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HOW TO GET AMERICAN MEN BACK INTO THE WORKFORCE

Rethink unemployment insurance and increase public investment in improving skills.

By Jason Furman
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The U.S. has experienced a record **86 consecutive months** of job growth. But some nine million men of prime age – that is, between 25 and 54 – still are not working. Most have given up looking for jobs. Helping these men get back into the workforce should be a leading public-policy priority.

The GOP is using the problem as a pretext for cutting spending to help pay for tax cuts. Policy makers should start with the goal of getting people into jobs – not saving money. Accomplishing this will require more investments, including tax credits that benefit workers, removal of institutional obstacles to employment, and efforts to connect workers to jobs.

The overall unemployment rate is low, but the employment rate for prime-age men still hasn't climbed back to its prerecession high. This is not unique to this recovery: In all but one economic recovery since the 1960s, this group failed to recover fully from the previous recession. The result has been a downward ratchet with large declines during recessions and small gains during recoveries. Overall the employment rate among men 25-54 has dropped from 96 percent in the 1950s to 86 percent today.

The GOP often blames disability insurance for keeping men on the couch. Yet the number of prime-age men on disability has increased only 1.6 percentage points since 1967, while the fraction of men not working has increased by 8.4 points. The rise of disability insurance is partly due to the aging of the population. Many of the people on disability would not have worked anyway, and at least some of the rise of disability insurance is caused by the lack of jobs. Adjusting for these factors, the Council of Economic Advisers in 2016 **estimated** that the expansion of disability insurance accounts for no more than 0.5 percentage point of the reduction in employment rates.

Taking a broader view, the fraction of prime-age men receiving any federal cash assistance – including disability insurance and other cash payments – has fallen to 10 percent in 2016 from 20 percent in 1975. Noncash benefits like Medicaid and nutrition assistance have increased over the past decade, but the employment rates for prime-age men were declining steadily long before this increase began. Moreover, many of these programs have adopted increasingly strict work requirements over time.

When it comes to prime-age men working, the U.S. compared unfavorably with other advanced economies, falling in the bottom half of the Organization for Economic Cooperation and Development despite having the second-least-generous disability benefits in the group and nearly the shortest duration of unemployment insurance benefits.

The largest issue facing American men is not that they are rewarded for remaining in a recliner, but that they cannot find rewarding work. The bulk of the decline in employment has been for men with a high-school diploma or less, who have seen their employment rates

fall from 97 percent in 1964 to 83 percent today. This has coincided with a decline in their relative wages: High-school grads in the 1970s earned two-thirds what their college-educated counterparts took home. Today it's around half.

Reversing the withdrawal of men from the workforce will require rising wages. This can be achieved by improving the skills of workers through education and training and improving the bargaining power of workers to raise wages. Direct steps like expanding the earned-income tax credit could also make a difference, though the policy is absent from the current tax-reform bill – despite Speaker Paul Ryan's past support for it.

The escalation of incarceration rates also has made it harder for millions to re-enter the workforce. Today, around five million men between 25 and 54 are formerly incarcerated, a much higher fraction than in the past. Sentencing reductions for nonviolent offenders could go a long way to resolving this.

The longstanding withdrawal of men from the workforce has entered into a vicious spiral with another major social problem: the opioid epidemic. Forty-four percent of the prime-age men who have left the labor force are on pain medication, according to Princeton economist Alan Krueger. The Council of Economic Advisers recently estimated this epidemic is costing the U.S. economy \$500 billion annually. Spending even a tiny fraction of that sum on treatment, counseling and prevention could be a profitable investment. Cutting Medicaid would make it harder for those suffering from addiction to receive the treatment necessary to overcome it and get back to work.

While it is worth continuing the dialogue on reforms to encourage work, many of the most promising changes require more spending. This includes establishing "wage insurance" to encourage older workers to take a new job that pays less than their last career step. Transitional unemployment insurance for the long-term unemployed could help keep people off disability. During downturns, public programs that hire the long-term unemployed could keep millions in the labor force.

Millions of men are missing the dignity and community that comes with work. Shredding social-safety nets might help pay for tax cuts, but it won't help these men. What they really need are policies that address why they're out of the labor force to begin with.

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