



EconoMag

The Show that demystifies Economics

Global Cities – part 5

New York ©

Max & Michael

And finally, the Big Apple: New York City! It's the most populous city in the United States and the center of the BOS-WASH Megalopolis, a huge urban sprawl that spreads from Boston all the way down to Washington, DC. New York is famous for its skyscrapers, Broadway, the Statue of Liberty and for its famous boroughs including Brooklyn, the Bronx, and of course, Manhattan. The city is considered to be the most powerful and influential city on earth, as has been the case for the past several decades, although nowadays the city is beginning to be overshadowed by London and Shanghai, in some sectors.

New York is home to the world's two largest stock exchanges by total market capitalization: the New York Stock Exchange and the NASDAQ, a stock exchange specializing in the electronic equity securities markets. The city's economic core is in the financial district of Lower Manhattan where Wall Street is located. In August 2013, there were 163,000 people employed in the financial sector here, as many large companies have their headquarters in New York, and the city is also home to a number of financial startup companies. The GDP of New York is \$1.4 trillion, which is double that of the third largest city in the US, Los Angeles, but still a bit lower than Tokyo! New York's wealth comes not only from its financial sector, but is also due to its profile as the largest and most influential city of the only qualified superpower in the world.

Of course, if New York excels in the financial sector, this isn't the only area where it is among the world's leaders. Silicon Alley, New York's answer to California's Silicon Valley, is centered in the heart of Manhattan, but encompasses the entire metropolitan area's high tech companies dealing with IT, digital media, telecommunications, biotechnology, and even game design. In 2006, Google opened a regional headquarters there on Eighth Avenue in Manhattan, and it is now Google's largest research complex outside of its headquarters at the Googleplex in Silicon Valley.

Back in the past, New York City was considered part of one of "three belts" in America, a somewhat archaic term used to describe certain related industrial and economic areas of the United States. The city was part of the manufacturing belt, which spread from Boston to Chicago, through Detroit, Pittsburg and New York. Over the years this manufacturing area declined in prosperity, which greatly affected the auto industry in Detroit and the coal and steel industries in Pennsylvania. New York, however, still manages to maintain a strong industrial sector, mainly in chemicals, metal products, and processed foods, an industry that is worth \$5 billion and which is the most stable manufacturing sector in the city, employing more than 19,000 residents.

Like all prominent world cities, New York is, of course, well embedded in globalization, playing a preeminent role through the international media and pop culture. Three of the four largest music companies in the world are headquartered in New York, and there are also more than 200 of the world's different newspapers available there. New York is still considered the most powerful city in the world in most economic sectors, even though it's never been so close to losing its crown to other cities as it is now. It's actually already lost first place in wealth to Tokyo, and in the financial sector it's close to falling into second place, behind London. In March 2015, the latest rankings showed that London

scored 784 points to New York's 785 points, a score that is calculated from five key areas: living and working conditions, the general business environment, market access, infrastructure and general competitiveness. In the same ranking, three other global cities that we mentioned this week came in 3rd and 5th place, Hong Kong and Tokyo, while Paris was only rated in 37th place! The French capital's low score is mainly because this ranking only takes into account the city proper of Paris, therefore excluding the financial district of La Defense, as well as nearly 10 million people in the Ile de France who contribute enormously to the economy of the city. In the future, the main cities of the BRICS group, which we talked about earlier this month, should start competing with these five global cities. These cities include Shanghai, China (even though Hong Kong is already one of the top 5 cities), Sao Paulo, Brazil, and Mumbai, India.