



U.S. Job Polarization Persists

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Employment levels in May 2014 finally surpassed those at the start of the Great Recession in December 2007. Although this news seems positive, the health of the labor market depends not only on the number of jobs created but also the types of jobs created. The labor market’s slow recovery from the Great Recession has prompted a variety of explanations. One is the growing trend of “job polarization.” Economist David Autor and coauthors showed that, over the past 30 years, demand for high-skill (high-wage) workers and low-skill (low-wage) workers increased, while opportunities for middle-skill (middle-wage) workers declined.¹ The shift toward this U-shaped employment distribution is known as job polarization. Autor shows that job polarization predated the Great Recession and was reinforced rather than reversed during the Great Recession. Has the picture changed five years later? Recent data suggest that U.S. job polarization persists after the Great Recession.

The table shows average annual employment growth across high-, middle-, and low-skill occupations from December 2007 to May 2014. During this time, high-skill occupations grew on average 1.23 percent annually, accounting for 4.13 million of the 5.66 million new jobs created. The major contributor was professional occupations, with 2.4 million new jobs and 1.28 percent average annual growth, followed by technician occupations, with 1.04 million new job and 2.19 percent average annual growth, and manager occupations, with 0.69 million new jobs and 0.69 percent average annual growth. Low-skill occupations displayed similar patterns, growing on average 1.00 percent annually and adding 1.54 million new jobs. The personal care and personal services category accounted for over half of this growth, with 0.96 million new jobs and 1.93 percent average annual growth.

In contrast, middle-skill occupations contracted on average 1.25 percent per year, losing 5.55 million jobs. With the exception of sales occupations, each middle-skill category (office and administration; production, craft, and repair; and operators, fabricators, and laborers) lost over 1 million jobs between December 2007 and May 2014.

Job polarization has existed before, during, and since the Great Recession.

What should be expected going forward? Bureau of Labor Statistics (BLS) employment projections indicate that job polarization will continue for the next eight years as follows (see the table): High-skill occupations will grow on average 1.28 percent annually, 0.20 percentage points

| Skill group | Annual growth rate (percent) | |
|--|------------------------------|-----------------------|
| | Dec. 2007–May 2014 | Nov.–2022 (projected) |
| High-skill occupations | 1.23 | 1.28 |
| Managers | | |
| Professionals | | |
| Technicians | | |
| Middle-skill occupations | -1.25 | 0.79 |
| Sales | | |
| Office and administration | | |
| Production, craft, and repair | | |
| Operators, fabricators, and laborers | | |
| Low-skill occupations | 1.00 | 1.44 |
| Protective services | | |
| Food prep, building and grounds cleaning | | |
| Personal care and personal services | | |

SOURCE: U.S. Census Bureau and the BLS.

above the national average of 1.08 percent. Professional occupations will remain the major contributor of growth in this group, adding more than half of new jobs and growing on average 1.21 percent annually. Low-skill occupations will grow on average 1.44 annually, also above the national average. Personal care and personal services occupations will grow on average 2.40 percent annually and continue as the major job creator of the low-skill group. Middle-skill occupations will continue to decline, losing 0.9 percentage points of their share in total employment and growing on average 0.79 percent annually, a rate lower than the national average. Sales; office and administration; and production, craft, and repair occupations will create very few jobs—only 18.10 percent of total new jobs.

The U.S. trend toward job polarization has continued since the Great Recession and according to BLS projections is likely to continue in the coming decade. Specifically, the U.S. labor market is projected to increase demand for high- and low-skill workers, while its demand for middle-skill occupations will continue to diminish. ■

NOTE

¹ See Autor (2010), Autor and Dorn (2013), and Autor, Katz, and Kearney (2006).

REFERENCES

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