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**Leaders**

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**The curious case of the disappearing worker**

# What to do about a labour crunch

Across the rich world vacancies are left unfilled

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To get labour markets working better, governments should consider three P's: payments, passports and patience. Take payments first. In America businesspeople, almost to a pinstripe, are convinced that the \$300-a-week boost to unemployment insurance (UI) explains the shortages. However, pundits do not agree on whether stimulus handouts really lead people to shirk.

The evidence is hazy elsewhere, too. It might seem natural that British pot-washers would prefer to earn 80% of their salary on furlough than stand in a hot kitchen for 12 hours a day for 100% of it. However, Australia ditched its job-protection scheme in March, and shortages have worsened.

Given this uncertainty, the solution is not to slash welfare but to redesign it so as to encourage work. Arizona is reallocating some of the money used for UI, instead offering \$2,000 payments to folk who move into a full-time job. The evidence on back-to-work bonuses from past recessions is encouraging.