The Los Angeles County Job Market: A Comparison with the 1990's

2009 Q3

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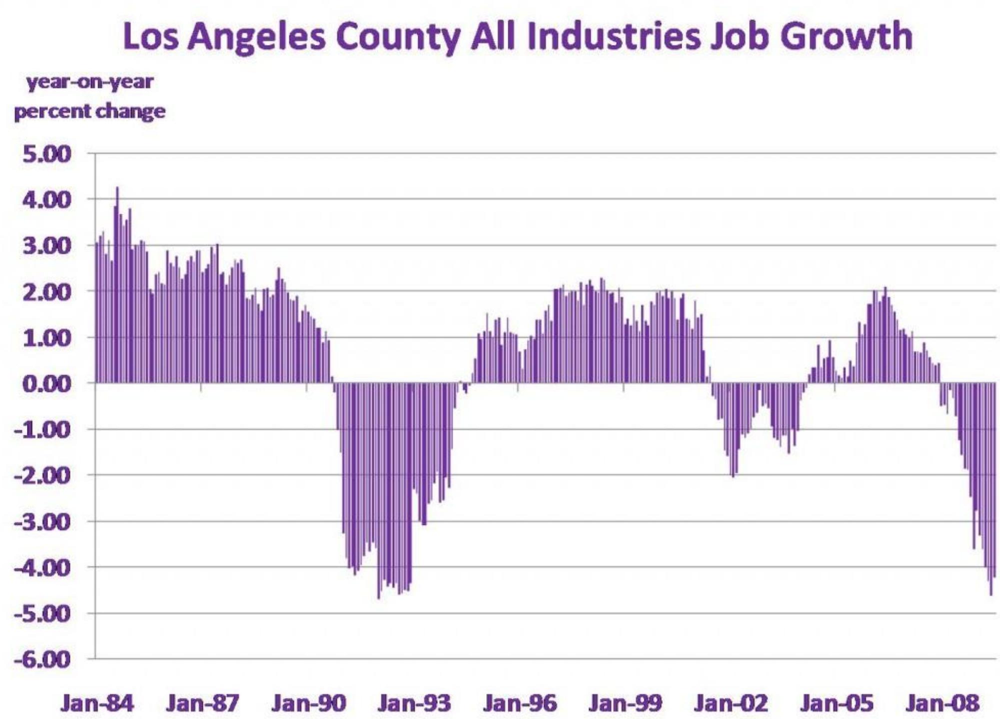
August 27, 2009

The current economic downturn is a serious one, especially for coastal California counties. Los Angeles County also experienced a serious and prolonged recession in the early 1990s. The early 1990s United States economy experienced a cyclical economic downturn while Los Angeles County also experienced a major downsizing of its aerospace and defense industries. The contraction of these high-value industries deepened and lengthened the 1990s downturn for Los Angeles County. We now investigate how the current downturn compares to the early 1990s for Los Angeles County.

The Los Angeles County July 2009 job report is similar to California's, with the unemployment rate historically high and job declines that are nearly historically high. The July 2009 unemployment rate of 12.5 percent compares with previous highs of just over 11 percent that were attained in early and mid 1992. The July 2009 year-on-year job loss growth rate of 4.2 percent compares with losses of 4.7 percent in January 1992. These comparisons indicate some similarity between the two cycles for Los Angeles County. However, the peak-to-trough job losses (thus far) are different. The job-loss during the 1990s was 562,000 jobs (13.4 percent) and thus far in this cycle the loss is 307,000 jobs (7.3 percent).

Going forward, if Los Angeles County continues to lose jobs at similar rates as in July then the total job losses in this cycle could approach those of the early 1990s. In the early 1990s there were 15 months where job losses exceeded 4 percent over the prior year. Thus far in this cycle, there have only been 4 such months. If the severity of the job losses subsides soon, then Los Angeles County's total job-loss in this cycle will likely not exceed that of the early 1990s.


Los Angeles County All Industries Job Growth
year-on-year percent change
5.00
4.00
3.00
2.00
1.00
0.00
-1.00
-2.00
-3.00
-4.00
-5.00
-6.00
Jan-84
Jan-87
Jan-90
Jan-93
Jan-96
Jan-99
Jan-02
Jan-05
Jan-08