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STREET LAYOFFS HIT NEW RECORD

By JENNY ANDERSON



May 6, 2003 -- Wall Street firms' bloodletting has killed more jobs in the last two years than any other comparable period in history.

According to a report by the Securities Industry Association, 80,400 jobs - or 10 percent of the total - were lost between April 2001 and February 2003.

DOWN AND OUT:

Wall Street axed 80,400 jobs between April 2001 and February, the biggest drop on record.

- AP

In sheer size, the number of layoffs sets a record, the SIA said. In the three years after the 1987 stock market crash, 38,900 securities industry workers lost their jobs, an 8.5 percent decline.

In the sector's 1973-1974 recession, employment dropped 17 percent, the report said.

And the SIA is expecting the total number to increase to 112,000 when the industry association's classification system is revamped in June.

"There a real sense of gloom on Wall Street," said professor Henry Hu, a corporate and securities expert at the University of Texas at Austin.

By most accounts, the pain is not over.

"All indications are for additional steep cuts to extend to the foreign operations of U.S. securities firms for the remainder of 2003," said the report, written by George Monahan, the SIA's director of industry studies.

"You'll see companies start divesting themselves of entire businesses," says Matt Andresen, head of global trading at Sanford Bernstein, a unit of Alliance Capital. "There remains an over-capacity on Wall Street right now and I think you have not seen the end of the layoffs."

Merrill Lynch cut 1,300 jobs in the first quarter, even after undergoing an earlier restructuring. It has shed over a quarter of its workforce since the peak of the tech boom in 2001.

Goldman Sachs cut 700 jobs during its first quarter and CFO David Viniar said there could be more layoffs, depending on how business shapes up. Credit Suisse First Boston CEO John Mack said recently that the firm's headcount is down 23 percent, or 7,000 jobs, since 2000.

Wall Street employees are watching the market for employment trends. "A rising stock market is better for Wall Street employment," says University of Texas's Hu. "It's also better for high-end Manhattan real estate."

New York has been particularly hard hit, as part of a long-running trend of firms relocating to cheaper locations.

The state's share of U.S. securities jobs fell from over two-fifths in the 1970s to around 25 percent in 2002.

Not all see more doom down the road. "At the margin, you won't see layoffs at the same pace," said UBS Warburg securities industry analyst Glenn Schorr.

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