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## Michigan jobless rate rises to 8.9%

### August numbers reflect plant shutdowns for summer, manufacturing losses, state agency says.

Louis Aguilar / The Detroit News

Michigan's unemployment rate continues to rise to dismal heights, reaching 8.9 percent in August, up four-tenths of a percentage point from July, according to data released Wednesday by the Michigan Department of Labor & Economic Growth.

The hike was blamed on the loss of 20,000 factory jobs, many of them tied to the annual temporary summer shutdown of automaker and supplier plants for model changeover. The shutdown extended beyond July into August this year, said Rick Waclawek, director of the DLEG's Bureau of Labor Market Information and Strategic Initiatives.

"This is terrible," said Patrick Anderson, principal economist of the Anderson Economic Group in Lansing. "We are approaching an unemployment rate outside of recent history. The unemployment rate has hit levels not seen in Michigan since 1991 and 1992."

The state jobless rate a year ago was 7.2 percent. Its rise reflects a continuing stagnant economy rocked by high fuel prices and a decline in auto sales.

The extended break at auto factories largely was the result of slumping demand for the fuel-thirsty pickups and SUVs Detroit's Big Three rely on for profits.

Michigan has had the nation's highest average annual jobless rate since 2006. The national jobless rate in August was 6.1 percent, up four-tenths of a point.

The state's professional and business services sectors were less volatile last month, losing far fewer jobs -- 2,000 -- while the government sector gained 2,000. The remainder of the major industry sectors saw minor changes.

"All the major trends are bad," Anderson said. "The fact that we are gaining government jobs while there is a strain in private employment shows you there is structural change that needs to take place. And we have not yet felt the full effects of \$4 dollars-a-gallon gasoline."

August's 8.9 percent jobless rate is part of the same sober pattern Michigan's economy has

been mired in for the past four years, said Dana Johnson, Comerica Inc.'s chief economist.

"It remains the most distressed labor market of any state," Johnson said. "Car sales take a beating when the national economy gets weaker. And you also have intense structural adjustment of the domestic auto industry. That remains the general story."

This week's financial shakeout on Wall Street means the national economic recovery is delayed, Johnson said. That means the state economy's recovery will be further dampened, he said.

Earlier this month, a highly regarded University of Michigan economic forecast said the state's long economic slide that has wiped out more than 460,000 jobs this decade is coming to a close. Sometime in 2010, it says, the state will gain 33,000 jobs -- but only after another 89,000 jobs disappear.

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