

ABSTRACT:

Displacement Effects in Manufacturing

Ines Helm

LMU

15 Feb 2022 from 02.15-03.30 p.m.

We investigate the sources of wage losses from displacement in the manufacturing sector. Manufacturing establishments traditionally employed low- and high-wage workers in similar proportions and paid substantial wage premiums to both types of workers. Structural change has led to the disappearance of manufacturing jobs, particularly for low-wage workers. Decomposing displacement wage losses, we show that low-wage workers suffer particularly large losses in establishment premiums following displacement, whereas high-wage workers tend to fall down the match quality ladder. With ongoing structural change, losses in wages and establishment premiums have increased over time, especially for low-wage workers, in part because they are increasingly forced to switch to low-knowledge service jobs where establishment premiums are low.