



Updating the Recovery (from the recession and Sandy)

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New Jersey's Core Strengths

- ▶ 7th Largest State Economy - \$426.8 Billion Real GDP in 2011
- ▶ 3rd Highest Median Household Income - \$67,458 (33% higher than U.S. median)
- ▶ 2.8% of U.S. employment, but strong concentrations in high value-added industries:
 - ▶ Pharma (11.1%)
 - ▶ Information (3.5%)
 - ▶ Professional and business services (3.5%)
 - ▶ Finance and Insurance (3.3%)
- ▶ Highly educated workforce: 35% with college degree or higher vs. 28% U.S.



Negative Impacts of Sandy

Losses in Economic Activity

Lost Value of Capital Stock

(Housing, Commercial/Industrial, Infrastructure, Inventories)

Immediate Short-Term Loss of Flows

Income, Sales, Output, Tax Revenues (income, sales)

Wealth Effect

Spending Reductions due to loss of wealth

Medium to long term reduction in value of service flows generated by capital stock

Loss of Property Tax Revenues from Damaged/Destroyed Stock

Lost Tourism Revenues

Transportation, Accommodation,

Business Slowdown

Postponement of new businesses and expansions.

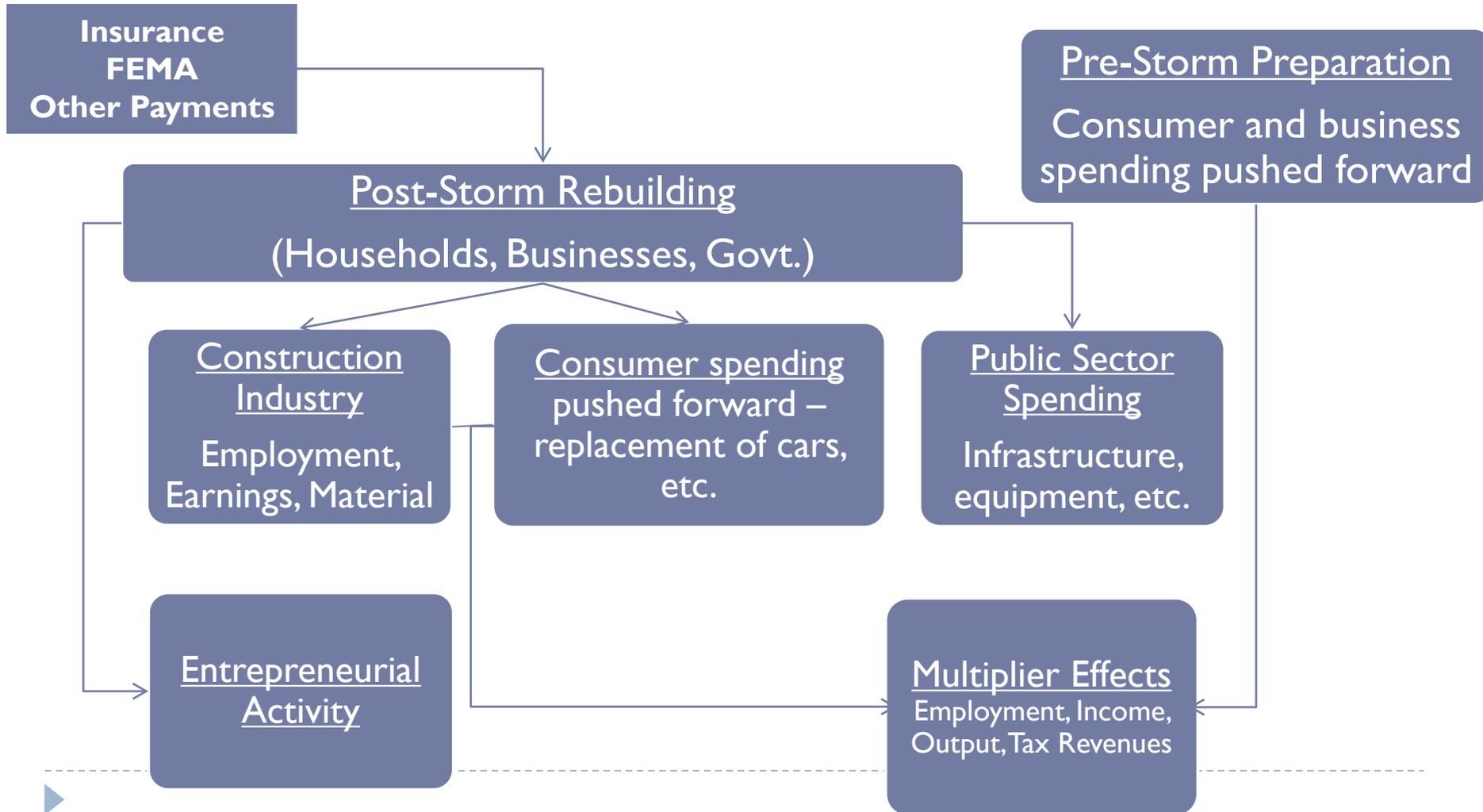
Multiplier Effects of Lost Flows

Employment, Income, Output, Tax Revenues (income, sales)



Offsetting Impacts of Sandy

Gains in Economic Activity



What is the net effect?

Loss of Capital Stock

(residential and commercial property, infrastructure, etc. and associated service flows and multiplier effects)

Loss of Business Activity

(immediate drops in spending, tax revenues, income, output, and associated multiplier effects)

Net Economic Impact

+ or -

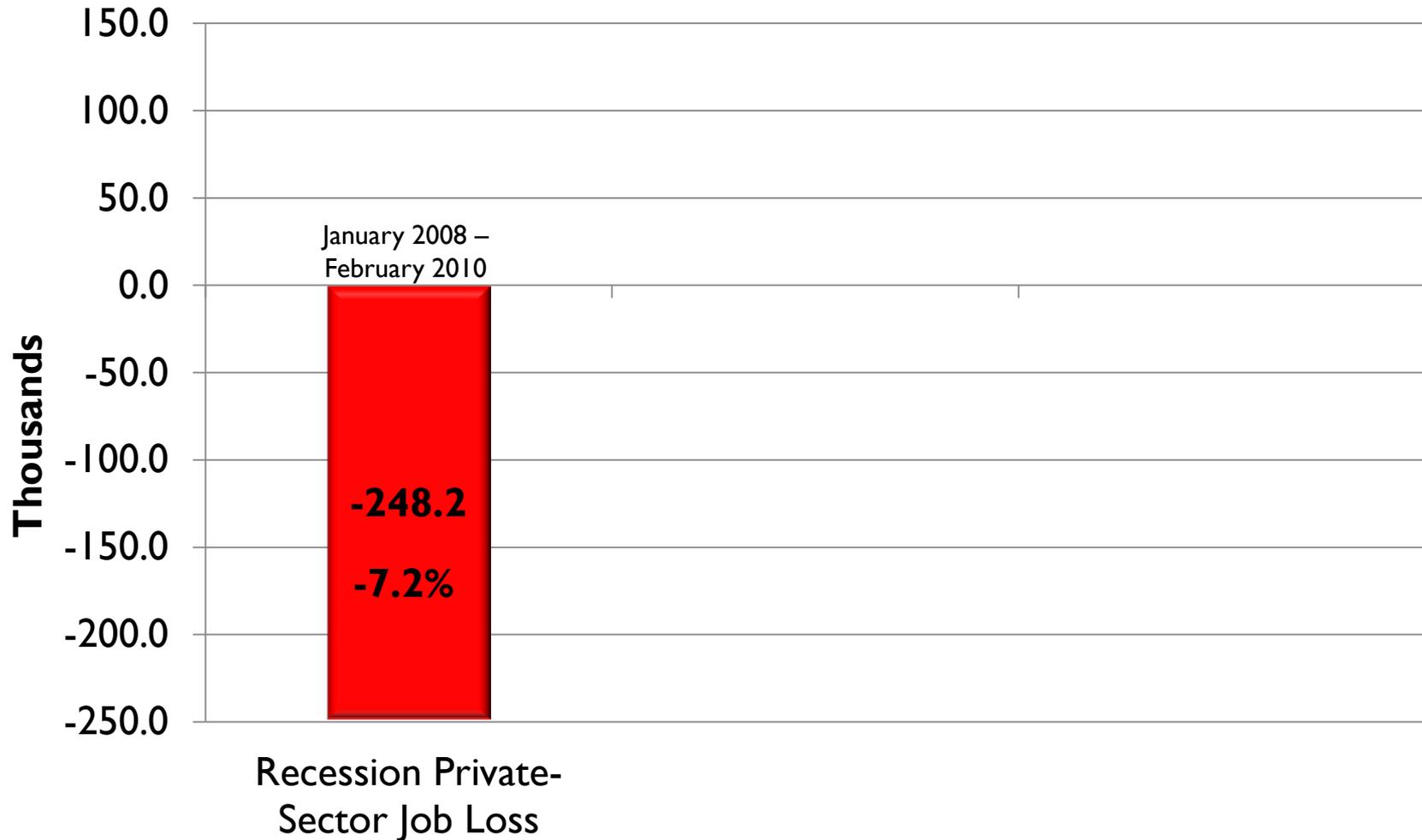
Construction Activity

and associated multiplier effects

Consumer Purchasing and Entrepreneurial Activity

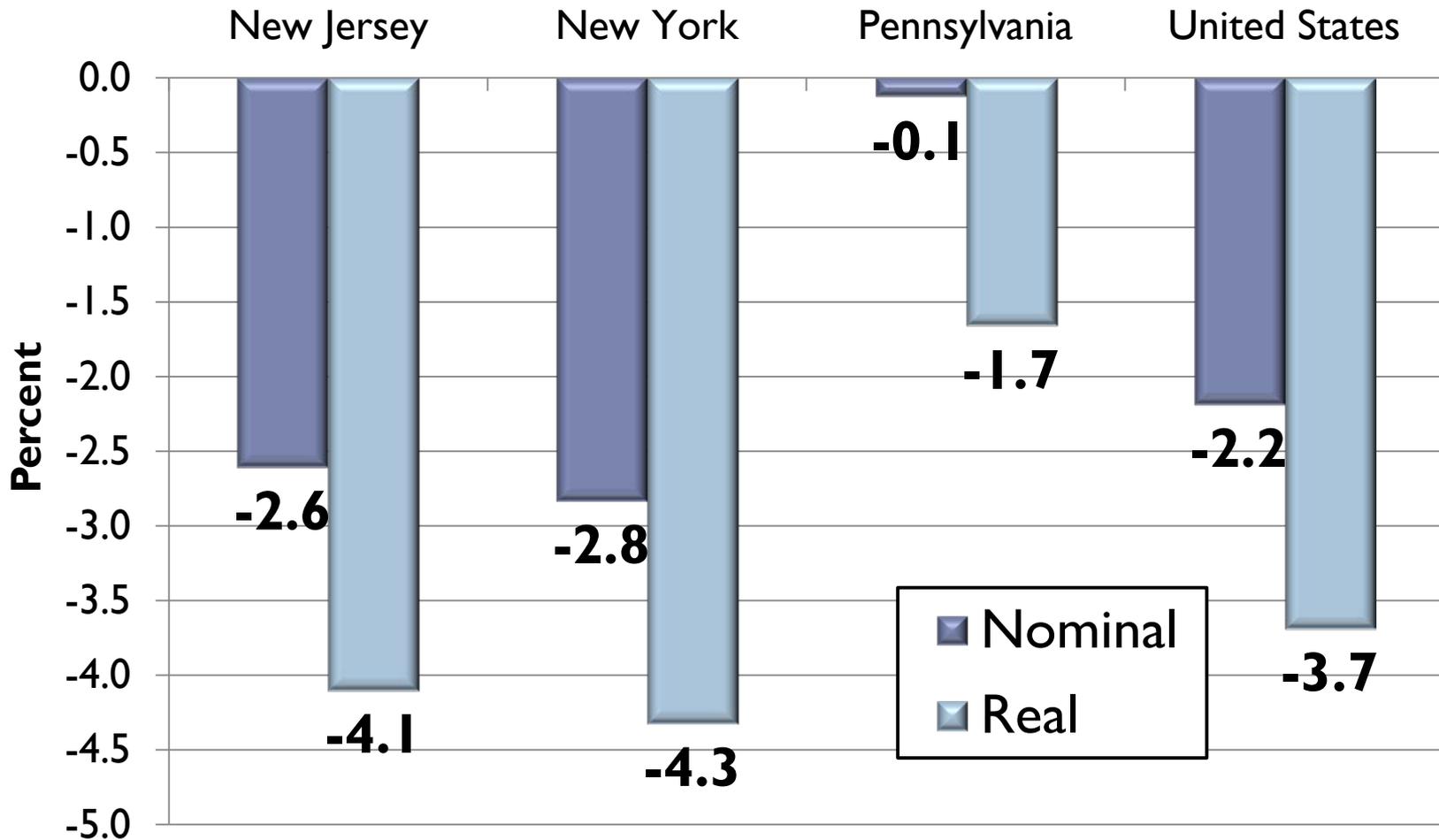
pushed forward before and after Sandy; multiplier effects

New Jersey Private-Sector Employment Recession

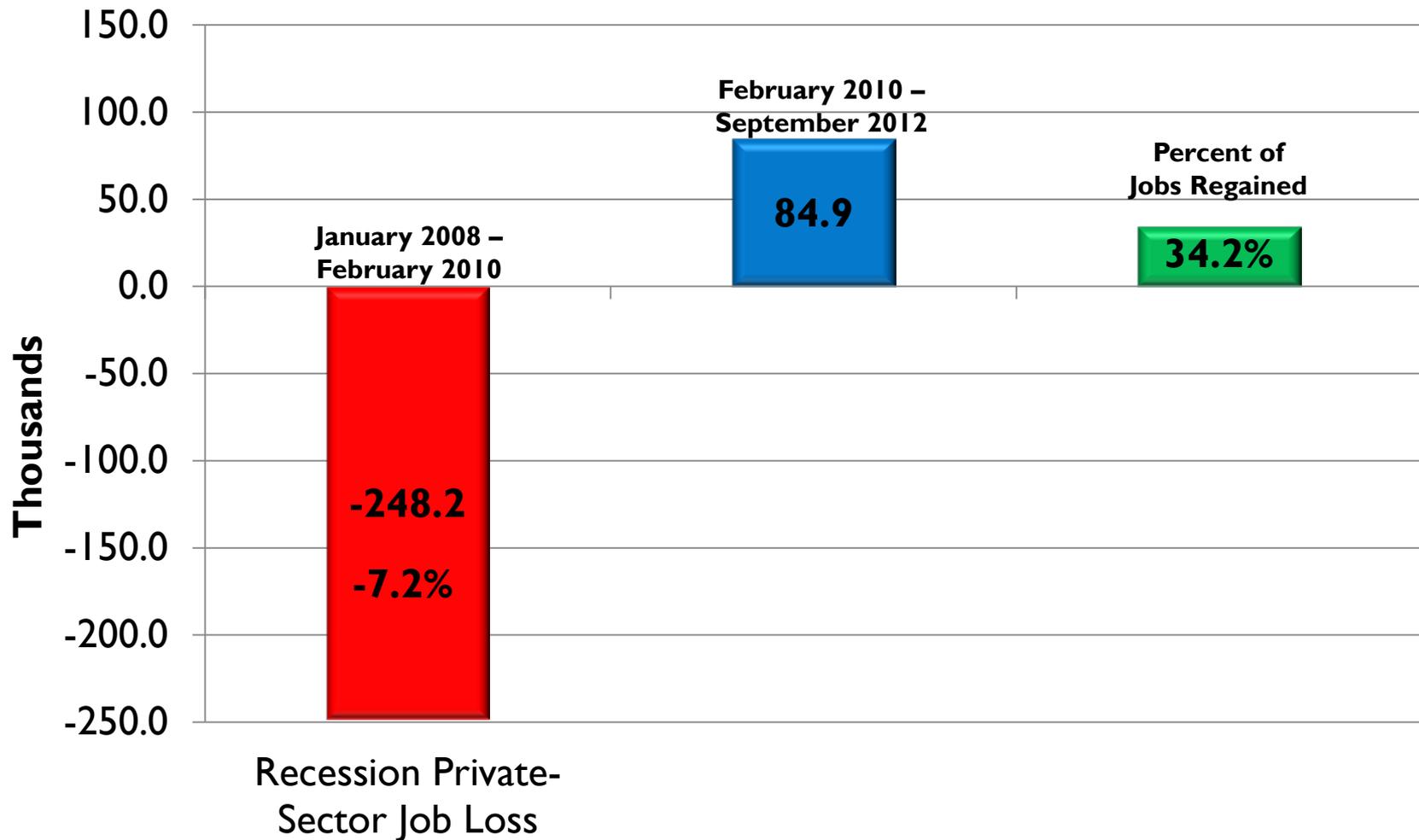


Total Personal Income Change

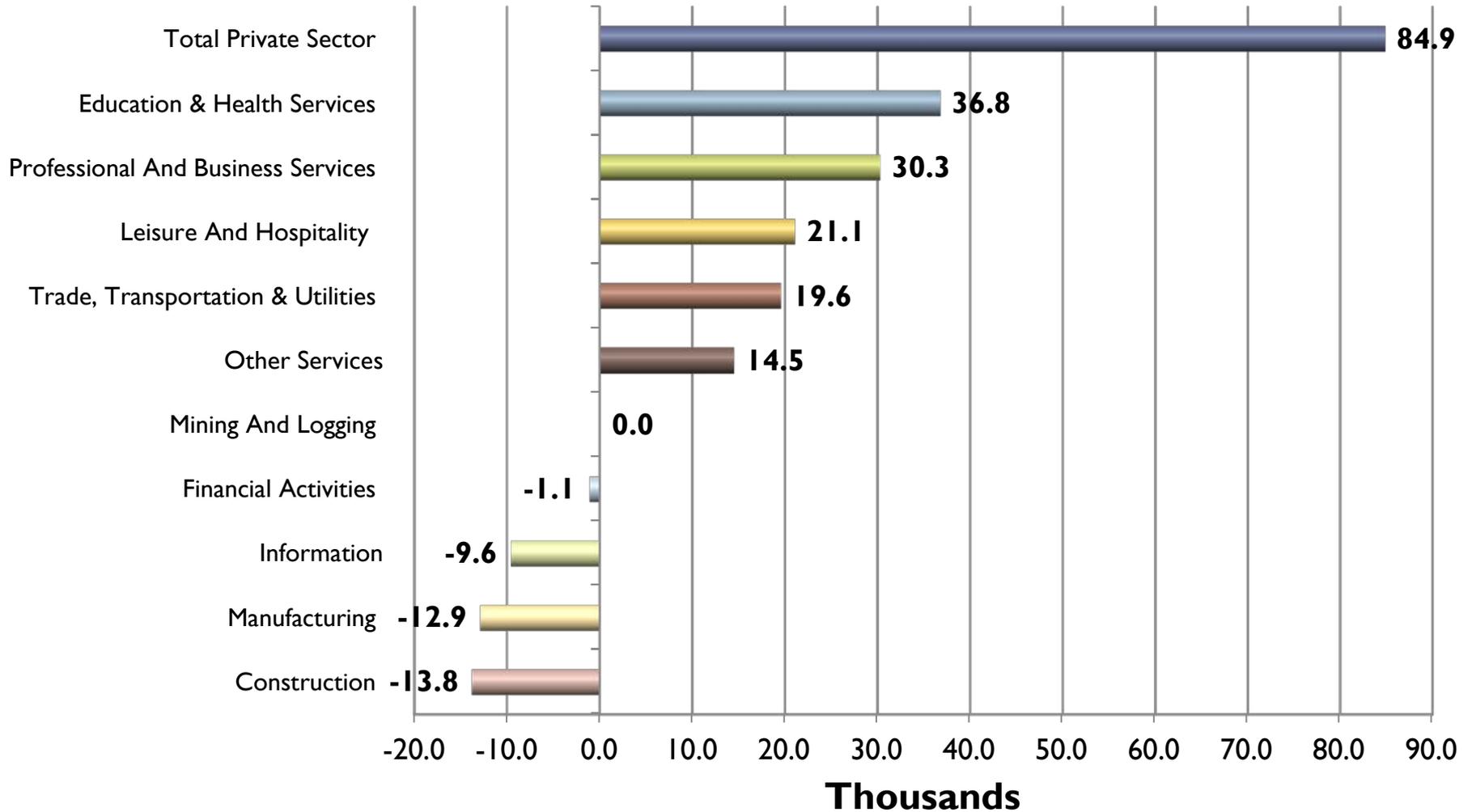
National Recession, 4Q 2007 – 2Q 2009



New Jersey Private-Sector Employment Recovery

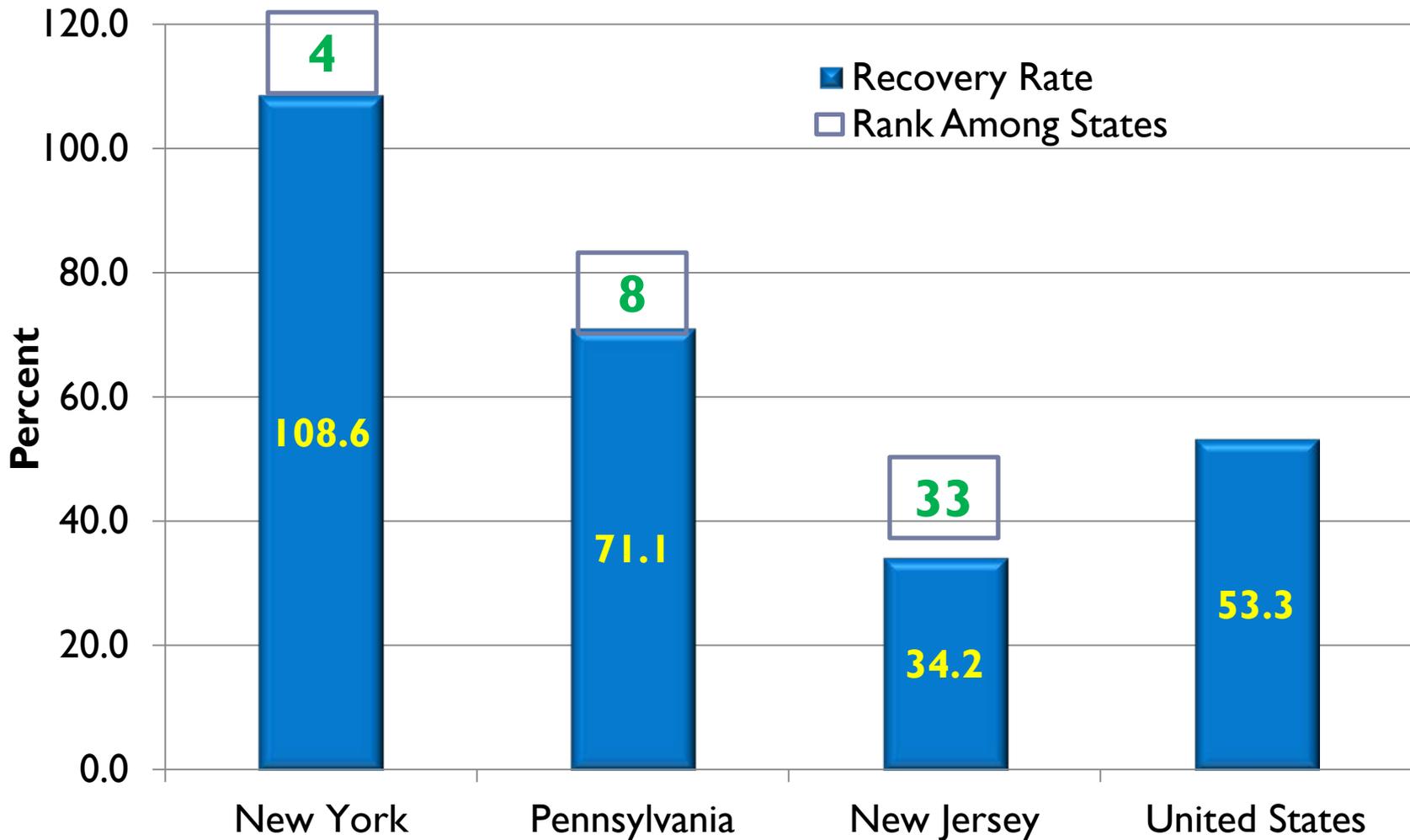


NJ Private Sector Employment Change February 2010 – September 2012

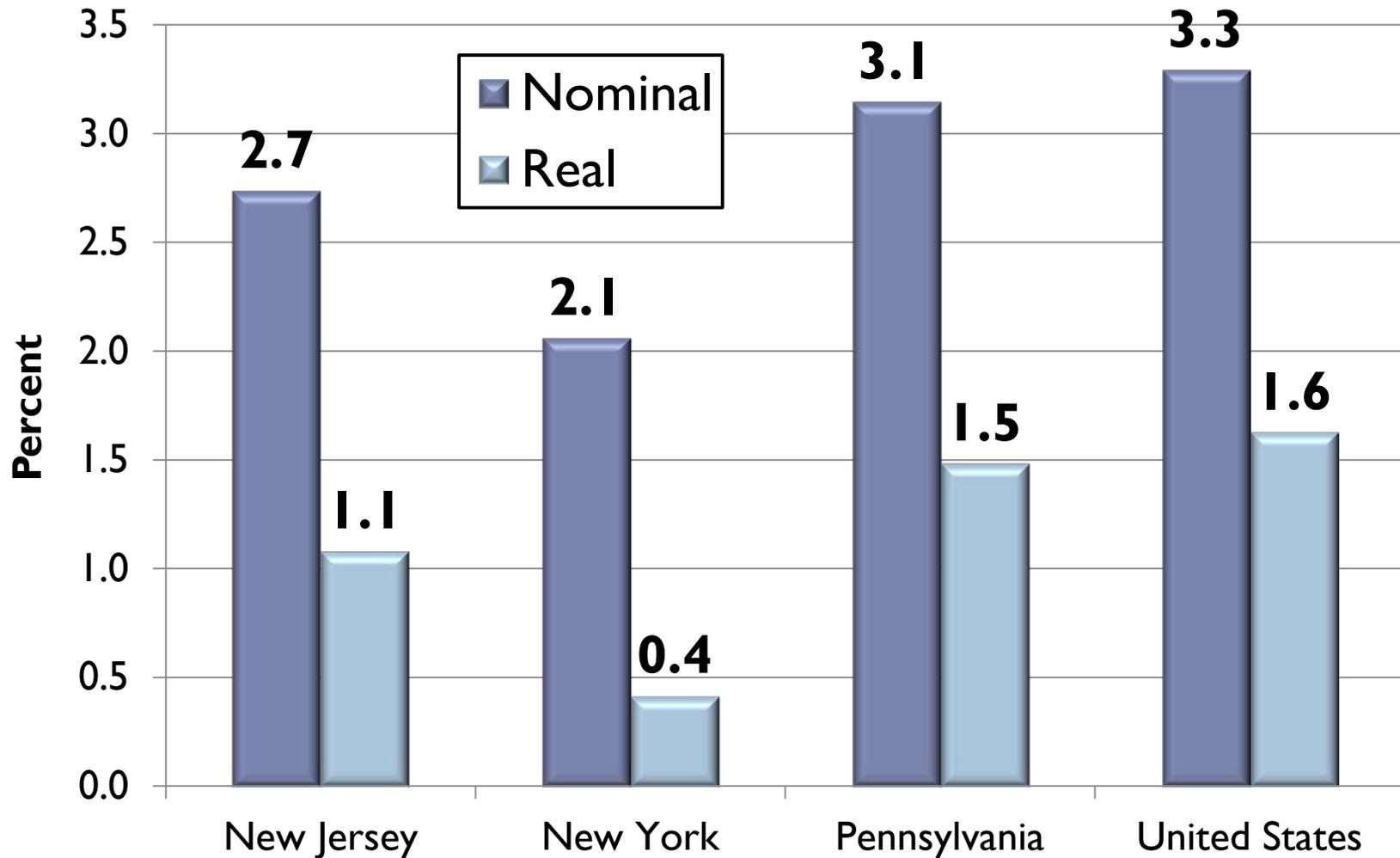


► Source: NJ Department of Labor.

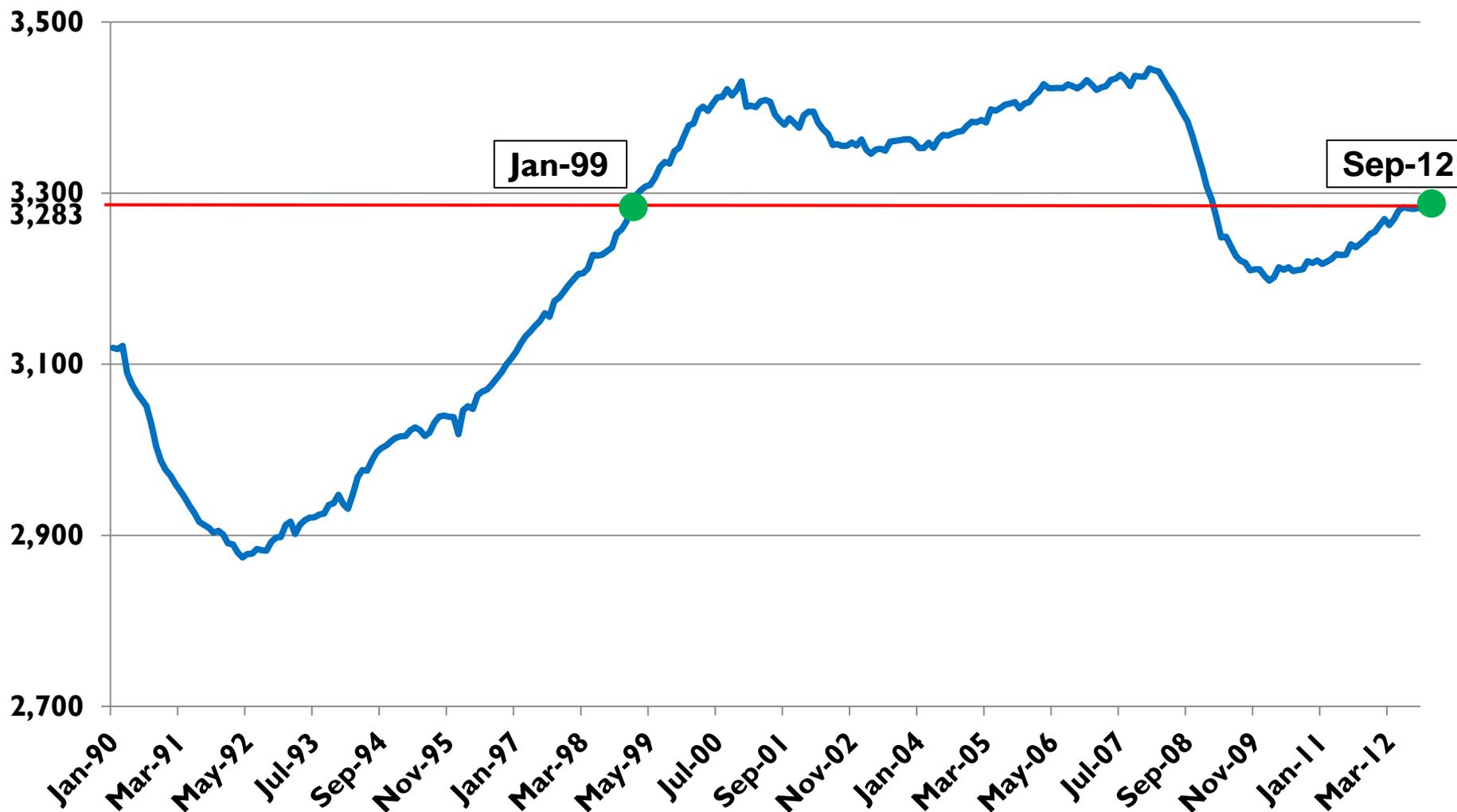
Recovery Rate: Employment Trough to September 2012



Total Personal Income Growth 2Q 2011 – 2Q 2012



New Jersey Private Sector Employment Monthly, 1990-2012 (seasonally adjusted, in thousands)



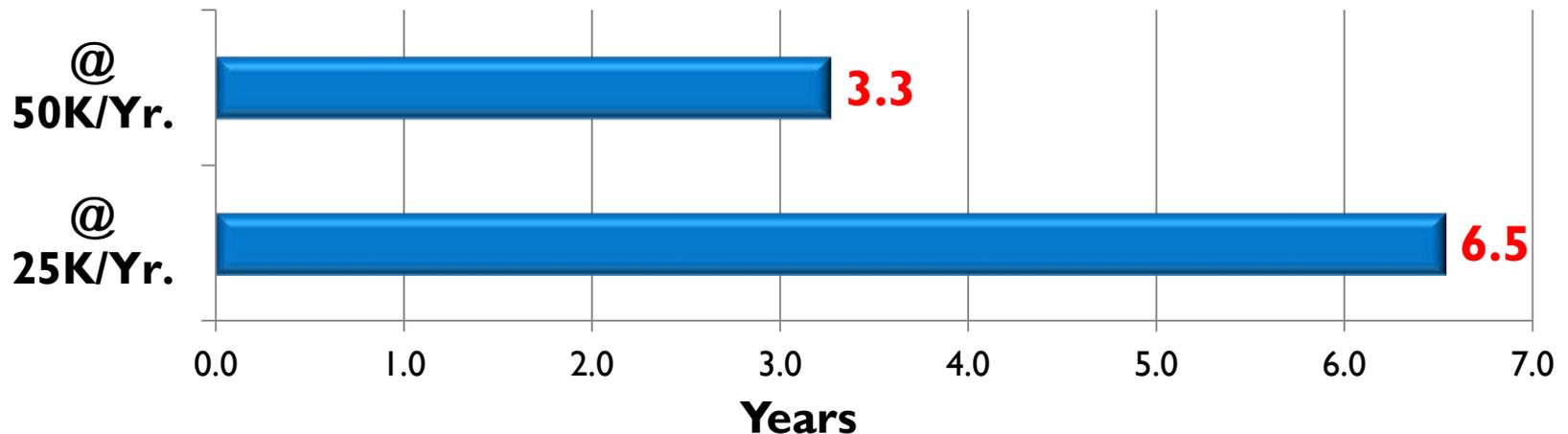
Source: New Jersey Department of Labor.

Returning New Jersey to Peak Employment

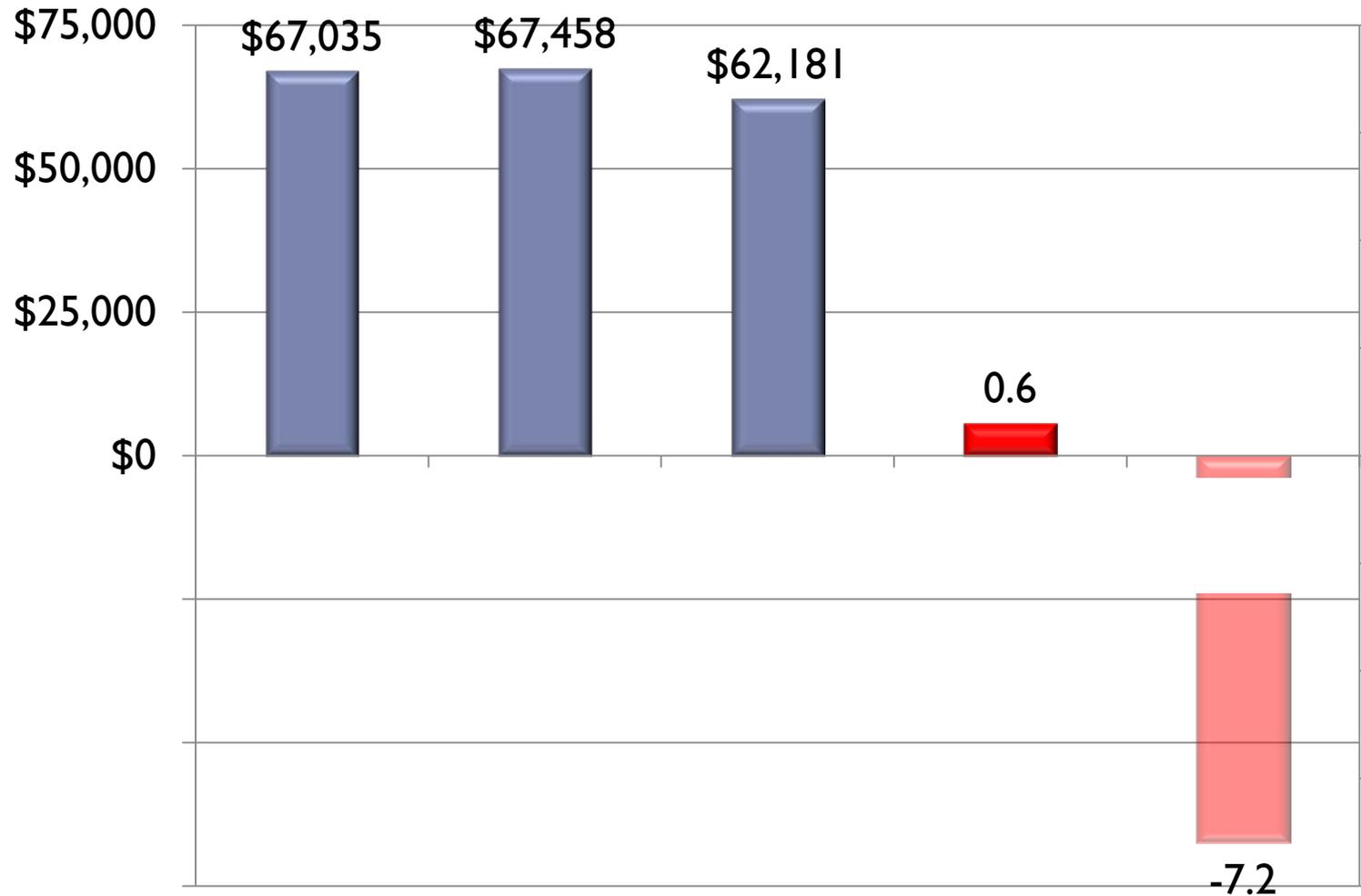
New Jersey's Private-Sector Recovery

New Jersey needs 163,300 private-sector jobs to return to its January 2008 peak of 3,445,800

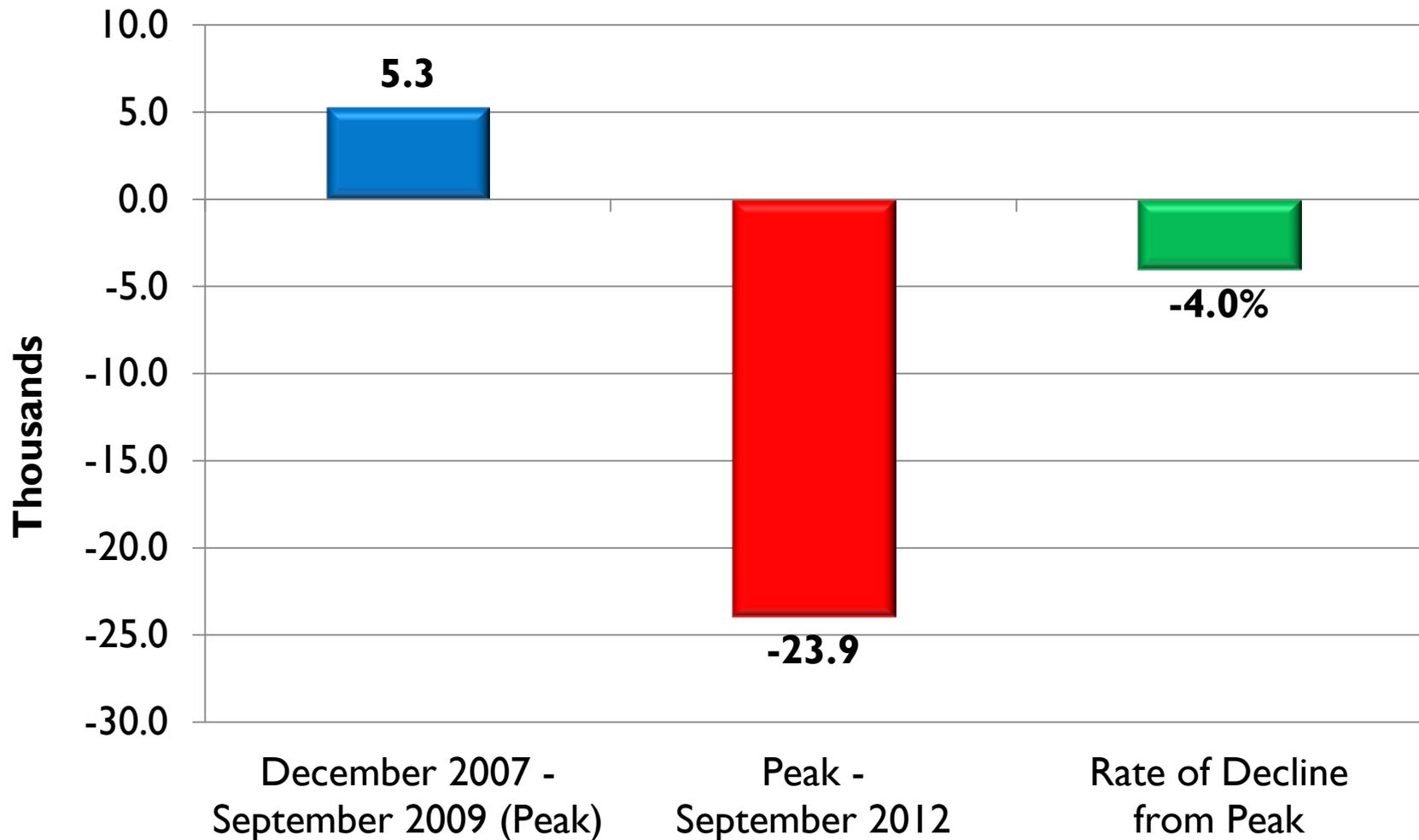
How long will it take?



NJ Median Household Income 2007 - 2011



New Jersey State and Local Government Employment



U.S. and NJ Unemployment Rates, Year-to-Date Change

	December 2011	September 2012
United States	8.5%	7.8%
New Jersey	9.1%	9.8%

$$\text{Unemployment Rate (U)} = \frac{\text{Unemployed}}{\text{Civilian Labor Force}}$$

Alternative Measures of Labor Underutilization, 4Q2011-3Q2012 Average

	U-3	U-4	U-5	U-6
United States	8.3	8.8	9.7	15.0
New Jersey	9.4	10.0	10.9	15.6
New York	8.8	9.5	10.4	14.8

► *Source:* U.S. Bureau of Labor Statistics.

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