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Long Island Has Assets to Build On If It Looks Ahead, Not Back

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By Mitchell Moss

Two of the key sources of growth for Long Island - the defense budget and the financial service industry - are facing a long-term decline. The implications are serious. According to Sam Ehrenhalt, regional commissioner of the Bureau of Labor Statistics, during the first 10 months of 1989, there was a decline of 5,000 jobs in Nassau-Suffolk, the first such loss for Long Island in 15 years. While the Nassau-Suffolk unemployment rate is still only 4.2 percent, the backlog of unsold houses and the decline of manufacturing and construction jobs may well be harbingers of the future. How can Long Island adapt to the new economic climate? What are the new areas of growth that Nassau and Suffolk should target, and how can business and government help shape the future economy of Long Island?

During the past century, Long Island has evolved from an economy based on agriculture to an economy based on the use of advanced technologies in aerospace and business services. In the 1960s, state-chartered banks moved their back offices to Lake Success and Huntington, but those institutions now serve national markets and have set up new credit card and mortgage processing operations in Delaware, Maryland and South Dakota. Further, New Jersey - with an alternative energy grid and access by PATH to lower Manhattan - has emerged as the favorite location for Wall Street brokerage firms eager to set up computer centers outside New York City.

As for the defense industry, it is clear that Long Island lacks the political muscle in Washington to resist defense cutbacks in an age of glasnost. Long Island needs a new economic rationale that goes beyond back offices and Grumman aircraft if it is to prosper in the next century. The Long Island economy can no longer count on new weapons systems or office spillover from New York City to sustain growth.

Long Island has always been inextricably linked to New York City, but in recent years, the nature of that linkage has changed. Commutation to jobs in Manhattan is no longer a one-way street. The flow of small-scale manufacturing plants from Brooklyn and Queens to Long Island has long since run its course. Moreover, New York City's current economic weakness - brought on by the decline in financial services - highlights the need for Long Island to pursue its own economic destiny, rather than rely on events in Manhattan, programs from Albany or policies in Washington. While suburbs are by no means immune from urban problems, Long Island's appeal as a place to live and work is due in part to the lifestyle it offers in comparison with the harsh realities of city life.

Long Island can harness assets that can be the building blocks for the decade ahead despite current weaknesses in the state and regional economies. These assets include good schools and a skilled workforce; proximity to Kennedy International Airport, and access to advanced telecommunications systems that link Long Island to the nation and world economy. While residents complain of high taxes, the region's attractiveness is largely due to the quality of local services - such as good schools, safe streets and well-maintained recreation areas - that local taxes support. The growing tendency for voters to reject school budgets and bond issues highlights the need for increasing educational productivity by consolidating school districts and putting administrators back into the classroom.

Furthermore, Long Island needs first-rate colleges and universities - both public and private - to retain and attract bright students who will ultimately start businesses and households here. How can Long Island grow if it exports its human capital and lacks the educational institutions to attract future inventors and entrepreneurs? No single institution on Long Island has the critical mass to be an economic development magnet, but a consortium of institutions with scientific expertise could achieve that goal.

As trade with Asia and Europe grows, the proximity of Nassau and Suffolk counties to Kennedy Airport should become a strategic asset. Just as Newark Airport has helped foster growth on New Jersey's Route I corridor, so can Kennedy Airport be a hub for firms that depend on access to air cargo carriers.

The Port Authority of New York and New Jersey is spending about \$3 billion to modernize Kennedy Airport; local governments should use this public investment as an impetus to build an international office park and conference center in Nassau County that would attract internationally oriented firms.

As international air travel grows, Long Island should promote its proximity to Kennedy Airport with special facilities for businesses that export high value electronics, health care equipment and computer systems and services to overseas markets.

If Long Island has a symbol that conveys the region's identity, surely it is the overcrowded Long Island Expressway. During the past decade, the growth of advanced telecommunications systems has allowed Long Island to overcome its dependency on the LIE and its geographic isolation from interstate highways, railroads and deepwater ports. For example, at Reuters' North American headquarters in Hauppauge, information flows in from around the world instantaneously. As businesses increasingly market their services through the electronic highways based on satellite and fiber optic systems, geography and congested highways need not be impediments to economic development.

Long Island's current economic slump cannot be solved by bringing back lower taxes, cheap energy and defense contracts. Rather than try to revive the past, Long Island must prepare for the 21st Century by improving its educational infrastructure, strengthening its ties to global markets and applying its technological and entrepreneurial know-how to new industries and services.

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