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City Report Says the Economy Will Shrink 3.1% Next Year

By MICHAEL COOPER

New York City's economy will shrink next year for the first time since 1991, according to a report that was issued yesterday by City Comptroller Alan G. Hevesi. The report predicts that the aftershocks of the attack on the World Trade Center will contribute to a net loss in jobs, a slowing of growth in wages and a sharp decline in the amount of money that the city will be able to collect in taxes in the next year.

The report, an annual look at the city's finances and economy, predicts that the city's economy will shrink by 3.1 percent in 2002. It would be the city's first yearlong decline since the recession of 1991, and Mr. Hevesi's report suggests that much of it will be a result of the attack, rather than the national recession. The city's economy grew by 5.2 percent in 2000 and by an estimated 1.4 percent this year.

"The city's economy was weakening before Sept. 11, but was still stronger than the national economy," Mr. Hevesi said in a statement. "Now, due to the impact of the trade center attack, New York City's economy is expected to be weaker than the national economy. The nation is expected to recover in the second half of 2002, but the outlook is not as good for the city."

The city had been creating jobs at a rate faster than the nation until Sept. 11. Then, in October alone, the government reported the loss of 79,000 jobs in the city, a 1.6 percent decline, which is more than five times the national figure of a 0.3 percent decline in jobs that month.

Through the end of this year, the report estimates, the city will have gained an estimated 17,000 jobs, down sharply from last year.

Next year, the Hevesi report estimates, the city will suffer a net loss of 68,200 jobs, driving its unemployment rate to 6.7 percent, up from an average of 5.7 percent in the last two years.

The report presents a grim picture of jobs lost; a drop in the amount spent in the city by tourists; a rise in the amount of empty commercial real estate; and decreases in the amount of taxes the city can expect to take in. "The city," the report says bluntly, "has had a devastating year."

In a letter that he sent yesterday to members of the City Council, Mr. Hevesi wrote that his office's previous estimate that the World Trade Center disaster could cost as much as $105 billion in the next two years "may even be on the low side."

Mr. Hevesi's report estimates that tax revenues will decline in the current fiscal year by 7.1 percent, or $1.6 billion. (They grew last year by 4.2 percent.) But he predicts that the amount taken in will begin to increase again in 2003, and that by 2004 the city will be able to recover the lost revenue.

But it also holds hope that the money spent by the government and the insurance industry on the clean-up of the trade center site and on compensation to the relatives of the victims and to the owners of affected businesses could lead the city to begin showing signs of recovery next year.

"The sooner the task of reconstruction begins, the sooner the recovery will start," the report said.

Fewer Murders In New York City

The number of murders and shootings in New York City fell last week after several weeks of increases, statistics released yesterday show.

The number of murders during the week that ended Sunday fell to 13, from 14 in the same period last year. Shootings dropped 16 percent, to 26 from 31, after a sustained increase over several weeks.

The drop-off came as Mayor Rudolph W. Giuliani proclaimed that national crime statistics continued to show New York to be one of the nation's safest cities. Crime remains down in New York at levels not seen in 30 years.

In the last few weeks, officials have adopted new measures to combat crime, including assigning narcotic detectives to work six-day weeks.

Murder and shootings for the four weeks that ended Sunday still showed a rise, with 53 murders for that period in 2001 compared with 38 a year ago.

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