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Job Losses Slow in July, Signaling Shift in the Economy

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The most hopeful jobs report since last summer suggested Friday that the [recession](#) was ending, but that the recovery would most likely be marked by a still-rising unemployment rate and tens of thousands of job losses each month until next year.

The American economy shed 247,000 jobs last month, the smallest monthly toll since last August, the government reported on Friday. While businesses are expected to keep cutting positions through the rest of the year, the [Labor Department's latest figures](#) offered hopeful signs for the American worker and a measure of relief to the Obama administration, which has faced rising criticism as unemployment blew past its earlier projections.

"The trend lines are positive," said Mark Zandi, chief economist at [Moody's Economy.com](#). "We are going from massive job losses to just big job losses on our way to a stable job market, I think by next spring."

The length of the workweek increased, albeit slightly, for the first time since August, a sign that businesses were not scaling back hours to cut their payroll costs. The government said fewer jobs were lost this spring than it had initially estimated, revising June's job losses to 443,000 from 467,000. Hourly earnings rose.

In a reversal, the unemployment rate dropped to 9.4 percent from 9.5 percent, defying expectations of an increase. But economists cautioned that the unemployment rate had only declined because 400,000 people gave up their search for work and left the labor force.

The White House and economic forecasters still expect unemployment to reach 10 percent or more before it begins to fall back.

But administration officials cited Friday's unemployment report as evidence that the \$787 billion stimulus, the American Recovery and Reinvestment Act, was working, and that the economy had edged back from the brink of depression.

"Were it not for the economic activity generated by the act, we would have lost hundreds of thousands more jobs last month," said [Jared Bernstein](#), the top economic adviser to Vice President Biden.

The administration weathered intense criticism last month when the pace of job losses accelerated after leveling off in May. Conservative critics have cited the monthly jobs report, which has rapidly become a political football, as evidence that the \$787 billion stimulus was not working, while liberals have previously maintained that it showed that the economy needed another jolt of stimulus.

The White House has said there is no immediate need for an additional package, and has urged Americans to be patient as stimulus spending percolates through the economy.

Now, even if the economy begins growing again this summer — as many economists expect it will — laid-off workers are likely to be among the last to benefit. Businesses that slashed their work force and inventories over the last year to cope with the economic deterioration are likely to hire temporary workers or pay overtime wages before they begin fielding applications for new full-time workers.

That means hundreds of thousands more workers are likely to lose their jobs, perhaps well into next year.

"The basic message is that the rate of job cuts is diminishing, and that's good news," said Nariman Behravesh, chief economist at IHS Global Insight. "Still, you're seeing job cuts everywhere except education, health care, government. I don't think we're at bottom yet in employment."

Manufacturers shed 52,000 more jobs, and the industry has lost 2 million jobs since the recession began. Construction businesses cut 76,000 jobs, and 87,000 were lost in trade and transportation.

"We're a long way from the end of the employment problem," said Brian Fabbri, an economist at [BNP Paribas](#).

"Things are improving, make no mistake. But we're not near the time when businesses are going to hire again."

And for unemployed Americans scouring want-ads and tacking their résumés up onto online job boards, patience — and money — are wearing thin.

Karen Triplett, 61, of Atlanta, lost her job in advertising sales in February and said she has been hitting wall after wall as she looks for work. The only job offer she received, she said, turned out to be a scam.

“It’s dismal to say the least,” she said. “I went from making \$60,000 a year to \$1,100 a month unemployment. I’ve got two friends who have already lost their houses. I’m struggling just to make sure my house note is met.”

Ms. Triplett said she worked nearly full-time since she was a teenager — as a secretary at a bank, a tobacco company and a television station, as a flight attendant, and selling advertising. She raised two children, bought a house and paid her bills on time. Now, she is trying to stretch her unemployment checks far enough to cover her costs and struggling to pay her credit-card bills.

“I’m beyond down to basics,” Ms. Triplett said. “My daughter’s tried to help me. My son has given me money. But what I can’t do, I can’t do.”

In Houston, Jim Cross, 52, has had so little luck finding work since he lost his job at a valve company that he has begun looking for job opportunities in the Middle East and Europe. He scours the Internet for jobs, has joined networking groups and attends a “between-jobs ministry” at a church outside Houston, but nothing has yielded full-time work. He uses his unemployment checks to pay the mortgage on his condo, and puts the rest of his expenses on credit cards.

He does not know what he will do when his unemployment payments expire in three months.

“It’s been very frustrating,” Mr. Cross said. “I’ve had to stay real positive. I keep saying that this is going to be the week. I’m still looking.”

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