

A Nation in Transition: What the Urban Age Means for the United States
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Introduction

I want to applaud Deutsche Bank and the LSE—and particularly Josef Ackermann, Wolfgang Nowak and Ricky Burdett—for the inspiration of the Urban Age. There is simply no parallel effort underway in the world today that takes cities and city regions as the organizing units for the new global order and declares boldly that we have much to learn from each other across nations, across continents, and across cultures.

I will make three arguments drawing from this experience.

First, the 21st Century will be an Urban Age, where an ever growing majority of the world's population will live in cities and their surrounding environs. This Urban Age is happening at a dizzying pace and with a scale, diversity, complexity and level of connectivity that challenges traditional paradigms and renders many conventional tools and practices obsolete. The Urban Age positions these grand conurbations as the vehicles for addressing some of the major challenges facing the world today: advancing economic prosperity, promoting environmental sustainability, and reducing poverty.

This leads to my second point: contrary to popular opinion, the United States exemplifies the world's bent towards urbanization, albeit at a distended metropolitan scale. Eighty-three percent of our population lives in metropolitan areas which, together, drive and dominate the economy and house our wealth-generating industries, our centers of research and innovation, our ports of commerce, and our gateways of immigration. New York is at the leading edge of urbanization in our country and the cutting edge of policy reform, as evidenced by the Mayor's sustainability and anti-poverty initiatives. Yet New York offers a cautionary tale: cities and their metropolitan areas cannot "go it alone;" they need the support of higher powers, national not divine, in order to thrive and prosper over the long term.

So, finally, I have a blunt message for our mercantile nation, my third and final point.

As we approach the 2008 presidential election, the United States needs a national agenda – a Blueprint for National Prosperity – to give cities and metros the rules and the tools to leverage their economic strengths, grow in environmentally sustainable ways, and build a strong, diverse, and resilient middle class.

This Blueprint must respect the central lesson of the Urban Age: that the ability of our nation (or any advanced nation) to compete globally and meet the great environmental and social challenges of our time rests largely on the health and vitality and prosperity of major cities and metropolitan areas.

We are, in short, a full fledged Urban Nation; it is high time to start acting like one.

So let me start with an initial proposition: the 21st Century will be the Urban Age, where the majority of the world's population will live in cities.

Our world is undergoing a period of change and transformation that is unprecedented in ancient or modern times.

The world's population grew by leaps and bounds in the 20th century – from 1.7 billion in 1900 to 2.5 billion in 1950 to 6.5 billion in 2000 – and is projected to expand by another 2.6 billion people in the next 50 years.

Globalization has opened and integrated markets and restructured the economies of both developed and developing countries.

Technological innovation has shrunk the world, reducing the cost of transmitting information to virtually nothing.

The metaphor, popularized by Tom Friedman, is that the world is now flat.

But population and economic activity are not uniformly distributed across the globe. The world, to borrow a phrase from Richard Florida, is “spiky” and each spike represents a city region – a metropolis to use the original Greek – where the world's economy and population is disproportionately concentrated.

The new world order is an urban order.

The Urban Age has five central characteristics that I will use to frame the American experience.

First is *scale* and *size*. The world's urban population today is over 3 billion people, the same size as the world's total population in 1960. There are now 400 cities with populations of over one million people when a century ago there were only 16.

As cities have grown in people, they have stretched outwards, consuming vast expanses of land and covering enormous distances. Thus, the term “urban” now encompasses places radically different, in form and design, than our traditional notions of a city.

Secondly, *speed* and *velocity* define the Urban Age. This year the urban share of world population is slated to pass 50 percent, up from 29 percent in 1950. If current trends persist, the world's urban population will surpass 5 billion people sometime around 2030, 60 percent of the world's total population.

Third, urban growth is being fuelled by new levels of *mobility* and *migration of diverse* populations, within and across nations.

Hundreds of millions of rural residents in countries like China, Brazil, and India are moving in droves to cities, pulled by the tantalizing prospect of jobs and opportunity, and in Africa and elsewhere, displaced by horrific wars and civil conflicts.

Tens of millions of people are on the move across national borders as well.

Fourth, urban expansion has created new conurbations of staggering *complexity*. In one respect, cities are playing their traditional role as the great levellers of people from radically disparate walks of life.

In the 21st century, cities also represent an uneasy coexistence between the global and the local – of high rise office towers and dilapidated slums; of the formal and informal economy, of educated elites and impoverished residents; of global chains and indigenous firms.

Finally, the Urban Age is characterized by an unprecedented level of *connectivity*, between and among people, firms, and places.

Trans-national migration binds together countries of origin and immigrant-rich cities, as people, money and ideas flow back and forth. Across nations, tight linkages are being forged between cities with similar industry clusters: financial centres like London and New York; technology centres like San Jose and Bangalore; or trading centres like Rotterdam and Singapore.

These five qualities of urbanization—scale, speed, diversity, complexity and connectivity—place cities and their regions at the center of global challenges ... and global solutions.

Can the world extend the promise of integrated markets, productive labor, and economic prosperity? Today, the path to prosperity runs directly through cities. As UN-Habitat has bluntly stated: “Cities make countries rich.”

Can the world address the environmental crisis of global warming and climate change? Rapid urbanization has no doubt exacerbated environmental pressures. Yet cities offer the best promise of developing in ways that are environmentally sound and energy efficient; prerequisites to global prosperity.

Can the world win the global fight against poverty? Incredibly, 998 million people now live in disease-spreading slums characterized by inadequate housing, unsafe drinking water and open sewer and sanitation systems. Yet, cities offer the promise of ultimately connecting hundreds of millions of workers to the expanding job opportunities offered by the global economy.

Economic Prosperity. Environmental Sustainability. Social Inclusivity.

In an Urban Age, the battles to achieve the highest aspirations of the 21st century and beyond will be fought – and won or lost – in our cities and city regions.

This now takes me to my second point: contrary to popular perception, the United States exemplifies the world's trend toward urbanism.

The United States is going through a period of profound, dynamic change.

The American population grew by leaps and bounds in the 20th century – from 76 million in 1900 to 151 million in 1950 to 282 million in 2000. We surpassed 300 million in population last year and we are projected to expand by another 120 million in the next 43 years. Only China and India will experience this level of growth.

Our growth since the mid 1960s has been fueled in part by an enormous wave of immigration. Incredibly, some 35 million of our residents were born outside the United States. That is more than 12 percent of the population, the highest share since 1920.

The pace of population growth and demographic change in our country is matched only by the intensity of economic transformation.

Globalization and technological innovation have accelerated the shift in our economy from the manufacture of goods to the conception, design, marketing, and delivery of goods, services, and ideas. The American economy is now firmly a knowledge-oriented, technology-driven, globally-integrated innovative economy.

Thirty years ago, some futurists predicted that the restructuring of the American economy and our technological advances would free and un-anchor us from place, precipitating a mass de-urbanization throughout the nation.

Well, they were wrong. The opposite has occurred.

Broad demographic and economic forces are reshaping the American landscape, positioning cities and their metropolitan areas as the engines of national prosperity and the drivers of environmental sustainability and social inclusion.

The top 100 metro areas alone claim only 12 percent of our land mass but harbor more than 65 percent of our population, 74 percent of our most educated citizens, 76 percent of our knowledge economy jobs, and 84 percent of our most recent immigrants.

The same qualities that defined global urbanization also define America's metro expansion.

In terms of scale, the big places are getting bigger. In 1950, the United States had 22 metropolitan communities with populations greater than 1 million, growing to 24 in 1960, 35 in 1970, 38 in 1980, 42 in 1990, and 49, both in 2000 and 2005. The growth of these

economy-shaping places has pushed persistently to the south and west since the turn of the century.

In terms of speed, the pace of growth in these and other major metros is fast and relentless. Six of the million plus metros grew by more than 30 percent in the 1990s; 16 grew by more than 20 percent and 31 grew by more than 10 percent.

In terms of mobility, immigration is fuelling a good part of metropolitan growth, particularly in traditional cities. From 2000 to 2005, the top 100 metropolitan areas in the U.S. received 6.6 million new immigrants, or nearly 84 percent of all new foreign born arrivals in the U.S.

In terms of complexity, the metropolitan areas have moved way beyond the conventional city versus suburb divide.

Consider these realities:

Suburbs, once bedroom communities, now dominate the economic landscape. Only 1/5 of the jobs in metropolitan areas are located within 3 miles of traditional downtowns; an astonishing and growing 35 percent of metropolitan jobs are located more than 10 miles away from city centers.

Poverty, once overwhelmingly concentrated in cities, has moved into the suburbs. In 2005, for the first time in American history, more poor people live in suburbs than in traditional cities.

And diversity now permeates our metropolitan communities. Racial and ethnic minorities now make up 27 percent of suburban populations, up from 19 percent in 1990.

Yet, far from being dead, cities are experiencing a second life – fuelled, in part, by their distinctive physical assets – mixed use downtowns, pedestrian friendly neighborhoods, adjoining rivers and lakes, historic buildings, and distinctive architecture.

In short, these are not your parent's cities, not your parent's suburbs, and decidedly not your parent's metros.

And then, perhaps most importantly, there is the reality of connectivity across places, fuelled by the concentration of industry clusters within places.

Where are our leading industries concentrated?

Motor vehicles in Detroit and the metropolitan regions of the industrial heartland in the Midwest.

Aerospace in Seattle and St. Louis.

Pharmaceuticals in Northern New Jersey counties and San Francisco and the Research Triangle.

Finance in New York and Charlotte and Boston.

Information technology in Silicon Valley, San Francisco, Seattle and Washington, D.C.

Energy in Houston and New Orleans and Atlanta.

Why do these agglomerations occur? Because the American economy has evolved into a series of clusters – networks of firms that engage in the production of similar products and the provision of similar services. And firms within these clusters crave proximity – to pools of qualified workers, to specialized services like legal or finance that often require face-to-face interaction, to infrastructure that enables mobility of people and goods, to other firms so that ideas and innovations can be rapidly shared.

Density – the essence of urban places – matters even more in the knowledge economy than it did in the industrial economy.

But the growth of America's great places has not been friction free.

Across the nation, metropolitan areas face a daunting set of challenges that threaten their ability to grow in robust, sustainable, and inclusive ways.

Areas of rapid growth are grappling with traffic congestion, sapping productivity, undermining the ability for workers to live near jobs or maintain a decent quality of life and driving up greenhouse gas emissions. The top 100 metros alone drive 60 percent of all the vehicle miles traveled in the United States – a reflection not just of their dominance in population, but of the impact of global trade, shipping, and freight.

Older industrial communities are burdened with the legacies of their industrial past – aging infrastructure, polluted lands, and discarded factories, making it hard for them to compete with the newer communities for families and businesses.

With income disparities growing markedly in recent years, all metro areas are wrestling with how to grow quality, better paying jobs for their workers.

Perhaps no place reflects the challenge of sustaining and sharing prosperity more than New York.

Nearly bankrupt in the 1970s, plagued by crime and racial unrest in the 1980s, New York City staged a remarkable recovery in the 1990s...led by globalization, which revalued New York's traditional role as America's finance, media, and fashion center, and the precipitous decline in crime, which reestablished New York as a tourist and talent magnet.

Population both in New York City and the region has been growing steadily, fuelled in large part by immigrants. That growth is expected to persist, with projections that the city will add another 1 million people by 2030. The region is expanding ever outwards, stretching further and further north into Connecticut and further and further west beyond the urbanized counties of Northern New Jersey to the eastern counties of Pennsylvania.

Challenges, some new, some old, abound.

Economically, the city is facing intense competition from the world's other global finance capital – London.

On the sustainable front, although the city and the region have the most extensive public transportation system in the nation, traffic congestion has worsened considerably and is now estimated to cost the region \$13 billion a year.

Despite the fact that the city is one of the most environmentally efficient places in the country, with New Yorkers producing 71 percent less CO2 emissions than the average American, size matters and the city produces 1 percent of the total carbon emissions of the United States.

And, for a large portion of New Yorkers, the gap between wages and prices is growing wider.

While growth is felt across the region, it is creating a squeezing, price-spiking effect that crowds out middle class residents in the city and induces sprawling development in the hinterland.

New York has a smaller share of middle-income families than any other major metropolitan area in the nation, and like residents of most American metros, they live in a dwindling number of middle-income neighborhoods.

Yet corporate, civic, and political leaders in the city and the region are rising to the challenges before them.

Mayor Bloomberg has launched not one but a series of ambitious city-strengthening efforts.

The city is subsidizing the largest municipal affordable housing plan in the nation's history. Over the next seven years, the city plans to commit billions of dollars to build and preserve 165,000 units of affordable housing.

To accommodate new residents and new development, the city is creatively using zoning and regulatory powers to re-use vacant industrial sites in its old port areas.

To reduce poverty, the city has launched a privately-funded poverty reduction effort that rewards positive behavior, like preventative medical visits and consistent school attendance, with cash grants.

To grow in sustainable ways, the city has developed a bold and far-reaching 2030 plan that will reduce the city's carbon emissions by 30 percent over two decades, restore and extend the city's basic infrastructure, courageously institute congestion pricing, create homes for a million more residents, and ensure that all New Yorker live within a ten minute walk of a park.

All these actions and plans are imaginative, path-breaking, and grounded in sound evidence and world wide practice.

Yet, they raise a troubling, stark question: can a global city and metropolis, buffeted by intense economic and environmental and social pressures, “go it alone” and resolve the inevitable byproducts of modern life by itself?

In the end, cities and metros act within the context of constitutional and statutory law, set by higher levels of government.

A city focuses on its immigrants but cannot control immigration laws.

A city focuses on reducing income disparities, but does not have sufficient tools to close the gap between wages and prices.

A city focuses on environmental sustainability, but generally lacks the power to catalyze market change through regulatory interventions.

A city focuses on leveraging its economic strengths, but its economy is profoundly influenced by national laws governing trade, corporate governance, and various sectors of the economy.

So we come to my final point: just as cities and metro areas need smart national and state policies to realize their economic potential and grow in sustainable and inclusive ways ... so the nation needs an agenda that recognizes and reinforces the economic, environmental and social potential of cities and metro areas.

And so, my proposition for the 2008 election is this: the United States needs a national agenda – a Blueprint for National Prosperity – to give cities and metros the rules and the tools to leverage their economic strengths, grow in environmentally sustainable ways, and build a strong and diverse and resilient middle class.

What general policies are we talking about?

If metros are going to grow high road, productive economies, we need strategic federal and state investments in science and technology, advanced research, and innovation, as

well as support for business growth, particularly small businesses: skills training, health care, capital access, and entrepreneurial support.

If metros are going to grow in sustainable ways, we need smart federal and state policies on transportation, housing, land reclamation, brownfield remediation, and energy efficiency ...and a market-shaping commitment to environmental sanity that reduces our carbon emissions and contribution to climate change.

If metros are going to grow a strong middle class, we need a federal and state commitment to improve access to quality education at all levels, enhance skills, supplement incomes, reduce the prices of being poor, and ultimately grow assets and wealth.

In all we do, we need to extol the role of *place* and the *physical*.

We see today that what makes metros vital in the 21st century are the attributes of urbanism – what Saskia Sassen calls “cityness”: density; an emphasis on people rather than cars; diversity of uses; design; connectivity; choices in transportation, housing and neighborhood.

These are the physical elements that advance competitive, sustainable, and inclusive cities.

Let’s make this interesting and get more specific.

What if we had a National Innovation Corporation that harnessed all our next generation federal investments in health, information technology, clean energy and the environment?

What if federal infrastructure policy targeted resources not to “bridges to nowhere” but to congested metropolitan areas that stand at the heart of our economic life?

What if federal housing policy embraced the goal of economic integration and stimulated the production of housing that is affordable to moderate and even middle income workers in markets with rapidly appreciating real estate prices?

What if national immigration policy went beyond the narrow confines of border enforcement and focused on giving municipalities, particularly suburban jurisdictions, the tools they need to integrate tens of millions of immigrants into mainstream American society?

What if the federal government, through incentives and mandates, made clean energy and green building the norm rather than the exception?

What if we embraced the notion that “if you work, you should not be poor” – and made the necessary adjustments to, among other things, our minimum wage, health care and the earned income tax credit?

What if we embraced a new national commitment to quality and life long education – from universal pre-k, through elementary and secondary schools, through higher education, private and public, four year universities and community colleges ... and beyond?

What if all of these policies were wrapped under the trinity of economy, environment, and equity ... and we set ambitious, measurable goals for the nation to aspire to, if not meet, by 2030 or even 2020?

What if...we had a Blueprint for National Prosperity?

Some of these ideas, of course, will require new investments and we need to make tough tradeoffs in national fiscal policy, starting in 2010 when the President's tax cuts expire, to free up resources.

Yet this is not just about new money.

We can and should also cut to invest, ending federal spending on programs and policies that are better left to the states and localities to design, fund, and implement.

And we can get more bang for our buck if we truly integrate across segmented policies – using smart housing policies, for example, to reduce traffic congestion and support economically integrated schools.

Now, why would a nation ignorant of place embrace policies that build strong and sustainable places?

First, 2008 will be the first election since 1952 when no incumbent will run on the ticket of either major political party. This will set off a competition for ideas among the major candidates, which will, in turn, open up room for a paradigm shift of monumental proportions.

In 2008 we may experience the confluence of good policy equaling good politics.

The nation feels an American century yielding to other powers – just travel from JFK Airport to Shanghai and feel the shock of modernity.

The middle class is anxious about their economic future.

The ravages of climate change are now clear to all.

I fundamentally believe that the American public is looking for candidates who speak frankly and truthfully about our nation's future and give us a roadmap for sustaining and extending prosperity.

Second, metro areas are currently less than the sum of their parts politically. They are disorganized, fragmented, balkanized and rarely band together to push any major national policy through. Yet there is latent power here to be exploited. As the New York Times recently reported, 10 metros alone have provided 60 percent of the contributions to the major presidential candidates so far.

Just imagine if the leadership networks in this region could relate in a sustained way with the leadership networks in other critical regions of the US – places like Boston, Chicago, and San Francisco as well as Atlanta, Charlotte, Dallas, Denver, Detroit, Kansas City, Los Angeles, Miami, Minneapolis, Phoenix, and Seattle.

I guarantee that what would emerge from such interactions is a clear understanding that what unites these metros in their competitive struggle – growth, immigration, congestion – is greater than what divides them.

Third, we are a mercantile nation trained to check out the competition. If we do that, we will discover that we are an outlier among our competitor nations in that we lack any coherent, explicit, or focused national policy to support the health and vitality of urban and metropolitan places.

Our global competitors are making strategic investments in the foundational elements – infrastructure, education, quality places, energy efficiency, and security – that drive sound, sustainable, and shared growth. Germany, for example, is creating a network of inter-linked cities, connected, and soon to be even more connected, by modern rail and technology. China is trying to replicate our vast network of advanced research institutions and universities.

Our global competitors are also making structural changes in governance to adapt to the expanding geography of human settlement and economic activity. Post-apartheid South Africa, for example, combined black and white residents under unified municipalities, ensuring a fairer allocation of tax resources and a metropolitan approach to competitiveness and growth.

Finally, there is simply no other way to achieve our central national priorities – robust growth, sustainable growth, inclusive growth – without going the metro route. We are an Urban Nation. There is no going back. Lets accept it, embrace it, and leverage it for all its worth.

Conclusion

Let us end where we began.

Let us applaud Deutsche Bank for their venture into the world of the urban.

In the end, an “Urban Age” is a clarion call, a wake up message.

If cities and city regions are the organizing units of the new global order ... and this nation ... then a broad range of national policies and practices needs to be overhauled, re-ordered, and integrated around new spatial realities and paradigms.

This will require some hard thinking about how to restructure the compact between various levels of government – federal/state/metro/local – and the business and voluntary sectors.

It will require us to get “out of the box” to scale up and replicate local innovations and “out of the nation” to tailor the best innovations from abroad to our insular country.

It will require us to organize ourselves differently in the political arena, within and across cities and metros.

An Urban Age requires that we act with vision, imagination, and confidence. Will we seize the possibilities before us?