

Four observations

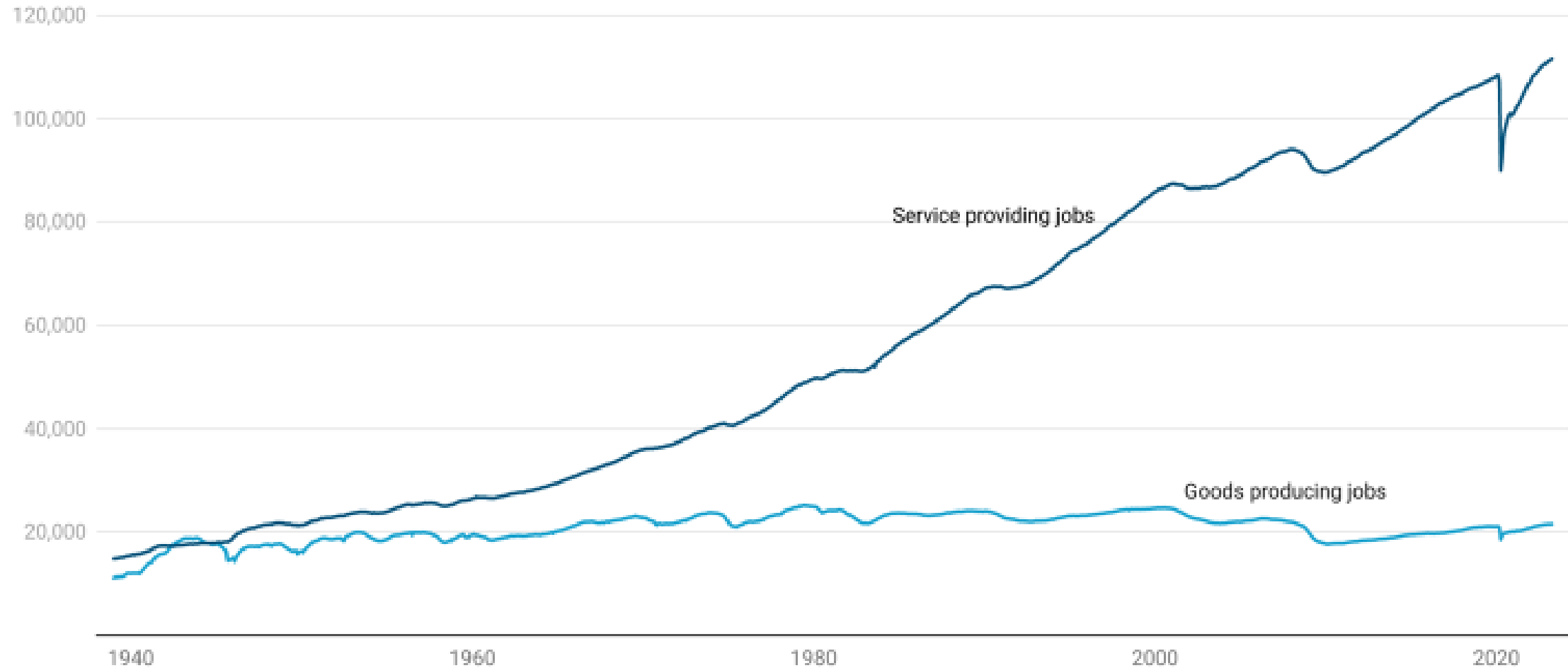
1. Government spending helped demand recover before supply, that caused inflation but also led to businesses rapidly scrambling to take advantage of lots of profitable opportunities
2. Pandemic job loss and reallocation was very different:
 - ▶ Service sector led, lessons for the future might be about massive job loss in services
3. Aggregate measures hide important heterogeneity (including more flexibility from women)
4. Measuring recovery depends on what we expected to happen in the absence of the pandemic



A Tale of Two Sectors

Service Sector Expansion is the Source of Modern Job Growth

Thousands of persons



The pandemic caused consumers to shift from **spending on services** to **spending on goods...**
...and the recovery led to a reversal

Real consumption spending per person
(Chained 2012 dollars)

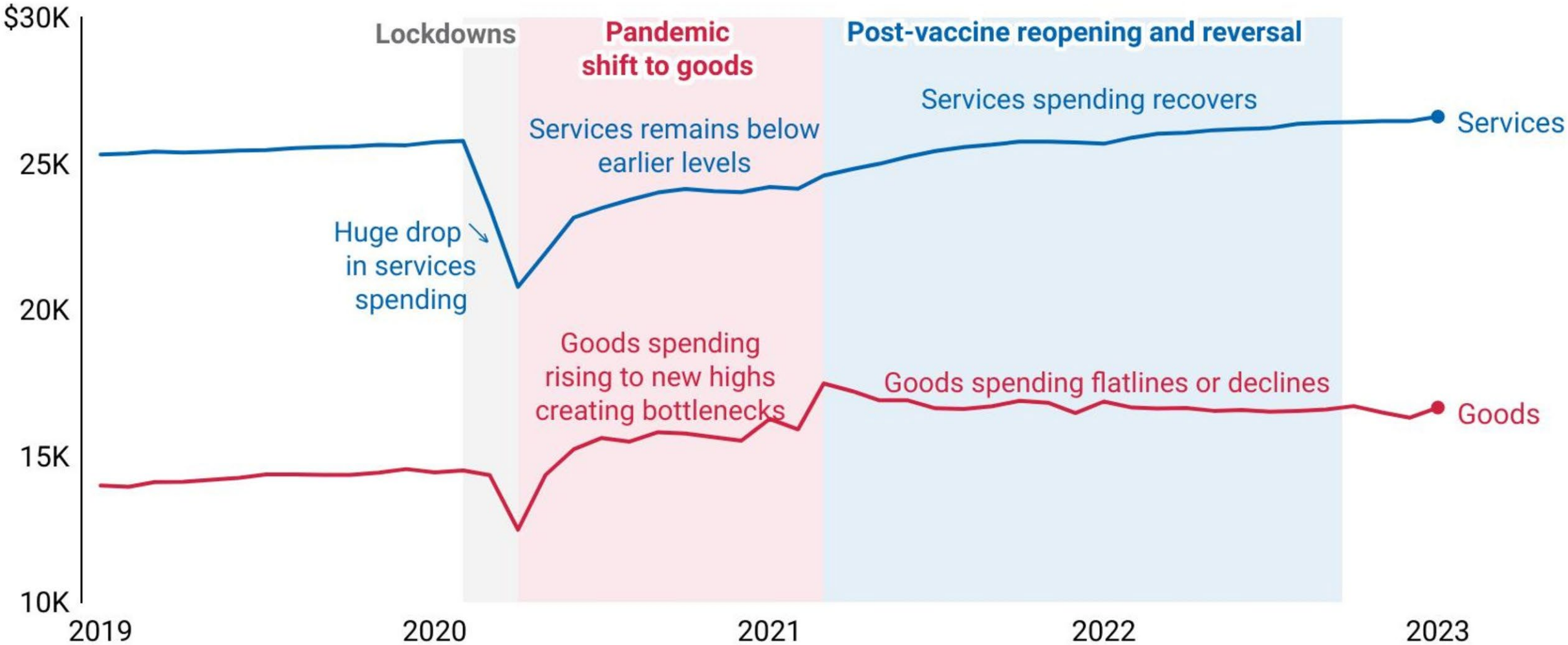
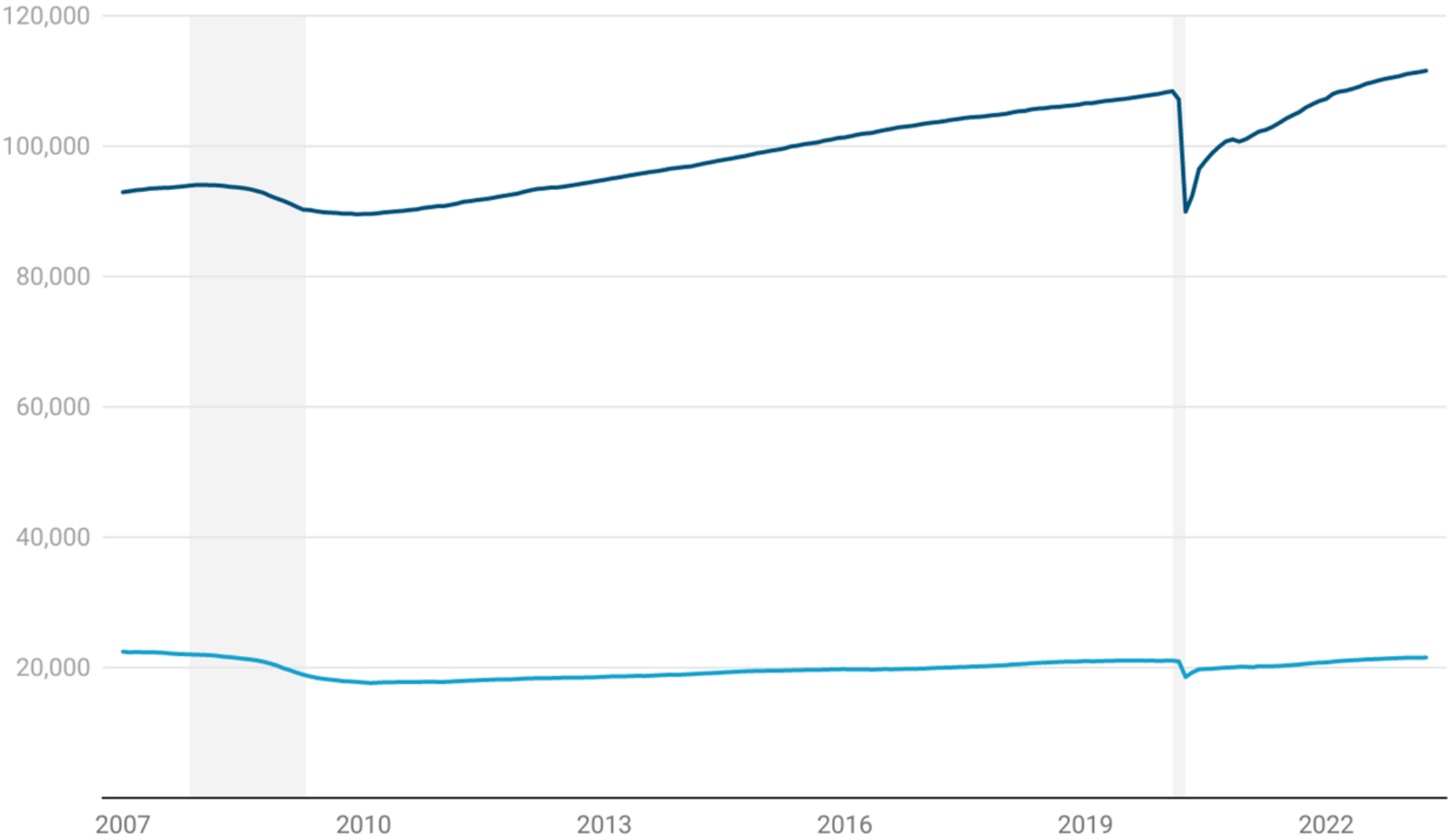


Chart: Stevenson and Wolfers • Source: BEA

2020 Employment Losses Were Greatest in the Service Sector

Thousands of persons



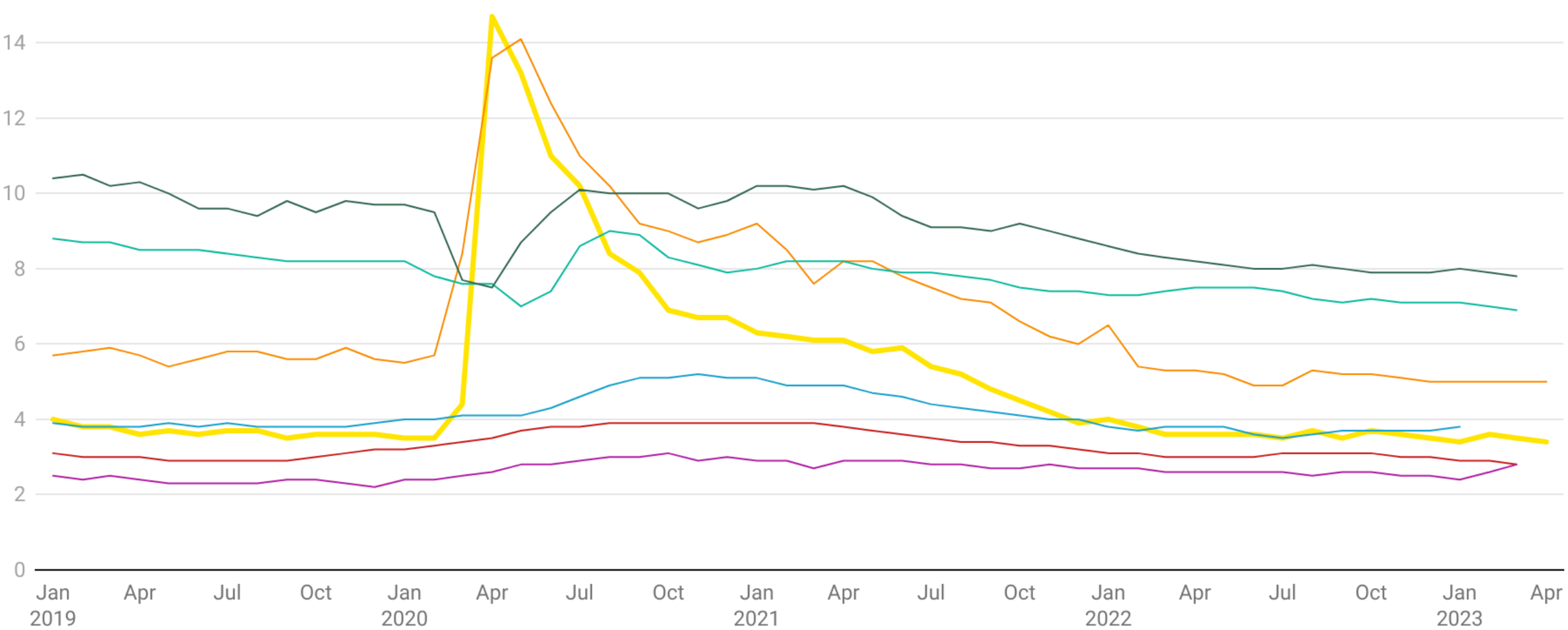
Source: BLS • Created with Datawrapper



Unemployment Rate

By country

Canada Germany France United Kingdom Italy Japan United States



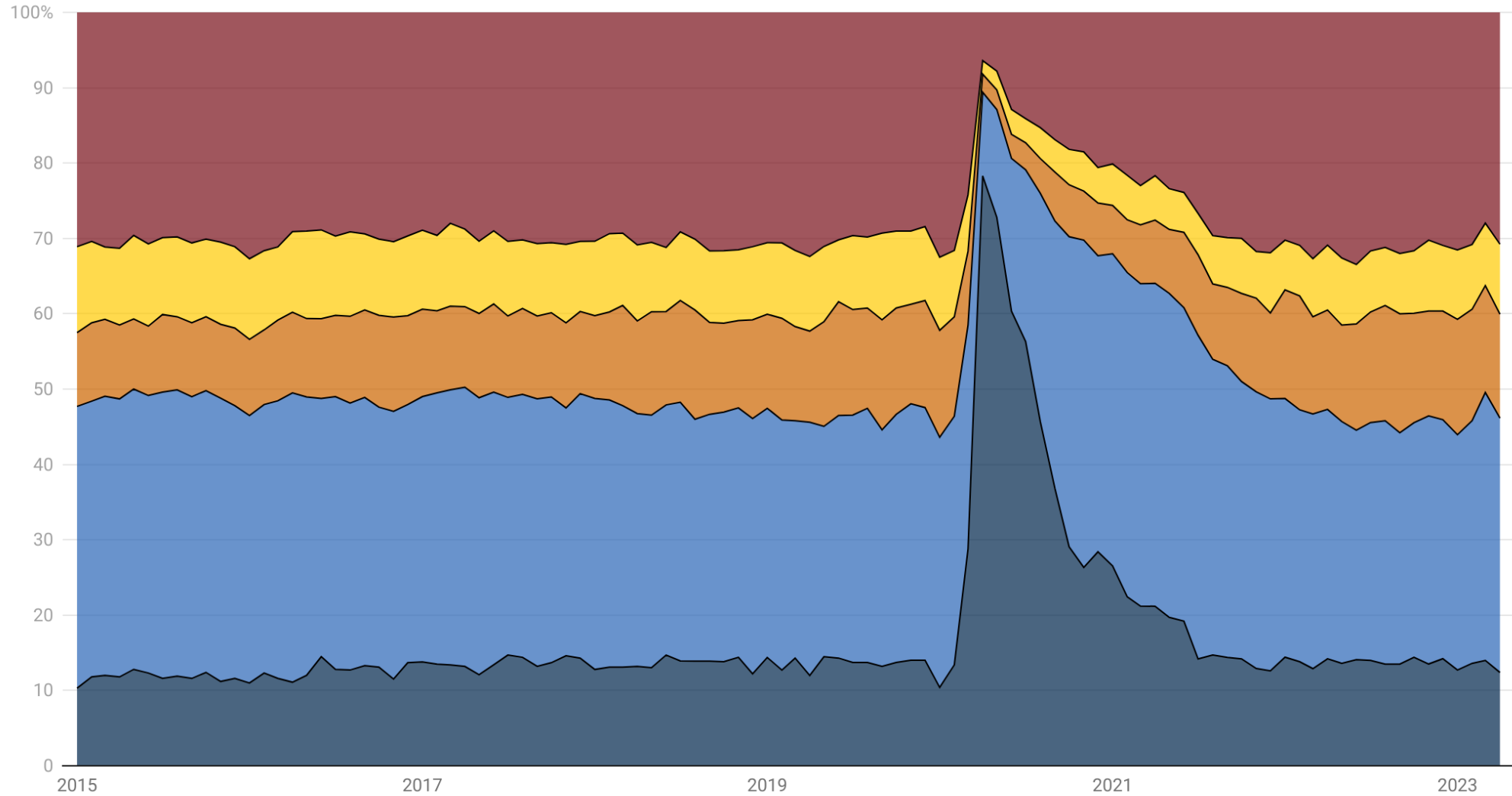
Seasonally Adjusted

Source: OECD • Created with Datawrapper

Distribution of People's Reasons For Unemployment

Percentage of total unemployed population (ages 16 and older)

■ Temporary Layoff ■ Permanent Layoff ■ Job Leaver ■ New entrant* ■ Reentrant*



*Entrants and Re-Entrants both refer to people who were previously outside the labor market. These people were without a job and were not looking for work, until they decided to start looking again. This made them "unemployed". New entrants had never been in the labor market, while re-entrants took a break and are now looking for work again.

Chart: Poverty Solutions At the University of Michigan • Source: US Bureau of Labor Statistics • Created with Datawrapper



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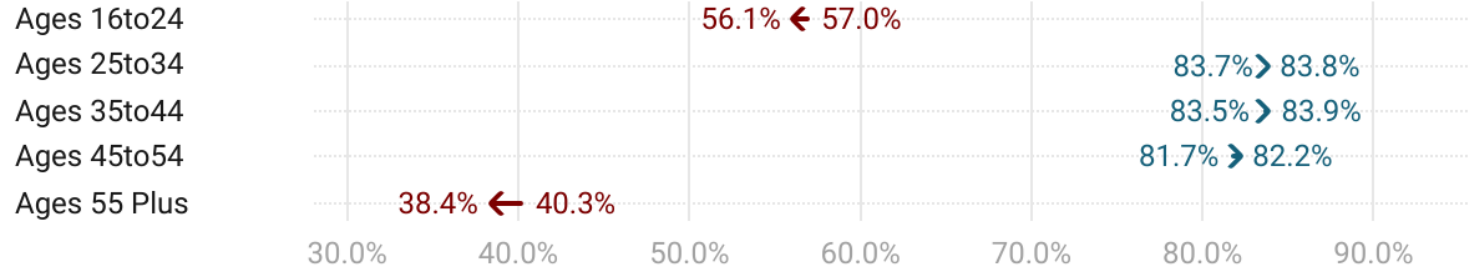
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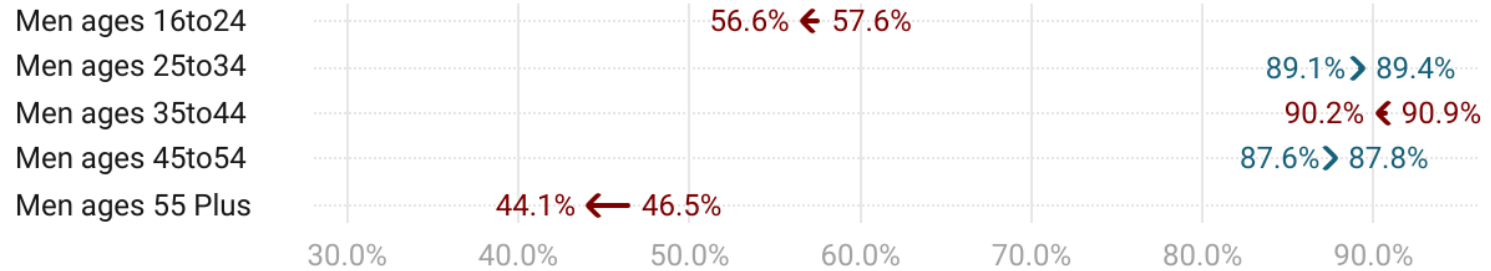
Labor Force Participation Rate

February 2020 vs April 2023

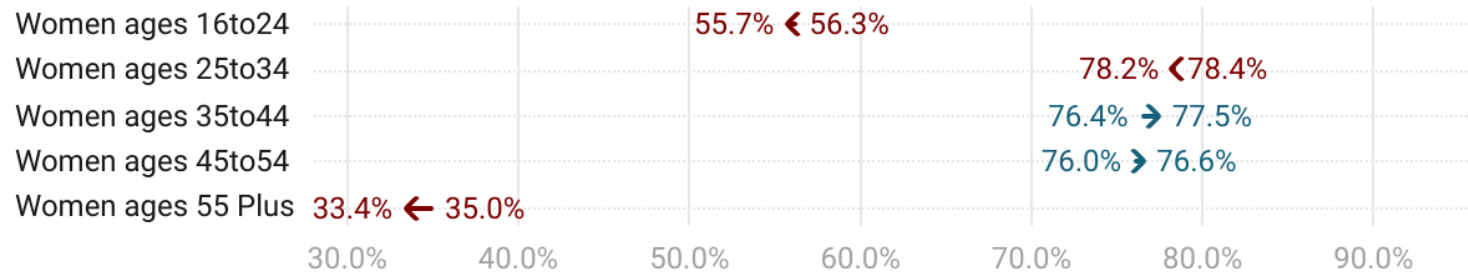
Total



Men



Women



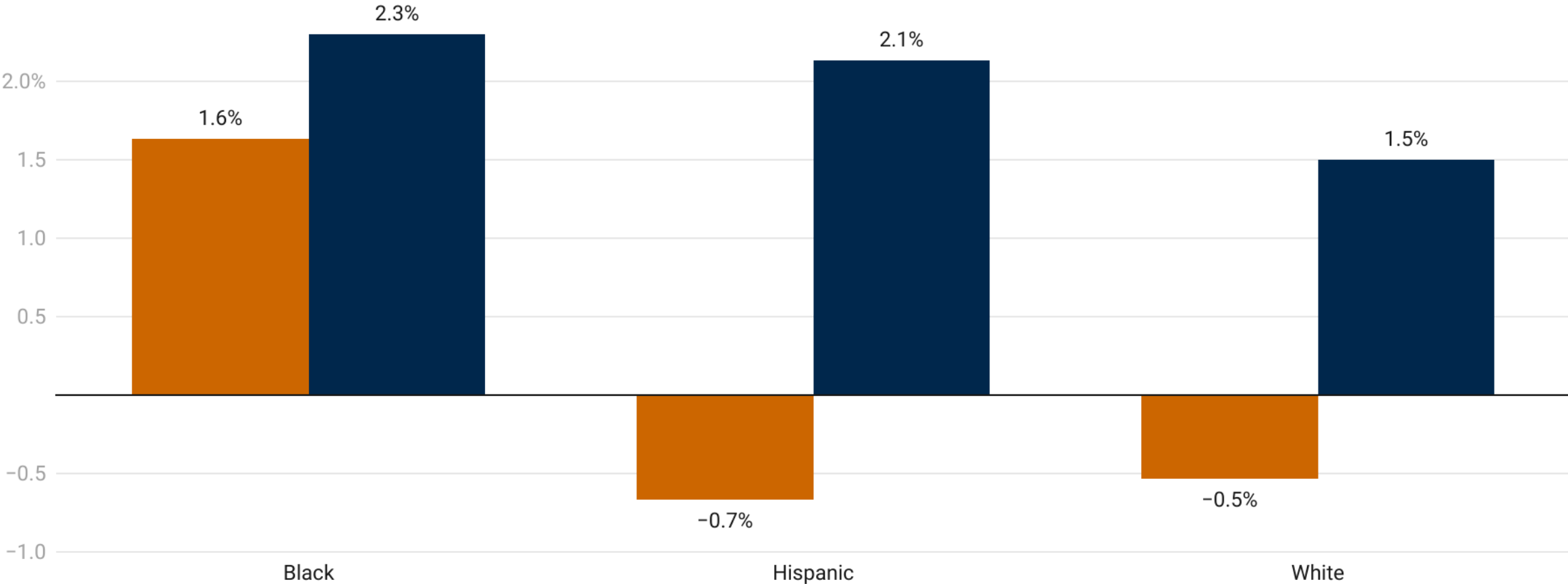
Seasonally adjusted data



Change in Prime Age Labor Force Participation, By Race, Ethnicity, and Gender

Percentage Point Change in Labor Force Participation for Ages 25-54, (Feb-April 2023 minus Feb-April 2019)

Men Women



Seasonally unadjusted data. To improve indicator stability, the new April data is presented as part of a 3-month average with February and March. To get the percentage point change, this average is then compared with the same three months in 2019. Black and White racial groupings partially overlap with Hispanics.

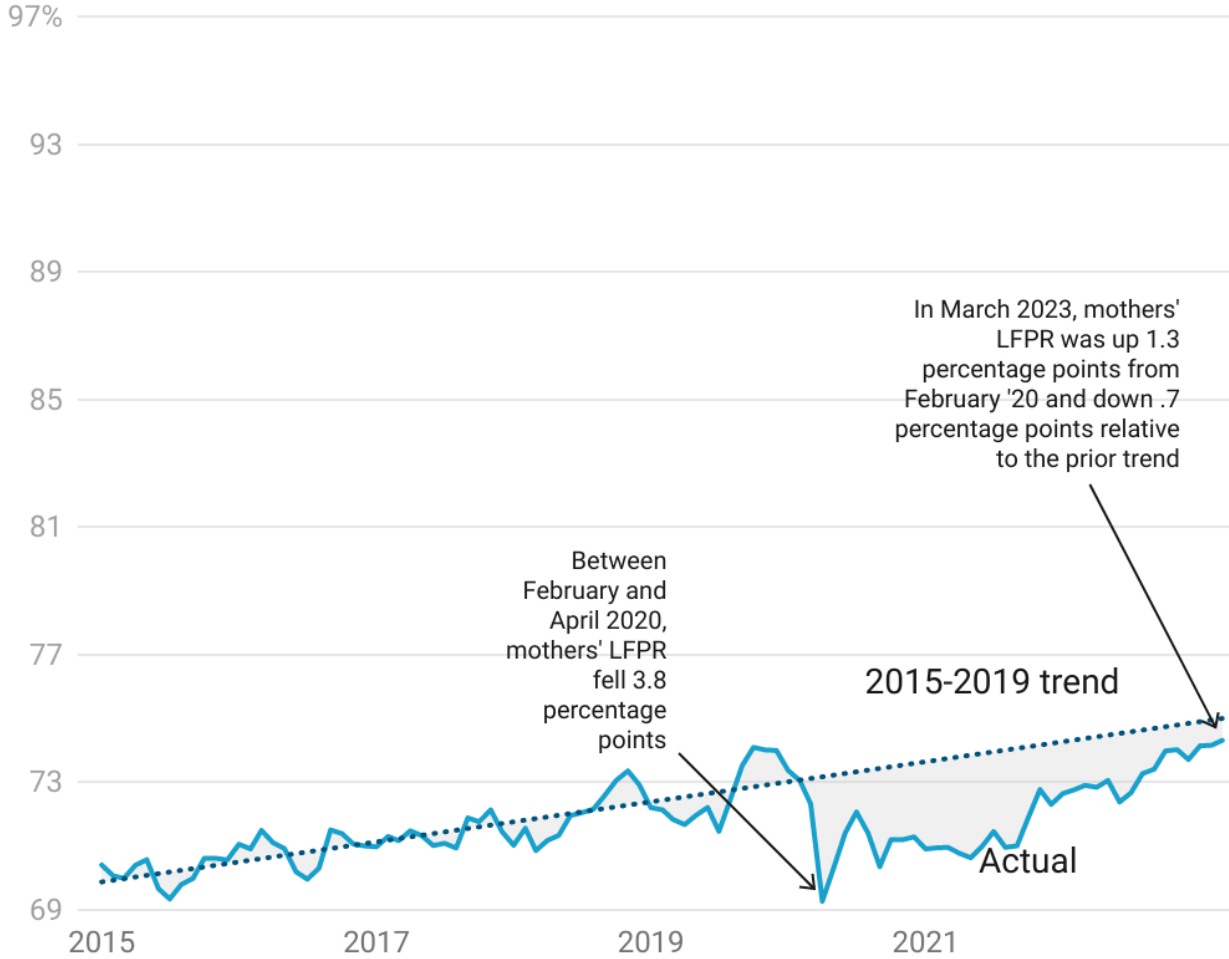
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Labor Force Participation of Mothers

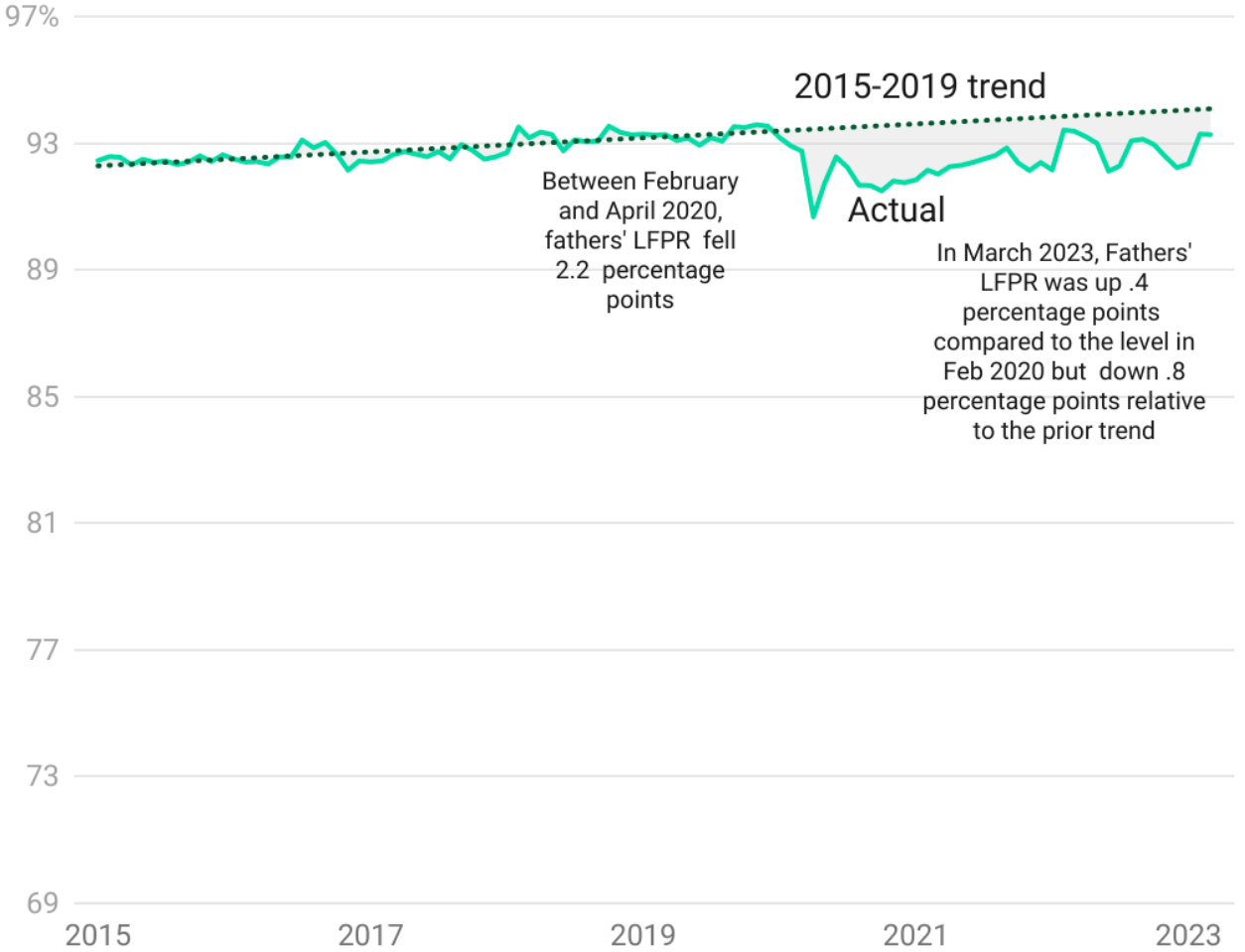
Percent of mothers living with own children under 18 years old



Seasonally undadjusted data
Source: BLS • Created with Datawrapper

Labor Force Participation of Fathers

Percent of fathers living with their own children under 18 years old



Seasonally Unadjusted Data
Source: BLS • Created with Datawrapper

