

Chapter Three: The Impact of September 11th on Workers

Major Findings

- Based on the Federation's estimation:
 - 24,500 workers were temporarily dislocated in the two weeks following September 11th, with 13,000 of these workers representing the garment industry and 2,000 from the restaurant industry.
 - The baseline employment level in Chinatown is 33,658. Out of this figure, 7,685 people, or 23% of the worker population in Chinatown, were laid-off in the three months after September 11th.
 - Total wage losses are estimated at \$114 million.
- Based on individual-level data provided by Safe Horizon, after September 11th:
 - Garment workers witnessed a 46% decrease in their average weekly wages.
 - Restaurant workers experienced on average a 61% reduction in their average weekly wages.
 - Jewelry store workers experienced an 80% decline in their average weekly wages.
- In two industry-specific surveys conducted by the Federation with UNITE and the Chinese American Restaurant Association five months after September 11th:
 - Over 70% of garment workers were still working reduced hours.
 - 35% of restaurant workers were still working reduced hours.

September 11th took a heavy toll on Chinatown's workers. The dramatic decline in business resulted in massive layoffs and generally diminished the spending power of workers. Decreased consumer activity perpetuated the cyclic economic downturn, threatening the health of the community as a whole.

This chapter assesses the extent of job loss, underemployment, and wage loss in the aftermath of September 11th. First, relying on employment and wage data for affected employees who worked south of Canal Street and using a factor estimation model,⁴¹ this chapter presents estimates of total wage losses and unemployment levels in Chinatown. Then, using individual-level data provided by Safe Horizon, this chapter discusses the economic impact on workers from specific industries in Chinatown.

⁴¹ See Appendix section for an explanation of estimation methodology.

Estimation Framework

Based on individual-level data provided by Safe Horizon,⁴² the research team identified two types of employment loss: immediate-term and short-term. Job loss in the immediate-term refers to those who were unable to work during the first two weeks after September 11th because the community was paralyzed. Unemployment in the short-term refers to those who were laid-off during the first three months after September 11th. Three types of wage losses were identified: 1) Lost wages of workers affected during the first two weeks; 2) Lost wages of laid-off workers; and 3) Reduced wages for current workers due to decreased working hours. The Federation's recently completed industry-specific surveys with garment factories and restaurant owners indicated that five months after September 11th, over 70% of garment workers and 35% of restaurant workers were still working reduced hours.

The data from Safe Horizon, however, captures only part of the picture. The agency provided assistance only to residents and displaced workers south of Canal Street. In reality, businesses located on the north side of Canal Street were as economically affected as those south of Canal Street.

The area north of Canal Street is significant because, according to the latest Census figures, nearly 80% of the 23,000 residents living between Canal and Delancey streets (north of Canal Street) are of Asian descent. Also, according to the New York State Department of Labor, over 80% of garment factories are located north of Canal Street. Further, according to a joint garment factory survey by the Federation and UNITE, the average size and workforce of garment factories north of Canal Street are larger than those south of Canal Street.

The estimates of employment and wage losses are derived from the conservative assumption that the levels of economic impact north and south of Canal Street are similar. By multiplying the employment and wage loss figures south of Canal Street by the ratio of businesses north of Canal Street relative to businesses south of Canal Street, the extent of employment and wage losses north of Canal Street were estimated (see Appendix D).

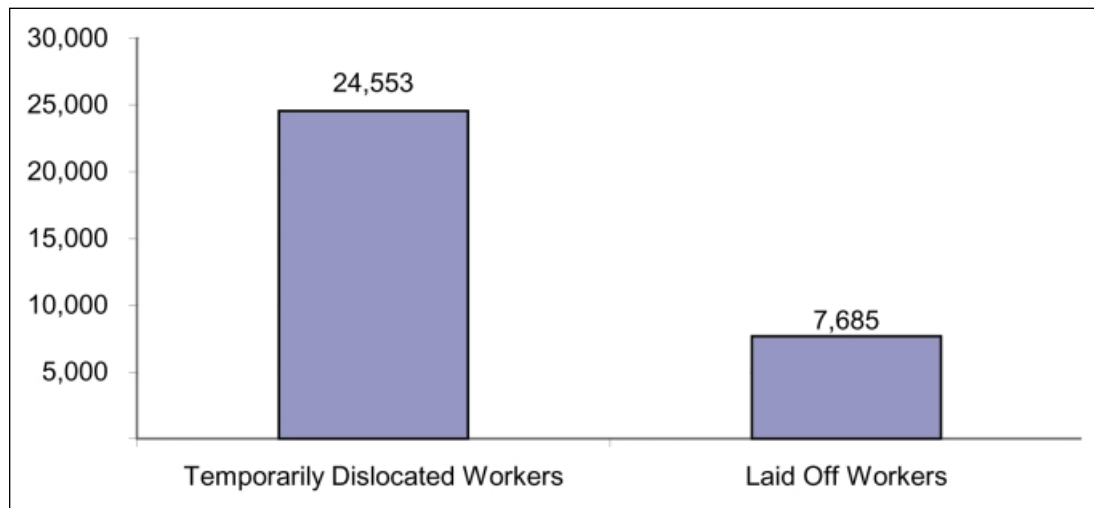
Estimated Job Losses: First Two Weeks and Three Months After September 11th

Based on the above estimation framework, over 24,500 workers across different sectors in Chinatown were temporarily dislocated in the first two weeks after September 11th. Due to the combination of a slowing local economy, declining apparel industry and, more importantly, the immediate shutdown of Chinatown, an estimated 7,685 workers in Chinatown were laid off (see Figure 3.1). These immediate and short-term job losses translated into wage reductions totaling \$114 million.⁴³

⁴² Safe Horizon is a major relief agency that provided temporary cash assistance to impacted workers in the disaster zone which had Canal Street as the northern boundary for relief to residents and dislocated workers.

⁴³ See Appendix D for an explanation of estimation methodology.

Figure 3.1: September 11th Impact on Job Dislocation in Chinatown

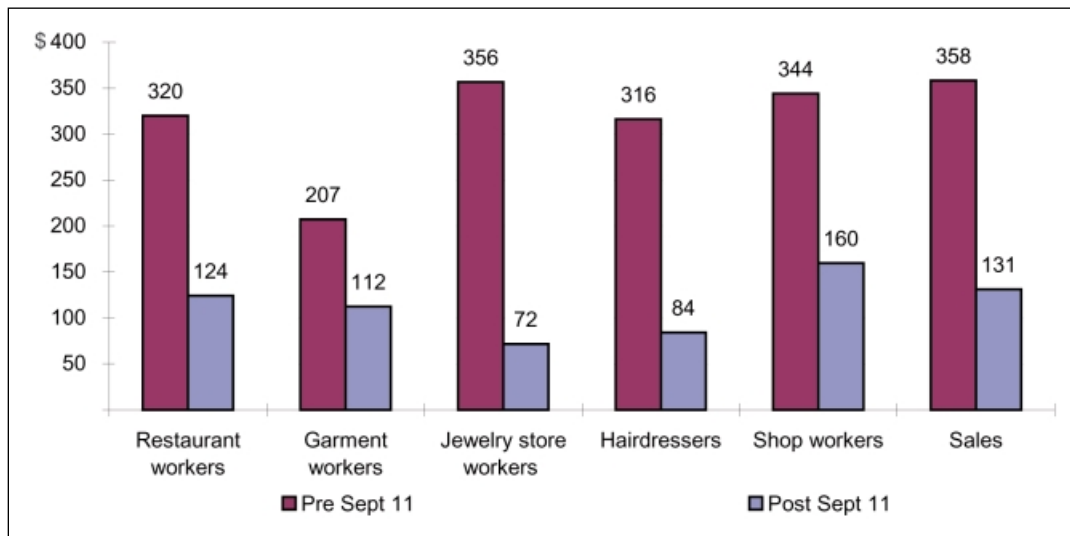


Source: Federation Estimation

Based on the individual-level data on Chinatown workers provided by Safe Horizon,⁴⁴ workers across the multiple sectors in Chinatown experienced substantial wage loss in the two weeks after September 11th (see Figure 3.2). To begin with, prior to September 11th, the average weekly wages of Chinatown's workforce, consisting mostly of blue-collar and service employees, were not high. On average, retail employees earned approximately \$350 in average weekly wages; restaurant workers earned \$320; and garment workers earned \$207.

⁴⁴ The Federation received a total of 5,119 records documenting pre- and post-September 11th income information for affected workers in Chinatown from Safe Horizon's three relief centers: 141 Worth Street, 62 Mott Street and Pier 94. However, due to time constraints, the team was not able to analyze the 700 cases from Pier 94 and the findings presented in this chapter only cover the first 4,449 cases. The analysis will be updated in the final report.

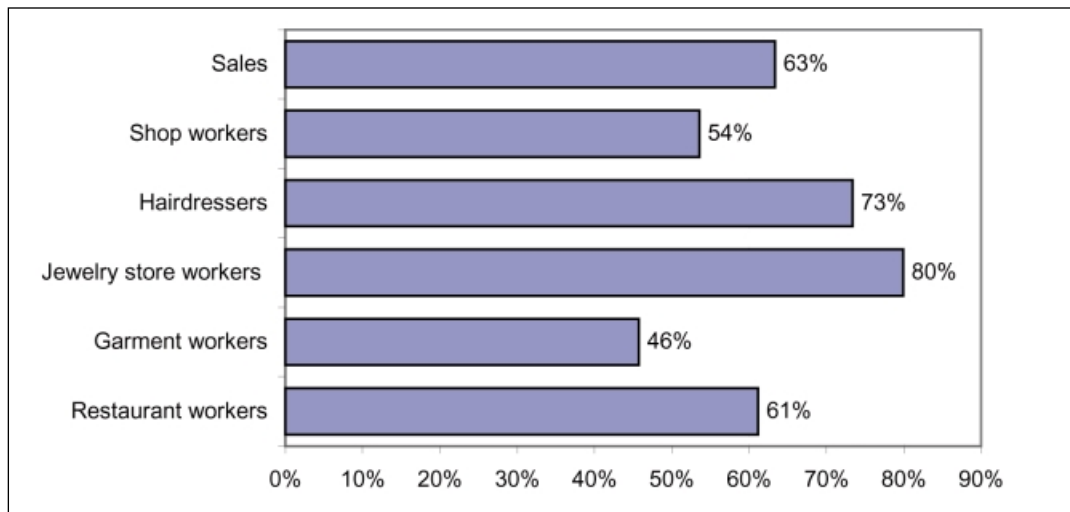
Figure 3.2: Average Weekly Wage Decrease (in Dollars) Among Chinatown Workers



Source: Safe Horizon

As Figure 3.3 shows, workers across the board experienced similar percentage decreases in average weekly wages. Specifically, average weekly wages for jewelry store workers plummeted 80% following September 11th, while hairdressers suffered a 73% decline in weekly wages.

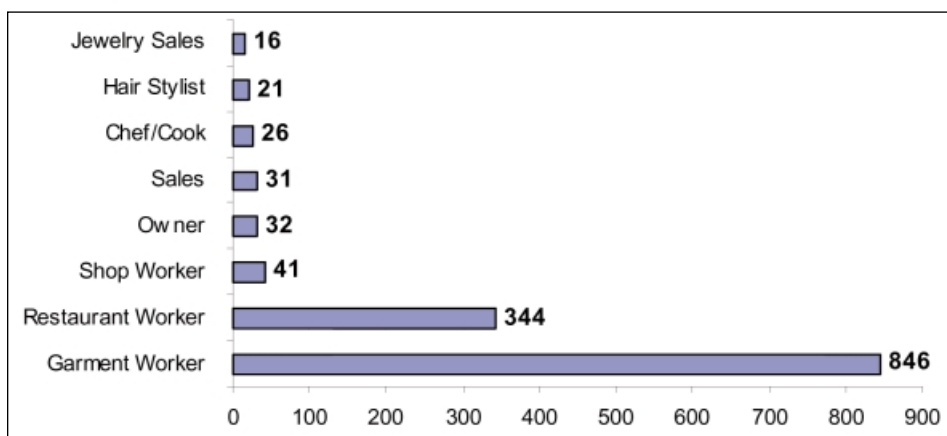
Figure 3.3: Percent Decrease in Average Weekly Wage Among Chinatown Workers After September 11th



Source: Safe Horizon

In terms of laid-off workers, garment and restaurant workers again represented the most affected industries in Chinatown, as shown in Figure 3.4.

Figure 3.4: Number of Laid-Off Workers Based on Safe Horizon File (South of Canal Street)



Source: Safe Horizon

According to the New York State Department of Labor (NYSDOL), half of the Unemployment Insurance (UI) recipients in Chinatown have low levels of educational attainment. Fifty percent do not have a high school diploma, and within this group, the majority have less than eight years of education. Most of the laid-off workers seeking job training/retraining through the Chinatown Manpower Project are of Chinese descent, with Cantonese (88%) and/or Mandarin language ability (59%). Nearly all (95%) have lived in the United States for over five years, and within this group, over 50% are between 41 and 54 years old. While the majority of applicants (94%) work in Manhattan, 65% of the individuals live in other boroughs. The largest barriers to employment and professional mobility for this population are limited English proficiency and a low level of job skills.

Industry-Specific Analyses

The following sections outline the impact on workers in Chinatown’s major industries. “Immediate wage losses” refers to reduced shifts, while “unemployment” refers to layoffs. The analysis of the effects on workers are based on data for employees who worked south of Canal Street and received temporary cash assistance from Safe Horizon, unless otherwise specified.⁴⁵

⁴⁵ Safe Horizon was among the largest relief agencies providing temporary cash assistance to affected workers. After September 11th, a total of 5,119 dislocated workers from 1,249 companies in Chinatown received temporary cash assistance through Safe Horizon. Approximately 28% of all Safe Horizon aid recipients, or 1,227 individuals, lost their jobs as a result of September 11th. As noted earlier, only 20% of the garment factories are located on the south side of Canal Street. Therefore, the Safe Horizon figure covers only a small portion of impacted garment workers.

I. Garment Workers

Immediate Wage Losses

- 2,641 garment workers were temporarily dislocated; these employees represented over half of all dislocated workers that received Safe Horizon assistance.
- Prior to September 11th, the average weekly income for garment workers was \$207 (see Figure 3.2). In the first two weeks after September 11th, that figure dropped to \$112, a 46% decrease in earnings (see Figure 3.3).

Unemployment

- 846 garment workers, reflecting 57% of all recipients of Safe Horizon aid, lost their jobs (see Figure 3.4).
- More than 1,000 garment workers were laid-off, and nearly 70% of the workers were forced to work reduced shifts, according to the Federation/UNITE survey.

II. Restaurant Workers

Immediate Wage Losses

- Average earnings for all restaurant employees dropped 61%, from \$320 to \$124 per week, according to Safe Horizon data (see Figures 3.2 and 3.3).
- 1,092 restaurant workers received Safe Horizon aid. These employees represented over 20% of all unemployed workers in Chinatown. Within this group, about 880 were restaurant workers (e.g., wait staff and bussers), and over 212 workers were chefs or cooks.

Unemployment

- 344 restaurant workers were laid-off, representing 18% of all recipients of Safe Horizon aid (see Figure 3.4).
- According to the Federation/Chinese American Restaurant Association survey, nearly 50% of all restaurant workers were laid-off or had to work reduced hours after September 11th.

III. Workers in the Tourism and Travel-Related Business

Immediate Wage Losses

- Average weekly earnings for travel industry workers dropped from \$607 to \$292, a decrease of over 50%.⁴⁶
- The average weekly earnings for car service drivers were \$1,000 prior to September 11th but fell to only \$200 after that date.⁴⁷

⁴⁶ Figure based on Safe Horizon data of 88 travel industry workers.

⁴⁷ "Cab Drivers' Business Decline," World Journal (November 4, 2001).

- With the termination of some bus tours and commuter van trips, drivers lost on average \$550 in weekly earnings.
- Based on available data sources, over 100 employees⁴⁸ (i.e., bus drivers, tour guides, interpreters, and sales agents) from more than 40 travel/tour agencies in Chinatown were dislocated, as indicated by data from Safe Horizon and SBA.
- The majority of the travel/tourism industry workers had to work reduced hours in the immediate-term.

Unemployment

- At least 50 travel industry workers were laid-off.⁴⁹

IV. Workers in Other Industries

Beyond the most severely affected occupations in the garment and restaurant industries, many of the workers who received assistance held positions as salesclerks or workers in Chinatown's shops. Of these, jewelry stores and hair salons were particularly impacted. Following is a presentation of findings from Safe Horizon data.

Immediate Wage Losses

- Hairdressers on average experienced a 73% decline in weekly earnings, from \$316 to \$84 (see Figures 3.2 and 3.3).
- As a group, jewelry business employees suffered an 80% decrease in income, the most dramatic loss of wages of all occupations, from \$356 per week before September 11th to \$72 after that date (see Figures 3.2 and 3.3).
- 161 salesclerks on average saw their wages fall from \$358 to \$131, a 63% reduction (see Figures 3.2 and 3.3).
- 121 shop workers experienced a wage reduction from an average of \$344 prior to September 11th to \$160 after that date. This difference represents a 54% decrease in income (see Figures 3.2 and 3.3).

Unemployment

Based on the Safe Horizon file, which only provided aid to employees south of Canal Street, the following numbers of workers from other sectors also suffered job losses:

- 21 hairdressers
- 16 jewelry store workers
- 31 salesclerks
- 41 shop workers

⁴⁸ This figure includes both immediate-term dislocated workers and laid-off workers.

⁴⁹ This number also includes layoffs of part-time workers and is based only on Safe Horizon data of 88 travel industry workers and interviews with major travel agencies.

Conclusion

The garment, restaurant, and retail industries continue to be an important source of entry-level employment for Chinatown's large immigrant worker population. Workers are typically relegated to these industries by limited English ability, a lack of other job skills, and relatively low levels of educational attainment. A shortage of employment options renders these workers particularly vulnerable in times of economic hardship.

In the wake of September 11th, Chinatown businesses across the board suffered huge losses. In the two weeks following September 11th, more than 24,500 workers were temporarily dislocated. More than 7,600 employees were laid-off in the three months after September 11th, representing 23% of all workers in Chinatown. Another 12,000 employees experienced reduced work shifts. Garment and restaurant workers were particularly hard hit; five months after September 11th, over 70% of garment workers and 35% of restaurant workers were still underemployed. As such, the total estimated wage losses exceeded \$114 million.