

June 8, 2021
Special to the Salem Reporter
Pamela Ferrara
Willamette Workforce Partnership

Salem's economy is improving, there are lots of job openings, and employers say they are having difficulty filling them. Some reasons for this are related to the Covid economy and should resolve themselves in the short term.

A long-term trend affecting employers' hiring ability began in the U.S. in the 1950s. Men's labor force participation began to decline and has done so steadily since then. In 2019 it was 17 percentage points below what it was in 1950. (See graph)

What does it mean to participate in the labor force?

A person participates in the labor force if he/she is working or looking for work.

Knowing the size of the labor force and whether it is growing or declining is important to a healthy economy. Therefore, the federal Bureau of Labor Statistics estimates the number of persons in the labor force by contacting about 60,000 households monthly and asking questions about work status. This survey is also the basis for the monthly unemployment rate. The agency gathers information such as age, gender and educational attainment as well.

The labor force participation rate is calculated from the survey information. It is everyone aged 16 and over, working or looking for work, divided by the civilian non-institutionalized population aged 16 and older, and expressed as a percentage.

Here's what the 17-percentage point decline in male labor force participation means for the Salem area. If the rate today were the same as it was in 1950, when it was 86 percent, instead of its current rate, 69 percent, approximately 20,000 more men would be working or looking for work. The area's labor force numbers some 200,000 men and women, so this would be a substantial increase in the labor supply.

There is one detail important to explaining why this is happening. It's the fact that the steepest declines are for men with lower levels of educational attainment. (See graph)

Economists cite trade and technology as a key explanation for the decline. Offshoring of jobs to where labor is cheaper, and automation, have changed the workplace in the U.S. over the years, especially for less-skilled men.

An example of the change is in the manufacturing industry. It's estimated that one-third of U.S. manufacturing jobs have disappeared since 1980. It took 25 jobs to generate \$1 million in manufacturing in 1980, and now it takes only five. The jobs that remain are either very low-skilled and low-paid, or jobs that require advanced skills. So, men with

high school or less and few skills have a choice if they want to work – take a low-paying job or acquire more skills.

But acquiring skills isn't easy. School is expensive, and employer- sponsored training was more common in earlier decades than now.

What filled the gap in the late 1970s when these trends first began to be noticed was well-funded government-sponsored workforce training. This funding began to decline in the early 1980s, and has been declining ever since. The Willamette Workforce partnership, part of the current federal workforce program, spends about five million dollars a year to provide help to some 3,000 area residents in four counties (Marion, Polk, Yamhill and Linn). To serve only men who have dropped out of the labor force and need training, the program would have to stretch these dollars to serve tens of thousands.

How do non-working men live? Not well, as one third live in poverty. They don't live on the paychecks of working wives either, as most are single and don't have children. Some collect federal disability insurance and other social service benefits. Critics argue that the availability of these benefits worsen the situation by allowing men to survive on these payments. However, the payments make a small difference, if any at all, in the decline in male labor force participation, according to economists.

A note here about women's labor force participation. Women entered the labor force in droves in the 1970s and 80s as they acquired more education. Their participation peaked around 1997, and has been declining slowly since then. It is widely acknowledged that women's paychecks have helped raise family incomes over the decades. Therefore, declining labor force participation by both men and women is a big problem.

It's a problem that many other developed countries don't have – namely, the 38 countries of the Organization for Economic Cooperation and Development (OECD). While male labor force participation is declining in these countries, as their economies also experience the effects of offshoring and automation, it hasn't declined as steeply as in the U.S. Female labor force participation, prior to the pandemic, hadn't declined at all in these countries.

What do they do differently than the U.S.? Both governments and employers invest more in workforce training than in the U.S., and have more family-friendly labor market policies, such as mandated sick leave, paid family leave and help with child care. The U.S. was recently ranked last in a United Nations study of the presence of family-friendly labor market policies in 41 countries.

The explanations presented here for declining male labor force participation in the U.S. are simplified from a more complicated story. There are negative health consequences and declining mortality rates, for example, for men who drop out of the labor force. The

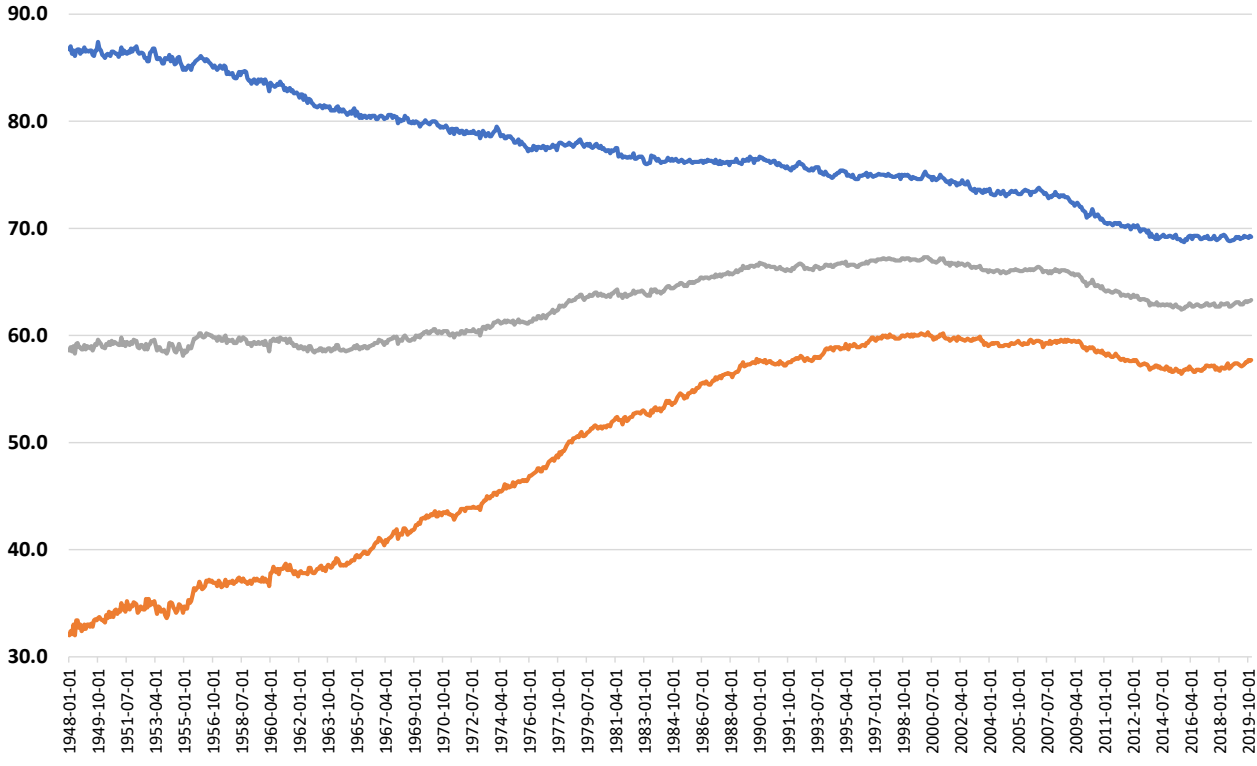
high incarceration rates in the U.S. contribute to the decline in participation, as labor market policies make it difficult for those out of prison to become employed.

To end on a positive note, Salem's Career and Technical High School, and other programs emphasizing teaching job skills early in the educational process, are making a difference. To turn around a 70-year-old trend, however, a lot more will be needed.

Pam Ferrara of the Willamette Workforce Partnership continues a regular column examining local economic issues. She may be contacted at pferrara@willwp.org

Percentage of the U. S. Civilian Population in the U.S. Labor Force (Working or Looking for Work), 1948 to 2019

Percent



Source: Bureau of Labor Statistics

Men Women All