

Networks -- not size -- give cities competitive advantage

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A study by Michigan State University sociologist Zachary Neal suggests advances in technology have allowed smaller cities to compete with urban powers. Credit: Michigan State University

A city's size no longer is the key factor in building vibrant local economies, according to a study by a Michigan State University sociologist.

Zachary Neal found that although America's largest cities once had the most sophisticated economies, today that honor goes to cities with many connections to other places, regardless of their size. The study was published online Aug. 30 in the research journal [City and Community](#).

The rise of commercial aviation, high-speed rail, the Internet and other technological advances have allowed smaller cities to compete with urban powers such as New York and Chicago, Neal said. The study identifies Denver, Phoenix and even Bentonville, Ark. - Wal-Mart's corporate home - as some of the most well-connected and economically sophisticated communities.

"Fifty years ago, no one would have thought to put a multinational corporation in Bentonville, Ark., when it could be in New York or Chicago or Los Angeles," said Neal, assistant professor of sociology. "But changes in technology have started

to level the playing field in terms of what cities can do."

Neal examined the population and [air-traffic](#) data for 64 U.S. cities from 1900 to 2000. He found that a city's population was the most important factor for its economy until the 1950s, when the spread of commercial air travel fostered more cross-country business networks. That trend continued with advances such as teleconferencing and the growth of the Internet.

Some large cities - including New York, Los Angeles and Chicago - built on those networks and maintained their economic clout, according to the study. Other cities - like Detroit, Cleveland and Pittsburgh - were unable to effectively capitalize and now are considered "poorly connected." This holds true for the overall economies of the cities, but also for specific sectors such as manufacturing and transportation and communication, Neal said.

And then there are communities that have recently developed connections to become "wired towns," he said. These are smaller cities that were essentially insignificant 50 years ago but have emerged as major economic centers, according to the study.

Wired towns include the Raleigh/Durham area of North Carolina - which pooled its regional resources to focus on innovation and creativity - and Miami, which took advantage of its location to serve as the primary link between North, Central and South America.

Neal said the findings could help city planners and officials better formulate plans to stimulate their local economies by helping them know where to focus their efforts. "Just attracting more residents won't have much effect," he said. "But building relationships with other cities both near and far, for example through business partnerships or more nonstop flights, can go a long way."

In the next 50 years, Neal added, the most important factor in local economies may very well shift again - possibly to one based on the environmental sustainability of cities.

"The transition from a size-based hierarchy to one rooted in networks shows that this is a fluid structure," Neal said.

Provided by Michigan State University

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