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Remaining The World's Most Competitive City

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A study released earlier this month by The Economist Intelligence Unit held good news for New York City, which ranked first among 120 global cities based on ability to attract capital, businesses and talent. But the competition is fierce, and is not limited to international megacities like London, Singapore, Hong Kong, and Tokyo. A recent study by the Citizens Budget Commission shows there is also competition from domestic metropolitan areas like Silicon Valley, Boston and Washington, D.C. that are successful in attracting highly-skilled talent and cultivating entrepreneurship, which are the keys to economic growth.

The CBC "Competitiveness Scorecard" examines the New York City metropolitan area's (NYC metro) competitiveness relative to 14 large domestic metro areas in attracting the young, highly-talented workforce that will be essential to strengthening core industries and successfully cultivating emerging ones.

The scorecard highlights NYC metro's appeal to highly skilled individuals. Its strength is in the number, quality and diversity of higher education institutions, which are a powerful "pull", particularly for foreign-born talent. Robust employment opportunities and high pay in key industries are also important competitive advantages, as are safety, ample recreational opportunities and world-class cultural institutions.

But the data show that the New York City metropolitan area is losing ground in two important ways. First, highly-educated people are moving to other places in increasing numbers. Washington, D.C. and Silicon Valley (which includes both the San Francisco and San Jose metropolitan areas) surpassed NYC metro in net immigration of highly educated individuals between 2009 and 2011. These areas have a greater share of employment in the high-paying industries of professional, business, information and financial services. They also outperform NYC metro on quality-of-life measures -- particularly rent affordability and commute times.

Second, NYC metro does not foster entrepreneurship as successfully as other areas. Six U.S. metropolitan areas have higher rates of business creation than NYC metro, and both Silicon Valley and New England have been more successful than NYC metro in attracting venture capital. Silicon Valley has had more than three times the number of IPOs than NYC metro in the last 15 years.

Highly educated talent is mobile and New York City, the center of the metro area, needs to advance policies that attract, retain and cultivate that talent. There's an exciting dynamism to New York right now, with some successes in the high-tech community, tourism at record levels, and an entertainment



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industry that is thriving. Yet the area's economy is still too dependent on Wall Street, and its tax revenues are too reliant on a small percentage of top income-generators. That talent is especially mobile.

In this mayoral election season, New Yorkers should encourage the candidates to address their approaches to ensuring the city's appeal to mobile talent. Specifically, we should hear their views on supporting higher education and training in emerging industries; expanding the entrepreneurship fund and other support services for tech companies; stimulating development and improving mass transit; and reforming immigration laws to retain foreign talent.

New York City is in an admirable position as far as economic competitiveness goes, but in a league of world-class cities, the competition is always intense, and dynasties are constantly challenged. It's in New York's interest to embrace fully that competition and implement policies that will reinforce and enhance our lead.