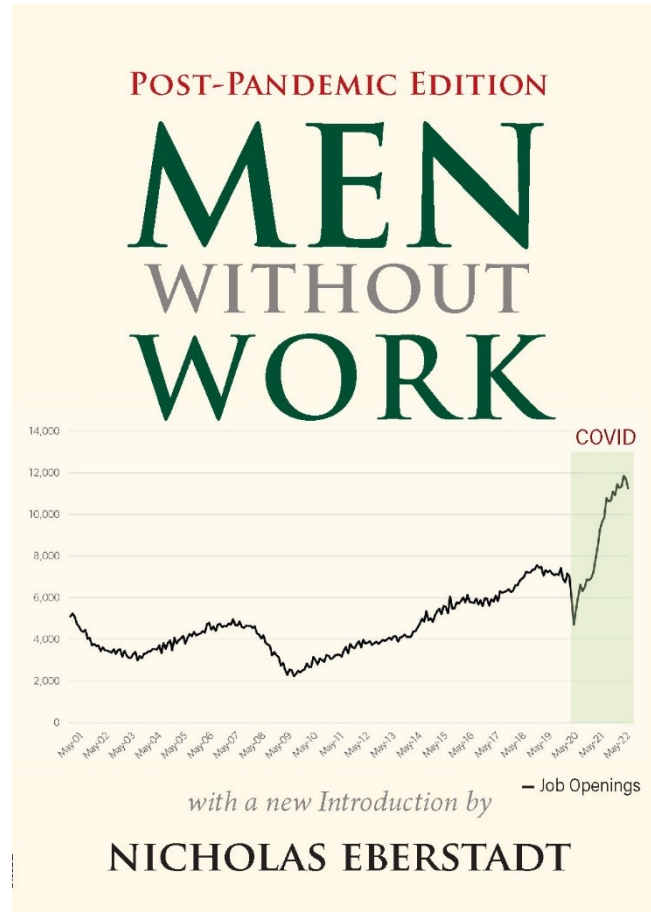


The Other Covid Crisis: Prospects for Recovery from Pandemic Policies



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F.A. Hayek Memorial Lecture

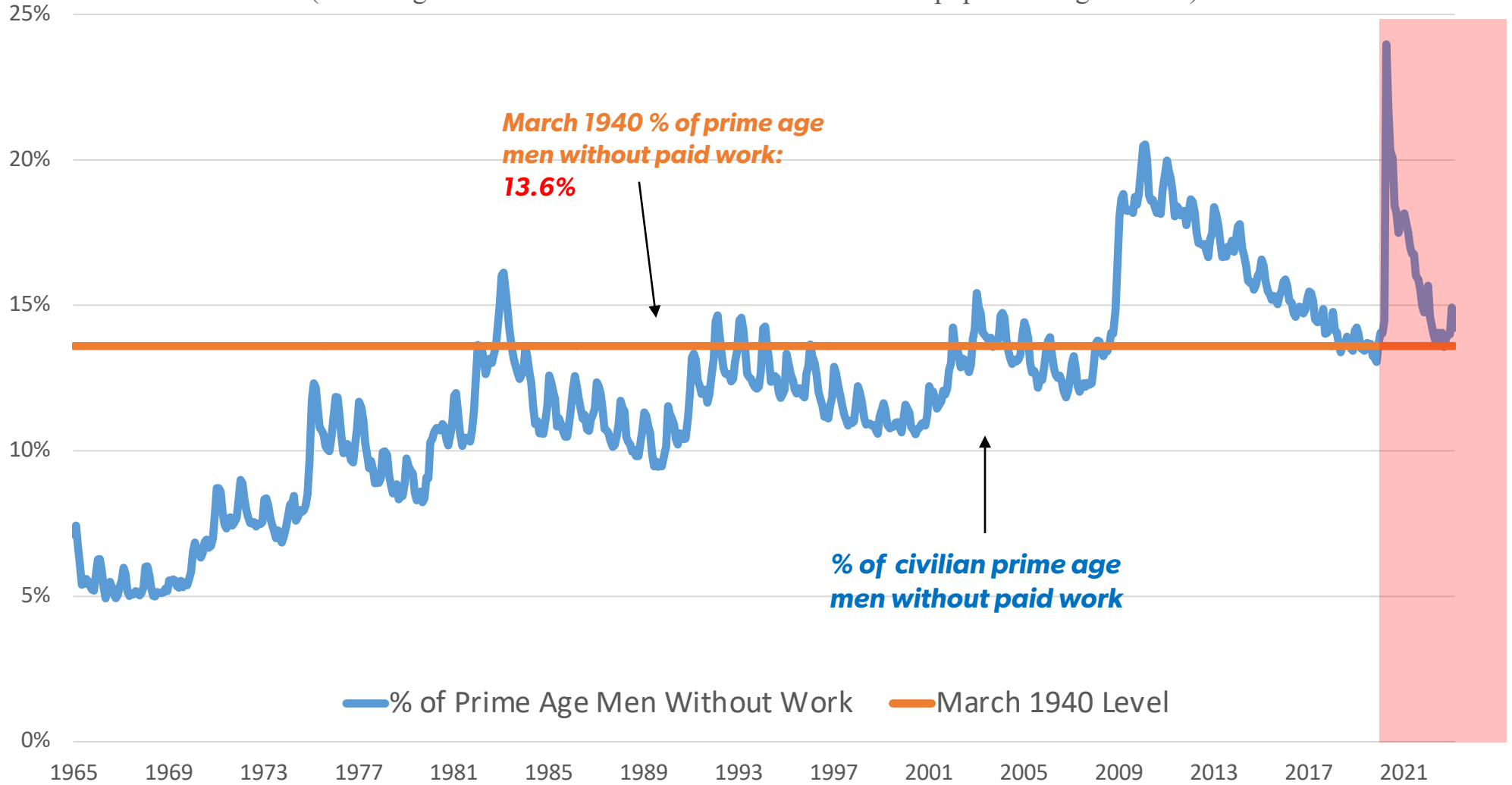
AERC 2023

Mises Institute

March 22 2023

Figure 1: Back To Depression-Era Employment Levels for Men

Percentage of Prime Age Men Without Paid Work 1965 – 2/2023
 (Prime Age Men includes the civilian non-institutional population aged 25-54)



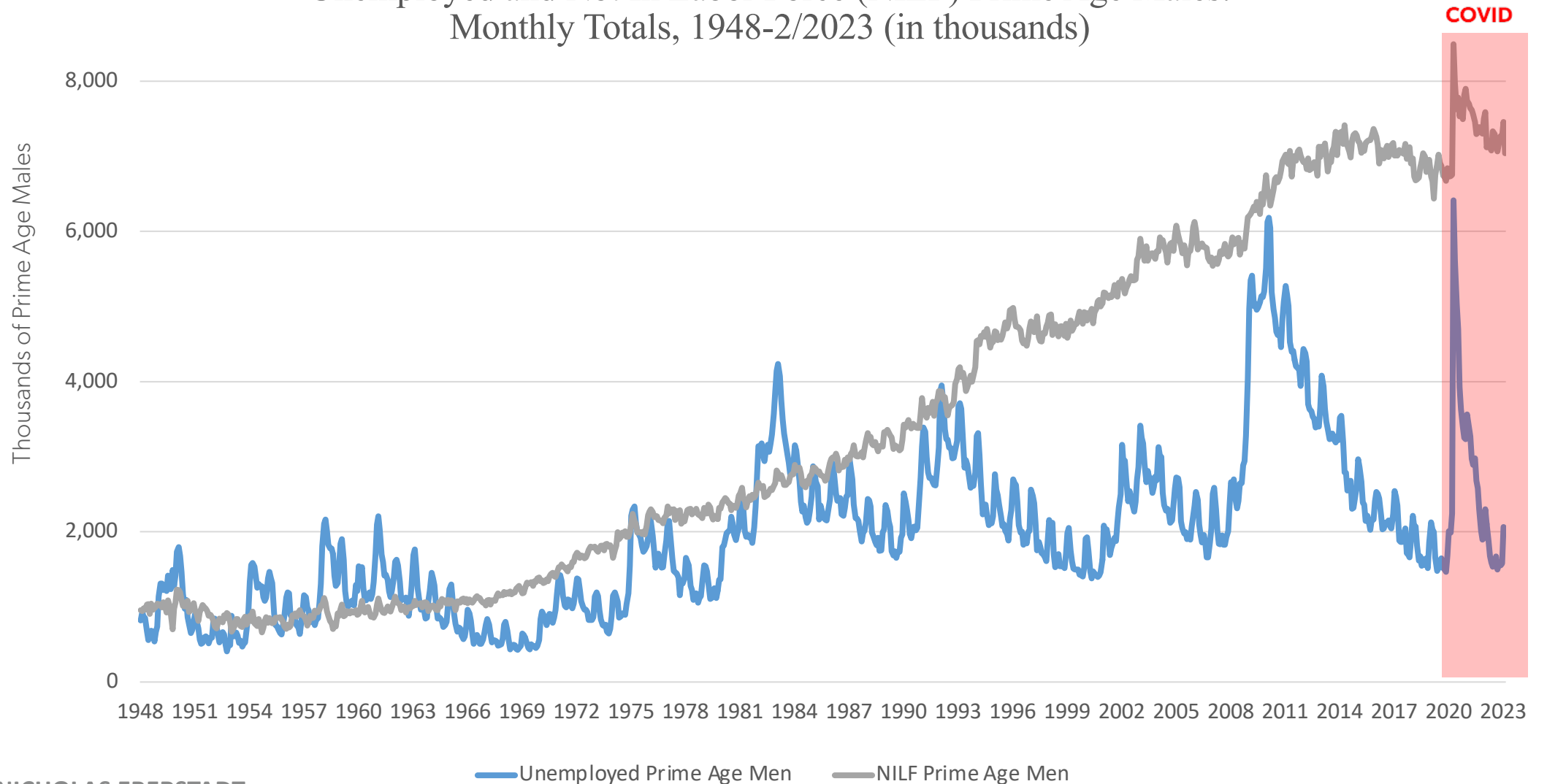
Decade	Percent Without Paid Work
1950s	6.2%
1960s	6.3%
1970s	8.7%
1980s	11.5%
1990s	12.1%
2000s	13.5%
2010s	16.1%
2020s	16.1%
2000-present	15.0%

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Figure 2: The Great Postwar Flight from Work By Men

Unemployed and Not in Labor Force (NILF) Prime Age Males:
Monthly Totals, 1948-2/2023 (in thousands)

Decade (Yr)	NILFs per 100 Unemployed
1950s	86
1960s	114
1970s	150
1980s	115
1990s	182
2000s	219
2010s	236
2020s	275
(2022)	(422)



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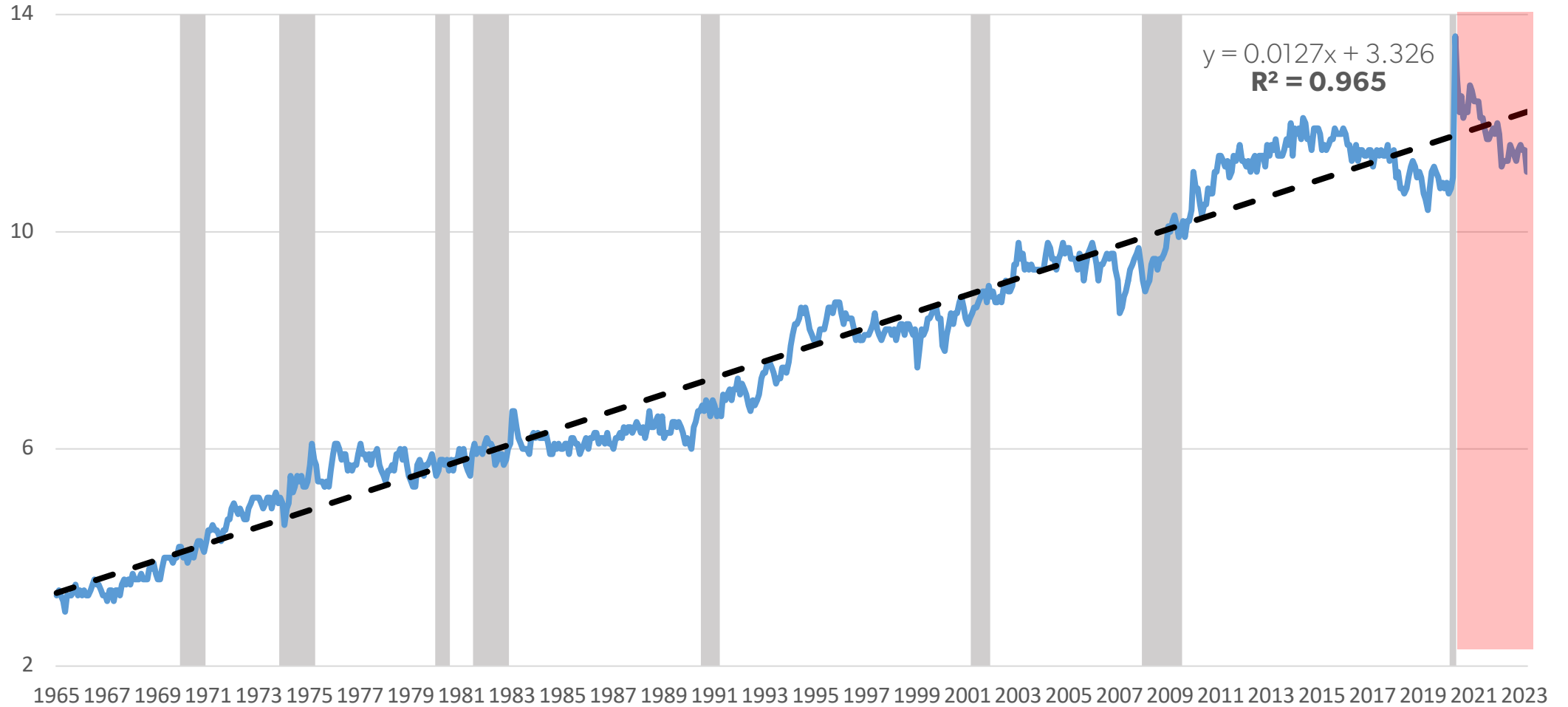
— Unemployed Prime Age Men — NILF Prime Age Men

Source: Bureau of Labor Force Statistics, LNU03000061&LNU05000061, <https://data.bls.gov/cgi-bin/srgate>, dates accessed: 1948-1975: July 1, 2016; 1976-2022: March 10, 2022; totals are not seasonally adjusted.

Figure 3: The Uncanny Regularity of the Male Flight From Work

Prime Age Male Not In Labor Force Rate 1965 – 2/2023
(Percent of civilian non-institutional males aged 25-54 not in labor force)

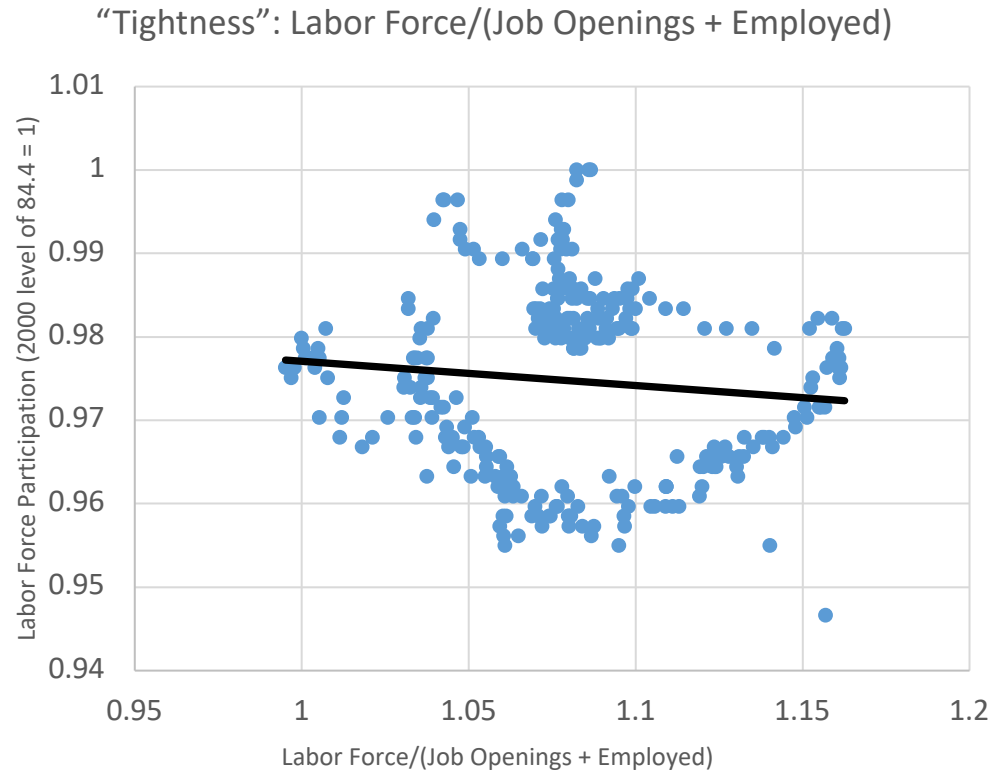
COVID



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Recession NILF Rate

Figure 4: Tighter Labor Markets No Longer Draw Prime Age Labor Force Dropouts Back In



Variables	Labor Force Participation (2000 level of 84.4 = 1)
Labor Force/ (Job Openings + Employed)	-0.029*
Constant	1.006***
Observations	277
R-squared	0.010
	(December 2000 – January 2023)

The chart above shows the correspondence between labor market tightness and Labor force participation rates for prime age men and women since the year 2000-- There is almost none!

Figure 5: The Felony Penalty in the Labor Market

Probability of Employment among Individuals with Felony Convictions by Year of Conviction
(IRS-CJARS Data)

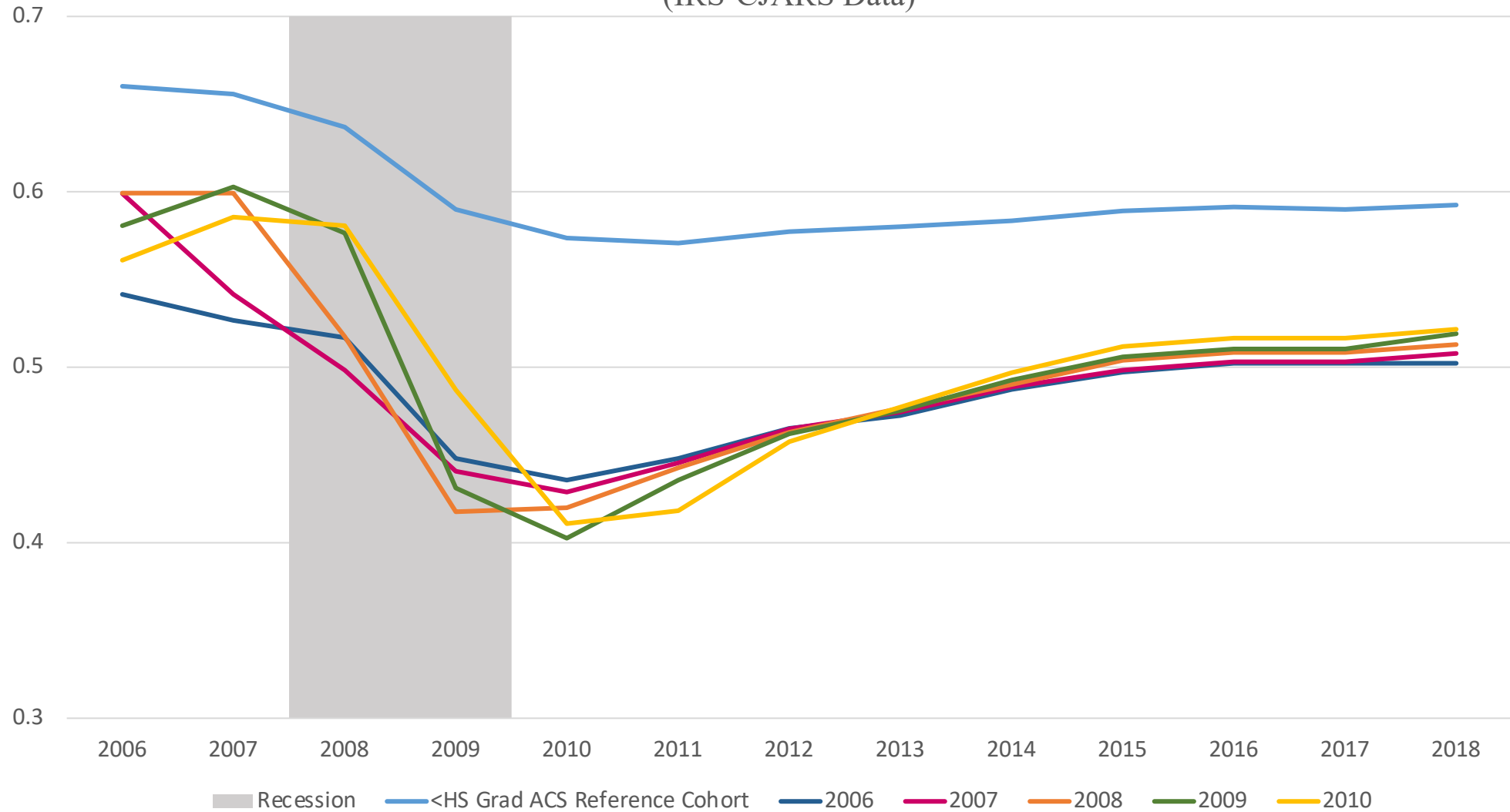
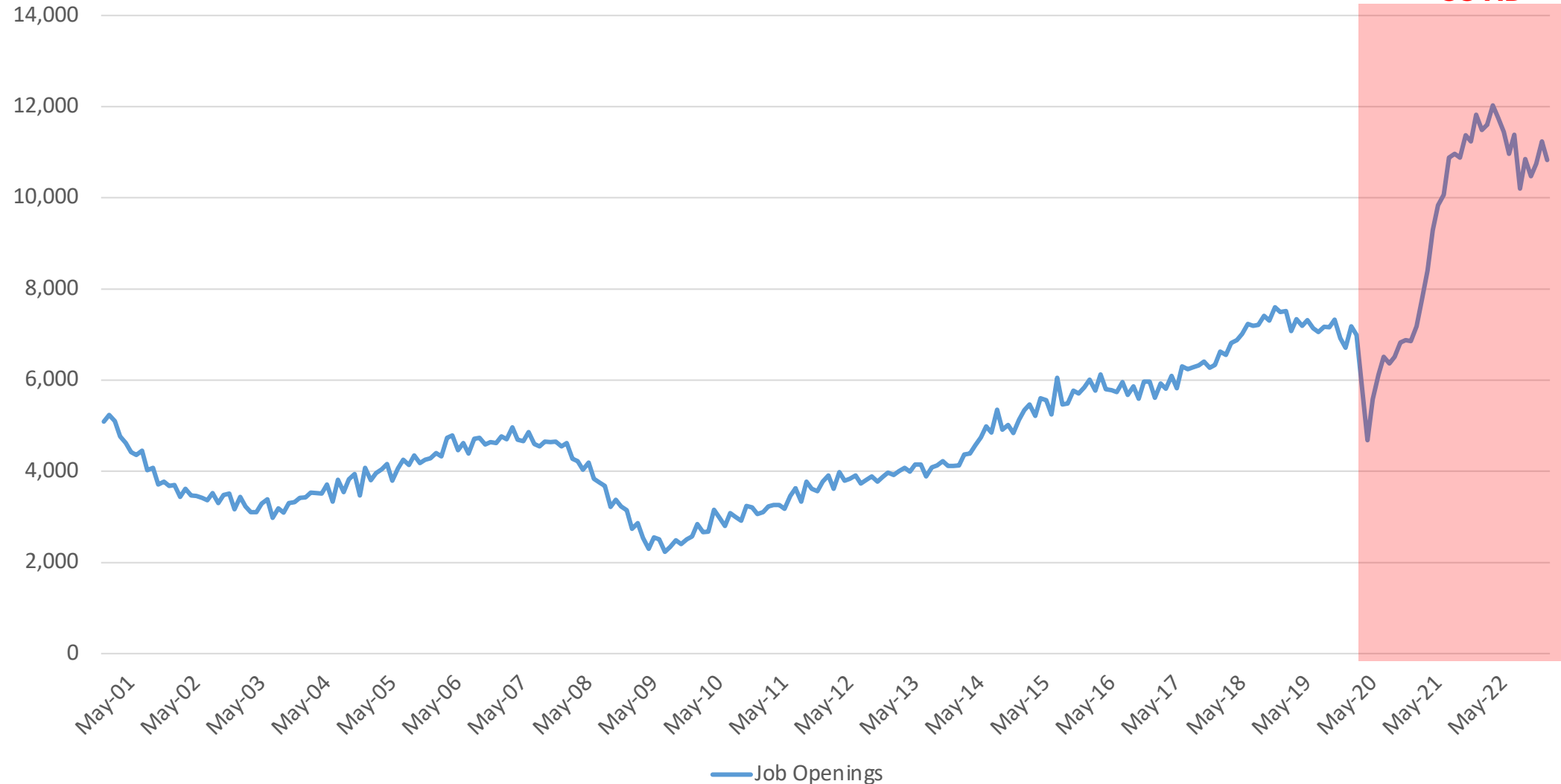


Figure 6: From “Men Without Work” to Work Without Men—Or Women

Monthly Job Openings, USA: December 2000 – January 2023 (in thousands)

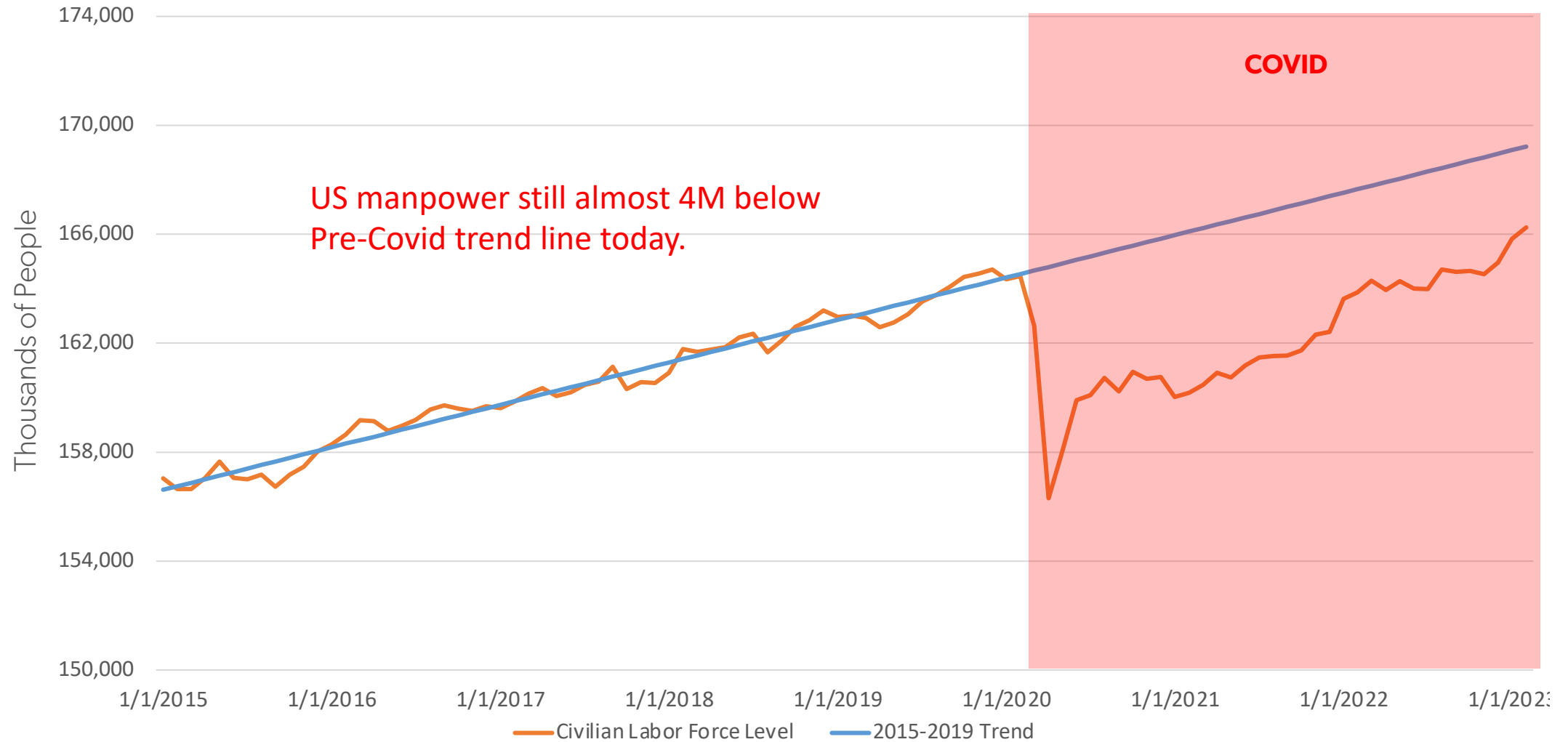


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— Job Openings

Figure 7: Where Are All The Workers?

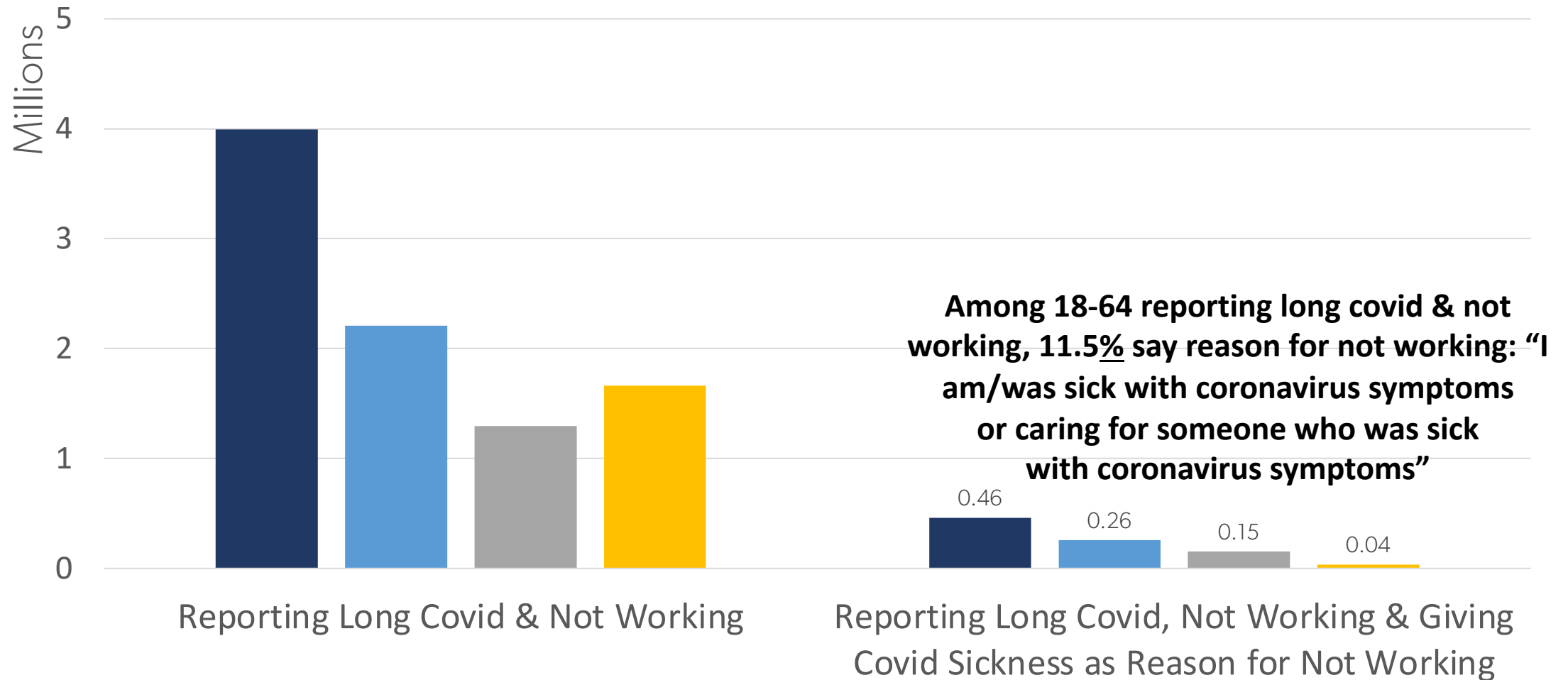
US Civilian Labor Force 2015 – 2/2023 (in thousands)



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Figure 8: Long Absence from Work due to Long Covid?

Census Pulse Survey February 1 – February 13, 2023

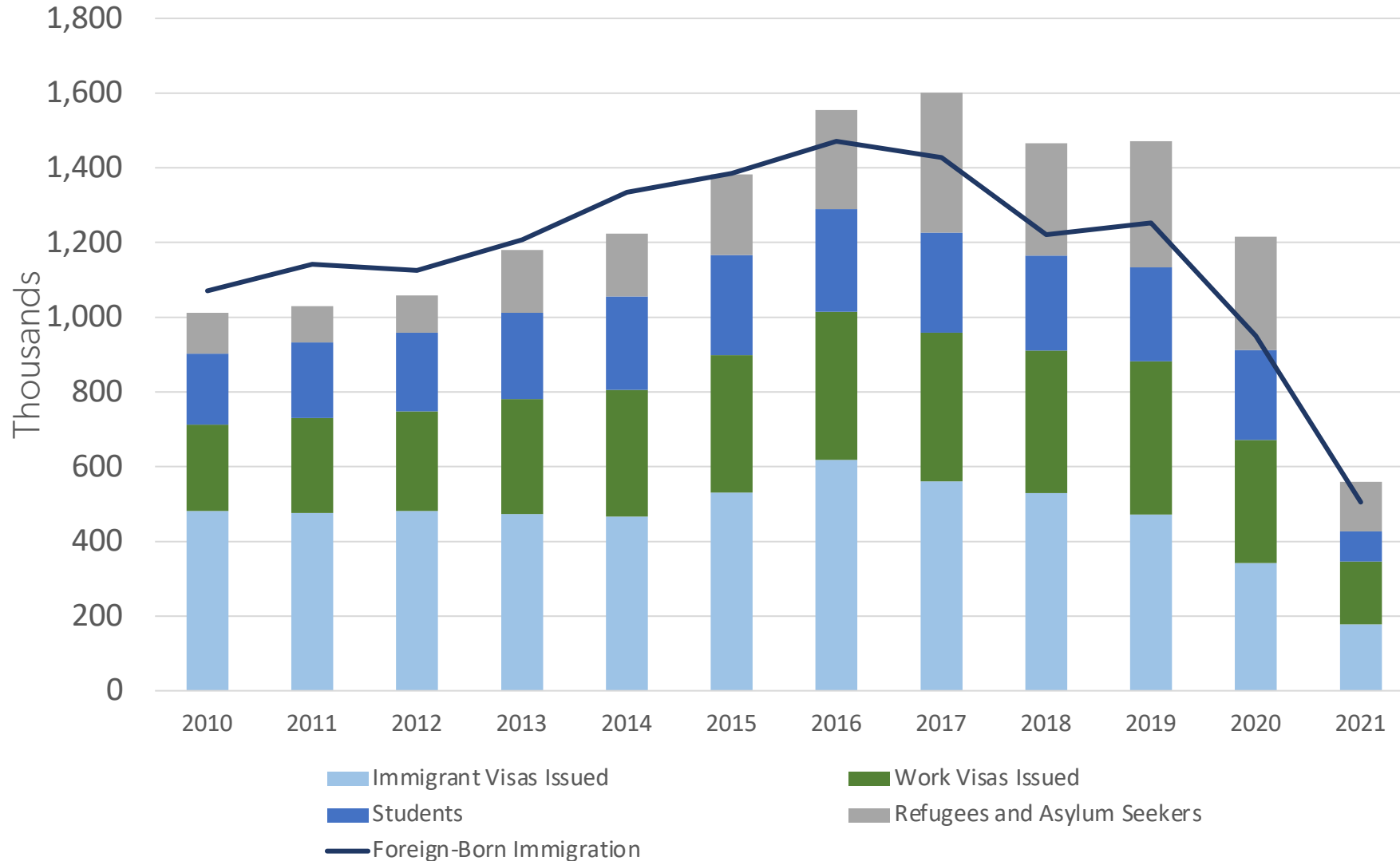


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■ 18-64 ■ 25-54 ■ 55-64 ■ 65+

Figure 9: The Covid Immigration Slump

Foreign Immigration 2010-2021 (Census Bureau Estimates, 000s)



Sources: U.S. Census Bureau, Vintage 2020 and Vintage 2021 Population Estimates; State Department, Bureau of Consular Affairs; Institute of International Education; Refugee Processing Center; U.S. Citizenship and Immigration Services; Department of Justice, Executive Office for Immigration Review, <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>

Figure 10: The New Face of The Flight From Work

Labor Force Participation Rates Ages 55+: USA January 2015 – February 2023

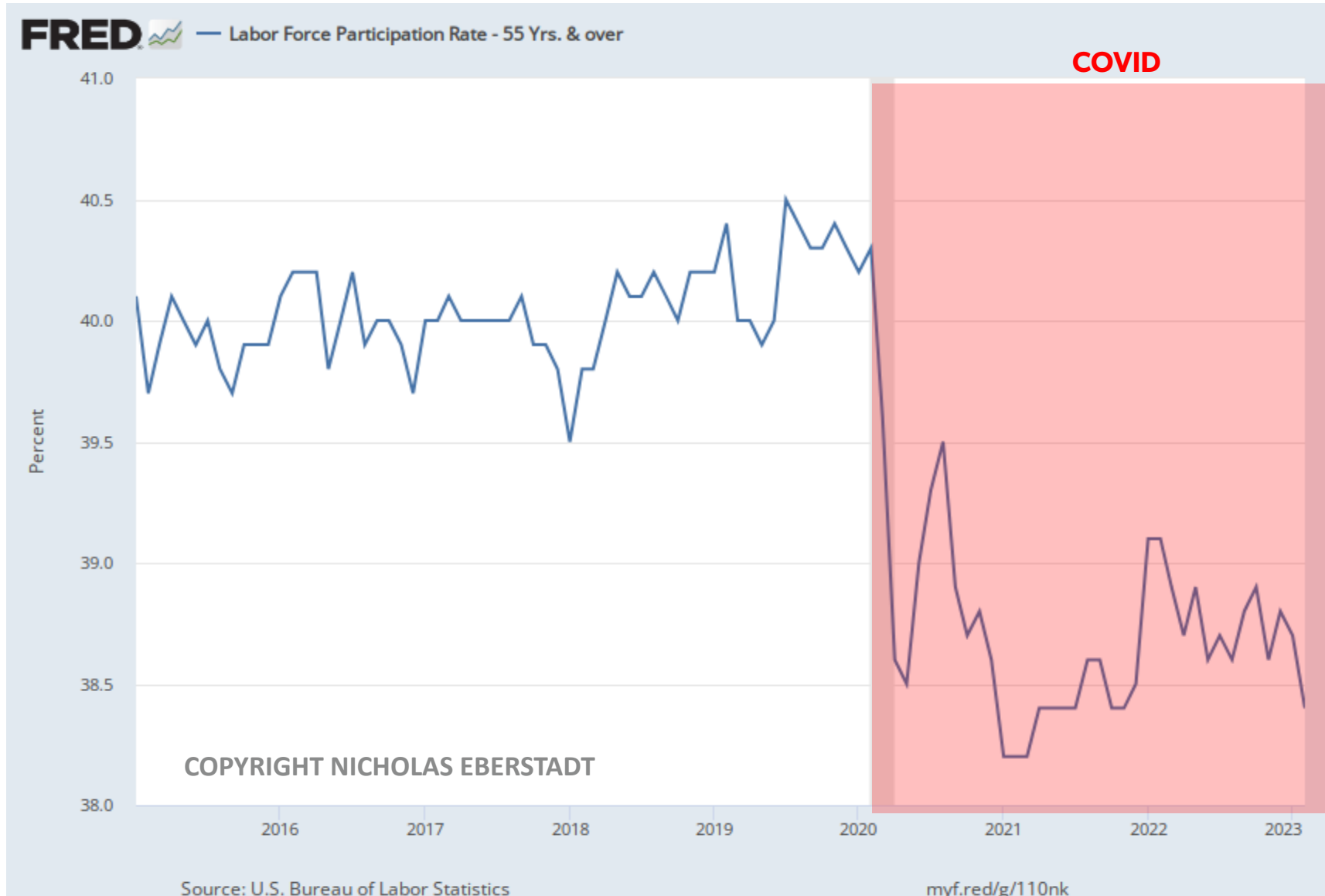
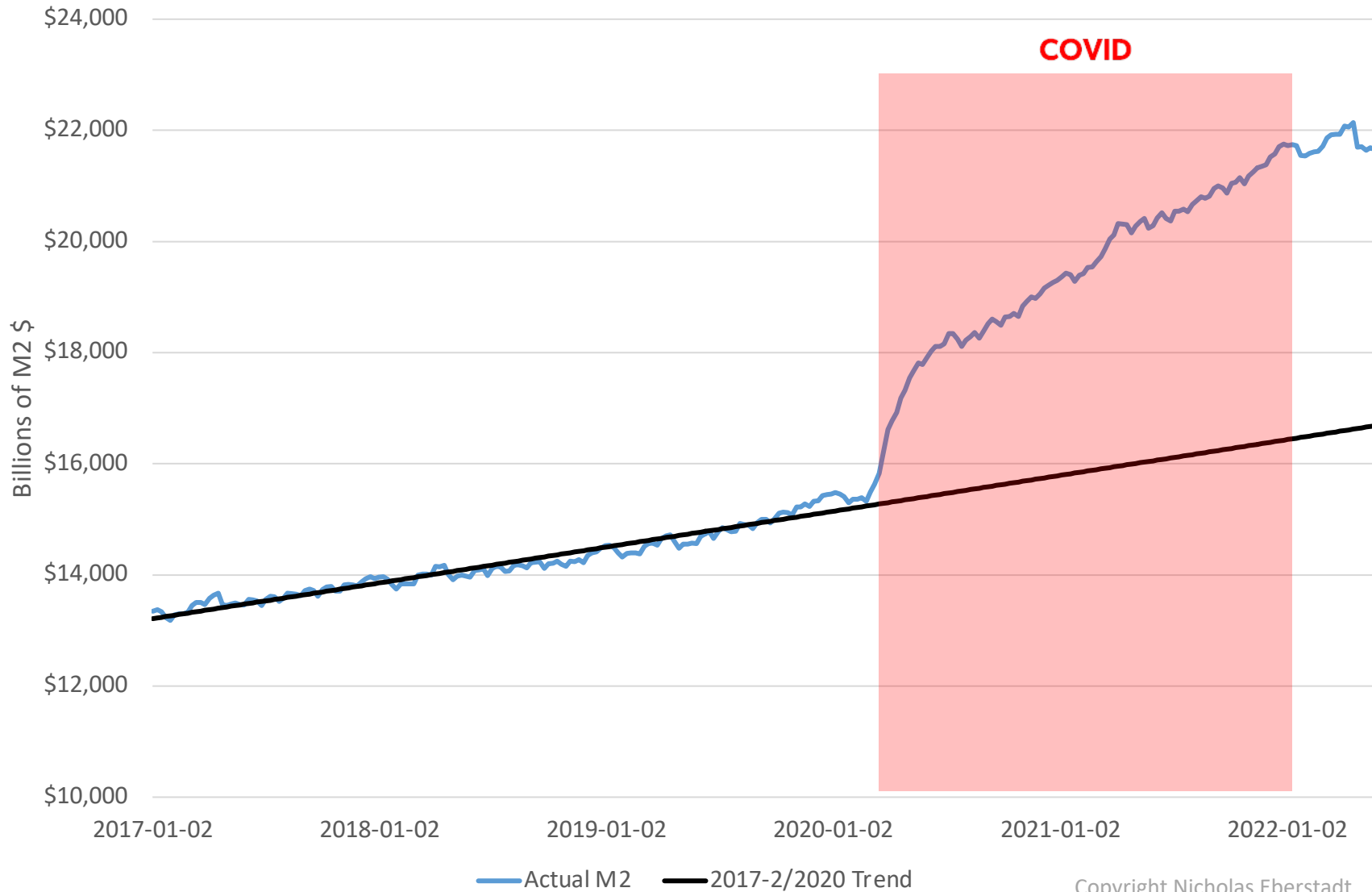


Figure 11: You Don't Have To Be A Monetarist To Guess What This Will Do

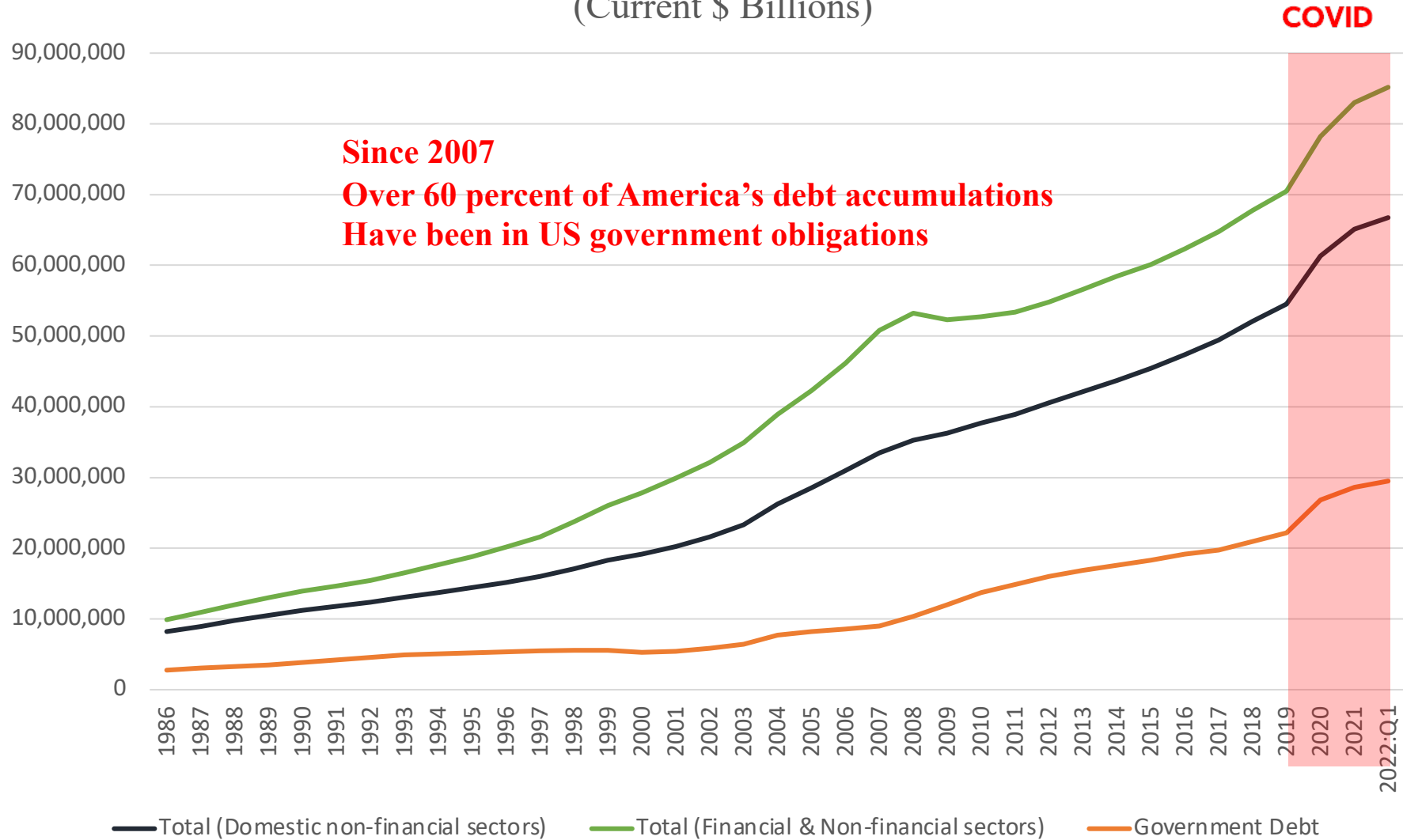
M2 Money Supply: USA, 2017 – 6/6/2022 (\$billions)



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Figure 12: Feeling Crowded Yet?

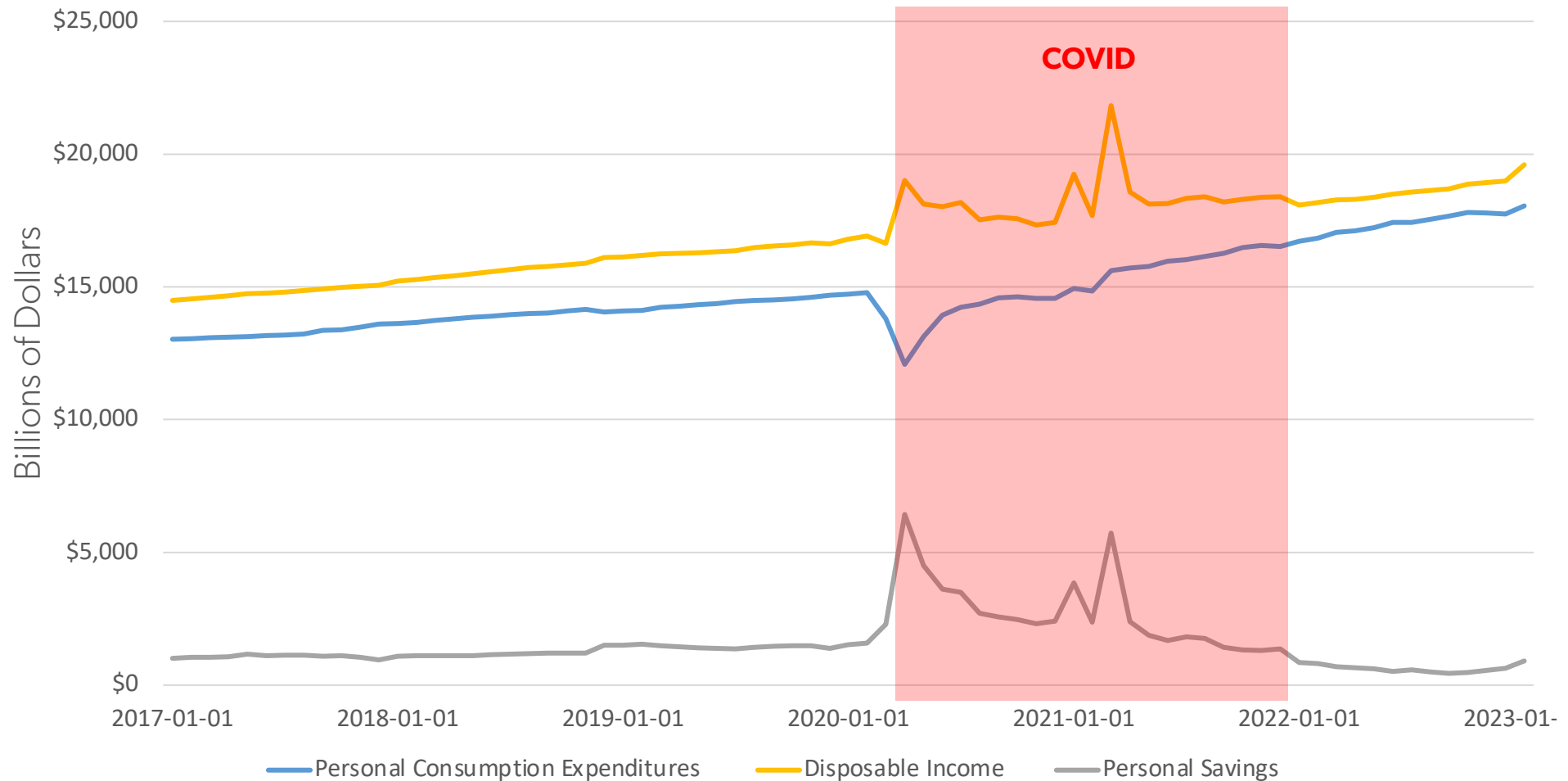
US Debt: Total Credit vs. Government Debt, 1986-2022 1Q
(Current \$ Billions)



Note: Data shown annually from 1986-2015 and then quarterly (seasonally adjusted) from 2016-2020; government debt is federal plus state and local
Source: Board of Governors of the Federal Reserve System, Financial Accounts of the United States Z.1, "D.3 Debt Outstanding by Sector," available at: <https://www.federalreserve.gov/releases/z1/20210923/html/d3.htm>, accessed July 12, 2022.

Figure 13: This Time Really Is Different

Personal Consumption Expenditures, Disposable Income and Personal Savings, Billions of Dollars 2017 - 1/2023 (current prices)

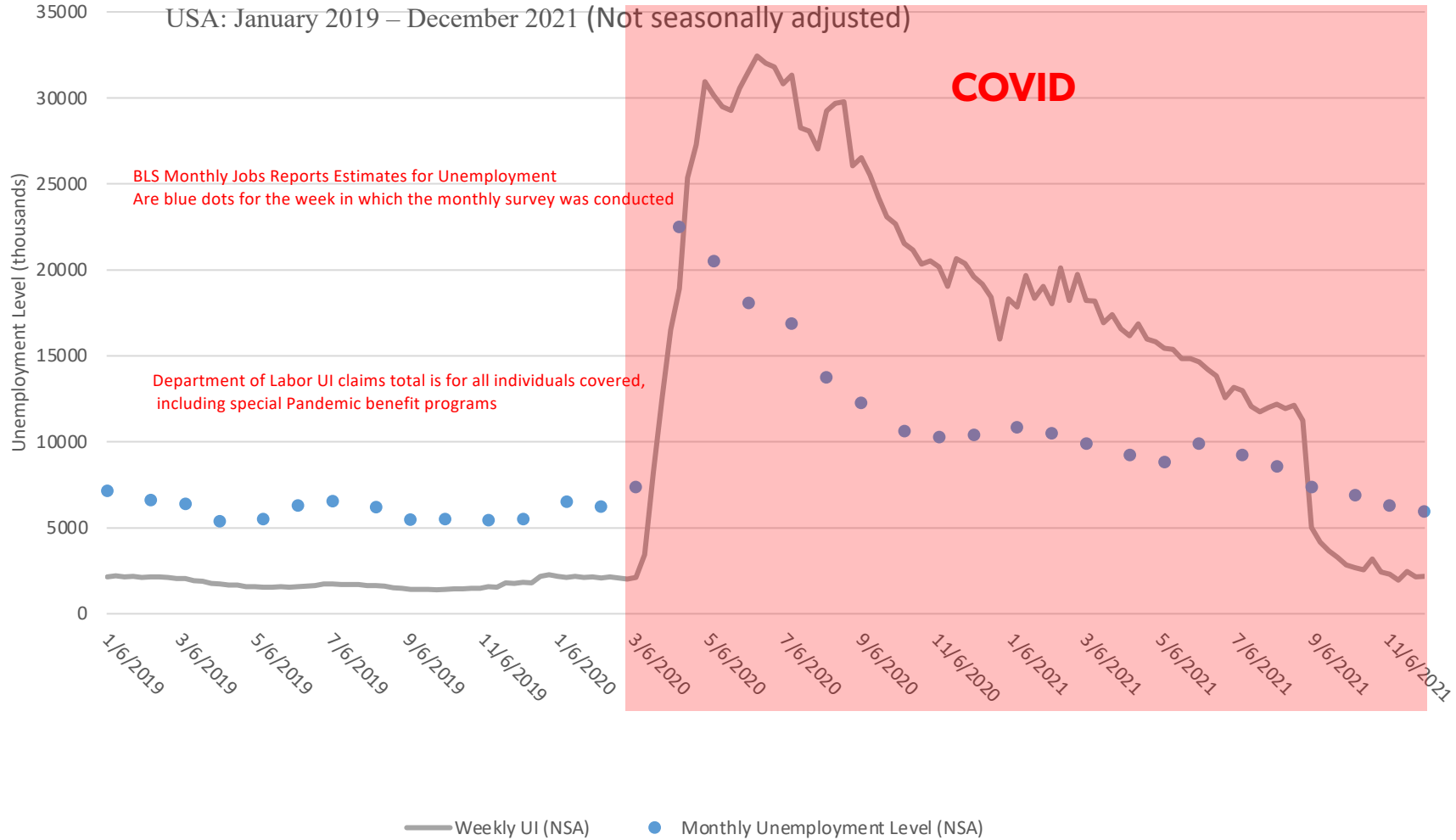


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Source: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures [PCE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCE>; U.S. Bureau of Economic Analysis, Disposable Personal Income [DSP], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DSP>; U.S. Bureau of Economic Analysis, Personal Saving [PMSAVE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PMSAVE>, date accessed: March 10, 2023. <https://fred.stlouisfed.org/graph/?q=ZOWO>.

Figure 14: You Didn't Have To Be Unemployed To Get Unemployment Payments

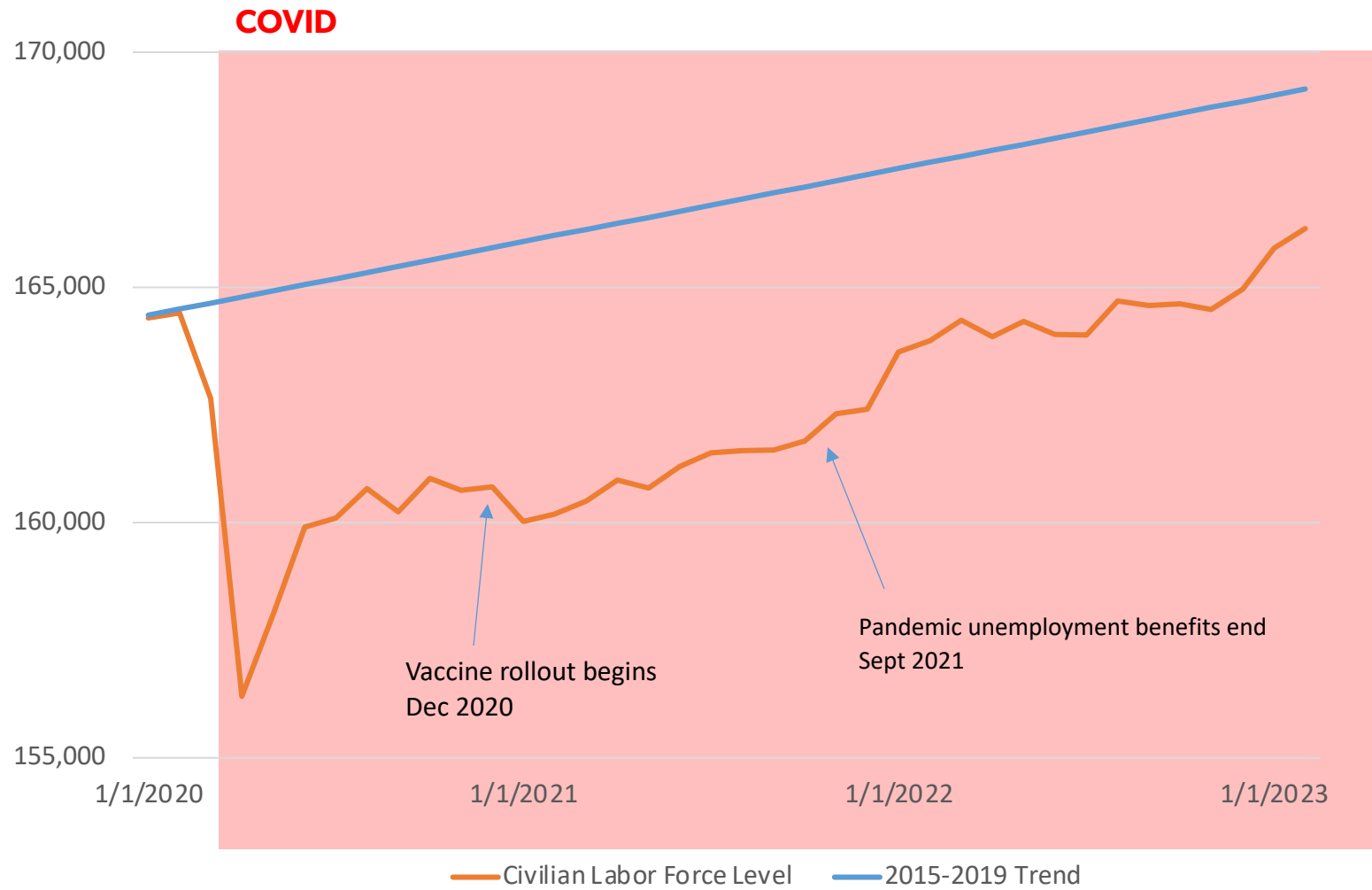
Monthly Unemployment Level and Weekly State UI Claims



U.S. Bureau of Labor Statistics, Unemployment Level [LNU03000000], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/LNU03000000>, January 7, 2021; and Department of Labor, “Unemployment Insurance Weekly Claims,” accessed December 7, 2021, <https://www.dol.gov/ui/data.pdf>.

Figure 15: Pandemic Benefits and the Return to the Workforce

(Civilian Labor Force, January 2020- February 2023, in 000s)



9 Month Labor Force Increments

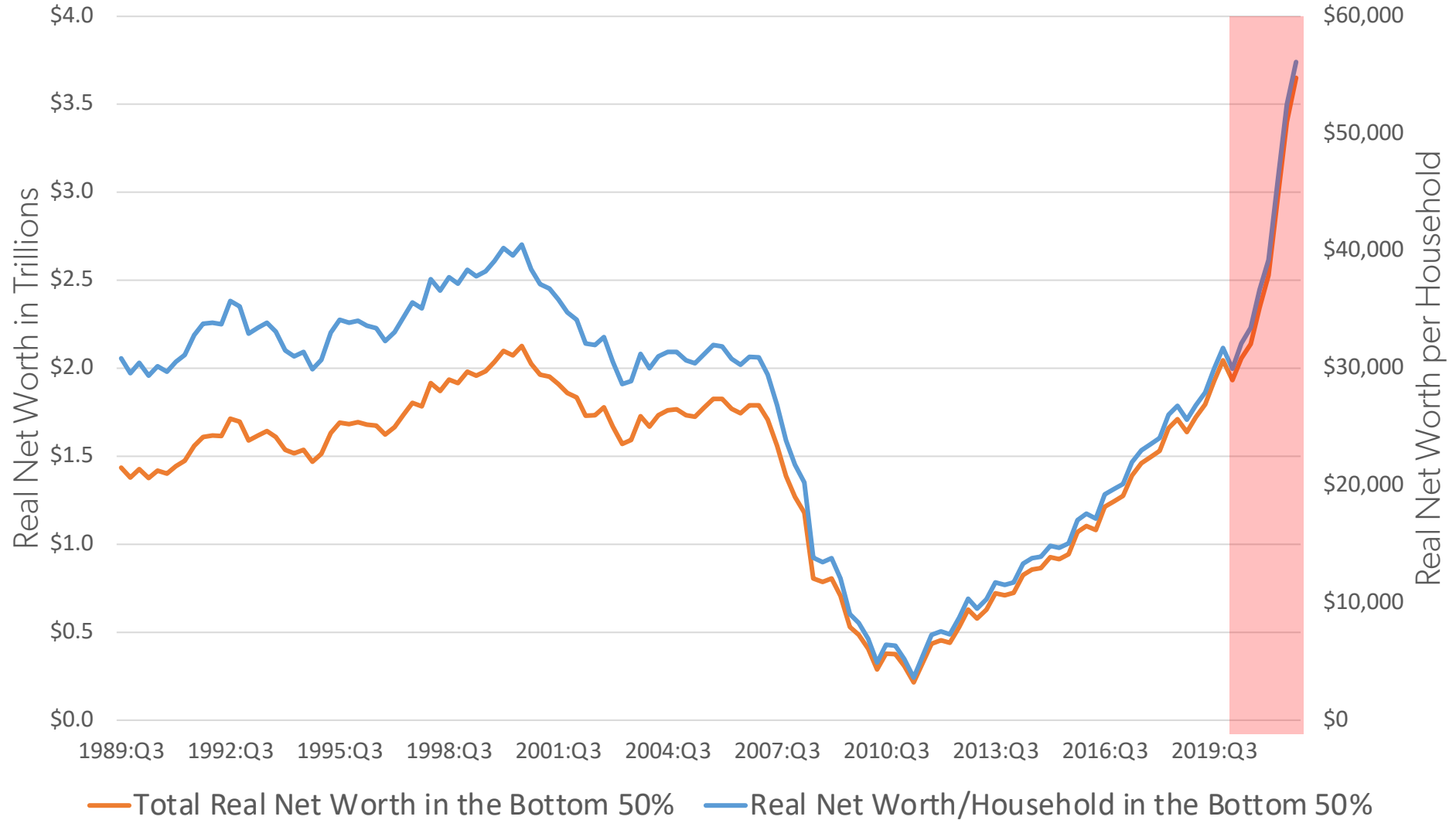
12/20 – 9/21: 800K

9/21 – 6/22: 2.55M

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Figure 16: “COVID Policy Wealth Effects”

Net Worth Held by Households in the Bottom 50%: USA, 1989-2021
(Constant PCE \$2021)



Sources: Federal Reserve Distribution of Financial Accounts, dfa-networth-levels-detail.csv, <https://www.federalreserve.gov/releases/z1/dataviz/dfa/>; U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Chain-type Price Index [PCEPI], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCEPI>.