



Something's slowing plunge: billions in taxpayer bailouts

By James Parrott

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If you had asked me three months ago how many jobs New York City would lose during this downturn, I wouldn't have hesitated to say 300,000 or so. Today, I am not so sure.

Most forecasts calling for such job losses were premised on a substantial shrinkage of the finance sector. Yet here we are—more than a year after Wall Street started to shed jobs, and six months after September's market meltdown—and fewer than 25,000 finance jobs have evaporated. Something's going on to brake the plunge in Wall Street's head count. We can't be sure, but it must be the billions upon billions in taxpayer bailouts.

Since the city's job count peaked last August, we've lost nearly 100,000 jobs overall. Job losses in virtually every sector will mount for months to come. Unemployment will continue climbing well into 2010. Wages and incomes will suffer, and this recession will be one of the worst since the 1930s.

But for New York City, will this downturn be anything like the 1988-92 slump, when the city lost 360,000 private-sector jobs, 10% of the total? I don't think so. One, this downturn has socked, and socked hard, most parts of the country, not just New York. Two decades ago, many regions around the country barely noticed a mild recession.

Now, with the entire country reeling, there will be tremendous pressure on Washington to provide sufficient stimulus to spur an eventual rebound.

Just because we lagged entering the downturn does not mean that we will lag sharing in the recovery. In fact, if the next federal stimulus is anything like the current Obama stimulus, New York will do all right. State fiscal relief, infrastructure renewal and the promotion of a green economy favor states like New York.

A second reason this downturn is likely to be less severe for the city is that, unlike during the 1988-92 downturn, New York City's relative position is much stronger. Our quality of life is much higher, demographic and lifestyle changes have made large cities in general more desirable, and our population density is more compelling in an era when people are becoming more conscious of natural resource constraints.

A cynic would add that it doesn't hurt to be the financial capital when desperate policy makers are flooding financial institutions with taxpayer dollars.

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