

# Turning to the Cities

## A Metropolitan Agenda

By Joel Rogers

If “left” means anything anymore, it means “democracy.” As applied to organizing our lives together, it means greater popular control over the terms and conditions of that life, and greater social justice inscribed in those terms. Most critically, perhaps, in a world in which politics will be forever materially conditioned, it means extending the principles of democracy—at least in this broad sense of greater popular control over social terms—to the economy itself.

Many on the left think that controlling the economy is beyond our capacity. I am more hopeful. The left can make a big difference in the organization of the economy, in a way that solves our greatest national economic problems. Where we choose to begin, moreover, can effectively unite the lineal descendants of the old left (unions) and the new left (feminists, environmentalists, civil rights) who have been divided since Vietnam.

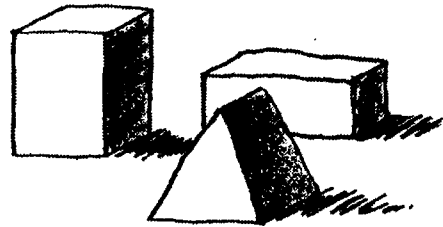
This requires a return to the city. Still the home to most of those “on our side,” metropolitan areas are the site of the greatest squalor in the economy. And they are the places where rebuilding is most needed to change the destructive trends in the economy—sagging wages, flat productivity growth, rising inequality. Economic reconstruction at this regional level could provide the left with an enormous opportunity to solve a big problem, unite its ranks and regain its voice in American public life.

Cities and their surrounding inner-ring suburbs, where more than half of the U.S. population lives, are the neglected stepchildren of American politics. They suffer from all sorts of problems—from ghetto crime, unemployment and racial segregation to environmentally degrading and fiscally unbalanced suburban sprawl—yet they are not the subject of constructive political debate. Instead, discussion of our urban areas focuses on despair about economic dysfunction and social disintegration—and the resistance of both to political remedy.

That despair is justified, we are told, by an “Iron Law of Urban Decay”: As incomes rise, workers move to suburbia; when suburbs mature, they resist paying taxes to support the metro core; as the tax base declines and services deteriorate, the middle-class flees. Poverty concentrates among those left behind, and they become “different”—disconnected from labor markets, lacking the human or financial capital even for bootstrap-pulling. The best that can be hoped for in central cities is peace, or at least a segregation of the violence. The best that can be hoped for in suburbia is ... more suburbia.

It does not have to be this way. Taking full advantage of their dense concentrations of people, skill and infrastructure, we could transform our metropolitan areas from sites of squalor, stark inequality and numbing natural destruction to vibrant centers of high wage and environmentally sustainable economic activity and civil social life. The benefits would be massive. Most directly, metro reconstruction would markedly

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improve the welfare of urban populations. More broadly, it would substantially address the ruinous inequality and declining living standards of our economy. Finally, such reconstruction would have large political and social benefits. We would regain some measure of democracy and social peace by focusing resources where most people actually live.

How did cities get into their current mess? There is no simple answer, but an important piece of the puzzle lies in American public policy. A bias against cities, evident in contemporary public discourse, is a long-standing feature of the American political economy. It plays a central role in our tax code, major economic development programs, government purchasing and other exercises of public power.

In contrast to most developed capitalist nations, American public policy slights urban renters in favor of suburban homeowners, urban bus and subway riders in favor of suburban car drivers, and urban infrastructure in favor of exurban and rural development projects. Since non-metro regions are not required to pay the costs of maintaining the poor and dispossessed left behind by such acts of favoritism, the general effect has been to artificially lower the costs—to individuals and firms—of living and working outside or on the outer fringes of our metro regions, while artificially increasing the costs of living and working within them.

Though hard to calculate precisely, the subsidy to non-urban regions is on all counts considerable—tens if not hundreds of billions annually. We have spent trillions building non-metro roads, but nowhere near that on metro ones or mass transit. Federal annual funding for mass transit has never been more than a fifth of highway funding, and state ratios are even more unbalanced. The overwhelming share of federal and state economic development funding also goes to non-metro sites—more highways, sprawl-supporting infrastructure, exurban tax credits and low-interest loans for new development. Similarly, the deliberate siting of military bases and other government facilities outside cities or more developed regions remains a deliberate national policy.

There are two reasons to oppose these policies: one of political morality, the other of economic rationality. On the political side, lots of people live in cities and are likely to remain there; democracy is supposed to be “for the people”—

all of them. With 130 million people in our urban areas, and 80 million (20 million of them children) in their declining central cities, anti-urban policies aren't acceptable. Large portions of this population are extremely poor and subject to exceptional violence. No one disputes the results—high infant mortality, poor health, stunted development and shattered lives. Not only is this physically and psychologically destructive to those on the receiving end, it is also corrosive to the culture of our democracy. As urban areas decay, despair and hopelessness

### **How can the left develop a more relevant and broader role in American politics?**

*In the spirit of "Back to Basics," In These Times asked people on the left to answer this question. The answers appear throughout the following pages.*

feeds on itself, increasing crime and violence; government becomes more of a mechanism for policing rather than governing, and urban residents are driven away from participating in democratic institutions. The economic and social distance between suburbs and the city becomes a political wedge.

On the economic side, anti-urbanism is also costly. For starters, sprawl and central city degradation is wasteful. It wastes land, water and energy, and squanders existing assets; as new houses, factories and schools go up in the outer rings, perfectly good buildings get boarded up further in. Take the excess costs on new construction and natural resources, add in the untimely depreciation of old capital stock, and it's easily \$300 billion in annual waste.

Then there are the economic costs of human neglect. Abandoning our central cities means forsaking the productive potential of their inhabitants while paying heavily to contain their resentment. The opportunity costs of all that unrealized potential productivity are enormous. Forget about the hidden future Nobel Prize winners. Simply subtract the average lifetime earnings of those without decent health care, education or job access from those with these basic goods. Multiply by 80 million, or even 20. It's a big number—in the trillions—which translates into a lot of foregone tax revenue for the general population.

Furthermore, there is cost linkage. Many suburbanites are prepared to pay the costs and forego the benefits just mentioned as the price of their isolation. But that isolation is an illusion. Within regions, the economic fortunes of central cities and their suburbs, especially their inner-ring suburbs, are increasingly entwined. By the late '80s, across a very wide range of metro regions, every \$1,000 gained or lost in per capita city income was associated with \$690 gained or lost in per capita suburban income. Rotting central cities mean a poorer suburban future.

The really big cost, however, derives from the role that metro regions play in determining the pattern of national economic activity. Put baldly, revived urban regions are key to reversing the present stagnation in American living standards. Despite all the talk about how American wages are now set in Beijing, adverse trends in American income (including income distribution) result less from the downward pressures of international competition than from domestic policy choices. In response to

new competitive pressures, we have made "low-road" strategies too easy and "high-road" strategies too hard. Low-road firms compete by keeping prices down, which means keeping costs down—beginning, typically, with wages. Applied across the economy, low-road strategies lead to sweated workers, economic insecurity, rising inequality, poisonous labor relations and degraded natural environments.

In contrast, high-road firms focus on "value competition" (with higher wages supported by customer willingness to pay for higher quality, better design and superior service) and require continual innovation, and thus depend on more skilled and cooperative workers. Firms can make money on either path, but social gains are vastly greater on the high road. The principal failure of the past two decades—and it is political as much as it is economic—is that we have not provided the social supports—effective educational institutions and an advanced infrastructure, for instance—to move to the high road.

Whatever their present difficulties, metropolitan economies are the natural base for a high-road economy. To the extent that we now have any "high-road" production and service delivery in the United States, it is heavily concentrated in metropolitan regions. This correlation between metro regions and the high-road strategy is no accident: A high-road strategy must be a metro strategy because the high road requires the sheer density of people and firms found only in cities.

**T**o make the high road a viable option, we need an array of new policies. At the federal and state levels, the essential tasks are to keep states and communities from pursuing a competitive race to the bottom, raise minimum standards on firm performance and get out of the way of the organizing needed to realize gains from cooperation. None of this requires any new public expenditures.

### **Studs Terkel, historian**

*"We have a new word in our vocabulary called 'temps.' In Of Mice and Men, George and Lenny are temps. They worked on a ranch. Now they work next door to you. We have temps in law firms, banks and teaching. A large percentage of our work force is temps with no job security, no unions. UPS won that strike last year because people recognized how close it was to them. We have the New Party, the Labor Party, the Green Party, the Alliance for Democracy. When in the fuck are we going to have a national convention of all of them? As they say, it is one big union."*

First, federal and state governments should remove subsidies for low-roading. Government should not award contracts or development grants to firms paying wages below some minimum level, polluting above a certain level, etc. They should then mandate such standards generally, and gradually raise them. For example, phasing in a massively increased minimum wage—say, to \$10 an hour within five years—would do wonders for shutting down the low-road option and requiring firms to compete by improving quality. (Of course, there is no point in urging firms on to a high road only to push them off a cliff. So this first element must be treated as part of the larger project.)

Governments, which often spend billions simply to lure busi-

ness from one region to another with no net gain for the national economy, must discourage these bidding wars. One way to do this would be to tax any government bids at the next highest level of government (the federal government taxing the states, the states their local governments), or to condition aid from those higher levels on participation in non-aggression pacts. Of course, one region's "subsidy" is another's "investment for the future," so we need criteria to distinguish genuine investment that might also be expected to lure firms—for example, education spending—from direct payoffs.

As a general rule of public policy, we should spend the money where the people are. Development supports to regions should be targeted on a per capita basis. Let the natural agglomerations of people and firms be rewarded by allowing them to recapture their individual tax dollars for collective self-improvement. Here too there are important issues of design (e.g., not having incentives to agglomeration so intense as to encourage insupportable population growth within regions). But progress toward per capita equalization is reasonable on economic, social and democratic grounds.

Then, we should encourage the growth of economic development authorities on a functional, regional basis. While more than half the population lives in metro regions, only six percent is subject to any significant metro government authorities. Moreover, the sheer number of sovereign sub-jurisdictions in these regions poses formidable barriers to planning. The Chicago metropolitan region, for example, includes 265 separate municipalities, 1,200 separate tax districts and parts of six different mega-counties. State and federal government could condition aid on the development of lower-level regional administrative structures.

Finally, we should directly encourage high-roading: In all aspects of economic development spending, infrastructure support, pollution prevention and abatement programs, government should reward regions or states that move toward high-road production.

**H**igher levels of government, however, can only do so much to foster metro reconstruction. To be sure, moving the national economy onto a high road would be of manifest national benefit. But because a high road policy must be a metro policy, regions themselves must play a large role in designing and implementing it. They need to break squarely with the conventional economic development strategy (hereafter, CEDS) still pursued by most cities and counties—the strategy that lies behind the Iron Law of Urban Decay—in favor of a high-road project that takes full advantage of metro density.

CEDS adapts to urban decline by promoting job growth without concern for the kind of jobs generated. But low-wage jobs drag down wages elsewhere, encourage further low-roading, eat away at the margin of struggling high-road firms, and draw on the tax base without proportionately contributing to it. Tax-base erosion leads to cutbacks in public goods and suburban flight: the Iron Law, again. The strategy is perversely self-enforcing: As the city gets more squalid, desperation fuels the view that jobs, any jobs at all, are what is needed, and that

the only alternative to low-wage employment is no employment at all. A natural alternative is to direct dollars only to jobs of a certain kind, while building supports for them. Localities should make it easier for "good" employers to stay and expand by providing a variety of services and opportunities for their improvement and competitiveness, while making it harder for "bad" employers to do so by insisting on certain standards on wages, pollution prevention and so on.

CEDS focuses on attracting business rather than retaining and renewing the existing base of firms. It squanders one of the greatest assets of density, which is the natural grouping of similar firms. Mature metropolitan economies thrive when their core businesses upgrade, link to one another, or attract or spin off related enterprises that benefit from spatial proximity to existing industry leaders. But upgrading, networking and incubating indigenous firms requires an infrastructure of support (technical assistance, training, and the efficient supply of modern public goods). An alternative development strategy would focus on retention,

renewal, upgrading, linkage and incubation of existing firms—with local authorities investing in the infrastructure needed to realize gains from agglomeration. Through "early warning/early intervention" networks, they would recruit firms and workers to monitor the signs of distress in challenged firms, and develop the technical and financial wherewithal to save jobs worth saving. At the same time, they would actively promote cross-firm learning and sectoral growth by encouraging firms to join together in marketing their products and training workers. Drawing on the accumulated pension and other savings in the region, they would develop regional investment funds to support such intervention and increase community ownership of firms doing business there.

CEDS relies on generic tax abatements and other fiscal giveaways, rather than targeted breaks and regulation. Again, the best evidence is that such enterprise zone-type development models simply do not work, and eventually erode the city's fiscal base. The jobs generated are seldom high-paying or associated with significant capital investment; the firms take the benefits and move on. But, by a gradual tightening of regulatory controls on production standards—whether minimum labor costs or emissions standards—business can be encouraged to innovate in ways that improve both productivity and the quality of community life. Doing this, however, requires a willingness to impose significant costs on current business, while insulating it from competition from non-complying competitors. An alternative would set performance conditions on the receipt of public funds—tying subsidies to the achievement of specific ends. The more extensive the support from the government and allied private institutions, the more extensive the demands that could reasonably be made on the firms receiving it.

CEDS sees greater public control and accountability as bad for the economy, and it worries when unions and community organizations put pressure on economic policy. Yet modern economies operate best when they can rely on a fair degree of public support for business goals—support best achieved

**Karen Nussbaum, AFL-CIO  
Working Women's Department**

*"For starters let's understand how most Americans view the world. Many people are confused about the difference between right and left, but they are very clear that the wealthy and the corporations aren't on their side."*



when the public has significant say in setting those goals. The alternative would continue to let markets do what they do best—allocate scarce resources efficiently and punish the non-competitive—but it would be unabashed in letting public authority and popular organizations say something about what the goals of economic activity should be. It would explicitly assign non-government institutions with local knowledge a role in economic administration.

CEDS neglects the role that public goods of many kinds—from the traditional “economic” ones of transportation, education and training to the “social” ones of recreation, safety and clean environments—play in a local economy. Since no individual firm is able to provide this economic and social infrastructure on its own, the decision about whether or not to provide it is among the most crucial that local economic development authorities can make. But the ability of such authorities to provide infrastructure depends directly on the population of high-riding firms and associations with a stake in it: The failure to provide decent infrastructure will drive that population down to the point that authorities will only be able to attract low-road firms. Instead of neglecting high-road infrastructure, we should build it. Sometimes this would mean serious investment—as in effective transit systems connecting job seekers to work throughout the region. More often, it would mean fostering cooperation among existing interests, or simply convening players who know what the problems are, but who have had no incentive from a public authority to solve them.

Consider the effects of systematically pursuing such a program. Sprawl would be reduced, planning capacity would rise, wages would increase, neighborhoods would become less segregated and safer—and democracy would more evidently show its contribution to the economy. The strategy would be self-reinforcing: As subsidies to sprawl decrease, the attractions of metropolitan locations rise. As investment returns to metro cores, productivity within them increases, making higher wages more affordable. Better wages secure the tax base; that helps pay for the expensive public goods which both further reduce inequality and attract high-riding firms.

**A**cross the country, you can already find different pieces of the project I am recommending here. A few regions do have sensible planning policies, tax-base sharing between rich and poor neighborhoods, regional standards on zoning—including, critically, fair housing policies that put poor minorities next to opportunity. Many cities and counties, and some states, have passed “living wage” or “anti-subsidy abuse” legislation. Many local planning and development departments have begun to target their resources toward the improvement of existing clusters of firms. But these efforts remain exceptions. Faced with continued low-riding competition, they are hard to sustain. With the possible exception of Portland, none is comprehensive—putting the governance, planning, finance, standards, supports and popular organization pieces together. None enjoys appropriate support from the state and federal governments. Few, therefore, have reached critical mass, tipping the dynamics of their regions.

Still, the fact that so many initiatives are already in motion, suggests a wide-ranging potential alliance out there, waiting to be organized. The current scene pits labor against community, the employed against environmentalists and central cities against the inner-ring, while obscuring relevant divisions with-

in business, and letting the rich exurbs off too cheaply. But many of the mutual antagonists in this old politics are beginning to see an interest in alliance. White-dominated labor increasingly recognizes that its declining city membership no longer suffices to protect it against low-wage privatization and the destruction of regional labor market standards, let alone to assure the public investments needed to support high-wage production and services. It needs the voting support of (heavily disorganized) central city black, Latino and Asian populations. Those populations, in turn, know better than to count on an increased welfare effort or expanded public sector. They need private sector investment, jobs in their communities, and access to outside jobs that pay a living wage. Increasingly, they recognize that these things are more likely achieved if they are allied with unions.

Inner-ring suburbanites, who are in many cases losing employment at faster rates than the central cities, are learning that the same low-wage sprawl that has almost destroyed the central cities is now destroying them. And both central city and inner-ring recognize their common interest in getting the rich suburbs to carry their share of regional burdens. Finally, metro business itself, at least that part of it that cannot easily flee, is interested in kicking out the crutches under the low-riders now taking away their business.

This is precisely the sort of encompassing, but tractable project that could define a new progressive regional politics. Put these forces together in any metro region and you have a powerful political coalition. While lots of obstacles might obstruct its achievement, material interest strongly supports this coalition. And recent experience in mobilizing directly on that interest—be it the grass-roots Campaign for a Sustainable Milwaukee, legislative efforts at more tax-base sharing in the Twin Cities, or the more business-led efforts in places like Cleveland—suggest the possibilities of a real movement. What are most urgently needed are some enterprising politicians, labor leaders, savvy community organizers or sensible metro business people to get in front of a parade that’s waiting for them. ■

Joel Rogers is co-founder of the New Party.

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# Roll the Union On

## Rebuilding the Labor Movement

By Nelson Lichtenstein

**F**or the first time in two generations, the American trade union movement stands, in both fact and imagination, on the left side of American political culture. We have arrived at this point in a circuitous fashion. Since the entire political spectrum has moved far to the right, a set of politics that at one time stood for low-profile centrism—the defense of social security, public education and collective bargaining—now marks a person as a radical. Labor's partisans have found many of their old allies missing in action. To defend themselves, the unions have had to look left to men and women once held at arms length.

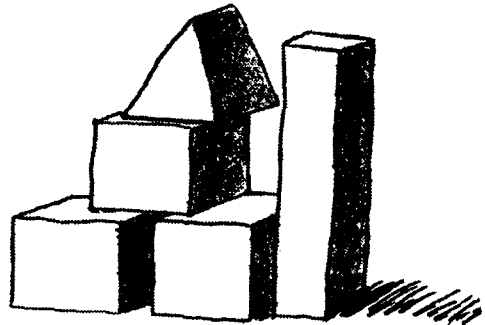
This process of ideological regrouping was further advanced by two events: the end of the Cold War and the remarkable set of events that put John J. Sweeney and company in command of the AFL-CIO. The Cold War's end helped undermine the domestic "Berlin Wall" that had for so long divided and distracted American labor leadership from those who should have been union supporters. This set the stage for the ascent of John Sweeney and his team in 1995. Now that the Sweeney-ites have been in office for three years, it is clear they have no magical formula for union revival—but things have changed.

Unlike the old guard, Sweeney understands the magnitude of the problem confronting unions. Labor must organize 300,000 new members each year just to maintain its current size in relation to the growth of the work force. To restore its relative strength to the modest level union labor enjoyed in the '70s will require something close to a social revolution, a wholesale transformation in the politics and culture of the nation.

**H**istory does not repeat itself, nor does it offer a formula for social change, but the upheaval inside the AFL-CIO bears a resemblance to the dramatic transformation in union leadership that launched the Committee for Industrial Organization—the CIO—more than 60 years ago. If we think about what happened then, maybe we can make that history work for us today.

Both John L. Lewis and Sweeney moved to unionism's center stage because a Democratic president had failed them. Although we now remember the 1935 Wagner Act as the keystone of New Deal labor legislation, Lewis, Sidney Hillman and other unionists initially staked far more upon President Roosevelt's first effort to make organized labor a part of the New Deal: the National Recovery Administration. Under the NRA, big corporations were given a free ride to set prices and cartelize production. In return, the government asserted that workers had a right to "unions of their own choosing." This was the famous Section 7a, which Lewis' organizers translated to mean, "The president wants you to join a union." In the coal fields and garment shops, trade

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unionism revived quickly. But when unionists tried to organize in what was then the core of the economy—autos, steel, rubber—they found that the big corporations had a very different interpretation—company unionism—and the federal government did nothing about it.

President Clinton tried to cut a similar kind of social bargain during the first two years of his administration: He'd let a handful of big insurance companies run the health care system in return for universal coverage, and he expected the commission chaired by former Secretary of Labor John Dunlop, to make union organizing easier in private sector, white collar work. In return, managers would get a chance to set up employee participation committees designed to increase productivity and competitiveness. Both of these schemes were marginal bargains at best, likely to fail in practice even if they had slipped through Congress during Clinton's first two years in office.

But whatever their intrinsic merit, old guard labor leaders were paralyzed when the reforms of both Roosevelt and Clinton foundered. The Supreme Court declared the NRA unconstitutional in 1935; 60 years later, Newt Gingrich smashed Clinton's effort to revive even a tepid version of the New Deal. During the '30s, the AFL offered no response to the collapse of the NRA or even to the new opportunities offered by the Wagner Act: Its leaders clung to an underfunded, ethnocentric, craft union strategy. Lewis and Hillman founded the CIO in 1935 because they saw only disaster and decline in the AFL non-program. Likewise, Sweeney and his allies repudiated AFL-CIO President Lane Kirkland three years ago because the latter had no new ideas to cope with the collapse of Clinton's social program. For years, Kirkland had argued that it was useless to pour money into new organizing campaigns until there was a new labor law on the books. But Sweeney's approach has been based on the sounder history: "We'll organize now without the law, so that we can later organize under the law." This was precisely the strategy of the new CIO, which scored all its great victories before the Supreme Court validated the Wagner Act in April 1937.