

# Phew! NYC economic recovery to start just about any day now

## As recession ends, modest job growth seen here this year

BY DANIEL MASSEY

THE RECESSION in New York is essentially over, and despite continued double-digit unemployment, it will be the mildest downturn in the city since the Second World War.

That's the conclusion of the latest economic forecast from the city's Independent Budget Office, which predicts that job losses will peter out by the end of the month.

IBO Director Ronnie Lowenstein last Thursday presented her office's revised forecast to the City Council Finance Committee. She expressed surprise at the city's relative financial health, reporting it would end the current fiscal year with a surplus of just under \$3 billion.

### Job losses half as bad as feared

THE LATEST employment data, also released Thursday, pegs total job losses in 2009 at 147,000. Since the employment peak in August 2008, the city has lost 160,300 jobs, according to an analysis by real estate services firm Eastern Consolidated. That's about half the number of jobs officials had predicted would be shed—and well below the losses suf-

fered here during the last two recessions and by the nation in this downturn.

Ms. Lowenstein told council members that job losses in the city are expected to end this quarter, followed by modest growth of 14,000 positions through the rest of the year and an additional 103,000 over the next two years. Employment will return to its prerecession peak of 3.8 million by the middle of 2013.

Economists credit the federal

## City will finish current fiscal year with surplus just under \$3B

bailout of major financial firms and low interest rates for bolstering Wall Street profits and limiting job losses. And a new report by the Fiscal Policy Institute shows that \$10 billion in federal stimulus spending helped save or create 70,000 jobs in the city.

Ms. Lowenstein also stated that structural changes in the city economy that predated the recession contributed to its mild nature. For instance, manufacturing declined

sharply nationwide during this downturn, but the city's long-shrinking manufacturing sector makes up such a small portion of total employment here that job losses in the field did not have much of an impact.

### Recovery rests on "two shaky pillars"

MEANWHILE, health and education jobs, which are often seen as recession-resistant, make up a growing share of the city's employment rolls. Ms. Lowenstein expects the health and education sectors, which account for almost a quarter of private-sector employment in the city, to lead the way out of the recession, accounting for 31% of jobs added to the city economy in the next three years.

But the city's recovery "rests on two shaky pillars," Ms. Lowenstein said. The strength of the rebound here rests on the state of the fragile national economy and "the even creakier New York state budget," she said. Higher borrowing costs and financial industry reforms could also cut into Wall Street profits and make for a less-than-robust recovery.

The latest employment data show that the city's unemployment rate dipped to 10.4% in January, from a revised 10.5% in December. Despite the slight drop in unemployment, the city's jobless rate remains well above the year-earlier level of 7.5%. The state's unemployment rate was 8.8%. ■

