

## No Cause for Cheer in Unemployment Drop

*The fall in the jobless numbers was mostly due to people leaving the workforce.*

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At first glance it seemed like the economic news kept getting better and better in this first week of the new year. Beleaguered manufacturers saw improvement in December, capping off a year of sluggish but persistent growth. Better still were numbers that came in from the carmakers, with General Motors leading the charge and posting the strongest sales in 16 months. And today the nation learned that unemployment dropped almost a half point last month, down to 9.4 percent, with 103,000 jobs added, according to a report from the Bureau of Labor Statistics. Does that sound like this year is off to a great start?

Sadly, the big headline number doesn't point to any real improvement in hiring. That's because the government only counts people as unemployed if they are hustling to find jobs. Last month 260,000 people left the workforce, either because they gave up looking for work or retired (or died.) So, while 103,000 jobs were added, people checking out of the game was the real cause of the slightly more rosy unemployment figure. "Nobody should be high-fiving because of these numbers," says **Bernard Baumohl**, managing director of the Economic Outlook Group.

If we want to find cause for at least muted celebration, we need to dive deeper into the BLS numbers. One bright spot is that there are fewer people who are stuck with part-time jobs because they can't get full-time work. And that number has shrunk every month since September, according to the report. That means more companies are hiring full-time and fewer are asking workers to sit out shifts, says **Baumohl**.

And while temporary employment continues to rise as jittery employers hold back on permanent staff positions, the increase is the smallest in six months. Tig Gilliam, CEO of New York-based staffing agency Adecco, says that's because a number of employers are converting many of their temps to full-time employees. Gilliam says his company made one third more permanent placements in 2010 compared with the year before. "The companies we work with are asking us for permanent staff on an increasing basis," says Gilliam. "But making the investment on new employees is still a last resort."

In any case, the numbers overall are not greatly encouraging. To see even a small dent in unemployment this year, the workforce would have to add 200,000 to 300,000 jobs—or two to three times better than December's numbers—for most of the year, says Robert Johnson, associate director of economic analysis at Morningstar. Otherwise, 2011 could be another cold one for America's workers.