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Second Quarter 2004, Volume XXVIII, Issue 2

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## 2 Assessing the jobless recovery

**Daniel Aaronson, Ellen R. Rissman, and Daniel G. Sullivan**

This article reviews trends in employment growth during the recent recovery, including new evidence that much of the increase in self-employment since the beginning of the recession is likely a reflection of the weak labor market conditions of the last three years. The authors also offer thoughts on the strengths and weaknesses of several explanations for the disappointing employment growth of the last few years.

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## 21 Is the official unemployment rate misleading? A look at labor market statistics over the business cycle

**Lisa Barrow**

While maximum unemployment rates following the most recent economic recession are low by historical standards, the lack of increase in payroll employment leads many to conclude that official unemployment rates understate current labor market weakness. This article compares other labor market statistics during the current period with earlier recoveries. While the level of the current unemployment rate may not be directly comparable with earlier periods, additional labor market evidence discussed here suggests that the current labor market may be stronger than in previous recovery periods of the past 30 years.

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## 36 Can sectoral reallocation explain the jobless recovery?

**Daniel Aaronson, Ellen R. Rissman, and Daniel G. Sullivan**

This article reconsiders the case for sectoral labor reallocation's role in the jobless recovery. The authors review and critique previous attempts to measure sectoral reallocation, with a particular emphasis on the recent contribution of Groshen and Potter (2003). Their conclusion, based on an extension of Rissman (1997), is that the need to reallocate employment across industries was lower during the most recent two recessions than in previous business cycles. Therefore, sectoral reallocation likely has not played an important role in these jobless recoveries.

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## 50 Creative destruction in local markets

**Jaap H. Abbring and Jeffrey R. Campbell**

This article uses a panel of Texas restaurants' and bars' alcohol tax returns to measure the pace of creative destruction—the ongoing replacement of unproductive competitors with new firms—and it investigates whether producers in more concentrated markets might use their market power to stabilize the industry structure. The authors find the opposite to be true: Local markets with more concentrated alcohol sales display more creative destruction.