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## **The Global Context for the Future of Cities**

By: Dr. Soji Adelaja, Director of the MSU Land Policy Institute

In *The Atlas of Shrinking Cities*, edited by Philipp Oswalt, the etiology of shrinking cities is graphically depicted to explain not only the history of cities and the causes of shrinkage, but the various paths that took cities globally to their peak levels and the paths that led to their shrinkages. The Atlas suggests that the shrinking cities-phenomenon is much more prevalent in old industrial regions and nations. Is shrinkage an unavoidable aftermath of industrialization? Maybe! Most cities were built on the platform of industrialization. Their peak sizes resulted from the continuous economic opportunities that industrialization offered. The recent waning of the industrial economy suggests that other forces have become more relevant in driving growth and economic opportunities. Therefore, one would expect most cities, as currently constructed, to experience significant shrinkage. This can be likened to a correction for a system out of equilibrium. That is if the level of economic activity that industrialization commands wanes, there will be collateral losses, unless the cities themselves do something different or discover strategies that are consistent with what the new drivers of economic activity warrant.

### **Exploring Forces beyond Deindustrialization**

The decline of cities has been attributed to a variety of other factors. Included in the list are such things as war, armed conflicts and political disasters; natural disasters, such as hurricanes, earthquakes and tornados; environmental disasters, such as the Bhopal gas tragedy in India; health disasters, such as major epidemics; declining national population, perhaps as a result of war, conflict or genocide; significant water scarcity and drought; and suburbanization. On this list, the most likely factors that could be causes for U.S. cities are natural disasters and suburbanization.

With respect to natural disasters, no one can predict where the next one will occur, and cities have no control of this phenomenon. While they can plan to mitigate the effects of natural disasters, cities cannot count on such disasters in other parts of the U.S. or the globe as a source of growth in their own population or economy. Besides, depopulation following natural disasters tends to be somewhat temporary, as cities that have faced this challenge have tended to attract back some of their lost population if conditions were resolved. This leaves only one factor to consider as a critical driver of city shrinkage, besides deindustrialization, which is suburbanization.

Suburbanization has offered little to American cities. In fact, the history has been that it robbed cities of much of their relevance, enabling huge outmigration of population to suburbs. Reverse suburbanization is a potential source of growth that one cannot count on, unless cities tap into new growth drivers that are powerful enough to offset the trend toward deindustrialization. But, these new sources of growth must also be powerful enough to offset the emerging global economic trends that have contributed to the decline of U.S. cities. With industrialization intensifying in emerging and developing countries, and many of those countries leap-frogging with respect to new-tech and high-tech, my conclusion is that U.S. cities have to work very hard to identify unique drivers of economic prosperity.

### **Looking at Deindustrialization**

With respect to industrialization, few cities will grow in the future due to this driver. A manufacturing-dependent city is expected to decline if the overall manufacturing sector declines nationwide. The loss of manufacturing from the U.S. to other places around the globe (off-shoring and out-sourcing) to places that offer lower wages, lower regulatory barriers and cheaper taxes, suggest that global forces are at play, which define where industrialization will agglomerate next. Our cities may not have as much control over that process as we did in the past.

A city may diversify its economy so that more of the growth drivers that are relevant in the New Economy are working for it, but the chances are that relevant sectors to focus on are not related to traditional manufacturing or industries. Examples of New Economy growth opportunities, which have been leveraged by American cities that have repositioned themselves, include the financial services, biomedical, advanced communications technology, tourism, food innovation, knowledge, film/entertainment and

renewable energy-related industries. These high-tech and new-tech areas have been proposed as replacement targets for traditional manufacturing, but the attraction of these is difficult in this challenging economy.

There certainly exist industrial opportunities in the high-tech and new-tech areas of the economy. However, the rate at which the high-tech sector is growing in our shrinking cities just has not matched up with the rate at which American cities have deindustrialized. Related to this is the issue of the optimal location of future high-tech manufacturing activities. With significant growth in the size of the middle class in emerging and developing nations and the growing consumption and demand for manufactured consumer and industrial goods, it appears that high-tech manufacturing activities may eventually become "off-shored" also, which means we have to compete in that space too.

### **Our Competition**

Evidence continues to mount that the population of cities in developing countries will rise considerably. The expectation is that North American and European cities would not grow as fast, if they grow at all. Not only is industry shifting to parts of China, India and other BRIC countries and N-11 countries, their cities are likely to grow, at least for a while. Many of these cities, due to policy reform and the emergence of the New Economy, are growing their financial markets, developing their educational infrastructure, building their critical infrastructure like airports, leap-frogging the technologies typically used in public service and power generation, and emerging new models of public/private partnership in solving their own problems. These are factors that tend to result in the growth of modern cities and should result in growth of opportunities in emerging and developing nations. The rapid growth in GDP, wealth, private equity, middle class, population, entrepreneurship and other productive capacity in a few countries suggests that our economy is de-coupled from theirs. According to the International Monetary Fund, in 2008 the U.S. and other western nations did not witness significant growth in per capita GDP, while countries like China, Russia, India and Brazil grew in leaps and bounds. By 2025, China will be the world's largest economy, according to Goldman Sachs. So, the BRIC cities are expected to grow rapidly. This is in contrast to our cities that are shrinking.

My point is that cities worldwide are in competition with each other and the momentum is on the side of cities in developing economies. Several of the factors that would drive the growth of cities in the future include the globalization of income, employment, wealth, education, opportunity, entrepreneurship, information technology and social networks. It is becoming increasingly easy in emerging and developing countries and increasingly difficult in the United States to stage the management of cities or innovate beyond what we have always done. We seem to have gotten used to the way things were, and we are not as attuned to the way things need to be in order to be successful with our cities.

Land use policies and strategies were key to the growth pattern of American places and helped drive the prosperity that most of our cities came to know. However, we have been reluctant to change our land use policy paradigms to accommodate the evolving needs of New Economy prosperity. Our land use decision-making framework has become cumbersome, while some cities across the globe have greater ability to be strategic and decisive, especially as it relates to public policy. The mindset of many in our communities is that because prosperity will return, no major change in how we think about economic development is needed. Countries are building new cities as a way to deal with the explosive population that will come in the future. Despite international immigration constraints, those cities can be expected to grow their populations. So, in general, the trend, if one does nothing, is for American cities to continue to decline. More importantly, doing something requires a clear vision for a city and deep understanding of the relevant approaches to growth in the New Economy.

### **What Can We Learn from Cities that Have Stopped Shrinking and are Now Growing**

A look at the characteristics of growing cities around the globe leads one to conclude that they have four things going for them. The first is that they offer greater prosperity than their surrounding regions. This is what will lead to the exodus of people from suburbs and rural areas into cities. Our experience since 1950 has been the opposite. Rather than being bastions of regional prosperity, our cities have largely become large pockets of poverty and limited opportunities.

The second thing that growing cities around the globe have going for them is they continue to feature higher levels of education than the broader regions they represent. That is not always the case in the U.S. Our cities often feature lower educational attainment than other places in the region that support them. Many of our cities have become concentrated pockets of poverty and illiteracy as the educated and knowledge segments of the population have moved out.

Third, growing cities seem to have worked out the issue of their purpose and vision, and have the abilities to articulate these. My observation has been that most American cities have difficulty articulating a purpose that stands out, that is easily understood, that is globally relevant, and that resonates with people and the business community. Clarity of purpose is just as important for cities as it is for individuals and companies. Growing cities worldwide seem to be known for something, which was the case for most American cities before and during their peaks. The tendency, however, in the U.S. is for the unique identity and signature of a city to not be a high priority. The notable exceptions to this include places, such as Boston, MA; New York City, NY; Austin, TX; Pittsburg, PA; and Seattle, WA, which seem to exude clarity with respect to what they intend to be. Before a state or region can go about crafting a vision for cities, developing strategies or garnering public support, it is important to recognize that the North American experience with cities may not adequately provide the lens from which we must embark on solutions. While the U.S. features a large number of cities, many of them with high quality of life, other parts of the world have had much less fruitful experiences with cities, but their outlooks are more favorable today.

The fourth characteristic of growing cities around the globe is the degree of state or national commitment to those cities. While regional commitment may be the case for some parts of the U.S., many have argued that the nation actually lacks an adequate urban policy and deliberate strategies to move our cities forward. Given the magnitude of the problems facing American cities, nothing short of aggressive national and state mandates, coupled with creative and innovative ideas will address these problems, in my opinion. The nation needs to be clear about what it stands to gain from successful cities and better understand the types of policies that will work in urban revitalization. In the current context in Washington, D.C., it is difficult to assess the likelihood of an aggressive urban policy strategy. It is even more difficult to expect that such strategy will recognize the uniqueness of every city and the need for strategies to be heterogeneous and customized to local conditions.

New cities are being proposed around the globe. The Chinese former Minister of Civil Affairs, Doje Cering, set the goal of building 400 new cities by the year 2020. That was back in 2000. Their new cities will be powered differently, leveraging renewable energy, and some are designed to be green cities. In places, such as Nigeria, for example, new cities are not only being planned, but the governments are working on the expansion of existing cities, with the designs based on principles of the New Economy. Green, renewables, sustainables, education, talent, talent attraction and other New Economy principles seem to underline the principles of cities around the globe that are on the drawing board.

All of these trends point in the direction of most of our cities not growing their populations beyond where they are now. That is, their natural trajectory is to be smaller, with respect to population. What cities have to plan for, therefore, is not so much how to grow their general populations, but how to change the mix of people, so that targeted individuals and companies will be responsible for future job growth. But, then we must also recognize that the range of services that future city residents will prefer, or that are consistent with the New Economy, would appear to be different from the services cities provided in the past. The types of neighborhoods needed to support the New Economy are also different from the neighborhoods of the past. This will require careful thinking about infrastructure needs for the New Economy, not infrastructure needs of the past. In other words, vision and mindset changes will be required for American cities to thrive.

Be sure to check future editions of LPI's "Land Policy News," for the next article in the "Right-Sizing Cities" series where Dr. Adelaja will present a framework for exploring the viable functions of cities and their purposes in the future. The series will conclude with ideas about how to deal with the question "What is the right ratio?," and propose a set of approaches to dealing with the shrinking cities challenge. Learn more at Land Policy Research.