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Inland-area unemployment rate climbs to near-record figure, but at less severe pace

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By **JACK KATZANEK**
The Press-Enterprise

The jobless rate continued to increase in Inland Southern California last month and is just shy of its modern-era peak, although the increase was less severe than the two previous months, a state agency reported Friday.

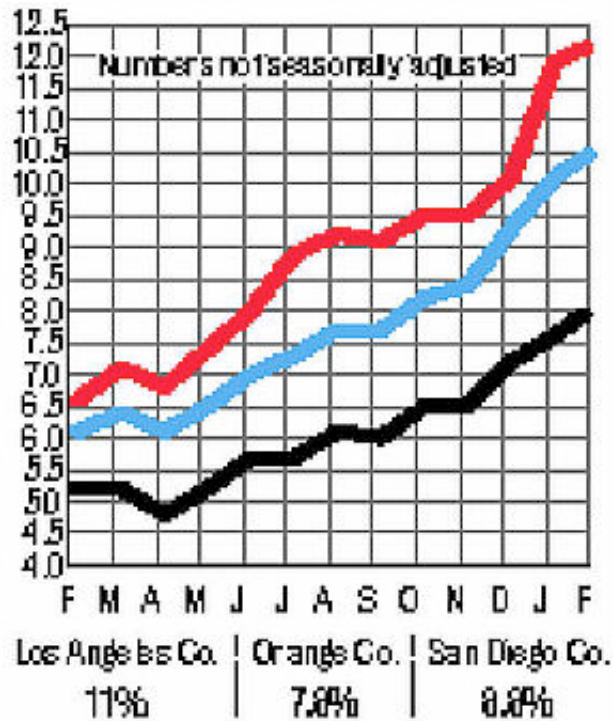
Unemployment in Riverside and San Bernardino counties was estimated at 12.2 percent in February, according to the state Employment Development Department, up from a revised 11.8 percent the previous month, and jobs for the area's predominantly blue-collar work force are getting scarcer by the month.

The highest recorded unemployment rate in modern times for the Inland area was 12.4 percent in July 1993, during the last serious recession the area faced. Unemployment was probably much higher during the Great Depression of the 1930s, although no county-by-county records were kept.

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FEBRUARY UNEMPLOYMENT

- Riverside and San Bernardino counties **12.2%**
- California **10.5%**
- United States **8.1%**



SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

THE PRESS-ENTERPRISE

A year ago, Inland unemployment was estimated at 6.7 percent.

There were fewer than 1,180,000 payroll jobs in the two Inland counties in February, a loss of almost 80,000 jobs in 12 months. The state reported 71,400 construction jobs in February, barely more than half the 131,000 jobs that supplied paychecks for Inland workers in the middle of 2006.

Job losses in the manufacturing, logistics and leisure and hospitality sectors are also deepening, although the declines in retail hiring were not as sharp as January's.

"Not only are the job losses intensifying, but they're becoming more broad-based," Chapman University economist Esmael Adibi said.

Adibi said government and health care, the only sectors that had been showing any strength, appear to be losing steam, too. The gains for those jobs are negligible, and local government hiring is now on the decline as cities and counties worry about less sales tax revenue.

"What puzzles me is how much of the layoffs we've seen is an overreaction on the part of companies," Adibi

said. "Are CEOs thinking if they don't make drastic cuts they're not being proactive enough? Part of what they're doing is a reaction to reality, but part of it is psychological, too."

Adibi said the large job cuts may bring a silver lining, although it won't offer workers much assistance. He said employers have cut their staffs so drastically there probably won't be much left to cut in the second half of the year.

Others in worse shape

Riverside County's unemployment was 12.6 percent, with San Bernardino County at 11.9 percent. Several heavily populated counties, including Fresno at 16.4 percent, were in worse shape, contributing to the statewide jobless rate of 10.5 percent.

EDD said Friday it will keep its call center phone lines open Saturdays from 10 a.m. to 2 p.m. beginning today to process claims.

Fresno County, like the Inland Empire, saw its economy wounded when the housing boom became a bust. When dozens of new subdivisions were being built it meant new stores, schools and other facilities, all built by construction workers and financed and insured by workers in local offices.

The absence of that activity created a void that may not be fixed for another two years, Inland economist John Husing said.

"That was a big hole in the economy, and until it gets filled it will continue to get bad," said Husing, who fears unemployment could get as high as 13 percent. "The blue-collar work force is our work force."

When the economy does rebound, the job markets are usually among the last to show improvement because employers tend to be cautious before making commitments to more payroll, said Christopher Thornberg of Los Angeles-based Beacon Economics.

But Thornberg said that what drew people to Inland Southern California a few years ago -- affordable homes -- will be a draw again, and once people start moving in larger numbers, it will help break the jobs spiral. He said the recession is a cycle, a big one, but not a structural breakdown of the economy.

"Services will be a stabilizing sector and will show some signs of moderating first," Thornberg said.

"Manufacturing and construction are cyclical sectors and may come back slower, but eventually in a big way."

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