NYC 9/11 Public Portal Document

THE NEW YORK TIMES, FRIDAY, SEPTEMBER 21, 2001

New Data Show Rapid Decline In Employment Last Month

By LESLIE EATON

Unemployment surged in New York City last month, as job losses hit hard on Wall Street and in some of the other industries that economists say will be most hurt by the destruction of the World Trade Center.

New data from the New York State Labor Department and the New York City comptroller's office paint a picture of an economy that was rapidly weakening in August, even before the trade center disaster last week.

The unemployment rate, which had been falling fairly steadily in the city and edged down in July to 5.0 percent, jumped to 5.8 percent in August, after adjusting for seasonal factors. This is the highest jobless rate since May 2000.

Meanwhile, companies employed 8,200 fewer people in August, after adjusting for seasonal factors. This is the steepest decline in more than five years, according to Comptroller Alan G. Hevesi's office, which adjusts the state's figures for seasonal factors.

Employment at financial firms fell by 2,300 jobs, 1,600 of them at securities firms; the rest were lost from banks and insurance companies. Analysts expect more layoffs on Wall Street because of the trade center disaster and its calamitous effect on the stock market, where three years of gains have been wiped out. Business services, which include consultants, computer companies and temporary agencies, lost 5,000 jobs. These companies had been adding personnel rapidly in the last couple of years, a trend some economists said was closely tied to growth on Wall Street.

Tourism-related businesses and entertainment also suffered. Employment in motion pictures and at amusements like tourist attractions dropped by 2,900; transportation and utilities by 400; and restaurants and bars by 200. Those figures are likely to increase this month, as airlines slash their schedules and hotel rooms that were hard to come by a year ago remain vacant.

"Areas that were strong last year and are not doing as well now are also the ones being impacted by the World Trade Center disaster," said James Brown, an analyst at the State Labor Department. Over the last 12 months, Mr. Brown said, the number of jobs in the city probably grew by only 0.6 percent. Employment growth had been running at about 2 percent for several years, and last year reached almost 3 percent.

Jobs have been growing in a few areas, particularly health care, which added 2,000 workers last month, according to the comptroller's office. Real estate also grew a little, as did social service agencies and stores.

The trade center collapse has clouded economists' crystal balls even more than usual. And the data they rely on may be in short supply; it is unclear if the state will be able to collect all the employment information it usually gets from businesses in Lower Manhattan. But they do agree the impact will be huge, and, in the short term, bad. Mark Zandi, the chief economist at Economy.com, estimates that $15 billion will be sucked out of the city's $500 billion economy this year because of the trade center collapse. And that's not including $20 billion in property losses.

Of course, the economy will be helped as insurance proceeds and federal aid begin to pour in, and physical reconstruction begins. But for the city's economic future, Mr. Zandi said, "It all comes down to financial services and travel. If they slide away, no matter how much rebuilding there is in Lower Manhattan, it won't be enough."

CITY_21MC100_011829739

NYC-WTC_000412414