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Richard Florida Now Sees the Downside of Urban Revival



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Superstar cities can't help all the places and people being left behind.

By [Noah Smith](#)

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Bright lights, hot city.

Cities drive economic growth in service- and knowledge-based economies. They bring together smart, educated, ambitious people -- the creative class -- where they can exchange ideas, start businesses and raise the capital needed to put them into action. But the transformation of the cities is not without drawbacks. More and more, cities are places where inequality is rising as increasing housing costs drive out the low-income and working classes. In the early 2000s, urbanist Richard Florida documented the growth of the creative class and heralded it as a boon for cities. But he has since had some second thoughts about the impact on those left behind. Bloomberg View columnist Noah Smith decided to interview Florida to discuss his new book on cities. What follows is a lightly edited version of their discussion.

Noah Smith: In your book, "[The New Urban Crisis](#)," you spend a lot of time talking about inequality within cities. But you also mention inequality between cities -- how some cities are prospering while others languish. These seem like two different crises to me. In a [recent blog post](#), you even suggest that there's a tradeoff between addressing within-city and between-city inequality -- that eliminating the development restrictions that are pricing working-class people out of superstar cities like San Francisco would result in those cities pulling even farther ahead of the rest of the country.

Which of these two crises should we care more about solving?

Richard Florida: They're two facets of the same underlying process. Winner-take-all urbanism occurs both between metro areas and within them; it's fractal. Within-city inequality is the easier of the two to deal with. That sort of inequality is worse in our largest, densest, most affluent, most educated cities. These places have the greatest economic capacity to address these issues. They also have the most progressive politics; they are more inclined to local redistribution.

Many of these places are already working to make local economic development more equitable and inclusive. We know the broad outlines of what to do -- build more housing, build more affordable housing, upgrade low-wage service jobs, invest in transit and so on; we just need more of it in a more comprehensive way.

Addressing spatial inequality between cities is much harder. America is one of the most spread out economies on the planet. In the U.S., for example, the top five metro areas produce a quarter of gross domestic product; in Canada, the top five produce 50 percent.

NS: If loosening density restrictions in superstar cities increases between-city inequality by causing the superstars to pull even further ahead of the pack, is that an acceptable price to pay?

RF: Yes, unfortunately. Actually, I don't think there is much we can do to stop the issue of inequality between cities and metros. It is by product of the clustering forces that drive innovation and economic growth and therefore raise our overall living standards. Americans look back fondly on the bygone industrial age when we were more spatially equal. But this was a product of manufacturing that could be spread out. Knowledge and talent concentrate: that's the basic mechanism of economic growth.

Maybe, we can make spatial inequality work for us rather than against us, by encouraging and helping cities and metro areas focus on their strengths and assets. Smaller cities can use their lower cost of living to compete by attracting and growing less expensive industries, like Nashville, Tennessee, has done by providing a low-cost alternative for music to Los Angeles and New York; Pittsburgh has done in self-driving cars; or South Carolina has done in manufacturing.

NS: Also, reading your book, it struck me that some of the problems you talk about are bigger than any city can handle. It seems like cities can only do so much to turn service jobs into good, well-paying jobs

before high costs of living force businesses to move to other cities. Doesn't that mean the federal government needs to step in? Also, doesn't Europe's experience show us that redistribution is best done at the level of the national government?

RF: That's true. But with Donald Trump in office and the Republican Party in control of Congress there is little the federal government will do. And the bigger issue is our political divide, which in effect creates a vetocracy in Congress where it is impossible to get much of anything done.

Given the size of the U.S. and its political divide, I think the only way forward is probably to begin to devolve power away from the feds and the states to the local level. It would enable different kinds of places to focus on what they do best. Superstar cities and tech hubs could invest their tax revenues in transit and knowledge institutions and affordable housing and upgrading service jobs; they can pay service workers more, have higher minimum wages and pay more taxes. But, less dense, less expensive places could compete on costs; they work to attract more cost-sensitive industries; they can offer much lower taxes and much lower costs of living.

If we can empower local government and learn to respect each other's values and ways of life, maybe we can learn to more peacefully coexist. The alternative is much less attractive.

NS: In terms of politics, though, aren't things actually worse at the city level in some ways? As you discuss in your book, much of the left's effort on urban issues has focused on things like gentrification and the impact of venture capital, neither of which actually has much of an effect on affordability. More fundamentally, existing homeowners have lots of political power in cities, while prospective future residents -- people who don't yet live in a city, but might move there if it were more affordable -- have no voice by definition. This seems to make the politics of cities inherently dysfunctional, because the people with all the power are those who least want change. Don't we at least need state-level initiatives -- like California's [current push](#) for affordable housing -- to overcome this local bias?

RF: Agreed. And these sorts of local-state policy combinations or alliances are likely to make spatial inequality between cities worse. We are already seeing efforts to combat extreme Nimbyism, or what I call the New Urban Luddism, in cities like New York, San Francisco, Los Angeles and Toronto. There is growing opposition to it now, and pressure to build and develop more housing to keep these economies growing, generate jobs and address affordability and inequality.

But here's the rub. How many states and provinces will really be able to help cities and metro areas address the crisis by overcoming local zoning restrictions, investing in more affordable housing, investing in transit and high-speed rail, etc.? The answer is a very short list. Many Sunbelt cities have less onerous land use regulations and do build more. But, many Southern red states will be dead set against making greater investments in their universities and even more so for making the kinds of transit investments required to overcome their growing congestion woes. So that leaves California, New York, Massachusetts, Washington, Colorado and Ontario, where I live; and maybe a few others over time as they develop and their politics changes -- perhaps Texas, as its major cities and metro areas like Austin, Dallas, Houston and San Antonio grow more powerful and realize that the state government and legislature are operating as a constraint on further growth.

The end result is that these few states -- and their existing superstar cities and knowledge hubs -- will attract even more talent, generate even more innovations, raise wages and salaries, and grow more. The end result is the emergence of a handful of true city-state complexes -- made up of superstar cities and knowledge hubs with the investment and support of their state or provincial governments -- that pull further and further away from the rest.

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