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Private Sector Jobs Rise & So Does Unemployment

SUSIE GHARIB: The unemployment rate now stands at 9.6 percent. Tom, the Labor Department said today 54,000 jobs were lost in August, factoring in the drop off of census workers, but the number was not as bad as economists predicted.

TOM HUDSON: No it wasn't Susie. There were some encouraging signs inside the numbers. Companies added 67,000 jobs to payrolls. That's the eighth straight month of job creation in the private sector.

GHARIB: We have two stories today, the specifics of that jobs report and a dilemma -- what happens when a company wants to hire, but can't find the right workers? We begin with Scott Gurvey.

SCOTT GURVEY, NIGHTLY BUSINESS REPORT CORRESPONDENT: There had been signs the economy was in decline, raising fears of a double dip recession. Now, says economist Bruce Kasman, the signs show some stability.

BRUCE KASMAN, CHIEF ECONOMIST, JP MORGAN CHASE: It's not a good report. We lost jobs from the census workers. But net of the public sector loss, 67,000 is not a healthy job market in terms of increased employment -- but we see a stable trajectory of about 70,000 per month over the last three months. We see hours rising. We see income rising modestly. It's a soft patch, but not one that's intensifying as we go through the summer months.

GURVEY: After rising for two months, manufacturing jobs fell in August. But professional and business services jobs increased and in a really big surprise, construction jobs were added in the month. The increase was only 19,000, but it raised the hope the beleaguered construction industry is leveling out. The unemployment rate, which had

held steady for two months, rose slightly to 9.6 percent. Economist Dean Maki says that was actually a positive sign, the result of more people deciding to look for work.

DEAN MAKI, CHIEF U.S. ECONOMIST, BARCLAYS CAPITAL: We think the unemployment rate is going to gradually decline in coming months, so we don't see a significant move up from current levels. What we're expecting is that job growth is going to be picking up as businesses shed some of the caution that's been holding them back from more significant job gains over the past few months.

GURVEY: The so-called under employment rate also rose last month to 16.7 percent. This includes workers whose hours have been cut as well as those who would like to work but have given up their job hunt out of frustration. Scott Gurvey, NIGHTLY BUSINESS REPORT, New York.

DARREN GERSH, NIGHTLY BUSINESS REPORT CORRESPONDENT: After what you just heard, you are going to find this hard to believe. There are employers out there who say they are having trouble finding good people to hire even in this economy. Employers like Drew Greenblatt at Marlin Steel Wire. How can you have high unemployment and you got good jobs going unfilled?

[DREW GREENBLATT, PRESIDENT, MARLIN STEEL WIRE](#): We have a mismatch. We have people out there that are skilled and trained, let's say, to work in a retail showroom or to work in a McDonalds or a restaurant. They are not necessarily trained to be able to know what a radius is or to know how to read a tape measure or to know how to read a blueprint or know how to change a bearing, or a die set in a robot.

GERSH: You can see [Marlin Steel](#) Wire's challenge right here -- 51 minutes. That's how much longer this machine will run before it shuts down and has to be set up again. Now the operator who set up this machine has already gone home for the night. His shift is over. If they could find somebody else to come in and set up this machine, it could run all night long. Greenblatt says he is even having some trouble finding a bookkeeper. After getting more than 250 resumes, he found just four candidates who know manufacturing and job costing. One toured the floor while we visited. And, yes, Greenblatt is offering more money -- 20 percent more -- to find the right person.

GREENBLATT: So we thought it was going to be really easy to fill this position. So we're actually surprised about how much of a challenge it's been for us.

GERSH: Experts in manufacturing, like Jerry Jasinowski, aren't surprised. He estimates one fifth of the nation's unemployment problem is structural, meaning there's a mismatch between what people can do and what the economy needs them to do.

JERRY JASINOWSKI, FORMER PRES., NATL. ASSOC. OF MANUFACTURING: All of this talk about short-term stimulus, even with the good ideas that are sometimes laid out, misses the point that there is not a short-term fix to this high unemployment

problem. We are in a new slower growth economy with higher unemployment and we are going to have to invest a lot more in skill training.

GERSH: But Greenblatt's strategy is to keep costs low, move fast and [deliver high quality](#). That's how he beats China. To do that, he says, he needs workers right now. So why don't you just train them, isn't that the solution?

GREENBLATT: That's a good strategy. The problem is that we're lean. And when you're lean, you don't have a lot of extra people around who have free time to train.

GERSH: Other employers we spoke with say some jobs are hard to fill, but for different reasons. Some skilled workers are afraid to take a chance on a new employer. Some are underwater on their house and can't move for a new job. And there are employers who admit in a tough economy they get a lot more picky about who they will hire -- maybe too picky which is why Obama economic adviser Christina Romer says there is no evidence of a massive skills mismatch.

CHRISTINA ROMER, CHAIR, COUNCIL OF ECONOMIC ADVISERS: This is not the new normal. It's the old cyclical that we are still in the middle of a recession. We still have not enough demand for a normal level of output and that's the fundamental reason why unemployment is high.

GERSH: But don't tell that to Drew Greenblatt. He just spent \$700,000 on [new equipment](#) -- there's just one thing missing.

GREENBLATT: We're standing adjacent to five [robots](#) that are not running right now. And they're not running right now because I don't have enough smart people like them to set them up right now.

GERSH: Darren Gersh, NIGHTLY BUSINESS REPORT, Baltimore.

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