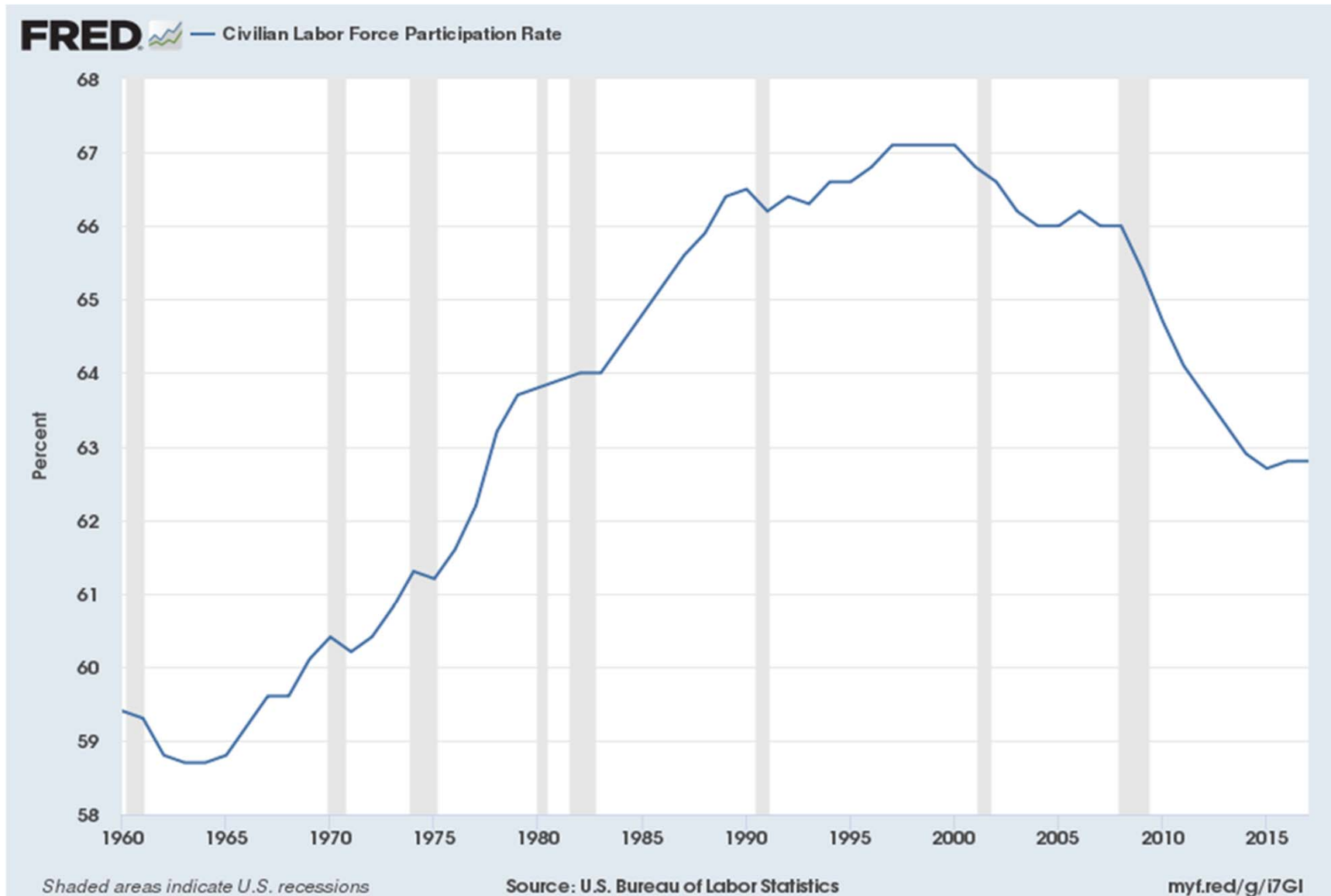


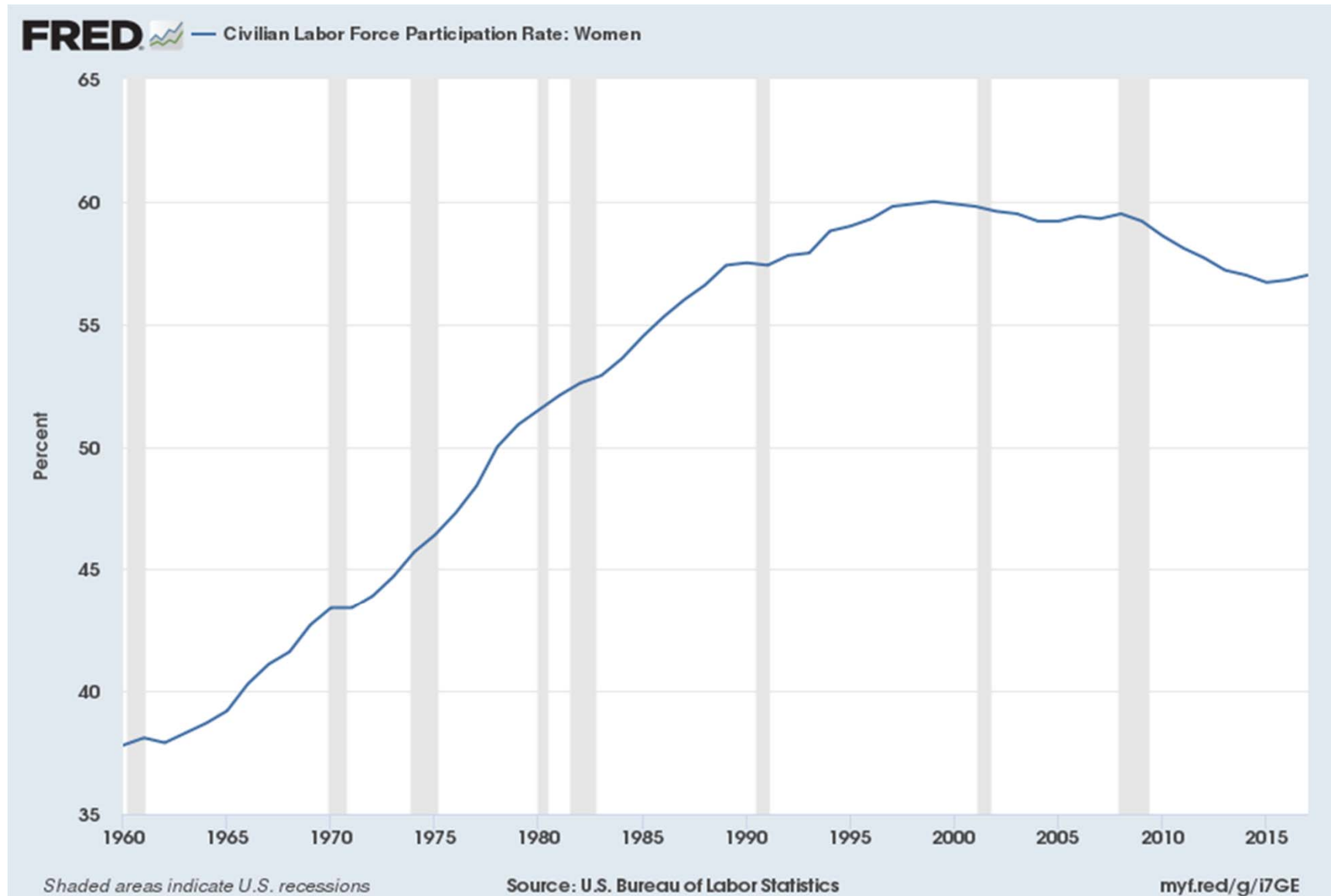
Challenges in the U.S. Economy

Professor Betsey Stevenson
February 2018

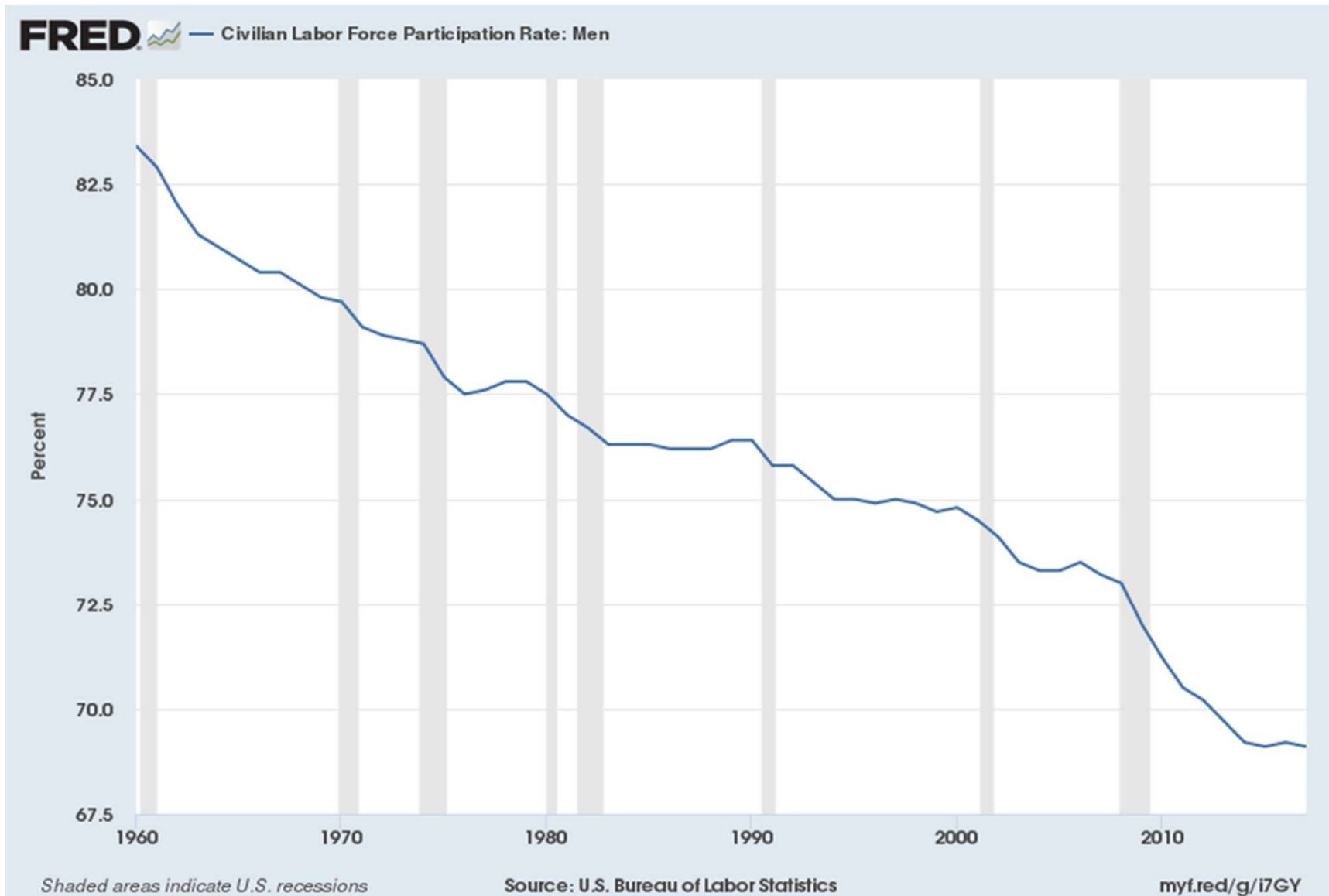
Declining Labor Force Participation



Rising Participation of Women for Decades

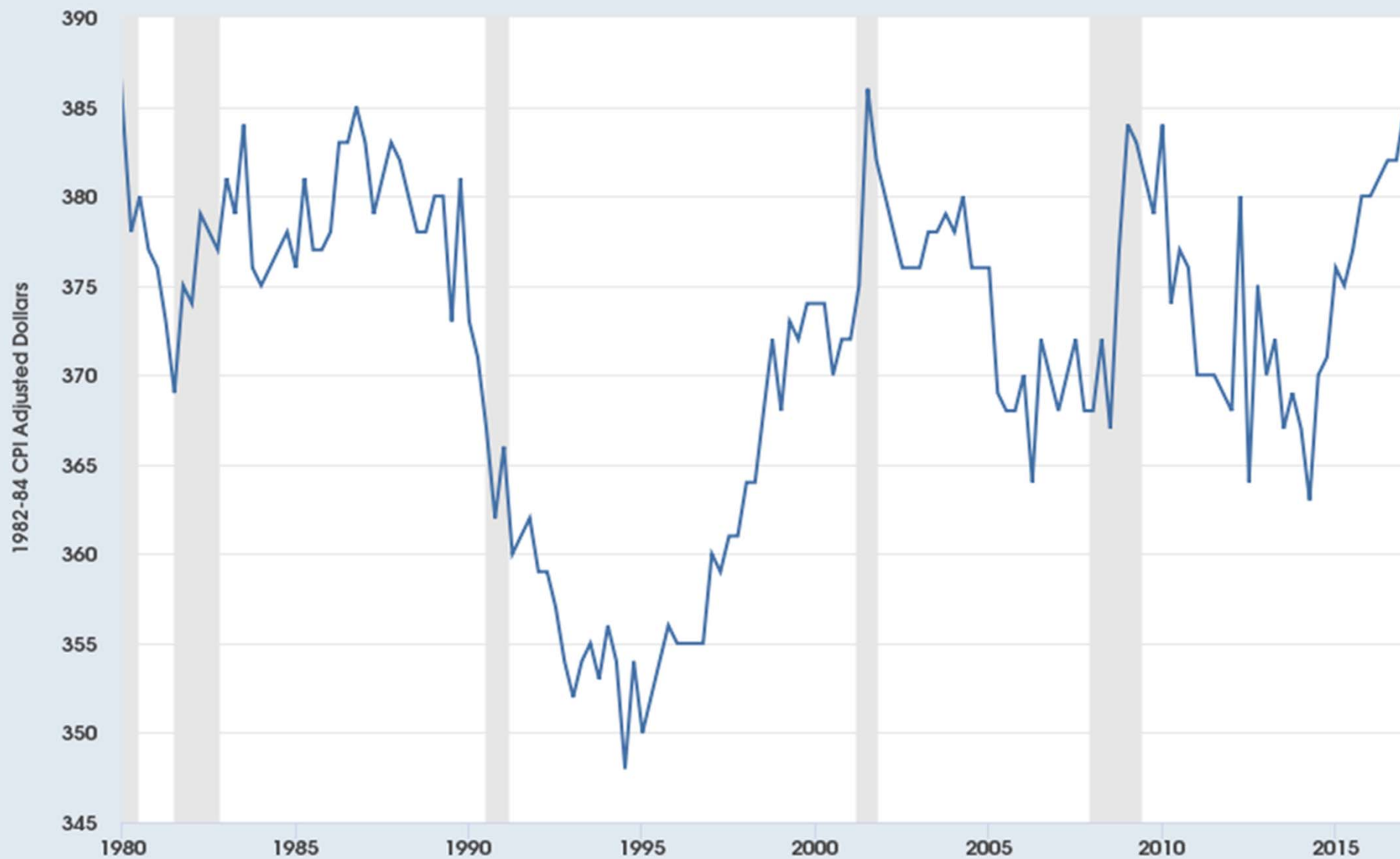


Hid Nearly Constant Declines in Male Participation



Rising Household Earnings But Stagnating Male Earnings

- ▶ Median household income has risen to \$60,000 in 2017 from \$50,000 in 1984 (in 2017 dollars)
- ▶ Median weekly wages of men however are exactly the same in inflation-adjusted terms
- ▶ Men's real wages fell in the early 1990s, recovered in the second half of the 1990s, and have roughly stagnated since

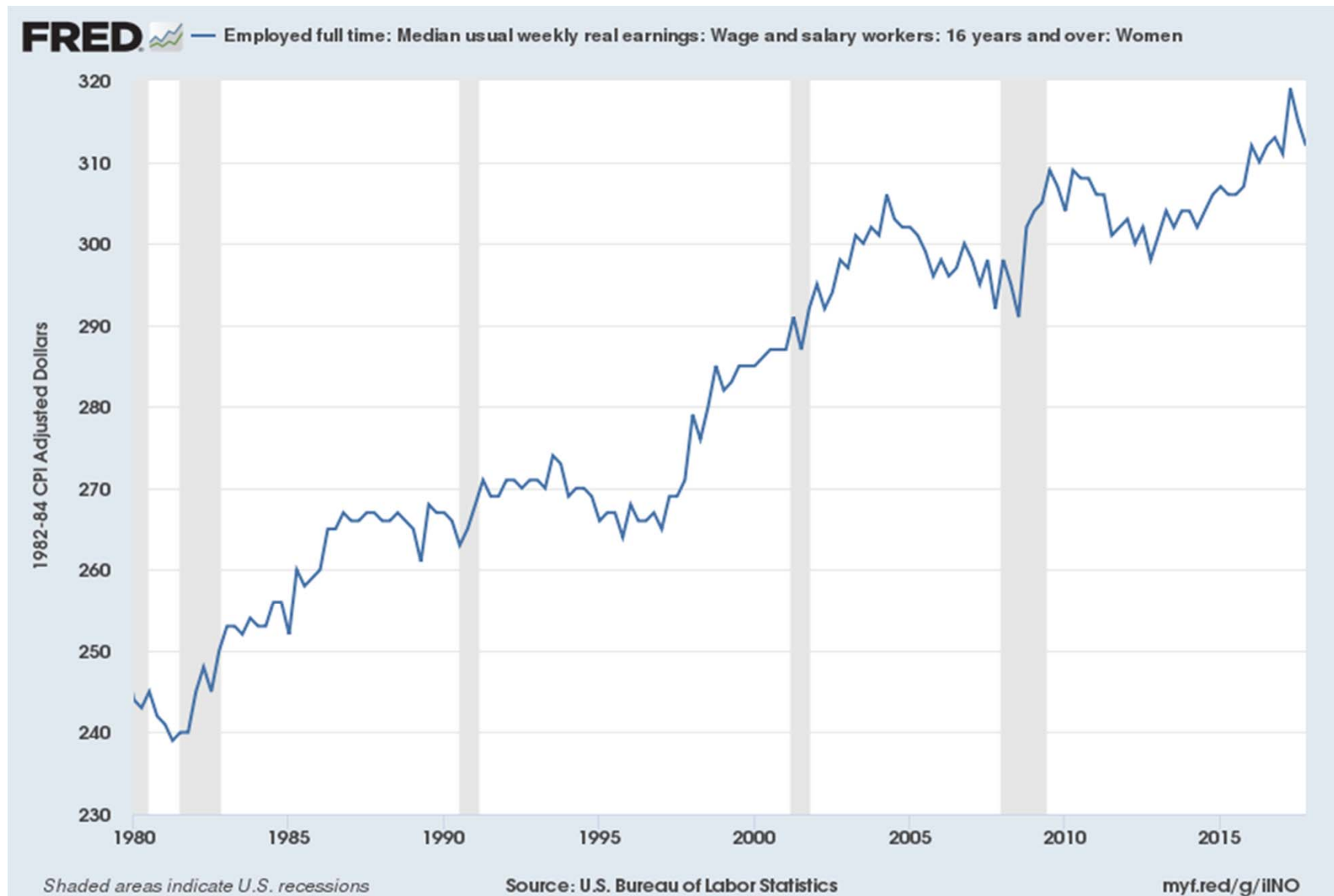


Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

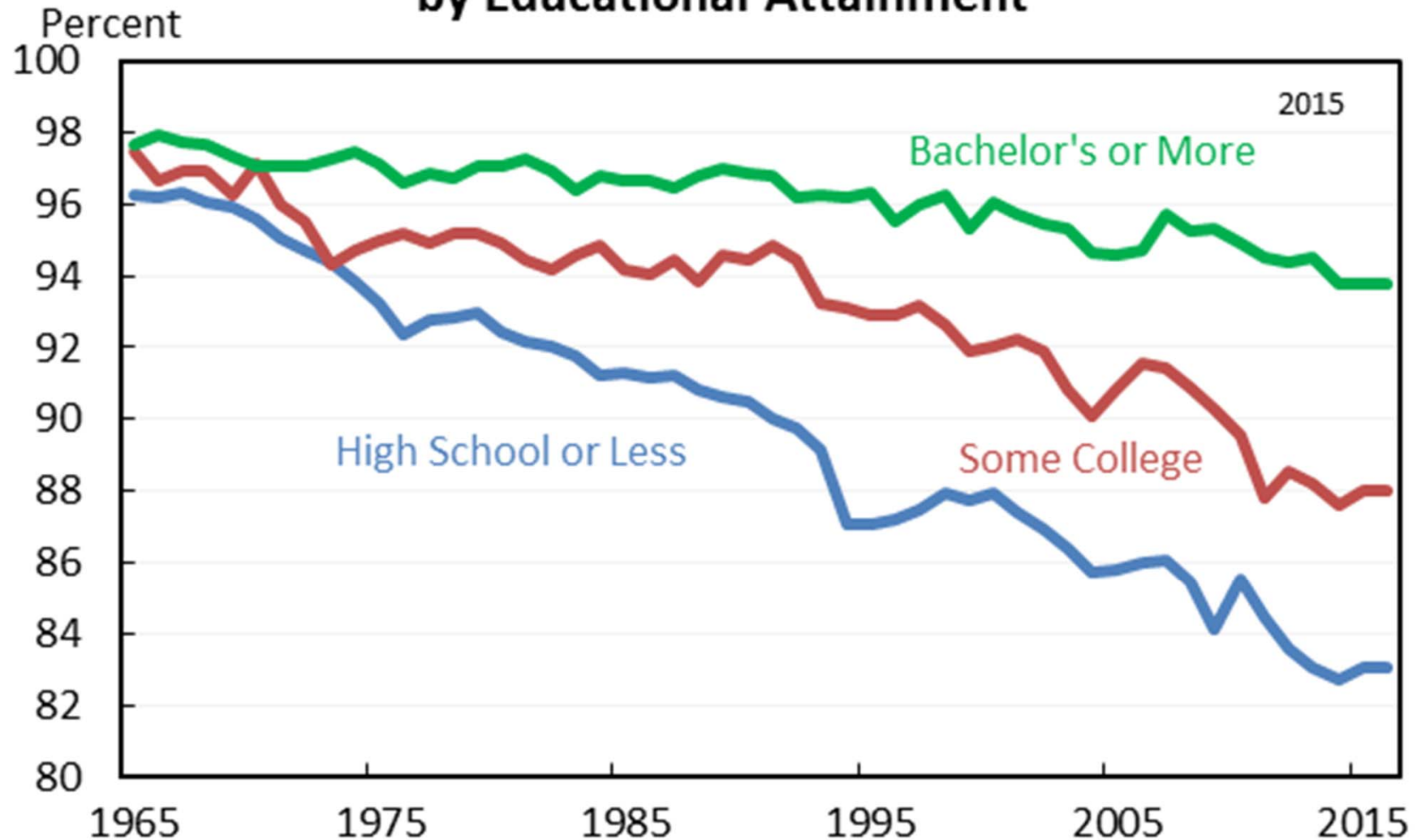
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Rising Median Wages of Women



Prime-Age Less Educated Men Are in Trouble

Prime-Age Male Labor Force Participation by Educational Attainment



Source: Bureau of Labor Statistics, Current Population Survey (Annual Social and Economic Supplement); CEA calculations.

Top occupations for Men with only high school

1. Truck driver
2. Laborers and Freight, Stock, and Material Movers
3. Construction Laborers
4. Janitors and Building Cleaners
5. Grounds Maintenance Workers
6. Cooks
7. Carpenters
8. Retail Salespersons
9. Stock Clerks and Order Fillers
10. Miscellaneous production workers

Top occupations for women with only high school

1. Cashiers
2. Secretaries and Administrative Assistants
3. Maids and Housekeeping Cleaners
4. Nursing, Psychiatric, and Home Health Aides
5. Retail Salespersons
6. Waiters and Waitresses
7. Childcare Workers
8. Cooks
9. Customer Service Representatives
10. Personal Care Aides

Less Educated Occupations

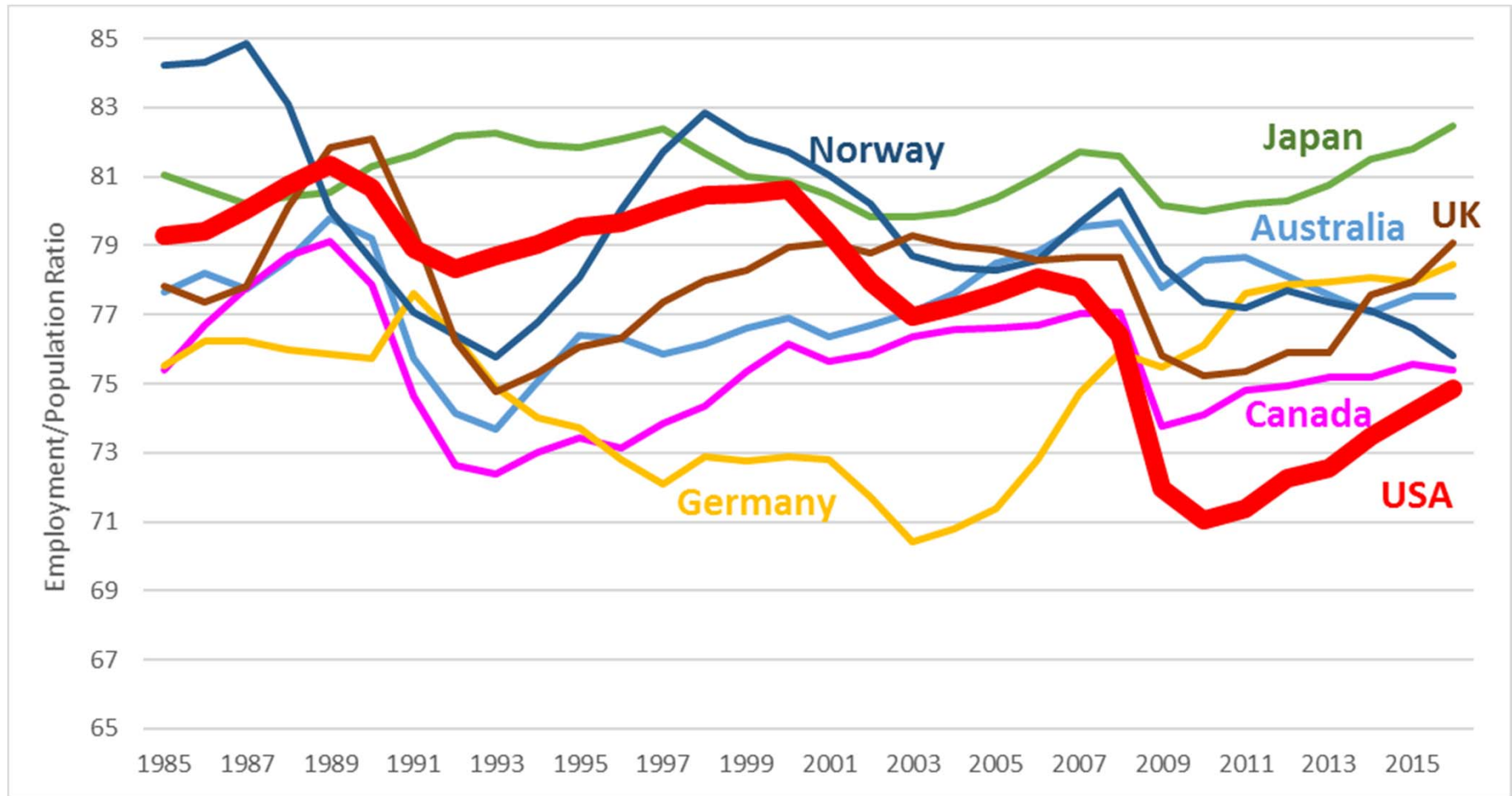
- ▶ Much more segregated by occupation
- ▶ Men more likely to be in declining occupations related to manufacturing
- ▶ Women more likely to be in childcare and health services

Labor Force Participation

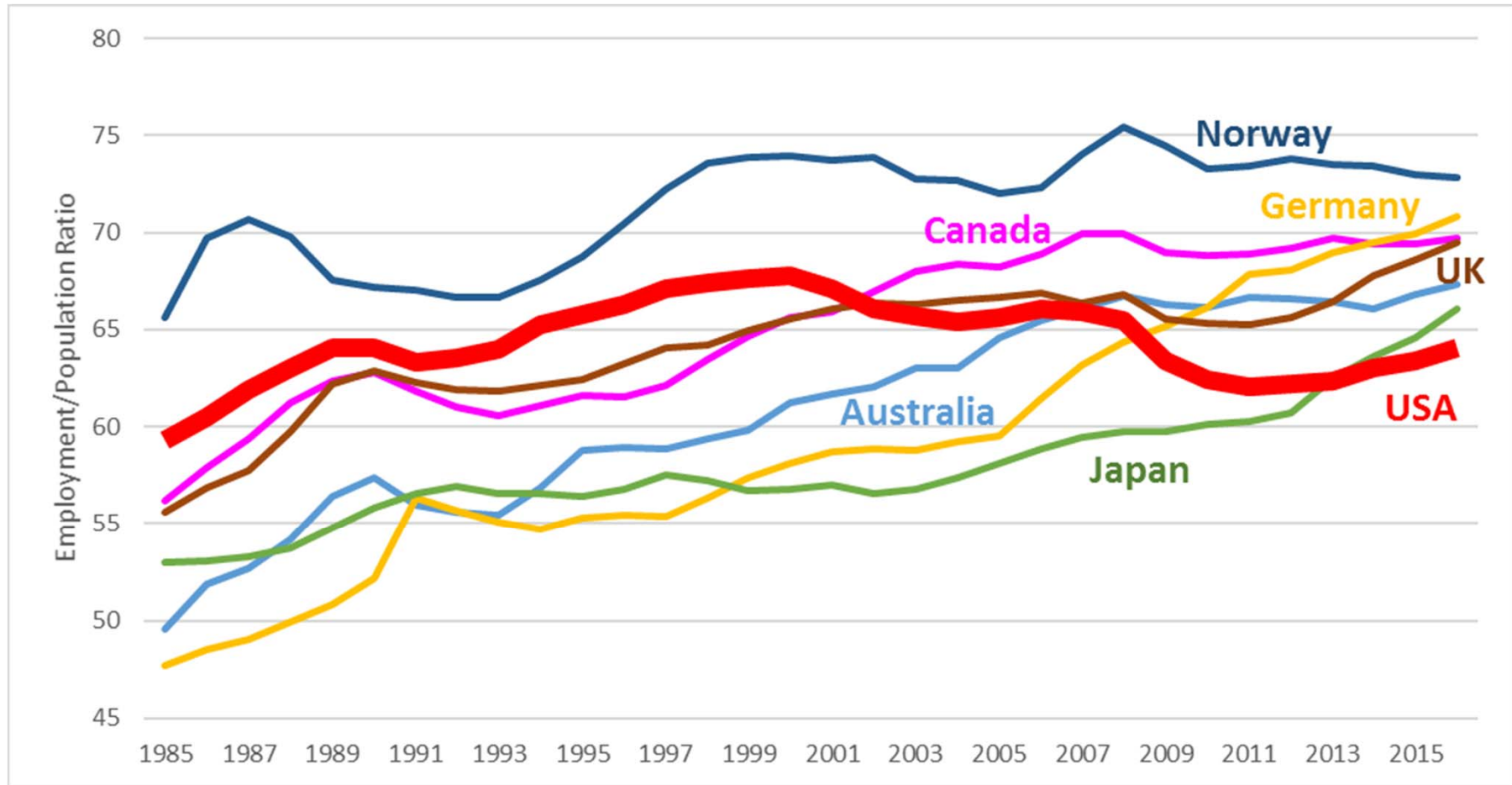
- ▶ Not a long-run solution to growth, but an important short-run component
- ▶ Forcing people to work may not increase well-being
- ▶ Depends on why they aren't working

- ▶ Where does the United States stand?
 - ▶ Declined and lower employment for both men and women compared to many of its peers
 - ▶ Yet paid vacation, paid sick leave, paid family leave more likely to be absent
 - ▶ Very sparse safety net (few are eligible for unemployment, few are eligible for cash payments of any form)

Male Employment Remains Below Many Countries



But So Does Female Employment



Labor Force Participation Explanations

- ▶ Explanations for decline in male participation:
 - ▶ Opioids
 - ▶ Video games
 - ▶ Lack of interest in family life
 - ▶ Lack of availability of masculine jobs
- ▶ Explanations for decline in female participation:
 - ▶ Opioids
 - ▶ Difficulty balancing work and family life: little available paid sick, maternity, or family leave; lack of affordable child care
 - ▶ Discrimination

Conclusion

- ▶ The United States may be at full employment because of structural challenges may prevent higher participation rates
- ▶ A flimsy safety net and weak support for retraining will make it difficult for US workers to adjust to the disruption caused by new technologies
- ▶ Wages remain stagnate in the United States with little evidence of change on the horizon
- ▶ The challenges associated with low wages, the loss of traditionally masculine jobs, and rising female employment are creating difficulties in families as well as workplaces