

Research Department  
Federal Reserve  
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## Multi-Income Families

Next year, if current trends continue, more than half of all American families will contain two or more income earners, according to recent Census and Labor Department studies. We can no longer maintain the stereotype of a strict division between the husband-father as the sole breadwinner and the wife-mother as the keeper of the house and hearth. Instead, we are seeing, more and more, the mutual sharing of income-earning and household duties. Yet this view of the family as an economic unit is not a totally new development; in a sense, it brings us full circle to an earlier period of family farms and cottage industries. The great difference, of course, is that family-income earners now work outside the home and have a firmer tie to the paid labor force.

The greatest change of the past generation has been the increasing role of the wife as a wage-earner. Between 1920 and 1975, the percentage of working wives increased from 9 percent to 44 percent of all married women. (But husband-wife combinations don't account for all multi-income families, since roughly one of every six families contains a working son, daughter or other relative in addition to the family breadwinner.) In recent years in particular, wives have flocked to the labor market—partly because of career choice, partly because of desire to buy big-ticket budget items, but perhaps mostly because

of the severe impact of inflation on husbands' earnings.

### **Women and work**

The number of women in the work force has doubled in the past quarter-century, while the number of men workers has increased only by one-fourth. The strongest growth has occurred among married women (with husband present), who accounted for over two-thirds of the growth of the female work force during this period. Thus, working wives currently account for about 59 percent of all women in the labor force, as compared with less than 41 percent in 1950.

It used to be common for wives and mothers to re-enter the labor force when the last of the children was off to school. But this is no longer the full story; women with younger children have recently recorded the most significant increases in labor-force participation among working wives. The participation rate for married women with children under six years old has more than tripled since 1950. In fact, nearly one-third of the working wives/mothers have children under the age of three. Moreover, the participation rate for working wives with children between three and five years old is almost as high as it is for those women with no children under 18. Apparently, married women re-enter the labor force much sooner after child-bearing than was formerly the case. And

(continued on page 2)

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they re-enter with their job skills relatively undiminished because their absence is shorter.

### **Multi-earners and income**

The working wife's contribution to family income varies with her relative wage level, occupation and work force status. It is a simple, if regrettable, fact of life that earnings of women are well below those of men, measured in terms of median earnings of full-time workers. Indeed, the proportion of women's earnings to men's actually dropped from 61 percent in 1960 to 57 percent in the 1973-74 period. However, the differential may owe as much to the relative positions of men and women in organizational hierarchies as to differences between men and women in the same occupations and grades. The evidence is rather sketchy in either case. A survey of scientists and engineers employed full-time in 1974 revealed that the median annual salary of women was about 80 percent of that of men in the eight occupations examined. However, the survey did not compare individual grade categories, so that direct male-female salary differentials within the same occupations and grades may be smaller than the available statistics indicate.

The occupation of working wives depends upon their education and marketable skills. There seems to be a rather loose correspondence between the occupation of wife and husband. This is most notable in the

case of the professional and technical occupations, where over 40 percent of the wives share the same general classification as their husbands. Wives of husbands who hold white-collar jobs typically work in white-collar occupations themselves, such as administration, clerical or sales. Wives of blue-collar workers also work predominantly in blue-collar jobs such as services or manufacturing—or as clerical workers, where there is a broad overlap without reference to the color of collar.

The earnings of working wives also greatly depend upon the constancy of their attachment to the labor force. Over two-thirds of these women worked on a full-time basis in 1974 for at least a part of the year, and over two-fifths were full-time workers for the entire year. (However, this means that most were part-time workers, with an in-and-out status which boosted the unemployment rate considerably.) The work experience of wives was conditioned by the presence and age of children. More than half of the wives in families with no minor children worked on a full-time basis the year around, while a quarter of those wives with children under six were full-time workers on a regular basis.

The male-female disparity in wage rates and full-time work status acts to limit the contribution of the wife to the median family income. Labor Department data for 1974 indicate

that the wife who held down a full-time job on a regular basis added 38 percent to family income. But part-time working wives contributed only an average of 12 percent to family income.

The presence of other wage earners in the family boosts family income considerably. Groups with three or more workers in the family earned 39 percent more than husband-wife families in 1974. And the 4 million "moonlighters," who account for almost 5 percent of all employed workers, boost family income even more. About one-quarter of the multiple job-holders are women. Nearly 80 percent of the male moonlighters are married, and over half of the women are also married. Far and away the major reason why moonlighters hold a second job is to meet regular budget expenses, although among younger workers of either sex, the wish to buy big-ticket items is also important.

### **Why wives work**

Wives go to work, whether in primary or moonlighting jobs, for a number of different reasons. Some wish to pursue career opportunities in a world where more and more challenging jobs are opening up for women. Some wish to boost family buying power for specific goals, such as the purchase of a new car or a new home. But many (perhaps most) are forced into the labor market today to supplement family incomes that are severely depleted by inflation.

The results can be seen by comparing the growth of family incomes over the past two decades with the rise in cost of the family's single major purchase, a new home. The price of the single-family home has risen more rapidly in recent years than just about anything else—168 percent over the past two decades. But if the average wife had not been in the paid work force during that period, family income would have risen at a somewhat slower pace—about 155 percent. However, working wives made a big difference, boosting their contribution to family income from about 25 percent to nearly 40 percent during that period. Thus, median family income increased overall by about 227 percent—more than matching the increase in home costs and other budget expenses as well.

The increased purchasing power of the multi-income family has been reflected not only in increased purchases of housing and consumer durable goods, but also in travel, education and other spending categories. However, because more women with younger children have been entering the labor force, the discretionary purchasing power of the multi-income family must be discounted somewhat because of the increased costs of child-care. Ironically, despite the falling birth-rate, nursery schools and childcare centers may represent the growth areas of education, as compared to the now-lagging high schools and colleges.

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**BANKING DATA—TWELFTH FEDERAL RESERVE DISTRICT**  
 (Dollar amounts in millions)

Selected Assets and Liabilities Large Commercial Banks	Amount Outstanding	Change from	Change from year ago	
	11/03/76	10/27/76	Dollar	Percent
Loans (gross, adjusted) and investments*	90,537	+ 367	+ 3,661	+ 4.21
Loans (gross, adjusted)—total	69,370	+ 542	+ 4,224	+ 6.48
Security loans	1,601	+ 130	- 87	- 5.15
Commercial and industrial	22,668	+ 218	- 123	- 0.54
Real estate	20,998	+ 44	+ 1,349	+ 6.87
Consumer instalment	11,615	+ 25	+ 1,276	+ 12.34
U.S. Treasury securities	8,738	- 141	- 78	- 0.88
Other securities	12,429	- 34	- 485	- 3.76
Deposits (less cash items)—total*	89,792	- 276	+ 1,370	+ 1.55
Demand deposits (adjusted)	25,284	- 563	+ 184	+ 0.73
U.S. Government deposits	488	+ 105	- 44	- 8.27
Time deposits—total*	62,018	- 159	+ 1,493	+ 2.47
States and political subdivisions	4,847	- 131	- 992	- 16.99
Savings deposits	28,613	+ 238	+ 7,206	+ 33.66
Other time deposits‡	26,401	- 188	- 3,414	- 11.45
Large negotiable CD's	10,368	- 122	- 5,112	- 33.02
<b>Weekly Averages of Daily Figures</b>	<b>Week ended 11/03/76</b>	<b>Week ended 10/27/76</b>	<b>Comparable year-ago period</b>	
<b>Member Bank Reserve Position</b>				
Excess Reserves	+ 59	+ 7	+ 118	
Borrowings	0	54	1	
Net free(+)/Net borrowed (-)	+ 59	- 47	+ 117	
<b>Federal Funds—Seven Large Banks</b>				
Interbank Federal fund transactions				
Net purchases (+)/Net sales (-)	- 309	+ 223	+ 786	
Transactions of U.S. security dealers				
Net loans (+)/Net borrowings (-)	+ 81	+ 270	+ 370	

\*Includes items not shown separately. †Individuals, partnerships and corporations.

Editorial comments may be addressed to the editor (William Burke) or to the author. . . .  
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