

The Magic of a Planned City

By Michael Hart

In 2009, economist Paul Romer gave a TED talk about “Charter Cities.” He had an idea, that if governments in developing worlds, places that were expected to see large amounts of urbanization in the coming decades, would plan and lay out cities, not micromanage them, but just create a framework and put in basic services, they would be laying the foundation for dynamic economic growth. This master plan was an alternative to trying to come in later and impose order upon cities that evolved piecemeal as economic migrants arrived in a more chaotic manner. Plenty of examples of the latter exist today in India, parts of South America and Africa with dynamic cities that are characterized by urban slums where governments now struggle to deliver services and residents struggle to take full advantage of the prosperity that cities can provide.

Mr. Romer was pointing out that several billion people will continue to move to cities between now and 2050 and if done right, migration will create tremendous prosperity, but if done wrong, it will be a mess, and probably one we can't fix. He has frequently cited the example of New York City, which in 1811, when the city had plenty of empty land and a small population, laid out a grid for the whole of Manhattan, the island we all know today as the heart of New York City. At that time there was no need for such an extensive grid. However, having this framework allowed for the later growth of the city in an orderly fashion allowing the government to deliver services, and allowing citizens to invest for the long term in their homes and businesses and thus drive the city to where it is today, a leading global city. He tried to convince several governments to create such a charter city, but they never got off the ground.

Experiment in a Desert

In 2018, Paul Romer won the Nobel Prize in Economics, not for his work on cities specifically, but for his work on how to measure ideas and their impact on GDP. But he is still thinking about cities. And in 2019 he attended “Burning Man” an annual event that takes place in the barren Nevada desert each summer, but has some parallels to his idea about charter cities. A few weeks before the event takes place, a group of organizers show up and survey a street grid. Shortly thereafter tens of thousands of participants show up for a two-week event and live within that grid. At the end, the people leave, the area is cleaned and planning starts for another year. This year, a New York Times journalist took Mr. Romer there for both the initial survey and the actual event. Their stories are worth a read and I'm glad they captured his visits.

Although initially chaotic, over the years, the Burning Man festival has gotten better at laying out their city and providing a few basic services. What they don't have to contend with is what problems emerge over the longer term, but it is an interesting experiment anyway and it follows Mr. Romer's advice which the Times journalist summarized as “Stake out the street grid; separate public from private space; and leave room for what's to come. *Then* let the free market take over.”

China's Planned Cities

In his 2009 talk, Mr. Romer pointed out that China's Special Economic Zones (SEZs) were built on a similar model. Many people may not realize it, but Tianjin is home to a number of planned urban areas. These include the TEDA development zone (one of those early SEZs) which was largely focused on building a manufacturing center from scratch starting in the 1980s. It largely achieved this goal eventually producing around of half of Tianjin's GDP. Furthermore, the TEDA model is now used by the Chinese government in other locations including Egypt where the Chinese have set up a similar industrial zone. More recent planned areas include the Sino-Singapore Eco City and the Yujiapu financial district. All of these areas have gotten criticism for not being immediately successful by one metric or another, but I am glad I live close enough that I can visit regularly and make my own assessment as to how they are doing. They each have a grid and good urban planning, they lay out the infrastructure and then development begins, perhaps with a little more government participation in the latter phases than Mr. Romer would advise.

For decades China has limited the movement of people to cities by the use of the Hukou or household registration system partially to avoid urban slums. That has been gradually loosened, allowing people to move to larger regional cities although still restricting them from the largest cities.

For those of us with an interest in urban development, China will continue to be an interesting laboratory. Things may not evolve quite as fast as Burning Man, but with a number of centrally planned cities, zones and districts we will be able to witness the process from initial plans to implementation. And unlike the event in the Nevada desert, there is no need to buy a ticket.

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