Imagine that you could travel back in time to 1975, snatch a random New Yorker off the street, and set him loose in the city today. The New York he knew was a place in steep economic decline. People, jobs, and industry were fleeing to the suburbs. Grimy, dangerous, and violent, New York teetered on the brink of bankruptcy. What would that same New Yorker make of the city today?

He wouldn't have any trouble finding his way around. The Bronx would still be up, the Battery down, and Lady Liberty would continue to preside over the harbor. Most of the city's great landmarks—the Empire State and Chrysler buildings, Rockefeller and Lincoln Centers—would look much as they did in his heyday. The streets would still be clogged with traffic. He could take the same subways across Manhattan and out to the edges of Brooklyn, Queens, and the Bronx, the PATH train to New Jersey, and New Jersey Transit and Metro North into the outer suburbs.

But many other things would have dramatically changed. Sadly, the Twin Towers, brand new in his day, would be gone. The city's rebuilt financial district would be teeming not just with businesspeople but also with the sort of affluent families who would have made their homes in the suburbs back in his day. Nearby, on what was once a wasteland of rubble and sagging piers, a long, green park with a bike path would run along the Hudson River across the entire length of Manhattan. Times Square would still have its lights and flickering billboards, but where seedy theaters and sex shops once stood, he would find an urban version of Disneyland teeming with tourists, some of them relaxing in the rocking chairs placed there for their enjoyment. Where the squatting artists of SoHo and the hippies and punks of the West and East Villages once roamed, he would find upscale restaurants, cafés, and bars filled with well-off investment bankers, techies, tourists, and more than the occasional celebrity.

The once functioning meat-processing plants, industrial warehouses, and off-the-beaten-path gay leather bars of the Meatpacking District would be gone; instead, a linear park built atop the neighborhood's derelict elevated rail line would be crowded with people. Spanning its length would be shiny new condos and office towers, a brand-new Whitney Museum, boutique hotels, and upscale stores. The nearby Nabisco factory would be turned into a high-end food court, and the gargantuan old Port Authority building would be filled with techies working for Google, one of the many high-tech companies in the neighborhood. Crossing the East River or the Hudson, he would see the factories, run-down tenements, and row houses of Brooklyn, Hoboken, and
Jersey City transformed into neighborhoods where young professionals and families live, work, and play. He could walk the streets at night without worrying about crime.

But as polished and well-appointed as the city would appear on the surface, he would also feel the tensions simmering underneath. Living there would be far less affordable for a working person like him than it had been in 1975. Apartments that had sold for $50,000 in his day would now be fetching millions; others that he could have rented for $500 a month would now cost $5,000, $10,000, or more. He would see glistening towers rising along Fifty-Seventh Street's billionaires' row, many of them almost completely dark and lifeless at night. He would hear people complaining about increasing inequality, the rise of the “one percent,” and how the city had become increasingly unaffordable for the middle class.

Amid all the new money and the tourists, he would see vast stretches of persistent disadvantage, often cheek by jowl with the new bastions of wealth. He would find that the poverty and social problems, such as crime and drug use, that had plagued the city in his day had moved out to what used to be solidly middle-class suburbs. He might be surprised to learn that a Democrat had been returned to the mayor’s office in 2014, after two decades of rule by conservatives, one of them a multibillionaire who served for three full terms. He would be even more amazed to find that the new mayor—a former community activist from Brooklyn—won office in a campaign that railed against the transformation of New York City into two cities: one rich and one poor. How this happened, “the tale of two cities,” as the new mayor put it, would largely be the story of what he had missed in those forty years.

I have lived in and around cities and observed them closely my entire life, and I have been an academic urbanist for more than three decades. I have seen cities decline and die, and I have seen them come back to life. But none of that prepared me for what we face today. Just when it seemed that our cities were really turning a corner, when people and jobs were moving back to them, a host of new urban challenges—from rising inequality to increasingly unaffordable housing and more—started to come to the fore. Seemingly overnight, the much-hoped-for urban revival has turned into a new kind of urban crisis.

Although many commentators have identified and grappled with elements of this crisis, few appreciate how deep it runs and how systemic it has become. A gaping intellectual divide splits leading urban experts into two distinct camps: urban optimists and urban pessimists. Each camp describes important realities of urbanism today—and yet the one-sidedness of their perspectives has prevented us from grasping the full dimensions of the current urban crisis so we can figure our way out of it.

The urban optimists focus on the stunning revival of cities and the power of urbanization to improve the human condition. For these thinkers (myself among them, not too long ago), cities are richer, safer, cleaner, and health-
ier than they have ever been, and urbanization is an unalloyed source of betterment. The world, they say, would be a better place if nation-states had less power, and cities and their mayors had more.

In stark contrast, the urban pessimists see modern cities as being carved into gilded and virtually gated areas for conspicuous consumption by the super-rich with vast stretches of poverty and disadvantage for the masses nearby. Urban revitalization, in the pessimists’ view, is driven by rapacious capitalists who profit by rebuilding some neighborhoods and running others down. Global urbanization is being foisted on the world by an unrelenting neoliberal capitalist order, and its defining feature is not progress and economic development, but slums, along with an economic, humanitarian, and ecological crisis of staggering proportions. Gentrification and inequality are the direct outgrowths of the recolonization of the city by the affluent and the advantaged.

So, which is it: Are cities the great engines of innovation, the models of economic and social progress, that the optimists celebrate, or are they the zones of gaping inequality and class division that the pessimists decry? The reality is that they are both. Urbanism is every bit as powerful an economic force as the optimists say, and it is simultaneously as wrenching and divisive as the pessimists claim. Like capitalism itself, it is paradoxical and contradictory. Understanding today’s urban crisis requires taking both the urban pessimists and the urban optimists seriously. In my attempt to grapple with it, I have tried to draw from the best and most important contributions of each.

What exactly is the New Urban Crisis? For the past five years or so, I have focused my research and my intellectual energy on defining it. Working with my research team, I developed new data on the scope and sources of urban inequality, the extent of economic segregation, the key causes and dimensions of gentrification, the cities and neighborhoods where the global super-rich are settling, the challenges posed by the concentration of high-tech startups in the cities, and the alleged dampening of artistic and musical creativity as cities have grown more expensive. Marrying my own long-held interest in urban economic development with the insights of urban sociologists on the corrosive effects of concentrated poverty, I mapped the deep new divides that isolate the classes in separate neighborhoods and traced the growth of poverty and economic disadvantage in the suburbs. I delved deep into the many challenges that face the rapidly growing cities of the world’s emerging economies, where urbanization is failing to spur the same kind of economic growth and rising living standards that it did for the advanced nations.

The New Urban Crisis is different from the older urban crisis of the 1960s and 1970s. That previous crisis was defined by the economic abandonment of cities and their loss of economic function. Shaped by deindustrialization and white flight, its hallmark was a hollowing out of the city center, a phenomenon that urban theorists and policymakers labeled the hole-in-the-donut. As cities lost their core industries, they became sites of growing and persistent poverty: their housing decayed; crime and violence increased; and social prob-
lems, including drug abuse, teen pregnancy, and infant mortality, escalated. As urban economies eroded and tax revenues declined, cities became increasingly dependent on the federal government for financial support. Many of these problems remain with us to this day.

But the New Urban Crisis stretches even further and is more all-encompassing than its predecessor. Although two of its core features—mounting inequality and rising housing prices—are most often discussed in relation to rising and reviving urban centers such as New York, London, and San Francisco, the crisis also hits hard at the declining cities of the Rustbelt and in sprawling Sunbelt cities with unsustainable economies driven by energy, tourism, and real estate. Other core features—economic and racial segregation, spatial inequality, entrenched poverty—are becoming as common in the suburbs as they are in the cities. Seen in this light, the New Urban Crisis is also a crisis of the suburbs, of urbanization itself, and of contemporary capitalism writ large.

As I have come to understand it, this New Urban Crisis encompasses five key dimensions. The first is the deep and growing economic gap between a small number of superstar cities, such as New York, London, Hong Kong, Los Angeles, and Paris, along with leading technology and knowledge hubs, such as the San Francisco Bay Area, Washington, DC, Boston, Seattle, and other cities across the world. These superstar places have wildly disproportionate shares of the world’s leading high-value industries, high-tech innovation and startups, and top talent. To take but one example: just six metro areas—
a functional urban economy when teachers, nurses, hospital workers, police officers, firefighters, and restaurant and service workers can no longer afford to live within reasonable commuting distance to their workplaces.

The third, much broader, and in many ways more problematic dimension of the New Urban Crisis is the growing inequality, segregation, and sorting that is taking place within virtually every city and metro area, winners and losers alike. If the hole-in-the donut epitomized the urban crisis of the 1960s and 1970s, the New Urban Crisis is marked by the disappearing middle—the fading of the once large middle class and of its once stable neighborhoods, which were the physical embodiment of the American Dream. From 1970 to 2012, the share of American families living in middle-class neighborhoods declined from 65 to 40 percent, while the share living in either poor or affluent neighborhoods grew substantially. Over the past decade and a half, nine in ten US metropolitan areas have seen their middle classes shrink. As the middle has been hollowed out, neighborhoods across America are dividing into large areas of concentrated disadvantage and much smaller areas of concentrated affluence. In place of the old class divide of poor cities versus rich suburbs a new pattern has emerged—a Patchwork Metropolis in which small areas of privilege and large swaths of distress and poverty crisscross city and suburb alike.

The fourth dimension of the New Urban Crisis is the burgeoning crisis of the suburbs, where poverty, insecurity, and crime are mounting, and economic and racial segregation are growing deeper. Forget those Brady Bunch images of middle-class suburban life: today, there are more poor people in the suburbs than there are in cities—17 million versus 13.5 million. And the ranks of the suburban poor are growing much faster than they are in cities, by a staggering 66 percent between 2000 and 2013, compared to 29 percent in urban areas. Some of this suburban poverty is being imported from the cities as displaced families seek more affordable places to live. But much of it is also homegrown: more and more people who were once members of the middle class have fallen out of it, as a result of either job loss or rising housing prices. Suburbia has long been home to the wealthiest communities in America, but now its inequalities increasingly rival those of cities.

The fifth and final dimension of the New Urban Crisis is the crisis of urbanization in the developing world. The urban optimists believe that urbanization will ultimately bring economic growth, rising living standards, and a growing middle class to these places, just like it did for the United States, Europe, Japan, and more recently, China. Cities, after all, have historically driven the development of national economies. But this connection between urbanization and a rising standard of living has broken down in many of the most rapidly urbanizing areas of the world. We are seeing the rise of a troubling phenomenon of urbanization without growth, in which people pour into rapidly urbanizing areas of the developing world, but see little or no improvement in their living standards. More than 800 million people—two and a half times the entire population
of the United States—live in destitute poverty and substandard conditions in slums, barrios, and favelas, and their numbers will continue to grow as the world’s urban population surges.9

Although the New Urban Crisis has multiple manifestations, it is shaped by the fundamental contradiction brought on by urban clustering. This clustering force is Janus-faced; along with its positive attributes, it has significant negative ones, too. On the one hand, the clustering of industry, economic activity, and talented and ambitious people in cities is now the basic engine of innovation and economic growth. It is no longer natural resources or even large corporations that drive economic progress, but the ability of cities to cluster and concentrate talented people, enabling them to combine and recombine their ideas and efforts, which massively increases our innovation and productivity. Out of that ferment come the new inventions and entrepreneurial enterprises that power prosperity. The extent to which economic activity has become concentrated in the world’s cities and metropolitan areas is staggering. The fifty largest metros across the globe house just 7 percent of the world’s total population but generate 40 percent of global economic activity. Just forty mega-regions—constellations of cities and metros like the Boston–New York–Washington corridor—account for roughly two-thirds of the world’s economic output and more than 85 percent of its innovation, while housing just 18 percent of its population. The amount of economic activity packed into small urban spaces within the leading cities is even more astonishing. Just one small sliver of downtown San Francisco, for instance, attracts billions of dollars in venture capital annually, more than any nation on the planet save for the United States.10 This is why I believe it is more useful to refer to contemporary capitalism as urbanized knowledge capitalism as opposed to knowledge-based capitalism.

On the other hand, even as urban clustering drives growth, it also carves deep divides into our cities and our society. Not everything can cluster in the same limited space; some things ultimately crowd others out. This is the essence of the urban land nexus—a product of the extreme clustering of economic activity in very limited parts of a very limited number of cities and the increasingly fierce competition over them.11 As with most things in life, the winners in the competition for urban space are those with the most money to spend. As the affluent and advantaged return to cities, they colonize the best locations. Everyone else is then crammed into the remaining disadvantaged areas of the city or pushed farther out into the suburbs. This competition in turn shapes a related economic paradox: the paradox of land. There are seemingly endless amounts of land across the world, but not nearly enough of it where it is needed most.

In this new age of urbanized knowledge capitalism, place and class combine to reinforce and reproduce socioeconomic advantage. Those at the top locate in communities that afford them privileged access to the best schools, the best services, and the best economic opportunities, while the rest get the leftover neighborhoods, which have inferior versions of all of those things and hence offer
less of a chance for moving up in life. The well-off, living in a relatively small number of advantaged cities, and an even smaller number of advantaged neighborhoods within them, capture a disproportionate share of the economic gains for themselves and their offspring.

Sadly, these divides will only deepen and harden in the age of Trump. For all of his populist rhetoric about fighting for forgotten blue-collar workers and rebuilding the middle class, his administration and the Republican congressional majority are unlikely to address the deep structural forces that created them, and even less likely to help the people and places that are being left behind.

As vexing and worrisome as this New Urban Crisis is, I believe it is possible for us to find our way out of it in time. Even as my urban optimism has been tempered, I have not lost my faith in urbanism. The word crisis, after all, has two meanings. It can describe a time of extreme stress and danger when a whole array of threats are lined up against us; but it also refers to a critical inflection point, a time when, depending on the choices we make, things can still tip one way or the other.

This brings me to the most important point of this book: if the crisis we face is urban, so is its solution. For all of the challenges and tensions they generate, cities are still the most powerful economic engines the world has ever seen. The way out of the New Urban Crisis is more, not less, urbanism.

Getting there will require a new framework and strategy for a fuller and fairer urbanism. In the 1950s and 1960s, America’s economy grew largely as a result of strategic investments in the system of highways and housing that undergirded the rise of suburbia. The rapid expansion of the suburbs, in turn, helped to generate demand for the cars, televisions, washers and dryers, and other durable goods that were produced in the factories that employed millions of American workers. But our sprawling suburbs are increasingly at odds with the clustering that now powers innovation and economic growth. Today, we need a new, improved, and more inclusive model of urbanism that I call urbanism for all.

For much of the time I was writing this book, I was optimistic that a new Democratic administration, backed and supported by big-city mayors, would undertake the sustained national investment that a more inclusive urbanism requires. Sadly, that will not happen now. As I was putting the finishing touches on the book, I was brought up against our sobering new reality. The stunning victory of Trump and the Republicans means that over at least the next four years we will have scant federal investment in our cities and little if any investment in affordable housing. While the Trump administration has pledged to spend more on infrastructure, its priorities will likely be roads and bridges as opposed to transit. Some combination of local government, nonprofit organizations, and philanthropic foundations will have to try to fill in the gaps that result from Republican inaction and the deep cuts that are likely to be made in America’s already fraying social safety net, which will hit hard at disadvantaged people and neighborhoods. Now more than ever, mayors and local officials will have to take the lead on transit, affordable
growth in the developing world. Finally, Chapter 10 charts the path forward, highlighting what our cities, our nation, and the world must do to overcome the deepening divides of winner-take-all urbanism and inaugurate a new era of urbanism for all.