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Jobs Report Is Strongest Since the Start of the Recession

By [LOUIS UCHITELLE](#)

The nation's employers not only have stopped eliminating large numbers of jobs, but appear to be on the verge of rebuilding the American work force, devastated by the [recession](#).

The unexpected improvement comes as a relief to the Obama administration, which plans to unveil new proposals next week to ease the plight of the jobless following its labor forum in Washington on Thursday.

In the best report since the recession began two years ago, only 11,000 jobs disappeared last month, the government said on Friday, and the unemployment rate actually dipped, to 10 percent, from 10.2 percent the previous month.

“There are going to be some months where the reports are going to be a little better, some months where the reports are worse, but the trend line right now is good,” [President Obama](#) said in a visit to Allentown, Pa., offering reassurance to a city besieged by unemployment and a country still suffering from the highest unemployment rate in 26 years.

Many forecasters suggest that the turning point — from jobs being cut to jobs being added — will come by March, assuming the economy continues to grow, as it finally started to do in the third quarter. If they are right, the beginning of a work force recovery would come more quickly than after the last two recessions, in the early 1990s and 2001, despite the much greater severity of this downturn.

Stock markets rose sharply early Friday after the employment report was released and ended the day slightly higher, while the dollar had its biggest one-day rally since January.

Although 15.4 million people are struggling to find work, the November report revealed signs of improvement

across the country. More than 50,000 temporary workers were hired, the first surge in months and often a precursor to companies hiring permanent workers. Employees worked more hours, even in manufacturing.

And, reflecting the increased hours, the average weekly wage for most of the nation's workers rose by nearly two-thirds of a percentage point in a single month, to \$622.

"Many companies have reached the point that they can't extract more work from their existing employees," said Nigel Gault, chief United States economist for IHS Global Insight. "That means they have to add hours for existing workers or add people. Just how many depends on how quickly the economy grows."

It also depends on business executives feeling confident enough about the economy to invest and expand their operations. That may take months of steady economic growth even after they have stopped peeling back their work forces.

In the end, the unanticipated improvement in November may turn out to be partly a correction of too much bad news in October — particularly the unemployment rate, which shot up four-tenths of a percentage point that month and has retreated somewhat.

But economists in the Obama administration were having none of that. They see the November improvement as payback from the \$787 billion [stimulus package](#). In briefings with reporters, they said the federal spending saved or created 1.6 million jobs. Without that lift, the total job loss over the 23 months of recession would have been 8.8 million instead of 7.2 million.

"I think you have to give our interventions a lot of credit," said [Jared Bernstein](#), chief economist for Vice President [Joseph R. Biden Jr.](#) And then, insisting that Thursday's job conference in Washington was a step along the way to more job creation activity, he said: "By no stretch of the imagination does this report mean less pressure on us for job creation."

Republican economists were hardly as sanguine. "Even if you accept their analysis that we are creating jobs this year, when you remove the stimulus you are going to destroy jobs," said Kevin A. Hassett, director of Economic Policy Studies at the conservative [American Enterprise Institute](#) and chief economist for [John McCain](#) in his failed presidential campaign. Mr. Hassett's preferred tonic, like that of many Republicans, is tax cuts for job

creation, not public spending.

Adding to the positive signs, a broad measure of unemployment — one that includes those forced to work only part time and those too discouraged to look for work — fell to 17.2 percent, from 17.5 percent in October, the first decline in several months. In addition, job losses in September and October turned out to be far less than previously reported: 250,000 instead of 409,000.

“All this good news is miles above the underlying trend rate of improvement, so we expect a correction in the next month or two,” Ian Shepherdson, chief domestic economist for High Frequency Economics, said in a message to the firm’s clients.

Even without a correction, once the economy turns and hiring resumes, nearly 18 million people are likely to be vying for jobs, as if they were all trying at once to jam themselves through a door too narrow to accommodate more than a few. In a strong economy, the work force seldom grows by more than 300,000 workers a month.

Nearly one-third have an even greater burden. They are the long-term unemployed, out of work for six months or more, and in many cases longer than a year. Not since records were first kept in 1948 has the percentage of long-term unemployed been as high as it is today: 38.3 percent of all those seeking work, or more than 10 percentage points above the previous high, in the aftermath of the early 1980s recession.

“Assuming we have a strong recovery, it will take at least five years or more to get the unemployment rate down to a more normal 5 percent,” said Jan Hatzius, chief domestic economist at [Goldman Sachs](#), adding that the long-term unemployed have lost skills and some of the habits of work because of their extended idleness. Because of this, the nation may have to get used to an unemployment rate that seldom falls below 6 percent.

Annette Mercado, 39, a single mother in Chicago, said that she had retained her skills, even though she has been hunting for work since July of last year, when she was laid off from a \$12-an-hour clerical job in a motorcycle accessory shop.

She attributes that layoff to her refusal to work extra hours. “I told them I wasn’t willing to spend more time away from my 14-year-old daughter,” Ms. Mercado said. She spent months scouring [Craigslist](#), CareerBuilder

and other job sites, but the best she could do, she said during an interview at the state unemployment office, was temporary holiday season work last December at a liquor store.

Ms. Mercado gets \$984 a month in unemployment benefits as well as food stamps, but that is not really enough, she said, to pay all her expenses and those of her daughter without falling behind on the rent. Her plan, if work doesn't materialize soon, is to put her belongings in storage and move in with her parents.

"They are barely making it themselves," she said.

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contributed reporting.

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