The Fed - Labor Market Tightness during WWI and the Postwar Recession of 1920-1921

Author:Haelim Anderson and Jin-Wook Chang

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Labor Market Tightness during WWI and the Postwar Recession of 1920-1921  
Haelim Anderson and Jin-Wook Chang  
Abstract: The U.S. economy entered the 1920s with a robust job market and high inflation but fell into a recession following the Federal Reserve's discount rate hikes to tame inflation. Using a newly constructed data set, we study labor market dynamics during this period. We find that labor markets were tight when the Federal Reserve began tightening monetary policy, but they became loose following the tightening as the recession deepened. The demand-supply imbalance in the labor market was driven by a sharp decline in the number of job openings. We also show that the recession had an uneven effect on labor markets across sectors and by gender.  
  
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