



Cities at war

Globalisation pits city against city across the world in the battle for business. Don Holbrook looks at how this has affected once-successful locations in the US and warns that the country's long-term prosperity is in jeopardy if they do not fight back

In 600 BC, Celtic tribes settled a rocky dome in south-western France that later was named Carcassonne La Cité. For the next 1600 years, Carcassonne played a pivotal role in ancient and medieval European history. The town was fortuitously located at the crossroads of paths to the Atlantic Ocean, the Mediterranean Sea and the Spanish peninsula. Such an excellent location made the town a vibrant artisans' colony, way station and trade centre but, most importantly, it also made Carcassonne strategically vital to conquering armies.

Just as other major urban areas evolved in the ancient world – Troy, Constantinople, Alexandria and others – Carcassonne became an immense, fortified city and a regional capital of political thought,

economics, religion and knowledge. Each of these great cities was designed to be impregnable. As we now know, none were.

From Roman times until the arrival of the Albigensian Crusaders in the early 13th century, the cité gradually acquired a glorious wall encircled by a deep, wide moat. Atop the soaring ramparts stood 52 turrets and watch-towers. Inside lived more than 4000 residents, with their picturesque chateaux, medieval cathedral and basilica, looms, mills, shops and narrow, bustling alleyways and the everyday features of a thriving 12th century settlement.

Yet to the Roman Catholic Church, Carcassonne was a centre of heresy, a breakaway city ruled by infidels. Under edict from Pope Innocent III, the Crusaders successfully laid siege to

Carcassonne in 1209, ending centuries of progressive thought and cultural achievements. Decimated by continuous strife, famine and disease, as well as the Black Death, the city's fortunes began an agonising decline. Carcassonne's passage to obscurity became a *fait accompli*.

Today, Carcassonne is a crown jewel of France's romantic past: its dream-like castle and grandiose walled city intact and preserved, and the surrounding countryside a lush carpet of vineyards. Inside, tourists flash back in time to 1000 years ago, when Carcassonne's minstrels strolled among poets and writers, valiant knights protected the virtue of damsels, and merchants hawked their finest silks and tapestries to travellers from distant Asia.

Stuck in the past

Yet, for all its magnificent splendour, Carcassonne can seem forlorn: a solitary memoir to its once-mighty place in the world, which the winds of change chose not to carry further. The once-prized possession of army generals and feudal barons only attracts

curious visitors now, who gawk at its stony architecture and photograph its gargoyles and passageways. Even the Inquisition Tower, the torture chamber inside the battlements where the Crusaders restored the authority of the Roman Catholic Church, has been reincarnated as an elegant hotel.

Why did the city never regain its past glories once peace returned? After all, many places have suffered horrific natural or manmade calamities and managed to survive, from Carthage to San Francisco to Dresden. But Carcassonne (and many other castle-cities throughout Europe and the British Isles) became shells. Why?

The answer flashes like an epiphany: there was nothing the walled city could have done to change its fate. In just a few weeks, decisions made 1000 miles away had undone 1600 years of Carcassonnian power and prominence, the way a mink is skinned for its pelt. Outside forces rendered Carcassonne irrelevant. From then on, the city no longer had a powerful and significant place in the world.

US cities under siege

Every developed country has its Carcassonnes. In the US, there are hundreds of once-mighty places that have been left behind by the onrush of progress and made obsolete by invaders. Many others are under siege.

For the past 20 years, US economic development at every level has been affected by the swelling tide of globalisation, the so-called 'new economy'. The information revolution – the chief enabler of globalisation – has sent its business warriors into combat with allies and enemies alike. The battles erupt from coast to coast as both established and emerging countries engage

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the US at every opportunity. When these invading armies overrun the country's defences, the effect can be just as deadly as if marauders had struck. In their wake lay vast areas of urban decay, its population infected with malaise and its brightest and most talented citizens long gone. In the economic sense, nothing grows there any more, so the people left behind cannot be 'fed' by a job-producing system. Only fundamental, sweeping changes to our economic, political and social fabric can restore such localities and keep other once-prosperous places from becoming casualties of globalised warfare.

New economy

As cunning as gladiators, many countries and their industries have already begun making the transformation to the new economy through investments and policy overhauls. They have realised that the future travels only in one direction, and that they must either harness the power and opportunities of the global economy or be ploughed under by it.

In the US, some cities and states also have been stirred to drastic action and have decided to make the daring leap. In the process, they have joined a vanguard of places that can rightfully claim to be world-class communities. Towns such as Charlottesville in Virginia, which moved from coal mining to become a fibre-optic-enabled global telecoms centre; San Jose, a former farming area that became the capital of Silicon Valley; even Greer in South Carolina, a dot on the map that lured a billion-dollar BMW facility. These are just three of dozens of world-class outcomes.

These world-class places are not so much graced by their location, as were

the great medieval cities. Instead, today's world-class cities and towns are graced by intangible attributes and resources. They tap into their human capital; they solve their own problems; they have a "we won't be stopped" frame of mind; they involve all facets of the community in their plans to move ahead; and they create the kind of place where talent, hard work and enthusiasm thrive. People want to live there. These places look to the future and decide to be part of it. Then, brimming with pride and purpose, they match their strengths and abilities to the world's needs and reel in opportunities, often becoming economic overachievers as a result.

And yet, for all the enlightened successes, the US is home to numerous failures as well. As exhibit A, consider the dire straits of the domestic auto industry. Its early 21st century, sport-utility-vehicle-oriented, obtuse business models have caused places across the US to suffer from plant closings and workforce reductions. All the while, foreign auto-makers continue to beat their US peers to the punch with innovation, huge investments and far-seeing economic battle plans. Once again, the long-distance decisions of a powerful entity (Detroit) have rendered other locations irrelevant, just as medieval Carcassonne was done in by Rome.

Decision makers

This begs the question of who exactly is running the US side of this 'war'. Who or what is making the do-or-die decisions about which places will live, be wounded or become a casualty?

As a certified economic developer, I am a standard-bearer for thousands of my professional colleagues. We are stationed on the front lines of the

globalisation wars and have learned many important lessons that can affect its eventual outcome. We believe the US can prevail in the battles of the coming years but only if the nation accepts two facts: first, that it is falling behind in the new economy; and second, that it will be victorious after it stops thinking about the 21st century as if it were still the 20th.

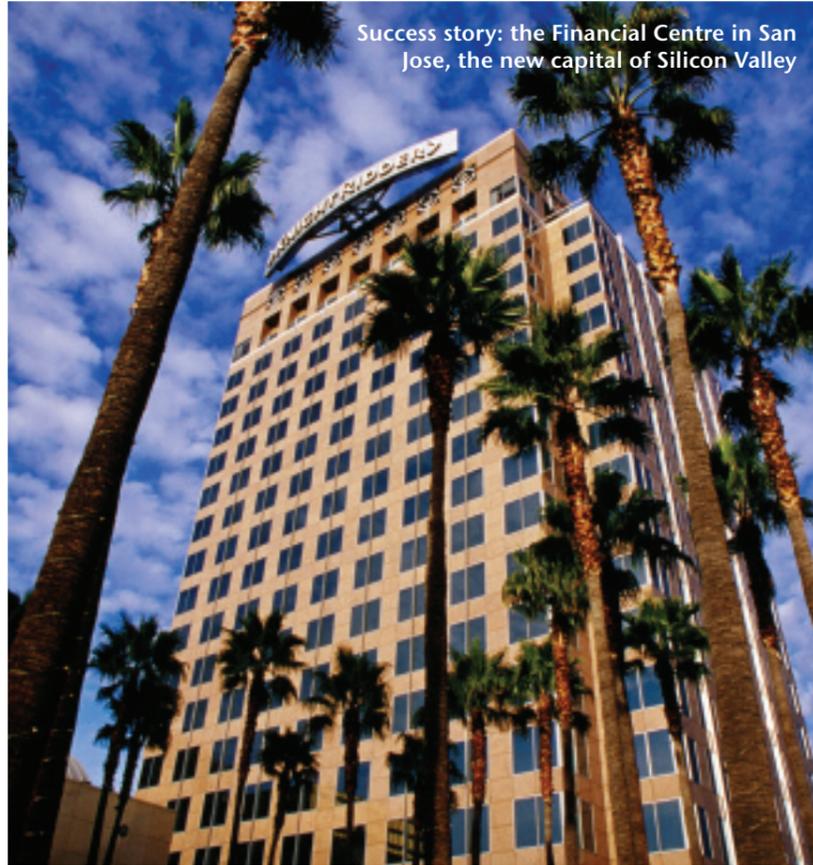
Economic developers can relate to Carcassonne's unkind fate. Like modern-day Knights Templar, who flew their red and white battle flag (the Beausant) and shouted "*Veritas vos liberabit!*" ("The truth shall set you free"), we also clash with our opponents on the battlefield. Our singular mission is to bring home to our leaders and our constituents the spoils of victory: investments, jobs, growth and security.

Yet too many of our battles are being lost to predatory competitors. We often find ourselves out-duelled by better financed, better supported economic warriors from other lands. Strapped with yesterday's outmoded weapons and backed by weak, timid decision makers, our quests can only fail against such opponents. We then must face incredulous politicians and a sceptical populace as the victors return home as heroes.

Change is needed

Without question, the US's long-term prosperity is in jeopardy. To overcome this danger, set the ship right again and pioneer the world's next quest – the development of abundant alternative energy – the country must embark on a new New Deal. This undertaking would result in a restructuring of the country's social and economic systems. It would liberate and refocus the power of US capitalism on the many tasks at hand. Most importantly, it would restore the country's entrepreneurial spirit and keep the US in its traditional role as the engine pulling the global economic train.

For example, radical new education strategies must be implemented, starting with the youngest students and continuing as needed, for as long as a person can be gainfully employed. Social contracts with citizens must be reviewed and reformed, with



Success story: the Financial Centre in San Jose, the new capital of Silicon Valley

fundamental changes to the tax code, social support network and wealth-creation systems. At the same time, lawmakers must craft better ways for capital to reach its targets, especially entrepreneurs, researchers and those formulating intellectual properties. Infrastructure must be state of the art, especially information networks, beginning with fibre-optic broadband from coast to coast.

No sidetracking

And US politicians and media outlets must be prevented from sidetracking the debate on the country's future. Rather than making globalisation an irredeemable villain, the media should showcase its tremendous potential. Stories and editorials should urge local leaders to speed ahead with transitioning US workers, towns and businesses. Likewise, politicians should end their incessant immigrant bashings, stop accusing India of stealing jobs and quit excoriating China because its goods cost less to produce.

These are not the true problems. Instead, the US needs immigration to

remain a creative and dynamic society. Immigration should be reformed while keeping priorities straight. India has done nothing underhanded; it has filled a need more economically than US businesses, and helped keep prices down. And the US created the markets that China floods with goods. When US citizens buy items produced in China instead of in their own country, why are they surprised when US jobs dry up?

For these and so many other vexing issues, economic developers have answers or at least some logical places to start a sorely needed discussion about the future. But the time to act has grown short and the US's needs continue to mount up. As a nation, it must meet these challenges and reaffirm its place, not only in today's world, but in tomorrow's as well.

*Don Holbrook examines these points in further detail in his forthcoming book, *Who Moved My Smokestack? Why Americans Are Losing Their Jobs – And What We Can Do About It*, published by Random House this summer*