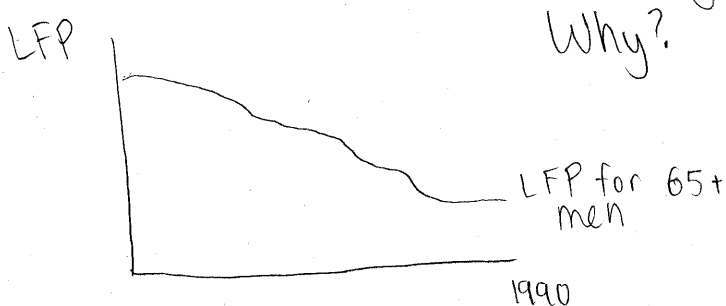


Labor Force Participation

- changes in defn of labor force participation in 1941
- prior to 1946: "What is your occupation."
- afterwards: "What did you do last week?"



Why?

- Health has been improving.
- Social security - doesn't explain cross-country comparison

- LFP has been decreasing for all 65+ ages.
- Perhaps discrimination?

Determinants of retirement

- wealth
- occupation
- health
- household composition
- unemployment rates
- urban/rural
- opportunity cost
- demographic characteristics
- cost of living

Costa

Union Army veterans - lots of people served

- Fogel was starting up a collection of Union Army veterans. Longitudinal data source

- If wounded in war, can get pension (1862)
- In 1890 - all disabilities were eligible for pensions even if not caused by the war.
- In 1907, all veterans were eligible.

The census data become available after 75 years

Labor Force Part = $f(\text{pension } \$, \text{ health, demographics, occup, etc.})$

- plausible IV strategy: law under which a veteran applied for pension.

Union-Confederate comparison

- Confederate states did not offer good pensions for veterans
- Union veterans had greater pensions than non-veterans.

Falling income elasticity from 1900-1910: why?

- decreasing absolute risk aversion
- the people still working might have liked their jobs more. (i.e. academics.)

If you live on a farm, you are unlikely to retire

If you work on a farm, you are likely to retire.

How was the labor force changed? ◦ Fewer older workers

- More women.

after 1940s, LFP for women was increased.

LFP	1890	1980	
married women	4.6	50.1	huge increase here!
single women	40.5	61.5	

Explanations:

- supply - ideology, changes in fertility, childcare arrangements, education, husband's income
 - demand - services, sales, clerical, wages, work condition
- labor supply elasticities increased until 1950s and then decreased afterwards.
- initially, there is a stigma attached to the woman working ("the man must be a loser.")
 - after the rise of the service sector, this stigma appears to go away

Rising divorce rates

Goldin

1890-1930 - increases in labor supply more important

1940-1960 - increases in labor demand

1960-1980 - ?

Next time: Labor discrimination.