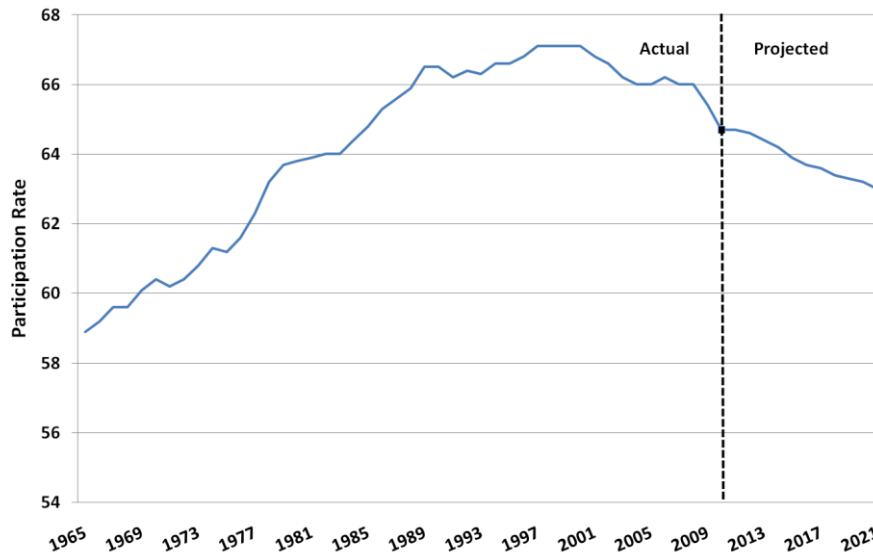




Labor Force Participation Projected to Decline



Source: Congressional Budget Office, U.S. Bureau of Labor Statistics
Produced by: Veronique de Rugy, Mercatus Center at George Mason University

This week, Mercatus Center Senior Research Fellow Veronique de Rugy charts Congressional Budget Office projections of the United States labor force, or the segment of the population working or in search of work. The blue line plots the proportion of the adult population in the labor force, or the *labor force participation rate*, from 1965 through CBO's 2021 projections.

Between 2011 and 2021, the proportion of the United States population working or seeking work will decline from 64.7% to 63% - a level not witnessed in this country since 1978. These future decreases in the labor force participation rate are more dramatic when viewed in the larger historical context: even now, labor force participation has fallen from its 2000 peak of 67.1%. Note that both population and the labor force are projected to grow through 2021, but that the rate of population growth will significantly outpace that of the labor force.

This shift is being driven by an aging and retiring population. As more and more Americans transition out of the workforce and into Medicare and Social Security, reform becomes increasingly imperative; recall that the Social Security trust funds are filled with government debt obligations, not cash, and that Medicare premiums cover roughly 20% of total enrollee costs – the major future burden for these programs will fall on working American taxpayer.

To ensure that aging Americans are able to receive the benefits they were promised, mandatory spending programs must be put in financial order.

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