JOB GROWTH STOPS AS THE NEW BUSINESSES FAIL TO TAKE OFF

As the Great Recession gives a way to a non-recovery, the American dream of wanting to start your own business and making the biggest one as possible, is slowly dying away--and with the dream, the most significant driver of the new jobs in the U.S. economy. New and experimental data from the Bureau of Labor Statistics illustrates the phenomenon. During this time of recovery that follows the 2001 dot-com bust, the small businesses are employing 10 to 249 people hired vastly more than they have began in June of 2009. These businesses typically account for the majority of new hires, as much as two-thirds. But in this anemic recovery, the new sense of growth is being slowly killed by a lack of demand and thus, so is the new job creation. ''Productivity gains and new innovations are the engine of the economy,'' said Troy Davig, who is the senior U.S. economist at Barclays Capital, and who also has taken a look at the new data. ''These things come from small companies.'' Back in 2004, all of the small businesses made up about 37 million hires, or almost two-thirds of the nation's total. Back in 2010, that number was only 27 million, or 63 percent of the total. In the 30 months from January 2004 to June 2007, establishments with 10 to 249 employees created a demand for about 135 million new hires. From July of 2007 to December of 2010, those exact businesses created only 107 million new hires. The new data that has come from the BLS ''Job Openings and Labor Turnover Survey,'' which measures the job openings, hires and separations over in the U.S. labor economy. It can take the nationwide numbers that were reported to the media in the second week of every month and completely break them down by business establishment size, also showing just how much hiring and firing occurs at different establishments of different sizes. It's not necessarily the small businesses that are failing in job growth, but it is the lack of hiring by the new businesses: the firms like Man Cave, which is an Eden Prairie, Minn.-based establishment that markets and sells meat, grilling utensils and bar supplies. According to Ron Jarmin, who is the assistant director for the research and methodology at the Census Bureau and who is the co-author of the widely circulated August 2010 paper, titled Who Creates Jobs? Small vs. Large vs. Young, it is the young businesses who are able to survive their first years and take off that can help to create the most jobs. ''Basically, we observe in the data that young businesses have higher rates of growth than older businesses,'' said Jarmin. ''There are two kinds of young firms: There are those that grow rapidly, conditionally on survival, and there are those that die. Some don't grow much and live, but what you see is that the fastest-growing businesses tend to be young.''