

# Brains over Buildings

To rejuvenate urban centers, look to teachers and entrepreneurs

By Edward Glaeser

**D**ETROIT ONCE HAD 1.85 million inhabitants. Now it has fewer than 740,000. Cleveland and St. Louis, too, are half the size they were in 1950. Across the Atlantic, Liverpool and Leipzig are also dramatically smaller. When so many cities are booming, why are some trapped in decline?

Cities naturally rise and fall as technologies change. Detroit and the other cities of the Great Lakes established themselves as agricultural transport hubs before the Civil War. Afterward, they enjoyed a second growth spurt when American industry settled along waterways for easy access to raw materials such as iron ore. But their geographical advantages eroded over the course of the 20th century as the real cost of moving a ton a mile by rail dropped by more than 90 percent. Manufacturers relocated to lower-wage areas such as the South.

Every older city was hit by the deindustrialization tsunami. Garment production in New York City was hammered even more savagely. Forty years ago two wags put up the sign, "Will the last person leaving Seattle—turn out the lights," when Boeing's cutbacks seemed to imperil the city.

Economic decline was often accompanied by social unrest, including the 1967 Detroit riot that destroyed more than 2,000 buildings. Social fractures

often came to dominate politics as well. Detroit mayors Roman Gribbs and Coleman Young were seen as representing particular groups rather than the city as a whole. Some leaders, such as Boston's legendary Mayor James Michael Curley, may have actually welcomed the flight of population groups that opposed their leadership.

The surprising fact is not that cities decline but that they manage to reinvent themselves. Today Seattle is practically synonymous with information-age success. New York, Boston and Minneapolis have also come back. The main reasons appear to be education and entrepreneurship.

In the metropolitan areas of the Northeast or Midwest, where fewer than 7.5 percent of adults had college degrees in 1970, the population grew by 8 percent between 1970 and 2000. Where more than 15 percent had college degrees, the population grew by 53 percent. Before 1970 growth was correlated more with high school graduation rates than with college achievement; after 1970 college became the deciding factor. Boston is doing about as well as its education level would predict, and so is Buffalo.

Are educated cities more successful, or do successful cities simply attract educated people? Historical records provide one way to answer that question. They reveal that the educational level of a city's population does not change much with time. The percentage of adults with a college degree as of 1940 correlates strongly with education levels in 1970 and today—and also with high incomes and population growth in recent decades, especially in the Northeast and the Midwest. The presence of a land-grant college in a metropolitan area before 1940 is associated with higher earnings and faster growth today. Thus, education seems to beget success rather than the other way around.

A culture of entrepreneurship also helps. Proxies for entrepreneurial energy, such as the share of employment in start-ups and the average firm size, correlate with successful urban reinvention. As with education, entrepreneurship appears to precede success. Cities with comparatively low entrepreneurship in 1900, such as those dominated by big companies in mining or manufacturing, continue to have comparatively low entrepreneurship—they are still dominated by big companies in export-oriented services, which have lagged economically, even in growing areas of the South and West.

Sadly, it is only fairly recently that planners came to appreciate the importance of education. For much of the past half a century, the federal government pushed declining cities to undertake construction and transportation projects, which are not fixes for decline. I have looked for connections between urban-renewal policies and urban resurgence and found none. The futuristic Detroit People Mover glides over desolate streets. Skills, not structures, are the best antidote against urban failure. ■

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**Downsizing Cities.** Witold Rybczynski in *The Atlantic*, Vol. 276, No. 4, pages 36–47; October 1995.

**Are Cities Dying?** Edward L. Glaeser in *Journal of Economic Perspectives*, Vol. 12, No. 2, pages 139–160; Spring 1998.

**Which Places Are Growing?** Edward L. Glaeser. Rappaport Institute/Taubman Center, March 2011.

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