

Massive job cuts in California

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11 August 2003

The economic crisis in California deepened last month as employers cut 21,800 jobs, nearly half of the total job losses in the country for the month. According to a report released by the state's Employment Development Department (EDD), the losses affected many sectors of the economy, with employers shedding jobs in manufacturing, retailing, transportation, government and business services.

California has the largest economy of any state in the nation, accounting for 13 percent of the country's total gross domestic product. The new data comes in the midst of a deep economic and political crisis in the state. A powerful section of the Republican Party is attempting to overturn the results of last year's gubernatorial election through a recall vote scheduled for October 7. The aim of this effort is to escalate attacks on working people through further cuts in social programs and jobs.

Overall this year, 33,200 jobs have been eliminated in California. Since March 2001, 300,000 jobs have been cut, or about 1.9 percent of the state's employment base. Currently, 1.1 million of the state's population is unemployed, with one-quarter of these having been unemployed for over six months. Payroll levels are now at their lowest since the collapse of the state's job market two years ago.

The official unemployment rate in the state actually fell from 6.8 percent in June to 6.6 percent in July. This is a result of a rise in long-term joblessness, as many workers are no longer counted as unemployed since they have stopped looking for work. According to the EDD, 71,000 Californians stopped looking for jobs in July, up 9,000 from June. Similarly, the national unemployment rate fell two-tenths of a percentage point, to 6.2 percent in July, even as businesses cut 44,000 jobs.

Government jobs in the state fell sharply—by 9,600 according to seasonally adjusted figures released by the

EDD. Cities and counties across the state have been slashing budgets as the state itself cuts funding to these localities to make up for its own \$38 billion deficit. City and county governments account for 70 percent of public sector employment in the state, and since January of this year they have eliminated nearly 32,000 jobs. Education, health care and other government services are suffering from the increasingly desperate economic conditions and the measures taken by both Democratic and Republican administrations to scale back social programs.

Michael Bernick, director of the EDD, told the *Los Angeles Times*, "Budget woes are hitting local government and we're just beginning to see the impact now. We're going to continue to see declines."

Also suffering deep cuts was the manufacturing sector, which lost 6,500 jobs in July. Manufacturing jobs have fallen in California for 30 of the last 31 months. During the past 12 months, over 60,000 manufacturing jobs have been cut. The decline in California manufacturing reflects national trends. In July alone, 71,000 manufacturing jobs were lost across the country.

The slight improvement in economic growth nationally has not been translated into job creation in California or elsewhere in the country. "There are still no signs of recovery in the job market," said Ted Gibson, a former chief economist at California's Department of Finance. "There is no upward momentum. It seems to be going in the opposite direction."

The economic downturn has been particularly harsh on northern California, including Silicon Valley and the entire San Francisco Bay area. These were the regions that benefited most directly from the technology boom of the late 90s and early years of this decade. Unemployment in Santa Clara County—one of the major centers of the dot.com growth—is now 8.4 percent.

Since December 2000, the county has lost nearly 19 percent of its employment base—some 200,000 jobs.

Job cuts will likely continue over the coming months. The state government recently passed a patchwork budget that calls for the elimination of 16,000 state jobs but postpones much of the state's fiscal crisis until next year. Even the 16,000 lost jobs are not accounted for in the most recent figures. State agencies have only begun to send out layoff warnings to thousands of employees, from electrical workers to teachers to health care workers.

Democratic governor Gray Davis has directed 150 state departments to cut payroll costs by 10 percent by reducing wages and planning layoffs. For example, it is estimated that 3,000 more teachers will be laid off over the coming months, adding to the thousands that have already been handed their pink slips. State colleges and universities are also being hit hard. University of California Berkeley announced plans last week to eliminate 200 jobs, and other UC and California State campuses are planning cuts as well.



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