

Are We at Full Employment?

Regional Stories

March 2022

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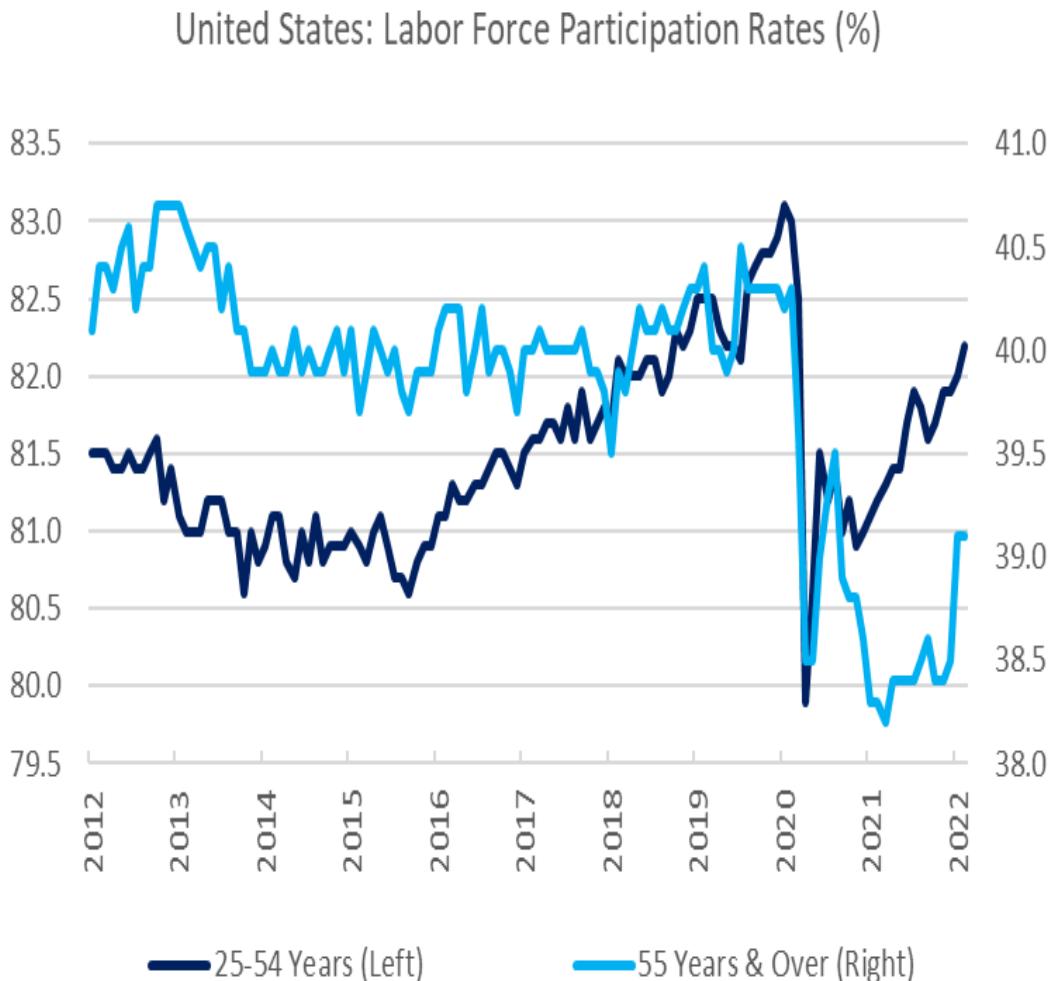
Definitions of Full Employment

- Simple – Everyone willing and able to work is employed at the prevailing wage
- Academic – Unemployment rate at or below the natural rate of unemployment.
 - ✓ The natural rate of unemployment is the lowest unemployment rate where inflation is stable or the unemployment rate that exists with non-accelerating inflation.
 - ✓ Natural rate includes frictional and structural unemployment
 - Frictional – persons between jobs
 - Structural – labor supply exceeds labor demand at a given wage
 - ✓ Natural rate can shift over time depending upon demographics, economy
- Varies by demographic – women, minority groups, previously incarcerated, age
- Varies by economy – can be higher or lower; labor market dynamics matter
- Calling full employment is difficult to do – signs can be deceptive

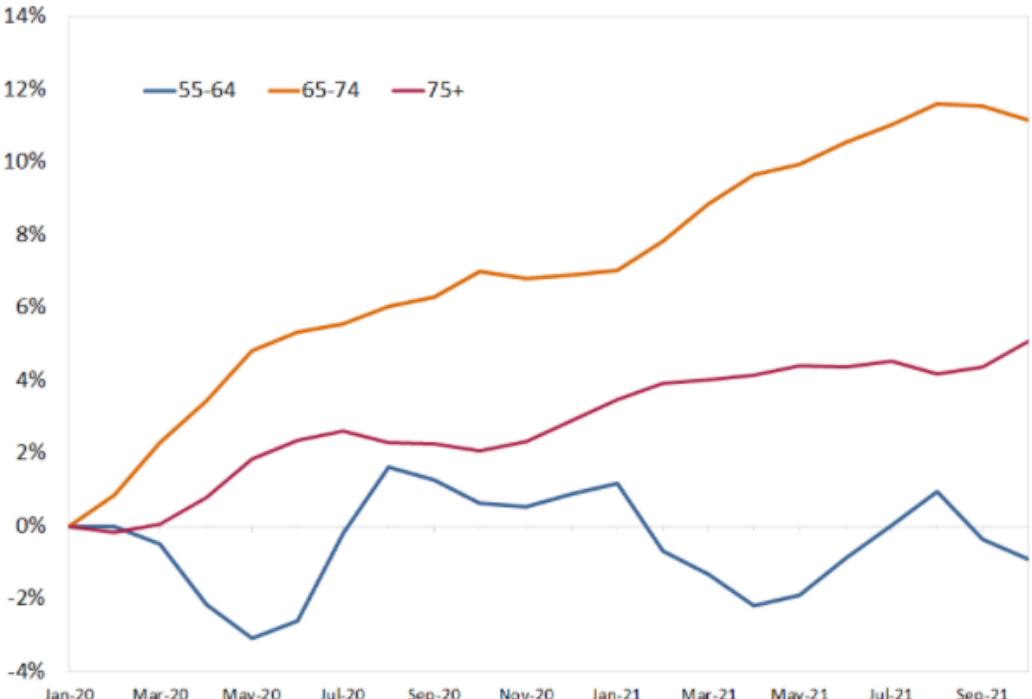
Source: The Conference Board.



Full Employment Is Sometimes Difficult to Judge



Cumulative Percent Change in the Number of U.S. Retirees since January 2020



■ FEDERAL RESERVE BANK OF ST. LOUIS

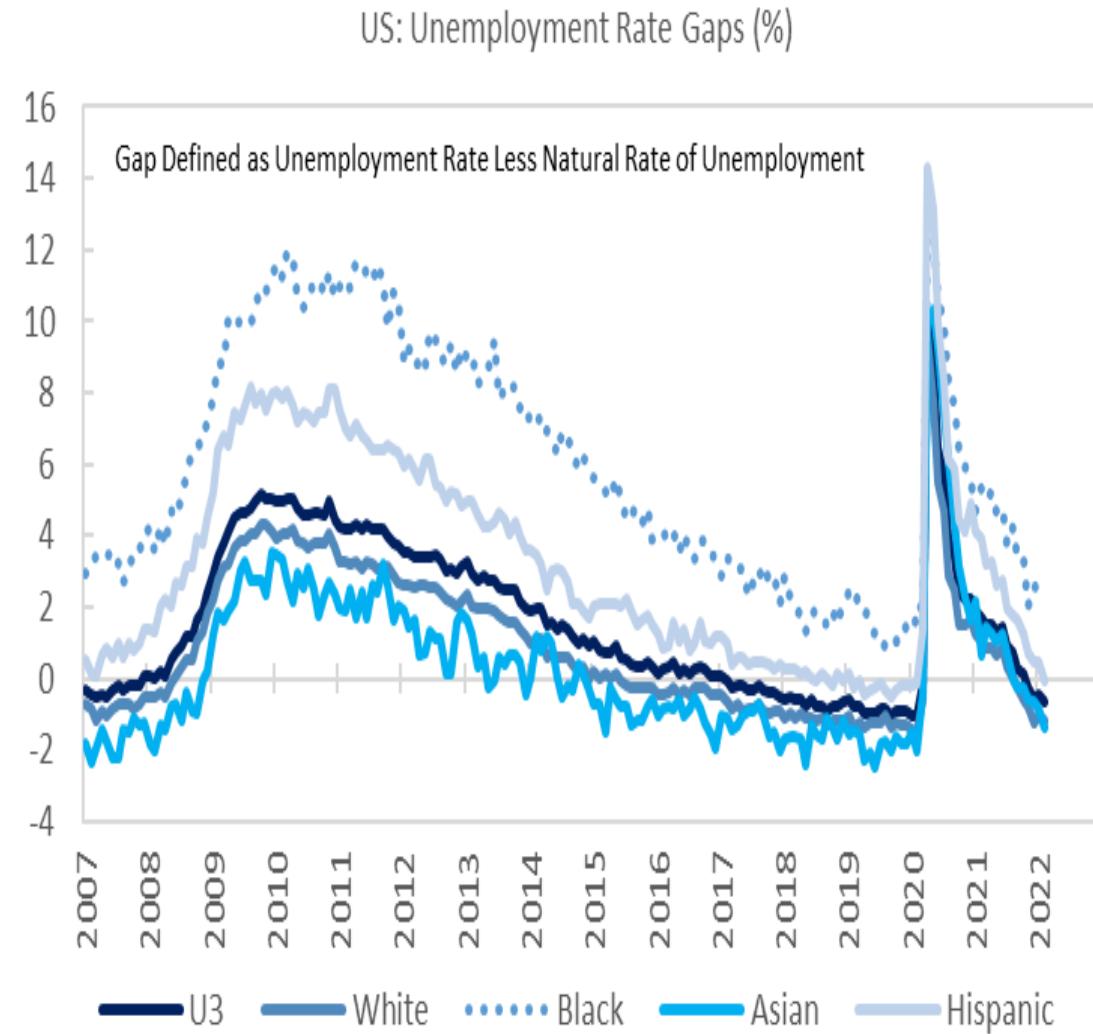
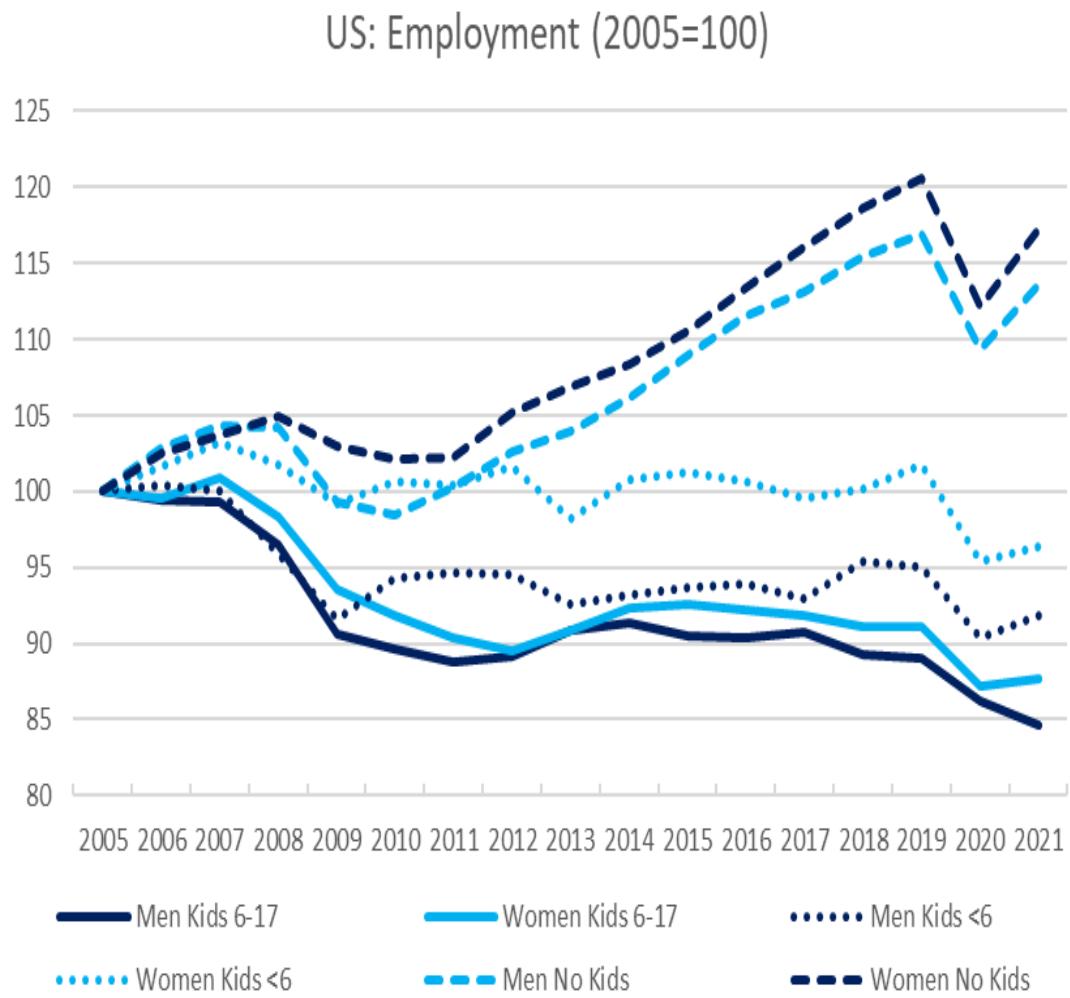
SOURCES: IPUMS-CPS and authors' calculations.

NOTE: Percent change is calculated using a three-month moving average of the number of retirees.

Source: US Bureau of Labor Statistics, [Federal Reserve Bank of St. Louis](#), Haver Analytics, and The Conference Board.



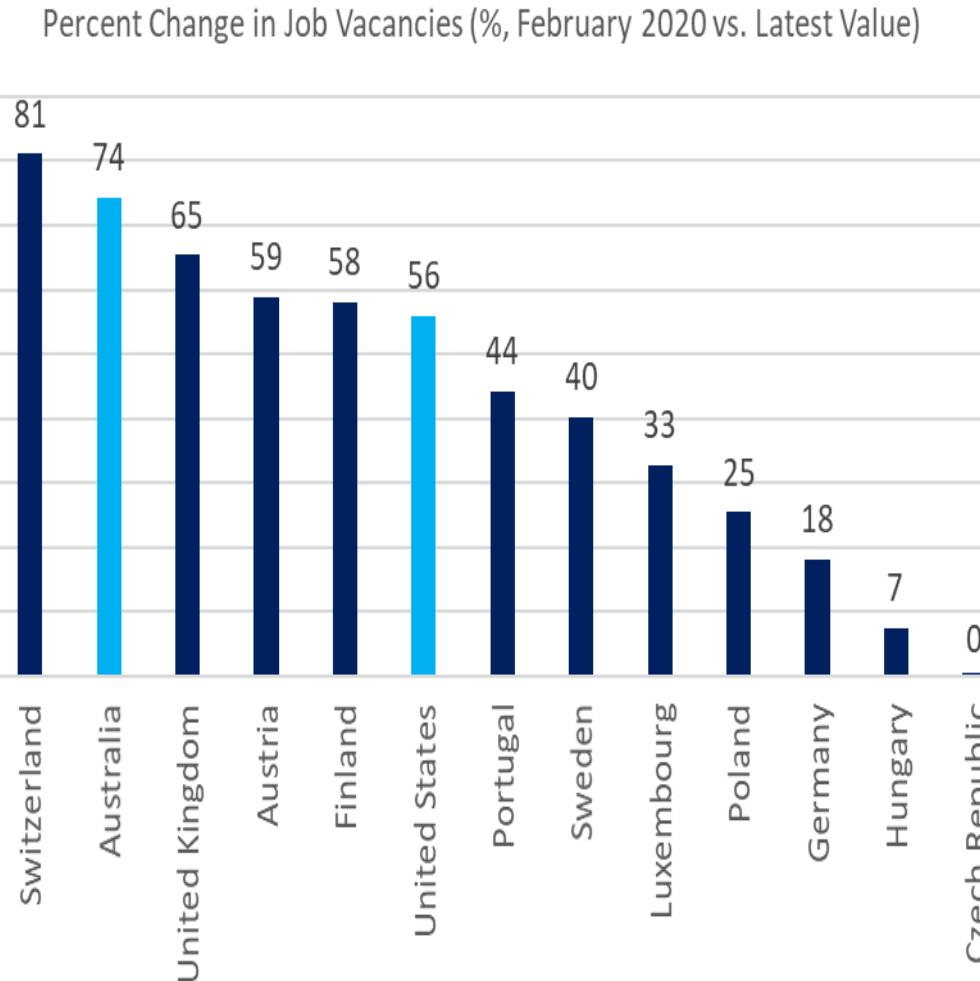
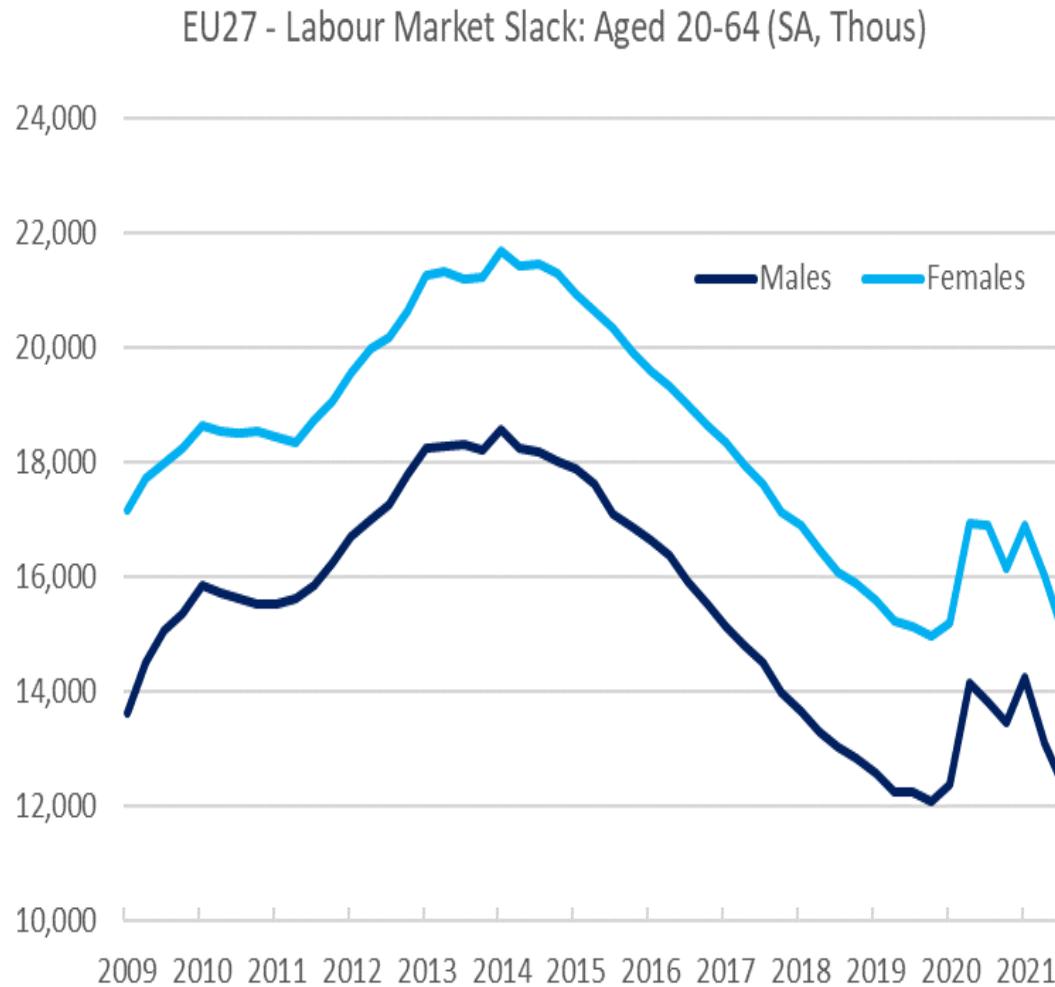
Full Employment Is Sometimes Difficult to Judge



Source: US Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Haver Analytics, and The Conference Board.



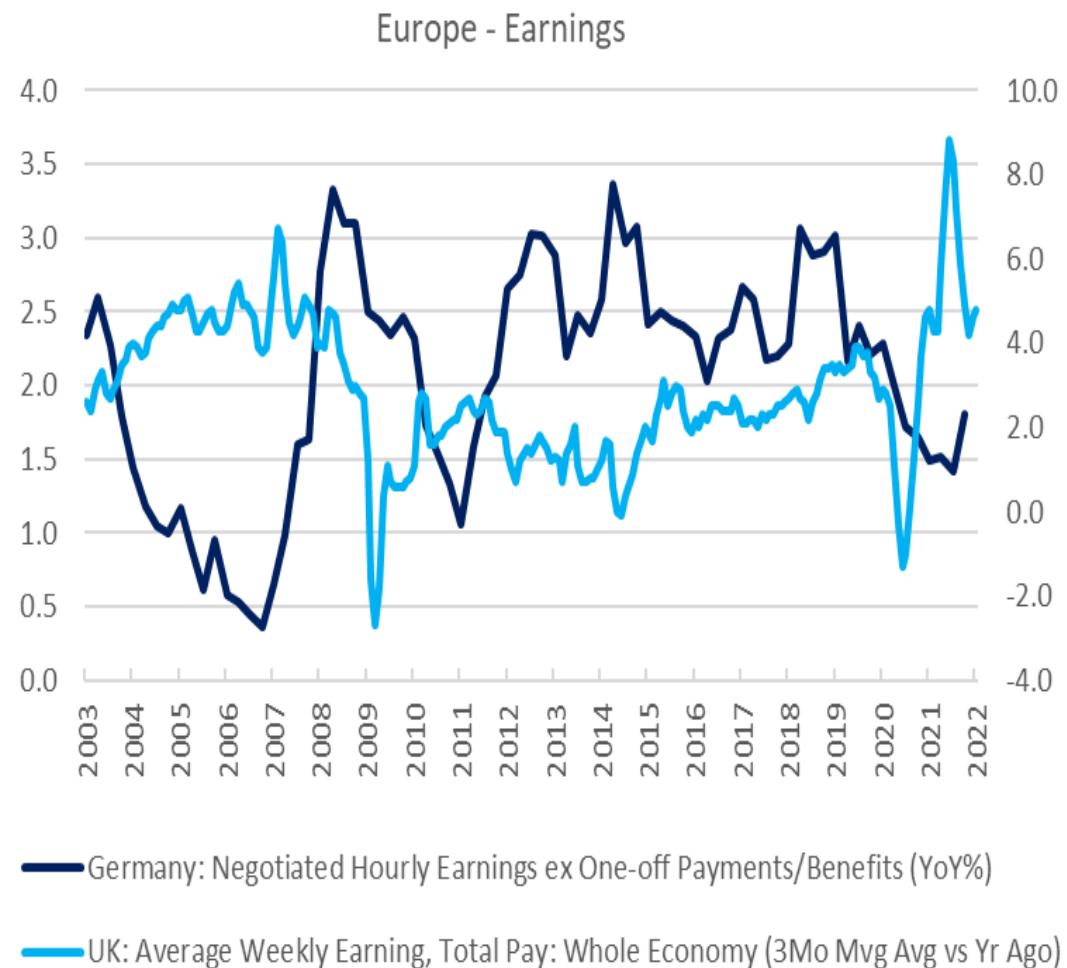
Regional Stories: Europe



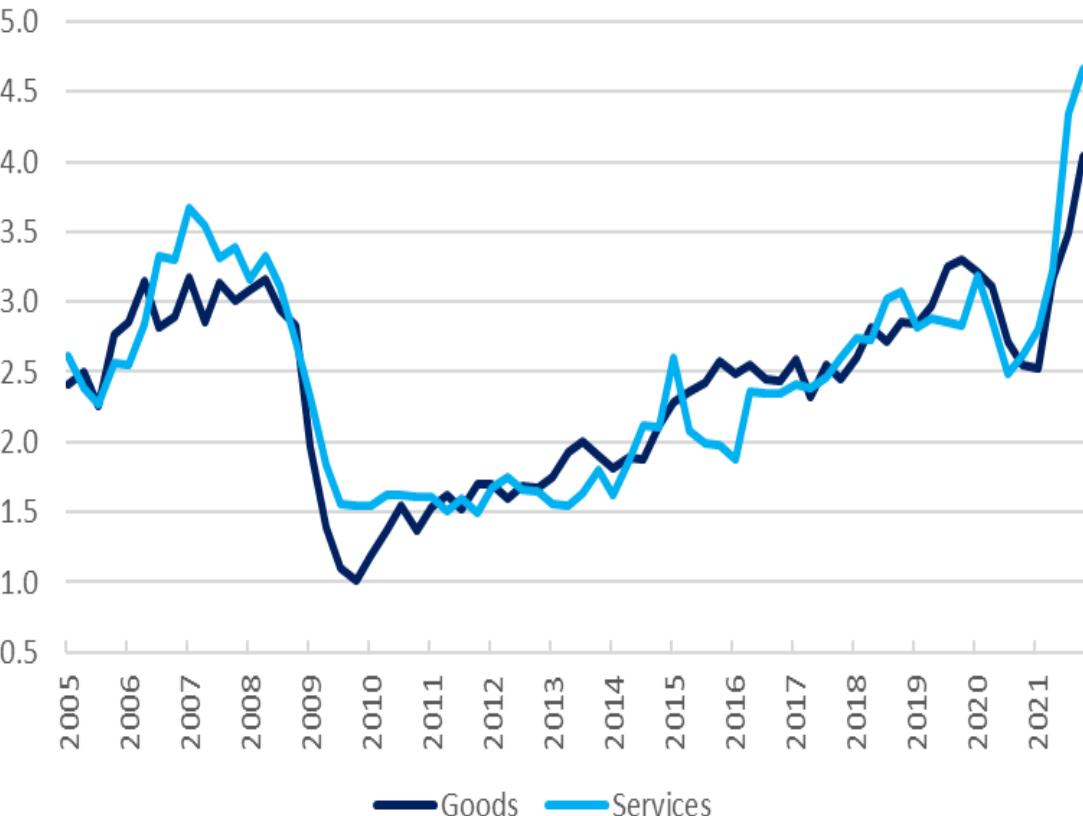
Source: Statistical Office of the European Communities, Haver Analytics, and The Conference Board.



Regional Stories: Europe



United States - Employment Cost Index: Wages & Salaries (YoY%)

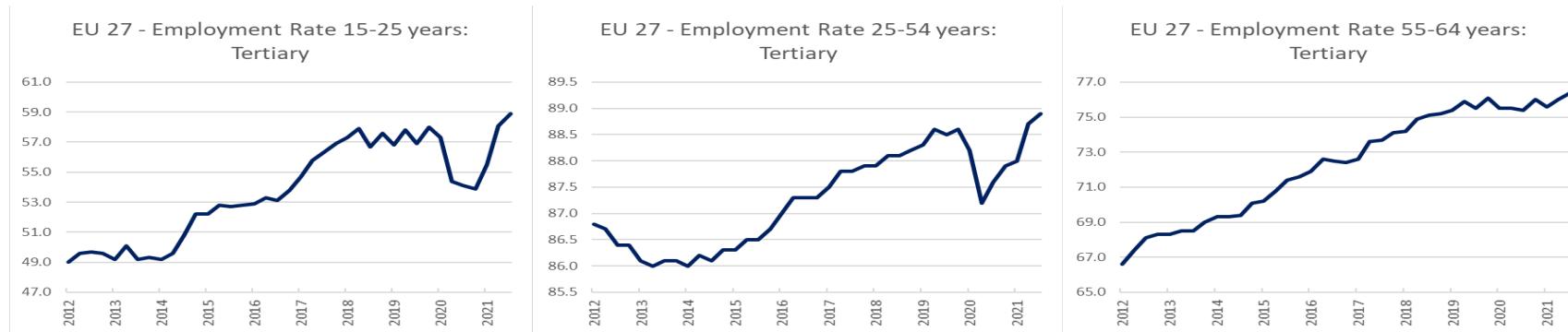


Source: Deutsche Bundesbank, UK Office for National Statistics, US Bureau of Labor Statistics, Haver Analytics, and The Conference Board.

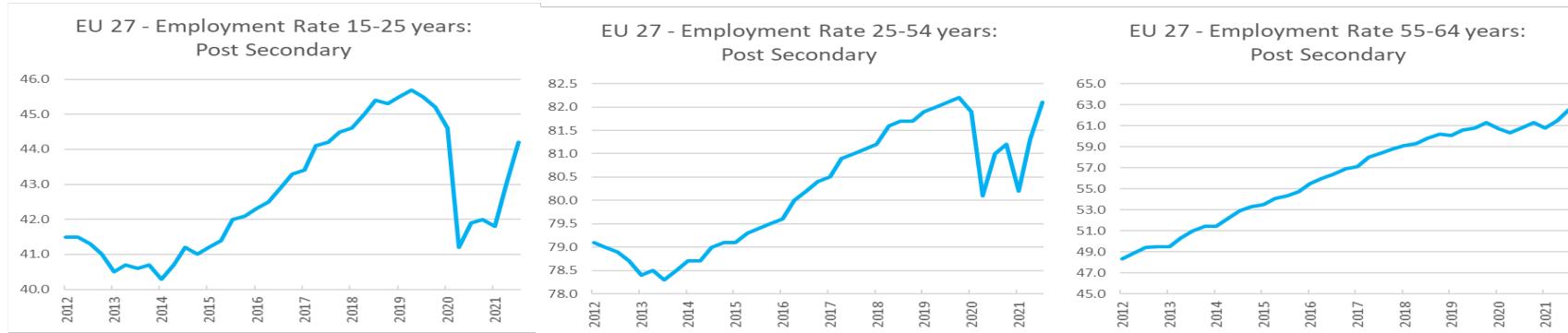


Regional Stories: Europe

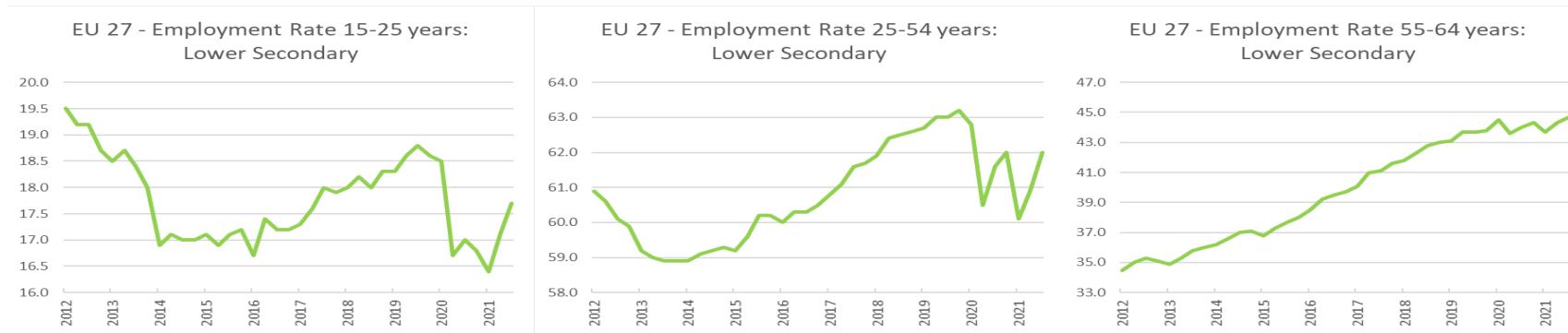
Tertiary
Education



Post
Secondary
Education



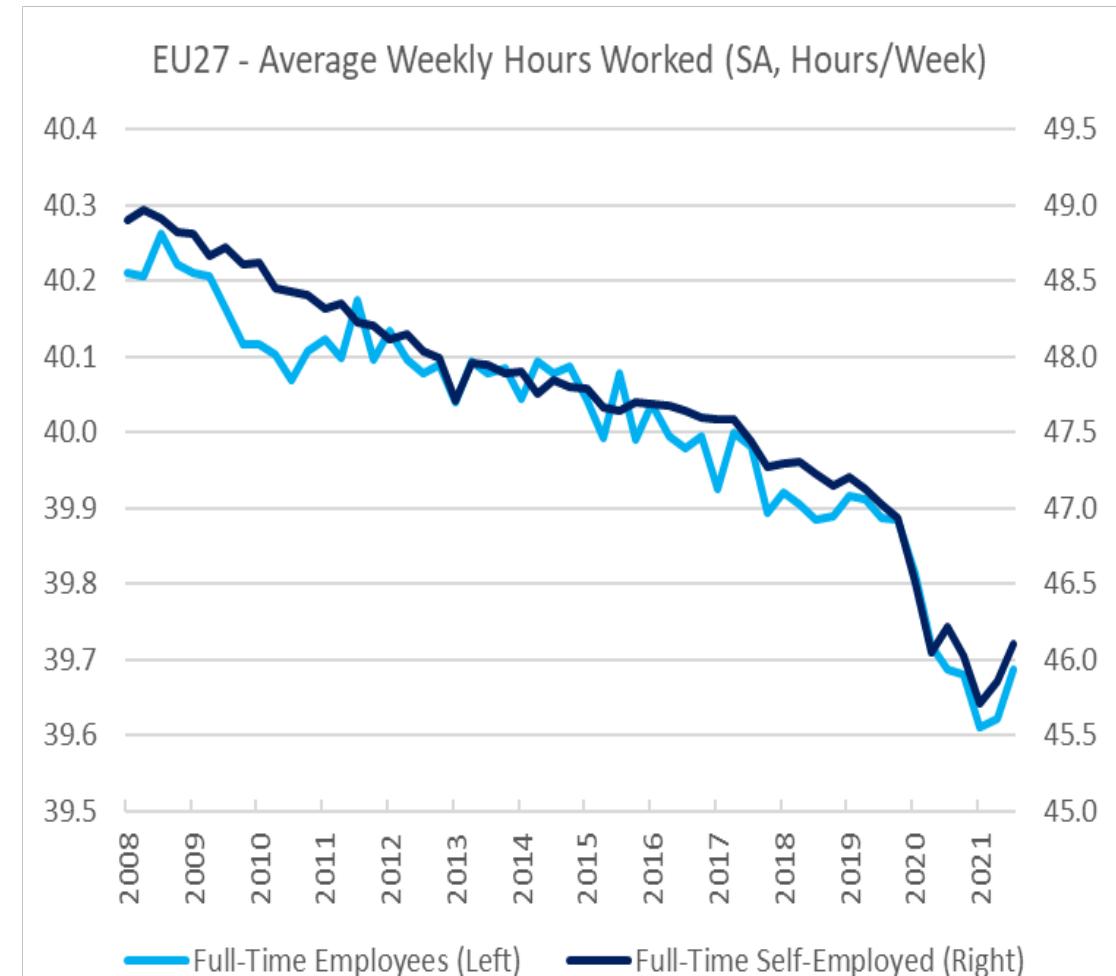
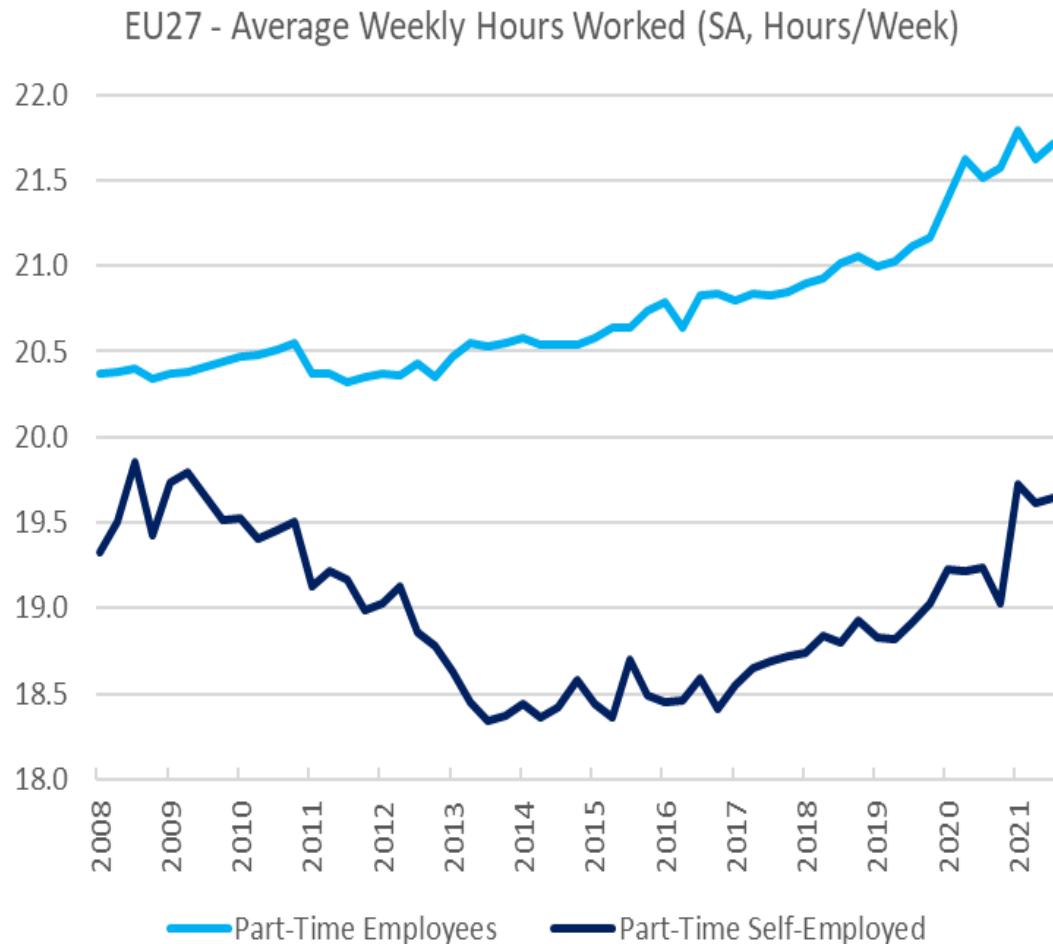
Lower
Secondary
Education



Source: Statistical Office of the European Communities, Haver Analytics, and The Conference Board.



Regional Stories: Europe



Source: Statistical Office of the European Communities, Haver Analytics, and The Conference Board.



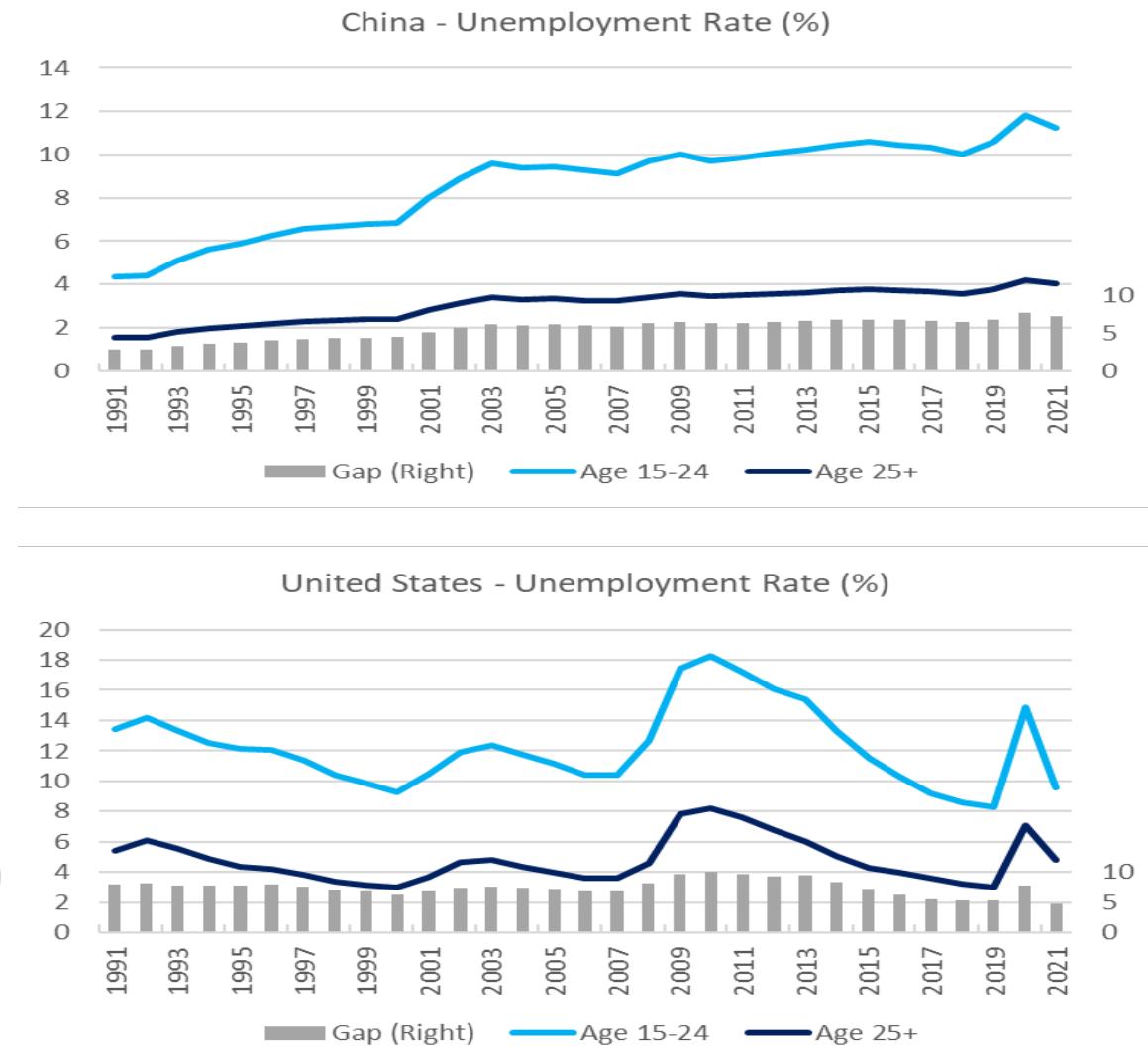
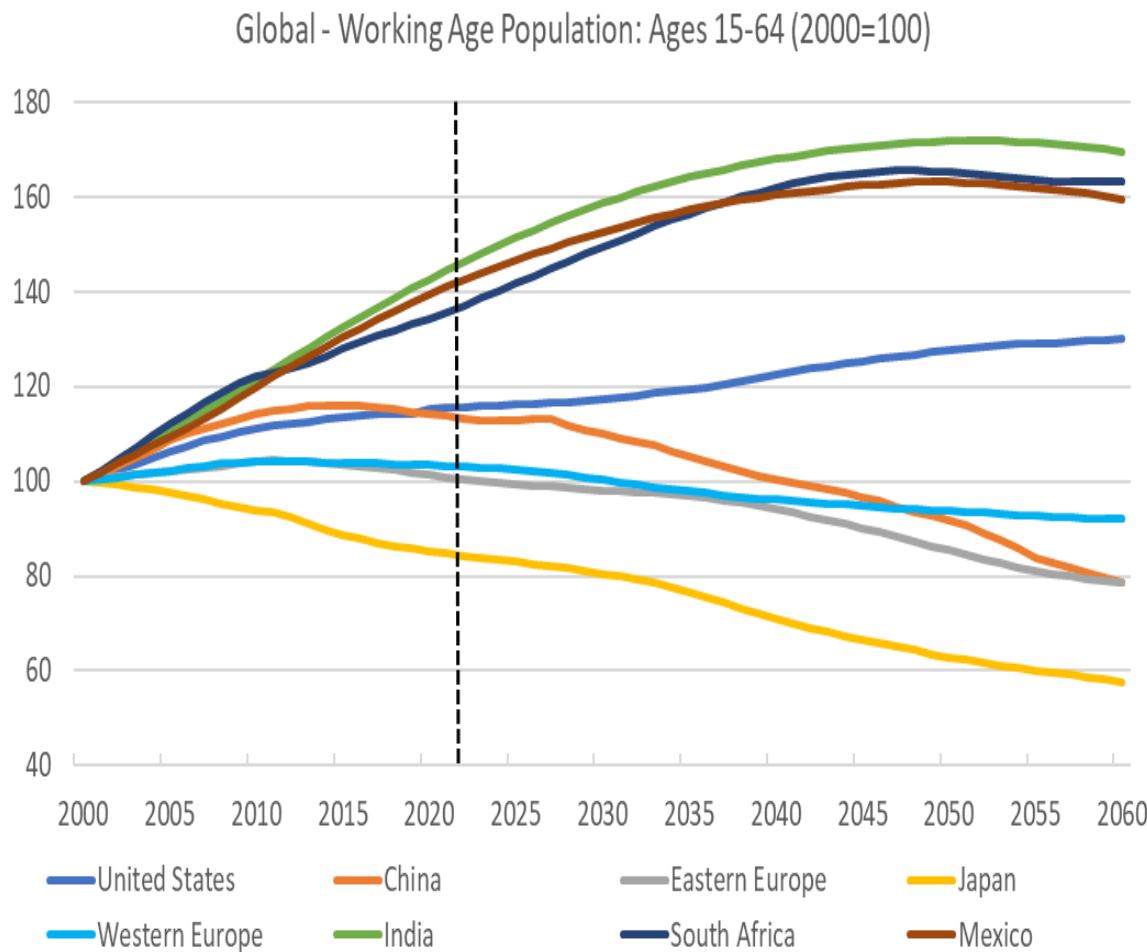
Regional Stories: China



Source: China National Bureau of Statistics, Haver Analytics, and The Conference Board.



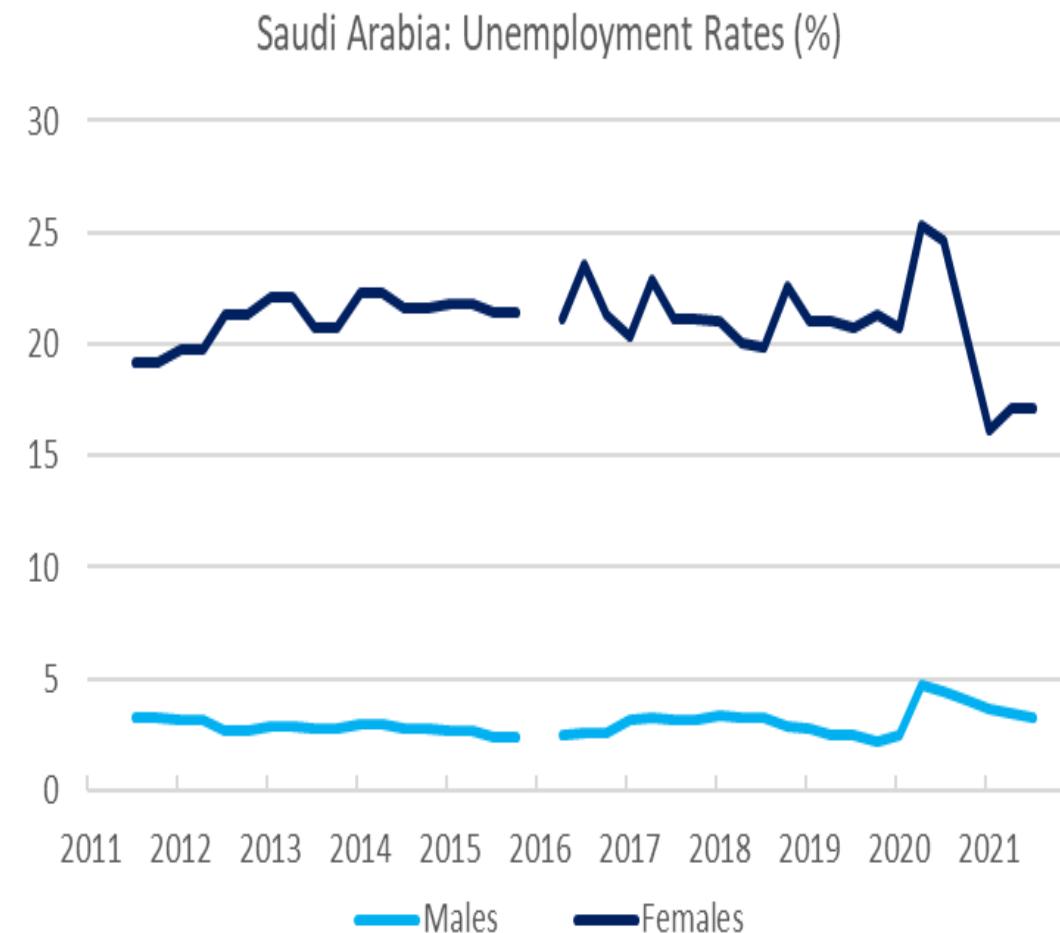
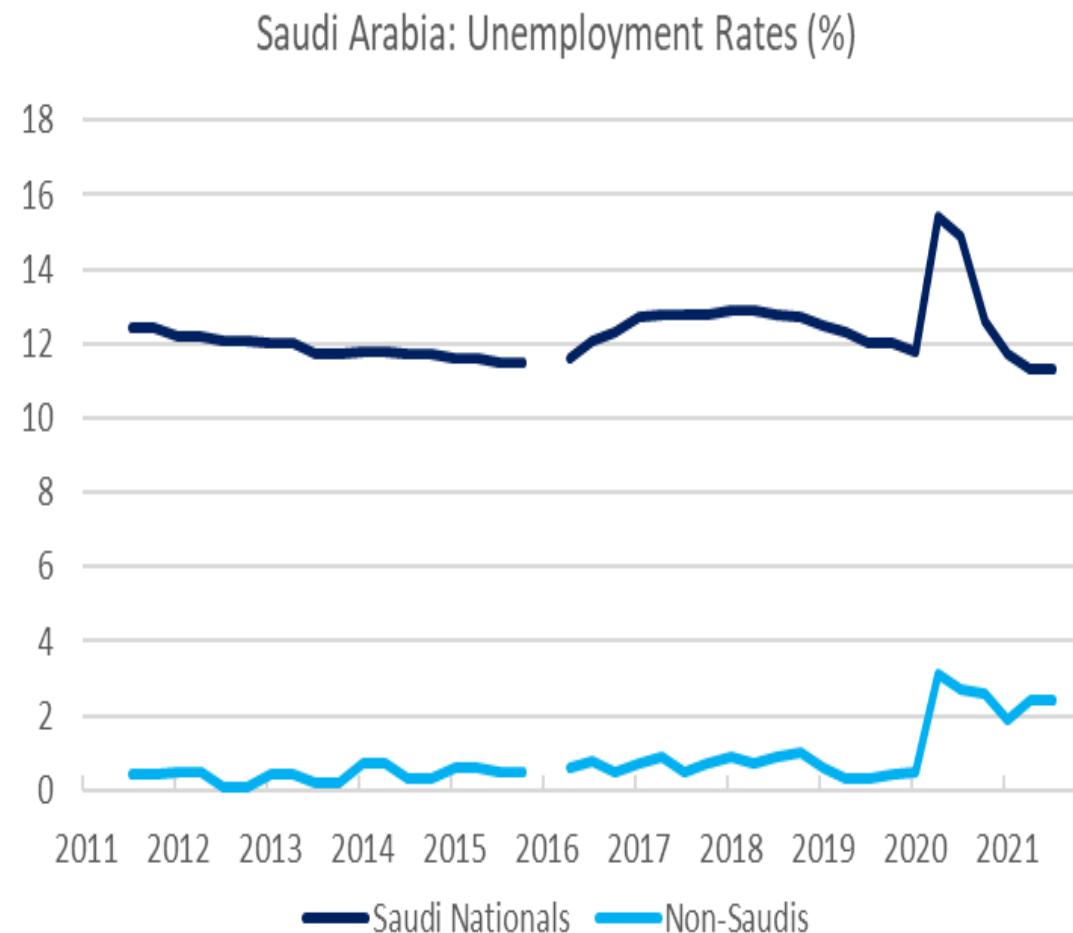
Regional Stories: China



Source: US Census Bureau, China National Bureau of Statistics, CBC, Haver Analytics, and The Conference Board.



Regional Stories: Saudi Arabia (GCC)

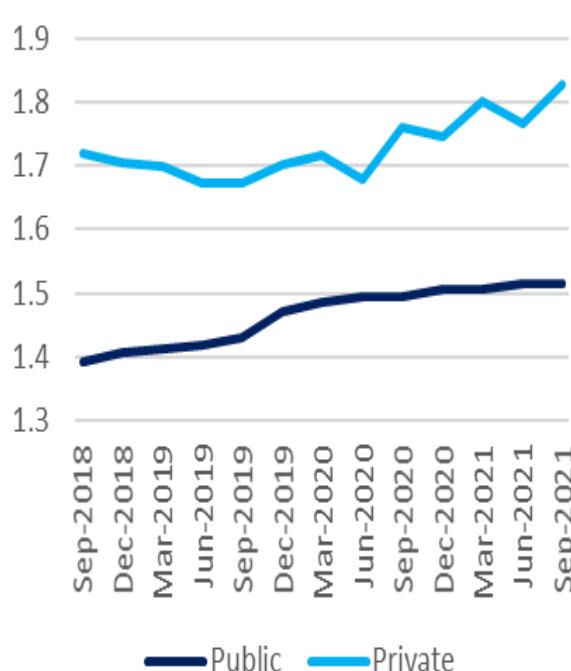


Source: General Authority for Statistics, Haver Analytics, and The Conference Board.

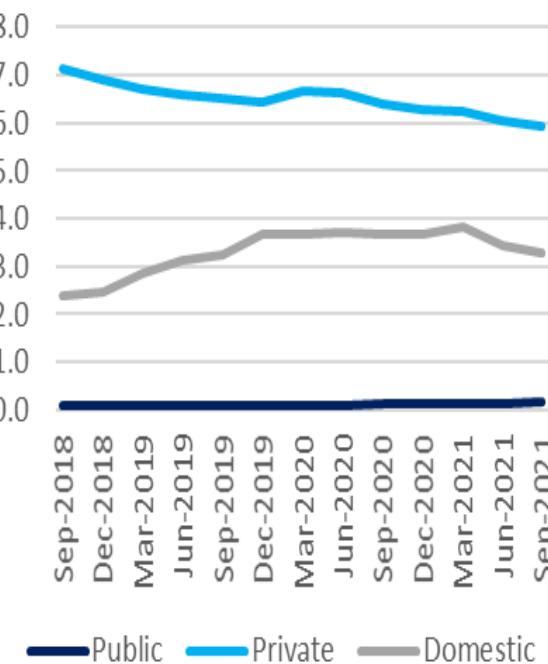


Regional Stories: Saudi Arabia (GCC)

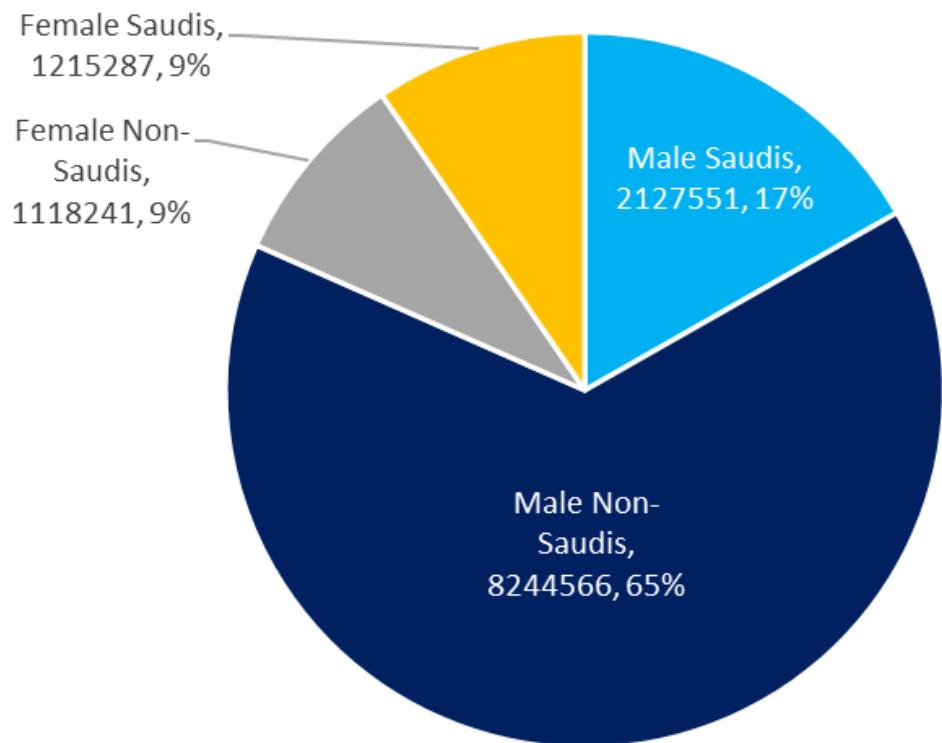
Saudi Nationals - Employment (Millions)



Non-Saudis - Employment (Millions)



Saudi Arabia - Employed Persons including Domestic Workers (3Q 2021)



Source: General Authority for Statistics, Haver Analytics, and The Conference Board.



Labor Shortages: Solutions

- Solutions for Addressing Labor Shortages
 - ✓ Higher Wages
 - ✓ More Benefits
 - ✓ Remote Work
 - ✓ Outsourcing
 - ✓ Paid Leave
 - ✓ Subsidized Childcare
 - ✓ Immigration
 - ✓ Automation
 - ✓ Higher Birth Rates
 - ✓ Flexible Hours/Work Arrangements
 - ✓ Upskilling & Training
- Generational Drivers
 - ✓ Flexibility
 - ✓ Recognition / Pay
 - ✓ Optionality



The Conference Board



CED / Public
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Economy,
Strategy &
Finance



Environment,
Social &
Governance



Human
Capital



Marketing &
Communications



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