

Jobs that aren't

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The jobs front is like the Iraqi front. The worse the situation, the better the news. As jobs for college graduates disappear from the U.S. economy, pundits tell us how great the jobs outlook is.

The 248,000 new jobs in May looks good as an aggregate number, which is the only number the public got. The components of the figure reveal a scary situation.

American job growth is concentrated in low-paid domestic services, such as restaurants and bars, temporary help, and health care and social assistance. Of the 248,000 new jobs, 213,000 are in domestic services and construction. These are not jobs that can help reduce the massive U.S. trade deficit by producing tradable goods and services.

The good news is 32,000 manufacturing jobs were created in May. If this manufacturing jobs growth continues for the next 84 months, by June 2011 the U.S. economy will have regained the June 2001 level of manufacturing employment.

The bad news about the new manufacturing jobs is that only 13,000 are in products of the global high tech economy -- computer and electronic products, semiconductors, and electronic instruments. The rest are scattered among food manufactured products, wood products, and roofing metal for the domestic housing boom.

Something is wrong. We are told we live in a global economy, but the jobs growing in the United States are not part of the global economy. Advanced technology products are touted as America's manufacturing advantage. However, the U.S. suffered its first-ever trade deficit in advanced technology products in 2002. The deficit grew significantly in 2003 and is growing this year. Charles McMillion at MBG Information Services in Washington D.C. forecasts the U.S. 2004 deficit in advanced technology products to be \$35 billion.

U.S. manufacturing employment peaked in June 1979 at 19,553,000. In May 2004 U.S. manufacturing employment stands at 14,405,000, a decline of 26 percent.

We are told not to worry, that this only means U.S. manufacturing has become more productive. A large percentage of the population once worked in agriculture, but today, thanks to productivity, a tiny percentage of the work force provides our food.

It is true manufacturing has become more productive. But it is also true U.S. manufacturers are increasingly assemblers of foreign-made parts. More and more U.S. brands are made abroad. Unlike manufacturing, U.S. agricultural employment did not decline historically because of outsourced food production.

Our export future was to be in services. We would be the world's supplier of high-tech services and earn foreign exchange from service exports to pay for our imports of manufactured goods.

The problem with these assurances is the U.S. trade surplus in services peaked at \$91.1 billion in 1997. It has since fallen to \$59.2 billion, a drop of 35 percent. Our surplus in services is only about 10 percent of our trade deficit in goods.

Because the U.S. dollar is the world's reserve currency, we can get away with this extraordinary imbalance long enough to dig ourselves into a deep hole.

Perhaps U.S. employers have been saving up high value-added jobs for June graduates and we will get good news the first Friday in July when the June jobs numbers are announced.

But don't hold your breath. In the past 40 months (three previous graduating classes), the U.S. economy lost 376,000 jobs in professional and business services and 220,000 jobs in professional and technical services.

Since January 2001, the U.S. has 64,000 fewer accounting and bookkeeping jobs, 16,000 fewer architectural and engineering jobs, 223,000 fewer computer systems design and related jobs, 123,000 fewer management jobs, 532,000 fewer information jobs (including telecommunications, ISPs, search portals, data processing), 117,000 fewer jobs in air transportation, 80,000 fewer jobs in chemicals, 122,000 fewer jobs in plastics and rubber products, 178,000 fewer jobs in apparel, 128,000 fewer jobs in textile mills, 523,000 fewer jobs making computer and electronic products, 297,000 fewer jobs making machinery, 134,000 fewer jobs making electrical equipment and appliances, and 209,000 fewer jobs making transportation equipment.

If job disappearance of this magnitude continues, textile engineers, mechanical engineers, chemical engineers, electrical engineers and computer engineers will disappear as American occupations.

Few trends, including decline, move in a straight line. However, with massive trade deficits in manufactured goods including advanced technology products, with shrinking trade surpluses in services, with U.S. job growth concentrated in low-pay domestic services, and with the Bureau of Labor Statistics predicting most U.S. job growth over the next decade in low-skilled domestic services, the U.S. work force is taking on a Third World complexion.

That is the truth about jobs.

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