blacks within each wage category are virtually identical with their proportions in the total group. If the large number of cases for which no wage information is available (about 30 percent of the white and 28 percent of the Negroes and others) are distributed similarly for the two color groups—and there is no reason to suppose that they are not—this means that at least among 15–17-year-olds enrolled in school both before and after the increase in the minimum wage, Negroes and others were no more likely than whites to be directly affected by the new rate.

A positive relationship between wage and educational attainment is pronounced among youth in their early twenties who are out of school and is discernible even among the relatively narrow age range of young students (table 3.4). Among the latter, the proportion of the high-wage group who had attained at least a high school diploma was three times the proportion of the low-wage group (22 percent versus 7 percent). In the case of the out-of-school group, those with less than a high school education constituted two-thirds of the lowest wage group; three-fifths of those earning between $1 and $1.39 an hour; but only one-third of those earning $1.40 an hour or more. Young men with some college made up one-fifth of those earning $1.40 an hour or more and much smaller proportions of those earning less. We are perplexed that there should be as many as 8 percent of those earning between $1 and $1.39 who have had some college work. The very small numbers with 16 years or more of school may well be in various kinds of internship programs, but we have not been able to think of an equally plausible explanation for those with 13–15 years of schooling.

Analysis of results

Of the more than 9.5 million young men represented by our sample who were between the ages of 15 and 25 in 1967 and for whom we have wage data, 36 percent had hourly rates of pay under $1.40, including about 10 percent whose rates were under $1. However, those earning under $1.40 were quite unevenly rep-

resented among youth with different demographic characteristics. They constituted 58 percent of those enrolled in school in both 1966 and 1967 but only 16 percent of those out of school both years. They were 79 percent of the 15–17 year olds but only 43 percent of the 18 and 19 year olds, and 16 percent of the 20–25 year olds. Finally, they constituted 28 percent of the whites but 35 percent of the Negroes and others.

The groups whose wage rates in 1966 were below the minimums that became effective in 1967 included large numbers of individuals with above-average susceptibility to unemployment and above-average rates of movement into and out of the labor force under any circumstances —students, the youngest group of teenagers, those with the least education, and Negroes and others. This has important implications for portions of the analysis that follows. When we consider disemployment rates—that is, proportions of employed youth in the survey week of 1966 who were unemployed or out of the labor force in 1967—we shall have to keep in mind that low-wage workers would be expected, irrespective of the changes in the minimum wage law, to show higher disemployment rates than higher-wage workers for the reasons that have been discussed above.

A counteracting influence obtains not only the analysis of disemployment rates but also with respect to other measures of labor market experience. This is because the total sample has aged a year between 1966 and 1967. Since an additional year of age probably has a greater effect on the employability of the younger than of the older members of the sample, and since the younger are disproportionately represented among the low-wage workers, this factor tends to impart a bias against finding an adverse employment effect of the minimum wage.

Relation between 1966 wage rate and comparative 1966–67 employment experience

ALL YOUTH WITH WORK EXPERIENCE. Table 3.5 classifies all youth with work experience according to the wage rate of the job they held at the time of the 1966 survey or, if not working then, their last job before the 1966 survey week.[7] For each wage-rate category several measures are presented, each of which is designed to compare an aspect of labor market experience prior to and following the effective date of the changes in the minimum wage law.[8] Column II shows the algebraic change in the average number of weeks of unemployment during the 12-month period preceding the 1967 survey from the average number of weeks in the comparable period prior to the 1966 survey. A negative sign, in other words, means a decline in number of weeks unemployed between 1966 and 1967. Column III presents the analogous measure for number of weeks out of the labor force.

Column V shows the number of individuals who were employed at the time of the 1966 survey. The disemployment rate, shown in Column VI, is the percent of the number employed at the time of the 1966 survey who were not employed at the time of the 1967 survey (those unemployed or out of the labor force). Column VII presents a component of Column VI—the percent of those employed in the 1966 survey week who were unemployed in the 1967 survey week. Column IV is included to aid in the interpretation of the disemployment rates. It shows the proportion of the total number of persons with work experience who were not working at the time of the survey in 1966. The fact that this proportion is higher for low-wage than for high-wage workers suggests that the disemployment rate for those employed in 1966 should be expected to be higher for low-wage than for high-wage workers, even in the absence of a change in the minimum wage law.

In interpreting table 3.5 and subsequent ones similar to it, our purpose is to ascertain whether the low-wage groups had a relatively less favorable experience after the minimum wage changes became effective than the high-wage groups; if so, we would regard this as evidence consistent with an adverse employment effect of the change in the law.

The criterion for deciding whether the comparative changes in average number of weeks unemployed (or out of the labor force) indicate an unfavorable experience for the low-wage group relative to the high-wage group is quite straightforward: If the algebraic differences

show a greater increase (smaller decrease) for the low-wage group, then the inference is that its experience was unfavorable. Because of the ambiguities in the disemployment rates, we use a somewhat more complicated criterion for drawing the analogous inference on the basis of these rates. If the comparison of the following two ratios indicates that the disemployment ratio is significantly greater than the nonemployment ratio, we conclude that the low-wage group did suffer in relation to their better-paid counterparts:

(1) $\frac{\text{disemployment rate of low-wage group}}{\text{disemployment rate of high-wage group}} = \text{disemployment ratio}$

(2) $\frac{\text{1966 nonemployment rate of low-wage group}}{\text{1966 nonemploymnet rate of high-wage group}} = \text{1966 nonemployment ratio}$

It is clear from the data in table 3.5 that the mean number of weeks of unemployment and mean number of weeks out of the labor force decreased between 1965–66 and 1966–67 irrespective of 1966 wage level. Moreover, contrary to what one would expect if the change in the minimum wage law had an adverse employment effect, decreases for those who earned less than $1.40 an hour are actually greater than for those who earned $1.40 an hour or more.

On the other hand, the data that focus only on those who were *employed* in the 1966 survey week point in the opposite direction. As table 3.7 indicates, low-wage workers who were employed in the 1966 survey week were more likely than their higher-wage counterparts to be unemployed or out of the labor force by the time of the 1967 survey. This would be expected for reasons that have previously been explained; but it is also true that the disemployment rates relative to the 1966 nonemployment rates are generally more unfavorable for the low-wage than the high-wage workers.

No ready explanation for the seemingly conflicting trends produced by the two measures is available. Each measure has certain advantages. Those based on weeks of unemployment and weeks out of the labor force have the merit of covering a longer time span and of taking into account all of the youth with work experience, while the "disemployment rates" consider only those who were employed in 1966 and are based on comparisons involving only two individual weeks. On the other hand, because the current labor force and employment status of respondents is based on a series of questions asked about activity during the week preceding the interview, while the year's work experience data are based on the recall of the respondent and do not involve careful probes for each of the 52 weeks under consideration, the survey week data probably have greater validity.

Youth classified by school enrollment status

In any case, the categories shown in table 3.5 are probably too gross for meaningful analysis. In an attempt to focus on reasonably homogeneous subgroups of young men, we have directed our attention to two groups: (1) Those 15–17 years of age in 1967 who were attending school in both 1966 and 1967; and (2) those 20–25 years of age in 1967 who were not enrolled in school in either year. The size of the sample has made it impossible to study other groups.

Table 3.8 presents the labor force participation rates and unemployment rates in the 1966 and 1967, survey weeks for each of these two groups. The unemployment rates are generally higher in 1967 than in 1966 for the student group, and the labor force participation rates are lower. These facts in and of themselves might be construed to be evidence of an adverse employment effect of the minimum wage change. It might be argued, for example, that the higher minimum wages for these low-productivity students curtailed employment opportunities for them during a period when the general demand for labor was rising, resulting in higher unemployment for this group of teenagers and the withdrawal of some of them from the labor force.

However, the increases in unemployment and the decreases in labor force participation are generally at least as large for high-wage as for low-wage workers. We find only two instances in table 3.8 in which a low-wage group suffered relative to a high-wage group. Among Negro and other teenagers who were students in 1966

and 1967, the unemployment rate of the lowest wage category rose by 11.9 percentage points while unemployment of those in the middle wage group actually decreased by 1.2 percentage points. Among young white men 20–25 years of age who were out of school both years, the unemployment rate of those in the $1–$1.39 wage bracket rose, while the corresponding rate for their counterparts earning $1.40 or more fell. The latter comparison is somewhat attenuated by the observation that the labor force participation rate of the high-wage group fell and that of the low-wage group was constant. In other words the reduced unemployment rate of the high-wage group may be partly attributable to the less employable members of the group leaving the labor force.

Table 3.9 contains the same kinds of data for the 15- to 17-year-old students and those 20–25 years old not enrolled in either year that have already been examined in table 3.5 for the total age cohort.[9]

Using the four measures of comparative labor force and employment experience among teenage students, there is no instance in which they consistently point to a low-wage group suffering relative to a high-wage group. Among Negroes and others, those earning less than $1 an hour in 1966 had a smaller decrease in average number of weeks out of the labor force and experienced relatively (and absolutely) higher disemployment rates than those earning between $1 and $1.39 an hour (table 3.9). However, the former group also had a slightly larger decline in average number of weeks unemployed. Among the out-of-school youth 20–25 years of age, the implications of our measures are similarly inconsistent, with one exception. That is, the comparison between Negroes and others in the middle wage group and the highest wage group indicates that the former suffered relative to the latter.[10] Those in the $1–$1.39 wage category experienced a greater increase (by 2.4 weeks) in mean number of weeks unemployed; an increase (as compared to a decrease for those earning $1.40 or more) in mean weeks out of the labor force; and a substantially higher (more than twice) rate of disemployment.

Selected categories of "disadvantaged" youth

Even though the evidence presented thus far points to no generally adverse effect of the 1967 changes in Federal minimum wages on the employment opportunities of young men, is it possible that particular categories of youth, who may be presumed to suffer special competitive disadvantages in the labor market, were unfavorably affected? In an attempt to answer this question, we examined the record for groups of young men within the age categories referred to above who might, on a priori grounds, be most vulnerable to the impact of a minimum wage: Those with 11 or fewer years of education; those with no formal occupational training; those exhibiting the least knowledge of the labor market;[11] those residing in the South; those residing in Primary Sampling Units where the 1967 unemployment rate was greater than 5.1 percent; those in the industries of wholesale and retail trade, and five service industries (medical, health, education, entertainment and recreation, and personal); and those in the occupation groups of clerical/sales, operative, nonfarm labor, service.

The rationale for having selected these particular subgroups is, in most cases, self-evident. The industry and occupation categories were chosen on the basis of their relatively greater likelihood of having been affected by the extended coverage of the minimum wage law. Residents of the South were chosen because of our belief that young men in this region, on the average, have lower productivity than their counterparts in other regions—largely as a result of their lower average educational attainment.

For each of the aforementioned categories, tabulations were prepared identical to those shown in table 3.8. In many of these tables, cell sizes are so small for particular categories of youth as to preclude any analysis; and in virtually none of them were numbers large enough to permit confident conclusions. Nevertheless, each was studied carefully for any evidence, however slight, of adverse employment effects using the same criteria that have been applied in all the preceding analyses. The following

comparisons controlling for color and the aforementioned characteristics were made: (1) Those earning less than $1 versus those earning $1–$1.39; (2) those earning $1–$1.39 versus those earning $1.40 or more; and (3) those earning less than $1 verus those earning $1.40 or more. The only groups within which the data were to any degree consistent with an adverse employment effect are those shown in tables 3.10 and 3.11. As will be noted, even here the record is in most cases by no means clear.

Among students 15–17 years of age, the groups for whom the several measures most consistently point to the possibility of an unfavorable employment affect of the minimum wage changes are (1) blacks exhibiting the least amount of labor market information; and (2) youth employed as service workers, irrespective of color. For the former, the ratio of the disemployment rates as between low-wage and high-wage workers is more than twice the ratio of their 1966 nonemployment rates; and the changes in the average-weeks measures also indicate a less favorable experience for those earning less than $1 than for those in the higher-wage category (table 3.10).

Among young men in their early twenties, we are unable to single out any groups of whites for whom the size of the sample permits statements about the lower-wage category and for whom the measures are consistent. However, among Negroes and others, the following characteristics seem to be associated with an adverse impact of the minimum wage changes: Absence of occupational training; employment as an operative; employment in the whoelsale/retail trade industry; little knowledge of the world of work; and resident in the South (table 3.11). Obviously, these characteristics are not mutually exclusive, and interaction among them probably serves to increase the likelihood of an individual having been adversely affected by the new minimum wage level.

Conclusion

Given the limitations of our data and the inherent difficulties in testing the wage-employment relationship empirically, it is hardly surprising that we are unable to state a completely confident and definitive conclusion about what effects, if any, the changes in the Fair Labor Standards Act that became effective February 1, 1967, had on employment opportunities for male youth.

Despite the limitations of the data, however, they have the very real advantage of permitting the "before and after" experience of the youth to be related to the wage they were earning before the new minimums became effective. We have been able to ask, therefore, whether those youth whose marginal productivity (as measured by their rate of pay) was lower than the newly established minimum had relatively less favorable employment experiences after the minimum wage changes than those whose wages already had been above the minimums. One would expect these low productivity youngsters to be among the first to feel whatever restriction of employment opportunities the minimum wage created.

The fact that we have been unable to find in our data any general tendency for the foregoing relationship, leads to the conclusion that if the minimum wage increases did indeed create unemployment among youth, the effect was not a pronounced one. Even when the analysis was focused on those subgroups of young men who might, on a priori grounds, be expected to be most vulnerable to the impact of the minimum wage, only a small number of such subgroups showed any evidence of adversity. In stating even this cautious conclusion, however, we must acknowledge that our data are confined to youth who have had some work experience; they tell us nothing about those entering the labor market for the first time.

FOOTNOTES

[1] Jack I. Karlin, "Economic Effects of the 1966 Changes in the FLSA," *Monthly Labor Review* (June 1967), p. 21. The present report deals exclusively with the impact of the increases which went into effect in February 1967.

[2] The age criterion for inclusion in the sample was an attained age of 14-24 as of April 1966. Since this study deals with comparisons of labor force behavior between the 1966 and 1967 interview dates, we will use the 1967 ages of the sample (15–25) hereafter in this

report, except those for table 3.1, which are based on U.S. Department of Labor data.

[8] Results of the initial survey and the methodology employed in collecting the data are presented by Herbert S. Parnes, Robert C. Miljus, Ruth S. Spitz, and Associates in *Career Thresholds: A Longitudinal Study of the Educational and Labor Market Experience of Male Youth, 14–24 Years of Age*, Volume I (Columbus, Ohio: Center for Human Resource Research, The Ohio State University, February 1969) appendix B.

[9] By "survey week" we refer to activity in the calendar week preceding the time of the interview.

[6] Hourly rate of pay was computed in the following manner: Employed respondents were asked, "How much do you usually earn at this job before deductions?" Responses in terms of an hourly rate were coded as received. Responses in terms of a weekly figure were divided by the number of hours usually worked per week in the past 12 months in the case of those who had been out of school for at least 12 months and by number of hours worked during the survey week in the case of those who had been students during the past 12 months. Responses in terms of biweekly, semimonthly, monthly, or annual figures were converted first to weekly data by dividing by the appropriate factor for example, 2.2 for semimonthly and 52 for annual) and then treated the same as a weekly wage.

[6] Interviewing for the 1967 survey began during the week of October 23 and was completed by the end of November.

[7] Similar tabulations for 15–19-year-olds are presented in table 3.6.

[8] In no cases were any tests of significance attempted with respect to the data presented in this report. Thus, we do not know if any of the differences which are reported are statistically significant. However, the differences which are reported in the remainder of this report are at least large enough to be of some interest.

[9] The only difference is that for the 20 to 25-year-old age group only one disemployment rate is shown, viz., the proportion of those employed in the 1966 survey week who were *unemployed* in the 1967 survey week. The reason for the different treatment of the two age groups in this respect is that we believe that the stimuli which induce movement out of the labor force and movement into unemployment are quite similar for young students, but that different sets of factors are operative in the two types of movement in the case of the older nonstudents. In other words we are more willing to conceive of discouraged workers and disguised unemployment among teenage students than among men in their early twenties who are out of school.

[10] Although analogous inferences can be drawn from the data on the total age cohort, it is clear from examining the data for whites that the inferences apply only to Negroes and others.

[11] For a complete description and explanation of this measure, see Herbert S. Parnes, et. al., op. cit., pp. 120–121.

Table 3.1. Civilian Labor force Participation Rates and Unemployment Rates, October 1966 and October 1967: Men 14–24 Years of Age, by School Enrollment Status

School enrollment status and age	Population (thousands)		Labor force participation rate		Unemployment rate	
	1966	1967	1966	1967	1966	1967
Enrolled, total	10,278	10,471	31.9	33.8	7.1	11.1
14–15	3,640	3,738	16.6	17.2	6.6	13.5
16–17	3,130	3,235	38.5	40.9	9.2	14.2
18–19	1,841	1,636	37.5	40.1	8.1	11.3
20–24	1,667	1,862	46.7	49.5	3.2	4.9
Not enrolled, total	5,781	5,889	93.7	92.6	5.2	6.2
14–15	47	66	----	----	----	----
16–17	351	323	73.5	75.5	19.4	20.5
18–19	1,346	1,272	88.6	87.9	8.4	10.7
20–24	4,037	4,228	97.7	96.3	3.3	4.0
Enrolled and not enrolled, total	16,059	16,360	54.1	55.0	5.9	8.1
14–15	3,687	3,804	16.9	17.4	6.6	14.0
16–17	3,481	3,558	42.0	44.1	11.0	15.2
18–19	3,187	2,908	59.1	61.0	8.3	10.9
20–24	5,704	6,090	82.8	82.0	3.3	4.1

Sources: U.S. Department of Labor, Bureau of Labor Statistics. (BLS Special Labor Force Report 87, 1967) Employment of School Age Youth October 1966, p. A-5. U.S. Department of Labor, Bureau of Labor Statistics (BLS Special Labor Force Report 98, 1968) Employment of School Age Youth, pp. 36, A-5.

Table 3.2. Age, by school enrollment status and 1966 hourly rate of pay: Men 15–25 years of age with work experience

Age	Enrolled both years				Not enrolled either year				Total [1]			
	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [2] or average	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [2] or average	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [2] or average
Total percent	100	100	100	100	100	100	100	100	100	100	100	100
Total number (thousands)	593	1,644	1,611	5,608	230	526	3,896	5,024	918	2,553	6,142	12,168
15–17	86	68	27	53	8	6	1	3	62	50	8	28
18–19	11	22	29	22	12	26	11	13	13	26	17	20
20–25	2	10	44	25	79	68	88	84	25	24	74	52

[1] Total includes respondents who changed their school enrollment status between 1966 and 1967.

[2] Total includes respondents for whom 1966 hourly rate of pay was not ascertained.
Note: Because of rounding, sums of individual items may not equal total.

Table 3.3. Color, by 1966 hourly rate of pay: Men 15–17 years of age enrolled in school in 1966 and 1967 with work experience, and men 20–25 years of age not enrolled in school in 1966 and 1967 with work experience

Color	15–17 years old, enrolled [1]				20–25 years old, not enrolled			
	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [1]	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [1]
Total percent	100	100	100	100	100	100	100	100
Total number (thousands)	510	1,124	438	2,971	182	358	3,428	4,196
Whites	89	88	90	89	58	71	88	85
Negroes and others	11	12	10	11	42	29	12	15

[1] Total includes respondents for whom 1966 hourly rate of pay was not ascertained.

Table 3.4. Highest year of school completed, by 1966 hourly rate of pay: Men 15–17 years of age enrolled in school in 1966 and 1967 with work experience and men 20–25 years of age not enrolled in school in 1966 and 1967 with work experience

Highest year of school completed	15–17 years old, enrolled				20–25 years old, not enrolled			
	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [1] or average	Less than $1.00	$1.00 to $1.39	$1.40 or more	Total [1] or average
Total percent	100	100	100	100	100	100	100	100
Total number (thousands)	510	1,124	438	2,971	182	358	3,428	4,196
11 or less	93	90	78	89	66	60	34	36
12	6	10	21	11	32	32	46	46
13–15	1	0	1	0	0	7	12	11
16 or more	0	0	0	0	2	1	8	7

[1] Total includes respondents for whom 1966 hourly rate of pay was not ascertained

Table 3.5. Change in mean number of weeks unemployed, change in mean number of weeks out of the labor force, 1966 nonemployment rate, and disemployment rates, by 1966 hourly rate of pay: Men 15–25 years of age with work experience

Hourly rate of pay (dollars)	Total number (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out [2] (weeks)	1966 Non-employment rate [3] (percent)	Total number employed 1966 (thousands)	Dis-employment rate [4] (percent)	Disemployment rate (into unemployment only) [5] (percent)
	I	II	III	IV	V	VI	VII
Less than $1.00	918	−1.4	−3.5	25.6	683	19.6	4.3
$1.00–$1.39	2,553	−2.1	−3.1	31.9	1,739	33.2	7.6
$1.40 or more	6,142	−0.3	−2.4	14.4	5,057	8.2	2.5
Total or average [6]	12,168	−1.1	−2.4	28.9	8,653	13.2	3.4

[1] Mean number of weeks unemployed during the 12 months preceding the 1967 survey minus the mean number of weeks unemployed during the 12 months preceding the 1966 survey.

[2] Mean number of weeks out of the labor force during the 12 months preceding the 1967 survey minus the mean number of weeks out the labor force during the 12 months preceding the 1966 survey.

[3] Proportion of all those with work experience not employed during the survey week in 1966.

[4] Proportion of those employed during the 1966 survey week who were either unemployed or out of the labor force during the 1967 survey week.

[5] Proportion of those employed during the 1966 survey week who were unemployed during the 1967 survey week.

[6] Total includes 2,554 for whom 1966 hourly rate of pay was not ascertained.

Table 3.6. Change in mean number of weeks unemployed, change in mean number of weeks out of the labor force, 1966 nonemployment rate, and disemployment rates, by comparative school enrollment status 1966–67 and 1966 hourly rate of pay: Men 15–19 years of age with work experience

Comparative school enrollment status and hourly rate of pay (dollars)	Total number (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out [2] (weeks)	1966 Non-employment rate [2] (percent)	Total number employed 1966 (thousands)	Dis-employment rate [4] (percent)	Disemployment rate (into unemployment only) [5] (percent)
	I	II	III	IV	V	VI	VII
In school:							
1966 and 1967 [3]	4,211	−2.5	−2.5	50.3	2,092	33.4	7.5
Less than $1.00	578	−1.0	−3.4	30.7	400	26.6	6.5
$1.00–1.39	1,478	−3.0	−3.0	42.3	852	34.9	7.3
$1.40 or more	903	−1.6	−3.9	39.4	548	34.7	7.9
Out of school:							
1966 and 1967 [3]	827	+0.5	−8.8	14.8	706	12.0	5.8
Less than $1.00	47	+2.6	−11.9	8.8	43	14.9	1.8
$1.00–1.39	168	+2.4	−8.8	17.9	140	11.9	6.7
$1.40 or more	468	−0.3	−8.2	4.9	444	11.4	5.5
Total or average [2] [3]	5,854	−1.9	−4.1	43.4	3,311	25.8	6.5
Less than $1.00	688	−1.3	−4.6	28.2	492	25.6	5.3
$1.00–1.39	1,941	−2.3	−3.9	37.6	1,210	28.2	6.5
$1.40 or more	1,591	−1.0	−5.5	26.8	1,165	22.5	6.4

[1] For a definition of these measures, see the footnotes to table 3.5.
[2] Includes persons for whom 1966 hourly rate of pay was not ascertained.
[3] Totals include young men who were enrolled one year but not the other.

Table 3.7. Disemployment and nonemployment ratios: Men 15–25 years of age employed during the 1966 survey week

Hourly rate of pay (dollars)	Disemployment ratios		1966 non-employment ratios
	To unemployment or out of labor force	To unemployment only	
Less than $1.00/$1.40 or more	2.39	1.72	1.78
$1.00 to $1.39/$1.40 or more	4.05	3.04	2.22

Table 3.8. Survey week labor force participation rates and unemployment rates by 1967 age and 1966 hourly rate of pay: Men 15–17 years of age enrolled in school in 1966 and 1967 with work experience and men 20–25 years of age not enrolled in school in 1966 and 1967 with work experience, by color

Age, school enrollment status, color, 1966 hourly rate of pay	Total number (thousands)	Labor force participation rate [1]		Unemployment rate [1]	
		1966	1967	1966	1967
Age 15–17, enrolled both years:					
Whites:					
Less than $1.00	456	74.4	66.7	6.7	11.3
$1.00–$1.39	995	68.7	64.0	12.8	17.5
$1.40 or more	394	74.0	67.9	7.8	12.5
Negroes:					
Less than $1.00	54	86.3	68.1	7.0	18.9
$1.00–$1.39	129	56.7	51.6	23.1	21.9
$1.40 or more	44	78.2	68.0	2.7	20.9
Age 20–25, not enrolled either year:					
Whites:					
Less than $1.00	105	100.0	100.0	11.9	3.8
$1.00–$1.39	254	98.3	98.3	0.0	0.7
$1.40 or more	3,024	99.4	98.9	1.3	1.0
Negroes:					
Less than $1.00	77	98.5	100.0	3.1	3.1
$1.00–$1.39	104	98.7	98.9	7.4	9.1
$1.40 or more	404	95.2	96.1	1.9	5.3

[1] Of youth with work experience.

Table 3.9. Change in mean number of weeks unemployed, change in mean number of weeks out of the labor force, 1966 nonemployment rate, and disemployment rates, by 1966 hourly rate of pay: Men 15–17 years of age enrolled in school in 1966 and 1967 with work experience, and men 20–25 years of age not enrolled in school in 1966 and 1967 with work experience, by color

1966 hourly rate of pay	Total number (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out [1] (weeks)	1966 nonemployment rate [1] (percent)	Total number employed 1966 (thousands)	Disemployment rate [1] (percent)	Disemployment rate (into unemployment only) [1] (percent)
Age 15–17 enrolled both years							
Whites							
Less than $1.00	456	−0.2	−4.5	30.5	316	25.7	5.7
$1.00–$1.39	995	−3.0	−3.3	40.0	596	35.6	7.8
$1.40 or more	394	−1.0	−8.1	31.8	269	35.6	9.7
Negroes							
Less than $1.00	54	−2.5	−2.4	19.7	44	38.6	12.0
$1.00–$1.39	129	−2.1	−6.6	56.3	57	32.5	8.0
$1.40 or more	44	−2.3	−.8	23.9	34	29.3	13.0
Total							
Less than $1.00	510	−0.4	−4.3	29.4	360	27.2	6.4
$1.00–$1.39	1,124	−2.9	−3.6	41.9	653	35.4	7.8
$1.40 or more	438	−1.2	−7.4	30.8	303	35.0	9.9
Age 20–25 not enrolled either year							
Whites							
Less than $1.00	105	−2.0	−2.3	11.9	93	----------	0.0
$1.00–$1.39	254	.4	−.5	1.7	249	----------	.6
$1.40 or more	3,024	.5	−.9	2.0	2,964	----------	1.0
Negroes							
Less than $1.00	77	.7	1.2	4.5	73	----------	3.2
$1.00–$1.39	104	3.6	.5	8.6	95	----------	8.6
$1.40 or more	404	1.2	−.9	6.9	378	----------	3.1
Total							
Less than $1.00	182	−0.8	−0.9	8.8	166	----------	1.2
$1.00–$1.39	358	1.2	−.3	3.9	344	----------	2.6
$1.40 or more	3,428	.6	−.9	2.5	3,342	----------	1.2

[1] For a definition of these measures, see the footnote to Table 3.5.

Table 3.10. Change in mean number of weeks unemployed, change in mean number of weeks out of labor force, 1966 nonemployment rate, and disemployment rates, for selected subgroups by 1966 hourly rate of pay: Men 15–17 years of age enrolled in school in 1966 and 1967 with work experience

Selected subgroup and 1966 hourly rate of pay	Total number (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out of labor force [1] (weeks)	1966 non-employment rate [1] (percent)	Total number employed 1966 (thousands)	Dis-employment rate [1] (percent)	Dis-employment rate (into unemployment only) [1] (percent)
Those with 11 years or less of education:							
Whites:							
Less than $1.00	421	+0.3	−5.4	31.3	289	25.4	4.9
$1.00–$1.39	875	−3.0	−3.9	38.9	534	34.4	7.7
Blacks:							
Less than $1.00	53	−2.6	−3.4	18.9	43	39.5	20.3
$1.00–$1.39	122	−2.3	−6.9	55.4	55	33.6	8.2
Blacks with little knowledge of world of work:							
Less than $1.00	31	0.0	−3.4	18.9	25	36.3	17.7
$1.00–$1.39	71	−4.4	−7.4	50.4	35	33.5	10.1
Blacks residing in the South:							
Less than $1.00	38	−3.9	−1.2	10.3	34	40.3	12.0
$1.00–$1.39	68	−1.4	−2.2	61.1	26	35.4	8.9
Service workers (Whites and Blacks):							
Less than $1.00	118	−2.9	−3.7	39.5	72	17.9	6.9
$1.00–$1.39	191	−4.7	−7.5	44.3	106	27.3	3.5

[1] For a definition of these measures, see the footnote to Table 3.5.

Table 3.11. Change in mean number of weeks unemployed, change in mean number of weeks out of labor force, 1966 nonemployment rate, and disemployment rate, by selected characteristics and 1966 hourly rate of pay: Negro men 20–25 years of age not enrolled in school in 1966 and 1967 with work experience

Selected characteristic and 1966 hourly rate of pay	Total number (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out of labor force [1] (weeks)	1966 nonemployment rate [1] (percent)	Total number employed in 1966 (thousands)	Disemployment rate (into unemployment only) [1] (percent)
Those with no training:						
$1.00–$1.39	81	+3.4	−0.2	9.6	73	7.7
$1.40 or more	217	+1.2	+0.4	8.3	199	3.6
Operatives:						
$1.00–$1.39	42	+3.2	−0.2	6.2	39	7.9
$1.40 or more	159	+1.2	+1.2	6.9	142	2.8
Wholesale and retail trade employees:						
$1.00–$1.39	30	+3.7	0.0	10.0	27	14.8
$1.40 or more	79	+1.5	−5.5	10.1	71	4.2
Those with little knowledge of the world of work:						
Less than $1.00	43	−0.2	+2.8	0.0	43	5.4
$1.00–$1.39	62	+3.2	−0.7	6.5	57	2.1
$1.40 or more	158	+1.4	+2.2	7.8	145	0.8
Those residing in the South:						
$1.00–$1.39	90	+2.4	+2.4	6.8	83	6.2
$1.40 or more	192	+0.3	+0.3	5.6	182	2.9

[1] For a definition of these measures, see footnote to Table 3.5.

CHAPTER IV

Survey of Hiring Requirements and Youth Employment

The establishment of an absolute minimum wage rate by an exogenous source changes existing conditions in the labor market. In terms of the demand for labor (a summation of the demand of individual establishments), shifts can be expected depending on the degree to which the minimum wage affects costs to the employer and the degree to which employers can adjust their labor and capital inputs to offset cost increases. One of the probable adjustments is to increase the quality of labor commensurate with the increase in costs, that is, to obtain more productive employees by raising hiring standards. A special survey was designed to examine this aspect of minimum wage effects, particularly as it influences the employment of teenagers. Those under 20 years of age usually vie for beginning or entry level jobs and the existence of hiring qualifications (many of them necessary) have a restrictive influence on the labor market. Any raising of hiring requirements further restricts job opportunities for teenagers.

The survey was conducted in 10 metropolitan areas selected to meet several criteria: Large and small areas; high and low teenage unemployment rates relative to total unemployment; low and high wage areas; and the presence or absence of State minimum wage laws. Two of the areas, Atlanta and Detroit, were selected because of the availability of pertinent economic data from the Urban Employment surveys. The other four large areas were Baltimore and Cleveland (in which the average 1968 unemployment rates for teenagers were among the highest relative to total unemployment in the area), and Milwaukee and Los Angeles (in which relative teenage unemployment rates were among the lowest). The four small areas were selected on the basis of wage level (for manufacturing) and State minimum wage law, as follows:

	State minimum	No State minimum
Low wage	Lewiston-Auburn, Maine	El Paso, Tex.
High wage	Battle Creek, Mich	Galveston, Tex.

The distribution of the cities chosen also provided wide regional representation.

The survey was conducted by mail questionnaire with telephone followups to nonrespondents following two mail requests, and to establishments for clarification of responses. Approximately 8,000 establishments were included in the sample of which about 5,000 provided data. The total universe of establishments in the 10 cities approximated 240,000. Larger samples were taken of small retail establishments to prepare separate estimates for those with sales of $200,000 to $300,000 that were covered and not covered by the Fair Labor Standards Act sales size test.

The survey focused on what the lowest age and education qualifications for a beginning job

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Text tables begin on p. 75.

ments among the cities. Yet, there is also a measure of consistency:

1. In a majority of establishments in Detroit, Cleveland, Auburn, and Galveston, youth seeking full-time office jobs in covered establishments faced no age or education requirements for employment, whereas they did in the other six cities. Among the noncovered establishments, only in Atlanta did the majority have some requirement for a beginning job.

2. For part-time office work, the majority of establishments in all cities had no age or education requirements, regardless of coverage.

3. Teenagers seeking nonoffice jobs were likely to find some age or education requirement for employment in a majority of covered establishments in all cities except Cleveland and in noncovered establishments in half the cities.

4. For part-time nonoffice jobs, requirements were less likely to be found: A majority of covered establishments in 7 of the 10 cities not having any requirements and a majority of noncovered establishments in 6 of the 10 cities.

In virtually all cities, minimum education requirements were more frequently required for office workers than for nonoffice workers, whereas minimum age requirements were less frequently required. These findings were fairly consistent with respect to coverage or work schedule. Table 4.2 indicates these differences for full-time workers in covered establishments. On the other hand, minimum age requirements were more frequently found than minimum education requirements for either type of job.

Where minimum education requirements existed, high school was usually the qualification noted. In the covered sector, about 50 percent more establishments reported high school as the minimum qualification for office workers than for nonoffice. (However, as indicated above, more establishments had education requirements for office than for nonoffice workers.) In the noncovered sector, high school was reported as the minimum qualification by approximately the same proportion of establishments for office and nonoffice full-time workers, but by half as many part-time office workers as for part-time nonoffice workers (table 4.3).

Lowest hourly rates currently paid for a beginning job

Establishments employing part-time nonoffice workers under 18 years of age reported the lowest average minimum hourly rates of pay. In covered establishments the lowest minimum ranged from an average of $1.51 in El Paso to $1.79 in Los Angeles. In the noncovered establishments the range was from $1.12 in El Paso to $1.71 in Baltimore (table 4.4). The median difference in city averages between covered and noncovered lowest minimum rates paid was 18.5 cents.

For those under 18 years of age, a full-time nonoffice job generally paid more for a beginning than the part-time jobs. In fact, the differences in covered establishments ranged from 6 cents an hour in El Paso to 63 cents an hour in Detroit. (It must be noted in attempting to evaluate these data that differences are due not only to the varying industrial composition among cities but also to the degree establishments were actually employing teenagers under 18 years old at the time of the survey.) The median city average minimum rate was $1.92 for those under 18 and $2.08 for those 18 and 19 years old in covered establishments. In noncovered work places the respective medians were $1.67 and $1.72.

Among the small areas (Battle Creek, Lewiston–Auburn, Galveston, and El Paso), the average minimums for full-time nonoffice workers in covered establishments were higher in the higher wage areas than in the lower wage areas (tables 4.5 and 4.6). Among the noncovered establishments, the differences were between cities in States with and without State minimum wage laws.

The average minimum hourly rate paid for full-time office workers in all cities except Atlanta and El Paso was lower than the city average for full-time nonoffice workers in covered establishments. In noncovered employment the opposite was true, only in Baltimore did office workers average less than nonoffice workers (the difference was one cent). (See table 4.7.)

The proportion of establishments in which the lowest minimum wage paid was less than $1.60 an hour varied widely among cities, but

even more widely within cities for type of work and work schedule, and between covered and noncovered establishments. Generally, a larger proportion of establishments paid less than $1.60 for nonoffice than for office work, and for part-time than for full-time work. The largest differences appeared to reflect the presence or absence of FLSA coverage. Los Angeles was the only city where nonoffice workers in uncovered employment earning less than $1.60 were in a small minority of establishments. Yet even in that city, 21 percent of those establishments paid part-time workers $1.60 an hour. The next lowest percentage of such establishments was Atlanta with 41 percent and in all other cities these were the majority of establishments. In the covered sector the largest proportion of establishments in which the rate was below $1.60 for part-time nonoffice work was 47 percent in Battle Creek (table 4.8). There did not appear to be any pattern associated with the high or low wage classification of a city—similar percentages being reported for different types of work and work schedules for cities with different general wage levels.

Raising hiring standards between 1966 and 1969

The Federal minimum wage was raised and coverage extended between 1966 and 1969. If we assume that employers will adjust to increased wage costs by increasing the value of output per unit of labor input, one of the possible methods is to improve the quality of labor by raising hiring standards for entry into employment. Age and education are assumed to have a direct relationship to ability to learn and perform efficiently. The survey asked employers whether their minimum age or education requirements had been raised since 1966. The results are summarized in table 4.9 below.

The largest percent of establishments in any city that raised hiring standards was 7.7 percent in El Paso for nonoffice workers. Taking the largest proportion of establishments that raised standards for any group of workers in each city, the proportion of establishments that did not raise standards ranged between 92.3 percent in El Paso and 97.3 percent in Milwaukee.

A few establishments in each city reported lower standards in 1969 than in 1966.

It was earlier established that the majority of establishments had no age or education requirements in 1969. To put the data about raising standards in better perspective, table 4.10 indicates the proportion of establishments which raised their age requirements since 1966 and whose age requirement is now 20 years or more for a full-time job. These are the establishments which now would exclude all teenagers.

No pattern of a consistent relationship exists between raising these standards and coverage under FLSA. Neither is there a pattern associated with city characteristics.

Reasons for raising minimum hiring standards

Whenever an employer reported in the survey that he raised age or education standards for any group, he was requested to indicate from a list of reasons which one(s) was important to that action. The most common reason given for raising hiring standards was increased costs of training and hiring. The second most common reason was the minimum wage.

Those who raised standards citing the minimum wage as a reason (whether the only reason or one of several), represented fewer than 1 percent of the establishments in 3 out of every 5 cases (there are 40 possible cases—10 cities and 4 employee groups). The largest percentage (4.2) of employers citing the minimum wage was in El Paso raising standards for full-time nonoffice employees (table 4.11).

The data indicate that in the aggregate few employers raised minimum qualifications because of statutory minimum wages. Perhaps more analytically significant is the proportion of those who actually raised standards that cited the minimum wage as a reason. Table 4.12 provides that compilation.

The influence of the minimum wage in changing hiring standards is relevant to the situations in which decisions were made by employers to change standards. The minimum wage did not influence large numbers to revise their hiring standards but for those that did, large proportions cited the minimum wage as a rea-

son for doing so. From table 4.12 there emerges a difference between the large and small cities although some exceptions can be seen. Again, some caution must be used in interpretation due to the very small numbers involved in the smaller cities.

Factors affecting decisions to hire teenagers

Whether an employer does or does not have established qualifications for entry level jobs, his decisions to actually hire is influenced by a number of factors real or assumed. The survey listed nine specific factors and asked employers to indicate for each whether the factor was very important, important, or unimportant in affecting his decision to hire teenagers. The factors listed were (1) Believe teenagers not as dependable as other workers; (2) Believe not as well trained as other workers; (3) Can hire adults for the same wage; (4) Legal minimum wage; (5) Military draft; (6) Paper work to get work permits; (7) Legal restrictions on hiring youth for hazardous jobs; (8) Legal restrictions on hours of work, and (9) Insurance costs and availability of insurance.

In no city except El Paso did the majority of employers consider any one of the factors important in their hiring decisions.

Where employers did indicate that these factors were influential, the most important factor in all cities affecting employer's decisions to hire teenagers under 18 years old was legal restrictions on hiring youth for hazardous jobs. In El Paso and Detroit, training deficiencies were also cited as very important.

For 18- and 19-year-olds, some employers in half the cities reported the military draft, and in the other five cities they cited undependability and lack of training as the very important factors in their hiring decisions.

In no city did as many as one-third of the employers consider the minimum wage as a very important factor for hiring those under or over 18 years of age. (See table 4.13.)

Apparently, insurance costs and availability was the strongest factor; those employers who indicated that it was very important actually employed the fewest teenagers. The other most effective factors were training deficiencies and legal restrictions on hiring for hazardous work.

The minimum wage was nearly always the weakest factor; in all but two cities (and only for those under 18 years of age), the majority of employers who considered the minimum wage very important did in fact employ teenagers (table 4.14).

Change in teenage employment, 1966–69

Between 1966 and 1969, relatively few establishments reported a change in teenage employment. The largest proportion of establishments reporting such a change was 21 percent in Detroit, nearly equally divided between the number that had higher teenage employment and the number that had lower teenage employment in 1969. In all but two cities, teenage employment was higher in a larger proportion of establishments than lower.

In each city, at least half the establishments that reported lower teenage employment did not now employ any teenagers. (See table 4.15.)

Employers' comparison of teenagers with other workers

Employers' attitudes about teenagers as employees were explored in the survey by a question which asked, "Have you found that teenagers generally are about as good as other workers in similar jobs?" They could respond by checking (1) better, (2) worse, (3) about the same, or (4) don't know. All employers did not have experience with the employment of teenagers so that a fairly large proportion of "don't know" responses were received. The answers were, perhaps not surprisingly, fairly consistent among the cities studied. On the average about 4 percent thought teenagers were better, 17 percent thought they were worse, 42 percent about the same, and 37 percent didn't know. (See table 4.16.)

Those that had lower teenage employment were more likely to think teenagers were worse employees than those that had higher employment. About one-third of the employers who had lower teenage employment thought teenagers worse employees than others. The proportion varied from 22 percent in Detroit to 56

percent in Lewiston-Auburn. Among those that had higher teenage employment than in 1966, the proportion of employers who thought teenagers were worse employees ranged from 7 percent in El Paso to 34 percent in Detroit.

Small retail trade establishment

Among the problems associated with evaluating the foregoing data, particularly with respect to differences due to FLSA coverage, the major one is the different industrial structures of cities and of the minimum wage coverage within cities. To offset these problems, special samples were selected of small retail trade establishments, and data for those with sales of between $200,000 and $300,000 were tabulated separately. These establishments were further divided between those with sales under $250,000 and $250,000 or more. Thus, examination of a very homogenous group of employers was possible with coverage under FLSA as the only (major) differentiating factor.

Although there were variations within cities, overall the proportion of small retail establishments that employed teenagers was not different from all establishments. (See table 4.17.) In five of the cities, a larger proportion of small retailers employed teenagers; in one city an equal proportion; and in four cities a smaller proportion.

Among the small retail stores, a larger proportion of covered stores employed teenagers in four cities and a smaller proportion in six cities.

The number of teenagers employed was about the same as in 1966 for the vast majority of small retail stores (as it was for all establishments). Some covered stores in 7 of the 10 cities (ranging from 2 percent in Baltimore to 25 percent in Detroit) reported higher teenage employment in 1969 than in 1966; in three of the same cities smaller proportions also reported lower teenage employment. Among the noncovered stores, some in 8 of the cities (all but Cleveland and El Paso) reported higher teenage employment, and in half the cities some reported lower employment. (See table 4.18.)

Employers' attitudes about teenagers as workers have a real influence on their willingness to hire and probably on the wages they are willing to pay. When the data for the small retail stores were tabulated for these attitudes, interesting differences were revealed between covered and noncovered stores. In all but 3 cities, none of the covered stores reported they thought teenagers were better workers; among the noncovered stores, in only 3 cities was this true. Conversely, in 6 of the 10 cities, a larger proportion of covered stores than noncovered thought teenagers were worse employees than others in similar work. Among the employers who thought teenagers worse, only in Detroit did any who were covered by FLSA report lower employment since 1966, and only in Detroit, Los Angeles, and El Paso did any noncovered employers report lower employment.

NOTE

For *each* of the ten areas covered in the survey of employer hiring requirements (Atlanta, Detroit, Cleveland, Baltimore, Milwaukee, Los Angeles, Battle Creek, Auburn, Galveston, El Paso), the following tabulations are available from the Bureau of Labor Statistics on request.

Table 1. Percent of Covered and Noncovered Establishments by Age and Education Qualifications for Full- and Part-Time Office and Nonoffice Employees, Spring 1969

Table 2. Percent of Covered and Noncovered Establishments by Lowest Hourly Wage Rate Paid for a Beginning Job by Age Qualification for Full- and Part-Time Office and Nonoffice Employees, Spring 1969

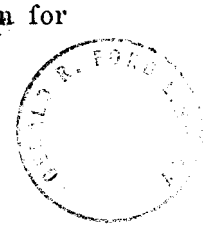

Table 4.1. Proportion of establishments with no age or education requirements for beginning jobs, by city, type of job, work schedule, and FLSA coverage

[In percent]

City	Office				Nonoffice			
	Full-time		Part-time		Full-time		Part-time	
	Covered	Not covered	Covered	Not covered	Covered	Not covered	Covered	Not covered
Atlanta	35	48	59	74	41	52	58	69
Detroit	55	74	71	87	41	37	59	49
Cleveland	55	66	68	86	51	51	64	52
Baltimore	34	65	58	79	30	40	51	50
Milwaukee	49	70	67	81	46	51	58	50
Los Angeles	38	64	53	70	33	39	46	40
Battle Creek	40	70	60	86	25	38	41	46
Auburn	51	84	62	86	37	52	47	48
Galveston	52	78	73	89	45	56	61	70
El Paso	45	58	64	71	38	38	52	55

Table 4.2. Percent of covered establishments with minimum education and minimum age requirements, by city for full-time office and nonoffice jobs

City	Education		Age	
	Office	Nonoffice	Office	Nonoffice
Atlanta	57	30	64	60
Detroit	43	33	46	60
Cleveland	45	39	45	48
Baltimore	60	47	66	70
Milwaukee	41	34	51	55
Los Angeles	51	32	61	66
Battle Creek	50	39	61	76
Auburn	38	32	49	65
Galveston	39	24	48	55
El Paso	48	41	55	63

Table 4.3. Percent of covered and noncovered establishments reporting high school as the minimum education qualification, by city, type of work, and work schedule

City	Office				Nonoffice			
	Full-time		Part-time		Full-time		Part-time	
	Covered	Not covered	Covered	Not covered	Covered	Not covered	Covered	Not covered
Atlanta	49	32	29	19	20	21	13	15
Detroit	40	12	24	10	29	26	17	25
Cleveland	43	23	25	10	28	22	18	17
Baltimore	54	23	35	16	28	36	20	32
Milwaukee	39	23	27	15	28	29	19	26
Los Angeles	47	23	33	24	29	22	22	26
Battle Creek	44	19	29	11	32	23	24	26
Auburn	35	12	26	8	27	16	20	14
Galveston	37	19	20	8	19	16	17	8
El Paso	43	33	30	22	26	19	32	22

Table 4.4. Average hourly minimum rate paid in establishments employing those under 18 years old for part-time nonoffice jobs, by coverage

City	Covered	Not covered
Atlanta	$1.64	$1.54
Detroit	1.72	1.53
Cleveland	1.78	1.40
Baltimore	1.65	1.71
Milwaukee	1.68	1.36
Los Angeles	1.79	1.64
Battle Creek	1.61	1.35
Auburn	1.60	1.42
Galveston	1.74	1.61
El Paso	1.51	1.12

Table 4.5. Average minimum hourly rates paid for full-time nonoffice jobs in four small cites, by city general wage level, State minimum wages, age, and coverage

City	With State minimum				Without State minimum			
	Covered		Not covered		Covered		Not covered	
	Under 18	18–19	Under 18	18–19	Under 18	18–19	Under 18	18–19
Battle Creek (high wage)	$1.91	$2.10	$1.51	$1.79				
Lewiston (low wage)	1.79	1.88	1.66	1.59				
Galveston (high wage)					$1.93	$1.97	$1.34	$1.4
El Paso (low wage)					1.57	1.67	1.31	1.3

Table 4.6. Ratio of average minimum hourly rates paid for full-time nonoffice jobs in noncovered establishments to covered establishments, by city general wage level and State minimum wage

[In percent]

City	With State minimum		Without State minimum	
	Ratio of noncovered to covered		Ratio of noncovered to covered	
	Under 18	18–19	Under 18	18–19
Battle Creek (High wage)	79	85	----	----
Lewiston (Low wage)	93	85	----	----
Galveston (High wage)	----	----	69	71
El Paso (Low wage)	----	----	83	83

Table 4.7. Average minimum hourly rate paid for full-time work, by city and coverage

City	Covered establishments		Noncovered establishments	
	Office	Nonoffice	Office	Nonoffice
Atlanta	$2.02	$1.85	$1.95	$1.77
Detroit	2.10	2.40	2.00	1.89
Cleveland	1.99	2.30	2.06	1.78
Baltimore	1.85	1.90	1.80	1.81
Milwaukee	2.09	2.26	1.95	1.76
Los Angeles	2.13	2.20	2.15	1.99
Battle Creek	1.85	2.14	1.78	1.66
Auburn	1.71	1.82	1.74	1.65
Galveston	1.77	1.95	1.73	1.38
El Paso	1.66	1.63	1.59	1.38

Table 4.8. Percent of establishments in which the minimum hourly rate paid was less than $1.60 an hour, by city, type of work, work schedule, and coverage

City	Covered				Not covered			
	Office		Nonoffice		Office		Nonoffice	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Atlanta	3	4	10	15	1	10	24	41
Detroit	10	21	13	25	10	36	37	51
Cleveland	13	13	10	18	3	25	26	65
Baltimore	10	9	8	16	20	22	41	56
Milwaukee	5	13	7	28	16	36	46	59
Los Angeles	1	3	3	9	1	10	4	21
Battle Creek	11	19	21	47	26	31	49	71
Auburn	5	8	9	22	10	12	21	62
Galveston	9	11	19	32	19	37	57	61
El Paso	11	12	20	26	29	31	49	71

Table 4.9. Percent of establishments that raised hiring standards between 1966 and 1969, by city, type of work, and work schedule

City	Office		Nonoffice	
	Full-time	Part-time	Full-time	Part-time
Atlanta	2.9	1.2	5.7	1.8
Detroit	2.0	1.4	3.0	2.0
Cleveland	3.0	1.2	3.6	2.5
Baltimore	4.6	2.3	4.0	2.9
Milwaukee	2.0	1.0	2.0	2.7
Los Angeles	3.7	2.3	3.0	2.0
Battle Creek	1.7	0.7	3.5	3.5
Auburn	3.7	1.0	4.9	2.8
Galveston	3.2	1.0	3.0	2.6
El Paso	6.1	3.3	7.7	3.7

Table 4.10. Percent of establishments with minimum age qualifications of 20 years or more for full-time work that raised age qualifications since 1966, by city, type of work, and coverage

City	Office		Nonoffice	
	Covered	Not covered	Covered	Not covered
Atlanta	1	7	29	3
Detroit	4	11	3	4
Cleveland	11	1	7	7
Baltimore	9	6	11	5
Milwaukee	7	9	10	9
Los Angeles	9	12	4	4
Battle Creek	1	0	2	0
Auburn	6	33	4	0
Galveston	5	21	0	8
El Paso	13	8	14	7

Table 4.11. Percent of all establishments citing the minimum wage as a reason for raising age or education requirements, by city, type of work, and work schedule

City	Office		Nonoffice	
	Full-time	Part-time	Full-time	Part-time
Atlanta	0.5	0.3	0.5	0.5
Detroit	.1	.8	.8	1.2
Cleveland	----	(1)	.6	.7
Baltimore	1.0	.9	1.4	.9
Milwaukee	.9	.4	.8	.1
Los Angeles	.6	(1)	.9	.4
Battle Creek	1.0	.2	1.8	1.8
Auburn	.6	1.0	3.1	1.6
Galveston	1.7	.2	2.3	1.8
El Paso	1.3	1.6	4.2	2.2

[1] Less than .05 percent.

Table 4.12. Percent of establishments that raised age or education requirements which cited the minimum wage as a reason, by city, type of work, and work schedule

City	Office		Nonoffice	
	Full-time	Part-time	Full-time	Part-time
Atlanta	17	25	8	27
Detroit	5	57	26	60
Cleveland		6	16	28
Baltimore	21	39	35	31
Milwaukee	45	40	40	37
Los Angeles	16	6	30	20
Battle Creek	58	28	51	51
Auburn	16	75	63	57
Galveston	53	20	76	69
El Paso	21	48	54	59

Table 4.13. Proportion of covered establishments reporting the minimum wage as a factor in decision to hire teenagers, by city, and age group

City	Under 18			18 and 19		
	Very important	Important	Not important	Very important	Important	Not important
Atlanta	14	21	65	9	18	73
Detroit	16	24	60	11	18	71
Cleveland	10	17	73	9	16	75
Baltimore	10	20	70	9	18	73
Milwaukee	11	16	73	8	11	81
Los Angeles	8	14	78	6	11	83
Battle Creek	23	23	54	13	19	67
Auburn	20	28	52	13	31	56
Galveston	19	24	57	13	20	67
El Paso	31	25	44	25	28	47

Table 4.14. Covered establishments reporting the minimum wage as a very important factor and the proportion of teenagers employed, by age

City	Percent of teenagers employed	
	Under 18 years	18 and 19 years
Atlanta	49	51
Detroit	61	50
Cleveland	70	73
Baltimore	60	61
Milwaukee	62	63
Los Angeles	48	50
Battle Creek	85	68
Auburn	79	66
Galveston	51	53
El Paso	52	55

Table 4.15. Percent of establishments by change in teenage employment, 1966–69, by city

City	Change in teenage employment		
	Higher	Lower	Same
Atlanta	10.9	6.1	83.0
Detroit	10.5	10.9	78.6
Cleveland	7.2	5.5	87.3
Baltimore	9.1	8.0	82.9
Milwaukee	16.1	5.2	78.7
Los Angeles	7.6	5.9	87.5
Battle Creek	11.8	7.6	80.2
Auburn	6.6	5.6	87.8
Galveston	3.7	6.2	90.1
El Paso	5.0	4.4	90.6

Table 4.16. Percent of establishments by attitude about teenagers as employees, by city

City	Better	Worse	Same	Do not know
Atlanta	4	18	43	36
Detroit	2	16	46	36
Cleveland	4	12	42	43
Baltimore	4	16	41	39
Milwaukee	7	15	37	41
Los Angeles	6	20	35	40
Battle Creek	3	19	43	35
Auburn	2	22	47	30
Galveston	4	20	46	31
El Paso	5	15	42	39

Table 4.17. Percent of establishments employing teenagers, small retail stores by FLSA coverage, and all establishments, by city

City	All establishments	Small retail trade establishments		
		All	Covered	Not covered
Atlanta	52	44	37	46
Detroit	48	61	75	57
Cleveland	47	47	33	54
Baltimore	47	65	67	64
Milwaukee	55	39	42	37
Los Angeles	44	48	43	52
Battle Creek	49	54	44	54
Auburn	56	59	50	71
Galveston	40	37	32	39
El Paso	43	38	46	34

Table 4.18. Percent of small retail trade establishments reporting higher and lower teenage employment, by coverage and city

City	Higher		Lower	
	Covered	Not covered	Covered	Not covered
Atlanta		33		
Detroit	25	4	10	28
Cleveland	7			
Baltimore	2	3		
Milwaukee	17	26	10	
Los Angeles		11		14
Battle Creek	19	4	8	8
Auburn	10	13		9
Galveston		4		
El Paso	4			2

CHAPTER V

Employment Service Local Office Experience in Serving Teenagers During June 1969

Summary

Not one of the local offices of the Employment Service (ES) cited the recent hike in the minimum wage or the extension of coverage under the Federal Fair Labor Standards Act as responsible for the change between June 1966 and June 1969 in the total number of nonfarm job openings available to teenagers, or which specified a minimum age of 16–19 years of age or 20 years old and over. Only about one-fourth of the 104 ES local offices in the 19 areas responding to this question reported that since June 1966 there had been a decrease in the proportion of openings which were available to teenagers or which specified a minimum age of 16–19 years of age, or that there had been an increase in the share of openings which specified a minimum age of 20 years old and over.

The most important reasons given by the ES local offices reporting such changes were of an administrative nature, for example, phasing out Youth Employment Service locations, transfer of youth job orders to Youth Opportunity Centers, installation of Job Bank operations, Community Action Agencies assuming responsibility for youth placement, and inception of NAB–JOBS and government training and hiring programs.

The reasons rated as most prominent among the difficulties encountered by ES local offices in

During June 1969, the Office of Technical Support (OTS), U.S. Training and Employment Service, Manpower Administration, conducted a survey of Employment Service (ES) local office experience in serving teenagers as part of the overall study of the relationship between teenage employment and minimum wages. Responses to many questions were based on the judgment of the local office manager and his staff as a result of their experience and knowledge acquired in helping teenagers find jobs. In some areas, replies to some questions were supplied by only the Youth Opportunity Center offices.

The data obtained on local office activity related to the June 1969 reporting period while other information is based on recollections and experience of local office staff for longer periods of time such as fiscal year 1969. The areas covered by this study consist of 22 SMSAs [1] and the Battle Creek, Mich., labor area. Ten of the areas were those in which the BLS conducted its employer surveys; 13 additional SMSAs were selected in such a manner that different size areas would be represented from all regions of the United States.

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Text footnotes begin on p. 86.

placing teenagers were (a) "legal restrictions on hours of work, hazardous work, or other working conditions" and "employers' hiring specifications with respect to age exclude teenagers" 16–17 year olds on full-time and part-time jobs, (b) "uncertainty over the draft makes employers reluctant to hire teenagers" 18–19-year-old males for full-time jobs; (c) "high labor turnover among teenagers," "employers believe teenagers are not reliable," and "hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded" for full-time and part-time jobs for both 16–17 and 18–19 year-olds; and (d) "Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take" for 18–19 year-olds for both full-time and part-time jobs.

The level of the minimum wage was not rated as an important reason for ES local office difficulty in placing teenagers in either full-time or part-time year-round jobs during fiscal year 1969. However, this reason was somewhat more important for part-time work than it was for full-time jobs. This reason ranked near the lowest in importance for 16–19 year-olds for full-time jobs and about midway in order of importance for part-time jobs.

It was mentioned in only two areas (Baltimore and Nashville) as one of the reasons given by employers for not wanting to hire teenagers for full-time and part-time year-round jobs. A third area (Atlanta) also cited this as one employer reason for reluctance to hire teenagers for part-time year-round jobs. In all three areas, however, this reason ranked no higher than third or fourth in importance.

Teenagers received better than one-fourth of the 71,000 nonfarm placements made in the 23 surveyed areas during June 1969—about the same proportion that teenagers represented in the active file of applicants at the end of June.

The industrial, service (excluding domestic), and clerical categories were the three occupational groups in which teenagers were most frequently placed in full-time and part-time year-round work during fiscal year 1969.

In the areas reporting on the reasons given by employers for not wanting to hire teenagers for full-time year-round jobs, the consensus of the ES local offices was that the following three reasons were the most important:

a. Teenagers lack appropriate training, experience, and/or education for the jobs available.
b. Legal restrictions on the hours of work, hazardous work, or other working conditions for teenagers.
c. Teenagers are not reliable and/or are immature.

These reasons also were cited as the most important for part-time year-round jobs but the rank order of importance was reversed.

Uncertainty over the draft was the fourth most important reason for not hiring teenagers for full-time work, whereas the inability to work hours needed by employers because of school or other reasons was the fourth most important reason teenagers could not get part-time jobs.

About 43 percent of the ES offices were of the opinion that employers would hire appreciably more 16–17-year-olds if it were legally possible to pay such youngsters a wage below the Federal minimum. However, only 25 percent of the offices believed this to be true for 18–19-year-old youth.

Among the offices which thought employers would hire appreciably more teenagers under a lower minimum wage, 90 percent believed that a reduction of less than 40 cents in the minimum wage would be necessary to achieve this end. Moreover, these offices were about equally divided between 20–39 cents and less than 20 cents as the required reduction. These offices also believed that employment of teenagers would most likely increase in the service (excluding domestic service), sales, clerical, and industrial occupational groups in the order of importance given, and that the retail trade; service (excluding private households); wholesale trade; and finance, insurance, and real estate industries would be most important in the order given, as sources of additional teenage employment.

About two-fifths of the ES offices were of the opinion that lowering the Federal minimum wage for teenagers would have an appreciably adverse effect on the hiring of other groups of workers for full-time and part-time jobs in the retail trade and service (excluding private

households) industries. Concerning the other five industry groups, the offices were overwhelmingly of the opinion that the lowering of the minimum wage for teenagers would not have an appreciably adverse effect on the hiring of other workers.

The offices which indicated that the lowering of the minimum wage for teenagers would have an adverse effect on the hiring of other workers believed that the service (excluding domestic service), sales, industrial, and clerical occupational groups would be most likely affected. These offices also were of the opinion that the following groups of workers would be most adversely affected in the order given: Negro women, 40–64 years old; Negro men, 40–64 years old; white men 40–64 years old; white women, 40–64 years old; and Negro men, 20–24 years old. Minorities other than Negroes were cited in a few areas as likely to be adversely affected.

Job openings received during month of June 1969

Over 100,000 nonagricultural job openings were received in June 1969 by local offices of the Employment Service in the 23 areas surveyed. About 60 percent of those openings had no minimum age specified while nearly 40 percent did. Of those openings with a minimum age specification, 45 percent precluded the referral of teenagers since the minimum age designated was 20 years old or older.

Of the total nonagricultural openings received, 55 percent were available to teenagers. These openings consisted of those jobs which specified an age minimum within the 16- to 19-year-old age interval plus 55 percent openings which had no minimum age specification but were considered by the local offices to be available to teenagers. The percent of openings available to teenagers varied widely from area to area, ranging from 7 percent in Baltimore to 99 percent in Wichita. The variation depends, in part on the legal prohibitions against employment of teenagers on some jobs or work shifts, or the nature of the industry and occupational mix of the openings in the area. It is likely, for example, that an area abounding in extractive and primary industries would receive more orders stipulating a minimum age of 20 years old or more.

In 4 of the 23 areas reporting, the sum of the total openings available to teenagers was 25 percent or less of the total openings received; in three areas it ranged from 25–50 percent; in 10 areas, from 50–75 percent; and in the remaining six areas, 75 percent or more of all openings received during the month of June 1969 were available to teenagers.

Job openings unfilled at the end of June 1969

Of the 63,400 nonagricultural job openings remaining unfilled at the end of June 1969, in 20 areas, 53 percent had no minimum age designation. Of the 47 percent which did have a minimum age specified, nearly 60 percent were unavailable to teenagers because the minimum acceptable age specified was 20 years old or older. Over 40 percent of all of the unfilled nonagricultural job openings were available to teenagers, including all those for which applicants in the 16- to 19-age group were acceptable plus those with no minimum age specification which were considered by the local offices as available to teenagers.

Twenty areas reported unfilled openings at the end of June. In four areas the openings available to teenagers did not exceed 25 percent of the total unfilled openings; in six areas they ranged from 25–50 percent; in seven areas, from 50–75 percent; and in three areas, from 75–100 percent.

Change in the share of job openings available to teenagers since June 1966

About one-fourth of the 104 ES offices in 19 areas reported that the proportion of nonagricultural openings received by the offices which specified a minimum age of 20 years old or older had increased since June 1966. This was prior to the recent increase and coverage extension in the Federal minimum wage. More than two-thirds of the offices reported no change in the share of such openings and less than one-tenth reported a decrease. Correspondingly, about one-fourth of the local offices indicated that since June 1966 there had been a decrease in the proportion of openings received which were available to teenagers, as well as in the share of

such openings which specified a minimum age within the 16- to 19-year-old age interval. One-sixth of the offices stated that an increase had occurred in the share of such openings since June 1966 and nearly three-fifths reported no change.

In only two of the 19 areas reporting were the local offices unanimous in indicating an increase in the proportion of openings with a minimum age specification of 20 years old or older since June 1966. In only one area was there unanimity that there had been a decrease in the share of openings available to teenagers and in the fraction of openings designating a minimum age within the 16- to 19-year-old age interval.

On the other hand, in 10 areas the offices were unanimous in reporting that a decrease or no change had occurred since June 1966 in the share of the openings specifying an age minimum of 20 years old or more. Moreover, in seven areas there was corresponding unanimity among the officers to the effect that there was either no change or an increase in the percent of openings available to teenagers, and in the proportion of openings specifying a minimum acceptable age within the 16- to 19-age interval.

In the remaining areas there were mixed views among the offices concerning the changes which occurred since June 1966 in the shares of the job openings which fell into the three categories referred to above. In such areas, however, only about one-third of the offices indicated an increase in the proportion of openings restricted to applicants 20 years of age or older, and a like fraction of the offices reported a decrease in the share of openings available to teenagers and in the percent of openings specifying a minimum age within the 16- to 19-age interval.

Of the offices experiencing a change in total job openings specifying ages 16–19, total openings available to teenagers, or openings for the 20 years of age or older groups, not one cited the increase in the minimum wage under the FLSA since 1966 as responsible for the change. The reasons given by the local offices for the changes in the openings for the above mentioned groups were somewhat general.

The most important reasons cited for the increase in the percent of openings specifying a minimum age of 20 years or older were changes of an administrative nature, for example, phasing out of Youth Employment Service locations since 1966, referral of youth job orders to Youth Opportunity Centers (YOC's), the Job Bank Operation, and an upward surge in the economy which caused an increase in hiring of older college youths. Other reasons mentioned were Job Opportunities in the Business Sector —National Alliance of Businessmen (JOBS–NAB) operations, apprehension about insurance risks with regard to hazardous jobs causing employers to demand older workers, and government training and hiring programs.

In the opinion of the local offices, the most important reasons for a decrease in the percent of openings for teenagers were discontinuance of Youth Employment Service outstations and direct referrals to YOC's. Other frequently mentioned reasons were community agencies assuming placement services for youth, employers' beliefs that young workers are unstable, teenagers getting their own jobs through avenues other than the employment service, younger teenagers lack adequate transportation, and decline in demand for seasonal nonagricultural workers.

Nonagricultural placements made during June 1969

Around 71,000 nonagricultural placements were made during June 1969 by the ES offices in the 23 surveyed areas. This is 14 percent of the nonagricultural placements made during that month by all ES offices throughout the country.

Teenagers got more than one-fourth of the nonagricultural placements made in the surveyed areas. This is about the same proportion of teenage applicants in the active file. Slightly more than three-fifths of the teenage placements were received by 18- to 19-year-old youths which is in line with their proportion in the active file. Male teenagers fared much better than female teenagers since they received about three-fifths of the placements but only constituted slightly more than half of the teenage applicants.

Los Angeles made about 25 percent of the total nonagricultural placements in the 23 surveyed areas, but only 18 percent of its placements were received by teenagers. The proportion of placements going to teenagers ranged from about 20 percent in the six areas of Buffalo, Hartford, Los Angeles, Milwaukee, New Orleans, and Salt Lake City to 50 percent in Cleveland. In eight areas the teenage proportion of placements exceeded 30 percent. (See table 5.2.)

Most important occupational groups in which teenagers were placed

The local offices were asked to rank in order of importance the three most important occupational groups in which teenagers were placed. The rank order for both full-time and part-time work was as follows:

1. Industrial
2. Service, excluding domestic
3. Clerical
4. Sales
5. Domestic service
6. Farming, fishery, forestry, and related occupations
7. Professional, technical, managerial

Of the 109 offices responding in 21 areas, 70 percent ranked the industrial occupations as most important for the placement of youngsters in full-time jobs. In nine of the areas, local offices were unanimous in their opinion. These areas were Lewiston–Auburn, Detroit, Battle Creek, Minneapolis–St. Paul, Milwaukee, Wichita, El Paso, Galveston–Texas City, and Seattle. With the exception of one area, at least one office in all areas indicated industrial occupations as most important. Salt Lake City was the dissenting area with its one responding office naming domestic service occupations as most important. (See table 5.3.)

Of the 69 offices responding in 19 areas, 48 percent ranked the industrial occupations as the most important for placement of youngsters in part-time jobs during fiscal year 1969. In five of the areas local offices were unanimous in their opinion. The five areas were Lewiston–Auburn, Detroit, Wichita, El Paso, and Galveston–Texas City. (See table 5.4.)

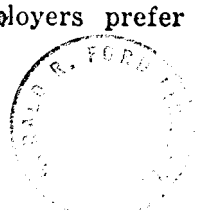
Most frequent reasons given by employers for not wanting to hire teenagers as reported by employment service local offices

FULL-TIME YEAR-ROUND JOBS. The consensus of local offices in 16 areas reporting on the reasons given by employers for not wanting to hire teenagers 16–19 years of age in year-round full-time employment was that "teenagers lack appropriate training, experience, and/or education for the jobs available." (See table 5.5.)

The minimum wage was cited by only two areas, Baltimore and Nashville. This reason was the fourth most important mentioned in Nashville along with "teenagers are not reliable and/or are immature," "high labor turnover for teenagers," "union contract provisions," and the "unwillingness of teenagers to accept wages for jobs they are qualified to take." Although Baltimore reported the minimum wage as being one reason for not hiring 16–19 year-old youngsters, it was considered the least important reason in that area along with "State laws require too much paperwork." Overall, however, the "unwillingness of teenagers to accept wages usually offered for jobs which are open to them" received a higher ranking than the minimum wage.

The second most frequently mentioned reason was "legal restrictions on the hours of work, hazardous work, or other working conditions of teenagers." Third, and of nearly equal importance, was "teenagers are not reliable and/or are immature." "Uncertainty over the draft" was the fourth most important reason—this, of course, was only relevant to boys. No impediment to employment was frequently mentioned in specific reference to girls although two areas, Buffalo and Seattle, cited "impending marriages, including pregnancy" as important. This reason, however, was not considered of prime importance in these two areas.

Some other less frequently mentioned reasons for not hiring teenagers included: "high labor turnover among teenagers;" "insurance probblems including increased cost of insurance or employers unable to obtain insurance covering teenage employment;" "the high cost of hiring and training teenagers;" "employers prefer



more experienced, mature, and/or older persons;" and "the inability of teenagers to work regular hours because of school."

PART-TIME YEAR-ROUND JOBS. The reasons given by employers in 14 areas for not wanting to hire teenagers for part-time year-round jobs were, in declining order of importance, "teenagers are not reliable and/or are immature;" "legal restrictions on hours or type of work;" and "teenagers lack training, experience, and/or education." These reasons are the same as those cited as impediments to full-time employment except that their rank order of importance is reversed. "The inability to work hours needed by employers because of school or other reasons" was found to be the fourth most frequently listed reason. (See table 5.6.)

As was reported with respect to full-time year-round employment, only a few areas—Atlanta, Baltimore, and Nashville—indicated that the minimum wage was a barrier to employment. Baltimore and Nashville stated the minimum wage was important although Baltimore placed it in fifth place. As with full-time work, "teenage unwillingness to accept current wages for jobs they are qualified to take" received a much higher ranking overall for part-time than did "minimum wage impediments" to their employment.

Six areas—Atlanta, Birmingham, Cleveland, Galveston, Oklahoma City, and Seattle—said that the most frequent barrier to teenage employment is that they are not reliable and/or are immature. "Legal restrictions" were given as most important for five areas—Battle Creek, Buffalo, Detroit, Los Angeles, and Nashville. Two areas, El Paso and Milwaukee, mentioned as most important "teenagers' lack of training, experience, and/or education." The remaining area, Baltimore, indicated the leading impediment was "teenagers' inability to work hours needed by employers because of school or other reasons."

Local office reasons for difficulty in placing teenagers on jobs

Based on their experience during fiscal year 1969, local offices were asked to rate each of 12 reasons listed on a questionnaire as very important; important; or unimportant, irrelevant, or not true. The consensus was that the level of the minimum wage has not been an important reason for the difficulty in placing teenagers in either full-time or part-time jobs. However, the level of the minimum wage was considered a more important deterrent for hiring teenagers in full-time jobs than in part-time. (See tables 5.7 to 5.10.)

Overall, when compared to the relative importance given other reasons, the "level of the minimum wage has caused employers to seek older, more experienced workers for jobs" reason ranked near the bottom for both the 16–17 and 18–19-year-olds for full-time jobs and about mid-way for part-time jobs. Not one area was of the unanimous opinion that this reason was very important as a deterrent in placing 18- to 19-year-old youngsters on full-time or part-time jobs. For the 16–17 year-olds, the one office reporting in the Salt Lake City area and both offices reporting in the Galveston–Texas City area were of the opinion that the level of the minimum wage was very important for full-time placements; only the two offices in the Galveston–Texas City area were of this opinion for part-time jobs.

There was general agreement that for year-round full-time and part-time jobs, two reasons rated high in importance for both age groups: "employers believe teenagers are not reliable" and "high labor turnover among teenagers." However, the most important reason cited for the 16–17-year olds was "legal restrictions on hours of work, hazardous work, or other working conditions for teenagers"—this was true for both full-time and part-time work. For those 18–19 years of age, "uncertainty over the draft makes employers reluctant to hire teenagers" was the most important reason cited for full-time jobs; whereas for part-time jobs the most important reason was "high labor turnover. . . ."

Other reasons given a high rating in importance for the 16–17 year-olds for both full-time and part-time jobs were: "employers' hiring specifications with respect to age exclude teenagers," and "hiring specifications of employers

with respect to education and experience are so high that most teenagers are excluded." For the 18–19 year-olds, "unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take" and "hiring specifications of employers with respect to education and experience . . ." were other reasons rated high for both full-time and part-time work.

Only a few reasons were mentioned by the local offices that did not appear on the questionnaire. For both the 16–17 and 18–19 year-olds, one office in the Atlanta area was of the opinion that "transportation" was very important and one office in the Cleveland area mentioned "inability to pass company tests" as a very important reason for the difficulty in placing teenagers in both full-time and part-time jobs. Two offices in the Oklahoma City area cited "poor appearance" as very important for both full-time and part-time placement, and one office was of the opinion that "immaturity" was very important for both age groups but only for full-time jobs. In the Los Angeles area, four offices were of the opinion that "lack of child care" and "transportation" were very important for only the 16–17-year-olds for both full-time and part-time jobs. One office in the Buffalo area named "baby-sitting problems" as very important for only the 18–19-year-olds for both full-time and part-time jobs.

Effect on employment of lowering minimum wage for teenagers

Of 91 offices in 21 areas, 43 percent were of the opinion that employers would hire appreciably more 16- to 17 year-old boys and girls if payment of a wage below the Federal minimum were legally possible ($1.60 an hour in most industries and $1.30 an hour in newly covered retail and service industries). However, only 26 percent of the offices believed this to be true for 18- and 19-year-old youths of either sex. (See table 5.11.)

In five of the 21 areas local offices (21) were unanimous in their opinion that employers would hire appreciably more 16- to 17-year-old boys and girls under the given circumstances. The five areas were Charlotte, Detroit, Galveston, New Orleans, and Wichita. Although the offices in four of these five areas persisted in this view regarding the 18- to 19-year-old boys and girls, the 12 offices in the Detroit area took a contrary stand with respect to the older teenagers.

The 7 of the 21 areas, local offices (21) were unanimous in their view that a lowering of the Federal minimum wage would not result in the hiring of appreciably more teenagers of either sex or of either age group. These seven areas were Battle Creek, Cleveland, Denver, El Paso, Milwaukee, Minneapolis–St. Paul, and Nashville.

Among the offices which thought employers would hire appreciably more teenagers under a lower minimum wage, 90 percent believed that a reduction of less than 40 cents in the minimum wage would be necessary to achieve this end. Moreover, those offices were about equally divided between 20–39 cents and less than 20 cents as the required reduction. This finding was applicable to 18- to 19-year-old youths, as well as the 16- to 17 year-olds, and was held irrespective of whether the Federal minimum was $1.60 or $1.30 an hour.

Within the group of offices which held the view that employers would hire appreciably more teenagers at a lower minimum wage, it was believed that employment of 16–17 year-olds would most likely increase in the following occupational groups which are ranked in order of importance: service (excluding domestic service) sales, clerical, and industrial occupations. For the 18–19-year-olds, the offices believed that increased employment opportunities would occur most likely in the same four occupational groups, but there was little distinction in the order of importance of these groups. The other occupational groups, although mentioned by a few offices, were relatively unimportant as a source of increased jobs for either the 16–17 or 18–19 age groups.

Offices which believed an appreciable increase in teenage employment would accompany a lowering of the minimum wage, thought that *retail* trade would be the most important industry as a source of additional teenage employment followed closely by the service industry, excluding private households. Wholesale trade

and finance, insurance, and real estate was the third most important industry group in this respect. The manufacturing, construction, all other and government industry groups were mentioned as possibilities by some few local offices but were relatively unimportant as potential job sources for teenagers. Government was the least important of all. There was little difference in this industrial pattern between the 16–17 and 18- to 19-year-old age groups.

Adverse effects of lowering Federal minimum wage for teenagers on other groups of workers

The local offices were asked to respond either "yes" or "no" as to whether or not lowering of the Federal minimum wage for teenagers would in their judgment have an appreciable adverse effect on the hiring of other groups of workers in each of the following seven industry groups:

Manufacturing
Wholesale trade; finance, insurance, and real estate
Retail trade
Construction
Government
Services, except private households
All other industries

In 5 of the 7 groups, the local offices responding were overwhelmingly of the opinion that there would be no appreciable adverse effects. Local office opinion was closely divided over two of the seven industrial groups. Of 91 offices responding in 21 areas, 46 percent indicated that other groups of workers would be adversely affected for full-time hiring in retail trade; 42 percent gave the same response for part-time workers in retail trade. Forty-three percent of the offices indicated that other groups of workers would be adversely affected for full-time hiring in services, excluding private households; 38 percent of the offices gave the same response for part-time hiring in services. (See tables 5.12 and 5.13.)

Those offices indicating that lowering the minimum wage would have an adverse effect on full-time hiring of nonteenage persons, indicated that the occupational groups most likely to be affected would be service (excluding domestic) and sales, both ranked about equal in importance. Next important, and about equally so, would be the industrial and clerical groups. The hiring of workers in the domestic service, farm, and professional groups would be relatively unaffected, professional the least affected of all. For part-time hiring, the relative importance of the other occupational groups affected would be about the same as that for full-time with one exception—farm was ranked last in importance below the professional group. (See tables 5.14 and 5.15.)

Local officers indicated that hiring of some groups of individuals, other than teenagers, possessing certain demographic characteristics would likely be more adversely affected than would other groups. The group ranked highest in order of importance of being affected by a lowering of the Federal minimum wage for teenagers was female Negroes 45–64 years of age. Next in importance were Negro men 45–64 years of age, followed in descending order of rank importance by white males 45–64 years of age, white females 45–64 years of age, and Negro males 20–64 years of age. (See table 5.16.) Only a few offices responded that groups other than Negroes and whites would be affected. These groups were: male and female Mexican-Americans under 65 years of age in the Los Angeles area; Puerto Rican men 25–44 years of age in Hartford, Conn. area, and male and female Cubans 45–64 years of age in the New Orleans area.

New applications for work filed during June 1969

About 183,000 applicants filed new applications for work during June 1969 at the ES local offices in the 23 areas covered in the survey. This was about 15 percent of 1,237,000 new work applications received during that month at all ES local offices in the United States.

Owing to the usual influx of youths into the labor market at this time of the year, teenagers filed about 40 percent, or 71,000, of the new work applications in the 23 surveyed areas during June. Almost 60 percent of these teenager applications were filed by 18- to 19-year-old youths, with the remaining 40 percent being

filed by 16–17-year olds. Among the male teenagers, however, a slightly greater proportion (45 percent) of the new applications were from 16–17-year olds than from the female teenagers (40 percent). Slightly more than one-half of the teenager applications were filed by males.

About 25 percent of all the new applications filed in the 23 surveyed areas, combined, were filed in Los Angles, the largest area surveyed. In that area, however, only 30 percent of the new applications were filed by teenagers. The proportion of new applications filed by teenagers ranged from 27 percent in Seattle to 52 percent in El Paso, but in 15 of the 23 areas it was above 40 percent. (See table 5.17.)

Active applications for work on file at the end of June 1969

About 404,000 active applications for work were on file at the end of June 1969 in the ES local offices in the 23 surveyed areas. This amounted to about 15 percent of the more than 3 million active work applications on file at the same time in all Employment Service local offices in the Nation.

Teenagers constituted about 25 percent, or 103,000, of the applicants with active applications on file at the end of June in the 20 responding areas. As customary during June, this was considerably smaller than the 40 percent teenage share of the new applications filed during that month. In all other respects, however, the distribution of teenager active applications on file by sex and age was virtually identical to that for the new applications filed by teenagers.

Los Angeles, however, had an even larger share of the active applications on file than it had new applications filed—32 percent versus about 25 percent. As in the case of new applications filed, however, Los Angeles fell about 10 percentage points under the average for all areas in the proportion of teenagers in the active file. The proportion of teenagers in the active file varied from 15 percent in Los Angles to 53 percent in Minneapolis–St. Paul, but in 13 of the 20 areas reporting this information it was at least 25 percent. (See table 5.18.)

FOOTNOTES

[1] The SMSA's included Los Angeles, Calif.; Lewiston–Auburn, Maine; Hartford, Conn.; Buffalo, N.Y.; Newark, N.J.; Baltimore, Md.; Atlanta, Ga.; Birmingham, Ala.; Charlotte, N.C.; Nashville, Tenn.; Cleveland, Ohio; Detroit, Mich.; Milwaukee, Wis.; Minneapolis–St. Paul, Minn.; El Paso, Tex.; Galveston–Texas City, Tex.; New Orleans, La.; Oklahoma City, Okla.; Wichita, Kans.; Denver, Colo.; Salt Lake City, Utah; and Seattle, Wash.

The 23 areas surveyed included close to 14.3 million persons, or about 17 percent of the national labor force in June 1969. The average unemployment rate in the 23 areas was 4.0 percent (577,000). This was very close to the national rate of unemployment of 4.1 percent at the time (not seasonally adjusted). A wide variations in the rate of unemployment existed among the areas. It ranged from 2.4 percent in Cleveland to 5.8 percent in New Orleans. (See table 5.1.)

Table 5.1. Estimated work force and unemployment in surveyed areas mid-June 1969

[In thousands]

Region and Area [1]	Work force	Unemployment	
		Number	Rate
Region I:			
Hartford, Conn.	358.7	13.3	3.7
Lewiston-Auburn, Maine [2]	33.6	1.9	5.7
Region II:			
Buffalo, N.Y.	573.2	21.9	3.8
Newark, N.J.	913.4	38.7	4.2
Region III:			
Baltimore, Md.[2]	908.3	29.7	3.3
Region IV:			
Atlanta, Ga.[2]	669.2	21.8	3.3
Birmingham, Ala.	302.8	13.8	4.6
Charlotte, N.C.	205.8	8.9	4.3
Nashville, Tenn.	258.0	8.3	3.2
Region V:			
Battle Creek, Mich.[2]	69.9	3.4	4.9
Cleveland, Ohio [2]	968.5	23.6	2.4
Detroit, Mich.[2]	1,715.7	82.0	4.8
Milwaukee, Wis.[2]	640.2	22.5	3.5
Minneapolis-St. Paul, Minn.	863.9	22.6	2.6
Region VI:			
El Paso, Tex.[2]	123.3	5.9	4.8
Galveston-Texas City, Tex.[2]	61.6	3.2	5.2
New Orleans, La.	436.5	25.4	5.8
Oklahoma City, Okla.	291.4	11.5	3.9
Region VII:			
Wichita, Kans.	171.5	8.4	4.9
Region VIII:			
Denver, Colo.	529.1	22.2	4.2
Salt Lake City, Utah	217.6	11.1	5.1
Region IX:			
Los Angeles, Calif.[2]	3,346.5	150.7	4.5
Region X:			
Seattle, Wash.	674.5	25.8	3.8

[1] The Roman numerals I through X designate the regional subdivisions of the country through which the Department of Labor administers its programs.
[2] Areas also covered by BLS employer study.

Table 5.2. Nonagricultural placements made during June 1969, by employment service local offices in selected areas

Region and Area	Total nonagricultural placements							
	Both sexes				Female			
	Total		16–17 years	18–19 years	Total		16–17 years	18–19 years
	All ages	Teenagers			All ages	Teenagers		
I. Hartford, Conn.	1,143	202	54	148	422	83	26	57
Lewiston-Auburn, Maine	295	100	28	72	106	44	11	33
II. Buffalo, N.Y.	2,800	531	146	385	1,528	186	48	138
Newark, N.J.	3,906	907	254	653	2,327	415	115	300
III. Baltimore, Md.	3,686	1,359	413	946	1,672	595	182	413
IV. Atlanta, Ga.	3,709	1,427	675	752	1,802	602	263	339
Birmingham, Ala.	1,752	589	162	427	795	194	51	143
Charlotte, N.C.	925	331	144	187	413	134	59	75
Nashville, Tenn.	1,543	392	124	268	518	169	45	124
V. Battle Creek, Mich.	271	118	47	71	121	48	15	33
Cleveland, Ohio	3,239	1,618	866	752	1,197	711	383	328
Detroit, Mich.	5,531	1,268	189	1,079	2,399	429	66	363
Milwaukee, Wis.	1,284	226	76	150	486	86	32	54
Minneapolis-St. Paul, Minn.	3,961	1,657	714	943	1,729	858	369	489
VI. El Paso, Tex.	2,353	661	349	312	1,310	233	97	136
Galveston-Texas City, Tex.	816	177	43	134	325	45	9	36
New Orleans, La.	2,480	459	57	402	972	164	30	134
Oklahoma City, Okla.	4,022	1,175	652	523	1,355	533	300	233
VII. Wichita, Kans.	1,369	316	(1)	(1)	361	(1)	(1)	72
VIII. Denver, Colo.	5,188	1,501	522	979	1,411	408	142	266
Salt Lake City, Utah	1,486	268	(1)	(1)	408	73	(1)	(1)
IX. Los Angeles, Calif.	18,278	3,249	1,047	2,202	7,166	1,263	457	806
X. Seattle, Wash.	1,078	250	68	182	372	87	18	69
Total, all areas	71,115	18,781	6,630	11,567	[2] 28,834	7,360	2,718	4,641

[1] Information not available.

[2] To preserve comparability with female "Teenagers" column, "Total, all ages" does not include figures for the Wichita area for which teenager data were not reported.

Table 5.3. Rank importance of the occupational group in which teenagers were placed in full-time year-round jobs most frequently during fiscal year 1969, by employment service local offices

[Rating scale: Most important = 3; second most important = 2; third most important = 1] [1]

Occupational group	Region and area																				
	Average, all areas	I. Hartford, Conn.	I. Lewiston–Auburn, Maine	II. Buffalo, N.Y.	III. Baltimore, Md.	IV. Atlanta, Ga.	IV. Birmingham, Ala.	IV. Nashville, Tenn.	V. Battle Creek, Mich.	V. Cleveland, Ohio	V. Detroit, Mich.	V. Milwaukee, Wis.	V. Minneapolis–St. Paul, Minn.	VI. El Paso, Tex.	VI. Galveston–Texas City, Tex.	VI. New Orleans, La.	VI. Oklahoma City, Okla.	VII. Wichita, Kans.	VIII. Denver, Colo.	VIII. Salt Lake City, Utah	IX. Los Angeles, Calif.	X. Seattle, Wash.
Professional, technical, managerial	0.05	0.00	0.00	0.40	0.00	0.20	0.25	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerical	1.34	2.08	1.00	1.50	1.71	1.80	1.80	1.75	2.00	1.65	1.67	1.33	1.00	1.00	0.00	1.25	1.45	0.00	1.50	1.00	1.38	1.40
Sales	0.43	1.58	0.00	0.60	0.57	0.40	0.65	0.00	0.00	0.80	0.33	0.00	0.67	0.00	0.00	1.00	0.40	2.00	0.00	0.00	0.04	0.00
Domestic service	0.37	0.00	0.00	0.20	0.00	0.20	0.00	0.00	0.00	0.50	0.17	1.33	0.00	0.00	1.00	0.00	0.25	0.00	0.00	3.00	0.71	0.40
Service, excluding domestic	1.53	0.83	1.00	1.20	1.71	1.00	0.90	1.75	1.00	1.05	0.67	0.33	1.33	2.00	2.00	1.25	1.85	0.00	2.00	0.00	1.29	1.20
Farming, fishery, forestry, and related occupations	0.11	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	0.25	0.17	0.00	0.00	0.00	0.00	0.50	0.25	1.00	0.00	0.00	0.00	0.00
Industrial	2.49	1.50	3.00	2.10	1.86	2.40	2.40	2.50	3.00	1.50	3.00	3.00	3.00	3.00	3.00	2.00	2.00	3.00	2.50	2.00	2.53	3.00

[1] To give equal representation to all areas, local office rankings for each response were weighted by the following values: Most important = 3; important = 2; and unimportant, irrevelant, or not true = 1. These values then were averaged by the number of local offices in each area responding to each of the items. The overall average for a particular response is the average of the computed values for the areas responding to that question.

Table 5.4. Rank importance of the occupational group in which teenagers were placed in part-time year-round jobs most frequently during fiscal year 1969, by employment service local offices

[Rating scale: Most important = 3; second most important = 2; third most important = 1]

Occupational group	Region and area																				
	Average, all areas	I. Hartford, Conn.	I. Lewiston–Auburn, Maine	II. Buffalo, N.Y.	III. Baltimore, Md.	IV. Atlanta, Ga.	IV. Birmingham, Ala.	IV. Nashville, Tenn.	V. Battle Creek, Mich.	V. Cleveland, Ohio	V. Detroit, Mich.	V. Milwaukee, Wis.	V. Minneapolis–St. Paul, Minn.	VI. El Paso, Tex.	VI. Galveston–Texas City, Tex.	VI. Oklahoma City, Okla.	VII. Wichita, Kans.	VIII. Denver, Colo.	VIII. Salt Lake City, Utah	X. Seattle, Wash.
Professional, technical, managerial	0.03	0.00	0.00	0.14	0.00	0.20	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerical	1.07	1.42	0.00	1.14	1.33	1.40	1.75	1.67	1.00	1.50	1.67	1.67	0.67	1.00	0.00	1.25	0.00	1.00	0.00	1.20
Sales	0.82	1.75	0.00	2.14	1.67	0.40	0.75	0.67	3.00	1.00	0.33	0.33	1.00	0.00	0.00	0.60	1.00	0.00	1.00	0.00
Domestic service	0.47	0.00	2.00	0.29	0.00	0.40	0.75	0.00	0.00	0.75	0.17	2.00	0.67	0.00	1.00	0.25	0.00	0.00	0.00	0.60
Service, excluding domestic	1.59	2.00	0.00	1.71	2.00	1.60	1.00	1.67	2.00	0.75	0.67	2.00	2.00	2.00	2.00	1.50	0.00	3.00	3.00	1.40
Farming, fishery, forestry, and related occupations	0.26	0.00	0.00	0.00	1.00	0.20	0.00	0.00	0.00	1.00	0.17	0.00	0.00	0.00	0.00	0.60	2.00	0.00	0.00	0.00
Industrial	1.74	0.83	3.00	0.57	0.00	1.80	1.75	2.00	0.00	0.75	3.00	0.00	1.67	3.00	3.00	1.80	3.00	2.00	2.00	2.80

Table 5.5. Rank importance of most frequent reasons given by employers for not hiring teenagers in full-time year-round jobs as reported by employment service local offices

[Ranking scale: First rank = 3; second rank = 2; third rank = 1]

Reason	Region and area																
		II.	III.	IV.			V.					VI.				IX.	X.
	Average, all areas	Buffalo, N.Y.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Milwaukee, Wis.	Minneapolis–St. Paul, Minn.	El Paso, Tex.	Galveston–Texas City, Tex.	New Orleans, La.	Oklahoma City, Okla.	Los Angles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	0.93	0.73	0.86	0.40	2.00	0.00	1.00	0.50	0.92	1.33	0.33	3.00	0.00	1.25	0.60	0.75	1.25
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	0.04	0.00	0.14	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Legal restrictions on hours of work, hazardous work, or other working conditions, for teenagers	1.10	0.73	0.29	0.20	0.00	1.50	3.00	1.33	2.25	2.00	2.00	0.00	1.00	2.00	0.00	0.50	0.75
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	0.10	0.00	0.00	0.20	0.00	0.50	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.00
5. Employer fear of higher cost of workmen's compensation, other insurance, or insurance not covering teenagers	0.18	0.00	0.57	0.60	0.50	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.40	0.25	0.00
6. Employers believe teenagers are not reliable and/or are immature	1.08	1.36	1.43	2.00	2.00	0.50	2.00	1.67	0.33	1.00	0.67	0.00	0.00	0.25	3.00	0.38	1.75
7. High labor turnover among teenagers	0.34	0.18	0.71	0.60	0.00	0.50	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.25	1.20	0.75	0.50
8. State laws require too much paper work such as work permits	0.07	0.00	0.14	0.00	0.00	0.25	0.00	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00
9. High cost of hiring and training teenagers	0.16	0.00	0.57	0.00	0.00	0.75	0.00	0.33	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.63	0.00
10. Union contract provisions	0.08	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	0.00
11. Teenagers lack training, experience, and/or education	1.30	2.73	1.29	1.20	1.50	1.00	0.00	1.33	2.00	0.67	1.00	2.00	3.00	1.50	0.00	0.63	1.00
12. Teenagers lack transportation to jobs	0.03	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Unwillingness of teenagers to accept jobs within their skill range	0.01	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. Physical requirements	0.01	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Teenagers are more subject to injury on the job	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00
16. Impending marriages, including pregnancy	0.05	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
17. Teenagers show lack of initiative	0.01	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18. Teenagers have too much absenteeism	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19. Employers prefer more experienced, mature, or older persons	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.00	1.00	0.00	0.50	0.00	0.25	0.25
20. Teenager's inability to work hours needed for jobs because of school or other reasons	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00
21. Inappropriate teenage dress	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.25	0.00	0.00	0.00
22. Productivity vs. cost	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	0.00	0.00

Table 5.6. Rank importance of most frequent reasons given by employers for not hiring teenagers in part-time year-round jobs as reported by employment service local offices

[Ranking scale: First rank = 3; second rank = 2; third rank = 1]

Reason	Region and area														
		II.	III.	IV.			V.			VI.				IX.	X.
	Average, all areas	Buffalo, N.Y.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Milwaukee, Wis.	El Paso, Tex.	Galveston-Texas City, Tex.	Oklahoma City, Okla.	Los Angeles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	0.28	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.40	0.50	0.70
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	0.06	0.00	0.33	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	1.12	1.78	0.00	0.00	1.00	1.50	3.00	1.25	2.00	1.33	0.00	2.00	0.00	1.13	0.75
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	0.26	0.00	0.00	0.20	2.00	0.50	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.75	0.00
5. Employers hiring specifications with respect to age exclude teenagers	0.08	0.00	0.00	0.60	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Employer fear of higher cost of workmen's compensation, other insurance, or insurance not covering teenagers	0.26	0.00	1.00	0.40	0.00	0.00	0.00	0.25	0.33	0.00	1.00	0.00	0.40	0.25	0.00
7. Employers believe teenagers are not reliable and/or are immature	1.62	1.00	1.33	1.80	3.00	0.50	2.00	1.75	1.67	1.00	0.00	3.00	3.00	0.63	2.00
8. High labor turnover among teenagers	0.26	0.00	0.00	0.40	0.00	0.50	0.00	0.25	0.00	0.00	0.00	0.00	1.20	0.75	0.50
9. State laws require too much paper work such as work permits	0.15	0.00	1.00	0.00	0.00	0.25	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.38	0.00
10. High cost of hiring and training teenagers	0.17	0.00	0.00	0.60	0.00	0.75	0.00	0.00	0.00	0.67	0.00	0.00	0.00	0.38	0.00
11. Union contract provisions	0.06	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.00
12. Teenagers lack training, experience, and/or education	0.70	1.22	0.00	0.60	0.00	1.00	0.00	0.50	0.17	2.00	3.00	0.00	0.00	0.50	0.75
13. Teenagers lack transportation to jobs	0.08	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.00	0.00	0.00	0.00
14. Unwillingness of teenagers to accept jobs within their skill range	0.01	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Physical requirements	0.01	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16. Impending marriages, including pregnancy	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
17. Teenagers show lack of initiative	0.02	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18. Teenagers have too much absenteeism	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.00	0.00	0.00
19. Employers prefer more experienced, mature, or older persons	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.33	0.00	0.00	0.00	0.38	0.00
20. Teenagers' inability to work hours needed for jobs because of school or other reasons	0.53	1.11	2.33	0.20	0.00	0.00	1.00	1.25	0.50	0.00	0.00	1.00	0.00	0.00	0.00
21. Inappropriate teenage dress	0.02	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22. Productivity vs. cost	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
23. Minimum wage has caused employers to hire older youth in preference to 16–18 year olds	0.03	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24. Available supply of older, part-time workers	0.05	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
25. Scarcity of part-time jobs	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25

Table 5.7. Rank importance of reasons for difficulty in placing teenagers 16–17 years of age on full-time year-round jobs based on local office experience during fiscal year 1969

[Rating scale: Very important = 3; important = 2; unimportant, irrelevant, or not true = 1]

Reason	Region and area																			
		II.		III.	IV.			V.				VI.			VII.	VIII.		IX.	X.
	Average, all areas	Buffalo, N.Y.	Newark, N.J.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Minneapolis–St. Paul, Minn.	El Paso, Tex.	Galveston–Texas City, Tex.	Oklahoma City, Okla.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	1.32	1.20	1.00	1.29	1.40	1.25	1.00	1.00	1.40	1.00	1.00	3.00	2.00	1.20	2.00	1.00	1.00	1.00	1.00
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	1.77	1.80	2.00	2.00	1.80	2.50	1.75	2.00	2.00	1.00	1.00	1.00	3.00	1.40	2.00	1.00	3.00	1.62	1.00
3. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	2.75	2.90	3.00	2.14	2.80	2.50	3.00	3.00	3.00	2.83	2.67	3.00	2.00	3.00	3.00	3.00	2.00	2.87	2.80
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	1.79	1.50	1.00	1.71	1.80	1.50	1.75	1.00	2.20	2.25	1.00	2.00	2.00	1.80	2.00	3.00	2.00	1.50	2.20
5. Hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded	2.28	2.20	3.00	1.86	2.20	2.75	2.00	3.00	2.00	3.00	2.00	2.00	1.00	2.40	3.00	1.00	3.00	2.37	2.20
6. Employers' hiring specifications with respect to age exclude teenagers	2.44	2.21	2.00	2.00	2.60	2.50	2.75	3.00	2.20	3.00	2.67	2.00	2.00	1.80	3.00	3.00	3.00	2.25	2.00
7. Employer fear of higher cost of workmen's compensation and other insurance when teenagers are employed	2.19	2.00	1.00	2.14	1.60	2.50	2.75	3.00	1.80	3.00	3.00	3.00	1.00	2.40	3.00	1.00	2.00	2.50	1.80
8. Employers believe teenagers are not reliable	2.54	2.40	3.00	2.29	2.60	2.50	2.25	1.00	3.00	2.25	2.00	3.00	3.00	2.60	3.00	3.00	3.00	2.37	2.40
9. High labor turnover among teenagers	2.31	2.30	3.00	2.29	2.40	1.75	2.25	1.00	2.80	2.17	1.33	3.00	2.00	2.60	2.00	3.00	3.00	2.37	2.40
10. State laws require too much paper work such as work permits	1.85	2.20	2.00	1.29	1.80	1.50	1.50	2.00	1.80	2.75	1.00	1.00	1.00	1.20	2.00	2.00	2.00	1.87	2.20
11. High cost of hiring and training teenagers	1.65	1.80	1.00	2.00	2.40	1.75	1.75	1.00	2.20	1.00	1.33	2.00	1.00	1.60	2.00	1.00	2.00	1.87	2.00
12. Union contract provisions	1.63	1.20	1.00	1.43	2.20	1.50	1.00	1.00	1.60	1.58	1.00	1.00	2.00	1.40	3.00	3.00	1.00	2.37	2.00

Table 5.8. Rank importance of reasons for difficulty in placing teenagers 18–19 years of age on full-time year-round jobs based on local office experience during fiscal year 1969

[Rating scale: Very important = 3; important = 2; unimportant, irrelevant, or not true = 1]

Reason	Region and area																		
		II.		III.	IV.			V.				VI.			VII.	VIII.		IX.	X.
	Average, all areas	Buffalo, N.Y.	Newark, N.J.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Minneapolis-St. Paul, Minn.	El Paso, Tex.	Galveston-Texas City, Tex.	Oklahoma City, Okla.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	2.44	2.54	1.00	2.43	2.20	3.00	2.50	2.00	2.80	2.00	2.00	3.00	3.00	2.60	3.00	3.00	2.00	2.25	2.40
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	1.54	1.36	1.00	1.29	1.60	2.00	2.25	1.00	1.80	1.00	1.00	1.00	2.00	1.40	2.00	2.00	2.00	1.75	1.20
3. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	1.41	1.73	2.00	1.29	1.20	1.50	2.00	1.00	2.00	1.00	1.33	1.00	1.00	1.40	2.00	1.00	1.00	1.62	1.40
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	2.10	1.91	1.00	2.00	2.20	1.50	2.25	2.00	2.60	2.25	2.33	2.00	3.00	2.20	2.00	2.00	2.00	2.25	2.40
5. Hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded	1.95	2.09	3.00	1.57	1.80	1.00	2.00	1.00	2.20	1.83	1.67	2.00	2.00	2.40	2.00	3.00	2.00	2.12	1.40
6. Employers' hiring specifications with respect to age exclude teenagers	1.56	1.82	1.00	1.14	1.20	1.25	1.75	2.00	1.80	1.75	1.33	2.00	1.00	1.20	2.00	1.50	2.00	1.50	1.80
7. Employer fear of higher cost of workmen's compensation and other insurance when teenagers are employed	1.59	1.45	1.00	1.29	1.20	2.25	1.75	1.00	1.80	1.17	1.33	2.00	1.00	1.80	3.00	3.00	1.00	1.62	1.00
8. Employers believe teenagers are not reliable	2.10	2.09	3.00	1.86	2.00	2.00	2.00	1.00	2.80	1.00	1.33	2.00	2.00	2.80	3.00	3.00	2.00	2.12	1.80
9. High labor turnover among teenagers	2.14	2.27	3.00	2.00	2.00	1.75	2.00	1.00	2.60	2.00	2.00	2.00	2.00	2.60	2.00	2.00	3.00	2.12	2.20
10. State laws require too much paper work such as work permits	1.07	1.09	1.00	1.00	1.00	1.00	1.00	1.00	1.20	1.00	1.33	1.00	1.00	1.20	1.00	1.00	1.00	1.25	1.20
11. High cost of hiring and training teenagers	1.58	2.00	1.00	1.57	1.40	1.50	1.75	1.00	2.20	1.00	1.33	2.00	1.00	1.80	2.00	2.50	1.00	2.00	1.40
12. Union contract provisions	1.40	1.36	1.00	1.14	1.20	1.25	1.00	1.00	1.40	1.25	1.33	1.00	2.00	1.00	2.00	3.00	1.00	1.62	1.60

Table 5.9. Rank importance of reasons for difficulty in placing teenagers 16–17 years of age on part-time year-round jobs based on local office experience during fiscal year 1969

[Rating scale: Very important = 3; important = 2; unimportant, irrelevant, or not true = 1]

Reason	Region and area																		
		II.		III.	IV.			V.				VI.			VII.	VIII.		IX.	X.
	Average, all areas	Buffalo, N.Y.	Newark, N.J.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Minneapolis-St. Paul, Minn.	El Paso, Tex.	Galveston-Texas City, Tex.	Oklahoma City, Okla.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	1.18	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	1.66	2.12	1.00	2.00	1.60	1.75	2.00	2.00	1.75	1.00	1.00	1.00	3.00	1.40	2.00	1.50	2.00	2.75	1.00
3. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	2.71	3.00	2.00	2.67	2.80	2.50	3.00	3.00	3.00	2.75	2.67	3.00	2.00	2.80	3.00	3.00	2.00	2.87	2.80
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	1.64	1.25	1.00	1.33	1.80	1.50	1.33	1.00	2.00	2.00	1.00	2.00	2.00	1.60	2.00	3.00	1.00	1.50	2.20
5. Hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded	1.96	1.50	3.00	1.33	1.80	2.25	2.33	3.00	1.75	3.00	1.00	2.00	1.00	1.40	3.00	1.00	2.00	2.00	2.00
6. Employers' hiring specifications with respect to age exclude teenagers	2.23	2.50	2.00	1.67	2.60	2.25	2.00	3.00	2.00	3.00	2.33	2.00	2.00	1.80	2.00	3.00	2.00	2.00	2.00
7. Employer fear of higher cost of workmen's compensation and other insurance when teenagers are employed	2.09	1.75	1.00	2.33	1.60	2.25	2.67	3.00	2.00	3.00	2.67	2.00	1.00	2.40	3.00	1.00	2.00	2.50	1.40
8. Employers believe teenagers are not reliable	2.30	2.25	3.00	2.00	2.60	2.25	1.67	1.00	2.75	2.17	2.00	2.00	3.00	2.40	2.00	3.00	3.00	2.12	2.20
9. High labor turnover among teenagers	2.22	2.12	3.00	2.00	2.20	1.75	1.67	1.00	2.75	2.17	1.33	3.00	2.00	2.40	2.00	3.00	3.00	2.25	2.40
10. State laws require too much paper work such as work permits	1.59	2.00	2.00	1.33	1.80	1.00	1.00	2.00	1.75	2.83	1.00	1.00	1.00	1.20	2.00	1.00	2.00	1.75	2.00
11. High cost of hiring and training teenagers	1.57	1.37	1.00	1.67	2.20	1.50	1.67	1.00	2.25	1.00	1.33	2.00	1.00	1.60	2.00	1.00	2.00	1.87	1.80
12. Union contract provisions	1.72	1.00	1.00	1.67	1.80	1.50	1.00	1.00	1.25	1.58	1.00	1.00	3.00	1.40	3.00	3.00	(1)	2.12	2.00

[1] Data not reported.

Table 5.10. Rank importance of reasons for difficulty in placing teenagers 18–19 years of age on part-time year-round jobs based on local office experience during fiscal year 1969

[Rating scale: Very important = 3; important = 2; unimportant, irrelevant, or not true = 1]

Reason	Region and area																		
	Average, all areas	II.		III.	IV.			V.				VI.			VII.	VIII.		IX.	X.
		Buffalo, N.Y.	Newark, N.J.	Baltimore, Md.	Atlanta, Ga.	Birmingham, Ala.	Nashville, Tenn.	Battle Creek, Mich.	Cleveland, Ohio	Detroit, Mich.	Minneapolis–St. Paul, Minn.	El Paso, Tex.	Galveston–Texas City, Tex.	Oklahoma City, Okla.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
1. Uncertainty over the draft makes employers reluctant to hire teenagers	1.48	1.56	1.00	1.67	1.40	1.00	1.33	2.00	2.00	1.00	1.33	3.00	1.00	1.40	2.00	1.50	1.00	1.50	1.00
2. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	1.52	1.33	1.00	1.33	1.40	1.25	2.67	1.00	1.75	1.00	1.33	1.00	2.00	1.40	2.00	2.00	2.00	1.75	1.20
3. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	1.45	1.89	2.00	1.33	1.20	1.25	3.00	1.00	2.25	1.00	1.33	1.00	1.00	1.20	2.00	1.00	1.00	1.25	1.40
4. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	1.87	1.56	1.00	1.67	2.20	1.75	1.67	2.00	2.50	2.00	1.33	2.00	2.00	1.80	2.00	2.00	2.00	1.87	2.40
5. Hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded	1.54	1.44	3.00	1.33	1.60	1.00	2.33	1.60	2.00	1.75	1.00	1.00	1.00	1.40	2.00	2.00	1.00	1.75	1.20
6. Employers' hiring specifications with respect to age exclude teenagers	1.47	1.67	1.00	1.00	1.20	1.00	2.67	2.00	1.75	1.75	1.33	1.00	1.00	1.20	2.00	1.00	2.00	1.37	1.60
7. Employer fear of higher cost of workmen's compensation and other insurance when teenagers are employed	1.48	1.44	1.00	1.33	1.20	2.00	2.00	1.00	2.00	1.25	1.33	2.00	1.00	1.60	3.00	1.00	1.00	1.50	1.50
8. Employers believe teenagers are not reliable	1.95	2.00	3.00	1.67	2.00	2.00	1.67	1.00	2.75	1.00	1.33	1.00	2.00	2.40	3.00	3.00	2.00	1.75	1.60
9. High labor turnover among teenagers	2.01	2.00	3.00	1.67	1.80	1.75	1.33	1.00	2.75	2.00	1.33	2.00	2.00	2.40	2.00	3.00	2.00	2.00	2.20
10. State laws require too much paper work such as work permits	1.05	1.11	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.33	1.00	1.00	1.20	1.00	1.00	1.00	1.25	1.00
11. High cost of hiring and training teenagers	1.41	1.67	1.00	1.33	1.20	1.25	2.00	1.00	2.25	1.00	1.33	1.00	1.00	1.60	2.00	0.50	2.00	2.00	1.20
12. Union contract provisions	1.38	1.22	1.00	1.67	1.20	1.25	1.00	1.00	1.25	1.25	1.33	1.00	1.00	1.00	2.00	3.00	(1)	1.75	1.60

[1] Data not reported.

Table 5.11. Employment service local offices expressing the view that employers in their areas would hire appreciably [1] more teenagers than they now do if it were legally possible to pay teenagers a wage below the Federal minimum wage

Region and area	Number of local offices responding				
	Total	Expressing view that employers would hire appreciably more teenagers			
		16–17 years old		18–19 years old	
		Male	Female	Male	Female
Total, all areas	91	39	39	24	23
I. Hartford, Conn.	5	1	1	1	1
Lewiston-Auburn, Maine	(2)				
II. Buffalo, N.Y.	10	5	6	5	6
Newark, N.J.	(2)				
III. Baltimore, Md.	7	2	2	1	1
IV. Atlanta, Ga.	4	2	2	2	2
Birmingham, Ala.	4	2	1	0	0
Charlotte, N.C.	2	2	2	2	2
Nashville, Tenn.	4	0	0	0	0
V. Battle Creek, Mich.	1	0	0	0	0
Cleveland, Ohio	5	0	0	0	0
Detroit, Mich.	12	12	12	0	0
Milwaukee, Wis.	3	0	0	0	0
Minneapolis–St. Paul, Minn.	3	0	0	0	0
VI. El Paso, Tex.	3	0	0	0	0
Galveston–Texas City, Tex.	2	2	2	2	2
New Orleans, La.	4	4	4	4	4
Oklahoma City, Okla.	5	2	2	2	1
VII. Wichita, Kans.	1	1	1	1	1
VIII. Denver, Colo.	2	0	0	0	0
Salt Lake City, Utah	1	0	0	1	0
IX. Los Angeles, Calif.	8	3	3	3	3
X. Seattle, Wash.	5	1	1	0	0

[1] Appreciably was defined as meaning an increase of more than 3 percent in the number of teenagers hired during the past year.
[2] Information not available.

Table 5.12. Number of employment service local offices indicating that a lower Federal minimum wage would have an appreciably adverse effect on the full-time hiring of other groups of workers, by industrial groups

Region and area	Total number of local offices responding	Number of local offices indicating adverse effect by industry						
		Manufacturing	Wholesale trade; finance, insurance and real estate	Retail trade	Construction	Government	Services except private households	All other industries
Total, all areas	91	11	20	42	6	17	39	6
I. Hartford, Conn.	4	2	3	3	(1)	1	3	1
II. Buffalo, N.Y.	11	2	4	8	2	1	7	0
Newark, N.J.	2	1	0	1	0	1	0	0
III. Baltimore, Md.	7	0	0	0	0	0	0	0
IV. Atlanta, Ga.	6	0	0	0	0	0	1	0
Birmingham, Ala.	4	0	0	1	0	0	1	0
Charlotte, N.C.	2	1	0	2	0	0	1	0
Nashville, Tenn.	4	0	0	0	0	1	2	1
V. Battle Creek, Mich.	1	0	0	0	0	0	0	0
Cleveland, Ohio	5	0	0	0	0	0	0	0
Detroit, Mich.	12	0	12	12	0	12	12	0
Milwaukee, Wis.	3	0	0	0	0	0	0	0
Minneapolis–St. Paul, Minn.	3	0	0	0	0	0	0	0
VI. El Paso, Tex.	2	0	0	0	0	0	0	0
Galveston–Texas City, Tex.	5	1	0	2	0	0	2	0
Oklahoma City, Okla.	1	0	0	2	1	0	1	0
VII. Wichita, Kans.	2	0	0	1	1	0	1	1
VIII. Denver, Colo.	1	2	0	0	1	0	2	0
Salt Lake City, Utah	8	0	1	1	0	0	1	0
IX. Los Angeles, Calif.	5	2	0	1	0	1	1	2
X. Seattle, Wash.		0	0	1	0	0	1	0

[1] Failed to respond.

Table 5.13. Number of employment service local offices indicating that a lower Federal minimum wage would have an appreciably adverse effect on the part-time hiring of other groups of workers, by industrial groups

Region and area	Total number of local offices responding	Number of local offices indicating adverse effect by industry						
		Manufacturing	Wholesale trade; finance, insurance and real estate	Retail trade	Construction	Government	Services except private households	All other industries
Total, all areas	91	9	20	38	6	16	35	9
I. Hartford, Conn	4	0	3	3	(1)	1	3	1
II. Buffalo, N.Y	11	2	1	5	2	0	4	0
Newark, N.J	2	1	0	1	0	1	0	0
III. Baltimore, Md	7	0	0	0	0	0	0	0
IV. Atlanta, Ga	6	0	0	0	0	0	1	0
Birmingham, Ala	4	0	0	0	0	0	0	0
Charlotte, N.C	2	1	1	2	1	1	2	1
Nashville, Tenn	4	0	0	0	0	0	0	0
V. Battle Creek, Mich	1	0	0	0	0	0	0	0
Cleveland, Ohio	5	0	0	0	0	0	0	0
Detroit, Mich	12	0	12	12	0	12	12	0
Milwaukee, Wis	3	0	0	0	0	0	0	0
Minneapolis-St. Paul, Minn	3	0	0	0	0	0	0	0
VI. El Paso, Tex	3	0	0	0	0	0	0	0
Galveston-Texas City, Tex	2	0	0	2	0	0	2	2
Oklahoma City, Okla	5	1	0	5	1	0	1	1
VII. Wichita, Kans	1	0	0	1	1	0	1	1
VIII. Denver, Colo	2	2	0	1	0	0	2	0
Salt Lake City, Utah	1	0	1	0	0	0	1	1
IX. Los Angeles, Calif	8	2	2	5	1	1	5	2
X. Seattle, Wash	5	0	0	1	0	0	1	0

[1] Failed to respond.

Table 5.14. Rank importance of the occupational groups in which hiring of other groups of workers for full-time year-round jobs would be adversely affected by lowering minimum wage for teenagers as reported by employment service local offices

[Ranking scale: First rank = 3; second rank = 2; third rank = 1]

Occupational group	Average, all areas	Region and area												
		I	II		IV		V	VI		VII	VIII		IX	X
		Hartford, Conn.	Buffalo, N.Y.	Newark, N.J.	Birmingham, Ala.	Charlotte, N.C.	Detroit, Mich.	Galveston-Texas City, Tex.	New Orleans, La.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
Professional, technical, managerial	0.03	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerical	0.81	1.42	1.50	0.00	1.00	1.17	1.00	1.00	2.00	0.00	1.00	0.00	0.40	0.00
Sales	1.85	2.50	2.00	2.00	3.00	1.00	3.00	0.00	3.00	1.00	0.00	2.00	2.50	2.00
Domestic service	0.34	0.00	0.60	0.00	0.00	0.67	0.00	0.00	0.00	2.00	0.00	0.00	0.20	1.00
Service, excluding domestic	1.86	1.75	0.90	0.00	2.00	1.50	2.00	2.00	1.00	3.00	2.50	3.00	1.50	3.00
Farming, fishery, forestry, and related occupations	0.08	0.33	0.00	0.00	0.00	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Industrial	0.87	0.00	1.00	3.00	0.00	0.67	0.00	3.00	0.00	0.00	2.50	1.00	0.20	0.00

Table 5.15. Rank importance of the occupational groups in which hiring of other groups of workers for part-time year-round jobs would be adversely affected by lowering minimum wage for teenagers as reported by employment service local offices

[Ranking scale: First rank = 3; second rank = 2; third rank = 1]

Occupational group	Average, all areas	Region and area										
		I	II		IV	V	VI	VII	VIII		IX	X
		Hartford, Conn.	Buffalo, N.Y.	Newark, N.J.	Charlotte, N.C.	Detroit, Mich.	Galveston–Texas City, Tex.	Wichita, Kans.	Denver, Colo.	Salt Lake City, Utah	Los Angeles, Calif.	Seattle, Wash.
Professional, technical, managerial	0.21	0.00	0.00	0.00	2.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerical	0.55	1.42	0.87	0.00	0.14	1.00	1.00	0.00	1.00	0.00	0.57	0.00
Sales	1.69	2.50	1.87	2.00	1.00	3.00	2.00	1.00	0.00	1.00	2.25	2.00
Domestic service	0.36	0.00	1.00	0.00	0.64	0.00	0.00	2.00	0.00	0.00	0.33	0.00
Service, excluding domestic	2.02	1.75	1.37	0.00	0.64	2.00	3.00	3.00	2.50	3.00	2.00	3.00
Farming, fishery, forestry, and related occupations	0.09	0.33	0.00	0.00	0.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Industrial	0.89	0.00	0.87	3.00	0.64	0.00	0.00	0.00	2.50	2.00	0.75	0.00

Table 5.16. Rank importance of the sex, age, and race combinations of other workers who would be most adversely affected by lowering minimum wage for teenagers as reported by employment service local offices

[Rating scale: First rank = 3; second rank = 2; third rank = 1]

Region and area	Males								Females							
	White, by age group				Negro, by age group				White, by age group				Negro, by age group			
	20–24	25–44	45–64	65+	20–24	25–44	45–64	65+	20–24	25–44	45–64	65+	20–24	25–44	45–64	65+
Average, all areas	0.10	0.09	0.69	0.02	0.56	0.21	0.85	0.19	0.13	0.06	0.66	0.41	0.45	0.18	1.02	0.06
I. Hartford, Conn.	0.60	0.92	0.60	0.00	1.20	0.67	0.00	0.00	0.60	0.00	0.00	0.00	0.50	0.00	0.25	0.00
II. Buffalo, N.Y.	0.20	0.00	0.50	0.10	0.50	0.30	0.30	0.00	0.60	0.40	1.10	0.60	0.40	0.80	0.20	0.00
Newark, N.J.	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00
IV. Atlanta, Ga.	0.17	0.17	0.17	0.17	0.17	0.17	0.75	0.75	0.33	0.33	0.33	0.33	0.33	0.33	0.75	0.75
Birmingham, Ala.	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00	0.00
V. Detroit, Mich.	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00	0.00
VI Galveston–Texas City, Tex.	0.00	0.00	0.00	0.00	3.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00
Oklahoma City, Okla.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	2.00	1.00	0.00	0.00	0.00
VIII. Denver, Colo.	0.00	0.00	3.00	0.00	0.00	0.00	1.00	0.50	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00
Salt Lake City, Utah	0.00	0.00	2.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
IX. Los Angeles, Calif.	0.17	0.00	0.00	0.00	1.83	0.33	0.17	0.00	0.00	0.00	0.00	0.00	1.17	0.00	0.00	0.00
X. Seattle, Wash.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00	0.00	0.00	3.00	0.00

Table 5.17. New applications for work filed during June 1969 at employment service local offices in selected areas

Region and area	New applications							
	Both sexes				Female			
	Total		16–17 years	18–19 years	Total		16–17 years	18–19 years
	All ages	Teenagers			All ages	Teenagers		
Total, all areas	182,876	70,982	29,766	38,909	86,981	33,640	14,016	19,698
I. Hartford, Conn	5,997	2,499	1,559	940	2,797	1,206	771	435
Lewiston–Auburn, Maine	657	321	221	100	317	153	98	55
II. Buffalo, N.Y	6,737	3,063	1,409	1,654	3,239	1,553	695	858
Newark, N.J	9,777	2,805	1,204	1,601	4,780	1,444	636	808
III. Baltimore, Md	13,852	6,830	3,715	3,115	10,554	3,631	1,860	1,771
IV. Atlanta, Ga	6,594	2,614	1,150	1,464	3,771	1,506	686	820
Birmingham, Ala	6,478	2,788	1,290	1,498	3,120	1,296	547	749
Charlotte, N.C	2,441	902	489	413	1,237	433	225	208
Nashville, Tenn	2,968	1,476	817	659	1,406	660	330	330
V. Battle Creek, Mich	914	402	138	264	399	185	45	140
Cleveland, Ohio	6,981	3,546	1,702	1,844	3,214	1,709	803	906
Detroit, Mich	20,423	6,938	1,577	5,361	9,202	3,440	799	2,641
Milwaukee, Wis	5,895	2,393	1,351	1,042	2,430	1,130	645	485
Minneapolis–St. Paul, Minn	12,144	5,810	1,875	3,935	4,812	2,526	808	1,718
VI. El Paso, Texas	3,721	1,932	1,055	877	1,544	777	388	389
Galveston–Texas City, Tex	2,076	865	388	477	815	393	171	222
New Orleans, La	5,292	1,630	206	1,424	2,744	972	129	833
Oklahoma City, Okla	4,713	2,243	1,251	992	2,334	1,237	522	715
VII. Wichita, Kans	2,409	1,013	(1)	(1)	1,062	319	(1)	(1)
VIII. Denver, Colo	10,232	4,692	1,079	3,613	4,234	1,942	446	1,496
Salt Lake City, Utah	3,533	1,321	(1)	(1)	1,614	(1)	(1)	403
IX. Los Angeles, Calif	42,270	13,077	6,710	6,367	18,548	6,182	3,135	3,047
X. Seattle, Wash	6,772	1,849	580	1,269	2,808	946	277	669

[1] Information not available.

Table 5.18. Active applications for work on file at the end of June 1969 at employment service local offices in selected areas

Region and area	Active file							
	Both sexes				Female			
	Total		16–17 years	18–19 years	Total		16–17 years	18–19 years
	All ages	Teenagers			All ages	Teenagers		
Total, all areas	[2] 404,300	103,449	44,186	57,414	[2] 191,763	50,649	21,474	28,375
I. Hartford, Conn	10,284	1,849	(1)	(1)	4,232	800	(1)	(1)
Lewiston–Auburn, Maine	2,948	1,290	437	853	1,536	696	230	466
II. Buffalo, N.Y	16,819	6,750	3,496	3,254	9,820	3,883	2,070	1,813
Newark, N.J	36,217	7,689	3,591	4,098	19,094	4,094	1,805	2,289
III. Baltimore, Md	31,428	(1)	(1)	(1)	15,717	(1)	(1)	(1)
IV. Atlanta, Ga	13,759	4,418	1,863	2,555	8,249	2,454	1,198	1,256
Birmingham, Ala	18,929	6,287	2,936	3,351	10,175	3,143	1,297	1,846
Charlotte, N.C	5,540	1,297	602	695	3,009	865	383	482
Nashville, Tenn	4,771	922	544	378	2,509	649	341	308
V. Battle Creek, Mich	1,978	631	359	272	817	309	184	125
Cleveland, Ohio	16,491	5,168	1,884	3,284	7,763	2,397	841	1,556
Detroit, Mich	38,149	9,687	2,671	7,016	23,480	5,111	1,321	3,790
Milwaukee, Wis	18,542	6,742	4,276	2,466	7,281	3,478	2,469	1,009
Minneapolis–St. Paul, Minn	16,932	9,015	5,629	3,386	7,047	4,371	2,684	1,687
VI. El Paso, Tex	9,565	4,329	2,148	2,181	3,813	1,824	809	1,015
Galveston–Texas City, Tex	6,050	1,809	832	977	2,200	761	294	467
New Orleans, La	11,721	2,045	173	1,872	5,603	1,281	100	1,181
Oklahoma City, Okla	9,211	3,294	1,957	1,337	4,963	1,588	804	784
VII. Wichita, Kans	6,422	(1)	(1)	(1)	2,805	(1)	(1)	(1)
VIII. Denver, Colo	17,108	7,844	1,803	6,041	6,331	2,903	666	2,237
Salt Lake City, Utah	6,970	(1)	(1)	(1)	3,210	(1)	(1)	(1)
IX. Los Angeles, Calif	131,192	19,277	8,355	10,922	56,002	8,606	3,713	4,893
X. Seattle, Wash	18,094	3,106	630	2,476	7,839	1,436	265	1,171

[1] Information not available.
[2] To preserve comparability with "Teenagers" column, "Total all ages" does not include figures for Baltimore, Salt Lake City, and Wichita areas for which teenager data were not reported.

CHAPTER VI

Wage Expectations

Do teenagers have unrealistic expectations about how much they can earn? Is the problem of teenage unemployment attributable to the unwillingness of teenagers to accept available employment at prevailing wages? Some evidence relevant to those questions is available from the National Longitudinal Studies and the Urban Employment Surveys.

National Longitudinal Studies

Tabulations from the Longitudinal Studies [1] provide data for young men as of the October 1967 survey week. At the time, the minimum wage of $1.40 for previously covered workers and $1 for newly covered workers had been in effect about 9 months.

The test of "realism" that can be imposed is based upon a comparison of wage expectations of persons unemployed or out of the labor force with wages actually received by those who are employed. If expectations are realistic, the rate of pay an unemployed person would require to accept employment should be no more than that received by comparable individuals who are employed.

Ideally, comparisons should be exact. That is, comparisons should be made among persons in the same age-sex-color group, with comparable school status, educational attainment, and abilities; located in the same area; and looking for or holding comparable jobs in the same industry. Available tabulations permit only more limited comparisons.[2]

Wages received by employed young men, the wage required by those unemployed to accept employment, and the wage required to induce persons outside the labor force to enter are given in table 6.1. Although these comparisons control for age and color alone, a few interesting facts emerge.

Both wages earned and wage expectations increase with age for both racial groups and are higher for whites than for other races. Contrary to the hypothesis of unreasonable expectations, the average wage expected by unemployed young men is, within any age-color group, lower than that for the employed. However, the proportion of unemployed teenage males willing to accept employment at a wage below $1.40 an hour was less than the proportion of employed teenagers actually receiving less than $1.40, except among Negroes and other races 15–17 years old. The tendency for wage expectations for most unemployed teenage groups to fall in the $1.40–$1.99 range to a greater extent than is true of wages received by employed teenagers suggests the possibility that expectations may be affected by the level of the minimum wage.

We can refine the analysis by restricting the comparison to those teenagers enrolled in school.[3] See table 6.2. Among the 15- to 17-

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This chapter was prepared by Harvey R. Hamel and Melvin Goldberg, of the Office of Manpower and Employment, and Thomas W. Gavett of the Office of Wages and Industrial Relations, Bureau of Labor Statistics. The section based on the national longitudinal materials was written by Gavett and the section on the UES data by Hamel and Goldberg.

Footnotes begin on p. 101, tables on p. 102.

year-old group, wage expectations and wage levels received are about the same. Among the 18- to 19-year-old group, however, wage expectations among unemployed whites are above the wage levels received by those employed. For Negroes and other races in that age group, average expectations and wages received are almost the same. Both white and other 18–19-year-olds who are unemployed are less willing to take low wage jobs. Whether this group, which includes males finishing high school or in college, has unreasonable expectations or whether there are other factors that explain this peculiar result is unknown.

More surprising than the differences between the employed and unemployed teenagers is the fact tnat teenagers outside the labor force could be drawn into employment at a lower wage, on the average, than that which employed teenagers receive or that which unemployed teenagers expect. One might speculate that other considerations are included—those out of the labor force are more likely to be students and potentially interested in a part-time job at a convenient location—but available tabulations do not permit any finer comparisons.

What conclusions can be drawn?[4] The comparisons made are limited since some relevant factors could not be held constant. It seems, however, that the average wage expected by the unemployed teenager is below that received by those employed. The unemployed teenager appears, however, slightly disinclined to accept the lowest wage jobs compared, at least, with his employed counterpart. However, there are large numbers of teenagers, both unemployed and out of the labor force, who did indicate a willingness to accept low-wage employment—at least if the right job came along.

The data on expected and actual earnings refer to the 12-month period July 1968-June 1969. Information on wage expectations was collected from employed and unemployed teenagers (16–19 years old) in each area who looked for work at any time during the year. Those who did look for work were asked the following question, "The last time you looked for a job, what was the lowest pay you would have accepted?"

The majority of the teenage residents of all six CEP areas are Negro and other races. The proportions are as follows: Chicago, 98 percent; Detroit, 83 percent; Atlanta, 82 percent; New York City, 69 percent; Houston, 60 percent; and Los Angeles, 52 percent. Nearly half the teenage residents of the Los Angeles area and about one-fifth of the Houston area population are of Mexican descent and nearly one-fifth of the New York City teenagers are Puerto Rican.

Urban Employment Surveys

The data from the National Longitudinal Studies refer to young males throughout the country in 1967. Some insight into wage expectations of male and female teenagers in different areas of the country, especially those located in poverty areas, is available from the Urban Employment Survey, a survey of residents of Concentrated Employment Program areas in six large cities.[5] Findings from the CEP areas of all six cities suggest that wage demands of both currently unemployed teenagers and employed teenagers (when they last sought work)[6] are not generally unreasonable relative to actual wage rates. However, the data also suggest that the wage expectations of a small proportion of unemployed male teenagers in the New York and Chicago areas were unrealistic in terms of the actual wages being paid to employed teens. A detailed look at two of the six cities, showing somewhat different results, follows.

Chicago

Data from the UES for the Chicago poverty area (covering the period July 1968–June 1969) show that the median wage expected by both jobless teenage boys and girls was not unrealistic. Jobless teens were seeking about the same level of hourly earnings ($1.70) as the actual wages earned by employed teenagers in the area ($1.77). However, the proportion of all currently jobless teens (25 percent) who were willing to accept less than $1.60 an hour was smaller than the proportion of employed teenagers (41 percent) who were actually earning

these low wage rates. Thus about 16 percent of all unemployed teenagers appeared to be seeking wages higher than employed teens were actually receiving.

Teenage girls generally set lower sights in their wage expectations than teenage boys. The average wage expectation of unemployed girls was $1.66 compared with $1.81 for unemployed boys. Neither of these averages were substantially different from the average wages actually being earned by employed teens.

One out of every three unemployed teenage girls was willing to accept less than $1.60, somewhat less than the proportion of teenage girls (46 percent) who were actually earning that amount. There was little difference between the wage expectations of currently unemployed girls and that of employed girls when they last sought work; one out of every three in each group was willing to accept less than $1.60.

Teenage boys appeared to be less realistic about their wage expectations than girls. Only about 14 percent of the unemployed youth were expecting less than $1.60, whereas about 36 percent of the employed youth were actually earning that amount. Thus, about 25 percent of the unemployed boys were apparently seeking wages higher than the going wage.

This does not mean that jobless teenagers, especially boys, were expecting high wage rates. Only one-fourth of the jobless boys and one-tenth of the jobless girls expected to earn $2.00 an hour or more; a significantly greater proportion of the employed teens were actually earning those wage rates—nearly one-half of the boys and nearly one-third of the girls.

Atlanta

Atlanta UES results more consistently indicate that wage expectations of teenagers were not unrealistic in terms of prevailing wages. Unemployed teenagers in Atlanta were actually willing to accept the same or lower wages than their employed counterparts were already receiving. One out of every three unemployed teenage boys and two out of every three teenage girls expected to receive less than $1.60 an hour; roughly the same proportion of boys and even fewer of the girls (55 percent) actually earned that wage during the July 1968–June 1969 period. For both boys and girls, the proportion of unemployed teenagers willing to accept jobs at under $1.60 was greater than the proportion of employed teenagers who had been willing to accept such wages the last time they looked for work.

The fact that there is little difference between the wage expectations of most jobless youth and the wages actually being paid to employed teenagers suggests that wage demands of most teenagers were not unreasonable in these poverty areas. Rather, it appears that wage expectations of most teenagers are heavily influenced by current wage rates. Although many other factors such as job skills, experience, and educational background have to be taken into account to draw definitive conclusions, it nonetheless appears that only a very small proportion of the teenagers in these areas had high wage demands. Evidently, the majority of poverty areas teens, like most new and inexperienced workers, realistically adjust their wage expectations during their search for employment.

FOOTNOTES

[1] The longitudinal studies are briefly described in chapter 3 of this study. The wage data are not always strictly wage rates; note the comments on page 57 of chapter 3. The basic tabulations for this section were prepared by the Ohio State University group. They are not responsible, however, for the analysis or conclusions in this section.

[2] Even if the universe of teenagers were covered by a survey, the number of factors which should be held constant, including interaction terms, would be almost impossible.

[3] Data do not permit a comparison of those not enrolled in school.

[4] The study of "Out-of-School Youth," BLS Special Labor Force Report 47, 1964, should be mentioned. It indicates that in February 1963, earnings expectations among the unemployed were lower than earnings received by employed youth. The study controlled for

sex and school status and provides data for those 16–21 —no finer age breaks are available. This sheds no light, however, on the expectations of persons out of the labor force.

[5] The cities are Atlanta, Chicago, Detroit, Houston, Los Angeles, and New York City. CEP refers to target areas in which the Department of Labor has combined separate manpower programs to concentrate the impact of these programs in specific neighborhoods.

[6] For purposes of simplicity in the remainder of this section, wage expectations of employed teenagers when they last sought work will generally be described simply as "the expected wage of employed teenagers." See previous note.

Table 6.1. Rate of pay required to accept employment, those unemployed in 1967, rate of pay required to enter labor force, those out of labor force in 1967, 1967 hourly rate of pay, those employed in 1967, by age: men 15–25 years of age, by color

Age and 1967 labor force status	Total number (thousands)	Hourly pay requirements				
		Less than $1.40	$1.40 to $1.99	$2.00 to $2.99	$3.00 or more	Mean pay required or earned
	Whites					
Age 15–17:						
Out of labor force	808	51.1	44.5	3.9	0.5	$1.32
Unemployed	400	43.0	50.9	4.8	.0	1.35
Employed	1,968	47.5	37.9	9.9	4.7	1.59
Age 18–19:						
Out of labor force	196	13.8	57.2	23.0	6.0	1.69
Unemployed	141	18.0	46.1	29.7	6.2	1.76
Employed	1,493	25.2	33.6	30.9	10.3	1.93
Age 20–25:						
Out of labor force	140	23.6	30.9	19.2	26.2	2.08
Unemployed	121	13.3	38.0	21.7	27.1	2.25
Employed	4,848	5.4	15.8	42.0	36.8	2.78
	All others					
Age 15–17:						
Out of labor force	161	64.8	30.5	3.3	1.3	$1.30
Unemployed	99	58.8	33.5	7.7	.0	1.30
Employed	297	51.6	35.6	9.4	3.4	1.53
Age 18–19:						
Out of labor force	19	(1)	(1)	(1)	(1)	(1)
Unemployed	42	28.8	48.1	20.5	2.6	1.61
Employed	212	37.6	29.8	22.3	10.3	1.75
Age 20–25:						
Out of labor force	26	21.5	48.9	29.6	.0	1.89
Unemployed	41	15.7	36.3	43.9	4.1	2.01
Employed	670	14.0	33.4	37.7	14.9	2.14

[1] Not available.

Note: Percent distributions exclude respondents willing to accept any wage offered. Totals for "out of the labor force" exclude persons who were unwilling to accept a job regardless of wage.

Table 6.2. Rate of pay required to accept employment, those unemployed in 1967, 1967 hourly rate of pay, those employed in 1967, by age and color: men 15–19 years of age enrolled in school

Age and 1967 labor force status	Total number (thousands)	Hourly pay requirements				
		Less than $1.40	$1.40 to $1.99	$2.00 to $2.99	$3.00 or more	Mean pay required or earned
	Whites					
Age 15–17:						
Unemployed	353	47.5	51.1	1.4	0.0	$1.32
Employed	1,655	51.1	37.7	7.1	4.1	1.55
Age 18–19:						
Unemployed	111	23.8	46.6	21.4	5.0	1.73
Employed	612	37.9	37.4	19.6	8.2	1.68
	All others					
Age 15–17:						
Unemployed	79	62.8	32.0	5.2	0.0	$1.23
Employed	207	59.7	31.2	6.3	2.9	1.40
Age 18–19:						
Unemployed	25	39.2	52.5	4.1	4.1	1.49
Employed	62	60.1	13.5	21.3	5.1	1.50

Table 6.3. Expected and actual wages of employed and unemployed 16–19 year-olds in CEP areas, July 1968–June 1969 period accumulated

Wage level	Atlanta			Chicago		
	Expected wage of unemployed	Actual wage of employed	Expected wage of employed when they last sought work	Expected wage of unemployed	Actual wage of employed	Expected wage of employed when they last sought work
Both sexes	600	2,100	1,600	1,600	4,900	2,300
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	50.0	42.9	37.5	25.0	40.8	30.4
$1.60–1.99	50.0	33.3	56.3	56.3	20.4	39.1
$2.00 and over		23.8	6.3	18.8	38.8	30.4
Median wage	$1.45	$1.69	$1.63	$1.70	$1.77	$1.73
Boys	300	1,000	900	700	2,500	1,200
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	33.3	30.0	22.2	14.3	36.0	25.0
$1.60–1.99	66.7	40.0	66.7	57.1	16.0	25.0
$2.00 and over		30.0	11.1	28.6	48.0	50.0
Median wage	$1.68	$1.75	$1.69	$1.81	$1.88	$2.00
Girls	300	1,100	700	900	2,400	1,100
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	66.7	54.5	57.1	33.3	45.8	36.4
$1.60–1.99	33.3	27.3	42.9	55.5	25.0	54.5
$2.00 and over		18.2		11.1	29.2	9.1
Median wage	$1.23	$1.53	$1.53	$1.66	$1.68	$1.66
	Detroit			Houston		
Both sexes	1,700	3,100	1,900	1,100	2,800	2,000
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	47.1	38.7	36.8	72.7	53.6	60.0
$1.60–1.99	35.3	19.4	26.3	27.3	25.0	40.0
$2.00 and over	17.6	41.9	36.8		21.4	
Median wage	$1.64	$1.81	$1.72	$1.24	$1.55	$1.45
Boys	900	1,800	1,000	400	1,900	1,200
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	33.3	33.3	20.0	50.0	47.4	50.0
$1.60–1.99	33.3	11.1	30.0	50.0	26.3	50.0
$2.00 and over	33.3	55.6	50.0		26.3	
Median wage	$1.79	$2.25	$2.00	$1.60	$1.62	$1.60
Girls	800	1,300	900	700	900	800
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	62.5	46.2	55.6	85.7	66.7	75.0
$1.60–1.99	37.5	30.8	22.2	14.3	22.2	25.0
$2.00 and over		23.1	22.2		11.1	
Median wage	$1.53	$1.68	$1.53	$1.17	$1.38	$1.30
	New York City			Los Angeles		
Both sexes	3,600	10,900	5,700	500	2,000	900
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	33.3	33.0	36.8		30.0	11.1
$1.60–1.99	44.4	23.9	43.9	80.0	25.0	44.4
$2.00 and over	22.2	43.1	19.3	20.0	45.0	44.4
Median wage	$1.76	$1.81	$1.70	$1.69	$1.83	$1.86
Boys	2,200	5,900	3,000	300	1,700	600
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	27.3	37.3	40.0		25.0	
$1.60–1.99	50.0	25.4	43.3	66.7	25.0	33.3
$2.00 and over	22.7	37.3	16.7	33.3	50.0	66.7
Median wage	$1.79	$1.74	$1.69	$1.71	$2.00	$2.08
Girls	1,400	5,000	2,700	200	800	300
Percent distribution	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1.60	42.9	28.0	33.3		37.5	33.3
$1.60–1.99	35.7	22.0	44.4	100.0	25.0	66.7
$2.00 and over	21.4	50.0	22.2		37.5	
Median wage	$1.68	$2.00	$1.71	$1.68	$1.75	$1.68

Note: Medians based on detailed wage rate intervals, not shown.

CHAPTER VII

Teenage Earnings and Family Income

How much do teenagers earn? Are they major contributors to family income? Retabulation of materials from the February and March 1967 supplements to the Current Population Survey provide some pertinent data.[1]

In 1966, about 40 percent of all 16–19-year-olds had no wage and salary income, either because they were not employed or because their only employment was as unpaid family workers or in self-employment (table 7.1). Of those who were employed sometime during the year, 73 percent earned less than $1,000 a year. Less than 10 percent of all teenagers were members of poor families—those with incomes below $3,000 a year. Almost 38 percent were members of families with incomes of $5,000 to $10,000 a year, and about 41 percent were in families with incomes of $10,000 or more.

As might be expected, the teenager's contribution to family income was directly proportional to his total wage and salary income. Among teenagers earning $500–$1,000, for example, the median teenager's earnings as a percent of total family income was 7.5 percent (using the midpoint of reported ranges). The median percentage contribution rose to 22.5 percent among those teenagers earning $2,000 to $3,000, and to 35 percent among those earning over $4,000 a year (table 7.2).

More relevant is the difference in percent contributions of teenager's earnings to family income among families at various income levels.[2] As shown in table 7.3, the relative importance of teenager's earnings is inversely proportionate to family income. Among families with an income of less than $3,000 a year, about 65 percent of the teenagers contributed less than 5 percent to family income, either because the teenagers had no earnings or insignificant earnings relative to family income (the latter was more likely to be true among higher income families). The proportion of teenagers contributing little to family income rose to about 69 percent among families with incomes of $10,000–$15,000 and to 77 percent among families with income of $15,000 or more a year. Conversely, among families with incomes of less than $3,000 a year, 13 percent of the teenagers contributed 25 percent or more of family income compared with 4 percent of the teenagers in families with incomes of $10,000 or more.

A larger proportion of male than female teenagers were major contributors to family income among both poor and prosperous families. The proportion of male teenagers contributing 25 percent or more of family income was about twice as large among families with incomes of less than $3,000 (about 17 percent of the men and 8 percent of the women). Among families with incomes of $10,000 or more, 4 percent of the male but only 3 percent of the female teenagers contributed 25 percent of family income. It is also consistently true that a larger proportion of female teenagers are minor (less than 5 percent) contributors to family income. Even if

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This chapter was prepared by Thomas W. Gavett, Office of Wages and Industrial Relations, Bureau of Labor Statistics. The basic tabulations for this chapter were prepared by Robert L. Stein, assisted by Rowena Lipscomb, in the Office of the Chief Economist.

Footnoes appear on p. 105, tables on p. 106.

minor contributors are excluded, male teenagers are more frequently major contributors to family income.

Younger teenagers (16–17 year-olds) contribute much less to family income than those 18–19 years old. Only 9 percent of the younger teenagers in low-income families contributed 25 percent or more of family income compared with 26 percent of the older teenagers. In families receiving $10,000 or more, less than 1 percent contributed 25 percent of family income compared with 11 percent for the older teenagers. Similarly, the proportion of minor contributors (less than 5 percent of family income) was about 40 percent greater among 16- to 17 year-olds in poor families and 63 percent greater in families receiving $10,000 or more.

Teenagers are more likely to be major contributors to families headed by a woman than to husband-wife families. Although 13 percent of all 16–19 year-olds in families with incomes below $3,000 contributed 25 percent or more of family income, the proportion was 15 percent among families headed by a woman and less than 10 percent among husband-wife families. The differences are more striking among families receiving $10,000 or more. For all teenagers, 4 percent were major contributors 3 percent in husband-wife families, and 16 percent in the relatively small number of families headed by women receiving $10,000 or more in income.

Only 4 percent of all 16–19 year-olds worked full-time year-round.[3] About 40 percent of all such teenagers contributed 25 percent or more of total family income. Apparently, most of the teenagers in this small group are 18–19 years old and members of families with annual incomes of $10,000 or more.

The information collected in the February-March 1967 supplements to the Current Population Survey did not permit calculation of an hourly wage rate. Hence, we do not know whether teenagers' annual wage and salary earnings were low primarily due to short hours and few weeks of work or also to low wage rates. The number of full-time year-round teenagers is too few to draw meaningful inferences about wage rates from these statistics.

The few general conclusions are obvious. Over 90 percent of all teenagers are not members of poor families. Over 80 percent earned little (less than $1,000) or nothing and consequently contributed less than 10 percent to family income. Less than 6 percent of all teenagers contributed a significant share (25 percent or more) to family income. When working, about 75 percent usually work part time, and extremely few work full-time year-round.

Except in a minority of cases (but these are important), it is difficult to argue that the earnings of teenagers are important to the family. More likely, the teenager's earnings provide some financial independence from the family—earnings gained while learning about the world of work.[4]

FOOTNOTES

[1] The February supplement provided information on the number of weeks worked in 1966 and whether the individual usually worked full or part time. The March supplement provided information on wage and salary and on other forms of income for each individual and, by aggregation, all individuals in the family. Data for this study were derived from the person-family tape in the BLS microtape library.

[2] The tabulations relate each teenager's earnings to family income. Tabulations are not available to cover cases where two teenagers or more contributed to the same family's income.

[3] Year-round means 50–52 weeks, and full-time means the individual usually worked 35 hours a week or more when he worked. The data include unpaid family workers and the self-employed.

[4] See also "Unemployment in the American Family," *Monthly Labor Review*, October 1968 (Special Labor Force Report No. 99), which was based on the same supplements to the Current Population Survey.

Table 7.1. Distribution of 16–19 year-olds, by wage and salary income and total family income, 1966

[In thousands]

Wage and salary income	Total	Total family income						
		Less than $2,000	$2,000 to $2,999	$3,000 to $4,999	$5,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 or more
None	4,855	346	267	620	812	1,137	1,102	571
$1 to $499	3,661	226	188	456	519	830	897	545
$500 to $999	1,639	33	54	155	216	391	505	285
$1,000 to $1,499	760	7	19	55	109	189	227	154
$1,500 to $1,999	377	1	9	27	44	87	143	66
$2,000 to $2,999	429	1	6	31	46	91	188	66
$3,000 to $3,999	211	0	0	10	11	64	80	46
$4,000 to $4,999	90	0	0	1	6	13	41	29
$5,000 or more	83	0	0	0	0	14	31	38
Totals	12,105	614	543	1,355	1,763	2,816	3,214	1,800

Table 7.2. Distribution of 16–19 year-olds, by wage and salary earnings and percent of total family income contributed by the teenager

Wage and salary income	Total	Percent of family income									
		Less than 5	5 to 9.9	10 to 14.9	15 to 19.9	20 to 24.9	25 to 29.9	30 to 39.9	40 to 49.9	50 to 74.9	75 or more
None	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
$1 to $499	100.0	81.1	12.7	3.0	1.3	.7	.3	.4	.1	.3	.2
$500 to $999	100.0	27.1	46.9	13.5	5.6	3.0	1.3	1.0	.5	.7	.4
$1,000 to $1,499	100.0	3.4	35.8	29.7	15.6	6.6	1.8	3.6	1.8	1.5	.3
$1,500 to $1,999	100.0	.3	11.2	29.5	27.4	13.6	5.1	6.4	3.2	1.9	1.6
$2,000 to $2,999	100.0	.2	3.1	14.1	27.0	19.0	11.7	11.0	6.8	5.6	1.4
$3,000 to $3,999	100.0	.0	1.0	1.0	11.1	21.6	13.5	28.8	13.0	5.8	4.3
$4,000 to $4,999	100.0	.0	.0	.0	6.7	14.6	16.9	31.5	14.6	11.2	4.5
$5,000 or more	100.0	.0	.0	.0	1.2	3.7	9.9	25.9	28.4	25.9	4.9
Totals	100.0	68.5	12.9	6.0	4.2	2.6	1.4	2.0	1.1	0.9	0.4

Note: Because of rounding, sums of individual items may not equal totals.

Table 7.3. Distribution of 16–19 year-olds, by total family income and percent of total family income contributed by the teenager

Total family income	Total	Percent of family income									
		Less than 5	5 to 9.9	10 to 14.9	15 to 19.9	20 to 24.9	25 to 29.9	30 to 39.9	40 to 49.9	50 to 74.9	75 or more
$0 to $1,999	100.0	64.7	6.1	4.6	5.1	4.3	1.9	3.8	1.7	4.4	3.4
$2,000 to $2,999	100.0	64.9	8.2	8.2	6.1	2.8	1.9	1.9	2.2	2.2	1.7
$3,000 to $4,999	100.0	64.5	12.2	7.0	3.8	3.5	1.6	2.8	1.8	1.9	.9
$5,000 to $6,999	100.0	66.8	14.4	5.5	5.2	2.8	1.2	2.0	1.3	.8	.1
$7,000 to $9,999	100.0	67.6	13.8	7.3	3.5	2.3	1.4	2.2	1.1	.6	.1
$10,000 to $14,999	100.0	68.5	13.8	5.8	5.1	2.6	1.3	1.8	.7	.3	.0
$15,000 or more	100.0	77.0	12.8	3.9	2.0	1.8	1.1	.9	.4	.0	.0
Totals	100.0	68.5	12.9	6.0	4.2	2.6	1.4	2.0	1.1	0.9	0.4

Note: Because of rounding, sums of individual items may not equal totals.

CHAPTER VIII

Study of Full-time Student and Learner Certification Programs Under the Fair Labor Standards Act

This chapter provides information on a survey of establishments which applied for and received certificates to employ learners and full-time students at subminimum rates under the Fair Labor Standards Act. The analysis is intended to help determined whether subminimum wage rates encourage the employment of teenagers, and the extent to which employers used or failed to use certificates. A discussion of the scope and method of the survey and a list of reference tables appear in the appendix.

Highlights of the study

Authorization to employ full-time students at subminimum rates was underutilized. Only 42 percent of the 36 million man-hours authorized at 85 percent of the satutory minimum wage were used. One-fifth of the 4,615 establishments did not use their authorizations. All but 2 percent of the full-time student man-hours were used to employ teenagers.

Establishments in the South used a smaller proportion of their man-hours than did establishments in the rest of the Nation. The wage incentive to employ full-time students at minimum rates is less in the South where prevailing wages tend to cluster around the minimum wage.

Of the 15 million man-hours used to employ full-time students at subminimum rates, almost a fourth were by establishments of the S.S.Kresge Co. (over 2 million) and the G.C.Murphy and Morgan Lindsey Co. (almost 1.4 million). Establishments in 11 enterprises, including the Kresge and Murphy chains, used half of all man-hours.

The most frequently cited reason given for not using or not fully utilizing the certificates was that the establishments were completely staffed. Other reasons more commonly cited in order of importance were: Recordkeeping was too burdensome, full-time students were not willing to work at subminimum wages, limitations spelled out in the certificates, and full-time students were unsatisfactory workers.

Only one-third of the 264,000 man-months which had been authorized for the employment of learners were used. Of the over 84,000 man-months used to employ learners, almost one-third were used to employ teenagers. Almost all

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This chapter was prepared by Clara F. Schloss, formerly of the Office of Research and Legislative Analysis, Wage and Hour and Public Contracts Divisions. Peyton K. Elder was responsible for the analysis, Maurice Berk for the tabulations, and William L. Cato for the data processing.

Footnotes and tables begin on p. 112.

of the 799 establishments holding learner certificates expressed a willingness to employ teenagers.

Learner and full-time student subminimum wage provisions and regulations

Section 14 of the Fair Labor Standards Act as originally enacted in 1938 authorized the employment of learners at minimum wages less than those required for regular workers. In enacting this provision, Congress intended to protect the welfare of experienced workers while encouraging the employment of untrained and inexperienced persons.

In October 1938, the Administrator of the Wage and Hour and Public Contracts Divisions issued regulations governing the issuance of certificates to employers whose employees were subject to the minimum wage provisions of FLSA. Congress intended to use subminimum rates to employ learners in occupations involving enough skill to necessitate an appreciable training period. A certificate would limit the number of learners to replacements and those needed to expand production. Certificates which would lower or depress the working standards of experienced workers could not be issued. These regulations have remained largely unchanged since 1938 except that subminimum rates have been raised from time to time as the minimum wage has increased. During the May 1, 1968 to April 30, 1969 survey, the statutory minimum wage was $1.60 an hour while the learner rates ranged from $1.45 to $1.575.

Regulations were adopted in August 1940 governing the issuance of special certificates for the employment of student-learners at subminimum rates if it could be shown that the students were engaged in a bona fide vocational training program. The student-learner certification program was designed to encourage part-time vocational training programs by accredited institutions.

Regulations were adopted later providing for the issuance of special certificates to employ student workers at subminimum wages. These certificates are issued primarily to Seventh Day Adventist schools and to other denominational schools and colleges that employ students in school-operated shops to assist then in defraying their college expenses.

The 1961 Amendments to the Fair Labor Standards Act covered large numbers of workers who had been traditionally outside the scope of the act. The newly covered employees were primarily in large retail and service enterprises. The 1961 amendments expanded section 14 to include provisions for the employment of full-time students at subminimum wages in the newly covered retail trade and service establishments in occupations in which they ordinarily were employed under certificates granted pursuant to regulations of the Administrator of the Wage and Hour and Public Contracts Divisions. The regulations issued to implement this provision established age limits of 14 through 18, a full-time student minimum rate of 85 percent of the statutory minimum wage rate, and procedures to determine the maximum number of full-time student man-hours an establishment could use. The hours authorized were based on the number of full-time student man-hours which an establishment or similar establishment used during designated periods before the 1961 amendments.

The 1966 Amendments to the Fair Labor Standards Act extended minimum wage protection to employees previously outside the scope of the act, including a large number in retail trade, service enterprises, and for the first time extended coverage to employees on large farms. The amendments also incorporated, in large part, the regulations applicable to full-time students, which had been issued after the 1961 amendments, except that the upper age limit was specifically excluded. The provisions of the revised section 14 also applied to newly covered farm workers. For employees in retail trade and service activities subject to the minimum wage before the 1966 amendments, the full-time student subminimum rate applicable during the survey period was $1.36 an hour, or 85 percent of the $1.60 an hour minimum wage otherwise applicable. The subminimum rate for full-time students in the three newly covered areas was 85 percent of $1.15, or $.978 an hour, from the beginning of the survey period in May 1, 1968,

until January 31, 1969, and 85 percent of $1.30 or $1.105 an hour thereafter.

History of the certification programs

LEARNERS. The number of learner certificates in effect and the estimated number of learners authorized has varied. During the first 5 years after enactment of the Fair Labor Standards Act, employers requested and were granted substantial numbers of certificates. For example, 3,790 learner certificates were in effect and 50,152 learners were authorized at the end of fiscal year 1942. As the $.40 an hour minimum wage, which was fully applicable to covered workers in 1944, became less meaningful, fewer employers requested certificates. At the end of fiscal year 1949, only 20 learner certificates were in effect. At the end of fiscal 1950, shortly after the minimum wage was increased to $.75 an hour, the program reached a peak in certificates granted and learners authorized. Over 4,900 certificates were in effect and an estimate 73,351 learners were authorized. Since then, the overall trend in the volume of certificates has been downward. Temporary increases in the number of certificates and learners authorized have occurred at the end of the fiscal years coincident with the effective dates of increases in the minimum wage to $1 in 1956, $1.15 in 1961, and $1.25 in 1963. No similar spurts occurred in 1967 and 1968 following the $1.40 and $1.60 rates. At the end of the 1969 fiscal year only 889 certificates were in effect and an estimated 20,726 learners were authorized.

STUDENT-LEARNERS. The student-learner certification program also expanded after the statutory minimum wage was increased in 1950, 1956, and 1961. Unlike the learner program, however, during the 1960's the student-learner certification program has expanded from 4,577 student learners authorized in fiscal year 1962 to 9,460 in fiscal year 1968, and 9,686 in the first three quarters of fiscal year 1969.

STUDENT-WORKERS. The student-worker certification program has followed a different pattern. The number of student-worker certificates and the number of student-workers authorized increases slightly through the 1940's and 1950's until 1960, a year before the enactment of the 1961 amendments to the Fair Labor Standards Act, when 38 certificates were granted and 1,412 student-workers were authorized. Since 1960 the number of certificates declined to 19 in the first three quarters of 1969. The number of student-workers authorized declined to 1,146 in fiscal 1968 but increased to 1,374 in the first three quarters of fiscal 1969.

FULL-TIME STUDENTS. Since the full-time student certification program was implemented in 1962, the long-term trend has been an overall increase; a significant expansion occurred in the number of certificates applied for and in effect following the 1966 amendments when the extent of coverage of the statutory minimum wage to which the full-time student minimum wages apply was broadly extended. At the end of the first fiscal year after the implementation of the 1961 amendments, 2, 344 full-time certificates were in effect. At the end of the fiscal year just before the implementation of the 1966 amendments; 2,579 certificates were in effect while 4,147 certificates were in effect a year later following these amendments. By June 30, 1969, the number of full-time student certificates in effect had increased to 5,028.

SUMMARY. Trend data on certification activities, particularly as they relate to learners and full-time students, do not necessarily reflect trends in usage. Over the years, several studies have been made to determine the extent to which learner certificates actually have been used. These studies and the present study indicate that use is not determined by the requesting and obtaining of learner and full-time certificates.

Full-time student certificates

ESTABLISHMENTS. A number of measures designed to show the extent to which the full-time student certification program is used indicates marked underutilization. For example, 21

percent of the 4,615 establishments did not use them during the May 1, 1968 to April 30, 1969 survey period. Of the remaining establishments which used at least part of the authorization, one-tenth percent used it as much as 95 percent.

Regions varied in their use of full-time student certificates. In the South, about 25 percent of the establishments made no use of the certificates though 45 percent of the total had been granted to them. Outside the South, only about 17 percent of the establishments made no use of the certificates though 55 percent of the total had been granted to them. Certificates were used fully in only 10 percent of the southern establishment compared with 14 percent outside the South.

Establishments using full-time students certificates varied by type of business. Variety and department stores constituted three-fifths of the establishments with certificates but one-fourth did not use their authorizations. About one-third of the apparel stores, which had been authorized almost a tenth of the certificates, did not use their certificates. However, among food stores, which constituted a fourth of all establishments with certificates, less than a tenth of the establishments did not use the authorizations. The remaining types of businesses, which made up about 7 percent of all establishments with certificates, included 60 hospitals and nursing homes, all of which used at least some of their authorization, 60 restaurants, about half of which did not use their authorization, 68 drug stores, a tenth of which did not use their authorization, and 93 farms, about a sixth of which did not use their authorization.

MAN-HOURS. The extent of underutilization is further confirmed by comparing the full-time student man-hours authorized with the number of man-hours used. During the survey period, certificates authorizing almost 36 million man-hours of full-time student employment were available to employers. Of these, 21 percent or 7.4 million full-time student man-hours were authorized to be used by establishments which made no use of the certificates. About 72 percent of the man-hours were authorized to be used by establishments which used some but not all of the hours authorized. Only 7 percent of the man-hours were allocated to establishments which fully utilized their authorized man-hours.

Overall, only 42 percent of the full-time student man-hours authorized were used. By region—Wage and Hour and Public Contracts Divisions jurisdictions—the proportion ranged from 32 percent in the Atlanta region to 61 percent in New York region (table 8.2).

Regions varied in the extent of utilization of full-time student man-hours at subminimum wages. The South, with two-fifths of the 36 million man-hours were authorized, used only one-third. In the remainder of the United States, almost half were used. One explanation for the lower rate of utilization in the South may be that the smaller differential between the wage authorized for full-time students—85 percent of the minimum wage—and prevailing wages. In the South there appears to be less incentive for employers to use full-time students at subminimum rates if more mature workers are available.

Two of the 11 types of businesses for which data were tabulated separately had almost 90 percent of the 36 million full-time student man-hours authorized—variety and department stores made up 62 percent and food stores 26 percent. Together these stores also had about 90 percent of the 15 million full-time student man-hours used. Although variety and department stores were the largest users of full-time student man-hours, food stores used 51 percent of man-hours authorized, compared with 38 percent for variety and department stores (table 8.3).

Only 8 percent of the full-time student man-hours authorized for use by food stores were allocated to establishments which did not use any of them compared with 26 percent in variety and department stores.

More significant than the regional or type of business data are special tabulations of man-hours authorized and used by specific enterprises and establishments. Two large variety store chains made significant use of the full-time student program. Establishments of the S.S. Kresge Co. were granted 19 percent of the 36 million man-hours authorized for the employment of students at subminimum wages. Of

the 15 million man-hours actually utilized during the year, the Kresge stores used 14 percent. Establishments of another major retail store chain, G. C. Murphy and Morgan Lindsey were granted 8 percent of the authorized man-hours and used 9 percent of all man-hours utilized. Together, these two chains used 23 percent of all man-hours utilized. Furthermore, 11 enterprises, including the Kresge and Murphy chains, used 49 percent of the man-hours utilized by all establishments which were granted certificates. Also, of the 21 million full-time student man-hours authorized but not used, the Kresge and Murphy enterprises constituted 30 percent.

Although the Kresge chain was the biggest user of authorized full-time student man-hours, 179 establishments or 27 percent of the 671 Kresge stores which were granted certificates did not use their authorization. One hundred and five of these nonusers were K-Mark discount stores. Overall, Kresge stores used only 30 percent of their 6.8 million authorized man-hours.

The Murphy chain, although using fewer man-hours than Kresge, was more likely to use the man-hours it was authorized. Almost half of the 2.8 million authorized man-hours were used to employ full-time students at subminimum wage rates by stores in the Murphy chain and only 35 stores or about 10 percent of Murphy's 363 establishments with certificates did not use any of the man-hours authorized. (See table 8.4.)

Reasons for less than full utilization of the 4,163 establishments which did not utilize or did not fully utilize their certificates 27 percent of the over 8,000 responses indicated that the establishments were fully staffed or were not in a position to add workers.

Among the other reasons given, four were of almost equal significance. About 11 percent of the reasons found teenagers unwilling to work at subminimum wages. A special tabulation indicates that about 300 of these 868 establishments which cited this reason went ahead and employed the teenagers at the regular minimum wage. Almost as many of the responses blamed underutilization on the unsatisfactory work performance of teenagers, burdensome recordkeeping and restrictions in the certificates.

Regional variations for underutilization were not particularly marked. However, establishments in the South tended to cite fully staffed and burdensome recordkeeping more frequently than did establishments outside the South, while other sections found students unwilling to work at subminimum wages more frequently than did establishments in the South.

When the reasons for not utilizing or not fully utilizing full-time certificates are classified by type of business, sharp differences show up. For example, food stores, hospitals, nursing homes, and "other retail" stores were far more likely than other businesses to cite "fully staffed" as a reason for underutilization. Restaurants and drug stores were more likely to blame the unwillingness of full-time students to work at subminimum wages. Apparel stores were more likely to state that underutilization was due to burdensome recordkeeping, certificates restrictions, and delays in the verification of employees' student status by their schools.

Tabulations designed to compare the relative importance of the reasons by degree of utilization provide some observable results. As expected, establishments with higher rates of utilization more frequently cited fully staffed as a reason for less than full utilization. Not expected was that these establishments more frequently reported that full-time students were unsatisfactory. Establishments with no utilization for less than 20 percent of their authorized man-hours used were more likely to cite burdensome recordkeeping and company policy to pay the regular minimum wage.

UTILIZATION OF FULL-TIME STUDENT CERTIFICATES TO EMPLOY TEENAGERS. Special tabulations by age group showed that full-time student certificates were used almost exclusively to employ teenagers. Before the 1966 amendments, full-time student regulations limited the use of the certificates to teenagers 14 to 19 years of age. The 1966 amendments specifically removed the upper limit but workers 20 years of age and over still constituted only 2 percent of all full-time student man-hours used.

Learners [1]

ESTABLISHMENTS. Of the 863 learner certificates granted to 799 establishments [2] in the 50 States, only 6 percent were not used at all during the survey period. The proportion not used was consistently low whether on a regional or on an industry basis. Although 94 percent of the certificates were used, three-quarters either were not used or used to less than half of their potential.

MAN-MONTHS. Even though most certificates were used to some extent, overall, only 32 percent of the almost 264,000 man-months which were authorized for the employment of learners at subminimum wages in the 50 States actually were used. Regions varied but were not particularly marked; establishments in the South used a larger proportion of the authorized man-months than did those outside the South. However, since 73 percent of the man-months authorized were allocated to the South, that region used about 64,000 or 76 percent of the total learner man-hours at subminimum wages. (See table 8.7.)

Reasons for less than full utilization of the 790 establishments in the 50 States which did not use or did not use fully their learner authorization, 28 percent of 1,462 responses give as their reason that establishments were fully staffed and did not require additional workers, also, that experienced workers were available. The certificates state that employers may not hire learners at subminimum wages if experienced workers are available.

One-fifth of the establishments said that learners were not willing to work at subminimum wages. In addition, temporary operational problems, the finding that learners were not satisfactory workers, and that the work was undesirable each constituted fewer than a tenth of all responses.

UTILIZATION OF LEARNER CERTIFICATES TO EMPLOY TEENAGERS. Most establishments with learner certificates used their certificates to employs teenager, 90-percent of the 765 establishments utilized their certificates to employ teenagers and an additional 7 percent, would have hired teenagers if they had been available.

Despite the expressed willingness of employers to hire youths 16 to 19 years of age as learners, teenagers represented only 31 percent of all the learner man-months utilized. Establishments in the South utilized a lower proportion of teenagers than did establishments outside the South.

FOOTNOTES

[1] Although student-worker and student-learner certificates are authorized under the learner provision of section 14, they were not included in the survey because of the small number of teenagers involved.

[2] Some establishments were granted both normal labor turnover certificates and plant expansion certificates.

Table 8.1. Percent distribution of establishments with certificates authorizing the employment of full-time students at wages below the statutory minimum, by degree of utilization and industry

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Degree of utilization	United States	Variety and department stores	Food stores	Apparel stores	Drug stores	Restaurant	Other retail stores	Hotels and motels	Hospitals	Nursing homes	Other service establishments	Agriculture
Absolute number	4,615	2,843	1,142	307	68	60	34	2	34	26	6	93
Total	100	100	100	100	100	100	100	100	100	100	100	f
0	21	24	9	33	10	55	3	50				100
1-9	5	5	4	11	3		12		3		33	16
10-19	6	6	4	9	6	8	3		9	4		3
20-29	7	8	7	7	4	2	3		6	4		4
30-39	8	8	10	7	1		6		6	12		5
40-49	8	8	11	7	4	3			6	4	17	6
50-59	8	7	10	5	3	3	6		3	8	17	13
60-69	9	8	10	6	18	3	9		26	8		0
70-79	8	8	10	3	4	3	15		6	23		8
80-89	7	7	8	5	9	2	9		15	4	17	8
90-99	6	5	9	3	3	3	9		9	15		9
100	7	4	8	5	34	17	26	50	12	19	17	10
												16

Note: Details may not add to totals due to rounding. Degree of utilization is the relationship of man-hours utilized to man-hours authorized.

Table 8.2. Numerical distribution of man-hours for which the employment of full-time students was authorized at rates below the statutory minimum and the number and percent of full-time student man-hours utilized, by region

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the survey May 1, 1968 to April 30, 1969]

Region	Number of man-hours authorized	Number of man-hours utilized	Percent of utilization
United States	35,787,183	15,014,347	42
Atlanta	4,661,058	1,485,175	32
Birmingham	1,857,650	691,847	37
Boston	950,250	411,394	43
Chicago	8,573,793	3,845,362	45
Dallas	5,633,198	2,125,573	38
Kansas City	5,337,218	2,683,483	50
Nashville	2,668,002	878,694	33
New York City	1,049,698	636,784	61
Philadelphia	3,263,080	1,429,877	44
San Francisco	1,793,236	826,158	46

Note: Regions refer to WHPC jurisdictions. (See Technical notes for definition.)

Table 8.3. Numerical distribution of man-hours for which the employment of full-time students was authorized at rates below the statutory minimum and the number and percent of full-time student man-hours utilized, by industry

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Industry	Number of man-hours authorized	Number of man-hours utilized	Percent of utilization
United States	35,787,183	15,014,347	42
Variety and department stores	22,350,953	8,484,506	38
Food stores	9,308,993	4,742,669	51
Apparel stores	1,653,830	475,708	29
Drug stores	338,196	180,149	53
Restaurants	502,677	227,099	45
Other retail stores	234,521	105,137	45
Hotels and motels	9,864	6,000	61
Hospitals	378,850	234,849	62
Nursing homes	97,436	67,424	69
Other service establishments	31,229	22,004	70
Agriculture	880,634	468,802	53

Table 8.4. Multiunit enterprises with 10 establishments or more: Number of establishments, and number and percent of full-time student man-hours authorized and utilized, ranked by number of man-hours used

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Enterprise name	Number of establishmemts	Hours authorized	Hours used	Percent of utilization in firm	Percent of total hours used	Cumulative percent of hours used
Total, all enterprises	4,615	35,787,183	15,014,347	42	100	100
S. S. Kresge Co.	671	6,843,757	2,078,242	30	14	14
G. C. Murphy and Morgan Lindsey	363	2,804,148	1,377,761	49	9	23
W. T. Grant	187	1,502,514	631,644	42	4	27
McCrory-McLellan-Green	313	1,679,831	609,835	36	4	31
T G & Y Stores	219	1,496,525	564,858	40	4	35
F. W. Woolworth	220	1,350,382	526,938	39	4	39
Handy-Andy	37	892,258	504,866	57	3	42
Rose's	144	1,720,002	368,502	21	2	45
J. S. Dillon & Sons	59	596,940	327,673	58	2	47
H & B	114	614,993	257,050	42	2	48
Lerner Shops	231	1,122,452	218,361	19	1	50
J. J. Newberry Co.	69	406,545	212,580	52	1	51
Neisner Brothers Inc.	92	689,185	190,807	28	1	53
Piggly Wiggly	51	345,011	189,422	55	1	54
Minyard Food	20	309,574	167,154	54	1	55
Younker Bros.	21	251,056	182,531	65	1	56
Arden-Mayfair	26	407,462	161,253	40	1	57
Bishop-Stoddard Cafeteria	10	138,869	131,737	95	1	58
Buckwalls	46	210,575	112,123	53	1	59
S. H. Kress	111	595,002	103,956	17	1	59
Scott Stores	45	160,063	93,025	58	1	60
Sterling Stores	28	156,153	69,709	45	(1)	61
Big Bear	17	118,676	69,484	59	(1)	61
Edwards Inc.	16	143,903	69,413	48	(1)	61
Boogaart Supermarket Inc.	20	174,594	65,608	38	(1)	62
Raylass Department Stores, Inc.	26	115,483	54,325	47	(1)	62
A. J. Bayless Markets	48	595,112	53,978	9	(1)	63
Minimax	16	91,239	53,247	58	(1)	63
Tom Thumb Stores	32	202,351	51,490	25	(1)	63
City Market	10	76,612	48,632	63	(1)	64
Herbergers	10	53,649	45,942	86	(1)	64
Basha's	14	74,234	45,648	61	(1)	64
Sure Way Food Stores	11	108,347	37,066	34	(1)	65
Eagle Food Centers, May Drugs	30	52,610	35,084	67	(1)	65
Meyer Inc.	22	417,525	33,996	8	(1)	65
Red River Co., Piggly Wiggly	18	82,555	31,232	38	(1)	65
Spurgeon	35	53,382	30,562	57	(1)	65
Goldblatt Bros.	20	500,287	29,250	6	(1)	66
Byrd Foods	10	58,869	28,755	49	(1)	66
Shaner's Food	17	84,099	28,565	34	(1)	66
Crest Stores	10	65,394	26,992	41	(1)	66
Autry-Greer & Sons	13	47,390	20,602	43	(1)	66
Eagle Stores	10	32,878	20,055	61	(1)	66
Furrs Super Market	42	360,421	15,216	4	(1)	67
Dixieland Food-Piggly Wiggly	18	50,283	13,299	26	(1)	67
Kuhn's Variety	14	42,631	12,162	29	(1)	67
Mason's Stores	15	87,880	95	(1)	(1)	67
Eat'n Park Restaurant	32	114,489	0	(1)	0	67

1 Less than 0.5 percent.

Note: The enterprise name shown is the one which appeared on the application for a certificate.

Table 8.5. Numerical distribution of establishments not utilizing or not fully utilizing full-time student certificates by degree of utilization and reasons for less than full utilization of certificates

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Degree of utilization	Number of establishments with certificates	Number of establishments not utilizing or not fully utilizing certificates	Reasons for not utilizing or not fully utilizing certificates												
			Fully staffed	Certificate restrictions	Record keeping	Full-time students unwilling to work at subminimum wages	Full-time students unsatisfactory workers	Prefer to hire regular workers	Company policy to pay minimum wages	Legal restrictions	Temporary operational problems	Self-imposed restrictions	Delay in school verification of student status	Union restrictions	Other reasons
Total	4,615	4,163	2,168	799	881	868	788	600	504	396	356	332	223	120	39
Less than 20 percent	1,484	1,484	564	321	425	339	199	243	282	111	189	49	136	80	14
20 percent to 49 percent	1,085	1,085	641	198	212	211	236	151	98	114	82	78	50	36	12
50 percent or more	2,046	1,594	963	280	244	318	353	206	124	171	85	205	37	4	13

Table 8.6. Percent distribution of certificates authorizing the employment of learners at wages below the statutory minimum, by degree of utilization and industry

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Certificates classified according to degree of utilization	Percent of certificates authorized									
	U.S. Total	Single pants	Women's apparel	Sportswear	Other apparel	Knitted wear	Hosiery	Glove	Cigar	Industries in Caribbean
Absolute number	863	452	238	35	4	59	24	47	4	69
Total	100	100	100	100	100	100	100	100	100	100
0	6	5	6	20	----	7	4	2	----	9
1–9	11	12	13	26	----	2	4	4	----	9
10–19	16	17	16	29	----	14	21	13	----	26
20–29	17	19	15	9	----	22	13	4	50	19
30–39	14	13	16	9	25	8	17	17	50	12
40–49	12	14	11	3	----	10	17	11	----	7
50–59	8	8	8	3	----	14	4	11	----	12
60–69	6	5	4	----	25	10	8	19	----	----
70–79	4	3	3	3	----	7	8	11	----	3
80–89	3	2	3	----	25	2	4	4	----	3
90–99	2	2	3	----	----	5	----	2	----	----
100	1	(1)	2	----	25	----	----	2	----	1

[1] Less than 0.5 percent.

Table 8.7. Numerical distribution of man-months for which the employment of learners was authorized at rates below the statutory minimum and the number and percent of learner man-months utilized, by region

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Region	Number of man-hours authorized	Number of man-hours utilized	Percent of utilization
All regions except Caribbean	263,661	84,427	32
Atlanta	76,270	23,633	31
Birmingham	51,407	18,285	36
Boston	4,653	1,295	28
Chicago	11,975	4,743	40
Dallas	10,928	5,500	50
Kansas City	11,594	3,875	33
Nashville	54,919	17,053	31
New York City	606	106	17
Philadelphia	39,451	9,102	23
San Francisco	1,858	835	45
Caribbean	15,348	3,867	25

Note: Regions refer to WHPC jurisdictions (see Technical notes for definition).

Table 8.8. Numerical distribution of establishments not utilizing or not fully utilizing learner certificates by degree of utilization and reasons for less than full utilization of certificates

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Degree of utilization	Number of establishments with certificates	Number of establishments not utilizing or not fully utilizing certificates	Reasons for not utilizing or not fully utilizing learner certificates														
			Total (duplicated)	Fully staffed	Learners not willing to work at special rates	Experienced workers available	Temporary operational problems	Learners not satisfactory workers	Work undesirable	Seasonality	No promotional opportunities	Self-imposed restrictions	Company policy to pay minimum wage	Certificate restrictions	Legal restrictions	Union restrictions	Other reasons
Total	856	847	1,594	453	292	332	155	111	110	34	25	23	14	13	6	4	22
Under 20 percent	290	290	536	135	115	118	49	35	44	4	7	5	7	4	1	1	11
20 percent to 49 percent	383	383	732	219	120	146	76	50	50	20	13	13	6	5	4	2	8
50 percent and over	183	174	326	99	57	68	30	26	16	10	5	5	1	4	1	1	3

APPENDIX A.

Technical Notes

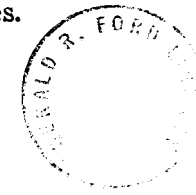
Scope and method

The study includes information for all establishments holding full-time student or learner certificates on April 30, 1969, which had been in effect at least three months, or which had been in effect for less than three months if the firm had had a certificate at any time subsequent to April 30, 1968.

Data for each certificated establishment were collected by the regional staff of the Wage and Hour and Public Contracts Divisions. Approximately 3,600 of the more than 4,600 establishments holding full-time student certificates are parts of large multi unit enterprises. For many of these enterprises, survey data were obtained from records maintained in the central or regional offices of the enterprises. Where central office records were not available or were incomplete, the data were obtained from the individual establishments.

Full-time student man-hours and learner man-months authorized and utilized are based on survey findings. For purposes of this survey, full utilization of full-time student or learner certificates is defined as utilization of 95 percent or more of the man-hours or man-months authorized by the certificates. Degree of utilization is the ratio of man-hours or man-months utilized to man-hours or man-months authorized.

A number of establishments furnished more than one reason for not utilizing or not fully utilizing the man-hours or man-months allowed by the certificates. As all of the reasons given were tabulated, the number of reasons exceeds the total count of establishments with certificates.



FULL-TIME STUDENTS. A total of 1,246 establishments which held full-time student certificates at some time between May 1, 1968, and April 30, 1969, were not within the scope of this survey for the following reasons:

693 certificates expired during the survey period and renewal of the certificates was not requested:

441 original certificates which became effective after January 31, 1969, were excluded because of insufficient experience under the certificate;

73 establishments holding certificates were found to be exempt from the FLSA under section 13(a)(2);

36 establishments holding certificates went out of business during the survey period, and;

3 certificates expired and renewal was denied.

LEARNERS. A total of 245 establishments which held 253 learner certificates at some time between May 1, 1968, and April 30, 1969, were excluded from the survey for the following reasons:

169 certificates expired during the survey period and renewal of the certificates was not requested;

17 original certificates which became effective after January 31, 1969, were excluded because of insufficient experience under the certificate;

13 certificates were held by plants which went out of business during the survey period;

50 certificates expired and renewal was denied because of lack of utilization; and

4 certificates expired and renewal was denied for other reasons.

Tabulations

Data have been tabulated by industry, type of certificate, degree of utilization and by Wage and Hour and Public Contracts region (RO) and district office (DO) area. The jurisdictional areas are defined as follows:

Atlanta RO: Florida, Georgia, North Carolina, and South Carolina

Birmingham RO: Alabama, Arkansas, Louisiana, and Mississippi

Boston RO: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

Chicago RO:
- Cleveland DO–Ohio
- Detroit DO–Michigan
- Chicago–Other–Illinois, Indiana, Minnesota, and Wisconsin

Dallas RO:
- Dallas DO–North Texas
- Houston DO–South Texas
- Oklahoma City DO–New Mexico and Oklahoma

Kansas City RO: Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Utah, and Wyoming

Nashville RO: Kentucky, Tennessee, Virginia, and West Virginia

New York City RO: New Jersey and New York

Philadelphia RO:
- Philadelphia DO–East Pennsylvania, Delaware, District of Columbia, and Maryland
- Pittsburgh DO–Central and West Pennsylvania

San Francisco RO:
- Los Angeles DO–Arizona and South California
- San Francisco DO–Alaska, North California, Hawaii, Idaho, Nevada, Oregon, and Washington

Caribbean Office: Puerto Rico, Virgin Islands and Panama Canal Zone

References

The technical terms used in this report are defined in the appropriate parts of Title 29 of The Code of Federal Regulations: (1) Part 519—Employment of Full-Time Students at Special Minimum Wages; (2) Part 520—Employment of Student Learners; (3) Part 522—Employment of Learners; and (4) Part 527—Employment of Student Workers.

APPENDIX B.

The following supplementary tables from the study of full-time students and learner certification programs are available from the Bureau of Labor Statistics on request.

List of tables:

Full-Time Students

Numerical distribution of man-hours for which the employment of full-time students was authorized at wages below the statutory minimum, by extent of utilization of certificates and by:
1. Area
2. Industry
3. Type of certificate

Percent distribution of man-hours for which the employment of full-time students was authorized at wages below the statutory minimum, by extent of utilization of certificates and by:
4. Area
5. Industry
6. Type of certificate

Numerical distribution of establishments with certificates authorizing the employment of full-time students at wages below the statutory minimum, by extent of utilization and by:
7. Area
8. Industry
9. Type of certificate

APPENDIX B.—continued

List of tables—continued

APPENDIX B. —continued

List of tables—continued

APPENDIX B. —continued

List of tables—continued

CHAPTER IX

State Experience With Minimum Wage Differential Rates for Youth and Their Effect on Youth Employment

This study of State experience with minimum wage differential rates for youth was undertaken as part of the response to the Secretary of Labor's request for an evaluation of the effect of minimum wage legislation on youth employment in 1969. In their minimum wage laws, a number of States have provided for lower rates for minors than are required for adults, and State experience with the effect of these differentials might offer some clues to the desirability of providing differentials based on age in Federal minimum wage legislation.[1]

As defined for the overall study, "youth" consists of persons 16 to 19 years old. However, those State minimum wage laws which have an age differential ordinarily use 18 years of age as the cutoff point after which youth differentials do not apply. Therefore, investigation for this report tended to concentrate on the age group under 18 years of age, usually the 16 and 17 year olds, extended in some instances to cover the employment situation of 14 and 15 year olds. Thus, emphasis was placed on entrance into the labor market rather than on the employment experience of the older teenager over a period of time.

Very little "hard data" are available. This lack concerns all aspects of the problem, including wages actually paid to youth; the number and percent covered by the State minimum wage; where youth are employed; and area differences in employment and wages within a State. As a consequence, most of the following discussion is based upon individual experience, impressions, and opinions—gained, however, from persons closely involved with many aspects of youth employment.

Information on actual experience with minimum wage differential rates was obtained mostly by the Regional Offices of the Bureau of Labor Statistics in interviews with knowledgeable persons in selected States in June 1969. Persons interviewed included State officials concerned with the administration of minimum wage and child labor legislation, representatives of State Employment Services, staff members of Federal employment programs, representatives of vocational training and cooperative-work programs of the schools, academicians, officials of labor unions and employer associations, and personnel officers of those industries in which youth are chiefly employed (department stores, drug and grocery stores, banks and insurance companies, and other services). Time and resources did not allow careful study of each State, but each type of differential (age,

This chapter was prepared by Juliet F. Kidney, Office of the Chief Economist, Bureau of Labor Statistics. William Barron of the same Office made substantial contributions to the development of materials for this section.

Footnotes appear on p. 131.

student, learner) was given some attention; one State, Illinois where the minimum wage law is inoperative, also was included. Although it might have been desirable to look at each State experience in relation to its economic and social climate, such information was not available.

Within this framework, the study shows substantial agreement across the country on the effect of State minimum wage laws and various types of differential rates on youth employment. Information on other factors which affect employment of teenagers, used interchangeably in this report with youth, was developed as a by-product and is included.

Summary

All but 13 States established minimum rates for adults. This total does not include Texas which has enacted minimum wage legislation effective February 1970. Most of these States also establish a differential rate for youth on the basis of age, education, or work experience, or exempt them entirely. The amount of the differential may be as little as 5 cents or as high as $1.05. Somewhat more than half of the provisions establishing a differential for youth provide for a rate which is from 75 to 85 percent of the corresponding adult minimum.

On the basis of State experience, lower minimum wage rates for youth than for adults do not resolve the paradox of high youth unemployment in an inflationary economy characterized by high wages and tight labor markets. A major reason has been that, except for a few rural, agricultural, and resort areas, the differential wage rates for minors, students, and learners are sufficiently below the prevailing wage level as to present little inducement to youth growing up in an affluent society to work for minimum wages. For a number of young people, particularly those in ghetto areas, who are looking primarily for full-time jobs, wage and status expectations are not satisfied by an unskilled job, even that which pays the Federal minimum rate of $1.60 an hour. This attitude may be less prevalent among students in search of part-time and temporary jobs, but the opinion was expressed that the Federal minimum wage establishes a psychological "floor" for wage aspirations of youth.

In most States the high unemployment rate for those under 18 is attributed to safety and hour restrictions imposed by child labor laws, the youth attitudes toward work described above, and the lack of vocational training and preparation for entrance into the world of work. Other factors, such as "red tape" in getting work certificates and employer assumptions as to lack of responsibility and dependability of young people, were important.

There was also some feeling that employers often assume that it is illegal to hire youth under 18. In some cases, this attitude is considered to be a smokescreen to hide prejudice against hiring young people, particularly from the ghetto areas.

State minimum wage legislation

As of August 1969, 38 jurisdictions (36 States, the District of Columbia, and Puerto Rico) have laws which establish minimum wage rates. In addition, in May 1969, Texas passed a minimum wage law which became effective February 1, 1970. Three States, Illinois, Kansas, and Louisiana, have laws which are inoperative, and 10 States have no legislation on this subject. Of the 38 jurisdictions which have active minimum wage legislation, 10 use an industry wage board procedure exclusively to set rates for specific industries, 18 have statutory minimum rates, and the remaining 10 jurisdictions have both types. (See appendix A.) The last group consists of States where the industry wage board procedure was used for many years and was retained when the jurisdictions adopted statutory minimums. Thus, under some of the laws, wage boards have the power to establish a minimum wage for categories of workers not covered by the statutory rates.

In February 1969, an estimated 3.5 million workers[2] were covered by State minimum wage laws only, compared with the 44.6 million employees covered by the Fair Labor Standards Act (FLSA). An estimated 8.2 million nonsupervisory employees in the private sector were not covered by either the FLSA or State laws.[3]

Most of these exempt employees are engaged in executive, administrative or professional occupations, domestic service, or agriculture, or are government employees, outside salesmen, or taxicab operators. Some States exempt the small employer from minimum wage coverage; the most common exemption are that of employers who hire fewer than four persons. In seven States the legislation covers only women and minors (usually under 18).

In States which use the wage order procedure exclusively, coverage is most frequently extended to workers in beauty service occupations, laundry, dry cleaning and dyeing, manufacturing, public housekeeping, (ordinarily including restaurants and hotels) and retail trade. Some States also cover agriculture, processing of agriculture products, and amusement and recreation activities.

Youth differentials and exemptions

Three major criteria—age, education, and experience—are used to establish differential minimum wages affecting youth in State minimum wage laws. The most obvious method of differentiating is by a specific rate(s), lower than the adult rate, for persons under a certain age. Differentials, including exemption, also may be specified for "students" and for "learners" or apprentices, with or without age specifications. In most States, "learners," in actual usage, seems to apply primarily to those under 18. Other types of differentials occur in the form of exemptions. A State specifically may exempt all persons under a specified age, or certain occupations, such as domestic service, agricultural jobs, babysitting, golf caddying, etc., in which large numbers of youth ordinarily are employed.

Differentials based on age

The laws of 11 jurisdictions specifically provide for differential wage rates for youth less than 18 years of age across the board or in at least one industry: (1) California, (2) Connecticut, (3) District of Columbia, (4) Minnesota, (5) Nevada, (6) New Hampshire, (7) New Jersey, (8) New York, (9) Oregon, (10) Washington, and, (11) Wisconsin.

California and New York limit to 10 percent of the total number of employees the number of youth who may be employed at the differential rate in any one establishment. In Connecticut, a differential rate for minors is established for the first 200 hours of employment "to prevent curtailment of employment opportunities . . ." and "to provide a reasonable period during which training for adjustment to employment conditions may be accomplished." The District of Columbia established a differential rate in the retail trade industry effective July 6, 1969, and also has a wage differential for part-time workers less than 16 years of age in all wage orders except retail trade. The youth differential provision in Minnesota relates solely to the amusement industry. Nevada establishes a 15-cent differential for minors. New Hampshire stipulates that minors can be paid 75 percent of the applicable minimum. In New Jersey, Oregon, and Washington, youth under 18 are exempt from the prevailing statutory rate for adults but in certain industries are covered by wage orders which provide differential pay rates. Wisconsin establishes a 20-cent differential for minors in covered industries.

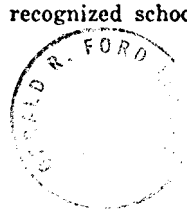
In addition, Texas has adopted minimum wage legislation effective February 1, 1970, which will exempt dropouts under 20 from either school or vocational training.[4]

Differentials based on educational status

The minimum wage laws of almost half of the jurisdictions (22) make specific provision for students.[5] Some of these provisions are limited to young persons, but others apply to students of any age.

Seven States exempt students wherever they are working:

Arizona—students under 21.
Maryland—regularly enrolled students working not more than 20 hours a week.
Nebraska—those regularly enrolled in primary or secondary school, who work after school or during vacation.
New Mexico—those in primary or secondary schools; colleges and universities.
Texas—students less than 20 years old.[6]
Vermont—all students.
West Virginia—students of any recognized school or college.



In Ohio students working part time are exempt from the minimum rates set by the State's Retail Trade Wage Order.

In Rhode Island, students are exempt, except in the instance of four wage orders covering specific services and retail trade, which provide for differential rates.

Fourteen jurisdictions provide lower rates for students either in the statute or upon application by the employer. Most cases have an age cutoff. They are: (1) Arkansas, (2) California, (3) Colorado, (4) Delaware, (5) District of Columbia, (6) Hawaii, (7) Maine, (8) New Jersey, (9) New York, (10) Oklahoma, (11) Oregon, (12) Pennsylvania, (13) Rhode Island, and (14) Utah.

Differentials based on experience

All States except Indiana, Texas, West Virginia, and Wyoming permit the payment of lower rates to learners or apprentices. Although these provisions relate to inexperienced persons regardless of age, most State officials who administer State laws see learner provisions as having special importance for youth, many of whom lack experience and job training.

More than half of the State laws which have provisions for learners and apprentices stipulate a differential rate in the law or wage order. (See appendix A.) The remaining States stipulate that special rates can be obtained by applying to the appropriate State agency. In many cases, lower rates for learners result from deliberations between State, employer, and employee representatives.

Most States specify, or reserve the right to establish, the proportion of learners to the total number of employees, who can be hired by an establishment at the differential rate and the length of time for which the differential is in effect. This varies from 1 month to almost a year; the normal learning period is from 1 to 3 months.

Exemptions

The following jurisdictions exclude minors under a certain age from minimum wage coverage:

Alaska—persons under 18 who are working part time (less than 30 hours).
Indiana, Michigan, Oklahoma, Wyoming—persons under 18.
South Dakota—persons under 17.

Many State laws exempt industries and occupations in which young people are likely to be employed, such as newsboys, shoeshine boys, caddies, carhops, ushers, and babysitters. Employees of summer camps and resort institutions frequently are exempt.

Not included among the 22 States mentioned above are the States such as Indiana and Washington, which exempt students who work at school, and those States which have special provisions which affect students, such as Wyoming's exemption of part-time workers from minimum wage coverage.

Level of minimums and differentials

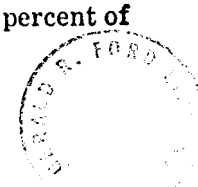
The basic minimum wage rates currently in effect for adults range from 52 cents an hour in the Laundry and Dry Cleaning Industry Wage Order promulgated by Arizona in 1948 to $2.10 per hour in Alaska. More than half of the States which establish minimum wage rates have adult rates which are 30 cents or more below the Federal minimum of $1.60.

Among the 11 States which specify differential rates for minors under 18, the amount of the differential is usually between 20 and 40 cents an hour. The minimum rate for youth ranges from 48 percent (Oregon) 94 percent (Minnesota) of the adult rate. (See appendix B.)

For learners, most of the specified differentials are between 15 and 40 cents. Rates for learners range from 52 percent (Oregon) to 95 percent (Minnesota) of basic adult minimum rates.

Only one student differential is as little as 15 cents; more than half the student differentials range between 30 and 60 cents less than the adult minimum. Student rates as a percent of basic adult rates range from 34 percent (Rhode Island) to 91 percent (District of Columbia).

In summary, more than half of the provisions establishing a differential for youth provide for a rate which is from 75 to 85 percent of



the corresponding adult minimum. However, as a percentage of basic adult minimum wage rates, wage rates applicable to youth range from 34 percent stipulated in the Rhode Island Public Housekeeping Wage Order to 95 percent in the Minnesota Personal Service and Public Housekeeping Wage Orders.

State experience with factors affecting youth employment

Although attention was centered originally on the 11 jurisdictions which provide for payment of lower minimum wages to youth, defined as persons under 18 years of age, reports on the experience of States with other forms of differential treatment indicate that in 1969 the type of differential makes little impact on youth employment. Consequently, the description of State experience is not confined to types of differential rates in the State laws.

Impact of minimum wage differentials

In nearly all of the States covered by the study, differential minimum wage rates applicable to youth, including exemptions, appear to have little impact on the employment of youth in 1969. The report on Massachusetts states, with regard to learners that "The minimum wage was not considered a relevant factor by anyone interviewed . . . Employers in all areas report that they would not expect any teenage applicants if they offered starting wages less than the minimum wage." Similar consensus occurred in most of the other 25 jurisdictions in which investigation was made. In Colorado, Michigan, North Carolina, and Oregon, however, there was some indication that without exemption or differentials for youth under 18, youth unemployment might be higher in small towns, rural, and tourist areas.

In three States it was stated or implied, that the State minimum wage law has some adverse effects on youth employment—or would have without differentials—but even in these States other factors were given equal or greater weight. California seemed to produce the strongest and most numerous opinions—the effect of minimum wage on the employment of youth (and adults as well). A representative of an employer association believed that the "constant raising" of the minimum wage forecloses the labor market to a larger and larger number of marginal workers. He maintained that even though inflation has decreased the impact of the minimum rates set by statute in 1968, these still deter employment of youth, and that the 30-cent differential for youth in the wage orders is economically important to the employer, especially the marginal firm. A representative of the Coastal Area Farm Placement Office in California stated that the minimum, which applies in California only to women ($1.65) and minors ($1.35), resulted in such large increases in wage payments that apricots are now sent to commercial drying yards for the slicing, pit extraction, and drying formerly done on the farms; thus several hundred women and teenagers are cut out of summer employment. In this case, the youth differential appears to have been of no value for retaining younger workers. A representative of the Retail Clerks International Association said about the February 1, 1968 wage orders, "every nickel or dime for box boys decreases the number of them and the closer you get to the journeymen rate the more likely the employer is to hire an adult."

In Maine, where students working part time must be paid 75 percent ($1.12) of the adult minimum rate ($1.50), State officials "believe there would be considerable teenage unemployment without this reduced rate." However, since 1967 when students were brought under the minimum wage law and employers said they would not be able to hire them, student employment increased.

In Nevada, where there is a $.15 youth differential under the adult rate of $1.30 and a total of 37.5 cents differential for girls under 18 for a 3-month probationary period, the Labor Commissioner believes that more youngsters, particularly in the smaller communities, are hired because of these differentials. The report also stated that "some employers claim they are unwilling to hire youth because of the high minimum rates, even with the youth differential, but there appears to be no concrete evidence of this."

Several States indicated that the Federal minimum wage of $1.60 inhibits youth employment, whereas the lower State rate, even without significant youth differentials, as in Idaho and Nebraska, does not have this effect.

In those States which claim that differential rates for youth have little or no effect on youth employment, what evidence supports this assertion? How can the high youth unemployment rates, especially in the ghetto areas of the inner cities, be explained?

The argument has several sides. First, in most places, particularly in urban areas, a tight labor market and an inflationary economy have pushed the entry wage rate up to or beyond the Federal minimum of $1.60 per hour and thus well above most State minimums for adults, to say nothing of lower youth differential rates. As a result, there are few or no "takers" for those jobs which offer entry rates below the "going rate;" the lower wages have no meaning. Secondly a number of other factors such as employer and youth attitudes, legislation, etc., directly inhibit employment of youth, especially those under 18 years of age. Another reason for lack of effectiveness of the differentials, is, of course, the exemption in a number of States of certain occupations and of smaller establishments from coverage by the minimum wage law; thus many teenagers automatically are eliminated from coverage. However, freedom from the requirement of paying a minimum wage does not automatically cause the employer to hire a teenager—"other factors" conspire to prevent employment.

Determination of actual wages paid to youth and the extent to which they surpass the minimums is almost impossible without surveys giving a frequency distribution of wages. Lacking these, reliance was placed on the opinions of those concerned with the placement of teenagers in jobs. Most major industrial States in the East and Middle West reported situations similar to the following: In New Jersey, entry rates for both full- and part-time, summer, and permanent jobs for teenagers were at or above $1.60, the Federal minimum rate. One large department store in Newark paid $1.56 to teenagers, 16 to 18 years old, for clerical, stock, and material movement jobs, and stated "that people doing the same job should be paid the same rate regardless of age." Insurance companies hired students for summer employment at "starting rates well in excess of Federal and State minimums." Small department stores offering jobs at the learner rate of $.90 an hour were unable to find workers. In summary, "youth differential rates, which are allowable in mercantile, beauty culture, and laundry, cleaning and dyeing occupations, ($.85 to $1.35 per hour) were described as being of little significance in terms of impact on wages received by youth."

In Colorado, which has rates ranging from $.65 to $1 for students and learners (the adult rate is $1.25), inexperienced young workers in Denver were receiving $1.35 in hospitals, $1.55 in wholesale trade, and $1.15 to $1.30 in restaurants and "drive-in." For part-time work after school, boys were receiving $1.25 to $2 an hour. Rates were lower in the mountain and farming areas but still above the allowable minimums.

In Ohio, a tabulation of wages paid by 54 food service and lodging establishments not covered by the FLSA showed that "few establishment minimums [for different occupations] were concentrated near the State minimums; thirty-six, in fact, had minimum rates of $1 to $1.24; 14 of $1.25 or more." State minimums range from $.55 to $.75 per hour ($.80 per hour for 30 hours or less a week for women and minors, with a $.15 differential to each rate for learners.

A corollary indication of the effectiveness of youth differential rates is found in the extent to which employers apply for permission to use these rates. A survey was made by the New York State Department of Labor in May 1968 of the utilization of youth rate certificates, one year after the youth rate ($1.35; adult rate of $1.60) was enacted. Of the establishments with certificates (77 percent were retail stores and 11 percent were restaurants), only 55 percent used them. Of these, 20 percent paid the youth rate to only "some" of the eligible youths. "Some increased the youth rate to the regular minimum shortly after the hiring date." Thirty-seven percent of all the establishments re-

ceiving certificates did not use them; they paid no one less than $1.50 because "they could not find youths willing to work for $1.25 an hour."

In New England, where, in every State, learners' certificates may be granted to employers on application, the BLS Regional Office reported,

> there appears to be little use made of the reduced rate [since] there would be great difficulty getting people to work at wages lower than the minimum State rate . . . With the general exception of Maine, the entry wage of all inexperienced workers into most occupations is usually $1.60 to $1.80 per hour . . . Too many jobs are available at higher wages, and even the opportunity for some training does not seem to provide much incentive . . .

In New Hampshire, where an employer can pay anyone under 18 years of age 75 percent of the minimum wage, State officials believe that most youth seekings work "find employment at wages around the adult minimum ($1.60)." Except for Maine, this same situation appeared to prevail throughout New England for students doing part-time work.

In Hawaii, the use of differential rates for students has been limited—only 27 certificates issued to retail trade employers, although it was suggested that the increase in the adult minimum from $1.25 to $1.60 on July 1, 1969, might cause increased recourse to this rate. In Idaho, only 85 learner permits were in effect at the time of the survey. Similar situations for utilization of learner and student rates prevailed in Delaware, the District of Columbia, Washington, Oregon, and others. In the District, the recently promulgated wage order for retail trade set an adult minimum hourly rate at $1.80 and a youth (under 18) rate at $1.60; both rates are to increase on July 1, 1970, to $2 and $1.80. Although there has been considerable outcry by District merchants, particularly department stores, to the extent of taking the increase into court, it is too soon to evaluate experience under this order. Some department store executives have stated that:

> The increase will add to inflationary pressures already existent in the community, strike a harsh blow to the competitive stance of D.C. retailers who are already struggling with a decline in business, reduce service to D.C. residents through reduced shopping hours, reduce employment opportunities for youth, hard-core unemployed, and the handicapped, discourage new businesses from coming into the city, and drive small retailers out of business.

Nevertheless, when asked if the 20-cent differential might not encourage employment of teenagers, the same persons indicated that they would not hire them because of lack of skill, work attitudes, and so fourth.

On the other hand, the personnel director of a leading drug chain indicated that:

> In view of the high cost of living and the attitudes of young people toward wages and work, the increase in the minimum wage would not affect their employment. Our experience indicates that a lower rate would only increase job dissatisfaction and job turnover, and this chain will therefore not take advantage of the differential.

Only token use has been made of a provision in all District of Columbia wage orders (other than retail trade) which allows payment of $1.45 per hour to workers under 16 who work less than 36 hours a week.

Most of the learner provisions establish time limits to the training period at the reduced wage in a particular establishment or in an occupation. When this period is relatively short, employers tend to ignore the differential. For example, in Connecticut where the time limit is 200 hours (5 weeks) and the differential is $.35 or a savings of $84 for the period, the personnel director of a major department store said the savings were outweighted by the expense of reprogramming the automated recordkeeping and payroll system at the end of the training period (assuming youth would accept the lower wage). In Washington, many employers do not "bother" filling out the form for the special permit to hire at a lower rate for 480 hours because the savings of $120 over the full period and the lesser amounts for shorter periods are not sufficiently great to warrant the bother.

The Commissioner of Labor in Utah did not believe the learner/student differentials have increased youth employment but instead discourage young workers who complain of discrimination by these rates. Staff of the State Employment Service concurred but believed "wages received by youngsters would be lower without the State minimum."

Other factors affecting the employment of youth

Without exception, factors other than minimum wage legislation were cited as of significantly greater importance in the inhibition of youth employment. The principal ones are: Child labor laws, attitudes and conduct of youth, their lack of training and experience, employer attitudes, and economic conditions. Other causes include "red tape" involved in getting differential rates or work certificates, union restrictions, and problems of transportation.

CHILD LABOR LAW.[7] All the major industrial States and some of the more rural, agricultural States included in the study cited various aspects of child labor laws as major restrictions on the employment of persons under 18 years of age and particularly of those under 16 years.

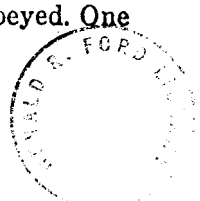
Every State has a child labor law. These laws generally establish a minimum age at which a child may legally take a job, either for full-time work if he is legally out of school or for work outside school hours and during the vacation periods. Almost half the States set a minimum age of 16 for work in manufacturing establishments. Most of the States set a minimum age of 14 for nonmanufacturing and nonhazardous employment outside school hours. All but 5 States require an employer to get an employment certificate before employing a worker under 16. About half the States require such certificates for minors of 16 and 17 as well.

Additional legislative safeguards for children are found in the limitation of daily and weekly hours for young workers and the restriction of employment during certain night hours. Most State laws allow a maximum 8-hour day and a 48-hour week or less for minors under 16; in fewer States, for those under 18. When children under 16 attend school and work outside school hours, almost half the States limit the number of hours such children may work or specify a maximum for the total number of daily hours spent in school and work. Thirty States and the District of Columbia prohibit night work after 6 p.m. or 7 p.m. for children of both sexes under 16 in all or most occupations.

Limitations on hours worked appear to affect employment of minors under 18 in restaurants and "drive-ins," theaters and other places of amusement and recreation, and retail trade establishments, particularly in suburban shopping centers. The employment of minors under 18 on swing shifts in manufacturing establishments also is inhibited. Employers who said they would otherwise hire minors find that the limit on the number of hours they can work creates problems because of the necessity to make exceptions. In the District of Columbia where girls under 18 years and boys under 16 cannot work after 7 p.m., retail trade employers stated that this was an important factor restricting the hiring of youth, particularly part time. Twenty-four States have no night work prohibition for minors 16 and 17 years old, and in several of these States hours limitations may be used as an excuse when the employer does not want to cite other reasons.

Fifty-one jurisdictions prohibit the employment of minors under 18, or under 16, in certain hazardous occupations and over two-thirds of these jurisdictions have given authority to the administrative agencies to declare other occupations hazardous. Many laws prohibit work in or about mines or quarries, on power-driven machinery, and the cleaning of machinery in motion. The Fair Labor Standards Act also prohibits employment of children under 18 in certain hazardous occupations. These are incorporated in many State laws.

Safety regulations on employment in hazardous occupations although cited most frequently as preventing employment in manufacturing and construction, also affect service stations, department stores, and agriculture. In some States, the regulation that a youth under 16 or under 18 may not operate a gas pump prevents, in effect, the employment of young men in any capacity in service stations. The personnel manager of a large department store in New Jersey stated that his company prefers not to hire minors under 18, partly because management is unable to keep a tight control over them to ensure that child labor laws are being obeyed. One



regulation keeps minors from riding in freight elevators; the regulation is widely posted, but enforcement is difficult and the store has been fined on numerous occasions. In Illinois, it is claimed that many manufacturers will not hire those under 18 even though they could legally do many jobs. Thus, they eliminate possible legal liabilities arising from unwitting exposure of minors to hazardous machinery. For example, a transfer by a foreman, of a 17 year old from a bakery shipping department (nonhazardous) to a clean-up job in the mixing department, would violate the FLSA. Related to safety is the question of insurance. In some States, liability insurance rates are double for youth under 18 years of age and employers are unwilling to pay the higher premiums. However, a number of times the insurance risk was not greater for the younger group and employers have used safety restrictions and hours limitations as an excuse, for not hiring teenagers.

Although most States appear cognizant of the necessity for some regulation of working conditions, they also indicate a real need to over-haul these long-standing provisions in the light of technological changes, advances in safety measures, and developments in the operation of retail, restaurant, and service establishments.[8]

YOUTH ATTITUDES. In almost every State in which interviews were held, the attitude of the young worker was cited as a significant factor contributing to his unemployment. His wage expectations are unduly high and his concern about status eliminates many jobs from his consideration. Many teenagers will not accept even the Federal minimum of $1.60 an hour for unskilled work; they prefer no work to acceptance of a "demeaning" wage for "menial" work.

In the State of Washington, the teenager is concerned about losing prestige with his peers by working for a "low wage;" unemployment has more status. In Boston, Mass., despite consistently high rates of youth unemployment, "there is an abundance of unfilled jobs for which almost any youth could qualify. These jobs pay $1.60 an hour but even the $2 jobs are unfilled." In Detroit, "many will not take less than $1.60—many kids may have unrealistic ideas as to what their labor is worth to an employer." In Minnesota, "a reduced wage wouldn't excite kids looking for full-time work. Many expect $2 an hour, and a few feel $2.50 is the magic number." The New Jersey report states that minimum wage jobs do not appear to provide sufficient motivation for many youngsters to leave the ranks of the unemployed.

In States scattered across the country, except for several mid-Western agricultural States, various officials are concerned about the lack of job orientation or motivation among unemployed youth, particularly school dropouts who ask first about the wage and then about the type of work. This situation seems to be most acute with the ghetto youth, especially the Negro teenagers who have the highest rate of unemployment. In Boston, as elsewhere, "the Negro youngster is seeking new identity and self-pride. If a job does not pay $2.50 to $3 an hour, at least it should call for wearing a shirt and tie."

In major cities this study, the majority of youth who apply to the Youth Employment Opportunity Centers are dropouts or youth over 18 looking for full-time work. A high proportion are Negro. A good share of the jobs available through the Centers are in the service occupations (messengers, porters, etc.) or domestic work, which require little or no experience or education. However, these jobs are looked on as menial and low-paying. In urban New Jersey and New York City, domestic work pays $2 an hour or more plus carfare and meals, but the young Negro girl considers such a job as "slave status" and prefers a factory or clerical job even though it may pay less.

Some students looking for part-time jobs after school and summer employment are less insistent on high wages; they are not willing, however, in the urban and suburban areas to accept a wage below the Federal minimum of $1.60 an hour. Lower wages are more acceptable in rural, small-town and resort areas.

EMPLOYER ATTITUDES. These attitudes of unemployed teenagers have little appeal for the average employer. A number said flatly that they will not hire anyone under 18, ostensibly in

many instances, because of the safety and hours restrictions of the child labor laws. However, these reasons would be less important if the employer "could get a kid who is willing to work." States labor and employment service officials, personnel directors, and employers in nearly every State cited the following as reasons for not hiring the younger teenager and, in some cases, those over 18, as well:

"Absenteeism is high and so is labor turnover"
"Difficult to get kids to stick to the job"
"Stay only a few days"
"Don't even show after referral"
"Long hair"
"Less dependable than adult"
"Lack sense of responsibility"

LACK OF EDUCATION, TRAINING, AND EXPERIENCE. An almost universal reason given by employers, and others, for not hiring teenagers looking for full-time jobs was the general lack of education and training. Experience seemed to be secondary at least for the under 18 age group. Employers in the District of Columbia cited lack of skills and lack of "knowledge of the world of work" as the greatest factors affecting the employment of young people. "The majority are ill-equipped in both education and the psychological sense to enter the labor force in a meaningful and rewarding fashion." In North Dakota, most jobs require some skill, and the "kids don't have it." In a number of States, employment blamed the school system, as in California where an employer association representative summed it up, as follows:

> Today's youth are dumped on the labor market without any orientation. Kids don't know how to look for a job. Youth are less productive, less prepared in reading and arithmetic. High school graduation is no longer any guarantee of ability to read and write.

Employers also complain of extensive misrepresentation of qualifications and work experience.

A few voices suggested that employers might use these arguments—irresponsibility and lack of training—to disguise a general unwillingness to hire teenagers, and particularly the Negro ghetto resident.

Most of these complaints, as well as those listed in the preceding section, were directed against applicants for full-time work; more favorable attitudes were voiced toward students as part-time workers and those in vocational training and cooperative work programs.

OTHER FACTORS. Several other factors were cited as having an unfavorable impact on the employment of youth. In about half the States covered by the survey, the complexities, or "red tape," involved in getting work certificates for young people, or employer permits to hire students and learners at reduced rates, were sufficiently frustrating to cause some employers not to hire anyone under 18 (especially when the learner period is short) and some teenagers not to apply. For example, in North Carolina the BLS Regional office reported.

> The young jobseeker often feels it is too much trouble going through all the red tape . . . a trip to secure the forms, then trips for the health examination, school record, employment and birth certificates, and return trips to the issuing agency to secure a worker's permit. Quite frequently, the youth are frustrated to the extent that they abandon the idea of employment. The overall feeling, however, is that procedures for securing a work permit should be made simpler for both the employer and the minor.

In Pennsylvania

> There is a great deal of red tape involved before an employer can get permission to hire youth at the differential rate. Employers must apply in writing for permission to hire at $1 an hour. They must also submit a training program which is subject to inspection by the Bureau of Labor Standards. In addition, all minors under 18 years of age must have an employment certificate signed by the parent or guardian, the minor, and the employer. This certificate must also designate the job for which the minor is being hired and the employer must obtain a new certificate every time the minor changes jobs.

In about an equal number of States, employers found no problems with the relatively simple systems in effect. Some went further, as in Oregon where one employer said the "work permit procedure was a help in his operations, relieving the company of a lot of investigative work by providing such information as proof of age and authority to work in his type of establishment."

For the teenager living in the "inner city," the cost of transportation to suburban concentrations of industry may make the holding of a job an economic impossibility. This was cited as an unemployment factor in most of the large metropolitan areas.

Union barriers to employment of youth under 18 appear to be significant, primarily for retail grocery trade and construction. However, in these industries, the limitations on night work and the ban on hazardous occupations, respectively, seem to be of greater importance. In a few States, it was suggested that elimination of Social Security and Unemployment Insurance payments for part time and summer employees would encourage employers to hire more teenagers.

Conclusions

The report for the State of Pennsylvania sums up youth unemployment in the following terms:

> In general, there seems to be some sort of standoff. The youth in the labor force are unwilling to accept work at either the State or Federal minimum wage levels and hardly anyone can be persuaded to work at the State youth differential wage. The employer is also unwilling to pay more than the minimum wage or differential unless he can hire someone who is skilled or at least had some type of vocational training. All people interviewed agreed that there is growing pressure on the employer to hire at more than the minimum wage. However, they also agreed that the employer is reluctant to do so because of the quality of the workers he is receiving.

and in New England

> In most of New England, employers did not usually find young people the ideal employee in terms of turnover, absenteeism, and motivation. Nevertheless, they seemed willing to employ all they could get. The high statistics rate of unemployment of teenagers seems paradoxical to many employers and employment agents as the job vacancies, particularly in the metropolitan areas, exceed the number of applicants. The jobs that go unfilled usually pay the minimum wage, require no skill, and perhaps appear to be dead-end to the youngsters. Experience with ghetto youths further accented the fact that the youngsters were often seeking wages higher than the minimum wage, particularly when the job was not appealing. . . .
>
> The general conclusion of this brief study then is that unemployment among youth in the New England region cannot be considered in the traditional sense of a simple unemployment model. The youth labor supply function seems to include variables at least as significant as the wage. Hinted at were such elements as the affluence of society, the existing welfare system, the moribund Protestant ethic, and the vastly different frame of reference with which many youngsters view work as part of their life.

FOOTNOTES

[1] The Fair Labor Standards Act allows differential rates to be paid to learners, apprentices, messengers, handicapped workers, and full-time students employed in retail or service establishments or in agriculture if special certificates first are obtained from the U.S. Department of Labor.

[2] Estimates of employees covered by State minimum wage laws only are for those States having minimum wage laws or orders enacted or revised from 1962 to December 1, 1968. For further information, see U.S. Department of Labor, *Minimum Wage and Maximum Hours Standards Under the Fair Labor Standards Act —submitted to the Congress—1969.*

[3] Data on coverage in Puerto Rico and Texas are not included.

[4] This exemption does not apply to youth employed in agriculture who are paid on a piece rate basis.

[5] Provisions relating to cooperative education programs are not included. For information on States which have such programs, see appendix B.

[6] Law effective February 1, 1970. See footnote [4] page 266.

[7] For a detailed description of child labor laws in the States, see Bureau of Labor Standards Bulletin 158 (revised), *State Child Labor Standards*, U.S. Department of Labor, 1965.

[8] Some States are taking another look at their safety regulations. In Oregon, the laws were revised recently to allow minors to operate farm tractors and to act as helpers on trucks, thus creating additional jobs for youth. Officials in Connecticut have looked more closely at the occupations and industries presumed to be dangerous and found that a considerable number could be eliminated from the prohibited list.

APPENDIX A

Type of differential provisions in States minimum wage laws, 1969

State	Type of law establishing rate	Type of differential			Comments
		Minors (under 18 unless otherwise specified)	Students	Learners	
Alabama	None				
Alaska	Statute	Exempts part time workers		Lower rate by application	
Arizona	Wage order		Exempt	Specific rate	Law applies to women and minors only.
Arkansas	Statute		Lower rate by application [1 2]	Lower rate by application	
California	Wage order	Specific rate	Specific rate	Specific rate	Law applies to women and minors only.
Colorado	Wage order		Specific rate	Specificrate	Law applies to women and minors only.
Connecticut	Statute	Specific rate	(1)	Lower rate by application	
	Wage order	Specific rate		Specific rate	
Delaware	Statute		Lower rate by application	Lower rate by application	
District of Columbia	Wage order	Specific rate	Specific rate	Specific rate	
Florida	None				
Georgia	None				
Hawaii	Statute		Specific rate [1]	Lower rate by application	
Idaho	Statute			Lower rate by application	
Illinois	Wage boards—inoperative.				No minimum rates have been specified.
Indiana	Statute	Exempt	(2)	(3)	
Iowa	None				
Kansas	Wage boards—inoperative.				No minimum rates have been specified.
Kentucky	Wage order			Specific rate	
Louisiana	Wage boards—inoperative.				No minimum rates have been specified.
Maine	Statute		Specific rate [2]	Lower rate by application	
Maryland	Statute		Exempt	Specific rate	
Massachusetts	Statute	(4)	(1)	Lower rate by application	
	Wage order			Specific rate	
Michigan	Statute	Exempt			
Minnesota	Wage order	Specific rate			Law applies to women and minors only. Specific rates for minors in amusement and recreation only.
Mississippi	None				
Missouri	None				
Montana	None			"Otherwise provided by law"	No provisions have been made for learners.
Nebraska	Statute		Exempt		
Nevada	Statute	Specific rate		Specific rate	
New Hampshire	Statute	Specific rate		Specific rate	
New Jersey	Wage order				
	Statute	Exempt	Lower rate by application	Lower rate by application	Minors covered by wage orders only.
	Wage order	Specific rate	Specific rate	Specific rate	
New Mexico	Statute		Exempt	"Otherwise provided by law"	
New York	Statute	Specific rate	Specific rate	Specific rate	
	Wage order	Specific rate	Specific rate	Specific rate	
North Carolina	Statute	Exempts those under 16, over 65		Lower rate by application	
North Dakota	Wage order		(1)	Specific rate	
Ohio	Wage order		Exempt [1 2]	Specific rate	Law applies to women and minors only.
Oklahoma	Statute	Exempt	Lower rate by application	Lower rate by application	
Oregon	Statute	Exempt	(5)		Minors covered by wage order only.
	Wage order	Specific rate	Specific rate	Specific rate	
Pennsylvania	Statute		Specific rate [2]	Specific rate	
Puerto Rico	Statute			Lower rate by application	
	Wage order		Exempt	Lower rate by application	
Rhode Island	Statute		Specific rate		
	Wage order				
South Carolina	None			Lower rate by application	
South Dakota	Statute	Exempts those under 17			
Tennessee	None		Exempt [3]		Effective January 1, 1970.
Texas	Statute	Exempt if a "dropout" [3]	Specific rate	Specific rate	Law applies to women and minors only.
Utah	Wage order				
			Exempt	Lower rate by application	
Vermont	Statute		Exempt	Specific rate	
	Wage order				
Virginia	None		(3)	Lower rate by application	Minors covered by wage orders only.
Washington	Statute	Exempt		Specific rate	Persons engaged in on-the-job training are exempt.
	Wage order	Specific rate	Exempt	Exempt	
West Virginia	Statute				
			(1)	Lower rate by application	Law applies to women and minors only.
Wisconsin	Wage order	Specific rate			
Wyoming	Statute	Exempt			

[1] Special permits or exemptions for those in co-operative education programs.
[2] Students working for the school or college they are attending are exempt.
[3] Indiana exempts trainees in embalming.
[4] Massachusetts exempts those under 17 employed in agriculture.
[5] If not employed in agriculture and paid on a piece rate basis.

APPENDIX B

Basic adult minimum wage rates and specified [1] differential rates by State, June 1969

State	Basic adult minimum wage		Differential			Applicable to	Comments [6]
	Legal authority [2]	Rate per hour	Rate per hour	Amount of differential	Youth minimum rate as a percent of adult minimum		
Alabama		None					
Alaska	General	$2.10					
Arizona	Wage order:						
	Dry cleaning	.60	$.54	$.06	90	Learners	Effective 9/10/54
	Laundry	.52	.47	.05	90	Learners	Effective 9/12/48
	Retail	.55	.50	.05	91	Learners	Effective 8/10/54
Arkansas	General	1.00					
California	General	1.65	1.35	.30	82	Minors; students; learners.	
Colorado	Wage order:						
	Beauty service	[4] 1.25–1.00	1.00–.60	.25–.40	80–60	Learners	
	Others	1.10	.90	.20	82	Students; learners	
Connecticut	General	1.60	1.25	.35	78	Minors; learners	
Delaware	General	1.25					
District of Columbia	Wage order:						
	Retail trade	1.80	1.60	.20	89	Minors; learners	
	Others	1.60	1.45	.15	91	Students	Part-time workers under 16.
Florida		None					
Georgia		None					
Hawaii	General	$1.40	1.10–.95	.30–.45	79–68	Students	Lower rate for under 16 years.
Idaho	General	1.25	1.00	.25	80	Learners	
Illinois		None					
Indiana	General	1.25					
Iowa		None					
Kansas		None					
Kentucky	General	[5] .75–.65	.65–.55	.10	87–85	Learners	As of 1961 and 1962.
Louisiana		None					
Maine	General	1.50	1.125	.375	75	Students	Under 19 years.
Maryland	General	1.30	1.04	.26	80	Learners	
Massachusetts	General	1.60					
	Agriculture	1.50					
	Wage order:						
	Mercantile	1.60	.90	.70	56	Learners	
	Others	1.60	.85	.75	53	Learners	
Michigan	General	1.25					
Minnesota	Wage order:						
	Amusement	[5] .85, .80, .75	.75	.10, .05, .00	88–94	Minors	Effective 2/17/57
	Personal service	[5] 1.00–.90	.95–.85	.05	95–94	Learners	Effective 4/22/61
	Public housekeeping	[5] 1.00–.80	.95–.75	.05	95–94	Learners	Effective 7/8/59
	Retail	[5] .85–.70	.70–.60	.15–.10	82–86	Learners	Effective 1/14/57
	Laundry	[5] .85–.70					Effective 1/14/57
	Others	[5] 1.15					
Mississippi		None					
Montana		None					
Nebraska	General	1.00					
Nevada	General	1.30	1.15	.15	88	Minors	
		1.05	.925	.125	88	Learners	Girls 18 and under.
New Hampshire	General	1.60	1.20	.40	75	Minors	
New Jersey	General	1.50					Minors exempt from statute; covered by wage orders only.
	Wage order:						
	Beauty culture		[4] 1.35–1.25	.15–.25	90–83	Minors	
	Laundry, dry cleaning, dyeing		1.25	.25	83	Minors	
			1.20	.30	80	Learners	
	Mercantile		1.00	.50	67	Minors	
			.85	.65	57	Students; learners	
New Mexico	General	1.60					
	Agriculture, service employees	1.30					
New York	General	1.60	1.35	.25	84	Minors	
			1.20	.40	75	Learners	
	Wage order:						
	Hotel	1.60	1.35	.25	84	Minors	
			1.20	.40	75	Students	
North Carolina	General	1.25					
North Dakota	Wage order:						
	Dry cleaning	1.00	.90	.10	90	Learners	
	Laundry	.90	.80	.10	89	Learners	
	Manufacturing	1.25	1.15	.10	92	Learners	
	Mercantile	1.00	.75	.25	75	Learners	
	Professional, technical, clerical	1.45	1.30	.15	90	Learners	
	Public housekeeping:						
	Chambermaid	1.00	.75	.25	75	Learners	
	Waiter; kitchen help	.90	.65	.25	72	Learners	Effective 6/28/66
	Telephone	1.25–1.00	1.00–.75	.25	80–75	Learners	

See footnotes at end of table.

APPENDIX B

Basic adult minimum wage rates and specified [1] differential rates by State, June 1969—Continued

State	Basic adult minimum wage		Differential			Applicable to	Comments [2]
	Legal authority [2]	Rate per hour	Rate per hour	Amount of differential	Youth minimum rate as a percent of adult minimum		
Ohio	Wage order:						
	Cleaning, dyeing	$ .90	$ .75	$ .15	83	Learners	Effective 1/2/63
	Food and lodging	[4].75–.55	.60–.40	.15	80-73	Learners	Effective 2/1/65
	Laundry	1.00	.85	.15	85	Learners	
	Retail trade	1.25	1.00	.25	80	Learners	
Oklahoma	General	1.00					
Oregon	General	1.25					Minors exempt from statute; covered by wage orders only.
	Wage order:						
	Amusement, recreation	1.25	.60	.65	48	Minors	
	Beauty shops	1.25	1.15	.10	92	Minors	
	Canning, freezing, processing	1.25	1.00	.25	80	Minors	
	Homes for the aged, child care agencies		.85	.40	68	Minors	
	Hospitals, nursing homes	1.25	[4].75–.65	.50–.60	60–52	Learners	
	Laundry, cleaning, and dyeing	1.25	1.00	.25	80	Minors	
	Manufacturing		[4].85–.75	.40–.50	68–60	Learners	
	Mercantile	1.25	.80	.45	64	Minors	
		1.25	1.00	.25	80	Minors	
		1.25	1.00	.25	80	Minors	
			.85	.40	68	Students; learners	
	Minors		.60	.65	48	Minors	All industries not otherwise covered.
	Office	1.25	1.00	.25	80	Learners	
	Personal service	1.25	.75	.50	60	Minors	
	Preparing poultry, etc	1.25	.75	.50	60	Minors	
	Public housekeeping	1.25	.85	.40	68	Minors	
	Telephone and telegraph	1.25	.75	.50	60	Minors	
		1.30	1.00	.30	77	Students; learners	
Pennsylvania	General	1.60					
Rhode Island	General						
	Wage order:						
	Laundry, dry cleaning	1.60	1.30	.30	81	Students	
	Public housekeeping	1.60	.55	1.05	34	Students	
	Restaurant and hotel	1.60	.77–.57	.83-1.03	48–36	Students	(without meals).
	Retail trade	1.60	.95–.85	.65–.75	59–53	Students	
South Carolina		None					
South Dakota	General	1.00					
Tennessee		None					
Texas	General	1.25					
Utah	General	[5]1.15–1.00	.93–.78	.22	81–78	Students	
		[5]1.15–1.00	1.05–.90	.10	91–90	Learners	
Vermont	General	1.60					
	Wage order:						
	Hotel, motel, tourist place, restaurant	[4]1.40–.85	1.15–.75	.25–.10	82–88	Learners	
	Other	1.40	1.25	.15	89	Learners	
Virginia		None					
Washington	General	1.60					Minors exempt from statute; covered by wage orders only.
	Wage order:						
	General amusement, recreation	1.60	1.25	.35	78	Minors	
			1.00	.60	63	Learners [7]	
	Health care	1.60	1.20	.40	75	Minors [7]	
	Laundry, dry cleaning	1.60	1.25	.35	78	Minors	
	Manufacturing	1.60	1.25	.35	78	Minors	
	Mercantile	1.60	1.25	.35	78	Minors	
			1.00	.60	63	Learners [7]	
	Public housekeeping	1.60	1.25	.35	78	Minors	
			1.00	.60	63	Learners [7]	
	Theatrical, amusement	1.60	1.25	.35	78	Minors	
			1.00	.60	63	Learners [7]	
	Others	1.60	1.25	.35	78	Minors	
West Virginia	General	1.00					
Wisconsin	General	1.30	1.10	.20	85	Minors	
Wyoming	General	1.30					

[1] Rates for students and learners may also be set upon application by employer. (See appendix A.)

[2] Legislation (statute, wage order, or combination thereof) establishes same basic rate; wage orders are specified by name only where provisions vary among them; only those wage orders are included which establish differential rates.

[3] Effctive date given for laws which establish an adult minimum of less than $1.00.

[4] Rate varies by occupation or industry.

[5] Rate varies by zone.

[6] Rate varies by degree of experience.

[7] Applies to minors during first 48 hours of employment.

CHAPTER X

Youth Wage Rate Schemes in Western Europe and Canada and Their Effect on Youth Unemployment

Modern industrialized countries have had varying degrees of success in coping with youth unemployment. Some such as the United Kingdom, Japan, Germany and The Netherlands have been quite successful. Others have more or less serious problems. A study of the relative successes and failures in this area is difficult because statistics are often deficient and not many useful studies have been made about the principal causes of unemployment among young people. The most successful countries, in terms of maintaining low unemployment rates for teenagers, have not bothered to analyze the cause of their success.

This study reviews unemployment among youth[1] in three countries—the United Kingdom, France, and Canada. Shorter evaluations of the subject are made for West Germany and The Netherlands. Government, labor, and employer representatives were interviewed in all but West Germany. An attempt has been made to evaluate the status of youth employment, the factors contributing to the levels of unemployment, and in particular, the effect of the schemes of lower wage rates for young people.

The general situation for each country can be briefly described as follows:

In the United Kingdom, unemployment of both youth and adults is around 2 to 2.5 percent (table 10.1). There are good counselling and placement services and a large apprenticeship program. Youth enter employment at about 30 percent of adult earnings and, by steps, reach adult wages commonly at age 21 for men and 18 for girls.

Unemployment data in France are not current but adult unemployment is low and youth unemployment high—probably about 10 percent in early 1968. Counselling and placement services are widely criticized as inadequate, and participation in apprenticeship programs is about half that of the United Kingdom. Youth

John W. Piercey, management consultant, prepared this chapter under contract for the Bureau of Labor Statistics. Officials of governments, trade unions, employer organizations and foundations were interviewed in Canada (also the provinces of Quebec and Ontario), the United Kingdom, France and The Netherlands. Materials and views also were solicited by letter and telephone from people in seven provinces in Canada and from various individuals in the United Kingdom and France. The U.S. Labor Attaches and their staffs were most helpful in the countries visited. Appreciation is also due the foreign labor attaches assigned to Washington from the above countries and to various U.S. Department of Labor officials. Views expressed in this study are solely the responsibility of the author.

Footnotes begin on p. 148, tables on p. 149.

enter employment at about 70 percent of adult earnings at age 16 and reach the adult rate at 18.

In Canada, adult unemployment was under 5 percent and youth unemployment just under 11 percent in 1968. There are the usual employment services available to youth but no specialized services except for students. The apprenticeship program is proportionally larger than that of the United States, but much smaller than most European programs. The rates for youth are not much below the minimums set for adults and have a brief duration. There is compulsory schooling to age 16 and adult rates are effective at 17 or 18.

The German and Dutch scenes are similar to the British—low unemployment for both adults and youth; good counselling and placement services, large apprenticeship systems and heavy abatements from adults rates, though smaller abatements in the German case.

Canada, France, and The Netherlands—have statutory minimum wages. In Canada and France the minimum wage laws provide lower rates for youth. In all of the five countries but Canada, collective bargaining, in effect, also sets minimum wages by branch of industry. In these four European countries a system of lower minimum rates are included in the collective bargaining contracts. Thus youth rate schemes are in two structures: in statutory minimum wage laws and in collective bargaining. Of the five countries only France has youth rate schemes both in collective bargaining and in the statutory minimum wage law. The United Kingdom has a type of quasi-collective bargaining in Wage Councils for the unorganized trades, which also set minimum rates for youth.

The apprenticeship programs—which are a system of lower rates in themselves—have special relevance to our study for (1) where they are large they provide employment security to a good portion of the young people in the labor force and (2) they provide for rates substantially under adult wages and thus tend to determine the youth rate schemes outside of apprenticeships. Table 10.2 shows that the United Kingdom has double and Germany three times the relative number of apprentices as France. Apparently, where the mass of youth are involved in apprenticeships, unemployment of youth will be low.

What are the abatements in wages for youth? In Canada the reductions are small—perhaps averaging 20 percent—and the duration for the individual is only a year or so. The reductions in the United Kingdom and The Netherlands are large and extend over about six years. In France the reductions are only 20 to 30 percent and, considering the compulsory school age of 16, are in effect about 2 years. The German youth rates are moderate but the apprenticeship program is, in effect, the system of reduced earnings for youth.

Although there are many other factors—especially the machinery of assisting youth to find jobs—certainly the size of the apprenticeship programs and the extent of the application of the youth rate schemes have a definite correlation with the rate of employment of youth in the countries considered.

Youth unemployment levels result from a combination of factors. The number of youth in the population is very important. Here again West Germany and the United Kingdom have the advantage over the United States, Canada, and France. The machinery for helping youth make the transition from school to work is weak in France and strong in the United Kingdom and Germany.

Indirect evidence exists that systems of lower rates for youth are essential to the achievement of full employment for youth. In some Canadian provinces—particularly in Quebec—the Ministry of Labour officials were quite positive that the lower rates were useful in placing youth in some kinds of employment and in some areas. In British Columbia the rate system was felt to be of no value in the present labour market. Government officials in Canada as well as other countries believed that the lower rates were necessary and useful.

Fearing that they might depress wages in already low-paying industries, trade union leaders in Canada were rather negative about youth rates. In the United Kingdom, trade unionists saw some possible abuses but in general thought the youth rates justified by the various liabili-

ties to the employer in youth labor. They felt that nonapprenticed youth must be paid rates that were similar to those of apprentices. Youth wage rates in France, according to a French trade unionist, are a means of exploiting youth who often produced more on the job and were paid much less. French labor-management contracts have interesting examples of exceptions to youth rates when the youth's training or productivity justify higher pay or when the youth is performing "adult's" work.

Except for Canada, where some provinces have recently adopted youth rates, youth rates have not been consciously considered as a means of counteracting unemployment among young people. In Europe, the system simply derived from a time when boys and girls went to work before they were physically grown and lacked skills and experience. It was natural to "pay a boy a boy's wage." Apprenticeships set the pattern.

Has the youth rate system a future in view of the rapid social and educational changes? Youth now enter the labor market at a later age because of constantly rising compulsory school age requirements. With better diets they are healthier and stronger. They are better schooled and trained than their elders and may enter a firm now with training more appropriate for today's technology than older workers. Added to these factors are the rising expectations and ambitions of young people. Do these changes make a youth differential rate system an anachronism? Some British respondents, indeed, saw the system disappearing in time. In any case some felt that there was need to redefine "youth" and that the age of 26, 23, or even 21 was no longer a proper boundary between youth and adult.

To what extent have youth rates, which are permissive and not manadatory on the employer, become traditional and universally applied where they are no longer justified? Canada, where youth rates are rather new, does not have that problem and the lower rates are applied only in certain kinds of employment. Data on earnings of youth in the United Kingdom do not indicate many exceptions to universal application of youth rates. Perhaps a country adopting a youth rate system for the first time would not tend to apply lower rates universally simply because the rate system existed in law.

The experience in the United Kingdom

British experience is especially valuable because the United Kingdom has been successful in providing full employment for young people (table 10.3) and because the system of lower rates for young workers is widely applied.

The United Kingdom has only occasionally made labor force surveys; hence, data are based on administrative statistics such as registration at employment exchanges. Even if unemployment is understated, all evidence points to a very low rate of unemployment for adults as well as youth.

Labor supply-demand is healthy as shown by the Monthly Statement on the Employment Situation for Young Persons issued by the General Youth Employment Executive of the Department of Employment and Productivity which shows substantially more vacancies than unemployed 15- to 18-year-old youths (table 10.4).

Some regions varied in supply-demand but only in the Northern, Wales, and Scotland regions were the number of unemployed and the vacancies nearly in balance. Girls were in a more favorable position than boys in all regions.

Those interviewed for this study stated that youth was much in demand in most communities and occupations. This demand was attributed to numerous factors: (1) no social security taxes for youth under 16, (2) preferentially low rates on boys and girls in the Selective Employment Tax of 1966; (3) employers desire to protect their future labor supply; (4) the lower wage scales for youth both under the Wage Councils and in regular collective bargaining; (5) the very extensive apprenticeship schemes with their lower wages; and (6) the new post-war attitude toward young people which places a higher priority on their role in society.

Unlike France, the birthrate after the war did not put pressures on the labor market. From 1950 to 1956 there was a lower level of births—an age group which would now be coming into the labor force.[2]

Extension of the school leaving age has had a moderate effect on the number of youth entering the labor force. After the war compulsory schooling was extended to age 15, but the planned advance to age 16 has had to be deferred until 1972–73 for budgetary reasons. Britain thus differs from France and other modern nations in this regard.

Schooling beyond the compulsory age is limited to a relatively small percentage of youths. Although 91 percent of the 11–14 year olds and 57 percent of 15 year olds were enrolled in school, the proportion dropped to 24 percent at age 16, 12 percent at age 17, and 4 percent at age 18.

In 1965–66, 509,000 left school to enter fulltime employment. This included 328,000 who were 15 years of age, 122,000 who were 16, 35,000 who were 17 and 24,000 who were 18 years of age or over. Most British youth enter fulltime employment by the age of 16. The potential expansion of education to higher age levels offers Britian a cushion to counteract unemployment of youth in future years.

Although the quantity of youth available to the labor market is expanding only moderately, the quality is unquestionably higher due to the extensive educational reforms underway in the post-war period. This improvement has two aspects: changes in the regular schools, and improvement and intensification of education and training for those at work.

Training for industry has been the domain of industry, largely implemented through apprenticeship. The present apprenticeship system was organized in the Victorian age after the Elizabethan apprenticeship code had fallen into disuse. Unions and employers adopted a compact based on 5 years of apprenticeship before the youth entered a skill and joined the union. Concomitantly training courses were developed in schools and technical colleges. These two systems had little coordination until recent changes.[3]

In the post-war period a number of studies focused on the inadequacies of the apprenticeship system, particularly its content, method, and organization. Boys and girls not entering apprenticeship needed training in new technologies and skills. A 1962 Government white paper said:

> At present, training for industry in this country is primarily the responsibility of individual firms, through Government, local education authorities, and other agencies such as the City and Guilds of London Institute are helping. A serious weakness in our present arrangements is that the amount and quantity of industrial training are left to the un-coordinated decisions of a large number of individual firms. The Government has therefore decided that the time has come to strengthen and improve the existing partnership between industry, the Government and the educational authorities in the provision of industrial training.[4]

As a result of a series of studies, the Industrial Training Act of 1964 was adopted. Its purposes are: to ensure an adequate supply of properly trained men and women at all levels of industry; to improve the quality and efficiency of industrial training; and to share the cost of training more evenly among firms. Industrial training boards have been established for 26 branches of industry covering 15 million workers. A steady expansion of training programs and released-time attendance at government-operated colleges has been developed for youth not included in apprenticeships. In 1968, 12 percent of the boys and 14 percent of the girls entering employment were in programs providing for planned training, often for outside school attendance one day a week.[5]

The apprenticeship program remains a major channel for employment and training. Of the 256,000 boys who entered employment in 1968, 110,000 or 43 percent obtained apprenticeships. Only 7.4 percent of the girls were apprenticed. The Official Handbook for 1969 gives the number of apprentices as 112,000 for the construction trades and 800,000 for other employment, a total of 912,000. A comparable number in the United States in relation to population would be about three million. Although U.S. apprenticeships are restricted largely to areas such as construction and printing, they are found in almost every kind of occupation and industry in Britain including agriculture, basic manufacturing, distributive trades, and insurance.

Though prevalent, the apprenticeship system has been widely criticized. Gregoire points out that no real supplementary training was being given a large proportion of apprentices.[6] The training has often been called obsolete for the higher technology in today's industry. Trade unionists interviewed thought in general that the training in many industries and occupations was too long. The trend is toward shorter terms of apprenticeship but most are still 5 years.

The extent of the apprenticeship system determines the level of young people's wages. Various government, labor, and management representatives were unanimous in stating that to pay adult wages to nonapprenticed youth would be impractical; but to pay standard low rates, such as 30 percent of adult wages for a 15-year-old, to youth in apprenticeship programs would discourage youth from accepting apprenticeships.

One of the principal factors contributing to high employment of youth in Britian is the administrative structure for channeling youth into jobs. The main structure for aiding youth seeking employment is the Youth Employment Service, created under the Employment and Training Act of 1948. Its functions are: (1) To inform young people, their parents, and their schools about employment and careers; (2) to give vocational guidance to young people in their later years at school; (3) to help young people find suitable employment and employers to find suitable workers; and (4) to follow-up the progress of young people in employment and give further help and advice when needed.

Although the Central Youth Executive operates under the Ministry of Labour, 500 youth employment offices are established at the local level by the school authorities.[7] (If the school authorities fail to do so, the Ministry of Labour establishes the local structure.) This responsibility for the schools is based on the principle that adequate guidance at the transitional stage from school to work needs to be based upon a thorough knowledge both of the youth and of the field of employment. Although children from the more affluent families do not usually avail themselves of this service, as many as 85 percent of school leavers get counselling and up to 40 or 50 percent are placed on their first job through this service.

System of lower rates for youth

The United Kingdom does not have a uniform national minimum wage system, although the Department of Employment and Productivity has made a study for possible adoption of such a scheme.[8] Minimum wages are, however, established by two kinds of agreements: (1) collective bargaining agreements which cover 14.5 million workers, and (2) agreements negotiated under the Wages Council System by labor, management, and public members for unorganized workers in 57 branches of industry and representing 3.5 million workers.[9]

In nearly all cases, both kinds of agreements provide for a scale of reduced wages for youth. The agreements set forth step increases by age, over a span of several years, until the adult wage is received. Boys and girls usually have separate schedules. The provisions for the youth rates vary as to age at which the adult wage is received, the number of years of step increases and the rate, or percentage of adult rate, at each step.

Samples are given of the scale of youth rates for both the wages council system and regular labor management contracts in appendix I of this chapter. Youth rates commonly start at about 30 percent of adult rates at age 15 and reach the adult wage at 21 years of age for men and at 18 for women. This does not mean the women may surpass the men in earnings for women may earn only 70 to 90 percent as much as men. There is some tendency for the age for achieving adult earnings to be reduced. Recently, for example it was reduced from 24 to 21 for shop assistants.

The extent to which young people (age 20 and under) on lower wages are doing what might be called "youth" work rather than work normally assigned to adults is not known. Some contracts, however, do accept the principle that all doing adult work should be paid adult wages. Contracts for the cement and the rubber industries, for example, provide: "Juveniles employed on recognized adult work shall be paid

as adults." The contract between the Union of Shop, Distributive and Allied Workers and the Retail Co-Operative Movement gave the following scale for skilled butchery assistants, those having completed their apprenticeships and having passed the Craftsman's Certificate Examination or the Meat Trades Diploma Examination: (rate pre month in shillings)

Age	18	19	20	21
Rate	183/6	201/6	221	273/6

In this case, skilled operatives are paid substantially less for no reason except age.

Certainly a large part of the youth receiving lower wages are doing work equal to that of an adult. Some are doing boy's and girl's work—such as messenger boys and helpers.

The employer must consider certain liabilities in hiring youth. Child protection laws limit overtime, weekly hours, night work, continuous work, and so forth. A special study commission recently has recommended some mitigation of such restrictions both for youth and women, ostensibly to improve their earning potentialities.[10]

Increasingly youth accept employment under agreement for a planned training program under which young people are paid while they attend college one day a week.

In discussions with various management, labor, and government officials in Britain, there was an assumption that boys and girls are not worth as much on the job as adults. They are not as strong physically, have less stability, are more prone to accidents, are less experienced, and lack the judgement and reliability of adults. Some saw youth rates as a prolonged "learner's rate" for the period when the youth is maturing and gaining all the physical, emotional, and attitudinal qualities of adulthood.

Most respondents admitted that youth rates —even though modified gradually—extend to an age level which no longer can be characterized as "youth." Some saw the system disappearing in a squeeze between a drop in the age of applying the adult wage and the rise in the school-leaving age.

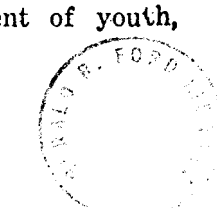
Other justifications for youth rates have a broader context. One is the need of youth for less income compared with adults. Another, given by a trade unionist, was that without the gradual steps to an adult wage youth would have nothing to look forward to, nothing to whet his ambitions.

The minimum rates for youth are substantially below those for adults but are they universally applied in practice or, as some officials suggested, are youth often paid at rates higher than these minimums? The half-yearly survey of earnings made by the Department of Employment and Productivity would indicate that youth rates are widely applied.[11] In the October 1968 report of hourly earnings in manufacturing industries, men over 21 were making approximately double the earnings of men under 21, and the same held true in other occupations. The differences for women and girls were less pronounced because women have substantially lower earnings. The disparity is even greater in weekly earnings as child labor laws limit overtime earnings. (See appendix II for hourly and weekly earnings by age.)

Conclusions of British experience

An evaluation of the usefulness of the youth rate system in counteracting unemployment is difficult. A number of officials interviewed thought that youth rates had nothing to do with the high employment rate. However these officials conceded that fewer youth would be employed if they had to be paid at adult rates. One said that an employer might well say: "This job is worth so much to me—if I can hire a worker at that price I will do so—otherwise the job can remain vacant." An official of the Transport and General Workers Union said larger employers commonly take on far more young workers than are needed because a young worker at age 15 can normally be employed for about one-third the wage of a man. The employer may take on youth generously as he is building up and training a future labor supply. Most industries and areas compete for young people. However several trade unionists commented about demoralizing effect on the attitude of young workers when there was not sufficient work to keep them usefully employed.

Although it is impossible to evaluate the factors making for full employment of youth,



cheapness of this factor of production appears to be a major reason for its full utilization.

None of those interviewed thought that in today's full employment, young people were taking jobs away from adults to any significant extent. Obviously this would tend to be the case if there were considerable unemployment. Nor was the practice of laying off a youth when he reaches the age to receive adult wages seen as more than a very rare occurrence. This practice too might be different in a recession. Today, youth often leave an employer when the apprenticeship or other planned training is completed.

The experience in France

The United Kingdom and France are alike in many ways—size of population, level of industrial development, and development of education. Although both have a low level of adult unemployment, youth unemployment is low in the United Kingdom and rather high in France.

France like the United Kingdom has a system of lower rates for youth. The structure and application of these rates are different. France has a statutory minimum wage—Salaire Minimum Inter-professional Garanti (SMIG)—which was established in 1950. SMIG probably does not affect more than 10 percent of the labor force, primarily those in the unorganized sectors of the economy such as small textiles and woodworking manufacturing and retail trade. The rest have minimum rates set under collective bargaining, as do other European countries; minimums under collective bargaining are also "contracted rates." Under both SMIG and the private sector agreements, there is a system of reduced rates for youth under 18. The SMIG system is very simple and provides for percentage reductions from adult wages by steps from 14 to 18 years; no special consideration are made for zones, sex, or occupations. The provisions in regular collective bargaining contracts are similar but more consideration is given in applying the abatements to such factors as seniority, competence, and equal pay for equal work.

Because no labor force surveys have been published since 1964, France lacks adequate statistics (table 10.5). There are the census figures from 1962 and preliminary data from the 1968 census. Otherwise only administrative statistics and studies of limited scope are available to estimate the rate of unemployment for the 15–19 age group. Such an estimate would place youth unemployment at about the 10 percent level.

Among factors which affect the level of youth unemployment is demography. Unlike the United Kingdom, the postwar baby boom has boosted the youth segment of French population (table 10.6) significantly. This trend would have been greater without the advance in the compulsory school attendance age to 16. Table 10.7 shows the distribution of youth aged 15–24 among various activities. The data in the last line of that table raises the question as to whether unemployment of youth has not been seriously understated. Possibly a good part of the inactive youth are unemployed by generally accepted standards. If half are unemployed, the rate of unemployment of this age group would be over 12 percent.[12]

Estimates of youth unemployment vary widely. One study by the Social and Economic Council (SEC) suggested that as many as 500,000 youth under 18 were unemployed. In another study the SEC said the figure might be anywhere from 170,000 to 400,000. Norbert Alise, head of the youth section of the French Confederation of Democratic Trade Unions (CFDT) places the current figure at 350,000.

Officials in France indicate the following other causes of unemployment:

Young immigrants—many from Italy—have a language handicap. They lack general education and vocational training for modern industry. Rural youth lack general education, vocational training, and mobility. They are willing to relocate, but are restricted by lack of information about jobs, difficulty in finding housing, and lack of government help to facilitate moving. Family and friends pressure them to stay home; when 19, men enter the military services.[13] Employers are reluctant to hire youth who have not completed their military service. For this reason, the draft age may be lowered to 18 years and shortened from 16 to 12 months.

The rapid change in production methods and technology has caused additional hindrances to employment. A decline in some trades and an expansion in others have caused a drop in demand, especially for the poorly trained. Agriculture, the source of jobs for rural youth in the past, needs fewer workers. The metal industry, a traditional place of youth employment, now requires less handwork and more experienced workers. Between 1948 and 1966, youth employment declined from 3.8 to 2.6 percent of total employment in metal industries though employment increased. Textiles and clothing, another employer of youth, have declined and employed fewer workers. Transportation, the one bright exception to employment decline hires youth without "qualifications" and is not affected by limitations imposed by child protection laws.

Location has much to do with unemployment. "In certain departments, the figures on youth unemployment reach alarming proportions: 30–40 percent in the North, Pas de Calais, la Loire and la Marne, and 46 percent in Haut Rhin."[14]

Youth's interests and ambitions are incompatible with job opportunities. Thirty percent of the young people wanted the 3 percent clerical jobs available; 9 percent wanted the 6 percent commerce jobs available; and 12 percent wanted the 5 percent metal industry jobs available. Thus, in the absence of career guidance, youths base their job goals on circumstances rather than reality.[15]

Bureaux de Placement, the employment service, employs only 8 officials for each 100,000 population, compared with 37 in the United Kingdom and 59 in Germany, and places only one in four young adults who bother to apply. A study by L'Union Nationale des Associations Familiales (L'NAF) reported that the 257 young people in the study sought jobs in the following ways: friends, 13 percent; family, 37 percent; employment service, 12 percent; newspapers, 30 percent; and other methods, 8 percent. Among employers covered in the study: 61 percent said the employment service would not refer suitable candidates; 20 percent said workers ignored the service; and 48 percent said the service was inefficient. The L'NAF study concluded: "It is reasonable to suppose that the young hesitate to waste time in long and fastidious administrative formalities with so little chance of success."[16]

Alise of the CFDT said that trade unions have demanded that employment services be improved and that a special youth employment office be set up to service young people. He indicates the present difficulty lies in a lack of cooperation between the schools and employment service. Because of limited work experience, unemployment compensation is available to few youth. Only 4 percent of those under 18 have drawn such benefits.

France has recognized its educational deficiency in preparing youth for the needs of a modern economy and has restructured its system. Compulsory schooling has been advanced to age 16; class will be de-emphasized; every youth will receive the education he needs. All children finishing the lower school at about age 11 will attend a 4-year secondary school. A vocational course has been designed for those resisting traditional subjects.

Adult evening classes will enable older workers to advance in their jobs. According to the Ministry of Social Affairs, L'UNEDIC, and L'INDEC, only 50 percent of the young workers studied had at least three years of vocational study; 25 percent had from three to six months; and 25 percent lacked any training. Forty-five percent were without a generál diploma; 50 percent possessed a Certificat d'Etudes Premier Cycle du Second Degré (primary school, normally finished at age 12); and 6 percent the Brevet d'Etudes Premaires Elémentaries (secondary school finished at age 16). Over 70 percent had no technical training.

A number of training programs which were originated for other groups, such as adults and Algerians who repatriated, have been used on an ad hoc basis to train youth, usually after military service. A new program has been proposed which would place 50,000 young unemployed through established training centers. Training and evaluation of abilities would be emphasized rather than placement through training as is done with the manpower development and training programs in the United States.

After the "spring rebellion" of 1968, employers feared the infiltration into their firms of revolutionists who might disrupt production and were afraid to hire youth, according to M. Guillen, an official of the Metal Industry Federation. Some writers discussing youth unemployment have indicated that the social measures promulgated by the government after the revolts may have hurt youth employment. To pay for these measures and to protect the Franc, economic action was imposed which caused some retrenchment in all hiring.

By using a formula and taking into account the number of adults and other factors, CFDT, the trade union federation, has suggested that employers be assigned quotas of young people to employ. Employers might argue that this radical view is premature because of the serious deficiencies in education, training, counseling, and placement.

French system of lower rates for youth

The similarities of the British and French youth wage schemes are more in form than in application. The French scheme is less universal and has less impact in earnings and time required for a youth to reach the adult wage. In the United Kingdom, youth start at about one-third of the adult wage; it takes six years to reach the adult wage level. Although rates are provided in the French scheme for 14–15 year olds, school attendance is required to 16. As adult wages are paid at 18, youth rates are effectively limited to 16 and 17 year olds.

The statutory minimum wage rates for youth are set as a percentage of SMIG rates for adults as follows: 50 percent at age 14, 60 percent at age 15, 70 percent at age 16 and 80 percent at age 18.

The wages of far more youth are affected by labor-management contracts than by SMIG. Excerpts are given from contracts in a variety of industries in appendix III. Some industries follow the SMIG pattern quite closely; others have modifications. Where piece rates are in effect and youth are assigned to adult jobs, young workers will be paid as adults (textiles, baby buggies). Some contracts provide that if youths have "professional" training they will be paid as adults. Others indicate that the full reductions will not be implemented if the young worker justifies higher pay by his "productiveness." The drug industry provides that "if quality and quantity are equal to that of adults, the pay will be equal."

In the absence of any comprehensive study, there is no way of judging the extent to which individual employers apply, modify or waive reductions. Rate differentials for youths are permissive, not required. Comparison of earnings of youth and adults would be valuable, but data on earnings are not current. Studies of earnings from 1964 data give some indication of comparative earnings for youth. A study of low incomes by the Institute National de la Statistique gives the percentage of each age group making less than 5,000 francs annually: all ages, 16.7 percent; 14–17 age group, 86.7 percent; 18–20 age group, 37.9 percent; and 31–40 age group (which had the highest earnings), 7.7 percent. The same study gives annual earnings for various age groups of workers: less than age 18, 3,015 francs; 18–20, 5,616; 31–40, 9,405; all ages, 8,208 francs. Earnings in white-collar occupations were slightly higher than in "worker" categories but ratios between age groups remained about the same.[17]

In another study, Conditions of Life and Employment of Young Workers,[18] average monthly earnings in 1964 for youth were as follows: 15–19 age group, 419 francs; 20–24 age group, 541; both age groups together, 488 francs. Average earnings for all ages were 872 francs, about double that for youth. Youth earn substantially less than adult workers—undoubtedly in part due to the abatements in rates under SMIG and under collective bargaining.

Conclusions of French experience

In the absence of more complete and current statistics and other pertinent information, an evaluation of the usefulness of the youth rate scheme must be based on plausible rather than completely verifiable facts. Compared with its adult unemployment rate France ranks rather high among the nations which have serious youth unemployment. Contributing causes in-

clude: sheer numbers, the backwardness of youth services—vocational training, counselling, career guidance, placement—the interference of military conscription, attitudes of employers toward youth, rapid changes in the structure and distribution of industry, and changing technology.

If the lower rates for youth did not exist, youth unemployment would be even more serious. France demonstrates that more is involved in achieving full employment than cheapness of youth labor. The one big difference between France and Germany, is the apprenticeship schemes which are several times larger in Germany than in France. In the United Kingdom and Germany, youth can choose security as apprentices even though these schemes may be deficient to prepare him for modern technology. France plans an educational reform which may therefore prepare her youth for modern economy. But while she is trying to realize these visions, her youth are suffering burdensome unemployment and frustration.

The Canadian experience

Many similarities exist between the culture and economy of Canada and the United States. Both countries have high standards of living, unions that are linked closely, and similar educational systems, labor training and apprenticeship programs, labor laws, and unemployment rates. In recent years Canada has had slightly more unemployment.

There are differences too. Canada has no racial or ghetto problem if one excepts the rather dissimilar and much smaller problem of the Indian. Canadian cities are not as large, so urban decay is not so serious; nor are homes far from new industries. Canada has no compulsory military service to absorb part of its youth manpower. Finally, in labor and manpower questions the provinces are far more important in relation to the Federal Government than our States are to our Federal Government.

Both countries have a statutory minimum wage system at both State or Provincial and Federal levels. In the United States the Federal minimum wage is predominant; in Canada the reverse is true. Unlike the United States the Canadians have adopted at both levels of government a lower schedule of minimum wages for young people.

Unemployment has been rising in recent years. Not only is the rate higher, but the extent of both long-term unemployment and underemployment among youth is more pronounced. The long-term unemployment rate of the 14–19 age group is approximately double that of the 25–44 age group.[19] Underemployment is serious too, but exact figures delineating voluntary from involuntary underemployment are not available. Female unemployment in Canada is lower in all age categories.

Although unemployment among young people is high relative to adults, some Canadians do not consider the problem urgent. Canadians think that the present rates indicate the normal restiveness of young people in finding their way—slowly and fitfully—into the world of work. Indicating that necessity and determination are useful prods to successful job seeking, one official noted that young workers who marry early are seldom unemployed.

The Canadians are concerned very much about student unemployment. This concern is based upon the particular educational structure in Canada: (1) Canadian Colleges have a 5-month summer vacation, from April to September—thus the students are on the labor market about half the year, and (2) the fantastic increase in college enrollment, much of the influx is youth from lower or middle income homes who must support themselves. In 1958–59 there were 94,994 college students; in 1967–68 there were 305,000 or a yearly rate of increase of 12 to 15 percent. A national campaign, similar to our Youth Opportunity Campaign, financed by the Federal Government and calling on cooperation of business, is underway. The Canadian Congress of Labor (CCL) has no youth section and the labor movement has given little attention to this problem. The one active and concerned group seems to be the Jeunesse Ouvriere Catholique (JOC), the youth section of the Catholic trade union movement.

The system of lower minimum rates for youth

A system of minimum wages under law is in

effect in all the provinces and in the Federal jurisdiction. Under these laws there is in all cases a schedule of lower rates for young workers, students, learners or for certain categories such as newsboys and messenger. A summary of these rates in comparison to adult minimum rates is given in appendix IV.

Unlike the United States, the proportion of workers under the Federal jurisdiction, 600,000 or less than 10 percent of the labor force, is relatively small. In the Federal jurisdiction, the reductions only apply to those under 17 years of age and to industries in which child labor laws restrict participation. Because most people leave school at age 16, there is in effect only a one-year application. As a result Federal officials estimate that not more than 3,000 youth earn rates paid youth or learners and students. The differential of only 25 cents (the adult rate is $1.25, youth $1) would have little impact in any case. In view of these factors, one can say that the youth rates under the Federal jurisdiction have little significance.

The youth rate systems in the provinces have a varied history and structure. Some date back several decades: British Columbia to 1919; others, very recent; and Newfoundland to 1968—too recent to evaluate its effectiveness. The purpose of the youth rates varies but all rationales, whether verbal or written, have a common theme. An official of the Saskatchewan Department of Labor suggested: "to encourage and integrate the young person, the student and the inexperienced into the labor force."

Unlike most apprenticeship schemes, the rates in the provinces and in the Federal jurisdiction are given in absolute terms rather than as percentages of adult rates. There are no steps by age. The differentials are not large, usually about 20 cents under the minimum rate for adults; some instances are as great as 40 cents and one as small as 5 cents. The common age for attaining the adult rate is 18; in Saskatchewan it is 17. Thus youth rates exist within rather narrow limits—both as to amount and as to duration. Typically a youth would work below the adult minimums for about a year. In some areas and occupations the demand for labor is such that employers do not offer youth less than adults. An official of the Ministry of Labour of British Columbia in a letter to the author said: "It should be pointed out that in affluent times such as are being experienced at present, minimum wage rates do not have much effect since employers find they have to pay more than those rates in order to obtain employees."

All provincial officials interviewed indicated that youth rates are useful in counteracting unemployment and in introducing young people into working life. In a letter submitting data for this study, Laureat Beaulieu, member of the Canadian Commission for Minimum Wages, said: "I would rely on the information provided by our own inspectors to the effect that in the majority of establishments where youth under 18 were hired, it was mostly due to the differences in rates."

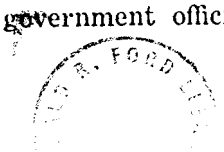
None of the Provincial officials could supply statistical evidence about the effect of the youth rates. These officials did think the rates were helpful, except in areas and occupations where the labor market was tight and where employers were perfectly willing to pay the full adult wages, even when these were substantially above the adult minimums.

In the United States the minimum wage of $1.60 is about 56 percent of average hourly earnings; in Canada the differences are greater. For a 40 hour week, typical weekly earnings in January 1969 ranged from a low of $60.62 in personal services to a high of $127.82 in transportation.[21] Consequently, employers may hire far below average earnings without resorting to youth rates.

Sectors in which youth rates were implemented included: service trades, retail stores, hotels and restaurants, rural factories such as those making wooden articles, textiles, and clothing.

Disadvantages and criticisms of Canadian youth rate system

In this study, government, labor, and management officials were queried about the possible unfavorable side-effects of the youth rate system. Nearly all the government officials—



both Federal and Provincial—said they could observe no abuses or disadvantages, though some reported criticisms by unionists and others. In Quebec and Nova Scotia, the officials said the lower rates for youth might cause some displacement of older workers or family heads in favor of youth. A number remarked that the youth might be laid off when he reached the adult wage.

The attitude of trade union leaders range from negative to passive. In general those interviewed doubted that the youth rates have any usefulness in introducing youth into working life. Some mentioned that the lower youth rates might pull down the general level of pay in unorganized trades. Officials of the Canadian Congress of Labor (CCL) and of the Ontario Federation of Labor thought the system would only assist youth in finding jobs in the service and marginally profitable industries. The CCL has passed no resolutions on the subject but officials interviewed were personally against the scheme. According to Labor Ministry officials in Quebec, the Young Catholic Workers (JOC) approved the adoption of the scheme in that province in 1965 but continued to criticize the level of the youth and adult minimums. When asked whether youth should receive less pay than an adult for work of equal value, trade unions and others usually answer "no." Most assumed, however, that in general youth do not perform work of equal value to an adult because youth lack training, experience, and the disciplines of working steadily and effectively.

Conclusions of Canadian experience

It is difficult to measure the effectiveness of the system of youth rates in Canada when no statistics are available on the number of youth working under them.

No one in Canada from whom information was obtained in this study thought that the youth rate system was vital in counteracting youth unemployment but many felt it had some usefulness in particular occupations and labor markets.

The impact of the youth rates are limited by the relatively small difference with adult minimums and the rather large difference between the latter and average earnings. The short span in which they would apply—between the school leaving age and the incidence of the adult wage—further limits their impact.

The schemes for learners, youths, apprentices, and students undoubtedly help ease young people into the labor market. Unless accompanied with a general plan affecting education, vocational guidance, training, mobility and other factors, the youth rates, taken alone, do not play a major role in youth employment in Canada.

West Germany

Unemployment among young people of West Germany is so low as to be negligible; all age groups have low rates of unemployment. Labor market data for May 31, 1969 showed the unemployment rate as 0.6 percent—a total of 123,000 jobless, while there were 800,000 registered job vacancies. This report showed a total of 4,554 unemployed below the age of 20, barely 3.7 percent of the total jobless. Duration of unemployment is not a problem either. A report from the Federal Employment Service for September 1968 showed that 65 percent of the male and 61 percent of the female unemployed under 20 years of age had been unemployed for less than a month. Consisting almost entirely of frictional unemployment or the unemployables, unemployment in West Germany approaches the irreducible minimum. The above data are based on registrations rather than a labor force survey, so it does not account for hidden unemployment. Officials, however, believe hidden unemployment is very limited.

Germany has effective machinery for channeling youth into the working life. As in the United Kingdom, counselling is well provided for. About 84 percent of all school graduates were assisted by the government-sponsored service in 1965–66.

Unquestionably a major factor in the full employment of youth in West Germany is the extensive apprenticeship program. About 80 percent of all German youth become apprenticed—a proportion even higher than in Great Britain

—employment is guaranteed as well as training and opportunity for future employment. Approximately 1,400,000 youth are apprentices in West Germany.

The youth rate system in West Germany

West Germany has no minimum wage legislation but labor-management agreements have the practical effect of setting minimum wages. The negotiations establish regional industry-wide wages and working conditions. A review of selected collective agreements in major industrial sectors shows that as a general rule "standard rates"—that is adult rates—are paid at age 21 for blue-collar workers and at 25 for white-collar workers. Younger workers have reduced rates graduated according to age. However, variations by industry exist; for example, workers under 16 are paid 60 percent of adult wages in the metal industry and 70 percent in the chemical industry. In food processing, youth wages amount to 80–90 percent of the adult wage and in retail trade, 75 percent.

According to Federal Labor Ministry officials, the youth rates were meant to reflect lower efficiency and productivity of the inexperienced young workers and the step increases by age to compensate for their gradual improvement in skill and efficiency. The lower rates for youth are not seen as a tool for counteracting unemployment.

Surveys of earnings of adults and youth show a remarkable correlation with the rate system. In a survey by the Federal Statistical Office in 1962, average hourly earnings for male workers over age 18 were reported to be DM 3.57; for male workers under 18, DM 2.58—a differential of 30 percent. Average hourly earnings of female workers over age 18 were DM 2.62; those under 18, DM 1.83—also a differential of 30 percent.

A very large part of youth who work for less than adult rates are in the apprenticeship program. Youth are normally apprenticed for 3 to 3.5 years, beginning at about one-third the adult wage rate. The employer is supposed to provide training and observe child protective legislation. The trade unions often have charged that some employers short change apprentices in their training while exploiting them as cheap labor. The unions have not been satisfied with legislation to eliminate these evils.

Conclusions of West German experience

The German system is more moderate than the British and Dutch systems in the amount of the abatements in youth earnings and in their duration. The lower rates seem to be tailored to compensate for the genuine lower productivity of youth labor more than the other systems, and to equalize the attractiveness of adult and youth labor in the marketplace.

Does the youth rate system serve any purpose? Probably not with the present heavy demand for labor. When the demand for labor was less, the 30 percent differential for youth labor helped ease young workers into jobs.

The Netherlands

The Netherlands is a good example of a small nation determined to maintain full employment for adults and youth. Close labor-management cooperation made possible a high degree of social and economic policy coordination. Wage restraint, coupled with a high investment rate, made possible post-war reconstruction and industrial expansion. The government has followed an active labor market policy to stimulate employment by channeling new industries to areas of labor surplus and by relocation of workers to areas of high demand. Standby public works absorbed much of the redundant labor.

These policies have resulted in rather full employment throughout the post-war period although both youth and adult employment have been affected somewhat by the business cycle. At times there has been concern about the level of youth joblessness. In 1967 and 1968, youth unemployment, reaching a peak of 4.2 percent in January 1968, was higher than that for adults. In recent months youth unemployment has tended to be lower than that for adults. For example, in April 1969 adult unemployment was 1.4 percent; youth unemployment, 0.9 per-

cent. At times youth unemployment has been high in the building trades because wages are relatively high in that occupation and attract more youth than can be absorbed.

Youth rate system in the Netherlands

The Netherlands first adopted a minimum wage system in 1966, but it does not provide for youth rates. Youth rates are established under collective bargaining for each branch of industry. Unlike the United Kingdom, these rates are equal for male and female. As in the United Kingdom, they tend to follow the rates set for apprenticeships. The rates normally begin at about 25 to 30 percent of adult rates at age 14 and reach 100 percent of adult earnings at age 23. At age 16 the rates are usually at about 40 percent and at age 20 about 80 percent of adult rates. Some contracts pay the adult rate at ages 21 or 22 for some categories of workers, though officials report no general tendency to lower the age for the achievement of the adult rate. Because youths now are required to attend school to age 16, few youth work below the 40 percent level.

Although earnings for various age groups are not available, those interviewed believe that the contract rates are followed closely by employers. Holland has the Germanic tradition of discipline and control of the young by their elders, although the strong revolts of urban youth in recent years may begin to change this practice. Unquestionably, the justification for the lower rates for youth is based in part on the concept of "social need". As in other countries, however, youths not only are less skilled and experienced, but also are covered by protective child legislation and must be trained.

Conclusions of experience in the Netherlands

Although there are certain inherent liabilities to hiring youth there is little doubt that the employer obtains youth labor at bargain rates. That this experience aids in youths' introduction to the world of work is without question. An official of the Social and Economic Council indicated there was active competition for youth labor. The newspapers are full of glamorous ads, and firms carry on active recruitment campaigns in the schools. Youth are in demand but the extent to which lower rates are the magnet is not clear.

FOOTNOTES

[1] The terms "youth" and "teenagers" are used interchangeably and include all 16–19 year olds, unless otherwise stated.

[2] Department of Education and Science. *Statistics of Education Schools* (London, HMSO, 1967), p. 77. See also Joseph S. Zeisel "Comparison of British and U.S. Unemployment Rates," *Monthly Labor Review* (May 1962), pp. 489–501.

[3] Roger Gregoire, *Vocational Education*. Organization for Economic Co-Operation and Development (Paris, 1967), p. 82.

[4] Quoted in *ibid.*, p. 84–85.

[5] Ministry of Labour, *Industrial Training Act.* (London, 1964); Department of Employment and Productivity, *Central Training Council. Third Report to the Secretary of State* (London, 1969); The Schools Council, *Society and the Young School Leaver*, Working Paper No. 11. (London, 1967).

[6] Gregoire, *op. cit.*, p. 37.

[7] Ministry of Labour, Central Youth Employment Executive, *The Youth Employment Service* (London, HMSO, 1969).

[8] Department of Employment and Productivity. *A National Minimum Wage, An Inquiry.* (London, HMSO, 1969.)

[9] C. W. Guillebaud, *The Wages Council System in Great Britain.* (London, HMSO, 1962); and Department of Employment and Productivity, *Wages Councils.* (London.)

[10] Confederation of British Industry, *Payment of Adult Rate of Wage* (1969); Department of Employment and Productivity, Employment Productivity Gazette (April, 1969); Department of Productivity, *The Factories Act of 1961* (London, HMSO, 1962).

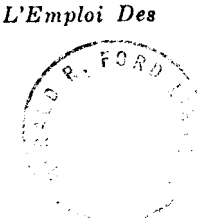
[11] *Employment and Productivity Gazette* (London, February 1969), p. 123 and (May 1969), p. 140.

[12] Marie-Therese Join-Lambert. "Approche Statistique du Probleme de l'emploi des Jeunes", Recherche Sociale (Paris, March–April 1969).

[13] *Etude Sur Le Chomage Des Jeunes Allocataires Du Regime D'Assurance-Chomage*, Bulletin de Liaison, UNEDIC (Paris, December 1967).

[14] Alise of Confederation Francaise Democratique Du Travail (CFDT), *Dossier Situation de L'Emploi Des Jeunes* (Paris, March 1968).

[15] Join-Lambert, *op. cit.*



[16] L'Union Nationale des Associations Familiales. *L'Emploi Des Jeunes* (Paris, 1967.)

[17] Institut National de la Statistique et des Etudes Economiques, Etudes et Conjuncture (July 1966), pp. 14 and 34.

[18] Institut National d'Etudes Demographiques. *Conditions de Vie et D'Emploi des Jeunes Traveilleurs* (Presses Universitaires de France, 1968), p. 24.

[19] Dominon Bureau Statistics, Unemployment in Canada (Ottawa, 1968), p. 23.

[20] Letter to the Author.

[21] Dominion Bureau of Statistics, *Employment and Average Weekly Wages and Salaries* (Ottawa, 1969), p. 8.

Table 10.1. Unemployment rates and the youth-adult unemployment ratio for selected countries

Country	Unemployment rate, all ages		Youth unemployment rate		Youth-adult unemployment ratio [1]	
	1960–64	1967–68	1960–64	1967–68	1960–64	1967–68
Germany (1961–67)	[4] 0.3	1.1	[4] 0.3	1.1	[4] 1.0	1.0
Canada [2] (1962–66)	6.9	4.0	14.4	9.7	2.4	2.6
Netherlands (1960)	0.9		1.4		1.8	
United Kingdom	[3] 1.3	[3] 2.0	[3] 0.9	[3] 2.2	[3] 0.6	[3] 1.1
(1961–67)	[4] 1.7		[4] 2.3		[4] 1.4	
Sweden (1964–67)	1.7	2.6	3.9	6.1	2.6	2.9
France (1960)	2.1		6.6		4.4	
Belgium (1960)	2.5		4.0		1.7	
Italy (1961–67)	3.4	3.5	9.3	11.4	4.9	5.7
United States (1960–68)	5.5	3.6	[5] 14.7	[5] 12.7	3.3	5.5

[1] Ratio of Youth unemployment rate to adult unemployment rate for adults 25 and over. Data from labor force surveys except as noted. Data not strictly comparible amoung countries.
[2] Ostry, Sylvia, Unemployment in Canada, 1968, males only, ratio: youth/all ages.
[3] Labor Ministry data from unemployment insurance records.
[4] Census data for 1961.
[5] Youth unemployment data relate to 16–19 year-olds.

Table 10.2. Number of apprentices and labor force in five countries

Country	Labor force (thousands)	Apprentices (thousands)	Number of apprentices per thousand in labor force
Canada	8,061	45	5.6
France	19,995	350	17.5
West Germany	26,262	1,400	53.3
United Kingdom	24,770	912	36.8
United States	82,270	240	2.9

Source: Labor departments of the various countries.

Table 10.3. Unemployment rates in the United Kingdom

Date	Unemployment rate			Youth-adult ratio
	All ages	15–19	25 and over	
April 1951	1.7	2.3	1.6	1.44
April 1961	1.3	.9	1.4	.64
July 1966	1.1	1.1	1.1	1.00
January 1967	2.2	2.6	2.1	1.24
July 1967	2.0	2.2	2.0	1.10
January 1968	2.6	2.6	2.5	1.04
July 1968	2.2	2.0	2.2	.91
January 1969	2.5	2.3	2.5	.92

Source: First line from census data, all others from registrations as employment service offices.

Table 10.4. Unemployment and vacancies for 15–18 year old youth, April 1968 and 1969, United Kingdom

Date	Boys		Girls		Total	
	Unemployed	Vacancies	Unemployed	Vacancies	Unemployed	Vacancies
April 1969	17,955	43,581	8,985	53,679	26,940	97,260
April 1968	17,108	42,357	10,301	50,291	27,409	92,658

Source: "Monthly Statement on the Employment Situation for Young Persons," Department of Employment and Productivity, Mid-April 1969.

Table 10.5. Unemployment rates in France for selected age groups and year

Date	Unemployment rate			Youth-adult ratio 14–19/ 25 and over
	All ages	14–19	25 and over	
October 1960	2.1	6.6	1.5	4.40
October 1962	2.2	6.5	1.7	3.82
October 1964	2.0	6.3	1.4	4.50

Table 10.6. Population of 15–24 year olds in France, selected years

Year	Numbers (millions)	Percentage of total population
1775	4.5	18.0
1886	6.5	17.0
1926	6.8	16.9
1962	6.2	12.7
1965	7.0	14.3
1967	7.7	15.5
1970 (est)	8.3	16.7

Source: P. Clere, "Croissance du chomage chez les Jeunes?" Economie et Humanisme, January-February, 1969.

Table 10.7. Distribution of 15–24 year olds in France by activity, 1962 and 1968

Classification	1962	1968
In school	1,940,000	2,900,000
Military service	530,000	300,000
Apprentices	360,000	350,000
Unemployed	57,000	170,000
Employed	2,600,000	3,500,000
Neither working nor in school	720,000	740,000

Source: 1962 and 1968 Census Data.

Table 10.8. Unemployment rates—Canada 12 Month averages in percentages

Age group	1966	1967	1968
All ages	3.6	4.1	4.8
14–19	8.2	9.3	10.8
20–24	4.2	5.0	6.3

Source: Dominion Bureau of Statistics, Special Surveys Division, Labor Force Surveys (Ottawa, 1968).

APPENDIX A

Youth rates of pay in the agreement between the National Union of Railwaymen and the British Railways Board. (March 1969). No rate was given for nonapprenticed males.

Rates of Pay

The pay structure to recognize the introduction of these features in Stage I is:—

Adult Male Staff

Railway Shopmen Category 1	260/–
Railway Shopmen Category 2	270/–
Railway Shopmen Category 3	280/–
Railway Shopmen Category 4	300/–

(London Allowance 18/– per week)

Apprentices

Apprentices will continue to receive the percentage of the skilled (Category 4) rate (300/–) on the basis agreed in R.Sh.N.C. Min. No. 1,270–16.1.58, namely:—

Age	*Percentage of Category 4 rate*	*New rate of pay*
15	27½	82/6
16	35	105/–
17	42½	127/6
18	50	150/–
19	60	180/–
20	70	210/–

(London Allowance 9/– per week)

Adult Female Staff

A revised pay structure for Adult Female Workshop Staff engaged on work appropriate to women, will be:—

Railway Shopwoman Category 1	205/–
Railway Shopwoman Category 2	215/–
Railway Shopwoman Category 3	225/–

(London Allowance 18/– per week)

Section VI, page 23 gives the Category definitions and Assimilation Chart.

Junior Female Staff

The rates of pay of Junior Female Workshop Staff will continue to be calculated on the basis of a percentage of the highest Adult Female rate of pay (225/–), namely:—

Age	*Percentage of Shopwoman's Category 3 rate of pay*	*New rate of pay*
15	35	79/–
16	45	101/6
17	55	124/–
18	67½	152/–
19	77½	174/6
20	87½	197/–

(London Allowance 9/– per week)

Example of a Wage Order negotiated in the retail food industry and approved by the Ministry of Labour. These rates are minimum rates enforceable by the Labour Inspectorate.

1967 No. 745. Wages Councils

Column 1	Column 2					
	London area per week		Provincial A area per week		Provincial B area per week	
	Male	Female	Male	Female	Male	Female
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Clerk grade I, aged 23 years or over	230 0	174 6	222 6	168 0	208 6	156 6
Clerk grade I, age under 23 years, clerk grade II, shop assistant, stockman or orderman, canvasser, van salesman, cashier or central warehouse worker:						
22 years or over	224 0	170 0	216 6	163 6	202 6	152 0
21 and under 22 years	206 0	157 6	200 0	150 6	186 0	140 6
20 and under 21 years	171 0	133 6	166 0	126 6	153 6	119 6
19 and under 20 years	160 6	127 6	155 6	120 6	143 0	113 6
18 and under 19 years	147 0	120 0	142 0	113 0	130 6	106 0
17 and under 18 years	121 0	99 6	115 0	92 6	106 6	86 0
16 and under 17 years	113 0	94 0	107 0	87 0	99 6	80 6
under 16 years	105 6	88 0	100 6	81 0	93 0	74 6
All other workers (other than transport workers).						
22 years or over	218 0	164 0	210 0	157 0	200 6	149 0
21 and under 22 years	204 0	155 6	198 0	148 6	184 0	138 6
20 and under 21 years	170 0	132 6	165 0	125 6	152 6	118 6
19 and under 20 years	159 6	126 6	154 6	119 6	142 0	112 6
18 and under 19 years	146 0	119 0	141 0	112 0	129 6	105 0
17 and under 18 years	120 0	98 6	114 0	91 6	105 6	85 0
16 and under 17 years	112 0	93 0	106 0	86 0	98 6	79 6
under 16 years	104 6	87 0	99 6	80 0	92 0	73 6

Youth rates as shown in the Wage Order negotiated in the Wages Council in the Aerated Waters Industry, 1968:

FEMALE WORKERS—GENERAL MINIMUM TIME RATES

The general minimum time rates applicable to all female workers (other than driver-salesmen, delivery workers and mates) are as follows:—

Age	Per week of 42½ hours s.	d.
19 years or over	*155*	*0*
18 and under 19 years	*130*	*0*
17 and under 18 years	*115*	*6*
16 and under 17 years	*96*	*6*
under 16 years	*80*	*6*

MALE WORKERS—GENERAL MINIMUM TIME RATES

The general minimum time rates applicable to all male workers (other than driver-salesmen, delivery workers and mates) are as follows:—

Age	Per week of 42½ hours s.	d.
21 years or over	*210*	*0*
20 and under 21 years	*171*	*6*
19 and under 20 years	*155*	*0*
18 and under 19 years	*136*	*0*
17 and under 18 years	*115*	*6*
16 and under 17 years	*96*	*6*
under 16 years	*80*	*6*

Youth rates as shown in the Wage Order negotiated in the Wages Council for the shirtmaking industry, 1966:

ALL OTHER MALE WORKERS BEING AGED

Age		
21 years or over	5	1
20 and under 21 years	4	3½
19 and under 20 years	3	11
18 and under 19 years	3	6½
17 and under 18 years	3	2½
16 and under 17 years	2	9¾
under 16 years	2	5

Example of youth rates in 1968 contract between the General Distributive Workers and the Retail Co-operative Movement. Figures are in shillings. Above the age of 21 bonuses are given based on average weekly sales, ranging from 12 to 50 shillings a week. Note the skills required for butchery assistants, and their abatement in earnings.

Part I.—WEEKLY RATES OF WAGES

Clause (a) MALE SHOP ASSISTANTS—ALL DEPARTMENTS (except Hairdressers and Cafe Workers) AND WAREHOUSE WORKERS

Age	15	16	17	18	19	20	21
Metropolitan	121/6	132/–	149/6	177/–	194/6	210/6	258/–
Provincial "A"	116/–	126/6	144/–	171/6	189/–	205/–	245/6
Provincial "B"	114/–	124/6	142/–	169/6	187/–	203/–	236/–

SKILLED BUTCHERY ASSISTANTS

The following rates of wages shall apply to a skilled Butchery Assistant who has (*a*) served for three years as an indentured Apprentice in the Retail Meat Trade; or (*b*) passed the Craftsman's Certificate Examination or the Meat Trades Diploma Examination of the Institute of Meat or an examination of a body of comparable standing in the same subjects which the National Joint Apprenticeship Council for the Retail Meat Trade shall consider to be of the same standard. This Council has recognized the Co-operative Education Department Courses, therefore, these rates will apply to skilled Butchery Assistants who have succeeded in gaining the Co-operative certificate.

Age	18	19	20	21
Metropolitan	183/6	201/6	221/–	273/6
Provincial "A"	177/–	195/–	213/6	258/6
Provincial "B'	172/6	190/6	200/–	249/6

Clause (b) FEMALE SHOP ASSISTANTS—ALL DEPARTMENTS (except Hairdressers and Cafe Workers)

Age	15	16	17	18	19	20	21
Metropolitan	102/6	114/6	127/–	144/–	157/–	169/–	191/–
Provincial "A"	97/–	109/–	121/6	138/6	151/6	163/6	181/6
Provincial "B"	95/–	107/–	119/6	136/6	149/6	161/6	176/6

Clause (b) MALE PACKERS, PORTERS, CLEANERS, LIFT ATTENDANTS, AND CELLARMEN

Age	15	16	17	18	19	20	21
Metropolitan	121/6	132/–	149/6	177/–	194/6	240/6	252/–
Provincial "A"	116/–	126/6	144/–	171/6	189/–	205/–	239/6
Provincial "B"	114/–	124/6	142/–	169/6	187/–	203/–	230/6

Clause (1) FEMALE PACKERS, CLEANERS, LIFT ATTENDANTS, AND WAREHOUSE WORKERS

Age	15	16	17	18	19	20	21
Metropolitan	102/6	114/6	127/-	144/-	157/-	169/-	185/6
Provincial "A"	97/-	109/-	121/6	138/6	151/6	163/6	176/-
Provincial "B"	95/-	107/-	119/6	136/6	149/6	161/6	171/-

The examples below from the rubber and cement industries provide youth scales but stipulate that those who do adult's work will be paid adult rates. The contract from the rubber industry has the unusual feature of giving separate scales by age for bonuses for shift and night work.

Rubber Manufacturing Industry, 1968

PERCENTAGE SCALE OF LABOUR RATES FOR YOUTHS

Age Years	*YOUTHS' LABOUR RATES. i.e., Percentage of basic hourly rate for able-bodied adult male general labourers. Per Hour (percent)*
15	45
16	50
17	55
18	65
19	75
20	90

1. In ascertaining the actual wages rates for youths, the percentage calculations will be taken to the nearest 1/10th of 1*d* higher.
2. Youths who do adults' full work will be paid adults' rates.
3. See rule 8 (v and vi) regarding youths employed on rotating shifts.

Cement Manufacturing Industry, 1968

Clause 3: Minimum Weekly Wages
(*a*) The minimum basic weekly wages payable to all workers to whom this Agreement applies shall be as follows:—

Age Group	Men & Youths Min. Wkly Wage	Women & Girls Min.Wkly Wage
21 years and over	£13 0 0	£9 15 0
20 years	£11 10 0	£9 0 0
19 years	£10 5 0	£8 10 0
18 years	£9 5 0	£7 15 0
17 years	£7 10 0	£6 15 0
16 years	£6 10 0	£6 0 0
15 years	£5 10 0	£5 5 0

Clause 4: Factory Wage Negotiations—
Subject to Clause 3 above, the wage rates and systems of payment for all workers, including earnings for skill, responsibility and productivity shall be determined at local level and any increases made shall relate to increases in productivity or efficiency or to changes in job evaluation or similar assessments.
Juveniles employed on recognized adult work shall be paid as adults.

Youth rates and apprentices rates in England and Scotland negotiated in the National Joint Council for the Building Industry, 1967

(1) *Craftsmen and Laborers*

	Rate per Hour London, Scotland, and Liverpool District	Grade A
Craftsmen	7s. 9d.	7s. 7½d.
Labourers	6s. 7½d.	6s. 6d.

(3) *Young Male Labourers*

Age	Percent of Labourer's rate	Rate per hour London, Scotland, and Liverpool District	Grade A
15	33⅓	2s. 2½d.	2s. 2d.
16	45	3s. 0d.	2s. 11½d.
17	66⅔	4s. 5d.	4s. 4d.
18	100	6s. 7½d.	6s. 6d.

(4) *Apprentices*

A. *England and Wales*

Age	Percent of Craftsman's rate	Rate per hour London and Liverpool District	Grade A
15	25	1s. 11½d.	1s. 11d.
16	33⅓	2s. 7d.	2s. 6½d.
17	50	3s. 10½d.	3s. 10d.
18	62½	4s. 10½d.	4s. 9½d.
19	75	5s. 10d.	5s. 9d.
20	87½	6s. 9½d.	6s. 8½d.

B. *Scotland*

(*a*) *Apprenticeships entered into prior to 1st June, 1965*

Apprenticeship year	Percent of Craftsman's rate	Rate per hour
1st	25	1s. 11d.
2d	33⅓	2s. 6½d.
3d	50	3s. 10d.
4th	66⅔	5s. 1d.
5th	75	5s. 9d.

(*b*) *Apprenticeships entered into on and after 1st June, 1965.*

Apprenticeship year	Percent of Craftsman's rate	Rate per hour
1st	33⅓	2s. 6½d.
2d	50	3s. 10d.
3d	66⅔	5s. 1d.
4th	80	6s. 1½d.

APPENDIX B

Hourly and weekly earnings of youth and adults in the United Kingdom, October 1968

Industry group (hourly rates)	Men (21 years and over)	Youths and boys (under 21 years)	Women (18 years and over)		Girls (under 18 years)
			Full-time	Part-time	
	d.	d.	d.	d.	d.
Food, drink and tobacco	111.4	64.4	67.4	64.6	47.9
Chemicals and allied industries	123.6	70.2	68.6	64.7	46.9
Metal manufacture	127.5	70.9	70.4	65.0	45.6
Engineering and electrical goods	121.4	56.7	74.0	71.7	47.6
Shipbuilding and marine engineering	125.7	59.6	67.9	56.5	=
Vehicles	144.6	66.0	82.9	72.6	47.8
Metal goods not elsewhere specified	119.6	60.7	69.3	65.3	44.3
Textiles	111.0	65.5	70.4	66.3	51.4
Leather, leather goods and fur	107.5	62.7	66.0	61.6	41.6
Clothing and footwear	114.7	63.3	70.6	65.9	46.5
Bricks, pottery, glass, cement, etc.	117.2	71.7	69.6	64.5	44.3
Timber, furniture, etc.	115.8	58.0	77.3	68.4	44.1
Paper, printing and publishing	140.0	64.6	71.4	67.9	42.9
Other manufacturing industries	121.2	67.6	67.8	67.1	46.1
All manufacturing industries	123.8	62.4	71.1	67.0	47.0
Mining and quarrying (except coal)	106.5	71.7	65.6	=	=
Construction	114.8	62.1	61.9	62.7	=
Gas, electricity and water	113.1	62.9	76.6	68.5	=
Transport and communication (except railways, etc.)	115.2	65.8	85.6	67.0	39.6
Certain miscellaneous services	104.3	50.1	59.2	57.1	
Public administration	95.9	61.5	67.7	60.6	
All the above, including manufacturing industries	118.9	61.4	70.8	66.2	46

Industry group (weekly rates)	Men (21 years and over)	Youths and boys (under 21 years)	Women (18 years and over)		Girls (under 18 years)
			Full-time	Part-time	
	s. d.	s. d.	s. d.	s. d.	s. d.
Food, drink and tobacco	441 11	229 0	219 1	115 8	156 10
Chemicals and allied industries	472 11	240 5	220 1	115 11	152 6
Metal manufacture	487 8	242 4	223 6	114 3	145 8
Engineering and electrical goods	461 6	193 4	236 10	127 4	154 0
Shipbuilding and marine engineering	478 7	198 1	215 1	94 2	=
Vehicles	528 11	222 2	266 8	127 7	151 5
Metal goods not elsewhere specified	459 5	209 9	218 9	115 4	141 9
Textiles	426 7	230 4	223 5	119 4	165 4
Leather, leather goods and fur	408 4	221 11	208 5	116 0	136 9
Clothing and footwear	405 5	213 9	219 6	130 1	149 1
Bricks, pottery, glass cement, etc.	467 8	252 11	216 11	112 10	143 8
Timber, furniture, etc.	443 1	202 6	244 1	121 11	142 4
Paper, printing and publishing	539 0	228 5	223 10	121 8	141 5
Other manufacturing industries	471 9	237 3	217 6	123 0	148 2
All manufacturing industries	472 4	214 10	226 3	121 2	152 1
Mining and quarrying (except coal)	453 6	266 11	220 10	=	=
Construction	457 5	228 2	201 1	90 4	=
Gas, electricity and water	413 11	216 5	237 7	119 4	=
Transport and communication (except railways, etc.)	483 11	240 7	311 10	116 9	133 2
Certain miscellaneous services	387 10	174 1	192 0	101 11	134 11
Public administration	349 5	207 2	224 5	97 0	138 0
All the above, including manufacturing industries	459 11	214 6	225 11	118 7	151 4

Source: Employment and Productivity Gazette, February 1969.
These data were obtained from returns furnished by about 50,000 establishments employing over 6 million manual workers. Administrative, technical, and clerical workers and salaried persons generally were excluded.

Median Quartiles and Deciles of Composite Hourly Earnings by Age, September 1968

Sex and age	Lowest decile	Lower quartile	Median	Upper quartile	Highest decile	As percentage of the median				Standard error of median	
						Lowest decile	Lower quartile	Upper quartile	Highest decile		
	Shillings per hour					Percent				Shillings	Percent
FULL-TIME MALES											
15–17	2.4	2.8	3.5	4.3	5.3	68.1	80.7	121.4	152.4	0.1	0.9
18–20	4.4	5.2	6.4	7.7	9.2	69.6	81.4	121.6	144.7	0.1	0.6
21–24	6.8	7.8	9.2	11.0	13.1	73.5	84.3	119.7	142.8	0.1	0.5
25–29	7.2	8.5	10.4	13.0	16.3	69.5	81.7	124.6	156.8	0.1	0.5
30–39	7.6	8.9	11.2	14.7	19.8	68.1	79.8	131.7	177.3	0.1	0.5
40–49	7.5	8.8	11.0	14.4	20.7	67.7	79.5	130.9	188.4	0.1	0.5
50–59	7.0	8.2	10.1	13.3	19.0	69.9	81.4	131.8	188.4	0.1	0.5
60–64	6.6	7.6	9.1	11.7	16.1	72.9	83.3	128.7	177.5	0.1	0.7
65 and over	4.9	6.5	8.1	10.2	14.0	60.6	80.3	126.2	172.2	0.1	1.8
FULL-TIME FEMALES											
15–17	2.4	2.8	3.5	4.3	5.2	70.0	81.1	123.1	150.0	0.1	0.8
18–20	3.7	4.4	5.2	6.1	7.4	71.2	84.5	117.8	142.5	0.1	0.6
21–24	4.7	5.6	6.7	8.1	10.4	70.5	83.7	121.2	155.5	0.1	0.7
25–29	4.8	5.7	7.3	9.2	12.6	65.4	78.4	126.5	172.8	0.1	1.2
30–39	4.5	5.3	6.9	9.2	12.7	65.7	77.7	134.3	185.6	0.1	1.0
40–49	4.5	5.2	6.4	8.7	12.3	70.0	80.8	135.3	191.7	0.1	0.8
50–59	4.4	5.0	6.3	8.8	12.9	69.7	80.0	140.1	205.7	0.1	0.9
60–64	4.0	4.8	6.2	9.1	13.7	64.3	77.0	145.5	220.5	0.2	2.6
65 and over	3.8	4.4	5.7	8.0	10.3	66.4	76.7	141.0	181.0	0.2	3.5

Source: Department of Employment and Productivity.

APPENDIX C

Pay Schemes for Young Workers for Various Industries in France

The pay for those under 18 when productiveness is less than that of adults is fixed in proportion to the pay rate of the same job category:

Age	*Percent*
14 to 15 years	50
15 to 16 years	60
16 to 17 years	70
17 to 18 years	80

However, without regard to age, those over 16 with at least 6 months in the firm, the percent will be advanced to:

Age	*Percent*
16 to 17 years	80
17 to 18 years	90

Trucking and materials

Minimum rates of pay for those under 18 are fixed in relation to the minimum rates of adult employees in the same category and step in class of the employee, as follows:

Age	*Percent*
14 to 15 years	60
15 to 16 years	75
16 to 17 years	85
17 to 18 years	90

Insurance societies

The minimum pay of young under 18 will be fixed in relation to the pay of adults in the same job category, as follows:

Age	*Percent*
14 to 15 years	50
15 to 16 years	60
16 to 17 years	70
17 to 18 years	80

The reductions do not apply to those with a diploma (cerified d'Aptitude au Profesoral del'Ensergnemens Secondaire), and those who have passed the examination of the building trades center.

Construction—Seine region

To take account of effective work and productiveness, the guaranteed rate for young workers is calculated as a percent of the guaranteed rate for workers over 18 in the same job category, as follows:

At hiring in: A range of 50 percent to 80 percent for those 14–18.

After 1 year's experience—a range of 75 percent to 80 percent, for those 15–18.

After 2 years' experience—a range of 85 percent to 90 percent for those 16–18.

After 3 years' experience—95 percent for those 17–18.

However, by application of the principle "to equal work, equal pay," the work of young workers of both sexes ought to be paid by reference to the adult occupying the same job taking into consideration their work and their productivity.

Transport sector

When work performed by youths is equivalent in amount and quality to the work performed by adults, the young worker will be paid according to their job category, rank, or employment under the same conditions as adults.

The pay to youth on piece rates when the conditions, quality, and production are the same will be determined in the same way as pay for adults.

When the work of youth is not equal in amount and quality, the pay will be calculated in a percentage of the production of the adult of that job category, rank and position.

The output will be computed as a fraction of the base. However, the percentage of pay for the young paid on time rates should correspond, under the rule of minimum guarantee, to the percentage of work which they accomplish in comparison to adult workers.

Textile industry

I. The pay for young people for work ordinarily performed by adults will be set in relation to the work they accomplish compared to that of adults in quality and quantity.

II. In connection with the above, the minimum pay for those under 18 should not be reduced more than:

Age	*Percent*
14 to 15 years	50
15 to 16 years	40
16 to 17 years	30
17 to 17½ years	20
17½ to 18 years	10

Chemical industry

In case of payment by time, the pay of young workers under 18 not under apprenticeship should have the hourly pay for adults of the same job category with reductions not greater than:

Age	*Percent*
14 to 15 years	50
15 to 16 years	60
16 to 17 years	70
17 to 18 years	80

In all cases where the young worker under 18 is paid by the job, unit or productivity under conditions where the productivity is equal for work normally assigned to adults, the young worker is paid on the same rates as that of adults.

Games and baby carriages

I. The pay provisions for those under 18 doing work normally assigned to adults will be set in relation to the work accomplished in quality and quantity compared to the work of adults. If quality and quantity are equal to that of adults, the pay will also be equal.

II. In accordance with the above, the pay of those under 18 will be the minimum for the job category, or employment to which they are assigned, in accordance with the reduction corresponding to their age and their seniority in the enterprise.

Pharmaceutical industry

The young workers employed in production and not under apprenticeship have the same guarantee of the minimum pay of the job category where they are assigned in accordance with the reductions corresponding to their ages and their experience in the firm.

The pay of those under 18 will not be reduced, in relation to adult pay, more than: under 16 years—at hiring in 30 percent, after 1 year—20 percent, 16–18 years—at hiring in 20 percent after 1 year—10 percent.

Air transport

After 18 years of age, young professional workers or specialists will be considered as adults and receive the pay of their category on condition they show sufficicnt professional capacity.

However, the young workers who, at the end of their apprenticeship, have made progress in the firm not sufficient to justify professional capacity in quality of production to receive an adult salary of their category will receive a salary corresponding to their progress and for which the rates are shown in the annex.

Metal industry

For employees with previous training: (percentage of adult earnings) 1st year—50 percent, 2d year—60 percent, 3d year—80 percent.

And for the employee with professional training:
1st year—80 percent, 2d year—90 percent.

Plastic industry

Source: Information from files of American Labor Attache in Paris.

APPENDIX D

Minimum Wage Rates in Canada

(From draft of section of publication Labor Standards in Canada, Department of Labor, Ottawa, 1968)

The minimum rates set for young workers and for students in the various provinces are as follows:

Alberta	Workers under 18:	15 cents less than adult rate
	Students employed part-time:	55 cents, if under 17 65 cents, if over 17
British Columbia	Bicycle-riders and foot-messengers employed exclusively on delivery (no age specified):	50 cents
Manitoba	Workers under 18:	$1.00
Newfoundland	Workers 16–19 years:	70 cents (males) 50 cents (females)
Nova Scotia	Workers 14–18 years:[1]	Zone I 95 cents (males) 70 cents (females) Zone II 80 cents (males) 55 cents (females)
Ontario	Persons under 18 employed as messengers, delivery boys, news vendors, pin setters, shoe shine boys, golf caddies or in the professional shop at a golf course, in a municipal public library, or in an	90 cents

[1] Unless the Minimum Wage Board gives express approval, not more than 25 percent of an employer's total working force may be underage employees (14–18 years). In a hotel, restaurant, motel or tourist resort from June 15 to September 15, however, up to 60 percent of the employees may be underage workers.

Ontario—(continued)	amusement or refreshment booth at a fair or exhibition held by an agricultural association:	
	Students employed part-time (not more than 28 hours in a week), or employed from May 15 to September 15 or during Christmas or Easter vacations:	$1.00
	If student required to work more than 28 hours in a week in the period May 15-September 15:	90 cents during first month of employment
Prince Edward Island	Students (female) who work a minimum of 28 hours in a week or who work full-time from May 15 to September 15 or during Christmas and Easter vacations:	5 cents less than regular minimum rate
Quebec	Workers under 18:	
	General	Zone I, $1.05 Zone II, 95 cents
	Hotel trade establishments	Zone I, 95 cents Zone II, 90 cents
	Service establishments	Zone I, 85 cents Zone II, 80 cents
	Students and messengers under 18 employed by municipal corporations and school boards:	80 cents
	Workers under 18 employed in sawmills:	Zone I, 90 cents Zone II, 85 cents
	Workers under 18 employed in woodworking plants:	Zone I, 95 cents Zone II, 90 cents
Saskatchewan	Workers under 17:	Ten cities—95 cents Rest of province—90 cents

Provincial minimum rates for adult workers

Province	Establishment	
	Factories—shops—offices	Hotels—restaurants
Newfoundland	Workers 19 and over: 85¢ (women) $1.10 (men)	Same
Prince Edward Island	Men over 18: $1.10 Women: 85¢, increasing to 95¢ on July 1, 1969.	Same
Nova Scotia	Workers 18 and over: Men: $1.15, Zone I $1.05, Zone II Women: 90¢, Zone I 80¢, Zone II	Same
New Brunswick	$1	Same
Quebec	Workers 18 and over: $1.25, Zone I $1.15, Zone II [3]	$1.05, Zone I $1, Zone II
Ontario	$1.30	$1.15, increasing to $1.30 on October 1, 1969.
Manitoba	Workers 18 and over: $1.25	Same
Saskatchewan	Workers 17 and over: $1.05, 10 cities and 5-mile radius 95¢, rest of province.	Same
Alberta	Workers 18 and over: $1.25	Same
British Columbia	$1.25	Same

CHAPTER XI

Youth Employment and Wages in Japan

The relatively high unemployment rates for youth in the United States have given rise to speculation concerning the effects of our statutory system of "undifferentiated" minimum wages on youth unemployment. Theoretical analysis leads to the conclusion that workers with low marginal productivity can command only correspondingly low wages in the labor market. If employers are forced to pay such workers wages as high as those received by more experienced—and presumably more productive—workers, employers will bypass the less productive in favor of the more productive employees. Since young workers, especially those who have failed to complete high school, are likely to be the least experienced and least productive, theoretically it follows a minimum wage set above their low levels of marginal productivity will lead to high rates of unemployment among youth.

In Japan, high rates of overall employment and intense demand for new school graduates are accompanied by a well publicized system of employment. Japanese wage rates are set at relatively low levels for new entrants to the labor force and rise markedly with seniority. These significant wage differentials arise not from formal minimum wage legislation, but from the "natural" development of a dual wage structure and the so–called *nenko* system of permanent employment. Nonetheless, it is reasonable to speculate that there will be a causal relationship between youth-age wage differentials and the employment of young workers in Japan.

The purpose of this paper is to examine the recent patterns and trends in Japan of unemployment and wage differentials, with special emphasis on comparison between the experience of young workers and the total work force. Efforts are made to explain the employment experience of Japanese youth in the light of labor market institutions and behavior, mobility patterns, employment (including education and training) practices, and employer-employee relations as well as through an analysis of wage differentials and wage-employment relationships.

The Japanese labor market

The relationship between differentials in wage and unemployment rates in Japan can be assessed only against the background of the traditions and recent labor market developments. Japan's labor market structure has been discussed in detail elsewhere, and is recounted here only briefly.[1] The most notable features are dual structure of employment in large and small enterprises, the lifetime commitment system for permanent employees of large firms, and the resulting consequences

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Footnotes and tables begin on p. 177.

for the mobility of labor, hiring practices, training policies, wages and employment.

The dual structure of employment is seen in the sharp contrast which exists between large and small firms. The differences are most notable in conditions of employment, wages, bonuses and fringe benefits, and they are made possible primarily because the large firms have adopted advanced productive techniques whereas the small firms are technically backward. The large firms also enjoy the advantages of group affiliations, financial connections, and favorable distributor relationships. The advantageous status of the large firms is furthered through their cost-saving relationship with smaller companies. Frequently, the "master company" has made a direct investment in a smaller affiliate and controls its management. In other instances, a subcontract relationship is established in which an unaffiliated smaller firm may deliver almost all of its output for completion or distribution by a larger company. In such cases, the status and success of the larger enterprises are enhanced by the perpetuation of low wages and limited welfare benefits in the dependent smaller firms. The nature of these differentials as related to age is discussed in further detail later.

In spite of the prominence given to the role of large firms and powerful combination of firms in Japan, about half of all nonagricultural workers in the private sector are still employed in establishments with less than 30 employees and the relatively large establishments, employing 500 or more workers, have only one tenth of the total. This breakdown is shown in table 11.1.

Marked differences exist between large and small enterprises, arising because of distinctions in hiring patterns, training, promotion, tenure and wage determination. In the large firms, these have come to be placed under the general heading of *nenkô seidô*, the lifetime commitment system in which wages and benefits of the employee advance primarily on the basis of years of service. Large firms compete for the best junior and senior high school graduates, and these become permanent employees to be trained, promoted, and retained in employment until they retire. Monetary compensation and other benefits for those 18 and under began at about half the rate for these 20–24, with some differential based on education, and rise steadily and progressively with age and years of experience in the establishment. (See below.) The origins of these paternal relationships and mutual loyalties are found in the traditions of family attachments in Japan and other cultural characteristics; but the *nenkô* system became firmly entrenched only after the 1930's.

The persistence of the lifetime commitment system, in spite of recent pressures of economic and technological change, can be explained by its advantages for employers and employees. Whereas management obtains a devoted and permanently committed work force, whose wages rise with experience, training and skill, the employee finds complete employment security, a status highly valued in the conditions of labor surplus under which the system arose.

However the *nenkô* system has distinct limitations in coverage. The smaller establishments are unable to compete for the best middle school and high school graduates, and they become a refuge for older and other workers whose productive potential makes them less attractive to the large companies. They are given no lifetime commitment, and their mobility rates are substantially above those of workers in the large companies. Their wages were also traditionally well below those older workers covered by the *nenko* system, although in recent years the competition for new entrants into the work force has been such as to raise the beginning wages in small firms to the level of, and in some cases even above, similar workers in major firms. The over-all average compensation in small firms, however, remains significantly below that of the large.

Limits to the *nenkô* system even in large companies should be noted. This sytem must be supplemented by other arrangements which permit flexibility in the expansion and

contraction of the work force as economic and technological conditions require. In many large establishments a status structure of employment has emerged. In addition to the hard core of permanent employees, temporary workers are added as required, and these workers are hired on the understanding that they have limited tenure. Their wages and welfare payments are considerably below those of the permanent work force. Additional groups, with even lower status and more casual attachments, are frequently utilized by large companies. They include day laborers, subcontract workers and part-time employees. The subcontract workers may be provided by an affiliated small company and they may work temporarily in the master company or in home establishments. They are employed by the contractor rather than by the establishment in which they work, as in the case of temporary help services in the United States. Although these workers usually perform relatively unskilled maintenance work, they are sometimes found in the same jobs as the more permanently employed workers. However, the subcontract workers receive substantially lower pay than the companies' own employees and their compensation is even below that of most temporary employees. Moreover, employers in the large companies enjoy further savings because the subcontract workers do not receive the generous and comprehensive welfare payments enjoyed by permanent employees.

Thus, the widely herald lifetime commitment system in Japan covers only the permanent employees of large firms. Since companies with fewer than 100 employees are unlikely to have the *nenkô* system, it has been variously estimated that between 30 and 40 percent of the nonagricultural employees in private enterprise work under the *nenko* system.[2] Accordingly, wage differentials in Japan exist not only between large and small enterprises but also between permanent employees of large firms and others who work as temporary or subcontract labor in the same firms.

One important consequence of the *nenkô* system in large firms is the significance it gives to the internal labor market. Because of the restricted mobility of young workers, once they have become permanent employees of a large firm, the company is able to make substantial investments in their training and development. There is no established occupational structure in most Japanese firms. Inexperienced new entrants, hired at relatively low wages to become permanent workers, simply progress from one task to another as their training, newly acquired skills, and experience permit. Only in the smaller establishments does significant hiring take place at virtually all levels and ages. Temporary and contract workers, even in the large firms, and employees in smaller establishments experience relatively high turnover rates.

Rather than disrupt this labor market structure, collective bargaining has accommodated itself to it. Unions have focused their attention on the permanent employees in large establishments, and most have sought to strengthen the tenure–wage relationship as a prime objective rather than to reduce the absolute differentials within the firm or between firms.

Marked labor shortages, resulting from the unusual economic growth of the past few years, have joined with substantial technological progress and structural shifts of industry in affecting the *nenkô system*. Because of the competition for labor, wage differentials between large and small firms have narrowed. Mobility has increased, especially among workers in small firms and in the movement from rural areas to industrial centers. Within some large firms, there has been a growth in the number of workers who are outside the *nenkô* system, such as temporary auto workers and subcontract workers in shipbuilding. Employers in large firms have talked increasingly of establishing types of job evaluation and merit-rating systems which tie compensation directly to occupations and skills rather than to age and length of service. Despite these pressures, the basic structure of the *nenkô* system remains one of permanent employees in large establishments.

Minimum wage legislation and administration

In light of the longstanding dualism in the labor markets, the Japanese Government has approached the fixing of minimum wages with considerable caution. Prior to the allied occupation of Japan, there was no legislation for the setting of wage minimums although labor controls during World War II moved toward guaranteeing minimum living standards for industrial workers based on age. Adoption of Japan's new Constitution in November 1946 (promulgated April 1, 1947) under the guidance of the Occupation, however, signaled the government's intention to develop a minimum wage system as part of a broad range of labor reforms. Article 25 provided that "all people shall have the right to maintain the minimum standards of wholesome and cultured living," and "in all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health."

Until after the laws was amended in 1968, the inter-enterprise agreement by far was the procedure most generally used to set minimum wages. By June 1962, of the 870 minimum wages that had been set, 867 derived from such agreements among employers. For the most part, the coverage applied to workers in the small enterprises, reaching 1.9 million workers in more than 116,000 enterprises by November 1962. Ninety-five percent of these workers were covered by inter-enterprise agreements, with the most numerous groups in textiles, machinery manufacturing, food processing, lumber and wood, ceramics, and services—industries noted for their large numbers of small firms. Minimum wage coverage rose to more than 2.5 million workers by August 1963 and to about 3.0 million by February 1964 with similar predominance of inter-enterprise agreements and concentration in the small enterprise sectors.[3] In general, it appeared that employers only were fixing minimum wages, probably with the aim of regulating competition among themselves for increasingly scarce labor, especially new school graduates.

There were, however, certain notable exceptions to the inter-enterprise agreement procedures. In December 1942, the Minister of Labor upon the recommendation of the Central Wage Council set a flat minimum of 16,000 per month[4] for all underground coal miners. This was a rare case of an industry-wide determination, but was adopted as part of the overall government policy to stabilize a rapidly declining industry. Still another major instance occurred in September 1963 with the setting of a minimum wage based upon a union-management agreement in the cotton spinning industry. Here, a minimum of 346 per day was established for all permanently employed 15-year olds and over, extending the collective bargaining coverage from 97,000 employees in 103 enterprises to 112,000 employees in 136 enterprises.[5]

Passage of the Labor Standards Law followed almost immediately with its enabling provision for the fixing of minimum wages. In the law's original version, article 1 stated "working conditions must be that which should meet the need of the worker who lives life worthy of a human being;" and article 2, "the standard of working condition fixed by this Law is minimum." The act, however, did not Specify any minimum wage rates. Rather, in article 28, it provided that "when the competent office considers it necessary it can fix minimum wages for the worker employed in certain enterprises or in certain occupations," and in article 29 it called for the establishment of central and local wage councils for the purpose of "investigating matters concerning wages" before a minimum wage is officially set by the competent minister.

This procedure was rarely used despite pressure from organized labor to bring about the enactment of a uniform nationwide minimum. Actually, not until 1959, after considerable debate and agitation, did the government take further legislative steps to establish minimum wages. One notable exception occurred in 1956 when a minimum wage in the packinghouse industry was not based upon an inter-enterprise agreement among the employers concerned. This technique became a model for other employer groups and was

adopted as the chief procedural means for setting wage minimums in the Minimum Wages Law enacted April 15, 1959. This law remained unamended until 1968.

Enactment of the 1959 law came at the point of transition from labor surplus to labor shortage in the rapidly growing Japanese economy. The new act did not specify any minimum rates but instead concentrated upon procedures for setting them. Article 3 stiplated that "minimum wages shall be fixed taking into consideration the cost of living of workers, wages of kindred workers and normal capacity of industries to pay wages." Clearly, given the structure of the Japanese labor markets, differentials in minimum wages were intended. The Minister of Labor or the chief of a prefectural labor standards office was authorized to fix minimum wages, following one of four methods: Recognition of an inter-enterprise agreement among employers; extension of such inter-enterprise agreements to similar workers within a specified region, extension of a union-management collective bargaining agreement to similar workers within a specified region; and, direct setting for low paid workers in a specific industry, occupation, or region following investigation and deliberation of an equally tripartite minimum wage council (established at the central and local levels).

Under the procedures of the 1959 law, minimum rates rose slowly and were far from uniform from one wage setting to another. Beginning in 1960–61, the minimums hovered around Y200 per day. By June 1962, they tended to fall in the Y200 to Y300 per day range, and by February 1964 had risen to Y300 to Y400 per day. This upward trend has since continued, an occasional rate reaching as high as Y600 per day.[6]

The heavy reliance upon inter-enterprise agreements and the lack of uniformity in the minimums set came under increasing criticism almost from the inception of the 1959 law. In 1962, the Minister of Labor and Central Wage Council reported their dissatisfaction with the results, pointing especially to the "unevenness" of the rates established. In its report of August 1963, the Central Council proposed that by 1966 all minimum wages should be set on only an industry-by-industry or occupation-by-occupation basis with gradual extensions over increasingly wider regions. In October 1964, the Council announced selection of 88 such industrial and occupational groups for direct fixing of minimum wages, although it should be noted that the proposal envisioned differential minimums by area and "level" of enterprise. The plan aimed at a broadening of coverage to about 5 million workers and a rise in the lowest minimums to above Y360 per day. In February 1966, the Central Council called for rates to be lifted to between Y410 and Y520 per day.[7]

During 1966, deliberations over revising the 1959 law intensified. Increasingly, criticism was leveled at the Japanese law, utilizing inter-enterprise agreements as heavily as it did, that it was not in compliance with the tripartite provisions of Convention 26 of the ILO on the fixing of minimum wages. By this time the Japanese Government had indicated its intention of ratifying the convention. Moreover, the failure to move toward a uniform nationwide minimum prompted *Sohyô*, Japan's largest labor federation, to withdraw its representatives from the then proceeding tripartite deliberations over revising the law. In May 1967, the Central Council, even with the *Sohyô* representatives absent, recommended abolition of the inter-enterprise agreement procedures and the exclusive use of determinations by tripartite wage councils. Within a few days, the Minister of Labor submitted to the National Diet an amendment bill to this effect. *Sohyô* resumed its participation in the deliberations in September 1967.

The amendments to the Minimum Wages Law were adopted on June 16, 1968. While the principal change provided for primary use of the tripartite wage councils, inter-enterprise agreements were permitted to continue until June 1970. The Central Council also has continued its reexamination of the law with the aim of proposing additional amendments. As yet, however, it is too early to judge what results the 1968 revisions will produce.

Japan's experience to date with minimum wage legislation does not indicate that the array of minimum rates which have been established have seriously affected wage structures. It may be argued indeed that the low rates set

and the differentials permitted may have actually held back the compression of wages generated by labor market shortages. In turn, it is dubious that the minimums have had any perceptible effect upon the unemployment level of the labor force as a whole or any group within the labor force in particular.

Intra-enterprise employment practices

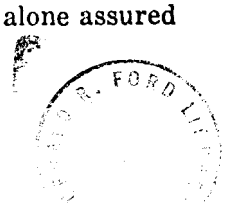
Youth-age wage differentials and a steady supply of job opportunities for young workers, especially those entering the labor force upon completion of school are sustained under the *nenkô* system of permanent employment. Although neglecting the operations of "external" labor markets in the analysis of wage differentials in Japan is inappropriate, the *nenkô* system gives special prominence to the role of "internal" labor markets, particularly for workers who become "regular" employees in the large-scale enterprises and the government operations.

The *nenkô* system is an idealized type of employment practice. Rarely is lifetime or career-long tenure *explicitly* guaranteed. Labor analysts have debated the real meaning of *nenkô* and are in disagreement over its origins. There is wide agreement, however, that the institution was widely implanted among modern firms as the result of the strict labor controls during Japan's militaristic period of the late 1930's and early 1940's, although it can be traced back to the 1920's and in some cases much earlier for white-collar and key manual workers. The immediate post-surrender years of near economic chaos and almost universal insecurity in Japan witnessed the entrenchment of *nenkô* as the work forces of most large enterprises and government agencies formed labor unions to protect their members against discharges, discrimination, and the ravages of inflation.

However, *nenkô*, is also compatible with traditional values derived from paternalism, familyism, and reciprocal obligations between superior and subordinate carried over from the agrarian society of Tokugawa feudalism. On the other hand, in view of the existence of open labor markets and independent mobile workers during the first decades of the Meiji Era, *nenkô* may also be considered a relatively new social innovation designed to help advance Japan's "forced march" toward economic modernization. Whatever the reasons for *nenkô*, the system has long meant a major emphasis in Japan upon "bringing workers up from the young" in the modern sectors. At least until recently, moreover, it had strong attractions for the employer in paying relatively low wages to young single workers, in incurring low costs for worker migration, housing, and welfare, in securing workers probably most adaptable to fast-changing technologies and industrial environments, in training workers for skills specific to the enterprise, and in assuring a high degree of docility in the work force.

In recruiting new labor, especially workers who are likely to become permanent employees of an enterprise, employers usually seek new school graduates as the first priority. In the large firm, there tends to be little shopping around for skilled workers from other firms or in the open labor market, at least until the supply of new school graduates is virtually exhausted. The increase of compulsory years of schooling from six to nine years soon after World II, and the recent trend of increasing proportions of junior high graduates going on to high school and of high school graduates entering institutions of higher education, have made successful recruitment among the age groups (15–19) increasingly difficult. These teenagers have been the traditional sources of new labor for the large firms. At the same time, on the demand side, the rapid growth in industrialization, complex technical changes, and the increases in the size of firms have generated stiff competition among employers to recruit the younger worker. *Nenkô* thrived best under conditions of ample supplies of young labor, a relatively large agricultural sector, a dual economic structure, and a less than pervasive adoption of modern technologies.

In its ideal form, the *nenkô* system provided a single port of entry for permanent workers: Unskilled, apprentice-like jobs at the bottom of an enterprises' work hierarchy. Likewise, there was one port of exit: retirement—usually at the age of 55. The retirement system alone assured



a steady supply of job opportunities for the young, as long as firms maintained the age balance of their work forces and enjoyed steady or growing output. In 1965, for example, among manufacturing firms with 500 employees or more, workers not previously employed constituted 70 percent of all new employees. Sixty-two percent were new school graduates.[8]

Workers who do become permanent employees under *nenkô* enjoy a wide variety of benefits not available in small companies of for the temporary, casual, subcontract, or part-time worker in the large enterprises. These benefits also grow with length of service. They include semi-annual bonuses (in some cases as high as 3 months' pay), membership in enterprise-based social insurance schemes, company housing at low rentals, housing loans, medical care, recreation and bathing facilities, nurseries, company stores, discounts, dining rooms, cultural programs, ceremonial gifts, and so forth. Of major importance are generous lump-sum retirement allowances and, in a growing number of cases, monthly pensions. Upon retirement, some workers may be reemployed with the firm or provided employment with a subsidiary company or subcontractor.

There are occasions when enterprises find it necessary even to reduce their permanent work forces. In such instances, the usual approach, after reducing the recruitment of new school graduates, is to call for "volunteers," often with the inducement of extra-large severance payments. In most cases, those who voluntarily quit are older workers. For at least a decade there has been considerable controversy in Japan over the viability of the *nenkô* system under conditions of rapid economic growth and technological and structural change. In historical perspective, however, *nenkô* has grown to include manual as well as nonmanual workers.

As small firms get larger, moreover, there appears to be a tendency for *nenkô* systems to set in. Modifications through use of job classification, job evaluation, merit rating, wage incentives, and other techniques directly related to worker productiveness have made only minor inroads into the system so far. Despite the recent narrowing of the age-youth differentials, *nenkô* remains a tenacious institution that provides the employer a large degree of flexibility in utilizing his work force and the worker in the system a large measure of career-long security. From the employers side, moreover, it is not at all clear that under present conditions open labor markets will assure greater productivity or lower costs. Should Japan develop alternative means for assuring job security, the institution might deteriorate far more rapidly than now seems to be the case.

If *nenkô* raises questions of social equity, they reside less in the realm of job opportunities than in the area of income opportunities in the later stage of the worker's career. Those who enter non-*nenkô* systems run greater risks of unemployment and underemployment and the leveling off or dropping of wage income at an earlier age than those in the system. Yet, with Japan's rapid economic growth and rise in youth wages, the small enterprise sectors offer attractions to numerous new school graduates. Small firms with fewer than 100 employees far outnumber the large, comprising 90 percent of all firms in manufacturing. These are made up in large measure of family concerns which provide considerable inducement to family members to remain within the household.

Their work settings contrast sharply with the large enterprises, often offering wide latitude in the pace and type of work. In the medium-size category (from 30 to 500 employees), moreover, there has long been a tradition of worker mobility and the marketing of skills achieved independently on one's own. While employment in this sector entails risks, there are also chances for scoring large successes and achieving a high degree of personal freedom.[9]

Thus, it is useful to emphasize that, while the *nenkô* system has received major attention in the analysis of Japanese industrial relations systems, in actuality there is a wide range of employment practices in Japan. The "mix" under conditions of rapid economic growth appears to pose few problems in the hiring of youth. A major outcome may be to shift employment and wage problems to older workers instead.

Youth wages and collective bargaining

As a result of the postwar labor reforms, the unionization of workers and union-management bargaining in Japan have become firmly entrenched institutions.[10] At present, union membership numbers about 11 million workers distributed among more than 56,000 "unit" unions (the closest equivalent to local unions in the United States).[11] About 35 percent of the wage and salary earners eligible to become union members are organized. However, unionism is found primarily in the large public and private enterprises. About two-thirds of the organized workers are in enterprises that employ 500 workers or more. In firms with fewer than 30 workers, union membership is less than 1 pecent of the total. Furthermore, close to 90 percent of all the unions are organized on an enterprise-basis and usually include all regular employees, manual and nonmanual, outside of the managerial personnel. The remaining 10 percent of the unions are made up of industrial, craft, regional, or miscellaneous groupings.

Except for public workers in central government enterprises, seamen, some textile workers, and a few small other groups, collective bargaining in Japan as in United States, tends to be decentralized at the enterprise or plan level. However, the major federations, particularly *Sôhyô and Churitsuroren,* and some of the national industrial union organizations, attempt to coordinate the bargaining activities of the enterprise-level unions. This is most notable in the case of the "seasonal struggles" over annual "base ups," or general wage increases, in the spring and over the amount of bonus in early summer and year's end. However, for representatives of the central federations or national industrial union organizations to participate directly and formally in the enterprise-level negotiations is rare. This is also essentially true of employer associations. Collective bargaining coverage extends to about 80 percent of the organized workers and about two-thirds of all the unions, the remainder either being excluded as civil servants by law or having failed to enter negotiations. It is likely that as many as one-half the agreements contain no provisions other than those already stipulated by law.[12]

Especially at the time of the "Spring Struggle," youth wages receive close attention in collective bargaining. April 1 marks the beginning of Japan's fiscal year; March is the month of school graduation and, thus, for new hiring commitments to be made. Therefore, in most instances, spring has also become the time for bargaining over base-ups, starting rates, and new collective bargaining agreements.

However, wage minimums or even starting rates for new school graduates do not tend to take the center of the collective bargaining stage. Far more important are the general wage increases for the enterprise union membership as an entity. The reason for this is not hard to find. As previously mentioned, enterprise-level unions cater to their entire membership and therefore seek to prevent major upsets in the wage and benefit structures that apply to their respective members. Although the national labor centers have advocated the principle of equal pay for equal work and higher and uniform minimums for all workers, these issues do not appear to be pursued as immediate demands in the enterprise-level negotiations. Rather, since the new starting rates have their greatest impact in terms of their effect upon the whole wage curve, a principal focus is to maintain the "equity" of established wage differentials. Thus, bargaining over starting rates is essentially an integral part of the negotiations over general base-ups. While there have been specific minimum wage agreements between unions and managements, as for example in the cotton spinning industry already cited, for the most part these have been special cases in which the preponderance of the workers are young and female.

With the development of the shortage of new school graduates in recent years, the rise of educational levels, and the inculcation of democratic ideas, young workers in many cases have exerted pressure upon their unions and managements to grant wage increases based on their higher abilities and greater skills. This pressure has been difficult to resist, especially with the disproportionately large increase of young workers in the work forces of the large

unionized firms. The development of merit rating, job evaluation, and separate promotion tracks for ability and for seniority in many firms has in part been a response to this pressure, and in most cases has not been met by outright union resistance.

Yet, it is not all that clear that the young workers "want theirs now." As they gain seniority, they appear increasingly content with the *nenkô* system and with gradual change in the enterprise wage structure. If there is dissatisfaction among the young workers regarding their wages managements and unions probably fear more the dissatisfaction of senior workers that would be generated by too rapid flattening of *nenkô* wage curves. Both parties share the common interest in maintaining a delicate balance between young and old.

Despite the increase in young members, it should also be remembered that present-day union leadership emerged at the time of Japan's greatest economic security. Many of the enterprise union leaders today gained their positions by securing employment tenure for workers who in the 1930's and World War II were recruited into large companies from small firms and therefore, were not fully entitled at the time to the benefits of the *nenkô* system. To them this accomplishment was an important measure of egalitarianism within the Japanese context, although founded paradoxically on maintaining age and length of service differentials in wages and benefits.

Moreover, in the early years of collective bargaining in postwar Japan, unions were by and large successful in obtaining agreements from employers to base wages upon the needs of the worker and his dependents. This idea has its antecedents during the war as part of the system of war-time labor controls, but its implementation has been almost entirely in the hands of government officials and enterprise managements. Given the dire economic conditions in the years immediately following surrender, the new union organizations, especially in the electrical manufacturing industry, took the leadership in developing an elaborate formula for monthly wage rates based on the estimated living requirements of workers of different ages with additional assumptions of family size and responsibilities. After 1950, when the unions were placed on the defensive largely as the result of changes in occupation and government labor policy, these wage formulas were abandoned or revised but were readily converted to place stress upon length of service in an enterprise with annual periodical wage advances virtually assured to the permanent workers. In a sense, the age-based wages were an attempt to establish a uniform system of differential minimums in Japan. They gave way instead to a compartmentalized collection of enterprise-centered wage hierarchies based mainly on length of service.

The primary concern of the enterprise unions with the regular work forces of their respective enterprises probably generates less than enthusiastic support for a nationwide system of minimum wage rates. In part, this accounts for the position of *Dômei*, Japan's second largest labor federation and right socialist rival of the more radically inclined *Sohyô*. *Dômei* has been willing to go along with the government's policy of differential minimums although in general it protests against the low levels that are set. Even *Sôhyô*, although more vigorous in its insistence upon a high uniform nationwide minimum, is believed to temper its demands in view of the lack of strong support from enterprise union affiliates.

As in the United States, it is an unsettled question in Japan as to whether unionism on the whole has affected the general level of wages other than would be expected from labor market pressures under conditions of rapid economic growth. There is some evidence that wages in the large unionized enterprises are higher than they might have been, although even in this case managements may have sacrificed profits through the device of the *nenkô* system in order to assure work force stability and employer-employee harmony over the long run. If this is so, then it is probably correct to conclude that youth wages have been no more affected by collective bargaining than has the whole wage structure, and, despite the shortage of new school graduates, possibly even less so.

Wage structure

Analysis of the history of wage differentials in Japan since the early years of the 20th Century indicates that until quite recently there has been little overall narrowing by economic sector, industry, region, occupation, sex, size of firm, or age.[13] While these differentials have more or less narrowed and widened with cyclical changes in general economic activity, their long-run persistence has been attributed largely to the dualism of the Japanese economy which only in the 1960's has shown signs of disappearing. Here, the focus is upon the differentials by age although they are closely intertwined with other types of differentials, especially size of enterprise.

Japan's wage structure as a whole experienced a widening of differentials by age in the larger firms and a narrowing in the smaller firms from 1954 to 1960. After 1961, age differentials have lessened regardless of size. In the smaller firms, young workers have gained more rapidly on older workers than in the larger firms. Tables 11.2 and 11.3 provide data for male workers in manufacturing which show these trends. Moreover, until the early 1960's, starting wages for new school graduates and for workers in the 18–19-year-old bracket tended to be higher in the larger firms compared with the smaller ones, but in the last several years they have been evened up or slightly reversed. Thus, except for the very small enterprise (with less than 5 workers), Japan has developed fairly uniform wage rates for young workers, even in the absence of specific minimum wage legislation.

The behavior of age differentials since the early 1950's reflects the changes, discussed more fully below, in labor force distribution by age among the various sectors of the Japanese economy. The growing demand for young workers relative to their supply appears especially high in manufacturing and commerce, whereas shifts by older workers tended to concentrate in industries such as road transport and construction. One explanation for the less rapid narrowing of age differentials within the large firms is that the growing employment of wage and salary workers flowed increasingly into enterprises where the *nenkô* systems are most firmly entrenched. Employment in Japan rose from 39 to 47 million between 1955 and 1965, but nonagricultural wage and salary workers grew by more than 11 million in the period, for 46 to 62 percent of the total labor force.[14] At the same time, the proportion of the labor force employed in firms with fewer than 10 workers dropped from over 40 percent to barely 30 percent.[15] Whereas 55 percent of the new junior high school graduates and 50 percent of the new senior high school graduates entered small firms in the mid-1950's, these figures had fallen to 30 and 20 percent, respectively, a decade later.[16]

It is evident from the statistical data that older workers in the smaller firms have experienced a greater loss in their relative position on the age scale than older workers in the larger firms. In 1954, male workers age 18–19 in manufacturing firms with 10–29 employees received about half the monthly contract wages of the male workers in the 40- to 50-year-old category. The fraction for the same year in firms with 1,000 workers, or more was only one-third. By 1966, these proportions were about three-fifths and almost one-third, respectively. This outcome supports the contention that in Japan the incidence of economic hardship has fallen more heavily upon older than upon the younger workers. Also the disparities by size of firm are probably even greater in view of the fact that young workers in firms of all sizes and senior workers in the small firms receive few of the money and nonmoney benefits received by the older employees of the large-scale enterprises.

The compression of the age differentials, especially in the small firms, probably has been due not only to the dwindling supplies of new school leavers but also to an increase in the supply of older workers from the declining to the rapid fall of agricultural employment, the reduced role of small enterprise, increased longevity, greater availability of retired workers and housewives for work, and the shift from seif-employment and unpaid family work to wage and salary employment are the main factors that appear to account for the increased supply. Large employers have an increasing number of employed workers of this type, particularly as the supply of junior high graduates has fallen,

but they are reluctant to place such older workers in the *nenkô* system. Rather, as mentioned, the status of these employees is likely to be as temporary, casual, subcontract, or part-time workers in the enterprise. If they do enter the *nenkô* escalator (which is occurring with increasing frequency), they usually do so at a wage level below their age and length of service counterparts who have initially been hired directly upon school graduation. Only a small proportion is likely to "catch up." Increasing employment of workers who have this "half way" status probably has contributed to the narrowing of the age differentials. As seen from the statistical data, male workers in the 50–60 age bracket employed in manufacturing firms with fewer than 500 employees fare worse than their coworkers in the 40–50 age group and no better than those in the 30–35 age group. This has not been the case for firms with 1,000 workers, or more. Once beyond the age of 60, however, senior workers in any size firm do not do as well as even the 25–30-year-olds, although they do better than the 15–24 age group.

The importance of length of service coupled with age in the same firm until retirement is seen in table 11.4. Here, in 1954, the indexes for men in manufacturing show a rise in basic wages of 5 and a half times between workers under 18 years of age with 1 year of service and workers 40–49-year-olds with 30 years or more of service on the average. By 1966, this difference had dropped to about 4 times, although it is of interest to note that whereas, in 1954 workers in the 50–59 age bracket with at least 30 years of service were not earning as much as those in the 40–49 age group, in 1966 they were actually ahead. When broken down by firm size, the length of-service factor plays a far stronger role the larger the enterprise.

In sum, the evidence suggests that as in the past, age differentials in Japan have been narrowing under conditions of rapid economic growth and structural change, they have not been narrowing so fast as to dissipate still sizable differences according to age and length of service. One may conclude that these two factors, along with size of firm, far more than others remain the major determinants of an individual worker's wage. Beneath the two factors is a complex of values inherited from the distant past. These values appear to be changing only slowly toward rewarding workers directly for their productive contributions determined by the external marketplace. In the meantime, the almost universal result is a relatively low wage for the young worker, probably below or no more than the value of his marginal productivity. No doubt this increases the attractiveness for enterprises of recruiting young workers into their work forces, making heavy investments in their training, and providing inducements for them to remain in their organizations for the duration of their careers.

Employment and unemployment

Japan's unparalleled economic expansion since the mid-1950's is undoubtedly the major factor that explains exceptionally low levels of unemployment not only for the total Labor force but also for youth. Utilizing concepts, definitions, and survey techniques similar to those used by the Bureau of Labor Statistics in the United States, the Japanese Government has reported unemployment rates for the total labor force in the 1960's of approximately 1 percent—about half the level of a decade earlier. While the institutions and practices in the Japanese labor market tend to protect permanent workers against unemployment, the high degree of "full" employment recently observed for Japan must be explained mainly by economic factors. Otherwise, one would expect relatively high rates of unemployment, and considerable under- in agriculture), close to 6 million were self-employed, family workers, and subcontract, temporary, and part-time employees, as well as those forced to accept work in technologically backward and often unstable small firms. In 1967, of the 40 million persons employed in nonagricultural work (an additional 10 million are in agriculture), close to six million were self-employed and another 3.5 million were family workers. Of about 30 million nonagricultural wage and salary earners, 1.6 million are temporary employees and 1.2 million casual day laborers.[17]

As seen in table 11.5, officially reported unemployment rates since 1961 among young

workers (15–19 years old) have been consistently, but moderately, higher than the rates for the total labor force—of the order of 25 to almost 100 percent more. Following revisions in 1967 of the survey techniques and other procedures for estimating employment and unemployment, the Japan Ministry of Labor has indicated that unemployment rates for both the total labor force and for young workers have actually been higher than previously estimated. The revised figures give the overall unemployment rate since 1963 as between 1.1 and 1.3 percent and for 1967 only the unemployment rate in the 15–19 year-old group as 2.1 percent.[18] Unfortunately, unemployment data by age categories for earlier and later years based on the revisions are not available. In the teenage group, however, there are no significant differences in unemployment rates by sex.

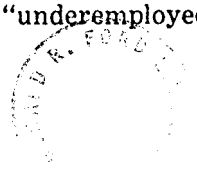
In addition to the high economic demand for workers in general, the supply of youth has been falling. Although the 15–19 year-old population grew from 8.5 million to almost 11.2 million from 1961 to 1967, the rate of increase tapered off rapidly and it appears that an absolute decline has set in since 1967 reflecting the sharp drop in Japanese birth rates beginning in the early 1950's. The numbers of 15–19 year olds participating in the labor force fall almost continuously from 1961 to 1965—from 4.3 million to 3.8 million—after which there was a recovery in 1967 to 4.5 million. Thus, there has been slight decline in the 15–19 year old participation rate—explained mainly by a much higher proportion of junior high graduates who go on to high schools and get a higher education rather than enter the job market. Actually, there has been a drastic decline in junior high graduates immediately entering the labor force at the usual age of 15, but their participation has been shifted to the high school graduation level of 18 years of age. The increased quality of the young workers, as measured by education, has assured them of greater starting wages than new junior high graduates within the established *nenkô* systems.

No doubt, higher starting wages and a career on a more elevated *nenkô* wage curve have been an important inducement for young workers to continue in school. The postwar reforms of the educational system, initiated by the Allied Occupation, opened much wider opportunities than has existed for young people to go to advanced schooling. Before 1945, the youth were channeled early, around the age of 10 or 12, into a multiple track system, each tier of which led to fairly distinct occupational levels. The reforms abolished much of this system, and, while they substituted stiff examinations for pupils to advance from compulsory education, to the best high schools and universities, the reforms opened the way to a larger array of newly created schools at the secondary and higher levels of education. Regular attendance at school, rather than performance, appears sufficient to assure graduation. The schools, moreover, in cooperation with the public employment offices and employers, are important in recruitment and placement of graduates. In March 1963, there were 2.7 job openings through the public employment offices for every new school graduate who filed a job application. By March 1967, the ratio had risen to 3.2.[19]

One reason for the higher unemployment ratio for youth than the total labor force probably is their greater mobility especially as the result of voluntary separation. While voluntary quits have been growing for the labor force as a whole during the past several years, the rise has been more marked for the 15–19 year-old group.

Since only about 60 percent of the Japanese labor force are classed as "employees" rather than self-employed or family workers (each of which constitutes 20 percent), underemployment may be a more serious factor than unemployment among young workers. Unfortunately, there is no reliable measure of differentials in underemployment between youths and adults although government officials have expressed concern that many youths are employed in dead-end or unproductive jobs. One faltering approach to this question is seen in table 11.6, based on data gathered in the 1968 triennial "Employment Status Survey." In this survey, workers are asked whether they have a job and, if so, whether they are seeking an additional or new job, are relatively dissatisfied with their current job and, perhaps, are "underemployed."

Although there are hazards in considering "dissatisfied" job holders as "underemployed,"



the percentage of young workers in this category was significantly greater than the percentage in this category in the total work force (2.8 vs. 1.6). The proportion of the young unemployed to total unemployment rates are presented in table 11.5. Young people always show greater propensities for mobility, and without some measure of their productivity relative to wages, the desire to seek other work cannot be adopted as a definitive measure of their underemployment. Nonetheless, given their low wages, the expressed desire for other work, coupled with an actual search, may be viewed as a useful supplement to the "totally unemployed" statistics in appraising the relative economic status of young workers in Japan.

The numbers "without a job but wishing to work and seeking work" presented in the triennial survey data of table 11.6, substantially exceed the "totally unemployed" presented in the monthly labor force surveys (table 11.5). Here, too, the proportion of young people (15–19 years) in this category (relative to the labor force 15–19 years of age) is approximately double that of the total labor force in this category. This might be construed as a measure of "disguised unemployment" since it probably reveals longer-term wishes and job search activity. The lower levels of unemployment presented in table 11.5 are geared to work and job search activities in a particular survey week. The data in table 11.6 include persons wishing and seeking part-time work as well as full-time work.

The data are indicative of the volatility of employment that still exists as the Japanese economy moves rapidly away from its dualistic structure. In the wake of this development are probably fast opening (and closing) job opportunities and still a sizable proportion of underemployment. In 1966, 8 million of the employed labor force worked less than 35 hours per week on the average. At least one-fourth of these were employed from 1 to 14 hours per week.[20]

It is seen, then, that unemployment rates among Japanese youth have been consistently higher than those for the total work force; and that there may also be greater underemployment and disguised unemployment among workers in the 15–19 age category. Given the rapid expansion and "full employment" of the Japanese economy, however, all of these measures are relatively low.

Conclusions

Each nation in the course of modern economic growth will develop its own institutional and economic patterns that may not be replicable elsewhere. Thus, the attempt to "transfer" practices or policies from one country to another is not likely to succeed except in the roughest outlines.

Yet, the examination and analysis of foreign patterns are useful in yielding insights not only about another nation but also about one's own nation. The Japanese case appears instructive in this sense with regard to youth employment and wages. The following points merit special emphasis:

First, Japan's experience with modern industrialization and rapid economic growth has not avoided problems of underemployment and underdevelopment. A very high growth rate coupled with major structural shifts in Japan's economy has probably been overriding in keeping unemployment rates of virtually all groups comparatively low. It is not at all certain that underemployment and dissatisfaction in Japanese labor markets have been dispelled as easily.

Second, in spite of marked wage differentials in relation to age, youth unemployment rates still exceed the average for the total labor force, and youth probably experience more underemployment and have less productive jobs than their older counterparts.

Third, youth have been "advantaged" in employment by several major institutional factors: The *nenko* system, extensive on-the-job training, based on low-mobility rates, and rapidly changing technologies requiring higher levels of training and education. Should the Japanese economy continue to grow at its present high rate and its structure become increasingly modernized, Japanese youth are likely to enjoy more favorable employment prospects than their parents and grandparents did regardless of the wage structure.

Fourth, the incidence of economic hardship in Japan—through unemployment, underemployment, and relatively low income—probably falls more heavily on older than on younger workers. Japan has two major groups of senior workers: the permanent workers in the large enterprises who enjoy steady advancement until retirement, and the categories of nonpermanent workers in both the large and small enterprise sectors and in agriculture. Thus, it is by no means universal that age and seniority command rewards in Japan. The outcome depends on one's organizational attachment, established early in the worker's career. As a result, employment and income problems of the older and retired worker are more important to Japan's policymakers than the problems of the economic status of youth. For example, the opportunities for attractive employment for Japanese workers over 55 are relatively few. However, a fuller examination of this question would require a detailed analysis of social security provisions, hiring practices of older workers, and family economic ties.

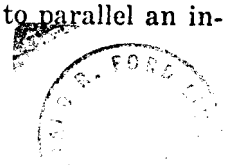
What is the significance of these results for American policy? The relatively high rates of unemployment among American youth have been too widely discussed to require recounting here. The gap between youth unemployment rates and those for the total population is greater in the U. S. than in Japan; and all unemployment rates are at much higher levels here. Wage differentials based on age may contribute to lower youth unemployment rates in Japan, relative to the U. S., but the persistence of higher rates of Japanese youth unemployment and underemployment relative to the total Japanese work force raises questions concerning the overall significance of the wage impact.

Giving statistical precision to the various factors which affect employment, unemployment and underemployment among Japanese youth has not been possible. On the basis of our examination, however, it appears reasonable to conclude that wage differentials are less important factors than rapid economic growth, structural and technological shifts, national full employment, relatively low mobility rates, and the relative shortage of young workers. A similar confluence of these factors in the American economy might well have similar effects on youth employment regardless of the wage structure. In the Japanese case, the role of these factors obscures the importance of the wage differentials for employment and unemployment.

In appraising Japanese experience for purposes of American policy, however, it is especially important to note that wage differentials for youth in Japan result not from legislative fiat but from an institutional complex of much broader dimensions and greater flexibility. The United States could not expect to adopt one component of the *nenko* system without adopting other components and hope to achieve results similar to Japan. When wages are as low as those accepted by new workers in Japan, the distinctions between employment, underemployment and unemployment become blurred. Many American youth would prefer to remain "unemployed" than accept such relatively low wages. Many of those who accepted this low-income employment would be in an "underemployed" status, with consequences for public policy as serious as those arising from outright unemployment. Even in Japan, wage rates for youth have been among the most rapidly rising wage categories in recent years.

Why, then, are entering Japanese workers still willing to accept a low starting wage, in many cases an "exploitative" wage, below their current marginal productivity? They view their starting wage as part of a total income package, lasting until age 55, in which low starting wages are offset by high final wages which might greatly exceed their productivity at later stages. In other words, the *nenko* system provides a life-time income matching lifetime productivity, and it is viewed as such by young Japanese workers. Without the rewards of age, the "exploitation" of youth would be unacceptable. This view of wages derives from long-established cultural values and social relations as well as economic forces.

Employers in Japan are willing to accept this system and make lifetime commitments because low rates of labor mobility make extensive on-the-job training a sound investment, thereby permitting a growth of skills to parallel an in-



creases in wages. And the "early" retirement system permits the employer to terminate a worker at the point at which the system becomes excessively costly.

Is the United States prepared to adopt the other essential components of the Japanese system at the same time as it reduces youth wages relative to the average minimum wage? If not, youth may not "accept" such a structure of differentials. And yet, given mobility rates and other labor market traditions in the United States, employers, workers over 55, and public opinion are not likely to accept the *nenko* system as a totality.

———*FOOTNOTES*———

[1] See, for example, Koji Taira, "The Dynamics of Japanese Wage Differentials, 1881–1959" (unpublished Ph. D. Dissertation, Standord University, 1961); and Solomon B. Levine, "Labor Markets and Collective Bargaining in Japan," in W. W. Lockwood (ed.), *The State and Economic Enterprise in Japan* (Princeton, N.J., Princeton University Press, 1965).

[2] Gerald G. Somers and Masumi Tsuda; "Job Vacancies and Structural Change in Japanese Labor Markets," in *The Measurement and Interpretation of Job Vacancies*. National Bureau of Economic Research, (New York, 1966), pp. 204–205.

[3] *Japan Labor Bulletin* (Japan Institute of Labor, Tokyo), September 1962, February 1963, December 1963.

[4] *360* yen=US$1 (had been 4.267=$1 before 1941; since 1949 360 y=$1).

[5] Ibid., February 1963 and November 1963.

[6] Ibid., September 1962 and May 1964.

[7] Ibid., October 1963, December 1964, and April 1966.

[8] *Survey of Employment Trends for 1965*, Japan Ministry of Labor.

[9] Hideaki Okamoto, "Enterprises in Japan: A Sociological Prospective," *Japan Labor Bulletin*, July 1967.

[10] See Solomon B. Levine, *Industrial Relations in Postwar Japan Urbana* (University of Illinois Press, 1958).

[11] *Japan Labor Bulletin*, March 1969.

[12] *Year Book of Labor Statistics, 1967*, Japan Ministry of Labor, Tokyo, 1968; Alice H. Cook, Japanese Trade Unionism (Ithaca Cornell University, 1966), pp. 53–56.

[13] See Taira, op. cit.

[14] *Japan Statistical Yearbook*, 1966, Office of the Prime Minister, Tokyo, 1967.

[15] Bureau of Statistics, Office of the Prime Minister.

[16] Bureau of Employment Security, Japan Ministry of Labor.

[17] *Year Book of Labor Statistics, 1967.*

[18] *Japan Labor Bulletin, July 1969; Year Book of Labor Statistics, 1967.*

[19] *Year Book of Labor Statistics, 1965 and 1967.*

[20] *Year Book of Labor Statistics, 1967*, p. 13.

Table 11.1. Size of establishments and workers in private non-agricultural industry in Japan, June 1966

Size of Establishment (number of workers)	Number of Establishments	Number of Employees
1	1,104,480	1,104,480
2–4	1,981,780	5,171,471
5–9	609,132	3,914,287
10–19	290,936	3,881,419
20–29	98,897	2,348,330
30–99	123,403	6,088,628
100–499	27,741	5,159,758
500–999	1,957	1,331,346
1,000 or more	1,066	2,256,772
Total (number)	4,239,392	31,256,491

[1] Private establishments only.
Source: Year Book of Labor Statistics, 1967. Japan Ministry of Labour, pp. 15–18.

Table 11.2. Monthly contract cash earnings in Yen for male workers in manufacturing by age and size of enterprise, selected years 1954–66

[Index: Age Group 20–24 = 100]

Size: number of employees	Years	Average earnings		18 and under		18–19		20–24		25–29		30–34		35–39		40–49		50–59		60 and over	
		Y	Index	Y	Index	Y	Index	Y	Index	Y	Index	Y	Index	Y	Index	Y	Index	Y	Index	Y	Index
1,000 or more	1954	19,179	150.5	6,350	49.8	9,120	71.5	12,747	100.0	17,430	136.7	20,939	164.3	23,507	184.4	25,889	203.1	25,861	202.9	13,348	104.7
	1961	26,461	159.7	8,369	50.4	12,973	78.2	16,574	100.0	22,603	136.7	30,203	182.0	34,792	210.1	39,307	237.0	39,882	240.5	20,836	126.0
	1966	39,700	143.3	15,600	56.3	21,100	76.2	27,700	100.0	34,500	124.5	42,000	151.6	49,800	179.8	55,200	199.3	58,600	211.6	29,600	106.9
100–499	1954	14,264	126.8	5,351	47.6	8,049	71.5	11,252	100.0	14,866	132.1	17,402	154.7	18,736	166.5	19,305	171.6	17,955	159.5	13,733	122.0
	1961	19,695	121.4	8,611	53.0	12,245	75.4	16,226	100.0	21,337	131.6	25,014	154.3	27,693	170.8	28,888	178.1	26,257	161.8	20,066	123.7
	1966	32,500	116.5	15,600	55.9	20,500	73.5	27,900	100.0	34,900	125.1	39,600	141.9	41,600	149.1	43,200	154.8	39,600	141.9	30,800	110.4
10–29	1954	10,302	114.1	5,022	55.6	6,883	76.2	9,031	100.0	11,197	124.0	12,999	143.9	13,379	148.1	13,201	146.2	12,366	136.9	10,032	111.1
	1961	17,154	111.8	9,237	60.2	11,874	77.3	15,346	100.0	18,701	121.9	20,223	131.7	21,472	139.9	21,478	140.0	19,117	128.3	16,093	104.9
	1966	32,200	110.7	16,500	56.7	21,700	74.6	29,100	100.0	34,800	119.6	37,100	127.5	37,100	127.5	36,900	126.8	33,800	116.2	29,100	100.0

Source: RODO HAKUSHO (Labor White Paper), 1967. Japan Ministry of Labor, pp. 254–55.

Table 11.3. Monthly contract cash earnings in Yen by age in Japanese manufacturing enterprises with less than five employees, selected years, 1958–66

Age	1958	1961	1966
Under 18	3,615	6,474	13,546
18–19	4,641	7,732	16,651
20–24	7,431	10,317	21,338
25–29		12,858	26,289
30–34	9,365	13,360	26,203
35–39		12,384	23,823
40–49	9,584	12,136	22,155
50 and over	9,045	11,937	21,413
Average	7,272	11,043	22,651

Source: RODO HAKUSHO (Labor White Paper), 1967. Japan Ministry of Labo
p. 259.

Table 11.4. Wage differential indexes for male workers in Japanese manufacturing by age, length of service, and size of firm, selected years 1954–66 [1]

Age	Length of service (years	All enterprises			1,000 employees or more			30–99 employees		
		1954	1961	1966	1954	1961	1966	1954	1961	1966
Under 18	1	124.3	116.1	109.5	121.2	109.2	106.2	124.8	117.6	114.9
Under 18	2	145.0	129.2	111.7	136.5	116.2	113.1	144.1	132.0	124.3
18–19	3–4	190.1	166.9	145.6	176.6	168.5	140.7	198.0	164.4	152.7
20–24	5–9	286.6	225.6	199.3	265.7	229.5	186.9	266.9	221.8	209.5
25–29	10–14	413.3	306.1	251.1	373.9	327.1	255.9	329.0	283.6	264.9
30–34	15–19	515.9	393.4	304.1	475.5	413.5	315.2	412.2	312.0	294.6
35–39	20–29	570.6	443.4	358.5	561.4	518.4	375.2	478.5	367.4	295.3
40–49	30 or over	607.8	556.6	419.7	600.0	659.6	466.9	453.0	365.7	295.3
50–59	do.	586.8	532.2	437.4	612.8	641.8	488.3	389.2	331.0	299.3
60 or over	do.	317.7	262.6	257.1	383.7	501.6	228.8	343.0	249.4	267.6

[1] Male elementary and junior high school graduates with less than one year's service = 100.

Source: RODO HAKUSHO (Labor White Paper), 1967. Japan Ministry of Labor, pp. 256–57.

Table 11.5. Employment status of total labor force and youth in Japan, 1961–67

[In thousands]

Year	Labor force		Employed		Unemployed			
					Total		15–19 years	
	Total	15–19 years	Total	15–19 years	Number	Percent	Number	Percent
1961	45,620	4,250	45,180	4,200	440	1.0	60	1.4
1962	46,140	4,260	45,740	4,200	400	0.9	60	1.4
1963	46,520	4,080	46,130	4,020	400	0.8	60	1.5
1964	47,100	3,820	46,730	3,770	370	0.8	40	1.0
1965	47,870	3,920	47,480	3,860	390	0.8	60	1.5
1966	48,910	4,360	48,470	4,300	440	0.9	60	1.4
1967[1]	49,780	4,510	49,350	4,150	440	0.9	-------	-------

[1] Figures for 1967 are preliminary.

Source: Year Book of Labour Statistics, 1965, 1967. Japan Ministry of Labor.

Table 11.6. Youth and total workers seeking additional or new work in Japan as of July 1, 1968

In thousands]

Employment status	Total		15–19 years	
	Number	Percent	Number	Percent
With a job	4,906	100.0	3,895	100.0
Seeking additional job	459	0.9	22	0.6
Seeking change of job	805	1.6	109	2.8
Without a job but wishing to work	8,018	100.0	1,278	100.0
Seeking work	3,255	40.6	563	44.1
Not seeking	4,763	59.4	715	55.9

Source: 1968 Employment Status Survey. Bureau of Statistics, Office of the Prime Minister, Japan.

CHAPTER XII

Summary and Conclusions

Over the past 20 years, unemployment among youths age 16–19 has been higher than that for adults. Since 1948, teenage[1] unemployment rates have varied from a low of 7.6 percent in the last year of the Korean War (1953) to a high of 17.2 percent in 1963. By contrast, the unemployment rate for adults over age 24 ranged from a low of 2.3 percent in 1968 to 5.6 percent in 1958.

As might be expected, there is a similarity between fluctuations in the unemployment rates for teenagers and for adults, because general business conditions affect the employment of all groups within the population. Yet the unemployment rate of teenagers has, in the 1960's, increased relative to the rate for adults.

Although, between the recession of the early 1960's and the full employment of the last few years, the unemployment rate for both adults and teenagers has decreased, the relative decline was much smaller for teenagers than for adults. The adult rate dropped from almost 5 percent in the first 4 years of the decade to 2.5 percent in the last 3 years; for teenagers, from about 16 percent to 13 percent. Thus, from 1948 to 1962, the teenage rate was 3 times the adult rate; but in the last few years it was 5 times as high (table 12.1 and chart 2).

Many developments of the last 20 years could have contributed to the persistently high rates of unemployment for teenagers and the increase relative to adults in the 1960's. A substantial growth in the size of the teenage population relative to adults—from about 9 percent in the mid–1950's to 13 percent in the last few years—has compounded problems of job placement. The proportion of teenagers enrolled in school has increased from 50 to 70 percent. While school takes some teenagers out of the labor market, an increasing proportion of those enrolled in school are also in the labor market seeking jobs—jobs that fit in with the requirements of school attendance with respect to location, hours, and so on.

The movement of families from farm to city and the decline in farm employment has also meant that a smaller proportion of teenagers are employed in agriculture—a decrease from 18 percent in 1948 to 7 percent last year. Many teenagers had been employed on family farms; now they must compete in the urban labor market. Potentially compounding all these developments has been the effect of the military draft and its attendant uncertainties.

Another development of major significance to policymakers is the Federal minimum wage. According to economic theory, a wage set higher than the rate normally prevailing in the market will mean that some workers will not be able to find jobs. Probably those workers who are less productive—either because they are untrained or inexperienced or have inadequate tools to work with—will have special employment problems. A legal minimum wage might, therefore, help explain the unemployment problems of some teenagers.

In 1950, the Federal minimum wage under the Fair Labor Standards Act (FLSA) was 75 cents an hour. In the years following, the mini-

Footnotes appear on p. 189.

Table 12.1. Teenage unemployment rates and ratios

Year	Unemployment rates, 16- to 19-year-olds			Ratio of unemployment rates, 16 to 19 years, to rate for 25 years and over		
	Total	White	All others	Total	White	All others
1948	9.2	8.9	11.2	3.17	3.30	2.49
1949	13.4	13.0	16.9	2.79	2.89	2.35
1950	12.2	11.8	15.3	2.77	2.95	1.96
1951	8.2	7.8	11.0	2.93	3.00	2.44
1952	8.5	8.3	10.5	3.54	3.77	2.33
1953	7.6	7.5	8.8	3.17	3.41	2.26
1954	12.6	12.1	16.6	2.68	2.88	1.91
1955	11.0	10.4	15.6	3.06	3.25	2.08
1956	11.1	10.1	18.1	3.36	3.48	2.66
1957	11.6	10.6	19.1	3.41	3.42	2.98
1958	15.9	14.4	27.4	2.84	2.82	2.63
1959	14.6	13.1	26.1	3.32	3.36	3.00
1960	14.7	13.5	24.3	3.27	3.46	2.89
1961	16.8	15.3	27.7	3.11	3.19	2.66
1962	14.7	13.3	25.3	3.34	3.50	2.84
1963	17.2	15.5	30.3	4.00	4.08	3.70
1964	16.2	14.8	27.3	4.26	4.35	3.79
1965	14.8	13.4	26.5	4.63	4.62	4.49
1966	12.8	11.2	25.4	4.92	4.87	5.18
1967	12.8	11.0	26.2	4.92	4.58	5.57
1968	12.7	11.0	24.9	5.52	5.24	6.23

Note: For more detail, see chapter 1.

mum was raised until, at the end of 1969, it stands at $1.60 for most workers covered by the law.[2] Of course, prevailing market wages have been increasing at the same time. Relative to average hourly earnings, the minimum wage in 1968, as indicated in chart 1, was not much different from its relative level in 1950.

Perhaps more significant have been the expansions of coverage under FLSA into the retail trade and service sectors in the 1960's. Trade and service industries employ disproportionately large numbers of teenagers. Further, there are many low wage sectors in those two industry divisions. In 1968, for example, average hourly earnings were $2.16 in retail trade compared with $3.01 in manufacturing and $2.85 for the private nonfarm economy.

In examining past relationships between minimum wages and the high unemployment rates of youth, certain general questions must be investigated: (1) Have changes in the level of minimum wages and coverage of minimum wage laws contributed to the problem of youth unemployment? (2) Do employers avoid hiring teenagers because the wage that must be paid them is not low enough to offset the disadvantages of inexperience or lack of maturity, or are other reasons more important in inhibiting their employment? (3) Do teenagers expect wages so high that minimum wage rates are irrelevant or are their expectations high due to the minimum wage?

In addition to questions concerning past experience, two others require examination: (4) Regardless of whether or not the legal minimum wage has significantly contributed to the problem of youth unemployment, would a differential minimum wage for youth reduce that problem in the future? (5) Would any significant problems be caused by a youth differential, such as reduced family incomes or a shift in the incidence of unemployment from teenagers to other groups?

The evidence from time series

Studies of the relationship between minimum wages and teenage unemployment rates completed over the past several years have not arrived at a uniform set of conclusions. The econometric analysis undertaken for this report used several approaches to analyze data. Basically, quarterly data for 1954 through 1968 were examined for different sex-color-age groups within the teenage population. Variations in the proportion of teenagers employed and the proportion unemployed were compared

Chart 1. Coverage of minimum wage law and changes in minimum rates as a percentage of average hourly wages.

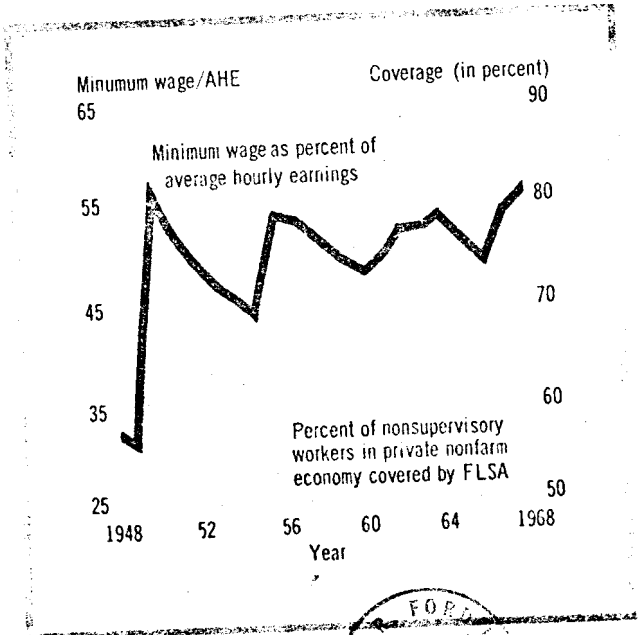


Table 12.2. Proportion of earnings covered by the Federal minimum wage.

Year	Basic minimum wage effective at end of year	Basic minimum wage as a percent of		Minimum wages as a percent of average hourly earnings weighted by industry total employment and proportion covered, private nonfarm	Minimum wages as a percent of average hourly earnings weighed by industry teenage employment and population of total employment covered private nonfarm
		Average hourly earnings, private nonfarm	Total compensation per man-hour, private nonfarm		
1947	$0.40	35.4	31.3	20.3	----
1948	----	32.7	27.7	19.1	----
1949	----	31.4	27.9	18.0	----
1950	.75	56.2	49.6	32.3	----
1951	----	51.7	45.5	30.1	----
1952	----	49.3	43.1	28.4	----
1953	----	46.6	40.8	26.9	----
1954	----	45.5	39.5	25.8	18.2
1955	----	43.4	38.1	24.8	17.6
1956	1.00	53.2	46.0	30.7	21.0
1957	----	52.9	43.4	29.8	20.2
1958	----	51.3	41.9	28.3	18.4
1959	----	49.5	40.1	27.3	18.1
1960	----	47.8	38.5	26.2	17.8
1961	1.15	49.1	40.9	28.3	21.0
1962	----	51.8	43.1	32.8	27.7
1963	1.25	51.9	42.9	32.5	27.1
1964	----	53.0	43.3	33.4	27.7
1965	----	51.0	41.8	32.5	27.1
1966	----	48.8	39.5	31.5	26.7
1967	1.40	53.8	41.5	39.2	36.9
1968	1.60	55.6	44.0	42.6	40.1

Note: For explanations, see table 1.6 in chapter 1. Dashes indicate data not available

with variations in the minimum wage, controlling other relevant variables. These variables included the adult unemployment rate, the proportion of teenagers employed in agriculture, the relative size of the teenage population, the school enrollment rate, and the relative size of the Armed Forces. A similar analysis of the employment experience of teenagers as a whole through a more extended period, 1948 to 1968, used annual data.

These analyses concluded that it was not possible to adequately separate out the effects of minimum wage changes from other developments. A demonstrable relationship exists between minimum wages and youth unemployment rates if other variables are *excluded* from the analysis, but when other variables such as population and school enrollment changes are taken into account, the effect of changes in the minimum wage upon teenage unemployment becomes obscure.

The study indicated that extensions of coverage of the minimum wage had more of an effect than changes in the relative level of the minimum wage; that Federal manpower programs which produce employment for teenagers may have offset, to some degree, the disemployment effects of minimum wage legislation; and that minimum wage legislation may have had greater adverse effects upon 16- and 17-year-old than upon 18- and 19-year-old youth.

The analysis concluded on the cautious note that, "While there are hints of adverse effects of minimum wages in available data, no firm statements can be made about the magnitude of such effects."

Another survey undertaken for this report differs significantly in approach from other recent studies. Its analysis traces the employment experience of an identical group of young males, 15 to 25 years of age, during a time when the Federal minimum wage was increased from $1.25 in 1966 to $1.40 in 1967 and coverage was expanded significantly. For the teenagers, as well as for older groups, the analysis showed mixed results.

Those teenagers already earning $1.40 or more in 1966 were not directly affected by the new minimum. If the minimum wage had any effects, it would be expected to lead to more time unemployed or more time spent out of the labor force by the low wage teenagers. Contrary to this expectation, table 12.3 shows that the average number of weeks low wage teenagers were unemployed not only declined be-

Chart 2. Fluctuations in adult and teenage unemployment rates, 1948–68

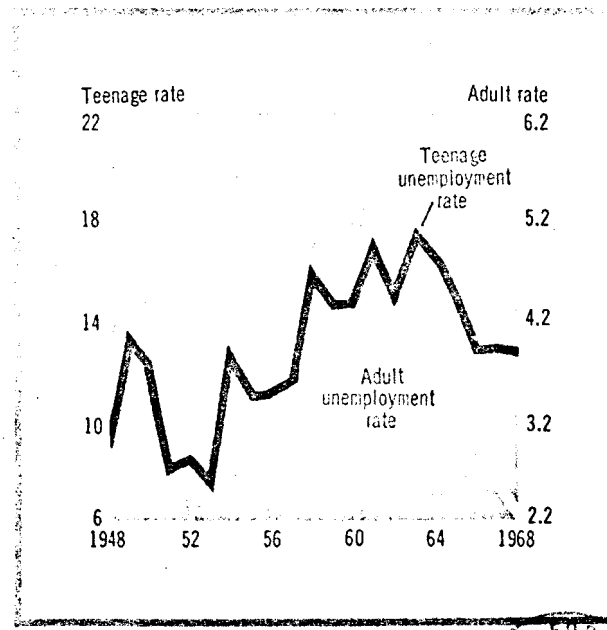


Table 12.3. Change in labor force status, 1966–67, men 15–19 years of age with work experience in 1966

Hourly rate of pay (dollars) in 1966	Total number with work experience in 1966 (thousands)	Change in mean weeks unemployed [1] (weeks)	Change in mean weeks out of labor force [2] (weeks)	Total number employed in 1966 survey week (thousands)	Disemployment rate (into unemployment) [3] (percent)	Disemployment rate (out of labor force) [4] (percent)
Total or average [5]	5,854	−1.9	−4.1	3,311	6.5	19.3
Less than $1.00	688	−1.3	−4.6	492	5.3	20.3
$1.00–1.39	1,941	−2.3	−3.9	1,210	6.5	21.7
$1.40 or more	1,591	−1.0	−5.5	1,165	6.4	16.1

[1] Mean number of weeks unemployed during the 12 months preceding the 1967 survey minus the mean number of weeks unemployed during the 12 months preceding the 1966 survey.
[2] Mean number of weeks out of the labor force during the 12 months preceding the 1967 survey minus the mean number of weeks out of the labor force during the 12 months preceding the 1966 survey.
[3] Proportion of those employed during the 1966 survey week who were unemployed during the 1967 survey week.
[4] Proportion of those employed during the 1966 survey week who were out of the labor force during the 1967 survey week.
[5] Total includes young men not classified by wage rate.
Note: For further discussion, see chapter 3.

tween 1966 and 1967 but declined more than among high wage teenagers. On the other hand, the average number of weeks spent out of the labor force fell *less* among low wage than high wage teenagers, a result that is in line with expectations.

Looking at only those teenagers who were employed during the 1966 survey week, a greater proportion of low wage than high wage employees were out of the labor force a year later. However, the proportion of low wage employees who were unemployed a year later is in one case ($1 to $1.39) about the same and in another case (less than $1) below the proportion of high wage employees who were unemployed a year later.[3]

The analysis is, as the authors note, biased against finding adverse employment effects because the sample had "aged" 1 year between survey periods, thus increasing the employability of the group; further, the data tell nothing about youth entering the labor force for the first time during this period. There was some evidence of adverse employment effects among 15- to 17-year-old students who were Negroes and had limited labor market information and among those students employed as service workers. There was, however, no evidence of a general tendency for the minimum wage increase of 1967 to create relatively more unemployment among low wage young workers. As the analysis concludes, "If the minimum wage increases did indeed create unemployment among youth, the effect was not a pronounced one."

The employers' response

In the survey of employer hiring standards in 10 cities, included in chapter 4, the most frequently cited consideration affecting employer decisions to employ teenagers under age 18 was restrictions on employment of teenagers in hazardous occupations. Chapter 9, dealing with experience under State minimum wage laws, also stresses hazardous work restrictions as well as restrictions on hours of work, the cumbersome machinery of work certificates, union restrictions, and problems of transportation as factors curbing the employment of teenagers. The uncertainty of the military draft was the reason most frequently cited by employers in weighing their decision to hire 18- and 19-year-olds, a problem underscored in the study of experience in local public employment offices in 23 areas (chapter 5). The belief that teenagers are unwilling to work for low wages is not uncommon among employers. (See further discussion below.) The extent to which the legal authority to pay a wage lower than the minimum would offset such problems is uncertain.

Among the small number of establishments which raised age or educational hiring requirements between 1966 and 1969 in the 10-cities survey of hiring standards, the reason most frequently cited by employers for doing so was higher costs of training and hiring teenagers. Experience under State laws and experience of the public employment offices also indicate lack of education and training to be an important reason for employers not hiring teenagers for full-time jobs. Dissatisfaction with teenagers' absenteeism, unreliability, and performance on the job is common.

In principle, the lower quality of teenage labor could be offset, in the employer's calculations, by paying them a lower wage. However, under the Fair Labor Standards Act, establishments holding full-time student certificates have the legal authority to hire youth at 85 percent of the minimum wage. As reported in the

Table 12.4. Numerical distribution of establishments not utilizing or not fully utilizing full-time student certificates by degree of utilization and reasons for less than full utilization of certificates

[Data relate to certificates in effect on April 30, 1969, and reflect utilization during the period May 1, 1968 to April 30, 1969]

Degree of utilization	Number of establishments with certificates	Number of establishments not utilizing or not fully utilizing certificates	Reasons for not utilizing or not fully utilizing certificates												
			Fully staffed	Certificate restrictions	Record keeping	Full-time students unwilling to work at subminimum wages	Full-time students unsatisfactory workers	Prefer to hire regular workers	Company policy to pay minimum wages	Legal restrictions	Temporary operational problems	Self-imposed restrictions	Delay in school verification of student status	Union restrictions	Other reasons
Total	4,615	4,163	2,168	799	881	868	788	600	504	396	356	332	223	120	39
Less than 20 percent	1,484	1,484	564	321	425	339	199	243	282	111	189	49	136	80	14
20 percent to 49 percent	1,085	1,085	641	198	212	211	236	151	98	114	82	78	50	36	12
50 percent or more	2,046	1,594	963	280	244	318	353	206	124	171	85	205	37	4	13

study of utilization of that authority (chapter 8), only 10 percent used the certificate authority fully, and 55 percent used less than half of their authorized man-hours. Seventeen percent of the establishments holding such certificates claimed they had not fully used it because students were unsatisfactory workers (table 12.4). Apparently for some employers at least a 15-percent "discount" was not enough to offset the poorer quality of student help.

All this does not mean that wages—and the legal minimum wage in particular—are ever irrelevant. Although local employment service offices generally said minimum wages were not an important reason for the difficulty in placing teenagers in full-time jobs, minimum wages were cited as a problem more frequently in the case of 16- to 17-year-olds (table 12.5). The minimum wage was the second most common reason for employers raising hiring standards between 1966 and 1969, though such companies represented less than 5 percent of all employers in every city covered and less than 1 percent in most cities. The relatively tight labor market for adults in the last 3 years, however, probably kept most employers from raising their hiring standards. A minority of employers covered in the survey of hiring standards did consider the minimum wage an important factor affecting their decision to hire teenagers (table 12.6). Employers located in small towns cited the minimum wage more frequently than employers located in large cities and more frequently with reference to 16- to 17-year-olds than 18- to 19-year-olds. Further, employers—as did the public employment offices—cited the minimum wage as an important factor more frequently in the case of younger teenagers. A modest number of establishments did apply for full-time student and learner certificates under the FLSA, though less than half the authorized time was actually used.

The evidence suggests, therefore, that some employers would be willing to hire more teenagers at lower wage rates. However, legal restrictions on the employment of youth and apprehension over the quality of teenagers as employees are probably even more important impediments to the employment of youth.

Table 12.5. Rank importance of reasons for difficulty in placing teenagers based on local office experience during fiscal year 1969, average, all areas

[Rating Scale: Very important = 3; Important = 2; Unimportant, irrelevant, or not true = 1]

Reason	Full-time jobs		Part-time jobs	
	16–17 years	18–19 years	16–17 years	18–19 years
1. Level of the minimum wage has caused employers to seek older, more experienced workers for jobs	1.77	1.54	1.66	1.52
2. Unwillingness of teenagers to accept wages usually offered for jobs they are qualified to take	1.79	2.10	1.64	1.87
3. Uncertainty over the draft makes employers reluctant to hire teenagers	1.32	2.44	1.18	1.48
4. Legal restrictions on hours of work, hazardous work, or other working conditions for teenagers	2.75	1.41	2.71	1.45
5. Hiring specifications of employers with respect to education and experience are so high that most teenagers are excluded	2.28	1.95	1.96	1.54
6. Employers' hiring specifications with respect to age exclude teenagers	2.44	1.56	2.23	1.47
7. Employer fear of higher cost of workman's compensation and other insurance when teenagers are employed	2.19	1.59	2.09	1.48
8. Employers believe teenagers are not reliable	2.54	2.10	2.30	1.95
9. High labor turnover among teenagers	2.31	2.14	2.22	2.01
10. State laws require too much paper work, such as work permits	1.85	1.07	1.59	1.05
11. High cost of hiring and training teenagers	1.65	1.58	1.57	1.41
12. Union contract provisions	1.63	1.40	1.72	1.38

Expectations of youth

Throughout the Nation, a commonplace belief among employers and others is that young workers expect unduly high wages and are disinclined to accept low status (frequently equated to low wage) jobs. Close to 20 percent of the employers holding full-time student certificates under FLSA claimed they did not fully utilize the authority because students were unwilling to work at subminimum rates. Certainly there is much anecdotal material on the alleged unreasonableness of teenagers.

However, a 1967 survey of young men throughout the Nation indicated that the *average* wage expected by unemployed teenagers was less than the average wage actually earned by those who were employed (table 12.7). Further, large numbers of teenagers, both unemployed and out of the labor force, did indicate they would accept jobs at less than the $1.40 legal minimum in 1967.

Findings from the Urban Employment Survey (UES), a survey of residents of selected poverty areas of six large cities, suggest that average earnings expectations of currently unemployed teenagers did not exceed average hourly earnings actually received by employed teenagers. In the July 1968–June 1969 survey period, the median wage expected by unemployed teenage boys and girls was less than the wage actually received by those employed.

Table 12.6. Percentage of establishments covered by FLSA reporting the minimum wage as a factor in the decision to hire teenagers, by city and age group

City	Under 18			18 and 19		
	Very important	Important	Not important	Very important	Important	Not important
Atlanta	14	21	65	9	18	73
Detroit	16	24	60	11	18	71
Cleveland	10	17	73	9	16	75
Baltimore	10	20	70	9	18	73
Milwaukee	11	16	73	8	11	81
Los Angeles	8	14	78	6	11	83
Battle Creek	23	23	54	13	19	67
Auburn	20	28	52	13	31	56
Galveston	19	24	57	13	20	67
El Paso	31	25	44	25	28	47
Unweighted average:						
6 large areas	11.5	18.7	69.8	8.7	15.3	76.0
4 small areas	23.2	25.0	51.8	16.0	24.5	59.3

Note: For further discussion, see chapter 4.

Table 12.7. Rate of pay required to induce youth to accept employment or to enter labor force, and hourly rate of pay for those employed, by age and color, 1967

Age and 1967 labor force status	Total number (thousands)	Less than $1.40	$1.40 to $1.99	$2.00 to $2.99	$3.00 or more	Mean pay required or earned
	Whites					
Age 15–17:						
Out of labor force	808	51.1	44.5	3.9	0.5	$1.32
Unemployed	400	43.0	50.9	4.8	.0	1.35
Employed	1,968	47.5	37.9	9.9	4.7	1.59
Age 18–19:						
Out of labor force	196	13.8	57.2	23.0	6.0	1.69
Unemployed	141	18.0	46.1	29.7	6.2	1.76
Employed	1,493	25.2	33.6	30.9	10.3	1.93
	All others					
Age 15–17:						
Out of labor force	161	64.8	30.5	3.3	1.3	$1.30
Unemployed	99	58.8	33.5	7.7	.0	1.20
Employed	297	51.6	35.6	9.4	3.4	1.53
Age 18–19:						
Out of labor force	19					
Unemployed	42	28.8	48.1	20.5	2.6	1.61
Employed	212	37.6	29.8	22.3	10.3	1.75

Note: For further discussion, see chapter 6. Dashes indicate data not available.

The reported proportion of unemployed young men willing to accept employment in 1967 at wages below the Federal minimum was less, however, than the proportion of teenagers actually employed at lower wages. The same was true of teenagers, especially the males, in the Chicago and New York poverty areas in 1968–69. These bits of evidence lend some support to the supposition that the unemployment of some teenagers can be attributed to high wage expectations.

The average duration of unemployment for teenagers is short. While this is partially attributable to their ability to withdraw from the labor force, it suggests also that high wage or status expectations of teenagers are not enduring.

The available evidence indicates that teenagers are knowledgeable about prevailing wage levels and adjust their expectations according to differences in levels between areas and overtime. There is some evidence that unemployed teenagers are disinclined to accept the lower wage jobs. Minimum wages may be a factor influencing these expectations. These expectations contribute, at least in the short run, to unemployment problems, but do not appear to be a major obstacle to reducing teenage unemployment.

A youth differential

Whether or not the minimum wage has been a significant factor in causing youth unemployment, the question of the effects of a youth differential is a different issue. There has been only limited experience with these differentials in the United States. They currently exist in Federal minimum wage legislation in the form of the certification programs under FLSA and also in a variety of forms in State laws. In other countries—in Western Europe, Canada, and Japan (chapters 10 and 11)—youth differentials exist by law, contract, or customs to a much greater extent than in the United States.

The certification programs cover a limited number of workers and establishments. Employer interest in the certification programs has increased at times of minimum wage law changes, though trend data on issuance of certificates do not necessarily measure usage. The study of these programs points out that the authority to hire young workers at rates below the minimum does not automatically mean the opportunity will or can be fully used by employers to increase employment of youth; the modest abatement of rates provided in those programs was, by itself, inadequate. The full-time student certification rates were less meaningful in the South where wage levels are generally low, the student rate thus providing a smaller incentive to hire youth.

Table 12.8. Unemployment rates and the youth-adult unemployment ratio for selected countries

Countries	Unemployment rate, all ages		Youth unemployment rate		Youth-adult unemployment ratio [1]	
	1960–64	1967–68	1960–64	1967–68	1960–64	1967–68
Germany (1961–67)	[4] 0.3	1.1	[4] 0.3	1.1	[4] 1.0	1.0
Canada (1962–66) [2]	6.9	4.0	14.4	9.7	2.4	2.6
Netherlands (1960)	0.9	.....	1.4	.....	1.8	.....
United Kingdom (1961–67)	[3] 1.3	[3] 2.0	[3] 0.9	[3] 2.2	[3] 0.6	[3] 1.1
	[3] 1.7	.....	[4] 2.3	.....	[4] 1.4	.....
Sweden (1964–67)	1.7	2.6	3.9	6.1	2.6	2.9
France (1960)	2.1	.....	6.6	.....	4.4	.....
Belgium (1960)	2.5	.....	4.0	.....	1.7	.....
Italy (1961–67)	3.4	3.5	9.3	11.4	4.9	5.7
United States (1960–68)	5.5	3.6	[5] 14.7	[5] 12.7	3.3	5.5
Japan (1962) [6]	0.9	.....	1.4	.....	1.6	.....

[1] Ratio of youth unemployment rate to adult unemployment rate for adults 25 and over. Data from labor force surveys except as noted. Data not strictly comparable among countries.
[2] Ostry, Sylvia. Uuemployment in Canada, 1968, males only, ratio: youth-all ages.
[3] Labor Ministry data from unemployment insurance records.
[4] Census data for 1961.
[5] Youth unemployment data relate to 16- to 19-year-olds.
[6] Levine and Somers, Youth Employment and Wages in Postwar Japan. Ratio: youth-all ages.

Differential rates in State minimum wage laws—commonly 80 percent of the adult rate—have had limited effects on unemployment rates. State laws are not relevant where the Federal law applies if the State minimum is below the Federal. In a number of States, small establishments and certain occupations where teenagers are employed are exempt from State law. Further, entry wage rates in some areas are far above the State minimums.

Over 40 percent of the local employment service offices believed employers would hire appreciably more 16- and 17-year-old teenagers if it were possible to pay less than the Federal minimum, but only 26 percent of the offices believed this would be true of 18- and 19-year-olds. About 90 percent of those offices which believed it would make a difference thought the reduction in the minimum wage that would be necessary would not exceed 40 cents.

The studies of the certification program, State experience, and the survey of local employment offices suggest that if a youth differential is to be meaningful, it would need to be a fairly substantial differential—perhaps at least 20 percent below the adult rate—and that the relationship of the adult minimum to average wage levels could not be far below the historic ratio.

The evidence from abroad indicates that low wages for youth are an inducement to employers to seek young workers eagerly. The relatively low youth unemployment rates abroad (table 12.8) are partially a reflection of the fact of low wages for youth. In the United Kingdom, the Netherlands, and Japan, young workers start work at about one-third the adult rate. In the United States in 1967, 15- to 17-year-old boys received a wage which averaged about 60 percent of the average wage paid those 20 to 25 years old. Much of this difference reflects a different mix of jobs and job status in the two age groups.

One element of the Japanese experience—low wages for youth—cannot be divorced from other parts of Japanese institutions. For example, the nenkô system with its virtual lifetime guarantee of employment within the firm and high wages in later years offsets low wages in youth.

Low wage rates for youth in Europe cannot be separated from the extensive apprenticeship programs in Britain, Germany, and the Netherlands. These programs help to channel children from school to work. Moreover, the nenkô system in Japan and the apprenticeship system in Europe are undergoing change, or at least attack, with possible ramifications for youth differentials in those countries.

In the Soviet Union, young workers by law have a shorter workday, a longer annual vacation, and higher wage rates than adults doing the same type of work—just the opposite of experience in western Europe and Japan. The 16- and 17-year-old works 7 hours a day and 5 days a week; 15-year-old apprentices work 5 hours a day. The young worker gets the same daily or monthly basic pay that an adult gets for working 8 hours a day at the same type of work. There have been reports in the Soviet press that many managers of establishments have been reluctant to hire young workers because of the extra cost involved. To combat this practice by employers, a joint party-government decree of February 2, 1966, established quotas of jobs for youth, the size of the quotas varying among branches of the national economy.[4]

In the United States, the overwhelming proportion of teenagers belong to a part-time, part-year labor force. Almost three-fourths of the teenagers are enrolled in school. Experience in foreign countries having institutions different from those in the United States has a limited application to American teenagers who are much less likely to be looking for a "permanent" job.

The employment advantage of a youth differential would be restricted by the fact that many teenagers are available for only part-time employment and have a limited geographic mobility. It would also be restricted by American wage-setting institutions which emphasize a wage for a job, not an age-wage relationship, and further limited by legal restrictions on the employment of youth.

The effects of differential rates

The analysis of the relationship betwen teenage earnings and family income (chapter 7) points out that very few teenagers contribute a significant share of family income. Since 73 percent of the teenagers who worked in 1966 earned less than $1,000 per year, their low earnings are more affected by the number of hours of work they find than by the wage rate. Wages paid teenagers are, of course, not solely dependent on the minimum wage.

Reports from abroad do not indicate that adult employment has been affected adversely by lower minimum rates for teenagers. However, the European countries and Japan have had very low overall levels of unemployment. Thus, experience abroad does not provide a clear test of the effects of introducing a system of youth differentials. Past experience in the United States is no sure guide, since differential rates for youth have been used to only a limited extent.

Youth differentials are common in most State laws with no apparent evidence of adverse effects. State minimum wage levels are not, however, always meaningful relative to prevailing wage levels. About 40 percent of the local employment service offices believed that a lower Federal minimum wage for teenagers would have adverse effects on employment of other groups; this was, however, only an informed judgment. Available materials do not permit any firm conclusions about adverse effects of a youth differential minimum wage.

Conclusions

1. Increases in the level and coverage of the Federal minimum wage may have contributed to the employment problems of teenagers, but it is difficult to disentangle such effects from numerous other influences.

Prior to the 1960's, relatively few teenagers were employed in establishments covered by the Fair Labor Standards Act. Prior to 1966, agriculture (where teenagers are employed as family workers) was totally exempt; domestic service still is. Services and trade were generally excluded from the law prior to 1961, and even now small establishments are exempt. The long-run rise in the unemployment rate of teenagers relative to that of adults—especially marked since 1962—appears to have been associated

with many factors. Compounding problems have been the increase in the relative size of the teenage population, the increase in the proportion of youth enrolled in school, and the shift of employment out of agriculture. Although neither of the latter two factors may explain much of the relative rise in teenage unemployment, they do mean that one easy-access labor market, namely, the family farm, is available to a smaller proportion of youth and that the types of employment sought by teenagers (outside school hours) cover a restricted range of existing employment opportunities. The increase in the number of teenagers in school has, on the other hand, taken some of them out of the labor force.

The magnitude of the employment effects of minimum wage legislation probably has been small, as the studies included in this report underline, and, consequently, difficult to measure precisely. It should be kept in mind, however, that (1) many teenagers have, until very recent years, been employed in sectors of the economy not covered by FLSA, (2) minimum wage levels have not been markedly high relative to prevailing wage levels, judging by historical ratios, and (3) the importance of minimum wages, in the periods between Congressional action, has been partially offset by increases in money wages, tending to make any disemployment effects a shortrun phenomenon. Also, as the econometric study included in this report points out, adverse employment effects of the minimum wage may have been, in recent years, offset by Federal manpower programs.

The high unemployment rates of teenagers have not brought about a drop in the relative wage paid teenagers and, hence, an increase in their employment opportunities. Certainly, a legal minimum wage, on its face, means wages are inflexible downward. Because minimum wages have been periodically increased to maintain about the same level of parity with average earnings, any tendency for the spread between lower and higher rates to increase has been offset, except in the short run.

Not all sectors of the economy have been covered by FLSA; other labor market institutions, including union contracts, have also affected wage levels and wage rigidity. Unlike Britain, France, or Japan, American wage-setting institutions have generally developed the practice of setting a wage rate for a job regardless of who holds the job. In other countries a young clerk, for example, may receive less than an adult doing the same work in the same company simply because he is young, but this has not been the practice in the United States. Rather, any wage differences associated with age are usually attributable to young people holding different types of jobs than adults. Longevity or seniority increases are less important than occupational wage differentials; further, longevity increases are a function of length of service on a particular job, not chronological age *per se*. A company's demand for workers to do a particular job within the company is limited. Except to the degree that almost all persons holding a particular job in a company are teenagers, the nature of American wage setting institutions would reduce (but not eliminate) the possibility of a relative decline in wages paid teenagers even if there were no minimum wage legislation.

A cautionary note should be added. If the minimum wage as a percent of average hourly earnings was more than the 50-percent range prevailing in the postwar period or if coverage was extended to new areas, past experience would not serve as an accurate guide to future employment effects.

2. Employer attitudes—as reflected in both the survey of employers and the response of the public employment offices—experience under the certification programs, and experience in other countries suggest that a substantial differential between youth and adult rates would increase the employment of teenagers. The incentive of a large differential would help to overcome the apprehensions employers have indicated over the quality of teenagers as employees. The evidence indicates the differential would especially affect the decisions of employers to hire 16- and 17-year-old teenagers and particularly employers located outside the large urban centers.

The effect of a youth differential would depend on the size of the difference between the youth and adult minimums, the relation of the adult minimum to the current average hourly

earnings of rank-and-file workers, and the simplicity of the regulations. Even then, the effect of the difference would be restricted by conditions unique to the American scene.

If a youth differential were instituted in the 1970's, it would be difficult to evaluate its effects without better data, especially frequency distributions of wages of workers in the American economy along with demographic information on the workers. The effects of a youth differential must be separated from other developments. During the coming decade, the teenage population will increase 12 percent, compared with 40 percent in the 1960's. Assuming no major decline in economic activity, this slower rate of growth, alone, should help ease problems of absorbing teenagers into the employed labor force.

FOOTNOTES

[1] Throughout the study, the terms "youth," "teenagers," and "young people" have been used interchangeably. Unless otherwise specified, the terms refer to 16- to 19-year-olds.

[2] See table 12.2 for some additional detail.

[3] More sophisticated statements of tests and further data can be found in chapter 3. If columns 2 and 3 of table 3 are added, the expected adverse pattern appears. This is not true, however, when data are controlled by school enrollment status. See table 3.6 in chapter 3.

[4] *Sovetskie profsoyuzy* [Soviet Trade Unions], No. 12 (June 1967), p. 47.

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