

In Search of the Best Dim Sum

OFF DUTY

What's News

World-Wide

A string of officers from Syria's military defected. Several high-ranking military officials joined the opposition to President Bashar al-Assad. The defections appeared to boost the armed opposition, and exposed sectarian rifts in the army. **A7** The departures appeared to lay the ground for power struggles within the already-fractured opposition.

The U.S. and Afghanistan agreed to transfer the main U.S.-run detention facility in

Jobs Recovery Gains Momentum

U.S. Payrolls Climb 227,000 With Growth Across Industries; Unemployment Rate Holds at 8.3%

By Ben Casselman and Laura Meckler

The U.S. added more than 200,000 jobs for the third straight month, showing gains across industries and demographic groups, in the latest sign that the economy has gained momentum.

Nonfarm payrolls rose by a seasonally adjusted 227,000 jobs in February, the Labor Department said Friday, as sectors from manufacturing to restaurants hired more workers. The government also raised its estimate for December and January's job gains. In all, the economy has added 1.2 million jobs

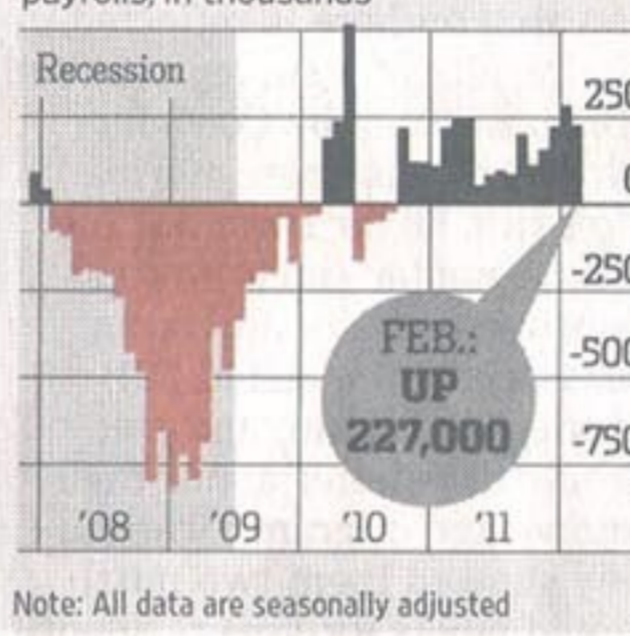
in the past six months, the fastest pace of growth since 2006.

But more than 2½ years after the recession officially ended, the labor market still has a lot of ground to make up. The economy has 5.2 million fewer jobs now than it did four years ago, even as the population has grown. The unemployment rate in February was unchanged at 8.3%, snapping a five-month streak of improvement, and most economists say unemployment will remain elevated for years unless the pace of hiring accelerates.

Still, most economists said Friday's report showed that the

February Snapshot

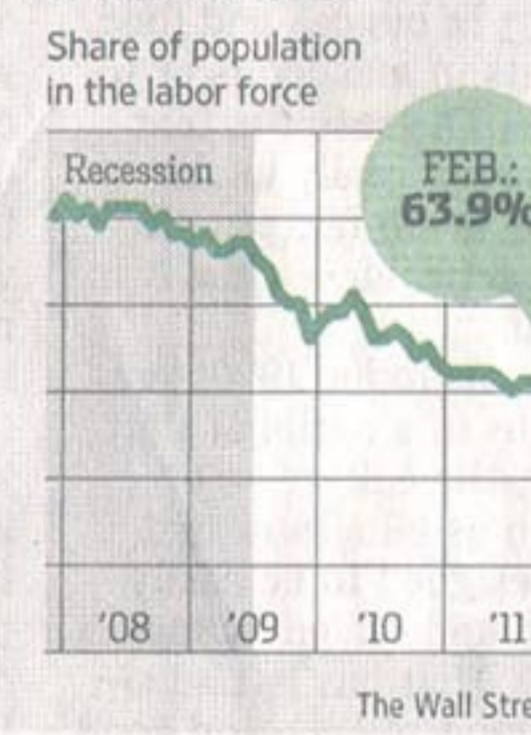
For a third straight month, more than 200,000 jobs are added... Monthly net change in nonfarm payrolls, in thousands



...but the unemployment rate is unchanged... Job seekers as a share of the civilian labor force



...as more people get jobs or look for work. Share of population in the labor force



Note: All data are seasonally adjusted. Source: Labor Department. The Wall Street Journal

Labor Market's Gains Reflect Recovery's Strength

Continued from Page One

labor market is continuing to strengthen, with job gains broad based. The pause in the unemployment rate decline was driven by workers re-entering the labor force, which many economists said was a sign of growing optimism among job seekers. The percentage of adults who are working—which many economists consider a better gauge of the health of the labor market than the unemployment rate—rose slightly to 58.6%, its highest level in close to two years.

"I think we are healing, but it's a gradual process," said Hatzis, an economist with the man Sachs Group Inc.

The key issue now is whether demand for goods and services, which remains weak for a recovery, will click into a higher gear. Federal Reserve Chairman Ben Bernanke signaled in testimony to Congress earlier this month that recent job-market gains might not be sustainable if economic growth doesn't accelerate.

As it assesses the outlook, the Fed is set next week to pause its campaign to ease financial conditions. Mr. Bernanke signaled in a January news conference that he is open to resuming the Fed's efforts to spur economic growth, but it depends on how the recovery unfolds in the months ahead.

One possibility, another bond-buying campaign meant to drive down long-term interest rates, seems unlikely to happen in the near run with the economy a puzzle, but remains a possibility if growth doesn't pick up or inflation slows.

Many investors are counting on further Fed action. But they also welcomed the good job numbers, nudging the Dow Jones Industrial Average up 14.08 to close at 12922.02.

Friday's report offers some good news for President Barack Obama, whose political fortunes have improved as Americans begin to feel better about the economy. The improving data could complicate the political case for Republicans, who have put the economy in the center of their pitch. Touring a manufacturing plant in Virginia, Mr. Obama welcomed the news in slightly more positive tones than previously. His advisers remain concerned global oil prices and Europe's financial troubles could still derail the recovery.

"The economy is getting stronger," Mr. Obama said at the Rolls-Royce Crosspointe facility in Prince George, Va. "When I come to places like this and I see the work that's being done, it gives me confidence there are better days ahead."

Still, the unemployment rate remains high and growth is sluggish compared with previous recoveries. Political history suggests that leaves the president in a vulnerable political position.

Mitt Romney didn't respond to reporters' questions about the jobs report, nor did he address it directly in comments at a town-hall meeting in Jackson, Miss.

House Speaker John Boehner, a Republican, acknowledged the positive news, but said it wasn't enough. "Today's report provides some encouragement for millions of families and small

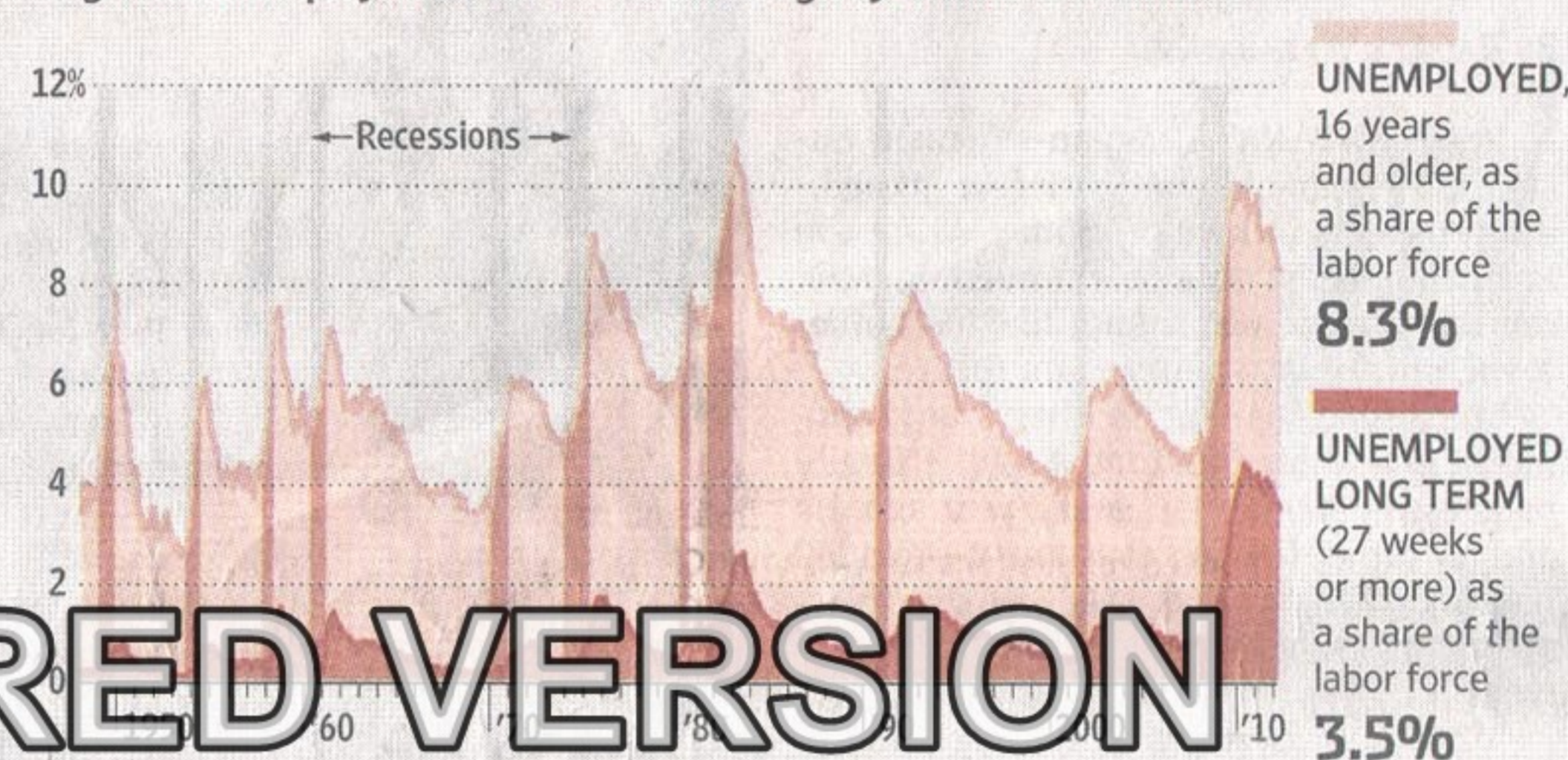
The Jobs Picture | Improving but a Ways to Go

The jobless rate has fallen sharply over the past year, but more than 40% of those still unemployed have been out of work for at least six months.

Private-sector wage growth, meanwhile, remains painfully slow.

Men bore the brunt of the job losses during the recession, but have enjoyed bigger gains during the recovery.

Long-term unemployment has eased but is high by historical standards



Private-industry wage growth is anemic



Joblessness has fallen much faster among men than women



Note: Data are seasonally adjusted. Source: Labor Department

How the Nation's Monthly Jobs Picture Comes Together

The recent drop in the unemployment rate, combined with the presidential race's focus on the economy, has spurred fresh scrutiny of how the government collects labor-market data and who is counted as unemployed. The government's basic methods and definitions haven't changed much in decades but aren't always clear to non-economists. Here's an explanation of two key areas:

◆What it means to be "unemployed"

The government's definitions of "employment," "unemployment" and related concepts date back to the Great Depression, when policy makers decided they needed a way to measure the health of the labor market. Defining the concepts proved tricky. A person who is laid off from a job and is looking for a new one is clearly unemployed. But what about someone who decides to retire because he can't find a job?

Or who says he wants a job, but isn't actually trying to find one?

Ultimately, the government settled on a definition that looked at what people did, not what they said. In official statistics, the labor force is divided into two categories: the employed and the unemployed. The employed are people who work for pay, either part-time or full-time. The unemployed meet three criteria: They aren't working, they are available for work and they are making an active effort to find work.

The jobless rate is simply the percentage of the work force that's unemployed in any given month.

There is also a third category of people: those not in the labor force at all. Anyone who isn't working or looking for work falls into this category, even people who want to work but aren't searching for a job.

In the most recent recession, the labor force declined by 18 million people. Some of them would have left regardless of the economy in

order to retire, return to school or raise children. But many almost certainly would have stayed in the labor force if jobs had been available.

During the recession and recovery, therefore, the unemployment rate has been lower than it would have been if those people had kept looking for work and been counted as unemployed. As the job market improves, some of those people may return to the labor force, which could push up the unemployment rate, or slow its decline.

◆How the data are collected

Unemployment statistics are based on a monthly survey conducted by the Census Bureau. One week every month, Census workers contact about 60,000 households to collect information about the employment status of the adults living there. That survey, combined with other demographic data, is used to calculate the unemployment rate.

There is also a separate

monthly survey of 160,000 businesses and government agencies, known as the establishment survey, which collects data on the number of employed workers and their hours and earnings. That survey, which excludes farms, household workers and the self-employed, is used to calculate monthly estimates for the number of jobs created or lost in the economy.

The two surveys have different strengths and weaknesses. The so-called household survey includes types of work that the establishment survey ignores, and it is the only official source of data on people who aren't working. But because it is smaller, the household survey has a higher margin of error; the unemployment rate can move as much as two-tenths of a percentage point without the change being statistically significant.

—Ben Casselman

businesses who continue to struggle in this economy, but unemployment remains far too high," he said in a written statement.

The job gains come as other recent indicators also are pointing toward an improving economy. The service sector grew at its fastest pace in a year in February, and the manufacturing sector has been expanding for more than 2½ years, according to the Institute for Supply Management. Corporate profits have been strong, personal income has been growing, and the stock market has been rising. Car makers in February reported the strongest sales growth in four years, and even the real estate market has shown tentative

signs of improvement.

There are signs that the job gains are filtering through the economy. Krysten Beck, 24, struggled to find work after moving to Chicago last year and was considering moving back in with her parents. But in January, she landed a job at SocialKaty, a Chicago-based marketing firm specializing in social media. She used her first paycheck to take her parents out to dinner.

Decisions like Ms. Beck's are boosting the fortunes of restaurants, which added 41,000 jobs in February and have hired more than 500,000 workers in the past two years. John Davie, chief executive of Dining Alliance, a Massachusetts-based company that negotiates with suppliers on

behalf of restaurants, said many small and midsize chains have begun looking to expand for the first time since the recession.

Despite that confidence, the economy is far from booming, and many economists warn the pace of growth may slow in coming months. Consumer spending has been flat despite rising incomes. Rising wages and falling productivity could squeeze corporate profits and cause companies to pull back on hiring.

A report Friday showed the U.S. trade gap widening in January to \$52.6 billion. J.P. Morgan on Friday cuts its expectations for first-quarter growth, citing a "striking" contrast between a strengthening labor market and

weakness elsewhere.

Many companies remain cautious. Hunt Midwest Real Estate Development Inc., a Kansas City-based developer of commercial, industrial and residential property, has seen its business improve. But the company is only hiring for jobs that will directly boost revenue or support existing business, said President Ora Reynolds. Longer-range, riskier projects will have to wait.

—Neil Shah and Jon Hilsenrath contributed to this article.

Online»

Take a look at how unemployment and recessions have intersected since 1948, in an interactive graphic at WSJ.com/US.