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US economy adds 155K jobs; rate remains 7.8 pct



FILE PHOTO

A help wanted sign is posted on the front window of a clothing boutique on Dec. 7 in Los Angeles. The U.S. economy added a solid 146,000 jobs in November and the unemployment rate stayed at 7.8 percent, the lowest since December 2008, the Labor Department announced Friday.

BY CHRISTOPHER S. RUGABER
ASSOCIATED PRESS

WASHINGTON — U.S. employers added 155,000 jobs in December, a steady gain that shows hiring held up during the tense negotiations to resolve the fiscal cliff.

The solid job growth wasn't enough to reduce the unemployment rate, which remained 7.8 percent last month, the Labor Department said Friday. The rate for November was revised up from an initially reported 7.7 percent.

Each January, the government updates the monthly unemployment rates for the previous five years. The rates for most months don't change.

The government said hiring was stronger in November than it first estimated. November's job increases were revised up 15,000 to 161,000. October's increase was nearly unchanged at 137,000.

The "gain is perhaps better than it looks given that firms were probably nervous about adding workers with the fiscal cliff looming," said Paul Ashworth, an economist at Capital Economics.

Even so, hiring hasn't been strong enough to quickly reduce still-high unemployment. The job gains for December almost exactly matched the average monthly pace for the past two years. Hiring has been steady but modest as the economy has gradually improved.

For 2012, employers added 1.84 million jobs, an average of 153,000 jobs a month, roughly matching the job totals for 2011.

Robust hiring in manufacturing and construction fueled the December job growth. Construction firms added 30,000, the most in 15 months. That increase likely reflected hiring needed to rebuild after Superstorm Sandy and also gains in home building that have contributed to a housing recovery.

Manufacturers added 25,000 jobs, the most in nine months.

Other higher-paying industries also added jobs. Professional and business services, which include positions in information technology, management and architecture, gained 19,000. Financial services added 9,000, health care 55,000.

Lower-paying industry sectors were mixed. Restaurants and bars added 38,000 jobs. Retailers cut 11,300, a sign that the holiday shopping season might have been sluggish. But those cuts followed three months of strong gains.

All the job gains last month came from private employers. Governments shed 13,000 jobs, mostly in local school systems.

The stable hiring pace last month shows that employers didn't panic during the high-stakes talks between Congress and the White House over tax increases and spending cuts that weren't resolved until New Year's.

That's an encouraging sign for the coming months, because an even bigger federal budget showdown is looming. The government must increase its $16.4 trillion borrowing limit by around late February or risk defaulting on its debt. Republicans will likely demand deep spending cuts as the price of raising the debt limit.