

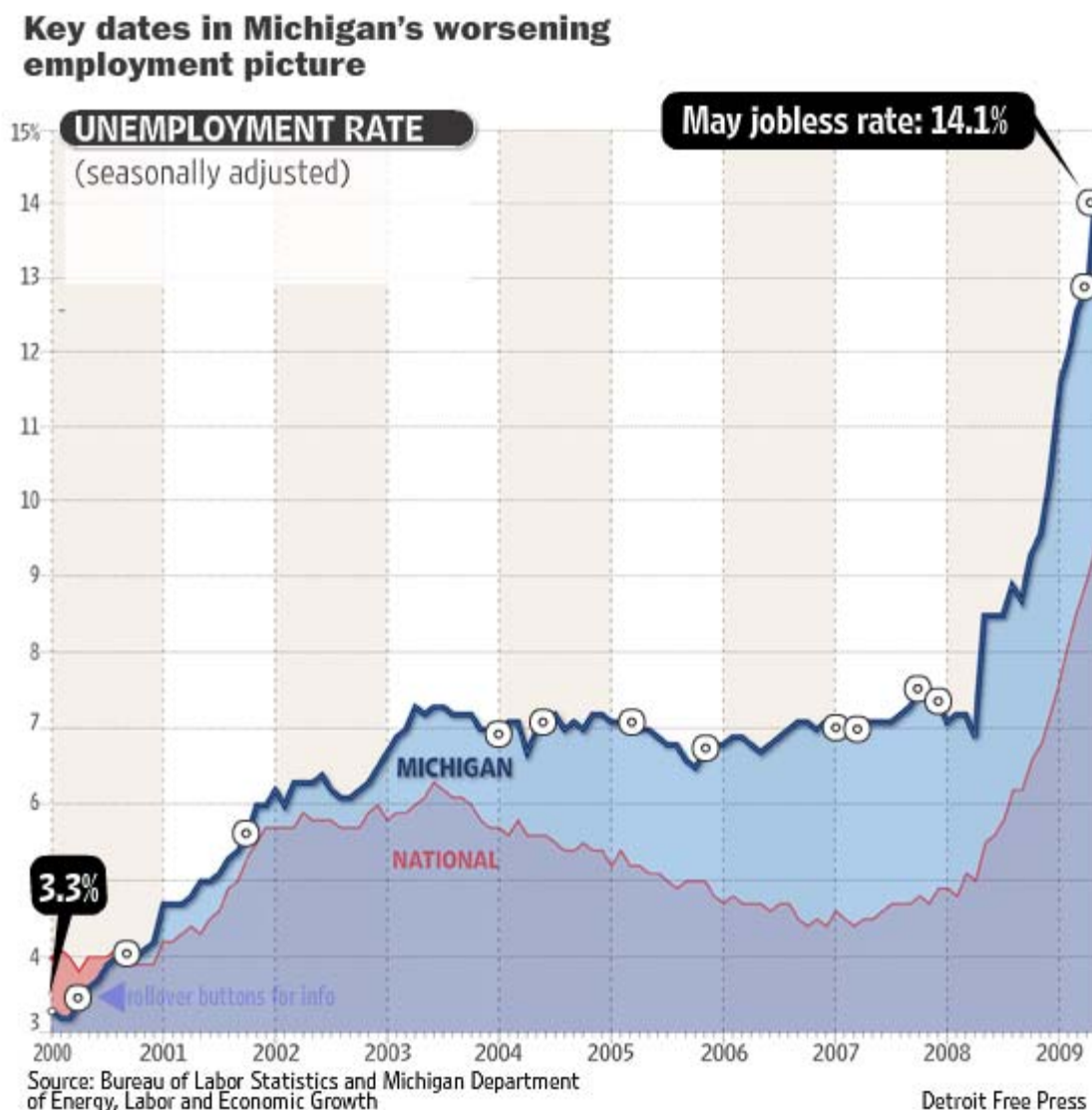


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Michigan jobless rate is highest in decades

Auto, construction layoffs drive increase

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Michigan's unemployment rate in May shot up to 14.1%, the highest level in more than a quarter-century, according to state figures released Wednesday.

As has been the case for many years, the increase was driven by layoffs in auto manufacturing and, to a lesser extent, construction. The jobless rate was the worst since the July 1983 level of 14.2% and significantly exceeds the May U.S. unemployment rate of 9.4%. The state's unemployment rate will likely remain the nation's highest.

"A lot of this was expected, considering where our auto companies are," said Rick Waclawek, director of the state's Bureau of Labor Market Information and Strategic Initiatives.

After years of steadily inching upward, Michigan's jobless rate has been accelerating higher in recent months as layoffs have mounted. Just a year ago, in May 2008, the unemployment rate stood at 8.2%.

The auto industry's woes continue to cost Michigan dearly. Its manufacturing industry has shed 37,000 jobs during the last two months, including 16,000 in May.

Where jobs are lost, gained

Construction and the trade, transportation and utilities sector each lost 4,000 jobs in May. Education and health services, normally a bright spot, eliminated 3,000 positions. It has been losing jobs for three consecutive months.

Only government and the leisure and hospitality sector grew, adding 3,000 jobs each. But leisure and hospitality usually sees an uptick at the start of summer.

Overall, the goods-producing industries in the state lost 147,000 jobs, a 20% drop, from May 2008 to May 2009. Jobs in the bigger services industries fell by 4.4%, or 153,000 jobs.

State hasn't hit bottom yet

The number of unemployed Michiganders totals 682,000. The situation is putting increasing pressure on the state's already-overburdened food banks, its unemployment benefits program and other providers of social assistance.

But experts said the May numbers likely won't be the worst this year as more auto plants close along with car dealerships. During the depths of the state's last major recession nearly three decades ago, Michigan's unemployment rate surged to a high of 16.9% in November 1982.

"We don't think we're at the bottom yet," said Caroline Sallee, a consultant at the Anderson Economic Group who follows the state's economy. "This is going to go along for a long time. Manufacturing is such a big part of the state's economy."

Even if the national economy starts to climb out of the recession later this year, Sallee and many other experts don't expect the job market in the United States or Michigan to come back in a big way. The collapse of the housing market, the financial crisis and the change in consumers' spending habits will result in a slower recovery, Sallee said.

That's particularly the case for Michigan, which is undergoing a restructuring of its economy as it becomes less dependent on the auto industry.

A little comfort

The May jobs number is part of a long-term decline in Michigan's employment. Economists at the University of Michigan are forecasting that the state will lose almost a million jobs from mid-2000 until

the end of 2010.

For Waclawek, the May jobs numbers did provide one small source of comfort. The 67.2% increase in the number of unemployed workers in Michigan since May 2008 is about even with the 70% jump seen nationwide.

"We were leading the pack for quite a while," he said. "Now everyone's got the cold we have."

Additional Facts

Oakland Co. unemployment office opens

The Michigan Unemployment Insurance Agency said Wednesday that it has opened a temporary office in Oakland County to help people with their claims for benefits. The office is in the Phoenix Center, 51111 Woodward in Pontiac. Hours are 7 a.m.-4 p.m. weekdays. Free parking is provided.
