

# Western N.Y. to greet President Obama with economic worries

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As President Barack Obama prepares to visit Buffalo on Thursday, the economic landscape of western New York is once again wracked with problems.

Not unlike 2001, when then-Sen. Hillary Clinton promised to help create hundreds of thousands of jobs upstate in the face of that year's recession. Relatively few materialized.

Not unlike 1990, also a recessionary year that led into a jobless recovery. It took until 1993 for Rochester to regain its lost employment. Buffalo didn't fully recover until 1999.

And not unlike much of the past three decades, when longtime stalwarts such as Bethlehem Steel in Buffalo and Eastman Kodak in Rochester went through repeated downsizings, forever altering the two metropolitan areas.

Today, the Great Recession may be over, but high unemployment persists in western New York, credit is still tough to get for many businesses and consumer confidence is sluggish. If Rochesterians are glum about the economy, Buffalonians are even more justified feeling that way. Their region's jobless rate is higher, incomes and housing values are lower and, despite having 80,000 more people, Buffalo's overall economic output is smaller than Rochester's.

Obama's visit will seek to reassure business leaders that he is keenly aware of their woes. He began his "White House to Main Street" tour in December, with stops in Allentown, Pa.; Savannah, Ga.; and Quincy, Ill. On Thursday, Obama is to visit Industrial Support Inc. in Buffalo, a growing contract manufacturer engaged in both metal fabrication and electronic assembly.

"President Obama is looking forward to visiting western New York to discuss the economy, which remains his No. 1 priority, and to hear directly from area workers and small-business owners about their experiences

and ideas,” said White House spokeswoman Moira Mack.

Repairing western New York’s economy and restoring Buffalo and Rochester, the second- and third-largest metro areas in the state, to their former glory is fairly simple, said Dennis Mullen, chairman-designate of the Empire State Development Corp. The elixir is “jobs, jobs, jobs,” Mullen said on Monday while visiting Rochester to promote the Midtown Plaza redevelopment.

Mullen said the federal stimulus package of roughly \$800 billion, passed in early 2009, didn’t have a robust job-creation aspect aimed at the private sector. He said he expects further legislative action because both Obama and Gov. David Paterson understand that private-sector jobs have to be created by a collaborative effort involving businesses, universities, labor and government.

### **Slow-growth areas**

Both Buffalo and Rochester need more jobs if they are to keep their populations stable. A new study, the Brookings Institution’s “State of Metropolitan America,” examined the nation’s 100 most populous metro areas and classified Buffalo, Rochester and at least 35 others as slow-growth. Yet in other ways, Rochester is viewed more favorably than Buffalo. The study characterized Buffalo as an “industrial core” area, which refers to its long reliance on manufacturing. In addition to slow growth, Brookings said such metros have older, less-educated populations and need residential and economic revitalization.

The finances of the city of Buffalo became so troubled that the Buffalo Fiscal Stability Authority was created by the state in 2003 to oversee both the city budget and that of the Buffalo School District.

In contrast, Rochester was characterized by Brookings as a “skilled anchor,” seen as having made a transition to a knowledge-based economy with education and health care the largest sectors. “This difference has insulated them from the recent, deep economic suffering visited on the industrial core areas,” Brookings said.

But Buffalo is no slouch in education, said Andrew Rudnick, director of the Buffalo Niagara Partnership, a business organization. He noted that the region is home to the State University of New York at Buffalo and has 100,000 college students within 50 miles.

Economist Gary Keith of M&T Bank said the trend toward education, health care and the development of high technology will continue in Rochester and Buffalo. Rochester’s largest private employer is the University of Rochester and its medical center. Buffalo’s largest private employer is Kaleida Health.

Although UR passed Kodak as Rochester's largest employer five years ago, Keith said another milestone was reached more recently. For the fiscal year that ended Sept. 30, 2009, the \$3.8 billion in private wages paid to health care and education workers in the Rochester area exceeded the \$3.7 billion paid to manufacturing workers.

"That's a watershed moment," Keith said.

## Old ways gone

Buffalo is seeing changes even in its manufacturing. Long gone are old steel and the old way of making cars. "It's a different kind of manufacturing. It's precision-based," said Rudnick. "It's never going to be what it was."

Two things the regions' business leaders would like to see — lower taxes and fewer mandates from Albany — are beyond Obama's control.

Rudnick said out-of-state businesses believe New York is tax- and regulation-happy. He said many businesses took note of some promises made to Empire Zone companies that were later rescinded by state government. That has a toxic effect when trying to attract new business, he said.

"A state you cannot trust isn't a very attractive place to put new investment," Rudnick said.

Sandy Parker, president and CEO of the Rochester Business Alliance, worked with Rudnick to launch the Unshackle Upstate movement aimed at reforming Albany. She agreed with Rudnick's assessment that the state makes things too difficult for upstate businesses.

As to why Obama chose Buffalo and not Rochester for his visit, Parker had a theory: Buffalo, the largest city in upstate and the westernmost, is often seen as the unofficial capital of the region.

"It tends to be the representative of upstate cities," she said.