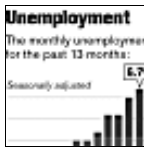


Biggest one-month job loss in U.S. since 1974

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Saturday, December 6, 2008



(12-05) 14:22 PST SAN FRANCISCO -- Employers cut 533,000 jobs in November in the biggest one-month drop in U.S. payrolls since 1974, clobbering every occupation except health care and putting more pressure on the incoming Obama administration to reverse the nation's economic slide.

In a dismal report issued Friday, the Labor Department also said the unemployment rate rose to 6.7 percent, up from 6.5 percent in October. In November 2007, the rate was 4.7 percent.

But leading Wall Street indexes rose as traders bet that shock over the job losses would prod Congress into creating a stimulus package to revive the economy.

Friday's report arrived 11 months into a recession that started last December and marks it as the sharpest downturn since the contractions of the early 1970s and 1980s. The specter of more housing foreclosures and the sight of the Big Three automakers seeking bailouts invite comparisons to the Great Depression.

"I don't know if we'll get quite there," said Wells Fargo economist Scott Anderson, speaking of the Depression era's 25 percent unemployment rate, "but we could get to double digits."

Anderson said the nation has lost 1.9 million payroll jobs since the recession began, and he expects 2 million more will vanish in 2009 before growth resumes - assuming the automakers do not collapse. Their failure could double next year's payroll job losses to 4 million.

"Unfortunately all the risk is on the downside," Anderson said.

President-elect Barack Obama issued a statement Friday calling the jobless report "a dramatic reflection of the growing economic crisis we face," and he repeated calls for Congress to enact "an economic recovery plan that will save or create at least 2.5 million jobs over the next two years."

California's 8.2 percent unemployment rate exceeds the national average, but that figure reflects the extreme duress in the Central Valley. Regional expert Jon Haveman, with Beacon Economics, said the Bay Area has been less affected by job losses so far, but Friday's report suggests it is about to get hit.

Haveman said November's job losses indicate that businesses are cutting spending in ways that will hurt

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local companies that offer technology and business services. So far, those two sectors have been propping up the job markets in Silicon Valley and San Francisco.

"This will have big implications for the Bay Area but no way this is another 1930s," Haveman said, arguing that federal policymakers have learned from the Great Depression and are acting to limit the damage from this downturn.

The most positive aspect of the November jobs report was the gain of 34,000 jobs nationwide in health care, a sector that has added 369,000 payroll positions the past 12 months.

Otherwise, the figures record a steep, sudden drop in payrolls in September, October and November, which together accounted for two-thirds of the 1.9 million jobs lost since December 2007.

Hard-hit sectors include construction, down 82,000 jobs in November and 780,000 since its employment peaked in September 2006. Professional and business services lost 101,000 jobs in November as part of the 495,000 positions cut since last December. About 76,000 leisure and hospitality jobs vanished in November, a bad sign for the Bay Area's tourism sector.

National economic forecaster Joel Naroff said the steepness of the recent job cuts could help the sick economy get better sooner by taking its medicine all at once.

"That would create a period of huge payroll declines, but also mean we would not see an extended period of job losses," he said.

But economist Nigel Gault, with IHS Global Insight, was gloomier. "The economy is now locked in a vicious downward spiral in which employment, incomes and spending are collapsing together," he said.

Gault said the 533,000 jobs lost in November marked the steepest numerical decline since employers cut payrolls by 602,000 in December 1974. Adjusting for the relative size of the economy, he said November's payroll slide was the sharpest percentage drop since May 1980.

The Labor Department report is based on two surveys. One asks employers how many people they have on the payroll. The second asks a sample of households about their work experience.

Economists consider the payroll count a better reflection of whether the economy is in an expansion or a recession.

But the household survey, which is used to compute the unemployment rate, provides a statistical snapshot of what it's like to be working or looking for work in any given month.

The household survey estimated that 10.3 million Americans were unemployed in November, a number used to calculate the 6.7 percent unemployment rate.

The Labor Department defined an additional 1.9 million Americans as "marginally attached" to the workforce - meaning they had looked for work without luck during the past year or had grown discouraged

and quit hunting.

Finally, the survey found that 7.3 million Americans were employed part time because they couldn't get full-time work - the highest number since that figure was first tracked in 1955.

The Labor Department combines these three groups - the unemployed, the marginally attached workers and the forced part-timers - into a separate index sometimes called the underemployment rate. That figure registered 12.5 percent in November. A year ago, the underemployment rate was 8.4 percent.

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/06/MN0I14IPES.DTL>

This article appeared on page **A - 1** of the San Francisco Chronicle

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