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Duke prof predicts 3M job losses in '09

The Herald-Sun Jan 11, 2009

DURHAM -- On the heels of Friday's federal government report that 524,000 U.S. jobs were lost in December, Duke University international business professor Campbell Harvey said he expects another 3 million jobs to be lost in 2009.

"There are two reasons for this," Harvey said. "First, employment lags behind the business cycle. Indeed, it is not unusual to continue to lose jobs after the official end of the recession. In each of the last few recessions, we lost on average 400,000 jobs in the six months following the official National Bureau of Economic Research trough.

"Second, we have no economic indicator that would suggest that we are near the end of the recession. Indeed, the economic news suggests further deceleration."

The most recent Duke University/CFO Magazine Global Business Outlook Survey, conducted a month ago, suggested that corporate America was in crisis mode. CFOs said they expected to slash 5 percent of their employees in 2009. "That is a staggering number," Harvey said. "The 5 percent job loss forecast by respondents to our survey was hugely different from anything we have seen in the past. It was three standard deviations from the average.

"From today's level of employment, it represents more than 6 million jobs. Accounting for some normal turnover and the timing of the survey, I think it is fair to adjust the number down to 5 million.

"Let's also assume that President-elect Obama is successful and that 2 million jobs are created in 2009 from his program -- the goal is 3 million, but some of those jobs would be created in 2010. This would bring the U.S. to my projected 3 million additional losses."

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