

# Trends, Characteristics, and Patterns in Urban America

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America's cities and metropolitan areas are quite diverse in terms of economic, social, demographic, cultural and political characteristics. For example, Detroit and Dallas are both large cities but they differ greatly in many ways. Still, it is possible to discuss major trends, characteristics, and patterns of major cities and urban areas without dismissing these variations.

Today, more than 6 years after the Los Angeles riots, our urban crisis remains marginal to the political debate in this country. No other major industrial nation has allowed its cities to face the type of fiscal and social troubles confronting America's cities. Other industrial nations do not permit the level of sheer destitution and decay found in America's cities. Canada, for example, has a similar economy and distribution of wealth, but its cities are much more livable than ours. We see the consequences of our urban conditions every day, from the deadly levels of crime and violence, to the Third World levels of infant mortality, to the growing army of homeless people sleeping on park benches and vacant buildings.

Despite this, conditions in our cities are considerably better than what one would learn from paying attention only to the mainstream media. The media's unrelenting focus on the negative characteristics of America's cities—as cesspools of crime, violence, and social pathology—is both misleading and detrimental to efforts to revitalize urban America.

Three major points are made in this paper. First, in terms of economic trends, it is argued that problems of urban America (including its largest cities and metropolitan areas) are primarily a geographic mirror image of the nation's growing economic disparities. Second, in terms of political and policy trends, it is suggested that the federal government has generally done more to undermine urban fiscal and social health than to improve it, primarily by policies that have promoted suburbanization, sprawl, and metropolitan fragmentation, and that the increased political isolation of cities portends poorly for reversing these trends. Third, in terms of civic and governance trends, however, there are two promising tendencies: growing interest in regional approaches to metropolitan problems and growing support for a variety of community-building efforts. The key dilemma is to find ways to connect the regional and community-building agendas and to get the federal government to provide support and encouragement for these efforts.

When people think about "urban problems," images from the nightly news are likely to come to mind: riots in Los Angeles, clashes between blacks and Latinos in Miami, or the death of an innocent bystander caught in a shoot-out between drug dealers in Washington, D.C. Stories on AIDS, homelessness, teenage pregnancy, school dropouts, lack of skills, and unemployment join those on drugs and crime. As a result, many people have a negative image of life in big cities and think crime and drugs are major problems in their own communities as well (1).<sup>1</sup>

Even so, a recent nationwide survey of people living in the suburbs of the 100 largest cities found that more than three-fourths gave a positive or highly positive rating to the city they lived near. Most relied on their central city for work, major medical services, higher education, and cultural activities; they understand that their property values are tied to the prosperity of the nearby central city. What is more, two-thirds or more of these suburbanites were willing to have higher taxes and spend more federal aid on programs to house the poor, prevent and treat AIDS, and improve public schools and health care for children in central cities (2).

This ambivalence reflects the conflicting reality of the urban experience. The media, and many scholars, have focused on the negative part of this reality, and they have been severe. Pushed by misguided public policies, urban decay and metropolitan polarization began during the suburbanization of the 1950s, grew during the racial turmoil of the 1960s, and worsened in the fiscal and economic crises of the 1970s. Urban problems continued to worsen in the 1980s, especially as cities struggled with recession, and have not significantly improved despite the economic recovery since the mid-1990s.

Despite these negative trends, observers have typically failed to appreciate some of the good news. Although the central city share of the national population declined steadily between 1950 and 1980, it increased significantly between 1980 and 1990. Twenty of the 30 largest central cities gained population (3, Table 6). Ten were sunbelt cities like Houston, Dallas, Phoenix, and Jacksonville, but the other 10 included international business cities like New York and Los Angeles, high technology centers like Seattle, San Francisco, San Jose, and Boston, and heartland cities like Indianapolis and Columbus. While 10 old cities with large black populations, like Detroit and Cleveland, continued to lose population, the rate was slower than in the 1970s, and four (Chicago, Philadelphia, Baltimore, and Washington) nevertheless gained in real household income. Meanwhile, the suburban population also grew, so that more than three-fourths of all Americans now live in metropolitan areas. Half live in metropolitan areas with more than 1 million residents, and more than one in five in metropolitan areas with more than 5 million residents (4, Figure 1 and Table 2).

Most important, real median household income grew substantially faster than the U.S. average in 12 of the 30 large central cities between 1980 and 1990. For example, it grew by 39 percent in Boston, 28.5 percent in New York City, 25.7 percent in San Francisco, 17.3 percent in Los Angeles, 11.5 percent in Philadelphia, and 8.9 percent in Columbus, Ohio. (Some old industrial cities like Detroit, Milwaukee, and Cleveland experienced substantial real income declines, while cities that depend on the energy industry, like Houston, Denver, New Orleans, and Oklahoma City, experienced lesser declines.) Even though central cities contain 60 percent of the nation's poverty population, this percentage decreased slightly in the 1980s. Real income grew in many cities because they house the advanced corporate services and high-level nonprofit services like hospitals and universities that are key sectors in the U.S. economy and support them with high levels of public service.

The dilemma facing national urban policy is this: central cities remain the key to regional and national productivity growth and competitiveness in the global economy, but their unresolved social problems threaten and may even destroy these strengths. Central cities house and support the key institutions that generate new ideas and knowledge, that support high-level business decision making and business transactions, and that provide the most sophisticated social services. But if federal and state policy and better-off suburbs continue to ignore and isolate themselves from the problems wrought by increasing urban inequality, they put these precious national resources at grave risk.

Moreover, since central city and suburban economies are highly interdependent, this is not only not in the national interest, it is also in the interest of suburban dwellers. If the nation does not confront and overcome this urban dilemma, its metropolitan regions will not prevail in the global competition with those of Japan or Germany, much less newcomers like Singapore. Part of addressing this dilemma, then, is finding ways to persuade some sectors of suburban America—and their representatives in Congress—that they have a stake, and a common fate, in the future of our cities.

## MAJOR ECONOMIC TRENDS

The restructuring of the nation's economy, demographic changes such as immigration, and the continued suburbanization of the country have shaped conditions in urban America.

Despite the prosperity of the 1980s and 1990s, poverty increased and became more concentrated in extremely poor neighborhoods within the nation's 100 largest central cities. As poverty became more concentrated, other problems like infant mortality, child abuse, drugs, youth crime, and violence also worsened. Where poor, female-headed families concentrated, other difficulties also worsened, including poor school performance, dropouts, and youth unemployment. Meanwhile, because suburban household incomes grew faster than those of the central cities and because racial segregation remained persistently high despite increased black suburbanization, metropolitan areas became more polarized. These negative trends hit hardest in cities that had a large manufacturing base and relatively small service sectors. These cities had also attracted the largest black and Hispanic populations in the postwar period, gained the fewest recent immigrants, and experienced the greatest white flight. Whereas the federal government adopted some programs that sought to counter these trends, many other federal policies promoted suburbanization, destroyed central city neighborhoods, and reinforced the racial and fiscal disparities emerging in America's large metropolitan areas. The key trends are described in the following subsections.

### Widening Disparities of Income and Wealth

Our "winner take all" economy has blessed top earners with unprecedented gains, but it has made the middle more precarious, forcing it to cope with stagnating earnings and job volatility, and it has reduced the standard of living of the bottom end of the income distribution in absolute as well as relative terms (5). In a nation where three-quarters of the people believe that the government should ensure that everyone has adequate food and shelter (6, p. 47),<sup>2</sup> many people lack both. In the view of a former president of the Federal Reserve Bank of New York, these trends force us "to face the question of whether we will be able to go forward together as a unified society with a confident outlook or as a society of diverse economic groups suspicious of both the future and each other" (7).

In short, concentrated urban poverty and inequality are not simply statistical trends that trouble sensitive observers, they fundamentally violate the American ideal of equal opportunity and threaten the functioning of American democracy.

All indicators of nationwide economic disparities indicate that the gaps of income and wealth are growing wider. These inequalities have a geographic dimension, and this has profound implications for the condition of metropolitan areas. A 1994 *Business Week* cover story, "Inequality: How the Gap Between the Rich and the Poor Hurts the Economy," showed how most income growth and almost all wealth accumulation was being monopolized by the rich and super-rich. Median family income increased only 1.2 percent in 1996, for only the second time since 1989. The news for the bottom end of the distribution verged on the catastrophic: the poorest fifth of all households saw their real incomes drop 1.8 percent, whereas the richest fifth gained more than any other group (8).

Between 1950 and 1978, every income class of Americans benefited from economic growth. Those in the bottom 20 percent actually saw their incomes rise faster than those in

the top 20 percent over this period. In the early 1970s, however, this foundation of the American social contract crumbled. Harrison and Bluestone call this the “great U-turn,” when the country suddenly changed directions on the long road of improving material conditions. Between 1979 and 1993, real family incomes for the bottom 60 percent of families actually fell, with those at the very bottom falling the furthest. On the other hand, the top 40 percent experienced rising incomes, with the “fortunate fifth,” as Reich calls them, enjoying a healthy 18 percent real income jump (9).

As the middle class is gradually pulled apart, a lucky minority is moving into the upper class while the unlucky majority are being pushed down into the lower class. Between 1979 and 1993, the top 5 percent of U.S. earners increased their incomes by 29.1 percent after inflation to an average of \$177,518. Between 1977 and 1989, the top 1 percent saw their incomes increase 102.2 percent. In the 1980s, the number of people reporting to IRS that their incomes exceeded \$0.5 million rose from 19,881 to 183,240—an increase of 985 percent, the largest percentage increase in this century (10). According to IRS, the number of households reporting incomes in excess of \$1 million (adjusting for inflation) increased from 13,505 in 1979 to 69,935 in 1994 (11). During the same period, the number of households reporting incomes below the poverty level (also adjusted for inflation) increased from 5,461 to 8,053 (12, p. 476). Compensation for corporate chief executive officers (CEOs) has increased much faster than for employees, rising from 42 times the pay of the average worker in 1980 to 141 times in 1995. A *Business Week* study of CEO compensation in 362 large companies found that their average total pay soared 30 percent in 1995 while factory employees only saw a 1 percent gain (13). A *Business Week* editorial, “Share the Wealth With the Workforce,” was blunt: “Corporations exist in a social and political context where a sense of equity, as in fairness, is a key value that can be ignored only at their own peril.”

Wealth inequality, already far wider than income inequality, has also increased greatly. A Twentieth Century Fund study found that the share of marketable net worth held by the top 1 percent, which had fallen by 10 percentage points from 1945 to 1976, rose from 34 to 39 percent between 1983 and 1989. Meanwhile, the share of total wealth held by the bottom 80 percent fell to only 15 percent of the total. During this period, the top 1 percent captured 62 percent of the gain in marketable wealth. The next 19 percent gained 37 percent, leaving the bottom 80 percent with only 1 percent of the gain. As the value of stocks on the stock market has soared over the last several years, this unequal division of wealth has worsened since 1989. The present period resembles the 1920s, when a soaring stock market exacerbated inequalities. In fact, the wealth gap is now greater than at any time since 1929 (14).<sup>3</sup>

### Widening Economic Gaps Between the Nation’s Metropolitan Regions

Differences among broad sections of the country are not due, for the most part, to residential moves, in which the rich and the poor sort themselves out geographically. Rather, they are caused by differential trends in job and wage growth. People move from one region to another primarily in search of job opportunities. Well into the 20th century, considerable concern was expressed over the backwardness of certain regions, especially the South. After the Great Depression, however, interregional inequalities began to decline, in part owing to national infrastructure investments in the South and West. The Reagan Administration’s 1982 National Urban Policy Report observed with satisfaction that the gap in per capita income among different regions of the United States had significantly diminished between 1930 and 1977. The Southeast saw its relative income increase, whereas the advantage of the Northeast and Midwest declined (15, p. 28). In the past 20 years, however, this trend has reversed, and regional incomes have begun to diverge. As an economist for the Federal Reserve Bank of Boston put it: “After three decades of gentle convergence, regional per capita incomes diverged sharply in the 1980s” (16). In general, rich regions got richer while poor regions got poorer.

Though interregional inequalities remain smaller than they were earlier in the century, their reemergence is disturbing news for those who care about the issue of income inequal-

ity. In 1989, median household incomes varied by more than 100 percent across the 78 largest metropolitan areas, from a low of \$24,442 (New Orleans, Louisiana MSA) to \$49,891 (Bridgeport-Stamford-Norwalk-Danbury, Connecticut NECMA) (17). The difference does not just have to do with skill levels or job mixes. Secretaries living in San Francisco in 1989 earned 46 percent more than their counterparts in Baton Rouge, Louisiana (\$25,735 compared with \$17,577) (18). Whereas the cost of living also varies across these cities, this factor is not nearly large enough to wipe out the wage differentials.

Not only is there inequality among regions in average wages, but regions have widely different degrees of income inequality within them. Many scholars, notably William Julius Wilson, have blamed ghetto poverty on the process by which manufacturing jobs with decent salaries have moved away from cities, to be replaced by service-sector jobs with lower salaries. Regional economic restructuring varies significantly, however, in the ratio of low-wage jobs it produces. Between 1970 and 1990, only 35.5 percent of the new jobs created in the Boston metropolitan area paid less than \$20,000 (in constant 1990 dollars) compared with 77.4 percent of the new jobs in Milwaukee and 72.7 percent in metropolitan Detroit. At the top end, about one-fourth of the net new jobs in the Boston area paid more than \$40,000, compared with only about 9 percent in Detroit and Milwaukee (19).

We do not know exactly why regional incomes began to diverge in the 1970s after converging in the previous decades. Drennan et al. argue that regions specializing in producer services enjoyed faster-than-average real income growth because of strong national demand for these services. They argue that prosperity in these regions led to a decline in ghetto poverty (20). Several studies have shown that when regional economic growth creates tight labor markets, ghetto residents are drawn into the work force (21–23).

Other research suggests that the causal relation works in the opposite direction: inequality within a region hurts overall regional economic performance. Regions with greater inequality perform less well. Ledebur and Barnes (24) found that metropolitan areas with lower central city–suburban income disparity had higher metropolitan employment growth between 1988 and 1991. Savitch et al. found that per capita income in 59 central cities was highly correlated (.59) with that of their suburbs, suggesting that central city and suburban economic outcomes would rise or fall together (25,26). Correlations, however, do not prove causation (27). Much more work needs to be done before we can conclude that weak or increasingly polarized central cities will pull down their surrounding metropolitan regions. Nevertheless, such an account remains highly plausible: central cities with concentrated ghetto poverty will hasten capital flight and bear heightened costs; the resulting fiscal stress will drive out essential investment in infrastructure and damage the ability of central business and industrial districts to contribute to regional economic competitiveness. The final result will lower the overall efficiency of the regional economy, causing growth rates to wither (27, pp. 164–165).

### **Growth in Economic Residential Segregation Within Metropolitan Areas, Including “Mismatches” Between the Urban Labor Force and Suburban Jobs**

In contrast to most other advanced countries, income rises the further one moves out from the city center. Middle- and upper-class households satisfy their housing needs not primarily by rehabilitating older housing near the city center, but by building new housing on the urban periphery. The housing they leave behind then filters down to lower-income households. Byrum, former director of city planning for Minneapolis, calls the American practice to house the poor in used and deteriorating housing near the city center a “de facto national housing policy” (28, p. 19). The pattern was so well established in the United States by the 1920s that it served as the basis of the “concentric zone theory” of urban development (29).

One way of tracking the separation of the rich and poor through metropolitan decentralization is by comparing central cities with their suburbs. State legislation drew arbitrary dividing lines between central cities and suburbs in the early 1920s to arrest the ability of older central cities to annex new suburban municipalities. Rusk (30) highlights the differ-

ences between elastic cities that expanded to encompass more of their metropolitan populations and inelastic cities. In 1990, the central city's proportion of its metropolitan area population varied from Boston's 15 percent to Albuquerque's 80 percent.

Much research has sought to trace the extent to which the poor have become concentrated in cities and the middle and upper classes in suburbs. For the 85 largest metropolitan areas, central city per-capita income as a percentage of suburban per-capita income fell from 105 percent in 1960 to 84 percent in 1989 (24, p. 2). Between 1970 and 1993, the poverty rate in cities rose 50 percent—from 14.2 percent to 21.5 percent (31, p. 5). During the same period, the poverty rate rose 45.1 percent in the suburbs, from 7.1 to 10.3 percent. These gaps between central cities and suburbs were created both by downward mobility for existing city residents and by outmigration of the better off (32,33).

Notwithstanding the media hype about gentrification, a careful analysis of migration trends in the 1970s showed that only a few of the central cities in the 40 metropolitan areas studied improved the class composition of their in-migrants, and these improvements did not increase their median incomes (34). More recent evidence suggests that middle-class households continue to migrate out of central cities. During the 1980s, the suburban population grew at 16.1 percent, triple the rate for central cities. Central city populations declined in the Northeast and Midwest. In 1996, for every middle- and higher-income family that moved from a Midwestern or Northeastern suburb to a central city anywhere in the nation, more than three families moved from a central city in this region to a suburb anywhere in the United States. Influencing the poverty of central cities compared with suburbs is the fact that two-parent households are moving to the suburbs, with single-parent, female-headed households concentrated in central cities (35).

A second reason for the income gap between central cities and suburbs is that the differential location of new employment in the suburbs has caused poverty to spread among central city residents. Manufacturing has continued to decline in central cities, and routine back office service functions as well as retail jobs continue to relocate to suburbs. Not only do central city residents have a hard time getting to such jobs, but their social networks do not provide information about suburban job opportunities (36, pp. 72–75).

### **Widening Economic and Fiscal Disparities Between Suburbs—Including the “Urbanization” of Many Older, Inner-Ring Suburbs**

Economic segregation exists not just between central cities and suburbs but among suburbs themselves. Suburban municipalities tend to be more economically homogeneous than central cities, but average incomes range widely across suburbs. An early study of class segregation in suburbia based on 1970 census data found that the wealthy were the most segregated, living in homogeneous enclaves representing perhaps 15 to 20 percent of all suburbs. The poor were also concentrated in a relatively small number of suburbs (37). Evidence suggests that suburban class segregation is increasing. A study of the 30 largest metropolitan areas found that, between 1970 and 1980, the spatial concentration of poverty increased in 25 and affluence became more concentrated in all 30 (38, p. 306). A study covering the period 1970 to 1990 found that the poor became somewhat more segregated (39). (Both studies included central cities as well as suburbs.) In general, the rich, ensconced in exclusive suburban enclaves protected by zoning regulations, tend to be more isolated from other income groups than the poor.

In recent years, more attention has been paid to declining inner-ring suburbs that have many of the same problems as central cities (40,41). They are usually located close to concentrated minority poverty in central cities. In his study of the Minneapolis–St. Paul metropolitan area, Orfield contrasts conditions in inner-ring suburbs with those of the fast-developing eastern suburbs. Between 1979 and 1989, he finds that median household income went down 4.7 percent in the inner-ring suburbs of the Twin Cities, while it went up 8.4 percent in the outer-lying eastern suburbs. Whereas the eastern suburbs saw their property values increase 75 percent between 1980 and 1994, property values only went up 2.5

percent in the inner-ring suburbs (property values declined 8.3 percent in the central cities) (42, p. 30).

### Increasing Geographic Segregation of the Poor

Whereas the rich have always tried to insulate themselves from the poor, marked spatial segregation by class is a phenomenon of the industrial revolution. Zunz's careful study of Detroit showed that, whereas groups clustered by ethnicity in 1880, different occupational groups tended to live together. By 1920, however, the index of occupational segregation was as high as the index of ethnic segregation. Only in very tightknit communities of Jews and blacks did a wide range of occupations coexist on the same block (43, p. 342). Using census tract data and the index of dissimilarity, Duncan and Duncan (44) demonstrated that those at the top and the bottom of the occupational rankings were highly segregated residentially in Chicago in 1950.

Wilson's *Truly Disadvantaged* (45) stimulated the contemporary study of the segregation of the poor in American cities. The past decade has witnessed an outpouring of research in response to Wilson's thesis that deindustrialization, the paucity of "marriageable males," and the selective outmigration of better-off residents caused concentrated urban poverty. Wilson defined any community area in Chicago (a relatively large neighborhood) with a poverty rate exceeding 30 percent as an "underclass" or ghetto poverty area.<sup>4</sup> Since then, researchers have used census tracts as a unit of analysis and designated a threshold of 40 percent in poverty. Other researchers have adapted measures of racial segregation to study the segregation and isolation of the poor.<sup>5</sup> Wilson's approach has the virtue, however, of highlighting the intuitively satisfying idea that the spatial concentration of poor people magnifies the problems of poverty beyond the simple fact that people do not have enough money in their pockets. The 40 percent standard suggests that the geographical concentration of poverty has threshold effects and that beyond a certain point, these "concentration effects," as Wilson calls them, are highly destructive.

Regardless of method, researchers have found that the urban concentration of poverty has increased markedly since 1970. Using an index that measures the likelihood that poor families will share a census tract with other poor families, Massey and Eggers (38) found that the concentration of the poor increased overall and in 25 out of 30 metropolitan areas between 1970 and 1980. Abramson et al. (39) confirmed and updated the analysis using the index of dissimilarity, which measures how evenly the poor are distributed, and the isolation index, which measures to what extent the poor live with other poor people, for the 1970–1990 period. They found that the dissimilarity index increased 11 percent for the poor and their isolation increased by 9 percent in the 100 largest metropolitan areas. For the largest 100 central cities, Kasarda (46) found that the share of the poor living in 40 percent poverty tracts increased from 16 to 28 percent between 1970 and 1990.

The most comprehensive nationwide research on the concentration of poverty is reported by Jargowsky (23). Using the 40 percent standard for census tracts, Jargowsky found that poverty areas, or ghettos, grew in almost every possible way between 1970 and 1990: in the number of tracts, in total population, as a percentage of the overall population, in the percentage of poor persons in them, and in geographical extent. To cite just a few statistics, the number of high-poverty census tracts in all tracted metropolitan areas doubled and their population increased from 4.1 million to 8.0 million (while the national population grew only 28 percent). The likelihood that a person would live in a ghetto tract grew 50 percent, from 3.0 percent to 4.5 percent. The percentage of poor persons living in high-poverty areas increased from 12.4 to 17.9 percent. Nationwide, 3,745,000 poor persons lived in high-poverty areas in 1990. Whereas this is not a large number in a nation with 249 million residents, it is increasing rapidly. Areas of urban blight, or high poverty, are spreading out, more than doubling their land area between 1970 and 1990, though their total population declined 17 percent. To speak of the concentration of poverty, therefore, is somewhat misleading, because poor people are increasingly likely to live in areas with much vacant land and many abandoned houses and businesses.

The problem of concentrated poverty is mainly a metropolitan and central city problem: 84.5 percent of all high-poverty census tracts were located in metropolitan areas in 1990; two-thirds of the people living in such tracts were located in the 100 largest central cities (23, p. 11, p. 85). Indeed, more than one-third of all persons living in concentrated poverty tracts were located in just 10 cities, identified in Table 1.

Concentrated poverty also varies by region. It is concentrated in the Northeast and Midwest, especially in older industrial cities. Concentrated poverty fell in the South in the 1970s but increased in the 1980s, while the rate of increase fell dramatically in the Mid-Atlantic states in the 1980s. These surges and declines in concentrated poverty were closely related to the growth rates of the economies of these regions (23, p. 45). As Coulton et al. (47) found in research on the 100 largest metropolitan areas, the geographic concentration of poverty and affluence varies tremendously among different regions. Areas with high levels of concentrated poverty, for example, are not always associated with high levels of concentrated affluence.

**TABLE 1 Persons Living in Poverty Census Tracts, Top 10 Cities, 1990**

	Number of Persons
1. New York	960,292
2. Detroit	418,947
3. Chicago	396,200
4. Los Angeles	267,666
5. McAllen, Texas	234,467
6. New Orleans	165,571
7. Houston	162,487
8. Philadelphia	154,684
9. San Antonio	152,936
10. Miami	148,083
Total	3,061,293

### Persistence of Residential Racial Segregation

Most poor people do not live in neighborhoods characterized by concentrated poverty. In 1990, only 17.9 percent of all poor people (3.7 million individuals out of 20.9 million total poor) lived in census tracts where the poverty rate exceeded 40 percent. However, the figure is much higher for minorities, who tend to live in more segregated settings. One-third of all black people and 18.5 percent of all Hispanics lived in such tracts, whereas only 6.2 percent of all white poor did. For all three groups, however, the number and percentage living in tracts with 40 percent or more residents in poverty rose substantially for all groups between 1970 and 1990. For whites, the number increased by 145 percent (23, p. 41).

One burning issue in the debate on the so-called "underclass" is the role of racial discrimination compared with class segregation in producing and reproducing concentrated poverty. In Wilson's initial formulation, racial discrimination played a relatively minor role in the expansion of areas of concentrated poverty, whereas deindustrialization and the flight of middle-class blacks from high-poverty areas, made possible by the civil rights laws of the 1960s, played a major role. In contrast, Massey et al. (48-50) argue that housing discrimination is the key variable. Trapped in ghettos, African Americans are not able to follow jobs to the suburbs. The negative effects of deindustrialization are telescoped onto their communities. Attempts to suburbanize only lead to resegregation and reghettoization. The result is a spiral of decline in black neighborhoods.

This is not the place to sort out the complex interplay of class and race on poverty, but a few general observations are in order. As Jargowsky shows, there is no doubt that race is deeply implicated in fostering concentrated poverty in the United States. In 1990, only 6.3 percent of all white persons lived in areas of concentrated poverty, while 33.5 percent of

black persons and 22.1 percent of Hispanic persons lived in such areas (23, p. 41). In other words, a black person was five times more likely to grow up in an area of concentrated poverty than a white person. (It should be noted, however, that the white rate of poverty concentration doubled between 1970 and 1990, so a class phenomenon is clearly at work as well.) Blacks composed about half of the population of high-poverty census tracts in metropolitan areas in 1990, though they were only 12.6 percent of the population of metropolitan areas (23, p. 63). In short, racial segregation explains a good deal of class segregation.

Moreover, class has certainly not overcome race in the present period. High-income or well-educated blacks are just as residentially isolated from whites as blacks with low incomes and low educational attainments (51, p. 397). Compared with whites, the black middle and upper classes clearly have a much more difficult time separating themselves from the poor. Alba and Logan (52) and Logan et al. (53,54) demonstrate that blacks who move out of areas of concentrated poverty nevertheless end up in areas with lower average incomes and lower levels of home ownership than would otherwise be predicted given their individual characteristics. A study of residential attainment in the New York metropolitan area found that blacks located in areas with median incomes about \$3,500 lower than the places where comparable non-Hispanic whites located (52). Blacks need higher incomes than whites to achieve comparable levels of social distance from the poor.

It is one thing to show that racial segregation plays a major role in concentrated poverty, but it is another to assert, as Massey and his colleagues do, that racial segregation alone, or interacting with rising black poverty, is the major cause of the increase in concentrated poverty from 1970 to 1990. For one thing, overall racial segregation declined during this period, though the reductions were small and residential segregation remains high by any standard. The argument that residential segregation interacted with increases in black poverty to raise levels of concentrated poverty also does not work well because, overall, poverty rates in metropolitan areas changed very little during this period (23, pp. 132-143). Jargowsky concludes that given the declining population of areas of concentrated poverty, movement by the nonpoor out of ghetto areas, including the flight of middle-class blacks, must have played a major role in rising levels of concentrated poverty. In other words, the alarming increase in concentrated poverty may be driven more by class divisions than by racial divisions.

### Neighborhood Effects of Concentrated Poverty

The research on the extent of economic segregation is more developed than research on its effects. The reason is simple: economic segregation is purely descriptive, whereas understanding the effects of economic segregation requires a demonstration of causal connections. Causal inference in nonexperimental settings is difficult. A great deal of research has correlated concentrated poverty with various social and economic outcomes. (By contrast, there has been little research on the effects of concentrated wealth.) These studies usually make an effort to control for variables that might contaminate the relationship, but they cannot control for all relevant factors. Most of these studies run up against the ecological fallacy of trying to predict individual behavior from spatially aggregated characteristics. Rarely do researchers have access to the detailed information on individual respondents' neighborhoods needed for evaluating the possible contextual effects of living in a high-poverty area. One exception to this generalization is provided by the Gautreaux initiative in Chicago, in which former residents of the city's public housing projects who moved to white suburbs were tracked in comparison with those who remained in the inner city. Modest gains were noted for the former group, though the sample is small and may contain some selection bias (55).

The other weakness of studies of neighborhood effects is that they rarely specify the exact process by which context affects behavior. Because theory does not guide research, the result is the accumulation of correlation studies with little cumulative effect on knowledge. Moreover, it is also possible that not all the effects of the concentration of poverty are negative. For example, poor people living together might have more in common and therefore

might more readily develop certain forms of social capital or a stronger sense of community, enhancing their capacity for collective action. A particular outcome, say failure in the job market, might result from many different place-based processes, including networks that fail to provide information about jobs or lack of geographical access. In general, however, research has primarily examined the economic and social neighborhood effects of concentrated poverty.

Most of the research on neighborhood effects has examined economic outcomes, particularly workforce participation. The evidence strongly suggests that, after controlling for personal characteristics, people living in concentrated poverty areas have lower employment rates, shorter working hours, and lower wages. Three main reasons given for these effects are the geographical mismatch between residence and jobs, ineffective job networks, and the development of norms and values that are not conducive to work.

Kain (56) argued that residential segregation of blacks in central cities deprived them of access to job opportunities increasingly located in the suburbs. Following Kain's perspective, Kasarda argues that the movement of entry-level and other low-skill jobs to the suburbs and the expansion of high-skill information processing jobs in central cities has had a negative effect on the economic prospects of the central city poor; residential segregation worsens this effect by hampering them from moving to areas with job openings more suited to their educational level (57-59). Researchers have estimated that moving a person with the same human capital characteristics from a poor to a middle-income community in Los Angeles raises his or her wage by an average of 15 percent (60, pp. 4-17).

One problem with testing the spatial mismatch hypothesis is that the poor and minority people who move to middle-class suburbs may well differ in important ways from those who stay behind. The Gautreaux program in Chicago offered a good opportunity to test the spatial mismatch hypothesis. In a 1976 consent decree resolving a federal lawsuit alleging that the Chicago Housing Authority promoted racial segregation, Gautreaux enabled households in public housing or on the waiting list for public housing to move either to largely white suburbs or to more middle-class neighborhoods within the city of Chicago. Although people were not randomly chosen for the program (they must voluntarily pursue admission), they were nevertheless all low-income blacks. The results show that adult movers to the suburbs enjoyed higher rates of employment, though not higher wages or working hours. Non-college-going youths in these families were more likely to have jobs with good pay and benefits (55).

A recent review of research on the spatial mismatch hypothesis, which itself examines six other reviews of the literature, concludes that the empirical evidence "consistently supports" the spatial mismatch hypothesis (61). The spatial mismatch hypothesis has been formulated almost exclusively in terms of the effects of racial segregation in housing markets. In fact, some argue that the spatial mismatch effects are themselves not caused by physical distance but by racial discrimination in job markets (62,63). Needless to say, the spatial mismatch hypothesis could be formulated with regard to the concentration of the poor, as easily as the concentration of African Americans. Zoning laws and building codes make it difficult or impossible for low-income people to afford to move to the suburbs where the jobs are being created. If a spatial mismatch is occurring on the basis of income, this could be an important factor in widening income inequalities in the United States. Addressing this by opening up high-job-growth areas to low-income residents would be even more difficult than in the case of overcoming racial discrimination in housing markets. The courts have generally ruled that governments may discriminate on the basis of class. Unlike race, class is not a suspect classification. Local governments have the right to protect property values and tax base by excluding the poor. The courts have overturned local zoning ordinances for the most part only when there is direct evidence of intent to discriminate on the basis of race (64, Chapter 10).

Besides the spatial mismatch caused by concentrated poverty, the literature also supports the hypothesis that networks count. Research shows that job seekers find between 33 and 69 percent of all jobs through friends and relatives (65). Wilson documents the degree to which blacks in Chicago have more insular social networks and are less likely to have at least one employed friend (66, p. 65). There is clearly a contextual effect here. Research has shown

that poor people, the less educated, and youths tend to have spatially confined social networks (67,68). This is a problem if most jobs are located outside the immediate neighborhood, which is clearly the case for ghetto poverty areas. More important, the social connections of poor people in concentrated poverty are more likely to be with people who themselves are unemployed and therefore are less useful in finding jobs.

Another way concentrated poverty hurts labor market success is through the norms and values that are passed on in face-to-face interactions. This hypothesis, which is related to the "culture of poverty" debate, has been controversial. Conservatives, most prominently Edward Banfield and Charles Murray, argue that poor people adopt values different from those of mainstream middle-class society and would not respond to job opportunities even if offered them. Murray attributes the adoption of these countercultural values to perverse incentives in the welfare programs. Wilson, on the other hand, accepts the idea that residents of ghetto poverty areas have different norms, but attributes them to the structure of opportunities, not to government programs. The absence of neighbors with steady work who can serve as role models makes residents of high-poverty areas less willing to adapt to the rhythms and demands of the labor market. Wilson documents that black men are particularly likely to have attitudes and behaviors that make them less acceptable and successful in entry-level jobs, especially those that deal with the public. Wilson again stresses, however, that they are the product of the opportunity structure in ghetto poverty areas. For Wilson, the problem is not so much values as adaptive cultural styles. He concludes that "most workers in the inner city are ready, willing, able, and anxious to hold a job" (66, p. 238). This view is corroborated by the research of Osterman (22) and Freeman (21), which demonstrated that tight regional labor markets increase labor market participation by poor minorities. Contrary to the culture of poverty thesis, their behavior demonstrated that they valued work.

Evidence on whether poor people in high-poverty areas are "different" can vary from a focus on cultural values to styles of decision making and identities. Galster and Killen (69) argue, on the basis of the psychological literature on decision making, that people living in areas with limited opportunities will use less analytical styles of decision making with shorter time frames. Urban ethnographies suggest that ghetto residence undermines aspirations and ambitions. Kozol interviewed a teacher in the South Bronx who stated:

Many of the ambitions of the children are locked-in at a level that suburban kids would scorn. It's as if the very possibilities of life have been scaled back. Boys who are doing well in school will tell me, "I would like to be a sanitation man." I have to guard my words and not say anything to indicate my sense of disappointment. In this neighborhood, a sanitation job is something to be longed for.

While few quantitative studies have been done of the effect of neighborhood poverty on aspirations and identities, the ethnographic literature suggests that race and residence can discourage people from even trying to succeed in our highly competitive market economy (70-72).

The economic effects of poverty concentration also manifest themselves in the realm of consumption. Most households accumulate wealth through home ownership. For obvious reasons, home ownership rates are low among the poor (73). Research suggests, however, that bank redlining has restricted the opportunity to own a home even for those residents of concentrated poverty neighborhoods who could afford it (74). Moreover, even when poor people do own their homes, they rarely appreciate in value. Contagious abandonment can wipe out the savings people have put in their homes (75). Discrimination in housing markets against minorities suggests that, confined to a submarket, they end up paying more than whites for equivalent housing.

Because the poor are also physically isolated from many retail markets, "the poor pay more," as the title of a prominent book put it, for a whole range of goods and services (76, Chapter 6). On the basis of surveys of four low-income housing projects in New York City, Caplovitz found that the poor paid higher prices than high-income people for basic durable

goods, such as washing machines and refrigerators. Their neighborhoods lack basic retail services. In 1986, North Lawndale, a poor area of Chicago with a population of 66,000, had only one bank and one supermarket (66, p. 35). Lacking a car, poor people often cannot comparison shop. Moreover, poor people are often forced to buy on credit at exorbitant interest rates.

While those who live in areas of concentrated poverty are isolated from opportunities to earn income, they are not isolated from the culture of consumption. The average American is bombarded by 3,000 commercial messages a day, approximately 38,000 TV commercials a year (77). Because television is a cheap form of entertainment, even poor single-parent households own TVs and are bombarded by commercial messages. Commodities are chosen not just for the material qualities or utilities but to enhance status. As Caplovitz noted, "Americans in all walks of life are trained to consume in order to win the respect of others and to maintain their self-respect" (76, p. 180).

Concentrated poverty also has a range of negative effects on social relations. These social relations in turn have negative effects on individual economic success and the fiscal well-being of local governments. Local social relations affect the quality of lives, as when neighbors take care of each other's children or look out for their houses. Neighborhoods also provide convivial social relations and a sense of identity. Logan and Molotch (78) call these nonmonetary values derived from place "use values." An extensive literature documents the negative effects of concentrated poverty, as well as racial isolation, on a wide range of behaviors and outcomes: crime, drug abuse, teen pregnancy and out-of-wedlock births, poor childhood intellectual development, low educational attainment, and poor health are all more common in ghetto poverty areas. In each case, negative individual behaviors or outcomes reduce the quality of life for others and make it more difficult for all residents to succeed. [A skeptical view of neighborhood effects is given by Jencks and Mayer (79). Galster and Killen (69) provide a review of the literature that upholds neighborhood effects.]

Areas of concentrated poverty have consistently higher crime rates than surrounding areas. The question is whether these higher crime rates are due to the characteristics of individuals or neighborhoods. Research has shown that neighborhoods can have an effect on the probability that crimes will be committed. Case and Katz (80) show that after controlling for individual characteristics, youth in relatively high-crime-rate areas were somewhat more likely to have committed crimes in the past year. Research has also shown that the social isolation of blacks and whites in urban areas is associated with high rates of violence in urban black communities (81,82).

Research on neighborhood effects is limited by the dearth of data sets with information on both individuals and their neighborhood contexts. However, a few data sets have enabled researchers to study the relative effects of individual and contextual characteristics. Crane (83) reviews the extensive literature on neighborhood effects on teenage child bearing and the smaller literature on dropping out of school and then conducts his own analysis using the 1970 Census Public Use Microdata Sample for 113,997 young persons (16 to 19 years old) identified by neighborhood. In each case, he found a sharp increase in the probability of dropping out of school and childbearing when the percentage of workers who held high-status jobs fell to about 4 percent of working adults. To explain this outcome, Crane uses an "epidemic theory" of social causation that posits that as certain behaviors become more common, peer influence kicks in powerfully and a kind of social epidemic sweeps through the population.

Research has also demonstrated that living in concentrated poverty neighborhoods has negative effects on health outcomes (84-86). There are many reasons for the poor health of residents of areas of concentrated poverty. They have poor access to health services. Medicaid does not pay as much as other forms of health insurance, and therefore poor areas tend to be underserved. In addition, the poor social conditions in ghetto poverty areas, including high crime rates, dissuade health care providers from locating there. The problem goes well beyond the availability and quality of health care services, however. Residents of ghetto poverty areas are exposed to many health care risks, including more frequent drug use, sexually transmitted diseases, injuries from firearms, lead paint poisoning, and exposure to environmental hazards. The rates of sexually transmitted diseases in poor inner-city areas

approach those of the Third World. People with sexually transmitted diseases are more likely to become infected with AIDS. Baltimore is in the midst of a syphilis epidemic that began in its lowest-income neighborhoods (87).

Wilson's detailed studies of Chicago argue that the withdrawal of work from the community promotes out-of-wedlock births and single-parent families. He finds that employed males in poor neighborhoods were eight times more likely than unemployed males to marry the mother of their child (66, p. 96). Wilson emphasizes that the dearth of successful role models weakens the norms against premarital sex and out-of-wedlock births.

We must interpret these results with modesty. Most research that purports to establish place-based effects on individual outcomes relies on ecological analysis of aggregate data, with some controls for individual-level variables. This sort of analysis faces some serious technical and theoretical challenges. When all is said and done, however, there is strong evidence that place has major effects on individual outcomes even after controlling for individual characteristics. Poor people who live with other poor people do worse in the job market, attain less education, have more babies during the teenage years and are less likely to marry the father, and pay more for lower-quality city services. If it were possible to quantify the effects of place, we believe that the geographical distribution of classes across space could be shown to amplify the effects of the widening income inequality in the United States—both in driving down the poor and in advantaging the well off. Some of these contextual effects show up in published income statistics, but many do not. They include higher costs for car insurance and housing, as well as higher costs of public services. It is hard to quantify the cost of living in constant fear of crime, but this is only one of the many pervasive burdens of living in ghetto poverty.

### **The Vast Majority of Poor Adults Work**

One of the consequences of the changing economy is an increase in the number of people who live in poverty and work. The service economy is predominantly a low-wage economy, and most of its jobs offer no career ladder or upward mobility. The "working poor" is the fastest-growing sector of the nation's poverty population.

A Census Bureau study found that almost one-fifth of all full-time workers now earn poverty-level wages. In 1979, 12.1 percent of all full-time year-round workers earned poverty-level wages. By 1990, the percentage had grown to 18 percent, or 14.4 million workers. Among white workers, 17.1 percent received poverty wages; among black workers, 25.3 percent; among Hispanic workers, 31.4 percent. One-fourth of women workers (24.3 percent) and one-seventh (13.9 percent) of male workers earned wages below the poverty line (88). The percentage of full-time workers age 18 to 24 with poverty-level wages more than doubled—from 23 percent in 1979 to 47 percent in 1992 (89). Since the 1970s, the purchasing power of the minimum wage-level income has declined; even after the recent increase in the minimum wage, it remains below its purchasing power a decade earlier. Minimum wage earners have fallen further and further below the poverty line. In 1975 an employee earning the minimum wage earned 75.6 percent of the poverty-level income; by 1996, it was 56.7 percent (90) (poverty line income is calculated for a family of four). Moreover, it has been shown that a majority of the "welfare poor"—adults on public assistance—earn additional money in the informal economy (91,92).

### **Even Successful Efforts To Revitalize Downtown Areas Have Had Little Effect on Addressing Problems of Poverty**

The electronics revolution has hastened the development of a global economy and footloose multinational corporations. Since the early 1970s, there has been a tremendous flight of previously high-wage (primarily manufacturing) industries from U.S. cities to locations with more "favorable" business conditions—low wages, weak or nonexistent unions, and lax environmental laws—found mainly in suburbs, rural areas, and Third World countries. For

example, the percentage of overall employment in manufacturing in major cities declined dramatically between 1953 and 1970 and again between 1970 and 1986 (93).<sup>6</sup>

According to Kasarda (59,94):

The largest cities of the North spawned our industrial revolution in the late 19th and early 20th centuries, generating massive numbers of blue-collar jobs that served to attract and economically upgrade millions of disadvantaged migrants. More recently, these same cities were instrumental in transforming the U.S. economy from goods processing to basic services (during the 1950s and 1960s) and from a basic service economy to one of information processing and administrative control (during the 1970s and 1980s).

In the process, many blue-collar jobs that once constituted the economic backbone of cities and provided the employment opportunities for their poorly educated residents have either vanished or moved. These jobs have been replaced, at least in part, by knowledge-intensive white-collar jobs with educational requirements that exclude many with substandard educations (94). Since 1980, the Fortune 500 industrial companies have eliminated 3.9 million employees from their payrolls. Between 1978 and 1982 alone, Los Angeles lost about 70,000 high-paying manufacturing jobs, many of them concentrated in the predominantly black neighborhoods of south central Los Angeles. Firms like General Motors and Bethlehem Steel relocated or closed their plants. Textile sweatshops, employing undocumented immigrants at below minimum wages, represent the only growth in Los Angeles's manufacturing sector. At the same time, in Los Angeles and other metropolitan areas, employment growth areas emerged in outlying suburban areas, especially in the light manufacturing, high technology, and retail services sectors.

Three broad trajectories of urban development can be discerned: first, 19th century industrial cities, which in the postwar period gained large minority populations, experienced substantial deindustrialization, lost central city service-sector employment, and experienced growing metropolitan disparity and conflict, such as Detroit, Newark, Gary, and St. Louis; second, 18th and 19th century port cities and transport nodes, which also lost industrial jobs but gained employment in central city service sectors, including corporate services, public services, and nonprofit services, received a more mixed and less massive minority influx than in the first group of cities, and retained an elite commitment to living in the central city, such as New York, Chicago, Boston, and San Francisco; and third, 20th century cities based on corporate and social services, state government capitals, high technology, the defense industry, energy, and tourism, which had relatively low levels of black immigration and somewhat higher levels of Hispanic immigration, especially in those cities located near the Mexican border (Los Angeles, San Diego, Phoenix, Houston, Minneapolis-St. Paul, Columbus, Charlotte) (95,96). The immigrant influx received by the United States over the last several decades has tended to cluster in the latter two types of cities, with a resorting of native whites, and to some degree native blacks, away from immigrant-receiving cities toward newer, faster-growing cities with high proportions of native-born population (97).

The negative effect of concentrated urban poverty and metropolitan inequality varied across these city types and took distinct forms in each. The negative effect was most pronounced in the declining industrial cities and least pervasive in the growing, high-technology cities. Even in cities like San Jose or San Diego, however, significant pockets of poverty persist amid the generally high family incomes surrounding them, and all cities faced such problems as the central city's declining share of metropolitan employment. Thus the political development of cities and metropolitan areas shows not only commonalities resulting from facing similar problems, but variations depending on differences in the makeup of the three types of cities, the problems they faced, and the context in which they faced them. Commonalities included attempts to bolster investment in central business districts, slow or reverse neighborhood decline, assimilate changing populations, and manage the conflict between demand for services and limited ability to finance them. Differences included a bitter politics of racial transition in the older cities, exacerbating conflicts between the "chocolate city" and "vanilla suburbs" (98); a more complex politics of multiracial coalition

building that sought to balance downtown and neighborhood interests in the port city/corporate service centers; and the persistence of relatively conservative white elected officials in many new high-tech cities, which were nevertheless often divided by conflicts over limiting growth and preserving middle-class neighborhoods.

In a global economy, cities have little control over local economic conditions, but in the absence of any federal effort to help cities, American cities have to compete with each other for tax revenue. This has led to an unhealthy bidding war to attract private capital investment, allowing multinational firms to pit cities against cities, states against states, and even the United States against other countries to increase jobs and tax revenue. In many cases, local efforts to improve the local "business climate" often mean lowering wages, health and safety standards, and environmental safeguards.

To cope with disinvestment and fiscal crises, many city development officials became "entrepreneurs," competing with other cities for corporate investment. Some cities sought to lure businesses with tax breaks and other subsidies. Many economists claim that the bidding war has gone too far. They view these incentives and subsidies as unnecessary giveaways; this private investment, they argue, would have taken place anyway. One expert observed: "Corporations are playing cities like a piano. They understand the tune. But the cities don't" (99,100). But many city officials view these subsidies as important ammunition in the competitive war for new business and jobs. (This debate continues today over the effectiveness of urban "enterprise zones" for attracting jobs and businesses to inner cities.)

Of course, many cities could not compete on an equal footing because of the lack of either good locations or adequate resources. Cities were not equally successful in making the economic transition from producing goods to producing information. Many cities tried, without much success, to retain existing blue-collar jobs, or to lure new developers, tourists, and jobs. According to Frieden, "most large northeastern and midwestern cities lost manufacturing jobs faster than they gained white-collar ones" (101). As a result, many American cities still have not recovered from the loss of blue-collar industry and jobs. As factories closed down and waterfronts were left vacant, downtown department stores went out of business (102–104). Neighborhood business districts that had provided many retail stores and local jobs declined (105). The tax bases of many cities suffered, making it more difficult for local governments to provide municipal services. The devastation of Youngstown, Detroit, Flint, Newark, Camden, Bridgeport, and Gary is perhaps the most visible symbol of the decline of American manufacturing in the global economy.

Many cities sought to revitalize their downtowns with new office buildings, medical and educational complexes, hotels, urban shopping malls, convention centers, and sports complexes. For example, in 1970 only 15 cities could have handled a trade show for 20,000; by the late 1980s, some 150 cities could do so (106). However, even those cities that did successfully revitalize their downtown economies have not stemmed the growing tide of poverty only blocks away from the glittering glass and steel. Benefits from downtown development do not "trickle down" to the poor unless public policies steer them in that direction (106–108). [Leinberger (109) and Gordon and Richardson (110) present a different perspective.] In Boston, for example, the downtown office complex boom generated many professional-level jobs, most of them filled by suburbanites or by professionals who moved into revitalized neighborhoods close to downtown, displacing poor and working-class residents, who could not afford the rising rents on their incomes from low-paying service-sector jobs. During the first half of 1997, for example, New York City's economy added 21,900 new jobs, but employment among city residents fell by 23,900, suggesting that suburbanites filled most new jobs, while lesser-skilled city residents could not compete for jobs requiring advanced skills and education (111).

### **National Economic Recovery Has Generally Bypassed Urban America**

Americans have enjoyed 6 years of economic expansion. Job growth and productivity are healthier and unemployment and inflation lower than at any other time since the 1960s. Real

household incomes are once again growing. Yet surveys show that most people remain pessimistic about the future of the country, making the electorate volatile (112,113).

The simplest explanation, discussed earlier, is that the benefits of economic growth are going to a small group at the top, whereas other families have not benefited proportionately. These trends are particularly problematic in the central cities. During this period of economic expansion, the overall poverty rate in central cities has not significantly changed. It was 20.9 percent in 1992 and 19.6 percent in 1996. Nor did the ratio of the central city poverty rate to the national poverty rate change. In 1992 the central city poverty rate was 141 percent of the national poverty rate; in 1996 it was 143 percent of the poverty rate (90).

The “home ownership boom” of 1993–1996 also bypassed the central cities. During that period, the number of home owners increased by 3.4 million—an increase of 5.5 percent. The national home ownership rate grew from 64.1 percent to 65.4 percent. The home ownership rate in central cities, however, did not increase during this period. In 1995, the home ownership rate in central cities was only 49 percent, whereas in suburbs it was 71.5 percent. This geographic home ownership gap is a result of both the demographic characteristics of central city residents and the persistence of mortgage discrimination (“redlining”) by lenders. It is not entirely a result of income or even creditworthiness. Among low-income households, the home ownership rate in central cities was 45.6 percent, whereas in suburbs it was 63.8 percent. Among moderate-income households, the home ownership rate in central cities was 51.8 percent, whereas in suburbs it was 71.3 percent (114).

## MAJOR POLITICAL AND POLICY TRENDS

### Federal Policies Have Exacerbated the Problems of Central Cities and Older Suburbs Since World War II

Federal policies since World War II, including the Federal Housing Administration (FHA) and Veterans Administration (VA) housing finance programs, the home mortgage interest deduction, the construction of the Interstate highway system, urban renewal, and the failure to develop federal support for middle-class rental housing production, have devastated many central city neighborhoods and strongly encouraged metropolitan polarization (115,116). During the 1980s, the shift of federal assistance toward entitlement grants and the rise of revenue bond financing promoted self-defeating, beggar-thy-neighbor approaches to economic development. As the need and demand for public spending have grown in central cities, but the capacity to pay for them has grown in the suburbs, public policy has exacerbated the fiscal disparities within metropolitan areas (24).

Housing, transportation, tax, and other policies have encouraged the migration of middle-class residents and businesses to suburban areas. Federal assistance to cities—whether people- or place-oriented aid—has been outweighed by federal subsidies that promote suburbanization, sprawl, and metropolitan fragmentation.

Whereas the foregoing discussion has suggested that trends like deindustrialization, growing wage disparities, and the stagnation of median family incomes have increased the concentration of poor people in large central cities, political factors have also given this trend a much stronger push than most people appreciate. In particular, the suburban, middle-class bias in federal urban policies has interacted with the competition among local jurisdictions to attract and retain better-off residents while excluding the poor in ways that have aggravated metropolitan inequality and class segregation. In the five and one-half decades since the onset of World War II, federal domestic programs and suburban zoning, housing, development, and tax policies have promoted the outward movement of better-off households while piling the poor up in central cities.

Since federal urban policy is typically associated with minority urban dwellers, the assertion that federal policy has tilted the metropolitan playing field toward better-off suburbs

may seem counterintuitive. Consider, however, that mobilization for World War II strongly affected the location of employment (with disproportionate shares of wartime investment being located outside the preexisting industrial base in the urban North) and population (prompting a northward flow of blacks and a westward and southward flow of whites). The Defense Department's support for the aerospace and electronics industries continued these shifts in the cold war era (115, pp. 102–109; 117).

After World War II, federal domestic development programs had an explicit focus on enabling better-off residents to move away from central cities, promoting the modernization of central business districts, "protecting" important urban institutions from the threat of racial transition in surrounding blue-collar neighborhoods, and creating "new ghettos" for those who were displaced (115, Chapters 2 and 3; 118, 119). Pent up by depression and war and then unleashed by postwar prosperity, demand for housing new families exploded in the 1950s and 1960s. Returning World War II veterans sought to move away from their immigrant parents' and grandparents' neighborhoods. As a practical matter, they would find the least costly new housing in the suburban periphery, which was also removed from the growing minority populations in many older central city neighborhoods. This demand could also have been satisfied within the existing city boundaries, for example, in the garden apartment complexes constructed on the outer boundaries of the prewar city. In the Truman administration, however, federal legislation to promote this sort of middle income rental housing in cities did not win enactment. Instead, the VA and FHA home loan programs, the home mortgage deduction from federal income taxes, radial freeway construction, cheap energy, and disinvestment in urban mass transit combined to speed the differential outward migration of the white middle class out of the older central cities. Yet when blacks wished to move to suburbs like Levittown, and could afford to do so, they were not allowed (49, pp. 42–57; 116, pp. 196–213).

The primary aim of federal domestic policy with regard to central cities was to encourage private investment in central business districts (CBDs) and clear away neighboring "slums," which local elites and planners thought threatened the viability of CBDs and important urban institutions like hospitals and universities. Even public housing was funded only on the condition that cities tear down one "slum" dwelling for every new public housing unit built. Public housing served as reservoirs for those displaced by urban renewal and freeway construction, which were busily destabilizing blue-collar neighborhoods (115, 120). Between 1956 and 1972, urban renewal and urban freeway construction displaced an estimated 3.8 million persons (115). In some cities, entire neighborhoods were razed or split down the middle by new highways and convention centers (121–124). Some called the federal program "Negro removal" because of its focus on black neighborhoods. People were pushed out of their homes and local businesses, destroying social ties and dispersing residents, without adequately compensating for their economic and emotional losses. Up to one-fifth of the entire population of New Haven was displaced by public projects during this period.

Only in the late 1960s, after a wave of urban rioting and protest, did the federal government begin to build housing designed to strengthen urban neighborhoods and promote neighborhood-based social service delivery. But these efforts were comparatively short-lived: new assisted housing production grew rapidly between 1969 and the mid-1970s, but leveled off during the 1980s and ended in the 1990s. Recent trends in federal policy, such as the end of federal revenue sharing for cities in the 1970s, the decline of AFDC benefits and the decreasing value of the minimum wage that began in the 1970s, and the devolution of welfare programs to state governments in the mid-1990s, exacerbated this trend (125, 126). Meanwhile, funding for mobility away from cities, whether direct spending on freeways or indirect spending on the home mortgage tax deduction, continued to expand. In truth, federal domestic development programs and tax policies fostered suburban growth, disinvestment from older urban neighborhoods, and the sorting of income, ethnic, and racial groups and the jobs they held across metropolitan regions.

Political fragmentation and competition among local jurisdictions within metropolitan areas strongly exacerbated these trends. Whereas municipalities are legally subordinate to

state legislatures, they enjoy substantial, largely unfettered powers to tax, spend, and regulate land use. State legislatures have been reluctant to override these powers to promote racial or economic integration. In a context of little or no federal or state oversight, this political fragmentation led to a high degree of competition among suburban jurisdictions to attract better-off residents and exclude those with incomes below the median. Although some cities (mostly in the South and West) have had the legal authority to expand by annexing suburban areas (30), most are trapped within their political boundaries. The United States is highly unusual in this regard. In other Organization for Economic Cooperation and Development nations, urban areas are governed by metropolitanwide governments, and the national government encourages regional approaches to governance and policy. In the United States, in contrast, cities are unable to tax the income and wealth that they generate within their borders and unable to tax the wealthy of the surrounding region. The political fragmentation of metropolitan areas results in uneven fiscal capacities of central cities, inner suburbs, and outer suburbs (127). This dynamic strongly reinforced the trend toward spatial segregation by race and class.

At the top end of the metropolitan "food chain," exclusive and expensive suburbs provide their residents with excellent public services at a relatively small tax cost in relation to housing values and resident incomes. At the bottom, central cities provide housing of last resort for all those whom suburban jurisdictions can exclude through lack of income, lack of mobility, or discrimination. Over time, this put the locational advantages that central cities have for economic activity at increasing risk. Between these two poles, suburbs are arrayed according to the incomes and preferences of their residents and their varying ability to enforce them. [Businesses have also sought out, and sometimes created, suburban jurisdictions that would provide them with a tax haven and a supportive regulatory environment (128).]

In the competition for favored residents and investments, each jurisdiction has a strong incentive to adopt zoning and development policies that exclude potential residents with incomes below the median for their jurisdiction or who require more costly services. The better-off may view the latter as "free riders." Widespread discriminatory practices in the rental, sales, and financing of housing reinforce price exclusion (49, pp. 96–114, pp. 187–212; 129). Some suburban governments have also chased private investments that generate more tax revenues than service costs, as long as they do not erode the quality of life of their residents. In this way, some suburbs can "privatize" the tax benefits of developments that the whole metropolitan area makes profitable. While the situation remains dynamic because some older, inner suburbs decline as newer, outer suburbs grow, the end result is heightened spatial segregation of income and ethnic groups.

Some observers view the competition among local jurisdictions in a positive light. They think that the ability of households with sufficient income to choose among jurisdictions to find one that provides the amenities they want at a tax price they are willing to pay constitutes a marketplace in public services. According to Tiebout and those influenced by his argument (130–134), such a market results in the efficient and responsive production of local public services, though "rent seeking" behavior by bureaucrats and other special interests may undermine this impulse.

Though this position contains an important element of truth, it does not acknowledge the significant costs that these institutional arrangements impose. As desirable jurisdictions become more homogeneous and "market segmentation" increases, metropolitan areas become more sharply segregated by income, race, and the hierarchy of taste and discrimination. This erodes the sense of metropolitan community, increases the disparities between central cities and suburbs, promotes more dispersed development, heightens local parochialism, and introduces invidious distinctions associated with space and place (135, 136).

From the 1940s to the 1990s, these forces encouraged much of the mobile white middle class, and more recently the black middle class, to live in suburbs. Those whom discrimination and lack of income rendered the least mobile, the minority poor, were consigned to live in expanding urban ghettos. At some distance from them, yet still within city limits,

could be found households that, depending on local circumstances, chose to ignore the fiscally rational exit strategy. They ranged from gradually shrinking white ethnic neighborhoods, to emerging immigrant enclaves, zones where young people sought to start their careers, and the defended enclaves of the urban elite. As we have seen, however, the real median household income in cities declined relative to that of the surrounding suburbs and income inequality increased within metropolitan areas and within central cities. These trends set off a painful racial, ethnic, and class succession in neighborhoods, schools, and urban politics.

### **Federal Programs, Policies, and Funds for Addressing the Problems of Urban America Have Declined in Real Terms Since the Late 1970s**

The national debate over the proper direction for urban policy was opportune because, after decades of oscillation between Democratic attempts to expand these programs and Republican efforts to reform and contract them, the edifice of urban programs had begun to experience serious structural faults. These programs stretched across several cabinet agencies, notably Housing and Urban Development, Health and Human Services, and the Department of Transportation, and addressed a plethora of objectives, including promoting investment in central cities, aiding poor urban families, and attempting to coordinate urban programs across cabinet agencies and across functions at the local level to operate more effectively. Between 1965 and 1978, these programs had grown in scope and, as block grants were enacted, had gradually become less targeted on poor, inner-city neighborhoods. Subsequently, however, the urban aid programs came under increasingly severe pressure and were clearly in trouble (137–139).

Table 2 describes trends in real federal outlays on the various components of urban policy between FY 1978, the year that federal aid to localities peaked, and FY 1994, reflecting the final budget proposed by the Bush administration. It shows that spending on programs that provided infrastructural investment, fiscal assistance, and social services in cities contracted sharply in real and relative terms, while spending on poor individuals in cities grew rapidly (125, 140). The Reagan administration was particularly effective in reducing federal domestic discretionary programs that benefited urban constituencies (141). Congressional Democrats sought to compensate by finding points of bipartisan agreement and off-budget methods of encouraging urban investment. They succeeded in enacting the Low Income Housing Tax Credit in 1986, adopting President Bush's HOME housing block grant in 1990, and making federal transportation funds more flexible and requiring metropolitan transportation planning through the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991. Community groups also pursued the avenues opened up by the Community Reinvestment Act of 1975 (CRA) and the Home Mortgage Disclosure Act of 1977. But the overall pattern remained one of dramatic reduction in federal spending on urban programs. As a result, federal aid became a much less important factor in city budgets, which exposed them to greater fiscal strain. In the 24 largest central cities, the federal share of local government expenditures fell from 11.9 percent in FY 1980 to 3.4 percent in FY 1990 and its real value declined by 38 percent (142, p. 17). At the same time, the suburban share of federal aid to local governments increased (143, p. 195).

By withdrawing federal funds, Washington was telling local governments to do more with less. Washington's "fend-for-yourself federalism" simply meant that financially strapped localities had to cut programs and services during a time of growing needs (144). The impact of these cuts has been devastating to local governments' ability to deliver services and to urban residents' capacity to cope with poverty and the various health, housing, and other problems associated with poverty. According to one expert, "If New York City had held on to the same percentage of its general expenditures funded by federal and state aid in 1989 as in 1980, it would have had some \$4 billion more to spend and not had a budget crisis in 1990 and 1991, when it was forced to cut services and raise local taxes" (125).

TABLE 2 Federal Urban Program Outlays, Fiscal Years 1978–1994, Thousands of 1994 Dollars

Program Category	1978	1994	Real change, 1978–1994 (%)
<b>To or Through City Governments and Local Agencies</b>			
<b>Infrastructure</b>			
Community development block grants	6,204	3,684	-40.6
Urban Mass Transit Administration	4,502	3,267	-27.4
Local public works	6,596	0	-100
Public housing authorities	1,467	2,584	76.1
Highways	12,325	18,139	47.2
Airports	1,193	1,620	35.8
Water and sewer	6,764	1,962	-71.0
Subtotal	39,051	31,256	-20.0
Subtotal minus highways	26,726	13,117	-50.9
<b>Fiscal assistance</b>			
Antirecessionary fiscal assistance	2,821	0	-100
General revenue sharing	14,481	0	-100
Subtotal	17,802	0	-100
<b>Social service</b>			
Community Service Administration	1,140	0	-100
Legal Services	333	375	12.5
Education title I	5,658	6,819	20.5
Special education	480	2,748	472.9
Vocational education	1,467	1,292	-11.9
Social services block grants	5,962	2,728	-54.3
HHS children and family services	2,375	3,998	68.3
HHS foster care	0	3,030	
HHS substance abuse and mental health	1,284	2,132	66
DOL training and employment	9,022	3,310	-63.3
Comprehensive Employment and Training Act	10,122	0	-100
Subtotal	37,842	26,412	-30.2
<b>To Individuals Concentrated in Cities</b>			
Medicaid	22,667	82,034	261.9
Supplemental security disability	11,206	23,700	111.5
Aid to families with dependent children	13,562	16,508	21.7
Food stamps	11,671	25,441	118.0
Child nutrition	5,656	7,044	24.5
Women, infants and children	787	3,249	312.6
Housing assistance (Section 8)	6,369	19,861	186.4
Earned income tax credit	1,870	10,950	485.6
Subtotal	73,789	188,787	155.8

Source: *Budget of the United States Government, Fiscal Year 1996*, Historical Tables, Tables 10.1, 11.3, and 12.2.

## Urban Fiscal Conditions Have Not Improved During the Economic Recovery

The fiscal condition of America's cities has worsened over the past 50 years, particularly the past 25 years, as the income of their residents declined relative to those of the suburbs and employers shifted jobs and tax base to the suburbs. City officials are often reluctant to increase taxes on the remaining businesses, fearing that they, too, might join the suburban exodus (133). Middle-class and wealthy suburbanites often commute into the cities during the day, but spend their incomes and pay their taxes when they return home.<sup>7</sup> These fiscal constraints make it difficult for urban political leaders to govern effectively, because the demand for services far outstrips available resources (127,145-149). Cities face chronic fiscal crises, leading some social scientists to consider cities "ungovernable."

As a result of the trends cited, municipal officials, regardless of their race, preside over cities that are extremely difficult to govern effectively. Economic disparities and concentrated poverty have exacerbated the fiscal problems of major cities and older suburbs. Cities lack the resources to address the problems of infrastructure, housing, public health, crime, and related concerns.

In modern society, our well-being depends crucially on the quality, availability, and cost of public services. Our private-sector wage is supplemented by the "social wage" of public goods we consume. The evidence suggests that people who live in jurisdictions that contain areas of concentrated poverty pay more for public services and that those services are less available and of lower quality. Setting aside the question of whether people living in areas of concentrated poverty have less access to federal and state programs, the evidence clearly shows that concentrated poverty places a disproportionate cost burden on central city governments. In 1993, local governments spent \$685 billion, or 26.6 percent of all government spending in the United States (12, p. 298). Because poor people live disproportionately in poorer central city jurisdictions and school districts, they (and other nonpoor central city residents) must pay higher tax rates to support the same level of government services as wealthier suburban municipalities and school districts. Moreover, there is some evidence that local governments discriminate against areas of concentrated poverty in the provision of municipal services.

Political scientists have generally found that the distribution of services in large cities is determined by professional administrators using bureaucratic-rational criteria rather than political criteria. Studies of city service distribution in Chicago and Detroit found that governments did not discriminate against low-income neighborhoods (150,151). Although this may be true of routine housekeeping services, there is evidence local governments practice discrimination in areas where they have more discretion. The federal Community Development Block Grant (CDBG) Act (Public Law 93-383) specifies that local programs must give "maximum feasible priority to activities which will benefit low- or moderate-income families or aid in the prevention or elimination of slums and blight." At the same time, however, many cities adopted a triage approach, deliberately shunning areas of concentrated poverty (64, p. 230). Rich's detailed study of CDBG programs in metropolitan Chicago found that weak federal controls enabled local administrators to shift resources away from the poor but that jurisdictions with strong benefits coalitions were able to target programs on needy neighborhoods (152). Goetz argues that further devolution of federal programs to local administration, together with reduced funding, will shift housing policy benefits from poor to moderate-income households and from renters to home owners (153). A study of neighborhood organizing in an upstate New York metropolitan area found that these organizations were able to prevent displacement in a service-oriented city, but could not effectively address the problems of low-income neighborhoods in a declining industrial city because of weak social networks and lack of connection to power centers in government or private industry (154).

The concentration of poverty within central cities increases the cost of governmental services and decreases access to them. According to data compiled by the Advisory Commission on Intergovernmental Relations in 1981, the central city tax burden relative to income was 50 percent higher than in suburbs (127, p. 297). A study of the Washington,

D.C., area found that central city residents pay about 15 percent more in taxes because of metropolitan fragmentation but that institution of a metropolitan government would have only a small effect on the after-tax distribution of income. Replacing local taxes with an areawide income tax would increase the incomes of those households making less than \$10,000 by 20 percent (155). Pack found that high-poverty cities spent more on primary poverty functions, consistent with the hypothesis that concentrated poverty has negative social consequences. She also examined city expenditures on non-poverty-related services, such as police, fire, courts, and general administrative functions, and found that cities spent an additional \$27.75 per capita on non-poverty-related services for every 1 percentage point increase in their poverty rates (156).

The fact that government is more expensive in cities with concentrated poverty begs the question of whether this is due to objective needs, to pressure from low-income people to spend more, or to inefficient and unresponsive big-city bureaucracies. Ladd and Yinger argue that the cause lies in structural pressures, decisively influenced by concentrated poverty: "Poor fiscal health is not caused by poor management, corruption, or profligate spending, but by a city government's inability to alter its city's fiscal health" (127, p. 291). Concentrated poverty drives up the cost of government services in innumerable ways. The low population densities of ghetto areas can increase the per-capita cost of providing some city services, whereas the negative social effects of concentrated poverty, such as higher rates of teen pregnancy, crime, and drug use, increase the cost of others.

Education is the most important local government service that is strongly affected by concentrated poverty. In recent decades, the returns to human capital investments in education have increased significantly, so that education now appears to play a much more significant role in income inequality than it did 20 years ago. In 1977, for example, a male college graduate earned 49 percent more than his high school-educated counterpart. By 1992, the college graduate earned 83 percent more. The literature documenting the effects of concentrated poverty on the quality of public education is voluminous and can only be touched upon here. Notwithstanding substantial state funding and intervention by the courts, expenditures per pupil vary significantly. In the New York metropolitan area in 1987, expenditures per pupil varied from \$5,500 in New York City to over \$11,000 in the wealthiest suburbs (157). But even if central city and suburban school districts had equal resources, the quality of the education received by the students would not be equal. One study estimated that Arizona school districts with relatively high levels of at-risk students (students with limited English proficiency or eligible for subsidized lunches) would have had to receive \$257 million in additional funding to achieve the same educational output as more advantaged districts (158).

The education example illustrates that the quality of governmental services depends crucially not just on the characteristics of the individuals who receive them but on the social context in which they are produced. Public services are "coproduced." Successful public schools require active involvement by the parents. In areas of concentrated poverty, this involvement is more difficult. To use Coleman's term, the "social capital" of low-income neighborhoods is depleted. High crime rates, for example, make it difficult for parents to go to evening meetings of the PTA. Children do not have contacts with people with postsecondary educations and therefore get less information about educational opportunities. The social effects of concentrated poverty that have both direct and indirect effects on economic well-being can now be discussed.

### **Urban Voters as a Percentage of the National Electorate Have Declined Steadily Since the Early 1960s**

Since the 1930s, the U.S. Conference of Mayors, the National League of Cities, and allied organizations have pressured the federal government to provide resources to help cities address their problems. Despite its overall bias in favor of the suburbs, federal aid to central cities has ebbed and flowed since the Depression, depending on the political influence of

urban voters and urban leaders and the overall "mood" of the country about addressing economic and social problems. During this period, there has been a steady decline in the voting power of large central cities. Their influence on national politics peaked in the late 1940s. In 1944, the 32 major central cities cast 27 percent of the national vote in presidential elections. Subsequently, their share declined to only 14 percent of the national vote in 1992. Not only did their population decline as a share of the nation's total, but their voter turnout also declined relative to that of the rest of the nation. Nationwide voter turnout peaked in 1960 at 64 percent of the voting age population; that year, the turnout in the 32 major central cities was 62 percent, close to the national average. While turnout in these cities exceeded the national average in two presidential years (1976 and 1984), more often it has fallen well below the national level. In 1992, overall turnout was 55 percent, but it had fallen to 47 percent in the major cities (159). A study of 12 large older cities found that they cast 21.8 percent of the national vote in 1948, but contributed 13.3 percent in 1968 and only 6.5 percent in 1992 (160, Table 2). According to national exit polls, residents of all cities with populations over 500,000 cast only 11 percent of the vote in 1992 and 10 percent in 1996 (161,162).

Candidates for president calculate where and how to campaign on the basis of the relative size and partisanship of the likely voters in each state and focus on close states to maximize the number of electoral votes they receive. An analysis of the major cities' share of votes in key states illustrates why urban concerns are fading in national politics. In the 1948 presidential election, New York City cast 50 percent of the votes in New York State. Chicago cast 46.5 percent of the votes in Illinois. Baltimore had 42.3 percent of Maryland's vote, and Detroit had 31.8 percent of Michigan's. Los Angeles and San Francisco combined for 51.3 percent of the California vote, whereas Philadelphia and Pittsburgh formed 30.7 percent of Pennsylvania's electorate. Thus to the extent that these key states were in play in national elections, the relative mobilization of their big-city vote could be decisive. By 1992, however, New York City cast only 30.9 percent of the votes for president in New York State. Similarly, the shares of Chicago (22.3 percent), Baltimore (13 percent), Detroit (7.9 percent), Los Angeles and San Francisco (12.9 percent), and Philadelphia and Pittsburgh (16.1 percent) had also declined precipitously (160).

Conversely, the suburban vote has grown steadily. Suburbanites surged to 55 percent of the total according to a 1994 exit poll, then subsided to 49 percent in 1996 (161). In the 1980s, suburbanites gave Republican candidates between 55 and 61 percent of their votes. It was hardly surprising, therefore, that Democratic candidate Bill Clinton and his strategists identified Northern, white, ethnic, suburban "Democratic defectors" as pivotal to their project of realigning national politics in 1992. Clinton's 1992 campaign pollster, Stanley Greenberg, spent the 1980s studying this population and argued that the Democratic party's focus on urban blacks had "crowded out" the "forgotten middle class" of white suburbanites. He found that these descendants of New Deal supporters had decided that the urban poor lacked basic values and got an unwarranted share of federal aid. By playing on these themes during the 1980s, Republicans created many "Reagan Democrats." Along with the gradual and perhaps more permanent loss of Southern whites to the Republicans, Greenberg argued that suburban defection was a key ingredient of Republican national presidential majorities (163, pp. 278-283). Winning them back was the key task of the 1992 Clinton campaign.

Another way to look at this phenomenon is to calculate cities' share of the national vote in relationship to their share of eligible voters.<sup>8</sup> Starting in the Depression, urban political machines and labor unions mobilized urban voters. The 1936 presidential election was the first in history in which the large cities' share of the national vote equaled their share of the national electorate. Their relative propensity to vote peaked in 1944 at 1.13 and remained above 1 through 1952. By 1992, it had fallen to 0.82, the lowest level in the postwar period. According to Nardulli et al. (159, p. 484), "This drop in the relative propensity to vote accounts for almost 40 percent of the loss in voting power experienced by these cities between 1944 and 1992. Based on a drop in the cities' share of the national electorate, they should have dropped only 8 points (from 27 percent to 19 percent) rather than 13 points."

Urban voters tend to favor Democrats. In 1996, for example, voters in cities with populations exceeding 500,000 gave Clinton 67.5 percent of their votes, a significantly higher margin than Clinton received in the national vote. Urban residence has an effect on voting behavior independent of other factors. Whites, blacks, Hispanics, and Asians living in big cities were all more likely to vote for Clinton than their racial counterparts living in middle-size cities, small cities, suburbs, or rural areas.

Changing patterns of electoral participation and representation do not explain all of the decline in cities' influence on national politics. Even members of Congress who represent cities have weaker ties to their voters. The skyrocketing cost of campaigns has profoundly shaped the way elected officials behave. The demise of urban political machines is clearly linked to the emergence of big money. During the first half of the 20th century, urban political machines provided the electoral foundation of the national Democratic party. They helped to enfranchise several generations of immigrants. When they delivered the vote for presidential and congressional candidates, they could expect more in return than mayors can today.

Starting in the 1970s, national corporate campaign contributors and national political action committees began to dominate campaign fund-raising. Their financial backing increasingly influenced the priorities of Washington officials. Whereas big business has no single policy agenda, powerful business contributors influence tax, spending, and regulatory policies that undermine healthy cities. The defeat of Clinton's health care reform plan, which would have greatly benefited the working poor in central cities and improved their fiscal condition, is but one example (164-167).

Weir found that these dynamics also operate at the state level. State legislatures are increasingly dominated by suburban legislators. The decline of political parties and the increasing influence of big-money special interests have also made it more difficult for urban legislators to cut deals (or "logroll") with rural legislators at the expense of suburbanites. Weir quotes a Republican leader of the Illinois state senate, who argued that suburbanites have "always been paying for Chicago, they've been doing it forever. . . . The day of the free ride is over" (168).

The isolation of cities in state politics is reflected in the failure of many big-city mayors to win statewide office. In recent decades, Kevin White of Boston, Ed Koch of New York City, Andrew Young of Atlanta, Tom Bradley of Los Angeles, Diane Feinstein of San Francisco, and Stephen Goldsmith of Indianapolis have all lost gubernatorial bids, in part because of the voting strength of suburban interests and partly because mayors are associated with the problems of big cities. Exceptions include William Schaefer of Baltimore, Neil Goldschmidt of Portland, Oregon, George Voinovich of Cleveland, and Pete Wilson of San Diego (who served in the U.S. Senate before being elected governor).

Edsall and Edsall argue that "suburbanization has permitted whites to satisfy liberal ideals revolving around activist government, while keeping to a minimum the number of blacks and the poor who share in government largess" (169, p. 228). They concluded that "the nation is moving steadily toward a national politics that will be dominated by the suburban vote" (169, pp. 229, 231). Schneider echoed this view in an *Atlantic* cover story timed to coincide with the 1992 nominating conventions. He noted that the 1992 election would be the first in which a majority of the voters lived in the suburbs. He argued that changing demographics are moving American politics away from the concerns of city residents toward more private, familial issues. In this "suburban century," Schneider wrote, candidates for national office and a majority of congressional seats can ignore urban America without paying a political price (170).

The dilemmas of cities in national politics are reflected in the electoral strategies and policy agenda used by President Clinton. During the 1992 presidential campaign, both candidates focused on the suburban vote. Although Clinton campaigned in many inner-city neighborhoods, and although the Democrats launched a small-scale voter registration drive in inner cities, he defined the key battleground as the suburbs. To reach out to that vote while holding on to the Democrats' urban base, he sought to develop a "common ground" message. Twice in May, 1992, with the Los Angeles riot embers still smoldering, Bill Clinton

campaigned in the Republican California suburbs of Orange and San Diego Counties, linking the problems of suburbanites with those of the inner cities (171,172).

Clinton could not ignore urban problems in 1992 (173). The 1992 Los Angeles riot and urban unrest in New York and Miami had captured national attention and led many to call for renewed federal attention to urban problems (174). The continuing importance of central city voters within the Democratic electorate reinforced this case. In many key 1992 primary states, central city voters gave Clinton the edge over his competitors. In the general election, the constituencies that were most likely to favor Clinton, namely blacks, Hispanics, Jews, white liberals, union households, and senior citizens, were all concentrated in central cities (161, pp. 138–139). As a Southern Democrat elected governor by a biracial coalition, Clinton knew he needed black votes and was comfortable campaigning in black venues. Big-city party organizations and public employee unions also provided the bulk of the Clinton campaign's field operations. In his search for suburban votes, he could not abandon or antagonize his urban base.

Republicans had a reciprocal challenge. Except for Gerald Ford's loss to Jimmy Carter in 1976, Republican presidential candidates used the "subtractive" politics of metropolitan cleavage to win every presidential election between 1964 and 1992. Republican presidential and congressional candidates did best in rural constituencies and white, predominantly Protestant suburbs. But to extend their presidential victories into control of Congress, Republicans would have to improve their position in suburban districts, especially Catholic districts. During the 1980s, Republican presidents had not found the issues to enable Republican candidates to defeat a sufficient number of suburban House Democrats.

To broaden suburban support, Republican congressional leaders sought to capitalize on suburban resentment over paying taxes for programs that benefited urban constituencies. In so doing, they were not hampered by the cleavages that divided central city and suburban Democrats. White, Catholic suburbs were socially closer to the white, Protestant rural and small town base of the Republicans than they were to central cities. Republicans could seek the moral high ground by asserting that the welfare state fostered urban dependency. Republican conservatives could argue for terminating failing programs and getting the government out of the taxpayers' wallets, whereas Republican progressives could stress using targeted tax credits and deregulation to encourage private investment in central cities to expand the Republicans' urban base. For the moment, at least, the Republicans have gotten the better part of this competition, and many federal programs important to central cities have been fundamentally challenged. Indeed, key pieces of New Deal legislation have been repealed.

### Urban Representation in Congress Has Declined Steadily Since the Early 1960s

Suburban districts far exceed urban districts. This is exacerbated by racial gerrymandering, which promoted creation of "majority minority" congressional districts, further concentrating urban voters in fewer districts, resulting in a growing number of (more conservative) suburban districts with few if any ties to the urban core. (Recent U.S. Supreme Court decisions have nullified some but not all of this gerrymandering.)

Similar trends have affected the urban delegation in Congress. Between the early 1970s and the early 1990s, the number of central city districts in the U.S. House of Representatives fell from 121 to 93, a decline of 23 percent, while suburban districts rose from 160 to 239, a 49 percent gain. Excluding the relatively conservative, central cities of the South and West, urban House districts fell even more sharply, from 62 to 40 (175, Tables 1 and 3). Wolman and Marckini found that the number of congressional districts in which a *plurality* of residents lived in central cities declined from 110 in 1963 to 93 in 1993, or from 25 percent to 21 percent of all districts. Rural districts fell from 203 to 103, or from 47 percent to 24 percent of all districts. Districts with suburban pluralities increased from 122 to 239. For congressional districts with a *majority* of central city, suburban, and rural residents, Marckini and Wolman found the decline to be even more striking: such districts increased from 94 to

103 between 1963 and 1973, then fell to 84 in 1993. During that period, rural-majority districts declined from 181 to 83. Meanwhile, suburban-majority districts increased steadily from 94 to 214 (175).

Although to the author's knowledge segregation indices have not been computed for central city and suburban congressional districts, it is likely that they have become economically and racially more segregated. Increasingly, urban congresspersons represent areas with high concentrations of poor and minority households, whereas those from suburban districts tend to represent more affluent areas with relatively few minority households. That the political isolation of racial minorities has increased and coalition building has become more difficult are suggested by research on the "racial gerrymandering" of recent decades in response to voting rights litigation. The creation of "majority minority" districts has dramatically increased black and Latino membership in Congress, but some scholars have argued that increased "descriptive" representation has come at the cost of substantive representation or political influence (176–181). In this view, concentrating blacks and Latinos in safe majority-minority districts had led to the election of more conservative (and Republican) legislators and fewer moderate Democrats in the remaining districts. This may "make the House less likely to adopt policies favored by blacks even if individual members from black majority districts demonstrate unusually high levels of responsiveness to African Americans" (178, p. 1). Some have even argued that recent Supreme Court decisions banning racial gerrymandering could lead to more coalition building across racial (and, some might argue, spatial) lines (182, 183).

These studies suggest that the space for legislative and ideological common ground between urban and suburban legislators had narrowed. Wolman and Marckini found that members of Congress from central city districts have considerably more liberal voting records than those from suburban districts, although the gap remained about the same between 1963 and 1993. Not surprisingly, the voting records of congresspersons from "all central city" districts was even more liberal than those in majority central city districts, and the voting records of congresspersons from "all suburban" districts was more conservative than those representing majority suburban districts. Moreover, the ideological divide between purely urban and suburban districts grew substantially over the 30-year period.<sup>9</sup>

### **The Number of Minority Elected Officials, Including Mayors, of Major Cities Has Increased Steadily Since the Late 1960s**

Minorities came to attain political power in American cities just as the fiscal conditions of these cities were worsening. This had led some urban observers to view minority attainment of urban political power as a "hollow prize," but of course the reality is more complex.

In 1989, four of the nation's five largest cities—New York, Los Angeles, Chicago, and Philadelphia—had black mayors. Four years later, New York and Los Angeles had conservative white Republican mayors; moderate white Democrats held office in Chicago and Philadelphia.<sup>10</sup> The replacement of prominent black mayors by whites generated much comment and led some analysts to see a significant political trend. Do these white mayoral victories portend what Sleeper (184) has called the end of the urban rainbow coalition?

Beginning in the late 1960s, emerging from the civil rights movement, a new generation of African-American (and then Latino) leaders won office in many cities around the country. Until 1967, not a single African American had ever been elected mayor of a major American city. That year, Richard Hatcher was elected mayor of Gary, Indiana, and Carl Stokes became mayor of Cleveland. Subsequently, the number of African-American mayors of cities over 50,000 increased steadily, reaching 28 by 1988 and 38 five years later. The total number of black municipal elected officials increased from 715 in 1970 to 4,819 by 1993. Likewise, the number of Latino municipal officeholders increased from 1,304 in 1984 to 2,048 in 1994 (185) (these figures do not include individuals elected to local school boards or special district boards). When Kurt Schmoke was elected the first black mayor of Baltimore in 1987, every city of more than 100,000 people that had a majority black population had elected an African-American mayor. Dramatic breakthroughs took place in the South, where civil rights

activism and voting rights laws led to black mayoral victories in Atlanta, New Orleans, Richmond, Savannah, Memphis, and Birmingham, all of which had black population majorities, as well as Charlotte. At various points in the 1980s, blacks were also elected mayor of four of the nation's five largest cities—David Dinkins in New York City, Tom Bradley in Los Angeles, Harold Washington in Chicago, and Wilson Goode in Philadelphia—though none had a black majority, while Lee Brown was elected mayor of Houston, the fifth city in this group, in December 1997.

The number of minority mayors in the 76 largest American cities (with populations over 200,000 in 1990) reached an all-time peak of 25 in 1997 and 1998. Of these cities, 20 had African-American mayors (186, Table 46). Another five (Miami, El Paso, Albuquerque, Sacramento, and Santa Ana) had Hispanic mayors. In other words, black or Hispanic mayors headed one-third of the nation's largest cities. Moreover, many of these mayors were elected in cities where the electorate is predominantly white, or where one racial minority group (black or Hispanic) does not constitute a majority. This suggests that there is some potential for "deracialized" urban politics.

While white mayors succeeded black mayors in Los Angeles, Chicago, New York, and Philadelphia and replaced a Latino mayor in San Antonio, elsewhere, in Dallas, Houston, San Francisco, Seattle, Kansas City, Baltimore, Memphis, St. Louis, Minneapolis, Rochester, Sacramento, and Birmingham, voters elected their first black or Hispanic mayor, while Detroit, Washington, New Orleans, Cleveland, Atlanta, Oakland, Newark, Albuquerque, Miami, and Denver all elected their second or third black or Hispanic mayor.

In short, a growing number of blacks and Hispanics have become the chief executives of the nation's major cities. In terms of politics and policy, however, this trend raises a number of important questions dealing with their electoral coalitions, their governing coalitions, and their policy agendas. Is the increasing number of minority mayors simply a reflection of changing demographics? Have minority candidates for mayor been able not only to mobilize support from their own racial group, but to attract crossover support from other racial groups as well? As American cities become increasingly multiracial, can minority candidates build electoral coalitions across racial boundaries? In many cities, it is impossible for minority mayors to win office without gaining substantial support from other racial groups. Many minority candidates have been successful in doing so. Some minority candidates, in fact, received a majority of white votes.

Among current black mayors, for example, Ron Kirk leads Dallas, where 29.5 percent of the population is black, 20.9 percent is Hispanic, and 2.2 percent is Asian. Lee Brown leads Houston, where 28.1 percent of the population is black, with 27.6 percent Hispanic and 4.1 percent Asian.<sup>11</sup> Black mayors Willie Brown of San Francisco (10.9 percent black, 13.9 percent Hispanic, and 29.1 percent Asian), Norman Rice of Seattle (10.1 percent black, 3.6 percent Hispanic, and 11.8 percent Asian), Wellington Webb of Denver (12.8 percent black, 23 percent Hispanic, and 2.4 percent Asian), Sharon Belton of Minneapolis (13 percent black, 3.1 percent Hispanic, and 4.3 percent Asian), Emanuel Cleaver of Kansas City (29.6 percent black, 3.9 percent Hispanic, and 1.2 percent Asian), Elzie Odom of Arlington, Texas (8.4 percent black, 8.9 percent Hispanic, and 3.9 percent Asian), and William Johnson of Rochester (31.5 percent black, 8.7 percent Hispanic, and 1.8 percent Asian) all lead large cities where blacks do not make up the majority of the population or electorate, and indeed where blacks are not always the largest minority group.

In 1993, voters in Albuquerque, a majority white city of 385,000 (3 percent black, 34.5 percent Hispanic, and 1.7 percent Asian), elected Martin Chavez, a Hispanic, as mayor. Voters in Sacramento, a majority of whose 369,000 residents are white (15.3 percent black, 16.2 percent Hispanic, and 15 percent Asian), elected Joseph Serna, a Hispanic, as their mayor in 1992 and 1996. Many other smaller cities, including those with white majorities, have also elected black and Hispanic mayors (187–190). Clearly, multiracial coalition building is alive and well in urban America, despite the underlying possibilities for intergroup competition.

How do these minority mayors govern once in office? Much depends, as noted earlier, on the composition of their governing coalition—the composition of the city council, the mobi-

lization of community and labor constituencies, and the nature of the business community and its participation in local politics. From the 1960s through the 1990s, most (though not all) minority mayors could be identified as heading liberal regimes, whereas a few could be designated as progressive regimes.

It is possible, however, that the current wave of big-city mayors is becoming more conservative in political outlook, policy agenda, and governing coalitions, regardless of race. If so, the racial composition of urban leaders may be less critical to urban politics than the structural forces impinging on the capacity of local governments to address urban needs. As the federal government began to cut aid to cities in 1978 and the private economies of many large central cities surged in the 1980s, mayors began to rely increasingly on the private sector to generate jobs and incomes for their constituents, which revived the emphasis on public support for private investment, albeit in new forms (191,192). Since cities with large minority populations also tend to be among the poorest in the country, their minority mayors need to find new ways to address the problems associated with poverty. Unable to increase federal or state support, many have adopted a more accommodating approach to business and the surrounding suburbs. Whether this reflects ideology or necessity is difficult to discern.

The steady increase in minority mayors thus may no longer represent a concurrent trend toward liberal or progressive urban regimes. Like white mayors, minority mayors must face changing economic and demographic realities. Some minority mayors who entered office as liberals, such as Detroit's Coleman Young or Atlanta's Maynard Jackson, shifted toward a more conservative approach. Their successors, such as Detroit's Dennis Archer and Atlanta's Bill Campbell, along with Michael White in Cleveland and Sharpe James in Newark, have been labeled a "new breed" or "post-civil rights" generation of minority mayors, who focus more attention on downtown economic development than on racial equity (184,193). Ironically, majority white cities that have elected minority mayors, such as Seattle, Minneapolis, or San Francisco, tend to be better off and can adopt modestly redistributive policies without triggering capital flight or white backlash.

## MAJOR TRENDS IN CIVIC LIFE AND GOVERNANCE

During the past decade, scholars, policy makers, practitioners, and journalists have paid increasing attention to the problems of America's cities and metropolitan areas. This growing concern with urban problems has come from two very different directions: "community building" and "regionalism." Like ships passing in the night, the regionalists and the community builders look at urban problems from distinct perspectives, rarely stopping to talk to each other about their common concerns.

### Community Building

Since the 1980s, the major response to the economic trends described above (particularly the growing concentration of poverty) by government officials, private philanthropy, community activists, and some sectors of business has been the support for "community building." This phrase incorporates a variety of approaches: the physical improvement of poor neighborhoods [often called "community development" and typically sponsored by neighborhood-based community development corporations (CDCs)]; effort to expand social networks and strengthen neighborhood institutions (often called improving the community's "social capital"); and efforts to expand the political influence of poor neighborhoods, particularly by mobilizing and organizing residents and building strategic alliances with institutions and people outside the community (often referred to as empowering the poor). All three types of community-building activities fall under the rubric of place-oriented approaches.

Government policy toward cities during the past two decades has generally emphasized the revitalization of urban neighborhoods. These place-based (as opposed to people-based)

strategies include enterprise zones, community development banks, the Community Reinvestment Act, and other federal policies. CDCs have become the favored vehicle for achieving these goals.

The community-building movement starts from the pressing problems of the inner city. In the past two decades, a large infrastructure of community-based organizations has emerged to tackle such problems as inadequate housing, access to credit, persistent crime, and related issues. Rooted in churches, neighborhood protest groups, and social agencies, with support from foundations, business, and government, there are now more than 2,000 CDCs working in urban neighborhoods with increasing skill and sophistication.

The most recent wave of community-building efforts goes well beyond the traditional community development strategy of revitalizing housing and retail services. The emphasis instead is on the relationships between people: the notion is that one must help build the social capital of poor communities, recognizing that improving this capital will, like improving access to physical capital (machines), financial capital (credit), or human capital (education), enhance individual economic outcomes.

The successes of this community-building approach are just now being realized. Places like Baltimore's Sandtown-Winchester neighborhood have been revitalized through the patient work of both organizers and public-private community partnerships. Such efforts almost naturally tend to have a geographically concentrated focus, partly because a neighborhood base is necessary to build community groups and community fabric.

Unfortunately, these efforts rarely go beyond this place-based approach. Most community development groups have tended to favor a neighborhood focus because it fits their size, administrative capacity, and political base. The new challenges of persistent poverty, economic restructuring, and demographic transition now require that communities reach out to a regional level of decision-making—and CDCs are probably the best-placed vehicle in terms of expertise and credibility to lead this shift in policy paradigms. Community builders also have ample reason to “think and link” their efforts to trends and institutions at the regional level. Otherwise, CDCs risk becoming, in Nowak's phrase, “managers of decline,” fighting uphill battles against large-scale economic forces beyond their control (194). As noted earlier, Jargowsky found that surges and declines in concentrated poverty are closely correlated with the rates of regional economic performance (23). Harrison (195) has found that CDCs with better access to regional actors and opportunities tend to do better, particularly at placing low-income residents in jobs, than those who remain disconnected.

## Regionalism

Regionalism is an old idea. During the 1930s, 1940s, and 1950s, city planners and political scientists (such as Lewis Mumford and New York's Regional Plan Association) promoted the notions of regional planning and metropolitanwide government, either to promote government efficiency or to promote a sound environment (such as greenbelts surrounding cities). In the 1960s, scholars lamented the multiplicity of local governments. Metropolitan areas were overwhelmed by the fragmentation of jurisdictions—cities, townships, villages, boroughs, counties, and special districts for everything from parks to water to transportation. Wood (196) made a compelling case that this fragmentation was irrational and inefficient. He and others proposed streamlining the governance of metropolitan areas by forming regional governments and planning entities. A number of studies by the Advisory Commission on Intergovernmental Relations, a federal agency, recommended ways to broaden the tax and service base of cities (197, 198). Most of these ideas fell on deaf ears, since local politicians preferred to exercise their influence within the narrower boundaries of their own municipalities. As the proportion of Americans living in suburbs grew, in part because people sought to “escape” troubled cities, asking suburbanites to share their local taxes, schools, and other public services with central city residents was a hard sell indeed.

The revival of regional thinking during the 1990s involves several factors. It is partly a legacy of the earlier notions of scientific and rational planning as envisioned by the earlier

advocates. It is also the result of a new wave of environmentalism and opposition to urban sprawl. But it is primarily a creature of hard-headed pragmatism—partly the response of business leaders, municipal officials, and others to the demographic changes, fiscal limits, and bureaucratic inefficiencies that have made it difficult if not impossible to govern cities effectively and partly the growing realization of suburbanites that the problems confronting cities inevitably spill over and affect suburbs to their detriment.

Indeed, the past decades have seen growing interest in the relationship of cities, suburbs, and regions. Peirce et al. (1999) argue that the key economic entities in the competitive global economy are “citistates”—a new moniker for metropolitan regions. Regions, they argue, are in a better position to attract businesses and streamline government services. Regions can “market” their areas to outside businesses in ways that municipalities cannot. They can identify sites for job creation, help train the workforce, and help devise ways to plan future growth that minimizes traffic gridlock, pollution, ugly sprawl, and environmental devastation. In fact, according to a new study by Barnes and Ledebur, one can look at the United States economy as one composed of “local economic regions” that compete with each other as with regions in other parts of the world.

Social scientists and practitioners have examined whether (or to what extent) cities and suburbs in the same region are interdependent. Do regions where cities and suburbs cooperate do better than regions where they do not? Can suburbs prosper if their central cities are plagued with the problems associated with concentrated poverty? Are central cities doomed to decay (or reach the “point of no return” in Rusk’s words) if they do not work with surrounding suburbs to deconcentrate and reduce poverty?

There are many obstacles to greater regional cooperation. The proponents have different motives for supporting regionalism and thus support different approaches to regional cooperation. Business leaders (particularly those with facilities in different parts of a metropolitan area) tend to support regionalism because they believe it is more *efficient*. They believe that public services can be delivered more cost-effectively if they take advantage of economies of scale; also they argue that allowing each municipality to have different regulations, fees, zoning laws, and tax rates makes it difficult to do business in a region. (The resistance to regionalism is often couched as opposition to “big government.”) Environmentalists view regionalism primarily in terms of its ability to foster *rational planning* and to deter ugly and costly urban sprawl. This is a version of the efficiency argument, but it focuses on quality-of-life issues—such as pollution, transportation, and land use—rather than on cost-effectiveness. In contrast, many big-city political leaders and advocates for the poor view regionalism in terms of *equity* and *redistribution*. For them, greater regional cooperation can promote a broader tax base and a more equitable distribution of resources for schools and other public services.

## IMPLICATIONS FOR NATIONAL ACTION

The future of America’s cities and metropolitan areas cannot be left to localities alone. Federal policy during the past five decades has had a big effect on the current conditions of urban America. Federal policy needs to address these conditions in part by recognizing the vital link between the fate of cities and their neighborhoods, on the one hand, and the fate of metropolitan regions and the nation as a whole. At the same time, there is much to learn from innovations that have taken place at the community, city, and regional levels. Federal policy needs to learn from and build on these success stories. Key goals and approaches are discussed in the following subsections.

### National Policies To Promote a Level Playing Field

As noted earlier, there is wide disparity in the economic fortunes of different metropolitan areas within the nation. Thus, policies to promote metropolitan cooperation will not have

the same effect in regions with vastly different per-capita incomes. For example, tax-base sharing in poor metropolitan areas will not address low per-student school spending compared with tax-base sharing in wealthier metropolitan areas. The huge differences in AFDC spending by states was not primarily due to differences in costs of living, but in states' ability to pay.

Federal policy has both widened and narrowed these regional differences. Federal programs like the Tennessee Valley Authority, rural electrification, and the creation of national parks played a key role in improving economic conditions in poor rural areas. Perhaps the most obvious example is federal military spending, which during the post-World War II period has played a major role in advancing the economic well-being of some areas while hurting the economic conditions of other regions. The Pentagon's decisions to locate military facilities and to grant defense contracts has greatly influenced the growth and decline of geographic areas. It has served as America's de facto "industrial policy" (200,201).

It thus makes sense for the federal government to take some responsibility for helping to level the economic playing field, not simply by redistributing income from wealthy regions to poor regions, but by helping poor regions to improve their economic well-being. Washington could, for example, reduce the "bidding wars" to lure private investment—tax abatements and other incentives—that take place between cities and regions and that create a "race to the bottom," undermining the fiscal and social health of all. The federal government could, for example, deter local jurisdictions from using tax abatements and private-benefit financing or capital investments to attract new investment by declaring their value subject to federal taxation. It should discourage jurisdictions from raiding each other's economic base by subjecting the value of all local economic development incentives to federal taxation. A general discussion of how the federal government can limit bidding wars is given by Burstein and Rolnick (202).

The federal government should seek to create full employment at livable wages. Given the uneven nature of the economy across regions, Washington could create formulas for targeting federal resources—such as fiscal assistance to cities and public works/infrastructure programs to metropolitan areas—on the basis of needs-oriented formulas.

### **National Policies To Promote Metropolitan Cooperation and Strengthen Ties Between Regional Development and Community Building**

National policy makers must also take a number of critical steps to undo the antiurban bias of existing policies and to strengthen the capacity of metropolitan areas to address their own problems (203–208). In particular, we must begin to think of federalism not just in terms of cities and states, but in terms of metropolitan regions. These regions should be, but are not, the natural unit for domestic social policies and economic development. Federal initiatives can play a key role in promoting regional cooperation while retaining the benefits of local jurisdictional innovation and responsiveness. The goals of federal action should be to remove the perverse incentives at play in the current system, to prevent a few local jurisdictions from privately appropriating the public values that are created by metropolitan regions as a whole, to strengthen the institutional framework within which local jurisdictions can debate and decide how best to utilize federal and local resources to address the challenges their regions face, and to equalize resources across regions.

Working toward these goals would foster a healthy balance between competition and cooperation within and across regions. As the public choice economists have argued, competition among local jurisdictions can produce benefits. But our fragmented nonsystem of metropolitan governance has also produced unhealthy tendencies. Cumulative inequalities mean that the competition among suburbs and central cities is not in equilibrium; the rules of the game work against central cities and many inner-ring suburbs while advantaging outer-ring suburbs. Since all jurisdictions are dependent on the net taxes generated by new investment, localities are led to erode the quality of life of their inhabitants or undercut their neighbors in the chase for tax ratables. A new regionalism would not take away local auton-

omy, but bolster the ability of all local jurisdictions to realize their goals. As Salins (209, p. 164) has written:

Federal, state, and local politics should focus on creating a level metropolitan playing field. No longer should the well-being and service capabilities of metropolitan localities, central city or suburban, be hostage to their economic, social, or demographic profiles, nor should they be harmed by the beggar-thy-neighbor scramble of their sister municipalities for regional economic advantage.

To remove the perverse incentives in the current system, the federal government should foster state and metropolitan regulation of growth on the suburban fringe and promote metropolitan tax-base sharing.

Portland, Oregon, stands as a national symbol of how strong regional land use planning can promote a more livable metropolitan environment. Some states have adopted frameworks for metropolitan land use planning, while litigation has sometimes led to statewide plans for the fair distribution of subsidized housing, most notably in New Jersey. Similarly, the Minneapolis–St. Paul metropolitan area has provided a national example of how regions could go about sharing the tax benefits of growth on the suburban fringe (42). The federal government could encourage other states and metropolitan regions to emulate these models by making supplemental federal grant allocations to states that adopt measures to control development on the suburban fringe, establish statewide fair share mechanisms, and pool regional tax bases.

Whereas such steps would have the effect of undoing the perverse incentives built into the current system of metropolitan political fragmentation and competition, they would not provide the institutional base through which metropolitan regions can define their problems, debate ways to respond to them, and craft coalitions around solutions to them. One obvious initial step toward this end would be to have all federal domestic grant programs require that planning, resource allocation, reporting, and evaluation be undertaken on a metropolitan basis. Building on the regional approach taken in transportation policy through ISTEA, it is particularly important for programs to be administered on a metropolitan basis in such areas as housing (i.e., administration and use of Section 8 certificates and vouchers), workforce development (i.e., training and job placement), welfare reform (i.e., job search for employable recipients), and land use planning and infrastructure investments (i.e., regulating development on the urban fringe and creating a cohesive regional transportation system). The natural unit for policies aimed at the labor market or the local economy is the region, not the municipality. In recent years, officials at the Office of Management and Budget and an inter-cabinet working group have crafted ideas about how portions of various federal grant programs could be set aside as a bonus pool to reward regions that showed initiative in fashioning metropolitan solutions to urban problems (210). These efforts should be pushed forward through a federal requirement that states create metropolitan bodies to generate and approve plans for the relevant domestic programs.

Metropolitan jurisdictions seem to find it easier to share the provision of “neutral” public services like sanitation, parks, and transportation than to agree to share their tax base, coordinate land use planning (especially with regard to housing and development), or consolidate public education. In other words, regional efforts to promote efficiency are the least difficult to enact, and efforts to contain urban sprawl and unplanned development are more problematic. Efforts to address concentrated poverty and economic inequality are the most difficult. While Rusk may be correct that the concentration of poverty cannot be addressed without a regional approach, there is no guarantee that regionalism will, on its own, resolve this issue.

The two issues that bear most directly on poverty and inequality, schools and housing, are among the biggest obstacles to regional cooperation. Suburbanites seek to protect control over and funding of their public schools. Since schools are largely funded by property taxes, wide disparities in real estate values generate great regional variation in per-capita funding for public education (157). Efforts to equalize funding usually require litigation or the threat

of litigation (211–214). Courts have required state governments to use state aid to narrow these spending gaps. New Jersey Governor James Florio lost a re-election bid in 1993 in part for supporting a tax plan to generate funds for schools in poor cities, which cost him suburban votes. In exceptional circumstances, cities and suburbs have unified their school systems to promote efficiency or equity goals. But economic and racial inequities remain even in these districts because schools serve neighborhoods that remain economically and racially segregated (215).

Similarly, middle-class suburbs use zoning laws to restrict the construction of low-income housing, avoid racial integration, and stop “threats” to property values. Here, too, litigation is required to overcome suburban resistance to scattering assisted housing across regions. The Mt. Laurel decision in New Jersey and the Gautreaux decision in metropolitan Chicago reflect two efforts at promoting regional housing mobility. The first involves constructing low-income housing in suburbs, the second provision of Section 8 housing vouchers so low-income inner-city families can move to market-rate housing in the suburbs. In only a few instances, such as Montgomery County, Maryland (which has a county housing “fair share” program), and Massachusetts (where the legislature enacted an anti-“snob zoning” law), governments have sought to encourage the siting of low-income housing in suburban areas (55,216–230).

Yet, as discussed earlier, suburbs are not all the same. It may be possible, therefore, to forge a political coalition between the central city and many suburbs to create tax-sharing plans that prevent the “favored quarter” from appropriating all the benefits of regional growth.

With few exceptions, federal mandates have been necessary to get localities in the same region to work together toward a common goal. For example, neither metropolitan Los Angeles’s success at reducing pollution nor the Twin Cities’ creation of a regional sewage treatment system would have occurred without federal mandates. If regionalism is a precondition for addressing questions of concentrated poverty, and metropolitan regions are unlikely to do so without federal sticks and carrots, then the key question for tackling this problem is how to forge a political constituency to promote common ground between the nation’s central cities and some component of suburban America that can mobilize a majoritarian political coalition.

In doing so, the United States can also draw on the experience of other countries with far longer experiences with regional government, including that of the Ile de France region in France, the Tokyo metropolitan government in Japan, the creation of a new government for the London metropolitan region in the United Kingdom, and the current debate about regional government for Toronto.

### **National Policies To Reduce Inequality and Deconcentrate Poverty**

The debate about what steps the federal government can or should take to reduce poverty is extensive and complex, reflecting the variety of the diagnoses of the problem. Some even say that the problem is more apparent than real. When the New York Times ran its seven-part series on the “Downsizing of America” in March 1996, for example, conservative economists and commentators responded with encomiums to overall job growth, the flexibility introduced by being able to lay off workers, and the upswing of the 1990s, while dismissing a lifetime job as “more nostalgic myth than historic reality” (231). One conservative commentator argues that Americans’ expectation that they should enjoy continuous economic growth and social betterment is a dangerous illusion of entitlement (232). Pointing out that some good things have happened to the U.S. economy, however, does not mean that we should ignore the bad things that are also happening, or resign ourselves to the position that nothing can or need be done about them.

From a comparative point of view, many studies have shown that centralized wage setting, strong labor unions, and unitary welfare states, especially social support for working women, make a difference in the overall pattern of income distribution and the extent of poverty

(233). The United States is at the wrong end of each of these scales: it has highly decentralized wage-setting mechanisms, weak and declining labor unions, a patchwork of labor regulation, and highly decentralized and variable social welfare policies (234). Whereas the recent emphasis in national welfare on moving recipients from dependency to work is potentially extremely important, the early evidence suggests that we have a long way to go to ensure that welfare recipients actually find and learn how to hold decent jobs with a future. Moreover, many states have used significant portions of the fiscal windfall for tax relief rather than the expansion of programs to promote work and support working mothers (235–237).

At the national level, legislation is clearly needed that strengthens labor law, promotes unionization, provides more social support for working women, and takes further steps (beyond the expansion of the earned income tax credit) to make low-wage work pay wages that will support a family. Such legislation would have two virtues: it would benefit a wide variety of working families, as opposed to being targeted on “unworthy” groups, and it would focus on the central American value, work. County and local governments could launch a program to educate community members about the earned income tax credit, ensuring that working poor families are aware of, and utilize, what amounts to an extra incentive to stay in the labor force.

From a historical point of view, the facts that the labor market has been disproportionately rewarding those with higher levels of education over the last quarter century and that those in the labor force have fared better than those outside it suggest that federal policy should focus strongly on helping more people get through school, and especially on helping them attain a college degree. McMurrer and Sawhill argue that, whereas poverty and inequality have grown, inherited advantages are playing less of a role in determining an individual’s chances for upward mobility, and educational attainment is playing a much larger role. They therefore urge policy makers to make decent local schooling an entitlement independent of local fiscal capacity, to set national standards for the performance of inner-city schools, and to expand early childhood education (238). Orfield et al. have shown that the increasing resegregation and political isolation of inner-city schools has contributed to their poor performance (239,240). Giving society a stake in improving inner-city schools will probably require the creation of metropolitan school districts. Equalizing school financing and ending the balkanization and isolation of urban school districts would have the added benefit of eliminating major factors in local fiscal zoning.

Given the critical importance of a college education to individual outcomes, broader support for public higher education must complement support for, and better performance by, primary and secondary education in the central cities. In recent decades, many states have disinvested in their public universities, shifting the burden onto students and their parents and reducing access for urban high school graduates. If central city high school graduates are to have an equal chance to realize the American dream, this trend must be reversed.

Whereas better educations must be provided to inner-city school children and their access to college educations must be promoted, more of their parents must be brought into the labor force and further steps must be taken to make (low-wage) work pay wages that will sustain a family above the poverty level. Recent increases in the earned income tax credit and the minimum wage are positive steps, but universal health insurance, increased availability of child care, and new steps toward creating family-friendly workplaces (for fathers as well as mothers) are also needed. Bergmann has recently designed a “Help for Working Parents” program that would provide \$60 billion for child care and \$30 billion for health insurance (241). This program would enable all parents working at the minimum wage to reach a “basic needs budget” and drastically reduce the child poverty that has become epidemic in recent years (242).

Another category of policies aims to deconcentrate or disperse low-income families to enhance their ability to take advantage of educational and job opportunities in suburban areas. In recent years the federal government has created several small pilot mobility programs, operating in a few metropolitan areas. These include housing policies (such as the federal Moving to Opportunity program, modeled on the successful Gautreaux program in

Chicago) and transportation policies (such the federal Bridges to Work program, modeled on several local “reverse community” programs). Providing low-income individuals with information about and access to jobs in emerging industries will also necessitate the integration of referral networks and job training programs as well as improvement in transportation connections to employment centers. Residential mobility could also be improved by easing portability restrictions on Section 8 renters (who receive a federal subsidy to their rent but who are generally locked into a particular geographic or jurisdictional area). Occupational mobility could be helped by the enhancement of community college training programs, particularly those designed to help working individuals advance up a career ladder. And social mobility could be helped by more vigorous enforcement of antidiscrimination laws and continued implementation of affirmative action guidelines.

Renewed efforts within the large central cities to address the problems associated with concentrated urban poverty must match the strong measures needed from the national and state governments to combat poverty and foster new regional approaches to urban problems. In the name of devolution and decentralization, the federal and state governments have taken steps to dump responsibility for a national problem, concentrated poverty, on central cities, without providing them with commensurate means to solve that problem. Whether they want to or not, whether new federal, state, and regional initiatives help them or not, central cities must cope with the consequences.

Some cities have performed well coming out of the last recession, and their buoyant economies provide leverage for them to address distributional issues within their own borders. The simple truth, however, is that many cities lack the means to alter structural forces that have increased the number of poor within their boundaries. Cities with a shrinking job base, like Detroit or St. Louis, cannot simply create an “incumbent upgrading” among their resident poor within their own boundaries. For most poor in these cities, opportunity lies in the suburbs or in other metropolitan areas. Harsh as it may sound, it is in the interest of these individuals and families, as well as in the interest of the cities in which they live, to move to another place with more opportunities. Federal, state, and local policy ought to promote this mobility, whether in the form of relocation assistance or in the form of help in gaining access to and keeping suburban jobs. The administrations of these cities should also diversify their poor neighborhoods by seeking to attract working families into them with affordable housing, good schools, and other amenities. Even the poor families who remain in the deconcentrating poor neighborhoods would benefit from the political clout that working families would exert on behalf of neighborhood schools and services.

### **National Policies To Improve Physical and Social Conditions in Urban and Inner-Suburban Neighborhoods**

The federal government should support the comprehensive revitalization of their poor neighborhoods, the strategy described above as “community-building.” It is doubted that, in the absence of changes in the larger matrix of forces working on urban poverty, comprehensive community development initiatives of the sort currently being funded by many national foundations can succeed on their own (243). In conjunction with the measures described above, however, such efforts become essential to breaking down concentrated poverty within urban areas. Seen in this way, place-oriented community development complements people-oriented mobility strategies. It is not a matter of choosing one over the other, but putting both in place. There is strong evidence that the functional fragmentation of the current top-down urban service delivery system should be, and can be, replaced with more holistic, neighborhood- and family-based bottom-up systems.

The federal government has promoted several strategies for helping community-based organizations and public-private partnerships. Both the federal HOME program and the low-income housing tax credit require a threshold of participation by community-based groups. The Community Reinvestment Act has helped to galvanize partnerships between lenders and community organizations, especially in the housing area. The federal govern-

ment needs to play a larger role in strengthening the capacity of community-based organizations to address neighborhood problems, especially the need for CDCs to diversify their activities beyond housing and into such areas as commercial development, economic development, and the delivery of social services. Expanding the CRA to incorporate commercial loans would be helpful. Local governments can contribute to this mission by enacting "linked deposit" policies, shifting their own deposits from banks with inadequate lending records.

### **National Policies To Reduce the Political Isolation of Cities and Urban Constituencies**

Given the demographic realities, any success at forging a federal urban policy will necessitate appealing to some segment of the suburban electorate and their representatives in Congress. This poses a key strategic question. Put bluntly, why should suburbanites care about cities? How can we build political and policy coalitions between cities and the inner-ring suburbs? More specifically, how can we persuade a suburban congressperson to vote for an urban policy agenda?

Members of Congress who represent "suburban" areas may be personally sympathetic to the plight of the central cities. But that does not mean that they will vote to spend their constituents' tax dollars to alleviate urban problems. Thus, marshalling a congressional majority for an urban agenda has become increasingly difficult.

Some people appeal to compassion or what cynics might call "do-gooderism" or charity. Much of the early War on Poverty effort invoked this spirit. But while this sentiment may yield results during economic good times, it is not likely to last when a majority of Americans feel economically insecure. Suburbanites might also be lured to support urban policy by what might be called "riot insurance." Compared with a generation ago, fewer people now live, work, or shop in our cities, but many suburbanites still use their nearby cities and want to know that they will be safe. But this notion views cities as dangerous war zones that need to be contained before the problems spread. It leads to harsh and punitive policies.

A more compelling answer is that the fate of cities and their suburbs is inextricably intertwined. A spate of recent studies indicates that urban decay contributes to suburban decline, just as healthy cities and robust suburbs go hand in hand. Federal efforts to revitalize cities, in other words, should not be premised on charity, compassion, or even "riot insurance," but on the recognition that cities and suburbs within the same metropolitan region are in the same boat. If one end of the boat springs a leak and starts filling up with water, pretty soon the other end will, too, and, sooner or later, the whole vessel and its passengers will drown.

One key reform involves *expanding the urban electorate*. Cities generally have much lower voter participation than their suburban counterparts. Urban interest groups were a key force in the successful campaign to pass the federal "motor voter" law, designed to remove obstacles to voter registration and to expand the electorate. State governments were required to start implementing it in January 1995, a mandate upheld by the Supreme Court over the resistance of some Republican governors. Since poor and minority (i.e., urban) citizens have low levels of voter registration and turnout, motor voter advocates assumed that increasing registration will expand political participation among these groups, thus helping tilt the political balance toward the poor and minorities and, thus, cities.

The real test of the motor voter law, especially for urban concerns, is whether these new voters vote—and whom they vote for. That will depend on whether the mayors, community and labor organizations, church groups, and the Democratic Party seek to mobilize potential urban voters around issues that give them a reason to go to the polls.

A second key reform involves *improving our nation's labor laws*. Cities and inner-ring suburbs have increasingly become the location of low-wage service-sector employment, the vast majority of which is not unionized. A key goal of urban policy should be to increase the incomes of the growing sector of the working poor concentrated in central cities and inner suburbs. This requires a stronger labor movement, able to use its political clout to elect progressive Democrats and change our national priorities.

Since the Depression, the labor movement has been the backbone of progressive urban policy, including the original public housing program, public works and jobs, public education, and mass transit. But especially during the last 15 years, working people have been disfranchised by the federal government's cold war against labor unions, which has weakened the constituency for federal urban policy. The United States has some of the most regressive labor laws among advanced democracies. As a result, only 11 percent of the private-sector workforce (and 16 percent of all workers) are union members.

John Sweeny, the AFL-CIO's new president, has pledged to dramatically expand union organizing. But as Rothstein recently explained, unions are not likely to win many victories unless the nation's one-sided labor laws are reformed (244). Labor law reform will help level the playing field between America's working people and business and help improve the political influence, and standard of living, of working people.

A third mobilizing reform involves *congressional redistricting*. As noted earlier, since the Voting Rights Act in 1965, civil rights groups have understandably adopted a strategy based on congressional redistricting. The main thrust of these efforts has been to reshape congressional districts that will give African-American (and, more recently, Latino) voters a stronger voice—and will increase the odds of electing persons of color to legislative bodies. This typically means that more urban districts will be represented by minorities.

Several recent Supreme Court decisions, which nullify this "racial redistricting," now make this a moot question. But the dilemma will not simply disappear. Urban advocates need a redistricting strategy that gives poor and minority voters a strong voice without overconcentrating them in so few districts that suburban politicians can ignore their concerns with impunity. Black progressive candidates will need to attract more white voters, just as white progressives will need to win black voters. This will mean finding common ground across racial and urban-suburban boundaries.

A fourth reform involves *campaign finance*. Political demographics and congressional redistricting alone do not explain the reluctance of our national leaders to push an urban agenda. Even those members of Congress who represent cities have weaker ties to organized voters. The skyrocketing costs of elections have profoundly shaped the way elected officials behave. During the 1930s and 1940s, the urban vote was the backbone of the New Deal coalition. Through the 1960s, even Democrats from suburban districts joined their urban colleagues in voting for many urban programs. The demise of urban political influence is clearly linked to the emergence of big money in politics.

Starting in the 1970s, national corporate campaign contributors, and national political action committees, began to dominate campaign fund-raising. Their financial backing increasingly influenced the priorities and votes of elected officials in Washington. While big business has no single policy agenda, powerful sectors within the business community influence tax, spending, and regulatory policies that undermine healthy cities.

We need to remove the legalized bribery system that currently makes it impossible to deal constructively with urban problems. This involves placing limits on the amounts individuals and organizations can donate to candidates and parties. This will require public financing of campaigns and free access to broadcast media. To ultimately fix this corrupting influence on our democracy, we need to appoint members of the Supreme Court who will vote to overturn *Buckley v. Valeo* (1976), which, by defining money as a form of "free speech," prohibits Congress from limiting the amount of money candidates can spend on their campaigns.

## CONCLUSION

It has been almost 30 years since the Kerner Commission, formed by President Johnson in the wake of ghetto riots to recommend ways to address the nation's urban crisis, warned of America splitting into "two societies, one black one white—separate and unequal." Our cities are worse now than they were then, not because government policy has failed, but because it has been half-hearted or misguided by corporate priorities. We are a suburban nation, but we cannot prosper if our cities are decaying.

Around the world—in South Africa, Germany, Northern Ireland, and the Middle East—walls that have long separated people are coming down. The invisible walls that separate cities and suburbs in the United States also need to come down. Our nation's future depends on how well, and how soon, it tears down these walls and replaces them with bridges of cooperation and solidarity. Our task as progressive planners, activists, organizers, scholars, and teachers is to help build a political movement—and strong political organizations—that can turn our vision of humane communities into reality.

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### NOTES

1. It has been reported (1) that 46 percent of the population name crime a fairly or very serious issue where they live, the fourth-strongest concern after drugs, the recession, and the cost of living. In recent years, the proportion naming crime as the country's most important problem jumped from 6 to 16 percent, 86 percent feel there is more violence in society as a whole compared with 5 years ago, 43 percent feel crime has worsened in their own neighborhood, and 55 percent worry about being a victim of a crime. Yet victimization surveys show that only 6 percent had their homes burglarized in the last year, and only 3 percent had been mugged. About 14 percent said that they had ever been the victim of a violent crime. Victimization surveys show a decline of the rate of household larceny, theft, and household burglary per 1,000 persons, a stable violent crime rate (with a very slight rise in the latter 1980s), and a slightly rising motor vehicle theft rate. This suggests that the fear of crime is every bit as much a problem as the actual experience of crime.

2. Almost half of all respondents to a survey (6, p. 47) support government efforts to ensure adequate food and shelter even if it drives the country further into debt.

3. At a seminar on "The Great Divide: Income Inequality in the New York Region" at the Twentieth Century Foundation on Dec. 4, 1997, Wolff distributed updated figures to his report (14) indicating that the concentration of wealth had increased slightly between 1989 and 1995.

4. In *When Work Disappears*, Wilson substitutes the term ghetto poverty for the term underclass, apparently taking to heart the criticism that the word underclass was used to stereotype the residents of poor neighborhoods as the undeserving poor.

5. A third method is to classify an area as a so-called "underclass" area if it has especially high levels of certain behaviors, such as high school dropouts, unemployed young males, welfare recipients, and female-headed households. This method is not treated here because the concern is not with the causes and effects of concentrated poverty, and it is not assumed that there is any necessary relationship with a culture of poverty or pathological behaviors.

6. The respective figures for 1953, 1970, and 1986 in the following cities are New York City, 35.9 percent, 25.8 percent, 14.8 percent; Philadelphia, 45.5 percent, 33.3 percent, 16.7 percent; Boston, 28.4 percent, 18.1 percent, 9.0 percent; Baltimore, 38.1 percent, 28.6 percent, 17.1 percent; St. Louis, 44.9 percent, 35.3 percent, 23.0 percent; Atlanta, 27.4 percent, 19.4 percent, 12.8 percent; Houston, 26.8 percent, 23.1 percent, 14.0 percent; Denver, 24.7 percent, 19.0 percent, 11.3 percent; and San Francisco, 20.3 percent, 14.7 percent, 9.4 percent (93).

7. During the past decade, the number of suburban commuters to cities declined, while the number of suburbanites who commute to work in other suburbs has grown—a trend that is likely to continue.

8. In 1980, for example, the 32 major cities had 17 percent of the nation's electorate but only 15 percent of the national voters; their relative propensity to vote was 0.88. That year, the suburbs of these cities had 21 percent of the national electorate but 23 percent of the national vote, or a relative propensity to vote of 1.10.

9. Liberalism was measured by congresspersons' rankings by the Americans for Democratic Action (ADA), a liberal group. The issues ADA chooses are not entirely urban oriented, however. Wolman and Marckini did not differentiate inner suburbs and outer suburbs—which typically have different demographic characteristics. Orfield and others argue that central cities and inner-ring suburbs have more in common than often believed and that this forms the basis for political and legislative coalition building. Wolman and Marckini's finding that the ADA scores of congresspersons from predominantly suburban districts where the remainder was mostly central city were consistently higher than those where the remainder was mostly rural is consistent with this position.

10. On the other hand, in December 1997, Houston, the fourth-largest city, elected its first African-America mayor, Lee Brown, former police commissioner in Houston and New York City and former "drug czar" in the Clinton administration.

11. Hispanics can be black or white, so the total percentage of racial minorities is smaller than the combination of black and Hispanic population.

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