

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

Third Class

<https://centercityphila.org/bidclass>

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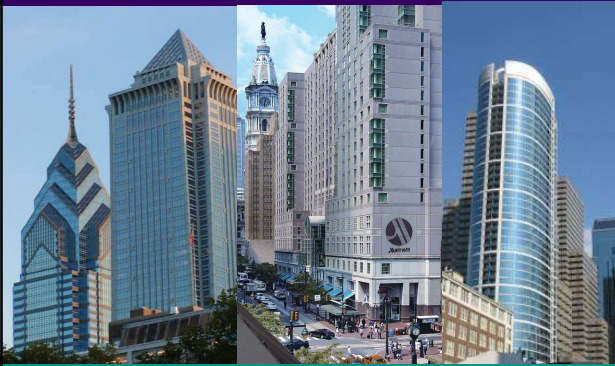
Last week: sidewalk level experience & how it is shaped
By architecture & public space design



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



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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

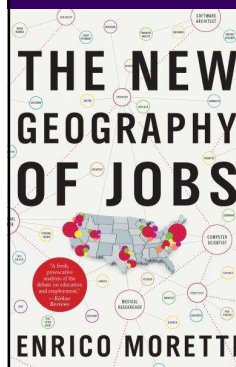
Moretti: The New Geography of Jobs

- (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 19th & early 20th 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 tied 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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Use Detroit as a case study Early 20th century emergence of auto industry

Published 2011

TRIUMPH OF THE CITY

How Our Greatest Invention Makes Us
Richer, Smarter, Greener, Healthier and Happier

EDWARD GLAESER



Innovation emerged from a densely clustered, competitive environment – lots of inventors & entrepreneurs all crammed into small area of Detroit

Automobile emerged by combining 3 existing ideas/technologies:
horse-drawn carriage
bicycle
the gas engine

all of which were made in Detroit –

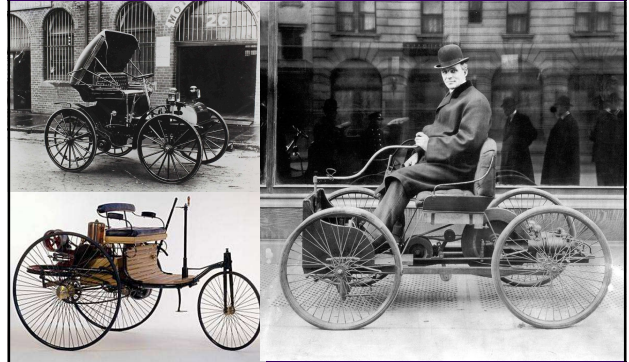
Skilled workers ready to adapt;
lots of small firms frantically competing with each other to innovate,
break through & capture market share.

That's the essence of what cities do well

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

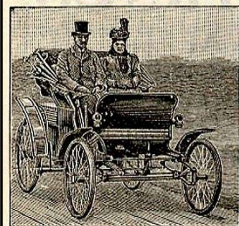


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1898: one of the first auto advertisements Looks like horse drawn carriage

DISPENSE WITH A HORSE



and save the expense, care and anxiety of keeping it. To run a motor carriage costs about 1/2 cent a mile.

THE WINTON MOTOR CARRIAGE

is the best vehicle of its kind that is made. It is handsomely, strongly and yet lightly constructed and elegantly finished. Easily managed. Speed from 3 to 20 miles an hour. The hydrocarbon motor is simple and powerful. No odor, no vibration. Suspension Wire Wheels. Pneumatic Tires. Ball Bearings. Send for Catalogue.

Price \$1,000. No Agents.

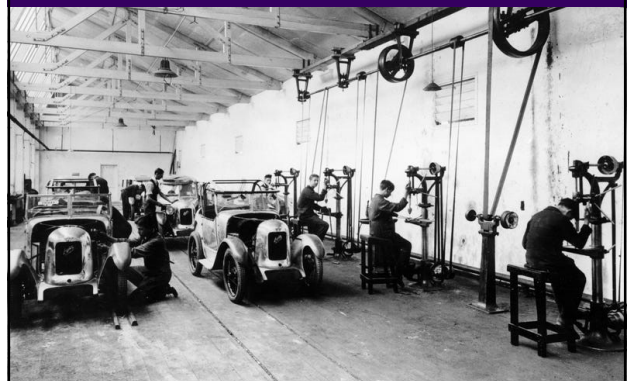
THE WINTON MOTOR CARRIAGE CO., Cleveland, Ohio.



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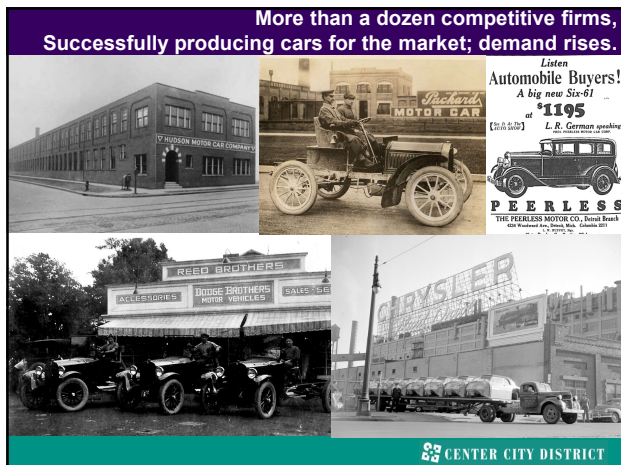
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Initially, skilled craftsmen build all components of car A to Z

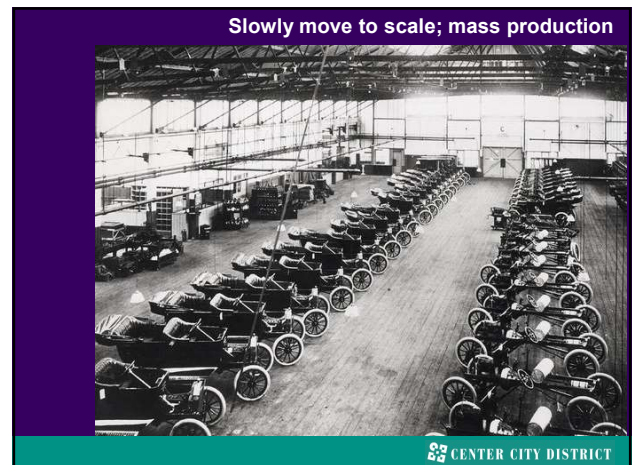


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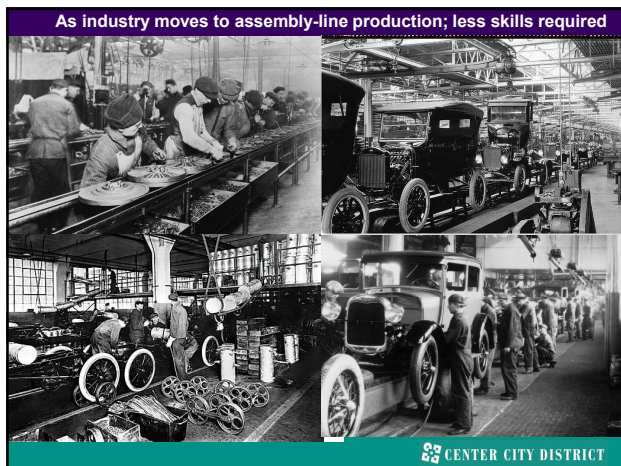
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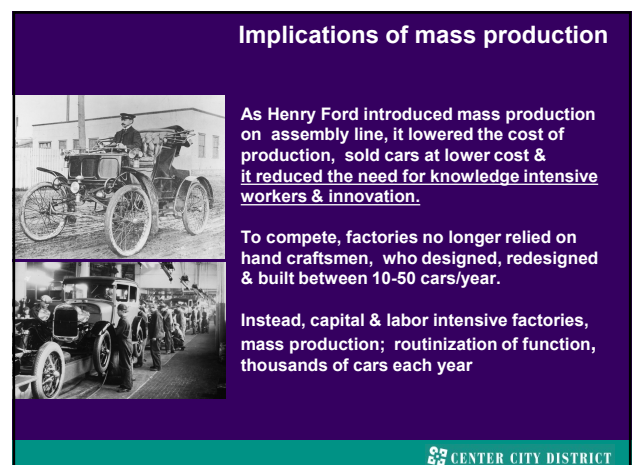
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Ford's River Rouge Plant in Detroit: huge in scale



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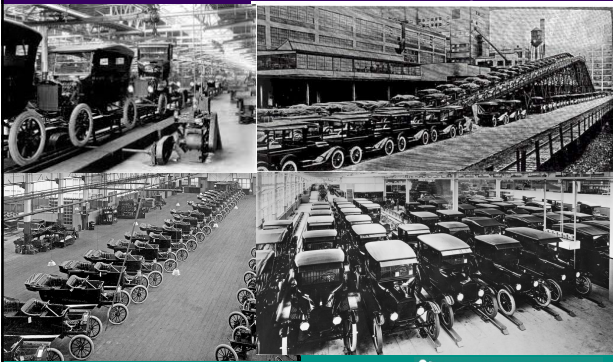
By contrast: 21st century tech start-up can grow regionally or globally
Because it is selling a digital service, not physical product
High-skilled labor, not entry level jobs



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Return to 20th Century Mass production for sales outside Detroit = Massive job creation



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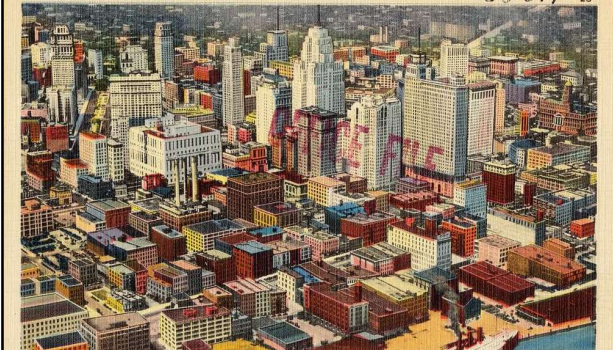
After several decades led to unionization of workforce
United Auto Workers, after strikes, formally recognized 1936
Rising income for workers, growth of an urban middle class



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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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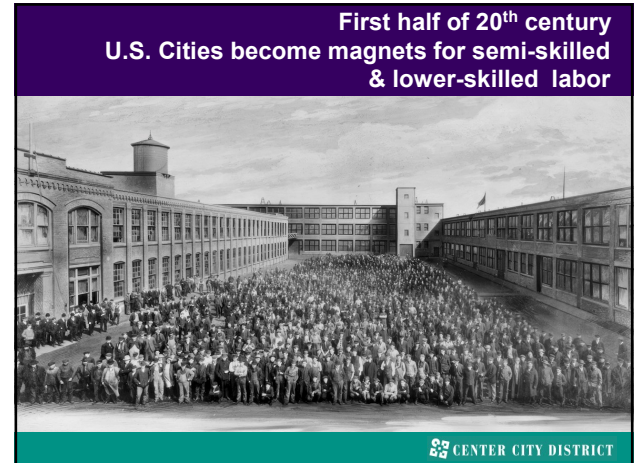
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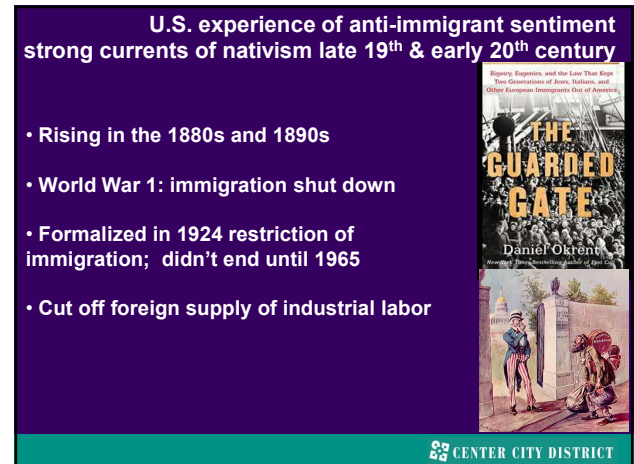
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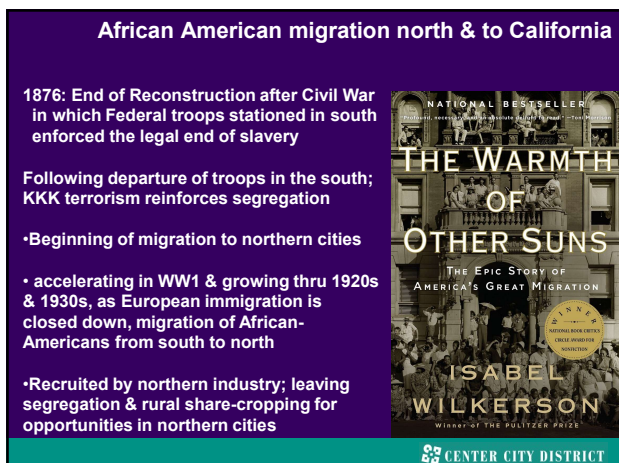
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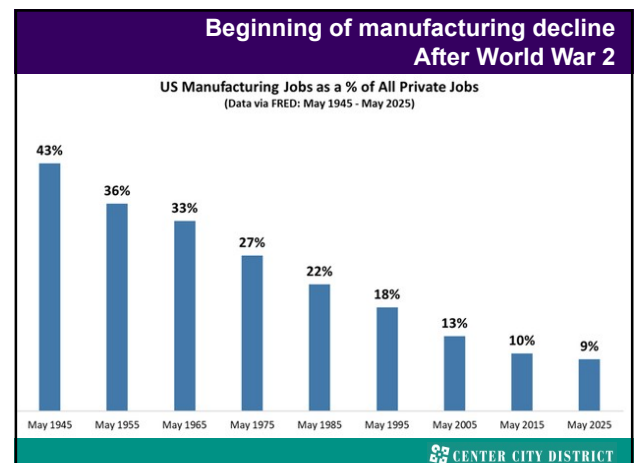
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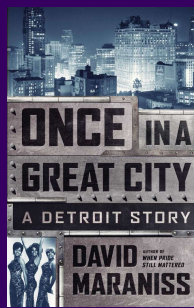
Returning to Detroit

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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Introduction of the containerization of cargo
that moved loading & unloading away from central waterfront



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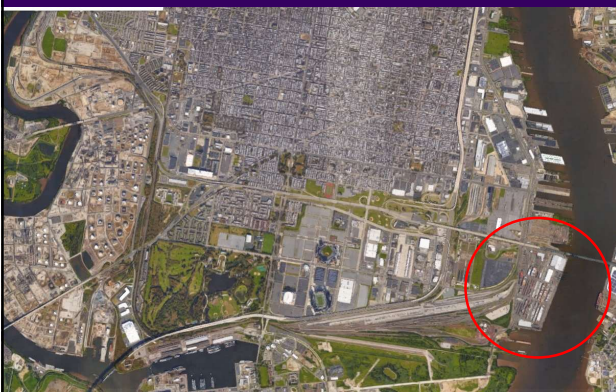
Dependent on trucks, no longer railroads ,



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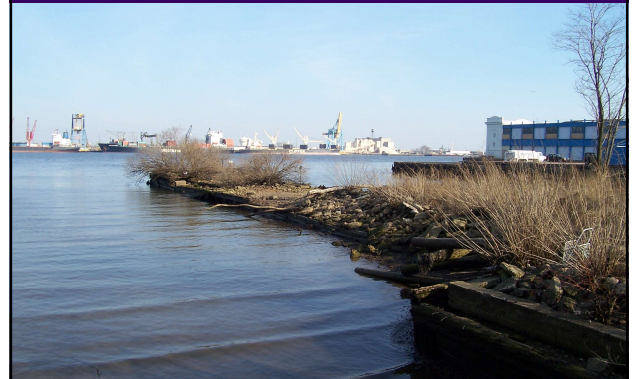
To the packer Marine Terminal



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Central waterfront piers were left to deteriorate



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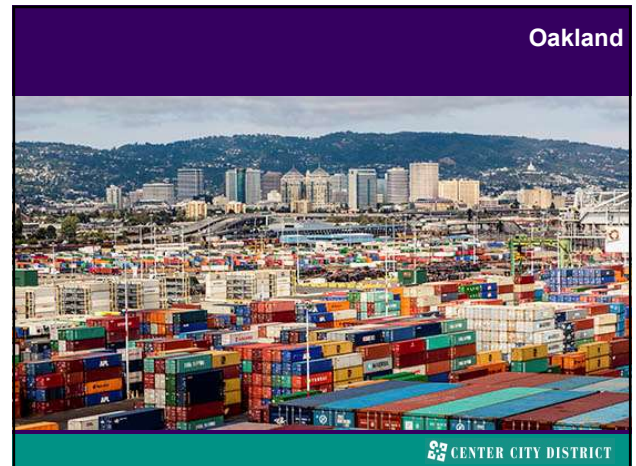
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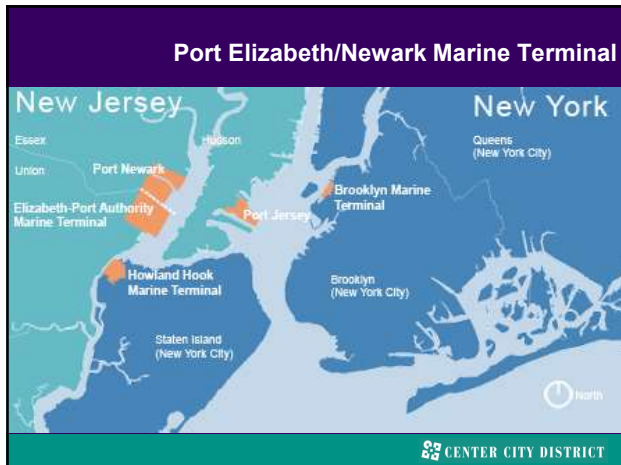
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2nd part of Moretti argument

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."

Moretti suggests that a small number of innovation jobs within start-up, medium & large firms draw at least 6-7 other jobs into their orbit – from other high skilled to moderate skilled to building maintenance and transit jobs.

If environment is competitive & attractive

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Writing about Bangalore India; Glaeser, [Triumph of the City](#)

"These cities create a virtuous cycle in which employers are attracted by the large pool of potential employees & workers are drawn by the abundance of potential employers. Firms come to Bangalore for the engineers & engineers come for the firms.

Urban scale also makes it easier for workers to move from job to job. In highly entrepreneurial industries, workers get ahead by hopping from firm to firm. Young people become more productive and better paid as they switch employers and acquire new skills." Thick labor markets (1 architect firm)

In the presence of competition, everyone improves their game
Example: Tennis, squash, & other competitive sports

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Success of London, England, contrasted with Detroit

a city of production & exporting for first ¾ of the 20th c
Manufacturing decline & containerization of cargo made ports obsolete

City lost **25%** of population by 1980

New innovative cycle: 1986 deregulation of financial services, opening up to global competition

Good international connections-
investment in Heathrow Airport
Excellent position in global time zone:
do business with Asia in AM; North America in PM

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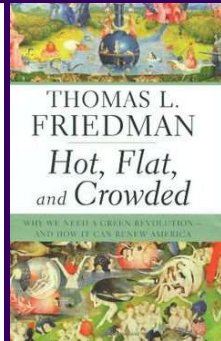
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London's Canary Wharf: American style CBD global center for business



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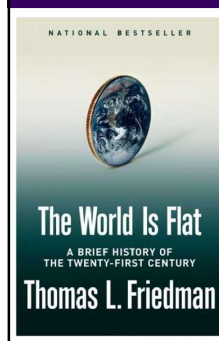
This world was described best
Thomas Friedman, *World is Flat* in 2005
Subsequently *Hot Flat & Crowded*, 2008



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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

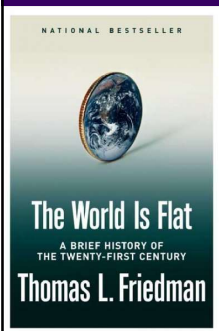
Corporations no longer tied to place

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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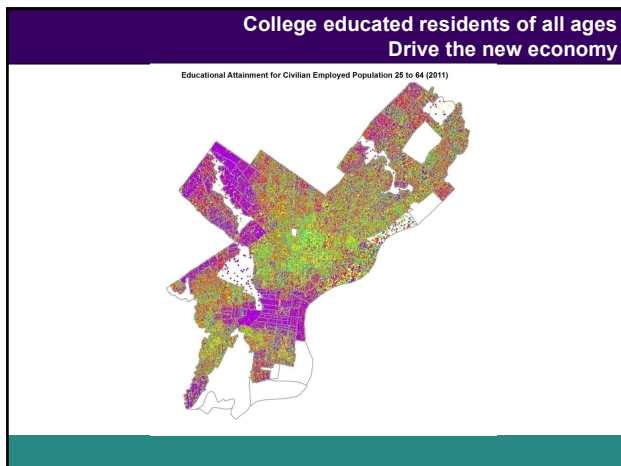
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Knowledge intensive jobs = higher wage jobs

Even as American cities have desegregated from perspective of race, they are sorting themselves by income; smart cities get smarter; smart cities get richer; smart cities get less affordable, absent public policy

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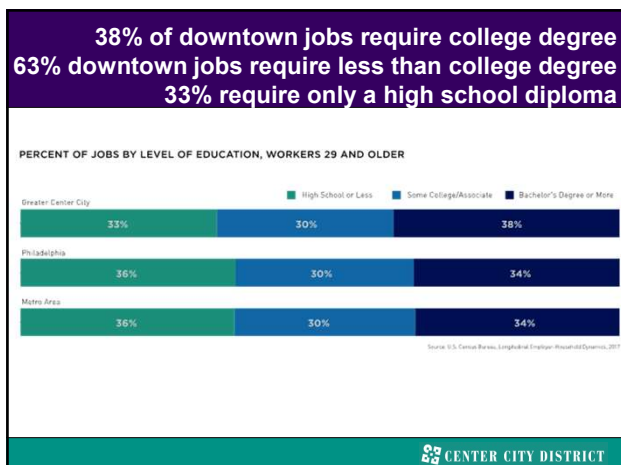
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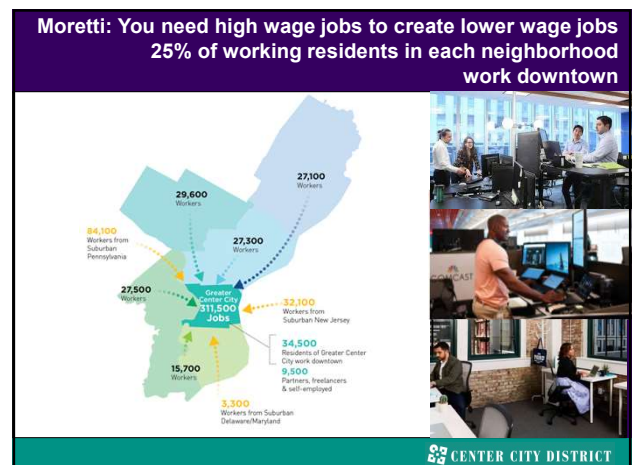
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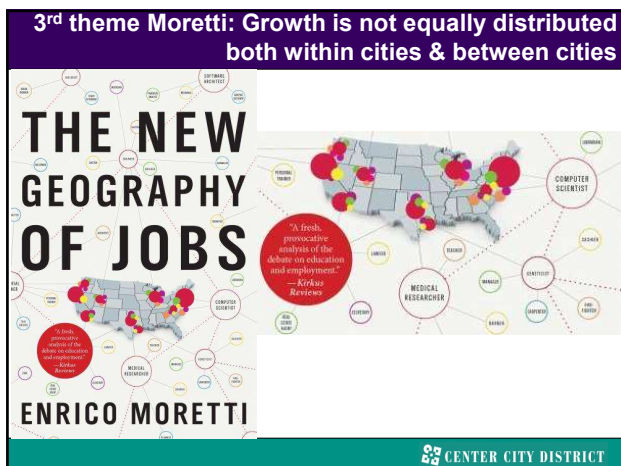
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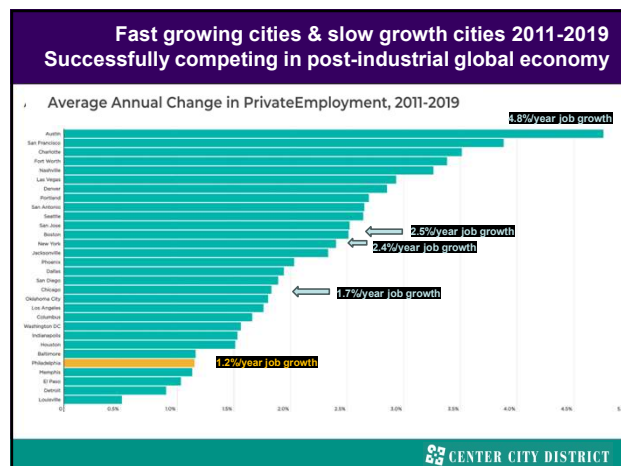
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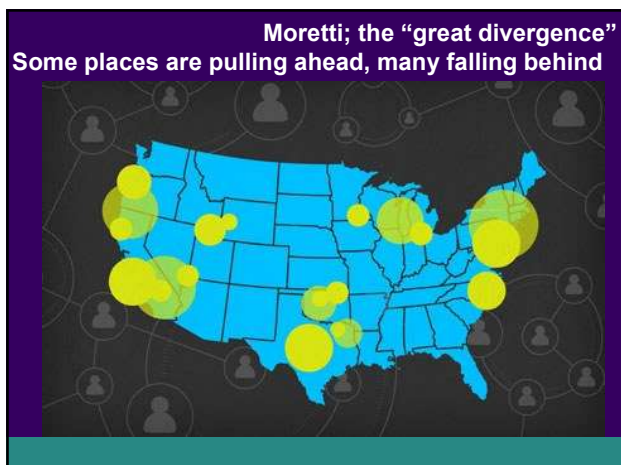
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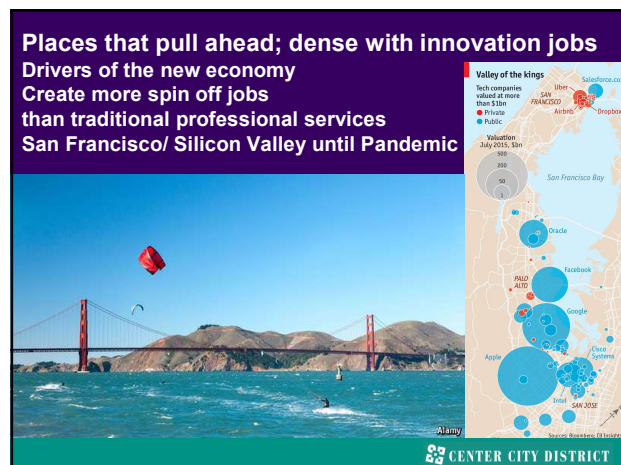
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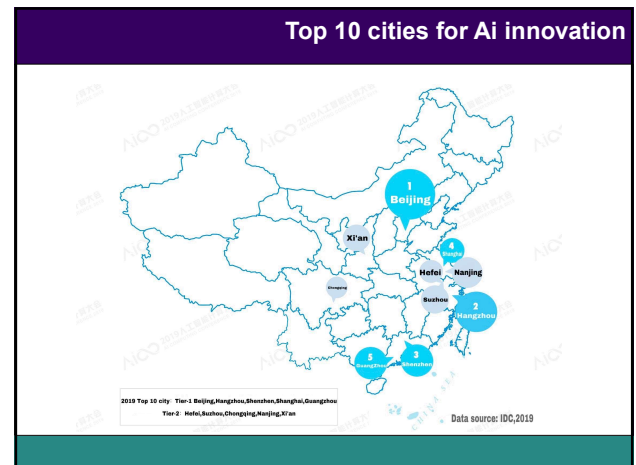
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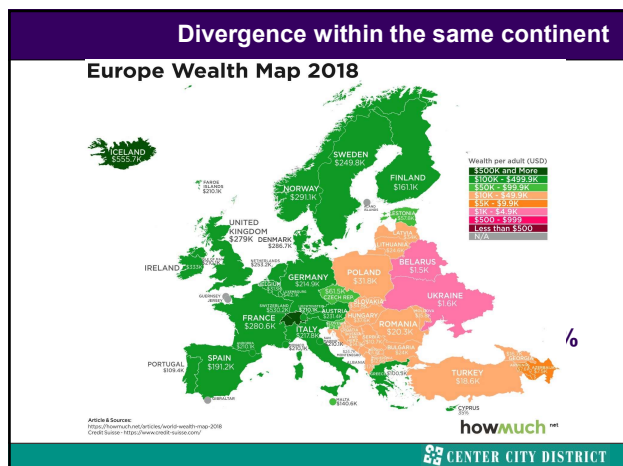
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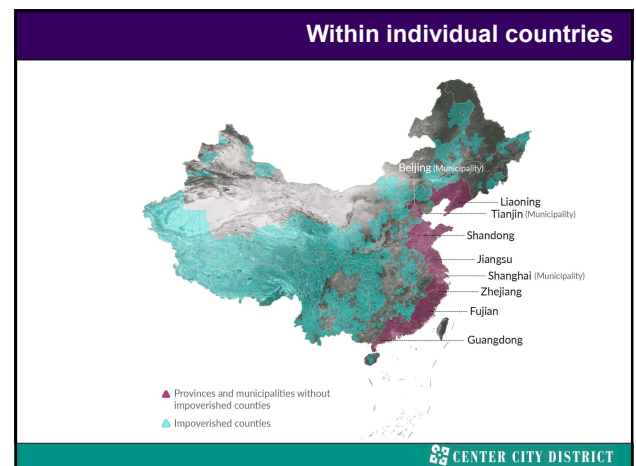
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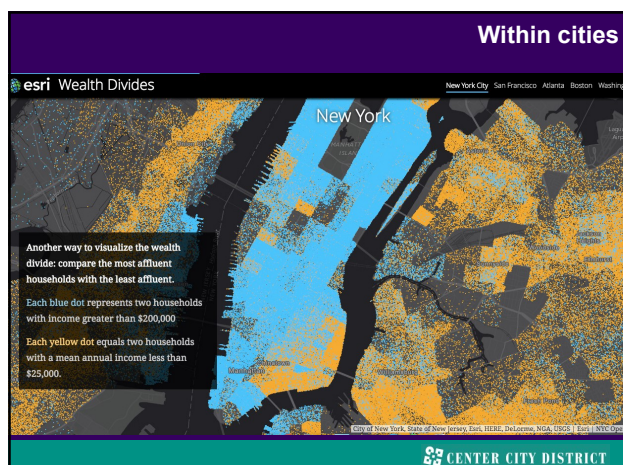
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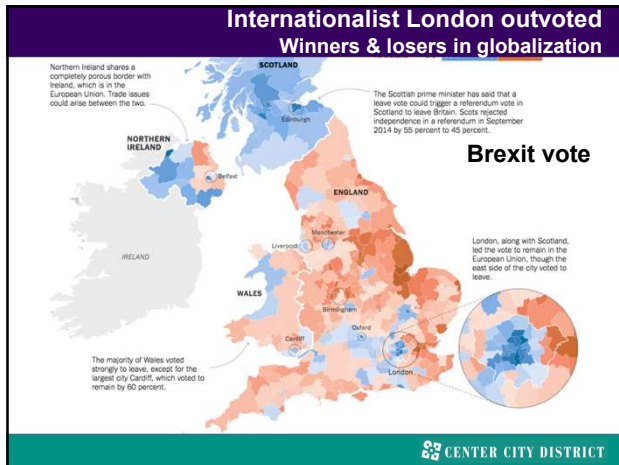
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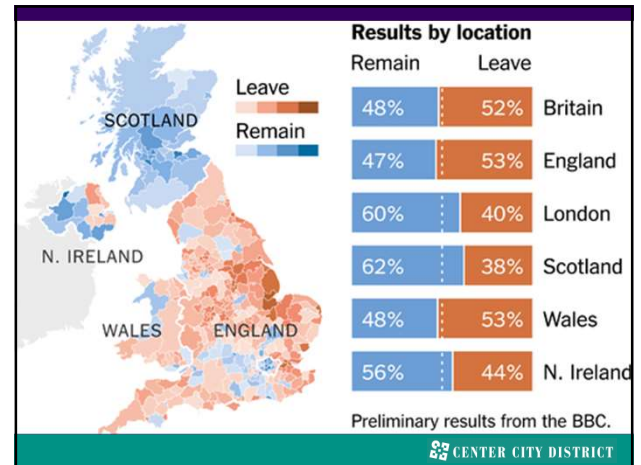
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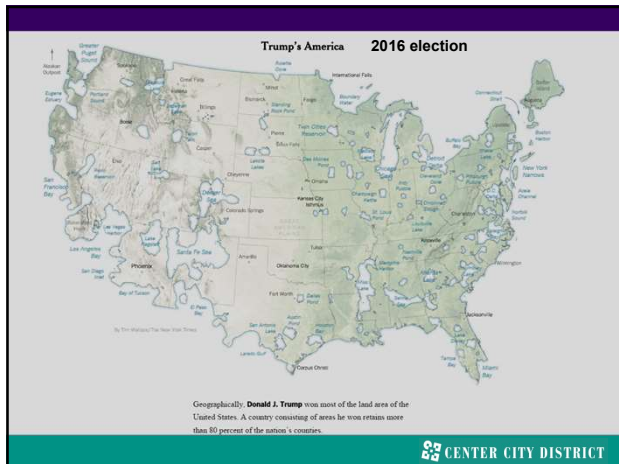
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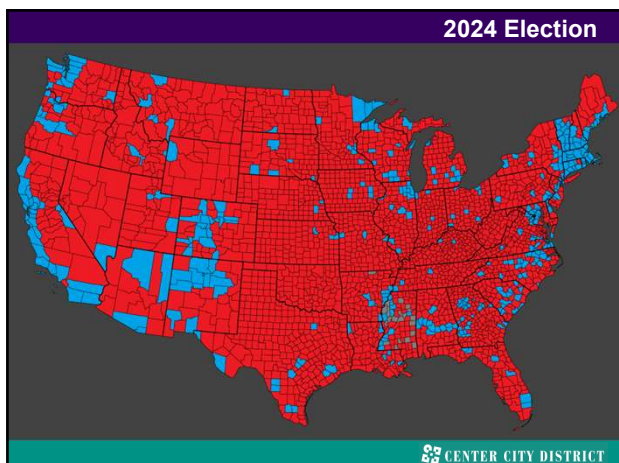
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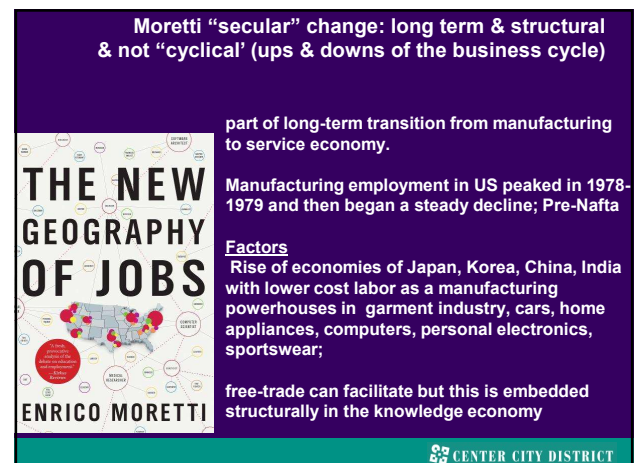
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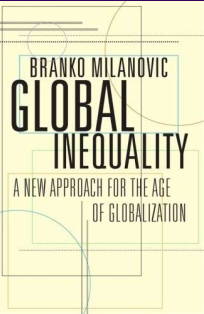


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Milanovic



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

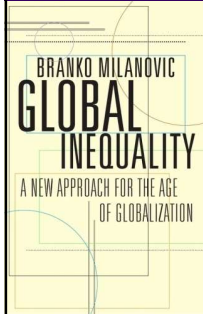
This occurred simultaneously with the emergence of major Asian economies.

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



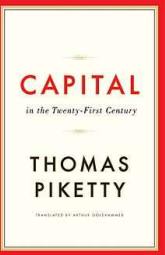
The combination of IT & globalization has opened affluent, Atlantic economies to competition from rapidly industrializing China & India, with much lower labor costs.

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 21st century
French Marxist



Decrease in inequality in 20th century - a special case:

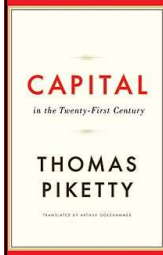
- driven by two world wars which destroyed capital & wealth
- high-rates of taxation to finance the wars
- rise of democratic socialist & new deal policies

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

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Thomas Piketty, Capital in 21st century



Progressive income tax introduced in 1918


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

Cut in the 1920s --25%

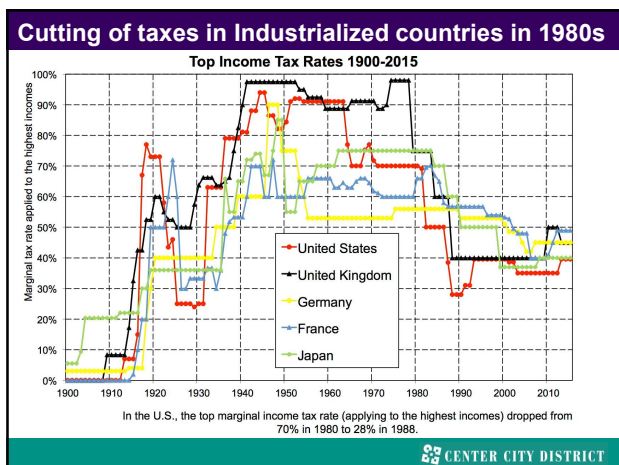
FDR -1933 63%; 79% in 1937

88% in 1942 - World War 2

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

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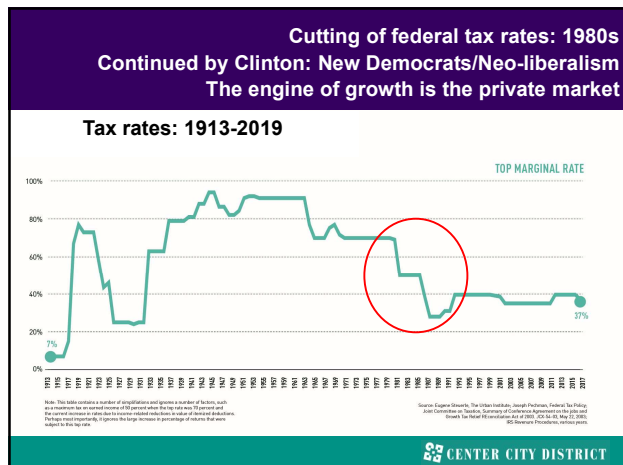
Ronald Reagan sworn in as President 1981-1988
Continued under Bush 1988-1992: New Federalism



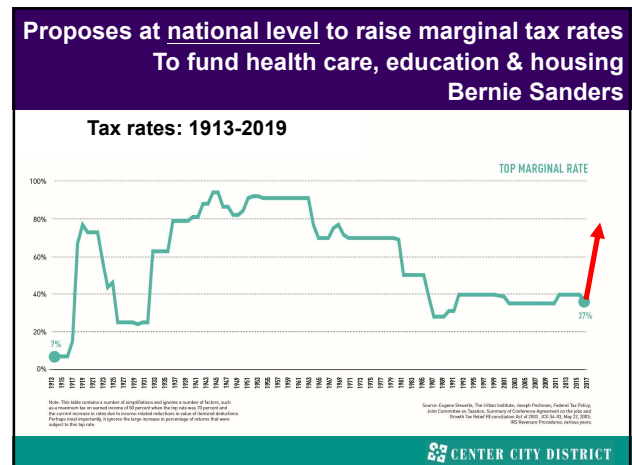
- Deregulation of industry
- Lowering tax rates
- Reduced funding for New Deal/Great Society
- "Government is the problem"
- Government needs to get out of the way of entrepreneurial capitalism
- Strong national government build up of military;

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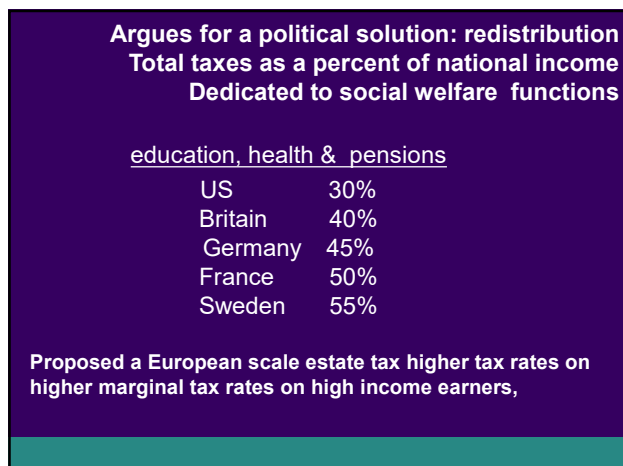
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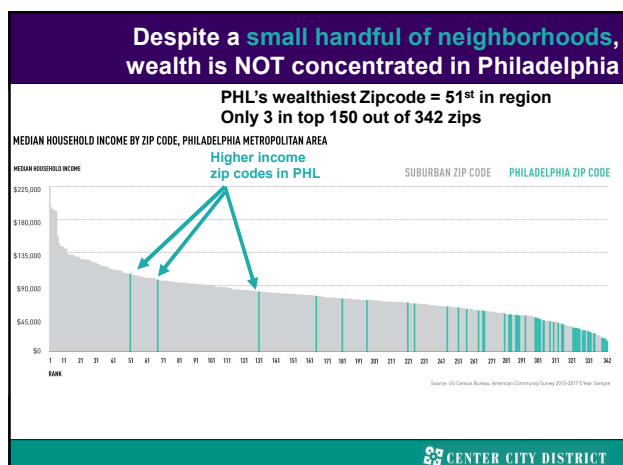
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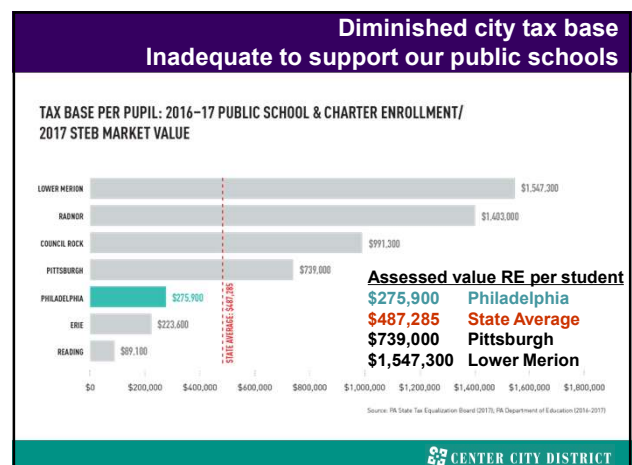
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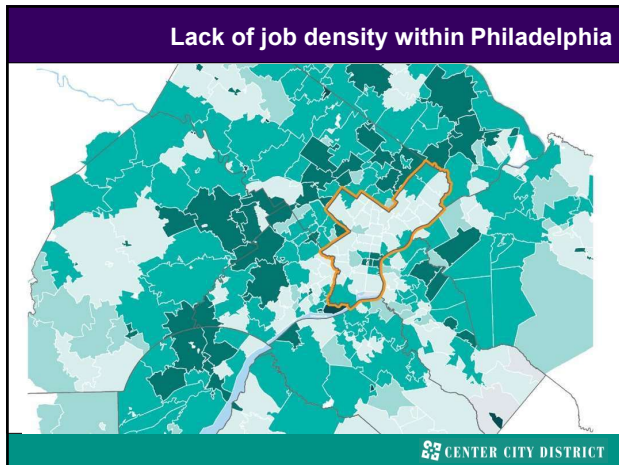
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