



PRESS RELEASE

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Job Watch: State's unemployment up, job growth flattens Nationally, consumer inflation down, real wages rising

ALBUQUERQUE—New Mexico unemployment rose by more than one third -- or from 3,400 to 41,800 persons -- between October 2007 and October 2008. Over that same time period, job growth was negligible (+1,000 jobs), and several sectors lost jobs over the year. That's the latest from the US Bureau of Labor Statistics (BLS). These estimates do not include the fallout still to come from the crisis resulting from the bursting of the housing bubble.

A second federal economic stimulus package would help, as the first one raised the state's overall personal income substantially.

"These numbers represent a substantial increase in people looking for work as the state's economy cools," said Gerry Bradley, Research Director for Fiscal Policy Project of NM Voices for Children. "Labor market and personal income estimates are important economic indicators because they reflect trends living standards for the state's working population. Also, less than half of the state's unemployed receive unemployment insurance," he added. Unemployment insurance supports basic needs spending by the unemployed, which helps keep the recession from getting worse.

New Mexico's unemployment rate rose from 3.3 percent in October 2007 to 4.4 percent in October 2008, after adjusting for normal changes for the month and season. The state's annual job growth was a negligible 1,000 jobs in a work force of 850,900. Manufacturing lost 2,500 jobs from October 2007 to October 2008, reflecting this year's layoffs at Intel, Eclipse Aviation, and TMC in Roswell, among other reductions. Construction jobs fell by 1,400 over the year as the housing bubble continued to deflate.

"The nation's rising unemployment rate and mounting job losses show the urgent need for a new economic stimulus for the nation's flagging economy," said Bradley. "The second round of economic stimulus should include an increase in federal support for the Medicaid program and increased eligibility for unemployment insurance, as well as spending on the nation's deteriorating roads and bridges, which creates jobs in the construction sector."

The state's economic growth, as measured by growth in personal income, rose from 1.7 percent in the first quarter of 2008 to 2.5 percent in the second quarter before dropping by -0.2 in the third quarter, according to the US Bureau of Economic Analysis. The increase in the second quarter was due to the rebate checks included in the national economic stimulus package passed last February. The end of this stimulus caused growth in personal income to drop in the third quarter. Low-income states such as New Mexico benefited more than richer states from the economic stimulus checks because of the income limits on the rebate.

A new wrinkle in the national economic news has arisen: falling consumer prices leading to rising real wages. Falling prices can result in real (inflation-adjusted) wage growth even when wage gains are low. The BLS reported last week that consumer prices were falling by -1.7 percent in November after falling by -1.0 percent in October. Nationally, real (inflation-adjusted) weekly wages were up by 2.3 percent in November after rising 1.3 percent in October.

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