

Look Who's Working Now

The landscape for the American worker has changed dramatically since the early 1950s. Immigration and social change have greatly altered the composition of the labor force. For instance, women accounted for 31.6 percent of the labor force in 1955, whereas they accounted for 46.4 percent in 2005.

The overall labor force participation rate (LFPR) for those at least 16 years old has risen from 59.2 percent in 1955 to 66.0 percent in 2005; so, a higher percentage of eligible workers are now in the labor force. This rise in LFPR, however, has been driven significantly by the steep rise in labor force participation by women. Furthermore, virtually all of this increase is attributable to married women, whose LFPR rose from 28.5 percent to 60.7 percent.¹ Conversely, the change in unmarried women's LFPR was a mere 4.9 percentage points, from 61.1 to 66.0 percent. Over the same period, men's overall LFPR actually fell 12.0 percentage points (from 85.3 to 73.3 percent), in large part because of the decline in married men's LFPR (from 90.7 to 77.2 percent).

We can see a more complete picture of these overall gender differences if we compare the change in LFPR across races. Since 1973, changes in LFPR among whites, blacks, and Hispanics have been relatively consistent: Men's LFPRs have declined slightly and women's LFPRs have risen. Specifically, from 1973 to 2005, the overall declines for black (6.0 percentage points), Hispanic (1.4 percentage points), and white (5.4 percentage points) men are of similar magnitude. The overall rises for black (12.3 percentage points), Hispanic (14.3 percentage points), and white (14.8 percentage points) women mirror each other as well.

Of course, specific differences do exist in LFPRs among races, as the chart shows. For instance, LFPRs for white and black men have steadily declined at about the same rate, whereas the rate for Hispanic men has remained around 80 percent the entire period. As for women, the upward trend in LFPR for white women began leveling off in the early 1990s. In contrast, Hispanic and black women saw a rather sharp rise in LFPR during the economic expansion of the 1990s. Also notice that the LFPR has been much more variable for blacks and Hispanics than for whites.

What might explain these trends? As mentioned above, the rise in the overall LFPR has been driven primarily by increased labor force participation of married women. Engemann and Owyang discuss a few of the existing economic theories that explain this trend.² Among those are the delay of fertility, spurred by the birth control pill, and widespread adoption of time-saving household technology, both of which have allowed women to enter the labor force to a greater extent. To explain higher variability among minorities, Wall points out that black employment is hit harder during recessions than white employment and that the former rises more quickly than the latter during expansions.³ Similar patterns may come into play for Hispanic and overall LFPRs.

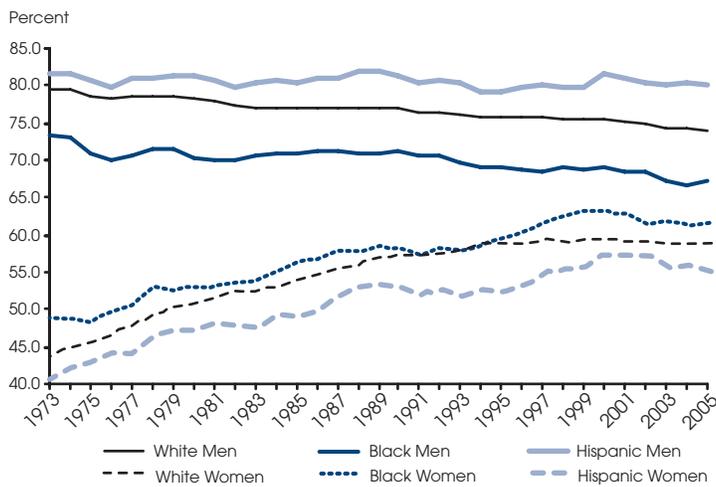
—Kristie M. Engemann and Michael T. Owyang

¹ The rise in married women's LFPR occurred predominantly between 1955 and 1995; since 1995, it has been relatively stable.

² Engemann, Kristie M. and Owyang, Michael T. "Social Changes Lead Married Women into Labor Force." Federal Reserve Bank of St. Louis *The Regional Economist*, April 2006, pp. 10-11.

³ Wall, Howard J. "Recessions, Expansions, and Black Employment." Federal Reserve Bank of St. Louis *The Regional Economist*, October 2003, p. 19.

Labor Force Participation Rate



SOURCE: LFPR numbers come from the Bureau of Labor Statistics.