



Written by [Bob Adelman](#) on February 5, 2018

## January Jobs Report: Is America Running Out of Workers?

The headline numbers from the Bureau of Labor Statistics' jobs report released on Friday once again caught forecasters by surprise: Predicting job growth of 177,000 for January, they got instead 200,000 — the 88th month in a row of positive job growth, with many recent months where the economy outperformed forecasters.

The other number also caught them by surprise: Wages jumped nearly three percent year-over-year, the first sign that a tight labor market is beginning to force employers to offer higher wages to fill new jobs the robust economy has been creating.



Those new jobs in January were created in all the right places: The construction industry added 36,000, while manufacturing added 15,000. Restaurants and bars also reflected increasing demand from consumers willing to spend more of their higher wages on eating out: That industry added 31,000 jobs in January.

The report also confirmed the tight labor market: The number of unemployed, 6.7 million, remained unchanged, while the labor “participation rate” — those with jobs compared to the population of the country — also remained stagnant for the fourth straight month, at 62.7 percent. That number was 67.3 percent in 2000 but has steadily declined ever since. Surely, a robust economy would bring back workers from the sidelines, wouldn't it?

The good news is that part of the reason that the participation rate has leveled out is that baby boomers are retiring largely thanks to improved performance of their savings, retirement, pensions, and 401(k) plans. Part of the reason is that the younger cohort (25-54) is going back to school to learn the skills necessary in the new economy.

The bad news is that a large number of those on the sidelines of the booming economy are very happy just to remain right where they are: They aren't looking for a job because they don't want one. Part of the blame is being placed on the so-called opioid crisis: stoned applicants aren't attractive to employers. Part of the blame is on the welfare state: It's still easier to get disability benefits from the government (even if one isn't disabled) than it is to get a job.

Jack Salmon, a student of this problem, wrote in *The Hill* last May that “one in three of ... prime age dropouts can be accounted for by an increase in men who claim to be either sick or disabled.... Around 30-40 percent of non-retired, non-disabled men, not in the work force were not open to, or interested in taking a job.”

Salmon pointed out that this coincides almost precisely with the growth in the number of disability beneficiaries milking the system: “The Social Security Disability Insurance (SSDI) program has seen a drastic increase in beneficiaries in recent years, with less than 2 million beneficiaries claiming SSDI in 1970 and more than 10 million beneficiaries in 2015.”



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That isn't a problem that is likely to get solved any time soon. And so future jobs reports are more than likely to level out, reflecting the reticence of those who could work — millions of them — to work. This flattening was also reflected in the BLS's revision downward of its November and December employment numbers by 24,000. Thanks to the opioid crisis and the welfare state, the economy may be hitting a wall that few have foreseen: There may not be enough workers to power the economic engine that is just now revving up. Some say this is justification for increased immigration from third-world, non-Western countries. Perhaps a better solution would be to phase out the welfare state, forcing able-bodied Americans to take on more personal responsibility.

*An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at [badelmann@thenewamerican.com](mailto:badelmann@thenewamerican.com).*

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