Since it began late in 2007, the Great Recession has driven bankruptcy and foreclosure rates sky high, slashed nearly 8 million jobs, swollen the ranks of the unemployed to 15 million, and shrunk the coffers of local and state governments across the country. After two years of such grim news, the first months of 2010 seemed to offer welcome relief on many fronts. Retail sales jumped 9.1% and new home sales climbed 26.9% in March 2010 over the March 2009 levels. In March and April, according to the survey of regional conditions by the Federal Reserve (The Beige Book), most regions of the country registered improvements in retail sales, home purchases, manufacturing activity and business capital investment.

Though the country’s overall economic activity, as measured by real gross domestic product (adjusted for inflation), shrunk at an overall annual rate of 2.9% in 2009 from its 2008 level, it bottomed out in mid-2009 and managed to grow thereafter. In the last three months of the year, it jumped 5.6%. And the first quarter of 2010, real GDP rose a healthy 3.0%. Personal consumption, inventory investment, and export expenditures remained strong, though softer than in late 2009, and partially counterbalanced by falling state and local government spending.

The availability of more well-paying jobs is clearly the most important economic indicator for most Americans. After more job shrinkage nearly every month of 2009, there was finally strong net growth of 208,000 new nonfarm jobs in March 2010. Even larger payroll job gains were racked up in April (+290,000) and May (+431,000), boosting hopes of a trend toward labor market revival. By way of contrast, in May 2009 the job count plunged by 387,000 The national unemployment rate also improved, dipping below 10% to 9.7% by May 2010. Big interstate differences in unemployment remained, with Nevada and Michigan among those well into double-digit rates. But 37 of the 50 states recorded lower unemployment in May 2010 than the month before.

Corporate profits and executive bonuses were certainly big winners. First-quarter profits at large (S&P 500) companies leapt a “dazzling” 87% over the past 12 months and the $140 billion in Wall Street bonuses and other compensation at the largest firms made 2009 the biggest pay year on record there. Unfortunately, there is little evidence that any of that trickled down to improve the job and pay prospects of the average working family. In April 2010, average hourly wages crept up an anemic 1 cent to $22.47.
Lower-paying temporary government jobs for the 2010 Census count was a major component of job growth, particularly in May 2010. Of the 431,000 new jobs that month, fewer than one in ten (41,000) were created in the private sector. And while the unemployment rate was declining, it is moving far more slowly than at the same stage in previous recessions. Unemployment was high for nearly all demographic and skill groups, but far higher for males, African Americans, Latinos, youth and those without college degrees. Joblessness among both Blacks and Hispanics was still well into double digits (15.5% and 12.4%, respectively), and over one in four teenage jobseekers remained unemployed. About 38% of Black teens were jobless, a staggering figure even if lower than their 48.4% rate in December 2009. The duration of joblessness became ever more worrying, with 6.8 million people – nearly half the unemployed (46%) – out of work for 27 weeks or more – two and one-half times as high the long-term jobless rate at the recession’s start in 2007.

Among those counted as employed, rising numbers indicate that they are working part-time involuntarily. Including such marginally attached workers and the discouraged unemployed, together with the official unemployed, the Bureau of Labor Statistics estimates “labor underutilization.” By this broader gauge, the May 2010 report shows that the underemployment rate was still near historic highs at 16.6%. Across the country, for each available job vacancy, there were still over five unemployed jobseekers according to the Department of Labor. As of May 2010, the country had 7.4 million fewer jobs than it did at the start of the recession. Even that figure understates how much job creation will be needed to return the unemployment rate to its pre-recession level. Increases in the working-age population have expanded the number of new jobs needed by about three million. The Economic Policy Institute estimates that in order to create another 10.4 million net new jobs, even if the economy attained the peak job-creation rate (2.6% per year) of the 1990s boom, would take until early in 2015.

Wage stagnation and mass unemployment make sustained growth in consumer spending unlikely. Indeed, after the highly publicized retail “turnaround” in March 2010, April retail sales were nearly flat. In May, for the first time since fall 2009, retail sales declined sharply. The sales drop was led by shrinking building materials sales, in part reflecting the fall off in housing. Media reports on the May sales decline found no shortage of surprised economic pundits. The retail slowdown did not fit easily with their hopeful forecasts of resurgent consumer spending. Nor did the news in the bellwether housing sector, once the special federal tax credit for new homebuyers expired on April 30. New home sales dropped in May 2010 to their lowest level since 1963, when consistent recordkeeping began. Sales of pre-owned homes also fell in May.

New York Jobs Picture

After 21 months of decline, New York City’s economy began expanding in the last quarter of 2009. Gross City Product (GCP) grew by 0.96%, after price inflation adjustment. This was less than one-fifth the national growth pace and too small a gain to offset the production cuts earlier in the year. For all of 2009, the city’s GCP contracted 3%. New York, like the nation as a whole, lost significant numbers of jobs in 2009. Without its large public sector, the city’s job decline would have been far more pronounced. In the private sector, employers cut 127,500 payroll positions over this same period.
In the first three months of 2010, the city gained 10,500 new jobs – the largest quarterly job increase in two years. However, all the large industrial categories had fewer jobs in the 12 months ending December 2009. The largest number of job cuts (-30,000 jobs, or -6.6%) came in finance, insurance, and real estate, with most of the cuts concentrated in finance and securities. Housing sales in New York rose some 20% in April 2010 over April 2009, but sales seemed to be concentrated in the low-priced end of the market, where the federal homebuyer tax credit was especially influential.

The city’s unemployment rate ended 2009 at 9.7%, compared to 7.1% the previous December. With seasonal adjustment, the rate peaked at 10.6% in October, fell to 10.3% by year’s end, and then fell further to 10% by March 2010. One sign of the depth and breadth of the current recession is that New York’s double-digit jobless rate only puts it in the middle of the national rankings. This is doubtless little comfort to the more than 400,000 unemployed New Yorkers.

The manufacturing workforce shrunk by 11,600 jobs (-12.7%) in 2009 – the highest percentage rate of decline of any sector. With industry-wide employment now at only 80,000, the city’s manufacturing workforce is half the size it was at the cyclical peak in 2000. Pfizer, the world’s largest pharmaceutical firm, announced in May 2010 that it would slash 1,400 jobs at its world headquarters in Manhattan. This is a major blow for both its employees and the city’s economic development policy of offering “retention subsidies” to preserve jobs at large employers. Just seven years ago, the city lavished $12 million in tax breaks on Pfizer in return for its pledge to create jobs locally.

Over the same period, the city lost 13,200 jobs in transportation, warehousing, and utilities. Though the city continued to attract massive tourist and immigrant inflows and was still the nation’s largest aviation market, passenger traffic to JFK and LaGuardia airports dipped 5.4% in 2009. Even relatively small job losses can have magnified ripple effects in other sectors like cargo, ground transport, food services, and lodging. According to the NYS Department of Labor, the city’s two airports may directly and indirectly account for as many as 328,300 jobs and $13.8 billion in wages. There were nearly 10,000 fewer retail sales jobs in the city at the end of 2009 than 12 months before, a 6.7% decline. In the diverse services super-sector, long an engine of local growth, job losses totaled 35,400 from December 2008 to December 2009. The health care workforce found itself surprisingly vulnerable to job cuts this past year. In February 2009, the bankruptcies and closures of Mary Immaculate Hospital in Jamaica and St. John’s Queens Hospital forced large layoffs. In April 30, 160-year-old St. Vincent’s, the only major hospital in Manhattan’s Greenwich Village, closed after a rapid, desperate, and ultimately failed search for a merger partner and over 3,500 St. Vincent’s employees have just lost their jobs. The city’s Health and Hospitals Corporation predicted that municipal budget woes would likely require that city hospitals lay off 1,300 more employees over the coming year, as well as leaving unfilled an added 1,300 positions.

For those fortunate enough to still have a job, the recession still had a serious toll on their wallets. In the non-financial private sector in 2009, inflation-adjusted average wages dropped by 4.8%. Wage cuts hit employees in 70 of the city’s 88 private industries, accounting for four out of five private sector jobs.

Long Island Economy
Long Island lost 24,500 jobs in 2009, a nearly identical rate of job shrinkage (-1.9%) as in the city. Despite later improvement, in 2010 the region was still about 60,000 jobs short of its pre-recession level. The industries in Nassau and Suffolk Counties suffering the largest job cuts were retail trade (-7,700), construction (-6,200), and manufacturing (-6,200). The latter sector did receive some good news with the announcement that a major employer, Canon USA, planned to expand into a $636 million headquarters in Melville. Up to 2,100 jobs would be preserved or created in this move from its current facility in Nassau County. To sweeten the deal, the state’s Empire State Development Corporation agreed to add lanes to nearby service roads off the Long Island Expressway (at a taxpayer cost of $8 million). Unlike in New York City, two sectors on the Island managed to expand in 2009, wholesale trade and government mostly school personnel). But county budget pressures threaten public sector cuts, especially in the schools.

“The twenty-first-century handbook to the myths and realities of the U.S. economy. Extensively revised and expanded with the most up-to-the-minute data . . . This new edition includes cartoons or artwork on every page, along with a glossary and analytical tool kit to help readers along the way.” – Review from Google Products