

# California unemployment statistics hide full impact of recession

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*"Figures often beguile me, particularly when I have the arranging of them myself; in which case the remark attributed to Disraeli would often apply with justice and force: 'There are three kinds of lies: lies, damned lies and statistics.'"*—The Autobiography of Mark Twain

Nowhere does the above observation more aptly apply than in the realm of employment statistics. According to official statistics, unemployment in the US is now at 8.1 percent and at 10.1 in California. Dire as they are, these figures vastly understate the actual impact of the current crisis on working people. They fail to take into account underemployed and discouraged workers, not to mention those fully employed in low-wage jobs that don't pay enough to meet basic needs.

According to the Bureau of Labor Statistics (BLS) Web site, "people are considered employed if they did any work at all for pay or profit during the survey week. This includes all part-time and temporary work, as well as regular full-time, year-round employment. Persons also are counted as employed if they have a job at which they did not work during the survey week, whether they were paid or not..."

For this last inclusion, the Web site lists examples like vacation, illness, child-care problems, "industrial dispute" and others.

But it doesn't stop there. Two hypothetical cases are offered by the BLS as earning the "employed" designation. One is a jobless 16-year-old young man who helps his father with chores around the farm for free. The other is a housewife who helps out her husband at his computer store Fridays and Saturdays. Neither of these people—nor similar cases—would figure in the calculation as being unemployed.

According to the BLS, "Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. Those who have given up looking for work—known as discouraged workers—aren't counted as unemployed either." This official sleight of hand leads to consistent misrepresentation of the seriousness of the economic straits that many working people and their families find themselves in.

The economic crisis in California anticipated the economic crash of the fall of 2008 by more than a year. Unemployment began to rise in the state in December 2006. Since then more than 7 million California workers have lost their jobs. Millions more have had their wages cut and their hours reduced; others have been forced to take lower paying jobs, for which they are overqualified, and are thus under-employed.

An article in the 6 March *Guardian* cites Sung Won Sohn, economics professor at California State University Channel Islands, who "said the jobs report understates reality and the effective unemployment rate was more like 14.8 percent when considering those too discouraged to look for work and part-time workers who

want to go full-time."

The consequence of this has been a massive increase in demands for Food Stamps, General Assistance and other government welfare transfers.

A team of *World Socialist Web Site* reporters visited an industrial area in Los Angeles County. The workers to whom they talked—two factory workers whose workweek is down to four days; a union carpenter who hasn't worked in two months; a "payday advance" worker whose hours have been cut—bear witness to the concealment of the uncertainty and pain felt by those who are employed, yet are seeing their hours and incomes shrink. Their words paint a picture of increasing hardship.

## "Now everything is tough"

José Cejas is a member of Carpenters union Local 409. José is from Mexico, and he has been in the US for nine years. Forty years old, he lives with his wife, their two young sons and two older daughters. He hasn't worked for two months. The WSWS interviewed him at a laundry.

Asked about the reduction in his work, José replied, "More than half, I think. At first they'd laid us off a week, and then we'd work a week. This year things got worse. I have been two months without work."

Formerly, the relatively high wages compensated somewhat for the seasonal nature of his job, "plus the little bit we make on the side and unemployment." But all that has changed. "It took us by surprise. In my line of work, the months of December and January are always slow. From February on, one starts to see more work. Last year was very slow as well.

"My unemployment check is not enough, so we have to adjust. We're in a real squeeze. Now we're spending the little bit that we've saved." The family still has some savings, he said, "but they're disappearing.

"Now everything is tough. It's harder to get out. We rent. The rent is very expensive. Right now I'm paying \$900 a month."

José's co-workers have all felt the pinch. "Many of my friends that I talk to are also without work. They're carpenters and others in construction work." Union members go to a hiring hall to find work. "They have a waiting list and you have to call daily to keep on it. For example, on Friday you have to call a number to hold your place on the list." Before, workers had to wait "a week, 15 days at most; now

people are being made to wait way too long. It's very slow. Right now there are about 300 people on the jobs list, waiting to work."

Though José didn't express an opinion about the Obama administration's stimulus package—"Politics doesn't interest me much. I'm only concerned about my family," he told us—when asked, "Do you think the government should give more money to working people?" he answered, "not more money, but more work." As to whether people should have the right to a job, he replied, "Well yes, one has the right to go forward. There has to be some way to progress."

### **"Now we don't eat the same"**

María Gómez and Alejandro González work at a Golden Tiger Chinese food factory. The factory has cut the workweek to four days. María has worked there for about 20 years. Two of her sons, 21 and 26, live with her and her disabled husband. She agreed to be interviewed at a bus stop near her job.

María said that so far, the company hasn't laid off anybody. "Oh no, but things are very slow. There are about 300 workers in two shifts." Instead of layoffs, the company has cut the workweek down to four days.

Asked about how the family is doing, she said, "I myself, I'm not making enough to pay the rent or the bills. You have to deprive yourself of buying things. We work at different places, my two sons I, and my husband doesn't work. He's disabled, and gets money from disability. They give him very little to live on.

"We have to put our checks together. People today have to not buy lots of things in order to pay the rent. I worry about the rent. I have to pay the rent so they don't throw me out. Now we don't eat the same. We have to eat nothing but vegetables. There are lots of things that we like to eat but we can't buy. Now we don't buy so much meat. Once a week we eat chicken."

Talk turned to the causes of the crisis. "So much is spent on the wars in Iraq and Afghanistan," she observed. "What do I think of the war? Well it's not good. Why are they there? You know why I say that? It is because I have another son in Iraq. What do they have them there for? Nothing! Nothing, except to get killed!"

Nonetheless, María has faith in the Obama administration: "I think that he's going to take us forward. We hope so. I am 100 percent sure that he's going to take us forward. That's why we voted for him."

The WSWs pointed out that Obama hasn't stopped the war. María rejoined, "Because he can't stop it all at once, but he's going to stop it. You know well he's not going to say, 'Stop now!' He's going to stop it in 2010. Let's see, if we get there."

The conversation then returned to the economy, specifically to the stimulus plan. Did she expect that it is going to help? "Only if they use it well; if they know how to administer it. Because if the money only goes to the rich...many people have lost their houses; it doesn't help them. Yes, to the banks and the banks don't loan money to people. What happens is that people lose their homes."

### **"It's going to get worse before it gets better"**

Claudia, 30, works at a payday advance shop. She's from El Salvador and came to the US when she was a girl. She's 30 years old with three children. Her boyfriend works in a restaurant. Lately, work has slowed down at her job.

"Yes, hours have been cut. I worked 80 hours plus overtime every two weeks. Now there's no overtime and we only work 70 hours."

The resulting cut in pay has led to some painful adjustments: "We don't go out as much as we used to. We don't eat out anymore. We brought our expenses down, like cell phones and cable TV; we're cutting out a lot. Things are not getting better. Gas is going back up, food is expensive. We used to buy the name brands, now we go to the 99-cent stores to buy fruits and vegetables. It has changed a lot."

Claudia sends money to her home country—"to my mother"—but recently has had to send less.

Claudia explained the payday advance process where she works and the effects of the crisis on her workplaces' clientele, who take out short-term loans to get them to the next payday: "They sign a check, we process the check. If it's not paid, we try to work with them, so they can pay it back. Interest doesn't accumulate. It's a flat fee and stays the same until it's paid off. If you want to borrow \$100, the fee's \$17.50 and you have until your next payday to pay. The annual percentage rate changes, but the fee stays the same, depending on how many days you get."

Things have been busy, she explained, "because people don't have money, so they come to us. One can see that things have become much worse for the poor and the middle class." Asked whether people have been able to pay back the loans from the payday advance office, she said, "Most of the time, but lately it's been really bad. They're not coming back to pay."

About Obama's stimulus plan Claudia commented, "I don't know. We're waiting for a change, I guess. It's going to get worse before it gets better. I've been working for 10 years and these are the worst."



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