



# Southwest Washington Labor Market News Volume 2013, Number 5

**Scott Bailey, Regional Economist**

5411E. Mill Plain Boulevard, Suite 15, Vancouver WA 98661-7046

Voice: (360) 735-4995

[scott.bailey@esd.wa.gov](mailto:scott.bailey@esd.wa.gov), <https://fortress.wa.gov/esd/employmentdata>

## Monthly Review

“We are all outlaws in the eyes of America  
In order to survive we steal cheat lie forge ...”

*Jefferson Airplane, “We Should Be Together”*<sup>1</sup>

## State of the Nation

### GDP and the four horses economic indicators of the Apocalypse:

- First quarter GDP estimates were revised downward slightly to a 2.4 percent growth rate.
- Industrial production, after a sizable jump in February, has stagnated over the past three months.
- Personal income continued to trend up through April.
- Manufacturing, wholesale & retail sales declined in March.
- Nonfarm employment rose by 175,000 jobs in May, close to the average for the past year.

The upshot: economic growth continues to be positive, but slow, too slow to do much to improve the labor market. Sound familiar?

The governors of the Federal Reserve Bank are debating if and when to cut back on purchases of long-term bonds and mortgages which have kept mortgage interest rates low. Analyst [Bill McBride](#) doesn't expect any policy change to occur before the end of the year. That's because Fed targets for economic growth and inflation are unlikely to be met in the near future.

**Sheila Bair**, former head of the FDIC and current chair of the non-profit Systemic Risk Council, answers all your questions about the financial system [here](#). My favorites:

1) Does anybody have a clear vision of the desirable financial system of the future?

Bair: Yes, me. It should be smaller, simpler, less leveraged and more focused on meeting the credit needs of the real economy. And oh yes, we should ban speculative use of credit default swaps from the face of the planet.

8) Can we realistically solve the “too big to fail” problem?

Bair: We have to solve it. If we can't, then nationalise these behemoths and pay the people who run them the same wages as everyone else who work for the government.

<sup>1</sup> Who knew that Paul Kantner (Airplane rhythm guitarist who wrote the lyrics) was channeling bank CEO Jamie Dimon?

May 2013 Unemployment Rates			
	May 2013	Apr. 2013	May 2012
<b>Seasonally Adjusted:</b>			
U.S.	7.6	7.5	8.2
U.S. U-6	13.8	13.9	14.8
Washington	6.8	7.0	8.4
Oregon	7.8	7.9	8.8
Portland Metro	7.3	7.5	8.3
<b>Unadjusted:</b>			
U.S.	7.3	7.1	7.9
Washington	6.6	8.3	9.2
Oregon	7.6	7.8	8.4
Clark	7.8*	9.3	11.0
Cowlitz	10.2	9.8	11.0
Wahkiakum	10.6	11.4	12.3
Portland Metro	7.0	7.2	8.1
*See text. Data will likely be revised upward.			

## Sequester Watch

Economist [Jared Bernstein](#) has been tracking the effects of the decline in federal expenditures. File this one under “death from a thousand cuts.” A sampling:

- Federal employment, which had been trending downward before the sequester kicked in, started falling at an accelerating rate in March. Payrolls fell by 39,000 in the twelve months prior to February 2013, but have dropped by 45,000 in the three months since then.
- The 21 percent reduction in long-term unemployment benefits.
- Layoffs, waiting lists and canceled deliveries for Meals on Wheels.
- The loss of \$1.7 Billion, 700 Research Grants at the National Institute of Health.
- A reduction of 70,000 slots in Head Start, with more to come.
- Certain Medicare clients undergoing chemotherapy have been cut off from treatment.

## State of the States—and PDX

It may be two more months before we get a better read on Washington’s labor market. That will be when January’s too-big-to-be-believed job gain is revised. Until then, the preliminary data show good job growth (2.4 percent over the year). May was a so-so month, the third sub-par month in a row. Losses in construction, aerospace, wholesale trade, banking and business services helped slow things down. Despite slower job growth, unemployment continued to dip, falling to 6.8 percent statewide and dropping below 5 percent in Seattle. A deeper look shows little growth in the labor force, and a shift from unemployment to employment—meaning the vast majority of discouraged workers were still sitting on the sidelines. When Seattle is factored out, the rest of the state weighed in at 8.4 percent, with a decline in the labor force over the year—not a pretty picture.

In Oregon, May brought a *hip-hip* but no *hooray*. Yes, unemployment dipped to 7.8 percent, only two tenths of a percent above the U.S. rate. And yes, Oregon now ranks 35<sup>th</sup> among states in unemployment (with 1 being the lowest rate), its best showing since 1996. And yes, nonfarm employment rose for the eighth straight month. Okay, that’s actually *hip-hip-hip*. A closer look at the labor market, provided by Oregon Employment Department economist [Mark Mullen](#), focused on the state’s plummeting labor force participation rate. Job growth, though steady, has been slow: 1.8 percent over the year. Oregon was still 4.1 percent below its pre-recession peak, vs. 1.5 percent in Washington and 1.7 percent nationwide.

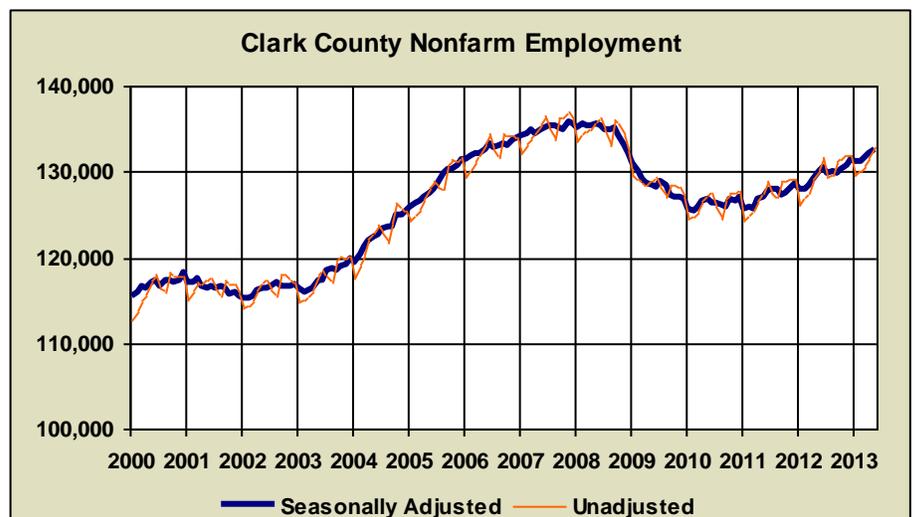
## Regional Roundup

### Clark County

Clark County’s continued its moderate improvement in May, but still has a long way to go. The short-terms were generally positive—decent job growth, declining unemployment. It’s just that the county is missing a few thousand jobs.

Over the month:

- On a seasonally-adjusted basis, nonfarm employment rose by 400 jobs over the month, a solid but not flashy gain. Roughly half of the increase was in government; the rest was split between business services and health care.
- Unadjusted job counts were up 1,500 jobs. There was normal seasonal hiring in construction (+300), wholesale & retail trade (+300), and leisure & hospitality (+200). Professional services dropped by 300 jobs with the



end of tax season, while business services popped up by 200 jobs, double the seasonal norm. The public sector added 400 jobs, with K-12 up 100 when a decline of 100 is often the case this month.

Over the year:

- Job growth over the year was 2,800, or 2.1 percent. Hiring has accelerated a bit—the pace has quickened to 2.8 percent over the past six months.

What's hot, what's not:

- Construction and manufacturing have both added 600 jobs over the year, but have both slowed since the first of the year.
- Trade & transportation has heated up in the past six months.
- Information, finance, and real estate & leasing have all been slumbering, along with professional services.
- After a big infusion last June, hiring at corporate offices has tapered off.
- Business services has had two strong months in a row.
- After two strong years, private education services has flat-lined.
- Health care has been in the doldrums for almost a year and a half.
- Leisure & hospitality has been on a roll (+800 over the year), and other services payrolls have marched steadily upward.
- Federal government was up slightly, while state government hasn't changed much.
- K-12 education has bottomed out and begun to bounce up, while other local government has languished. Clark County's decision to extend the development fee holiday will likely lead to further cuts.

April's preliminary unemployment rate of 7.8 percent was revised upward to 9.3 percent, as predicted. May's preliminary rate of 7.8 percent will likely end up in the same spot. Initial unemployment claims were unchanged over the month, while continued claims, though still well above normal, continued to decline.

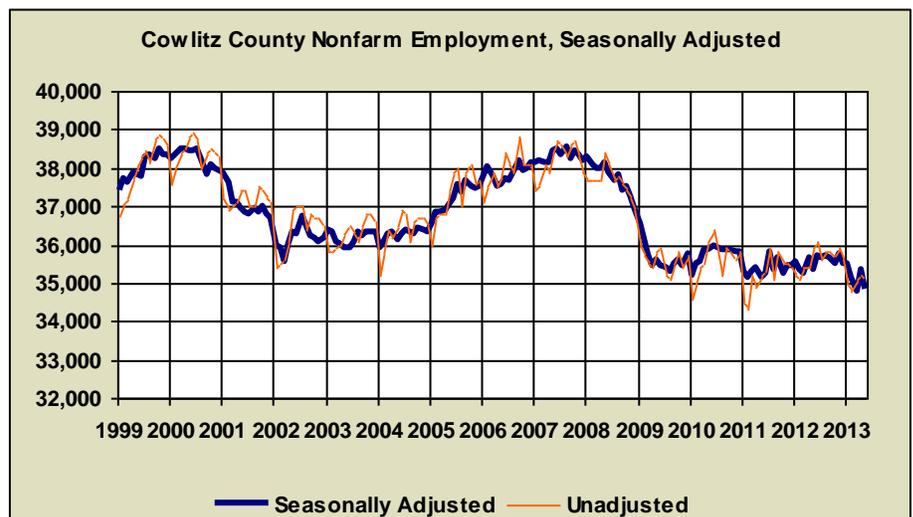
## Cowlitz County

In Cowlitz County, things took a turn for the worse in May. Unemployment remained high while job growth over the past year has taken a dive.

Nonfarm employment slipped by 100 jobs over the month. In contrast, job counts rose by 400 jobs in May of 2013. As a result, the year-over-year comparison looked pretty ugly: -600 jobs, or -1.7 percent. According to estimates prepared by the U.S. Bureau of Labor Statistics, the losses have all been in private sector service industries, such as retail trade (-200), health care (-100), and leisure & hospitality (-100).

It is possible that the trend over the past few months might be temporary downturn, and hiring will pick up in the next few months, but it seems the best one could hope for is a reversion to a no-growth scenario.

The good news this past month was the sale of the Longview Fibre paper mill to a relatively new company that seems to be forward-looking. Company officials praised the mill and touted the possibility of new investment.



Unemployment in May was estimated at 10.2 percent. While this was lower than the May 2012 figure, the decline was due entirely to people dropping out of the labor force. There was little change in either initial or continued unemployment claims.

## Wahkiakum County

Wahkiakum County's labor market continued to bounce along the bottom in May.

Nonfarm employment was estimated at 680 jobs, only 10 jobs different from April. Compared with a year ago, there were 10 fewer jobs, as gains in logging were overmatched by losses in the service sector. Employment remained over 200 jobs below the pre-recession peak of 880 jobs.

Unemployment was estimated at 10.6 percent, almost two points lower than the 12.3 percent from last May. Considering the flat job market in the county and in next-door Cowlitz County, it's difficult to imagine that the unemployment situation has measurably improved.

