



CONFERENCE ON GLOBAL ECONOMIC ISSUES



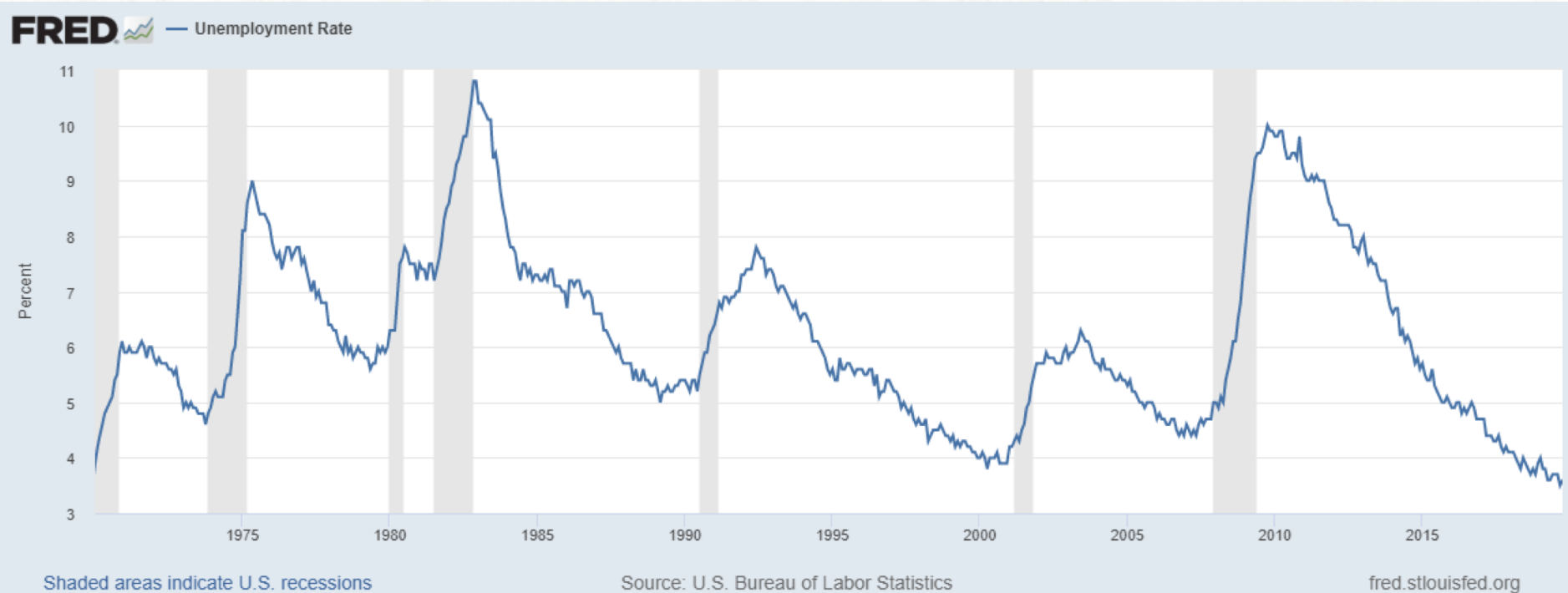
Session 3

Macro Implications of Structural Change in the Labor Market

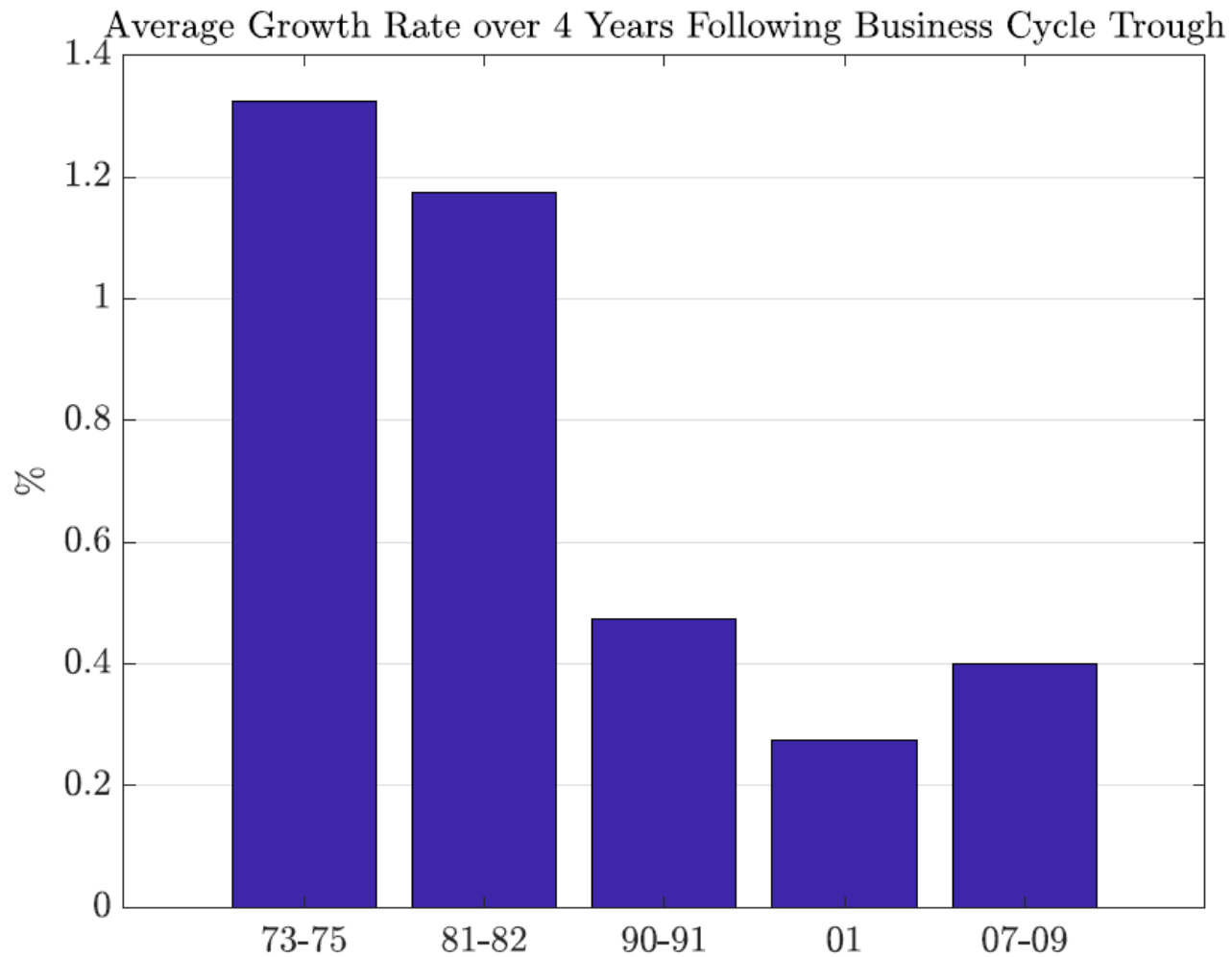
Men and Women in the Labor Market: The Long View

Emi Nakamura
UC Berkeley

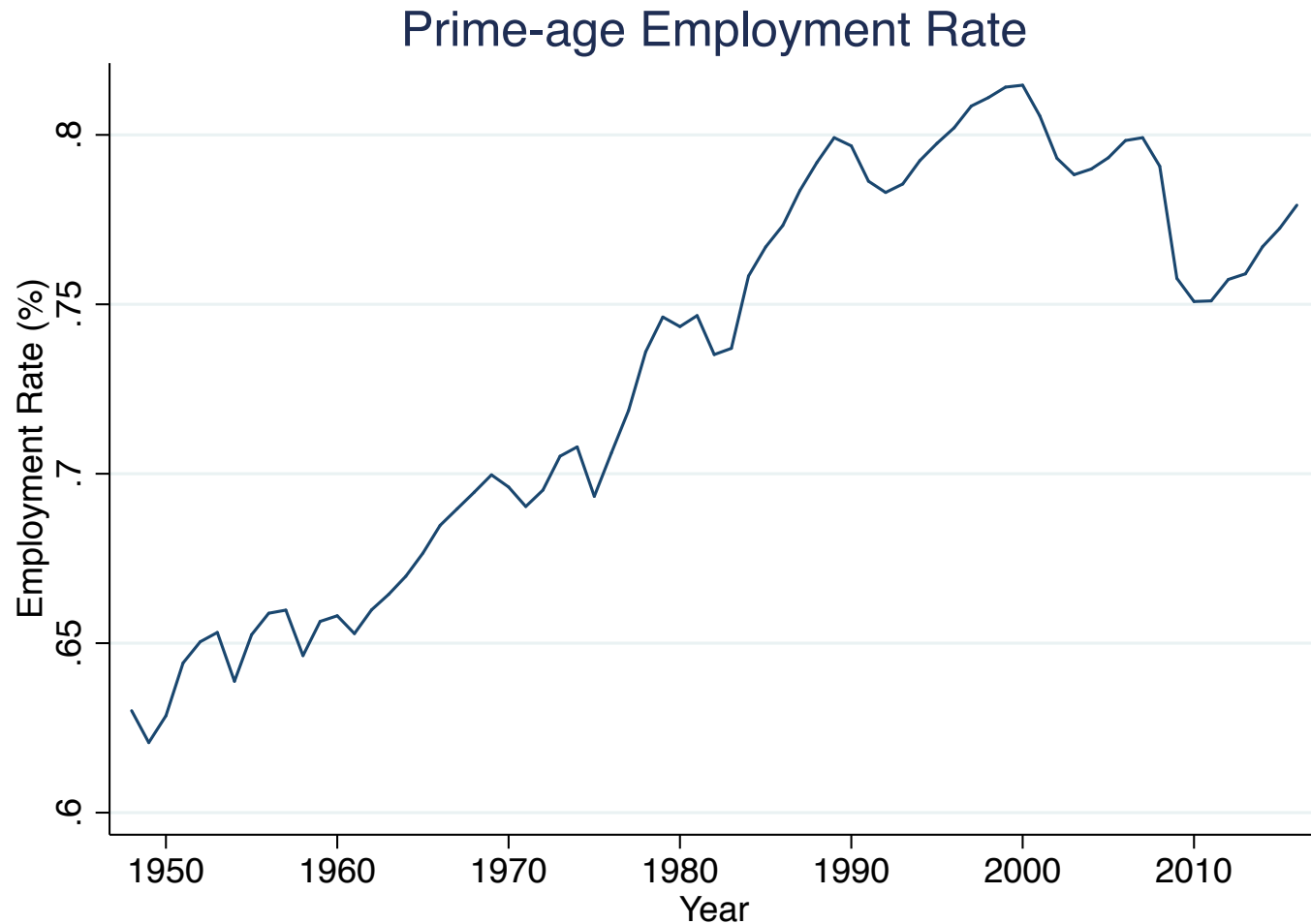
Unemployment



Slow Recoveries

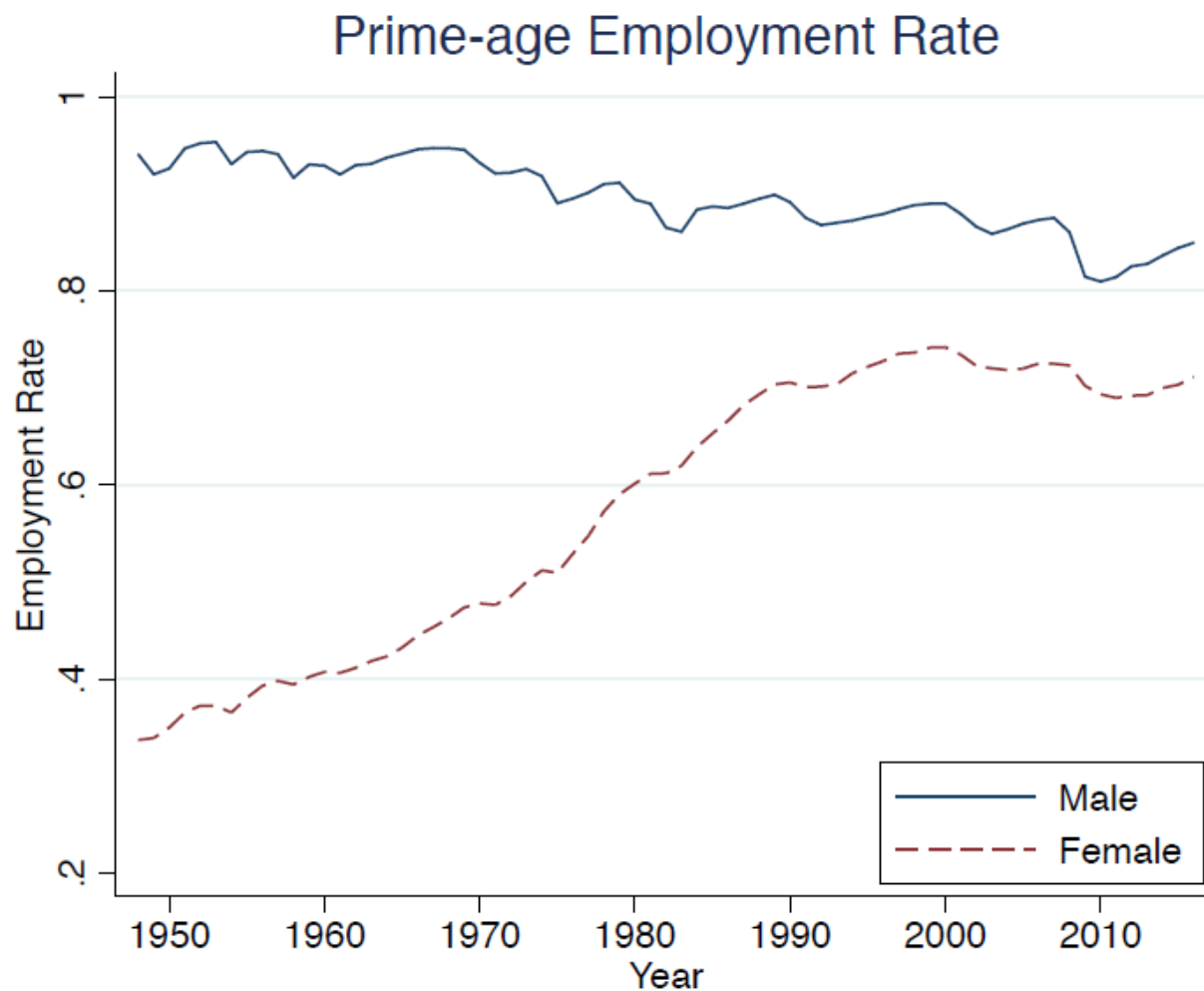


Employment Rates



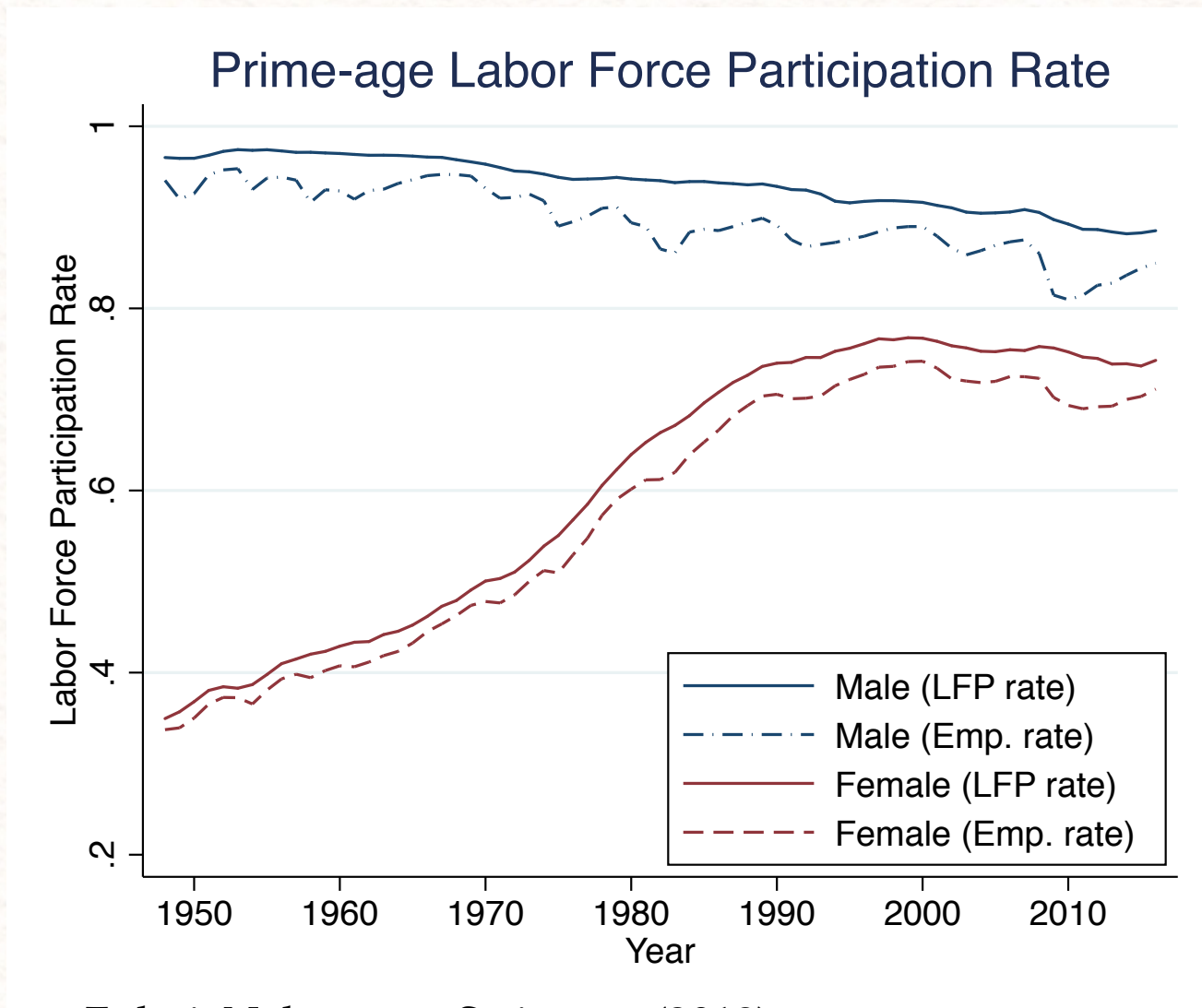
Source: Fukui, Nakamura, Steinsson (2018)

Men vs. Women



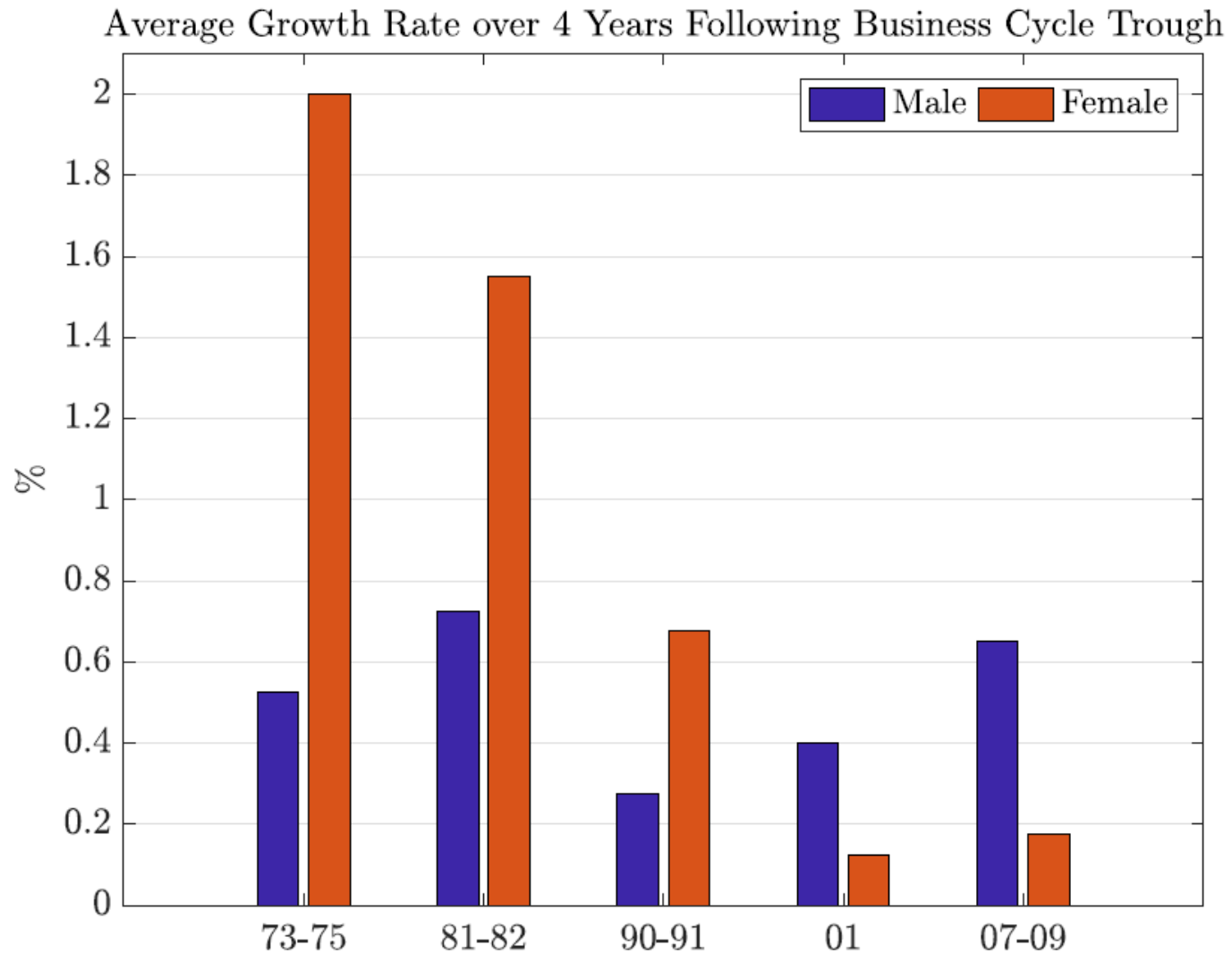
Source: Fukui, Nakamura, Steinsson (2018)

Trends: All about LFP (not Unemployment)

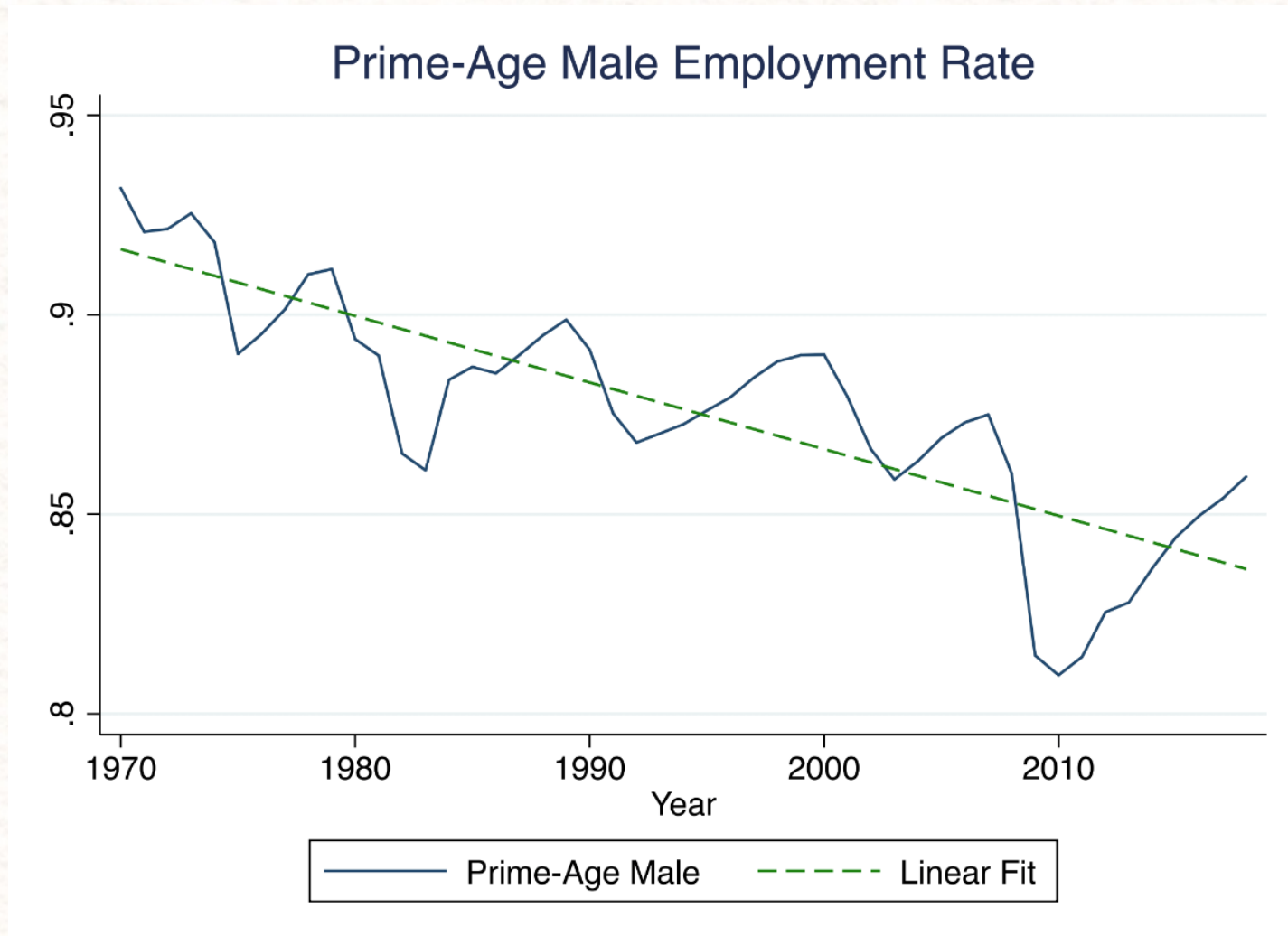


Source: Fukui, Nakamura, Steinsson (2018)

Slow Recoveries

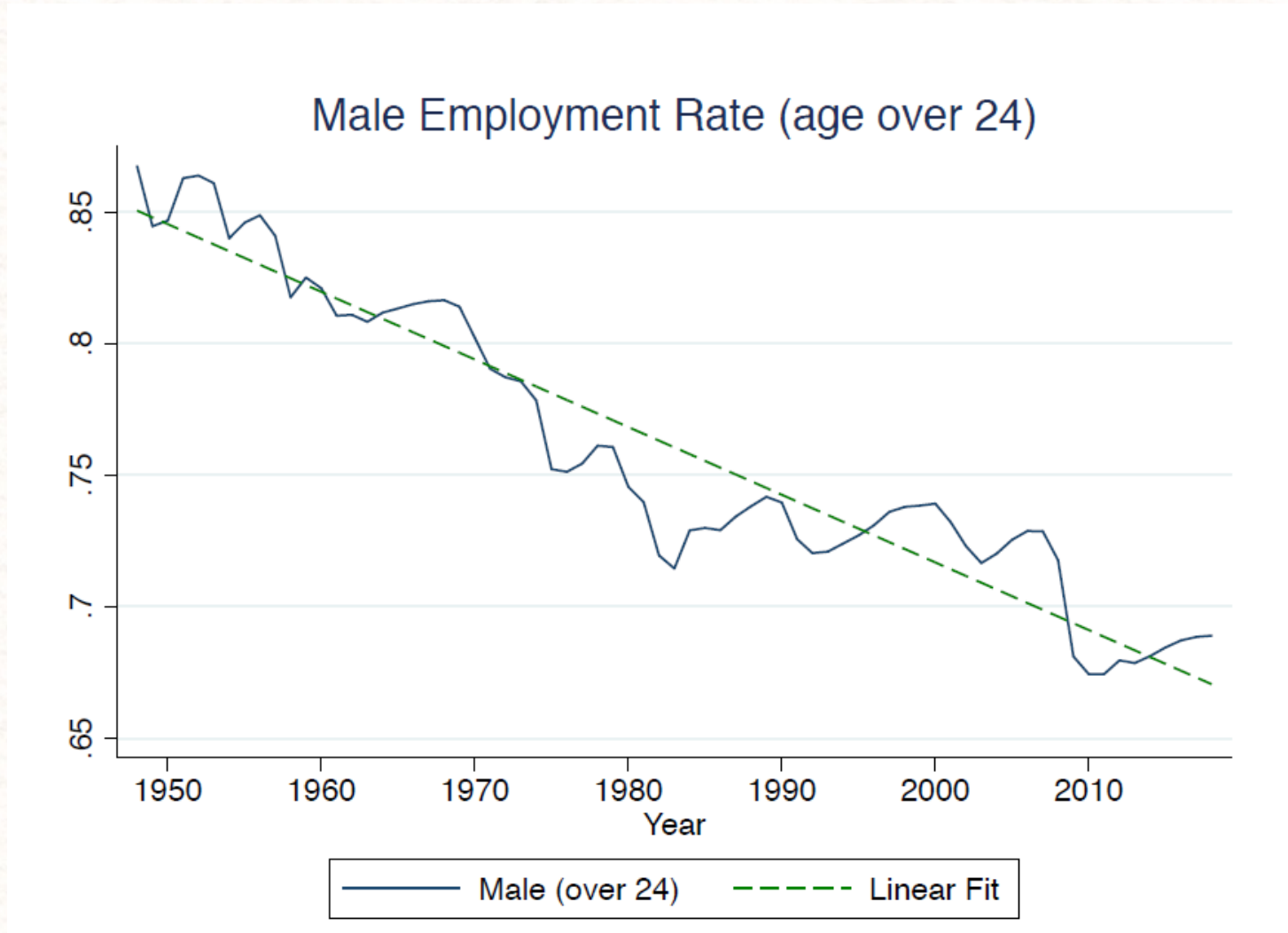


Prime Age Men: Trend Since 1970



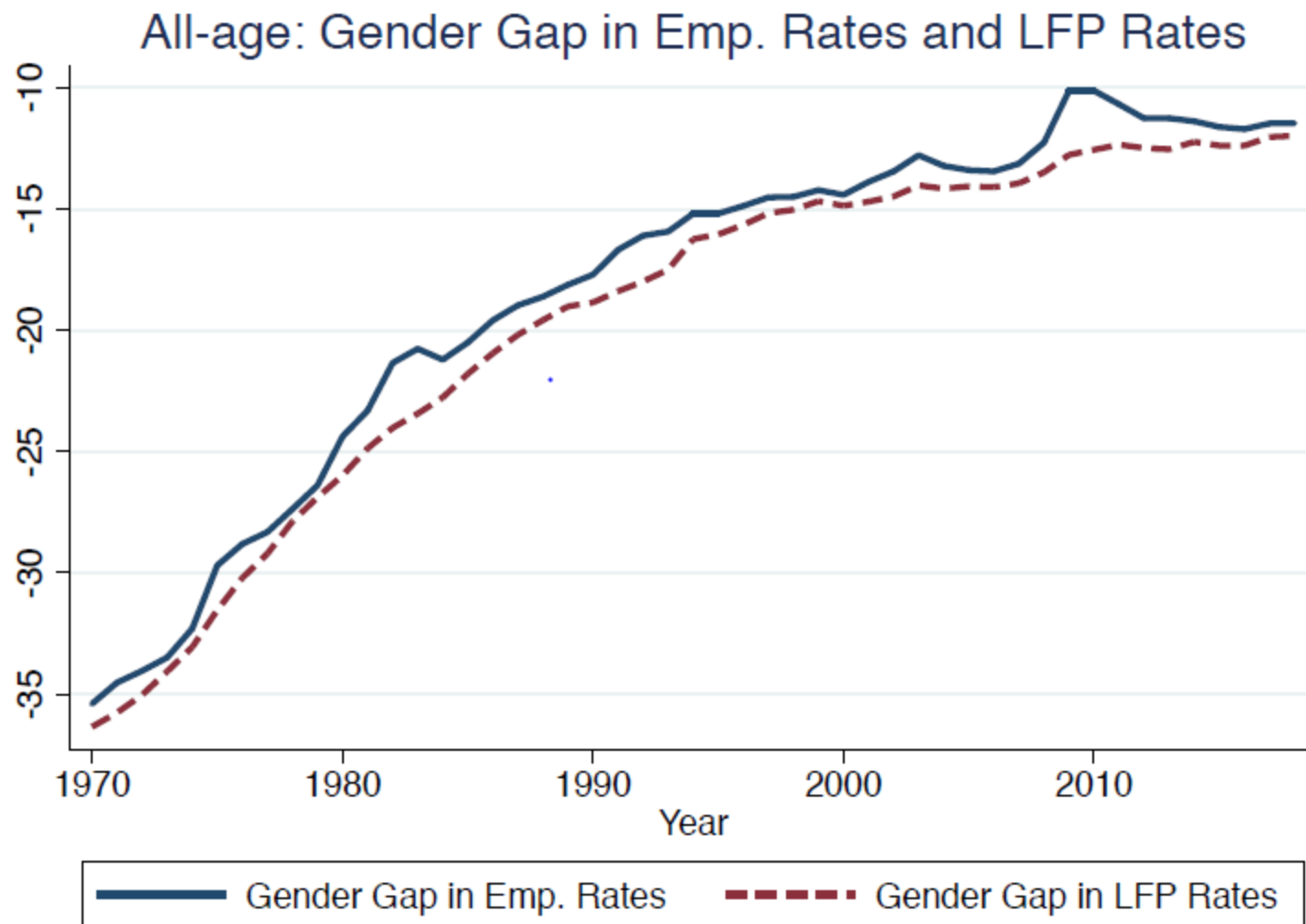
Source: Fukui, Nakamura, Steinsson (2018)

Men > 24: Trend Since 1950



Source: Fukui, Nakamura, Steinsson (2018)

Gender Gap in Employment Rates

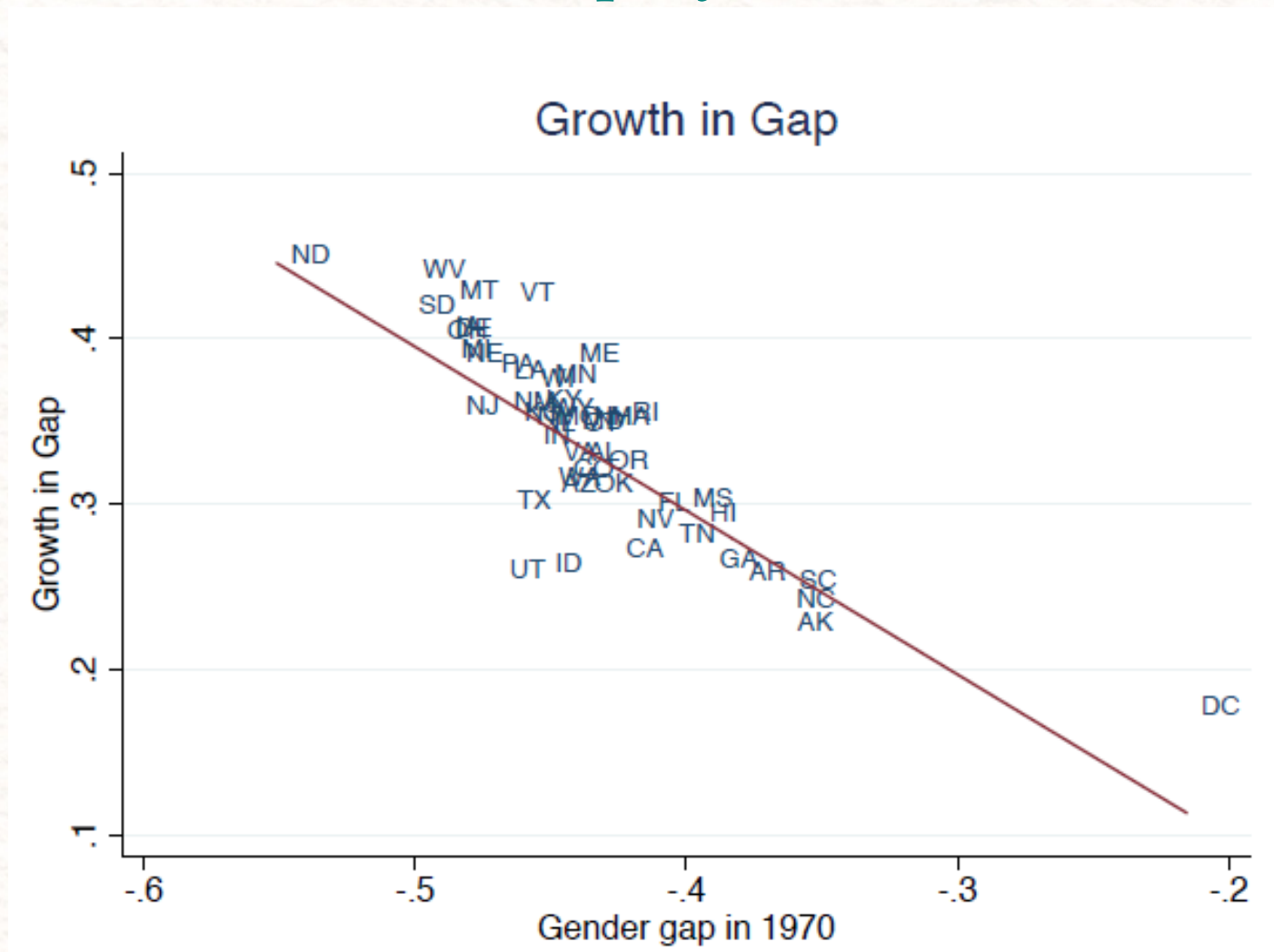


Source: Fukui, Nakamura, Steinsson (2018)

Not Womens' Fault

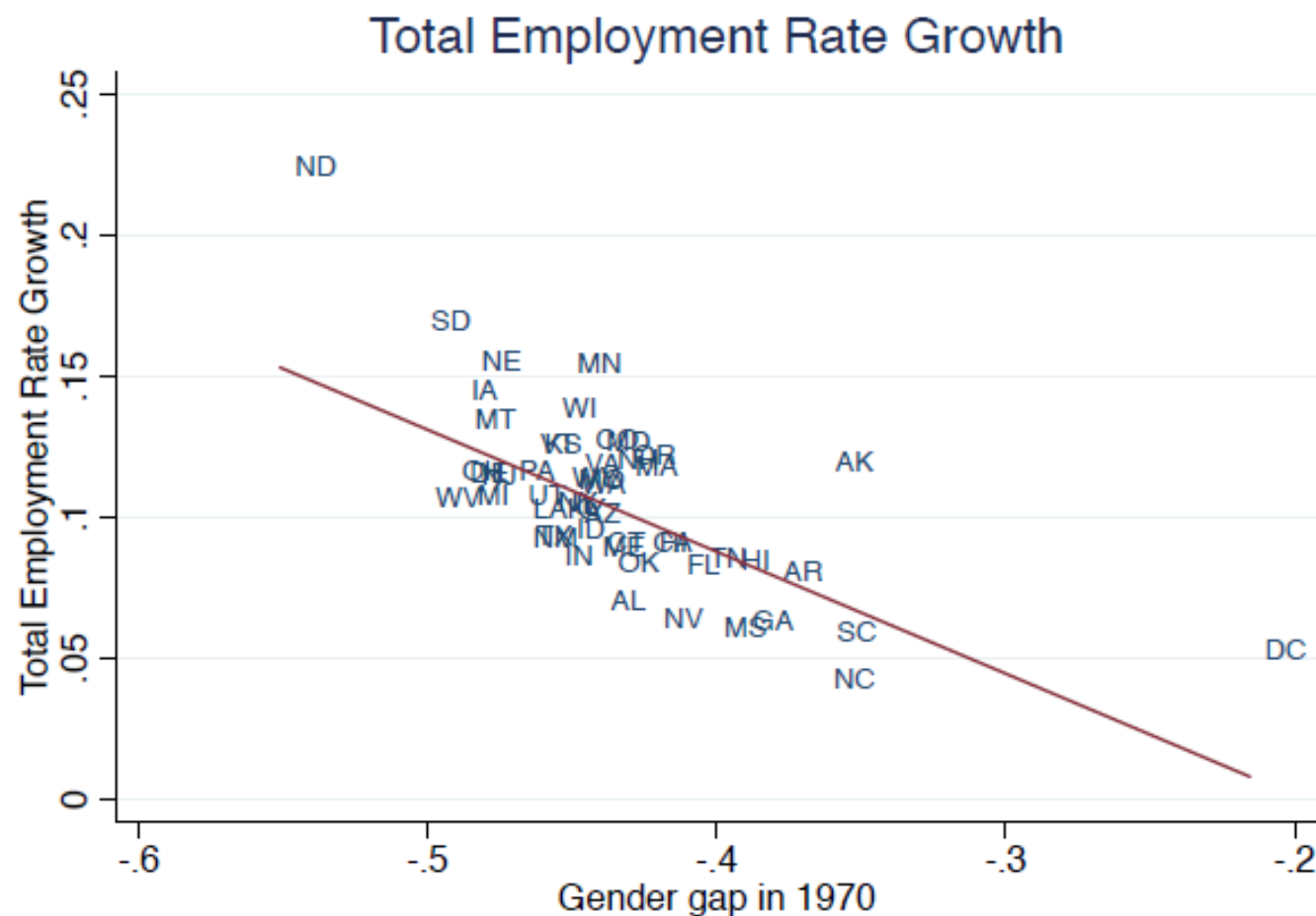
- Little evidence that increasing female employment “crowds out” men
 - Natural experiments: Blank and Gelbach (2006), Acemoglu-Autor-Lyle (2004)
 - Synthetic cohort: Juhn and Murphy (1997)
 - Married vs. Single (McGratten and Rogerson, 2008)
 - State level evidence: (Fukui, Nakamura, Steinsson, 2018)

Cross-State Convergence of Female Employment Rate



Source: Fukui, Nakamura, Steinsson (2018)

Cross-State Convergence of Total Employment Rate

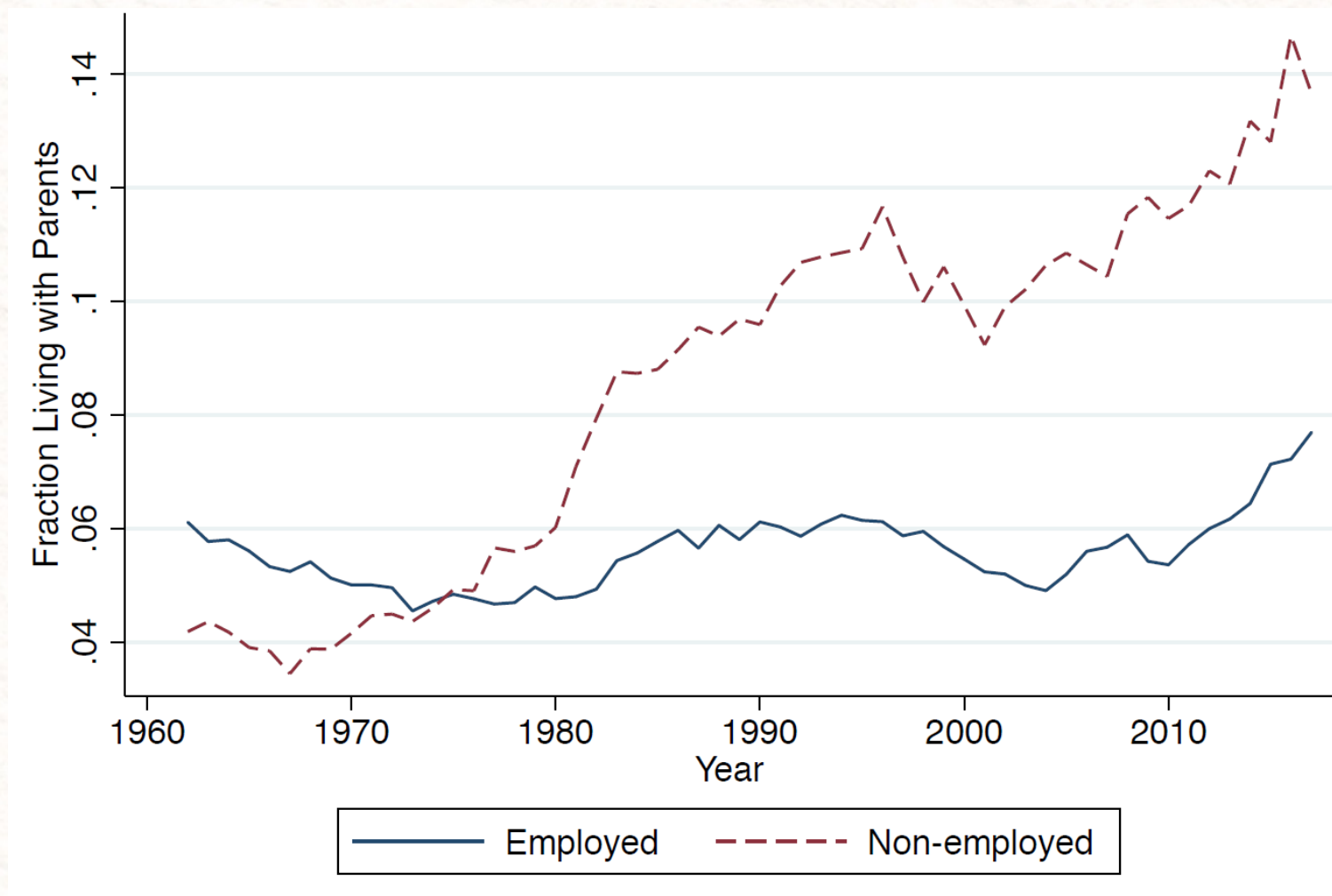


Source: Fukui, Nakamura, Steinsson (2018)

Long-Term Decline: Male Employment Rates

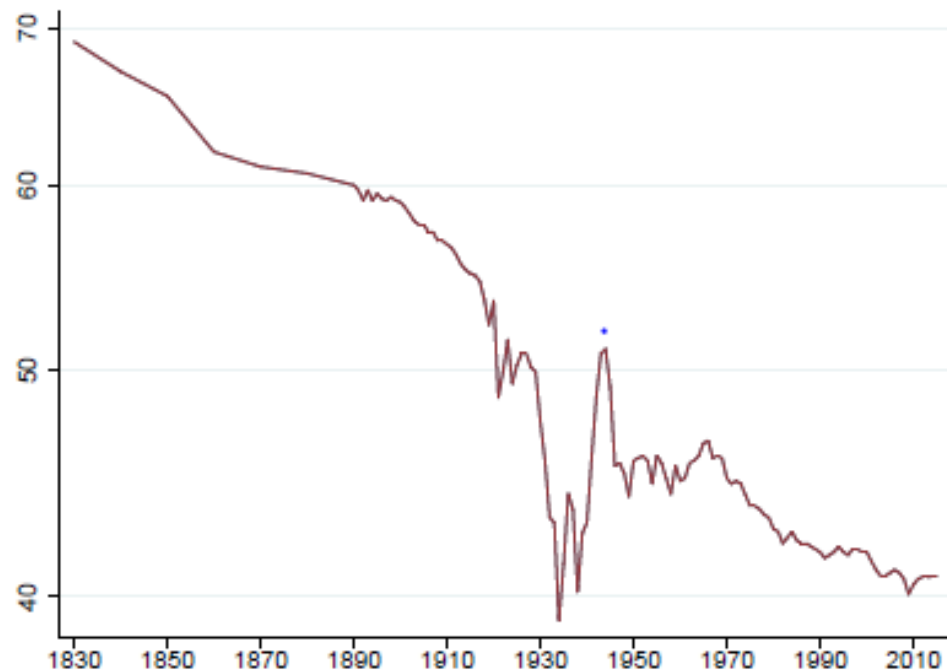
- What is behind these trends?
 - Long-term decline in many countries (Boppart-Krusell, 2018)
- Many prime age men continue to live with their parents
- Why?
 - Cultural factors: Eberstadt (2016)
 - Economic factors: Sacerdote (2017)
 - Opioids (Krueger, 2017)
 - Price of leisure (Aguiar et al, 2017)

Living with Parents (Employed vs. Non-Employed)



Source: Fukui, Nakamura, Steinsson (2018)

Longer-Run Perspective



(a) Weekly U.S. hours worked per worker in nonfarm establishments 1830–2015

Source: Boppart and Krusell (2018)

International Perspective

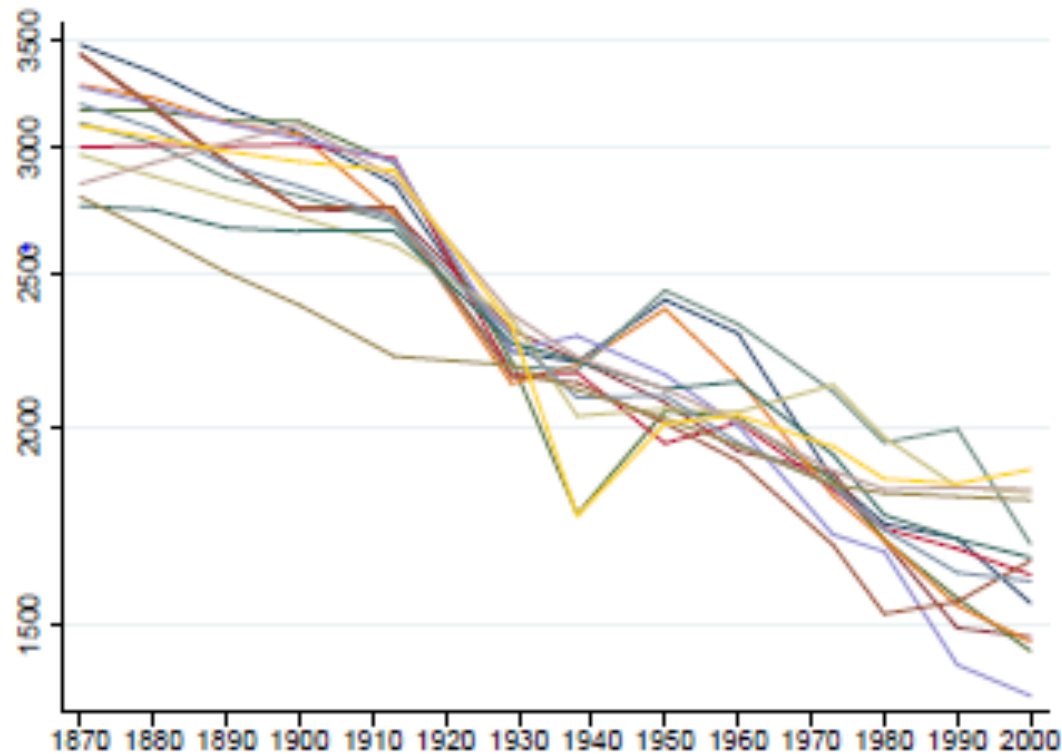


Figure 1: Hours worked per worker

Source: Boppart and Krusell (2018)

Net-Net: Opportunity



2019 Clausen Center Conference on Global Economic Issues 2019

November 16, 2019

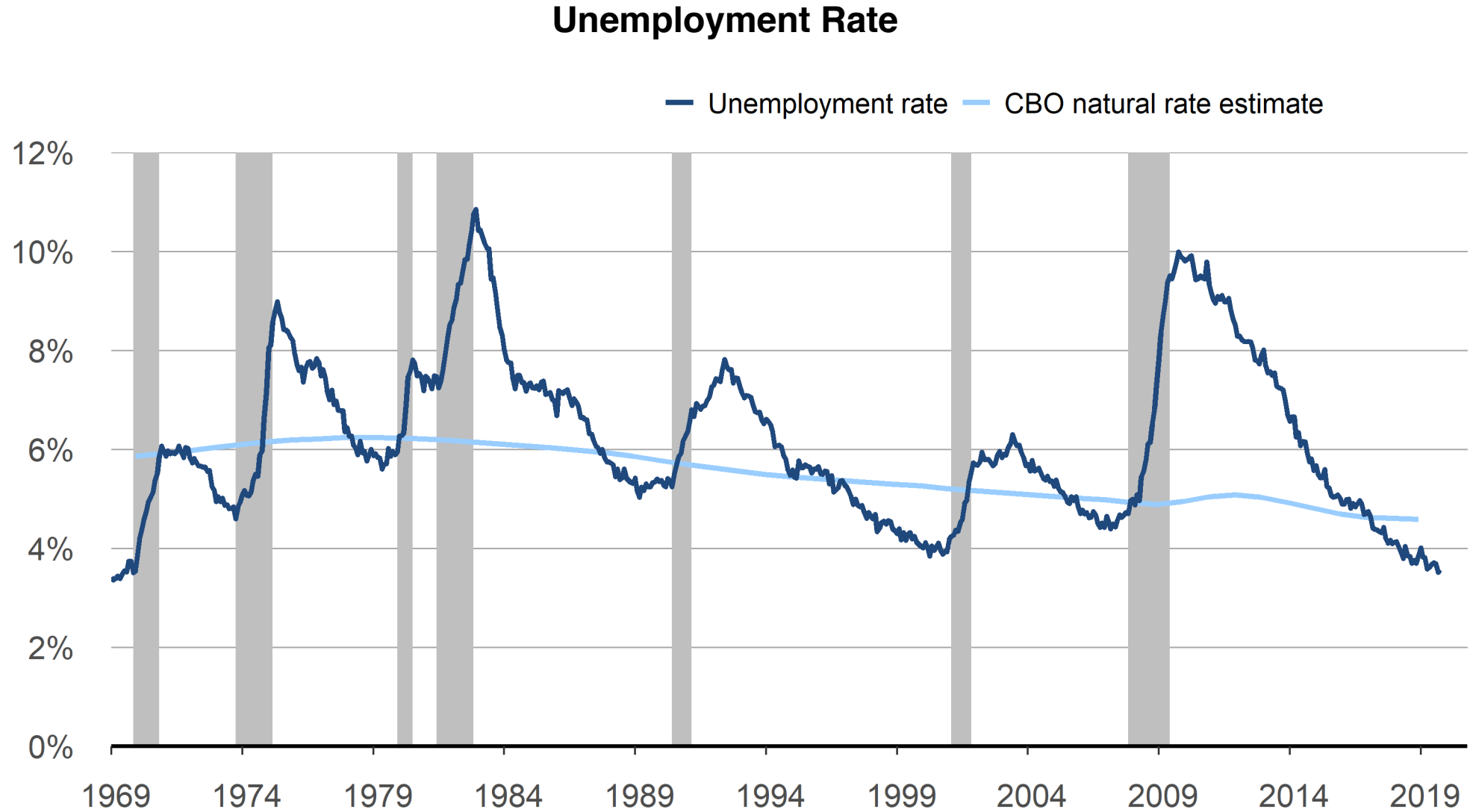
Mary C. Daly

President & CEO

Federal Reserve Bank of San Francisco

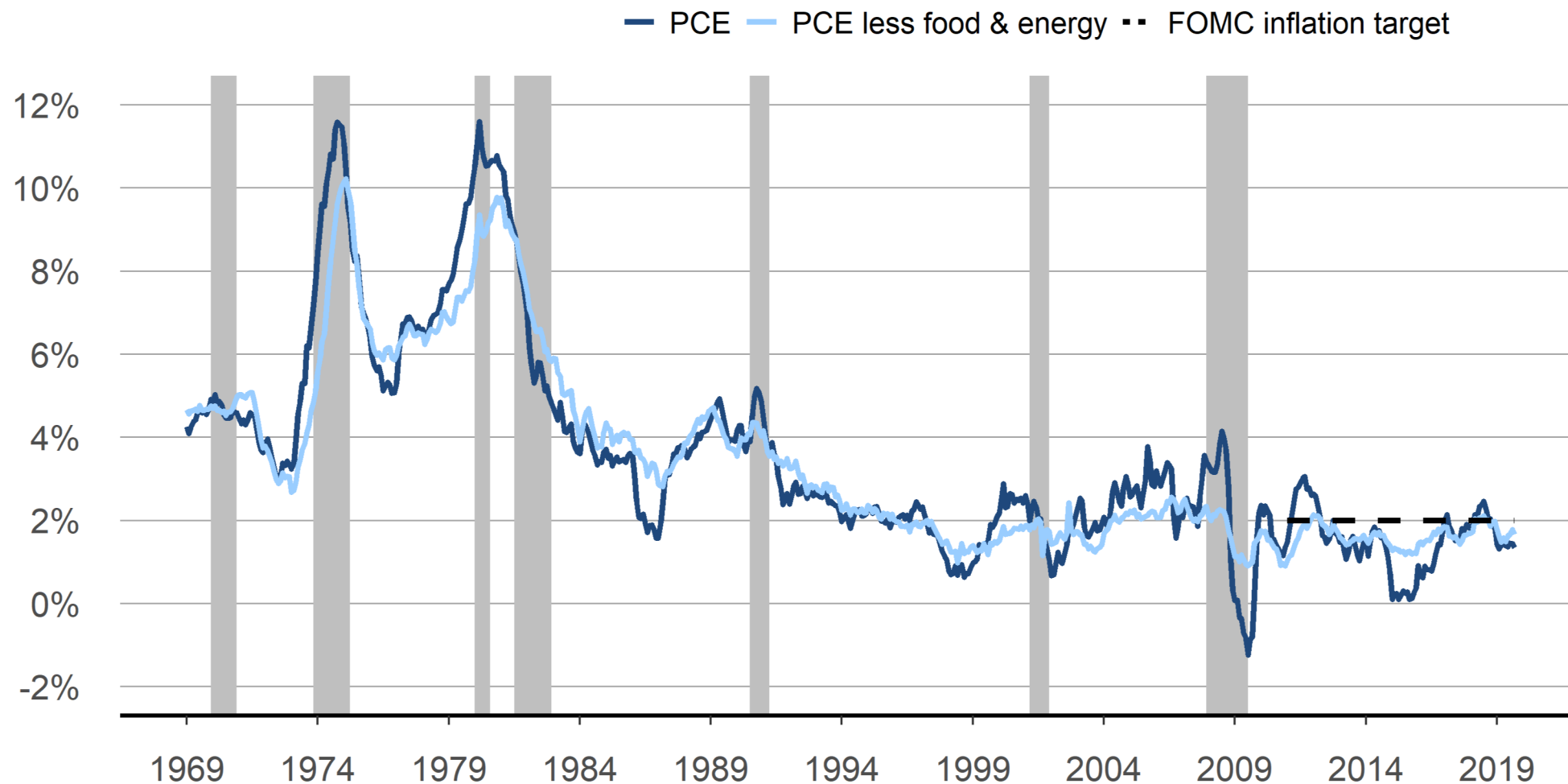
The views expressed here are my own and do not necessarily reflect those of anyone else in the Federal Reserve System.

Unemployment near historic lows



Inflation below 2% target

Core and headline PCE inflation

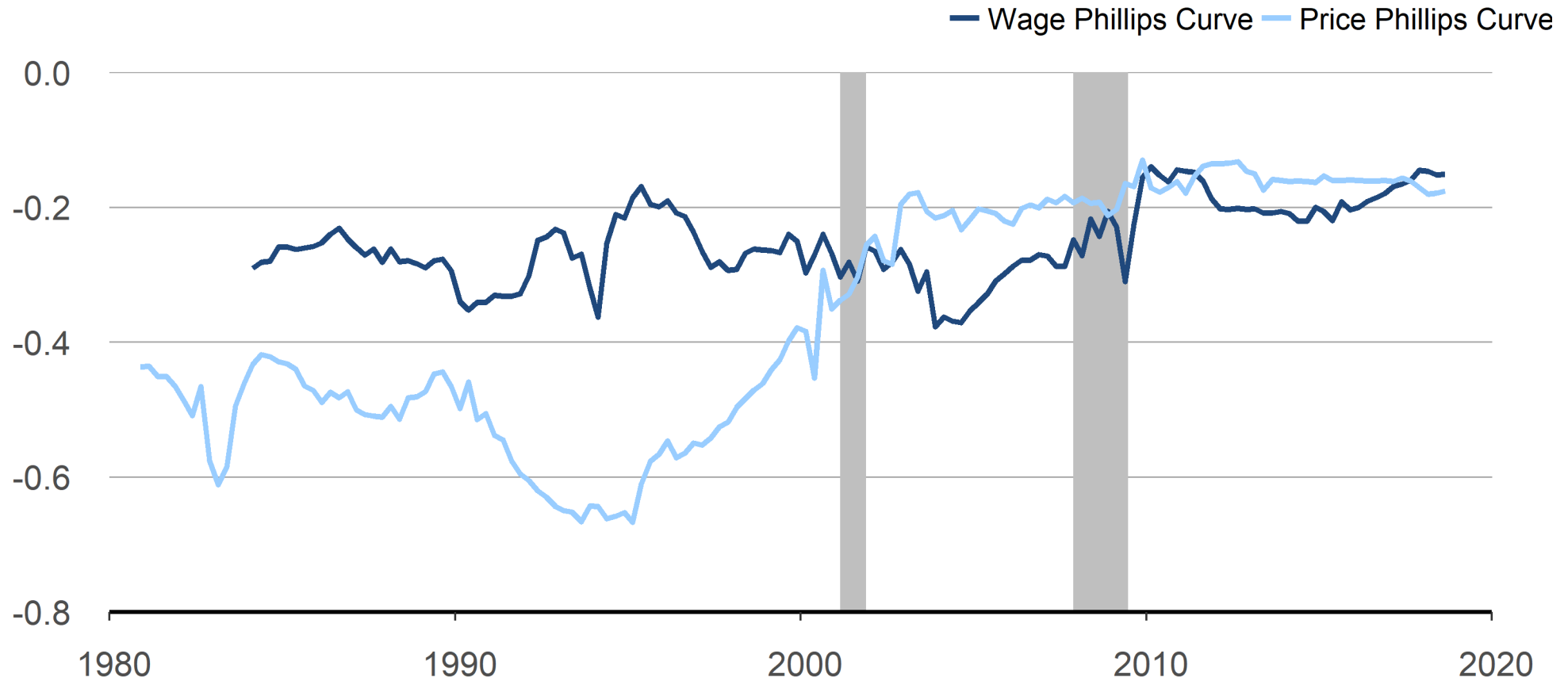


Sources: Bureau of Economic Analysis, Haver Analytics, FRBSF staff calculations.

Note: 12-month change.

Phillips Curve has flattened

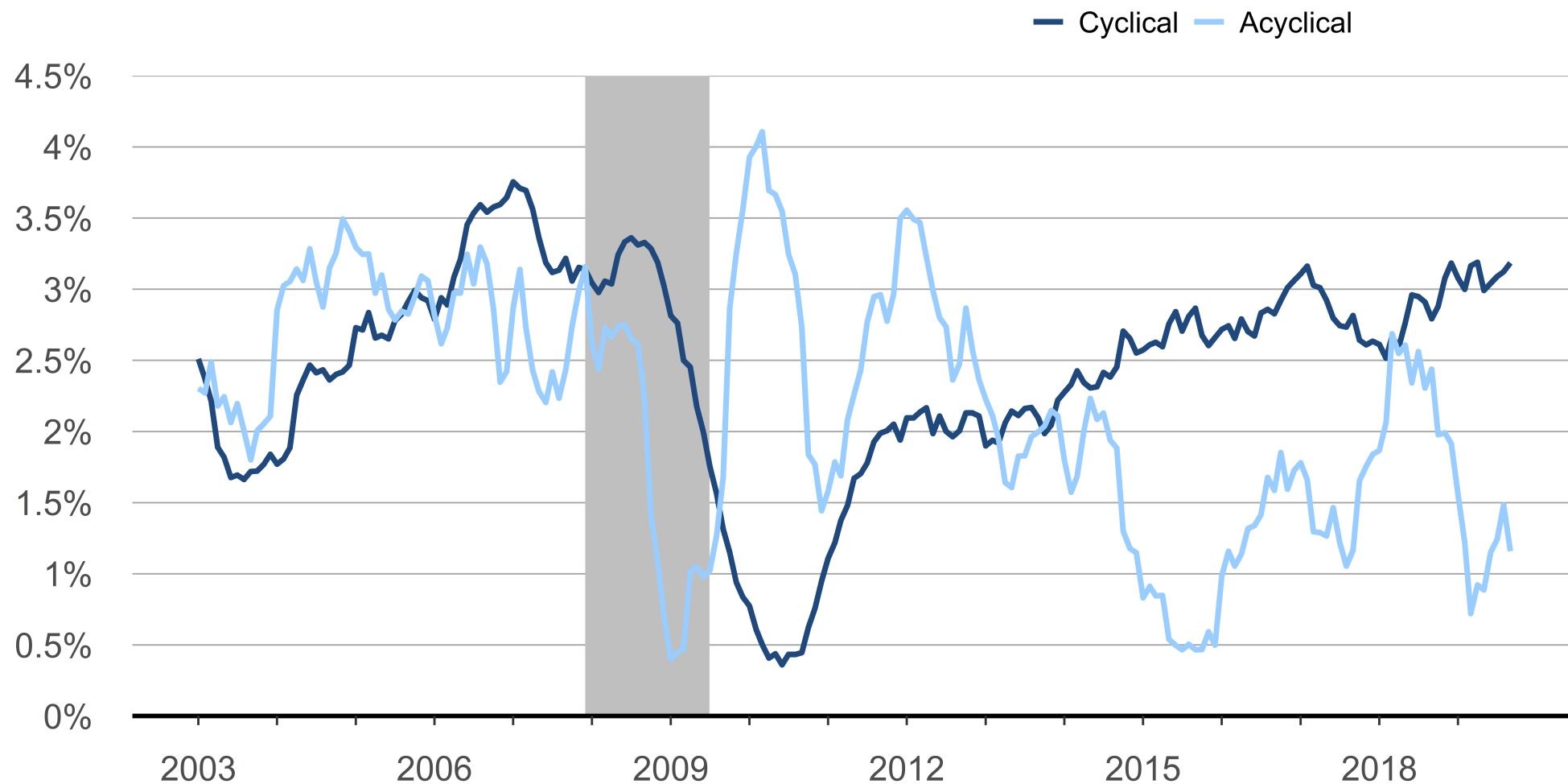
Slopes of Wage and Price Inflation Phillips Curves



Dilemma or Opportunity?

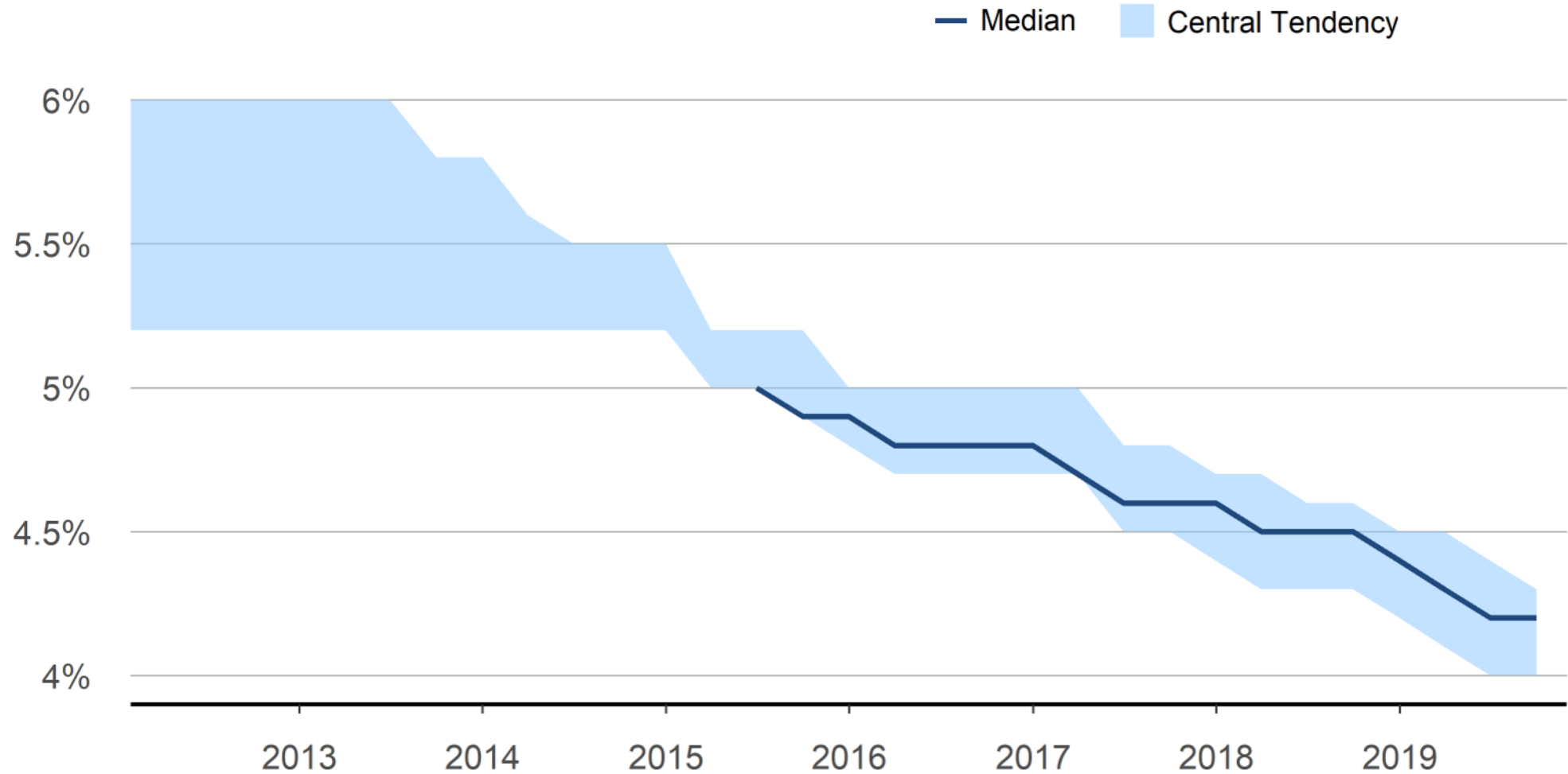
Cyclical inflation is alive

Core PCE Inflation by Sector



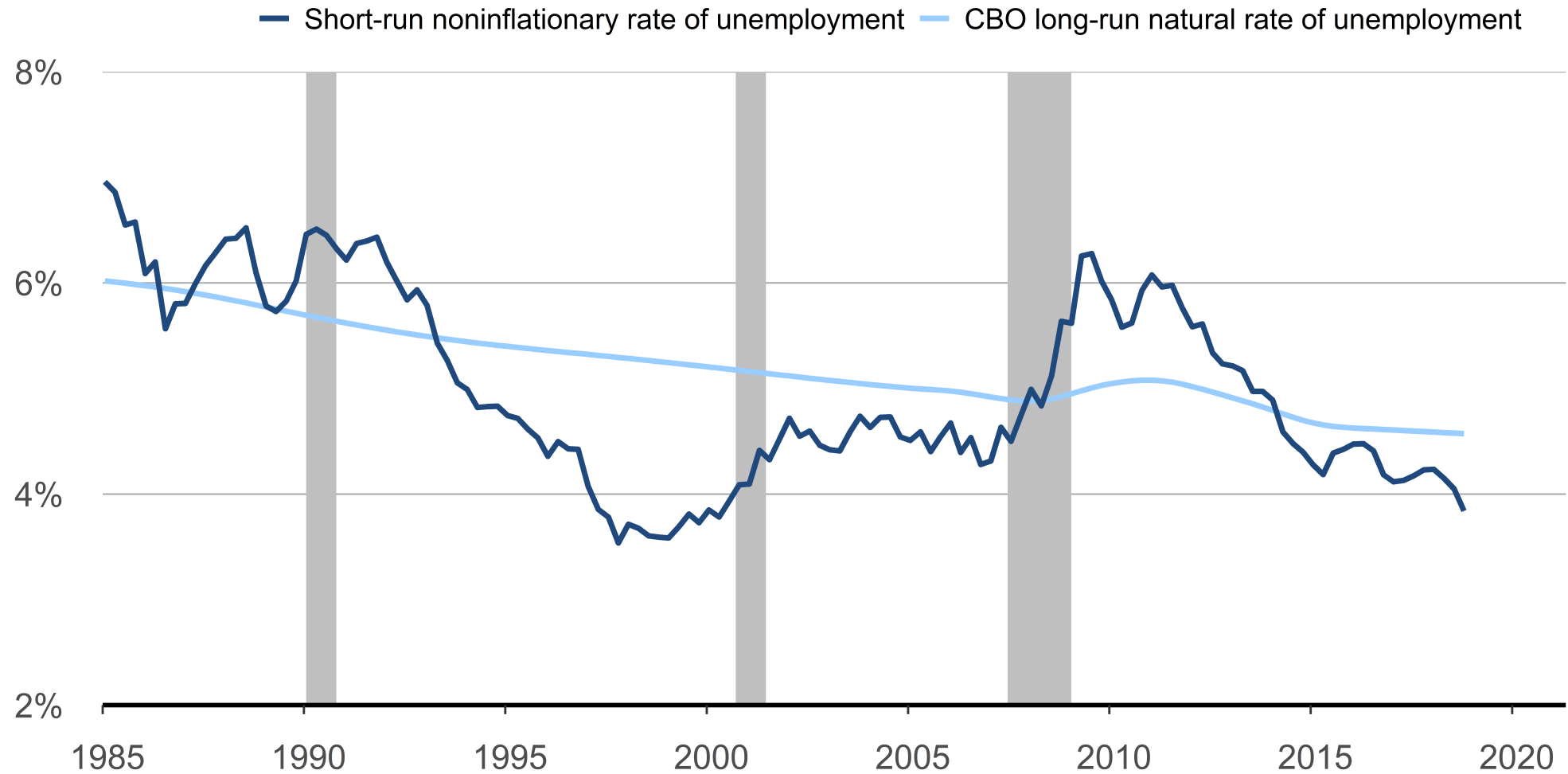
Natural rate of unemployment (u^*) is a moving target

SEP Longer Run Unemployment Rate



Short-run and long-run u^* may differ

Unemployment Rate

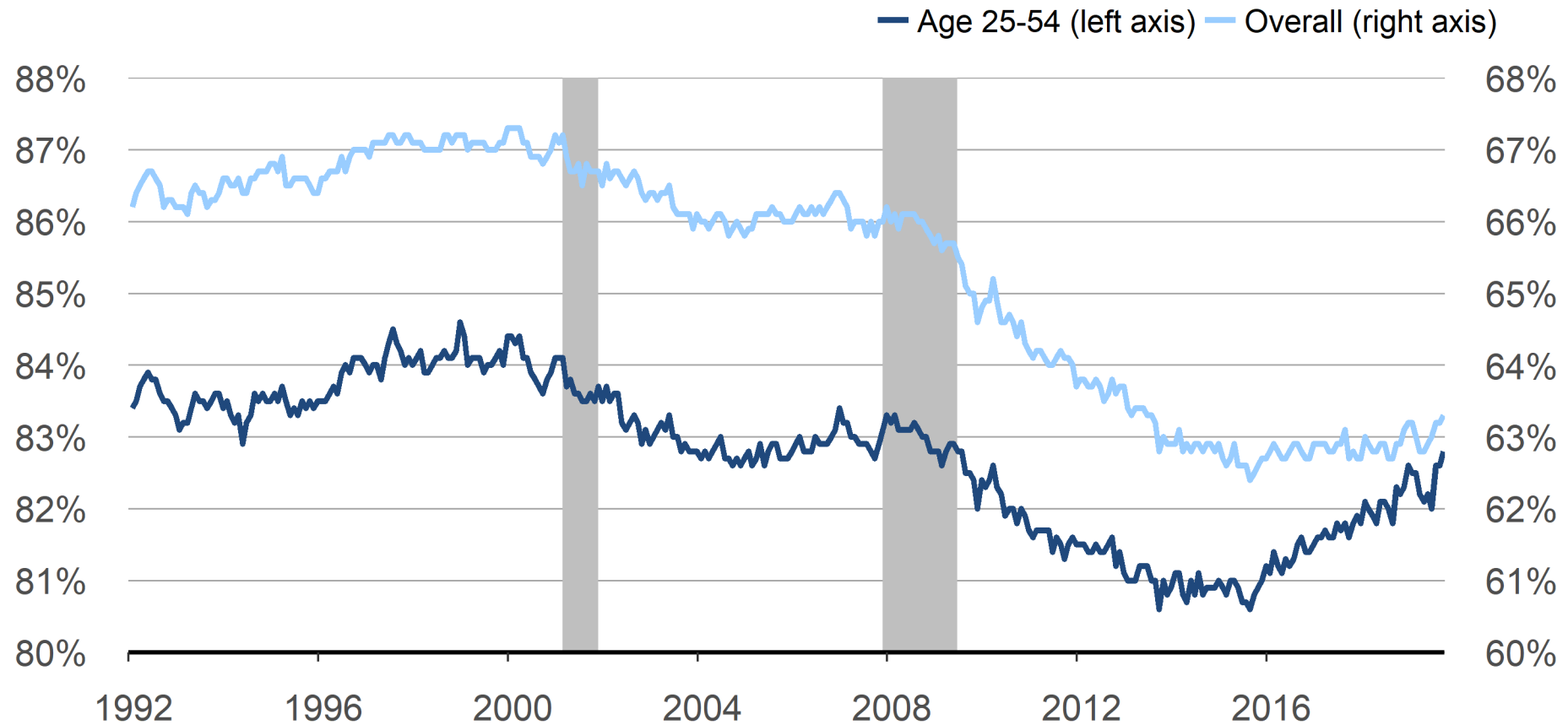


~~Dilemma~~ or Opportunity?

Benefits

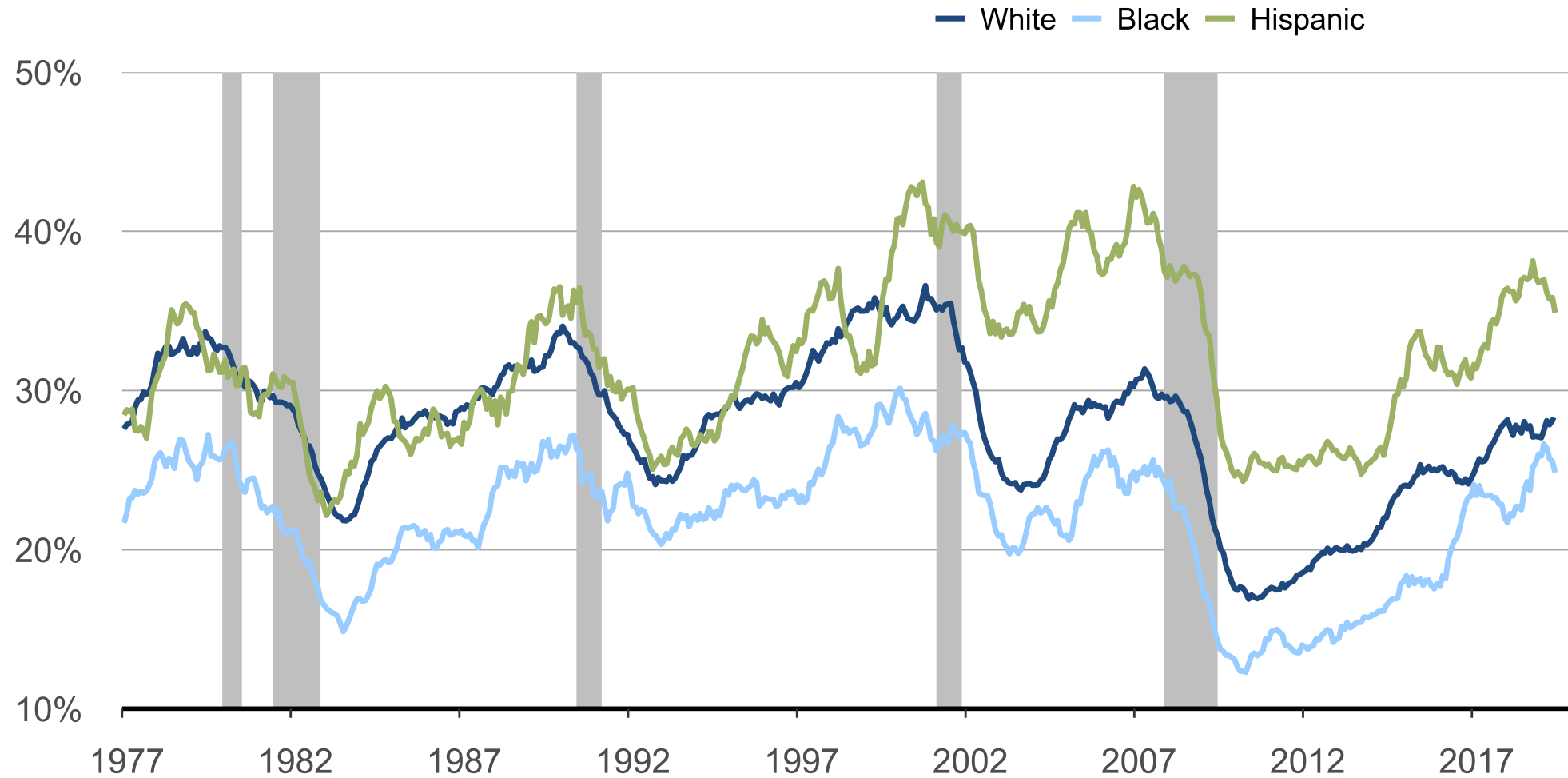
Prime-age participation is up

Labor force participation rates



Disadvantaged workers making gains

Job finding rate, men aged 25 to 64



Source: Petrosky-Nadeau and Valletta (2019).
Note: 12-month moving average.

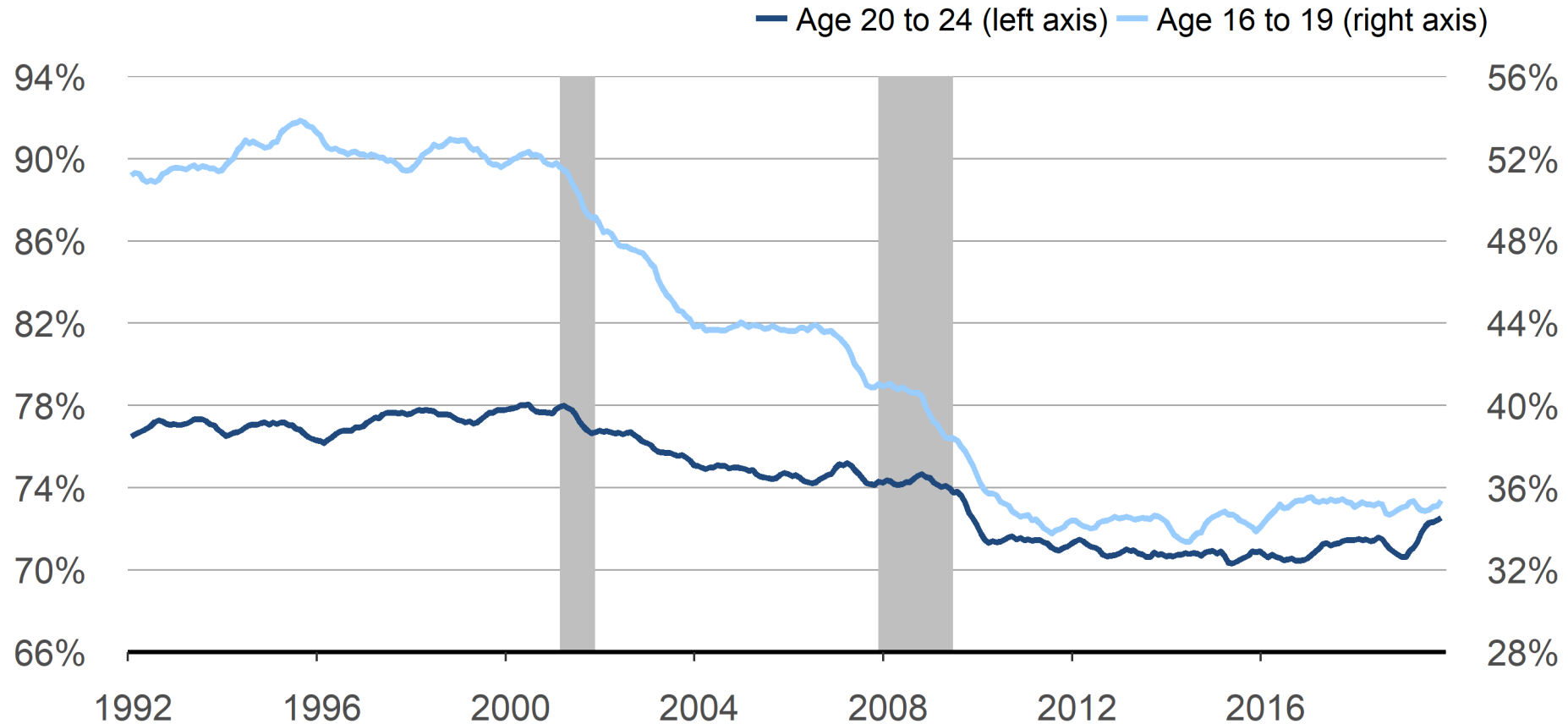
Disadvantaged workers making gains

- **Similar improvements seen in other outcomes***
 - Unemployment
 - Labor force participation
 - EPOP
 - Wage growth
- **Confirmed in reports from Fed Listens events**

Costs?

Young workers not rushing in

Labor force participation rates

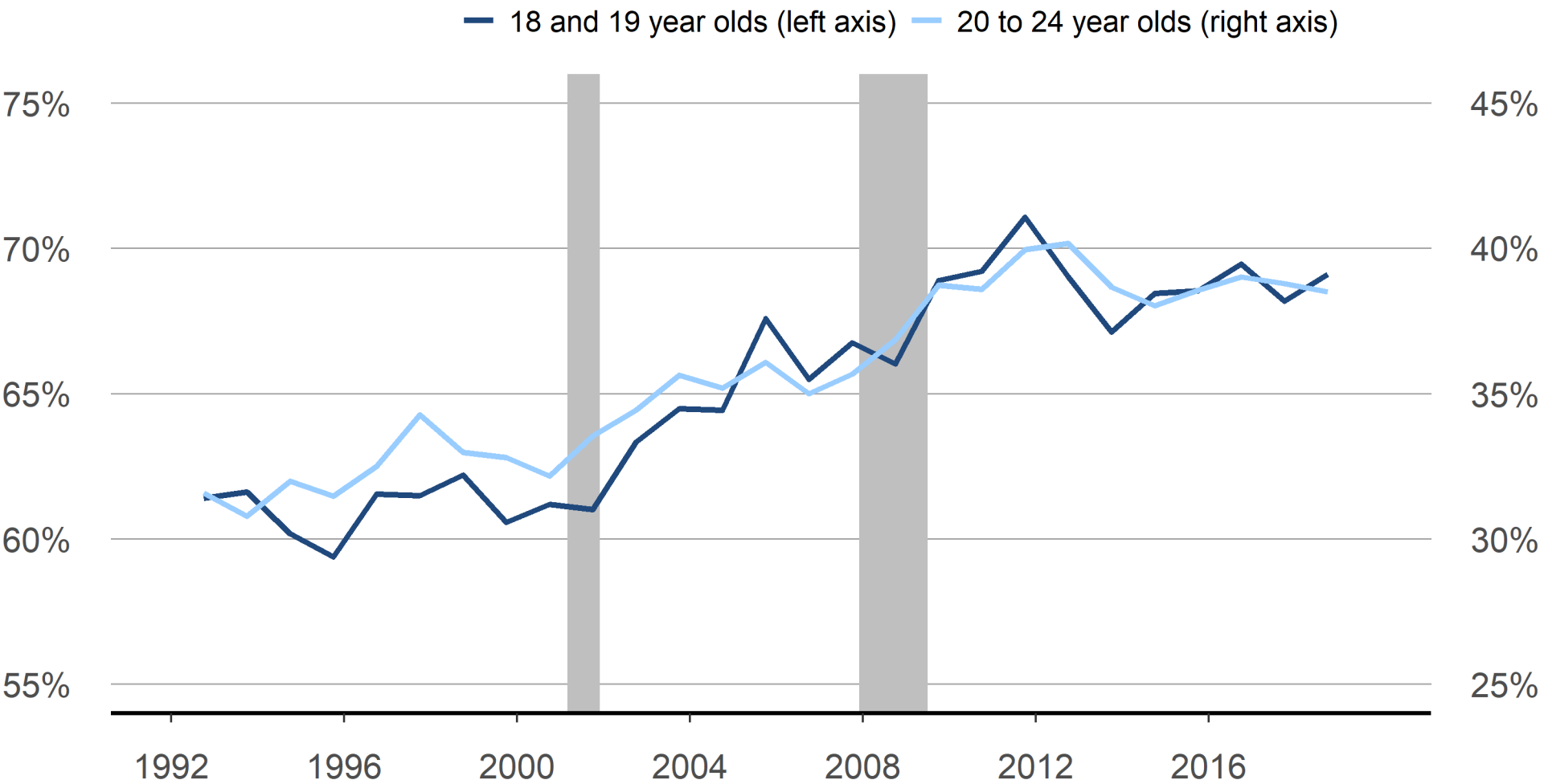


Sources: Bureau of Labor Statistics, Haver Analytics.

Note: 6-month moving average, seasonally adjusted.

School enrollment rates still high

Percentage of population enrolled in school, by age



Sources: Integrated Public Use Microdata Series-Current Population Survey, National Center for Education Statistics, FRBSF staff calculations.

**Net-Net: Opportunity
...for the labor market**

Implications for Fed policy

- **Dual mandate**
 - Full employment
 - Price stability
- **Financial stability**

**Net-Net: Opportunity
...for the economy**



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Future of Work, Inequality, and Partisanship

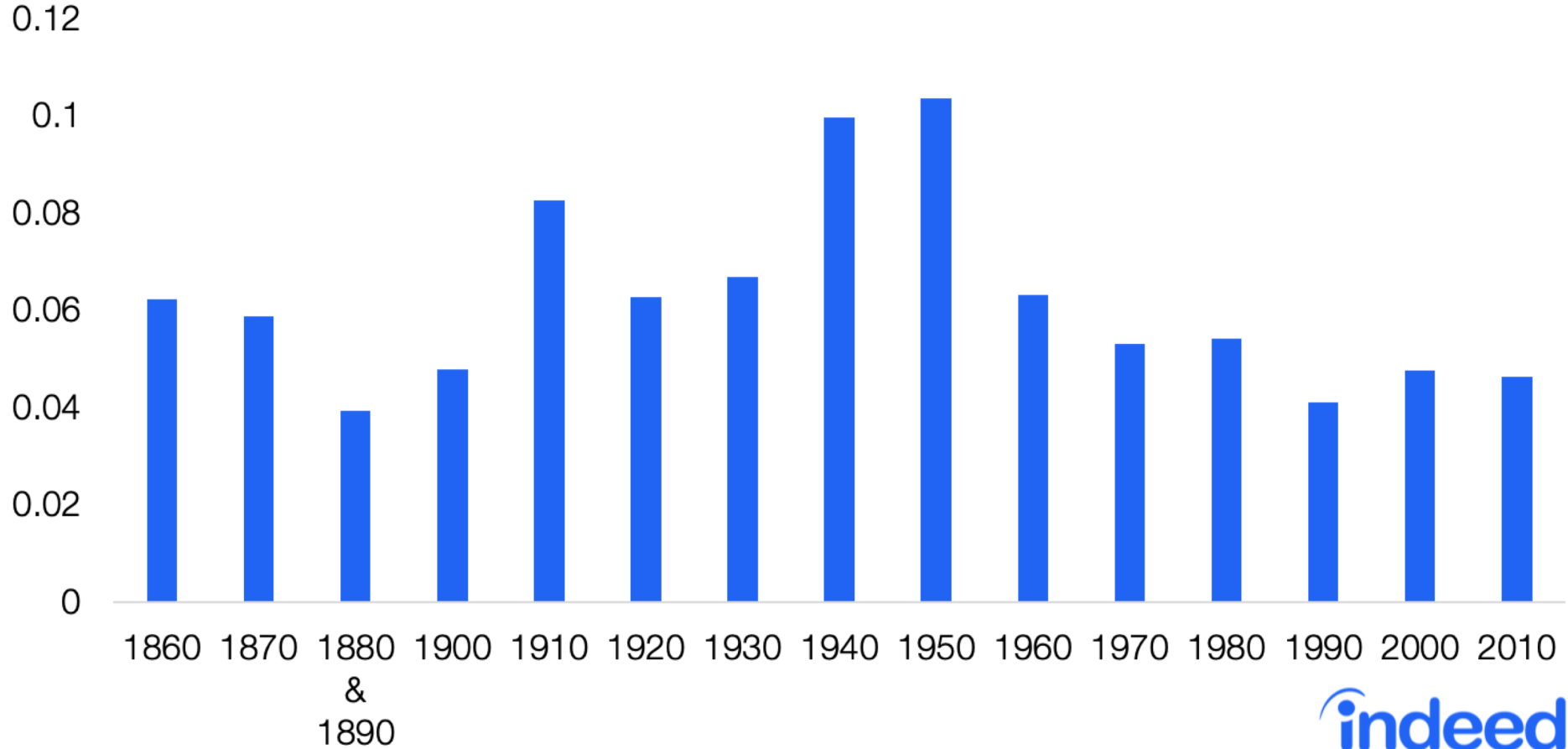
Jed Kolko, chief economist, Indeed
Clausen conference, November 2019

Getting beyond “will automation kill jobs”

- ▶ **Not just technology but:**
 - ▶ Relative prices
 - ▶ Complementary processes, structures, and norms
- ▶ **Not just labor demand, but labor supply**
- ▶ **Not too much change, but too little dynamism and mobility**
- ▶ **Not uncertain aggregate effects, but likely distributional impact**

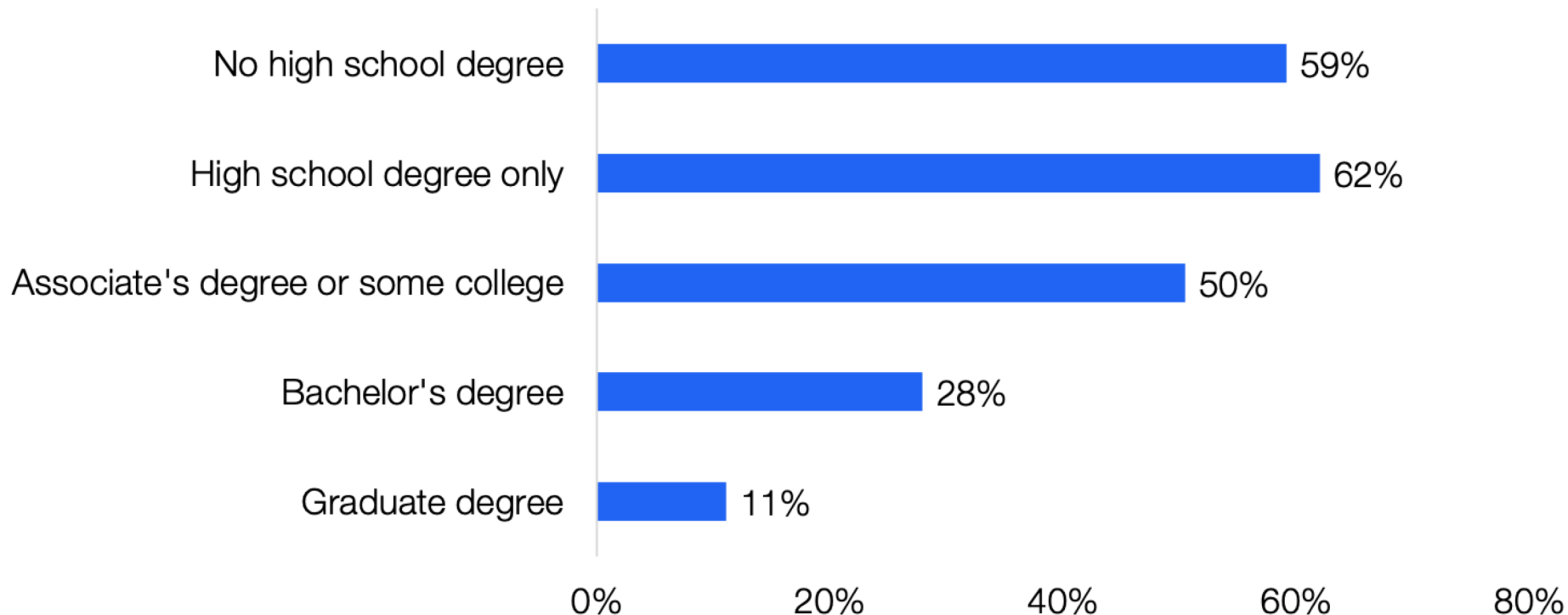
Job shifts across occupational sectors

10-year rate, by decade, through 2017 (Census)



The less-educated are most at risk

Workers in routine occupations, by education

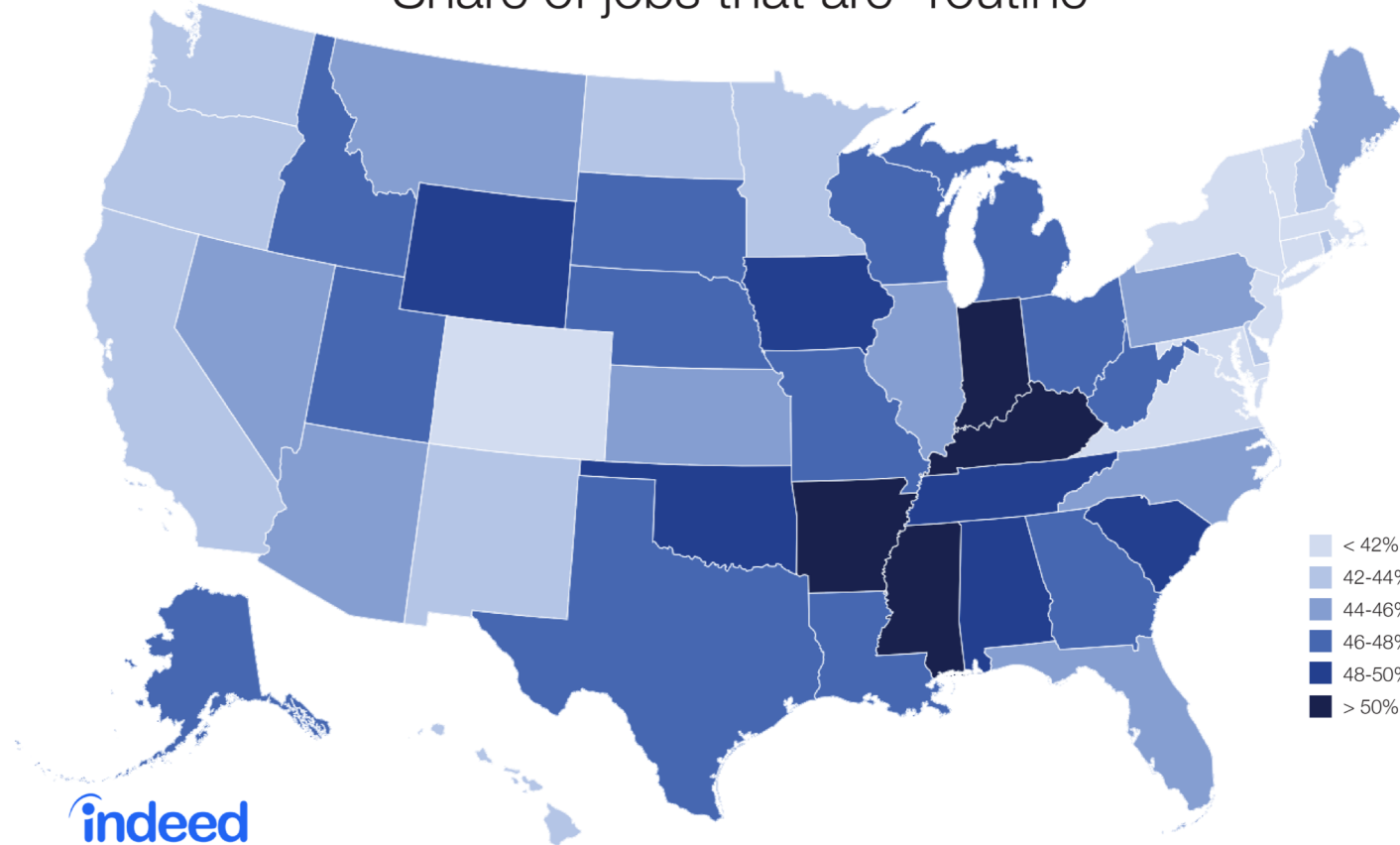


Source: U.S. Census, American Community Survey



Coasts at lower job-loss risk from automation

Share of jobs that are "routine"

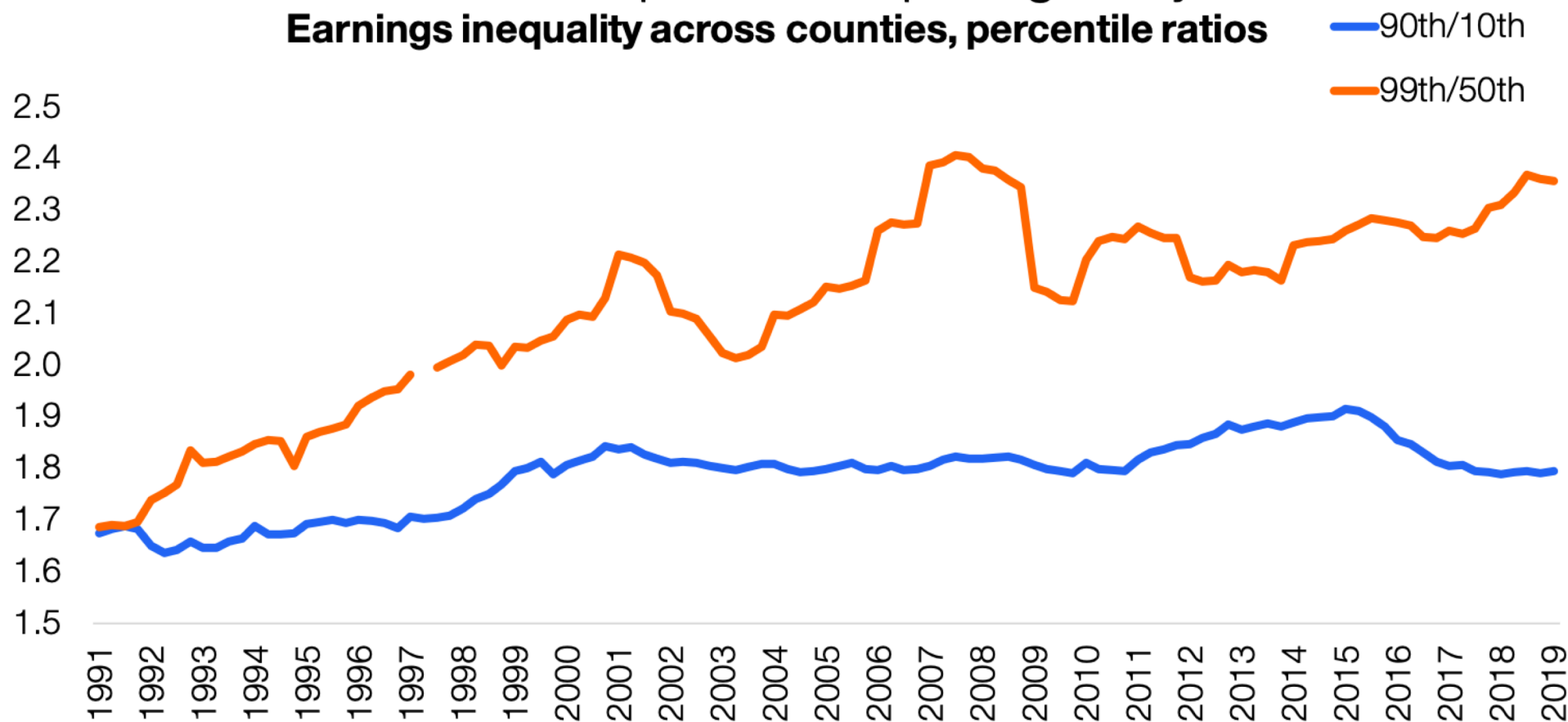


Geography inequality

- ▶ **Top pulling away, not bottom falling out**
- ▶ **Again: too little mobility & dynamism**

The richest places are pulling away

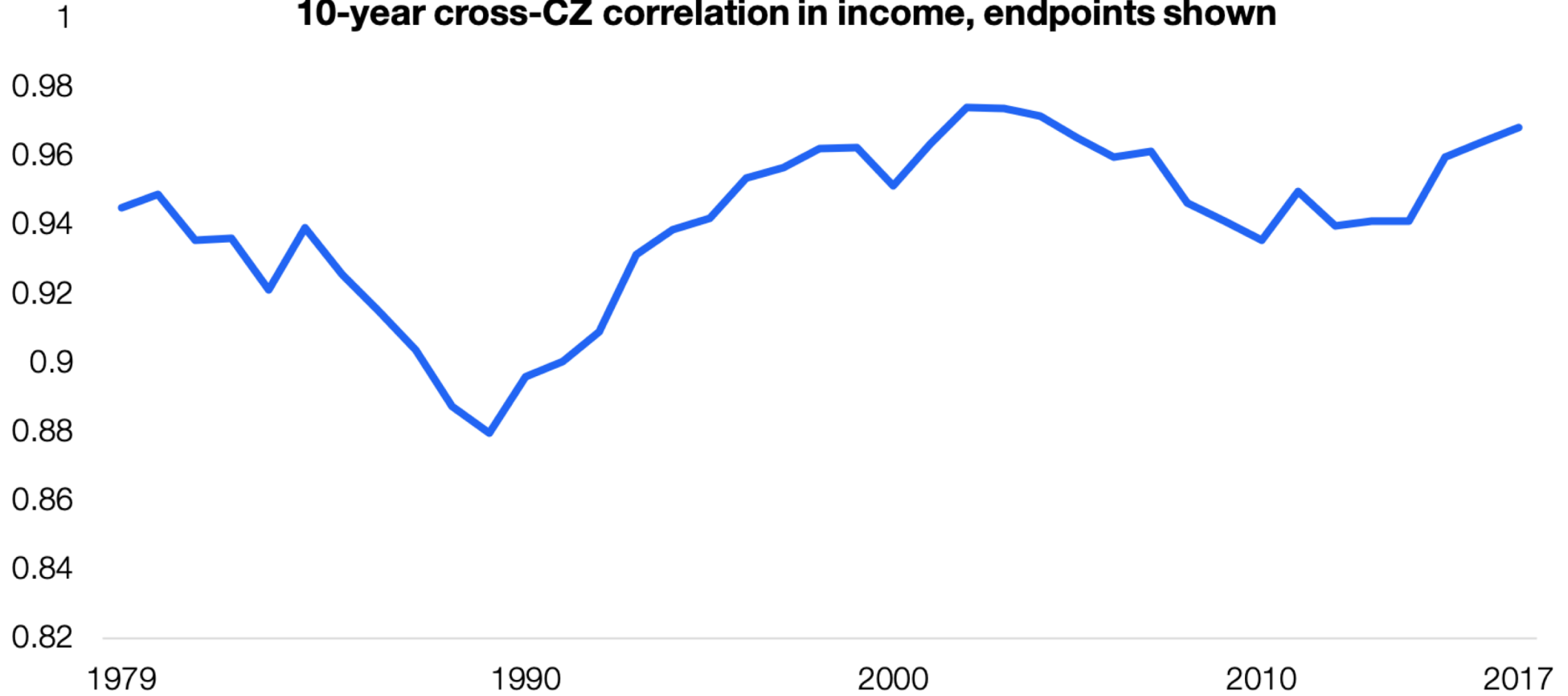
Earnings inequality across counties, percentile ratios



Source: BLS QCEW

Places are less mobile across the distribution

10-year cross-CZ correlation in income, endpoints shown

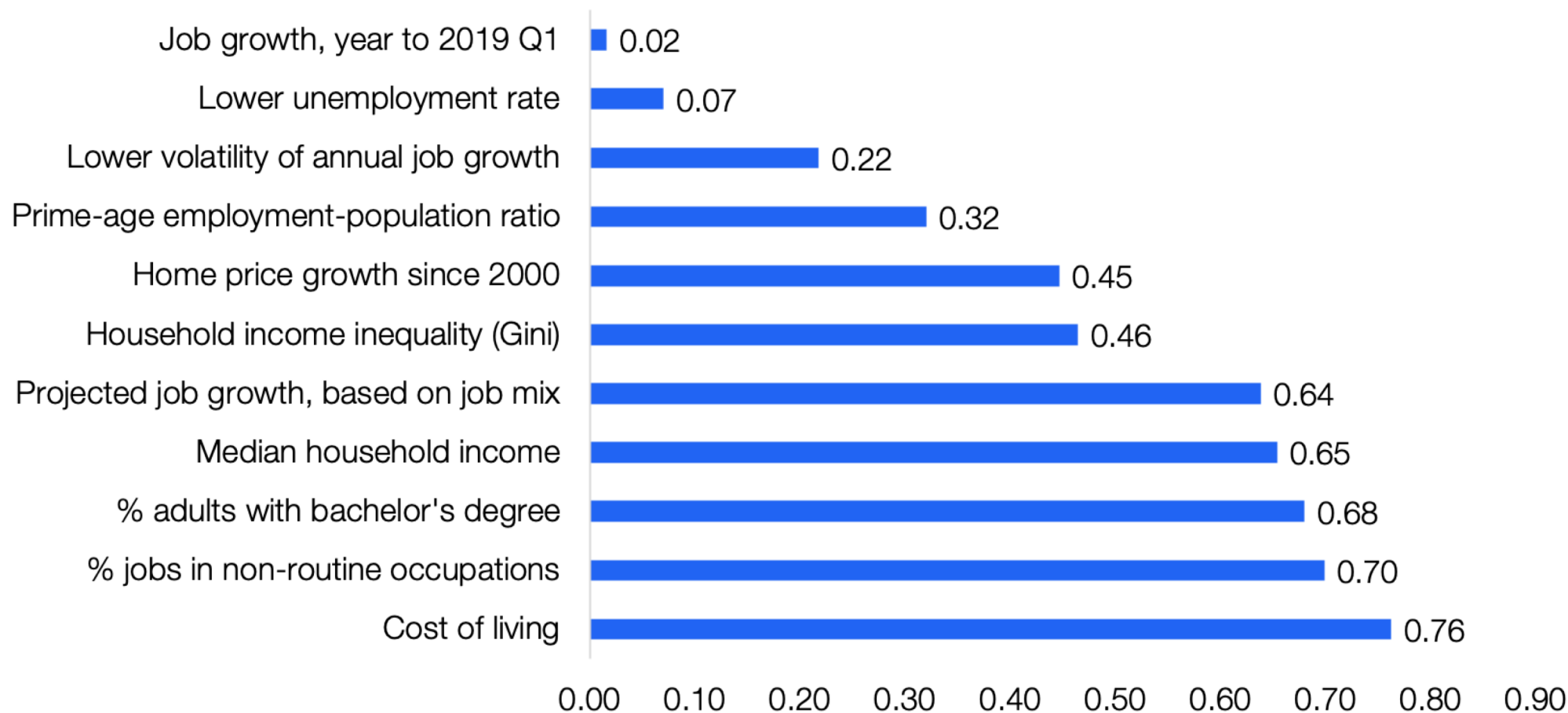


Partisanship

- ▶ **Geographic differences are politicized**
- ▶ **It's getting worse**

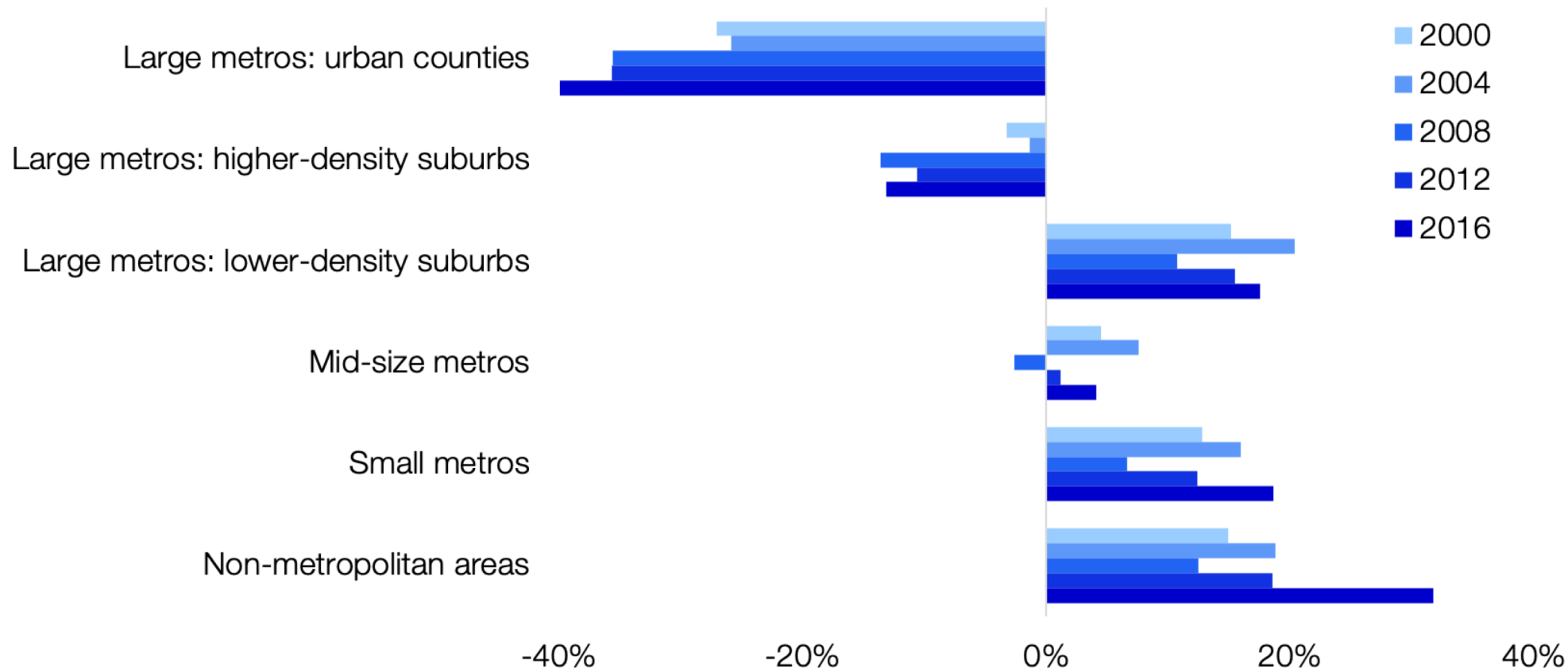
Local economic conditions and partisanship

Metro correlation with 2016 Democratic margin, population-weighted



Geographic polarization of voting

Republican margin in presidential vote, by county type



Policy directions on regional inequality

- ▶ **Questioning location incentives**
- ▶ **Reducing barriers to geographic mobility**
- ▶ **Investing in struggling places**
- ▶ **Non-place-based strategies**

Thank you.

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