



The United States Conference of Mayors

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NEW ECONOMIC REPORT BY US CONFERENCE OF MAYORS SHOWS ANEMIC GROWTH IN NATION'S METRO ECONOMIES

Mayor Villaraigosa to Congress: 'Our Cities Cannot Afford Another Season of Failure'

WASHINGTON, DC - Job growth for nearly all of the nation's metro areas will increase this year but not fast enough to force the unemployment rate below 8 percent, according to a report produced by IHS Global Insight as part of the US Conference of Mayors' US Metro Economy series.

The Report released today, forecasts job growth for all metro areas but mild to weak for many, and predicts that 22% of metro areas hardest hit by housing crisis will take five years to recover.

"The economic recovery is too slow, and it is a direct result of the inaction of this Congress in 2011," said Los Angeles Mayor Antonio Villaraigosa, the President of the US Conference of Mayors (USCM), in a speech to the non-partisan organization's 80th Winter Meeting. "If we gave the 112th Congress a mid-term report card, the grade would be clear. Congress would get an 'F.'"

At the close of 2011, 125 cities and their metro areas had not seen any net job growth. By the end of last year, the economy as a whole had regained only 30 percent of jobs lost from the Great Recession.

The outlook for 2012 is better. By the end of this year, the report forecasts that almost every one of our 363 metro economies will see job gains and the nation will have gained back 48 percent of its lost jobs. But despite this progress, the recovery remains slow and uneven. For almost 80 of the nation's metro areas, it will take more than five years to get back to pre-recession levels of employment.

The report offers a glimpse into what middle-class families are going through in this economy: median real income for US households in 2010 was \$49,455 – 7.1% lower than in 1999, when it was \$53,252.

After unveiling the findings of the report at a morning press conference, Villaraigosa used an afternoon speech to the US Conference of Mayors to lay out an agenda to put America back to work. In particular, he called for: (1) investing in infrastructure jobs by passing bipartisan transportation legislation that includes the America Fast Forward; (2) cutting taxes for working Americans by extending the payroll tax cut; (3) providing relief to those looking for work by extending unemployment benefits; and (4) strengthening communities by protecting the Community Development Block Grant program, the HOME Investment Partnership program, and public safety programs from further cuts in FY 2013.

"If Congress flunked the mid-term, it can still get a passing grade," said Mayor Villaraigosa. "When Congress returns to session, it must make a down payment on America's economic future by investing in our cities."

To view the full report, visit: <http://usmayors.org/>

Here are additional insights from the report:

- The researchers expect a modest improvement in housing starts this year (730,000 units, compared with 610,000 in 2011), concentrated in apartments, since people are renting instead of buying.
- With rises in oil and food prices slowing, inflation will fall back to 1.5% in 2012.
- The median real income for US households in 2010 was \$49,455 – 7.1% lower than in 1999, when it was \$53,252. This decline has been even steeper for poor people. During this time, income for the bottom 10% of American earners declined by 12.1%.
- This is an important issue for metro areas, as the trend in median income decline has hit cities hardest. For example, from 2009 to 2010, metro area household income fell 2.2% while rural areas didn't fall.
- Even with a stronger domestic performance, the recession risk for the U.S. remains uncomfortably high, at 30%. IHS predicts a mild recession in Europe, but not severe enough to tip the United States into recession. It will primarily impact export demand and earnings of American companies.
- IHS Global Insight expects trade to soften in 2012, with exports increasing only 3.7% while imports rise 2.7% thanks to softening growth abroad, including the economic turbulence in the Eurozone. Over the longer term, though, there's good news: Export growth will be strong, averaging 7.9% annually over the next five years, outpacing imports, which will advance by 5.2%. This will chip away at the US trade deficit and open up more opportunities for local firms to sell goods globally.

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