10973-00_FM.qxd 2/6/08 3:40 PM Page i

RETOOLING FOR GROWTH

RETOOLING FOR GROWTH

Building a 21st Century Economy in America's Older Industrial Areas

Richard M. McGahey
Jennifer S. Vey
editors

Published in association with The American Assembly Columbia University

BROOKINGS INSTITUTION PRESS
Washington, D.C.

Library of Congress Cataloging-in-Publication data
Retooling for growth : building a 21st century economy in America's older industrial areas / Richard M. McGahey and Jennifer S. Vey, editors.
p. cm.
"Published in association with The American Assembly, Columbia University."
Summary: "Offers achievable strategies for revitalizing industrial areas and building upon the potential of overlooked resources of economic, physical, and cultural significance. Addresses such challenges as fostering entrepreneurship, reducing poverty and inequality, and augmenting the number of skilled professionals. Provides analysis of healthy economic development practices for public and private sectors"—Provided by publisher.
Includes bibliographical references and index.
ISBN 978-0-8157-5556-2 (cloth : alk. paper) 1. Industrial policy—United States. 2. Entrepreneurship—United States. 3. United States—Economic conditions—2001—Regional disparities. I. McGahey, Richard. II. Vey, Jennifer S.

HD3616.U47R47 2008
338.973—dc22 2007051331

9 8 7 6 5 4 3 2 1

The paper used in this publication meets minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials: ANSI Z39.48-1992.

Typeset in Adobe Garamond

Composition by Circle Graphics, Inc.

Printed by R. R. Donnelley
Harrisonburg, Virginia.

4

Been Down So Long: Weak-Market Cities and Regional Equity

Manuel Pastor and Chris Benner

Traditional economic theory and standard economic development practice have tended to pose a contradiction or trade-off between efficiency and equity: what is good for one may be bad for another. The trade-off would seem to be particularly acute for cities and regions with weak economies: surely they cannot afford to pay excessive attention to issues of fairness and inclusion lest this take the eyes off the central prize of restoring competitiveness and promoting growth.

In this chapter we argue the opposite. We stress that pursuing equity is not at odds with a concerted effort to strengthen economically distressed cities; indeed, pursing inclusion, fairness, and broadened opportunity might actually be critical for urban and regional revival. To make this point, we start by exploring statistical research that looks at the relationship between key equity and growth variables in all metropolitan regions in the United States. We then develop our own model and examine how this relationship differs in regions with economically distressed central cities compared with all other regions. We find that high inequality, measured in a variety of different ways, has a negative impact on growth and that these impacts are in fact stronger in regions with what many in the literature call "weak-market" central cities.

This may not be entirely surprising for some who have been thinking about programs for struggling cities: the agenda the Brookings Institution has promoted for restoring vitality in weak-market cities, for example, combines the usual admonitions to find a competitive niche, ensure government efficiency, and redo infrastructure with calls for growing the middle class, primarily by helping the poor and near-poor, and becoming more effective at community development in lower-income neighborhoods.[1] Yet just because it seems like a good idea to promote growth and equity together does not necessarily mean that such programs will be implemented. To put such efforts into practice requires political will and strength, and putting together the necessary pro-growth and pro-equity coalition at an urban or regional level is not easy. Standing in the way is a long list of challenges, such as entrenched self-interests, historical animosities and racial tensions, unshakable political ideologies, fragmented local government structures, and eviscerated tax bases.

What are the political conditions and dynamics that can help overcome these daunting challenges in older industrial cities? To help answer that question, in this chapter we also look at the politics of growth and equity constituencies in three prototypical regions with older industrial cities: Pittsburgh, Detroit, and Milwaukee. We suggest that each has faced the challenge in a different way: Pittsburgh has been characterized by a paternalist approach, Detroit by high levels of antagonism, and Milwaukee by a certain degree of accommodation. The results, both politically and economically, have been equally mixed.

In all three regions, however, we see signs that the combination of good ideas and political will concerning the linking of equity and growth is coming together, a trend we see happening in other regions around the country as well.[2] This seems to be happening most frequently within broader metropolitan regions, rather than within individual cities. The jump to a regional scale seems to be opening up space for new and sometimes surprising political alliances, along with some increased willingness to experiment with new development initiatives that address the failings in our sprawling, fragmented, and unequal urban areas. Broadly speaking, the elements of successful strategies include a combination of robust economic growth, training for labor-market mobility, and community standards regarding wages and development. Putting all the pieces in place is hard but necessary—and an increasing number of business and community leaders are beginning to understand their complementarity.

Framing the Work

Why worry about helping economically distressed cities at all? The question is not altogether moot: David Rusk notes that when he made a visit to East St. Louis, Illinois's first African American county assessor, a native of the area, suggested that the best fix for his city's problems might be to evacuate the city completely and see whether market forces would bring it back in thirty or forty years.[3] Less extremely, one could imagine providing residents with vouchers to depart while empty lots were consolidated and converted to greenspace and urban agriculture.[4] In this view, the decline of America's older industrial areas is foreordained and our goal is to manage the decline as gracefully as possible.

Others have offered a range of reasons for preservation and indeed massive reinvestment in such cities. These include a strictly economistic argument that we should capitalize on existing infrastructure—which includes anchor institutions such as universities and hospitals—and thus reinforce the agglomeration opportunities of the new economy, which will eventually make their way to the places created by the old economy. There is also a sort of spiritual imperative, one that is akin to the urge that has driven Americans to save family farms: these older industrial cities are an important part of the fabric of American society, in terms of our history and architectural aesthetics.

There are also strongly held views that revitalization of weak-market or older industrial cities is critical to tackling the problems of poverty in America.[5] Indeed, although such cities house only about 9 percent of the nation's metropolitan population, they house about 16 percent of the nation's poverty population. Racially, these cities contain only about 6 percent of the nation's white population but 13 percent of the Latino population and 20 percent of the African American population. As a result, for those concerned about economic and racial justice, the fates of these cities is often a central part of their thinking.

Of course, the problems of inequality also exist within these cities and their regions, not just between cities and regions with strong and weak economies. Table 4-1 shows some dimensions of this inequality, comparing metros that have cities with struggling economies and those that do not. We use the classification of cities used by Jennifer Vey under the rubric of "weak markets," and link this with data we have generated on various forms of social inequality from census and other data.[6] We can see that economics is not the only relevant issue. Annual metropolitan per capita income growth over the 1990s was .4 percent lower in regions with struggling cities than those without. This was enough to let the weaker areas slip behind by about 4 percent in cumulative terms, but this seems like a small amount, one that might be recouped in a subsequent convergence to the mean.

Perhaps more striking are the sets of social differences in these areas. When we compare metropolitan statistical areas (MSAs) with struggling cities to all other MSAs, we find that city poverty rates were about 5 percent higher, whereas suburban poverty rates were actually lower—in short, geographic disparity was more

Table 4-1. *Comparing Inequality Measures across Metro Areas with and without Weak-Market Cities*
Unit = percentage, except as indicated

Area	*Metropolitan per capita income growth (annual), 1990–2000*	*Central city poverty rate, 2000*	*Suburban poverty rate, 2000*	*MSA poor in high poverty census tracts, 2000*	*Index of racial segregation (whites-blacks), 2000*	*Ratio of income at the 80th percentile to income at the 20th percentile (100 = equality)*
Metros with weak-market cities	1.4	21.8	8.9	48.3	62.7	440.2
Metros without weak-market cities	1.8	16.5	9.6	36.9	48.9	416.8

Source: Author's compilation.

pronounced. The concentration of the poor in the high-poverty census tracts was about twelve percentage points higher, racial segregation was far more pronounced, and the level of income inequality in the region as a whole (as measured by the ratio of the income of a family at the eightieth percentile of the regional distribution compared to a family at the twentieth percentile) was significantly higher as well.

How do we deal with these inequalities? Seeing the stark difference in America's older cities, particularly between city and suburb as well as between rich and poor, some activists have focused on trying to ensure that low-income residents get their fair share of the economic pie. The problem with this approach is that slicing up the spoils is of little comfort when the economy is itself growing slowly or shrinking. Indeed, many of the tools embraced by community advocates—pushing for living wages, insisting on community benefits, and stressing the construction of affordable housing—often seem much more suited to the stronger-market cities, for which taming and distributing growth is the central concern. Because of this, calls for "social equity" can seem like exactly the wrong remedy—perhaps the focus should be on restoring competitiveness and raising growth rates, with the hope that this will eventually benefit all residents and hence reduce disparity.[7]

We concur that economic growth is essential and recognize that many equity proponents lack a clear economic model and agenda, particularly in terms of determining which industrial sectors to support, which growth strategies to adopt, and which businesses to attract. We also think that equity proponents sometimes lack a vision of mobility, both across income and space—too often the notion is to improve people in place or simply raise the baseline wage standards for the least skilled. But we are also convinced that keeping equity among the foremost concerns will actually help promote revitalization.

Why would equity matter for growth? The reasons are complex but essentially revolve around the notion that inequity imposes high economic costs. Sharp disparities and unequal opportunities seem to be associated with an erosion of the social capital that ties regions together, leading to underinvestment in basic human capital (think families fleeing the public school system and then rebelling against taxes to support public education), significant conflict over the direction of economic development (think battles over subsidies and the location of new investments), and a general desire to jump the regional ship in favor of less problematic circumstances (think younger workers flocking to more dynamic and collaborative settings).

Research on the empirical links between social equity and economic growth that incorporates these insights has been slowly gaining ground.[8] One of the earliest studies in the United States, by H. V. Savitch and others, focused on fifty-nine metropolitan areas:[9] the main finding was that wider city-suburb disparities—one measure of fragmentation across metropolitan geography—were associated with a higher likelihood of regional stagnation.[10] William Barnes and Larry C. Ledebur subsequently examined seventy-eight metropolitan areas in the United States and found that the regions with the widest gap between central city and suburban income in 1980 had the most sluggish job growth during the following decade.[11]

Reviewing this early wave of research, Paul Gottlieb rightly noted that testing for the correlation of two variables is not the same as a multivariate analysis that considers other factors—and he also suggested that growth itself can affect equity, raising questions of simultaneity.[12] Both Richard Voith[13] and Manuel Pastor and others responded,[14] incorporating other explanatory factors and considering the feedback effects. Voith continues to find a positive association of suburban growth with city growth, and Pastor and colleagues found that various measures of inequality (the city-to-suburb poverty ratio, the geographic concentration of the poor, the change in central-city poverty, and more direct measures of income disparity) all had a negative impact on per capita income growth over the 1980s in seventy-four regions.

A more recent study covering the 1990s was published by the Cleveland Federal Reserve Board for the Fund for Our Economic Future based in Northeast

Ohio. Using a sample that included nearly 120 metropolitan areas that were similar in size to Cleveland, the researchers identified eight key factors that influence economic growth on the regional level. Using regression analysis, the researchers found that a skilled workforce, high levels of racial inclusion, and income equality do in fact correlate strongly and positively with economic growth, even controlling for other factors, including a number of more traditional business and quality-of-life variables.[15] Doing good and doing well can go hand in hand; a focus on equity can be consistent with improved results on growth.

Equity, Growth, and Distressed Cities

Does this equity-growth relationship hold true for regions with weaker central cities? There are reasons why some observers might think not: when an economy has sunk so low that economic survival is at stake, perhaps attention should be focused on anything that can retain and build industry. Fairness, in this view, is an "add-on": it should be a part of our concerns and an expression of our values, but surely it should not lead to, say, the sort of community-benefits agreements and other regulatory mechanisms that have emerged in regions with stronger economies. Moreover, much of the inequality we seek to correct may really be an outcome rather than a cause: thus, if we get the growth piece right, poverty reduction, racial desegregation, and intergenerational mobility will surely follow.

In examining this issue, we build on Pastor's recent work for the OECD in which he analyzed the relationship between competitiveness and social cohesion in over three hundred MSAs in the United States, using data from the 1990 and 2000 Census.[16] Building on the data set developed in that work, we first looked at the relationship between equity and growth in all regions, regardless of whether they contained so-called weak-market cities. We looked at the rate of per capita income growth for the MSA as a function of the following distributional or equity variables:

—Ratio of city to suburban poverty, 1990
—Percentage of poor residents in high-poverty neighborhoods, 1990
—Ratio of household income at the eightieth percentile to household income at the twentieth percentile, 1990
—Index of dissimilarity (black-white) at metro level, 1990

We also looked at a set of control variables, with the hypothesized effect indicated in parentheses:

—Percentage of working-age residents who are college educated, 1990 (+)
—Manufacturing concentration in central city, 1990 (–)
—Percentage of metro population in central city, 1990 (+)
—MSA unemployment rate, 1990 (–)
—Median household income, 1990 (ratio to U.S.) (–)

Why these signs? We expect that more college-educated residents will attract higher-value-added business enterprises and hence stir growth. The percentage of a metro area's manufacturing employment in the central city is an indirect proxy for the age of the region's manufacturing sector: in most regions, newer and more competitive manufacturing enterprises tend to have relocated to the suburbs. Following Vey and others, we assume that larger central cities will attract more economic growth for reasons of agglomeration.[17] We utilize the metro unemployment rate in 1990 as a business cycle control. Finally, the metro household income relative to the national average is assumed to have a negative impact for reasons of convergence;[18] a similar expectation (and a statistically significant sign) is found in the test on household income growth for ninety-eight cities over the 1980–2000 period performed in Furdell, Wolman, and Hill.[19]

The key variables of interest here are the measures of inequity in the initial period, which we expect to negatively impact per capita growth in the subsequent decade. Our argument is that these all reflect social and economic distance and, indirectly, proxy potential public conflict over growth, likely underinvestment in the broad workforce, and other signs of social dissolution.

The results of these regression exercises can be seen in table 4-2, in which we report beta coefficients (a measure of the degree of impact) and their t-statistics (a measure of significance).[20] All variables follow the expected pattern and have a very high level of significance. Since all these measures of distribution across place, race, and income are set prior to the income growth period being considered (along with the other variables), we are not as concerned about simultaneity or feedback issues. However, one simple argument might be that poor distributional measures at the beginning of one period reflect poor growth in an earlier period, in which case we are really just capturing the fact that these regions are on a low-growth trajectory. To look at this, we reran all the regressions, including a measure of per capita income growth from the 1980s. Growth in the 1980s did have a positive impact on growth in the 1990s, but the impact and statistical significance of all the equity measures actually rise (albeit slightly).

What are the effects of equity in regions that have so-called weak-market cities? Vey notes that such cities are disproportionately in areas where the metropolitan

Table 4-2. *A Simple Model of the Determinants of Per Capita Income Growth in U.S. Metropolitan Areas, 1990–2000*

	Coefficient	t *statistic*	*Significance*	*Coefficient*	t *statistic*
Percentage of working-age residents who are college educated, 1990	0.423	*6.215*	***	0.460	*6.605*
Manufacturing concentration in central city, 1990	−0.370	*−1.755*	*	−0.582	*−2.657*
Percentage of metro population in central city, 1990	0.466	*2.117*	**	0.522	*2.314*
MSA unemployment rate, 1990	−0.233	*−4.403*	***	−0.088	*−1.217*
Median household income, 1990 (ratio to U.S.)	−0.608	*−8.715*	***	−0.673	*−9.600*
Ratio of city to suburban poverty, 1990	−0.271	*−3.788*	***		
Percentage of poor residents in high-poverty neighborhoods, 1990				−0.254	*−3.543*
Ratio of income at 80th to the 20th percentile, 1990					
Index of dissimilarity (black-white) at metro level, 1990					
Number of observations		326			327
R-squared		0.435			0.434

Source: Data from Lewis Mumford Center, SUNY–Albany (http://mumford.albany.edu/census/data.html) and author calculations based on U.S. Census data Summary Files, 1990 and 2000.

***Significant at the .01 level; **significant at the .05 level; *significant at the .10 level

economy as a whole is not doing well, but there are some areas that boast stronger regional economies but distressed central cities.[21] Since the focus here is on weak-market cities, we entered a dummy variable that took the value of 1 if the region hosted a weak-market central city; these were 58 of the 331 regions for which we have all the necessary data (several of the weak-market cities share central-city status for one region, testimony to the power of neighbor effects). Not surprisingly, having a weak-market city in one's MSA has a negative and statistically sig-

	Significance	*Coefficient*	t *statistic*	*Significance*	*Coefficient*	t *statistic*	*Significance*
	***	0.491	*7.038*	***	0.386	*5.702*	***
	***	−0.636	*−2.934*	***	−0.557	*−2.554*	**
	**	0.604	*2.692*	***	0.443	*2.006*	**
		−0.041	*−0.578*		−0.209	*−3.818*	***
	***	−0.716	*−10.112*	***	−0.568	*−7.922*	***
	***						
		−0.349	*−4.518*	***			
					−0.191	*−3.415*	***
			327			327	
			0.447			0.433	

nificant effect on growth. But the more interesting and important question for this chapter is whether the effect of measures of inequity are more or less important for the regions in which weak-market cities are located. We thus created an interactive variable in which we tested separately for the effect of the equity measures in weak-market and non-weak-market regions (that is, regions with and without weak-market cities), pooling all the other variables across the sample as before. The results (see table 4-3) suggest, with one exception, that the negative

Table 4-3. *Social Equity Impacts on Per Capita Income Growth in Weak and Non-Weak-Market MSAs, 1990–2000*

	Coefficient	t *statistic*	*Significance*	*Coefficient*	t *statistic*
Percentage of working-age residents who are college educated, 1990	0.392	*5.678*	***	0.385	*5.317*
Manufacturing concentration in central city, 1990	−0.492	*−2.265*	**	−0.723	*−3.282*
Percentage of metro population in central city, 1990	0.587	*2.600*	***	0.602	*2.691*
MSA unemployment rate, 1990	−0.219	*−4.130*	***	−0.107	*−1.494*
Median household income, 1990 (ratio to U.S.)	−0.581	*−8.235*	***	−0.618	*−8.681*
Ratio of city to suburban poverty, 1990					
Weak market	−0.165	*−3.265*	***		
Non–weak market	−0.293	*−3.973*	***		
Percentage of poor residents in high-poverty neighborhoods, 1990					
Weak market				−0.408	*−3.739*
Non–weak market				−0.229	*−1.946*
Ratio of income at 80th to the 20th percentile, 1990					
Weak market					
Non–weak market					
Index of dissimilarity (black-white) at metro level, 1990					
Weak market					
Non–weak market					
Number of observations		326			327
R-squared		0.443			0.452

Source: Data from Lewis Mumford Center, SUNY–Albany (http://mumford.albany.edu/census/data.html) and author calculations based on U.S. Census data Summary Files, 1990 and 2000.

***Significant at the .01 level; **significant at the .05 level; *significant at the .10 level

	Significance	*Coefficient*	t *statistic*	*Significance*	*Coefficient*	t *statistic*	*Significance*
	***	0.413	5.854	***	0.340	4.994	***
	***	−0.829	−3.828	***	−0.707	−3.211	***
	***	0.723	3.273	***	0.548	2.488	**
		−0.029	−0.411		−0.186	−3.421	***
	***	−0.666	−9.476	***	−0.554	−7.816	***
	***						
	*						
		−1.162	−4.591	***			
		−0.937	−3.697	***			
					−0.502	−3.733	***
					−0.303	−2.385	**
			327			327	
			0.476			0.450	

impact of initial inequity on growth is actually stronger (as measured by both the coefficient and the significance level) in the regions with weak-market cities.

The exception is the city-suburb poverty rate differential: although it still has a negative impact on growth, this is less pronounced in the regions with distressed central cities. This is of great political interest, given the tendency of some analysts (such as Myron Orfield[22] and David Rusk[23]) to focus on building bridges between central cities and older suburbs—it may well be that the payoff here is more with redistribution of regional resources than growth recovery. In any case, the overall pattern suggests that paying attention to equity is entirely consistent with promoting growth and may in fact be even more important in areas that have experienced economic decline.

A final word on this data analysis. Some might argue that we have not really addressed the issue of simultaneous causation—that is, whether growth in this period positively affects current distribution and so for that reason should be the main focus of policy attention. To some degree, both the choice of initial 1990 variables and the aforementioned inclusion of past income growth get at this question, but we also tried a more formal simultaneous modeling strategy in which we modeled per capita income growth as a function of all the economic variables previously discussed and the change in two distributional measures: shifts in the concentration of the poor and trends in the ratio of income for those at the key deciles of the metropolitan income distribution.[24]

We chose these two because they were themselves metropolitan-wide measures and there were good theoretical rationales for the reverse causation: since tightening labor markets tend to help the least skilled, growth would tend to improve the distribution of income and could deconcentrate poverty by providing the means for people to make different residential choices.[25] The results are a bit less well behaved—the simultaneous modeling reduces the significance of the manufacturing age and agglomeration variables—but the ongoing trends in inequity have the same negative and statistically significant impact on growth. When we split the sample to test in regions with and without weak-market cities—because the distributional variables were being allowed to be affected by growth, we could not use the interactive approach just discussed—we found that the effects for poverty concentration were stronger and more significant in the weak-market regions, whereas the negative impact of the direct income distribution measure was virtually the same in regions with and without weak-market cities.[26]

The subtleties of our regression analysis aside, the overall conclusions from these data seem clear. There may be many reasons to ignore social equity—for example, a firm belief that economic outcomes reflect skill differences, that markets are not to be tampered with, and that the government should not be in the business of addressing social ills. But there is very little evidence of what is often offered as the most compelling argument: we will kill the economic engine by focusing too much on who gets what. Instead, the results suggest that inequitable outcomes actually damage economic growth and that the effect is at least as pronounced in regions with the most distressed central cities.

What Is To Be Done?

Although providing evidence for a positive relationship between equity and growth is important, policy change requires more than just good information—it also requires mobilizing significant political will and institutional effectiveness. Such challenges may be particularly acute in weak-market cities, where a history of past distress makes political actors wary of current collaborations.

How does this play out on the ground? We provide here an assessment of the dynamics between regional growth and equity constituencies in three prototypical weak-market cities—Pittsburgh, Detroit, and Milwaukee. The three regions have all experienced dramatic social upheaval and economic distress associated with deindustrialization and globalization, but they have taken different approaches to economic restructuring and inequality in their region. In essence, the regions' stories are the following:

In Pittsburgh, elite leadership in the region has developed a clear regional economic restructuring strategy, which was initiated in the 1940s and has evolved since then. The dominant elite coalitions that developed behind this strategy also entered into paternalistic relationships with certain sectors of the equity advocacy community while excluding others—dividing the equity movement through a combination of co-optation and marginalization.

In Detroit, elite leadership in the region failed to develop a clear vision of a regional growth strategy, at least in part because this would have involved challenging the dominance of automobile manufacturing in the region. Labor unions were implicated in this acquiescence, and other social equity advocates were predominantly in an antagonistic relationship with elite leadership.

In Milwaukee, elite leadership has been successful in building a coalition around a regional growth strategy since the 1940s. Here, though, equity advocates—in the form of union leaders pursuing innovative strategies aimed at economic restructuring—have been critical partners in developing that strategy, particularly in recent times.

We examine each of these stories in more depth before turning to an examination of the growth and equity outcomes associated with these different political dynamics.

Pittsburgh

Pittsburgh is famous for its history as the core of the U.S. steel industry. At its peak, Pittsburgh produced two-fifths of the entire nation's steel and was the fifth largest metropolitan area in the country.[27] The decline of the region's steel industry actually began as early as the years immediately following World War I, but the region was particularly devastated by the recession and deindustrialization of the 1980s. In just six years, between 1980 and 1986, the region lost 42.6 percent of its manufacturing jobs, with 50 percent of this loss in the steel industry alone.[28] It is important to note that much of this decline in manufacturing was concentrated not in the city of Pittsburgh itself but in the neighboring steel mill towns that line the banks of the Monongahela, Ohio, and Allegheny rivers. Thus the landscape of decline is not as starkly driven by city-suburb divides in the Pittsburgh area as it is in cities like Detroit.

Overall employment in the region has retained some resilience, as the region's education, health care, financial, and other service sectors took up some of the slack. Thus, for example, the total population in the seven-county metropolitan area declined by only 12 percent from 1960 to 2000, dropping from 2.77 million to 2.43 million. At the same time, however, there has been a tremendous hollowing out of the city of Pittsburgh itself, and of Allegheny County, the core county in the metropolitan area. Pittsburgh itself lost 45 percent of its population between 1960 and 2000, dropping to only 335,000 in 2000. Allegheny County lost 21 percent of its population in this time, and saw its portion of the total population of the region decline from 59 to 53 percent.[29] The result of these patterns has been significant urban sprawl, disinvestment in many areas of Allegheny County (resulting in large parcels of vacant land and declining real estate and office building prices), and a significant aging of the population, as young people have migrated to other parts of the country in search of better employment opportunities.[30]

Elite leadership in Pittsburgh was successful in creating a viable regional coalition as early as the 1940s, when the Allegheny Conference on Community Development (ACCD) was established as a prominent public-private partnership, one of the earliest in the country.[31] This is in contrast to Detroit, where elite leadership in the region has never been able to unite around a common regional vision (discussed in the next section). In the face of tremendous environmental problems associated with the region's steel industry and the beginnings of signs of decline in manufacturing, the ACCD built a vision for the Pittsburgh region centered on promoting the city as a corporate headquarters and office city. From its founding in 1943 to 1970, the ACCD led a concerted redevelopment program in the city, which was later dubbed "Renaissance 1," whose expressed goal was to create a more attractive physical environment in order to retain corporate headquarters and promote office development in the downtown core of Pittsburgh.[32] The region's business and elected leadership basically gave up on trying to retain the manufacturing jobs in the region's river valleys that had sustained working-class communities since the late 1800s.

The alliance between business and political leadership in the region broke down for a period in the 1970s, when Pete Flaherty was elected to two terms as mayor of Pittsburgh on a "neighborhoods-versus-downtown" populist political agenda that garnered enough support from neighborhood-based interests to challenge the dominant Democratic Party machine. His efforts to promote more neighborhood-based development initiatives led to a breakdown in consensus between the mayor's office and the ACCD. It also, however, led to the ACCD's becoming increasingly involved in supporting particular types of community development, in part through wielding its influence over the funding of major foundations rooted in the region. By providing support for neighborhood development that focused on specific development projects and neighborhood-based revitalization, these efforts (along with a change in administration in 1977, when Flaherty left office) led to the diffusion of significant opposition to ACCD's vision for the region's future.[33]

By 1982, when the decline in manufacturing jobs that had begun as a trickle turned into a flood, the ACCD began to realize it needed another strategy beyond simply the downtown revitalization–corporate headquarters strategy that had guided their work since the 1940s. They organized an Economic Development Committee in 1981 to better understand the regional economy, eventually releasing a report in 1984 entitled "A Strategy for Growth: An Economic Development Program for the Pittsburgh Region." At the core of this new vision was a two-part strategy. First, regional leadership tried to promote high-tech industries, built around the research capacities of Pittsburgh's major universities, including Carnegie Mellon and the University of Pittsburgh. ACCD leadership played a critical role in subsequent years in supporting the creation of a range of cluster-based high-tech initiatives, including Pittsburgh Technology Council[34] (founded in 1983), the Software Engineering Institute at Carnegie Mellon (1984), the Pittsburgh Biomedical Development Corporation (1989), and, more recently, the Pittsburgh Digital Greenhouse (1999) and Pittsburgh Life Sciences Greenhouse (2001).[35]

The second major thrust of economic development strategies in the region has been to promote Pittsburgh as a cultural and entertainment hub. This has included substantial public investments in new stadium developments for the Pittsburgh Steelers (football) and Pittsburgh Pirates (baseball), a substantially renovated convention center, and efforts to create a cultural district in the downtown area with major music, theater, and arts attractions. More recently, regional leadership has tried to promote various recreational assets that take advantage of Pittsburgh's waterfront assets, including expanding bike paths, walkways, and water sports, which are seen as critical for attracting the young, highly educated, and highly mobile workforce that is the core of the region's knowledge industries. In short, since 1982 (starting much earlier than most declining industrial cities) Pittsburgh has pursued a classic "new-economy" growth strategy, centered on promoting innovation in knowledge-based industries and attracting a highly educated workforce.

There have been various movements that have challenged the ACCD-based consensus about the region's future. For example, faith-based organizers affiliated with the Industrial Areas Foundation organized a series of protests in the 1980s designed to highlight the complicity of Pittsburgh-based financial corporations in drawing manufacturing jobs away from the region (by investing in new plants in the U.S. south and overseas while refusing to invest in the renovation of Pittsburgh-area factories). These organizing efforts became increasingly confrontational over time (for example, activists dumped colored skunk water on bank executives after crashing a board of directors meeting and deposited rotting fish in bank deposit boxes after closing time on Friday evening of hot summer weekends), which eventually resulted in declining public support for their position.[36] Some innovative labor-based activists challenged the abandonment of regional manufacturing facilities, in part by promoting worker-based buyouts of declining factories and employee ownership. These efforts became institutionalized in the Steel Valley Authority (SVA), an intermunicipal economic development agency incorporated by the city of Pittsburgh and eleven riverfront Monongahela Valley municipalities in 1986, with the goal of revitalizing the region's economic base. The SVA's Strategic Early Warning Network has been valuable in identifying and helping manufacturing firms in the region that are facing challenging competitive conditions, but with inadequate public resources amid dramatic need, the SVA has struggled to have influence over regional decisionmaking processes, much less the overall direction of the regional economy.

The result is that through the 1990s, regional development was driven by a broad elite consensus in the region, centered on trying to promote "knowledge" and "culture-based" industries. Equity advocates were either captured in a paternalistic relationship focusing on neighborhood development and revitalization or marginalized outside of regional decisionmaking processes.

Detroit

The Detroit region has been hard hit over the past thirty to forty years by employment decline in the region's dominant auto industry, combined with a hollowing out of the central city. Detroit's economy has been almost synonymous with the auto industry, and at its peak, manufacturing accounted for over 40 percent of the region's workforce, with transportation manufacturing alone accounting for nearly 20 percent.[37] Manufacturing, once employing over 600,000 people,[38] by the year 2000 had shrunk to less than 340,000 of the region's workforce.[39] The region as a whole still has a higher proportion of the population employed in manufacturing than the national average, but it has struggled to diversify from its dependence on the declining automobile industry.

What is striking in the case of Detroit is how uneven much of the regional decline has been. Over the last thirty years, as the city of Detroit has declined, the suburbs have grown dramatically, as whites (and increasingly others) have fled the high tax rates and deteriorating infrastructure of the inner city to seek a better life in the surrounding areas. Between 1991 and 2001, for example, the city of Detroit experienced a 7 percent decline in employment, while employment in the suburbs grew by 25 percent; total population in the city in the 1990s declined by 7 percent and grew by 8 percent in the suburbs.[40] These patterns of flight and isolation have been accompanied by a tremendous disinvestment in the city, including abandonment of housing and properties. Detroit has almost ten abandoned buildings for every 1,000 residents, the second highest ratio of vacant buildings to population of all cities with over 1 million residents. The city is estimated to have over 10,000 abandoned buildings and the city itself owns approximately 45,000 land parcels that have reverted to city ownership because of tax delinquency.[41]

Detroit has an intense history of racial antagonism, and race relations permeate nearly all aspects of political and economic life in the region in a particularly obvious and prominent way.[42] These dynamics have left Detroit the most segregated region in the country, at least as measured by the black-white segregation index (a common measure of segregation; see table 4-1). The population of the city of Detroit itself was 81.6 percent black in 2000, whereas in the region as a whole (including Detroit), African Americans accounted for only 21.7 percent of the population.[43] Problems of disinvestment and urban decline in the Detroit region, however, are not as simple as a city-suburb divide might imply. In fact, many older suburbs in the region have also experienced deterioration of infrastructure and declining population. Between 1990 and 2000, 57 percent of Detroit's eighty-nine suburbs experienced declining population, and 13 percent declined faster than the central city.[44]

The region has responded in various ways to this crisis, but a broad governing coalition geared toward diversifying the regional economy has never been formed. Since the 1950s, automobile companies have moved plants out of the central city of Detroit to suburbs and other regions of the world. The big three auto makers retain headquarters in the region, but their focus has been more on restructuring within the auto industry rather than significant engagement in urban redevelopment and regional economic restructuring. Other local elites, based in the banking, utility, and real estate industries, have some involvement in regional development, but as service-sector offices have moved to the suburbs, these business leaders have all too easily abandoned concern with Detroit city and focused on their suburban economic base. After the riots of 1967, business leaders did create some regional organizations such as New Detroit, Detroit Renaissance, and the Detroit Economic Development Corporation, but none of these organizations has formed an effective overarching regional leadership coalition or vision.[45] According to one analysis:

> Detroit Renaissance and the Detroit Regional Chamber represent the white corporate community. Among these organizations, the Big Three automobile companies and others of the old corporate "nobility" have mainly influenced Detroit Renaissance. On the other hand, banks, utilities, and the rising service-based industries have mainly influenced the Detroit Regional Chamber. New Detroit and the Detroit Economic Development Corporation are seen as the structures for the articulation of black elite preferences and, in the latter case particularly, for the mayor. . . . These business organizations have tried to realize their own economic interests, but do not share a common vision for the region.[46]

These organizations have all played a role in promoting various projects and development initiatives in Detroit and its surrounding communities, but have been unable to bring together a viable regional coalition that is united around a cohesive vision for economic growth. As a result, Detroit has suffered at the hands of market forces and the ups and downs of the automobile industry. In essence, the strategy, by default, was to maintain a dependence on manufacturing employment as long as possible, and whatever other economic enterprises that could be developed in a localized and fragmented way.

Meanwhile, equity advocates in the region also failed to engage in developing a regional vision. Unions, dominated by the UAW (United Auto Workers), tended to focus more on meeting challenges in the auto industry and trying to hold on to whatever wage and benefit premiums they could, rather than in regional power-building strategies such as those developed elsewhere.[47] The African American community was divided between an inside and an outside strategy. The inside strategy involved contesting for formal political power, but this primarily involved gaining political power within the increasingly eviscerated city of Detroit or within business leadership positions, and then contesting for regional power in tension-filled struggles with white leadership in the suburbs.[48] The outside strategy involved community organizing and advocacy, but this was only outside in the sense of being apart from the formal political system—such efforts were rooted in the city of Detroit and centered essentially on a redistributive strategy rather than on promoting a new economic growth vision.

The white-black and city-suburb divisions among equity advocates in the region have been bridged only in recent years. Perhaps the most significant achievement in this area is by MOSES (Metropolitan Organizing Strategy Enabling Strength) a faith-based community organizing effort focused on regional campaigns that emerged from the perspectives and aspirations of their member congregations. MOSES was formed in 1997 as a regional affiliate of the national Gamaliel organizing network, with the explicit purpose of becoming a social-movement regional organization. Since its founding, MOSES has grown to include more than sixty-five congregations and five institutions of higher learning throughout the region. In addition to helping member congregations deal with neighborhood concerns such as community reinvestment and safety, it also works to address a broader set of systemic issues, including "urban sprawl, lack of affordable housing, lack of adequate transportation and education, infringement upon the civil rights of immigrants, land use, and blight."[49] The group's main campaigns in Detroit have involved attempting to gain more community control over the metropolitan transit authority and trying to smooth the way for the reuse of vacant land in Detroit. These campaigns have mobilized large numbers of urban and suburban residents and gained significant attention, both in the media and in policy arenas. Yet regional decision-making can still be described as taking place in the context of a divided leadership coalition and a largely disempowered equity advocacy movement.

Milwaukee

The national economic shift from manufacturing to a service-based economy affected the city of Milwaukee and the southeastern Wisconsin region significantly.

Between 1977 and 1987, manufacturing employment in the region declined by 19.6 percent.[50] The city of Milwaukee, the largest city in the region, was hardest hit, losing one-third of its manufacturing jobs between 1979 and 1987.[51] With the decline in employment, concentrated poverty grew. In 1979, 10.2 percent of census tracts in Milwaukee County were high-poverty tracts (where more than 40 percent of residents lived below the poverty line). By 1989, concentrated poverty had drastically spread to 47.4 percent of the county's tracts, though economic growth in the 1990s reduced this to 24.4 percent by 1999.[52]

In contrast to Detroit, in Milwaukee some of the most severe employment decline was in older, inner-ring suburbs rather than the central city. For example, despite overall regional employment growth between 1986 and 1996, eleven inner-ring suburban communities saw declines in jobs per capita, including Pewaukee (–14.8 percent), which fell from 74 to 63 jobs per 100 persons; Cudahy (–18.5 percent), which fell from 49 to 40 jobs per 100 persons; and West Milwaukee (–49.3 percent), which dropped from 81 to just 41 jobs per 100 persons.[53] Meanwhile, cities west of Milwaukee, primarily in Waukesha County, continued to lead the rest of the region in number of jobs per 100 persons, with the developing northern suburbs (in southern Ozaukee and Washington counties) gaining jobs at the fastest rate.[54]

Two factors are critical to understanding the Milwaukee region's response to these conditions. The first is the region's strong history of labor union organizing and its linkage with a generally progressive political environment. The second is the fact that the process of economic restructuring threatened, but didn't completely undermine, the traditional bases of trade union power in the region. These two factors created a fertile base for creative and innovative labor leadership to engage in innovative regional strategies.

Milwaukee's history of progressive leadership and trade union presence goes back to the early part of the twentieth century. The city has had more than forty years of being governed by socialist mayors, including the nation's first socialist mayor, Emil Seidel, elected in 1910; the longest continuous socialist administration in U.S. history with Daniel Hoan from 1916 to 1940; and arguably the last socialist mayor of a major U.S. city, with Frank Zeidler, from 1940 to 1960. Milwaukee continues to remain a Democratic stronghold in an increasingly Republican state.

Linked with this strong socialist tradition is a strong labor tradition, going back to at least the 1860s.[55] In 1865, Local 125 was formed in Milwaukee as part of the Molders Union, the nation's first modern trade union. During the Great Depression, organizing in Milwaukee's manufacturing industries led to Wisconsin's becoming one of the most unionized states in the nation (on a percentage-of-the-workforce basis). By the 1960s, 30 percent of the private sector was unionized, and in 1986, 25.1 percent of the region's workforce was still covered by a union contract, including 31.4 percent in manufacturing, 48 percent in construction, and 60.7 percent in the public sector.[56] The importance of unions in the region is not adequately captured by numbers, however—indeed, in 1986, there were fifty-one metropolitan regions in the country that had higher total unionization rates. More important was the fact that in Milwaukee, unions have been accepted as a key part of the political terrain in a way that provides key political openings for labor-based initiatives, including in the business sector.

The strong socialist and labor traditions in the region help to explain the particular nature of regional coalitions in this region. In Milwaukee, as in Pittsburgh, there has been a relatively cohesive coalition focused on regional revitalization and restructuring. A prominent player in building this regional coalition is the Greater Milwaukee Committee (GMC), which was founded in 1948 and plays a similar role in Milwaukee as the Allegheny Conference on Community Development in Pittsburgh. What is significant in Milwaukee is the extent to which unions and other civic organizations play a role in shaping GMC policies and activities. The integration of unions into Milwaukee politics is evident in the words of Julia Taylor, the president of the GMC, in an interview in 2006:

> The GMC has always had a strong labor component in our membership probably from the beginning. The GMC started back in the forties, but really got going in the fifties and sixties. I think the business leadership had a pretty good relationship with labor leaders at that time. This is a big manufacturing town, and labor was always at the table. I think both on the county executive side, as well as the business community side, they worked pretty well with the various labor leaders at that time. Our membership over the years has included key labor leadership in the membership. I've never really heard of problems working with unions as an issue in our work.[57]

It's a surprising statement from what is still primarily a business and growth-oriented entity, and one that reflects the simple fact of union power: businesses have had to get along with labor in order to get their way. The involvement of labor in the GMC probably also helps to explain why, during the economic crisis in the 1980s, the GMC focused significantly on efforts to revitalize a diversified manufacturing base in the region, in contrast to the vision developed by the ACCD in Pittsburgh.

The flip side of unions' involvement in regional politics is that Milwaukee's union leadership has had a keen sense of the importance of broader community ties with business-, government-, and community-based actors, rather than focusing simply on narrow collective-bargaining issues. This helps explain why unions in Milwaukee were successful, in 1992, in creating the Wisconsin Regional Training Partnership (WRTP), one of the most innovative and effective workforce training initiatives in the country. Starting with twelve firms, primarily in the metalworking industry, the WRTP membership has grown to include sixty companies employing 60,000 workers and fifty-six labor unions. It has built partnerships with community organizations, and partnered with the GMC in running a prominent Regional Jobs Initiative with a significant focus on disadvantaged inner-city residents.[58]

Impacts on Equity and Growth

How well did these various approaches improve growth and equity? A summary of key indicators for the three regions is provided in table 4-4. None of these city-regions has yet achieved a dramatic economic turnaround. Still, of the fifty-eight MSAs with struggling cities in our database, the Detroit, Milwaukee, and Pittsburgh MSAs all ranked in the top twenty in terms of the improvement in growth rates between the 1980s and the 1990s. This performance is particularly striking since the other regions that improved significantly from the 1980s to the 1990s were predominantly smaller metro areas, such as Shreveport, Louisiana, and Sag-

Table 4-4. *Growth and Equity Indicators for Detroit, Pittsburgh, and Milwaukee, 1990–2000*
Unit as indicated

	Growth rates			*Poverty levels*					
	Percentage per capita income change			*Central city, percentage below poverty line*			*Suburbs, percentage below poverty line*		
City	*1980s*	*1990s*	*Change 1980s–1990s*	*1990*	*2000*	*Change 1990–2000*	*1990*	*2000*	*Change 1990–2000*
Detroit	13.1	19.9	6.8	30.2	24.7	−5.5	6.3	5.9	−0.4
Milwaukee	9.1	20.7	11.5	20.9	19.8	−1.1	3.2	3.5	0.3
Pittsburgh	11.7	17.0	5.3	21.4	20.4	−1.0	10.5	9.3	−1.2

Source: Data from Lewis Mumford Center, SUNY–Albany (http://mumford.albany.edu/census/data.html) and author calculations based on U.S. Census data Summary Files, 1990 and 2000.

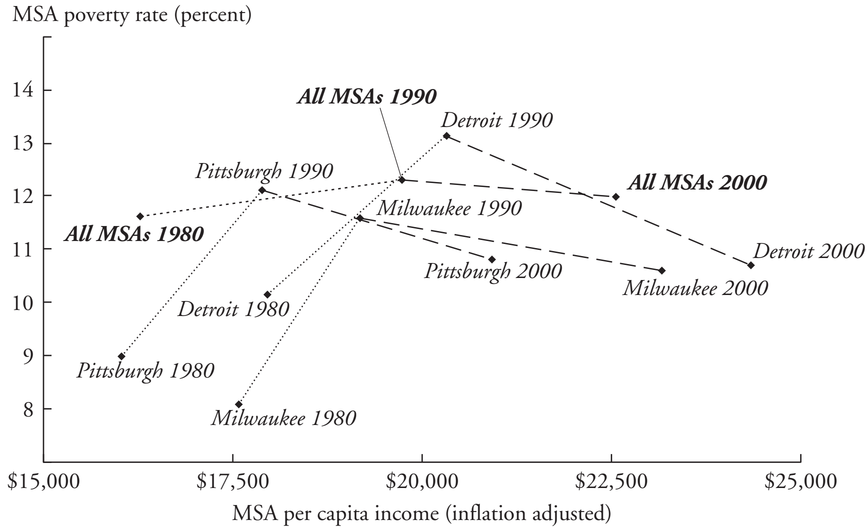
inaw, Michigan, places in which just one new investment or positive economic shock can dramatically improve circumstances.

The achievements on the equity side are a bit more mixed. Milwaukee experienced the most improvement in the ratio of city-to-suburb poverty, with a modest decrease in central-city poverty and a slight rise in suburban poverty (though the region's suburban poverty rates were already extraordinarily low). In the Pittsburgh region, suburban poverty rates declined in tandem with city poverty rates, reflecting the fact that suburban poverty rates were already relatively high and a large share of the employment declines from deindustrialization in the region was concentrated not in the central city but in the steel towns along the region's waterways. Detroit saw a sharp fall in central-city poverty, though it still had the highest levels of central-city poverty of the three cases in 2000. As for overall regional income inequality, Milwaukee and Pittsburgh remained steady while Detroit improved slightly, presumably because of the central-city recovery. Levels of racial segregation also declined in all three cities, but this improvement was significantly less in these three regions than the norm for all weak-market regions and for the nation as a whole. Indeed, of the regions with weak-market cities, Detroit and Milwaukee ranked first and second, respectively, in both 1990 and 2000 in terms of racial segregation at the regional level.

Another and perhaps more comprehensive approach involves looking over a slightly longer period. Figure 4-1 provides such a general overview, charting the evolution of per capita income and the poverty rate for all three regions, compared with the performance for all MSAs. As can be seen, all three MSAs experienced a

	City-suburb inequality			*Income inequality*			*Racial segregation*		
	Ratio, city-suburb poverty levels			*80/20 Ratio family income*			*White-Black Dissimilarity Index*		
	1990	*2000*	*Change 1990–2000*	*1990*	*2000*	*Change 1990–2000*	*1990*	*2000*	*Change 1990–2000*
	4.8	4.2	−0.6	4.7	4.3	−0.4	87.5	84.7	−2.8
	6.6	5.7	−0.9	3.9	4.1	0.1	82.8	82.2	−0.6
	2.0	2.2	0.1	4.5	4.4	−0.1	70.9	67.3	−3.6

Figure 4-1. *Per Capita Income and Poverty Rates at the Metropolitan Level, Three Case Studies, 1980, 1990, and 2000*



similar shock in the 1980s—tepid growth in per capita income compared to the national average and much sharper increases in metropolitan poverty. In the 1990s, all three cases came back to about the same level of MSA poverty, but Milwaukee experienced the biggest growth in per capita income. Also, to the extent that shifts in MSA poverty contributed to economic growth (rather than being just an outcome), the slope of the line suggests that Milwaukee might have obtained a higher growth dividend than the others for the change in underlying poverty.

Given this picture, what can we say about how the differences in political dynamics in the three regions affect the ability to link growth with equity? In some ways the picture is discouraging. In Milwaukee, where there has been more accommodation between equity and growth perspectives, regional income inequality and suburban poverty rates have actually increased in the 1990s, and rates of improvement in central-city poverty and racial segregation in the 1990s were no better or worse than in Pittsburgh and Detroit. In other ways, however, the picture is encouraging. Milwaukee experienced faster growth rates in the 1990s than the other two cities, and the absolute levels of poverty and inequality are lower, perhaps reflecting the long-term acceptance of equity perspectives in regional governance structures. What is clear is that the relationship between the level of collaboration between growth and equity constituencies on the one hand and trends in regional growth and equity on the other is complex and mediated by a wide range of other factors that we have not been able to examine here but are part of our ongoing research in progress on these issues.

Conclusions

One challenge facing equity advocates in weak-market regions is the widely held notion that pursuing equity is a luxury in the context of a declining economy. In the face of dramatic declines in manufacturing jobs, for example, many policymakers and economic developers argue that promoting growth in new industries or trying to stem declines in existing industries is more important than trying to promote equity. Policymakers often go even further than this, arguing that many equity strategies will simply undermine economic growth efforts, leading to greater poverty for a larger portion of the population. Equity efforts such as promoting increased minimum wages or development agreements, they argue, will lead potential investors to look elsewhere and make existing businesses in the region less competitive.

The research presented here suggests that equity is not a luxury but perhaps a necessity. As much as income inequality, poverty concentration, and racial segregation are outcomes of a declining city and regional economy, they are also themselves triggers of decline. Competitiveness strategies for weak-market cities should focus on the basics—infrastructure, good government, and a positive business climate—but it is good to keep the equity piece front and center as well.

Of course, the politics of doing this is not easy. The case studies reveal that there are many possible coalitions—and many different risks. Racial tensions are always a factor; as could be seen from table 4-1, racial segregation is particularly pronounced in regions with weak-market cities, and this makes for great worries that some groups will be left out when and if development is ever rekindled. Equity proponents may tend to forget or forego the economic development side, particularly as this is usually not their central concern. Business leaders are often frustrated by the poor performance of central-city leaders and tend to create "public-private" partnerships that have the putative broad aim of uniting the region—and the underlying agenda of marginalizing central-city politicians.

But putting together the politics, policies, and projects is exactly the task ahead of us. In our view, a full strategy for tackling equity in weak-market cities would combine three things. The first is a focus on economic growth, especially the targeting of driving industry clusters that can provide goods or services to markets that extend beyond the boundaries of the region; such export-oriented industries have the potential for more rapid growth and help drive demand for locally serving industries as well. We do not think that these necessarily need to be "new economy" in their orientation; the Milwaukee experience suggests that helping the manufacturing sector to be more flexible and modern also has great promise. And our discussion of Pittsburgh leads us to worry about strategies that rely primarily on using the central-city infrastructure as a gentrified playground to attract knowledge workers rather than also building on the assets, skills, and dreams of current residents.

The second component of a full strategy is a focus on the mobility of the workforce, including opportunities to move throughout the region and training systems that allow employees to improve their skills on an ongoing basis. This is a piece often left aside by place-based community activists who focus on the poor and their neighborhoods. It is, however, essential to saving such places: if we can raise incomes, people will be able to afford to rehabilitate their homes and communities. New models for labor-market intermediaries to accomplish this task have been evolving in recent years, and a better integration of workforce and economic development is key, particularly in regions with struggling cities.[59]

The last component is the maintenance and promotion of employment and community standards. These include local living-wage laws, policies to improve employment practices (such as those passed recently in Chicago and the state of Maryland aimed at large big-box retailers), efforts to support workers to form unions, community benefits agreements, and affordable housing requirements. Such efforts need to be nuanced to the region and its economy, but they should not be portrayed as antithetical to the competitiveness agenda that often dominates the policy landscape.

Combining these three strands is a challenge, but it is exactly the terrain on which leaders in cities with weak economies must operate. There is some hope that it can happen. In a fascinating study of business civic organizations, FutureWorks surveyed forty-five regional business-civic organizations in twenty-nine different regions, and found that 40 percent had strategies that had implications for reducing the sort of socioeconomic disparities that we have here argued can diminish regional economic performance.[60] Some were direct, such as policies aimed at improving the economic conditions in poorer neighborhoods and reducing differences between urban and suburban school districts, whereas others were more implicit, such as targeted workforce development. Unfortunately, few of the organizations reported a high level of effectiveness in these arenas, something that tended to drive them back to the comfort zone of fighting higher taxes and encouraging more development subsidies.

Likewise, community-based organizations traditionally concerned about equity are showing a new sensitivity to the imperatives of economic growth and the potential power of the market. At the same time, few groups have actually adopted an underlying vision of how to produce rather than redistribute growth. As such organizations increasingly engage around the idea of equity at a regional scale, however, they are discovering the potential opportunities that emerge from collaborating with unlikely partners, and finding common ground with business and political interests that were often formerly considered adversaries.

It is in these political coalitions on the ground, where a new sense of common regional destiny is being formed between growth and equity perspectives, that we find hope for the future of cities in both weak and strong markets. Better research can help—and so can the sort of dialogue and conversation that is exactly the spirit of the American Assembly process.

Notes

1. Jennifer S. Vey, "Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities" (Brookings Institution, 2007).
2. FutureWorks, "Minding Their Civic Business: A Look at the Ways Regional Business Civic Organizations Are Making a Difference in Metropolitan North America" (Arlington, Mass.: FutureWorks, 2004); Manuel Pastor, Chris Benner, and Rachel Rosner, *Edging Towards Equity: Creating Shared Opportunity in America's Regions: Report from the Conversation on Regional Equity* (University of California, Santa Cruz, Center for Justice, Tolerance, and Community, 2006).
3. David Rusk, remarks at a luncheon of executives from the Ford Foundation and the Annie E. Casey Foundation, The Victor Lofts, Camden, New Jersey, July 26, 2006.
4. See Rebecca Solnit, "Detroit Arcadia: Exploring the Post-American Landscape," *Harper's,* July 2007, pp. 65–73.
5. Radhika K. Fox and Sarah Treuhaft, "Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities," monograph (Oakland, Calif.: PolicyLink, 2005).
6. Vey, "Restoring Prosperity." The methodology for identifying the weak-market cities was developed by Hal Wolman, Kimberly Furdell, Nancy Augustine, and Pamela Blumenthal of George Washington University and Ned Hill of Cleveland State University.
7. See, for example, Brookings Institution, "Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania," monograph (2003). Although it raises issues of inequality, particularly spatial differences between city and suburb, the focus is resolutely on the competitiveness part of the equation.
8. The discussion here is of work on equity and growth in U.S. regions. This actually builds on a longer tradition that has looked at the relationship between distribution and growth in developing countries. For an overview, see Erik Thorbecke and Chutatong Charumilind, "Economic Inequality and Its Socioeconomic Impact," *World Development* 30, no. 9 (2002): 1477–95.
9. H. V. Savitch and others, "Ties That Bind: Central Cities, Suburbs, and the New Metropolitan Region," *Economic Development Quarterly* 7, no. 4 (November 1993): 347.
10. Ibid. In explaining the finding, Savitch and others argue that "[t]he blight of the inner city casts a long shadow. Companies will not grow or thrive in, or move to, a declining environment."

11. William Barnes and Larry C. Ledebur, *The New Regional Economies: The U.S. Common Market and the Global Economy* (Thousand Oaks, Calif.: Sage, 1998).
12. Paul D. Gottlieb, "The Effects of Poverty on Metropolitan Area Economic Performance," in *Urban-Suburban Interdependence: New Directions for Research and Policy,* edited by Rosalind Greenstein and Wim Wiewel (Cambridge, Mass.: Lincoln Institute for Land Policy, 2000).
13. Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* 38, no. 3 (1998): 445–65.
14. Manuel Pastor and others, *Regions That Work: How Cities and Suburbs Can Grow Together* (University of Minnesota Press, 2000).
15. Eberts Randall, George Erickcek, and Jack Kleinhenz, "Dashboard Indicators for the Northeast Ohio Economy: Prepared for the Fund for Our Economic Future," Working Paper 06-05 (Federal Reserve Bank of Cleveland, 2006). Available at www.clevelandfed.org/Research/Workpaper/2006/wp06-05.pdf.
16. For basic details on database construction, see Manuel Pastor, "Cohesion and Competitiveness: Business Leadership for Regional Growth and Social Equity," in *OECD Territorial Reviews, Competitive Cities in the Global Economy* (Paris: Organisation for Economic Co-Operation and Development, 2006). The database was supplemented for this exercise.
17. Vey, "Restoring Prosperity."
18. Median household income is also a useful control when we are looking at measures of relative disparity and want to control for the fact that higher medians may be associated with wider distributions. We also introduce dummy variables for broad regions of the United States, with no particular expectation of what the sign will be. To conserve space, we do not present either those results or the intercept, but they are included in all the regressions as appropriate. The dummies for regions of the United States were derived by using census maps to match states to broad regions; in the very few cases where a metro area overlapped two states, we used the state where the primary central city in the MSA is located.
19. Kimberly Furdell, Harold Wolman, and Edward W. Hill, "Did Central Cities Come Back? Which Ones, How Far, and Why?" *Journal of Urban Affairs* 27, no. 3 (2005): 301.
20. We use beta rather than raw coefficients to allow for some comparison between variables; beta coefficients gauge the impact of variations in the independent variables on the outcome measures, and are thus, to some degree, comparable. All regressions are weighted by the MSA populations in 2000 in order to reflect their relative importance in the sample, but the pattern holds if we drop the weights and, for example, focus on the 100 largest MSAs.
21. Vey, "Restoring Prosperity."
22. Myron Orfield, *Metropolitics: A Regional Agenda for Community and Stability* (Cambridge, Mass.: Lincoln Institute of Land Policy and Brookings Institution, 1997); Myron Orfield, *American Metropolitics: The New Suburban Reality* (Brookings Institution, 2002).
23. David Rusk, *Inside Game Outside Game: Winning Strategies for Saving Urban America* (Brookings Institution, 1999).
24. For these simultaneous tests, we chose to look at the shift in the distribution ratio for those at the sixtieth and twentieth deciles of the distribution rather than the eightieth and twentieth. The reason is that the process we use to obtain the decile cutoff is via linear interpolation. Although this is fairly accurate in the 1990 census because there were twenty-five household income categories, the 2000 census has only sixteen such categories, and the top brackets are rather broad, making linear interpolation for the eightieth now very accurate. The results for the earlier set of regressions are actually stronger if we use the sixtieth to

eightieth distribution, and the results for these simultaneous regressions are similar but less significant (and less reliable) if we use the eightieth to twentieth.

25. It was less clear why metro growth would change the relationship between city and suburban poverty or affect residential segregation in terms of race. We did initially try the city-suburb poverty differential and the results were actually amenable to our general view. We imagine that this really captured the poverty deconcentration effect, which might be more pronounced in central cities, but we did not have as good a theoretical rationale for this and so do not highlight it in the text.
26. For those more familiar with these sorts of exercises, the formal strategy was two-stage least squares, and various instruments were developed and tested. For example, the regression testing the change in poverty concentration on growth included as instruments the initial level of poverty concentration, the initial level of black and Latino segregation, and a measure of the change in recent immigrants (since they tend to cluster). Please note that in such simultaneous modeling, these is also an underlying equation for the feedback effect (from growth to equity); we did not develop an extensive model but rather a simple model of that side of the relationship and do not report on this here; instead we report on the equity-to-growth chain.
27. Stefan Lorant, *Pittsburgh, The Story of an American City* (Derrydale Press, 1999), and Edward Muller, "Industrial Suburbs and the Growth of Metropolitan Pittsburgh 1879–1920," *Journal of Historical Geography* 27, no. 1: 58–73.
28. Sabina Detrick, "The Post Industrial Revitalization of Pittsburgh: Myths and Evidence," *Community Development Journal* 34, no. 1: 4–12.
29. U.S. Census Bureau, Historical Decennial Census Population and Housing Counts, www.census.gov/population/www/censusdata/hiscendata.html (accessed April 17, 2007), author's calculations.
30. Bruce Katz, "Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania," report (Brookings Institution, 2003).
31. Roy Lubove, *Twentieth-Century Pittsburgh,* vol. 1: *Government, Business and Environmental Change* (University of Pittsburgh Press, 1969).
32. Louise Jezierski, "Pittsburgh: Partnership in a Regional City," in *Urban Affairs Annual Review,* edited by H. V. Savitch and Ronald Vogel, vol. 45, pp. 159–81 (Thousand Oaks, Calif.: Sage, 1996).
33. Lubove, *Twentieth Century Pittsburgh,* vol. 2: *The Post Steel Era* (University of Pittsburgh Press, 1996).
34. See www.pghtech.org.
35. See www.pittsburghlifesciences.com.
36. Lubove, *Twentieth Century Pittsburgh,* vol. 2; Sidney Plotkin and William Scheurman, "Two Roads Left: Strategies of Resistance to Plants Closings in the Monongahela Valley," in *Dilemmas of Activism: Class, Community and the Politics of Local Mobilization,* edited by Joseph Kling and Prudence Rosner (Temple University Press, 1990).
37. Je Jo Hyung, "Regional Restructuring and Urban Regimes: A Comparison of the Pittsburgh and Detroit Metropolitan Areas," Working Paper: UMTRI 2002–20 (University of Michigan Transportation Research Institute, Office for the Study of Automotive Transportation, 2002), p. 10.
38. William J. V. Neil, "Industrial Policy in Detroit: The Search for a New Regional Development Model in the Home of Fordism," *Local Economy* 6, no. 3 (1991): 250–70.

39. Hyung, "Regional Restructuring."
40. Fox, "Shared Prosperity."
41. Ibid.
42. June Manning Thomas, *Redevelopment and Race: Planning a Finer City in Postwar Detroit* (Johns Hopkins University Press, 1997).
43. U.S. Census Bureau, available at www.census.gov/main/www/cen2000.html for Census 2000.
44. Fox, "Shared Prosperity."
45. Marion E. Orr and Gerry Stoker, "Urban Regimes and Leadership in Detroit," *Urban Affairs Quarterly* 30, no. 1 (1994): 48–73.
46. Hyung, "Regional Restructuring," p. 16.
47. Lowell Turner and Daniel Cornfield, eds., *Labor in the New Urban Battlegrounds* (Ithaca, N.Y.: ILR Press, 2007).
48. Wilbur Rich, *Coleman Young and Detroit Politics: From Social Activist to Power Broker* (Wayne State University Press, 1989); Richard Child Hill, "Crisis in the Motor City: The Politics of Economic Development in Detroit," in *Restructuring the City,* edited by Susan S. Fainstein, Norman I. Fainstein, Richard Child Hill, Dennis R. Judd, and Michael Peter Smith (New York: Longman, 1986).
49. See the MOSES website, www.mosesmi.org/new %20website/history2.htm for MOSES' scope of work.
50. Mark V. Levine and Sandra J. Callaghan, "The Economic State of Milwaukee: The City and the Region," report (University of Wisconsin-Milwaukee, Center for Economic Development, 1998).
51. Matthew Zeidenberg, "Moving Outward: The Shifting Landscape of Poverty in Milwaukee," report (Madison: Center on Wisconsin Strategy, 2004).
52. Levine, "Economic State of Milwaukee"; Zeidenberg, "Moving Outward."
53. David E. Wood, Myron Orfield, and Joel Rogers, "Milwaukee Metropatterns: Sprawl and Social Separation in Metro Milwaukee" (Madison: Center on Wisconsin Strategy and the Metropolitan Area Research Corporation, 2000).
54. Wood, "Milwaukee Metropatterns."
55. For more information, see www.wisconsinlaborhistory.org/milestones.html.
56. Bureau of Labor Statistics, BLS CPS data for Milwaukee-Racine CMSA; Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review* 56, no. 2 (January 2003): 349–54, available at www.unionstats.com.
57. Julia Taylor, author interview, Milwaukee, March 10, 2006.
58. Annette Bernhardt, Laura Dresser, and Joel Rogers, "Taking the High Road in Milwaukee: The Wisconsin Regional Training Partnership," in *Partnering for Change: Unions and Community Groups Build Coalitions for Economic Justice,* edited by David Reynolds (Armonk, N.Y.: M. E. Sharpe, 2004).
59. See Chris Benner, Laura Leete, and Manuel Pastor, *Staircases or Treadmills: Labor Market Intermediaries and Economic Opportunity in a Changing Economy* (New York: Russell Sage Foundation, 2007).
60. FutureWorks, "Minding Their Civic Business: A Look at the New Ways Regional Business-Civic Organizations Are Making a Difference in Metropolitan North America" (Arlington, Mass., 2004).