

## J. Michael Locke

### Musings

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#### #151: Musing November 5, 2021

It is an absolute imperative that we expand our workforce. Only 61.6% of those deemed eligible to work currently do so (from Investopedia: *"The labor force participation rate is a measure of an economy's active workforce. The formula for the number is the sum of all workers who are employed or actively seeking employment divided by the total noninstitutionalized, civilian working-age population."*) We need to make it easier for working moms who (to quote notorious RBG) "make up at least half of the talent pool in our society." Over 43% of women leave the workforce after having children and 2.5mm women left the workforce during Covid (source: presentation by Allison Robinson, Founder of The Mom Project – a great business I encourage folks to use <https://www.themomproject.com/>). Another contributor is the retirement of many baby boomers. Financial assets have appreciated considerably during the pandemic allowing some to now call it quits for good. *"The share of the population in retirement from February 2020 to April this year was higher by 1.5 million people than it would have been if the 2019 retirement trend had continued, according to the Dallas Fed."* [covid-19-pushed-many-americans-to-retire-the-economy-needs-them-back](#). Finally, IMO our governmental policies need to encourage work and some of the social safety net programs currently being discussed do not do that. Our economy is headed into real trouble if we don't get a higher labor participation rate. One example, according to the American Trucking Association, we need 80,000 more commercial drivers to get our supply chain going well again. Finally, business leaders need to push on their elected officials to fix our immigration system so we can have growth in available employees from legal immigrants.

Some employers are rolling out unique perquisites to compete for employees. *"Beef and pork giant JBS USA Holdings Inc. is helping to build homes for employees to buy. Jeans maker Levi Strauss & Co. is offering free computer coding classes. Target Corp., Walmart Inc. and Amazon.com Inc. are offering to help pay for college tuition and books. Staffers at Chicago technology firm project44 can use a company-subsidized van—complete with a bed, a toilet and shower, and Wi-Fi—so they can combine work with family road trips."* [when-bonuses-and-raises-arent-enough-try-manicures-and-free-clothes](#)

Watch the John Deere strike for a proxy on the extent of the power shift towards employees due to labor scarcity. The union rejected a pretty robust offer of additional compensation and is staying on strike. From CNN: *"The company said the newly rejected deal included an immediate 10% wage increase and 30% wage increases over the term of contract, an \$8,500 signing bonus and health care coverage with no out-of-pocket costs for members for premiums, deductibles and coinsurance, improved retirement benefits and new paid parental leave."* It will be interesting to see if the union has that much leverage.

With the "shift in power" between employers and good employees, leaders need to figure out how to get team members to want to come back to the office. A couple themes covered in this good article: 1) Remove the pain points (make it safe); 2) Make it fun to see each other; and 3) Remind them home isn't

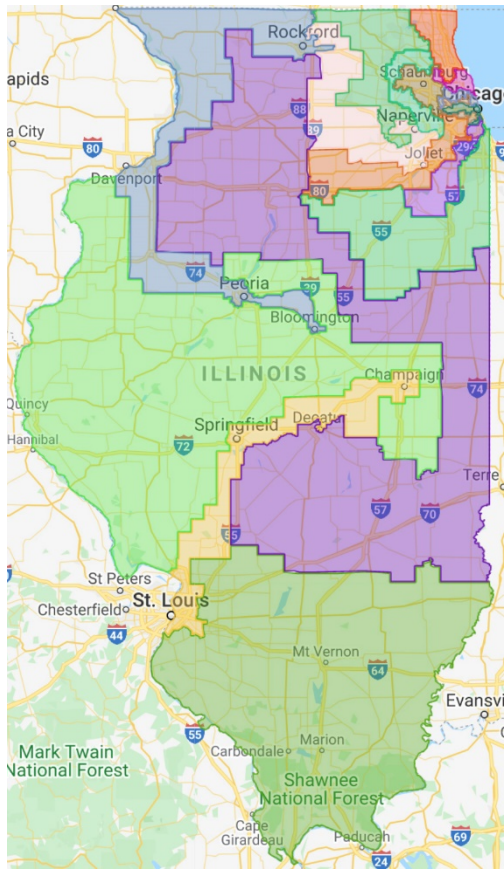
so great (can you handle another dog barking during a conference call?) [boss-get-remote-workers-back-office](#).

I hope everyone locked in their low mortgage rates. Interest rates are going to continue to rise. This inflation is not transitory. It all starts with labor costs moving up based on scarcity which will turn into to higher prices for goods and services. The Fed announced it is going to stop its market manipulation (fancily called Quantitative Easing) where it is buying bonds to push up prices and thus down yields (effective interest rates). Buying bonds is another way for Fed to “juice” the economy by keeping rates low so folks can take on debt to buy a new house or car, etc. The economy no longer needs that stimulus.

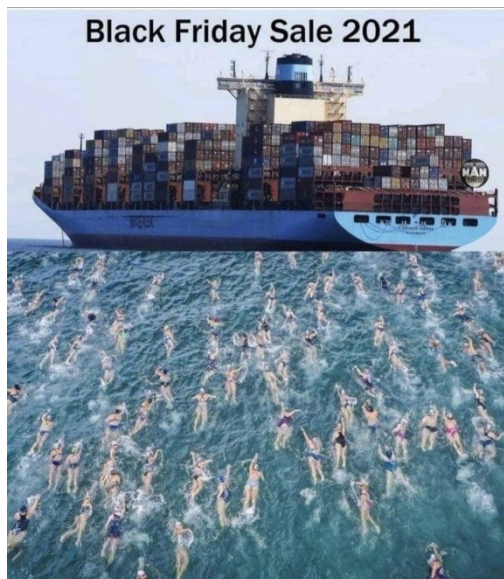
Successful executive Harry Kraemer believe that the basics of good leadership never change. *“The requirements to be a leader have always remained pretty constant. It’s leading yourself, leading others, communicating like crazy, listening carefully, demonstrating you care,” says Kraemer.* However, during difficult times leaders need to really focus on 1) double down on self-reflection; 2) double down on communication; and 3) focus on how you relate to others. [leadership-during-crises](#).

Our society seems to be increasingly subject to the Dunning-Kruger effect. *“In their 1999 paper, published in the Journal of Personality and Social Psychology, David Dunning and Justin Kruger put data to what has been known by philosophers since Socrates, who supposedly said something along the lines of “the only true wisdom is knowing you know nothing.” Charles Darwin followed that up in 1871 with “ignorance more frequently begets confidence than does knowledge.”....Put simply, incompetent people think they know more than they really do, and they tend to be more boastful about it.”* The media has created an entire industry of Dunning-Kruger impacted individuals. (I recognize the irony of this statement as I publish these “musings.”)

Gerrymandering is an example of the downside of good data. Politicians can now design the congressional districts with precision to ensure a person from a certain party will win. There is no political “middle” as you don’t have to appeal to anyone other than your party’s ardent advocates. Look at the new Illinois map:



A little twitter humor from Chad Benson:



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