

THE FIFTH DISTRICT LABOR FORCE . . .

A Profile of Change

The secular growth and development of any economy depends upon the availability and quality of its productive resources of land, labor, and capital. Undoubtedly, the most flexible and versatile of these resources is labor. Over the decade of the 1960's, the labor forces of both the U. S. and the Fifth District exhibited sustained growth, which substantially contributed to the rapid expansion of other economic resources. Particularly in the Fifth District, the manpower base looms as a bright spot for the continued expansion of the economy in the 1970's. During the 1960's, several noteworthy changes in the composition of the Fifth District labor force appeared that reflected broader changes in economic activity and the social structure. In order to better understand the composition of the Fifth District labor force and the economy it supports, it is necessary to look closely at data both for the District as a whole and for the individual states.

Labor Force Data In 1970, the total labor force in the Fifth District totaled 7.8 million workers, a 29 percent increase over 1960. Maryland, Virginia, and both the Carolinas shared in the gain, but the

West Virginia and District of Columbia forces suffered small declines. In any given geographical area, the labor force, broadly speaking, is made up of a civilian component and a military component. The military is an important part of the Fifth District's manpower resources. Although the armed forces are relatively small in total number, there is at least one major military installation in each District state, with the exception of West Virginia. The impact of the military on the District's labor force is pointed up by the following statistics. Between 1960 and 1970, the District's total labor force expanded 29 percent. The civilian force grew only 22 percent during the same period, while the armed forces increased much more dramatically. Military cutbacks during the late 1960's in both Maryland and South Carolina explain why the civilian labor force grew more rapidly than the total labor force in those two states.

The civilian labor force is defined as all persons 16 years of age and over who are either employed or unemployed according to Bureau of Census criteria used in labor force surveys. To be counted as unemployed, a person must be without a job but

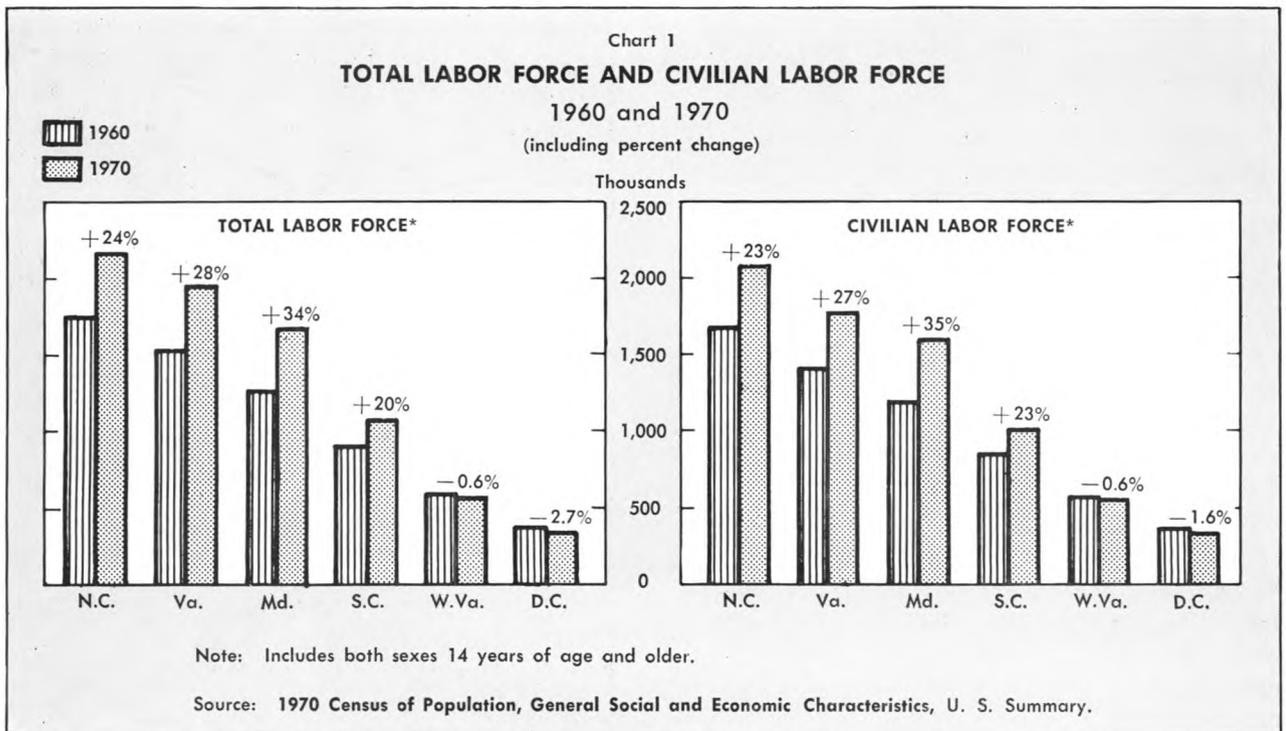


Table 1

REGIONAL UNEMPLOYMENT RATE DATA
1962-1972

	U. S.	Va.	N. C.	S. C.	Md.	W. Va.	D. C.*
1962	5.5	3.9	5.3	5.7	5.6	12.0	2.3
1963	5.7	3.6	5.1	5.7	5.0	10.3	2.5
1964	5.2	3.4	4.8	5.4	4.5	8.8	2.5
1965	4.5	3.0	4.2	4.7	4.0	7.8	2.2
1966	3.8	2.7	3.2	4.2	3.1	6.8	2.4
1967	3.8	2.8	3.4	4.7	3.1	6.4	2.2
1968	3.6	2.7	3.2	4.3	3.2	6.4	2.2
1969	3.5	2.7	2.9	3.9	3.0	5.5	2.3
1970	4.9	3.2	3.8	5.0	3.9	6.3	2.6
1971	5.9	3.6	3.9	5.2	4.9	6.9	2.7
1972	5.6	3.2	3.2	4.3	5.0	7.7	2.9

*Data relate to Standard Metropolitan Statistical Area.

Source: Manpower Report of the President, 1972.

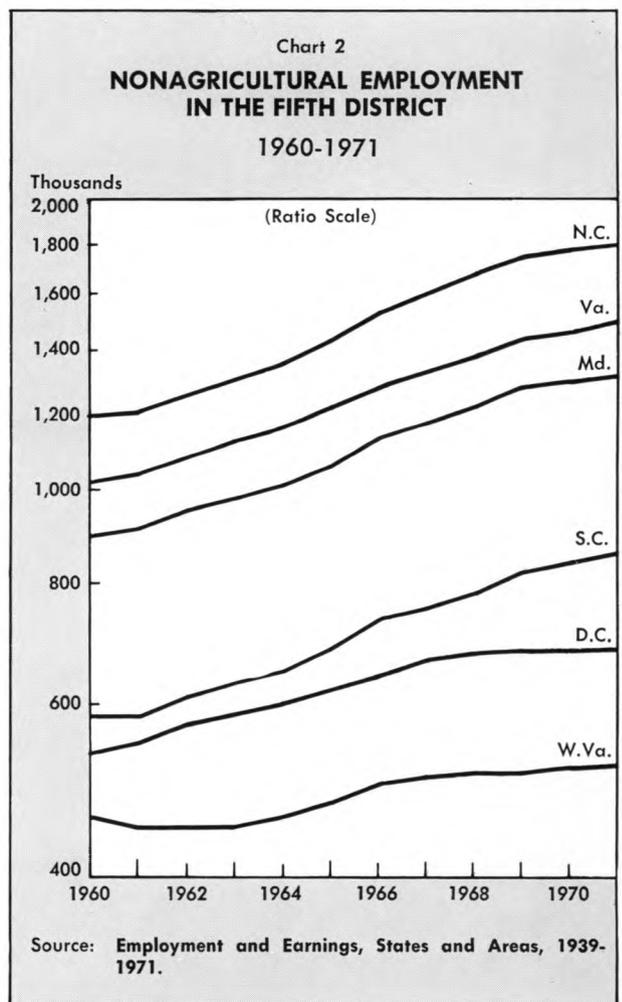
actively seeking work. Table I shows the unemployment rates for the District states and the U. S. As noted, with the exception of West Virginia and the District of Columbia, District unemployment rates have closely paralleled the national trends. Without exception, rates of unemployment in each state were lower in 1972 than in 1962, which is particularly impressive in view of the rapid growth of the labor force during the same period. The unemployment rate in the District of Columbia standard metropolitan statistical area rose slightly upward from 2.3 percent to 2.9 percent during the 1962-1972 period.

Those members of the civilian labor force counted as employed must have worked in one of the following capacities: (1) as a paid employee, (2) as a self-employed worker, or (3) as a farm worker. For purposes of analysis, employment statistics can be combined into two major categories: nonagricultural employment and agricultural employment.

A Picture of Growth and Decline Nonagricultural employment in each District state has grown steadily since 1960, as shown in Chart 2. Many factors have accounted for this growth, among which are the shift of workers from the farm to the industrial sector of the economy, the expansion in size, number, and type of industries located in the District, and a steadily increasing population. Nonagricultural employment in the District reached 6.7 million workers in 1971, a 42 percent gain over 1960. North Carolina led all District states with a 50 percent jump in nonagricultural employment during the same period. Other increases were 48 percent in South Carolina, 47 percent in Maryland and Virginia, 28 percent in the District of Columbia, and 13 percent in West Virginia.

The shift from a rural, farm-oriented economy to a more urban, industry-oriented system has resulted in a steady decline in agricultural employment from 1960 to the present, as shown in Chart 3. The District's agricultural work force decreased from 16.2 percent of the civilian labor force in 1960 to 7.1 percent in 1970, representing a decline of nearly 50 percent in the number of workers engaged in agriculture. By states, the reduction in agricultural workers ranged from a high of 62 percent in South Carolina to a low of 43 percent in Virginia. This dramatic shift from agriculture to industry was reflected in growth rates in many industry groups that were far in excess of national growth rates.

Sources of Employment Employment can be broken down by industrial distribution and by the class of the employed worker. As shown in Chart 4, Districtwide service industry employment experienced the sharpest growth (66%) between 1961 and 1971, as the average citizen became increasingly dependent on service establishments. Expansion of



service industry employment in each District state exceeded the national growth of 52 percent, with a whopping 87 percent jump in Maryland.

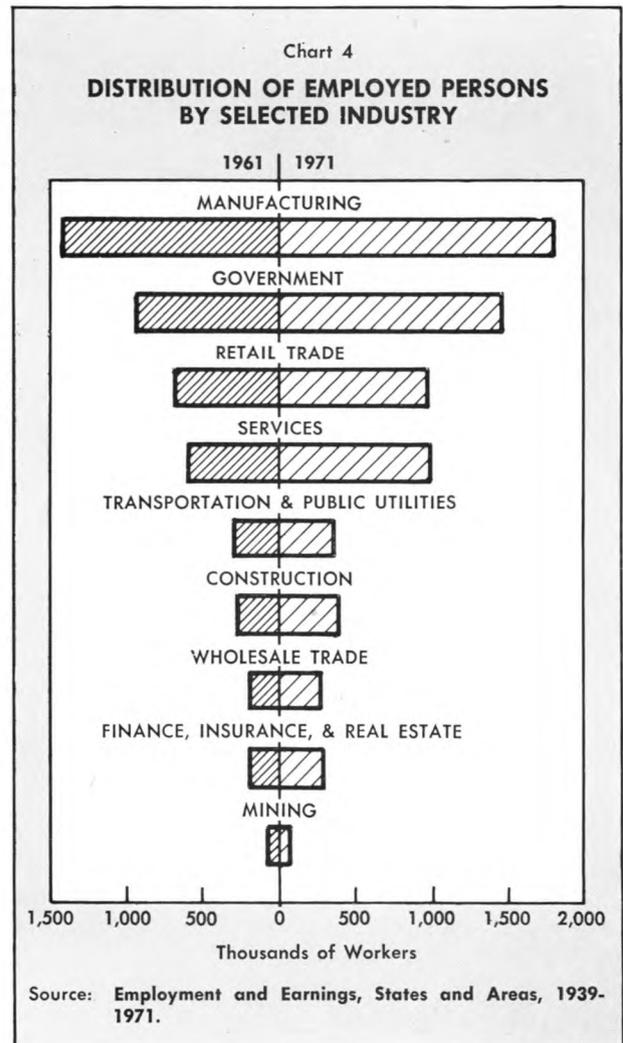
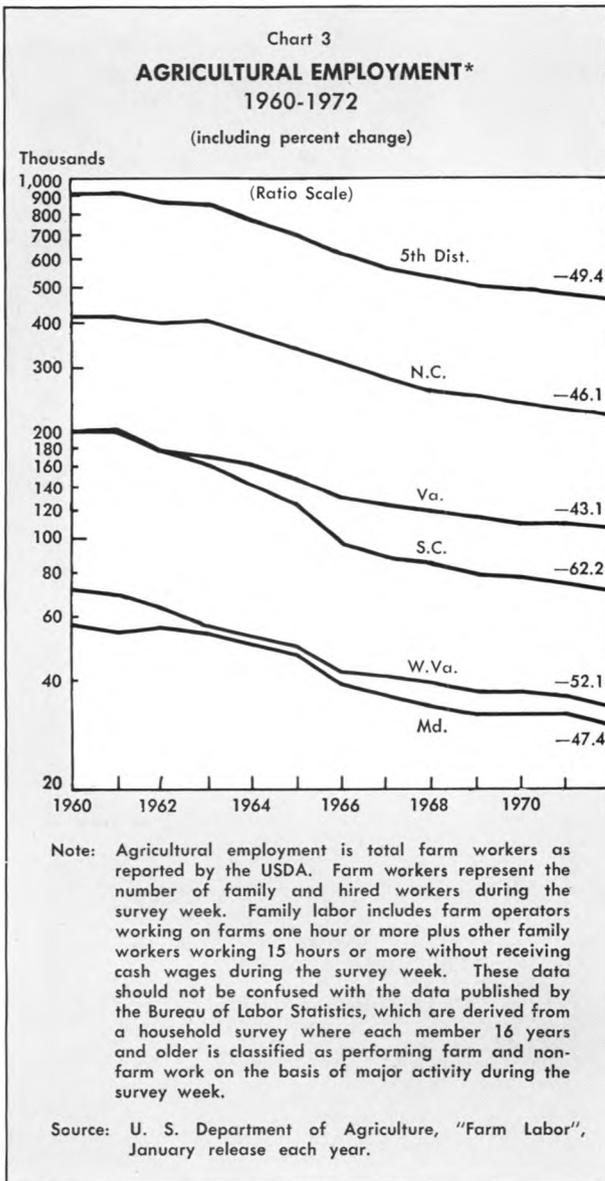
During the 1961-1971 period, the government sector climbed to a high of 1.5 million workers, a 53 percent increase. Because of the relative size of government compared to service employment, the gains experienced by the government sector, although not the largest in percentage terms, represented the largest increase in terms of number of employees. As with service employment, Maryland experienced the sharpest rise in the government sector.

The construction, wholesale and retail trade, and finance, insurance, and real estate sectors in the District all grew within the 40-45 percent range

between 1961 and 1971; and all exceeded the average rate of industry growth for the nation. Manufacturing employment, although the second largest in terms of numerical gain, expanded only 27 percent, with the most substantial gains in the nondurable goods sector. In relative terms, the transportation and public utility industry posted the smallest increase in employment, 22 percent. This increase far exceeds the national average growth, however, and represents a substantial expansion over the 10-year period.

When analyzing the industrial distribution of employment, a number of questions must be dealt with. What kind of jobs do these workers have? Do they work in private industry? Are they self-employed? Are they even wage earners? An analysis of the labor force by class of worker is necessary before these questions can be answered.

In 1960, 75 percent of all employed workers in the District were in the private wage and salary class, as shown in Chart 5. By 1970, only 70 per-

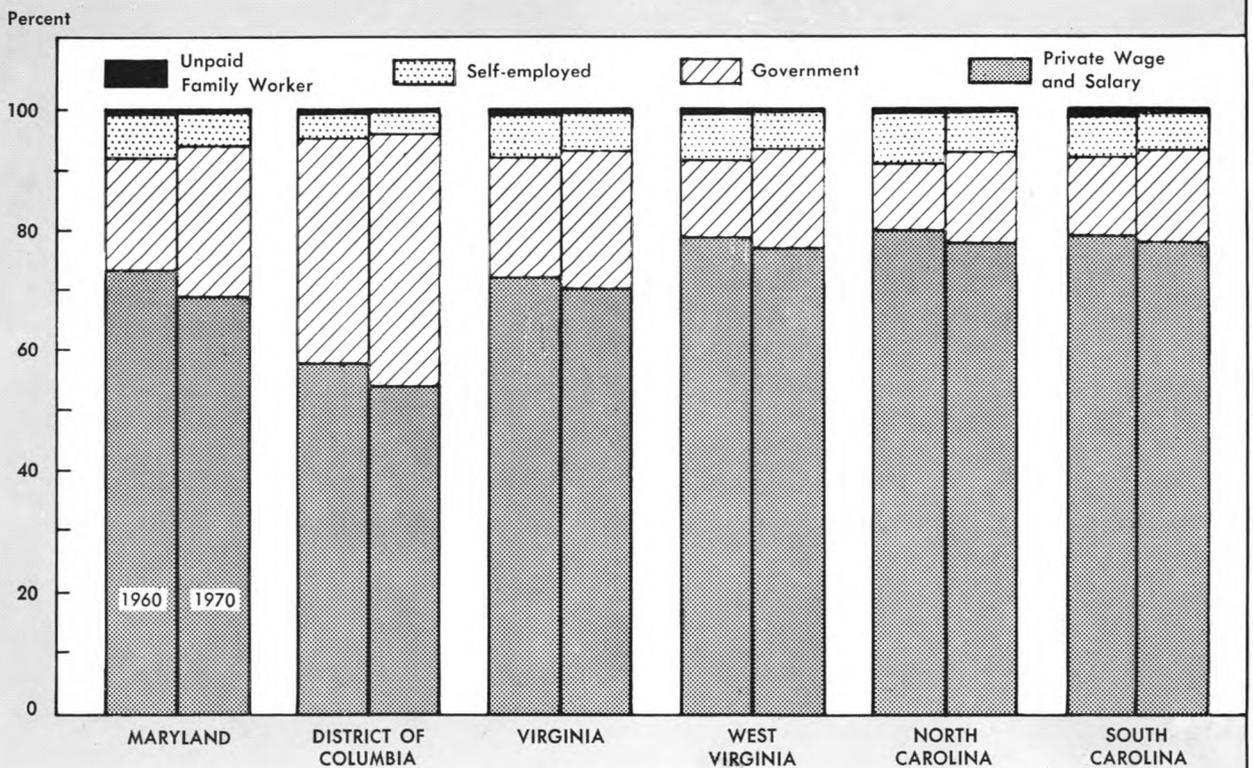


cent of the total was classed as private wage earners. In conjunction with this small decline in terms of percentage composition, however, the total number of workers in the private wage category increased 30 percent between 1960 and 1970. Districtwide, most of the shift in composition has been away from the private wage sector into the government sector. This is not to say that all of those workers leaving the private wage class moved directly to the government class, but between 1960 and 1970, private wage earners declined from 75 to 70 percent of the total, while government employment grew from 17 percent of the total to 23 percent. The other two categories, self-employed workers and unpaid family workers, remained relatively unchanged during the past decade. The District trends hold true for each state, where, without exception, the private wage class experienced small declines, government employment increased slightly, and the two remaining classes showed little if any compositional change.

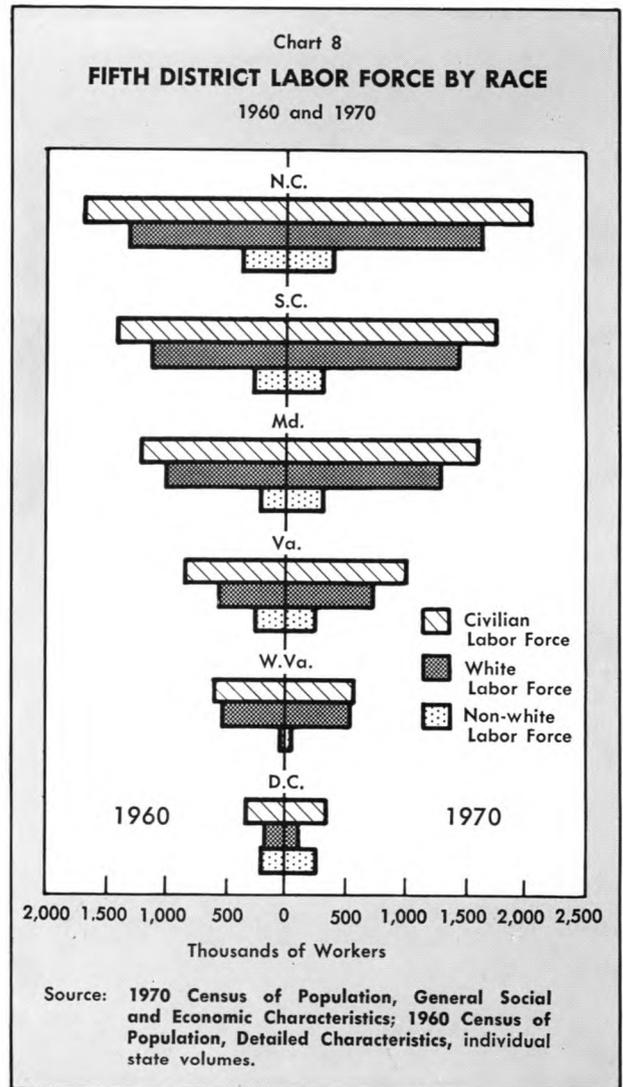
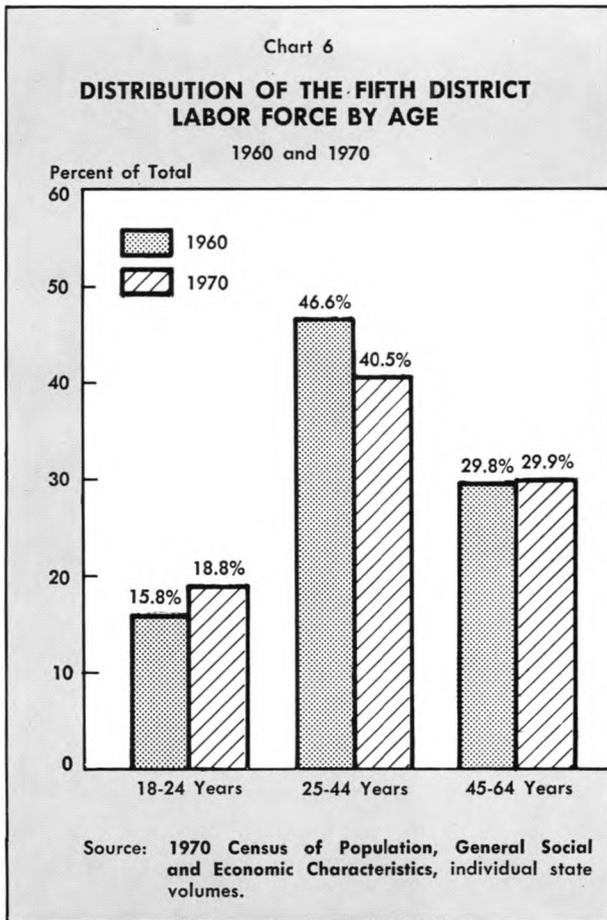
Detailed Characteristics of the Labor Force During the 1960's, the Fifth District labor force reflected four important trends: (1) the proportion of persons 18-24 years of age increased, (2) the female sector of the labor force steadily expanded, (3) nonwhite employment rose, and (4) the number of rural farm workers declined.

Following the national trend, the age composition of the Fifth District labor force shifted during the past decade. As the population has become more youthful, so has the labor force. (See Chart 6.) District figures show that 19 percent of the labor force was from 18-24 years in 1970, compared to only 15 percent in 1960. By contrast, only 40 percent was between 25 and 44 years in 1970, while the group accounted for 47 percent in 1960. In both the Carolinas and Virginia, over 20 percent of the labor force was from 18-24 years old in 1970; in the remainder of the District the 18-24 year proportion ranges from 16 to 19 percent. On the other end of the spectrum, roughly 30 percent of each

Chart 5
CLASS OF EMPLOYED FIFTH DISTRICT WORKER



Source: 1960 and 1970 Census of Population, General Social and Economic Characteristics, U. S. Summary.



District state's labor force was from 45-64 years old in 1970. The exception is West Virginia, where the 45-64 year group accounts for almost 40 percent of the labor force.

When considering this trend toward a more youthful worker and the increasing role of women in the labor force, another trend becomes apparent. While labor force participation rates for males, even in the 18-24 year class, have not varied substantially over the past decade, the participation rate for females 18-24 years has increased up to 9 percent within the District. Although participation rates have increased in all age categories for female workers, the trend seems to be toward the growing importance of the young working woman. Chart 7 illustrates the percentage gains in female employment in all District states during the 1960-1970 period. When the male-female distribution of the labor force is viewed by class of worker, two shifts in composition are clear. Between 1960 and 1970, female employment increased in the private wage and salary, government, and self-employed classes in all states; by contrast, the number of females has declined sharply

as a percentage of total unpaid family workers. As more opportunities for women begin to open up, which seems likely, it is reasonable to assume that these trends will continue throughout the 1970's.

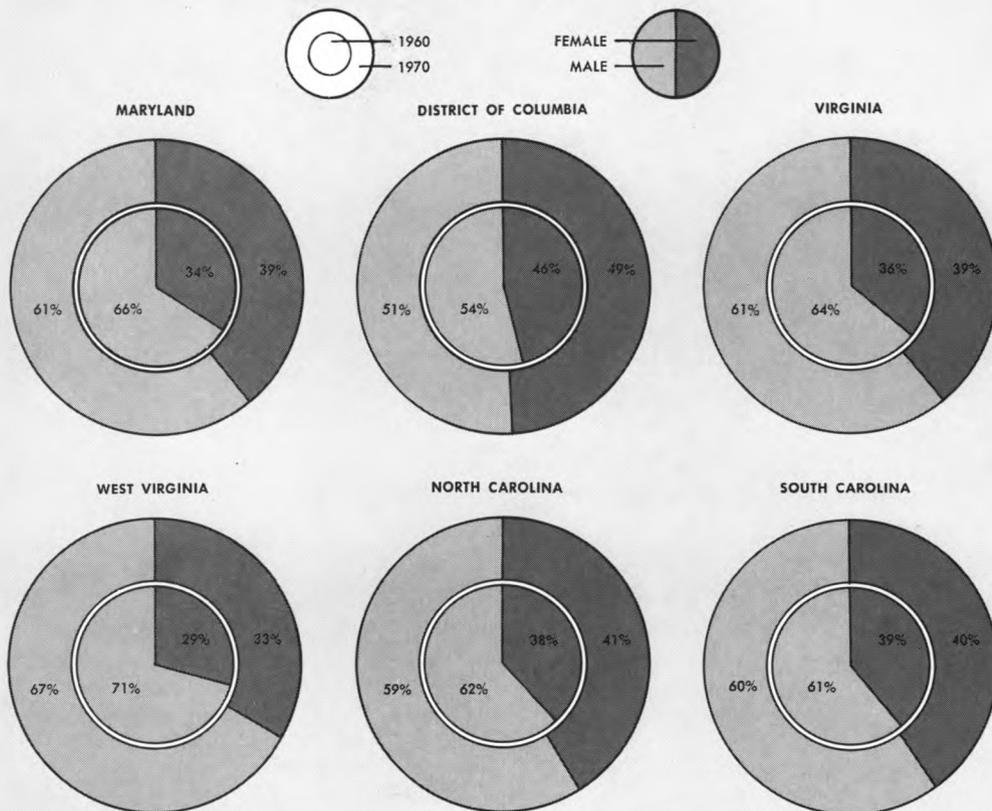
Many of the same forces that have made it possible for women to enter the labor force freely have also improved the plight of the nonwhite worker. Chart 8 illustrates that the nonwhite labor force, although still small in relative terms, has been increasing during the past decade. In both Maryland and the District of Columbia, the growth in nonwhite employment far exceeded both the civilian labor force growth and the expansion of the white labor force. Because of the many programs to encourage the hiring of both females and nonwhites initiated during the 1960's, nonwhite-female employment grew 33 percent between 1960 and 1970, far exceeding the 22 percent growth of the civilian labor force in the District.

As whites and nonwhites alike move from their rural homes into urban centers in search of jobs and higher incomes, the rural farm worker is slowly becoming a creature of the past. During the period from 1960 to 1970, rural farm employment declined in each District state, both in absolute number and as a percentage of the total labor force. (See Chart 9.) The Carolinas experienced the sharpest decline in rural farm employment; however, rural non-farm employment has grown in the Carolinas since 1960. Indications are that there may have been some shifting from the rural farm to the rural non-farm sector, rather than solely a shift from rural farm to urban

employment. Excluding the District of Columbia, which has no rural sector, Maryland led the District in 1970 with 74 percent of the total labor force in urban centers. Virginia and North Carolina followed next with 67 and 51 percent, respectively. In both West Virginia and South Carolina, less than half of the total labor force resided in urban areas in 1970.

Conclusion The labor force is easily affected by such factors as government legislation, population changes, economic expansion, fluctuating comparative wage scales, and industrial innovation. At the

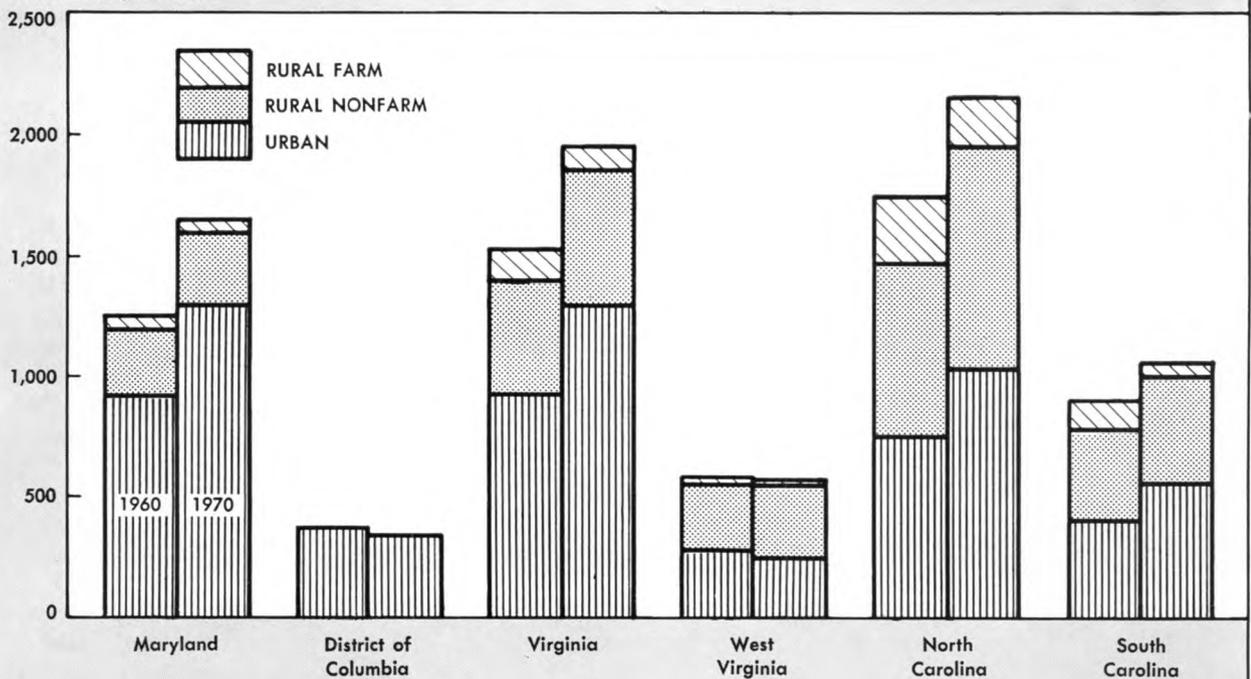
Chart 7
FIFTH DISTRICT EMPLOYMENT BY SEX
 1960 and 1970



Source: 1960 and 1970 Census of Population, General Social and Economic Characteristics, U. S. Summary.

Chart 9
LABOR FORCE STATUS BY URBAN AND RURAL RESIDENCE
 1960 and 1970

Thousands of Workers



Note: 1960 data include ages 14 years and above; 1970 data include ages 16 years and above. The discrepancy is less than one percent.

Source: 1960 and 1970 Census of Population, General Social and Economic Characteristics, U. S. Summary.

present time, however, a number of definite conclusions can be reached regarding the Fifth District labor force. Agricultural employment is declining in conjunction with a rise in nonagricultural employment. The youthful component of the labor force has been the fastest growing age group since 1960.

Females and nonwhites are entering the labor force in increasing numbers. These major trends have already laid the groundwork for changes in the Fifth District labor force that should become increasingly obvious in the 1970's.

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