Declining Male Employment: A Cause for Concern

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Diverging: Earnings of College Grads Rose 40 – 80% in 1980 – 2012, Earnings of High School or Lower Stagnated or Fell 20%

Autor, 2014
Not Participating: Employment Rates Are Dropping Among Young Males Who Face Declining Wages

Change in Male Hourly Wages (%pts)

-30 -25 -20 -15 -10 -5 0 5 10 15 20 25 30 35 40 45 50

Change in Male Emp to Pop Rate (%pts)

-30 -25 -20 -15 -10 -5 0 5 10 15 20 25 30 35 40 45 50

-Whites
-Other Nonwhites
-Blacks
-Fitted values

Autor and Wasserman 2013
What’s the problem?

• Stagnating male college attainment
• Skill-biased technical change
• Rapid globalization
Holding Back: Decelerating Supply of Young U.S. College Grads – Especially Young Males – Since ’82

Autor, 2014
**Tipping Point: Female/Male Ratio in College (‘Tertiary’) Educational Attainment in OECD Countries, 2011**

Source: OECD 2013
Biased Technical Change ➔ Shrinking Middle:
The ‘Barbell’ Labor Market (AKA Job Polarization)

1979

- Low Skill: 13.7%
- Medium Skill: 61.1%
- High Skill: 25.2%

2016

- Low Skill: 18.2%
- Medium Skill: 43.2%
- High Skill: 38.6%
Not Just a ‘U.S. Thing:’ Employment Polarization in Sixteen European Union Countries, 1993 - 2010

Goos, Manning and Salomons, 2014
Globalizing: China’s 2001 WTO Accession a Major Adverse Shock to U.S. Manufacturing Jobs (>1M Lost)

However, owing largely to China’s spectacular economic growth, the situation has changed markedly. In 2000, the low-income-country share of US imports reached 15 percent and climbed to 28 percent by 2007, with China accounting for 89 percent of this growth. The share of total US spending on Chinese goods rose from 0.6 percent in 1991 to 4.6 percent in 2007 (Figure 1), with an inflection point in 2001 when China joined the World Trade Organization (WTO).

Over the same period, the fraction of US working-age population employed in manufacturing fell by a third, from 12.6 percent to 8.4 percent (Figure 1). Amplifying China’s potential impact on the US labor market are sizable current-account imbalances in the two countries. In the 2000s, China’s average current-account surplus was 5 percent of GDP, a figure equal to the contemporaneous average US current-account deficit. US industries have thus faced a major increase in import competition from China without an offsetting increase in demand for US exports.

In this paper, we relate changes in labor-market outcomes from 1990 to 2007 across US local labor markets to changes in exposure to Chinese import competition. We treat local labor markets as subeconomies subject to differential trade shocks according to initial patterns of industry specialization. Commuting zones (CZs), which encompass all metropolitan and nonmetropolitan areas in the United States, are logical geographic units for defining local labor markets (Tolbert and Sizer 1996; Autor and Dorn 2013). They differ in their exposure to import competition as a result of regional variation in the importance of different manufacturing industries.

See Table 1. We classify countries as low income using the World Bank definition in 1989, shown in the online Data Appendix.

In Figure 1, we define import penetration as US imports from China divided by total US expenditure on goods, measured as US gross output plus US imports minus US exports. The data series for manufacturing/population in Figure 1 is based on the Current Population Survey for workers aged 16 to 64. While the reduction in manufacturing employment was rapid during the recessions in 1990–1991 and 2001, there were also declines during the expansions 1992–2000 and particularly 2002–2007. In previous expansion phases of the 1970s and 1980s, the manufacturing/population ratio had increased.

**Figure 1. Import Penetration Ratio for US Imports from China (left scale), and Share of US Working-Age Population Employed in Manufacturing (right scale)**
Why this matters: Dynamism versus dynasticism

Change in Percent of Women Married

Change in Male Hourly Wages (% pts)

-25 -20 -15 -10 -5 0 5 10 15 20 25 30 35 40 45 50

Apple and Wasserman 2013
Unmarried with Children: Non-Marital Childbearing Much Higher among Non-College Women (2008 data)

Because the Fragile Families Survey reports both the mothers’ and fathers’ earnings, it is simple to calculate the poverty rate if the non-married mothers remain single and if each unmarried mother married her child’s father (thereby pooling both parents’ income into a joint family income). The Fragile Families data show that if unmarried mothers remain single, over half (56 percent) will be poor. (This high level of poverty will persist for years: half of all unwed mothers will be poor five years after the child is born.)

By contrast, if the single mothers marry the actual biological fathers of their children, only 18 percent would remain poor. Thus, marriage would reduce the expected poverty rate of the children by two-thirds.

It is important to note that these results are based on the actual earnings of the biological fathers of the children and not on assumed or hypothetical earnings. Moreover, the non-married fathers in the sample are relatively young. Over time, their earnings will increase and the poverty rate for the married couples will decline farther.

The Lifelong Positive Effects of Fathers Census data and the Fragile Families survey show that marriage can be extremely effective in reducing child poverty. But the positive effects of married fathers are not limited to income alone. Children raised by married parents have substantially better life outcomes compared to similar children raised in single-parent homes.

When compared to children in intact married homes, children raised by single parents are more likely to have emotional and behavioral problems; be physically abused; smoke, drink, and use drugs; be aggressive; engage in violent, delinquent, and criminal behavior; have poor school performance; be expelled from school; and drop out of high school.
MARRIAGE: AMERICA'S GREATEST WEAPON AGAINST CHILD POVERTY

Understanding the Cultural Context of Non-Marital Pregnancy and Childbearing

Clearly, the rise in unwed childbearing and the decline in marriage play a strong role in promoting child poverty and other social ills. Dealing with these issues will require an understanding of the social context of non-marital pregnancy and childbearing. The best source of information on this topic is Promises I Can Keep: Why Poor Mothers Put Motherhood Before Marriage by Kathryn Edin and Maria Kefalas.

Research on lower-income women who have become pregnant outside of marriage (either as minors or adults) reveals that virtually none of these out-of-wedlock pregnancies occurred because of a lack of knowledge about and access to birth control. Out-of-wedlock births are generally not the result of purely accidental pregnancies. In fact, most women who become pregnant and give birth out of wedlock strongly desire children. Their pregnancies are partially intended or at least not seriously avoided.

Most Unwed Mothers Strongly Desire Children

Kathryn Edin explains that children born out of wedlock are "rarely conceived by explicit design, yet are rarely a pure accident either."

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CHART 7

POVERTY RATE OF FAMILIES BY EDUCATION AND MARITAL STATUS OF HEAD OF HOUSEHOLD

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Single Rate</th>
<th>Married Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Dropout*</td>
<td>58.8%</td>
<td>24.0%</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>38.8%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Some College</td>
<td>28.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td>College Graduate</td>
<td>10.6%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

* Virtually none of the heads of families who are high school dropouts are minor teenagers.


Both Marriage and Education Are Highly Effective in Reducing Child Poverty in the United States

heritage.org SR 117
Pulling away: Gap in Years of Schooling of Students from Top v. Bottom Quintiles of Families, ‘68 – ’96 Birth Cohorts

Duncan and Murnane, 2011
Failure to Launch: BA Attainment for Students Enrolling in a 4-Year College in 2003/04 by Family Income Quartile

- Bottom quartile (<$32,000): 47%
- 2nd quartile ($32,000-$59,999): 57%
- 3rd quartile ($60,000-$91,999): 66%
- Highest quartile ($92,000 or more): 76%
- Highest 6% (!$50,000 or more): 80%

National Center for Education Statistics, Beginning Postsecondary Students Longitudinal Study
More Unequal and Less Mobile: Countries with High Income Inequality Have Low Intergenerational Mobility

![Graph showing the relationship between income inequality and economic mobility across countries.](image-url)

- **Income Inequality**: More unequal and less mobile
- **Generational Earnings Elasticity**: Lower mobility

Key points:
- High levels of economic inequality at a point in time are not intrinsically inimical to high levels of economic inequality at another point in time, whereas high levels of intergenerational economic inequality are.
- The quickening pace of the college premium after 2005 is in large part a consequence of the quickening pace of technological change in comparison with the increasing rate of return on higher education.
- One metric by which to evaluate the consequences of this economic mobility is the intergenerational elasticity of earnings.
- Having acquired a certain level of education, potential earnings are more likely to be realized if the individual is more productive or lucky in their careers.
- Two of the strongest predictors of children's earnings are their parents' earnings and the educational attainment of their parents.
- Differences in the expected returns to education between men and women is a key factor accounting for gender gaps in earnings mobility.
- The return to college is much lower in the United States than in many other developed countries.
- The two countries with the highest degree of inequality are the United States and Denmark, whereas the countries with the lowest levels of inequality are Canada, Australia, and the United Kingdom.

Sources:
Declining Male Employment: A Cause for Concern

• A market economy needs some inequality
• Too much inequality? Dynamism begets dynasticism
• Male earnings and employment are falling
  1. Stagnant college attainment
  2. Barbell job market (technical change)
  3. Rapid globalization (manufacturing jobs)
• Why this matters
  • Middle-class, two-parent families in decline
  • Low-income kids suffer from underinvestment
  • This inhibits meritocracy and mobility
• Reversing the curse
  • Raising earnings, employment of non-college adults
  • Improving educational outcomes, K-12 + college