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ECONOMIC PULSE

Economy Is Tough All Over, but in New York, It's Horrid

By LESLIE EATON

Michael Amodeo is New York's most prominent auctioneer of failed restaurants and bankrupt businesses, and these days he is a very busy man.

"It started right after the bubble ended in 2000, but after 9/11 it got really bad," said Mr. Amodeo, who was on the 50th floor of a skyscraper in Lower Manhattan one recent day selling off the contents of a cafeteria that once served a company that is now retrenching.

The economic slump, he added, is affecting all kinds of food businesses, "restaurants and caterers and delis."

The rest of the country may be debating whether the economy is recovering or heading into a second downturn, the dreaded "double dip." In New York City, there is no question.

The economy here is in recession.

New York City has lost almost 176,000 jobs in two years — more than the population of many cities. The unemployment rate, which in the spring of 2001 had fallen to 5.3 percent, has been climbing steadily and jumped to 8.4 percent in December.

While the national economy has shown at least some growth, as measured by gross domestic product, a similar measure of the city's economy shows that it has been shrinking for two years. The New York City comptroller's office is forecasting another decline this year.

Evidence of economic hardship in the city is increasing. There has been a big rise in the number of people who have been jobless for more than six months, and tens of thousands of people have exhausted their unemployment insurance benefits

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Justin Lane for The New York Times
Michael Amodeo, on the ladder, auctioning the contents of a retrenching company's cafeteria.

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Chart: [New York City's Economy](#)

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but remain out of work. The number of households not on welfare but receiving food stamps, which some analysts cite as an indicator of a bad economy, has risen 20 percent in the last year, to 124,000.

New York City has gone through boom and bust before, most recently during what Christine M. Cumming, director of research for the Federal Reserve Bank of New York, described as "the long economic winter" from 1989 through 1992. The entire region suffered then; Connecticut, New Jersey and New York State lost hundreds of thousands of jobs.

But what has surprised economists this time is that the economic carnage has been concentrated in New York City — and only New York City.

Connecticut and New Jersey, relatively small and urban states, have suffered in the economic slowdown, but the unemployment rates, 4.6 percent and 5.5 percent, respectively, remain below the national average of 6 percent. Upstate New York, often described as economically beleaguered and suffering from steep declines in population, has an unemployment rate of just 4.9 percent.

Even areas long considered suburbs of New York City, with economies that had been tightly linked, are faring far better than the city. On Long Island, employment has declined by fewer than 4,000 jobs in the last two years; Westchester County, home of many of the city's bedroom communities, has had a dip of fewer than 3,000.

In the past, "we always received an equal-opportunity clobbering," said Marc M. Goloven, a senior regional economist for J. P. Morgan.

But in other parts of the region, the economies have become more diverse and less reliant on a few big industries. Their new bases of small and medium-size businesses, Mr. Goloven said, "represent a sea wall beyond which New York City's recession tide could not spread."

New York City's economy is also more diversified than it was 20 years ago, when Wall Street was the be-all and end-all, Mr. Goloven and other economists say. There are more retail and tourism businesses and, despite the dot-com bust, more technology companies. Immigration has brought economic vibrancy to many city neighborhoods.

"It's not like a town with just one auto plant," said James P. Brown, who analyzes the city economy for the State Department of Labor. "But a lot of what New York City does is related to the same thing: we sell services to other businesses." So while the 2001 recession arrived more slowly than it did in some manufacturing towns, it hit home all the same.

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Jacque Hemmerdinger for The New York Times

Vicki Herschman, jobless since July 2001, says she sends out hundreds of résumés a month.

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