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THE WALL STREET JOURNAL SUNDAY.

The Weekly Guide to Managing Your Money

WSJ.com/Sunday

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Despite Improving, the Job Front Remains Grim

BY SUDEEP REDDY

Eighteen months into the recession, U.S. workers are still rapidly losing jobs. And they may have to wait years before seeing a full recovery in the labor market.

The government on Friday said the economy lost 345,000 jobs in May, fewer than the number shed in April. The unemployment rate hit 9.4%, the highest since the early 1980s, and is expected to shoot even higher in the coming months.

The latest employment decline came alongside hope in recent weeks that the economy is ending its free fall. Housing activity is stabilizing, and consumer confidence is turning up.

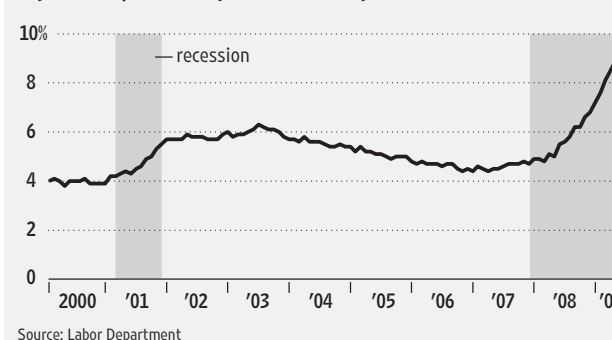
But a turnaround in the overall economy won't translate into a full turnaround for workers. Most forecasters expect employers to slash more jobs than they're adding at least through the end of the year. The huge job losses may end, but they won't turn into meaningful job gains until sometime in 2010.

What happens to the labor market once the economy is growing again? Some past recessions, especially those with the largest employment declines, saw the job market rebound strongly once the overall economy picked up. But that's not a sure thing. The aftermath of the 2001 recession was dubbed a "jobless recovery" because employers continued shedding workers even as the economy showed robust growth.

Despite indications that the worst monthly job declines are over, the road to recovery will be bumpy for the next year. Employers remain unsettled from a turbulent financial crisis. So many millions of people are out of

Still Rising

The official unemployment rate hit 9.4% last month, and forecasters say it could pass 10% by the end of the year.



work that absorbing them back into new jobs will take time. For the summer and fall, an improvement in the economy may not even be evident to most people out searching for jobs. After that, it'll be a long road back to the days of a tight labor market.

Some of the major employment concerns now:

Has the job market been this bad before?

Only a handful of times since the Great Depression. The economy has shed six million jobs since the start of 2008. That's almost one out of every 20 jobs, making the current decline the worst drop in a half century. Unemployment has doubled since the start of the downturn, with 14.5 million people looking for jobs in May. The jobless rate is likely to approach, and maybe even surpass, 10% by year end.

How long will unemployment remain high?

Forecasters expect unemployment to remain elevated at least into 2012. The overall economy is expected to start recovering

late this year and into 2010. But employers may be slow to hire workers until they're sure demand for their products and services has rebounded.

What will that mean for paychecks?

Don't expect too many raises. When the economy is weak, employers can keep wages contained because workers find it much harder to secure jobs elsewhere. Companies also see productivity increase as they get more output out of fewer workers. That helps companies restore their profitability.

Many employers have already cut salaries and benefits in addition to jobs. Companies also are cutting workers' hours, instituting furloughs and forced vacations and cutting benefits such as tuition reimbursement.

Where are the worst job declines expected?

The U.S. manufacturing sector will remain in turmoil through much of the year. General Motors and Chrysler are shedding tens of thousands of jobs, and it may



Tim Flaherty

Where will the economic stimulus produce jobs?

The \$787 billion economic stimulus package is just starting to kick in. The money is helping some state and local governments keep workers on their payrolls. And funding directed to roads, bridges and other local projects will help the construction sector in particular.

"As more and more money pours into infrastructure projects, we're going to see a lot more jobs being created," says Sung Won Sohn, an economics professor at California State University, Channel Islands.

But much of the stimulus money won't kick in until next year. That means it could help the recovery, but many workers will be waiting in the meantime.

Who will have the most trouble finding jobs when the economy turns around?

Many workers won't be able to find jobs in their local areas, particularly those in the manufacturing sector. That's especially true for older workers. People with houses that are difficult to sell also may find it hard to move elsewhere for a new job.

"If you're 50 and you live in Ohio or Michigan or Indiana, you're going to have a tough time," says Mr. Brusuelas. "If you're 30, you haven't bought a home or you've been priced out of the real-estate market, you're going to find lots of opportunities."

He says younger, more mobile workers—especially those with technology skills—"will be able to respond to the incentives that the economy provides as we emerge from the recession."

Email: forum.sunday03@wsj.com.

Find Parking In the City

BY ANNA PRIOR

Finding that coveted parking spot in the city may be just a few mouse clicks away.

A host of Web sites let you search for parking garages and lots within a specific location. **Yelp.com**, for instance, posts the addresses, maps and

phone numbers for garages and lots in cities across the country, along with user reviews. Look for "parking" under the automotive category on the home page for your chosen city.

BestParking.com allows users to locate parking garages and lots in New York, Boston, Philadelphia and Washington, D.C. Users can search by address, neighborhood, attraction or intersection—and compare daily and monthly rates.

Enter the dates and times of your expected stay for a specific location and the site will calculate the total rate. At some locations in New York, you can reserve a spot up to a week in advance at no extra charge.

Rates for garages highlighted in green are guaranteed. There's no guarantee on the rates at nonhighlighted locations. But these quotes are updated four times a year, which is more frequent than the average once-a-year change in rates at most garages, says Ben Sann, founder of BestParking.com.

On July 1, Mr. Sann says, the Web site is slated to launch locators, rate guarantees and reservations for Chicago, Los Angeles and San Francisco, as well as for major airports across the country.

INVESTOR'S CALENDAR

THIS WEEK

■ **GM, Citi Dropped:** Now in bankruptcy, General Motors will be removed from the Dow Jones Industrial Average Monday after more than 80 years as an index component. It will be replaced by technology firm Cisco Systems. Insurer Travelers will replace banking giant Citigroup.

■ **Banking Deadline:** Some big banks face a Monday deadline for government approval of their plans to raise new capital.

Wall Street Journal Sunday writers regularly contribute to the Journal's weekday "Your Money Matters" personal-finance podcast. Listen at WSJ.com/Podcasts

■ **Tech Launches:** A new iPhone is expected to be unveiled at the Apple Worldwide Developers Conference Monday. Amazon.com, meanwhile, plans to launch its large-screen Kindle DX reader on Wednesday.

■ **Dealers Out:** Chrysler expects to end its contracts with 789 dealerships on Tuesday, part of the auto maker's reorganization.

■ **Sales and Sentiment:** Economic reports out this week include May retail sales on Thursday and consumer sentiment on Friday.

Almost ...

The Dow Jones Industrial Average came within a hair's breadth of pushing into the black for the year. The average rose 3.1% last week, up 34% from its March low.



LAST WEEK

■ **Oil Up:** Oil prices continued to rise, closing at \$68.44 a barrel on Friday, up 101% from a low of \$33.98 in February.

■ **SEC Files Charges:** The Securities and Exchange Commission filed charges against former Countrywide Financial Chief Executive Angelo Mozilo and two former lieutenants, accusing them of fraud.

■ **Humming Away:** A little-known Chinese construction equipment maker plans to buy GM's Hummer brand.

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Paul D. Bell
Vice President, Partner Businesses
(212) 659-1212
Paul.Bell@dowjones.com

Mark Pope
Executive Director, Multimedia Sales
& Product Development
(212) 597-5868
Mark.Pope@dowjones.com

Steven A. Townsley
Director of Sales
(212) 597-5733
Steven.Townsley@dowjones.com
CORPORATE HEADQUARTERS
200 Liberty Street
New York, N.Y. 10281

Lawrence Rout, Senior Editor
Larry.Rout@wsj.com

David Crook, Editor
David.Crook@wsj.com

Cristina Lourosa-Ricardo, News Editor
Cristina.Lourosa@wsj.com

Mark Tyner, Art Director
Mark.Tyner@wsj.com

TELEPHONE: (609) 520-4000
EMAIL: SUNDAY03@WSJ.COM
4300 ROUTE 1 NORTH
SOUTH BRUNSWICK, N.J. 08852

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YODER & SON | By Stephen Kreider Yoder and Isaac S. Yoder

We Don't Buy Stuff. Except When We Do.



ISAAC: I've always considered myself to be a smart spender—I rarely, if ever, buy unnecessary stuff. I never get videogames, sports equipment or new electronics like some people my age do, and I can't remember the last time I spent money on nonessential new clothes.

The truth is I just don't get a buzz from buying things.

And yet...I still regularly withdraw money from my bank account. So if I never buy "stuff," where does this money go?

I have a confession to make: I like to make the occasional—well, OK, perhaps regular—splurge on going out to lunch or attending a concert on a weekend.

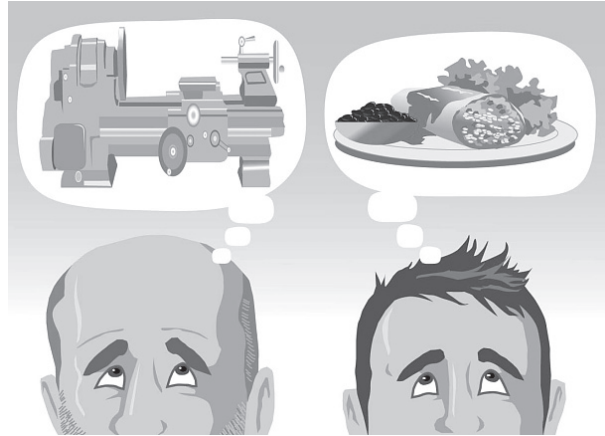
But hey, what's wrong with enjoying some fresh food or good entertainment? Besides, it would seem like a shame not to take advantage of these cultural luxuries while I can, before I fly off to the middle-of-nowhere for college.



STEVE: I like to imagine myself a model of frugality for my children. So I'm often a bit disappointed when I discover Isaac has spent money on something fleeting or frivolous.

"How are you spending your money?" I asked him the other night. I'd noticed some regular withdrawals from his bank account, which I can see online because it's still associated with the family account.

"Food, mostly," he replied. As the school year draws to a close, Isaac apparently has developed a penchant for eating out with his friends. It's not a ruinous habit yet, judging from his bank balance. But it's a tad worrisome to a father who



Leonard Caliente

considers the epithet "cheapskate" to be praise.

A perfect opportunity to repeat the Delayed Gratification Speech! (Teenagers can't get enough of it.) "That's a slippery slope," I told him. "Don't get used to spending on pleasures like that now, because it's always much harder to stop spending on them than it is to not start spending to begin with."

Which is when the little voice in my head began asking: "Hmm, hypocrisy?"

When it comes to buying stuff, I'm still fiercely frugal. I drive a 17-year-old car and won't even think of replacing our battered kitchen appliances. The last major "toy" I bought myself was a 40-year-old South Bend 10K metal lathe for \$1,500 four years ago, but that doesn't count because it's a tool.

As I've noted, my indulgence is paying for experiences. Money spent on travel pays back richly, and I've spent thousands without batting an eye on kids' lessons—everything from guitar playing to welding.

That's all very high-minded of me, except that there's a fine line between "experience" and imprudent consumption. And I admit: I'm guilty of crossing that line just as Isaac is.

When Karen and I were first married, we ate out seldom, and frugally when we did. Dinner and a movie in

spending money on food and concerts.

I don't eat at fine restaurants or go to concerts that cost hundreds. What I spend my money on is, say, a burrito some afternoon or a local \$10 concert. My eating and concert-going isn't denting my savings.

And I spend good time with people in the process. It's worthwhile to spend money for valuable experiences that involve building friendships, right?

Having said all that, I'll concede that the memories I get out of eating or concert-going are not nearly as concrete as learning to fly a plane or owning tools (though I'm pretty sure my dad has still only used that lathe a handful of times in the past four years). And I'll also concede that my dad is right about the fine line. This habit of mine is just like other people's habits of spending on stuff. We all justify our purchases—and we could all probably gain from saving more of this money.

Maybe my dad and I should start being more careful with unnecessary purchases that we justify for one reason or another—whether it be labeling them as "tools" or "bonding experiences." Don't get me wrong, I still think it's OK to splurge once in a while—whether it is on stuff or experiences—as long as we acknowledge that they are unnecessary expenses and we keep them infrequent.

To be honest, I'm not too worried about this becoming a bad lifelong habit. I think the small amount of spending money I have during my college years, if I have any at all, will have more important places to go than spending on food.

Steve Yoder is chief of The Wall Street Journal's San Francisco Bureau. His son, Isaac, is 18 years old and a senior in high school. Email: yoder&son@wsj.com



ISAAC: Just as my dad justifies his tools and his flying, I've always rationalized