

State lags U.S. in regaining jobs lost in 2001 slump

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(September 4, 2005) — ALBANY — Over the last two years, New York has been slow to regain the jobs it lost in the 2001 recession, according to a new report. Much slower than the rest of the country.

New York lost 273,000 jobs during the downturn and has added 126,500 since the recession ended. At 1.5 percent, New York's job growth rate over that time period is better than only a handful of other states, according to the Fiscal Policy Institute, a labor-backed think-tank.

The institute's annual Labor Day report has a dim view of New York's job scene. For instance, the average salaries of the new jobs can't begin to match those that were lost. Wages for workers in the lower end of the economy are no higher than in 2001.

Locally, the five-county Rochester area continues to have mixed economic news. Fewer people are jobless — but the pool of people with jobs also continues to shrink. About 8,000 jobs have been lost from July 2001 to July 2005, according to the latest data from the state Department of Labor.

This disparity probably results from poor job prospects, which deter some from looking for jobs. Frustrated job seekers might have retired early, returned to school or left the area for opportunities elsewhere, local economists have said.

Most of the growth was at the low and high ends of the wage scale: the number of families earning more than \$150,000 annually and less than \$35,000 increased. That means a slow shrinkage of the middle class.

"The tenuous economic recovery of the past two years has been characterized by such weak wage growth that most working families have been left treading water," the report concludes.

There are some bright spots. The Hudson Valley economy continues to chug along. The Mohawk Valley was the lone area of the state that did not see average wages decline after the recession, although that's because of the low levels of wages in the region before the recession. And hiking the minimum wage did not spur layoffs, as some predicted. The state minimum wage went up to \$6.00 per hour in January and the number of jobs in industries employing low-wage workers grew significantly in the first half of 2005, according to the report. (The wage is set to rise to \$6.75 per hour in 2006 and \$7.15 per hour in 2007.)

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Still, the big picture is that New York is experiencing a feeble recovery, said the report's authors. In the first 12 months of the recovery (May 2003 to May 2004), the nation saw an average 1.2 percent job growth. New York had 0.5 percent, ranking it No. 45 among the states and Washington, D.C.

Over the next 14 months, the nation averaged 1.8 percent. New York had a 1.0 job gain, ranking No. 42.

Even the New York State Business Council, a business lobby often at odds with the Fiscal Policy Institute, agreed the job numbers were not good.

"New York continues to lag the nation," said Business Council spokesman Bob Ward. He blamed state government policies.

"Our problem is that Albany does not make economic growth the No. 1 priority," Ward said.

Includes reporting by staff writer Joy Davia