



Researching Family Balance Sheets to Strengthen Families and the Economy | stlouisfed.org/hfs

“Thrivers vs. Strugglers:” A Growing Economic Divide

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These are views alone and not necessarily those of the Federal Reserve Bank of St. Louis or the Federal Reserve System.

From *The Once and Future Worker*, by Oren Cass

“[W]ithout access to **work** that can support them, families struggle to remain intact or to form in the first place, and communities cannot help but dissolve; without stable families and communities, economic opportunity vanishes.” (p. 2)

“The people needing to accept a departure from some of their preferences under productive pluralism would be, generally speaking, the highly skilled, college-educated ‘**winners**’ of the modern economy....” (pp. 209-10)

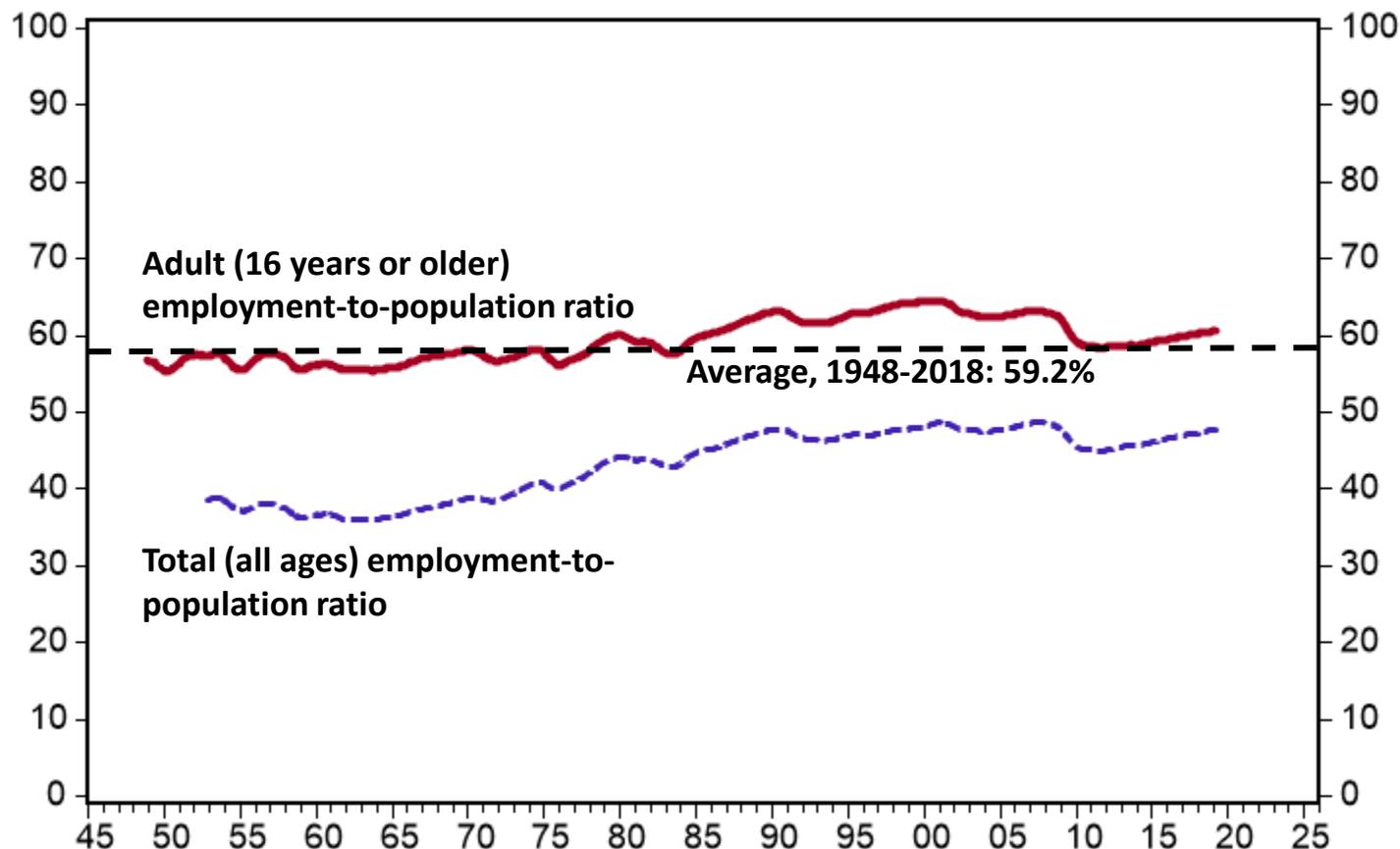
Who Are the Winners and Losers from Changes in Access to Work?

- Group measure of work is the “employment-to-population ratio”
- Which demographic groups are working more and less over time?
 - By age group
 - By gender
 - By race and ethnicity
 - By educational attainment
- Our analysis: “White working class” (esp. male) uniquely stressed

61% of Adults Are Employed vs. Post-War Average 59%

Employment-to-Population Ratio: Adults 16 Years or Older
Percent; 12-month Moving Average

Employment-to-Population Ratio: Total US Population
Percent; 12-month Moving Average



Source: Bureau of Labor Statistics/Haver Analytics

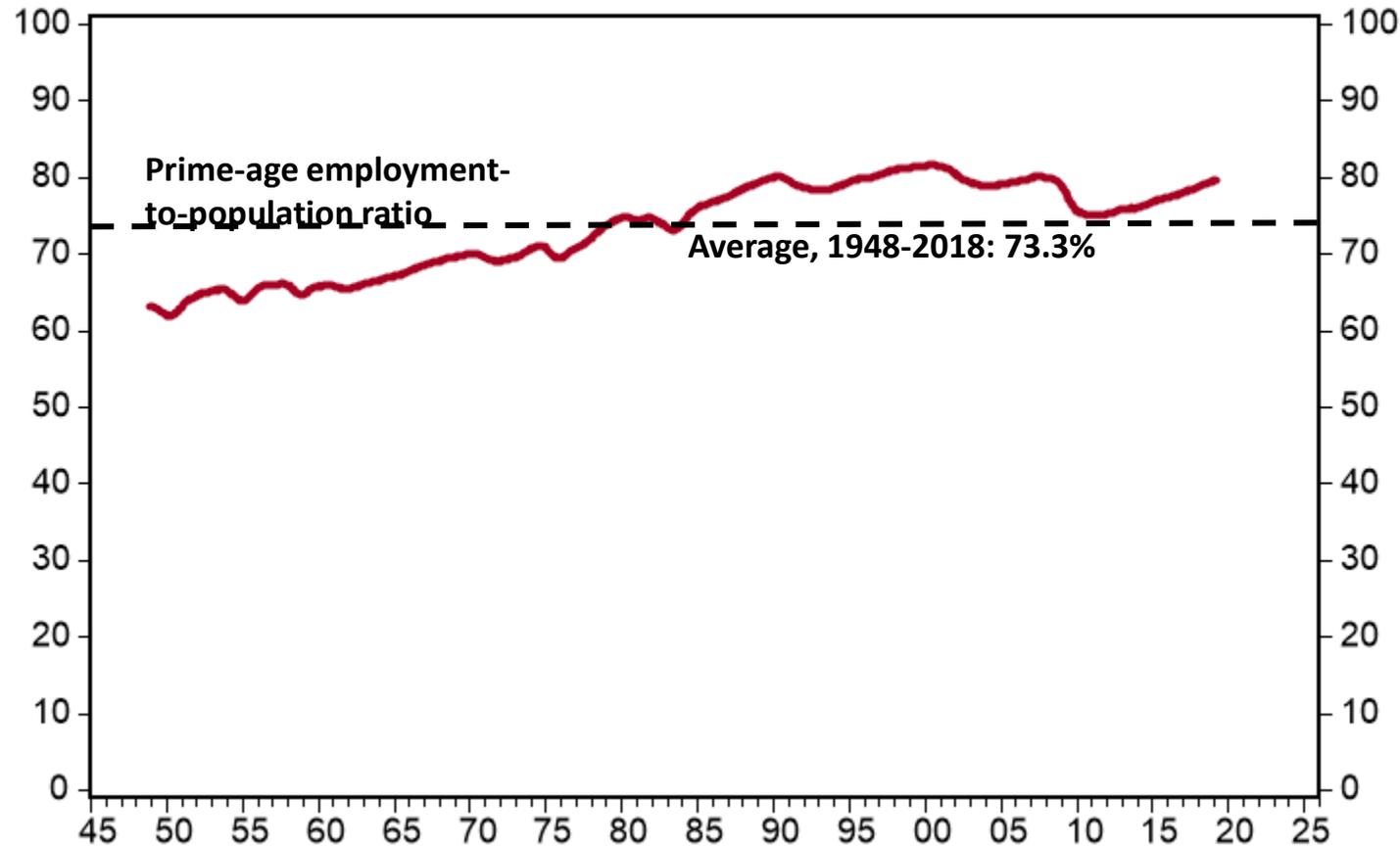
Ages 16 +	Adult E-P Ratio (%)
1949	57
1959	56
1969	58
1979	60
1989	63
1999	64
2009	61
2019	61

All ages	All-ages E-P (%)
1949	--
1959	36
1969	38
1979	44
1989	47
1999	48
2009	47
2019	48

Prime-Age (25-54) E-P Ratio is 80% vs. Average 73%

Employment-to-Population Ratio: 25-54 Years Old

Percent; 12-month Moving Average



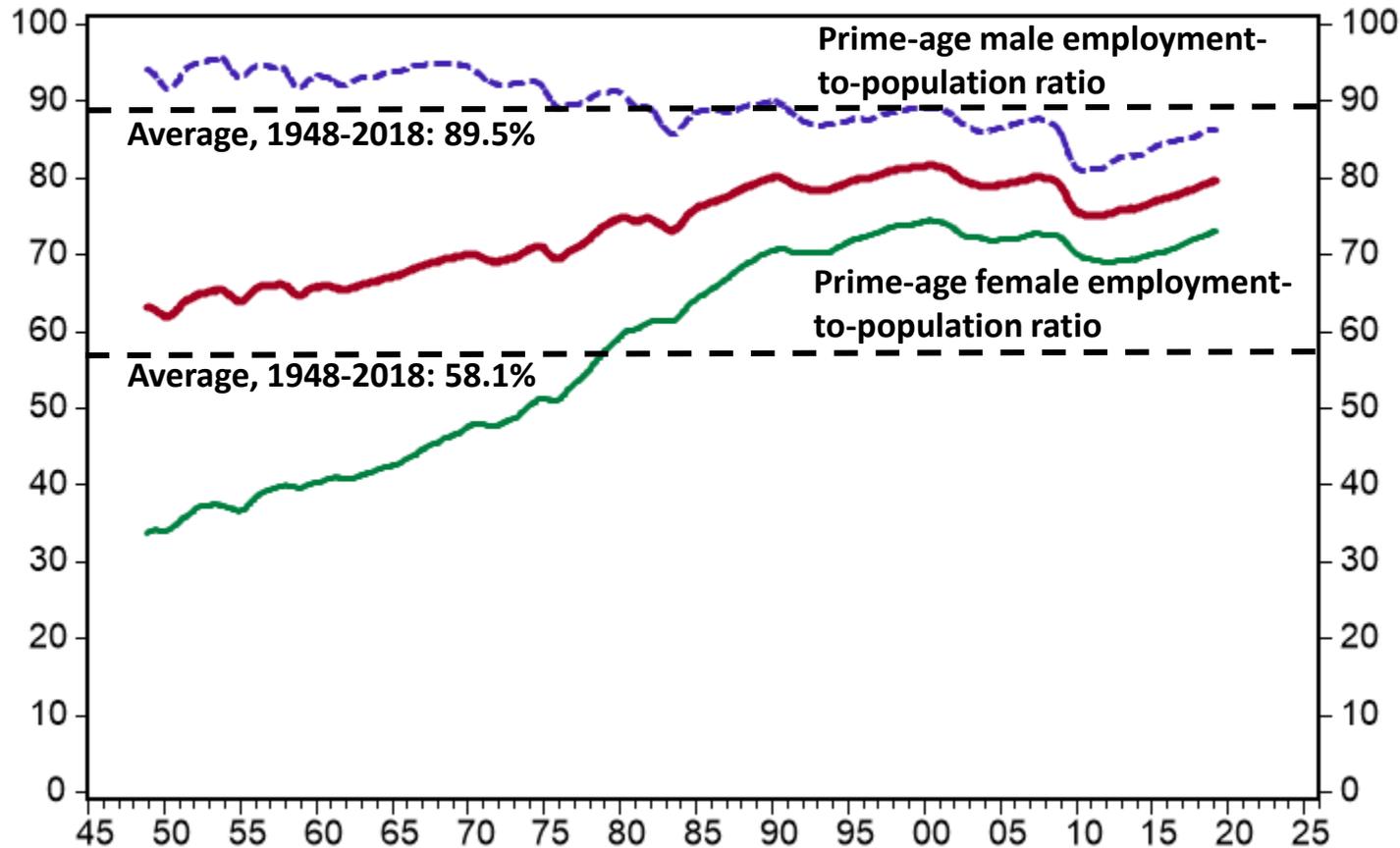
Source: Bureau of Labor Statistics/Haver Analytics



Prime-Age Male E-P Ratio Below Average; Female Above

Employment-to-Population Ratio: 25-54 Years Old (%;12 mo. MA)
 Male Employment-to-Population Ratio: 25-54 Years Old (%;12 mo. MA)
 Female Employment-to-Population Ratio: 25-54 Years Old (%;12 mo. MA)

Ages 25-54	Total E-P Ratio (%)
1949	63
1959	65
1969	70
1979	74
1989	80
1999	81
2009	78
2019	80



Ages 25-54	Male	Female
1949	94	34
1959	92	40
1969	95	47
1979	91	58
1989	90	70
1999	89	74
2009	84	72
2019	86	73

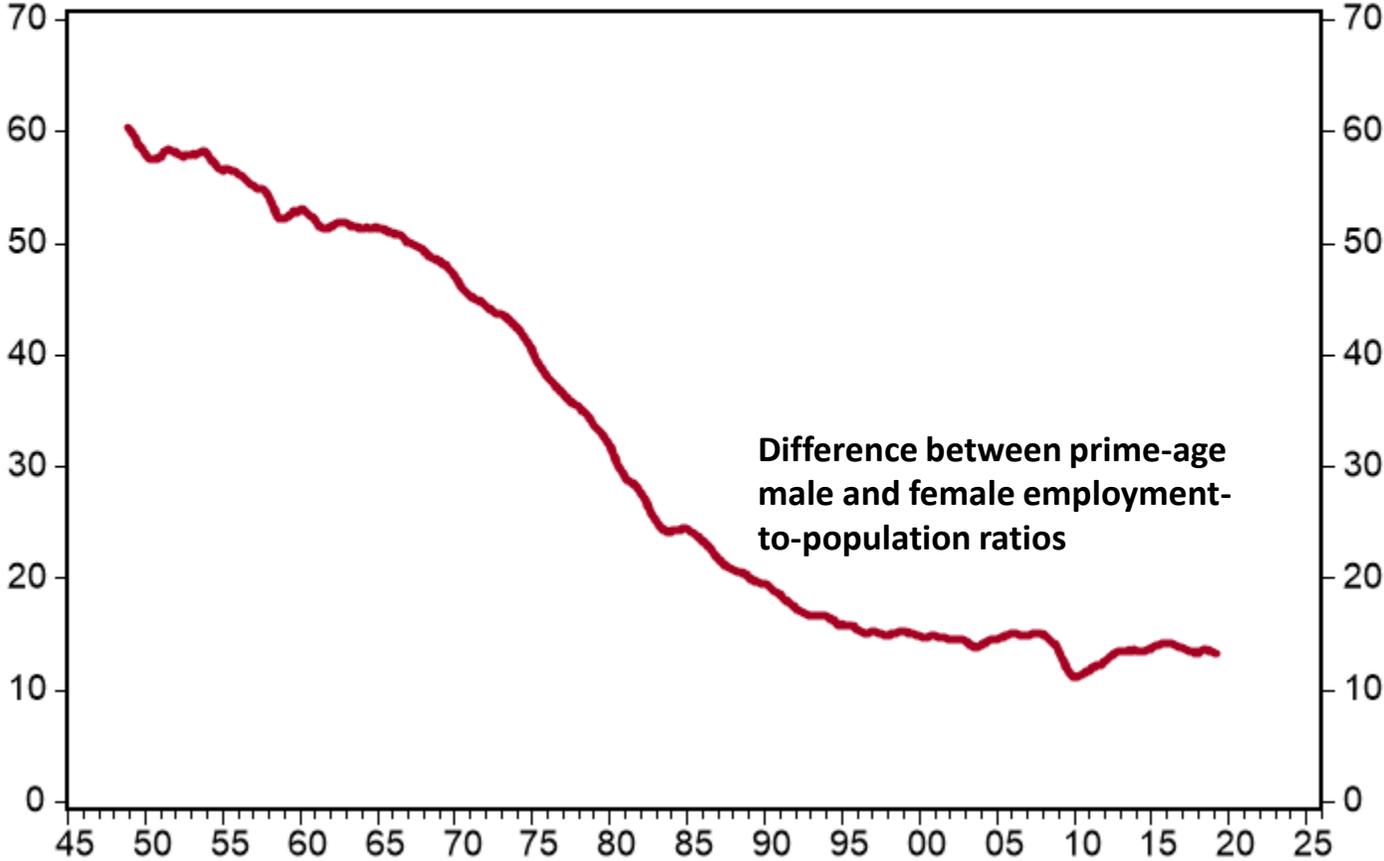
Source: Bureau of Labor Statistics/Haver Analytics

Gender Difference in E-P Ratio May Have Stabilized

Difference between Male and Female Prime-Age E-P Ratios

Percentage points; 12-month Moving Averages

Ages 25-54	Male less Female E-P (pps)
1949	60
1959	52
1969	48
1979	33
1989	20
1999	15
2009	13
2019	13

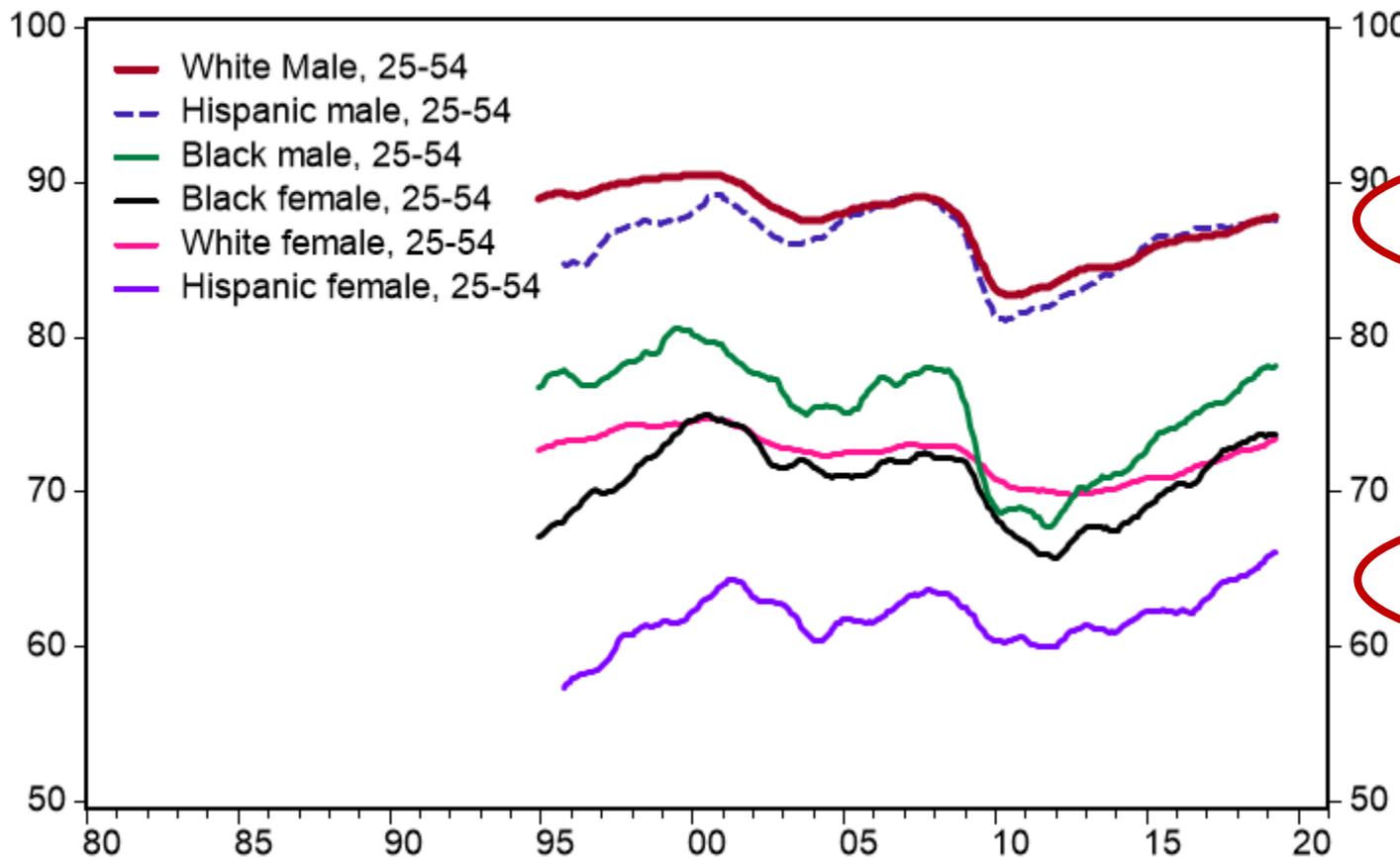


Source: Haver Analytics

Only *White* Prime-Age E-P Ratios Declined Since 1994

Prime-Age Employment-to-Population Ratios
By Race or Ethnicity and Gender
Percent; 12-month Moving Averages

Ages 25-54	Average E-P ratio, 12 mos. through Apr. 2019 (%)
White male	88
Hispanic male	88
Black male	78
White female	73
Hispanic female	66
Black female	74

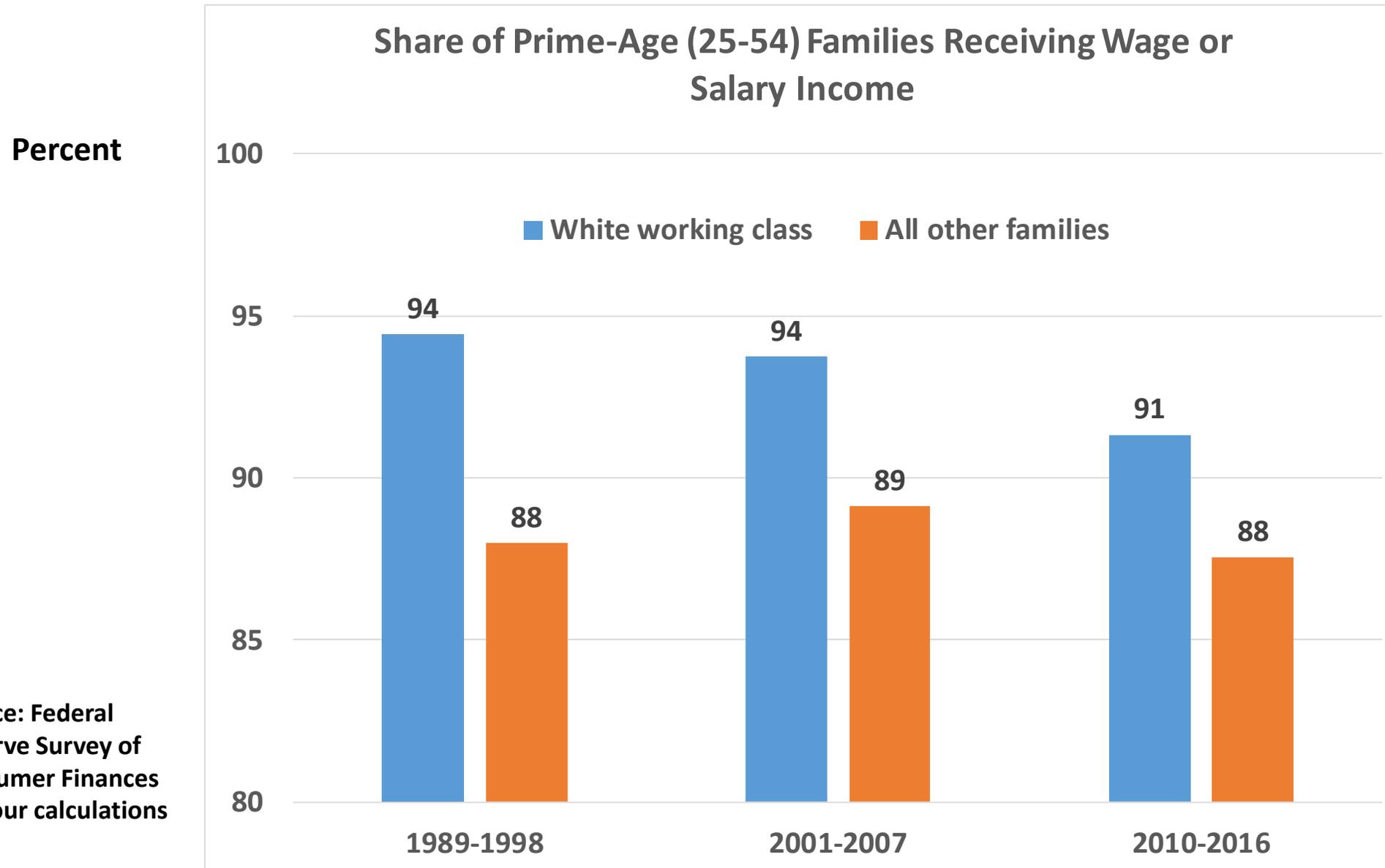


Ages 25-54	Change between 1994 and 2018 (pps)
White male	-1.5
Hispanic male	+2.8
Black male	+0.5
White female	-0.2
Hispanic female	+8.1
Black female	+5.0

Source: Bureau of Labor Statistics/Haver Analytics



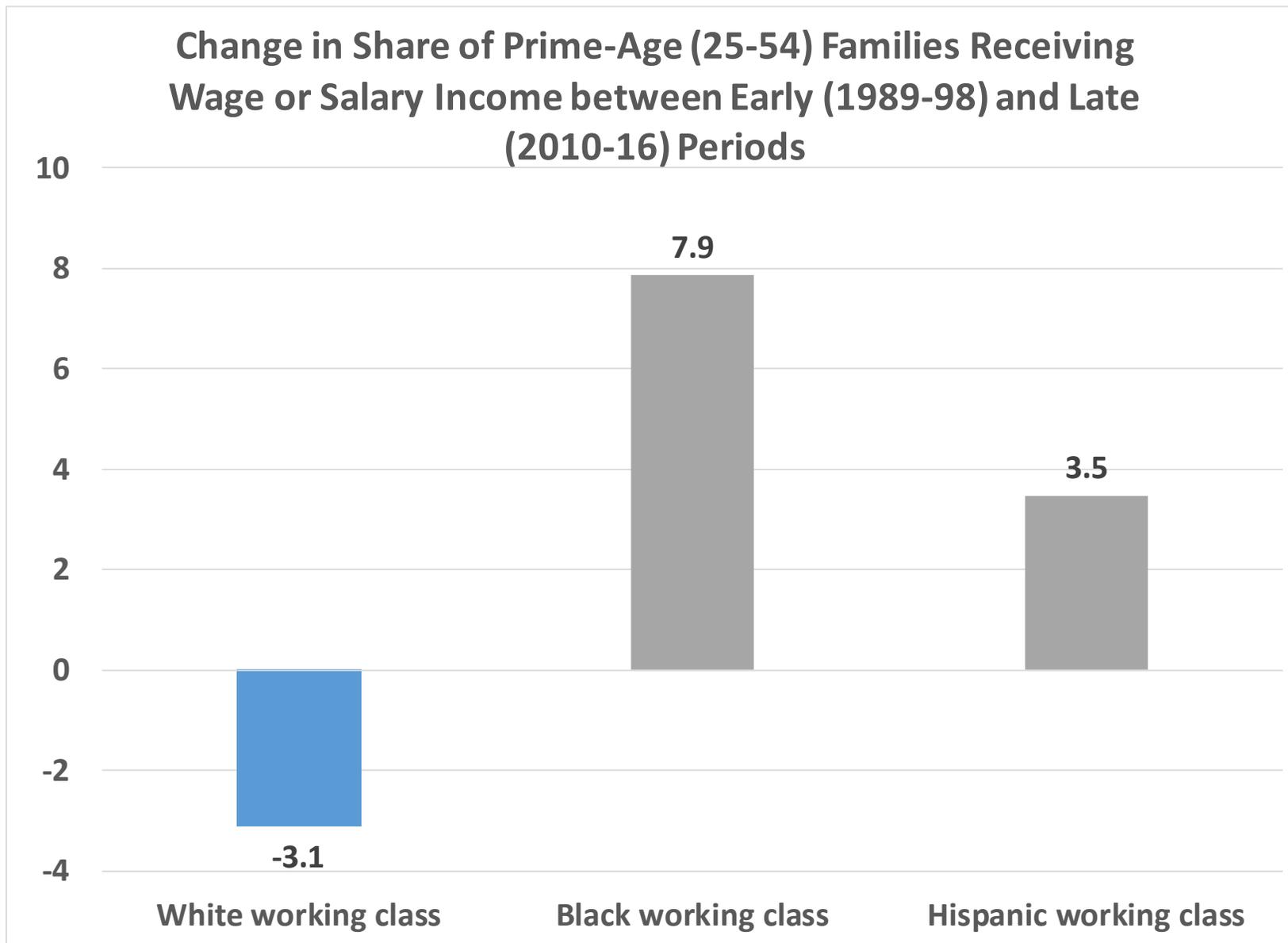
Only White Working Class Working Less



Source: Federal Reserve Survey of Consumer Finances and our calculations

Black and Hispanic Working Classes Working *More*

Percentage points



Source: Federal Reserve Survey of Consumer Finances and our calculations

The “White Working Class” is Uniquely Distressed

- See our essay: *The Demographics of Wealth 2018 Series, No. 3*
 - “The Bigger they Are, The Harder They Fall: The Decline of the White Working Class,” September 2018, by William R. Emmons, Ana H. Kent and Lowell R. Ricketts

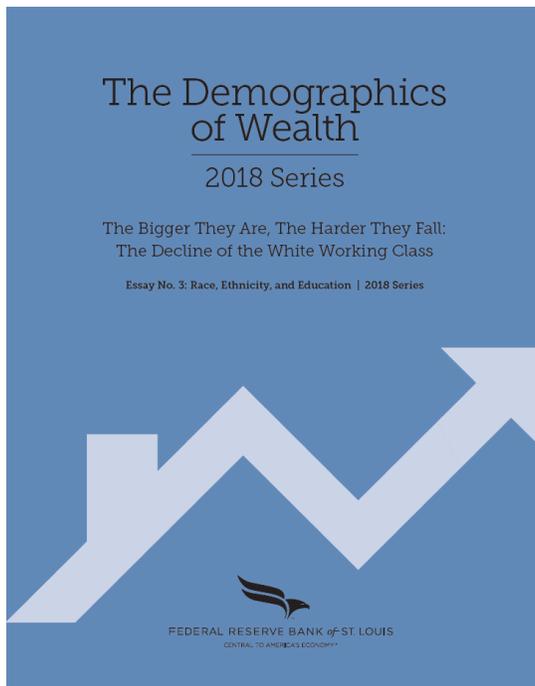
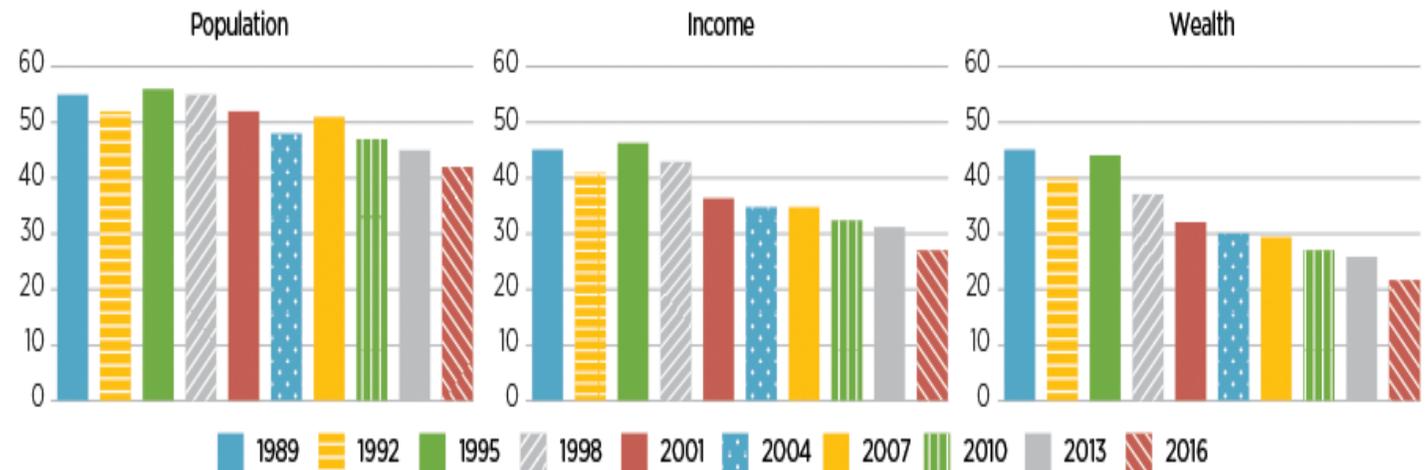


Figure 1: White Working Class Share of Population, Income and Wealth (percent)



SOURCE: Federal Reserve Bank of St. Louis

FAMILY
INCOME

FAMILY
WEALTH

HOME-
OWNERSHIP
RATE

MARRIAGE
RATE

HEALTH
STATUS

WHITE WORKING CLASS

WHITE COLLEGE GRADS

BLACK WORKING CLASS

BLACK COLLEGE GRADS

HISPANIC WORKING CLASS

HISPANIC COLLEGE GRADS

How did each group's typical or average outcomes change relative to the population between "early" (1989-98) and "late" (2010-16) periods?

How did this group's outcomes change relative to the population between the "early" and "late" periods?

FAMILY INCOME

FAMILY WEALTH

HOME-OWNERSHIP RATE

MARRIAGE RATE

HEALTH STATUS

WHITE WORKING CLASS

WORSE

WHITE COLLEGE GRADS

BETTER

BLACK WORKING CLASS

BETTER

BLACK COLLEGE GRADS

WORSE

HISPANIC WORKING CLASS

BETTER

HISPANIC COLLEGE GRADS

BETTER



How did this group's outcomes change relative to the population between the "early" and "late" periods?

	FAMILY INCOME	FAMILY WEALTH	HOME-OWNERSHIP RATE	MARRIAGE RATE	HEALTH STATUS
WHITE WORKING CLASS	WORSE	WORSE			
WHITE COLLEGE GRADS	BETTER	BETTER			
BLACK WORKING CLASS	BETTER	BETTER			
BLACK COLLEGE GRADS	WORSE	UNCHANGED			
HISPANIC WORKING CLASS	BETTER	BETTER			
HISPANIC COLLEGE GRADS	BETTER	UNCHANGED			

How did this group's outcomes change relative to the population between the "early" and "late" periods?

	FAMILY INCOME	FAMILY WEALTH	HOME-OWNERSHIP RATE	MARRIAGE RATE	HEALTH STATUS
WHITE WORKING CLASS	WORSE	WORSE	WORSE		
WHITE COLLEGE GRADS	BETTER	BETTER	BETTER		
BLACK WORKING CLASS	BETTER	BETTER	UNCHANGED		
BLACK COLLEGE GRADS	WORSE	UNCHANGED	WORSE		
HISPANIC WORKING CLASS	BETTER	BETTER	BETTER		
HISPANIC COLLEGE GRADS	BETTER	UNCHANGED	WORSE		

How did this group's outcomes change relative to the population between the "early" and "late" periods?

	FAMILY INCOME	FAMILY WEALTH	HOME-OWNERSHIP RATE	MARRIAGE RATE	HEALTH STATUS
WHITE WORKING CLASS	WORSE	WORSE	WORSE	WORSE	
WHITE COLLEGE GRADS	BETTER	BETTER	BETTER	BETTER	
BLACK WORKING CLASS	BETTER	BETTER	UNCHANGED	BETTER	
BLACK COLLEGE GRADS	WORSE	UNCHANGED	WORSE	WORSE	
HISPANIC WORKING CLASS	BETTER	BETTER	BETTER	WORSE	
HISPANIC COLLEGE GRADS	BETTER	UNCHANGED	WORSE	WORSE	

How did this group's outcomes change relative to the population between the "early" and "late" periods?

	FAMILY INCOME	FAMILY WEALTH	HOME-OWNERSHIP RATE	MARRIAGE RATE	HEALTH STATUS
WHITE WORKING CLASS	WORSE	WORSE	WORSE	WORSE	WORSE
WHITE COLLEGE GRADS	BETTER	BETTER	BETTER	BETTER	UNCHANGED
BLACK WORKING CLASS	BETTER	BETTER	UNCHANGED	BETTER	BETTER
BLACK COLLEGE GRADS	WORSE	UNCHANGED	WORSE	WORSE	WORSE
HISPANIC WORKING CLASS	BETTER	BETTER	BETTER	WORSE	BETTER
HISPANIC COLLEGE GRADS	BETTER	UNCHANGED	WORSE	WORSE	BETTER



	FAMILY INCOME	FAMILY WEALTH	HOME-OWNERSHIP RATE	MARRIAGE RATE	HEALTH STATUS
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WHITE WORKING CLASS

WORSE WORSE WORSE WORSE WORSE

The WWC is uniquely distressed.

WHITE COLLEGE GRADS

BETTER BETTER BETTER BETTER UNCHANGED

BLACK WORKING CLASS

BETTER BETTER UNCHANGED BETTER BETTER

BLACK COLLEGE GRADS

WORSE UNCHANGED WORSE WORSE WORSE

Black college grads also struggling.

HISPANIC WORKING CLASS

BETTER BETTER BETTER WORSE BETTER

HISPANIC COLLEGE GRADS

BETTER UNCHANGED WORSE WORSE BETTER

In Sum:

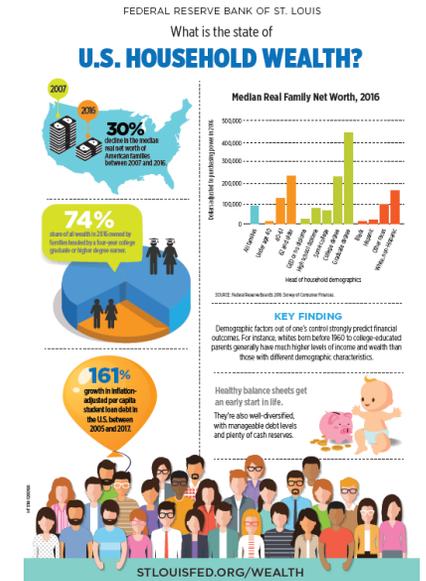
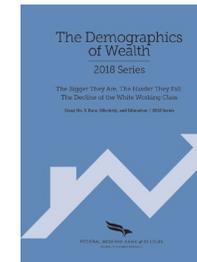
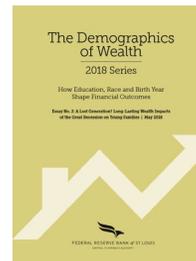
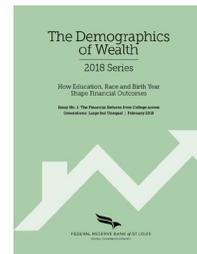
Crisis in Work Is In the (Male) White Working Class

- The white working class shows signs of distress in both attachment to work and other socio-economic measures.
 - White working class men are more stressed than women
- Black college grads also show broad-based distress.
- Winners in the new world of work include:
 - White college grads (also Asian)
 - Black and Hispanic working classes
 - Women of all races, ethnicities and education levels

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Quantifying the Decline of the White Working Class

- We used detailed demographic and financial information on 47,776 families in the Federal Reserve's *Survey of Consumer Finances*.
- Each respondent was interviewed in one of 10 tri-ennial survey waves between 1989 and 2016.
- We compared trends in five measures of well-being:
 - Median family income (adjusted for inflation)
 - Median family wealth (adjusted for inflation)
 - Homeownership rates
 - Marriage rates, including cohabiting couples
 - Self-assessed health status

How Have Measures of Well-Being Changed Over Time?

- We formed six groups defined by race or ethnicity and 4-year college-degree status
 - White working class (WWC): Non-Hispanic white survey respondent with education less than a 4-year bachelor's degree.
 - WWC families were 55% of the sample in 1989; 42% in 2016.
- We focused on three time periods
 - Early (1989-98)
 - Middle (2001-07)
 - Late (2010-16)
- Relative to trends in the overall population, how did each group's measure change between the early and late periods?