

# **WELCOME TO THE IDEOPOLIS**

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## **ABSTRACT**

For Britain's big urban centres, the appeal of becoming a 'city of ideas' is enormous. Cities often identified with the term, such as San Francisco, Boston and Seattle in the USA, and Barcelona and Helsinki in Europe, are seen as hubs for international business, centres of indigenous growth and creative, dynamic communities.

This working paper explores the idea of the ideopolis. It traces the larger forces and factors behind its emergence; sets out its features and dynamics; and sketches the main policy frameworks and strategies successful cities are adopting.

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## 1. DEFINITIONS AND CONTEXTS

The 'ideopolis' is the latest in a series of notions that aim to capture the essential features of the post-industrial city. In its simplest form the ideopolis is 'a city of ideas'. Unpicking recent commentary reveals three key strands to this broad definition. The ideopolis is distinguished first by a set of key physical and economic features; second, by a particular social and demographic mix; and third, by a specific cultural climate and set of commonly-held values.

Will Hutton of The Work Foundation recently described the ideopolis as '*a twenty first century metropolitan version of what we first saw in Italian renaissance city states. The key elements are the airport, the university and the capacity to create new ideas – either within or outside existing companies – that buoyant demand, intellectual capital and business self confidence help to sustain.*'<sup>1</sup>

In *The Emerging Democratic Majority*, John Judis and Ruy Teixeira originally identified the ideopolis with sectors they term as 'soft technology', such as '*entertainment, media, fashion, design, and advertising*', plus business or personal services from retail banking to venture capital, extending beyond corporate consulting to personal mentoring.<sup>2</sup>

They also draw attention to the growing numbers and importance of 'talent workers' working in such sectors. These are '*white-collar, highly trained, credentialed people such as teachers, engineers, architects, computer analysts, physicians, certified nurses*', plus graduates working in new technologies like telecommunications, computing or information technologies and biosciences.

Many of these talent workers have invested heavily in their skills and competences, and get their returns through entrepreneurial returns or wage and salary premia. Crucially, however, Judis and Teixeira also identified that such people were more likely than ever before to come from, or be enthused by, diverse, multicultural urban areas.

The ideopolis has emerged as the product of a number of deep changes in the economic, social and cultural backdrop. It is influenced by the immediate attitudes and demands of key groups of citizens, by much deeper shifts in the economic, social and physical fabric, and by the evolving institutional responses to those changes.

Before we go on to discuss the components of the ideopolis in more detail, therefore, we need to explore this larger background.

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1 Speech to Core Cities Conference, April 2002.

2 J Judis and R Teixeira (2002): *The Emerging Democratic Majority*, New York: Scribner.

## Demographic, social and cultural change

Great cities have always been magnets for talent and enterprise. Peter Hall famously points out how:

*from Hellenic Athens and classical Rome, to renaissance Florence, Georgian London and contemporary Boston and San Francisco, history is rich with examples of towns and cities, which embodied the best of urban tradition. These were the places, which stimulated new ideas and transacted knowledge. They inspired generations in terms of their design, their economic strength and their cultural diversity.<sup>3</sup>*

Previous generations of entrepreneurs, professionals and innovators have always included the geographically mobile. Ludwig Mond, one of the founders of ICI, travelled from Kessel, Germany to Liverpool, England and Eleuthere Du Pont moved from Paris to Wilmington, Delaware. These, however, were parts of wider patterns of migration rather than the repeated personal, geographical mobility by choice seen today.

The same processes are occurring today, but with two major differences. First, the *push* processes are stronger as knowledge professionals and entrepreneurs recognise their value and seek the best opportunities. Second, the *pull* processes have grown equally, as cities and regions appreciate the returns from success in attracting these key groups, recognise the costs of failure and act to minimise them.

The ability to retain and attract talent, and to convert that talent through ideas to prosperity and wealth is one key aspect of long-term economic development. The people who can choose where to work and live are those talented, entrepreneurial, highly educated professionals, who are closely identified with new technologies, high value added services and internationally traded goods and services that have driven the latest waves of economic growth. These new groups are generally far more geographically mobile than their predecessors in earlier economic revolutions. Where Henry Ford was born in Dearborn and moved 10 miles to Detroit, Rockefeller travelled the three hundred miles from Richford, NY to Cleveland, Ohio and Thomas Edison around 450 miles from Milan, Ohio to Newark, New Jersey, their modern equivalents regularly move across and between continents.

Bill Gates might still be in Seattle but he arrived back there via Cambridge, Mass.; the Intel founders showed similar geographical mobility, with Andy Grove, for example, moving from Hungary to California. Little wonder that the *Economist's* Frances Cairncross defines *The Death of Distance* as a key characteristic of the new, knowledge-based industrial revolution.<sup>4</sup> In Europe, Jorma Ollila of Nokia travelled from Seinajoki in Finland to Helsinki via London

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<sup>3</sup> P Hall (1999): *Cities in Civilisation*, Oxford: OUP.

<sup>4</sup> F Cairncross (1997): *The Death of Distance: How the Communications Revolution Will Change Our Lives*, London: Texere.

to show a similar level of willingness to break down the barriers that distance once created for the enterprising and talented.

The scale of this new migration is only now being appreciated. In the US, high levels of internal movement are a well-established feature of the economic landscape, and one whose levels have soared over the last twenty years. [Have they? I've been told they've not. We need some numbers here ...] Equally important, the patterns of US internal migration have changed as broad waves of population change – for example, the traditional movement westwards to the frontier, to California, or to the Sun Belt is now being replaced by more fragmented shifts. As a result, older, Northern urban environments like Boston-Cambridge and Philadelphia can now compete successfully against Miami and Phoenix, while Minneapolis-St Paul and Boulder, Colorado achieve competitive advantage.

Judis and Teixeira point out that across the USA, these cities *'represent the most dynamic and growing areas of the country. Between 1990 and 2000, the average ideopolis county grew by 23.2 percent compared to 11.1 percent for the average U.S. county and 10 percent for the average non-ideopolis county. And ideopolis counties start from a large population base -- an average of 475,000 inhabitants, compared to 90,000 for all counties and just 54,000 for the typical non-ideopolis county.'*<sup>5</sup>

The scale of domestic migration seen in the USA is rare elsewhere in the world. In Europe, for example, EU citizens have less than half the lifetime mobility of their US peers and the extent of everyday travel is less. The peak years were in the 1960s with only a limited recovery recently.<sup>6</sup> There are, however, some significant similarities with recent US development especially significant increases in domestic and international mobility among the younger, better-educated segments of the population.<sup>7</sup> Scientists and engineers, traditionally not very mobile within Europe, significantly increased their geographical mobility in the mid to late 1990s. A PwC survey found that nearly a third of under-25s in the EU, and over a quarter of senior managers across the continent, would like to move to another EU country in the next five years – as would 16% of the British population.<sup>8</sup>

Patterns of lifetime migration may be less important in Europe than the other changes in economic and social life which EU states share with the US, many of which increase everyday travel. Workstyles in many Western countries are becoming more generally mobile, for professionals in particular. This often puts enormous strain on family and home life, and in turn creates incentives to

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5 J Judis and R Teixeira (ibid.).

6 European Commission (2001): *Report of the High Level Task Force on Skills and Mobility*, Brussels: European Commission.

7 OECD (2002): *International Mobility of Highly Skilled Workers*, Paris: OECD.

8 R Cooke (2001): 'Labour Mobility in Europe', presentation at PwC European Labour Mobility Forum, London, 3 December.

relocate, most often to areas where dual careers can be sustained.<sup>9</sup> For example, UK bankers and financiers, for example, already travel over 10,500 miles a year to and for work, managers and professionals around 12,200 and 13,500 miles respectively (against a British average of around 7,800 miles).<sup>10</sup>

In the UK, domestic migration is less rooted in a culture of freedom and movement and more in seeking quality of life on a small and crowded island. In the US, it's a case of moving away. In the UK, it's more a case of staying put. American 'talent workers' and others have long moved to the areas and cities that attract them. In most other European countries, by contrast, it has been single cities, usually the capital, have exerted a strong gravitational pull on the young, educated and ambitious.

In Britain, at least, these forces seem to be shifting. As London and the South East continue to grow faster than their infrastructure can handle, many of those who would have moved away, are finding much to entice them to stay. Big cities elsewhere in the UK are likely to become more and more attractive for those prepared to make the move – either away from London, or back home.

London's loss is the UK's gain. Not surprisingly, cities like Manchester and Bristol, and regions like the North West and Yorkshire are now making a concerted effort to woo the 'talented classes' away from the metropolis.

Across the West, these new classes of talent workers are the focus of much attention.<sup>11</sup> It is important to stress that there is, as yet, no definitive evidence of a new class in the traditional sense. Notions of a 'creative class' remain contested. However, a number of economic and social shifts over the last few decades do seem to be crystallising along group lines.

In particular, as Richard Florida argues, recent years have seen a blurring of work and leisure for many people, enabled partly by new technologies that facilitate working in many locations and micro-management of time.<sup>12</sup> A number of deeper changes reinforce the shift. The intensification of work practices – particularly for professionals – form another key element of this change.<sup>13</sup> The number of professionals, managers, technical and senior employees has grown, in parallel with huge changes in the structure of industry. Over the 1990s, for example, the number of managers, professionals, and associated professional/technical employees rose from

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9 M Nathan and J Doyle (2001): 'Employment, Place and Identity: A Study of Hypermobile Professionals', paper presented to the 2001 *Work, Employment and Society* Conference, University of Nottingham, 11-13 September.

10 Ibid.

11 R Florida (2002): *The Rise of The Creative Class*, London: Viking.

12 R Florida (2001): 'The Geography of Bohemia', Carnegie Mellon University, monograph.

13 J Doyle and R Reeves (2001): *Time Out: The case for time sovereignty*, London: Futures, The Industrial Society.

32% to 37% of the UK workforce; between 1999 and 2009, the numbers of each group are predicted to rise by 300,000, 900,000 and 800,000 respectively.<sup>14</sup>

All of this reflects changes in industrial structure. In Western democracies, large-scale manufacturing has been displaced by smaller, high tech industry, and a massive service sector increasingly geared around lifestyle. Within the service sector, changes in sources of economic value are making certain 'knowledge' sectors (consulting, media and creative industries, software and new media services, hi-tech manufacturing, biotech) more and more important. Florida emphasises the importance of these changes in 'knowledge economy' sectors. As he puts it:

*the increasing importance of creativity, innovation and knowledge to the economy opens up the social space where more eccentric, alternative and bohemian types of people can be integrated into core economic and social institutions.*<sup>15</sup>

As their greater economic power and increased mobility kick in, the new professional, entrepreneurial and talent types in the US are becoming more discriminating and demanding. Several commentators have identified a new elite class emerging from these various shifts. David Brooks ascribes these emerging lifestyles, demands, attitudes and tastes to what he calls bourgeois bohemians, or 'bobos'.<sup>16</sup> In a similar analysis, Florida terms them the 'creative class':

*A fast-growing, highly educated, and well-paid segment of the workforce on whose efforts corporate profits and economic growth increasingly depend. Members of the creative class do a wide variety of work in a wide variety of industries – from technology to entertainment, journalism to finance, high-end manufacturing to the arts. They do not consciously think of themselves as a class. Yet they share a common ethos that values creativity, individuality, difference, and merit.*<sup>17</sup>

Robert Reich, former Labor advisor to President Clinton, goes further still, arguing that this class actually consists of two fundamentally different types of people – the 'geeks' and the 'shrinks'. The 'geeks' are those who are truly creative and the 'shrinks' are the people who know how markets and people tick. Put together, they provide the catalysts and drivers for what Reich describes as the '*continuous innovation*' model in the new economy:

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14 Source: LFS / Cambridge Econometrics.

15 R Florida (ibid.).

16 D Brooks (2000): *Bobos in Paradise: The new upper class and how they got there*, New York: Touchstone.

17 R Florida (2001): *The Rise of the Creative Class*, New York: Basic Books.

*Entrepreneurial regions of the country – places that spawn a disproportionately large number of innovative businesses – typically have pools of talented geeks and shrinks who constantly intermingle. Boston’s high – tech corridor has benefited from proximity to both the technological insights of MIT and the marketing insights of Harvard Business School. Harvard’s faculty is not reputed for its technological prowess, nor is MIT’s for its marketing acumen, yet the students who emerge from both institutions and remain in the region subsequently learn from one another, and this mutual learning has helped fuel the regional boom.<sup>18</sup>*

So much for bobos in the States. Are similar groups and common attitudes emerging elsewhere – in Europe and the UK? There is anecdotal evidence to suggest so. John Micklethwait and Adrian Wooldridge take the argument further, suggesting groups of this kind are the by product of decades of economic and cultural globalisation.<sup>19</sup> ‘Cosmocrats’, as they call them, are found all over the world:

*the idea of a ‘global ruling class’ has been one of the great canards of modern history ... [but] globalisation is throwing up a new elite, whose power lies in their ideas, connections and chutzpah.*

This new class, they suggest, is to be found in the UK, Europe and across the globe, spans employees of multinationals, the media-political complex, entrepreneurs and high-flying academics, new media people and others from the core of the ‘new economy’, plus others from fashion, media, advertising and design.

Others are more sceptical about whether these groups share such common beliefs, outlooks and life trajectories. The Work Foundation’s study of mobile professionals revealed a significant range of very different attitudes, behaviours and experiences within the so-called ‘hypermobile elite’.<sup>20</sup> Similarly, research by Andy Pratt, Helen Jarvis and others on working families and urban pioneers in San Fransisco found ‘*great differences in attitudes to risk, patterns of consumption, political ideology and attitudes to local urban transformation ... people who should all in theory be part of the same ‘new creative class’ held very different outlooks, some participating in, some resisting, some straddling sides in the transformation brought about by creative industry change.*’<sup>21</sup>

In both cases, some individuals were enthused by changes experienced and sought to magnify them, while others sought to preserve their existing

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18 R. Reich (2000): *The Future of Success*, New York, Vintage.

19 J Micklethwait and A Wooldridge (2000): *A Future Perfect: The challenge and hidden promise of globalisation*, London: William Heinemann.

20 Nathan and Doyle (ibid).

21 Personal communication with author, 3 February 2003.

lifestyle. Single class or group labels, while capturing high-level similarities, hide a multiplicity of important, fine-grained difference.

The 'creative class' analysis clearly has its limits. Superficially similar groups are criss-crossed by very different cultural outlooks, economic circumstances and behaviours, national, institutional and organisational contexts. Nevertheless, it is equally clear that large-scale economic, social and organisational transformation is opening up new opportunities and life-patterns in groups that tend to be concentrated in urban areas. In their different ways, all of these people are part of the same broad channels of change. As such, they are a key part of the emergence of the ideopolis.

### **Economic development**

The ideopolis is also the product of changing sources of economic value and locations of growth. As we'll see, it is a city whose economy is driven by the creative search for and the application of ideas, thinking and knowledge – and is firmly rooted the creative transfer of ideas, to opportunities, to innovation and, eventually, to production.

This is all well and good and probably not of much concern to those cities or countries who plan on alternative routes to urban competitiveness. But the problem is that there don't seem to be many alternatives to choose from. In a variety of studies, the OECD has long pointed to knowledge-based competitiveness as the catalyst for sustained economic growth, whether on a national, regional or local level:

*The focus is now on the competitiveness of each individual economic region and the specific factors determining attractiveness. Of course the most attractive locations are those with a fully developed information and communications infrastructure, favourable production structures, supply networks, expanding high tech markets, cutting edge research and a qualified and adaptable labour force.<sup>22</sup>*

The OECD points out that this is not just a supply side focus for cities and national governments attempting to increase local and national competitiveness, but also a strategy on the demand side for employers seeking to sustain and expand:

*The research and knowledge content of trade is rising, meaning that firms have a growing need for skilled researchers, engineers and technical and sales staff. By the same token, skill shortages weaken economies, limiting their ability to expand and increasing the threat of unemployment.<sup>23</sup>*

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22 Dr Ullrich Mittag, Federal Ministry of Education, Science, Research and Technology, quoted in OECD (1997): *Regional Competitiveness and Skills Survey*.

23 OECD (1997): *Regional Competitiveness and Skills Survey*; OECD (1994): *Jobs Study*.

Unsurprisingly, figures from the UK government have been quick to expand this point in attempts to increase the UK's regional competitiveness:

*Regions and cities prosper if they are open to trade and new ideas. They can attract new investment by offering skilled labour and good infrastructure. They can also profit from companies merging together to integrate their operations, to exploit economies of scale or to draw on a pool of specialist labour. Several factors, such as increasing rents, the costs of scale and congestion, make companies think again about establishing themselves in London. Expanding new financial centres, investment in airports and infrastructure, world-class universities and a thriving regional media outside the South East are just some of the reasons why companies are inclined to relocate.<sup>24</sup>*

These assertions derive in part from a large body of research, led by Michael Porter's work in the early 1990s, which identifies clusters as key drivers of economic growth. Clusters – typically comprising networks of knowledge orientated and/or high value adding organisations, are essential drivers of growth and employment in the ideopolis. Such clusters help bestow competitive advantage for countries, and for certain cities within them:

*Every location – whether it be a nation, region, or a city – has a set of unique local conditions that underpin the ability of companies based there to compete in a particular field. The competitive advantage of a location does not usually arise in isolated companies but in clusters of companies – in other words, in companies that are in the same industry or otherwise linked together through customer, supplier or similar relationships. Clusters represent critical masses of skill, information, relationships and infrastructure in a given field. Unusual or sophisticated local demand gives companies insight into customers' needs ...*

*Clusters arise in a particular location for specific historical or geographic reasons – reasons that may cease to matter over time as the cluster itself becomes powerful and competitively self-sustaining ... if locations give rise to clusters, it is clusters that drive economic development. They create new capabilities, new companies, and new industries.<sup>25</sup>*

Porter goes on to argue that policy-makers have an important role to play in promoting cluster development, notably through education and skills policies, but also through facilitating business growth, ideas exchange and innovation networks of key actors. Other commentators concur that it is at this local level

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24 E Balls and J Healey (2001): 'Partnership Approach is Bridging Regional Divide', *The Guardian*, 5 February. Ed Balls is the Chancellor's Chief Economic Adviser, John Healey a Treasury Minister and former Minister for Adult Skills.

25 M Porter (1995): 'The Competitive Advantage of the Inner City', *Harvard Business Review*, May-June.

that leadership and policy making is at its most significant. They point out that there needs to be a crucial, localised focus for investment, leadership and an enhanced degree of political and economic autonomy in order to focus the abilities of cities and regions to marshal their resources.<sup>26</sup>

### **Physical and virtual infrastructures**

Just as the economic superstructure evolves, so do the physical, electronic and institutional underpinnings of society. It is becoming clear that a 'knowledge hub', probably a university or cluster of universities, is the backbone of growth for many sectors and clusters of firms. The universities funnel ideas and, more importantly, people into the hard or soft technology industries, service and professional sectors and create an environment in which media industries, culture and leisure sectors thrive.

Elite universities play an especially important role in attracting geographically mobile talent while ensuring that funds are available for advanced research leading to technology (and other) spin-offs. The same elite Universities are linked into global networks of people, ideas and, increasingly, finance. It is no coincidence that when Bill Gates and Microsoft funded major developments in higher education, they linked Harvard (USA) with Cambridge (England) – two of the highest ranked universities in their respective countries. Ambitious universities of this kind are increasingly associated with new or high technology based industries.

When Frederick Terman created the first science park at Stanford University, it went against the grain of contemporary thinking about the relationship between Universities and their industrial or business communities. But this process has continued with the stellar growth of the university business school throughout the developed world. Even during the 1960s and early 1970s, when complementary developments occurred at The Research Triangle Park in North Carolina, Tsukuba Science City in Japan, Sophia Antipolis in France, and the Heriot-Watt and Cambridge Science Parks in the UK, the dominant trend remained the creation of campus or 'green field' universities. Only with the emergence of the growth sectors that make up the core of the new economy did recognition of the synergy between economic and knowledge growth emerge. By 1980, for example, Landes could observe<sup>27</sup> that *'the heart of the whole process of industrialisation and economic growth is intellectual.'*

The growth and increasing vigour of the science and technology park community was not a coincidence. The underlying economic drivers are the same. These drivers are the search for the maximum return from valuable, often new resources and the ability of entrepreneurs to find innovative ways to extract, process and distribute this resource. Across Europe, North and South America, Asia, Australia and America cities like Helsinki, Chicago, Singapore,

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26 See Hutton, Le Gales speeches at Core Cities Summit, Manchester, April 2002.

27 D Landes (1980) "The Creation of Knowledge and Technique" *Daedalus* issue 1.

Perth and Cape Town now see strong universities, and dynamic science and technology parks, as vital components in their struggle to secure long-term prosperity in an increasingly competitive environment.

## 2. THE CHANGING FACE OF THE COMPETITIVE CITY

How are these shifts operating on geographical space, and in particular on cities? The story is complex. Most societies are becoming increasingly urban. Half the world's population now lives in urban areas, and in Western countries, that figure is commonly 70 or 80%. Essentially, people are following the logic of production and consumption. Cities of all kinds offer the benefits of proximity, a rich mix of opportunities and a rich and varied labour market. Cities are also the usual site of the high-skill, knowledge-intensive activities that are the main source of economic value in the post-industrial economy:

*In contrast to earlier epochs when land or minerals were the primary sources of wealth, it is urban activities today that are the principal foundations of economic prosperity. Cities that are able to facilitate the achievement by producers of high and rising levels of productivity are national assets, while those that are beset by the problems of congestion, dysfunctional factor markets or social unrest can have a detrimental impact on the rest of the economy.<sup>28</sup>*

As Begg suggests, however, urbanisation does not imply that any city will automatically benefit from these deep changes. There are many types of urban setting, and in recent years some cities have done much better than others. Globalisation has upped the stakes and a new wave of world cities are beginning to lead worldwide economic growth.

World cities do not have the monopoly on success. The thriving urban areas in many countries are a richer collection: some capitals and some university towns, but also former industrial centres, previously run down regional cities and relatively recently built urban areas.

Within the UK and the US, the pattern of urban development has been complex. Over the long term, and particularly in the US, we can see cities and suburbs fusing into single metropolitan areas, or in some cases, much larger sprawls encompassing several urban centres and lower-density edge developments. In the UK, recent patterns of urban development (partly the result of urban policies like the New Towns programmes) have seen smaller, usually southern cities emerge as centres of economic and population growth, mainly at the expense of larger urban centres and/or ex-industrial cities, mainly in the North.<sup>29</sup>

The evidence suggests that sprawling 'world cities' and medium-density 'edge cities' will continue to be the dominant urban forms of the future.<sup>30</sup>

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28 I Begg (2002a): Introduction, in I Begg (ed) *Urban Competitiveness: Policies for dynamic cities*, Bristol: Policy Press.

29 I Begg (2002b): 'The UK's Changing Urban System: What are the Dynamics and Impact?', presentation to ESRC Cities Programme Final Conference, London, 29 May.

30 E Glaeser (2000): 'Demand for Density? The Functions of the City in the 21st Century', *Brookings Review*, Summer. [www.brookings.edu](http://www.brookings.edu).

Nevertheless, both have their disadvantages; and so over the last decade, large central cities have staged economic and social recoveries.

Such big cities retain significant competitive advantages. Essentially, they tend to display the greatest density, or proximity, and both are desirable properties. Densely clustered activity creates production and consumption benefits. Proximity lowers the costs of moving around goods, people and ideas; it also provides people and firms with access to specialised services, large public goods and a rich mix of people and products.<sup>31</sup> Agglomeration economies, therefore, are at the heart of urban advantage. Unlike the sprawling patterns of low-density development, big cities remain the places 'where the clustering of activity leads to significant synergies and where services tend to congregate in order to maximise their access to local markets.'<sup>32</sup>

Importantly, the demand for density is part of larger processes of economic restructuring. The emergence of the high-skill 'knowledge economy' is partly driven by the advantages urban locations bestow. Growth sectors like financial and business services, advertising, media and multimedia are already highly concentrated in urban areas; these sectors are also spawning new high-tech activity.<sup>33</sup> University presence is critical in feeding these knowledge industries, and in helping the flow of information and ideas by developing close links with key business sectors. An almost symbiotic relationship between academic and corporate worlds has helped many cities retain or grow such advantage or new forms of competitiveness.

Social and demographic forces are also behind the re-emergence of cities. Urban areas are increasingly attractive to empty-nesters, to the growing numbers of single people living alone, and to dual-income same-sex couples – groups who, as we saw earlier, can often choose where to live and work. Most cities are interesting, vibrant places to be, and certainly more interesting than most suburbs. As one US commentator puts it, '*you can only mow the lawn for so many years before you realise it's just not exciting.*'<sup>34</sup>

Furthermore, it is becoming clear that overall city performance depends as much on environmental, social and cultural 'performance' as it does on economic assets. Indeed, there are connections between all of these.

It's all about quality of life. An attractive physical or natural environment is central to 'liveability', and can in turn, directly and indirectly generate jobs and

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31 E Glaeser (ibid.)

32 D Charles (2001): *Liverpool-Manchester Visions: report for the North West Development Agency*, Newcastle-Upon-Tyne: Centre for Urban and Regional Development Studies.

33 M Castells (2001): *The Internet Galaxy: Reflections on the Internet, business and society*, Oxford: Blackwell.

34 Maureen McAvoy, senior fellow at the Urban Land Institute, quoted in N Cohen (2002): 'Time To Give Space to Regeneration', *Financial Times*, 13 September.

investment. Similarly, innovation and creativity of all kinds flowing out of urban areas has, historically, given cities their dominant position in Western societies.<sup>35</sup> Cultural industries are becoming an important growth sector in their own right.<sup>36</sup>

However, creativity, diversity and bohemian activity are engines for urban vitality and growth in a broader sense. Cities' function as entertainment and lifestyle centres have always had an important economic impact. This is a point made first by Jane Jacobs,<sup>37</sup> and picked up in more recent research on 'liveability' and 'talent cartography'. This body of evidence highlights the role that attractive environments and vibrant culture play in attracting and retaining highly educated professionals, particularly those working in symbolic analysis or 'knowledge' sectors – and thus helping to boost levels of economic performance through direct and indirect multiplier effects.<sup>38</sup>

The appearance, energy or buzz of an area can also be an important element in the investment decisions of key firms – not just employers looking to hire or sell to symbolic analysts, but also large service sector firms, particularly in retail, looking to cash in on consumer confidence. The presence of these 'iconic' firms with high public profiles often seems to provide an important boost to future investor confidence and thus further affects inward and indigenous investor decisions, just as iconic public structures are intended to.

It is critical that a city's social and cultural assets and atmosphere are distinctively, and identifiably local. Post-industrial cities and their service sectors are part of a global marketplace where competition is often based on difference: brands, symbols and aesthetics are used to derive competitive advantage, both within the cultural industries sector and by association with it.<sup>39</sup> Small, local companies at the cutting edge of production are often best placed to express what's distinctive about a city, its heritage and its attitude.<sup>40</sup> That helps them grow, but provides important spillovers to the local economy as a whole.

The high-profile recovery of post-industrial city centres does not always spread outwards to nearby neighbourhoods. However, the same logic applies here. In theory, at least, the forces driving the recovery of big cities can be bent to aid the regeneration and assist the local population as a whole. As Grogan and Proscio point out, inner-city areas in particular have inherent vibrancy and energy that when properly tapped, can attract consumers and

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35 P Hall (ibid.)

36 J O'Connor and M Banks (1999): 'Cultural Industries and the City: Innovation, Creativity and Competitiveness', ESRC Cities Programme paper, [www.mmu.ac.uk/h-ss/mipc.esrc.htm](http://www.mmu.ac.uk/h-ss/mipc.esrc.htm)

37 J Jacobs (1962): *The Death and Life of Great American Cities*, London: Jonathan Cape.

38 R Florida (2001) contains a useful review of the literature, as well as some new findings.

39 S Zukin (2002): 'The Symbolic Economy', lecture to the Hong Kong Government Central Policy Unit, 31 March.

40 J O'Connor and M Banks (ibid.)

companies in droves – a new experience to counter the failing allure of suburban shopping centres.<sup>41</sup> The renaissance of East London and other urban centres across the UK – Liverpool, Manchester, Newcastle and Glasgow – stand as strong examples. Michael Porter sets out four key advantages of inner-city communities:

- *Strategic location* at the heart of major business centres, transport and communication nodes, entertainment and tourist centres, and next to concentrations of companies;
- *Local market demand* with high-density populations sitting in often under-served markets. New entrants and indigenous entrepreneurs take advantage of low retail penetration;
- *Integration with regional clusters* can take place when local firms link into larger competitive groups, or when outside firms move into deprived neighbourhoods;
- *Human resources* remain an important advantage. Despite a low skill base, companies moving into ‘hard to help’ places have found reliable, highly-motivated workforces.<sup>42</sup>

Both here and abroad, post-industrial cities are realising and making use of these advantages; reacting to, and adapting the macro forces of change to their own ends. The resulting urban form emerges from the existing features of the city, key new developments and the marshalling of all those assets. The distinctive mix of physical, economic, social and cultural features is what we call the ideopolis:

- High-tech manufacturing
- Knowledge services, or ‘soft technology’
- A university or universities, with strong networks to commercial partners
- An airport and / or major communication nodes
- Architectural heritage and / or iconic new physical development
- A flourishing service sector, both in symbolic analysis, personal and protective services and indigenous SMEs, or ‘micro-services’
- Large numbers of high skill professional positions
- Large numbers of front-line service positions
- A vibrant city culture and diverse population
- An ethos of tolerance, reflected in local attitudes and economic structure
- Significant local political direction and policy autonomy.<sup>43</sup>

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41 P Grogan and T Proscio (2000): *Comeback Cities: A blueprint for urban neighbourhood renewal*, Boulder: Westview Press.

42 M Porter (ibid.)

43 Drawn from W Hutton (2002): ‘Put the Cities in Charge’, *The Observer*, 7 July; and J Judis and R Teixeira (2002): ‘Where Democrats Can Build a Majority’, [www.AllaboutGeorge.com](http://www.AllaboutGeorge.com).

These elements form the bedrock of recovering cities' asset bases, and the centrepieces of their strategies for further social and economic development. Clearly, some cities have the advantage of history in that they already possess some or all of these features. But others can acquire them, and it is in the marshalling and deployment of these assets that competitive advantage accrues.

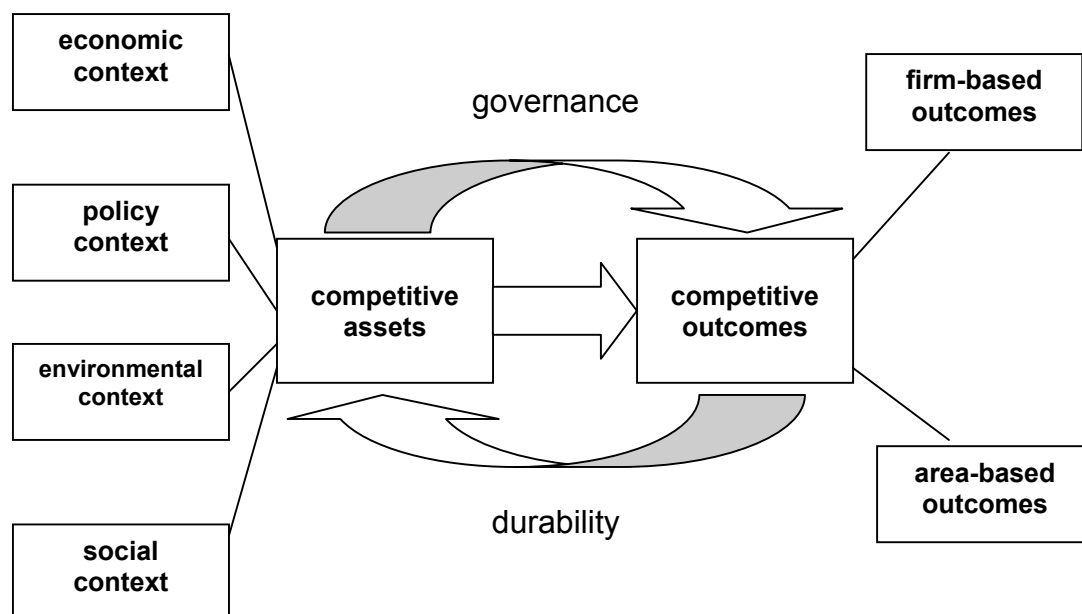
### Competitive assets and 'urban capital'

A city's 'competitiveness' is the complex product of national and international conditions, changes in economic and social superstructure, individual firms' actions and properties of the local area. As Begg puts it:

*Location matters: and some cities manifestly offer a better mix of attributes for business than others.*<sup>44</sup>

A useful way of thinking about this – and thus about the strengths and weaknesses of the ideopolis – is in terms of a city's various 'assets', which, properly applied by firms and organised by local policy actors, result in economic, social and environmental outcomes. Deas and Giordano offer one example of this approach.<sup>45</sup> In their model, other things being equal, cities with more assets should perform better: but a city's overall 'balance sheet' is the result of what firms do, and the result of local policymaking capacity and quality of governance (figure 1, below).

**Figure 1. A city's competitiveness: assets and outcomes.**



Source: Deas and Giordano (2002)

44 I Begg (2000a) (ibid.)

45 I Deas and B Giordano (2002): 'Locating the Competitive City in England', in I Begg (ed), *Urban Competitiveness: Policies for dynamic cities*, Bristol: Policy Press. Full details of the assets they measure are set out in Annex 1.

The balance sheet score, or combination of outcomes, may themselves become assets over time – through reputation effects and their effects on business confidence and investment decisions, and/or through helping economic clusters to develop.

There are three important points to take away from this analysis. First, as suggested above, the quality of central, regional and local government are all important factors in eventual outcomes. Local policy-making matters: capable actors and agencies will have some bearing on how a city performs.

Second, as we know, urban competitiveness is the product of several different asset bases in combination – what we call ‘urban capital’. Some of these are ‘hard’, tangible physical and economic assets. Others are ‘soft’, intangible qualities of the area – the social and cultural milieu. In one study, for example, policy-makers in twenty world cities were asked to rate the importance of different knowledge sources to their overall competitiveness. The results are set out in table 1 below.

**Table 1. Knowledge resources: importance to a city’s comparative advantage.**

Type of knowledge	Importance
Science & technology (universities, R&D)	4.7
Commerce, banking, insurance	3.7
Industry and production know-how	3.7
Arts and culture	3.6
Administration and co-ordination	3.3
Creativity	3.2

Source: EC/FAST study: the Future of European Cities<sup>46</sup>

Third, there are clear links between this model, which emphasises the need to understand and use a range of urban assets, and both the sustainable development agenda and the key objectives of UK government strategy.

The 1987 United Nations Report *Our Common Future* defined ‘sustainable development’ as:

*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*<sup>47</sup>

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46 Quoted in I Begg (ed.) (2002): *Urban Competitiveness: Policies for Dynamic Cities*, Bristol: Policy Press.

47 World Commission on Environment and Development (1987): *Our Common Future*.

The report suggested that equity, growth and environmental maintenance are simultaneously possible and that each country is capable of achieving its full economic potential whilst at the same time enhancing its resource base. In doing so, it highlighted three fundamental components to sustainable development: environmental protection, economic growth and social equity.

Sustainable development, therefore, focuses on 'quality of life', rather than simply rising incomes – although the latter are, of course, an important component of that. It is an integrated worldview that focuses on the need to balance social, environmental and economic agendas.<sup>48</sup> In part, this is because each is valuable in its own right: in part, because it is possible to constructively combine the three.

Of course, there are also inevitable and difficult tradeoffs to be made. But environmental and economic goals can be combined, and it makes sense to develop a policy framework that allows the connections to be clear.

The key objective of sustainable development is to raise environmental productivity: to get more out of the economy from less. Such an approach has very clear resonances with the focus of UK policymaking, particularly the continuing focus on productivity.

Cities should be a key component of both programmes. Cities, as we have seen, are where much of the most significant changes in economic structure and workstyles are concentrated. They also offer a platform for balanced growth: liveable cities, by concentrating land use and reducing travel distances, should be able to boost physical and environmental assets and promote economic growth at the same time.

These connections are critical. The asset base model, and the ideopolis framework, both offer constructive way of framing the whole set of economic, social and environmental development debates.

In other words, the competitive post-industrial city or ideopolis will have high scores across the board. It will grow smart, and grow sustainable. It will have high urban capital.

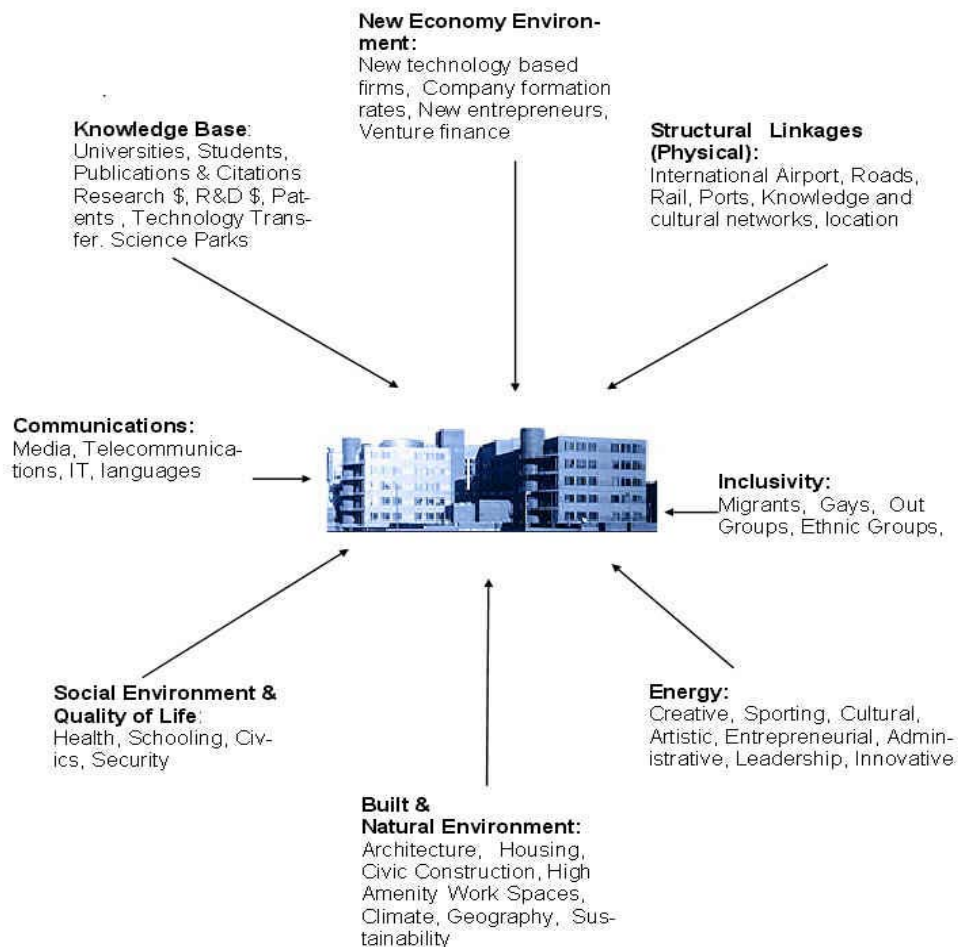
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48 M Jacobs (1999): *Environmental Modernisation: The new Labour agenda*, London: Fabian Society.

### 3. THE ASSETS AND DYNAMICS OF THE IDEOPOLIS

What makes the ideopolis tick? The power of the city lies in the combination of key elements and in their interaction, constantly renewing itself while drawing in new capabilities and competences and spinning off goods and services to wider, often global markets.

**Figure 2. Forces shaping the ideopolis.**



#### **Knowledge base**

Knowledge is the bedrock of the ideopolis – the knowledge of individuals, in firms and channelled through networks. As the primary driver of the city's future competitiveness, it will be the headline for economic growth. So the city's higher education base is fundamental: but it is not the only part. There are clear linkages that need to be both in place and maximised for the

'knowledge effect' to be at its widest. Universities are a key element of this, but so too are the city's resources in business, capital, culture and other services.

For aspiring ideopolis cities, the knowledge base links into the wider communications systems. For the new entrepreneurial professionals, the international airport is one natural gateway. But international airports also have an economic role, which extends far beyond the movement of passengers. Many airports are logistics hubs providing physical storage, security, trading networks and access to local and global marketplaces.

### **Infrastructure**

Physical communications networks still matter: international airports, road, rail and water born communications continue to play their role, especially in domestic transport. Helsinki, for example, with an excellent harbour and good road communications can stretch its networks across the Baltic, into Western Russia and Eastern Europe besides the rest of Scandinavia.

The international airport can play a strategic role in other aspects of the development of the ideopolis. Cultural, sports and other leisure pursuits play a crucial role building the positive image of a community and shaping its dynamics. International artistes are on an international circuit of engagements that require easy of access and egress. Internationally mobile exhibitions can flag the greatness of local collections or fill gaps.

Barcelona has been especially effective at drawing these elements together. The kick-start for Barcelona's recent success was, however, provided by the Olympics in 1992. A similar effect appears to be taking place in Manchester, through the city's hosting of the 2002 Commonwealth Games, although many major regeneration projects were already in place before this. The success of this event transformed Barcelona's image while awakening the world to the growing success of the entire Spanish economy. The dramatic improvements in facilities at the Barcelona international airport were key elements in this success.

### **Communications systems**

But physical access is only one aspect of the sets of linkages that are shaping the evolution of the ideopolis. For the majority of people, telecommunications systems probably do more to shape the image, reputation and appeal of communities than direct experience. Locally based media, notably telecommunications but also television, radio, newspapers, magazines and other publications create employment for creative and talent works, while influencing the views and policies of policy makers and image-formers. The shift away from single-medium, monolithic companies to larger networks of large, medium sized and small companies engaged in activities ranging from transmission, through production to supplies of products, people and services reinforces the importance of the media to the ideopolis.

## Sources of employment

The ideopolis will draw economic strength from a number of different sectors. Helen Jarvis characterises the main sources of urban employment as 'knowledge', 'public' and 'service'. Respectively, these refer to the core knowledge sectors and their entrepreneurial fringe; key public services and the HE sector, and front-line service organisations.<sup>49</sup>

In practice, there will be significant overlap between the three. In the ideopolis, the knowledge creators and their associated infrastructure are placed in the centre of employment creation. This has impacts on the organisation of new supply chains – reconfiguring the wider workforce, building service and cultural supply chains to the widest HE population, incorporating new planning and transport policies to best serve the role of 'knowledge providers' (eg special transport services (train/ metro stops), fast access from city centre to transport hubs (motorways, airports, rail) and beyond to national and international destinations.

The 'ideopolis' idea also involves explicit job creation strategies for enterprises that service the infrastructure and its workers – micro service providers, supply chain employers (service, technology, high tech manufacturing/engineering etc). This means aiming for the widest possible urban benefits from putting knowledge producers at the top of an economic hierarchy.

Geographically, the developing infrastructure would lead to increased demand for new off central area growth strategy (inner and outer city centre areas can be developed into hub employment areas (cultural industries, sport, hotel/ tourism etc.):

*London boasts a burgeoning micro service sector – ranging from hairdressing and restaurants to professional gardeners and party organisers – that is growing to meet the demands of affluent households and small businesses. It has become a self-feeding economy.<sup>50</sup>*

The development of micro-economies which have built up around dual-income households – are already providing soft skill service jobs for the 'new working classes' in the North West replicating those jobs being created in London and the South East. In this sense, the ideopolis is just as much about local and small-scale innovation and enterprise, as it is about the physical infrastructure of the city or iconic retail developments. There should be a greater role in the city labour market for new business start-ups, and SME expansion either through 'incubated' research-led enterprises or from new

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49 H Jarvis (2002): 'The Quest for Work-Life 'Balance' and its Impact on the Urban Environment: The Case of London, an Exemplary Sustainable World City?', *GB-US Working Family Households Research, Working Paper No 8*, University of Newcastle.

50 W Hutton (2002): 'Put the Cities in Charge', *The Observer*, 7 July. (See also Core Cities speech, April 2002.)

micro-service sector organisations. This is where central and local government can work well together. Gordon Brown's recent incentives for business and job growth in deprived areas is both practical and welcome.<sup>51</sup>

### **Liveability and quality of life**

It is probably no coincidence that the places most often quoted as ideopolis cities – 'Boston and San Francisco' or 'London, Edinburgh, Paris, Helsinki, Amsterdam, Marseille/Aix and Lyon/St Etienne, Milan and Barcelona'<sup>52</sup> tend to have either an outstanding built environment and architectural heritage, or a location in attractive natural surroundings. Not surprisingly, those who can choose where to work and live, choose to work and live in such physically attractive environments.

The built environment in cities like Edinburgh, Manchester or Philadelphia reveals not just a city as museum, but also a vibrant contemporary scene. This can include iconic, new physical developments but also includes quality housing especially for the young and mobile alongside a quality physical infrastructure. Barcelona's new retail facilities and modern subway system, for example, are as important as the restaurants in the Barri Gòtic, the Raval and Gràci.

Equally, investment by the private sector in high quality and high amenity facilities is associated with an expectation that the public sector comes up with high quality social provision. This is most noticeable in education where the highly educated entrepreneurs, professionals, technocrats and workers expect good public schools and schooling. In health, there are substantial, international differences in assumptions about the source of provision, but few differences among these key groups about the expected quality of provision.

Parks, museums, galleries and opera houses are emerging as economic assets, whose value can greatly exceed their costs and any subsidies. High art and culture are part of a creative environment that ranges through night clubs, jazz, rock and comedy clubs to tolerance for diversity and difference.

### **Energy and inclusivity**

Richard Florida and Gary Gates argue that there is a clear link between a city's success in a post-industrial economy and its tolerance for difference:

*A city's diversity – its level of tolerance for a wide range of people – is key to its success in attracting talented people. Diverse, inclusive communities that welcome unconventional people – gays, immigrants, artists, and free-thinking "bohemians" – are ideal for nurturing the creativity and innovation that characterize the knowledge economy.*<sup>53</sup>

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51 G Brown, speech to Urban Summit, 31 October 2002.

52 All candidates suggested at the Urban Summit.

53 R Florida and G Gates (2002): "Technology and Tolerance: Diversity and High Tech Growth", *Brookings Review*, Vol. 20 No. 1.

It is an argument that parallels the one put forward by Uffe Elbaek in his claim that *'the businesses, cities and nations that show curiosity and tolerance towards other cultures will stand strong'*.<sup>54</sup>

The vital buzzword is diversity: diversity of lifestyles and housing, diversity of ambitions, skills and career opportunities and diversity in cultural and social life. It is whether all of these 'diversities' can coexist in an area which, these commentators argue, is the deciding factor for whether the society of a city becomes a 'people-smart', socially responsible and culturally diverse space or a 'bad neighbourhood'.

**Table 2. Tech Ranking and Composite Diversity Index.**

<b>Milken Composite Tech-Pole</b>	<b>Metropolitan Area</b>	<b>Composite Diversity Ranking</b>
1	San Francisco	2
2	Boston	6
3	Seattle	5
4	Washington D.C.	3
5	Dallas	15
6	Los Angeles	1
7	Chicago	11
8	Atlanta	14
9	Phoenix	21
10	New York	4
11	Philadelphia	32
12	San Diego	7
13	Denver	17
14	Austin	8
15	Houston	18
36	Cleveland	43
37	Miami	10
38	Rochester	22
39	Albany	36
40	Nashville	25
41	Greensboro	42
42	Oklahoma City	39
43	Las Vegas	24
44	Norfolk	37
45	Richmond	30
46	Buffalo	48
47	New Orleans	27
48	Honolulu	12
49	Memphis	44
50	Louisville	47

Source: Milken Institute "Tech-Pole" Ratings; Composite Diversity Index constructed by Richard Florida and Gary J. Gates using data from 1990 U.S. Decennial Census Public Use Microdata Sample (5%)

54 U Elbaek (2002): "Cultural diversity, social responsibility and economic well-being – three sides of the same future-coin" *New Academy Review*, Spring.

Florida and Gates have posited a Diversity Index which linked proportion of gays, foreign born and “bohemians” (creatives, artists and musicians) in US metropolitan areas. Their analysis drew out a high correlation between the ranking of cities in terms of this Diversity Index and the Milken Tech-Pole Index which attempts to measure the concentration of high technology industries in similar metropolitan areas (table 2, above). Richard Florida has since refined this analysis into a set of creativity rankings.

Similar research in the UK is still pretty thin on the ground. An analysis sponsored by DKNY tracked the different components of ‘liveability’ and combined it into what it termed a UK ‘urban energy index’.<sup>55</sup> Looking at knowledge (GCSE pass rates, number of schools, students etc), finance (number of jobs, VAT registered companies), culture (number of theatres, cinemas, museums and galleries), retail (number, size and types of shops) and nightlife (number and quality of pubs, nightclubs and restaurants), it came up with the following ‘energy’ index for the UK:

**Table 3. The DKNY Urban Energy Index.**

<b>CITY WITH THE MOST ENERGY OVERALL</b>	<b>TOTAL</b>
CAMBRIDGE	7,094.8
EDINBURGH	11,826.62
MANCHESTER	12,777.64
BRISTOL	16,517.09
NEWCASTLE	18,282.44
SHEFFIELD	19,878.09
GLASGOW	21,068.42
LEEDS	23,705.02
LONDON	32,278.74
BIRMINGHAM	35,612.09

More recently, Demos commissioned Richard Florida to run a greatly simplified version of his research for cities in the UK. The analysis measured cities’ so-called ‘creative potential’ by comparing services for gay people, ethnic diversity and patent applications. The results put Manchester in pole position, with London and Leicester in joint second place, followed by Nottingham, Bristol, and Brighton and Hove.<sup>56</sup>

Neither of these provides the definitive measure of quality of life.<sup>57</sup> However, they do provide some useful indications of how different UK cities perform across a set of important issues.

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<sup>55</sup> See Annex 2 for full details.

<sup>56</sup> ‘Manchester is Favourite with “New Bohemians”’, Demos press release on *Boho Britain Creativity Index*, 26 May 2003.

<sup>57</sup> There is an urgent need to develop comprehensive measures of urban asset bases (see next section), and to generate regular data at local and metropolitan level.

It is notable that the search for tolerance is associated with demands for security, public administration and social leadership of the highest standard. In the US, in particular, personal security, effective policing and civic leadership are now key components in the economic development mix.

There is a further, partly political and social, dimension to the ideopolis in the States. John Judis initially claimed that urban change in the US – typified by emerging ideopolis cities – would essentially see a growth in long term political support for the Democrats. This, he argues, is based on the broad societal elements that comprise and catalyse a city's smart knowledge based growth. Different ethnic groups, gay communities, liberal campus orientated businesses and the academic population are all vital players in the ideopolis and all typically Democrat supporters.

In essence, clusters of liberalism are emerging all over the US, often in areas – like the South and West – where values have historically been more conservative. This is a striking development, but one whose implications for similar urban settlements elsewhere is unclear. Will the ideopolis in the UK simply be a nice place to live? Or does its emergence herald deeper changes in the political life of the country?

#### 4. WHERE IT IS AND HOW TO DO IT

It is possible to indicate some of the ideopolises that are emerging to drive forward long-term economic growth in the USA and Europe. At this stage in the evolution of these cities of ideas, the listings, and even more so, the rankings are largely indicative. They show, however, the communities that are ahead today in the most important race in contemporary urban, economic development (table 4, and 5, below).

**Table 4. The emerging US ideopolis?**

Atlanta	Kansas City
Austin	Miami
Baltimore	New Orleans
Boston / Cambridge	Philadelphia
Chicago	Pittsburg
Cleveland	Phoenix
Dallas	San Diego
Denver / Boulder	San Fransisco
Detroit / Ann Arbor (really?)	Seattle
Honolulu	Washington DC

In the US, the notion of the ideopolis has extended beyond the economic and cultural to the political as politicians seek to build their franchise around these communities. This has yet to happen overtly in Europe.

**Table 5. The emerging European ideopolis?**

Amsterdam / The Hague	Lisbon
Berlin	Manchester
Bologna	Marseilles
Bristol	Milan
Copenhagen	Munich
Dublin	Paris
Edinburgh	Stockholm
Frankfurt	Strasbourg
Helsinki / Tallinn	Utrecht
Leeds	Valencia

Other places certainly have the potential to develop in this direction. St Petersburg is probably the best example, with its massive assets but underdeveloped capacities.

#### **Emerging strategies and policy frameworks**

What are the policy frameworks required to make the ideopolis a reality? Based on what successful cities have done or are now doing, US commentators like Bruce Katz have set out a 'new urban agenda' for urban policy-makers:

- Promote 'smart growth' and urban investment
- Invest in poor working families
- Enhance access to opportunity
- Fix urban schools
- Promote greater devolution and local reform.<sup>58</sup>

The greater freedom enjoyed by US states and cities means that in countries such as the UK, these policies may originate at national level. Nevertheless, it is important that they are implemented by local actors with some local discretion.

Katz goes on to describe 'smart growth' policies as a set of complementary interventions, focused on the planning system and economic development:

- New forms of metropolitan governance to handle transportation, environmental protection, waste management, cultural amenities and economic development;
- Land use reforms to manage growth at the metropolitan fringe;
- Reclaiming urban land for productive use and preventing sprawl through use of state resources;
- Systems to steer infrastructure investment and other resources to older established areas;
- Tax reforms to reduce fiscal disparities between local areas;
- Affordable housing programmes to encourage settlement and social mixing in and around the central city.<sup>59</sup>

Michael Porter adds a range of specifically inner-urban economic and labour market policies:

- Private sector players should create and expand business activity in the city; establish business relationships with inner urban companies; develop training, mentoring and assistance programmes for managers of those companies; and develop new types of equity capital investment to allow them to sink money into companies in deprived communities.
- Government should focus on area-based policy; increase the value of inner urban areas through fiscal incentives or other means; deliver economic development and regeneration programmes through mainstream, private sector providers; and eliminate protectionism and direct subsidies.
- The Third sector should focus on social programmes and community development; work with local people to prepare them for and support

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58 B Katz (2000): 'Enough of The Small Stuff! Towards a New Urban Agenda', *Brookings Review*, Summer, [www.brookings.edu](http://www.brookings.edu).

59 B Katz (2002): *Smart Growth: The future of the American metropolis?*, CASE Paper 58, London: LSE / Centre for the Analysis of Social Exclusion.

them in work; and work with the private sector to promote economic development of local areas.<sup>60</sup>

Some of these policy prescriptions are clearly most useful to the US, where patterns of sprawl and economic division are much more pronounced, and overlaid with other issues, most notably race.

However, it is not hard to see the impact of these ideas on policymaking in the UK and in Europe. The UK Government, and most obviously the Treasury and the Chancellor have been instrumental in developing these ideas into policy initiatives. Indeed, the New Labour rhetoric of 'enterprise and fairness' can, at one level, be taken as a straight reading of this thinking.

Specific UK policy frameworks that mirror US thinking are too numerous to mention here. Most notably, almost all of Michael Porter's policy prescriptions are in place, under development or being piloted by various parts of the Government under the rubric of 'Business-Led Regeneration' – City Growth Strategies being the latest of these.

Welfare reform and active labour market policy have focused respectively on working families and enhancing opportunity through participation in paid work. The Urban Task Force recommended fiscal mechanisms to make brownfield land more attractive; these are being implemented and supplemented by new Planning Policy Guidance (PPG 13). Area-based policy and the mixed economy of provision are mainstream. Elected Mayors are in place in many cities, and proposals for elected regional government are on the table.

All of which, on paper, should result in an imminent urban renaissance in the UK. And yet no one imagines such developments will come soon, if at all. Many of these reforms are still in development, small-scale, partial or poorly implemented. And even when the policy tools are available, it is up to regional and local agencies to apply them correctly.

There is still much for many cities to do. Even those identified as emerging ideopolis cities need to consider their next stages of development carefully. Local players, at city and at city-region level need to take a hard look at local activity, regional and national policy frameworks, and check these back against the ideals set out above. The next section sets out some of these challenges in more detail.

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60 M Porter (ibid.)

## 5. FUTURE CHALLENGES

The road to the ideopolis is not an easy one. This section considers in more detail some of the obstacles and challenges that cities in the UK and elsewhere are likely to face.

### **R+D and innovation networks**

Research and development (R&D) capacity is critical to the economic success of cities/regions, but in the UK, links to the wider local/ regional economies need to be made much stronger. Cities need to be able to develop new and effective ways of harnessing and boosting the existing R&D capacity of local Higher Education Institutions (HEIs) into effective city/ region competitiveness strategies. In turn, HEIs need to be incentivised to 'anchor' more of their research into their local/ regional economic contexts.

National government has a very clear need to localise the research agenda if it is to come good with its promises for spreading prosperity and competitiveness into the regions. HEIs need to be encouraged to be more 'of their areas rather just happening to be situated in or near a particular city or region. They should be funded more for local work (students, employers and research). The Economic and Social Sciences Research Council (ESRC) needs to be especially encouraged to take account of local activities/ interests. The Department for Trade and Industry should create incentives for this by setting new loose performance frameworks, both for research councils and for the Regional Development Agencies (and its parallel responsibility for regional and national competitiveness).

R&D capacity in core cities is strong – but the infrastructure connecting this capacity to economic activity and inward investment needs to be strengthened from the national as well as local levels. There needs to be much stronger national government support for local and regional structures that need to surround and support core city R&D capacity – aiding local technology transfer, capital investment, venture capital funds and so on. At the same time national funding for R&D need to have a much more explicitly local dimension, with the ability of local/regional agencies to contribute to the shaping of such funding allocations.

Such a system may be importable from Scotland. The Scottish Executive's '*proof of concept*' fund began in 1999 with a £6m commitment (quickly increased to £33m over the next six years). The money was available for projects up to £250,000, split into specific economic development areas as identified by the Scottish Enterprise clusters areas - including biotechnology, opto-electronics, communications technologies and energy.

### **Autonomy and local governance**

A critical component of US and European post-industrial cities' success has come from their extensive freedom to develop local strategies and experiment with new types of regeneration strategy. To a large extent, that freedom is missing for cities in the UK. Britain remains a highly centralised urban system – over-centralised, in the eyes of many commentators, with basic disconnects

between welfare reform, public service delivery, economic competitiveness and the urban agenda.<sup>61</sup> As Duncan McLennan has pointed out, Britain's 'urban renaissance of a sort' is hampered both by the long-term background of economic decentralisation, and by the over-centralised, over-administered nature of UK cities.<sup>62</sup>

More freedom is required. Even here, national government needs to relinquish a greater degree of financial and political autonomy to its regions and cities if the realities of urban regeneration and regional competitiveness are to be most effectively realised. Again, a range of local, national and international voices support this notion. It is perhaps to be expected from locally based politicians, businesses and education bodies, but other powerful influencers seem to agree. Josef Konvitz, Head of Local Economic Strategy at the OECD has argued that this lack of local resource and decision-making ability is the key element in the UK's failure to 'ever really understand the meaning of urban capital'.<sup>63</sup> Patrick Le Gales of the University of Paris claims that the rebirth of French regional, formerly industrial cities has in part been due to the autonomy of decision making at the local level. French cities are responsible for approximately 70% of all public expenditure whereas the figure in the UK is closer to 30%. Total public expenditure is also between 4 and 5% higher in France than in the UK – representing billions of pounds of extra investment in its cities.<sup>64</sup>

Will Hutton, CEO of The Work Foundation, claims that the deficiency in local political and economic autonomy is the biggest single barrier to successful urban policy in the UK:

*Even to begin (to tackle UK cities' problems) requires much more local political direction, autonomy, planning and financial power than our cities currently possess. They are Europe's political and financial weaklings, and it shows.*<sup>65</sup>

So there is a key role for national government in the transformation of any UK regional city into a more competitive, high performing urban area. It is possible that the new regionalism embodied by the slow move to regional assemblies, development agencies and individually elected mayors together with the reforms outlined in the recent local government white paper will achieve this shift in due course.

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61 M Kleinman (2002): 'Governance, Competitiveness, Cohesion: What Are The Linkages?', presentation to ESRC Cities Programme final conference, London, 29 May.

62 D McLennan, presentation to the Urban Summit, 30 October 2002.

63 Conversation with report author, 24 June 2002.

64 Speech to Core Cities Summit, April 2002.

65 W Hutton, (ibid.) and speech to Core Cities Summit, April 2002.

The chances of this happening are still far from clear. English regional devolution is premised on the abolition of county government, and this prospect is already encountering strong opposition.<sup>66</sup>

Moreover, most of the Government's regional agenda thus far has involved new institutions and local government infrastructure but not the powers over finance or investment that should go along with them. The majority of locally acting bodies in this new regional landscape are still tightly controlled from Whitehall.<sup>67</sup> Arguably, devolution in Scotland has shown a similar effect on Glasgow and at least partially for Edinburgh. In the meantime there is a clear lobbying role for individual towns and cities alongside the Core Cities group.

### **Liveability and cultural capital**

Physical and economic development of the city needs to be sensitive to, and integrated with the city's social and cultural asset base. In particular, it needs both to leverage and preserve the distinctively local character of cultural production. As Rosa Brandes Gratz comments, in successful US city centres:

*Everything reflects the character of the local people and place. And everything that develops is a true response to market demands ...*

*Local people rather than visitors must be the priority for any city centre revitalisation policy. If things evolve by and for local people, or if the policies are geared to them, a real place generates itself, develops an identity of place and appeals to the visitor. Visitors flock to places with authentic local character. But if development and renewal policies are geared solely to the visitor, that is all who will come – making difficult the development of a diversified, 24-hour community. Local people, local business, local character and local activity are essential even to appeal to the visitor ...*<sup>68</sup>

Those in charge of cities' development and growth need to be careful that this distinctively local quality is not lost or damaged by the new development it attracts. In Manchester, for example, there were large local protests when developers Crosby Homes recently demolished the Hacienda club and built building luxury flats on the site, while making use of a number of verbal and visual props in the process: critics charged that Manchester's cultural history was being commodified and sold off.<sup>69</sup>

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66 J Tomaney (2003): 'Devolution Theory of Divide and Rule', *Regeneration and Renewal*, 5 February.

67 Local Learning and Skills Councils, Regional Development Agencies and the Small Business Service, for example.

68 R Brandes Gratz (2002): 'New World Lessons', *The Guardian*, 30 October 2002.

69 D Ward (2002): 'Hacienda fans rave at plan for luxury flats', *The Guardian*, August 29.

### **Gentrification, social inclusion and under-development**

Economic development is about more than land, buildings and new jobs. It is also about distributing opportunity across all social groups, and ensuring that all the actual and potential assets of a city are brought into play. Bruce Katz argues for policies based on more than 'Starbucks and stadiums' – a telling way to make that point.<sup>70</sup>

Research on middle-class entrants to previously deprived areas of London suggested that while the individuals concerned were often attracted by the diverse, multicultural nature of the areas in question, there was very little social mixing across class or ethnic boundaries and a lack of civic engagement. The human capital of an area may rise, but the social capital, at least as measured by close networks of social relations, may fall. It is important to ensure that suitable planning gain is leveraged from all new developments.

Forthcoming ESRC research suggests that large, transient student populations can cause persistent under-development in areas where undergraduates cluster. Economic activity becomes orientated around student needs, offering little to local people: the quality of the housing stock can decline, and there may also be environmental health hazards (mainly noise pollution and litter).<sup>71</sup> Again, there is a risk of decline in social capital, and the danger that certain parts of a city become effectively segregated.

### **Work-life integration and the strong economy paradox**

Urban planning in most major cities now stresses liveability, sustainability and compact development. Yet the reality of everyday life is often very different from this, and the compromises made by families in trying to maintain urban living – or defeat and relocation to the suburbs – often defeats policies designed to impose order on urban life.

The work of Helen Jarvis and colleagues illuminates growing fears that some very 'successful' cities, those representing dense concentrations of high performance activity, have overreached sustainable limits with respect to quality of life:

'The capacity to attract and retain skilled workers and their families rests with desirable, manageable, affordable living environments. Yet many very 'successful', 'liveable' cities are victims of their own success. They are viewed as being increasingly 'dysfunctional' with respect to cost of living, social cohesion, infrastructure and environmental quality. The route by which these cities pull in skilled workers and high value-added, knowledge-based growth rests with that unstable mix - environmental quality and economic vitality. The secret of success is clearly double edged. Cities have to be attractive places in which to

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70 B Katz, presentation to Urban Summit, 30th October 2002.

71 B Walker (2002): 'Student Ghettos 'Out Of Control'', *Regeneration and Renewal*, 30 August.

live, work, socialise and raise families. Yet the material 're-packaging' which fosters this, frequently promotes serious social and environmental dysfunction.<sup>72</sup>

Many dynamic cities exhibit a 'strong economy paradox':

'Strong economies effectively cultivate household reliance on more than one income while at the same time making it difficult for these same households to co-ordinate daily life in socially or environmentally sustainable ways ... success contributes to its own destruction.'<sup>73</sup>

Even for relatively advantaged, work-rich households, everyday life becomes increasingly unsustainable:

'In dynamic, affluent cities it is increasingly normal to find both parents in two-parent families employed for long hours, while it is difficult for this arrangement to survive the effort and emotional toll it takes to maintain daily life. In order to co-ordinate housing, childcare and schools together with the competing demands of paid employment, parents frequently find themselves increasing the number of journeys and distance they travel each day.'<sup>74</sup>

Jarvis contends that individual and household decisions, preferences and constraints consistently work against the outcomes urban policies set out to achieve. Employers' demands often make things harder. The effects of new technology are double-edged. There is often 'a profound tension between private struggles and public strategies.'

London, in particular, shows signs of dysfunction, but similar tensions and difficulties are in evidence in the other cities studied by the researchers: Edinburgh, Seattle, Portland and San Francisco. Since all of these have been identified as potential or actual candidates for ideopolis status, it is important to be aware of some of the fine-grained problems urban living may throw up even here.

Many of the tensions identified focus on the connections between work, home and transport. In cities like London, it is easy for professionals to run a dual-career household: the city offers an unrivalled choice of jobs, so that two careers can progress without the need to relocate outside the city-region. High-earning professionals are drawn to London: it is a hub labour market. However:

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72 H Jarvis (2001): 'Work-Life City Limits', University of Newcastle, monograph.

73 H Jarvis (2002a): 'The Quest for Work-Life 'Balance' and its Impact on the Urban Environment: The Case of London, an Exemplary Sustainable World City?', *GB-US Working Family Households Research, Working Paper No 8*, University of Newcastle.

74 H Jarvis (2002b): *Work, Life and the City: UK-USA Working Families Research Summary*, Swindon, ESRC.

'It takes two 'good jobs' to compete in the London housing market but the commitment required by these ultimately threatens the survival of this very structure ... London's high cost of living effectively cultivates multi-earner households, for whom problems of 'balancing' are particularly acute, in circumstances where congestion, long distance commuting, limited social service provision and rapidly changing conditions of employment disrupt already stretched time-space co-ordination.'<sup>75</sup>

All of which encourages individual coping strategies that collectively, both make these problems worse and undermine public policy strategies to mitigate urban tensions. There is a well-established shortage of affordable housing, which contributes to a general 'mismatch of homes, jobs, transport and childcare, which is socially and environmentally damaging.'<sup>76</sup> Fragmentation creates a lot of wasteful journeys, and a lot of personal stress.

If middle-class professionals face these problems, it is clear that so-called 'key workers' in London have a much harder time. There is a mass of anecdotal evidence to suggest key public sector workers are forced by the combination of costs and lifestyle difficulties, either to live well out of the city, or to relocate to cheaper parts of the country:

'London is an increasingly divided city, excluding all those who are not well-housed, well employed, able-bodied and mobile, well-connected or equipped with cultural capital. By becoming so exclusive a city, London runs the risk of squeezing out the very people who work this world economy behind the scenes.'<sup>77</sup>

There is well-known and well-founded concern about the effects of high prices and insufficient infrastructure on key workers and professionals alike, in London and the wider South-East region. Such concerns inevitably play to the advantage of smaller, compact, more 'useable' cities elsewhere in the UK, such as Bristol, Manchester and Edinburgh. More widely, such obvious difficulties in sustaining everyday life in world cities should add to the momentum ideopolis cities across the West are now clearly enjoying.

One clear thrust of the narrative is that public decisions have unintended consequences, and that private responses often undermine public goals. There is a very real question about whether the tensions described here are inherent in all dynamic cities, and subsequently, whether there is much that changing policy infrastructures can do to mitigate them.

Nevertheless, as the research demonstrates, even well-known 'liveable cities' can start to become victims of their own attractiveness. The emergence of a

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75 H Jarvis (2002a) (ibid).

76 Ibid.

77 Ibid.

strong economy paradox is a very real future threat for the ideopolis. It demands a careful, integrated strategic response that identifies the important elements of the city's urban capital, maps the fine points of connection between individuals, households, employers and urban infrastructure, and begins to develop holistic frameworks and policies that begin to mitigate tensions and defuse future threats. Such integrated urban policymaking is, perhaps, the major challenge for the ideopolis.

## SOME CONCLUSIONS

*So there is a nagging question: why should great cities have such golden ages? How do they come about? What makes a particular city, at a particular time, suddenly become immensely creative, exceptionally innovative? Why should this spirit flower for a few years, generally a decade or two at most, and then disappear as suddenly as it came? Why do so few cities have more than one such golden age? How is it that they fail to recapture the creative spark that once animated them?<sup>78</sup>*

The search is on for the combination of factors that make up the competitive city, throughout the UK, Europe, the US and beyond. For all there are clear lessons to be learned from how far some cities have now got – and what has made them more ‘competitive’.

Outside world cities, the ideopolis is one of the most successful urban forms around. Strikingly, many cities that were formerly in decline have used the ideopolis framework to regenerate and thrive:

- Knowledge creation (world class university/ies and technology transfer infrastructure);
- Good skill levels throughout the workforce;
- Cluster(s) of growing knowledge industries;
- Transport links (especially airport with high connectivity) both to and within the city;
- Quality of life (good service/ cultural industry presence);
- Effective local leadership (local government and other agencies);
- Appropriate degree of political and economic autonomy (cash, planning, strategic decisions etc).

But the final pattern of development is only emerging slowly. In many cities, the type of strategic thinking, in which the locational, knowledge, cultural and related assets of a large community are viewed as a whole – in the way that the best science and technology parks think – is relatively poorly developed.

The failure to focus on the drivers of creative entrepreneurship (inside) or outside the ideopolis can undermine and understate the potential of the core concept. In a knowledge-based industrial revolution, the type of reductionist approach favoured by many economists, planners and civil servants is especially inappropriate. Innovations based on knowledge frequently come from the successful integration of two separate elements into a new unity – a task which entrepreneurs, which entrepreneurs seem especially capable of performing. The academic entrepreneur who understands the potential of a technology and is able to convert that potential into marketable products and

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78 P Hall (1999): *Cities in Civilisation*, Oxford: OUP.

services can shape and dominate markets in the way that Noyes and Moore shaped and dominated the silicon chip market through Intel. Knowledge industry strategies must be fundamentally people based – the drivers of the entrepreneur should lie at the heart not at the margins of urban, economic strategy.

Communication, control and information technologies are especially important in shaping support structures. Fluid and flexible technologies and information systems cannot be separated from flexible and organic management structures and dynamic cultural and social environments. This, in turn, probably means that open, public and civic leadership styles becomes more important than closed, management styles in capitalising on the potential of new generation entrepreneurs. Values gain special importance as they provide the means of integrating the venture at the lowest cost to the greatest effect.

It's not just who you are, it's where you're at. The new economy is no longer about simply people, knowledge or technology – it is about the cities and places that house them. Success in mobilising these resources – in becoming the ideopolis – will mean prosperity for cities and communities; failure could start a cycle of decline that will be hard to arrest.

In the short term, the challenge to economic and civic leadership is to measure the capacity of their cities to become an ideopolis; in the long term, it is to devise implement strategies to take them there.

## ANNEX 1: DEAS AND GIORDANO'S URBAN ASSETS MODEL

The model used the following basic indicators.

Economic context: % of pupils with 5+ A\*-C GCSEs, 1997 (DfEE / DfES)  
% of all 16-19 year olds in full-time education, 1999 (LFS)  
% of all working-age adults in job-related training, 1999 (LFS)  
Average RAE scores in key sectors, 1996 (HEFCE)  
% of all 15 year olds with no/low GCSEs, 1997 (DfEE / DfES)  
% of all employment in unskilled occupations, 1999 (LFS)

Policy context: SRBCF grant funding pc, outturn 1997/98 (DETR / ODPM)  
EU grant funding pc, outturn 1997/98 (DETR / ODPM)

Environmental: Total road network length per km<sup>2</sup>, 1997 (DETR / ODPM)  
Mean house prices 1995-97 / median gross yearly FT earnings April 1998 (Land Registry / Regional Trends)  
% area derelict, 1993 (DoE / DEFRA)

Social context: % electoral turnout, 1996 (University of Plymouth)  
% households on Council Tax Benefit, 1996 (DSS / DWP)  
Standardised Mortality Ratio 0-64, 1997 (DETR / ILD)

Outcomes were chosen to measure the well-being of businesses, and the economic health of the city.

Business outcomes: VAT registrations / numbers employed, 1999  
Net new business registrations / total stock of firms, 1999  
PLCs / conurbation population, 1999

City outcomes: GDP per capita (1998)  
Office, industrial and rental levels (1999)  
% unemployed, economically active residents (1999)

Overall 'scores' for both assets and outcomes were generated by aggregating z-scores for the various indicators respectively.

## ANNEX 2: THE DKNY URBAN ENERGY INDEX

The Index consisted of the following measures:

POTENTIAL ENERGY measured by POPULATION / (NO. OF SCHOOLS + JOBS AVAILABLE + BIRTH RATES)

+VE FINANCIAL ENERGY measured by POPULATION / (BUSINESS REGISTRATION (VAT) + EMPLOYEES)

-VE FINANCIAL ENERGY measured by (AV. DWELLING PRICE + COUNCIL TAX) / 1000

NEGATIVE ENERGY measured by POPULATION / (VIOLENT CRIMES + BUSINESS DE-REGISTRATION + UNEMPLOYMENT)

CULTURAL ENERGY measured by POPULATION / (THEATRES + PUBLIC ART GALLERIES + MUSEUMS + CINEMAS)

SPIRITUAL ENERGY measured by POPULATION / PLACES OF WORSHIP

SOCIAL ENERGY measured by POPULATION / (NIGHTCLUBS + PUBS AND BARS)

Results were as follows.

POTENTIAL ENERGY	POPULATION / (NO. OF SCHOOLS + JOBS AVAILABLE + BIRTH RATES)
CAMBRIDGE	24.8
BRISTOL	30.59
MANCHESTER	30.63
LEEDS	36.72
EDINBURGH	41.26
SHEFFIELD	44.43
NEWCASTLE	43.53
GLASGOW	51.07
BIRMINGHAM	65.21
LONDON	425.68

+VE FINANCIAL ENERGY	POPULATION / (BUSINESS REGISTRATION (VAT) + EMPLOYEES)
SHEFFIELD	1.03
EDINBURGH	1.07
LEEDS	1.13
LONDON	1.14
CAMBRIDGE	1.16
BRISTOL	1.26
BIRMINGHAM	1.26
MANCHESTER	1.28
NEWCASTLE	1.31
GLASGOW	1.47

<b>-VE FINANCIAL ENERGY</b>	(AV. DWELLING PRICE + COUNCIL TAX) / 1000
GLASGOW	79
BIRMINGHAM	92
LEEDS	97
SHEFFIELD	98
EDINBURGH	108
BRISTOL	121
NEWCASTLE	124
CAMBRIDGE	160
MANCHESTER	165
LONDON	178

<b>NEGATIVE ENERGY</b>	POPULATION / (VIOLENT CRIMES + BUSINESS DE- REGISTRATION + UNEMPLOYMENT)
LONDON	-39.08
CAMBRIDGE	-25.16
BRISTOL	-21.76
EDINBURGH	-21.71
SHEFFIELD	-18.37
GLASGOW	-18.12
NEWCASTLE	-17.4
BIRMINGHAM	-15.51
LEEDS	-14.83
MANCHESTER	-13.27

<b>CULTURAL ENERGY</b>	POPULATION / (THEATRES + PUBLIC ART GALLERIES + MUSEUMS + CINEMAS)
CAMBRIDGE	4241
EDINBURGH	7444
MANCHESTER	9348
BRISTOL	11333
NEWCASTLE	13550
SHEFFIELD	14897
GLASGOW	16575
LEEDS	17667
LONDON	17796
BIRMINGHAM	27600

<b>SPIRITUAL ENERGY</b>	POPULATION / PLACES OF WORSHIP
CAMBRIDGE	1685
MANCHESTER	2205
GLASGOW	2751
EDINBURGH	2978
NEWCASTLE	3265
SHEFFIELD	3570
BRISTOL	3813
BIRMINGHAM	4111
LEEDS	4371
LONDON	9093

<b>SOCIAL ENERGY</b>	<b>POPULATION / (NIGHTCLUBS + PUBS AND BARS)</b>
CAMBRIDGE	1008
MANCHESTER	1041
BRISTOL	1240
EDINBURGH	1276
SHEFFIELD	1286
NEWCASTLE	1316
LEEDS	1547
GLASGOW	1629
BIRMINGHAM	3759
LONDON	4824

The overall scores were as follows.

<b>CITY WITH THE MOST ENERGY OVERALL</b>	<b>TOTAL</b>
CAMBRIDGE	7,094.8
EDINBURGH	11,826.62
MANCHESTER	12,777.64
BRISTOL	16,517.09
NEWCASTLE	18,282.44
SHEFFIELD	19,878.09
GLASGOW	21,068.42
LEEDS	23,705.02
LONDON	32,278.74
BIRMINGHAM	35,612.09

Sources: Office of National Statistics; City council research departments; TNSI Market Research; Statbase, NOMIS; Yell.com; thisismoney.com; uksocialhousing.co.uk, United Nations Statistics Division; shelter.co.uk; website for the Office of the Deputy Prime Minister; upmystreet.co.uk; golondon.gov.uk; thisislondon.co.uk.

Note: The overall Energy Index position is calculated from the combination of seven individual indices.