

METROPOLITAN ECONOMIC STRATEGY

TEAMWORK: WHY METROPOLITAN ECONOMIC STRATEGY IS THE KEY TO GENERATING SUSTAINABLE PROSPERITY AND QUALITY OF LIFE FOR THE WORLD

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METROPOLITAN ECONOMIC STRATEGY IS NOW ESSENTIAL FOR EVERY NATION AND URBAN REGION

The most important geographic units of economic activity in the world today, other than the nation-state itself, are urban regions. All across the world, in every country, more than half of the national income is generated by urban areas. Indeed, these percentages range from an average of 55% in low-income developing countries, all the way up to an average of 85% in high-income developed countries. What is all the more striking about these statistics is that in every case the percentage of national income generated by urban areas exceeds the percentage share of the national population that is urbanized. In the case of the low-income developing countries where urban areas account for an average of 55% of the national income, the urban share of the population averages 32%. In middle-income countries, the urban share of national income averages 73%, whereas the urban share of the population averages 50%. For high-income countries, the average urban contribution to national income is 85%, yet the urban proportion of the national population is 79%. This shows that the greater the level of urbanization in a nation the higher is its level of prosperity, and conversely, the more prosperous a country is, the more urbanized it is at the same time.

Take almost any city in the world, and its contribution to national prosperity substantially exceeds its percentage of the nation's population. Prague, the capital city of the Czech Republic, is a good example. It has 10% of the national population, 15% of the nation's workforce, over 20% of the national Gross Domestic Product (GDP), and more than 50% of the national tourist revenue. Cities all over the world, rich and poor, in developed and developing countries, on every continent, follow a similar pattern, whether it be Belgrade with 41% of the national GDP and 14% of the national population, or Bangkok, with 41% of the national GDP and 9% of the national population.

The reason for this disparity is because urban regions are the only places that can combine the two most important elements for generating productivity and innovation, which is the main way that economies create value and compete in the global marketplace. These two elements are specialization and diversity. Only an urban region can gather together a critical mass of people with highly specialized and advanced skills in knowing how to engage in particular productive activities. Further, only an urban region can combine within one broad location a large number of different people with a wide range of highly diverse specialized skills, mixing together this wide range of skills to become both very productive and particularly innovative in developing and marketing new products and new production processes. Such a combination of specialization and diversity becomes even more vital than ever in today's new economy, which is characterized by three key features: 1) it is knowledge- and information-based; 2) it is technology- and communications-intensive; and 3) it is globally oriented.

Urban regions are vital competitive geographic units of the global economy, major contributors to generating and sustaining prosperity and quality of life for every community and nation. These

expansive city-suburban-exurban areas are now the main battleground where competition is won or lost in developing new inventions, generating investment, jobs, trade, high value-added production, and enhanced incomes. Indeed, urban regions represent the most vital sources of prosperity for every nation. Promoting productivity and innovation is essential for competitive success in the world economy, and urban regions have become the leading generators of technological and organizational advances in the production and distribution of goods and services for the global marketplace. The main prescription for victory in global economic competition is to establish metropolitan centers of innovative activity, combining creative human talent with state-of-the-art equipment to incubate and foster technical advances in a wide range of interrelated products and production processes.

The principal reason for the growing importance of metropolitan economies in generating national prosperity is their essential character as the only geographic entities that contain, in relatively compact form:

- the critical mass of skills and resources;
- the necessary population density and concentration of market incomes;
- the range of specialized knowledge and institutions;
- the wide diversity of vitally needed facilities and services;
- and the fully developed physical and human infrastructure that are prerequisites for new ideas, products and production methods, technological and organizational innovations, and dynamic economic growth and investment.

While rural areas can and do contribute substantially to overall economic well-being through agriculture, mining, natural resources utilization, and recreation, they cannot generate the extensive and competitive prosperity and quality of life for millions of people that emanate primarily from urban regions. Only the metropolis has the fundamental assets that together can offer the unique combination of specialization and diversity to stimulate self-sustaining economic development and job creation, with the clustering and networking dynamic among many different firms, entrepreneurs, and institutions interacting in ways that spawn and accelerate growth of production and exports, and expansion and spreading of incomes and wealth.

The evidence is mounting on the essential national and international economic role of urban regions, and it comes from a wide array of expert analysts. One such source is research performed by a highly respected economic analysis and management consulting firm, the Standard & Poor's DRI division of the McGraw-Hill Companies. Two studies, entitled *US Metro Economies: The Engines of America's Growth*, and *US Metro Economies: Leading America's New Economy*, document in statistical detail the overwhelming presence of economic activity in urban regions and its impact on overall growth in high-technology fields and throughout the national economy:

The geographic concentration of business and people in metro areas creates unique economic conditions that generate new industries, speed the diffusion of knowledge, spur technological innovation, and increase productivity. Metro areas have larger markets for goods and services, more specialized labor pools, and more extensive and sophisticated transportation and telecommunications networks than non-metro areas. These competitive advantages make metro areas the engines of US economic growth and the source of new high-technology industries. Today, metro areas generate more than 80% of the nation's employment, income, production of goods and services, and 94% of high-tech jobs and output...and are the gateway for 83% of US merchandise exports.

In addition, a steadily expanding group of scholars and experts in related fields such as economics, business, management, geography, planning, and public policy argue that as globalization advances and the speed and convenience of international transportation and telecommunications bring people and goods closer together, the strategic value of specific places becomes more, rather than less, important. This is because of the ability of highly skilled

and educated entrepreneurs and professionals to locate where they want to be instead of where they must be, with a much wider range of choices available to them. For example, Professor Michael Porter of Harvard Business School, in his book, *On Competition*, emphasizes the growing tendency of corporations to concentrate their major activities in a specific “home base” located in urban regions throughout the world:

When considering the globalization of competition, however, one must confront an apparent paradox: Although companies do indeed compete globally and inputs such as raw materials, capital, and scientific knowledge now move freely around the world, strong evidence shows that location continues to play a crucial role in competitive advantage...This geographic concentration of competitive advantage appears not only in established industries such as automobiles and machine tools but also in new industries such as software, biotechnology, and advanced materials...[G]lobal companies have indeed dispersed activities to many countries, but they continue to concentrate in one location a critical mass of their most important activities for each of their major product lines or businesses.

Los Angeles Times columnist Joel Kotkin, in his book *The New Geography*, makes a closely related point:

Decisions about where to locate businesses, for example – once dependent on questions of access to ports, roads, rails, or raw materials – are increasingly dependent instead on the ability to link often scarce human resources.... These changes profoundly alter the very nature of place and its importance by de-emphasizing physical factors...and placing greater emphasis on the concentration of human skills in dense concentrations of population.... The more technology frees us from the tyranny of place and past affiliation, the greater the need for individual places to make themselves more attractive. Surveys of high-technology firms find that among factors that drove their decision of where to locate, a ‘quality of life’ that would make the area attractive to skilled workers was far more important than any traditional factor such as taxes, regulation, or land costs.

Views emphasizing the increasing role of economic geography and the competitive advantages of urban regions are strongly reinforced not only by numerous other academics, writers, and consultants such as Kenichi Ohmae, Rosabeth Moss Kanter, Paul Krugman, Peter Hall, Manuel Castells, Neal Peirce, and Saskia Sassen, but much more importantly, by many business executives, corporate real estate professionals, site selection advisers, and economic development location experts, all of whom primarily target urban regions when they conduct and publish surveys of the “best places for business.” Indeed, a detailed analysis of the business media and related publications clearly demonstrates that urban regions are the most often analyzed geographic unit represented in national and international location ratings. Even when the title of the article or report is “the best cities for business,” what the magazine or rating agency really is evaluating are entire urban regions, not just central cities.

The vital economic contribution of urban regions is anchored by the major cities they encompass, which provide the constant stream of creative activity, interaction, specialization, and diversity that is essential for innovative ideas, methods, and products to develop and thrive. In the global economy of the 21st century, cities function primarily in seven distinct and essential ways to generate national prosperity. They are:

- centers of innovation and services, including advanced and highly specialized services
- centers of culture, sports, entertainment, conventions, and tourism
- centers of education, research, and health care
- centers of transportation and trade
- centers of manufacturing and technology development
- market centers
- workforce centers

METROPOLITAN ECONOMIC STRATEGY: A NEW GLOBAL POLICY INITIATIVE

Every urban region experiences economic growth or decline, regardless of whether there are comprehensive plans or coordinated initiatives. Urban regions function as fully integrated economies in terms of the production and distribution of goods and services, and they will function as such with or without a coherent economic strategy. A critical determinant of their success is the decision-making process of private sector executives, investors, entrepreneurs, and consultants making facility location commitments in the global marketplace, especially their evaluation of the synergy and attractiveness of urban regions as centers of innovation that can provide businesses with a competitive advantage.

Unfortunately, metropolitan regional economic growth often occurs in an uncoordinated and haphazard fashion, and consequently may be missing opportunities to produce greater investment, higher incomes, and more equitable distribution of the benefits of prosperity among people and places. Most urban regions do not have viable mechanisms for promoting metropolitan-wide economic development by creating a common vision, formulating a collective strategy, or jointly cooperating to implement major initiatives. Much of the contemporary debate centers on the impacts of metropolitan economic growth, including whether growth is too fast or too slow, problems of fiscal disparities and geographic or social inequities, and harmful effects on environmental quality. This discourse is primarily about analyzing trends and reforming policies.

Metropolitan Economic Strategy, on the other hand, is a proactive organizing principle that directly depends on regional teamwork and citizenship. Such strategies are explicitly designed to bring together the public, private, and civic sectors across the entire urban region to formulate and carry out a coordinated set of targeted investments in people and places, consciously designed to enable businesses to grow, jobs to expand, and quality of life to improve. Each of the major constituencies — business, government, and community leadership — must closely collaborate for the metropolis to thrive economically, socially, and physically. In just the same way that local, provincial or state, and national or federal governments use economic development plans to guide their actions, so also must the many different communities and constituencies that comprise an urban region farsightedly engage in such comprehensive planning and united action if they are to compete effectively and succeed in the global economy.

TEAMWORK: CREATING METROPOLITAN IDENTITY TO COMPETE AND WIN IN THE GLOBAL MARKETPLACE

The real “city” of today is the “metropolis.” Urban regions are the most economically organic components of urban geography and demography affecting people’s daily lives at the local level, and the main access points for individuals trying to thrive in the global economy. Yet the greatest barrier to regional coordination, cooperation, and collaboration is the lack of a common metropolitan consciousness and citizenship. Therefore, promoting teamwork by encouraging households and families to begin reaching beyond local political boundaries in pursuit of their common interests and goals of increasing prosperity and enhancing quality of life is essential both for individual and for collective success.

By emphasizing the interwoven economic destinies that bridge across families and communities within urban regions, people can begin to see themselves as members of a cohesive economic team that is actively competing against other economic teams all over the world. Metropolitan Economic Strategy is thus vital for encouraging a unified vision of regional purpose. It promotes “identity regionalism” — a common interest and a sense of mutual benefit that is much more powerful and effective than the typical “functional regionalism” organized around managing regional public facilities such as airports, transit systems, parks, water and sewer systems, and other types of single-purpose governmental responsibilities.

The lack of political and cultural traditions that tie people together within a common metropolitan framework poses a major challenge for urban regions competing economically in the global marketplace. Governmental jurisdictions are organized along local, state or provincial, and national or federal lines. Urban regions transcend the boundaries of cities, towns, townships, villages, boroughs, counties, special districts, and other public entities. Many of the world's urban regions cut across provincial or state lines, and some even cross national borders. Therefore, the average person does not see himself or herself as an integral part of a metropolitan economy. Most senior corporate executives do clearly understand regional economic connections, because product markets and labor markets operate across the whole metropolis, as do most major institutions such as hospitals and newspapers. Companies make decisions regarding investment, production, distribution, and site selection based on the assets and qualities of the entire urban region, even though their facilities are located within the administrative jurisdiction of smaller units of local government.

One important exception to the general lack of common metropolitan identity is college and professional sports, and, to a lesser extent, certain forms of arts and entertainment such as museums, orchestras, theaters, and parks. If one draws an invisible circle around an urban region, one typically finds that everyone living and working within that circle is expected to "cheer for the home team." Competitive team sports is one of relatively few spheres of interest uniting cities, suburbs, exurbs, and rural areas, even transcending national boundaries. The challenge for 21st century global competitiveness in every country is for diverse urban populations to relate economically in the same way they identify as sports fans, and to collectively support their "home team" by working together as citizens of a metropolitan economy to promote local and regional prosperity and quality of life. Given that the dynamic of metropolitan interrelationships represents how the global economy actually functions and regional vitality is truly maintained, it is only a matter of time before everyone recognizes this modern reality. A vital challenge is for residents of urban regions to begin engaging in this new form of economic teamwork, clearly understanding that doing so will best enhance their opportunities to prosper in the global marketplace.

GOOD LEADERSHIP AND GOVERNANCE ARE VITAL FOR METROPOLITAN ECONOMIC STRATEGY TO SUCCEED

Good leadership from the public, private, and civic sectors is essential to bring together disparate groups, interests, and places into a coherent body with a shared vision and commitment to coordinated action. Such leadership can emerge from an economic crisis, as in Barcelona where job losses in the late 1970s served as the impetus for the successful bid to host the 1992 Summer Olympic Games and use it as the catalyst for developing a new, forward-looking economic strategy, or in Washington, DC, when a municipal budget deficit and reduction in federal government employment served as the impetus for an aggressive new strategy for diversification, growth, and community improvement. Leadership can also come from a vision of expanded opportunity in the absence of a perceived crisis, such as in Shanghai, with the Chinese government promoting investment in the city and surrounding region as the leading edge of national economic competitiveness in global markets, or in Austin, Texas, where dynamic business and government leaders turned a state capital and university town into a worldwide center of technological production. In either case, people must have a genuine desire and willingness to work together for improvement, and a belief and faith that working together in creating and carrying out a strategic vision will generate meaningful results and widespread benefits.

When most of the major stakeholders finally have agreed to work together across an urban region, then the issue becomes how to do so most effectively to generate broad-based economic growth and increased quality of life. In order to formulate a good strategy, clear agreement on goals is needed, though the most important goal should always be enhancing prosperity and quality of life for everyone and everywhere. Also needed is a very clear understanding of the market forces and institutions, because a strategy is a theory of cause-and-effect relationships

that must be based on a realistic comprehension and thorough knowledge of what is actually occurring and how things truly operate. A strategy is not just stringing together a collection of specific projects or programs. There must first be a broader clarity about how to accomplish the planned results, and only then will doing major projects and programs become a necessary and vital aspect of the implementation process.

Another important challenge for Metropolitan Economic Strategy to succeed is that of governance. Even though urban regions are the main engines of growth, productivity, and innovation in the global economy, governments are not organized along such geographic lines. In most cases, with China as a notable exception, there are no general purpose governments with substantial authority and resources whose jurisdiction corresponds directly to the boundaries of urban regions. South Africa recently created metropolitan governments to end the legacy of apartheid and bring together under one jurisdiction the formerly “white” cities and “non-white” suburban townships, but even in those situations it is necessary to bring together a wide variety of local government jurisdictions, along with provincial and national governments, in order to prepare and implement a Metropolitan Economic Strategy. In many places around the world, the population and workforce of urban regions cut across provincial or state boundaries, and in some cases, even national borders, thus compounding the governance challenge. Developing leadership that can build consensus and collaboration is a vital task. No strategy can succeed without good leadership. Also, coordination among numerous governmental units is only part of the challenge of governance. Public-private partnerships that include business and civil society along with government are equally essential.

During 1997-98, in Washington, DC, we engaged in a massive effort to create a strategic economic development plan that has been very successful over the past eight years in expanding jobs and capital investment, raising incomes, promoting development and renovation, increasing homeownership, and improving neighborhoods. This was a city-level plan, but one that took an explicitly pro-metropolitan approach. We studied the city’s prospects in the context of its role in and contribution to the metropolitan economy, focusing on how to grow the overall regional pie and capture a larger slice of that expanding pie for the city and its residents. Many of the projects, such as the NoMa (North of Massachusetts Avenue) initiative that financed and built a new Metrorail transit station and bicycle/pedestrian path at New York Avenue and redeveloped a deteriorated and abandoned area of the city as a thriving technology, media, arts, and housing district, won support from regional business and government leaders outside the city because it improved metropolitan economic competitiveness. The NoMa story was a good example of “win-win” inclusiveness, as it brought together and benefited various levels of government, private businesses and property developers, low- and moderate-income community residents, and environmental activists, which is why it was designated in 2002 by the United Nations as one of the 40 worldwide Best Practices to Improve the Living Environment. Other city initiatives also had a metropolitan dimension, such as extending Metrorail service in the suburbs to make it easier for low-income city residents to obtain and travel to suburban jobs, and also including the offer of new financial incentives for suburban residents to purchase homes and move back into the city in order to enjoy the attractions of a more urban-oriented lifestyle.

TWO ESSENTIAL ELEMENTS OF METROPOLITAN ECONOMIC STRATEGY: INVESTING IN FUNDAMENTAL ASSETS, AND BUILDING DYNAMIC INDUSTRY NETWORKS

A good economic strategy consists of two key elements: 1) building from strength — investing in the fundamental assets and activities that make people more productive and places more valuable; 2) generating dynamism — promoting modern, globally competitive industry networks that accelerate the pace of innovation and growth. Investing in the fundamental assets shifts the focus away from narrowly defined economic development initiatives that rely on tax subsidies and other incentives. The biggest asset is people, and what makes them productive are investments in transportation and infrastructure that move people, goods, and information most efficiently and cost-effectively, investments in education and workforce development that make people more

skilled and innovative, investments in research and technology to generate new ideas and products and processes that are highly valued in the world, investments in health and safety that make places worthwhile for living, working, and visiting, and investments in the physical environment and cultural milieu that make places more attractive, life more rewarding, and people more motivated to work and study hard. Thus economic strategy, as opposed to the conventional view of local economic development, involves all of the important aspects of public and private resources and institutions, and is necessarily comprehensive and broad-based.

In Akron, Ohio, the leaders of the urban region came together in an economic crisis and created a Metropolitan Economic Strategy that maximized their fundamental assets of people and place. Faced with the loss of thousands of jobs in rubber tire manufacturing by the four major companies — Goodyear, Goodrich, Firestone, and General Tire — metropolitan leaders did not try to become another Silicon Valley and create an information technology and telecommunications industry. Instead, they recognized that “high technology” in today’s world involves every type of product and production process, and that they could compete more effectively by focusing on their own areas of expertise rather than simply trying to imitate what other places were already doing successfully.

Since synthetic rubber was developed in Akron during the 1940s and 1950s, Akron’s metropolitan leaders recognized that the people and institutions within their region had a depth of knowledge in the field of *polymers* — the science and engineering of plastics and of related synthetic materials. Therefore they decided to invest more heavily in this unique specialization, and reinvented their urban region as the world center of polymer science and engineering, creating a whole new college and research laboratories at the University of Akron. They put together all the elements of such a Metropolitan Economic Strategy — education, job training, research, financing, business assistance, facility construction, physical infrastructure, trade promotion, marketing, product development, industry network linkages, personnel recruitment, and much more — and they successfully implemented this strategy by generating hundreds of new private firms and thousands of new jobs in polymer-related activities. Akron’s public and private leadership also diversified their economy through conventions, entertainment, recreation, and tourism, and thus improved the quality of life vitally necessary for retaining and attracting skilled workers and creative entrepreneurs. Akron’s success is a good example of a major theme of Metropolitan Economic Strategy: “Be Yourself.” The assets of an urban region or any other geographic entity will differ from most others, and each economic strategy must be specifically tailored to maximize the value of the existing assets of people and place that are special to a particular culture and location.

The second major element of Metropolitan Economic Strategy is to promote the growth of dynamic and innovative industry networks, also called clusters. Industry networks, as the name implies, draw upon a wide range of closely interacting private and public sector organizations and institutions that supply each other with goods and services to produce specialized and competitive products and skills. These business and agency linkages are key to the success of an industry network, and they cut across the traditional industrial or sectoral classifications, because in this case an economic activity such as machinery production will include a much wider range of scientists, engineers, lawyers, accountants, bankers, insurers, architects, designers, and a whole host of related fields that enable machines to be manufactured and distributed with cost-effectiveness, technological efficiency, and market appeal, and to be sold or leased at a sufficient profit that will provide safe jobs and decent livelihoods for a large and growing population of workers and consumers. Industry networks that are the engines of prosperity in the new global economy can be in manufacturing or services, involving old or new technologies and products, from food and medicine to computers and mobile phones. Each place will have to determine which industry networks will be most productive, innovative, competitive, and dynamic, based on the fundamental assets of their particular population and location, such that polymer development will work for Akron and commercial shipping for Barcelona, but not the other way around.

To effectively grow industry networks or clusters, they must be tailor-made for the asset base and business mix of each urban region, meaning that one size definitely does not fit all. In this sense, the first key element — investing in the fundamental assets — and the second element — growing the dynamic industry networks — are deeply interconnected, and developing a comprehensive Metropolitan Economic Strategy involves the specific interaction between both of these key elements. Major assets such as international airports, universities, scenic waterways, or historic neighborhoods can promote the growth of a variety of industry networks if planned and developed as part of an effective strategic framework. In turn, each industry network will draw on a wide range of different assets, with no two networks necessarily having the same needs and priorities even in the same location. Every urban region must build on its existing strengths, and create precisely targeted policies and incentives to generate investment and growth that makes the best possible use of its fundamental assets. It is important to emphasize that industry networks or clusters only give urban regions a competitive advantage *if* they are dynamic and growing. Competitive success in the new global economy comes through fostering innovation and productivity. Industry networks are key elements of Metropolitan Economic Strategy only to the extent that they can help generate rising incomes and employment through combining innovative specialization with creative diversity. Simply identifying an urban region's "clusters" will do no good for strategic economic development if these clusters are unproductive, outmoded, or stagnating.

WHY QUALITY OF LIFE — SUSTAINABILITY AND INCLUSIVENESS — IS NOW NECESSARY FOR GLOBAL AND URBAN PROSPERITY

In formulating and implementing Metropolitan Economic Strategy, improving the physical environment and addressing economic and social inclusiveness are integral to the overall prospects for success. This represents a change in paradigm from the traditional concept that economic growth does not involve environmental protection or poverty reduction, with some people and policymakers still viewing these concerns as at least separate and perhaps even incompatible. The progressive idea of the sustainable development movement is that these three concerns must be balanced against each other such that each one is taken seriously as an important societal and public policy goal. *In today's global economy, where quality of life is the key to attracting and retaining skilled workers, and skilled workers are the basic building blocks of economic prosperity and competitiveness, improving the environment and addressing social inclusiveness are no longer luxuries to be traded off against economic growth. Indeed, they are now absolute prerequisites for achieving and sustaining growth of jobs and incomes, trade and technology.* If a place has polluted air and water and terrible automobile traffic congestion and unmanageable sprawl, it may become an undesirable place for people to live, work, and visit, and for companies to invest in and locate production facilities and personnel.

Quality of life is an increasingly important fundamental economic asset because global competitiveness now requires placing a premium on making it possible for talented entrepreneurs, professionals, and skilled workers to choose where they want to live and work. These potentially highly mobile individuals and families are attracted to and retained by urban regions with good housing and transportation, significant cultural and recreational amenities, vibrant community life, and an appealing natural environment. For example, in the US, the State of Maryland's Smart Growth and Neighborhood Conservation initiative, winner of a prestigious Innovations in American Government award from the Ford Foundation and Harvard University during the year 2000, combined environmental and open space protection with urban regeneration and promotion of livable suburban communities by reducing traffic congestion, air and water pollution, and other harmful effects of excessive sprawl. Former Maryland Governor Parris Glendening, who championed this initiative, clearly viewed Smart Growth and Neighborhood Conservation as a strategy for promoting high-value economic development through improved quality of life, noting that Maryland's economy made substantial gains in employment and income growth after the initiative was launched in 1997. Governor Glendening cited the example of a young technology entrepreneur who located his fast-growing company in

Annapolis — Maryland's state capital and home of the U.S. Naval Academy — because he enjoyed the combination of an urban environment with culture, night life, and historic architecture, together with abundant opportunities for boating and recreation on the Chesapeake Bay. This chief executive decided to provide two company-owned sailboats for his workers to use on their free time, as an innovative incentive that his firm successfully used to attract and retain skilled employees. Many other places around the world are increasingly taking comparable approaches to combining environmental and open space preservation with metropolitan land-use planning, growth management, and urban reinvestment as strategies for enhancing sustainable quality of life that will also generate economic prosperity.

Indeed, preserving and enhancing a good physical environment is now essential to the long-run economic success for any nation, region, or community. Public and private sector leaders are increasingly recognizing that urban regions in the 21st century can only compete globally and become sustainable centers of innovation if they succeed in attracting and retaining an excellent and highly motivated workforce. Places that offer a good environment and lifestyle — not only for working, playing, and raising a family, but for visits by tourists, business executives, and conventioners — will benefit substantially from their competitive economic advantage. This is why investing in and enhancing physical and cultural heritage — what Global Urban Development calls “Celebrating Our Urban Heritage” — is vital for improving the overall economic climate by substantially improving quality of life not just for tourists, but more importantly, for the people who live and work in the urban region. Today's environmentalism and related movements for sustainable development, smart growth, and new urbanism are more than just compatible with economic growth. Environmental protection and restoration have become fundamentally necessary for generating and sustaining prosperity. There is a strong case to be made for why a good environment and improved quality of life is critically important for economic productivity, and a growing number of mainstream economists, including Lester Thurow, Joseph Stiglitz, and Jeffrey Sachs, support this point of view.

Protecting and sustaining the physical and natural environment of urban regions involves many different yet equally important actions. They include:

- encouraging energy efficiency and resource conservation;
- improving clean air and conserving clean water;
- cleaning up and redeveloping toxic and polluted “brownfield” land;
- renovating historic structures and investing in urban cultural heritage;
- maintaining the beauty of natural landscapes and preserving agricultural land;
- increasing the accessibility of biking and hiking pathways and open spaces;
- curbing metropolitan sprawl and traffic congestion;
- reinvesting in older towns, cities, and inner-ring suburbs;
- expanding transit and other pedestrian and public transportation alternatives;
- promoting ecological and heritage tourism;
- developing parks and recreational amenities;
- developing “green” buildings, infrastructure, and communities;
- increasing recycling and the use of renewable energy sources;
- reducing greenhouse gas (GHG) emissions and vehicle miles traveled (VMT);
- strengthening community planning and design.

As the movement for environmental justice rightly argues, these needs are especially pressing for low-income communities, which are generally harmed the most by air and water pollution and exposure to a wide variety of harmful substances and unhealthy conditions. Urban regions such as Curitiba in Brazil and Portland (Oregon/Washington) in the US have made environmental improvement and protection a centerpiece of their Metropolitan Economic Strategy to compete more effectively in the global marketplace by attracting and growing cleaner industry networks in both manufacturing and services.

Similarly, if a place has high crime, social unrest, disease, and deterioration, it may become equally unattractive and undesirable for a quality workforce and thriving employers. The recent economic development plan for Johannesburg, *Joburg 2030*, acknowledged the vital economic importance of social inclusiveness and investing in disadvantaged people and communities when it listed as its four major barriers to achieving economic success: high crime, physical deterioration of the inner city and outer townships, the HIV-AIDS pandemic, and lack of sufficient education and skills by a large proportion of the workforce. Both Cape Town and Durban, South Africa, recently adopted economic development strategies that include a significant focus on policies to raise incomes, increase jobs and business opportunities, and improve the quality of life for low-income families and neighborhoods. Cape Town calls it “Our Golden Thread”:

It is not a question of choosing global competitiveness *or* the reduction of poverty — Cape Town will achieve both *or* neither. Reducing poverty will strengthen global competitiveness, and global competitiveness will permit reduction of poverty through economic growth and job creation.

Singapore, for example, has done an exemplary job of recognizing that its greatest asset is its people, and that in order to have a well-motivated and highly productive workforce, everyone must share in the fruits of prosperity. With the goal of economic and social inclusiveness in mind, Singapore moved from being a relatively poor British colony and international seaport during the 1950s to virtually eliminating poverty in the four decades since becoming an independent nation (truly a “city-state”). The national homeownership rate in Singapore is currently more than 90%, and housing, education, health care, and per capita incomes have all improved dramatically within two generations.

CONCLUSION

It should now be clear that Metropolitan Economic Strategy is a new global paradigm and policy initiative that is increasingly essential for generating and maintaining a vibrant and prosperous economy for everyone and every place in the world. Issues that generally were considered to be separate and distinct from economic growth and development, including a sustainable living environment, social inclusiveness, cultural diversity, spiritual values, honoring historical traditions, governance, citizenship, identity, security, cohesion, and other similar “non-economic” concerns are now completely tied to the future performance and competitiveness of the economy in the global marketplace. “Urban policy” must now become the centerpiece of international and national macroeconomic policy, because urban regions are the dynamic engines of innovation and productivity for the world, and they can produce and distribute the resources that provide better livelihoods for urban and rural residents alike.

In order to have a good economy today and in the future, urban regions must have a good quality of life. Good quality of life requires a good physical, social, political, and cultural environment. The rising importance of quality of life for economic prosperity — specifically the vital need for sustainability and inclusiveness — is an entirely new paradigm for the 21st century. The best way to address these new realities is for every nation, region, and community to adopt the framework of Metropolitan Economic Strategy. Then they can all work together cooperatively to design and implement successful economic strategies that invest in their fundamental assets and grow dynamic industry networks simply by being themselves. This can only be achieved, however, with good leadership, cooperative governance, and a common sense of purpose and mutual identity called “Teamwork.”

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