

The two reasons it really is harder to get a job than it used to be

(Washington Post – Jeff Guo: 10-28-16) It used to be that jobs returned swiftly after a recession. But since the 1990s, the labor market seems to have lost much of its natural buoyancy. The past three downturns caused extended periods of underemployment. Years after economic output had fully rebounded, there were still fewer people at work.

Economists have struggled to explain the forces behind these so-called “jobless” recoveries. A popular view is that recessions are times when companies clean house and find ways to become more efficient. In recent decades, that has often meant replacing employees with computers. This could explain why the jobs we lose in a recession don’t seem to return anymore: The positions became obsolete.

New evidence says there might be another reason for these stubborn spells of low employment: After a recession, the remaining job openings may become harder to fill because employers start to demand people with better skills, who can adapt to new technologies in order to be more productive.

In other words, it’s not just that many jobs go extinct during a recession. Even the surviving jobs sometimes shift beyond recognition — and beyond the reach of many.

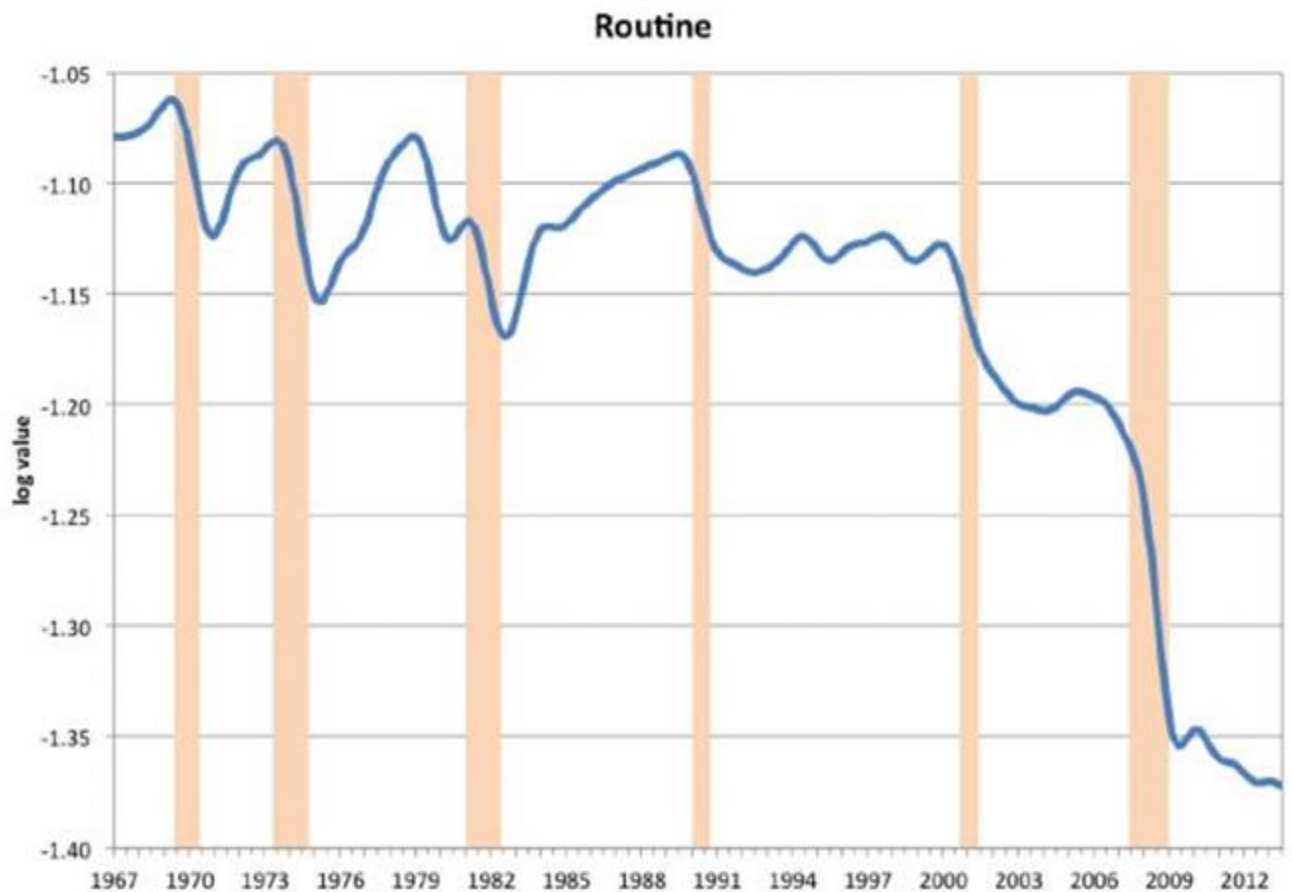
These are the jobs that are never coming back

Both of these theories are significant because they link jobless recoveries to another unsettling trend — the replacement of manpower by machines, which has contributed to the hollowing out of the middle class.

A striking chart comes from economists Nir Jaimovich and Henry Siu, who find that job losses in recent recessions came almost entirely from occupations defined by “routine” tasks. These are the modest but sturdy occupations that once formed the bedrock of the American middle class — think secretaries, bank tellers and machine operators.

In the past, employment in those kinds of routine jobs would always snap back after recessions. But starting with the 1991 downturn, many of these occupations started to vanish permanently, as this chart from the economists shows.

Figure 4: Employment in Routine Occupations: 1967-2013



Data from the Bureau of Labor Statistics, Current Population Survey; See Jaimovich and Siu (2012).

Source: <http://www.thirdway.org/report/jobless-recoveries>

Non-routine professions, on the other hand, have been much harder. These are, by definition, the jobs that are harder to automate. In today's society, they tend to be either highly paid or lowly paid: analysts and janitors, lawyers and home health aides, Silicon Valley programmers and Starbucks baristas.

What these workers have in common is that they all have to think flexibly and creatively throughout the day, whether that involves debugging a section of code or helping a customer choose between different kinds of seasonal lattes.

And these are the jobs that are evolving

But it's not just that many automatable jobs are disappearing. The latest research finds that *all our jobs seem to be more demanding of intellectual and social skills*.

We know this thanks to new work analyzing millions of online job listings before and after the Great Recession.

If it seems like it's harder and harder to get a job lately, in part that's because employers have gotten much pickier since the recession. Increasingly, they are looking for better-educated workers with more advanced qualifications — which might be one reason companies have been so slow to fill openings in recent years.

There are two ways to interpret this trend. Economists Alicia Sasser Modestino, Daniel Shoag and Joshua Ballance believe that employers became choosy during the Great Recession in order to take advantage of the abundance of people looking for work and to screen out low-achievers. They call the process “opportunistic upskilling,” and they have shown that it happens whenever there's a glut of labor.

In a recent paper, they find that the troop withdrawals from Afghanistan, which periodically brought waves of veterans back to the United States, caused employers to raise job requirements in industries such as logistics, where veterans are disproportionately likely to look for work.

The same phenomenon seems to have occurred nationwide during the recession. It makes basic economic sense, Modestino said. With so many job-seekers, employers could afford to raise the bar. “I've sat in a room where people were writing these job postings expecting Jesus to walk through the door,” she said. “Recruiters saw the recession as a great time to acquire new talent.”

But economists Brad Hershbein and Lisa Kahn say that something else is also going on. They believe that the recession also accelerated how technology is changing how we work. Companies aren't raising the bar because they want to but because they have to, in order to remain competitive.

“You'll see the shift among salespeople, who are now required to use big data analytics to better target their clients,” Kahn said. Or quality control operators, she said, who are moving into more strategic roles now that machine vision technology has taken over watching production lines.

In a new working paper, the economists find that in areas most affected by the recession, job requirements rose permanently. Kahn and Hershbein looked not only at the desired education and experience levels but also for keywords involving critical thinking and computer skills.

Increasingly, employers have been asking for people with the ability to perform research, do their own analyses and make decisions. This chart from the paper shows how in the hardest-hit areas, the recession caused employers to be about two percentage points (or 12 percent) more likely to mention critical thinking in their job listings.

By 2015, the unemployment rate had fallen to nearly its pre-recession low, and workers were becoming harder and harder to find. Yet Hershbein and Kahn find that employers remained

picky about people's skills and experience. This suggests that the new skill requirements weren't optional or opportunistic; they reflected how the jobs themselves had become more challenging.

What this means

The big picture here is that people need to develop skills that will complement what computers are bringing to the table now and in the future. Recessions have become excruciating in recent decades because they are causing longer periods of unemployment. In part, that's because some jobs now just disappear permanently. And in part that's because some jobs are changing permanently. We can ease both of these problems with better training and retraining.

It's a moving target. Hershbein believes that everyone should be preparing for the day when technology comes for their profession. *"People need to constantly be learning and keeping their skills up to date as technology changes and evolves,"* he said. "If you learned how to do one thing and do it well for 15 or 20 years, and that's all you really learned how to do — you're going to be hard-pressed when you lose your job."

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