INTRODUCTION

Genuine crises almost always exploit longstanding systemic vulnerabilities. With an economy larger than many nations, New York City’s reliance on its status as a global financial center has always created substantial economic vulnerabilities. With overreliance on a single industry, no matter how large, makes urban economies susceptible to adverse shocks. The financial crisis that led to the collapse of Wall Street or New York City-based financial institutions—such as Bear Stearns, Lehman Brothers, and Merrill Lynch—had profound impacts on New York City economy, when the crisis hit in 2007 the financial services industry made up 40% of Manhattan’s payroll. However, as the American economy recovered quickly in 2009 – 2010, the City emerged from the crisis stronger than before with a diversified and resilient economy, growth in new industries and initiatives to start long-term economic growth. While media attention focused on the problems of the financial sector, Mayor Michael Bloomberg, a tech entrepreneur himself, recognized the need for the growth of new industries. The financial crisis provided the impetus for the City to promote systematic change, economic diversification, and the City collaborated with new companies and talent. While federal financial recovery programs helped prevent total collapse of the financial sector, Mayor Bloomberg’s “The Boldport City Economic Opportunity Plan” in 2009 included the NYC Economic Diversification Program. The goal of the program was to help urban areas diversify its economic base. The City channeled the financial crisis into an opportunity to promote new industries and implement large-scale economic development initiatives rather than panic into large-scale local financial support for the securities sector. Such a response required careful planning, targeted investment, and visionary leadership.

CONCLUSION

New York City is not unique in its efforts to promote economic diversification nor is it the only city experiencing a digital renaissance. However, the City channeled the financial crisis into an opportunity to invest in new industries and implement large-scale economic development initiatives rather than panic into large-scale local financial support for the securities sector. Since 2005 and New York City tech startups grew by 18% with the addition of 40,000 jobs. Comparatively, over the same time period, the finance and insurance industry grew by only 6%, adding only 1,000 jobs. At the same time, the financial sector has not returned to the high levels of growth in the City economy. The securities industry has continued to be a strong driver of the New York City’s economy, accounting for more than 20 percent of earnings in the City, higher than any other single industry. Thanks to a thriving ecosystem between old and new, over half the jobs in Manhattan’s tech sector have grown rapidly. Around 2006, New York City startups with a $22 million fund provides early-stage capital. New York City startups with affordable space and services to start-ups. New York City startups including Foursquare, Gilt Group, Rockstar, Twitter, and Venmo have grown rapidly. Around 2008, the tech sector diversified and the City modernized business operations and implemented new goods and services.
New York City, USA

The City exploited the crisis as an opportunity to promote economic diversification, particularly in the growth of the technology sector.

Around 2010, New York City surpassed Massachusetts in venture capital funding for internet and tech start-ups, and is now second only to Silicon Valley.

45,000 new jobs were created in the New York City tech ecosystem since 2003.

$2 billion is the price paid by Google to purchase their office building.

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