The Vietnam-era cohort: employment and earnings

A comparison of labor force activity of Vietnam-era veterans and their nonveteran peers shows few differences; earnings were similar overall, but analysis by selected characteristics reveals a different picture

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It is widely accepted that the war in Vietnam influenced the lives and careers of millions, perhaps none more so than those who served in the military during that period. The effect of military service on the economic well-being of the 8 million veterans of the period, and especially of the nearly 4 million who actually served in the war theater, continues to be the focus of study and public policy 15 years after the war's end. This article compares the labor force activity and earnings of Vietnam-era veterans and their nonveteran contemporaries as of the fall of 1989.[1]

The study is based on data from the Current Population Survey (CPS), a household survey conducted monthly for the Bureau of Labor Statistics (BLS) by the Bureau of the Census. Since 1985, BLS has had a congressional mandate to collect detailed information on the employment status of veterans on a biennial basis, particularly of those veterans who served in the Vietnam war theater and those with disabilities. The analysis in this article is based on a survey that was conducted as a supplement to the September 1989 CPS. Similar surveys were conducted in April 1985 and November 1987.[2]

General characteristics

As of September 1989, there were 8.1 million veterans of the Vietnam era, which extends from August 1964 to May 1975.[3] The composition of this population is considerably different from that of the population as a whole. Nearly all of the veterans were men, of whom almost 90 percent were 35 to 54 years of age.[4] The analysis in this article focuses on men in this age group, of whom few are in school or retired and whose labor force participation is very high. (Limited information about female veterans, as well as male veterans from other periods of service, is provided later in the article.)

About 10 percent of both the veterans and nonveterans ages 35 to 54 were black. Hispanics accounted for 3 percent of veterans and 9 percent of nonveterans in that age group. (For additional information on minorities, see page 10.)

Education. Substantial differences were noted in educational attainment between veterans and nonveterans.[5] Only 7 percent of the veterans were high school dropouts, compared with 20 percent of the nonveterans. At the other end of the educational spectrum, while about half of both groups had attended college, veterans were more likely to have left school before earning a bachelor's degree. About 26 percent of veterans had earned college degrees, compared with 31 percent of nonveterans. (See table 1.)

The high proportion of Vietnam-era veterans with 1 to 3 years of college (28 percent, versus 17 percent for nonveterans) reflects the popularity of 2-year courses of study offered by community colleges, which burgeoned in the 1970's, in part to accommodate servicemen and servicewomen returning to civilian life. For veterans, the expenses associated with attending these and other schools were met, at least in part, by spe-

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Table 1. **Characteristics of male Vietnam-era veterans and nonveterans ages 35 to 54, September 1989, not seasonally adjusted**

[Percent distribution]

Race or ethnicity, age, and education	Vietnam-era veterans			Nonveterans
	Total	Vietnam theater	Outside Vietnam theater	
Civilian noninstitutional population (in thousands)	6,904	3,302	3,602	19,754
Race or ethnicity				
White	88.8	86.8	90.5	85.6
Black	9.7	11.2	8.2	10.1
Hispanic origin	3.1	3.1	3.2	9.3
Age				
35–44	72.0	75.1	69.1	62.1
35–39	24.2	21.4	26.8	38.0
40–44	47.7	53.7	42.3	24.1
45–54	28.0	24.9	30.9	37.9
45–49	22.0	18.2	25.5	20.8
50–54	6.1	6.7	5.4	17.1
Education				
Fewer than 4 years of high school	6.8	6.8	6.8	20.1
4 years of high school	39.5	41.3	37.8	31.5
1 to 3 years of college	27.6	28.9	26.4	16.9
4 or more years of college	26.1	23.0	29.0	31.5

NOTE: Details for the racial and Hispanic-origin groups will not sum to totals, because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

cial entitlement programs, most notably the GI Bill.[6] The September 1989 survey confirmed that about half of the veterans from the Vietnam era took advantage of the GI Bill.

In sum, veterans were more heavily concentrated in the middle-level educational attainment categories, compared with nonveterans, and were less likely to be at either extreme—high school dropouts or college graduates.

Service characteristics

In the biennial survey of veterans, information is collected on several characteristics unique to veterans, such as the location of their military service, their exposure to combat, whether they have a service-connected disability and, if so, to what degree, and their use of educational benefits. While all of these will be discussed to some extent, probably the most essential to an analysis of labor force behavior is the location of service—that is, whether it was inside or outside of the war theater. (The Vietnam war theater is defined as Vietnam, Cambodia, Laos, and the waters and airspace in and around those countries.) It can be assumed that veterans' experiences while in the military were significantly different depending on whether they served in the war zone or whether they did not, and much of this analysis will distinguish between these two groups.

Approximately equal numbers of the male Vietnam-era veterans served inside of the war zone and outside of it. There were small but noteworthy demographic differences between the two groups. For instance, blacks made up a relatively larger proportion of those who served in the war theater, comprising 11 percent of these veterans, compared with 8 percent of the nontheater group. Another important difference was in the proportion that finished college: 23 percent of the men who served in the war zone had college degrees, versus 29 percent of the non-theater veterans.

Combat. Service in the war theater does not necessarily imply combat experience. Many of the military personnel stationed in Southeast Asia were assigned to essentially noncombat tasks, such as supply and administration. As Stanley Karnow wrote, however, "in a war without front lines, few could feel safe anywhere."[7] Even in office jobs, the dangers of combat were never far removed. In the September 1989 survey, veterans of the war theater were asked about their exposure to combat.[8] About 70 percent of them reported some combat exposure. (Twenty percent reported in the negative, and about 10 percent did not respond to this item.)

Contrary to popular perception, no substantial differences in racial composition or education were noted between combat and noncombat veterans. The only demographic distinction was age: combat veterans were somewhat older, on average, than other veterans of the war theater, since most of the period's military action was completed by 1972, 3 years before the official end of the era.

Labor force

Military service is thought to affect one's performance in the civilian labor market in various ways. On the positive side, it has been found to contribute to maturity, discipline, and self-confidence, as well as to provide education, training, and on-the-job experience. Veterans are also entitled to special postservice benefits, such as educational subsidies, job counseling and referral, and preferences in hiring and promotion. On the negative side, military service sometimes imparts skills that are not easily applicable to civilian jobs, and it may be stigmatizing, especially for those who served in combat during an unpopular war such as Vietnam. In addition, military service sometimes results in disabilities that can hamper one's success in the job market. And even in the absence of these circumstances, veterans typically enter the civilian labor market several years behind their peers in terms of civilian experience.[9]

In the case of most veterans from the Vietnam era, their military experiences have been tempered by many years of civilian life. More than 80 percent were discharged prior to 1975. Vietnam-era veterans are an important economic group, accounting for a full one-fourth of the male labor force aged 35 to 54 in the fall of 1989. Like nonveterans in these core working ages, the veterans showed strong attachment to the labor force. About 93 percent of both groups were in the labor force, and 90 percent had a job. (See table 2.) These proportions varied little by educational attainment, except for high school dropouts, whose labor force participation was only about 88 percent for veterans and 82 percent for nonveterans.

Among the veterans themselves, there were small labor force differences depending on the location of their service. The men who served in Southeast Asia had a somewhat lower rate of la-

Table 2. **Employment status of male Vietnam-era veterans and nonveterans ages 35 to 54, by race and Hispanic origin, September 1989, not seasonally adjusted**

[Numbers in thousands]

Veteran status, and race or ethnicity	Civilian noninstitutional population	Civilian labor force					Not in labor force
		Total	Percent of population	Employed	Unemployed		
					Number	Percent of labor force	
Total							
Vietnam-era veterans	6,904	6,503	94.2	6,292	210	3.2	401
Vietnam theater	3,302	3,059	92.6	2,949	110	3.6	243
Outside Vietnam theater	3,602	3,444	95.6	3,344	100	2.9	158
Nonveterans	19,754	18,360	92.9	17,778	582	3.2	1,394
White							
Vietnam-era veterans	6,128	5,821	95.0	5,654	167	2.9	307
Vietnam theater	2,867	2,687	93.7	2,600	87	3.2	180
Outside Vietnam theater	3,261	3,134	96.1	3,054	80	2.6	127
Nonveterans	16,919	15,880	93.9	15,454	426	2.7	1,039
Black							
Vietnam-era veterans	667	586	88.0	546	40	6.8	80
Vietnam theater	369	318	85.9	297	20	6.4	52
Outside Vietnam theater	297	269	90.5	249	20	7.3	28
Nonveterans	1,990	1,710	85.9	1,567	144	8.4	280
Hispanic origin							
Vietnam-era veterans	216	208	96.0	199	9	4.3	9
Vietnam theater	102	94	92.2	87	6	6.9	8
Outside Vietnam theater	115	114	99.4	112	2	2.1	1
Nonveterans	1,837	1,685	91.7	1,582	102	6.1	153

NOTE: Details for the racial and Hispanic-origin groups will not sum to totals, because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

bor force participation than those who served elsewhere (93 percent versus 96 percent). The labor force participation rate of combat veterans was no different from that of other war theater veterans.

Unemployment. As might be expected, the rate of unemployment was very small for Vietnam-era men ages 35 to 54—3.2 percent for veterans and nonveterans alike. The jobless rate for war theater veterans (3.6 percent) was not statistically different from that of nontheater veterans (2.9 percent). Moreover, those who saw combat were no more likely to be jobless than were other veterans of the era. As is true for the population as a whole, veterans' chances of being jobless were inversely related to their level of education. For example, veterans who were high school dropouts had an unemployment rate of 7.3 percent, compared with a rate of 4.2 percent for high school graduates and only 1.3 percent for college graduates.

Types of jobs held. For veterans and nonveterans who were working as of September 1989, the types of jobs they held were very similar. The most notable difference was in industry distribution, specifically, between the private and public sectors. The Federal Government, which employed less than 3 percent of male nonveterans ages 35 to 54, employed nearly 9 percent of working Vietnam-era veterans. This substantial difference is probably a reflection of preferential hiring policies toward veterans.[10]

Among the few differences found in the types of jobs held was that veterans were twice as likely as nonveterans to be in clerical jobs. The clerical category includes postal clerks and letter carriers working for the U.S. Postal Service, a major employer of veterans. Not surprisingly, given their lower college completion rates, veterans were less likely to be found in professional jobs, which typically require at least a bachelor's degree. Lower educational attainment was also a factor for veterans of the war theater, who were less often in professional fields (and more often found in precision production and transportation positions) than the men who served elsewhere. (See table 3.)

Disabled veterans

It would be reasonable to expect that the labor force performance of veterans would be affected by injuries or illnesses sustained while in the Armed Forces. Service-connected disabilities were reported by 9 percent of all male Vietnam-era veterans ages 35 to 54, by 13 percent of those who served in the war theater, and by 16 percent of combat veterans. Disabilities were reported by 14 percent of black veterans, compared with 8 percent of whites and 6 percent of Hispanics.

The severity of service-connected disabilities varies substantially. To measure this variation, the Department of Veterans Affairs assigns disabled veterans a disability rating on a scale from 0 percent to 100 percent.[11] More than one-half of the 800,000 disabled veterans from the Vietnam era had ratings of less than 30 percent, one-quarter had ratings of 30 to 50 percent, and 16 percent had ratings of 60 percent or higher. (About 6 percent of disabled veterans did not report their ratings.) Most disabled veterans are entitled to compensation. For those who do receive compensation, the amount is commensurate with the severity of their condition. In 1989, this compensation ranged from less than $100 per month to more than $4,000.[12]

The September 1989 survey confirmed that those with disability ratings under 30 percent had labor force profiles much like the nondisabled. In particular, these less severely disabled were just as likely to be members of the labor force as were the nondisabled (about 95 percent), and both groups experienced the same low rate of joblessness.[13] (See table 4.)

In contrast, a rating of 30 percent or higher is associated with much lower labor force participation rates. For example, participation dropped to 75 percent for veterans with ratings of 30 to 50 percent and to only 32 percent for those with ratings of 60 percent or higher. On the other hand, the unemployment rates for those with more serious disabilities were not significantly different from the rates of those less seriously disabled or nondisabled. This is largely because many veterans with more serious conditions are not in the labor force, either because they are unable to work or because they have given up the search for a job.

There were a few differences relating to occupational distribution. Disabled veterans were more often found in clerical (including Postal Service) jobs, compared with the nondisabled, and were less frequently found in the physically demanding craft or production positions. A much larger difference was found in industry distribution, especially with regard to the proportion in government jobs. The likelihood of working in government jobs is especially high among disabled veterans. About 16 percent of them—and nearly one-fourth of those with disability ratings of 30 percent or more—were employed by the Federal Government, which, as noted, gives hiring preferences to veterans, with higher preferences for those with service-connected disabilities.

Although the focus of this article is on the labor force activities of veterans, it can be argued that perhaps the most disadvantaged are

Table 3. **Employed male Vietnam-era veterans and nonveterans ages 35 to 54, by occupation and class of worker, September 1989, not seasonally adjusted**

[Percent distribution]

Occupation and class of worker	Vietnam-era veterans			Nonveterans
	Total	Vietnam theater	Outside Vietnam theater	
Total employed (in thousands)	6,292	2,949	3,344	17,778
Occupation				
Total	100.0	100.0	100.0	100.0
Managerial and professional specialty	30.4	28.3	32.3	33.8
Executive, administrative, and managerial	18.0	17.5	18.4	17.8
Professional specialty	12.4	10.8	13.8	16.0
Technical, sales, and administrative support	20.5	20.0	20.9	17.3
Technicians and related support	3.6	3.2	3.9	2.3
Sales occupations	9.7	9.5	9.8	11.2
Administrative support, including clerical	7.3	7.3	7.2	3.8
Service occupations	7.5	7.4	7.6	6.9
Precision production, craft, and repair	21.8	23.0	20.8	18.8
Operators, fabricators, and laborers	17.5	18.9	16.2	18.8
Farming, forestry, and fishing	2.3	2.3	2.3	4.3
Class of worker[1]				
Total	100.0	100.0	100.0	100.0
Wage and salary, total	90.4	90.9	89.9	86.5
Private nonfarm	68.9	68.4	69.3	70.4
Agriculture	.8	1.0	.6	1.8
Government, total	20.7	21.5	20.0	14.3
Federal	8.5	9.9	7.4	2.5
State and local	12.2	11.6	12.6	11.8
Self-employed	9.6	9.1	10.0	13.5

[1]Unpaid family workers not shown separately.

those whose service-connected disabilities keep them out of the labor force entirely. In September 1989, there were 130,000 such veterans from the Vietnam era, most with disability ratings of 60 percent or higher. When asked if their disability had affected their ability to obtain and keep a job, nearly all the disabled who were not working at the time of the survey reported such a link.

Female veterans

While the role of women in the Armed Forces has grown significantly since the mid-1970's, women made up only 3 percent of all Vietnam-era veterans in 1989.[14] Of the era's 210,000 female veterans, about 10 percent actually served in Southeast Asia, primarily in nursing and administrative jobs. Female veterans of the era (ages 35 to 54) had a higher labor force participation rate, as well as a higher unemployment rate, than did their nonveteran peers.

There were another 860,000 female veterans from other periods of service. Of these, about 440,000 had served during earlier wars—especially World War II—while 420,000 had served during peacetime, mainly over the post-Vietnam period. (See table 5.)

Veterans from other periods of service

In addition to the disabled from the Vietnam era, there were another 1.2 million disabled veterans from earlier wars, especially World War II and Korea. Their low labor force participation rate (24 percent) reflects not only their disabilities

but their age, nearly all of them being at least 55 years old. About 230,000 disabled veterans had served during peacetime, especially the period immediately preceding the Vietnam era and the period following it. The higher participation rate (74 percent) of these veterans reflects their less advanced age, as well as the generally less severe nature of their disabilities.

Earnings

This article provides a first look at the earnings of male Vietnam-era veterans by theater of service, disability rating, and other characteristics unique to veterans.[15] The focus of the analysis is on men with the strongest attachment to the labor force, that is, those between the ages of 35 and 54 who are full-time workers (usually working at least 35 hours a week). About 5 million Vietnam-era veterans met these criteria.

Findings. Veterans had essentially the same median weekly wage and salary earnings in September 1989 as did nonveterans—$519 and $511, respectively.[16] (See table 6.) Earnings at given levels of education also differed little between the two groups. Among those with a high school education or less, veterans outearned nonveterans somewhat, but at higher levels of schooling there were no statistically significant differences.[17]

As is true for workers in general, veterans' earnings varied substantially depending on the type of work they did. Median weekly earnings for Vietnam-era veterans ranged from a high of $743 for managers and professionals to a low of $431 for operators, fabricators, and laborers. Within most major occupational categories, the earnings of veterans were little different from those of nonveterans. It is interesting to note that, despite the fact that relatively large numbers of veterans were employed by the Federal Government, their earnings fell short of those of federally employed male nonveterans. (See table 7.)

Theater of service. In contrast to the generally small differences in earnings between veterans and nonveterans, there were large differences between theater and nontheater veterans. Veter-

Table 4. **Employment status of male Vietnam-era veterans ages 35 to 54, by presence of service-connected disability and disability rating, September 1989, not seasonally adjusted**

[Numbers in thousands]

Period of service, presence of disability, and disability rating	Civilian noninstitutional population	Civilian labor force					Not in labor force
		Total	Percent of population	Employed	Unemployed		
					Number	Percent of labor force	
Vietnam era							
Total	6,904	6,503	94.2	6,292	210	3.2	401
With service-connected disability	621	493	79.5	477	16	3.3	127
Disability rating less than 30 percent	342	320	93.7	314	7	2.1	22
Disability rating 30 to 100 percent	239	139	58.0	135	4	2.6	100
Disability rating not reported	40	(1)	85.6	28	6	(1)	6
Without service-connected disability	5,789	5,555	96.0	5,389	166	3.0	234
Presence of disability not reported	494	455	92.0	427	28	6.1	39
Vietnam theater							
Total	3,302	3,059	92.6	2,949	110	3.6	243
With service-connected disability	444	338	76.2	327	11	3.4	105
Disability rating less than 30 percent	221	202	91.5	195	7	3.3	19
Disability rating 30 to 100 percent	197	116	58.9	114	2	1.6	81
Disability rating not reported	26	21	(1)	18	3	(1)	6
Without service-connected disability	2,620	2,503	95.6	2,421	82	3.3	116
Presence of disability not reported	239	217	91.1	201	16	7.5	21
Outside Vietnam theater							
Total	3,602	3,444	95.6	3,344	100	2.9	158
With service-connected disability	177	155	87.6	150	5	3.2	22
Disability rating less than 30 percent	121	119	98.3	119	—	(1)	3
Disability rating 30 to 100 percent	42	23	(1)	21	2	(1)	19
Disability rating not reported	14	14	(1)	10	3	(1)	—
Without service-connected disability	3,170	3,052	96.3	2,968	84	2.7	118
Presence of disability not reported	255	237	92.9	226	11	4.6	18

[1]Data not shown where base is less than 75,000.

NOTE: Dash indicates fewer than 500 persons.

Table 5. **Employment status of women ages 18 and over, by veteran status and period of service, September 1989, not seasonally adjusted**

[Numbers in thousands]

Veteran status	Civilian noninstitutional population	Civilian labor force					Not in labor force
		Total	Percent of population	Employed	Unemployed		
					Number	Percent of labor force	
Total veterans	1,073	576	53.7	538	38	6.6	497
War veterans	652	284	43.6	265	19	6.6	368
Vietnam era	213	184	86.4	173	11	6.1	29
Vietnam theater	27	21	(1)	21	—	(1)	5
Outside Vietnam theater	186	163	87.3	151	11	6.9	24
Other war veterans	439	100	22.8	93	8	7.6	339
Peacetime veterans	421	292	69.3	272	19	6.6	129
Nonveterans	93,427	54,252	58.1	51,396	2,856	5.3	39,175

[1]Data not shown where base is less than 75,000.

NOTE: Dash indicates fewer than 500 persons.

ans who actually served in Southeast Asia earned, on average, 10 percent less than the men who served elsewhere ($498 per week versus $551 weekly). This might be expected on the basis of the lower educational attainment of the war theater veterans. Lower earnings for this group persisted at nearly all levels of education, however. The only exception was for high school dropouts. In this category, the median weekly earnings of war theater veterans ($403) were higher than those of veterans who had served elsewhere ($376). At all other levels of education, the nontheater veterans were the higher earners. The largest gap occurred among college graduates, with those who did not serve in the war zone earning an average of one-third more than those who did serve there ($835 versus $625). In fact, nontheater veterans outearned *nonveterans* at every educational level.

One might suppose from this discussion that the comparisons between theater and nontheater veterans were influenced by their somewhat different racial makeup. However, similar results were obtained for both white and black workers. (Exposure to combat was found to have no impact on the earnings of war theater veterans.) It appears that, on average, veterans who served outside of the war theater have translated the same number of years of schooling into higher earnings, compared with both war theater veterans and nonveterans.

This pattern finds further confirmation when earnings by occupation are examined. In several major occupational categories, nontheater veterans had higher earnings than war theater veterans. The difference was most pronounced in the managerial and professional category, where there was a premium of 30 percent ($816 versus $626) in favor of nontheater veterans.

As to the reasons for these differences in earnings by occupation, it is quite unlikely that war theater veterans are being paid less for the same jobs. Rather, the earnings patterns are more likely to reflect the different job distributions for the two groups within a given occupational category. The categories are quite broad; for example, managerial occupations include such varied positions as corporate executives, buyers, and accountants. Given the higher college completion rates of nontheater veterans, it is quite possible that they are more likely to be in the higher skilled and thus often higher paying jobs within a broad occupational category. Unfortunately, because of limitations of the sample size, occupational categories cannot be disaggregated further without affecting the reliability of the analysis.

Several limitations of the earnings analysis should be noted. For one, information is available only on wage and salary earnings. Thus, earnings derived from self-employment, which was the primary type of work for 10 percent of veterans, are excluded from the analysis. Also, earnings from only the primary job are measured, so the effects of multiple jobholding are not reflected. Still, the great majority of veterans receive wage and salary earnings, which are thus an important measure of veterans' labor market success.

In interpreting these findings, it is important to note that the wage and salary earnings presented here by no means represent the total financial resources available to the men. Included in these would be other sources of income received by the veteran himself (for example, income from pensions, disability compensation, and investments, and earnings from self-employment and second jobs), as well as the earnings and other income of family members.

But while earnings are not a complete measure of well-being, they are an important indicator of labor market success. On balance, earnings for Vietnam-era veterans and nonveterans were very similar. With education controlled for in the analysis, veterans who were high school dropouts or high school graduates (with no college) had higher earnings than their nonveteran counterparts. At higher levels of education, the earnings of veterans and nonveterans were statistically indistinguishable. Among veterans themselves, there were more substantial differences. Those who actually served in the war zone earned, on average, 10 percent less than the men who served elsewhere, and the figure was one-fourth less among college graduates. Veterans who served outside the war theater actually outearned *nonveterans* in most education categories.

Minorities

One topic of ongoing debate is the role played by minorities during the Vietnam war and their subsequent performance in the civilian work force. This section summarizes the findings of the 1989 survey concerning the labor force status and earnings of minority veterans, compared with nonveterans of corresponding ages.[18] The 800,000 black veterans account for 10 percent and the 300,000 Hispanic veterans account for 4 percent of Vietnam-era veterans of all ages.

Patterns of educational attainment among black and Hispanic Vietnam-era veterans are strikingly different from those for black and Hispanic nonveterans of the same ages. Specifically, black and Hispanic veterans are substantially better educated than their nonveteran counterparts. For instance, among blacks, nearly all of the veterans had completed high school, compared with only two-thirds of nonveterans. Similarly, the proportion of black veterans with some college attendance is double that for nonveterans. The following tabulation shows the percent distribution of black and Hispanic Vietnam-era men ages 35 to 54 by education level:

	Black		*Hispanic*	
	Veterans	*Nonveterans*	*Veterans*	*Nonveterans*
Total	100.0	100.0	100.0	100.0
Fewer than 4 years of high school	6.4	35.1	8.3	56.8
4 years of high school only	42.0	38.5	31.5	22.4
1 to 3 years of college	35.1	12.8	48.6	10.0
4 or more years of college	16.5	13.7	12.0	10.8

Table 6. **Median usual weekly earnings of male Vietnam-era veterans and nonveterans ages 35 to 54 who work full time, by selected characteristics, September 1989, not seasonally adjusted**

Race, education, presence of disability, and use of GI Bill	Veterans			Nonveterans
	Total	Vietnam theater	Outside Vietnam theater	
Total	$519	$498	$551	$511
Race				
White	522	508	551	524
Black	451	405	558	363
Education				
Fewer than 4 years of high school	389	403	376	333
4 years of high school	478	463	491	447
1 to 3 years of college	522	499	575	532
4 or more years of college	759	625	835	737
Disability				
Not disabled	522	504	548	—
Disabled	508	(1)	(1)	—
Presence of disability not reported	461	290	(1)	—
Use of GI Bill				
Used GI Bill	557	515	599	—
Did not use GI Bill	502	494	508	—
Use of GI Bill not reported	467	346	559	—

[1]Data not shown where base is less than 300,000.

NOTE: Earnings shown are for a full-time (at least 35 hours per week) wage and salary job. Excluded are earnings from self-employment and from jobs other than the primary one. Dashes indicate data not applicable.

Table 7. **Median usual weekly earnings of male Vietnam-era veterans and nonveterans ages 35 to 54 who work full time, by occupation and class of worker, September 1989, not seasonally adjusted**

Occupation and class of worker	Vietnam-era veterans			Nonveterans
	Total	Vietnam theater	Outside Vietnam theater	
Total	$519	$498	$551	$511
Occupation				
Managerial and professional specialty	743	626	816	745
Executive, administrative, and managerial	728	591	826	755
Professional specialty	759	653	810	738
Technical, sales, and administrative support	510	508	510	511
Technicians and related support	(1)	(1)	(1)	622
Sales occupations	495	(1)	(1)	489
Administrative support, including clerical	527	(1)	(1)	502
Service occupations	483	(1)	(1)	342
Precision production, craft, and repair	502	464	537	484
Operators, fabricators, and laborers	431	429	433	434
Class of worker				
Private nonfarm	518	496	546	511
Government, total	535	510	593	595
Federal	534	(1)	(1)	709
State and local	537	493	604	580

[1]Data not shown where base is less than 300,000.

NOTE: Earnings shown are for a full-time (at least 35 hours per week) wage and salary job. Excluded are earnings from self-employment and jobs other than the primary one.

Findings concerning the Hispanic veteran population are more tentative than those concerning their black counterparts, due to the group's relatively small size. However, the information available indicates even more dramatic educational differences. Just 8 percent of Hispanic veterans were high school dropouts, compared with 57 percent of nonveterans, and 61 percent of the Hispanic veterans had attended college, compared with only 21 percent of the nonveterans.

Clearly, black and Hispanic veterans are much better educated than their peers who did not serve in the military. This likely reflects a combination of factors, including opportunities for training and education, both during and after military service, which may have been superior to opportunities available to many minorities who did not enter the service. Another factor, developed elsewhere in this article, is selectivity, that is, the prior existence of differences in education and other personal characteristics between those who did and those who did not serve in the Armed Forces.

Minority Vietnam-era veterans had several important characteristics that distinguished them from the whites. As mentioned before, blacks were more likely to have been sent to the war theater than were members of other groups. About 55 percent of the black veterans—but only 47 percent of the whites and Hispanics—saw duty in Southeast Asia. Once in the war zone, all of the groups were about as likely to experience combat (70 percent), but blacks were more likely to return with a service-connected disability—21 percent, versus 12 percent for the other men.

Compared with whites, minority veterans were more likely to have halted their education before completing college, even though they were more likely to have used the GI Bill. More than half of black and Hispanic veterans took advantage of veterans' educational benefits, compared with 44 percent of whites. But only 17 percent of black veterans and 12 percent of Hispanics had a college degree, compared with 27 percent of whites.

Labor force. The military has often been viewed as a route of upward mobility for the disadvantaged and minorities. If blacks did per-

ceive the military as a means of advancement in civilian life, were their expectations fulfilled?

The September 1989 survey provides evidence that, at least with respect to basic labor force measures, black veterans were no better off than black nonveterans. The veterans were no more likely than nonveterans to be in the labor force, both groups having labor force participation rates of about 87 percent. (The labor force participation rate for whites averaged 95 percent.) Unemployment rates for black veterans and black nonveterans were also not significantly different, and both were still more than double the rates for whites, which were in the 3-percent range. As with nonveterans, the rates of labor force participation and joblessness for Hispanic veterans were generally between the rates for whites and for blacks. (See table 2.)

Earnings. Despite the similarity of their basic labor force profiles, black veterans earned about one-fourth more, on average, than black nonveterans. This may not be surprising, given the higher educational attainment on the part of the veterans. When education is taken into account, the veterans' premium holds only for those with a high school education or less: among college graduates, nonveterans had the higher earnings. The following tabulation shows the median weekly earnings, by level of education, of black Vietnam-era men ages 35 to 54 years:

	Veterans	*Nonveterans*
Total	$451	$363
Fewer than 4 years of high school	304	252
4 years of high school only	386	330
1 to 3 years of college	600	601
4 or more years of college	536	615

Thus, there is some evidence that military service does in fact benefit black men at lower educational levels, although this inference must be tempered by the role of selectivity, discussed next.

The selectivity issue

While the study found only modest differences between the earnings profiles of veterans and their nonveteran peers, much larger differences were found among veterans themselves, depending on their location of service. For example, among those who had attended college, veterans who served in Southeast Asia were earning significantly less than the men who served elsewhere.

It is difficult to establish the reasons for these differences. The analysis so far has focused on certain measured characteristics that typically explain earnings differentials, such as education and occupation. Even when these are controlled for, however, substantial differences often remain. What then become important are unmeasured characteristics, for example, selectivity—that is, the fact that certain types of people tended to join (or be accepted into) the Armed Forces and, once there, to be sent to the war theater.

An understanding of the institutional context of selectivity during the Vietnam era is essential to the assessment of the labor market performance of the Vietnam generation.[19] Relative to the massive baby-boom cohort coming of draft age at the time, the Vietnam war required a military force of modest size. And, compared with previous American wars, Vietnam required relatively few combat troops and a comparatively large number of support personnel. Further, unlike previous American wars, this one was profoundly unpopular in many sectors of society and was accompanied by considerable social and political upheaval. These factors helped to make the selective service process either efficient, inconsistent, or discriminatory, depending on one's point of view.

During the Vietnam era, the relatively low military personnel needs and the pressure to maintain a healthy civilian economy led to a patchwork of deferments and exemptions based on poor performance on physical or mental aptitude exams, school enrollment, fatherhood, hardship, employment in selected occupations (especially teachers, engineers, and ministers), and other criteria. The draft lottery, introduced in 1970, was intended to increase the element of fairness in the process, but in reality, it just added another layer to the web of strategies to avoid induction. In any case, the lottery was introduced as American military involvement in Southeast Asia was winding down.

A majority of the more than 8 million men who served in the Armed Forces during the era volunteered for military service, although many did so under the threat of being drafted. Once inducted, one's chances of being sent to Vietnam, or of experiencing combat there, were greatly reduced for men with higher educational attainment. While on active duty, these men were often assigned to occupational groups that were rarely called into combat. The Armed Forces considered this an efficient use of human resources, placing people at the level at which they could perform best. Alternatively, potential inductees often sought enlistment in the National Guard or Armed Forces Reserves or duty in the Coast Guard, Navy, or Air Force, due to the relatively low risk of combat exposure. Thus, these branches of the service tended to be populated by

well-educated, able personnel. (This discussion applies only to enlistees and not to officers, who were, by definition, volunteers and who typically considered a combat assignment as highly desirable for career advancement.)

While luck played a part in one's fate, there was a clear pattern of selection. The better educated men had more opportunities to avoid military service and, if inducted, to stay away from the war theater or, at least, from combat roles there. School deferments and occupational exemptions kept many from being inducted. Also, the complexities of the draft process invited many legal challenges, an option more available to those from higher socioeconomic backgrounds. In short, those with more education had more ways of manipulating the system to their advantage, which usually meant that they were more able to avoid combat or even military service entirely if they chose to try to do so.

Of course, there were some offsetting factors. Less educated men had options for avoiding military service, too, such as becoming a father, proving that they had a physical defect, migrating to Canada, and failing to register for the draft. More important, men with low IQ's, less than a high school education, or other serious deficiencies also had little risk of induction. Understanding this fact is critical to interpreting survey findings for less educated veterans. Because relatively few high school dropouts were inducted, those who were accepted into the Armed Forces were likely to be more capable than their peers who did not serve.

The selection process during the Vietnam era helps to explain earnings differences, such as the substantial advantage in this regard held by nontheater veterans over those who served in the war theater. The latter group had, on average, lower educational levels upon entering the service, have less education today, and would probably fare less well, even had they not served in the military. Thus, even among high school dropouts, selectivity is a plausible factor contributing to the higher earnings of veterans, compared with nonveterans. It is reasonable to assume, based on the workings of the selection process, that the few dropouts who were inducted were unusually capable and would have outearned the others, even if they had not entered the Armed Forces.

In general, the institutional bias present at the time rewarded the more educated and affluent of the Vietnam generation, a circumstance with important implications for evaluating the data presented here. If people who entered the military were systematically different from those who did not serve, then observed differences in labor market outcomes likely reflect these preexisting conditions, as well as the effects of service. Likewise, if those who served in the war theater differed systematically from those assigned elsewhere, they could be expected to have different labor market outcomes, regardless of their military assignment.

Conclusion

A comparison of basic labor force characteristics leads to a profile of parity between veterans and nonveterans: the great majority of both groups are in the labor force, and very few are jobless. Differentiating veterans on the basis of their location of service also leads to few differences in labor force status. However, an examination of earnings presents a somewhat different picture. While weekly earnings, on average, were very similar for the two groups, veterans outearned nonveterans at lower levels of education. At higher levels of education, there was no difference between the groups. More significant differences were found between the two categories of veterans: the men who served outside the war theater were earning significantly more than the war zone veterans—more, in fact, than nonveterans—in almost every education and occupation category.

Having established these differences, the next question is, Why do they exist? Why should Vietnam-era veterans with low levels of education outearn their nonveteran counterparts, and why should those who did not serve in the war zone earn significantly more than those who did across most levels of education and categories of occupation? In partial answer to these questions, a role is played by selectivity—that is, the fact that men who served in the Armed Forces during the Vietnam era were systematically different to begin with from those who did not serve and could be expected to have different labor market outcomes, even in the absence of their military service. □

Footnotes

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[1] An earlier version of the article appeared in the *1990 Proceedings of the Government Statistics Section*, American Statistical Association, pp. 28–33. Information was released intially as news release USDL 90–347, "Employment Situation of Vietnam-era Veterans," July 10, 1990.

[2] The CPS is the Nation's primary source of information on employment and unemployment. Each month, approximately 60,000 households are surveyed nationwide. In a supplement to the September 1989 survey, questions were asked of persons 18 years and older regarding their prior service in the Armed Forces. The questions were cosponsored by the Department of Veterans Affairs and the Department of Labor's Veterans Employment and Training Service and Bureau of Labor Statistics.

As with any such survey, the CPS is subject to both sampling and nonsampling errors. Two sources of nonsampling error that are of particular interest with respect to the veterans' supplement are the use of proxy respondents and nonresponses to the survey. Regarding the proxy issue, the CPS respondent ordinarily is any responsible member of the household age 15 or older. However, due to the subjective and retrospective nature of various supplementary items, interviewers were instructed to make three attempts to contact the veteran before asking another household member the survey questions. Using this procedure, proxy responses were obtained for approximately 25 percent of the veterans surveyed (compared with about 45 percent of the full CPS sample). Even with the use of proxy respondents, responses to the supplementary items were not obtained for 9 percent of the veterans.

Another potential source of nonsampling error is the long recall period, which, for Vietnam-era veterans, can extend to more than 20 years. For a further description of the survey, including possible sampling and nonsampling errors, see the section "Explanatory Notes" in the BLS monthly periodical *Employment and Earnings*.

The September 1989 survey was conducted during the week of the 17th through the 23rd and refers to the status of individuals in the preceding week (September 10 through 16). The sample contained about 4,000 Vietnam-era male veterans and 11,000 male nonveterans between the ages of 35 and 54. Standard errors for this study were computed from generalized variance functions that were adapted by the Census Bureau for the September 1989 supplement. The comparisons discussed should be considered significant at the 90-percent confidence level, unless otherwise stated.

For a presentation of the findings of the 1985 and 1987 veterans' supplements to the CPS, see the two *Monthly Labor Review* articles by Sharon R. Cohany, "Labor force status of Vietnam-era veterans," February 1987, pp. 11–17; and "Employment and unemployment of Vietnam-era veterans," April 1990, pp. 22–29. Basic information on the labor force status of Vietnam-era veterans is published monthly in *The Employment Situation*, a monthly BLS news release, and in *Employment and Earnings*.

[3] Vietnam-era veterans are men and women who served in the Armed Forces between August 5, 1964, and May 7, 1975, who are no longer on active duty, and who are currently in the noninstitutional population. This means that they are not necessarily representative of all who served in the military during the period. Among other things, they are the survivors and, hence, do not reflect those who have died (whether during the war or after it). Also, some who served during the Vietnam era are still on active duty. Others are in long-term institutions such as nursing homes and prisons, which are outside the scope of the survey.

[4] There were 440,000 Vietnam-era veterans between the ages of 30 and 34; they entered the service at the end of the era, and few saw duty in the war theater. Another 600,000 veterans were 55 years or older; they were, for the most part, career personnel and also not generally thought of as part of the "Vietnam generation."

[5] In the CPS, estimates of educational attainment actually refer to the number of years of school completed, rather than to the degree earned, although, following common practice, the two concepts are used interchangeably here. It should also be noted that educational attainment refers to the level as of the survey date, which was not necessarily the level at the time of the person's induction into the military and in fact may be considerably higher, given the popularity of post-service educational benefits.

[6] The GI Bill provided a stipend to veterans in school, usually college or technical school, to restore "lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty." (*U.S. Code of Federal Regulations*, Title 38, Chapter 34.) For further information on education and training programs that were available to Vietnam-era veterans during the era, see Elizabeth Waldman and Kathryn R. Gover, "Employment situation of Vietnam Era veterans," *Monthly Labor Review*, September 1971, pp. 3–11.

[7] Stanley Karnow, *Vietnam: A History* (New York, Viking Press, 1983).

[8] To determine their combat exposure, war theater veterans were asked, "Were you ever in or exposed to combat in these [war zone] areas?" The definition of *combat* was thus self-determined. Despite this subjectivity, these survey results were very close to those obtained in a study that used a rigorous combat exposure scale. The latter study was conducted in 1979–80 and was reported in *Myths and Realities: A Study of Attitudes toward Vietnam Era Veterans, Submitted by the Veterans Administration to the Committee on Veterans' Affairs, U.S. House of Representatives, July 1980.*

[9] Saul Schwartz, "The Relative Earnings of Vietnam and Korean Era Veterans," *Industrial and Labor Relations Review*, July 1986, pp. 564–72.

[10] *Vietnam Era and Disabled Veterans—a World of Federal Employment Opportunities!* ORSPP–3 (Office of Personnel Management, September 1987); and *Veterans' Preference in Federal Employment*, WEE–2 (Office of Personnel Management, September 1985).

[11] Disability ratings are determined from a rating schedule published in the *U.S. Code of Federal Regulations*, Title 38, "Pensions, Bonuses, and Veterans Relief," Part 4—"Schedule for Rating Disabilities." The rating schedule is "primarily a guide in the evaluation of disability resulting from all types of diseases and injuries encountered as a result of or incident to military service. The percentage ratings represent as far as can practicably be determined the average impairment in earning capacity resulting from such diseases and injuries and their residual conditions in civil occupations." Part 4 lists hundreds of disorders by degree of severity and assigns a rating of 0 percent through 100 percent in steps of 10 percent for each, with instructions for rating multiple disorders.

[12] *Federal Benefits for Veterans and Dependents* (Department of Veterans Affairs, 1989), pp. 3–4.

[13] Disability is not unique to veterans, of course. In fact, a Census Bureau study indicated that male Vietnam-era nonveterans are almost as likely as male Vietnam-era veterans to have a work-restricting disability. See *Labor Force Status and Other Characteristics of Persons with a Work Disability: 1981 to 1988*, Series P–23, No. 160 (Bureau of the Census, 1989).

[14] For additional information on women in the military during the Vietnam era, see Martin Binkin and Shirley J. Bach, *Women and the Military* (Washington, The Brookings Institution, 1977); and June Willenz, *Women Veterans: America's Forgotten Heroes* (New York, Continuum, 1983).

[15] A question on usual weekly wage and salary earnings is asked of a quarter of the CPS sample each month. The term *usual* is as perceived by the respondent; if asked for a definition, interviewers are instructed to define the term as more than half of the weeks worked during the previous 4 or 5 months.

[16] Wage and salary workers receive wages, salaries, commissions, tips, payments in kind, or piece rates. They include employees in both the private and public sectors but exclude self-employed persons, whether their business is incorporated or not. The sample of male Vietnam-era veterans who met the criteria for this study of earnings numbered about 800, and the sample of nonveterans numbered approximately 2,100.

[17] For previous studies of veterans' earnings, see Mark C. Berger and Barry T. Hirsch, "The Civilian Earnings Experience of Vietnam-Era Veterans," *Journal of Human Resources*, Fall 1983, pp. 455–79; Schwartz, "Earnings of Vietnam and Korean-Era Veterans"; and Joshua D. Angrist, "Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administration Records," *American Economic Review*, June 1990, pp. 313–36.

[18] For additional information on the role of blacks in the Vietnam era, see Martin Binkin and Mark J. Eitelberg, *Blacks and the Military* (Washington, The Brookings Institution, 1982).

[19] For an insightful account of the selective service system during the Vietnam era, see Lawrence M. Baskir and William A. Strauss, *Chance and Circumstance: The Draft, the War, and the Vietnam Generation* (New York, Alfred A. Knopf, 1978).

Direct foreign investment

American labor's contradictory outlook toward international capital mobility—opposing outward but welcoming inward investment—reflects the fact that, in an age when capital is increasingly organized on a transnational basis, labor itself remains fundamentally national in orientation. At the same time, the legacy of U.S. economic domination of the world economy in the recent past makes it difficult for many Americans (whether or not they have links to organized labor) to contemplate the possibility that the growth of foreign investment inside this country might signal national economic vulnerability—a common concern among citizens of other nations whose domestic economies depend extensively on foreign capital. Indeed, not only the labor movement but also policymakers at all levels of government have welcomed the influx of investment from abroad with open arms. Far from exhibiting wariness, States and localities routinely compete to attract such investment, offering generous tax breaks and other incentives to the firms involved. Even some domestically owned firms have expressed a preference for direct investment in the U.S. over imports, since their foreign competitors producing within this country share a 'level playing field' with similar production costs and similar work forces.

—Ruth Milkman

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