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The Great Recession's Impact on Men

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Overview

The term "mancession" was first coined to describe the financial crisis of 2007-09 and the associated great recession. This essay considers why the term seems apt for this recession, and which subgroups of men were particularly hard hit. It also considers the immediate aftermath period for the great recession, which some commentators have symmetrically labeled as a "mancovery." The essay ends with some discussion regarding what may occur in the next recession(s) with regards to men's economic position.

Present: The Great Recession's Impact on Men

Men's and women's employment patterns respond differently to the business cycle. Figure 1 shows this pattern for the US, using yearly unemployment rates from 1948 through 2011. Over this post-World War II period, for the first thirty-five years, women's unemployment was always above men's unemployment, whether the economy was in boom, recession, or recovery, But starting with the early 1980s recession, in each of the recessionary period, men's unemployment rate has risen above women's, even as the rates have increasingly converged during nonrecessionary times. In 2009, the gap between the two unemployment rates rose to its highest point, with a difference of 2.2 points—10.3 percent for men, 8.1 percent for women. Then in 2010, the male unemployment rate rose to a post-WWII high of 10.5 percent of the male labor force, while women's unemployment rose to 8.6 percent of the female labor force.[1]

<Figure 1 about here>

Notably, some of the most male-dominated industries were hit particularly hard in this recession. The collapse of the building sector was one of the most notable features of this recession, made inevitable by the unsustainable boom in low-cost-loan-led housing construction that was one of the Recession's origins. Construction is one of the most male-dominated industrial sectors, with over 90 percent of employment being male as of 2007; mining was close behind at 86 percent male, and manufacturing was 70 percent male.[2] The unemployment rate for men working in construction rose from 7.5 percent in 2007 to 19.6 percent in 2009; in mining rose from 3.3 percent to 12.2 percent, and in manufacturing from 3.8 percent to 11.8 percent.[3] In contrast, other industries with lower percentages of men had below-average unemployment, though higher than the baseline: the finance industry, which is 45 percent male and which got much press regarding the role of the industry in causing the recession, saw unemployment rates for men rise from 2.9 percent in 2007 to 7 percent in 2010.[4]

Differences also arose in exposure to unemployment across occupations. Men in management, a sector with traditionally low unemployment, saw their unemployment rate rise from 2 percent in 2007 to 4.8 percent by 2010.[5] Service occupations, a more female-dominated sector, saw less of a percentage increase but still rose to double-digit unemployment, with the unemployment rate for men rising from 6 percent in 2007 to 11 percent by 2010.[6]

While a recession indicates a general economic downturn and thus reduced demand for output from all industries, it is also the case that some industries and occupations tend to be more affected by the business cycle than others, construction being a prime example. This can relate to greater dependence on investment spending, since investment is generally the most volatile component of gross domestic output. Also, for-profit areas of the economy tend to be more volatile than the government and nonprofit sectors, which may react with more of a lag, or, in the case of the federal government, actually expand spending in an attempt to counteract the downturn. To the extent that men are in the more cyclically sensitive industries and occupations, the recession will then affect them more, and this is consistent with the patterns herein.

Trough

The recession was notable not only for its high unemployment rates and long length, but also for the length of job loss for many of the unemployed. In 2007, an unemployed man could expect a median duration of unemployment of 8.7 weeks and an average duration of 17.3 weeks, lengths easily covered by the existing unemployment benefits time period.[7] These duration measures rose steadily to high levels, peaking in 2010 at a median duration of 22.2 weeks and a mean duration of 33.7 weeks;[8] hence unemployed men could expect to be out of work for six to eight months. This meant increasing numbers of persons exhausted their statutory unemployment benefits; however those benefits periods were lengthened in response to these greatly increased durations.

The pain of unemployment was not shared equally across men by demographic characteristics. In 2009, black men had an unemployment rate of 16.3 percent as compared to 8.8 percent for white men.[9] Teenaged men (ages 16 to 19) had an unemployment rate of 27.8 percent, as compared to 9.2 percent for prime-aged men (ages 25 to 54).[10] However, all subgroups saw their unemployment rates rise, and even groups with traditionally very low unemployment, such as college graduate men, had significant rises—in their case the rate rose from 1.9 percent in 2007 to 4.7 percent in 2009,[11] much more than doubling.

Unemployment claims peaked in early 2009 (with a seasonally adjusted total of 326,392 in February 2009).[12] However, unemployment continued at high levels. This was partly because, with extended benefits, fewer people were exiting unemployment from having exhausted their benefits. But it was also noticeable that there was an increase, particularly of men, who had rejoined the labor force but had not found a job. This second pattern, on top of the greater representation of men in the cyclically sensitive industries, appeared to account for the much higher unemployment rate of men relative to women during the recession's 2009 trough. Compared to the two preceding recessions, the inflow rate of men into the labor force was much higher, as well as much higher than the inflow rate for women.[13] This may be because male nonparticipants in the labor market, including students, retirees, and those who may have been discouraged workers earlier in the recession, then entered or reentered the labor market, perhaps precipitated by having run down or used up their financial resources, such as retirement savings—and by the large drop in home equity that occurred when the housing price bubble burst early on in the recession.[14]

Thus, by the depth of the recession the percentage of men employed out of the population had fallen to 77.9 percent, down from 81.3 percent in 2007.[15] Thus, while employment was still the norm for most men, there were now significant numbers of men who were still in either long-run unemployment, or out of the labor force, in numbers not seen since the Great Depression of the 1930s.

Recovery

The Great Recession, as dated by the National Bureau of Economic Research, ran from the business cycle peak in December 2007 to the trough in June 2009.[16] This indicated that output was again growing. However, the labor market was slow to recover, with employment for all demographic groups still well below the levels found prior to the recession even three years later.

As of 2011, male unemployment had fallen less than one percentage point, from the high of 10.5 percent to 9.4 percent, and women's unemployment had fallen from 8.6 percent to 8.5 percent.[17] This more rapid improvement in the men's unemployment rate, albeit from a higher level, helped give rise to the notion that the recovery was a "mancovery," as men appeared to be recovering the jobs they had lost at a faster rate than women. In addition, as the recovery picked up more steam, women even appeared to be losing some of their jobs; in July 2011, men gained 136,000 jobs, while women lost 19,000 jobs.[18] This pattern of offsetting losses of women's jobs even as the unemployment rate for women fell continued through 2011, implying that women were also exiting the labor force during this period. This appeared to be due in part to growth of jobs in the private sector, where men made gains, offset by loss of jobs in the public sector, where women are disproportionately employed, as the state and local sector shed jobs due to governmental budget balancing constraints.[19] While men still comprised the majority of initial claimants for unemployment benefits, their percent of the total claimant pool dropped from 63 percent in 2009 to 59 percent in 2010.[20]

As the recession's effects continued to taper off into early 2012, the differences in men's and women's flows into and out of employment started to abate. However, even as of April 2012, almost three years after the recession's trough point, unemployment rates had not returned to the levels found in the pre-recession period.[21] In addition, different demographic groups continued to be affected differently by the pattern of the recovery. For instance, at this point, while unemployment rates had equalized by gender among whites, with the white male and white female rates both at 6.8 percent, black men and black women had both higher rates and a continued gender gap, with black women at 10.8 percent and black men at 13.6 percent unemployment.[22]

However, a focus on the unemployment rate data alone ignores a number of other important trends in the labor market that add to the dismal picture of the jobless recovery. As recessions drag on, people looking for jobs often become "discouraged workers," dropping out of the labor force as they stop looking for employment, and thus are no longer counted as unemployed. They can still be estimated from government surveys that ask those people not in the labor force if they want a job or not; those answering yes can be considered to be discouraged workers. The number of such persons rose during the recession from 7.1 percent of men not in the labor force in 2007, to 8.9 percent by 2011.[23] By 2011, there were some 2.23 million missing male participants in the labor force (and 1.62 million missing women) due to worker dislocation and subsequent discouragement; if these workers had been able to find employment, the male labor force participation rate would have been 2 percentage points higher.[24] A true recovery would make room in the labor market for many of these discouraged workers as well.

Another cause for concern was the continued long duration of unemployment spells. Men's average duration of unemployment actually continued to rise from 2010 to 2011, from 33.7 to 40 weeks, while median duration fell only slightly, from 22.2 to 21.7 weeks.[25] Not only do these durations imply hardship for the workers involved, but they also imply a degree of skill deterioration as persons may lose both some of the work abilities they had possessed, and forego the chance to develop additional on-the-job skills.

Skills, even if not deteriorating, can also be underutilized in a recession and in a weak recovery. The unemployment rate does not include a weighting for those persons who wanted full-time work but were only able to find part-time work, i.e., the underemployed. Indeed, the number of men working part-time for economic (rather than personal) reasons rose by 151 percent from 2007 to 2010, and was still well above the 2007 level in 2011.[26] Underemployment is more prevalent among younger workers and minority workers.[27] In addition, there is also the possibility of job-skill mismatch even among those workers in full-time positions (or working long hours by cobbling together two or more part-tie jobs), though is a harder phenomenon to document.[28] Thus the ongoing costs of the recession in terms of reduced productivity relative to a situation where all workers are fully utilized in the skill area for which they had trained are substantial.

An additional concern was the rising rate of male poverty. The male poverty rate rose from 11.1 percent in 2007 to 14 percent in 2010, the highest percentage since the modern poverty rate series had begun calculation in 1966 (when the rate for men was 13 percent).[29]

Outlook: Recessions' Impact on Men in the Future

An important question that has arisen is whether this recession is a turning point in terms of the undermining of men's importance in the labor market. While the previous section considered the lost productivity inherent in leaving resources idle, an alternative interpretation is that the skills that many men possess are no longer of value in the current economy.

The male labor force participation rate, which stood at 86.6 percent in 1948,[30] has been on a long secular decline over the whole post-WWII period. Indeed, during the recession and post-recessionary period, it has accelerated in decline, dropping from 73.5 percent in 2006 prior to the recession, to 73.0 in 2008, 72.0 in 2009, 71.2 in 2010 and 70.5 percent in 2011, its lowest ever during the postwar period.[31]

The percentage declines in employment in male industries were substantial and lasting. Employment in construction in 2011 was at 76 percent of its 2007 level, while manufacturing dropped to 88 percent of its 2007 level by 2010, rebounding somewhat to 90 percent of its 2007 level by 2011.[32] Meanwhile, other areas do not appear to be picking up these displaced male workers. For example, self-employment, a potential alternative to wage employment, rather than rising, actually declined from 2007 to 2011, with only 7.2 percent of men reporting self-employment, down from 7.7 percent in 2007.[33]

Some have also linked this latest round of male job loss to a larger question about whether men's roles in society are going through fundamental change, what several observers have called the "masculinity-crisis meme."[34] Witness writer Hanna Rosin's linking of the current recession to this ongoing pattern: "three-quarters of the 8 million jobs lost were lost by men. The worst-hit industries were overwhelmingly male and deeply identified with macho: construction, manufacturing, high finance. Some of these jobs will come back, but the overall pattern of dislocation is neither temporary nor random. The recession merely revealed—and accelerated—a profound economic shift that has been going on for at least 30 years, and in some respects even longer."[35] Under this interpretation, recessions tend to amplify structural changes in the economy that are already occurring and make it clear that men's incomes may be a less reliable source of household income than women's.

Indeed, one noticeable side effect of the recession and its aftermath was the rising earning power of women relative to men. While year-round full-time women workers' median weekly earnings stood at 80 percent of the comparable men's earnings in 2007, by 2011 their earnings had risen to 82 percent of men's, the ratio's highest level ever.[36] In addition, by 2011 women constituted 47 percent of the labor force, another record level.[37]

To the degree that women's increased participation and earnings relative to men helps maintain family incomes, then these restructurings do not necessarily bode badly for the future. A world in which women and men share responsibility for household income and chores need not be a worse world, and the diversification of dual incomes and careers helps reduce the household poverty rate. On the other hand a world in which both members of a couple must work in order to maintain the household at a reasonable income level is one that is perhaps more stressful as income is negatively affected whenever either person is out of work. And contemporaneous rises in homogamous mating, whereby higher-earning men marry higher-earning women, can increase overall household income inequality.

It is also not set in stone that men cannot shift to other industries and occupations than those that are traditionally considered male. Indeed, there is some evidence that such shifts are occurring, as relatively high-paying low-unemployment-rate female-dominated occupations like nursing look increasingly attractive to men.[38] Thus it may be that recessions speed the transition of workers out of declining industries and into expanding industries, and that this process, while personally painful to those who must make the transition, is nonetheless a normal part of labor market dynamics. To the extent that those dynamics also both affect and are affected by societal gender roles, there will continue to be differences in how men and women respond to future recessions.

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Figure 1

Unemployment rates by sex, 1948 to 2011

Source: *Economic Report of the President*—1948-96: 1997, Table B-40; 1997-2011: 2012, Table B-42.