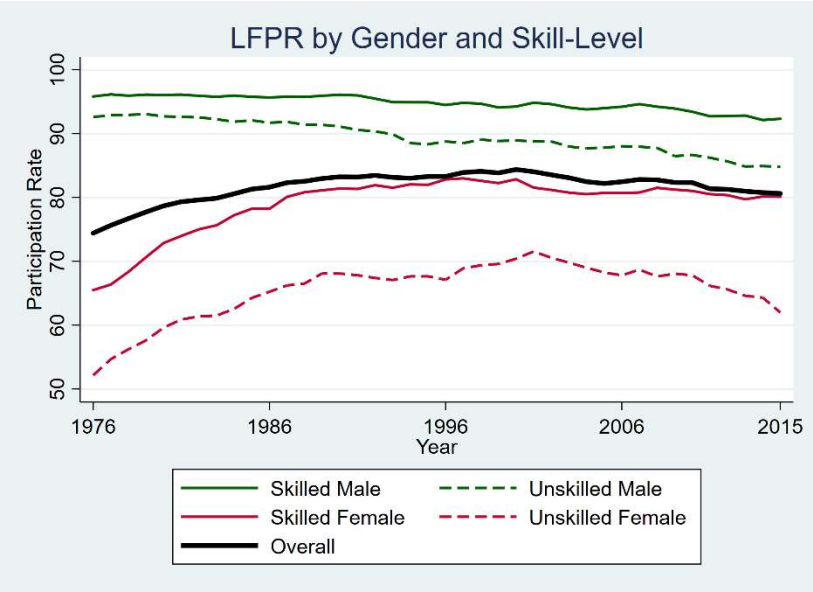
a. For the analysis of key trends in wages and labor force participation for skilled and unskilled workers, I restrict my sample to prime-age workers (25-54, not in the armed forces) so that I have a comparable group of workers across time. The first figure plots labor force participation rates broken down by gender and skill-level. The thick black line gives the overall LFPR for prime-age workers.



Before 2000, the trend in LFPR for skilled and unskilled workers varied by gender – unskilled women's LFPR was increasing along with skilled women's LFPR while unskilled men's LFPR was gradually declining. Since 2000, the general trends for skilled and unskilled workers are similar for men and women. For skilled workers, LFPR has declined slightly (slightly more so for men), and for unskilled workers, LFPR has dropped markedly (in this case, slightly more so for women).

Next, I analyzed trends in wages for prime-age workers. So that we can compare wages across time, I used BLS data on annual CPI-U to calculate real wages in 2015 dollars. The second figure shows a clear divergence in fortunes for skilled and unskilled workers. The real wages of skilled workers have risen since 1976, although not monotonically. On the other hand, the real wages of unskilled workers have not improved. The real wages of unskilled men have fallen over the past 40 years and they've gone from making more than skilled women to making about $6/hour less. Although unskilled women haven't experienced a similar decline, they made less than any other skill/gender group in 1976, and their real wages haven't budged in the past 40 years. Based on these trends, it seems that the wages of male and female skilled workers are converging as are the wages of male and female unskilled workers. The crucial difference is that real wages for skilled workers are rising while real wages for unskilled workers are stagnating.

b. Among men older than 25, I analyze changes in LFPR by race, age group, and skill level. The changes in LFPR by age group are the most striking. The labor force participation rates of 25-45 and 45-65-year-old workers has declined over the past 40 years, but the participation rates of those older than 65 has risen. If we think that those over 65 shouldn't have to work and that those under 65 should be working to save up for retirement, these trends are particularly important to understand. In contrast, the patterns for skill level and race aren't as interesting. Once I restrict the analysis to men <65 (to create a consistent group for comparison), it looks like LFPR falls by about 5 percentage points for both white and non-white workers, and the first figure in this document shows that LFPR falls for both skilled and unskilled men, although more so for unskilled men.

c. I'll start with the change in male LFPR by age groups. I'd guess that the increase in LFPR among those over 65 is driven by an inability for some to retire. To investigate this trend further, I would want to assemble evidence on earnings and savings history and spousal earnings and savings history. Another trend in need of explanation is the decline in prime-age male labor force participation. Weak demand for low-skilled labor, stagnant real wages, and mass incarceration all seem likely candidates to explain part of this decline. To investigate these hypotheses, I would want to gather information on incarceration and labor market outcomes and information on the effect wages have on participation rates. One final pattern in need of explanation is the decline in real wages for unskilled workers. Selection into education, increasing employer market power, and the decline of unions likely all play a role. Of course, there are certainly more than just three trends in the data, and there is plenty of evidence that still needs to be gathered to provide a complete explanation of these key trends in the U.S. labor market.