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## **Why Detroit Matters, Part IV: Pathways to the New Detroit Economy**

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What is remarkable about the New Economy is that it is not only so different from the Old Economy, but it has changed the paradigm for economic development. Our communities can no longer rely on perpetual growth as an automatic occurrence, but must deal with the reality of a slow national economy in the midst of burgeoning prosperity in many other parts of the world. For many places, the notion that the nation is simply facing a temporary recession and the economy will come back soon seems to be the common mindset. But advocates for the New Economy suggest that we are approaching the tail end of the old industrial economy and the early stages of the remarkably different global New Economy. The scope of the paradigm shift in what drives economic development is so profound that specialists nationwide are at a loss for ideas about how to move forward. Economic development today is about competing for key knowledge infrastructure and building places that attract the types of economic agents whose activities will drive prosperity.

In the past, the ability to manufacture and grow infrastructure for moving people and goods from place to place was key in defining successful places. New Economy advocates, however, suggest the importance of amenities, energy solutions, arts and culture, entrepreneurship, knowledge institutions, population attraction and information and communications technology. In this article, I will examine each of these elements and their implications for Detroit's future, which represent my picks for platforms for the city's resurgence.

### **Green Infrastructure**

Green infrastructure is the stock of natural, recreational, ecological and sustainability-related assets that a city has, ranging from natural amenities, parks, greenways, waterways, the Great Lakes, urban forests and LEED-certified buildings. These assets are rooted in the principles of sustainability, such as repositioning traffic in a city; enhancing walkability, bikeability and recreational opportunities; promoting urban gardens and farming; and pursuing tear-down strategies for dilapidated homes that could replace blight with clear, clean and open spaces. For Detroit, this would also include such things as the accelerated deployment of renewable energy to the city's vacant landscape; where applicable, wind and solar energy deployment could help redefine the city. In other words, as no one city has yet to earn the title "America's Green New Economy City," Detroit has the opportunity to distinguish itself as this city by embracing a "green" city image. The Land Policy Institute's soon-to-be-released study on the economics of green infrastructure isolates the way specific elements of green infrastructure interact to drive the green economy. This study will prove insightful to proponents and opponents of green cities.

To pursue this strategy, Detroit and its partners should not only understand their amenities mix in this space, but pursue a strategy of reintegrating natural features and amenities into critical destination points in the city; define and pursue a program in urban agriculture that is economically sound, environmentally benign and socially compatible; and beef up the capacity of city planning-related departments to implement this vision. With so much vacant-space potential, Detroit can be the national epitome of urban, green, recreation and tourism. Underutilized neighborhoods can be reconstructed to feature the types of green amenities that we know from the literature that high-economic-impact people are seeking in the destination points they choose.

Evidence is mounting about the strong positive impact of green infrastructure on employment growth and income growth on population attraction. While this relationship may have been obscure in the past, many from the research community--including LPI--have conducted studies that show the impact of green infrastructure development. Our [Chasing the Past](#) study is one of many, which explain that active economic agents are attracted to green features and infrastructure, while other studies show where talented people move to is the best marker for where knowledge companies will move to. So, to stem the tide in population loss, a strategy to

enhance Detroit's green infrastructure could pay big dividends. But this has to be done strategically and must involve multiple partners and funding sources.

### **Energy Efficiency**

If there is one opportunity that Detroit may want to leverage, it is the emerging opportunity for cities to define themselves as green by pursuing citywide strategies of energy efficiency in public and private offices, commercial real estate and residential buildings. For example, given the current depleted quality of low-income housing, new affordable housing units could feature new energy platforms that would make the overall cost of housing cheaper. Given the huge foreign outlay by the United States, in paying for fuel, natural gas and other forms of energy raw materials; the growing instability of energy raw material prices; the fact that China, India and several other emerging nations are competing with our nation for energy; and the fact that the feds seem committed to a national growth strategy involving energy efficiency and energy industry development, Detroit is well positioned to attract federal and foundation funds to build up its smart energy persona. With the huge federal resources available to retrain workers for the energy space and to pursue green jobs, energy reform could be at the forefront of the city's strategy.

A renewable portfolio standard (RPS) for Detroit that is stringent can be adopted. My preference is for this standard to be the most aggressive of all places in North America. Due to the advocacy of the [Apollo Alliance initiative](#), the huge federal support for green jobs, worker training to replace existing home's power sources with renewable sources, and the great opportunity to build a new and efficient transportation infrastructure, Detroit seems well positioned. The city needs a 21<sup>st</sup> century energy plan to drive its march toward being the nation's leading energy efficient city. A city so defined is likely to be attractive as a low-cost destination point for industrial and social activity in the green space.

### **Arts and Culture**

Detroit's unique historical personality as the recording capital of the world in music (jazz, blues, pop, rock, etc.) is inherently advantageous. This reputation has dwindled in recent years, but can be rebuilt. Studies have shown that knowledge workers flock to places of art, culture and fun. The arts and culture scene can be revamped; thus, enabling Detroit to leverage its history in defining its future. We have to bring nightlife back. Young people are looking for nightlife entertainment, music and proximity to these things and where they choose to move can make a huge difference.

### **Entrepreneurship**

For many generations, people in Detroit have benefited from the largess of those early pioneers who helped create the industrial economy. Today, there is a need to step up and increase entrepreneurial efforts for the city's future success, especially as entrepreneurs are attracted to places that welcome them, places with entrepreneurial development infrastructure. Obviously, this means that the city must embrace "[economic gardening](#)," by featuring communities that are more tolerant of new ideas and that support entrepreneurial activity. Grooming entrepreneurs is key, but creating an atmosphere that makes it easier for them to thrive is essential for the transformation of a place. A major effort is needed that reaches deep into neighborhoods and communities to explore creative things that have the potential to blossom into unique economic activity that can help define the next economy.

### **Higher Education**

A high percentage of Wayne State's students never graduate, which is unacceptable for a university that can play a much more meaningful role in Detroit's future. Not only does the city deserve a top-notch university, but the university must be optimally engaged, driving social and technological innovation in the city and the region. Other universities in the Detroit area can also actively engage in the city, as it is the most important challenge facing Michigan and the best opportunity for the state to reposition itself. The state has invested extensively in science and technology development to address Michigan's challenges. An area of intervention that promises

a high degree of impact is innovation that is focused on businesses, communities, people and places.

### **Population Attraction**

There has been a lot of talk in recent years about “right-sizing” cities. What is important to note is that it can be done in ways that attract certain segments of the population. Since knowledge workers tend to move to environments that are favorable first, and companies and economic opportunities tend to follow them, how we create places and environments that are favorable is extremely important. Detroit must create an environment that attracts people--all people--but most especially the highly educated knowledge class who drive a significant portion of today’s emerging economy.

Mounting evidence suggests that immigrants also matter. The average first-generation American today is better educated, more risk-preferred, and more entrepreneurial-oriented than the average existing citizen. So, what infrastructure do we need to attract population and immigrants? As a growing body of research is showing, green infrastructure; arts, culture and fun; sustainability; and a dynamic social network are key.

### **Information and Communications Technology**

While places that were successful in the past positioned themselves early for excellence in manufacturing, today the target is value creation, more so outside of the manufacturing space. So much value is created by knowledge workers through their creative thinking abilities. What a city like Detroit should do is figure out how to attract economically active segments of the population. Though ambitious, a citywide comprehensive Wi-Fi infrastructure would be a great investment. Cyber connectivity is a premium in today’s society.

### **Detroit’s Global Image**

Detroit’s fame as the Auto Capital of the world is still palpable, but given the consistent decline in the status of the auto manufacturing industry and related supply chain infrastructure, the reputation of the city is not consistent with the optimal image of what a modern city is. The fact of the matter is that global relevance--not local relevance--is what is important today, given the proliferation of wealth in frontier and emerging nations, marketing Detroit in ways that appeal to the global community is crucial to success. A number of efforts are underway to shape the acceptability of Detroit to foreigners and foreign investments.

### **Placemaking**

If one believes that a city is simply stuck and that it cannot shape its own future, then one might as well throw in the towel and relish in the past glory of the city. However, the opportunities offered by the New Economy have made it possible for places to have more control in shaping their future. Economic activity seems more endogenous today, which means that there are certain things a city can do to achieve its objectives in the New Economy. Talent is more moveable than manufacturing plants. Innovators seek interesting places to live and work. Creative individuals prefer an environment that nurtures their abilities. Recent college graduates tend to flock to places where they can both work and play hard. The range of dining and entertainment opportunities in a city can make a difference in attracting economic activity. More and more people see “green” and sustainability as things they can achieve and experience, not only in suburbs and rural areas, but in urban areas. So, is it possible for a city to redefine itself, through its policies and investments as a relevant place? My personal and professional opinion is “yes.” This is what I have defined as “placemaking for prosperity in the New Economy.” The question is: Can Detroit be place-made for prosperity?