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## State's 10.5% Jobless Rate is Worst Since '80s

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**By Dean Calbreath**

California's jobless rate rose to 10.5 percent last month as the state lost 116,000 jobs spanning nearly every part of the economy, according to government data released yesterday.

It is the state's highest unemployment rate since the recession of the 1980s, and economists say it seems poised to top the postwar high of 11 percent set in 1982.

"We're seeing really big jumps in the unemployment rate every month. And we know this is not the end of the increases because economic growth hasn't turned positive," said Jed Kolko, an economist with the Public Policy Institute of California in San Francisco.

Economists say unemployment rates typically continue to rise six months to a year after the economy hits bottom. Under the most optimistic forecasts, the economy will not hit bottom until the second half of this year.

Stephen Levy, director of the Center for Continuing Study of the California Economy in Palo Alto, said that over the longer term, the strength of the job market will depend on the success of national policies to boost employment and stabilize the housing and banking industries.

Even if the stimulus plans are successful, Levy expects unemployment to rise for at least six more months.

Unemployment has more than doubled over the past two years, from a low of 4.8 percent in November 2006, to 6.2 percent in February 2008, to 10.1 percent in January and to 10.5 percent in February 2009. In percentage terms, it rose 69 percent over the past year, which mirrors the national average.

The biggest job losses last month came in construction, which lost 30,900 jobs; employment services (mainly temporary workers), 29,600; retail, trade and utilities, 16,900; leisure and hospitality, 14,800; and real estate and finance, 7,200.

Of the 11 broad categories of payroll workers maintained by the state, only one – information – rose, thanks largely to hiring in Hollywood. Motion picture and video production added 11,700 workers in February, making up for recent job losses.

"It's really hard to predict what the film industry will do from month to month," said Kevin Callori, spokesman at the state Employment Development Department. "The numbers go up and down without any particular seasonality."

In San Diego County, the unemployment rate was 8.8 percent in February, compared with a revised 8.7 percent the month before and 5.0 percent in February 2008, not adjusted for seasonal fluctuations. The county lost 2,700 jobs between January and February, with most of the losses in retail and manufacturing.

San Diego County has at least temporarily regained its status of performing slightly better than the national jobless rate, which was 8.9 percent in February, not adjusted for seasonal fluctuations, or 8.1 percent with seasonal adjustments. The state's unadjusted rate was 10.9 percent.

Phil Blair, who oversees local operations of the Manpower Inc. employment agency, said he was "pleasantly surprised" to see that the growth of local unemployment seems to be slowing.

"To go from 8.7 percent to 8.8 percent is almost a rounding error, although it's painful to see that unemployment was just 5 percent last year," Blair said. "I don't know if we've hit a plateau, but at least our employment decline seems to be slowing."

Statewide, the Employment Development Department is now paying a total of \$77 million a day in unemployment benefits, including \$6 million from the federal stimulus package. The department is responding to increased demand for unemployment insurance benefits by hiring 400 more workers and opening its call-center phone lines from 10 a.m. to 2 p.m. on Saturdays, starting today.

Patrick Henning, who heads the department, said that despite the "unprecedented demand," eligible unemployed workers should receive their first benefit checks within three weeks of applying.

Other states share in California's employment woes. At least four have higher unemployment rates: Michigan, Rhode Island, South Carolina and Oregon. And more than half a dozen other large states are losing jobs at a faster pace than California, including Arizona, Nevada, Florida, Ohio and Georgia.

"Our economy is really not much worse than the U.S. average," Kolko said. "One reason our unemployment rate is higher is that our labor force keeps growing faster than the national average, because people keep coming here because we're still a desirable place to live."

Although most economists agree that employment will deteriorate for months to come, some see positive signs in the numbers.

Levy said the pattern of California's unemployment growth suggests that this is a cyclical downturn, with most losses related to housing and the national plunge in spending. This suggests that once the cycle turns upward, most of the state's industries will slowly begin hiring again.

"That is different from the last two downturns, where California lost jobs in major economic base sectors – aerospace in the 1990s and dot-com companies after 2000 – with many of those jobs never to return," Levy said.

He added that long-term trends in the national and world economy, including the Obama administration's funding priorities, favor the state's strengths in technology and innovation.

"This means our future has opportunities," Levy said.

Murtaza Baxamusa, research and policy director at the Center on Policy Initiatives, said that in San Diego County, some industries are poised to recover faster than others.

Baxamusa said the industries that have been hardest hit by the downturn – construction, which is down 29 percent from its peak in 2006, and manufacturing, down 27 percent since 2000 – could also see the earliest recoveries, partly thanks to the administration’s concentration on infrastructure spending, environmental retrofitting and manufacturing of green technologies.

But Baxamusa said workers in both industries will probably require retraining in order to qualify for new positions once the economy recovers.

“As new jobs are created in construction and manufacturing, many of them will have new ‘green’ conditions attached to them,” Baxamusa said.

Manpower’s Blair said that he is beginning to see growing demand for green technology, especially energy efficiency, and that the downward pressure on jobs overall seems to be leveling off locally after rising dramatically over the past year.

“I’m starting to see business picking up,” Blair said. “Just this week, I got an order for 100 (temporary) workers from a medical technology company.”