UNEQUALLY EMPLOYED: LABOR MARKET STRATIFICATION AFTER THE GREAT RECESSION


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The Great Recession of 2007-2009 was the most destabilizing recession since the Great Depression. After the mortgage securitization bubble burst in 2007, the Great Recession erased more than half of the stock market capitalization (Grusky et al., 2011). The financial collapse led to waves of job loss and unemployment. In March of 2007 the national unemployment rate was 4.4%. By October 2009, unemployment had increased almost six percentage points to 10.1%. The number of unemployed people in the United States more than doubled between 2008 and 2009.

Unemployment rates reached record highs after the onset of the recession, particularly among black men (a group that already had a heightened risk of unemployment prior to the recession). By March of 2010, nearly one in five black male labor force participants over the age of 20 was unemployed. The black/white employment gap among women also increased, as well as the employment gap between the most educated and the least educated. White and foreign-born Hispanic men maintained relatively low unemployment rates, even during the recession.

Social scientists have a clear understanding of the patterns and sources of income inequality. This dissertation investigates patterns and sources of employment inequality. I focus on a unique historical period: the Great Recession and its aftermath. Compared to other recessionary periods, the labor market repercussions from the Great Recession were especially severe and long-lasting (Grusky et al., 2011). I examine how these repercussions vary by race, ethnicity, and gender.

Based on their socioeconomic characteristics, Mexican immigrant men should have very high unemployment. More than half do not have a high school diploma. One in four works in construction; at the height of the recent recession, 20% of construction workers were unemployed. Yet their unemployment rates are similar to those of native-born white men. Chapter 2 examines potential reasons for the Mexican immigrant employment paradox. I consider explanations based on theories about out-migrant and in-migrant selection, disparities in reservation wages, and employer preferences for immigrant labor.

Chapter 3 examines the extent to which the public sector protected black workers from the employment shocks of the Great Recession. Historically, the public sector has served as an equalizing institution through the expansion of job opportunities for minority workers. Using Current Population Survey cross-sectional and longitudinal data, I investigate changes in public sector employment and unemployment between 2003 and 2013. My results point to a post-recession double disadvantage for black public sector workers: they are concentrated in a shrinking sector of the economy, and they are substantially more likely than white and Hispanic public sector workers to be unemployed. These two trends are a historical break for the public sector labor market. I find that race and ethnicity gaps in public sector employment cannot be explained by differences in education, occupation, or any of the other measurable factors that are typically associated with employment. Among unemployed public sector workers, black women are the least likely to transition into private sector employment. Compared to the private sector, however, the post-recession public sector has had consistently lower levels of racial and ethnic employment stratification.

Chapter 4 investigates whether and how labor market context affects racial and ethnic employment disparities. I find that black men are more likely to be employed when they reside in areas with 1) a large
concentration of public sector jobs, or 2) relatively lax employment, labor, and hiring regulations. I conclude that while black men are more likely to be working when employers have fewer impediments to hiring and firing, black men also benefit from access to highly regulated public sector employment opportunities.

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Status of Research: Completed/published
Research Type: Graduate Dissertations
Related Fields: Social Demography, Social Stratification/Inequality, Work and Occupations

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