



News from the Fiscal Policy Institute

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New report from FPI: <http://www.fiscalspolicy.org/SOWNY2010.html>

New York starting to see job growth but not yet recovery *High unemployment persists—Most states fare far worse than New York*

Although the worst may be behind us, the persistence of sky-high unemployment means that economic recovery is not yet helping most New York workers, according to the latest annual report on the state of New York's economy released today by the Fiscal Policy Institute (FPI), a nonpartisan research and education organization.

While New York City has started to see some net job growth, the downstate suburbs and the upstate areas have seen very little job growth so far in 2010. One in every six New York workers is unemployed or underemployed, and half of the unemployed have been without work for more than six months. Two years after the recession started in New York, workers are still losing jobs at a pace thirty percent greater than before the recession.

"You can hardly call this a recovery if one-and-a-half million New Yorkers are unemployed or underemployed and if the overwhelming majority of those lucky enough to hold onto their jobs have seen their weekly earnings shrink as a result of the recession," said James Parrott, the Fiscal Policy Institute's Deputy Director and Chief Economist. Parrott attributed the dismal earnings trend to the impact of prolonged high unemployment that reduces the bargaining power of workers in securing better wages.

From December 2007—the start of the national recession—through December 2009, New York lost 250,000 jobs. This 2.8 percent job decline for New York meant that 40 states had even worse job performance over that period. New York's 11 upstate metro areas experienced smaller job losses than most of the 365 metro areas in the U.S. The report noted that this certainly does not

mean that upstate New York areas were spared the recession's devastating effects, only that New York was hit a lot less hard than most parts of the country.

Pointing to the relatively better job and per capita income growth performance for upstate metro areas, FPI's Executive Director Frank Mauro stated, "Claims that state and local government spending patterns or high taxes here are holding back New York's economic growth are often just that, claims that are not substantiated by credible economic analysis. Given the effects of the Great Recession in reducing employment and undercutting state and local tax revenues, New York's economic and budget challenges are far from unique."

Other highlights from the FPI report include:

- New York's recession job losses have been greatest in manufacturing, finance, construction, state and local government, and retail trade.
- Private educational services and health care and social assistance have added jobs in New York over the past two years at nearly identical rates as seen for the nation as a whole.
- Unemployment rates are higher among men, blacks and Hispanics in New York. The broader unemployment rate that factors in discouraged workers and the underemployed was 21-to-25 percent for blacks and Hispanics in New York City and in the rest of the state during the first half of 2010
- Major forecasts foresee weak economic and job growth and continued high unemployment through 2011. It is doubtful whether New York City, where most of the state's 2010 job growth has occurred, can sustain that growth if national economic and job growth remain tepid.

Parrott noted that the American Recovery and Reinvestment Act (ARRA) likely saved or created 200,000 jobs in New York. He stated, "The Recovery Act helps explain why New York's job loss from the Great Recession was much less than had been feared in late 2008 in the immediate wake of the September 2008 financial market collapse." Parrott continued, "The Recovery Act was critical in rescuing an economy that was headed off a cliff in late 2008. However, by itself it has not been sufficient to generate a sustained recovery. We need policy makers to focus again on spurring aggregate demand and creating private sector jobs, averting economy-shrinking cuts in state budgets, and investing in productivity-enhancing infrastructure, particularly such areas as mass transit."

For an in-depth analysis of jobs and economic trends in New York State, see the Fiscal Policy Institute's report, *The State of Working New York*, September 5, 2010, available at <http://www.fiscalpolicy.org/SOWNY2010.html>.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices that better the economic and social conditions of all New Yorkers.