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More Jobs, But Less Clarity

146,000 increase below estimates; jobless rate dips

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July 9, 2005

The nation has gone through a jobless recovery. Now it is introducing another puzzling economic trend: the downward upturn.

In other words, it was another day of mixed signals for an economy that is moving forward, but not at the pace most people would like to see.

A day after retailers reported their best monthly sales in more than a year, the Labor Department released job statistics on Friday that were both encouraging and disappointing,

It said the economy created 146,000 jobs in June--not bad, but significantly below the 200,000 that economists had expected. The government also revised its May count to 104,000 from 78,000.

The unemployment rate ratcheted down slightly to 5 percent, which is the lowest figure since September 2001, though economists said even that statistic isn't as encouraging as it seems, because many people have dropped out of the labor pool and stopped looking for work.

The word most often used to describe the jobs report was "mixed," though some economists were pleased by the results, saying it indicates the country is still in good shape.

"U.S. jobs show expansion remains firm," said Sherry Cooper, global economic strategist at Harris Bank who predicted the economy will grow at a sustainable pace.

Long-term interest rates remain extremely low, making possible cheap mortgages and continuing to propel a boom in housing. So its no surprise that the number of construction jobs is stable and healthy.

But a closer look at the jobs report shows that for many people, both workers and the unemployed, the situation is bleak.

One way to judge the health of employment in Chicago is to walk through the Loop for an hour and count the number of help-wanted signs in the windows of shops, restaurants and other businesses.

Chicago is an economically healthy city, yet a walk on Friday turned up just one help-wanted sign, offering jobs at the Potbelly Sandwich Works at 190 N. State St.

Manager Terence Blain says he would like to hire a few people for jobs such as cashiering, preparing food and keeping the busy restaurant clean.

"We have been on a hiring rampage," Blain said, because the restaurant's business has jumped.

He said new employees can expect to work part time starting at \$7 an hour. They are eligible for health insurance after a year.

Part time and full time are key phrases in the language of employment economists. Full-time jobs are more likely to offer health insurance and other benefits, and of course they yield a larger paycheck.

Researchers at the Economic Policy Institute have noticed something unusual about what is otherwise a congenial economy.

"Unfortunately, growth in full-time work in this business cycle is weaker than that of previous ones," said researcher Elise Gould in a report issued Friday. One possible reason: "An overall weaker-than-usual demand for labor."

Wages aren't keeping up

And some employment observers say the job situation is poor and in some ways growing worse.

Peter Morici, an economist and professor at the University of Maryland School of Business, noted that inflation is rising faster than pay.

"Clearly, the wages of ordinary working Americans continue to lag inflation with no relief in sight," he said.

Then there is the drop in unemployment, ordinarily a sign of job buoyancy.

"The unemployment rate fell because the total number of people working and looking for work did not grow, while those discouraged and no longer participating in the economy jumped by 240,000," Morici said.

John Wilkins, of Elgin, hasn't given up looking for work. For that reason he is included in the unemployment rate. "I won't say I'm not discouraged," Wilkins said. "One of the things I have learned in life is to be just depressed enough to stay in touch with reality."

Four years ago Wilkins was earning \$80,000 a year in the field of information technology at Motorola. He was laid off during the tech wreck and couldn't find comparable work.

So in his late 50s at the time, he took a part-time job at United Parcel Service sorting packages for \$9.50 an hour. That ended when he injured his arm on the job and he is again out of work.

"It's just been a real mess," Wilkins said. "I continue to look for work." "The outlook for jobs isn't all bad, of course.

LaSalle Network, which provides temporary professionals and others to businesses, said demand for white-collar workers is strong and rising.

The company said it is easy to place accountants, executive assistants, human resources recruiters and the like.

Just don't ask for a job in manufacturing.

"Manufacturing in Chicago is dead," said Tom Gimbel, chief executive of LaSalle Network. "Nobody is hiring."

"Hemorrhaging is an understatement," he said.

About 24,000 manufacturing jobs across the nation disappeared last month, continuing a trend that has gone on for years as businesses automate or move factories to other countries.

Illinois has done a little better than the rest of the country in recent months. It started the year with 690,000 manufacturing jobs and that figure has held stable.

Geraldine Conrad, spokeswoman for the Illinois Department of Employment Security, tried to look on the bright side of manufacturing.

"We are doing better than Michigan and we are comparable with Ohio," she said.