

Economic Development

An Interview with The Honorable Robert K. Steel,
Deputy Mayor for Economic Development, New York City

EDITORS' NOTE Prior to his 2010 appointment as Deputy Mayor, Robert Steel was the President and CEO of Wachovia. From 2006 to 2008, he was the Under Secretary for Domestic Finance at the U.S. Department of the Treasury. Before entering government service, Steel spent nearly 30 years at Goldman Sachs, ultimately rising to become Co-Head of the U.S. Equities Division and Vice Chairman of the firm. He is a graduate of Duke University and The University of Chicago's Booth School of Business. He is Chairman of the Brooklyn Bridge Park board and the Aspen Institute's Board of Trustees and is a Senior Fellow at the Harvard Kennedy School of Government.



The Hon. Robert K. Steel

You are leading the Administration's Five-Borough Economic Development Strategy and job creation efforts. How has the plan evolved?

The goal of the five-borough economic development strategy is to make sure that we're planning for New York to be a successful place in the long term and to ensure that New York's success is enjoyed by every community and every neighborhood. The Mayor's strategy is also focused on diversifying our economy by supporting our existing industries – like finance, publishing, professional services, etc. – and encouraging the growth of newer sectors like film, tourism, and technology. We're proud to have generated hundreds of thousands of new jobs to help offset sectoral shifts away from manufacturing and to protect against inevitable downturns in cyclical businesses like financial services. And that strategy is paying dividends. In fact, we've created as many jobs in the past several years as the next 10 largest American cities combined. But we know we still have more to do. The Mayor's method is to measure our goals with a strong focus on data and progress. When appropriate, we can make corrections, but it's the founding goal that guides the strategy.

Corporate leaders talk about business coming back, but the requirements of the workforce have changed. How has this been reflected in job training efforts?

There are around 3.3 million jobs in New York in the private sector and we need to make sure that, as the stewards for New York City, there is diversity – we should not have one sector outsized relative to the others. We have

four sectors with over 300,000 jobs and a handful of sectors with 100,000 jobs. So this is a diverse portfolio of industries and activities. We also have to make sure that we're developing those skills that will be more valuable in the future.

To help connect more workers with jobs, we have combined the workforce centers so that they are doing both training and placement. People come to Workforce1 facilities to use computers to find jobs; take classes that teach them how to prepare resumes; and receive

one-on-one counseling. Companies are asking for our help in sourcing people for jobs and using the workforce centers as their employment centers.

What industries have you brought into New York and are you pleased with how the city has attracted tech start-ups?

Mayor Bloomberg has done a phenomenal job with tourism and technology and innovation.

Today we have more than 50 million visitors to New York every year. There are more than 300,000 jobs in hospitality/tourism broadly defined and our successful tourism industry has a large effect on GDP.

Regarding technology, it's very powerful to have a Mayor who has been a successful entrepreneur in the technology arena. We began to plant these seeds years ago and now we've surpassed Boston in new venture capital investing, making us second only to Silicon Valley. There are three types of technology companies: the ones that are here and successful; the ones that migrate here like Google and eBay; and the new companies – and we have to make sure the ground is fertile for all of them. Today, technology is part of everyone's business model, so industries in which New York has historically been strong – fashion, communications, retail, publishing – are also adding technology jobs.

What is being done to encourage entrepreneurship?

The Mayor is famous for saying that talent attracts capital; capital doesn't attract talent. We're competing with places like Boulder, Austin, Seattle, and Portland for talent, so it's about making New York City a place that people want to be. People want to live in a city that is safe and has clean air and water, lots of recreational activities, and great parks. We're continually working to offer a way of life that's attractive to talented

people. Another thing we've been doing to encourage entrepreneurship is improving broadband, since that is the equivalent of the interstate highway for these technology companies.

What kind of impact have you had on small business?

The Mayor combined several agencies into the Department of Small Business Services. They provide advisory services like explaining how financial services companies work to help small businesses with their borrowing needs.

There are also the business improvement districts (BIDs), which are neighborhood areas where people come together and small businesses benefit from that; we're trying to make the BIDs available to smaller neighborhoods.

How have the efforts progressed around the New Housing Marketplace Plan going into 2014 and what is your vision for it?

New York has many incredible attributes, but a robust commitment to affordable housing underlines a lot of our success. The idea is to build or restore 165,000 new affordable units during the Mayor's administration. We have affordable housing throughout the whole city, which means we don't live like a mosaic; we live like a mixture, as the Mayor says.

How critical is having a public/private partnership to making a true impact?

Public/private partnerships are valuable assets. We are able to connect with business leaders, share ideas, and benefit from their perspectives. For example, after the financial crisis, the Mayor directed his team to reach out to the business community to learn how we could help the economy. We have a fantastic higher education system with 660,000 post-secondary students – more than Boston has people. But we learned that there is a deficiency in New York City with regard to the skills in science, engineering, and technology.

So the Mayor and EDC came up with the Applied Sciences NYC Initiative. We put in \$100 million and real estate from the city, which served as a catalyst to attract private money. We chose Cornell and the Technion to build a new campus on Roosevelt Island that will create tens of thousands of jobs. The university will spin out companies over time, which will be an important contribution to the economy. The return on the money we have spent will be in the billions. We used our capital as bait to create something much bigger. ●