



 REPORT ECONOMICS

Working Paper Series

A Detailed Look at the Labor Market Recovery

NOVEMBER 7, 2014 – MIKE CASSIDY

In this ongoing series of reports, TCF policy associate Michael Cassidy looks beyond the headline statistics about the labor market recovery to examine how it truly affects working Americans.

Most recent:

Where Are the Jobs? (Published February 5, 2015)

If all the job openings in the United States were to be filled today, an additional 5 million Americans would be employed. That total is higher than the population of twenty-eight states, as well as every American city other than New York. It is the most job openings at any one time in the United States since 2001—enough to provide work for nearly three-in-five of the 8.7 million Americans who are now categorized as unemployed.

How can that be? Why aren't these jobs being filled? And what does it tell us about today's labor market? This installment in the *Working Paper Series* reveals that:

- Now is the best time in recent years to be a job seeker. After falling steeply during the Great Recession, the job openings rate has fully recovered; similarly, after spiking during the recession, layoffs have fallen back to their normal rate. The pace of hiring is also nearly back to pre-recession levels.
- White-collar industries—led by finance, health care, education, and professional services—are the best places to be looking for work. These sectors enjoy low unemployment, lots of openings, and strong compensation.
- Most blue-collar fields are suffering. The construction industry was particularly hard-hit by the recession, and the sector's job openings remain scarce. The same is true of manufacturing, which has also failed to regain pre-recession employment levels. As a result, many low-skill workers have had to seek refuge in the retail and leisure industries, which tend to have the worst-paying, least-stable jobs.
- Government remains among the most desirable employers. Pay is good and job security is unparalleled in public sector jobs—for highly skilled and less-skilled

workers alike. It is also America's largest industry, accounting for one-in-six jobs. But the pace of government hiring, which plummeted after the recession, remains lackluster. Finding government work is no easy task.

- The rich are getting richer. Industries with the highest average earnings have seen the fastest earnings growth.

Previous installments in the series:

1. *Uncovering the Labor Market Recovery* (Published November 6, 2014)

The unemployment rate is improving—at 5.9 percent in October, it is nearly back to its pre-recession norm. But the unemployment rate is not actually a good measure of the health of the labor market. This installment examines four underappreciated weaknesses in today's labor market:

- The ratio of workers to nonworkers is nearing an all-time low. Part of the drop in headline unemployment numbers is explained by the fact that many have just given up on looking for work entirely.
- The share of long-term unemployed is up. People who are out of work for more than twenty-six weeks can sometimes end up permanently unemployable.
- Many who are working are underemployed. The unemployment rate is silent on those who have part-time jobs but would prefer full-time jobs.
- Wages remain stagnant. Even those who do have jobs are facing flat or even declining wages.

2. *Who Are the Unemployed?* (Published December 11, 2014)

This installment begins with an overview of the dimensions of unemployment in the United States today. It then unpacks those dimensions, examining in detail a few of the demographic characteristics most strongly associated with unemployment: race, sex,

education, age, and citizenship. Among the key findings:

- Race still matters, big time. African Americans are unemployed at twice the rate of whites—even when they are identical in dimensions other than skin color.
- Education is the surest path to securing employment. The unemployment rate among college grads is half that of high school dropouts.
- Sex, age, marital status, and citizenship also have meaningful impacts on unemployment, sometimes in surprising ways.
- Regression analysis is a powerful tool for understanding the labor market's complexities, but it must be used carefully. Associations are not the same as causations.



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