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THE ECONOMY

Unemployment in California hits post-World War II high

The state's rate jumps to 11.9% in July as the U.S. rate declines to 9.4%. Job losses have an outsize effect on Latinos in the state as work in the construction and hospitality sectors vanishes.

By Alana Semuels

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California's jobless rate reached a fresh post-World War II high in July, climbing to 11.9%, a sobering reminder that though the nation's deep downturn may be nearing its end, the state's employment woes are far from over.

Golden State employers cut their payrolls by 35,800 jobs in July, according to figures released Friday by the state Employment Development Department. That's a significant improvement over monthly losses that averaged 76,000 over the first half of the year.

Still, July's numbers were worse than some analysts had expected, rising from 11.6% in June and led by declines in trade, construction and manufacturing. Even with the rise in unemployment here, however, a consensus is growing that the worst of the recession may be over.

Federal Reserve Chairman Ben S. Bernanke on Friday declared the economy to be "leveling out," and the National Assn. of Realtors reported a sharp rise in July home sales. Wall Street responded by pushing the Dow index to its highest point since November.

Still, a robust recovery appears unlikely, and some regions of the country are expected to

suffer fallout from the bursting of the housing bubble for years to come. That includes California, which is now tied with Oregon for the fourth-highest unemployment rate in the nation, behind Michigan, Rhode Island and Nevada. The U.S. unemployment rate is 9.4%, down from 9.5% in June.

California's battered construction and housing industries, long pillars of the state economy, remain troubling sources of weakness. Over the last year, the state has lost 760,200 jobs, nearly 1 in 5 of them in construction. White-collar workers have likewise suffered from the housing crash as thousands of jobs in banking, mortgage processing and real estate sales have vanished.

The number of new-home permits issued in July fell 47.4% from a year earlier, according to the Construction Industry Research Board.

"We've disproportionately benefited from two sectors, construction and financial services," said Esmael Adibi, an economist at Chapman University.

"The demise of these two sectors has hurt us disproportionately."

That's had an outsize effect on California's 13.5 million Latinos, who are heavily concentrated in the building trades. In 2007, Latinos made up 47% of the construction workforce in the state, according to the U.S. Equal Employment Opportunity Commission.

In July, California's Latino unemployment rate hit 12.7%, dwarfing the white jobless rate of 9.5%, according to the U.S. Bureau of Labor Statistics. Black unemployment remains the highest in the state at 14.2%. But Latino joblessness has grown much faster. In July 2007 the Latino unemployment rate stood at just 5.9%, compared with 9.2% for blacks and 4.8% for whites.

Last month, 805,000 California Latinos were jobless. That's up 127% over the last two years. The number of unemployed whites in the state grew 103% over the same period, while the number of out-of-work African Americans rose 66%.

"You really begin to see desperate times for lots of Latino families throughout California," said Vince Vasquez, a senior policy analyst with the National University System Institute for Policy Research.

East Los Angeles resident Robert Gonzales said he was struggling to support his three children after his job as an industrial painter disappeared a year ago when his employer moved to Ohio.

When he first lost his job, he was able to find odd carpentry and plumbing work, but his phone has stopped ringing. Now, he can barely pay the taxes on the home he owns, and he struggles to put food on the table.

"I come to the EDD every day, and nothing happens," he said, standing outside the workforce

development office in East L.A., where the computers had malfunctioned. "They say, 'Don't call us, we'll call you.' "

A large proportion of Latinos also are in hospitality, nondurable-goods manufacturing and warehousing, said Jerry Nickelsburg, senior economist for the UCLA Anderson Forecast. As consumer demand for products worldwide shrinks, companies responsible for making and shipping goods are jettisoning employees.

That leaves people like Juan Cortez, a 33-year-old from Monterey Park, scrounging for work. He was laid off from his job as a shipping clerk nine months ago, moved back in with his parents, sold his Chevy Tahoe and now is hoping to get a callback about a job as a forklift operator.

He and a few friends have been talking about moving back to Mexico, he said, where it's cheaper to live and the job prospects seem better.

"There's jobs there," he said. "There's no jobs in L.A."

The seasonally adjusted unemployment rate in Los Angeles County also reached 11.9% in July, up from a revised 11.2% in June. The government sector was especially hard hit as state budget cuts took their toll, with the number of jobs dropping 4.6% from June. Education and health services was the only sector in the county to employ more people this month than it did in July of last year.

The Riverside-San Bernardino-Ontario area felt the most pain in the Southland, with the unemployment rate rising to 14.3% in July, up from a revised 13.9% in June. A major center for warehousing and distribution, the area has shed 20,100 jobs since July 2008 in the trade, transportation and utilities sector. The area's construction sector lost 20,700 jobs over the same period.

The recession has been particularly hard on less-educated Californians. People without a high school diploma had a 16.8% unemployment rate in June compared with a 10.8% unemployment rate in June 2008.

That's plagued the region's Latinos, many of whom have less schooling, fewer linguistic skills and spottier community connections than people who have lived in the country for generations, policy analyst Vasquez said.

"It's about where you went to school, it's about having relationships, and those are the things that really affect Latinos in a situation like this," he said.

About 44.5% of Latino adults in the state do not have a high school diploma, compared with 20% of the state overall, and 6.8% have a bachelor's degree, compared with 18.7% of the state overall, according to U.S. Census estimates.

After being laid off from her job as a receptionist at an oncology office in June, 22-year-old Denise Muralles decided it was time to hit the books. She's taking classes at Los Angeles Community College in the fall, she said, and hopes to eventually study physiology.

Her mother, a secretary, has been adamant that Muralles not follow in her footsteps.

"She really wants me to get an education," she said. "She doesn't want me to be a secretary."

Economists predict that the unemployment rate in the state will continue to climb. Job growth doesn't usually begin until about six months after the end of a recession, economist Adibi said. He expects the unemployment rate to keep rising into early 2010.

Still, there is some reason to be optimistic, economists said. The rate of job losses in the state is slowing.

Two categories, professional and business services and leisure and hospitality, added jobs last month. Employment in other sectors, including financial activities and natural resources and mining, were stable, which economists say is a good sign.

"There is a ray of hope," Adibi said.

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