

Downsizing Strategy (011) (603) 862-3374

Most economists conclude that that we are in a jobless recovery and that there is little on the horizon to suggest an improving job market.

The recent turmoil in global markets has everyone running for shelter. Are we in for another downturn and how will this affect jobs?

Jobless Recovery looms

The news is not good. After more than two years of rising unemployment, and after there are signs that the economy is recovering, the job market is still in the doldrums.

Hovering between nine and ten percent there are few companies that plan to add any significant numbers to their payrolls. Before they are willing to put out the help wanted signs, they need to see a sustained and more rapid recovery. Now, jobs lag every recovery. When the economy traditionally turns, employers look for several good months and

continue to push their workforce without adding new workers.

But this recovery is different. First there is no evidence that there a sustained and vigorous recovery is at hand. The traditional "V" recovery where a precipitous drop is followed by a dramatic recovery is just not happening.

In the past we depended upon a new bubble to save us. But this time there is no new bubble. Real estate is languishing, high tech is not hot, and the financial sector is still on life support.

What then will pull us out of this recovery?

Unfortunately, nobody sees what that would be. As a result we will limp along for another few years.

But that's only one view, however, it is the view of most economists. JP Morgan Chase, on the other hand believes that we are well into a world recovery and that the labor markets will improve shortly. Let's hope they are correct.

Job Insecurity Returns

The job market has been in such sorry shape that it is hard to believe that it can get worse. But the buzz over the last few months is that the workforce is getting very anxious.

What is happening?

First, while the recovery is proceeding, it has helped organizations but not the workforce. Indeed this is a jobless recovery.

That by itself is creating lots of anxiety. But add to this the constant criticisms over the budget deficit, the failure to pass health care legislation, the inability of congress or the president to take decisive action, the inability of the housing market to recover, the drop in the stock market, the unwillingness of the consumer to start spending again, and the fear that the global economic situation is in bad shape, is enough to

strike fear in anyone.

So what we are finding is that workers expect another round of furloughs. They see the economy in terrible shape and expect the worse.

Will their fears materialize? That's hard to say, but in spite of the widespread pessimism that dominates business, the odds still favor the fact that we are in a slow recovery.