

**City Planning 642-001**  
**Spring 2026, University of Pennsylvania**  
**Paul R. Levy**

**Third Class**

<https://centercityphila.org/bidclass>



1

**Last week: sidewalk level experience & how it is shaped**  
**By architecture & public space design**





2

**But also shaped by upper floor mixed primary uses**  
**Shifts focus to real estate & economic development**





3

**What tools, policies, programs exist**  
**to shape or impact these decisions?**

- Ground floor appearance, design or tenancy
- Upper floor uses or occupancy
- Private sector owner/developer
- Public sector government
  - Differing powers, how services are funded
- Intermediary organizations: Condos, coops, BIDs, non-profits



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**How the changing structure of the economy**  
**Has shaped the form of cities**  
**Broader macro-economic trends**

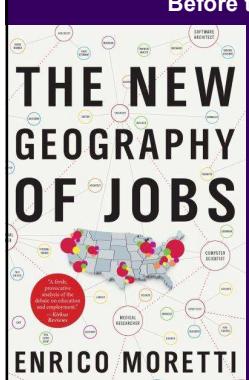
**Moretti: The New Geography of Jobs**

- (1) Industrialization, urbanization & immigration
- (2) Transition from manufacturing to post-industrial economies
- (3) Cities that succeeded & those that have failed  
 "the Great Divergence"
- (4) How cities are reshaped by global trade
- (5) Revolt against globalization: from right & left
  - Brexit & U.S. elections
- (6) What may be achievable at city level



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**Published 2012:**  
**Before the backlash against globalization**



**In 19<sup>th</sup> & early 20<sup>th</sup> century, when North American cities were centers of production for steel, oil refineries, locomotives, boats, cars, radios, military equipment, the garment industry & food processing, they were *maker cities & exporting* cities, dependent on ports & rail lines.**

**Manufacturing was driving edge of innovation. Selling manufactured products both regionally & nationally was the source of wealth for cities.**



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Office buildings housed management functions for the industrial city.  
Corporate headquarters were ties to place, overseeing their manufacturing infrastructure.



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## Post-industrial economy

By contrast, knowledge-intensive jobs form the driving edge of innovation in post-industrial cities. They are not necessarily tied to place. But they draw toward them a solid base of knowledge-workers who are attractive to other firms.



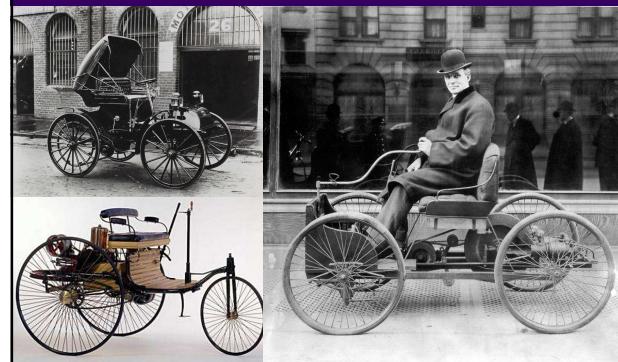
This triggers a process of mutual reinforcement and attraction as knowledge-intensive industries cluster in "geographic agglomerations."

More high-skilled workers push up demand for housing = more expensive "affordability challenge" gentrification

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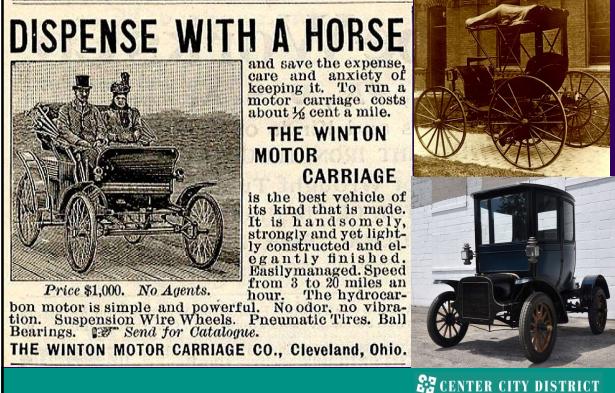
## Started with hand-crafted vehicles; skilled labor Henry Ford built first car in his garage; bicycle tires



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## 1898: one of the first auto advertisements Looks like horse drawn carriage



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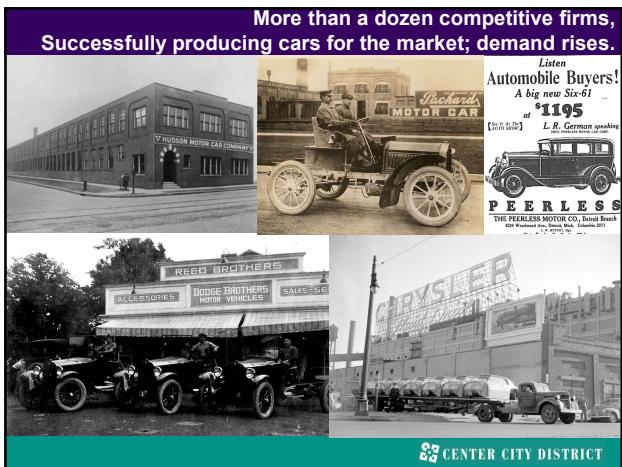
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## Initially, skilled craftsmen build all components of car A to Z

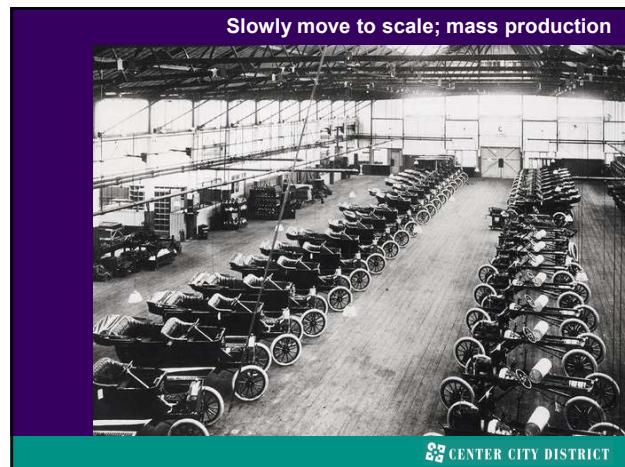


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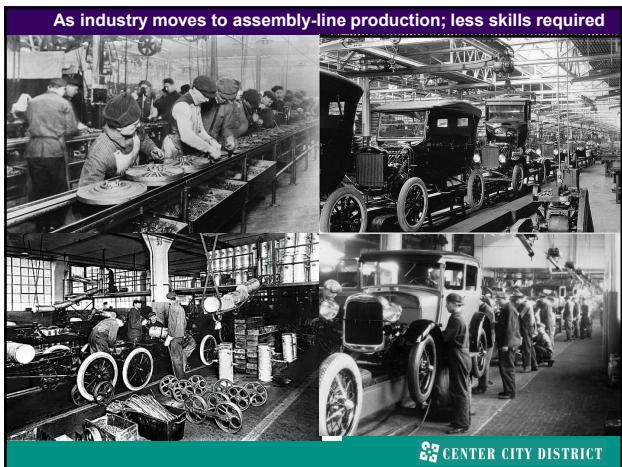
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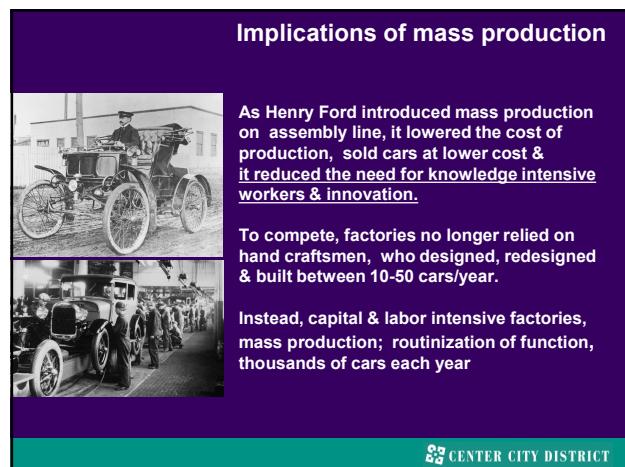
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Ford's River Rouge Plant in Detroit: huge in scale



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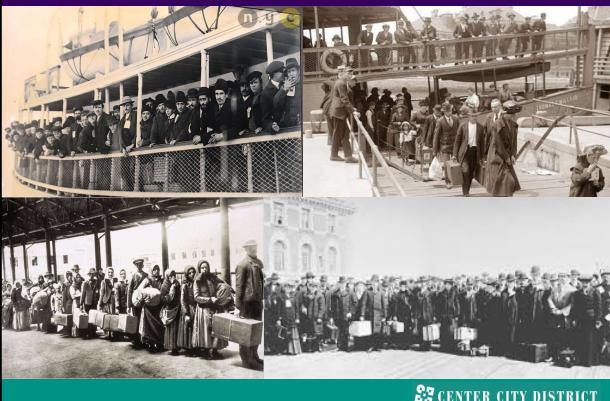
Cities become magnets for semi-skilled & lower-skilled labor  
industrialization & urbanization go hand-in-hand



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Initially primarily European immigrants



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Detroit becomes a booming city  
Factories surrounded by working class housing



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Creating products far in excess of local demand,  
sold nationally - "traded industry" - builds wealth locally  
But also growing disparities in income



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Contrast locally-owned neighborhood-serving grocery store  
Plays a significant community function



It provides local jobs &  
products, but unless it goes  
to scale, it's not a major  
source of employment.

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Or a neighborhood artisan bread store



A niche phenomenon; the number of jobs created is minimal; thrives in an area with existing wealth

Moretti: "More fundamentally these jobs can't be the *driver* of job growth for a community. They will always be the *result* of wealth created in some other sector." (page 32)

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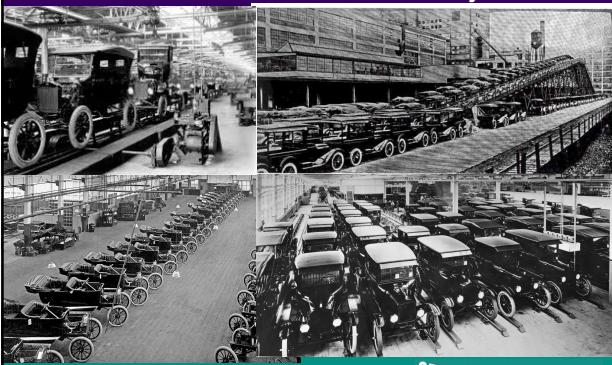
By contrast: 21<sup>st</sup> century tech start-up can grow regionally or globally  
Because it is selling a digital service, not physical product  
High-skilled labor, not entry level jobs



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*Return to 20<sup>th</sup> Century*  
Mass production for sales outside Detroit  
= Massive job creation



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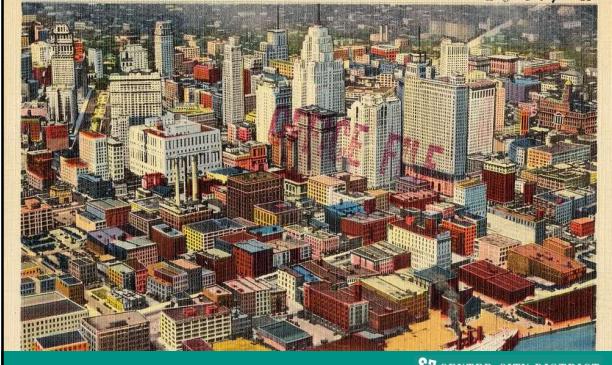
After several decades led to unionization of workforce  
United Auto Workers, after strikes, formally recognized 1936  
Rising income for workers, growth of an urban middle class



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Downtown Detroit office buildings: 1920s  
Hold all the management functions for auto firms  
But also law & accounting firms, banks



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By contrast Apple's knowledge-workers are in Cupertino  
But they make almost nothing in California



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Apple outsources mass production of cell phones to Foxconn in Shenzhen, China



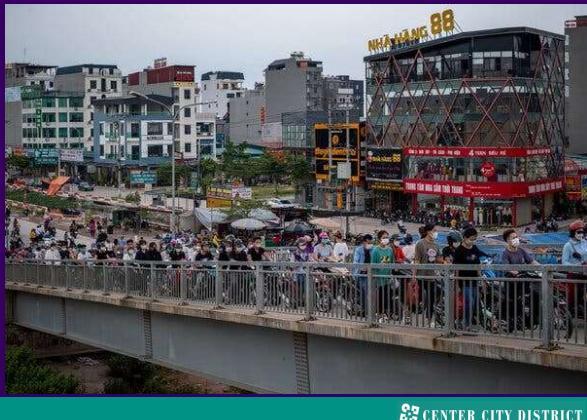
Facilitated by global free-trade, lower labor costs  
National government policies to stimulate growth



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Creating opportunity for people moving from rural areas



Mass production of surrounding housing



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And great wealth in China's cities  
As wages rise, Apple outsourcing to Vietnam & India



Shenzhen's development history



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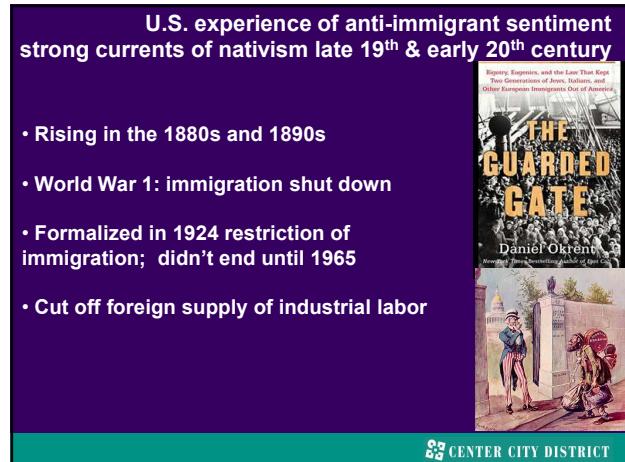


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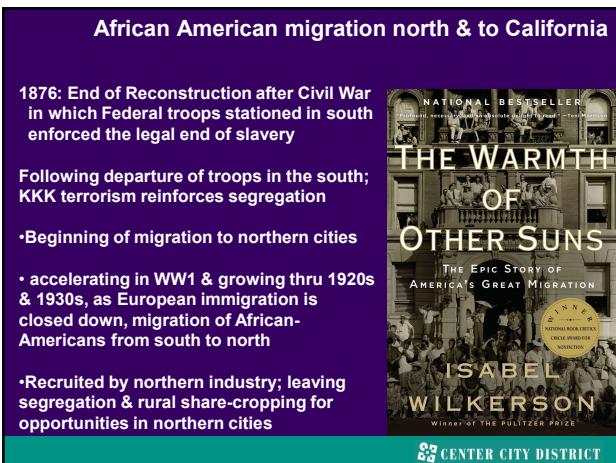
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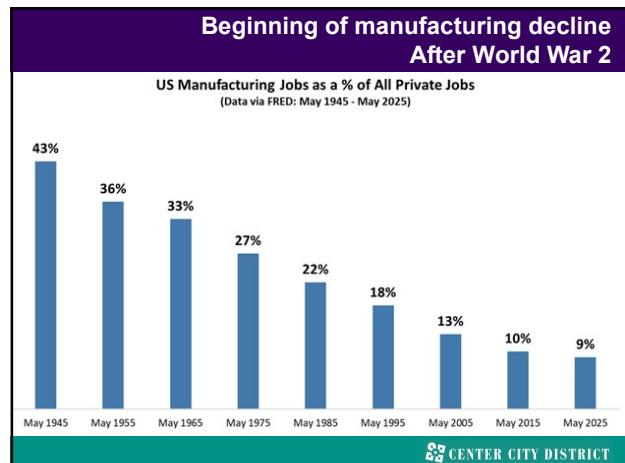
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## Returning to Detroit

1945 to 1960 US had few global competitors for auto production; labor peace UAW/Auto industry; rising incomes

But by 1963 – half the cars in the world were made outside of US, as European & Japanese economies recover from WW2

By 1964: 500,000 imports were sold in US

1970s & 1980s German & Japanese auto producers began to undercut the domestic market providing smaller, more fuel-efficient cars as energy prices rose



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During the Arab Oil embargo 1973-74  
Gas prices jumped from \$0.38 a gallon to \$0.55 a gallon  
and then over a dollar for the balance of the decade



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Gas rationing & long lines  
10.6 gallons was max capacity of a VW



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Packer Motor Plant Detroit: 1903-1958



Auto-industry  
fails to respond  
to changing  
market  
conditions

Detroit goes into  
decline –  
population drops  
from 1.7 million  
to 688,000

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Abandoned Packer Motor Plant Detroit: 1980s



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Downtown Detroit 1925



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Reverse view towards Canada:  
By 2000 Detroit is a shell of its former self



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Other manufacturing cities  
Pittsburgh: steel industry



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Chicago Meat packing & printing industries



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1948: Manhattan's downtown with a working port;  
Manufacturing = 33% of the city's jobs; today 4.5%



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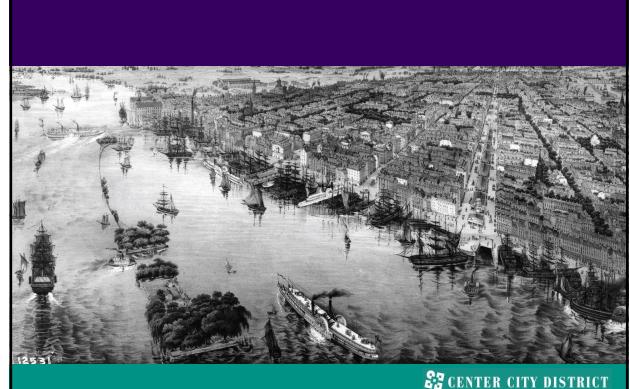
Lower Manhattan today: center of global business  
Professional & business services, tech, finance, insurance



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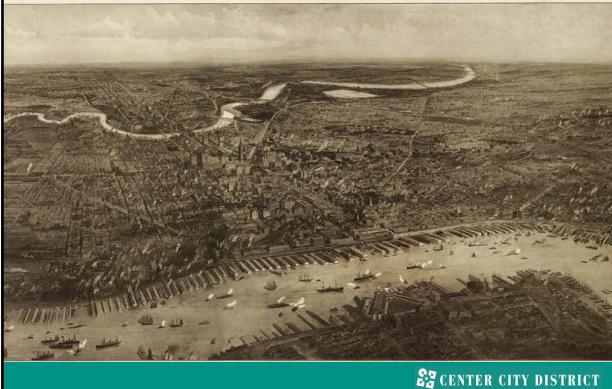
Central waterfront, 1840



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1908 waterfront: importing & exporting piers from industrial product made in Philadelphia



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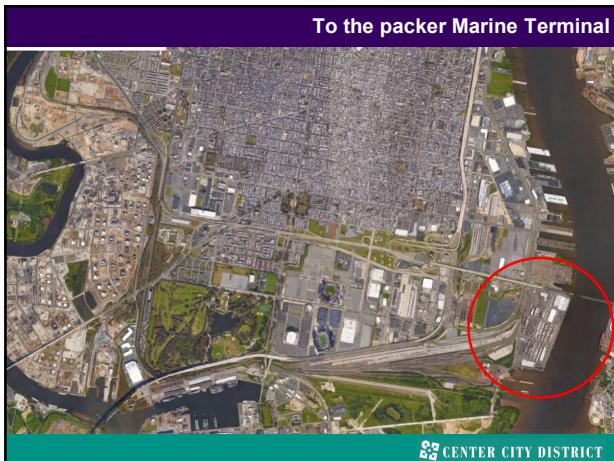
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Dependent on trucks, no longer railroads ,



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Central waterfront piers were left to deteriorate



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**The same changes in San Francisco**



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**Mechanization of moving goods and products**



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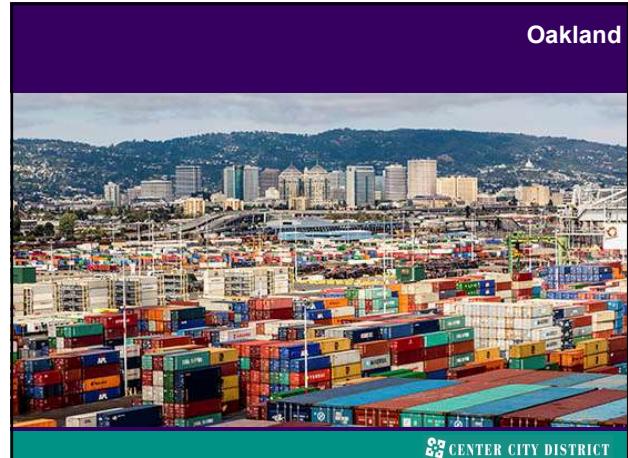
**Moved them to port of Oakland California**



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**Oakland**



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**Occurred in Manhattan  
West 57<sup>th</sup> Street, Pier 97 in the 1960s  
Move across to New Jersey**



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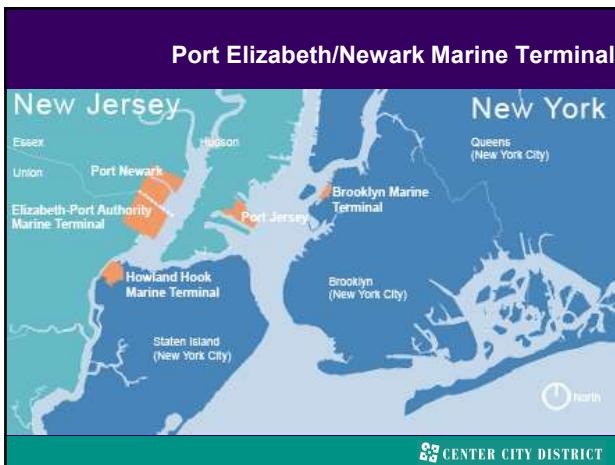
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**Port Elizabeth/Newark Marine Terminal**



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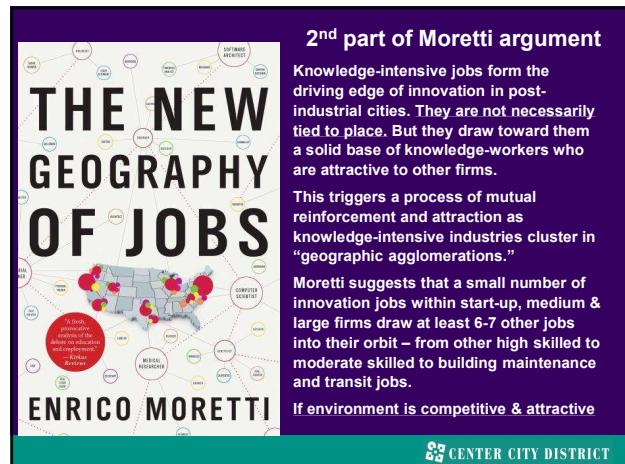
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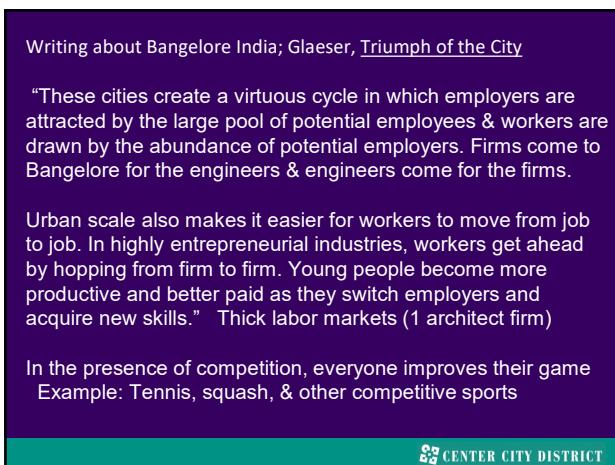
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**London's attributes**



A trusted legal system, stable politics, trusted bureaucracy; no need for bribery to do business

Less regulated business environment than European continent. Becomes a global financial capital; attracted huge influx of immigrant entrepreneurs from former colonies

Global wealth poured in, driving up housing prices

Lower skilled immigrants come for opportunity; often going directly to some suburbs; wealth concentrates at the center

1/3 of Londoners & 1/3 of New Yorkers born outside of these countries

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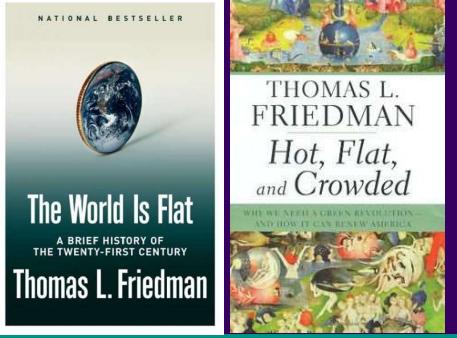
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**London's Canary Wharf: American style CBD global center for business**



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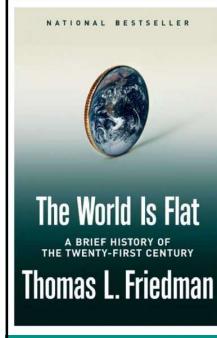
**This world was described best**  
**Thomas Friedman, World is Flat in 2005**  
**Subsequently Hot Flat & Crowded, 2008**



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**The world of global free-trade**



Data & money move digitally around world at touch of finger; outsourcing began in manufacturing (foreign labor inexpensive enough to overcome costs of transportation)

Moved from low skilled services –call centers & then slowly moved up the skill ladder to outsourcing of high-skilled professional services

“outsourcing” is parochial term. Internationally owned firms & globalization of capital able to contract for labor & carry out production & higher-level services in lower cost markets

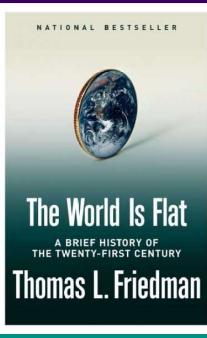
Corporations no longer tied to place

NAFTA & free-trade (Clinton)

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**Competitive cities & regions**



are the places that will thrive & increase prosperity for their residents have minimum barriers to entry;

these are places that make it easy to start businesses, raise capital & become entrepreneurial; places with simple, equitable & transparent regulations;

they have an educated, energetic & versatile workforce that thrives in a competitive, rather than sheltered environment.

Argument for free-market capitalism

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In this global context, the urban economic environment characterized by turbulence, responding to forces beyond local control

over 10 years any given place is likely to lose one-half its jobs.

“Great divergence”  
 places that don't respond to these challenges  
 “places in trouble”  
 places that lose market share (Detroit)  
 places that decline with high poverty rates

Patrick Sharkey, chapters 1-3 (public safety implications)

Successful places continually innovate & grow new businesses; expand market share

These trends built into the structure of the post-industrial economy

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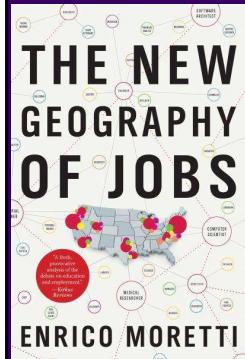
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## Restructuring of cities & regions



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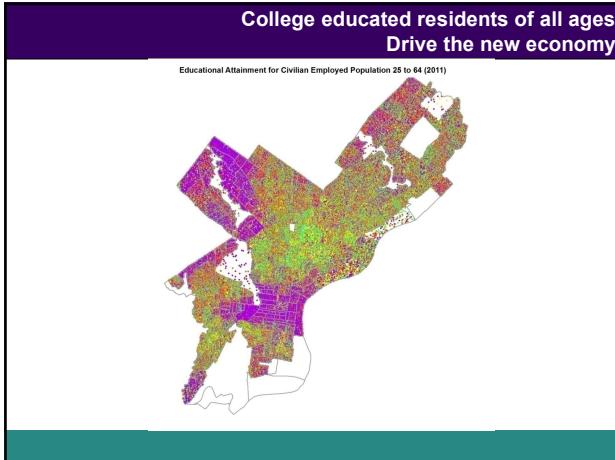
## Knowledge intensive jobs = higher wage jobs



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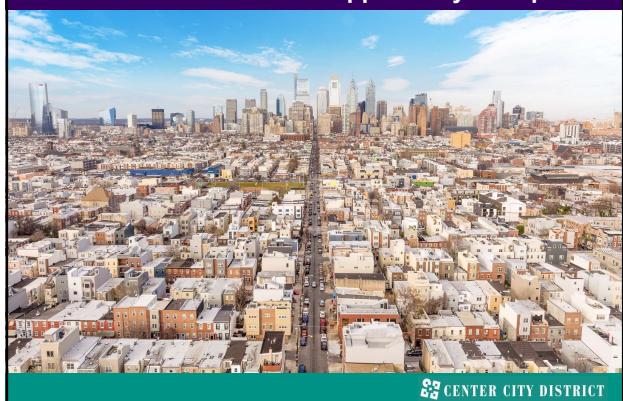
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## College educated residents of all ages Drive the new economy



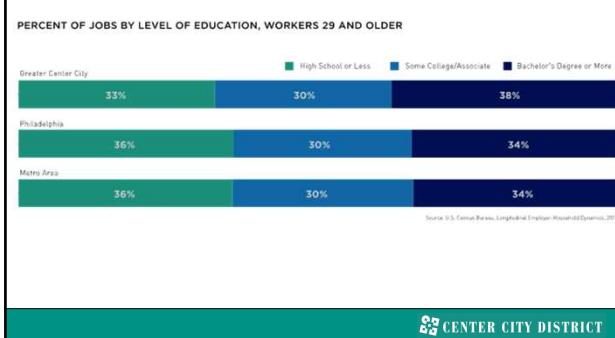
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## Post-industrial cities create opportunity & disparities



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**38% of downtown jobs require college degree**  
**63% downtown jobs require less than college degree**  
**33% require only a high school diploma**



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**Moretti: You need high wage jobs to create lower wage jobs**  
**25% of working residents in each neighborhood work downtown**



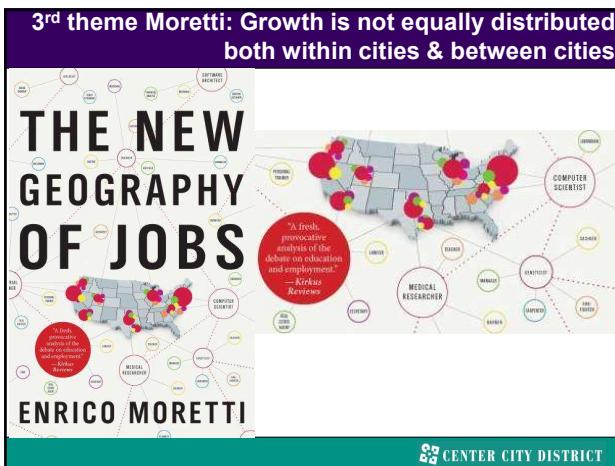
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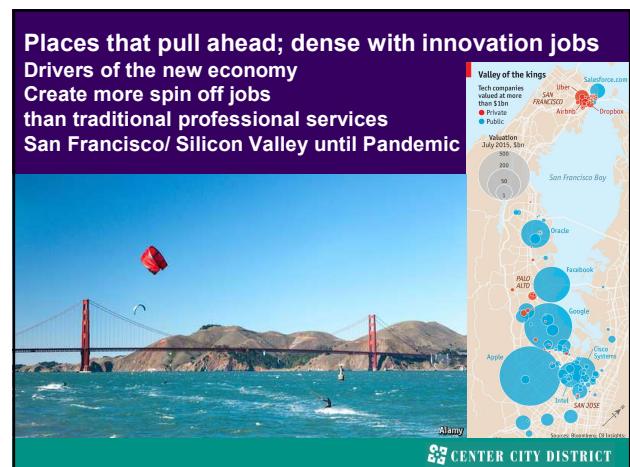
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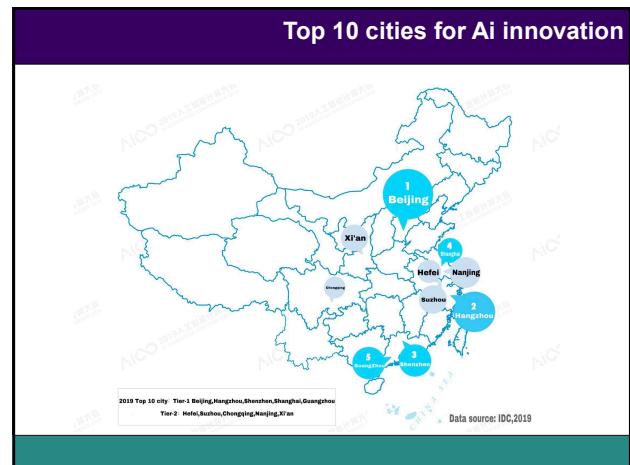
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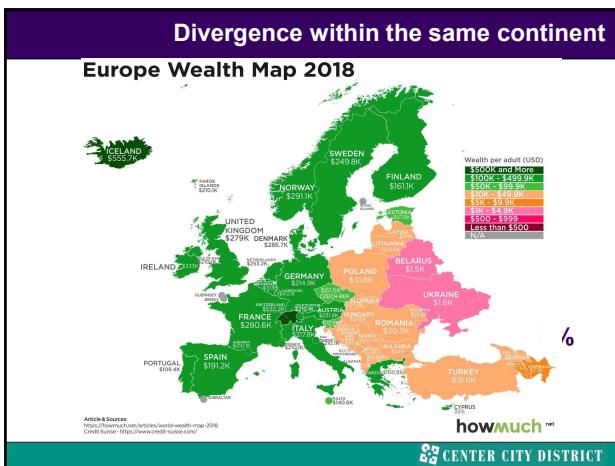
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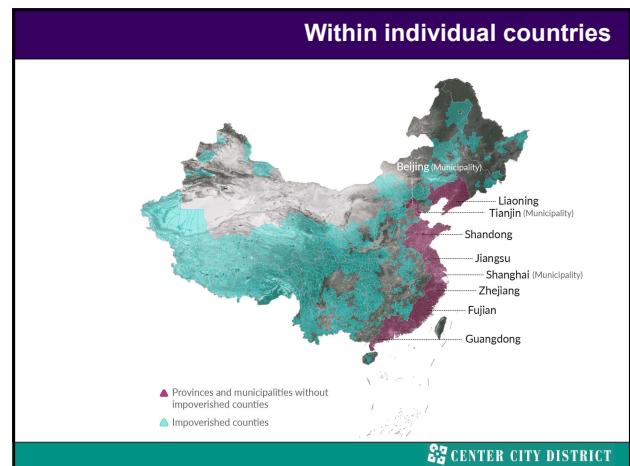
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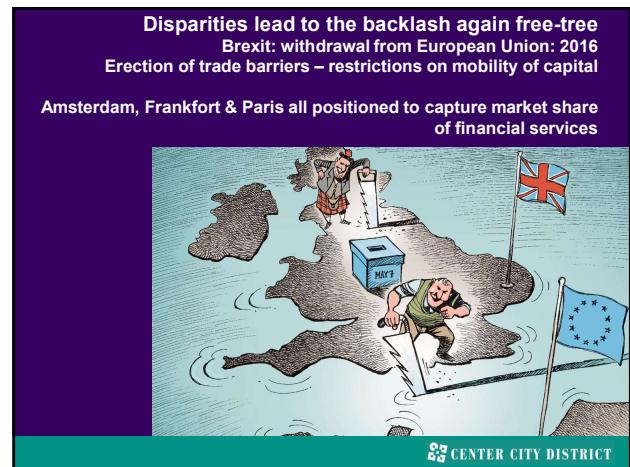
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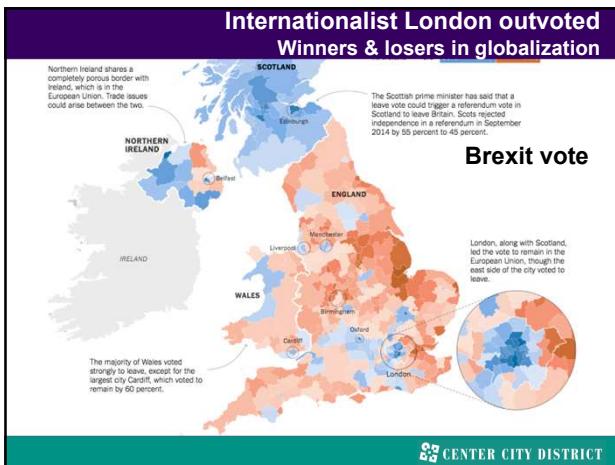
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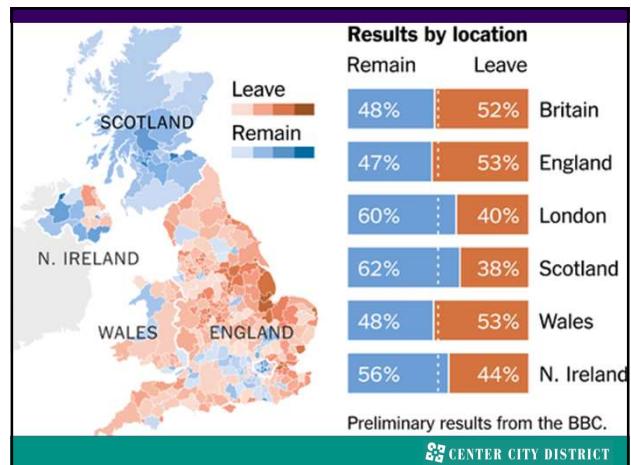
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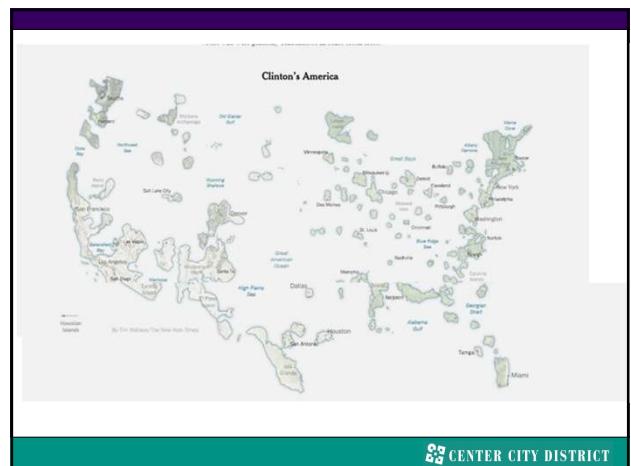
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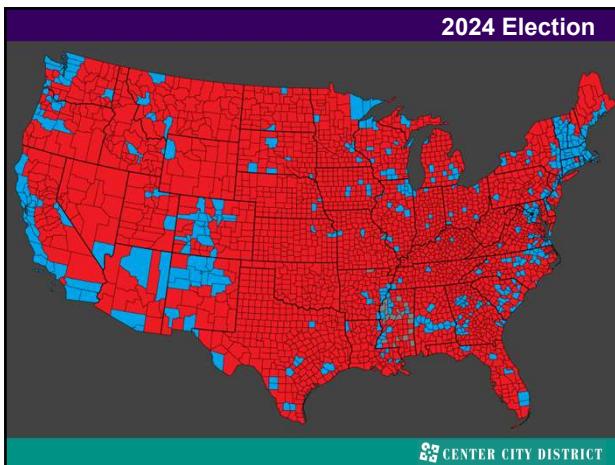
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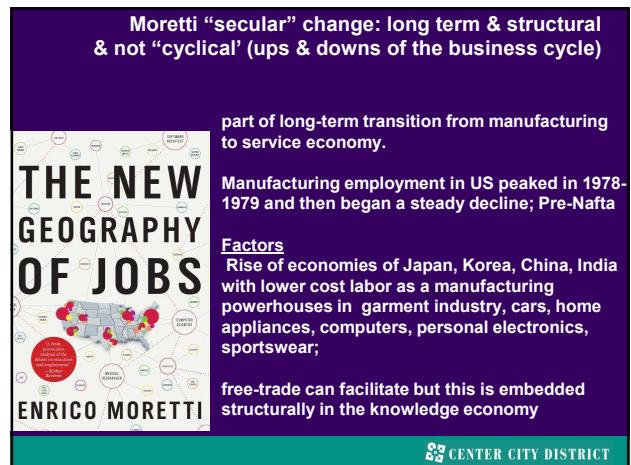
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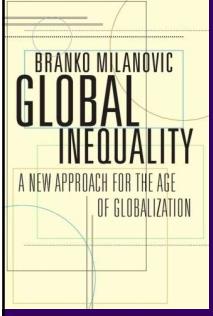


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**Milanovic**



1980s ushered in new (2nd) technology revolution: information technology & rise of a diversified service sector.

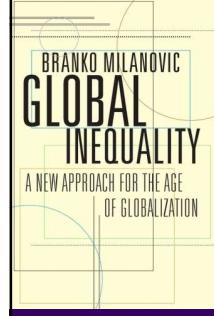
This occurred simultaneously with the emergence of major Asian economies.

Increase in inequality happened because once again new technologies strongly rewarded a new generation of entrepreneurs & highly skilled labor, drove up the share of & return on capital

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**Milanovic**



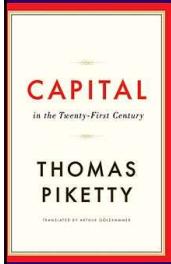
The combination of IT & globalization has opened affluent, Atlantic economies to competition from rapidly industrializing China & India, with much lower labor costs.

Both China & former Soviet block nations entering the global labor market, weakened labor's bargaining position & decreased earning power of working & lower-middle class.

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**Thomas Piketty, *Capital in 21<sup>st</sup> century***  
French Marxist



Decrease in inequality in 20<sup>th</sup> century - a special case:

- driven by two world wars which destroyed capital & wealth
- high-rates of taxation to finance the wars
- rise of democratic socialist & new deal policies

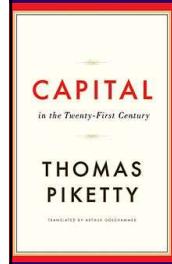
But in 1980s, the “normal” tendency of capital to yield higher returns has resumed

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**Thomas Piketty, *Capital in 21<sup>st</sup> century***

Progressive income tax introduced in 1918



70% top tax rate highest income brackets between 1919-1922

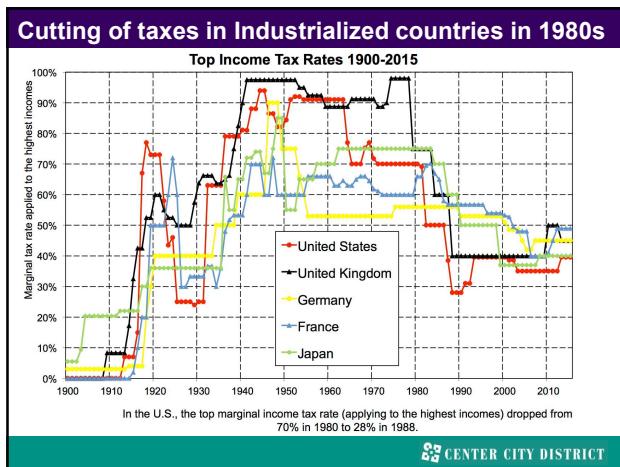
Cut in the 1920s ~25%  
FDR -1933 63%; 79% in 1937

88% in 1942 - World War 2

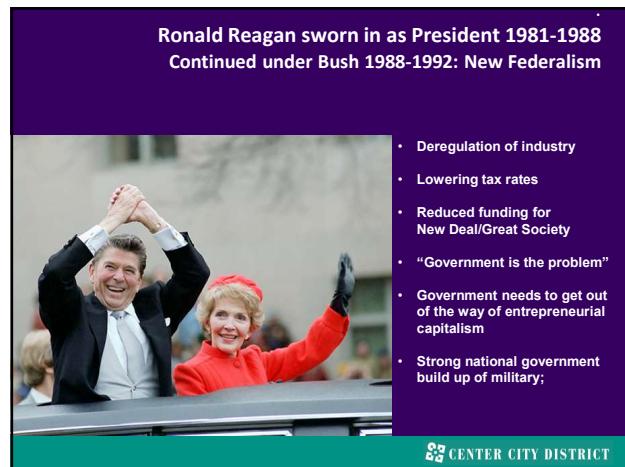
90% thru 1950s, period of greatest prosperity in US

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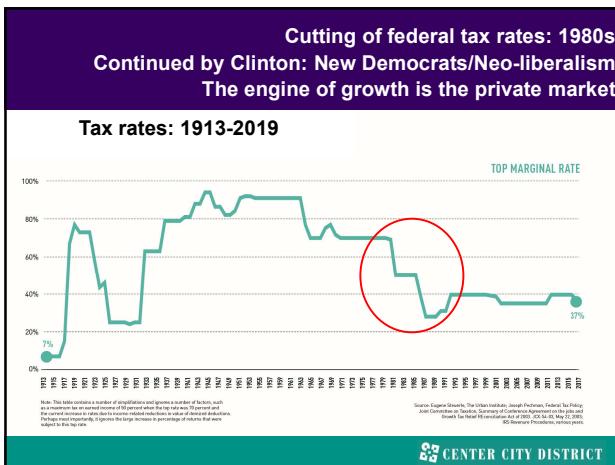
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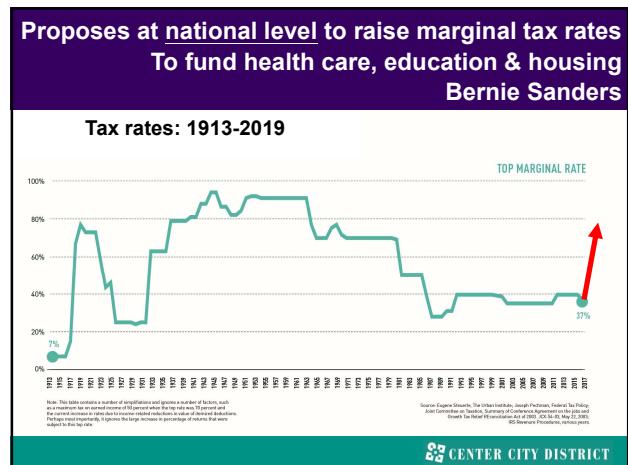
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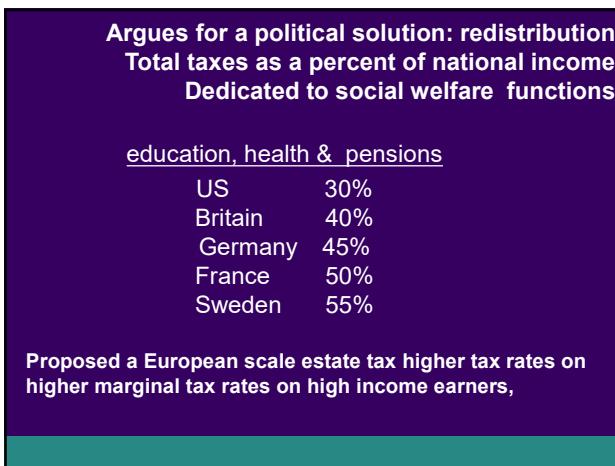
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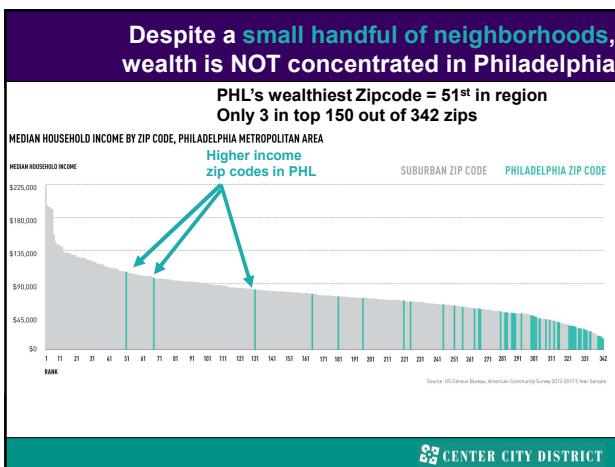
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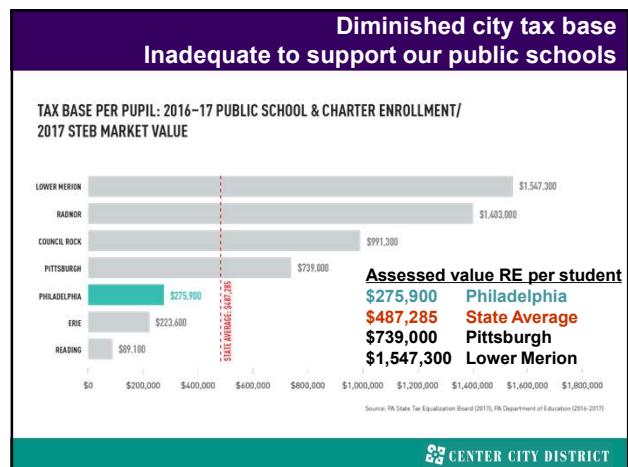
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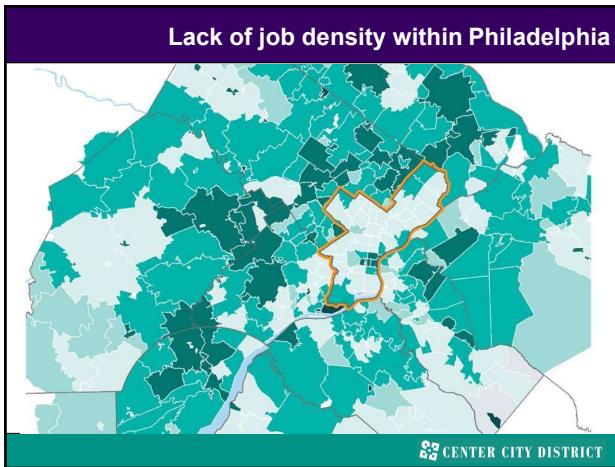
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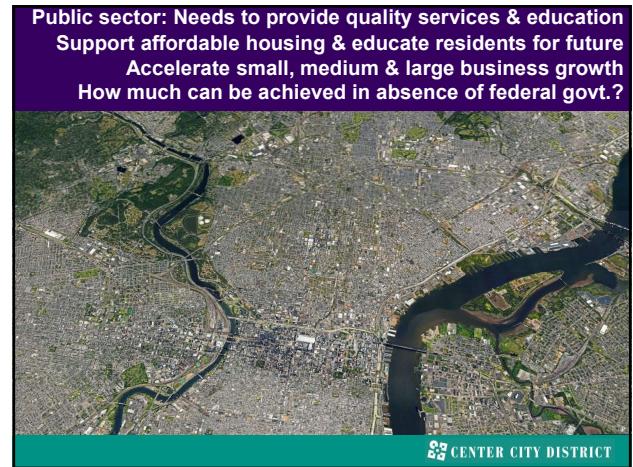
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