

For Many New Yorkers the Recession Never Ended

The recession is over and business is booming. But you wouldn't know it by the unemployment rates in the nation and New York City. Public officials will tell you that New York City has weathered the tough economic times better than the nation. But unemployment in the city has doubled since 2006, the year before the recession began.

Employers aren't hiring. One year into a "jobless recovery," the unemployment rate for black New Yorkers is 12.7 percent, more than double the rate for the city's white workers. Unemployment for those with less than a high school diploma or GED is 12.6 percent – it actually increased by three percentage points since the recovery began. When we consider the number of discouraged laid off workers, those who have given up looking for a job and are therefore not counted as part of the labor market by the government, only about 38 percent of those without a high school diploma are working.

The recession and jobless recovery have been devastating for young people trying to break into the labor market in New York City. One year into the recovery, only about one in five young black New Yorkers ages 16 to 21 are employed, although that is an improvement from the one in eight employed during the low point of the recession.

These are findings from the latest report on "The State of Working New York City 2011," published by the Fiscal Policy Institute (FPI). It is now apparent that the recession and the jobless recovery have wiped out years of economic gains by black Americans.

An Associated Press story in *The New York Times* in July stated: "The median wealth of white U.S. households in 2009 was \$113,149, compared with \$5,677 for blacks, according to the analysis released Tuesday by the Pew Research Center." The ratio, roughly 20 to 1, far exceeds the low mark of 7 to 1 in 1995. "The white-black wealth gap is also the widest since the census began tracking such data in 1984, when the ratio was roughly 12 to 1," the story stated.

No Focus on Jobs

In the midst of massive unemployment – the worst since the Great Depression of the 1930's – Washington has been transfixed by the deficit and the battle to increase the debt ceiling. There has been zero legislation or even ideas about putting people back to work, maybe because job creation and job training would mean spending money, and too many politicians are convinced that the way out of high unemployment is to contract government spending and cut taxes. Others believe that high rates of unemployment are here to stay, at least for the foreseeable future. But where does that leave the 14 million Americans who lost their jobs and young people who can't find their way into the job market?

Whether someone is working or not is often a function of education. The FPI report reveals that having a college degree makes a world of difference in getting and holding a job in this economy. Among younger New Yorkers – ages 22 to 27 – the unemployment rate over much of the past year for those without a college degree – 13.0 percent – was nearly double of those in this age group with a degree (7.3%). The spread was much greater in the 28 to 34 age group – just 1.9 percent unemployed with a degree, 15.1 percent without a degree.

Sectors of the economy that continue to lose jobs during the recovery include construction and manufacturing, where historically workers without a college education could get well-paid employment.

Growth has come in education, health care, and accommodations and food services, all sectors that are characterized by moderate or low-wage employment.

Private firms aren't hiring because consumers aren't spending; consumer confidence is down in a time of unsure economic news. People are worried about jobs, not the national debt – as every survey has shown.

National Programs

I don't believe that "nickel and dime" actions by states and localities can make much of a dent in the millions of unemployed, especially since most of these governments must balance their budgets. And the private sector can't come to the rescue. Only national programs can really address this problem. Unless there is a change in Washington – of minds or of representatives – we are in for a prolonged era of a sour economy where high unemployment will become the norm. Millions of Americans – without jobs, without hope - will inevitably lead to major fiscal and society problems, increased crime, burgeoning welfare rolls, communities – especially urban communities of color – going to decay, and a sense of despair in a time when the nation is facing growing competition from the expanding economy in China.

America once before faced this grim course of events – in the time of the Great Depression. Then, President Roosevelt and Congress took control of the situation, providing public service jobs and propping up small businesses. Most of all, the president provided confidence in the actions of government. This is a hard sell in the midst today's ideological warfare. But it is essential if we are dig ourselves out of this mess anytime soon. Instead, the deal this week to raise the debt ceiling will virtually gut the Roosevelt New Deal and replace it with a shattered safety net and what seems to be a sick plan to make the U.S. a second-rate power.

The Fiscal Policy Institute report can be accessed online at www.fiscalpolicy.org.

David R. Jones is president and CEO of the Community Service Society (CSS), the leading voice on behalf of low-income New Yorkers for over 168 years. The views expressed in this column are solely those of the writer. The Urban Agenda is available on CSS's website: www.cssny.org.

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