

U.S. jobs crisis could last until 2021: economist

WASHINGTON, Jan. 4 (Xinhua) -- The ongoing U.S. jobs crisis could last for the next nine years if employment growth maintains the status quo, a U.S. economist said Friday.

Friday's U.S. jobless rate from the Bureau of Labor Statistics remained unchanged from its revised level the previous month, adding 155,000 jobs, roughly equal to the average 153,000 jobs added monthly over the first 11 months of the year.

"At December's growth rate the labor market will not fill in (the) gap until the end of 2021," said Heidi Shierholz, economist at the Economic Policy Institute.

Indeed, the economy is 9 million jobs in the hole -- those jobs lost since the recession hit in 2007 plus the jobs that should have been added -- but were not -- to keep up with the growth of the work force, she said.

A jobs crisis ending in 2021 would mark 14 years of high unemployment, and the December employment situation marks five years since the start of the major downturn in 2007 and more than three years since the official start of the so-called recovery in 2009.

Average hourly wages rose by 7 cents in December and have climbed at a 2.1-percent rate over the last year, roughly in line with inflation. That means real wages have been flat over the last year amid persistent high unemployment that has pushed down wage growth, she said.

Long term unemployment -- defined as those out of work 27 weeks or longer -- remains a problem, with nearly 3 million long term jobless, December's jobs report found. What's worse, many are caught in a vicious cycle: the longer they remain unemployed, the harder it is to find work. That is because employers, rightly or wrongly, believe that skills erode when not used daily.

Still, there may be light at the end of the tunnel. Bernard Baumohl, chief global economist at the Economic Outlook Group and frequent guest on PBS' Nightly Business Report, said all the major metrics of the U.S. economy are pointed in the right direction, from the housing market to the health of banks to consumer finances.

He predicted the economy will come back to life this year, once Washington gets past its gridlock over government spending.

"Corporations are sitting on a pile of cash just waiting to be put to use," he said, adding that companies will start hiring when there is more clarity coming from Washington on spending cuts and other fiscal issues over which Congress has been bitterly divided.

Indeed, U.S. markets surged more than 2 percent Wednesday after Congress struck a deal to avert the "fiscal cliff" -- a spate of sweeping tax hikes and spending cuts that would have kicked in and sparked another recession had Congress not acted.