

Emergence of New Economic Specialisations

PITTSBURGH,
USA

Pittsburgh, home to 2.6 million inhabitants in its metropolitan area, is the quintessential former industrial city of the North-American 'Rust Belt'. Following many years of economic decline, a decreasing population and urban decay, the city has undergone a major revitalisation process. Although steel-related activities remain significant, the city has been nurturing new economic specialisations grounded on advanced engineering and medical technologies.

Project overview

In the past, Pittsburgh was a corporate headquarters centre for entities such as Gulf Oil, Westinghouse and Alcoa but most of these organisations left the city in the deindustrialisation period that followed the oil price hikes of the 1970s. Faced with labour unrest and increased imports of steel damaging the core of the Pittsburgh economy, decision makers in the city abandoned this past strength and focused on two relatively new sectors – computer science at Carnegie-Mellon University and medical technology and care at the University of Pittsburgh. A number of research projects emanating from both institutions set off a cycle of innovation, investment and expansion that has lasted over 30 years. Consequently, this refocusing of the economy has turned out to be a far sighted and successful vision. Moreover, an important initiative has been the development of retail and urban amenities in several local districts, designed to attract young and skilled workers. Finally, the city has undertaken a long process of moving from the environmental degradation of the steel years to creating a cleaner city, including a recent greening initiative.

Results and impact

Pittsburgh is a successful example of a city driving resurgence by breaking with the past to create a new economy. Despite its industrial legacy – which has been linked with difficulties in attracting and retaining knowledge workers

– the city has managed to diversify its economy. Many university projects have been successful in contributing to the establishment of new waves of investment, including start-ups and spin-offs in the fields of robotics, computer science, information security and artificial intelligence. Similar advancements have been made in medical care and its associated technologies. A clear demonstration of the wider reaching impact of the city's new economic focus, Pittsburgh has shifted from 'Big Steel' to so-called 'Eds and Meds' (i.e. higher education and medical services), which are now estimated to account for a very large percentage of the region's high paying jobs. The cultural appeal of the city has also been steadily improving, seen with the establishment of a Cultural District based on Heinz Hall (home of the Pittsburgh symphony) and a number of theatres, galleries and restaurants. Although progress here has been impressive, access continues to be a challenge for city officials.

Enablers

Key to the city's economic strategy that has been implemented over the past four decades has been the high technology specialisation of the two principal universities, as noted above: Carnegie-Mellon is a world class center of computer science, whilst the University of Pittsburgh is a leader in health care and medical technology. Support from other public and private sector actors has been a key enabler, but the direction and energy of the city's two universities cannot be underestimated in turning around Pittsburgh's declining economy. Also enabling the city's successful resurgence has been a coherent and cohesive civic partnership lasting over at least the last century. Furthermore, having been the site of some of the principle actors in 19th century industrial development in the US, Pittsburgh is well endowed with art and history museums, galleries, universities and architecture that followed from their accumulation of wealth and their pride in the city. Currently the institutions that they established (the Heinz Endowments, and, among others, the Richard King Mellon, McCune, Hillman Buhl and Pittsburgh foundations) are migrating from narrow cultural support to initiatives that promote economic and community development, education and workforce development.

