Long-Term Decline in Prime-Age Male (25-54) Labor Force Participation

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FIGURE 1:
U.S. Prime-Age Male Labor Force Participation Rate

Male Participation Down Across Developed World

FIGURE 2:
Prime-Age Male Labor Force Participation in OECD Countries.

○ 1990 ● 2014

Where Participation Has Increased

Where Participation Has Decreased

Japan Luxembourg Sweden Greece France Spain
New Zealand United Kingdom Netherlands Estonia Portugal Korea Belgium Canada Denmark
Australia Turkey Ireland Finland Norway United States Italy Israel

The United States experienced the second-greatest decline, behind only Italy.
Features

• Dropping out of labor force for this group is persistent.
  – The majority of those not working in a given month did not work over the previous year.

• Prime-age men tend to be relatively productive.
Dig Deeper

• Life-cycle pattern is humped-shaped.
  – But the decline is not due to an overall rise in the average age of prime-age workers.

• Each cohort’s participation is declining over time.
FIGURE 3:
Prime-Age Male Labor Force Participation Over Life-Cycle by Cohort

Education Matters

• Secular decline across all education groups.

• But far more pronounced for less educated.
FIGURE 4:
Prime-Age Male Labor Force Participation by Educational Attainment

Race Matters

• Participation rates for whites and Hispanics are higher than for blacks.

• Black participation rates have also declined more than rates for the other two demographics.
Black Male Participation Is Falling Faster

FIGURE 5:
U.S. Male Labor Force Participation: White, Black, Hispanic
What Are These Men Doing?

• 1/3 live below poverty line.
  – More rely on government subsidies, disability, and earnings of other family members.

• Watching television and playing video games.
FIGURE 6:
Trends in Official Poverty Rate for Prime-Age Men

FIGURE 7: Average Prime-Age Male Total Household Income in 2014

How Men In and Out of Labor Force Spend Their Days

FIGURE 8:
Number of Minutes Prime-Age Males Report Spending on Daily Activities

- Prime-age men, not in the labor force
- Prime-age men

- Caring for household members
- Caring for nonhousehold members
- Education
- Household activities and services
- Socializing, relaxing, leisure
- Watching television
- Work

0h 60h 120h 180h 240h 300h 360h 420h 480h

0h 1h 2h 3h 4h 5h
Possible Causes

- Increasing wage gap and falling wages for low-skilled workers.
  - 72% to 51% since 1973 and a 15% absolute decline.

- Loss of manufacturing jobs.
  - Recall that largest decline is among less educated.

- Some may be due to increasing incarceration rates.
FIGURE 9:
Ratio of High School Graduates’ Wages to College Graduates’ Wages

Note: The earnings ratio compares the median full-time, full-year worker over age 25 with just a high school degree to the same type of worker with at least a bachelor’s degree. Prior to 1992, bachelor’s degree is defined as four years of college.
FIGURE 10:
Manufacturing Share of Total Nonfarm Employment

Note: Shading denotes recession.
FIGURE 11:
Male Incarceration Rate

Source: Bureau of Justice Statistics; CEA calculations.
Welfare Issues

• About half not in labor force (NLF) take pain medication (includes OTC) and are in pain roughly half the time.
  – 2/3 report taking prescription meds.
  – 40% report that pain prevents full-time employment.

• As a group they exhibit extremely low levels of emotional well-being.
Welfare Issues

• 43% of those out of labor force report fair to poor health.
  – Vs. 12% of employed and 16% of unemployed.
  – For women the gap is 31% to 11%.
  – 34% report a disability (somewhat more prevalent among whites) vs. 2.6% of the employed.
  – Probability of being out of labor force given a disability has been rising.

• Is health despair-related?
Subjective Well-Being

- Cantril Ladder – (steps 0-10)
- U-Index (% of time stress or sadness exceeds happiness)
  - Younger men and women out of labor force appear quite content.
  - Young men NLF happier than those employed.
  - Just the opposite for prime-age men.
  - NLF more stressed and less happy than unemployed.
  - Spend 30% of their time alone.
Subjective Well-Being

• Subjective well-being of prime-age women NLF is close to that of employed women.
• And their U-index is higher.
• Unlike men NLF, they report deriving significant meaning from daily activities.