

Economy: Joblessness hits new high in San Diego County

7/17/2009

By Chris Bagley

San Diego County's unemployment rate surged last month to another record high as a parched job market failed to soak up a flood of recent graduates and other young people.

The state Employment Development Department said Friday that local joblessness rose from 9.6 percent in May to 10.1 percent in June, the highest level in records that go back to 1990.

Economists have said unemployment is worse in some respects than at any time since World War II.

San Diego County's unemployment peaked at 12.1 percent in August 1975, according to federal surveys that used different methodology.

Murtaza Baxamusa, director of research for the San Diego Center on Policy Initiatives, said the increase was large but not altogether surprising.

State figures have shown the unemployment rate rising by half a percentage point in most recent years from May to June.

Baxamusa attributed last month's increase to graduates and people who may have resumed their job searches in June in response to several pieces of hopeful economic news.

Major stock indexes have bounced upward in recent months and the pace of layoffs has slowed.

Local homes are also selling at a brisker pace, and some statistical measures show prices edging upward after a three-year plunge.

However, economists generally agree that employers don't usually begin hiring on a large scale until an economic recovery is well under way.

"It's a psychological milestone," Baxamusa said of the double-digit unemployment rate. "I don't think it's an indication of an economic meltdown."

Local governments and providers of professional services such as accounting, design and marketing firms led the job cuts last month, according to the state.

Farms and tourist-oriented businesses took on hundreds of workers for the summer season, but hiring was restrained compared with previous years.

The hospitality sector has cut more than 8,000 jobs from the 168,000 that existed in June 2008.

On balance, employers eliminated just 200 payroll jobs in June.

But that contrasts starkly with the month's history as a strong one for hiring.

In most recent years, net hiring in June ranged from 4,000 to 8,000. The region's job base of 1.27 million last month was its smallest since April 2004. And the region's labor force grew by more than 7,000 people last month, according to state estimates from a separate federal survey of households.

That number includes all people who began looking for work in June ---- recent high school and college graduates, along with people returning from parenting, disability and other leaves of absence.

Vista resident Alex Werthmann, who turns 21 later this month, said he has begun to apply for positions for which he's probably overqualified. He has looked into a variety of jobs in the Navy, Marines and Air Force; a lifeguard position; and a position at a cell phone store.

"Minimum-wage jobs are sometimes not even open," he said. Werthmann said he recently quit his job as a marketing manager in Ontario. Commissions accounted for as much as 60 percent of his pay. When they dwindled, his income was cut by more than half, and was no longer large enough to justify the time and expense of commuting 90 miles in each direction. Gasoline cost between \$400 and \$600 in most recent months, he said.

The jobs department revised its May estimate for San Diego County unemployment up to 9.6 percent from a previously reported 9.4 percent. Statewide unemployment rose to 11.6 percent from a revised 11.3 percent in May. With statistical adjustments for seasonal factors, unemployment remained steady at 11.6 percent.

Economist Stephen Levy called the seasonally adjusted rate misleading because California has continued to lose jobs.

"It's not fair to say the California economy stabilized in June. California continued in deep recession mode," said Levy, senior economist at the Center for Continuing Study of the California Economy in Palo Alto. "It was a very, very bad month."

The U.S. unemployment rate rose to 9.5 percent last month, according to the Labor Department.