

The Hub of the Global Innovation Economy

An Interview with Kathryn S. Wylde,
President and Chief Executive Officer, Partnership for New York City

EDITORS' NOTE Prior to assuming her current post in 2000, Kathryn Wylde served as the founding President and Chief Executive Officer of two Partnership affiliates, the Housing Partnership, and the Partnership Fund for New York City. She is a board member of the New York City Economic Development Corporation, the NYC Leadership Academy, the Manhattan Institute, NYC & Company, Lutheran Medical Center, and the Research Alliance for New York City Schools.



Kathryn S. Wylde

ORGANIZATION BRIEF Focused on maintaining the city's position as the center of global commerce, the Partnership for New York City (pf NYC.org) is composed of the top 200 CEOs from the city's corporate, investment, and entrepreneurial sectors, and works in partnership with government to advance the interests of the city. The organization's priorities include maintaining the city's competitive position in the attraction and growth of its business sector, improving public education, and fostering public/private partnerships to address the challenges facing the city. In March, the Partnership published a Jobs Blueprint that lays out how the next mayor can sustain economic growth and expand opportunity for all New Yorkers.

How is the transformation taking place in New York City around the tech sector progressing?

During the past decade, New York City has experienced a transformation from its historic role as the nation's preeminent corporate and financial headquarters city into a leader in the global innovation economy.

The growth of the entrepreneurial tech sector is one aspect of this transformation, with a lot of start-up companies and young tech talent being attracted to New York. But Wall Street, the corporate sector, and the medical research institutions and great universities that are clustered in New York are at the forefront of technological innovation in virtually every industry – media, advertising, financial services, healthcare, life sciences, fashion and retail, and advanced manufacturing.

New York is unique as a global headquarters for so many different industries. We also have a huge concentration of professional and business services that are helping to advance the technology revolution. Thanks to this depth of diverse talent and resources, New York is well-positioned to be

a leader in the global economy over the next several decades.

Will technology replace financial services as the key driver in New York?

Financial services cannot be replaced. It is the lifeblood of the economy and every great world city must be a center of capital formation and investment in order to thrive. But technology is central to the future of finance. Whether it's use of big data to better understand and reach global markets or to put in place the compliance regime necessary to

respond to a complex global regulatory environment, finance has become a technology business. Financial firms typically employ as many software engineers as a pure tech company. This is creating a huge demand for tech talent and we have both new institutions like Cornell Technion and established ones like Columbia and New York University that are ramping up programs to meet this demand.

Does it surprise you to see how many areas of New York have become centers for business?

New York has always had clusters of business activity in immigrant communities across the five boroughs, but they have been primarily serving local and ethnic communities. Now, these centers are becoming more connected to the global economy and better established as major centers of employment. A lot of the older office buildings in an historic area like lower Manhattan have been converted to residential use, because they aren't appropriate for the high-tech business environment. The demand for modern office space is being met by important new developments such as the World Trade Center and Hudson Yards, which are designed for the needs of the current employers.

There is also a transformation of waterfront areas in Brooklyn and Long Island City, where old industrial buildings stood empty or severely underutilized for 50 years after the blue collar smokestack industries moved out of the city.

How important has it been to engage those new companies coming in with the Partnership?

The Partnership has focused on reaching out to leaders of the growing entrepreneurial tech community, recognizing them as important players in the future of our city as a center of innovation. Tech CEOs like Charles Philips of Infor, Kevin Ryan of Gilt Group, Jon Oringer of Shutterstock, Chad Dickerson of Etsy, and Tarek Sharif of Medidata

are among the leaders who have joined the Partnership. They give our corporate leaders direct insight into what is happening in this important sector and, at the same time, benefit from connecting with the heads of financial firms and corporations that are headquartered in the city but have a substantial global footprint.

What do we need to address to make sure that New York City remains the global capital?

New York needs to remain safe and livable so we can continue to attract the world's best talent. We need to fix the country's broken immigration policies to ensure the talent flow remains open. We also need to get over the very punitive regulatory environment that is taking some of the profits and innovation out of financial services. Wall Street doesn't just employ traders and investment bankers; it also directly and indirectly supports hundreds of thousands of middle-income jobs that this city cannot afford to lose.

Another big issue facing the city is the local and national tax environment. Personal income tax issues have become very top of mind in New York City, which is about on par with California for having the highest taxes in the nation. In 2013, the effective personal tax rate on our highest earners went up to 54 percent of their earned income. Once you're paying more than 50 percent of your income to the government, your desire to put down roots in a city is dampened.

The fiscal demands on New York City and State are growing as the federal government reduces its support for housing, transportation, healthcare, and research. Federal cuts mean that the burden flows down to states and cities, which do not have the same broad tax base as the national government. There is a big concern over what those burdens will mean in terms of the quality of services provided.

What are your plans for the Partnership going forward?

Our plan this year is to work with the new Schools Chancellor to beef up employer engagement in the city's high schools, particularly around preparation for employment. Employers have to be more engaged in both providing professional development for teachers and orienting students to the modern workplace through mentorships and internships. Beyond this, we will continue to help the elected leadership of the city and state pursue policies and programs that contribute to economic growth, job creation, modernization of infrastructure, and expanded opportunities for all New Yorkers. ●