

July 26, 2022

## **The Great Resignation**

We are in the midst of a revolution as to how America lives and works. Working from home is still shaking itself out, and the implications are still being felt. If an entire class of people who used to go to the office stay home, it will upend the commuter model upon which modern cities are built, and on which they depend for revenue. This is yet to unfold in ways that communities will try to overcome financial hardships.

Another question, which is unfolding, is the shortage of workers which we experience daily. There simply aren't enough people to fill the available jobs. Retailers struggle to find and retain workers, beaches and pools lack lifeguards, police cannot find people to apply, the US Army cannot find recruits, doctors' offices strain to fill jobs, airlines are so short-staffed there is no one to find your lost luggage, no one to keep it from getting lost, and that is, if your flight is not cancelled. It seems as if the American workforce vanished.

The U.S. Chamber of Commerce hears of these problems every day in every state and from every size of business. They say there are more than 11,000,000 jobs available but only 6,000,000 unemployed workers. Since the economy was locked down at the height of the pandemic, 3.25 million Americans left the workforce and labor force participation, among those 16 and older, is 62.2%, down from 63.4%, in February 2020.

Several factors are at work. Americans added \$4 trillion to their savings account since early 2020. They had more money and less to spend it on thanks to enhanced unemployment benefit stimulus checks and not being able to venture out. The extra few hundred dollars a week from enhanced unemployment, which ended in September 2021, led to 68% of claimants earning more on unemployment than they would have from working.

Difficulty finding good child care keeps some from the workforce as many childcare providers closed up or scaled back during the lockdown. Many working mothers left their jobs and chose not to return so the labor participation rate for working mothers cascaded from 70% to 55%.

Workers then began quitting their jobs in the hope of better opportunities or conditions. The Bureau of Labor Statistics reported that more than 47 million Americans quit their jobs in 2021; much of that was pandemic related. Hiring then was coming back and workers held the cards. Why not use it to reevaluate your priorities; and it is not over. Fortune magazine and McKinsey & Co each did a survey and found 41% of employees are considering leaving their jobs in the next 3-6 months. There has been a fundamental shift in workers' mentality and their willingness to prioritize other things in their life beyond whatever job they hold. Some even quit jobs in order to create new businesses. The Census Bureau reported nearly 5.4 million new business applications in 2021, up from 4.4 million in 2020.

It isn't only the young. Part of the story has to do with early retirement. In 2021, older workers left their jobs at an accelerated rate and they did so at younger ages. They felt able to do so because their houses were suddenly worth more, they had retirement accounts, and they were afraid of getting sick.

The working rate for those in their prime working years of 25 to 54 has been declining since 2000. The economic implications are obvious; slower growth, less expansion and the personal implications are dire according to the American Enterprise Institute. “By and large, non-working men do not do civil society. They stay home watching screens - videogames, social-media sites, and streaming services. There is something fundamentally degrading in this and there is an archipelago of disability programs that helps make not working possible. These people are not taking chances, such as leaving a job to start a small business. They are not finding themselves, they are not even looking.” *“The Great Resignation Started Long Ago” The Wall Street Journal 7/23-24 2022 p. A13.*

And then, add on top of this the workers such as doctors, nurses, healthcare workers, police, emergency workers, airline pilots and members of the Armed Forces who were terminated or placed on inactive status for refusing to be vaccinated. Additionally, consider the ill-advised policies regarding school children and day cares where, if a child in the class or group got COVID, that child and the children in contact with the child had to be quarantined at home for a period of time. That, then, resulted in the parents of the children, who were not in school, having to supervise the children and, by necessity, possibly not being able to work. This policy, while politically correct today, had never been used for other highly communicable illnesses such as hand, foot and mouth, or the flu.

As always, if you have any questions about these or any other matters, do not hesitate to call us.