Mayors report: US cities remain mired in slump

Patrick Martin
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Less than 10 percent of US metropolitan areas have seen the job market recover to pre-recession levels, and nearly one quarter of these urban areas will not see such a recovery for at least five years, according to a report released Wednesday by the US Conference of Mayors.

Those areas facing the most protracted recovery (or, more likely, a renewed downward plunge) include most of the metropolitan areas in California, Arizona, Nevada and Florida, the centers of the housing market collapse, and the industrial states of Michigan and Ohio.

Among the biggest metropolitan areas, Atlanta showed the poorest recovery, regaining only 19.5 percent of the jobs lost since the 2008 financial crash, with Detroit second worst at 20.4 percent. This was followed by Los Angeles at 20.7 percent and the San Francisco Bay Area at 26.7 percent.

Phoenix recovered 29.1 percent of the jobs lost since 2008, Chicago 29.7 percent, Miami 30.7 percent, Philadelphia 40.8 percent, Seattle 49.3 percent, New York City and Minneapolis-St. Paul 54.2 percent each, and Boston 92.1 percent. Dallas, Houston and Washington DC were the only metropolitan areas among the 15 largest to report employment higher today than in 2008.

The report prepared by IHS Global Insight for the group, which includes the mayors of 363 US cities, found economic growth of only 1.3 percent in 2011 and barely 2 percent this year, figures too low to make any significant reduction in urban unemployment.

High unemployment is combined with falling real wages: the mayors' report found that median real income for US households in 2010 was $49,455, a decline of 7.1 percent over the decade since 1999, when median household income was $53,252.

While conducted within the framework of official economic statistics that claim the recession was "over" in June 2009, the report to the mayors' group underscored the dire conditions facing working people in metropolitan areas that together comprise the vast majority of the US population.

Local governments have themselves contributed to the depression conditions by eliminating 533,000 workers from their own payrolls since 2008, according to figures provided by the Department of Labor. Cities have cut workers, canceled public works projects and slashed wages in order to eliminate budget deficits, a process that intensified in 2011 after the expiration of the financial aid provided state and local government under the 2009 federal stimulus package.

The report found wide variation across regions of the United States, with the slowest recovery in the southeastern and southwestern urban centers, where the collapse of the housing bubble had the biggest impact. For the whole of 2011, 125 cities and their surrounding suburbs, more than one-third of the total, had no net job growth.

While couched in upbeat language, in which any figure that was not completely disastrous was welcomed as a harbinger of future progress, the Conference of Mayors report nonetheless identified key factors that suggest continuing slump.

The report declares, "A weak labor market, high debt burdens, housing prices that have not yet hit bottom, price increases that have outpaced wage growth, and a lack of confidence in the government's effectiveness and accountability will keep spending growth moderate in the coming year."

It adds that government spending at all levels will continue to decline: "Such spending reductions put a drag on GDP; in 2012 federal, state, and local spending will decline by 2.5%, which will decrease GDP growth

by 0.5 percentage points. IHS expects the cuts to include wages and salaries, which will in turn dampen job growth and spending."

Los Angeles Mayor Antonio Villaraigosa, president of the US Conference of Mayors this year, led a delegation of mayors to the White House Wednesday for a brief meeting with President Obama. Villaraigosa said afterwards that the 2013 federal budget, which will be unveiled officially February 6, means "bad news is coming" for the cities.

Under the budget deal agreed to by the Obama administration and the congressional Republican leadership last summer, spending targets have been imposed that mean "serious and draconian cuts," he told a breakfast meeting with reporters.

Obama's director of the National Economic Council, Gene Sperling, made the rounds of liberal and union groups last week to tell them that overall spending would be cut for fiscal year 2013 compared to the current year. One participant in these meetings told the Washington newspaper *The Hill* that Sperling "said we weren't going to be happy with the budget."

Meanwhile, Obama named yet another multimillionaire to a top White House position this week, promoting deputy budget director Jeffrey Zients to succeed budget director Jack Lew, who is taking over as White House chief of staff at the end of the month.

Zients worked at the consulting firm Bain & Co., the company that set up Mitt Romney's private equity firm Bain Capital. He went on to a series of positions as a management consultant, investment banker and media executive, and was named one of the country's "40 under 40" capitalists by Fortune magazine, for achieving a personal wealth of an estimated $150 million by the age of 35.

This individual, like his predecessors Peter Orszag and Jack Lew, is a charter member of the top one percent, the financial aristocracy. He will be making decisions on cutting the vast array of domestic social programs that serve the needs of tens of millions of working people and their families, as well as the retired, the disabled and the unemployed.

The White House has opened talks with House Republican leaders over the full-year extension of extended unemployment benefits and the payroll tax cut, both of which are scheduled to expire February 29 if no action is taken. The administration has abandoned all proposals for tax increases on the wealthy or a tax on financial transactions to finance the $200 billion cost of the extensions.

Instead, both sides are offering cuts in domestic spending to pay for the extensions: Republicans would cut benefits for federal government workers, while Obama would impose additional fees on airline passengers and eliminate Saturday mail delivery.

In order to provide funds to offset a threatened 27 percent cut in Medicare reimbursement to doctors—which could lead to tens of thousands of doctors to refuse to take Medicare patients—both the White House and House Republicans are looking for $39 billion in cuts in other healthcare spending.

These cuts will come on top of those being proposed by governors in state after state. This week, New York Governor Andrew Cuomo, a Democrat, proposed cuts in reimbursement to counties for Medicaid, lower pensions for public employees, and other reductions in state social services.