

Employment

IN NEW YORK STATE

David A. Paterson, Governor
Colleen C. Gardner, Acting Commissioner

At a Glance

In December 2009, New York's seasonally adjusted unemployment rate was 9.0 percent, up from 8.6 percent in November 2009. (The nation's unemployment rate was 10.0 percent in December.) In December 2009, the state had 8,544,900 nonfarm jobs, including 7,050,700 private sector jobs, after seasonal adjustment. The number of seasonally adjusted private sector jobs in the state decreased by less than 0.1 percent from November, while the U.S. private sector job count decreased by 0.1 percent. From December 2008 to December 2009, the number of private sector jobs decreased by 2.1 percent in the state and decreased by 3.6 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators decreased at an annual rate of 3.6 percent in December 2009.

Change in Nonfarm Jobs

December 2008 - December 2009

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	-169.8	-1.9%
Private Sector	-153.1	-2.1%
Goods-producing	-64.5	-7.4%
Nat. res. & mining	-0.4	-6.6%
Construction	-25.4	-7.4%
Manufacturing	-38.7	-7.4%
Durable gds.	-29.9	-9.7%
Nondurable gds.	-8.8	-4.1%
Service-providing	-105.3	-1.3%
Trade, trans. & util.	-34.6	-2.2%
Wholesale trade	-17.7	-5.1%
Retail trade	-8.5	-0.9%
Trans., wrhs. & util.	-8.4	-3.1%
Information	-13.8	-5.2%
Financial activities	-30.7	-4.3%
Prof. & bus. svcs.	-40.3	-3.5%
Educ. & health svcs.	44.8	2.7%
Leisure & hospitality	-9.8	-1.4%
Other services	-4.2	-1.1%
Government	-16.7	-1.1%

Longest, Deepest Economic Slump Since the 1930s...

A Look Back at the "Great Recession"

This economic slump is the longest recession the U.S. has faced since the Great Depression in the 1930s. The previous record for a post-World War II downturn was 16 months. This downturn, which officially began in December 2007, passed that mark in spring 2009.

Is It Over Yet?

Some economists believe the current recession may have already ended; possibly early in the second half of 2009. People in this camp include professors Robert Hall of Stanford and Jeffrey Frankel of Harvard. Both are members of the National Bureau of Economic Research (NBER), the nonprofit research group that determines U.S. recession dates. It may be a while before the NBER decides when this recession ended; it took until

July 2003 to declare that the 2001 slump had ended in November 2001.

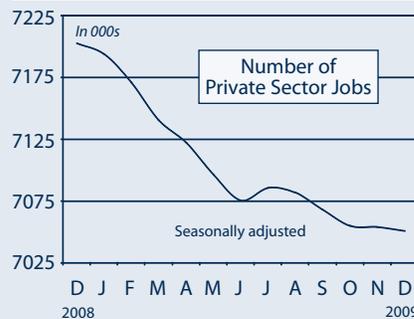
The monthly change in payroll jobs is one of the main clues the NBER follows to set recession dates. During the first quarter of 2009, average monthly private sector job losses in the U.S. topped 750,000. By the fourth quarter of the year, job losses in the nation were down to 100,000 per month.

Despite slowing job losses in the U.S., this slump is already the worst in 75 years. The national private sector job loss during this recession passed 8.5 million at the end of 2009. Compare this to the 16-month downturns in 1973-75 (-2.0 million) and 1981-82 (-2.6 million). They had much smaller job losses.

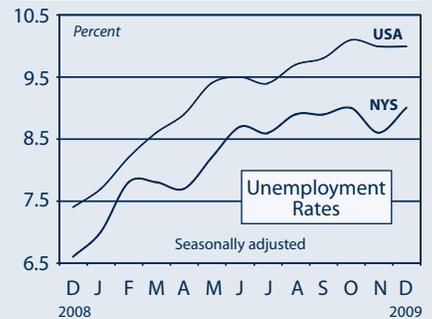
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IN DECEMBER...

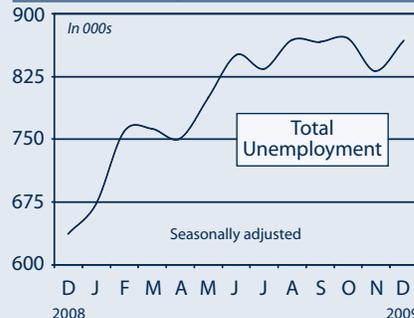
...NYS private sector jobs decreased



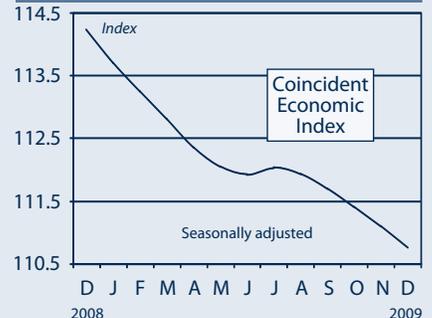
...NYS unemployment rate increased



...NYS unemployment increased



...NYS economic index decreased



Focus on Western New York

The 2009 Recession: A Case of Creative Destruction?

by John Slenker, Labor Market Analyst, Western New York

"Creative destruction" is a theory made popular by economist Joseph Schumpeter in his 1942 book, *Capitalism, Socialism and Democracy*. In a nutshell, the theory holds that the key to long-term economic growth is for companies to continually introduce new, innovative products. A downside to this process, however, is that less-competitive firms are often injured -- even sometimes forced out of business -- by these pressures. If you build a better mousetrap, consumers will buy your mousetrap rather than your rival's.

Competition among companies that make operating systems for "smartphones" offers a recent example. Over the past few years, Microsoft has lost market share to rivals: Google's Android, Apple's iPhone and Research In Motion's BlackBerry. Industry analysts cite the new devices and features these companies offer as a main reason why Microsoft's market share is down.

Closer to Home

The recent recession has magnified the effects of "creative destruction" in Western New York. Manufacturing and construction have been among the hardest hit industries locally. During economic downturns, these industries often suffer the most -- as consumers pare back their spending.

Car makers have taken it on the chin here. General Motors (GM), which has a large local presence, filed for Chapter 11 bankruptcy protection in June 2009. This occurred despite the infusion of more than \$50 billion in federal funds that the company received. The U.S. government now owns 60% of the reorganized GM.

In July 2009, the major automakers shut down production and briefly closed plants to reduce inventories and cut costs. Further, the "Big Three" U.S. automakers offered buyouts to their workers during 2009. The latest came from Ford in December. When GM cut production due to slumping new car sales in 2008 and 2009, its parts suppliers had to do the same. These cutbacks hurt Delphi Corp., which has a large radiator plant in Niagara County.

The cuts are expected to continue. Cummins Engines, which makes diesel motors in Chautauqua County, already has set layoffs for 2010. This, in turn, affects the industries that transport the materials and parts to local factories. Both railroads and shipping enterprises in the Great Lakes region had layoffs due to the auto slowdown.

Local construction activity was extremely weak in 2009. Big-box retailers Target and Wal-Mart canceled expansions. This cost the area construction jobs. Also, sales of new and existing homes were down over the year in this economically-sensitive industry. Road construction and repair work, which usually shows strong seasonal growth, was almost nil. This was because local and state government budget problems forced them to cancel delay projects.

Good News

The flip side of "creative destruction" is the new jobs created when firms reorganize to focus on their strengths and emerging prospects. The best place to look is where the news has been worst. GM, for example, recently announced it is investing \$425 million at its plant in Tonawanda to manufacture a new generation of en-



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Bruce Herman

Deputy Commissioner for Workforce Development

gines. Now Delphi is again part of GM, with the stability that merger brings. The federal "cash for clunkers" program was key to moving older inventory in the auto market.

Public construction projects that had been shelved were restarted with federal stimulus funds. More than \$150 million in stimulus money was allocated for a high-speed rail line from Niagara Falls to New York City. Six new windmills are set for the old Bethlehem Steel site in Hamburg. The State may build smaller windmills at six Thruway interchanges in Western New York.

Taking Advantage

Despite the large number of recent layoffs, job openings do exist -- even in a bad recession. Data from the Business Employment Dynamics program show that new and growing firms added more than 1.78 million jobs in New York State in 2008. This was about 93 percent of the yearly jobs added from 2003-2008, when the state's economy was expanding. The key is to find thriving innovative and creative companies, and to match your skills with their needs. Above all: keep looking for work -- opportunities are out there. ■

A Look Back... from page 1

Here in New York

Experience suggests that, even when the nation begins to recover, New York's economy may still erode. It may be years before we gain back all the jobs lost during this recession. Since the state's private sector job count peaked in August 2008, it fell by 263,500. This erased almost two-thirds of the net jobs gained during the state's last boom between 2003 and 2008. At the end of 2009, the state continued to lose private sector jobs, although at a slower rate.

During this recession, educational and health services was the only industry group to add jobs (+51,100). Professional and business services (-66,300) absorbed the largest drop since the slump began in New York State. Losses here were in administrative and support services (-36,900), which covers temp agencies, and professional, scientific and technical services (-30,000), which has many highly-paid industries, including legal and accounting services, scientific research and development, and management consulting.

Wholesale and retail trade (-56,900) had the second largest employment drop this downturn. Manufacturing (-51,500) showed the next-largest set of job losses. Most factory jobs were lost in durable goods production (-38,600), which includes the hard-hit fabricated metal and transportation equipment areas. Financial activities (-44,600) and construction (-42,600) round out the list of the five industry groups with the largest job losses since the state's recession began in August 2008.

Continued on page 3

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	DEC '08	DEC '09		DEC '08	DEC '09		DEC '08	DEC '09
New York State	6.8	8.8	Hudson Valley	5.9	7.2	Finger Lakes	6.8	8.0
Capital District	6.1	7.3	Dutchess	6.1	7.6	Genesee	7.3	8.1
Albany	5.6	6.6	Orange	6.4	7.8	Livingston	7.6	8.9
Columbia	5.9	7.5	Putnam	5.2	6.6	Monroe	6.4	7.7
Greene	7.6	8.8	Rockland	5.5	6.7	Ontario	6.7	8.1
Rensselaer	6.1	7.5	Sullivan	8.4	9.5	Orleans	8.5	9.4
Saratoga	5.6	6.7	Ulster	6.5	7.8	Seneca	6.8	7.9
Schenectady	6.0	7.5	Westchester	5.7	6.9	Wayne	7.5	8.6
Warren	8.5	9.6	Mohawk Valley	7.5	8.4	Wyoming	8.9	9.9
Washington	6.9	8.0	Fulton	8.9	10.4	Yates	6.3	7.5
Central New York	7.0	8.3	Herkimer	7.7	9.0	Western New York	7.2	8.5
Cayuga	7.2	8.5	Montgomery	8.7	9.7	Allegany	7.9	8.8
Cortland	8.9	9.4	Oneida	6.6	7.5	Cattaraugus	7.8	9.1
Madison	7.5	8.4	Otsego	7.3	7.6	Chautauqua	7.0	8.5
Onondaga	6.2	7.6	Schoharie	8.7	9.2	Erie	6.8	8.3
Oswego	9.0	10.6	North Country	8.6	9.7	Niagara	8.4	9.3
Southern Tier	7.0	8.4	Clinton	8.0	9.2	Long Island	5.8	7.0
Broome	7.1	8.6	Essex	9.2	10.3	Nassau	5.6	6.6
Chemung	7.4	8.8	Franklin	8.5	9.1	Suffolk	6.1	7.3
Chenango	8.2	9.5	Hamilton	10.0	11.2	New York City	7.2	10.4
Delaware	7.5	8.5	Jefferson	8.8	9.6	Bronx	9.5	13.9
Schuyler	8.0	9.5	Lewis	9.1	10.2	Kings	7.6	11.2
Steuben	8.4	10.2	St. Lawrence	8.7	9.9	New York	6.5	9.0
Tioga	7.3	8.9				Queens	6.4	9.3
Tompkins	4.6	5.3				Richmond	6.3	9.1

A Look Back... from page 2

Job Losses in New York State During Recessions, 1973-Present

National Recession Dates		Worst Level of NYS Job Loss in Each Recession:		Months to Return to Pre-recession Jobs Level:
Peak	Trough	Net (in 1000s)	Percent	
November 1973	March 1975	-383.0	-6.5%	66
January 1980	July 1980	-45.7	-0.8%	11
July 1981	November 1982	-89.9	-1.5%	24
July 1990	March 1991	-460.7	-6.8%	90
March 2001	November 2001	-310.5	-4.3%	74
December 2007	thru December 2009	-219.2 (to date)	-3.0% (to date)	NA

Source: New York State Division of Labor, Division of Research and Statistics

Data from the Current Population Survey show that unemployment rates for all demographic groups in New York State have spiked during this slump. From 2007 to 2009, the overall unemployment rate went from 4.6% to 8.3%. Rate increases for specific groups over this period include:

- Whites: 3.5% to 6.7%
- Blacks: 7.5% to 14.2%
- Asians: 4.1% to 6.3%
- Hispanics: 6.5% to 10.4%

History Shows

The table above shows New York State's private sector job loss during the past six national recessions (including the current one). For each downturn it also shows:

- the worst level of job loss
- the percentage of total jobs lost (from the start of each recession)
- how long it took to regain the jobs lost

Over the past five recessions, it has taken on average 53 months, or about 4 ½ years, for New York to replace all of the jobs lost during a downturn. The slump in the early 1990s stands out as by far the deepest and longest in the state. At the bottom of that contraction, the state had lost more than 460,000 jobs. It took 90 months (until January 1998) for New York State to add back all of the jobs lost in that downturn.

Summing Up

Like the nation as a whole, New York State faces daunting economic challenges in the months and years ahead. As the U.S. recovers from the longest, deepest recession since the 1930s, the state's economy may still slide, but in time will begin to improve. ■

by Kevin Jack

Employment in New York State is published 12 times a year. For a change of address, write to the Publications Unit at the address below and provide your old and new addresses.

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REGIONAL ANALYSTS' CORNER

CAPITAL DISTRICT

James Ross — 518-462-7600

From December 2008 to December 2009, the number of private sector jobs in the Albany-Schenectady-Troy area fell 5,500, or 1.6 percent, to 335,900. Job gains were limited to leisure and hospitality (+900) and educational and health services (+500). Job losses were greatest in trade, transportation and utilities (-2,500), natural resources, mining and construction (-1,800), manufacturing (-1,300) and information (-600).

CENTRAL NY

Roger Evans — 315-479-3388

For the year ending December 2009, the private sector job count in the Syracuse metro area fell 4,500, or 1.7 percent, to 263,600. Job growth was concentrated in educational and health services (+1,500) and leisure and hospitality (+200). The largest job losses were in manufacturing (-2,300), trade, transportation and utilities (-1,500), professional and business services (-800), financial activities (-500) and information (-500).

FINGER LAKES

Tammy Marino — 585-258-8870

Private sector jobs in the Rochester metro area declined over the year by 8,200, or 1.9 percent, to 431,000 in December 2009. Job gains were concentrated in educational and health services (+2,700). Declines were greatest in manufacturing (-4,000), trade, transportation and utilities (-2,100), professional and business services (-1,500), construction (-1,300) and leisure and hospitality (-1,100).

HUDSON VALLEY

John Nelson — 914-997-8798

Private sector employment in the Hudson Valley decreased by 17,700, or 2.3 percent, to 741,500 for the year ending December 2009. Job gains were limited to educational and health services (+4,900). The largest declines were in trade, transportation and utilities (-5,200), leisure and hospitality (-4,500), manufacturing (-4,000), professional and business services (-3,600) and natural resources, mining and construction (-3,100).

LONG ISLAND

Gary Huth — 516-934-8533

The private sector job count on Long Island declined over the year by 21,800, or 2.1 percent, to 1,039,300 in December 2009. Employment grew in educational and health services (+5,500). Job losses were greatest in trade, transportation and utilities (-7,800), natural resources, mining and construction (-5,600), manufacturing (-5,000), professional and business services (-3,700), and financial activities (-2,400).

MOHAWK VALLEY

Mark Barbano — 315-793-2282

For the 12-month period ending December 2009, the private sector job count in the Utica-Rome metro area decreased 2,100, or 2.1 percent, to 97,200. Job gains occurred in educational and health services (+800). Losses were centered in trade, transportation and utilities (-700), manufacturing (-600), and leisure and hospitality (-500).

NEW YORK CITY

James Brown — 212-775-3330

Private sector jobs in New York City fell by 67,500, or 2.1 percent, to 3,160,700 for the year ending December 2009. Jobs grew in educational and health services (+17,900) and leisure and hospitality (+3,800). Losses were greatest in financial activities (-26,300), professional and business services (-24,200), trade, transportation and utilities (-16,300), information (-8,700), and manufacturing (-7,300).

SOUTHERN TIER

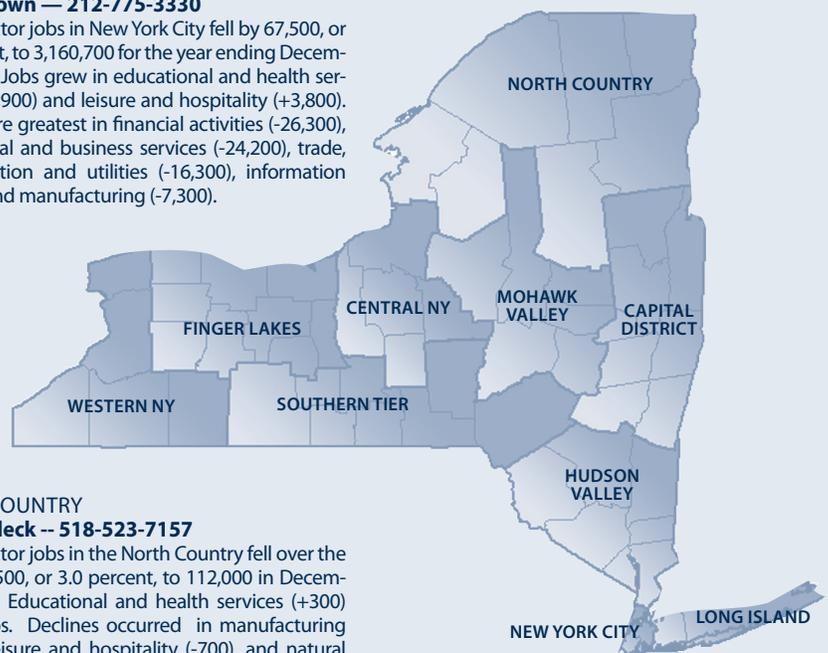
Christian Harris — 607-741-4485

For the year ending December 2009, private sector job count in the Southern Tier declined by 7,800, or 3.3 percent, to 231,900. Employment gains were largest in educational and health services (+900). Losses occurred in manufacturing (-5,000), trade, transportation and utilities (-1,300), professional and business services (-1,200), and leisure and hospitality (-400).

WESTERN NY

John Slenker — 716-851-2742

For the 12 months ending December 2009, private sector jobs in the Buffalo-Niagara Falls area decreased by 9,300, or 2.0 percent, to 448,900. Job gains occurred in educational and health services (+1,600), professional and business services (+500) and other services (+200). Losses were in manufacturing (-4,500), leisure and hospitality (-3,800), and trade, transportation and utilities (-1,800).



NORTH COUNTRY

Alan Beideck -- 518-523-7157

Private sector jobs in the North Country fell over the year by 3,500, or 3.0 percent, to 112,000 in December 2009. Educational and health services (+300) added jobs. Declines occurred in manufacturing (-1,200), leisure and hospitality (-700), and natural resources, mining and construction (-600).