

# new york city

## IN THE 21<sup>st</sup> CENTURY

By Mitchell L. Moss

### ■ INTRODUCTION

Cities come and go. History is filled with cities that dominate the world for a relatively brief period of time and then fade quickly as economic and cultural centers. Sir Peter Hall, in *Cities in Civilization*, points out that "Athens, in the fifth century BC, gave us democracy." Today, Athens is historically important, but even hosting the 2004 Summer Olympics was not sufficient to put Athens back on the global map. In the fifteenth century, the Italian city-states of Venice, Milan, Genoa, and Florence all rose to prominence. And, as Hall notes, "the economic power of Florence grew to dimensions unparalleled elsewhere – either in Italy or in Europe," routed in trade, textiles, and banking.<sup>1</sup> Today, Florence is a magnificent city, but it is living off the culture and creativity produced more than 500 years ago. In the early 18<sup>th</sup> century, Vienna was the world center for culture and finance, giving way to Paris and then to Berlin in the early twentieth century. Clearly, cities are central elements in the economic growth of civilization, but for cities to endure, they must adapt to the world around them and re-invent themselves if they are to flourish in times of rapid economic and technological change.

New York City, which had emerged in the twentieth century as the leading headquarters city, the nation's largest port, and the finance capital of the United States, faced major threats to its economic



311 handles 40,000 calls a day in 170 languages and has revolutionized the way citizens interact with local government.

role in the early 1970's. The city's population declined, corporate headquarters moved to surrounding suburbs, and the "back offices" of leading banks and financial institutions relocated to lower cost locations. Furthermore, manufacturing jobs in the textile and printing industries declined from more than one million jobs in 1950 to less than a quarter million in a quarter-century. In the mid-1970's, the municipal government was barely able to meet its payroll, and its credit rating was so low that bankers refused to lend it money.

During the past 30 years, New York City has adapted to economic and technological change, replenished its population, and modernized critical public services so that it is a leading city in the global economy of the 21<sup>st</sup> century. Today, 30 years after it was on the verge of bankruptcy, New York City is

---

Mitchell L. Moss is the Henry Hart Rice Professor of Urban Policy and Planning, New York University's Wagner Graduate School of Public Service.

---

### A STORY OF PERSEVERANCE, INNOVATION, AND RECOVERY: WHY NEW YORK CITY IS STRONGER THAN EVER

*For cities to endure, they must adapt to the world around them and re-invent themselves if they are to flourish in times of rapid economic and technological change. New York City faced major threats to its role in the global economy in the early 1970's. Over the past 30 years, New York City has adapted to economic and technological change, replenished its population through immigration, modernized critical public services, and recovered from the September 11<sup>th</sup> terrorist attacks so that it has become a leading city in the global economy of the 21<sup>st</sup> century. Today, 30 years after being on the verge of bankruptcy, New York City is booming.*

booming. The city's population is at an all-time high. The city's credit rating is the highest it's been in the history of the city, and crime has been brought down to a record level, making New York the safest large city in the United States.

The capacity of a city to compete in the 21<sup>st</sup> century depends on its role in a highly integrated global economy. Today, proximity to an international airport has superseded proximity to a deep-water port; the skills of a city's workforce are more important than the size of the workforce, and economic activity is more dependent on high-speed telecommunications than on the twentieth century highway or the 19<sup>th</sup> century railroad. Most important, the

The 21<sup>st</sup> century city serves one critical function: it brings people together with other people to generate the information and products that are then sold around the world. In an age of advanced communications, when the Internet is available through mobile communications devices and the cell phone makes everyone electronically accessible, the movement of ideas and the innovative application of those ideas still benefit from human contact.

key function of a city today is to produce the ideas and services that drive global markets. The city of the 21<sup>st</sup> century is a network that allows information to flow between and among people, 24 hours a day, in offices, cafes, restaurants, and on golf courses. The 21<sup>st</sup> century city serves one critical function: it brings people together with other people to generate the information and products that are then sold around the world. In an age of advanced communications, when the Internet is available through mobile communications devices and the cell phone makes everyone electronically accessible, the movement of ideas and the innovative application of those ideas still benefit from human contact. As stated in *The Economist*, "despite the growth of virtual alternatives, the most efficient way to get decisions made is often to sit people around a table for a discussion. Businessmen still go to great lengths to get together with other businessmen and talk. Indeed, as decision-making has been spread more widely within business organizations, and as more people have become involved in it, the number of business meetings has probably increased."<sup>iii</sup> In this sense, cities offer one great advantage: ease of face-to-face for those industries where the information flowing from one person to another is a central element in the production process of an industry, firm, or organization.

## THE INFORMATION INDUSTRY IN NEW YORK CITY

During the past 350 years, New York City has shifted from trading goods to trading information. Ever since the Dutch West India Company was incorporated in 1653, New York City has been a center for trade, initially for furs sold to the Dutch by Native Americans; today, as a center for the creation and distribution of financial services, information services, entertainment, management consulting, and culture.

The deregulation of the telecommunications industry in the United States and other nations has led to massive private investment in new telecommunications services and systems. With the growth of fiber optic networks, the cost of moving information in and out of New York has plummeted, while the speed with which this information is processed has increased dramatically. From 1997 to 2000, the Internet Backbone capacity of the New York Metropolitan Region had an annual average growth rate of 226 percent, greater than any other metropolitan area in the United States. According to Telegeography, New York led all of North America with the largest International Backbone Capacity of 13,205 Mbps, second in the world only to London.

The sheer increase in international communications capacity has allowed New York's core information industries to become increasingly global, serving markets around the world. Although few people realize it, MTV was invented in New York City and is one of the city's most successful exports. In fact, the first foreign-owned cable programming to be carried in South Africa was MTV, and today, MTV is widely available in China and in other nations that still impose severe restrictions on foreign news media.

Information about finance, food, fashion, sports, politics, the arts, and entertainment, once limited to distribution by print is now widely distributed through websites, cable television programs, and DVDs. New telecommunications systems have enhanced the productivity of what was once just simple publishing and broadcasting firms in New York City. In addition, the liberalization of rules governing the broadcast and cable television industries has allowed New York City to emerge as the nation's leading source of broadcast and cable television news. Today, all three broadcast television networks have morning news programs that are produced at studios adjacent to three of the city's most prominent landmarks: Good-Morning America emanates from Times Square; The Today Show from Rockefeller Plaza, and CBS' Morning Show from Fifth Avenue.

In 2005, more than 21 percent of all U.S. jobs in the information industry were located in New York City.<sup>iv</sup> Four other sectors considered part of the information industry (publishing, motion picture,

broadcasting, and other information sources) all had greater than five-percent shares of U.S. employment in New York City. At the end of 2005, the information industry provided more than 161,000 jobs to New Yorkers, representing 5.3 percent of all private sector employment in the city.<sup>v</sup>

According to Northwestern University's Media Management Center, of the top 50 media companies in the United States, 12 are headquartered in New York City and an additional four are located in the greater New York City metropolitan area.<sup>vi</sup> Among the country's major newspapers, six of the top 20 are based in the New York City metro area, and of the top 100 U.S. magazines, 45 are owned by New York City-based companies, while 60 have their main editorial offices in the city.<sup>vii, viii</sup> Two-thirds of all magazines published in the United States are published in New York City, according to the Magazine Publishers Association.

New York City's powerful role as a hub for the information industry has led to the creation of a media industry cluster in which 40 large media companies are concentrated on the Westside of midtown Manhattan. The corridor from 40th Street to 67th Street on the Westside of Manhattan, from Sixth to Eight Avenues is now the home of the leading magazine publishers and cable and broadcast television networks: Conde Nast, The New York Times, Reuters, News Corporation, Hearst, Viacom, Time-AOL, HBO, ABC-Capital Cities, CBS, NBC, and McGraw-Hill. The growth of electronic media has also heightened investment in digital media in New York City; according to the Boston Consulting Group, digital media accounts for 100,000 jobs in New York City, contributing about \$5 billion to the New York City economy each year.<sup>ix</sup>

The concentration of these media firms in close proximity to each other demonstrates the high value that people and firms still place on face-to-face interaction and proximity to their colleagues employed by competitors within the same industry. The office environment remains the dominant setting for communications within a firm, but New York City also offers an abundance of settings for exchanging gossip, testing ideas, and learning about competitors' projects.

The concentration of these media firms in close proximity to each other demonstrates the high value that people and firms still place on face-to-face interaction and proximity to their colleagues employed by competitors within the same industry. The office environment remains the dominant setting for communications within a firm, but New York City also offers an abundance of settings for exchanging gossip, testing ideas, and learning about competitors' projects. In fact, one can even argue that the restaurant industry is an extension of the city's office market, since so much information flows across the table in leading establishments such as Michael's, Union Square Café, and The Four Seasons. The office is now just one component of the New York office building; the Conde Nast cafeteria, designed by Frank Gehry, is perhaps the most desirable corporate cafeteria in the world. The generation and transmission of ideas require human contact, and New York City is unmatched in facilitating direct interaction.<sup>x</sup> The ease with which face-to-face contact can be maintained because of the density of talent is crucial to the city's economy.

Combined with more than 60 other media organizations headquartered elsewhere around the city, the media corridor is a potent symbol of New York City's emerging role as a world capital in the information industry. As more firms choose to locate near each other and take advantage of the exchange of ideas that occurs because of their geographic proximity, New York will continue to reap the socio-economic benefits produced by the local information industry.

#### **EXPANDING THE REACH OF NEW YORK CITY MEDIA**

Technological advances in the distribution of information have also contributed to the strength of the city's information industry. Ideas can be generated and shared faster than ever before and through channels heretofore never imagined. The speed and ease with which ideas can now be disseminated around the globe has solidified New York City's role as an epicenter of the information industry.

A subscription to the *New York Times* no longer requires the delivery of the paper to doorsteps across the country. Today, millions of people around the world can access the news and information disseminated by the *New York Times* online. The New York Times Company, NYTimes.com, ranks number one among newspaper websites. A full 16 percent of the NYTimes.com's 37.6 million visitors are from outside the United States. NYTimes.com, along with other New York City news companies such as MSNBC, CNN, AOL News, and Gannett, all rank among the top ten online sources for current events and global news information with worldwide audience reaches ranging from 9.8 million to 25.8 million.<sup>xi</sup> Across the globe, more people are



More than four million visitors came to see "The Gates," a contemporary work of art on display in Central Park in February, 2005.

receiving their information from New York City-based sources than ever before.

And while developments in media technology have allowed New York City to expand its global reach, they have also placed growing demands on the city's telecommunications infrastructure to support the dissemination of that information. In response to those demands, city officials have developed an action plan to strengthen the city's fiber optic network infrastructure, increase access to broadband across the five boroughs, and bolster the capacity and capability of the city's wireless networks.<sup>xii</sup>

Until recently, the New York City film and television production industry had suffered from obsolete work rules and the perception that shooting in the city was prohibitively expensive. In response to those challenges, the Mayor's Office of Film, Theatre and Broadcasting has computerized its operations and launched a 'Made In NY' incentive program to attract producers to the city. By the end of 2005, the Mayor's Office of Film, Theatre and Broadcasting reported that over 31,750 film and television location shooting days were logged throughout the five boroughs during the year, a 36 percent increase over 2004 levels.<sup>xiii</sup> The rise in 2005 production brought an additional \$600 million worth of movies and television programs, as well as 6,000 more jobs, to a media production industry that contributes more than \$5 billion annually to the local economy and employs 70,000 people.<sup>xiv</sup>

The momentum gathered by this upsurge in production has been accompanied by the development and expansion of large-scale sound stages around the city. Responding to the increasing demand for

state-of-the-art production facilities, Steiner Studios, a 285,000-square-foot complex of five sound stages located in the Brooklyn Navy Yard, recently opened its doors and has already attracted the production of major films such as "The Producers" and "The Inside Man." Two other leading stages, Silvercup Studios and Kaufman Astoria Studios, both located in Queens, are also slated for expansion in the coming years.<sup>xv</sup> Coupled with the city's tax incentives, these developments guarantee that New York City will continue to be a draw for producers.

This industry expansion reveals the city's growing capacity to compete with traditionally less expensive locations such as Los Angeles, Vancouver, and Toronto. More than 250 independent and studio films and 100 television productions were shot in New York City in 2005, and this trend shows no signs of abating. According to the *Los Angeles Times*, Warner Brothers already has plans to shoot six feature films in the city in 2006, while Touchstone Television will be shooting four of its 25 pilots in New York.<sup>xvi</sup> Full-motion sound motion pictures originated at the start of the twentieth century in Brooklyn, New York, and today, New York City is now well-positioned to be a center for film and television production in the 21<sup>st</sup> century.

As New York City's media firms reach more people in more countries across the globe, the information industry will continue to expand and play a crucial role in the local economy. Whether on the big screen or small screen, in print or online, a growing share of the world's ideas and information will continue to be generated in New York City in the 21<sup>st</sup> century.

## IMMIGRATION AS A SOURCE OF ECONOMIC DEVELOPMENT

Just as telecommunications has allowed New York City to become a stronger player in the global economy, immigration has transformed the population and economic life of the city as well. The 1965 Immigration and Nationality Act Amendments have done more to change New York City than any other federal policy in the past century. Ending the national origins quota system that had shaped immigration policy, the amendments opened the door to large numbers of immigrants from Asian, Caribbean, Latin American, and Eastern European nations who had previously been restricted from entering the country. The influx of new immigrants has been felt throughout the nation, but New York City, which has throughout its history absorbed flows of immigrants from Europe, has been transformed with new groups from Latin America, Asia, and Eastern Europe.

According to the NYC Department of City Planning, between 1970 and 2000 the total foreign-born population living in New York City more than doubled, from 1.4 million to 2.9 million.<sup>xvii</sup> Today no other city in the United States counts among its residents as many foreign-born people as New York.

As New York City's media firms reach more people in more countries across the globe, the information industry will continue to expand and play a crucial role in the local economy. Whether on the big screen or small screen, in print or online, a growing share of the world's ideas and information will continue to be generated in New York City in the 21<sup>st</sup> century.

Representing 36 percent of the city's total population of 8.1 million, these new arrivals are among the most diverse group of foreign-born residents of any city in the country. In 2000, Latin America served as the largest source of New York City's immigrants, accounting for nearly 32 percent of the foreign-born population, followed by Asia (24 percent), the non-Hispanic Caribbean (21 percent), Europe (19 percent), and Africa (3 percent).<sup>xviii</sup> The diversity of today's New York City immigrant pool marks a dramatic departure from the new arrivals of just 35 years ago, when more than 60 percent of all immigrants hailed from European countries.

Unlike many communities which have resisted and opposed the arrival of newcomers from other

nations, New York City welcomes and provides public services to immigrants. Immigrants have provided the basis for revitalizing neighborhoods, starting new businesses, and contributing to the city's global ambience. The diversity of immigrants has allowed the city to attract firms from abroad who know that they can get access to a multi-lingual labor force and to supportive services and communal life for their own native workers sent to the United States. Most important, many of the immigrants maintain strong ties to their native countries and bring new economic networks and intellectual capital to the city's economic activities.

## LABOR FORCE PARTICIPATION: AN EDUCATED AND ENTREPRENEURIAL WORKFORCE

Immigrants have added to the city's population growth, preventing the population losses characteristic of most cities in the northeast and midwest of the United States. During the 1990s alone, as 1.3 million New Yorkers left for the suburbs or other states, 1.2 million immigrants flowed into the city.<sup>xix</sup> Given the outflows from the city, the ongoing economic growth of New York City is inextricably linked with the inflow of immigrants.

Data on labor force participation rates reveals that the newest New Yorkers are filling the need for workers in New York City's labor market. In fact, foreign-born males had a higher labor force participation rate than their native-born counterparts in 2000 (67 percent vs. 63 percent).<sup>xx</sup> Among certain subgroups, such as Indians, Bangladeshis, and Filipinos, labor force participation rates exceeded 74 percent. And within several of these new immigrant groups, such as Russians and Ukrainians, the proportion of those workers in high-end managerial and professional occupations exceeded that of the population as a whole. At the same time, occupations traditionally requiring lower levels of English proficiency and educational attainment showed heavy concentrations of foreign-born workers. Latin Americans, for example, have made a niche for themselves in service occupations, while Europeans have clustered in the construction, extraction, and maintenance occupations.

Immigrants arriving in New York City are not a monolithic group; they vary widely in their occupations, educational attainment, and English proficiency levels just as native-born New Yorkers do. However, in aggregate, today's New York City immigrants are more skilled than their predecessors. According to a 2006 report by the Federal Reserve Bank of New York, recent immigrants to New York City are better educated than earlier immigrant cohorts.<sup>xxi</sup> College graduation rates of recent immigrants have increased more than 28 percent over pre-1990 levels. And several studies show that foreign-born students in New York City consistently outperform their native-born peers in the class-

room. Immigrants and the children of immigrants account for more than half of the city's public school children and more than 60 percent of the students at the public community colleges in the City of New York. Clearly, immigrants are central to the city's capacity to maintain the skilled and highly educated workforce essential in a 21<sup>st</sup> century global economy.

Beyond strengthening the city's human capital, foreign-born New Yorkers have also proven to be among the most entrepreneurial populations in the city. Among Asian and European immigrant groups, such as Greeks, Koreans, Italians, and Pakistanis, the rate of self-employment was significantly high-

## REVITALIZING NEIGHBORHOODS AROUND NEW YORK CITY

Just as foreign-born New Yorkers are not confined to occupational and economic enclaves, neither are they isolated to specific geographic areas cut off from the rest of the city. By settling in neighborhoods throughout the five boroughs, immigrants have become crucial actors in the revitalization of residential communities. In contrast with European cities, immigrants are not confined to specific areas and are not considered a burden to the public sector.

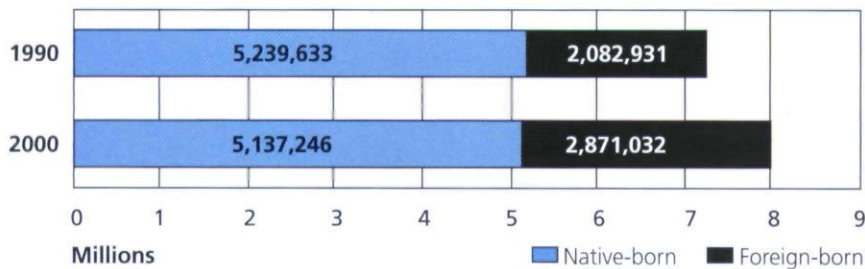
Of New York City's 2.9 million immigrants in 2000, more than 1 million lived in Queens, making it the most racially and ethnically heterogeneous borough in the city, and by many measures, the most diverse county in the United States.<sup>xxxiii</sup> The borough of Brooklyn was home to 32 percent of the city's foreign born, while Manhattan and the Bronx accounted for 16 and 13 percent of immigrants, respectively. Staten Island remained the borough with the lowest concentration of immigrants, with only 3 percent of the city's foreign-born population living there. Nevertheless, between 1990 and 2000,

the borough witnessed a 63 percent increase in its immigrant population (from 44,550 to 72,657), the highest increase of any borough.<sup>xxxiv</sup>

While resettlement patterns among immigrant groups vary, the influx of foreign-born residents in communities throughout the five boroughs has left few corners of the city untouched by immigration. Bringing new languages, cuisines, music, and fashions, New York City's foreign-born have infused neighborhoods, many of which were suffering from urban blight and decay, with entrepreneurial energy and human and financial capital.

The revitalizing and internationalizing force of immigration is especially evident in Elmhurst Queens, the most diverse community in the city, where older Irish and Italian residents have been replaced by immigrants from Asia and Latin America. In the Sunset Park neighborhood of Brooklyn, the influx of immigrants has transformed the community. Brooklyn witnessed a steep decline in its population between 1950 and

**Total Population by Nativity  
New York City, 1990...2000**



er than that for city residents as a whole in 2000.<sup>xxxii</sup> This trend reflects the dual role that immigrants have played in driving both population and economic growth in New York City since 1965. As the city lost population in the 1970s and 1980s, small business owners often followed their customers to the suburbs, leaving once bustling commercial streets empty and dilapidated. In the wake of the flight of these business owners, entrepreneurial immigrants played a pioneering role in neighborhoods around the city by opening stores and restaurants, often providing the only commercial activity in a community.

Not only do these immigrant-owned businesses provide services and jobs to neighborhood residents, but they have a multiplier effect on the local economy by attracting other small businesses to the area. In doing so, New York City's foreign-born population are engines of social and economic revitalization in neighborhoods throughout the five boroughs.

While resettlement patterns among immigrant groups vary, the influx of foreign-born residents in communities throughout the five boroughs has left few corners of the city untouched by immigration. Bringing new languages, cuisines, music, and fashions, New York City's foreign-born have infused neighborhoods, many of which were suffering from urban blight and decay, with entrepreneurial energy and human and financial capital.

1980, losing more than 500,000 residents. In the once Scandinavian neighborhood of Sunset Park, a pre-war population level of 104,000 fell to 87,000 in 1960, and despite an influx of Puerto Rican immigrants, the neighborhood lost another 9 percent of its residents between 1970 and 1980.<sup>xv</sup> In the midst of this decline, however, immigrants began arriving, first from Puerto Rico, then from the Dominican Republic, Colombia and Ecuador, and then El Salvador and Honduras. Hispanic immigrants were soon joined by new arrivals from China, India, the Philippines, Vietnam, and Cambodia.

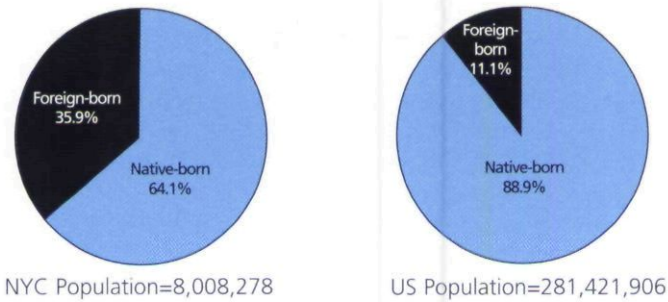
Over time, these new immigrants rebuilt long decaying residential blocks and revitalized deserted commercial strips, transforming the character of the Sunset Park neighborhood so much so that in 1991 one local writer described the local commerce as follows:

“Yong’s Gifts is down the street from Stavenhagen’s check-cashing (“Serving Brooklyn since 1878”). Morisi’s Macaroni Store offers red-white-and-blue gift-wrapped pasta, while Sikorski and Winski’s specializes in fresh hot babka and heavy links of kielbasa. Behind the chartreuse sign advertising Baba West Indian, Indo-Pak Shopping Center, you can get your VCR repaired, and rent tapes with names like “Prem Geet” or “Dharma”...You can choose between cans of corned mutton from Australia, or pick up a pound of Bashri flour...Tiger balm is available, and bottles of Dewitt’s Worm Syrup, for whatever ails you.”<sup>xvii</sup>

This depiction of Sunset Park’s Fifth Avenue commercial strip reflects the cultural and economic impact of New York City’s foreign-born population. Not only does the influx of immigrants into once-decaying neighborhoods increase property values, real income, and real estate prices, but the arrival of people from all over the world creates new markets for new goods, exposing native-born residents to new products and diversifying the local economy.

This transformative phenomenon has not been limited to a single neighborhood or borough. What has happened in Sunset Park, Brooklyn, is not an isolated occurrence. It is a story that is repeated in neighborhoods throughout all five boroughs over the past three decades. And it is the aggregate impact of scores of Sunset Park stories that has internationalized the city of New York. From the Russian settlement of Brighton Beach to the influx of Asians of all countries to Flushing, Queens, immigrants have changed the character of New York City’s residential and commercial areas. And in so doing, they have shaped the demands and tastes of New Yorkers throughout the entire city.

### Distribution of Population by Nativity New York City and United States, 2000



### IMMIGRANTS AND GLOBAL URBAN CULTURE

The presence of 2.9 million foreign-born residents has infused New York City with new sights, sounds, and tastes. Through their resettlement of neighborhoods around the city, immigrants have brought their native cultures into contact with that of their neighbors to create a modern New York City culture that is distinctly and proudly international. New Yorkers have grown accustomed to having the world’s cuisines at their doorstep; few cities in the United States can offer Ethiopian, Afghan, Thai, Colombian, Russian, and Chinese restaurants within a one-block radius. The sheer size of our immigrant population and the enthusiasm with which New Yorkers welcome new forms of cuisine have strengthened the city’s entire restaurant industry. This has led to new forms of cuisine that blend Asian-Pacific with Latin American and that fosters creativity in the culinary culture of the city, making New York a magnet for leading chefs from all parts of the world.

For New Yorkers seeking new and different variations on traditional Cantonese cooking, for example, dishes from Shanghai, Beijing, Hunan, and Szechuan can be found in any one of the three Chinatowns that now exist in New York City. The arrival of more than 224,200 Chinese immigrants between 1970 and 2000 (a 600-percent increase), led to the diversification and expansion of the original Chinatown.<sup>xviii</sup> With its main arteries of Canal Street and East Broadway, Manhattan’s first Chinatown still serves as a destination for visitors and New Yorkers alike. It is a central part of the life of the city, drawing recent immigrants, workers from surrounding businesses and city agencies, and visiting tourists to its restaurants and shops. However, the Chinatowns in Sunset Park, Brooklyn, and Flushing, Queens, have also become thriving commercial and cultural centers that attract visitors from around the city.

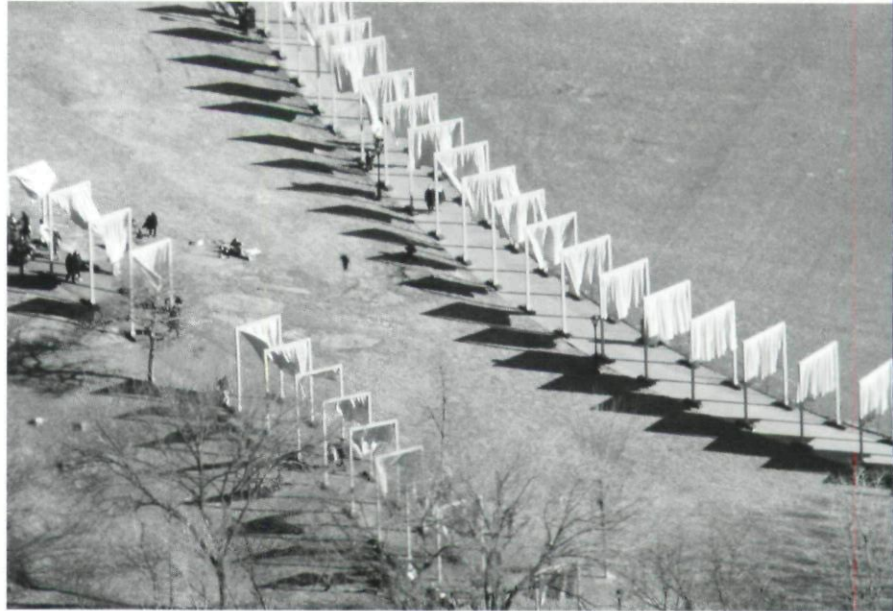
Not only has the city's cuisine been shaped by immigration, so too have its musical tastes. Salsa, New York Afro-Latin dance music, mixes Cuban folk music influences with popular traditions from Puerto Rico, the Dominican Republic, Panama and Colombia.<sup>xxviii</sup> Today, salsa plays a key role in the New York City popular music scene and has created a veritable nightlife industry for thousands of New Yorkers. Despite the fact that most tourists still think of the Broadway theater scene as the hub of the city's nightlife, the city's elaborate network of clubs and music venues located in all five boroughs has provided the laboratory for cultural innovation and diversity that distinguishes New York from other large cities in the United States.

The resurgence of New York City has been fueled by immigration and advances in information technology, but fundamental changes in municipal policy have also been responsible for improving the city's attractiveness as a 21<sup>st</sup> century global city. As a result of the fiscal crisis of the 1970's, New York City reorganized its finances and adopted new mechanisms to control spending and abide by generally accepted accounting practices. This reform in the city's finances has been critical to establishing New York City's credit-worthiness and to maintaining balanced budgets.

The competitive advantage that immigrants have brought to New York City's workforce and the renewal of neighborhoods across the city, reveal the transformative force that 40 years of immigration have had on the city. Immigrants are a critical component of the lifeblood of the city's economy and culture, and they will continue to drive New York City's economic development well into the 21<sup>st</sup> century.

## MODERNIZING AND INVESTING IN PUBLIC SERVICES

The resurgence of New York City has been fueled by immigration and advances in information technology, but fundamental changes in municipal policy have also been responsible for improving the city's attractiveness as a 21<sup>st</sup> century global city. As a result of the fiscal crisis of the 1970's, New York



The installation of "The Gates," consisted of over 7,500 saffron-colored gates, lining 23 miles of Central Park paths.

City reorganized its finances and adopted new mechanisms to control spending and abide by generally accepted accounting practices. This reform in the city's finances has been critical to establishing New York City's credit-worthiness and to maintaining balanced budgets.

The second major reform occurred with a new City Charter adopted in 1989 that reinforced the power of the mayor, eliminated the Board of Estimate, and expanded and strengthened the power of the City Council in land use and budget matters. A third reform in government took place during the Dinkins administration when New Yorkers voted to raise their own income taxes in order to hire 5,000 additional police officers under a plan known as "Safe Streets, Safe City." The Giuliani administration built on this expansion by consolidating what were then two separate housing and transit police departments with The New York Police Department resulting in a 40,000 officer police force. More important, the Giuliani administration modernized the management of the NYPD by deploying computer systems to monitor crime by precinct and to assure accountability by police precinct commanders.



The Bloomberg administration, starting in 2002, has continued to bring crime down in New York City, to the lowest levels in 40 years. Most important, the Bloomberg administration has won mayoral control of a public school system that was previously under the jurisdiction of a seven-person Board of Education. With 1.1 million public school students, 1,100 public school buildings, and a budget of \$15 billion, the city's public school system is being transformed, with teachers receiving a pay raise of 33 percent over the past five years, and a new \$6.5 billion school construction program underway.

Clearly, these fundamental reforms in municipal finance, safety, and education have strengthened the attractiveness of New York City to serve as a place to live, work, and visit. But the Bloomberg administration has also responded to the intense pressure to live in New York by modernizing its land use regulations with more than 50 different zoning changes. Old industrial land on the Brooklyn side of the East River has been rezoned to accommodate housing and open space, while the far Westside of Manhattan has been rezoned to serve new commercial and residential uses.

At the same time, the city has also introduced a new "311" system providing citizens with direct access to municipal government that now handles 40,000 telephone calls each day from people requesting information or assistance with city government services. The effective use of modern information systems has also been achieved through a new municipal website, [www.nyc.gov](http://www.nyc.gov) that provides individuals and firms with direct access to government services. Coupled with the efforts of previous administrations, these measures to improve the level of municipal public services in New York City have given the city yet another competitive edge in the global economy.

### **NEW YORK CITY'S RECOVERY AFTER SEPTEMBER 11<sup>th</sup>**

Five years ago, just after the September 11<sup>th</sup> attack on the World Trade Center, many observers thought that New York City would not be able to recover from the loss of life and disruption of economic and social life caused by the terrorist attacks, the most deadly assault on U.S. soil by a foreign enemy in the history of the nation. Predictions were widespread that the attacks would trigger an outflow of people, jobs, and activity from the nation's largest city. However, New York's rapid recovery since September 11<sup>th</sup> has only reinforced its role as a leading city in the 21<sup>st</sup> century global economy.

The continued growth of the city's population suggests that New Yorkers – both those who have been here for years as well as immigrants just arriving on our shores – are still "voting with their feet" in favor of New York's future. The trend in births can be taken as a sign of renewed confidence in the future. In 2000, there were 125,563 births in the

City of New York. This number declined in 2001 by 1.2 percent to 124,023 and also in 2002 to 122,937, a decline of 0.09 percent from the previous year. However, in the year 2003, the number of births rose to 124,345, exceeding the number born in 2001, though not at the level of 2000.<sup>xxx</sup>

Another measure of the strength of the commitment of New Yorkers to this city is in the number of building permits issued for the physical alteration or construction of any structure in the city: residential, commercial, or industrial. The number of permits issued increased from 83,612 in fiscal year 2000 to 99,320 in fiscal year 2004. There was a slight decrease in fiscal year 2002, which could reflect the economic recession as well as the initial effects of the September 11 attack, but since fiscal year 2002, the number of permits has grown by 14.7%.<sup>xxx</sup>

Further evidence for New York City's recovery after September 11<sup>th</sup> lies in residents' use of public transportation. New Yorkers depend on the nation's largest mass transit system to go places. The Metropolitan Transportation Authority operates the public buses and subways that allow residents, workers, students, and visitors to move easily and quickly across the city. Although there was decline in bus ridership after the 2001 attack, by the first six months of 2004, average weekly bus ridership was 14,557,283, exceeding the ridership during the first six months of 2001. Ridership on the subways was greater on the weekends in the first six months of 2004 than in the same time period during 2001. In fact, there were almost 50,000 more subway riders on both Saturdays and Sundays in the first half of 2004 than in the equivalent period of 2001. And, despite the overall loss of jobs in the economy, weekday ridership is almost back to the levels of the first six months of 2001, with just 10,000 fewer riders in 2004 than in 2001.<sup>xxxi</sup> Clearly, New Yorkers are leaving their homes, going to work, school, and participating in the life of the city, as reflected by the ridership numbers of both the buses and subways on weekends and weekdays.

Even the cultural and academic life of the city has experienced resurgence. New York is a city filled with museums, theaters, universities, and libraries. After September 11<sup>th</sup>, there was a notable decline in attendance at Broadway theaters and in applications to major colleges and universities that drew from a national pool. Attendance at Broadway theaters declined by 7.9 percent from 11,895,528 in the 2000-2001 season to 10,954,868 in 2001-2002. However, attendance has gradually been increasing since 2001-2002, and during the 2003-2004 season, attendance reached 11,805,480, an increase of more than 650,000 since the 2001-2002 season.

New York University, the largest independent university in New York City, witnessed a 4.4 percent decline in the number of applications for admission to its undergraduate colleges for the fall of 2002. However, NYU has seen applications for

admissions grow for fall 2004 and fall 2005 and reached an all-time high for fall 2006. NYU's ability to exceed its previous number of applications for admissions is a reflection of the continued strength and appeal of New York City to students from all parts of the United States and the world.

There is perhaps no better sign of New York City's recovery than its booming tourism industry. During 16 days in February 2005, more than four million visitors came to see "The Gates" in Central Park, a contemporary work of art consisting of over 7,500 gates bearing saffron-colored fabric panels that lined 23 miles of paved paths. An all time high of 43.3 million visitors are expected to travel to New York City in 2006, including a record 7.2 mil-

lion international and 36 million domestic travelers. Today, tourism is big business in the city, generating \$22 billion in spending, \$5.4 billion in taxes, and \$13 billion in wages, and supporting nearly 330,000 jobs in the five boroughs, or 6.8 percent of the city's total employment base.

The remarkable capacity of New York City to recover from the September 11, 2001 attack on the World Trade Center is a reflection of the powerful demographic and economic forces that are now shaping this city in the 21<sup>st</sup> century. The combination of immigration, new information industries, and an improved municipal government has created a city that is now uniquely positioned for the global economy of the 21<sup>st</sup> century.

## REFERENCES

- i Hall, Sir Peter, *Cities in Civilization*, New York: Pantheon Books, 1998.
- ii Ibid.
- iii *The Economist*, Vol. 378, No. 8461, January 21, 2006, p. 15-16.
- iv New York City Economic Development Corporation, "Snapshot: A Summary of New York City's Economy," February 2006, p. 2.
- v Ibid., p. 1.
- vi The Northwestern University Media Management Center, Media InfoCenter, "Top 50 Leading Media Companies," available online at <http://www.mediainfocenter.org/top50Companies/>
- vii The Northwestern University Media Management Center, Media InfoCenter, "Top 20 U.S. Daily Newspapers by Circulation," available online at [http://www.mediainfocenter.org/newspaper/data/top\\_20\\_daily\\_news.asp](http://www.mediainfocenter.org/newspaper/data/top_20_daily_news.asp)
- viii Information taken from Audit Bureau of Circulations, tabulated by Magazine Publishers of America, "Top 100 Consumer Magazines 2004."
- ix The Boston Consulting Group, *Building New York's Visual Media Industry for the Digital Age: Findings and Recommendations*, June 2000, p. 5.
- x Moss, Mitchell, "Technology and Cities," *Cityscape: A Journal of Policy Development and Research*, Vol. 3, No. 3, 1998, p. 107-127.
- xi Nielsen/NetRatings NetView, "Report: Home and Work – United States – News & Information – Current Events & Global News – Month of January 2006," available online at <http://www.nielsen-netratings.com>
- xii New York City Economic Development Corporation, New York City Department of Information Technology and Telecommunications, and New York City Department of Small Business Services, *Telecommunications and Economic Development in New York City: A Plan for Action*, March 2005.
- xiii Verrier, Richard, "New York is Making a Comeback as Film Production Ramps Up," *The Los Angeles Times*, February 16, 2006.
- xiv The Boston Consulting Group, op cit., p. 12.
- xv Gold, Matea, "N.Y. Eager to Play Lead Role in TV-Film Industry," *The Los Angeles Times*, July 10, 2005.
- xvi Verrier, Richard, op cit.
- xvii New York City Department of City Planning, Population Division, *The Newest New Yorkers 2000: Immigrant New York in the New Millennium*, October 2004, p. xi.
- xviii Ibid., p. xi.
- xix Rosen, Rae, Susan Wieler, and Joseph Pereira, "New York City Immigrants: The 1990s Wave," *Current Issues in Economics and Finance Second District Highlights*, Federal Reserve Bank of New York, Vol. 11, No. 6, June 2005.
- xx New York City Department of City Planning, op cit., p. 161.
- xxi Orr, James and Giorgio Topa, "Challenges Facing the New York Metropolitan Area Economy," *Current Issues in Economics and Finance Second District Highlights*, Federal Reserve Bank of New York, Vol. 12, No. 1, January 2006.
- xxii New York City Department of City Planning, op cit., p. 164.
- xxiii New York City Department of City Planning, op cit., p. 71.
- xxiv New York City Department of City Planning, op cit., p. 43.
- xxv Winnick, Louis, "Letter from Sunset Park," *City Journal*, Winter 1991 (available online at <http://www.city-journal.org/printable.php?id=1626>)
- xxvi Ibid.
- xxvii New York City Department of City Planning, op cit. p. 13.
- xxviii Foner, Nancy, "New Immigrants and Changing Patterns in New York City," in Foner, Nancy, ed., *New Immigrants in New York*, New York: Columbia University Press, 1987, p. 19.
- xxix New York City Department of Health and Mental Hygiene, "Births, Deaths and Infant Mortality, New York City, 1989-2004, March 2005 (available online at <http://www.nyc.gov/html/doh/downloads/pdf/public/press05/imr3-05.pdf>)
- xxx New York City Department of Buildings (available online <http://www.nyc.gov/buildings>)
- xxxi For more information on weekly and annual ridership statistics, see "MTA Performance Indicators," on the Metropolitan Transit Authority website at <http://www.mta.nyc.ny.us/mta/ind-perform/per-nyct.htm>

Copyright of Economic Development Journal is the property of International Economic Development Council and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.