

Economic Development

SUMMARY REPORT OF PANEL 3 ON INDUSTRIAL, RETAIL AND OTHER COMMERCIAL ACTIVITY AND THEIR SPATIAL ARRANGEMENT

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In a recent seminar the Special Committee on Urban Transportation Research brought into focus a whole range of problems that are involved in urban development and transportation. The two preceding papers have demonstrated that the range is wide; it covers no less than the total urban environment. In Panel 3 much of the discussion clearly overlapped the subject matter of Panels 1 and 2. We felt that no clear boundary could be drawn around the assigned topic, which was: "Economic Development - Industrial, Retail and Other Commercial Activity and Their Spatial Arrangement." However, the members of the panel agreed to take the subject matter of land-use change and personal choice as "given," and to focus attention on a single aspect of the urban problem as it relates to transportation. This aspect is expressed in our research proposal: Interactions between urban transportation systems and the location of industrial and commercial activities and their effects on the community.

This, admittedly, is a simple approach to a complicated problem but we were encouraged in this by Pyke Johnson's original call to the seminar, in which he stressed not only the need for giving clear direction to research efforts but also the need for giving wide publicity to the fact that such efforts can produce practical results. We were well aware that our general topic might be the basis for many other research proposals but we felt that this one has both the breadth and the sharpness that are demanded by our assignment, which stresses the interrelation of transportation and economic development in any urban region.

Our panel framed its research proposal to cover the ground that is common to both public officials and business firms — public officials who are concerned with providing necessary transportation improvements and business firms who are seeking the best locations for their activities. Each of these shares the others concern. The public official wants to maintain employment within his jurisdiction and capture new firms, while the business executive wants good transportation facilities and wants to have his activities located in a city and region with a promising future. Both business and government are concerned, from different viewpoints, with loss of tax revenues that may result from land clearance for massive new transportation facilities.

It was obvious to all of us that the interrelationships of transportation and economic development are operative whether business firms making decisions on location are aware of it or not. We know that the assumptions on which we generally have worked are rough, or incomplete at best. We know that much more adequate research is necessary if we are to bring an adequate understanding of the relationship to the planning of transportation facilities and productive enterprises. We hope we have pointed the way toward getting knowledge that both government and business can use.

It is difficult to speak for the nation without calling on the specifics of my own metropolitan area. Even though I will speak briefly of Philadelphia, I am sure that nearly every major area has exactly the same kinds of activities going on. So where I say Philadelphia, you could think of, for example, Rochester or Atlanta or Phoenix or San Francisco. In particular, we are finding that the interests and activities of government are affecting the locational decisions of industry and commerce directly, as well as through transportation. In our area, these direct involvements include a nonprofit

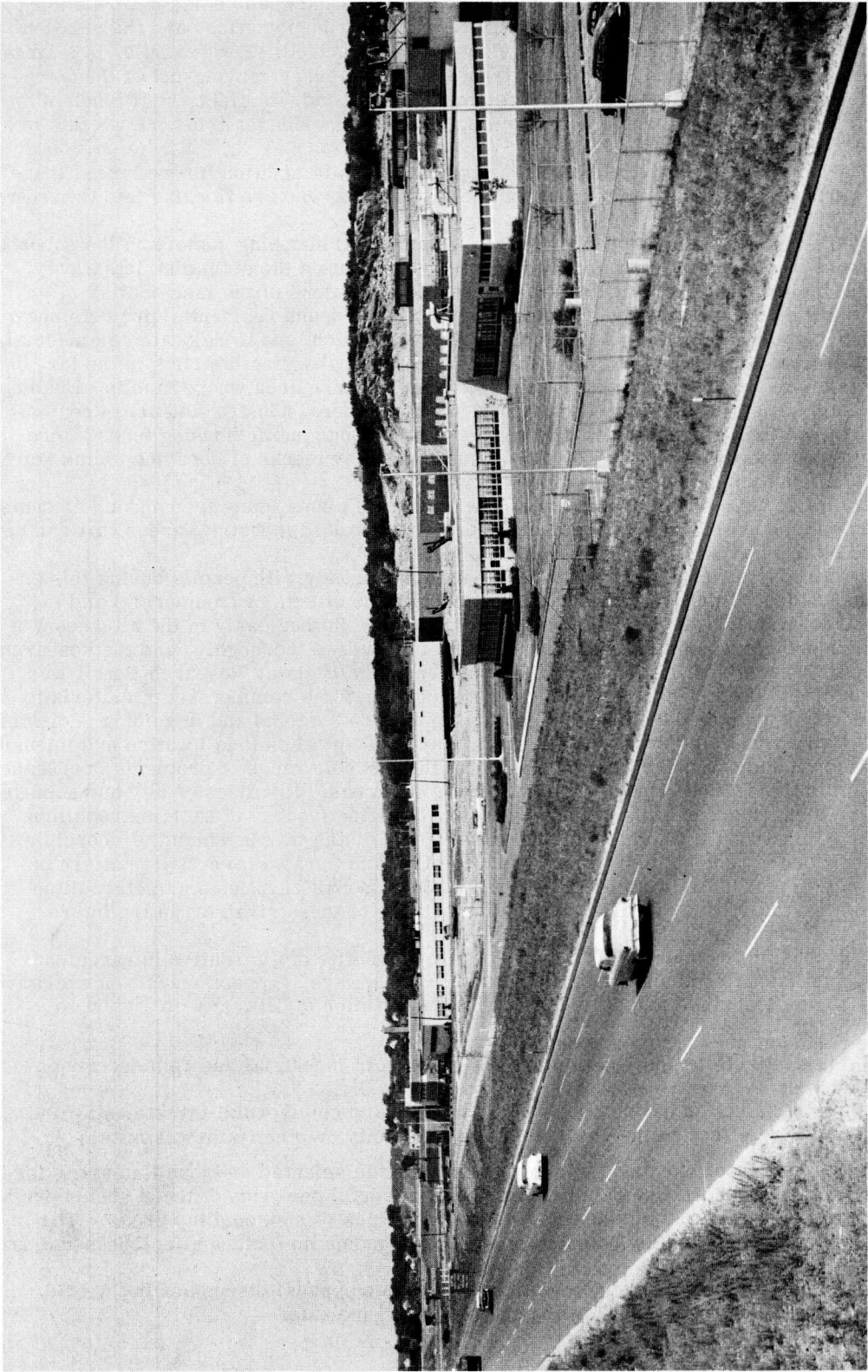
corporation established by joint agreement between the City of Philadelphia and the Chamber of Commerce. This agency negotiates directly with industrial firms seeking plant locations and is guided by the requirements of the city's Comprehensive Development Plan. The city has many advantages to offer, in terms of accessibility and the availability of labor. However, one of our suburban counties has a similar corporation, which works to locate industry in the more open suburbs, sometimes to the disadvantage of the city. The activities of the suburban corporation are likely to have a far greater impact on transportation planning because the arterial highways in these counties are not even as adequate as the admittedly outmoded arterial streets of Philadelphia. The commonwealth of Pennsylvania also has a program that is aimed primarily at the depressed areas, although it does give support to our suburbs and some slight help to the central city.

And finally, the city has established a nonprofit corporation concerned with food marketing. This agency has guided the substantial investments by both the city and private industry in a coordinated Food Distribution Center which is strategically located in relation to both rail and highway access. This has led to substantial increases in industrial efficiency and savings in provision of municipal services. It is obvious from this rundown that we are directly interested in the job of locating plants. We also try to make known the importance of transportation decisions to businessmen who are, themselves, making locational decisions. Here, we think a great deal can be accomplished that has not been done. Even within the limited knowledge we now have, no one has put forth the city's or the region's programs in easy-to-read booklets designed with the intent of communicating governmental policy, as it is now known, directly to those who are making locational decisions.

Land density requirements on transportation are known fairly well by planners and have been used in all the recent major transportation studies. Nonetheless, there has been inadequate research about the variations within a region. Nor is there enough understanding of the relationship between the economics of promotional or speculative enterprise and the impact these may have on transportation. What are the economics of proximity? Those of us who keep watch over the struggle for survival of the core of the city, whether it be the Planning Commission in Philadelphia or Ray Vernon in New York, or others, believe that many firms do figure the value of proximity and choose to stay in the center of the city, although nearly everyone seems to be preaching the values of the suburbs. How do they figure these values? We know that concentration has value but we need to know lots more than we do now as to just what these values are to different kinds of business. John Rannells analyzed the linkages that make downtown concentrations beneficial in his book, "The Core of the City." This and other studies are known by the city planners and leading management consultants who serve big business in the area of locational decisions, but very little of this has filtered down to the smaller firms who comprise so large a proposition of the market for space. We need measures of the value of concentration which have been worked out on a rational basis, and which can be communicated widely, not only to the professionals, but particularly to the smaller business consultants and to the firms who are making locational decisions.

We ruled out of our discussions any consideration of personal desires. Frankly, several of us have such completely different values that we could never have had a meeting of the mind if we measured primarily what we ourselves thought. We focused, therefore, as objectively as possible on the underlying forces which affect such things as the mass shift of commercial and industrial establishments from downtown and from the central city to the "boondocks." In looking at the spreading of such activities into low-density areas we considered such factors as:

1. Public efficiency for use of tax dollars on a broad basis, including such things as welfare costs remaining if the trend of higher-income people and economic enterprise tends to move from the large central city to the far reaches of the suburbs, while the remaining poor and less flexible people are stuck in the central city in the gray areas which Raymond Vernon has written about so effectively.
2. Are there criteria which would indicate that we have an orderly shift of such functions? Are they understood?
3. The value of land and the cost of wasteful utilization should be considered.



Design of industrial plants in open land made accessible is much different from that in highly developed central cities.

4. Other resources of the metropolis should be evaluated and some understanding of the cost of sewers, electric public utilities, mass transportation, and the relation between these costs and rate structures should be measured. For example, in a large city, such as Philadelphia, with a flat transit fare, an every-moving-out of these functions will increase the trip length for many people and, in effect, shift much of the burden to the people who are better located and make shorter trips. Does this indicate the need for zone fares?

5. What costs will be shifted to industry through state taxation for welfare if there is no basis of providing employment for the less skilled who are flocking into the central city?

6. What are the effects of massive new commercial shopping centers in the suburbs on the use of old space, not only in the center core, but on the strip districts along arterial highways and transit lines within the older sections of the metropolis?

7. How do we evaluate the potential of ever more dense residential projects put together by able speculators with political approval which tend to relocate commercial activities and concentrate economic functions in broad shopping districts in the far reaches of the region compared to ones in the more dense area where land is valuable, where high density of families is provided through Federal housing and urban renewal supports, or through conventional mortgages, or through public housing funds? Are we going to have these more dense areas surrounded by blocks of decaying slums, or very low density uses, or automobile parking lots?

8. How do we evaluate the effect of new industrial plants using tremendous amounts of land per job, compared to the older, more concentrated industrial areas that can be served by transit?

Fortunately, several members of our panel were ready with pencils during this entire discussion, which was clearly concerned with the effects of commercial and industrial locational decisions on the entire structure. Rather early in the afternoon, a research project was put in draft form. It was discussed thoroughly, and the research proposal that was sent to the Special Committee of the Highway Research Board was agreed upon. The key problem was the growing need for a common set of criteria to be used in planning and designing urban transportation systems and in guiding decisions on the location of commerce and industry. Any substantial shift in location and intensity of industrial and commercial activities highlights a whole range of problems, not least of which is the decline of retail trade in downtown areas. Rivalries of city and suburb also are focused around this question. Indeed the effectiveness of each metropolitan area in competition with others may be determined by the way in which the economic activities are arranged, relative to transportation and to the total activity pattern of each metropolis. The promotional efforts made on behalf of cities and metropolitan regions are clear demonstrations of the importance of these rivalries in the future growth and development of our country.

We propose to measure and analyze costs and benefits of alternative intraregional transportation patterns and systems (made up of highways, express transit on exclusive rights of way, terminal and other types of transportation facilities) with a view to determining:

1. Their effects on the location and distribution of industrial and commercial establishments;
2. Their effects on new and existing industrial and commercial investments; and
3. The total effect on the economic base of the city or other political units.

The project should involve the study of perhaps ten selected metropolitan areas for which recent transportation data are available. Careful selection of these should permit drawing conclusions pertinent to virtually all types of metropolitan areas. The project should rely heavily on existing studies of economic factors affecting industrial and commercial location.

We did not attempt to cover the entire subject in our panel discussion but we did range rather widely, as the following questions will indicate:

1. Is the core of the metropolitan area worth saving?

We were a downtown group primarily and most of us like the excitement of the city. However, even if we should have to consider writing off some values in the core of the city, we felt that we should evaluate the importance of an orderly transfer of functions to other areas in the region and should determine how this would affect transportation, particularly in new modes which take so long for public decisions to be reached, funds to be found, and design and construction to be completed.

2. How much open space is desirable downtown?

To maintain a dense core with lots of one-level parking facilities is difficult. Perhaps the cars should be stacked up with commercial space at ground level to keep some continuity of store fronts.

3. How important is public transportation?

Even rapid transit is included in the Highway Research Board activities. Obviously, the effect of industrial decisions on mass transit needs must be evaluated. Certainly these needs must be more clearly understood than they are at present. We became so involved in discussing mass transit that one of our members even asked: "Is there something wrong with the automobile?" None of us feel there is anything wrong with it as a function. The problem the public official has is finding space in streets for their movement and for adequate storage and trying to find ways to service the other interests of all those who want to use the automobile. For example, must the city provide all day storage for automobiles owned in the suburbs?

4. What impact will shifts of mode have on the remaining part of the transportation system; and what impact will shift in location have on needs for providing new transportation facilities?

5. What modes of transportation systems are necessary and desirable to industry, to commerce, and to the governmental units serving the area in which they locate; are these decisions to be made in the framework of a regional transportation agency covering mass transit, automobile systems, both, or neither?

We questioned whether the kinds of shifts that are taking place in urban areas are made with knowledge of the transportation factors. We felt that generally they are not. At this point, we get closer to political science and governmental structure than to transportation per se. Nonetheless, if the facts can be determined, we believe that political scientists and government officials can find ways to make use of them throughout the metropolis.

Our research proposal, therefore, is aimed at developing a better understanding of all of these factors. We believe these investigations and data are needed for proper design of urban transportation systems. Several cities are already starting in this work and more will follow. A major benefit of our work will be the availability of more reliable data for use by decision-makers, both political and business. We can rely on the mayors, city managers and political scientists to determine how to distribute the data once we have found it.