

TheNational

Recession-hit rich jostle for bargains

Sharmila Devi, Foreign Correspondent Last Updated: December 01, 2008 1:15AM UAE / November 30, 2008 9:15PM GMT

NEW YORK // Even the rich were hunting for bargains this weekend as the Big Apple headed for what threatens to be its gloomiest holiday season in decades.

With the lions of Wall Street facing a new year without their regular six- and seven-figure bonuses, the fur-clad ladies at the swanky Bergdorf Goodman department store on Fifth Avenue were eyeing the discreet notices offering 40 per cent discounts on designer luxuries.



A woman tries to fit into a car packed with toys after "Black Friday" shopping in Garden City, New York. Shannon Stapleton / Reuters

“Black Friday” and the post-Thanksgiving weekend is traditionally a time when retailers offer mega-bargains in the hope of securing their profits for the year. At the height of a financial crisis, however, nothing is certain.

Among the less well-heeled, shops saw a mad scramble past consumers to grab some bargains with their rapidly diminishing stores of cash. A worker at a New York branch of Wal-Mart, the cut-price supermarket chain, was trampled to death on Friday as shoppers stampeded the store.

The city’s Dickensian aspects are becoming more pronounced. A vast army of often immigrant cleaners, laundry workers, drivers and caterers is watching its prospects diminish as a core group of the wealthy elite they serve sits out the economic decline.

Tiffany’s, the upmarket jewellers, and Barney’s, another designer department store, saw lighter traffic than usual but this allowed the rich a more airy atmosphere in which to spend money.

Foreign accents were still ubiquitous even though the dollar has strengthened in recent months, proving the city remains a draw for the globe’s wealthy.

For most New Yorkers, tougher times beckon. The city is heavily dependent on Wall Street, which could lose as many as 48,000 jobs if a recession plays out beyond next year, said the state comptroller recently.

The financial services sector contracted 8.7 per cent as of October after a long list of companies weakened, including Lehman Brothers, Bear Stearns, Merrill Lynch, American International Group and Washington Mutual.

The turmoil was bound to feed through to most levels of society, but its earliest effects on philanthropic donations showed the arts suffering less than soup kitchens. In particular, cultural organisations dependent on donations from the upper crust have not been hit as hard, at least not yet.

A black-tie gala for the New York Public Library with celebrities including Salman Rushdie and Nora Ephron raised more than \$2.9 million (Dh10.7) in November. Dick Fuld, the former Lehman Brother's chairman who was castigated in the press for his poor management, was one of the co-chairmen of the Library Lions event. Another gala for the New-York Historical Society was on track to raise more than \$1.3m.

But charities that serve the poor, hungry and those without medical insurance are finding themselves at stretching point – soup kitchens received record turnouts on Thanksgiving last Thursday.

“It's amazing how services to the poor suffer cutbacks while the rich carry on with their preoccupations,” said a woman who works for the publicly funded New York City Health and Hospitals Corporation.

Organisations ranging from museums to homeless shelters all benefit from non-profit status, meaning they do not pay corporate or property taxes.

A survey released by the New York City Coalition Against Hunger found there was a 28 per cent rise in people using emergency food providers and a bigger number was expected next year. Of 308 food banks surveyed, 89 per cent said they believed the need for them would rise in the coming months and 69 per cent said they did not have enough supplies.

State government budgets will feel even more strain next year, meaning cuts in grants to soup kitchens and other charities. The politicians geared up for a fight. Legislative wrangling meant David Paterson, governor of New York State, was forced to delay reaching a deal on tackling the budget deficit until next year.

A glimmer of hope for New York was to be found in figures showing how universities and hospitals were accounting for a growing share of private-sector jobs.

Two hospital operators, New York-Presbyterian and Continuum Health Partners, now have more employees in the city than does Macy's, the department store, or Time Warner, the media conglomerate, according to The New York Times.

Some commentators might be tolling the bell for capitalism but the city's leaders said

they are committed to free markets and economic diversity.

The arts might suck up philanthropic dollars but they also provide an economic benefit by drawing in tourists.

Steven Strauss of the New York City Economic Development Corporation said the city's investment attractions would be reiterated in a roadshow to be taken across the Middle East next year.

He said New York generated about \$1 trillion in gross domestic product, more than the combined member countries of the Gulf Co-operation Council.

"We've been around for hundreds of years and have a very large, diversified economy," he said.

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