

The Economically Competitive Place in the 21st Century

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Thank you and good afternoon. The widely admired American author Eudora Welty in her collection of essays entitled *The Eye of the Story* wrote, "it is our describable outside that defines us, willy-nilly, to others, that may save us, or destroy us, in the world; it may be our shield against chaos, our mask against exposure; but whatever it is, the move we make in the place we live has to signify our intent and meaning."

Over the past several years I've been in many Colorado communities. In many of them it is clear that the efforts by many of you in this room well represent the "moves you are making in the place you live to signify your intent and meaning."

My assignment today was to talk about preservation as economic development. But I've taken the liberty of taking a slightly more macro view — to talk about what it will take to make the competitive community in the 21st century.

I want to begin with a recollection of history and a real estate cliché. Think about how nearly all cities began — they were founded and grew because of their dependence on a fixed location. They were located on a seaport, or near raw materials, at a transportation crossroads, or close to a water source, or at a point that was appropriate as a military defensive outpost. They were location dependent cities. Now think about that old cliché that the three most important things in real estate are location, location, location. And for a long time that has been true. But we are in the midst of changes that will move cities from being driven by location economics to be driven by place economics. What is the distinction between a place and a mere location? I've struggled with that over the past few years. For the moment I have settled on landscape artist Allan Gussow's definition of place as "a piece of the whole environment that has been claimed by feelings." So place is not a synonym for "location." A location is a point on the globe; an intersection of longitude and latitude. Certainly every "place" has to have a location but I do not believe every location meets the test of being a "place."

Without question in my mind, the motivation for many preservationists is to make sure where they live is not a mere location — to make sure that where they live represents a piece of the whole environment that has been claimed by feelings, and your presence here today may well be evidence of that.

Before we go further I want to make another definitional distinction. The vastly overused word "community" is not, in my judgment, a synonym for "municipality". I've searched for an appropriate definition of "community" and here is the one I think is most useful. "A community is a place in which people know and care for one another--the kind of place in which people do not merely ask 'How are you?' as a formality but care about the answer."

There are today, throughout America hundreds of groups advocating for "community" and hundreds more advocating for "place." What virtually none of them has recognized is that the two concepts - community and place - are inseparable. "Place" is the vessel within which the "spirit" of community is stored; "Community" is the catalyst that imbues a location with a "sense" of place. The two are not divisible. You cannot have community without place; and a place without community is only a location.

I also feel the obligation of making a confession to you: I have, by far, the best job in America. Every year I get to visit a hundred or so communities of every size — from villages of 450 people in the middle of Nebraska to Detroit, Chicago, Los Angeles and every size in between. In the next 8 weeks I'll be in Maryland, North Carolina, New York, Pennsylvania, Oklahoma, and the United Arab Emirates. I go in, pretend I know what I'm talking about, and leave — no follow through, no implementation, no

responsibility. I don't actually have to do anything. Which is probably just as well because I really don't have that many skills. But I do have one. I am a very good note taker. I see what lots of people in lots of places are trying: what is being successful; what is not. And then I take those notes and make lists. That is what I really am — a list maker.

We are now in the 38th month of the 21st century. And since the beginning of this new millennium, but particularly since September 11th, I have spent a lot of time reading, and listening, and thinking about places — thinking about what they are going to have to do to be competitive in this century. And what did I do with this reading and listening and thinking? Make a list, of course, a list I'm calling Qualities for creating the Competitive Place in the 21st Century.

You should know that this list is a work in progress. I absolutely reserve the right to add, subtract, correct and amend as we all move forward into this new century. Forums such as this have given me the opportunity to put this list on paper and offer it to you as a way to judge for yourselves if your efforts in your communities in general and your historic neighborhoods in particular will aid in making them competitive places in the 21st century. I have twenty or so items on this list, so I'll be brief on most of them. And they are not in any particular order. But, for what it's worth, is my list.

The definition of what "economic development" means needs to be a local one. It needs to be specific and measurable. Many local economic development yardsticks in the 21st Century will be qualitative rather than quantitative. Localization will always necessitate identifying local assets (human, natural, physical, locational, functional, cultural) that can be utilized to respond to globalization. Writing in his book *Post-Capitalist Society*, business guru Peter Drucker writes, "Tomorrow's educated person will have to be prepared for life in a global world. He or she must become a "citizen of the world" — in vision, horizon, information. But he or she will also have to draw nourishment from their local roots and, in turn, enrich and nourish their own local culture."

The competitive place will be an active participant in economic globalization. It is not my intention here to argue the merits of economic globalization aside from the following: 1) economic globalization is inevitable in the 21st century; 2) there are 1.2 billion people in the world living in poverty — most of them people of color — and the industrial world will never tax itself enough to end that hunger; 3) the only escape from poverty is the ability to sell goods and services around the world; and, 4) while there will be some places that choose to opt out of the world economy for reasons of provincial ideology, protectionist isolationism, or political I.O.U.s, the citizens of those places will be the losers. Your economic competitors will not be Boulder, Colorado but Bilboa, Spain; not Santa Fe, New Mexico but Samara, Russia; not Richmond, Virginia but Recife, Brazil.

The competitive place will, however, make a conscious effort to avoid cultural globalization. To be lost in a sea of international undifferentiated sameness, to be just a spot in the road that also has a McDonald's, a Toy's R Us, and Super 8 Motel will convert a someplace into an anyplace. And the distance from anyplace to noplac is short indeed. Perhaps the most articulate advocate for globalization in America is *New York Times* columnist Thomas Friedman, author of *The Lexus and the Olive Tree*. But listen to what he says. "There are two ways to make people homeless: One is to take away their home, and the other is to make their home look like everybody else's home."

The competitive place will forge formal ties to educational institutions at every level — colleges and universities, community colleges, high schools, trade schools, private schools. And the competitive city will provide ample opportunities for ongoing learning opportunities throughout one's life. I don't care what field you are in or how good you are at your profession — if you haven't been in a classroom in the last 24 months you are falling behind.

The competitive place will begin to understand that economic growth and population growth are not inherently one-in-the-same. This will be a tough one, because for at least 200 years in this country we have assumed population growth was essential for economic growth. But I would suggest that is no longer necessarily true. How can there be economic growth without population growth? Well, there are at least six ways: a better educated existing workforce; increased productivity; expanded markets; technological innovation; internet transactions; and telecommuting.

Now don't get me wrong. I am not remotely suggesting that some cities might not want population growth or that population growth can't create economic growth. What I am saying is that we need to step back and ask the question, "Can we have economic growth without population growth?" and I think we can.

Let me digress from the list for a moment. I'm in the business of economic development. When I go into a town the people I typically see are bankers, elected officials, city staff, property owners, business owners, professionals. And I often ask them, "Why are you involved in this economic development stuff?" And, of course, what they immediately say is, "We need to increase the tax base; build loan demand and generate deposits for the bank, increase household income, attract higher paying jobs." But you know what, those are never the real reasons. When you talk long enough, and ask the question enough times the real reason emerges and it is this: "I want my kid to have the chance to stay here and work if she chooses to." That's why we're really involved in economic development — so our child can have the opportunity to live and work where they grew up. And if we can create opportunities for them to do that, that too is economic growth, without population growth. But there's one more issue here — Why would a child want to come back if the place they grew up in is indistinguishable from anywhere else?

The competitive place will be a sustainable place. Sustainability has for sometime been recognized by the resource industries — the necessity to pace extraction or renew resources so that the local economy is sustainable over the long term. A broadened principle of sustainability recognizes the importance of the functional sustainability of public infrastructure, the fiscal sustainability of a local government, the economic sustainability of the local economy the physical sustainability of the built environment, and the cultural sustainability of local traditions, customs, and skills. You might think of the notion of sustainability as an environmental concept, but the English words "ecology" and "economy" come from the same root, the Greek word *oikos*, which means "house". Economic development analysts — based on the models of the ecologists — have discovered that what is necessary to keep our economic house in order is the same as it takes to keep our ecological house in order and that, in part, is sustainability.

Another word from the ecological world is diversity. Biologists were the first to understand the importance of diversity to a healthy ecological system but it is true of an economic system as well. That's why smart economic development specialists strive to avoid having their community dependent on a single employer, a single industry, or even a single industry focus.

But the competitive place won't just focus on industrial diversity but perhaps even more importantly on human diversity. Now dealing with diversity is never easy. For 40 years we have struggled in this country — often painfully — over our racial and cultural and ethnic and gender diversity. Those struggles have not been easy nor are they over. But as part of that struggle we have learned as an economy how not only to overcome the challenges of diversity but to utilize alternative perspectives to make money in the marketplace. We live in a world where there are far more Brown, Yellow, and Black people than White; where there are more Hindus, more Buddhists, and more Muslims, than non-Hispanic Christians. The percentage of the world's population made up of people who look and in many cases think like most of the people in this room is falling every day. Our having confronted and worked through diversity issues at home will maintain a competitive edge for American business in the global marketplace. Our main

economic competitors in the next two decades will be Brazil and South Africa. Why? Because those are two countries that are systematically beginning to recognize their diversity as an economic asset, not a sociological liability. What is a white middle-aged heterosexual Republican-type male doing up here talking about diversity? Because communities are going to have to learn to figure out ways to operate in this context of diversity not for sociological, political, ethical, or moral reasons, but for economic survival. A city that is diverse can be a competitive city if it is smart enough to capitalize on and utilize that diversity.

So these concepts of sustainability and diversity emerged from the environmental sciences but I don't want to leave the subject of the environment quite yet. You know we all diligently recycle our Coke cans. It's a pain in the neck, but we do it because it's good for the environment. Now even though a quarter of everything dumped at the landfill is from construction debris, we don't often think about the environment in relation to the demolition of historic buildings. But let me put it in context for you. Let's say that today we tear down one small building like this in your downtown. We have now wiped out the entire environmental benefit from the last 1,344,000 aluminum cans that were recycled. We've not only wasted an historic building, we've wasted months of diligent recycling by the good people of your community. Now why doesn't every environmentalist have a bumper sticker saying "Recycle your aluminum cans AND your historic buildings." Either that or let us off the hook from having to sort those Coke cans every week.

The competitive place will be a differentiated place. Four hundred years ago the Italian philosopher Giordano Bruno recognized that "Where there is no differentiation, there is no distinction of quality." And today a competitive place must be a quality place.

The competitive place will make sure there is affordable housing for workers. Let me give you a real estate fact of life that you all know as well as I — you can't build new and rent cheap, it can't be done, unless you have deep public subsidies or you build crap. A major economic reason to stabilize and preserve older neighborhoods — even if you think they are of nominal architectural or historic value — is so you preserve an inventory of affordable housing. Every time you see that old house being razed just realize that you've lost one more unit of affordable housing, and it will be very expensive to replace it. Why do we care? Over the next ten years around 20 million net new jobs are going to be created in America. And that's great. But nearly seven million of those jobs — 34 percent of the total, are going to pay less than \$20,000 per year. Now I suppose that has all kinds of political, social, and philosophical issues involved. But I have just one question — Where are those people going to live?

Some cities have a hot shot economic director who says, "Well, I understand how other places are going to have to worry about this affordable housing for workers business, but our town is going to be part of the new economy, the high tech economy, the cutting edge economy. And those are all high paid jobs so we don't have to worry about the affordable housing issue."

Well, Mr. "we're the new economy" economic development director, let me explain you something. In the next ten years for every new job for a computer programmer we'll need 7 clerical workers; for every chemist we'll need 43 cashiers; for every operations research analyst we'll need 73 janitors.

Furthermore the so-called new economy workers are driven by quality of life issues on where they want to live. Well quality of life means good childcare, and childcare workers make less than \$11,000 a year. Quality of life means nice restaurants — and waiters and waitresses, and we'll need 300,000 more of them over the next ten years, make \$12,730. Quality of life means clean and safe buildings, which require janitors and guards and they make less than \$16,000 a year. So high tech, high Related to the importance attached to the downtown is the importance that will be attached by the competitive city to the public realm. Certainly that includes the streets and sidewalks of downtown, but pay, new economy cities — good for you...but you're going to have to have a whole bunch of workers who

don't get paid like you do. Those workers are going to need a place to live. So you better be insisting that older neighborhoods be protected and enhanced if for no other reason than to make sure your kid's nanny has a place she can afford to live.

The competitive place will have arts and cultural activities not as a luxury but as a core component of economic development, of public life, of education. The ballet will be every bit as important as the bandwidth; the interactive art exhibit every bit as important as the internet access.

The competitive place will be a city of partnerships. Not the public sector, not the private sector, not the non-profit sector has all the answers; but each has value to add to the process. More and more issues will be addressed locally through partnerships.

The competitive place will also have a vision. It will be a vision that stirs the imagination but remains in the category of achievable. It will be a vision that is advanced one step at a time. It will be a vision that evolves over time. It will be a vision that is embraced to the people of the competitive community.

The competitive place will have a long-term perspective. Elected officials will think more about the next generation than the next election. Business leaders will think about the next quarter century instead of the next quarterly dividend. How long term should we be thinking? Here's my rule of thumb — we should think as far into the future as the age of the oldest public building still in use.

Economic development strategies in the competitive place will include both incentives and regulations — carrots and sticks. You know there are at least three groups who are opposed to this approach. First the traditional planner who only thinks in regulations. I once read of a debate in the English Parliament where one member was described as "wielding his stick in a carrot-free environment." Well that won't work. Neither, however, will only incentives work. The Chinese are trying to build what they call "market socialism". Well, for a long time I couldn't figure out what "market socialism" could possibly be. But then I looked at a whole bunch of American corporations going from city to city asking who will pay them the most to locate there. No strings attached, mind you, just give me a building and land, and tax abatements, and a low interest loan and a grant and I'll be so beneficent as to come to your town. That sounds pretty much like market socialism to me — take the taxpayers dollars but keep the dividends.

And then we have the Libertarians who say, "let everyone do whatever they damn well please but don't give nobody nothin'". But the successful community in economic development will reject those three approaches and use the combination of carrots and sticks to enhance the economic opportunity and advance the vision of the city.

The competitive place will be neither dependent nor independent but rather recognize interdependence — interdependence among property owners; interdependence among business owners; interdependence of the private and public sectors; interdependence of business and labor; interdependence between landlord and tenant, interdependence between residential neighborhoods and commercial neighborhoods.

The competitive city will have a strong, healthy, vibrant downtown. Now I work almost exclusively in downtown revitalization so I could talk for hours why this is important. But I'll limit it to this — a city that has a rotten core is ultimately a rotten city. Period. Related to the importance attached to the downtown is the importance that will be attached by the competitive city to the public realm. Certainly that includes the streets and sidewalks of downtown, but

also parks, squares and public gathering places of all types. This was one of the great lessons of September 11th. Here was this horrendous event. One might have speculated that everyone would want to go home, bolt the doors, and curl up in bed in the prenatal position. Instead what did we do, all over America? We gathered together in public spaces. We wanted, we needed to be with other people. And importantly other people not exactly like us. We didn't gather inside the private space of department stores or hotel lobbies. We gathered on the street, we gathered in parks, we gathered in public squares. That's the public realm and the competitive city will pay attention to it.

Likewise the competitive community in the 21st Century will have a strong ethic of historic preservation. More than any other element, our historic built environment tells us who we were, who we are, and who we can be. A less measurable benefit of reusing historic buildings lies in the philosophical examination of the relative significance of space versus the importance of place. Not long ago with the creation of the Internet, the growth of telecommunications, and the ability to work around the globe from one's house, there were predictions that the significance of one's physical place would diminish in importance. In fact the opposite has been true. The ability to work anywhere, the ability to electronically be everywhere, has increased our need to be somewhere — somewhere in particular, somewhere differentiated. The internet exists only in space; humans who use the internet need a real place, a place of both substance and quality.

These last two elements — the importance of the public realm and an historic preservation ethic — are somewhat related. Historic buildings are private assets that include a public value; and public spaces are public assets that include private values. And all of those values need to be recognized.

Of course we all need to be technologically connected. Who knows what will be the evolution after we all have DSL connections or cable modems, but I'm certain it will be amazing. And importantly as technology advances the number of us who can live anywhere increases. So is technological connectivity critical for the competitive city in the 21st century? Of course it is. But let me digress again for a moment on this issue. Shortly after September 11th I was in Saudi Arabia at a conference on the Future of the City put on by the Arab Urban Development Institute. One of the few other Americans was John Eger. John holds an endowed chair at the University of California in San Diego but is also CEO of the World Foundation for Smart Cities. His presentation was about cities and technology and the importance of being connected. But during the question and answer period John was asked some technical details about the Smart City. And he said, "Well, yes, high speed internet access is important. But you know what? That's not that hard to get, but that isn't what is going to make Smart Cities. Smart Cities are those that value their local culture, that preserve their historic buildings, that revitalize their downtowns." So technology is an important tool, but it isn't what is at the core of a competitive city.

Competitive places will reduce the adverse impact of automobile. We each have a different definition of what is important for our own family. If I were to ask you to list four or five things most important in a community for you, you might put quality schools, public safety, affordable housing, your synagogue or your friends, access to outdoor recreation, perhaps not having to shovel snow in the winter. But how many of you would put at the top of your quality of life list "How many cars can be moved past a fixed point as quickly as possible." I don't think anybody has that on the list. But for the last fifty years all kinds of public decisions have been wrapped around that one. "The highway engineers say we have to move more cars faster": so we make dozens of decisions to accommodate that one. That's nuts. I don't mean traffic flow should not be addressed but it is insanity that every other decision about our cities is subordinate to that one. 21st Century competitive cities will allow that no more.

Open leadership will also be a quality of competitive communities. There will be ready and accessible opportunities for participation and a variety of paths to community leadership. It will not be

necessary that everyone participate in civic activities — rather that there is a clear understanding that everyone has the right to participate.

Government in the competitive place will be seen as "us" not as "them." The population of that community will again see themselves as citizens not merely as consumers of public services. Our devolution from citizen to consumer has, more than anything else, reduced our confidence in and our participation in the public process. That pattern will begin to correct itself in the competitive community.

Finally the criteria for measuring a competitive city in the 20 Century will be more qualitative than quantitative. The single most important element will be that cliché, "Quality of Life". But ultimately quality of life will be determined by five senses: the sense of place, the sense of evolution, the sense of ownership, the sense of identity and the sense of community itself.

The Greeks had a phrase — *horror vacui* — the intolerability of no-place-at-all. Many places in America have approached that *horror vacui*. On a trip to California I picked up a copy of the Sacramento Bee one morning and read a local columnist — Steve Weigand — and here's what he wrote. "And from the Brave New World of the Internet comes the following new term. "Generica: fast food joints, strip malls and subdivisions, as in 'we were so lost in Generica, I didn't know what city it was.'"

Generica isn't just a California phenomenon or just a city or suburban phenomena. Generica is happening everywhere and I would suggest it is at the heart of the challenge of economic development, smart growth and place economics. Generica undermines all five senses — the sense of place, of evolution, of ownership, of identity and of community.

A city will need a sense of place for it's quality of life — something other than Generica — but it will also need a sense of evolution. Let me tell you about the small town of Rushville, Illinois. There is a school there built in 1919 with an addition built in 1925. The addition was the gymnasium on the lower level and an auditorium space on the upper level. The school board decided the structure no longer worked for and so built new schools, added to others, and finally the junior high kids who were the most recent users of the school were moved out. But the school board decided that not only didn't the building work as a school — it was unusable for anything and intended to demolish it. When I toured the building I went into one of those little dressing rooms that are usually found behind the stage in high school auditoriums. There written in graffiti on the wall — clearly by a 14 or 15 year old was this: "Those who want to tear this building down have never seen this place as Wonderland." That kid clearly understood what the school superintendent did not — that the evolution of the community was represented in that building and it was a far too precious commodity to be lost. The School Board didn't understand that and the building was torn down.

But if the Rushville, Illinois School Board didn't understand that, others do. In his book *The Good Society* sociologist Robert Bellah observes, "Communities, in the sense in which we are using the term, have a history--in an important sense they are constituted by their past--and for this reason we can speak of a real community as a 'community of memory', one that does not forget its past." Generica diminishes each of the five senses; preservation of the historic built environment enhances each of the five senses, and constitutes the physical manifestation of a "community of memory". Historic preservation builds both community and place; generica destroys both community and place.

The third sense necessary for quality of life is the sense of ownership. People within the city need to feel the city is theirs. This sense of ownership has nothing to do with who the deed holders happen to be. People need to truly believe "This is my community." A sense of ownership stems from a sense of opportunity — economic opportunity, political opportunity, social opportunity, and the opportunity to participate.

The sense of identity is vital to quality of life. A major component of real community identity is community differentiation. In Italo Calvino's *Invisible Cities* Marco Polo is describing to Kublai Khan the various cities of the Khan's vast empire. In depicting the city of Trude, here is what he tells the Khan.

If on arriving at Trude I had not read the city's name written in big letters, I would have thought I was landing at the same airport from which I had taken off. The suburbs they drove me through were no different from the others, with the same little greenish and yellowish houses. Following the same signs we swung around the same flower beds in the same squares. The downtown streets displayed goods, packages, signs that had not changed at all. This was the first time I had come to Trude, but I already knew the hotel where I happened to be lodged; I had already heard and spoken my dialogues with the buyers and sellers of hardware; I had ended other days identically, looking through the same goblets at the same swaying navels.

Why come to Trude? I asked myself. And I already wanted to leave. "You can resume your flight whenever you like," they said to me, "but you will arrive at another Trude, absolutely the same, detail by detail. The world is covered by a sole Trude which does not begin and does not end. Only the name of the airport changes."

In economics it is the differentiated product that commands a monetary premium. If in the long run we want to attract capital, to attract investment to our communities, we must differentiate them from anywhere else. It is our built environment that expresses, perhaps better than anything else, our diversity, our identity, our individuality, or differentiation. As the world's economy is globalized — and it needs to be — it is even more important that the local culture and character isn't globalized — and it needn't be.

There is a principal in physics that says if a thing cannot be distinguished from any other thing it does not exist. If your town cannot be distinguished from any other town, sooner or later it will cease to exist. Some of you will remember Robert Pirsig as the author some twenty years ago of *Zen and the Art of Motorcycle Maintenance*. Well Pirsig reemerged a couple of years ago with a book entitled *Lila* in which he hypothesizes a concept called the Metaphysics of Quality. He adds a second principal of physics and states: "if a thing has no value it isn't distinguished from anything else." My only modification to that premise would be to turn it around and say: if a thing isn't distinguished from anything else it has no value. For our communities to have value they must be distinguished. And their physical distinction — particularly the historic built environment — is a crucial element in that search for value.

The fifth sense necessary for quality of life is the sense of community itself. And lest you misinterpret what I mean, "community" does not imply everybody holding hands and singing *Cumbaya*. In fact as art critic and historian Lucy Lippard writes in her book, *The Lure of the Local*, "Community doesn't mean understanding everything about everybody and resolving all the differences; it means knowing how to work within differences as they change and evolve...A healthy community in a mixed society can take these risks because it is permeable; it includes all ages, races, preferences, like and unlike, and derives its richness from explicit disagreement as much from implicit agreement."

Quality of life is the amalgam of those things that make a place out of a location and a community out of a bunch of houses. Maintaining that quality of life in your community is not easy nor will it get easier. But the five senses of place, of evolution, ownership, of identity and of community will lead us there.

Daniel Kemmis is the former mayor of Missoula, Montana. He wrote: "(W)hat 'we' do depends upon who 'we' are (or who we think we are). It depends, in other words, upon how we choose to relate to each other, to the place we inhabit, and to the issues which that inhabiting raises for us. If in fact there is a connection between the places we inhabit and the political culture which our inhabiting of them produces,

then perhaps it makes sense to begin with the place, with a sense of what it is, and then try to imagine a way of being public which would fit the place."

I would suspect that you have begun in your communities with a sense of your place and have found a way of being public which fits your place. Congratulations on what you are doing and thank you for giving me the opportunity come to Colorado today. Thank you very much.

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