

Jobs, Jobs, Where are the Jobs?

We hear this question being raised – principally by politicians – over and over again on TV, radio talk shows, and in the print media. Where, indeed, have the jobs gone?

To India?

To China?

To the planet Vulcan?

No...they've gone to the future.

Structural versus Cyclical Unemployment

Following most recessions, the companies that laid people off usually wait a while after the recovery begins before rehiring those people. This gives the businesses time to recover some of the profits they lost when the recession first hit. They wait as long as they can, with their overhead (employee) costs down, until they absolutely have to begin rehiring. They also wait to be sure the recession is really over.

This cycle is why it's commonly called "cyclical unemployment."

So how come companies haven't started bringing people back in the numbers the economists and even the politicians thought they would? Where are the jobs that were vacated in the early days of the recession?

They've been eliminated by technology.

That's right. This recession, which really started in mid 1999, was long enough that advances in manufacturing, communications, and information technology made many of the positions vacated by layoffs unnecessary by the time the recovery got its legs in early 2003.

You commonly hear this phenomenon reported as "increases in productivity," but what it means is that – because of technology advances – the businesses that laid people off became able to do the same amount of work as they could when they had those people on the payroll...but with many fewer people. This doesn't mean the poor slob who kept their jobs are now working 150% harder than before to do the extra work. It means the technology is doing the extra work.

So, instead of getting rehired to do their old jobs, many of the people who were laid off will have to learn a new skill to land one of the new future-oriented jobs that are increasingly available. But this kind of transition takes more time than a typical rehiring cycle. As I said, it's a *structural* change, and that's why the job numbers are lagging the recovery the way they are. The jobs will be back, but they will be different jobs, and they will require new skills that take time to develop in the workforce.

But What About the Jobs That Were Outsourced Overseas?

Oh yes...that sounds like a good political question, but it's disingenuous. The same politicians who ask that question already know that for every job that goes overseas foreign company locate one or more jobs over here. It's called a *global economy*.

Yes, it's true that many companies have relocated their customer service operations to India, Ireland, or some other offshore location. But then we have Japanese and German cars being manufactured here in America by Americans. And all the Americans who used to be working for Amoco are now working for British Petroleum. If we pulled back the jobs that have been relocated overseas, other countries would pull their jobs out of America, and we would be the bigger losers.

Our economy is in very good shape, and getting better. The jobs will return. In the meantime we have to stop acting like Chicken Little: "The sky is falling, the sky is falling."

No it's not. It's true the world is a somewhat more dangerous and less stable place today than it was a few years ago, but America has been in tougher situations than this...and she has prevailed. We will prevail again. But to do so we must cease the politics of fear and division. We must have faith that God's favor and good old Yankee ingenuity will right the wrongs and add lots of new jobs.