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Contra Trend

## Recession sees govt jobs surge in the US

Michael Cooper, The New York Times

**The private sector in the country has shed about 6.9 million jobs since the beginning of the global economic downturn**

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While the private sector has shed 6.9 million jobs since the beginning of the recession, state and local governments have expanded their payrolls and added 110,000 jobs, according to a report issued recently by the Nelson A Rockefeller Institute of Government.

The report, based on an analysis of federal jobs data, found that state and local governments steadily added jobs for eight months after the recession began in December 2007, with their employment peaking last August. State and local governments have since lost 55,000 jobs, but from the beginning of the recession through last month they gained a net of 110,000 jobs, the report found, in part because of the federal stimulus programme.

Government jobs are always more stable than private sector jobs during downturns, but their ability to weather the current deep recession startled Donald J Boyd, the senior fellow at the institute who wrote the report.

"I am a little surprised at the fact that state and local government has remained as stable as it has in the nation as a whole, given the depth of the current recession," Boyd said in an interview. The report offered several possible explanations for the disparity between the private and public sectors. It noted that there can be a short lag between an economic downturn and the time it hits states in the form of lower tax collections, and an even longer delay before the problems hit local governments in the form of reduced state aid and lower property tax collections.

It pointed to the slow pace of decision-making in many states, and the power yielded by politically influential unions. But it also noted that the demand for many government services rises in a recession, and said that billions of dollars of federal stimulus money sent to states helped them avert layoffs. The expansion, coming as many states and localities are raising taxes, troubled Tad DeHaven, a budget analyst for the Cato Institute, a libertarian research group in Washington. "That is disturbing," DeHaven said. "Basically what you have is your producers in society losing their jobs and looking for work, and their tax burden isn't necessarily going down — and as a matter of fact they are likely to face tax increases going forward — and government growing."

### Disparity

States are likely to cut more jobs this year. Many have already imposed furloughs on their workers, reducing their pay, and with states facing record declines in tax collections, several are planning to cut their work forces. The report noted that some hard-hit states had already made deep cuts, led by Arizona, which cut its state government employment by 8.6 per cent from the spring of 2008 to this spring.

The disparity between the public and private sector job market is striking in places like Boise, Idaho. Since the recession began, the area's unemployment rate has more than doubled, to over 10.1 per cent in June, as big employers, especially in the technology sector, shed workers. The Boise area lost 20,000 jobs in the year ending in June, the Idaho Labor Department said, and saw real gains only in government, which had an increase of 1,400 jobs, mostly in the public schools.

Jon Hanian, a spokesman for C L Otter, a Republican in his first term, said jobs in state government outside of education were declining. The new state budget, which took effect last month, cuts agencies across the board by 5 per cent, Hanian said, but lets

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agencies decide whether to impose furloughs, cut wages or eliminate positions.

Kerry Korpi, Director of the research and collective bargaining department at the American Federation of State, County and Municipal Employees, a union representing government employees, said the public sector often lagged behind the economy in both downturns and recoveries. Korpi said that a growing number of government jobs were being eliminated now, and that many government workers had been forced to take pay cuts and pay more for benefits. And she noted that government workers were providing services that are needed in a downturn.

"At a time like this," she said, "it's really hard to lay people off at your unemployment office or your food stamp office, where they're having trouble keeping up with what they've got." The Center on Budget and Policy Priorities, a liberal research group in Washington, recently reported that 30 states had raised taxes since January, and that at least 40 states were furloughing workers or eliminating jobs through attrition or layoffs. Many are cutting vital services, the center said. "Crunch time is still to come for the states," said Jon Shure, the deputy director of the center's state fiscal project.

### Employers worry on retaining the top talent in their companies

As the economy is showing signs of recovery, majority of American companies are turning their focus to attract and retain top talent, says a latest survey, reports PTI from New York.

According to the survey of 201 US employers by HR consulting Watson Wyatt, about 65 per cent of them are more concerned about the retention of critical-skill and top-performing employees than they were before the economic crisis hit. Looking ahead three to five years, half (50 per cent) of the employers expect an increase in difficulty in attracting critical-skill employees, and 55 per cent expect an increase in difficulty in retaining critical-skill employees.

The survey revealed that 44 per cent of employers have encouraged managers to make greater use of recognition plans. However, only 8 per cent of these employers have seen managers actually increase their use of these plans to a significant or great extent.

"In this environment, it is no wonder that employers remain concerned about retaining their top talent. However, recognition programmes and other plans that keep these employees engaged and motivated can create a key competitive advantage," Watson Wyatt Strategic Rewards Leader(US) Laurie Bienstock said. According to the US Bureau of Economic Analysis, the US climbed out of recession as it grew by 3.5 per cent in the third quarter ending September 30. Besides, many companies that froze salaries and hiring in the past year are planning to lift them.

The report found that 54 per cent of the employers who have frozen salaries plan to unfreeze them within the next six months. While, 49 per cent of the employers who have ceased hiring plans to hire more within six months.

"The general economic picture right now is definitely brighter than it was just a few months ago," Watson Wyatt Strategic Rewards Global Director Laura Sejen said. "However, the recovery is uneven and most employers aren't fully convinced that the improvements they've seen are here to stay. While, many plan to hire workers over the next few months, they remain concerned about their ability to attract and retain the right people," Sejen added.

Almost all companies (96 per cent) have made offers to new hires in the past three months, and the vast majority (93 per cent) anticipate making offers in the next three months. However, about one-fifth still anticipate making layoffs in the remainder of 2009 or in 2010. Firms who are expecting to make offers to new hires, 83 per cent would recruit professional, non-managerial staff, followed by 71 per cent for director, manager or middle management positions. Only 47 per cent would be hiring for senior management positions.

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**By:** chand

**On:** 04 Nov 2009 09:00 am

The GDP growth of 3.5% has come through layoffs in government offices and the savings which has been calculated has transformed as growth and speaking to the point there was no real growth. To come back in US economy they have to really grow 10-12% growth every year for five years of each quarter. Then only we can say the US economy is growing considering the losses they incurred from the last ten years. It is shame on US to be like this once considered the top economy in the world and highly industrialized nation where they are struggling to fix the health care from the past some many decades. It is a miracle if US can come back. In a way they have to give up the living standard of US. They have to sacrifice a lot if they want to improve their image in the world.

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