

mitchellmoss.com

articles

book chapters

op-ed pieces

reports

in the news...

When You're in New York, You're at the Center

Newsday - July 27, 1987

By Mitchell Moss

Recent decisions by J. C. Penney, Mobil Oil and major securities firms to move all or part of their operations out of New York City are leading to the widespread belief that telecommunications will contribute to the demise of the city. Are information technologies a threat or an opportunity for New York City?

The answer is surprising: The emergence of global cities - such as New York, London, Tokyo, Los Angeles, and Hong Kong - that are high-tech centers for international finance and business services highlights the importance of face-to-face contact in a world of high-speed telecommunications.

Technology is no substitute for being at the center, as demonstrated by the fact that more than 80 percent of all foreign bank offices in this country are located in just five cities: New York, Los Angeles, San Francisco, Chicago and Miami.

While routine, clerical activities are moving to the suburbs, the highly specialized information functions that are the currency of New York are flourishing. Technology has not eliminated the importance of direct personal contact. Instead, it has allowed international business and finance to become more centralized in a handful of world cities that are linked through a web of computer and telecommunications networks that operate around the clock. Much of the specialized information that moves in and out of Manhattan flows through satellite

dishes located on Long Island.

We are witnessing the creation of a new urban hierarchy, in which a handful of global city-states will emerge as principal hubs for the production of information, rather than the production of goods.

Unfortunately, we do not fully recognize the pervasive character of information processing in cities.

The growth of corporate dining rooms shows that you're more likely to succeed over lunch than through electronic mail. As presidential candidates have long known. TV ads are okay for reaching the voters. But when you want to raise money, you must meet the donor in person at a cocktail reception.

Sure, firms are moving out of New York City, but there is no period in history when some firms didn't leave. More than a century ago industrialization led manufacturing firms to leave the small lots and high costs of Manhattan for sites in Brooklyn, Yonkers and New Jersey. The outward migration of offices isn't new either: It began in the 1950s when commercial banks established automated data-processing facilities on Long Island. Since then, airlines, securities firms, insurance companies and other information-intensive industries have moved routine data-processing activities outside the city.

New York City's growth and development are not based on maintaining the status quo; if they were, New York would be a rust-bowl city, not the nation's financial and communications capital.

The successful cities of the future will be those that recognize the close connection between face-to-face and electronic communications, bring people together to convey information, eyeball to eye-ball, and rely on telecommunications to move information.

For a city to prosper as a global information hub, it must effectively adapt new technologies to the information-based activities that are and will continue to be the *raison d'être* for cities.

Copyright © Newsday, Inc.