



Written by [Raven Clabough](#) on January 31, 2011

American Jobs Market in Peril

Forecasts made by the Bureau of Labor Statistics that the 2000s would yield nearly 22 million net jobs have been proven false by the financial crises plaguing the decade. Likewise, assertions that the economy is bouncing back from the 2008 meltdown continue to prove false, despite new optimistic predictions made by the Congressional Budget Office.

John Bougearel of [Naked Capitalism](#) writes:

“Now the CBO is projecting 2.5 million jobs will be created annually from 2011 to 2015...That is more than 200,000 jobs being created per month every month for the next 5 years. Yet peak annual job growth ranged from 154,000 to 178,000 during the housing boom era circa 2004-2006. But there can and will be no housing boom in the U.S. over the next five years that will possibly match the housing boom of the previous decade. Just the excess supply of homes alone will take to 2013 to absorb, according to J.P. Morgan. With no housing related jobs to create at least until 2013, there is simply no way the U.S. can create 2.5 million or 200,000+ jobs per month on average in 2011-2012.”



According to Bougearel, the CBO's misplaced projections fail to acknowledge the movement of jobs overseas, as well as the automation of businesses, which virtually eliminates the jobs. He explains:

A recent paper by researchers at the Asian Development Bank Institute concluded that the iPhone, one of the United States' top innovations of the past decade, actually contributes nearly \$2 billion to our trade deficit because it is almost entirely produced and assembled in Asia. The paper also raises a conundrum for lawmakers and business leaders alike: If Apple moved its assembly line to the United States and created domestic jobs but didn't raise the cost of the iPhone, the company would still turn a 50 percent profit on every one it sold.

What's worse is that American corporations lack incentive to maintain jobs in the United States, as free trade agreements and federal tax codes increase the allure of outsourcing. Howard Rosen, a labor economist at the Peterson Institute, noted, “U.S. companies are investing in plants and equipment, just not in our borders...They are privatizing the gains of globalization.”

What's worse is that the trend is expected to get worse. Projections made by the Hackett Group



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indicate, "On top of 2.8 million jobs lost from 2000 to 2010 in finance, IT, HR, and procurement, the Hackett Group projects that another 1 million will disappear by 2014 in North America and Europe. By 2014, nearly half of the back office jobs that existed in 2000 will have disappeared or moved overseas:"

"Our experience in the trenches of strategic transformation in finance, IT, HR, and procurement is entirely consistent with the picture of a jobless recovery painted in this research...There's no end in sight for the jobless recovery in business functions, such as IT and corporate finance, in large part due to the accelerated movement of work to Indian and other offshore locations...Realistically, we have to discover ways to create jobs in other industries and in other ways."

Some lawmakers have attempted to address these issues. In March 2010, Senators Chuck Schumer (D-N.Y.), Sherrod Brown (D-Ohio), Bob Casey (D-Pa.) and John Tester (D-Mon.) addressed a [letter](#) to Treasury Secretary Timothy Geithner that American tax dollars should not be used to create overseas jobs:

"Companies located in New York, Pennsylvania, and elsewhere across the United States are fully capable of manufacturing the range of clean-energy components, and U.S. wind farms and other clean-energy projects financed with stimulus money should be buying American-built parts."

The Senators pointed to a specific wind farm project in West Texas that is seeking an award of \$450 million in stimulus funds for a \$1.5 billion project. According to Schumer, the Texas project would create around 3,000 Chinese jobs and just 300 American jobs. "The goal of the stimulus is to strengthen the American Economy, and that means creating jobs here in the U.S. not in China," Schumer said.

Until the Obama administration seeks to put an end to jobs losses overseas, the future of the American jobs market remains uncertain. President Obama's new jobs czar [Jeffery Immelt](#) should be enacting policies that disincentives companies from outsourcing American jobs. Unfortunately, however, Immelt's ties to General Electric, a company that is not only a leading outsourcer of American jobs but one that has received billions of dollars in bailout funds from the federal government, may prove to have an impact on the decisions Immelt makes as they pertain to the American jobs market.



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