January unemployment rate drops to 9.7 percent

BY CHRISTOPHER S. RUGABER
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WASHINGTON — The outlook for jobs became a bit less bleak with January's unexpected decline in the unemployment rate, which fell to 9.7 percent from 10 percent as more people said they had jobs.

Still, Friday's unemployment report showed just how deep the job crisis remains. The government now estimates 8.4 million jobs vanished in the Great Recession, and economists think the nation would be lucky to get back 1.5 million of them this year. And they say it will take at least three to four years for the job market to return to anything like normal.

A Labor Department survey of households found that 541,000 more Americans had jobs last month. But most of those gains were attributed to seasonal adjustments to the data. Without those adjustments, which account for reduced hiring during winter, the data show fewer people had jobs last month.

The unemployment rate fell to its lowest level since August, primarily because a department survey of households found a sharp increase in the number of Americans with jobs. Analysts expected an increase to 10.1 percent.

A separate survey of businesses found that employers shed 20,000 jobs last month.

January's report offers hope that employers may start adding jobs soon. Excluding the beleaguered construction industry, the private sector as a whole added 63,000 positions.

John Silvia, chief economist at Wells Fargo, said the drop in the unemployment rate wasn't a result of a shrinking labor force, which has held the rate down in previous months.

"It simply was, people found jobs," he said. The report is "consistent with continued improvement in the labor market."

But Paul Ashworth, an economist at Capital Economics, noted that the economy has been growing for six months, yet company payrolls are still shrinking.

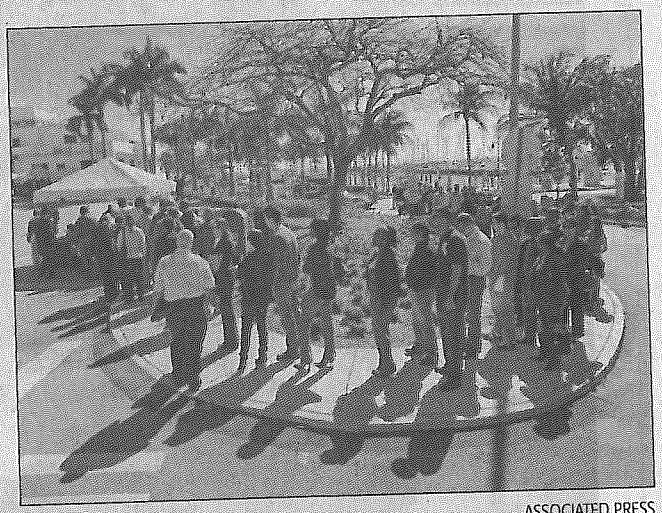
"Based on what we've seen so far, we think it is fair to characterize this as another jobless recovery," Ashworth said.

Left behind are people like Aimee Brittain, 31, who said she can't get employers to return her calls. She's hunting for work as a secretary after being laid off from a commercial real estate firm near her home in suburban Atlanta.

"I'm fighting against people with master's degrees for receptionist jobs," Brittain said. "I can't compete."

The employment figure for November was revised higher to show a gain of 64,000 jobs, up from 4,000. But the December figure was revised lower, canceling out the gain.

The manufacturing sector added jobs for the first time since January 2007. Its gain of 11,000 jobs was the most since April 2006.



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Job seekers line up to register at a city of Miami job fair in Miami. The outlook for jobs remains bleak despite January's unexpected decline in the unemployment rate, which fell to 9.7 percent from 10 percent in December.

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