

# TREND

## THE HARD-CORE UNEMPLOYED: MYTH AND REALITY\*

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Persons who are unemployed for long periods of time in our society constitute a large, complex, ongoing problem, even during times of relatively high employment. The significance of this problem is supported by the fact that between 1947 and 1962 long-term unemployment had risen 100 percent, while short-term unemployment rose 20 percent. We were also reducing short-term unemployment during this period at a considerably faster rate than long-term unemployment. The national concern with long-term unemployment is, of course, reflected in the antipoverty programs of the 1960's. A significant number of these programs (Job Corps, Neighborhood Youth Corps, and Work Experience Training) are concerned with the questions of employment and unemployment among the poor. In a broad sense we have come to view the war on poverty as one of unused and underused manpower. We have seen a broad attack on the problem of hard-core unemployment in the last 18 months, enlisting the resources both of the public and private sector. We are undoubtedly more concerned now with the identification of the long-term unemployed and the barriers to their employment than we have ever been before.

It is important to recognize that hard-core unemployment (or structural unemployment) poses some quite different problems for our society than short-term unemployment (or frictional unemployment). Hard-core unemployment is frequently the by-product of rapid technological changes where surplus workers find it difficult to service new employment with their old skills in a particular kind of labor market. Hard-core unemployment also represents circumstances where workers are excluded from employment on the basis of skin color or other characteristics that are irrelevant to job performance. By way of contrast, short-term unemployment is part of a normal labor-market pattern where workers are continuously changing jobs in response to some economic or social incentive (e.g., better wages) and where such shifts can be made without extensive retraining or supportive services. The primary need in frictional unemployment is good labor-market information and some mechanism to match jobs and job seekers. As such, hard-core unemployment represents a much more complex and difficult problem.

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\*This paper was presented at the Hardcore Unemployed in Poverty: Problems, Policies, and Programs Conference, October 25, 1968, West Virginia University, Morgantown, West Virginia; co-sponsored by the West Virginia University Appalachian Center and the West Virginia and Pennsylvania Chapters of the International Association of Personnel and Employment Security. Data for this paper were drawn from a larger study of hard-core unemployment conducted by Howard Wachtel, William Murphy, John Parker, and Louis Ferman.

It is generally recognized that in order to increase the effectiveness of local, regional, and national programs, more accurate, comprehensive, and detailed knowledge of the characteristics of the long-term unemployed is needed. Most of the information that currently exists is based on aggregate data, muting some of the more subtle insights that should be used as inputs into programs. It is well-known that long-term unemployed workers are drawn both from younger and older workers, nonwhite workers, and the relatively unskilled and undereducated. The hard-core unemployed themselves advance many of these factors as reasons for their unemployment. While many of these factors are important, other less-known characteristics may be as limiting or even more important as deterrents to regular gainful employment. All too frequently, the hard-core unemployed are seen as homogenous groups of individuals that can be served through some single master program. Yet, the hard-core unemployed contain numerous subgroupings, as related to work history, training potential, economic and social circumstances, and work capacity; and any planning and programing for the hard-core unemployed must recognize and properly evaluate all of these factors.

The absence of a meaningful research literature on hard-core unemployment has resulted in the unchecked development both of myth and stereotype on this problem. Frequently, guesswork and partial evaluation of agency experiences have become the guidelines for practice. I will discuss some of the values, assumptions, and myths that predominate in hard-core unemployment and enumerate some of the emerging realities about these people without jobs. In doing so, I hope to suggest some of the basic principles that must be applied in any solution to the problem.

### American Values and Long-Term Unemployment

There is no doubt that some of the basic American values have conditioned our thinking on the nature of long-term unemployment and what to do about it. We can identify at least five value themes in our society that have influenced our perspectives on hard-core unemployment.

#### Economic Efficiency versus Social Sufficiency \*

This is a familiar economic argument. At any point in time, the society has two sets of needs requiring an investment of resources. The first is stabilization or improvement of living standards through the development of new technologies, new products, and new facilities. New roads are needed to facilitate travel, productivity increases are needed to reduce unit cost, and research and development are needed to improve the quality of products as well as to develop more efficient techniques. The second need is the provision of various transfer payments or services to that segment of the society that is economically distressed. Training programs are needed for the technologically displaced, community development may be needed in the ghetto, and welfare and relief payments are needed for the most distressed. A measure of a society's progress must refer to both sets of needs. But at any time, there is a fixed pie of resources for domestic investment, and priorities must be established between both sets of needs. The argument is that an attempt to increase economic efficiency must relegate social sufficiency needs to secondary importance. This is not to say that economic efficiency and social sufficiency are always incompatible. For example, a certain degree of redistribution of resources may be necessary to prevent revolution, or a certain level of investment in welfare services may be crucial to sustain a quality work force. There is a range, however, in which one value may be met at the expense of the other. The investment pattern is politically determined with far more influence exerted for economic efficiency than for social sufficiency. Since it takes a massive investment to reduce hard-core unemployment, any serious effort in this direction meets resistance from the societal emphasis on economic efficiency values.

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\*I am indebted to Barry Bluestone who substantially phrased the argument contained in this section.

## Inflation versus Hard-Core Unemployment

Societal concern is more with checking inflation than with a reduction of hard-core unemployment. A crash program to reduce unemployment by .5 percent would put 750,000 people to work. But there is a national concern with stabilizing the dollar, and national leadership favors the goal of checking inflation above the goal of reducing unemployment. The National Council of Business Economists in the closing days of the last administration told President Johnson that the society should accept a 5 percent level of unemployment as a price to check inflation and that it was indeed necessary to do so. This would mean an increase of two to three million unemployed. In American society, there has been an acceptance of the proposition that unemployment is a price that must be paid to check inflation. By way of contrast, Sweden has chosen to accept a higher level of inflation in order to reduce unemployment. There is nothing absolute about the American position, but rather it reflects a broad middle-class interest in maintaining purchasing power. The question is: will the middle classes in our society ever accept less purchasing power as a price to reduce unemployment?

## Work Efficiency and Hard-Core Unemployment

Our industrial system places a premium on efficiency—efficiency of work and efficiency of operation. It seeks to minimize cost and maximize profit. Thus, there is a search for the most productive workers and the most efficient operation system. In this logic of operation it has been difficult to make exceptions for the job candidate who does not fit or who is less productive than others. Nobody has seriously contended that our industrial system should be a rehabilitation agency. Nevertheless, job prospects for the hard-to-employ could be improved if there was some flexibility in the image of a productive worker. The hard-to-employ worker might better be judged by whether he could improve his work performance over time rather than succeed/fail measures in his initial job performance. Another possibility is that the logics of production might be altered (e.g. subdividing the job or work team production) to afford the worker an opportunity. This was a practice followed with considerable success in the production factories of World War II when labor was in short supply. In nonwartime economies, it is difficult to influence the management community to use such flexibilities. This means that jobs for the hard-to-employ inevitably pose the problem of how to increase work opportunities without radically altering the cost-profit structure of the business concern.

This emphasis on selecting the best worker—or the one most likely to succeed—has given rise to the credentials system in our society. We expect that people who have these credentials will do a better job than people who do not have them. Such credentials are education, skill, stable work history, lack of an arrest record, and stability in financial matters. People who do not have these credentials are screened out and not given an opportunity to see if they can do the job. We are becoming more and more aware that these are not rationally determined criteria but have become traditions blindly handed down. What is not apparent is how these criteria, even if valid, relate to job performance. Does the fact that a man served a prison term for embezzlement have anything to do with his ability to hold down a job on a machine? In 1963, a large department store in Detroit employed 18 new salespeople without reference to any of the above credentials. As a matter of fact, all of these new employees scored poorly on employment tests. By the end of a 12-month period, 13 of the 14 employees who were still employed equalled or surpassed the sales norm for their respective departments. Under ordinary circumstances, these workers would never have been given an opportunity.

## Personal Inadequacies versus Inadequate Market Systems to Explain Economic Failure

In our society, economic failure is viewed in terms of personal inadequacies rather than as a consequence of the structure and operation of our market system. To explain long-term

unemployment, considerable emphasis is placed on the lack of skill, education, and motivation of individuals, but little has been said about the lack of appeal and unattractiveness of dead-end jobs; nor has any attempt been made to explain hard-core unemployment by the barriers to employment that exist in our society.

The very classification terms that abound in manpower place the blame for hard-core unemployment on the individual and not on the system:

Competents vs. Incompetents  
Referrables vs. Nonreferrables  
Skilled vs. Unskilled Workers  
Productive vs. Nonproductive Workers

There is the assumption that these people are without skills and have little to offer to the labor market. These labels have two consequences. First, they become determinants of how an individual is processed by an organization. A nonreferrable is almost by definition a person whose options will be limited by the organization. A company personnel man will limit such a person to unskilled, low-status jobs in his organization. An employment agency shall certainly exclude such a person from consideration for certain training and employment opportunities. Second, the individual himself may come to accept the label as a reality rather than a categorical point of reference. The implications for his self-esteem and self-worth, as well as his motivation should be obvious. The tragedy of labelling is that such categories reflect how a particular agency has classified a client on the basis of its own organizational assumptions; it does not represent a particular reality.

Many of the clients labelled as "skill-less" may indeed have skills, but they are either not apparent to outside observers or they are not measurable by current personnel assessment procedures. The unlicensed plumber or electrician in the ghetto, for example, may have quite versatile skills although they are acquired in a way that is unrecognized and illegitimate when judged by the norms of the larger society. Extensive revisions in the way that we currently assess human skills is required. We should recognize that ghetto life may not only develop skills that are strange to middle-class ways, but also that ghetto residents may strongly identify with these ways of doing things.

#### Competitive versus Sponsored Mobility

Our industrial society rests on the assumption of competitive mobility. Frequently, we assume that labor-market participants are engaged in a contest with each other. Some finish first and others are last. In competitive mobility we assume that we can build up the resources of the less able through training to make them competitive. In sponsored mobility we admit that the gap cannot be narrowed now. We exempt these contestants from the race and move them to the head of the line. The notion of sponsored mobility is a relatively foreign idea in our society, and we have had problems in fitting this into our national thinking. Sponsored mobility is a form of preferential treatment, and in an achievement-oriented society such as ours, the idea is bound to meet some resistance. In sponsored mobility we apply criteria other than efficiency (e.g. the need for equalizing employment opportunities), and we have done this to some extent following the riots of 1967 and 1968.

#### Legitimate versus Illegitimate Knowledge

In our society, we place a good deal of stock on obtaining our technical knowledge through certain channels and not through others. The doctor in the medical school or the plumber in the apprenticeship system obtains knowledge that is deemed legitimate; the person

who acquires this knowledge in other ways is not recognized as having legitimate knowledge. There exists in our society an extensive licensing system for most status jobs where there are rigid, fixed pathways through a training maze. It is not that these jobs could not be learned in a shorter period of time, but the curricula that guide such training are encrusted by traditions that are not easily violated. Innovations in training are not easily diffused because there are extensive networks of vested interests in the educational system that resist such changes.

Our national response to hard-core unemployment has been circumscribed by these values, and they place considerable limitations on what the society will do.

### Stereotypes of Hard-Core Unemployment

Many of us are also victims of stereotypes about hard-core unemployment. Some of these rest on misinformation; others on guesswork. We must conclude that we do not have a reliable research literature on hard-core unemployment, and what we do have is fragmentary. Let me review some of these stereotypes.

1. *The hard-core unemployed have never been able to obtain a toehold in the job market and have never been exposed to the discipline of work.* The available evidence suggests that this is not true. In a Detroit study in 1962, four out of every five respondents among a sample of hard-core unemployed—people without work for 26 weeks or longer—had been able to hold down at least one job for a period of five consecutive years or longer. Some of these jobs were in a war economy where work conditions are frequently altered to suit the capacities of the worker (e.g. segmentalization of work and job simplification). This suggests that these people are not inherently unemployable, but rather that their job opportunities fluctuate with certain characteristics of the market.

2. *Among the hard-core unemployed, job finding is related to the level of formal schooling.* The level of education may be a poor predictor of job finding if the quality of that education has been poor. We often apply the education-job success standard to middle-class life, but it would be erroneous to use it without reservation when discussing the hard-core unemployed. Among the hard-core unemployed in Detroit in 1962, the white high-school graduates had fared better than white high-school dropouts, but among Negroes, graduates and dropouts fared about the same. What is suggested here is that the education in predominantly Negro schools had little immediate effect on labor-market performance. The best predictor for long-term unemployment was the geographical location in which elementary education had been obtained. Attendees in southern elementary schools were more likely to be characterized by long periods of unemployment than those who had been educated outside of the South. Skin color and the quality of education are more important for Negroes than level of education.

3. *The hard-core unemployed is a fixed category of individuals that is unchanging over time.* The structure of hard-core unemployment changes over time, largely as a function of market conditions. It is not possible to reduce this group to zero since "leavers" are being replaced by new recruits. This dynamic is an important part of the hard-core unemployment problem. In the late 1950's the hard-core unemployed were overrepresented by the older workers who had been technologically displaced as large gains occurred in productivity through technological change. In 1963, the youths unemployed made up the bulk of the hard-core unemployed. In the mid-1960's, the ghetto resident and the minority group member predominated in this category. One must conclude that a single, fixed manpower program for the hard-core will do little to solve the problem. To work, the policy must be flexible and adaptive to new groups.

4. *An increase in aggregate demand would considerably reduce hard-core unemployment.* An increase in aggregate demand does reduce hard-core unemployment, but not as much as one would expect. The continued persistence of hard-core unemployment, even in good times, suggests that new job openings in periods of affluence are filled only partly by the hard-core and mainly by new entrants to the labor market or returnees coaxed back by new

opportunities. A reduction of 1 percent in national unemployment would mean jobs for 750,000 people but probably less than one half of these would be in the hard-core unemployed group.

5. *At any point in time, the hard-core unemployed can be viewed as a single, unitary, homogenous group.* The hard-core unemployed is not a unitary group; it represents a wide range of people in different circumstances and in need of different kinds of aid:

Youths entering the labor market  
ADC (Aid to Dependent Children) mothers  
Minority group members  
Ethnic minorities  
Undereducated, unskilled workers  
Heads of low-income households  
Older workers  
Marginal, low-paid workers  
Chronic unemployed

There is also considerable overlap in these groups, and a person can be characterized by a number of negative statuses. The hard-core unemployed, then, is not only characterized by diversity of types but also by multiproblem individuals. This suggests again that a single approach to the elimination of hard-core unemployment is unrealistic. It becomes imperative to recognize the subtle differences in needs for Puerto Ricans, Negroes, and poor whites.

6. *The hard-core unemployed are uniquely different from all working groups.* This is again a false notion. Significant numbers of the hard-core have exactly the same characteristics as stable workers in semi-skilled employment in heavy commodity manufacturing industries. In 1962 the educational portrait of hard-core unemployed males in Detroit was not significantly different from that of males in semi-skilled employment in the Big Three automobile companies. One must recognize the role of luck in finding and keeping a job. One worker may be lucky enough to fulfill his 90-day probationary period on a job and thus gain a seniority rating with some security. A second worker with a similar background may drop out through illness or be terminated because of changed manpower needs. The second worker is no less qualified or motivated, but chance circumstances have placed him in a precarious position. More education and skill may do him little good since his problem is more related to an inability to penetrate job opportunities. One can certainly overstate the importance of education in semi-skilled jobs.

7. *The turnover rates of ex-hard-core unemployed is higher than for workers in general.* In the Chrysler Corporation where an extensive program with hard-core unemployed is in progress, the turnover rate for ex-hard-core is actually less than for other workers in similar jobs. What seems apparent is that the turnover rate for ex-hard-core can be less in jobs in high-wage industries, but remains high where employment is in low-wage industries. It is likely, however, that all workers in low-wage industries have high turnover rates when faced with low wages in dead-end jobs.

8. *All hard-core unemployed need extensive services to reintegrate them into the labor force.* The considerable publicity given to the hard-core unemployed and program activities in their behalf gives the impression that all hard-core require services. In 1962 and again in 1964, the Michigan Employment Security Commission tracked the employment status of 500 hard-core unemployed. Forty-six percent of this group returned to work without any service program. We must recognize that there are layers of disadvantage in hard-core unemployment, and considerable numbers in this category are reemployed without training when economic conditions improve.

These stereotypes are deeply ingrained and require the most careful and intensive research. It is a mark of intellectual maturity that we are finally beginning to identify them and analyze their influence in manpower policy-making and operations.

## Summing Up

Let me suggest two other reference points for the understanding of hard-core unemployment. First, in periods of relatively full employment, the percentage of hard-core among the unemployed rises as the cream of the unemployed are singled out for training or jobs and the more disadvantaged are by-passed. Garth Mangum has described the situation as one of a shape-up or queue where the most favored workers are chosen first and the least favored last. The anomaly is that in periods of economic prosperity, the problems of training and the investment in manpower development multiply since we must deal with more than just technical training to increase employment prospects for those hard-core unemployed who have been by-passed.

Extensive job development for the workers may become necessary both before and after employment. Some attention may have to be given to the improvement of transportation between home and work, particularly for those workers who live in ghettos far removed from the centers of new industrial activity. Medical problems, long neglected, have to be given some attention if the worker is to meet company health standards. Some improvement in home budgeting skills may be necessary to stabilize the worker's new job situation. Of equal importance is the need to give supportive services to the company management. Management education is frequently necessary to dissolve some of the stereotypes of hard-core unemployment. It is also necessary to examine present and past company assumptions about employment and to relate them to the current realities of hard-core unemployment. Some attention must also be given to the education of first line supervisors about the competencies and problems of workers who have been jobless for long periods of time. This latter activity is particularly crucial since success or failure in the work situation is bound to be closely related to the values, attitudes, and judgments of foremen and other workers that they supervise.

A second point is that hard-core unemployment is relative to time and place. A comparison across cities and regions is difficult since different definitions are being used. The most frequent measure of hard-core unemployment uses a time measure—26 weeks or more of unemployment—as a benchmark, although some labor-market studies have used five weeks and others 12 weeks. It is difficult to obtain any statistically reliable picture of hard-core unemployment because an important component is the invisible unemployed. Workers who have left the labor market in their prime wage-earning years and have ceased to seek employment. A considerable problem still is the enumeration of individuals who receive income through illegal or quasi-legal work, and neither the income nor the work is recorded as part of the gross national income.

The problem of hard-core unemployment as described above requires some further comment. The tradition has been that hard-core unemployment is reduced either by raising aggregate demand or by training and retraining programs designed to give workers new skills for the labor market. In this paper I have pointed to the role of national values and group stereotypes in the perpetuation of this problem. I am suggesting that the criteria by which policy is selected should be given equal consideration with the program alternatives for action.

Three reference points for criteria emerge from the discussion. First, criteria should be structure-centered rather than person-centered. The importance or prevalence of individual inadequacies as a reference point for policies or programs in hard-core unemployment has undoubtedly been overplayed. In many instances, luck or the capriciousness of the labor market is a significant factor in long-term unemployment. Changing individual skills will not solve this problem. Attention must be directed to the mechanics of the employment process (e.g., recruitment, testing, and retention components). Second, there must be some flexibility in the use of efficiency criteria. It makes little sense to allocate funds for public works programs to help the long-term unemployed and then allocate these contracts to companies that use technology and skilled labor that exclude the employment of hard-core unemployed. Finally, we need to re-

examine our images of the productive worker and the credentials system. We must recognize that credentialism frequently functions as a device to restrict labor choice in a surplus labor market or to perpetuate patterns of labor choice that are discriminatory to minority group members. Inadequate credentials are a judgment relative to time and place, and there should be some flexibility in applying this judgment in program planning. In some labor markets credentials should be an important reference point, while in others their importance is exaggerated.

An analysis of values and stereotypes inevitably points out the possibilities of expanding criteria for choice in reducing hard-core unemployment. A neglect of such factors necessarily restricts the flexibility of the policy maker and program planner.