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Sunday, August 10, 2003

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Recovery eludes long-term jobless

By DEIRDRE ERIN MURPHY, Portland Press Herald Writer

Also on this page:
Sunday's Question

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Bob Miller of Kittery has a bachelor of arts in psychology, a master's degree in social research and two certifications - technical writing and computer programming.

Miller's 15 years of computer experience had him earning $85,000 a year as an author of software manuals until a round of layoffs at IBM cost him his job in April 2002. But much to his surprise, Miller's education and experience have not helped him to find a job in the time since.

"I certainly was not expecting that I would be out of work this long - or unable to find that kind of job again," Miller said.

Many people across the nation are plagued by the same kind of prolonged unemployment that has afflicted Miller. Even in Maine, where the unemployment rate remains

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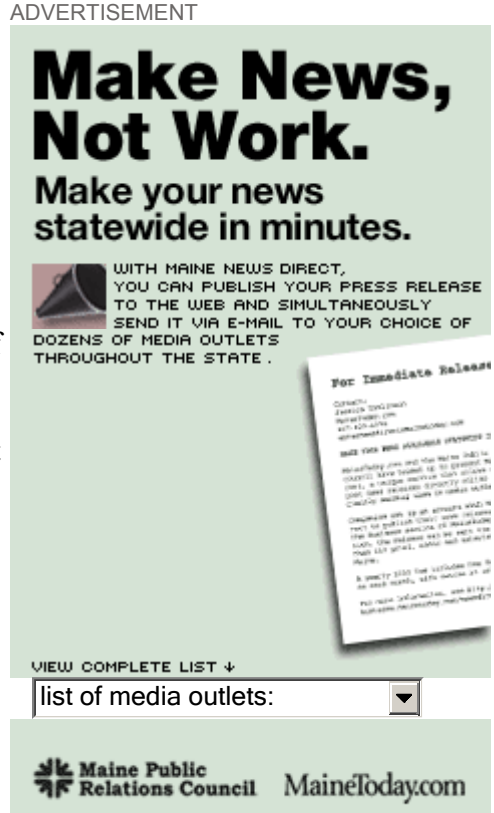
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well below the national average, long-term unemployment continues to rise.

Some economists are calling this jobless recovery the worst period of protracted unemployment the nation has experienced in more than a decade.

The U.S. Labor Department defines long-term unemployment as a period of joblessness in which someone has exhausted employment benefits without finding work. And according to state statistics, more people are nearing this category - and falling into it - than in the past, even as the number of people filing initial unemployment claims in Maine has declined.

Unemployment
The U.S. Labor Department defines long-term unemployment as a period of joblessness in which someone has exhausted employment benefits without finding work. The number of people who fit into this category is increasing. What is your employment status?

- Long-term unemployed
- Short-term unemployed
- Employed

Vote!

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This poll is not a scientific survey of reader opinion. The results are a snapshot of what readers are thinking.

See the results of past questions from the past seven days and find out about how the poll works, check Previous Days' Questions.

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The average duration of unemployment in May stood at 17.6 weeks, up from 15.7 weeks a year earlier. So far in 2003, 235 more people have exhausted their unemployment insurance benefits than last year, a year-over-year increase of 3.5 percent.

Nationally, 1.6 million people were unemployed for longer than 27 weeks in June 2002, the Labor Department reported. During the same month this year, there were 2 million unemployed for that period.

Economists said that even though the gross domestic product has grown 1 percent per year since the official end of the recession, the job market still remains dry.

"It's a jobless recovery. I would hardly say we're in a recovery. We keep waiting for things to turn around in terms of the economy but there just doesn't seem to be any steady trend that's mounting in terms of jobs being added," said John Dorrer of Brunswick, director of work force programs for the National Center on Education and the Economy in Washington, D.C. The nonprofit organization advises cities and states on how to improve work force development programs.

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Historically, jobs start to regenerate about two months after a recession ends, said Michael Hillard, an economics professor at the University of Southern Maine.

"It means the average person is unemployed for about five months, which means you have a very large amount of people who are unemployed for a period that both psychologically and financially . . . creates a lot of stress," Hillard said.

"We are a year and a half out of what was supposed to be the end of the recession and (the average duration of unemployment) is still rising," he said. "That's very bad news."

Retraining needed

Those with specialized skills that are no longer hot have been hit particularly hard by long-term unemployment because their experience is so specific it is hard for them to go into another field without extensive retraining, economists said.

"It's not that there aren't jobs, although we do have unemployment. The problem is what kind of jobs," said Christopher St. John, executive director at the Maine Center for Economic Policy, a nonprofit research group that publishes reports on tax and budget policies. "It is the lack of jobs in the places where some of these long-term unemployed have been laid off and a lack of jobs throughout the state that require the skill sets that these workers require in their life's work."

Increasingly, a college degree has failed to shield workers from protracted unemployment.

About 14 percent of the long-term unemployed were college degree holders in 2000. That proportion rose to 18 percent in 2002.

The number of professionals who couldn't find jobs before they exhausted unemployment benefits was 20 percent in 2002, up from 14.2 percent in 2000, according to Dorrer of the National Center on Education and the Economy.

"Jobs that were once considered immune from this kind of phenomenon are really beginning to be hit for the first time in our lifetime," he said.

In Miller's case, the computer industry collapsed. He was left with many skills but without employers looking for them. Miller was moving into computer programming when he lost his job, but his job search showed that neither technical writing nor computer programming had openings.

"There were a lot of people with lots of experience in programming who were looking to work and at entry level, such as myself, and zero possibilities of actually getting anywhere," Miller said.

There were 129 technical writing jobs in Maine in 2000 and the Maine Labor Department projects that there will be 133 in 2010, a growth of only four positions in 10 years.

Meanwhile, lower-paying occupations, such as cashiers and food-preparation workers, saw a large growth in employment.

"There are jobs being created in those kinds of occupations that don't require high education but the wages are a good deal less," St. John said. "It's particularly challenging for middle-aged workers who have middle-income (jobs) to suddenly face (this) situation."

If people are out of work long enough, they often will take just about any job. But that doesn't guarantee them work, because employers think they are overqualified for available work.

"I can't even get interviewed for jobs that pay $30,000 per year. I'm either overqualified or people are looking for a very particular kind of experience," Miller said. "I'd be more than happy to get into something different, even if I weren't making anywhere near the same kind of money."

Protracted unemployment hurts the economy as a whole, not just the individuals who can't find work.

An economy with unemployed workers misses those workers' potential and runs the risk of losing their productivity in the future, as unused job skills deteriorate.

"As a society we create an opportunity cost, the foregone things these people could be generating," said Dorrer. "We're incurring serious opportunity cost because those people should be contributing to the overall wealth of our society."

Unemployed people also tend to spend less money, even while they are collecting benefits, and that hurts consumer spending, economists said. Unemployment benefits generally are 30 percent to 60 percent lower than what people had been earning in wages.

"It has a profound effect on the economy because people are more cautious of consuming and don't go out and buy," Dorrer said. "People will put off longer-term investment decisions."

Miller immediately cut out many leisure activities, such as going to movies, dining out and attending art classes. "I can't continue shelling out 250, 450 bucks for all that stuff," he said.

Drain on savings

As time passes and his savings drain, Miller has begun to worry more about unforeseen costs, like car and home repairs. Only a week ago, someone hit his car, costing him $1,000 in repairs.

"What's frustrating is that things start costing money," he said. "Stuff like this really brings home the fact that I don't have a regular income."

Money is even more of a problem when the unemployment checks stop coming.

Miller received about $670 every two weeks from his unemployment insurance. He barely had any money left after his mortgage of $660, utilities of $150 and food costs of $400.

Now, as an exhaustee, Miller must dig into his savings to make ends meet.

Although he still searches for regular work, Miller tutors for one hour a week, earning $17.50, and hopes to earn extra funds by refinishing floors, painting or performing household chores.

"It's not a very satisfying thing, mostly because it's so spotty," he said. "My future plans are very immediate. I'm not looking too far down the road. Right now I'm trying to pay the bills, looking for people to hire me as a carpenter."

Along with financial difficulties, unemployed people often find it psychologically difficult to cope. And the loss of self-esteem can lead to serious problems with both social and human costs.

Studies have shown that the rate of alcoholism, death and crime all go up during times of prolonged unemployment, Hillard said.

"Obviously the effects on individuals are the most dire," Hillard said. "It has measurable and very bad effects on people."

The more time that goes by, the more Miller feels discouraged, he said. "It is very easy to get down and get depressed and feel discouraged that no matter what you do, nothing is going to happen."

To help with the job search and with his emotional tribulations, Miller attends the Unemployed Professionals group once a week. The support group is run by the Career Center, a Labor Department program that provides help to unemployed people.

"Just being together and talking about ways to approach getting

work or the issues that we face, just helps," Miller said.

'No clear consensus'

The future for long-term unemployed people is unclear and has become the subject of disagreement among economists and government officials.

"We have a debate over how to best get our economy back on track," Dorrer said. "We have no clear consensus of what's the right way to go."

Economists know there is an end in sight; they just don't know when it will come.

"This is eventually going to come to an end," Dorrer said. "Economists are looking for certain glimmers of opportunity. Six months out, this economy is going to grow at a bigger and better rate."

Dorrer predicted that the economy will turn around when new machinery needs to be built and computers stop meeting expectations. But he still remains concerned about the immediate unemployment problem plaguing the nation.

"We need to create more opportunities for more unemployed people to connect and network with each other," he said.

Some economists think the government needs to spend more money on education and social services to jump-start the economy.

"If we wanted to see a recovery, we would see less of the tax cuts and more aid to the states and municipalities from the federal government," Hillard said. "The best thing to do would be to have policies that provide spending where spending would be most likely to create jobs."

For many economists, though, increasing education will increase jobs. "I think there's general recognition that, long-term, this state has a significant challenge to increase the number of people with more higher education," St. John said. "That is going to be a key factor in economic progress in the state."

Miller sees the future as a big unknown. He continues to pursue all options. He will meet with a Peace Corps officer. He might sell some valuables on eBay. But he keeps his head up, believing a job is around the corner.

"I think I just keep on hoping something will turn up," he said.

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dmurphy@pressherald.com 1/3 1/3

To top of page

Portland Press Herald
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