

J. Michael Locke

Musings

#210: Musing February 4, 2023

So much for the argument that we are in a recession. Great jobs report came out Friday showing unemployment at a 53 year low (3.4%), two jobs available for every person looking for a job and wage gains (annualized at 4.4%). I think we are seeing the death of the Phillips curve which states there is an inverse relationship between inflation and unemployment due to the structural issues in the labor market. Personally, I like the strong jobs report because inflation is coming down and if that can happen without hurting the job market – great.

I think the “big unknown” for economists and markets is the return to a normal labor market. It will be difficult to get to 2% inflation if we continue to have the strong increases in wages due to shortage of workers. Labor participation rate is down in part due to long Covid (only 62.4% of those eligible to work are seeking employment.) While I don’t personally know anyone with it, apparently it is pretty common *“Up to 30% of Americans develop long Covid after a Covid infection, affecting as many as 23 million Americans, the U.S. Department of Health and Human Services said in November.”* [long-covid-has-underappreciated-role-in-labor-gap-study](#). Fortunately, more young men stopped playing video games in their parents’ basement and went to work according to jobs report (871,000 more went to work). Now, let’s fix our immigration system. If someone is willing to walk across Mexico to get to US, let’s let them in and put them to work.

I totally disagree with those who argue that America is full of workaholics and it is not healthy. There is dignity in work along with the economic productivity that results. There is a reason you can’t name any great companies that were started and built in Spain (I guess our daughters would argue Zara as the one exception.) I used to seek out individuals who grew up on a dairy farm where they would have to work at 6am before going to school. My worry is we are losing that work ethic. The younger generations are prioritizing “lifestyle” and our economic prospects may resultantly deteriorate.

Last week, I wrote about the shortage of doctors. Lots of coverage this week of how Walgreens et al. are reducing pharmacy hours because of a lack of pharmacists (even offering \$75k signing bonuses). Part of the issue is the move about a decade ago to require that you get a doctorate to be a pharmacist (so 8 years of school after high school). A less discussed issue is the lack of leverage in the labor model. Pharmacists are supported by pharmacy technicians who don’t need a college degree and make an average of \$17 an hour according to BLS (pharmacists make \$125k). We need more roles “in the middle” to give the pharmacist more leverage. My friend Dr. Lyle Berkowitz also points out that technology and some change in business processes could reduce the physician shortage (especially time spent on data entry.) *“we would have a travel agent shortage if we still insisted that all travel booking needed to be done in person with a travel agent handling all the data!”*

Tell your kids to major in psychology. Success in business is mostly about persuading someone to do something (a prospect to buy, an employee to complete work, a venture capital firm to invest). Look at

the power of FOMO (FTX, Theranos, WeWork). The markets are increasingly about reading investor psychology vs true value. The economy is 2/3 consumption, so consumer sentiment becomes key indicator. This is in part why I believe that women will outperform men as leaders in the coming decades because they have higher EQs (emotional quotient.)

As more stories come out questioning the safety of Covid mRNA vaccines, the hashtag #diedsuddenly is trending. (Thanks Mike Schodrof). I don't have the scientific background to automatically deny the veracity of these stories and feelings but seems sketchy to me. From the Atlantic: *"The Twitter account @DiedSuddenly_, which has about 250,000 followers, also started tweeting about it immediately, using the hashtag #DiedSuddenly. Over the past several months, news stories about any kind of sudden death or grave injury—including the death of the sports journalist Grant Wahl and the sudden collapse of the Buffalo Bills safety Damar Hamlin—have been met with a similar reaction from anti-vaccine activists. Though most of the incidents had obvious explanations and almost certainly no connection to the vaccine, which has an extremely remote risk of causing heart inflammation—much smaller than the risk from COVID-19 itself—the idea that the shots are causing mass death has been boosted by right-wing media figures and a handful of well-known professional athletes."* [died-suddenly-documentary-covid-vaccine-conspiracy-theory](#)

RIP the federal government declared public health emergency due to Covid. Will end in May. About time.

Can someone please kill the groundhog tradition.

jml