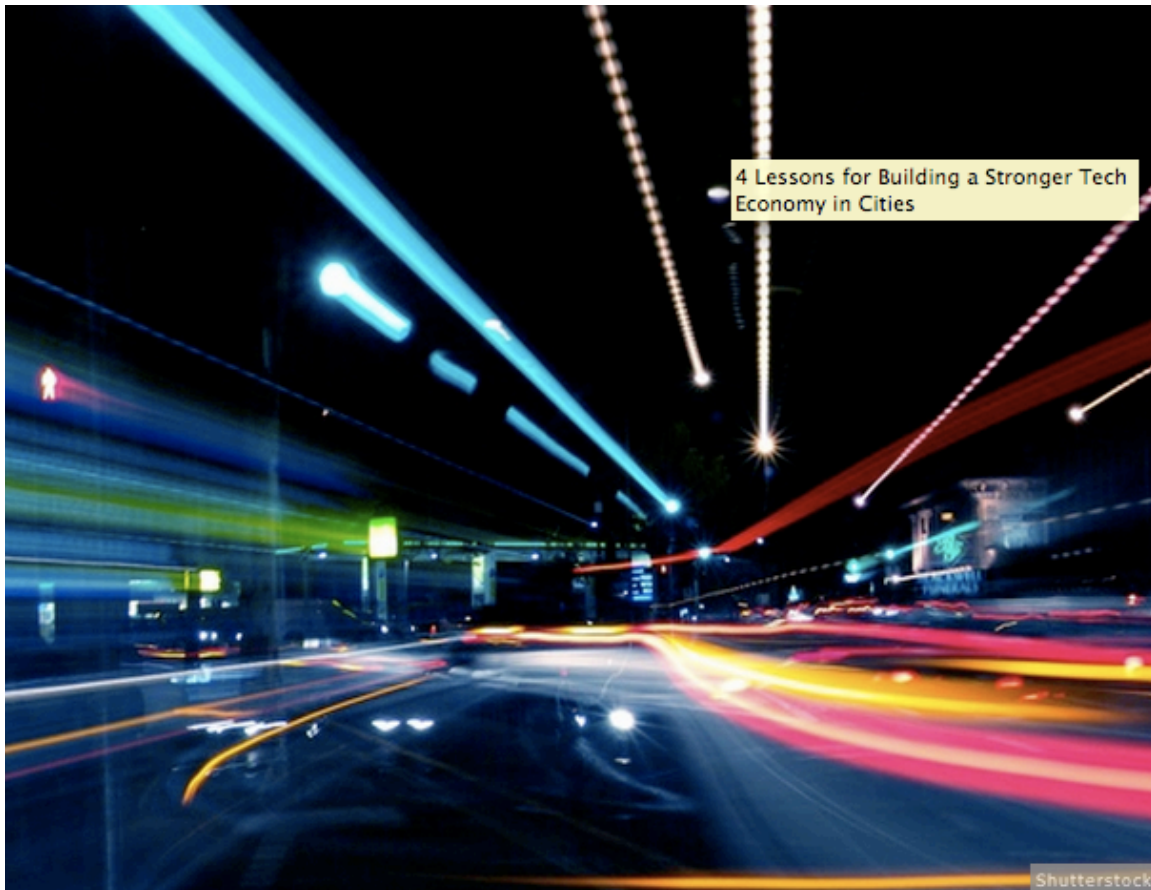




4 Lessons for Building a Stronger Tech Economy in Cities

EDWARD ALDEN SEP 14, 2012 COMMENTS



I spent a fascinating day this week at the [Techonomy](#) conference in Detroit, and came away with a new appreciation for why I should get out of Washington more than I do. The conference, the brainchild of Techonomy founder David Kirkpatrick and co-hosted by the [Detroit Economic Club](#), was a fascinating and inspiring look at some of the efforts under

way to revitalize a city that has probably been hit harder than any other in the country by, among other things, international trade competition, technology that has shed workers, poor governance, and the exodus to the suburbs. The focus of the conference was the current, accelerating wave of technological change and how it can be made to work in revitalizing American cities.

Here's what I learned:

- Necessity is truly the mother of invention. Over the past 40 years, [Detroit has lost almost two-thirds of its population](#), shrinking from a city of 2 million residents in the 1950s to one of just over 700,000 today, with the steepest drop in the past decade. The city government is effectively bankrupt, and [the schools are some of the worst in the country](#). In such an environment, there is no such thing as a bad idea.
- Imitation is the sincerest form of flattery – at least until we figure out how to do it better. For too long many Americans have been reluctant to look outside our borders for different, maybe better, ways to compete economically. Detroit seems to have shed that sort of crippling pride. Timothy Bryan, the chief executive of [GalaxE.Solutions](#), an IT services company that is expanding in the city, has launched a campaign called "Outsource to Detroit" to encourage other companies to follow his lead. Bryan argues that the advantages of proximity to U.S. customers who need complex services and a well-trained, English speaking U.S. workforce can offset the cost advantages of outsourcing to India. Among other initiatives, his company has been working closely with the city's community colleges to help redesign training programs to fit the company's needs, with the promise that a job will be waiting for new graduates. He got the idea, he said, from studying how the Indian IT companies such as Wipro and Infosys work with their colleges at home. Political leaders are catching on as well. Michael Finney, president of the state's [Michigan Economic Development Corporation](#), said that he had recently spent some time in Germany with Michigan governor Rick Snyder, looking at the country's "dual apprenticeship" system which mixes formal education and training with on-the-job experience. The state is set to launch a new pilot program in several community colleges.
- Cities, even ones that have fallen on hard times, are still cool. [Richard Florida wrote in the Wall Street Journal](#) last month that the high-tech industry is taking "a decidedly urban turn," with the fastest growth occurring in cities like New York, London, and Los Angeles rather than in the suburban sprawl of Silicon Valley. Detroit, which has a magnificent downtown core filled with many empty art deco era office and apartment buildings and a wonderful downtown baseball stadium, [Comerica Park](#), offers many attractions for young, smart people looking for urban life on the cheap. [Dan Gilbert, a native son and chairman of Quicken Loans](#) who spoke at the conference, has been buying up many of these buildings and offering up cheap office space for young entrepreneurs trying to build businesses in the downtown. "People in their 20s and 30s coming out of university want to be in a vibrant, exciting urban core," he told the conference. "We're not going to be competitive in getting those

folks if we're in a nice building in the suburbs. That's not where this generation wants to be."

- Rome wasn't built — or rebuilt — in a day. Diversifying an economy like Detroit's will take a long time. While the tech start-up scene in the city is exciting and promising, it has not created many jobs so far. Indeed, the slight brightening of the city's economic prospects is almost entirely due to the revival of the auto industry from its near-death experience in 2008, thanks in no small measure to the Obama administration bailout. A sturdier turnaround will take time.

For a policy wonk, there were plenty of eye-opening, gee-whiz moments at the conference. If you haven't yet, check out Ben Kaufman's [Quirky.com](http://www.quirky.com) to see crowd-sourced product innovation in action, or MIT's [Senseable City Lab](http://senseable.mit.edu) for the ways in which big data could transform urban living. But most of all, there was a much-needed commodity — a sense of hope and optimism that even one of the most troubled cities in America may have a much brighter future on the way.

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