

Labor Shortages

NABE 2024

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Burning Glass Institute

Overview

- **Labor shortages background**

- **2018-2023**

- The shortage was mostly in blue-collar and manual services occupations

- **2023-2024: The labor market cooled**

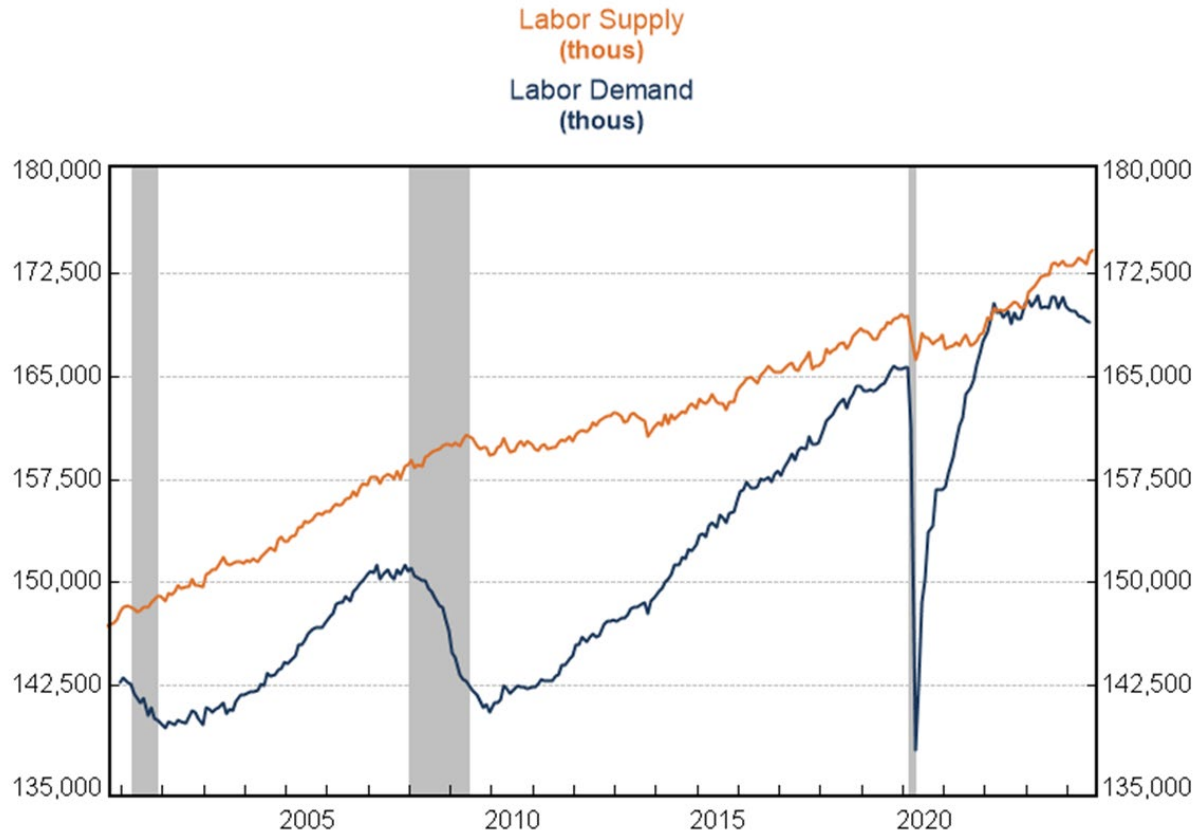
- The economy did not slow down
 - Increase in labor productivity growth and slower job growth
 - Surge in immigration
 - Increase in labor force participation

- **Long term determinants**

- Baby boomers retiring
 - Low fertility rates after 2007
 - Education gap between new entrants and retirees
 - Generative AI will eliminate many office jobs

- **Prediction: Tight labor markets in blue-collar and manual services occupations will continue**

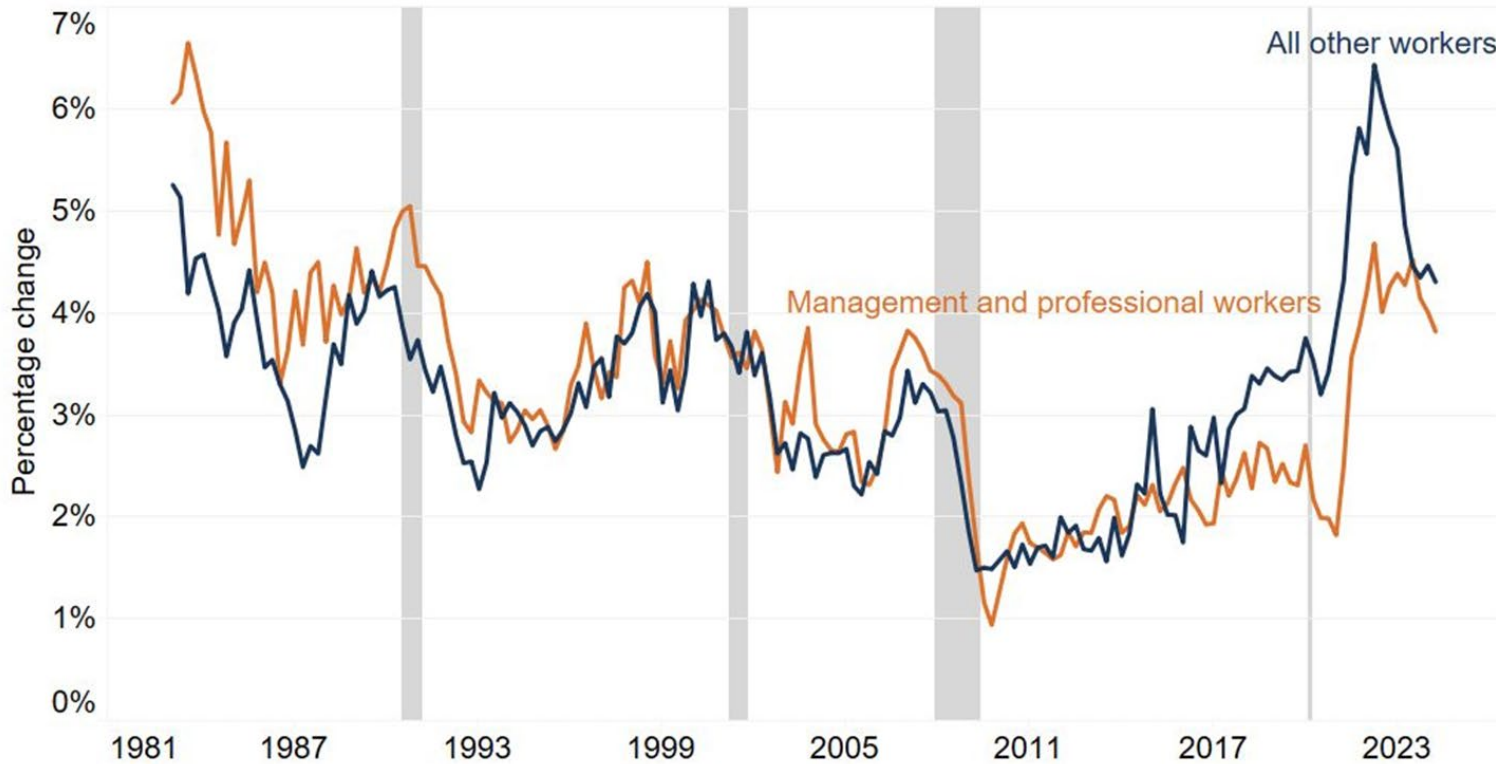
In 2018-2019 the labor market was tight. In 2022-2023 it was super tight.



Source: Haver Analytics

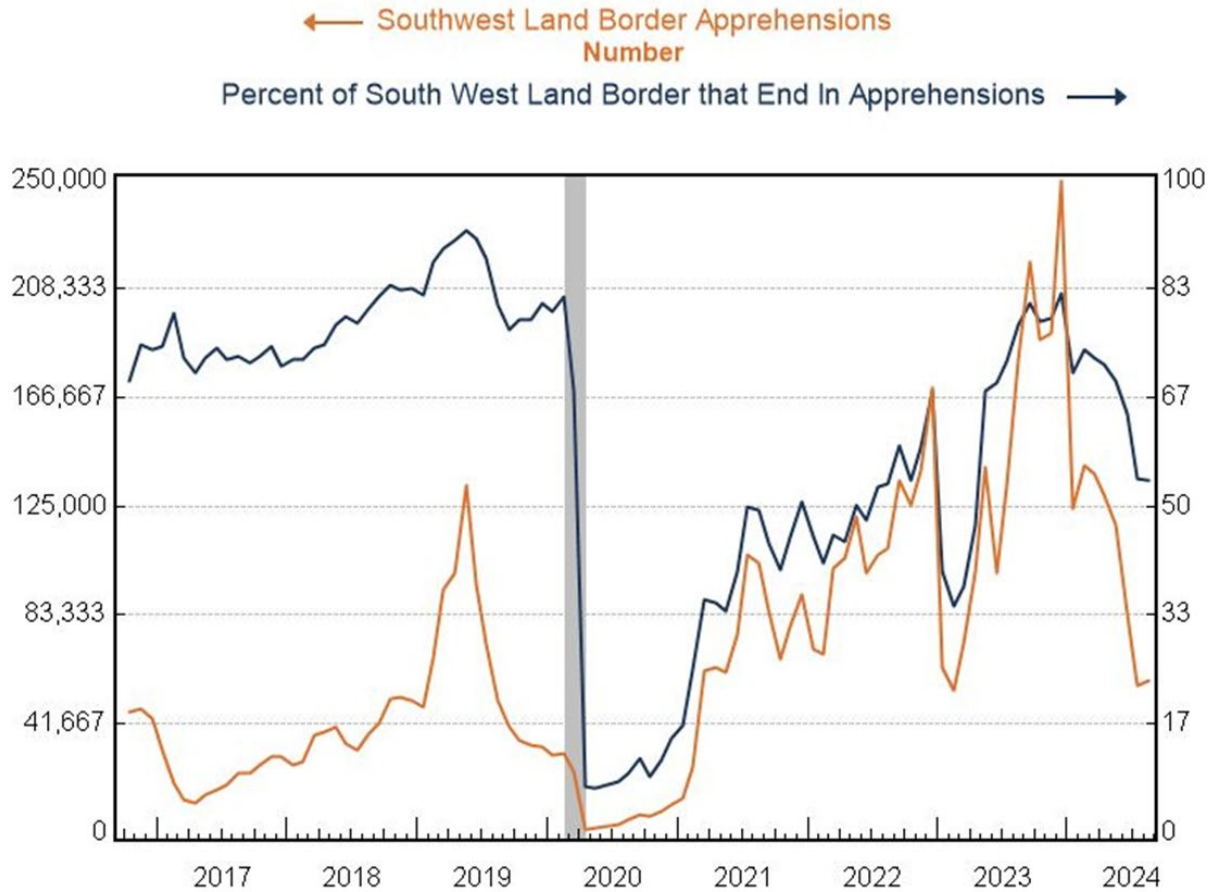
The shortage was mostly in blue-collar and manual services occupations

Growth in salaries and wages (Employment Cost Index), year-over-year percentage change,
For management/professional workers and all other occupations combined



Sources: Bureau of Labor Statistics; Burning Glass Institute

Surge in immigration. Coming down in recent months.

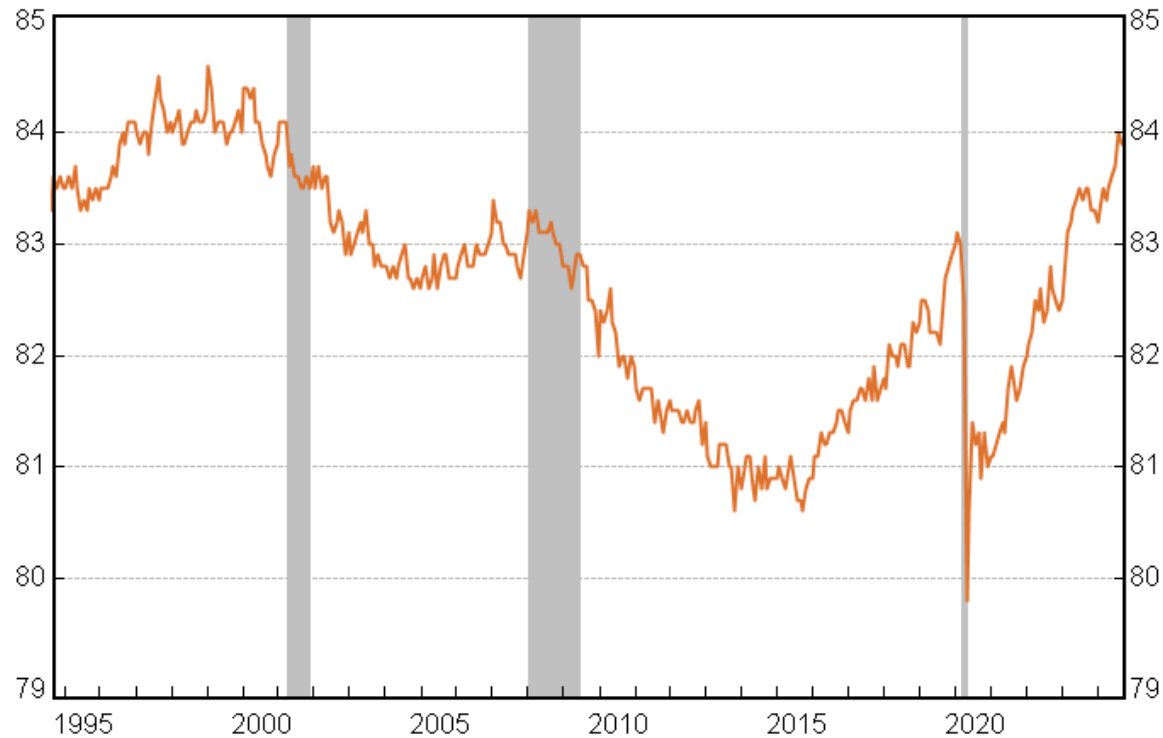


Source: Customs and Border Protection

Increase in labor force participation rates

Labor Force Participation Rate: 25-54 Years

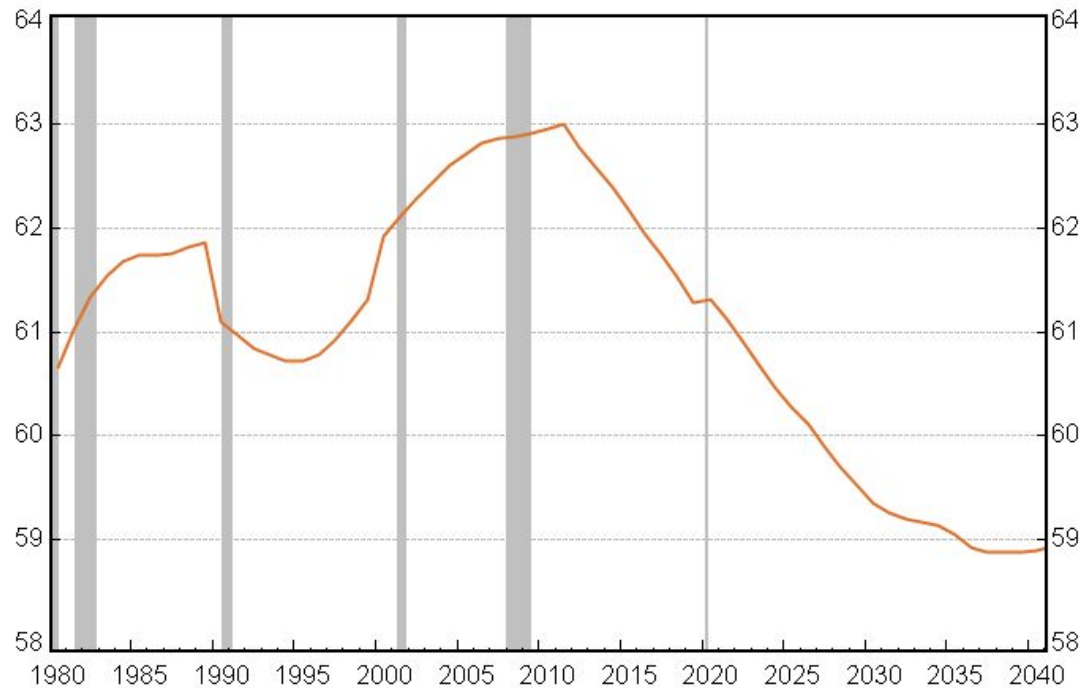
SA, %



Source: Bureau of Labor Statistics

We are just in the middle of the demographic transition

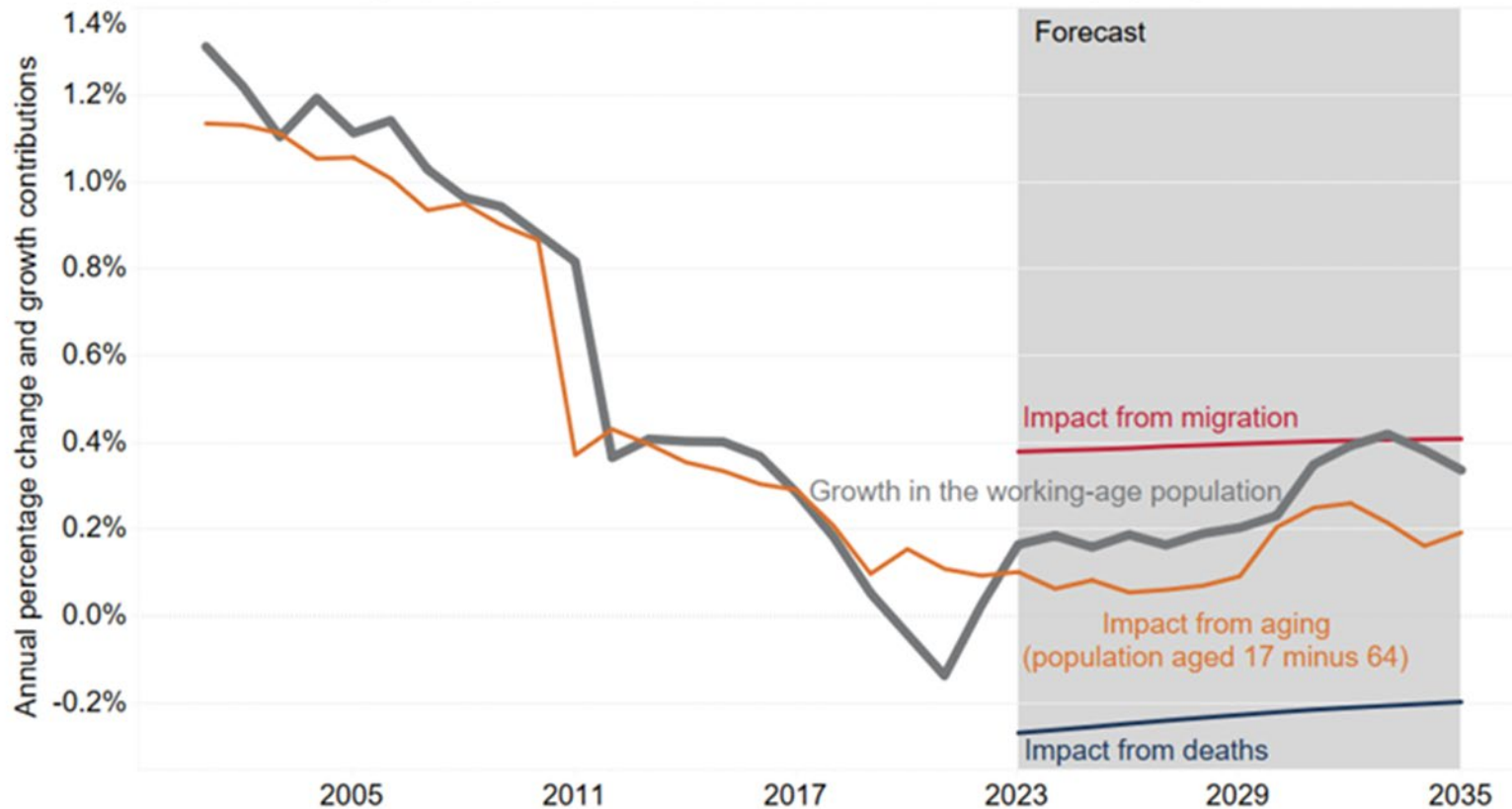
Share of 18-64 Age Group in Total Population



Source: Haver Analytics

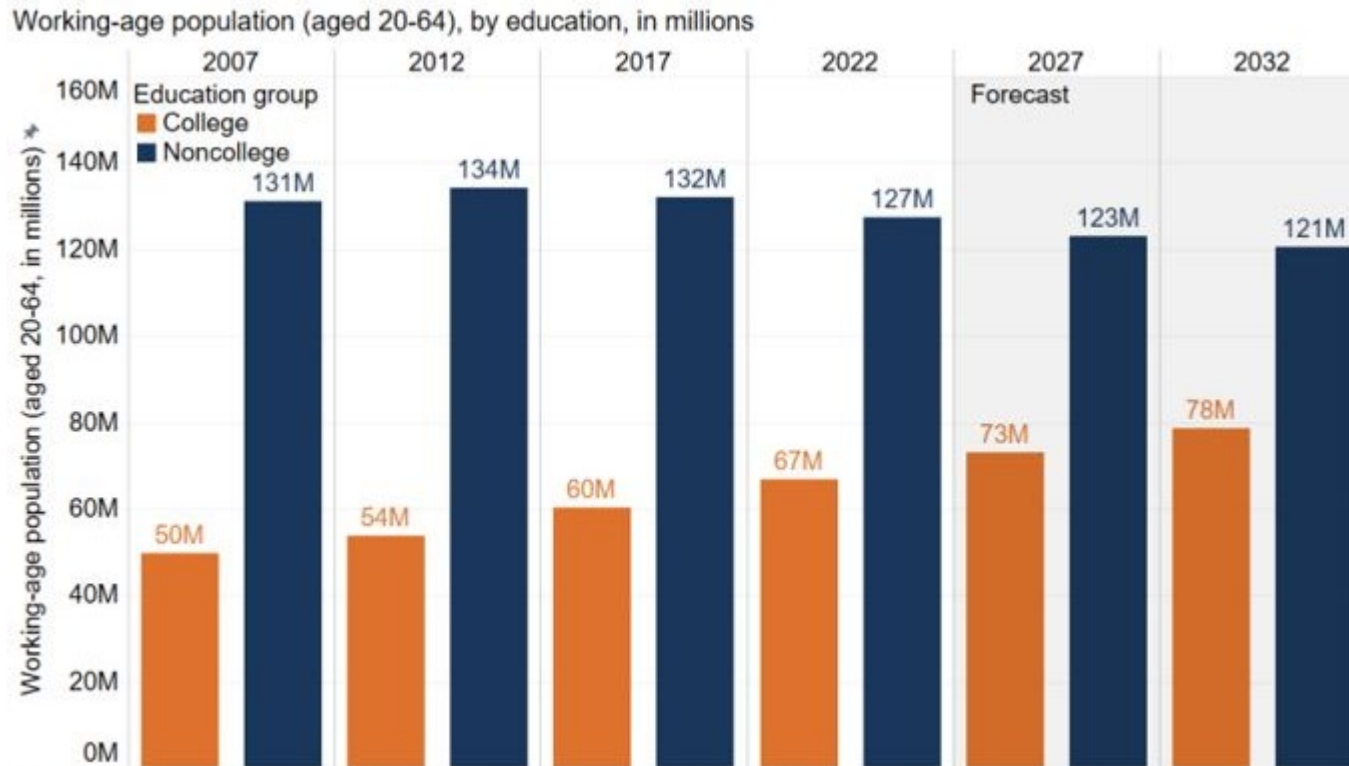
Working age population is barely growing

Annual growth in the working-age population (18-64) and the contributions from aging, migration, and deaths



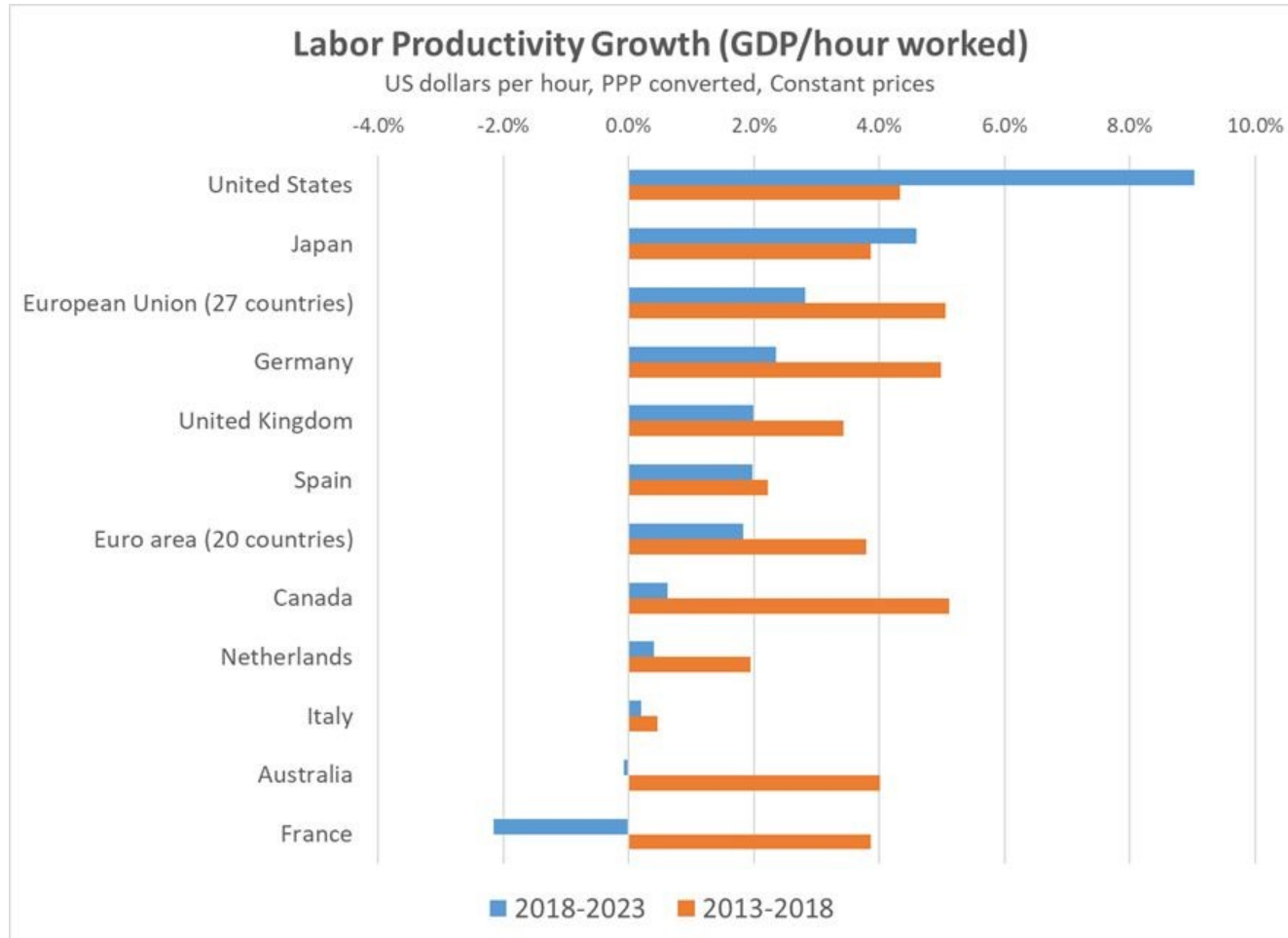
Sources: Census Bureau; Burning Glass Institute

The working age population of non-college graduates is rapidly shrinking

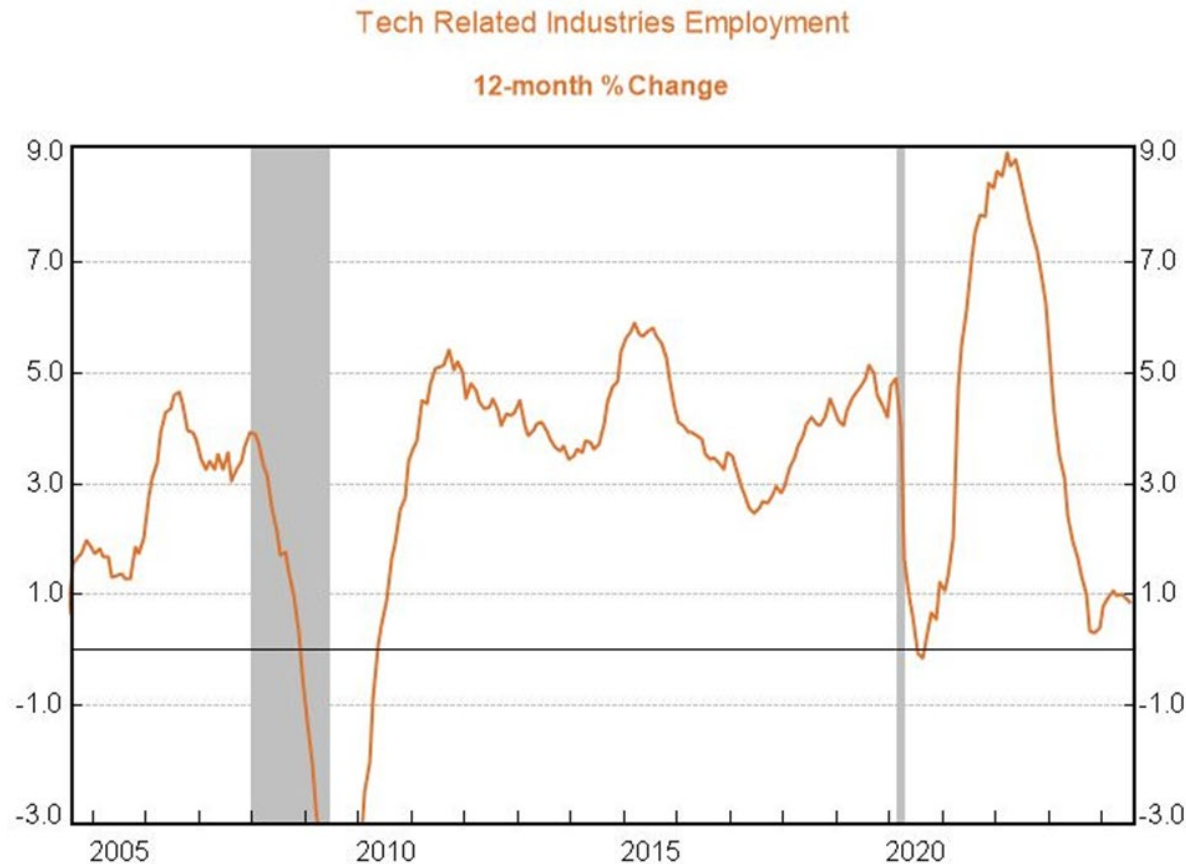


Sources: Census Bureau; IPUMS-ACS, University of Minnesota; Burning Glass Institute

The US is experiencing a jump in labor productivity growth



Why did job growth slow down in tech? Productivity?



Source: Haver Analytics