

Supply and demand of labor in the us



**ASSIGN
BUSTER**

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I choose to do my research paper on the supply and demand of labor in the United States. I will attempt to illustrate the change in supply and demand in the labor market over the last 10 years. I will also explore the different effects and share many views on how this has played a significant role on the economy in the United States. Supply and Demand is categorized as the forces that make the economy work. The supply of labor is defined as the number of workers who are willing and able to work. The labor demand is the number of employers who are willing and able to hire those workers. Supply and demand of labor differs based on the jobs or occupations that are available. Over the last 10 years the supply and demand of labor in the United States has dropped significantly, while other countries has increased, this is because US based companies are moving jobs or operation overseas, because of different types of incentives that they are taking advantage of in order to make their business more profitable.

Since 2000 the labor market has been declining, therefore causing increasing poverty in the United States. This is because of our weak and unequal labor market which began before the great recession. This rising inequality is because of the declining average earnings and the number of workers with the below average wages have grown over the years. There have been many groups affected by this inequality, but one group that has the greatest impact is less educated men. We have seen that this group has experienced a decline in their earnings in the past decade. Because of this it has reduced the income in their families and therefore caused much higher poverty numbers. Why has this happened? First of all today's labor market

puts a greater premium on workers education levels and skills than it did a generation ago (Holzer). With the growing technology advancements in our economy it has reduced the demand for the less skilled workers especially in production workers in the factories.

The supply of well educated workers has not kept up with the growing demand. There has been a gap in the percentage of young people earning some kind of college education. Many years back when factory work in the United States was in high demand, there was jobs available and they paid a decent salary. Obtaining a college education was the last thing that was thought of. As companies moved away to other countries, we all experienced a decline in earnings because we had to accept jobs that was available, and without some kind of college education the jobs were a few to none. We can see that the well-paying production and clerical jobs are going away, therefore making the way for jobs requiring some technical training or work experience. In order to improve the labor market we need to improve our education and work-force system and to develop a skilled workforce. This will help to eliminate the high levels of poverty and inequality in the United States.

The United States must continuously improve the workforce to be able to compete with other nations. We need to develop a strong workforce and employers need to be able to offer a good pay scale. The demand of labor had decreased in the United States because business value short term profits over making the workforce more efficient. The federal government must address the unemployment and underemployment that we have facing in the United States and to realize that the United States is stuck in the

worse economic and social crisis since the Great Depression. It is clear that the labor market had failed to generate enough jobs to support the growth.

The demand of labor is just like any like any other goods or service, it can be classified as both supply and demand. Labor is considered to be elastic if the wage increase causes a decline in the rate of employment and it is inelastic if the employers do not decrease employment to respond to the wage increase. If the supply of labor becomes more limited, especially with highly skilled workers, the cost of employing these workers rises. The labor in these skilled jobs may become less elastic, because these jobs cannot be easily filled. The demand of labor is declining in the United States because employers are becoming more focused on profits than investing in the workers. The labor market failure is a result of our government not asking the United States corporations or their leader to help build the productivity in American instead they are providing benefits for them move to other countries or off shore. For a business in the United States it make economic sense for them to close a plant or a business and send jobs offshore where they will perform more efficiently and at a lower cost. They will not invest in the workers in the United States to make them more efficient in supplying the up to date equipment or providing training that will lead to accomplish the goal of the business.

America has a two dimensional job crisis: a persistent deficit in the number of jobs that are being created and an insufficient percentage of high quality job. (Kochan) One of the job crisis that the United States economy faced was that they needed 7 million jobs to get back to the levels that was reported before the great depression and another 5 million to account for the growth

in the same time period. The President's Council on Jobs and Competitiveness estimates that there will be a need for 20 million jobs by the year 2020. With these number the United States economy has never created jobs at this rate, therefore setting America up for a serious job deficit for the rest of this decade.

The second job crisis that was evidential was that employment benefits represented a key to job quality. Going back to at least World War II, the United States workforce relied on the business to providing health care and retirement benefits. Since the 1980's this benefit had been shrinking. Employer-provided benefits has been proven to be a play big factor in the workforce in the United States for decades. This benefits gives an employee job satisfaction. In lieu of the employer provided benefits such as health care, pension plans and 401k plans declining, the workers are reporting that they are not satisfied with their jobs anymore. Being provided these benefits has proven to be a piece that has given workers the motivation to perform their jobs at the highest level. That is being proficient and efficient that exceed the level that the business is asking for to be able to achieve the goals of the company.

To be able to create 20 million high quality jobs in the United States by year 2020 we must pull together business, labor and government representatives to develop a plan of action. This group needs to determine which issues should be tackled first and what resources will be required. First they should determine what to do to jump start job growth, with this determination it will prevent the jobs and economic crisis from worsening. Another discussion that would be of interest would be to find a way to recapture the lost

manufacturing. Some manufacturing jobs could be recaptured if businesses would take into account the total cost of producing goods offshore and shipping back to the United States. The HBS summit should make a proposal on what should be done to bring home millions of jobs over the next several years.

Many business that moved jobs offshore came under attack by many because it seem to be a slap in the face for many that lost their jobs to other countries. This caused the government to establish programs that helped the American people to overcome some of the obstacles that they faced with losing their jobs. The Workforce Investment Act of 1998 (WIA) is the primary Federal program that supports workforce development (Congressional Digest). This program provides education and training services for people that has lost their jobs because of layoffs or the closing of a business. This program also will help prepare a person for the next chapter in their lives by allowing them improve their skills and prepare them for skilled jobs by providing them with secondary and postsecondary education, on the job and employer-provided training. It also will provide funding for on the job training and employment services. This means that they will pay for the persons training to a company that will potentially hire them for a position.

The Federal government provides workforce development activities through WIA's programs and other programs designed to increase the employment and earning of workers (Congressional Digest). The programs that are offered are job search assistance, career counseling, occupational skill training, classroom training or on-the-job training (Congressional Digest).

The WIA programs are funded through the state and federal and it administer by the U. S. Department of Labor and is available to unemployed or under employed individuals. In 2012 the programs funds was \$4. 9 billion dollars, this included \$2. 6 billion for state grants that was obtained for young, adult and dislocated worker training.

WIA Title 1 programs provide employment and training services and also a One-Stop system. This system is required by each state and includes a core service and access to an intensive training service, provide programs and activities that are carried out by a One-Stop partner, and provide access to all labor market information, job search, placement, recruitment and labor exchange services that are authorized under the Wagner-Peyser Act. Each state is required to have a One-Stop center that is accessible either remotely or electronically.

In order to fill the gap, businesses needs to find a way to attract and help develop a skilled workforce for today's labor market. Although there are programs in place to assist and help to develop these skills, businesses should also help. If businesses would get involved it will show that they are committed to helping with the job shortage and skills development. Although community colleges offer vocational programs to fill specific jobs, if the businesses would work with the college to develop programs that is specific to their business it would help them obtain a better workforce. This year there will be about \$450 million in grants available to help promote and develop a skilled workforce this year.

We are in an economy that simply needs to create and get more jobs. The lack of job growth is killing the United States. We are encouraging the young people to go to college and to get their education, but they are graduating and not able to find work. This is because there is a no jobs to offer them after graduation. The United States government should stop and take a look at what is in the United States instead of looking abroad. There is a

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