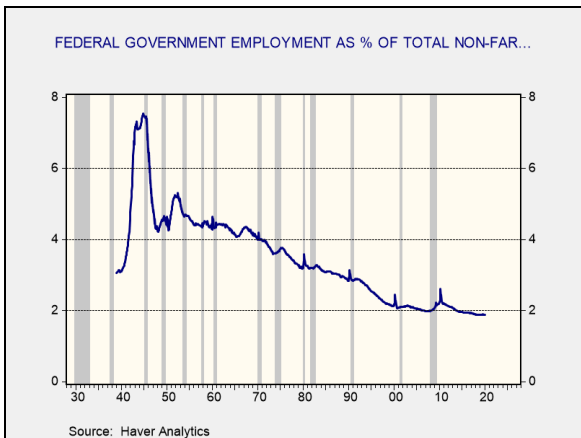


made life for these workers unsettled. They can't easily manage other activities, such as childcare or education, because they could be called into work at any moment.

To some extent, government workers include those who are there to handle emergencies and provide stability. They are there to provide assistance for natural disaster preparation, civil defense, disease mitigation and enforce regulations. Since the 1980s, government workers have been denigrated in popular culture. And, with the end of the Cold War, there is evidence to suggest there are fewer of these positions filled.



Current civilian federal government employment is about 1.9% of total employment. For the most part, government workers don't contribute directly to output; they offer assistance in that effort but are often there to deal with problems that emerge. Fewer government workers relative to the rest of the civilian workforce suggests there is [less capacity to respond to natural disasters or events such as COVID-19](#).

Ramifications

As the world becomes less stable, our notions of optimization will change. Instead of viewing inventory accumulation as a negative or long supply chains as a positive, sentiment will likely reverse. Current ideas about optimization all assume globalization will be maintained. Given our doubts about this outcome, we would expect companies with shorter supply chains and redundant capacity to be rewarded.

Bill O'Grady
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Confluence Investment Management LLC

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