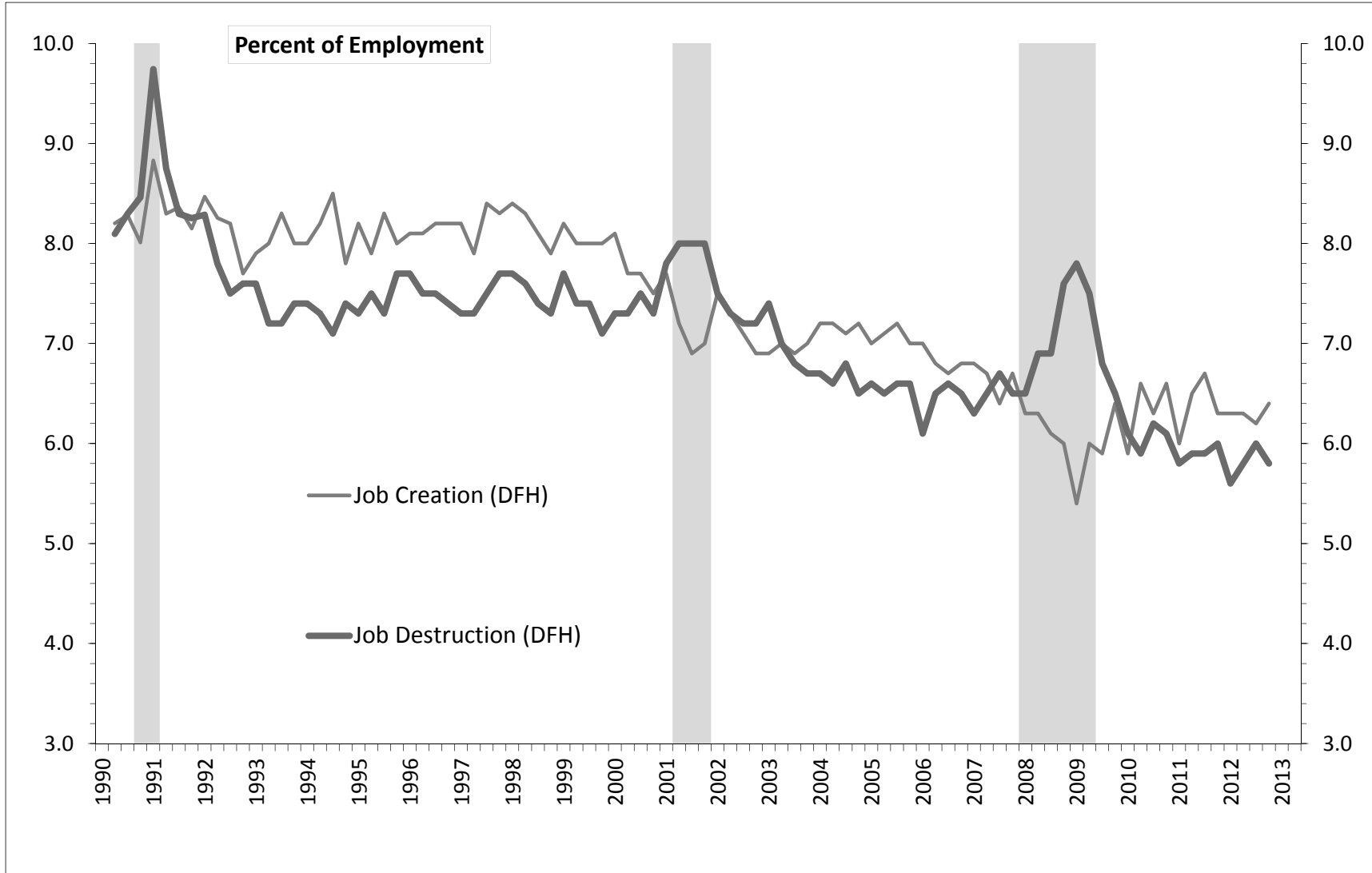# The Flows View of the U.S. Labor Market?

John Haltiwanger
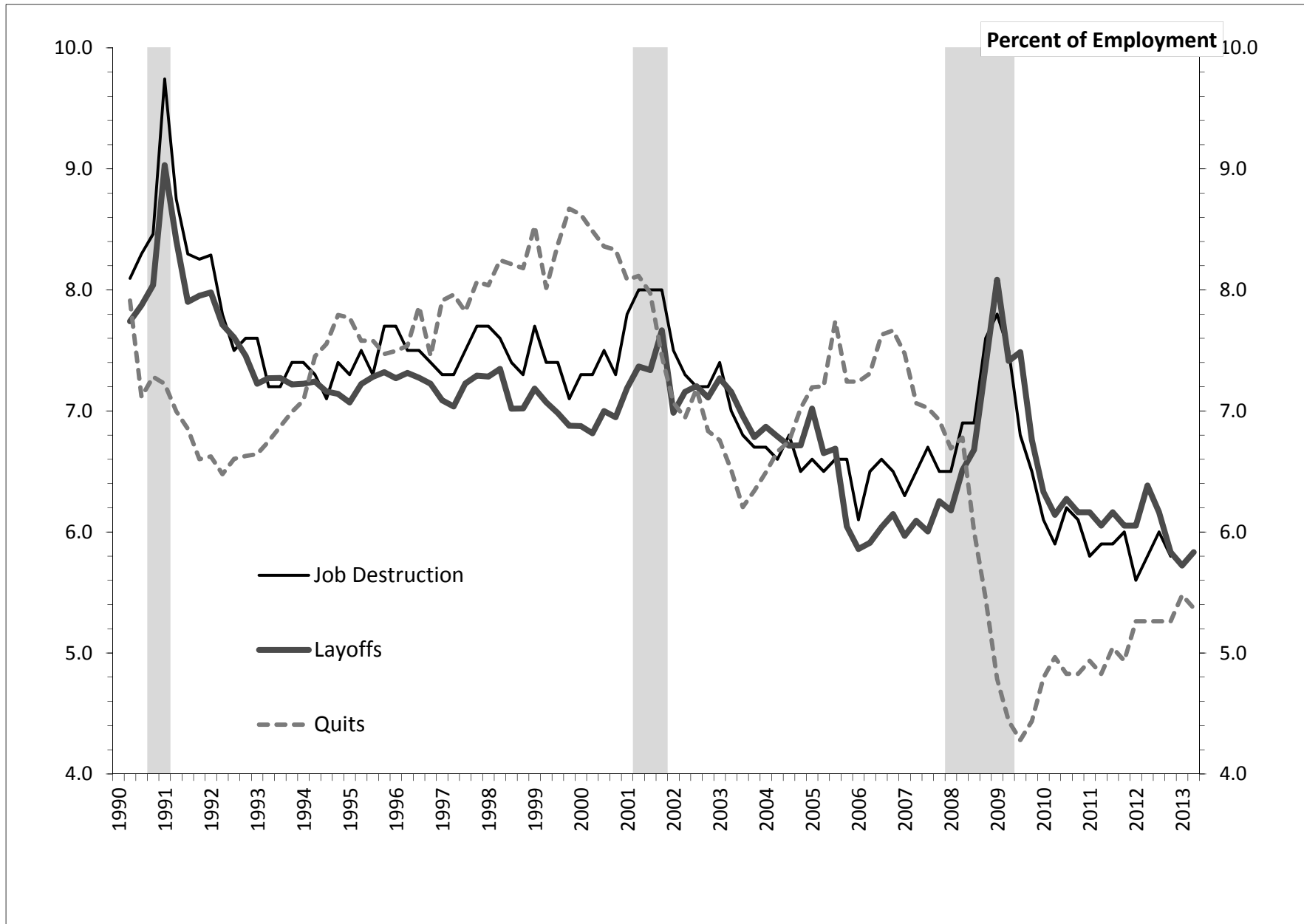
University of Maryland and NBER

October 10, 2013

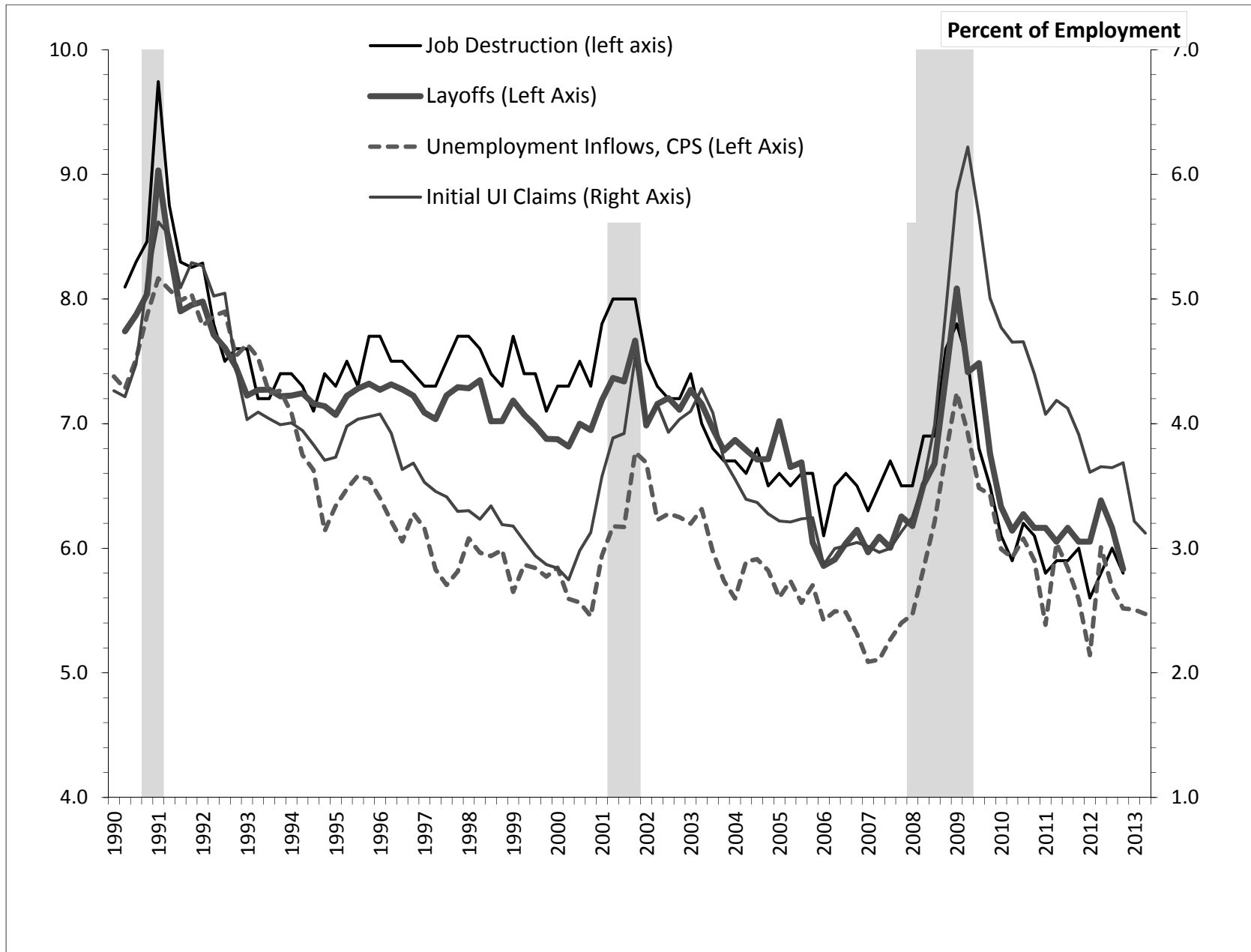# Job Creation and Destruction Rates, U.S. Private Sector, Quarterly, Source: BED

Percent of Employment

Job Creation (DFH)

Job Destruction (DFH)

Quarterly Job Destruction, Layoffs, and Quits: U.S. Private Sector
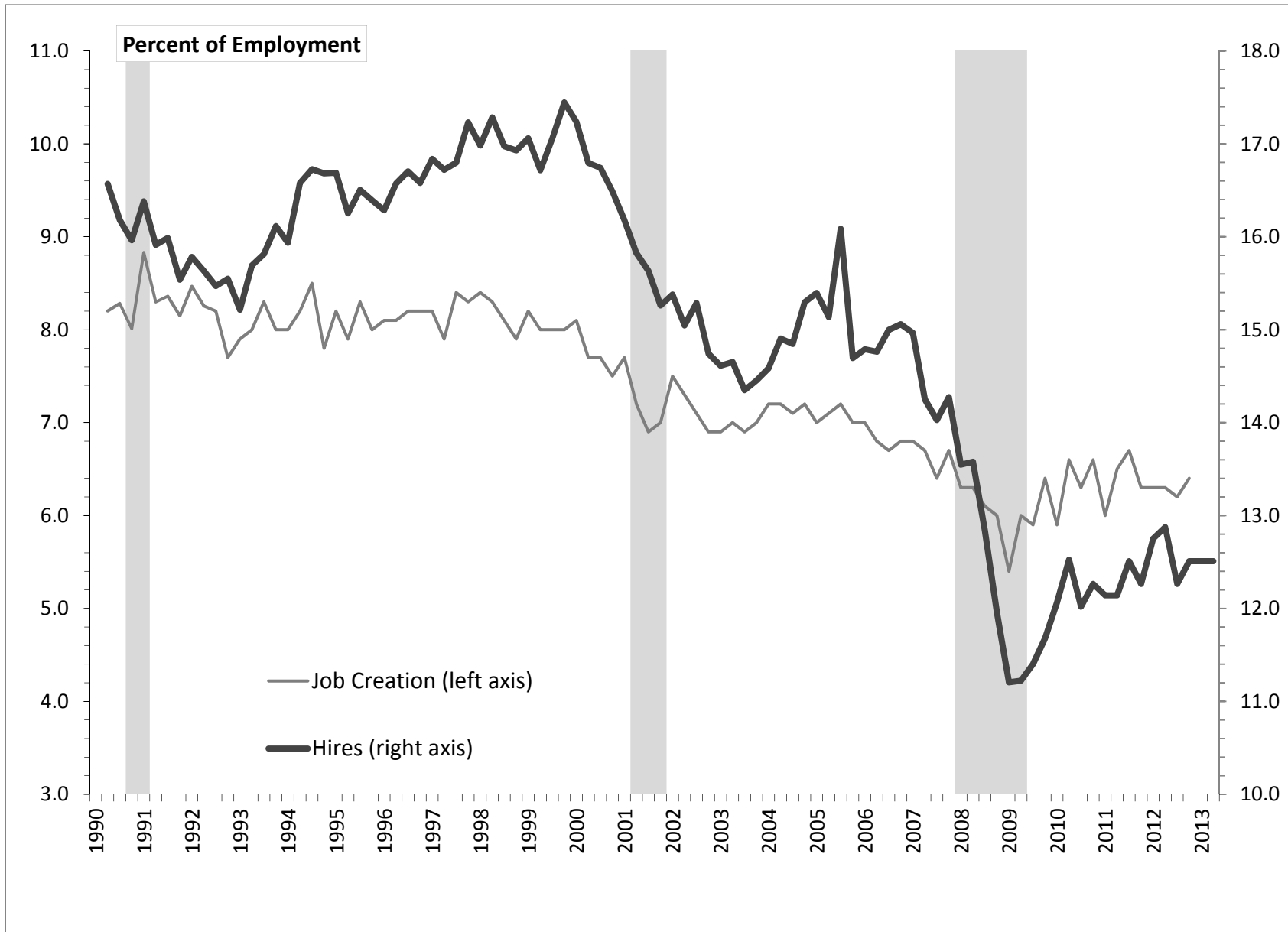

Percent of Employment

—— Job Destruction

—— Layoffs

- - - Quits

Source: Davis, Faberman and Haltiwanger (2011), BED and JOLTS

Relating Job Destruction and Layoffs to Unemployment Inflows

Percent of Employment
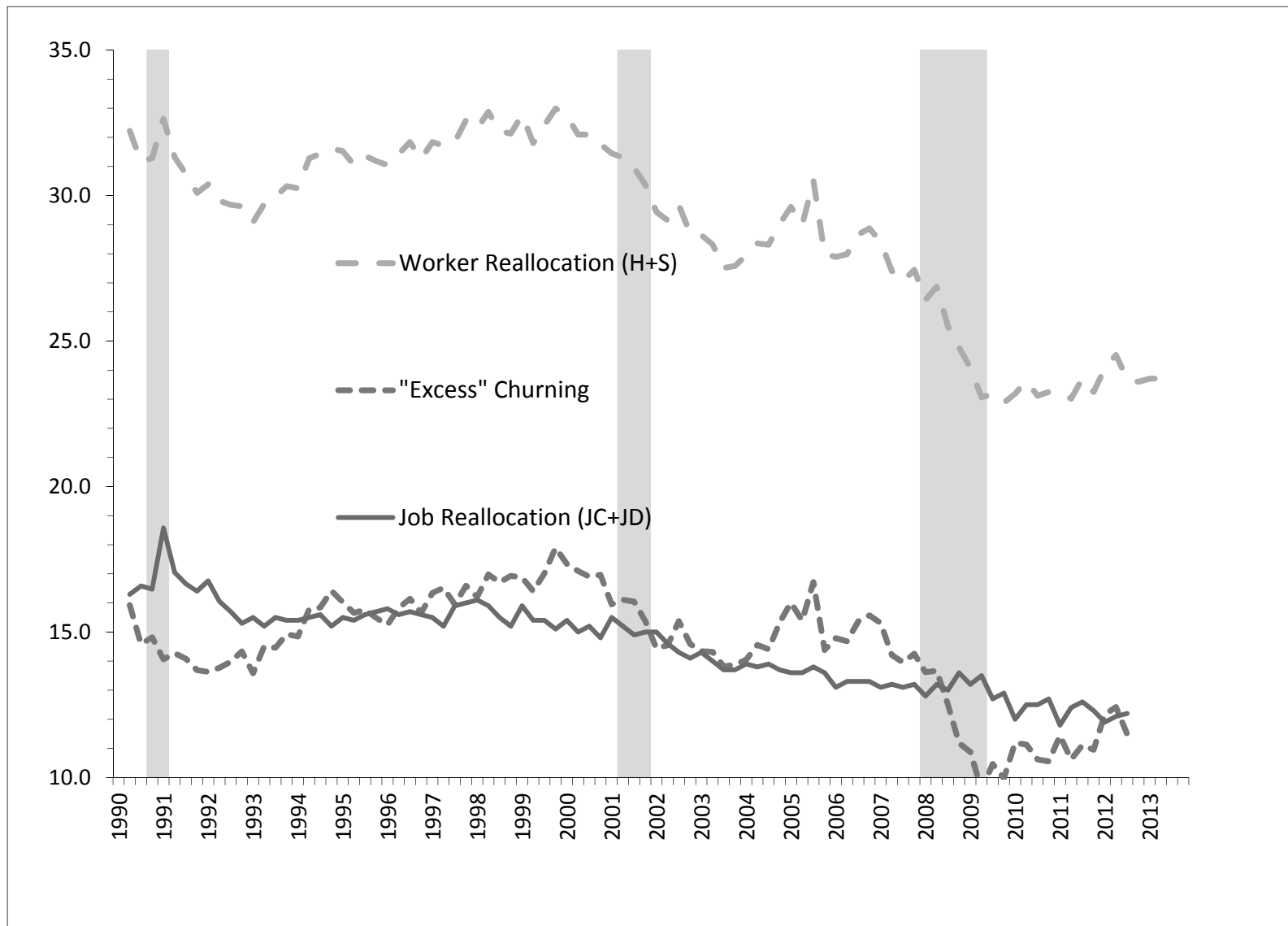
Legend:
- Job Destruction (left axis)
- Layoffs (Left Axis)
- Unemployment Inflows, CPS (Left Axis)
- Initial UI Claims (Right Axis)

Source: Davis, Faberman and Haltiwanger (2011), BED and JOLTS

Quarterly Job Creation and Hires: U.S. Private Sector

Percent of Employment

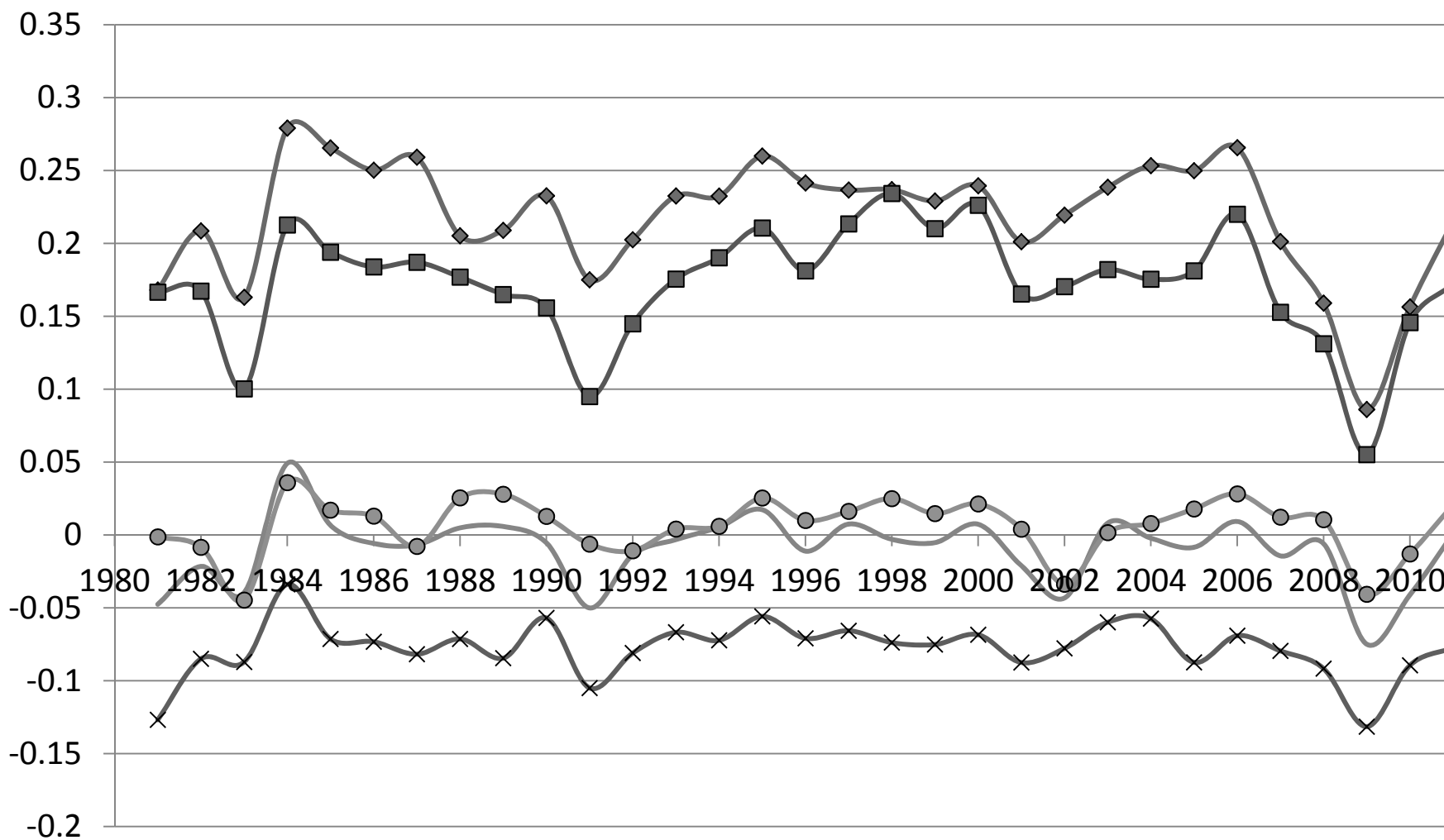Job Creation (left axis)

Hires (right axis)

Source: Davis, Faberman and Haltiwanger (2011), BED and JOLTS

About half of worker reallocation (hires+separations) due to job reallocation. Both job and Excess churning exhibit downward trends. Excess churning has fallen substantially in Great Recession and been slow to recover.

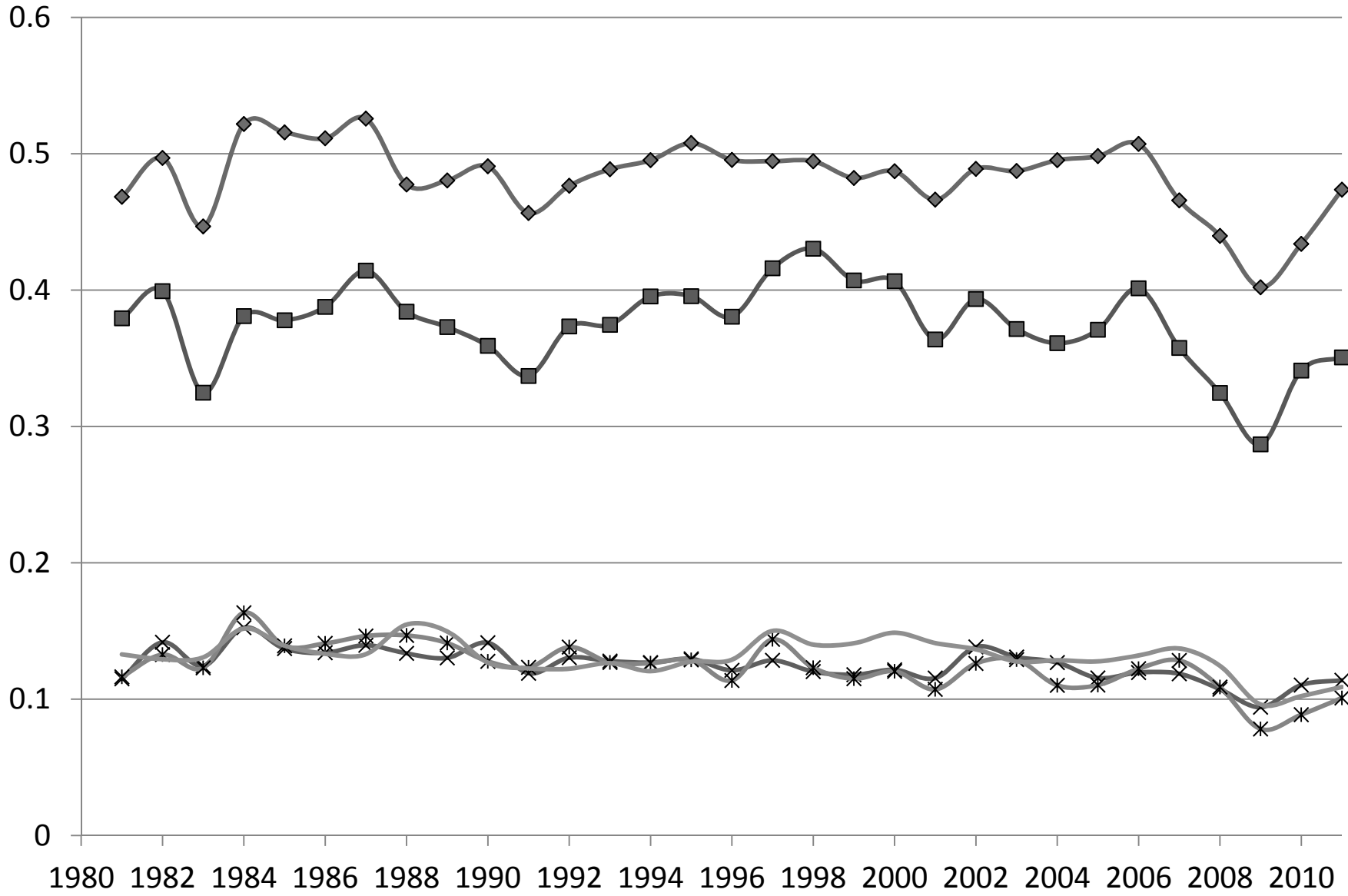# Important to distinguish between firm size and firm age…

Net Growth Rates by Firm Age and Firm Size   Source: BDS

Legend: ◆ Young, Small   ■ Young, Med   ✕ Older, Small   — Older,Med   ● Older, Large

7

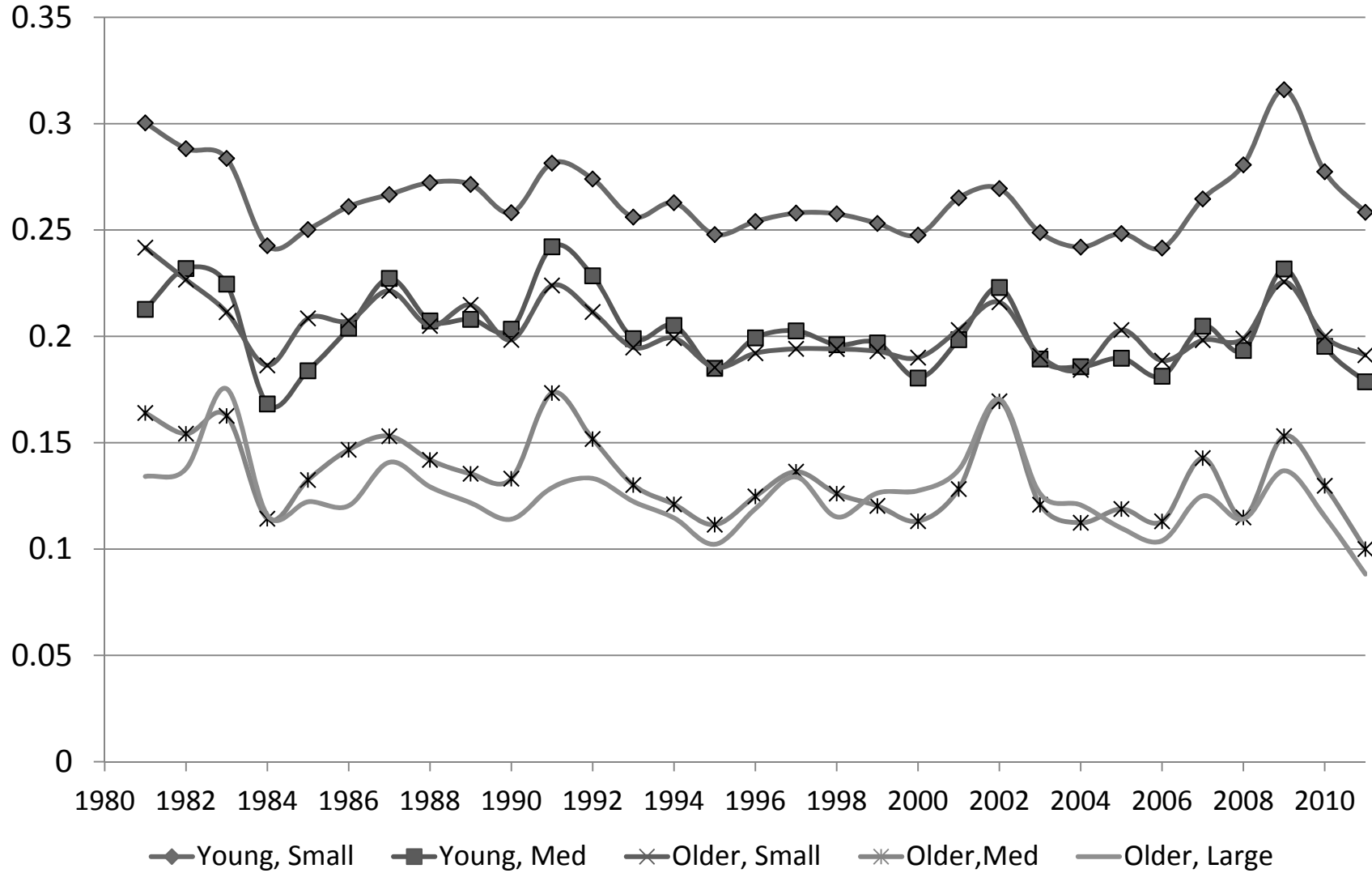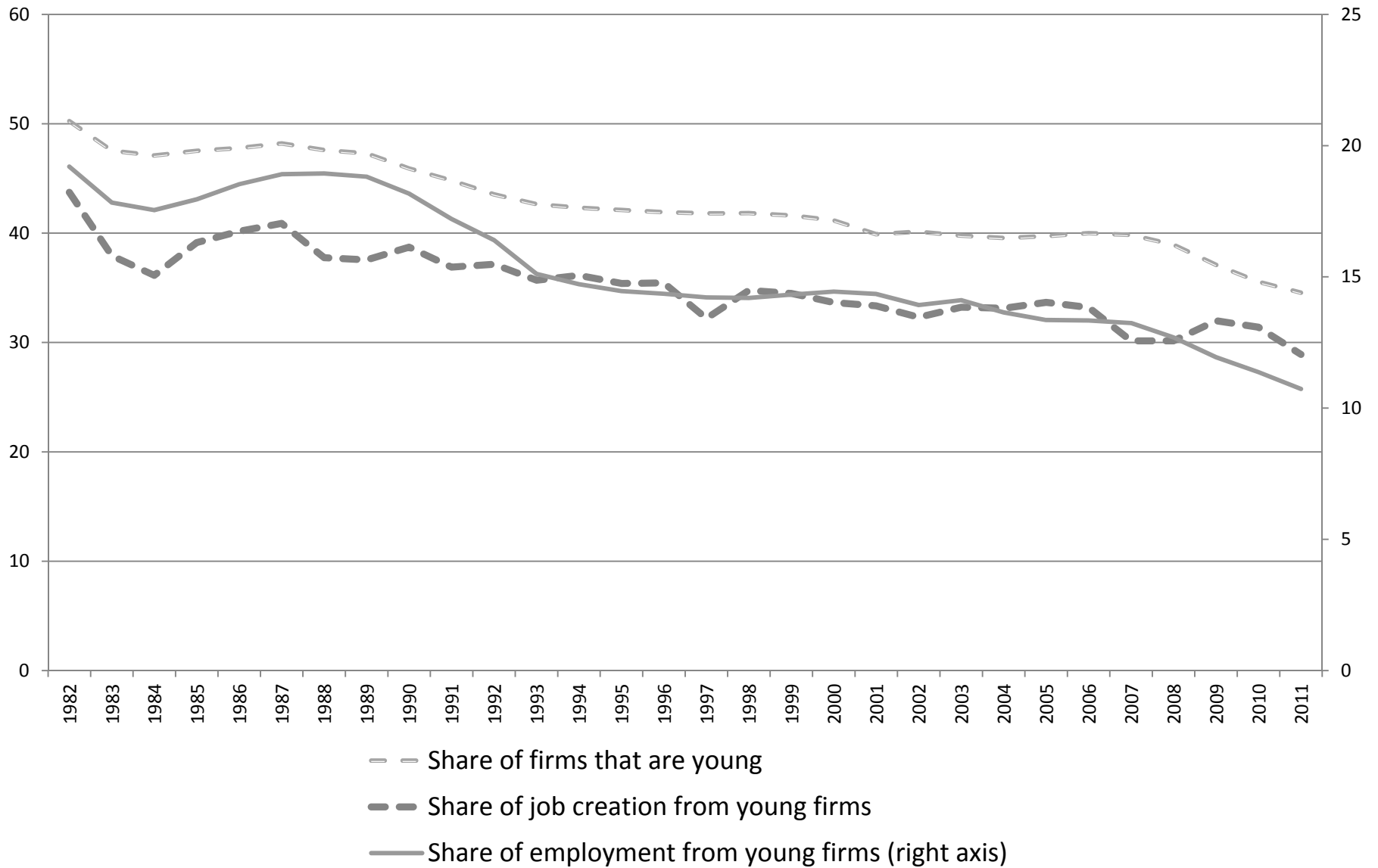**Job Creation Rates by Firm Age and Firm Size**

Source: BDS

Legend: Young, Small — Young, Med — Older, Small — Older,Med — Older, Large

8
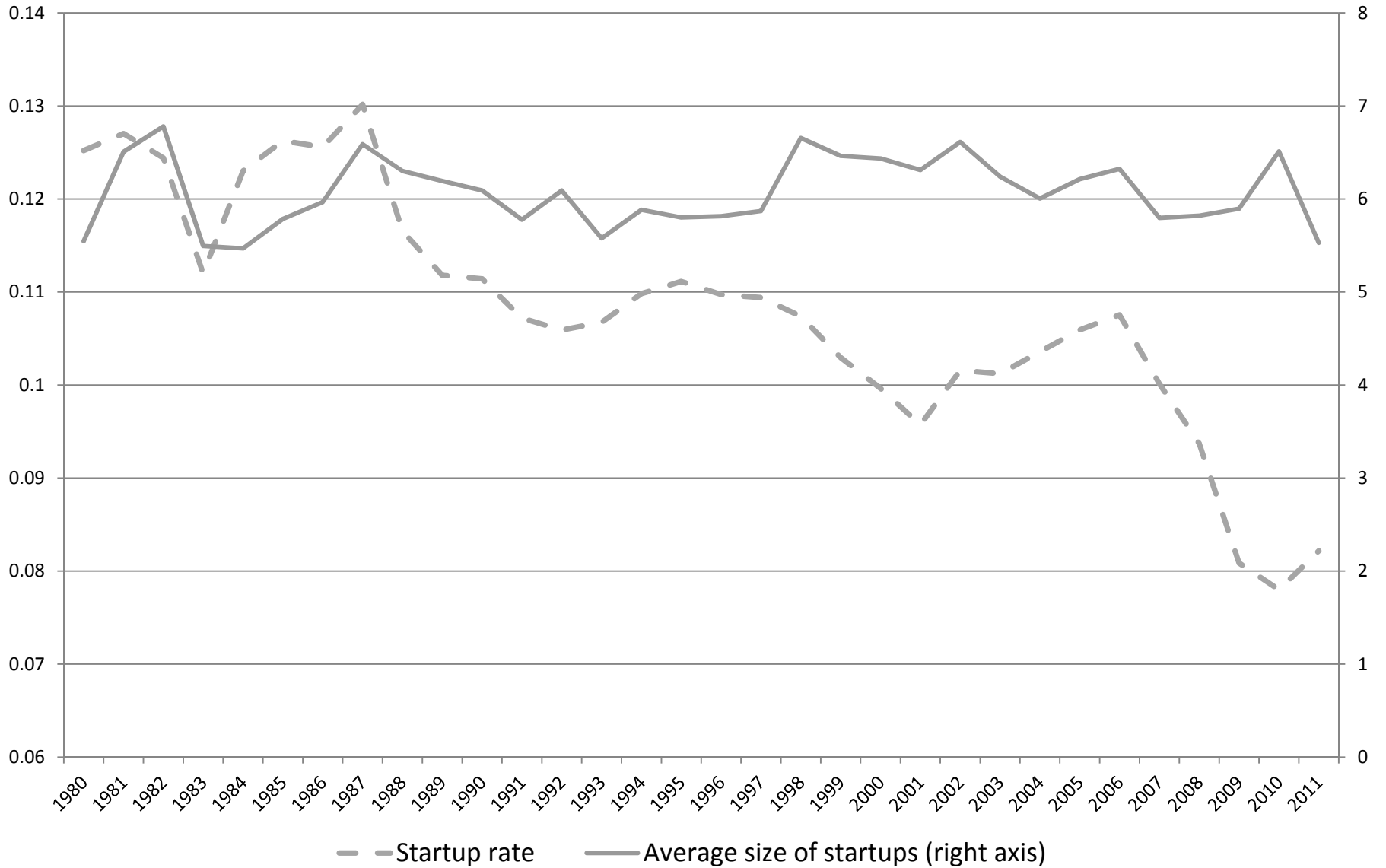
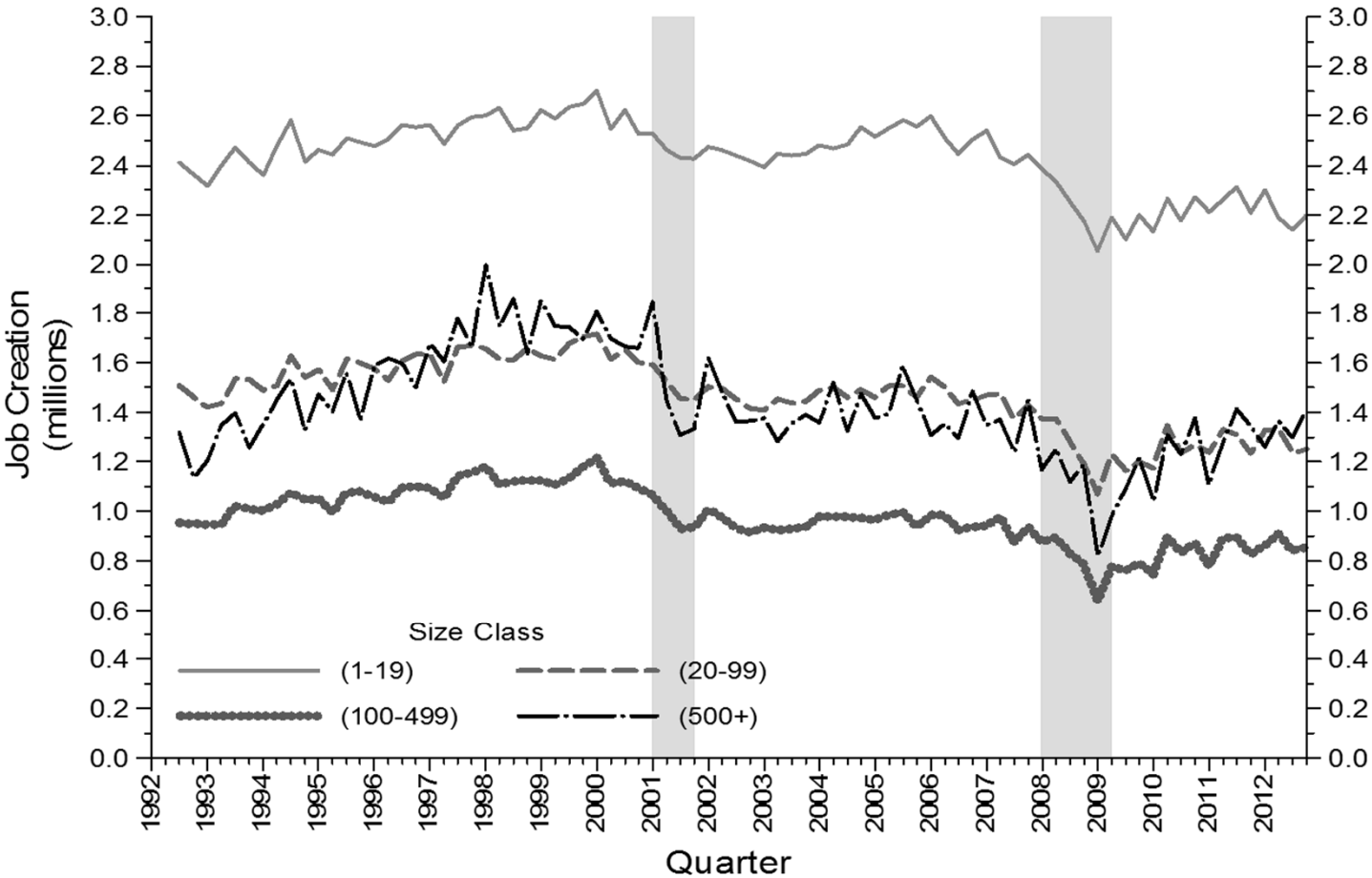**Job Destruction Rates by Firm Age and Firm Size**

Source: BDS

Legend: Young, Small — Young, Med — Older, Small — Older, Med — Older, Large

9

**Declining Share of Activity from Young Firms
(Firm Age Five or Less), Source: BDS**

Legend:
- – – Share of firms that are young
- ▬ ▬ Share of job creation from young firms
- ——— Share of employment from young firms (right axis)

Annual Startup Rate and Average Startup Size
1980-2011, Source: BDS

- - - Startup rate   ———— Average size of startups (right axis)
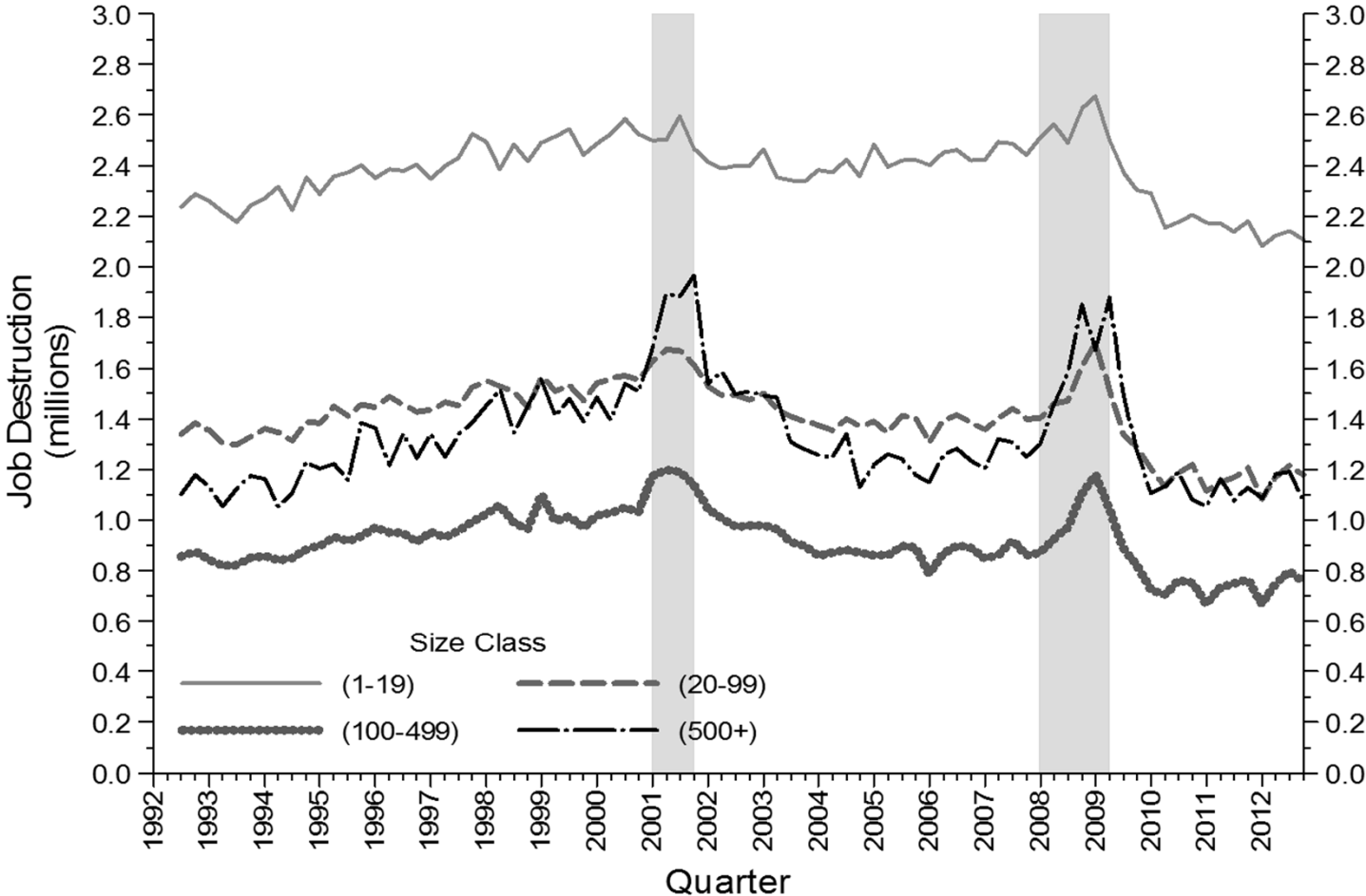
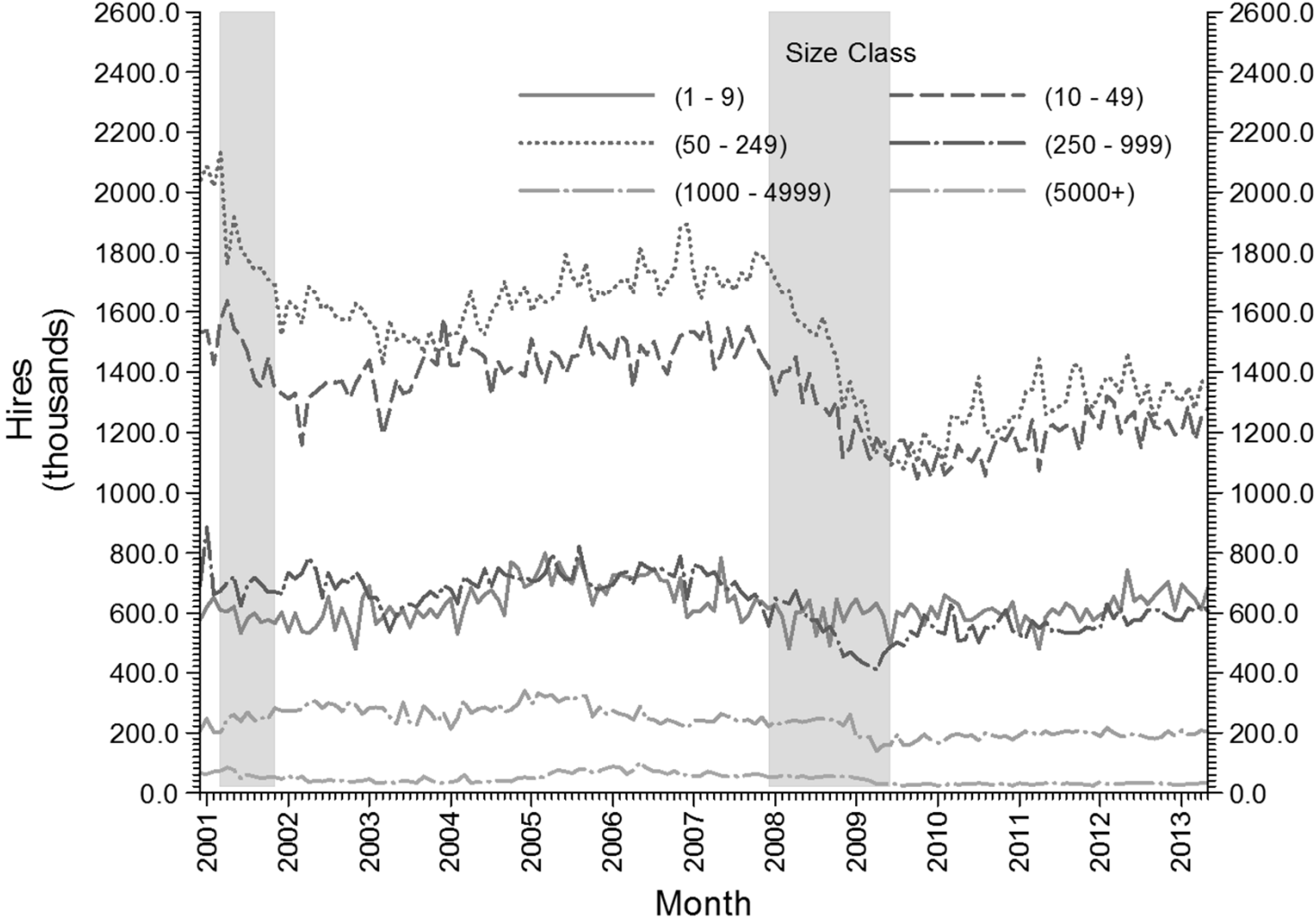# Gross Job Creation Levels by Employer Size

Source: BLS BED
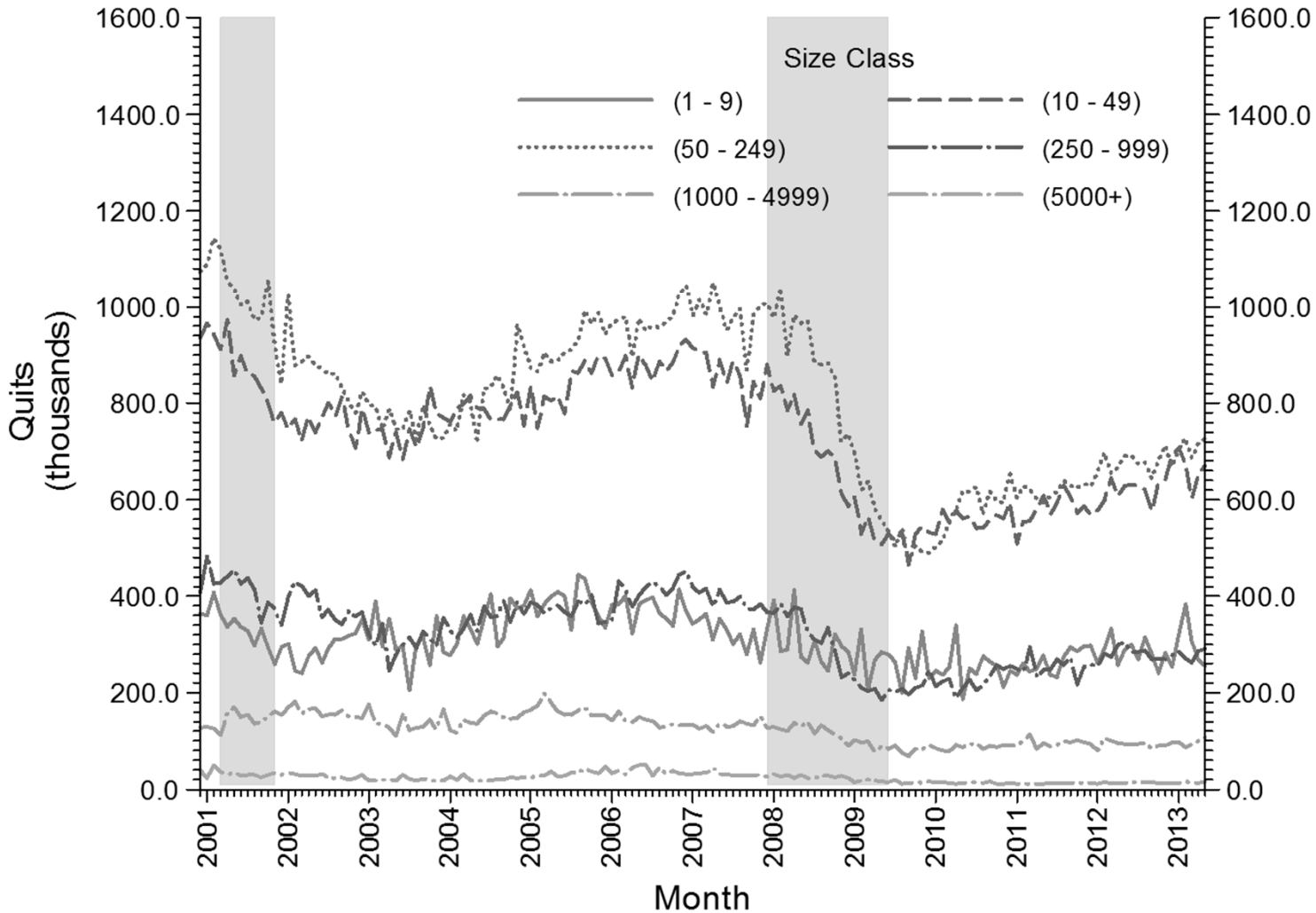
Job Destruction Levels by Employer Size
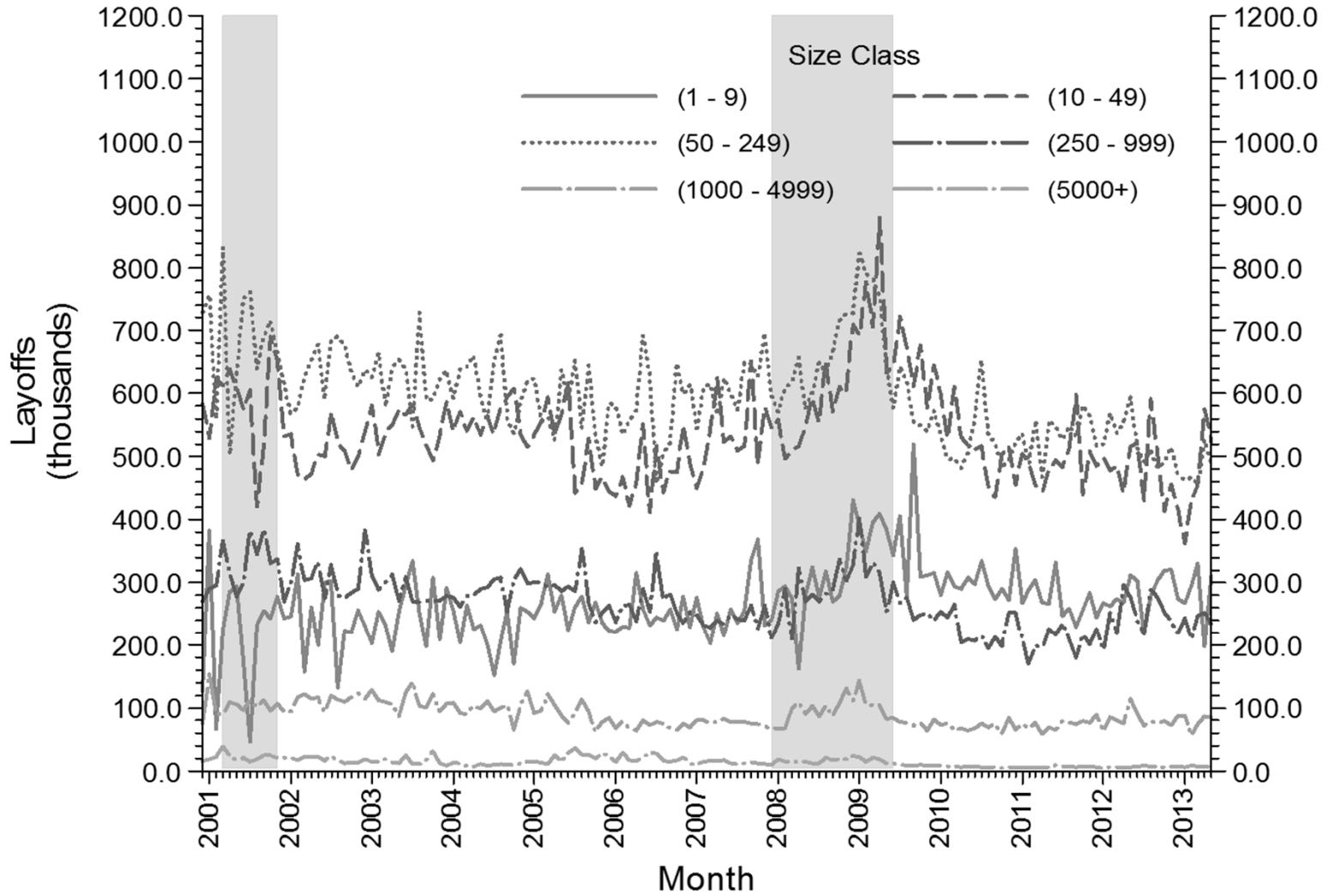
Source: BLS BED

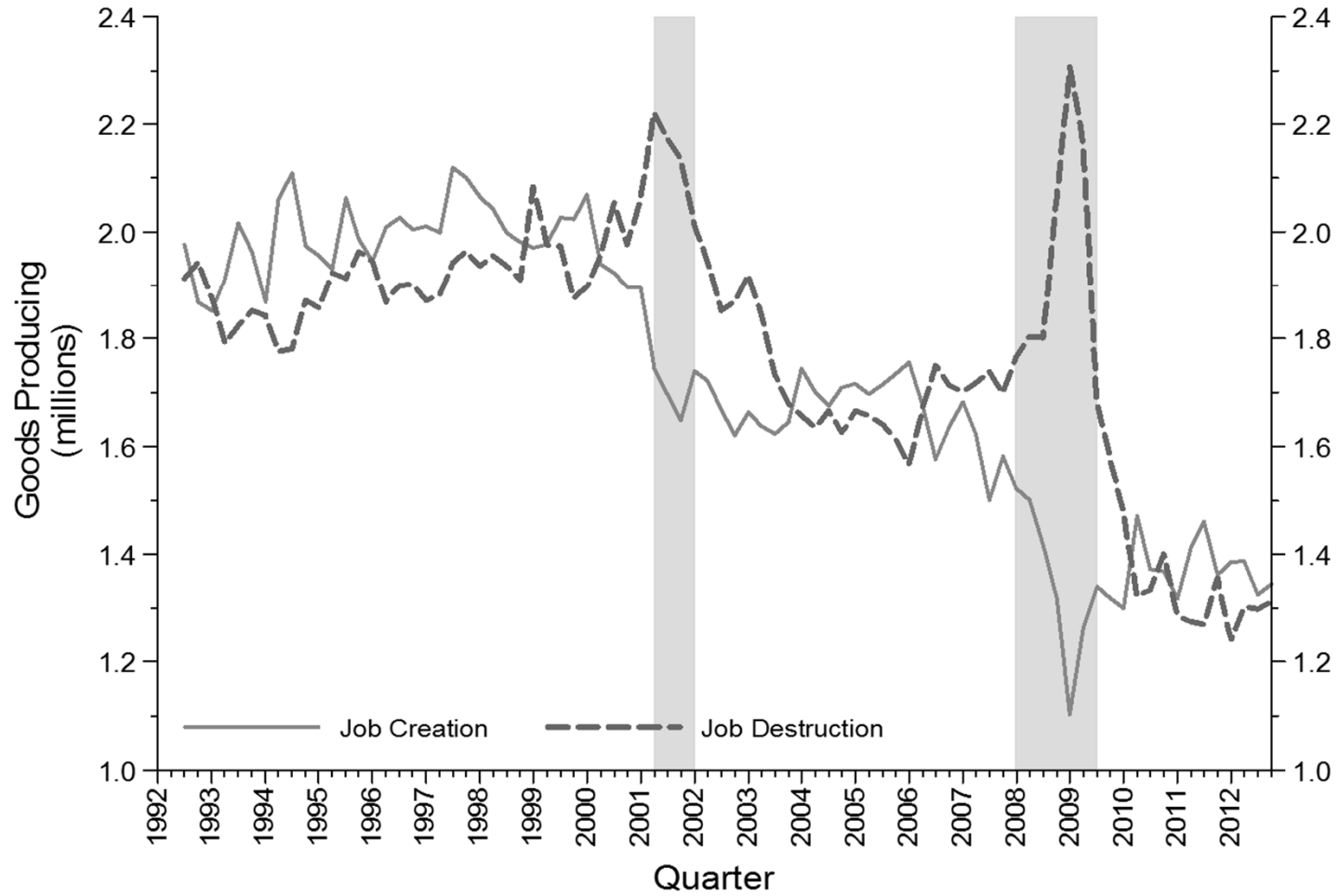# Monthly Hires by Establishment Size Class, JOLTS

Monthly Quits by Establishment Size Class, JOLTS
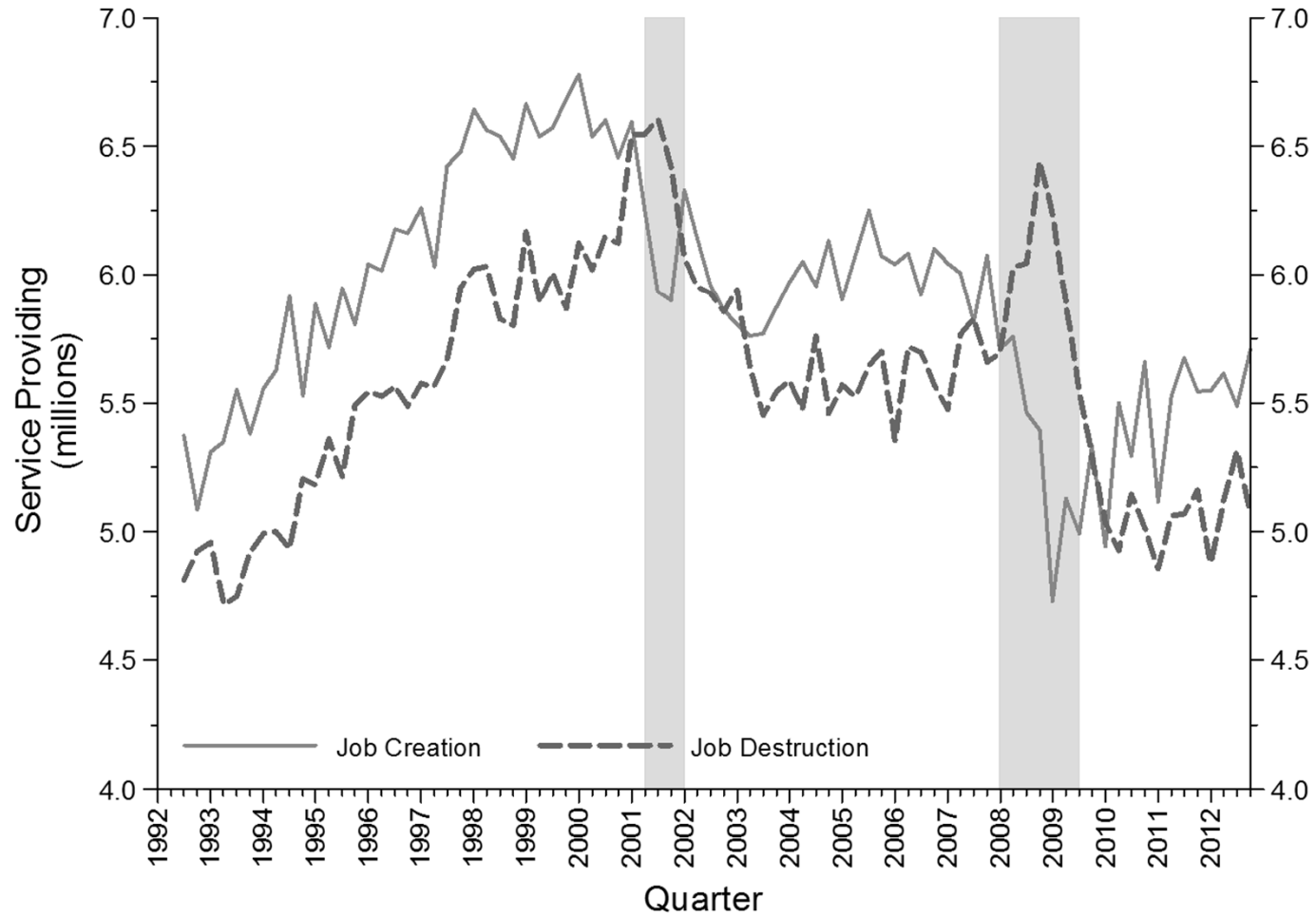
Monthly Layoffs by Establishment Size Class, JOLTS

Goods producing – destruction more than "recovered" but creation has not…

Source: BED

Service sector similar but somewhat more robust recovery….

Source: BED