THE WALL STREET JOURNAL.

HELP WANTED: LIBRARIANS, SEA CAPTAINS

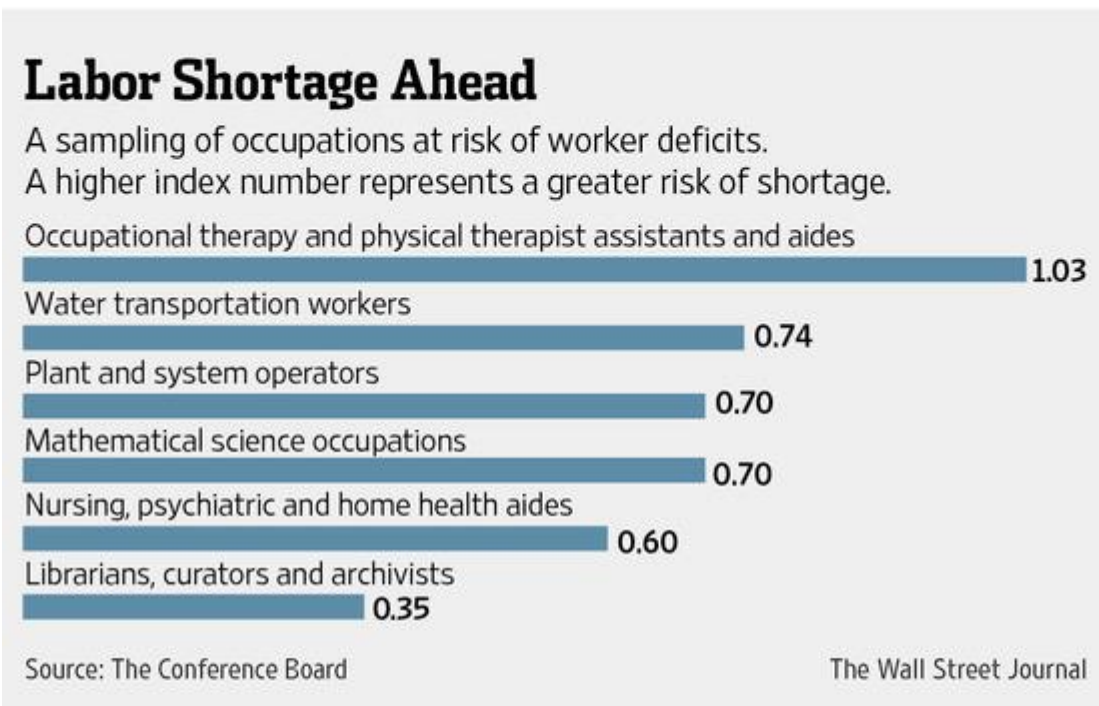
By Laura Weber
September 2, 2014

America may be running out of sea captains and librarians.

Those professions, along with occupational therapists, plant operators and scores of others, are likely to report significant deficits of qualified workers over the next 15 years or so, according to a report coming out Tuesday from the Conference Board. The corporate-research organization examined the risk of labor shortages in 464 occupations, projecting shortfalls for a majority of them.

The good news for workers: Tight labor markets lead to faster wage growth, a metric that has barely kept pace with inflation in recent years.

But the issue at some point will become "such an obstacle that it will lower corporate growth," said Gad Levanon, an author of the report and the director of macroeconomic and labor-market research at the Conference Board.



Nearly 10 million Americans are unemployed so it may seem premature to worry about labor shortages. But the retirements of baby boomers and low replacement rates for industries that young people are spurning, such as wastewater treatment, suggest that employers will have difficulty filling many openings in the near future, the organization found.

Evidence of the dynamic is scant at the moment, said Gary Burtless, a senior fellow at the Brookings Institution, a nonpartisan think tank, even in occupations with low unemployment or where retirement ages skew younger. "I'm looking for early-warning systems," he said. Wages have barely budged even in fields already experiencing shortages, he said.

Mr. Levanon said wage growth is a lagging indicator and he expects to see salaries rise in the next year or two as retirements accelerate.

And by 2030, he said, the youngest baby boomers — those born in the early 1960s — will mostly have retired and the U.S. will face the fallout of a permanently smaller labor force, barring a major change in immigration policy or some other surge in population.

Some employers already are feeling the squeeze. Paul Fontana, owner of a Lafayette, La., occupational-therapy firm that consults mostly for oil and gas firms, has spent up to eight months looking for qualified employees for his Louisiana and Texas locations. Local universities graduate only about 60 therapists per year, he said, and "the number of OTs is not matching the jobs" available.

In the Conference Board report — titled "From Not Enough Jobs to Not Enough Workers" — the authors analyzed 12 factors that will affect labor supply across industries and professions until 2030, including the Labor Department's growth outlook for different occupations, the proportion of older workers in those fields, the rate at which young people are entering those careers and risks of offshoring and automation.

Occupations with the highest risk are those that are either growing the fastest or attracting the fewest new entrants. Health-care employers will have an increasingly difficult time hiring workers, especially in areas such as podiatry and occupational therapy that serve an aging population and require lengthy training and certification.

Labor shortages also will hit shrinking and slow-growing professions such as plant operators, librarians and sea captains because there simply aren't enough young workers to fill the remaining positions after current workers retire.

Mr. Levanon said the resulting growth in pay will squeeze corporations but provide relief for workers whose wages haven't offered much improvement in standards of living.

At the other end of the spectrum — the jobs with low risk of labor shortages — are categories such as food preparation workers, cashiers, telemarketers, plasterers and stucco masons, waiters, actors, cooks, credit analysts and cabinetmakers.

For business owners and investors, higher labor costs could spell an end to a run of unusually high returns. At the moment, businesses are enjoying a post-World War II high in the share of gross domestic product they are receiving as profits. Profits represented 10.6% of U.S. output in the second quarter, continuing an upward trend that began roughly in the 1980s, according to Commerce Department data compiled by the Federal Reserve Bank of St. Louis.

Meanwhile, the share of GDP going to workers in the form of compensation has dropped steadily from about 50% in the early 1970s to 42.2% last year.

The U.S. is due for a correction in how the fruits of economic output are being shared, said Mr. Burtless. Higher wages will put workers in a better bargaining position than they have had for years and will alleviate some of the income inequality that is plaguing the broader economy, he said.