



WHAT'S THE RECESSION? WHERE'S THE RECESSION?

Throughout the recession, communications industry majors have rarely shown downturn in profits. The communications industry depends upon providing service to individual consumers and runs upon payments made by them. Profits in the communications industry is a clear indicator that the common American consumer has not cut down on spending. So, where's the recession? In fact, AT&T posted a 25% revenue growth over the last three years, and the voluntary spending made by "recession-struck" consumers has fueled that growth. The oil industry depends to a great extent on how much average Americans spend on transportation. The choice of cutting down on fuel consumption is always available to a certain extent through public transportation systems and choice of lifestyles. However, even through the recession years, companies like ExxonMobil show profits between \$3.1 and \$4.7 billion a year. Average consumers do not seem to have cut down much on fuel expenses during the recession, if we take the industry profits as an indicator. Banks are a good indicator of consumer economic health, and banks do not seem to be affected by the recession if you take a closer look. Even Bank of America, which needed to be "bailed out," has paid back the bailout money, and then posted an 80% revenue growth over the last three years of "recession." Besides banks, asset management firms are also good indicators of economic health and even with the overheating of the stock market and repeated crashes, asset management do not seem to have taken a beating, in reality. For example, BlackRock, one of the biggest asset management firms showed \$4.7 to \$5 billion in profits during the "recession." Healthcare, of course, is being subject to radical experimentation with the outcome yet unknown, though citizens hope for the best. The best part of the story in healthcare is even during the "recession" firms like United Healthcare posted profits of \$3.8 billion in 2009. Now, one might say, that is because they are in the insurance business, but then even non-profit caregivers as Adventist Health System had a profit of \$363 million in 2009. So, back to my original question, "What's the recession? Where's the recession?" Despite strong growth and profits shown in almost every relevant sector of the market joblessness continues and even in August, the private sector shed a higher number of jobs reversing a six-month trend of job gains. Job losses have been the greatest in the goods producing sector, construction, and financial services, though in the services sector there has actually been an increase in employment. The jobs situation vis-a-vis business growth and profits show severe anomalies that are hard to explain unless we accept that the private sector is hesitant to take risks due to uncertainties regarding future fiscal policy and tax rates. The radical healthcare law that undermined the sovereignty of states and already made it difficult for most hospitals run by local governments to remain economically viable has made businesses in other sectors apprehensive. There is recession, but scarcely lack of cash or profits. The fact is, businesses want to be sure of things before they start investing in new projects and start recruiting. So, whether things are going to look up, or there's going to be a double-dip in the recession depends largely on the way the government handles things.

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