

# DAILY NEWS

## Rich man, poor man, angry man

**Florida: With 8 million New Yorkers increasingly divided between haves and have-nots, the next mayor must ward off destructive class warfare**

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**The same forces that have lifted New York have a powerful undertow**

As [Mayor Michael Bloomberg](#) nears the end of his third term, which began in 2009, New York City's future looks far brighter than anyone anticipated during the 2008 economic meltdown.

The city added 75,000 jobs this past year, and the tri-state region 360,000 new jobs since the recession. It remains the world's largest media and entertainment hub, and is now home to high-tech startups that attract more than \$2 billion a year in venture capital. Real estate is on fire, as local demand remains high and the global super-rich add luxury Manhattan condos to their portfolios.

New York easily surpasses London, Tokyo and Hong Kong as the world's most powerful economic and financial center, according to a study I undertook last year.

But the same forces that, guided by Bloomberg, have lifted New York to this high-water mark have a powerful undertow — and whoever becomes the next mayor will need to not only build on this success, but take steps to protect those who have been hurt by it.

As builders and developers celebrate the city's surging real-estate values — and high prices are vastly preferable to blight and abandonment — New York has become increasingly unaffordable for vast segments of its population.

Yes, there is a lot of room for expansion across the Hudson and East Rivers, in Jersey City, outer Brooklyn and much of Queens, but prices are skyrocketing there too.

It's tempting to point a finger at gentrification and the block-busting real estate interests that enable it, but gentrification is more symptom than cause.

New York's stunning resurgence and its gaping divides — what mayoral candidate Bill de Blasio has called a “tale of two cities” — both result from the same extraordinarily powerful economic force: the incredible returns that accrue to talent and knowledge clustered in a diverse city.

That's why high-paying, knowledge-intensive industries like finance, law, media, advertising, publishing, entertainment and even tech are growing at a phenomenal clip.

Yet even as New York's knowledge economy booms, it has a steep cost of entry. The many dropouts and even a good number of the graduates of its public schools are closed out of it; many of the people who formerly had high-paying, secure, union-protected work in manufacturing are left out, too.

Though immigrants continue to flow into the city, they're having a harder and harder time getting a foothold.

Increasingly, New York's workforce is cleaved into high-wage professional jobs and a much larger number of low-wage service jobs.

Since the crisis, almost half of all new jobs generated in the city and the broader tri-state region pay less than \$14 an hour, according to the economic data firm, EMSI. The three fastest-growing

jobs — food preparation, health care support and personal care, which together account for almost half of all new jobs added in the tri-state region since 2009 — pay on average less than \$12 an hour. A quarter of all adult workers in Brooklyn and 20% in the Bronx have a job that pays less than \$10 an hour.

Between 2007 and 2011, as the median family income in the city dropped by 6.8%, the median monthly rent went up by 8.6%. Thirty-one percent of New Yorkers spent more than half their income on rent, as those not lifted up by New York's booming, knowledge-intensive fields felt the squeeze.

The geographic impact of inequality — the extent to which poor neighborhoods are composed almost exclusively of poor people and rich neighborhoods of rich ones — is even more insidious. While it remains ethnically diverse, New York has become more fractured and segmented, as different social and economic classes lead increasingly distinct lives.

Like the nation as a whole, the city has fractured into pockets of concentrated and self-perpetuating advantage alongside even larger and longer-standing pockets of disadvantage.

High-paying jobs in management, science, technology, academia, media, design and the arts now account for roughly half of all employment in Manhattan; and there are neighborhoods in lower Manhattan and adjacent parts of Brooklyn where these occupations account for more than 80% of employment.

Yet in parts of northern Manhattan, the Bronx, outer Brooklyn, southeast Queens and much of Staten Island, upwards of three-quarters of workers toil in service jobs with salaries averaging \$25,000 or less.

These geographic divides between economic classes persist over generations.

The services and amenities that are associated with affluent neighborhoods — good schools, regular policing, cleaner streets, high-end restaurants and shopping, more medical services, an abundance of cultural institutions — put children who grow up there on the path to a bright future.

The so-called neighborhood effects associated with disadvantaged places — endemic poverty, high dropout and incarceration rates, double-digit unemployment, crime, high infant mortality, open drug trade, gangs — are passed down as well.

If living in an affluent neighborhood is empowering, living in a poor neighborhood is corrosive. Services are sub-par; law-breaking is rife; dropout rates are high. Aggressive policing leads to what Harvard sociologist Robert Sampson calls “ ‘moral cynicism’ and alienation from key institutions,” which spirals into further decline.

And it's not just the disadvantaged who are struggling. Since Walt Whitman's day, young people have flocked to New York from farms and foreign lands; it was a place, as Anand Giridharadas

put it, where they “could bend their fate.” But with the average rent in Brooklyn passing \$3,000 (in Manhattan, it’s nearly \$4,000) have those days come to an end?

Has today’s New York become a “magnet for settlers looking to consolidate success rather than find it?”

It’s an open question, though New York still has significantly more income mobility than many other metros, according to a much talked-about study by a team of Harvard and Berkeley economists that was released last month. The odds that a child born into the bottom income quintile will move to the top quintile are actually twice as good in New York as they are in Sun Belt and Rust Belt cities like Atlanta, Charlotte, Detroit and Indianapolis.

Still, the divide in New York is stark. Census figures released in September showed the median income for the lowest fifth here was \$8,844, compared to \$223,285 for the top fifth.

For most of his three terms, Bloomberg has managed the city’s divides and tensions reasonably well. Certainly, some policies have provoked significant backlash: the smoking ban and attempt to ban super-sized sugary drinks; the first-term plan for an Olympic stadium on Manhattan’s West Side; the plan to toll all bridges and tunnels into Manhattan and the creation of bike lanes, especially among working class voters, while stop-and-frisk has generated widespread outrage in minority neighborhoods.

But the city has been spared the fiscal crises and the upsurges in gang violence that have roiled other cities, including Chicago, and that have even boiled over into riots in such similarly divided global cities as London, Rio, Sao Paulo, and Istanbul over the past several years.

If you think it can’t happen in New York, just look at Toronto, arguably the most multi-cultural city in North America, and long admired for its tradition of progressive governance. On the surface, all is well. Its banks are stable and its economy has purred even more smoothly than New York’s since the crisis. Its skyline is a veritable forest of cranes, with more high-rises under construction than in every other city in North America combined. Admired for its efficient and progressive urban governance, Peter Ustinov long ago dubbed it “New York run by the Swiss.”

But while Toronto’s high fliers have prospered since the crash, the wages of its middle class have stagnated as the cost of living has skyrocketed. Deepening class tensions between the city’s economic winners and losers led white working-class voters and a diverse coalition of new immigrants to elect reactionary and scandal-plagued [Mayor Rob Ford](#), whose purported run-ins with booze, drugs and more make Anthony Weiner and Eliot Spitzer’s personal foibles look like a walk in the park.

A populist, anti-urban, Tea Party kind of figure, Ford campaigned on putting the downtown elites in their place, ripping out bike lanes, cutting taxes, and declaring war on waste and the “gravity train” of public spending. By waging a symbolic war on public transit and bike lanes, Ford turned the resentments of the city’s left-behinds against its downtown elites. He not only continues to hold office despite a court order to vacate and several ongoing scandals, many predict he will win a second term.

Is there a Rob Ford in New York's future?

Sure, Weiner has tried to broaden his appeal to working-class voters and commuters by vowing to tear up Bloomberg's "f---ing bike lanes." But Weiner, whose mayoral hopes are rapidly deflating, is neither a class warrior nor right wing. And while de Blasio has made income inequality his signature issue and proposed a steep tax increase for New Yorkers who earn more than \$500,000 per year to pay for universal pre-K education, his manner is more technocratic than demagogic.

No city is immune from the anti-urban, Tea-Party populism Ford embodies, and there's little question that the burgeoning divides of class and race will define the agenda of New York's next mayor — who will have his or her hands full keeping the city's creative and business metabolism burning to ensure its growth engine doesn't slow down.

But he or she is also going to have to work just as hard to raise the productivity and wages of low-paying service jobs as they do to multiply New York's high-tech and finance jobs, increase the availability of affordable housing as well as luxury condos, rebuild the city's crumbling transit infrastructure and improve its schools to bring the divergent fortunes of the two New Yorks back together.

And while doing these things, the new mayor must avoid the temptation to stoke the flames of class warfare, and aggressively stop others who try to ignite them.

It's a tribute to the city's resilience and toughness that it is doing as well as it is. Its stewards in the post-Bloomberg era will not only need to maintain those gains, but be sure the city's fabric is not ripped apart because of them.

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