CHICAGO JOURNALS

1 October 1979

Effects of Cohort Size on Earnings: The Baby Boom Babies' Financial Bust

Finis Welch | AUTHOR INFO AND AFFILIATIONS

Publication: Journal of Political Economy • Volume 87, Number 5, Part 2 • **DOI**: https://doi.org/10.1086/260823

GET ACCESS

Abstract

The arrival of the post--World War II baby boom cohorts in the job market raises many questions of effects associated with a rapidly declining average age of the labor force. This paper first summarizes 1967-75 wage behavior, showing that relative wages between schooling groups have not changed for prime-aged workers, but there is some evidence, for new job-market entrants, that wages of more educated workers have fallen relative to wages of less educated workers. However, changes among schooling groups are small in comparison to those between new entrants and peak earners within schooling group. The evidence is very direct: as work-experience distributions shifted toward increased proportions of young workers, their relative wages fell. After examining a career-phase model in which workers at different phases are imperfect substitutes, estimates of empirical relationships between cohort size and wages are presented. The main result is that income-depressant effects of (own) cohort size decline over the career but do not vanish altogether. Initial effects include reductions in wage rates and in hours and weeks worked, while persistent effects extend only to wages.

Get full access to this article

View all available purchase options and get full access to this article.

GET ACCESS

ALREADY A SUBSCRIBER? SIGN IN AS AN INDIVIDUAL OR VIA YOUR INSTITUTION

Download PDF

THE UNIVERSITY OF CHICAGO PRESS JOURNALS

The University of Chicago Press Books

Chicago Distribution Center

The University of Chicago

Diversity and Inclusion at UChicago

Journals Division accessibility

UChicago accessibility

Open access at Chicago

Permissions

Statement of Publication Ethics

Contact us

Terms and Conditions

Privacy Notice

Media and advertising requests

© 2025 The University of Chicago and other publishing partners. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.