

Dallas Business Journal

Vol. 27, No. 15

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Front Lines

The historical hunt for jobs

Notion of the churn is that as big business cuts jobs, startups create new ones



Peter Malin

Understanding the evolution of the American labor force can help us better understand today's trends and the "jobless recovery" that we've heard so much about in the newspapers.

In 1992, the Federal Reserve Bank of Dallas published "The Churn, the Paradox of Progress" comparing the top 30 jobs from the U.S. Census from 1900 to 1990. Agrarian jobs declined, and

health care, financial and engineering sectors rose. The report demonstrated that we are inventors, tinkerers and builders of the prototypes. Once Americans get something into the manufacturing process, we find that we can produce it cheaper elsewhere and ship it back to America for consumption.

The notion of the churn is that while big companies are cutting their work force, startups are creating new jobs. Engineers who worked for

bankrupt high-tech companies and lost their jobs, for example, were forced to use their wits and, as a result, spawned new companies focusing on an idea or product.

Dallas lost about 300,000 jobs between 1986 and 1989, according to the report, but replaced them through growth in new smaller companies. The new jobs are harder to track simply because the companies are so small, while job losses at the big companies are so visible. Thus, when you pick up the newspaper all you read about are the job cuts.

The *Dallas Business Journal* regularly publishes a report on the investment of venture capital. This is a barometer of what is about to come, which tracks the start-up companies that aspire to be the next Microsoft or EDS. They start small and need capital to grow. This type of capital is willing to take risks by betting on the new ideas and processes, the catalyst for American economic growth. Thus, one way to find the new job growth is to follow the venture capitalists.

Other ways to predict where new jobs will come from is to look at the growth areas of the big local companies. Texas Instruments is placing much of its future on providing chips to the mobile and wireless areas of communications and computing. Others have been purchasing the bankrupt assets of the broadband industry, which has been trying to connect 80 million American homes to the Internet. Reinventing this technology, providing the classic phoenix from the

ashes, out of the high-tech bust of the 1990s, will occur, and it will most certainly create jobs.

One of the best resources of the Dallas area (besides its mid-continent location, great weather and can-do attitude) is the availability of low-cost labor, housing and an abundance of office and manufacturing space. While there have not been any blockbuster relocations like J.C. Penney lately, there have been many smaller operations relocating here.

Dallas leaders wring their hands about how Dallas has lost jobs at the expense of the suburbs. They should be crowing about how many new housing units have been built within 2 miles of downtown, how many new restaurants are in Uptown, how the quality of life has advanced since the last recession.

The people of Dallas have raised nearly \$200 million for a new performing arts center and Raymond Nasher has endowed the city with a must-see cultural jewel, the new sculpture center. The inner city is not dead but thriving. Grab a Starbucks and spend time driving around the Uptown/Oak Lawn/downtown/Deep Ellum areas to see for yourself.

But remember to leave some extra time because Starbucks is likely to have a line at the counter as all of the unemployed will be there waiting for their lattes.

Malin is president of The Malin Group, real estate economists based in Dallas.