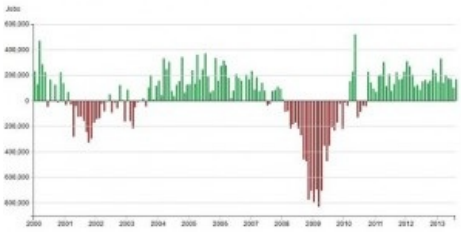
AUGUST BRINGS BAD NEWS FOR THE ECONOMY, WITH GLINTS OF HOPE



August disappoints in many ways our expectations for job growth, and might discourage some job seekers. Though the unemployment rate dropped from 7.4 percent down to 7.3 percent, that is not due to seekers finding jobs, but giving up, as 312,000 Americans ceased looking for work. In fact, with only 169,000 jobs added, the forecast for 180,000 jobs proved too optimistic, and what's worse, the numbers for June at 188,000, and July, at 162,000 were dropped to 172,000 and 104,000 in Labor Department revisions – a drop of 74,000 jobs.

All this is dimly related to the government's juggling of its various economic policies. It has decreased spending and increased payroll taxes recently, as part of its ongoing sequestration plan, in answer to the problem of the Fiscal Cliff. And another government control, the Federal Reserve's artificial stimulation of the economy, encouraging investors to invest by buying bonds, persists, though they are not going to cut it off as quickly as they planned, now that the new numbers are in regarding June, July, and August.

Nevertheless, despite some of the bad news, which comes and goes like changes in the wind, there are some indications that things are about to get better. The average work week has increased from 34.5 hours from 34.4 hours, an indication that businesses might hire more soon. Likewise, 13,000 temporary workers have been employed, which companies often do before they hire some on permanently.

Other good news includes an average hourly earning rising 5 cents to $24.05 an hour. There is some indication that the minimum wage might be increased within the next year as well, not only in the interest of strikers, but as a plan to keep minimum wage abreast inflation.

The labor stats also indicate that retail and health care continue to lead the job gains. Health care, it seems, remains one of the smartest professions to get into, amidst the up and down of so many other industries after the economic recession.