

New York: Vital to the Core

By Mitchell L. Moss, Henry Hart Rice Professor of Urban Policy and Planning, New York University

These are tough times. The collapse of Bear Stearns and Lehman Brothers, the volatility of the stock market, the severe credit crunch, and uncertainty about the duration of the national recession is affecting everyone, from Scarsdale to Staten Island, from Manhattan to Montclair.

Fortunately, New York City is well-positioned to cope with the economic downturn. The reason is simple: New York is not a one-industry town like Detroit which is heavily tied to the automobile industry. There are more than 3.5 million jobs in the city and the securities industry, though it does generate more than one fourth of the city's income, only accounts for 5% of the city's jobs.

Money Matters

Financial service firms are downsizing and restructuring. However, there will always be a demand for people who connect those with money — to opportunities for investing money. New York City's greatest comparative advantage is its talent base: unmatched for the legal and financial expertise required for managing money. No other city can compete with New York's financial know-how. Thirty years ago, Chicago and San Francisco competed with New York in banking, but today the

second largest banking center in the United States is Charlotte, North Carolina, home of the Bank of America. But, Charlotte's principally attracts people for NASCAR races not for accessing capital markets.

The bankers, brokers and analysts who have suffered in the current crisis are not likely to leave NYC. These professionals have valuable skills and knowledge which they will draw upon to advise individuals, businesses, nonprofit organizations and governments. They may experience a decline in income, but they will continue to be needed.

Even the federal government recognizes that New York City brainpower is essential to implement the bailout of the financial industry. That's why the U.S. Department of the Treasury retained a major New York City law firm to help carry-out the recently passed \$700 billion package to aid the financial industry. Ironically, the very skills that helped create the financial crisis are needed to help get us out of the crisis.

Tougher regulations will also reinforce New York City's appeal to global investors, since a strong regulatory framework in the United States will contrast sharply with the financial capitals around the world.



Universities and Health Care: New York's "Firewall"

New York's health care and higher education institutions provide a "firewall" to protect us from massive declines in the private sector. With six medical schools and several major medical centers, New York's biomedical complex is one of the strongest in the nation, attracting hundreds of millions of dollars in federal research funds and patients from all parts of the region and globe.

Health care is increasingly an information intensive industry, in which laboratory tests and imaging are used to diagnose and treat a multitude of illnesses, creating jobs in physicians' offices, ambulatory care centers and hospitals. The cost of health care is a serious problem, but New York's economy gains from the intense demand for sophisticated procedures because the federal government and insurance firms pay for such a large share of these services.

Today, higher education employs more people in New York City than manufacturing, and the students who study here often stay in New York, where they provide the talent and brainpower to fuel the industries of the future.

And higher education, one of New York's premier industries with colleges and universities located across all five boroughs, thrives in hard times; that's when people return to school to get new skills and credentials. Manhattan's Union Square and the surrounding area has emerged in recent decades as the region's hub for higher education with approximately 100,000 students enrolled at nearby colleges and universities such as NYU, New School University, Baruch College, Cardozo Law School, Pratt Institute's Manhattan Campus, the School of Visual Arts, Touro College, Fashion Institute of Technology, and Beth Israel Medical Center.

More than forty-five million tourists will visit New York in 2008, a record number. They don't just come here for amusement parks or to gamble as they do in other cities; tourists are attracted to New York by the choices that the city offers: to dine in world class restaurants like Tabla or Gramercy Tavern or enjoying our unique sidewalk cuisine, to shop endlessly for the trendiest and the most traditional, and to explore our museums and cutting-edge art galleries.

A Growing City

Defying all expectations, New York has gained more than a quarter million residents since 2000. New York's reputation as the safest large city in the United States has made it more attractive for young people who want to launch their careers in New York City, for families who want to settle here, and for older people who appreciate the ease of living without an automobile and the proximity of cultural institutions.

To accommodate the city's population growth, the Bloomberg Administration has rezoned one-sixth of the city's land and fostered the growth of a new set of residential communities, in the downtown financial district and in Chelsea next to The HighLine, where long-abandoned elevated railroad tracks are being transformed into a spectacular linear park. Few would have imagined that the city's wholesale meat market, once a rough and raw part of Manhattan, would evolve into a hotspot of nightclubs and high fashion boutiques.

And across the East River, the Williamsburg-Greenpoint corridor, connected to Union Square by the popular "L" subway line, is witnessing a transformation of its old industrial waterfront with new housing, waterfront promenades, and parks. Brooklyn's emergence as a mecca for music is reflected in the number of new bars and performance venues located in the city's most populous borough.

The Content Capital

The challenge facing New Yorkers is to develop new industries that can create jobs and wealth in the coming years. That's what makes New York different from other large cities: it doesn't stand still, in good times or hard times. Although no one can predict precisely what the future will bring, we can already see that producing content for digital distribution will be critical to the city's long-term future.

Mobile communications makes it possible for every person to have access to news and television programs throughout the day. And New York, the original home of radio, television and the publishing industry, gains from heightened demand for information that is digitally distributed around the world.

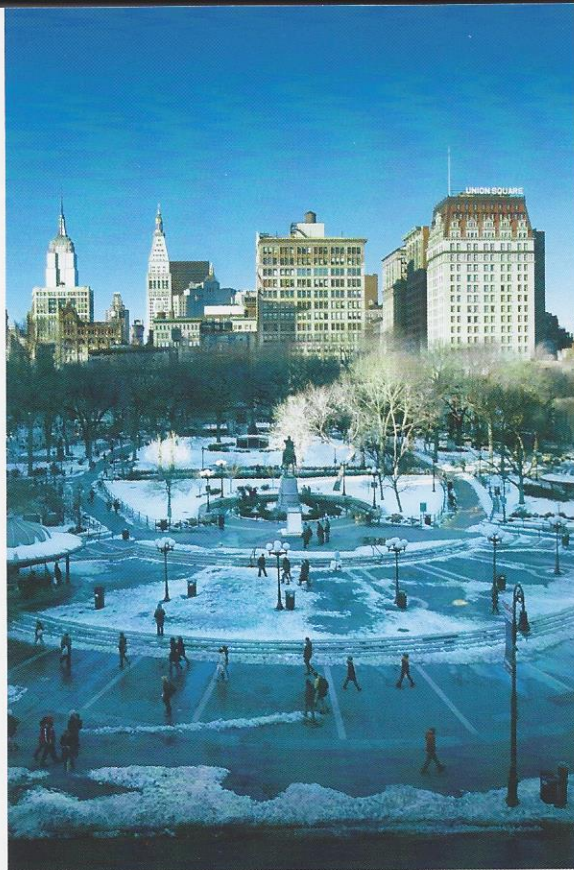
Today, six national broadcast television networks are based in New York as well as 78 cable networks, including HBO and Showtime. During the 2008-09 television season, eighteen primetime episodic series that film in New York City are being carried on broadcast or cable networks such as "30 Rock," "Gossip Girl," "Life on Mars," "Law & Order," "Rescue Me," and "Nurse Jackie."

New York is already the center of non-fiction television: almost all the news, sports, business and food programs that fill the cable channels emanate from New York. Although no professional football teams play in New York City, professional football is actually a New York media industry: the games are played in stadiums all across North America, but the decisions about which games to broadcast on television or to transmit live via cell phones, are made in New York City.

The Internet Hook-Up

Even the internet has helped strengthen the city's economy. The 200 newspapers and 350 magazines produced in New York City are read by far more people around the world online than in the city itself. And the internet has been a central factor in the growth of self-employed individuals in New York City. According to Appleseed, Inc. a leading consulting firm, since 1990, self-employment in New York has almost doubled from 399,858 to 767,820. This growth is, in part, a result of the ease of starting one's own business with access to the internet. Today, one does not even need a telephone line to serve global markets, just a seat in a Starbucks or a public park equipped with WIFI.

Moreover, New York, with its abundance of graphic designers and writers, is home to a plethora of internet-based businesses. Artists and craftspeople have always flocked to the city, and they have been a vital factor in the continued growth of the 220,000 small businesses clustered in neighborhoods throughout the city.



Why New Yorkers Walk Fast

New York' has consistently demonstrated its resiliency and capacity to bounce back from the brink of disaster. In the 1970's, the city lost population and almost went bankrupt. In the 1990's crime soared, with more than 2500 homicides in 1990 and TIME Magazine publishing a cover story, "The Rotting of the Big Apple." In the late 1980's we saw the collapse of Drexel Burnham Lambert and scandals in the junk bond industry. In 2000, the "dot-com" sector collapsed. And, on September 11, 2001, the terrorist attack on the World Trade Center led many to wonder whether New York City could survive as a place to live and work.

New York is more than a place; it's a way of life. New Yorkers will find a way to get through the current recession and

to emerge stronger than ever. New Yorkers are driven by the desire to succeed, to pursue a specific passion, to be part of a high-energy city where there is always something new to do.

In an age of advanced telecommunications, people can work anywhere. They choose to be in New York because this is the most productive environment in the western world. You can meet face-to-face with more people in a day in New York than in any other city. Each time you meet someone you are conveying a message about yourself. There is a reason New Yorkers pay so much attention to their clothing, their eyewear, and haircuts. You never know how a chance encounter – the type that happen so often in New York – could result in a job, a contract, or a new relationship.

The density of people and ease of getting together — despite the traffic and crowds — makes it possible to conduct business in coffee shops, bars, hotel lobbies, offices and even health clubs, without traveling very far. Grabbing a cab or taking a subway is a lot quicker than getting on the San Diego Freeway. This is what attracts people to New York, and it is what will ensure our city's future. There is a reason why New Yorkers walk so fast; they are trying to get somewhere before the next guy does.

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