

# USA: 23 states report higher unemployment in September

## 23 states report higher unemployment in September; slight improvements seen in the Midwest

- By Christopher S. Rugaber, AP Economics Writer
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WASHINGTON (AP) -- Unemployment rose in 23 states last month as the economy struggled to create jobs in the early stages of the recovery.

While layoffs have slowed, companies remain reluctant to hire. Forty-three states reported job losses in September, while only seven gained jobs, the Labor Department said Wednesday.

Wednesday's report underscores the uneven nature of the recovery. The unemployment rate dropped in some Midwestern states as the manufacturing sector improved. But Florida and Nevada, two of the states hit hardest by the housing slump, reported record-high jobless rates.

Some of the states that lost jobs still saw their unemployment rates improve, as discouraged workers gave up looking for work. People who are out of work but no longer looking for jobs aren't counted as officially unemployed.

That trend was evident nationwide in September, as nearly 600,000 people dropped out of the work force, the department reported earlier this month.

The U.S. jobless rate rose to 9.8 percent in September, a 26-year high, from 9.7 percent. Some economists estimate it would have topped 10 percent if there had been no change in the labor force.

There were some bright spots in Wednesday's report. The Midwest region, hit hard during the recession by job losses in manufacturing, saw its unemployment rate drop for the second straight month, to 9.8 percent from 10 percent in August. It was the only region where the unemployment rate declined.

The Midwest benefited from sharp drops in unemployment in Indiana and Ohio. Indiana's jobless rate fell to 9.6 percent, from 9.9 percent in August and 10.7 percent in June.

Indiana added 4,400 jobs, the most of any state, due to gains in manufacturing, services and government.

The state's jobless rate has dropped for two straight months, said Robert Guell, an economics professor at Indiana State University in Terre Haute, easing his skepticism that the improvement might have been a fluke.

"It does look green shoot-like," he said.

The state has benefited from a rebound in the auto sector and a healthy medical device industry, he said. Indiana is home to many auto parts and assembly plants, which are ramping up production as General Motors and Chrysler seek to replenish inventories depleted by the popular Cash for Clunkers program.

Honda Motor Co. also manufactures the Civic at a plant in the state, Guell said. The Civic was a major beneficiary of the clunkers program, which provided rebates to consumers who traded in old cars for newer, more fuel-efficient models.

Ohio, meanwhile, saw its jobless rate drop to 10.1 percent, from 10.8 percent in August and 11.2 percent in July.

Lucia Dunn, an economics professor at Ohio State University in Columbus, said the state has benefited in recent years from growth in financial services and technology companies. Recruiters from a JPMorgan Chase & Co. regional office frequently contact her seeking candidates for economist and statistician jobs.

"Most people here feel that the worst is over," Dunn said.

Still, Ohio lost about 6,000 jobs in September, and much of the improvement in its unemployment rate came from discouraged workers leaving the work force.

Nevada, Rhode Island and Florida last month posted their highest jobless rates on records dating to 1976, the department said. Fifteen states and Washington, D.C., reported unemployment rates of 10 percent or more.

Michigan reported the nation's highest unemployment rate at 15.3 percent. It was followed by Nevada at 13.3 percent, Rhode Island at 13 percent, California at 12.2 percent and South Carolina at 11.6 percent.

Real estate continues to bedevil states that enjoyed a housing boom. Florida's jobless rate rose to 11 percent from 10.8 percent in August, as the state lost nearly 13,000 construction jobs. California lost 39,300 jobs, including more than 14,000 in construction. Nevada lost 3,500 construction jobs, though it boosted employment in services.

In Florida, the housing boom at one point reduced the state's jobless rate to 3.3 percent, said Sean Snaith, an economics professor at the University of Central Florida in Orlando.

But now, "the trough is as deep as the peak was high," he said.

Florida also lost population for the first time in 60 years in 2008, he said, leaving even more empty homes and condominiums.

The state's unemployment rate won't drop below 10 percent until 2012, Snaith predicts.

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