Labor reports another weak month of job growth

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By Katie Eder

U.S. nonfarm private-sector employers maintained a sluggish hiring pace in August by adding 103,000 jobs, though the national unemployment rate nudged down to 8.1 percent as more people stopped looking for work, according to the U.S. Department of Labor's Bureau of Labor Statistics.

According to Labor, 7,000 government jobs were lost in August, dropping the total increase in nonfarm employment to 96,000 jobs. Dismal job numbers from the previous two months were revised down even further, as 41,000 fewer jobs were created in July and June than Labor first reported.

With those revisions, employers have added 139,000 jobs a month since January — a slower pace compared to 2011's average monthly gain of 153,000 jobs.

"This is a unique recovery in that every time jobs data comes out, it's disappointing," said Kurt W. Rotthoff, assistant professor of economics and finance at the Stillman School of Business at Seton Hall University. "We're almost halfway back to where we were before, but it doesn't include the job growth that should have occurred in past two years — so we're actually worse than halfway and we're really behind where we want to be."

If the national economy maintains the same rate of job growth through December, Rotthoff said it will add 1.8 million jobs this calendar year — a drop from the 2.1 million jobs added in 2011.

Rotthoff said he expects more sluggish growth ahead, noting it's unlikely employers will pick up their hiring pace until November, when "they'll get a better idea of what their tax bills will look like … and what's happening over next four years."

"We have two very different candidates with two very different ideas of what to do to get us back to where we were, so it's hard for employers to sign long-term employment contracts if they don't know what will happen," Rotthoff said. "Even though employment contracts are at will, no one wants to hand out pink slips after having someone on the job for six months. Employers aren't hiring now because they're not going to want to be in that kind of situation in November."

A significant slice of job growth in August was shared among lower-wage service-producing industry sectors, such as leisure and hospitality, with 34,000 jobs; and retail, with 6,100 jobs. However, there were some bright spots in traditional high-paying sectors, like professional and business services, with 28,000 jobs; education and health services, with 22,000 jobs; and financial activities, with 7,000 jobs.

Still, manufacturing jobs recorded their steepest drop in two years, as employment in the industry fell by 15,000 jobs. As a whole, payrolls in the goods-producing sector shed 16,000 jobs.
The number of those jobless for 27 weeks or more — who make up 40 percent of the unemployed — was unchanged from 5 million in July.

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