

Bohemian Rhapsody

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By RICHARD FLORIDA AND ELIZABETH CURRID

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NEW YORKERS already know that their city is a global center for everything from finance and business to arts and culture. But even the most self-assured resident would likely be astounded by the extraordinary magnitude of the greater New York regional economy.

The metropolitan area alone is the 16th-largest economy in the world; its annual economic output of nearly \$500 billion puts it ahead of Russia and nearly on par with Brazil. The region as a whole -- including Nassau and Suffolk Counties, Westchester and parts of New Jersey and Connecticut -- has an output of nearly \$900 billion annually, making it the seventh-largest economy in the world, behind China and bigger than Canada or India.

For the better part of the last century, New York has been the location of choice for the talented, innovative and entrepreneurial members of what we call a global "creative class" -- those who use their minds and creativity in their daily working lives. With almost three million creative-sector employees, about a third of its work force, the metropolitan region boasts the greatest number of creative-class workers in the world.

New York City's economy is increasingly powered by these creative industries. Today, it has an even greater competitive advantage in fields like fashion design, art and music than it does in financial services and banking. The city's economy is 16 times more concentrated in fashion designers, five times more concentrated in fine artists and four to six times more concentrated in musical occupations, film and video editors and producers and directors compared with all other United States metropolitan economies as a whole. Without a healthy New York

City, the suburbs of Westchester and Long Island might well falter too.

But recent trends indicate that New York's position at the forefront of the creative economy may face considerable challenge. For starters, foreign cities are stepping up their competition for talented and creative people. Cities like London, Shanghai and Sydney are increasing their arts and cultural spending, research and development activities and university investments. Famous as New York may be for its arts and culture, it ranks 11th in the world, behind Amsterdam and London, on our global Bohemian Index, which measures the proportion of artistically creative people, like working musicians, dancers, writers and designers in a city.

New York is also hampered by a series of misguided national policies. Today, tough visa requirements and an increasingly anti-immigration culture are stifling the flow of foreign talent. Columbia University, for example, saw an almost 12 percent decline in international engineering students and a nearly 18 percent decline in international medical students from 2003 to 2004.

Creative people want -- and need -- to be around other creative people, and that's something the density of New York has long been able to provide. But this clustering has been weakened by the lack of affordable housing in Manhattan and parts of Brooklyn, fueling emigration by creative people. Some of these people are moving to the outer boroughs, New Jersey, Long Island and Westchester. But many are moving out altogether, attracted by burgeoning creative climates and less expensive housing in other parts of the country.

The New York region, which has long paid more in taxes than it receives in federal spending, stands to lose a great deal as the Bush administration slashes the existing meager support for urban programs like work-force development, low-income housing, community development grants and support for arts and culture. These and other federal cutbacks hurt New York's ability to generate affordable housing, upgrade its subway and

support its arts and creative environment, putting further pressure on the city and region.

Mayor Michael Bloomberg does little to help things, having spent considerable energy and political capital on big-ticket items like the failed West Side stadium plan and efforts to attract the 2012 Olympics. The city would be better served with smaller scale neighborhood and community-level efforts to ensure affordable housing and work space for artists, immigrants and entrepreneurs, to upgrade the city's open space in combination with more public art and to improve transportation.

To remain a stronghold in the global creative economy, New York must strive to rejuvenate the creative dynamism that has always been at the heart of its artistic, cultural and economic success. By strengthening the practices that have brought it fortune and growth, New York will continue to be a truly great center of the global creative economy.

Richard Florida, a public policy professor at George Mason University, is the author of "The Flight of the Creative Class: The New Global Competition for Talent." Elizabeth Currid is a doctoral student in urban planning at Columbia University.