

Obama's Final Jobs Report: Big Pay Gain, Slower Hiring

Employers added 156,000 jobs in December, but hiring overall slowed in 2016

By **CHRISTOPHER S. RUGABER**
AP Economics Writer

WASHINGTON — Americans' paychecks rose in December at the fastest pace in more than seven years as steady hiring and low unemployment led some businesses to pay more to attract and keep workers.

Employers added 156,000 jobs, a decent total that shows that moderate hiring remains sustainable 7½ years after the recovery from the Great Recession began. The report provided the last major snapshot of the economy President-elect Donald Trump will inherit from President Barack Obama.

The figures also reflect the job market's vast improvement from the deep layoffs and surging unemployment rate that prevailed when Obama took office in January 2009. Last month, the jobless rate was just 4.7 percent, up from a nine-year low of 4.6 percent in

at any point since the recession," noted Jed Kolko, chief economist at the job site Indeed. "However, Trump will inherit an economy that's riding high but faces long-term challenges. Fewer adults are at work than before the recession, manufacturing is lagging despite an uptick in December and the acceleration in wage growth, while great for workers, could raise inflation fears."

Hourly pay jumped 2.9 percent from a year earlier, a welcome change from the sluggish wage growth that has been a longstanding weak spot in the economic recovery.

Many companies will likely raise prices to offset the cost of raises, which in turn would lift inflation. If inflation accelerates, the Federal Reserve may raise short-term interest rates at a faster pace this year.

"Pay raises, while good for workers, represent cost increases for firms," Andrew Chamberlain, chief economist at

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November, but far below the painful 10 percent peak of October 2009. Employers have added jobs for 75 straight months — the longest streak on record.

Even so, the job market remains a mixed picture. Hiring slowed last year, with the economy adding 2.2 million jobs, the smallest full-year gain since 2012. Job growth averaged 180,000 a month — enough to lower the unemployment rate over time — but down from 229,000 in 2015.

And many people, particularly men without a college education, have suffered as the job market has shifted away from blue collar work in manufacturing and mining toward industries that either require higher skills, like information technology, or that pay less, such as health care. The proportion of men in their prime working years who either have a job or are looking for one has continued to drop.

In addition, the number of part-time workers who would prefer full-time work, while declining, remains well above its pre-recession level.

Those weak spots will likely challenge Trump as much as they did his predecessor.

"More people are back at work than

employment website Glassdoor. "The Fed pays attention to that."

Paul Saginaw, co-founder of Zingerman's, a mail order food store and deli based in Ann Arbor, Michigan, says he thinks hiring has become more competitive in the past several years. The company, which has 740 permanent employees, is staffing up to open a new restaurant.

In Ann Arbor, home of the University of Michigan, "everybody's hiring most of the time," Saginaw said. "It's an employees' market right now."

Hiring last month was led by the health care sector, which added 43,000 jobs, mostly in doctors' offices and hospitals. Manufacturing resumed hiring after four months of job cuts, adding 17,000.

Restaurants and bars gained 30,000 positions. Transportation and warehousing, fueled by online shopping during the holiday season, added 15,000. On the other hand, construction and mining companies shed jobs.

A broader gauge of unemployment, which includes the part-time workers who would like full-time work as well as people who have stopped looking for jobs, dipped to 9.2 percent from 9.3 per-



In this Dec. 15, 2009, file photo, President Barack Obama speaks during a visit to Home Depot in Alexandria, Va. Obama came in amid horrendous recession, since then has had 75 months straight months of job growth. The job market has changed in those eight years.

cent. That's the lowest level since April 2008.

Though the unemployment rate has returned to its pre-recession level, the proportion of Americans in their prime working years who are either working or looking for work remains far below where it was before the recession began. When people stop looking for a job, they're no longer counted as unemployed. Those "dropouts" have contributed to a declining unemployment rate over the

past eight years.

Trump spotlighted that trend as a shortcoming in Obama's record and charged during the election campaign that the unemployment rate was a "hoax." He now faces the steep challenge of bringing back those who have left the workforce.

Since the election, Trump has successfully pressured several manufacturers to keep some jobs in the United States, including Ford and United Technologies' air conditioning unit Carrier. Even so, and despite last month's increase in factory jobs, manufacturing employment declined by 45,000 in 2016.

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