

## *Will New York's Job Growth Crash in a National Slowdown?*

by Jeffrey De Vore

The year 2000 ended with the national economy growing at its slowest quarterly rate in 5 years. Although December's national unemployment rate held steady at a low 4 %, the average production workweek shrank by half an hour below the June level, the number of jobseekers who wanted but could not find full-time jobs rose, a surge of layoffs hit several industries, and new claims for unemployment benefits climbed to the highest level in two and one-half years.

After making 6 interest rate hikes since mid-1999, the Federal Reserve on Jan. 3<sup>rd</sup> responded to mounting signs of economic slowdown. For the first time since the end of the last recession in 1992, the Fed cut its benchmark rate by a half-point, to 6 %. Its public explanation of this and subsequent cuts listed weaknesses in retail sales and production, slumping consumer confidence, tightening financial markets, and higher energy prices. In fact, the surprise rate cut was made the day after a widely watched purchasing managers' index of manufacturing activity fell to its lowest level in nearly a decade. Fed Chairman Alan Greenspan defends the cautious new rate reductions as all that are need for an economic soft landing, particularly if the tax cuts he now backs are adopted. But critics charge the Fed with a "too little too late" approach now, after itself contributing to the slowdown by earlier rate hikes that were unjustified by a non-existent inflation threat.

Each new sign that the economy, though still growing, may be slowing down has been claimed by George W. Bush as justification for quick passage of the massive \$1.6 trillion tax cut he championed throughout the past year's presidential campaign. However, even his own Treasury-secretary designate, Paul O'Neill, admitted during his confirmation hearing on January 17<sup>th</sup> that a package of cuts in capital gains, estate and income taxes was unlikely to do much to quickly ignite the economy. The former Alcoa CEO said that: As a businessman, I never made an investment decision based on the tax code. If you give money away I will take it, but good business people don't do things because of inducements."<sup>1</sup> Neither O'Neill's reservations nor widespread crit

While service and trade positions have grown, the generally higher-wage manufacturing sector continue

At her senate confirmation hearing, Chao defended Bush's proposal to fundamentally weaken the nation's minimum wage law by allowing individual states to opt out of future minimum wage hikes. When asked if she would overturn new ergonomic regulations to prevent job-related repetitive stress injuries, she would only say that it was a "complicated issue" worth study. Yet even Democratic senators lavished her with praise. Senator Edward Kennedy assured her on the first day of hearings that the confirmation vote would be "very positive." He went on to enthuse: "She is an accomplished manager, graceful leader, and she has distinguished herself and her family by her strong commitment to public service."<sup>4</sup> But almost immediately after her unanimous senate confirmation, the Administration announced a series of anti-labor executive orders, including a rollback of the new ergonomic standards.

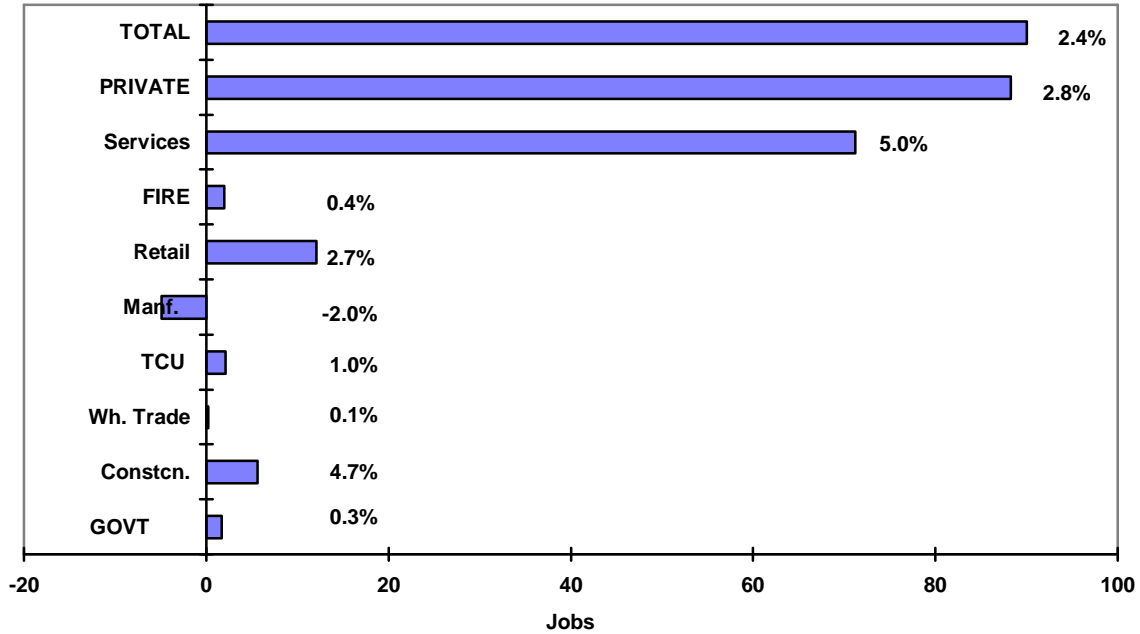
Unions in the New York metropolitan region are coming off a year of some notable accomplishments. Perhaps the most significant was the strike against Manhattan-based Verizon Communications (formerly Bell Atlantic and GTE). Some 86,000 CWA and IBEW workers in 12 eastern states accomplished a fierce 15-day walkout. The nation's largest telecommunications firm agreed to an historic 3-year contract widely viewed as a major union victory. Among the major contract items are: (a) a 12% pay raise over the 3 years (4-3-5); (b) stock options (100 for full-time



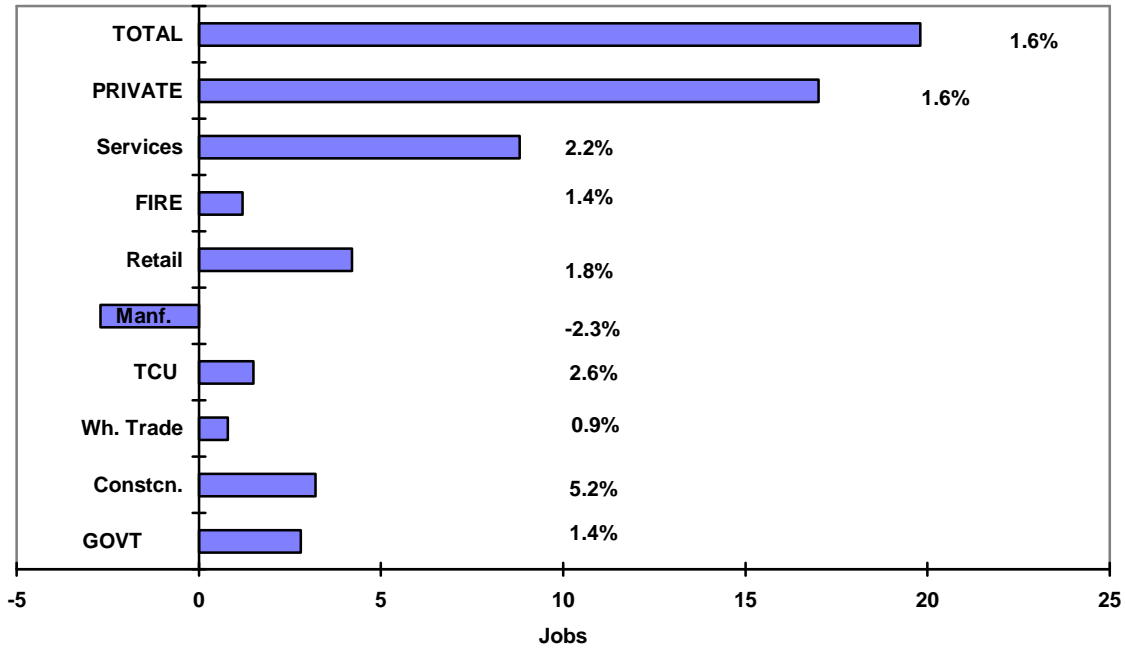
other labor law violations, but the employers have appealed. The American Civil Liberties Union filed the civil lawsuit for the workers as a first step toward a federal case. One of the plaintiffs, Miguel Gomez, said: “We hope other workers will hear our small voices and come forward.”<sup>6</sup>

The steadily rising foreign-born share of the nation’s work force presents both challenges and opportunities for new union organizing among low-wage workers. Organizing has often been very difficult when migrants fear job site raids and deportation threats by employers. But tighter recent labor markets have led to an INS enforcement shift away from raiding businesses in favor of tightening borders. And some unions are trying innovative methods to win over the foreign born in new organizing drives and to build immigrant protections into contracts. For example, UNITE contracts won in Chicago last fall have clauses that commit employers to refuse entry to the INS without a search warrant, to alert the union if the employer learns of an upcoming raid, and to reinstate (with no wage or seniority loss) any immigrant employee detained by INS for fraudulent papers.<sup>7</sup> In New York, host to a far larger immigrant labor force, future prospects for increasing wages, employment, and unionization of immigrants and non-immigrants alike will increasingly depend on unions’ success or failure at adapting new attitudes and new organizing strategies toward this rapidly changing work force.

**Figure 1**  
**NYC Job Growth by Industry: Dec. 1999 – Dec. 2000**  
 (in thousands of jobs, and % change)



**Figure 2**  
**Nassau-Suffolk Job Growth by Industry: Dec. 1999 – Dec. 2000**  
 (in thousands of jobs, and % change)



Source: NY State Department of Labor. FIRE = Finance, 4232(E)-0..6859(i)-51(w)-12.307( )-7.46269(r)4.64182(E)-3.76049(n)T.4626633e, 42e333 0 4.60538(.)5.27122(4)-4.605

**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, 2000:IV**

<b>Unemploy.</b>	All Ages			White,	Black,	Spanish	Teens,	Foreign
<b>Rate</b>	<u>16 &amp; Up</u>	<u>Males</u>	<u>Females</u>	<u>Non-Span</u>	<u>Non-Span</u>	<u>Origin</u>	<u>16-19</u>	<u>Born</u>
NYC	5.4	5.2	5.6	3.2	8.2	8.0	19.0	4.7
Big Cities	5.3	5.6	5.1	3.8	8.7	5.4	15.4	4.6
Nass/Suff.	2.6	2.0	3.4	2.1	2.9	4.0	6.8	7.0
Suburbs	3.0	3.0	3.0	2.6	4.9	4.6	10.8	3.5
<b>% of Pop.</b>								

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## NOTES

<sup>1</sup> Joseph Kahn, "Treasury Choice Varies from Bush on Tax Outlook," *NY e* (1/18/01): p. 1.

<sup>2</sup> U.S. Dept. of Labor, *Me 'o A'e poy en nd ne poy en Dece e,r*.

<sup>3</sup> Fiscal Policy Institute, *New York's Working Families Still Waiting for Prosperity*, *New* (9/2000); and Working Group on the NYC Low-wage Labor Market, *B dn L dde,r o o nd e,r e* (NY: Community Service Society, 2000). See the summary of the latter study in this issue of *L*.

<sup>4</sup> Steven Greenhouse, "Senate Panel Gives Warm Reception to New Labor Nominee," *NY e* (1/25/01): p. A20.

<sup>5</sup> Simon Romero "Labor Accord Hits New-Economy Notes," *NY e* (8/21/2000): p. C1.

<sup>6</sup> Quoted in "Migrant Workers Sue Discount Store Chains over Wages," *NY e* (1/10/01).

<sup>7</sup> Louis Uchitelle, "INS Looks the Other Way as Illegal Immigrants Fill Jobs," *NY e* (3/9/2000): p. 1.