

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

Robert E. Hall

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THE HOBIJN-ŞAHIN PAPER

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I agree with this finding

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For more on this topic, see Hall & Kudlyak, *Labour Economics* 2022

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The household survey reports employment as the number of people who worked at least one hour in the survey week

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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

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

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Non-workers who engaged in serious job search in the past 4 weeks, along with those on temporary layoff, are counted as unemployed

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Thus openings do not measure unstaffed workstations, because employers anticipate flows of needed recruiting—the term *vacancies* is misleading

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LABOR-MARKET TIGHTNESS

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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

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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

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LABOR-FORCE PARTICIPATION

Down slightly now relative to February 2020, but this is mostly continuation of earlier trend, as the Hobijn-Şahin paper shows

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SURVEY RESULTS, PERCENT OF POPULATION 16+

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

COMMENTS ON SURVEYS

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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

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

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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

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CALCULATED RESULTS, CONTINUED

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

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GENERAL CONCLUSION

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

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