

HIGH-TECH INDUSTRY INCURS JOB LOSSES IN 2008

Employment in the high-tech industry fell in the final three months of 2008 for the first time since 2004, by 38,000 jobs, or 0.6 percent, about half the loss of 1.3 percent, or 1.5 million jobs, in the private sector overall. Despite the fourth quarter job loss, average employment in 2008 increased for the fourth consecutive year to 5.9 million workers, 77,000 more than the 5.8 million high-tech workers in 2007, according to TechAmerica, a trade group, in its annual *Cyberstates* report.

Although future job growth “is clearly jeopardized” because of the deteriorating economy, the current downturn’s impact on the industry is less severe than that of the 2001 recession that followed the bursting of the “tech bubble” that developed in the late 1990s. “While we suffered losses in the fourth quarter, our industry has weathered the storm better than most, and the results of our report indicate that the tech industry is well positioned to help lead America’s economic recovery,” says Christopher W. Hansen, chief executive officer of TechAmerica.

One reason to be optimistic about future growth is the recently enacted \$787 billion economic stimulus package, which is expected to benefit high-tech firms and jobs late this year and next year as well as over the long term, according to Phillip J. Bond, president of the group.

Meanwhile, high-tech firms are continuing to freeze hiring and lay off workers because of the recession and turmoil in financial markets. Many of the layoffs that were announced by technology companies in the fourth quarter and in the first three months of 2009 have not yet taken effect. Despite the job gains of the past four years, high-tech employment remains about 700,000 below its peak of nearly 6.6 million workers in 2000. After the tech bubble burst, the industry lost 1.1 million jobs during 2001-2004.

While total private sector employment declined throughout 2008, the high-tech industry as a whole continued to add jobs until the fourth quarter. On average in 2008, two of four major high-tech industry groups expanded payrolls, while jobs fell in manufacturing and communications services. Employment in software services firms increased to a record 1,705,600 workers, up 86,200, or 5.3 percent, from 1,619,400 in 2007, while engineering and technical services employed an average of 1,637,500 workers, up 26,600, or 1.7 percent, from 1,610,800. By contrast, payrolls at communications services companies last year fell to 1,313,800, down 12,700, or 1.0 percent, from 1,326,600 in 2007. High-tech manufactures shed 23,100 jobs in 2008, reducing employment 1.8 percent to 1,266,000 workers from 1,289,100 the prior year. Six of nine tech manufacturing sectors lost jobs, while makers of communications equipment, measuring and control instruments, and electromedical equipment boosted employment. Overall, the industry’s share of private sector employment rose slightly to 5.2 percent in 2008, while the industry’s annual payroll accounted for nearly 10 percent of total payrolls, TechAmerica says.

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