

The Future of the American Model of Urban Development

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Let me focus on the future of cities from the perspective of the American model of urban development. Does the American model have a future? What can the American experience teach that is valuable for other cities in the West? Since I lack any broad social theory, I begin by following Bill Clinton's now famous sign in his campaign office to keep him on message, "It's the economy, stupid!" Is the American style of urban development sustainable at this time of world wide-economic crisis? I believe its present encounter with changing capitalism offers important lessons.

First, let us look at the American model. On the surface, it truly seems to be driven by the power and logic of capitalism. American cities, states and regions scramble for jobs and dollars in relentless competition or they face the consequences of falling behind as businesses and people choose to invest or relocate elsewhere. One of the most fragmented and pluralistic urban systems in the world, it often appeals to economic conservatives who like how its competitive features impose a discipline on what local governments do and don't do, tying the economic fortunes of local communities to the winds of economic change. Yet to others this system is a social monstrosity. Critics fault it for tolerating glaring social inequalities, as the least competitive communities are abandoned, and deep divisions based on race and income often result across whole metropolitan areas.

This American model has global reach despite its flaws. European cities that once rejected devolution in urban policy now freely experiment with it. But is it troubled in its own heartland? An economic crisis arising from free market excesses and the rebirth of

the power of the liberal left in the USA now converge. There now is widespread questioning of many economic and political fundamentals. Big government is coming back. What does this mean for America's cities?

First, the economy. Economic restructuring surely is precipitating unprecedented expansion of federal governmental responsibilities in the USA. For months the Obama administration has rolled out initiatives of awesome scale to respond to new fears of economic crisis, often with reluctant backing by Wall Street and corporate decision makers. These involve vast sums of public expenditure and debt that Americans have not seen before. We witness unprecedented expansion of federal power-- reaching into entire industries, the banking system, the financial markets, foreign trade, consumer affairs, and in virtually all local communities affected by the crisis.

Will such a massive recasting of government and market bypass America's cities? Or will economic reconstruction forge a new national urban policy, bringing American cities more within the national governmental orbit of power, perhaps even making urban America in the future look more like Europe?

I do not think the ongoing convergence of economic crisis and new politics will change the American model very much, at least for the foreseeable future. The reason: American urban development is anchored more in local politics than in capitalism. These local political interests are so resilient that a mere capitalist crisis of world proportions is unlikely to undermine them very much.

The market-like features of the American urban system are actually more myth than reality. They have never been due to capitalism itself, but, rather, to deliberate

political choices made by local, state and national governments over many years to permit private sector impulses to play a key role in city building.

The idea and practice of a radically decentralized urban system predates modern capitalism itself, extending back to our Founding Fathers, especially Thomas Jefferson, who celebrated the local community he found in rural areas and villages, while casting suspicion on central governmental power. As industrialization roared into American life after the 1860s the Jeffersonian ideal motivated state governments to construct a highly devolutionary urban system. They did this first by permitting suburbanites to incorporate into hundreds of autonomous local governments entitled to keep out unwanted people, industries and other “intrusions,” often including people of color, public housing and the poor. States later refused to permit central cities to expand their territorial boundaries as wealth exited; eventually, they also passed laws enabling suburbanites to create special governments to provide services beyond their local government’s reach. The result is the fragmented metropolis we know today.

Federal policies essentially reinforced building this devolutionary political order. Urban programs during the Cold War era, such as for highways and housing, generally stimulated flight of people from major urban centers. National efforts were made to redress some of the harsh social consequences of these policies for older cities. Yet these mostly focused on equipping struggling cities to compete with more advantaged regions, rather than reigning in inter-city economic competition itself. These pro-competitive policies forged during liberal post-war times expanded during the conservative political tide in recent decades, but the idea of limiting federal urban policies to leave cities on

their own whenever possible certainly did not originate with the Republicans since Ronald Reagan.

Today American voters do not challenge the matter of decentralization very much. Indeed, whole communities have acquired compelling political interests in making the system work for themselves. Recent decades have witnessed a virtual *explosion* of new local and state governmental programs to manage the urban marketplace. After years of federal abandonment, local and state governments support almost endless varieties of tax, loan, and other business incentives in hopes of bending the pressures of the marketplace to their favor. Indeed, in nearly every city there is hardly a shopping mall, office building, skyscraper, or new factory that does not get built without very large local subsidies of some kind. This has very little to do with liberalism or conservatism, Republicans or Democrats or other ideological divisions. It represents local political efforts to avoid letting market pressures alone determine community economic fortunes. The Supreme Court of the U.S. recently (2005) acknowledged this vital engagement of public and private sectors by deciding local officials could seize private property to sell to another private party for the sole purpose of increasing the property's economic value to the community.

These are deeply entrenched interests. The winners in the American system discourage tinkering with the urban economic landscape from Washington, D. C.. Proliferating urban centers in the newer parts of the USA, especially in the Sunbelt, almost uniformly resist national efforts to level the playing field or doing much to save older cities that are no longer very competitive. The economic resurgence of many older central cities, such as New York City, Chicago, Boston, and Los Angeles, further

undercuts the possibility of regional consensus on urban policy despite the clamor of big city mayors for more federal aid. Dominant interests spur localities and states to seek ways of using *their own assets* to grow and become wealthier, rather than spend much political capital on team- playing in national politics in hopes of evening out development opportunities in some distant future.

The Obama political coalition is unlikely to seriously challenge the traditional urban model. Once deeply entrenched, the highly fragmented system of so many governments seeking competitive advantages discourages even ardent reformers from seeking national solutions to its fundamental shortcomings. Ironically, this means there is greater political payoff in funneling massive government aid to save General Motors and to leave struggling Detroit more to its own devices. When cities fail it is their fault, but when giant businesses fail it is everybody's problem-- because the losses cannot be contained within municipal borders.

Thus, current urban policy remains rooted in localism, making only tentative steps in other directions. President Obama's newly established Office of Urban Policy is headed by a very respectable Bronx politician with no national political experience at all. The massive economic stimulus program Congress enacted provides for little coordination even though it could re-shape the urban landscape. With few exceptions, Obama's dedicated urban initiatives work within the contours of the existing system of intergovernmental politics, rather than providing building blocks for a new one having greater national oversight.

That a fresh national urban policy does not spring even from a city-friendly and liberal president elected on a tide of public unhappiness with the old order is suggestive

of the political barriers to change. This kind of reality led Thomas P. “Tip” O’Neill, who served 34 years in Congress and was speaker in the House, to famously observe that in America “All politics is local.” And he could well have extended this to say, “All economics is politics.”

The resilience of the American model highlights how deeply suspicious many Americans are about concentrating power even in the face of big sacrifices to social equality and economic crisis. But also there is a more positive lesson. Ironically, the US model shows how global capitalism does not drive urban change even in the capital of capitalism. American postindustrial cities have long promoted a competitive urban development style as a matter of public policy, not because of overpowering economic forces. Although American commitment to localism may be unique, the American experience suggests how much the building and organization of democratic political institutions matters. Whether decentralized or highly nationalized, how cities and regions develop strongly reflect a nation’s political choices in sustaining some kinds of governance practices, but avoiding others. From this perspective, predicting the future of cities is not very mysterious. It is strongly tied to people’s willingness to invest political capital in forms of governance that promote the kind of urban development they want. Whether the American model is copied or rejected elsewhere is essentially a matter of political choice.