

Q&A...

with Ryan Michaels, an economist and economic advisor here at the Philadelphia Fed.



Ryan Michaels

Before joining the Federal Reserve Bank of Philadelphia in 2015, economist and economic advisor Ryan Michaels taught macroeconomics at the University of Rochester. He first became interested in his primary areas of research, macroeconomics and labor markets, while pursuing his doctorate in economics at the University of Michigan.

Where did you grow up?

In Elkhart, Indiana, which had the distinction in the Great Recession of experiencing the largest rise in unemployment of any region in the country. It was heavily manufacturing, although my folks worked in white-collar jobs. I didn't know how heavily concentrated Elkhart was in manufacturing until I was older.

Did learning about manufacturing in Elkhart pique your interest in labor market economics?

I got interested in labor markets even before then. You only had to look at the headlines to see how fast manufacturing employment fell everywhere, particularly starting in 2000.

A lot of your work is about layoffs and rehiring. Was anybody in your household growing up laid off or rehired?

Fortunately, no, because both of my folks had very long-term relationships with their employers. Then, in grad school, I read about the other side of the market, which experiences a lot more volatility. And a lot of that is layoffs and job destruction. Since our household had experienced job stability, that seemed awfully unsettling to me. That's what got me interested.

Your article in this issue evaluates COVID-19 mitigation policies such as essential-business lists. What about vaccines? How would you evaluate their effect as a mitigation policy?

There is variation across states in how they have managed the logistics of the rollout and how they have prioritized who gets the vaccine. Should you try to vaccinate people (like frontline workers) who are more likely to be infected by, and spread, the disease, or should you try to vaccinate those who are most likely to die if infected? My impression is that states at first took different approaches, so you could see how the spread of the disease varied depending on who was vaccinated as well as the total number of vaccinations.

Much of your work addresses the inadequacies of canonical labor market

models. What was the state of labor market modelling when you began graduate school, and how did you come to think these models needed improvement?

When I began graduate school, the most popular kind of job search model treated a firm like it was just a single manager who hires one worker. That bothered me, because there was an enormous amount of scholarship that looked at establishment-level microdata and characterized the heterogeneity across firms. You want to integrate plausible models of individual firms into macro models of job search so you can speak to firm dynamics as well as unemployment, vacancies, and layoffs. That led to one of the papers I co-wrote.¹ That's been the direction of a lot of the literature since then, which seems to me a profitable direction.

Your last *Economic Insights* article was about the long-run decline in men's labor force participation.² During the COVID-19 pandemic, there's also been a decline in women's labor force participation. What are your thoughts about that?

Women's workforce participation has been much more responsive than it typically is in recessions, and the decline in nonemployment is most pronounced among single mothers. Being out of the labor force is a hit to their human capital production—typically, you learn on the job, developing more skills. However, if as an employer I see someone who hasn't had a job for a while, I don't have to guess as to why they didn't have a job. There's usually the concern, "Is this person not that committed? Do I really want to hire them?" Well, we've had an obvious aggregate event, so they might have less trouble reengaging with the labor market. ■

Notes

¹ Michael W. L. Elsby and Ryan Michaels. "Marginal Jobs, Heterogeneous Firms, and Unemployment Flows," *American Economic Journal: Macroeconomics*, 4:1 (2013), pp. 1–48.

² Ryan Michaels. "Why Are Men Working Less These Days?" *Economic Insights* (Fourth Quarter 2017), pp. 7–16.