

National Economic Trends



Help Wanted

The United States is enjoying its longest post-war economic expansion. The effects of the expansion on the national labor market have been impressive, as indicated by a March unemployment rate of 4.2 percent, a 29-year low. Such a low unemployment rate has raised inflation fears because employers might have to bid up wages to retain and attract workers. Although the unemployment rate is one measure of “tightness” in the labor market, another is the number of vacant positions. This is a useful additional measure because further downward movements in the unemployment rate are not likely to be very large, whereas the number of vacancies can easily keep increasing. Unfortunately, unlike some other industrialized countries, the United States does not collect data that measure vacancies directly. Instead, the best surrogate is the Conference Board’s Help Wanted Index (HWI), which has generally risen throughout the expansion, albeit at different rates across regions.

The HWI is constructed by tracking the number of help-wanted ads in the largest newspaper in each of 51 large cities. The raw data are seasonally adjusted and combined into a national HWI by weighting each of the 51 series by the cities’ sizes. As shown by the chart on page 11, a rising national HWI tends to occur alongside a falling unemployment rate. The chart below indexes the national HWI to equal 100 in 1992, so as to focus on the current expansion. As shown by the middle line, the national HWI has risen on a yearly basis for every year since 1992, except 1996. This rise suggests that the number of vacant positions in the country as a whole was 44 percent higher in 1998 than in 1992.

A closer look reveals that underlying the national HWI are diverse regional labor market experiences over the current expansion. Although all of the regional HWIs were higher in 1998 than in 1992, some have risen much more than have others. To illustrate this, the chart presents HWIs for the regions for which the

expansion appears to have had the largest and the smallest effects.

The expansion appears to have had the largest impact on the Mountain region. Its HWI, which combines the city HWIs of Denver, Phoenix, and Salt Lake City, had increased 65 percent by 1998. In contrast, the expansion appears to have had the smallest effect on the West South Central region. Its HWI, which combines the city HWIs for Dallas, Houston, New Orleans, Oklahoma City, San Antonio, and Tulsa, stood at 120 for 1998, implying a 20 percent increase in vacant positions relative to 1992.

Although suggestive of diverse regional labor market experiences, these numbers should be treated with caution. The HWI has been criticized because it may drift upward over time due to factors other than the number of vacant positions. Potentially the most important of these factors is the shift in the economy toward white-collar positions, which tend to be more heavily advertised than blue-collar ones. Comparisons of regional HWIs will suffer from this bias to the extent that this occupational shift occurs at different rates across the regions. However, it is not likely that this bias alone can explain the large variation in the regional HWIs.

—Howard J. Wall

