



## Unemployment fluctuates with old and new seekers

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***By Murtaza Baxamusa***

According to the California Employment Development Department, the San Diego region reached a historic double-digit inflation rate in June. Although civilian employment, which reflects the jobs in the economy, hardly changed between May and June, the number of unemployed increased 5.1 percent to 158,000.

The increase in unemployment is attributable to growth in the labor force, which had seen an unnatural decline in the last few months (See Note below). This implies that those workers who had stopped looking for a job in the past quarter, and thus dropped out of the labor market, have re-entered the labor market and are competing with recent graduates and students seeking summer jobs. Thus, even though we have reached a psychological benchmark, the region is at a crossroads where the absorption of old and new job seekers will determine whether we sink deeper into a recession or experience a turn-around.

There is also continued evidence of the construction industry stabilizing, this month by adding 400 jobs. This may be attributable to the trickling down of stimulus dollars into the region.

Note on “unnatural” drop in labor force last month: Civilian employment fell 3.8 percent in May 2009, which is extremely surprising and uncommon, since population of the region increased 1.3 percent over the last year. This probably reflects an undercounting of the unemployed, as officially unemployed do not include either “involuntary part-time” workers who want to work full-time but can’t find the hours, or “marginally attached” workers who want to work but did not actively seek work in the past month.

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