



Research Working Papers

Job Polarization and the Natural Rate of Unemployment in the United States

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The natural rate of unemployment has declined in the past two decades due to demographic and technological changes.

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I present a new estimate of the natural rate of unemployment in the United States that accounts for changes in the age, sex, and skill composition of the labor force. Using micro-level data from the Current Population Survey for the period 1994–2017, I find that the natural rate of unemployment declined by 0.5 percentage point since 1994 and currently stands at 4.5 percent. My projections show that ongoing demographic and technological changes could lower the trend rate further to 4.4 percent by the end of 2022.

JEL Classification: E24, J21, J23, J24

Article Citations

- Tüzemen, Didem. 2018. “Job Polarization and the Natural Rate of Unemployment in the United States.” Federal Reserve Bank of Kansas City, Research Working Paper No. 18-03, April. Available at <https://doi.org/10.18651/RWP2018-03>

Related Research

- Tüzemen, Didem. [A New Estimate of the Natural Rate of Unemployment. 2017.](#)
 - Aaronson, Daniel, Luoja Hu, Arian Seifoddini, and Daniel G. Sullivan. 2015. “Changing Labor Force Composition and the Natural Rate of Unemployment.” Federal Reserve Bank of Chicago, Chicago Fed Letter, no. 338.
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