

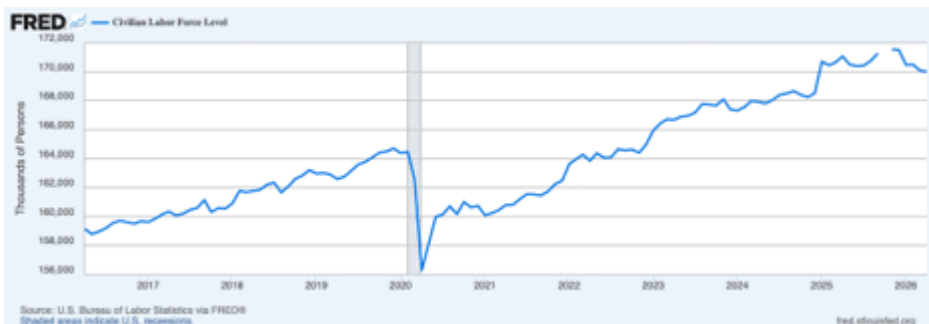


The Daily Dish

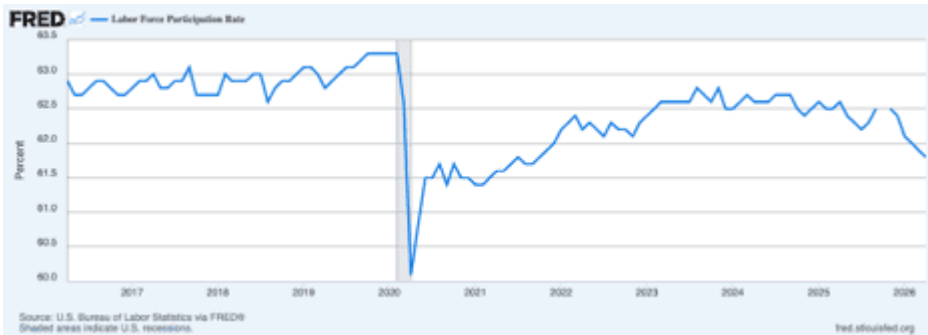
The Mystery of the Missing Workers

DOUGLAS HOLTZ-EAKIN | MAY 14, 2026

The U.S. labor market has (deservedly) received a lot of attention lately. A fair (and very rough) summary of the state of play is that low fertility, reduced immigration, and deportations have resulted in slow-to-negative labor force growth (see graph, below). In these circumstances, it takes essentially no job growth to keep the unemployment rate down. So, while few are getting fired, very few new workers are getting hired and the dynamism of the labor market is at risk.



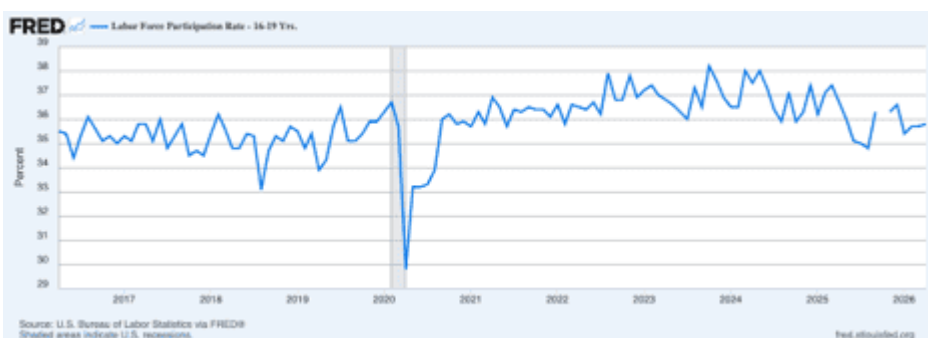
But there is another way to get the labor force to grow: Lure those discouraged by the past back into the labor force and job search. That is, raise the labor force participation rate. As one can see (below) the participation rate has never recovered its pre-pandemic levels. Who are these people and what are they up to? Inquiring minds - or at least one inquiring mind - wants to know.



The starting point is to check out the behavior of prime-age workers. To Eakinomics' great relief, the heart and soul of the labor market is not the issue. As shown below, labor force participation rates for those aged 25-54 are above the pre-pandemic levels.

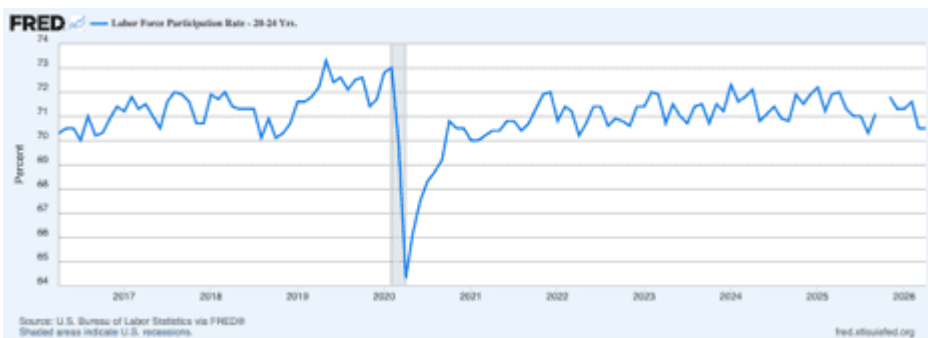


Teenagers are always a problem, so Eakinomics turned next to the 16-19 crowd. Their labor force participation rate (below) fluctuates fairly widely - erratic behavior is right on brand - but the averages before and after the pandemic look quite similar.

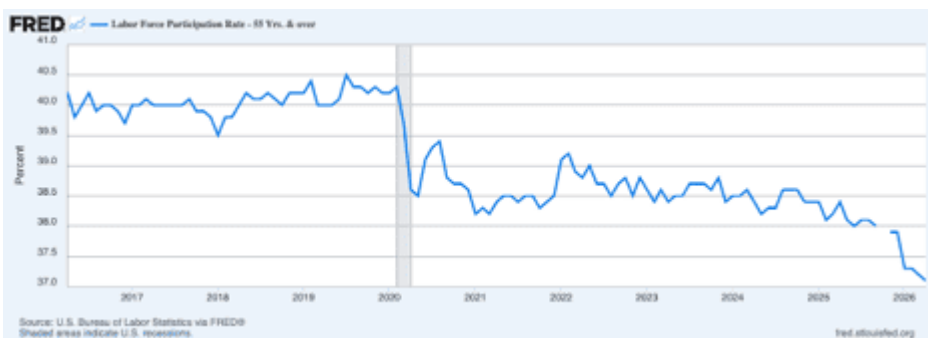


The next step - shown below - is to look at the 20-24 year olds. Now we are getting somewhere. The participation rate has run consistently below the pre-pandemic peak and currently is flirting with the pre-pandemic low in the past 10 years. This raises the second part of the question: What are they doing instead? If the answer is playing [Fortnite](#), yikes.

On the other hand, they could be getting a higher degree.



Is that the end of the story? No. Remember the last piece of the labor force pie is older workers: those 55 and above. The graph of their labor force participation rate is shown below. It roughly resembles a waterfall followed by the drop of a roller coaster. Thanks, Boomers!



So the mystery of the missing workers is solved: young adults and older workers. What, exactly, they are doing instead is not yet clear. That's a mystery for the future.