

Job losses in Georgia resist U.S. recovery

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ATLANTA --- Georgia remains mired in a severe employment recession, even as the rest of the economy enjoys a modest recovery, according to an economic forecast released Wednesday that predicted Augusta's work force will shrink by 2.5 percent this year and 1.8 percent the next.

Job losses across the state will continue through 2010, according to a quarterly report issued by the Economic Forecasting Center at Georgia State University.

Georgia's job losses will reach 387,000 and exceed the rate of the national average.

"Employment levels will return to levels last seen in 1998, thereby wiping out the gains of an entire decade," writes Rajeev Dhawan, director of the center, who predicted the state's unemployment rate will peak at 10.7 percent next fall.

The unemployment rate for metro Augusta -- which includes Burke, Columbia, McDuffie, Richmond, Aiken and Edgefield counties -- was 9.4 percent in September. The area lost 4,700 jobs from July through September, with the biggest drops coming in retailing, construction and manufacturing. On the other hand, some sectors added workers.

"Surprisingly, the sectors adding jobs were professional and business services (558 jobs), education and health (837 jobs) leisure and hospitality (135 jobs), and government (581 jobs)," Mr. Dhawan wrote.

Augusta bucked a trend by adding hotel and restaurant jobs, an area that is declining across the rest of the state. Hospitality is tied to the health of the business sector and consumers taking leisure trips or going shopping, all of which remain weak, Mr. Dhawan wrote.

"More than a temporary measure, the belt-tightening represents a change in the lifestyle of the players," he wrote. "As this sector adjusts to the new norm, it will not only shed jobs but also see a reduction in room capacity for the upper-price points. Why? The cost-conscious consumer will demand -- and get -- five-star treatment at three-star prices."

Backing up news of consumer pullback is the release of a survey by the Georgia Credit Union Affiliates showing that 52 percent of their depositors intend to spend less on holiday gifts this year. Also, 45 percent expect to spend the same, and just 3 percent say they'll increase their purchasing.

The online poll of 1,000 credit union members was conducted Oct. 1-8 by Zoomerang and has a margin of error of 3 percent.

It also showed that 76 percent intend to pay for their gifts with cash rather than borrowing on credit cards.

l"While Georgians will still spend money to enjoy the holiday season, they're not going to take on more debt to do it; instead, they are looking at their finances with an eye toward the future," said Mike Mercer, the president of the credit union association.