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# Jobs Report Offers a Mixed Bag, but Little Comfort

By MOTOKO RICH

The United States labor market is still having trouble achieving liftoff.

Payrolls expanded by 36,000 jobs in January, a sharp decline from the gains of recent months and well below the level economists had forecast. The reluctance of employers to add jobs at a time of robust corporate profits, strengthening consumer spending and other economic improvement renewed concerns that this near-jobless recovery could continue for an extended period.

The picture painted by the Labor Department's [monthly snapshot of the job market](#) was confounded by a more encouraging drop in the unemployment rate to 9 percent, from 9.4 percent a month earlier, for its lowest rate since April 2009. The unemployment rate is gleaned from a survey of households, rather than companies, and can be volatile.

The snowstorms in January probably had some effect on the anemic job growth, given that the transportation and warehousing sector and the construction sector both shed jobs. Government layoffs, particularly at the state and local level, also reduced the overall number.

A mosaic of [other indicators](#) this week suggested that the economic recovery was gaining momentum. A closely watched survey of manufacturers rose to its highest level since May 2004, and spending by

consumers has outpaced expectations. On average, fewer people are filing for unemployment insurance.

As a result, some economists said they would largely disregard January's weak payroll data. Others, however, cautioned that underlying job growth was still not robust.

"You can blame weather for the number being as low as it is," said Steve Blitz, a senior economist for ITG Investment Research. "But even if you abstracted out the weather, you're still not getting the dynamic job growth that is going to cut the unemployment rate significantly."

The private sector added 50,000 jobs, while government shed 14,000 jobs. Analysts had forecast an overall increase of about 145,000, roughly the number needed to absorb people joining the labor pool in good times.

A broader measure of unemployment — which includes those whose hours have been cut, those who are working part time because they could not find full-time jobs, and those so discouraged that they have given up on the search — was 16.1 percent, down from 16.7 percent in December.

That left 13.9 million people still out of work.

For the unemployed, the situation is growing increasingly frustrating. Andrew Stettner, deputy director of the National Employment Law Project, said that given growth in corporate profits, "this is when we need to see jobs growing hand over fist."

A few sectors are indeed picking up. Health care and retail businesses added jobs, and manufacturing, a highlight of the recovery so far, added 49,000 jobs last month.

While average weekly earnings for private sector workers barely budged, economists noted that average weekly earnings for manufacturing workers increased to \$959.45 from \$948.19, and an index of average weekly hours was also up.

"Those firms are working the people they have harder," said Heather Boushey, senior economist at the

liberal Center for American Progress. “And they will have to bring in new employees.”

Cliff Waldman, economist at the Manufacturers Alliance/MAPI, said companies could be adding more jobs but were having some trouble filling slots that required workers with more skills.

“The modern manufacturing sector requires a different kind of worker than the manufacturing sector of 20 years ago,” Mr. Waldman said. “They have to be more literate, better at math and able to work in teams.”

That does not bode well for those who have fewer skills and less education. The disproportionate burden that the grim labor market has imposed on the less skilled remained pronounced in January’s numbers. The unemployment rate among people with less than a high school diploma was 14.2 percent, while the rate among those with a bachelor’s degree or higher was 4.2 percent.

Recruiters and staffing companies underscored the fact that employers that were hiring were looking to fill slots that generally required candidates with college degrees.

Evan Davis, chief operating officer of MRINetwork, which has 700 franchised recruiting offices throughout the United States, said the company had seen a strong increase in postings for information technology, engineering and health care jobs. In fact, Mr. Davis said, some employers were having a difficult time hiring for such openings.

“It’s actually hard to meet the demand that’s out there,” he said. “It’s really hard to find top talent.”

Michael Bove, who recently secured a job in San Antonio helping sports teams work with ticketing software a year after he was laid off as a manager with a soccer team in Houston, said he could not imagine what it would be like to search for a job if he did not have his college degree.

“You hear stories of the people who are in their mid-40s or early 50s that have been working 20 or 25 years as bank branch managers or I.T. people and have all this experience but now they’re out there competing for entry-level positions that in the past might go to someone who doesn’t have a college

degree,” Mr. Bove, 30, said. “Now companies can pick and choose who they want.”

The number of people who had been out of work for six months or more eased to 6.2 million from 6.4 million. [Austan Goolsbee](#), the chairman of the president’s [Council of Economic Advisers](#), disputed the suggestion that a significant portion of the long-term unemployed won’t be able to find work.

“The durations are essentially what you would expect when the overall unemployment rate is high,” Mr. Goolsbee said. “It’s still a serious problem, but the way we must address that is getting the growth rate up higher and encouraging firms to hire back workers.”

The Labor Department’s survey of household members, which tends to better account for the self-employed and those in newly formed firms than the payroll survey, showed a rosier view of the job market. The number of employed people rose by 589,000 last month, when the effects of adjustments to the total work force population numbers were stripped out.

The government does not include those population adjustments in retroactive numbers, however, making comparisons with the unemployment rates through the months of last year more difficult.

Other revisions to the data on the payroll side suggested that job growth in 2010 was slightly lower than originally reported. The report included upward revisions to November and [December’s numbers](#), lifting job creation in November to 93,000 from 71,000, and in December to 121,000 from 103,000. Elsewhere, temporary help, which had been strong throughout 2010, actually declined by 11,400 jobs, and construction lagged, shedding 32,000 jobs.

Economists noted that job growth would not truly hit the levels needed to seriously dent the unemployment rate until employers outside of a handful of industries started hiring in earnest. A crucial factor holding back job growth is that construction, which was among the hardest hit during the [recession](#), has not yet revived.

“It’s very brutal in our industry,” said Brantley Barrow, chairman of Hardin Construction, a builder of office buildings, malls, hospitals and hotels based in Atlanta. “Even though the general economy is

getting better, it's going to be another year or two before things start to improve in our industry.”

Victor Fernicola, a construction worker from Queens, N.Y., said he had been out of work since last February. He has high hopes that his union, Laborers Local 79, will soon send him job opportunities.

“It’s actually been moving,” he said of the construction labor market. “At one time it was pretty much at a standstill.”

Many workers are waiting for the pace to pick up. The [Federal Reserve](#) chairman, [Ben S. Bernanke](#), [said on Thursday](#) that “until we see a sustained period of stronger job creation, we cannot consider the recovery to be truly established.”



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