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HEADLINE: L.A. 'BLEEDING' JOBS IN MANUFACTURING;

BYLINE: Gregory J. Wilcox, Staff Writer

BODY:

The Los Angeles metropolitan area retained its title as the nation's biggest manufacturing center for the 13th consecutive year during 2003, but job losses remain a prime concern because of the state's unfriendly business climate, a top regional economist said Monday.

Nevertheless, the sector across the broader Southern California region from Ventura to San Diego counties remained robust enough last year with 953,000 manufacturing jobs to rank second nationally if it were a state, said Jack Kyser, chief economist at the Los Angeles County Economic Development Corp.

Three other Southern California metro areas ranked in the top 20. Orange County placed ninth, the Inland Empire 17th and San Diego 20th.

Kyser, speaking during the the opening of the Society of Manufacturing Engineers WESTEC 2004 exposition at the Los Angeles Convention Center, said these jobs are critical to the regional economy and considered vulnerable by other states and foreign countries.

"Manufacturing, despite all the talk about it going away, is still alive and well in Southern California and aerospace (work) is a very important component of that activity, but everybody has taken their eye off the ball," he said.

Manufacturing employment in Los Angeles County has fallen from just over 800,000 jobs in 1990 to about 511,000 positions last year.

Last month the Keystone Group, a collaboration of economic development concerns from Central and Southern California, released a report showing that between July 1999 and October 2002, Los Angeles County lost 156,000 manufacturing jobs. During the same time, Riverside County gained 7,000, San Bernardino County 12,000 and Orange County 5,000.

"We're bleeding the very kind of jobs we want and need to have," said Steven B. Frates, a senior fellow at the Rose Institute of State and Local Government at Claremont McKenna College, who worked on the report.

More than 50 percent of the manufacturing jobs are held by Latinos, he said. And these positions are the fastest track to middle-class prosperity for workers who do not have a college degree.

"On average, it takes someone with a post-bachelor education before you get average incomes higher than they are in manufacturing," he said.

Frates said workers' compensation costs, rules and regulations and taxes are driving away manufacturing jobs.

Kyser said economic development is not about which retailer is going to come into the area, so it is important to grow the aerospace sector, noted for its high pay scale.

"The bottom line is, you have something of great value right under our noses and it's time to start thinking about this in very serious fashion. The very blunt message is, stop thinking about Wal-Mart and focus on your aerospace firms," he said.

To that end, Assemblyman Abel Maldonado, R-San Luis Obispo, on Monday proposed a tax break for companies involved in the space flight industry. Maldonado, the lead Assembly Republican on the issue of workers' compensation reform, said his bill makes sense despite coming at a time when Sacramento is grappling with a projected \$17 billion deficit.

Assembly Bill 1869 would grant a sales-tax exemption for companies that manufacture "qualified material used for space flight." The aim is to keep companies from taking such businesses both to other states and other countries, said Maldonado, who estimates the cost of the bill to the general fund to be \$1.6 million annually.

"I believe you have to invest to bring more revenue to the state of California," Maldonado said.

Maldonado's bill is endorsed by California's aerospace industry, notably Lockheed Martin, which joined the assemblyman at a Capitol news conference to tout AB 1869. Ironically, Lockheed Martin has already committed to overhauling a space-launch site at Vandenberg Air Force Base in Santa Barbara County, even though the company is not guaranteed any tax breaks for doing so.

Bruce Ackerman, president and chief executive officer of the Economic Alliance of the San Fernando Valley, agreed that manufacturing, especially aerospace, is important. The Valley has the second-largest manufacturing base in the county, he said.

"We've got to be able to keep that competitive advantage," he said.

Staff Writer David M. Drucker contributed to this report.

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MANUFACTURING AT A GLANCE

Here are some key elements of Los Angeles County's manufacturing base in 2003.

--Average sector worker earns \$17.55 cents an hour.

--Average aerospace worker earns \$29.61 an hour.

--Manufacturers received \$10.562 billion in contracts from Department of Defense.

--Every aerospace job creates two others elsewhere in the economy.

--Industries with the best growth prospects this year are aerospace, international trade and tourism.

- SOURCE: Los Angeles Economic Development Corp.

GRAPHIC: Box:

MANUFACTURING AT A GLANCE (see text)

Chart:

TOPS IN JOBS

SOURCE: U.S. Dept. of Labor

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