

# Life in the time of pandemic



SEAN D. ELLIOT/THE DAY



## Will lost jobs return?

**Nonfarm employment figures (in thousands) for the Norwich-New London-Westerly labor market from 1990 to August. The numbers are seasonally adjusted.**

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**E**CONOMIST DON Klepper-Smith planned to retire in December, but he felt he just couldn't leave when people are seeking perspective on an economic situation that he has described using words and phrases like "unprecedented" and "uncharted waters."

With businesses impacted by the pandemic, Connecticut lost 269,000 jobs in April, more than twice the number of jobs created over the past 10 years, and regained more than half of them since.

Complicating matters is the fact that, unlike most states, Connecticut never regained 100% of the jobs it lost in the Great Recession. Klepper-Smith, who works for DataCore Partners, said that in February, the state was 17,000 jobs away from a full recovery, and now is about 155,600 jobs away.

For August, the federal government pegged Connecticut's unemployment rate at 8.1%, but the state Department of Labor and Klepper-Smith say the actual rate is much higher.

Klepper-Smith noted that nationwide as of August 2020, for every 10 workers who are officially unemployed, there are another six "discouraged workers" who gave up looking for work or part-time workers seeking full-time jobs.

"It's a dizzying exercise trying to predict exactly where this economy is going. It's like trying to predict a hurricane," Klepper-Smith said.

But he's certain that Connecticut will continue to face outmigration, though now tempered by people leaving New York for Connecticut, and that "we can't tax our way into economic prosperity." His sense is that the future will involve some good months punctuated with some bad months.

The sector that lost the most jobs in Connecticut from August 2019 to August 2020 was leisure and hospitality, followed by trade, transportation and utilities, which includes retail.

Compared to a 7% drop in nonfarm employment statewide from last August to this August, the Norwich-New London-Westerly area saw



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**Top, NoRA Cupcakes on Bank Street in New London in June. It's among a number of businesses that have closed for good during the coronavirus pandemic shutdown. Above, Tiffany Shultz talks in July about her new vegan dessert shop, Dutch's, in Pawcatuck.**

an 11.7% drop — the largest of any region in Connecticut.

But both Klepper-Smith and Mark Hill, president and CEO of the Eastern Connecticut Workforce Investment Board, see hope in the manufacturing sector.

"I think one thing that is a silver lining for our region, maybe relative to other parts of the state and country, is that Electric Boat has a really robust outlook in terms of the second half of this decade," Hill said. EWIB is still operating its free Manufacturing Pipeline Initiative training program.

Hill said the big question is whether certain jobs are coming back, but he thinks it's too early to make predictions about particular industries. Through workshops and case managers, EWIB is trying to upskill people who are unemployed and position them for jobs they know will still be here in two to three years.

### Working from home

Among the unprecedented economic impacts of the pandemic, Klepper-Smith points to the uncoupling of the growth in business productivity with growth in gross domestic product.

Typically, he explained, growth in GDP is highly correlated with growth in productivity, measured as output per man hour. But GDP fell at a seasonally adjusted annual rate of 31.7% in the second quarter of 2020, the largest drop since the Great Depression, while business

productivity increased 10.1%.

Klepper-Smith said this defies the common logic that the average worker is more productive in a workforce setting than working from home.

Vivek Banerjee, senior business analyst for the consulting company Accenture, has been working from home in Groton rather than from the site of his client, Pfizer.

"I am more productive working from home, because in the morning you don't lose hours getting ready, preparing lunch and then starting," he said.

Banerjee has seen a greater emphasis on employee health and more frequent connections with people in leadership positions, but he said one downside of the flexible working hours is a greater expectation to overlap with the international teams in Europe and Asia.

Mark Russell, video technology specialist with Groton Public Schools, started working from home in March and then gradually returned to the office. An introvert who was used to having headphones on all day while editing, he didn't face the dramatic decrease in social interaction that some did.

But he did find himself a lot busier, between doing everything on a laptop rather than six computers and hosting Board of Education meetings on Zoom.

### Some businesses shutter; others see opportunity

In Connecticut's small

business climate, May 20 was a momentous day, as phase one of reopening meant the return of Mystic Aquarium, Olde Mistick Village shops, Crystal Mall and numerous restaurants providing outdoor dining.

Gov. Ned Lamont made the controversial decision to push the opening of hair salons and barbershops to June 1, an edict one Pawcatuck barber opted to disobey. Foxwoods Resort Casino and Mohegan Sun also reopened June 1.

Phase two on June 17 brought the reopening of gyms, indoor dining at restaurants, museums, libraries, theaters, hotels and amusement parks.

Lamont confirmed July 6 he was indefinitely postponing the start of phase three, originally scheduled for July 20. He announced on Sept. 24 that Connecticut would move into phase three on Oct. 8; this includes increased capacity for restaurants, wedding venues and hair salons, but bars and nightclubs will remain closed.

By the end of June, multiple businesses had decided to close, such as MBAR, Bartleby's Café, Avanti's, Café Otis, O'Neill's Brass Rail and the NoRA Cupcake Company location in New London.

But businesses continued to open. Adam Young brought doughnuts to Mystic and Tiffany Shultz brought vegan cupcakes to Pawcatuck. A high-end New York chef moved to Mystic to open The Shipwright's Daughter at The Whaler's Inn. David Roden brought clients into The Exercise Coach in Groton at the end of July, and Patty Serrano opened Baptiste Power Yoga Groton for in-person classes in early September.

Surprisingly, more businesses started up and far fewer stopped operation this July than in July 2019, according to data from the Secretary of the State's office.

Now, many restaurants are looking ahead to cold weather, unsure how they will survive the winter months without outdoor dining. Dan Meiser, who owns Oyster Club, Engine Room and Grass & Bone in Mystic, said he would like to be able to put up tents with heaters in spaces traditionally used for outdoor dining.

GRAPHIC: SCOTT RITTER/THE DAY  
DATA: CONNECTICUT DEPARTMENT OF LABOR, OFFICE OF RESEARCH