The Great Freeze

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A new economic concept

A new phrase is spreading across the United States to describe what's happening in the job market: "**the Great Freeze**." It means that even though the economy is growing and companies are making money, hiring has almost stopped. Businesses are still producing goods, building new projects, and investing in technology, but they're not creating many new jobs. The reason? **Artificial intelligence (AI) and automation** are changing how companies work.

Fewer people, more machines

Today, many tasks that used to be done by people — such as organizing data, customer service, or basic office work — are now handled by computers and AI systems. This doesn't mean millions are suddenly out of work, but it does mean that companies can get the same amount of work done with fewer employees. Federal Reserve Chairman Jerome Powell said it clearly: once the government adjusts its numbers, "**job creation is pretty close to zero**."

The economy looks strong, but jobs are not

On paper, things still look good. The economy is growing, consumer spending continues, and companies are building new data centers and AI systems. But under the surface, the rhythm of job creation has changed. Every time technology improves, businesses become more efficient, and they no longer need to hire as many workers as before. This isn't a temporary slowdown caused by a recession. It's a long-term change in how work and productivity are connected.

Winners and losers

Not everyone is affected in the same way. Big companies and people with high-tech skills such as software developers or AI engineers are doing very well. But office workers, middle managers, and people looking for their first jobs are finding it harder to get hired.

Economists call this a "**K-shaped economy**." The upper part of the "K" represents people who benefit from technology and see their incomes grow, while the lower part represents those who are being left behind. This reminds us that progress isn't equal and that societies need policies to help those on the lower path find their way back up.

A hard time for young workers

For many young people, especially recent college graduates, this situation is discouraging. Jobs that once served as good career starts — in marketing, finance, or administration — are being automated. Some young adults are choosing to stay longer in school or retrain for more technical or creative careers that AI cannot easily replace.

A challenge for policymakers

For the Federal Reserve and the government, the Great Freeze is a big challenge. AI and automation are helping the economy grow and making companies more productive, but at the same time, they are reducing opportunities for workers. Traditional tools — like lowering interest rates — can't solve this problem because it's not about demand or spending. It's about technology changing the nature of work itself.

A new kind of economy

The Great Freeze is not a typical crisis or recession. It's a transformation. The economy continues to grow, but the pathways into it — the jobs people rely on — are narrowing.
It forces us to rethink a basic idea: that economic growth always means more jobs. In the age of AI, that may no longer be true. The real question for the future is not whether technology will keep advancing, but whether society can make sure everyone still has a place in that future.