

BUSINESS

Net August job change: 0



Dedric Stafford, 18, fills out an application with Coca-Cola at a jobs fair hosted by the Congressional Black Caucus in Miami. Employers stopped adding jobs in August, an alarming setback for an economy that has struggled to grow. *LYNNE SLADKY/AP*

Hiring stall raises new recession risk

By Paul Wiseman
The Associated Press

WASHINGTON — Employers added no jobs in August — an alarming setback for the economy that renewed fears of another recession and raised pressure on Washington to end the hiring standstill.

Worries flared Friday after release of the worst jobs report since September 2010. Total payrolls were unchanged, the first time since 1945 that the government reported a net job change of zero. The unemployment rate stayed at 9.1 percent.

The stock market plunged in response. The Dow Jones industrial average fell 253 points, or more than 2 percent.

Analysts say the economy cannot continue to expand unless hiring picks up. In the first six months of 2011, growth was measured at an annual rate of 0.7 percent.

Companies are mostly keeping their payrolls intact. They're not laying off many workers, but they're not hiring, either. Without more jobs



Job seekers line up for interviews during a job fair in San Mateo, Calif. Unemployment was unchanged in August. *AP*

to fuel consumer spending, economists say another recession would be inevitable. Consumer spending accounts for about 70 percent of economic growth.

Like a wobbling bicycle, "you either reaccelerate or you fall over," said James O'Sullivan, chief economist at MF Global. "Something has to give."

Consumer and business confidence was shaken this summer by the political standoff over the federal debt limit, a downgrade of

long-term U.S. debt and the financial crisis in Europe. Tumbling stock prices escalated the worries.

Even before it stalled last month, job growth had been sputtering. The economy added 166,000 jobs a month in the January-March quarter, 97,000 a month in the April-June quarter and just 43,000 a month so far in the July-September period.

"Underlying job growth needs to improve immediately."

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ly in order to avoid a recession," said economist Ryan Wang.

The dispiriting job numbers for August will heighten the pressure on the Federal Reserve, President Barack Obama and Congress to find ways to stimulate the economy.

So far, the Fed has been

reluctant to launch another round of Treasury bond purchases. Its previous bond-buying programs were intended to force down long-term interest rates, encourage borrowing and boost stock prices.

On Thursday, Obama will give a televised speech to a joint session of Congress to introduce a plan for creating jobs and spurring economic growth.

Even for people who do have jobs, income growth

is stalled. That will hold back their ability to spend. The only sure way to reduce the risk of recession is with more hiring, economists say.

"The importance of job growth cannot be overstated."

ed," said Joshua Shapiro, chief U.S. economist at MFR Inc.

The economy needs to add roughly 250,000 jobs a month to rapidly bring down the unemployment rate.