

# Now Is the Time to Redefine Our Cities:

Reinventing American Cities – Now!

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As a country, we are in some trouble. The economic meltdown sinking out of the banking quagmire, the bust of housing and the commercial real estate market and the collapse of the domestic auto industry has pushed unemployment to record levels and crushed any momentum for job growth anywhere. And it has spread around the world.

Scholars and economists have criticized how the government compiles its unemployment statistics, arguing that the government statistics do not include those who cannot find work and give up, those who graduate from college and cannot find employment and stay in school to pursue a graduate degree or a different major, those who cannot find work and go into the military and those who are underemployed. And these criticisms are fair. The recent gross domestic product went up – because of increased health care costs, not because jobs were added to the economy. A recent study by the Economics Department at Youngstown State University has concluded that the actual unemployment rate in the US in August, 2009 went past 29% and today stands at 32%!

And our cities are in dire shape. Half the world's six billion people now live in cities.

Hundreds of billions of dollars thrown at shovel-ready road repaving projects and Medicare benefits will not pull us out of this mess. Neither will wind mills or solar power. Nor will another 'new urbanism' pastiche of retreat forms and 'modern living' paradigms with no views, gratuitous material changes, cheap materials and no establishment of genuine places and neighborhoods. We need a vision of modern urban life.

Author Erik Davis in "Technosis: Myth, Magic and Mysticism in the Age of Information" references the phrase "consensus trance," developed by psychologist Charles Tart. This consensus trance is what keeps America in its content, destructive, energy-absorbing, environment-depleting pattern of car-crazed consumerism. This consensus trance has produced the unrewarding and ugly Suburban Nation. The media/ advertising-supported consensus trance keeps us complacently convinced that this is the only American Dream. And bin Laden's right uppercut to Uncle Sam has failed to arouse our brains, our creativity or even our defensive thinking, as our past leaders think and spoke only of retaliation.

With busy streets and a network of public services, cities are more than prized cultural receptors. In the eyes of New York Times architectural critic Nicolai Ouroussoff, their efficiency over suburban sprawl may finally compel us to reexamine what we have long neglected and damaged by policies and infrastructure expansion to make wealthy developers even more rich by funding sprawl over density and conformity over difference.

These policies have turned many of our urban centers into theme parks and sports palaces while others, like Detroit, deteriorate into ghost towns. Sprawl has created gated communities that are ecologically and economically unsustainable, and both create and reinforce racial, economic and class divisions in our society.

Correcting these deficiencies and imbalances will require a transformation of how we think of cities and the role government takes in shaping and maintaining them. At times, destruction will be in order. It requires that we give voice and attention to people who have spent years planning for more sustainable, livable and socially just cities. Some of the changes needed seem daunting, for they are large and complex. Planner Daniel Iacofano recently addressed a local community group where he pointed out that New Orleans in the wake of Hurricane Katrina has failed to address the needs of the poor and vulnerable, making his point that physical development – coupled with social and cultural development – is what creates great and inclusive cities. Iacofano also points out that a successful city must attract and retain creative people, innovators and intellectual capital.

Many see the current crisis as a chance to rebuild the country's infrastructure of roads, bridges, sewers and utility lines. They have drawn our attention back to the massive public works projects of the government such as FDR's Works Projects Administration in the 1930's and Eisenhower's 1956 National Defense Interstate and Defense Highway Act as examples of what we were once capable of.

Eisenhower's highway initiative was audacious. Its effects have been positive and negative. The Highway Act truly set the stage and called the plays for what became decades where suburban interests trumped urban needs. Funds needed to invest in new technologies and reinforce and maintain development, density and quality in our cities was siphoned off to build roads and allow suburbia to elicit the Great Escapee from American Cities, as our cities became the home for the homeless and the poor. Inspired by the German autobahn, Eisenhower saw the highway program as a way to turn the country's substantial military industrial complex into a peacetime economy. He actually sold the idea to taxpayers as a civil defense concept. Instead, thousands of miles of inter-city highways bore a postwar car culture and suburban sprawl, and in its wake, forever changed the way our cities evolved and function. It also changed our expectations for access and fueled a different consumption pattern based not on Main Street and neighborhood stores and interaction, but on Big Box and asphalt centers accessed by gas-powered vehicles that operate at 5% efficiency and are the primary causative agent of climate change.

The highways system and the exurban and urban forms created accelerated the cultural, economic and social shifts of the cold war era at a time when the civil rights movement sought a more level playing field at the very moment when the government was paying to pave the way for urban city dwellers to escape the unstable threats of our cities as the African-American urban poor wanted equality. White city dwellers told themselves they were escaping the threat of soviet bombs on urban manufacturing targets when they were running from the deteriorating urban neighborhoods and racial friction as highways became diving lines, often between white and black.

Boston, New York and Santa Monica are conspicuous examples of cities where freeways bulldozed their way through vibrant African-American neighborhoods, walling off Treme, Crenshaw and South Central neighborhoods from the rest of the cities.



Half of the world has too much stuff. And the other half is too poor to buy anything. Our retail redundancy of drug stores on every corner, redundant strip centers, over-scaled malls, power centers, discount marts and our related retail infrastructure will soon be eating itself alive as the customers thin out.

It has been fashionable for three decades to bash highways and the car for ruining the American suburban landscape. So design professionals are trained to hate sprawl because it is responsible for everything wrong with modern American life: strip malls, bog-box retail sucking the life out of Main Street retail in every community and neighborhood, SUV's, high gas consumption, increased number of auto trips and miles traveled, global warming, dependence upon foreign oil, the abandonment of our central cities, our government's initiation of wars to protect our oil pipeline and our indulgent lifestyle of recreational shopping.

But Robert Bruegmann in his new book *Sprawl: A Compact History*, argues that that urban sprawl is not a recent phenomenon: It has been a feature of city life since the earliest times. The urban rich have always sought the pleasures of living in low-density residential neighborhoods on the outskirts of cities. As long ago as the Ming dynasty in the 14<sup>th</sup> century, the Chinese gentry sang the praises of the exurban life, and the rustic *villa suburbana* was a common feature of ancient Rome. Pliny's maritime villa was 17 miles from the city, and many fashionable Roman villa districts such as Tusculum—where Cicero had a summer house—were much closer. Bruegmann also observes that medieval suburbs—those urbanized areas outside cities' protective walls—had a variety of uses. Manufacturing processes that were too dirty to be located inside the city (such as brick kilns, tanneries, slaughterhouses) were in the suburbs; so were the homes of those who could not afford to reside within the city proper. This pattern continued during the Renaissance. Those compact little cities bounded by bucolic landscapes, portrayed in innumerable idealized paintings, were surrounded by extensive suburbs.

According to the *Oxford English Dictionary*, "sprawl" first appeared in print in this context in 1955, in an article in the *London Times* that contained a disapproving reference to "great sprawl" at the city's periphery. But, as Bruegmann shows, by then London had been spreading into the surrounding countryside for hundreds of years. During the 17<sup>th</sup> and 18<sup>th</sup> centuries, while the poor moved increasingly eastward, affluent Londoners built suburban estates in the westerly direction of Westminster and Whitehall, commuting to town by carriage. These areas are today the Central West End; one generation's suburb is the next generation's urban neighborhood. As Bruegmann notes, "Clearly, from the beginning of modern urban history, and contrary to much accepted wisdom, suburban development was very diverse and catered to all kinds of people and activities."

When inexpensive public transportation opened up South London for development in the 19<sup>th</sup> century, London sprawl took a different form: streets and streets of small brick-terrace houses and townhomes. For middle-class families, this dispersal was a godsend, since it allowed them to exchange a cramped flat for a house with a garden – albeit a tiny one by American standards. The outward movement continued in the boom years between WWI and WWII, causing the built-up area of London to double, although the population increased by only about 10 percent—which sounds a lot like Atlanta today.

It was not only by sprawling at the edges that cities reduced their densities. Pre-industrial cities began life by exhibiting what planners call a steep "density gradient." That means that the population density was extremely high in the center and dropped off rapidly at the edges. Over time, with growing prosperity—and the availability of increasingly far-reaching mass transportation (omnibuses, streetcars, trains, subways, cars), this gradient flattened out. Density at the center reduced while density in the expanding suburbs increased. The single most important variable in this common pattern was, as Bruegmann observes, not geography or culture, but the point at which the city reached *economic* maturity. In the case of London, the city's population density peaked in the early 19<sup>th</sup> century; in Paris it happened in the 1850s; in New York City in the early 1900s, and in Cleveland in the 1920's. While the common perception is that sprawl is America's contribution to urban culture, Bruegmann makes the case that it appeared in Europe first.

Yet haven't high rates of automobile ownership, easy availability of land, narrow or absent zoning and a lack of central planning made sprawl much worse in the United States? Most American tourists spend their time visiting historic city centers,

so they may be unaware that suburbs now constitute the bulk of European metropolitan areas, just as they do in America. We marvel at the efficiency of European mass transit, but since 1950, transit ridership in Europe has remained flat, while the use of private automobiles has skyrocketed as it has in America.

"As cities across Europe have become more affluent in the last decades of the twentieth century," Bruegmann writes, "they have witnessed a continuing decline in population densities in the historic core, a quickening of the pace of suburban and exurban development, a sharp rise in automobile ownership and use, and the proliferation of subdivisions of single-family houses and suburban shopping centers." Despite some of the most stringent anti-sprawl regulations in the world and high gas prices, the population of the City of Paris has declined by almost a third since 1921, while its suburbs have grown. Over the last 15 years, the city of Milan has lost about 600,000 people to its metropolitan fringes, while Barcelona, considered by many a model compact city, has developed extensive suburbs and has experienced the largest population loss of any European city in the last 25 years. Greater London, too, continues to sprawl, resulting in a population density of 12,000 persons per square mile, about half that of New York City.

The point is not that London, any more than Barcelona or Paris, is a city in decline (although the demographics of European city centers have changed and are now home to wealthier and older inhabitants, just like some American cities). **Central urban densities are dropping because household sizes are smaller and affluent people occupy more space.** Like Americans, Europeans have opted for decentralization. To a great extent, this dispersal is driven by a desire for home-ownership. "Polls consistently confirm that most Europeans, like most Americans, and indeed most people worldwide, would prefer to live in single-family houses on their own piece of land rather than in apartment buildings," Bruegmann writes. So strong is this preference that certain European countries such as Ireland and the United Kingdom now have higher single-family house occupancy rates than the United States, while others, such as Holland, Belgium, and Norway, are comparable. Half of all French households now live in houses.

It appears that *all* cities—at least all cities in the industrialized Western world—have experienced a dispersal of population from the center to a lower-density periphery. In other words, sprawl is universal. Why is this significant? **"Most American anti-sprawl reformers today believe that sprawl is a recent and peculiarly American phenomenon caused by specific technological innovations like the automobile and by government policies like single-use zoning or the mortgage-interest deduction on the federal income tax,"** Bruegmann writes. **"It is important for them to believe this because if sprawl turned out to be a long-standing feature of urban development worldwide, it would suggest that stopping it involves something much more fundamental than correcting some poor American land-use policy."**

**What this iconoclastic little book demonstrates is that sprawl is not the anomalous result of American zoning laws, or mortgage interest tax deduction, or cheap gas, or subsidized highway construction, or cultural antipathy toward cities.** Nor is it an aberration. Bruegmann argues that asking whether sprawl is "good" or "bad" is the wrong question. Bruegmann says that sprawl is and always has been inherent to urbanization. **It is driven less by the regulations of legislators, the actions of developers, and the theories of city planners, than by the decisions of millions of individuals—Adam Smith's "invisible hand."** This makes altering it very complicated, indeed.

However, what Bruegmann fails to connect are the dots between economic expansion and sprawl. Whether in Europe or American, people chose to have single homes and more land *because they could afford it*. They can also have more land and a single-family home in the city. They chose to locate in an exurban setting because they believe that real estate values and public education in the city are historically poor risks, and because they can afford the price of the property, taxes and transportation in a less dense setting. When a wider array of job opportunities present themselves in Seattle, Portland, Denver and Phoenix, younger and more mobile workers leave their communities in search of employment, which is increasingly less present in urban centers, where old factories are either torn down or recycled into trendy flats for Gen X'ers and Millennials who like the night life, are fine with density and don't yet want a yard to take care of.

What is different about American sprawl compared with sprawl in Europe is the dependence upon the car and the manner in which roads in America are routed for economy, not beauty and constructed with the least expensive materials and methods, requiring the highest levels of maintenance over time. Europe's major cities all feature substantial and effective mass transit that make getting into the city affordable and time-effective. Imagine what the commute in Pittsburgh would be like if it had an effective rail system that was put in place in the late 1800's as its industrial expansion caused its population growth from 321,616 in 1900 to 588,343 by 1920 and 671,659 by 1940.

After topping out at 676,8056 in 1950, Pittsburgh began the great deindustrialization, losing 158,000 manufacturing jobs and 258,000 residents from 1970 - 1990. In 2007, Pittsburgh's population stood at 311,218. Pittsburgh lost 100,000 steel jobs between 1978 – 1983. Similarly, Cleveland grew from 381,768 in 1900 to 796,841 by 1920 and was the fifth largest city in the United States, thanks also to the steel industry as well as oil refining and shipping. But like Pittsburgh, after peaking at 878,336 in 1960, Cleveland's population loss fell to 543,822 by 1980 and 438,112 by 2007, thanks to the collapse of the steel industry. The current census is likely to show that Cleveland's population is now below 375,000.

By the time Reagan took office in the 1980's with his anti-bog-government rhetoric, the culture of public spending on large public works projects became conspicuous, to say the least. In many cities, private developers stepped up and began refurbishing older historic districts organized around themed districts, convention centers and sports complexes while roads, bridges and sewer systems were allowed to deteriorate. Meanwhile the European Union spent decades developing the most efficient high-speed rail system that unified the continent while leading to the revival of Brussels and Lille. And Europe not only made environmental responsibility a discussion, they made it the law.

In the 1990's, most major American cities found themselves in the position of having to spend huge sums of public money to build, and in many instances, rebuild, new sports palaces to keep major league teams in their towns, which resulted in sweetheart deals for most club owners. In Europe, the investment in large-scale infrastructure projects is coupled with serious thinking about the future of cities. The Dutch are known for their willingness to explore alternative housing with regularly daring efforts and occasionally outstanding results.



Mirador, Spain by MVRDV; Silodam by MVRDV

The Swedish government has begun a competition for a design to replace a 1930 Stockholm bridge with a system of locks, roadways and shops. In Madrid, the government is planning to bury a four-mile section of highway to cover it with parks and new housing. And the French have just completed a nine-month study of the future of urban Paris as the first phase to create a more sustainable and socially integrated "post-Kyoto city," with an expanded Metro system and new parks. The proposals

show a boldness that has not been seen in a Western city for decades. The teams range in experience from well-established international stars like [Richard Rogers](#) and Christian de Portzamparc to French architects who are just beginning their careers. All forsook flashy imagery for a deep analysis of the city's diverse communities and the fraying tissue that binds them together. At the very least, the results should force a radical reappraisal of Paris's identity. The enchanted city most of us know through holidays and films is a compact metropolis of roughly two million people that lies within the *périphérique*, the elevated freeway that encircles the old city. Its pretty medieval streets and broad boulevards are held up as a model of the ideal city.

But for decades the vast majority of Parisians have lived in the generic apartment blocks and squalid housing projects that make up most of the suburbs. These include the poor immigrant neighborhoods that erupted in violence in 2005. The aim of the study was twofold: to create a plan for a greener, more sustainable city, and to break down the isolation between the outlying neighborhoods and the historic center. The most thought-provoking designs operate on multiple levels, reaching beyond the issue of sustainability to address deeply entrenched social ills.

In a preview of their strategy, Richard Rogers's group told the press that the biggest challenge was Paris's "enormous disparity" and the "staggering psychological barrier" between the core of the city and the world beyond the ring road. "I don't know any other big city where the heart is so detached from its arm and legs," Rogers said at the start of the project. His team of architects, who have worked with the London School of Economics and French sociologists, proposed a bold plan to unite Paris's disparate communities, beginning by covering over the railway lines that "carve up" the city and creating a vast network of lush parks above the tracks. Mike Davies, director of the project, said: "The train lines going into Gare du Nord and Gare de l'Est are currently canyons of void." He proposed creating "a continuous green space, a green network" miles long that would link the centre of Paris to its deprived northeastern outskirts. Underneath it, a separate, hidden layer would contain the mechanics of renewable technologies aimed at launching Paris into a low carbon future and connecting poor and middle class neighborhoods.

The Rogers proposals also call for state intervention to completely overhaul areas such as Clichy-sous-Bois, which exploded in urban riots in 2005. Davies described the high-rises as "separate blocks in space", plunked down in isolation with no identity, city fabric, or village life around them. "The great unwritten and unsaid is that residents tend to be similar ethnic origin. It's not a mixed system," he said. "Monoculture is one of Paris's biggest problems." The plans seek to bring in new, mixed populations to the poor high-rises and the business district La Defense, extend high-speed train lines, create a new metropolitan transport system and cut the myriad layers of local government.

Among the most audacious is Mr. de Portzamparc's plan, which proposes demolishing both the Gare du Nord and the Gare de l'Est and replacing them with a single massive European train station just north of the city center. The station would link to the Eurostar train lines to London and Brussels, as well as to a new elevated maglev train that would run above the *périphérique* which currently cuts off the two million people in the city from the six million inhabitants of the Paris suburbs. It would also anchor a towering new global business district, a rival to La Defense.

Other plans are more poetic. [Jean Nouvel](#) proposes creating a green belt that would circle the entire city. All future construction would be concentrated inside this belt, adding density to what are now sprawling, isolated communities. New towers would punctuate some of the outlying boulevards, adding visual markers where there are none. The outer ring would become a sort of 620-mile-long community garden, with residents tending their plots along an endless string of parks and fields. The idea is to give a powerful identity to the most anonymous parts of the city.

And then there are the usual provocateurs. Djamel Klouche, at 42 the youngest of the participants, has proposed transforming the space underneath the [Louvre](#) pyramid into a bustling Métro hub, making one of Paris's greatest cultural monuments the

main entry point to the city center for its immigrant masses. The Paris-based Roland Castro suggests moving existing monuments, including the Élysée Palace, to the city's grittiest outlying neighborhoods.

Yet all of the projects recognize the strong link between urban policy and social equality. In tying environmental concerns to issues of identity, they suggest ways to begin reversing the growing social divisions that mark the contemporary city. If they inspire a broader global debate on these tensions, they will already have accomplished something of significant value.

Among the more outlandish plans is Antoine Grumbach's proposal to extend the city all the way to the Channel port of Le Havre via Rouen along the Seine, maximizing the green possibilities of the river. The idea was already mooted by Napoleon Bonaparte, who said: "Paris-Rouen-Le Havre: one single city with the Seine as its main road."

The Italian architects Bernardo Secchi and Paola Vigano have proposed enlarging the city and laying it out as a "porous sponge", where waterways are given pride of place. Yves Liot would like to create 20 "sustainable towns" of 500,000 within the Paris area. He would also double the number of forests and bring fields to Paris' outskirts so the urban dwellers could cultivate their own fruit and vegetables. President Sarkozy has pledged \$35 billion Euros towards implementing the visions.

Even China, which has not been capable at centralized planning, has unveiled an \$88 billion plan for freight terminals and passenger trains to link every major urban center along the coast from Beijing to the Pearl River Delta.

## Why Now?

The country is in a financial and cultural crisis. In the words of author David Osborne, "a permanent fiscal crisis."

The term "fiscal crisis" was coined by James O'Connor (*The Fiscal Crisis of the State*, 1973), to denote the 'structural gap' in advanced capitalist societies between state revenues and expenses, which leads to economic, social, and political crises; now used more widely to describe such fiscal difficulties. German sociologist Claus Offe has also examined the problems of advanced welfare – capitalist societies (*Contradictions of the Welfare State*, 1984, and *Disorganized Capitalism*, 1985), in what he calls the 'crises of crises management'; namely, the problems faced by states in attempting to manage the socio-political problems (notably the fiscal crises, demand overload, and decline of the 'achievement principle') that he views as inherent in such social systems.

David Osborne and Peter Hutchinson (*The Price of Government*, 2004) note that on April 7, 2003, the mayor of New York announced the layoff of 3,400 city employees and the closure of eight firehouses. The following day, the city's Department of Education cut another 3,200 jobs. America's largest city faced a budget shortfall of \$3.5 billion, despite an 18.5 percent increase in the city property tax and the elimination of 14,000 city jobs since Mayor Bloomberg took office.

Nationwide, 16 percent of cities and towns cut police positions in 2002 and 38 percent of large cities predicted cuts in police services — even as crime rose and pressure to improve homeland security increased. Portland, Oregon's largest city, cut its police budget by more than 10 percent over three years. Station houses now close at night, the city is turning nonviolent criminals free because it can't afford to provide public defenders, and the county had to stop prosecuting drug and property crimes, like burglary and auto theft. Crime is already up sharply.

Many school districts in Oregon had to end school weeks early in 2003, because of state funding cuts. Oklahoma City had to close seven schools and dismiss 600 teachers. Birmingham, Alabama, closed nine schools, Boston five. Some 100 local school districts across the country shut down schools one day a week to save money.

But local government problems are dwarfed by those of the states. Collectively, the states faced a budget shortfall of \$82 billion as they approached fiscal 2004 — “the most dire fiscal situation since World War II,” according to the National Governors Association (NGA). “The stress is just huge,” said longtime NGA executive director Ray Sheppach, “by far the worst we’ve ever seen.”

In fiscal 2002, 38 states cut their budgets by nearly \$13.7 billion. In 2003, 40 states — the most ever recorded by the NGA’s *Fiscal Survey* — cut another \$11.8 billion. Connecticut laid off prosecutors; Kentucky and Washington released prison inmates. Every state in the union has cut Medicaid: either throwing poor people off the rolls, cutting benefits, limiting payments to health providers, raising co-payments, or limiting prescription drug coverage. Texas cut 275,000 children from its health-care rolls, while Nebraska raised the eligibility threshold for Medicaid by 30 percent.

Most states have cut spending for higher education. As a result, the University of Arizona hiked tuition by 39 percent in the fall of 2003, the University of Oklahoma by 28 percent. Massachusetts, Missouri, Iowa, and Texas have all raised tuition at least 20 percent. Meanwhile, programs are disappearing: The University of Illinois eliminated 1,000 classes; the University of Colorado dropped programs in journalism, business, and engineering; the University of California delayed the opening of an entire campus.

The future looks even bleaker. State governments have just begun to pass their problems down to cities and counties, with deep cuts in local aid. And the federal government is digging a fiscal hole so rapidly that further cuts and unfunded mandates for states and localities are inevitable. And when the drop in residential real estate values and property taxes hits municipal coffers in the next few years, a second wave of headcount reductions will reinforce the creation of a permanent underclass.

The Dr. Rev. Martin Marty in a recent lecture on ethics at Chautauqua, spoke about what would surprise and embarrass us when 100 years from now, people looked back and shook their heads at the one thing we as a society missed. He posed this question to a group of historians at a conference, giving every participant a pencil and paper. All wrote down that we Americans will be disgraced that we stood by and did nothing while we created a rural and urban permanent underclass of citizens in our policies, spending patterns and oil consumption.

Scheppach argues correctly that the public sector has entered an era of “perpetual fiscal crisis.” He describes the convergence of forces swelling to buffet public finance as “a perfect storm.” Most prominent among these are a colossally irresponsible president and Congress, an obsolete tax structure, an aging population, an ineluctable rise in the cost of health care, and continuing resistance to major tax increases. Economic recovery will ease the pain, but it will not eliminate it.

Between Bush era tax cuts, the financial market bailout and the war in Iraq, coupled with Obama stimulus spending, the 2009 deficit is expected to weigh in at \$1.8 trillion – 13.1% of gross domestic product.

At the state level, per capita tax collections are down almost *10 percent*, when adjusted for inflation — the first year they had fallen since the NGA began tracking them almost 60 years ago. Total revenues (adjusted for inflation and tax increases) dropped for eight straight quarters. The recession, by historical standards quite mild, was only a part of the problem. A second element was the transformation of capital gains into losses as the stock market bubble burst; a third, the tax cuts passed by many states during the flush years of the late 1990s; and the final element, a sudden drop in performance bonuses, which have emerged as a much greater portion of income over the past decade.

These problems will pass, though not quickly: Tax revenues lag economic recoveries by several years. But more fundamental problems will persist, because our tax base is, to use the NGA’s word, “deteriorating.” In the Information Age, we cling to an Industrial Era tax base, capturing less and less of the economy. Corporations can avoid taxes by moving money to offshore tax havens with the press of a button. Most states don’t tax services, which now account for almost 60 percent of consumer

spending. Congress and the Supreme Court forbid taxation of Internet access, as well as Internet and catalog orders from companies that have no physical presence in the purchaser's state. Imagine that we had said, when we first imposed sales taxes in the 1930s, "We have to protect this new industrial economy, so we'll tax only agricultural products." When we refuse to tax services and Internet sales, we do the equivalent today.

Will the fiscal storm force us to modernize our tax systems? It should. But because we now live in a global economy, in which businesses can easily shift investments across state or national boundaries, it is more difficult than ever to broaden the tax base. Every attempt is met with the argument that new taxes will slow the economy, because corporations will relocate and investors will take their money elsewhere. Around the world, the new economy has put a lid on tax revenues.

## **Health Care:**

The third pressure system in the perfect storm is our aging population. With average life spans pushing 80, we spend ever-greater portions of our income on the elderly. In 1975, Social Security and Medicare consumed 23 percent of the federal budget; today the figure is 35 percent. The Congressional Budget Office projects that under current law, even if the historical growth of Medicare slows a bit, those two programs will rise from about 6.6 percent of GDP to almost 15 percent by 2030 and about 22 percent by 2050. To put this in perspective, *total* federal expenditures have averaged about 20 percent of GDP for the past 50 years.

At current tax levels, both Social Security and Medicare are headed for insolvency. Thanks to the baby boom, the number of people 65 and older is expected to double over the next 30 years, while the number under 65 — who must pay Social Security and Medicare taxes — will increase only 15 percent. That demographic reality paints a frightening picture. By 2033, reserves plus the long-term value of all Social Security taxes to be paid by current workers over their lifetimes totaled \$3.5 trillion. But benefits owed retirees and these same workers over that period totaled *\$14 trillion*.

And Social Security is only the tip of the iceberg. Public pension funds are also in trouble. Of the 123 largest funds monitored by the Wilshire Group, 79 percent are underfunded. Nine states have liabilities that exceed their annual budgets, and the total shortfall could be as high as \$1 trillion within seven years. With all other state, municipal, and county funds added in, the number could be \$2 trillion.

But the real time bomb hidden in our ever-longer life spans is the cost of health care, which has been rising by 10 percent a year since 1960. It now eats up 15 percent of GDP, and governments pay 45 percent of that total. The rise appears both inevitable, because of our aging population, and unstoppable, because the American people wouldn't have it any other way. When technology can give us longer life spans — with new hearts and hips and knees, new drugs for cancer and heart disease and AIDS, new machines to scan our insides for problems — we will continue to shell out for the best medicine has to offer. And because we refuse to junk our aging loved ones as if they were worn-out machines, we will spend an ever-rising portion of our health care dollars on the elderly.

Skyrocketing health-insurance premiums are bad enough. Because they consume an ever-increasing share of our profits and paychecks, however, they also erode our ability to pay taxes to support public spending on health care. Yet that very spending is exploding. In 1985, Medicaid cost \$40 billion and consumed 11 percent of state budgets; today it costs \$230 billion and consumes 20 percent. Health insurance for state employees and the non-Medicaid poor takes another 10 percent.

It's not hard to see why. The elderly made up less than 10 percent of Medicaid recipients in 2000, but they consumed 28.3 percent of spending. Medicare, which is exclusively for the elderly, cost \$278 billion in 2003, nearly 10 times what it cost in 1970, even after adjusting for inflation. The cost of care associated with the graying of our population is simply eating government alive.

Noam Chomsky is an author and Institute Professor Emeritus at the Massachusetts Institute of Technology, where he taught for over half a century and authored dozens of books. In April, 2009, Chomsky spoke with columnist Amy Goodman about the US and worldwide economic meltdown. Noam Chomsky: "The US has the most dysfunctional healthcare system in the industrial world, has about twice the per capita costs and some of the worst outcomes. It's also the only privatized system. And if you look closely, those two things are related. And the privatized system is highly inefficient: a huge amount of administration, bureaucracy, supervision, you know, all kinds of things. It's been studied pretty carefully."

"Now, the public has had an opinion about this for decades. A considerable majority want a national healthcare system, like other industrial countries have. They usually say a Canadian-style system, not because Canada is the best, but at least you know that Canada exists. Nobody says an Australian-style system, which is much better, because who knows anything about that? But something like what's sometimes called Medicare Plus, like extend Medicare to the population."

"Well, up until—it's interesting. Up until the year 2004, that idea was described, for example, by the *New York Times* as politically impossible and lacking political support. So, maybe the public wants it, but that's not what counts as political support. The financial institutions are opposed, the pharmaceutical institutions are opposed, so it's not—no political support. Well, in 2008, for the first time, the Democratic candidates—first Edwards, then the others—began to move in the direction of what the public has wanted, not there, but in that direction."

"So what happened between 2004 and 2008? Well, public opinion didn't change. It's been this way for decades. What changed is that manufacturing industry, a big sector of the economy, has recognized that it's being severely harmed by the highly inefficient privatized health system. So, General Motors said that it costs them over a thousand dollars more to produce a car in Detroit than across the border in Windsor, Canada. And, you know, when manufacturing industry becomes concerned, then things become politically possible, and they begin to have political support. So, yes, in 2008, there's some discussion of it."

"Now, you know, this is very revealing insight into how American democracy functions and what is meant by the term "political support" and "politically possible." Again, this should be headlines. Will a proposal come that approaches what the public wants? Well, we're already getting the backlash, strong backlash. And what private healthcare systems are claiming is that this is unfair. The government is so much more efficient that they'll be driven—there's no level playing field if the government gets into it, which is true."

Chomsky noted that the G20 Summit had produced a change in the role of the International Monetary Fund, which he found significant: "Now, there was one point on which they agreed: a sharp recapitalization of the International Monetary Fund; pour a lot of money into the IMF. That's a pretty dubious move. I mean, the record of the IMF has—the IMF is more or less a branch of the US Treasury, even though it has a European director. Its past role has been extremely destructive. In fact, its American US executive director captured its role when she described it as "the credit community's enforcer," meaning if a third world dictator incurs a huge debt—people didn't, but the dictator did; say, Suharto in Indonesia—and then the debt defaults, the lenders, who have made plenty of money because it was a risky loan so they get high interest and so on, they have to be protected, meaning not by the dictator, by the people of Indonesia, who are subjected to harsh structural adjustment programs so that they can pay back the debt, which they didn't incur, so that we can be compensated, rich Westerners can be compensated. So that's the IMF, the credit community's enforcer, a very destructive role in the third world. Now it's to be recapitalized."

"Now, there's discussion about this, and it's interesting. You can read it in the financial pages. The supporters of the recapitalization say, "Well, the IMF has changed its spots. It's going to be different from now on. We realize that it had this terrible role, but now it's going to be different." Well, is there any reason to believe it will be different? In fact, if you look today, it's quite striking to see the advice that the Western powers are following, the programs that they're following, and compare them to the instructions given to the third world."

“So, say, take Indonesia again. Indonesia had a huge financial crisis about ten years ago, and the instructions were the standard ones: “Here is what you have to do. First, pay off your debts to us. Second, privatize, so that we can then pick up your assets on the cheap. Third, raise interest rates to slow down the economy and force the population to suffer, you know, to pay us back.” Those are the regular instructions the IMF is still giving them.”

“What do we do? Exactly the opposite. We forget about the debt, let it explode. We reduce interest rates to zero to stimulate the economy. We pour money into the economy to get even bigger debts. We don’t privatize; we nationalize, except we don’t call it nationalization. We give it some other name, like “bailout” or something. It’s essentially nationalization without control. So we pour money into the institutions. We lectured the third world that they must accept free trade, though we accept protectionism.”

“Take the “too big to fail” principle, which the House committee is discussing today. But what does “too big to fail” mean? “Too big to fail” is an insurance policy. It’s a government insurance policy. Government means the public pays, which says, “You can take huge risks and make plenty of profit, and if anything goes wrong, we’ll bail you out.” That’s “too big to fail.” Well, that’s extreme protectionism. It gives US corporations like Citigroup an enormous advantage over others, like any other kind of protection.”

“But we don’t allow the third world to do that. I mean, they’ve got to privatize, so that we can pick up their assets. Now, these are happening side by side. Now, here’s the instructions for you, the poor people; here’s the policies for us, the rich people. Exactly the opposite. Is there any reason to think the IMF is going to change it?”

“The current US approach to the crisis is based on the principle that the taxpayer has to rescue the institutions intact. In the case of the financial institutions, they have to remain intact, including the people who destroyed the economy.”

AMY GOODMAN: And how do the Republicans differ from the Democrats in this?

NOAM CHOMSKY: “There’s a difference. I mean, we basically are a kind of a one-party state. I think C. Wright Mills must have pointed this out fifty years ago. It’s a business party, but it has factions—Democrats and Republicans—and they’re different. They have somewhat different constituencies and different policies. And if you look over the years, the population has—the majority of the population has tended to make out better under Democrats than Republicans; the very wealthy have tended to make out better under Republicans than Democrats. So they’re business parties, but they’re somewhat different, and the differences can have an effect. However, fundamentally, they’re pretty much along the same lines.”

“So take, say, the current financial crisis. Actually, it began under Carter. The late Carter administration is the one that began—was pushing for financialization of the economy, you know, huge growth of speculative financial capital, deregulation, and so on. Reagan carried it much further, and Clinton continued it. And then, with Bush, it kind of went off the rails.”

“So there are differences, but differences within a pretty narrow spectrum. And anyone who’s a little off the spectrum, like Nobel laureates in economics who are a couple of millimeters off the spectrum, they’re basically on the outside. You can interview them, but they don’t show up at the economic summit.”

AMY GOODMAN: How does the global economy and our own economy relate to the issue of war and US foreign policy?

NOAM CHOMSKY: “Well, actually, you had a pretty good interview with Joseph Stiglitz about that a couple of months ago, in which he discussed the relationship of—he was talking about the Iraq war. And as you’ll recall, he pointed out correctly that the Iraq war, which, first of all, is going to cost trillions of dollars, also had the effect of sharply increasing the price of

oil, predictably. And as he pointed out, we could sort of paper that over for a while by a housing bubble, so there was a huge housing bubble which anyone with eyes open could see. I mean, for a century, housing prices had sort of tracked the economy, GDP; then, all of a sudden, they shot way beyond the trend line, which means there's a bubble, and it's going to burst, and you get into trouble. But the housing bubble, which was supervised by Alan Greenspan and with the Democrats—actually, it started under Clinton—it replaced the tech bubble under Clinton, and it gave an illusion of prosperity, which—you didn't see the effects of the rise in oil prices, which went very high. But if you trace all the connections, yes, there's a clear connection, as he pointed out, between the war and the economic crisis."

"And in fact, it's deeper than that. The US is just in a class by itself in military expenses. It basically matches the rest of the world, and it's far more advanced. Well, that's drawn from somewhere. You know, that's money that's not being used to develop the economy."

"Now, in fact, you have to add a footnote here, because part of the very high level of US violation of free trade principles is that the economy itself is based on military spending to a substantial extent. So the modern information revolution—computers, the internet, fancy software and so on—most of that comes straight out of the Pentagon. My own university, MIT, was one of the places where all of this was developed under Pentagon contracts in the 1950s and the 1960s."

"In fact, that's another critical part of the way the economy works. The public pays the costs and takes the risk of economic development, and if anything works, maybe decades later, it's handed over to private enterprise to make the profits. And that's a core element of the economy. Of course, we don't permit the third world to do that. That's considered a violation of free trade when they do it. But it's the way our economy works. And it's kind of complementary to the "too big to fail" doctrine of protectionism for financial institutions. But the general—we do not have a capitalist economy. We have kind of a state capitalist economy in which the public has a role: pay the costs, take the risks, bail out if they get into trouble. And the private sector has a role: make profit, and then turn to the public if you get into trouble."

"Meanwhile, other pressures give budget makers few places to cut. Education spending has risen steadily for 40 years; today it consumes 33 percent of the average state budget. But we can't compete in the global economy without better education, so our leaders resist major reductions. In an effort to reduce crime, we have imprisoned more than two million Americans—a *fourfold* increase in 25 years. But no one wants to see felons released onto the streets, so we won't make deep cuts in prison spending. And our public infrastructure of roads, bridges, airports, and water and sewer systems is in no condition to absorb cuts; if anything, we have deferred maintenance for so long that future costs will rise."

"SINCE THE FISCAL STORM BROKE, many governments have flailed about, grabbing any solution that could keep them afloat for another year. The tidal wave of red ink has triggered accounting gimmicks worthy of Enron: shifting next year's revenue into this fiscal year; pushing this year's spending onto next year's books; borrowing against future revenue to pay current costs. At least 20 states have sold their huge, 30-year tobacco settlement revenues at deep discounts to plug current deficits. As former congressman Bill Frenzel put it, "Politicians have more tricks than the CFO of Enron." Some government financial officers have even admitted, off the record, "If we were in the private sector, we'd be in jail."

"When sleight of hand is no longer enough, our leaders have turned to across-the-board cuts, which weaken every program equally, regardless of its impact on citizens. When these are exhausted and real choices must be made, legislatures typically cut in an ad hoc and highly political fashion, based largely on which interest groups have the most muscle and scream the loudest. This process inevitably victimizes the weakest members of society, who have the least political clout. This is what the *Seattle Times* likened to "taking last year's family car and reducing its weight with a blowtorch and shears."

"But as shortsighted or thoughtless as these tactics may be, they all obscure the fundamental flaw in the conventional approach to fiscal crisis. The true outrage is that traditional budget cutting focuses entirely on what we cut (or hide), while ignoring what we keep. It does little to improve the effectiveness of the 85 or 90 percent of public dollars that continue to be

spent. It never broaches the question of how to maximize the value of the tax dollars we do collect.”

“Some conservatives are happy with this situation; they don’t mind begging government. Many liberals plead for higher taxes to protect spending for the poor and other core constituencies. But virtually all ignore the 90 percent that remains. Few ask the most fundamental question: How can citizens get the most value for the taxes they do pay? Addressing this issue is neither liberal nor conservative — it is just plain common sense.”

The recent initiative will do nothing to control or reduce health care costs nor assure its efficient delivery. The politicization of the irresponsible and semantically inflated ‘debate’ the removed prescription drug control and a single payer option means that Americans will continue to see the costs of health care consume an increasing percentage of the gross domestic product in the coming years when our economy can ill afford it. What we received in early 2010 was insurance reform, not health care reform. Our government has become dysfunctional.

## **The Deficit:**

The David Leonhardt 6-10-09 *New York Times* analysis of the deficit proves illuminating: The deficit will constrain the country’s choices for years and poses serious damage if foreign lenders refinance to finance it. Leonhardt analyzed Congressional Budget Office reports to understand just how we have become far deeper in debt than since the years after WWII.

When Clinton left office in 2001, the CBO determined that we would run with an average surplus of \$800 billion from 2009 – 2012. That’s right, a surplus of \$800 billion. With current deficits of \$1.2 trillion, that’s a \$2 trillion swing. Leonhardt found the explanations of the dramatic and dangerous change to have four essential causes:

1. The Business Cycle
2. George W. Bush’s Policies
3. Bush policies scheduled to expire which Obama is suggesting to extend
4. New Obama Initiatives

The Business Cycle accounts for 37% of the \$2 trillion. The 2001 recession and our present one reduced tax revenue and required more safety net spending, which has changed projected tax revenue the government has and will received.

Bush’s actions account for 33% of the problem in the form of his tax cuts and Medicare prescription drug benefit, which not only cost the government but increase interest payments on the national debt.

If you want to blame Obama for continuing Bush’s Iraq War and tax cuts for households making less than \$250k and Bush’s Wall Street Bailout, that accounts for another 20% of the \$2 trillion. Obama’s stimulus bill in January, 2009 accounts for 7% and his initiatives on health care, education, energy and his other programs account for 3%.

Alan Auerbach, an economist at UCLA Berkeley and author of a widely cited study on the danger of the current deficits notes, “Bush behaved incredibly irresponsibly for eight years.” Auerbach also criticizes Obama for not fixing it. Auerbach and William G. Gale of the Brookings Institution (Feb., 2009) have created an elegant summary of current economic events and policy interventions and the implications for short- and long term.

In 2009, the federal deficit was larger as a share of the economy than at any time since World War II. The current deficit is due in part to economic weakness and the stimulus, and in part to policy choices made in the past. What is more troubling is that, under what we view as optimistic assumptions, the deficit is projected to average well over \$1 trillion per year for the

10 years after 2009, even if the economy returns to full employment and the stimulus package is allowed to expire in two years. The longer-run picture is even bleaker. Auerbach and Gale estimate a fiscal gap – the immediate and permanent increase in taxes or reduction in spending that would keep the long-term debt/GDP ratio at its current level – about 7-9 percent of GDP, or between \$1 trillion and \$1.3 trillion per year in current dollars.

Recent trends in credit default swap markets show a clearly discernable uptick in the perceived likelihood of default on 5-year U.S. senior Treasury debt, a notion that was virtually unthinkable in the past. While it is difficult to know exactly how to interpret these results, it is clear that – although fiscal policy problems are usually described as medium- and long-term issues – the future may be upon us much sooner than previously expected.

With the economy mired in the deepest recession in decades – a drop in economic activity that has been compounded by continuing mortgage defaults, a historic decline in housing prices, falling equity values, illiquid credit markets, declining consumer confidence, and enormous and rapid job losses – attention has shifted away from problems of fiscal balance. However, the most recent Congressional Budget Office baseline projection reports a fiscal year 2009 deficit of \$1,186 billion, or 8.3 percent of GDP, under the assumption that no new tax or spending policies are implemented. Including the recently enacted \$787 billion stimulus package raises the 2009 deficit by roughly \$185 billion. Either the baseline projection or the baseline-plus-stimulus would represent the largest deficit in dollar terms and as a share of the economy since World War II, as well as a stunning shift from the budget surpluses of a decade ago.

Auerbach and Gale estimate a long-term fiscal gap – the immediate and permanent increase in taxes or reduction in spending that would keep the long-term debt/GDP ratio at its current level – to be about 4-6 percent of GDP under the assumptions in the CBO baseline and about 7- 9 percent of GDP under the policy assumptions in our adjusted baseline. While it is typically stated that rising health care costs are "the" cause of the long-term fiscal gap, we also note that the gap has been increased by more than 4 percentage points of GDP just by continuation of the policies that have been enacted in the past 8 years.

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The government and the media have tried to sell us the notion that we are experiencing an economic 'recovery.' It is not true.

Business leaders and [politicians like to emphasize the positive. Some actually believe that the economy runs on optimism, and that if the average Consumer believes the economy is getting better, he/ she will open his/ her wallet and spend more and the economy will magically get better faster. But the cheerleaders need to be told that regardless of how people feel, they will not and cannot spend like drunken sailors like they used to if they do not have the money. Credit has tightened. One of the reasons our economy is in trouble was that for the last 20 years, the UC economy and culture evolved to be defined by recreational shopping.

Former Labor Secretary Robert Reich, now a professor at Berkeley, notes that in the fourth quarter of 2009, the US economy grew at an annual percentage rate of 5.9%. But Reich notes that this figure is badly distorted by structural changes in the economy, particularly increased health care premiums and rising government expenditures. Says Reich, "You'd have to be out of your mind to consider this evidence of a recovery."

Reich also points out that many companies are showing fat profits and productivity gains because they have slashed payrolls and cut expenditures. Alcoa doubled its cash on hand by the end of 2009 over what it had at the end of 2008. It accomplished this by cutting 32% of its workers – 32,000 people, and slashing capital expenditures 43%. Reich also notes that companies are sitting on cash. Lots of cash. And they are buying other companies: Walgreen spend \$618 million in February, 2010 to buy NY chain Duane Reade; Bank of New York Mellon spent \$2.3 billion of PNC Financial Services; Monster spent \$225M for jobs.com; Diamond Foods spent \$615 million for Kettle Foods. This buying does not create new jobs. To the contrary, notes Reich; “One of the first things companies do when they buy other companies is fire lots of people who are considered redundant” to create efficiencies and synergies.

Companies are also buying back their own stock. To boost their share prices (and their executive compensation). In February 2010, there were 62 buybacks valued at \$40.1 billion. Reich says it’s the biggest buyback spree since September 2008; “The buybacks do absolutely nothing for most Americans.”

Meanwhile, Main Street is hurting. Small businesses have to rely on American – rather than foreign – consumers, and Americans still are not in a buying mood. And Wall Street regulation is still not center stage so they continue to overcompensate themselves for sitting on taxpayer money they did not earn.

## **Retirement Funds**

Unified budget projections can provide a misleading picture of the long-term budget position of the federal government when current or past policies result in a spending-revenue imbalance after the end of the budget projection period. Under current laws, an important source of those imbalances is long-term commitments to pay pension and healthcare benefits to the elderly through Social Security, Medicare, Medicaid, and the federal employees’ retirement program. There are several potential ways to address that problem, each with different strengths and weaknesses. The approach we take in this section, where we focus on the 10-year outlook, is to separate some of those programs from the official budget. In particular, we separate the trust funds for Social Security, Medicare, and government pensions from the rest of the budget. In the following section, we focus on a unified budget and extend the budget horizon to be long enough to capture the time periods in which cash flows of those programs turn negative.

David Walker, the comptroller general of the United States, knows more about our fiscal problems than anyone I know. He understands that as the average life span of Americans creeps into the eighties, “We face a demographic tsunami that will never recede.”

In the context of a fiscal crisis, the significance of public monies is heightened. In a time when the economy is in a state of transition and employment growth is a political necessity and now a social compact with the government that would have Ronald Reagan spinning at 6000 rpm’s in his grave, we are at a point where everything has to be re-thought in its fiscal context of what we can afford. Health care, education, social security, defense must all be conceived a fresh in a context that recognizes that we exist in a post Cold War global economy with resources that have limits based on our employment and the ability of our constituents to fund ‘government’ at its state and local levels.

This also means that state and local government is going to have to get efficient with its eservices. Bloated municipal governments with massive police, fire and EMS forces are unsustainable.

So are suburbs.

## **New Perspective on Government**

Whether a natural swing of the pendulum after years from the partisan paralysis and ineptitude of the Bush administration where elements of diplomacy, national security, defense and foreign policy were managed in separate fiefdoms to the Obama approach of have a central authority guiding all initiatives and policies, whether justified or not, the massive Stimulus Packages have been a sign that the public is once again willing to view the government as an agent for large scale construction projects.

Only time will tell if this willingness to subject ourselves to such initiatives is false confidence or an overdue faith too late in its action.

Partisanship will always be with us, to one degree or another, particularly at the federal level. Part of the problem is that our federal system is hampered by checks and balances, compared to other countries. When big changes require 60 votes in a Senate in which Wyoming has as many seats as California, it is extremely difficult to push reform through our Congress. Parliamentary systems move much, much faster. Our checks and balances prevent us from making mistakes, but they also prevent us from addressing very real problems.

Fortunately, our political system is far more decentralized than most other developed democracies. Our state and local governments have more power and do more of government's work than their counterparts overseas, and they are less hampered by both checks and balances and partisanship. Hence our most successful reforms and leaders tend to be at the state and local level.

## **The Impacts of the Highway and the Car**

Our highway systems is too large and its management too fragmented to foster innovation. Roughly 35,000 governmental units operate highways, and tens of thousands of private companies provide materials and services. Most of these organizations do not have the wherewithal to support research on their own, and the sheer numbers involved make it difficult to transfer innovations into practice, even when the benefits are proven and substantial.

There are few incentives to innovate. The prevalence of highly prescriptive design specifications and low-bid procurement practices provides little incentive for private-sector contractors and material suppliers to conduct research on their own and offer innovative products. In addition, in the public sector, there are no market or competitive factors to push innovation.

Finally, the benefits of research are hard to measure. Miracle cures for problems such as traffic congestion and motor vehicle crashes are unlikely. Progress is more often made through a combination of incremental improvements, making it difficult to attribute the benefits to a particular research project or investment. Moreover, the benefits come in multiple forms, some of which can be measured (for example, out-of-pocket cost savings or reduced fatalities and injuries) whereas others cannot (for example, improved aesthetics).

## **Cars per Household:**

Although the number of people per household in the U.S. fell 23% between 1969 and 2001 from 3.2 to 2.6, the number of cars per household increased 37% from 1.2 to 1.9.

Between 1950 and 2005, America's population nearly doubled. But in many cases, our consumption of resources more than

doubled:

- Overall energy consumption nearly tripled (see Figure 1). Petroleum consumption within the transportation sector rose more than 300 percent between 1950 and 2005.<sup>1</sup>
- Wood consumption was up 171 percent between 1950 and 2002.<sup>2</sup>
- Coal consumption increased by 128 percent from 1950 to 2005.<sup>3</sup>
- Water use was up 127 percent between 1950 and 2000.<sup>4</sup>

## References

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  - U.S. Geological Survey (USGS), *Historical Statistics for Mineral and Material Commodities in the United States*, accessed online at [www.minerals.usgs.gov](http://www.minerals.usgs.gov), on Oct. 4, 2006.
  - EIA, *Annual Energy Review 2005*: table 7.3.
  - USGS, *Estimated Use of Water in the United States in 2000*, accessed online at [www.pubs.usgs.gov](http://www.pubs.usgs.gov), on Oct. 4, 2006.

The United States' reaching 300 million people might not seem relevant at a global level. After all, the United States represents just 5 percent of the world population. But it consumes disproportionately larger amounts than any other nation in the world—at least one-quarter of practically every natural resource. And because it is the only industrialized country in the world still experiencing significant population growth, this high rate of resource consumption is expected to continue.<sup>5</sup> "Each person in the U.S. contributes more to the global phenomenon [of natural resource consumption] than other people," says Victoria Markham, director of the Center for Environment and Population, and author of the *U.S. National Report on Population and Environment*.

What's behind Americans' voracious appetite for resources? Sometimes it's a lifestyle choice.

In 2001, Michael Frisby moved his family of four from a 3,700 sq. ft. house in Mitchellville, Md., to an 11,000-square-foot house in Fulton, Md. Amenities in the five-bedroom/five-bath house which sits on a 3.5-acre lot include a music room, steam room, and media room.

"I always wanted a house big enough that my kids could be in their room screaming, and my wife could be in a room screaming, and I could be somewhere else and not hear any of them," he says. "And I think I have accomplished this with this house, because this house is so big that everyone has their own space."

Frisby is on the leading edge of a national trend toward larger houses. In 1950, the average new single-family home was 983 square feet. By 2004, it was more than twice that: 2,349 square feet. Although new houses may be more energy efficient than the houses of the past, they require more resources to build and use (National Association of Home Builders, *Housing Facts, Figures and Trends* (Washington, DC: National Association of Home Builders, 2006); and Brad Knickerbocker, "The Environmental Load of 300 Million: How Heavy?" *The Christian Science Monitor*, Sept. 26, 2006).

With more Americans reaching their highest-earnings years, it's not surprising that they're spending more freely, says Peter Francese, founder of *American Demographics* magazine. But he also notes that high consumption tends to occur in households in the highest income quintiles. For example, households in the top-income bracket average 2.8 vehicles, but the number of vehicles progressively drops in lower household-income groups, according to the Consumer Expenditure Survey.

## How Sprawl Means Longer Drives

How we live spatially affects other consumption patterns. In recent decades, "sprawl" has become the most common land-use pattern. Sprawl refers to developments with low-density residential subdivisions, commercial strips, large retail complexes surrounded by acres of parking and office parks far from home and shops, and a growing network of roads to link them (Markham, *U.S. National Report*: 20).

And our pattern shift is not a new development. America has been losing farmland for a while. From 1970-1990, the density of urban population in the US decreased by 23%. From 1970 – 1990, more than 30,000 square miles or 19,000,000 acres, of rural lands became urban as classified by the US Census Bureau. That’s basically one third of the entire state of Oregon.

From 1969 – 1989, America’s population increased by 22.5%. The number of miles driven by Americans (VMT=Vehicle Miles Traveled) increased by 98.4%! From 1983 – 1987, the US population of people increased by 9.2 million, while its population of cars increased by 20.1 vehicles.

"Sprawl culture," says John Talberth, director of the sustainability indicators program at Redefining Progress, a nonprofit organization that promotes sustainability, "is probably the most consumptive housing pattern you could come up with." Compared with more compact, more urban built spaces, sprawl maximizes consumption of virtually everything. In suburban sprawl patterns, the throughput—or daily flow of energy and water used, packaging, and waste generated to support the lifestyle of people in the house—is much greater than in more compact urban areas, Talberth says.

Sprawl translates into longer drives to connect home with work, school, and recreation. Not surprisingly, Americans’ annual number of vehicle-miles traveled in 2004 was nearly 6.5 times the number in 1950.<sup>9</sup> We drive more miles, using more fossil fuel, which adds to greenhouse gases blamed for global climate change. As our dependency on cars grows, fuel consumption rises exponentially, due in part to growing congestion on the roads. More stop-and-go driving results in less fuel efficiency and more pollution (Roger-Mark De Souza, *Household Transportation Use and Urban Air Pollution: A Comparative Analysis of Thailand, Mexico, and the United States* (Washington, DC: Population Reference Bureau, 1999): 8).

**Table 1**  
The United States has fewer people than China, but motor vehicles per 1,000 are more common in the U.S.

Country	2006 Population	Number of motor vehicles per 1,000 people*	Estimated number of motor vehicles
China	1,311 billion	12	15,732,000
India	1,122 billion	9	10,098,000
United States	300 million	779	233,700,000

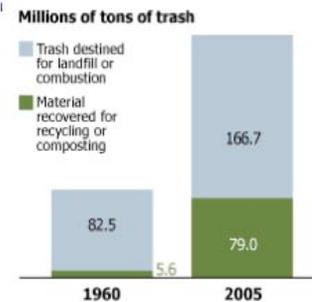
\*Data are for 2002 or most recent year available.  
Source: Population Reference Bureau, 2006 World Population Data Sheet; and The World Bank, 2005 World Development Indicators: table 3.12.

Americans have more cars and other vehicles than before. While the number of people per household declined, the number of vehicles per household grew between 1969 and 2001 (see Figure 2).

And Americans are more likely than ever to drive alone to work than carpool, take public transit, or walk to work. The share of workers who drove to work alone rose from 64 percent to 76 percent between 1980 and 2000. During that same period, the share that carpooled fell from 20 percent to 12 percent (Alan Pisarski, *Commuting in America III: The National Report on Commuting Patterns and Trends* (Washington, DC: Transportation Research Board, 2006): table 3-12.).

But population size alone does not determine a country's environmental impact. For instance, China and India are home to far larger populations than the United States.

**Figure 4**  
The amount of trash still exceeds the amount recycled and composted.



Source: U.S. EPA, *Municipal Solid Waste: 2005 Facts and Figures* (2006).

Yet America's love affair with the car translates into a larger estimated number of motor vehicles on the roads (see table).

Countries with much larger populations contribute less to air pollution such as greenhouse gas emissions due to motor vehicles including buses and trucks. The latest data available shows that China had 12 motor vehicles per 1,000 people compared with the United States with 779 motor vehicles per 1,000 people.

## Demand for Water Rises as Supply Dries Up

Even as America passes the 300-million mark, Americans use 75 percent more water per capita than the average person in the world's developed nations (see Figure 3).

Sometimes demand for water has grown in the fastest-growing, most populous areas least able to meet it. The shift in the share of population in the South and West from 48 percent to 58 percent of the national total between 1970 and 2000 pushed demand for water in areas that already had the highest per capita water consumption, despite arid regions in the West.

In high-growth areas, soaring population and high-maintenance lifestyles are sapping limited water supplies like never before. Among the top five metro areas for single-family housing construction permits issued in 2005, four in five have experienced water shortages over the past two years. These include Atlanta-Sandy Springs-Marietta, Ga.; Phoenix-Mesa-Scottsdale, Ariz.; Dallas-Fort Worth-Arlington, Texas; and Riverside-San Bernardino-Ontario, Calif.

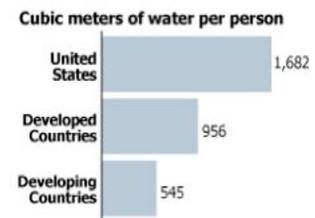
The cultural preference for lush landscapes or lawns in naturally arid habitats are among factors that drive our increased water demand. Between 1970 and 2006, the number of golf courses across the nation grew from 10,000 to 16,000. An average 18-hole golf course is at least 150 acres, according to the National Golf Foundation. Between 100,000 and 200,000 gallons of water a day may be needed to keep the fairways plush and green (Kim Hosen, "Your Piece of the Planet: Golf Course Water Use Must Be Considered," *The Gainesville Times*, Dec. 5, 2003, accessed online at [www.timescommunity.com](http://www.timescommunity.com)).

## Water Conservation Efforts

In response to concerns about the water supply, communities are attempting to scale back on water consumption. In Southern California, some local governments give residents free ultra-low flush toilets and are building water-recycling plants on the grounds of new developments. In Arizona, golf courses are being redesigned with less natural turf. In Las Vegas, water inspectors scour the neighborhoods for "water conservation violators," or anyone wasting water. In San Marcos, Texas, restaurants are prohibited from serving water except upon customer request. In Clark County, Nev., turf regulations in areas under drought alert prohibit new turf in front yards. Groups in Georgia, Texas, Colorado, and New Mexico are promoting "xeriscape," or landscaping especially for dry or desert-like conditions to conserve water and protect the environment.

## Generating More Trash Than We Can Recycle

Figure 3  
U.S. residents used more than three times the amount of water per capita used by people in developing countries in 2000.



Source: World Resources Institute, UN FAO, *Water Resources and Fisheries* (<http://earthtrends.wri.org>, accessed Oct. 10, 2006).

Americans' trash grew faster than its population over the past few decades. Although the population grew by 65 percent between 1960 and 2005, the amount of trash thrown out doubled from 83 million tons to 167 million tons (see Figure 4).

These amounts are for municipal solid waste or household trash including packaging, food scraps, old sofas, and refrigerators after material was pulled out for composting or recycling. Americans generate about 4.5 pounds of household trash per capita per day. We recycle a little over 1 pound per person each day.

## **Several Factors Affect Population Growth's Impact on the Environment**

While Americans' high-consumption way of life produces a disproportionately large amount of waste and uses inordinate amounts of natural resources, there is no one easy way to reduce America's impact on the environment.

"A multifaceted response is needed," says Roger-Mark De Souza, technical director for the Population Reference Bureau's Population, Health, and Environment Program. "We can't address the impact of population growth on the environment in isolation. We need to consider policies, technology, and choices that individuals make regarding the amount of materials they use."

The effects of population growth on the natural environment depend on which policies, technology, and cultural trends are in place. Policies could encourage recycling or denser housing development and increase access to public transit. Technology might squeeze more power out of energy sources or reduce the amount of packaging we throw out each day. To persuade Americans to consume less, cultural perceptions about consumption must be adjusted through behavioral change, says De Souza.

## **Efforts to Recycle or Use Renewable Energy Sources Are Limited**

Even when behaviors have changed, progress has been slow. Efforts to recycle or make more environmentally sensitive consumption decisions have made only a small dent in some consumption patterns. In 2005, less than one-third of municipal trash was recovered for recycling and composting. And while energy consumption is up 185 percent, renewable energy consumption rose by only 104 percent between 1950 and 2005. Renewable energy sources, including solar, wind power, and hydroelectric power, accounted for about 6 percent of total energy consumption in 2005.

While it's hard to predict where the United States is headed if it continues on this path, Markham notes that the country has already bumped up against some ecological thresholds. About 40 percent of the nation's rivers are too polluted for fishing and swimming. One-third of all lakes were under a fish consumption advisory from pollutants in 2004, many from possible mercury contamination. More than 6,500 plant and animal species are at risk of extinction in the United States.

Although the United States has reached 300 million, its impact on the environment need not be so big. "Choice is critical," says Markham. "It's not all about population numbers—because the same number of people in one place can have a very different environmental impact than that same number in another place. It's more about how much and what type of natural resources each American consumes."

## **The Myths of Sprawl?**

The conservative political machine has created “authors” that as economist for right-wing think tanks challenge the science of climate change and describe smart growth polemics as “alarmist.” Randal O’Toole and Wendell Cox of the Heartland Institute argue that the popular media attention to low-density suburbs and sprawl and articles urging smart growth, higher density and mixed-use development is fraught with misconceptions and “outright frauds.” But their selective use out of context of the writings of others is misleading and disingenuous. A simple easy example is the attempt to assert that because Brookings Institute economist Anthony Downs could not locate a sprawl index in his research that therefore there was no factual basis to assert that urban decline results from sprawl. I can’t top that. No one can. Every metropolitan area has declined as its wealthier patrons have moved further from the urban center. The decline is measure in per capita income, unemployment, increased demands for health care, increased poverty, and so on.



### **The Failure of New Urbanism:**

New Urbanism and similar form-based planning initiatives do not do enough to appeal to all cultural and income groups, and they inherently fall short of Daniel Iacofano’s model of “inclusive design.” While some of these developments are attractive, too often, as is the case with Ico and Charleston, they do not connect to the community in which they are located.

Legacy Village in suburban Cleveland’s Lyndhurst is another of Iacofano’s examples of developments that fall far short of serving the community. Legacy Village’s Developer and Architect claimed that the retail center was designed around new Urbanism principles. But it is surrounded by a sea of parking, includes shops that do not serve the daily needs of the community. Perhaps Legacy Village’s greatest sin is that even today, it fails to provide safe sidewalks that would allow users of the mall ‘center’ to walk to the out-lot restaurants. Instead, shoppers must cross inbound traffic which has no stop signs to give pedestrians even a fair chance at a safe crossing. On the center’s north side, there is no connection from grade level stores to the lower level grocery store, save roads. Pedestrians must walk down a steep slope through planting beds. Four years later, the developer has still not provided essential pedestrian connectors to his development’s different components.



So when Iacofano complains that many projects touting their adherence to New Urbanism principles, “superficial physical form” being deigned around the automobile, poor pedestrian and transit connections and expensive housing where the residents who live there do not work there, Legacy Village and Crocker Park are conspicuous examples of suburban developments falsely trying to market themselves in the flag of New Urbanism.

New Urbanism has emerged over the past 10+ years as the leading discourse in urban design and planning in this country, and its apostles are building developments all over the map. The best known are two projects in Florida, the resort community of Seaside on the panhandle coast, and the much-hyped Celebration near Disney World in Orlando. Like The Apostle or The Blues Brothers, their visual and conceptual authority hinges on questions of authenticity. There’s something disquieting about these places, not unlike the antics of the Blues Brothers.



Seaside, FL

New Urbanism grew out of an attempt to join two tendencies in contemporary architecture - neotraditionalism and environmentalism. The two have always coexisted uneasily. Reflecting this division, New Urbanism has East and West Coast strains, with one represented by Andres Duany and Elizabeth Plater-Zyberk, and other disciples of the ridiculous Leon Krier and the hapless Prince Charles, invested in the forms of traditional town planning. The other faction is represented by Peter Calthorpe, Dan Solomon, and Doug Kelbaugh, who are more interested in mass transit, open space, and pedestrianism.

To be sure, both approaches have something to commend them, and New Urbanists have produced *some* decent work. Denser patterns of settlement instead of suburban sprawl, nonpolluting public transportation, and the revival of the life and culture of the street are all subjects of urgent importance to any conscientious urbanist. The problem is the dull homogeneity of most New Urbanist architecture and the big-brother ambience of places like Celebration. There are also scores of terrible projects developed in the name of New Urbanism that reflect a lack of genuine understanding of traditional forms and materials, and reflect gratuitous material changes, a pastiche of mis-scaled forms and elements without authenticity, proportion of quality, to leave for another time the cerebral issues associated with the loss of meaning of appropriated forms void of the scale and the interrelationship of their properly crafted contexts.

Ironically, New Urbanism reproduces many of the worst aspects of the Modernism it seeks to replace. It developed in reaction to the planning practices of Modernism, the isolated towers, the brutal urban renewal, and the monoculture of the car. Undergirding modernity was the fantasy of a universal architecture girdling the globe, doing its bit to produce the socialist "new man." New Urbanism promotes another style of universality that is similarly over reliant on visual cues to produce social effects. The endlessness of the little clapboard houses, tiny front yards, and manicured town greens is asphyxiating. Most practitioners of this style of urbanism stop short of the millennial claims of someone like Leon Krier--who considers traditional architecture the manufactory of healthy yeomen--but the uniformity of their production, the polemic of stylistic superiority, and the creepy corporatist lifestyles are scary indeed.

Like Modernism, New Urbanism overestimates architecture's power to influence behavior. The idea is that replicating the forms of the New England town green will move citizens in the direction of the good, democratic conduct that presumably arose from such arrangements in the past. Never mind the witches being tortured just out of frame. But in the same way that Disneyland's miniaturized, ersatz nostalgia relies on a huge apparatus of manipulation and control, New Urbanist towns are underpinned by a labyrinth of restrictive covenants, building regulations, homeowners association codes of behavior, and engineered demographic sterility. Restrictions range from bans on children and stipulated house colors to limits on what can be grown in the front yard, as well as other exclusions that cannot be placed so explicitly in writing. Robert A.M. Stern, Celebration's planner, elevates such rigid controls to the status of democratic principle; quoted in a recent New



York Times Magazine article, he makes the Orwellian claim, "Regimentation can release you." The reality, though, reminds me of the great Patrick McGoochan TV series, *The Prisoner*. Behind the delightful facades of that glorious folly, Portmeirion, lay a sinister apparatus of imprisonment.

While compaction is a key antidote to the soul-deadening, landscape-ravaging pattern of traditional suburban development, the New Urbanist version reflects an even more sinister development in American culture, the enclaving of communities against the threat of genuine plurality, a new style of apartheid. At present, more than 30 million Americans live in gated communities, sealed against marauders real and imagined. What masquerades as freedom of choice is a new urbanism of exclusion, and no amount of forced cooperation can conceal this.

I have visited Seaside and Celebration. Both have pleasant elements to them. But Seaside is a vacation destination – a residential theme park. The developers do not release statistics on how many year-round residents reside in Seaside outside of Destin FL, just east of Pensacola, but I assure you, the number is very small. Housing is resort-priced and the retail present does not meet the community's daily needs. The car-based strip centers that make Destin a shopping destination support Seaside's residents and visitors. There is only one small, lovely church.

I visited Charleston, South Carolina again last year. I see why many planners are knocked out by the charm and intimacy of its streets, the beauty of its buildings, lush landscape, and the graceful situation of the town on the water. It is a wonderful place, and offers many lessons about the scale, texture, and order of the good city. New Urbanists often refer to places like Charleston as touchstones for their own plans, which have a small-town sensibility: New Urbanism is largely anti-metropolitan, a fantasy of a perfect order that never was. But despite the rhetoric, there's nothing authentic about what they propose.

Charleston offers a cautionary tale about the limits of such *grafted authenticity*. To begin with, it's crucial to recognize that Charleston was historically produced, something New Urbanists - despite their constant invocation of the authority of history - tend to ignore. Whatever the pleasant social dynamic of its inhabitants, then or now, this was a town built by slavery, a waterside retreat for cotton and rice planters down from Tara for the season. Charleston recalls this still in a pattern of residential segregation that almost completely excludes African Americans from the historic core of the city.

Charleston also embodies the primary physical problem of most American cities. Of a population of over a million, fewer than 50,000 actually live in the old town. The remainder are dispersed over a huge territory in an ooze of sprawl with all of the liabilities of automobile-driven development. While endless ink has been spilled in praise of Charleston's pathbreaking efforts to keep its historic architecture intact, little notice is taken of its out-of-control periphery. The New Urbanist solution--presumably a galaxy of theme-park emulations of old Charleston--might be better than sprawl, but it compromises the enormous potential for diversity that our pluralistic society holds.

Below: I'on, SC



Charleston also has a New Urbanism development right across its new bridge. I'on. To its credit, I'on has a genuine diversity of housing types – to an extent. Townhomes, detached single-family homes, attached homes with manicure mini-lawns, narrow sidewalks and occasional green spaces that mimic English mews. The density is above average because lot widths are simply constrained, and shopping is auto-based in a strip center at the edge of the development at the main thoroughfare.

It's not that New Urbanism is lacking in *any* merit.

There is no argument that the suburbs need to become more urban if we are going to preserve the truly rural. Ironically, Charleston has the distinction of being the only American city constructed behind a permanent medieval-style city wall - America's original gated community. While this bulwark was built to defend the city against angry Indians and Spanish colonists down the coast, cities today require another kind of wall, one directed inward instead of out. The countryside needs protecting from the city, not the other way round.

If I take exception to New Urbanism, it's for a failure of social ecology, though I take no exception to the heaps of criticisms of NU for its modest efforts to truly come to grips with the car. Harboring primarily a single species - the white middle class - in a habitat of dulling uniformity, New Urbanism seeks the stability of the predictable, a Prozac halcyon in which nothing can go wrong. Nature prefers more dynamic forms of stability, distilled from both order and disorder. But this useful disorder, this sense of contentment and flux, is what New Urbanism dreads.



Crocker Park; Westlake, OH

**Dull as the suburbs but lacking in the vivid underlying pathology of suburbia, New Urbanism has become the acceptable face of sprawl.**

Crocker Park in Westlake, OH was sold to suburban residents as a “new downtown” for this sprawl community. But to access it, you must drive there.

Along Detroit Road, its main east-west artery bordering the north of the site, there are no sidewalks. Disneyland - without the monorail. Even the marketing image has to stage furniture at an intersection crosswalk, and where the most important element architecturally is Barnes & Noble. Until their lease expires, and then it becomes whoever the next tenant is.

Real progress in planning livable inclusive cities requires that we acknowledge these conflicts and shortcomings and address the other dimensions that comprise a city's livability. Iacofano says that healthy human habitats must be designed to meet our needs for physical comfort and safety, community and connections, stimulation and discovery, fun and joy, and meaning. The physical environment should address basic ecological requirements for sustenance, diversity, adaptability, complexity, range and connectivity.

Joe Berridge, an urban planner, talks about cities being creative. He refers to the American urban economist Richard Florida and his writings on the importance of being a tolerant, open, enjoyable city if you want to attract the key workers, the creative class, who are the key to innovation and productivity in the new economy. As a result, every city now wants to be a centre of creativity, promoting the connection between a vigorous arts and cultural life and economic and community health. Economic development offices, which used to spend all their energy getting industries tax concessions, are now running around organizing gay pride festivals and laying out skateboard parks. The competition for being creative is getting intense.

But how can a city truly differentiate itself? Berridge believes that the successful creative cities of the 21st century will be much more than sidewalk cappuccinos and film festivals. It will be the creative City, the city government that most imaginatively, efficiently and beautifully provides needed services and infrastructure. That city will be more than just a space in which creativity flourishes; its whole organization and management will be creatively designed.

Some 40% of the economy and a quarter of all employment are in the public sector, yet few would describe our governments as characteristically creative when compared to the revolutions that have spun through most of their private and institutional equivalents. This is a big problem. Government is too important to waste the creative potential of its employees and short-change its citizens in models of organization that have barely changed over the decades. We all know instinctively that governments are still in General Motors/Ford mode while the rest of the world is Toyota, but nobody has yet broken from the pack.

Big cities in the 21st century face much the same challenges – the maintenance of social cohesion, the creation of competitive advantage, the sustainable management of growth, the firm grasping of an ever-elusive urban future - but the effective achievement of those ambitions, combined with the delivery of high quality services to discriminating, cost conscious citizens is what will distinguish them. Since cities are unique among levels of government in their closeness to the real world and their increasing primacy as the crucibles of economic and social change, they have perhaps the greatest potential for creative innovation of any level.

Yet as I look around too many cities, my own included, I am struck by a curious conundrum – of extraordinary creative urban energy outside of government and very little within it. Creativity is typically characterized as individualistic, unique and more than a little chaotic. How can a government, which typically operates as a highly structured, collective, consensus-driven, conflict-avoiding organization – a bureaucracy in short – be creative?

What are the conditions that could give rise to that civic creativity - and how could the principles of creativity evident in the arts and the creative industries be applied to the public management of the city? When you deconstruct artistic creativity you find four principles.

- Flexibility* – the ability to see things differently and act accordingly
- Innovation* – the ability to apply an original solution to a long-standing problem
- Risk-taking* – the ability to accept the consequences of failure
- Leadership* – the ability of one person to set a direction for the whole

These principles equally apply to the creative city and can be illustrated by a real life urban example. First Blackburn, Lancashire, a northern English mill town that had completely lost its way with the retreat of the textile industry. It is a town of about Hamilton's size about an hour away from Manchester, and characterized by unemployment, high levels of income support, decaying housing, social dysfunction, retreating city centre, empty mill buildings – and a not-so-below the surface stew of racial and class tensions.

The city knew it had to reinvent itself. It saw a plausible future as a back-office and lifestyle service centre to Manchester with great countryside and much lower house prices. But given the dismal state of the city this future was not going to happen by

itself. The city had no great financial or other resources to effect change at the scale required. Hence, the strategy:

Five years ago, the City transferred 500 civic staff – both professional and clerical – to an independent private sector company – Capita. The transfer, which involved maintenance of all collective benefits and union membership, was voted on by staff and carried – albeit narrowly. Capita in return had to construct a large distinctive office building in the city centre – where no private office building has been built in recent history - and to manage the restoration of the surrounding historic district. They also had to guarantee significant additional employment creation, with targets set for minority and disabled hiring and for women in senior positions – targets which could not be met in the static environment of the old town hall. Those targets have been significantly exceeded. Indeed, the transferred group now provides public services for several other cities in the extraordinary free market in municipal service delivery that exists in the UK. Capita are able to generate cost savings in service provision of about 15% through better management and through the introduction of technology the city couldn't previously afford, savings directed to increased social spending.

What's creative here is the refusal of the town to accept the inevitability of decline, turning an expense into a revenue, and achieving previously unattainable social equity goals in original ways. They have sparked a city centre renaissance that is attracting new back office and retail activity. It demonstrates the first principle of urban creativity – flexibility... of service delivery, business practice, social development and ideology. What is important is that the people of Blackburn be provided with the best possible public services, that new employment be created and distributed on an equitable basis and that the city centre renaissance get kick-started. To do that they had to think about delivering public services in a completely original way, focusing on outcomes, not process.

Second: Stockholm. The city of 2 million people is served by seven energy plants – one a conventional plant using coal, the other six using a combination of anaerobic digestion of sewage sludge and other organic material to produce bio gas to fuel power plants and municipal vehicles. High-tech incineration of non-recyclable, non re-usable garbage (about 40 – 50% of the solid waste stream) powers district cogeneration plants. Additional energy is created using exchangers to strip heat from waste water.

Sweden is the leader in integrated district energy systems. One of its major cities, Malmö, generates about 40% of total city energy demand from waste-to-energy plants. Stockholm is developing a major new waterfront city - Hammarby Sjöstad - in its former Portlands, setting themselves the goal of being 'twice as good as today' in energy reduction, creating an 'Eco-Cycle Society', in which the new city is effectively energy self-sustaining without dependence on external fuel sources. The entire development, now partially complete, of some 30,000 living and working population, uses a combination of bio-gas and waste-to-energy to fuel the public transit system, ferries, cars and for domestic use. To allay what technology has now rendered unfounded but nonetheless understandable fears about emissions, these district energy plants are located as compatible neighbors within the urban development itself, operating at one-tenth of European Union permitted standards.

What's creative here is taking a municipal cost – sewage disposal and waste management – and turning it into an asset by making it a replacement fuel for increasingly expensive conventional carbon-based or nuclear energy sources. The city becomes an entire energy system with all its inputs and outputs matched. It demonstrates the second urban creativity principle, innovation. Innovations in technology – regarding anaerobic digestion and waste-to-energy systems in this case – are actively embraced and reflected by innovations in attitude and organization. The third creative principle is that of risk – because risk is what governments have most difficulty with; their attempts to avoid it the principal reason for their ineffectiveness. The creative city understands the huge risk in not taking risks.

In February 2003, the Greater London Authority introduced the Congestion Charge – an electronic toll gate around the central core of London. No lengthy community process, EA or planning approval was undertaken. It had been a part of Mayor Ken Livingstone's election campaign, and he had won. That was mandate enough. Everyone predicted disaster, the community groups from all the neighborhoods inside and outside the cordon line screamed about too much traffic, business

people about too little. All political parties gleefully predicted the end of Livingstone's political career. It was a huge risk.

A few months after introduction of the congestion charge, traffic settled into a pattern that has been remarkable stable for the last three years - about a 20% reduction in traffic, with congestion levels and transit journey times reduced by about 30%. Some \$220 million a year is generated for transit improvement. The quality of street life in the centre has markedly improved, with no other obvious negative consequences, and the initiative has broad support by citizens and business groups and all political parties. Not only have the charges been significantly increased, but the charge area looks to be expanded. When the UK Minister of Transport recently announced that road pricing is coming to the entire country, there was scarcely a murmur of dissent. Livingstone's risk-taking changed the urban world. Every major city has been beating a path to his door to see how he did it. Creativity is infectious.

The creative urban act here was the open embracing of risk – which means accepting the possibility of failure. But that risk-taking, when successful, sets off such an energy of response. In all these examples you can see the same chain by which some creative destruction of the constraints of the ordinary creates a virtuous cycle of financial, social and quality of life improvement.

The last principle is that any creative act requires leadership. Each of the examples quoted required someone to decide that he/she was going to get something done - usually having to run very hard against the established order both within and without the governmental organization. What is fascinating is that in each case the organization that went through the resultant creative transformation was one that can clearly be characterized as left wing – core Labour Blackburn, social democratic Sweden, and Red Ken – in each case tackling a traditional left shibboleth about outsourcing, waste-to-energy systems or community power in order to advance the public good. It is not enough just to plan for downtown renewal, environmental improvement, public transit or social equity. You have to show how real results can be achieved within the resources available. Perhaps urban creativity is best characterized as the resolution of conventional opposites with an utterly original solution, a solution that frequently involves some new technology.

The last example is from New York City. Mayor Bloomberg is a self-made billionaire who stood on a platform of re-inventing city government. New York City employs some 270,000 people and commands a budget only slightly less than the Province of Ontario. His greatest achievement has been to generate a sense of excitement and possibility within that bureaucracy. He has attracted a staff of energetic, bright thirty-somethings, along with a cadre of remarkable deputy mayors with proven resumes in the outside world, each with responsibility for a different city function. One thing is common to all great cities; they are run by people in their thirties and periodically invigorated by a rush of fresh talent, with a system that allows those young newcomers into positions of power and influence quickly.

Bloomberg is not a conventionally charismatic political presence, but he is a team builder, with his roots in the creative chaos of a New York trading floor. He has given up the office occupied by generations of New York mayors, installing himself in a former hearing room inside City Hall – about the size of a high school gymnasium - along with his deputy mayors and about 100 senior and support staff in a huge open plan space with no walls and no distinctions as to rank or privilege. Bloomberg's office is right in the middle, a half-height carrel consisting of a desk and two screens, shared with his secretary. Nobody has an office and all the former offices have been turned into meeting rooms with glass walls – the real meaning of transparency. The Mayor has to walk by half the room to get a coffee or go to the bathroom.

All the government reorganizations in the world, the reporting hierarchies and structure plans are rendered redundant by such an initiative. The fundamental things apply. Get good people to work together following the lead of a bold individual. That's leadership. That's urban creativity. Flexibility, innovation, risk, leadership. Focus on outcomes not process. Embrace technology and find its leading edge. Act boldly. Get the best people you can find, because people are everything. Move young people into power early. Replace meeting together with working together. Give an inspiring direction. That's all it's about.

The City of Cleveland has begun talk of creating a “Design District” in an enormous area that stretches from Playhouse square to Midtown, and former industrial zone, now populated by non-profits and second tier office occupants who relish cheap parking. The noble purpose of the Design District is to “create an economy around design: Northeast Ohio possesses many of the key ingredients to be a leader in design and innovation. By fostering a design culture, drawing on regional assets and capitalizing on the increasing design awareness, the region can position itself as a long-term leader in design and innovation. This emphasis will result in top-line revenue growth that will strengthen the regional economy.”

“The high-level objective of the District of Design Project is to define Cleveland as the product design capital of the US...the Milan of the Midwest.”

“Fostering a culture that values design and innovation is critical to this project and three key elements are critical to this effort: 1) creating a definable heart to the design community, 2) improving our ability to manage the creative process, and 3) raising awareness.”

“The District of Design takes the first step in fostering a design culture. The district is a concentrated area of Downtown Cleveland that is comprised of wholesale consumer product showrooms, design studios and the infrastructure to support world-class design and product development.”

District cheerleaders have created a web site, the requisite zippy renderings and optimistic text: “The core of the district, along the Euclid Corridor in downtown Cleveland, will be comprised of street-level consumer product showrooms, highlighting the product offerings of regional consumer product companies for retail buyers.”

“Like other design centers and districts, the Cleveland District of Design offers one-stop-shopping for a wide variety of products. However, this district is focused on consumer products (rather than architectural /decorating), enables consumer interaction, and represents a premium experience (due to the close proximity of valuable amenities like world-class accommodations, dining and entertainment).” By the way, you have to go 20 blocks to Public Square to get to decent accommodations and to East 4<sup>th</sup> Street for a few good restaurants and a comedy club.

But the sad fact is that Cleveland has a poor design culture. Even the city’s architectural critic, Steven Litt, says so. For the past thirty years, the city has gone out-of-town, out-of-state and even out-of-country to hire design professionals for important and even not-so-important buildings. Despite a population of architects who, while only 28% of the state’s population of registered architects, have won 44% of the state’s design awards from the American Institute of Architects over the past 15 years, the city’s leaders have, in the words of noted philanthropist and retired Progressive Insurance CEO Peter Lewis, stocked their boards with conservative, risk-adverse attorneys who don’t know the first thing about design or taking risks. So when a project comes along, instead of making even an effort to educate themselves, they find it easier to turn to an out-of-town architect and not even consider local talent.

This Cleveland Design District will be populated by all manner of industrial design firms with showrooms and places for people, who have nothing else to do, to watch the designers create. But Cleveland has been an export capital for design services for decades. What the District’s cheerleaders have failed to grasp is the utter absence of demand or a critical mass of prospective tenants for such an initiative. Additionally, its proposed geographic dispersion is no District at all. It has no center, stasis point or icon to signify its presence. It’s a weak idea to try and backfill the enormous volume of space along retail Euclid Avenue that was gutted to vacancy by the long-running, poorly planned and more poorly managed Euclid Corridor bus transit project. Only a handful of businesses managed to survive the four-year two-mile debacle. Those who didn’t received no business interruption compensation. They just went out of business.

Community ‘leaders’ are desperate to find tenants – any tenants – to fill the smile’s missing teeth. And perhaps we should

forgive the urban planning staff at Cleveland State for failing to do any sort of demand analysis to recognize that we do not even support the far larger architectural and interior design community in Cleveland, let alone the microscopic industrial design "industry." The District's semantics reference Cleveland's heritage with Viktor Schreckengost's role in the 1930's as an leader in product design whose invisibility nationally faded slightly with his longevity. The Industrial Design department at CIA has a whopping staff of three full-time professors with seven adjunct faculty. The entire school has 650 students.

While it is true that the only serious local industrial design firm, Nottingham & Spirk, has been a remarkable success story, they have purchased and renovated a former church for their offices and are not prospective tenants for the Design District. So this idea – this delusion - is floated to give people a false sense of security that there is a collection of viable businesses ready to take over and make those renderings a reality. The fact is that all of the industrial designers in northeast Ohio wouldn't fill the former Jewish Community Federation building being abandoned at East 18<sup>th</sup> and Euclid because it's too small for the Federation, let alone building after building throughout Playhouse Square and Midtown.

As a city, Cleveland will need to redefine and repurpose Euclid Avenue to repopulate it. But a Design District for a city that already imports design will not do it. Originally, Euclid Avenue was the shopping and transit aortic artery of the city. People working in all of those multi-tenant buildings bought their lunch, their clothes, did their banking, had their typewriters fixed and bought their travel luggage at shops along Euclid, which included four department stores. But downtown retail is dead. And it is not coming back any time soon.

With financial demands from government that exceed resources, we cannot afford to keep making poor choices or not making the right choices. New Urbanism does not seem to have learned from the mistakes of Modernism. It's time that we demanded a more authentic attempt at defining places for our future habitation that embrace modern technology, tools, appliances and provide neighborhoods and homes indicative of the values appropriate to our times rather than imitations of our fathers' and mother's ear.

People today all use modern cell phones or Blackberries. Most of us have iPods. These devices are all slick and small and packed with features. They drive cars that represent their values and personalities. If 'transportation' were the sole objective, we would all drive cost-efficient, small, used, excuse me - previously-owned cars or hybrids. But the objective is also to travel and arrive in style.

People are increasingly using flat screen plasma televisions and blue ray players – devices with sleek, minimal lines, not de-bulked tubes in oak cabinets with columns and ogee edgebanding. Consumers are purchasing sleek, modern appliances with stainless steel fronts. Even washers and dryers have elegance and style now. And not just at high end appliance stores. You can find "modern" design at Home Depot, Lowe's and Wal-Mart. It's everywhere.

Plumbing and electrical fixture manufacturers are introducing 'modern' elegant plumbing fixtures. And the neo-colonial trash built by production home-builders that all looks the same has flooded the market and is not the ticket Gen X and Millennials are looking for. Neither are Baby Boomers. No wonder the residential real estate market collapsed. Could it be that part of it is attributable to the fact that the product offered that a credit-drunk population snapped up because it was new now does not meet the needs of a largest growing segment of qualified homebuyers entering the market?

**"Design" is modern and it is "in."** Nostalgia and the pastiche of post-modern New Urbanism is out. It's time to move on. In economic, social, environmental and moral terms, we can no longer afford to make the same mistakes again. Our culture can no longer be defined by free-credit recreational shopping. America will no longer be able to consume 16 million cars a year. So while the auto industry experiences a massive coronary and drags the country and our vapid mainstream media through the trauma of realizing we will all 'pay' for the ineptitude of GM management and the low production high-cost wages of the UAW that combined to produce an unsustainable domestic auto industry, our attention will be dominated by 'bailouts' and handouts instead of creating the new industries and training workers to make stuff of value to the US and world

again. I want to believe that we 'saved' the banks for a reasons, so since they cannot seem to find it with two hands and a flashlight, we had better come up with something for them to shovel their money into.

So let us not bother considering what James Kunstler calls "using our dwindling resources and "hopes" into resuscitating those dying systems," and instead, "move forward to the next chapter of American life, cut our losses, and make new arrangements more consistent with the realities on offer from the universe." Kunstler also bravely asks the next important question: "Can we remain one nation, a common culture, without such a conscious re-purposing of our collective spirit?"

Kunstler calls the auto and banking bailouts to be "campaigns to sustain the unsustainable in the economic realm," which he cautions amount to "a gigantic exercise in futility. Worse, it gives off odors of dishonesty or stupidity, since the ominous tendencies of our system are so starkly self-evident."

Not least of the problems entailed in all this are the scary political consequences. It's one thing for a business such as a bank to fail; its another thing for the public to lose confidence in banking, or their own currency, or the credibility of all the people who work in banking, or the authority of those charged to regulate these activities, or the courts and their officers who are supposed to adjudicate misconduct in them. When faith in all these things starts to go, all bets are off for even larger social constructs like democracy, justice, and the destiny of a federal republic. **But our love of the suburbs tells us in no uncertain terms that we have lost faith in our cities.**

**At the end of the day, what is relevant is that our Old Economy is gone and it is not coming back.**

**Cheap energy is over.** Our hope for "cheap energy" are unrealistic and maybe after wasting \$3 trillion in Iraq, people understand that our foreign policy and warfare initiatives relate to oil in no uncertain way, even though after Iraq, we are now paying much more for oil than n before we invaded. So it is sadly possible to successfully argue that our invasion o a sovereign nation with a military presence to seek out an alleged insurgent terrorist force not only failed, so did we fail to achieve the intended objective of maintaining a stable and inexpensive supply of oil to satisfy our penchant to over-consume on borrowed money. And despite the popular press bell-ringing on environmentalism and balance of trade issues, as summer approaches and we again face \$3.00+ per gallon gasoline, we are still importing 63% of our oil. No behavior change for us.

**The cost government is not economically sustainable.** We are going to have to downsize and make efficient local governments through regionalization. Those that get to it first have a chance, Where I live, African-American city dwellers are refusing for fear that they will lose their seat at the table. They do not realize that if they don't get on board, there will be no table.

In my community, Shaker Heights, a charming inner ring suburb that is essentially a bedroom community, the city and school district have each created their own conundrum. From 1990 – 2006, real estate values and the corresponding property taxes from which the city and schools derive the dominant share of their funding rose 90%. Real inflation during that period rose only 33%. Consequently, the city and schools were awash with money, and previous 'leadership' found easy it easy and popular to increase funding for safety forces. When I moved to Shaker Heights in 1983, the city had 53 policemen. Today, the city has 101, with no justification for the increase, save the availability of funds and the apparent absence of competition for these funds. When our previous mayor proposed adding yet an additional three police last year and Sun Press reporters asked 'Why?', there was no justification from either the Mayor or past Police Chief Ogrinc.

According to the latest reports from the U.S. Bureau of Justice, the national average for police departments for communities with a population of 25k – 50k residents is 1.8 policemen per 1000 residents. By this measure, Shaker Heights has 90% too many people in its police department, which represents an annual financial burden to taxpayers of \$3 million over the norm.

Shaker's Police Department annual budget equates to \$135,315 per employee, compared to \$84,100 in Cleveland Heights. According to the latest statistics from the U. S. Bureau of Justice, the average police department cost in the U.S. is \$61,400 per employee per year, which makes Shaker's spending 220% of the norm.

The Fire Department is a similar story. When the City tried to lay off four firemen in 2009, the head of the local firefighters union fed the newspapers a false story about safety being an issue, which the newspapers dutifully printed absent any analysis or fact-checking, now the norm for traditional media enterprise short on personnel. Also significant is the comparative cost of Shaker's Fire Department. The department's \$7.3 million annual budget and 79 employees equates to \$92,400 per employee. Cleveland Heights, with a population 42% greater than Shaker Heights, and a service area 29% greater than Shaker's, has an annual budget for its Fire Department that is 25% less than Shaker's. On a per resident basis, Cleveland Heights' fire department costs \$112 annually. Shaker's costs \$248, 117% more! Elected officials have not yet figured out that taming the beast means right-sizing the employment of a unionized work force.

Shaker Heights residents have the highest taxes in the district, which are now a barrier to selling our homes, as real estate values plummet faster and further in our neighborhoods than surrounding communities - *because* of our taxes. And the school district meets to strategize about *when* to come for another levy, now begging even more money – another 10 mils, instead of how to finally engage the community in a dialogue that will at long last begin the process of making critical decisions about spending our resources with appropriate and greater efficiency and responsibility.

Shaker Schools' spending is among the highest in the state at over \$16.5k per pupil. Yet, according to the Ohio Department of Education, of the 734 public school districts in the State of Ohio, Shaker Heights ranks 444<sup>th</sup> academically. While the average pupil: teacher ratio in the state is 16:1, Shaker's is 13:1. Yet we rank 444<sup>th</sup>. Hudson spends \$9690 per pupil and ranks 56<sup>th</sup> academically.

No one wants to live in an unsafe community with inadequate services. That is not the issue here. The issue is the responsible management of the community's resources for its citizens and a functional sustainable government.

**We have to downscale and re-localize our major economic activities:** food production, commerce and manufacturing, banking and schooling.

**Our monetary system is not sustainable.** Clearly. We cannot have a stable monetary system unless we figure out how to manage workouts of unpayable debt. And even if we do figure it out, universal credit is history. We are actually going to have to save for things we want, downsize our expectations and spending and run our businesses and households on our accounts receivable.

Kunstler also says that major demographic shifts are inevitable which means that it "becomes necessary to let go of suburbia and reactivate our derelict towns and smaller cities and allow our giant metroplexes to contract. We have to face the truth that our major social contracts cannot be met, namely the continuation of social security as we know it and probably all pension arrangements. We'll probably have to change household arrangements to make up for these losses."

**Our health care system is not sustainable.** And Health Care will have to go through a revolution more comprehensive than just changing whom we pay for it. Like everything else, it will have to downscale, re-localize, and become more rigorous.

Kunstler says that we're not going to rescue the banks. At least any more than we already have. The collateral for their loans is no good and it will only lose more value. All those tract houses on the cul-de-sacs of America and scattered on the out-parcels of our tragically subdivided farming landscape will only lose value, one way or another, in the years ahead. Right now they're simply losing inflated cash value - and that has been bad enough to sink the banks. In the months and years

ahead, they'll lose their sheer usefulness as the distances once mitigated by cheap gasoline loom larger again, and the jobs vanish and incomes with them, and the supermarket shelves cease to groan with eighty-seven different varieties of flavored coffee creamers, and one-by-one the national chain stores shutter (or dominate), and the theme parks, and the Nascar ovals, and the malls, and the colossal superfluous cretin-cargo of consumer nonsense that we've been daydreaming in gets blown away in a hurricane of change that we were not ready to believe in.

The more time and money we waste failing to squarely address the efficacy of the investments and expenditures that affect urban and suburban form, the fewer resources we will have to pay for corrective measures.