

The Daily Dish

Labor Market Consequences of the Opioid Tragedy

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The United States has two major public health emergencies (PHEs) in effect: COVID-19 and opioids. It is debatable whether there should still be a declaration of a PHE for COVID-19. The president has flatly stated that the pandemic is over, and the U.S. population is largely acting accordingly. Nevertheless, the administration has repeatedly extended the PHE 90 days at a time as a way of holding onto the extraordinary powers granted to the executive during the PHE.

The opioid epidemic is clearly not over and is having ongoing tragic consequences. Last year there were roughly 70,000 deaths from synthetic opioid overdoses (synthetic opioids have become the primary scourge in the past decade) and nearly 80,000 deaths due to opioid overdoses overall.

The two emergencies intersect in the U.S. labor market. One of the striking features of the pandemic recovery has been the persistently lower rate of labor force participation, leading to slower growth in the labor force, an overheated labor market, and sustained inflation pressures. In The Rise of Synthetic Opioids Could Explain Part of the Missing Workforce, Isabella Hindley builds on previous research by Ben Gitis that examined the impact of opioids on the labor market and economic output from 1999–2015. She finds that in 2021, relative to 2013 labor force participation rate projections, at least 1.3 million workers were absent from the labor force as a result of opioid use – likely a conservative estimate. The loss of workers translates to a cumulative loss of at least 7 billion work hours and $526.1 billion in real output between 2013 and 2021.

An estimated 6.3 million workers are “missing” from the labor market. If 1 in 5 of those are due to opioids, it is an important contribution to lower worker productivity, increased worker absenteeism, increased job openings through employee turnover, and a reduced labor supply. It seems likely that it is time to expand the attention paid to the implications of

COVID-19 and the subsequent economic responses to include ways to address the 200 percent increase in fatalities due to synthetic opioid use between 2013 and 2021.