

Book Reviews

Triumph of the City

Edward Glaeser

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This is an enjoyably readable celebration of the city by a prominent urban economist, until now known more for heavy theory than writing for a popular audience. The basic target of the book is the anti-urbanism that abounds in the popular imagination, in the national politics of many countries, and even in certain corners of the academic community. Glaeser synthesizes the theory and evidence that cities are sources of high productivity, wealth, social mobility, innovation, mutual understanding and personal freedom and even environmental sustainability. The images of cities as cauldrons of inequality, ethnic conflict, destruction of nature, alienation and such, which dominate much of the discussion, are not so much false, as they are one-sided and lacking in nuance. This book is a welcome corrective to that. It also exudes the writer's affection for cities, and shows an attractive intellectual breadth and sharp wit.

Because the book is written as a popular tome, relying heavily on examples and anecdotes, its theoretical structure is not worn on its sleeve. The book is nonetheless informed by the strong theoretical framework from Glaeser's important work in urban economics and the output of regional scientists. This framework is used to generate some very strong positions on why new urban regions develop, central cities versus suburbs, and how urban and regional policy can make metropolitan regions function better. Moreover, the book does not limit itself to merely arguing against anti-urbanism; it trumpets the 'triumph' of the city as the key to human development in the 21st century. These three

issues—the book's theoretical framework; its policy framework; and its vision of the 21st century—are the central concerns of this review.

Urban and regional economics is focused on the thorny question of what drives change in the populations, activities and wealth levels of cities and regions. Simplifying, we can say that there are two big sorting mechanisms, of people and households and of firms. These occur at three scales: people move between regions (e.g. New York to Houston); between center cities and their suburbs; and among neighborhoods within a metropolitan region. Scholars try to understand both the causes of such sorting behavior and their outcomes, and whether policy is doing the right or wrong thing in relation to these processes. The problem is that sorting mechanisms work in both directions: people follow jobs, but jobs also follow people. In practice, scholars emphasize one or the other. Glaeser overwhelmingly focuses on individuals (or households) making choices about where they live, and relegates the behavior of firms and location of jobs to the background.

He considers the choices of individuals and households that locate in center cities, and those who choose the suburbs. Expensive and glamorous urban areas, such as central cities in general, and places like New York and London in particular, grow, according to Glaeser, because individuals seek opportunities for consumption and leisure, and interaction with other people who resemble them. Thus, in a chapter on London entitled 'Is London a luxury resort?' Glaeser argues that its recent growth can be accounted for by its status as a 'playground' for the rich. The chapter makes no mention of the financial services industry (i.e. jobs) as a force in attracting people to London and generating the income that is spent on its many pleasures.

People don't go to cities such as Phoenix or Houston for the same reasons that they go to London or San Francisco. To explain why people go to Sunbelt cities, Glaeser draws on what is known to economists as the 'real utility equalization' view of migration and location

decisions. Workers accept lower money wages to live in those places, but this is offset by good weather and cheaper housing in the Sunbelt.

To give an idea of the claim being made here, Glaeser tells us that an average family moving to an average Houston suburb from a suburb of New York (Staten Island) will have a 58% higher real income, when we account for differences in living costs. This difference in turn accounts for why the places in between the coasts in the USA grow faster than the coastal metro areas, as people seek affordable housing, low-density sprawl and better weather. In accounting for the massive shift of population to Sunbelt metropolitan areas in recent years, the book rarely mentions the decisions of firms and industries to set themselves up in places like Houston. It's as if Sunbelt development were caused by families on Staten Island waking up one day in the 1950s and saying to themselves: 'let's go to Texas', where the winters are warm and housing is cheap.

Occasionally, though, Glaeser doesn't seem to believe himself fully on this point. He states (p. 51) that 'the car companies weren't above trying to open new plants in states with lower labor costs, which is why Detroit was losing people even before the car industry began to decline'. So, firms do have something to do with it, right? But this book has no systematic consideration—whether it be the finance industry in London or Hong Kong, high tech in San Francisco, cars in Detroit or oil equipment in Houston—of how industries and firms (labor demand) interact with people and household (labor supply), to generate patterns of metropolitan growth and incomes. There is no geography of production, trade costs or specialization.

Regional scientists in North America are fond of claiming that people move to the suburbs and to the South and West in search of unpriced amenities (mountains and warm weather), and cheap housing, and that this drives the big pattern of city growth in past half century. But the empirics of this important claim are shaky. Quality of life is highly subjective (does everyone want warm weather, or do some people like seasons?). Given our inability to directly observe what people want, how can we be sure that what they do (where

they move) actually reflects what they want, and rule out that it might reflect their responses to structural forces (like those car companies moving to different locations, for example) that they didn't choose? Moreover, in the US case, real wages in San Francisco, Boston, Washington DC and NY are higher than in growing Sunbelt cities, even after housing costs have been taken into account, and this is true even when we control for skill differences.

As noted, Glaeser analyses both why people move from Boston to Dallas (interregional scale) and why they move from central Boston to its suburbs, and in both cases, its because they are seeking to maximize their utility through some combination of housing costs and quality of life. Since all metro areas have suburbs that offer a wide variety of housing options that are much cheaper than their central cities, it is difficult to see how housing supply could stand as an explanation for why metropolitan Houston's population grows more than that of metropolitan Detroit or New York. There is a long and amusing anecdote about a planned suburban community in Houston versus Staten Island, but such relatively cheap and land-abundant communities exist in Oakland County, Michigan (Detroit) or in the extensive New York suburbs beyond Staten Island. What's left in Glaeser's explanation of why people move from Detroit to Houston is the weather, then. I am no admirer of cold winters, but Houston is not California—its summers are about as bad as Detroit's winters. All in all, Glaeser's explanation of interregional dynamics just isn't very convincing, and this is because there are no firms and industries in the picture, just claims about individual preferences that we have to take on faith.

Consistent with emphasis on individual location choice as the driver of urban development, the politics of the book place great importance on the supply of housing, and the supply of housing is in turn said to be restricted in many places by the politics of NIMBY-ism (Not-in-my-backyard). If only we could build more in the center city, then housing would be cheaper there.

In addition to building restrictions in central cities, Glaeser also faults the subsidies

given to car use and road building as a source of too much suburbanization and excessively low densities there. Take away these subsidies, and the mortgage interest deduction, he tells us, and the playing field between denser areas and suburbs would be made more level.

This latter argument, which is plausible at the intra-metropolitan scale, is however then pressed into service to explain why Houston grows faster than San Francisco or Boston. For Glaeser, distortions in housing supply lead both to too much suburbanization, and to too little growth in coastal US cities. If coastal California had the more market-oriented politics of Houston, it would have a lot more people, Glaeser tells us. And if central cities had the politics of suburban Phoenix, they could all become more like Hong Kong, and through these two mechanisms, climate-perfect California could accommodate the many millions more people who supposedly want to live there. But California has added about 5 million people per decade since 1970, a net average increase of 500,000 per year. Almost all of this growth is in low-density suburbs. It doesn't seem so hard to build in 'restrictive' California from this perspective.

This single-minded focus on development restrictions (or not) as the key to all kinds of population movements and growth patterns, is then used to justify policy recommendations that are, not surprisingly, overwhelmingly about eliminating building restrictions. But nowhere does the book recognize that the building and development industries are not completely hemmed in by NIMBY neighborhood groups. No attention is given to the capture of local redevelopment authorities by the builders, or to the political power and money of builders and developers in Washington, and no evidence is given on the real balance of power. The urban politics literature, by contrast, has a lot to say about this issue and it is almost that there aren't very many real development restrictions at work, and that they are certainly not strong enough to shape urban growth patterns at a large scale.

This single-minded way of thinking leads to some odd interpretations of what happens beyond US borders. In continental Europe, which does not have mortgage subsidies, where

the petrol is expensive, and where central cities are nice, people still move to the suburbs. Glaeser would assign this once again to housing supply restriction in the central city and, consistent with this view, recommends building skyscrapers inside Paris. The implicit model is once again Hong Kong.

But in Paris, the problem isn't that we don't build residential skyscrapers. Paris already has population density just short of Manhattan and Hong Kong (54,000 per sq mile, versus 67,000 in Manhattan). The city authorities converted tens of millions of square feet of classical residential buildings to office zoning in the last two decades, and millions are empty. The city council is considering reconverting them to housing, which is in short supply and therefore very expensive. Glaeser also recommends building office towers, to complete the transformation of Paris into Manhattan or Hong Kong. But building office towers would just drive up the price of central city housing even more by removing very limited land for housing. Moreover, regional planning has been very successful in generating modern office parks, all around Paris, for many decades, and providing the transit links to them (including the new circular metro that's just been approved). And if you build Manhattan or Hong Kong in Paris, would its housing prices hold up? Maybe that would be exactly what would drive Parisians to the suburbs because then, the distinctive urban environments that make European central cities so desirable would be gone. Paris's high levels of density were brought about through planning—that's why they are uniformly high and not in American-style skyscraper 'peaks'. And this is why people really want to live in central Paris or central Rome or most other European cities. Yes, there are caricatural NIMBY dynamics in Paris, London and Rome, but what makes Paris expensive is the economic restructuring that makes it central region in the world economy, combined with growing income inequality. Paris has done better at containing housing costs through planning than the more free-wheeling cities like London and New York.

I like this book for its wit, brilliance and overall message about the relationship of cities to many forms of human progress. Less

convincing is the deployment of theory and selective facts to give us a view of things that is driven by individual and household choice, and little attention to where the jobs are. In light of a more well-rounded view of the causes of urbanization, the announced triumph of the city could be harder to get right than Glaeser would have us believe. The 21st century will be marked by climate change, the ongoing IT revolution, genetic engineering, the further shifting of development south and east on the globe, and a whole lot of turbulence in settlement patterns, power relations, ethnic relations and ways of life. These changes will be played out through mass migrations to cities in developing countries, the building of many new cities and development of even vaster metropolitan regions than we have today, across more parts of the globe. According to Glaeser, the ideal city-region will have a center more like Hong Kong, but it will also have a significant proportion of its people who prefer to live in planned suburban communities, and this optimal outcome can come about if we get out of the way

of the builders, while eliminating distorted prices for transportation and homeownership.

For all the sophistication of the author, I find his combination of Pangloss and Thomas More rather disturbing. People and jobs are moving for many complex reasons; ways of life are changing because of many complex forces; cities are at the heart of a massive shift in the human way of life, in which not only atomized individual decisions and preferences are at work, but extraordinarily complex structural forces. If scholarship is to help the triumph of cities to reach its potential for helping humanity, it's going to require that scholars deal with cities not just as a large number of individual decisions, but also as an extraordinarily complex social choice problem, underpinned by power struggles, the need to define the common good, and a whole lot of inventiveness, dialogue and luck.

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