The Boom Breaks Records, but So Does Inequality: Recent Trends in Job Growth, Unemployment, and Wages

by Gregory DeFreitas

February marked the 107th month since the end of the nation's last recession, making this the longest economic expansion in U.S. history. As this milestone was being reached, the end-of-year data releases on 1999 brought much other positive news. The economy spun out another 315,000 new nonfarm jobs in December, bringing the total created since January 1993 to just over 20 million. The U.S. unemployment rate in 1999 fell to an average of 4.2 percent, the lowest annual average in 30 years. And both the black and the Hispanic jobless rates slipped to their lowest levels since the early 1970s.

The New York metropolitan area, though far slower to climb out of its deeper recession, has continued in recent months to benefit from the nationwide boom. Over the 12 months since December 1998, the region experienced the largest percentage point improvement in its unemployment rate of any large metro area in the country. And both New York City and Long Island enjoyed rates of job creation well above the national average.

Despite signs of continued growth early in 2000, new concerns have arisen about the future of this expansion. On February 2, the government's monetary watchdogs at the Federal Reserve announced the fourth hike in the federal funds rate since June, and signaled that more monetary tightening was likely in coming months. The Fed's actions to raise interest rates have been driven by a belief that the economy is in danger of overheating, based on its recent performance. In the last three months of 1999, total Gross Domestic Product grew at an annual rate of 5.8 percent, price inflation was up 2.2 percent, and the Employment Cost Index rose 2.2 percent.

But, while these increases exceeded many analysts' predictions, a closer look offers little support for the Fed's increasing efforts to slow job and income growth. What business journalists on the *NY Times* were labeling a "blistering pace" of GDP growth was, in fact, almost identical to that of last summer, as was the modest rise in workers' wages and salaries (0.9 percent). The only reasons quarterly employer costs showed an increase were that health insurance costs rose and year-end bonuses were above average, particularly on Wall Street. Moreover, worker productivity (output per hour) surged ahead by 2.9 percent in 1999, much stronger than in recent years, and nearly twice as fast as the 1980s average (1.6 percent). Workers' rising efficiency and feeble wage progress meant that unit labor costs for business rose just 1.8 percent for the year, well below the 2.4 percent of 1998.

It is worth recalling that, while the current recovery from the 1990-91 recession has outdistanced past booms in duration, by many other measures it has far to go yet to match earlier expansions. The rate of job growth since March 1991 has been 18 percent, still well short of the 25 percent rate in the 1960s, and of the 22 percent rate in the 1980s. Unemployment has not fallen as quickly, nor to the same low level (3.4 percent) that it did in the sixties. Both GDP and average family income rose far more slowly in the 1990s, and most workers' wage and salary levels have still not recovered (after inflation adjustments) the peaks they reached in the early 1970s. And earnings and wealth inequalities have become far worse in recent years than three decades ago.

Should interest rates be pushed so high in coming months that sectors like housing, manufacturing, and securities are harmed, the New York metropolitan area could be particularly affected. New York City still has the highest unemployment rate among major cities and has only in the past year managed to recover the job total it had before the last recession. Only 54 percent of the city's adults and one-fifth of teenagers hold jobs, far below national norms. New findings show that the average real incomes of middle- and low-income workers in the region are still lower than a decade ago, and one-fourth of the population remains below the poverty level. The region's recovery has depended heavily on the income growth and consumer demand fueled by Wall Street prosperity. Concern for this and other interest-rate-sensitive sectors were cited by the city's Comptroller's Office in its December projection of much slower local growth in the coming year. The annual rise in Gross City Product is expected to fall from 5.9 percent in 1999 to just 3.5 percent in 2000, and job creation is predicted to drop sharply to 55,000 for the entire year.[1]

The Fed's rate hikes thus seem to many premature, an unnecessary threat to the continued expansion and particularly to the wage prospects of low-wage workers. According to the Economic Policy Institute: "The Fed's action risks higher unemployment, increased housing costs, and will weaken the bargaining power of low- and middle-income workers, whose wages – after stagnating for most of the

1990s – have been rising recently because of tight labor markets. By raising the value of the dollar, higher interest rates will also aggravate our huge trade deficit, destroying more manufacturing jobs."[2]

Job Growth

Among the 272 metropolitan areas for which December payroll data were available, the U.S. Bureau of Labor Statistics reports that the New York City region had the second largest jobs increase (105,600), behind only Atlanta, Ga. (113,600). 241 had over-the-year increases in employment, 29 had declines, and 2 had no change. Still, in percentage terms, New York's increases were far behind the leaders: Las Vegas, Nev. (6.2 percent), Tucson, Ariz. (5.4 percent), and Tampa-St. Petersburg-Clearwater, Fla. (5.3 percent).[3]

New York City's 3.7 million jobs total at year's end represented a jump of 92,100 over the preceding 12 months (Table 1). This 2.5 percent growth rate surpassed both the state (1.9 percent) and the national pace (2.1 percent). The city's private sector alone accounted for 87,800 of all the new jobs, representing a 2.9 percent sectoral increase.

Taking a closer look at the specific sources of these new jobs reveals that two-thirds of them (63,000) were in service industries (Figure 1). Of these, most were in business services (+26,700), health services (+8300), and motion picture production (+5200). Retail trade continued to add jobs to meet the tourism and consumer spending boom. Of its additional 14,800 positions, 6000 were in restaurants and bars. Construction continues to post the highest growth rate, as another 7900 jobs raised employment over the 12-month span by 7.5 percent. Finance, insurance, and real estate (FIRE), the highest income industries, were again among the weakest in job growth (0.7percent). New hiring of 5800 in brokerage firms was partially offset by a loss of 3800 banking jobs. Cuts in bank employment will likely get worse in coming months as Chase Manhattan implements its plan (announced in October) to relocate 3500 jobs from lower Manhattan and Brooklyn's Metrotech Center to other states. The Metrotech losses are particularly painful, coming despite $235 million in taxpayer-financed subsidies given to Chase a decade ago to persuade it to keep back-office jobs in Brooklyn. In the public sector, the city's efforts to cope with a worsening teacher shortage led to 4800 new hires at elementary and secondary schools. In contrast, federal and state government jobs were cut by 1800.

Manufacturing experienced a sharply different trajectory than nearly all other industries, at least in the city. Nearly 6000 jobs were lost in 1999, a drop of 2.2 percent. Over the same period in the previous year, the industry managed no net job shrinkage. The 1999 losses only began during the last half of the year; manufacturing jobs had actually increased (to 261,900) through September. Hardest hit was the garment sector, losing 2800 workers. The next closest victims were printing and publishing, which lost 400 jobs, as did food producing firms.

Over the same period, Long Island had job growth of 2.6 percent, adding another 30,300 net new jobs. Like the city, its leading growth industry over the past 12 months was services, though its 12,500 new jobs accounts for a smaller share of total job growth (41 percent) than in New York (Figure 2). The strongest hiring was in educational and health services. The construction boom continues, generating 5400 new jobs (+9.7 percent) over the year. Wholesale trade was also quite strong, creating 3200 new positions, which pushed the industry's total employment locally to nearly 89,000. As in the city, finance, insurance, and real estate firms had very weak net growth (+400 jobs), as new hiring by nondepository institutions and insurance firms was largely offset by a loss of 700 banking positions. In marked contrast to the city's experience this year, manufacturing actually expanded slightly (by 900 net new jobs) in Nassau and Suffolk counties. This was largely the result of additional hiring in chemicals and allied products. The more high-tech manufacturers in electronics created no net new jobs and 600 positions were cut by instrument makers. As in New York, new school staff hires (+5900) enabled the public sector to post a net increase, despite job cuts by federal and state offices.

The economic future for public sector workers in Nassau County has been thrown into doubt by the county's well-publicized fiscal crisis. "Wealthy but broke," has became a common description of the situation: As most suburban county governments, including its neighbor Suffolk, have been piling up surpluses and seeking taxes to cut, Nassau somehow amassed an outstanding debt of $2.5 billion and saw Standard and Poor's cut its bond rating to BBB, the lowest of any major suburban county. The Republican county executive and legislature tried to begin closing last year's $200 million deficit by raising property taxes 10.5 percent and imposing a property transfer tax just days before the November elections. The voters' judgment at the polls was dubbed by post-election headlines "The Nassau Revolt."[4] After nearly a century of unbroken Republican rule, the county legislature was won by a Democratic majority. However, their majority is slim and County Executive Tom Gulotta still has two years left in office.

The year closed with threats of layoffs and service cuts, and calls for the biggest public sector union, the Civil Service Employees Association, to agree to a $20 million pay deferral. As of late February, the county's year 2000 deficit was reliably projected to be at least $120 million. CSEA has called for the county to seek savings through enactment of the legislature's recommendation to cut politically influenced personal service contracts. "The CSEA Nassau County workforce is not the problem," argues CSEA Long Island Region President Nick LaMorte. "We're the solution--providing value to the taxpayers and delivering essential services."

Unemployment and Underemployment

The New York City metropolitan area managed to post the largest reduction in its unemployment rate (-1.6 percentage points) of the country's largest metro regions (the 51 with 1 million or more population). Despite the improved unemployment numbers, New York's rate is still 1.7 percentage points above the national average and New York again ranks as the worst metro area in the nation in unemployment, in a tie with Los Angeles at 5.2 percent.[5]

New York City's unemployment rate averaged 6.8 percent in the past year. It fell from 7.7 percent in the first 3 months of the year to 6.3 percent in the last quarter.[6] Every section of the city shared in this improved job picture, particularly Brooklyn and the Bronx. The 6.8 percent December rate in these two boroughs is the lowest either has experienced since 1989. As recently as October, when unemployment was still 8.6 percent in the Bronx, a job fair drew long lines of 5000 applicants, some waiting in line over three hours.[7] Nevertheless, their jobless rates remain far higher than those of 5 percent or less in Manhattan, Queens, and Staten Island.

How much does the lower unemployment rate actually indicate more jobholding by New Yorkers? This is always a tough question to answer, since it demands comparison of the results from two quite distinct BLS surveys: one of establishments (the Current Employment Statistics Survey, CES) that records the location and number of jobs, but not the residential or demographic characteristics of each firm's employees; and the monthly Current Population Survey (CPS) which does query individuals about their age, race, sex, current employment, and residence, but does not match this individual information to the establishment data on jobs. Despite their differences, the two surveys' estimates of employment growth have tended to track each other closely, at least until the mid-1990s. A new research study suggests that recent discrepancies between their job tallies may in part reflect population underestimates in the CPS.[8]

The latest CPS household information on the numbers of local residents employed and unemployed is presented in Table 2. The number of New York City residents counted as unemployed fell 68,000 over the 12-month span.The fact that the number of city residents employed was up 63,000 suggests that, compared with recent periods, a far smaller fraction of the decline in those counted as officially jobless was caused by labor force withdrawals. But the CES records of a much larger volume (92,000) of additional new jobs in the city's establishments suggests that a sizeable share are still being captured by commuters rather than the residents of the 5 boroughs.

Have African Americans, Latinos, and youth benefited from the city's tighter labor market? Since neither the state nor the federal statistical agencies regularly publish up-to-date labor force estimates for these groups, we calculate our own estimates from Census Bureau microdata files of its monthly Current Population Survey. Table 3 presents separate estimates of unemployment, employment-population, and underemployment rates by gender, race, Spanish Origin, age, and immigration status for the 20 center cities of the largest metropolitan areas and the suburbs of all metropolitan areas. To produce large enough samples to permit reliable statistical estimates of these geographic and demographic subsets, we pooled the most recent three months (the last quarter of 1999) of raw CPS household data, obtained from the U.S. Census Bureau.

The first column of estimates show that New York still has a somewhat higher unemployment rate than most other large cities, and a far lower fraction of the adult population with jobs: 54.2 percent, compared to 64.2 percent in the average city. In Long Island, the employment-population rate is nearly 10 percentage points higher than downtown. By the broader measure of "underemployment" (taking into account discouraged labor force dropouts and part-timers unable to find full-time work), 10.9 percent of New Yorkers are underemployed, as are 9.7 percent in the large city sample, but only 6 percent of Long Islanders.

All major racial/ethnic groups represented in the table have lower employment-population rates in New York than do their counterparts in large cities or suburbs. But a wide gulf still separates the jobholding success of white non-Hispanics from that of African Americans and Latinos. While only 2.8 percent of whites were counted as unemployed in the city, Hispanic unemployment was more than double that, and the black rate higher still at 10.6 percent. Slightly less than half of blacks and Hispanics hold jobs.

The figures for teenagers are as startling as ever: only one in five New York youth has a job, compared to 36 percent of teens in other large cities and nearly half of Long Island youth. And one of the few government programs aimed at helping teenage jobseekers, the city's Summer Youth Employment Program, is slated for sharp cutbacks. In early December, City Hall announced that the program, which last summer provided 40,000 jobs to poor youth, could be slashed to as few as 5000 jobs.[9] The cuts are blamed on funding changes required by the federal government's new Workforce Investment Act when it goes into effect in July.

Long Island's average jobless rate remains well below the U.S. average and less than half that of the city. But over the past 12 months, the rates in both Nassau and Suffolk rose slightly, as did the numbers unemployed (by nearly 6000). Since the number counted as employed also increased (by 14,500), the higher unemployment rates seem largely a reflection of growing numbers being drawn into the labor market.

Inequality and Wages

With all the largely positive news on job growth and unemployment statistics, it may be surprising to learn that public opinion surveys show that many still feel that they have shared little in the expansion. A nationwide Harris poll in December found that: "Most Americans feel the business boom has left them out in the cold."[10] More than two out of three polled think that business has done only a poor or fair job of raising living standards. Three out of four believe that the boom's benefits are unevenly distributed. Anti-business sentiments are even clearer in the findings that over half think business has too much power and that a majority also express sympathy with the Seattle protests against the World Trade Organization. Similar concerns were echoed locally in a Newsday/Hofstra poll of Queens and Long Island residents.[11]

New research studies support the perception of most Americans that, while they still live from paycheck to paycheck, the economic boom has thus far disproportionately benefited high-income groups. This is nowhere more true than in New York, according to a study by the Center for Budget and Policy Priorities and the Economic Policy Institute. Based on state-by-state analysis of Census Bureau data, they find that New York State and New York City have the worst income inequality in the entire country.[12] The average annual income of the richest one-fifth of the state's families in the late 1990s was 14.1 times higher than that of the poorest fifth of families, far above the national average (10.6). Moreover, the rich-poor gap has widened faster here than anywhere else: in the late 1970s, the income ratio between the top and bottom fifths was just 7.8 in New York, not far from the U.S. average of 7.4.

Inequality has worsened markedly since then throughout the state, but particularly in the New York City metropolitan area. The average income of the richest fifth of New York City families jumped to a level 20 times above the income of the bottom fifth of families by the late 1990s, more than double the city's rich-poor gap in the late seventies. The city's middle class has also lost ground to the rich over this same period. The median income of the top quintile of families has risen to a level 4 times that of the middle fifth of families.

What can account for New York's remarkably high and worsening income inequality? Is it simply a reflection of a trend in which incomes are rising for all groups, but at a faster rate for the Wall Street rich? The data suggest otherwise. While the average annual family income (adjusted for inflation) of the richest fifth in New York City has leapt 18 percent since the late 1980s, the average incomes of the other four-fifths of families have actually *fallen*. As shown in Figure 3, middle-income families suffered a 12 percent drop (to $38,416) and the poorest fifth saw their average income plunge 13 percent (to $7,774). In dollar terms, after inflation adjustments, middle-income families lost an average of $5,084 and low-income families lost $1,164, over the same period that the richest fifth of families enjoyed a $23,373 jump in yearly income to an average of $155,485 by decade's end.

Earnings from employment are by far the main source of most people's income, and the average worker's wages *have* been rising faster than price inflation since 1996. But tight labor markets alone have not yet generated raises sufficient to recover earnings losses of the past. As the hourly wage estimates for New York in Figure 4 show, the average worker statewide is still paid a real wage about $0.75 per hour lower than in 1989.

Even in an area like Long Island where unemployment is well below the national average and the fraction of skilled workers is far above average, most tell pollsters that they are barely keeping ahead of inflation. In the latest Newsday/Hofstra survey, only one in five employees reported obtaining raises of 11 percent or more. And the fraction of workers holding down two or more jobs increased since the last such survey in 1998: over the year it jumped from 8 percent to 11 percent, well above the national rate of multiple jobholding (7.6 percent).[13]

At the bottom of the job market, low-wage workers in New York are, on average, paid an hourly wage of just $7.22 -- over 6 percent less than in the late 1980s (Figure 4). Over the decade, the number of working poor families in New York City has jumped by over 80 percent.[14] The latest poverty estimates indicate that nearly one in every four New York City residents (1.8 million people) lived below the federal poverty income level ($16,665 for a family of four) in 1998 – twice the national poverty rate.[15] Among families with children, 30 percent of New Yorkers still live in poverty. The same study shows that City Hall's unusually severe policies toward the poor have left many with far less public aid than in years past. Only about half the city's poor families were covered by Medicaid, compared with 70 percent just 2 years earlier. In 1996, over two-thirds of the poor received some food stamps, but only 57.5 percent did in 1998. And sharply rising rents of late have forced an estimated 10 percent of the city's poor families with young children into a homeless shelter for at least some period each year.[16]

Unions, Wage Floors & Restructuring

Among the factors that researchers have identified as particularly important contributors to these trends are the long plunge in the real value of the minimum wage, declining union membership and bargaining power, and shifts in the job structure away from manufacturing industries. On the first of these, the 1996 federal minimum wage hike, coupled with the tighter labor markets of late, have clearly helped stem further earnings losses for most workers over the past two to three years. However, its current level of $5.15 is some 17 percent less than what it was two decades ago (after adjustment for inflation), and 27 percent below its 1968 peak. In the coming year, if both unemployment and inflation remain low, the timing appears ideal for Clinton Administration efforts to raise the minimum wage to $6.15. But, Congressional opponents may require that even that modest increase must be phased in over two years.

In his January "State of the Union" speech, President Clinton also proposed expansion of the federal Earned Income Tax Credit, which is targeted at working families living below or just above the poverty line. The EITC has historically had much more bipartisan support than the minimum wage, making its prospects for passage seem favorable. But critics have already noted that, in a period of record budget surpluses, the $2 billion in extra support (largely restricted to families with three or more children) is a remarkably thin addition to an already frayed safety net.

New York has been among a minority of states across the country that failed to raise the state minimum wage after the federal minimum was increased in 1996. Surprisingly, it has been stuck at $4.25 since 1991. As many as 375,000 New Yorkers are not covered by the federal law because they are employees of small firms without interstate commerce or are counted as seasonal workers. Though increases in the state rate have repeatedly been passed by the Democratic majority in the state Assembly, they failed to clear the Senate until late last fall. Finally, in December the Governor signed legislation that, effective March 31, raises the state minimum for farm workers to $5.15 per hour. Moreover, it ties future hikes in the state minimum to those at the federal level; when the federal minimum wage is raised in coming years, the state minimum will match the increase.

"Living wage" ordinances have been drawing increasing interest among local unions and other labor advocates as a means to raise the legal wage floor to an adequate level well above even $6.15 an hour. A November survey by the New York Times found such ordinances now exist in about 40 cities and counties in 17 states.[17] In Los Angeles, for example, the ordinance requires minimum pay of $8.76 per hour to 9000 low-wage employees of firms with city service contracts. In fact, New York adopted its own, little-known living wage law in September 1996 (over the veto of Mayor Giuliani). It covers cleaners, food service workers, and security guards at companies with city contracts. But even fewer workers are now covered (1400) than in Los Angeles and, instead of stipulating a wage floor, the law allows the city comptroller to determine a "prevailing wage."

The steady decline of the fraction of workers unionized nationwide has been shown to account for up to one-fifth of the trend toward widening earnings inequalities. After falling by over one-fourth since 1980, union membership across the U.S. climbed by 265,000 in 1999, its fastest growth in two decades. Unions actually succeeded in organizing some 600,000 new workers last year, according to AFL-CIO estimates. But layoffs and worker mobility resulted in net growth of less than half that number. However, this was still enough to end the long slide in the unionized share of the national work force, now 13.9 percent.

With about one in four workers organized, New York has the second highest union density in the country (exceeded only by Alaska). But during the 1990s, the state lost unionized workers at a pace far faster than the national average. Much of this erosion in unionized jobs was a direct result of huge declines in manufacturing employment.

The past year saw a dramatic increase in local unions' efforts to organize more members, to cooperate in inter-union coalitions, and to work for more ambitious programs at the bargaining table as well as in the political arena. In fact, 1999 ended with two highly publicized examples of union victories with broad public impacts. First, a major new program ("Family Health Plus") for a million New Yorkers without health insurance was widely credited to SEIU Local 1199. The Governor and the State Legislature agreed to finance the coverage of one-third of the state's 3.2 million uninsured by doubling the state cigarette tax and using a share of the state portion of the national tobacco lawsuit. The package also extends the life of a $1 billion program of medical training and charity health care. The union, led by Dennis Rivera, spearheaded a $10 million campaign of media ads, mailings, and lobbying in the fall that overcame considerable business opposition.[18]

December also saw New York City's subway and bus drivers win the biggest wage hikes of any of the city's public sector unions in over a decade. Transit Workers Union Local 100 had threatened a possible strike over the busy holiday season if the city would not dip into its large budget surplus to make up for a past wage freeze. In response, hours before the transit contract was to expire, Mayor Giuliani obtained an unusually sweeping injunction against the union from State Supreme Court Justice Michael Pesce. It not only prohibited the TWU from striking (based on the state's Taylor Law), it even barred union members from advocating a strike. And it threatened $25,000 fines on anyone who acted contrary to the injunction. The mayor's public justifications for these harsh legal threats included a surprising warning: New York City was threatened with a revival of Marxism! In a City Hall news conference, he announced: "There are people who want to cause anarchy. I know a week ago I said that Marxism unfortunately is still alive in parts of New York City even in the latter part of this century, even though it's been disgraced all over the world."[19] This was an apparent reference to Tim Schermerhorn, leader of the TWU's dissident New Directions caucus, who was quoted as responding: "Marxists? I always liked Harpo."[20] Despite opposition from New Directions to its work rule changes, a new contract finally accepted by the city and a majority of TWU members that will effectively raise wages 18 percent over three years and bar layoffs of unionized employees. Other union leaders representing the 300,000 city workers whose contracts expire this year have stated their intention to demand at least comparable wage offers.

The year has also witnessed a surprising number and variety of smaller, less visible organizing efforts among workers not traditionally viewed as likely union recruits. For example, organizers with the International Association of Machinists have won contracts covering hundreds of immigrant drivers of corporate “black car” fleets. They have won active support from Archbishop John O’Connor and have pressured large Wall Street banks and brokerages to agree to exclusively rely on unionized fleets. On Manhattan’s Lower East Side, UNITE Local 169 and a coalition of community groups have, after a 6-month boycott, begun winning union recognition for low-paid Latino workers at small fruit and vegetable markets. On the Upper West Side, North African deliverymen for chain supermarkets have begun organizing into a union after picketing a number of stores to protest widespread underpayment of wages. And Aramark cafeteria workers at J.P. Morgan investment bank won recognition of the Hotel Employees and Restaurant Employees (HERE) as their bargaining agent. After a highly publicized six-week campaign, the workers persuaded management to accept as binding the results of a card-check drive in which the majority of employees signed on with the union.

Long Island has also seen a quickening pace of organizing over the past year in several industries. CSEA, even while battling to stave off threatened job and pay cuts in Nassau County, has managed to win two notable victories. Last summer, a majority of the 445 service and maintenance workers at the private Long Beach Medical Center and Nursing Home voted for CSEA representation. Throughout the autumn, CSEA members fought to persuade management to begin negotiating their first contract with the union. Then, in mid-December, CSEA charged that the center’s administrators were trying to penalize newly unionized workers with a new health insurance plan that requires them to contribute far more money toward premiums than their non-union co-workers. CSEA has filed an unfair labor practice charge with the NLRB and requested a court injunction. December also saw CSEA win a card-check campaign to organize some 500 Hempstead town bus drivers, clerical, sanitation and other workers. The union finally persuaded the town that, rather than being just seasonal employees ineligible for unionization (as Hempstead long claimed), most of these municipal workers did the same jobs as full-timers, but with far lower wages and benefits.

Finally, despite a brief upturn earlier in 1999, the secular decline in manufacturing continues with little end in sight. This steep decline in often high-wage, skilled union jobs seems increasingly to be accepted as a fact of modern life, largely ignored by politicians and the press, and positively welcomed by apartment hunters desperate for affordable loft space. But new research evidence indicates that the loss of manufacturing jobs may account for between one-third and one-half of interstate wage inequality. Northeastern states like New York where manufacturing has withered had the largest jumps in wage inequality during the 1970s and 1980s, in contrast to little or no worsening of inequality in states elsewhere that have expanded manufacturing.[21] Recent studies by the New York Industrial Retention Network and the Center for an Urban Future have brought new attention to the potential for a revival in manufacturing through adoption of broad-based “sectoral” development policies pursued successfully in other cities.[22] The new year may show whether city development policy can be changed from its present focus on multimillion dollar subsidies to a handful of Wall Street giants and begin offering significant aid to the small- and medium-sized firms responsible for most job creation.

Table 1
Number of Nonfarm Jobs (in thousands) by Place of Work: 1998-99

	Dec. 1999	Dec. 1998	% CHG
U.S.	130694.0	128028.0	2.2%
NY State	8581.0	8417.7	1.9
New York City	3714.1	3622.0	2.5
Nassau-Suffolk	1214.5	1184.2	2.6

Source: Establishment data (not seasonally adjusted) from NY State Dept. of Labor.
Note that these data reflect regular revisions made by the Dept. of Labor.

Table 2
Civilian Labor Force, Employment & Unemployment:
New York City, Nassau-Suffolk & All U.S., Dec. 1998 – Dec. 1999
(in thousands, not seasonally adjusted)

	Labor Force		Employed		Unemployed		Unemp. Rate	
AREA	Dec. 1999	Dec. 1998	Dec. 1999	Dec. 1998	Dec. 1999	Dec. 1998	Dec. 1999	Dec. 1998
U.S.	139941.0	138297.0	134696.0	132732.0	5245.0	5565.0	3.7%	4.0%
NYC	3428.3	3432.4	3233.7	3170.2	194.6	262.2	5.7	7.6
Brooklyn	959.0	963.7	893.5	876.0	65.5	87.7	6.8	9.1
Bronx	462.1	465.6	430.6	422.2	31.5	43.4	6.8	9.3
Manhattan	824.2	824.5	785.2	769.8	39.0	54.7	4.7	6.6
Queens	987.5	985.0	938.5	920.1	49.0	64.9	5.0	6.6
Staten Island	195.3	193.7	185.8	182.2	9.5	11.5	4.9	5.9
Nassau-Suff.	1434.9	1414.7	1393.6	1379.1	41.3	35.6	2.9	2.5
Nassau Co.	706.8	697.0	688.6	681.5	18.2	15.5	2.6	2.2
Suffolk Co.	728.1	717.8	705.0	697.7	23.1	20.1	3.2	2.8

Source: CPS household survey data from NY State Department of Labor, 1999. Note that these data reflect regular revisions made by the Dept. of Labor.

Figure 1
NYC Job Growth by Industry: Dec. 1998 – Dec. 1999
(in thousands of jobs, and percent change)

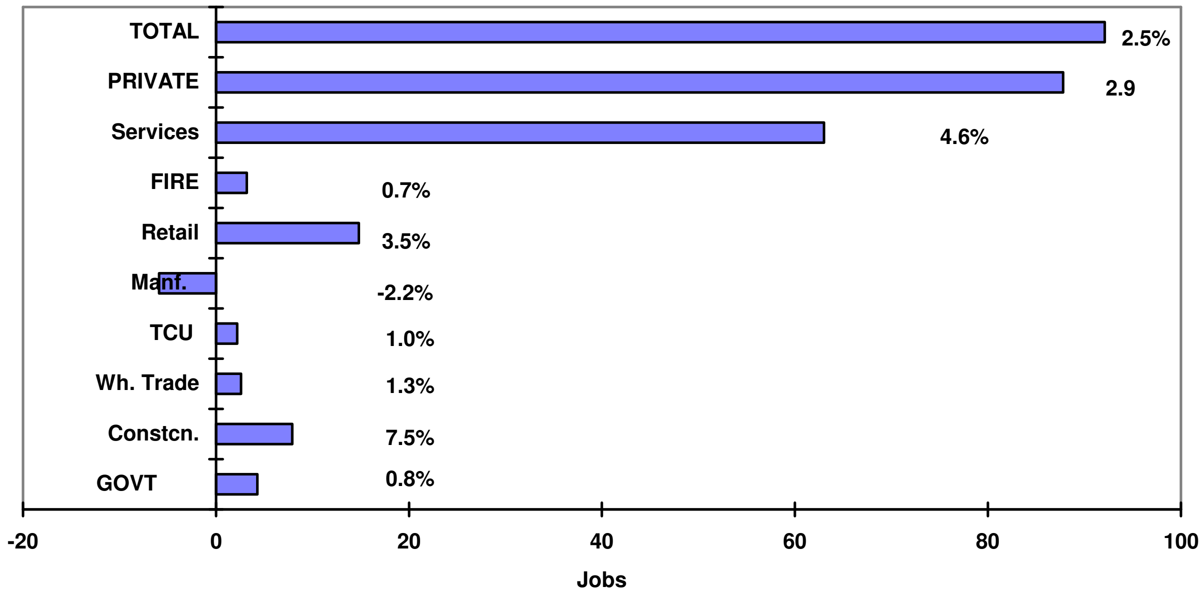
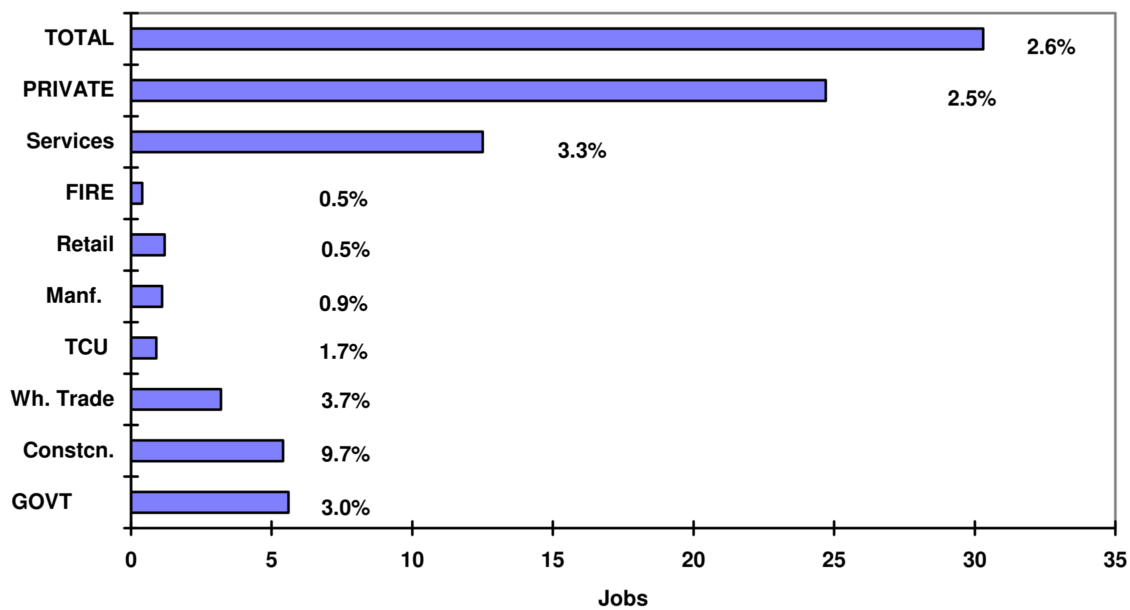


Figure 2
Nassau-Suffolk Job Growth by Industry: Dec. 1998 – Dec. 1999
(in thousands of jobs, and percent change)



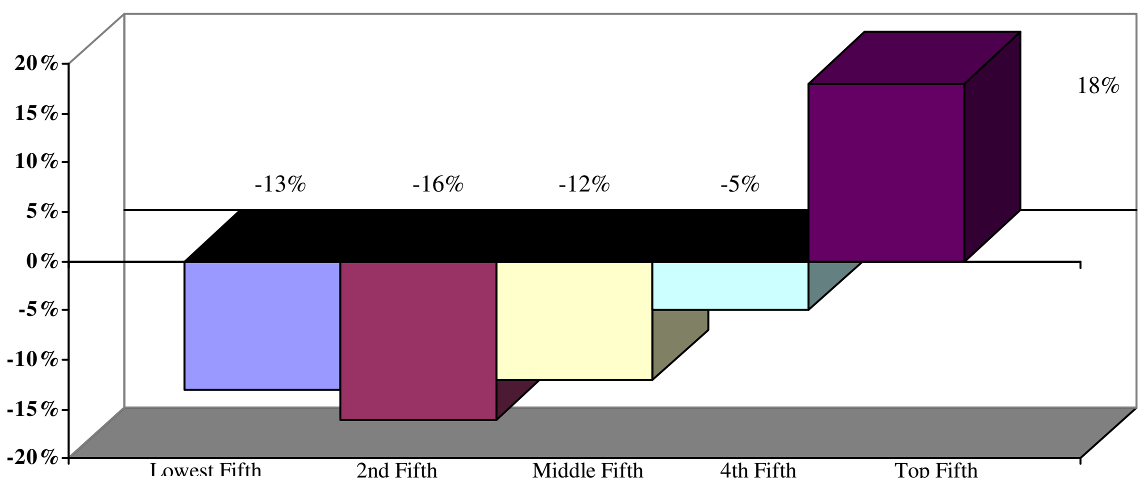
Source: NY State Department of Labor. FIRE = Finance, Insurance, Real Estate; TCU = Transport, Communications, Utilities. Year-to-year changes, not seasonally adjusted.

Table 3
Unemployment, Employment & Underemployment Rates, by Sex, Age, and Race/Ethnicity: New York City, Nassau-Suffolk, and Other Large U.S. Cities and Suburbs, 1999:IV

Unemploy. Rate	All Ages 16 & Up	Males	Females	White, Non-Span	Black, Non-Span	Spanish Origin	Teens, 16-19	Foreign Born
NYC	6.1	6.2	5.8	2.8	10.6	7.7	14.0	5.7
Big Cities	5.4	5.2	5.5	3.5	9.6	5.2	18.7	4.4
Nass/Suff.	3.2	3.3	3.0	2.8	3.2	6.2	6.8	5.4
Suburbs	3.2	3.2	3.2	2.7	5.1	5.3	11.2	3.9
% of Pop. Employed								
NYC	54.2	63.1	46.4	58.1	54.4	49.9	19.0	58.6
Big Cities	64.2	70.6	58.4	67.2	58.2	65.7	36.2	63.2
Nass/Suff.	63.9	72.7	56.1	63.0	65.4	74.0	46.0	63.3
Suburbs	66.8	74.5	59.5	66.6	69.1	66.2	44.2	65.2
Underemp. Rate								
NYC	10.9	10.6	11.3	5.7	18.2	14.2	31.5	11.0
Big Cities	9.7	9.5	9.9	6.4	16.0	10.3	29.4	9.5
Nass/Suff.	6.0	6.5	5.4	5.3	5.6	11.5	14.2	10.0
Suburbs	6.0	5.7	6.3	5.0	8.9	10.6	18.4	7.9

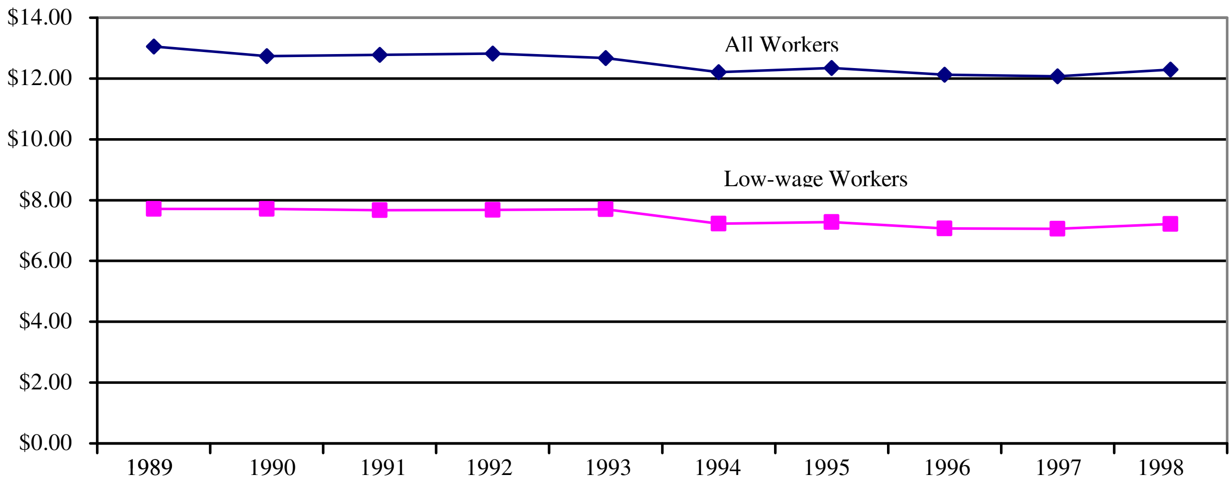
Source: Authors' calculations from pooled Oct. – Dec. 1999 Current Population Survey. The "underemployment rate" is here measured as the total officially counted as "unemployed," plus those "marginally attached" to the labor force who are discouraged workers plus persons employed part time for economic reasons, expressed as a percent of the sum of the official labor force plus those counted as marginally attached. The "big cities" category consists of the subsample of center city residents in the 20 largest metropolitan areas, excluding New York City.

Figure 3
Changes in Average Family Income (Adjusted for Inflation) in the NYC Metro Area, by Family Income Quintiles, Late 1980s – Late 1990s



Note: Average income estimates for each fifth of the full population of families were calculated for two 3-year periods, 1988-90 ('late 1980s') and 1996-98 ('late 1990s'). The figure shows the changes between these periods, after adjustment for inflation. The NYC metropolitan area consists of New York City plus Putnam, Rockland, and Westchester counties. Source: Estimates from Census Bureau Current Population Survey data by the Center on Budget and Policy Priorities and the Economic Policy Institute. Published in: Fiscal Policy Institute, *Pulling Apart in New York: An Analysis of Income Trends in NY State and NYC* (Latham, NY: FPI, Jan. 2000).

Figure 4
Average Hourly Earnings in New York State,
All Workers and Low-Wage Workers, 1989-1998
(in 1998 dollars)



Note: Low-wage workers are those in the bottom 20th percentile of NY State's wage distribution.
Source: Economic Policy Institute estimates, from Census Bureau's Current Population Survey,
of median wage rates of wage and salary earners ages 18 – 64. Adjusted for inflation by CPI-U-X1 Deflator.

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