

## **Can Planning Affect the Economic Crisis? Barely, and not unless planning changes radically**

By Peter Marcuse

To begin with, we should be clear that “urban planning and development” is not a single subject, but have, in fact, a tense and awkward relationship despite being implicitly merged in the theme of this issue of the Berkeley Planning Journal. Leaving aside Richard Florida’s rather superficial analysis of such issues, David Harvey certainly does not look to planning as a source of the economic crisis; he might argue it is the lack of publicly-oriented planning that has permitted development to metastasize within the economic system, setting off the present crisis. Planning is hardly an independent force in urban development; our long history shows how dependent, indeed generally subservient, planning is to the market, barely influencing it at the margin. “The market” is not considered an actor, and we avoid facing reality when we glibly speak of “the market” doing this or requiring that. There are specific actors in the market: developers, builders, bankers, Wall Street traders, investors, residents of various kinds, marketing firms, tenants and owners, and of varying economic positions, of various ethnicities, with various preferences. All significantly influence and are influenced by public portrayals of what is desirable (and what is not desirable) in cities. These actors do interact in the market, but they are present in government, in the media, educational institutions. (What do we teach, and what do we assume in our teaching?) Today, whether developers are more active in the market than in influencing governmental decisions is a toss-up; they operate both in the private and in the public sphere. In the public sphere these stakeholders are a more decisive force than are planners (i.e. planners working in the public interest).

David Harvey’s analysis of the economic crisis does indeed deal with urban development, but in the sense of investment flowing into urban property as a whole rather than in the sense of any particular form of development—of course, when the pressure to find targets for profitable investment leads to investment in urban development, it is no accident what forms that development takes. Harvey’s analysis, as I read it, does not suggest—and it is a crucial point, for this discussion—that if one could control the form of investment in urban development, one could resolve the economic crisis. There are two reasons for this. First, whether the “bubble” is centered in residential construction or commercial construction, high-rises or low-rises, in the central business district or the inner- or outer-ring suburbs, is only a question of where the bubble

will appear or how it will look, not in whether there will be a bubble of some form somewhere. It will be in the built environment, Harvey argues, quite persuasively, because there is nowhere else for excess capital to go today. This brings us to the second reason that control of the form of urban development will not solve the economic crisis. I would put it this way (absolving Harvey of responsibility for the formulation): at the root of the crisis in the financial economy is the crisis in the real economy resulting from the disjunction between the purchasing power available to buy what producers could produce and what they do, in fact, produce. It is a fundamental contradiction, and the root of Keynesian analysis: capital strives to maximize its profits, and does so in part by holding wages down, but wages are necessary if what capital produces is to be bought. Coming up against limits in the profit from investing in increasing production, capital looks elsewhere, producing a bubble of financial speculation on hoped-for profits from development in the built environment far beyond what that development will support. Hence the bubbles, and because they partake of the nature of a Ponzi scheme, relying on ever increasing prices of real estate, particularly urban real estate, sooner or later the bubble will pop. Thus the root of the crisis is not in the form of urban development or even in its magnitude per se, but rather in those pressures that lead to those forms and the speculative expectations about that magnitude.

Where does such an analysis leave urban planning? If it continues to be done as it is being done in the mainstream today, planning can at best—pardon the phrase—put lipstick on the pig. We planners can promote good design, foster striking architecture in luxury condos, theaters, sports fields, and museums. We can design buildings that shouldn't be built or are built "green." We can encourage commuting that shouldn't have to take place, is accomplished a bit more efficiently, possibly with a bit less congestion, so that trips that shouldn't have to be made are made more quickly. We can provide that houses built in sprawling suburbs that shouldn't be built there are built a little more densely than their owners might wish, a bit more smartly. We could provide (unlikely, though) that the concentration of high-rises in our central business districts be somewhat dispersed throughout our cities. We could encourage green industries a bit by zoning advantageously for them compared to other industries. We can push for affordable housing, housing at least available to moderate income households, as part of new market rate housing which will continue to be built only for those whose incomes are high enough to generate a good return for its builders, but we watch helplessly as the incomes necessary to support it shrink. None of this will significantly resolve the major problems of homelessness, unemployment, ill health, hunger, pollution, ugliness, inequality, public penury and private wealth, that our cities witness to today and that the economic crisis exacerbates.

What we actually do today may, in fact, make these problems worse. In New York City, the Mayor's office produced PlaNYC2030, which aims at making the city's infrastructure suitable for a growth in population of another million residents in 25 years. Never mind that other cities are shrinking, that infrastructure is going to waste, buildings empty, and factories abandoned. Planners and local city planning commissions raise no issue with investment priorities in development although school drop-out rates are rising, class-sizes are growing, special classes have been cut, mass-transit is curtailed and affordable housing is declining. The focus of the planning manifested in such a document, and the thinking behind it, is that the financial sector is the motor of the city's economy, and every effort should be bent to serve its needs. If planners (and this is not just in New York City) welcome Richard Florida and his Chamber of Commerce speeches, they do it even though his definition of the "creative class" which is to be lured and pampered by planning measures includes hedge fund managers, military engineers, and virtually anyone with a college degree. Florida acknowledges that shoemakers and hospital workers (but probably not janitors) can be creative too, but their presence seems to be an unfortunate necessity for a thriving city. Replace them with the gentry, and all will be well. Planners go along with this glorification of gentrification as the solution to all a city's problems.

Worst of all, and ultimately contributing to, rather than the lessening, economic crisis, is the focus of planning on global competitiveness as a guiding motivation for urban development. Fostering international competitiveness has a high price. It is ultimately a call to put public powers and the public purse at the service of the private sector, and specifically the private financial sector. So is much of financial district planning<sup>1</sup>. Developing a good business climate in a global economy means keeping wages competitive globally—that is, low. Where that fails, it means stimulating the connections that allow work to be moved elsewhere, providing the communications infrastructure and transportation infrastructure for a command-and-control center with decisions made locally by highly-paid executives and work done at poverty level wages in countries far distant. Far from countering the paradigm to which Harvey attributes the economic crisis, such planning fosters it by encouraging speculative investment in the built environment focused on the places in which the global economy produces profit for the upper-tier-earners, at the expense of those at the bottom, and increasingly even the so-called middle class.

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1. "...office districts, especially in major global cities, are more akin to an infrastructure for the advanced corporate economy." *italics in original*. Saskia Sassen, "Cities in Today's Global Age." In *The SAIS Review of International Affairs*, winter spring 2009, vol XXIX, no 1, p. 26.

Does all this mean that urban planning is either irrelevant, at worst harmful in times of economic crisis, or at the very best slightly dulling the sharpest edges of pain inflicted by those producing that crisis? No, planning cannot escape so easily. (What follows—and I suppose what was just written also—is clearly based on some assumptions about values, specifically the ethical content of planning, discussed briefly at the very end.)

So what can planners do? They can take a clear position on whom the economic crisis benefits and whom it hurts, and they can take a concrete position for dealing with the economic crisis.

In the first place, planners might well take to heart the moral command of the medical profession's Hippocratic Oath: "do no harm." Planners should not apotheosize global competitiveness, or think being global is the be-all and end-all of cities; the right to the city is not the right to a global metropolis. Planners should not promote displacement of the poor under cover of luring a misbegotten "creative class" to town. They should not keep harping on the financial sector of the economy as "the motor of the economy;" the financial sector is, in fact, the steering wheel driving the chassis of the economy into the mud. Planners should not mislead people regarding what planning can and cannot do; visioning and pretty pictures raise expectations and ignore the distribution of power and the conflicts necessary to realize them.

Secondly, everything that can be done to ameliorate the pain of the crisis for those least able to defend themselves from it needs to be done, and a shift of focus from "stimulating the economy" to "protecting the vulnerable" is very much in order. Trickle down is an age-old excuse for not doing that, but even the existing Code of Ethics sees planning as having "a special responsibility to plan for the needs of the disadvantaged and to plan for racial and economic integration." Pushing for investment, soundly planned, in education, in health care, in housing available to all income groups, for racial and gender and ethnically sensitive policies and programs, for equalizing public expenditures and public care across all neighborhoods of a city, can all receive much more balanced attention from planners than they now do.

Thirdly, (and here we begin to get more controversial), planners can deal more explicitly with the question of power. Implementing a plan is not just a question of designing something that is logical and efficient and beautiful and cost-effective, but also a question of the power to implement it. The power of planners as such is trivial; if they do significantly and independently influence what happens, it is because of their connections with others. The least, and sometimes the most, a planner can do is expose the relations of power that define and circumscribe what can be done. If

working for a private client, planners can be explicit on such matters, announcing whose support is being solicited, what political player has to be gotten on board, what financial interests need to be lined up; a smart client will insist on this being examined and taken into account. Public planners and planners in advocacy or non-profit work should do the same. For them, exposing issues of power and being public in their analysis is part of what they can do in the long-term interests of their public clients.

Fourthly, long-term interest cannot be served simply by abstract analysis and evaluation; it must end with concrete proposals. The proposal may indeed be to oppose a particular project, (e.g. a sports stadium that will not produce economic benefits for the community but instead produce gentrification and displacement) but in this case a plan should present how such opposition can be most effective. Better yet, a positive alternate plan should be proposed, either as actually politically feasible or as illustrating how wrong the unwanted proposal is in comparison. Rhetoric, however, no matter how eloquent, is not a plan, and should not content planners.

Next, a plan or proposal must contain its own roadmap to implementation, and that means, in the area in which urban planners work, the political route that needs to be taken to put it into effect. The plan must be politicized. That may mean figuring out how to achieve consensus among stakeholders--a popular phrase in many planning discussions these days. There are traps in such a formulation. Not every plan has a win-win solution. In fact, to the extent that the ethical goals of planning lead to redistribution, there will be losers as well as winners, and the planner needs to make the intended beneficiaries of the plan the winners. Nor should stakeholders be defined as only those that have the power to influence implementation of the plan; it may be precisely the powerless, those not automatically seated at the table, who most need to be considered, and the planner must be aware, and vocal about it. Planners must make sure that those who in established processes do not appear at the table also are comfortably seated there.

That will mean, in my sixth suggestion, that planners must address the decision-making process directly. Planners as planners rarely have much power themselves, but they can help structure a planning process that can influence the distribution of power. The community planning model, for instance, about which Tom Angotti has written and to which the Right to the City Alliance and community groups such as ACORN provide adrenalin, is an example. So are various forms of equity planning, such as what Norm Krumholz skillfully practiced in Cleveland, or critical planning, which planners from Los Angeles to New York and groups such as Planners Network are attempting to implement.

At the level of planning theory, even discordant approaches ranging from communicative planning to just city planning, although sometimes ducking direct conflicting approaches, implicitly make it necessary to confront power not only with truth but also with countervailing power, in a process in which planners can play a constructive role.

Lastly, in dealing with issues of power (and this will lead us back to the economic crisis) planners must be willing to look at big picture issues, at all the factors that ultimately constrain what can be done, such as the existing limitations on governmental powers, the existing strength of private interests, the resources currently available and those that might be made available, the changes in procedures that might be necessary, including decision-making procedures. The crises of unemployment, of homelessness and home foreclosures, of educational cut-backs and inadequately financed health care, of pollution and global warming and environmental degradation, of hostility to immigrants and the LGBT community, of continuing racial discrimination and religious intolerance, are all fodder for the kind of incisive analysis and programmatic proposals that planners should have the competence and the motivation to undertake, and undertake publicly, if not always as professionals, then at least as well-informed citizens.

While individual planners may not always be in positions where their professional employment permits engaging in the kinds of controversies to which the above logic might lead, the door is always open to them to act as citizens. Perhaps even more important, the formal organizations of planners (from the AICP to the APA to the ACSP to smaller associations such as Planners Network) and groupings of planners around global interest, gender issues, environmental quality concerns, and transportation policy, can speak out, lobby, and help community-based and advocacy groups do their work. It is sad that the AICP did not use the recent opportunity of revising its Code of Ethics to raise these essentially political and value-laden questions for broad discussion, and, in fact, retreated in its final revision from even the weak commitments to social justice that had earlier been in the Code as prescriptions, if vaguely worded, and are now presented simply as aspirations.

Social values that have inspired the planning profession from its birth as a profession can be applied to the current economic crisis. Planners themselves do not hold much power, but they can influence what the holders of power do. They can expose the roots of the economic crisis, who it helps, who it hurts, and why. They can propose measures to ameliorate its impact, and perhaps even influence the solutions considered to deal with it. They can show the political and social implications of alternatives that appear only technical, and deal with the political implementation of constructive proposals.

Wulf Goetz has summarized the matter succinctly:

Planning does not “make change,” but critical planners may be able to identify and react to conditions; and then propose and support responses that do more than tinker, or worse yet, facilitate structures and policies perpetuating inequality.

In conclusion, while planners are neither significantly responsible for the present economic crisis nor have the power to affect it significantly, they do have some influence on it, and more than they are now exercising. Some directions in which that influence may be constructively exerted are suggested above, and forums such as this make a real contribution by raising the necessary questions sharply and publicly. Hopefully the discussion will continue, and influence action.