

# Metropolitan and nonmetropolitan labor markets

*Douglas Himes*

In “[Labor market outcomes in metropolitan and non-metropolitan areas: signs of growing disparities](#)” (*FEDS Notes*, Board of Governors of the Federal Reserve System, September 25, 2017), Alison Weingarden examines employment characteristics for working-age adults, some with no more than a high school education and others with at least some college, in metropolitan areas and nonmetropolitan areas from 1997 to 2017. She uses Current Population Survey and Occupational Employment Statistics data to show how unemployment rates, labor force participation rates, and average wages are related to educational attainment and geographic location.

Unemployment rates for prime-working-age adults (ages 25–54) in large metropolitan areas, small metropolitan areas, and nonmetropolitan areas were quite similar from 1997 through 2014. Since 2015, they have separated, with unemployment rates in nonmetropolitan areas being higher than those in metropolitan areas. Among metropolitan areas, small metropolitan areas have had higher unemployment rates than large metropolitan areas.

The unemployment rates for workers with at least some college education in nonmetropolitan areas have been similar to those of their counterparts in metropolitan areas. In contrast, unemployment rates for workers with no more than a high school education have been noticeably higher in nonmetropolitan areas than in metropolitan areas in recent years, though this was preceded by a few years when the opposite was true.

Labor force participation rates by area have generally remained discrete throughout the study period, with participation rates higher in metropolitan areas than in nonmetropolitan areas, and generally higher in large metropolitan areas than in small metropolitan areas. But in recent years, the gap between the three has widened. While the participation rates for all three areas have declined over the past decade, nonmetropolitan areas have experienced the sharpest decrease. Small metropolitan areas saw a more moderate decline, while large metropolitan areas experienced the smallest reduction.

The wages of higher skilled workers in metropolitan areas have remained at about the same level relative to their high skilled counterparts in nonmetropolitan areas over the past decade. The wages of lower skilled workers in metropolitan areas, however, have declined relative to their lower skilled counterparts in nonmetropolitan areas. In short, the wages of higher-skilled workers in both metropolitan and nonmetropolitan areas and lower-skilled workers in nonmetropolitan areas have increased more than lower-skilled workers in metropolitan areas.

The author closes with some pertinent questions: Are our nation’s nonmetropolitan areas going through a period of stagnation? What might be preventing these disparities from self-correcting? What role is played by internal migration? Why was employment more plentiful for lower-skilled workers in metropolitan areas, while their wage growth lagged behind the growth in wages experienced by other workers?