

HARVARD UNIVERSITY PRESS
SEVENTY-NINE GARDEN STREET • CAMBRIDGE • MASSACHUSETTS

FOR RELEASE IN MORNING PAPERS OF MONDAY, NOVEMBER 14, 1960

METROPOLIS 1985

Raymond Vernon's METROPOLIS 1985, the round-up volume of the New York Metropolitan Region Study, is published today by Harvard University Press. The culmination of four years' work in which about 40 professional researchers participated under Mr. Vernon's direction, this volume is the capstone of a series of books which have analyzed every major aspect of the economic life of the 22-county New York Metropolitan Region, past, present, and future.

Among the conclusions in METROPOLIS 1985 are the following:

The familiar forces which have influenced the growth of the nation's largest metropolitan area in the past will have much less influence on its future. The seaborne traffic of the Port, once so vital, is no longer of great significance; developments like the St. Lawrence Seaway, therefore, no longer have much effect on the Region. Immigration is no longer critical; the current Puerto Rican and Negro arrivals are far less important to the Region than the earlier waves of immigrants from Europe had been.

Instead, the critical factors likely to affect the New York area's growth in the next few decades are comparatively novel. The spread of America's giant metal-working complex from the Midwest outward toward the coasts, the rise in the nation's demand for financial and other office services, and the speed-up in intercity air travel are likely to help the Region's growth. On the other hand, the tendency of the Region's retired workers to leave the area for more salubrious surroundings, the scarcity of industrial sites for waste-producing

industries, and the competitive slippage of many of the New York area's long-established manufacturing lines are likely to hold back the area's development.

The New York Metropolitan Region Study was conducted by the Harvard Graduate School of Public Administration for the Regional Plan Association. The principal financial support for the study came from The Ford Foundation and the Rockefeller Brothers Fund. The first seven books in the series published by Harvard University Press were: ANATOMY OF A METROPOLIS, by Edgar M. Hoover and Raymond Vernon; MADE IN NEW YORK, by Roy B. Helfgott, W. Eric Gustafson, and James W. Hund, with an introduction by Max Hall; THE NEWCOMERS, by Oscar Handlin; WAGES IN THE METROPOLIS, by Martin Segal; MONEY METROPOLIS, by Sidney M. Robbins and Nestor B. Terleckyj; FRIGHT AND THE METROPOLIS, by Benjamin Chinitz; and ONE-TENTH OF A NATION, by Robert M. Lichtenberg.

On balance, according to the projections of the Harvard study, the New York Region's position as the first manufacturing metropolis and the first office metropolis of the nation is not likely to be challenged in the next quarter-century. It is expected that the Region's jobs will increase from the 6,200,000 level of 1954 to about 9,500,000 in 1985, a rate only a little slower than that of the nation as a whole. By 1985, the Region's share of the nation's jobs will have slipped from the 10.1 per cent figure of 1954 to about 9 per cent. The Region's population will perform on a similar pattern, falling from 9.1 per cent of the national total to 8.3 per cent.

Some Major Changes

In the course of its development, the New York Region's economic activities are likely to change in significant ways, which are discussed by Mr. Vernon in his book. Its apparel industries will take second place to its metal-working industries as generators of jobs. Office work, already heavily represented in the Region, will grow even faster than manufacturing jobs. And--most

surprising finding of all--the traditional net migration into the Region which has been a feature of its growth throughout its history is expected to come to an end. By 1985 the outflow of New Yorkers from the Region should match or exceed the inflow of people from other places.

Inside the Region, the stress is on the continuation of the existing trends.

Employment in Manhattan's central business district is expected to rise unchecked. Two possibilities could alter this projection significantly: a rapid deterioration in transportation facilities to the central business district, or an unwillingness to accept young Negro and Puerto Rican women for office work. But neither of these possibilities is considered likely in the Harvard study.

In addition to job growth in the central business district, there is likely to be a continued growth in high-rent apartments close by. But the number of additional people occupying those apartments will not be very large.

The change in population patterns in New York City and in most of the older suburban cities of the Region will be dominated by the decline of population in the low-income neighborhoods. As low-income jobs move rapidly out of the Region's center, the disposition of the jobholders to follow them residentially will be very strong. The notion of a return of middle-income families to the old cities in large numbers is a fantasy, and will not come about as a result of any of the modest public programs now under consideration. All told, there will be both population declines and job declines in the old cities outside of Manhattan's central business district. Efforts to reverse these declines by urban renewal programs will have little effect, unless those programs reach magnitudes so large as to exceed anything which has so far been seriously suggested.

Meanwhile, there will be a continuation of swift and spotty growth on the edges of the developed areas of the Region, spreading out in all directions. This growth will not be retarded by transportation problems or by local tax problems. Most commuters of the future will travel between a home located on the Region's periphery and a job located outside the central business district. This sort of travel will consist for the most part of automobile trips on the growing grid of circumferential highways in the Region. Though tax increases in the newer suburban communities will create constant agitation among new homeowners, these burdens will not rise so high, according to the Harvard report, as to change the preference for suburban living.

In the end, the number of square miles in the Region covered by structural blight and decay will grow. Despite that fact, most families in the Region will think of themselves as living in a better environment than their parents. Shifting from crowded slums to less-crowded slums, from less-crowded slums to suburban developments, from suburban developments to "exclusive" custom-built homes, the majority of families will leave the physical deterioration of the Region behind them. Their subjective impressions will make it hard to obtain the adoption of extensive measures to arrest the deterioration of the Region's older areas--unless or until the total process of change comes to be widely understood among the Region's citizens, writes Mr. Vernon.

The author is now Professor of International Trade and Investment in the Harvard Graduate School of Business Administration. This fall he is in Mexico City beginning a study of the relations between government and business in Mexican economic growth for Harvard's Center for International Affairs. Born in New York City, he was graduated from the College of the City of New York, and later took his Ph.D. at Columbia. For about twenty years he served in the federal government, moving from the Securities & Exchange Commission to the

Department of State where he became one of the top economic officials. He entered private business at Newark in 1954 and assumed direction of the New York Metropolitan Region Study in 1956. With Edgar M. Hoover he was the author of the first volume in the series, ANATOMY OF A METROPOLIS.

The Region's Manufacturing

As earlier books in the series have shown, the Region's 400-odd manufacturing industries, not its more spectacular office community, nor its hotels and night life, are the prime support of its economy. In fact, looking at the make-up of the 2,440,000 so-called "national-market" jobs in the Region in 1956--those which fell outside primarily local activities such as retail trade--the Study finds that 1,650,000 were manufacturing jobs. Office jobs in the "national" category make up only about 650,000 of the total, while New York's famed services to tourists and out-of-towners--its nightclubs, theatres, art galleries, hotels, and so on--generate only 114,000 jobs for the Region.

Can the New York area hope to retain its position as a great center for manufacturing? The New York Metropolitan Region Study concludes that it can and will, though its growth will not be as rapid as that of the nation's manufacturing as a whole. The Region's jobs in manufacturing, including not only the national-market jobs but also the jobs in local newspaper plants, bakeries, and other local activities, are expected to rise from 1,870,000 in 1954 to 2,680,000 in 1985.

The reasons for anticipating this growth are not easily visible. "In some ways," says the author of METROPOLIS 1985, "the New York Metropolitan Region offers a paradox for anyone interested in the location of economic activity. Its raw materials are almost non-existent; its splendid natural harbor, once a major advantage in competition with other areas, is no longer a factor of considerable importance; its location in relation to the nation's markets is

hardly of the best; its wage structure is comparatively high. What is more, the Region is not improving its competitive position in these respects."

New York's early growth, of course, has always been linked with its position as a great seaport. But today, the Harvard study shows, the New York area no longer draws much strength from being a transport center. On the contrary, industries which are sensitive to transport costs and which serve more than purely local markets tend to avoid the New York area in favor of other parts of the country.

Yet future transportation developments in the nation, combined with other factors, promise to alter the Region's industry in significant ways. Throughout the nation, plants in transport-sensitive industries are tending to spring up closer to their markets. Wherever an area of the nation has lacked its own plants in such industries, there is a strong likelihood that the lack is being remedied.

For the New York Region, this means principally that the metal-producing and metal-working industries, long thought of as a specialty of the Midwest, are expected to grow in the New York Region at rates faster than their national growth rates and to take on much greater prominence in the Region's economy. As early as 1965, the "metals and metal products" industries are projected as giving more employment to the Region than the apparel industries, and by 1985 the margin of difference is considerable--672,000 jobs to 528,900 jobs. (See tables of projections, attached.)

As for labor conditions, New York traditionally has paid relatively high wages in its leading industries when compared with other metropolitan areas of the eastern seaboard. Nevertheless, as long as New York was a major port of immigration, the constant inflow of green immigrant labor made it possible for many low-wage industries to survive in a labor market in which high wages generally prevailed. The choking off of immigration in the 1920's, however,

speeded up a tendency for low-wage industries to find other locations in the nation, a process which continues unabated today.

Nor has Puerto Rican immigration taken the place of the earlier migration waves. Only 10,000 or 15,000 job-seeking Puerto Ricans are added annually to the New York area's labor market. "The New York area's shortage of low wage labor is likely to get more acute, rather than easier, compared with competing areas," says METROPOLIS 1985. As a consequence, low-wage industries are expected to continue to leave New York under the pressure from competing areas.

The greatest strength of the New York Region as a manufacturing center comes back to the now-familiar theme, stressed in earlier books in the series, of New York's "external economies"--its goods, services and markets available in infinite variety and on short notice to any type of industry that may need them. The dominance of such industries in New York's economy can be seen in the following table, which shows the distribution of employment in national-market manufacturing industries classified by major locational factor, both in the Region and the U. S. in 1954:

	Region	U. S.
All national-market industries.....	100.0%	100.0%
Transport-sensitive.....	15.9	42.2
Labor-sensitive.....	9.4	9.5
External-economy.....	44.6	17.3
"Footloose".....	14.7	16.3
Unclassified.....	15.4	14.7

In the Region we typically find industries with small-scale operations--small-scale because of the swiftly changing character of their products or their processes. For these industries, New York's resources are often indispensable. Even in this category, however, the Harvard study expects the New York area to lose a little of the margin of its advantage, for other areas continue to grow in

size and to provide more of the unique skills, services, and materials once found in only a few of the nation's largest centers.

Office Operations

So much for the New York area as a manufacturing center. In its nonmanufacturing activities--especially in its activities as a national financial center and a national center for other business and professional activities--METROPOLIS 1985 anticipates that New York's commanding position will be extended even further in the next 25 years.

On the one hand, the continued growth of population, industry, and income in other parts of the country will encourage the relatively rapid growth of offices, banks, and related services at many points distant from New York. But there is every indication that office operations which are truly national in scope will continue to show a marked preference for a New York location. The causes for this preference are studied in some detail in various volumes of the series. The essence of that attraction can be gleaned from the following passage in METROPOLIS 1985, discussing the causes of the great cluster of headquarters offices of the nation's leading companies:

The needs of the elite group in the central office of a large company are as variable and unpredictable as those of any "producer." From week to week their interests vary from some esoteric provision of the Internal Revenue Code to the political situation in Cuba; from the effectiveness of spot television commercials to the efficacy of operations research; from the best place to build a factory to the best time to issue stock. Once again, it is uneconomical for such offices to staff themselves internally to deal with every such problem; the only feasible pattern is to draw upon specialists as the need arises. And the most efficient locational arrangement is one which permits the specialists and those they serve to be congregated at a common point.

METROPOLIS 1985 goes on to appraise the impact of two great forces which will shortly have a profound effect on the location of office activity in the nation, namely, the increasing speed of air travel and the growing use of electronic computers. The report says:

Just as the truck and air freight have released some activities, such as the sewing of garments, from their ties to the Region, so it might be argued by analogy that swifter air travel may release some of the Region's office activities to far-flung sections of the country.

Our disposition, however, is to expect the opposite. The increased speed of travel to New York, in our view, is likely to encourage the growth of clusters of office activity in that area, rather than otherwise. The reasons for this expectation are illustrated by the problem of the central office elite. This problem is to maintain two links in the chain of communication: to maintain an easy flow of facts and decisions from headquarters to branch plants, warehouses, and regional sales offices, and to maintain an easy interchange of ideas by the elite headquarters personnel among themselves and with their outside advisers. The advent of the jet airplane offers the elite two possibilities: to spread out more in the field, closer to operations, with the assurance that they can assemble swiftly at some headquarters point as needed; or to congregate in even greater degree at a headquarters point, with the assurance that they can disperse swiftly to any point in the field as needed.

There is not much doubt which of these offsetting pulls will be the more dominant. The most probable outcome of the increased freedom offered by swifter air travel will be the further concentration of the office elite at a few headquarters cities. This tendency will be fortified by the use of high-speed electronic data-processing machines. For these machines will contribute to the centralization of data-processing and decision-making at fewer points in the structure of the giant company. Though it is not a foregone conclusion that the data-processing activities will be located under the same roof as the decision-makers, there is typically a preference for locating them in some degree of proximity.

The Reversal of Migration

A major finding of the New York Metropolitan Region Study, presented for the first time in METROPOLIS 1985, has to do with the expected patterns of migration to and from the New York Metropolitan Region.

Since the earliest beginnings of the New York Port, the Region has absorbed job-seekers from other parts of the world. Future job opportunities in the Region, however, will not be so great as to demand this continued inflow. The people born and raised in the Region will come closer to filling all the job opportunities in the Region than has been the case in the past. The traditional pull of New York as the job mecca for young white women from the little towns of the Midwest, for Negroes from the south, and for Puerto Ricans, will lose some of its force.

On top of this, the projections of METROPOLIS 1985 anticipate a growing tendency for older people to leave the New York area as they approach retirement age. This trend, already strong in the 1940's and 1950's, should grow further as Social Security and private retirement plans cover larger numbers of retirees

and as long-distance travel becomes easier and quicker.

The net effect of these trends is expected to generate a movement without precedent. In the decade from 1965 to 1975, the traditional net immigration to the Region will have slowed to a trickle. And in the 1975-1985 decade, the number of people leaving the Region for other parts is expected slightly to exceed those coming in. The projected increase in the Region's population, therefore, will be due to natural growth rather than to migration.

These anticipated trends in population will affect the Region's employment, just as the Region's employment in its turn is expected to affect its population. The net effect of the trends can be summed up in the following projections of jobs and inhabitants in the New York Metropolitan Region, 1954-1985 (with 1954 given for comparison):

	Total employment		Total population	
	Thousands	Share of U.S.	Thousands	Share of U.S.
1954 ^{a/}	6,193	10.1	15,092	9.1
1965	7,202	9.8	18,033	9.2
1975	8,307	9.4	20,810	8.8
1985	9,462	9.0	23,712	8.3

Inside the Region

The shifts in jobs and population among the Region's major parts are analyzed and projected in some detail in METROPOLIS 1985. The strong outward job movement of the past is sure to continue. But one fact important for the future of the New York Region is the special strength which Manhattan's central business district has exhibited in retaining and even expanding its hold on certain kinds of business activities--those in which quick and easy communication needs are of the essence.

a/ For population, the year is 1955, not 1954.

Even communication-oriented activities, however, very likely will show considerable growth at localities away from their main clusters in Manhattan. And of all the possible causes of such growth, Mr. Vernon writes, the one of largest potential significance is the relocation of the repetitive function of the central offices at points in the Region distant from the elite group of executives. He continues:

Those employed in routine activities in the office community probably outnumber the elite group 50 or 100 to one. There are good reasons for anticipating moves on the part of some of them. Though the cost of space, as we saw, is not one of these reasons, the changing nature of the labor market may well be.

Symptomatic of the possibilities of change is the fact that in 1910 the Metropolitan Life Insurance Company drew 46 per cent of its office force from Manhattan homes, but in 1946 drew only 15 per cent, and probably draws even less today. The extraordinary advantage of Manhattan over any other place in the Region for the collection of large aggregations of office workers is being watered down by the dispersion of the labor supply. Of course, Manhattan's advantage of centrality is still there; scarcely another place exists in the Region, except perhaps downtown Newark, that is effective enough as an assembly point to keep an office with a complement of 500 or 1,000 young women workers fully staffed. But the advantage is shrinking; and unless the disposition to hire young Negro and Puerto Rican women for office work increases swiftly, Manhattan's advantage will shrink even more.

The introduction of electronic data-processing equipment, a development which will gain momentum in the next decade or two, may also speed the separation of routine office functions from the elite activities. Today, many members of the elite group assume two types of duties; supervision of routine office functions and participation in management decisions. The first of these functions promises to become more highly specialized and more remote from management as automatic processes take over. . . .

The intraregional shifts in population are diagnosed too. This analysis was completed well before the publication of the preliminary 1960 Census figures a few months ago. Nonetheless, the major population shifts disclosed by the Census--the population declines in the old cities of the Region and the spectacular growth of portions of the Inner and Outer Rings--are foretold in detail, and the basic causes of the shift are described. Numerous conclusions emerge, suggesting the Region's future population patterns. Among the conclusions of METROPOLIS 1985 are these:

The upper income groups, fleeing from contact with the outward spread of the speculator's subdivision, are already having to settle in areas which strain the limits of the commuter's endurance. Unless there is a greatly accelerated growth in the use of helicopters, the upper income groups may be forced to resort rather more to luxury apartment living in the City. The numbers involved cannot be large, of course; the price of space for luxury apartments is too high for more than a tiny minority of those who work in the central business district. But their total demand could make a measurable impact on the use of land in and close by the central business district.

Elsewhere the study concludes:

The Negro's desire for less congested living is a force which will continue to push him outward from the Region's center. An analysis of contemporary Negro periodicals suggests that there has been a rapid adoption by the Negro of all the status symbols and aspirations of the whites, including the aspiration for spacious living.

Regarding the Region's older slums, Mr. Vernon sees "a continued--perhaps an accelerated--thinning out of populations in existing slum housing in the Region. The pressures which generate doubling-up, conversions, and crowded rooming houses in the 'new' slums may well be reduced. It is certain that the densities generated in the newly down-graded neighborhoods will be lower than those in the old slums, extending a trend toward declining slum densities which has been apparent in the Region for thirty or forty years."

What it all adds up to is conveyed in two summary paragraphs in the book;

These comments add up to a comparatively simple picture. Close by the central business district, we shall see more demand for high-income housing. Just beyond, for miles in every direction, we are likely to see a continued thinning out and aging of populations--a thinning out which may be modified but surely will not be reversed by public housing programs; and a similar trend will probably prevail in the old cities of the Region's outlying counties. Everywhere else in the Region there will be population increase. Some of it will arise from the added building of multiple dwellings. But most of it will be single-family housing, spread out spottily on the landscape, eating up land at new high rates. . . .

As one surveys the outward shift of the populations in the New York Metropolitan Region and of the consumer activities tied to them, the forces behind the shift seem near-inexorable. Basic technological developments in transportation and deep-seated changes in consumer wants appear to lie behind the phenomenon. Here and there one sees evidence of preferences which breast the main tide; the occasional reappearance of a disillusioned exurbanite in his former city haunts, the gradual growth of apartments-in-the-city for the very rich--these are phenomena whose impact cannot be overlooked. The bigger risk, however, is that their implications for the future will be exaggerated rather than overlooked. Short of some fundamental alteration in consumer outlook or in urban environments, the trends for the future seem likely to represent a continuation--even a speed-up--of the dispersive tendencies of the past.

Local Governments

On the question of improvements in mass transit, the analysis in METROPOLIS 1985 leads to the following conclusion:

We do not assume that government agencies in the New York Metropolitan Region will be altogether inactive in the face of rising deficits and declining services in the mass transit field. When facilities deteriorate close to the breaking point, their defenders have often sought to force through some sort of palliative action. . . .

We assume that mass transit operators will manage to stay afloat, even if they cannot improve their lot very much. Their efforts in the end may require them to look for new subsidies, including funds from federal sources, but in extremis, such support is likely to appear.

Turning to the question of local revenues and local expenditures, the report draws upon hitherto unpublished materials (to be presented next year in the Study's final publication) which describe the fiscal pressures on local governments. Some of the conclusions emerging out of a complex analysis of the financial status of the local areas are:

The fiscal strain under which the older cities of the Region have labored will continue and may get somewhat worse. These cities are faced with revenue needs of a magnitude which their own property tax base is likely to be increasingly inadequate to meet. As the gap grows, a variety of devices will be created to fill it: new nonproperty taxes, larger state and federal grants, and so on. The older cities of New Jersey will be in a less advantageous position than New York City in this difficult game, partly because of the nature of the New Jersey state government and state budget, and partly because these cities are exposed to a greater danger of driving out business and residents when they raise their local taxes.

In the suburbs, the communities in fiscal trouble will not collapse and shrivel away; their local tax demands, on the whole, do not appear so overwhelming in the cold statistics as to suggest that they are unassimilable into the budgets of their inhabitants. Resentment and protest, we assume, will continue to be the order of the day in such communities, but not arrested growth. As for the communities which have avoided fiscal trouble by their land-use controls or other devices, one can see no reason why their unruffled existence should not continue. . . .

Still, there will be shifts in the problems and responses of local governments. Some semirural communities will pass over from the somnolescent serviceless state to bursting growth, with all its attendant problems. Some of the older, seemingly well-protected localities of Westchester, northern Long Island, and Essex, Bergen, and Passaic will find that their embattled precincts have been penetrated by low income groups after all. Some will change their zoning laws and building ordinances under inexorable pressures, as old estates are broken up. Others will find that, despite zoning laws and building ordinances, lower-income families have managed to take over the older residences, subdividing

the structures as need be to find the means of paying for them. So new social problems will appear and new social services will be required. The typical problems and pressures of the old cities, therefore, will spread a little wider. And, insofar as the developments have any effect on the location of industry and population in the Region, they should tend to further a little the outward shift suggested by the analysis of earlier chapters.

The Weakening Centripetal Pull

The author declares:

The fact that employment trends and population trends do not diverge markedly in most sections of the Region suggests a number of things. It casts doubt on any image of the Region as a giant cluster of human activity held together by a great nub of jobs at the center. Instead, apart from the special problems offered by New York City's projected increase of half a million jobs or so, it affords a picture of a Region in which the centripetal pull is weakening. This, in turn, means a further modification of the oversimplified picture of the Region as a ring of bedroom communities in the suburbs emptying out their inhabitants every morning to the central city. Incomplete and misleading as that picture is today, it promises to be even more misleading in the decades ahead. Accordingly, the prime transportation "problem" of the Region, so long thought of as that of bringing people to and from the central city, may well be matched by the development of many new and little bottlenecks, arising out of the diffuse cross-hauling and reverse commuting which the future will bring. And the chronic complaint of the outlying areas that they lack an "economic base" may continue to lose some of its realism and force.

The Projections

The rigorousness of the methods used in the New York Metropolitan Region Study projections of population and employment for each of the Region's 22 counties is without precedent in urban studies. For all that, METROPOLIS 1985 warns, "No projection of the economic and demographic characteristics of a metropolitan area can be free of the risk of error; no public or private planner can afford to assume that the potential error is small." To allow the technician to judge for himself what credence he may place on the results, the technical details are being published in a supplementary handbook entitled PROJECTION OF A METROPOLIS by Barbara R. Berman, Benjamin Chinitz, and Edgar M. Hoover.

Though the details of the projection are subject to error (a fact already made apparent by the publication of the preliminary results of the 1960 Census) the main trends depicted in the attached tables are likely to represent the shape of things to come, according to the Harvard report.

The tables attached are numbered A-2 through A-7 in METROPOLIS 1985.