Men at Work

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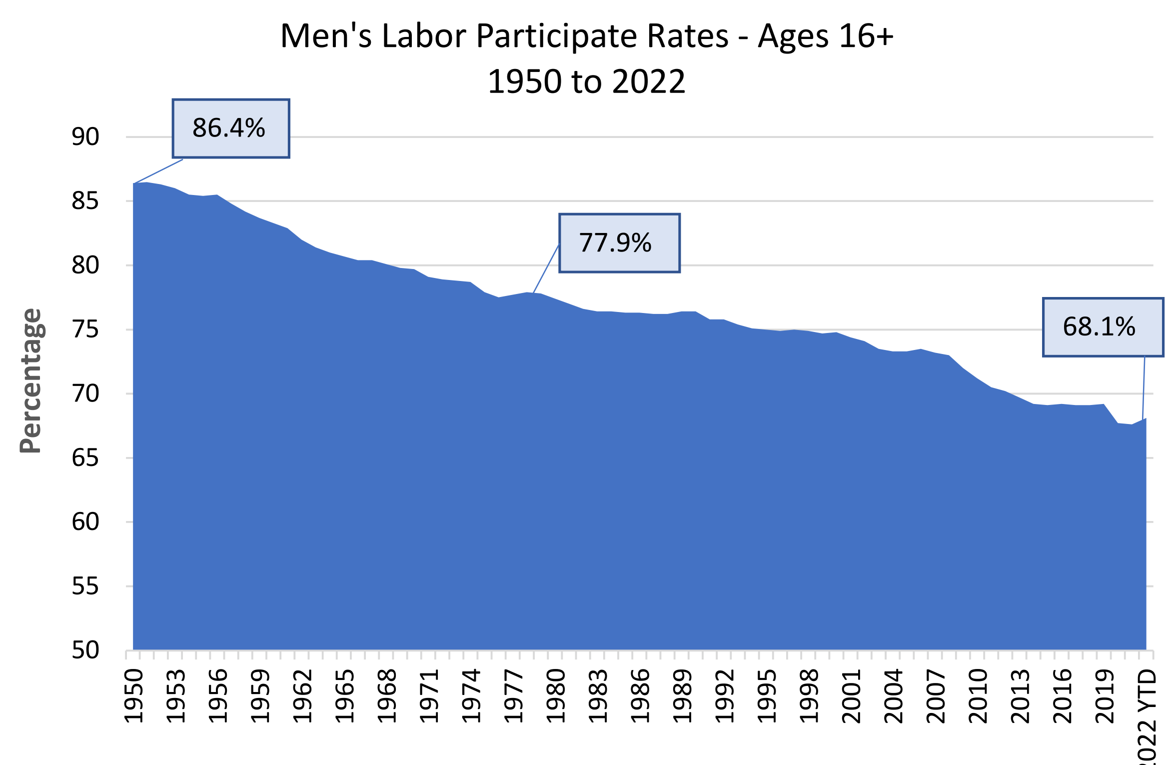
No matter who the audience is, one of the most frequently asked questions at my economics presentations is around the low labor participation rates in the U.S., particularly for young men. It is true that many men in their late 30s and 40s stopped working during the pandemic and have not fully returned to the labor force. But this is not a new phenomenon. Labor force participation overall, but particularly for younger men began to decline years ago, became more acute during The Great Recession, and even worse during the pandemic. Older cohorts typically attribute the phenomenon to a lazy generation of younger male workers. Younger people typically attribute the phenomenon to older cohorts who have taken the lion's share of wealth over the decades through dividends, stock buybacks, and easier homeownership while showing little understanding of today's barriers of higher education costs, student loans, and vastly different ideals around work.



Source: Bureau of Labor Statistics, Data-Driven Economic Strategies

There is almost downright hostility on both sides of the argument, but as I said at a recent presentation for the National Electrical Contractors Association (NECA), to solve this we have to understand it. Labor economists point out that when the Great Recession hit, men who today are 35-44 years old were entering the job market or early in their careers. Many of those young men either had trouble finding work or lost their jobs during the Great Recession. The recovery was an anemic one that lasted almost a decade, so it wasn't that easy with little to no experience for those young men to re-enter the job market. For those who did re-enter, many again lost their jobs during the pandemic. Men ages 35-44 without postsecondary education have been hit particularly hard with labor participation rates still almost two percentage points lower than they were pre-pandemic.

But even before The Great Recession, we started to see declines in the male labor participation rate decades ago as the chart shows. During the 1960s, manufacturing jobs began to decrease in number, taking away some of the opportunities for living wage jobs. In 1950, the male labor participation rate for all men ages 16 and up was 86%. By 1975 that labor participation rate had fallen eight percentage points to 78%. Fast forward to today, and labor participation for men ages 16 and up is down to 68%. While it's true more people now go to college, women now outnumber men in college and white males in particular are seeing declining enrollments.

Social norms have also shifted making it more culturally acceptable for men to stay home with the kids if mom has better job prospects. Norms have also moved away from the traditional role of a male head of household as a provider. The war on crime in the 80s and 90s saw increases in incarceration and released prisoners found it harder to land jobs. Labor and health experts also cite the increase in drug addiction, especially opioids. A literature review I did several years ago for an article series on the impacts of legalized recreational marijuana also points to negative impacts on the amygdala for high users, which plays a large role in motivational receptors.

I've also heard from many young people that they have no interest in following the pathways of their parents who may have worked well over 40 hours a week for much of their careers. They care more about their quality of life as well as their social impact. Admittedly, I am old enough that sunscreen, carbon emissions, and humane, global working conditions were just not on the radar of my cohort. We defined success by moving to Chicago, New York, or Washington D.C. to live the dream of an 80-hour week while we climbed the corporate ladder. Paradoxically, the Boomer and Gen X ideation of work is exactly what enables some youth to not work, work less or for less money including in the informal sector, and sometimes live at home for longer. (Local) median home prices seem out of reach to the average 25-year-old, and at roughly half a million dollars, prices are indeed out of reach.

I would also argue that there is a relative deprivation promulgated by social media where the lifestyles of the top 1% or even top 0.1% shine a harsh light on the wealth gap. In 2022 according to the Federal Reserve, the top 1% have 32% of the total U.S. wealth and the bottom 50% have 3.2% of the total wealth. Even for young men who have completed four-year degrees, if you account for the average $37,000 student loan, many of the graduates still see homeownership and prosperity as distant aspirations. As a workforce development advocate, I believe there are too many (nonspecialized) degrees that don't necessarily guarantee a livable wage either. That is, in fact, one reason that college is not viewed as "the ticket" to the American dream as it once was.

I've heard many young people also say that employers want years of experience, even in today's relatively tight labor market where there is 0.6 of a worker available for each open position. I believe this is exacerbated by some companies that use software to screen resumes. How is a young person supposed to get into the workforce with a machine weeding them out especially for those who do not have parents with established networks?

We've heard a lot about mothers who left the labor force during the pandemic, and those women are not fully back although participation rates are getting close to pre-pandemic levels mostly because of educated women. Education and relevant training are the linchpins, and many high-demand occupations don't require four-year degrees.

I’ve always thought paid training would be a fantastic investment in U.S. economic growth as new workers could be trained in high-demand occupations that have livable wages and become new taxpayers. My office recently did a calculation and we found that if the male labor participation rate increased from the current 68% to even 75%, we would gain 9.3 million additional workers. Currently, the U.S. has 10.3 million job openings and even with a looming economic downturn, virtually every business survey states that employers are still starved for qualified labor. Providing relevant, subsidized, or free training for men (and women) would certainly fill all the U.S. job openings at least in theory. Raising our labor participation rate would also raise the average household’s standard of living, U.S. productivity, and therefore, global competitiveness. Now that would yield a high return on investment for our tax dollars.

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