Globalization and Community
Dennis R. Judd, Series Editor

Volume 6
Regions That Work: How Cities and Suburbs Can Grow Together
Manuel Pastor Jr., Peter Dreier, J. Eugene Grigsby III, and Marta López-Garza

Volume 5
Selling the Lower East Side: Culture, Real Estate, and Resistance in New York City
Christopher Mele

Volume 4
Power and City Governance: Comparative Perspectives on Urban Development
Alan DiGaetano and John S. Klemanski

Volume 3
Second Tier Cities: Rapid Growth beyond the Metropolis
Ann R. Markusen, Yong-Sook Lee, and Sean DiGiovanna, Editors

Volume 2
Reconstructing Chinatown: Ethnic Enclave, Global Change
Jan Lin

Volume 1
The Work of Cities
Susan E. Clarke and Gary L. Gaile

Regions That Work

How Cities and Suburbs Can Grow Together

Manuel Pastor Jr., Peter Dreier,
J. Eugene Grigsby III, and Marta López-Garza

Globalization and Community / Volume 6
University of Minnesota Press
Minneapolis • London

Published by the University of Minnesota Press
111 Third Avenue South, Suite 290
Minneapolis, MN 55401-2520
http://www.upress.umn.edu

Printed in the United States of America on acid-free paper

The University of Minnesota is an equal-opportunity educator and employer.

Library of Congress Cataloging-in-Publication Data:

Regions that work : how cities and suburbs can grow together /
Manuel Pastor, Jr. . . . [et al.].
p. cm.—(Globalization and community ; v. 6)
Includes bibliographical references and index.
ISBN 0-8166-3339-8—ISBN 0-8166-3340-1 (pbk.)
1. City planning—California—Los Angeles Metropolitan Area. 2. Regional planning—California—Los Angeles Metropolitan Area. 3. Urban policy—California—Los Angeles Metropolitan Area. 4. Suburbs—California—Los Angeles Metropolitan Area. 5. Los Angeles Metropolitan Area (Calif.)—Economic policy. 6. Los Angeles Metropolitan Area (Calif.)—Social policy.
I. Pastor, Manuel. II. Series.
HT168.L6 R44 2000
307.76'09794"94—dc21 00-044717

11 10 09 08 07 06 05 04 03 02 01 00 10 9 8 7 6 5 4 3 2 1

Contents

6

Regions That Work

Growth, Equity, and Policy in High-Performing Metropolitan Areas

American politics and policy making are fundamentally pragmatic. The hopeful message of the last few chapters—that low-income communities do better when their residents are connected to the region and that metropolitan economies grow faster when the poor are included—will remain just a message unless we can point to specific circumstances and policies under which regions have been able to achieve the dual goals of income and distributional improvement.

As it turns out, the late 1990s brought an emerging set of experiments and initiatives that do blend growth and equity in creative ways; we take these up in chapter 7. Here, we cast a retrospective view, examining three U.S. regions that exhibited superior performance in terms of both economic growth and poverty reduction during the 1980s (a period for which we had complete comparative data): the greater Boston area, the San Jose metropolitan area, and the metropolitan region anchored by Charlotte, North Carolina.

The choice of these areas may be surprising, particularly given the usual emphasis of the new regionalists and Smart Growth advocates on places like Minneapolis–St. Paul or Portland, Oregon, locations in which the machinery of regional government seems firmly in place. However, our three study areas were in the top ten of seventy-four major metropolitan regions when ranked by an index that took into account growth, poverty decline, and residential integration of the poor, and were among the top four when we added a measure of metropolitan equity to the mix.

Each region offers a range of demographic mixes and development patterns, and each appears to have chosen a different route to success in pushing growth and dampening poverty. San Jose essentially adopted a variant of a trickle-down approach: its business leaders exhibited an exceptional level of regional consciousness, but business and government did little specifically to help the poor. Instead, rapid growth helped to increase wages and dampen increases in poverty. Charlotte seems to have had in place the elements necessary for a "trickle-up" strategy: city and suburb had intersecting and common interests, partly because of a unique set of jurisdictional structures, and partly because regional elites retained a deep concern for the fate of the central-city as the anchor of a dynamic regional economy. Boston took a mixed approach: while much of the reduction in central-city poverty was probably due to higher growth and tightening labor markets, local policy makers took advantage of the macroeconomic situation to enact policies that redistributed (or "trickled around") some of the benefits of growth to poorer areas in the city and the region.

We begin below by detailing how we selected our case studies. We then discuss each case study individually, examining the main demographic and economic trends that have characterized each region, highlighting important regional and community initiatives, and evaluating each city's success on the antipoverty front in order to draw positive lessons for the future. We conclude the chapter by stressing a common theme that characterizes all our cases: the ability to develop regional consciousness and consensus among key actors.

Choosing the Cases

An award-winning article by Wolman, Ford, and Hill (1994) entitled "Evaluating the Success of Urban Success Stories" offers a cautionary tale: many of the cities regarded by urban planners and other experts as revitalization success stories have actually not been all that successful. To explore the opinions of experts, Wolman, Ford, and Hill first devised an index of "urban distress" based on unemployment rates, poverty levels, household income, and growth in output and population for 162 central cities.[1] They then took the bottom (or worst-scoring) third of the sample and asked 159 "experts" (of which seventy-six responded) which of these "distress stories" had experienced the strongest "economic turnaround or urban revitalization" during the 1980s.[2] The answers were then compared to an objective index based on income growth, poverty reduction, and other factors. By the latter measure, many of the cities deemed revitalized by the experts had performed no better and often worse than cities that were not considered to have undergone urban revitalization.[3]

Why the discrepancy? Many of the expert-identified successes seem to have experienced improvement in their central business districts, an

increase in gentrified (that is, upper-middle-income) housing, and expansion in the population of "young single individuals and childless couples (yuppies)" (Wolman, Ford, and Hill, 1994: 844). But a proliferation of bookshops and cappuccino bars, while certainly pleasant, should not lead us to identify a place as successfully revitalized. Thus, we were worried about problems of relying on expert identification when so many of our colleagues pointed to Portland, Minneapolis–St. Paul, and Seattle as shining examples of regionalism. We were also concerned that the relative racial homogeneity of these model regions meant that they had faced a different set of challenges in forging common interests than those present in the starting point of our analysis: the ethnically diverse, often fragmented, locale of Southern California.

We therefore decided to take a more quantitative approach. Drawing on the set of seventy-four metropolitan areas used in the regression analysis of chapter 5 (see the list in table 5.1), we arrayed the metropolitan statistical areas (MSAs) according to their growth in regional per capita income and their reduction in central-city poverty over the 1980s.[4] The general pattern, shown in figure 6.1, is in keeping with the regression estimates of chapter 5: faster growth and poverty reduction go together.

To analyze further and select "best cases," we divided the sample into four groups: (1) regions in which both growth and poverty reduction exceeded the sample medians; (2) regions in which growth was above the median but poverty reduction was below it; (3) regions in which growth was below the median but poverty reduction exceeded it; and (4) areas in which both growth and poverty reduction were below the median. The resulting twenty-seven relatively high performing regions (found in the lower right-hand quadrant of figure 6.1) are listed in table 6.1. It is interesting to note that the often-mentioned regional success stories (Portland, Seattle, and Minneapolis–St. Paul) are not among them. Neither is Los Angeles: it achieved growth that was slightly below-median and an increase in poverty that was slightly above-median during the 1980s, making it among the best in the category of "worst" performers (a group that included expected problem cases like Gary and Detroit).

The "above-median" performers, taken from the best performers quadrant of figure 6.1, are looked at more carefully in figure 6.2. Given that there are fewer observations to clutter the display, we list identifier codes adjacent to the marker of performance (with the codes taken from table 6.1). As with the larger figure, "southeast" is preferable as this indicates both higher growth and sharper reductions in poverty. But how do we weigh growth versus poverty when grading performance—that is, which of the

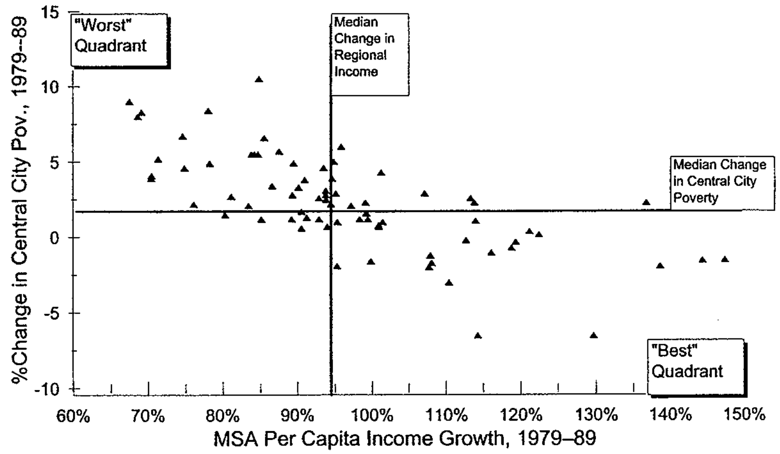

Figure 6.1. Income growth and the change in central-city poverty in seventy-four metro areas.

MSAs in, say, the Boston-Newark (BO-NW) cluster or the Oxnard-Jacksonville (OX-JC) cluster should be considered superior? Moreover, shouldn't we also rank regions by measures like the degree of residential segregation of the poor or the difference between central-city and suburban poverty, particularly since we have suggested that such differential poverty experience by geographic location may diminish the regional will to confront community development issues?

To get at these questions, we took the "best" performers from table 6.1 and figure 6.2 and created a series of scatterplots looking at the relationship between growth and the residential segregation of the poor (figure 6.3), the ratio of city to suburban poverty (figure 6.4), and a measure of metropolitan income inequality (figure 6.5).[5] Noting that southeast remains the best direction in all the graphs, the careful reader will observe that a series of regions, including Atlanta (AT), Boston (BO), Charlotte (CR), and San Jose (SJ), seem to have ended up with consistently favorable outcomes across the range of variables.[6] Since our field research on these cases was to occur in spring/summer 1996—just as Atlanta officials would be busy with preparation for the 1996 Olympic Games—we decided to focus on Boston, Charlotte, and San Jose.

To double-check our selection, we devised a "growing together" index that ranked all seventy-four regions by giving equal weight to three different criteria: the rapidity of growth, the size of poverty reduction, and the residential segregation of the poor. The three selected regions were in the top

Table 6.1

Economic Growth, Change in Central-City Poverty, and Residential Dissimilarity in Regions with Above-Median Growth and Above-Median Performance in Reducing Poverty

MSA Region (in alphabetical order)	Code	Growth of Per Capita Income, 1979–89	Change in Central-City Poverty, 1980–90	Residential Dissimilarity of Poor, 1990
Allentown-Bethlehem, PA-NJ	AL	99.5	1.2	34.5
Atlanta, GA	AT	112.7	−0.2	39.6
Austin, TX	AU	97.2	2.1	37.6
Baltimore, MD	BL	116.1	−1.0	46.0
Boston-Lawrence-Salem, MA	BO	144.4	−1.5	37.4
Charlotte-Gastonia, NC	CR	99.9	−1.6	31.9
Greensboro–Winston-Salem, NC	GB	107.9	−1.2	29.3
Greenville-Spartanburg, SC	GN	95.3	−1.9	30.3
Indianapolis, IN	IN	95.4	1.0	39.9
Jacksonville, FL	JC	110.4	−3.0	32.5
Memphis, TN-AR-MS	ME	98.4	1.2	42.9
Middlesex-Somerset, NJ	NB	147.4	−1.5	36.4
Nashville, TN	NV	100.9	0.8	33.4
New Haven-Waterbury, CT	NH	138.6	−1.9	46.0
New York, NY	NY	118.8	−0.7	43.0
Newark, NJ	NW	129.7	−6.5	48.2
Orlando, FL	OR	107.7	−2.0	27.2
Oxnard-Ventura, CA	OX	122.4	0.2	30.9
Philadelphia, PA-NJ	PH	119.4	−0.3	47.9

Table 6.1 (Continued)

Economic Growth, Change in Central City Poverty, and Residential Dissimilarity in Regions With Above-Median Growth and Above-Median Performance in Reducing Poverty

MSA Region (in alphabetical order)	Code	Growth of Per Capita Income, 1979–89	Change in Central City Poverty, 1980–90	Residential Dissimilarity of Poor, 1990
Richmond-Petersburg, VA	RI	99.3	1.6	44.0
Sacramento, CA	SC	94.5	2.2	31.0
San Diego, CA	SD	101.5	1.0	31.9
San Jose, CA	SJ	114.0	1.1	31.3
Tampa-St. Petersburg, FL	TA	100.9	0.7	31.0
Washington, DC-MD-VA	DC	108.0	−1.7	38.1
West Palm Beach-Boca Raton, FL	PB	121.2	0.4	34.4
Wilmington, NY	WL	114.2	−6.5	34.6

ten, giving us additional confidence in our selection.[7] We then tried a ranking that gave equal weight to the aforementioned factors, as well as to our measure of metropolitan inequality in 1990. With the sample reduced to forty-nine regions due to missing observations on distributional equity, Boston, Charlotte, and San Jose occupied three of the top four positions.

Selecting these three regions appealed on other grounds. They offered a range of population demographics (see figure 6.6): San Jose has a significant population of Latinos and Asians; the Charlotte region is largely biracial (black-white); and while Boston itself has a significant minority population, the larger Boston region is predominantly white. The three regions also hail from distinct geographical macroregions of the United States (the Northeast, the South, and the West) and exhibit three different development patterns. Boston is a stereotypical eastern metropolitan area with a dense central city supporting a large suburban area. The Charlotte area is anchored by a relatively modern southern city that has sought aggressively to both position

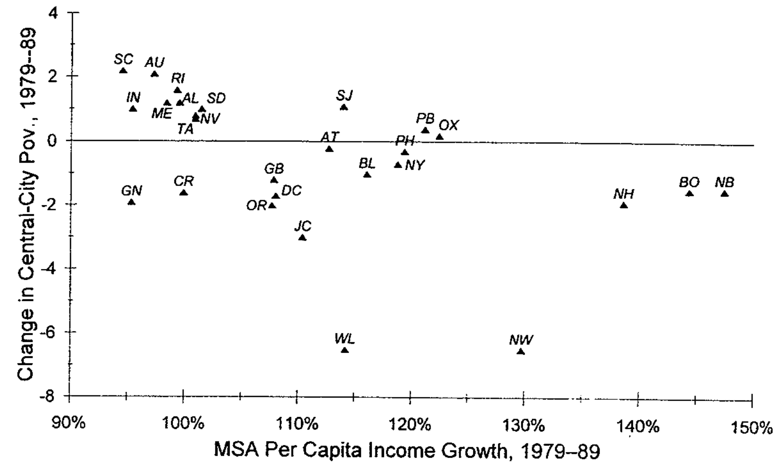

Figure 6.2. Income growth and the change in central-city poverty in "high performing" regions.

itself as a center of regional distribution and business and build a national presence in banking. San Jose, in the heart of Silicon Valley, is a technology-driven area with a large, diffuse central city, a sizable immigrant population, and extensive suburbanization of employment and manufacturing.

In our discussion, we make much of the fact that Charlotte, in particular, was able to annex adjoining suburbs, arguing that this helped build a countywide commitment to the central and inner city. Of course, another explanation for the reduction of central-city poverty in Charlotte is simply that annexing higher-income areas into the central city boundaries may have "artificially" lowered the recorded city poverty rate. This implies that our choice of Charlotte as a "best performer" could be problematic: poverty was not really reduced but diluted (although we should note that this boundary issue does not affect improvements in metrowide measures of residential segregation or inequality). San Jose was also what Rusk (1995) terms an "elastic" city, leading to potential worries about that choice as well.[8]

While we could not conduct such an analysis for all the cities in our sample, we decided to "remap" Charlotte and San Jose, calculating 1990 poverty rates just for the tracts that constituted each city in 1980.[9] As it turns out, the improvement in our poverty reduction variable falls by 1.4 percentage points in the case of Charlotte and .5 percent in the case of San Jose. These figures would still land both regions safely in the "best" quadrant and our three selected cases are now in the top eleven and top five of our respective rankings rather than in the top ten and top four. Of course, given that

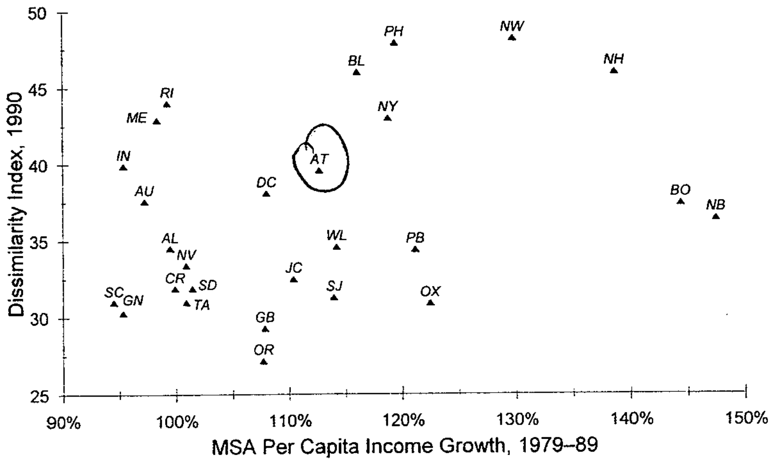

Figure 6.3. Income growth and the 1990 residential dissimilarity/segregation of the poor.

the vast majority of elastic cities are annexing higher-income areas, a full accounting would likely shift other MSAs down the scale; for this reason, we are confident that our city choice and the analysis that follows are not significantly distorted by the various boundary shifts between 1980 and 1990.

With the metropolitan areas selected, we did background research, then conducted a series of team visits to the three areas to interview regional and community leaders.[10] We begin with San Jose, an area that seems to have stressed growth; then turn to Charlotte, which focused on tying together the fates of the central city and its suburbs; and close with an examination of Boston, a region that used a creative mix of policies to ensure that the benefits of growth would reach the area's poorer residents.

San Jose: Regional Consensus and Growth

Demographic Context

The San Jose MSA (Santa Clara County) is anchored by the City of San Jose. Despite an early history as a relatively small agricultural center, San Jose is now the third largest city in California and the eleventh largest in the country. Population growth has been dramatic: while the MSA population tripled from 642,315 in 1960 to nearly 1.5 million residents in 1990, the central city's population nearly quadrupled over the same time period (from 204,196 to 782,248), partly as a result of aggressive annexation.[11] San Jose is a relatively wealthy central city, with the mean household income (in constant 1990 dollars) having increased from $46,776 in 1980 to $54,400 in 1995. In 1990,

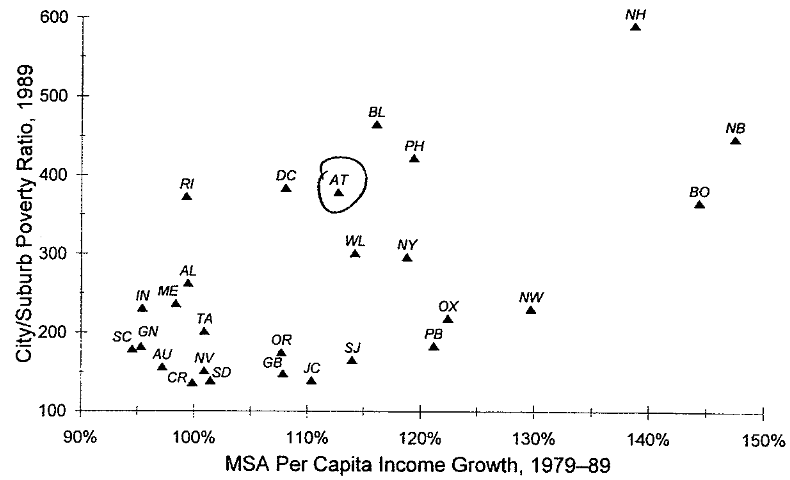

Figure 6.4. Income growth and the ratio of central-city to suburban poverty in 1989.

the city's poverty rate was 9.3 percent, higher than the 5.6 percent rate in the rest of Santa Clara County, but still favorable by national standards and much better than the state level of 12.5 percent in the same year.

Like much of the rest of California, the San Jose MSA has experienced a dramatic increase in its minority populations. Between 1980 and 1990, Santa Clara County's Asian population increased by 160 percent while the Latino population rose by 40 percent (well above the 15 percent growth rate for the county as a whole). By 1990, over 42 percent of the MSA population was minority, with the bulk of that population of Latino or Asian origin. While residential segregation remains a problem, the percent of Santa Clara County African-Americans and Latinos who reside in the central city is roughly similar to the percent of county Anglos residing in the central city; as in Los Angeles, San Jose's minority residents have increasingly moved into the surrounding suburbs.[12]

Economy and Workforce in the San Jose MSA

Part of the reason for San Jose's relatively strong growth in income is the high-tech base of Silicon Valley. The valley boasts the largest population of engineers, scientists, and high-tech business executives in the country; serving this sector are an array of law firms, banks, real estate agencies, and other high-end services (Saxenian, 1996: 41). The dynamism of the high-tech industry has helped lower unemployment and bring the region's wages to the top of the national scale.

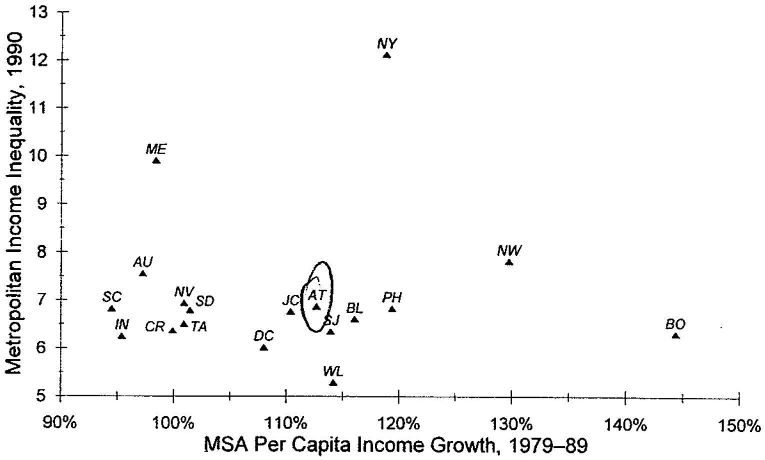

Figure 6.5. Income growth and metropolitan inequality in "high performing" regions.

While Silicon Valley has created broad growth in job opportunities, differential outcomes in occupation and income are evident. Anglos, for example, comprised 62 percent of the labor force in Santa Clara County in 1990 but were 76 percent of the executives and managers and nearly as high a percentage of those in professional specialties. The presence of Asian employees was highest in the areas of technician and machine operator, comprising about 25 percent of those in these fields although they were only 16 percent of the total labor force. Latinos were 18 percent of the labor force but were 36 percent of machine operators and nearly as large a proportion of those in the service category.[13] This occupational hierarchy by ethnicity is reflected in income differentials between Anglos and Latinos: while both groups are better off than the national average, the distance between them is more pronounced in San Jose than in the United States as a whole.[14]

As in Los Angeles (see chapter 2), the high- and low-wage jobs of Silicon Valley are complementary. Engineers design circuits and chips while lower-income workers labor directly on the assembly end of electronics, sometimes under sweatshop conditions (Hossfeld, 1990), and clean the offices where computer-aided design occurs.[15] Even the rapid expansion of the service sector is linked to high-wage employment: young professionals "overworking" in the software and design firms that populate the region have come to rely on immigrant and other workers in the food and child care industries. In short, one of America's most dynamic industrial areas

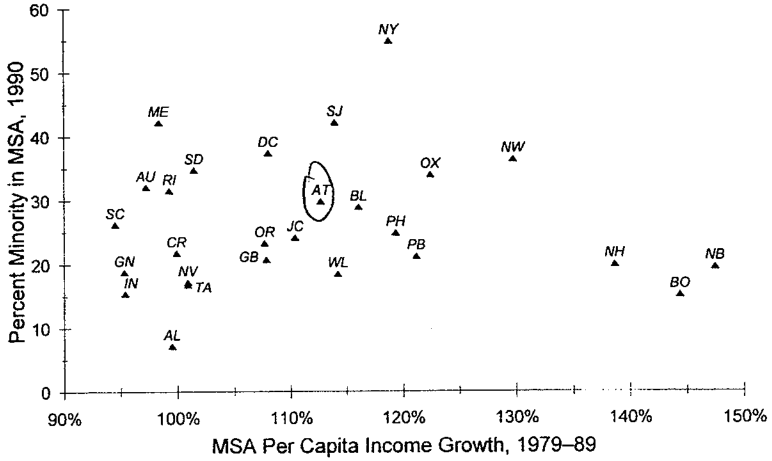

Figure 6.6. Income growth and the percent minority in MSA, 1990.

has two faces that are economically linked but differentiated by income and often by color.[16]

Growth and Poverty in San Jose

The San Jose MSA experienced the second fastest growth in per capita income of our three regions and ranked twelfth on this variable in the overall seventy-four-MSA sample. Unlike Boston and Charlotte, central-city poverty in San Jose actually rose during the 1980s. However, the region's performance on this front was superior relative to the dismal national record: San Jose's central-city poverty rate rose by slightly over 1 percent between 1979 and 1989 while the median increase for our sixty-two-region sample was 2.6 percent.

What accounted for the high rate of growth through the 1980s? One obvious answer lies in Silicon Valley's general strength in high technology as well as its ability to secure defense contracts, at least during that decade. But these factors are themselves rooted in other variables, such as the research and training capabilities embodied in local institutions of higher education and the links of business to these institutions.[17] Stanford, UC Berkeley, and other regional institutions traditionally have been a training ground for engineers and a source of new technological innovations. Equally important have been the California State University campuses and a superb set of local community colleges.[18]

Of course, many areas have rich educational resources and seem to make much less of them. Another key variable was what Annalee Saxenian terms Silicon Valley's "flexible industrial system." The region's high-tech firms have long been characterized by a high rate of turnover among the technical professionals, including a constant breaking away of key engineers to start new companies. Technological capabilities and know-how were therefore diffused throughout the region and not simply confined to one vertically organized firm (Saxenian, 1996: 37). The constant mobility has also blurred lines between firms and had an impact within companies, as shown by the replacement of traditional corporate systems of hierarchy with notions and practices of teamwork.

The valley, in short, is rich in the sort of social capital that leads to business success. This, in turn, has helped produce a heightened regional consciousness among business actors eager to preserve the social ecology that allows their firms to prosper. For example, the Santa Clara Valley Manufacturing Group (now called the Silicon Valley Manufacturing Group) was founded in 1977 by David Packard of the Hewlett-Packard Corporation and thirty-two other charter members representing electronics companies, banks, and other key employers. The organization has historically taken up social infrastructure issues like traffic congestion and the lack of affordable housing in the valley. It has helped organize broad collaborative efforts such as the Housing Action Coalition, a housing advocacy group that includes a broad array of interests, including environmentalists and labor unions, and has even lobbied for increased taxes in order to both expand the local highway system and support light rail development. Throughout its history, the Manufacturing Group has maintained a cooperative relationship with the public sector, crafting the basis for informal business-government collaboration in other areas.[19]

The most recent outgrowth of this sort of consciousness—regional in scope, led by business, and involving the public sector—is Joint Venture: Silicon Valley Network (JV: SVN).[20] This group was formed in 1992, partly because of the hard hits the valley took in the wake of defense downsizing. Joint Venture quickly became and remains a key actor in the region's destiny. Explicitly focused on developing a collaborative regional strategy, building social capital, and forming new strategic alliances, it has helped to coordinate public policies, "sell" the region to others, and induce businesses to work on broad issues such as education. Interestingly, even the group's geographic scope has reflected a new approach: rather than being limited to the political jurisdiction of Santa Clara County, it stretches over parts of three other counties with its coverage defined in terms of the industrial clusters said to comprise the competitive base of Silicon Valley.

Of course, "collaboration" is not entirely inclusive. The founders of the main businesses in the valley were a homogeneous group of young, white men largely from the Midwest (Saxenian, 1996: 30) and much remains unchanged: as of late 1998, no African-Americans or Latinos headed one of the top 150 Silicon Valley companies and only 8 percent of these firms had a person of Asian descent in the chair or CEO position.[21] Likewise, public policy has often reflected an imbalance by race. While the City of San Jose (through its Redevelopment Agency) has plowed millions of dollars worth of subsidies into showcasing its downtown as a corporate headquarters for the Silicon Valley, officials acknowledge that there has been insufficient attention to creating jobs and business opportunities in areas like the Mexican-American barrio of East San Jose.[22] Meanwhile, most of the manufacturing in the valley remains in the northern part of the city and county, yielding a spatial mismatch for low-skill workers in south and east San Jose.[23]

Lessons: Growth and Regionalism in San Jose

The San Jose/Santa Clara County experience suggests the potential positive impact on growth when business exhibits leadership in the arena of social infrastructure and economic restructuring. The City of San Jose (like Charlotte) also played an active role through its attempt to position the city as the center of the region, calling itself the "Capital of the Silicon Valley." Its strategy included a highly focused program to promote downtown redevelopment,[24] a remarkable effort since most of the manufacturing and business growth in the earliest days of the valley was in the northern and suburban part of the MSA.[25]

But these efforts to remake the region and its center city were not matched by any coherent strategy to tackle poverty. Indeed, many of the leaders we interviewed were surprised by the relative performance of San Jose on poverty and were hard-pressed to name any public policy that might have contributed to this result. San Jose's poverty performance—a modest increase that was nonetheless better than the national pattern of the 1980s—was instead probably due to the positive impact of a tight job market on lower-income residents.[26] One is left to wonder how much more could have been achieved had San Jose and the other cities in Santa Clara County entertained a more focused strategy.

Why was so little done on the poverty front? One answer lies in the lack of organized activities or interest groups working on behalf of lower-income individuals. Although unionization in the region is above the national average and San Jose has recently become home to one of the most dynamic central labor councils in the country, union presence is less significant in the most dynamic sectors of the economy.[27] Silicon Valley entrepreneurs are often individualistic and resist collective bargaining arrangements. Moreover, the management model "of shifting and horizontally linked confederations of work teams" (Saxenian, 1996: 55) tends to provide an alternative "voice" to employees, making it more difficult to organize.[28] Officials in San Jose also suggest that the relatively high pay of many workers has reduced the need for unions. The labor movement has tried to focus on organizing possibilities at the lower end of the service sector, especially with its Justice for Janitors campaign.[29] More recently, labor and community forces came together in late 1998 to put in place a living wage ordinance designed to raise the wages of low-wage workers in firms subcontracting with the City of San Jose.

Despite this recent labor-sponsored activity, there seems to have been a relatively modest amount of political organizing and grassroots development at the community level. In some sense, this is surprising. Minority communities have made political gains and there are an increasing number of Latinos and others in elected and appointed positions, including the 1998 victory of a Latino for the mayor's seat. San Jose also boasts what many believe is the most innovative and effective job-training program in the country, the Center for Employment Training (CET), and enjoys the presence of the Non-Profit Development Center, an often-praised organization that trains nonprofit leaders and helps build working and funding relationships between nonprofits and the government and corporate sectors.[30] Still, many community development corporations (CDCs) in the San Jose area seem less sophisticated operationally than those in other large cities, and city officials, when asked to identify their strategies for poorer neighborhoods in the early 1990s, pointed to programs like Project Crackdown, a police-community effort to rid neighborhoods of gangs and drugs. This hardly seems like the holistic development strategy many in the community-building field are now embracing.[31]

There are at least three central lessons to be learned from San Jose's experience. The first is that regions with significant amounts of "horizontal social capital," that is, networks among major economic and political players, are able to grow rapidly. The Silicon Valley boom of the 1980s was built in part on an existing set of relationships among firms and individuals; in

this period, regional consciousness was high but "informal." It was only when job growth, which had held steady at around 7 percent annually through much of the 1980s, stopped in the early 1990s due to high-tech restructuring and defense spending cutbacks, that a more formal mechanism like Joint Venture was formed. The rapidity of the organization's coming together and its success in helping to restore growth quickly to the valley certainly indicates the effectiveness of the strategies its leaders adopted to develop, popularize, and implement new initiatives.[32] However, it also reflects the fertile ground of social capital developed through years of interactions.

Our second lesson is that growth matters. A robust economy will improve poverty—or moderate its increase—even in the absence of a conscious strategy to link poorer communities to the regional poles of success. This suggests that those concerned about poverty need to be cognizant of the policies and programs that will promote economic expansion: growth is the sine qua non for successful redistribution.[33]

The third lesson is just now emerging: antipoverty policies must go beyond a simple focus on growth per se. Given the relatively low levels of unionization and community organizing in this region, public officials and business leaders have seldom felt pressed to deal with poverty. Instead, attention has focused on transportation infrastructure and other initiatives necessary to keep the San Jose economy humming. But exploding housing costs, increases in child poverty, and rising inequality in the valley have led even some in the business sector to worry about the sustainability of a purely growth-oriented strategy.[34]

To secure a better future, San Jose will need to strengthen its much-vaunted social capital *vertically* as well as horizontally. Ties among businesses are not enough; community, labor, and other groups need to have a voice in the regional destiny as well.[35] Joint Venture and other business groups have begun to make steps in the right direction: during 1997–98, Joint Venture launched a multisector and multiracial visioning process that has led to a new strategic focus on environment and equity as well as economy. Meanwhile, the local labor movement has itself embraced regionalism; in 1995, it formed its own research think tank, Working Partnerships USA, to address growing inequality within Silicon Valley through well-researched strategic public interventions in the labor market (Benner 1998).[36] Whether the region can make the transition to a fully collaborative approach—one in which specific policies begin to better spread prosperity and opportunity across the usual gaps of class and ethnicity—remains to be seen.

Charlotte: Building the Region, Maintaining Community

Demographic Context

The Charlotte-Mecklenburg-Gastonia-Rock Hill MSA encompasses seven of the twelve counties that are considered part of the broader Charlotte metropolitan region. The City of Charlotte grew at a rate of 26 percent during the 1980s, exceeding the nearly 20 percent attained by the region; by 1990 the central city held 34 percent of the MSA's total population. Population growth has accelerated over the 1990s, with Charlotte's population rising by 15 percent over the first half of that decade.

Part of this central city population growth was due to a 1962 state annexation law mandating that any area within Mecklenburg County taking on the character of an urban locale automatically becomes a candidate for annexation by the county's biggest city, Charlotte.[37] As a result, twenty-seven unincorporated areas were annexed by Charlotte during the decade of the 1980s. This resulted in a direct population increase of 42,716—more than half of the population increase of the central city over this time period.[38] Still, over 42 percent of the MSA-level population increase of the 1980s was due to in-migration, indicating the attractiveness of the region.

Minorities totaled 21.8 percent of the 1990 MSA population, of which over 90 percent (19.9 percent of the MSA) were African-American. Within the city of Charlotte, African-Americans constituted 32 percent of the population, having increased in numbers by 28.8 percent over the 1980s. Since Latinos, Asians, Native Americans, and other ethnic groups made up only around 2 percent of the region's 1990 population, the ethnic dynamics of Charlotte politics have been largely black-white, a fact reflected in electoral strategies and political coalition building.[39]

Of the MSAs we review in this chapter, the Charlotte area posted the lowest increase in per capita income. Despite this modest performance as far as growth, the region managed to obtain the best central-city poverty reduction of our three comparative cases. In the MSA as a whole, the poverty rate declined by nearly 1 percent, going from 10.5 percent in 1980 to 9.6 percent by 1990, while in the central city (Charlotte) the poverty rate fell by 1.6 percent over the 1980s, ending the decade with a level of 10.8 percent. Charlotte may therefore offer some lessons about how to do well in terms of equity even in a context of only reasonably healthy growth.[40]

Economy and Workforce in the Charlotte MSA

Charlotte has long played a national role as a major textile power; by 1903, more than half the country's textile production was located within a one-

hundred-mile radius of the city. The convergence of several railroad lines in the mid-1880s and the evolution of North Carolina's interstate highway system in the twentieth century paved the way for Charlotte to become a major distribution center. The establishment of a branch of the Federal Reserve in the 1920s marked the beginning of Charlotte's eventual evolution into a top banking center. Still, the workforce was largely industrial prior to the 1980s: in 1970, for example, over 40 percent of the nonagricultural labor force worked in a factory and some 62 percent of these workers were employed in a textile or related apparel facility (Stuart, 1995b: 5).

With global competition inducing contraction in the textile sector, finance, insurance, and other nonmanufacturing services emerged as the region's growth industries.[41] Mecklenburg County, the site of Charlotte, led the region, accounting for nearly 86 percent of the regional gain in nonmanufacturing employment. By the end of the 1982–93 period, Mecklenburg County, with 35 percent of the regional population, had 49 percent of the total jobs, 25 percent of manufacturing employment, and almost 58 percent of the nonmanufacturing total (Stuart, 1995a: 7).

One of the key areas of expansion was banking. In 1988, NationsBank merged with First Republic Bank of Texas and, in 1996, acquired First Fidelity Bancorporation, making NationsBank the country's second-largest bank. By 1998, it had merged with California-based Bank of America to become the nation's largest bank. Growth on the part of the state's other major banks, Wachovia and First Union, has made Charlotte one of the fastest growing financial regions in the nation. Wholesale and retail trade have expanded, as Charlotte sought to market both the products of its diverse manufacturing sector (including textiles, food products, printing, publishing, and machinery) and products imported from abroad and from other regions of the United States. Construction of office space, housing, shopping malls, hotels, and restaurants has expanded rapidly to accompany the growing population and its service needs.

The Charlotte boom of the 1980s was not simply serendipity. The City of Charlotte consciously built up its role as a regional distribution center, making use of both the historical regional rail system and the major highways that provide convenient north-south trucking links.[42] It also has expanded the Charlotte/Douglas International Airport, converting this facility into the nation's twenty-fourth busiest airport. In addition, the city established the Charlotte Foreign Trade Zone, an "inland port" that provides customs and immigration services and helps attract foreign manufacturers. The region as a whole, but particularly the City of Charlotte, also has conducted an aggressive marketing campaign to attract new domestic business.

Partly as a result of these efforts, Charlotte's unemployment rate was extremely low by national standards, falling from 5 percent in 1979 to 3.2 percent in 1989.[43] Yet the impressive thing about Charlotte remains its superior performance on both poverty and income distribution (recall figures 6.2 and 6.5): the region was able to grow while leaving fewer of its residents behind.

Growth and Poverty in Charlotte

Of course, part of the reduction of poverty was due to the region's relatively rapid economic growth. But this cannot be a full account: other regions grew much faster but made less progress on poverty. Instead, several structural factors helped bridge the gap between city and suburb and provide more direct opportunity for the poor.

The first of these involved the city-suburb relationship itself. Both the annexation law governing Mecklenburg County and the related consolidation of schools into a countywide system (each of which occurred in the early 1960s) helped to solve classic collective action problems that have plagued many other regions. In most areas, for example, parents either can exercise their voice to improve a city school district or they and their progeny can exit to a suburb, leaving a declining school system in their wake. The resulting fall in educational attainment often creates a regionwide decline in workforce preparedness and hence lower incomes all around. Similarly, middle-class residents weary of high taxes to address poverty can defect from the central city, leaving concentrated poverty and fiscal crisis in their wake.

By contrast, Charlotte's annexation law and school arrangement constituted "ties that bind." They ensured that wealthier enclaves, which might find it in their immediate interest to separate jurisdictionally, would find it nearly impossible to do so. The law, for example, ruled out new freestanding municipal suburban areas surrounding Charlotte while school consolidation into a single Charlotte Mecklenburg County metropolitan system meant that parents seeking an alternative to public school would either have to choose expensive private schools or be forced to leave the county altogether.[44]

Equally significant was the decision of the Charlotte City Council in 1976 to declare that any additional public housing would be scattered-site. This policy reversed the earlier practice under which the city had concentrated low-income households in one of eight relatively dense projects.[45] As noted in chapter 4, deconcentration helps the poor, partly because it moves some public housing residents closer to suburbanized job opportunities, and partly because it means that the poor and their children then reside in communities with a broader mix of role models and social networks. Indeed, a Charlotte Housing Authority (CHA) report indicates that residents in scattered-site housing are over 20 percent more likely to be working than residents in the larger projects.[46] Such attempts to deconcentrate the poor can also help with evoking a sense of collective responsibility, partly because poverty becomes as close as one's neighbors.[47]

The late 1970s also brought a shift from an at-large council system to district, or neighborhood-based, representation in the City of Charlotte. With this change, Harvey Gantt was elected to the city council, and later served two terms as the first African-American mayor of Charlotte (1983–87). Partly as a result of the new neighborhood representation and Gantt's leadership, infrastructure spending began to be channeled to the historically neglected northern part of the city.

While Gantt's reign as mayor was eventually ended by a successful challenge from Republican Sue Myrick, the efforts to target inner city poverty had gained their own momentum. In 1989, Charlotte launched an effort called a "City Within a City," which still governs city policy making. Using census data, seventy-three different neighborhoods were classified as stable, threatened, or fragile. Each year, the city is committed to providing special attention to selected problem communities using a multidimensional approach that combines improved policing, enhanced human services, and special development strategies.[48]

In light of this policy and poverty reduction record, it is little wonder that urban expert Neil Peirce has suggested that "the totality of effort (in attacking poverty and promoting neighborhood development in Charlotte) is stunning. It is equaled in few cities around the nation. . . . The region has a long ways to go in fighting crime and poverty. But it is on the right track—something few other American cities can say" (Peirce et al., 1995).

Lessons: Building Ties That Bind

Peirce may have been overly optimistic. To some degree, the reduction of poverty levels in Charlotte resulted from an influx, partly through annexation, of a higher-income population. Moreover, while poor whites have been able to move into outlying areas and capitalize on new manufacturing employment growth, the residuals of racial discrimination seem to have inhibited the African-American poor from following suit. Many, particularly those in public housing, have languished even as growth swelled the economy around them.

Still, the record has been enough to impress outside observers and to suggest that perhaps something can be learned for policy in other cities. Certain factors were clearly important: annexation of suburbs helped to keep the social fabric continuous; scattered-site housing served to deconcentrate the poor; and enhanced neighborhood representation improved public sector responsiveness to community concerns. Yet the real question is why such policies were adopted, and the answer to this lies in part in the attitude of Charlotte's business leadership.

Charlotte's business class, often dominated by key leaders such as NationsBank Chairman Hugh McColl and First Union CEO Ed Crutchfield, has long sought to retain economic leadership in the region.[49] The Charlotte Chamber of Commerce, for example, considers its territory to be a thirteen-county area. The Carolinas Partnership, formed from what used to be the Greater Charlotte Economic Development Council, covers an even broader area. Charlotte's business class has played an important role in both organizations, partly out of recognition that the city's prosperity depends on its ability to continue to serve the financial and distributional needs of the entire region. The commitment of the business community to improving transportation infrastructure (such as a new outer-ring freeway) and enhancing other physical and social ties has helped facilitate the knitting together of a coherent regional economy.

But Charlotte's business leaders also have been important proponents of supporting the downtown and the central city. One reason is that several major business figures have lived in and adjacent to the downtown area for a number of years. This itself partly stems from Charlotte's annexation law: since freestanding suburbs are prevented from developing, outlying residential areas enjoy few of the amenities available in the center of the city and do not offer respite from city taxes or separate school systems.[50]

Yet business leaders' attachment to the city stems from more than residence. Business has been "progressive" by southern standards. As Stephen Smith (1997) notes, business leaders were proud of the busing plan that integrated the Charlotte schools in the 1970s. Business groups were helpful in electing the city's first African-American mayor, Harvey Gantt, and downtown and neighborhood interests have often been linked by policy as well as politics.[51] For example, bond measures to revitalize commercial areas in Charlotte have included funds for street improvements in low-income neighborhoods. One of the city's most recent consolidated plans mentions a "growing economic division of the 'haves' and 'have nots' in the community" and the "City Within a City" planning framework has attempted to address this by marshaling resources to eradicate the worst pockets of poverty. Even the Carolinas Partnership, one of the business-led regional groupings, has initiated a series of efforts to work with public housing residents in order to link them more closely to the economy.

Some of the elements of Charlotte's success are explicable but not easily reproducible. The sense of common destiny that drove public policy may have been facilitated by Charlotte's relatively small size.[52] The annexation law and the consolidated school system may have diminished the lure of suburban escape, but few municipalities in America's regions seem ready to give up such autonomy. What could be generalized is the need for business leadership and commitment to the central city and its inner-city neighborhoods. Charlotte's business and political leaders worked for the stability and vitality of the downtown, and were proud that usually explosive issues like school integration were resolved relatively calmly. Charlotte's business community, striving for regional leadership, recognized that more inclusive "win-win" outcomes tend to cement relationships and produce sustainable growth. Indeed, Charlotte's most prominent businessperson, Hugh McColl, continues to lead on these issues, arguing in a 1999 speech to developers that they should support emerging Smart Growth strategies (see chapter 7) and suggesting that everyone—"developers, business people, public officials, environmental advocates, ordinary citizens"—should be at the table when regional growth strategies are being discussed and determined.[53]

Boston: The Politics of Growth and Equity

Demographic Context

Boston is a city of nearly 600,000 residents in a five-county, 129-city metro area of around 3.2 million.[54] The metropolitan economy comprises about two-thirds of the state economy.[55] The City of Boston itself has less than 10 percent of the state's population, but provides about 16 percent of its employment, 24 percent of its production of goods and services, 21 percent of the total earned income, and 18 percent of state tax revenues.[56] It is the biggest city in, as well as the economic and cultural hub of, the New England region and its 13.2 million people.[57]

From 1950 to 1980, the City of Boston experienced a pattern typical of many older urban areas: the dramatic loss of about one-third of its population even as the surrounding suburbs grew. Then, during the 1980s, both Boston and its suburban area added population.[58] This latter pattern is especially unusual for Northeastern cities, particularly those like Boston that lack the ability to access additional land through annexation or other mechanisms.[59]

While minorities constituted only 15 percent of the metro population in 1990, they constitute about 41 percent of the population in the central city of Boston. African-Americans made up over 60 percent of Boston's minority population but, between 1980 and 1990, the city's Hispanic population increased from 6.4 percent to 10.7 percent, while Asians increased from 2.6 percent to 5.3 percent of total population.[60] Still, racial dynamics, as illustrated by the busing crises of the 1970s, have traditionally been black-white, and residential and schooling patterns are highly segregated.

The Boston area has the usual set of special-purpose regional institutions, including the Metropolitan Boston Transportation Authority (MBTA), which runs the public transportation system for seventy-eight cities and towns in eastern Massachusetts; the Massachusetts Water Resources Authority, a court-imposed agency to help clean up the polluted Boston harbor; the Metropolitan District Commission, a regional agency that oversees some parks, water treatment plants, and highways; and the Massachusetts Port Authority, which oversees Logan Airport, the ports, and the construction of the new harbor tunnels. The Metropolitan Area Planning Council, the region's planning agency, primarily issues reports on regional trends and has little legal authority.

As a result, general regional efforts to promote economic growth or to deal with social and economic problems have emerged mostly from a wide variety of ad hoc arrangements. One historically important leadership group was an organization called the Coordinating Committee, nicknamed "the Vault," that coalesced in the 1950s. The Vault helped engineer the City of Boston's makeover in the 1960s and 1970s through urban renewal, and by the 1980s was composed of thirty members representing the largest employers and some of the major business groups, such as the Greater Boston Chamber of Commerce and the Greater Boston Real Estate Board.[61] Many other forums for regional thinking and advocacy are provided by business organizations and trade associations, government-business partnerships, community-based coalitions, or some combination of these groupings (including the Central Artery Committee, the Greater Boston Chamber of Commerce, the Greater Boston Real Estate Board, the Private Industry Council, and the Metropolitan Boston Housing Partnership).[62] The state government (particularly under Governor Michael Dukakis from 1982 to 1990) has also played an important role in regional planning and economic development efforts.

Economy and Workforce in the Boston MSA

During the 1980s Massachusetts experienced what Case (1991) terms "unprecedented prosperity." From 1982 through 1988, Massachusetts had a 3.1 percent average annual growth in employment. In July 1987 the state's unemployment rate was 2.7 percent, the lowest in the country. This striking performance soon became known as the "Massachusetts Miracle."

Massachusetts's economic growth during the 1980s was based on the strength of a few key sectors: minicomputers and high technology, defense, finance and insurance (especially the growth of mutual funds), health care, higher education, business and professional services, and real estate. Rich in electronics and services, the Boston area shared, and in many ways led, the state's economic boom. The overall number of jobs in the metropolitan area grew from 859,654 in 1970 to 1.13 million in 1980, to 1.49 million in 1990, producing an increase in metropolitan income over the latter period that placed the Boston area second in our seventy-four-region sample.

The central city itself experienced sharp gains: while Boston's employment base had fallen from 466,200 in 1970 to 440,234 in 1980, it had climbed to 520,187 by 1990 (Torto and Wheaton, 1994). In fact, the City of Boston to some degree drove growth: while 85,000 Boston residents commute to jobs outside the central city, 391,000 suburbanites commute into Boston on a typical day.[63] This central role in the economy gave Boston leverage to secure better benefits for its residents, including low-income communities. Strikingly, per capita income grew by about the same rate in the central city, the metropolitan area, and the state over the 1980s, implying a relatively equal distribution of the gains.

Growth and Poverty in Boston

Boston was one of the few big cities in the country that saw a reduction in the poverty rate during the 1980s. Moreover, the poverty rate declined for all racial groups—whites, blacks, and Latinos. Osterman (1991) argues that much of this improvement, particularly in the 1980–88 period, was due to the tight labor market in Massachusetts. Much as in San Jose, falling unemployment led to increasing returns to work. In 1984, for example, average hourly earnings for production workers in Massachusetts were 7.5 percent below the nation as a whole; by 1987, Massachusetts's and national wage levels were about the same; and by the end of 1990, Massachusetts's wages were 4 percent above the national figure (Case and Shiller, 1994). The general rise in labor demand also helped the previously unemployed. While there were some public efforts to overcome existing mismatches in skills, the labor shortage led employers to hire and then train people whom they might otherwise not have hired. The ability of firms to incorporate new workers was enhanced by an earlier set of public investments in mass transit; where public transit was inadequate, labor-hungry employers found ways to overcome it, often by providing pick-up and shuttle services.[64]

Of course, not all boats were lifted by the rising tide. About three-quarters of those classified as poor in the city worked at least part of the time during the 1986 to 1989 period, suggesting that some active workers remained unable to access high-wage employment. The poverty rate for families headed by single parents, especially women, did not decline, and the economic boom also led to high housing costs, a phenomenon that meant that real wage increases did not always translate into improvements in economic well-being, especially for low- and moderate-income households.[65]

Still, the overall picture for Boston is one of success on both the growth and poverty reduction fronts. As noted, rapid growth gave employers incentives to overcome the usual barriers of skill, race, and geography. But policy makers also attempted to take advantage of the strong regional conditions by instituting new policies to ensure that lower-income residents would reap some of the benefits of the expansion.

Such public intervention was considered especially appropriate since it was government efforts that had helped prime the pump. The defense buildup of the early 1980s was especially important: from 1987 to 1989, Massachusetts received an average of $8.21 billion in prime defense contracts a year, a level that amounted to $1,405 per resident, almost three times the national average of $514 per capita.[66] Massachusetts garnered four times the national average in defense contracts for research, development, testing, and evaluation, reflecting the strength of the Boston area's higher education sector (particularly MIT) and the many spin-off firms tied to its educational institutions.

Federal funds were also available for the expansion of the region's public transit system, especially the MBTA subway and commuter rail system,[67] and for other infrastructure projects, such as the cleanup of the Boston Harbor. The modernization of Logan Airport by the Massachusetts Port Authority, and the depression of the Central Artery and construction of a four-lane tunnel under Boston Harbor have involved billions of dollars in new spending. Meanwhile, federal funds for medical research, hospital construction, and higher education accelerated Boston's growth in these key economic sectors.

In short, growth did not come from the market alone. Moreover, the improvement in Boston's poverty statistics did not flow simply from healthy labor demand: local policy strived to build formal and informal arrangements that could better link low-income residents to growth opportunities. The Boston Jobs Policy, initiated in 1984, required that developers hire Boston residents (50 percent), minorities (25 percent), and women (10 percent) in high-paying construction jobs. There were formal and informal set-asides for minority developers, architects, and others in

the construction projects sponsored or subsidized by government agencies, including the MBTA public transportation construction. The Central Artery project, a major public works/infrastructure initiative, also had significant set-asides linked to community-based organizations and minority contractors. Given that minority firms have a higher probability of employing minority workers, all these efforts helped provide access to jobs for Boston's minority population.

But it is in the realm of community development, particularly housing, that the Boston experience stands out. Boston's boom in office construction and employment in the downtown core came in the context of an aging housing stock. Increased demand led to skyrocketing prices: between 1983 and the third quarter of 1987, the median price of existing homes in metropolitan Boston rose 121 percent, far above the national increase of 23 percent.[68] Landlords began converting apartments to expensive condominiums, while private developers rushed to add market-rate housing by building on vacant land and renovating existing buildings.

Even as the city became saddled with the nation's highest housing prices, Boston's African-American and Latino neighborhoods remained scarred with abandoned buildings and large swaths of vacant land, the result of decades of population loss, bank redlining, arson-for-profit, and slumlords milking properties.[69] In response, a strong and diverse housing constituency fought to put the issues of both affordable housing and community development on the city's political agenda. Tenant activists, homeless advocacy organizations, senior citizens and church groups, neighborhood associations, civil rights groups representing minority communities, labor unions with low-income memberships and/or involved in the construction trades, and community-based development organizations all mobilized to influence the public debate, the media, and the political agenda. During the 1983 races for mayor and city council, the city's housing crisis became the central issue. With support from the city's housing activists, city councilor Ray Flynn was elected mayor on a platform of "sharing the prosperity" of the city's downtown boom with its low-income and working-class neighborhoods.

During its ten-year regime, the Flynn administration carried out an ambitious and progressive agenda on housing. In 1984, for example, Boston initiated an office-housing linkage program, requiring downtown developers to contribute financially ($5/square foot) to a Neighborhood Housing Trust Fund for affordable housing. Between 1984 and 1992, this program generated over $50 million in funds. A separate "inclusionary housing" policy required developers of market-rate residential projects to set aside (without public subsidies) 10 percent of units for low- and moderate-income residents. The city also implemented a "parcel-to-parcel" linkage program, tying development rights for lucrative downtown sites to the development of commercial space in low-income areas.[70]

To carry out the housing agenda, the city turned to, and supported, its community-based nonprofit housing developers. City-owned property (buildings and vacant land), federal funds, linkage monies, and other support were targeted for Boston's strong network of over thirty-five CDCs and other nonprofit housing groups. City housing policies not only favored projects sponsored by community groups, but they specifically promoted resident-owned cooperatives, limited-equity home ownership, and mixed-income housing.[71] Between 1984 and 1992, Boston CDCs alone sponsored (through new construction and major renovation) more than 10,000 units of housing, about half of the city's new residential housing over the period. In addition, CDCs assumed ownership of thousands of occupied units (many in HUD-assisted developments) that required substantial rehabilitation.

The city also responded to community concerns about the lack of reinvestment in low-income neighborhoods by lending institutions. Boston passed a "linked deposit" policy that put city funds only in banks with a strong track record of investing in low-income areas and helped negotiate a $400 million community reinvestment agreement with the city's major banks, targeted for lending to low-income and minority neighborhoods. The municipal administration also enforced strong tenants' rights laws and provided financial assistance to local tenant groups to deal with slumlords and federal agencies, such as the Resolution Trust Corporation (RTC) and HUD. These efforts included pushing HUD to turn over its large inventory of distressed federally assisted projects to resident-controlled and community-based organizations.

These policies could not alter the underlying market forces driving housing prices upward, but the housing conditions for Boston's poor and working-class residents were better than they would have been in the absence of city support and CDC activism. The city's other programs—such as the Boston Jobs Policy and the Boston Compact (a collaborative agreement between the city, the school system, and the business community setting specific performance goals for students and providing jobs for graduates)—helped residents gain access to jobs even as the parcel-to-parcel linkage program brought some jobs to lower-income communities. Boston's ability to reduce poverty over the 1980s, in short, reflected a combination of a booming economy and activist policy.

Lessons: Politics, Partners, and Policy

Boston's progressive policy was partly a function of the boom itself. When the market is attractive, private firms are more willing to take on the added costs imposed by interventionist policies. But equally important was a high level of self-organization among community developers and business alike, as well as several key alliances between these two sectors.[72]

In interviews with Boston business and civic leaders, several informants emphasized that Boston was like a small town. Business leaders knew each other, and worked through policy groups and interlocking connections to corporate and civic boards. A long tradition of corporate giving, including support for Boston's cultural institutions, charities, and education also meant that business had occasionally met advocates of poorer communities across the philanthropic table, making it easier to consider other kinds of partnerships.

Community organizations have been as engaged and organized as business. Beginning in the 1970s, Boston experienced a wave of progressive activism as communities and organizers struggled over property taxes, utility rates, linkage, rent control, condominium conversions, urban renewal, bank redlining, and other issues. In the early 1980s, a change in the city's charter shifted the city council from nine at-large seats to a mix of four at-large and nine district seats, enhancing neighborhood control and helping to raise the power and profile of community-based movements. By the late 1980s, many of the city's CDCs had matured and were increasingly taking on complex endeavors like mixed-use projects, limited equity cooperatives and condominiums, revitalization of HUD-assisted developments, projects requiring multiple subsidies (including the low-income tax credit), and retail development.

The well-organized business and community sectors sometimes found common ground and formed productive alliances. For example, the Boston Housing Partnership (now called the Metropolitan Boston Housing Partnership) brought key business leaders, city and state government housing officials, and CDCs into an umbrella organization to promote CDC-sponsored affordable housing. The Boston Compact created a link between Boston's business leaders and its public schools to encourage young people to graduate from high school in exchange for the promise of a summer job, a permanent job upon graduation, and a scholarship to college.

Such collaboration did not preclude conflict over public policy. The private real estate industry did not support linkage, or rent control, or even the bias toward CDCs. Lenders were not happy with community attacks on redlining. While Massachusetts governor Michael Dukakis and Boston mayor Ray Flynn strongly supported progressive housing policies, they could not always marshal majorities in the city council or state legislature for their agendas. Moreover, the focus on housing led to a downplaying of questions regarding access to employment, a problem that policy makers were hoping the booming economy would solve on its own.

Nonetheless, the Boston experience was a relative success. The area experienced an economic expansion driven partly by federal spending and partly by the diverse private sector's ability to respond to a changing economy. While this had the usual positive impacts on poverty reduction, government officials were not content to let the market work its own magic. Instead, they implemented creative new policies aimed at ensuring that regional and community development would be linked. Such policies reflected the high level of political and technical capacity amassed by community organizations, especially CDCs. An equally organized business class and cadre of policy makers were forced to respond and sometimes did so in partnership with those in the community sector. The combination of a vibrant economy, extensive social capital among and between groups, and a willingness by government to intervene selectively were all hallmarks of the Boston experience.[73]

What Can Be Learned?

We began this chapter by using decennial census data to rank seventy-four major metropolitan areas in the United States along the dimensions of regional income growth, central city poverty reduction, residential deconcentration of the poor, and region income equality. Of all the areas considered, the Boston metropolitan area, the San Jose/Santa Clara complex, and the region anchored by Charlotte, North Carolina, turned out to be high performers in this growth-equity nexus. Of these, Boston was the fastest grower while Charlotte was the slowest. Despite the lower growth rate, Charlotte boasted the best performance in terms of poverty reduction, with Boston close behind. San Jose actually saw an increase in central-city poverty, albeit at a rate slower than that experienced by most of our sample of seventy-four regions.

Case studies show that each of these three areas took very different routes to their regional success, a diversity consistent with the model presented in chapter 5. San Jose largely focused on growth. While part of its rapid economic expansion was due to nimble electronics firms and a superior educational base, an equally important factor was the high level of regional consciousness and business-to-business social capital. But while

organizations like the Santa Clara Valley Manufacturing Group and Joint Venture: Silicon Valley Network led the way to thinking regionally on issues of infrastructure and economic revitalization, the regional leaders so devoted to business collaboration were often as disconnected from the difficulties of the poor as were their counterparts in Los Angeles (see chapter 3). While wages continue to be high, temporary employment and its attendant insecurity has been rising, and income distribution has been worsening in Silicon Valley. Even business-dominated Joint Venture has begun to warn about the damage widening inequalities might do to the area's social capital and economic sustainability (Henton et al., 1998). Meanwhile, labor unions have taken the lead by organizing a successful campaign for a living wage ordinance—which, in keeping with the Silicon Valley's inflated costs, was set as the highest in the country ($9.50). The San Jose experience thus serves as a warning to both community developers and regional leaders about the limits of approaches that focus exclusively on growth.

Charlotte, by contrast, offers a striking example of how maintaining linkages between city and suburb can promote both regional consciousness and a deeper commitment to antipoverty efforts. The region's sense of collective destiny was created in part by annexation laws that continue to bring suburbs under the official jurisdiction of the central city.[74] A business leadership willing to maintain both corporate headquarters and residences in the downtown core also created an immediate interest in supporting a series of innovative antipoverty efforts. While some of the region's reduction in central-city poverty during the 1980s reflected the annexation of wealthier "would-be" suburbs, the commitment to a multidimensional approach to poverty reduction was unusual and had positive impacts on city and regional health.

Boston's path reflects yet another policy mix. Its economic boom in the 1980s was driven partly by defense spending, a factor that also explains the area's slowdown in the 1990s. Yet city, regional, and state leaders did not assume that growth would be enough to reduce the poverty experienced by their constituencies. Drawing on a dense network of political support, Boston implemented first-source hiring agreements, as well as linkage policies, to ensure that poorer communities would share in the housing and employment expansion of that decade. In this milieu of sustained growth and redistributionist policy, CDCs were able to expand dramatically to help tackle Boston's difficulties with housing and community development. Even business leaders got into the act: knowing that projects would be approved faster if they included some element of social equity, firms competed to find neighborhood partners and other mechanisms to address inequality. The

Boston experience suggests what political and community leaders can achieve if they are organized enough to implement an antipoverty policy when it is easiest: in the context of rapid growth.

Each case offers positive lessons for linking regional and community development. The San Jose experience suggests the importance of a regional culture of collaboration, the Boston experience suggests the advantages of having a highly organized community sector, and the Charlotte experience suggests the key role of business leadership. The next chapter draws on the lessons from these case studies and other successful initiatives throughout the country in order to offer a vision and specific policies for community-based regionalism.

7

Growing Together

Policies for Regional Prosperity and Equity

As we head into the twenty-first century, America's cities, suburbs, and metropolitan regions confront both new challenges and new opportunities. Globalization has often led local and regional actors to reduce taxes, lower wage standards, and ease environmental regulations in order to lure new investment. In this escalating "race to the bottom," hard-won gains in the quality of life can be lost, undermining conditions for all who participate in the competition. Indeed, even those businesses that push for wage and tax breaks, pursuing what we might call a "low road" strategy, can soon find themselves faced instead with social, fiscal, and political turmoil.

But there is nothing inevitable about this downside of globalization. The internationalization of the economy, as we stressed in chapter 1, has also brought a new regional impulse, and much of the competitive advantage of regions is based on industrial clusters, social capital, and cross-sectoral ties. Business, labor, civic, and community leaders thus have a choice: they can come together across a metropolitan area to establish guidelines and promote a "high road" to economic development, or they can allow fragmentation and divisions to shipwreck both economic prosperity and social equity.

To pursue the high road, regional development should have three interrelated goals: (1) fostering economic growth, including a focus on job creation, improvements in productivity, and a healthy trade balance with other regions and nations; (2) encouraging environmental sustainability, including the efficient use of resources and improvements in public health and environmental conditions; and (3) strengthening the region's social fabric, including strategies to share prosperity, help residents gain access to high-skill, high-wage employment, and ensure that blue-collar