

Does increased opioid use lead to declines in labor market participation?

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From 1999 to 2010, U.S. sales of opioid painkillers rose fourfold, although Americans did not report any increase in pain. The Centers for Disease Control concluded that by 2013 so many opioid prescriptions had been written that every American adult could have had his or her own bottle of pills. The consequences that have followed this prevalence of opioids in American communities include increased hospitalizations, overdose deaths, and strains on addiction treatment and law enforcement resources. Some experts have suggested the opioid epidemic is responsible for the recent decline in labor force participation.

Does increased opioid use lead to declines in labor market participation? In their article “[Opioids and the labor market](#)” (Federal Reserve Bank of Cleveland, Working Paper 18-07, May 2018), researchers Dionissi Aliprantis and Mark E. Schweitzer seek to answer this question. Limiting their analysis to the 2007–16 period, they use the Public Use Microdata Areas data to determine whether a link exists between prescription rates and labor market status in both rural and metropolitan areas of the United States. Upon finding a link between the two variables, the authors investigate the possibility of reverse causality; that is, whether the opioid crisis is a function of the weak labor market. To this end, they analyze the frequency of opioid abuse during a notable period of weak labor demand, the Great Recession.

Aliprantis and Schweitzer find a strong, statistically significant, and negative link between opioid prescription rates and labor force participation. Generally, areas with higher prescription rates have higher levels of labor force reductions and areas with lower prescription rates have lower reductions. Their data suggest that in counties with the highest prescription rates, resolving the opioid epidemic would increase labor force participation rate for prime-age males by over 4 percentage points.

Next, the authors examine potential reverse causality. In order to assess this, they look for an increase in opioid abuse during the Great Recession, a period in which the labor market weakened significantly. They found that the “share abusing opioids did not increase after the onset of the Great Recession.”

The cause of relatively low labor force participation among prime-age workers is unclear. While Aliprantis and Schweitzer find that increased opioid abuse is acting on the labor market, the available data are limited, making it difficult, if not impossible, to fully affirm “that individuals are reacting to their circumstances with drugs rather than their circumstances developing following drug use.” The authors have contributed to the expanding literature on this subject, and this work may assist policymakers as they search for solutions to decrease labor force participation among prime-age workers and the damaging effects of opioid abuse.