



# Regional Plan Association

*... a research and planning agency supported by voluntary membership to promote the coordinated development of the New York-New Jersey-Connecticut Metropolitan Region.*

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## NEWS RELEASE

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FOR IMMEDIATE RELEASE

INFRASTRUCTURE BUDGET SHOULD BE MADE REGIONALLY,  
ASSOCIATION PRESIDENT TELLS LEAGUE OF WOMEN VOTERS

Repairing, replacing and extending facilities needed to sustain and expand the New York Urban Region's economy will cost an estimated \$65 billion over the rest of the decade--considerably more than the several governments involved are likely to appropriate, John P. Keith, President of Regional Plan Association, told the League of Women Voters in New York City today.

"How should we set priorities, then?" he asked. Regional Plan Association has concluded that since the economy is regional, with New Jersey, Connecticut and Downstate New York's economic development interlocked, all three states and New York City have a stake in investing public capital where it will most stimulate and support the economy. Mr. Keith, therefore, urged a gradual evolution to a tri-state regional capital budget.

Regional Plan Association has developed analytical tools, including a regional input/output model, to identify the indirect impact of alternative investments on the economy. The sum of direct and indirect effects can then be added up and compared among potential infrastructure investments.

The Association is a civic research group that has been planning for the New Jersey-New York-Connecticut Urban Region since the 1920's. The meeting is one of a series of seminars on "What Will New York City Be Like In the Year 2000?" sponsored by the League. This meeting was held at Banker's Trust, 280 Park Avenue, at 5 p.m. November 15.

Statement to  
The League of Women Voters  
Theme: "What will New York City be like in the Year 2000?"

by

John P. Keith  
President, Regional Plan Association

November 15, 1982, 5:00 p.m.  
Banker's Trust, New York City

"Infrastructure Investments and Economic Development  
for the Future City"

Everyone is very aware that we will have to put a great deal of money into reclaiming our systems for providing essential services in the coming decades.

The question for tonight is, what investments will we need to make to encourage the kind of economic growth we would like to see occur in New York City and its surrounding Region in the coming decades?

In addressing that subject, I would like to raise three related questions:

1. What kind of economic growth can we reasonably anticipate between now and the end of the century?
2. What specific infrastructure improvements would contribute to achieving that growth?
3. How should we set priorities among all of the possible and potentially beneficial investments?

WHAT WILL THE NEW YORK URBAN REGION, NEW YORK CITY, AND THE MANHATTAN CBD BE LIKE IN THE YEAR 2000?

How we answer that seemingly fanciful question is a matter of some importance. Basic decisions--where people decide to live and pursue their careers, where businesses decide to put their offices, and where public officials decide to invest public funds--hinge on their view of the Region's future. But when we project the future, we also, to some extent, decree what it will be. If we anticipate decline, we won't make the investments needed to encourage growth--and that is likely to preclude growth. And while a projection of growth won't guarantee that growth will occur, it could at least make it more likely.

So, how WILL our economy look at the turn of the century?

Well, first of all, the national primacy of the New York Region as a "WORLD CITY" is not likely to be challenged. The reasons have to do with its size, its favorable global location and the fact that it is the major face presented to the outside world by the U.S. economy--which is increasingly international. And our polyglot population doesn't hurt, either. As one Frenchman put it to us, foreigners like to come to New York precisely because it is so unlike the rest of the United States.

And since the world economy will be getting larger, much more complex, and much more interdependent, the command posts of that economy--the WORLD CITIES--including New York City--will gain in importance as a result.

Second, there IS to be economic growth here. Regional Plan's present projections only go as far as 1990, nevertheless, we foresee some 900,000 new jobs in the Region and a 27 percent real growth in output of goods and services during this decade. The population, too, should rebound from the losses of the 1970s.

Most of this growth will continue to be concentrated in white collar, white smock activities. In fact, more than half of the 900,000 new jobs will be located in offices. In the Manhattan CBD,

over three-fourths of the total jobs are already white collar. With national economic trends pointing toward further growth in knowledge-oriented, information-related activities, and away from goods-producing activities, further increases in white collar jobs are in the offing.

WHAT IMPLICATIONS WILL THIS GROWTH HAVE FOR THE CITY'S INVESTMENTS IN INFRASTRUCTURE?

To answer that, let's take a look at some of the specific economic activities.

#### Corporate Headquarters and Business Services

One economic sector that has great potential is INTERNATIONAL FINANCE and MULTINATIONAL CORPORATE HEADQUARTERS. There is an increasing aggregation of advanced corporate services in Manhattan, especially those with an international orientation. One in ten of the 3,500 publicly-traded corporations in the nation are headquartered in New York, a location from which they control one in six dollars of corporate contributions to GNP. All major U.S. accounting firms--regardless of where they are headquartered--have their international operations in Manhattan. Legal and financial services are similarly specialized. Likewise, foreign firms that have dealings with the United States find a Manhattan presence increasingly essential. These sort of functions of a World City economy are almost certain to expand here--assuming, of course, that we can provide them with an efficient, relatively pleasant environment in which to do business.

That calls for some expansion of service. We could provide better public access to the airports from Manhattan, for example. International businesspeople should be able to get to and from the Region's airports, especially JFK, more easily than they can today. You probably hear KLM daily over the radio advertising the conveniences of Schiphol airport, The Netherlands, for businesspeople entering Europe. One of these is direct, fast, comfortable rail access to downtown Amsterdam.

It also calls for infrastructure investment in the new satellite technology of word and data transmission--more about that later. But even more important is to guarantee enough water and electricity, a balanced system of transportation, and adequate sewerage and waste disposal. As we all know from the media, our ability to continue providing these essentials is currently threatened by our failure to maintain the facilities and systems we already have.

We need to complete New York City's third water tunnel to guard against the major disaster that could follow a breakdown in the two old ones.

We need to make some difficult choices as to how we will dispose of our garbage and trash--estimated at 200 million tons regionally in the next decade--and we need to make those choices very soon.

We must repair our roads and bridges. And we must have a public transit system capable of getting people to work and back without daily traumas.

Infrastructure rehabilitation is a big task and nobody is eager to pay for it--but the alternatives are incalculably damaging.

### Imports and Exports

Another economic activity that should be encouraged to expand in the next 20 years are IMPORTS and EXPORTS, particularly the latter because the Region has been disinvesting in itself in recent years by making more purchases of manufactured products outside of its boundaries than it has been exporting.

In the past two decades, the containerization of overseas cargo has virtually eliminated Manhattan's 300-year-old function as a seaport. The proposed Coal Port in Staten Island should be considered because it could enhance the Region's exports, since half of the coal passing through it would be for international markets. Coal deliveries to the Region, the transshipment of other commodities produced elsewhere but destined for the Port of New York, and the Region's own domestic imports for consumption, all require a well maintained rail freight

and interstate highway network. Further out on the horizon, the proposed deep-water Oil Port off New Jersey is being considered to handle supertanker deliveries for the Region.

### Manufacturing and Goods-handling Industries

The MANUFACTURING and GOODS-HANDLING sector of the City's economy has been shrinking for three decades. Production type jobs are down to about half their 1950 level only in the CBD, and now comprise barely one-fifth of the jobs in Manhattan. There may be a limit to how far the number of manual jobs can shrink because so many of them are maintenance jobs, which are distributed fairly evenly among a variety of industries.

If the GOODS-HANDLING sector does not decline in the coming decades, it will continue to change. We will be exporting smaller, higher value goods, by and large, and shipping them more and more by air freight.

The Region's airport facilities, therefore, will become more important by 2000, with more air passengers because of increasing office business and more air freight because of the smaller goods that will be produced here. Regional Plan was instrumental in consolidating the management of the Region's major airports in the Port Authority of New York and New Jersey in the mid-1940s. Perhaps it is now time to put our reliever airports, such as Stewart and MacArthur Fields, under the same management.

### High Technology Industries

One reason we will be shifting to the production of smaller goods is the increasing importance of HIGH TECHNOLOGY industries. How much of this activity we can capture in the New York Region is still an open question, but we ought to try to get as much as we can. The problem here seems to be--in contrast to the Silicon Valley (San Francisco) or Route 138 (Boston), for instance--is the difficulty of

bringing together the technological creators with the venture capital they need to turn their creations into marketable products. We probably have much more of both, but we don't seem to have the informal transmission of information that occurs around a Stamford or MIT and their interlocking corporations. Because of the immense scale of this Region, perhaps we will have to substitute for the cocktail party circuit of Palo Alto and Cambridge some sort of "metropolitan desk," whose assignment is to bring the creators and the financiers together.

High technology comes into play in a number of different areas of the economy, including electronics, chemicals and biology. Some of the most interesting developments are in the field of communications, where satellites will soon make the cost of information transmission independent of distance. Contacting a friend or a computer in a nearby suburb will cost virtually the same as contacting them halfway around the globe. Just last week, the space shuttle deposited two new satellites in space. The Port Authority has proposed building a teleport in Staten Island to help us communicate with them.

With IBM and Bell Labs headquartered and producing in the Region, we can build on an already strong electronics base. The massive complex of chemical and pharmaceutical firms, largely in New Jersey, offers opportunities in the fast-moving chemical and biological spheres. But, we need to foster the academic relationship found elsewhere. That's why the Polytechnic Institute of New York's METROTECH proposal in Brooklyn is so important to the City and Region. It would place the necessary engineering capacity behind technological ventures.

### Arts and Culture

Another characteristic of the World City is its concentration of the ARTS and CULTURAL ACTIVITIES. New York City is not as dominant in this field as it once was, but it will continue to be the nation's most important cultural center. Satellite communications and another high tech capability--optical waveguides, or fiber optics--should enhance the importance of cultural centers like New York. As cable

and satellites make it possible to dial virtually any television program, for instance, more people may choose to watch shows produced in places like New York, where there are sophisticated facilities and a large pool of talent, instead of those produced by local television stations. In infrastructure terms, this depends on spreading the cable network or dish antennae as widely as possible and providing the highest quality performing and recording facilities.

### Housing Construction

The last functional area of the economy that I'd like to discuss is CONSTRUCTION--and, in particular, HOUSING CONSTRUCTION, since that is where construction is most likely to expand in the coming decades. The market for office buildings is slowing for the moment. In the last quarter century, we added more office floorspace in Manhattan than exists right now in downtown Chicago and Los Angeles combined. But the need for housing continues to be substantial.

Most of the infrastructure needed to serve new housing developments entails expansions or alterations of existing facilities. If an area of the City gets more residents, it may need better parks or access to public transit. Developments must have water, electricity, sewerage, waste disposal, etc. How much investment is needed to provide essential services, of course, depends on where they are located. If they are put somewhere that calls for extensive infrastructure additions, developers and residents should be asked to bear some of the cost.

Two major infrastructure changes may be required in coming decades in response to the City's changing settlement patterns.

The first involves changes in the subway system. Because of traffic congestion and the rising cost of gasoline, it may be that more people will ride trains and subways twenty years from now. But the subways--built anywhere from 50 to 100 years ago--don't necessarily go where the new houses and jobs will be located. Some areas--near the tails of the elevated lines, for instance--may have more stations

than necessary, while other areas would be well served by system expansions. We need to move ahead with tying the billion dollar 63rd Street tunnel and Archer Avenue subway construction together, if either are to be of much use. And we could well use a completed Second Avenue subway line and, possibly, its extension up through the middle of the Bronx.

Another change could be necessary in our freight facilities. While the Region's exports may increasingly be shipped by air freight, consumer imports, especially food, must be transported by truck or rail. Neither Manhattan--a city of 1.4 million by itself--nor the other boroughs have any facilities to accommodate the growing movement of truck-trailers by railroad. Having eliminated the possibility of using the 60th Street Rail Yards by the decision on Lincoln West, the only possibility left is the Harlem River Yard. The difficulty here is that nobody has clear control and it would take a joint effort by the Port Authority, Conrail and New York City to make the Harlem River Yard available for this kind of rail freight. Still, it ought to be done, whatever the difficulties, especially since a good start is already underway: the State is now raising bridges and other overhead obstructions to make trailer-on-flatcar access possible.

### Conclusions

Just last week, I told a meeting of the City Club that the tri-state Region may need to invest about \$65 billion over the rest of the 1980s in improving its infrastructure. I was followed on the podium by Deputy Mayor Robert Wagner, Jr., who said New York City alone may have to spend a total of \$55 billion in the same period. So he was claiming most of my Region-wide estimate just to meet the City's needs. (In fairness, I should add that he actually expects to budget only \$37 billion of that.) But the point is, we could easily and productively invest much more money in infrastructure improvements than we will ever, realistically, have to spend.

So, how can we set priorities for infrastructure investments?

Well, it's going to be very difficult, and in the end, will depend on a lot of decisions made independently by a lot of different people. But I have two considerations that I would like to urge that we keep in mind.

First, we should make our choices from a regional perspective. The major issues which our infrastructure systems are designed to address--transportation, air quality, water supply, energy requirements, etc.--are regional in scope. Governments at all levels and throughout the tri-state area will be dealing with the same problems. With public capital resources as scarce as they are today, it is absolutely essential that they be allocated as carefully and productively as possible, and this can only be done with a great deal of cooperation and coordination on everyone's part.

The second consideration is the one that the League of Women Voters is addressing with this series of public forums. And that is, infrastructure investments should be determined for their impact on the overall economy, as well as their effectiveness in providing essential services. The right public investment can attract private investments, create jobs--including badly-needed blue collar and unskilled jobs--and help lower the cost of doing business in the Region.

At Regional Plan Association, with the assistance of Battelle-Columbus Laboratories, we have developed a regional Input/Output model, which will allow us to measure the overall economic impact of system improvements. Our results, I am sure, will be made available to you. If we keep our economic development goals in mind when deciding where to invest our public funds, the Region and the City can be more attractive and more prosperous in the year 2000 than they are today.

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