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The Little Black Book of Billionaire Secrets

Invest In Cities To Narrow The Inequality Gap



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Cities such as London are experiencing building booms, but many citizens are left behind.
(TOLGA AKMEN/AFP/Getty Images)

As with the U.K.'s decision to leave the E.U., the rise of Donald Trump and the rest of it, there is no shortage of commentaries on the growing problems in cities around the world. What there is much less of is realistic proposals for dealing with the issues that have given rise to these phenomena. Fortunately, when it comes to cities, there is [Richard Florida](#), director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management and author of *The Rise of the Creative Class*, which explained how a new generation of people was reviving ailing industrial centres. Now, he is explaining how that trend is, among other factors, helping to intensify the issues confronting many urban centres. [The New Urban Crisis](#) is subtitled "Gentrification, Housing Bubbles, Growing Inequality and What We Can Do About It", and, while Florida's analysis of how we got here is unsurprisingly insightful, it is that last bit that is crucial.

As a man who has made understanding the workings of cities his life's work, Florida is in no doubt about the importance of the issue. He writes: "The very same clustering force that generates economic and social progress also increasingly divides us demographically, culturally and politically. Winner-take-all urbanism means that a few big winners capture a disproportionate share of the spoils of innovation and economic growth, while many more places stagnate or fall further behind." He adds that the crisis is much more than a feature of "superstar cities" such as London, Paris and New York" and tech hubs like San Francisco and Tel Aviv. It is affecting deindustrializing regions across the globe and the rapidly emerging centres of developing nations. It is all the more surprising, then, that national leaders are not really grappling with the problem. Especially since all countries rely on cities for the innovation and creativity that spur economic growth.

Nor does the issue end there. Florida explains how the breadth of the crisis helps us understand why, even a decade after the financial crisis, economic anxiety remains a real feature of many people's lives and indeed continues to rise. The fact that it is now the suburbs rather than inner cities where poverty is most prevalent only underlines the extent to which middle-class dreams of a better life have been dashed in the U.S., the U.K. and elsewhere. Florida suggests that the urban crisis is "a big part of the reason why the economies of the advanced nations have been unable to recover fully from the economic crisis and remain mired in what some call 'secular stagnation'."

Acknowledging that some economists favor a New Deal-style stimulation approach to invest in infrastructure with the aim of recreating the middle-class jobs that appeared in the U.S. and elsewhere after the Second World War, Florida warns against a piecemeal approach. "For infrastructure to really put the economy back on its feet, it must be part of a broader strategy for clustered, urbanised growth," he writes. Logical as this sounds, Florida admits that - as well as being expensive - the idea runs counter to much of the anti-urban bias that he says is prevalent in both the U.K. and the U.S.. While rural communities might take a different view, he contends that there is a long-running conservative conviction that cities are "elitist, wasteful, libertine, overrun with vice, promiscuity and crime". Accordingly, he accepts that summoning up the political will to confront the crisis will not be easy.

Nevertheless, he believes that - although the task is huge - it is not insurmountable. He calls for cities and urbanism to be put at the very centre of the agenda for economic prosperity and proposes a strategy for "a more productive urbanism" built around seven pillars. These are:

- **Make clustering work for us and not against us**
- **Invest in the infrastructure for density and growth**

- **Build more affordable rental housing**
- **Turn low-wage service jobs into middle-class work**
- **Tackle poverty by investing in people and places**
- **Lead a global effort to build prosperous cities**
- **Empower cities and communities**

There are clearly roles for political, civic and business leaders in all of these. But it is in the last that there is perhaps the greatest leadership challenge. Recent developments in Spain and Northern Ireland as well as the fairly recent events in Scotland demonstrate how tricky a concept devolution can be. But it is clear, says Florida, that mayors and community leaders in cities around the world need to press for powers that will enable them to guide and govern their communities and to address their own problems as they arise.

Something like what he is proposing is evident in plans like the one for the "northern powerhouse" for the north-west of England, but it will take real leadership to overcome those who cannot see the value of the investment and are reluctant to cede control of spending. But the stakes are truly high. The inequality gap cannot keep growing without something significant giving.

I am a journalist with a special interest in all aspects of management, but especially leadership.