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Hurricane Katrina Takes a Toll on Jobs

By THE ASSOCIATED PRESS

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WASHINGTON (AP) -- Hundreds of thousands of people are finding themselves out of work and their livelihoods in limbo following the wrath of Hurricane Katrina.

Experts believe it will take months before people get back to work in hurricane-ravaged areas. Some workers may not have jobs to return to and others may opt to move away and find work elsewhere, economists and other experts said.

Workers in flooded-out New Orleans, which faces major and potentially lengthy cleanup challenges, are taking the biggest hit, analysts said.

"New Orleans is an economic disaster. This tragedy is so unprecedented people could be out of work for three, six, nine months or longer," said Rajeev Dhawan, director of the economic forecasting project at Georgia State University.

By Dhawan's estimates close to 1 million people have been thrust out of work in parts of Louisiana, Mississippi and Alabama because of Katrina.

Phil Hopkins, managing director of U.S. regional services for Global Insight, estimates that at least a half a million people are out of work because of the storm.

The situation probably will propel area unemployment rates now in the single digits to the double digits in coming months -- even when one accounts for employment gains from rebuilding efforts, Hopkins said.

The seasonally adjusted unemployment rate in the area of New Orleans, Metairie and Kenner was 4.9 percent in July, Hopkins said based on his calculations. The jobless rate there could easily climb to 25 percent, he estimated.

In another storm-slammed area of Gulfport and Biloxi, Mississippi, the seasonally adjusted unemployment rate in July was 5.7 percent, Hopkins said. That jobless rate could rise to around 20 percent or higher, he added.

"It's a pretty sizable impact. Commerce has come to a standstill in those counties that were hit," Hopkins said.

The unemployment rate for the United States as a whole was 5 percent in July.

The powerful and deadly Katrina -- likely to be the costliest natural disaster in U.S. history -- has knocked out oil refineries, shuttered businesses and crippled the flow of commerce through ravaged ports, roads and railways.

"Not only do people not have a place to live. They don't have a place to go to work. I think this will be felt long and hard," said Tom Gimbel, chief executive officer of The LaSalle Network, an employment firm. He thought that some employment implications of the storm could be longer lasting as some people and companies might opt to permanently move elsewhere.

Gimbel said that Chicago-area companies that have operations in New Orleans are moving mostly white-collar financial type of jobs temporarily to Chicago. He expected an increase in demand for temporary blue-collar workers for jobs in hurricane cleanup and rebuilding efforts.

Ben Bernanke, chairman of the White House Council of Economic Advisers, said a big part of the devastation is that entire communities are out of work.

"Clearly it's done a lot of harm to the Gulf Coast economy," Bernanke said on Thursday. "There has been a great deal of property damage and lives lost." But he repeated his belief that the overall impact on the economy should be "relatively modest."

Some economists believe the hurricane's fallout will slow overall economic growth in the months ahead as higher energy prices crimp consumers' and businesses' appetite to spend. Some believe growth in the final quarter of this year could come in at an anemic pace of around 2 percent.

Such a scenario could lead to businesses around the country becoming more cautious in their hiring, which could boost the nation's unemployment rate.

Against the backdrop of economic uncertainty, a few economists believe the Federal Reserve may decide to hold interest rates steady at its next meeting on Sept. 20. Others, however, continue to believe another quarter-point rate increase will come at that time.

The economic hit comes to states where pay lags the national average. Average annual pay in the United States last year was \$39,348, according to the Department of Labor's Bureau of Labor Statistics. In Louisiana, it was \$31,837 and in Mississippi, \$28,531.

Those who are out of work and have questions about, among other things, collecting or filing for unemployment benefits can call a toll free number -- 1-866-4-USA-DOL -- to get help, said Pam Groover, a spokeswoman at the Labor Department.

Unemployment benefits typically run for 26 weeks. Congress has the power to extend them and has done so in the past during troubled economic times.

Northrop Grumman's Ship Systems, which builds and designs ships, is headquartered in Pascagoula, Miss. and has operations in New Orleans and Gulfport, Miss., is taking special steps to make sure workers in the hurricane-slammed areas will be paid, a spokesman said.