The tech meltdown will help the US economy -- eventually

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FULL TEXT

Technology companies are shedding jobs at disturbing rates. Those with experience in computing are being laid off, sometimes with little warning. Freshly minted computer science graduates are facing employment headwinds not seen for well over a decade. Is this the next dot-com bubble burst, which could send the economy spiraling downward to new lows?

Hardly. Every bull market is followed by a bear. Such oscillations are part of business cycles. As painful as they are while they're happening, they serve numerous purposes.

First, they give explosive growth a temporary pause to allow tech companies to catch their breath and reevaluate the landscape. Second, they help the identification of inefficiencies that remain unnoticed when growth surges are overshadowing blemishes in organizations. Third, they force tech companies to reset their priorities that over time will make them stronger and more efficient.

Such a flushing out means that many people will become unemployed or may be unable to find jobs in tech companies, particularly large ones like Amazon and Cisco.

The good news is that such talent is desperately needed in other parts of the economy.

Electronic medical records and artificial intelligence have transformed health care into a tech industry. Many health care technological innovations require advanced algorithms to provide better diagnostics and patient care. Computer science talent is desperately needed to fill the voids that exist. As layoffs persist in tech companies, many of those affected will gravitate toward health care, which will ultimately make the delivery of health care services more efficient and more effective. The impact of such a talent migration will have long-lasting positive effects not only for health care providers but also for patient care well into the future.

Manufacturing is always playing catch-up when it comes to attracting computer science talent. It now sits in a position to hire many of the tech castoffs, providing a vehicle to move high-tech manufacturing forward at greater speeds. For example, bringing artificial intelligence and machine learning into this domain to identify untapped efficiencies and new materials may be a game changer to bring some of the manufacturing opportunities that have been shipped overseas back into the United States.

The United States military has an unlimited need for more computer science talent. One constraint that has limited its ability to attract such talent is citizenship requirements. To work on classified projects requires U.S. citizenship. Many more such people will become available, easing the pressures on advancing defense research and boosting U.S. preparedness well into the future.

There will also be some headwinds during this transformation.

Tech companies attracted computer science talent because of the salaries and perks that they could offer. Many of the people being laid off will have to take pay cuts, something that most people find unappealing. The days of complimentary food, well-stocked gyms and complimentary child care may end. Expectations will need to be tempered as former tech company employees move into new sectors of the economy that offer less lavish amenities.

Yet, such an infusion of talent will create new opportunities that could not be realized with skeleton staff. Instead of having a smattering of tech talent in traditional industries, critical masses will be built that have the potential to

make lasting differences.

There is fear that the current tech bubble burst will be like what the country experienced in the late 1990s. Technology has infiltrated every facet of society and every industry. The primary headwind was often finding and affording the tech talent to facilitate advances and discoveries. What will end up being the losses in the tech industry will be the gains for traditional industries.

The hope is that this migration of talent will become a lasting part of such industries, not a transient phase followed by the best tech talent returning to the tech industry. A strong tech industry is good for the economy when it comes to innovations and services. However, strong health care and manufacturing sectors add even more value in the population. Moreover, a strong national defense keeps everyone safe.

The next few years will be painful for some. It will, however, make U.S. industry stronger -- eventually.

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CAPTION: Photo: Employees leave Twitter headquarters in San Francisco on Aug. 13, 2019. Last month, the social media giant laid off about half of its workforce and also cut contractors. Microsoft, Meta, Amazon and other tech companies have also laid off employees this fall. GLENN CHAPMAN/AFP

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