

# IS HIGH UNEMPLOYMENT THE NEW 'NORM' FOR THE JOB MARKET?

By

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The Rules of the Hiring Game Have Changed . . . Forever!***

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**N**otwithstanding the fact that there have been recent glimmers of hope that we may—at last!—be seeing at least somewhat of a turnaround in the worst job market in a generation, those who continue to hold out hope that things will soon return to “normal” may be sadly disappointed. As I contend in the *first* NEW “rule” of the hiring game in ***“Headhunter” Hiring Secrets***, many, if not *most*, of the 8 million+ jobs that simply disappeared during the Great Recession are *not* going to come back! That is, persistently *high* unemployment may indeed become the new “norm” in the job market.



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**Job-Seekers Still Playing by the ‘Old Rules’  
of the Hiring Game, Waiting for Things  
to Get Back to ‘Normal,’  
May be in for a Big Shock, Long Wait.**

Based upon what I am reading in the news, as well as my own experience as a professional “headhunter” in the job market each and every business day, it would appear that I am hardly alone in my assessment of how the job market appears to be shaping up, at least for the foreseeable future. Let me share with you a couple of recent articles on the subject, both of which, in my opinion, are excellent, informed analyses of the current *and* projected state of the job market.

## **THE ‘OLD’ RULES OF THE JOB MARKET AREN’T BEHAVING THE WAY THEY USED TO!**

One of the more thorough and comprehensive articles on the job market, “Unemployment Nation,” appeared late last year in *Time Magazine*, just as early signs of economic recovery were becoming evident.<sup>1</sup> The basic premise in the article is that, even as the economy started to grow again—as it reportedly did in the 3rd quarter 2009—many of the millions of jobs that have been lost during this the deepest, longest economic recession since the Great Depression of the 1930s, won’t necessarily follow suit.

<sup>1</sup>“Unemployment Nation,” by Joshua Cooper Remo, *Time Magazine*, September 21, 2009.

The issue of whether or not the concept of “full employment” (generally considered to be in the 5% to 6% range) has become anachronistic because of permanently altered economic realities was touched upon by Lawrence Summers, director of the president’s National Economic Council, while speaking at the Peterson Institute for International Economics in Washington, D.C., in July 2009.

**The Role of ‘Okun’s Law’.** There appears to be, Summers said, a strange bit of physics operating in the current economy. The problem stems from an arcane economic “rule” called Okun’s law, first postulated by economist Arthur Okun in 1962. At the risk of over-simplification, the rule states that, when the economy grows, it produces new jobs at a predictable rate. Conversely, when the economy heads south, jobs are shed at a similarly predictable rate. The problem is, according to Summers, the “push-pull” phenomenon simply hasn’t been happening.

The economy shed jobs at a much faster pace during the most recent recession than Okun’s law would predict, the article pointed out. According to the rough rule, unemployment at that time, i.e., at the end of the third quarter 2009, should have been at about 8.5%. Instead it had just passed the ten percent mark, the highest level since 1983. In other words, something new, different and strange seemed to be happening in the economy, insofar as the relationship between economic growth and creation of new jobs is concerned.

“I don’t think,” Summers is quoted as saying, “that anyone fully understands this phenomenon.”

## **THE ROLE OF ADVANCING TECHNOLOGY IN PERSISTENT HIGH UNEMPLOYMENT**

In “What if There’s No Fix for High Unemployment?” (June 10, 2010, online edition of *Fortune Magazine*), Martin Ford, a Silicon Valley entrepreneur and author of *The Lights in the Tunnel: Automation, Accelerating Technology and the Economy of the Future*, contends that today’s (and the projected future) high unemployment rate is largely a function of *structural* changes that have occurred in the marketplace.

“There seems to be little doubt that unemployment is going to remain stubbornly high—quite possibly for years to come,” Martin said. “There’s also mounting evidence that a good part of that unemployment is really *structural* (**emphasis mine**) in nature: The skills and capabilities of many experienced workers are simply no longer demanded by the market.

“In manufacturing and in many clerical and administrative occupations, computerization and automation have left many formerly middle-class workers with few viable career options,” he added.

Ford said that while most economists readily acknowledge the role advancing technology has played in the elimination of many jobs, few seem to have given much serious thought to the potential impact of that phenomenon on future job growth prospects.

“As technology continues to accelerate,” he said, “the number and types of jobs that can be automated is certain to expand dramatically. It’s not just factory workers that can be replaced by robots and machines: Rapidly improving software automation and specialized artificial intelligence applications will make knowledge worker and professional occupations requiring college educations and advanced skills increasingly vulnerable.”

Much like many of today's beleaguered job seekers, many economists, while acknowledging the prospect that unemployment could remain high for the next five years or so, still expect the unemployment rate to eventually return to "normal" levels. Why? Because it always has, Ford said.

"Technology isn't going to stand still while we wait for the job market to recover," Ford added. "As jobs of all kinds get automated at an increasing pace, it may turn out to be extraordinarily difficult to find our way back to an acceptable unemployment rate."

## POTENTIAL IMPACT OF 'SHIP JUMPERS' ON FUTURE UNEMPLOYMENT RATE

If we can believe a couple of recent polls conducted by Manpower, Inc. and CareerBuilder.com (and I do!), over *one-half* of the 60 million to 80 million *currently employed* people say they intend to "jump ship" for another job as the economy continues to improve and new jobs are created. Assuming this mass exodus actually occurs, that can only mean even more pain for the currently *unemployed*. Add to this the fact that many of the unemployed, who have been sitting on the sidelines recently because they have simply become so discouraged that they have quit looking for jobs, will also be venturing back into the job market as the economy continues to improve and the employment situation becomes even bleaker.

Bottom line? It could become **FIVE times more difficult to get a job in 2010 than was the case in 2009!**

(To learn more about this important aspect of the anticipated future job market, go to this link: <http://www.headhunterhiringsecrets.com/FiveTimesMoreDifficulttoGetJob-2010.html> and read my article entitled, "**In 2010: It Could Be FIVE Times More Difficult to Get a Job Than it Was in 2009!**")

## SO, WHAT'S THE SOLUTION TO THE EMPLOYMENT DILEMMA?

So, what to do? Well, certainly we can't just throw up our hands and surrender the flag! Something must be done, and done sooner rather than later, if we ever hope to get back to something resembling "full employment."

If we are to create jobs, as the *Time Magazine* article pointed out, we essentially have two choices and one very painful fact to confront. The two choices are—or at least seem to be—that either the government or private industry (or both, of course) will have to be the driving force behind new job creation. The painful fact, however, is that, unlike during the 1930s, the federal government really doesn't have the option of employing millions of workers today.

"There's no way to create real jobs using this approach," Harvard professor Robert Mangabeira Unger is quoted as saying in the *Time* article.

Unlike during the Great Depression, the federal government can't simply throw shovels at 10,000 unemployed people and have them build dams or roads. Today, such work is done by just a few machines. And, the article goes on, it was a lot easier to persuade farmers during the Great Depression to switch to ditch-digging than it would be to get laid-off hedge-fund traders to switch to repairing sewers, as appealing as that prospect might be today to many Americans.

So, if the federal government can't hire everyone—and it certainly can't!—and we can't reasonably expect to stop the inexorable advance of technology and its inescapable effect on widening array of jobs, as pointed out by Ford in his *Fortune Magazine* article, where will tomorrow's jobs come from? Obviously, one viable option might be to rely upon traditional strategies: create demand through growth, cheaper money and massive government spending, in the reasonable expectation that at least some new jobs will necessarily follow. In the meantime, we could continue training people for whatever work they can get—fast food, nursing, whatever. Still, this hardly is a long-term solution. While I certainly strongly believe that there is dignity in all honest work, let's face it, cheap, low-end jobs won't result in a workforce capable of sustaining globally competitive growth and continued U.S. economic dominance.

## THE 'BOTTOM LINE'

The bottom line on all of this, at least to me, is that those who are waiting around for things to “get back to ‘normal’” in the job market may be in for a rather long wait, not to mention continued disappointment and frustration. As I've mentioned many times, in many different forums, in the last couple of years, regardless of how bleak the employment picture is today, it's important to keep in mind that new jobs still *are* in fact being created, albeit not enough to turn things around easily or quickly. However, these scarce new jobs will go only to those job seekers who are *fully* prepared for and *thoroughly* schooled in the NEW “rules” of the “hiring game,” as well as to those having a *realistic* picture of the current and (anticipated) future job market.

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## ABOUT THE AUTHOR

**Skip Freeman**, author of *"Headhunter" Hiring Secrets: The Rules of the Hiring Game Have Changed . . . Forever!*, has successfully completed more than 300 executive search assignments in just seven years. Specializing in the placement of sales, engineering, manufacturing and R&D professionals in industry, he has developed powerful techniques that help companies hire the best and help the best get hired.

A distinguished graduate of the United States Military Academy, West Point, he is a lifelong student of leadership, people and the principles of success. While serving in the U.S. Army Corps of Engineers and Chemical Corps, he also earned a Master of Science degree in Organic Chemistry from The Georgia Institute of Technology and a Master of Business Administration degree in Marketing from Long Island University.