

## BUSINESS

# Profits boom, but jobs

### Strong corporate earnings belie labor market's persistent weakness

By Paul Wiseman

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WASHINGTON — Strong second-quarter earnings reports from McDonald's, General Electric and Caterpillar on Friday are just the latest proof that booming profits have allowed corporate America to leave the recession far behind.

But millions of ordinary Americans are stranded in

a labor market that looks as if it's still in recession. Unemployment is stuck at 9.2 percent, two years into what economists call a recovery.

"I've never seen labor markets this weak in 35 years of research," said Andrew Sum, director of the Center for Labor Market Studies at Northeastern University.

Wages and salaries ac-

counted for just 1 percent of economic growth in the first 18 months after economists declared that the recession had ended in June 2009, Sum and other Northeastern researchers said.

Corporate profits, by contrast, accounted for an unprecedented 88 percent of economic growth during those first 18 months.

Several factors are behind the disconnect:

■ U.S. corporations are expanding overseas, not so much at home.

■ In the U.S., companies are squeezing more productivity out of staffs thinned by layoffs. They don't need to be generous with pay raises; they know their employees have nowhere else to go.

■ Companies remain reluctant to spend the \$1.9 trillion in cash they've accumulated. They're not convinced that consumers are ready to spend again at pre-recession levels, and they are worried about uncertainty in U.S. government policies.

## bust



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Job hunters walk among tables at a career fair Friday in Pittsburgh.