

## Jobless rate in Western US tops 10 percent

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### Jobless rate in Western US tops 10 percent in May, first time since 1983; 8 states set records

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WASHINGTON (AP) -- The housing bust sent the unemployment rate in the West bolting past 10 percent in May -- the first time in more than 25 years that a region of the United States has suffered double-digit joblessness.

A Labor Department report released Friday showed the West absorbing the worst of the recession, which is now the longest since World War II. California, Nevada and Oregon endured particularly heavy job losses in construction, manufacturing and tourism.

The region has been pounded because it was the epicenter of the housing boom that collapsed. As home values plummeted, the West lost jobs and wealth, and consumers grew skittish about spending.

"The West is where houses are being abandoned most quickly because it has the largest percentage of the population under water -- owing more on their houses than they're worth," said Robert Reich, labor secretary under President Bill Clinton and now a professor at the University of California, Berkeley. "They lose their capacity to borrow. All of that means that they can't buy very much."

The West reported the highest regional jobless rate for May: 10.1 percent. The last time any region had an unemployment rate of at least 10 percent was in September 1983, when the economy was emerging from a severe recession.

The region's problems also go beyond housing. Cutbacks on businesses travel are hitting hard in Arizona and Nevada.

"It's difficult to keep major projects going -- like casinos -- in Las Vegas. That's pretty much come to a halt," said Steve Cochrane, managing director at Moody's Economy.com.

In California, the jobless rate jumped to 11.5 percent last month. In Nevada, it rose to 11.3 percent, and in Oregon, to 12.4 percent. All three figures were records, based on documentation going back to 1976.

In Oregon, makers of plywood, window sashes and doors have suffered from reduced demand. The state also has lost jobs in high-tech industries and at factories that make heavy trucks and recreational vehicles.

At a training center in a blue-collar Portland neighborhood, 36-year-old construction worker Michael Clark said he lost a job with a property management company in December.

"When I was laid off 2 1/2 years ago, you could mail out resumes, and you'd be getting four, five calls a week, and they'd be hiring," Clark said. These days, he said, the response is, "Thanks for your interest." And then silence.

Even as jobs have vanished, people who find Oregon a desirable destination keep moving into the state, and those already there are hesitant to leave, state labor economists say. That means more competition among job seekers for the few positions that come available.

In addition, many Oregon households that once had a single earner now have two people seeking work as spouses of laid-off workers have entered the labor market. And analysts say retirees seeking to replenish their shrunken 401(k) accounts are re-entering the work force, too.

What's more, hard-to-get credit has cooled once-hot real estate markets in the Portland area and in central Oregon, where the sunny desert climate has long attracted retirees from rainier parts of the Northwest and people cashing out of pricey California homes.

In Arizona, which along with Florida suffered the largest percentage drop in jobs last month, the losses were spread across many industries, including health care and government, said Marshall Vest, director of the University of Arizona's Economic and Business Research Center.

After the West, the Midwest had the second-highest unemployment rate, at 9.8 percent. The South's jobless rate was 8.9 percent. The Northeast had the lowest, 8.3 percent.

The government report showed employment conditions deteriorating in 48 states and the District of Columbia last month.

Michigan, the heart of the sinking auto industry, had the highest unemployment rate: 14.1 percent.

Eight states had record-high jobless rates. Only two -- Nebraska and Vermont -- reported no increases. Nebraska's jobless rate dipped, and Vermont's was flat.

The five other states that set new unemployment highs were North Carolina, Oregon, Rhode Island, South Carolina, Florida and Georgia.

After Arizona and Florida, the next-largest percentage drop in jobs last month was Oklahoma, followed by Arkansas, Kentucky and Michigan.

Nationwide, the jobless rate stands at a quarter-century high of 9.4 percent. Analysts say companies are unlikely to ramp up hiring until they feel sure their sales are rebounding and that any economic recovery will have staying power.

Some economists say the nation's jobless rate could rise as high as 11 percent by the summer of next year before it starts a slow descent. The highest rate since World War II was 10.8 percent at the end of 1982.

North Dakota and Nebraska reported the lowest unemployment rates: 4.4 percent each. North Dakota has been helped by the oil business. Nebraska has been supported by farm businesses.

Neither state ever got carried away by the housing boom, either, so they never suffered huge hits to household wealth. Nebraska also has benefited from the relative strength of two of its main industries: agriculture and food-production.

Associated Press writers Tim Fought in Portland, Ore., Evelyn Nieves in San Francisco, Arthur Rotstein in Tucson, Ariz., and Josh Funk in Omaha, Neb., contributed to this report.

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