



## The Effect of a Weakening Economy on the Job Market

By [Harrison Barnes](#)

In the latter half of 2008 Wall Street and the banking system were undergoing major changes. I remember hearing the stress in people's voices when I spoke to them in New York, and I believed we had reached a sea change of sorts, in the way the job market and the economy were about to shift. The economy was clearly in very serious trouble. After 9/11, the Federal Reserve lowered interest rates, which stimulated many housing purchases across the land, allowed for the refinancing of homes, and put a lot of money into the economy. This was largely possible due to the securities markets, which at the time were in their prime. Had none of this occurred, the current economic situation would probably be markedly different. The rise of securities jobs and the lack of defaults on mortgages were due to rising home values caused by falling interest rates. Securities, with their inherent risks, were not being adequately priced on the market. The housing bubble, as it is referred to now, made a massive impact on the [job market](#), since a lot of the money stimulating the economy came from revenue generated by securities. I believe the situation in the market became much more severe due to the rise of the Internet. While its growth initially created a [lot of jobs](#), it also made it very easy for people to do information-intensive work anywhere in the world (such as IT jobs), which has created fierce job competition. Moreover, information-intensive companies have little incentive to keep their work in the United States, where the wages are higher than in many other parts of the world. The result is that many Americans have moved further and further into a "protectionist mode" with regard to their jobs over the past several years. Consequently we have seen less innovation. This is especially true of manufacturing jobs in the United States. America needs innovation in order to succeed, and having wide-open borders for information to pass through will foster innovation from abroad. While no one can offer career advice that will completely change the marketplace, you can succeed despite an economic downturn by becoming innovative. The most sophisticated professions here in the United States, such as [engineering jobs](#), [aviation design jobs](#), and others, can already be easily outsourced to engineers abroad. This is not to say that innovation from abroad is a bad thing. However, I do believe workers in America must prepare for this evolving global job marketplace. [Manufacturing jobs](#) have taken a huge hit in the United States, and I believe that more jobs involving information and communications--such as [journalism jobs](#) (which can now be done from overseas provided an Internet connection and access to news sites), customer service jobs, graphic design jobs, and others--are soon to go elsewhere. This leaves the American economy in a position of needing major, widespread, and immediate innovation in order to create new jobs. I am very curious to see the outcome of this shifting dynamic. America has always done well when faced with challenges such as those we are facing now. I believe we will rise to the challenge again.

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