Mr. Fischer' is ambivalent about the "the relative importance of cyclical (short-term) versus structural (long-term) factors", there is profound evidence that the U.S. workforce has undergone structural changes more fundamental than the cyclical impact of a recession -- even that of the Great Recession.

The Unemployment Rate: Between 2.8 and 3.7 Million Jobs Shy

The headline unemployment rate is one of the most watched economic numbers. It is a calculation of the percentage of the Civilian Labor Force, age 16 and older, currently unemployed. Today's Civilian Employed would require 2.8 million additional job holders to match its interim low in 2007, and we would need 3.7 million to match the lowest rate in 2000.

For a somewhat more optimistic spin, look at the same statistic for the core workforce, ages 25-54. This cohort leaves out the employment volatility of the college years, the lower employment of the retirement years and also the decade when many in the workforce begin transitioning to retirement. Today's age 25-54 labor force would require 1.8 million additional employed to match its interim low in 2006 and 2.3 million to match the lowest rate in 2000.

A wildcard in the two snapshots above is the volatility of the Civilian Labor Force -- most notably the subset of people who move in and out of the workforce for various reasons, not least of which is discouragement during business cycle downturns. The Labor Force Participation Rate (LFPR). The LFPR is calculated as the Civilian Labor Force divided by the Civilian Noninstitutional Population (i.e., not in the military or institutionalized).

Based on the moving average, today's age 25-54 cohort would require 2.8 million additional people in the labor force to match its interim peak participation rate in 2008 and 4.1 million to match the peak rate around the turn of the century. Why are so many more labor force participants needed for a complete LFPR recovery? When the economy is going gangbusters, as in the late 1990s, jobs are abundant, which encourages the population on the workforce sidelines to join the ranks of the employed. Today's economy doesn't offer that sort of encouragement.

The disturbing news is that the current age 25-54 cohort would require an increase of 4.7 million employed participants to match its ratio peak in 2007. To match its mid-2000 peak would require a 6.6 million increase.

Our economy is in the midst of a structural change. The three mainstream employment statistics -- unemployment, labor force participation and employment-to-population -- all document an ongoing economic weakness far deeper than the result of a business cycle downturn.

In his speech on the aftermath of the Great Recession, Federal Reserve Vice Chairman Fischer had some specific observations on employment:

The considerable slowdown in the growth rate of labor supply observed over the past decade is a source of concern for the prospects of U.S. output growth. There has been a steady decrease in the labor force participation rate since 2000. Although this reduction in labor supply largely reflects demographic factors -- such as the aging of the population -- participation has fallen more than many observers expected and the interpretation of these movements remains subject to considerable uncertainty. For instance, there are good reasons to believe that some of the surprising weakness in labor force participation reflects still poor cyclical conditions. Many of those who dropped out of the labor force may be discouraged workers. Further strengthening of the economy will likely pull some of these workers back into the labor market, although skills and networks may have depreciated some over the past years.

In order to discount Fischer's point about the aging population, I have focused on the 25-54 age group. Also, by excluding the age 55-64 decade associated with early or pre-retirement, I've eliminated a cohort that might include a major source of discouraged or less-determined workers.

The percentage of elderly employment is at its historic high -- now double its low in the mid-1980s. This is a trend with multiple root causes, most notably longer lifespans, the decline in private sector pensions and frequent cases of insufficient financial planning. Another major cause, I would argue, is the often surprising discovery by many of the elderly that the "golden years of retirement" might be less personally satisfying than productive employment. Note that the growth acceleration began in the late 1990s, prior to the last two business cycle downturns.