Urban Economies: Trends, Forces, and Implications for the President's National Urban Policy

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The economies of cities and metropolitan areas perform many vital functions. Cities are marketplaces where businesses congregate to facilitate transportation and communication. Today, much of the Nation's and the world's economic business is transacted there. The modern global economy creates intense demands for information, and the high density of cities facilitates the gathering of decisionmakers and the sharing of information, skills, products, and services. As a result, many of the great innovations of the U.S. economy have been incubated in the Nation's cities.

Cities are also labor markets in which Americans seek work and businesses seek workers. American jobs have become increasingly concentrated in urban places as the traditional agricultural and extractive economy of rural areas has become more efficient and has declined as a source of employment. National and international migrations of people to cities are among the most dramatic manifestations of the economic opportunity some find in U.S. cities.

Individual cities perform these vital functions in different ways, to a different degree, and with varying success. The dynamism of the U.S. economy continues to produce rapid changes in the way these functions are performed within cities. The pace of change and the diversity of cities forestall easy generalizations about their health and problems. Clearly, the economic health of cities and their residents is changeable, and the factors shaping them are poorly understood.

This article assembles evidence on the economic health of U.S. cities and their residents and the way these cities have changed since the start of the 1980s. A careful review of the economic performance and challenges of cities and their residents shows that many cities—including New York, Baltimore, and Atlanta—are leading the Nation's progress into a postindustrial economy. At the same time, other U.S. cities are failing to compete and to adapt. Older manufacturing cities such as Pittsburgh and Cleveland tend to be in greater difficulty because of lost production jobs and the stress of economic restructuring.

This article also shows that economic change is excluding some parts of the workforce at the same time that new opportunities are being generated for others. Traditionally, cities have been important "zones of emergence" for the poor, racial and ethnic minorities, and immigrants who seek jobs and opportunity for advancement and business ownership. For the past 20 years, however, cities have offered too few employment opportunities for the unskilled, needy, and disadvantaged.

Massive, growing ghetto neighborhoods suffering from extreme poverty, family disintegration, and dependency are blighting a growing number of U.S. cities. These neighborhoods isolate their residents from mainstream society and from the chance for a good job and a safe community. Some experts think that a new underclass is emerging in these desolate environments that is both hostile and dangerous to other Americans. The evidence presented in this article shows that when city economies provide jobs, ghetto poverty—a sign of limited opportunity—declines.

Impersonal economic forces are only a part of the story, albeit a very important part. Many other factors influence the economic health of a city. These include the quality of a community's leadership; the extent of its investment in education, infrastructure, and economic development; and the health of its neighborhoods (Gitell, 1992). Cities have been actively shaping their economies and neighborhoods throughout the post-World War II period, frequently with Federal Government aid and often with outstanding success (Frieden and Sagalyn, 1989). An understanding of these underlying economic forces can help communities identify their main challenges and, it is hoped, overcome them.

The article concludes with some preliminary thoughts on the implications of this research for national urban policy.

Trends in Resident Need and City Population: 1970–90

The best measure of the economic health of cities is the economic opportunity they provide their residents. The evidence suggests that while many city residents lost ground amid the general economic growth of the 1980s, residents of some highly distressed cities made a surprising and encouraging comeback.

One disturbing trend is that during the 1980s poverty among individuals declined sluggishly following an upsurge caused by the recessions of 1980–82. In the Nation as a whole, poverty rates reached their maximum of 15.2 percent in 1984, 2 years following the deepest point of the recession of 1982. By 1989, after 7 years of economic growth, the poverty rate had declined only to 12.8 percent. Subsequently, as the Nation slid into recession, national poverty rates moved up, reaching 13.5 percent in 1990 and 14.2 percent in 1991. During most earlier periods of national economic growth, poverty has fallen more rapidly. Based on earlier U.S. experience, the economic growth that occurred in the 1980s should have pushed the poverty rate below 10 percent (Blank, 1993).

Poverty also became more concentrated in the major cities of the Nation during the 1980s. At the start of the decade, in 1979, the poverty rate in central cities of metropolitan areas was 15.6 percent. In 1989 the poverty rate in central cities was even higher—18.1 percent. In 1989 more than 4 out of 10 of the Nation's impoverished persons—43 percent—were in central cities, up from 37 percent in 1979. The proportion of the Nation's poor who lived in the suburban communities of metropolitan areas also rose, from 24 percent in 1979 to 30 percent in 1989 (Ledebur and Barnes, 1992).

Poverty rates are an indicator of extreme hardship, but they do not reflect other dimensions of need, such as unemployment or lagging income growth. Moreover, poverty rates do not take into account differences among communities in the cost of living. Since big cities tend to be more expensive to live in than other types of communities, poverty rates understate the real degree of deprivation in such cities. A more generalized measure of economic hardship, termed “resident need,” also shows a concentration of economic problems in cities.

Resident need is an index of the economic status of city residents relative to the status of the U.S. population in general. A value of one for a community means that the prevailing rates of poverty, unemployment, and growth in per capita income in that community are the same as those of the Nation as a whole. A value greater than one indicates that conditions in the community are worse (James, 1990).

Table 1 shows the levels of resident need in 1990 in 56 of the biggest American cities.[1] Cities in which resident need was the same as, or lower than, that of the Nation as a whole were classified as low need. Cities in which need was at least 30 percent higher than that of the Nation as a whole were classified as high need. The remainder are termed moderate-need cities. The table also classifies cities by the rate and direction of their population change between 1980 and 1990. Cities in which the population grew (declined) by more than 10 percent are classified as growing (declining) cities. Others are termed stable cities. The pace and direction of population changes have pervasive effects on fiscal, neighborhood, and housing conditions in the city (Downs, 1994). These factors also affect the health of the retail and service industries that serve city residents (James, 1990).

Of the 56 cities shown, only 10 had low levels of resident need in 1990, whereas 46 had levels above the U.S. average. Twenty were high-need communities in which economic distress was widespread. Thus, almost as many big cities had high need as had moderate need.

High-need cities are extremely diverse. Two are rapidly growing cities of the Southwest, El Paso and San Antonio. A number of northern cities with stable populations showed high levels of resident need as of 1990: Boston, Chicago, New York, and Philadelphia, for example. Memphis, Atlanta, and Birmingham are southern cities with stable populations and high resident need. Seven big cities are shown in the table to suffer from both high resident need and rapid population loss; that is, more than a 10-percent population decline over the decade. During the 1980s these high-need, declining big cities included Newark, Detroit, Louisville, and Pittsburgh—cities that have long been recognized as among the most distressed in the Nation (Bradbury et al., 1982).

Important changes occurred in the conditions in these 56 cities during the 1980s. Table 2 describes resident need and population change as of 1980 in the cities cited in table 1. Several differences are apparent. Far more big cities had low levels of resident need in 1980 than in 1990. Twenty of the cities showed low resident need in 1980, compared with only 10 in 1990. Thus, economic conditions in many cities deteriorated during the decade. Also, far more big cities had experienced rapid population loss during the 1970s than during the 1980s. As of 1990 only seven cities had seen their populations decline by 10 percent or more during the previous decade, and all of these declining cities had high resident need. As of 1980, 20 cities had experienced rapid population loss during the previous decade. Some were low- or moderate-need cities, and others had high resident need.

A complex combination of events had produced the patterns of circumstances that prevailed during the tumultuous 1970s. In 1970 a few of the Nation’s cities—New Orleans, Newark, and El Paso—showed high resident need, but none suffered from both high need and rapid population loss. However, as the decade progressed events produced a whirlwind of change. First, the Nation’s economy was buffeted by recessions in 1970, 1974, and 1980 that repeatedly set back city economies. The 1974 recession was particularly deep and serious.

In addition, oil embargoes and energy inflation began abruptly in 1973 and were repeated later in the decade. The resulting scarcity of oil and energy generated massive economic growth in some southern and western cities with large oil industries, such as Denver and Houston. The economies of other areas, especially energy-importing regions of the north, were damaged severely by increases in energy costs and the uncertainty of energy supplies.

Finally, productivity in the United States slowed dramatically in 1973 for reasons that remain poorly understood but were surely associated with the general economic turmoil (Litan et al., 1988). High productivity in the U.S. economy is the key determinant of the Nation's standard of living and its ability to compete in world markets. The low productivity growth in 1973 slowed the rate of income growth throughout the Nation.

The economies of large metropolitan areas in the Northeast and Midwest proved particularly vulnerable to these national economic disruptions, in part because a significant portion of their economic base was comprised of declining industries, which could not survive in the adverse economic environment. Many of the metropolitan areas of the North—both cities and suburbs—lost population through migration to booming economies of the South and West (Sternlieb and Hughes, 1975). As a result, it became apparent during the 1970s that a large number of troubled big cities were suffering both high resident need and rapid population loss. Not one big city had this combination of problems at the start of the decade, but 14—1 in 4—had it by 1980 (James, 1990).

During the 1980s patterns of urban economic and population change were different but no less challenging. Table 3 lists the cities that experienced the greatest increases and decreases in resident need between 1980 and 1990.

The cities in which resident need rose most rapidly fall into two main groups. First, many "Oil Patch" cities, which boomed during the 1970s and early 1980s, went bust later in the decade because of low oil and energy prices and cutbacks in energy investment. These cities included Tulsa, Austin, Dallas, New Orleans, and Houston. Generally, these Oil Patch cities were southern and western cities that had been in comparatively good economic shape in 1980. Most had been low-need cities (only New Orleans was a high-need city), but by 1990 all were moderate-need cities.[2]

A second group of cities that lost ground during the 1980s were older northern cities. Cities such as Minneapolis, St. Paul, Milwaukee, and Pittsburgh started the decade with low or moderate resident need but experienced rising need as the decade went by. Trouble in the manufacturing and agricultural sectors—and thus the agricultural equipment and supply industries—contributed to rising economic distress in these regions. The economic trends early in the 1980s placed much of the United States' manufacturing sector and manufacturing regions under great stress. The severe national recessions of 1981 and 1982 were the worst since the Great Depression, and durable goods-producing industries such as Pittsburgh's steel industry or Milwaukee's heavy machinery industry were highly vulnerable.

Simultaneously, enormous Federal deficits during the Reagan administration boosted national interest rates and contributed to making the dollar highly overvalued in foreign currency markets. The overvalued dollar reduced the ability of the United States to compete in foreign markets and enhanced the ability of foreign competitors to deliver lowpriced merchandise to the Nation (Penner, 1991). High interest rates discouraged investment by U.S. producers. Agricultural markets as well as manufacturing markets were lost as a result of these combined factors.

The situation in Milwaukee exemplifies what was happening in many older manufacturing centers. Milwaukee has a large heavy manufacturing sector comprising transportation equipment, electrical equipment, and other industries. It also has a large brewing industry. The city of Milwaukee began losing manufacturing jobs very early in the post-World War II period. However, through at least 1977, a large part of the manufacturing job losses in the city were counterbalanced by manufacturing job growth in its suburbs. Beginning in the late 1970s, Milwaukee's suburbs began losing manufacturing jobs, and the region began to experience rapid shrinkage in the supply of blue collar work. Overall, between 1967 and 1987, manufacturing employment in the metropolitan area declined by 53 percent, and production jobs in manufacturing fell by 45 percent. This decline reduced the job opportunities available to blue collar workers, particularly those with relatively poor educations. Because black workers were overrepresented in manufacturing in Milwaukee, they were disproportionate victims of the decline of this sector (Wilson, 1994).

Although some Oil Patch and manufacturing cities lost ground during the 1980s, others made great progress in improving the economic status of their residents. Four of these cities— Virginia Beach, Jacksonville, Honolulu, and Sacramento—are southern and western cities that were in fair-to-excellent economic shape in 1980 and have been able to improve even more during the last 10 years. More surprising is the fact that resident need fell in some of the cities that had, in 1980, been among the most distressed in the Nation. For example, Newark had the highest level of resident need of any of the big cities in 1980, but by 1990 its resident need had fallen more than that of any other big city. Relative to the rest of the Nation, the level of resident need in Newark fell dramatically, from 2.2 to 1.7, and New Orleans and Detroit became the cities with the highest resident need. Other highly distressed cities, including New York, Philadelphia, Baltimore, Norfolk, and Atlanta, remained in great need, but they made marked progress in reducing need between 1980 and 1990.

The economic rebound in many of these large distressed cities was fueled by a resurgence in their services-producing sectors, as will be discussed. This sector includes finance, transportation and communication, trade, and the traditionally defined service sectors: consumer services, producer services, and educational and health services. The downtowns of these cities generally experienced burgeoning office construction as well as new investments in retail facilities (Frieden and Sagalyn, 1989). In some cases, however, this progress may have been reduced or erased by the recession of 199l, by turmoil in the financial industry in New York, and by cutbacks in the military-industrial complex.

During the 1970s there was legitimate fear that the Nation's big cities experiencing high need and rapid population loss were caught in an irreversible process of decline. It was thought that social, fiscal, and economic distress would perhaps prevent the economic investment in infrastructure, business, and workers that was needed for their economic recovery (Sternlieb and Hughes, 1975). The evidence shows that most of these highly distressed cities were in somewhat better shape by 1990. Fourteen big cities suffered from both high need and rapid decline in 1980. Cleveland, Detroit, Louisville, Newark, and St. Louis continued to show both rapid decline and high need in 1990, but population loss had stabilized in the other nine. One of the nine—Norfolk—showed both a stable population and only a moderate level of resident need by 1990.

In contrast to the situation in the 1970s, fewer big cities experienced rapid population loss during the 1980s. Only 6 of the 20 cities that suffered rapid population losses during the 1970s continued to experience such losses during the 1980s. Although the demographic turnarounds were not large enough to result in significant population growth in previously declining cities, 14 of the cities showed generally stable population trends during the 1980s. Higher levels of legal and illegal immigration to U.S. cities were potent forces in slowing or reversing population decline (Winnick, 1990). A number of the cities experiencing such reversals are among the main destinations of immigrants to the United States. Examples include New York, Chicago, Washington, Philadelphia, and Boston. However, and more basically, population stabilized in a number of these cities because their economies turned around.

Employment and Earnings in Cities

Shifts in resident need and population trends among cities are signs of changes in their underlying economies, especially the opportunities they provide their residents. The number of jobs per resident is one basic indicator of the ability of an economy to employ its people productively. This indicator is presented in table 4 for cities that experienced the greatest increases or decreases in resident need during the 1980s. The figures in the table include only private sector jobs. Both the job and population figures are for the central counties of the metropolitan areas; that is, the counties that contain the central city.

In the cities in which resident need fell, there is a very clear tendency for jobs per resident to have grown relatively rapidly in the 1980s, compared with the 1970s. The opposite tendency is clear for cities in which resident need rose.

Trends are especially remarkable in both the large, northern, high-need cities in which resident need fell during the 1980s and the Oil Patch cities in which resident need rose. As has been previously stated, northern cities in which conditions improved during the 1980s included Newark, Baltimore, Philadelphia, and New York. The number of jobs per resident rose in each of these cities during the 1980s after having fallen during the 1970s. In Newark, for example, jobs per resident fell slightly during the 1970s, from 0.39 to 0.38, and then surged during the 1980s to 0.46. Clearly, resident need declined in these high-need cities in part because they generated higher levels of jobs during the 1980s relative to their populations.

In the low- and moderate-need cities of Virginia Beach, Jacksonville, Honolulu, and Sacramento, the number of jobs per resident rose rapidly and relatively continuously during the entire 20-year period. Only Sacramento, a State capital with a large public sector, combined a slowdown in the rate of increase in jobs per resident during the 1980s with a decline in resident need.

In contrast, the cities in which resident need rose most rapidly generally experienced either a slowdown or an actual decline in the rate of growth during the 1980s in jobs per resident. Houston, Tulsa, and Fort Worth all were low-need cities in 1980 and moderate-need cities by the end of the decade. Jobs per resident had increased rapidly in each city during the 1970s. During the 1980s, growth in this economic indicator stopped abruptly in Tulsa and fell in Houston and Fort Worth. New Orleans, a high-need city heavily influenced by oil and energy, also experienced a reversal in jobs per resident, from growth during the 1970s to decline during the 1980s.

The remaining cities in table 4 in which resident need rose during the decade generally experienced a significant slowdown in the rate of growth of jobs per resident. In Minneapolis, for example, this indicator grew by 17 percentage points during the 1970s and by only 8 points during the 1980s. In Dallas jobs per resident grew by 9 percentage points during the 1970s and by only 5 points during the 1980s.

The earnings generated by a city's economy are an indicator of the productivity of its economy. This indicator suggests a remarkable turnaround in overall earnings in the high-need cities that made a comeback during the 1980s. Table 5 describes changes (measured in dollars of constant 1980 purchasing power) in the aggregate earnings generated by jobs located in eight cities between 1970 and 1980 and between 1980 and 1987. Four of the cities are high-need cities in the North. Four are generally moderate-need cities of the South and West.

The economic devastation of the northern cities during the 1970s was dramatic. Real aggregate earnings generated by jobs in New York fell by 14 percent and in Philadelphia by 18 percent. Only Chicago showed growth in earnings, a 1-percent increase overall. The data for that city also cover Cook County, which includes some suburbs as well. It is likely that earnings in Chicago per se actually fell during the decade.

The turnaround during the 1980s in the productivity of some of the big city economies was dramatic. There was a significant economic resurgence in all but Detroit, which today has the highest level of resident need among the Nation's big cities. Aggregate earnings in Detroit fell in real terms by $1.5 billion between 1980 and 1987, on top of a decline of $1.9 billion during the 1970s. In contrast to Detroit's decline, real earnings in New York surged by 31 percent between 1980 and 1987, or almost $22 billion per year. In Philadelphia and Chicago combined, aggregate earnings grew by more than $5 billion per year, or 7 percent.

Economic trends in the southern and western cities in the table are much different. Aggregate earnings grew during both time periods in all four cities. Except for Dallas, which was hit by the decline in the oil industry during the 1980s, the increase in real earnings was greater during the first 7 years of the 1980s than during the 1970s. In Dallas, where resident need rose relatively steeply after 1980, the rate of growth of earnings fell markedly, from 57 percent during the 1970s to 35 percent between 1980 and 1987.

The economic reversal of fortune for New York, Newark, Baltimore, and Philadelphia is remarkable, because the manufacturing sectors of these cities played no part in it. New York lost over 200,000, or more than one-third, of its manufacturing jobs during the 1980s, after having experienced similar devastating losses during the 1970s. Philadelphia lost over 40 percent, or 60,000, of its manufacturing jobs during the 1980s. The Newark and Baltimore manufacturing bases also contracted rapidly.

During the 1980s many of America's big cities underwent a major economic restructuring, from goods production to services production. Goods-producing industries include manufacturing, construction, mining, and so forth. Services-producing industries include transportation, communications, finance, trade, and the traditionally defined service sector. Table 6 describes employment trends in these sectors between 1980 and 1990 in the central counties of the 56 big cities examined above. The central counties are grouped into types; that is, by resident need and population change. The figures understate the extent of the economic transformation, since public sector jobs, which are services producing, are not included. Because the figures are for central counties, some suburban communities are included.

Overall, private sector jobs grew on average in cities of all types. In the central counties of the 56 cities, private sector employment grew by 5,080,000 jobs between 1980 and

1990. During the same period, 1,050,000 goods-producing jobs were lost. All of the job growth was accounted for by the services sector.

Even high-need, declining cities experienced a slight (1 percent) increase in private sector jobs between 1980 and 1990. Total private sector jobs grew by an average of 10 percent in high-need, stable cities. In contrast, the number of jobs in the goods-producing sector declined markedly in all groups of cities with high resident need, irrespective of their population growth. High-need, declining cities lost 30 percent of their jobs in this sector. Growing cities with high need, such as San Antonio and El Paso, lost 10 percent of their goods-producing jobs.

Goods-producing jobs increased significantly only in low-need, growing cities such as San Jose, the home of Silicon Valley. The growth of goods-producing jobs in this city involves the development of innovative computer and data processing technology.

Virtually every big city in the Nation is undergoing economic transformation from goods production to services production. Overall employment grew in the finance and services sectors of almost every big city during the 1980s. This was true even in cities that experienced employment declines during the decade, such as Detroit and St. Louis. Cities that experienced job losses generally did so because of a rapid contraction of their manufacturing and mining job base. The mining sector, of course, includes the oil industry. Detroit, for example, lost over 90,000 manufacturing jobs during the 1980s—almost one-third of its manufacturing job base—but gained over 50,000 jobs in finance and services. Its business service sector alone grew by almost 25,000 jobs, a fact that bodes well for the future of the city's economy. Chicago lost more than 200,000 manufacturing jobs while gaining 220,000 new service jobs. New York City gained 415,000 new finance and service jobs between 1980 and 1990, even after the great economic setback produced by the stock market crash of 1987. The city's financial industry was hard hit by the stock market crash of 1987 and the recession of 1991.[3]

Table 7 describes changes between 1980 and 1990 in the shares of private employment in goods-producing and services-producing industries in the central counties of 22 big cities. Eleven of the cities experienced the greatest declines in resident need, whereas the other 11 experienced the greatest increases in resident need. The economies of these cities are highly diverse. Some cities with falling resident need, such as Newark, had relatively large goods-producing sectors at the start of the decade; others, including Virginia Beach and Honolulu, had small goods-producing sectors. Similar diversity is clear among the cities in which economic conditions deteriorated. Milwaukee, St. Paul, and Fort Worth all were extremely reliant on goods-producing industries, whereas New Orleans and Miami had relatively little employment in this sector.

Three important patterns are apparent in the 22 cities. First, the services-producing sector accounted for a larger proportion of employment for every city in 1990 than it had in the previous decade. On average, 28 percent of the cities' employment in 1980 was in goods-producing industries, but by 1990 this percentage had declined to 21 percent. This is a very large shift in a short time, an important sign of the economic transition of the United States to a postindustrial economy.

Second, the cities in which economic conditions deteriorated and resident need rose were more reliant on goods-producing industries than cities in which conditions improved. In 1980 an average of 31 percent of the employment in the cities with rising resident need was in goods production, compared with 24 percent in cities whose economic conditions improved. Not surprisingly, a heavy reliance on goods production made cities vulnerable to economic setbacks during the 1980s. A reliance on services-producing industries was a potent economic asset for cities during the decade.

Third, the goods-producing sector shrunk most rapidly as a proportion of employment in cities whose economic conditions deteriorated during the decade. In the cities in which resident need rose, the percentage of jobs in goods production fell from an average of 31 percent in 1980 to 23 percent in 1990, or 8 percentage points. The shrinkage of this sector undercut the economic bases of the areas. At the same time, however, the services-producing sector of these cities is growing—a sign of adaptation to the economic opportunities of today. In cities in which resident need fell, the percentage of jobs in this sector fell by 6 points, from 24 percent to 18 percent.

Most of the Nation's big cities have become noncompetitive in many types of manufacturing. The only high-need big city in the Nation to experience growth in manufacturing employment during the 1980s was Atlanta, which grew by 990 jobs, or just under 2 percent. Transportation advances of the 19th and 20th centuries have enabled manufacturers to decentralize from the high-cost, congested big cities to less expensive sites suitable for truck transportation and sprawling production lines (Kain, 1968). During the 1950s and 1960s, the predominant destinations of decentralizing manufacturers were suburban communities of metropolitan areas. Some industries shifted from the North to areas in the South offering lower production costs. During the 1970s and 1980s, as global competition became more intense, many manufacturers sought locations in nonmetropolitan areas and overseas.

A Metropolitan and Regional Perspective on Urban Economies

City economies are part of larger metropolitan economies and cannot be understood in isolation. There are potent economic interdependencies between cities and suburbs. Experts are just beginning to explore the contributions a healthy city can make to its regional economy and the degree to which city distress weakens regions. There are certain economic functions that cities are uniquely qualified to perform (Downs, 1994). When a city is too economically distressed to perform these functions, the health of the entire metropolitan economy is compromised (Downs, 1994; Savitch et al., 1993; Voith, 1992). Downs argues that the business reputation of a whole metropolitan area is shaped by conditions in its central city. In addition he suggests that ". . .only one spot within each region can be the habitual gathering place of most movers and shakers. . . .The belief among suburbanites that they are independent of central cities is a delusion" (Downs, 1994, p. 52). Savitch adds ". . .cities and suburbs do best when they interact and make use of respective and complementary strengths" (Savitch et al., 1993, p. 349).

One crude indicator of these interdependencies is the degree to which economic conditions in the central city are associated with conditions in the suburbs. In the 56 big cities examined above, there is no significant correlation between poverty rates in the central city and those of the suburbs.[4] However, poverty is strongly affected by social and racial segregation and discrimination in cities, as well as by economic opportunity. Patterns of unemployment and change in per capita income could be argued to be more sensitive indicators of the strength of urban economies. There are statistically significant relationships between unemployment rates in the cities and in their suburbs. In addition, when per capita income growth is slow in the central city, it also tends to be slow in the suburbs, as previous research has suggested (Ledebur, 1992).[5]

It is also true that economic growth or decline in metropolitan economies is a powerful determinant of city economic health and that the economic health of cities is a sensitive barometer of the economic health of their regions. Compared with those of their suburbs, the infrastructure, commercial structures, housing, and factories in cities tend to be older, denser and, frequently, more obsolescent. Poor people, racial and ethnic minorities, and the relatively unskilled comprise larger proportions of the populations and labor forces of cities than of suburbs. When metropolitan economies experience downturns, it is often the relatively obsolescent, high-cost factories that are shut down first and the minority or unskilled workers living in cities who are the first to be laid off or fired (Kain, 1968; Peterson, 1986). When economic times are good, cities that are competitive can rebound; those that are not competitive are often overlooked again by employers and investors.

The great strength of the relationship between economic conditions in metropolitan areas and those of their central cities is incontestable. For example, it is almost a certainty that central cities will suffer from moderate or high resident need when their metropolitan area economies do. Table 8 displays patterns of resident need in the metropolitan areas surrounding the 56 big cities that are the focus of this article. In 1990 only the El Paso metropolitan area would be classified as a high-need area in terms of the resident need index. El Paso City is also, of course, a high-need city. Thirteen metropolitan areas showed moderate need; that is, an index of between 1.0 and 1.3. Resident need tends to be higher than average in the central cities of these moderate-need metropolitan areas. Seven of the central cities are classified as high-need cities: Detroit, New Orleans, Birmingham, Memphis, Miami, New York, and San Antonio. Other metropolitan areas have moderate-need central cities: Toledo, Albuquerque, Austin, Los Angeles-Long Beach, and Tucson. Thus, there are no low-need cities in the 14 metropolitan areas that show moderate or high resident need.

Conversely, all 10 central cities with low resident need were located in metropolitan areas with low resident need. A number of low-need metropolitan areas had central cities with moderate (19) or high (12) resident need.[6] These high- and moderate-need cities frequently are defined by tight city limits, which circumscribe only a tiny proportion of the oldest, most troubled portions of their metropolitan areas. Such tightly delimited cities include Atlanta, Washington, D.C., St. Louis, Denver, and Boston.

Figures 1 and 2 graph relationships among unemployment rates, poverty rates, and resident need in the 56 big cities and their metropolitan areas. The strong relationship between city and metropolitan economic health is unmistakable in the figures.[7] In terms of each variable, central cities were in better economic shape when their metropolitan areas were in better shape.

Patterns of Metropolitan Economic Change During the 1980s

Patterns of metropolitan economic change were much different during the 1980s than in the 1970s (table 9). Between 1970 and 1980, the largest metropolitan areas in the Nation—the New York and Los Angeles regions—had only slow employment growth—16 percent during the decade—whereas for the Nation as a whole, the employment growth rate was 25 percent. The fastest growing metropolitan areas were in the broad population range of 250,000 to 10 million. On average, employment in this large group of metropolitan areas grew by around 30 percent during the 1970s.

During the 1980s employment growth slowed dramatically in small- and medium-sized areas and surged in large areas. For example, during the 1980s employment in smaller metropolitan areas with 250,000 to 500,000 residents grew by 17 percent. This growth was slower than that of the Nation as a whole (22 percent) and much slower than that which had prevailed in these smaller areas during the previous decade (30 percent). Somewhat larger areas—those with up to 1 million residents—experienced employment growth of 21 percent during the 1980s, down from 32 percent during the previous decade.

In contrast, the Nation's larger metropolitan areas experienced strong employment growth during the 1980s. Between 1980 and 1990, employment in the New York and Los Angeles regions grew slightly more rapidly than in the rest of the Nation and much more rapidly than it had during the 1970s: 22 percent during the 1980s versus 16 percent during the previous decade. Metropolitan areas with 1 million to 10 million residents grew by 33 percent during the 1980s and 31 percent during the 1970s.

There were also surprising and unanticipated slowdowns in the rate of economic growth of the South and West, steady employment growth in the North Central region, and accelerating growth in the Northeast. The West had been the most rapidly growing region of the Nation during the 1970s; employment boomed by 46 percent between 1970 and 1980 (table 9). The South also boomed, and employment grew by 38 percent. In contrast, employment inched up in the Northeast during the 1970s, increasing by only 9 percent.

During the 1980s the rate of employment growth almost doubled in the Northeast (to 17 percent), with all of the surge occurring in larger metropolitan areas, that is, those with populations above 1 million. Employment growth actually slowed markedly in smaller metropolitan areas of this region. Growth also moderated in the West, where employment grew by 33 percent. The slowdown in the West affected metropolitan areas of all sizes, except areas with populations between 500,000 and 1 million. The South also had a moderate growth rate, ranging from 38 percent in the 1970s to 30 percent in the 1980s.

Industrial Transformation and Regional Shifts

Employment growth in metropolitan areas during the 1980s was strongly shaped by three underlying economic forces:

- The collapse of the mining industry in the face of lower prices for oil and other raw materials.
- The loss of manufacturing jobs throughout the Nation.
- The rapid development of the services-producing sector, especially in major northeastern metropolitan areas.

Tables 10 and 11 describe employment trends between 1970 and 1990 for the goods-producing and services-producing sectors of the economy. Weakness in the goods-producing sector was a major factor slowing the growth of smaller metropolitan areas and contributing to the slowdown in employment growth in the South and West during the 1980s (table 9). During the 1970s goods-producing employment fell in only the very largest metropolitan areas—those with populations over 10 million—but grew relatively vigorously in smaller metropolitan areas. During the 1980s this economic sector continued to decline in the largest areas and began to decline in all size groups of metropolitan areas with populations under 1 million. The rate of employment growth slowed substantially in metropolitan areas with between 1 million and 10 million residents.

The slowdown in goods-producing employment was especially dramatic in the South and West. Goods production was a dynamic element of the economic bases of metropolitan areas of these regions during the 1970s. During the 1980s, however, rates of employment growth in this sector plummeted. Smaller metropolitan areas in which goods production had increased rapidly during the 1970s began to suffer rapid losses in the following decade.

The state of the mining industry was a major factor in the adverse economic trends for smaller areas and for the South and West. During the 1970s mining was the fastest growing sector of the U.S. economy. In the United States as a whole, employment in this industry increased by 72 percent between 1970 and 1980. This growth powerfully boosted the economies of metropolitan areas of all population size ranges. During the 1980s, however, national employment in the mining sector shrunk by 23 percent. Although mining employment losses took place in metropolitan areas of all sizes, losses were fastest in smaller metropolitan areas.

Manufacturing was another important part of the employment story. The manufacturing sector is no longer a source of net job growth in the United States, and it was a source of considerable job loss during the 1980s. U.S. manufacturing employment was much the same in 1990 as it had been 20 years earlier, but it was considerably lower than in 1980 (Kasarda, 1994). Manufacturing jobs declined nationally by 5 percent during the 1980s, after growing slightly during the 1970s. This seemingly innocuous decline was important, however, for virtually every type of community in the Nation. For almost every type of community that lost manufacturing jobs during the 1970s, the pace of loss accelerated during the 1980s. Most areas in which manufacturing jobs had grown during the 1970s experienced markedly less growth during the 1980s.

The loss of manufacturing jobs was widespread in the northern United States during the 1980s. Manufacturing jobs fell overall by 13 percent in the North between 1980 and 1990. Manufacturing employment declined markedly in northern metropolitan areas, including suburban areas, and grew only in nonmetropolitan areas (Kasarda, 1994). In the South and West, however, manufacturing jobs increased by 5 percent during the decade and declined only in the central counties of major metropolitan areas (ibid.).

Two of the strongest predictors of the economic health of a metropolitan area during the 1980s were its reliance on the mining industry and the size of its manufacturing base. Large mining and manufacturing centers were frequently the hardest hit by the economic trends of the decade. Measured in terms of employment changes, all of the most swiftly contracting metropolitan economies in the Nation between 1980 and 1991 were manufacturing centers or centers of the oil or energy industry. These areas include Davenport, Peoria, Youngstown, Beaumont-Port Arthur, Pittsburgh, and New Orleans (Hicks and Rees, 1993).[8]

In contrast, the fastest growing metropolitan areas in the Nation were generally centers of tourism or entertainment, such as Las Vegas; centers of research and education, such as Austin and Raleigh-Durham; or government centers such as Sacramento (ibid.).

During the 1980s the services-producing sector of the economy provided millions of new jobs to replace those lost in goods-producing sectors. In big metropolitan areas of the Northeast, a booming services sector provided a regional economic base to replace the fast-declining manufacturing sector and generated renewed vitality in overall economic growth in that region. Indeed, the stimulatory effects of the services sector were felt throughout the Nation.

In the Nation as a whole, the rate of growth in employment in the services-producing sector was about the same during the 1980s (31 percent) as it had been during the 1970s (32 percent) (table 11). Overall, the services-producing sector grew during the 1980s in all types and sizes of metropolitan areas, just as it had during the 1970s.

Nevertheless, geographic patterns of growth in the services industries were different in significant ways during the 1980s than they had been in the 1970s. Services-producing employment jumped by 30 percent in the very largest metropolitan areas of the Nation between 1980 and 1990, whereas it had grown by only 22 percent in the previous decade. Smaller metropolitan areas, in contrast, experienced a slowdown in the growth of their services sector, paralleling the reduction in their goods-producing employment. In the largest metropolitan areas, employment grew more rapidly in the 1980s than in the 1970s in each of the services-producing industries except wholesaling.

Geographic patterns of growth in the finance industry during the 1980s are especially important. Between 1980 and 1990, by far the most rapidly expanding sectors of the U.S. economy were the finance industry and the traditionally defined services sector (table 11). Employment in the finance industry grew by 35 percent in that decade, more slowly than during the 1970s when it grew at a rate of 54 percent. In the New York metropolitan area, however, the growth rate of employment in finance rose from 12 percent in the 1970s to 30 percent in the 1980s. Growth also rose in other large northeastern metropolitan areas with populations over 1 million. The rate of growth in finance employment moderated during the 1980s in every other metropolitan area identified in the table. Thus in 1990 the finance industry boosted the economic bases of large metropolitan areas of the Northeast, replacing activity lost in the goods-producing sector. Employment in the traditionally defined services sector also expanded markedly in the big northeastern metropolitan areas.

The New Services-Based Economy of Cities

Just after World War II, more than 4 out of every 10 workers in the Nation were in goods-producing industries such as manufacturing, agriculture, construction, and mining. By 1977 this proportion had declined to fewer than one in three (Noyelle and Stanback, 1983). Today more than three-fourths of the U.S. workforce is employed in a wide variety of service industries, including retailing, consumer services, producer services, the transportation and communication industries, health, education, and government.

Traditionally, analysts of the strength of metropolitan and regional economies have emphasized the importance of the goods-producing sector because, it has been argued, this sector generates exports to other regions or nations. Such exports generate income that can be used to support the services sector of the region. This intellectual focus on the goods-producing sector is obsolete. The services-producing sector is a critical component of the economic base in the contemporary and future economy.

Increasingly, the dominant functions of the U.S. economy are the assembling, processing, and dissemination of information, not raw materials. This function is performed in the central offices of all industries and in the services sector of the economy. Services assemble, analyze, combine, and deliver the information needed to coordinate and manage all economic activities. This function is of increasing importance as cities and nations come together into a global economy. Hansen points out that:

> The organization of productive activity has increasingly been characterized by a merging of all relevant activities—managerial and production, white and blue collar, design and marketing, economic and technical—into a single, integrated information-intensive system for turning out flexible outputs of

> goods and services. . . .Manufacturing success requires rapid feedback from the marketplace, more customized products, and more reliable delivery in shorter time cycles—all of which depend on. . .service integration (Hansen, 1990, pp. 466–467).

Services are an important element of the exports of metropolitan areas today. Between 1979 and 1989, metropolitan production of a growing number of financial services, personal services, health services, and legal services were exported and imported among U.S. metropolitan areas (Persky and Wiewel, in press). Increasingly, such services are also traded internationally. In 1990 the United States exported $23 billion more in services than it imported (Persky, Sclar, and Wiewel, 1991).

The shift to a postindustrial, service-oriented economy has had a complex effect on patterns of urbanization. Improved communication and transportation technologies have enabled some people to participate in urban economies while living in rural areas or small towns elsewhere in the Nation. However, it appears that the net effect of the shift has been to centralize jobs and people in urban areas. Persky, Sclar and Wiewel observe:

> In order to coordinate the activities of a multinational corporation or a large regional corporation with customers and producers in several countries or several states, access to international airports and low-cost telecommunications systems is critical. . .[Service firms] require frequent face-to-face contact with clients and colleagues, which in turn requires modern transportation facilities and telecommunications technology (Persky, Sclar, and Wiewel, 1991, p. 17).

During the 1980s the deregulation of transportation and communications contributed to the centralization of economic activity in the largest cities, because competitive forces provided these cities with the best services at the lowest price (air service is a good example). The next generation of communications, based on fiber optics and digital technologies, may accentuate this centralizing trend, because the largest and richest cities will be serviced earliest by the most extensive electronic infrastructure (Moss, 1987). Such technologies will also improve the quality of life and strengthen the economies of rural areas by linking them to services and information to an extent that would have been difficult to imagine a decade ago.[9]

Headquarters of big business, however, are decentralizing within the United States. Big cities such as New York and Chicago, which traditionally have been office centers, are losing the headquarters of large corporations. In 1960, for example, New York was the headquarters of 130 of the country's Fortune 500 firms. By 1990 that number had fallen to 43. Between 1980 and 1990—when the city economy was booming—New York lost the headquarters of 38 firms (Kasarda, 1994). Similar trends are found in Chicago, Pittsburgh, Cleveland, Detroit, and other traditional office centers.

During the past three decades, big business headquarters have burgeoned in Sunbelt cities such as Dallas, Houston, and Atlanta. Minneapolis has also become a major office center. However, business headquarters have grown even more in small cities, often outside of metropolitan areas. In 1960 the 10 cities with the biggest concentrations of corporate headquarters housed more than half (279) of the Fortune 500 headquarters. By 1990 the 10 cities with the biggest concentrations of corporate headquarters housed only 153 headquarters (Kasarda, 1994).

Although economic and technological developments are permitting large business headquarters to decentralize, they are also creating new opportunities for central cities. Firms in the service industries frequently tend to be small. These small service firms themselves require supportive services, and face-to-face communication is often critical. For this reason service industries often work best in big cities. In fact, big cities may be incubators for the Nation's service industries of the future.[10]

The biggest American cities, especially New York and Los Angeles, have emerged as "global cities," shaping and coordinating economic activities throughout the world (Sassen, 1991). Employment trends in the New York metropolitan area document the striking turnaround that its services industries have provided. Table 12 describes percentage changes in employment that occurred in the New York region during both the 1970s and the 1980s. Similar trends are presented for the northeastern States as a group. For comparison purposes the table also describes employment trends in the Los Angeles region and the West.

During the 1980s employment in New York—America's premier "global city"—surged by 11 percent, after having grown by only 2 percent in the 1970s. The manufacturing base of the region, however, experienced accelerating employment losses during this period. One-quarter of the region's manufacturing jobs were lost during the 1980s, on top of a loss of 16 percent during the previous decade. The overall goods-producing sector of the region shrunk rapidly during the entire 20-year period described in the table.

Employment in every major part of the services-producing sector grew significantly during the 1980s. With the sole exception of wholesale trade, jobs in every part of the services-producing sector of New York's economy grew much more rapidly during the 1980s than in the 1970s. Growth was particularly marked in finance and the traditionally defined service sector. Employment in the finance, insurance, and real estate (FIRE) industry grew in the region by 30 percent during the 1980s and by 12 percent during the 1970s. Employment in the traditionally defined service industry grew by 43 percent during the 1980s and by 26 percent during the 1970s.

It appears that New York City has a role in today's services-producing economy somewhat similar to the one it had earlier in the century in the goods-producing sector. During the 1950s New York had a dynamic manufacturing base built on incubating small firms that required extensive communication with customers and competitors and considerable collaboration with suppliers. The exemplar was the high fashion apparel trade (Vernon and Hoover, 1959). It appears that today the city is increasingly attractive to smaller service business and decisionmaking functions, which also are facilitated by face-to-face communication and massive concentrations of diverse customers and suppliers.

The experience of Los Angeles and the western region of the United States is different from New York's, of course, but also provides strong documentation of the importance of the services industry. Overall employment growth was slower during the 1980s than the 1970s in both Los Angeles and the West. Employment growth in both the mining and manufacturing sectors stopped or moderated. Indeed, employment growth moderated in these regions even in the services sector. However, as in New York, the services sector in Los Angeles is growing most rapidly and producing the largest number of new jobs.

Impacts of Recession on Regional Employment

The two major recessions of 1981–82 and 1991 powerfully shaped patterns of urban change, just as the major recessions of the 1970s did.

Much remains to be learned about how cities and regions fare during national economic recessions and recoveries. It appears that the effects of each business downturn are unique, depending on the cause and structure of the downturn, its depth and duration, and the economic context in which it occurs. However, some generalizations on the subject have been offered by economists. For instance, the metropolitan areas and regions that are most reliant on the manufacture of durable goods are believed to be most vulnerable to poor business conditions. This is so because consumers cut back on purchases of durable goods during bad times, and businesses defer many kinds of investment. It has been argued that Frostbelt regions are especially vulnerable to recessions, because their factories are older and less efficient and their workforces more highly unionized. High-cost plants are the ones most likely to be shut down during business cutbacks and reopened during booms (Kain, 1968). It has also been suggested that high-growth areas, in which new businesses are forming, are the most vulnerable during business contractions. Small, new firms are said to be the most fragile in the face of adverse business conditions (Peterson, 1986). New business is generally concentrated in suburban areas experiencing economic health and in emerging industries located in high-growth areas.[11]

The 1981–82 recession was one of the most severe in the 20th century. This recession struck with particular force at the Nation's manufacturing base in the North. Its impact on manufacturing was devastating because, as has been seen, it coincided with a large appreciation in the value of the dollar. Thus, manufacturers lost domestic and foreign markets at the same time and were made vulnerable to intense competition from foreign suppliers (Penner, 1991). The 1981–82 recession swept away over 1 million blue collar jobs in the Midwest region and another 400,000 blue collar jobs in the Northeast. Production jobs declined by 14 percent in the Midwest between 1980 and 1982 and by 7 percent in the Northeast. Blue collar work continued to decline in both regions between 1982 and 1984, by a total of about 130,000 jobs. It was not until the 1984–86 period that the number of blue collar jobs in these northern regions stabilized (Kasarda, 1988).

This recession also struck at the South and West, of course. Blue collar jobs in the South fell by almost 200,000 between 1980 and 1984. In the West such jobs fell by 230,000 by 1982, but then growth resumed. The number of such jobs was growing rapidly in both regions by mid-decade (ibid.).

The 1981–82 recession appears to have permanently damaged the manufacturing sector in the North. In some cases, as in Pittsburgh and Buffalo, the damage was unprecedented. Both Pittsburgh and Buffalo are traditional manufacturing centers: Pittsburgh in steel, glass, and other heavy industries and Buffalo in fabricated metals. Both metropolitan areas lost manufacturing jobs throughout the post-World War II period. Pittsburgh lost 7 percent of its manufacturing jobs between 1973 and 1980 (both years are "peaks" of the business cycle), and it lost 48 percent of its manufacturing jobs between 1981 and 1988 (also peak years of the business cycle). Buffalo lost 14 percent of its manufacturing jobs between 1973 and 1980 and 23 percent between 1981 and 1988 (Koritz, 1991).

A recently published study documented extremely adverse effects on the earnings of workers in Pennsylvania displaced from jobs during the early 1980s. The study found that earnings losses for displaced workers began several years before the actual job loss, due to layoffs and cutbacks in work hours. In the 5 years prior to job loss, the average earnings of displaced workers fell by one-sixth, or about $4,000 per year. In the few months following job loss, the average income of displaced workers fell by an additional $7,000 per year (25 percent) (Jacobson et al., 1993).

Economic recovery following displacement was found to be relatively slow for these Pennsylvania workers. Even 6 years after displacement, the workers' average annual earnings were lower by about one-quarter than they had been before the earnings declines began. Recovery was slow, no matter what the age or gender of the worker (Jacobson et al., 1993). Workers from some highly unionized industrial sectors were especially hard hit. These sectors include mining, construction, and primary metals manufacturing. Workers displaced from the largest firms also experienced relatively harsh economic losses. Moreover, workers were harder hit if they were forced to shift their employment among economic sectors—for example, from manufacturing to nonmanufacturing or vice versa (ibid.).

The experience of the 1980s shows that economic recovery by itself does not solve the economic distress of poor people or declining communities. During the first 5 years of economic recovery from the 1982 national recession—1983 to 1987—after-tax incomes of American households rose by an average of 7.7 percent. The top one-fifth of households experienced a 10-percent growth in their purchasing power. The average incomes of black and Hispanic households rose more slowly, up only 6.4 and 2.6 percent, respectively, and the incomes of the poorest one-fifth of black and Hispanic households declined significantly. Among blacks, the average income of the poorest one-fifth of families fell by 33 percent between 1983 and 1987; among Hispanics, the average income of such households dropped by an average of 44 percent. Among the poorest one-fifth of female heads of households, average income fell by 8.0 percent (Michel, 1991). This economic recovery during the 1980s produced more income inequality, not less (ibid.).

The 1991 recession struck first and hardest at urban areas of the Northeast and the Pacific Coast and at the services-producing sector and the military-industrial complex:

> The 1980s were a time of tremendous job growth in defense, financial services, and computers. The Northeast capitalized on this growth because it has highly educated workers, good ports, powerful politicians, and well-established financial institutions. But when the computer industry slowed down, the Cold War ended, and the financial bubble burst, the good times for this region came to an abrupt end (Coomes, 1992, p. 62).

Estimates of changes in the dollar amount of metropolitan area payrolls between 1989 and 1992 provide a crude index of the impact of the recession. Of the 10 areas hardest hit in terms of this payroll index, all are in the North, and 8 are in the Northeast (table 13). Areas in Massachusetts, Connecticut, Rhode Island, New York, and New Jersey stand out as particularly hard hit. In contrast, the Oil Patch cities that had been smashed by falling oil and raw materials prices in the mid-1980s weathered the 1991 recession well. These cities include Houston, Baton Rouge, Austin, and Tulsa.

Employment losses during the recession were also greatest in the Northeast. The States that lost the greatest number of jobs during this recession include Massachusetts (-12.4 percent), Connecticut (-12.2 percent), Rhode Island (-11.3 percent), New Hampshire (-10.8 percent), and New Jersey (-8.6 percent). California also was a big loser as a result of its high-tech economy oriented to military procurement. Employment in that State declined by 5.1 percent. In contrast, 22 States had employment losses under 1 percent, including most States of the West and many from the South and Midwest (Associated Press, 1994).

Economic retrenchment began earliest in the communities that were hit hardest by this recession. New York, for example, first began to experience hardship in 1988, after the stock market crash of October 1987:

> Following the stock market crash on 19 October 1987, the securities industry contracted nation-wide. In New York City, 10,800 jobs were lost within eight months of the crash. Bonuses, a major component of salaries in the industry, also declined. . . . Output and total employment fell [in the New York region] by $1.8bn and 28,860 jobs. . . . Manhattan and the adjacent inner ring counties were most affected (Cox et al., 1991, p. 327).

New York metropolitan employment in the securities industry reached its nadir in late 1991 and subsequently has grown by almost 20,000 jobs. Banking employment in that metropolitan area continues to fall, however. Over 40,000 banking jobs have been lost in New York since the months following the 1987 stock market crash (Hansell, 1994).

It appears that cities such as Pittsburgh and Buffalo, which had been savaged by the 1982 recession, stood up comparatively well in 1991. Payrolls in the Pittsburgh region grew slowly (by 3.6 percent) between 1989 and 1992, whereas Buffalo payrolls declined marginally, by less than 1 percent (Coomes, 1992). As a result of economic restructuring, the economies of these midwestern regions were more competitive and could stand up better in an adverse economic environment.

Employment Opportunities for the Unskilled in Cities

The economic restructuring of the national economy from goods production to services production is a sign of progress; it has resulted in the creation of millions of new jobs. However, there is growing evidence that the decline of the goods-producing sector, manufacturing in particular, has harmed some groups of the labor force—especially people with limited education and skills. New services jobs have not been able to replace the job opportunities in manufacturing lost by this group.

The diminishing earnings and employment opportunities for poorly educated workers are having a particularly adverse effect on the economic status of the central-city workforce because these workers are often very poorly educated and unable to compete successfully, and because the shift to a services-based economy began earliest in the Nation’s central cities and is most advanced there.

The Evidence from Urban Areas

The Nation’s big central cities began to experience absolute job losses in manufacturing as early as 1954 (Kain, 1968). For many years suburban job gains in manufacturing exceeded city job losses. For the past 25 years, industrial jobs have been declining in entire metropolitan areas of the North. Between 1967 and 1987, manufacturing jobs fell by almost 300,000 in the Chicago metropolitan area; 128,000 in the Detroit metropolitan area; 407,000 around New York; and 199,000 around Philadelphia. Except for New York between 1977 and 1987, the suburban ring counties of these regions lost manufacturing jobs along with their cities. The suburbs of New York experienced very small growth (Kasarda, 1992).

Because data from the 1990 census are only beginning to be analyzed, the best evidence on the effects of these economic trends on job opportunities is from trends between 1970 and 1980. During the 1970s much of the job growth in central cities was in highly skilled jobs requiring a relatively high education. When growth in jobs open to poorly educated workers occurred in urban areas, it took place in suburban areas outside the cities. The result was shrinking job opportunity for poorly educated city residents.

Table 14 describes patterns of job growth by occupation in a number of big northern cities and their suburbs between 1970 and 1980. All the cities listed in the table are high-need cities that lost employment during the 1970s. Each of the cities lost large numbers of both blue collar and clerical jobs between 1970 and 1980, but growth in these relatively lower skilled jobs occurred in their suburbs. All growth within the six central cities was in managerial, professional, technical, and support occupations demanding a relatively high level of education (Kasarda, 1989).

Table 15 documents changes in the education levels of workers holding jobs in the six central cities between 1970 and 1980. The number of poorly educated persons holding jobs declined in each of these cities between 1970 and 1980. By 1980 only 20 to 25 percent of jobs in the cities were held by workers with less than a high school education (Kasarda, 1989). In contrast, between 40 and 45 percent of the black workers living in the cities had less than a high school education. Among black males living in the cities and not working, between 50 and 60 percent lacked a high school diploma (Kasarda, 1992).

The loss of blue collar jobs and jobs for poorly educated workers in cities continued during the 1980s. Between 1980 and 1990, the proportion of central-city jobs held by workers with less than a high school degree fell in many big cities by almost one-half. In 1980, for example, 30 percent of Baltimore's jobs were held by a worker with less than a high school degree. By 1990 the number had fallen to 15 percent. In Philadelphia this statistic fell from 23 to 12 percent; in St. Louis it fell from 26 to 12 percent (Kasarda, 1994). Among the few cities that have been analyzed, only Los Angeles' jobs showed relative stability in this measure: In 1990, 19 percent of its jobs were held by workers with less than a high school degree, down only slightly from 22 percent at the start of the decade (ibid.).

Of course, the educational level of jobholders is the result of the interplay of supply and demand. It is also clear that the most rapid growth of city jobs was in industries and businesses with high demands for well-educated workers. Kasarda has divided industries into those in which most jobs are held by "information processors" and those in which at least 40 percent of employees are not information processors. An information processing job is an executive, professional, managerial, or clerical position (Kasarda, 1994). All job growth in the five Frostbelt cities he has examined—New York, Philadelphia, Boston, Baltimore, and St. Louis—was in industries in which at least 60 percent of the jobs were held by information processors. Four Sunbelt cities showed more balanced job growth. Even in those cities, though, the rate of job growth in the industries employing information processors was far higher than that of other industries (ibid.).[12]

The decline in the manufacturing sector in cities is a major contributor to the loss of job opportunities for poorly educated workers. Manufacturing jobs have traditionally provided skilled and semi-skilled jobs paying wages that are high enough to support a middle-class standard of living, especially if a family has some extra income from a second earner.

A comparison of the occupational distribution and median earnings of U.S. workers in manufacturing and professional services illustrates the difference in opportunities available in these two occupations. In 1988 one in five manufacturing jobs were skilled jobs—precision production and craft and repair jobs—that paid median annual earnings of over $20,000, a reasonable threshold for a middle-income standard of living. Another one-third of manufacturing jobs were in semi-skilled operative positions that paid median earnings of almost $15,000. Modest supplements from a second wage earner would probably be enough to support a middle-class living standard for such a family (Blair and Fichtenbaum, 1992).

In contrast to manufacturing, the services industry offered numerous high-paying jobs (58 percent) requiring more education and many low-paying jobs (18 percent) requiring relatively little education. Relatively few jobs were in the middle in terms of earnings and educational requirements (Blair and Fichtenbaum, 1992).

National Evidence on the Effects of Economic Restructuring

Economists have documented the national effects of economic restructuring on economic opportunities for various groups of the labor force. Since the early 1970s, the number of workers with low annual earnings has grown, while the number with high earnings has shown no clear long-term trend. Workers with earnings in the middle have declined. It is now clear that the shift to a postindustrial economy has contributed to mounting inequality in workers' earnings over the past 20 years and to the mounting number of workers earning low incomes (Bluestone, 1990; Blackburn et al., 1993; Levy and Michel, 1991; Bluestone and Harrison, 1988).

The national evidence shows that when the earnings of women and men are combined to provide a picture of the overall labor force, earnings inequality fell through the mid-1970s, then abruptly began to increase (Bluestone, 1990; Harrison and Gorham, 1992). This turnaround in the overall distribution of earnings does not appear to be an artifact of the business cycle or any other single factor (Bluestone and Harrison, 1988). Figure 3 graphs the trend in the proportion of year-round, full-time workers with annual earnings less than one-half the median level of earnings for such workers in 1973. In the figure a low-wage worker is one whose annual earnings fell below $11,509.[13]

During the economic growth of the 1960s, the proportion of year-round, full-time workers earning low wages fell from 21.5 percent in 1963 to around 13 percent in the early 1970s. Then it began to grow again, reaching 16.2 percent in 1987 (Bluestone, 1990). Thus, the proportion of low-wage workers fell markedly during the economic growth of the 1960s but rose markedly during the economic expansion of the 1980s.

Two factors have produced the rising number of workers with low earnings and the rising inequality in earnings in the labor force. First, overall growth in wages and earnings ground to a halt in the United States around 1973 with the onset of oil-driven inflation and recession. (Earnings are a measure of the productivity of workers.) Between 1973 and 1979, U.S. output per worker actually declined; between 1979 and 1987 it rose very slowly compared with the earlier post-World War II period (Litan et al., 1988; Levy and Michel, 1991). While output per worker grew slowly during the 1980s, the average annual earnings of full-time, year-round workers aged 25 to 64 did not grow at all in real terms. In both 1979 and 1988, the average annual earnings of such workers were slightly more than $23,000 (Blackburn et al., 1993). In such a no-growth environment, decline in a worker's relative position compared with that of other workers means absolute decline in the worker's real standard of living.

Second, for the past 20 years, the demand for skilled, well-educated workers has been increasing. Their earnings have been growing relative to those of other workers and in terms of real purchasing power. The demand for poorly educated workers has decreased, resulting in declining economic opportunities for the unskilled and poorly educated.

Across all sectors of the economy, employers are demanding a better educated, more skilled workforce. Well-educated workers are needed to acquire, analyze, interpret, and react to information in today's global economy. Mastering and integrating computer technology into the management of government and business requires a high level of analytic skills. This is not to say that jobs are unavailable for poorly educated workers; however, the jobs growing most rapidly require greater skills (Johnston and Packer, 1987).

The increasing demand for skilled workers is widening the disparities between the earnings of well-educated and poorly educated workers. Between 1979 and 1988, the average annual earnings of white men with less than a high school education fell by almost 2 percent per year in purchasing-power terms. Earnings also fell for white men who graduated from high school, but they fell more slowly at 1.1 percent per year. White male college graduates saw their incomes increase, though by only 0.3 percent per year. In 1979 the earnings of the average college graduate were 58 percent higher than those of a high school dropout. By the end of 1988, the gap had grown to 92 percent (Blackburn et al., 1993).

A similar trend took place in the earnings of white women. Indeed, national economic restructuring is increasing the demand for female workers. Earnings growth was more rapid for women than for men at all educational levels. However, the earnings gap between white female college graduates and those of high school dropouts grew from 72 percent in 1979 to 102 percent in 1988 (Blackburn et al., 1993).

Trends were more complex among black workers. For reasons that remain poorly understood, earnings of black male high school graduates fell more rapidly than those of black high school dropouts. The earnings gap between well-educated and poorly educated black women grew more slowly than it did among white women. However, employment rates (that is, the percentage of persons of working age who are employed) fell markedly among poorly educated black workers—more rapidly than employment rates among whites or better educated blacks (Blackburn et al., 1993). Education became a more powerful key to employment for blacks during the decade, but it did not necessarily lead to higher earnings.[14]

As a result of shrinking economic opportunities for poorly educated men, labor force participation and employment are declining among males of prime working age. The National Commission for Employment Policy has recently examined work patterns of men during the period 1979 to 1989 and compared them to patterns of the period 1969 to 1979. A smaller proportion of men worked steadily year-round and at close to full time during the years 1979–89 (70 percent) than during the earlier decade (almost 80 percent). The drop in steady work was particularly rapid for male high school dropouts: 51 percent during the 1980s versus 68 percent during the 1970s. Since the end of the 1960s, the proportion of men of prime working age who are not in the labor force or in school has tripled, from 3 percent to 9 percent (Nasar, 1994).

During the early 1970s, at the onset of the crises of the decade, less educated men and women were more likely than the better educated to work in manufacturing jobs. Young, less experienced men rapidly lost manufacturing jobs as the decade progressed. Among male high school graduates, the proportion aged 25 to 34 in manufacturing fell from 34 percent in 1973 to 24 percent in 1986, or 10 percentage points. The proportion of such men aged 35 to 44 fell half as much, by 5 percentage points, and the proportion of men aged 45 to 55 fell by only 1 percentage point. A large number of male high school graduates under age 45 left the labor force during this period, apparently in response to declining employment opportunities (Levy and Michel, 1991).

The educational requirements of the manufacturing jobs that remained in 1986 were much higher than they had been in 1973. The proportion of male college graduates working in the manufacturing sector declined only slightly during the period, and the proportion of college-educated women in the sector increased markedly (Levy and Michel, 1991).[15]

Levy and Michel provide the best brief summary of these complex events:

> . . . the contraction of manufacturing employment placed young, less educated men in a position of excess supply. Service sector industries absorbed some of this excess supply but at the cost of a steep decline in relative earnings, which led to a sharpened earnings distinction between the manufacturing and service sectors. . . . the movement of younger, less educated men out of manufacturing did not result in more service sector employment in this group. Instead, it moved more young men out of the labor force (Levy and Michel, 1991, p. 28).

Recent dramatic evidence shows that the well-educated as well as the poorly educated are vulnerable to economic restructuring. College-educated men in their late 40s and early 50s have suffered a steep and abrupt decline in their earnings in recent years. Between 1986 and 1992, the median earnings of men aged 45 to 54 fell in real terms by 17 percent, with most of the decline taking place after 1989. It is unclear whether this surprising trend is the result of recession or of more fundamental changes in the structure of urban economies. Some observers suggest that these older men lost jobs because of computer illiteracy. It has also been suggested that employers are placing less value on long-term commitments to employees in today’s fast-changing global economy. Several years of close observation will be required to sort out these issues (Uchitelle, 1994).

The Spatial Mismatch Between Workers and Jobs

The rapid changes in the structure of urban economies means that workers must be flexible if they are to find economic opportunities. Where people live affects where they work, how likely they are to learn about jobs in other places, and the costs and time required to commute. As a result, being able to move to places where jobs are available is of great importance in the current environment. For some workers—especially minority workers in inner-city areas with declining economic activity—a spatial mismatch has emerged between the places where low-skilled workers live and those where potential job opportunities are located.

It should be emphasized that the problem in such areas is not necessarily an overall shortage of jobs. As was discussed above, the number of private sector jobs per city resident has actually risen over the years in most central cities. The number of jobs per resident has increased in all types of big cities, including high-need cities. As of 1990, there were about as many private jobs per resident in high-need, declining cities as in low-need, growing cities.

The problem is that jobs requiring less education, especially blue collar jobs that offer career potential, are scarce in many cities. A recent study of the Denver labor market found that two-thirds of the entry-level, private sector jobs that were advertised in local newspapers and were suitable for male high school graduates were located in the suburbs. Only 59 percent of *all* private sector jobs in the Denver area are located in the suburbs. However, workers seeking entry-level jobs are relatively concentrated in the city (James and del Castillo, 1992).

One symptom of this spatial mismatch is that the extent of reverse commuting from city homes to suburban, or even nonmetropolitan, jobs has increased in virtually all big cities for which data are available. This increase has affected white, black, and Hispanic workers. Data from the 1980 and 1990 censuses are presented in table 16 for selected central cities of various types. As can be seen in the table, reverse commuting increased during the 1980s among all groups and in all cities—with the exception of a minute decline in the number of whites in New Orleans commuting to jobs outside the city.

Analysis of the data shows that different forces are driving the increase in reverse commuting in different types of cities. In every high-need city listed in the table, the increase in reverse commuting was associated with an increase in the proportion of city workers commuting to jobs outside the city. In the low-need cities, the proportion of city workers working outside the city fell in most cases. The force producing increased reverse commuting in these low-need cities was generally growth in the overall number of workers living in the cities.

In light of these patterns, some analysts have begun calling for efforts to facilitate reverse commuting by city residents (Hughes, 1991). City residents—particularly lower income city residents—face powerful barriers to commuting to suburban jobs. Automobile ownership is relatively low among this group and among racial and ethnic minorities. Parking is more expensive in cities, and the higher crime rate raises the cost of insurance. The design of mass transit systems makes them much better at carrying suburban residents to city jobs than at carrying city workers to dispersed job sites in the suburbs. Thus, low car ownership and ineffective mass transit systems effectively exclude many city workers who would like to work in suburban labor markets.

Residential relocation is another strategy for placing potential workers within reach of job opportunities. Blacks, Hispanics, and some other sectors of the population continue to face strong limits on their residential choices due to discrimination and segregation in the housing market (Turner, 1992; Wienk, 1992; Farley et al., 1993; Frey and Farley, 1993). There is increasing and convincing evidence that these limits on residential mobility cost minorities jobs and income (Kain, 1992). A recent study of employment patterns in Chicago, Los Angeles, and Philadelphia concluded that "nearness to jobs has a strong effect on the job probability of both black and white youth, and that differential job accessibility accounts for from 33 percent to 54 percent of the gap between black and white youth employment rates. . . ." (Ihlanfeldt and Sjoquist, 1990, as quoted in Kain, 1992, p. 399). A study of 50 metropolitan areas found that one-fourth or more of the employment rate differences between white and black youth and white and Hispanic youth is accounted for by differences in geographic access to employment (Ihlanfeldt, 1992).

There are hopeful signs that minorities are overcoming some of the historic barriers to their choice of housing and neighborhoods. Unpublished research found that, with the exception of Detroit, the residential segregation of blacks declined between 1980 and 1990 in all 47 metropolitan areas in the Nation with 1990 populations of 1 million or more (Farley et al., 1993). Segregation fell in 88 percent of the 232 U.S. metropolitan areas with at least a minimal black population. In these metropolitan areas, the average index of segregation was 0.64 in 1990, down 5 points from 1980 (Frey and Farley, April 1993). (A score of 1.00 indicates complete segregation, whereas a score of zero indicates complete neighborhood integration.) The index shows a continuation of the progress that began during the 1970s. During that decade, neighborhood segregation fell in 54 of 60 major metropolitan areas at a rate ". . . unprecedented in the history of urban America" (Massey and Denton, 1988, p. 13).[16]

Furthermore, the shift of minority populations from central cities to the suburbs has been going on since at least 1970 (Clark, 1979; Clay, 1979). During the 1970s the absolute number of new minority residents in suburbs was frequently small, though the percentage growth rates of suburban minority populations were high. Suburban blacks were disproportionately concentrated in less desirable suburbs closer to central cities, whereas whites continued to move farther out (Galster, 1991; Logan and Alba, 1993).

The 1990 census shows that the scale of suburbanization accelerated during the 1980s among blacks and Hispanics (James, 1994; Schneider and Phelan, 1993). The absolute magnitude of the growth of minority populations in the suburbs appears to be far greater than it was during the 1970s. Moreover, the growth proceeded at a rapid pace in all major regions (Schneider and Phelan, 1993).

Between 1980 and 1990, black populations in the central counties of a group of 29 metropolitan areas grew by 561,000, or 8.5 percent, whereas black populations in the suburban rings grew by 917,000, or 37 percent. Absolute black population growth in the suburbs thus exceeded black population growth in the central counties by two-thirds. In the suburbs of these 29 areas, Hispanic populations grew by two-thirds between 1980 and 1990, or 769,000 persons. In the central counties, Hispanic populations grew more slowly in percentage terms, by 54 percent (or 1,321,000 persons) (James, 1994).

Typically, more than one-half of the black and Hispanic population growth in the 29 metropolitan areas occurred in the suburban rings. For blacks this was true in 17 of the 29 metropolitan areas and for Hispanics in 13 of the areas.[17] In a few of the metropolitan areas, *all* net minority population growth took place in the suburban rings (James, 1994).

Although minority residential choices are increasing, barriers to free choice remain formidable enough to deny many the opportunity to move within range of attractive job opportunities. Direct evidence that job opportunities can be enhanced by residential mobility comes from an unusual Chicago-area program. The Gautreaux program helps low-income minority families move from Chicago to its middle-class suburbs by providing housing vouchers to subsidize the extra housing costs. The evidence from this program shows that black adults helped into suburban housing were over three times more likely to have a job after the move than were apparently equivalent adults who moved within the city—78 percent versus 23 percent (Popkin et al., 1993). Evidence from this program also suggests that the children of those who moved to the suburbs are more likely than the children of those who moved within the city to be in school or college or to be employed, particularly in better jobs with fringe benefits (Rosenbaum, 1991).

Mounting Ghetto Poverty in Some Cities

It is a tragic irony that black and Hispanic Americans moved in great numbers to the Nation’s big cities just as the manufacturing base of the cities began to erode rapidly. Massive migrations swelled the black populations of northern cities during the 1940s and 1950s. It was during this time that blacks gained access to manufacturing jobs as a result of wartime labor shortages and pressure from the Federal Government. The blue collar economies of the cities began to decline at about the same time. More recently, many blacks and Hispanics in the Sunbelt have been engulfed by the economic turmoil in communities of the South and West.

Job growth or decline in an area has long-lasting effects on the employment, labor force participation, and earnings of residents. Residents of strong, growing economies have higher labor force participation, employment rates, and earnings. In addition, metropolitan or State employment growth attracts workers with greater skills and experience, as well as young migrants who bring youth, energy, and education to the region. Economic decline in a region has the opposite effect, depressing labor force participation, employment, earnings, and workforce skills (Bartik, 1993).

These side effects of regional employment growth and decline are greatest for the more disadvantaged groups in the labor force, which are the groups most likely to live in the central cities. Although the United States has made great progress in overcoming job discrimination against minorities, racial and ethnic minorities frequently remain the last hired and the first fired (Turner, Fix, and Struyk, 1991; James and del Castillo, 1992). The economic opportunities of minorities are closely linked to the economic health of communities (Bartik, 1993). Direct evidence is lacking, but the same is likely to be true of Hispanics. Less educated people are generally less mobile among regions than are better educated, skilled people. This lower mobility makes them less likely to find jobs for which they are qualified. Young people in particular, who are just starting their careers and who lack experience, are highly dependent on the health of the communities in which they live.

Economic decline in metropolitan areas across the Nation and racial and ethnic discrimination in job and housing markets have contributed to the growth of concentrated poverty in inner-city ghetto neighborhoods. Minorities such as blacks and Hispanics have been its principal victims. Although much remains to be learned about the causes of concentrated poverty, two separate forces have contributed to its growth. First, diminished economic opportunities for poorly educated city residents—particularly in manufacturing—have led to lower earnings and lower labor force participation, especially among minority men. Second, reductions in racial segregation and the increased access of minorities to suburban neighborhoods have enabled many working-class and middle-class minority families to move out of predominantly minority neighborhoods, leaving behind a group of mostly lower income families (Wilson, 1987).

In some cities the growth of minority neighborhoods suffering from extreme poverty and great social and family problems has occurred on a massive scale. Most research on this problem has measured trends in the concentration of blacks, Hispanics, and others in ghetto neighborhoods of metropolitan areas. Generally, a ghetto neighborhood has been defined as a neighborhood in which 40 percent or more of the minority population is in poverty (Jargowsky and Bane, 1990; Jargowsky, 1994).

A rapidly increasing proportion of black Americans live in ghetto neighborhoods. Overall, the proportion of the black metropolitan population living in such neighborhoods increased significantly during the 1980s, from 20 percent (4.3 million) in 1980 to 24 percent (5.9 million) in 1990. Almost half of the black population in poverty in metropolitan areas was located in ghetto neighborhoods in 1990, a 37-percent increase from 1980 (Jargowsky, 1994).

Changes in the extent of ghetto poverty in cities are sometimes startling. Among the 38 largest metropolitan areas, the percentage of blacks living in ghetto neighborhoods during the 1980s increased most rapidly in Milwaukee: up from 25 percent in 1980 to 55 percent in 1990 (or by 70,000 persons). Milwaukee is notable for the very rapid contraction of its industrial base and for extraordinarily high segregation of blacks in the city. In 1990 fully 97 percent of its metropolitan area blacks lived in Milwaukee; only 34 percent of its whites did. The city is generally classified as among the most hypersegregated in the Nation (Wilson, 1994).

Detroit had the second biggest increase in black ghetto poverty in percentage terms. The absolute number of blacks in Detroit ghettos rose by 221,000 persons. Detroit, too, is a city with extremely high and durable black segregation and a rapidly deteriorating manufacturing base. There was some excellent news from other locations, however. For example, the New York metropolitan area experienced a decline of 55,000 black ghetto residents, Newark, a decline of 35,000, and Philadelphia, a decline of 44,000 (Jargowsky, 1994).

The data from the 1970s showed that the bulk of the growth in black ghetto poverty was concentrated in a few large cities such as New York (Jargowsky and Bane, 1990). In contrast, during the 1980s no metropolitan area contributed more than 5 percent of the overall national growth in black ghetto poverty. The percentage of blacks in ghettos who lived in the 10 largest ghetto neighborhoods in the Nation fell from 42 percent in 1980 to 37 percent in 1990. Growth in black ghetto populations was most rapid in smaller metropolitan areas and in metropolitan areas of the Southwest, the mountain States, and the Midwest (Jargowsky, 1994).

Hispanics and whites are also suffering in neighborhoods with concentrated poverty. A recent study by John D. Kasarda has documented the racial and ethnic composition of extreme-poverty neighborhoods (those with an overall poverty rate of 40 percent or more) in the 100 largest central cities of the Nation. This research shows that between 1980 and 1990 the number of Hispanics in extreme-poverty neighborhoods grew by 77 percent, the number of non-Hispanic whites by 52 percent, and the number of blacks by 27 percent. Despite the fact that the Hispanic and white populations in these neighborhoods grew more rapidly than did the black, in 1990 blacks comprised 57 percent of the residents in these extreme-poverty neighborhoods, with Hispanics comprising 24 percent and whites 16 percent (Kasarda, 1993).

These data for the 100 largest cities also show that concentrated poverty spread more widely within the Nation during the 1980s than it had earlier. In the 1970s the lion's share of population growth in extreme-poverty neighborhoods took place in cities of the Northeast. During the 1980s, however, this population stabilized in northeastern cities and surged in midwestern cities—up 80 percent between 1980 and 1990. This population also grew rapidly in large cities in the South (52 percent) and the West (165 percent) (Kasarda, 1993).[18]

Table 17 lists the 10 big cities that experienced the most rapid population growth in extreme-poverty tracts between 1970 and 1980 and between 1980 and 1990. New York, Chicago, Philadelphia, Newark, and Detroit topped the list for the 1970s. Detroit topped the list for the 1980s. Milwaukee and western and southern cities displaced the other top five cities—including Houston, Los Angeles, Fresno, and San Antonio—from the previous decade.

Increased ghetto poverty is one piece of evidence underlying the growing concern that there is an emerging underclass that is dependent on welfare or crime, is not in the labor force, bears children out of wedlock, is poorly educated, and has values inconsistent with those of society at large.

A very destructive social environment prevails in most extreme-poverty neighborhoods (Wilson, 1993). In 1990 the populations of extreme-poverty neighborhoods comprised 10.7 percent of the overall populations of the 100 largest cities. Fully 62 percent of the households with children in these neighborhoods were headed by women. More than one-half (53 percent) of the adults had less than a high school education. Forty percent of working-age males out of school had not worked during the past year. In summary, far fewer people worked than did not work in these neighborhoods. In addition residents had marked mobility problems, because most (59 percent) did not have a car (Kasarda, 1993).

There is a strong correlation between changes in resident need in a city and changes in the level of ghetto poverty. The two northern cities in the top 10 cities of the 1980s in terms of growth in concentrated poverty—Detroit and Milwaukee—are cities that suffered significant increases in resident need during that decade. The southern and western cities with rapidly growing problems of concentrated poverty also suffered frequently from rising resident need. This pattern of change among cities helps account for the rapid increase in the number of Hispanics in extreme-poverty neighborhoods. Many of the southern and western cities with growing populations in concentrated poverty also have large Hispanic populations, including Los Angeles, Houston, San Antonio, Fresno, Miami, and El Paso.

Table 18 lists the four cities that experienced the most rapid declines in ghetto poverty, that is, the most rapid declines in the proportion of blacks living in neighborhoods with extreme black poverty. All four of these cities also experienced marked declines in resident need. Similarly, four of the five metropolitan areas with the most rapid increases in ghetto poverty during the decade also experienced increases in resident need.

Although, as James Q. Wilson has argued, an underclass with deviant values may well have emerged in some places, other evidence suggests that ghetto poverty also reflects the lack of job opportunities available to residents of the neighborhoods (Wilson, 1987). The relationship between shifts in ghetto poverty and shifts in resident need is evidence of the effect of a lack of job opportunities. When the number of jobs per resident increases in an urban area—as took place in many big cities during the 1980s—ghetto poverty declines, other things being equal. The converse is also true. A recent statistical analysis of urban poverty trends during the 1980s estimated that an increase of 5 percent in the ratio of jobs to residents in a metropolitan area reduced poverty in black neighborhoods by 5 percent, Hispanic neighborhoods by 4 percent, and white neighborhoods by 2 percent (author's analysis of data in Galster and Mincy, 1993). This same study seems to suggest that access to manufacturing jobs affected poverty, especially in black neighborhoods (ibid.).

Data from the 100 largest cities show extremely low rates of employment among young people in extreme-poverty neighborhoods. Approximately 8 out of 10 high school dropouts 16 to 19 years of age in such neighborhoods were not working in 1990, and about the same rate of nonemployment had prevailed in 1980. On average, in both years about one in five young people in extreme-poverty neighborhoods had dropped out of school (Kasarda, 1993).

Youth in extreme-poverty neighborhoods lack access to steady entry-level work. When work is available, it frequently pays poorly, is episodic, and lacks security. Young people in these neighborhoods begin to look for jobs to supplement family income in their early- to mid-teens. Generally they look for work in their immediate neighborhoods. Family and social networks to employers are poor or absent altogether. Legal limits on child labor either deny youth work or force them to lie about their age. Thus, many of these youth spend their time in occasional efforts to finish school; episodic, brief stints of work; property crime such as burglary, shoplifting, or mugging; and "just hanging out" (Sullivan, 1989; MacLeod, 1987).

In many extreme-poverty neighborhoods, crime and drug sales fill the gap in family income left by the loss of economic opportunity in legitimate work. One expert reports:

> Drug selling has become institutionalized in [high poverty, inner city] neighborhoods. . . giving rise to secondary economic markets that benefit many community residents. Such markets include the pool of casual labor that provides support services for drug selling (lookouts, renting storefronts or apartments) and the vast new market for sex. Drug purchases by white- and blue-collar customers bring cash into the community, and the funds are then distributed within the neighborhood through the secondary economy (Fagan, 1992, p. 135).

Drug sales and prostitution offer youth in extreme-poverty neighborhoods an opportunity to earn money without leaving their neighborhoods and foster social isolation from mainstream society. Generally, the potential earnings available to ghetto youth from selling drugs are exaggerated:

> Much of their income goes for conspicuous consumption in the form of clothing, gifts, and entertainment. At the end of brief spells of prosperity, many join their customers at the bottom tier of laborers in the local job market, or wind up imprisoned or dead (Hamid, 1992, p. 236).

Conclusions

One of the greatest strengths of the American economy is its capacity to change. The last 20 years are proof that the Nation's cities have the capacity to lead and to adapt to economic change. There is also plentiful evidence that change brings harm as well as new opportunities for some people and some places. As has been discussed, many workers, families, and communities have failed to find much economic opportunity in the resurgent service industries. Many people and places that once could rely on manufacturing and mining can do so no longer and remain financially depressed by the loss of once powerful economic bases.

This review of trends and forces in cities has documented 20 years of turmoil and change in the economic fortunes of cities and their residents. During the 1970s a large number of big cities emerged in the North, Midwest, and elsewhere that were distressed by both high resident need and rapid population losses. At the same time, the energy industry fueled a boom in the fortunes of many southern and western cities, and a strong manufacturing base generated prosperity in other cities in these regions. Urban policymaking was stretched to try to address the problems of both distressed cities and prosperous, growing cities. The distressed cities of the North appeared to be looking for help from their richer relatives in the Sunbelt, and regional conflicts eventually paralyzed efforts to design a national urban policy.

During the 1980s a remarkable shift in city fortunes occurred. Some big cities—especially those burdened with large, declining manufacturing industries—experienced deepening distress. While many northern cities experienced an economic comeback caused by growth in the service and finance industries, many once-booming Sunbelt cities crashed along with their energy and mining industries. Manufacturing growth slowed or stalled, even in many Sunbelt communities. As the decade came to a close, fewer northern cities were as distressed as they had been in the 1970s, and fewer Sunbelt cities felt as economically bulletproof as they had during the energy boom period. Overall, economic disparities in the well-being of cities were reduced during the 1980s, and regional disparities were muted. At the same time, the Federal Government abandoned any significant effort to intervene in the economic development of cities and to shape other important dimensions of urban life.

In the 1990s the recession centered in northeastern and western cities has reminded us that an economic base rich in service industries is not insurance against severe economic setbacks. Other communities with manufacturing- or energy-based economies have often ridden out recessions unscathed. It is a good bet that the future holds at least as many surprises as the past.

In principle, many kinds of urban policies are possible in the United States. The Nation might react with nostalgia to past conditions and seek to slow or stop economic change. Such a policy would carry a high cost in terms of productivity and growth. It makes much more sense to have an urban policy that helps people and places adapt and find productive new roles in a developing economy.

Analysts often suggest that national urban policy must choose between helping people and helping places. This is a naive and mistaken view. It is more likely that national programs to help people improve their education, skills, and mobility would be complemented by programs aimed at increasing the competitiveness and strength of urban communities.

With respect to people, the evidence shows that the population group that is most challenged by current directions in economic change consists of people with poor educations and limited skills. An adaptive urban policy would aim to provide this group with better access to quality education, training, and work experience. Schools in big cities should be a special concern in future urban policy (Murnane and Levy, 1992). Another group that is disadvantaged in the current situation includes racial and ethnic minorities, particularly residents of the massive and growing urban ghettos. Urban policy should aim to reduce or eliminate discrimination in job markets and boost the opportunities for minorities to move to communities in which good jobs, safe environments, and quality public services are available to them. Discrimination remains a powerful force in limiting mortgage finance and housing opportunities. Efforts to facilitate commuting from city neighborhoods to suburban jobs may make sense in some places.

One lesson of past decades is that economic development assistance can help communities adapt to change. Cities are not obsolete. Indeed, some city economies are leading the United States into new global roles in services, finance, communication, and leadership. The endurance of a number of older manufacturing cities, such as Pittsburgh, in the face of the 1991 recession is evidence that restructuring is improving their competitiveness. The strong services sector in many cities today is in part the result of determined efforts over a 40-year period to recreate and strengthen their downtowns. Highway, urban renewal, and other economic development programs—including Urban Development Action Grants—have been of key importance in this protracted effort (Frieden and Sagalyn, 1989; Gittell, 1992). Targeted and flexible economic-development aid can foster restructuring of the economies of distressed cities to help them take advantage of current and future opportunities.

It appears that investment in the infrastructure and the central business district has been critical to the economic renascence of many cities. This success strongly suggests that urban enterprise or empowerment zones focused on stimulating private investment in extreme-poverty neighborhoods are not, of themselves, sufficient to strengthen the economic foundations of cities. Such programs hold some promise for increasing the job opportunities of the disadvantaged (Green, 1991). However, more flexible, targeted Federal infrastructure programs are also needed, including investment in information infrastructure. Many of the most important opportunities for shaping and strengthening urban economics will be found in the sensitive implementation of such nonurban programs. Community development activities in urban ghettos also make sense when the result is strong neighborhoods and jobs for residents (Vidal, 1992).

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Notes

1. These are the 56 cities that had populations of 250,000 or more in 1980. An additional seven cities had reached this population threshold by 1990: Anaheim, CA; Arlington, TX; Colorado Springs, CO; Corpus Christi, TX; Fresno, CA; Las Vegas, NV; and Mesa, AZ. To preserve continuity with earlier data, these seven cities are not included in table 1.

2. Other Oil Patch cities with marked increases in resident need include Oklahoma City and Fort Worth.

3. A recent study estimates that the stock market crash cost the New York region 13,000 jobs in finance and insurance and 29,000 jobs overall (Cox et al., 1991).

4. The simple correlation between 1990 poverty rates in the 56 central cities and their suburbs was 0.13.

5. Multiple regression analyses were estimated among resident need, poverty rates, unemployment rates, and percent change in per capita income in the 56 central cities and their suburbs. All data were from the 1990 census. The results were as follows:

   1. RESNEED(S) = 0.8833 + 0.0274 * RESNEED(C) r2 = 0.00
      (0.1165)

   2. POV(S) = 0.0657 + 0.1288 * POV(C) r2 = 0.02
      (0.1117)

   3. UNEMP(S) = 0.0324 + 0.2111 * UNEMP(C) r2 = 0.11
      (0.0815)

   4. INCHANG(S) = 0.5786 + 0.7477 * INCHANG(C) r2 = 0.09
      (0.3159)

   where

   RESNEED = Resident need
   POV = Poverty rate
   UNEMP = Unemployment rate
   INCHANG = Percent change in per capita income

   S refers to suburb and C to metropolitan area.
   Standard errors of coefficients are in parentheses.

6. High-need cities in low-need metropolitan areas include Cleveland, Louisville, Newark, Pittsburgh, St. Louis, Atlanta, Baltimore, Boston, Buffalo, Chicago, Cincinnati, and Philadelphia.

Moderate-need cities in low-need metropolitan areas include Denver, Kansas City, Milwaukee, Minneapolis, Norfolk, Oakland, St. Paul, San Francisco, Tampa, Tulsa, Washington, D.C., Columbus, Dallas, Fort Worth, Oklahoma City, Phoenix, Portland, Sacramento, and San Diego.

7. Multiple regression analyses were estimated among resident need, poverty rates, unemployment rates, and percent change in per capita income in the 56 central cities and their metropolitan areas. All data were from the 1990 census. The results were as follows:

   1. RESNEED(C) = 0.3497 + 0.8947 * RESNEED(M) r2 = 0.26
      (0.2038)

   2. POV(C) = 0.0993 + 0.7223 * POV(M) r2 = 0.22
      (0.1870)

   3. UNEMP(C) = -0.0066 + 1.4308 * UNEMP(M) r2 = 0.50
      (0.1935)

   4. INCHANG(C) = 0.0067 + 0.9589 * INCHANG(M) r2 = 0.70
      (0.0853)

   where

   RESNEED = Resident need
   POV = Poverty rate
   UNEMP = Unemployment rate
   INCHANG = Percent change in per capita income
   C refers to central city and M to metropolitan area.

   Standard errors of coefficients are in parentheses.

8. Construction is the third goods-producing industry. Employment in this industry grew during the 1980s in all sizes of metropolitan areas, but growth was most rapid in larger areas. Construction employment grew by more than 50 percent in the metropolitan areas with populations in excess of 10 million. The growth of the construction industry is shaped by the resurgent services industry, with its demand for offices, shopping centers, and employee housing.

9. It is interesting to speculate that suburban economies may benefit least from these technologies. One of the competitive advantages of suburbs is that they offer easy access to urban services and decisionmakers. New communication technologies may provide such access to employers throughout the Nation.

10. There is some evidence that metropolitan areas—which offer both a highly educated labor force and a large producer services sector—were able to generate higher per capita incomes for their residents. This was true in all regions of the United States. In the coastal regions of the Northeast and the Pacific, larger areas also generated higher incomes (Hansen, 1990).

11. Peterson has presented evidence from the 1970s and the early 1980s which suggests that the economies of nonmetropolitan communities were hurt worse by recessions during this period—and more greatly bolstered by recoveries—than the economies of metropolitan areas. This same evidence suggests that suburban economies were more

sensitive to the business cycle than were central cities. This conclusion, however, rests on analyses of trends in overall community income. Trends in income most accurately track the economic experience of relatively well-to-do persons. If unemployment trends are used to measure business cycle sensitivity, central cities are more responsive. Unemployment tends to reflect the experience of less-skilled and blue collar workers. Perhaps an examination of employment trends would suggest an intermediate sensitivity of city economies to business cycles (Peterson, 1986).

12. The four Sunbelt cities are Atlanta, Dallas, Denver, and San Francisco.

13. These figures are expressed in 1987 dollars.

14. The statistics on earnings describe the earnings of people who were employed full time the year around. As a result, they underestimate the real decline in the opportunities of poorly educated workers. Poorly educated people forced to work part time, or for only a portion of the year, are excluded, as are people who left the labor force altogether.

    The recent increase in the economic importance of education is in stark contrast to the situation that prevailed in the early 1970s, when experts suggested that Americans were overeducated and that a college education did not have the economic payoff it once had (Freeman, 1976).

15. Bluestone's analysis suggests that the relative increase in the number of service jobs also increased the proportion of workers earning low wages and reduced the proportion earning a middle income. The evidence suggests that this increase in low-wage jobs was particularly sharp for men and in the Midwest, where the manufacturing sector was contracting particularly rapidly in the 1980s (Bluestone, 1990).

16. During the 1970s, however, there was little real progress toward integration in the metropolitan areas with the largest black populations, such as New York and Detroit. Massey and Gross, finding that neighborhood segregation diminished during the 1970s most rapidly in western metropolitan areas, concluded that ". . . desegregation occurred primarily in areas where the percentage of blacks was so small that little or no segregation had to be imposed to keep the probability of white-black contact low" (Massey and Gross, 1991, p. 32).

17. For non-Hispanic whites, the growth was true in 17 of the areas.

18. Kasarda has used household data to examine the characteristics of severely distressed families that have all five of the following conditions: (1) less than a high school education, (2) children being raised by a single parent, (3) poor work history, (4) history of welfare, and (5) history of poverty.

    He found over 300,000 such households, containing more than 1.2 million people, in the Nation's 95 largest cities in 1980. Of the 1.2 million, 800,000 were children under 18 years of age. Sixty percent (or 181,000) of the severely distressed households were in 10 cities. With the exception of Los Angeles, all of these are classified as high-need cities. Hispanics comprised a significant share of these households in most of the cities. There were more severely distressed Hispanic households in New York City than comparable black households: 44,000 versus 27,000. Chicago, Philadelphia, Los Angeles, and Newark all had a very large number of severely distressed Hispanic households (Kasarda, 1992).

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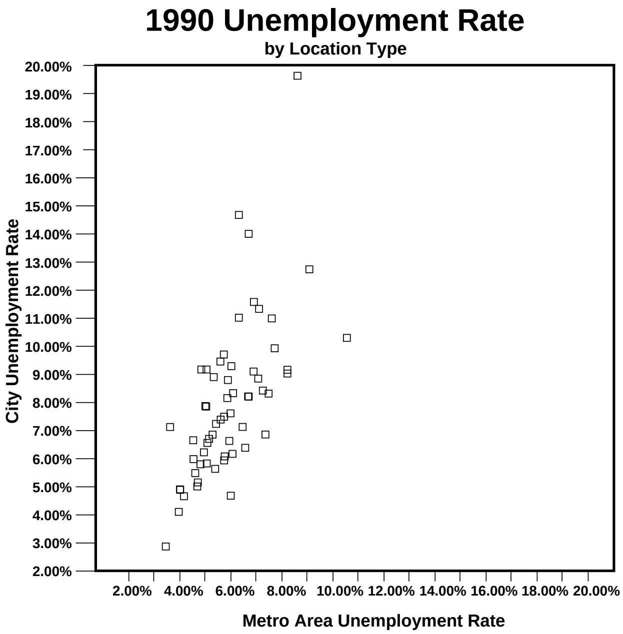
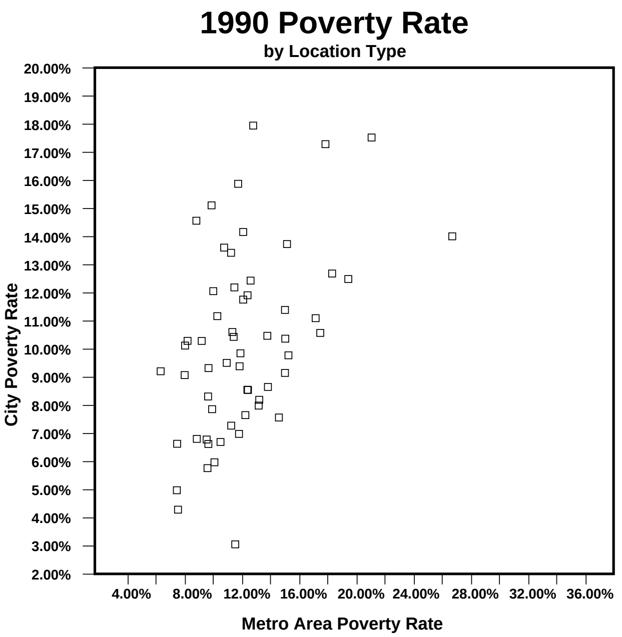
Figure 1

Relationship Between Poverty and Unemployment in 56 Central Cities and Their Metropolitan Areas: 1990

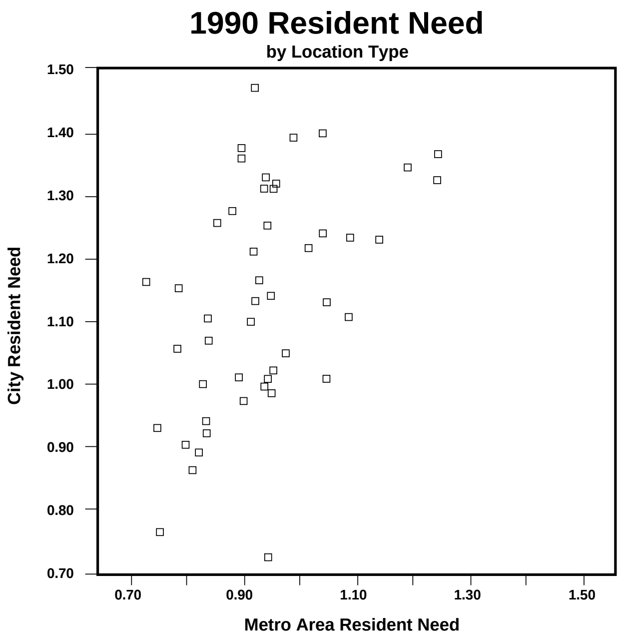




Source: Author's analysis of data from the U.S. Census Bureau.

Figure 2

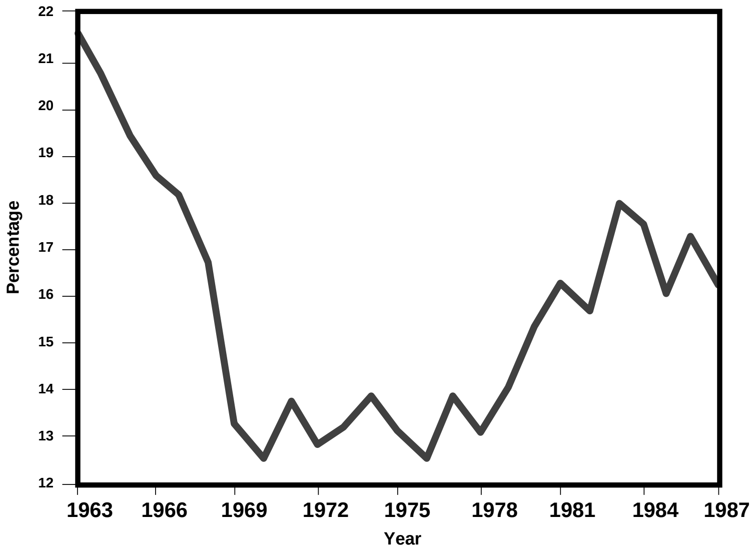
Relationship Between Resident Need in 56 Central Cities and Their Metropolitan Areas: 1990



Source: Author's analysis of data from the U.S. Census Bureau.

Figure 3

Trends in the Percent of U.S. Full-Time, Year-Round Workers With Low Annual Earnings[a]



[a] Low annual earnings are defined as earnings less than $11,509 in 1987 dollars.

Source: Bluestone, 1990.

Table 1

Resident Need and Population Change in America's Biggest Cities: 1980–90

Resident Need[a]	Decline -10% Or More	Stable	Growth +10% Or More
High (1.3+)	Cleveland 1.646	Atlanta 1.598	
	Detroit 1.922	Baltimore 1.374	
	Louisville 1.322	Birmingham 1.399	
	Newark 1.691	Boston 1.316	
	New Orleans 1.720	Buffalo 1.506	El Paso 1.452
	Pittsburgh 1.314	Chicago 1.394	San Antonio 1.366
	St. Louis 1.472	Cincinnati 1.361	
		Memphis 1.347	
		Miami 1.624	
		New York 1.326	
		Philadelphia 1.331	
Moderate (1-1.3)		Denver 1.106	Albuquerque 1.012
		Houston 1.218	Austin 1.132
		Kansas City 1.072	Columbus 1.102
		Milwaukee 1.277	Dallas 1.166
		Minneapolis 1.156	Fort Worth 1.132
		Norfolk 1.253	Long Beach 1.111
		Oakland 1.260	Los Angeles 1.232
		St. Paul 1.059	Oklahoma City 1.050
		San Francisco 1.013	Phoenix 1.024
		Tampa 1.212	Portland 1.001
		Toledo 1.238	Sacramento 1.143
		Tulsa 1.001	San Diego 1.013
		Washington DC 1.163	Tucson 1.230
Low (1.0-)		Honolulu 0.768	
		Indianapolis 0.946	Charlotte 0.898
		Nashville 0.974	Jacksonville 0.988
		Omaha 0.907	San Jose 0.866
		Seattle 0.934	Virginia Beach 0.728
		Wichita 0.929	

[a]Resident need is an index of poverty, unemployment, and slow income growth. A value of one indicates conditions in the city are the same as in the Nation. See James, 1990.

Source: Author's analysis of data from the U.S. Bureau of the Census.

Note: The figures following the city name are the index of resident need for the city in 1990.

Table 2

Resident Need and Population Change in America's Biggest Cities: 1970–80

Resident Need[a]	Decline -10% Or More	Stable	Growth +10% Or More
High (1.3+)	Atlanta ... 1.689	Birmingham ... 1.418	El Paso ... 1.392
	Baltimore ... 1.578	Miami ... 1.451	
	Boston ... 1.326	New Orleans ... 1.515	
	Buffalo ... 1.565	Oakland ... 1.395	
	Chicago ... 1.461	Memphis ... 1.396	
	Cincinnati ... 1.361		
	Cleveland ... 1.580		
	Detroit ... 1.839		
	Louisville ... 1.391		
	New York ... 1.430		
	Newark ... 2.173		
	Norfolk ... 1.364		
	Philadelphia ... 1.509		
	St. Louis ... 1.468		
Moderate (1-1.3)	Kansas City (MO) .. 1.009	Columbus ... 1.118	San Antonio ... 1.272
	Milwaukee ... 1.103	Indianapolis ... 1.010	San Diego ... 1.009
	Pittsburgh ... 1.199	Jacksonville ... 1.111	Tucson ... 1.041
	Washington DC ... 1.239	Long Beach ... 1.069	
		Los Angeles ... 1.191	
		Sacramento ... 1.224	
		San Francisco ... 1.044	
		Tampa ... 1.196	
		Toldeo ... 1.263	
Low (1.0-)	Minneapolis ... 0.733	Dallas ... 0.957	Albuquerque ... 0.973
	St. Paul ... 9.892	Denver ... 0.970	Austin ... 0.912
		Fort Worth ... 0.967	Charlotte ... 0.923
		Nashville ... 0.939	Honolulu ... 0.850
		Oklahoma City ... 0.897	Houston ... 0.888
		Omaha ... 0.911	Phoenix ... 0.912
		Portland (OR) ... 0.974	San Jose ... 0.805
		Seattle ... 0.866	Virginia Beach ... 0.859
		Tulsa ... 0.780	
		Wichita ... 0.797	

[a]Resident need is an index of poverty, unemployment, and slow income growth. A value of one indicates conditions in the city are the same as in the Nation. See James, 1990.

Source: Author's analysis of data from the U.S. Bureau of the Census.

Note: The figures following the city name are the index of resident need for the city in 1980.

Table 3

Cities With Big Declines and Cities With Big Increases in Resident Need During the 1980s

Cities with Falling Resident Need[a]		Cities with Rising Resident Need[a]	
Newark	-0.48	Minneapolis	0.43
Baltimore	-0.21	Houston	0.33
Philadelphia	-0.18	Austin	0.22
Oakland	-0.14	Tulsa	0.22
Virginia Beach	-0.13	Dallas	0.21
Jacksonville	-0.12	New Orleans	0.20
Norfolk	-0.11	Tucson	0.19
Atlanta	-0.10	Miami	0.18
New York	-0.10	Milwaukee	0.18

[a]Resident need is an index of poverty, unemployment, and slow income growth. A value of one indicates conditions in the city are the same as in the Nation. See James, 1990.

Source: Author's analysis of data from the U.S. Bureau of the Census.

Table 4

Private Sector Jobs per Resident in Selected Central Counties: 1970–90

Cities with Falling Resident Need	1970	1980	1990
Newark	.39	.38	.46
Baltimore	.41	.39	.42
Philadelphia	.40	.37	.39
Oakland	.28	.35	.40
Virginia Beach	.10	.19	.29
Jacksonville	.30	.37	.45
Norfolk	.29	.38	.44
Atlanta	.62	.66	.83
New York	.43	.41	.43
Honolulu	.28	.33	.40
Sacramento	.19	.27	.32
Cities with Rising Resident Need	**1970**	**1980**	**1990**
Minneapolis	.43	.60	.68
Houston	.36	.49	.47
Austin	.24	.35	.43
Tulsa	.38	.51	.51
Dallas	.44	.55	.60
New Orleans	.38	.43	.41
Tucson	.22	.28	.32
Miami	.37	.40	.39
Milwaukee	.40	.47	.49
St. Paul	.44	.51	.55
Fort Worth	.32	.40	.38

Source: U.S. Bureau of the Census, County Business Patterns.

Table 5

Change in Place-of-Work Earnings (in Millions of Constant 1980 Dollars) and Percentage Change, 1970–87

Central County	Change, 1970–80 ($ Millions)	Change, 1980–87 ($ Millions)	Percentage Change 1970–80	Percentage Change 1980–87
Chicago	662	4,045	1.3	7.6
Detroit	-1,885	-1,487	-7.8	-6.7
NewYork	-11,925	21,601	-14.4	30.5
Philadelphia	-3,310	1,232	-18.3	8.4
Atlanta	1,929	3,008	24.5	30.7
Dallas	6,803	6,668	56.5	35.4
Los Angeles	12,270	19,039	19.5	25.4
Phoenix	5,039	5,381	76.3	46.2

Source: Kasarda, 1982.

Note: All earnings figures reported in this and subsequent tables in this chapter are for place of work and are adjusted to 1980 dollars utilizing the Consumer Price Index.

Table 6

Private Employment in the Central Counties of 56 Big Cities by Type and Economic Sector: 1980–90[a]

City Type[b]	Goods-Producing Sector[c]			Services-Producing Sector			Total Private Sector		
	Employment[d]		Percent Change	Employment		Percent Change	Employment		Percent Change
	1980	1990		1980	1990		1980	1990	
High Resident Need									
Declining	1,144.8	796.9	-30.4	2,073.9	2,456.7	18.5	3,218.7	3,253.6	1.1
Stable	2,456.6	1,887.1	-23.2	6,526.2	7,965.8	22.1	8,982.8	9,852.9	9.7
Growing	122.2	110.1	-9.9	302.5	448.8	48.4	424.7	558.9	31.6
Moderate Resident Need									
Stable	1,459.9	1,240.0	-15.1	3,578.9	4,592.1	28.3	5,038.8	5,832.1	15.7
Growing	2,273.7	2,288.1	0.6	4,744.2	6,927.5	46.0	7,017.9	9,216.6	31.3
Low Resident Need									
Stable	563.9	579.4	2.7	1,279.2	1,828.9	43.0	1,843.1	2,408.3	30.7
Growing	412.0	481.7	16.9	697.2	1,110.9	59.3	1,109.2	1,592.6	43.6

[a]The data are for the central counties, which include the cities.

[b]Cities of each type are listed in table 1.

[c]Includes manufacturing, mining, and construction.

[d]Figures in thousands.

Source: U.S. Bureau of the Census, County Business Patterns.

Table 7

Composition of Private Employment in Selected Central Counties: 1980–90

	Share of Central County Private Jobs in:			
	Goods-Producing Sector		Services-Producing Sector	
	1980	1990	1980	1990
Cities With Falling Resident Need				
Newark	.32	.21	.68	.79
Baltimore	.28	.18	.72	.82
Philadelphia	.27	.18	.73	.82
Oakland	.32	.24	.68	.76
Virginia Beach	.18	.15	.82	.85
Jacksonville	.22	.18	.78	.82
Norfolk	.22	.19	.78	.81
Atlanta	.20	.15	.80	.85
New York	.23	.15	.77	.85
Honolulu	.17	.13	.83	.87
Sacramento	.20	.19	.80	.81
Cities With Rising Resident Need				
Minneapolis	.30	.21	.69	.79
Houston	.33	.26	.67	.74
Austin	.28	.20	.72	.80
Tulsa	.35	.26	.65	.74
Dallas	.34	.23	.66	.77
New Orleans	.20	.14	.80	.86
Tucson	.30	.22	.70	.78
Miami	.23	.17	.77	.83
Milwaukee	.38	.26	.62	.74
St. Paul	.35	.31	.65	.69
Fort Worth	.38	.31	.62	.69

Source: U.S. Bureau of the Census, County Business Patterns.

Table 8

Resident Need and Population Change in the Metropolitan Areas[a] of America's Biggest Cities: 1980–90

Resident Need	Decline -10% Or More	Stable	Growth +10% Or More
High (1.3+)		El Paso 1.503	
Moderate (1-1.3)		Birmingham .... 1.044 Detroit .... 1.047 Memphis .... 1.189 New Orleans .... 1.286 New York .... 1.241 Toledo 1.044	Albuquerque .... 1.049 Austin .... 1.050 Long Beach .... 1.088 Los Angeles .... 1.088 Miami .... 1.144 San Antonio .... 1.245 Tucson 1.139
Low (1.0-)		Baltimore .... 0.901 Boston .... 0.945 Buffalo .... 0.983 Chicago .... 0.994 Cincinnati .... 0.902 Cleveland .... 0.952 Honolulu .... 0.756 Indianapolis .... 0.838 Kansas City (MO) .. 0.845 Louisville .... 0.963 Milwaukee .... 0.886 Newark .... 0.940 Omaha .... 0.801 Philadelphia .... 0.946 Pittsburgh .... 0.961 St. Louis .... 0.925 San Francisco .... 0.896 Wichita 0.841	Atlanta .... 0.898 Charlotte .... 0.825 Columbus .... 0.915 Dallas .... 0.932 Denver .... 0.840 Fort Worth .... 0.929 Jacksonville .... 0.958 Minneapolis .... 0.788 Nashville .... 0.904 Norfolk .... 0.947 Oakland .... 0.859 Oklahoma City .... 0.976 Phoenix .... 0.958 Portland .... 0.834 Sacramento .... 0.951 St. Paul .... 0.788 San Diego .... 0.946 San Jose .... 0.811 Seattle .... 0.753 Tampa .... 0.920 Tulsa .... 0.941 Virginia Beach .... 0.947 Washington DC 0.734

[a] These metropolitan areas are those in which the 56 cities listed in tables 1 and 2 are located.

Source: Author's analysis of data from the U.S. Bureau of the Census.

Note: The figures following the city name are the index of resident need for the city in 1990.

Table 9

Percent Changes in Employment in Metropolitan Areas, by Population Size and Region: 1970–80 and 1980–90

	U.S. Total		Northeast		North Central		South		West	
Total	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90
Total	25.1	22.2	9.0	16.6	16.4	17.8	38.0	30.0	45.9	32.9
>10 Million	15.9	22.4	3.6	16.1					39.2	31.4
1–10 Million	31.0	31.7	10.2	23.3	14.3	18.1	48.8	45.1	73.2	42.8
500K–1 Million	31.7	21.1	13.6	8.0	14.2	5.3	64.8	29.4	-1.6	34.7
250K–500K	29.5	17.0	52.2	17.3	22.5	18.2	13.1	14.3	72.3	21.0
<250K	11.6	10.0	-12.5	2.3	21.9	22.7	13.4	6.3	7.3	1.3

Source: Hicks and Rees, 1993.

Table 10

Percent Changes in Goods-Producing Employment in Metropolitan Areas, by Population Size and Region: 1970–80 and 1980–90

	U.S. Total		Northeast		North Central		South		West	
	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90
	Manufacturing									
Total	5.5	-4.9	-9.4	-22.1	-6.1	-10.1	17.6	0.0	34.1	10.3
> 10 Million	-2.3	-12.6	-16.3	-24.5					23.5	2.4
1-10 Million	4.3	-2.8	-8.8	-15.7	-8.4	-12.7	26.1	14.2	59.9	20.4
500K-1 Million	8.2	-16.9	-4.1	-29.7	-11.4	-18.2	36.8	-5.8	-18.1	-23.1
250K-500K	7.8	-6.7	18.0	-15.5	4.9	-4.8	-7.5	-12.8	93.9	32.1
<250K	-2.2	-6.4	-23.5	-32.0	-0.5	2.0	5.8	-6.3	-4.5	-2.4
	Mining									
Total	71.8	-22.6	20.4	-25.5	37.1	-14.5	116.8	-15.8	61.1	-15.9
>10 Million	30.0	-15.9	40.5	2.0					27.1	-23.8
1-10 Million	116.5	-8.7	27.3	-37.0	43.8	-8.4	144.9	-7.0	171.5	-1.8
500K-1 Million	75.1	-11.7	-37.7	-18.6	23.6	-31.5	101.3	-18.7	70.6	27.3
250K-500K	50.9	-44.2	32.2	-71.5	38.9	-40.9	106.5	-31.8	-0.7	-66.5
<250K	88.9	-13.1	66.3	119.0	16.1	69.0	97.8	-20.1	85.6	-21.3
	Goods-Producing									
Total	11.4	1.1	-9.1	-11.8	-3.7	-4.2	28.3	4.7	40.5	16.6
> 10 Million	-0.8	-2.0	-15.9	-12.3					26.8	10.3
1-10 Million	10.6	5.5	-8.2	-6.2	-6.2	-5.9	39.3	18.1	69.3	26.7
500K-1 Million	13.3	-6.7	-4.6	-19.5	-9.1	-14.1	46.2	2.0	-9.0	7.0
250K-500K	12.7	-3.1	21.3	-9.9	7.3	-1.6	0.7	-7.9	79.9	21.2
<250K	5.0	-4.4	-24.2	-20.0	2.0	6.5	15.9	-7.4	14.3	-7.8

Source: Hicks and Rees, 1993.

Table 11

Percent Changes in Services-Producing Employment in Metropolitan Areas, by Population Size and Region: 1970–80 and 1980–90

	U. S. Total		Northeast		North Central		South		West	
	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90
Finance, Insurance, and Real Estate										
Total	53.8	34.8	22.8	34.9	42.7	27.1	72.4	42.2	81.6	38.1
>10 Million	28.5	34.1	11.7	30.3					70.6	40.4
1-10 Million	59.6	43.7	29.9	45.6	39.1	28.3	78.9	57.7	110.2	46.5
500K-1 Million	63.0	29.6	40.9	27.3	46.3	12.5	98.6	36.4	20.0	21.2
250K-500K	62.4	28.9	117.5	34.0	55.7	27.3	38.0	28.8	109.1	27.9
<250K	45.1	15.9	0.0	29.7	50.2	28.4	51.9	10.5	50.0	0.5
Services										
Total	46.6	54.0	33.9	45.0	44.4	49.2	55.6	65.4	72.1	62.7
>10 Million	38.7	50.1	25.9	42.7					63.2	61.0
1-10 Million	57.9	65.4	36.5	55.6	43.0	50.1	67.6	82.2	105.7	75.3
500K-1 Million	65.0	52.8	43.4	37.7	43.2	35.2	111.8	57.4	16.7	91.7
250K-500K	46.8	42.6	107.3	28.8	48.9	50.5	16.2	48.8	83.8	33.8
<250K	25.1	37.6	3.4	32.2	48.5	51.5	15.2	38.1	30.3	14.6
Services-Producing										
Total	32.1	31.1	17.0	25.6	26.8	26.9	42.6	38.3	47.9	38.0
>10 Million	21.8	29.8	10.6	23.8					44.0	38.8
1-10 Million	38.9	40.0	18.4	33.5	24.6	27.5	51.6	51.9	74.0	47.6
500K-1 Million	39.9	30.8	23.8	19.0	27.3	13.4	75.0	39.7	-2.3	38.2
250K-500K	37.5	23.3	77.6	22.0	31.6	27.8	18.7	22.0	72.4	21.5
<250K	15.6	16.6	-6.9	12.3	32.7	30.5	14.3	12.9	8.5	5.4

Source: Hicks and Rees, 1993.

Table 12

Percent Changes in Employment by Sector in the New York and Los Angeles Metropolitan Regions, 1970–80 and 1980–90

Economic Sector	New York Region		Northeast		Los Angeles Region		West	
	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90	1970–80	1980–90
Goods-Producing Industries								
Manufacturing	-16	-25	-9	-22	24	2	34	10
Mining	41	2	20	-26	27	-24	61	-16
Construction	-15	54	-8	47	46	52	61	39
Total Goods Producing	-16	-12	-9	-12	27	10	41	17
Services-Producing Industries								
Finance, Insurance & Real Estate	12	30	23	35	71	40	82	38
Transportation, Communication & Real Estate	-6	5	-2	6	27	21	29	23
Retail Trade	2	13	10	19	38	28	52	32
Wholesale Trade	14	8	19	13	49	30	53	28
Services	26	43	33	45	63	61	72	63
Total Services Producing	11	24	17	26	44	39	48	38
Total All Sectors	2	11	5	7	16	18	16	17

Source: Hicks and Rees, 1993.

Table 13

Index of Change in Payrolls in Twenty Metropolitan Areas: 1989–92
(1989 = 100)

Hardest-Hit Areas		Areas Hit Relatively Lightly	
Worcester, MA	86.4	Las Vegas, NV	126.4
Boston, MA	88.5	Houston, TX	114.3
Springfield, MA	89.3	Baton Rouge, LA	114.1
Hartford, CT	91.9	Salt Lake City, UT	112.3
New York, NY/NJ/CT	92.0	Honolulu, HI	111.7
New Haven, CT	92.2	Seattle, WA	111.7
Providence, RI	92.3	Austin, TX	111.6
Toledo, OH	95.9	Portland, OR	110.7
Philadelphia, PA	96.3	Sacramento, CA	110.6
Detroit, MI	97.1	Tulsa, OK	109.6

Source: Coomes, 1992.

Table 14

Change in Number of Jobs in Selected Central Cities and Suburban Rings, by Occupational Sector, 1970–80

Metropolitan Area	Managerial and Professional	Technical and Administrative Support	Clerical and Sales	Blue-Collar	Total
			Boston		
Central City	26,120	30,300	(40,400)	(62,500)	(46,480)
Suburbs	104,660	75,820	69,460	116,440	366,380
			Chicago		
Central City	51,560	68,400	(89,760)	(118,860)	(88,660)
Suburbs	156,120	120,660	115,360	237,900	630,040
			Cleveland		
Central City	2,900	14,240	(25,280)	(34,580)	(42,720)
Suburbs	30,140	26,160	16,960	23,800	97,060
			Detroit		
Central City	4,700	15,840	(35,540)	(89,860)	(104,860)
Suburbs	51,860	62,500	43,240	29,320	186,920
			New York		
Central City	90,460	173,780	(187,820)	(171,500)	(95,080)
Suburbs	200,140	210,800	51,060	27,080	489,080
			Philadelphia		
Central City	23,040	35,360	(54,060)	(75,200)	(70,860)
Suburbs	50,280	55,880	36,240	29,500	171,900

Source: Kasarda, 1989, p. 29.

Table 15

Change in Number of Central-City Jobs by Education Level of Jobholders, 1970–80

Central City	Less Than High School	High School Only	Some College	College Graduate	Total
Boston	(80,260)	(48,980)	25,700	58,280	(45,260)
Percent	(-58.7)	(-28.9)	(32.9)	(71.4)	(-9.1)
Chicago	(211,400)	(81,020)	91,230	112,500	(88,600)
Percent	(-41.8)	(-18.6)	(43.9)	(56.7)	(-6.5)
Cleveland	(64,600)	(20,200)	26,300	15,980	(42,600)
Percent	(-48.2)	(14.0)	(53.5)	(31.0)	(-11.2)
Detroit	(107,300)	(55,460)	35,320	22,320	(105,120)
Percent	(55.0)	(28.7)	(48.4)	(35.3)	(20.0)
New York	(443,800)	(161,180)	237,580	266,360	(101,040)
Percent	(40.4)	(-15.8)	(61.0)	(47.3)	(-3.2)
Philadelphia	(144,060)	(31,640)	48,280	55,540	(71,880)
Percent	(-47.2)	(-11.1)	(60.5)	(57.4)	(-9.3)

Source: Kasarda, 1989, p. 31.

Table 16

Percent Change in Numbers of Central-City Residents Commuting to Suburban Jobs in Selected Metropolitan Areas: 1980–90

	City	Whites	Blacks	Hispanics
	Declining			
High Resident Need[a]	Cleveland	8.4	14.6	34.1
	Louisville	25.6	34.4	9.8
	New Orleans	-0.9	16.5	59.4
	St. Louis	46.8	49.4	54.3
	Stable			
	Atlanta	40.6	36.4	163.1
	Birmingham	1.4	55.8	33.7
	Buffalo	25.9	28.1	80.1
	Cincinnati	34.1	41.9	48.1
	Miami	37.8	32.1	54.2
	Stable			
Low Resident Need[a]	Honolulu	38.9	31.3	20.3
	Nashville	24.2	16.9	153.8
	Wichita	15.8	11.5	87.4
	Growing			
	Jacksonville	36.3	25.7	85.0
	San Jose	18.6	18.9	74.1
	Virginia Beach	53.4	140.4	199.3

[a]See notes to table 1.

Source: 1980–90 Census of Populations, p. 88.

Table 17

Cities Ranked by Growth in the Population of
Extreme Poverty Census Tracts: 1970–80 and 1980-1990[a]

City	1970–80 Pop.	Rank	City	1980–90 Pop.	Rank
New York	697,693	1	Detroit	261,323	1
Chicago	211,626	2	Los Angeles	134,432	2
Philadelphia	114,089	3	Houston	111,309	3
Newark	72,326	4	Milwaukee	109,927	4
Detroit	58,974	5	Fresno	73,809	5
Columbus, OH	33,719	6	San Antonio	72,595	6
Atlanta	32,158	7	New Orleans	57,896	7
Buffalo	27,298	8	Miami	55,669	8
Baltimore	25,409	9	El Paso	51,915	9
Dayton	23,935	10	Flint, MI	42,581	10

[a]An extreme-poverty tract is one with an overall poverty rate of 40 percent or higher.

Source: Kasarda, 1993.

Table 18

Relationship Between Growth in Black Ghetto Poverty and
Change in Resident Need: 1980–1990

	Change in the Level of Ghetto Poverty: 1980–90[a]	Change in Resident Need: 1980–90
Rapid Declines in Ghetto Poverty		
Newark	-0.091	-0.48
New York	-0.064	-0.10
Philadelphia	-0.059	-0.18
Atlanta	-0.056	-0.10
Rapid Increases in Ghetto Poverty		
Pittsburgh	0.174	0.11
Minneapolis/St. Paul	0.192	0.30[b]
Buffalo	0.205	-0.06
Detroit	0.229	0.08
Milwaukee	0.296	0.18

[a]Ghetto poverty is defined as the proportion of the metropolitan area black population living in extreme-poverty neighborhoods.

[b]The mean change in resident need for Minneapolis and St. Paul.

Source: Jargowsky, 1994.