

The Jobs Report Takeaway: A Huge Reallocation of People and Work Is Underway

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Friday's [news about the 559,000 jobs](#) added in May wasn't far off market expectations, but it is a far cry from the once-anticipated V-shaped recovery that would have meant millions of people a month pouring back into their old jobs. The economy has not bounced back to prepandemic employment levels, even as G.D.P. effectively has.

Some blame unemployment benefits for keeping workers at home, while others claim that it is the virus still holding back customers and therefore employers from adding jobs. Yet there is a third factor that is likely the labor market's primary challenge: We are undergoing an enormous reallocation of people and jobs. People need time to find their new position in the labor market.

The early hope among policymakers and economists was that the pandemic aid offered to businesses and families would mean that once we recovered from the pandemic, workers would simply return to their old jobs, sending millions back to work each month and closing the employment gap quickly.

The problem is that old jobs are long gone for the vast majority of those who remain unemployed. The number of workers reporting that they are on temporary layoff — many of whom may never be recalled — remains elevated but is a small share of the 7.6 million jobs needed to return to prepandemic employment levels.

Finding work is harder than returning to work. Job searches are painful: [Research shows](#) that the unemployed are profoundly unhappy in the moments spent actively searching for work. They must look hard at their skills and experiences, often confronting their all-too-human imperfections, and create a pitch to sell themselves to new employers. It is not fun.

It is an easier task for those seeking work nearly identical to what they were doing before becoming unemployed. Yet many of the currently unemployed are considering whether this is the right time to make a big change. A Pew study in January found [two-thirds](#) of the unemployed were considering changing their occupation or field of work.

And it's not just people who lost jobs during the pandemic that are contemplating change. As employers bring people back into the office, many workers are reconsidering whether they want to add a commute (and pants) back to their daily life. Others have discovered that what had once seemed like safe and pleasant work is no longer because of the risks of Covid-19 and our deep divisions about masks and social distancing. And yet others have simply been waiting for the right time to make a career change.

Think of it this way: The unemployed aren't leaving work, they are changing work, and change takes time. [Research](#) digging into the past few months of employment data has found that there is a lot of churn going on right now. People are leaving employment in higher-than-normal numbers and entering employment in higher-than-normal numbers. There is a lot of change underfoot. The unemployed and potential employers are like single people at a giant mixer — there are a lot of opportunities, but most are unlikely to find the perfect match right away.

It is not just what workers want that is changing. Our preferences and habits have changed in a way that will shape how we shop and what we buy and how and where we live. These shifts in consumer demand will ultimately translate to shifts in jobs and already mean that labor demand is surging in some industries while it remains lackluster in others.

Making the dream of a V-shaped recovery into a reality required that we go back to our old habits as consumers and workers. In industries that have been largely unchanged by the pandemic, a V-shaped recovery did happen.

For example, employment in dental offices fell by more than half in the spring of 2020 as shutdown orders closed many dentist offices and fear kept people from the dentist

even without the orders. Dentist offices began to reopen slowly in May 2020 and about a quarter of the jobs returned. Over the following several months, as even more people braved going to the dentist, even more workers were hired. By February 2021, employment had nearly returned to prepandemic levels and it now exceeds it. While the ongoing circulation of Covid, the lack of child care and the opportunity to receive unemployment insurance benefits all impact potential hiring in dentistry, these factors did not prevent a full recovery in dental employment.

The pace of labor market recovery will undoubtedly accelerate in the coming months. And our current slow pace might just be the right thing in the long run. More productive workers mean a more productive economy, but getting workers into the jobs in which they can be most productive will take time.

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