

Econ 217 — Lecture Outline 9/22/08

Chapter 4: Labor force participation: Analysis of trends

Trends in labor force participation

What has caused these trends?

Factors affecting labor demand

Factors affecting labor supply

Explanations of the rise in women's labor force participation

Demand-side factors

the general rise in labor demand

the sectoral rise in labor demand

the rise in education of women

Supply-side factors

rising wages for women

changing technology of nonmarket production

family composition changes

falling male wages

Explanations of the fall in men's labor force participation

Demand-side factors

the sectoral decline in labor demand

substitution of female for male labor

Supply-side factors

rising real wages

rises in unearned income

Trends in hours worked

Conclusions about economic factors affecting labor force participation

through 1970, real wage growth for women

after 1970, rising divorce rate, real wage growth,

and falling male real incomes for women

rise in nonearned income for men

recently, real wage declines for men