

Workforce and Societal Trends

It is encouraging to see the U.S. unemployment rate show a downward trend, though we still have a long way to go to reach full employment, generally considered to occur when the unemployment rate is below about 4%.

Chart 1. Unemployment rate, seasonally adjusted, July 2012 – July 2014

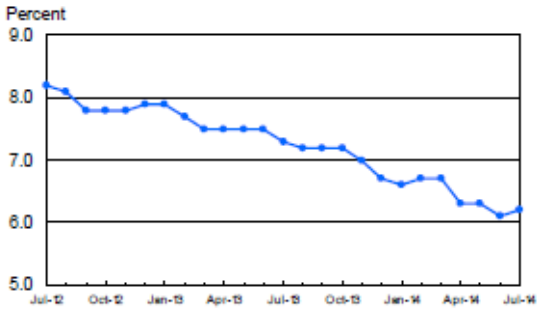
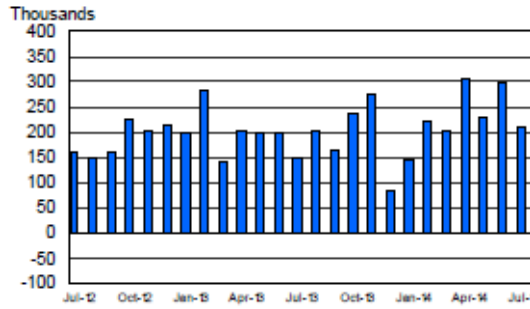


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, July 2012 – July 2014



Source:

BLS News Release, The Employment Situation – July 2014

The job openings rate has increased, since recovering from the drop during the recession:

Chart 1. Job openings rate, seasonally adjusted, July 2011 - June 2014

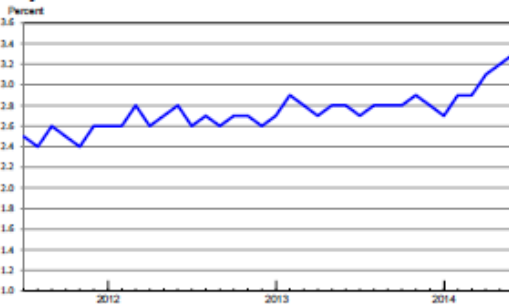
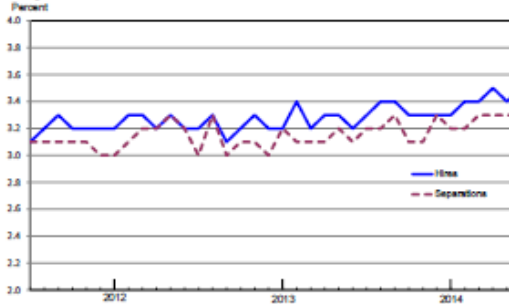


Chart 2. Hires and separations rates, seasonally adjusted, July 2011 - June 2014

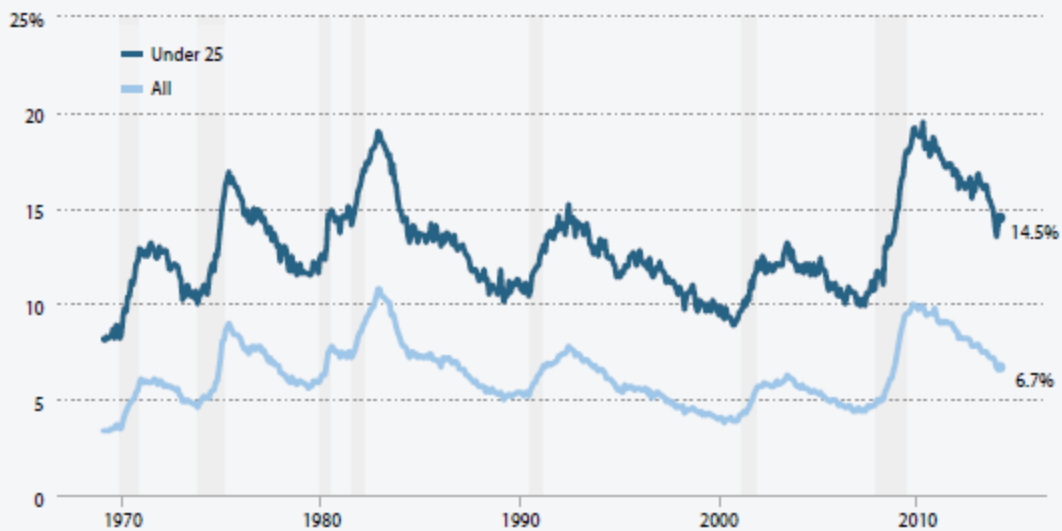


Source: BLS News Release: Job Openings and Labor Turnover – June 2014

Though we can see that those new to the workforce experience particular challenges with much higher unemployment rates:

FIGURE A [VIEW INTERACTIVE on epi.org](#)

Unemployment rate of workers under age 25 and all workers, 1969–2014



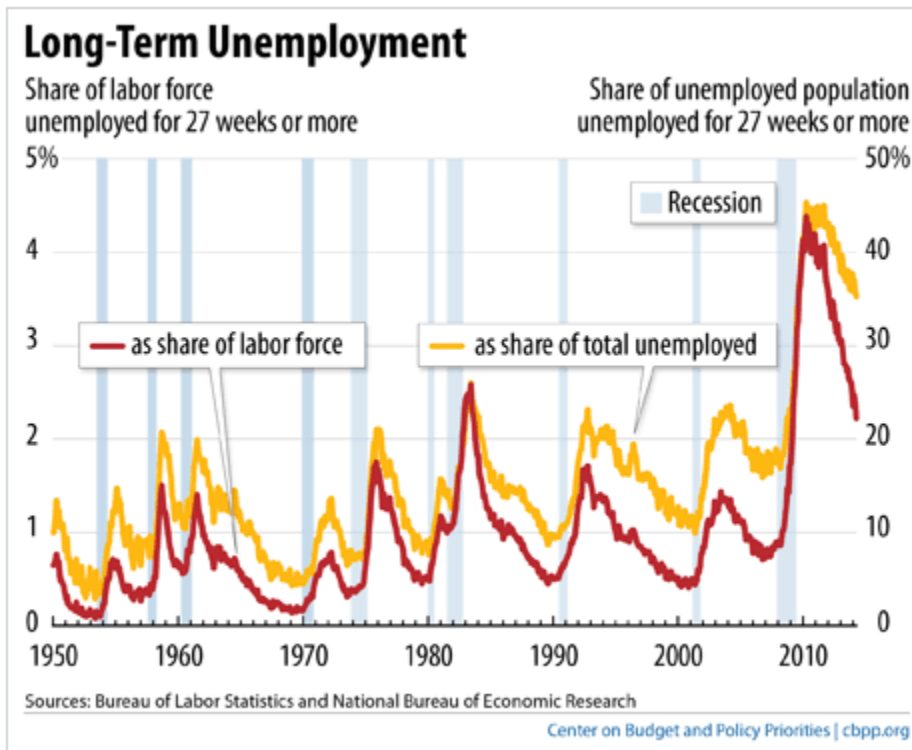
Note: Shaded areas denote recessions. Data are seasonally adjusted.

Source: Authors' analysis of Bureau of Labor Statistics Current Population Survey public data series

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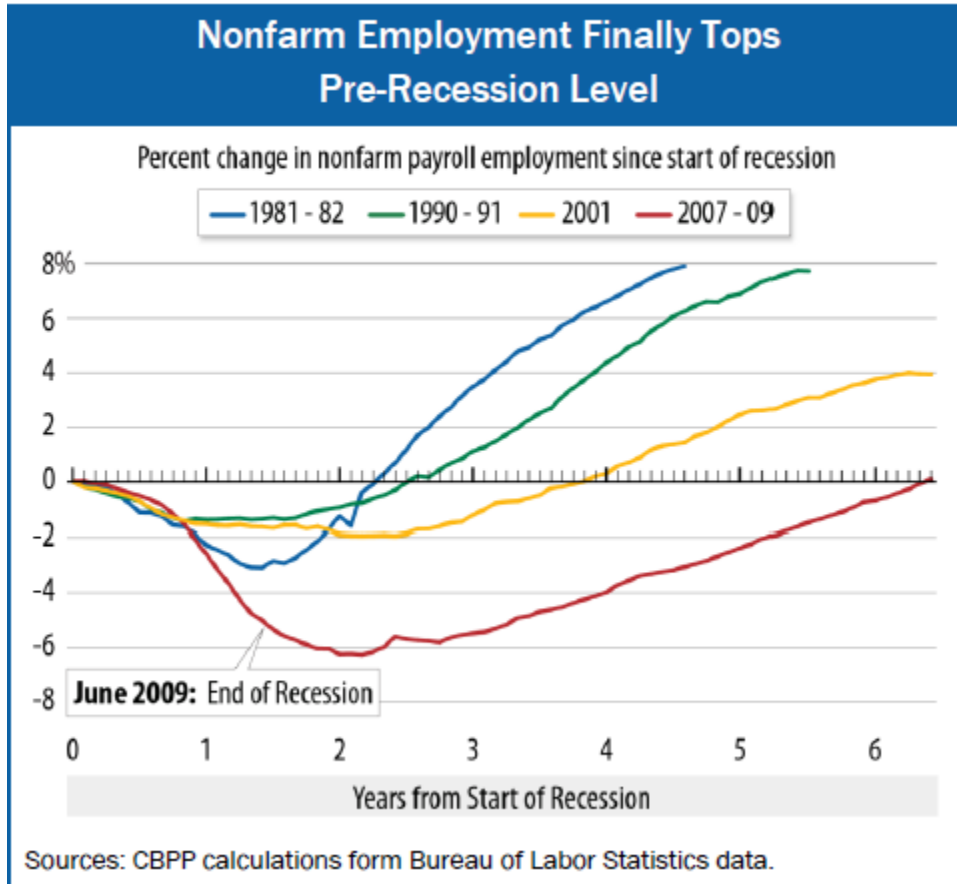
Source: Economic Policy Institute Briefing Paper #377, The Class of 2014, May 1, 2014

And long term unemployment (27 weeks or more) is now a major challenge:



Source: Center on Budget and Policy Priorities, Chart Book, The Legacy of the Great Recession, May 9, 2014.

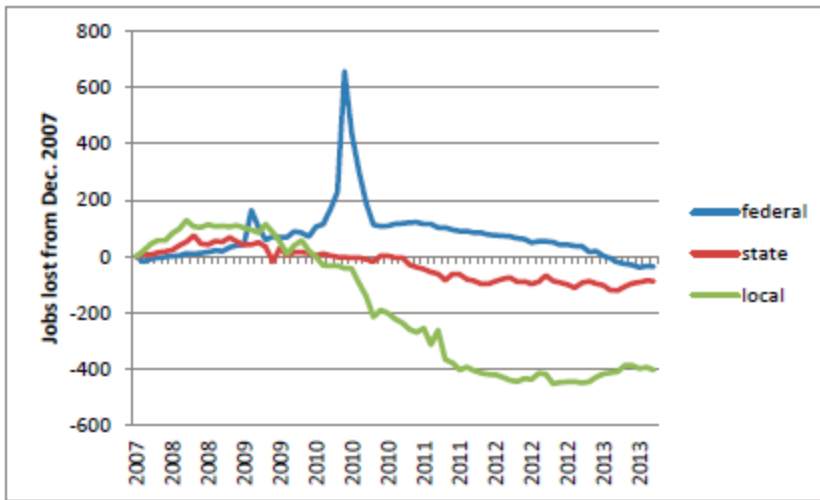
Indeed employment recovery has been much slower than in past recessions:



Source: Center on Budget and Policy Priorities, Statement by Chad Stone, Chief Economist, on the May Employment Report, June 6, 2014.

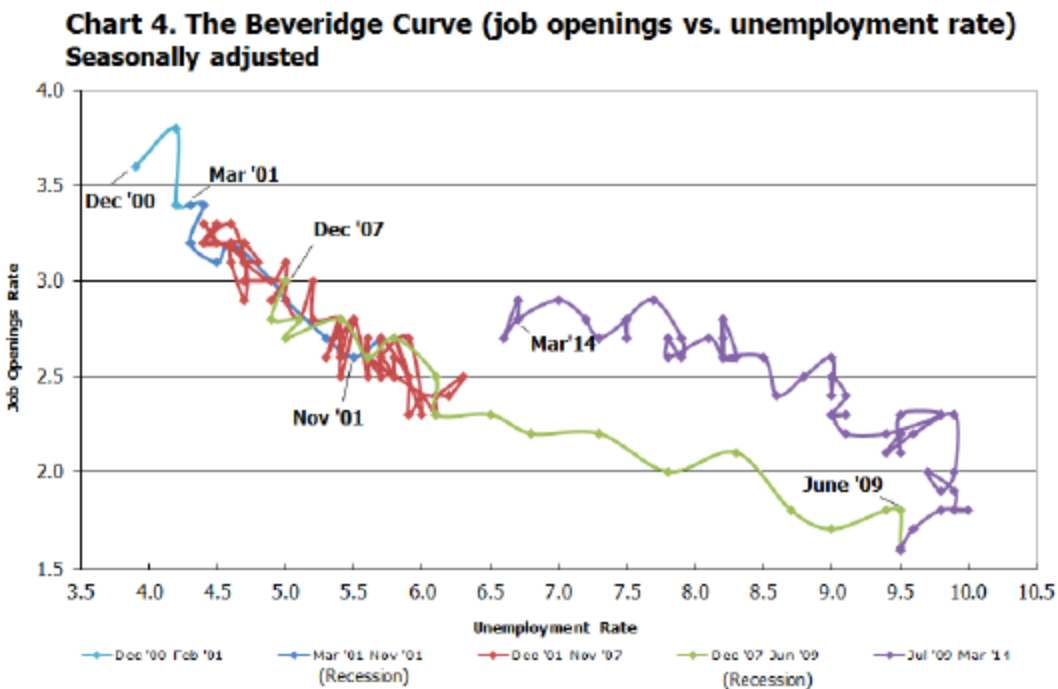
This slow recovery in employment is in part due to reductions in the public sector after an increase that followed the American Recovery and Reinvestment Act of 2009. By the end of 2013 there were 527,000 fewer government employees than at the previous peak of December 2007:

Figure 1: Change in Government Employment Relative to December 2007



Source: Eberts, Randall W. 2014. "U.S. Employment Outlook for 2014: Can the U.S. Economy Stand on Its Own?" International Labor Brief 12 (2) (February): 5-16. Upjohn Institute. English prepublication version. <http://research.upjohn.org/perarticles/35>

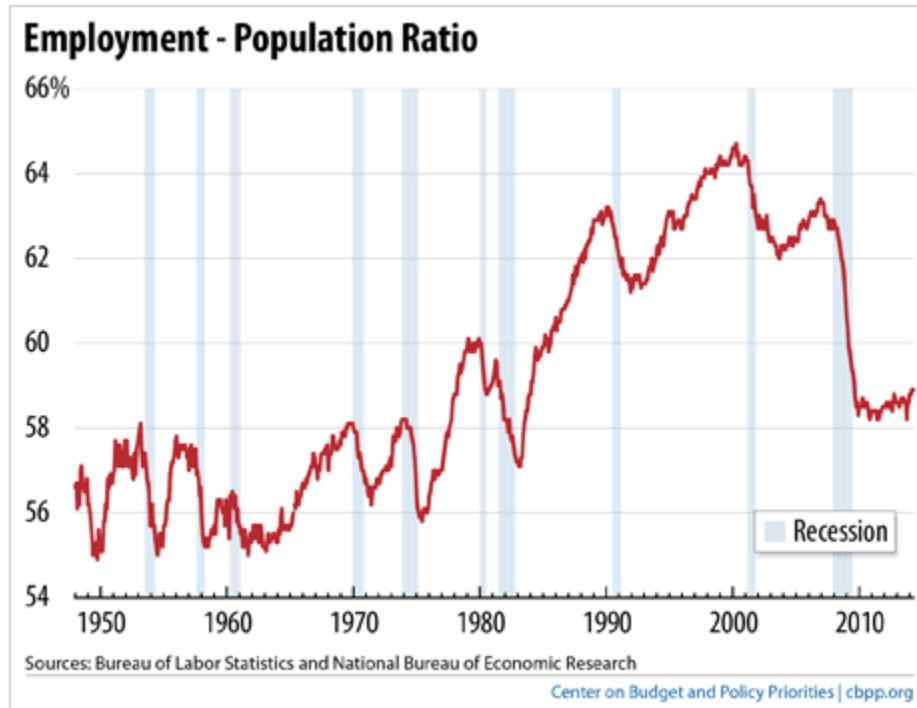
There is some evidence of structural changes in the workforce from the Beveridge Curve that links the job openings rate and the unemployment rate:



Source: Bureau of Labor Statistics, Current Population Survey and Job Openings and Labor Turnover Survey, May 9, 2014.

The unemployment rate is now disproportionately high for a given job openings rate when compared with the situation prior to the last recession.

Coincident with these trends, the employment to population ratio has declined precipitously:



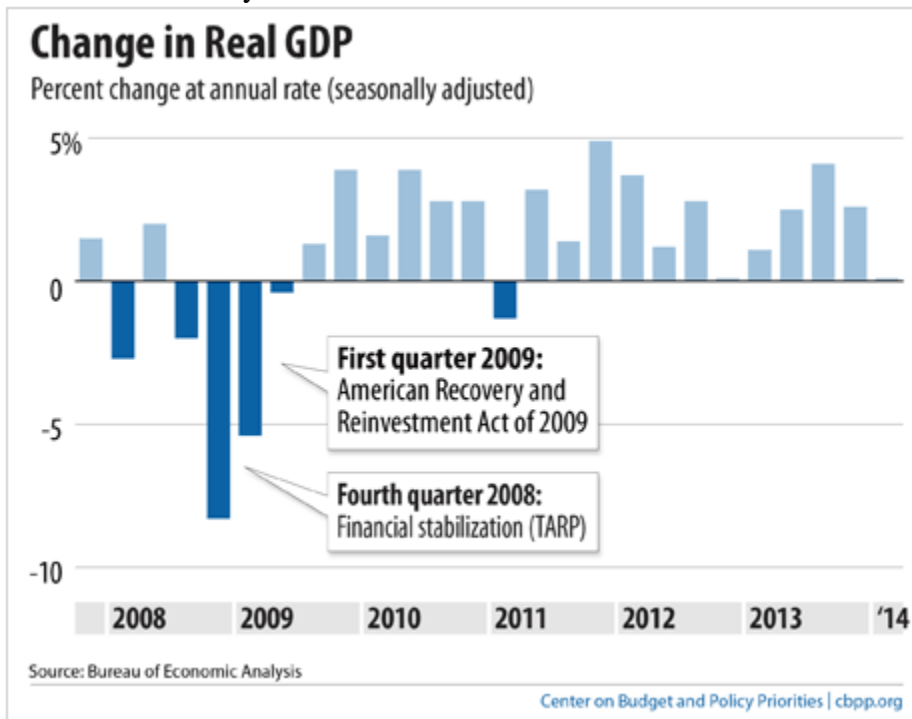
Source: Center on Budget and Policy Priorities, Chart Book, The Legacy of the Great Recession, May 9, 2014.

It is encouraging to see that the ratio of unemployed workers to job openings has declined substantially from a high during the recession:



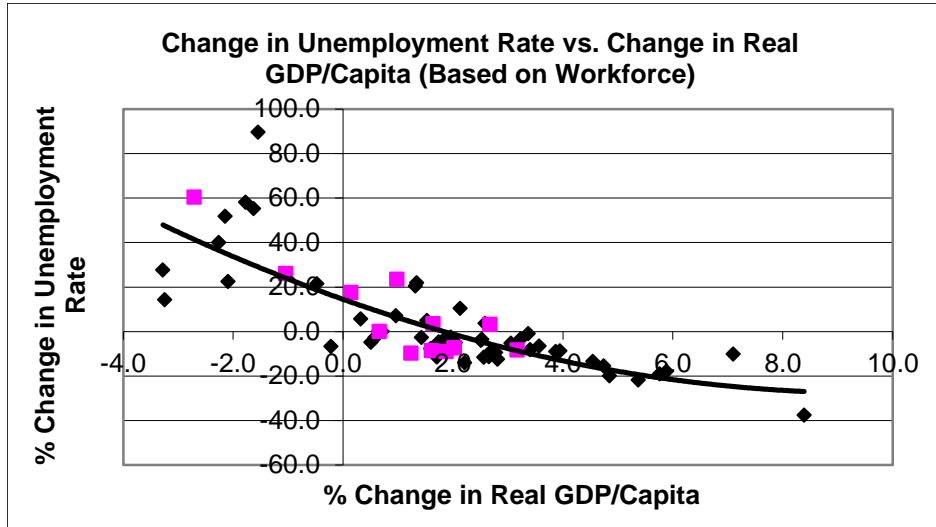
Source: Center on Budget and Policy Priorities, Chart Book, The Legacy of the Great Recession, May 9, 2014.

This decline was driven by continued economic growth, which was stimulated initially by the American Recovery and Reinvestment Act of 2009:



Source: Center on Budget and Policy Priorities, Chart Book, The Legacy of the Great Recession, May 9, 2014.

The relationship between changing unemployment rate and changes in GDP per capita, which we first observed in *Affiliation in the Workplace* (pages 109-111) for the period from 1947 to 2000 in the United States, has continued to hold. The following figure shows that more recent 2001 to 2013 data (the square, purple data points using real GDP expressed in 2009 dollars) follow the same trend as the original 1947 to 2000 data (the diamond, black data points with the associated trend line, also using real GDP now expressed in 2009 dollars).



As GDP growth rate strengthens the change in unemployment rate shifts from an increase to a decrease. In 2014 we have seen varying patterns of GDP growth - a contraction in the first quarter and strong growth in the second quarter. This points to uncertainty about the pattern of economic growth, and therefore employment growth, in the coming months.

As we have pointed out in previous newsletters, economic growth is not shared equally across our society, with the wealthiest among us benefitting excessively. This trend of growing inequality began in earnest with the regressive taxation policies of the 1980s, and further accelerated with tax cuts favoring the wealthy in the early 2000s. Not surprisingly this has resulted in a continuously falling standard of living relative to other developed countries for many in our society. This happened first for those at lower income levels and it now reaches up to the median level. While those at the top in the United States continue to prosper, others in the United States suffer. The following chart shows which country had the highest after-tax income in each income level since 1980. The income percentile means for example that at the 40th percentile level, 40% of the population had an income at or below that level.

Which country had the highest after-tax income in each income level since 1980

Percentile	1980	1984	1988	1992	1996	2000	2004	2008	2010
95th	United States	United States	United States	United States	United States	United States	United States	United States	United States
90th	United States	United States	United States	United States	United States	United States	United States	United States	United States
80th	United States	United States	United States	United States	United States	United States	United States	United States	United States
70th	United States	United States	United States	United States	United States	United States	United States	United States	United States
60th	United States	United States	United States	United States	United States	United States	United States	United States	United States
Median	United States	United States	United States	United States	United States	United States	United States	United States	U.S./Canada
40th	United States	United States	United States	United States	United States	United States	Norway	Canada	Canada
30th	United States	United States	Austria	Austria	Norway	Norway	Norway	Canada	Canada
20th	United States	Canada	Austria	Denmark	Denmark	Norway	Norway	Netherlands	Netherlands
10th	United States	Norway	Austria	Norway	Denmark	Norway	Norway	Netherlands	Netherlands
5th	Norway	Norway	Austria	Norway	Denmark	Norway	Norway	Netherlands	Netherlands

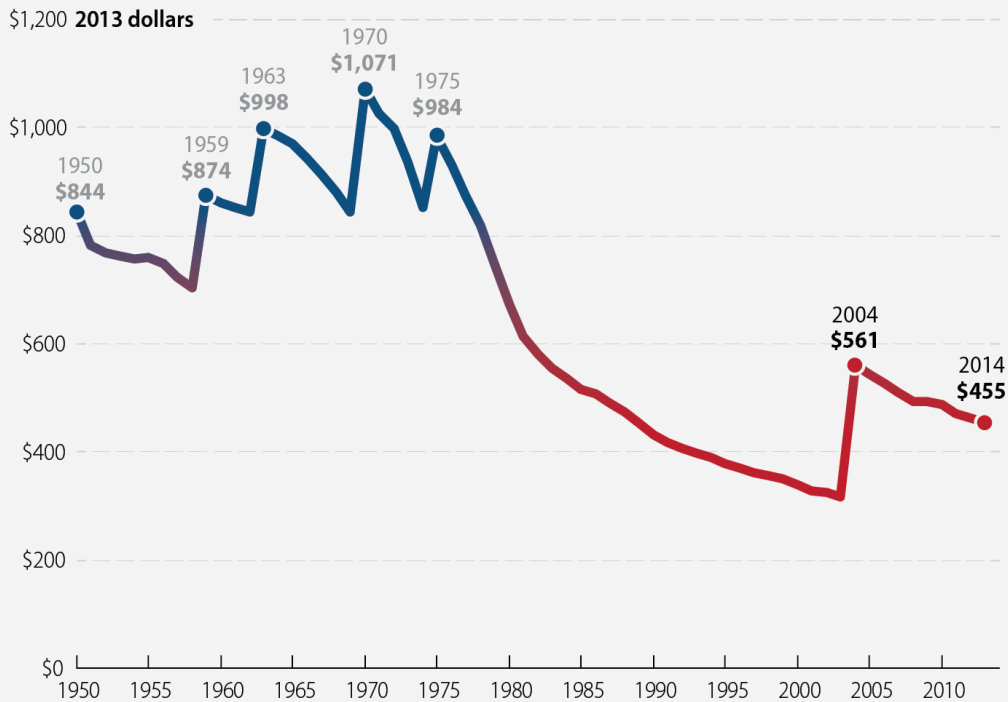
Source:

New York Times, April 22, 2014, this simple table summarizes our story on American living standards.

This is fueled by regressive taxation policies, excessive compensation at senior management levels, a declining real minimum wage, and for example by the eroding right to overtime pay:

The eroding right to overtime pay

The weekly salary threshold for overtime, adjusted for inflation, 1950-2014



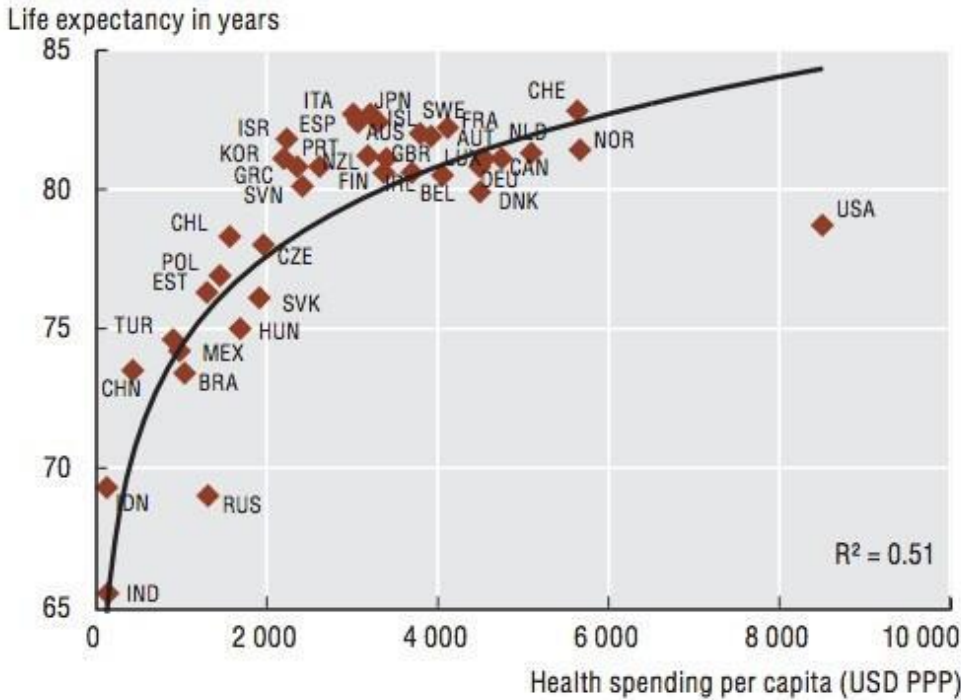
Source: Economic Policy Institute analysis Linder (2004) using FLSA weekly short salary test, Eisenbrey (2014) and Bureau of Labor Statistics Inflation and Prices public data series

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Source:

Economic Policy Institute Snapshot, March 19, 2014, The Overtime Threshold Has Eroded 57.5% from its Peak Value.

And it is exacerbated by an ineffective and inefficient past approach to health care that consumes an ever growing portion of GDP, delivering worse outcomes, at much higher cost than in other developed countries. For example we have shorter life expectancy than in most other developed countries, in spite of our per capita healthcare costs being more than 50% higher than in any other developed country:

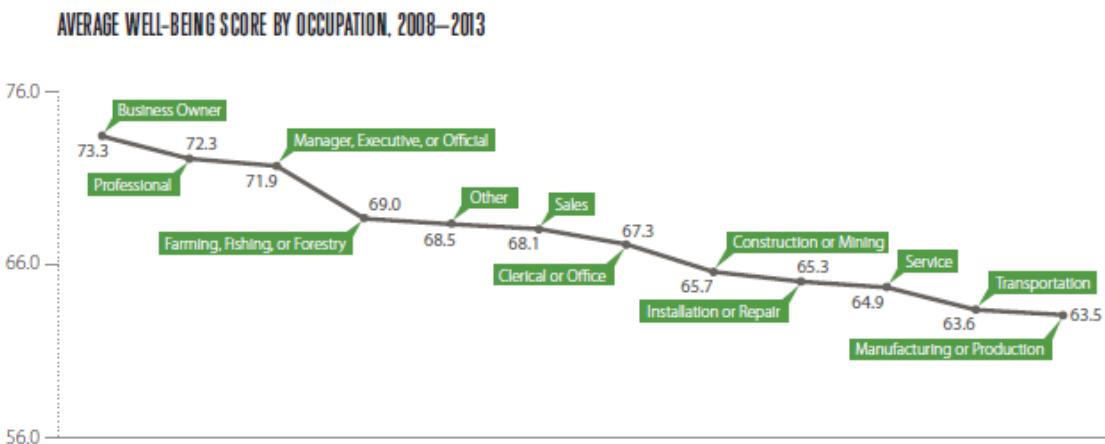


Source: OECD Health Statistics 2013, <http://dx.doi.org/10.1787/health-data-en>; World Bank for non-OECD countries.

StatLink <http://dx.doi.org/10.1787/888932916040>

Implementation of the Affordable Care Act is beginning to address this issue, though it will require a Medicare-for-All, single payer system, such as Vermont is implementing, to solve this problem properly.

On an individual level, when we look at our perception of well-being as a composite of six aspects - life evaluation, emotional health, work environment, physical health, healthy behavior, and basic access - gaining greater control of our own work/life direction, for example by taking a nontraditional path, results in a significantly higher sense of well-being:



Source: Gallup-Healthways Well-Being Index, State of American Well-Being, 2013 State, Community, and Congressional District Analysis, 2014.

By taking such individual control and enhancing our sense of well-being, and by supporting public policies that honor and value all in our society, we can create both a more fulfilling personal path forward and stronger, more compassionate, and more vibrant communities.