VIEWPOINT

Triad Business Journal welcomes letters to the editor

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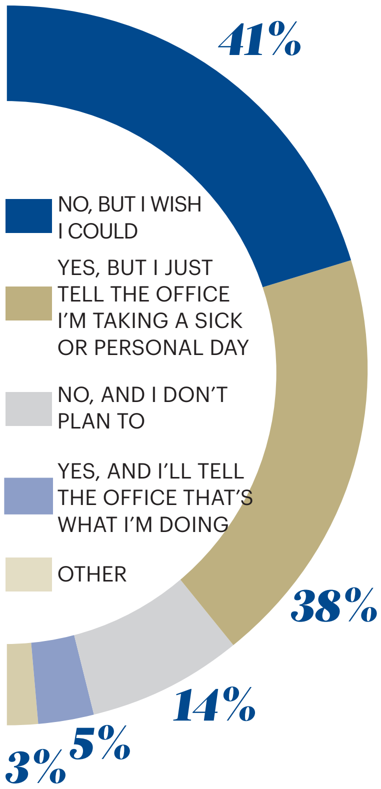
▸ BUSINESS PULSE SURVEY

WE ASKED

Do you take time off work for your mental health?



THIS WEEK'S QUESTION

What new streetscape features does Greensboro's downtown need most?

OPINION

Let's celebrate Labor Day by debunking workforce myths

Labor Day is upon us, and one of the holiday's traditions is for pundits to address the state of labor in America. Who am I to break tradition? So let's go over a few faulty claims I've seen recently about U.S. labor markets.

▸ **Low labor-force participation is due to rising disability benefits.** The labor force is the number of people who are either employed or actively looking for work. In previous recessions, the rate of participation in the labor force recovered when the economy recovered. But this time the labor-force participation rate is still lower than it was prior to the Great Recession. What are all those people doing?

One claim is that the ease of getting Social Security disability benefits is behind this: People prefer free money to going out and getting a job.

However, it's not actually easy to get SSD benefits. The approval rate is roughly half of what it was in 1990, and fewer than one in three applicants is awarded benefits.

In addition, the growth in the SSD program has been due to an aging population, the entry of women in the labor force and the increase in the Social Security retirement age. Most SSD recipients are over 50 and edging out of the labor force anyway after a career of physical labor. The SSD program actually encourages work, but most recipients are simply too broken down to do so.

▸ **The increase in multiple-job holders is a sign of job-market weakness.** It's easy to imagine workers holding down two or more jobs if one doesn't pay enough. But a quick look at the data undercuts this claim. The number of multiple-job holders doesn't rise when the economy worsens, but when it improves. When jobs are more plentiful, the number of people with more than one rises. If anything, the rise in multiple jobs indicates a strengthening labor market.

Besides, when expressed as a percentage of employed people, multiple jobholding has trended downward since the 1990s.

▸ **Skills gaps are still causing unemployment.** It's true that shortages of skilled workers are popping up in some occupations. However, unemployment is actually quite low right now, and that's precisely when there are more shortages.

But skills gaps were never a significant cause of the Great Recession's high unemployment rates. If they had been, we would have seen wages bid up by employers eager to land the right workers, along with great variation in unemployment rates across industries. Neither happened.

There's no indication that the workforce is significantly more skilled now than it was in 2009, and yet unemployment fell anyway.

A recent article in the MIT Technology Review argues that even now, popular reports of skills gaps are overstated. For example, there are fewer long-term job vacancies in manufacturing than is claimed by industry representatives. And while automation does indeed replace and alter the nature of work, we still don't see evidence of wholesale substitution of humans.

The article notes the example of IT help-desk technicians, who "once spent more time on tasks like password resets than they do today. Despite the automation of such functions, computer problems – and the occupation that tackles them – continue to expand."

None of this is to suggest that the U.S. doesn't face challenges involving lower labor-force participation and worker skills. We're also seeing paltry wage gains, increasing monopoly power of corporations, rising income inequality and concerns over worker productivity gains.

But these problems defy simple explanations and therefore require complex solutions. Perhaps I'll tackle all that next Labor Day.

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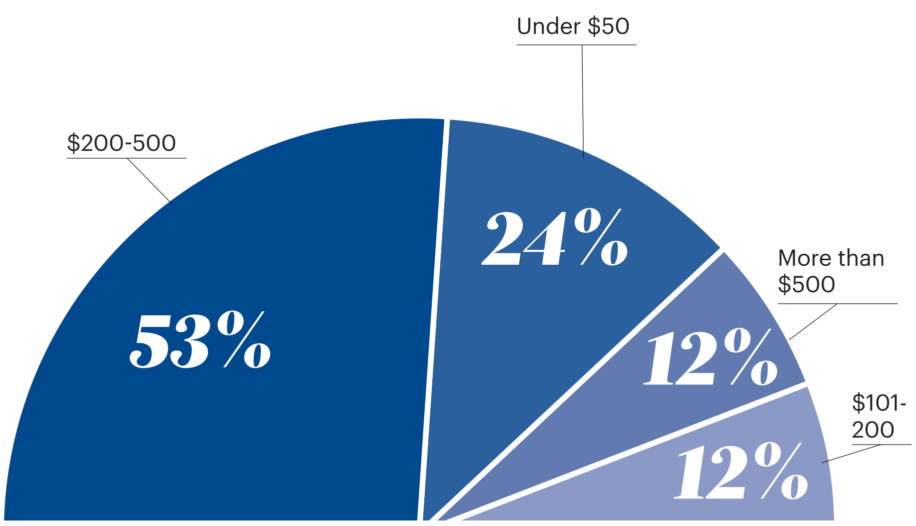
▸ SURVEY SAYS

HOW MUCH ARE YOU SPENDING ON BACK-TO-SCHOOL SHOPPING?



▸ THEY SAID IT

FILE PHOTO

"The only thing that kept me in that match was the crowd. If I was playing that match in Spain or somewhere, I don't see myself winning that match. I mean, no shot."

JOHN ISNER, on his first-round victory in the Winston-Salem Open

"It's always fun to have art and music in our front yard, along with beer and food trucks."

PHIL MCADAMS, president of VF Jeanswear North America, announcing the company's third year as a sponsor of the National Folk Festival Sept. 8-10 in Greensboro.