

Frostbelt Diversity Since 1975

- In 1975: Cleveland, Detroit, NYC and Boston all were in trouble
 - Today the first two are still troubled; the second two look like big success
- Increasing tendency of successful, older or colder, cities to specialize in idea-oriented industries.
 - Centralization of high h.c. industries (Glaeser and Kahn, 2001)

Change Income 1980-2000

Fitted values

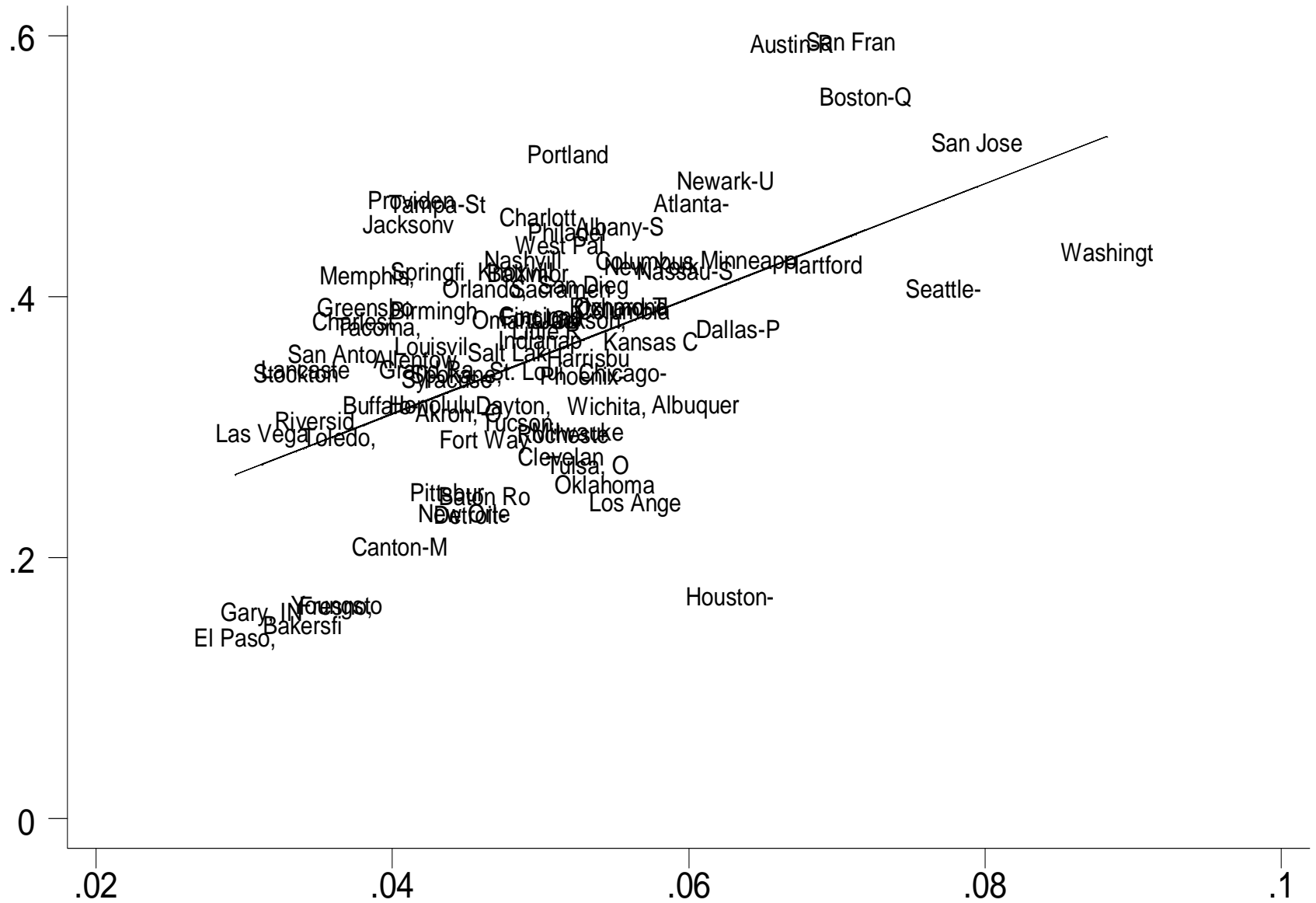
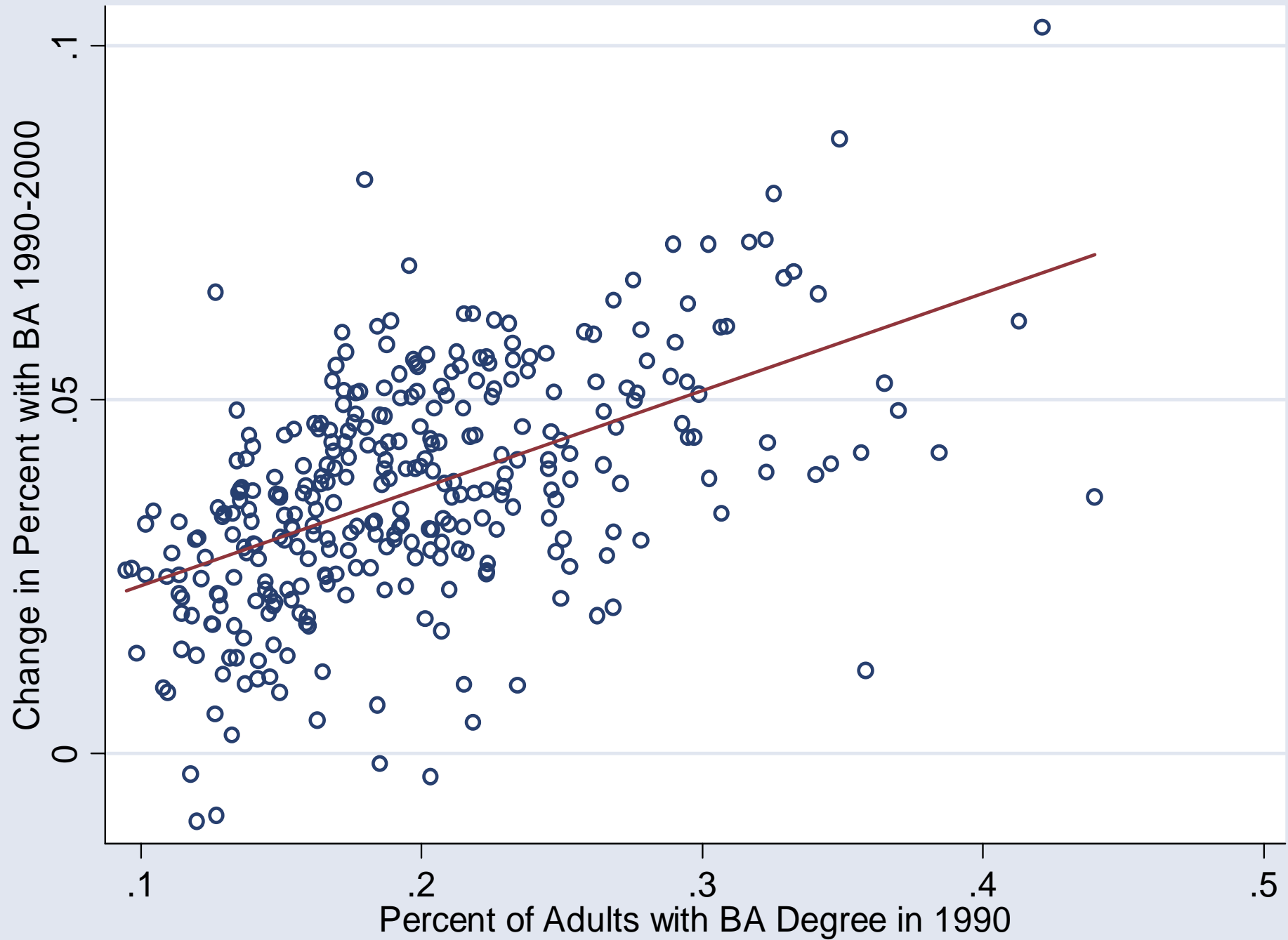


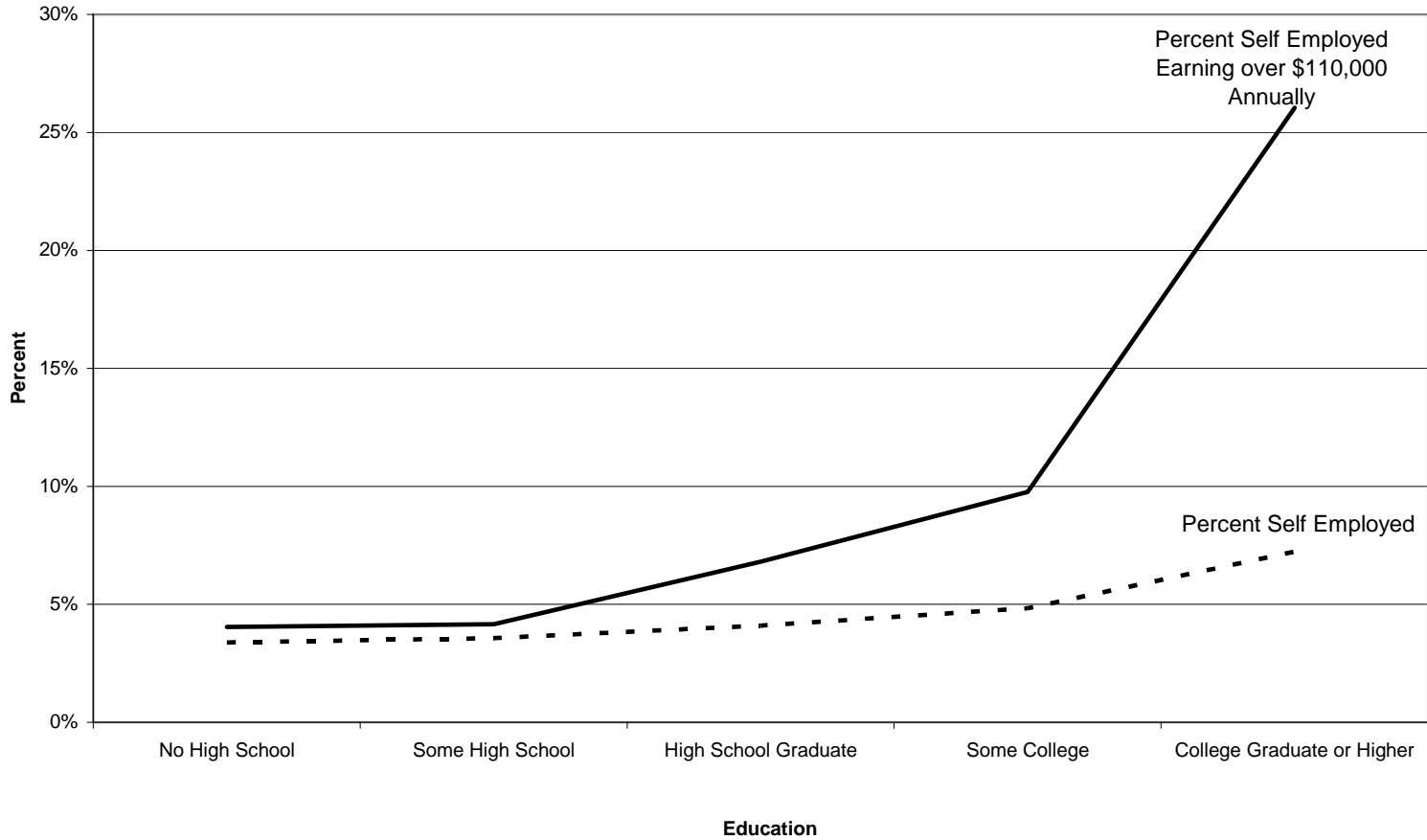
Figure 5



Innovation, Entrepreneurship and City Success

- Entrepreneurship lies behind this skills-success connection.
- Skilled people are more likely to become successful entrepreneurs.
- They are also more likely to hire other more skilled people.
- The turnaround of some older, colder cities owes much to entrepreneurship.

Figure 2 - Self Employment and Income by Education



Change in Income 1990-2000 ——— Fitted values

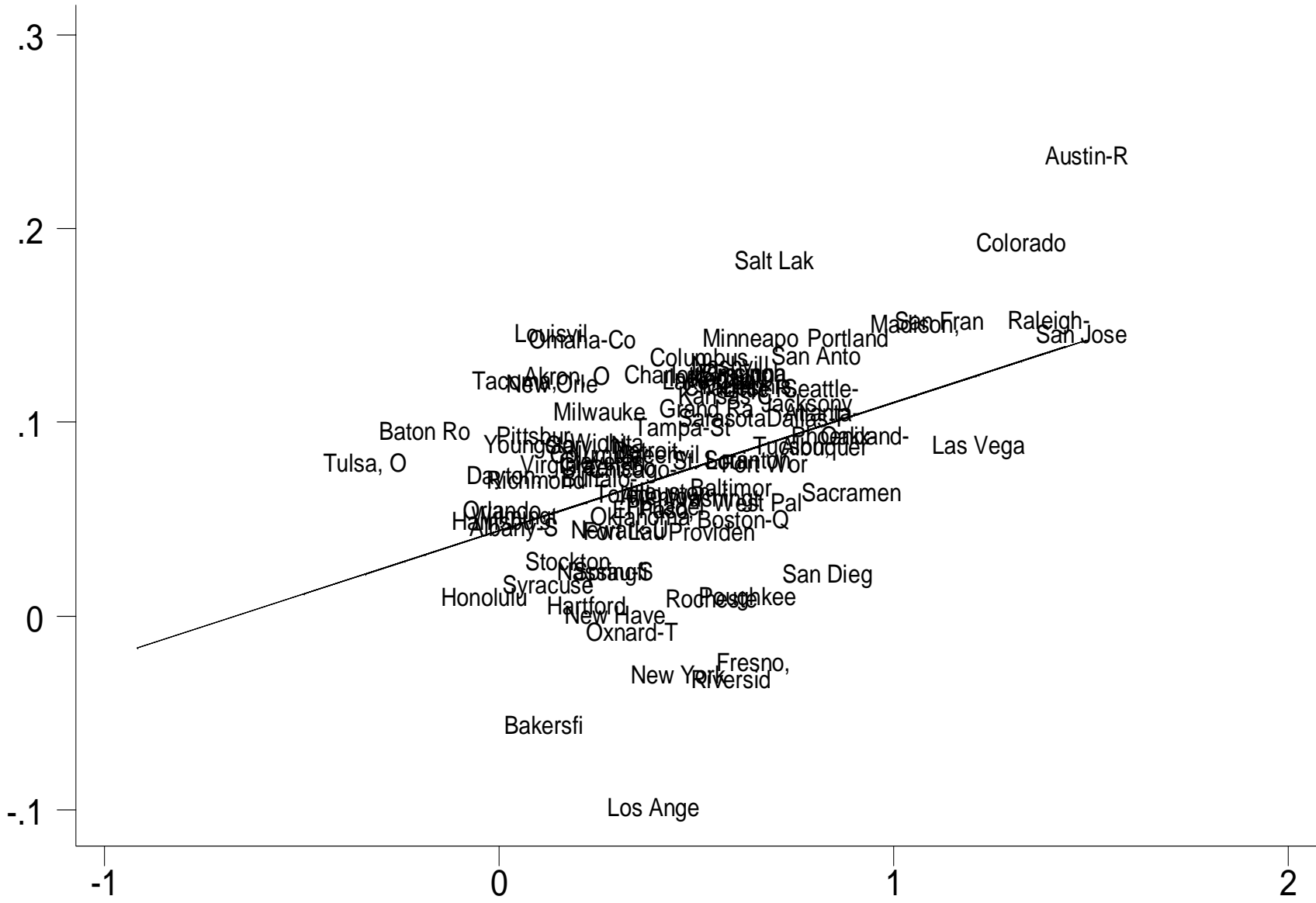
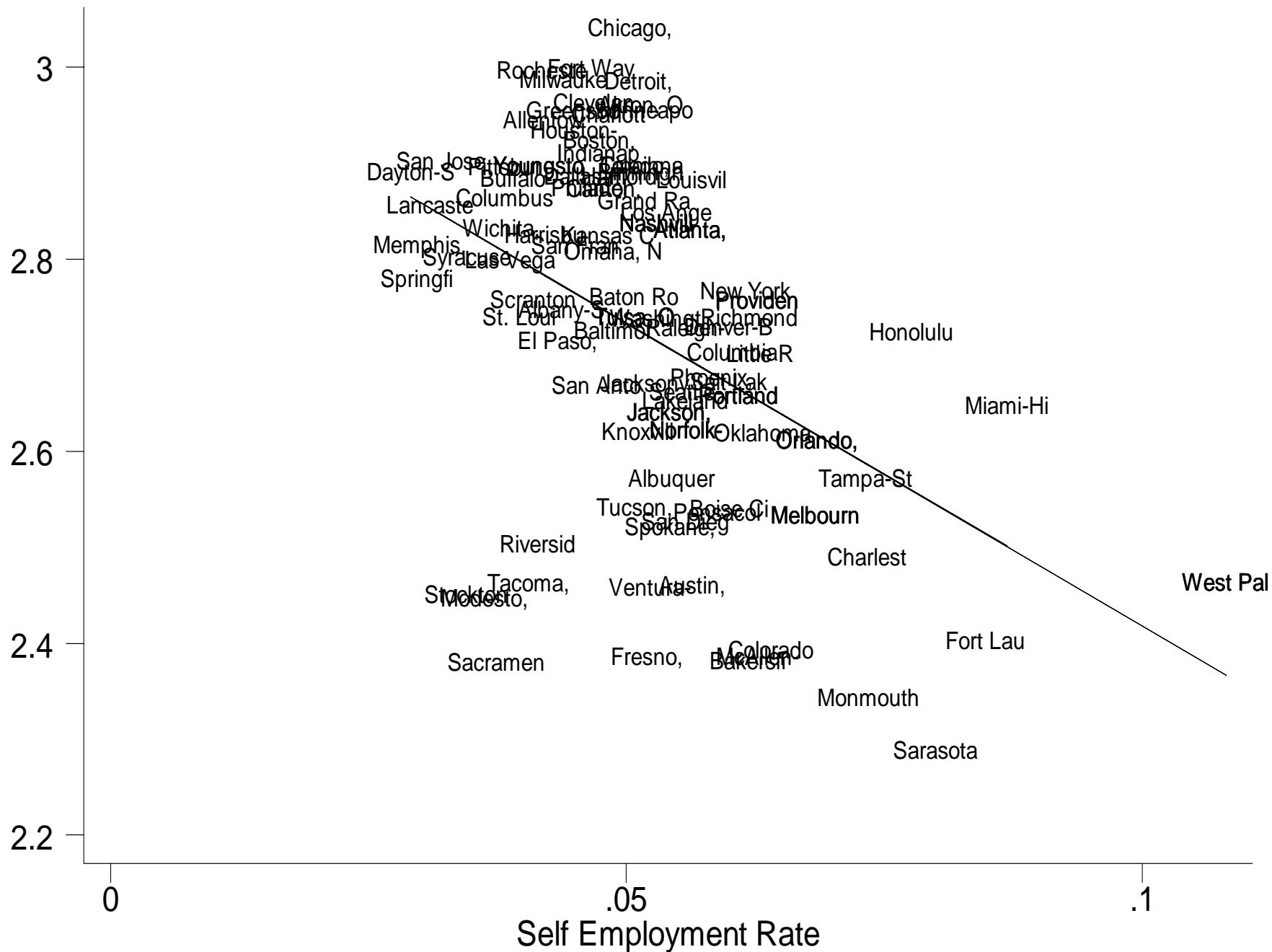
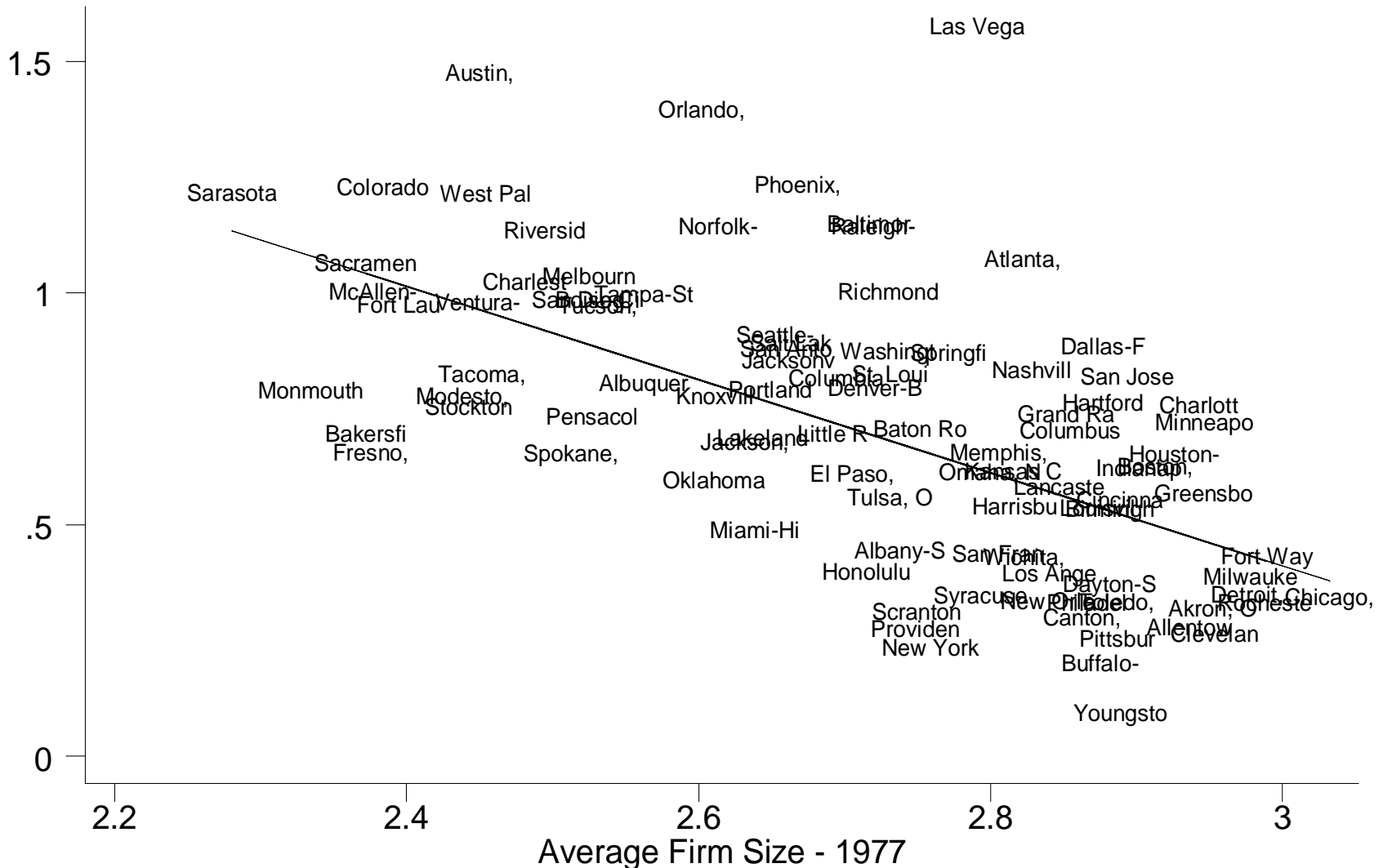


Figure 10

Log Avg Firm Size 1977



Employment Growth 1977-2000 — Fitted values



Employment Growth and Average Firm Size

Log Population Growth 1970-2000 — Fitted values

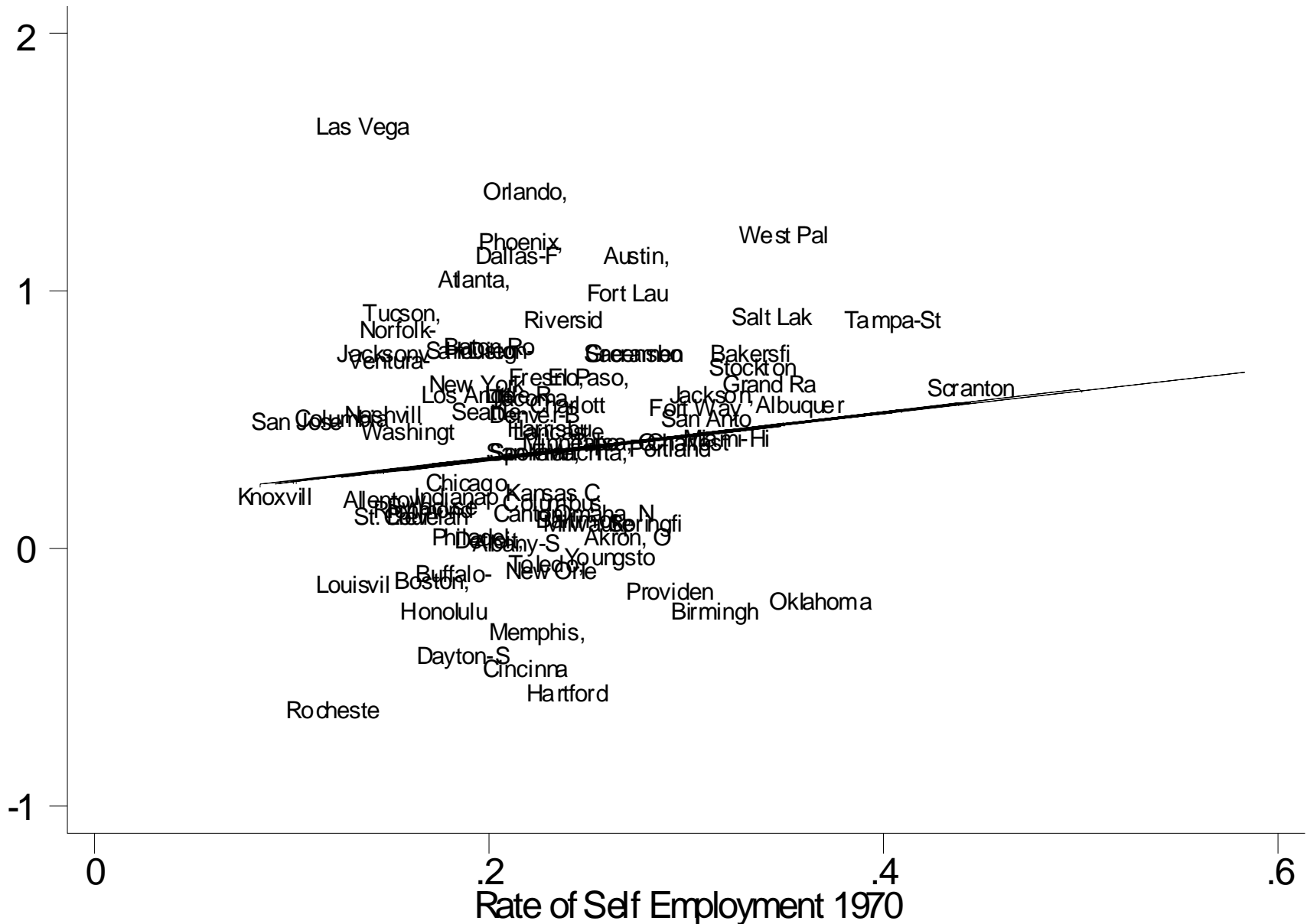


Figure 1: Pop Growth and Initial Self Employment Rate

Attracting and Facilitating Skilled Entrepreneurs

- The Inability to Predict Innovative Success
- Attracting and creating potential entrepreneurs.
 - Quality of life strategies (schools, crime)
 - Limiting taxes and redistribution
- Eliminating roadblocks to their innovation.
- Creating infrastructure for success
 - Legal and physical