

Labor Market

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Introduction

Thinking more generally about inequality than poverty per se

From my perspective

- most socioeconomic inequality comes from income inequality
- most income inequality comes from earnings inequality
- the determinants of earnings inequality are wage inequality and employment rates

Thus anyone interested in inequality should think about wage inequality and employment

Outline

In my 20 minutes I want to give a broad overview of trends in the labor market over time

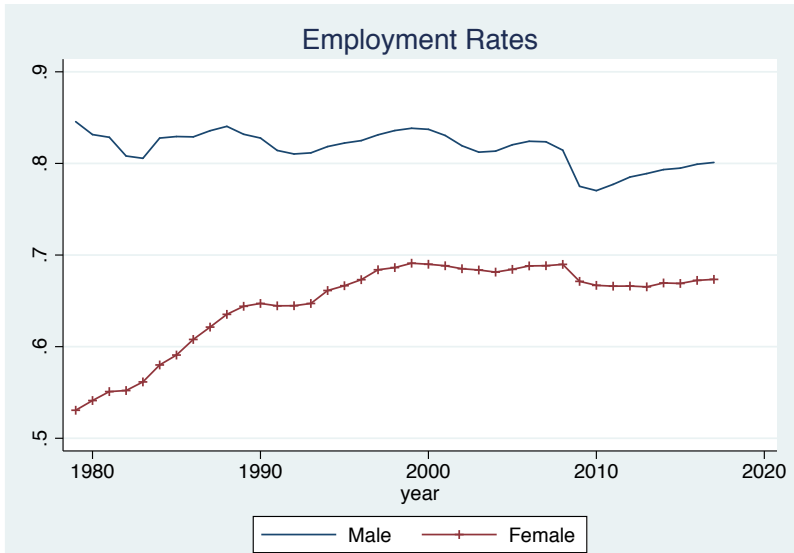
The focus is on what happened rather than what is driving these trends

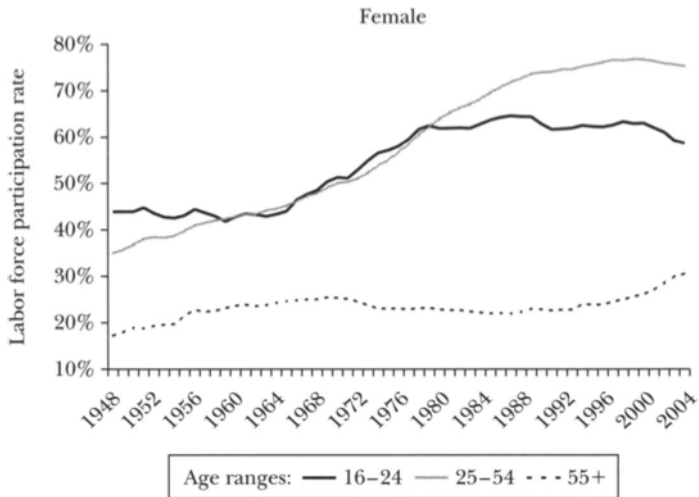
I will discuss on four things:

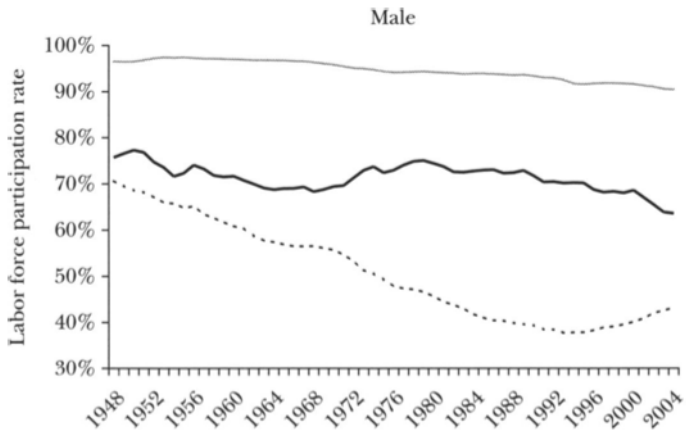
- Employment
- Overall Wage Inequality
- Trends by Race and Gender
- Changes in Education Premium
- Industry and Occupational Shifts

Sources: Acemoglu and Autor 2011 Handbooks of Labor Economics chapter, Juhn and Potter, *Journal of Economic Perspectives*, 2006, *my own direct calculations*

Employment Trends







Overall Log Wage Inequality over Time

Figure 7a

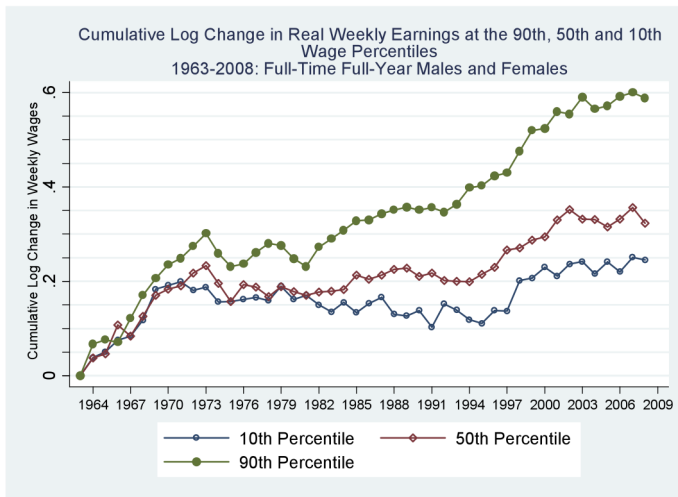


Figure 7b

Cumulative Log Change in Real Weekly Earnings at the 90th, 50th and 10th Wage Percentiles
1963-2008: Full-Time Full-Year Males

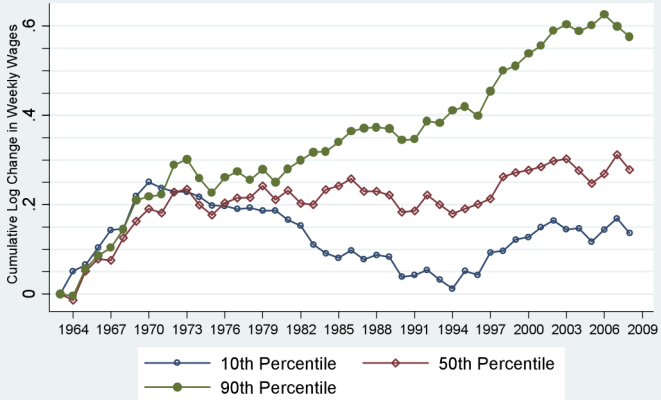
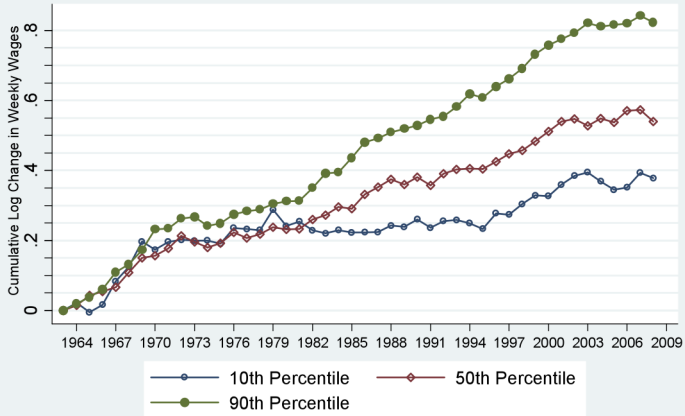
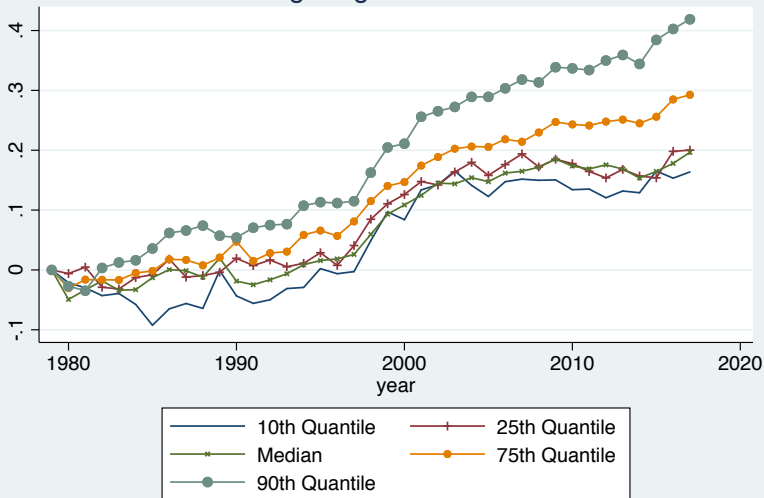


Figure 7c

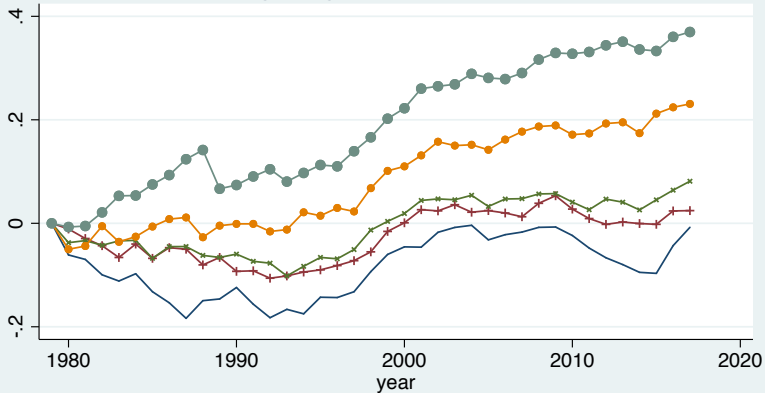
Cumulative Log Change in Real Weekly Earnings at the 90th, 50th and 10th Wage Percentiles
1963-2008: Full-Time Full-Year Females



Log Wage Differences



Log Wage Differences Men



Log Wage Differences Women

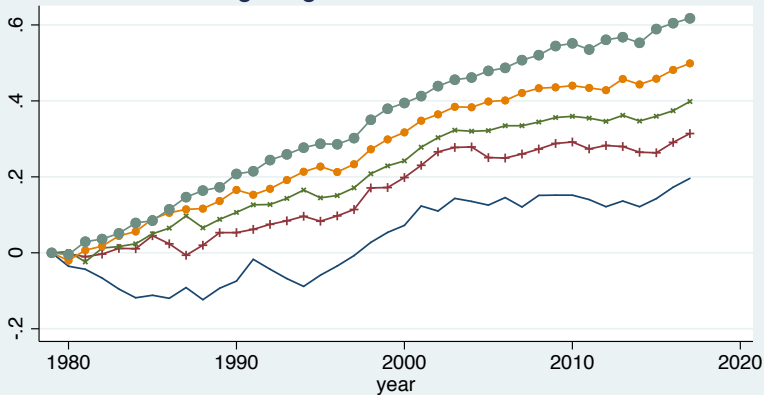


Figure 9b

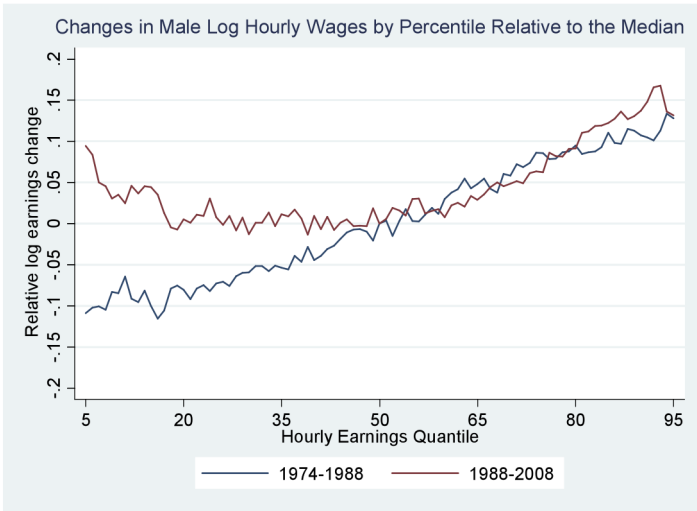
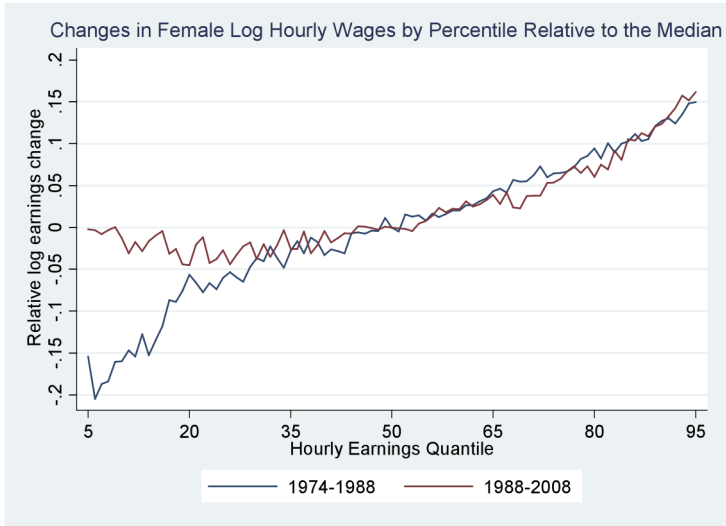
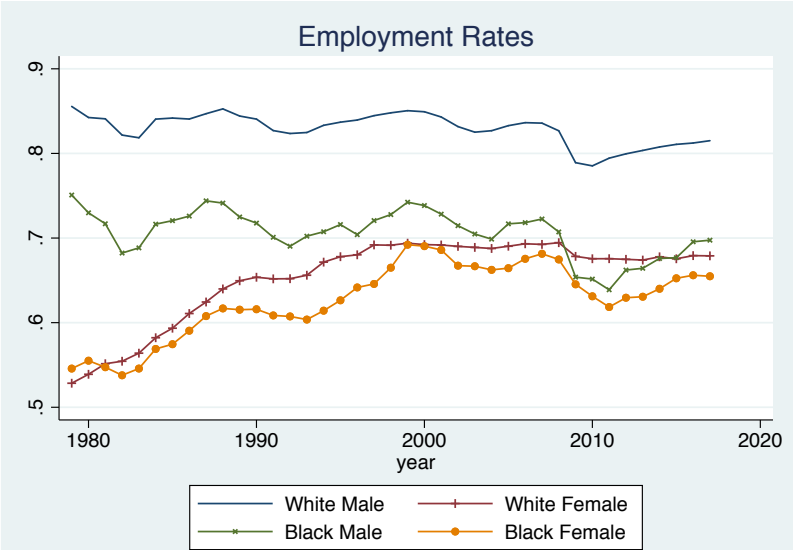


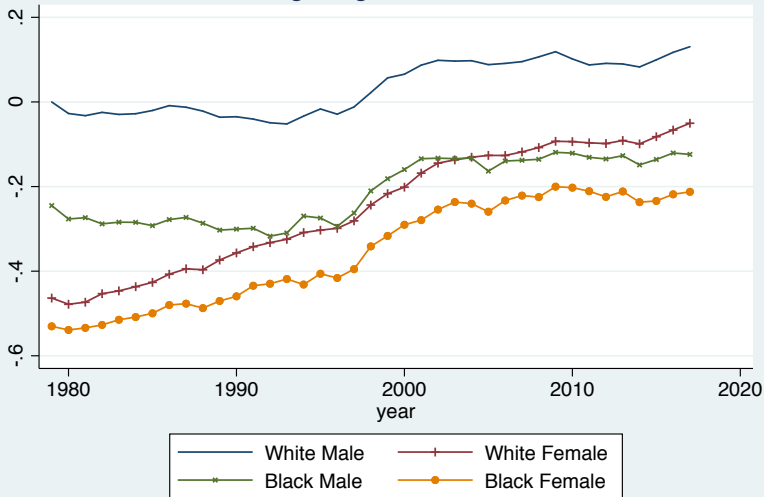
Figure 9c



Race and Gender



Log Wage Differences



Returns to Education

Figure 1

Composition Adjusted College/High-School Log Weekly Wage Ratio, 1963-2008

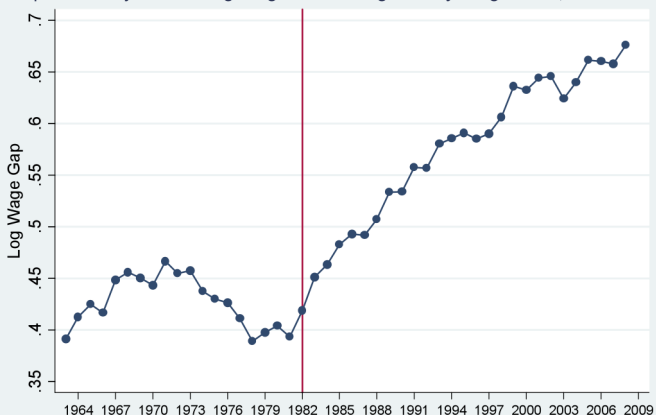


Figure 4a

Real, Composition-Adjusted Log Weekly Wages for Full-Time Full-Year Workers
1963-2008 Males

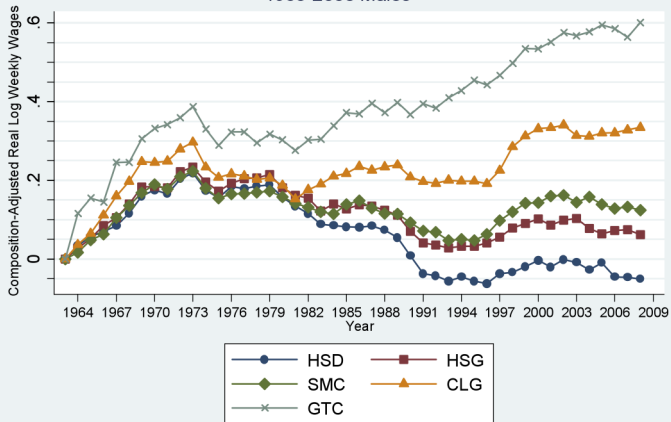
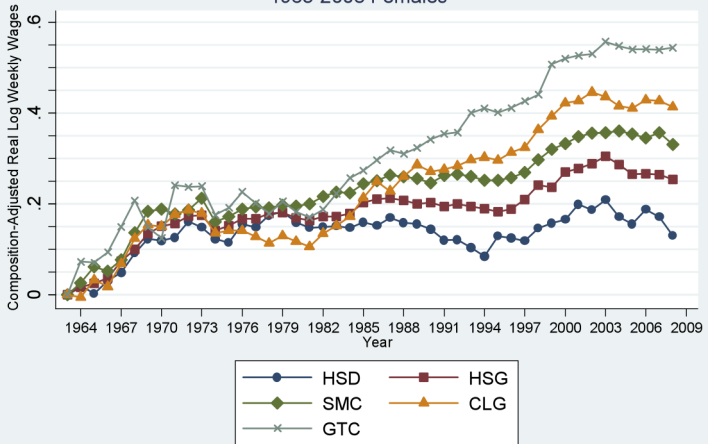


Figure 4b

Real, Composition-Adjusted Log Weekly Wages for Full-Time Full-Year Workers
1963-2008 Females

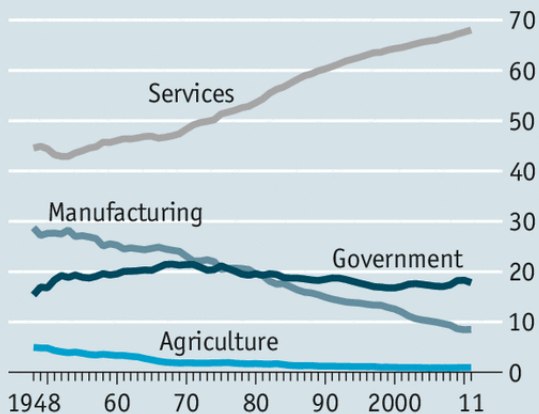


Industrial Change

Not what it was

2

US employment by sector, % of total employment



Source: US Bureau of Labor Statistics

Occupational Change

Table 2. Employment and Wages in Ten Broad Occupations, 1959-2007

	1959	1969	1979	1989	1999	2007
	<u>A. Employment Shares</u>					
Managers	8.9	8.5	9.8	11.8	14.1	14.4
Professionals	8.6	10.7	11.7	13.4	14.9	15.7
Technicians	2.2	2.6	3.1	3.6	3.6	3.5
Sales	8.3	8.3	10.0	11.9	11.3	11.4
Office and admin	15.1	18.1	17.3	16.6	15.3	14.0
Production, craft and repair	13.8	12.7	12.7	11.1	11.2	10.1
Operators, fabricators and laborers	24.7	22.6	19.2	15.6	13.0	11.9
Protective service	1.1	1.1	1.5	1.8	2.0	2.2
Food prep, buildings and grounds, cleaning	4.8	6.0	7.4	7.6	7.5	8.8
Personal care and personal services	6.7	6.6	5.0	4.9	5.9	6.8

Figure 10

Smoothed Changes in Employment by Occupational Skill Percentile 1979-2007

