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Jobless rate tops 10 pct. for first time since '83

WASHINGTON The unemployment rate has surpassed 10 percent for the first time since 1983 - and is likely to go higher.

Nearly 16 million people can't find jobs even though the worst recession since the Great Depression has apparently ended. Many economists worry that persistently high unemployment could undermine the recovery by restraining consumer spending, which accounts for 70 percent of the economy.

The Labor Department said Friday that jobless rate rose to 10.2 percent, the highest since April 1983, from 9.8 percent in September. The economy shed a net total of 190,000 jobs in October, less than the downwardly revised 219,000 lost in September, but more than economists expected.

The jump in the jobless rate reflects a sharp increase in the tally of unemployed Americans, which rose to 15.7 million from 15.1 million. The net loss of jobs occurred across most industries, from manufacturing and construction to retail and financial. That tally is based on a separate survey of businesses.

Economists say the unemployment rate could climb as high as 10.5 percent next year because employers remain reluctant to hire.

Counting those who have settled for part-time jobs or stopped looking for work, the unemployment rate would be 17.5 percent, the highest on records dating from 1994.

"It's not a good report," said Dan Greenhaus, chief economic strategist for New York-based investment firm Miller Tabak & Co. "What we're seeing is a validation of the idea that a jobless recovery is perfectly on track."

Friday's report is the first since the government said last week that the economy grew at a 3.5 percent annual rate in the July-September quarter, the strongest signal yet that the economy is rebounding. But that isn't fast enough to spur rapid hiring.

"You need explosive growth to take the unemployment rate down," Greenhaus said in an interview Thursday.

The economy soared by nearly 8 percent in 1983 after a steep recession, Greenhaus said, lowering the jobless rate by 2.5 percentage points that year. But the economy is unlikely to improve that fast this time, as consumers remain cautious and tight credit hinders businesses. In fact, many analysts expect economic growth to moderate early next year, as the impact of various government stimulus programs fades.

One sign of how hard it still is to find a job: the number of Americans who have been out of work for six months or longer rose to 5.6 million, a record. They comprise 35.6 percent of the unemployed population, matching a record set last month.

Congress sought to address the impact of long-term unemployment this week by approving legislation extending jobless benefits for the fourth time since the recession began. The bill would add 14 to 20 extra weeks of aid and is intended to prevent almost 2 million recipients from running out of unemployment insurance during the upcoming holiday season. President Barack Obama is expected to quickly sign the legislation.

October was the 22nd straight month the U.S. economy has shed jobs, the longest on records dating back 70 years. The report showed job losses remain widespread across many industries. Manufacturers eliminated a net total of 61,000 jobs, the most in four months. Construction shed 62,000 jobs, down slightly from the previous month.

Retailers, the financial sector and leisure and hospitality companies all continued to reduce payrolls. The economy has lost a net total of 7.3 million jobs since the recession began in December 2007.

The average work week was unchanged at 33 hours, a disappointment because employers are expected to add more hours for current workers before they begin hiring new ones.

There were some bright spots in the report. Professional and business services companies added 18,000 jobs. And temporary employment grew by 33,700 jobs, after losing positions for months. That's a positive sign because employers are likely to add temporary workers before hiring permanent ones.

Still, economists expect jobs likely will remain scarce even as the economy improves. Diane Swonk, chief economist at Mesirow Financial, said that small businesses, a primary engine of job creation, still face tight credit and don't have the cash reserves to support extra workers.

And many companies are squeezing more production from their existing work forces. Productivity, the amount of output per hour worked, jumped 9.5 percent in the third quarter, the Labor Department said Thursday.

That's the sharpest increase in six years and followed a 6.9 percent rise in the second quarter. The increases enable companies to produce more without hiring extra people.

While the unemployment rate hasn't yet topped the post-World War II high of 10.8 percent set in December 1982, many experts say this recession is worse.

The unemployment rate was much lower when the recession began - 4.9 percent in December 2007, compared with 7.2 percent in July 1981, when a brutal downturn started. That means the current job cuts have been much steeper to get to the 10 percent mark.

And the work force, on average, is older now as the baby boomers have aged and fewer teenagers are out looking for work. Gary Burtless, an economist at the Brookings Institution, notes that older workers are more likely to be employed than younger ones. As a result, it takes a tougher job market to push the rate to 10 percent.

"This may be the toughest employment situation we've seen in the postwar era," Mark Gertler, an economics professor at New York University, said in an interview earlier this week.

Associated Press Writer Jim Abrams contributed to this report.