

The Drama of Urban America Since 1950 in Three Acts – or Is It Four?

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Includes excerpts from *Urban America: Growth, Crisis,
and Rebirth*, M.E. Sharpe, 2007.

Urban America: Growth, Crisis and Rebirth

- **Period of Growth: 1950-1970**

Growth, with the Great Migration. But trouble was brewing, especially in the Northeast and LA. Watts Riot of 1965 announced the end of Act 1.

- **Period of Urban Crisis: 1970-1990**

The Great Migration ends. Myrdal's vicious circle is at work.

- **Period of Rebirth: 1990 - ??**

Act 3 does not begin with a "bang." Has a virtuous circle been at work?

US Population
(millions) 48 States plus DC

	1950	1970	1990	2000	2008
US Total	151	202	247	280	303
Growth		34%	22%	13%	8%
US Black	15	23	30	35	39
Growth		50%	33%	16%	12%
Northeast	87	111	117	125	128
Growth		27%	5%	7%	3%
N'east Black	5	10	13	15	15
Growth		106%	27%	12%	6%

Population

	1950	1970	1990	2000	2008
South	44	58	79	94	125
Growth		32%	38%	18%	33%
South Black	10	11	14	17	19
Growth		12%	33%	20%	14%
West	20	34	51	61	69
Growth		72%	52%	20%	12%
West Black	.6	1.7	2.8	3.0	3.9
Growth		194%	159%	9%	30%

U.S. Population Projections

2000	282 mil.	
2010	309	9.6%
2020	336	8.7%
2030	364	8.3%
2040	392	7.7%
2050	420	7.1%

U.S. Census Bureau, 2004, "U.S. Interim Projections..."

Poverty Rates in the US

	1949	1960	1970	1980	1990	2000	2008
All persons	40%	22%	13%	13%	13%	11%	13%
Blacks	77%	55%	34%	33%	32%	22%	25%
Hispanics	65%	na	23%*	26%	28%	22%	23%
Persons in female hh	62%	49%	38%	37%	37%	28%	31%
Blacks in female hh	na	71%	59%	53%	51%	39%	40%

* Figure for 1972

Data for 1949 from Iceland (2006).

“An American Dilemma” in 1950

Gunnar Myrdal's (1944) landmark study, cited by the Nobel Prize committee, documented the desperate state of the black population – especially in the South.

Migration of blacks from the South in 1940s – 1.7 million (11% of entire black population). Black population of South was 9.4 mil. in 1940 and just 9.5 mil. in 1950.

Chapter 1

The Period of Urban Growth: 1950-1970

Summary of US Economic Growth: 1950-70

- Population growth: 151 to 202 million (34%)
- Baby boom, 1946-64 76.4 million born
- GDP per capita growth: 60.4%
- Employment growth 45.2 to 70.9 million (56%)
- Median family income growth 99.4%
- Change in composition of the economy
 - Employment in goods-production 40.0% to 36.1%
 - Share would decline to 28.4% in 1980,
22.8% in 1990
 - Manufacturing employment 33.7% to 27.3%

Improvements in the Quality of Life

- Higher levels of education

Adults, High-school graduates in 1950	49%
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Adults, High-school graduates in 1970	76%
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- New houses

- Automobiles

- Suburbanization

- Consumer products: TV, washers and dryers, dishwashers, vacuum cleaners, electric ranges, refrigerators, Polaroid camera, frozen foods, new fibers, vinyl floors, transistor radios, stereo systems,...

The Great Migration: 1950 - 1970

- The black population of the Northeast more than doubled, from 4.96 mil. to 10.23 mil.
- Black population of the South grew by only 12%, from 9.52 mil. to 10.65 mil. The black population of the South continued to respond to the economic and social opportunities in the Northeast.
- Black population of the West increased from 0.6 mil. to 1.7 mil.

Northeastern Urban Areas Included in the Study

New York

Chicago

Philadelphia

Detroit

Boston

Pittsburgh

St. Louis

Cleveland

Washington, DC

Baltimore

Minneapolis-St. Paul

Buffalo

Cincinnati

Milwaukee

Kansas City

Indianapolis

Columbus

Statistical Results for 16 Northeastern Metro Areas 1950-1970 (excluding DC)

- $EMPGRO = 159.6 - 1.37 \text{ MFG\%} - 9.84 \text{ LNPOP}$
R square = .39
- $POPGRO = 157.5 - 0.79 \text{ MFG\%} - 11.70 \text{ LNPOP}$
R square = .28;
MFG not statistically significant
- $CCPOPGRO = -23.35 + 0.41 \text{ POPGRO} + 5.21 \text{ AREA\%}$
R square = .60

Growth of Urban Areas in the Northeast

(Means for 17 urban areas)

- Urban area population 46%
- Urban area employment 43%
- Manufacturing employment 18%
- Median family income 89%
- Central city population -2%
Exclude Milw., KC, Indy, Colum. -13%
(added land area)

Suburbanization: 1950-70

Causes of Suburbanization

- Population growth; cities build out more than up.
- Income and wealth growth = houses, cars, privacy
- Spacious living vs. easy access tradeoff
- Inexpensive land at urban fringe
- Freeway systems reduce commuting costs (Baum-Snow, QJE, 2007)
- Low cost of construction (balloon frame)
- Mortgage insurance (FHA, VA), interest tax deduction
- Employment location shifts, especially manufacturing

Signs of Trouble Ahead

- Growth and Segregation of the Black Population

	1950	1960	1970
Percent black in central city	14	22	29
Segregation index for c.c.	89	87	84
Percent of black pop. in c.c.			82

- Housing Quality

Blacks occupy more substandard housing – lacking plumbing or dilapidated

- The poor pay more

More Signs of Trouble Ahead

- Housing prices: Rapid growth of black population drove up prices and rents in the black submarket, until the supply side of the market responded in the 1970s.
- Blacks faced discrimination in the ability to own a home.
- Employment discrimination, which includes
De facto school segregation; discrimination in job training, job search, placement, pay, and promotion; and last hired – first fired.

Kenneth Clark's "Dark Ghetto"

Clark attempts to understand the combined problems of the confined black population and the problems of the slum, the psychological pathologies that result from lack of opportunity and power to change one's status.

Selective list of chapters and their topics

- Social dynamics of the ghetto; economic and social decay, housing decay, under-employment, family instability
- Pathology of the ghetto; emotional illness, homicide and suicide, delinquency, drug addiction
- Ghetto schools; separate and unequal, defeatism

Watts

August 11, 1965

- Alleged act of police brutality
- Rioting lasted 5 days, 34 killed, at least 1000 wounded, property damage of \$200 million, 35,000 black people took part, violence over 46.5 sq. miles, 16,000 police and National Guardsmen need to quell.
- McCone Commission report
Many thought that problems in LA were less acute.
Blamed riot on migrants unprepared for urban life (Black population in LA went from 75,000 in 1940 to 650,000 in 1965.), spiral of failure in schools, delays in federal programs, advocates of disorder.
- McCone Commission called riot senseless, but surveys showed that many black people thought otherwise.
- August 12, 1965; smaller riot on west side of Chicago.

The Great Society

- Civil Rights Act of 1964 (EEOC)
- Voting Rights Act of 1965
- Elementary and Secondary Education School Act, 1965
- Manpower Act, 1965
- Medicare
- Dept. of Housing and Urban Development Act, 1965
- Law Enforcement Assistance Act, 1965
- Amendment to Immigration and Nationality Act, 1965
- Department of Transportation, 1966
- Model Cities, 1966
- Fair Housing Act, 1968 (Title VIII of Civil Rights Act)
- Expansion of ADC

The Urban Riots

- 752 riots from 1964 to 1971
- 1968 was peak year, with 289 riots
- 228 killed, including 83 in 1967 and 66 in 1968
- Biggest riots; Detroit (1967), LA (1965), Newark (1967)
- Severe riot incidence related to size of black population and region (lower in South), had precipitating incident.
- Consequences of riots were severe in both housing and labor markets and long-lasting.
- Kerner Commission blamed discrimination in employment, education, and housing; Black in-migration with white exodus; ghetto conditions.

Chapter 2

The Years of Urban Crisis: 1970-90

- Slow population growth at metro level
- Population decline in central city, move to suburbs
- Filtering in housing market; huge declines in some neighborhoods
- Decline in employment of central city residents
- Decline in median family income for central city
- Increasing central city poverty rate
- Increasing concentration of poverty
- Crime, which generates more suburbanization
- One-parent families
- The Underclass

Change in the Northeastern Urban Areas

1970-1990

(Means for 17 urban areas)

Metro Area

Population growth, 1970-90	5.6%
Employment growth, 1970-90	30%
Median family income growth, 1970-90	7.3%

Central Cities

Population change, 1970-90	-17%
Poverty: 14.7% in 1970, 21.2% in 1990	
Black population: 29% in 1970 37% in 1990	

Regression Results for 17 Northeastern Urban Areas: 1970-90

$$\text{EMPGRO} = 87.41 - 2.14 \text{ MFG70\%} \quad R \text{ sq.} = .56$$

$$\text{EMPGRO} - \text{POPGRO} = 48.10 - 0.91 \text{ MFG70\%}$$
$$R \text{ sq.} = .70$$

$$\text{INCOMEGR0} = 34.04 - 0.99 \text{ MFG70\%}$$
$$R \text{ sq.} = .65$$

$$\Delta \text{CCPOV} = -3.45 + 0.35 \text{ MFG70\%} \quad R \text{ sq.} = .59$$

Components of Rough Urban Crisis Index for Central Cities

	1970-80		1980-90	
Population	-13.6%		-5.1%	
Median family income	-4.7%		-0.5%	
Poverty	14.7%	18.4%	18.4%	21.2%
Murder per 100K	20	25	25	30
Poverty concentration (Pop. in tracts w/ 40% poverty)	66K	140K	140K	175K
Single-parent %	22	39	39	44
High-school dropout %	54	40	40	30

Correlations Among Urban Crisis Variables Northeastern Central Cities in 1980

	Murder	HS Dropouts	One Parent	Poverty Rate
HS Dropouts	.60			
One-parent	.58	.54		
Poverty Rate	.60	.81	.76	
Concentrated Poverty	.46	.77	.76	.73

All statistically significant at 95% level.

“New” Urban Scholarship

- Urban Economics and the Urban Crisis
 - Basic theory, and studied specific urban problems
 - Did not produce comprehensive analysis of urban crisis
 - Focus on housing, sidetracked by Tiebout hypothesis
 - Some notable exceptions; J. Kain most prominent
- Urban Sociology and the Urban Underclass
 - Education and Coleman Report
 - Family structure and Moynihan Report
 - Crime
 - William J. Wilson and the Underclass

Tangle of Pathologies (Wilson) Vicious Circle (Myrdal)

- Reaction to Moynihan Report discouraged research
- William J. Wilson revived the field in 1978 with *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*.
- Wilson defined the black underclass as people who live in high-poverty areas; lack education, training, and employment; are dependent on welfare. Some engage in crime or other aberrant behavior.
- Wilson's tangle of pathologies – increases in crime, drug addiction, out-of-wedlock births, female-headed families, welfare dependency. Concentration makes it all worse.

Chapter 3

Urban Rebirth: Basic Causes

- Evolution of urban area
 - Transformation of economy slows down
 - Reaction to expressway system slows
- Responses to urban crisis
 - Federal policy changes
 - Urban government improves (esp. NY City)
 - Community organizations
- Exogenous factors
 - Strong economy
 - Migration
 - Decline in crime

Urban Rebirth after 1990: A Catalog of Causes

Adjustments completed (expressways, transition to service economy)

Strong economy, productivity growth

Renovation of central city

Central city governments improve

Population growth, migration from abroad

Crime decline

Community-based organizations

Federal policies: Laws outlaw racial discrimination, LIHTC, EITC, welfare reform, change in public housing policy

Northeastern Metropolitan Areas 1990-2000

Population growth 8%

Employment growth 7%

Median family income growth 6%

$$\text{MFIGRO} = 2.43 + 0.56 \text{ EMPGRO} \quad R \text{ sq.} = .65$$

Northeastern Central Cities: 1990-2000

(Means for 17 cities)

Population change	-2%
	(-3% excl. Columbus)
Median family income	+1.3%
Poverty rate	21.2% to 20.6%
Murder rate	30 to 20 per 100K
Concentrated poverty	175K to 129K
Single-parent families	44 to 51%
High school dropouts	30 to 26%

“Rebirthers” in the 1990s and Others

- New York (80s)
- Chicago
- Detroit
- Pittsburgh
- Cleveland
- Minn. – St. Paul
- Cincinnati
- Milwaukee
- Kansas City
- Indianapolis
- Columbus

Others

Philadelphia

Boston (?)

St. Louis

Washington DC

Baltimore

Buffalo

What Do You Mean Detroit? Are You Nuts?

	NY	Chicago	Philly	Detroit
Pop. Change	9.4%	4.0%	-4.3%	-7.5%
Income Ch. (med.)	-2.7%	3.4%	-8.6%	17.1%*
Poverty Rate	+1.9%	-2.0%	+1.4%	-6.5%
Murder Rate	-22	-9	-10	-16
Pop. in Hi Pov Area	-15K	-178K	-1K	-313K
One-Parent Fam.	+2.8%	+.7%	+7.7%	+2.1%
Hi School Dropouts	-4%	-6%	-7%	-8%
Rebirth Index	0	+6	-2	+5-

(* Two points awarded.)

Urban Rebirth in the Northeast: 1990-2000

- Employment growth seems to be the critical factor.
- Ten of 17 urban areas had urban rebirth indexes of +2 or more, 8 were +3 or more. Chicago was +6, tied with Minneapolis-St. Paul for best score.
- New York did well in 80s, but lack of empl. growth in 1990s held it back.
- Metro employment growth in those ten was 10.5%, while employment growth was just 2.6% in the other seven.

The Decade of the 00s

Is This Chapter 4?

- Recession and 9/11
 - “Jobless” recovery
 - Greenspan bets on housing
 - Housing price bubble and collapse
 - Subprime lending – foreclosures hit central cities
 - Recession starts in Dec. 2007, 7 million jobs lost
 - How far down are the cities?
 - Can the cities come back? Will they?
- Time will tell...

William J. Wilson's Opinion

“The notable reduction in the number of high-poverty neighborhoods and the substantial decrease in the population of such neighborhoods may simply be blips of economic booms rather than permanent trends. Unemployment and individual poverty rates have increased since 2000, and we have every reason to assume that concentrated poverty rates are on the rise again...”

W. J. Wilson, *More Than Just Race*, 2009, p. 59.

Written before the crash of 2008.

Population Change: 2000-2008

Metro Area and Central City

New York	3.73%	4.45%	M. St. P.	8.79	<u>-1.04</u>
Chicago	5.89	-1.48	Buffalo	<u>-3.93</u>	-7.51
Phil.	2.66	-4.68	Cincinnati	5.22	.60
Detroit	<u>-.56</u>	-4.20	Milwaukee	3.20	1.17
Boston	3.01	3.40	KC	9.04	2.26
Pittsburgh	<u>-3.29</u>	-7.46	Indy	12.46	2.05
St. Louis	6.74	1.72	Columbus	9.92	6.19
Cleveland	<u>-2.79</u>	-9.21			
Wash DC	11.72	3.50	Mean	4.49	-.73
Baltimore	4.51	-2.15			

Metro and Central City Population Change 2000-2008

$$\text{CCPopGro} = -3.92 + 0.71 \text{MSAPopGro}$$
$$\text{R Sq.} = .63$$

Break even for central city is at MSA population growth of 5.52%.

Seven MSAs had population growth above 5.52% (but cities of Chicago and Minn.–St. Paul still lost population).

Employment in Metro Areas

	2000	2006	2008		2000	2006	2008
New York	8392	8456	8610	Balt.	1251	1307	1315
Chicago	4571	4520	4529	M SP	1748	1787	1784
Philly	2744	2800	2810	Buff.	559	546	552
Detroit	2205	2003	1899	Cincy	1017	1037	1043
Boston	1749	1674	1715	Milw.	868	851	852
Pittsburgh	1147	1137	1149	KC	981	994	1018
St. Louis	1338	1350	1358	Indy	853	902	914
Cleveland	1136	1075	1059	Colum.	915	932	941
Wash DC	2132	2391	2432				

Crime in Central Cities: Murder Rates for 1990, 2000 and 2008

New York	31	9	6	Minn-St.P.	17	14	12
Chicago	31	22	18	Buffalo	11	13	14
Philly	32	22	23	Cincy	14	4	22
Detroit	57	41	34	Milwaukee	25	21	12
Boston	25	7	10	KC	28	25	25
Pittsburgh	10	11	23	Indy	12	12	14
St. Louis	45	36	47	Columbus	14	10	14
Cleveland	33	14	23				
Wash DC	78	42	31	Mean	30	20	20
Baltimore	41	40	11				

What May Be Ahead? Studies Say -- College Graduates

	1970	2000		1970	2000
New York	12	29	Baltimore	10	29
Chicago	12	30	Minn-StP	14	33
Philly	11	28	Buffalo	10	<u>23</u>
Detroit	9	<u>23</u>	Cincy	10	25
Boston	15	40	Milwaukee	11	27
Pittsburgh	9	<u>24</u>	KC	11	28
St. Louis	10	25	Indy	10	26
Cleveland	10	<u>23</u>	Columbus	13	29
Wash DC	22	42	Mean	12	28

(data for metro areas)

How Will We Know?

- Exogenous forces
 - Foreclosure wave concentrated in central city
 - Deep recession - recovery – when and where?
- Continuation of trends in urban areas
 - Neighborhood and downtown revitalization
- Policy responses
 - Neighborhood stabilization program
 - Federal support for housing
 - Will there be more federal support for state and local government and any for commercial real estate?
 - Immigration reform?

Why This is not a Replay of the 1970s

- 1970s came immediately after
 - Riots
 - Opening of expressway systems
 - 1970s saw the end of the Great Migration; slow population growth in Northeast.
 - 1970s had the explosion in crime in cities.
 - 1970s had devastating drop in manufacturing.
- So, the we don't have the same incentive to move to the suburbs and disinvest in the central city.