



COMMENTARY:

Jobs Recovery May Be Premature

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SUSIE GHARIB: Investors are waiting eagerly for Friday's report on the job market. Many economists expect to see job gains in the January employment report, but tonight's commentator says there are too many outliers to call it a true jobs recovery. He's Bernard Baumohl, chief global economist at the Economic Outlook Group.

BERNARD BAUMOHL, CHIEF GLOBAL ECONOMIST, THE ECONOMIC OUTLOOK GROUP: Later this week, we get to see if the recent improvement in the job market has continued into the New Year. Many analysts believe labor market conditions finally turned the corner, now that the economy appears to be on a stronger footing. While the job numbers have looked better lately, to say it has turned the corner, I believe, is way premature. That's because the concerns that kept employers from ramping up hiring last year are still with us today.

For example, it is true consumers spent more freely during the holiday season. But that shopping has been financed largely out of savings and more debt and that is not a healthy foundation for future spending. Moreover the partisan food fight in Washington shows no sign of ending, making future tax and regulatory policies totally inscrutable and that will delay business investments.

More ominous are the prospects of a European sovereign debt default which could trigger another global financial meltdown or that a clash with Iran will catapult energy prices to levels that can choke off economic activity. This is not the kind of backdrop that emboldens employers to accelerate hiring. For the job market to truly turn around, there needs to be more clarity from Washington on tax, regulatory and spending policies and a faster resolution of the crises in Europe and with Iran. I'm Bernard Baumohl.