

Urban Planning in an Economic Approach*

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Edward Glaeser:

Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier

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Hungarian translation:

A város diadala – Hogyan tesz legnagyobb találmányunk gazdagabbá, okosabbá, környezetkímélőbbé, egészségesebbé és boldogabbá?

Pallas Athéné Könyvkiadó, Budapest, 2020, p. 428

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Issues related to urban development processes, planning and improvement had remained far from the mainstream of the science of economics. Although the discipline of regional economics, which became active from the early 1960s, and within it so-called urban economics (cf. *Mills 1987; McCann 2001*), gradually brought the spatial dimension into economic thinking, the role of cities and city-regions in economic growth only visibly appreciated from the 2000s onwards, closely linked to the work of *Krugman (2003)* introducing the so-called new economic geography and *Porter (2008)* introducing competition and the competitiveness of regions. Although the importance of cities in economic development can be considered unquestionable, the urbanist interpretation of urban growth and urban development looking at the broader social, environmental, governance and spatial contexts – i.e. beyond the conceptual framework of economics – has only received more attention from the economic side in the last decade and a half.

In his highly successful book “*The Triumph of the City: How our greatest invention makes us richer, smarter, greener, healthier and happier*”, *Edward Glaeser* deals with the wider context of urbanisation, urban development and even urban planning to such an extent that his work has introduced a kind of economic urban planning approach into broader international thinking. The highly successful book was first published in 2011 by Penguin Press. It was published in Hungarian by Pallas

* The papers in this issue contain the views of the authors which are not necessarily the same as the official views of the Magyar Nemzeti Bank.

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Ath ne Publishing House in 2020. Edward Glaeser (1967-) is an internationally renowned professor of economics at Harvard University, who has long devoted his career to research on urban processes and the urban economy. His work on the relationship between urban segregation, urban crime and the housing market has received considerable attention, while his most cited work is on cities specialised for consumption (*Glaeser 2000; 2001*). More recently, he has increasingly explored the correlation of innovation and clusters in urban contexts (*Glaeser et al. 2012*).

Even with the somewhat provocative subtitle of the book, the author makes it clear that he does not intend to be unbiased in his assessment of the economic importance of cities, and indeed in many parts of the book he contradicts what is generally considered to be prevailing public opinion. He considers the city to be the greatest “invention” of human civilisation, an answer to the myriad challenges of society, and one that, in his words, actually magnifies the strengths of humanity. The volume is both scientific and educational. As can be seen in the extremely rich notes of the volume, the work is based on the author’s extensive academic work, yet it is written in a way that encourages reading. The narrative, enriched with stories and case studies of specific cities, brings the economic context and consequences of different forms of urban development closer, even to a wider audience.

At the beginning of his book, Glaeser makes clear his view of the economic importance of cities. This means that cities have the potential to generate new ideas and innovation through denser interactions resulting from high population density; they have a hub-and-spoke role, in which transport systems play a key role in node formation and urbanisation; they carry the potential for productivity and thus higher income generation. The importance of cities is illustrated by the strong correlation between economic growth and urbanisation rates when analysed in international patterns. In general, if the proportion of city dwellers in a country increases by 10 per cent, GDP per capita increases by 30 per cent over the same period.

In addition to the introduction and conclusion chapters, the book is divided into nine parts, each of which bears a title formulated as an attention-grabbing question. The chapters deal with familiar urban issues which are also analysed in social science works on cities, but typically with a different and sometimes provocatively positive approach. The main themes of the book include urban knowledge production and innovation, urban decay, slums and tenements, urban scale efficiency and consumption, vertically increasing urban growth (e.g. skyscrapers), urban sprawl, environmental load and urban success, and smart cities.

Above all, cities are emerging as focal points of knowledge. From ancient Athens onwards, it has always been cities that have been the most effective transmitters of knowledge between civilisations, with urban proximity allowing cultures to interconnect. Today, big cities and their sufficiently concentrated inner areas are the

ideal medium for new knowledge, for sharing and exchanging knowledge, and thus for innovation. The author gives the example of Bangalore, India, where a prominent university, a pleasant cultural environment and the attractive climate, as well as the presence of an international company, contribute to connecting Indian talents with the US market. Human capital explains the real success of cities much better than physical infrastructure. Based on his calculations examining US urban areas, the author suggests that if an area's adult population with a university degree grew by 10 per cent in 1980, it resulted in a 22 per cent increase in per capita gross urban product over the next 20 years. Understandably, the recommendations in the book's conclusions highlight the development of human capital as one of the main urban development priorities. The key to cities' real success lies in their ability to attract talent, and he cites Singapore as a good example.

In relation to a number of issues, *Glaeser* argues that phenomena that are commonly perceived as urban problems are not in fact negative side-effects of urbanisation, but positive ones that provide socio-economic solutions to various challenges. For example, the author explains and demonstrates that the presence of urban poverty is not in itself a bad thing, but an essential social function. Indeed, the city attracts poverty because it offers the possibility of upward mobility, i.e. the visible presence of poverty is a sign of social mobility.

Glaeser places particular emphasis on the fact that cities are not only spaces of production, productivity and creation, but have also become centres of consumption, and it follows that they are also, in his words, the most important spaces of happiness (of entertainment). Along with the increase in prosperity, people are increasingly choosing their place of residence and living space according to their lifestyle, consumption and recreational needs, as their financial means increase.

The book also presents a rather provocative view on the environmental challenges facing cities. The idea of returning to a green environment close to nature has a strong tradition in American culture, with housing in a green-natural environment being a major demand in American society. According to *Glaeser*, this kind of love of nature is a false and harmful illusion. He believes that the best way to respect the natural environment is to stay as far away from it as possible and live in dense cities instead. The suburban, mainly semi-natural lifestyle results in a much larger ecological footprint, as commuting distances by car are significantly larger for those living further from the city, while detached houses with gardens consume much more energy and the more dispersed settlement morphology generally results in lower utility efficiency. Traditional, denser cities emit significantly less carbon dioxide by not requiring transport by car (as much). A good example is that less than a third of New Yorkers drive only, compared to 86 per cent of commuters in the US, and New York City has the second lowest per capita energy consumption in the USA.

And the US has a huge global responsibility, accounting for one fifth of all carbon dioxide emissions, which is more than that of Europe and Latin America together. 40 per cent of this comes from car use and residential buildings, both of which are closely linked to the nature of urbanisation lifestyle and the urban structure of the country. According to the author, the suburb model, the dominant trend in urban planning from the early twentieth century to present days, is therefore particularly damaging.

This is not, however, the only urban planning approach, which is typically publicly respected, that the author opposes. He also takes a strong stance against urban zoning that severely restricts construction in cities, especially more intensive development. In his view, where town and country land use planning imposes rigid restrictions on construction because of building or even historical monument considerations, the scarcity of land supply means that property quickly becomes very expensive, limiting development, which generates outward migration from the city. This process contributes to the physical sprawl of cities, what – in line with the mainstream urban planning approach – even he considers as a problem and is dealt with in a separate chapter. At the same time, he elaborates in detail on the advantages of skyscrapers and vertically extensive urban growth in general, which is a hotly debated issue in the current mainstream urban planning thinking that tends to prefer livability and human connections or even the protection of the traditional urban landscape, which is in contradiction with very high buildings.

Glaeser analyses the close link between urban development and the economy through historical periods, using a large number of cities as examples. Although his examples seek a global perspective, his basic approach reflects the world of the United States – a large country with a single market – and therefore, from the perspective of European and Hungarian practice, the book is particularly provocative. Despite the growing role of the private sector, in European spatial and urban planning the land-use regulation orienting and restricting development is still very strong. In the US, the mobility of citizens is very high, which also fuels the dynamics of internal migration and relocation from depreciating cities. And the mobility of the wealthy is even more pronounced, so that urban depopulation and growth is more evident, as reflected in the rapid depopulation of former industrial cities (e.g. Detroit), while the geographical mobility of capital within the US market is also higher. The author believes that just as competition is necessary in the world of business, competition between cities and their municipalities is healthy for people and businesses. Competition encourages cities to provide better services and keep prices low. From a Hungarian and, more generally, European perspective, the author's view that the world would be a more productive and fairer place if policies were space-neutral may be particularly strange. Instead of the territorial policies that are present strongly in the European Union, it argues that solidarity should

not be about helping poor places, but only poor people. In East-Central Europe and e.g. in Budapest, we can see that, partly encouraged by EU policies, territory-based and integrated urban regeneration programmes have been explicitly appreciated in urban development over the past two decades, with strong state involvement and significant EU cohesion policy support, although undoubtedly accompanied by increasing involvement of the market sector (cf. Kocsis 2015; Salamin 2019). At the same time, the recognition of the economic stimulating role of urban development implemented from public funds is gaining ground also in Hungary, where the economic development-oriented domestic use of the EU Cohesion Policy grants dedicated to urban development became the main approach in the 2014–2020 development period (cf. Péti 2014; Péti – Salamin 2016).

The author's USA specific approach and geographical context is well illustrated by the way he expounds migration between cities and states of the USA. While in Europe, living in the reality of nation-states, we may have many social, economic and public budgetary reasons for avoiding large-scale, intra-continental migration, Glaeser puts it this way about migration within the US: "When people move to places that are more productive, the country as a whole becomes more economically vibrant. When people move to pleasant places, they enjoy life more, and when they live in more temperate climates, they use less energy."

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