The New Strain of Inequality—the Economic Impact of Covid-19 in NYC

James A. Parrott
Center for New York City Affairs
JamesParrott@newschool.edu

NYC Workforce Investment Board
April 17, 2020
More precarious NYC economy than any time since the 1970s economic/fiscal crisis

• No precedent for the type of economic impact now taking place—much different than a recession
• Abrupt, massive (but not across-the-board)
• Gov’t mandated shutdowns/closures—for valid public health reasons
• No roadmap for how you emerge from this
The Covid-19 crisis economy

• 3 groups of industries
  o **Essential**: health care, food, public safety and services
  o **Face-to-face**: restaurants, retail, arts, transportation, construction, local services
  o **Remote**: finance and real estate; profession services; higher education; information

=> A new strain of inequality
NYC employment shares

- Essential -- 1.0 M (excl. gov't) -- 22.8%
- Face-to-face -- 1.9 M -- 42.7%
- Remote -- 1.6 M -- 34.6%
Projected job losses vs. Feb. 2020
Job losses disproportionate

• 68% among persons of color
• 64% earn < $40K
• Only 10% > $100K
• 36% HS or less
• 20% 4-yr degree+
• 54% immigr. (vs 49%)
• One-third of all 18-24 year-olds lost jobs
NYC unemployment rate could reach 20-30%; but depends on how many drop out
Is the 27% job loss projection just nuts?
The road from here?

We don’t know where we’re headed … but we do know 3 things:

• No alternative to massive federal economic support:
  • For workers and families
  • To keep small businesses alive
  • To maintain public services and re-build our health care system

• We will not return to where we were.

• NYC’s density had been a great asset, but for now and the near-term, it’s a liability.