

POLICY FOCUS

Women in the Economy

RECIPES FOR RATIONAL GOVERNMENT FROM THE INDEPENDENT WOMEN'S FORUM

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WHAT YOU NEED TO KNOW

Each Administration argues that their economic policies will benefit Americans, leading to greater economic opportunity and prosperity. While it often takes time for new policies to take effect and influence the economy, after more than six years under President Obama, we can fairly assess how Americans are faring under this Administration's economic policies.

Sadly, the evidence suggests that on many important measures, women's economic prospects and financial situation have not meaningfully improved, and indeed have gotten worse in important ways. Although the unemployment rate for women is lower today than it was at the height of the financial crisis, the share of women participating in the labor force has fallen to the lowest level since 1988. For every woman who has gotten a job during this Administration, two women have exited the labor force entirely. This suggests that the economy is simply not producing the kind of job opportunities that American women want and need.

Many of those who have jobs are frustrated that it remains difficult to move up the economic ladder. Wages for women workers have stagnated during the last six years, and average household incomes have fallen. Poverty remains a persistent problem, with the poverty rate still well above pre-recession levels.

This economic record is particularly concerning given that the Administration has massively increased the size and scope of government in the name of improving our economic condition. Sadly, although federal debt has increased by more than \$6 trillion, our economy is still failing to create the opportunities that Americans need. Given this record, we need to reform our economic policies with a focus on facilitating job creation so that more Americans can find work and better pay.

WHY YOU SHOULD CARE

We want economic policies that create real opportunity and progress for Americans. Under President Obama, the federal government has greatly increased federal spending and regulation, and accumulated more debt. Yet on key economic measures, Americans' prospects aren't improving and in some cases they are getting worse.

- **Not Enough Jobs:** Our official unemployment rate has declined, but that's been driven by many Americans leaving the workforce. This is particularly troubling since those who remain unemployed for long periods of time tend to have a harder time finding work and have lower future wages as a result. We want plentiful job opportunities for all those who want to work.
- **Stagnating Wages, Falling Incomes:** Those working haven't seen their pay increase significantly during the last six years. With fewer workers over all, household incomes have declined. This means that more Americans are struggling to get by, and many are losing hope.
- **Growing Government Debt:** The Administration has been borrowing heavily to finance its economic policies so that the average American's share of the federal debt has ballooned by about \$18,000 in the last six years. This is another disservice to the next generation who will have to shoulder this debt burden, as well as struggle to get started in this sluggish economy.

MORE INFORMATION

Labor Force Participation

We want an economy that offers plentiful opportunity and a wide variety of work arrangements so that people can balance work and other pursuits based on their own needs and preferences. Many women who have children prefer to dedicate their time and talents to caring for their families. Others want part-time work. Still others want to work full-time.

This variety of preferences means that we cannot judge the strength of the economy by employment numbers alone. However, changes in employment levels can provide a window into how the economy is performing, and help us assess if it is providing the opportunities that people crave.

According to the **Bureau of Labor Statistics**, between 2000 to 2009, women's labor force participation rate (that's the term for the share of women over age 16 who either had a job or were looking for a job, so were considered a part of the workforce) was consistently between 59 and 60 percent (with a high of 59.9 percent in 2000 and a low of 59.2 percent in 2004 and 2009). Women's unemployment rate during that period fluctuated more, but remained comparatively low: In 2000, the unemployment rate was 4.1. It rose to 5.7 in 2003 before falling back to 4.6 percent by 2006. Unemployment then spiked in 2009 as the financial

crisis hit, with 8.1 percent of women in the labor force (5.8 million women) unemployed.

The media now reports the good news that our unemployment rate has declined significantly since the financial crisis. By 2014, the unemployment rate fell to 6.1 percent and only 4.4 million women were unemployed.

This sounds like real progress, but sadly the drop in unemployment isn't primarily a result of women finding jobs. Rather, it is largely a product of women giving up looking for work entirely and therefore leaving the labor force. In 2009, 49.6 million women weren't in the labor force; in 2014, there were 55.2 million women outside the labor force, an increase of 5.6 million.

The number of employed women also rose from 66.2 million in 2009 to 68.6 million in 2014 (an increase of 2.4 million), but at a much slower pace. As a result, the share of women working has declined significant during President Obama's tenure. For every one woman who became employed during this time period, more than two women have opted out of the workforce entirely. As a result, women's labor force participation rate fell from 59.2 in 2009 to 57.0 in 2014. That's the lowest level of workforce participation among women since 1988.

Stagnant Earnings, Persistent Poverty

Women's declining participation in the workforce would be less concerning if other

statistics suggested that this was the result of women feeling more secure in making the decision to stay home and forgo paid work. For example, in a booming economy in which earnings were steadily rising, some women (particularly married women) may choose not to work since their husband's income could sustain the family. If this were the case, we would likely see a decline in poverty at the same time as a decline in workforce participation.

Sadly, this is not the case today. Real (inflation adjusted) household income has fallen for the average American family. In fact, [the Census Bureau](#) reports: "In 2013, real median household income was 8.0 percent lower than in 2007, the year before the most recent recession." This means that today the average American family is having to get by on less income than before. As people stretch their budgets further, they have less of an opportunity to save or invest in important endeavors such as school or starting a business.

Part of the reason that household income has declined is that, in addition to having a smaller share of people working, earnings have stagnated. For example, according to the [Bureau of Labor Statistics](#), the median weekly earnings for women was \$305 in the second quarter of 2009 and just \$308 in the second quarter of 2014 (adjusted for inflation). In other words, workers have been treading water during the Obama Administration. Even many of those fortunate enough not to suffer from job loss have not been getting ahead, but

instead have been earning the same amount. This is frustrating for those who hope to climb the economic ladder and increase their standard of living.

Not surprising given these troubling statistics, poverty remains a significant problem in the United States, in spite of incredible investments in the name of poverty alleviation. According to the **Census Bureau**: “In 2013, there were 45.3 million people in poverty. For the third consecutive year, the number of people in poverty at the national level was not statistically different from the previous year’s estimate.” The poverty rate in 2013 is still 2.0 percentage points higher than it was in 2007 before the financial crisis, which means that the economy has still not sufficiently recovered to help many Americans who need opportunity most.

Rising Levels of Government Spending and Debt

Most Americans who are worrying about meeting their monthly budgets don’t think about how the government’s spending habits will affect them in the future. However, it’s worth noting that while American families have been struggling to make ends meet—trying to do more with less, reduce their own debts, and whenever possible put away a little money for a rainy day, college or retirement—the federal government has been piling up new debt on their behalf.

Consider that in 2009, the gross federal debt was \$11.9 trillion. Today, our national debt exceeds

\$18.3 trillion. That is an increase of about two-thirds in just 6 years. The **debt per citizen** has exploded from about \$39,000 per citizen in 2009 to more than \$57,000 today.

Not surprisingly, this rise in debt has occurred in tandem with a big increase in government spending. In 2008, the federal government spent less than \$3.0 trillion. In 2009, spending spiked to more than \$3.5 trillion. While this spending increase had been sold to the public as necessary as a response to the financial crisis, spending never receded. In fact, in inflation-adjusted dollars, the federal government will spend \$3.75 trillion in 2015. The “temporary emergency spending” is now a regular part of **our federal budget**.

This incredible rate of spending and accumulation of debt makes the less-than-stellar economic record of the Obama years all the more troubling. The American government has been borrowing heavily with the promise that this “investment” would lead to a robust recovery that would ultimately help justify the expense and put us on more secure financial footing. Yet there is no evidence this is happening. Rather, this incredible debt is another burden that faces the next generation and makes their economic prospects bleaker.

Better Policies for a Better Economy

Americans all want the same thing when it comes to the economy: We want plentiful

opportunity so that any American who wants work can find a job. We want entry-level positions that open the door for people to get a first job, gain skills, and begin moving up the economic ladder. We want businesses to be able to pay workers more so that Americans who are consistently working feel rewarded and can improve their situation year after year.

Sadly, that is not the economy we have today after 6.5 years of the Obama Administration. It appears that the massive increase in spending, as well as the considerable new regulatory regimes that have been imposed on American businesses in the name of promoting growth and helping workers, have not succeeded in generating more job opportunities or increasing pay. Those Americans with low-incomes and few skills are suffering most.

We need to do better. Americans ought to consider alternative approaches to economic policy, in order to give more freedom and resources to people and businesses who are trying to create jobs so that we can once again become the Land of Opportunity.

Beyond the Statistics

It can be hard to make sense of economic data: So often, the media reports statistics that suggest the economy is growing, but we later learn that those estimates have been revised, and little growth actually took place.

Survey data is an additional tool for assessing the state of the economy. For example, a study by Rutgers University details how Americans continue to struggle and are increasingly pessimistic about the future. As CNN reported, in 2014 “seventy-one percent of Americans say they think the recession exerted a permanent drag on the economy.... By contrast, in November 2009...the Rutgers researchers found that only 49 percent thought the downturn would have lasting damage.” Forty-two percent of respondents also reported having less pay and savings than before the recession, while just 7 percent said they were significantly better off.

Another study released in June by the MacArthur Foundation found that nearly 8 in 10 Americans “believe it is more common for people to fall out of the middle class than rise up to it.” This is the opposite of the American Dream. We need economic reforms that bring back a sense of hope, opportunity and real progress.

WHAT YOU CAN DO

You can help build support for positive economic reforms.

- **Get Informed:** Learn more about our economy and the reforms that will create real opportunity for Americans. Visit:
 - The Independent Women's Forum
 - Conservative Reform Network
 - American Enterprise Institute
- **Talk to Your Friends:** Help your friends and family understand these important issues. Tell them about what's going on and encourage them to join you in getting involved.

- **Become a Leader in the Community:**

Get a group together each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

- **Remain Engaged Politically:** Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

ABOUT THE INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility.

IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.

We rely on the support of people like you! Please visit us on our website www.iwf.org to get more information and consider making a donation to IWF.

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