Toward a Twenty-First Century City for All
Economic Development: Addressing the Parallel Universe Dilemma

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The next mayor faces several challenges in the economic development arena: a climate of fiscal austerity; the imperative to leave a legacy that distinguishes the new administration from its predecessors; and an obligation to steward continued growth while working to repair the economic distress and dislocation that still affect one in five of the city's residents. If the next administration commits to pursuing growth and equity goals simultaneously in economic development policy, it can consolidate the achievements of the Bloomberg administration while responding to the many advocates and stakeholders who believe there is much more to be done. In short, the new mayor should move policies aimed at reducing poverty and connecting a new generation of New Yorkers to the middle class to the center of the agenda, rather than separating the quest for new sources of wealth and growth from the quest to improve the economic well-being of unemployed and low-earning residents.

There are many things to learn from the current administration, and many of its economic development initiatives should and will continue. Yet the next mayor needs to look for a new play book on reconciling growth and equity by explicitly setting more evenly spread job growth, more evenly spread income growth and greater economic mobility for low wage-earners as goals. Luckily, it is not necessary for a new administration to feel around in the dark for solutions. Several cities – including Los Angeles, as outlined in a companion essay by Cecilia Estolano -- have pursued pro-growth strategies that also focus on economic mobility. Estolano's examples and others show how embedding policies that put community partnerships into the DNA of city government and promote basic workforce linkage policies in conjunction with economic development projects can achieve both equity and growth.

This paper reviews the recent history of economic development policy and suggests three "growth with equity" strategies for New York City:

- Replace discretionary and as-of-right subsidies to firms with investment in public infrastructure and the adoption of labor demand strategies
- Use available public levers to increase training, earning, and economic mobility opportunities for unemployed and low-wage workers
- Strengthen the City's core blue-collar employment base by bringing a deliberate equity vision to the management of the city's physical assets, especially industrial land.

1. Economic development policy: a recent history

When he entered office in 2002, Mayor Michael Bloomberg inherited a city reeling from the economic after-effects of the 9/11 attacks and remarkably narrow in its growth strategy. Since the 1980s, New York City's economy had risen and fallen with the fortunes of the finance, insurance and real estate (FIRE) sectors, which by 2001 accounted for 10-15 percent of total employment while producing 32.2 percent of wages earned.[2] The past three mayoral administrations had presided over a Wall Street town, organizing policy around the city's identity as the capital of global finance. Now it was increasingly clear that FIRE sectors, at least finance and

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2 Bureau of Economic Analysis, 2000-2011 and New York State Department of Labor, 2000-2011.

insurance, were in secular decline. Moreover, one million seven hundred thousand people in New York City (20.5%) lived below the federal poverty threshold, and the city's poor population included many in households where at least one member had a full-time job. Both the city and the state had become more economically polarized.[3]

During Bloomberg's first run for Mayor, he vowed to end the inefficient use of tax expenditures on "retention" deals – subsidies reaped primarily by financial services firms whose need was doubtful and whose track record of accountability to their job creation and retention promises was poor.[4] Bloomberg pledged grow the economy by improving basic services to businesses, by directing city resources to promising industry sectors beyond FIRE, and by making the city a more attractive place for technology entrepreneurs and start-ups. Starting in 2002, Bloomberg's economic development team followed through on these objectives, curbing corporate retention subsidies and launching substantial new initiatives to grow key sectors of the knowledge economy. An implicit goal of the Administration's livability, open space and alternative transportation strategies was to draw and keep college-educated workers, now considered essential to urban and metropolitan prosperity.[5] This too succeeded.

Finally, the Mayor pursued an ambitious real estate agenda, including both rezonings and city-sponsored or city-facilitated development that in some cases yielded important new amenities. As of September 2012, the city had regained the jobs it lost in the 2007-2009 recession[6] and was positioned for more sectorally balanced growth going forward.

Despite these advances, there is more than ever a need to create opportunities for those who have not benefitted from growth. New York City's unemployment rate in August 2012 was 9.7 percent, half a percentage point higher than 2009, the year the nation came out of recession (Table 1). A large discrepancy between resident and payroll employment suggests that the city's impressive job growth is not making enough of a dent in the problem of unemployment among city residents. New York City's poverty rate is 22 percent, higher than when Bloomberg took office. Income inequality remains a serious concern, with the top 5% of the city's households bringing in 38% of all wage and salary income; moreover, Median family income in the city declined 6% from 2008 to 2011.[7] Despite Bloomberg's campaign promises, ill-considered project-based subsidies have persisted, including subsidies for high-end real estate development that displaces uses of economic and social value to middle- and working-class New Yorkers. Relatedly, the practice of separating the Administration's anti-poverty and social mobility initiatives from its economic development policies has resulted in missed opportunities to extend the prosperity enjoyed by the city's professional class into lower-wealth households and

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Fiscal Policy Institute, 2001; Lander and Wolf-Powers, 2004; Levitan 2003.

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Bloomberg's predecessors were well known for deals in which banks, brokerages and related firms successfully negotiated deep tax abatements, exemptions or grants in exchange for keeping jobs in the city and promising new ones, only to leave the terms of these agreements unfulfilled without penalty in many cases (Center for an Urban Future, 2001; Good Jobs New York, 2004; and NYC IBO, 2011). Between 1995 and 1997, for example, AIG, Bear Stearns, Merrill Lynch and Citibank each struck multi-million dollar retention deals with the Giuliani Administration that never met job retention and creation goals (Good Jobs New York, 2009).

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Glaeser and Saiz, 2003; Moretti, 2011.

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During the 2007-2009 recession the city lost 140,000 jobs but had regained 190,000 as of August 2012 (New York State Department of Labor, 2012).

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Fiscal Policy Institute, 2012.

neighborhoods.

Table 1: NYC Local Area Unemployment, 2007-2012

	Labor Force	Employed	Unemployed	Unemployment Rate
Year	Annual Avg	Annual Avg	Annual Avg	Annual Avg
2012	3,967,612*	3,578,675*	388,937*	10%*
2011	3,945,900	3,592,200	353,700	9%
2010	3,964,900	3,586,400	378,500	9.50%
2009	3,973,800	3,607,100	366,600	9.20%
2008	3,914,200	3,700,200	214,000	5.50%
2007	3,863,800	3,673,500	190,300	4.90%
* January-August average				
Source: New York State Department of Labor				

Starting in the Koch era, much of New York City's economic development activity centered on financial services. By the turn of the century, this strategy was widely recognized as being in need of reform. Individual subsectors within Finance Insurance and Real Estate (FIRE) have followed different trajectories between 1990 and 2010, with employment in insurance and commercial and retail banking slipping steadily as securities and commodities (investment banking) fluctuated. Real estate industry employment has held steady at about 100,000 jobs, and was largely unaffected by the recent recession (Figure 1). However, the secular employment trend for the financial services sector as a whole ("financial activities" in Figure 1) is one of decline. A 2011 report by the New York State Comptroller's office found that one in three jobs lost during the recession in New York City was in financial services, and that less than a quarter of these had been recovered by August of that year. In the securities sector, historically the largest wage generator, 2011 employment remained 20,000 jobs beneath its year 2000 peak, and more job losses are forecast.[8]

Because fixation on the finance sector had historically kept the city from realizing opportunities to grow other dimensions of its economy, the city was at a crossroads in 2002. While New York's Silicon Alley had helped start the digital revolution of the mid- and late 1990s, and while the city was known for the vibrancy of its cultural sector, entrepreneurs and technology-oriented investors did not view the city as an innovation hotbed or as a logical place to locate operations. Investors who had taken an interest in New York City firms during the dot.com boom were withdrawing, leaving the city lagging its peers in venture capital investment. Office space for start-ups was expensive. Medical research took place in the city's universities, but spin-off firms commercializing academic discoveries acquired space elsewhere in the metropolitan region or moved to better-known urban biotech hubs such as Boston and San Francisco, areas where the benefits of agglomeration – such as knowledge spillovers and industry-specialized producer services – were more plentiful. Finally, precipitous declines in industrial employment, attributable in large part to national and global economic trends, were exacerbated by city government policies that destabilized the city's industrial real estate market and failed to recognize opportunities to support viable niche industries.[9]

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Office of the State Comptroller, 2011.

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Industrial diversification

In response to the perils of over-reliance on the FIRE sector and the riskiness of “one-off” subsidy deals, Mayor Bloomberg’s economic development team explicitly focused on diversifying the city’s economic base. Sector approaches, also known as industry cluster approaches, are an established best practice in the economic development field, and the Administration pursued them vigorously, creating sector strategies in media, biotechnology and fashion.[10] A typical sector strategy began by assembling or extensively interviewing key industry players. These stakeholders identified challenges and opportunities facing the sector, considered alternative future scenarios, and generated strategies with a high probability of bringing about the scenario that played best to New York City’s competitive strengths. The research and strategy phase then gave rise to a “suite of initiatives” designed to concretize the strategies, and, in some cases, an “industry desk” at the New York City Economic Development Corporation (NYCEDC). [11]

Particularly in the technology and media arena, these policies have yielded results. In an analysis of projects funded through the city’s Industrial Development Agency (the most important extender of discretionary funding), the City’s Independent Budget Office found that subsidies to financial service and information firms in Manhattan, which accounted for the majority of the value of economic development projects initiated during the Koch, Dinkins and Giuliani Administrations, represented a smaller share of such assistance under Bloomberg.[12] Wall Street remains a heavyweight, but employment in other industries has grown (Figure 2). A May 2012 report by the Center for an Urban Future hails a new “tech eco-system” in the city, one that rests on the city’s competitive advantage in software, applications and content. Jobs in information technology grew 60 percent in the five boroughs between February 2003 and February 2012, tech-related venture capital deals have grown significantly, and tech companies are choosing to relocate to the city from other places.[13]

A highlight of the Bloomberg Administration’s economic diversification efforts was its initiative to catalyze, within the city, a center for the applied sciences that would act as both university campus and commercial incubator. Officials structured Applied Sciences NYC structured as a global competition among educational institutions, and in December, 2011, the Administration announced that it had chosen Cornell University, which had worked with the Technion-Israel Institute of Technology and the design firm Skidmore, Owings and Merrill to present an integrated vision for a 10-acre site on Roosevelt Island. In keeping with other policy changes, the campus, known as Cornell NYC Tech, will be organized around three sectoral “hubs:” media, health, and the built

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Center for an Urban Future, 1999, 2000, 2003; New York Industrial Retention Network, 1999; Pratt Institute Center for Community and Environmental Development, 2001.

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Cortwright, 2006 and Fitzgerald and Green Leigh, 2002.

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The fashion study, for example, yielded plans for a subsidized loan fund to help emerging designers finance initial production runs and training and mentoring programs for individuals showing promise in the key strategic area of fashion management (NYCEDC, *FashionNYC2020,* n.d.). The media strategy (NYCEDC, *MediaNYC2020,* n.d.) included the development of high-quality, ready-to-use office space (including incubation space) and, again, targeted seed capital for start-ups provided through a city-subsidized but privately managed vehicle.

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NYC IBO, 2011.

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percent Center for an Urban Future, 2012.

environment. The City is providing land for the $2 billion project and investing $100 million to demolish an abandoned hospital and install telecommunications infrastructure, creating "a wired greenfield"[14] on which the university will build a facility that the Mayor prospectively describes as a "beehive of innovation and discovery." While it is not yet clear what Cornell NYC Tech will become (it will not be complete until 2017), or how the sectoral hub strategy will be put into practice, the Administration has created a promising template for the clustering of academic knowledge with entrepreneurial energy in a dense urban environment. While a revalorization of dense central cities' role in propelling growth is part of a general zeitgeist (Edward Glaeser's *Triumph of the City* is one of the most widely-read works of economics in recent history), widespread anticipation that Cornell NYC Tech could make New York City a serious competitor with suburban Silicon Valley for high-tech hub status is a significant development for the city's economy.

Talent Recruitment

Whether the goal is to attract software entrepreneurs or a new generation of fashion merchandising executives, each of Bloomberg's sectoral initiatives contained a strong, deliberate "talent recruitment" component featuring partnerships with the education services sector (which itself accounts for an astonishing 32% of all net gain in private employment in the city between 2000 and 2011).[15] The media sector initiative partnered with Fordham University on a Venture Fellows program; the fashion sector initiative worked closely with Parsons the New School for Design on a Fashion Campus program aimed at college students. Also deliberate was a broader set of "livability" strategies, which embodied the goal of skilled workforce attraction and retention. The rezoning of waterfront neighborhoods for market-rate housing, the explosion of bicycle and pedestrian infrastructure, the development of affordable workspace for entrepreneurs and "creatives," the facilitation of the celebrated High Line linear park on Manhattan's west side – each of these moves was made with college-educated Gen-X and Gen-Y professionals clearly in view. And the focus on livability has paid dividends; after losing college graduates in the coveted 25-34 year old age group during the 1990s, New York City gained almost 224,000 of them between 2000 and 2010, predominantly through migration.[16] The percent of individuals aged 25-34 in the city who have a bachelor's degree or more has soared to 45%, far outstripping the educational attainment rate in the general adult population in the city as well as that of the population aged 25-34 in the U.S. (Table 2).[17] An amenities strategy aimed at educated young people is one that the Bloomberg administration, given New York's

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percent Schola, 2012, p. 5.

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New York State Department of Labor Current Employment Statistics, 1990-2011.

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Per the author's analysis of IPUMS data, between 2005 and 2010 each year an average of 8.7% (between 44,000 and 52,000) of the college-educated 25-34-year-olds in New York City had moved to the city from elsewhere within the previous year. Many of these educated migrants – particularly those who came to the city to attend graduate programs -- presumably moved again in subsequent years and were thus living elsewhere in 2010. But if even half stayed, this would account for 65% of the growth in college educated 25-34 year olds in the city between 2000 and 2010. If 75% had stayed, they would account for 98% of the 2000-2010 net growth. This analysis was complicated by the fact that migration data was unavailable from 2000-2005 and by the fact that the Census Bureau asks respondents only where they resided in the previous year, not (as it once did) where they resided 5 years before. However, the data suggest that New York City is "importing" more educated workers than it is "producing." This finding is underlined by a report by the City Comptroller's Office, which estimates that only 21 percent of New York City public school students go on to obtain a 2- or 4-year college degree within six years of graduating high school (New York City Comptroller's Office, 2012).

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More than half of the city's 5-percentage point growth in college graduates from 2000-2010 was accounted for by people in the 25-34 age range.

pre-existing diversity and cultural richness, was well-positioned to pursue. However, by focusing on quality public space, on neighborhood commercial corridors, on greening the city's infrastructure and on leveraging the assets of density and spontaneity, Bloomberg and his staff clearly made a large impact on the city's human capital stock.

Table 2: Post-secondary educational attainment in New York City's population, 1990-2012

Year	population over 25 with at least a bachelor's degree	population 25-34 with at least a Bachelor's degree	population over 25 with 5 years or more of post-secondary education	population 25-34 with 5 years or more of post-secondary education
1990	23%	30.3%	9.9%	10.1%
2000	27.5%	30.2%	11.7%	6.4%
2010	33.3%	45.2%	13.4%	14.8%
U.S. 2009	28.2%	31.2%	10.5%	9.1%
Sources: Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010.				

Real estate mega-projects

More than industry diversification or talent recruitment, however, the most visible and well-known legacy of the Bloomberg Administration in economic development has been a raft of real estate mega-projects on city- or state-owned land or land subject to significant value creation through zoning changes. As discussed below, land has sometimes been rezoned and/or deeded to developers with little thought given to how to use the City's leverage (as investor, land owner, or regulator) to ensure that development benefits a wide range of stakeholders. But in other cases, such as the redevelopment of Governor's Island and Brooklyn's Coney Island, master planning, public engagement, and attention to issues like housing and jobs for low- and moderate-income residents have played larger roles — often as the result of concerted advocacy from labor and community groups. While the city's property-led economic development orientation has come under criticism both in concept and with respect to particular projects[18] the administration deserves credit in several instances

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The logic of a property-led strategy is understandable: in an anti-government climate, it leverages private investment; it produces visible physical improvements; and it is well adapted to the tools (land use regulation and property tax incentives) that local government has at its disposal. Detractors of property-led economic development argue that city government institutions are organized around facilitating opportunity (and sometimes windfall) for real estate investors, and that officials erroneously equate increases in real estate value with prosperity and wealth creation. In a property-led paradigm, poor and middle-class renters, including small businesses that rent their premises, are often marginalized or ignored. Fainstein, 2001, 2005; Lander and Wolf-Powers, 2004; Mele, 2000; and Wolf-Powers, 2005.

(notably Coney Island) for using the city's leverage in public/private projects to promote balanced development and encourage policies like local hiring. The administration's active real estate development agenda has also created new employment in retail, hospitality, and building services.

2. The Parallel Universe Dilemma

Just as the portrait of growing industries in Figure 2 is a testament to recent accomplishments, it also speaks volumes about their narrow-bore demographic focus and the work yet to be done. Job growth in computer systems design, engineering, and consulting is largely growth in professional positions. Job growth in retail, tourism, and personal services is largely growth in low-wage jobs with few opportunities for economic mobility (Table 3). Together with the continued decline of more stable, better-paying blue collar positions, these divergent growth trajectories (of the knowledge economy on the one hand and the low-end service economy on the other) add up to worsening economic polarization. The set of tools available to a local government to address economic inequalities arising in part from structural economic change (or institutional change that transcends the local level) is certainly constrained.[19] However, policy in recent decades has been characterized by a lack of motivation to use the tools available, alongside fiscally unsound subsidy practices and frequent disregard for neighborhood-based businesses. As a result, the city's considerable economic development progress in recent years coexists with severe poverty and with the chronic disconnection of thousands of residents from the formal economy. Mayor Bloomberg acknowledged the challenges faced by non-college-educated New Yorkers in the service economy, and his administration took steps to address them. But they treated the quest for new sources of economic growth in the city and the quest to improve the economic well-being of many of its residents as separate enterprises, to the detriment of both.

Table 3: Wage characteristics of high-growth jobs in NYC, 2012

SOC Code	Title	NYC Employment 2012	Growth 2000-2011 (%)*	Annual Wages ($)			
				Mean	Median	Entry **	Experienced***
35-0000	Food Preparation and Serving Related Occupations	254,570	42%	$26,260	$21,620	$17,050	$30,870
37-0000	Building and Grounds Cleaning and Maintenance Occupations	130,780	17%	$34,040	$34,110	$20,620	$40,750

19 See Peterson, 1981.

39-0000	Personal Care and Service Occupations	173,680	47%	$28,090	$23,050	$18,700	$32,780
41-2031	Retail Salespersons	111,150	47%	$28,270	$22,770	$17,270	$33,770
00-0000	Total, All Occupations	3,656,720	2%	$61,270	$45,540	$22,810	$80,510
Source: NYS DOL Occupational Employment Statistics Survey							
*Source of growth data: for “All Occupations”-New York State Department of Labor Quarterly Census of Employment and Wages; for other four occupations- BLS Occupational Employment Statistics for NYC MSA (city statistics unavailable)							
** Entry wage: The mean (average) of the bottom third of wages in an occupation.							

***Experienced wage: The mean (average) of the top two-thirds of wages in an occupation.

Fiscally unsound subsidies

In one of his first acts as Mayor-elect, Michael Bloomberg returned a retention subsidy received by his own company, sparking optimism that the much-reviled practice might become a thing of the past.[20] Subsidies to the financial sector have declined under Bloomberg; furthermore, clawback provisions in incentive deals are now stronger and more likely to be enforced. [21] Nevertheless, "one-off" incentive packages to firms and developers remain deeply entrenched. Alongside initiatives to promote industrial diversification and innovation, a steady stream of "deals," including retention deals for companies already in the city, has continued.[22] City officials organized numerous discretionary subsidies to projects (as in the Gateway Center and Yankee Stadium projects, described below) and to firms ($128 million in aid was pledged in 2012 to Fresh Direct to assist a move from Queens to the Bronx)[23] without producing compelling evidence of net fiscal benefit or exploring alternative uses for foregone revenue.[24]

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20 Fitzgerald, 2002.

21 Clawbacks entitle government entities to recover economic development subsidies and sometimes to impose penalties, in cases where companies do not meet agreed-upon performance requirements (Ledebur and Woodward, 2003). In 2010, the Bloomberg Administration quietly accepted $24.7 million in recapture fees and penalties from the Pfizer Corporation, which had received a $46 million retention package from the Industrial Development Agency in 2003 but then cut jobs in the city (Damiani, 2010).

22 Assistance extended by the New York City Industrial Development Agency, which is part of EDC, includes mortgage recording tax exemptions, sales tax exemptions, energy tax savings and savings from tax-exempt bond issues and Payments in Lieu of Taxes or PILOTs. Through fiscal year 2011, the 312 projects on IDA's docket that were initiated during the Bloomberg years had received $262.7 million in assistance and would receive $209 million more in fiscal years 2012 and 2013 (New York City Economic Development Corporation, 2012a). Property tax exemptions not involving PILOTs, which can also be significant in size (and which EDC does not factor into its project-based cost/benefit analyses), are provided through the Department of Finance and are not publicly reported. Many large tax expenditures approved during the Bloomberg years, such as those for Hudson Yards, Yankee Stadium, and Atlantic Yards, will materialize over the next 20-30 years and are not fully reflected in accounts through 2013.

23 New York City's portion of this offer amounts to $81 million, with the rest coming from the borough, state and federal governments.

24 Most projects going before the City's Industrial Development Agency are now required to include a

Many of these discretionary projects were characterized by complex, off-budget financing mechanisms involving Payments in Lieu of Taxes designed to directly reimburse bond investors rather than the city treasury. While these kinds of arrangements do not by definition bode ill for the taxpayer, detailed, relatively conservative fiscal analysis of two projects (Yankee Stadium and Atlantic Yards) by the New York City Independent Budget Office concluded that the cost of tax expenditures outweighed their benefits in both cases.[25] Advocates have similar concerns about tax exemptions and publicly subsidized financing for the Hudson Yards project on Manhattan's West Side.[26]

As-of-right tax breaks for commercial property development are also of concern, having risen significantly in recent years. The largest of these is the Industrial and Commercial Abatement Program (ICAP, formerly ICIP or the Industrial and Commercial Incentive Program), administered by the Department of Finance. A 2008 study of the ICIP by the city's Economic Development Corporation found that just 20% of the taxes foregone under this program were associated with projects that had been "induced" by the incentive; in other words, 80% of the tax expenditures would not have been needed to catalyze the property investments they subsidized.[27] Meanwhile, as developers consistently pay no taxes on new construction or on the added value accruing to renovations, the City's tax burden is shifted to smaller businesses and individual tax payers. While general information about trends in tax expenditure through ICAP is available to the public, transaction-level information is not, so it is not possible for groups concerned with subsidy accountability to monitor this program in the way they monitor many subsidies administered by the EDC and the Industrial Development Agency.[28]

Worker displacement and loss of public space in low-income neighborhoods

While Bloomberg's ambitious five-borough development program created new destinations and boosted job growth in some sectors, it also imposed high costs on low- and moderate-income neighborhood residents and small businesses. Residents of the South Bronx lost a beloved park to a well-connected baseball team when a 2005 memorandum of understanding between city and state officials set in motion a land seizure that

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fiscal cost/benefit analysis.

25 NYC IBO, 2009a, 2009b.

26 Parrott, 2005; Alegre, 2012.

27 Brindisi and Ehrenberg, 2008.

28 In response to advocacy and legislation, the City has grown more transparent in its reporting of economic development subsidies and on its estimation of their costs and benefits (See NYC EDC, 2012a, 2012b and Good Jobs New York, 2012). Local Law 69, passed in 1993, required EDC to report on its business retention and economic development agreements, but the reports provided under this law had shortcomings that prevented analysts from meaningfully assessing fiscal impacts (NYC IBO, 2001). Local Law 48, enacted in 2005, revised reporting requirements to correct these problems, but the reports were not machine-readable and still difficult for analysts to use. In 2010, with Local Law 62, the City Council directed EDC to post data online in a "commonly available non-proprietary database format" (NYC IBO, 2011). As noted above, however, ICAP does not fall under this law, nor do arrangements involving Payments in Lieu of Taxes (PILOTS). In service of even greater transparency, the next Mayor should adopt a unified economic development budget that includes currently missing tax expenditures extended through the Department of Finance and through PILOTs arrangements.

accompanied a subsidy deal worth more than half a billion dollars.[29] At City Point in downtown Brooklyn (formerly Albee Square Mall) and Gateway Center in the Bronx (which replaced the Bronx Terminal Market), city agencies have presided over the displacement of thriving locally owned businesses to accommodate subsidized projects involving national retailers, ignoring both the economic and the social value of what lay inconveniently in their path.[30] And in northeastern Queens, overlapping plans to create a commercial destination in Willets Point, expand the National Tennis Center and build a new Major League Soccer facility were announced in 2012 with little seeming regard for the 10-30 acres of scarce parkland that would have to be "alienated" or for the displacement of businesses that employ hundreds of workers. More broadly, the city pursued many projects that created hardship for industrial and manufacturing businesses without advancing a coherent strategy for retaining and growing blue-collar industrial jobs. Even as they mounted initiatives to reignite manufacturing, officials failed to take basic enforcement actions against landlords who illegally converted industrial space or to adequately support the 16 "Industrial Business Zones" they created in 2005.[31]

Growth without equity

Despite reforms, then, economic development policy under Bloomberg included instances of lavish subsidy to projects which, in addition to being of questionable merit when judged on fiscal criteria alone, destroyed jobs and damaged neighborhoods unnecessarily. The Administration successfully crafted ambitious job-creating projects spearheaded by real estate developers and technology entrepreneurs while treating incumbent blue-collar jobs and smaller scale entrepreneurs as, at best, a side project and at worst an impediment. No progress was made during the Bloomberg years on reducing poverty and inequality. Recent data from the Census Bureau indicate that as of 2010, one in five New Yorkers lived in poverty – a statistic that, unchanged from 2002, represented higher growth than the nation's since 2009. The poverty rate among children is 30 percent. Since the beginning of the recession, median household income has declined, and 44 percent of renters are "housing poor" (paying at least 35% of their income for housing).[32]

It is perplexing that job growth has not lowered the city's unemployment rate, a divergence which has led to consternation among labor economists. A small portion of it may result from technical factors originating in the different sampling frames (establishments for the payroll employment survey, households for the resident employment survey).[33] Another logical cause would be an increase in commuting, whereby new jobs in New York City are filled non-residents; however, according to analysis done at the Federal Reserve Bank of New York, payroll employment exceeds household employment in the wider metropolitan area, casting some doubt on

29 Damiani, Markey and Steinberg, 2007 and Wolf-Powers, 2010.

30 Fainstein, 2010.

31 The creation of IBZs was a marked improvement on past policy, but zoning still allows commercial businesses and hotels in IBZs (despite a 2009 pledge to change IBZ regulations to exclude them), and the Administration has dedicated few resources to technical assistance and infrastructure in the districts (see below).

32 Roberts, 2011.

33 For example, self-employed individuals switching into salaried positions leave the unemployment rate unchanged, and multiple job-holders are counted twice in the payroll survey and only once in the household survey (Bram and Orr, 2012, McGeehan, 2012).

this explanation.[34] Labor force growth in the city – particularly among college-educated 25-34-year-olds filling newly created jobs – may also explain part of the divergence. In any case, it seems clear that incumbent New Yorkers are benefitting less from hiring in the city than would be anticipated given payroll employment growth.

The Administration did not ignore all the challenges that low-income New Yorkers face. The City's Center for Economic Opportunity, created by Bloomberg, pursued (or consolidated into its mission) a variety of initiatives aimed at poverty reduction, focusing particularly on young adults, families with young children, and the working poor. In all, forty initiatives were funded by the CEO across twenty city agencies, often supplemented by private foundation funding.[35] Particularly in workforce development, CEO-funded projects improved on the standard menu of services available under the federal Workforce Investment Act.[36] Other experiments, though less successful at reducing poverty, produced important knowledge.[37] However, the Administration bifurcated economic development policy from its anti-poverty efforts, reinforcing a governing narrative that associated the prosperity of the city with wealth accumulation by professionals, investors and "creatives" while often conceiving of smaller, more marginal businesses and individuals struggling to participate in the mainstream economy as lying outside the purview of the economic development agenda.[38] Often, small businesses had negative experiences with city officials. Street vendors were the object of punitive and inconsistent regulation,[39] while taxi drivers continued to struggle under a leasing system that, in defining them as independent contractors, precluded them from obtaining health or retirement benefits allowed garages and brokers to transfer business risk almost exclusively to them. Proprietors of small-scale businesses who objected to being displaced to make

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34 Bram and Orr, 2012.

35 Examples of successful programs include the Accelerated Study in Associate Programs, a CUNY-led effort to remove barriers to full-time study and completion for community college students; sector programs at CUNY community colleges aimed at helping out-of-school youth re-enroll in school or access industry-certified training; a Department of Small Business Services-sponsored program Advance at Work, which offers career coaching and other services to employed individuals earning less than $14 an hour who want to advance their careers; and an effort to leverage state funding for the expansion and improvement of pre-kindergarten programs in city schools. Many of these programs have been evaluated by researchers (see City University of New York and New York City Office of Economic Opportunity, 2012; New York City Center for Economic Opportunity, 2010; Youth Development Institute, n.d.).

36 New York City Center for Economic Opportunity, 2010.

37 Bosman, 2010.

38 Two exceptions to this were the HireNYC program, discussed below, and LINK (Leveraging Innovations and our Neighborhoods in the Knowledge Economy), which encompasses several efforts to connect low-income residents to opportunities and to support small business growth (http://www.nycedc.com/sites/default/files/files/rfp/qa-documents/DigitalWork%20NYC%20Information%20Session%20Deck_20120815%20PDF.pdf). EDC launched LINK in the Summer of 2012, and its components are in various stages of development.

39 NYC Independent Budget Office, 2010.

way for mega-projects were met with high-handedness.[40]

As favored economic development projects were celebrated and advanced whatever their fiscal and social cost, the administration's largest and most visible anti-poverty initiatives, such as the conditional cash transfer programs operated by Opportunity NYC, rested on the premise that the individual behaviors of the poor, perhaps more than access to good jobs or to quality housing and medical care, were the key to economic success. Moreover, the performance of social innovations and experiments designed to help people escape poverty was subject to intense scrutiny, with outcome measurement and cost-effectiveness analysis accounting for significant portions of the project budgets. Testing interventions for efficacy is good public policy, and the Administration deserves credit for evaluating programs rigorously. But there was a marked contrast between the stringent atmosphere of performance management in programs aimed at low-income New Yorkers and the rarified world in which subsidy flowed to development companies and other firms. Unlike poverty policies, economic development projects were axiomatically assumed to deserve taxpayer support. In this parallel universe, tax expenditures, below-market land sales, and subsidized financing arrangements were rarely subjected to cost/benefit tests.

As New York City graduates from its traditional dependence on FIRE and supports job creation in a range of knowledge industries, poverty and lack of opportunity persist and are worsening. Blue collar work has declined in the city for a variety of reasons, many of them impervious to local economic development policy. Nevertheless, from the perspective of those who consider it a priority to create paths of upward mobility for the two-thirds of New York City's residents who are not middle class professionals and managers, there is much for the next Mayor to do.

3. What the Next Mayor Could Do to Address the Parallel Universe Dilemma

There is no reason why job growth in the city (i.e., growth in payroll employment) should not be accompanied by growth in resident employment, nor is there any reason why work should not adequately support a standard of living that enables all New Yorkers to enjoy their city. The next Mayor can and should explicitly set more evenly spread job growth, more evenly spread income growth and greater economic mobility as the goals of his or her economic development program. Routes toward these goals include reining in both discretionary and as-of-right tax expenditures in favor of investments designed to stimulate labor demand; holding subsidized firms to higher standards around hiring, wages and workforce development; investing in both physical and human capital; and better aligning the multiple components of the workforce development system both with one another and with new jobs that are being created. These proposals are described in detail below.

Replace discretionary and as-of-right subsidies to firms with investment in public infrastructure and the adoption of labor demand strategies

Theoretical treatments and empirical analyses of economic development incentives attest to the economic inefficiency of most incentive programs based on tax expenditures and grants to businesses.[41] This research finds a local complement in reports documenting the millions of dollars in revenue foregone each year in New York City. Studies tracking "one-off" subsidy agreements have estimated that subsidized projects meet or exceed job creation and retention goals less than 50 percent of the time;[42] that jobs associated with subsidies tend to be low-wage, part time and seasonal;[43] and that the largest tax expenditures benefit projects mounted by

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40 See, for example, http://nycedc.tumblr.com/post/3921177809/willetspoint.

41 Bartik, 1991, 2004; Peters and Fisher, 2002; Story, 2012.

42 ALIGN, 2011.

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companies whose need for subsidy is unproven.[44] Some economists are more optimistic than others about the potential of economic development subsidies to correct market failures.[45] But even these economists find that subsidy is much more likely to generate growth with positive social welfare effects when the beneficiaries of job growth are unemployed or low-income, and when newly created jobs pay mid-level wages.[46]

To stimulate demand for labor, policy makers should consider alternatives to conventional types of tax incentives. Targeted tax credits that incentivize employers to hire by offering abatements for increasing payroll are one such measure. Another is short-term public sector employment. Research by respected economists has shown each of these to be significantly more cost-effective than non-targeted tax abatements.[47] The next Mayor should thus claim revenues that would be foregone if dedicated to conventional tax expenditures and redirect them toward two new efforts:

The EMPLOYNYC Tax Credit, a wage subsidy to firms and organizations to hire employees who have been participating in the city's employment readiness and vocational training programs, including those funded by the Center for Economic Opportunity. Several efforts funded by the Center for Economic Opportunity currently offer paid internships in conjunction with soft skills development and/or sector-specific skills training; the proposed effort would bring current initiatives to scale and link them explicitly with economic development objectives.

The INFRASTRUCTURENYC program, in which unemployed New Yorkers are hired for periods of 6-8 months by city departments, non-profit organizations, and private contractors tasked with repairing and improving the city's public goods and its public realm: streets, storm water infrastructure, sidewalks and medians, parks and playgrounds, libraries and senior centers.[48] A good model is the Parks Opportunity Program (POP), which currently employs 2,500 trainees in city parks and recreation centers. POP is geared toward people leaving public assistance who need to develop skills as well as work experience, but not all projects mounted under the initiative would need to have a training component. Some could employ workers already qualified in design, construction, and engineering, recruiting them from career and technical high schools and from programs at CUNY 2-year and 4-year colleges. This initiative would be a vehicle for the juncture of job growth strategy with efforts to make the city more sustainable and resilient environmentally. Given already-high levels of public debt, financing new infrastructure will be politically complex; however, it is worth pursuing not only to shore up aging public capital stock but also to avoid the damage to individuals' lifetime earnings profiles that have been shown to result from prolonged periods of unemployment.[49] If there is a potential revenue stream from infrastructure

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Fiscal Policy Institute, Good Jobs New York and National Employment Law Project, 2011.

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Damiani and Steinberg, 2006; New York Jobs with Justice and Urban Agenda, 2010; Fiscal Policy Institute, 2005. New York State government has also come under fire for the magnitude of its economic development-related tax expenditures (Fiscal Policy Institute, 2010).

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Bartik, 2004, 2007; and Felsenstein and Persky, 1999, 2004, Lester, Lowe and Freyer, 2011.

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The multiplier effect of high-wage jobs is potentially greater. However, higher-wage jobs are more likely to be filled by in-migrants, and thus to exert little impact on local unemployment and poverty rates.

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See Bartik and Bishop, 2009 and Neumark, 2011.

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These workers would supplement, rather than supplant, the city's incumbent civil service workforce.

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investment (such as energy savings from building retrofits) an enterprising Mayor might find a way to put private financing into the mix, as the City of Chicago is attempting to do with its Infrastructure Trust.

In addition to increasing employment, earnings and tax revenues at a time of high unemployment and worsening poverty, these initiatives, if they perform as expected based on past evidence, will also have significant long-run earnings effects.[50] This is because direct job experience, particularly if supplemented with support services, increases employees' soft skills, helps them build networks of acquaintances, and prepares them for unsubsidized work later on – much as (parent-subsidized) college-level interns gain skills and contacts through internships. If well-run (and there would certainly need to be much attention paid to ensuring this), these initiatives would complement the sustainability and neighborhood redevelopment agendas begun during the Bloomberg Administration, and extend them into communities that have seen less capital investment than other, higher-priority neighborhoods over the past 12 years.

Use available public levers to increase training, earning, and economic mobility opportunities for unemployed and low-wage workers

Linkage policies

Above, on efficiency grounds, this paper urges a sea change: the replacement of often-wasteful subsidies with investments focused on increasing labor demand and immediately reducing unemployment. But economic development deals, both discretionary and as-of-right, are unlikely to vanish. This produces an opportunity for the next Mayor to establish expectations of projects that do involve city subsidy. In the past, much of the City's economic development spending has subsidized low-wage jobs in which (as currently structured) wage and skill mobility opportunities are limited. But as the example of Community Redevelopment Agency of Los Angeles demonstrates, elected officials can leverage the city's roles as landowner, regulator, convener, and consumer of goods and services to improve outcomes for disadvantaged workers and communities even as they promote growth. Workforce linkage policies – measures that set or encourage standards for companies and projects receiving economic development subsidy (including city-owned land offered at a concessionary price) -- should be pursued aggressively but thoughtfully by the next Administration.[51]

An example of a linkage policy that has already flourished in New York is the HireNYC program. Through this project, staff at the Economic Development Corporation and Department of Small Business Services linked major city economic development projects to the workforce system, sponsoring employee recruiting and screening events and convincing employers to prioritize city-assisted local hiring as a cost-optimization measure.[52] But there is room for more workforce-centered linkage policies, more systematically implemented, more integrated into the way the City conducts business with developers and their tenants. These initiatives may also bring added benefits to companies by reducing project delays, lowering workforce recruitment costs and labor turnover, and minimizing the frustrations and uncertainties associated with project-specific Community

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The longer term effects of extended unemployment for individual workers, particularly for those displaced during recessions, are documented in Davis and von Wachter 2011, Jacobson, LaLonde and Sullivan 1992, and Kletzer and Fairlie 2003. Long-term unemployment (unemployment lasting at least six months) has reached an unprecedented high during this recession (see Burtless 2012).

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Bartik, 2001a, 2001b.

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For descriptions of workforce linkage policies and examples of their implementation, see Wolf-Powers, Reiss and Stix, 2006. The Los Angeles case also demonstrates the important role that social activists, including organized labor, can play in shaping and implementing linkage policy.

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New York City Economic Development Corporation, 2010.

Benefits Agreements.

As with social innovations under Bloomberg, workforce linkage policies under the next Mayor should undergo rigorous, comprehensive evaluation. The next Mayor should pilot linkage policies adopted in other cities and scrutinize them to learn how they perform in New York City's idiosyncratic context. As an example, a report evaluating three Center for Economic Opportunity (CEO) initiatives operated by the city's Department of Small Business Services found that the inclusion of vocational training as part of a program with strong employer links was consistently associated with higher placement, higher hourly wages, and greater weekly hours after placement. It may make sense, therefore, to formulate and then test a policy under which subsidized businesses and developers make contributions to a fund that supports the successful training efforts pioneered by the CEO and links individuals with jobs – either in the developers' projects or elsewhere (a similar policy has existed in Boston for more than a decade). Does such a policy reduce poverty and unemployment? Does it delay or threaten the financial viability of otherwise profitable projects? A study would provide insight. Living wage policies should also be pilot tested, at varying levels of coverage and intensity, and the results examined.[53] Evaluations performed with rigor and integrity can inform decision-making by the Administration about which linkage policies to continue beyond the pilot stage.

Human capital development

While linkage policies engage the demand side of the labor equation, interventions and improvements on the supply side in many ways more crucial. Two facts are well-established among scholars and policymakers in workforce development. First, secondary education must do better to prepare students for a world where they will increasingly need post-secondary credentials (though not necessarily 4-year college degrees) to succeed in the labor force.[54] Second, despite the logic of aligning secondary education with postsecondary education, supportive services, workforce development for adults, and economic development (to ensure that secondary and post-secondary training articulates with employer demand), these activities are poorly integrated in most labor markets. In many ways, New York City is poised for the institutional and systems change that would help to produce this alignment, to the benefit of less skilled workers. The next Mayor should take charge of this process.

Particularly during his third term, Mayor Bloomberg oversaw significant prioritization and expansion of occupational preparation efforts within the city's public secondary and post-secondary education systems. At the Board of Education, administrators dramatically expanded Career and Technical Education (CTE) programming, designating 11 new dedicated CTE high schools, including an Academy for Software Engineering. At the City University of New York (CUNY), post-secondary certificate programs and vocationally oriented degree programs gained new attention, and CUNY established an Office of Workforce Partnerships as a point of contact for employers.[55]

In 2010, the current Mayor launched an Office of Human Capital Development (OHCD), aiming to create a hub for the multiple city agencies concerned with the workforce: the Human Resources Administration, Department of Youth and Community Development, the Department of Education, CUNY, Small Business Services (which

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53 While the effect of living wages on local economies continues to be a highly controversial issue, a number of respected studies show that living wage laws have reduced poverty in other cities with minimal disemployment effects (Neumark and Adams, 2003; Lester and Jacobs, 2010).

54 For example, the Bureau of Labor Statistics projects that 45 percent of job openings between 2004 and 2014 will be for positions that require some postsecondary education (e.g., a certificate) but less than a four-year college degree.

55 Goldstein, 2012.

oversees the “second chance” workforce development system, serving older youth and adults), and the Economic Development Corporation. However, the following quotation from Jobs for the Future’s June 2012 paper on career pathways systems change remains applicable:

> For most low-skilled adults, attaining a postsecondary credential that results in related, well-paid employment is very challenging, in part because of the way education and training services are organized and delivered in most communities. Few “systems” are designed around the career advancement and related employment needs of low-skilled adults. Instead, there is a collection of programs and initiatives, each with its own different governance, funding streams, rules, and culture.[56]

The next Mayor can confront this misalignment by building on positive momentum generated in the recent past. Elevating the Office of Human capital Development to the Deputy Mayor level is a key initial measure. A fully empowered OHCD staff can work with the education, economic development and human services agencies to develop a high-performing career pathways system for the city.[57] OHCD can act as a fulcrum between EDC’s sector strategies and curriculum development efforts, so that curricular material and structured internship opportunities at the career and technical high schools and CUNY synchronize with emerging occupations in media, bioscience, environmental engineering and green building systems.

If the new system works well, it will be possible to identify and pursue connections between the career pathways system and the workforce linkage policies discussed above. For example, both curriculum and internship programs at the new High School for Construction Trades, Engineering and Architecture can link directly to the local hiring and minority apprenticeship programs associated with city-sponsored and city-subsidized real estate projects.

Raising the floor

Increasing human capital is critical, but it alone will not combat the problems of stagnating wages, income inequality and lack of employment benefits in many jobs. The city should revisit the proposal to require paid sick days, expeditiously implement health exchanges under new federal health care legislation, and advocate with Governor Cuomo to raise the state’s minimum wage and focus economic policy on equity in addition to growth.[58]

Strengthen the City's core blue-collar employment base by bringing a deliberate equity vision to the management of the city’s physical assets, especially land.

Jobs that provide a path into the middle class are continuing to shrink. While raising the floor and investing in skills for retail and low-skill service sector workers is one component, renewing our manufacturing, distribution, working waterfront, and other sectors that provide a road into the middle class is an essential step. A plan for comprehensively addressing the industrial sector — home to some 200,000 jobs — is presented here as a model for how addressing industries on the sectoral level can pay dividends. This approach could also be used to focus on other critical middle-income sectors such as construction.

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56 Claggett and Uhalde, 2012.

57 Outstanding career pathways systems involve the engagement of employers in high-demand sectors, contextualized learning, “stackable” education and training options that earn students credentials with labor market value, multiple exit and entry points, intensive wraparound services including academic and career counseling and, if needed the combination of basic skills education with post-secondary technical training. (See Claggett and Uhalde, 2012).

58 See McGahey, 2012.

Observing the rise of high-end services as the mainstay of the city's economy, many believe that the industrial job base has been eclipsed entirely. However, a visit to the Brooklyn Navy Yard, on the Brooklyn waterfront just a half-mile from the Manhattan Bridge, dispels this impression. Industrial firms in this successful 300-acre industrial park are at the vanguard of the "new urban manufacturing:" inventing, prototyping and creating products such as architectural metalwork, graphics and digital printing technologies, niche fashion and interior furnishings, and specialty food and beverages. The success of the Navy Yard is only one facet of a creative response to a rising demand for local, custom- or batch-produced goods; New York City has a large edge in niche manufacturing because of the scale of its market. "Industrial" also continues to mean the mending and moving activities: inside and outside the Navy Yard, businesses that repair and service boats and trucks, that service buildings and increase their energy efficiency, and that store and distribute goods are thriving.

Starting with the announcement of a comprehensive industrial policy in 2005, the Bloomberg Administration departed from its predecessors by welcoming New York City's industrial sector as an economic asset. The policy combined a new land use policy centered on Industrial Business Zones (IBZ) with proposed initiatives in infrastructure planning, transportation, marketing, and new real estate development. The goal was to clearly signal the Administration's support for deterring residential conversion in 16 primarily industrial outer borough areas (freeing firms from the pressure of speculation and illegal conversion that had destabilized many of them), to improve the physical and regulatory infrastructure for enterprises in the IBZs, and to spur the development of new industrial space suited to changing needs. The Administration consistently invested capital in the Brooklyn Navy Yard and oversaw the development or renovation of several other city-owned parcels for industrial use. In 2011 the Economic Development Corporation created an "industrial" desk to oversee a new suite of initiatives including a special program to finance and support food manufacturers.

The next administration can improve on this framework in several ways. First, it can create a physical and regulatory environment in which industrial businesses can stabilize and plan for the future. The physical integrity of IBZs is currently compromised by the city's inadequate zoning resolution, under which hotels, of superstores and large floor-plate offices can locate in industrial areas. Second, the next administration should stop illegal residential conversions early and enact penalties that deter conversions. Third, it should sufficiently fund IBZ staff, and promote cross-agency planning to tailor hard infrastructure investments, traffic and sanitation enforcement, workforce development and other city services to the needs of each individual IBZ. In short, the new Mayor should redouble the city's commitment to the IBZs and ensure that agencies and personnel have both the mandate and the resources to support and grow industrial activity in the city at an important moment.[59]

Building on the success of the Brooklyn Navy Yard Development Corporation, the mission-driven public/private entity that presides over the Navy Yard, the new Mayor should also charter a similar entity with authority and stewardship over all city-owned industrial assets. This Industrial Development Corporation would be charged with managing New York City's industrial real estate portfolio as a whole (including the Brooklyn Army Terminal, Bush Terminal, and land in and around the Hunts Point food markets in the Bronx), guided by a commitment to stabilizing and growing employment in the industrial sectors where New York City retains or can develop a comparative advantage. This single-purpose entity would be able to leverage public financing with private investment and capitalize rent rolls across all its properties so that it can offer low-rent spaces to industrial employers. This strategy could even help foster non-industrial development by being a vehicle for the preservation and/or relocation of active firms within their current neighborhoods, such as in the Garment Center, the city's couture district, where a workable solution for space preservation eluded agreement and prevented a much-desired rezoning during the Bloomberg years.

4. Conclusion

New York City as a whole is on a firmer footing economically than at the beginning of the last decade, and the Bloomberg administration deserves much of the credit for this. Bloomberg's economic development team, using a variety of tools, helped create a city that offers more to start-up firms, and one that attracts and retains more college-educated workers from around the country and the globe. Precious fiscal resources, however, continue

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59 See Byron and Mistry, 2011 and Clark, 2012.

to be wasted on inefficient deals and projects, while persistent poverty and unemployment signify the disconnection between the economy's growth and a large segment of the city's population. Too many economic development projects are undertaken as though businesses and developers are the most important clients, with low- and moderate-income New Yorkers relatively invisible.

The next Mayor should name this parallel universe dilemma and address it by making more evenly spread job growth, more evenly spread income growth and economic mobility key priorities for his or her economic development policy. There is a rich variety of assets with which to work, including the city's capital budget, its two- and four-year colleges, and its increasing desirability as a place for entrepreneurs to live and locate their operations. Bringing these resources to bear against the backdrop of a new, more inclusive vision for growth, the next administration can and promote economic well-being and advancement for a greater number of the city's residents.

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Industrial policy for the twenty-first century*. Dani Rodrik Harvard University John F. Kennedy School of Government 79 Kennedy Street Cambridge, MA 02138. (617) 495-9454 Fax: (617) 496-5747 E-mail: dani_rodrik@harvard.edu http://www.ksg.harvard.edu/rodrik/.Â This paper is a contribution to one component of such an agenda, focusing on policies for economic restructuring. Such policies have been called in the past â€œindustrial policies,â€ and for lack of a better term, I will continue to call them as such. I will use the term to apply to restructuring policies in favor of more dynamic activities generally, regardless of whether those are located within industry or manufacturing per se. City situated along the coast of South America. The eastern part of Africa. Theirs is a subsistence economy. æ”¿æ²»å¤§å¸ å¤–äº¤æ‰€é¸ä¿®èª²ç¨‹ é»ƒæ™ºè° This first fleeting glimpse at lift in different parts of our planet is sufficient to raise various questions. ï® Why does affluence coexist with dire poverty not only across different continents but also within the same country or even the same city? ï® Can traditionalÂ Economics and Development Studies ï® The problems and processes of economic development in Africa, Asia, and Latin Paul Gregory holds an endowed professorship in the Department of Economics at the University of Ho u s t o n and is a research professor at the German Institute for Economic Research in Berlin. The holder of a Ph.D. in economics from Harvard University, he is the author or coauthor of nine books and many articles on the Soviet economy, transition economies, comparative economics, and economic demography. He serves on the editorial boards of Comparative Economic Studies, Journal of Comparative Economics, Problems of Post-Communism, and Explorations in Economic History.