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David Blanchflower, *Not Working: Where Have All the Good Jobs Gone?*, Princeton University Press, 2019, 451 pp. $19.08 Hardcover

By Scott Alan CARSON †

Abstract. David Blanchflower, a leading international labor economist, challenges the prevailing view that there is robust economic recovery and provocatively illustrates that many workers remain underemployed. *Not Working* takes the novel approach to examine conditions in the labor market. Blanchflower considers both economic and non-economic aspects of the Great Recession.
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Book review

In 1930, John Maynard Keynes predicted that because of technological innovation and automation, workers in the future would only work 15 hours per week. Keynes' prediction has, in part, played itself out, because male labor force participation has decreased since the 1950s, and female labor force has decreased since the early 2000s. However, not all has transitioned to the life of leisure predicted by Keynes, and workers find satisfaction and meaning in work. Although US unemployment rates have returned to low levels and the US economy is rolling along, wages have stagnated since the Great Recession. David Blanchflower, a leading international labor economist, challenges the prevailing view that there is robust economic recovery and provocatively illustrates that many workers remain underemployed. High education costs, a slow job recovery, and limited opportunities are associated with record levels of young workers living with their parents, delaying marriage, and altogether opting out of the labor force. Deaths of despair are at all-time highs; workers are physically less mobile, and family formations are at disturbingly low levels. Something is amiss.

It is against this backdrop that David Blanchflower uses a broad understanding of modern labor economics in *Not Working: Where Have All the Good Jobs Gone* to illustrate that tools developed in labor economics are vital to understanding the modern economy to shed new light on labor markets. His interests extend to behavioral economics, and as a leading

† University of Texas, Permain Basin, 4901 East University, Odessa, TX, 79762, USA.
. 432-552-2195 . carson_s@utpb.edu

British economist, served on the Bank of England's Monetary Policy Commission, the equivalent to the Federal Reserve's Federal Open Market Committee, where he consistently voted in the minority to focus on the slow recovery and in favor of loose monetary policy to help workers in the lower tails of the British labor market.

Not Working: Where Have All the Good Jobs Gone? is foremost a labor economics book. Throughout the Great Recession, the cause of the contraction and economic downturn were clear. The economic crisis was a financial market problem, and among all the books explaining the Great Recession as a financial market crisis, *Not Working* takes the novel approach to examine conditions in the labor market. With the 2003-2007 expansion, in their effort for yields, international investors and the Federal Reserve kept mortgage rates inordinately low, lending standards deteriorated, and households—expecting their financial positions to always improve—soon found their financial positions in chaos (Leamer, 2007; Greenspan, 2009). Home prices depreciated, and households that purchased at inflated prices were locked in. Once homebuyers realized that home prices decreased, the housing market and economy contracted. The contagion spread, and the ensuing contraction was the worst in two generations.

The net result was more than a decade of slow wage growth and diminished labor market opportunities. Low wage growth is not local but international, and the main reason for low wage growth is weak demand for workers. Low wage growth is also associated with higher unemployment, and there is a considerable increase in long-term under employment, as workers lose attachment with the labor market. Immigration and automation contribute to weak demand for workers and low wage growth. There are additional factors associated with low wage growth away from low net labor demand. There is a surplus of low wage immigrants keeping the wages of domestic low wage labor in check, and the constant threat from automation lingers like Marx's Reserve Army of the Unemployed (Marx, 1867, pp.64, 781-782).

Labor market inflexibility is also a problem. Labor mobility occurs when unemployed workers geographically sort to areas with greater job opportunities. Workers today are, on average, less willing to migrate for occupational opportunity, and the 2008 housing crisis' negative household equity put up to 25 percent of all households into negative net worth, keeping pressure on skilled workers to stay in their homes, preventing labor market sorting. If an individual relocates from a low skill to high skill labor market at sufficiently young age, they are more likely to receive comparable education and training to assimilate into the receiving labor market. Demographics also contribute to decreasing mobility, and decreasing labor force participation rates reflect an aging population. Moreover, recent rates of nationalism and anti-migration are associated with rigid labor markets. Decreasing labor mobility, anti-immigration sentiments, and worker complacency are associated with increasing inequality that are symptomatic of recent populist political movements.

To remain relevant, the tools of any discipline must change and adopt as the world changes. Blanchflower uses modern labor economic tools to critique the British and US policy responses to the Great Recession. Austerity is the economic theory used to describe European policies to reduce government budget deficits during the middle of economic downturns by increasing taxes, decreasing government spending, or a combination of both. The motivation for austerity comes when a country's fiscal authorities spend too much or tax too little, which creates a drag on future growth opportunities when fiscal excesses in the past limit future alternatives. In the face of mounting European budget deficits, some scholars and policy advocates were able to implement austerity programs that slowed European recovery (Alesina, Favero, & Giavazzi, 2019). Blanchflower, a leading critic of austerity in academic and policy circles, explains why austerity programs were failures from both macroeconomic and labor economic perspectives, and how expansive fiscal policies associated with the 2008 Recession helped shorten contractions and put less stress on fiscal positions.

Another labor market concern that Blanchflower addresses are the social-ills of underemployment. The problem is particularly acute among the young, and a young worker entering the labor force during the 2008 contraction could expect to earn less income throughout their career. Workers enter the labor market with lower occupational trajectories than if they enter the labor force during good times. These limited labor market opportunities are associated with social ills, and workers have lost their 'pep'. Poor occupational opportunities are associated with depression, higher divorce rates, and depression associated with suicide and obesity. This is related to the opioid epidemic.

We live in a golden era of access to information in general and to economics in particular. In the 1960s through 1980s, the typical consumer of economic information was limited to the popular writings Paul of Samuelson at the Massachusetts Institute of Technology or Milton Friedman at the University of Chicago. However, with the wide-spread use of information technologies, general and field specific information are highly accessible. Instead of search costs to locate reliable economic information, the modern problem for economics students are the costs of acquiring and screening credible information. Fortunately, there are a host of recent scholars to reduce the cost of acquiring the most up to date information in their fields. James Bessen (2015) addresses how automation is related to labor markets and traces the rough outlines of how historical innovations have integrated with labor markets. Nick Eberstadtt (2016) addresses factors associated with the significant decrease in male labor force participation rates and market and institutional forces related to the decrease in male labor force participation rates. Tyler Cowan (2017) addresses how Americans have become complacent, and economic dynamism has decreased. We are less willing to relocate for opportunity, tolerate risk, and start and maintain households or invest in small businesses.

Not Working is a tour de force as a review for modern labor markets and how labor economics fits into the Great Recession and macroeconomy. Blanchflower's experience in academics and service to the Bank of England's Monetary Policy Commission are welcome additions to the recent economics books written for the larger public audience. Graduate students and the public interested in economics are well served to take advantage of his expertise and experience.

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