



The Daily Dish

The Economic Ravages of the Opioid Epidemic

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 13, 2018

Eakinomics: The Economic Ravages of the Opioid Epidemic

The human toll of the opioid epidemic is staggering. As [documented](#) by AAF's Ben Gitis, in 2017, 47,872 Americans died from opioid-related overdoses. Since 1999 annual opioid overdose fatalities have risen by 10 percent per year, and the most recent data show an acceleration to 16 percent in 2015 and 28 percent in 2016. Early in the crisis, overdoses were dominated by abuse of prescription opioids. Efforts to control over-prescribing and other excessive access to those drugs, however, produced a shift after 2010 to rapidly rising deaths from illegal sources — heroin and synthetic opioids.

Any demographic phenomenon this large simply has to have economic consequences, but policymakers have been slow to recognize these impacts. In other [work](#) (as revised), Gitis finds that between 1999 and 2015, opioid dependency reduced the prime-age male and female labor force participation rates by 1.4 percentage points and 1.8 percentage points, respectively. The upshot is that in 2015 slightly more than 2 million prime-age individuals were not in the labor force because of opioids, which represents a loss of \$1.6 trillion in total economic activity.

As it turns out, however, the losses are not evenly distributed across the nation. In his most recent [work](#) — published in the Washington Post and today presented in testimony to the House Small Business Committee — he shows that the impact on labor force participation and economic growth varies considerably by state (see this [cool map](#)). The most negative impacts are in West Virginia and Arkansas, where prime-age labor force participation is 3.8 percentage points lower (with a corresponding decline in economic output). The epidemic had substantial impacts on prime-age participation in Missouri (3.0 percentage points), Georgia (2.9 percentage points), New York (2.9 percentage points), and Kentucky (2.8 percentage points).

The opioid epidemic is a stark reminder that the most important economic asset is a nation's labor force. U.S. policies on health, education, immigration, and other areas should be focused on the future of the labor force.