


# April jobs report surprise: Is this a labor shortage or a great reassessment of work in America?

 [washingtonpost.com/business/2021/05/07/jobs-report-labor-shortage-analysis](https://www.washingtonpost.com/business/2021/05/07/jobs-report-labor-shortage-analysis)

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One way to make sense of this weak jobs report is to do what Wall Street did and shrug it off as an anomaly. Stocks still rose Friday as investors saw this as a blip. They think there is just a lag in hiring and more people will return to work as they get vaccinated. And they point out oddball months have occurred before, especially with some weird quirks in the Labor Department's seasonal adjustments. 

“With the U.S. economy rapidly reopening, and news of pockets of labor shortages emerging, the markets should treat today's number as an anomaly in a generally positive upward trend,” wrote Seema Shah, chief strategist at Principal Global Investors, to clients.

But another way to look at this is there is a great reassessment going on in the U.S. economy. It's happening on a lot of different levels. At the most basic level, people are still hesitant to return to work until they are fully vaccinated and their children are back in school and day care full time. For example, all the job gains in April went to men. The number of women employed or looking for work fell by 64,000, a reminder that child-care issues are still in play.

There is also growing evidence — both anecdotal and in surveys — that a lot of people want to do something different with their lives than they did before the pandemic. The coronavirus outbreak has had a dramatic psychological effect on workers, and people are reassessing what they want to do and how they want to work, whether in an office, at home or some hybrid combination.

A Pew Research Center survey this year found that 66 percent of the unemployed had “seriously considered” changing their field of work, a far greater percentage than during the Great Recession. People who used to work in restaurants or travel are finding higher-paying jobs in warehouses or real estate, for example. Or they want to a job that is more stable and less likely to be exposed to the coronavirus — or any other deadly virus down the road. Consider that grocery stores shed over 49,000 workers in April and nursing care facilities lost nearly 20,000.

Economists describe this phenomenon as reallocation friction, the idea that the types of jobs in the economy are changing and workers are taking awhile to figure out what new jobs they want — or what skills they need for different roles.

“Clearly, there are industries in both manufacturing and services that are eager to beef up staff as the pace of economic activity accelerates. But those efforts are being frustrated. In some cases, the problem is a mismatch in skills. You can’t train a one-time courier on a bike to become an IT specialist overnight,” said Bernard Baumohl, chief global economist at the Economic Outlook Group.

Tim and Sara Wojtala are a young couple completely rethinking their careers due to the pandemic. Tim worked for years as a manager at major retailer. Last year, he was frustrated by what he felt were lax safety conditions at work and having to deal with irate customers who didn’t want to wear masks. He quit in the fall as the virus surged again. Now he’s going to school to become a wind turbine technician through a program backed by the government. Sara also spent many years in retail and wants to do something more meaningful now.

“The problem is we are not making enough money to make it worth it to go back to these jobs that are difficult and dirty and usually thankless. You’re getting yelled at and disrespected all day. It’s hell,” said Sara, who is 31. She added that with two young kids, finding child care has also been a huge issue lately.

The couple have decided to sell their suburban Detroit home and buy a camper van to travel the country. They hope to home-school their kids and spend more time as a family.

“During the pandemic, I grew to really appreciate my family,” said Tim, who is 37. “We always thought we were a middle-class family that would do the same plan as our parents. Now we’re both just excited at the prospect of a different way of living life.”

Wage data from April is also telling. When companies, especially fast-food restaurants, complain they can’t find workers, the common retort is, “Why don’t these companies raise pay?” In fact, there is evidence that restaurants are raising pay. The average hourly rate in the hospitality sector is up roughly \$1 compared to the pre-pandemic going rate. But the bigger issue appears to be that warehouses have hiked wages by more than a dollar and now pay \$26 an hour on average — far more than the roughly \$18 average in hospitality.

Even among those who have jobs, people are rethinking their options. Front-line workers are reporting high levels of burnout, causing some to seek a new career path. There’s also been a wave of retirements as workers over 50 quit because they don’t want to return to teaching, home health care or other front-line jobs. More affluent Americans say they are retiring early because their retirement portfolios have surged in the past year and the pandemic has taught them that life is short. They don’t want to spend as much time at a desk, even if it is safe.

Alison Detrick used to clean houses in New Orleans. She cut her hourly rate in half last summer to lure clients back. But she lost nearly an entire month of work in the fall when two of her clients contracted the coronavirus. Detrick didn’t get the virus, but she had to get tested and quarantine, losing much needed pay.

Today, Detrick works at a call center. It's not as flexible of a job, but she says it pays well and she can do it from the safety of her home. She transitioned quickly, but others will take time.

Companies are also doing a reassessment of how many workers they need and in what capacities. Economists have been warning for months that some jobs won't come back, especially jobs like hotel check in desk workers, valets, toll booth collectors and some serving jobs that can be automated. There's also an ongoing decline in employment of administrative support staff. Temporary office help declined by 115,000 in April.

Two supposedly hot areas of the economy — manufacturing and construction — also had surprisingly weak hiring, with manufacturing shedding 18,000 jobs and construction flat. Supply chain holdups are forcing factories and construction sites to slow down or even shut down for a while. But it's notable that the manufacturing sector has bounced back strongly, yet the industry has only added back about 60 percent of the jobs lost. This suggests many factories are ramping up automation in a way that allows them to do more with fewer workers.

The overall expectation is still for hiring to pick up this summer as the economy reopens fully and more people are vaccinated. But the past year has fundamentally changed the economy and what many Americans want in their working life. This big reassessment — for companies and workers — is going to take awhile to sort out and it could continue to pop up in surprising ways.

*Andrew Van Dam contributed to this report.*