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## Understanding the Decline in the U.S. Labor Share: Evidence from Occupational Tasks

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# Understanding the Decline in the U.S. Labor Share: Evidence from Occupational Tasks\*

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## Abstract

In this paper, I provide empirical evidence linking the decline in the labor share to the replacement of occupations with substantial routine task content. Using cross-industry variation, I show that the overall labor share decline is driven by the replacement of occupations specializing in routine tasks. I further find that the accelerated decline in the labor share since 2000 is associated with the replacement of higher skill occupations with substantial routine task content. Finally, I estimate the effects of increased import competition on the labor share decline and how this relates to the replacement of occupational tasks. While increased import competition plays a significant role in explaining the overall labor share decline and works through replacing routine occupations, it cannot account for the accelerated labor share decline and replacement of higher skill occupations post-2000.

**Keywords:** Labor Share, Tasks, Routine Occupations, Import Competition

**JEL codes:** E25, J23, F16

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