

URBANISATION AND ENTREPRENEURSHIP IN THE US AND CARIBBEAN – THE IMPACT ON DETROIT AND LAVENTILLE

Ralph Henry and Keron Victor

Outline

2

- Introduction
- A comparative urbanisation experience – a brief historical review
- The Detroit experience – the rise and fall of an industrial town
- The Laventille/ East Port of Spain experience - a case of opportunistic entrepreneurship
- The way forward

Introduction

3

- Urbanisation phenomenon across the world, (developed and developing countries), rapid rural urban migration in late 20th century as against earlier trend of 19th and early 20th century
- Urban settings – commerce and industry
- United States experience
- Caribbean Experience

Urbanisation experience

4

- Cities and Entrepreneurship
- Movement to the North (USA)
- Walker in the US
- Attraction of the ports (the Caribbean)
- Boyd, Ryan and McCree in T&T

The Detroit Experience

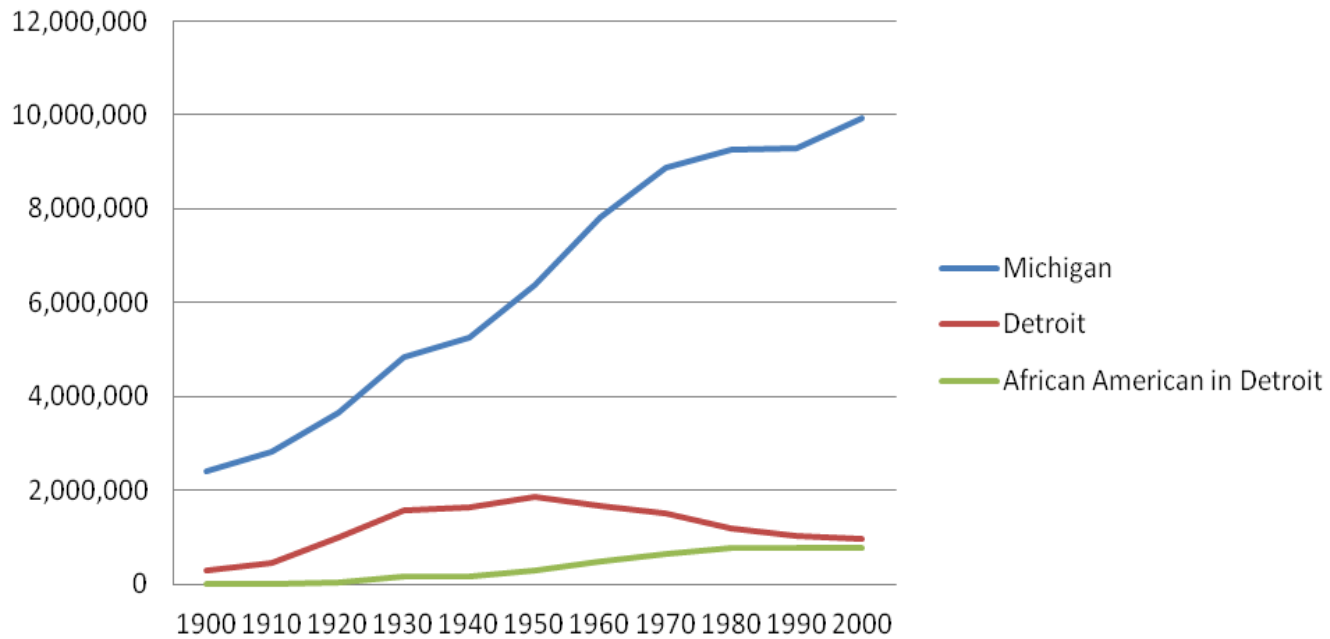
5

- The economy grew up around its automotive entrepreneurs
- Automotive industry – seems to have had an automotive genius on every street corner (Ford, Buick, Dodge Brothers, Fisher brothers, Leland)
- Great invention which made Detroit productive for many years, but also the source of the city's decline, when it became uncompetitive vis-à-vis Japanese model

| Year | Population | | | |
|------|------------|-----------|----------------------------|-------------------------|
| | Michigan | Detroit | African American (Detroit) | % of African - American |
| 1900 | 2,420,982 | 285,704 | 4,111 | 1.4 |
| 1910 | 2,810,173 | 465,766 | 5,741 | 1.2 |
| 1920 | 3,668,412 | 993,678 | 40,838 | 4.1 |
| 1930 | 4,842,325 | 1,568,662 | 149,119 | 9.1 |
| 1940 | 5,256,106 | 1,623,452 | 149,000 | 9.2 |
| 1950 | 6,371,766 | 1,849,568 | 300,506 | 16.1 |
| 1960 | 7,823,194 | 1,670,144 | 482,229 | 28.8 |
| 1970 | 8,881,826 | 1,514,063 | 660,428 | 44.5 |
| 1980 | 9,262,044 | 1,203,339 | 758,939 | 63.0 |
| 1990 | 9,295,287 | 1,027,974 | 777,916 | 76.0 |
| 2000 | 9,938,444 | 951,270 | 776,236 | 81.6 |

?

Total Population and the proportion of African Americans



Educational Attainment by Race 1970 - 2010

| High school graduate or more | | | | | |
|------------------------------|-------|-------|-------|-------|----------|
| Year | Total | White | Black | Asian | Hispanic |
| 1970 | 52.3 | 54.5 | 31.4 | 62.2 | 32.1 |
| 1980 | 66.5 | 68.8 | 51.2 | 74.8 | 44 |
| 1990 | 77.6 | 79.1 | 66.2 | 8.4 | 50.8 |
| 2000 | 84.1 | 84.9 | 78.5 | 85.7 | 57 |
| 2010 | 87.1 | 87.6 | 84.2 | 88.9 | 62.9 |
| College graduate or more | | | | | |
| Year | Total | White | Black | Asian | Hispanic |
| 1970 | 10.7 | 11.3 | 4.4 | 20.4 | 4.5 |
| 1980 | 16.2 | 17.1 | 8.4 | 32.9 | 7.6 |
| 1990 | 21.3 | 22 | 11.3 | 39.9 | 9.2 |
| 2000 | 25.6 | 26.1 | 16.5 | 43.9 | 10.6 |
| 2010 | 29.9 | 30.3 | 19.8 | 52.4 | 13.9 |

Crimes in selected American Cities (2010)

| Cities | Total Population | Percentage of population (Black) | Violent Crimes | |
|-----------------|------------------|----------------------------------|----------------|---------|
| | | | Total Crimes | Murders |
| Detroit, MI | 713,777 | 82.7 | 1992 | 40 |
| Memphis, Tn | 646,889 | 63.3 | 1809 | 19.8 |
| Baltimore, MD | 620,961 | 63.7 | 1513 | 37.3 |
| New Orleans, LA | 343,829 | 60.2 | 777 | 51.7 |

National Poverty Levels (United States of America)

| Year | Population | | | | Children | | | |
|------|------------|-------|-------|----------|----------|-------|-------|----------|
| | White | Black | Asian | Hispanic | White | Black | Asian | Hispanic |
| 1980 | 10.2 | 32.5 | - | 25.7 | 13.4 | 42.1 | - | 33 |
| 1985 | 11.4 | 31.3 | - | 29 | 15.6 | 43.1 | - | 39.6 |
| 1990 | 10.7 | 31.9 | 12.2 | 28.1 | 15.1 | 44.2 | 17 | 37.7 |
| 1995 | 11.2 | 29.3 | 14.6 | 30.3 | 15.5 | 41.5 | 18.6 | 39.3 |
| 2000 | 9.5 | 22.5 | 9.9 | 21.5 | 12.4 | 30.9 | 12.5 | 27.6 |
| 2005 | 10.6 | 25.9 | 11.1 | 21.8 | 13.9 | 34.2 | 11 | 27.7 |
| 2009 | 12.3 | 25.8 | 12.5 | 25.3 | 17 | 35.3 | 13.6 | 32.5 |

Percentage of population below Poverty level.

| Cities | Number of Individuals | Rate |
|--------------------|------------------------------|-------------|
| Detroit | 326,764 | 36.4 |
| Memphis | 173,343 | 26.2 |
| Baltimore | 129,796 | 21 |
| New Orleans | 82,469 | 23.8 |

| Year | Number of Black owned firms | | |
|------|-----------------------------|----------|--------------------------------|
| | Detroit | Michigan | Percent of Detroit firms in MI |
| 1992 | 9,275 | 19,695 | 47.1% |
| 1997 | 11,282 | 24,954 | 45.2% |
| 2002 | 19,530 | 44,366 | 44.0% |
| 2007 | 32,490 | 50,588 | 64.2% |

The Detroit Experience cont' d

13

Decline of Detroit

- decline of a major industry
- decline in revenue base
- departure of high impact businesses and high value taxpayers
- disputes over dwindling resources
- commitments/obligations to pensioners and other contracts
- Population trapped in downward spiral

The Laventille Experience in Late 20th Century

14

- Brief history of Laventille?
- Demographics and data of Laventille/EPOS (which describe the environment)
- A case of opportunistic entrepreneurship (two sides of the same coin)
- Entrepreneurship – legitimate sector and the illegal sector

| Community | Total Population | African Population | African Population (%) | Mixed Population |
|------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
| Beetham | 3025 | 2302 | 76% | 343 |
| Belmont | 7972 | 4521 | 57% | 651 |
| EPOS | 8018 | 5607 | 70% | 861 |
| Eastern Quarry | 4437 | 3653 | 82% | 316 |
| Gonzales | 1663 | 1071 | 64% | 214 |
| Laventille | 9976 | 7419 | 74% | 1004 |
| Morvant | 15493 | 11140 | 72% | 1224 |
| Picton | 2553 | 2045 | 80% | 127 |
| POS (proper) | 2443 | 1271 | 52% | 252 |
| Sea Lots | 1106 | 865 | 78% | 127 |
| St. Barbs | 4484 | 3692 | 82% | 464 |
| Upper Belmont | 3312 | 2234 | 67% | 341 |
| Total | 64482 | 45820 | 71% | 5924 |

Table (2010) - Highest exams passed

| AREA AVG | None | School Leavin g Certific ate | CXC Basic | GCE 'O'/CXC Gen/SC | GCE 'A'/CAP E/HSC | Diplom a/or Equiva lent Certific ate | Associa te Degree/ Higher Diploma | BSc Degree | MSc Degree | Post Gradu ate Diplo ma/Pr ofessi onal Qualifi cation | PhD |
|----------------------|---------------|--|--------------|--------------------------|-------------------------|---|---|---------------|---------------|---|--------------|
| EPOS | 50.07% | 4.11% | 2.49% | 17.19% | 0.99% | 3.94% | 1.06% | 1.28% | 0.36% | 0.17% | 0.02% |
| Nati onal | 47.13% | 3.40% | 1.69% | 18% | 1.91% | 5.67% | 1.75% | 3.03% | 0.93% | 0.50% | 0.15% |

Employment by type in the East Post of Spain communities (collective)

| Details | Private establishment (PE) | Central or Local Government (C/LG) | Self-employed no paid employees (SNPH) | Government Contract work (GCW) | State Owned Enterprise (SOE) | Self-employed with paid employees (SPH) |
|-------------------|-----------------------------------|---|---|---------------------------------------|-------------------------------------|--|
| Employed | 12506 | 3935 | 3709 | 1769 | 1133 | 711 |
| % of Total | 42.46% | 13.36% | 12.59% | 6.01% | 3.85% | 2.41% |

A case of Opportunistic Entrepreneurship

18

- The data describe the environment;
 - Low education
 - Unemployment

- The environment's impact;
 - Low legitimate entrepreneurship class
 - High illegal entrepreneurship class

Entrepreneurial supply function

19

Urban economists offer several hypotheses about why entrepreneurships differ across space.

1. Differential returns to entrepreneurship
2. Differential availability of inputs to entrepreneurship, including human capital
3. Differentials in supply of ideas
4. Differentials in the local culture, political systems, or endowments

Entrepreneurial supply function and EPOS

20

| Factor | Details | |
|---|--|---|
| | Legitimate Sector | Illegal Sector |
| 1. Differential returns to entrepreneurship | absence of financial motivation | presence of financial motivation |
| 2. Differential availability of inputs to entrepreneurship, including human capital | difficult to obtain venture capital | capital goods accessible |
| 3. Differential in supply of ideas | problem with transfer of knowledge/ agglomeration | presence of knowledge transfer |
| 4. Differential in the local culture, political systems, or endowments | issue of crime, gov't policies, short term planning (impact of election cycle) | advantages of local endowment, gov't funding? |

The EPOS Experience

21

Decline of EPOS

- Decline of major industry (Port)
- Human Costs of Crime and Violence
- Entrepreneurship directed possibly at underground activity
- In case of Laventille, “undergrounding” of formal sector activity

Similarities?

22

- Detroit and EPOS
 - Collapse of industry
 - Neglect of human capital
 - Impact of Entrepreneurship
 - Conflict in expenditure type

Way forward and Prospects

23

- Gentrification or re-gentrification through human capital development
- Crime reduction through social interventions and drug interdiction
- Competitiveness for tradable and non-tradable sectors
- Training and education for knowledge industries of 21st century – new formal and non-formal training and education for masses, and creation of life long learning orientation
- Beneficiation of urban physical assets
- Entrepreneurship training
- Networking and Diversity

Impact of Human Capital

24

- Models to take note of:
 - Boston
 - New York
 - Pittsburgh