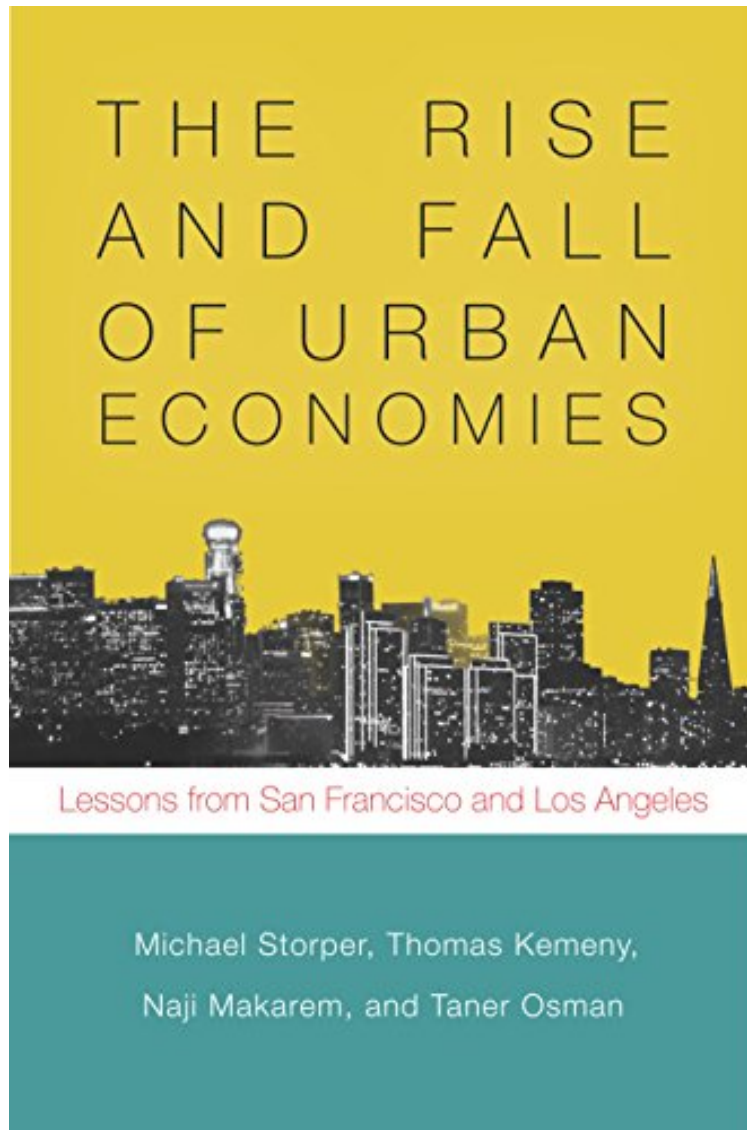


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# The Rise and Fall of Urban Economies: Lessons from San Francisco and Los Angeles (Innovation and Technology in the World Economy)

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**Michael Storper, Thomas Kemeny, Naji Makarem, Taner Osman : The Rise and Fall of Urban Economies: Lessons from San Francisco and Los Angeles (Innovation and Technology in the World Economy)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Rise and Fall of Urban Economies: Lessons from San Francisco and Los Angeles (Innovation and Technology in the World Economy):

10 of 10 people found the following review helpful. **Winners and Losers in the New Urban Economy** By David Shulman Michael Storper et. al. have written an important book on the impact of the "new economy" on the growth and decline of major urban centers. It is destined to become a classic in regional economics and urban planning. The lead author is a professor of urban planning at UCLA. The authors use the Los Angeles and San Francisco metropolitan areas from 1970 to the present as a contrasting case study of how these two regional economies adapted to the transition from an industrial economy to an information economy. To Storper and his coauthors San Francisco succeeds because it has a far more adaptable and open source business ecology than the more enclosed corporate world of Los Angeles. Further San Francisco's advantage is augmented by a more far seeing and cohesive business/government community that adopts public policies to enhance the information economy. To the authors it is these two critical factors more than the role of immigration and the 1990s collapse of aerospace in Los Angeles that account for the stunning differences in economic performance. To be sure these are valid points, but to my mind the authors over-state their case. Simply put the Los Angeles of 1970 suffered from the "tyranny of an installed base" and lacked the high gross margined businesses that could withstand the increasing tax and regulatory pressures coming from local government and the state of California. Now let's look at the data. In 1969 the Los Angeles CMSA had approximately four million workers with 1.1 million of them engaged in manufacturing. At the same time the San Francisco CMSA had approximately 2.1 million workers with fewer than 400,000 engaged in manufacturing. Los Angeles was a manufacturing region, in fact the largest in the U.S.. If that is all you knew and you posited that the revolution in global trade would bring U.S. manufacturing to its knees in the coming decades, then you would predicted that San Francisco would easily outperform Los Angeles. By 2013 employment in Los Angeles increased to 7.6 million, but manufacturing jobs plummeted to 700,000. By contrast San Francisco employment increased to four million jobs while manufacturing barely declined to 360,000 jobs. What Los Angeles had was low margined traditional industrial, aerospace and apparel jobs, while San Francisco had much higher margined technology and specialized production jobs. To further prove my point the worst performing Bay area county was the one with the most traditional manufacturing jobs, Alameda County. Although people talk about the economic juggernaut of Silicon Valley few talk about the success of Alameda County's major city, Oakland. Although it is an exaggeration, economically speaking the Los Angeles of 1970 looked a lot more like Oakland than San Jose. One of the advantages Silicon Valley had was a legacy of the politics of the 1960s. Recall that at that time the primary buyer of advanced electronics was the Department of Defense and Silicon Valley vigorously competed with Highway 128 in Boston and Texas for the business. With the Kennedy-Johnson years defense money flowed to Boston and Texas and not to Silicon Valley which did not have the near monopoly position that Los Angeles had in defense oriented production. So what did Silicon Valley producers do to respond? They went after the commercial market and became far more adaptable than their competitors. Thus, when the aerospace recession of 1969-76 hit, Silicon Valley was prepared. The authors duly note that Los Angeles was a major technology center in 1970, but most of that technology was based on aerospace. Unlike northern California where most technology enterprises were small and entry was easy, the ecology of the aerospace industry is based on large units with difficult entry. While job mobility in aerospace is high, for example I spent two years in the aerospace industry and worked at two large firms, capital mobility is not. You didn't see venture capital funding aerospace start-ups. Another way in which the tyranny of an installed base affected Los Angeles was the presence of a huge Hispanic population in the area. This meant that when the manufacturing base collapsed, the political structure had to respond to the loss of employment opportunities for that population. The response was to beef up the ports of Los Angeles and Long Beach which made them the entrepot for the flood of goods coming in from Asia. To the authors this activity increased middle and lower income employment, but were nowhere near the high jobs being created in San Francisco. What choice did the political establishment have? This review doesn't do justice to the very serious economics work that the authors present. I just wanted to point out to future readers to not completely buy in to the authors' thesis. Initial conditions are very important and cannot be discounted. However, the authors offer much food for thought and demonstrate that public policy in this area is very difficult to make.

2 of 2 people found the following review helpful. **Practical Urban Study** By William New As a lifelong resident of California -- both North, South and for a few years in the Middle -- I have observed how "LA" and the "City" (terms we use in San Francisco) have grown apart over the past 50+ years. The reasons are many and the consequences clear. **Rise and Fall of Urban Economies** (read, Los Angeles versus San Francisco) is well researched and documented -- an excellent way to share with others what they will find in the two cities and why they might prefer one over the other, starting with the obvious: Hollywood/cinema versus Silicon Valley/high tech, or immigrant Latino influence/LA versus demographic-shift Millennials/SF. Even water/drought affects the two cities differently. There are a number of factors that make great cities rise (e.g. San Francisco) and fall (Detroit) over a lifetime. This retired professor often holds "seminars" (lubricated by coffee in AM or wine in PM) for Millennials -- where/why/which environment do you want to launch a career, raise a family, accumulate a fortune (or not), settle down (or not) -- and this book is part of the canon, along with "Regional Advantage" by Annalee Saxenian (but that is another cup or glass). Recommended for data-driven decision makers. 5-stars.

2 of 2 people found the following review helpful. **The "Rise and Fall" of urban areas deals with an ...** By Mark P. The "Rise and Fall" of urban

areas deals with an important issue in the country today: why are some urban areas becoming more successful and generating more economic wealth and other are stagnating or declining. What makes this book helpful is the presentation of strategies and actionable items that leaders in urban regions can use. Most importantly these approaches can be undertaken and controlled within the region and do not rely on outside help. Mark Pisano Professor of Practice of Public Administration Sol Price School of Policy University of Southern California

Today, the Bay Area is home to the most successful knowledge economy in America, while Los Angeles has fallen progressively further behind its neighbor to the north and a number of other American metropolises. Yet, in 1970, experts would have predicted that L.A. would outpace San Francisco in population, income, economic power, and influence. The usual factors used to explain urban growth—luck, immigration, local economic policies, and the pool of skilled labor—do not account for the contrast between the two cities and their fates. So what does? *The Rise and Fall of Urban Economies* challenges many of the conventional notions about economic development and sheds new light on its workings. The authors argue that it is essential to understand the interactions of three major components—economic specialization, human capital formation, and institutional factors—to determine how well a regional economy will cope with new opportunities and challenges. Drawing on economics, sociology, political science, and geography, they argue that the economic development of metropolitan regions hinges on previously underexplored capacities for organizational change in firms, networks of people, and networks of leaders. By studying San Francisco and Los Angeles in unprecedented levels of depth, this book extracts lessons for the field of economic development studies and urban regions around the world.

"A highly original inquiry into the diverging development trajectories of Los Angeles and San Francisco since the 1970s. This book offers exemplary forensic evidence, while at the same time providing a robust theoretical appraisal of regional growth in general." (Allen J. Scott, Distinguished Research Professor, University of California Los Angeles) "This is a very serious new book about economics and policy written by a team of academics under the leadership of Michael Storper . . . But it is written in a very accessible style, using the structure of a scientific detective story. And it is a must-read for anyone who cares about the future of California and cities more broadly." (Jon Christensen SFGate) "Throughout history, commerce and cities have invented and paced each other. Once developed, cities entered into competition. Blending the perspectives of history, business, urban planning, and public/private partnership, this lively and exhaustively documented study tells the story of how two representative urban regions—the Bay Area centered on San Francisco and Los Angeles, a metropolitan region unto itself—have carried on this ancient and ever new competition for commerce and hegemony." (Kevin Starr University of Southern California) "The Rise and Fall of Urban Economies is a path-breaking book, both empirically and theoretically. It brings together an impressive array of data that helps explain the divergent economic trajectories of the San Francisco Bay Area and the Los Angeles region, and provides new theoretical insights on the importance of social networks and knowledge communities in shaping economic growth." (Chris Benner, University of California Santa Cruz) "Storper and his colleagues have crafted a sweeping yet nuanced account of how the economies of metropolitan Los Angeles and San Francisco have steadily diverged over the past several decades. Their interpretation, based on a wealth of data and interviews, has important lessons for many urban regions struggling to maintain or improve their place in the global economy." (Edward J. Malecki The Ohio State University) About the Author Michael Storper is Professor of Urban Planning at the University of California, Los Angeles. Thomas Kemeny is Lecturer in Human Geography at the University of Southampton. Naji Makarem is Lecturer in the Bartlett Development Planning Unit (DPU) at University College London (UCL). Taner Osman is an instructor in the Department of Urban Planning at the University of California, Los Angeles.