



## Economic Review

# The Changing Cyclicity of Labor Force Participation

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The labor force participation rate has become more sensitive to the business cycle.

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The U.S. labor force participation rate—the percentage of the working-age population who are employed or looking for work—declined sharply after the 2007–09 recession. Typically, labor force participation is only mildly associated with the business cycle. Several studies of the recent recession, however, have concluded that the recession reduced labor force participation, suggesting a shift in its cyclical behavior.

Willem Van Zandweghe examines whether the labor force participation rate has become more cyclical over time. He finds that cyclical fluctuations in the participation rate have become more pronounced, but the most notable shift occurred around 1984. In addition, he finds that cyclicity varies across segments of the labor force. Although the participation rate for workers age 25–54 has become more cyclical over time, the rate for older workers has turned countercyclical.

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