



A workman welds a stainless steel tank at JV Northwest, which manufactures stainless steel vessels in Camby, Ore., U.S. factories boosted output last month, and December ended up being their best month for growth in five years. AP

## MANUFACTURERS PROVIDING OUTSIZE BOOST TO ECONOMY

By Christopher S. Rugaber  
The Associated Press

WASHINGTON — American factories are humming — and driving the economy forward.

Manufacturers have been hiring more consistently than other employers, for jobs with better-than-average pay. They just had their best month of growth in five years. And more factory output has raised demand in some other industries, such as shipping, leading to further hiring.

"The manufacturing sector is on a tear," said Paul Ashworth, an econ-

omist at Capital Economics.

It's an optimistic theme that serves President Barack Obama's political needs. Wednesday, Obama traveled to Milwaukee to salute a company that brought jobs back to the United States. The president has promoted the nation's manufacturing base as an engine of growth and as evidence of a recovering economy.

No one thinks manufacturing will return to its 1950s peak. After all, the factory sector now makes up barely one-tenth of the economy.

But since the recession ended more than 2½ years ago, factories

have been contributing disproportionately to the recovery in hiring and the overall economy.

A big reason, economists say, is that individuals and businesses are making major purchases they delayed during the Great Recession and its aftermath. Consumers are buying more cars and appliances. Companies are investing in industrial machinery and computers.

The release of that pent-up demand gives manufacturing a kick that isn't visible in some other corners of the economy. Manufacturing

See FACTORIES, Page 2E

## FACTORIES

Continued from Page 1E

was hit particularly hard by the recession. Consumers postponed buying cars, refrigerators and flat-screen TVs, even as they continued to visit doctors, get haircuts and pay utility bills.

Factory output got off to a robust start this year, and it ended last year with the fastest growth in five years, the Federal Reserve said Wednesday.

Those were the best back-to-back monthly performances since summer 2009, when the recession ended, according to Jonathan Basile, an economist at Credit Suisse.

Manufacturing is delivering an outside benefit to the economy in key ways:

» **Jobs:** About 9 percent of the nation's jobs are in manufacturing. But last

year, factories added 13 percent of new jobs. And in January, about one-fifth of the 243,000 net jobs the economy created were in manufacturing.

Factory growth has also helped to increase hiring in other industries such as shipping, warehousing, department store sales and auto sales. Railroad operators like Union Pacific have stepped up hiring as their shipments of cars, machinery and other equipment have climbed.

The hiring has boosted struggling Midwestern states such as Ohio and Michigan, which will likely be battleground states in the presidential election.

» **Wages:** Average hourly pay for factory workers making durable goods, such as autos, was \$20.15 in January, according to the Labor Department. That's above the average of \$19.37 for the broad service sector, mean-

ing that each new manufacturing job, on average, fuels more consumer spending than does the equivalent new service-sector jobs.

The service sector, which employs roughly 90 percent of the private-sector workforce, includes restaurants, hotels, retailers, financial service firms and construction companies.

» **Confidence:** As Clint Eastwood's Super Bowl halftime ad for Chrysler ("Our second half is about to begin") showed, Americans are thought to respond more emotionally to a rebound in manufacturing than in other sectors. The perception that American manufacturing is healthy again could boost confidence in the economy, some analysts say.

Jeffrey Bergstrand, a finance professor at Notre Dame University, calls it "factory nostalgia" but says that it is "economically legitimate."