

# IAB-Colloquium zur Arbeitsmarkt- und Berufsforschung

## The Long-Term Effects of Mass Layoffs During the 1982 Recession

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We use longitudinal data from Social Security records covering up to 30 years of earnings to present the first national estimates of the long-term cost of job displacements during the 1982 recession. The utilized new longitudinal data set contains firm size to isolate workers who separate from their stable job during a sudden mass layoff. When we compare the workers displaced from their jobs to similar non-displaced workers, or workers in firms to workers in similar firms that did not experience mass layoffs, we find large immediate losses in annual earnings of 30 percent. After 15 to 20 years, those losses are still 20% and thus represent a significant setback in workers' life-time resources. Our estimates are robust to alternative specifications including industry-year or firm-year effects, hold for workers with weak prior job attachment, and are strong and long-lasting for all age- and industry-groups we study. They are still large and permanent, albeit somewhat smaller, for workers displaced at the peak of the late 1980s recovery. Our estimates confirm the larger range of estimates from previous studies based on single U.S. states and selected samples of workers.

**Donnerstag, 8. August**

11:00 Uhr

Sitzungssaal 126a