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## Rhode Island, Leading Pack in Job Losses, Struggles On

By [PAM BELLUCK](#)

JOHNSTON, R.I. — The family resemblance shared by John Hallam, his brother Arthur, and their cousin Dennis goes far beyond their ruddy features these days.

All three were laid off this year from jobs they had held for more than a decade, with John losing two jobs in just the last nine months. Dennis's 29-year-old daughter, Mary, a single mother of two, is out of work too, having lost her job at a restaurant when summer ended.

“What the hell’s going to happen to us?” asked John, 58, who drove a truck for a lumber company. “There are no good jobs here anymore.”

Or enough jobs of any kind. [Rhode Island](#) now has the highest unemployment rate in the nation, the first time the state has held that distinction in the three decades since such records have been kept.

With unemployment at 8.8 percent, Rhode Island has edged past Michigan, and every month seems to bring fresh reports of companies cutting workers, shutting divisions, closing altogether.

“I hate to say it but a distinct improvement for Rhode Island right now would be to have our economy be dead in the water,” said Leonard Lardaro, an economics professor at the [University of Rhode Island](#), who compiles an index of Rhode Island’s economic health. “Statistically this is the worst year. Clearly we’re going down faster than other states.”

Saul Kaplan, executive director of the Rhode Island Economic Development Corporation, a quasi-state agency, said the situation “could likely get worse before it gets better,” adding, “ironically, we were the home of the Industrial Revolution.”

Rhode Island has often taken economic crises hard, even as Northeast neighbors, especially Massachusetts and Connecticut, showed more resilience.

“Historically, Rhode Island is one of the first states to feel it and one of the last to come out of it,” said Amy Kempe, a spokeswoman for Gov. Donald L. Carcieri, who has cut about 1,500 jobs from the state payroll in the last year. “With this economic downturn, Rhode Island definitely started to feel the pinch a year ago.”

There are several reasons Rhode Island has fared so poorly in the economic crisis gripping the country.

For one thing, said Sandra M. Powell, director of the state’s Department of Labor and Training, the economy here “has been traditionally strong in the manufacturing sector,” which has “shed jobs quite a bit

over the last several years.”

Rhode Island also has few big companies — more than 80 percent of businesses employ fewer than 20 employees — and small employers have less reserves to withstand economic turmoil, Ms. Powell said.

Mr. Kaplan said that as the industrial jobs moved out of the state, it had become too dependent on lower wage service jobs like retail and hospitality, which he said were “very vulnerable to economic downturns.”

The state also has too few knowledge-based jobs in industries like health care, biotechnology, digital media and financial services, he said. “Only 40 percent of our jobs pay above the national average wage of \$42,000,” he said. “Massachusetts is 60 percent, Connecticut is 60 percent, which should be our goal.”

Many economic analysts and state officials say Rhode Island has long had a high tax burden for businesses, discouraging them from moving here.

And the mortgage crisis is brutal here, largely because the housing boom attracted commuters from Boston and second homeowners from New York to Rhode Island’s relatively low-priced homes. This raised home prices so steeply that now the housing market is cratering further and faster than elsewhere, said Mark Higgins, dean of the University of Rhode Island’s business school.

There have been recent bright spots, including the expansion of a biotech company, and the luring of a large natural foods distributor with 150 jobs and of an offshore wind project promising 800 jobs.

“There are wins,” Ms. Kempe said, “but we need to intensify the effort.”

The wins, so far, have not eased the number of foreclosures, faltering businesses and struggling families.

“I’ve worked since I was 14 and I always depended on myself, and now I have to depend on somebody else,” said Marianela Olivo, 30, who was laid off after six years at Burger King.

A mother of two who lives in Newport, better known for sumptuous seaside mansions, Ms. Olivo has been forced to move from a \$1,200-a-month rental to \$400-a-month subsidized housing, and to get food from a food pantry. Her unemployment compensation, \$409 a week, ends next month.

“I have my kids in counseling now at school to help them deal with the change in school, the change in neighborhood, the things I can’t buy them,” said Ms. Olivo, as her eyes stung with tears. “They need to understand that things are not the same.”

Another Newport food pantry patron is Dianne Ford, 39, who lives in a housing project with her nine children, including two sets of twins. Studying to be a nurse, Ms. Ford is searching without success for a night job, increasingly forced to stretch every penny.

“As soon as my kids get home from school it’s like ‘I want a snack,’ and I’m like ‘Can you wait until dinner’ because I don’t have it,” she said.

The food pantry, run by the East Bay Community Action Program, is seeing a spike in demand — more than 3,700 families have paid more than 10,000 visits this year to the program's three pantries, in Newport, East Providence and Tiverton, up from 3,000 people and 8,800 visits in the same period last year, said Karen Izzo and Lily Ramey, who oversee the food program.

Statewide, food programs represented by the Rhode Island Community Food Bank are serving 3,000 more families a month than usual, and distributing 70,000 pounds more food, much of it to newly jobless “people who have never asked for food assistance before,” said Andrew Schiff, the food bank's executive director.

“It has such a ripple effect on everything,” said Dorothy Mattiello, vice president for human resources at Hope Global, a Cumberland company making engineered textiles for car interiors and the military. Ms. Mattiello's company is better off than many, having had only two layoffs, and is reducing all 200 employees to a four-day week under a program that allows them to collect unemployment for the fifth day.

“We're very, very fortunate,” she said. “We have tons of people applying to the company for positions.”

Working to remedy the situation, Governor Carcieri has formed a tax policy committee to recommend changes. Mr. Kaplan said state and economic leaders were “moving full steam ahead to create a new economy here” to “come out of this downturn stronger than the way we went in it.”

That could not come too soon for the Hallam family. Dennis, 59, who lost his job of 22 years with a company that packages cooking oil, said his unemployment check covered his mortgage, but nothing else. He has not seen his doctor for follow-ups on his prostate surgery because his health insurance has run out.

He applied for state medical assistance, but was told he needed to be 65. And when he tried to apply for a truck driver's license, he failed a required math test.

“What kind of math do you need to know?” he asked. “Just don't take a 15-foot truck under a 13-foot bridge.”

Arthur, 60, who worked with Dennis, now has to pay out of pocket for medicine for anxiety and high blood pressure, and fills empty hours by walking in the park because it is free.

“You don't see the light at the end of the tunnel,” Arthur said.

“And,” added Dennis, “there's about a million boulders in that tunnel you got to climb over to get through.”

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