

Place and the New Economy

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We have reached an inflection point. An inflection point that has been brought on by something more and more people have come to call THE NEW ECONOMY. What's important about the new economy is not just the Internet. It's not just high technology industries, it's not just venture capital, it's not just the NASDAQ. What's really important - what is the thing that will have lasting impact - is the way in which the new economy has become a catalyst for a set of societal changes - the most powerful societal changes we have seen in years. The new economy culminates social changes that have been in the works at least since the immediate postwar era that we saw come to the flourishing in the 1960's around the environment, around lifestyles, around ways of life, around people being themselves rather than being something they were told to be. And, the new economy has focused a lot of energy at catalyzing and enabling these changes.

In this digital world of the Internet and the world wide web and globalization and bits and digits flying around all over the place, we were taught that place was supposed to no longer matter, that place would be annihilated, that people could do things anywhere, any time, any place. Boy, they were wrong. In fact, place has become the defining feature of the new economy and the quality of place is really the critical factor. What Pittsburgh and other regions around the world that want to compete and win in the age of talent into economy have to emphasize is *quality of place*.

That means we really need to think long and hard about what economic development strategy really is. We need to refocus our attention away from companies and toward people - away from business attraction to talent attraction and quality of place. The key is that the wealth and prosperity and success of regions is shaped much more by the distribution of talent than the distribution of industries or firms. And what is the critical factor in the distribution of talent and where people want to live and work is quality of place.

A month or so ago, I was fortunate enough to address the 50 governors of the United States at the National Governors Association on this subject. Carly Fiorina the CEO of Hewlett Packard told the governors something very powerful. She said essentially stop giving us money, stop giving us incentives, stop giving us tax breaks, stop building us roads. "We will go where the highly skilled people are." If you have the highly skilled people we will come. If you can attract and retain and generate and keep these highly skilled people, we will go there. If you don't have them, bye-bye, end of story, we are leaving town.

This past winter, I was at a meeting with Governor Celucci of Massachusetts and Governor Shaheen of New Hampshire. Governor Celucci said basically: "We know what our critical assets in the new economy are - people, human capital, talent. Firms come and go. But, MIT, Harvard, Boston College, Boston University are the talent magnets that attract people." We have the same talent magnets here in Pittsburgh, particularly in Carnegie Mellon and all of the other wonderful universities. And, they play a critical role in attracting talent and providing quality of place. Quality of place has become the fundamental cornerstone of attracting talent. By quality of place I mean three or four things: lifestyle, environmental quality, a vibrant music and art scene, and natural and outdoor amenities.

Place becomes important in the new economy for two reasons. One, it is the source of people's identity. In the old economy, people used to say: "I work for IBM, I work for General Motors, I work for Ford, I work for Westinghouse." People don't do that much anymore. The attachment to company has become more fleeting, more temporary, more short-term. But they live in places. So they say: "I live in Seattle, or I live in Austin, or I live in Pittsburgh."

Place also becomes important because it is where humans interact. Take the example of the tele-commuter. He sits alone in his office in his house every day. There's no coffee club, no water cooler, no colleagues to talk to. Where does human interaction come from? It comes from the place that person lives. Place becomes important as a source of identity in the new economy and as an arena for interaction.

This new economy is unleashing tremendously powerful social forces that are current all across the globe. And, Pittsburgh - like all regions - has to get with or it will be left behind. What every city and region in this country needs to do is build quality of place. That goes beyond creating venture capital funds, that goes beyond creating high technology incubators, that goes beyond increasing our wealth and assets. We have to make our regions the kind of places people want to live and work. We have to be proud to say "I live in Pittsburgh." And that comes out the same way it as if it was Boston, Seattle, Austin, San Francisco or New York City. Place becomes fundamental.

New Economy/ New Society

The new economy is a set of social, organizational, technological and of transformations. And the organizational and social changes are likely to be the most long lasting. The new economy is enabling fundamental changes in the way we live and work. These are not temporary, these are not short term shifts. They will be with us long after the Internet is surpassed as a technology.

The catalyst is the shift to knowledge as the fundamental source of value. Whether you work at a university, a corporate lab, a high tech startup, or on a factory floor, the value you bring to the organization is in your head rather than your hands, back, or legs. The key to success, the competitive advantage, for a firm, a city, or a region lies in harnessing the knowledge and ideas of everybody, and inventing new ways of doing things: New ways of building organizations and new ways of creating wealth. Talent is the factor of production. We - humans - our minds and our ideas - are the most important factor of production of all.

In the old economy, the keys to wealth creation were raw materials and physical labor. The old economy was rooted in places that had raw material, transportation access like rivers, and which could collect large masses of physical labor. The new economy is an economy of ideas and intelligence. The new economy is a horizontal economy characterized by horizontal institutions. The old economy, it was an economy of bureaucracy, and vertical institutions -bureaucracies, hierarchical organizations, and large scale factories.

The new economy is an economy of continuous innovation, It is an economy of what the great economist Joseph Schumpeter called "creative destruction" and this creative destruction is constant. We live in a world of continuous creative destruction. Where what is here today that will for surely not be here tomorrow. Where everything is subject and open to change. Where companies are no longer fixed entities, but are constantly changing, constantly combining and recombining, fragmenting and aggregating.

The new economy is an economy of speed and velocity - an economy of zero or negative time. An economy where being first to market and the ability to grow the quickest is the sources of competitive advantage.

In order to survive and prosper in this new economy, the key is TALENT.

The new economy is a combination of Broadway, Hollywood, and Las Vegas. How does a Broadway play come together? You need actors. You need stagehands, producers, and directors. You need investors - people to fund it. And, you need a place to do it. Well how does that occur? There is no Broadway Play Company? Just like there is no Hollywood Movie Company Inc.? These resources are mobilized just-in-time - around an opportunity. They come together. If the play is successful, it has a run. It goes on to success it and maybe it becomes a "Cats" and lasts a terribly long time. Or, it may shut down the first or second night.

That's what the new economy is about. Bringing resources together very quickly around an opportunity, pouncing on that opportunity, and going and doing it again. So organizations form and dissolve, combine and recombine, very quickly.

It is like Las Vegas because it's an economy of making bets. A venture capitalist makes bets in the hope that one in ten pay off. The participants in the new economy make the same bets. They bet that in their career strategy one of the companies they hook up with will pay off. And they're taking the same kind of strategy.

A little bit of Las Vegas and a little bit of Hollywood. The key to success in the new economy is talent. Those who have the talent win - those that do not lose

Free Agent Nation and Beyond

In order to understand the role of place, we have to understand the new realities of the labor market. Talent - human capital - is the most mobile factor of production in human history. It goes wherever it wants and wherever opportunity presents itself. We live in a free agent nation. Everyone is a free agent. Everyone makes their deal.

Part of the rise of the free nation is the fact that companies and large-scale institutions have abandoned virtually everybody. There is a loss of loyalty and a loss of security, and a loss of the allure of big institutions.

Compounding this is the fact that knowledge work cannot be managed, Taylorized or somehow broken down. In the old factory, you could scientifically manage the workforce. Try to scientifically manage knowledge workers. We have known this in the university for an awfully long time. It cannot be done. Why - because knowledge workers own the means of production which are in their heads. And, these means of production can only manifest themselves "magically" through the wills and the attention and the participation of knowledge workers.

Knowledge workers have a combination of intrinsic and extrinsic motivations. They are not just motivated by money. They're motivated things like their reputation and doing good work, and making a contribution. Just look at the open source software phenomenon to get a handle on this: People posting their contributions for free because they will be recognized as great software developers. The new economy is one of mobility, insecurity and temporariness.

For regions, this means that means corporations can no longer do the job of attracting talent. People no longer move to go to work for an IBM or a Westinghouse or a General Motors. Regions have to attract the talent if they want to compete and win. They need to create the environments that are attractive to people inside and outside of companies.

Companies are reacting. Companies are changing the way they do everything. IBM has gone to casual dress. One only need take a tour of high tech companies like FreeMarkets, Storm Systems, Body Media, Mediasite and observe the way people work. Flexible schedules, come and go as you please, wear what you want, just give us your knowledge and your ideas and your energy. They are developing new recruiting strategies. You should see what companies do to recruit our kids at Carnegie Mellon, it would blow your minds. Companies luring these kids, taking them all over the country and all over the world to try to get them to sign on. It is the most sophisticated form of seduction - Camp Intel, Camp Microsoft, Camp Oracle, ever hear about them? That's where these kids go in the summer to learn to affiliate with these companies and potentially go to work there. It is more like a university or an artist studio than what we think is a traditional company.

But, companies cannot recruit the talent alone. There is an edge so to speak between what I like to call hot companies and cool places. Companies have to get it, and regions have to get it too.

What does this talent want? The first thing to mention is that they don't want a long-term secure job. Not because they don't like it, because they don't believe it exists. Because their fathers and mothers have been thrown out of work from large vertical institutions. .

Money alone - stock options, six figure salaries - are not enough. Extrinsic awards are not enough. As Peter Drucker, the most prescient analyst of 20th Century American business has said, you cannot bribe knowledge workers. You can try, you can give them stock options - they like stock options, and they like money - but bribes alone are not enough. You have to create organizational environments, community environments, regional environments, neighborhood environments, where they want to live and work.

Knowledge workers essentially balance three things: time, money, and freedom. It is not just time and money anymore; it's time, money and freedom. In fact, not just knowledge workers, we all do this. Time, money and freedom: Some want to work some time, make some money, and have some freedom. But increasingly knowledge workers in the Las Vegas/Hollywood economy that we live in, are saying, "I'll work a lot of time now for a lot of money now not because I want a lot of money, because I want to buy freedom in the future. I want to cash out by 40 and retire and have my kayaking, my canoeing, rock-climbing, cycling. Whatever I want to do I want to free to pursue the pursuits I want to pursue."

What do knowledge workers want? Not just knowledge workers, increasingly everybody. We have done focus groups with dozens of these people - not just young people, people of every age group who participate in this new economy. They want to be in a place that has a thick labor market. It's very important. One job won't cut it. "I got a great offer in Rochester, but what am I going to do when Kodak lets me go?" They want to be in a place where the labor market is thick with opportunities. Where if the first opportunity doesn't work, they can quickly hook up with the second. And it's smart. One, they know they have security in the thickness of that labor market. And two, it's a Las Vegas economy. They are betting on many hands of blackjack. They are betting on many opportunities and many engagements.

Talent wants to be around other talent. This is something we've known in the university for a long time. In order to attract talent you have to have talent. Talent wants to be around other people who contribute. Smart people like to be around smart people. Productive people want to be around productive people. So talent attracts talent.

The Quest for Quality of Place

Talent wants to be in a community with a high level of quality of place: Quality of place, natural amenities, outdoor recreation, lifestyle, and the reputation of being a place that gets it. In fact, the location decisions of people who participate in the new economy look a lot like the location decisions that people make to choose a college or university, rather than location decisions they may be choosing a job in the old economy.

What are the dimensions of quality of place? The first is identity. In the highly mobile free agent economy that we live in, place replaces job and career at the central source of identity. It is the critical differentiator of people's identity in the new economy. It is the source of grounding in this hyper-mobile, temporary, insecure world. Place is where the over-connected, hyper-connected, always-on individual can get some downtime and escape from the tremendous pace of work in the new economy. It is where the participants in the new economy unplug.

Place is where people find human social interaction. We all want it; we all need it. I am my own best example. I am a telecommuter of sorts, I work at home a lot. So, I take a mid-day bike ride to escape the sense of loneliness - of isolation. When I get on my bike where do I head, right for the local coffee shop. You know how many other knowledge workers head right for the same local coffee shop, because there's no coffee klatch, no colleagues in the hall. We all head for the coffee shop - the café - to see people and get social interaction. The original office - in London's financial district was - by the way - a café.

The role of place in the new economy is also shaped by the changing nature of knowledge work. A knowledge worker doesn't have a fixed schedule. A knowledge worker works on incredible time demands. The knowledge worker is connected 24/7. Unpredictable schedules, no weekends off, no nighttime's off. Knowledge workers work when there are deadlines, when there is a product launch, when there is an upcoming trade show, when they have to beta test something and get something up and running. I couldn't believe it. I was in the USX Tower yesterday: It nearly blew my mind. The lights went off at 6:00. It has been an eternity since I saw something like that. The lights never go off in the new economy. The computer never turns off. The cellular phone never turns off. Everyone, everything - is always on.

So people need to unplug and relax when they have a moment. But, they can't plan for the ball game on the weekend or the symphony on Thursday night, or the play next Tuesday - who knows what next Tuesday will bring. As one of our focus group people said: "We do what we do when we have the time and it has to be good."

How do knowledge workers define quality of place? What do they look for in place that they want to live in? Number one is diversity. Why? Diversity is the ability to plug in. Knowledge workers are a gigantic global nomadic tribe. Look at the composition of any high-technology company; go to any of America's leading universities. Take a walk up and visit some classes at CMU. It's everybody - it's the United Nations. Because allegiance to job and career is temporary and because knowledge workers are mobile and because they have move around and because they don't have IBM to put them in a corporate suburb and buy them a corporate country club membership because they don't have that identity created by a company or a vertical institution, they need to find that in a community. Recently, I had my students over my house. I asked my Korean student, "where do you want to go to live?" He said, "I want

to go live in Washington D.C. area." I said, "Why?" He said, "Well I want to live in the suburbs because it's a big Korean community, and there's a Korean temple and there's a Korean grocery store, and there's lot's of other Korean kids." And my Indian student said much the same thing. "I think Washington D.C. is pretty cool too because it's a big Indian community." And then one of my gay students said: "I want to live in Washington D.C. because in Dupont Circle there's a big gay community."

The ability to plug into environments that are open and supportive of diversity is critical. It's a place that's inclusive where anyone can make a life and anyone can plug in. It is the diversity of people and of experiences.

The second thing knowledge workers want is authenticity. The 1950's were the era of the vertical tower, the 1970s and '80's were the era of the corporate suburban campus, the 21st century is the era of urbanity, of what I like to call "techno-industrial chic." Look at downtown Seattle, downtown San Francisco's SOMA and Mission - the Multimedia Gulch, New York's Silicon Alley. The most innovative companies are in the old industrial spaces. Amazon.com just rebuilt an old, abandoned hospital in Seattle. Microsoft founder Paul Allen has taken over a whole bunch of abandoned, old industrial buildings. Knowledge workers want authenticity. They want to be in places that work and matter and have historical significance. Because they're technologically grounded, industrial stuff makes sense to them. As Jane Jacobs said, "New ideas occur in old buildings." Old buildings, older, established neighborhoods confer authenticity and credibility on new companies.

Knowledge workers want amenities and lifestyle that fit which fit into the nature of their work. They are not on structured schedules, they don't have weekends off, they can't just drive out to the country for weekend recreation. They need amenities to be close by and embedded in the places they live and work. They want environmental quality. They will not go to a dirty, fouled, polluted city. In fact, everybody wants environmental quality. Do a poll in your local coffee shop or local bar. Ask people on the street what matters most to them? I did it the other night at one of my favorite little pubs. I asked a young woman who grew up in Pittsburgh, had a high school education, was not a professional person, had a regular job. The thing she wanted - what everyone wants - is clean air and clean water for themselves and their kids.

Knowledge workers want "extreme" outdoor recreational activities right where they are. They want to be able to go play ultimate Frisbee at lunch. They want to be able to blade, they want to be able to ride their bike to work, they want to be able to climb rocks close by. They don't have time to do it elsewhere. These are creative people with lots of energy. They are developing software code, building biotechnology companies in R&D centers. They never unplug.

Why do you think the sports are getting more extreme? When you're on that rock face - can you think about the code when you're 20, 30, 40, 50 feet up? You can't. You can only think about climbing the rock. Same thing when your are barreling down a steep hill on our mountain bike, or snow board? It's the way that you unplug, it's a way that you get away, it's the way that you get downtime.

If there is one thing the new economy is not - it is not a massive booze fest. If there is one thing we have learned in our focus groups with knowledge workers is the one thing they don't want is a massive nightlife scene soaked in booze. "Alcohol free environment" is the nice way they put this. Alcohol and smoke free environments.

They want the outdoor amenities of a new economy. They are energizing, they're involved, they're extreme, and they're intense and creative. They want to see the natural beauty of a place integrated and showcased: Whether it's canoeing, kayaking, blading, snowboarding, rock climbing, mountain cycling, or road cycling. They want a place to be pedestrian and bicycle friendly.

Why do you want this - what exactly do you want? What do you do? Do you rock climb? No. Do you kayak? No. Do you mountain bike? "No, not really but I want to know that a place has it, because when I want to do it, it has to be there. And I know I'm going to want to do it. I'm going to want to snowboard some afternoon and it's got to be there." And why else: Because it's a visual cue that a place is with it. The same way that I know a company is "with it", because the ties are off. Because everyone's casual and dressed-down and open and inclusive, the same way I know, and it's diverse, and lots of ethnicities are represented. I know that a place gets it when I see lots of people out and active on the street. It's a visual cue.

A place needs a vibrant street life. There is a good book by John Seabrook, *No Brow*. That means the separations between high and low culture fade away. That means hip-hop and the symphony -electronica and the ballet. A vibrant music scene that creates an audio identity. The patron saint of NoBrow is Andy Warhol. Andy Warhol is probably the best model of an economic developer for the new economy because what Andy Warhol did is create scenes. He created scenes around the most talented people in the world and he drew them to his "factory." Remember that: Andy Warhol's Factory - his idea, creativity and talent factory.

Knowledge workers want to be in smart places. This is where universities are key. People have misunderstood the role of the university for a long time because we saw it as a place for science, technology, and innovations. All those are right of course. But universities really are talent magnets. Universities are the place talented, brilliant people go. And, when they are there, they attract other talent, brilliant people who attract other talented, brilliant people. And those people build and build and build and build until there's a tremendous critical mass and it starts spitting out all kinds of companies. And it starts attracting other companies to it.

"Hot companies" in "cool places." Knowledge workers want to be in hot companies in cool places. The edge between companies and place fades away. If you're a hot company you have to be in a cool place.

A city as a federation of neighborhoods, not just a downtown centered city - a federation of neighborhoods. A set of neighborhoods that meet the needs of different groups at different stages of their life as they move through a life and career cycle. A neighborhood for the gay community, for younger college students, for young people after they have graduated, for families. Think about truly great cities like New York, or San Francisco, or Boston or London or Paris, they have all of these different but interrelated neighborhoods that people pass through as they move through their lives. A city that works as a federation of neighborhoods.

Take New York City for example. Maybe you start out in Williamsburg because it's cheap. You get a little more money and maybe you can Brooklyn Heights. You get a little bit more money; you get over to the East Village. Then to the West Village. Then to Soho. Oops, I got two kids I'm going up to the Eastside. A city as a federation of neighborhoods. All you need to do is look at any of the cities that are making it. They are rich federations of neighborhoods where different types of people, at different times of the lifecycle can plug in and make it and be successful. People never have to leave the city. As they go through a series of moves through jobs and careers and places to live, they can stay in the same city - the same place - because that provides their identity. That's where they built community.

It is no longer just a downtown. What was downtown? Downtown was a reflection of the technological, economic, and communication limits of its day. It was the place you massed people, organizations and things. Giant factories, giant warehouses and giant vertical information processing towers. Why? There was no Internet, no fax machine, no wireless communications. People had to shop

downtown because they had to take the streetcars down there. Downtowns are very important but they're not the only things. Cities are federations of neighborhoods.

Knowledge workers want that and they want a city that is transparent and connected. A city where people can move quickly, seamlessly between and among neighborhoods. In our focus groups they expressed a real preference for cities with subways. "We like a subway - that's why we like Boston." When you push them on that, you find what they really mean is a way to quickly get around the city without a car - without a car - on bike or by foot.

People want what I like to call a Work-Live-Play environment. The crusaders of the new economy - young knowledge workers in cutting edge industries - are catalyzing this shift. They want to work in a cool old reconverted building. They want to live in a loft space down the street. They want to be able to walk, or blade, or cycle to work. They want to be able to listen to music, or see art, or do extreme sports right near by. They want an environment of experiences - of scenes. They want stimulation at work, stimulation at home - and audio, visual and physical stimulation in their immediate neighborhood environment

They want a city that is easy to get around, not too congested, where you can walk to work, where you can cycle, use mass transit, with smart growth and sustainability. They don't want a car. They don't want to deal with a car. They don't want to be caught in congestion.

As part of our research, we did a good deal of statistical benchmarking. We looked at like 35 cities or regions across the country. We did econometrics and regression analysis and we also did detailed case studies. We compared high technology industries and knowledge workers to amenities, environmental quality, and lifestyle. And, you know what - the same cities that scored high on high technology and knowledge workers scored off the chart lifestyle issues. We uncovered a powerful statistical correlation between technology centers and lifestyle. Cities like Austin, Seattle, Boston, San Francisco, and Washington DC scored high across the board. They get it. . They get the fact that if you want to do high tech, if you want to participate in the new economy, it's not enough just to do the R&D, and the innovation, and the business incubators and all of this stuff, you got to offer the right lifestyle.

What was Austin before it was high tech? Austin City Limits - the music scene. People didn't want to leave Austin because it was great place to live. They were driving cabs. What was Seattle? Again the music scene and outdoor recreation. And in Austin and in Seattle they leveraged it.

Austin's regional strategy is remarkable. It is oriented around three things: high-tech industry, smart growth and. lifestyle. That's a powerful development triangle.

Pittsburgh's Next Agenda

Pittsburgh has every asset required to compete and win in the new economy. All we need to do is put them together. It has all the raw material: the technology, the talent, the topography the rivers and to top that off an truly remarkable built environment of extraordinary houses, parks, buildings and old warehouse spaces that was inherited from the age of industry.

So what do we need to do?

First, we need to stop doing the wrong things. We have t stop knocking down and desecrating our extraordinary history - a Target store and a TGIF on the site of an historic steel mil - that has got to stop.

We have to stop doing GENERICA. Just stop it. Nobody wants it. It's not a seller. It doesn't work. Sometime people point to a place like Seattle and say "Oh Look how important the stadiums are or look at the downtown mall." Economic developers in particular like to point at these sorts of projects. Go to Seattle, walk around, talk to the people there. It's not the mall, it's not the stadiums, it's not Niketown. It's the fabric of the neighborhoods in and around downtown, their vibrant streetlife, live-work environments. It's amazon.com renovating an old abandoned hospital near downtown. It's people renovating neighborhoods, the mix diverse community, people using the outdoors. It's not that mall. I walked in that mall on a weekday and it was completely empty, but people were bustling all over their neighborhoods. It's like saying South Street Seaport is the key to New York City's revival. Nothing could be more ludicrous. In these downtown malls that have proliferated all over America, people drive in from their suburban homes on Saturday and Sunday - just like they do for the football games and then they drive out.

The new economy is about work-live-play environments - about the kind of things Jane Jacobs has been speaking and writing about for years. It's the small things- the details - the complex microstructures - that define quality of life - that make up the life and energy of great neighborhoods in great cities. Those neighborhoods are the source of incredible advantage in the new economy. And Pittsburgh has more of this character than just about anywhere else. When you are Pittsburgh - with its remarkable history and its neighborhoods - why would you emulate Charlotte?

We have to actively build and reinforce quality of place. There was a great story over the past year in the Pittsburgh Post-Gazette that is worth recalling. . The story had a big picture of a toilet bowl and underneath that caption that read something to the effect of "MY GREETER." As the writer explained, everyday since he moved to Pittsburgh on his morning commute he was "greeted" by that toilet bowl. So, one day he called the county government about removing the toilet bowl and they said, "It's not my responsibility. Then he called the city government and they said much the same: "No, that's not our responsibility." Then the Port Authority: "Not my responsibility." So, finally exasperated, he put the toilet bowl in his truck or his car and took it away.

We have to invest in the amenities of the new economy. What about a BMX track in Schenley Park? What about a rock-climbing wall in the face of Mt. Washington? What about more boat launches so people can put a kayak or canoe on the rivers.

We have to emphasize our typography and use it. We can no longer just look at our rivers and say - "wow aren't they clean." We have to use the typography for all kinds of outdoor activities. It's such a no-brainer. It's so easy and it's cheap. We have to use the rivers and waterfront for people rather than just for viewing.

We have to restore our parks. Take a look at the pictures of Pittsburgh's wonderful urban parks in the early 1900s. They were stunning, with people strolling, beautiful green lawns, and public golf courses and ponds and paddle boats. And, NO CARS. That was before we turned them into thoroughfares and parking lots. Think about that - using an extraordinary asset like a Frederick Law Olmstead urban park as a thoroughfare and a place to park cars. We have to restore these parks, so people can use them. I am a cyclist. Try cycling in our parks. For one, mountain cycling is "illegal" in Frick Park. Try riding your bike in Schenley Park - try to ride around with the cars. It's a new kind of extreme sport - though one that's not funny. It's really extreme because if you can beat the light you can get out of there alive, but if you don't - Well anyway.

The city has to become bicycle and pedestrian friendly. I went to the public meeting for the city wide "bicycling plan." It might have been hilarious if it wasn't so sad. A "concerned" citizen got up ad

launched into a tirade: " I don't want you goddamn cyclists on my street in my neighborhood. When I hit you with my car, I have to pay because you don't have insurance." HELLO!!!!

We have to become less dependent on the motor vehicle and we have to stop building new highways. For years, our topography helped us by keeping people in the city. One thing that helped revitalize Seattle is the fact that they couldn't put many cars on the bridges. And the people said we're not going to build bigger bridges so people couldn't get out over the bridges to go to Redmond and Bellevue. People started to move back and companies started to move back because there was so much congestion. Building more highways simply creates more sprawl, and drives things out further, and contributes to our losing our competitive advantage which is our history - or authenticity and our realness as an urban place.

We must emphasize our glorious industrial and technological history. This is the place that produced George Westinghouse. One of the most important technological figures in industrial history. It is the city that created the Mellon Institute - the first laboratory of its kind in the world. When IBM wanted to start its Watson and labs, where did they go? They went to Westinghouse. When Boston wanted to rebuild its economy after the war, where did they go? The Mellon Institute. Right here. Pittsburgh is the original Silicon Valley the first major cluster of advanced science-based technology industry in the world. Do not annihilate that history - celebrate it. This city was founded on excellence and innovation. Use it. Build on it. It's part of our past.

Pittsburgh is a city of techno-industrial chic. We are more techno-industrial chic than Seattle, Austin and San Francisco combined. Look at the Strip District. Look at it. Can you imagine the high tech companies if we could make space available there - the advantage we would have? It is a 24-7 environment with diners open for all night truckers and warehouse workers. Can you imagine if we encourage the students in our universities to start businesses and had incubators for students in our universities? And encourage them to start their businesses in Oakland and then put them in this cool place we call the Strip.

We need to build a federation of neighborhoods. We need to understand that our neighborhoods are important - as important, if not more important than our downtown. And we need to build neighborhoods that are for all aspects of the life cycle.

We have to embrace diversity and inclusion. Embrace it, not just talk it, embrace it. We have to eliminate the exclusiveness that is part of our past. Everywhere. Knowledge workers do not like exclusiveness. Why? For one, they are not typically even from the United States - they're immigrants global knowledge nomads. And two, they know that the only way they're going to make it is with other knowledge workers who may be unlike them.

We have to embrace street level culture and blur the distinction between high and low culture. We have to make our symphony more inviting to everyone and blend classical music with electronica, hip-hop and the ballet. We need to make our theaters more open to young knowledge workers and encourage them to come there even if they don't own a suit. We need a music scene - an audio identity.

And now we come to my pet issue. Oakland - where our great universities are located, and Schenley Park, and grand old buildings like - 35,000 students and more than 100,000 knowledge workers. Wake up!!!!. It is the engine of the new economy - right here. A major center of innovation of technology, a talent magnet and generator for the best and the brightest students leaving CMU with business plans in their back pockets. How does Oakland look to you? Does it look like a center of the new economy - a work-live-play environment? I ask many people who live and work and go to school in Oakland what they think about the neighborhood, and they all say pretty much the same thing. But a

waitress at Buffalo Blues recently said it best: " I love Pittsburgh. I transferred to Pitt from the University of South Carolina. But Oakland - Oakland - it's a HOLE. I step over street people on my way to class."

Take a look at other university districts that are engines of this new economy - the area surrounding Stanford, the University of Texas in Austin, the University of Washington in Seattle, even MIT. One look at Oakland and we wonder why talented young people leave. What we give them is Oakland. And then we say, "Well, it's their fault, if they don't like Oakland, they should learn to use the bus system and explore the city. Oh, it's really their fault that you can't get off campus." Sure. When the universities build walls around their campuses.

Oakland is the strategically most important neighborhood in this region, and no one's paid attention to it. It shocks me. It literally shocks me that we can mention the words high technology and knowledge economy and not think Oakland. Oakland is more important to this region than downtown. And it requires a level of investment that will make it look like a center of the knowledge economy. I'll say it now and I'll say it over and over again: "We will know we've made it when Oakland looks and feels like the center of the new economy - period "

That does not mean Oakland as an island unto itself. Oakland has to be connected to the rest of the city and its neighborhoods. Connectivity is the key. People have to be able to move easily and seamlessly from Oakland to the Strip District, the East End, South Side and Downtown without a car - by bike, by bus and by other means,. People have to be able to get on the river from Oakland. They have to be able to get downtown. What are the most traveled cycling routes in the city? Oakland to South Side, Oakland to Squirrel Hill, Oakland to Shadyside. Have you seen what students have to go through to ride a bike to Carnegie Mellon from where they live? Everyday they take their lives in their hands.

We need a quality of place strategy for everyone - not just knowledge workers. Knowledge workers and high-technology industry are good rhetorical devices - they help get people's attention particularly business and political leaders. But a quality of place strategy benefits EVERYONE. Everybody benefits when the air improves, when the water improves, when the waterways are better, where you can put your canoe and kayak in, when you can ride your bike. I saw this young father pushing his two daughters down a Shadyside street recently dodging traffic - that family benefits. Senior citizens benefit from bike paths too, because they don't have to worry about college kids riding up the sidewalk and causing them to fall over. Everybody benefits. Disadvantaged communities benefit from a quality place strategy. A quality of place strategy has strong public goods benefits - it benefits everyone. Contrast that with a strategy of tax breaks for companies and handouts for department stores or big league sports which put money in the pockets of a very few relatively advantaged people

We have to overcome this debilitating discourse about Pittsburghers and non-Pittsburghers. We are all in this together. We all live here. We can all make a difference. We have to work together.

We are at an historic moment. We have an incredible opportunity. We have everything it takes to truly succeed - the talent, the technology, the neighborhoods - the authenticity and the realness - to virtually define the path to quality of place in the new economy and in this new century. All we need is the energy and the will to make it happen.

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