

U.S. unemployment drops unexpectedly to a still-high 13.3%

Economy added 2.5 million jobs in May

By Christopher Rugaber
Associated Press

WASHINGTON — U.S. unemployment dropped unexpectedly in May to 13.3% as reopened businesses began recalling millions of workers faster than economists had predicted, triggering a rally Friday on Wall Street and giving President Donald Trump something to boast about amid his reelection bid.

The jobless rate is still on par with what the nation witnessed during the Great Depression. And for the second straight month, the Labor Department acknowledged making errors in counting the unemployed during the coronavirus outbreak, saying the real figure is even worse than the numbers indicate.

Still, after weeks of dire predictions by economists that unemployment in May could hit 20% or more, the news that the economy added a surprising 2.5 million jobs last

month was seen as evidence that the collapse may have bottomed out in April at 14.7% and that a recovery is well underway as states loosen their lockdowns and let stores, restaurants, gyms and other businesses reopen.

"We are witnessing the easiest phase of growth as people come off temporary layoffs and come back to their employers," said Harvard University economist Jason Furman, who led the White House Council of Economic Advisers during the Obama presidency. "And once employers are done recalling people, the much harder, longer work of recovery will have to proceed."

Most economists had expected rehiring to kick in as shutdowns were increasingly lifted and people gradually resumed shopping and eating out.

"The surprising thing here is the timing and that it happened as quickly as it



Photo by Keith Srakocic/Associated Press

Stylist Kayla Addink arranges items in her workspace Thursday, June 4, as she prepares for her first day back on the job at the West View Barber Shop when most of southwest Pennsylvania loosens COVID-19 restrictions on Friday in West View, Pennsylvania.

did," said Adam Kamins, senior regional economist at Moody's Analytics.

On Wall Street, the S&P 500 was up 2.6% around midday on the news.

An exultant Trump seized on the report as evidence that the economy is going to come back from the coronavirus crisis like a "rocket ship."

"This shows that what we've been doing is right,"

said the president, who has pushed governors aggressively to reopen their economies amid warnings from public health officials that the country is risking a second wave of infections on top of the one that has killed over 100,000 Americans.

Still, the job market is in such a deep hole that it could take years to dig out, economists say. Most are

forecasting unemployment in the high single-digits or low double-digits by the end of this year.

Economists had expected the government to report that employers shed 8.5 million more jobs in May on top of the 21.4 million lost in March and April.

Instead, nearly all industries added jobs, a sharp reversal from April, when almost all cut them. Hotels and restaurants added 1.2 million jobs in May, after shedding 7.5 million. Retailers gained 368,000, after losing nearly 2.3 million in the previous month. Construction companies added 464,000 after cutting 995,000.

The crisis has also exposed wide disparities: While the unemployment rate for white Americans was 12.4% in May, it was 17.6% for Hispanics and 16.8% for African-Americans.

Economists warn that until most Americans are confident they can

shop, travel, eat out and fully return to their other spending habits without fear of contracting the virus, the economy is likely to remain sluggish.

Erica Groshen, a labor economist at Cornell University and a former commissioner of the Labor Department's Bureau of Labor Statistics, said hiring could ramp up relatively quickly in the coming months and reduce unemployment to low double-digits by year's end.

"Then my inclination is that it will be a long, slow slog," she said.

Gwyneth Duesbery, 22, returned this week to her job as a restaurant hostess in Grand Rapids, Michigan, as Bowdie's Chop House prepares to reopen with tables 6 feet apart and seating capacity reduced to about one-quarter.

"I am concerned that it will expose me to potential diseases, and expose others, no matter the precautions that we take," she said. "It's kind of uncharted waters."

Cities rethink school police amid protests

By Gillian Flaccus
Associated Press

PORTLAND — Oregon's largest school district no longer will have police officers in its schools and joins a handful of urban districts from Minneapolis to Denver that are rethinking their school resource officer programs amid national outrage over the death of George Floyd.

Superintendent Guadalupe Guerrero said Thursday that Portland Public Schools needed to "re-examine our relationship" with the police in light of protests over the death of Floyd, a handcuffed black man who died after a white Minneapolis police officer pressed his knee into his neck for nearly nine minutes.

The district of more than 49,000 students joins Minneapolis, which severed ties with its school resource officers on Tuesday. Districts in St. Paul, Minnesota and Denver are considering doing the same. Protesters in Charlottesville, Virginia, have made the end of the school resource officer program in their district one of their demands.

Portland Mayor Ted Wheeler said Thursday he also would discontinue using school resource officers in two smaller metropolitan districts under a program that costs the city \$1.6 million a year.

The move is in response to the demands of thousands of protesters, many of them young, who have filled the streets of Oregon's largest city for six consecutive nights. Having the officers in high schools has been a touchy topic for several years in this liberal city. Students have protested in recent years for an end to the program, at one point even overwhelming a school board meeting.

Beyond their law enforcement role, the model for school resource officers endorsed by the U.S. Justice Department enlists them also as mentors, informal counselors and educators on topics ranging from bullying to drunk driving with the goal of promoting school safety.

But critics of the concept say the officers' presence can lead to the criminalization of students, particularly students of color, who may be labeled as troublemakers for things such as not paying attention in class, using a cellphone or other minor infractions. In 2015, a school resource officer in South Carolina was caught on video flipping a female student to the floor and dragging her across a classroom after she refused to surrender her cellphone.

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