
Updates on Labor Force Participation and Productivity Growth, Plus Employment in a Recession

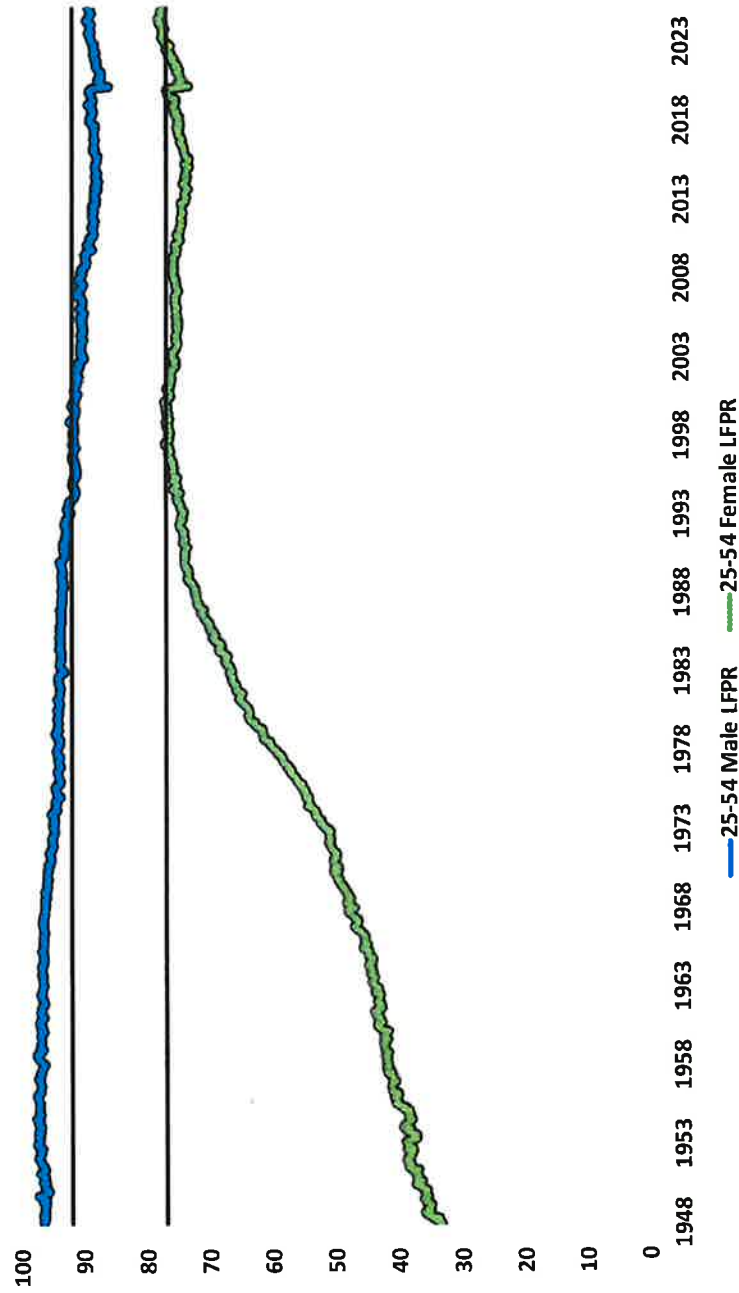
**Robert J. Gordon
Academic Advisory Council,
Chicago Fed, May 30, 2024**

A Brief Glimpse at Three Topics

- **Labor Force Participation:**
 - How has the different trajectories of males vs. females evolved?
 - How is the decline since 2000 divided between:
 - Baby-boom generation retirement
 - Change within each age group
- **Productivity Growth**
 - Update on Recent Data
 - Implications for Productivity Trend, Potential GDP Growth
- **In a hypothetical mild recession, how would employment growth evolve?**

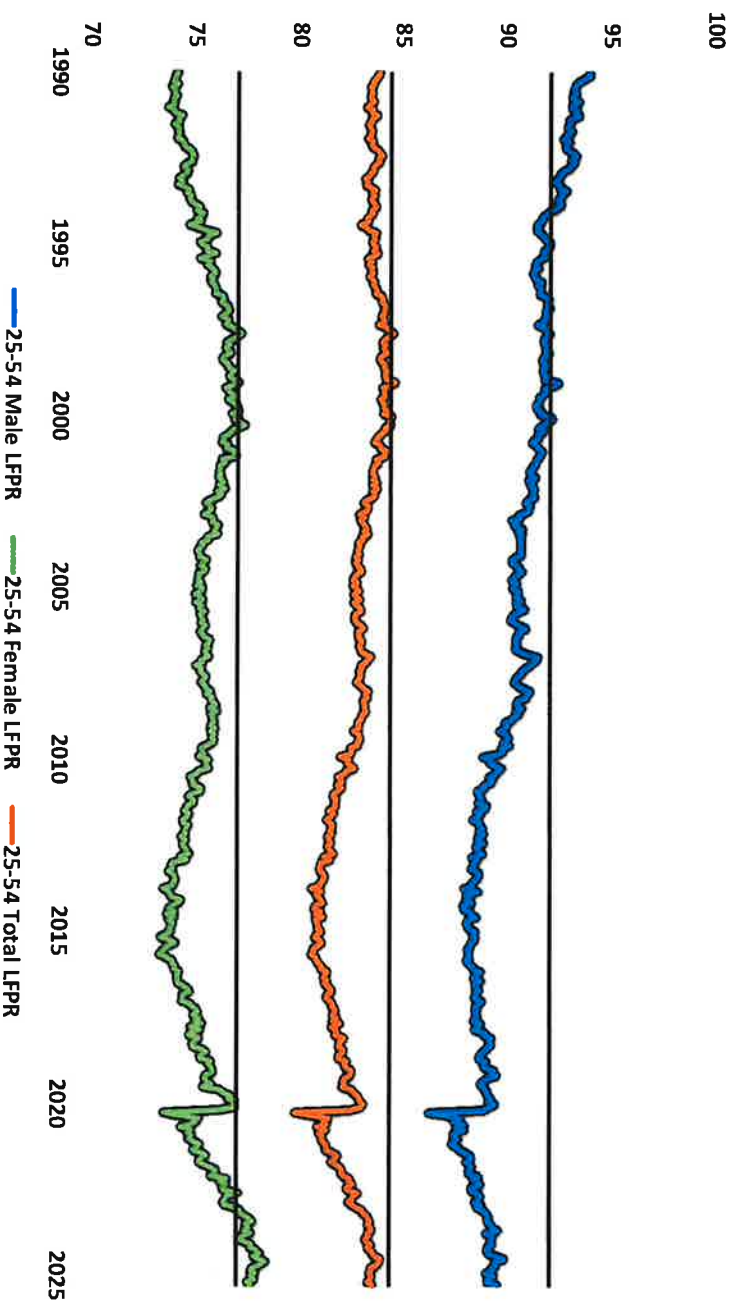
Male vs. Female Prime-Age (25-54) LFPR Since 1948

Labor Force Participation for Males, Females, Ages 25-54, January 1948 - April 2025



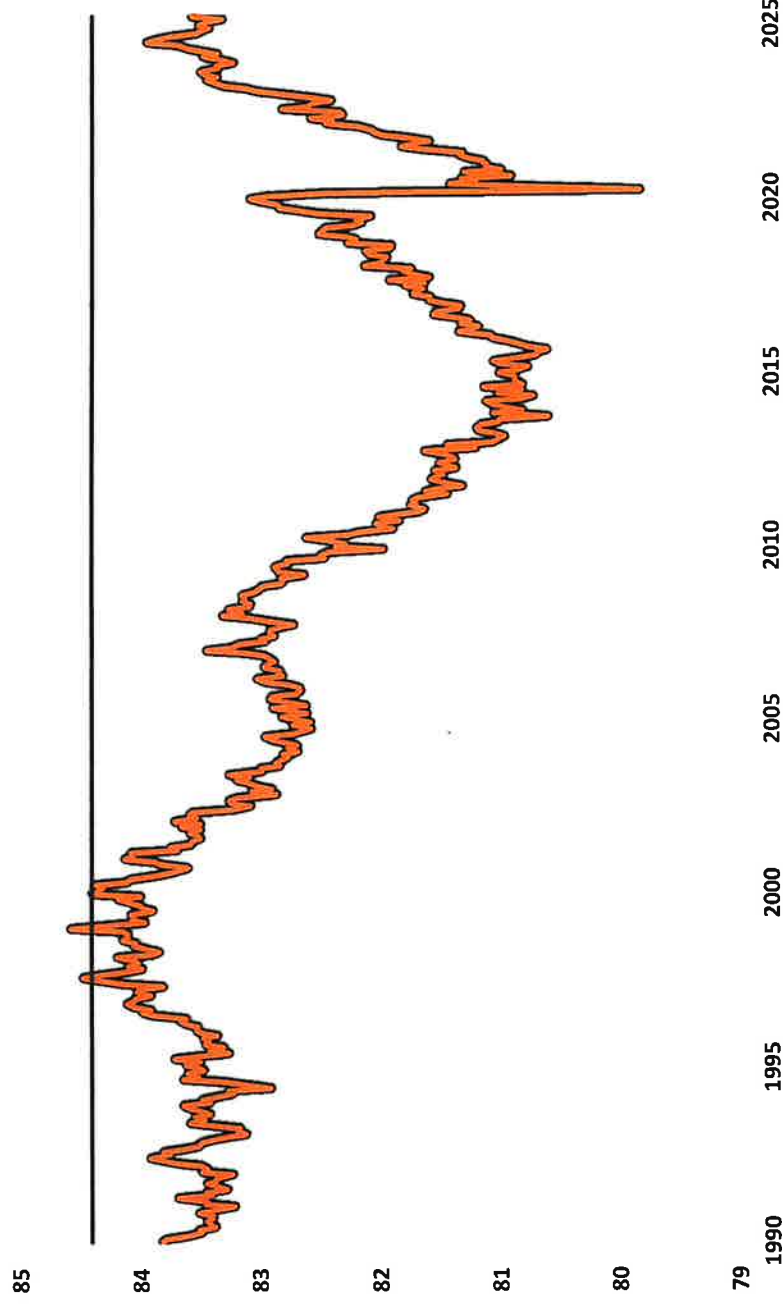
Male, Female, and Total Prime-Age LFPR Since 1990

Labor Force Participation for Males, Females, Ages 25-54, January 1990 - April 2025



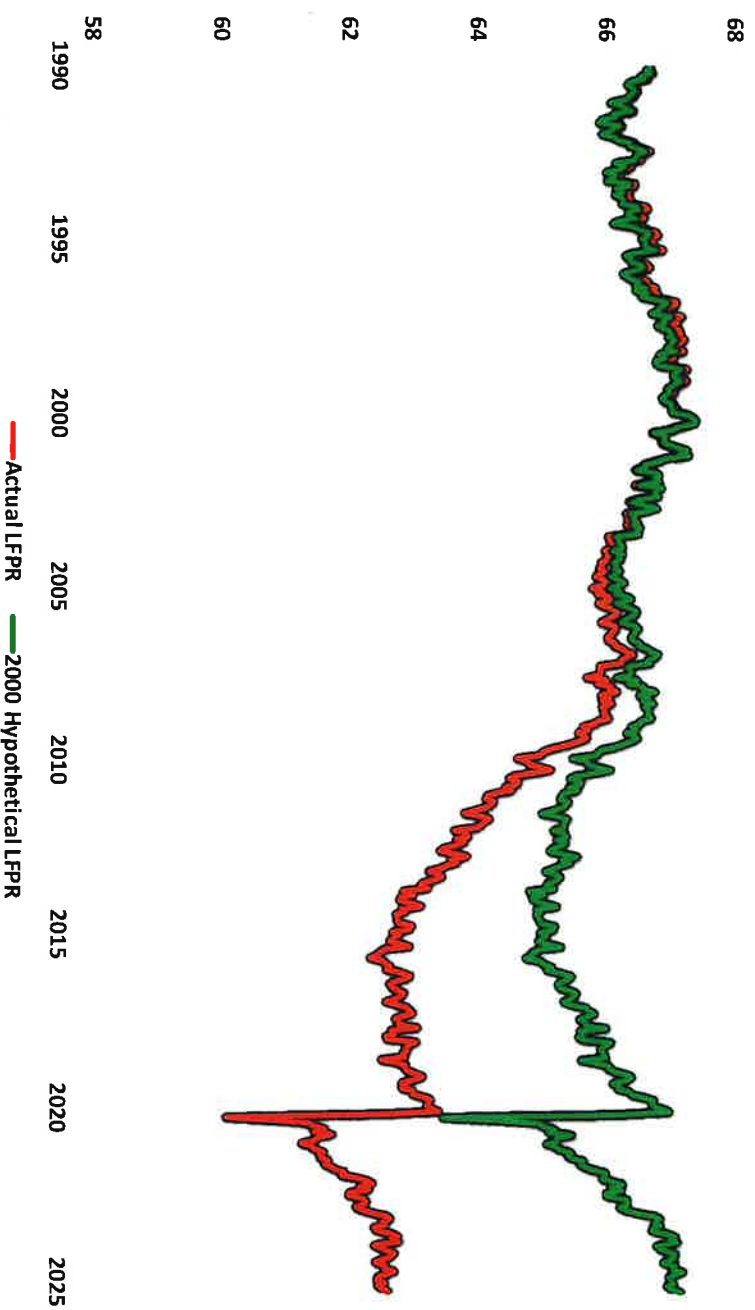
Both Sexes Prime Age Since 1990, Enlarged Vertical Scale

Labor Force Participation, Ages 25-54, January 1990 - April 2025



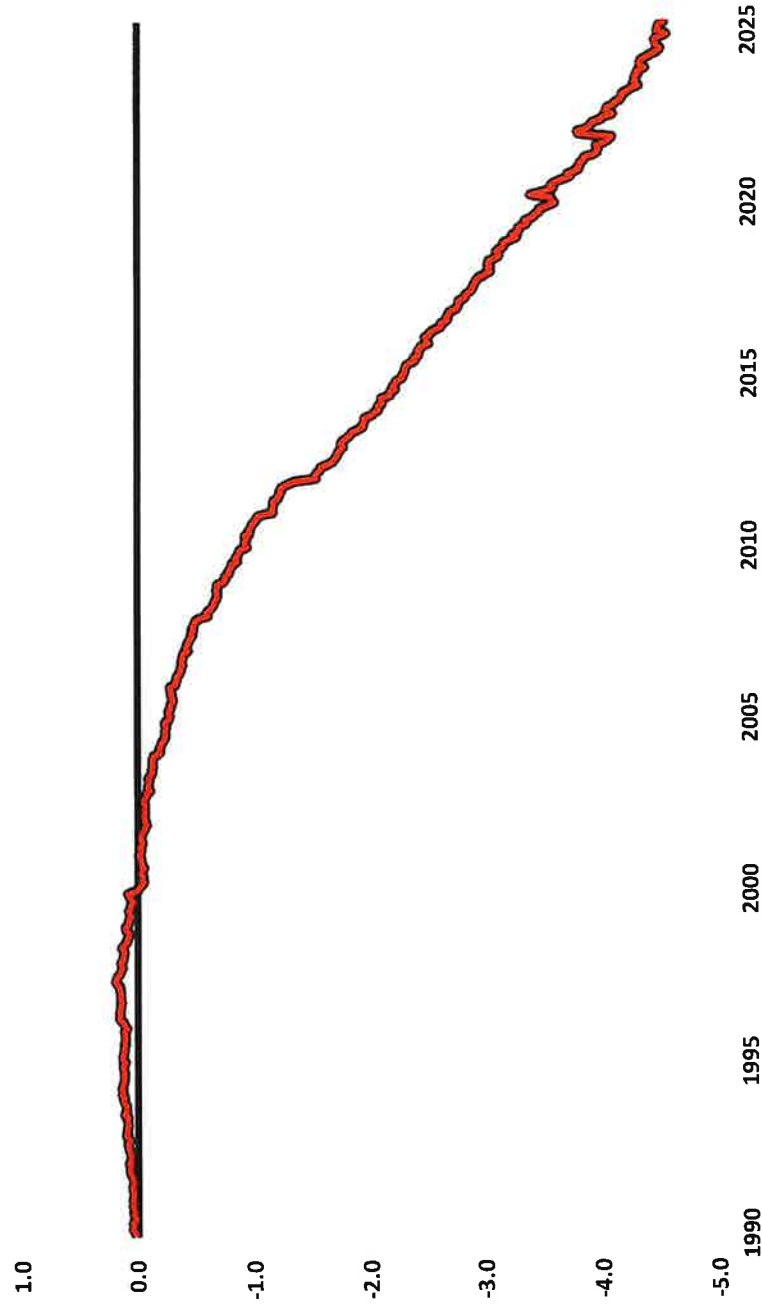
Total All-Age LFPR, Actual (Red) vs. Constant Age Distribution (Green)

Actual LFPR vs. Hypothetical LFPR based on 2000 Population Ratios, Monthly, January 1990 - April 2025



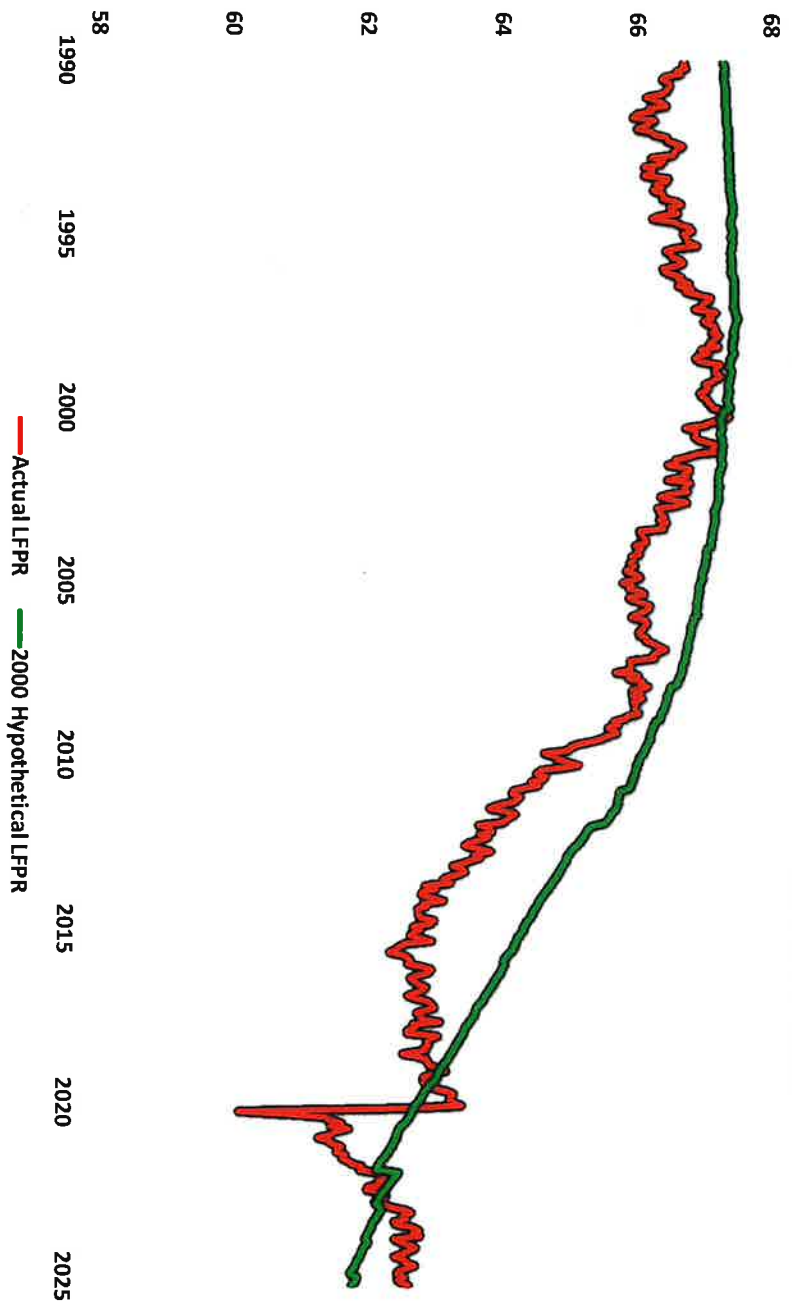
Effect of Changing Age Distribution (Baby-Boom Generation Retirement)

Difference Between Hypothetical and Actual LFPR based on 2000 Population Ratios, Monthly,
January 1990 - April 2025



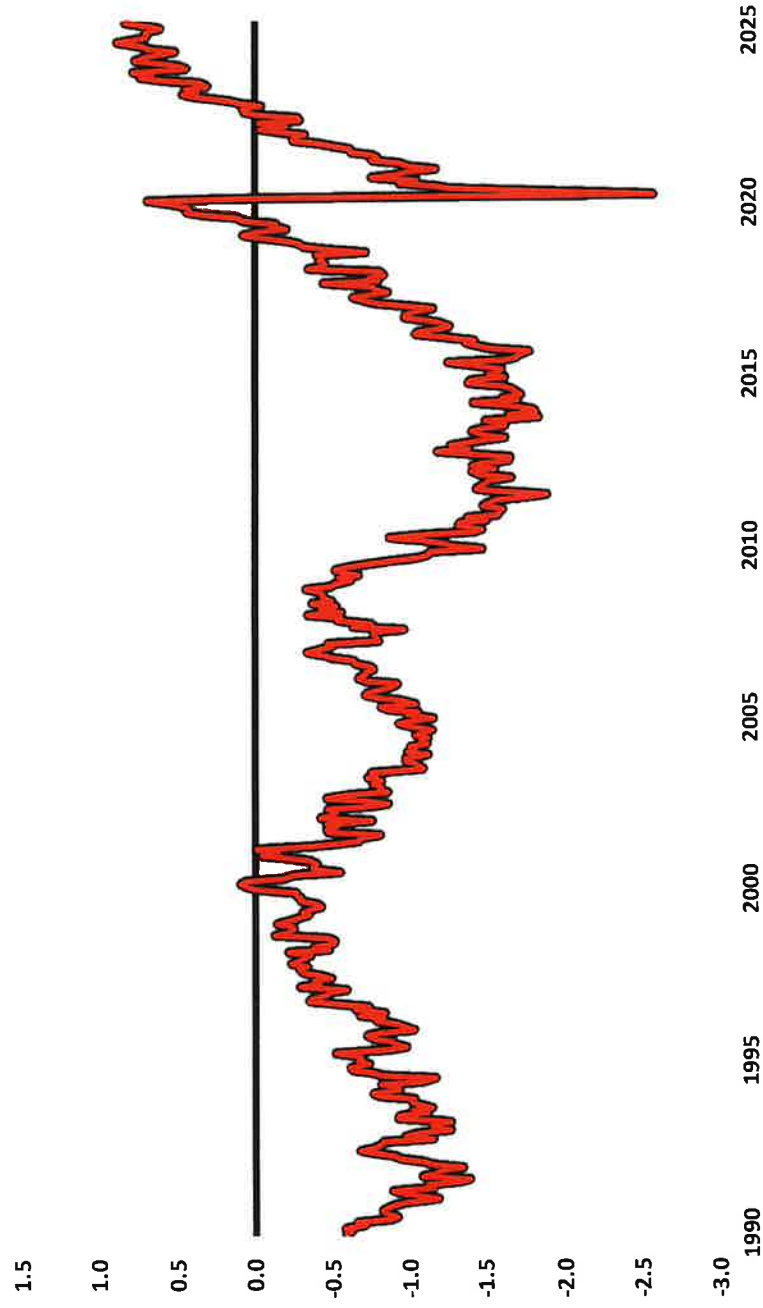
Total All-Age LFPR, Actual {red} vs. Constant LFPR in Each Group

Actual LFPR vs. Hypothetical LFPR based on 2000 LFPR, Monthly, January 1990 - April 2025



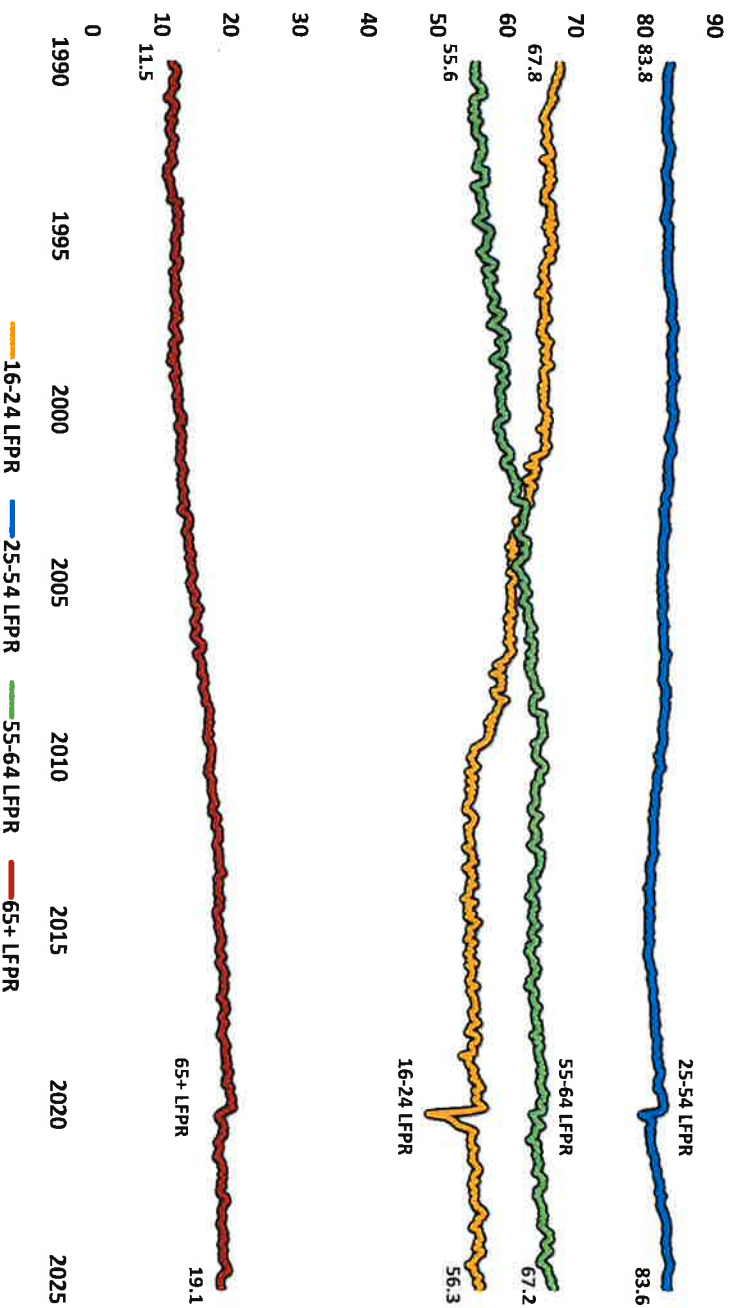
Average Effect of Changing LFPR within Each Age Group

Difference Between Hypothetical and Actual LFPR based 2000 LFPR, Monthly, January 1990 - April 2025



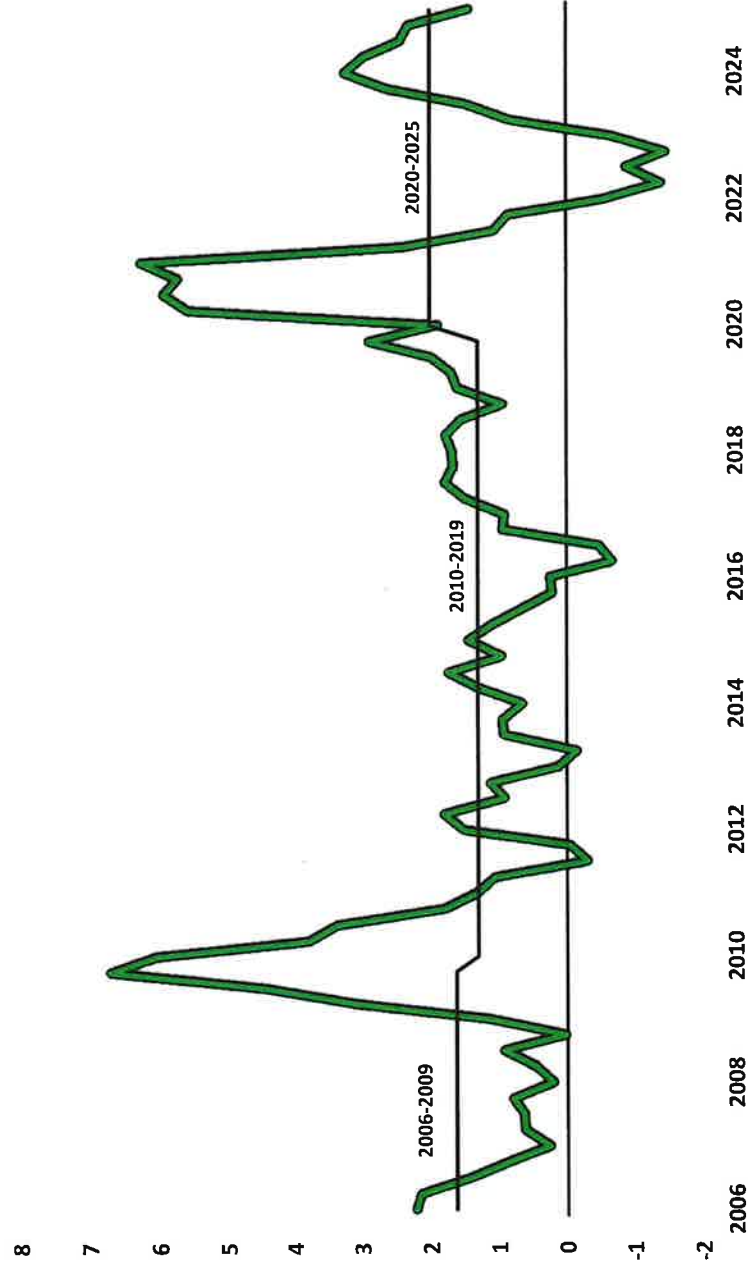
Actual LFPR Within Each Age Group

Labor Force Participation by Age Group (16-24, 25-54, 55-64, and 65+),
Monthly, January 1990 - April 2025



4-Quarter Growth Rate of Business Productivity, 2006-2025

Four-Quarter-Moving-Average Labor Productivity Growth, Business Sector,
2006:Q1-2025:Q1



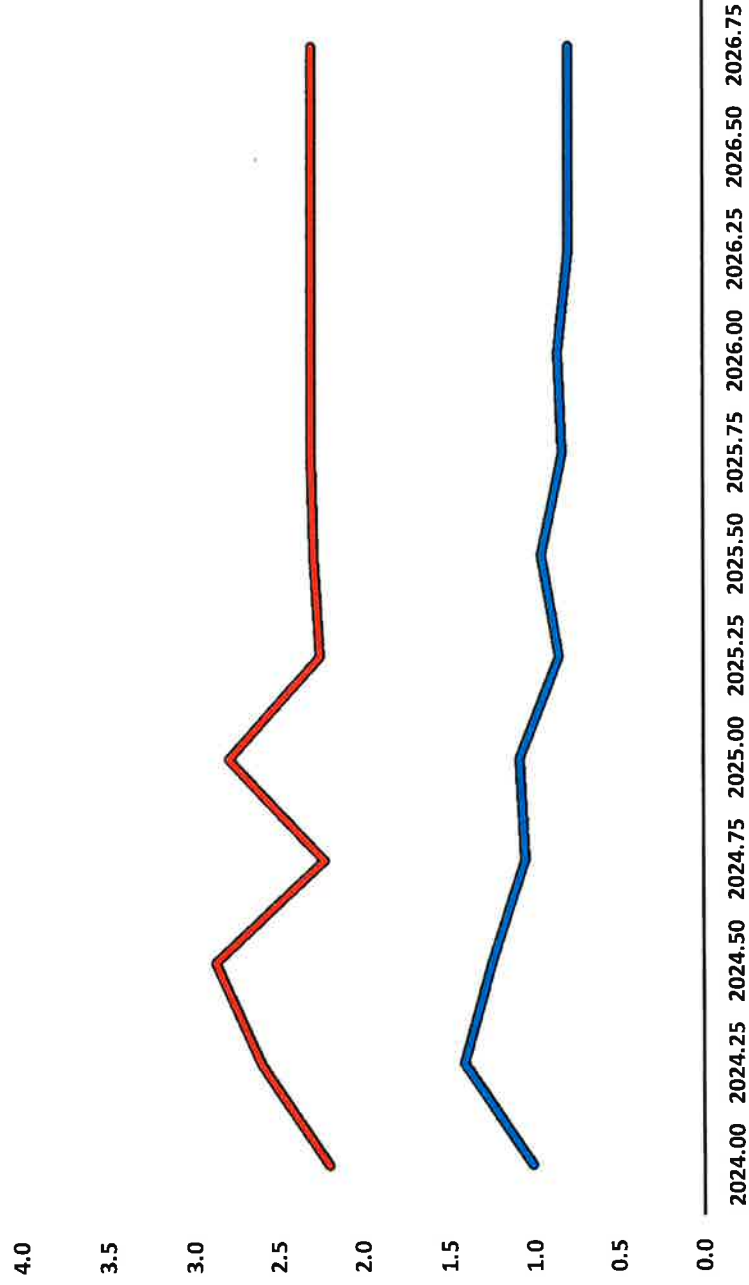
4-Quarter Growth Rate of Business Productivity, 2019-2025

Four-Quarter-Moving-Average Labor Productivity Growth, Business Sector,
2019:Q1-2025:Q1



Hypothetical Steady Output Growth (red) and Implied Hours Growth, 2024-26

Predicted Hours Quarterly Growth, Business Sector, 2024:Q1-2026:Q4 (2011-25 regression)



Hypothetical Output Growth Recession (red) vs. Implied Growth of Hours

Predicted Hours Quarterly Growth, Business Sector, 2024:Q1-2026:Q4 (2011-25 regression, varying output path)

