

Summary of Floor Discussion

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Two discussions were held during the second session. The first one, which followed the two longer papers, addressed general questions on the nature of economic growth and more technical questions on the papers' specific points. Then, after the four industry presentations, the second discussion took up the reasons for optimism about the region's future along with some less sanguine views.

The first discussion began with Fran Reiter questioning whether the region should take comfort in following national trends, given that the region's demographics, immigration patterns, and natural resources differ from those of the nation. James Orr responded that by recognizing that downsizing was common across regions, we do not negate the need to develop appropriate local policies. Christopher Jones added that focusing on regional growth policies instead of sector policies was appropriate. He then pointed out that although the papers addressed the relationships between the region and the nation, the debate had ignored the relationships between the core center city and the outer ring of the region. Matthew Drennan answered that center cities specialize in producer services, while Mitchell Moss demonstrated that the various parts of the outer ring (Nassau and Suffolk Counties and northern New Jersey) have differing relationships with the core by referring to commuter patterns of the Metropolitan Transportation Authority and Long Island Rail Road.

The technical part of the first discussion began with a question by Howard Chernick on the treatment of tourism

in the Drennan paper. Drennan and Chernick discussed the difficulty of quantifying the "New York experience," while Mitchell Moss added that the Drennan modeling does not allow for spillover into tourism. Next, James Gardner, commenting on James Orr's paper, drew a distinction between restructuring announcements made from the New York headquarters of a global company and announcements that actually affect the New York labor market.

After the shorter papers were presented, the second discussion turned to concerns about three impediments to economic growth in the region. First, the prospects for future job growth are unclear and are made weaker by regulatory and tax policies. Second, there is a growing disparity of economic opportunity within the city: although the well-educated continue to be successful, less prosperous individuals may follow jobs to other regions while those on welfare are likely to remain. Finally, overseas trade restrictions may impede growth for some industries.

Mitchell Moss began by taking an optimistic view of job prospects and emphasizing the national and international export opportunities provided by the electronic media, including the internet, MTV, financial services, and television talk shows. Matthew Drennan took a similar view, arguing that the "surplus labor" released by restructurings would work to the metropolitan region's long-run advantage. In support of this argument, he noted that employment for New York City (less city government) has

increased in 1995 and 1996. Christopher Jones added that downsized workers are starting their own small firms. Todd Clark suggested that market forces would resolve questions over which industries are winners and losers. He pointed out that the economy survived the transition from agriculture to manufacturing over 100 years ago. Pari Sabety followed by speaking on the importance of innovation for creating new systems of production.

Taking a less sanguine view than earlier speakers, Christopher Jones was concerned about various regulatory issues, including the adverse effects of the unincorporated business tax. However, Fran Reiter emphasized that both this tax and the commercial rent tax had been reduced. She went on to mention the revitalization of lower Manhattan as an example of the benefits of government and private sector cooperation.

As the discussion neared its close, Fran Reiter reit-

erated her concern for individuals on the lower end of the economic spectrum, and indicated that the government cannot be the employer of last resort. According to Reiter, the NBC employee who does not become Brandon Tartikoff, but rather remains in the mail room for thirty years, is also important to the health of the economy. Rae Rosen then pointed out that comparative advantage suggests that lower Manhattan should be a good place to establish customer phone centers. Rosen explained that the failure of phone centers to locate here suggests that there are regulatory barriers to creating jobs at the lower end of the pay scale. There was widespread agreement among audience members that education remains the key to solving problems of inequality. Finally, Pari Sabety saw the need to focus on global competition. He felt that performance comparisons should be made between New York and Tokyo, Singapore, and export-oriented cities.

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