

## Macro Roundup Article

**Headline:** [How Far Is Labor Force Participation from Its Trend?](#)

**Article Link:** <https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/how-far-is-labor-force-participation-from-its-trend/>

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**Tweet:** Labor force participation is down 1pp since the start of the pandemic. A @sffed analysis finds that two-thirds of the decline was driven by changes in population, largely aging, and forecasts a further 1pp decline between 2022 and 2032.

**Summary:** The labor force participation (LFP) rate remains persistently low at 62.6% as of July 2023, almost a percentage point below its pre-pandemic level in February 2020. We project that the trend in the aggregate LFP rate will decline an additional 1pp btw 2022 and 2032. The projected decline comes entirely from changes in the population composition. Population aging looms large in this projection: we project the aggregate trend will decline as more of the population enters age groups with low participation rates. This is expected to more than offset the positive effect on LFP from the projected growth for people with higher educational attainment, as LFP tends to increase with education. Related: Labor Market Indicators Are Historically Strong After Adjusting for Population Aging and Wage Inequality and the Rise in Labor Force Exit: The Case of US Prime-Age Men and Where Are the Missing Gen Z Workers? and “The Great Retirement Boom”: The Pandemic-Era Surge in Retirements and Implications for Future Labor Force Participation

**Primary Topic:** Unemployment/Participation

**Topics:** Database, Government/NGO, Unemployment/Participation, Workforce

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