UNEMPLOYMENT AND SOCIAL PROBLEMS
IN THE POST-WAR UNITED STATES *

(Received 3 May, 1984)

ABSTRACT. This paper examines the impact of unemployment on social problems in the post-war United States. Working within a conceptual framework derived from socio-logical and economic theory, dynamic macro social indicator models are constructed for four social problems — rates of suicide, homicide, divorce and alcoholism. In general, the results do not indicate a strong and consistent relationship between the unemploy-ment rate and these social problems. High or increasing unemployment rates tend to raise the suicide rate, but lower the alcoholism rate and have no appreciable effect on the divorce rate. High levels of unemployment lower the homicide rate, but increases in unemployment tend to raise it. For all social problems except the divorce rate, the level of economic inequality has a consistently positive influence.

Research into the interrelations of economic conditions and social phenomena has been a longstanding interest of social scientists, extending back at least as far as the work of Dorothy S. Thomas and William F. Ogburn in the 1920s (Ogburn and Thomas, 1922; Thomas, 1927). While this tradition has waxed and waned through the years, current concern with the social consequences of deteriorating economic conditions and, especially, high unemployment rates, warrants renewed emphasis on the empirical connection between economic cycles and various social problems. The extent to which cyclical fluctua-tion in unemployment lies behind post-war increases in such social problems as crime, suicide and divorce deserves a more critical, detailed analysis than it has received in recent decades. That is the purpose of this paper.

In one of the earliest studies of the influence of economic cycles on social conditions, Thomas (1927) examined the relationship between a multi-item index of economic conditions in England and Wales and a host of social vari-ables, including rates of marriage, prostitution, divorce, illegitimate and pre-mature birth, death, suicide, pauperism, alcoholism, crime and emigration. With William Ogburn (Ogburn and Thomas, 1922), Thomas carried out a similar time-series study of the United States from 1870 to 1920. Although the strength and directions of the associations varied across settings and across the dependent variables, Thomas’s principal conclusion was consistent with theoretical expectations: “Both the excesses of a boom and the repressive
influences of a depression tend to leave an imprint upon the social life of the people" (1927, p. 23).

With the exception of studies treating the relationship between business cycles and a single social condition (e.g., crime, suicide, divorce, etc.), the comprehensive investigation of the social impact of economic fluctuations was not resumed until Brenner's *Estimating the Social Costs of National Economic Policy: Implications for Mental and Physical Health, and Criminal Aggression* (1976). Following Thomas's lead, Brenner examined the relationship between economic conditions (the inflation rate, the unemployment rate, and per capita income) and rates of homicide, suicide, cirrhosis of the liver, cardiovascular-renal disease mortality, total mortality, mental hospital first admissions and state imprisonment. His time-series analyses spanned from the 1930s to the early 1970s, and included the U.S. in toto as well as more detailed units such as individual states. Among his major findings is that, while per capita income and inflation often have inconsistent or non-significant effects on these social pathologies, the rate of unemployment has a significant positive effect on all measures. The deleterious influence of unemployment is reported to hold across all age, sex and racial groups, and across all units of analysis.

Despite the contribution these studies have made to our knowledge of the social consequences of macro-economic change, they both suffer from serious deficiencies. Perhaps most importantly, neither study employs control variables as a guard against uncovering spurious relationships (Cohen and Felson, 1979a). Unless one subscribes to a complete (and highly implausible) economic determinism, other variables should be held constant when attempting to gauge the influence of unemployment on social phenomena. A second flaw of these studies is their failure to correctly ascertain the risk of auto-correlated disturbances. It is well known that time-series regression equations may be misspecified, and the coefficients in those equations inconsistent, when non-trivial residual auto-correlation is present (Johnston, 1972; Theil, 1971). Thomas's studies do not check for residual auto-correlation; Brenner's analysis uses the Durbin-Watson statistic as a test for auto-correlation, but many of his equations fail to meet acceptable criteria (Cohen and Felson, 1979a). Third, both studies focus exclusively on the social consequences of various levels of economic activity, thus ignoring the potentially disruptive effects of economic change. Yet, the processes of economic expansion and contraction, as indicated by rising or falling unemployment rates, may well have a more