

# Unemployment in California reaches 70-year high

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Official unemployment in California, the most populous state in the US, has reached a new historical milestone. At 12.2 percent in August, it is now at the highest level since 1940. It has risen 4.6 percentage points over the course of the last year alone.

The recently released unemployment figures from the Bureau of Labor Statistics reveal the social reality that lies behind official claims of an end to the economic downturn. Just last week, speaking before an audience at the Brookings Institution in Washington DC, US Federal Reserve Chairman Ben Bernanke claimed that the recession is “very likely over.” For workers throughout the country, however, the crisis is intensifying.

As high as it is, the statistic fails to capture the true gravity of the jobs situation in California. The 2.5 million people represented in the August figure do not include those who are out of work but have given up looking for a job, or those who are involuntarily working part-time. By some estimates, when calculated together, the unemployment and underemployment rate in California stands at 23 percent.

Even this number, however, does not take into account the thousands of undocumented immigrants out of work in the state. Many immigrants are employed in the construction industry, which has been extremely hard hit by the downturn. Thus, the economic crisis in California affects workers in Mexico and Central and South America, as millions of families are dependent on remittances from relatives.

What is happening in California is not unique to the state. Nevada and Rhode Island both have even higher jobless rates. In Michigan, the forced bankruptcies of Chrysler and General Motors, which were planned, orchestrated, and overseen by the Obama administration, have contributed to an unemployment

rate of 15.2 percent. In Ohio, another state that had been part of the country’s industrial heartland, the unemployment now stands at 10.8 percent. Official unemployment for the US as a whole will soon reach double digits.

However, the unemployment rate in California has a special historical significance. Known as the “Golden State,” California was once a symbol of post-war prosperity in the US. In addition to being a major agricultural producer, it was also home to a significant portion of the country’s aerospace, shipping, automotive, and technology industries.

In the post-war period, millions of people flocked to the state. Between 1940 and 1960, the population grew by an unprecedented 128 percent. California’s vast highway, higher education, public parks and recreation systems date from this period. Now, the entire infrastructure that was built up at that time is being effectively left to waste.

The social catastrophe now afflicting California is not simply the product of blind economic forces. It is a conscious class policy pursued by Republican Governor Arnold Schwarzenegger, the Democratic-controlled State Legislature, and the Obama administration, which is using widespread joblessness to drive down the living standards of the working population.

Facing a \$45.5 billion budget shortfall, the state government recently approved more than \$15 billion worth of budget cuts to education and social programs.

The Obama administration refused to bail out California, or any of the states facing budget shortfalls. While the administration insists that no money can be made available to prevent the destruction of California’s public infrastructure, the US government has pledged trillions of dollars to rescue Wall Street.

Bonuses paid out at the nine major banks, all beneficiaries of government largess, totaled \$33 billion last year—a figure that would cover a significant portion of California’s deficit by itself.

California programs gutted as a consequence of budget cuts include: Medi-Cal, supplemental social security payments, child welfare and health services, foster care, domestic violence shelters, and health care programs for HIV/AIDS patients and children with dental disease. In addition, cost-of-living adjustments for Cal-Works, the state welfare program, have been eliminated.

State workers have been furloughed three days a month, resulting in a 15 percent wage cut. The crisis has also reverberated down to local governments. In Los Angeles, the mayor recently announced thousands of layoffs and unpaid time off for city employees.

Meanwhile, cuts in public education have resulted in widespread job losses for teachers and school support staff in K-12 school districts. At the university level, well over half a million students are facing fee hikes of 30 percent or more at state-funded institutions, while thousands of staff and faculty have been laid off statewide.

Much of California’s industrial base is being eliminated as a result of the economic crisis. Toyota has announced that it will shut down the NUMMI plant in Fremont, resulting in the elimination of 4,600 jobs and the closure of the state’s last automobile manufacturing enterprise.

The return of unemployment to levels not seen since just after the Great Depression is a clear expression of the failure of American capitalism and the American political system.

The crisis in California underscores the necessity for the working class to adopt a new political strategy. The Socialist Equality Party (SEP) calls for the implementation of a multi-trillion dollar public works program nation-wide to guarantee employment and rebuild the state’s infrastructure—roads, public schools, parks, community and cultural centers. This program would be aimed at real productive investment, and not the diversion of public money into financial speculation.

The SEP demands immediate relief for the unemployed, including an increase and extension of unemployment benefits to prevent the loss of income.

There should be an end to all home foreclosures. Guaranteed health benefits should be made available to all laid off workers.

The realization of these basic social demands, however, requires a coordinated political struggle of the international working class. As a recent WSWS perspective made clear, the jobs crisis is a global crisis. It is the product of a ruthless offensive of the ruling class against the living standards of workers around the world.

The return of conditions of life not seen since the Great Depression is ultimately the product of a society that subordinates the needs of the vast majority to the profit interests of the giant banks and corporations. This crisis can be resolved only by building the Socialist Equality Party as the independent party of the working class, which has as its aim the socialist reorganization of economic life to meet social need, not private profit.

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*To contact or join the SEP, visit [socialequality.com](http://socialequality.com)*



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