

State Unemployment Rating Falls to 6.4 Percent

The apparent drop in state unemployment rates might result from the use of more precise census data.

By LINDSEY WHITE
Staff Writer

Some economists say they are not sure what the future holds for North Carolina's economy, even though the state's unemployment rate fell in January for the first time in 18 months.

In January, the statewide unemployment rate fell by 0.1 percent to 6.4 percent.

Mike Tavernise, manager of the Raleigh branch of the N.C. Employment Security Commission, said the drop might result from a change in statistical figures.

"I'm not sure if it is an actual decline or better statistical numbers," he said, explaining that the December data was based on the 1990 census and the January data on the 2000 census.

But Tavernise said he thinks there has been a pickup in blue-collar or service

sector jobs.

He added that white-collar jobs, especially those with high-tech companies, have been on the decline.

Tavernise said some white-collar workers have moved to the service sector to find work because the number of jobs in the industry has increased.

"They have to make that hard decision," he said.

He said that as a result, the service industry has become more competitive.

Tavernise said the trend is a reversal from the norm, when workers usually shift from the service industry to the

more competitive white-collar industry. "The line between the two has become blurred," Tavernise said.

Tavernise said jobs in the manufacturing and textile industries also have been declining because many companies have moved to Mexico to decrease labor costs.

UNC economics Professor Richard Froyen said it will take at least three months to determine what the decline in unemployment means.

"It may just be a blip in the economy," Froyen said.

In spite of the fact that increased job

availability typically does not spell an improved economy for some time — a phenomenon known as a lagging variable — Froyen said he thinks the economy might eventually improve.

But N.C. State University economics Professor Michael Walden said he does not think the drop in unemployment indicates a long-term trend. "It may level off," he said.

Still, Walden said he thinks the state has hit its peak unemployment rate. "The worst of the recession is over," he said.

Walden said he thinks the employ-

ment rate will pick up eventually because of an increase in consumer spending.

Walden said companies are making sure that the economy is in good shape before hiring additional people.

"They are waiting for signs of improvements," he said.

But Tavernise said he still expects the economy to improve. "The economy will most likely pick up even though unemployment is moving slowly."

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