Economists see no relief soon

Fall elections won't significant change jobless rate, they say; it could take four more years

By Christopher S. Rugaber
Associated Press

WASHINGTON — A majority of economists in the latest Associated Press Economy Survey expect the national unemployment rate to stay above 6 percent — the upper bounds of what's considered healthy — for at least four more years.

If the economists are correct, the job market will still be unhealthy seven years after the Great Recession officially ended in June 2009. That would be the longest stretch of high unemployment since the end of World War II.

And it means the job market and the economy would remain big challenges in either a second Obama term or President Mitt Romney's first term.

"The election isn't going to be a miracle cure for the unemployment rate — that's for sure," said Sean Snaith, an economics professor at the University of Central Florida. He thinks unemployment, which is 8.2 percent now, won't drop back to 6 percent until after 2016.

Economists consider a "normal" level to be between 5 percent and 6 percent.

The survey results come before the government reports Friday on hiring during June. Fears about the economy esca-

See ECONOMY, Page 3A

ECONOMY SURVEY

The AP survey collected the views late last month from 32 private, corporate and academic economists on a range of issues. Among their views:

» The economy will continue to grow only slowly.

» Monthly job gains will average 139,000 the rest of this year — barely enough to keep up with population growth and prevent unemployment from worsening.

» The one step Europe could take that would boost confidence in its financial system quickly would be a bailout program like the Troubled Asset Relief Program that Congress approved in 2008 to rescue U.S. banks after the financial crisis hit.

» The biggest threat to the U.S. economy is the tax increases and spending cuts that will take effect Jan. 1 unless Congress reaches an agreement. Many economists and the International Monetary Fund have warned these measures would push the economy off a "fiscal cliff" and back into recession.

ECONOMY

Continued from Page 1A

lated after U.S. employers added just 69,000 jobs in May, the fewest in a year and the third straight month of weak job growth.

Beth Ann Bovino, deputy chief economist at Standard & Poor's, forecasts growth of about 2 percent this year and next. She said she doesn't think it will get much better before 2015.

"You need something closer to 4 percent to make a dent in unemployment," she said.

Consumers, businesses and governments are all cutting back on spending to reduce debt, Bovino said. That creates a vicious cycle: Less spending by consumers results in less revenue for companies. Businesses then reduce hiring. And that means fewer people with paychecks to spend.

Allen Sinai, chief global economist at Decision Economics, said the United States is in a squeeze: It needs to stimulate growth. Yet it also needs to rein in government spending and budget deficits in the long run.

"I don't envy the next president, whoever he is," Sinai said. "He is going to have one heck of a problem to fix."