INTRODUCTION

FULL EMPLOYMENT AND LOCAL
WORKFORCE POLITICS AND POLICIES

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ECONOMIC DEVELOPMENT AND EQUITY

Twentieth-century U.S. cities played decisive roles in promoting equity and opportunity for their citizens. Cities were the sources of important municipal innovations as well as the social, political, and economic battlegrounds for advancing more equitable policies and conditions. The reaffirmation and extension of civil rights, the development of a social safety net, and sustained economic growth made cities and metropolitan areas the laboratories for creating more diverse, tolerant, and equitable communities. Nevertheless, income inequality has grown in the United States by at least 12 percent, income gains and employment still lag for African American young men, and the Hurricane Katrina evacuation and aftermath have vividly shown the impact of social, economic, and racial disparities on our basic security and quality of life.

Economic Development in American Cities: The Pursuit of an Equity Agenda anticipates the roles of municipal leaders and civic partners for promoting social equity in the twenty-first century by examining the experiences of a handful of cities in the 1990s. In particular, we reflect on the potential of existing and future labor and skill shortages for contributing to creating the preconditions for new local political regimes built around economic competitiveness and equity. That is, we are interested in whether the economic imperatives of tight regional labor markets translate into new civic organizing

related to human capital and jobs that complement other efforts to reform public education, increase affordable housing options, and improve quality of life. Although not a primary focus of this book, tight labor markets also facilitate workplace organizing and may constrain the "low road" option of businesses paying the lowest possible wages and benefits and adopting "sweatshop" workplace conditions (Bernstein and Baker, 2003; Shulman, 2003). The intended audience for this book, as demonstrated by the mix of its authors, bridges the worlds of academia, policy advocacy and implementation, and civic engagement.

Regional and national labor markets are becoming vastly altered as a result of global competition, technological change, and changes in the demographics of working adults. On the one hand, tremendous downward economic pressures on low-wage workers are creating a bifurcated income distribution; declining union density, outsourcing and contingent work, and outmoded minimum wage policies exacerbate this trend (Osterman, 1999). On the other hand, demand for skilled workers may create opportunities for upward mobility if appropriate education, training, and support strategies are developed for young people and underemployed urban residents. Ultimately, if firms are unable to find skilled domestic workers to fill their jobs, they may accelerate the outsourcing of jobs while advocating for the increased inflow of immigrants to fill their jobs (Aspen Institute, 2002).

Although demographic and occupational projections vary, it is likely that the expansion of labor supply and educational improvement that fed economic growth during the past few decades will not be as available in the decades ahead. The United States and many other advanced economies will enter a period of sustained tight labor markets and uneven skill shortages across industries. The Aspen Institute estimates a 0 percent growth in native labor supply in the next twenty years, compared to 44 percent growth in the past two decades (Aspen Institute, 2002). Increasing the demand for skilled workers will increase the premium on obtaining postsecondary education (Edelman, Holzer, and Offner, 2006). Anthony Carnevale of the National Center on Education and the Economy estimates that we will face a seven million shortfall in skilled and unskilled workers by 2010 and a thirty-five million shortfall by 2030 (Gunderson, Jones, and Scanland, 2005, 27–32).

Immigration, technology, outsourcing, and extended work lives will certainly be adopted to meet this labor supply challenge, as well as the increased use of temporary employment agencies to mitigate perceived hiring risks (Houseman, Kalleberg, and Erickcek, 2003). But it is likely that the United States will have to invest more wisely and deeply in those who have been left out of the economic mainstream to meet labor market demands, even as the economy continues to create low-wage jobs in the health, service, and hospitality sectors. Full employment (or tight labor markets) gets the attention of the business community, increases wages and benefits over time, lowers some hiring requirements, reduces discrimination, and pressures

workforce development and educational institutions to be more customer oriented, coordinated, outcome driven, and innovative (Bernstein and Baker, 2003). William Julius Wilson concludes, "It would take sustained tight labor markets over many years to draw back those disconnected workers who have dropped out of the labor market altogether (1996, 146).

The 1990s showed evidence of what prolonged tight labor markets might inspire—new employer associations, the acceptance of business as a customer of workforce development, sector- or industry-focused strategies, and the first wage increases in decades (Aspen Institute, 2002; Wilson, 1996). Unemployment rates in the 1990s represented the longest run of full employment, defined as 6–7 percent unemployment or less, in thirty years. Tight labor markets began to close some racial disparities in labor markets; more unemployed or discouraged workers entered the labor market as wages increased and businesses lowered barriers for hard-to-employ workers such as ex-offenders (Freeman and Rodgers, 2000). Tight labor markets also meant that "bumping down" was reduced, in which dislocated higher skilled workers out competed lower-skilled job seekers for lower-skilled jobs (Gordon, 2005).

Tight labor markets do not mean that everyone works who wants to work or that all compensation is fair (U.S. Department of Housing and Urban Development [HUD], 1999). There will always be frictional, short-term employment for those who are voluntarily or involuntarily switching jobs. Of more importance for our purposes, however, are those people who are discouraged or part-time workers. Full employment will entice some of these people to take jobs, but targeted economic development strategies may be required to prepare others to take advantage of labor market opportunities. Still others who become employed will join the ranks of the so-called working poor, with insufficient wages, poor working conditions, and meager workplace representation (Shulman, 2003).

How do the pressures of tight labor markets translate into local and regional policy agendas? Throughout the 1990s workforce development moved from low on the list of employer priorities to the top of the list, leading businesses to change firm practices, join with other like firms to change industry policies, and articulate reform agendas for policy makers. In the case of health care worker shortages, especially registered nurses, health care providers created a public and private crisis; identified new approaches for investing in the skill upgrading of existing employees; called for more nursing teachers; and lobbied for new public, private, and philanthropic resources (National Commission on Nursing Workforce for Long-Term Health, 2005).

We draw initially from theories of progressive cities to explore the politics of tight labor markets in the 1990s because these cities pursued alternative policy approaches for expanding social equity. We revisit these theories in chapter 9 in light of twenty-first century urban challenges and opportunities. Thinking about progressive cities draws upon planning, policy, and social movement theories related to institutional fragmentation, economic

growth and local policy making, adaptation of social movement institutions, social innovation, regional networks, and race and equity. In particular, this book seeks to understand whether economic conditions enabled municipal leaders to stretch municipal government tools in more redistributive directions without upsetting their governance coalitions and while overcoming implementation pitfalls confronting ambitious social goals.

Scholars question whether municipal administrations can translate promising equity policies and programs into robust and sustainable results for constituencies and, more broadly, regime change. By "regime change" they mean the reconfiguring of civic, political, and administrative arrangements, both informal and formal, that support governance to incorporate grassroots constituencies and equity-oriented allocations and outcomes (Ferman, 1996). Two major obstacles face cities attempting to promote social equity. The consensus of political economists is that cities depend on external economic conditions and forces and in recent times on the various effects of globalization. What this dependence engenders in terms of local politics is some form of growth coalition that advocates mainstream economic development, usually focused on downtown development, infrastructure, and tourism. The question for progressive cities is whether they can build sustainable political coalitions on a basis other than real estate growth and development (Imbroscio, 1997; Logan and Molotch, 1987). The effects of sustained tight labor markets may provide a point of political leverage and alternative resources to reorganize fragmented workforce development systems.

Progressive regimes—as in Austin, Seattle, and San Francisco, for example—draw on the independent resources of professionals and small businesses and shift governing relationships away from a narrow focus on urban growth to a focus on urban amenities and environmental quality (Imbroscio, 1997). But the pathway to populist, equity-oriented regimes is uncharted, contested, and unstable and does not evolve naturally from middle-class, progressive regimes (DeLeon, 1992; Dreier, Mollenkopf, and Swanstrom, 2001; Smith, 2004). In fact, McGovern (2003) demonstrates how Mayor Stephen Goldsmith's devolution of decision making to grassroots groups in Indianapolis represents a case of conservative populism. Shifts in governing relationships promise the long-term commitments needed to incorporate social equity practices and policies into day-to-day administrative and institutional action beyond single issues and single mayoral terms of office.

A number of other scholars argue that municipalities can fashion policies that address social inequality, particularly as it affects communities of color, despite limited municipal powers and resources and the dominance of business interests and economic growth imperatives in local politics (Frug, 2001; Savitch and Kantor, 2004; Stone and Sanders, 1987; Imbroscio, 1997). A few municipal administrations in the 1970s and 1980s adopted *fairness* as a cornerstone. These cities fashioned a public interest of fairness and supported new forms of citizen power and a theory and practice of local economic development that emphasized jobs not real estate (Giloth and Moe,

1999). What distinguished these cities from other places is that they pursued an explicit approach to enhancing social equity in contrast to a piecemeal or reactive approach. A rich history of what Pierre Clavel has named "progressive cities" includes Cleveland and Hartford in the 1970s and Boston, Chicago, and San Francisco in the 1980s (Clavel, 1986; Clavel and Wiewel, 1991; DeLeon, 1992; Mier, 1993; Metzger, 1996; Clavel, 1999; Rast, 1999). This urban policy tradition extends back further to Mayor Fiorello LaGuardia in New York City of the 1930s and municipal reform movements earlier in the century that sought to tame the robber barons and humanize the industrial city (Bayor, 1993; Stone, 1995; Isaac, 2003). In a global context, cities such as Porto Alegre, Brazil; Bologna, Italy; Toronto, Canada; Sheffield, England; Durbin, South Africa; and Melbourne, Australia have made social equity an explicit part of their municipal policy agendas (Abers, 1998; Hall and Pfeiffer, 2000). More recently, in May 2005 a diverse progressive coalition elected former union leader Antonio Villaraigosa, who has a progressive agenda for change, mayor of Los Angeles (Dreier, 2005; Gottlieb, Valliantos, Freer, and Drier, 2005).

By the end of the twentieth century, the role of cities in promoting equity and economic development had changed radically. Cities had to respond to the transformative effects of deindustrialization, urban deconcentration, and globalization (Savitch and Kantor, 2004). Competing as global cities combined coordinating resource flows, exporting transnational goods, new immigrants and refugees, real estate appreciation from service employment, competition among cities, and new or expanded functions as entertainment and tourism destinations (Sassen, 1994; Sites, 2003). Other cities, however, were no longer the economic or demographic centers of their metropolitan regions, and new migrants bypassed traditional city port-of-entry neighborhoods. No longer did national urban policies invest in cities as incubators of economic and social change. In fact, policies of devolution, government downsizing, and welfare reform sought to undo the restrictive bonds of past policies and programs that are now seen more frequently in a negative light, whether public housing, education, or human services (Sites, 2003).

Yet cities remain central to American society at the turn of the twenty-first century as locations for business and financial services, cultural and educational centers, and as places of residence for the vast majority of low- and moderate-income families (Sassen, 1994; Hall and Pfeiffer, 2000). Rediscovered cities and downtowns have become the homes and workplaces of the *creative class* of college-educated knowledge and service workers (Florida, 2002). At the same time, cities exhibit the disparities and political fissures related to globalization, demographic change, and devolution—immigration, contingent work, downtown expansions, gentrification, and negative environmental effects (Frug, 2001; Sites, 2003).

Cities of the future will have to strike a balance between the effects and opportunities of globalization and full employment. Economic forces will pull in opposite directions—creating pressures to lower skills and wages at

the same time as labor shortages push up wages, benefits, and workforce practices. Moreover, if widespread real estate appreciation continues, cities may have new resources to invest in workforce development at the same time as their citizens are relocating because of the lack of affordable housing. Economic incentives promoting regional cooperation for workforce and economic development may help overcome intractable jurisdictional fragmentation.

The purpose of this book is to offer twenty-first century municipal and community leaders concrete examples of and recommendations for taking advantage of tight labor markets for advancing social equity. A primary source of inspiration for this book is the question: How did mayors and cities of the 1990s use the context of unprecedented economic growth to put forth bolder plans for equity and fairness? That is, did relatively tight labor markets in most regions offer new opportunities to refashion equity agendas in a time of welfare reform and heightened employer demand, particularly for building complementary economic, workforce, and community development strategies? In other words, did a crop of cities in the 1990s advance a new generation of equity policies and practices like Boston, Cleveland, Chicago, and Hartford did in earlier decades? How did they measure social equity progress (Portney, 2003)? More broadly, how did this experience of cities in the 1990s confirm or challenge our theory of progressive cities?

This chapter sets the stage for the background and case study chapters about cities by discussing recent trends in urban policy and development and articulating the assumptions and expectations within theories of progressive municipal administration. The chapter concludes by previewing the rest of the book and the storyline the chapters create about progressive cities and policies for the twenty-first century.

THEORY OF PROGRESSIVE MUNICIPAL ADMINISTRATION AND SOCIAL EQUITY

Progressive cities offer a framework for thinking about how cities can take advantage of tight labor markets to advance social equity. Concerted action to build partnerships among disparate actors is needed to build a better supply of skilled workers and to target those who are still left out. To some degree, cities will not have to challenge external economic forces because tight labor markets mean that cities must be concerned about labor force availability and quality as an explicit part of economic development. In other words, economic forces—in this case—are on the side of equity.

A theory of progressive municipal administration relates three dimensions of distinctive effort to advance social equity in cities: citizen empowerment, alternative economic development approaches, and governance reform and institutionalization. That is, progressive administrations depend on unusual combinations of power, new ideas, and extraordinary leadership. Forging interrelationships among these three factors requires a unique joining of

inside local government (or administrative) and outside government (or civic) organizing around alternative economic and equity ideas, such as linkage, jobs, or new enterprises. Strong mayors with equity visions are most effective at mobilizing administrative resources and grassroots and civic constituencies on behalf of equity objectives, but there are many variants in which city councils, community coalitions, and administrative leaders play transformative roles. This is the politics of progressive cities.

A theoretical expectation is that sustained inside/outside organizing of this kind can, over time, transform municipal institutions and investments and produce more equitable opportunities for families and communities, even if that means just preventing things from getting worse. Two related requirements for success are that progressive cities establish publicly social equity goals and that their equity agendas have multiple components, not just single programs or policies. At their best, progressive cities measure their progress toward advancing social equity in their cities and regions.

The authors of this book are particularly interested in the formulation and implementation of alternative economic opportunity ideas and strategies, recognizing, of course, the limits of localism and that compelling ideas are only effective when combined with power and leadership. Alternative ideas about economic opportunity have evolved over recent decades that depend on local market opportunities and the successes and failures of past interventions. The underlying assumption is that the structure of economic opportunities requires change. These ideas relate to growing the economic pie, redistributing resources, increasing local and community ownership, improving access to economic resources and transactions, and setting job quality and family self-sufficiency standards for public investments. These alternative ideas may advance equity effects and promote ongoing political dialogue about social equity and economic development. The political challenge is in how to implement new ideas without driving business and other stakeholders from the governance table. Unfortunately, Imbroscio (1997) has demonstrated that bringing some of these alternative ideas to scale is infeasible.

Clavel (1986) first theorized that expanded citizen empowerment, in conjunction with linkage and regulatory strategies related to real estate development, defined a good deal of the equity agenda of the first generation of progressive cities in the 1970s and 1980s. Linkage programs, however, primarily steered new resources to preserving and financing new affordable housing, rather than confronting or developing alternatives to deal with underlying economic issues, and depended on hot real estate markets. Other cities attempted to control the cost side of housing through rent control.

In their edited collection about the mayoral administration of Harold Washington in Chicago, Clavel and Wiewel (1991) documented how "jobs" became the cornerstone of fairness strategies: attention turned to influencing production rather than just consumption. A focus on jobs at this time primarily meant affecting the behavior of firms and supporting local ownership

of businesses, whether minority, small, or worker-owned. Experiencing deindustrialization in the 1980s, Chicago developed a jobs strategy that was primarily about preserving and creating jobs in mature industries, such as steel and apparel. What the administration of Harold Washington discovered was that its arsenal of policy and program tools to stimulate job creation was weak and that it was extremely difficult to connect low-income residents to the jobs that were created.

In the 1990s, sustained economic growth across many types of cities shifted the jobs focus from creating jobs to improving job quality and connecting low-income/low-skilled people with jobs through workforce development (Giloth, 1998). Many cities and metropolitan areas experienced skill and labor shortages, creating economic and political pressures to create more predictable and effective mechanisms to connect people and jobs. The advent of welfare reform and its "work first" priority, as opposed to education and training, reinforced these pressures while putting cities at risk of having to support a low-income, working-poor population without sufficient resources. Whether some cities took advantage of these economic and policy conditions to forge more ambitious partnerships to achieve improved equity for their citizens is the guiding question of this book. At the same time, these cities experienced a continued bifurcation of their economies with the loss of manufacturing jobs and the increase of contingent work, hence intertwining the issues of job quality and labor shortages.

Regime theory addresses sustained governance, leadership, implementation, and institutionalization, which many earlier examples of progressive cities neglected (Stone, 1989). Indeed, many progressive administrations were short-lived, in Chicago's case because of the tragic death of Mayor Harold Washington. Promising strategies and policies rarely survived intact with the transition of mayoral leadership. The question is whether cities or policy arenas can develop formal and informal institutional arrangements among key public, private, and civic stakeholders to implement ambitious social agendas and create longer-lasting commitments to equity goals and strategies. Crucial to the formation of these arrangements are sufficient and transparent financial and influence incentives. Are the available financial incentives commensurate with the problem and sufficient to help construct a viable coalition built around systems change and performance (Stone, Hennig, Jones, and Pierannunze, 2001)? Making workforce development an organizing principle for regime change is challenging because the workforce comprises multiple nonsystems, employment regimes represent existing institutions that prefer preservation to innovation, insufficient (or inaccessible) resources on the table to solve the problem, and a flow of benefits to individuals and firms that is difficult to aggregate (Stone, 1998; Giloth, 2004a).

As we test these theoretical assumptions about progressive cities in the 1990s, we must take into account political and economic factors that call into question progressive strategies of the past. These factors include globalization,

suburban sprawl, government cutbacks, immigration, and racial disparities. Moreover, new civic intermediaries have grown up to build bridges across sectors, geographies, political viewpoints, and types of institutions to promote economic competitiveness, environmental quality, affordable housing, and educational reform (Henton, Melville, and Walesh, 1997; Giloth, 2004b). How do progressive cities relate to these spirited and entrepreneurial coalitions?

Whether cities in the 1990s ignored, confronted, or embraced these opportunities created by tight labor markets is part of the story of the progressive cities portrayed in the following chapters. We revisit the adequacy of our current theories of progressive municipal administration if municipal leaders ignored these challenges or failed to develop viable interventions. For example, some theorists suggest that progressive movements in cities are more likely than progressive municipal administrations (Sites, 2003). Do these challenges fundamentally undercut the plausibility of progressive municipal administrations? Or will progressive cities need to establish new local strategies, partners, and governance mechanisms? More broadly, can cities fashion progressive responses to tight labor markets without comprehensive regime change? We return to these questions about progressive city theory in the concluding chapter.

URBAN POLICY FRAMEWORKS IN THE 1990S

Recent and emerging urban trends define the social equity challenge that all cities must confront. In addition to labor market disparities, racial disparities related to income, wealth, education, home ownership, and the massive incarceration of African American men are facts of life throughout the nation's cities despite long-term progress in reducing inequality (Blackwell, Kwoh, and Pastor, 2002; Draut, 2005; Oliver and Shapiro, 1995). At the same time, working families in cities pay more for the basic necessities of life, such as housing, car insurance, financial services, food, and utilities (Annie E. Casey Foundation [AECF], 2003; Katz and Fellowes, 2004).

Knowing which U.S. cities achieved economic progress in the 1990s directs our attention to the economic and policy variables that may have made a difference. At the outset of the new century, only the initial direction of change for this urban system is apparent; new economic, technological, and political factors will exert unexpected influences in decades ahead. And, it must be admitted, we do not fully understand why some cities prospered or revitalized while others did not, even though they had similar economic assets (Savitch and Kantor, 2004).

Several patterns, rather than one overall pattern, distinguish the conditions of contemporary U.S. cities. Central cities are growing or declining in the context of overall metropolitan growth and urbanization. Shrinking or thinning cities of the Northeast and Midwest face a continued loss of people

and economic activity, frequently experiencing relative growth of their low-income populations (Berube and Tiffany, 2004). In these cities, the meta-phor of "two cities" aptly describes the downtown enclaves of new growth and abundance in a larger urban environment of disinvestment and weak markets. Growing cities of the Midwest, Southwest, and West are becoming more densely populated, typically with a bias toward middle-income empty nesters and young singles or families without children. Despite the revital-ization of many central business districts, population and economic activity continue to increase in the suburbs, particularly at the outer edges of met-ropolitan areas. In many U.S. cities, concentrated poverty in urban neigh-borhoods is on the decline (Jargowsky, 2003).

Economic structural change, demographic transitions, and globaliza-tion have, in turn, transformed urban economic roles and the hierarchy of the U.S. urban system. On the one hand, a handful of U.S. cities now function as global centers of finance, coordination functions, and business services—New York, Chicago, and Los Angeles (Sassen, 1994). Coincident with these roles and functions are increased population diversity, urban amenities attractive to the creative class of knowledge and service workers, and hot real estate markets. On the other hand, a mix of old and new or medium-size cities play national and regional roles as centers of finance, health or technology, recreation and leisure, or education. Finally, a number of other cities of all sizes are in a painful process of transition, usually away from former, specialized economic roles that are no longer competitive, such as manufacturing. At the same time, within most metropolitan areas, edge cities—new configurations of office, commercial, and residential activities—are overwhelming older patterns of suburban towns, first-generation shop-ping centers, and central city services.

Progressive city strategies for addressing tight labor market conditions in the 1990s competed (or overlapped) with reinventing government, realist reform, New Urbanism, and conservative city policies. The economic and political factors shaping equity policies in the 1970s and 1980s differed some-what from the salient factors of the 1990s (Teaford, 1990; Sassen, 1994; Clarke and Gaile, 1998). The combined effects of economic restructuring, new majority populations of color, devolution of federal programs, and the aftermath of urban renewal led to the creation of new municipal agendas in the 1970s (Mollenkopf, 1983). In a number of cases, municipal leaders joined with labor and community activists, the community development move-ment, and liberal reformers to fashion equity agendas that increased citizen empowerment as well as access to economic opportunity (Clavel, 1986). Unfortunately, this wave of new mayors ran its course in big cities; it stayed alive longer, however, in a handful of smaller towns.

At the outset of the 1990s big cities confronted intractable, concen-trated poverty, failed public school systems, skyrocketing crime, the crack cocaine epidemic, and financial doldrums (Wilson, 1996). Loss of homegrown business

leadership and the effects of globalization also reshaped the economic and political conditions of cities. A new version of progressive cities was only one alternative and, perhaps, only a part of the solution needed.

A new generation of realist mayors came on the urban scene. This group included Richard M. Daley of Chicago, Ed Rendell of Philadelphia, and John Norquist of Milwaukee (Beinhart, 1997; Bissinger, 1997; Norquist, 1998). A more conservative version prevailed in New York, Indianapolis, and Los Angeles (McGovern, 1999; Dreier, Mollenkopf, and Swanstrom, 2001; Sites, 2003). These mayors took over school systems, tore down and redeveloped public housing, got tough on crime, and restored fiscal soundness. Their goal was to promote order and civility in cities, and, they hoped, restore the confidence of developers and investors. While making some progress in reaching these goals, these cities and mayors were unable to reduce poverty or racial disparities. Many of these mayors also represented a resurgence of top-down, paternalistic "managerialism" that saw little need for citizen dialogue, social safety nets, or community building (Sites, 2003).

At the same time, urban advocates finally acknowledged that contemporary cities played important but frequently declining, or at least different, roles in metropolitan regions. Population and economic growth, if it occurred, continued in the suburbs and exurbs, and suburban legislators gained a firm grip on state and congressional seats (Katz, 2000; Orfield, 2002).

A new movement toward regionalism in the 1990s called attention to the proliferation of suburban sprawl and its negative "equity" effects on cities and low-income communities of color (PolicyLink, 2002; Pastor, Dreier, Grigsby, and Lopez-Garza, 1997). This new "regionalism" focused on the unacknowledged economic interdependence between cities and suburbs, the impact of transportation and other infrastructure decisions on settlement patterns, environmental sustainability, and tax inequities (Katz, 2000). From a slightly different perspective, economic developers argued that regions are the appropriate unit for economic development—not cities, towns, or states—and that cities must build connections to important and dynamic economic clusters and to the global economy. The new regionalism sought to find common ground and build new alliances among business leaders, suburban environmentalists, older suburbs, cities, and advocates for low-income families and neighborhoods (Orfield, 2002).

In the 1990s a new breed of economic development and "regionalism" experts emerged to advise local public, private, and civic leaders to document urban and metropolitan disparities, give up on failed policies and strategies, and inspire bold approaches for change (Rusk, 1993; Orfield, 2002; Peirce, Johnson, and Hall, 1983). Michael Porter and his Initiative for a Competitive Inner City team made a similar contribution with local business organizations, demonstrating private-sector approaches for linking city people and inner-city assets to regional economic clusters (Porter, 1995; Kanter, 1995). Many cities adopted "third-wave," market-based, entrepreneurial strategies to accelerate

business creation and growth and anticipated "fourth-wave" strategies related to globalization, technology, and human capital (Clarke and Gaile, 1998).

A blend of these approaches—realist reform, urban revitalization, and regionalism—came together in what has come to be called the "New Urbanism" (Steuteville, 2000). "New Urbanism" acknowledged sprawl as the source of city problems but argued most forcefully for a restoration of confidence in city life and development and a design paradigm that sought to recreate dense, people-centered, sustainable communities. In practical terms, this meant investing in downtowns, turning public housing into mixed-use developments, developing new mechanisms for land assembly and financing, and supporting charter schools. New Urbanism became a part of the formula to attract high-tech industries and to grow, preserve, and retain the "creative class" (Florida, 2002).

New Urbanists gained some allies in the community development movement, primarily the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation. The newly created National Community Development Initiative (NCDI), renamed Living Cities in 2002, included these intermediary organizations as well as numerous national foundations and corporations. CEOs for Cities became another forum for New Urbanist strategies. The assumption of New Urbanists was that city assets could be better deployed to support the historic function of cities to "grow a middle class" out of poor people and immigrants (Grogan and Proscio, 2000). A paradigm shift began to emphasize mixed-income communities rather than better-housed, poor communities.

As can be seen, the economic, geographic, and policy scene for cities shifted in a number of ways in the 1990s. The Clinton administration, in general, brought new attention to urban issues and "livable communities" after a decade or more of relative neglect at the national level (HUD, 2000). Two additional "shocks" increased the pressures on cities and municipal leaders to rethink their approaches for working with low-income families and neighborhoods.

In addition to the sustained economic growth already discussed, welfare reform in 1996 included time limits and "work first" rather than human capital approaches to getting people off welfare (King and Mueser, 2005). The basic goal was to reduce welfare rolls and the number of welfare recipients—particularly long-term recipients in major cities. As a consequence, new mandates and resources arrived at the doors of many mayors (Allen and Kirby, 2000). This played out quite differently depending on city/county configurations and whether social welfare systems were privatized and/or county and state operated.

But there were also negative spillovers from these economic and policy "shocks." Simply, many city residents became disconnected from services. Lack of knowledge about eligibility and perceived and active discouragement by welfare officials resulted in more families and neighborhoods becoming

profoundly disconnected from the benefits of economic growth. In fact, growth created affordability problems in many cities as families doubled and tripled up, became squatters in public housing, or sought more affordable housing in inner-ring suburbs (HUD, 1999). Although growth, a very positive result in addition to declining family poverty, contributed to decreasing concentrations of poverty in many cities, it masked the housing affordability problems related to gentrification (Jargowsky, 2003).

In response to these pressures, the 1990s saw a wave of community organizing and activism that focused on single issues. Scores of cities adopted living wage ordinances, and many cities fought predatory lending and created more affordable housing while seeking to protect public housing. Advocates championed first-source hiring and community benefits agreements for publicly funded infrastructure and development projects. Most of these innovations were not mayoral led and represented a single-issue agenda or were a part of *livability* campaigns (Elmore, 2003; Woodward, 2004; Evans, 2002).

Municipal governments and their associations, such as the National League of Cities, also became more concerned about poverty alleviation, welfare reform, and workforce development in the early 1990s. But, in general, mayors and their staffs lacked the knowledge and institutional capacities to implement effective equity interventions (Furdell, 1993).

THE DESIGN AND THEMES OF THE BOOK

Economic Development in American Cities: The Pursuit of an Equity Agenda interprets the experience of cities and municipal leaders in developing responses to tight labor markets and other economic opportunities in the 1990s. The cities chosen for this book had activist municipal administrations, innovative policy agendas, and unusual public/private/community partnerships. The cities chosen—Austin, Cleveland, Rochester, Savannah, and Seattle—are of different sizes and economic well-being and have different forms and cultures of municipal governance. Table 1.1 shows that these five cities exhibited different patterns of growth, education, segregation, and poverty in the 1990s while experiencing reductions in unemployment.

The case study cities represent different combinations of economic conditions and institutional strengths. We would expect that cities with different economic and leadership strengths would, in turn, pursue different economic opportunity ideas and implementation strategies. For example, Rochester is a weak market city with a visionary mayor, while Austin is a strong market city with a great deal of civic associational strength in addition to a string of innovative mayors. Savannah occupies the middle ground in terms of leadership and market conditions.

Our primary focus in the case study cities is on the links between economic development and workforce development. Did the economic pressures of tight labor markets and the political implications of welfare reform

Table 1.1. Selected Characteristics of Case Study Cities, 2000

	2000 Pop.	1970–2000 Pop. Change	% Pop. Over 25 w/out High School Diploma	Unemployment Rates: 1995–2000 (Metro)	2000 Wh/B1 Dissimilarity Index	% Fam. Earning Less 185% of Poverty/ 2000
Austin	656,302	160.6%	16.6	3.4–3.2 (3.0–3.1)	60.9	22
Cleveland	478,393	–36.3	31	10.2–7.3 (6.5–5.0)	79.4	43
Rochester	219,766	–25.8	27	7.0–4.5 (4.4–3.6)	58	43
Savannah	131,603	11.1	24	6.3–4.9 (5.1–3.4)	60.3	36
Seattle	563,375	6.1	10.5	6.3–4.3 (5.6–4.3)	64.2	15

Sources: United States Census, 2000
Adapted from Montiel, Nathan, and Wright, 2004, Appendix C

bring about new coalitions, resource allocations, and partnerships? To what degree were definitions of quality jobs, career ladders, workforce development, and public accountability for incentives expanded? Did these new workforce interventions and institutional forms have important effects on workers, firms, and cities? Did differences in city economic conditions shape differences in municipal equity strategies? What obstacles did cities face in linking workforce and economic development and implementing a social equity agenda? What lessons do these experiments have for cities in the future that experience similar economic conditions?

These cities also have important stories to tell about neighborhood economic development, community planning, sustainable development, regionalism, and civic mobilization. In fact, a number of the cities turned to neighborhood economic development as an alternative to regional workforce development because of economic and jurisdictional constraints and the need to build community constituencies. At the same time, this community infrastructure in other cities became the cornerstone for implementing broader social equity policies and programs.

The book begins with two background chapters on economic opportunity strategies and the lessons of the mayoral administration of Harold Washington. These chapters deepen our understanding of contemporary economic opportunity strategies in action—especially jobs strategies—and describe one of the most comprehensive and ambitious municipal administrations that adopted jobs as its key strategy for and measure of fairness.

In chapter 1, Robert P. Giloth catalogs economic opportunity strategies for low-income families and communities—wealth creation, jobs, assets, and place-based development. The author seeks to illuminate the strategic ideas and policies that municipal administrations and their civic partners can adopt to address tight labor markets, create additional economic growth within reach of low-income communities, and prepare hard-to-employ workers for jobs.

Stephen J. Alexander, in chapter 2, revisits the ambitious mayoral administration of Harold Washington in Chicago (1983–1987), which occurred during an era of severe economic restructuring. His chapter synthesizes an array of studies of and reflections about the Harold Washington years, including criticisms of its jobs and neighborhood accomplishments. Including this chapter in a book about cities in the 1990s is important because the mayoral administration of Harold Washington explicitly articulated several aspects of the theory of job-centered (or targeted) economic development that became more prominent in the 1990s. Chicago is a benchmark of equity goal setting, strategic thinking, and leadership for examining the five case study cities in the 1990s.

Five case study chapters document and explore the ways municipal leaders and community coalitions in the 1990s forged experiments in linking workforce and economic development. These cities represent weak and strong markets, with various combinations of strong mayors or strong civic coalitions. What is clear from even this small sample of cities is that cities experienced national economic growth in the 1990s in different ways, at times in conjunction with the continued loss or restructuring of jobs. The point of these case studies is to document their equity innovations as well as the challenges of implementation and the limitations of their strategies for improving equity outcomes.

The first two cases—Austin and Seattle—are long-standing progressive regimes tracing their roots back to the 1970s that combined vibrant economies, environmentalism, livability, and social equity. Their 1990s stories were not primarily about inventing civic consensus or jump-starting economic development; rather, their overall challenges were to figure out how to respond to market growth and business demand and connect it to low-income communities. Both cities stretched regionally but found that despite their efforts equity gaps remained and that their revitalization success frequently resulted in low-income communities relocating because of rising city costs of living.

Robert W. Glover, Dan O'Shea, and Christopher T. King, in chapter 3, examine how a group of strong civic partners, including the city of Austin, played a pivotal role in support of job training and employment initiatives that have served both businesses and workers. The initiatives profiled are: (1) the Capital Area Training Foundation (CATF); (2) an employment and training-related tax abatement for Samsung Austin Semiconductor, LP; and

(3) Capital IDEA. This chapter discusses the paradox of growing inequality in a city that has one of the most impressive arrays of equity policies and programs.

In chapter 4, Bob Watrus and Jodi Haavig recount how Mayor Norman Rice of Seattle made social equity a central focus of his city government vision and leadership during the 1990s. It is a story of extraordinary mayoral initiative that sought to marry economic growth, citizen participation, and a social equity agenda focused on jobs. Rice created an Office of Economic Development that linked economic, workforce, and community development to benefit low-income communities and communities of color. Nevertheless, public systems and community-based organizations resisted change, and Seattle, like Austin, experienced an out-migration of working families because of the escalating costs of living.

The second two cases—Cleveland and Rochester—are declining or weak market cities of the Midwest/Northeast rust belt with higher levels of economic and human distress. Both case cities demonstrate the challenges of using long-standing community infrastructure to promote economic opportunities and outcomes. That Cleveland's chamber of commerce led a major workforce initiative supports the notion of a win/win opportunity for business and workers. Alternatively, in Rochester, overall economic stagnation and loss of manufacturing led the city to look inward, to support neighborhood economic development, and outward, as it became a leading advocate for regionalism.

Chapter 5, by Norman Krumholz and Daniel E. Berry, explores how Cleveland's legacy of equity policies and community development capacity aided the implementation of Cleveland's Supplemental Empowerment Zone begun in 1994. Of all our cities, Cleveland had the highest poverty rates and largest number of sustained job losses. The chapter highlights strategies designed to link the economic development efforts of the Empowerment Zone with workforce preparation initiatives developed and supported by area education and training organizations, including the Greater Cleveland Growth Association's Jobs and Workforce Initiative (JWFI). It is a story of the challenge of reaching the hard-to-employ and organizing a diverse group of stakeholders to achieve results.

Chapter 6, by Pierre Clavel, discusses the policies of Mayor William Johnson, Rochester's first African American mayor in a city that did not experience tight labor markets. Johnson defined economic opportunity as job growth in the city's core, access to well-paying jobs, and parity between the city and its expanding suburbs. Facing both economic and political barriers, the mayor's equity agenda focused on neighborhood initiatives, empowering citizens, and framing suburban sprawl in the region as a civil rights issue.

The fifth case, Savannah, is a long-term story that recounts the journey of municipal officials and community activists from physical revitalization of neighborhoods to an asset-development approach to neighborhood develop-

ment. In chapter 7, Henry Moore, former assistant city manager of Savannah, shows how Savannah's equity agenda emerged through years of experience with city/neighborhood collaboration that addressed the poverty conditions experienced by the African American community. The story continues as Savannah elected Otis Johnson, community activist and city council member, as mayor in November 2003 and expanded its equity and antipoverty investments to include workforce development and community wealth creation.

Finally, chapter 8, by Michael I. J. Bennett and Robert P. Giloth, reflects on these municipal experiences for lessons about effective responses to tight labor markets and social equity. We analyze, in comparative fashion, the contributions of the case study chapters and address the questions: How successful were the cities in addressing tight labor markets? What barriers did the cities confront, and what lessons did they learn in implementing these initiatives? What other social equity initiatives did these cities pursue? The chapter also discusses the themes and lessons of these cases for twenty-first century cities, recognizing key factors that will shape cities in the coming decades, such as race, globalization, wealth disparity, affordability, immigration, and geographic restructuring. Based on this analysis this chapter challenges and reflects on theories of progressive cities.

Cities will continue to face the challenges of globalization, economic and demographic restructuring, and metropolitan sprawl in the twenty-first century. The social equity gap in cities and metropolitan areas will likely grow unless present trends change. Closing this equity gap is important because it contributes to the social cohesion and economic competitiveness necessary for cities to succeed in the global economy. Yet, despite progress in closing the gap on some fronts, U.S. cities and metropolitan areas still exclude or marginalize many citizens, particularly low-income individuals and people of color, from achieving economic well-being, quality schools, affordable housing, a better quality of life, and political empowerment. The potential for prolonged tight labor markets may transform equity strategies into economic development priorities that encourage new forms of workforce development and investments to improve the quality of jobs and careers. But, as these chapters show, we must be cautious about our expectations of progress in expanding social equity even in the best intentioned of cities.

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