The Nation's Cities: Job Loss Skyrockets

by Mary Jane Freeman

America's metropolitan areas, once known as engines of the U.S. economy, are in a severe downward economic spiral as reflected in huge rates of job loss since 2001. Metro areas (MAs) are defined as having a population of 50,000 or more; these areas generate "more than 80% of the nation's employment, income, and production of goods and services," reports the U.S. Conference of Mayors (USCM). At its just-concluded annual conference, the USCM released a report documenting that the nation's 319 metro areas had a 1 million-plus net loss of non-agricultural payroll jobs from 2001 to 2002. The downward drivers of this job loss are attributed, in the report, to "manufacturing [job] cuts and the dot.com bubble burst" which hit Detroit, Cleveland, New York, San Francisco, and San Jose already in 2001. In 2002, the process accelerated, resulting in net loss, over two years, of 1.151 million jobs in these metro areas.

While the report admits job growth in 2003 won't be enough to slow the unemployment rate, it otherwise falsely assumes a "strong pickup in national economic growth" in the second half of 2003, due to the Bush tax cut package—defying its own job loss data, since the first Bush tax cut, obviously, failed to spur any job growth. *EIR* has shown the latest Bush tax cuts will cost the economy $670 billion-$1 trillion, rather than stimulate growth. ("U.S. Fiscal 2003 Deficit Could Top $500 Billion, *EIR*, June 6). Another faulty assumption in the USCM report for its "growth in 2003" assertion is that a "buoyant" housing sector will lead to job growth. As *EIR* has often documented, the housing bubble cannot be sustained; and with this week's explosive Freddie Mac developments, it's closer to popping. Hedging its bets, the USCM report notes, "If a strong second-half recovery does not materialize (35% probability), then the top 20 metro areas may actually lose jobs overall."

That's a surer bet.

Notwithstanding its slow recovery projection, the picture is significantly worse than the report hints. For example, not measured in the USCM report is the rate of unemployment or the extent of *manufacturing job* loss in metro areas. And a third to half of all the states, which themselves are juggling big deficits, are slashing state aid to localities, adding to the strains on metro area budgets from revenue declines. Dayton, Ohio, for example, will receive $3-5 million less in state aid, typically used for fire and police services, this next fiscal year beginning July 1. A $2 million loss of state aid in Dubuque, Iowa has town officials turning to gaming revenues to try to fill the hole. Richmond, Virginia Mayor Rudy McCollum is planning for a two-year loss of $16 million which would lead to youth and health programs being cut.

Because elected officials want to cling to their delusions that a recovery is still possible without transforming the world monetary system—against all reality indicators—they fail to face the terminal nature of this economic downturn or its underlying cause: a 35-year shift from a producer to a consumer society. Thus they pay to have "good news" reports issued, rather than change the agenda to what Lyndon LaRouche, 2004 candidate for the Democratic Party Presidential nomination, has called for: a global economic recovery based on FDR-style infrastructure projects, coupled with a bankruptcy reorganization of the world's economy.

USCM's out-going president, Boston Mayor Thomas Menino, came closest to acknowledging this way out of the mess. In releasing the job-loss report, Menino, as he did during and after the Bush tax cut debate, said the real issue is "strategic investments now in housing, transportation, homeland security, and job training to spur economic growth and put people back to work." The National League of Cities (NLC) calls for strong "infrastructure investment" to create jobs and generate revenues. But the limitation of both the USCM and NLC's infrastructure orientation is their adherence to growing the consumer economy, rather than the radical return to FDR's approach which LaRouche is organizing for in the United States and around the world.

Metro 'Engines' Lose Their Motors

With those caveats in mind, the USCM report provides a glimpse at the shutdown of the engines of our nation's economy, our cities. It documents for the country's 319 metro areas, that there was a small gain of 142,000 jobs, nationally, in 2001, but a whopping loss of payroll jobs in 2002 of 1.151 million. The net two-year loss was 1.009 million payroll jobs. *EIR* extracted from the USMC's data those metro areas which had a payroll job loss of 20,000 or more over the two-year period. Taking those 18 metro areas (**Table 1**), their aggregate loss for these two years of 1.084 million, accounts for 93% of the total MAs' job loss. You see that the geographic distribution of that loss spans north, south, east, west, and central states.

Using data of the Labor Department's Bureau of Labor Statistics Establishment Survey, which measures payroll job loss, *EIR* took a closer look at the states whose largest metro areas, during 2002, had payroll job losses of 50,000 or more. Those seven states—New York, California, Illinois, Ohio, Texas, Michigan, and Massachusetts—had statewide payroll job losses for 2001-02 of 725,000, or two-thirds of the total two-year loss shown for the whole country in the USCM report (**Table 2**). Clearly the metro area losses in each of those states provided the bulk of the statewide loss.

But examining the loss of *manufacturing* jobs in those

TABLE 1

Metro Areas With Over 20,000 Jobs Lost, 2001-02

(Thousands; By Highest Two-Year Loss)

	Jobs Lost 2001	Jobs Lost 2002	Total Loss 2001-02
New York, N.Y.	–29.2	–117.7	–146.9
San Jose, Calif.	–26.5	–94.2	–120.7
Detroit, Mich.	–58.6	–59.6	–118.2
Chicago, Ill.	–20.5	–79.1	–99.6
San Francisco, Calif.	–28.2	–65.2	–93.4
Boston, Mass.	2.1	–72.3	–70.2
Seattle-Bellevue-Everett, Wash.	–17.3	–44.4	–61.7
Cleveland-Lorain-Elyria, Ohio	–23.1	–32.0	–55.1
Dallas, Tex.	6.7	–55.1	–48.4
Los Angeles-Long Beach, Calif.	1.5	–40.1	–38.6
Denver, Colo.	–1.8	–32.2	–34.0
Kansas City, Mo.-Kan.	–14.4	–17.4	–31.8
Minneapolis-St. Paul, Minn.-Wisc.	0.9	–30.8	–29.9
Portland-Vancouver, Ore.-Wash.	–7.8	–21.8	–29.6
Milwaukee-Waukesha, Wisc.	–11.1	–17.3	–28.4
St. Louis, Mo.-Ill.	–12.0	–16.0	–28.0
Greensboro-Winston-Salem-High Point, N.C.	–10.8	–15.4	–26.2
Louisville, Ken.-Ind.	–10.2	–12.7	–22.9
Totals	**–260.3**	**–1,014.3**	**–1,083.6**

Sources: U.S. Conference of Mayors' June 2003 "The Role of Metro Areas in the U.S. Economy: Employment Outlook," prepared by Global Insight; *EIR*.

TABLE 2

Top Seven States Whose Metropolitan Areas Had Net Job Loss over 50,000 in 2001-2002

(Thousands; Change from 2001 to 2002)

	Total Payroll Job Loss '01-'02	Manufacturing Job Loss '01-02	Percent Mfg. to Total Loss '01-02
New York	152	56	37%
California	125	145	116%
Illinois	100	59	59%
Ohio	97	68	70%
Texas	91	76	84%
Michigan	80	61	76%
Massachusetts	80	40	50%
Total	**725**	**505**	**70%**

Sources: Bureau of Labor Statistics, U.S. Department of Labor, Employment & Earnings, May 2003; U.S. Mayor's Employment Outlook Survey, June 2003.

states, the real picture of devastation is put into high relief. The table shows that the loss of manufacturing jobs as a percent of the total loss by state, from 2001-02, ranged from a high of 116% in California, to a "low" of 50% in Massachusetts. (The 116% in California means manufacturing losses were slightly offset by job gains in other sectors.)

The more important point is that our nation's wherewithal to produce goods for trade and development is fast grinding to a halt. U.S. manufacturing jobs have been lost for 34 consecutive months. These rates of shutdown of the key sector of employment which makes possible future existence, by its altering of nature, cannot be sustained.

As the National Association of Manufacturers (NAM) recently stated, the ongoing contraction of manufacturing jobs will soon shrink below a "critical mass," after which the industrial process by which prosperity and higher living standards have been generated, "may never be recovered."

Similarly, information sector jobs declined in tandem with the dot.com demise, as noted in the USCM report. Double-digit declines in this sector, as a percent of the total state job loss in 2001-02, occurred in Massachusetts (15%), New York (18%), Texas (23%), and California (42%). It is precisely facing up to these realities which should cause elected officials to demand LaRouche's recovery initiative, rather than opt for raising taxes and cutting spending, which only further jeopardize the nation's revenue-generating base.

The depth of depression conditions in our cities is, however, better seen by the rates of unemployment, which is not measured in the USCM report. That report, as *EIR* does in Table 2, uses the BLS "Establishment Survey" data. This measures only payroll jobs lost or gained as a percent of the Current Employment Statistics (CES) survey of business establishments. For example, a business may report loss of one job position that was in fact held by two part-time workers. So in this example, one job lost equals two people unemployed. The complexities are greater, but this suffices to indicate the difference. The other BLS database used to measure growth or contraction of the workforce is the "Household Survey." This measures labor force changes as a percent of the Current Population Survey (CPS) of people over 16 years old.

EIR took the April 2003 BLS household survey unemployment data, the latest available, for the nation's metro areas. This data shows that the rate of unemployment ranges from a high of 21.8% in Yuma, Arizona, to a low of 1.9% in Bryan-College Station, Texas. There are 85 such MAs with unemployed rates at or above the May national average of 6.1%. Of these, 32 have rates between 6.1% and 6.9%; 22 have from 7.0% to 7.7%; 16 have from 8.0% to 9.9%; 14 range from 9.0% to 16%; and one (Yuma) has 21.8%. Again the geographic distribution is diffuse.

These job losses and growing rates of unemployment in our cities, combined with revenue shortfalls on the state and local level, have created a situation where infrastructure investments are deferred, services are being slashed, and localities are hiking taxes just to get by. The time is long past when leaders must choose to build our way out of this debacle.