

Ironworker Stephen MacGray cuts a steel brace Thursday at the World Trade Center construction site in New York. U.S. employers added 163,000 jobs in July, a hopeful sign after three months of sluggish hiring.

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Midyear slump over?

US hiring picked up in July, so did unemployment

BY CHRISTOPHER S. RUGABER AND PAUL WISEMAN
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WASHINGTON — The U.S. economy generated 163,000 jobs in July after three months of weak hiring, a sign it is resilient enough to pull out of a midyear slump and grow modestly as the rest of the world slows down.

But employers aren't hiring enough to drive down the unemployment rate, which ticked up to 8.3 percent last month from 8.2 percent in June — the 42nd straight month the jobless rate has exceeded 8 percent. The United States remains stuck with the weakest economic recovery since World War II.

The latest job numbers, released **Friday** by the Labor Department, provided fodder both for President Barack Obama, who highlighted improved hiring in the private sector, and Republican challenger Mitt Romney, who pointed toward higher unemployment.

"It's not especially weak, but it's not especially strong," said Scott Brown, chief economist at the investment firm Raymond James.

Investors focused on the positive. The Dow Jones industrials surged more than 220 points.

Three more monthly jobs reports will come out before Election Day, including the one on October employment on Friday, Nov. 2, four days before Americans vote.

No modern president has faced re-election when unemployment was so high. President Jimmy Carter was bounced from office in November 1980 when unemployment was 7.5 percent.

In remarks at the White House, Obama said the private sector has added 4.5 million jobs in the past 29 months. But he acknowledged there still are too many people out of work: "We've got more work to do on their behalf," he said.

Former Massachusetts Gov. Romney focused on the increase in the unemployment rate, as did other Republicans. "Middle-class Americans deserve better, and I believe America can do better," Romney said in a statement.

Worries have intensified that the U.S. economy will fall off a "fiscal cliff" at the end of the year. That's when more than $600 billion in tax increases and spending cuts will kick in unless Congress reaches a budget deal.

The draconian dose of austerity is meant to force Republicans and Democrats to compromise. If they can't and taxes go up and spending gets slashed, the economy will plunge into recession, contracting at an annual rate of 1.3 percent the first six months of 2013, according to the Congressional Budget Office.