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Is Your Profession Thriving, or Dying?

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The nation's job market appears to be stuck in the mud. In February, the unemployment rate for the country stood at 5.8%, exactly where it was 14 months earlier. Employers, after slashing payrolls in 2001, appear unwilling to start hiring again, leaving millions of laid-off workers out in the cold.

Look below the surface, however, and the picture isn't all about job-market stagnation. The labor market is actually going through huge tectonic shifts that could affect your own work prospects in the months and years ahead.

Many industries -- such as electronics manufacturing, telecommunications, airlines and investment banking -- have continued to shed jobs even as the overall job market appears to have stagnated.

Employment in the electronics sector, for example, is down 115,000 in the past year alone. There are 15,000 fewer stock brokers than a year ago and 101,000 fewer restaurant workers.

However, other industries have been adding to their payrolls. Employment in the health-care sector has surged by 236,000 during the same time period. There are 68,000 more mortgage bankers, and employment in the education field has risen by 99,000.

"The downturn was felt very unevenly across the economy," says Nariman Behraves, chief economist with Global Insight, a Waltham, Mass., consulting firm.

Reshuffling the Deck

The economy might look stagnant on the surface. But underneath it is effectively reshuffling its deck on a massive scale. Month after month, thousands of workers are moving from industries that are struggling -- such as manufacturing -- into industries that are still thriving -- such as health care.

CREATIVE DESTRUCTION

Huge shifts are taking place in American industries. Some are adding workers while many others pare back. The following reflects percent changes in payroll employment levels for various industries between March 2001 -- when the recession officially started -- and February 2003.

"There is a lot of jockeying going on," says Jeffrey A. Joerres, chief executive of Manpower Inc., a job-placement firm.

Gaining Ground

Mortgage Bankers & Brokers -- Up 17%

Educational -- Up 7.1%

Social Services -- Up 7%

Legal Services -- Up 6.3%

Health Care -- Up 5.1%

Building Suppliers -- Up 4%

Insurance Agents -- Up 3%

Real Estate Brokers -- Up 2%

Federal Government -- Up 2%

Furniture Stores -- Up 1%

Auto Repair -- Up 1%

Losing Ground

Restaurants & Bars -- Down 2.5%

Apparel Stores -- Down 3%

Trucking -- Down 3%

Hotels -- Down 6%

Publishing -- Down 8%

Securities Industry -- Down 9.9%

Communications Equipment Makers -- Down 11%

Airline Workers -- Down 11.7%

Furniture Makers -- Down 12%

Industrial Machinery -- Down 15%

Electronics Mfg. Workers -- Down 22%

Sources: Economy.com; U.S. Bureau of Labor Statistics

Economists have a term for this wrenching phenomenon: "creative destruction." The term was coined by an Austrian-American economist named Joseph Schumpeter after the Great Depression ended. In a dynamic capitalist economy, Mr. Schumpeter argued in his classic book, "Capitalism, Socialism and Democracy," uncompetitive industries and companies have to be destroyed in order for thriving industries and companies to take root. He called it a "perennial gale of creative destruction."

During good times this gale of reshuffling isn't so painful. But when times are tough -- like now -- the adjustment can be drawn out and wrenching. Kay Pagans, a 43-year-old Virginian, has navigated this changing landscape. She lives in a southern Virginia town called Ferrum, an industrial area once surrounded by furniture and textile factories. Both industries have been hit by falling prices and weak profits, due in part to import competition from developing countries such as China.

Ms. Pagans spent most of her working life in a textile factory, operating sewing machines and later helping to manage supplies. But she was laid off in 1999. Trapped in a dying industry, she gained a new set of skills. She earned an associates degree at Patrick Henry Community College, focusing on office administration. Ms. Pagans had to rely on federal assistance for displaced workers and made huge payments to keep her health insurance while in school. To make ends meet, her family curbed spending on Christmas gifts and relied more on its own vegetable garden for food.

But in the process, she shifted from the textile industry to the education field. Today, she is working for the community college, helping other manufacturing workers find new jobs. "You've got to be flexible and you've got to be able to make changes," Ms. Pagans says.

Bright Prospects

So which industries will thrive in the months and years ahead? Mark Zandi, chief economist with Economy.com, a regional economic-consulting firm, says the health-care sector is a good bet. Why? Demographics for one thing. The largest segment of the population today is between the ages of 40 and 44, and this segment's health-care needs are rising. "Baby boomers are aging and using a lot of health-care services," Mr. Zandi says. Second, this sector is less exposed to tough competition from foreign imports. Textile workers like Ms. Pagans have had to compete against low-wage workers in China. But few Americans would go to China to have their appendix removed. This gives the sector room to grow domestically.

Mr. Zandi, after studying 330 metro areas around the country, found that in 254 a health-care

provider such as a hospital was among the 10 largest employers in those areas. He says another good long-term bet -- though a risk in the short term -- is education. The second-largest segment of the population is between the ages of 10-14, the children of baby boomers.

This segment seems likely to create strong demand for teachers and school administrators for at least the next 10 years, he says. In the short run, however, the field could be hurt by tight state and local budgets caused by a weak economy. This crisis has led to layoffs at many schools across the nation, from Elgin, Ill., to Livermore, Calif., to Salisbury, Md.

He's less optimistic about the real-estate sector and the housing industry, which have created lots of jobs during the past two years. Some economists worry about the housing sector. With mortgage interest rates at their lowest levels in decades, home sales and home construction have boomed, creating rising demand for real-estate agents, mortgage brokers and home-construction workers. But Mr. Zandi says this cyclical industry is bound to lose steam, especially if interest rates start rising.

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