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TOP NEWS

Slump Alters Jobless Map in U.S., With South Hit Hard

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When the unemployment rate rose in most states last month, it underscored the extent to which the deep recession, the anemic recovery and the lingering crisis of joblessness are beginning to reshape the nation's economic map.

The once-booming South, which entered the recession with the lowest unemployment rate in the nation, is now struggling with some of the highest rates, recent data from the Bureau of Labor Statistics show.

Several Southern states - including South Carolina, whose 11.1 percent unemployment rate is the fourth highest in the nation - have higher unemployment rates than they did a year ago. Unemployment in the South is now higher than it is in the Northeast and the Midwest, which include Rust Belt states that were struggling even before the recession.

For decades, the nation's economic landscape consisted of a prospering Sun Belt and a struggling Rust Belt. Since the recession hit, though, that is no longer the case. Unemployment remains high across much of the country - the national rate is 9.1 percent - but the regions have recovered at different speeds.

Now, with the concentration of the highest unemployment rates in the South and the West, some economists and researchers wonder if it is an anomaly of the uneven recovery or a harbinger of things to come.

"Because the recovery is so painfully slow, people may begin to think of the trends established during the recovery as normal," said Howard Wial, a fellow at the Brookings Institution's Metropolitan Policy Program who recently co-wrote an economic analysis of the nation's 100 largest metropolitan areas. "Will people think of Florida, California, Nevada and Arizona as more or less permanently depressed? Think of the Great Lakes as being a renaissance region? I don't know. It's possible."

The West has the highest unemployment in the nation. The collapse of the housing bubble left Nevada with the highest jobless rate, 13.4 percent, followed by California with 12.1 percent. Michigan has the third-highest rate, 11.2 percent, as a result of the longstanding woes of the American auto industry.

Now, though, of the states with the 10 highest unemployment rates, six are in the South. The region, which relied heavily on manufacturing and construction, was hit hard by the downturn.

Economists offer a variety of explanations for the South's performance. "For a long time we tended to outpace the national average with regard to economic performance, and a lot of that was driven by, for lack of a better word, development and in-migration," said Michael Chriszt, an assistant vice president of the Federal Reserve Bank of Atlanta's research department. "That came to an abrupt halt, and it has not picked up."

The long cycle of "lose jobs, gain jobs, lose jobs" that kept Georgia's unemployment rate at 10.2 percent in August - the same as it was a year earlier - is illustrated by Union City, a small city on the outskirts of Atlanta.

It suffered a blow when the last store in its darkened mall, Sears, announced that it would soon close. But the city had other irons in the fire: a few big companies were hiring, and earlier this year Dendreon, a biotech company that makes a cancer drug, opened a plant there, lured in part by state and local subsidies.

Then, Dendreon announced this month that it would lay off more than 100 workers at the new plant as part of a national "restructuring."

Union City, with a population of 20,000, now calls itself the place "Where Business Meets the World" and has been trying to lure companies by pointing out its low business taxes, various incentive programs and proximity to Hartsfield-Jackson Atlanta International Airport.

Steve Rapson, the city manager, said that the challenge there, as in much of America, has been to get employers to hire again. "It's hard to get your mind around what can you do as a city to encourage future jobs and jobs growth," he said.

The reordering of the nation's economic fortunes can be seen in the Brookings analysis, which found that many auto-producing metropolitan areas in the Great Lakes states are seeing modest gains in manufacturing that are helping them recover from their deep slump, while Sun Belt and Western states with sharp drops in home values are still suffering. The areas that have been hurt the least since the recession, the study said, rely on government, education or energy production. Places that were less buoyed by the housing bubble were less harmed when it burst.

In Pennsylvania, the analysis found, the Pittsburgh area - which is heavily reliant on education and health care - is weathering the downturn better than the Philadelphia area. In New York, areas around long-struggling upstate cities like Buffalo and Rochester are recovering faster by some measures than the New York City metropolitan area. And the rate of recovery in Rust Belt areas around Youngstown and Akron, two Ohio cities that were hit hard, has outpaced that of former boomtowns like Colorado Springs and Tucson.

In a sign of how severe the downturn has been, the Brookings analysis found that only 16 of the nation's 100 largest metropolitan areas have regained more than half of the jobs they lost during the recession.

The toll on the nation's millions of unemployed people has been harsh, with the Census Bureau reporting that the United States had more people living in poverty last year than in any year since it began keeping records half a century ago.

Joblessness is taking a toll on states, too. This month, 27 states will have to pay $1.2 billion to the federal government in interest on the $37.5 billion that they borrowed in recent years to keep paying unemployment benefits.

What is most striking about the high unemployment rates, several economists said in interviews, is how they continue to afflict wide parts of the country.

"It just seems to be so pervasive across the country - except for the breadbasket area - that it's hard to pick out anybody who is bouncing back," said Randall W. Eberts, the president of the W. E. Upjohn Institute for Employment Research in Michigan.

Dr. Eberts pointed to another feature of the downturn: people are much less likely to leave their jobs voluntarily.

Before the recession, he said, about three million people voluntarily left their jobs each month. Now, around two million people do - leaving fewer openings for job seekers.

So what happened in South Carolina? Richard Kaglic, a regional economist with the Federal Reserve Bank of Richmond, Va., said the state's lingering troubles reflect what happened when its once-thriving construction and manufacturing industries were hit hard by the recession. Mr. Kaglic, who is also a pilot, used an aviation metaphor to explain what he meant.

"If your nose is high, if you're climbing faster and your engine cuts out, you fall farther and it takes you a longer time to recover," he said. "The conditions we experienced in late 2008, 2009, are as close as you come to an engine-out situation in the economy."

But Mr. Kaglic said that the recent return of manufacturing jobs was giving him hope, and that one reason for the high unemployment rate was that more people were now seeking work.

"I would look at it as our dreams are delayed," he said, "rather than our dreams being denied."

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