

Cities: SMALL is the big idea

Local entrepreneurship, arts and cultural industries ... have become the core stuff of economic development, writes Richard Florida in *The Great Reset: How New Ways of Living and Working Drive Post-Crash Prosperity*. Here is an excerpt:

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A pedestrian walks by graffiti on a downtown street in Detroit. There are times when it's simply better for families to relocate to where the jobs are, writes author Richard Florida, than to wait for longer-term efforts to rebuild declining industries to take hold.

Photograph by: SPENCER PLATT, GETTY IMAGES, Freelance

One response to the problems of rusted-out industrial cities such as Detroit has been a new urban reclamation effort called "shrinking cities." The idea, perhaps inspired by Pittsburgh, has caught on in smaller cities in the American Midwest, such as Youngstown, Ohio, and Flint, Michigan, and their European counterparts. The basic notion is that older industrial cities need not grow to improve. They can be better places by making do with less, by focusing on improvements in the quality of life for their residents, and by bringing their level of infrastructure and housing into line with their smaller populations. A June 2009 story in the U.K. newspaper the *Telegraph* bore the wince-inducing headline "U.S. Cities May Have to Be Bulldozed to Survive."

The concept that certain places would be better off by shrinking has been around for a while. The notion of "planned shrinkage" was originally proposed in the 1970s by then New York housing commissioner Roger Starr. The late Senator Daniel P. Moynihan once suggested that benign neglect could be part of an urban policy. Though Moynihan meant to focus attention on dying cities - a cause he worked on over his entire career - the term "benign neglect" ultimately came to represent the Nixon administration's neglectful attitude toward America's urban centers: let hopeless neighborhoods fall to dust, and support the healthier areas that remain standing.

Today's shrinking-cities advocates are much more sensitive to the issues facing older industrial communities. They recognize how globalization and market forces work against some older communities and sensibly suggest that such places would be better served by proactively managing the process of economic transformation and adjustment and by devising strategies to enable those communities to improve their quality of life and realign with the new economic and fiscal realities.

The most successful examples of shrinking, such as Pittsburgh's, result not from top-down policies imposed by local governments but from organic, bottom-up, community-based efforts. While Pittsburgh's government and business leaders pressed for big-government solutions - new stadiums and convention centers - the city's real turn-around was driven by community groups and citizen-led initiatives. Community groups, local foundations, and nonprofits - not city hall or business-led economic development groups - drove its transformation, playing a key role in stabilizing and strengthening neighborhoods, building green, and spurring the development of the waterfront and re-development around the universities. Many of Pittsburgh's best neighborhoods, such as its South Side, are ones that were somehow spared from the wrath of urban renewal. Others, such as East Liberty, have benefited from community initiatives designed to remedy the damage done by large-scale urban renewal efforts that left vacant lots in place of functioning neighborhoods and built soulless public housing high-rise towers. That neighborhood is now home to several new community development projects, including a Whole Foods Market, which provides local jobs as well as serving as an anchor for the surrounding community. This kind of bottom-up process takes considerable time and perseverance. In Pittsburgh's case, it took the better part of a generation to achieve stability and the potential for longer-term revival.

The sad but unavoidable fact is that overall, and with few exceptions, places in the United States and in other advanced nations where the regional economies are based on blue-collar industries are headed for trouble. In my detailed statistical studies on hundreds of cities and regions, I found that those regions with large working-class concentrations have lower levels of economic output, lower incomes, lower levels of innovation, and lower levels of happiness. Our studies found this to hold true in a comparison of the fifty states and across the nations of the world, in a sample of more than one hundred countries. Stop for a moment and think about that. In both the nations of

the world and U.S. states, locations with large working-class concentrations are far less happy. In fact they appear downright unhappy. Perhaps Marx was right after all about the alienation that comes from industrial work, or, for the purposes of our discussion, the unhappiness found in working-class locations.

The bigger question, then, is this: Should public policy toward hard-pressed, economically strapped cities focus on people, not just by encouraging retraining but also by helping them relocate to places with a better job market? Or should policies focus on places, by fostering geographically targeted reinvestment? For many urban economists the answer is simple - put people first. "While regional diversity within the United States might prompt politicians to pursue policies that target aid to distressed regions," writes Harvard's (Edward) Glaeser, "that seems likely to be counterproductive. America has always dealt with regional economic disparities through migration. ... Today's recession will also prompt mobility, probably toward more skilled, more centralized cities with less historical commitment to manufacturing." My own view is that in most cases it makes sense to put people first. At the end of the day, people - not industries or even places - should be our biggest concern. As Clyde Prestowitz, president of the Economic Strategy Institute, aptly put it, "The plight of these people is also in a way our plight." We can best help those who are hardest hit by the crisis by providing a generous social safety net, investing in their education and skills, and encouraging them, when necessary, to move from declining places to ones that offer better opportunity. Especially in tough economic times, we're all better served by helping people. People need education and skills to shift from old industries to new jobs. And since these jobs are often in different places, they have to be able to move where the jobs are. This imperative is strongest for members of less-advantaged groups in declining areas, who we must prepare for new economic realities. There are times when it's simply better for families to relocate to where the jobs are than to wait for longer-term efforts to rebuild declining industries to take hold.

That does not mean we should give up on places altogether. There is intelligent help we can offer to declining places that wish to turn around or at least stabilize themselves. First and foremost, their elected officials need to get over their love affair with big renewal projects. If we've learned anything over the past generation or two, it's that large-scale top-down government projects to revitalize communities do not work and frequently do more harm than good. Bailouts of old industries are also a poor use of limited resources, because they simply forestall the inevitable and do little to bolster the prospects for older industrial regions.

So what can be done? Instead of spending millions to lure or bail out factories, or hundreds of millions and in some cases billions to build stadiums, convention centers, and hotels, use that money to invest in local assets, spur local business formation and development, better employ local people and utilize their skills, and invest in improving quality of place. One leading economic developer, who has extensive experience in economic revitalization in the United States, Canada,

and Europe, explained the shift in economic development toward older industrial regions this way: "Urban revitalization based on luring so-called big game projects no longer has a place in the advanced countries," he said. "If economic developers want to do that today, they should move to China. That's where all the big corporate projects are or are heading. Revitalizing older cities in North America and Europe increasingly depends on being able to support lots of smaller activities, groups, and projects." He talked about how efforts to support local entrepreneurship, build and nurture local clusters, develop arts and cultural industries, support local festivals and tourism, attract and retain people - efforts that he and his peers would have sneered at a decade or two ago - have become the core stuff of economic development. When taken together, seemingly smaller initiatives and efforts can and do add up in ways that confer real benefits to communities. These are the kinds of initiatives that Jane Jacobs and others have advocated as plain old good urbanism. And as chapter 21 will show, one of the most effective things the federal government can do to help revitalize older Rust Belt cities and regions is to invest in a high-speed rail network that would better connect them to one another and to other, more thriving economic hubs, shrinking the distance between them and building economic size and scale required to compete more effectively.

Cities can take bold steps beyond the remaking of their physical space. One brilliant and beautiful example can be found in the City of Brotherly Love, an initiative called "Graduate! Philadelphia." I've been making the point for years that cities with a higher percentage of college graduates in their populations are better positioned for long-term prosperity. The city of Philadelphia recognized this, too, and also knew it ranked poorly among cities in the level of educational attainment of its residents. Civic leaders also knew, however, that a very high percentage of the people, although they had no college degree, had accumulated some credits along the way. A partnership among the city government, foundations, and other private institutions formed to offer guidance and support to any Philadelphian who wanted to go back to school and get a degree. Quite a few nearby colleges and universities became partners in the project. A related project, Campus Philly, has worked to make the city and region more attractive to college students and to retain as well as attract recent college grads. And the city's major universities, especially the University of Pennsylvania, devised new, more cooperative approaches for revitalizing their surrounding neighborhoods by investing in local schools, supporting home and storefront improvements, and making their own health centers and facilities open to residents as well as students and faculty. Here is a city looking toward the future, developing a strategy to raise its competitive position by preparing more of its people to succeed in the postindustrial, knowledge-based economy of the Great Reset. It seems to be paying off. In 2009, while older Rust Belt and sprawling Sunbelt cities were literally hemorrhaging people, the city of Philadelphia saw its population increase.

As with so many things in life, the small stuff really can make a difference to the people living in cities. That sounds like an easy thing to say, but there is considerable research to back it up. The quality of life in the place we live is a key component of our happiness, according to surveys of

tens of thousands of people conducted by the Gallup Organization. There are three key attributes that make people happy in their communities and cause them to develop a solid emotional attachment to the place they live in. The first is the physical beauty and the level of maintenance of the place itself - great open spaces and parks, historic buildings, and an attention to community aesthetics. The second is the ease with which people can meet others, make friends, and plug into social networks. The third piece of the happiness puzzle is the level of diversity, open-mindedness, and acceptance: Is there some equality of opportunity for all? Can anyone - everyone - contribute to and take pleasure from the community? My own work with cities across the United States and Canada and around the world convinces me that none of these things can be accomplished by government-sponsored megaprojects. Instead, they are organic in nature and require real leadership and the active engagement of the community.

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