

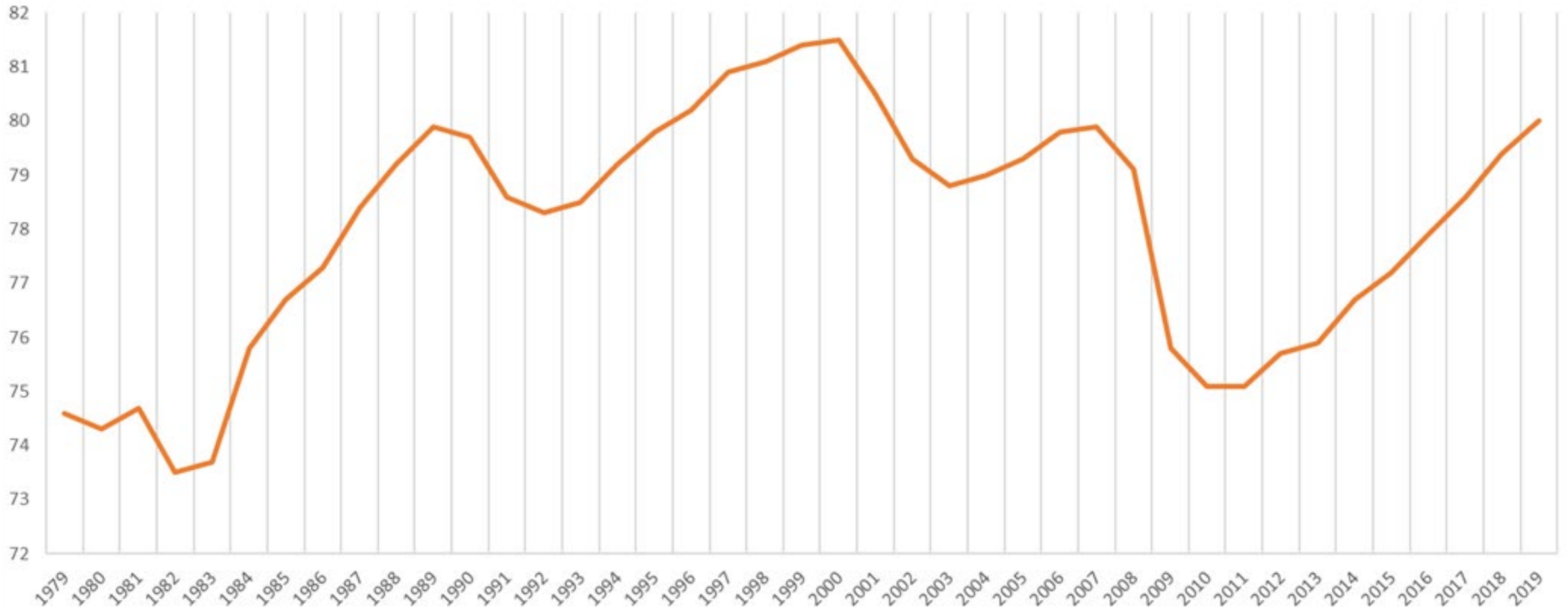
# Labor Market Trends and Outcomes: What Has Changed Since the Great Recession?

Erica L. Groshen, Cornell University

Harry J. Holzer, Georgetown University

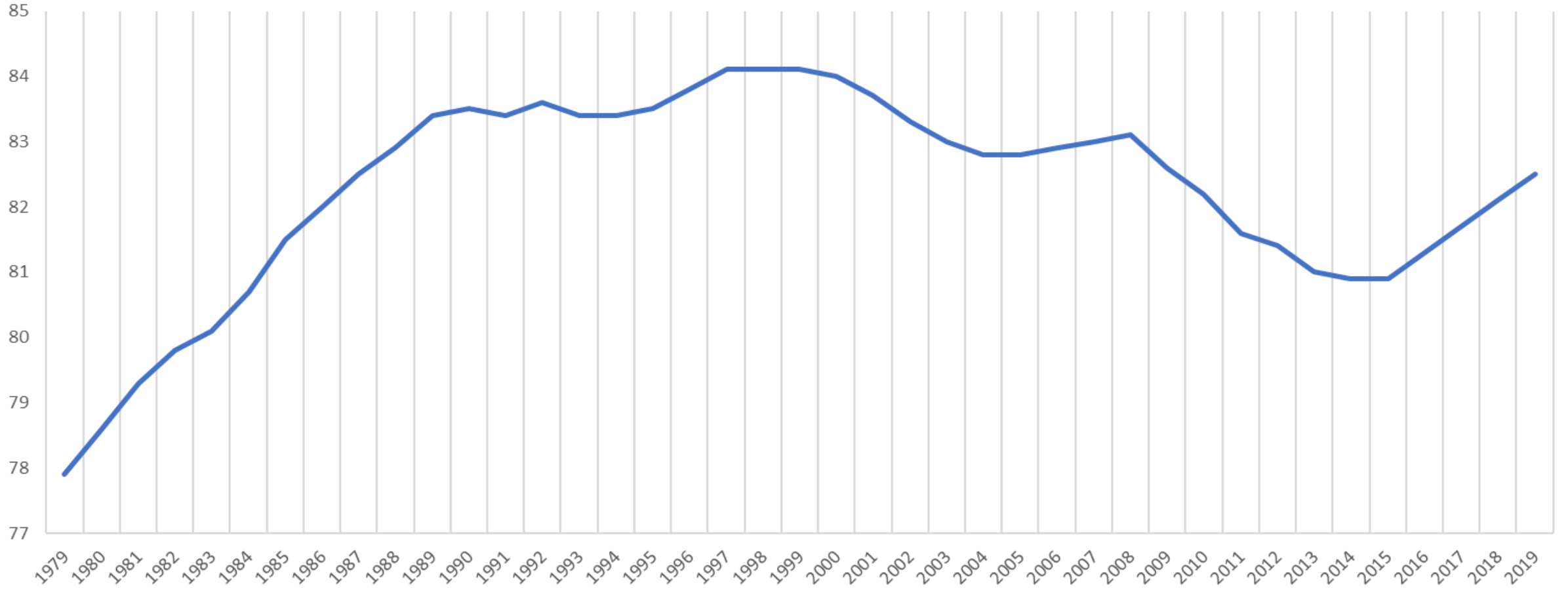
January 2021

Figure 1a. Employment to Population Ratios



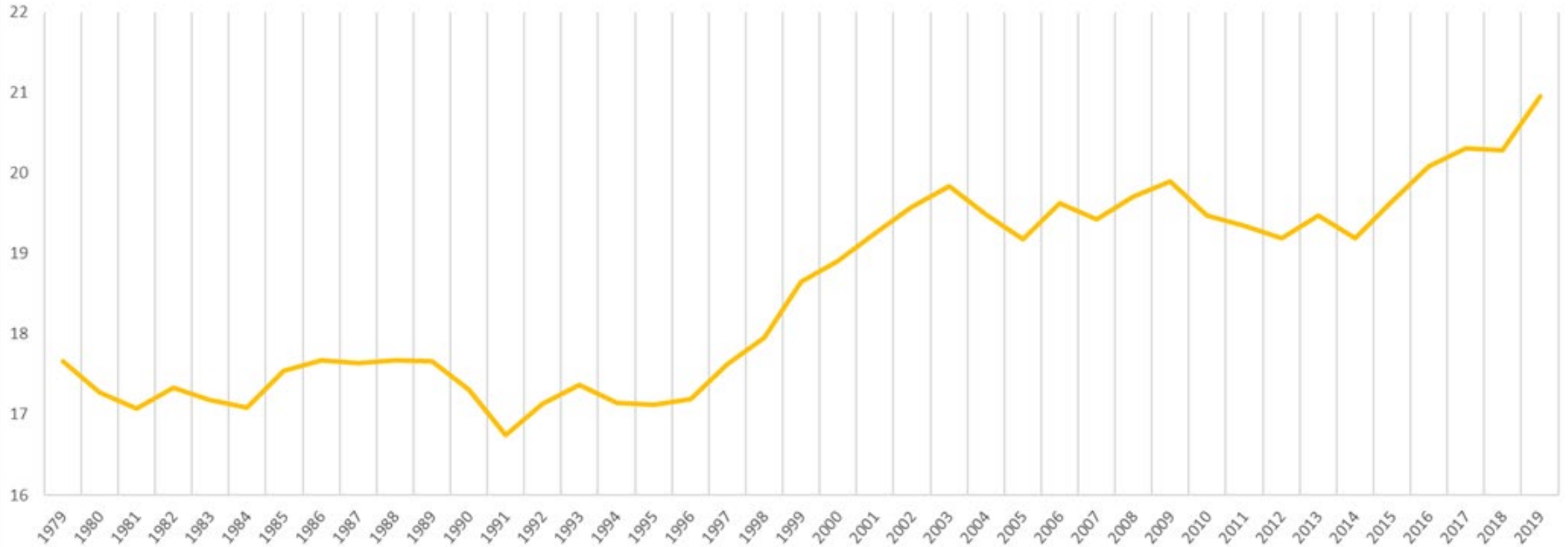
Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54.

Figure 1b. Labor Force Participation Rates



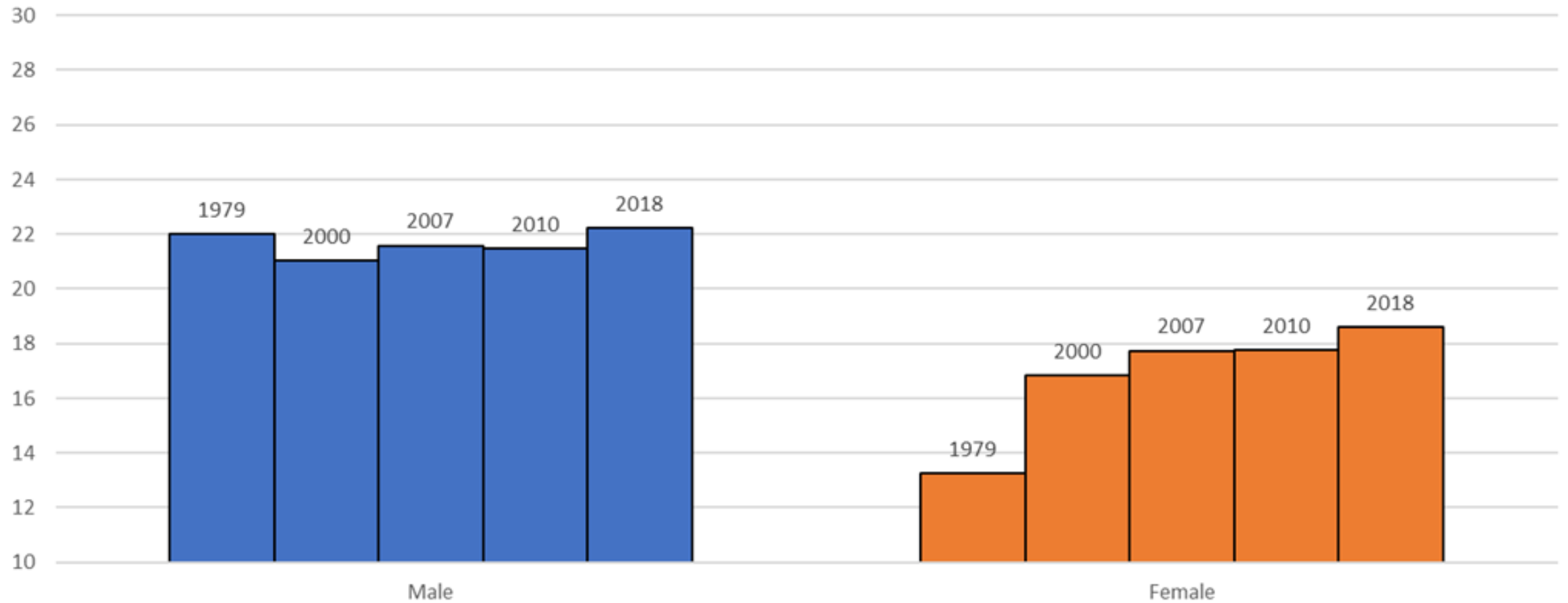
Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54.

Figure 1c. Median Real Hourly Wages



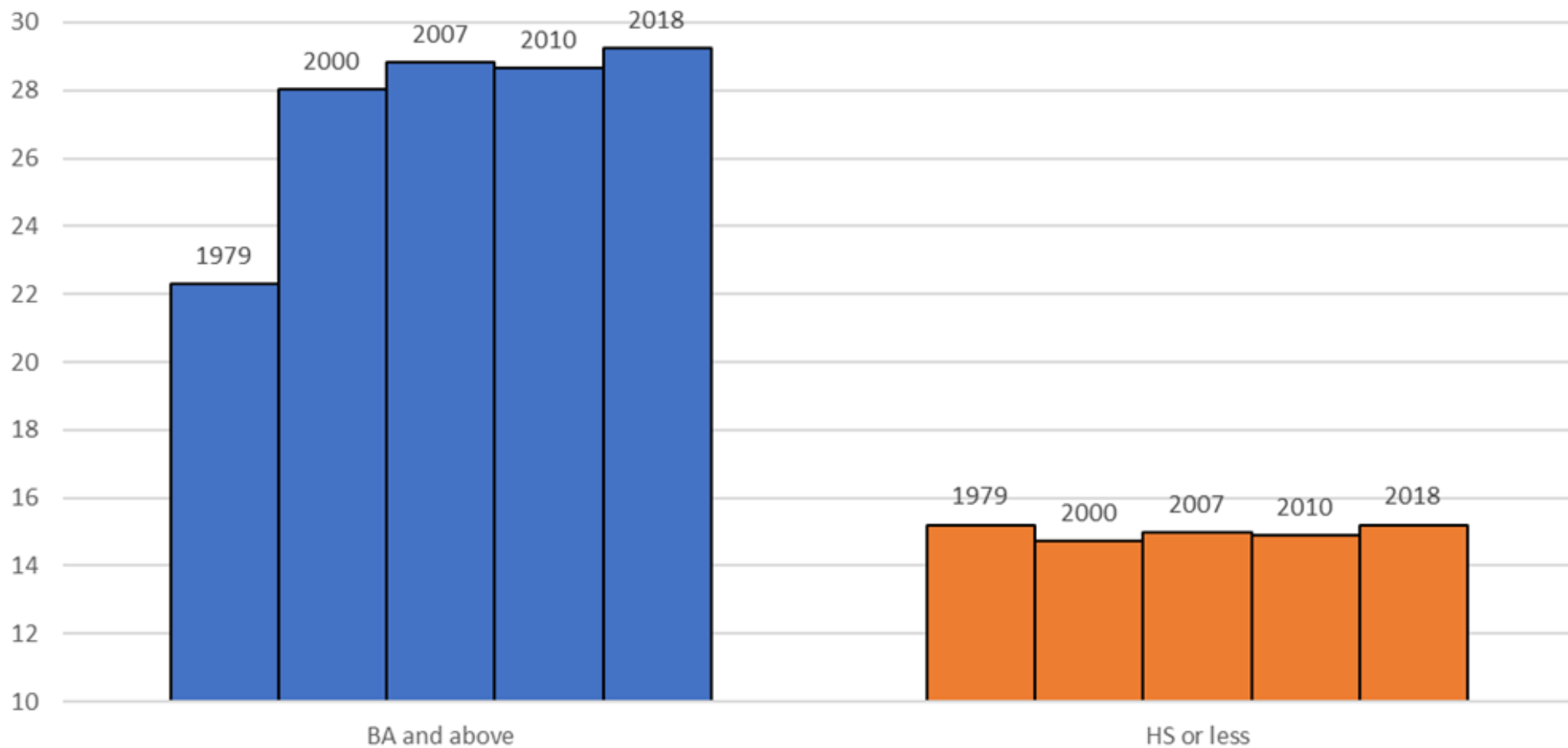
Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54. Wages are deflated using the chain-weighted GDP deflator for Personal Consumption Expenditures.

Figure 2a. Median Real Wages by Gender



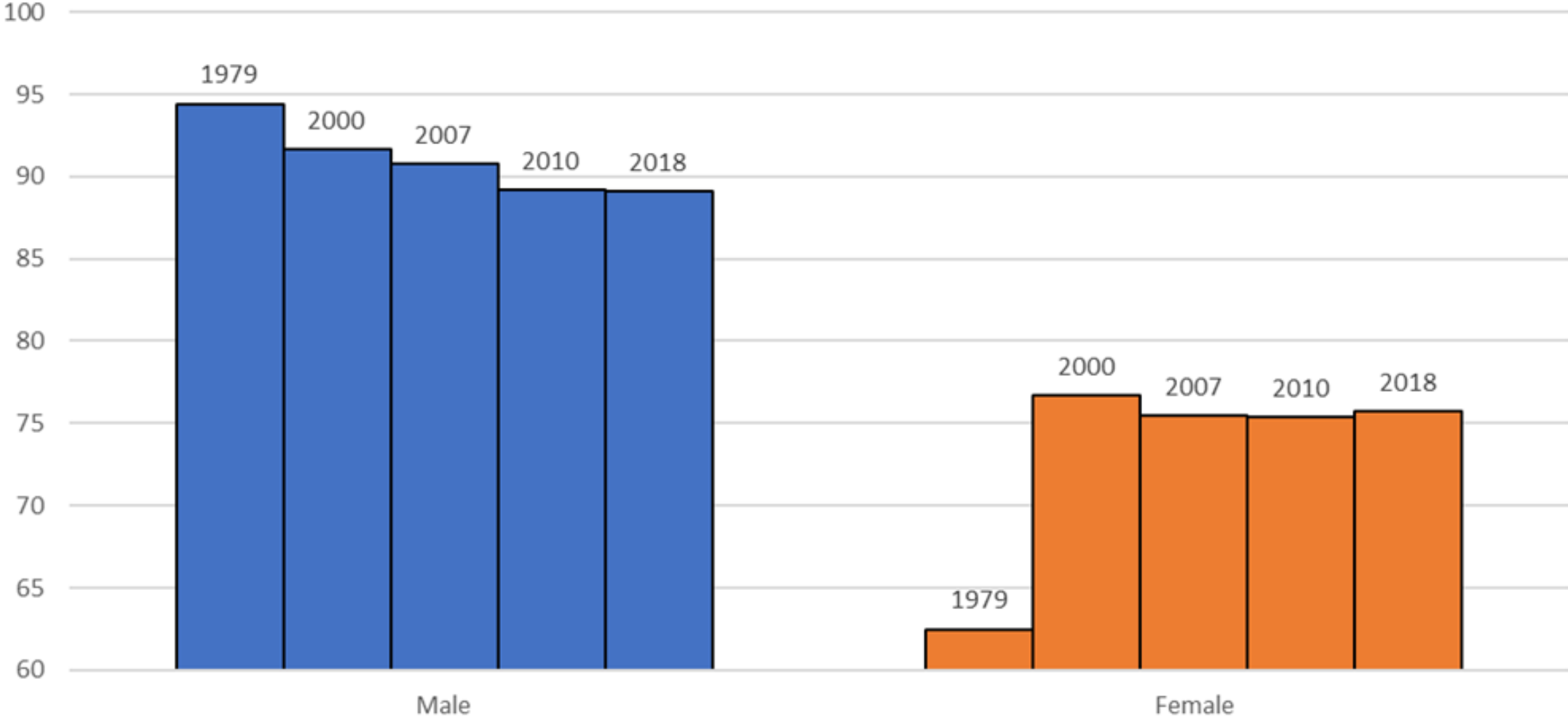
Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54. Wages are deflated using the chain-weighted GDP deflator for Personal Consumption Expenditures.

Figure 2b. Median Real Wages by Education



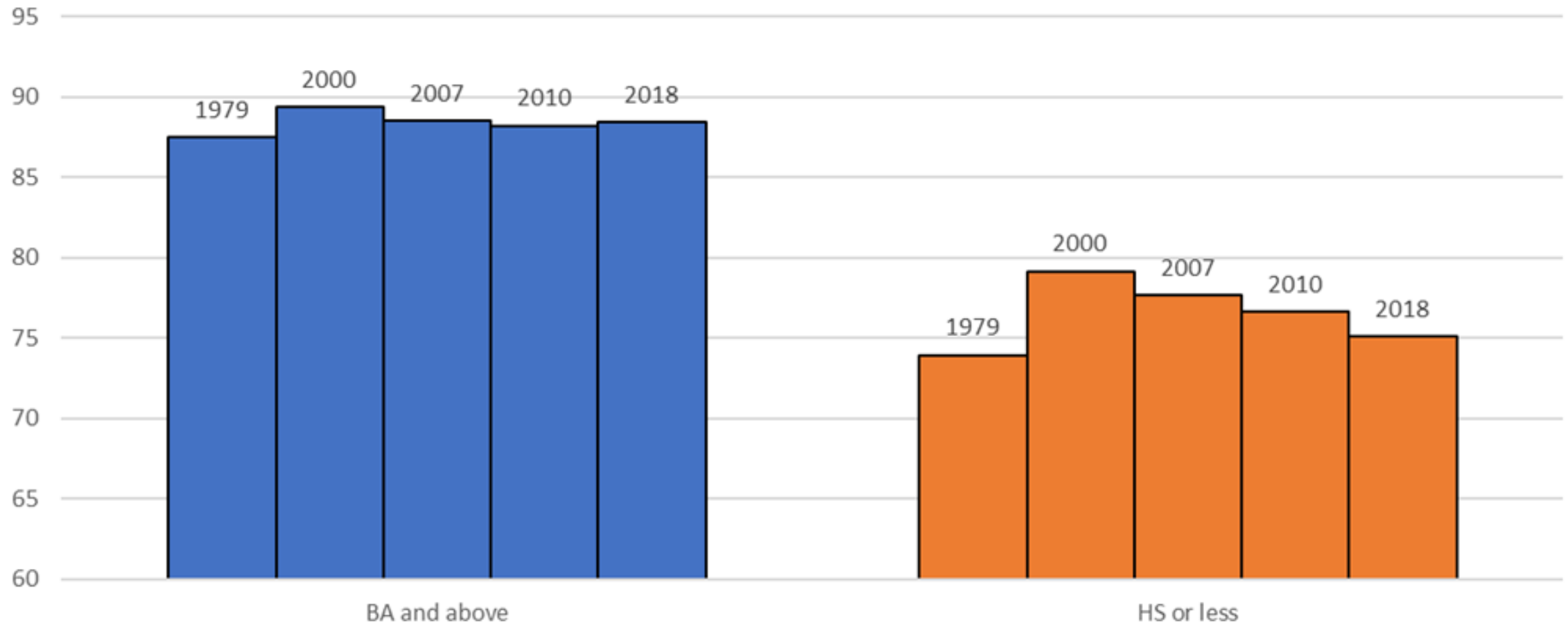
Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54. Wages are deflated using the chain-weighted GDP deflator for Personal Consumption Expenditures.

Figure 3a. Labor Force Participation by Gender



Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54.

Figure 3b. Labor Force Participation by Education



Note: Computations are based on annual data from the Current Population Surveys (CPS) for ages 25-54.



# Summary of Trends in Real Wages and Participation

## Real Wages

- Long-Term Stagnation, Rising Inequality
- Modest Wage Increases after Great Recession, esp. within Education Group – No Change in Inequality

## Labor Force Participation

- Long-Term Declines for Less-Educated and Male Workers;
- Continuing After Great Recession

# What Explains the Trends?

## **Wages**

- Stagnant Wages: Low Productivity Growth, Rising Share of K, Large Health Benefit Costs
- Rising Inequality: Market v. Institutional Factors; Firm Effects Rise – But Which Workers Share in Firm Success?

## **Participation**

- Falling Real Wages – Labor Supply Elasticity
- Other Factors – Rising Disability, Incarceration,...

# Will Covid-19 Pandemic Affect (Noncollege) Workers in Long Run?

- To Date: **Very Unequal Impacts!** By education, race and gender
- Permanent Layoffs: 39% of Unemployed; 37% are Long-Term Unemployed – no doubt concentrated among non-college workers
- Rising Literature on Hysteresis and Ongoing Impacts of Initial Market Effects on Earnings and Employment for Young Workers
- SBTC during Pandemic: Rising Online Purchases, Declining Downtown Service Industries
- **Punch Line: Covid-19 Pandemic will Likely Raise Inequality and Reduce LF Participation in Lasting Way – HOW MUCH?**

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