Discussion “Labor Market Tightness in Advanced Economies”

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Overview

An excellent comparison of the labor market across advanced economies. Each country's pandemic experience and policy response was different, but the paper identifies important commonalities in the latter/post pandemic period.

I want to focus on two commonalities: Immigration and a service-sector recession.

And throughout raise two questions:
1) How tight is the labor market?
2) How did the unusual pattern of job loss impact the employment recovery?
Imperfect labor market recovery

**Employment to population ratio**

Percent of total population

- 2012-2019 trend
- In February 2022 the ratio remained 1.7 percentage points below trend
- Employment declined in March and April 2020 by roughly 10 percentage points

**Gross Domestic Product**

Billions of Chained 2012 Dollars

- Over 95% of the initial 2-trillion dollar gap has closed

Source: BLS • Created with Datawrapper
Record Quits

In thousands

Source: U.S. Bureau of Labor Statistics • Created with Datawrapper
Parents—particularly fathers—are looking for change.

**FIGURE 6.**

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Working Mother</th>
<th>Working Father</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work less or pursue a less demanding</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase work hours or pursue a better job</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>No change</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Survey conducted between May 27 and July 7, 2021 using RIWI’s Random Domain Intercept Technology, a patented, machine-learning technology that delivers anonymous opt-in surveys to Web users who are surfing online.

Note: 2,550 working parents completed the survey, out of a random sample of 14,410 adults who were initially surveyed. When users stumble upon one of the hundreds of thousands of domains that RIWI owns or controls, these random, non-incented users are filtered through a series of proprietary algorithms to ensure there are no non-human respondents, and invited to participate in a survey. RIWI geo-targets respondents automatically by county, region, state, and city. Survey participants are accessed on all Web-enabled devices, and the technology cannot be blocked by state surveillance or Internet control, nor is it susceptible to ad-block technologies. Although RIWI collects and reports the age, gender and geo-location of all respondents, no personally identifiable information is ever collected or reported. No enticements are used, and participants can easily exit the survey at any time. Weights are applied to age and gender as per the most recent national census data available, drawn from the US Census Bureau. Respondent weight values are generated post-stratification using a ranking algorithm. Weighted data estimates what the nationally-representative population perceives.
A large decline in the working-age foreign-born population

WORKING-AGE FOREIGN-BORN POPULATION
(2010-2021)

Occupations with more foreign workers have more unfilled jobs

FOREIGN-BORN WORKERS AND RATES OF UNFILLED JOBS

Correlation between the rate of unfilled jobs in 2021 and the share of foreign-born workers, by industry in 2019

Temporary immigrants declined sharply in Australia

Declines in Immigration in Australia

- Prior to the pandemic Australia had 250,000 working holiday makers and 400,000 working international students
- Borders were closed for nearly 2 years eliminating most of these workers

Service Sector Growth is the Source of Modern Job Growth

At the Start of the Pandemic US Service Sector Growth Was Strong

Thousands of persons

Source: BLS • Created with Datawrapper
A Large Loss of Service-Sector Jobs

Thousands of Private Service-Providing Employees

In 2020, the service sector declined by 19 million workers. In February 2022, there were 5.5 million fewer service sector workers compared to the trend.

Source: BLS • Get the data
Number Who "Want a Job Now" Remains Elevated

Thousands of persons outside the labor force

Source: CPS • Created with Datawrapper
Number of Leisure and Hospitality Workers

Thousands of Employees

- In April 2020, 8.31 million leisure and hospitality workers were missing.
- In February 2022, 2.4 million remained missing, on net.

2010-2019 trend

Source: BLS • Created with Datawrapper
More than 1 in 4 people are still not comfortable dining out

Comfort Dining Out at Restaurants

The share of respondents who said they feel comfortable going to a restaurant or cafe right now

Source: Morning Consult: Tracking the Return to Normal https://morningconsult.com/return-to-dining/
A third are not comfortable going on vacation

**Americans’ Comfort Going on Vacation**

The share of respondents who said they feel comfortable going on vacation right now:

- All adults
- Baby boomers
- Generation X
- Millennials
- Generation Z

Weekly surveys are conducted among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of plus or minus 2 percentage points.

Source: Morning Consult: Tracking the Return to Normal  [https://morningconsult.com/return-to-travel/](https://morningconsult.com/return-to-travel/)
Number of Financial Services Workers

Thousands of Employees

2010-2019 trend

Actual

In April 2020, 170 thousand financial services workers were missing.

In February 2022, 110 thousand remained missing, on net.

Source: BLS • Created with Datawrapper
Number of Business and Professional Service Workers

Thousands of Employees

- In April 2020, 2.81 million business and professional workers were missing.
- In February 2022, 84 million remained missing, on net.

Source: BLS • Created with Datawrapper
Total Number of Health and Education Services Workers

Thousands of Employees

2010-2019 trend

In February 2022, 1.22 million remained missing, on net

In April 2020, over 2.67 health and education workers were missing.

Source: BLS • Created with Datawrapper
Prior to the pandemic, 11% of education and healthcare jobs were in childcare services and nursing care facilities.

These are the two slowest subsectors of education and health services to recover.
A Shift to Home Production: How Temporary Is It?

- Time use data shows an increase in many forms of home production for both men and women.

- Prior to the pandemic 16% of the population provided elder care. How much has that share intensified their care giving? Did that share increase?
Labor Force Participation for Prime-Aged Men
Percent of male population ages 25-54

2015-2019 trend
89%

In April 2020, male LFPR was down 2.8 percentage points.
Actual

Labor Force Participation for Prime-Aged Women
Percent of female population ages 25-54

2015-2019 trend
89%

In February 2022, female LFPR was 1.7 percentage points below the prior trend.
Actual

In April 2020, female LFPR was down 3.0 percentage points.

Source: BLS • Get the data
Parents Struggled: Both Moms and Dads

Source: Survey conducted between May 27 and July 7, 2021 using RIWI’s Random Domain Intercept Technology, a patented, machine-learning technology that delivers anonymous opt-in surveys to Web users who are surfing online.

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Stevenson "Women, Work, and Families: Recovering from the Pandemic-Induced Recession" The Hamilton Project September 2021
Recessions Typically Have Little Impact on Jobs Held by Women

Employment of Men Relative to Pre-recession Peak

Employment of Women Relative to Pre-recession Peak

Source: U.S. Bureau of Labor Statistics • Created with Datawrapper
Growth in Jobs Held By Women Has Previously Led Recoveries

Employment of Men Relative to Pre-recession Peak

Months since job losses began

Employment of Women Relative to Pre-Recession Peak

Months since job losses began

Source: U.S. Bureau of Labor Statistics • Created with Datawrapper
Service Sector Growth is the Source of Modern Job Growth

At the Start of the Pandemic US Service Sector Growth Was Strong

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Why Do We Work So Much?

Keynes thought his (hypothetical) grandchildren would work less

- We do, but it’s through childhood and young adulthood and extended retirement. The prime of our life is still spent working as many, in some cases more hours than our grandparents did.

- What is the future of work? Will it be jobs for some and not others? Will we have more gaps out of work? We will work fewer hours? Is this the start of figuring out how to spend some of our wealth on leisure? Or on more life satisfaction?