

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

NEW YORK

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$1,209,637,020,900 (1)	7.71%	\$63,238	19,128,439 (1)	6.09%	2	82	1.61%

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

New York is the quintessential global city. It is the undisputed business and financial capital of the world’s most economically powerful nation and is consistently positioned at or near the top of global cities rankings, including GaWC and A.T. Kearney.⁹ New York also tops the ranking of U.S. cities for human resources, economic potential, infrastructure and business friendliness, and was named the top “American City of the Future” by fDi Magazine.¹⁰ The region houses the headquarters of 82 of the largest 2000 global firms (with 52 of these located in New York City proper), and its economic and cultural reach remains unmatched globally.¹¹ The New York metropolitan area, with a population of nearly 20 million people spread across three states, generates more economic activity than any region but Tokyo.¹²

New York is also considered the world’s premier city for media and information exchange, an attribute which could have a major impact on the success of its business, political influence, and cultural collaborations¹³. The green spaces, architecture, sporting events and vibrant culture of New York put the city at the top of the “Cities of Opportunity” ranking.¹⁴

Yet, New York’s extremely high real estate values and its long commute times could be counted against the city’s future appeal.¹⁵ The region exemplifies the “two speed” metro, in which high-end headquarters and services jobs and globally oriented activity creates returns that sharply separate those who participate and those who do not.¹⁶ Although the municipal government has spent more than \$30 billion since the early

1980s to renovate New York's transit systems, the city still lacks basic urban infrastructure such as a rapid transit link to its main airport.¹⁷

2) Narrative – the city's journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

New York has been a global city since its founding. In earlier times, shipping was considerably cheaper than land transport, so the key points of trade were, almost without exception, harbours, rivers and the sea. Thanks to the strategic location of the island of Manhattan, New York became the port of choice for British merchants to auction their goods.

In the first half of the 19th century, New York monopolized the country's financial institutions and became practically the only port of entry for immigrants, most of whom settled in the city. Around the turn of the 20th century, some hundreds of thousands of new immigrants arrived, intensifying the city's cultural and linguistic diversity.

In 1970, New York, like nearly all major industrial cities, seemed doomed by industrial flight. The city's manufacturing industry, which had been central to its economy, moved abroad and to the southern and western parts of the U.S. in search of lower production costs. In 1965, New York was home to 128 manufacturing sites; in 1974, it had just 84, and in 1986, just 53.¹⁸

Manufacturing's decline reverberated throughout the region. From 1970 to 1973, a period during which total employment grew by 7.4 percent nationwide, New York's total private sector employment fell by 6.2 percent. Similarly, between 1960 and 1973, New York experienced a net population loss of 1.7 percent.¹⁹ In 1975, the State of New York created the Municipal Assistance Corporation to take over the city's finances and prevent it from going bankrupt.

New Yorkers responded to the crisis of the 1970s by electing mayors committed to making the city as attractive as possible for employers and middle-class residents. There is no simple explanation for New York's revival, but it was primarily linked to an explosion of entrepreneurship following the implosion of small businesses in the industrial sector. Much of this renaissance was focused on financial services, which from 1977 to 1985 saw a 23% increase in job creation. Business and legal services also saw positive growth—42% and 62%, respectively—while the construction, manufacturing and transportation industries saw negative growth of 30%, 22% and 20%, respectively.²⁰

The development of New York's financial markets and the internationalization of its firms went hand in hand with the development of advanced telecommunications services. In 1984, New York was home to one third of all optical-fibre networks installed in the United States.²¹ Today, the technology industry is growing faster in New York than in any other U.S. city outside of Silicon Valley. Since 2007 alone, New York has seen the birth of 486 technology companies.²² What is distinctive about New York related to innovation is its position as a first adopter of technology for a wide variety of unique applications, such as those related to finance, fashion, ecommerce, creative, digital media, and retail.²³

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

New York's impact and appeal are global. As the capital of international diplomacy, the city is home to the United Nations headquarters, 193 permanent missions and 114 consulates.²⁴ As a capital of global trade, New York maintains one of the world's largest stables of foreign-owned firms (about 2000 in 2011).²⁵ The region exported more goods and services (\$78 billion) in 2010 than every U.S. region except Los Angeles. Chemical products (including pharmaceuticals), financial services, business services, tourism, and royalties account for 70% of the city's total exports.²⁶ New York is second only to Boston and Philadelphia in the export of education, a sector that grew by 13.5% between 2009 and 2010.²⁷

Considered one of the world's cultural capitals, New York's diversity and vitality made it a leader in cultural and media innovation, as well as a hub for publishing, fashion, advertising, cinema and entertainment. Assets such as the Broadway theatre district, more than 2000 arts and culture organizations, 500 art galleries, and world-class architecture and landscape have made New York the most-visited U.S. city by international tourists, who numbered 10.6 million in 2011—a 55% increase from 2005.²⁸ With more than 900 fashion houses based in the city, New York is also positioned among the leading international fashion capitals. Twice a year, New York Fashion Week attracts more than 200,000 attendees from all over the world.²⁹ Having been featured in numerous world-famous plays and films, New York has enjoyed a global platform from which to project its image. Today, the cinema and theater industries continue to receive government support for their positive impact on the city. In the last decade alone, Hollywood has spent \$60 billion dollars in New York³⁰.

4) To what extent is the city's international dimension inherited or intentional?

While New York's global orientation has been rooted in its geographic advantage and history, the city has also proven to be intentional and resilient in securing its position and adapting to new market dynamics at critical points in time. In its early days, New York made its shipping and trade center advantage more permanent with the creation of innovative techniques to provide lines of credit and streamline business transactions. This enabled the concentration of numerous non-commercial functions serving the northern U.S. coast. The construction of the Erie Canal, which linked the port of New York with the Great Lakes, and the creation of the Black Ball packet line in 1817-1818, which ran regular service between New York and Liverpool, also helped New York to consolidate its dominant position in the American system in the mid-19th century. Thanks to these developments, the city held a virtual monopoly on relations between the American continent and the rest of the world.

After the 1970s, New York entered a new post-industrial phase. Not only did the city have to jockey with other major American cities for leadership in business and financial services; due to globalization, it also had to compete with other major cities around the world. Having regained its vitality and strategy and consolidated its leadership in international business and related services, New York managed to attract multinational companies to locate their headquarters in the city, where they could enjoy easy access to large American firms and significantly increase their foreign direct investment. In the 1980s alone, the number of multinationals headquartered in New York increased by 198%.³¹

In the 21st century, New York and Mayor Bloomberg have been highly intentional about securing and boosting New York's global position. This was largely in response to threats the city faced post 9/11 and with the finance industry related to the Great Recession starting in 2008. Mayor Bloomberg championed a global vision that sought to leverage and capitalize on the city's key industries and brand. Targeted initiatives and proactive city policies were designed and elevated to make New York a center for innovation, a major tourism destination, and a high quality place to live and work.³²

As a result, among other successes, New York has moved forward with the transformation of Roosevelt Island into a top applied sciences and engineering campus, become the nation's top tourist destination, and secured over 500 miles of waterfront in the city to serve as a quality of life asset. Thanks to New York's dominant position in industries such as finance and advertising, the current city government hopes to transform it into the natural place for those looking to invent digital applications. This move is an attempt to reduce the city's dependence on Wall Street. New York's commitment to technology development has also prompted leading tech services firms such as Google, Twitter and Facebook to open offices in the city.³³

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

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- ⁶ “The World According to GaWC; Classification of Cities 2010,” September, 14, 2011.
- ⁷ The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.
- ⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.
- ⁹ “The World According to GaWC, 2010,” Globalisation and World Cities Network, available at www.lboro.ac.uk/gawc/world2010t.html. “2012 Global Cities Index,” A.T. Kearney and Chicago Council on Global Affairs, available at www.atkearney.com/gbpc/global-cities-index/full-report/-/asset_publisher/yAl1OgZpc1DO/content/2012-global-cities-index/10192.
- ¹⁰ “Cities of the Future” series, fDi, available at www.fdiintelligence.com/Rankings.
- ¹¹ Sheila Anne Feeney, “New York scores in new Forbes list of the biggest companies in the world,” *Forbes*, April 17, 2013.
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- ¹⁴ “Cities of opportunity,” Pricewaterhouse Cooper (Partnership for New York, 2011), available at www.pfnyc.org/reports/2011-Cities-of-Opportunity.PDF.
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- ²² Patrick McGeehan, “Technology Industry Seen Growing Fastest in New York,” *The New York Times*, May 9, 2012.
- ²³ Personal Communication from Kathryn Wylde, President and CEO, Partnership for New York City.
- ²⁴ Mayor’s Office of International Affairs, “About the Office,” available at www.nyc.gov/html/uncpp/html/home/home.shtml.
- ²⁵ “Office of the Mayor Commission for the United Nations Consular Corps & Protocol,” available at www.nyc.gov/html/uncpp/html/home/home.shtml.
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- ²⁷ Istrate and Marchio, “Export Nation 2012: How U.S. Metropolitan Areas are Driving National Growth.”
- ²⁸ Liz Robbins, “Follow That Tourist,” *The New York Times*, July 21, 2012.
- ²⁹ “Fashion.NYC.2020 Report,” NYC Fashion, available at www.nycfashioninfo.com/News/April-2012/Fashion-NYC-2020-Report.aspx.
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- ³³ McGeehan, “Technology Industry Seen Growing Fastest in New York.”

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