

Long, Russell L.

**Working Paper**

The Differential Impact of the Global Economy on Men and Women Employed in Selected Industrial Sectors Which Experience High Levels of International Competition: A Cross-National Comparison

LIS Working Paper Series, No. 111

**Provided in Cooperation with:**

Luxembourg Income Study (LIS)

*Suggested Citation:* Long, Russell L. (1994) : The Differential Impact of the Global Economy on Men and Women Employed in Selected Industrial Sectors Which Experience High Levels of International Competition: A Cross-National Comparison, LIS Working Paper Series, No. 111, Luxembourg Income Study (LIS), Luxembourg

This Version is available at:

<https://hdl.handle.net/10419/160783>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

# **Luxembourg Income Study Working Paper Series**

**Working Paper No. 111**

**The Differential Impact of the Global Economy on Men  
and Women Employed in Selected Industrial Sectors  
Which Experience High Levels of International  
Competition: A Cross-National Comparison**

**Russell Long**

**May 1994**

*(scanned copy)*



---

**The Differential Impact of the Global Economy on Men and Women  
Employed in Selected Industrial Sectors Which Experience High  
Levels of International Competition: A Cross-National Comparison.**

By Russell L. Long  
Assistant Professor  
Delta State University  
Cleveland, Mississippi

May 18, 1994

---

**I. The Project: Assessing the Impact of the Global Economy On  
the Well-Being of Individuals Employed in Selected Industrial  
Sectors**

There is general agreement that many countries participate in a global, or world, economy and that this participation is becoming more intense. The growing proportion of GDP tied to the international economy supports this point (see Cameron, 1978; Katzenstein, 1985; Einhorn and Logue, 1989:146-169). Dicken (1992:17) demonstrates that exports have increased as a proportion of total output from 1960 to 1988. The OECD (See Table 1) shows the increasing importance of import/export activity relative to total GDP.

The impact of the globalization of the economy on the lives of individuals is the subject of great debate. Are jobs and wages influenced when the livelihood of families depend on work that experiences competition in the international marketplace? Esping-Andersen (1985, 1990), Cameron (1978), and others<sup>1</sup> provide theoretical perspectives that link the global economy

---

**Table 1**  
**Imports and Exports as a Percentage of Gross Domestic Product,**  
**1970 to 1985**

Country	Year							
	1970/71		1975/76		1980/81		1985/86	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
U.S.	5.9	5.3	7.2	6.8	9.4	8.6	9.4	5.5
U.K.	21.5	22.9	25.8	21.3	23.3	22.4	28.1	23.8
Swede	23.5	24.5	26.0	25.0	27.4	25.3	32.4	37.1

Source: OECD. Basic Statistics: International Comparisons. (Various years).

---

with rising inequality experienced by many in both the industrialized and developing world alike.

Others argue in favor of free enterprise whether it occurs domestically or between countries. Smith (1901) maintained that the free market is essentially self-regulating and produces maximum benefits for societal welfare (i.e., wealth). A direct extension of Smith's economics is that the self-regulating character of the free market is as valid in the international marketplace as it is in the domestic marketplace. David Ricardo's Theory of Comparative Advantage (1908) takes such a position. Korzeniewicz (1990:52-55) argues that from the standpoint of comparative advantage, international trade is most effective when left to decentralized market mechanisms.

---

One goal of this project is to shed some light on the current impact of the global economy on individuals in three industrialized states. Another goal is to investigate whether the international economy has similar impact on the personal well-being of male and females in the labor force. The developmental literature asserts that women are more exploitable than men and are, therefore, more desirable as workers. Esping-Andersen (1993:11) counters that "one of the revolutionizing characteristics of the post-industrial order is its potential for exploding the traditional class-gender nexus." He argues that "a lion's share of post-industrial jobs are freed of any natural male bias, many may actually harbor a female bias" (1993:11).

## **II. Methodology**

### **A. General Design**

The overarching hypothesis of this project is that global competition of domestic economies causes higher levels of poverty<sup>2</sup> and economic vulnerability for individuals and families in industrial societies.

Since individual and family well-being are microeconomic considerations, the project requires establishing that international linkages -- macroeconomic considerations -- influence domestic microeconomic variables. The labor market is the primary mechanism that links microeconomic issues, such as

---

family poverty and economic vulnerability, with macroeconomic factors, such as increasing imports and exports as a proportion of the GDP.<sup>3</sup>

Ample macroeconomic data exist describing economic conditions in advanced industrialized countries.<sup>4</sup> Imports, exports, and foreign direct investments are common indicators of international economic competition and activity in the world economy.<sup>5</sup> These aggregated indicators, however, provide only crude indicators of linkage to the international economy; the impact is not uniform across a country's economy. The impact of the global economy varies depending on the industrial sector under consideration. Furthermore, linking aggregate data on international economic trends with aggregate data on family well-being is especially difficult.<sup>6</sup>

#### **B. The Luxembourg Income Study**

Attempts to compare family well-being cross-nationally are typically hampered by their reliance on incompatible national-income survey data. Even when making comparisons between First World countries, compatibility of data is often problematic. Accounting periods may vary. The time period for which data are collected (e.g., weekly, monthly, or yearly) is not uniform. Definitions of variables, such as income, often do not correspond. Units of analysis conflict. Some countries tabulate income data at the household level, while others use the

---

family as the primary unit of analysis. Historically, such problems have rendered comparison of family well-being between countries difficult and unreliable.

The LIS compiles data drawn from several countries such that the data are comparable. Smeeding et al. (1985:2) maintain that the LIS has created "internally and externally consistent data sets for comparative studies which are far superior to those currently in existence." The LIS data sets "contain comprehensive measures of income and economic well-being for a set of modern industrialized welfare states" (1985:2).<sup>7</sup>

#### **C. The Use of Industrial Sectors**

The present analysis differentiates between industrial sectors that experience high levels of foreign competition and those that do not. Industrial sectors are used for two reasons. First, the data are easily accessible. More importantly, industrial sectors are useful because many of the general public, as well as those in the social sciences, conceptualize problems related to the international economy in terms of industrial sectors. For example, the transformation of the manufacturing sector, both in terms of lost jobs and lower wages, is an important concern in the United States.

#### **D. Differentiating the Impact of International Competition from Various Forms of Welfare-State Intervention**

This project analyzes wage levels and job availability in industrial sectors traditionally vulnerable to the international

---

economy. The apparel, textile, automobile, and electronics industries represent such sectors (Dicken, 1992). For comparative purposes the project also assesses the relative well-being of people employed in sectors that do not experience high levels of international competition. Service industries typically do not involve the global economy as a major component of their economic activities; these sectors include hotel workers, restaurant workers, welfare workers, and hospital workers.<sup>8</sup>

A significant, but no less problematic, aspect of determining the economic status of families revolves around the definition of what, exactly, constitutes well-being. Net income appears to correspond most closely to well-being in many studies, but one still needs to differentiate all sources of income from that strictly tied to the foreign economy.<sup>9</sup> This project uses changes in wages and salaries before taxes as an indicator of the influence that a given position in specific industrial sectors has on the relative well-being of a family. The availability of jobs is another indicator of the impact of the international economy.

**E. A Question about the Unit of Analysis: The Individual versus the Family**

An important problem concerns the appropriate unit of analysis for assessing economic well-being. In terms of measuring wages, the unit of analysis is obviously the individual



---

who earns the wage. Coulter (1991), however, notes that problems arise with regard to who, exactly, receives the income after the wage is paid; incomes are subject to redistribution within the family. Individual well-being is based, in large part, on the redistributive mechanisms in the family (see Wallerstein and Smith 1991).<sup>10</sup> Furthermore, when the state provides assistance designed to supplement wages, it is often distributed at the family level.<sup>11</sup>

#### **F. The Classifications of Industrial Sectors**

Choosing industrial sectors that experience high levels of international competition is relatively straightforward. A generation of international developmental research agrees that the manufacture of electronics, automobiles, apparel, and textiles occurs in an international market (see NACLA, 1975). These sectors continue to receive much scholarly attention (see Dicken, 1992; Reich, 1991).

Those sectors that are relatively protected from the global economy are a bit more difficult to identify. One does not often find references to domestic industrial sectors discussed in the context of the international economy. There are, therefore, some logical assumptions that must be made: social-welfare services, repair services, and hotel services are performed by local workers for local patrons, and thus are assumed to represent sectors that are not significantly linked in any direct way to

---

international markets.

**G. Single versus Multiple Wage-Earner Families, Incomes above Zero, and Employed Wage Earners**

This study explores family well-being for those families with only one wage earner. The presence of multiple wage earners obviously affects the relative well-being of families; the rise in the number of multiple wage earners in families may, in fact, correspond to fluctuations in the economy that, in turn, result from activity in the global economy.<sup>12</sup> For the current study, however, the presence of multiple wage earners in one family would distort the data and mask variations across industrial sectors. Concentrating on single-earner families removes this possible distortion.<sup>13</sup>

There are two other considerations regarding this study. First, the study includes only those cases where incomes are greater than zero; a few LIS families have incomes less than zero. It is currently unclear how an individual can earn less than zero dollars, although one might speculate that families in which the primary wage earner is self-employed could have negative income when expenditures exceed income. Second, the study uses only the single wage earners who are actively working.<sup>14</sup> LIS industrial sector variables have a category called "missing/unemployed." Since it is impossible to distinguish between the two, this study excludes cases that fall into this category.<sup>15</sup>

---

## **H. Controlling for Inflation**

Changes in each country's consumer price index are also an issue in this study. A casual review of wage figures over the past twenty years indicates steady improvements in wages for the average American. This impression would be erroneous. Reich (1991) notes that when controlling for inflation, the average American worker is no better off today than in 1965. All currency is standardized (to 1987 currencies) in order to account for changes in relative earning power over time.

## **I. The Research Design**

The general hypothesis is that involvement with the global economy has a deleterious impact on family well-being. In this hypothesis the independent variable is international competition while the dependent variables are earnings (wages and salaries) and job availability. Negative impact is identified either with lower wages or lost jobs.

Well-being is determined by following relative changes for earnings and job availability in selected industrial sectors for each of three cases: The United States, The United Kingdom, and Sweden. Industrial sectors are divided into two groups: those that experience high levels of competition from the global economy and those that do not.

Tables provide income and job figures for three groups: all single-earner families, male-headed single-earner families,

---

and female-headed single-earner families.

**1. Income Analysis**

The mean earnings for all wage earners in each industrial sector is assessed in terms of the mean for all wage earners in each country. For example, individuals employed in the manufacture of electrical equipment earned wages (\$23,768) that were 106 percent of the average wage for all Americans (\$22,474) in 1979. Likewise, sectoral income for 1986 is compared to the mean for all single wage earners in 1986 (see Table 2).<sup>16</sup>

Wages for male and female earners for the entire sample and in each industrial sector are compared with the mean wage for all earners in a given year. For example, in 1979 males earned wages that were 118 percent of the mean while women earned wages that were 64 percent of the mean wage in the U.S. Male electrical manufacturers earned wages (\$27,590) 123 percent of the mean for all earners (\$22,474) while female electrical manufacturers earned wages (\$16,886) 75 percent of the mean.

**2. Analysis of Job Availability**

The analysis of job availability proceeds in similar fashion as the analysis of income. Sectoral

---

employment is assessed as a percentage of the total labor pool. For example, electrical workers in the U.S. in 1979 accounted for 2.9 percent of the total U.S. labor force (see Table 3).

The analysis of jobs held by men and by women follows a slightly different logic. The total number of jobs held by men and by women are presented as a proportion of the total labor pool. For example, in 1979 males in the U.S. occupied 66 percent of all jobs while women occupied 34 percent. Male and female employment in each industrial sector is presented as a proportion of total employment in each industrial sector. For example, males occupied 64 percent of all jobs in the manufacture of electrical equipment while females occupied 36 percent. Note that employment data are rounded by 1000 such that 29,101 U.S. jobs in 1979 represent 29,101,000 jobs.

### **III. A Comparison of Earnings and Job Availability in Selected Industrial Sectors Experiencing Global Competition**

The following is the analysis of sectoral earnings and employment data. The material is organized as follows. First, changes in earnings and job availability for all individuals employed in each industrial sector is addressed. This is followed by an analysis of relative well-being of men and women in each sector.

---

**A. U.S. Industrial Sectors Experiencing High Levels of International Competition**

A brief glance at earnings and employment trends in the United States from 1979 to 1986 indicates that while the labor market expanded wages fell. When earnings are adjusted for inflation, the average single-earner family lost \$646. On the other hand, single wage earners picked up 300,000 jobs. Within this context four labor sectors experiencing high levels of international competition are investigated for the United States. Sectoral data are available for four sectors: the manufacture of electrical equipment, automobiles, textiles, and apparel (see Tables 2 and 3).<sup>17</sup>

LIS data show that those workers employed in the manufacture of electronics in the United States who kept their jobs saw their wages increase relative to the mean for all families. Wages for electronics workers were nearly equal to the mean in 1979 and increased to 132 percent of the mean by 1986. The number of jobs available in the electronics sectors, however, declined by nearly 25 percent.

Auto workers experienced the opposite effect; their wages fell slightly from 1979 to 1986, while the number of jobs relative to the total increased. The wages earned in this sector, however, are still well above the mean wage for all earners. While the general hypothesis receives support, there appears to be little actual change in the well-being of workers

**Table 2**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing High Levels  
of International Competition: 1979, 1986**

United States					
	Total	Manufacture of Electrical Equipment	Manufacture of Autos	Manufacture of Textiles	Manufacture of Apparels
All Single Earner Families					
1979	22474	23768/ 106% *	30688/ 137%	16254/ 72%	18034/ 80%
1986	21828	28863/ 132%	29301/ 134%	17947/ 82%	9296/ 43%
Male-Headed Single Earner Families					
1979	26570/ 118%	27590/ 123%	33734/ 150%	18887/ 84%	28106/ 125%
1986	25633/ 117%	32554/ 149%	30974/ 142%	22082/ 101%	10784/ 49%
Female-Headed Single Earner Families					
1979	14492/ 64%	16886/ 75%	17525/ 78%	12314/ 55%	10477/ 47%
1986	14760/ 68%	17171/ 79%	19384/ 89%	8923/ 41%	9198/ 42%

\* (Upper figures are \$US standardized to 1987 levels / lower figures are the mean of earnings in selected industrial sectors as a percentage of the mean for the total sample)

Source: Luxembourg Income Study

Table 3

**Employment Trends in Industrial Sectors Experiencing High Levels  
of International Competition: 1979, 1986.**  
(Employment Data Rounded by 1000)

United States					
	Total	Manufacture of Electrical Equipment	Manufacture of Autos	Manufacture of Textiles	Manufacture of Apparels
All Single Earner Families					
1979	29101	841 / 2.9%	399 / 1.4%	121 / 0.4%	310 / 1.0% *
1986	31950	636 / 2.2%	452 / 1.4%	161 / 0.5%	216 / 0.7%
Male-Headed Single Earner Families					
1979	19231/ 66%	541 / 64%	324 / 81%	72 / 60%	133 / 43% **
1986	20535/ 65%	484 / 76%	387 / 86%	111 / 69%	13 / 6%
Female-Headed Single Earner Families					
1979	9870/ 34%	300 / 36%	75 / 19%	48 / 40%	177 / 57% ***
1986	11055/ 35%	153 / 24%	65 / 14%	51 / 32%	203 / 94%

\* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.

\*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.

\*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study



---

employed in the manufacture of automobiles.<sup>18</sup>

Employment and income trends in the textiles industry does not support the general hypothesis that worker well-being declines in the presence of foreign competition; wages and job availability, as a proportion of the total, both increased. Workers in this sector, however, already earned wages well below the mean wages of all earners. Textiles have experienced heavy competition from abroad for many years; perhaps the predicted decline in wages has already occurred.

Wages and job availability in the apparel industry experienced drastic decreases. Wages for workers in this sector declined from 80 percent of the mean in 1979 to only 43 percent of the mean in 1986. The number of jobs declined by a third. The apparel industry in the United States closely approximates the most catastrophic predictions discussed in the literature.

While worker well-being in general declined in the face of international competition, the relative position of women improved. From 1979 to 1986 within the general population female earnings relative to the mean increased from 64 percent of the mean to 68 percent while male earnings decreased from 118 percent of the mean to 117 percent of the mean. Female participation in the labor force also increased from 34 percent to 35 percent during the same time period.

Wages for both males and females employed in the electronics

---

industry grew as a proportion of the mean. Male earnings, however, increased even more. While female earnings increased four percent from 1979 to 1986, the earnings of males increased from 123 percent of the mean to 149 percent. The number of jobs for both groups declined, but they declined faster for women. In 1979 64 percent of electronics workers were male and by 1986 this figure had increased to 76 percent.

The manufacture of automobiles proved to be a bit more positive field for women. Relative earnings for all automobile manufacturers decreased slightly from 1979 to 1986. Within this context women experienced an improvement. In 1979 women earned 78 percent relative to the mean and this figure had increased to 89 percent by 1986. Male earning in automobile manufacturing decreased from 150 percent of the mean to 142 percent of the mean. Regarding jobs, males worked in a greater share of jobs in 1986 compared to 1979. The male share of auto production increased from 81 percent to 86 percent.

The well-being of males employed in textiles outpaced that of females. Wages earned by males rose from 84 percent of the mean to 101 percent of the mean while wages for females fell from 55 percent to 41 percent. Jobs for both groups increased, but male employment grew faster, so that males occupied 8 percent more of the jobs in textile production in 1986 than they did in 1979.

---

Everyone employed in apparels experienced a decline in well-being, but men experienced the greatest decline. Wages earned by men declined from 125 percent of the mean to 49 percent. Female wage earners also experienced a decline from 47 percent of the mean to 42 percent. During this period apparel production became almost an exclusively female enterprise. In 1979 females occupied 57 percent of all apparel job, but by 1986 they controlled 94 percent of apparel jobs.

**B. U.K. Industrial Sectors Experiencing High Levels of International Competition**

The standard of living of the average single-wage-earning family improved in Great Britain from 1979 to 1986. The average wage improved from 8423 Pound Sterling in 1979 to 9524 in 1986. Furthermore, the job market expanded by 125,000 jobs.

Changes in the U.K. textiles industry support the position that worker well-being declined in the face of international competition.<sup>19</sup> The wages of workers employed in the manufacture of textiles increased substantially relative to the mean for all earners. The number of jobs, however, declined sharply, so that by 1986 the number of available jobs in textiles was less than half that found in 1979. One might suspect here that we are seeing highly trained technicians remaining employed and receiving high salaries, while those jobs associated with production on the assembly line are disappearing.

---

**Table 4**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing High  
Levels of International Competition: 1979, 1986**

	United Kingdom	
	Total	Manufacture of Textiles
All Single Earner Families		
1979	8423	7362/ * 87%
1986	9524	11027/ 116%
Male-Headed Single Earner Families		
1979	9303/ 110%	8252/ 98%
1986	10251/ 108%	13201/ 139%
Female-Headed Single Earner Families		
1979	4987/ 59%	3446/ 41%
1986	6033/ 63%	4505/ 47%

\* (Upper Figures are Pound Sterling standardized to 1987 levels / lower figures are the mean of earnings in selected Industrial sectors as a percentage of the mean for the total sample)

Source: Luxembourg Income Study

---

**Table 5**

**Employment Trends in Industrial Sectors Experiencing High Levels  
of International Competition: 1979, 1986.**

(Employment Data Rounded by 1000)

United Kingdom

	Total	Manufacture of Textiles
--	-------	----------------------------

All Single Earner Families

1979	1888	27 / 1.4% *
1986	2013	12 / 0.6%

Male-Headed Single Earner Families

1979	1503 / 80%	22 / 81% **
1986	1666 / 83%	9 / 75%

Female-Headed Single Earner Families

1979	385 / 20%	5 / 19% ***
1986	347 / 17%	3 / 25%

\* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.

\*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.

\*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study

---

Women in the UK experienced a slight improvement in their wages from 1979 to 1986. The relative earnings of women grew from 59 percent of the mean to 63 percent of the mean. This improvement, however, occurred in a context where women hold jobs in only 20 percent of the British labor market in 1979 and this figure actually declined such that in 1986 only 17 percent of the total labor force consisted of females.

Within this heavily male dominated labor sector, wages earned by females improved, but not as much as they did for men. Male textile manufacturers saw their wages increase from 98 percent of the mean in 1979 to 139 percent of the mean in 1986. Female wage earners experienced only a six percent improvement. Female participation in the manufacture of textiles increased from 19 percent in 1979 to 25 percent in 1986. Despite the improvement vis-a-vis men, 2000 fewer women worked in textiles in 1986 compared to 1979. The relative improvement occurred because male employment in the textiles industry was cut by more than half.

**C. Swedish Industrial Sectors Experiencing High Levels of International Competition**

General well-being declined in Sweden from 1981 to 1987. Wages that are standardized to inflation fell from 97,113 Krona in 1981 to 91,646 Krona in 1987. The job market also contracted. It should be noted, however, that many personnel economic problems resulting from activity in the foreign economy or any

**Table 6**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing  
High Levels of International Competition: 1981, 1987**

Sweden		
	Total	Manufacture of Textiles, Apparel, Leather
All Single Earner Families		
1981	97113	102334/ * 105%
1987	91646	87538/ 96%
Male-Headed Single Earner Families		
1981	105314/ 108%	141299/ 146%
1987	97634/ 106%	92249/ 100%
Female-Headed Single Earner Families		
1981	82352/ 85%	87745/ 90%
1987	84221/ 91%	84246/ 91%

\* (Upper Figures are Swedish Krona standardized to 1987 levels  
/ lower figures are the mean of earnings in selected  
Industrial sectors as a percentage of the mean for the total  
sample)

Source: Luxembourg Income Study

**Table 7**

**Employment Trends in Industrial Sectors Experiencing High Levels of International Competition: 1981, 1987.**  
(Employment Data Rounded by 1000)

Sweden

	Total	Manufacture of Textiles, Apparel, Leather
All Single Earner Families		
1981	1581	17 / 1.1% *
1987	1491	17 / 1.1%
Male-Headed Single Earner Families		
1981	1016 / 64%	5 / 29% **
1987	878 / 59%	7 / 41%
Female-Headed Single Earner Families		
1981	565 / 36%	12 / 71% ***
1987	607 / 41%	10 / 59%

\* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.

\*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.

\*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study



---

other sector of the economy are often masked by the fact that Sweden has a very active welfare state that protects the population against economic dislocation.<sup>20</sup>

The relative well-being of textile and leather workers declined from 1981 to 1987 (see Tables 6 and 7).<sup>21</sup> Average wages earned in textiles were close to the average for the population at large; but, relative to the mean wages fell 9 percentage points, which meant that the average Swede employed in textiles lost 15,000 Krona once inflation is controlled for. The trend toward lower wages in textiles supports the general hypothesis that foreign competition is detrimental. The number of jobs associated with textile production remained constant at 17,000 and accounted for slightly more than one percent of the Swedish labor market.

Swedish income patterns show similar trends found in the UK and the US, in that women increased their share of total earnings from 1981 to 1987. Unlike the UK and the US, wages earned by Swedish women are much closer to the mean for all earners. In 1981, for example, the wages earned by women were 85 percent of the mean. By 1987, this figure had increased to 91 percent. One should note, however, that the improvement vis-a-vis men did not represent an absolute improvement for women. When the effects of inflation are eliminated, wages and salaries for women fell 13,000 Krona. Male wages, however, fell further. From 1981 to

---

1987, male wages fell 23,000 Krona.

Changes in the labor force structure, on the other hand, do represent an absolute gain for women. While the total number of jobs in the Swedish labor force fell by 90,000 for all employees from 1981 to 1987, male workers lost approximately 130,000. Women, on the other hand, increased their number of jobs by 42,000 which represents an increase of five percent.

The average wage earned by Swedes in textiles and leather production fell from 1981 to 1987 as a proportion of all wage and salaries. They fell most dramatically for men. Male textile workers in 1981 earned salaries 146 percent of the mean in textiles, while women earned salaries that were 90 percent of the mean. By 1987 male wages and salaries had dropped 46 percentage points such that by 1987 male wage earners in textiles earned wages and salaries equal to the mean for all workers. On the other hand, female textile employees saw their wages and salaries improve by a percentage point. While women continue to hold a majority of the jobs in textile and leather production, their share of jobs declined 12 percentage points from a 71 percent share in 1981 to a 59 percent share in 1987.

**D. Summary of the effects of international competition**

The data provided above lends modest support to the belief that international competition increases the risks of economic vulnerability. The contention that the global economy is gender

---

neutral also receives modest support, although one should be careful in accessing improvement. Female textile workers in Sweden, as well as Swedish women in general, appear to have improved their economic position vis-a-vis men in internationally competitive industries in terms of wages and employment.

British women improved their position in the labor market in terms of wages, but when compared to the U.S. and Sweden, wages earned by women relative to men are lowest in the U.K. In terms of labor force participation, only 20 percent of jobs were held by women in 1979, and this slipped to 17 percent in 1986. These percentages, once again, are the lowest among the three countries. In textiles, women appear to make gains in both jobs and wages. Wages relative to the mean and percentage share of jobs in textiles both increase. Upon closer inspection of the data, however, one realizes that income earned by males increased at a much greater rate and that, despite increasing the percentage of textiles jobs held by women, there actually was an absolute loss of 2000 jobs.

In the United States three of the four industrial sectors investigated saw well-being threatened, either in terms of lost jobs or lower wages. In electronics and automobiles, wages earned by women increased slightly relative to the mean, but in electronics wages earned by men increased 26 percent relative to the mean, thus creating an even greater disparity between male

---

and female wages. In textiles wages earned by women fell while wages earned by men increased.

The next phase of the project is to see if individuals in industrial sectors that experience little global competition are more economically secure.

**IV. A Comparison of Earnings and Job Availability in Selected Industrial Sectors Experiencing Low Levels of Global Competition**

Figures for earnings in sectors which do not experience high levels of international competition indicate that workers employed in these sectors are somewhat less vulnerable than workers in sectors experiencing international competition. Seven sectors were explored for the United State, the United Kingdom, and Sweden. Four of the seven industrial sectors saw workers worse off than in the past, and three of these were in the United States. There is a slight tendency for wages to improve in those sectors not experiencing international competition. On the other hand, wages in services are traditionally much lower than wages in manufacturing.

**A. U.S. Industrial Sectors Experiencing Low Levels of International Competition**

Three industrial sectors, all representing service-oriented industries, are examined for the United States: repair services, hospital services, and welfare and religious services. There is a noticeable trend toward greater vulnerability for individuals who work in sheltered industrial sectors.

**Table 8**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing  
Low Levels of International Competition: 1979, 1986**

United States				
	Total	Repair Services	Hospital Services	Welfare/ Religious Services
All Single Earner Families				
1979	22474	20771/ 92% *	18594/ 83	16595/ 74%
1986	21828	18046/ 83%	24275/ 111%	14343/ 66%
Male-Headed Single Earner Families				
1979	26570/ 118%	21157/ 94%	24405/ 109%	19934/ 89%
1986	25633/ 117%	19142/ 88%	38595/ 177%	11398/ 52%
Female-Headed Single Earner Families				
1979	14492/ 64%	15617/ 69%	15990/ 71%	12723/ 57%
1986	14760/ 68%	6644/ 30%	18602/ 85%	14939/ 68%

\* (Upper figures are \$US standardized to 1987 levels / lower figures are the mean of earnings in selected industrial sectors as a percentage of the mean for the total sample)

Source: Luxembourg Income Study

**Table 9**

**Employment Trends in Industrial Sectors Experiencing  
Low Levels of International Competition: 1979, 1986.**  
(Employment Data Rounded by 1000)

United States				
	Total	Repair Services	Hospital Services	Welfare/ Religious Services
All Single Earner Families				
1979	29101	618 / 2.1%	1132 / 3.9%	524 / 1.8% *
1986	31950	646 / 2.0%	1163 / 3.6%	420 / 1.3%
Male-Headed Single Earner Families				
1979	19231 / 66%	575 / 93%	350 / 31%	281 / 54% **
1986	20535 / 65%	590 / 91%	330 / 28%	71 / 17%
Female-Headed Single Earner Families				
1979	9870 / 34%	43 / 7%	782 / 69%	243 / 46% ***
1986	11055 / 35%	57 / 9%	833 / 72%	350 / 83%

\* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.

\*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.

\*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study

---

Job availability declined in all three sectors relative to the total number of jobs available (see Tables 8 and 9). Furthermore, two of the three sectors experienced a decline in earnings relative to the mean; only hospital workers saw their wages improve. Wages for hospital workers, in fact, increased from 20 points under the mean in 1979 to nearly 12 points over the mean in seven years. Of course, hospitals represent one of the few services experiencing a shortage of workers (see Tables 8 and 9).

The earning power of both men and women employed in repair services declined, but women saw their earning power decreases drastically. In 1979 males employed in repair services earned incomes 94 percent of the mean income. In 1986 this figure had dropped to 83 percent of the mean. The earning power of females employed in repair service, however, was cut by more than half. In 1979 females employed in repair services earned incomes 69 percent of the mean. By 1986 this figure had dropped to only 30 percent of the mean. Of course, overall, few women are employed in repair services. In 1979 males occupied 93 percent of all repair service jobs and by 1986 this figure had dropped to 91 percent.

Welfare workers also saw their relative share of earnings decline, but in this case while wages and salaries for men dropped relative to the mean, wages and salaries of women

---

increased such that by 1986 women were earning wages greater than that for men. Wages earned by men in welfare work dropped from 89 percent of the mean to only 52 percent of the mean while those for females increased from 57 percent of the mean in 1979 to 68 percent of the mean. Women also gained the majority of jobs in this sector. In 1979 men occupied 54 percent of welfare jobs, but by 1986 women occupied 83 percent of all welfare jobs.

Trends for hospital services workers do not match the trends experienced in most other service sector employment in the United States. In general wages and salaries for all workers rose from 83 percent of the mean in 1979 to 111 percent of the mean in 1986. Income for both men and women rose, but income for men increased much more. Males earned wages and salaries above the mean in both years, but in 1986 their wages and salaries were a whopping 177 percent of the mean. Women, on the other hand, earned below the mean in both years although their wages and salaries increased from 71 percent of the mean in 1979 to 85 percent of the mean in 1986. In terms of job availability, women occupied the majority of jobs in hospital services in both years and this percentage increased from 69 percent to 72 percent from 1979 to 1986.

**B. U.K. Industrial Sectors Experiencing Low Levels of International Competition**

Two sheltered industrial sectors are investigated in the United Kingdom: Local Government Officials and Justice and



**Table 10**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing  
Low Levels of International Competition: 1979, 1986**

United Kingdom

	Total	Local Government /Police / Fire	Justice - National Service
All Single Earner Families			
1979	8423	4502/ 54%	5229/ * 62%
1986	9524	13865/ 146%	10133/ 106%
Male-Headed Single Earner Families			
1979	9303/ 110%	6694/ 79%	5490/ 65%
1986	10251/ 108%	13865/ 146%	11053/ 116%
Female-Headed Single Earner Families			
1979	4987/ 59%	2385/ 28%	2877/ 34%
1986	6033/ 63%	----- ---	7003/ 74%

\* (Upper Figures are Pound Sterling standardized to 1987 levels / lower figures are the mean of earnings in selected Industrial sectors as a percentage of the mean for the total sample)

Source: Luxembourg Income Study

**Table 11**

**Employment Trends in Industrial Sectors Experiencing  
Low Levels of International Competition: 1979, 1986.**  
(Employment Data Rounded by 1000)

United Kingdom

	Total	Local Government /Police / Fire	Justice - National Service
All Single Earner Families			
1979	1888	114 / 6.0%	40 / 2.1% *
1986	2013	27 / 1.3%	88 / 4.3%
Male-Headed Single Earner Families			
1979	1503 / 80%	56 / 49%	36 / 90% **
1986	1666 / 83%	27 / 100%	68 / 77%
Female-Headed Single Earner Families			
1979	385 / 20%	58 / 51%	4 / 10% ***
1986	347 / 17%	-- / ---	20 / 23%

- \* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.
- \*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.
- \*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study

---

National Services. In both cases wages improved dramatically from 1979 to 1986. The number of jobs declined in one and increased in the other.

The earnings of local government officials, like police and fire, increased dramatically from 1979 to 1986. Wages were 54 percent of the mean in 1979 and increased to 146 percent of the mean in 1986. The possibility exists that such increases are peculiar to the British public sector (see Tables 10 and 11). Job availability for local services, however, decreased sharply. Thus, the economic well-being of workers in local government services was compromised.

Workers employed in justice and national services earned wages that were 62 percent of the mean in 1979; their wages jumped to 106 percent of the mean in 1986. Job availability also increased substantially for national service employees.

British employees tended to see their relative earnings improve from 1979 to 1986. Within this context, women improved their relative position but still earned wages and salaries far below that of men. In local government employment revolving around police and fire workers, women lost much ground. In 1979 51 percent of these jobs were occupied by women. Wages earned by women, however, were very low; only 28 percent of the mean. By 1986, however, no women were employed in local services, which became a 100 percent male-dominated sector.

**Table 12**

**Mean Gross Wages and Salaries for Families with One Wage Earner  
Employed in Selected Industrial Sectors Experiencing  
Low Levels of International Competition: 1981, 1987**

**Sweden**

	Total	Social Community Service	Restaurant (1981)/ Restaurant - Hotel (1987)
<b>All Single Earner Families</b>			
1981	97113	87373/ 90%	65757/ * 68%
1987	91646	88115/ 96%	72240/ 79%
<b>Male-Headed Single Earner Families</b>			
1981	105314/ 108%	108191/ 111%	64950/ 67%
1987	97634/ 106%	101277/ 100%	78262/ 85%
<b>Female-Headed Single Earner Families</b>			
1981	82352/ 85%	80803/ 83%	66520/ 68%
1987	84221/ 91%	83902/ 91%	67386/ 73%

\* (Upper Figures are Swedish Krona standardized to 1987 levels / lower figures are the mean of earnings in selected Industrial sectors as a percentage of the mean for the total sample)

Source: Luxembourg Income Study

**Table 13**

**Employment Trends in Industrial Sectors Experiencing  
Low Levels of International Competition: 1981, 1987**  
(Employment Data Rounded by 1000)

Sweden

	Total	Social Community Service	Restaurant (1981)/ Restaurant - Hotel (1987)
All Single Earner Families			
1981	1581	365 / 23.1%	22 / 1.4% *
1987	1491	382 / 25.6%	37 / 2.5%
Male-Headed Single Earner Families			
1981	1016 / 64%	88 / 24%	11 / 50% **
1987	878 / 59%	93 / 24%	17 / 46%
Female-Headed Single Earner Families			
1981	565 / 36%	277 / 76%	11 / 50% ***
1987	607 / 41%	289 / 76%	21 / 57%

\* The first figure represents the number of jobs in each industrial sector. The second figure refers to the number of jobs in each sector as a percentage of all jobs.

\*\* The first figure represents the number of jobs in each industrial sector held by men. The second figure refers to the number of jobs in each sector held by men as a percentage of all jobs in that sector.

\*\*\* The first figure represents the number of jobs in each industrial sector held by women. The second figure refers to the number of jobs in each sector held by women as a percentage of jobs in that sector.

Source: Luxembourg Income Study

---

On the other hand, women employed in national governmental services improved their percentage of earning relative to the mean by 40 points. Men, however, saw their wages and salaries improve even more. Men earned wages and salaries in national government that were nearly twice as high as that for women.

**C. Swedish Industrial Sectors Experiencing Low Levels of International Competition**

This portion of the study examines two Swedish industrial sectors. Employment in both community social services and in restaurant and hotel services yielded earnings below the mean for both 1981 and 1987, although by 1987 workers in each category saw their relative earnings increase.

Social- and community-service workers in 1981 earned wages and salaries that were 90 percent of the mean; this figure increased to 96 percent of the mean by 1987. The number of jobs associated with this sector also increased such that by 1987 over 25 percent of all Swedish jobs were found in the social services.

Restaurant and hotel workers saw their relative earnings increase from 68 percent of the mean in 1981 to nearly 79 percent of the mean in 1987. The number of jobs found in the restaurant and hotel industry increased from 1981 to 1987. In this six year period 15,000 jobs were added.

In social services, a sector dominated by female employees, wages earned by women rose while they fell for men between 1981

---

and 1987. Despite these changes, by 1987 men still earned larger salaries relative to the mean than did women. Male earnings in welfare services fell from 111 percent of the mean in 1981 to 100 percent of the mean in 1987 while women saw their relative wages improve from 83 percent of the mean in 1981 to 91 percent of the men in 1987. In both years women occupied 76 percent of all social welfare jobs.

In restaurant work both groups improved their lot relative to the mean, but males improved their position more than women. While in 1981 women earned slightly more than men in restaurant work, in 1987 despite improving their relative earnings women fell behind men whose wages and salaries improved from 67 percent of the mean to 85 percent of the mean. In the same time period women took over more jobs in this sector. In 1981 50 percent of restaurant jobs were occupied by women. In 1987 women were employed in 57 percent of all restaurant jobs.

#### **V. Conclusions**

The data comparing internationally competitive industrial sectors in terms of earnings and job availability provide evidence that individuals who worked in these sectors saw their well-being decline by the mid-1980s. Five of six sectors examined support the general hypothesis that international competition has a negative impact on the well-being of families whose primary wage earners work in internationally competitive

---

industrial sectors.<sup>22</sup>

Esping-Andersen's (1993) position that the global economy is gender neutral does not receive much support in the United States. In the manufacture of electrical equipment wages increased and job availability decreased for all workers. Male and female employees experienced similar trends, but wages for men increase nearly \$5000 while those for females increased only \$300. Job availability decreases for both groups, but male employment in electronics declined by 56,000 jobs while that for women declined by 147,000 jobs.

Regarding the automobile industry, wages earned by women increased while they declined for men, but the total number of jobs held by women declined by 10,000. Male employment in automobile manufacturing increased by 50,000. In textiles, while the over all industry experienced improvement, wages for women declined by \$3000. Salaries of men, on the other hand increase by \$3000 such that by 1986 men earned over \$13,000 more than women. Employment for both groups increased, but once again it increased more dramatically for men. Women gained 3000 jobs while men gained nearly 40,000 jobs. In apparels men suffered more than women in that salaries plummeted by \$18,000 for men. Women lost more than \$1,500. Nearly all jobs were held by females in 1986.

Textile employment in the United Kingdom suffered from 1979



---

to 1986. Wages rose, but the number of jobs was cut by more than half. Wages for men rose 5000 Pound Sterling, but only 1100 for women. While women occupied a greater percentage of jobs textiles jobs in 1986, they lost 2000 in absolute numbers.

In Sweden, female textile and leather workers improved their earnings relative to the mean and relative to men, but still lost ground in absolute currency. Women also occupied fewer jobs than men in 1987 compared to 1981. In terms of the six industrial sectors explored in this paper, one would be hard pressed to argue in favor of Esping-Andersen's position that the global economy destroys the gender nexus.

Workers employed in industrial sectors that are sheltered from the global economy appear somewhat more secure. Of the seven sheltered sectors investigated, four experienced greater vulnerability. One should remember, however, that workers employed in these industries typically are more vulnerable in the first place. Workers employed in sheltered industrial sectors simply do not lose ground to the extent that workers do in internationally competitive sectors.

Industrial sectors that experience little competition from abroad appear to experience a greater trend toward parity between men and women than do internationally competitive industries. In the U.S. two of three sheltered sectors show greater overall vulnerability. Within this context however, women experienced

---

slight improvement. Regarding repair services, all employees were more vulnerable in terms of wages but gained 30,000 new jobs. Women lost more ground in terms of wages. Wages for men decreased by \$2000 while wages for women decreased by nearly \$9000. Of 646,000 jobs in repair services, only 57,000 were held by women by 1986.

Wages for both men and women increased in hospital service, but they increased much more for men. On the other hand, women gained 50,000 jobs while men lost 20,000 job. The most improvement for women came in the welfare service industry. Overall, wages and jobs both decreased, but women gained ground in both jobs and wages.

In the U.K. women no longer held any jobs in local government services connected with fire and police activity. In national services, however, wages for both men and women increased by about 5000 Pound Sterling. Wages for men, however, were nearly double that for women in both years. Jobs related to national service increased for both men and women, but men gained more jobs. Jobs held by men increased by 32,000 while those held by women increased 16,000.

Swedish service workers experienced increasing prosperity in terms of jobs and wages. Within this context, women improved their position while men become more vulnerable. In social- and community-services men lost approximately 7000 Krona while women

---

gained 3000 Krona. Despite this increasing parity, men still earned approximately 16,000 more Krona in 1987 than did women. There was no change in the number of jobs associated with this sector.

In the Swedish restaurant and hotel industry both men and women saw their wages improve, but wages for men increased more. Wages for women increased by 1000 Krona, but men experienced a 14,000 Krona increase. As for employment opportunities, both men and women increased their numbers of jobs, but in this case growth in jobs experienced by women was double that of men. In general it appears that sheltered industrial sectors are more secure from economic vulnerability than are jobs in internationally competitive sectors and women seen to experience greater advances vis-a-vis men in sheltered sectors.

#### **VI. Future Considerations**

One should control for age, education level, and time on the job. One might argue that a substantial number of women are relatively new in the labor force and would, therefore, earn lower wages than employees who have been in the labor force for a long time. With this in mind an analysis on median income may be more appropriate than mean income. An analysis of mean income assumes a normal distribution and male incomes may, in fact, be bimodal. Initial analysis of median income data is not especially revealing, with the exception of median income in the

---

United States. In the U.S. women appear to have lost ground relative to the national median while they gain in terms of mean income.

A final consideration is the small number of industrial sectors presented in this analysis. More industrial sectors need to be added to this analysis. Perhaps more importantly, the study needs a systematic method of measuring "international competition." Ideally the project should compare changes in earnings and job availability within each industrial sector with changes in imports and exports as a proportion of total output. These data are difficult to find.

---

## Bibliography

Amin, Samir

1976 Unequal Development. New York: Monthly Review Press.

Bluestone, Barry and Bennett Harrison

1989 "The Great American Job Machine: The Proliferation of Low Wage Employment in the U.S. Economy." Pp. 103-9 in The Reshaping of America: Social Consequences of the Changing Economy, ed. by D. Stanley Eitzen and Maxine Baca Zinn. Englewood Cliffs, N.J.: Prentice-Hall.

Burt, Martha R.

1992 Over the Edge: The Growth of Homelessness in the 1980s. Washington, D.C.: The Urban Institute.

Cardoso, F.H., and E. Faletto

1979 Dependency and Development in Latin America. Berkeley: University of California Press.

Cameron, David R.

1978 "The Expansion of the Public Economy: A Comparative Analysis." American Political Science Review. 72(4): 1243-1261.

Chiot, Daniel

1986 Social Change In The Modern Era. San Diego: Harcourt, Brace, and Jovanovich.

Coulter, Fiona A.E.

1991 "The Family Expenditure Survey and the Distribution of Income: The Creation of Consistent Income Data Series for 1971, 1976, 1981, and 1986." Discussion Paper in Economics, University of Bath, School of Social Sciences.

Dicken, Peter

1992 Global Shift: The Internationalization of Economic Activity. 2nd ed. New York: Guilford Publications.

---

Domhoff, G. William

1983 Who Rules America Now? New York: Simon and Schuster.

1990 The Power Elite and the State: How Policy is Made in America. New York: Aldine De Gruyter.

Domhoff, G. William, and Hoyt B. Ballard

1968 C. Wright Mills and the Power Elite. Boston: Beacon Press.

Duncan, Greg J.

1984 Years of Poverty, Years of Plenty. Ann Arbor: Institute for Social Research, University of Michigan.

Einhorn, Eric S. and John Logue

1989 Modern Welfare States: Politics and Policies in Social Democratic Scandinavia. New York: Praeger.

Esping-Andersen, Gosta

1985 Politics against Markets: The Social Democratic Road to Power. Princeton, NJ: Princeton University Press.

1990 The Three Worlds of Welfare Capitalism. Princeton, N.J.: Princeton University Press.

1993 Changing Classes: Stratification and Mobility in Post-industrial Societies. London: Sage Studies in International Sociology.

Gilbert, Neil, and Ailee Moon

1988 "Analyzing Welfare Effort: An Appraisal of Comparative Methods." Journal of Public Policy and Management 7(2):326-40.

Greenstein, Robert and Scott Barancik

1993 "Drifting Apart: New Findings on Growing Income Disparities Between the Rich, the Poor, and the Middle-class." Pp 298-307 in Systemic Crisis: Problems in Society, Politics, and World Order, ed. William Dan Perdue. New York: Harcourt Brace Jovanovich.

---

Janoski, Thomas

- 1990 The Political Economy of Unemployment: Active Labor Market Policy in West Germany and the United States. Berkeley: University of California Press.

Katzenstein, Peter

- 1985 "Small Nations in an Open International Economy: The Converging Balance of State and Society in Switzerland and Austria." Pp. 227-56 in Bringing the State Back In, ed. by Evans, Rueschemeyer, and Skocpol. Cambridge: Cambridge University Press.

Kautsky, Karl

- 1971 The Class Struggle. New York: W.W. Norton.

Keohane, Robert O., and Joseph S. Nye

- 1977 Power and Interdependence: World Politics in Transition. Boston: Little, Brown.

Korpi, Walter

- 1980 "Social Policy and Distributional Conflict in the Capitalist Democracies: A Preliminary Comparative Framework." West European Politics 3(3):296-316.

Korzeniewicz, Miguel Eduardo

- 1990 "The Social Foundations of International Competitiveness: Footwear Exports in Argentina and Brazil, 1970-1990." PhD dissertation Duke University.

Kuttner, Robert

- 1991 The End of Laissez-Faire: National Purpose and the Global Economy After the Cold War. New York: Alfred A. Knopf.

Lenin, V. I.

- 1970 Imperialism, The Highest Stage of Capitalism. Peking: Foreign Language Press.

---

Long, Russell L.

- 1993 The World Economy and Patterns of Vulnerability and Inequality: A Comparative Analysis of the United States, the United Kingdom, Sweden, and Germany. Unpublished Dissertation. The University of New Mexico.

Marx, Karl

- 1978 "Wage Labour and Capital." Pp. 203-17 in The Marx-Engels Reader, ed. by Robert Tucker. New York: W. W. Norton.

Miliband, Ralph

- 1977 Marxism and Politics. Oxford: Oxford University Press.

Mills, C. Wright

- 1956 The Power Elite. New York: Oxford University Press.

NACLA (North American Congress on Latin America)

- 1975 "U.S. Runaway Shops on the Mexican Border." Latin America and Empire Report 9 (5):1-30.

Offe, Claus

- 1982 Structural Problems of the Capitalist State. London: Macmillan.
- 1983 "Competitive Party Democracy and the Keynesian Welfare State." Policy Science 15:225-46.
- 1984 Contradiction of the Welfare State. Cambridge: MIT Press.
- 1988 "Democracy against the Welfare State: Structural Foundations of Neoconservative Political Opportunities." Pp. 189-228 in Responsibility, Rights, and Welfare: The Theory of the Welfare State, ed. by J. Donald Moon. Boulder, CO: Westview Press.



---

Przeworski, Adam

1985 Capitalism and Social Democracy. Cambridge: Cambridge University Press.

1986 "Material Interests, Class Compromise, and the Transition to Socialism." Pp. 162-88 in Analytical Marxism: Studies in Marxism and Social Theory, ed. by John Roemer. Cambridge: Cambridge University Press.

Reich, Robert B.

1991 The Work of Nations: Preparing Ourselves for 21st Century Capitalism. New York: Alfred A. Knopf.

1993 "The Real Economy." Pp 107-120 in Systemic Crisis: Problems in Society, Politics, and World Order, ed. William Dan Perdue. New York: Harcourt Brace Jovanovich.

Ricardo, David

1908 Principles of Political Economy and Taxation. London: George Bell and Sons.

Ross, Heather L., and Isabel Sawhill

1975 Time of Transition: The Growth of Families Headed by Women. Washington, D.C.: The Urban Institute.

Ruggles, Patricia

1992 "Measuring Poverty." Focus 14(1):1-9.

Simon, David R., and D. Stanley Eitzen

1991 Elite Deviance. 3rd ed. Boston: Allyn and Bacon.

Smeeding, Timothy M.

1991 "U.S. Poverty and Income Security Policy in a Cross National Perspective." LIS Working Paper 70 (unpublished).

Smeeding, Timothy, Gunther Schmaus, and Serge Allegreza

1985 "An introduction to LIS." LIS-CEPS Working Paper No. 1. Presented to the First LIS Research Conference,

---

Luxembourg, July.

Smith, Adam

- 1901 An Inquiry into the Nature and Causes of the Wealth of Nations. London: T. Nelson and Sons, Paternoster Row.

Wallerstein, Immanuel

- 1974 The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century. New York: Academic Press.

Wallerstein, Immanuel, and Joan Smith

- 1991 "Households as a Institution of the World-Economy." Pp. 225-42 in Gender, Family, and Economy: The Triple Overlap, ed. by Rae Lesser Blumberg. Newbury Park: Sage.

---

#### Endnotes

1. The primary analytical concern from a Keynesian perspective is that free-market capitalism and liberal/pluralist democracy are not perfectly compatible. Keynesians focus on capitalism's tendency to produce great inequality (see Offe, 1983:226). Kuttner (1991:12) summarizes the effects of the global capitalist economy as follows: "The global economy tends to be systemically unstable, for much the same reason that an unregulated domestic economy is unstable. An unstable market economy is vulnerable to cycles of overproduction and underconsumption, as well as to panics that originate in the financial sector, which in turn leads to monetary contractions that only reinforce the macroeconomic propensity to boom and bust, as they spread to the real economy." The level of inequality can be severe, but the negative consequences associated with capitalist development are not automatic. Inequality occurs because the market is both inegalitarian and unstable; governments can, however, intervene to offset many of the negative characteristics of the capitalist economy.

Many social scientists have called attention to the deleterious impact that the capitalist economy has on individuals and the culture within which they exist. Marx (1978), Lenin (1970), and Kautsky (1971) cite many of the contradictions of capitalism that drive capitalists to expand until no more expansion is possible. Initially the process of capitalist development is deleterious to workers; eventually it fractures the entire capitalist system of economic relations.

Volumes of literature exist on the negative domestic consequences of international competition. The 1960s saw critiques arise from the various dependency schools that concentrated on North-South relations (see Wallerstein, 1974; Cardoso and Faletto, 1979; Amin, 1976). Wallerstein (1974, 1979) calls attention to the inequality that, he maintains, is a fundamental characteristic of the world system. Wallerstein (1974) also argues that inequality between rich and poor nations is perpetuated and increases as capitalist development proceeds.

Offe (1982) and Przeworski (1985) provide more recent attempts to articulate the contradictory forces that exist within the capitalist economy. One might also cite the instrumentalists, such as Domhoff and Ballard (1968), Domhoff (1983, 1990), Mills (1956), Miliband (1977), and Simon and Eitzen (1990), who collectively argue that elites merely manipulate the economy (this time at an international level) for their own benefit at the expense of workers. Cameron (1978), Katzenstein (1985a,b), Offe (1984), and

---

Esping-Andersen (1985, 1990) point out how foreign competition hampers domestic policy in First World countries, because these people are less able to formulate and implement viable domestic policy. Reich (1991) argues that one mechanism hindering domestic-policy formation is that the rich in First World societies no longer feel obligated to protect their poor citizens. Offe (1988) cites tax revolts in this context and maintains that democratic industrial countries do not have the mechanisms in place to force the rich to provide for the general well-being.

2. Poverty status is difficult to assess cross-nationally. Vulnerability, for this project, is defined by comparing the extent to which earnings and wages in particular industrial sectors deviate from a countrywide average of all incomes. Other approaches for tracking vulnerability is to note how closely family income approaches a poverty threshold. One might use a relative measure of poverty that traces how many families fall below a predetermined percentage of the mean. One standard for measuring poverty is to note whether families' incomes fall below 50 percent of the median income for all families in a given society. Smeeding (1991) uses 40 percent of the mean, because this figure most closely approximates the U.S. poverty rate. See Ruggles (1992), for an in-depth account of various poverty measures.

When attempting to measure vulnerability, one might first explore changes in the distribution of disposable personal income (DPI). Logically, the well-being of an individual or family is a function of the amount of money that family has at its disposal. Changes in disposable income over time allow one to determine whether the distribution of incomes in three advanced industrial societies is becoming less egalitarian.

Disposable income is not an adequate indicator of vulnerability for this project. DPI is total family income after taxes and a variety of social transfers (including means-tested programs, universal programs, and private pensions). It does not provide definitive proof that changes in income distribution correlate with foreign competition. Many variables influence disposable income; one is the impact of the global economy. However, a growing gap between rich and poor in terms of disposable income does not automatically support the argument that foreign economic competition is the culprit. Changes in disposable income may result from domestic social or economic policy as well. A regressive tax structure, for example, could be the cause of an increase in the gap between rich and poor. On the other hand, a comprehensive social policy could decrease the gap.

---

See Gilbert and Moon (1988) about fluctuations in measures of well-being. Relative rankings of well-being in OECD countries change wildly, depending on what variables are used in the measure. The authors call special attention to the impact of taxes on well-being. Another variable is social transfers. They compare the percent of GNP each of ten OECD countries spend on social welfare, to determine social-welfare effort. Japan ranks tenth out of ten (last place) using one indicator, and second using another. The United Kingdom and Sweden also see their respective rankings fluctuate sharply, depending on how welfare effort is defined.

3. There is an apparent conflict in units of analysis in this project. The conflict is between individual wage earners and family well-being. The problem occurs because individuals earn income in the labor market, but well-being is often determined at the family level. Furthermore, state intervention often occurs at the family level in order to supplement income earned by the individual. While this project focuses almost entirely on the individual wage earner, solutions to economic dislocation caused by changes in the economy will in all likelihood result from state intervention directed at the family. The state plays a powerful role in determining the ultimate well-being experienced by wage earners and their families (See Smeeding, 1991, on this point).
4. Institutional or aggregate data are available from sources such as the World Bank, the Organization for Economic Cooperation and Development (OECD), the International Labour Office (ILO), the United Nations (UN), and the International Monetary Fund (IMF).
5. Imports, exports, and FDI woefully fail to reflect all the intricacies of international competition. Interaction between domestic economies and the global economy is a highly complex phenomenon. In fact, distinguishing between global and domestic concerns becomes more problematic in the 1990s, as domestic and international economies meld into one (see Keohane and Nye, 1977; Reich, 1991).
6. Using aggregate data from the World Bank and ILO, one might compare import, export, and FDI data for various economic sectors with employment data. A decline in

---

employment in a given industrial sector, relative to employment in all sectors, with no increase in imports for that sector, indicates that the sector under consideration is simply declining in importance relative to other sectors. If, however, employment is down while imports are up in any given sector, a reasonable assumption is that international competition is occurring.

7. Currently the LIS provides data for eleven countries. Besides the three nations used in this study, the LIS has data for Italy, Poland, Israel, Australia, Canada, Luxembourg, the Netherlands, and France. By the end of 1994, the LIS will have data sets that permit the analysis of income and well-being for Germany in periods before and after the fall of the Berlin Wall. Furthermore, the LIS continually adds historic data sets. Currently, there are four waves of data available for many countries.

Data are drawn from domestic census reports. U.S. data come from Current Population Surveys; U.K. data come from the Family Expenditure Survey; and Swedish data come from the Swedish Income Distribution - Living Survey.

8. Certainly not all services are domestic. Dicken (1992:349-82) provides an in-depth account of internationalized services. He investigates construction, transportation, finance, business, communications, and insurance as examples of services that assist transnational relationships.

9. Income includes not only wages and salaries, but also returns on investments in stocks or property. Net income also includes transfers from the state, whether those transfers are means-tested public support or universally based social security. One must also consider the wide array of private pensions as income. Tax programs also alter net income available to families. Even programs such as labor-market policies can influence family well-being.

10. In the United States the internal redistribution system within the family transfers about four times as many resources as governmental agencies charged with transferring economic resources. In 1970 the family was responsible for \$313 billion in economic transfers. The government, on the other hand, accounted for only \$74 billion. Private grants

---

accounted for only \$20 billion in transfers (see Ross and Sawhill, 1975:165).

11. Another issue is whether to use household or family as the unit of analysis. Smeeding et al. (1985:8) define family as two or more people living together who are related by blood, marriage, or adoption; a family can also consist of a single individual not living with relatives. A household, on the other hand, refers to one or more people who share common living quarters, whether related or not. This project depends on family as the unit of analysis, because the LIS provides data on this variable in each of the three cases. Furthermore, the state directs most social services toward the family. Finally, it is the family that, according to laissez-faire proponents, is the guarantor of individual well-being.
12. For example, one could argue that spouses need to work as the wages of primary workers decline and as jobs disappear as the result of foreign competition.
13. Many First World families have both the family head and spouse in the labor force. There may be systematic differences between multiple wage-earner families and single-earner families (e.g., one might suspect that vulnerability is less in multiple-wage families). Later comparisons may consider the industrial sector in which the spouse works. Another potential study might usefully investigate family situations where both the head and spouse work in the same sector verses in different sectors. At the family level adding a second wage earner, such as a wife, actually increases the discrepancy between rich and poor; the wife in an upper-class family is likely to earn more than the wife in a lower-class family.
14. Earnings also apply to the self-employed, but in the case of sectoral comparisons, this study included only those cases where the wage earner is employed in industrial sectors.
15. Granted, those who are unemployed might very well be an important consideration regarding vulnerability and poverty.

- 
16.       Note: The average wage for people in the U.S. declined nearly \$600, but this decline is multifaceted involving many more considerations than the global economy. Four-fifths of U.S. GNP is still generated domestically. This project is interested in only relative well-being of globally competitive verses domestically centered industrial sectors. A sector where wages improve relative to average income is seen as increasing the well-being of its workers in the context of the total economy.
  17.       Relative well-being was assessed in terms of the current year. For example, U.S. textile workers earned wages that were only 72 percent of the mean in 1979. By 1986 they were earning wages 82 percent of the mean. One should neglect, however, that the mean wage itself has fallen.
  18.       This finding initially seems surprising, given the heavy media attention in the United States on the decline of the "Big Three" automobile manufacturers. One should remember, however, that other companies that produce automobiles in the United States, such as Honda and Toyota, may have employed some of those left unemployed by the "Big Three."
  19.       The manufacture of textiles is the only distinctly international labor sector for which data are available for the United Kingdom (see Tables 4 and 5). Surely the British labor force experiences international competition in other manufacturing sectors of the economy, but that information is obscured by the methods used to place wage earners in industrial sector categories.
  20.       The impact of the welfare state is probably more significant than the impact of the global economy. Sweden, for example, experiences great income inequality before state intervention (see Smeeding, 1991), unless its effects are mediated by active labor-market policies and extensive social-welfare programs.
  21.       Swedish sectoral data, like those for the United Kingdom provide only a small number of observations.



- 
22.       Note: Mean income may be an inappropriate method of measuring this phenomenon. Most analysis on mean incomes assumes that a normal distribution exists, but this may not be the case for male earners. Further, mean incomes are influenced by extremes in values. There may be more males who earned very large salaries, which would distort the mean.