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)
Skills and Growth in the Cold

coeff = .01169126, se = .00161765, t = 7.23
Figure 5

Change Income 1980-2000

Fitted values

1980 Share of Skilled Workers

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

Percent Self Employed

Percent Self Employed Earning over $110,000 Annually

Education

No High School  Some High School  High School Graduate  Some College  College Graduate or Higher
Employment Growth and Average Firm Size

Average Firm Size - 1977

Employment Growth 1977-2000
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