



# Understanding Employment

Sam Schulhofer-Wohl

Senior Vice President and Director of Research  
Federal Reserve Bank of Minneapolis

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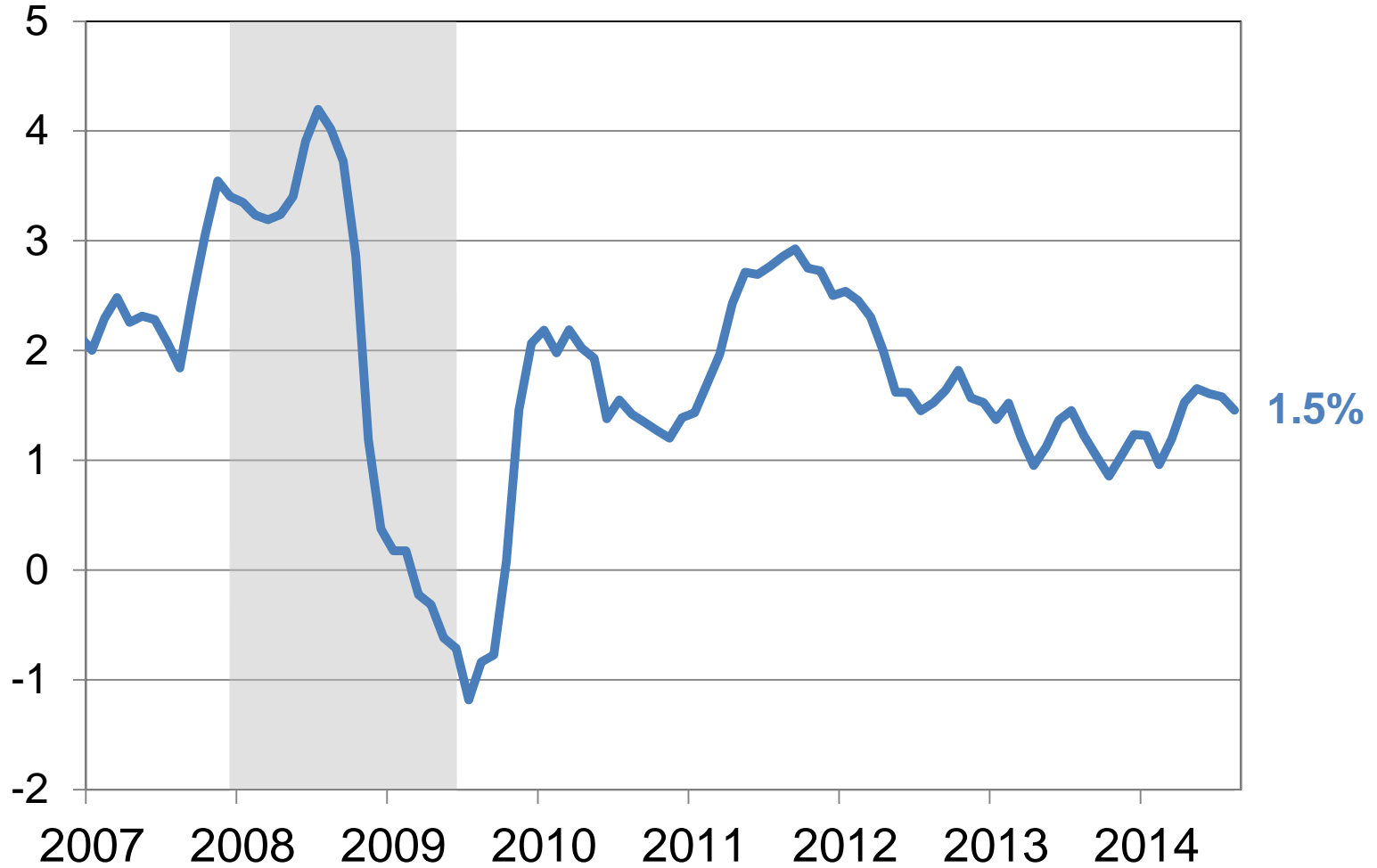
## The Federal Reserve's “dual mandate”

- Stable prices
- Maximum employment



# PCE inflation

12-month percent change

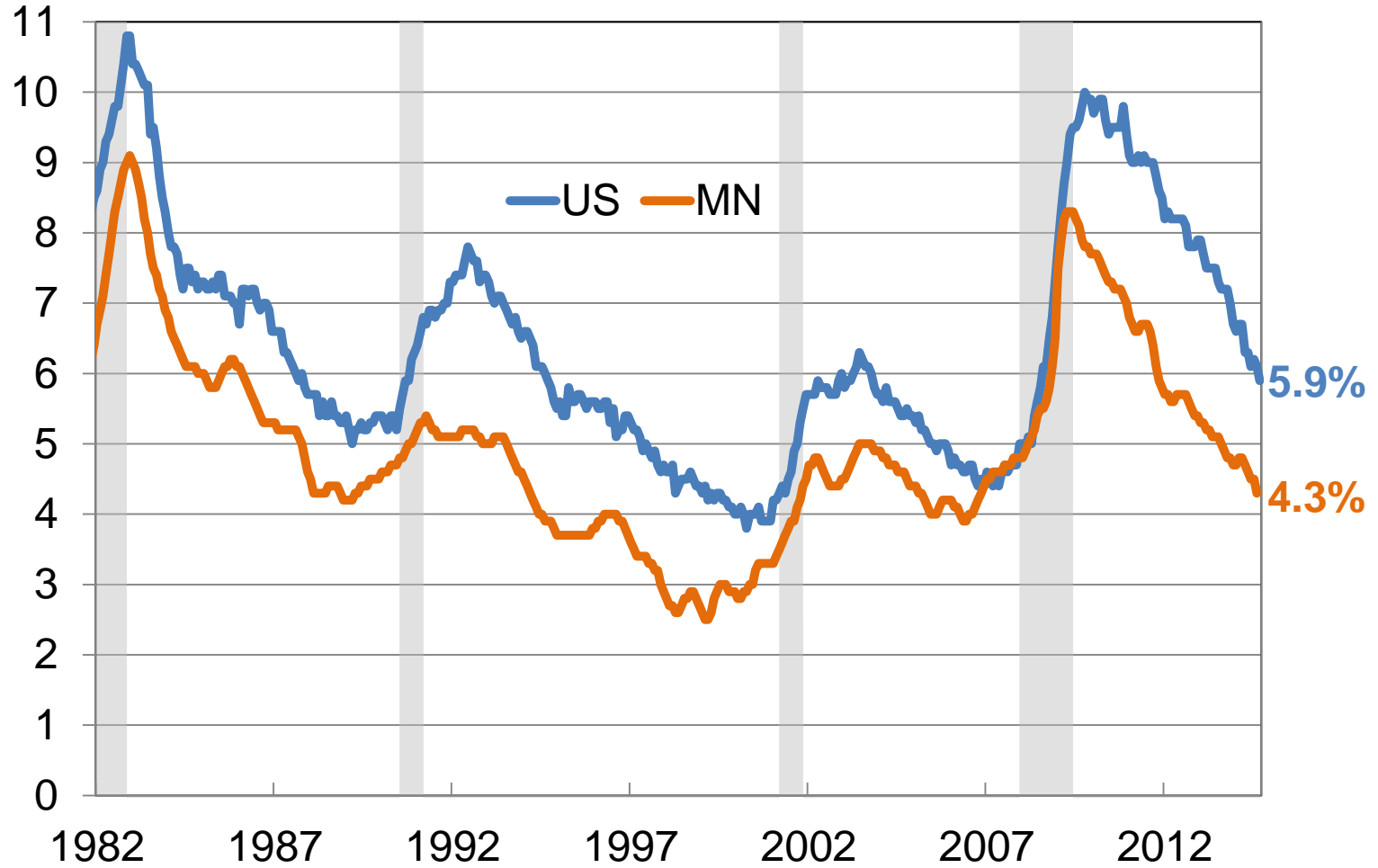


Source: Bureau of Economic Analysis



# Unemployment rate

Percent

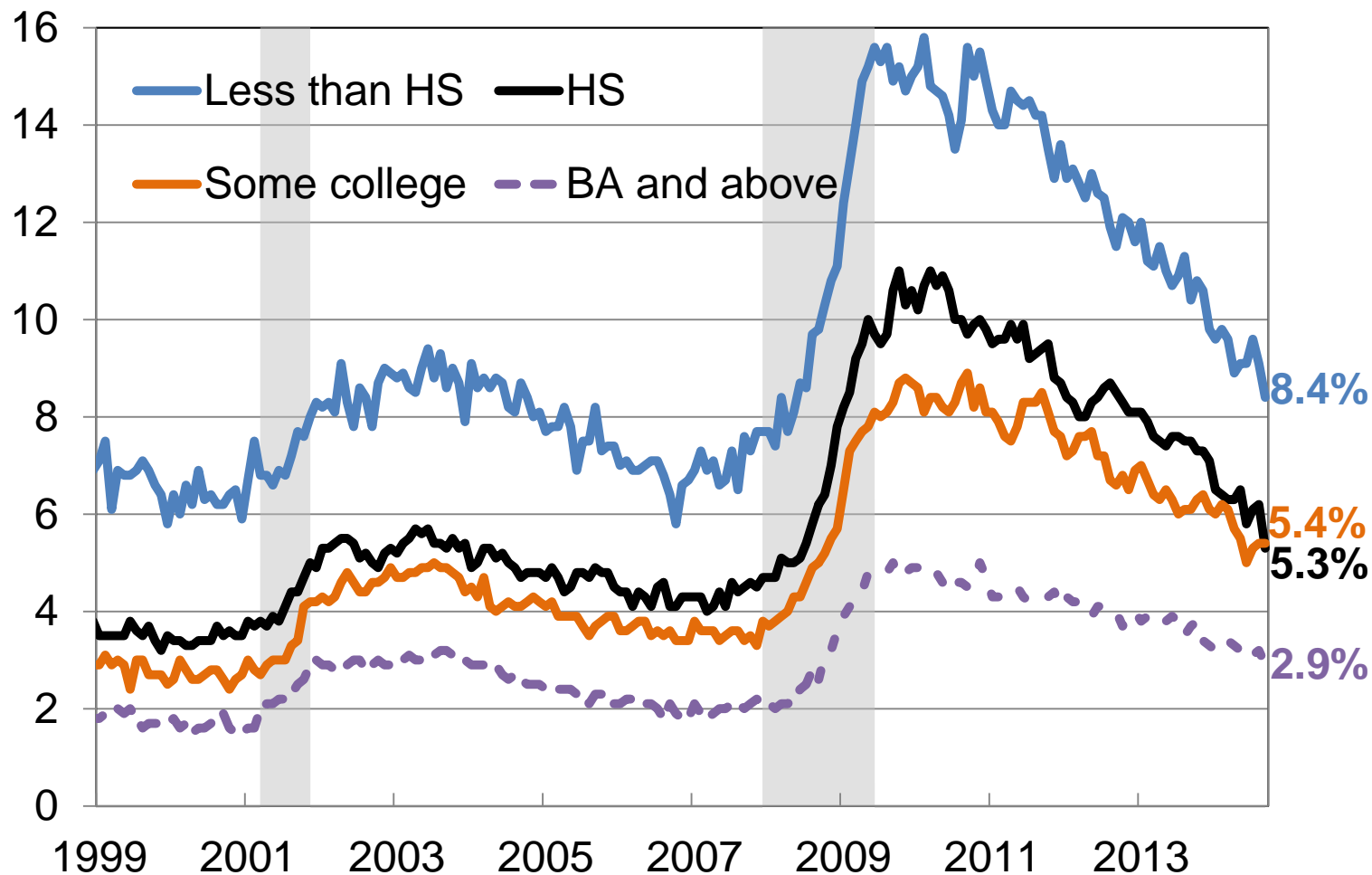


Source: Bureau of Labor Statistics



# U.S. unemployment rate by education, age 25+

Percent

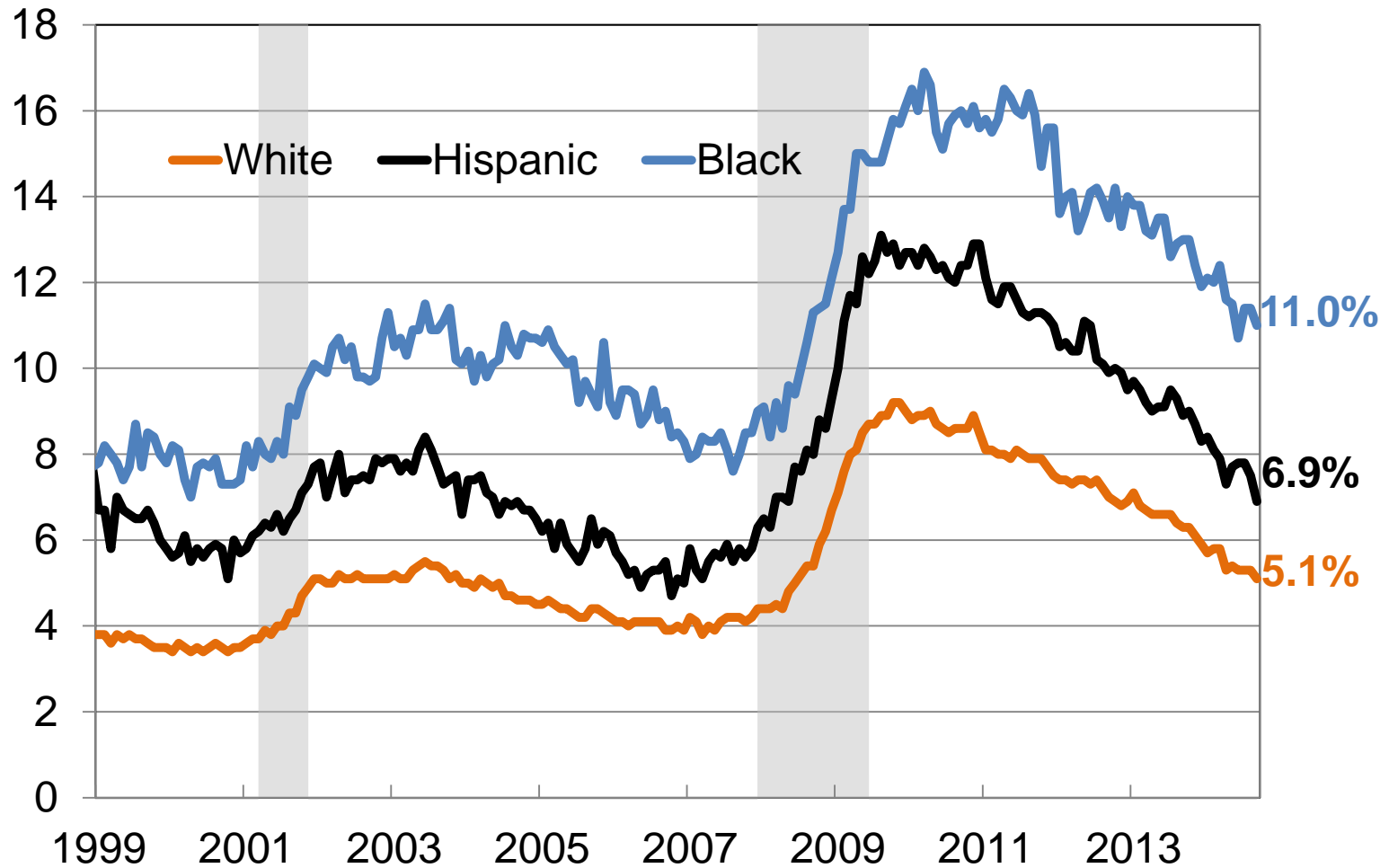


Source: Bureau of Labor Statistics



# U.S. unemployment rate by race and ethnicity

Percent

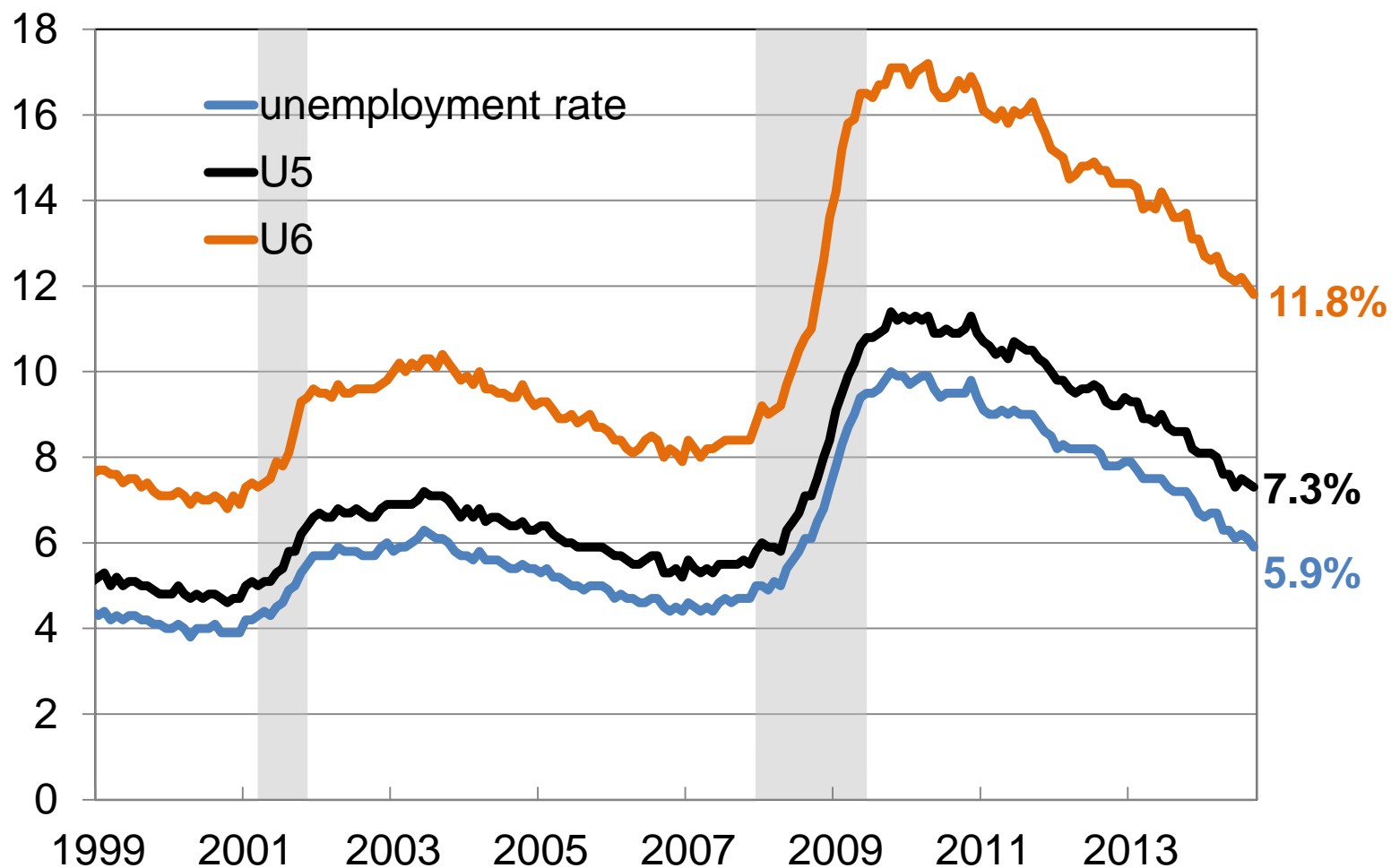


Source: Bureau of Labor Statistics



# Alternative measures of unemployment

Percent



Source: Bureau of Labor Statistics



## Labor market statistics we've considered

- Unemployment rate
- U5
- U6





## What about labor force participation?

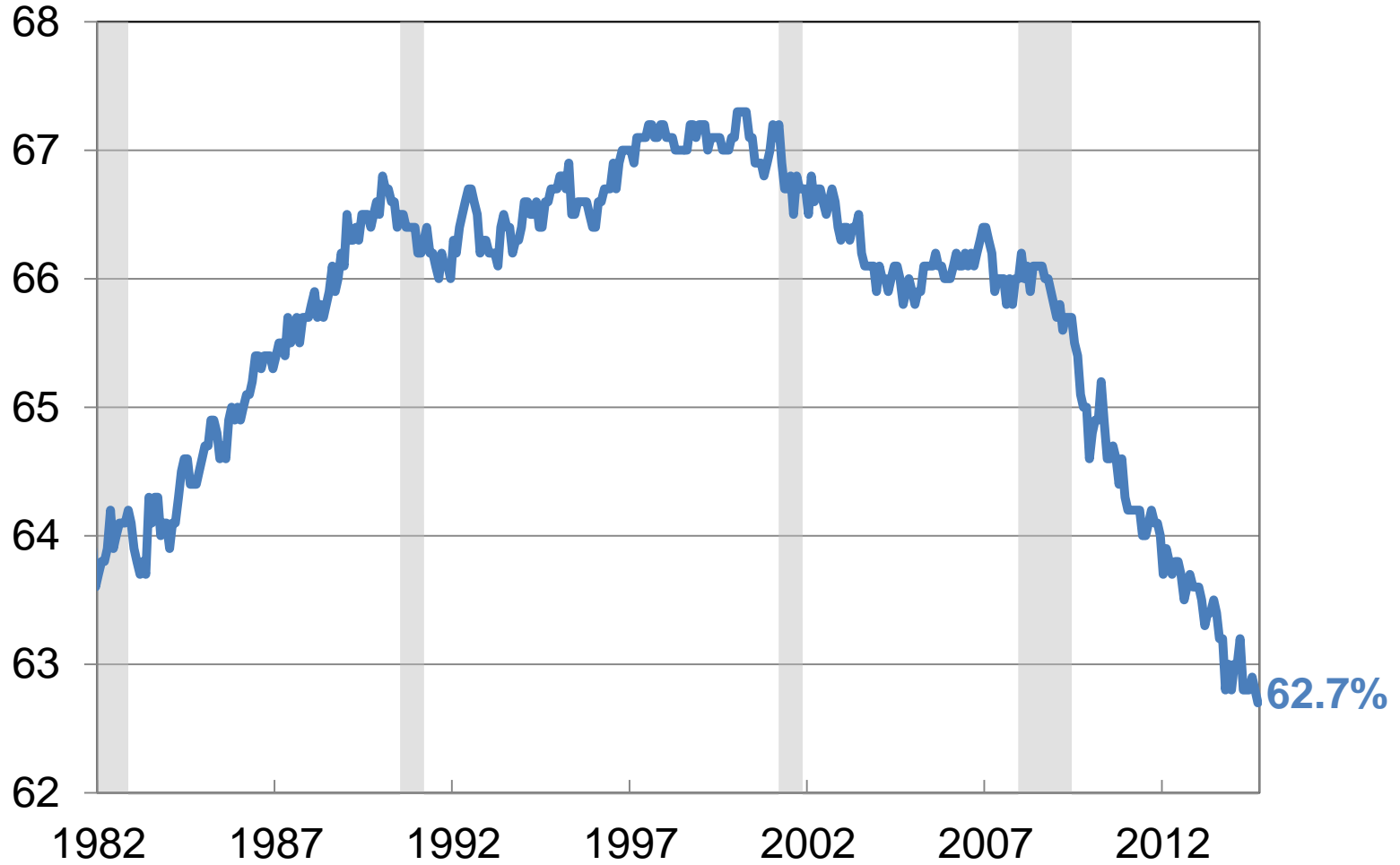
$$\text{unemployment} = \frac{\text{job seekers}}{\text{job seekers} + \text{employed}}$$

$$\text{labor force participation} = \frac{\text{job seekers} + \text{employed}}{\text{all adult civilians}}$$



# U.S. labor force participation rate

Percent

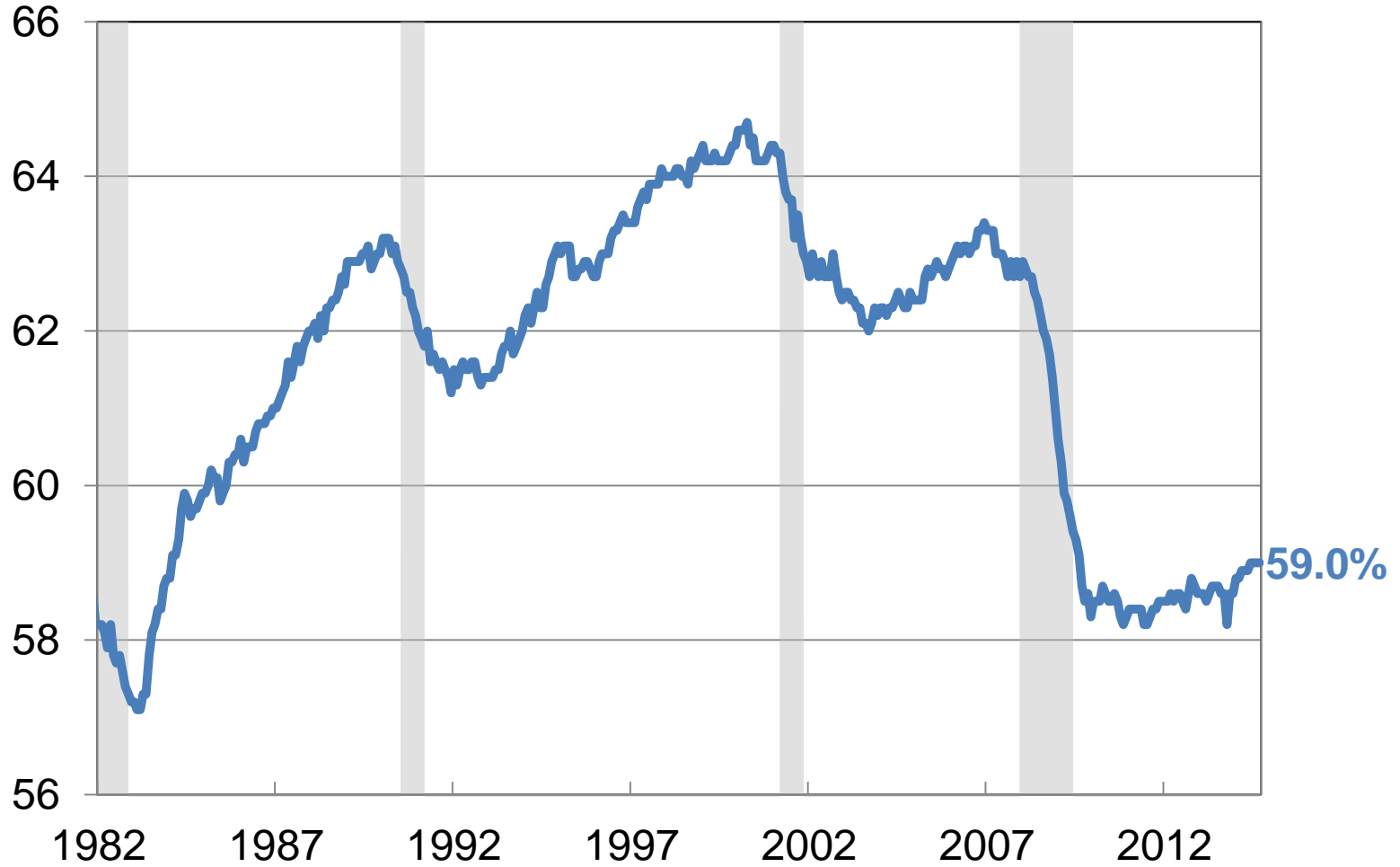


Source: Bureau of Labor Statistics



# U.S. employment-population ratio

Percent

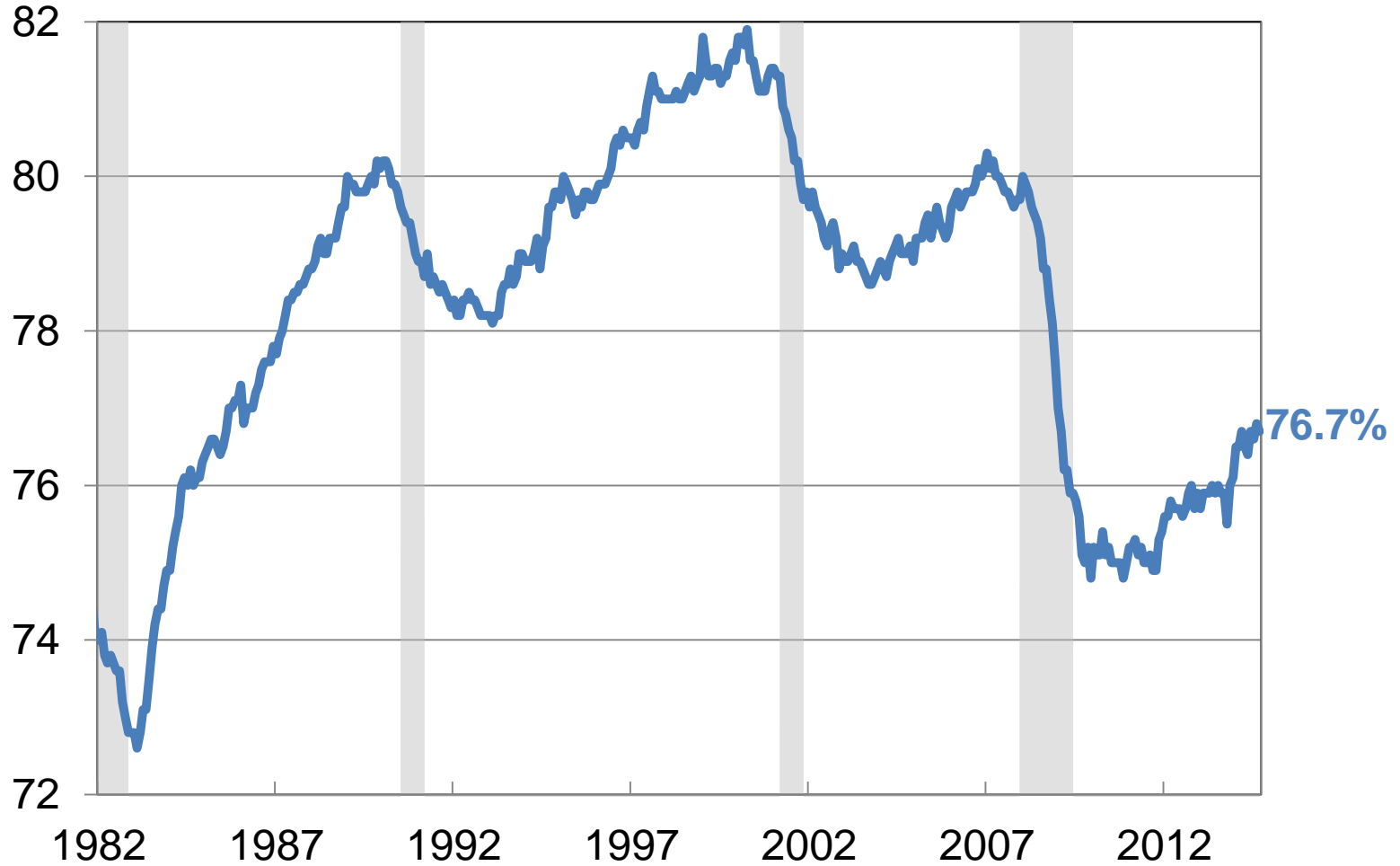


Source: Bureau of Labor Statistics



# U.S. employment-population ratio, age 25-54

Percent



Source: Bureau of Labor Statistics



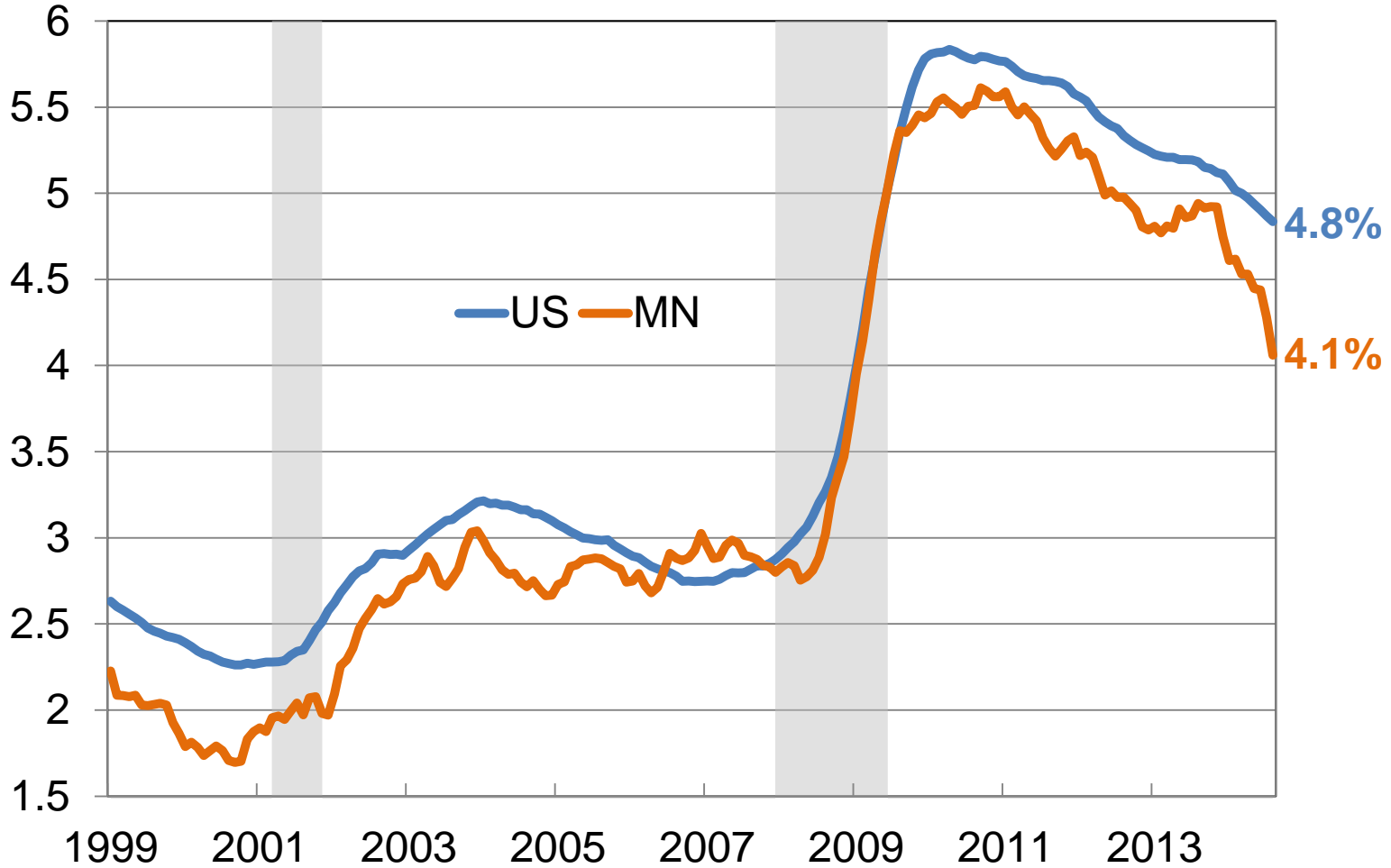
## **Labor market statistics we've considered**

- Unemployment rate
- U5
- U6
- Labor force participation
- Employment-population ratio



# Labor force working part-time for economic reasons

Percent, 12-month moving average

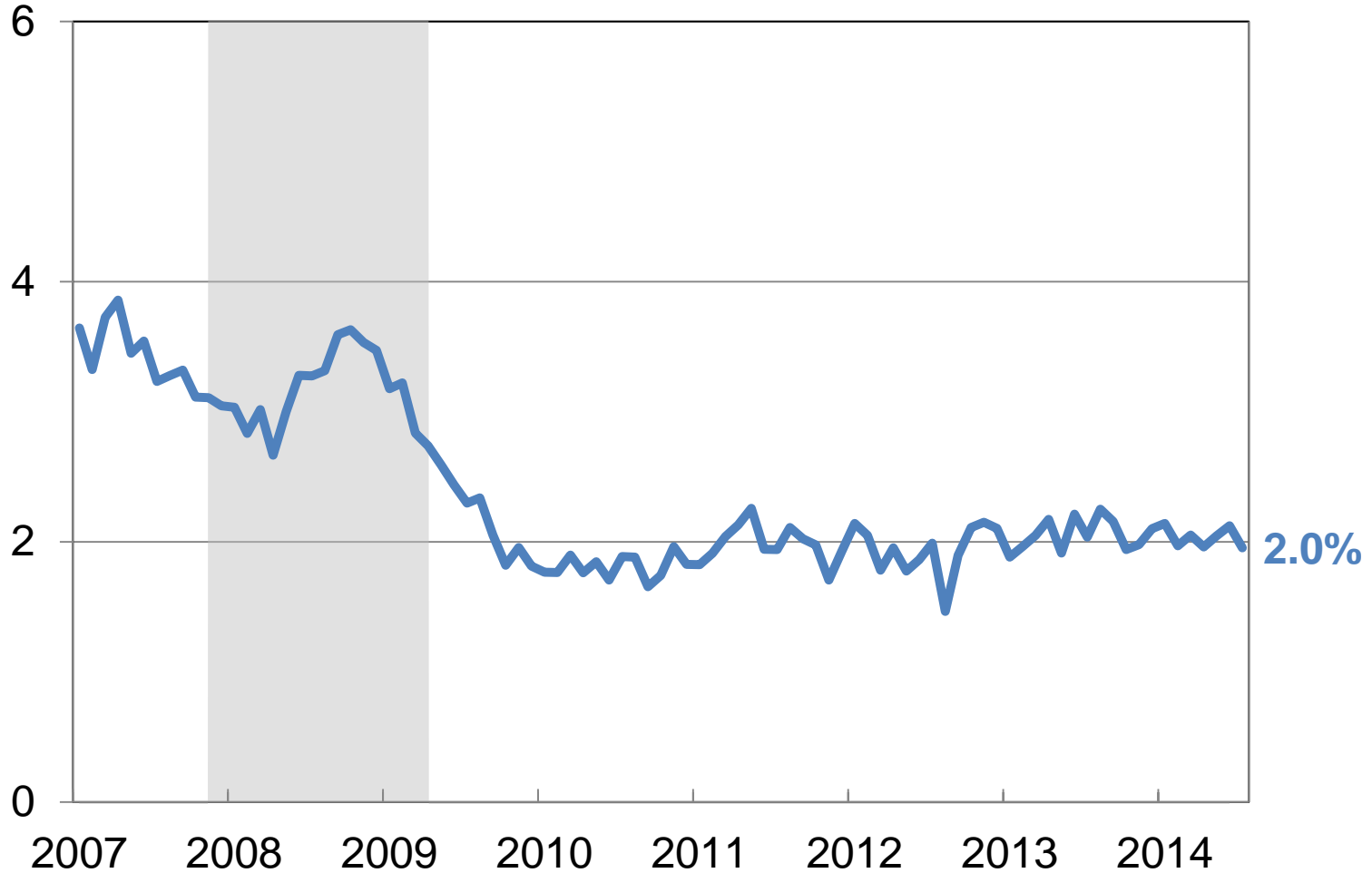


Source: Bureau of Labor Statistics; Minneapolis Fed calculation



# U.S. average hourly earnings

1-year percent change; private industry



Source: Bureau of Labor Statistics



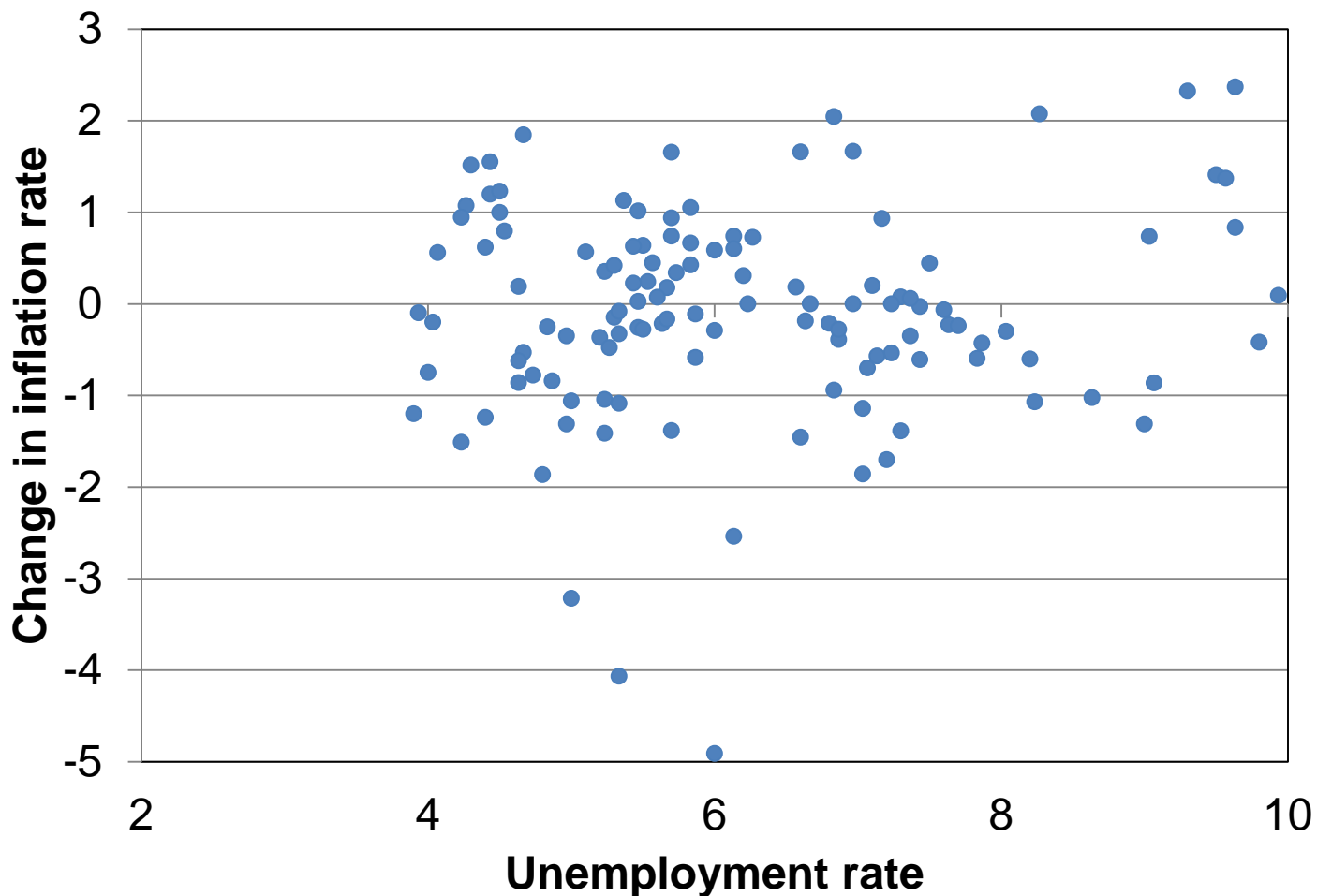
## Labor market statistics we've considered

- Unemployment rate
- U5
- U6
- Labor force participation
- Employment-population ratio
- Involuntary part-time employment
- Hourly earnings growth
  
- And we could add more ...





# Inflation vs. unemployment, 1984-present



Source: Bureau of Economic Analysis, Bureau of Labor Statistics; annual changes, quarterly data.



[minneapolisfed.org](http://minneapolisfed.org)



**Questions?**