

White-Collar Workers Feel Blues

Jobless NYC professionals having tough time finding work

By Patrick McGeehan
 New York Times News Service

New York — Well-paid professionals such as lawyers, accountants and architects are joining the rapidly expanding unemployment rolls in New York City, as the effects of the financial crisis have spread beyond Wall Street to not only other white-collar industries but also the construction and retail trades, a new report shows.

The number of white-collar workers outside the financial industry receiving unemployment checks was up by more than 40 percent in October from the same period last year, and the number of college graduates collecting benefits was up by 50 percent, according to the report by the Fiscal Policy Institute, a nonprofit research group.

The report comes amid continued bad news in the financial industry. Thursday, Bank of America said it planned to cut 30,000 to 35,000 positions over the next three years as it digests its acquisition of Merrill Lynch.

“Unemployment is starting to shoot up in New York City and it’s affecting a spectrum of workers, both professionals and blue-collar,” said James Parrott, the institute’s chief economist and author of the report. “It’s hitting young workers and older workers, and it’s poised to rise dramatically in the weeks and months ahead.”

The report, based on state and federal unemployment statistics, provides hard data confirming a trend that was until now best understood anecdotally. It also showed that New York entered the recession much later than the rest of

the country, largely because hiring by law and accounting firms, media companies and tourism-related industries remained strong through the first half of the year.

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As recently as July, the number of new claims for unemployment benefits in the city was only about 10 percent higher than it had been a year earlier. But since employment peaked in August, the city has lost about 10,000 jobs. And in the 12 weeks between late August and late November, first-time unemployment claims increased by more than 40 percent over the same period the year before, the sharpest year-over-year increase since February 2002.

Parrott said the figures understated the severity of unemployment because many laid-off workers had not started collecting checks and many others did not qualify for benefits. In October, fewer than one-third of the 225,000 unemployed residents of New York City were collecting benefits, he said.

That portends an upsurge in the city’s unemployment rate

for months to come, Parrott said. Most forecasts of the effects of the financial crisis project that the city will lose more than 150,000 jobs during this recession. The Fiscal Policy Institute report estimates that job losses will average about 10,000 a month from November 2008 through the end of 2009.

The city’s unemployment rate was 5.7 percent in October, up from 5.2 percent in October 2007. The national unemployment rate that month was 6.5 percent, up from 4.8 percent the year before.

New York’s growing ranks of the well-educated unemployed seems to parallel a national trend, said Lawrence Mishel, the president of the Economic Policy Institute, in Washington. Since March 2007, the number of college graduates who are unemployed has risen at a faster rate, 75 percent, than has the number of all unemployed Americans who are 25 and older, 62 percent, Mishel said.

“This is very strong evidence that this recession is very hard on college grads, more than usual,” he said.

Mishel’s organization and Parrott’s group work together to promote the concerns of organized labor and low-wage workers.

A separate report released Thursday by the city comptroller’s office echoed the central findings of Parrott’s study, doubling its projection of the number of people who will lose their jobs by August 2010, to 170,000.

The comptroller’s report also estimated that total Wall Street bonuses this year would be less than half what was paid



last year, making it the smallest amount since 2002. Largely as a result, city tax revenues will fall by 4.3 percent in the next half year, the comptroller concluded.

The layoffs in New York are following a traditional recessionary pattern by radiating out from the big financial companies to other professional services and to lower-paying businesses such as retailing, according to the report, which uses the latest data available from the state Labor Department.

In October, 6,428 people who had worked in professional, technical and scientific services were receiving unemployment benefits, up 42 percent from October 2007. That total — which includes the fields of law, accounting, consulting and engineering — exceeded the 5,935 people from the finance and insurance industries who were receiving benefits, the report showed.

The number of blue-collar beneficiaries was up 50 percent, driven mainly by a jump in laid-off construction workers.

Among those collecting benefits in the city, the smallest increases have come in management and from the fields of health care and social services and arts, entertainment and recreation, the report

found. Health care and businesses that benefit from tourism have helped to bolster the city's economy as the financial crisis has worsened.

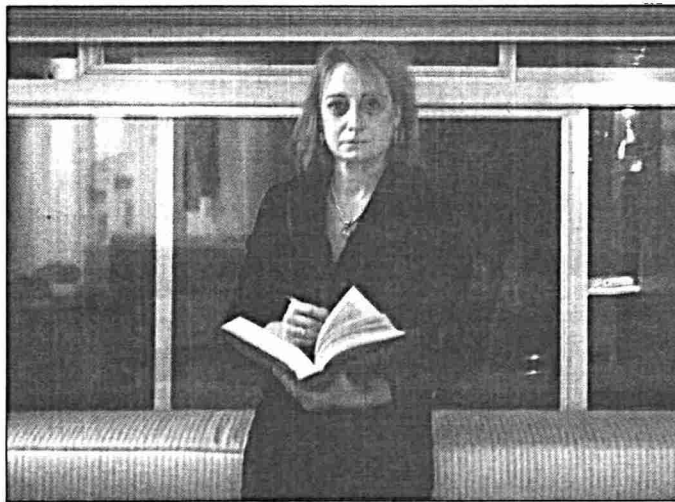
But with the dollar strengthening against other currencies and foreign economies faltering, tourism has already begun to decline, threatening employment in that sector.

Not every unemployed person has a tale of woe. Lynne Figman, a real estate lawyer, said she had been given only about five minutes to clean out her desk at Phillips Nizer when she was laid off Nov. 5.

Her boss said he was letting her go because the firm expected its real estate practice to plummet next year, she said.

But Figman, who is receiving unemployment benefits, has already begun setting up her own practice from her Upper West Side apartment and expects to have a healthy list of small businesses and homeowners as clients. She turns 50 today.

"I'm still going through with the plan to party," Figman said. "My parents insist."



Hiroko Masuike / New York Times News Service

LYNNE FIGMAN, a real estate lawyer in New York City, was laid off last month, joining a growing number of lawyers, accountants and architects in the city who have suddenly found themselves looking for work. Figman is now establishing her own practice from her home. She turns 50 today.