

Economic improvement slight across board for April

By Paul Wiseman
The Associated Press

WASHINGTON — One month of slower job growth might have been a blip. Two months suggest a worrisome trend: The economy might be faltering again.

The United States generated just 115,000 jobs last month,

well below expectations and the fewest since October. The unemployment rate fell to 8.1 percent, but for the wrong reason: Workers abandoned the labor force.

From December through February, employers added 252,000 jobs a month on average. But the figure dipped in March and dropped further in

April, raising doubts about an economic recovery that can't seem to reach escape velocity.

The report Friday by the Labor Department indicated "an economy that is losing momentum — especially on the jobs front," said Tom Porcelli, chief U.S. economist at RBC Capital Markets.

It also dealt a blow to Presi-

dent Barack Obama's re-election prospects. His presumed Republican opponent, Mitt Romney, called the report "very disappointing."

Romney said the country should be adding 500,000 jobs a month and said any unemployment rate above 4 percent is

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"not cause for celebration." The rate has not been that low since the last days of the Clinton administration.

"We seem to be slowing down, not speeding up," Romney said on Fox News Channel. "This is not progress."

Obama, at a Virginia high school to promote a freeze on interest rates for student loans, focused on the six-month total of more than 1 million jobs created but said: "We've got to do more."

The 8.1 percent unemployment rate is the lowest since January 2009, the month Obama was sworn in.

Still, the weak job growth caused stocks to fall sharply on Wall Street. The Standard & Poor's 500 index lost 1.6 percent and closed its worst week of the year. The price of oil fell more than 4 percent because of fears of a slowing economy, which should mean lower gasoline prices soon.

Some of the slower job growth might be due to an unusually warm winter that allowed construction firms and other companies to add workers ahead of schedule in January and February, effectively stealing jobs from the spring.

The weaker job growth in March and April "looks like some weather payback," said Paul Ashworth, chief U.S. economist at Capital Economics.

The balmy weather likely exaggerated job growth in the winter and makes it look small now, Ashworth said; he expects job creation to settle into a lackluster range between 175,000 and 200,000.

The economy might not be growing fast enough to produce anything stronger. Economists surveyed by the Associated Press expect the economy to grow 2.5 percent this year. That is consistent with monthly job growth of only about 135,000, according to calculations by Brad DeLong, an economist at the University of California at Berkeley.

That is barely enough to keep up with population growth and not nearly enough to recover the jobs lost in the Great Recession quickly. At this year's pace, it will take until May 2014 to restore employment to its 2008

peak of 138 million.

The United States has only recovered 3.8 million, or 43 percent, of the 8.8 million jobs lost between the February 2008 peak and January 2010.

David Boyce, 30, is one of those still looking for work. He lost his sales job two years ago and ran out of unemployment benefits in September. He and his wife, working reduced hours as a nanny, are struggling to get by.

"We lived off savings for a while," he said. "And now we're living off ramen noodles basically."

April's hiring slump was broad. Only two of 10 large categories tracked by the government — retailers and professional and business services — hired more workers in April than they did in March.

The categories of manufacturing and education and health services added the fewest jobs in five months. Hotels, restaurants and entertainment companies added the fewest in eight months.

Friday's report noted the average hourly wage went up one penny in April. In the past year, average pay has increased 1.8 percent, almost a full percentage point shy of the inflation rate, which means the average American can't keep up with price increases.

Even April's bright spot, the lower unemployment rate, fades on closer inspection.

The government only counts people as unemployed if they're looking for work. And 340,000 Americans stopped looking and dropped out of the labor force in April, which is why the unemployment rate fell slightly. The dropouts mean just 63.6 percent of working-age Americans were working or looking for work, the lowest since 1991

It has been almost three years since the Great Recession ended in June 2009. Economists say countries usually flounder for several years after a financial crisis like the one that hit in 2008.

After such crises, damaged banks are reluctant to lend. Borrowers who took on too much debt change their ways, cut spending and try to repair their finances. The economy grows slowly.

And after this financial cri-

sis, the economy must gather speed without two engines that usually help power recoveries: housing and government spending.

A housing collapse largely caused the crisis, and home construction isn't doing much to lead the way out. Housing hasn't contributed to economic growth since 2005, though a recent burst of apartment construction might change that this year.

Government hiring also normally boosts employment after a recession — but not this time. Cities, towns and counties, especially, have been cutting employment. Private employers have added jobs every month since February 2010, said Gary Burtless, senior fellow in economic studies at the Brookings Institution. During that same period, government payrolls have dropped by 500,000.

Local governments are beginning to recover some of the tax revenue lost in the recession and its aftermath. But government hiring hasn't started yet: 15,000 government workers, most in local schools, lost their jobs in April.

The recovery has one thing

going for it: Even meager gains in jobs will feed on themselves and create growth that eventually becomes self-sustaining. The hiring leads to spending, which stimulates demand and leads to more hiring, which leads to more spending. The nation has created 1.5 million jobs in eight months.

The economists surveyed said they believe the economy has entered such a "virtuous cycle." But they said they don't expect unemployment to reach a healthy level below 6 percent until 2015 or later.

Until then, many companies are likely to behave like the North American division of Philips, the health care and consumer products company. It is hiring but more slowly than in years past.

The company is trying to fill 400 jobs, including 127 in Cleveland, where it has a plant that makes medical imaging equipment. Things are improving, said Cynthia Burkhardt, vice president of talent acquisition. But "I wouldn't say that we're full steam ahead right now. Everyone's cautious about the economy."



Job-seeker Alan Shull attends a job fair in Portland, Ore. The Labor Department said Friday that the economy added just 115,000 jobs in April. U.S. employers pulled back on hiring for the second-straight month, evidence of an economy still growing only sluggishly. RICK BOWMER/AP