

Trends in Hours of Work and Labor Force Participation

- I. Hours: a) Trends
 b) Explanations

 - II. LFP a) Data and Measurement
 b) Trends
 c) Explanations (Juhn, Blau)
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I. Weekly hours of work

1. “Standard Weekly Hours”

- ! longest available time series on hours is this
- ! strong decline throughout 20th century, from 1900 to about 1960
- ! stable since then

possible explanations:

- increasing real wages; backward-bending labor supply curve
- legislation
[these explain the decline to 1960]

- real wage growth stopped after 1973
- hours reduced via longer education, earlier retirement instead (longer lifetime)
- increase in non-wage benefits instead of leisure (including paid vacations)
[these explain the stabilization after 1960]

2. Actual weekly hours

- ! overall mean hours at main jobs quite steady (except for “youth?”)
- ! latest trend is some “polarization” but source of this is not well-understood

possible reasons for polarization:

- increase in voluntary part-time work, especially among youth
- increase in demand for highly skilled workers (and longer hours)

II. Labor Force Participation

1. Data and Measurement:

-Monthly Employment, Unemployment Statistics come from the Current Population Survey

-CPS defines three main labor force “states:

-**employed** (subdivided into “at work” and “absent”) (**E**)

-**unemployed** (not employed, but looking for work). Unless you are “on layoff” the search must be “active”. Can be subdivided into: job losers, job leavers, new entrants, re-entrants. (**U**)

-**not in labor force** (not employed, not looking for work). Includes retired, in school, keeping house. (**N**)

Commonly-reported statistics:

The labor force: $E + U$

The unemployment rate: $U/(E + U)$

The labor force participation rate: $(E + U)/(\text{population } 15-64)$

The employment-population ratio: $E/(\text{population } 15-64)$

2. Trends: LFP and E/P have been falling for Men, especially older and unskilled men, for several decades.

LFP and E/P have been rising for Women.

3. Explanations:

For men, some have blamed Social Security Disability Insurance (SSDI). Bound and others reject this. Juhn blames a drop in offered wages.

For women, most credit rising wages. But what explains the rising wages? See Francine Blau’s article.