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Many area employers are trying to staff to full capacity as pandemic restrictions are lifted, and are having difficulty filling open positions. This is in part because, just as businesses had to shut down all at once, employers are now trying to hire all at once.

There is a long-term trend however that has an impact on the numbers of people available to fill positions and that is declining labor force participation. A person participates in the labor force if he/she is working or looking for work.

Labor force participation has been declining for men in the U.S. for decades. Offshoring of jobs and automation have resulted in reduced wages for men with few skills and little education. So, some men “drop out” out of the labor force – there’s been a 17% decline in male labor force participation since the early 1960s.

Women have been dropping out too. Women’s labor force participation rate, (defined as everyone aged 16 and over, working or looking for work, divided by the civilian non-institutionalized population, and expressed as a percentage) peaked in 1999, and has been declining slowly ever since. (See graph)

In order to understand this decline, let’s briefly examine the history of women and work.

In the early 20th century, about 20 percent of young unmarried women worked, and commonly left work upon marrying. This situation was the norm until about the 1930s for at least three reasons. One was cultural. Women simply didn’t work outside the home, especially married women. Also, there was a dearth of jobs “suitable” to women, and most women were not educated beyond high school.

From the 1930s to the 1970s, cultural attitudes toward women working outside the home changed, especially for married women. As the service sectors of the economy grew, more jobs were considered suitable for women, and women started to acquire post-secondary education. Women’s labor force participation, even for those with young children, began to increase until it peaked at 60 percent in about 1999. Then it began a slow decline.

This situation is unique to the US. (See graph) Women’s labor force participation rates have increased in other countries, similarly to the U.S., but haven’t declined.

Why the decline in the U.S.?

The reason isn’t a subtle one. Other developed countries have more family-friendly labor market policies, especially about child care. For example, child care is government-subsidized in Britain, where working parents of preschoolers have 30 hours of free care a week available to them. Canada subsidizes child care within some fairly generous income limits.

Government-subsidized child care was national policy once in the U.S. The federal government sponsored child care centers during World War II so that women could work in war-time production factory jobs. The program ended in 1946 and women were encouraged to go back home and take care of their children.

The U.S. came close to having a national policy about child care in 1971. Congress passed the Comprehensive Child Development Act, which would have established a national network of child care centers. The legislation was vetoed by President Nixon. The history of the bill and reasons for veto are complex, but the most common reason cited is that it was too "communistic" as the Cold War was going full swing. For an in-depth look at the bill, its history, and the reasons it wasn't signed into law, see The Politics of Daycare a research paper from the University of Wisconsin published in 1976.

Pandemic-related business and school shut-downs made the situation worse for women with children. Day care centers absorbed many rule changes to keep children, employees and parents safe and many centers closed. In August 2020, the Salem Reporter described the dilemma many parents faced in an article with a headline caption that described the situation like this: "Already precarious before the pandemic, child care in Salem is becoming less available and more expensive." (article)

As a result, women's labor force participation has continued to decline during the pandemic. As of June 2021, U. S. women's participation was down about one million from where it was before the pandemic. The information for Oregon isn't totally reliable as yet. At the end of the year, the numbers will be checked against statistical models and there will be a better picture of what has happened to labor force participation in Oregon during the pandemic.

Why is this a problem?

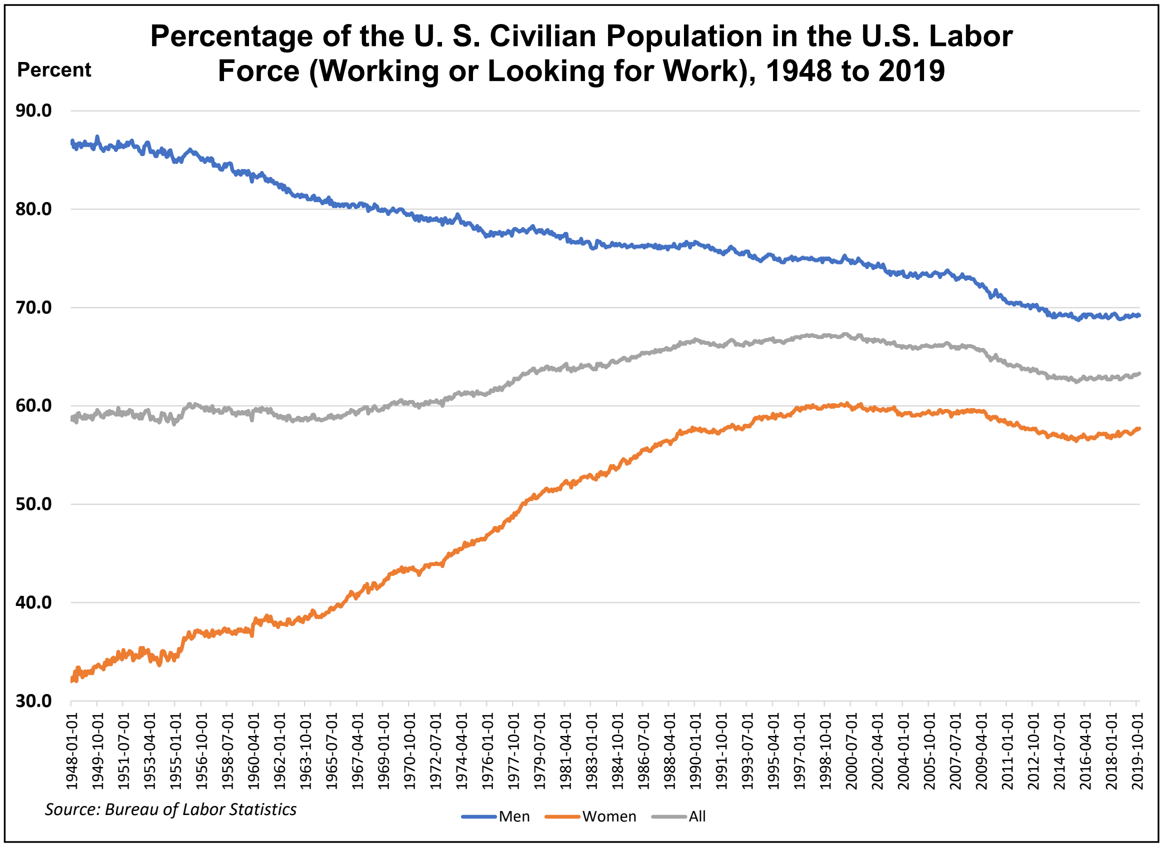
It's a problem because women working help keep families out of poverty. In 2019, households with only one worker had a poverty rate of 13.6 percent. With two workers in the household, the poverty rate was 2.4 percent.

Area employers would have a much larger labor supply to draw upon if female labor force participation in the Salem area were the same now as it was in 1999 - another 4,000 or so women would be available to fill open positions. And, if women's participation rate was the same as men's 21,000 more women would be working and available for work.

In addition, women working for pay have contributed to economic growth. Janet Yellen, current Secretary of the Treasury, estimates that if female participation were the same as men's, the gross domestic product of the U.S. would increase by five percent.

The decline in labor force participation for both women and men is likely to continue, harming not only personal well-being but also the prosperity of families and the nation as a whole, without action from either the private or public sector or both. Some large private employers have stepped up to the plate – Nike-Beaverton's corporate-sponsored daycare comes to mind. These efforts however make a small dent in a big problem.

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
90.0
80.0
70.0
60.0
50.0
40.0
30.0
1948-01-01
1949-10-01
1951-07-01
1953-04-01
1955-01-01
1956-10-01
1958-07-01
1960-04-01
1962-01-01
1963-10-01
1965-07-01
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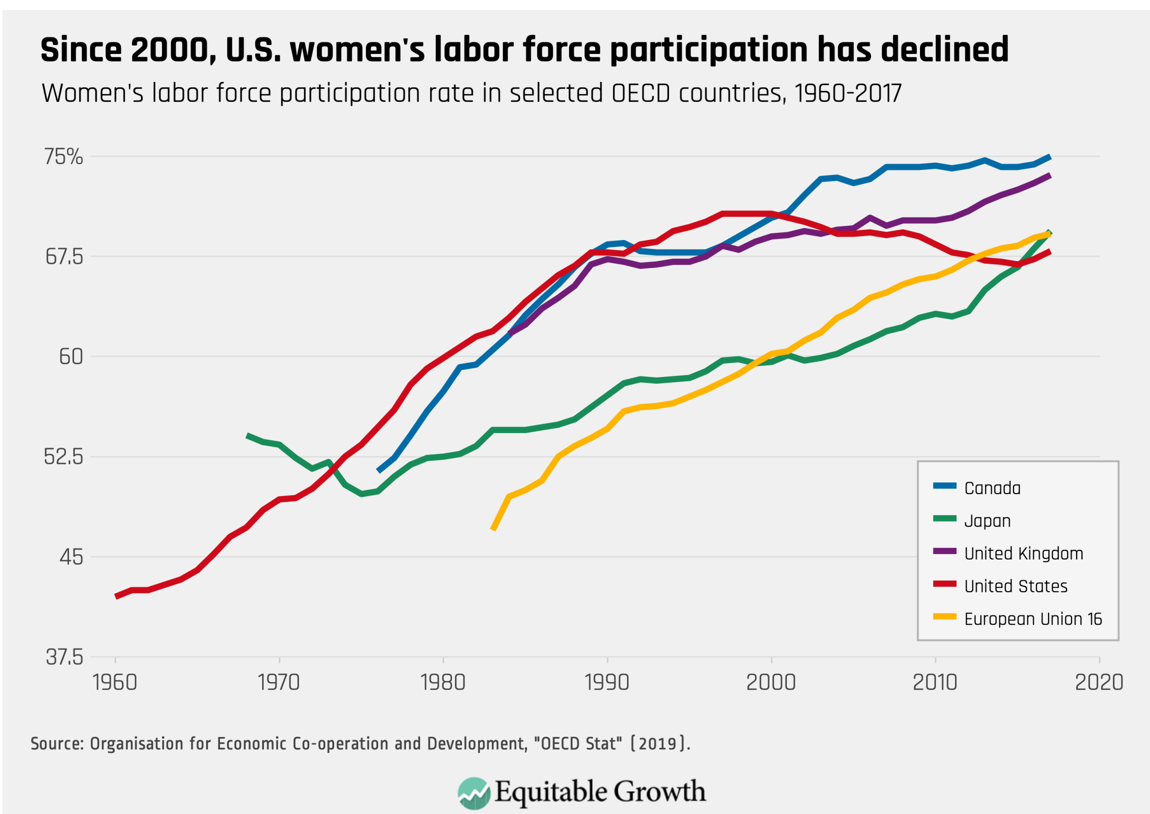
1991-10-01
1993-07-01
1995-04-01
1997-01-01
1998-10-01
2000-07-01
2002-04-01
2004-01-01
2005-10-01
2007-07-01
2009-04-01
2011-01-01
2012-10-01
2014-07-01
2016-04-01
2018-01-01
2019-10-01
Source: Bureau of Labor Statistics
Men
Women
All


Since 2000, U.S. women's labor force participation has declined
Women's labor force participation rate in selected OECD countries, 1960-2017
75%
67.5
60
52.5
45
37.5
1960
1970
1980
1990
2000
2010
2020
Canada
Japan
United Kingdom
United States
European Union 16
Source: Organisation for Economic Co-operation and Development, "OECD Stat" (2019).
Equitable Growth