City
Advantage:

Cities provide big economic advantages for consumers: wider **variety [ ]**, more **convenience [ ]**, **discovery [ ]** and greater economic **opportunity [ ]**. These attributes underpin urban success. Strengthening these assets helps build metropolitan economies.

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CEOs for Cities

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Traditionally, the analysis of city economies has focused on their distinctive advantages in producing goods and services. But increasingly, the economic advantages of cities are driven by the range of choices they offer to consumers. Production and consumption are intertwined, of course; everyone who is a producer is also a consumer. And just as many producers are becoming more mobile and global, much consumption is becoming more intensely local. And as people choose places to live based on local opportunities for consumption, they are, in turn, influencing which places have the human capital needed to be successful in production.

Our analysis suggests that there are four key city advantages:

Variety

Cities offer a wide range of choices of the goods, services and amenities that people value, raising their satisfaction and standard of living. Well-educated people prefer to live in cities, in part, because of their greater taste for variety, making cities more attractive to employers needing talented workers.

Convenience

In cities, density means more goods, services and people are close at hand, allowing people to travel shorter distances and spend less time searching and traveling to acquire any given set of goods, services and interactions. Higher income households place a higher value on time, giving them incentives to live in cities and raising city incomes and economic activity.

Discovery

Cities expose people to more opportunities and help them discover consumption opportunities. Cities provide markets for new and innovative products that give rise to new industries and drive economic progress.

Opportunity

Cities offer a wider variety of jobs and easier opportunities to acquire additional skills and to move among jobs. Cities attract young workers looking to upgrade their human capital.

Differences in consumption opportunities between places take on a pivotal role in the economy now but for reasons that are neither direct nor immediately apparent. Economists have increasingly come to realize that human capital is the key to urban economic success. Metropolitan areas with high levels of education and skills have higher incomes and better economic performance than other metropolitan areas. So building a strong economy is clearly a matter of educating, retaining and attracting workers. But every worker is also a consumer. If every consumer had exactly the same tastes and preferences and every place offered the same assortment of goods and services, then consumption wouldn't matter much to where people choose to live. Their decisions would be driven primarily by job opportunities (who paid the highest wages) and variations in local prices (where would it be cheapest to live).

In the real world, though, tastes and preferences vary widely across the population and different places offer very different assortments of consumption opportunities. And, importantly, the variation in consumer tastes and the variation in the range of goods and services available in different places have increased substantially in the past few decades. Meanwhile, jobs have become more alike. Some traded sector jobs are highly specialized and are concentrated in particular places, but more and more jobs are in largely non-traded local services and are similar from place to place (teachers, nurses, truck drivers, cashiers).

What cities can do:

City economic development strategies should work to exploit and develop these four intrinsic sources of economic advantage. Cities should work to protect and expand the variety of their civic and private consumption opportunities, encouraging greater convenience and promoting discovery.

Introduction

How do cities compete in a global, knowledge-driven economy? What are the unique or distinctive sources of competitive advantage that cities can count on that will enable them to attract and anchor talent and build competitive economies? This paper argues that the advantages that cities offer to their residents in the form of a broad range of consumption opportunities are an increasingly important source of competitive advantage.

In short, the "value proposition" that cities offer is that their residents can enjoy a higher standard of living than persons could enjoy in other locations because of the four key assets that are found disproportionately in urban areas: variety, convenience, discovery and opportunity.

This proposition turns the usual calculus of economic development on its head. We're used to thinking of cities being specialized and superior in some aspect of production and that this specialization enables higher productivity, making it possible for workers to earn higher salaries (and thereby enjoy a higher standard of living). But as economic competition today depends more and more on the availability of talented workers—what economists call human capital—and as these talented workers have wider choices about where to live and work, the varying sets of consumption opportunities available in different places are playing an increasingly important role in shaping economies.

Today, the combination of variety, convenience, discovery and opportunity that a city offers is a bigger variable in shaping its economic destiny than ever before. In this context, city economies will compete and succeed based on their ability to improve and differentiate this set of consumption advantages. Urban economic development strategies should explicitly assess and work to improve local consumption opportunities, both to improve residents' well-being directly, but also to attract and anchor human capital, and thereby promote greater economic well-being.

In our earlier work, *The Young and Restless in a Knowledge Economy*, we identified the increasing importance of human capital availability to metropolitan economic success, a point confirmed by the work of a wide range of urban researchers (Florida 2002) and economists (Glaeser and Saiz 2004). A sea change in labor markets—characterized by the impending retirement of baby boomers, the waning economic impetus from increased female labor force participation and a leveling off in higher education attainment rates—coupled with the high level of mobility of well-educated young workers means that places that have lots of talented young workers or that can easily attract more will be in the best position to grow. Yet we know that Americans in general, and young adults in particular, do not choose where to live based solely on job or earning potential. In fact, surveys have shown that an overwhelming majority put place above career in choosing where to live (Yankelovich, 2006). What are the characteristics of place, we ask, that people choose?

What do we mean by consumption? In this context, we use consumption to include a wide range of goods and services that we experience or enjoy. These include goods and services provided through the market (cars, houses, food, movies), public and environmental amenities (parks, climate, clean air), and personal experiences and activities (attending church, hobbies, recreation). Our key point here is two-fold: many of these opportunities for consumption are tied to particular places, and over time the diversity of these place-related consumption opportunities has been growing.

More recently, in *CityVitals* we identify a key set of dimensions associated with regional economic success. We present four broad categories of indicators: talent, innovation, connections and distinctiveness. Each of these aspects of urban vitality are important to the productivity of the industries and workers located in cities, but they also begin to highlight some of the economic advantages that accrue to the citizens and consumers who live in these places. In particular, it appears that talented people value being near other talented people, that social and physical connectivity are key urban assets, and that community distinctiveness can play a role in attracting and retaining people.

Of course, cities have disadvantages, too. As urban size increases so, too, do certain negatives. Rents, congestion, crime rates and pollution levels have historically tended to be higher in cities than elsewhere. The success of cities is shaped by the balance of advantages and disadvantages. Our view is that cities can't be competitive simply by ameliorating weaknesses; successful urban strategies must emphasize and build on unique city strengths. For too long, too much emphasis has been put on the depiction of cities as collections of pathologies: poverty, crime, congestion, pollution. The best way to understand the opportunities for urban success is to recognize the intrinsic competitive advantages of cities.

Defining cities. Our argument for city advantage is about the qualities of urbanness and density. We haven't tried to set a threshold for what constitutes "urban," but in the data and comparisons offered in this report, we looked at degrees of urbanness across space, comparing urban areas to rural ones, larger metropolitan areas to smaller ones, and central neighborhoods to more peripheral suburban ones. We have explicitly avoided using political boundaries and relied on the federal government's definition of metropolitan areas, coupled with our own GIS (geographic information system) analysis of selected data. The advantage of cities, we believe, will be found most frequently in places that are urban and larger and in those parts of the city that are more central.

The sources and manifestations of city advantage are complex and dynamic. Cities are constantly changing entities, the composite result of thousands or tens of thousands of decisions, some public, some private, some recent, some lost in time.

Describing any city at any one point in time necessarily involves abstracting from the complex processes that brought it to its current state and often ignoring the unfolding momentum and trajectories of urban change. In many cases, the process of change can be self-reinforcing. Sometimes the dynamics are a vicious circle, as in the case of neighborhood tipping points where negative factors build one on the other with increased crime leading to out-migration, which then lowers property values, produces an increase in poor households and leads to further crime. Sometimes there are virtuous circles, where initial investment (public or private) creates some in-migration, which encourages more investment and amenities and induces further in-migration and neighborhood upgrading. Understanding urban development is about understanding these non-linear processes of dynamic change. Once a cycle of decline has set in, the low price of housing can lock poverty in place. Low-income persons find it too expensive to move elsewhere, and higher income persons choose not to live in poor neighborhoods (Glaeser and Gyourko 2001).

Why care about consumption at all?

This report points out that a key economic advantage of cities is related to consumption. Our puritanical roots make us suspicious of anything that celebrates consumption. Our concern for the environment makes us feel that consuming more and more is unsustainable. Consuming and consumerism—the obsession with acquiring more stuff, at the expense of enjoying a simpler life—are seen by many as the root of personal and social problems.

In this report we use the terms "consumer" and "consumption," but in a very different way than emphasized by either puritans or environmentalists.

First by consumption, we don't just mean more consumption of consumer goods or physical resources. Our argument about consumption includes consumption broadly defined, including personal experience, culture, civic life, social relationships and public goods, not just private goods and services. It includes the way people spend their time and not just their money. Second, our argument is much more about quality and diversity than quantity. The consumption advantages of cities have to do with getting a better fit between a person's needs and desires and what is available to consume. Third, a key advantage of cities is their intrinsic sustainability: they require less travel, less energy use and fewer emissions for any particular level of consumption than more far-flung developments.

We also emphasize consumption because of its centrality to the economic life of cities. A majority of jobs in local economies are tied to local consumption. Unless there is an abundance of local demand for goods and services, there will necessarily be limited job opportunities. Specifically, urban neighborhoods with a mix of incomes will have more demand for all manner of goods and services—and therefore local jobs—than will low income neighborhoods. Robust and diverse demand for local services provides more local job opportunities.

Some may consider an emphasis on consumption as frivolous or elitist. Many believe that focusing on production and production jobs is nobler than looking at consumption. But there is no production without consumption. And the advantages of cities in consumption accrue not just to high-income households but also to diverse communities, including ethnic minorities and low-income populations. Cities can provide enough critical mass to support ethnic markets, ethnic restaurants and a diverse range of cultural activities (including, for example, non-English radio and television stations and social organizations). The wider range of choices available in cities helps low-income populations. Cities provide more kinds of housing types, transit systems that enable low-income families to live without the expense of owning a car, and dense, walkable neighborhoods.

Critically, for low-income and low-skill populations, cities provide a wealth of opportunity. The dense labor markets of cities mean that residents have more potential jobs and that they are less likely to be dependent on the health of a single industry (as is common in smaller and rural communities). The customer base available in cities means that people have a richer local market to develop as entrepreneurs. Immigrant entrepreneurs have greater opportunities in urban markets to develop businesses using sweat equity such as restaurants, retail stores, landscaping and construction.

The production of goods and services for local consumption is a large and central characteristic of urban economies. If we think about consumption broadly, including the experiences of personal, civic and social life that places provide for their residents to consume, we can develop a much richer perspective on the nature of cities and the sources of city advantage.

One size doesn't fit all. A key implication of this analysis is that the growing variety of consumer tastes and consumption patterns is producing a wide diversity of interests and different kinds of consumers. In marketing parlance, consumers are becoming increasingly segmented. In a world of more and more segments, it is harder for any one place to offer the right set of goods and services demanded by any particular segment. This suggests that different communities will be better positioned to appeal to some consumer segments than others. Consequently, knowing how one is positioned to compete and for which particular segments is key. Not every community will want to (or be able to) pursue the same strategy.

Second-tier cities. If the two key aspects of city advantage are urban size and centrality, then it would appear that the most central places in the biggest cities would have the most advantage. What does this mean for smaller or second-tier cities? In our view, city advantage is viewed, like cities themselves, along a continuum. Cities of different sizes will offer different combinations of variety, convenience, opportunity and discovery, and at different prices. Moreover, not all aspects of city advantage are tied directly to city size. Cities can emphasize some of the aspects of city advantage—grow by offering more different choices rather than more of the same ones. We explore some of the policy options for smaller and second-tier cities in our recommendations.

Why this matters. The variety of people, activities and ideas in cities is a critically important component of their economic function and a key contributor to national economic growth and urban vitality. Indeed, cities flourish and prosper when they successfully accommodate and nurture variety. They fail when they cease to do so. The conventional view of cities as costly and congested places misses their key economic role. In particular, widely used notions of standard of living systematically discount many of the most important advantages of living in cities. As long as the focus of standard of living comparisons is on common commodities that are available everywhere, statistical comparisons will continue to reinforce the belief that cities are more expensive—and less desirable—places to live and do business. But a new stream of thought in economics holds that most of the gains in our standard of living have come not from the falling prices of goods that have been commonly available for a long time—i.e. cheaper washing machines—but rather from a vast increase in the variety of products that enables consumers to choose something that exactly matches their preferences. The rich variety of choices provided by cities—restaurants, culture, social interaction, specialty shops, clubs and almost everything else—is one of their distinctive competitive advantages. City residents are economically better off because of the wider range of choices they enjoy. Some of this difference is susceptible to measurement. We can estimate the value that consumers attach to the wider set of choices cities provide. This gives us a new and compelling argument about why cities are economically important and how they can strengthen one of their core advantages.

This new approach, emphasizing real standards of living, will require a new way of looking at cities and some new measures of city economies. We generally measure our standard of living in money terms, looking at the level and distribution of income among city residents. One of the complications in assessing well-being is our understanding that prices vary from place to place. We know that some things cost more in some cities than in others, and so if we are to assess relative economic well-being we have to figure out a way to adjust incomes for these differences in prices.

It is widely believed that cities—especially large cities—are more expensive than other places to live. This is certainly the picture we get if we listen to common accounts of price differences across places.

But are cities really more expensive? Most common comparisons of prices and living costs across places fail to consider at least three important factors that determine a place's real cost of living: variety, convenience and discovery. In short, cities provide a wider range of choices of goods and services than other places, they provide greater convenience to consumers in locating and acquiring these things, and they also provide an environment where consumers can discover and develop their preferences. If we were to adjust price comparisons among cities for the value that consumers attach to these characteristics, we would get a very different picture of which places had the lowest (and highest) costs of living and where real income (and living standards) were highest.

The plan of this report

This report is divided into five parts.

Part one discusses the contributions of cities to the variety of consumption choices available to their residents, why variety is increasingly economically important, and presents measures of the extent of the variety advantage that exists in cities.

Part two explores the convenience of cities for consuming a wide variety of goods, services and experiences, again with some preliminary measures of the economic benefits of convenience.

Part three explains how cities enable consumers to discover their wants, and in the process, create a market for the innovations that help drive economic progress, not just in cities but in the economy as a whole.

Part four discusses the role cities play in providing opportunities for their residents—as students, citizens, family members and as workers.

Part five offers an outline of the kinds of policies and actions urban leaders can take to translate city advantage to their city's economic benefit.

The appendix, which can be found online at www.ceosforcities.org/internal/cityadvantageappendix, addresses technical issues and puts this report in the context of the conventional economic literature about urban economies, showing its connections to well-established thought and its new directions, as well as highlighting some economic measures that obscure the key economic role of cities. **References** for this report can be found at the same web address.

CITIES PROVIDE MORE CHOICES.

Variety

Cities raise the standard of living of their residents by providing them with more and better choices than they would have in other places. In today's diverse society a place with lots of choices is best equipped to maximize the well-being of all its residents. Our taste for variety is increasing over time and is a significant, measurable contributor to our economic well-being.

Much of what we consume, what we value, is only available in cities. Despite the emergence of a global consumer economy, characterized by many seemingly ubiquitous goods and services—a Big Mac or a pair of the latest Gap jeans or cell phone service—much of what we consume is tied to particular places. Restaurant meals, classical music or jazz radio stations, cultural experiences such as plays, live music and foreign movies, sporting events and club activities are abundant in some places and simply unavailable in others. We can call these "local private goods." Whether you can find them depends on having a critical mass of consumers close at hand with the taste for a particular product or service.

The quality of place is determined, in part, by the goods and services we can buy. Some goods and services are available in some places and not in others. And the things we can't buy can often make all the difference. Supermodel Cindy Crawford clearly understands this principle: "Arugula is how I define cities. I go to a grocery store, and either you can get arugula or you can't." (Gawker.Com 2003)

Economists call this a scale economy or indivisibility. You need a certain minimum number of customers to support, say, a sushi restaurant. Above that minimum number, an entrepreneur can be successful, but below that minimum, no business

can exist. The typical small restaurant needs a population of about 1,000 people; the average major league baseball team or symphony orchestra might need 1 million (or more). Because of their population, cities, especially large cities, are more likely to have the minimum number of customers needed to support any particular kind of business.

While size matters, tastes matter more. As in the case of our sushi restaurant, it isn't sufficient to have 1,000 people, one must have 1,000 people who enjoy eating raw fish. While this is certainly the case in a Japanese city of 1,000, it may not be the case in an American city of 10,000 or even 100,000.

The set of choices that are available to consumers in any city depends on the number and tastes of other consumers in the same city. It is almost never the case that the taste of one consumer will be sufficient to support a business. Therefore there is an important element of interdependence in the tastes and consumption choices of the residents of any city. The choices that are available to you will be a reflection of the tastes and preferences of your neighbors.

Size also means a wider range of choices and more competition. In a town with only one sushi restaurant, that restaurant may have little incentive to offer consumers the best quality, price or service. In a town with many sushi restaurants, competition will ensure consumers get better price and quality. (This is why good country-French cooking is rare and expensive in the United States and common and inexpensive in France).

Because some goods are only available in those places (cities) that have a large enough population with the shared taste to support them, these same goods are unavailable at any price in other places. In effect, the market price for these goods is infinite.

Expanding variety improves our economic well-being. Much of the improvement in our standard of living has to do with the increased variety of choices we are afforded as consumers. In the 1950s, most consumers chose from only a handful of makes and models of cars—did your family drive a Chevy Impala, a Ford Galaxie or a Dodge Fury?—there were a handful of dominant magazines—Life, Look, Saturday Evening Post, Reader's Digest—and three television networks. Today we drive a much more diverse array of vehicles, subscribe to hundreds of different specialist magazines and have hundreds of different cable channels to watch. What is true over time since the 1950s is true across space today: Cities offer a much wider range of choices—how to spend one's time and one's money—than is the case in suburbs, smaller towns and rural areas.

Demand for variety is steadily increasing. Variety is increasing as our economy develops. Part of the reason is demographics. In the U.S., the classic two-parents with children at home nuclear family made up 48 percent of all households in 1960, but fewer than 32 percent today (Bureau of the Census 2004). We have more singles, more older Americans, more childless couples, more un-married couples and more single-parent families today. The proportion of large households (those with five or more persons) has fallen by more than half. The nation's increasing racial and ethnic diversity further amplifies this dehomogenization of households. Fully a third of the U.S. population is a member of an identifiable minority group.

Another factor is rising incomes. Real incomes have more than doubled for the average family. The typical household spends less of its income on the common shopping cart of necessities and more on the diverse and growing array of consumption goods and services that are available today, including restaurant meals, entertainment, recreation, travel, consumer goods and personal services. Rising consumer incomes, coupled with changes in production technology and market strategy, have led to a rapid proliferation of product and brand choices. The range of choices produces greater diversity in consumption among consumers.

Another critical factor is income inequality. Income is not only higher today but is distributed much more unequally. There are fewer "average" households than three or four decades ago. There are many households with two high-income wage earners and many others with a single, struggling breadwinner.

More varied households, a wider range of products and services and more unevenly distributed income combine to produce a greater diversity of consumption patterns among Americans than was true in the past. Technological progress has enabled vastly more product variety. Computerized manufacturing equipment, just-in-time production systems, sophisticated inventory management and faster and cheaper transportation make it possible to present consumers with a wider variety of goods and services than previously imaginable (Holmes 1999).

Variety has value. In a world of standardized, mass-produced goods we get choices of acceptable quality at a low price. Standardized goods and services reflect the preference of the "median" consumer. Variety, on the other hand, has value because each consumer gets something closer to exactly what they want rather than the average. Increasing variety improves our standard of living by giving us just what we want rather than forcing us to accept one-size-fits-all compromises (Postrel 2001). Economists have attempted to estimate the economic gains to consumers from the greater variety of things. Between 1972 and 2001, the number of different kinds of goods imported to the United States roughly tripled. Economists at the Federal Reserve Bank estimate that consumers valued this increase in variety at about $260 billion dollars per year, roughly 3 percent of personal income (Broda and Weinstein 2004). A careful examination of the value of variety available in cities is likely to show an even larger economic impact. Studies of the economic impact of the introduction of new goods like broadband internet access show that most of the consumer gain comes from the qualities of the new product and not from a reduction in prices (Goolsbee 2001). Consumer gains in well-being from the increased variety of books made available by online booksellers are estimated to be worth up to $1 billion annually, as much as 10 times the value of price reductions generated by increased competition (Brynjolfsson, Hu et al. 2003). The attractiveness of the consumption variety available in cities means that high-skilled workers, who value variety, are willing to work in cities for lower wages than they could earn in other locations. One study indicates that highly skilled medical professionals working in large cities earn an average of 9 percent less than elsewhere; while lower-skilled medical occupations earn a premium in large cities (Lee 2004). More generally, a higher proportion of well-educated workers in a community creates significant consumption externalities, reflected in higher rents and land values (Dalmazzo and DeBlasio 2005).

Over time, the growth of consumption variety in some cities creates a self-reinforcing dynamic. Consumption variety attracts high-skilled workers, which results in bidding up housing prices as well as further growth in consumption amenities. The result: "superstar cities" with high rents and a wide range of consumption amenities (Gyourko, Mayer et al. 2006). The process can work in reverse in declining cities—low urban amenity values get reflected in lower rents, attraction and retention of a population with limited human capital and stalled economic development (Glaeser and Gyourko 2001).

There's a counter-current about variety and choice that argues that consumers are overwhelmed and even made to feel worse off by the abundance of choice. Having too many choices causes some of us to struggle to find what we want and have remorse that we haven't chosen well (Schwartz 2005). This is doubtless true in some settings, but markets frequently work to organize choices in ways that make coping with this growing complexity easier (Postrel 2005). The million books at Powell's bookstore in Portland, one of the world's largest, would be an impossible conundrum of choice were they not organized in a very systematic way making navigation, browsing and choice easier. (The store divides its collections into color-coded theme rooms, provides detailed maps, and labels each aisle and shelf.). A million books simply piled up at random would make an abundance of choice painful and difficult, but with a logical order, it becomes easy to explore and enjoy. When they work well, cities provide just this kind of ordered, sign-posted array of choices, with distinctive neighborhoods, restaurant rows and other agglomerations of retail, service and cultural opportunities. Cities aren't random. They have a place-logic that residents understand and that facilitates finding things. Unsurprisingly, Powell's bookstore calls itself "The City of Books." Finally, the choice of which city to live in is one way people deal with the complexity and cost of choices. Those who want to avoid too many choices can seek out a small town or quiet suburb, while those who revel in choice can choose bigger, more varied places.

Cities Provide Much Wider Variety

In the same way that this expanding variety of consumption choices has made us better off today compared to consumers of four or five decades ago, the expanded array of consumption choices in cities makes consumers there better off as well.

Place is becoming ever more important to consumption. While considerable discussion has been devoted to the globalization of consumption, in fact, more and more consumption is becoming tied to place. Globalization has made goods more universally available but also progressively cheaper. Over time, we are spending less and less on goods and more and more on services. And in general, most services (restaurant meals, hair styling, health care, entertainment) are delivered in particular places. Excluding food and energy, consumer spending on services in the U.S. rose from 56 percent of all expenditures in 1959 to 70 percent in 2003. The share of spending on

goods declined from 44 percent to 30 percent in the same period of time (Clark 2003). The variety of options available in cities facilitates and stimulates consumption. There is a strong correlation between the size of a city and the number and diversity of its newspapers and radio stations. Readership and viewership are higher on a per capita basis in larger cities (Waldfogel 2004). Similarly, consumers living closer to bookstores purchase more books, both in person and on line (Sinai and Waldfogel 2004).

Restaurants are a particularly useful marker of variety. Americans spend nearly half of their food budgets on meals outside the home. They are not simply places for obtaining nourishment but are important social settings in their own right, and because of the perishable nature of their product and the geographic limit of their market, restaurants have to reflect the tastes and interests of nearby residents (Clark 2002).

Number of restaurants within 1 mile

URBAN DOWNTOWN CENTERS	
New York City, NY (Times Square)	3,110
Chicago, IL (Michigan & Adams)	669
Portland, OR	402
Houston, TX	300
SUBURBAN TOWNS	
New Rochelle, NY	133
Reston, VA	53
Naperville IL	51
Tigard, OR	74
RURAL PLACES	
Plattsburgh, NY	42
Minot, ND	28
Burns, OR	15

Source: Computed from ESRI, Business Map

There is more to choice, though, than simply quantity. Quality matters, too. And variety is not simply a matter of quantity of choices. There is good evidence that the quality of choices is better in cities, particularly large cities. Comparing Zagat and Mobile restaurant ratings across metropolitan areas, one study found a significant relation between city size and restaurant quality (Berry and Waldfogel 2002).

Another way of assessing the quality of choice is to look at the diversity of choices available to consumers. There are huge variations across cities in the mix of restaurants from which one can select. As an example, consider the variety of local restaurants as measured by the ratio of ethnic restaurants to fast food restaurants. Data are drawn from business directories that list restaurants by format or cuisine and show that ethnic restaurants are nearly as plentiful as fast food establishments in some cities (San Francisco) and far scarcer in others (Cincinnati).

Ethnic Restaurants per 100 Fast Food Restaurants

METROPOLITAN AREA	
San Francisco	95.9
New York	88.2
Los Angeles	37.1
Philadelphia	27.7
Austin	19.4
Kansas City	12.1
Cincinnati	7.8

Source: (Cortright 2006)

The combination of higher density, more mixing of different uses (commercial and residential in close proximity), and grid street systems means that city residents usually have a much larger and richer array of shopping and cultural opportunities nearby than their suburban or rural counterparts. The differences are quantifiable at a house-by-house level using WalkScore.Com, a website that uses Google maps to compute a composite score representing the number and distance of various destinations from any residence in the United States. The results confirm the intuition that the typical city location has a much higher walk score than in suburbs.

A similar case could be made that cities offer a much greater variety of other kinds of services and shopping opportunities: boutiques, specialist shops and one-of-a-kind establishments providing everything from acupuncture, antiquities, apiaries and art supplies to zines, zydeco records, zithers and zebra print fabric. The sheer variety and small size of such establishments almost defies categorization. It is difficult to imagine, much less accurately count, the degree of diversity that cities provide.

In many cases cities offer a wider variety of public goods as well as privately provided goods. Some goods like stadiums and public performance spaces exist only in larger cities, while other public goods (parks, for example) may be more numerous and varied in a large metropolitan area than a smaller metro area, suburb or rural community. It may be easier to organize school choice in denser urban areas than in less dense suburbs or rural areas, especially for families that lack alternatives for student transportation.

Variety is an intrinsic economic advantage of cities.

Variety is an important economic advantage for cities, especially for people with higher educations who tend to consume a wider variety of goods and services. Careful studies controlling for income, household size and other demographics show that better educated people tend to have more eclectic tastes than those with less education (Gronau and Hammermesh 2001). Education is also important because much consumption is "skilled consumption" in which consuming goods and services requires an investment in learning and experience. People with higher levels of education generally have more of the complementary skills needed for such consumption (Scitovsky 1992).

CITIES MAKE IT EASIER TO FIND AND GET THINGS.

Convenience

When we consider the price of acquiring a good or service, we generally focus only on the amount of cash that we pay to the cashier at the time we buy the item. But all purchases also involve other non-monetary costs: time, effort and thought. These are what economists call "transaction costs." As consumers we have to search for the goods and services we want, frequently traveling to a store or other business location. We have to identify and evaluate different items (assessing their quality, weighing their price, considering options).

The convenience of cities is likely to be particularly important for people who put a high value on their time. For high-income households, the value of their time—traveling, waiting, negotiating—is higher than for lower-income persons. There is also clear evidence that higher-income and well-educated households spend their incomes on a greater variety of goods and services (and spend their time on a wider array of activities) than those with low incomes and less education.

Accessibility, not speed or mobility. Some equate convenience with speed of travel. For example, in *Consumer City*, Glaeser et al label one of the principal advantages of cities as "speed." But the advantage of cities is not speed *per se*, but short travel times, which are a function of land use and proximity as much, or more than, travel speed. A growing school of thought in transportation studies is shifting the emphasis to measuring accessibility rather than speed (Litman 2003; Handy 2004). If more destinations you want to travel to (jobs, stores, restaurants, cultural events) are nearby, you don't spend as much time traveling. Travel speeds in a city may be slower than elsewhere, but this is more than offset by the shorter distances people have to travel.

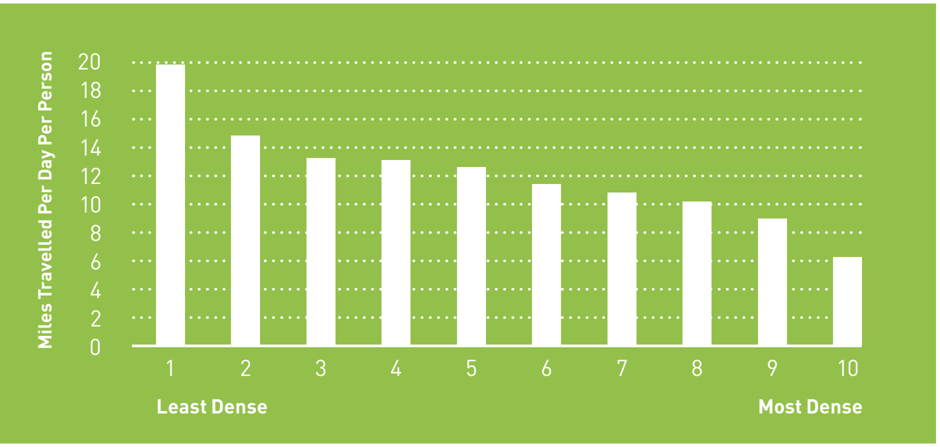
Time is money. The purchase price of any good or service includes not simply its cash price, but the implicit value of the time spent finding and purchasing the good or service. For many kinds of consumption activities our expenditure of time is greater than our expenditure of money. One example is going on a hike in the mountains (Metcalfe 1998). Over the past 50 years because of the increasing wages earned by workers, the real value of time spent in consumption has effectively tripled (Romer 2000).

Overall, we know that the time consumed in travel has value to consumers. One economist estimates that when shopping for fast food, consumers value their travel costs at about $3 per mile (Thomadsen 2001). The other thing we know about valuing time is that it is closely related to income. People with high incomes will spend more to save time than will people with lower incomes. The convenience of cities is relatively more valuable to higher-income households.

Convenience and the value of time turn out to be particularly important arguments for greater density. Greater residential density means more consumers in a smaller area. This customer density, in turn, enables greater commercial density and means that on average, a customer will be physically closer to any given shopping or service establishment, enabling a person to save time finding and buying the goods or services they want.

People living in cities generally live closer to all kinds of consumption opportunities. Urban residents are generally much closer to food stores than those living in rural areas. In California, 52 percent of urban residents live less than half a mile from the nearest store, compared to just 3 percent of rural residents; 60 percent of rural residents live three or more miles from the nearest store (Hatfield and Gunnell 2005). A national study of access to super-centers and large-scale grocery stories found a strong relationship between urban scale and proximity to such stores. Only 3 percent of urban residents in metro areas of 1 million or more lived 10 or more miles from a store employing 50 or more workers, compared with a third in moderately rural areas and 75 percent of those in the most rural areas (Blanchard and Lyson 2003).

As a result of greater convenience, we know that people living in cities travel fewer miles than suburban and rural counterparts. A careful study of the travel patterns of people living in Portland, Ore., showed a strong correlation between urbanization and total vehicle miles of travel. People living in the most urbanized neighborhoods tend to travel only a third as many miles as those in the least urbanized neighborhoods (Lawton 1999).



There is an equivalent degree of variation across metropolitan areas in vehicle miles traveled per person, and it appears to have a strong correlation with urban form. In some metropolitan areas, the average person drives more than twice as far as in others. The places with the greatest per capita mileage include places with sprawling development patterns (Houston, Dallas, Atlanta, and Orlando), while those with the lowest per capita mileage have more compact development and better transit.

Vehicle Miles Traveled per person, per day

METROPOLITAN AREA	
Houston	39.3
Dallas-Fort Worth-Arlington	31.9
Orlando	31.8
Atlanta	30.8
Kansas City	30.5
St. Louis	30.2
San Antonio	29.5
Tampa-St. Petersburg	28.1
Memphis	26.6
Detroit	26.5
Columbus	26.0
Minneapolis-St. Paul	25.2
Denver-Aurora	25.1
Miami	24.9
Cincinnati	24.8
Las Vegas	24.3
Milwaukee	24.3
Median	24.3
San Diego	24.3
Phoenix	23.6
San Francisco-Oakland	23.6
Virginia Beach	23.4
Seattle	23.3
Boston	23.1
Los Angeles-Long Beach-Santa Ana	23.0
Washington	22.8
Chicago	22.2
Cleveland	21.9
Pittsburgh	21.9
Providence	21.5
Portland	20.3
Philadelphia	20.1
Buffalo	19.9
Sacramento	19.7
New York-Newark	16.9

Source: U.S. Department of Transportation

The average resident of Portland drives about 20.3 miles per day compared to a 24.3 miles in the median of these 33 metropolitan areas. Four miles a day may not sound like much, but at an average cost of driving of 40 cents per mile works out to an annual savings of $1.1 billion, equal to about 1.5 percent of total personal income in the region (Cortright 2007). These estimates include only the out-of-pocket costs of travel and not the value of time spent in travel, which would more than double the economic impact of the savings.

Convenience interacts with variety. The range of choices close at hand allows city dwellers to travel shorter distances and less often than non-urban counterparts. If you live in the country, you probably have to travel longer distances for many things—to visit a doctor (particularly a specialist), to see a movie (especially a foreign film), or to eat at a restaurant (more so if it's a gourmet establishment).

Just looking at vehicle miles traveled probably understates the convenience benefits provided by cities. Having a range of transportation alternatives—good transit, cycling, and walking, as well as private cars—confers important benefits. The failure to account for the costs imposed by a very decentralized land use system that requires automobile travel and the exclusion of benefits that accrue to consumers as a result of the mode choices provided by good bus, transit and inter-city train systems confounds international comparisons of living standards (Gordon 2002).

CITIES HELP CONSUMERS FIND THINGS THEY DIDN'T KNOW THEY LIKED.

Discovery

Learning Tastes. One of the assumptions that we make, so routinely that we don't even think about it, is that we as consumers somehow already know what it is that we want. But our tastes and preferences are neither foreordained nor unchanging. We weren't born with our preferences for goods and services. We acquired them over our lifetimes usually through a process of trial and error, beginning with our parents' urgings to eat our peas and other green vegetables. As we are exposed to new and different things, whether it's food, music, fashion, art or recreational activity, our tastes change. We pick up new habits and preferences and abandon old ones. We are more flighty at certain times of our lives (teenagers experiment and change tastes more than seniors), but our tastes evolve throughout our lives.

But clearly, the set of preferences we acquire is a product of the choices we confront. Cities confront their residents with a different and generally wider range of choices than other places. Cities offer people more opportunities to discover their interests and what pleases them. As one young adult told us, it's "easy to stumble on the fun" in the city in which he lived (Cortright and Coletta 2004).

The sheer serendipity of opportunities to be exposed to new consumption opportunities is one key aspect of cities. Cities expose people to different choices and experiences. Some of them will not be pleasant or welcome. Consumers clearly have to be willing to take a risk—to try something new—in order to benefit from this aspect of cities. In the memorable words of Donald Rumsfeld, there are "unknown unknowns"—the things we don't know we don't know (Seely 2003). Cities are places where we can encounter things–goods, services and experiences—that we simply did not know existed.

Interdependence of tastes. The kinds of consumption opportunities we choose are influenced by the choices of our friends and neighbors. Consumption decisions involve important network externalities. Even after controlling for the effect of education and whether people used a computer for work, households had a higher propensity to buy a computer if their friends, family and neighbors had also bought computers. (Goolsbee and Klenow 1999). These spillover effects are clearly illustrated by the market for ethnic foods. When exposed to a different set of choices, local consumer preferences change. For example, the consumption of tortillas by non-Hispanic consumers is higher in areas with a large Hispanic population (Team Canada Market Research Centre and Canadian Trade Commissioner Service 1997). At a regional or national scale, the interdependence of tastes affects the overall quality of goods and services available to consumers. The reason English food was so bad for so long was that few consumers had been exposed to better alternatives. Expanded immigration and foreign travel prompted a change in local tastes and a significant quality improvement in English food (Krugman 2000). Discovery, which is facilitated in cities, is a significant impetus to better quality and therefore, economic improvement.

Economic theory shows losses associated with lack of access to a good are substantially greater in magnitude than the variation in price (Romer 1994). Empirical estimates, for example, of alternative ways of promoting broadband access show much larger (10 times larger) gains in consumer welfare to providing service where it doesn't exist compared to devoting the same dollar amount of spending associated with lowering its price in places where it already does exist (Goolsbee 2001).

As the economist Tibor Scitovsky observed, in consumption we are torn between competing desires for stimulation and comfort (Scitovsky 1992). Some of us relish the uncertainty and anticipation that arise from exploring a new neighborhood, trying a new ethnic food, competing in a sport or dating a new acquaintance. Others will put much greater value on a familiar venue, a favorite food, a settled order of relations with long-time friends. All of us at different times will lean more heavily toward stimulation or comfort. This will lead some consumers to seek cities and others to shun them. To the extent that educational attainment is correlated with a taste for stimulation, educated workers, on balance, will tend to prefer cities.

Discovery in cities drives innovative entrepreneurs. A corollary of the importance of discovery to consumers is the importance of discovery to producers. A place that has lots of customers looking to discover—or at least willing to try—new goods and services is likely to be a good place to start a business producing them.

Jane Jacobs famously observed that cities are the place where "new work" gets created (Jacobs 1969). Cities are places where entrepreneurs can study and understand consumers and find the critical initial market for their goods and services. As Michael Porter has observed, demanding customers provide a crucial window into market trends that help businesses to be more successful (Porter 1990). The emergence of the microbrewery industry in Portland, Ore., was driven in part by relatively large local consumption of imported beer and home-brewed products and a willingness to try new brands (Cortright 2002).

While we generally think of innovations as being generated by the producers of products (Intel designs a new, faster microprocessor), many innovations emerge from adaptations or modifications of existing products by end-users. In open source software and sporting goods, for example, many important innovations—and critically, whole new product lines—emerged from user innovation (von Hippel 2005). More broadly, interactions with users—observing how they use and modify products—can give manufacturers insights into further possible innovations. Again, many of these important interactions occur in certain places.

It is fashionable to talk about "pro-sumers," "co-creation" and user innovation, all cases in which the lines between consumers and producers are becoming blurred. In some cases, like open-source software, these co-creation activities occur globally. But most are arguably sited in particular places and communities—locales in which groups of producers interact, usually in person and repeatedly.

Entrepreneurship is often viewed as a purely supply side process, that entrepreneurs do it all themselves. But entrepreneurs interact with customers. The entrepreneur must be sensitive to and aware of the consumer's latent demand for a new product or service, but the consumer must also express this demand. Many new ideas emerge from the experience of consumers. Those with consuming passions—hobbyists and amateurs—often become entrepreneurs when existing businesses or currently available products fail to meet their special needs. The homebrew computing club, an informal organization of computer geeks in San Jose in the 1970s that counted among its members a young Steve Jobs and Steve Wozniak, was a key impetus to the invention of the personal computer, a commonplace idea today, but a novel, even peculiar, notion at the time (Cringely 1996). Another important source of innovation is the application of existing technology to new uses. This almost always requires close interaction with users and consumers.

The process of discovery in cities is at work in more prosaic industries as well, even ones that we would think of as being primarily rural in character, like agriculture. In Portland, Ore., a series of farmers markets has exposed urban consumers to a wide range of locally produced crops, enabling consumers to learn about new varieties and product attributes not available in supermarkets. It also provides a place for farmers at very low cost to test new products in the marketplace. The farmers markets, coupled with the farmer-chef collaborative (an organization that promotes interactions between local farmers and chefs at local restaurants) has similarly produced new product innovation. Without the demand afforded by shoppers and chefs open to discovery in the city, these rural businesses would have found it difficult to break into the food business. Farmers markets have, for example, popularized several new varieties of potatoes, some of which, like the Yukon Gold, are becoming much more widely available in mainstream market channels (Starke 2002).

There is a strong belief that economic progress is the result of technological change, that scientific discoveries propel the growth of high-tech businesses. Many high-tech businesses owe their success not so much to technological superiority as to their better understanding of market opportunities. Cities are places where new ideas get created, and the role of cities in providing the initial market for new products and ideas shouldn't be overlooked.

We need to think of cities as environments or ecologies that give rise to new ideas. They are the places where innovative entrepreneurs interact with curious, open-minded consumers and, together, generate new economic activity. As in the natural world, the rich economic diversity of cities—both in the form of production and consumption—creates the conditions that give rise to the mutations that enable innovation. So while the opportunities for discovery that are found in cities are a valuable asset to consumers in their own right, discovery also plays a larger economic role in stimulating innovation.

Opportunity

Cities offer a wider variety of jobs and easier opportunities to acquire additional skills and to move among jobs. Cities attract young workers looking to upgrade their human capital. Cities are the locus of the kind of face-to-face interactions that generate "buzz," a process underpinned by city advantages as places to barter information.

The density of cities provides relatively more opportunities than other places. Persons living in urban areas have better access to jobs than people in rural areas, people in large cities have better access to jobs than those in smaller cities, and people in the center of cities generally have better access to jobs than those on the fringes. Metropolitan areas vary widely in terms of the proximity of jobs: some places have dense, compact patterns of jobs, while others have much more decentralized job sprawl (Glaeser, Kahn et al. 2001).

Urban economies offer more jobs and more job opportunities than other locations. Some of this is simply due to the size of a metropolitan area. But in general, job density is higher in cities, and more jobs are close at hand. Using Census Bureau data on the number of jobs in each zip code area in the United States, it is possible to compute how many people in each metro area have at least 100,000 jobs within 3 miles of their residences. (We use the centers of census tracts to estimate the average accessibility to jobs for each census tract in each metropolitan area and use geographic information system software to estimate the number of jobs within 3 miles of each census tract centroid.)

Larger metropolitan areas not only have more jobs in total, but a greater proportion of their population lives in places where there are many jobs very close by. More than a third of all of the nation's metropolitan areas—mostly smaller ones—have no census tracts with 100,000 or more jobs within 3 miles. Rural areas, virtually by definition, also have no places with this kind of job density. The following table illustrates for a variety of cities of different sizes the fraction of a metropolitan area's residents who live in neighborhoods with at least 100,000 jobs within 3 miles.

Job Accessibility for Selected Metropolitan Areas, 2004

METROPOLITAN AREA	TOTAL METRO JOBS
Chicago, IL	8.2 million
Cincinnati, OH	1.6 million
Charlotte, NC	1.5 million
Chattanooga, TN	460,000
Champaign-Urbana, IL	180,000
Charleston, WV	250,000

METROPOLITAN AREA	PERCENT OF POPULATION LIVING WITHIN 3 MILES OF AT LEAST 100,000 JOBS
Chicago, IL	88%
Cincinnati, OH	65%
Charlotte, NC	47%
Chattanooga, TN	44%
Champaign-Urbana, IL	36%
Charleston, WV	6%

Source: Impresa calculations from Census Bureau Zip Code Business Patterns data, 2004.

Of course, it isn't sufficient just to have lots of jobs nearby. Workers have to find their way to specific jobs that fit their aptitudes and interests. Studies show that informal networks of contacts through friends, colleagues and family are an important source of career information. These also tend to be relatively more prevalent in larger cities than smaller places (Ioannides and Loury 2004). A key aspect of industry clusters is the way that informal networks of workers share information, enabling people and ideas to be recombined quickly and in new ways. Silicon Valley's success was fueled by a culture where informal networks and frequent job changes were a cultural norm (Saxenian 1994).

Cities develop skills. If workers already had all the skills they needed when they left school for their first job, cities wouldn't be so important. But we know that all workers develop and refine their skills, learning by doing through on-the-job experience and finding their way to those tasks or occupations for which they are best suited, are most productive and can earn the highest incomes. The dense labor markets of cities are particularly important to young workers who are developing their skills and working to find the occupation, industry and employer best suited to their interests, aptitudes and skills. This process is far easier to undertake in the dense labor market of a city. Cities function as places where young workers can acquire skills, and there is evidence that they accept lower pay in the short run in order to take advantage of these opportunities (Peri 2001).

Developing "know-who." Cities allow people to develop not just their skills or their "know-how" but also their "know-who," a crucial and often overlooked kind of economically valuable knowledge. (Organization for Economic Cooperation & Development 1996). To understand the importance of know-who, consider the difference between your personal Rolodex (or today, Outlook) and a phone directory. Like the white pages, your Rolodex, on its face, is nothing more than a list of names and phone numbers. But the names in your personal Rolodex (or in your copy of Outlook) are symbolic of a set of relationships, a record of persons with whom you have had contact, exchanged information, gauged reputation, understood competencies and developed rapport. Cities provide opportunities for people to connect with dense networks of other people with similar interests, and opportunities for frequent face-to-face contact strengthen these relationships. As a result, people and ideas can move more quickly in cities with attendant gains to workers and businesses.

Better opportunities for power couples: Economic opportunity is not simply a matter of acquiring specific skills like know-how and know-who. The dense, diverse labor markets in cities help solve an increasingly important problem: meeting the career aspirations of not just one worker but of a pair of workers. The growing role of women in the economy means that, compared to earlier times, women as well as their male partners are likely to be pursuing professional careers. Human resource professionals now talk regularly about the problem of the "trailing spouse" and the need to identify suitable employment opportunities for the spouse of a person they are looking to relocate from another market. The problem is particularly acute in smaller towns and rural areas that have limited professional opportunities for "trailing spouses." Costa and Kahn have shown that the growing number of power couples (married couples who both have four-year degrees) has, over time, tended to locate most frequently in larger metropolitan areas (Costa and Kahn 2000). This trend may be accentuated by surging female educational attainment. Among 25- to 34-year-olds, women are nearly 20 percent more likely to have completed a four-year degree than their male counterparts (Cortright 2005).

Opportunities for entrepreneurship, as well, will be greater in cities, not simply because of the consumer demand but also because of the diversity of potential business partners and the rich network of advisers, financiers, suppliers, and even competitors that does not exist in other places. A strong local buzz—informal flows of information among entrepreneurs, suppliers, customers, hobbyists and others providing service to an industry—help drive its growth. Many of these opportunities are related to the scale of a metropolitan area in a fashion similar to Metcalfe's law, the observation that the utility of a network increases in proportion to the square of the number of network users.

Cities enable information bartering. Urban areas are also important to economic opportunity for an often-overlooked reason: they facilitate bartering. A key economic role of cities is the informal exchange of information between economic actors, typically occurring in face-to-face settings (Storper and Venables 2003). We don't think of bartering as being a particularly important form of exchange in our modern economy, but it seems apparent that much of what is described as face-to-face interaction in cities is in fact the bartering of information (Cortright 1994), (Helsley and Strange 2001). This kind of bartering is characterized by the exchange of information between economic actors in which no cash changes hands. It happens regularly, not only in offices, but in cafes, informal meetings, hallways, elevators, restaurants and athletic clubs.

The reason cities are vital to effective information bartering is that they solve the classic limit on barter as a means of exchange—"the absence of a double coincidence of wants." Barter can only happen when each party to an exchange has something that the other party wants. In a complex and specialized economy it can be hard to find two people who have the double coincidence of wants. It's easier and faster to exchange money for goods or services than to seek someone who might want some physical object or service you could exchange.

But information is different, chiefly because information has a property economists call "non-rivalry." Non-rivalry means that one person's use of a good or service doesn't diminish its utility to another person. I can give you all the information I have without being deprived of the use of it myself.

Exchanges of knowledge are "like-kind" exchanges. They require complementarity. Increasing specialization means it is increasingly difficult to find anyone who has a complementary set of knowledge. Complementary knowledge has two important aspects: parties speak the same language and can determine whether they have anything valuable to exchange. Bartering is particularly important because it can involve the exchange of information very early on in the creative process when it is incomplete and its value is uncertain and when the information itself is ambiguous (Mills 1991).

The exchange of ambiguous and incomplete information between people with complementary sets of specialized knowledge is necessarily a low probability event. Having a large population, having many opportunities for people to interact, and having networks that can connect one person to others are key. Cities have an advantage in this process. They can provide the optimal serendipity needed to match people with complementary skills and ideas. Cities are indeed the marketplace of ideas, but they are barter markets not price auction markets.

Although the scale of cities fosters much of this interaction and opportunity, size is not the only factor in promoting opportunity. The nature of institutions, relationships and the local culture of trust and reciprocity—what has come to be called "social capital" matters tremendously to these opportunities. Robert Putnam has shown that the culture and institutions of different cities in Italy, including openness, social mobility and norms of reciprocity, play a key role in determining which cities flourish and which remain economically stagnant (Putnam, Nanetti et al. 1993).

In sum, cities are synonymous with opportunity. They provide many jobs close at hand, a set of opportunities to acquire skills, develop professional networks, engage in information barter, and they make it easier for "power couples" to pursue two careers in one place. Opportunity interacts with the other sources of city advantage—variety, convenience and discovery—to drive urban economic success.

What should cities do?

Looking at city economies that are underpinned by advantages of variety, convenience, discovery and opportunity implies a different set of policy options for urban leaders in promoting economic development. While we believe a considerable part of urban economic success can be explained by these city advantages, little attention has been paid to how to use them explicitly as part of a public economic development strategy.

The objective of this report is primarily to describe these advantages and explain why they are important to urban economies. Much work is yet to be done to figure out how cities can intentionally capitalize on this set of advantages and to evaluate the effectiveness various policies. To stimulate discussion, we offer a preliminary list of ideas as to how the notion of city advantage can be applied to urban economic development policies and programs. We invite others to examine this list of ideas, critique and refine it and offer their own suggestions. The result, we hope, will be a new range of tools cities can use to further their development.

Recognize consumption as part of economic development. Economic development policy should address not simply the production activities of metropolitan economies but should also consider the role that consumption plays in shaping the well-being of city residents. Cities can improve economic well-being not just by stimulating production but also by paying attention to the range of consumption opportunities city residents can access.

Work directly and indirectly to support improved variety and quality of local public and private goods, services and experiences. Municipal governments directly provide some of these local public goods, such as education, parks, public safety, transit, fair and predictable regulations and honest elections. But many of these goods will be provided by businesses, nonprofit organizations, clubs and informal groups of citizens. City policies indirectly affect their provision. Cities should provide an environment that encourages variety and also builds on their advantage of convenience. Promoting choice (a range of modes of transportation, the availability of a range of housing types, accessible neighborhood commercial activities) offers benefits to all citizens. Policies that promote mixed-used development can strengthen the range of housing choices. Shifting to policies that emphasize accessibility (the ability to easily reach a variety of services) rather than mobility (the speed with which one can travel) will also enhance city consumption opportunities.

Don't try to compete simply by being cheaper. Position your city to compete not based on being cheaper for standardized commodities but by offering a better and more convenient choice of goods and services.

Encourage discovery. Make it easy to find new things by lowering the barriers to encountering new experiences. Openness to new ideas is a key attribute of urban vitality. The public sector plays a key role in the way it administers permitting and licensing new businesses. Is your city open to immigrant entrepreneurs? Cities might be well-advised, within limits, to take some risks: grant variances, allow experiments, try something new. Local cultural events and activities can widen the opportunity for discovery, too. Encouraging street fairs and cultural festivals can make a city more interesting. Chicago makes a wide variety of arts and cultural experiences available free or at very low cost to city residents. Farmers markets provide opportunities for consumers to discover new goods and for local farmers and food producers to experiment at low cost with new products.

Emphasize distinctiveness. Not every community has the same opportunities for production or consumption. An economic strategy aimed at amplifying city advantages in consumption should build on those locally distinctive products, services and experiences that contribute to a sense of place.

Resist national and global standards. National standards tend to eliminate the kind of local variation and experimentation that are at the heart of city economic success. Don't go out of your way to encourage or subsidize imitation and duplication. Franchises, chains and formula businesses don't generally add to variety. Chain stores and mass marketers may have the effect of diminishing local variety. This paradox was identified by Tibor Scitovsky. The growth of low-priced competitors can reduce the scale of demand for some products so much that they simply aren't produced anymore (Scitovsky 1992). This produces a kind of Gresham's law of economics: low price mass merchandisers command so much local market share that the number of smaller, local companies offering diverse choices declines.

Promote opportunity: Cities are great places for people to explore career opportunities. Any efforts to make it easier for young people to identify potential jobs, including internship programs and social and professional networks, especially for early career workers, will help amplify this urban advantage. This aspect of urban economies is likely to become more important as the Baby Boom generation retires.

Acknowledgements

I'm indebted to many colleagues who've helped me wrestle with the issues raised in this paper. More than 30 years ago, Clarence Parker told me the story of a small town that identified a pizza parlor as its number one economic development objective, not for the jobs it would provide, but because they simply wanted interesting food. Lynn Youngbar helped me understand the consumption challenges of living in rural communities. Mary Jo Waits not only shared her own wisdom and keen sense of framing issues, but introduced me to Cindy Crawford's extraordinary insight about arugula and cities. Listening to and reading Bill Bishop's compelling stories about people, places and the "Big Sort" always renewed my excitement the forces that shape community. To these good friends and dozens of others, my deepest thanks.

ATLANTA AUSTIN BOSTON BUFFALO CHARLOTTE CHICAGO
CINCINNATI CLEVELAND COLUMBUS DALLAS-FORT WORTH
DENVER DETROIT GRAND RAPIDS GREENSBORO HARTFOR
HOUSTON INDIANAPOLIS JACKSONVILLE KANSAS CITY LAS
LOS ANGELES LOUISVILLE MEMPHIS MIAMI-FORT LAUDERD
MILWAUKEE MINNEAPOLIS-ST. PAUL NASHVILLE NEW ORLE
NEW YORK NORFOLK-VIRGINIA BEACH OKLAHOMA CITY ORL
PHILADELPHIA PHOENIX PITTSBURGH PORTLAND PROVIDE
RALEIGH-DURHAM RICHMOND ROCHESTER SACRAMENTO S
LOUIS SALT LAKE CITY SAN ANTONIO SAN DIEGO SAN FRA
OAKLAND-SAN JOSE SEATTLE TAMPA-ST. PETERSBURG WA
WASHINGTON-BALTIMORE WEST PALM BEACH ATLANTA AU
BOSTON BUFFALO CHARLOTTE CHICAGO CINCINNATI CLEV
COLUMBUS DALLAS-FORT WORTH DENVER DETROIT GRAN
RAPIDS GREENSBORO HARTFORD HOUSTON INDIANAPOLIS
JACKSONVILLE KANSAS CITY LAS VEGAS LOS ANGELES LO
MEMPHIS MIAMI-FORT LAUDERDALE MILWAUKEE MINNEAP
ST. PAUL NASHVILLE NEW ORLEANS NEW YORK NORFOLK-
VIRGINIA BEACH OKLAHOMA CITY ORLANDO PHILADELPHIA
PHOENIX PITTSBURGH PORTLAND PROVIDENCE RALEIGH-
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