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November 2, 2013, 5:00 AM

Number of the Week: Why Don't More People Want a Job?

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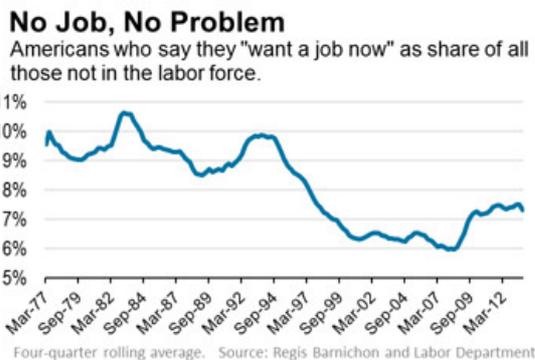
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By BEN CASSELMAN [CONNECT](#)

34.3%: Share of Americans over age 16 who say they don't want a job, up from about 30% two decades ago.

Americans aren't just leaving the labor force — those who have left it are drifting further away.

Economists studying the labor market have traditionally focused on two types of people: those who have jobs (the employed) and those who are trying to find them (the unemployed). Together, those groups make up what is known as the "labor force."

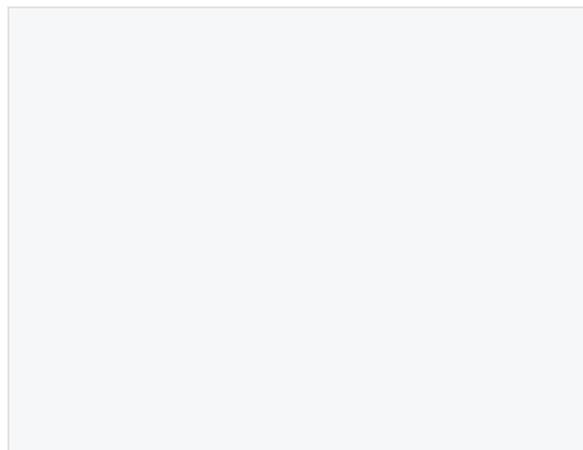


As close observers of the economy already know, the labor force has been shrinking as a share of the population, a trend that began in the early 2000s, accelerated in the recession and has continued during the weak recovery. The so-called "participation rate" — the share of the population that's working or looking for work — now stands near a three-decade low.

Such measures, however, treat all those out of the labor force as a single group, lumping together retiring Baby Boomers and stay-at-home moms with laid-off factory workers. The Labor Department publishes estimates of "discouraged workers" — those who have given up looking because they can't find a job — but it uses a narrow definition. Someone who decides to take care of the kids rather than keep looking for work might not count as discouraged — even if the person wants a job and plans to look for one in the future.

But in a new paper, economists Regis Barnichon and Andrew Figura divide up those out of the labor force using a simpler standard: whether or not the person says they want a job. And they uncover an interesting previously unnoticed trend: As a share of all those "not in the labor force," the number of people who want a

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job has been generally declining since the early 1980s. Three decades ago, more than 10% wanted a job; on the eve of the latest recession, the share dipped below 6%.

Moreover, Messrs. Barnichon and Figura found, the decline in people who want a job wasn't driven by people entering the labor force. It was driven by people switching from wanting a job to not wanting one. Long before the recession, in other words, Americans were drifting away from the labor force.

The recession changed the picture: The surge in layoffs and plunge in hiring left millions of Americans who wanted jobs on the sidelines. But even so, the share of those not in the labor force who wanted jobs peaked at around 7.5%, far below its 1980s level.

What's behind the decline? The obvious answer is the aging of the Baby Boom generation. But while demographics help explain the overall decline in labor-force participation, it doesn't explain the shift within the ranks of the "not in the labor force."

Rather, the decline in those who want a job is concentrated among three groups: Young people, women and the less educated. The decline among young people mirrors a long-term decline in employment rates among young adults, especially teenagers. The reasons for that aren't entirely clear, but may include a rising focus on college attendance, the disappearance of many low-skilled jobs and cultural factors that put less of a premium on working while in school.

The decline among women yields perhaps the authors' most intriguing hypothesis: They note that the trend was strongest in the mid-to-late 1990s, also a period of strong income growth. Among married couples, at least, rising incomes could have made it less attractive — or less necessary — for both spouses to work. Indeed, the trend flattened out during the 2000s, a period of much weaker income growth.

Whatever the reason, the shift has significant implications for the labor market in both the short and long term.

People who want a job are, unsurprisingly, much more likely to enter the workforce than people who don't. And when they do enter the labor force, they do so differently. People who want a job tend to enter the labor force as "unemployed" — they are people who already wanted a job and at some point decided to start looking for one. People who don't want a job have to be tempted to take one, meaning they tend to enter the labor force as "employed" — imagine, for example, a stay-at-home parent who gets an unsolicited job offer and decides to take it.

The long-run decline in the share of people who want a job, then, means there's less movement in and out of the labor market than there was in the past, and especially less movement from "not in the labor force" to "unemployed." That means that today's unemployment rate is lower than it would have been under the same economic conditions two decades ago, which means the unemployment rate could be giving policymakers an artificially rosy view of the labor market.

"It's one more argument saying that unemployment is not necessarily a very good measure of the state of the labor market," Mr. Barnichon says.

The trend identified by Messrs. Barnichon and Figura also has long-term implications for economic growth. Right now, with unemployment high and hiring weak, whether people want a job or not doesn't make much difference — there aren't many jobs for them anyway. But when hiring picks up, people who want a job will be far more likely to rejoin the labor market. Those who don't want job, though, might not return, even in a strong job market. That could mean slower growth in the decades ahead.

[employment](#), [Labor force participation rate](#), [Number of the Week](#), [Unemployment](#)



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7:06 am November 12, 2013

Raleigh-ite wrote :

Well, with the advent of taxpayer funded healthcare, why should I work. I can get a food-card that works in my local McDonald's, a free cell phone to check up on my free goodies account, a subsidized house, a subsidized car, and a monthly check....what's not to love? Stop blaming politicians – you elected them, and you keep sending the same dummies back. You're responsible. You vote for a President because of his race, not his leadership ability. You'll also vote for Hilary because of her sex. You can't get off your lazy ass to vote once every few years – you have to have weeks to vote, because my gosh, it might be cold, or rainy on elections day. You're getting what you deserve...unfortunately, those of us who take time to figure out the better (of the not so great) candidates get taken down with you.

9:16 am November 9, 2013

bsinn wrote :

I think we may regret the decision to downgrade our public education system to upgrade the educator's compensation. Having run an organization that employed 800 people, there was a significant decline in the quality of the job applicant we saw in the last 10 or so years. Somewhere along the line, the education system stopped focusing on problem solving and the ability to asses facts and formulate a plan. Newer applicants have the grades but don't seem to have the intellectual curiosity about the job or how to do it better. It isn't a surprise that the US ranks in the mid 20's in global education achievement tests. I've been told by some of my clients that they manufacture off shore mainly because they get a better prepared worker, as well as lower cost.

6:27 pm November 8, 2013

isomorphisemes wrote :

Solid article on a non-sexy/hypey topic. Thanks for summarising the paper for us.

5:38 am November 6, 2013

amir wrote :

i have a global business anyone who want contact me, my contact number is 00923239812508,