

New York economy hit hard by terror attacks

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The destruction of the World Trade Center two weeks ago has had devastating economic as well as human consequences. This economic shock, unprecedented in its scope and suddenness, is likely to turn into long-term unemployment for many. Those whose jobs have literally disappeared or been placed in limbo because their workplaces were damaged as a result of the terror attack may also soon be joined on the unemployment lines by tens of thousands of others.

The September 11 tragedy took place as the New York City economy was already weakening at a rapid rate. The New York State Labor Department reported this past week that the city's unemployment rate had jumped from 5.0 percent to 5.8 percent in the month of August, an extremely sharp increase that put the jobless rate at a level not seen since May 2000. The surge in unemployment compares to a national increase from 4.5 percent to 4.9 percent, a considerable jump but only half the percentage increase seen in New York.

During August, employment at financial firms in New York fell by 2,300 jobs. Tourism-related businesses cut 2,900 jobs, and jobs were also eliminated in transportation and the restaurant industry. These are precisely the sectors of the economy hardest hit in the aftermath of the September 11 events.

Almost 10 percent of the office space in the largest corporate, financial and legal center in the world has either been destroyed or heavily damaged. About 30 million square feet of space is involved, out of a citywide total of approximately 330 million square feet. A total of 700,000 of the nearly 4 million jobs in the city have been impacted in some way by the devastation, including firms that have lost phone service, that were unable to function for a week or more, or whose workers were unable to come to work because of transportation difficulties.

Two thousand building service workers in the World Trade Center and surrounding buildings—janitors,

security guards, and others—no longer have jobs to go to. Three hundred fifty of these workers were on duty at the time of the attack, and 26 died.

One thousand workers who worked in the four hotels in and around the disaster site are also out of work. Six hundred members of Local 6 of the Hotel and Restaurant Workers had already been laid off in the weeks before the attack, and one thousand two hundred more have lost their jobs since. With hotel occupancy rates plummeting, there is little prospect for reemployment for these workers any time soon.

Other sectors of the economy that have been particularly hard hit include airlines and the air cargo industry, taxicabs and restaurants. Many thousands of workers who do not themselves work anywhere near lower Manhattan are faced with the loss of their jobs because of the drop in air traffic, cargo shipments, and spending for entertainment and tourism.

Taxi drivers in New York have an additional problem. An estimated 60 to 75 of the city's medallion-cab drivers are from North Africa, the Middle East, or the Indian subcontinent, and many have been fearful of returning to work. A large percentage of livery cab drivers are also immigrants from Asia and the Middle East. There have been reports that two taxis belonging to Muslim drivers were set on fire in the Bronx, two drivers in Manhattan were assaulted, and nine livery cars and taxis parked in Brooklyn were vandalized.

Traffic has also been a huge problem, along with the decline in tourism and business, and consequent drop in fares. An official of the Taxicab, Limousine and Paratransit Association, which represents companies in all 50 states, said that a survey reported that taxicab income in the city last week was 67 percent lower than during the same week last year.

As in other disasters, only this time at a new level, the World Trade Center attack is revealing the deep social polarization in the US. Although both rich and poor

perished in the horrific assault, it is the poor and broad layers of working people who are bearing the brunt of the economic fallout. These are workers who are living paycheck to paycheck, or even day to day. Sidewalk vendors who have no place to sell lunches and snacks have nowhere to turn. Workers in small retail establishments are similarly affected. Garment workers who work about three miles north of the WTC attack site in New York's famed garment district, and who earn less than \$15,000 annually, lost several days' pay when the shutdown of lower Manhattan prevented shipments of clothing.

While a partial recovery in tourism and other economic areas may emerge in the coming weeks, the fact that the September 11 events came just as the economy was showing signs of sinking into a slump indicates that the economic misery can be expected to increase in the next period.



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