

In a recent blog post, Nancy Folbre (2011) discussed the alarming disconnect between output growth and job creation in the United States. While the economy has been growing since the Great Recession's end in 2009, the employment rate remains stuck at its December 2009 level of 58 percent. During the boom preceding the 2001 recession, the employment rate reached 65 percent—a level not seen since then. The slow recovery of the job market after each of the last two recessions has fostered concerns that the link between economic growth and job creation has been severed. Figure 1 illustrates this phenomenon—what might be called the American Output-Jobs Disconnect: between 2000 and 2010, the employment rate for males plunged from 71.9 to 63.7 percent, while the rate for females fell from 57.5 to 53.6 percent.

A proposal from The Center for American Progress (CAP) and The Hamilton Project to reform Social Security disability insurance (SSDI) shows that among men aged 40–59, employment rates for those without a disability were approximately the same in 2008 as they were in 1988, while those for disabled men fell from 27 to 17 percent—in other words, the decline in the employment rate for all men aged 40–59 can be accounted for almost entirely by a fall in the employment rate for the disabled members of this group (Autor and Duggan 2010). The proposal also shows that what was true for women in general—dramatically rising employment until roughly 2000 (Figure 1)—was not true for disabled women, at least in one age group: for those aged 40–59, the employment rate was only 16 percent in 2008, compared to 18 percent in 1988.

CAP and The Hamilton Project argue that the long-run fall in employment among the disabled can be blamed largely on the design of SSDI—one of the many factors influencing their call for “front-end” disability benefits designed to be quickly obtainable after the onset of disability, and to encourage a quick return to the workforce when possible.

A disabled–nondisabled breakdown of employment rates might also shed some light on the postrecession employment issue mentioned by Folbre. To wit: did the recovery from the 2007–09 downturn improve employment rates for the disabled or nondisabled subgroups of either gender, in spite of the overall jobs slump?

Stephen Kaye (2010) addressed this question last fall in an article in the Bureau of Labor Statistics' (BLS) *Monthly Labor Review* that focused on whether the recession had disproportionately affected the job prospects of disabled workers. His findings? Declining employment rates for both disabled and nondisabled Americans.

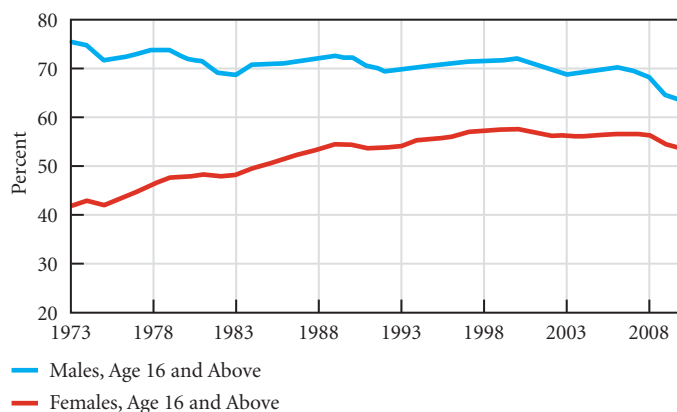
Using updated BLS data similar to that analyzed by Kaye, but for a broader age group—ages 16 to 64—we also found a sharp decline in employment rates for all four subpopulations: males and females, those with and without disabilities (see Figure 2). This is yet more evidence that the largest drops shown in our charts cannot be explained by a structural or long-term change in disability policy. At least since 2008, the ongoing fall in the probability of being employed has strongly affected the job prospects of both disabled and nondisabled people of both genders, and the accelerated declines since 2007 hint at an important, and negative, role for the recent recession and the weakness of the recovery. Hence, a government jobs initiative such as an employer-of-last-resort program, and not just long-term improvements in entitlement programs, is still very much apropos.

References

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Figure 1 Percentage of Civilian Noninstitutional Population with Jobs, 1973–2010



Source: Bureau of Labor Statistics (BLS)

Figure 2 Percentage of Americans Age 16–64 with Jobs, by Gender and Disability Status, October 2008 – April 2011

