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After a Winter of Strong Gains, Job Growth Ebbs

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Although signs pointed to a strengthening economy earlier this year, the jobs report on Friday came with a message: don't get ahead of yourself.

The country's employers added a disappointing 120,000 jobs in March, about half the net gains posted in each of the preceding three months. The unemployment rate, which comes from a separate survey of households rather than employers, slipped to 8.2 percent, from 8.3 percent, as a smaller portion of the population looked for work.

Politicians seized on the data, with Mitt Romney, the front-runner in the Republican presidential nominating contest, characterizing the report as "weak and very troubling." President Obama emphasized that employers had added more than 600,000 jobs in the last three months, but acknowledged the "ups and downs" in the jobs picture.

The slowdown suggests that employers remain cautious about hiring as they digest the impact of rising gas prices, especially on consumers, and as they face uncertainty about health care and pension costs.

Despite some indications, like falling unemployment claims, that the job market was finding its footing, anxieties have built in recent weeks about whether a stronger pace of recovery could be sustained.

The economic outlook abroad is worrisome. Global stock markets grew skittish this week as the ballooning debt and a weak bond offering in Spain raised the specter of a deepening slump in Europe. The United States stock market has also had several days of declines after a strong first-quarter performance. Ben S. Bernanke, chairman of the Federal Reserve, has tried to temper expectations and noted in a speech last month that the "better jobs numbers seem somewhat out of sync with the overall pace of economic expansion."

With the United States stock market closed for Good Friday, futures on the Dow Jones industrial average and the Standard & Poor's 500-stock index dropped by more than 1 percent in limited trading.

The March pullback in hiring eerily repeats a pattern set in the last two years, when an apparent pickup in the winter was followed by a slowdown in the spring. The monthly snapshot of the job market from the Labor Department can reflect transitory factors, however, and is often revised. The job gains in February, for example, were revised up to 240,000 from the 227,000 initially reported. Seasonal factors may also be playing a role, after the unusually warm winter.

Economists suggested that the trend among employers to wring more work from fewer people continued to be a hallmark of this recovery.

“What we are seeing now is an agonizingly slow recovery in the job market,” said **Bernard Baumohl, chief global economist at the Economic Outlook Group.** “I believe what this reflects is this laser focus intensity that business leaders have nowadays to try to be able to increase production with less reliance on labor as a means to do so.”

Private sector companies added 121,000 jobs in March as governments shed 1,000 jobs, driven by layoffs in the postal system and at the local level.

Among industries, manufacturing continued its run as the stalwart of job growth, adding 37,000 jobs in March.

But economists cautioned that factories were unlikely to bring back a majority of the two million people who lost their jobs during the recession.

Rather, manufacturers are recalibrating. “In the worst of a downturn like this, they probably kicked too many people out the door,” said Cliff Waldman, senior economist at MAPI/the Manufacturers Alliance. “And now even with modest growth they have to bring people back.”

Joel Long, chief executive of GSM Services, an air-conditioning installer and roofing contractor that also makes some of its parts in Gastonia, N.C., said he had five openings for sales staff, production workers and a project manager. His family-owned company, which employs about 130 people, is doing well enough to hire in part because “the competition has gone away,” he said.

Despite recent improvements in store sales, retailers shed nearly 34,000 jobs last month, a sign to some economists that the rapid incursion of e-commerce had hurt employment in the sector.

“You simply need fewer workers when you’re selling from a distribution center,” said Patrick O’Keefe, director of economic research at J. H. Cohn and a deputy assistant secretary for employment and training in the Reagan administration.

While the slowdown in job growth seemed to reinforce Mr. Bernanke’s concern about the

disjuncture between overall economic growth and job growth around the turn of the year, economists suggested long-term trends could also be behind the protracted sluggishness.

“There are definitely some structural headwinds,” said Michelle Girard, senior United States economist at the Royal Bank of Scotland. Many companies contend that they would hire more if only they could find more skilled workers. Other workers are unable to move for a new job because they are stuck in homes that are worth less than what they owe on their mortgages.

“I think that’s why it is going to take a while to get back to where we were,” Ms. Girard said. “It could take years to get back to the labor market that we saw in the years before the downturn.”

The usual precursors to hiring improvement were weak in March. Average weekly hours slipped to 34.5 from 34.6, and average weekly earnings were also down, to \$806.96 from \$807.56 a month earlier. Hiring by temporary firms declined by 7,500 jobs.

Jeffrey A. Joerres, chief executive of Manpower Group, said that companies were hitting the “slow motion button” in hiring. He characterized employers’ attitudes as “Hmm, if I can digest a little bit right now and see what’s out there, I’ll do that.”

But Janette Marx, a senior vice president at Adecco North America, another job placement firm, said that clients were beginning to convert temporary workers to permanent hires and that companies that had postponed projects were beginning to revive them for later in the year. “They are getting ready to ramp up their work force to staff projects that they had put on the back burner for a while,” Ms. Marx said.

Although the number of people out of work for six months or longer fell to 5.3 million, from 5.4 million in the February report, the number of people who said they were without a job for five weeks or less rose to 2.57 million.

The modest job growth in March seemed to favor men over women. Betsey Stevenson, an economist at the Wharton School at the University of Pennsylvania and former chief economist at the Labor Department, noted that women took only 38,000 of the 120,000 jobs added in March. What’s more, she said, “men got more than half the gains in health care and education, a traditionally female-dominated industry.”

Deborah Harrison, a former administrative assistant in Louisville, Ky., has managed to land only a few short contract assignments in the three years since she lost her job.

The longer she is out of work, she said, the more she is tarnished with the stigma of unemployment. “I think that raises a red flag,” said Ms. Harrison, who said she spent several hours a day searching for jobs online. “It’s not hopeless,” she added, “but it’s not real encouraging either.”