

Click to Print

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

[More California news](#)

## 1.5 million Californians out of work

### County's jobless figure is highest since 1995

**By Dean Calbreath**  
UNION-TRIBUNE STAFF WRITER

November 22, 2008

With thousands of jobs disappearing in retail, finance and construction, unemployment in California and San Diego County last month rose to its highest point since the recession of the early 1990s.

Statewide, the unemployment rate hit 8.2 percent in October, according to data released yesterday by the state's Employment Development Department and the U.S. Bureau of Labor Statistics. That's up from 7.7 percent in September and 5.7 percent in October 2007.

That was the third-highest rate in the nation after Michigan and Rhode Island, which were tied at 9.3 percent. The national average was 6.5 percent.

More than 1.5 million Californians are now unemployed, putting strains on the state's unemployment insurance fund, which was created during the Great Depression.

The state government projects that if current trends continue, the unemployment fund will be \$2.4 billion in the red by the end of 2009, which would force it to borrow from the federal government for the second time in its history.

"We've known for years that changes must be made to the fund to keep it solvent, and it is unfortunate that now, when we need it most, it is racing toward the red," Gov. Arnold Schwarzenegger said yesterday.

In the coming days, lawmakers will consider a proposal Schwarzenegger introduced this month that would require employers to pay more money into the unemployment fund while reducing the amount workers can receive.

In the meantime, President Bush signed a bill extending unemployment benefits nationwide to help jobless workers make it through the holidays.

"It's good news that President Bush is willing to extend the benefits," said Murtaza Baxamusa, economist at San Diego's Center for Policy Initiatives. "But the idea of cutting back benefits would not just impact the folks who lose their jobs, but would also impact the economy, since there would be less money for them to spread around."

In San Diego County, the jobless rate hit 6.8 percent – the highest point since summer 1995, when military contractors were closing their doors after the end of the Cold War. The unemployment rate was 6.1 percent in September 2008 and 4.8 percent in October 2007.

Between October 2007 and October 2008, the state lost 101,300 jobs, including 24,600 in the past month alone. San Diego County lost 12,200 jobs during the year, representing a decrease of nearly 1 percent.

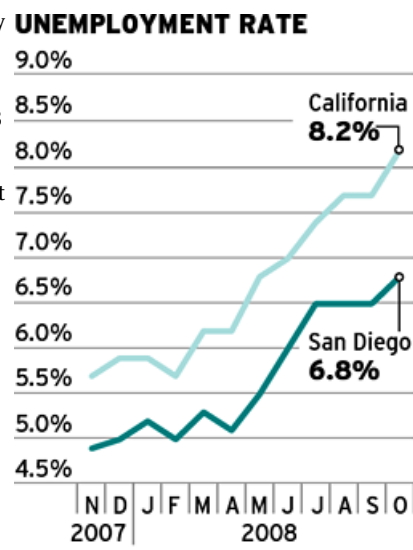
Kelly Cunningham, economist at the San Diego Institute for Policy Research, said the number of people unemployed now tops the records set during the recession of the 1990s. He predicted the local jobless rate could eventually match or top its 1990s peak of 8.7 percent.

"It will only climb higher," Cunningham said. "There doesn't seem to be an end to it right now. There has to be a pickup in the economy before businesses start adding jobs."

Alan Gin, economist at the University of San Diego, said declining gas prices, a recent rise in home sales and the likelihood of a massive economic stimulus package once the Obama administration takes over in Washington could keep the economy from hitting the depths of the 1990s. But he said it's possible unemployment could top 8 percent.

Nigel Gault, economist with IHT Global Insight, an economic forecasting firm in Massachusetts, predicted that layoffs will accelerate as the economy deteriorates.

"Firms had previously been cutting back employment only gradually, being cautious on hiring but not aggressive on firing," he said. "They have now decided that the recession will be deeper than feared and are acting more aggressively on firing, as they see demand for their products falling rapidly."



SOURCE: California Employment Development Department

UNION-TRIBUNE

According to yesterday's employment report, San Diego County added 400 workers last month, with most of the job growth coming from seasonal hiring at schools. After adjusting for those seasonal hiring fluctuations, the picture looks much gloomier.

Beacon Economics, a firm in Los Angeles that analyzes economic data, said that on a seasonally adjusted basis, San Diego lost 2,200 workers during the month, pushing the adjusted unemployment rate to 6.9 percent.

Because of the sluggish housing market, construction workers have taken the hardest hits. Over the past year, 5,800 such workers in San Diego County lost their jobs, including 500 in the past month, according to the Employment Development Department. Two hundred finance and real estate workers lost their jobs last month, bringing the yearly loss to 3,600.

The effects of the credit crunch have spread into retail sales, prompting layoffs at stores in the region. Over the past year, retailers have shed 4,600 jobs. Car dealerships cut 1,100; building supply and garden outlets, 800; department stores, 600; furniture dealers, 500; health and personal care boutiques, 500; and clothing shops, 400.

"This is a time of year when retailers are usually adding jobs for the Christmas holiday season, not cutting existing jobs," Cunningham said. "That's very unusual. Even during the 1990s recession, hiring at retailers usually picked up at this time of year."

Unemployment is increasing in other areas as well, including manufacturing, government and professional services. Employment for temporary workers dropped by 400 jobs last month, for a yearly loss of 2,500.

The employment firm Manpower is an exception. Phil Blair, a co-owner of the firm's regional operations, said business is strong.


"There are still some jobs out there – especially in places like computer programming, high tech, biomedical, telecom and medical device manufacturing," he said. "It's just that people have to look longer, harder and deeper and in less predictable places."

---

■ Dean Calbreath: (619) 293-1891; [dean.calbreath@uniontrib.com](mailto:dean.calbreath@uniontrib.com)

**Find this article at:**

<http://www.signonsandiego.com/news/state/20081122-9999-1n22jobs.html>

 [Click to Print](#)

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.