Discussion of
Missing Workers and Missing Jobs Since the Pandemic
by Bart Hobijn and Ayşegül Şahin

Robert E. Hall

66th Economic Conference
Labor Markets during and after the Pandemic
Boston Federal Reserve Bank, November 18 and 19, 2022
examines the claim that the pandemic has lingering effects on employment almost three years from its start in March 2020
The Hobijn-Şahin paper examines the claim that the pandemic has lingering effects on employment almost three years from its start in March 2020.

The first effect is a shortfall in employment and the second is a shortfall in the labor force.
The Hobijn-Şahin paper examines the claim that the pandemic has lingering effects on employment almost three years from its start in March 2020.

The first effect is a shortfall in employment and the second is a shortfall in the labor force.

The paper finds that the shortfalls reflect existing trends and should not be attributed to the pandemic.
The Hobijn-Şahin paper examines the claim that the pandemic has lingering effects on employment almost three years from its start in March 2020.

The first effect is a shortfall in employment and the second is a shortfall in the labor force.

The paper finds that the shortfalls reflect existing trends and should not be attributed to the pandemic.

I agree with this finding.
Now that the labor market is mainly back to normal,

it is useful to look at a variety of labor-market indicators to study the shock and recovery.
Now that the labor market is mainly back to normal,

it is useful to look at a variety of labor-market indicators to study the shock and recovery.

The shock was the layoff of about 17 million workers from their jobs in April of 2020.
Now that the labor market is mainly back to normal,

it is useful to look at a variety of labor-market indicators to study the shock and recovery.

The shock was the layoff of about 17 million workers from their jobs in April of 2020.

For more on this topic, see Hall & Kudlyak, *Labour Economics* 2022.
Surveys of jobs and employment

A job is an economic relationship between a particular employer and a person.
SURVEYS OF JOBS AND EMPLOYMENT

A job is an economic relationship between a particular employer and a person.

A jobholder may be working or not working.
Surveys of jobs and employment

A job is an economic relationship between a particular employer and a person

A jobholder may be working or not working

The payroll survey reports employment as the number of jobs whose holders were paid during the survey month
Surveys of jobs and employment

A job is an economic relationship between a particular employer and a person

A jobholder may be working or not working

The payroll survey reports employment as the number of jobs whose holders were paid during the survey month

The household survey reports employment as the number of people who worked at least one hour in the survey week.
TREATMENT OF NON-WORKING JOB-HOLDERS AGED 16+ IN THE HOUSEHOLD SURVEY

People who hold jobs, but are not working because they are on temporary layoff, are counted as unemployed, provided they think they have a chance of recall to their existing jobs within 6 months of the survey.
TREATMENT OF NON-WORKING JOB-HOLDERS AGED 16+ IN THE HOUSEHOLD SURVEY

People who hold jobs, but are not working because they are on temporary layoff, are counted as unemployed, provided they think they have a chance of recall to their existing jobs within 6 months of the survey.

Other non-working jobholders are queried about their activities, such as being on sick leave, and are counted as out of the labor force.
Unemployment in the household survey

If a person has done any work in the survey week, they are not included in the standard count of unemployment.
Unemployment in the household survey

If a person has done any work in the survey week, they are not included in the standard count of unemployment.

Non-workers who engaged in serious job search in the past 4 weeks, along with those on temporary layoff, are counted as unemployed.
The JOLTS survey tabulates job openings among employers.
The JOLTS survey tabulates job openings among employers.

A job opening is a stated intention to hire a worker for a particular job.
The JOLTS survey tabulates job openings among employers.

A job opening is a stated intention to hire a worker for a particular job.

Most openings are to obtain replacements for high-turnover workers.
JOB OPENINGS (VACANCIES)

The JOLTS survey tabulates job openings among employers.

A job opening is a stated intention to hire a worker for a particular job.

Most openings are to obtain replacements for high-turnover workers.

Thus openings do not measure unstaffed workstations, because employers anticipate flows of needed recruiting—the term *vacancies* is misleading.
L�ABOR-MARKET TIGHTNESS

The standard measure of tightness is the ratio of job openings to unemployment, a measure that is high in booms when job-seekers find jobs quickly and employers fill jobs slowly, and low in slumps when job-finding is slow and recruiting is fast.
Labor-market tightness

The standard measure of tightness is the ratio of job openings to unemployment, a measure that is high in booms when job-seekers find jobs quickly and employers fill jobs slowly, and low in slumps when job-finding is slow and recruiting is fast.

The jobs that are held in reserve for recalls are not counted as openings.
Labor-market tightness

The standard measure of tightness is the ratio of job openings to unemployment, a measure that is high in booms when job-seekers find jobs quickly and employers fill jobs slowly, and low in slumps when job-finding is slow and recruiting is fast.

The jobs that are held in reserve for recalls are not counted as openings.

The unemployed on layoff should not be included in the calculation of tightness if they do not search.
LABOR-MARKET TIGHTNESS

The standard measure of tightness is the ratio of job openings to unemployment, a measure that is high in booms when job-seekers find jobs quickly and employers fill jobs slowly, and low in slumps when job-finding is slow and recruiting is fast.

The jobs that are held in reserve for recalls are not counted as openings.

The unemployed on layoff should not be included in the calculation of tightness if they do not search.

The best practical measure of tightness in the wake of the pandemic is the ratio of openings to unemployment excluding temporary layoffs.
Lost work far exceeded lost jobs

The difference is the temporary bulge in layoffs
LOST WORK FAR EXCEEDED LOST JOBS

The difference is the temporary bulge in layoffs

Most of the laid-off were eligible for UI benefits that cushioned the loss of wages
Lost work far exceeded lost jobs

The difference is the temporary bulge in layoffs

Most of the laid-off were eligible for UI benefits that cushioned the loss of wages

But the social loss of their work effort was trillions of dollars
Labor-force participation

Down slightly now relative to February 2020, but this is mostly continuation of earlier trend, as the Hobijn-Şahin paper shows.
## Survey Results, Percent of Population 16+

<table>
<thead>
<tr>
<th>Regime</th>
<th>Month</th>
<th>Payroll survey employment</th>
<th>Household survey employment</th>
<th>Total unemployment</th>
<th>Temporary layoff unemployment</th>
<th>Non-working job-holders classified as OLF</th>
<th>Openings, JOLTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-covid</td>
<td>February 2020</td>
<td>58.7</td>
<td>61.2</td>
<td>2.2</td>
<td>0.3</td>
<td>1.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Max impact of covid</td>
<td>April 2020</td>
<td>50.2</td>
<td>51.3</td>
<td>8.9</td>
<td>6.9</td>
<td>4.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Back to normal</td>
<td>October 2022</td>
<td>58.0</td>
<td>60.0</td>
<td>2.3</td>
<td>0.3</td>
<td>2.0</td>
<td>4.1</td>
</tr>
</tbody>
</table>
COMMENTS ON SURVEYS

The 2 surveys of work effort pretty much agree on the level and change in work: decline of 8.5 or 10 percentage points of the population, mostly in the form of temporary layoffs.
The 2 surveys of work effort pretty much agree on the level and change in work: decline of 8.5 or 10 percentage points of the population, mostly in the form of temporary layoffs.

Total unemployment went up by about 7 percentage points, almost all temporary layoffs; another 3 percentage points of jobholders moved out of the labor force.
The 2 surveys of work effort pretty much agree on the level and change in work: decline of 8.5 or 10 percentage points of the population, mostly in the form of temporary layoffs.

Total unemployment went up by about 7 percentage points, almost all temporary layoffs; another 3 percentage points of jobholders moved out of the labor force.

Today, all measures are back close to their pre-pandemic levels with the single exception of job openings.
## Calculated results

<table>
<thead>
<tr>
<th>Regime</th>
<th>Month</th>
<th>Total population with jobs but not at work</th>
<th>Labor-force participation rate</th>
<th>Unemployment rate</th>
<th>Tightness based on all unemployment</th>
<th>Tightness based on jobless unemployed only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-covid</td>
<td>February 2020</td>
<td>1.9</td>
<td>63.4</td>
<td>3.5</td>
<td>1.23</td>
<td>1.42</td>
</tr>
<tr>
<td>Max impact of covid</td>
<td>April 2020</td>
<td>11.4</td>
<td>60.2</td>
<td>14.7</td>
<td>0.20</td>
<td>0.94</td>
</tr>
<tr>
<td>Back to normal</td>
<td>October 2022</td>
<td>2.4</td>
<td>62.2</td>
<td>3.7</td>
<td>1.77</td>
<td>2.06</td>
</tr>
</tbody>
</table>
Comments on calculated results

At the peak of the pandemic effect, over 11 percent of the population held jobs but were not working; normally this fraction is around 2 percent.
Comments on calculated results

At the peak of the pandemic effect, over 11 percent of the population held jobs but were not working; normally this fraction is around 2 percent.

The labor-force participation rate—the fraction of the population either working or unemployed—fell by 3.2 percentage points but recovered to just 1.2 points below its pre-pandemic level.
At the peak of the pandemic effect, over 11 percent of the population held jobs but were not working; normally this fraction is around 2 percent.

The labor-force participation rate—the fraction of the population either working or unemployed—fell by 3.2 percentage points but recovered to just 1.2 points below its pre-pandemic level.

The unemployment rate—the fraction of the labor force (not the population) unemployed—rose from 3.5 percent to almost 15 percent but returned to essentially its pre-pandemic level in the second half of 2022.
Two columns show calculations of tightness of the labor market. On the left, all unemployment is used, without eliminating workers on temporary layoff. That measure fell to practically zero in April 2020, but this is an illusion. The right-hand column uses unemployment stripped of temporary layoffs, the proper measure. At 0.94 in April 2020, it is about equal to the average historical value. The surprise in the right-hand column is that tightness is a bit above 2, well above the pre-pandemic value of 1.42.
General conclusion

You can’t begin to understand what happened in the labor market during the pandemic without considering the role of temporary layoffs.