

Worrying about the wrong things: a skeptic's look at structural problems in the labor market

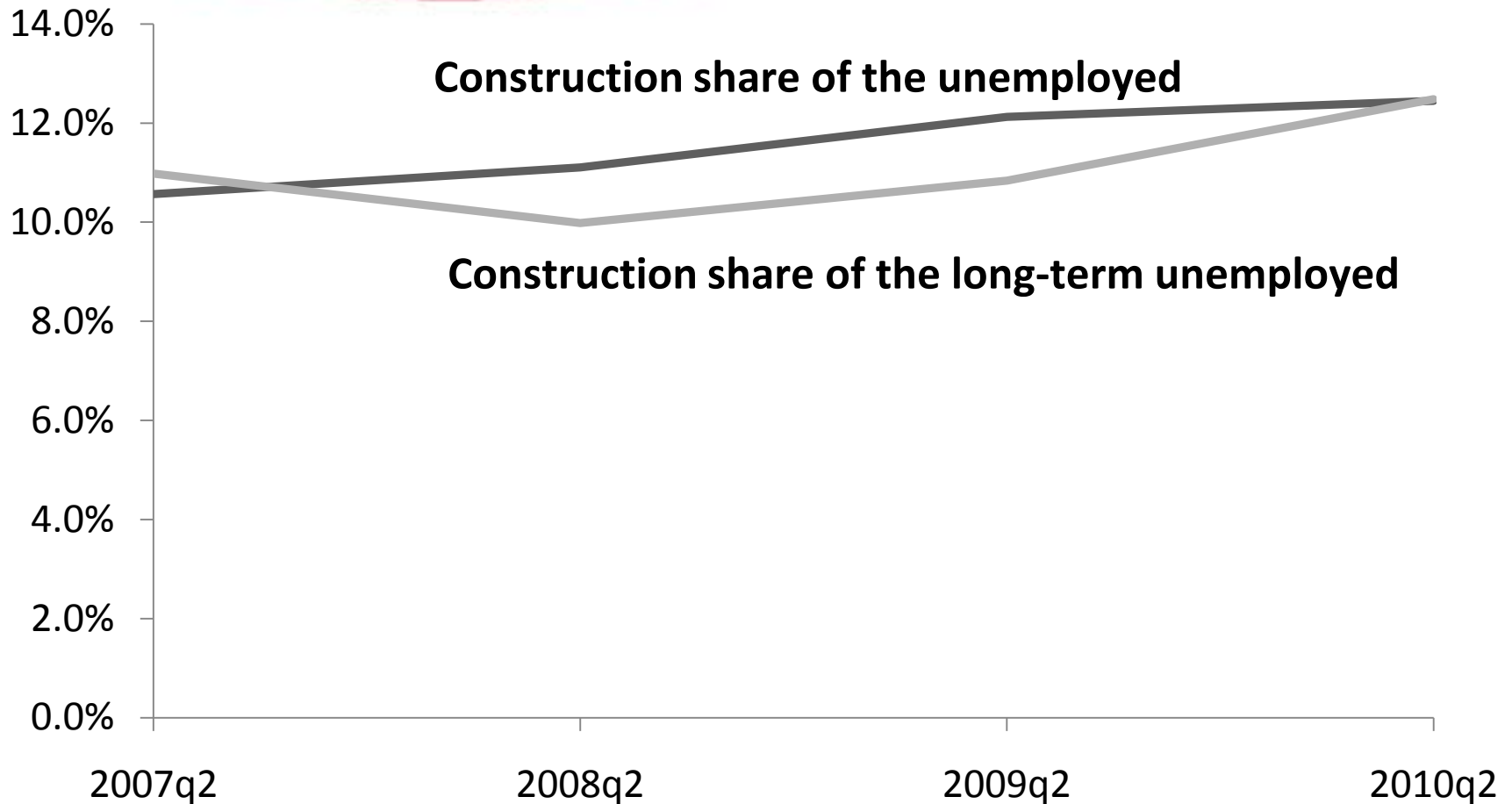
Lawrence Mishel, President, Economic
Policy Institute

For Ray Marshall Center for the Study
of Human Resources, University of
Texas LBJ School of Public Affairs.

October 18, 2010

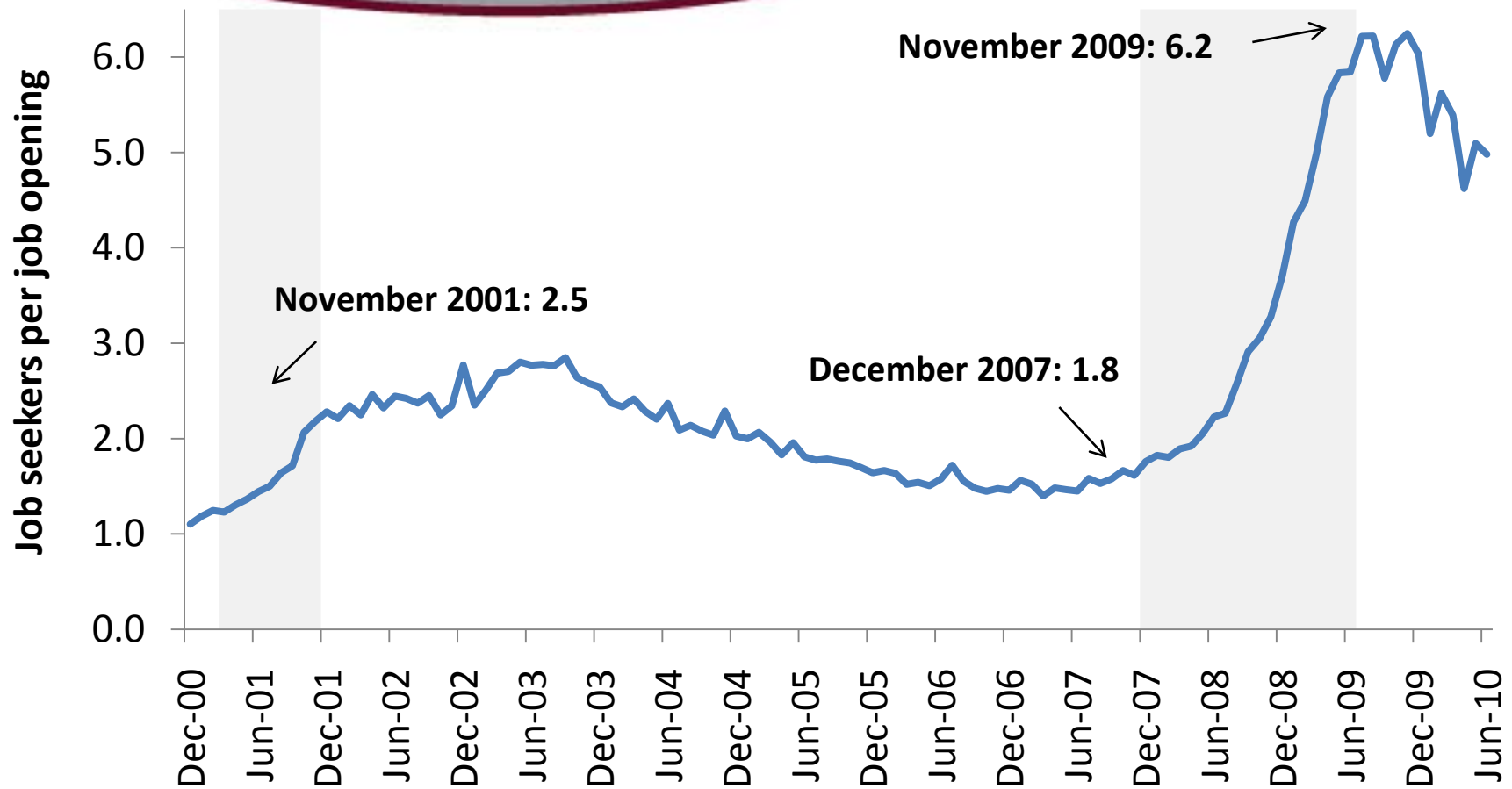
Do we have
high unemployment because
the unemployed are
inadequately skilled?

Is this a construction worker problem?



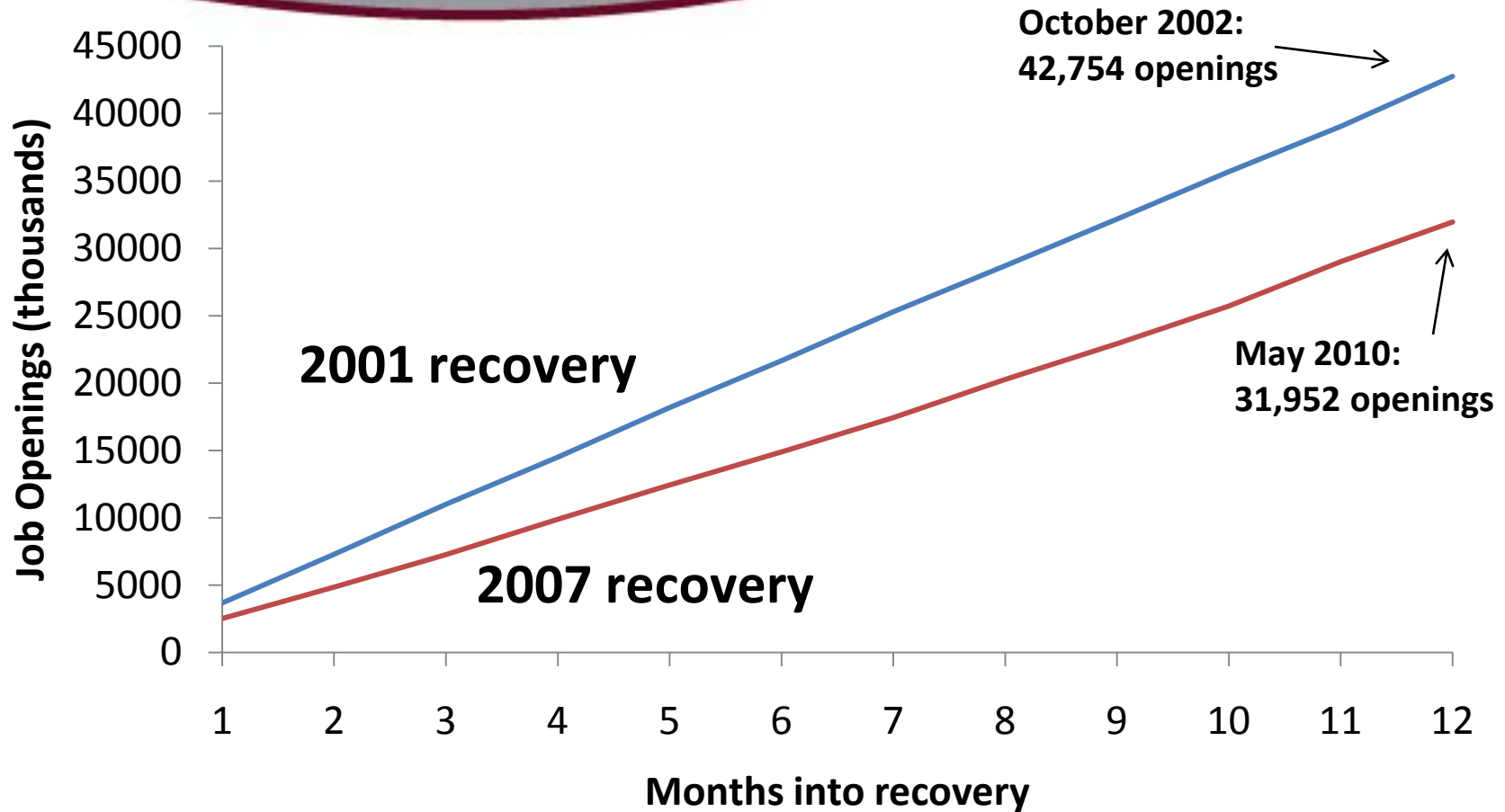
Source: EPI analysis of Bureau of Labor Statistics Data

The Job Seekers Ratio: unemployed per job opening



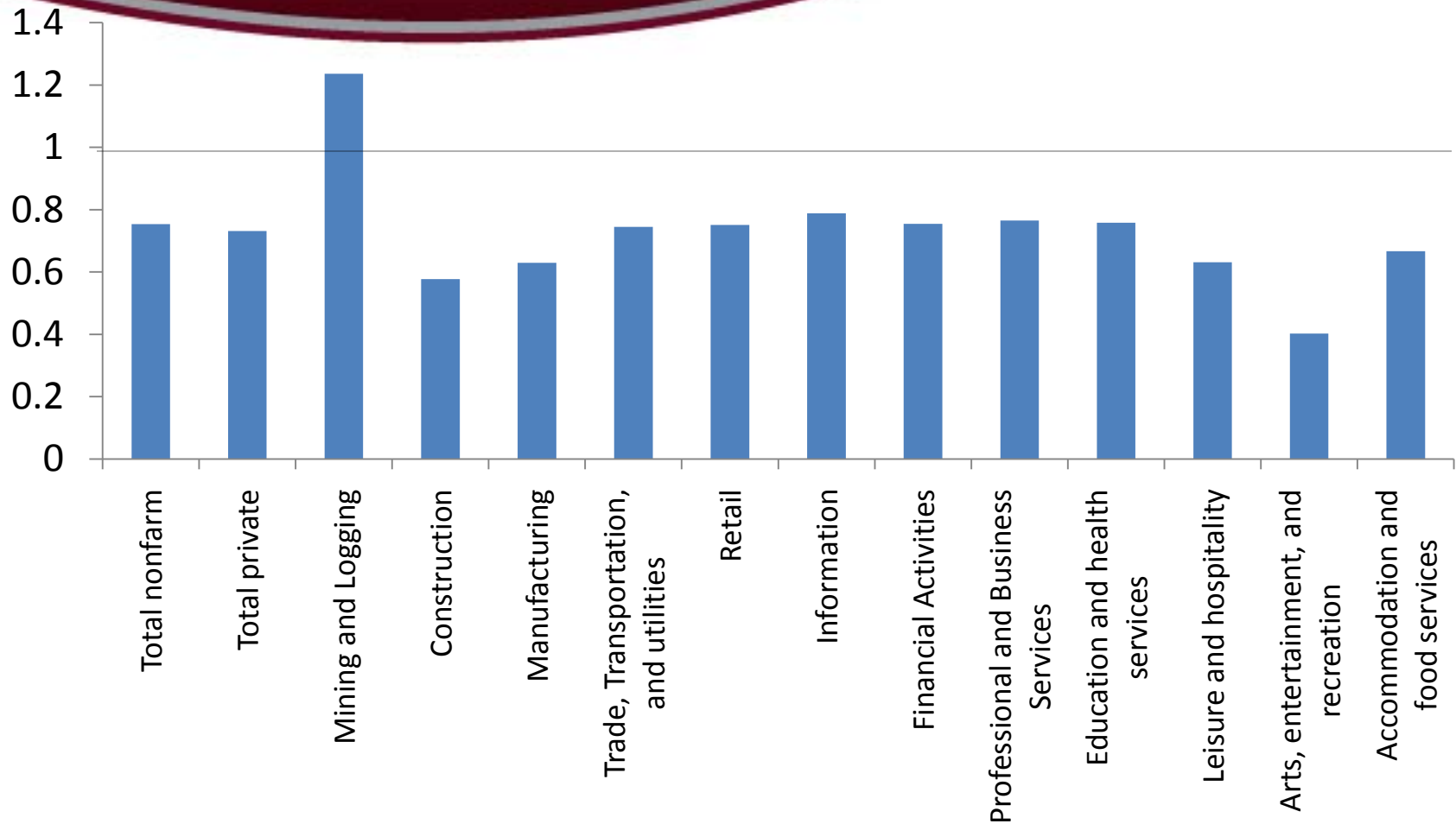
Source: EPI analysis of Bureau of Labor Statistics Data

Cumulative private sector job openings



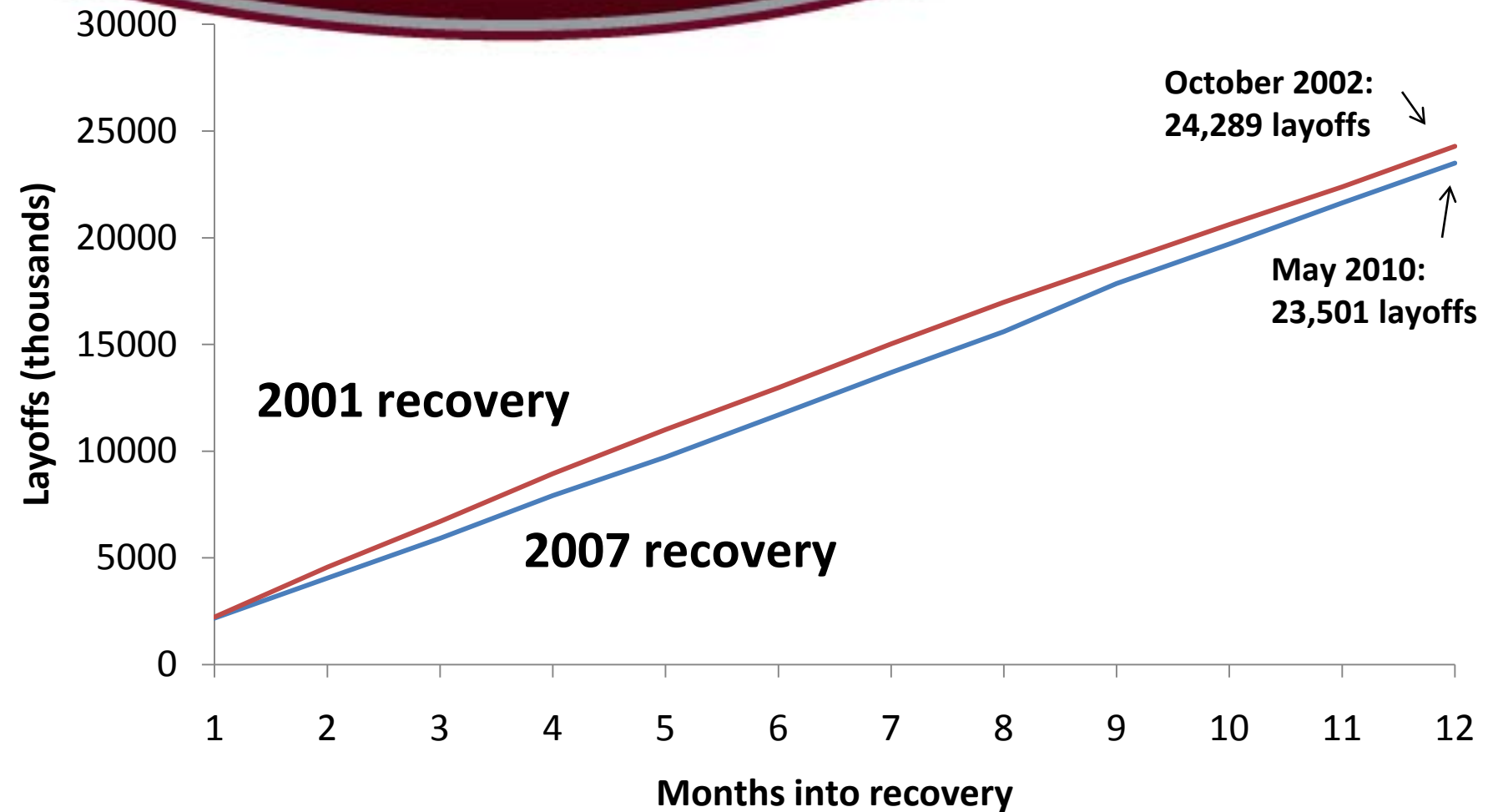
Source: EPI analysis of Bureau of Labor Statistics Data

Cumulative job openings: 2009 recovery vs. 2001 recovery



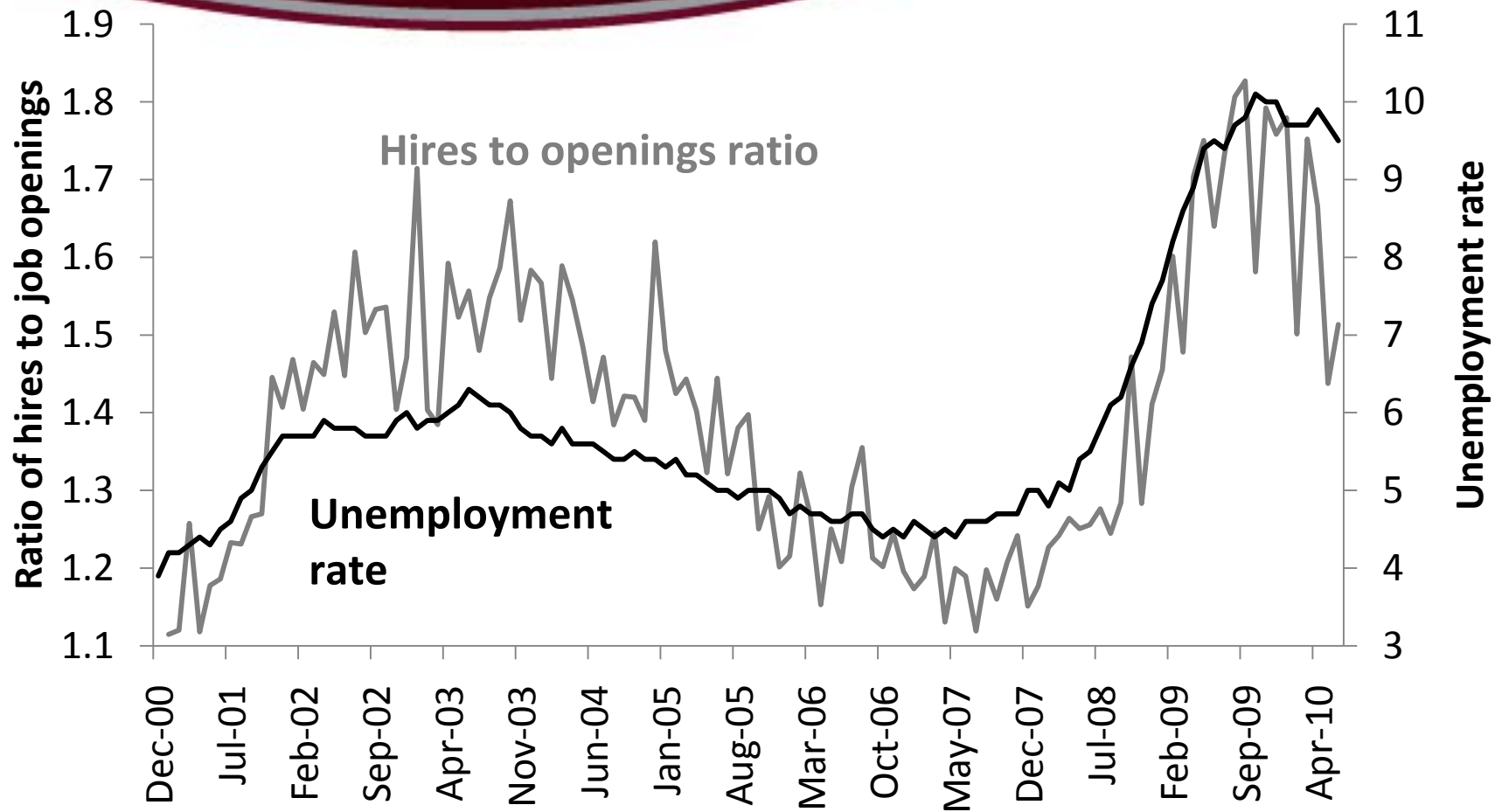
Source: EPI analysis of Bureau of Labor Statistics Data

Cumulative private sector layoffs



Source: EPI analysis of Bureau of Labor Statistics Data

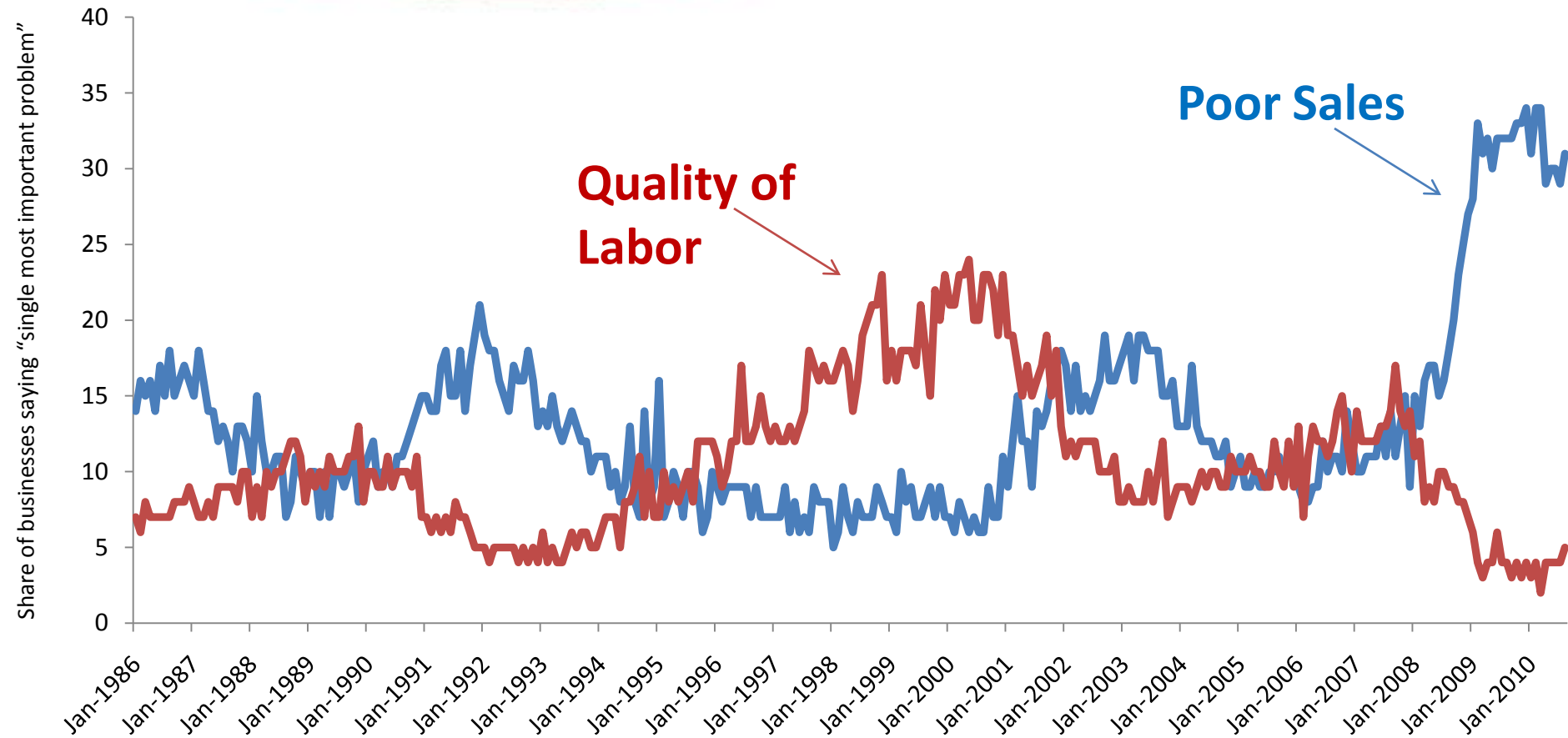
The Ratio of Hires to Openings and the Unemployment Rate



Source: EPI analysis of Bureau of Labor Statistics Data

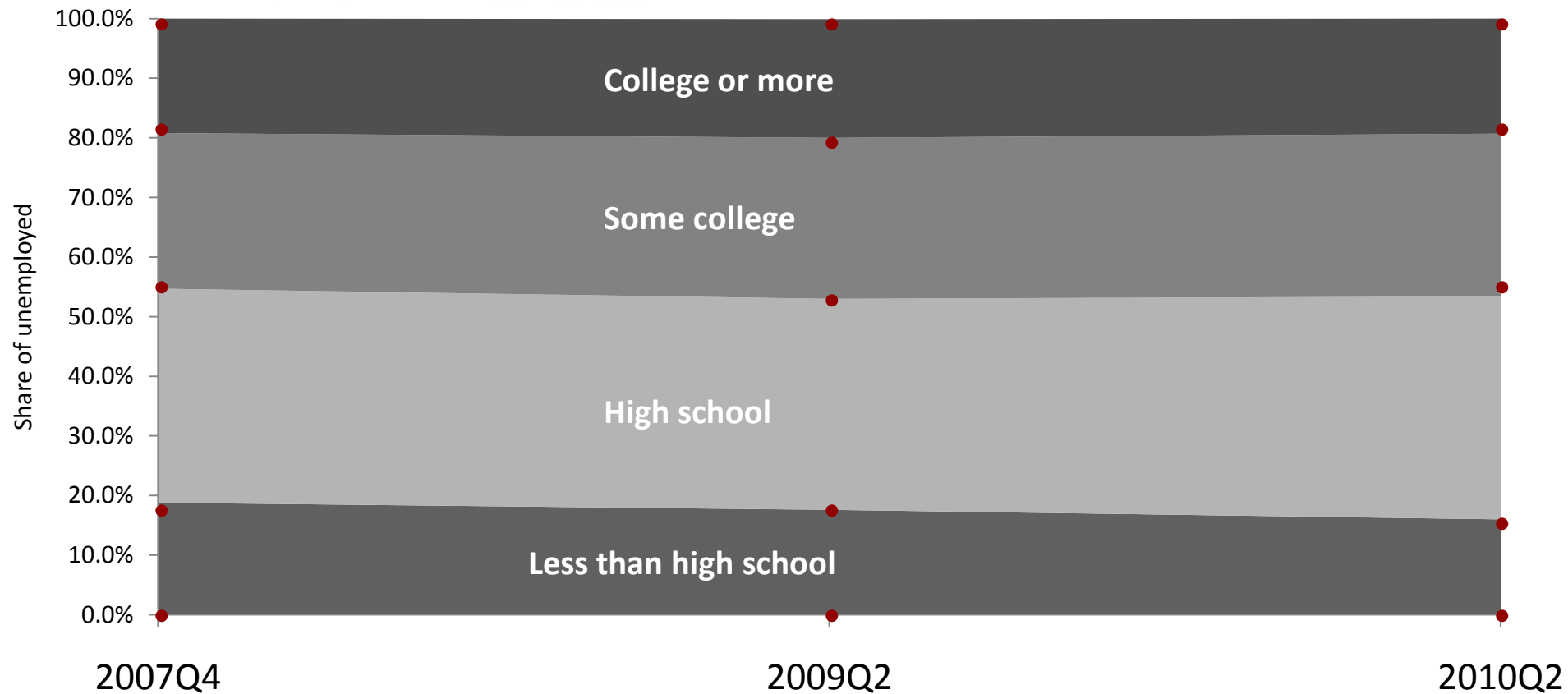


What troubles small businesses?



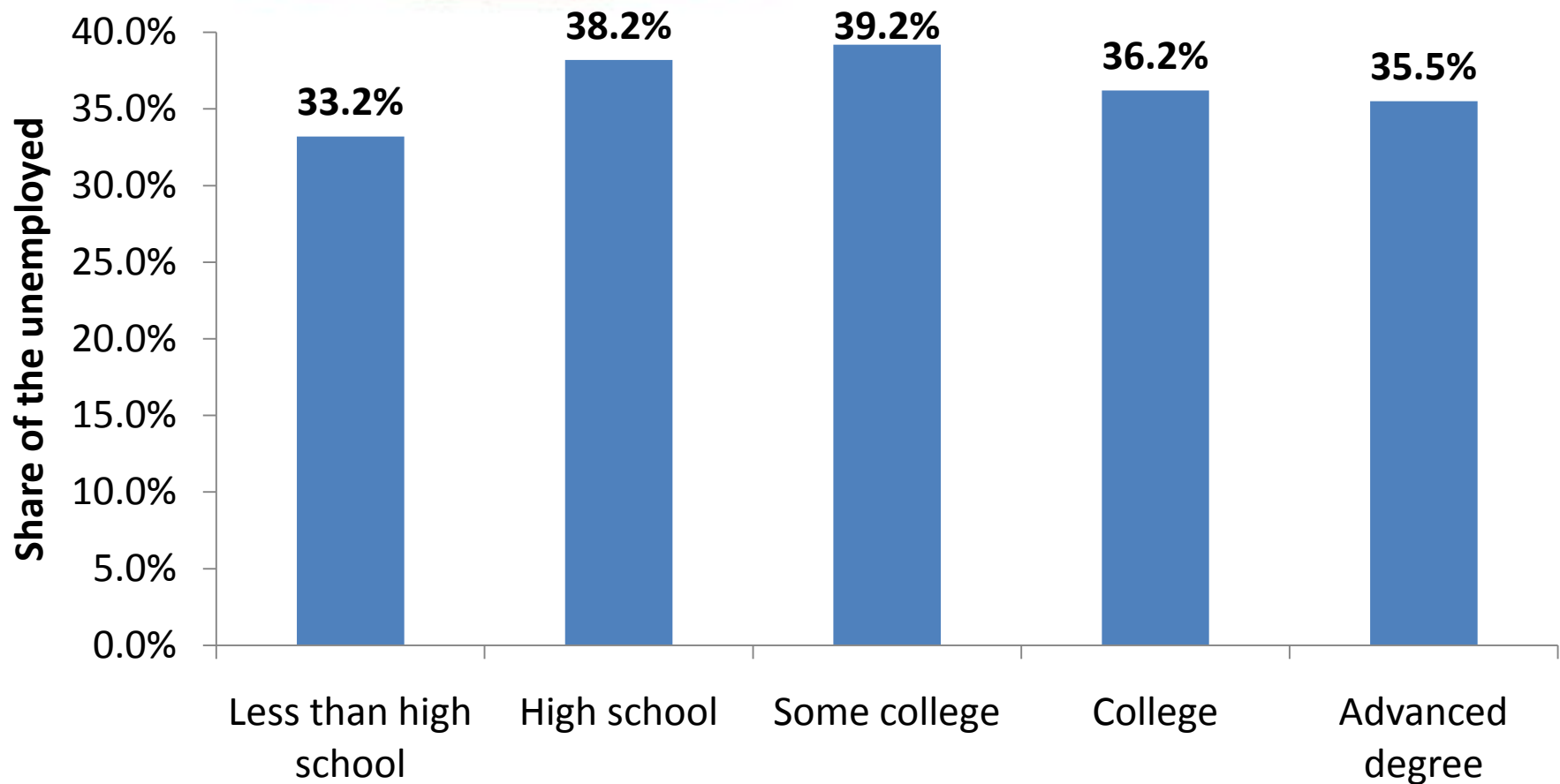
Source: National Federation of Independent Business data.

Share of unemployment by education



Source: EPI analysis of Bureau of Labor Statistics Data

Long-term unemployed as a share of total unemployed, by education:



Source: EPI analysis of Bureau of Labor Statistics Data, second half of 2009

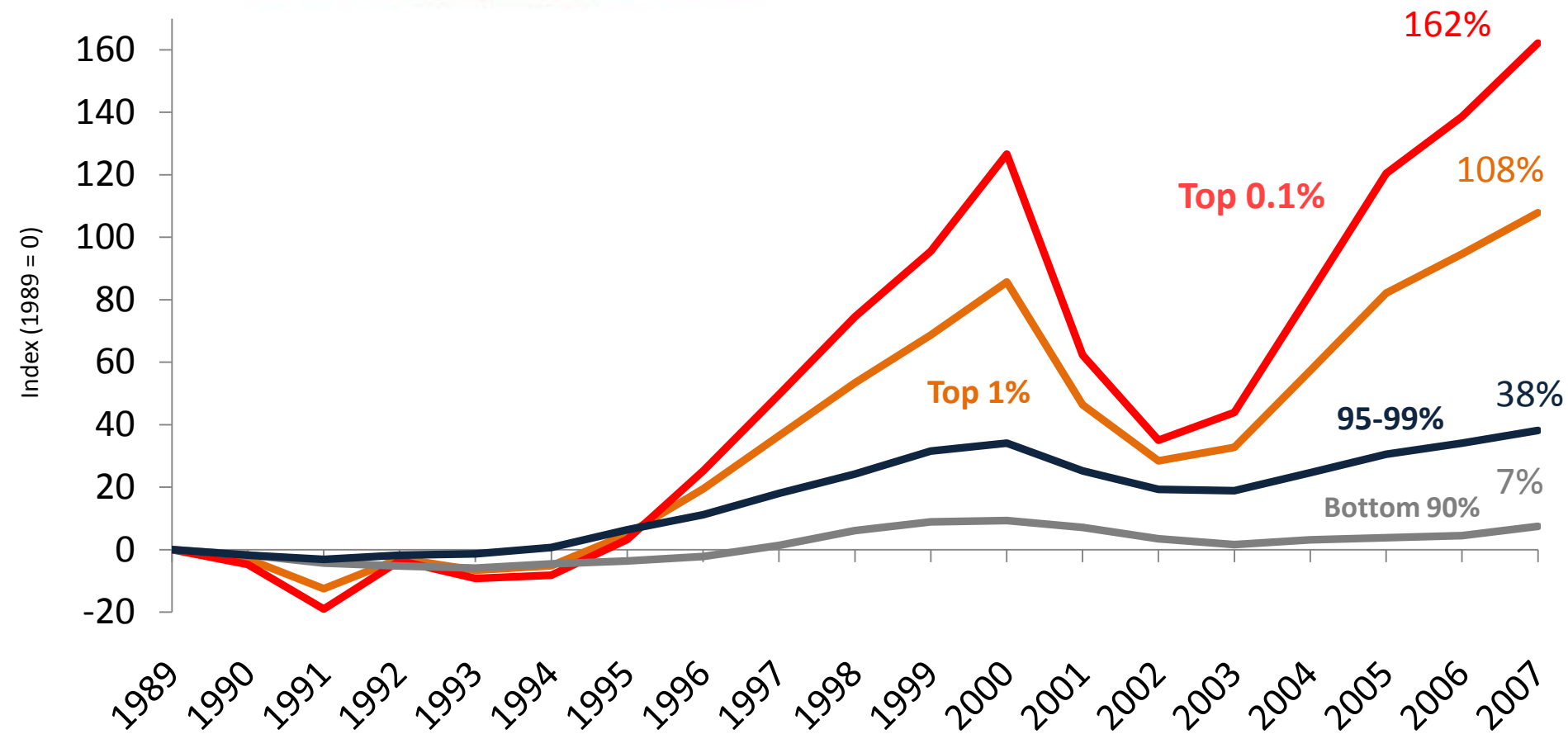
Is there a looming shortage of college graduates?

A decorative wavy line in a dark red color, starting from the left edge and curving upwards towards the right.

Look at the top:

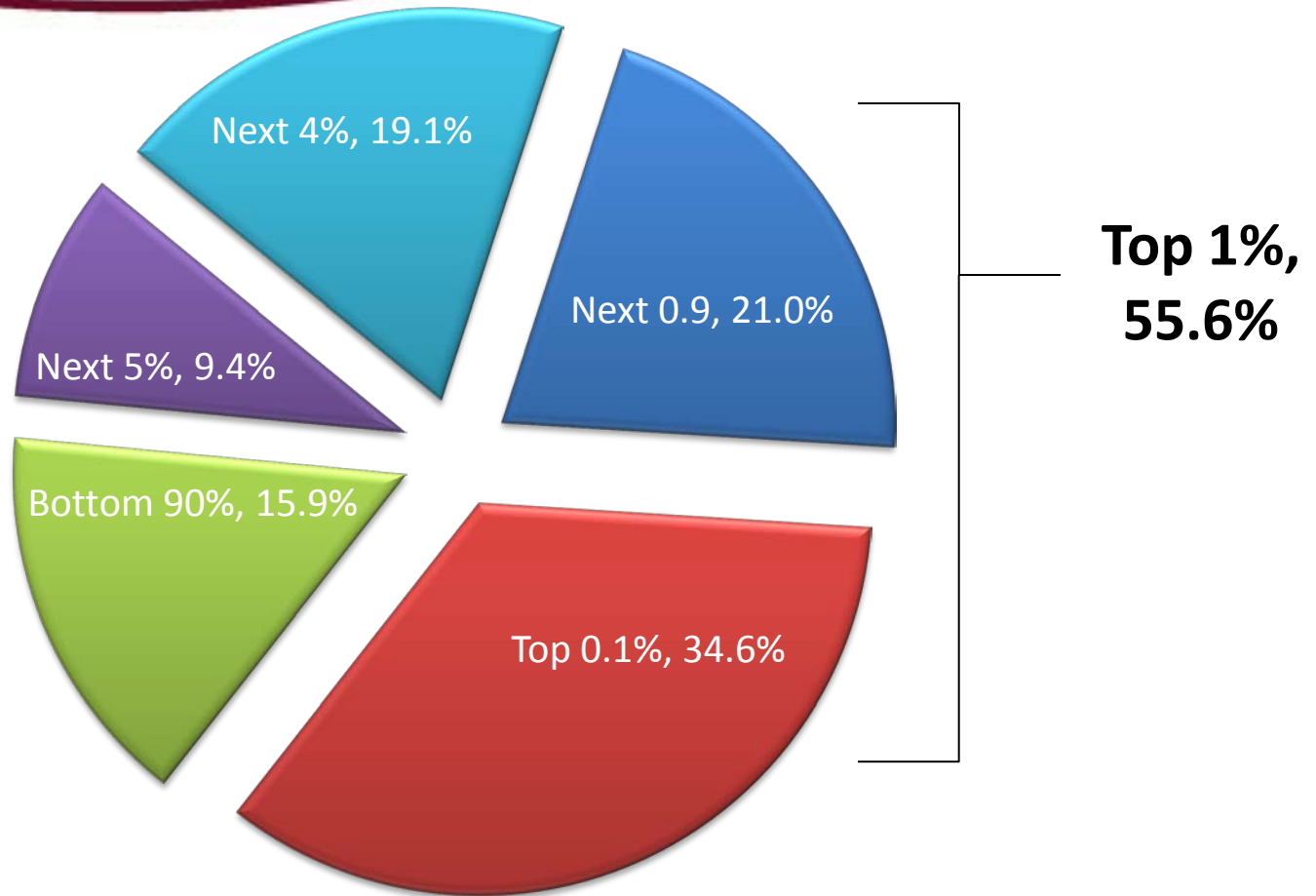
it is about much more than
education, skills and college

Family income growth by income group



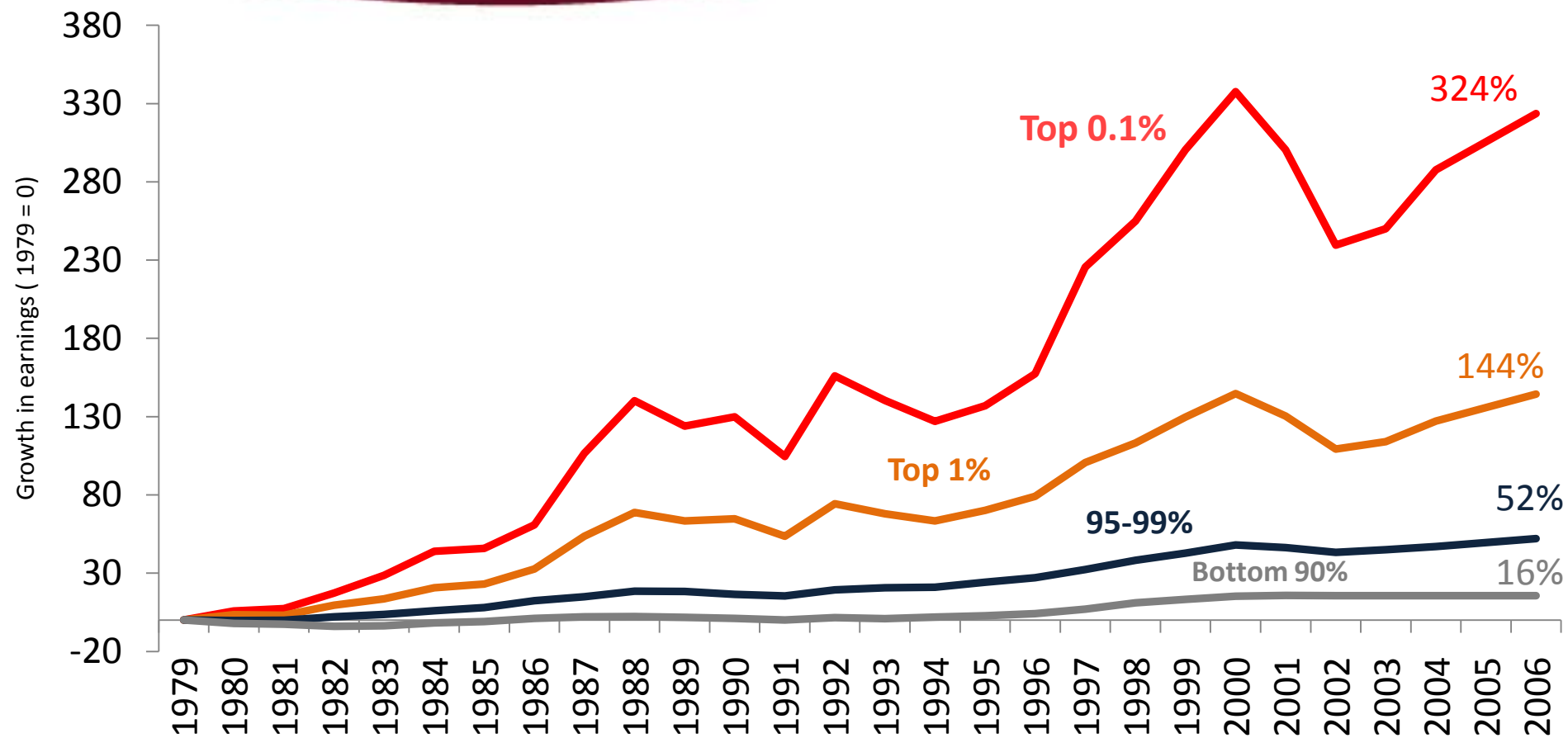
Source: EPI analysis of Piketty and Saez (2007)

Shares of income growth, 1989 - 2007



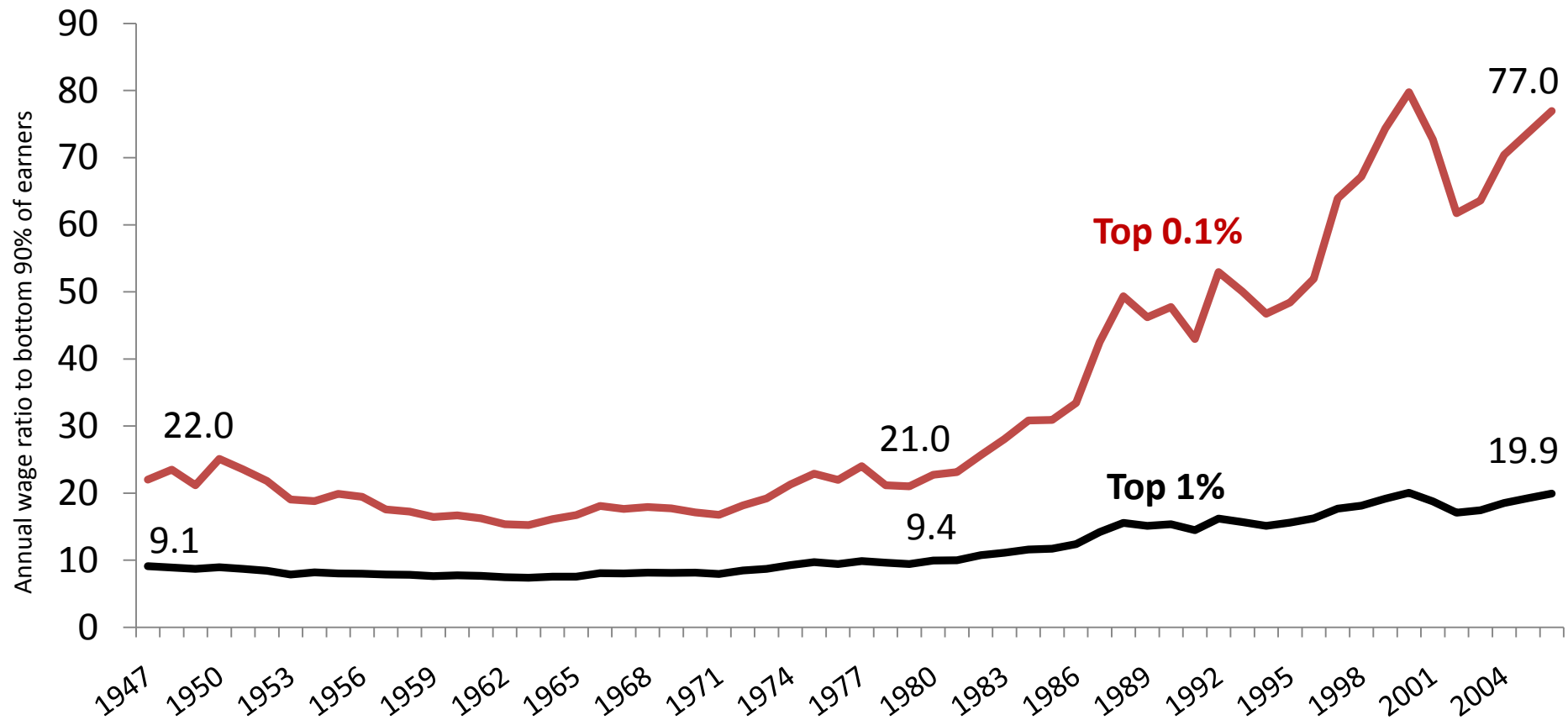
Source: Economic Policy Institute analysis of Piketty and Saez (2007).

Growth in annual earnings by wage group, 1979 - 2006



Source: Authors' analysis of Social Security wage data and Kopczuk, Saez and Song (2007).

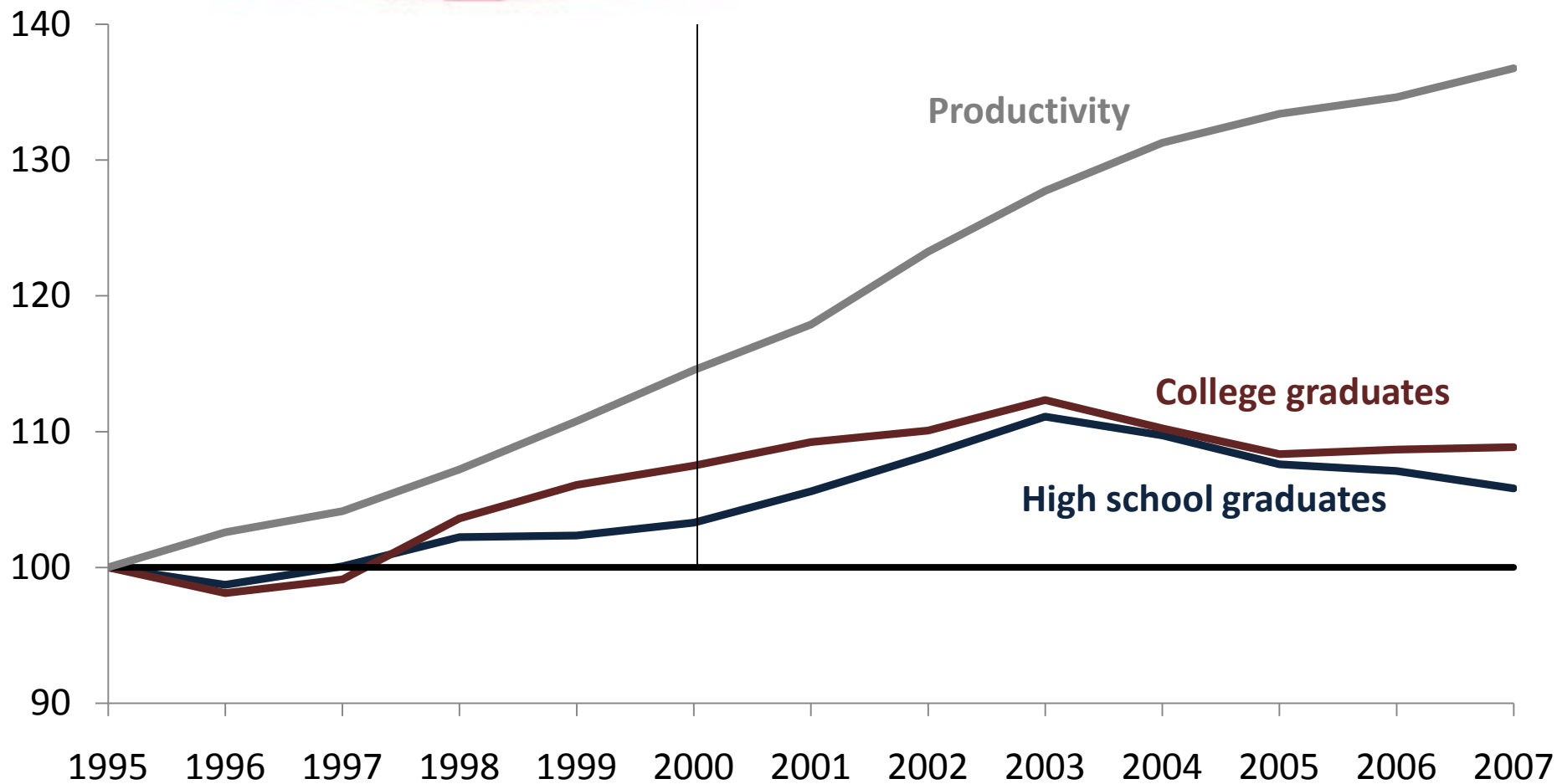
Ratio of wages of highest earners to bottom 90%, 1947 - 2006



Source: EPI analysis of Social Security Wage data and Kopczuk, Saez and Song (2007)

What about the **gap**
between pay and productivity?

Productivity and median compensation growth, 1995-2007



Let's look at the 2000's:

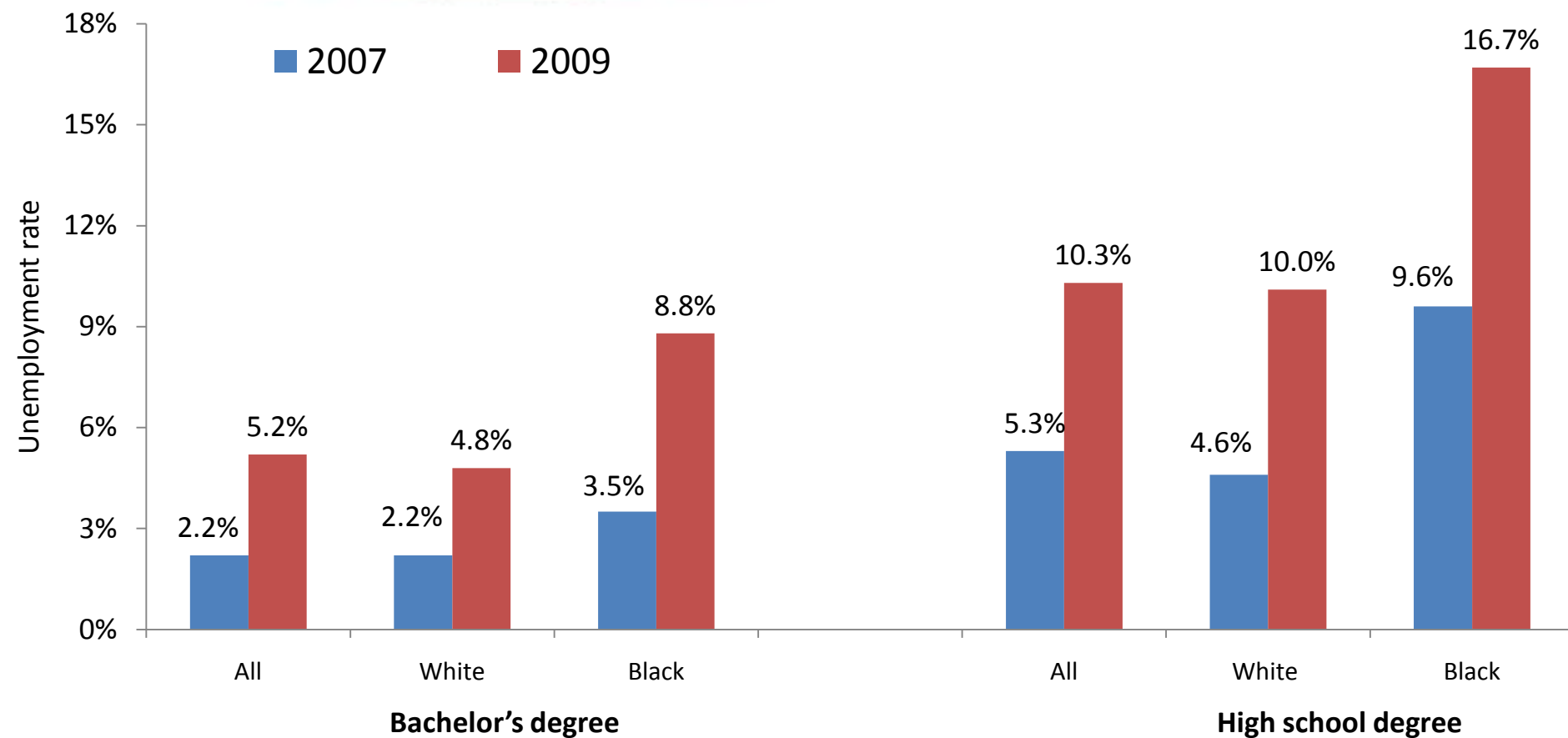
Wages of and demand for
college graduates in this decade

A Marxist take: How about all those interns?

“Who are you going to believe, me or your lying eyes?”

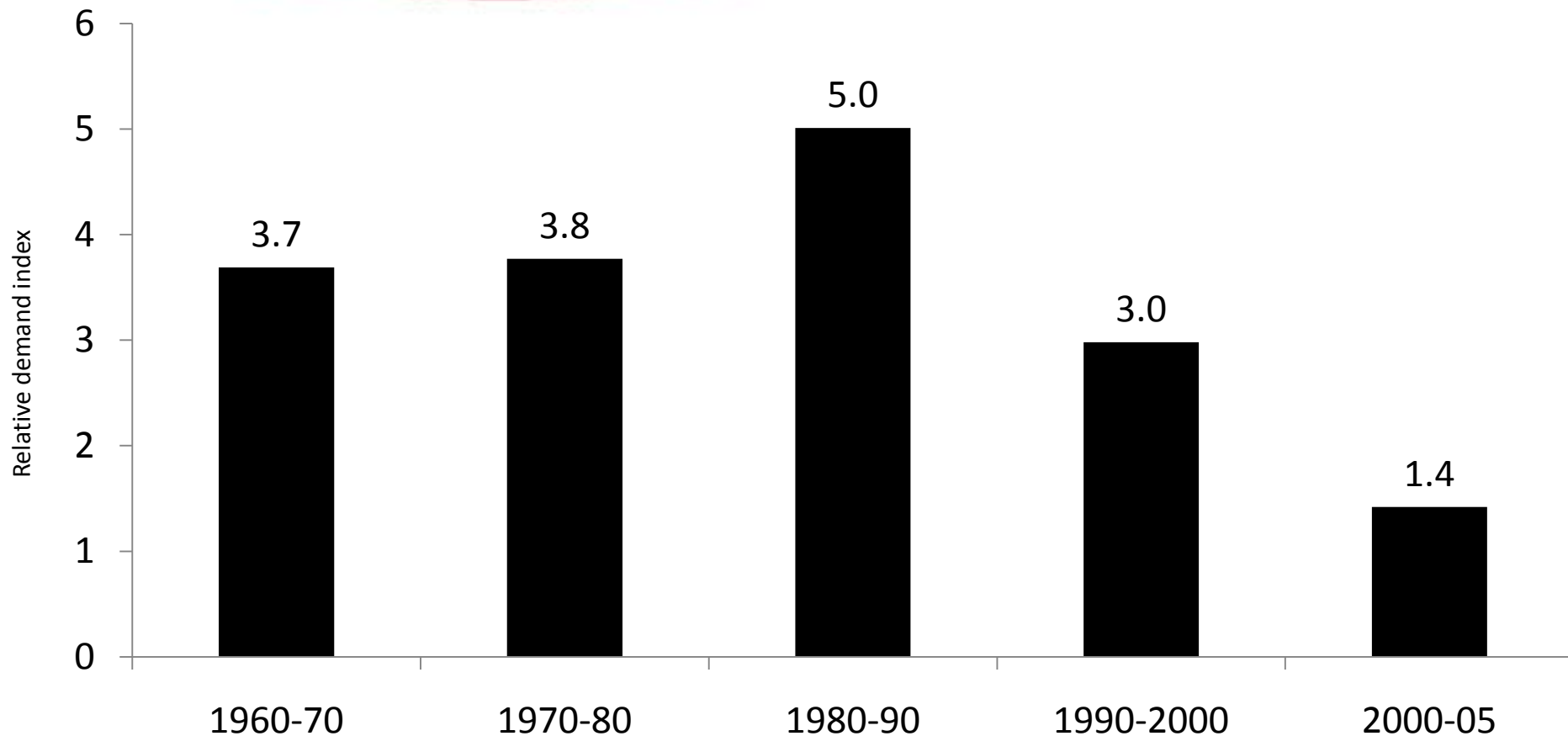
Groucho Marx

Unemployment by Race & Education, 2007 & 2009



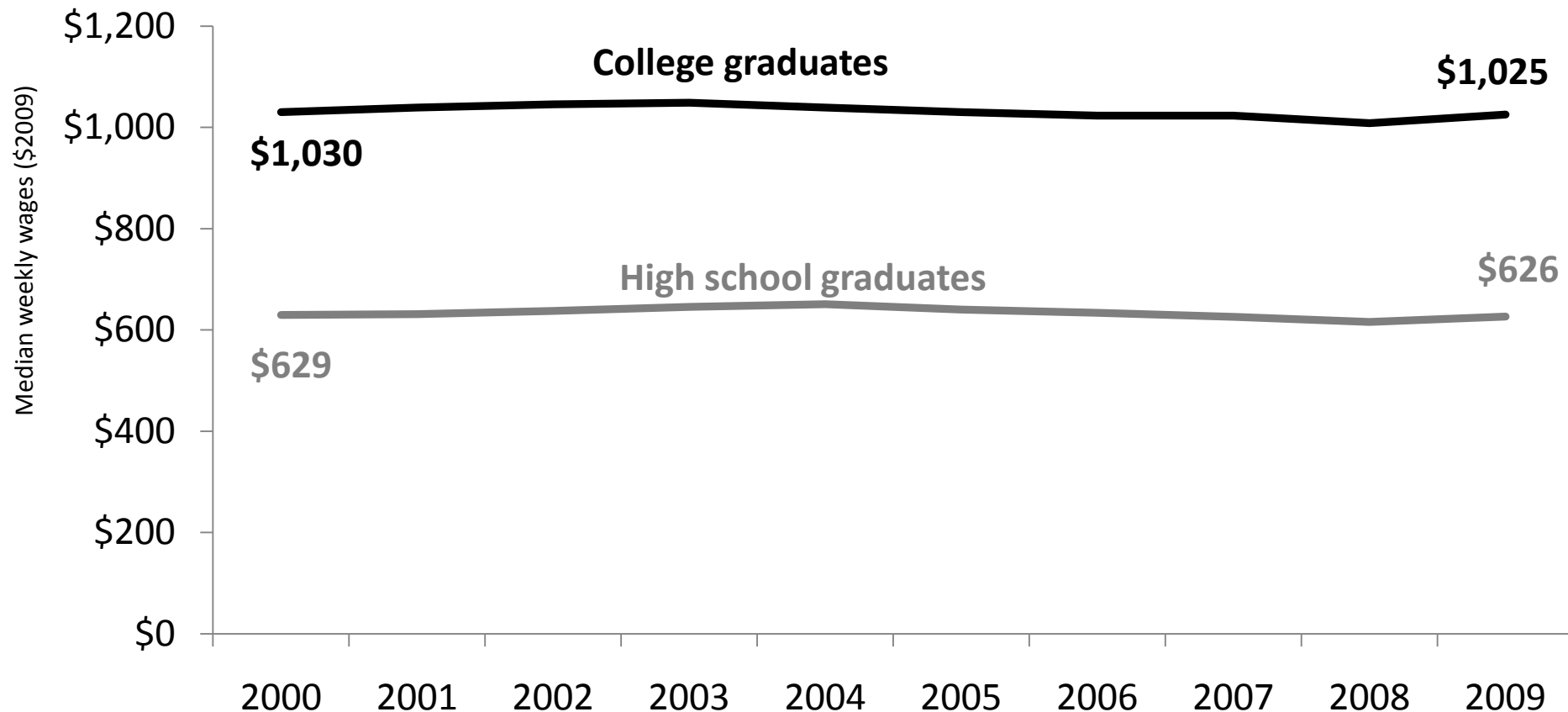
Source: Bureau of Labor Statistics

Growth in relative demand for college graduates



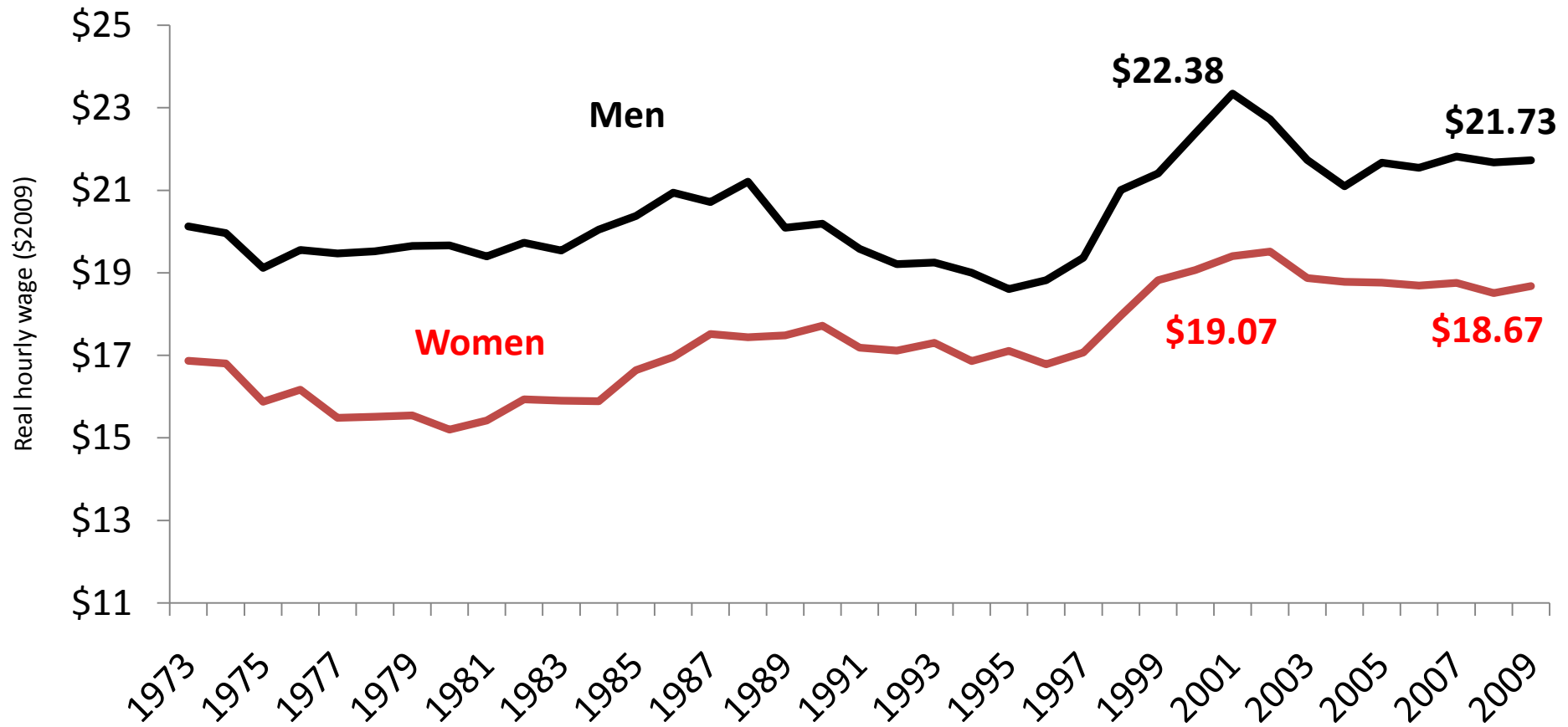
Source: EPI analysis of Katz and Goldin (2008)

Median weekly wages, 2000-2009



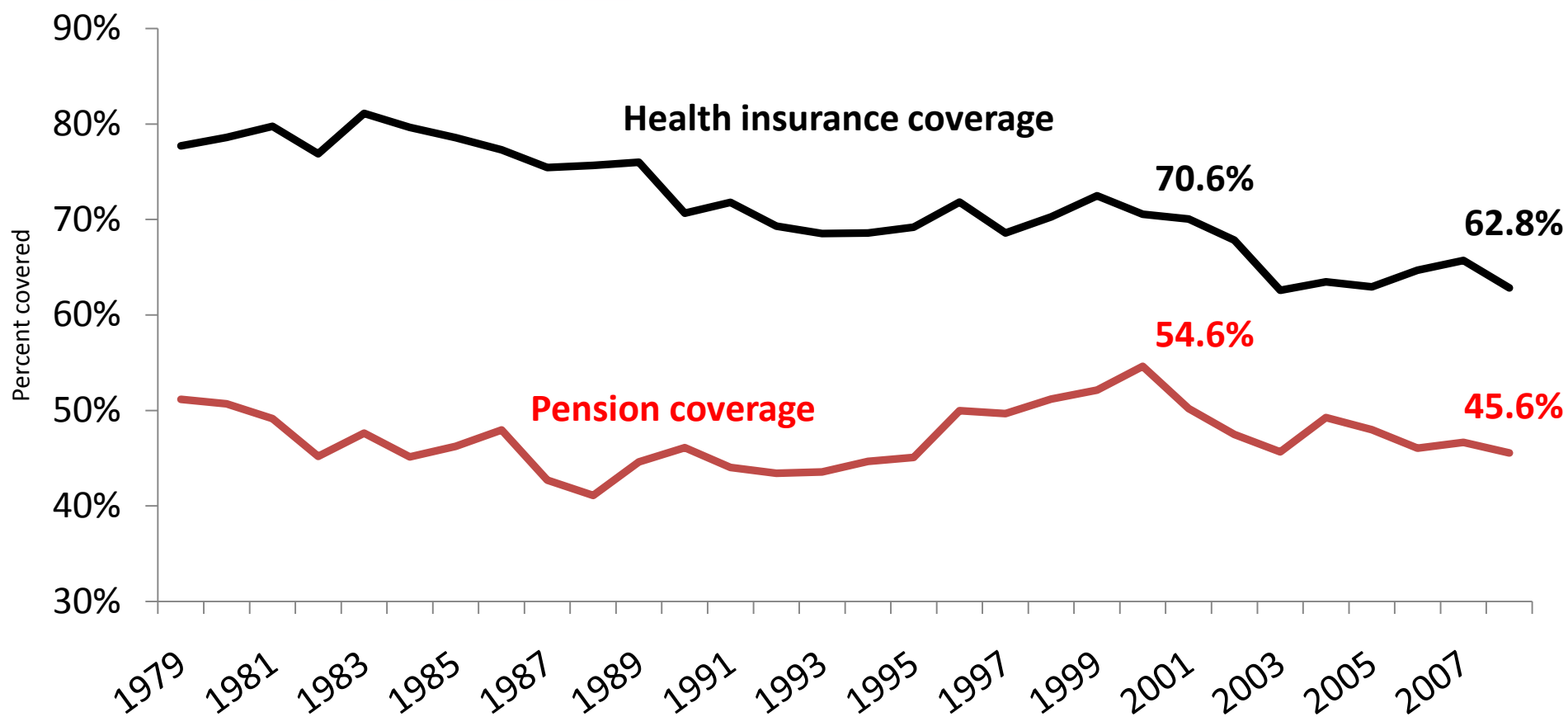
Note: The series only include full-time workers
Source: EPI analysis of Bureau of Labor Statistics data

Entry-level wages of male and female college graduates, 1973 - 2009



Source: EPI's analysis of the Current Population Survey, Outgoing Rotations Group.

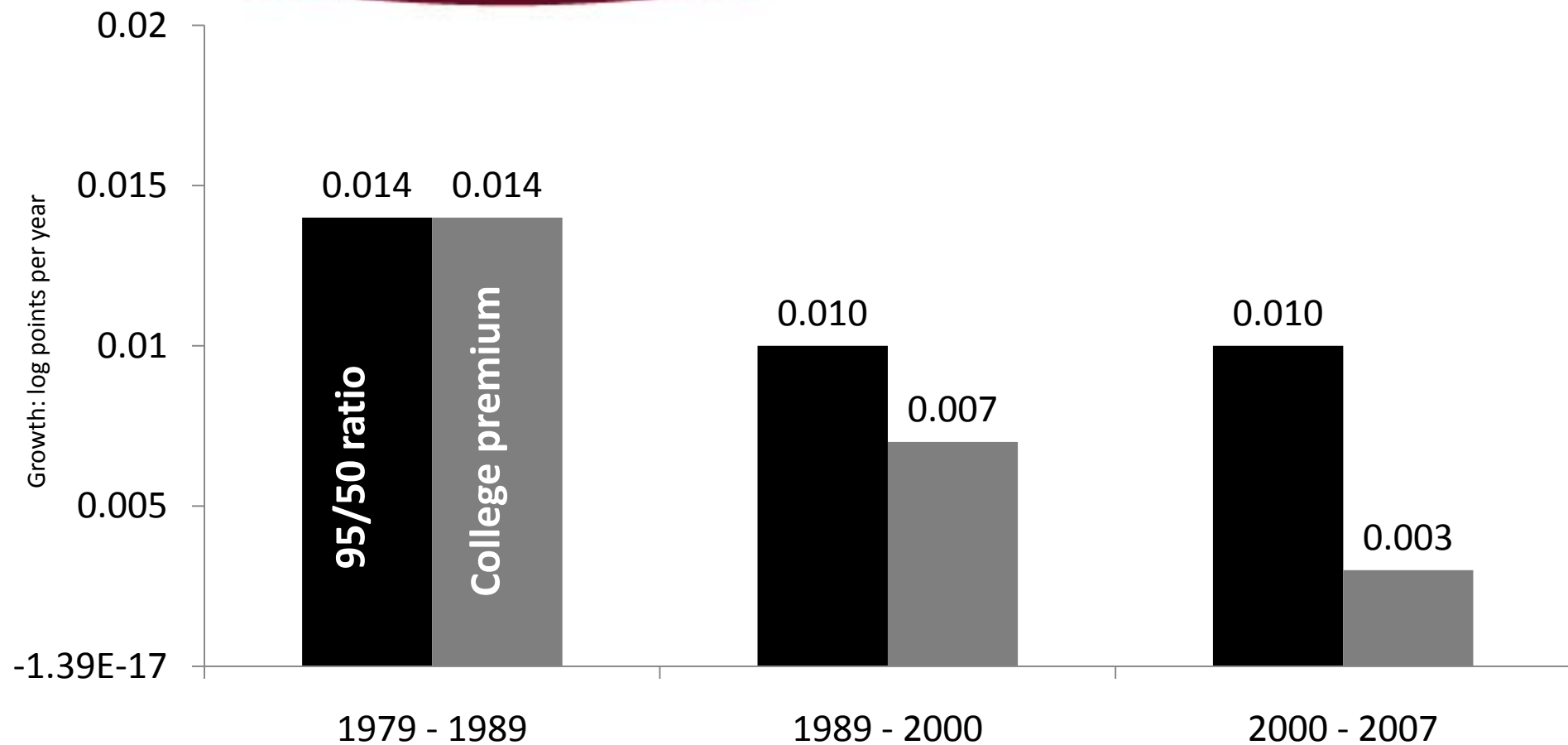
Health insurance and pension coverage for recent college graduates, 1979 - 2008



Source: EPI's analysis of the Current Population Survey, Annual Income supplement

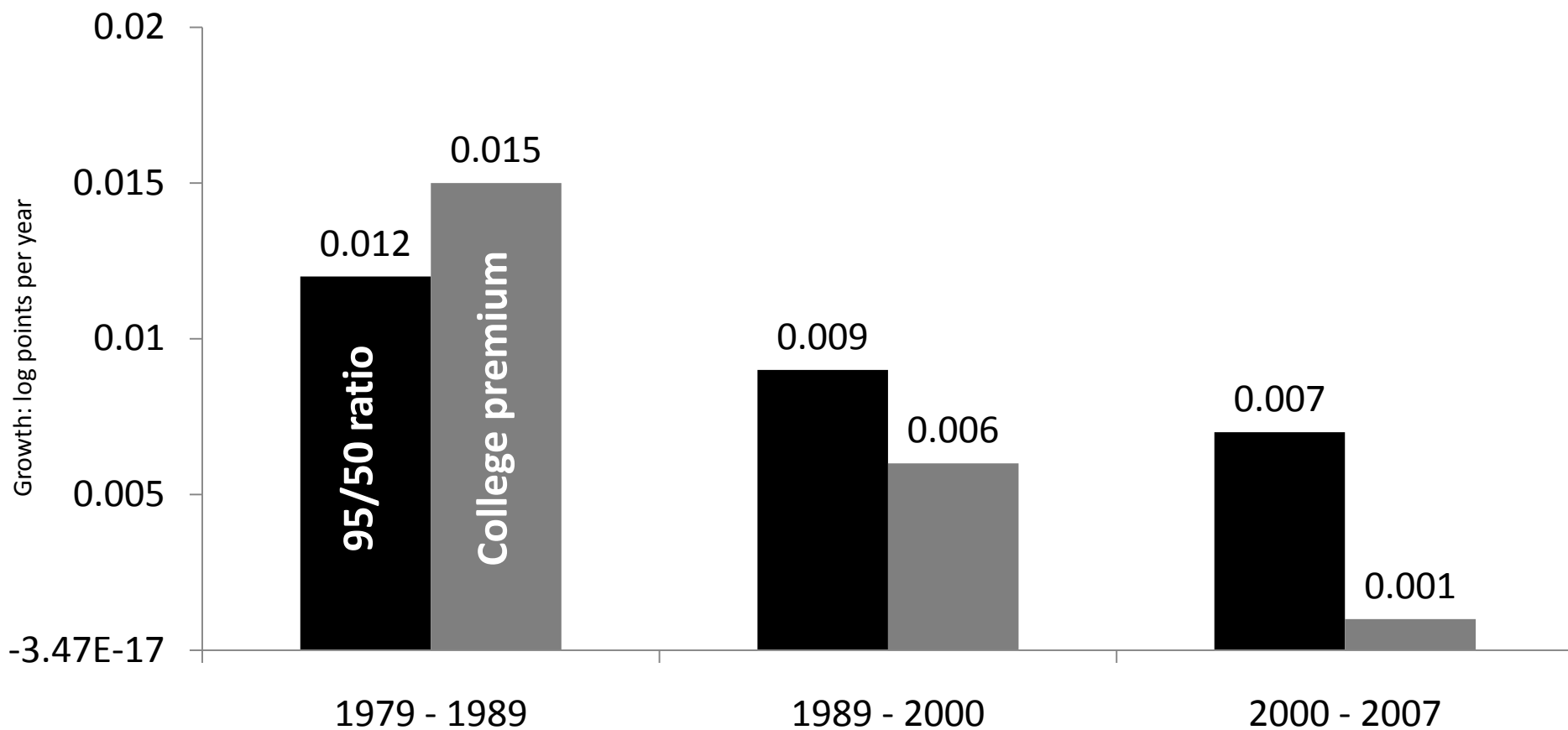
A **flat line** can not explain
an **upward trend**...

Changes in wage inequality and the college–high school wage premium for men



Source: EPI analysis of Current Population Survey, Outgoing Rotations Group

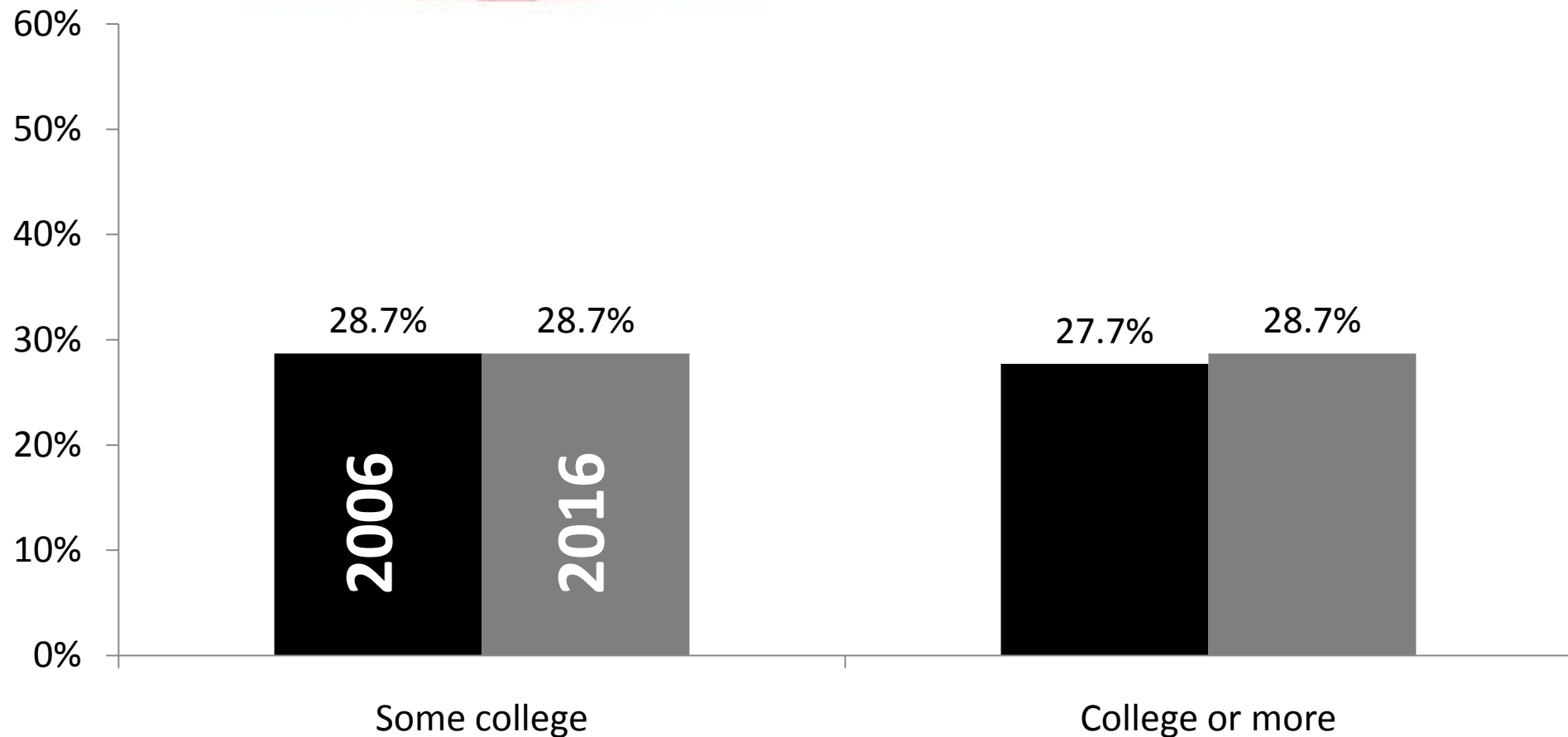
Changes in wage inequality and the college–high school wage premium for women



Source: EPI analysis of Current Population Survey, Outgoing Rotations Group

Future Jobs

Education requirements of current and future jobs



Source: EPI analysis of BLS employment projections in Dohm & Shniper (2007)

Conclusion