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Unemployment Rate Jumps to 5.7% in Nov.

U.S.: 800,000 jobs lost since Sept. 11 worst in 2 decades

COMBINED NEWS SERVICES

The nation's unemployment rate shot up to 5.7 percent in November as the job loss total for the past two months hit 800,000, the worst performance in more than two decades.

The Labor Department report Friday showed just how devastating the Sept. 11 terrorist attacks were on the labor market, prompting huge layoffs across a wide swath of the U.S. economy, with airlines and other travel-related industries particularly hard hit.

The worse-than-expected numbers, up from 5.4 percent in October, also dashed hopes raised by other reports that the current recession, the country's first in 10 years, will soon be ending.

"The rumors of a recovery were premature," said David Wyss, chief economist at Standard & Poor's Co. in New York. "We are still in a recession, and we will be for some months to come."

President George W. Bush and other Republicans used the dismal report to try to increase pressure on Democrats in Congress to drop their objections to the administration's economic stimulus program, which Bush sent to Congress in October.

"Since then over three-quarters of a million Americans have lost their jobs," Bush said in a statement Friday. "Today's important economic warnings demonstrate that America's workers have already waited too long."

But Democrats charged that the rising unemployment underscored their demands that Bush's package needs to be changed to offer less in tax cuts for the wealthy and more in help for thousands of people now out of work.

Analysts said the impasse over the stimulus bill made it more likely that the Federal Reserve, which has already cut interest rates 10 times this year, will cut rates an 11th time at their final meeting of the year Tuesday.

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Some predicted the rate cut would be another half-point move, given the size of the job losses in November, but others looked for a smaller, quarter-point move given that a key Fed interest rate is already at a 40-year low of 2 percent.

Labor Secretary Elaine Chao, briefing reporters on the joblessness report, said that the widespread layoffs in the past two months were "signs of the economic havoc wrought on our country" by the Sept. 11 terrorist attacks. "In March the economic expansion stopped, and on Sept. 11 the bin Laden recession began," she said.

Economists attributed part of the severity in the job cutbacks to the severe profit squeeze currently facing many corporations, predicting further layoffs in months to come.

"With profit margins at a post-World War II low, hundreds of thousands of more jobs probably will need to go to restore profitability," said Bruce Steinberg, chief economist at Merrill Lynch.

He predicted that the recession will last through the winter and the jobless rate will climb close to 7 percent next year before a rebound in economic growth triggers new hiring. That would still make this a mild downturn. The last recession in 1990-91 saw the unemployment rate hit 7.8 percent with a job loss of 1.8 million.

Since employment peaked in March, 1.2 million Americans have lost their jobs.

In a testimony prepared for a New York State Assembly committee on tourism Friday, Cristyne L. Nicholas, chief executive of the city's convention and visitors bureau, said as many as 45,000 people who work in New York City's $25-billion-a-year tourism industry might lose their jobs this year.

"The city's tourism outlook has taken a dramatic turn for the worse" since Sept. 11, Nicholas said. She said the city might lose 25,000 to 45,000 jobs. About 282,000 people work in tourism-related businesses, including hotels, tour groups, museums, restaurants, retail stores, theaters and visitor attractions, said Nicholas, who heads NYC & Co., a nonprofit group that represents 1,300 firms.

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