



PERSPECTIVES

THE BEGIN-SADAT CENTER FOR STRATEGIC STUDIES

After New York

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EXECUTIVE SUMMARY: New York City is the largest urban area in the US. It has the biggest economy and is the nation's financial and cultural center. It also contains the largest single Jewish population in the world outside Israel. All those things are about to change. The twin impacts of the economic collapse created by the coronavirus pandemic and the ongoing urban insurrections will intensify existing trends. People and power are moving out of New York at increasing rates. What are the implications for the US, the world order, and the global Jewish community?

City dwellers tend to share a unique conceit that their city and lifestyle will last forever. The slightest knowledge of history should put that to rest. But the sheer speed of the collapse of New York State and New York City gives one pause. In a mere three months, both have been transformed, probably permanently, by pandemic and now insurrection.

The coronavirus had already caused the economy to collapse. In April 2020, New York City's unemployment rate exploded from [4.1% to 14.5%](#), with some 891,000 jobs lost. Hotel occupancy dropped by 80%, while [ridership](#) on the subways dropped 74% and travel from the wealthy northern suburbs was down 94%. Commercial real estate occupancy underwent a stunning collapse. In early March some [1.4 million workers occupied 469 million square feet of real estate](#). In a few weeks this plummeted to 96,000 essential workers.

But the social and economic trends crippling New York were longer in coming. New York City's taxes run from [3.02 to 3.87%](#), on top of state taxes that bring the total to almost 9%. Movement out of New York City intensified in May even before the rioting, with the [top destinations](#) lower-tax states like Florida. Overall the state has seen an exodus of population for over a decade, [losing 1.3 million residents](#).

The housing economics of New York City were complex and unsustainable even before the crises. In January, the [average rent](#) for a 703 square foot apartment in Manhattan was \$4,208 and the average price to purchase a condominium was \$1.6 million, a drop from previous years due in part to buyers being dissuaded by high taxes. Even the dizzyingly expensive luxury apartment market was soft before the crises, with some [25% going unsold](#).

Then, in the space of only weeks, the added value of urban life evaporated. The infrastructure—retail, restaurants, bars, cultural institutions, and the arts, all of which made New York City a popular home for corporations and individuals alike—completely collapsed. Corporations of all sizes—not least the huge financial firms whose employees pay the bulk of the city’s income taxes—[learned that they can function remotely](#) without the need for expensive office space. Their employees learned that they can survive without either long commutes into the city or living in the city, with its exorbitant property taxes. It is difficult to see how urban markets and urban mentalities can be reconstituted, at least quickly.

To make matters much worse, just as the disease lockdown was ending, a seemingly random event—the police killing of George Floyd, an unarmed black suspect, in Minnesota—was the spark that set off a long-planned insurrection across the US. Co-opting “Black Lives Matter” protests against police violence, a diffuse but well-organized socialist-anarchist movement, “Antifa” (which stands for “antifascist”), unleashed violence against cities, instigating widespread looting by bored and disaffected urban youths with the goal of creating an anti-capitalist revolution.

Damage to New York City has been especially grave. Multiple nights of rioting caused tens of millions of dollars in damage to neighborhoods throughout the city, as they have in other places such as Washington DC, Los Angeles, and Minneapolis. The spectacle of the New York City police being held back and then overwhelmed, and mass looting, will make an indelible impression on residents and visitors alike.

The Antifa insurrection bears an interesting resemblance to the Palestinian “intifada.” The careful, street-level orchestration of seemingly spontaneous unrest by professional instigators belonging in effect to a militant wing of a political entity (in Antifa’s case, the Democratic Socialists of America) generates the impression of grassroots mass action. This is undertaken with the object of provoking violent countermeasures. Legitimate complaints about police behavior in the George Floyd case were folded into and ultimately masked by revolutionary anti-capitalism and specific absurdities such as the demand for the abolition of the police.

As in the Palestinian “intifada,” the surrounding society bears the brunt of the resulting destruction.

It is not clear how New York will recover. Tactical mismanagement of the pandemic and rioting aside, the categorical refusal to control spending and taxation on the part

of the Democratic governor, Andrew Cuomo, and the city's socialist mayor, Bill de Blasio, had already put New York in peril. New York City's deficit was \$6 billion before either crisis, while the state's was \$13 billion. Both have now demanded that the federal government provide financial bailouts. The governor's refusal to open up the state had already slowed the economic recovery, and the state was shocked as revelations of the death toll resulting from his policy of [placing coronavirus patients in nursing homes](#) was fully revealed.

But it is in New York City that the problems are most insoluble, again as the result of longer-term trends. The mayor's slow dismantling of the policing concepts that had tamed the city from the late 1990s onward has slowly driven crime rates back up, and his full-fledged [assault on meritocratic schools](#) in the name of class warfare has brought the educational system to new lows. Both policies are driving middle and upper class families out. The mayor has also displayed a striking animus toward the city's Jewish community, first by ignoring [persistent violent attacks](#) on it from his primary minority constituents and then by [lashing out at it](#) during the pandemic lockdown for conducting religious gatherings.

What are the long-term implications? Manufacturing is long gone from New York City, and the finance industry, along with its employees, has begun an exodus to the suburbs and other parts of the country. The loss of retail, the arts, and cultural attractions will reduce the city's appeal to both tourists and high net worth individuals who might once have been tempted to become residents. Without alternatives to finance, tourism, and construction, and their supporting service industries, the tax base will be crushed and the economy of the city will be transformed.

The massive destruction of commerce and employment will cripple the city for a generation if not permanently, as will the rise in outward migration. The city's infrastructure will erode rapidly even as the number of government dependents rises dramatically. New York City's unique role as conduit for immigrants to enter and become contributing Americans will be severed. The tarnishing of that symbol will rebound on the US as a whole.

The devastation of New York's arts and culture worlds are unique tragedies. The city's peerless museums and arts institutions like Broadway cannot be reproduced elsewhere. But this might matter only to a shrinking number, including tourists. New York City could become a hollowed-out museum, like Paris, with the population divided into segregated residential zones. The city's ability to create art, culture, and education will be diminished. What institutions or places will replace them is unclear. If they are not replaced, the US as a whole will have undergone a unique diminution.

Unless radical changes can be made to render New York a safer and more affordable place—changes that go far beyond the current hodge-podge of proposals such as

removing cars from the streets—the city will decay. Oligarchic control of the remaining economy will intensify in whatever core zones and industries remain.

Mayoral elections are over a year away, but no credible candidates have stepped forward. One possibility is that a reformist leader will emerge in the manner of Rudolph Giuliani. More likely is a “progressive” leader who will make fantastic promises of “reforms” to the city’s institutions and economy in order to reduce “inequality” and increase “sustainability.” These will be financially impossible as people and capital leave the city or avoid it altogether. This will have national and global impacts.

Shorter-term political and cultural impacts are also likely. Should President Trump be reelected in November, all facets of New York political and cultural life will intensify to even more crazed levels of opposition. Should former VP Biden be elected, resources will be provided to New York that will only intensify preexisting conditions. Paradoxically, in both cases New York’s immediate influence will expand even as its actual economic, social, and cultural power declines.

For the Jewish world the implications are especially ominous. More Jews, Jewish wealth, and Jewish cultural and political influence are located in New York than anywhere in the world outside Israel. The departure of the wealthy and middle class Jews upon whom the city, along with Jewish and secular institutions, depend for talent, philanthropy, and leadership will have untold effects. The devotion of wealthy elites to lost causes for the sake of superficial gratification should not be underestimated, but in the end they too will be forced to make hard choices. And as always, poor Jews will be forced to remain behind.

In some senses, the collapse of New York could mean the end of the American Jewish community as an identifiable political-cultural entity, along with its power, now fully ceded to Israel. For better or worse, New York was the “address” for America’s Jews. Such marginalization is not unprecedented: witness the implosion of Jewish communities in the Netherlands, Spain, and Italy, not to mention Germany, over the past 600 years. But Jews have left a unique imprint across every facet of New York City that is unprecedented in their long diaspora.

What comes after New York? For all their size and complexity, indeed, because of it, cities are fragile entities. The twin shocks of the virus and the rioting are not like the single punch of 9/11 but are deep and pervasive, attacking every person, institution, relationship, and concept, revealing, perhaps usefully, the unsustainable nature of New York City as it is. If not somehow checked—quickly—the decline of New York as a working city and a symbol of a successful polyglot American experiment in capitalism, class, and culture will be tragic.

But nothing lasts forever, as the residents of Babylon can attest.

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