

Revitalizing the Rust Belt:

Identifying Problems and Realizing Solutions to Improve America's Rust Belt Economies

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### **Abstract**

The Rust Belt began with the strong foundation of networked cities by means of rail and water on the Great Lakes. The network of these cities and sound transportation systems made it appealing to manufacturing when compared to the isolated western United States and the more agrarian southern United States. The Rust Belt's economy grew and bustled into the 1970s before the good times ended and economic decline set in. Jobs and companies moved where labor was cheaper as competition exerted downward pressures on wages that could be paid. Jobs left the Rust Belt for international destinations and to areas like the "Sun Belt" of the Southern United States.

Once decline set in, a host of other scourges accompanied unemployment: higher crime, white flight, wealth flight, lack of public resources, shrinking tax base, declining public school performance, vacant buildings, urban sprawl, concentrated poverty, and declining real estate values. These urban plagues can be managed, however, but how? By facilitating investment and fostering cultures of engagement, cooperation, partnership, and entrepreneurial spirits, cities can begin to reverse the negative and destructive attitudes that persist regarding the Rust Belt. By utilizing key resources, like flagship universities, and vacant or abandoned land, Rust Belt cities have in their possession two bountiful means of growth. By investing in a foresighted infrastructure that fits with the 21<sup>st</sup> century, the Rust Belt can enhance its chances of realizing economic success as the 21<sup>st</sup> century progresses. The success of a city depends on the competence of its leaders and the productivity of its citizens. By realizing this key fact, the Rust Belt can foster the proper behaviors in its cities to again become economically relevant in an American 21<sup>st</sup> century economy.

## I. Introduction

Metropolitan Pittsburgh began bleeding population. The city heralded as the “Steel City” saw many of its residents in the 1980s abandoning it as the once-prolific steel mills became vacant due to economic pressures. From the 1970s to the 1990s, Pittsburgh lost over 200,000 residents, which, in a small city (just over 300,000 today) becomes a big dilemma for city and state officials (Back to prosperity: A profile of the Pittsburgh area, 2003, p. 1).

This narrative fit more than just Pittsburgh. What began as a significant employment crisis during the 1970s and 1980s in many Northern cities evolved into a crisis across an entire region of the United States. Known as the “Rust Belt,” the cities of the industrial Great Lakes region of the United States can also be expanded to include the industrial cities of the Midwest and Northeast as well. During the same time period, Cleveland lost almost a quarter of a million residents (245,430) and St. Louis lost nearly the same amount (225,550) (Wilson & Wouters, 2003, p. 4).

Good, industrial, union jobs were leaving Northern cities and as the jobs left, population quickly followed. When residents left in such a haste to follow the money and the jobs, much of what remained in these once-powerful and proud American cities were broken dreams and hearts, failed opportunity, and the vacant buildings and lots to serve as a poignant reminder of when life was good and when the city was brimming with American promise. Folks from humble origins in the latter half of the 20<sup>th</sup> century could join in experiencing the “American Dream.” The height of the American industrial explosion was a time when the United States had become the world’s economic hegemon and, seemingly, if one was willing to work hard, they could share in the new wealth and prosperity America had accumulated. Members of the working class could send their children to college, they could buy a house, and they had

meaningful work. Cities were becoming the place for a family to take part in that American dream. Immigrants could carve out their new life in a new country. African-Americans, once terribly marginalized in society economically and politically, could also realize new economic freedom. Baltimore, a city situated on the Chesapeake Bay with quick and easy access to the Atlantic Ocean melded factions of people together. Sparrows Point became the world's largest steel processing plant in the entire world. Black Americans came from the Carolinas in droves for economic opportunity and found it. Germans, Poles, Irish, and Italians created a further diversity in the city that was driven by the uniform goal of economic progress via the steel industry (EIR Economics Staff, 2006, p. 7). The further industrialization of the North created a burst of prosperity for masses of people. The boom of industry in the North was the stuff of dreams.

Then it busted. Unions were unable to save employment. Industries found Northern American cities to be too expensive to conduct business. Distressed locals fled elsewhere for employment, seemingly as quickly as they came. Dense cities became plagued with sprawl. Buzzing mills grew silent. Jobs left and with no legal economic means of improvement, crime skyrocketed. Property values decreased. Schools suffered. The tax base dwindled. Public services grew stressed and unable to fully satisfy the needs of the changing cityscapes, now unfortunately in need of ever greater public resources. The population of suburbia grew while the city's share of population shrank, creating a doughnut of population on the periphery of the metropolis. With the dearth of jobs in the area, many cities of the industrial North needed an enemy, and in many cases, it became each other. Cities divided into "Us versus Them" mentalities, which, tragically and ultimately evolved into an ugly racism. "White Flight" became

a real phenomenon and once burgeoning cities were left in a tumult of depredation and devastation.

The Great Lakes industrial region, once a hub of American economic activity, seemed dead. Some cities, however, have demonstrated a resilience and hence serve as an example that the dreams of the industrial North need not depart with finality. The dream is still there. The vivacious spirit of the Rust Belt lives. Pittsburgh, the soul of the Rust Belt, has transformed itself from a dirty city filled with steel mills and the sweat of working men and women to a city that has embraced environmentally friendly technologies and an aesthetically appealing “right-sizing” of the city. The Rust Belt can be renewed.

The objective of this analysis is to begin to identify the proper prescription for a so-called “Rust Belt” city to revitalize itself. The evolution of this topic originated from an interest in the 2012 presidential primaries when, in the midst of a weak economic recovery from the *Great Recession*, Republican Presidential candidates all claimed to possess the silver bullet that would revive our struggling American economy. Key supporting research questions were then derived from the assumptions of the Republican candidates and their self-aggrandizing economic omniscience: what *are* the best public policies to help grow jobs in the United States? What can the President and the federal government specifically do to improve that nation’s, or even a region’s, fragile economy?

This, of course, is too broad of a topic and must have a more narrowed research focus. As Ohio seems to certainly be *the* swing state to persuade, a framing question emerged: how did the Presidential contenders create an economic plan to woo a state like Ohio? Research of the Republican candidates’ plans revealed a bevy of tax cut and de-regulation proposals as well as

the same, tired rhetoric that had proven successful in so many previous elections, yet not necessarily as successful in practice. The key question emerged: how does one actually create jobs? The answer (obtain customers) seems so simple, yet it confounds American politicians and has done so for centuries now. Political elections, boiled down to their skeletons, are typically a debate on a single, major issue: the vitality of the economy. What, then, is the best way to create jobs as a critical element of revitalization?

Further research into how jobs are created confirmed that only a blustering politician bent on securing electoral victory possesses “the secret” to igniting a latent economic potential in the American capitalist system. Furthermore, never could any economy be ignited upon such simple rhetorical secrets; sustainable jobs are created locally. As will be recommended and established later in the analysis, active local governments (to be sure, not overbearing regulatory cities) are the channel of most sound economic revitalization. Chicago, for example, has historically been included in the definition of a Rust Belt city. This city has been a hub of economic power in Illinois. An economically strong Illinois, then, became one important part in the economic strength of America. Economically strong cities form the backbone of an economically strong United States. Gone are the days of Thomas Jefferson’s vision of the agrarian man being the backbone of America’s economic success: “Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous, and they are tied to their country and wedded to its liberty...” (Thomas Jefferson’s Monticello, 1996-2012). In the 21<sup>st</sup> century, strong cities make a strong America.

This project will examine how cities can create economic success, specifically: how can we rejuvenate local economies in post-industrialized Rust Belt cities? This broad and general inquiry then led to more specific and nuanced questions. However, before one can answer the



broad question, the definition of “Rust Belt” must be clearly delineated: what, for example, is a Rust Belt city and how does it differ from other cities? How do we know what a Rust Belt city is and what does it look like? What are the geographic boundaries of the Rust Belt? An analysis and discussion of the history of the Rust Belt will follow in order to more accurately understand the problems, so that the recommendations proffered might be able to more accurately solve current problems. Exploring how the Rust Belt grew is central to realizing how it burst and understanding how to transition a homogenous industrial economy into a thriving 21<sup>st</sup> century economy.

As the economies of the Rust Belt region evolved, so too did the challenges: challenges of the 1960s were different than the challenges of the 1990s. Some urban leaders made natural, yet myopic, decisions in response to these changes and some other leaders in other cities made more providential and wise decisions, smart local financial decisions which greatly benefitted their communities. The jobs that fled cities beginning to experience urban decay (cities like Dayton, Detroit, or Cleveland) fled across state and national boundaries. Yet in order to recognize how Rust Belt cities can again become centers of investment and prosperity, it will become helpful to realize why and to where the industries departed.

The Rust Belt only became so named after the industries left and the cities of the industrial North were beginning to grapple with the perceptions of obsolescence and the detrimental effects of business fleeing both with and without its workers (U.S. Department of Commerce, 1998; Gibson, 2010, p. 10-11). Moving forward requires those interested in the region’s rebirth to examine the effect and consequences of the fall of the Rust Belt on these Northern cities in order to better grasp the dilemmas that bedevil these communities to this day. The vicious cycle of poverty bared its teeth in many Rust Belt cities, not only to the residents,

but also to the municipal governments themselves. Money and talent left to go where cheaper labor could be found. The result was a chain reaction that adversely affected real estate which adversely affected local schools, creating problems which trickled down to further influence crime, city budgets, and “white flight,” along with an assortment of other local issues.

Certain cities in the Rust Belt have, once heavy industry departed, sought any type of employer that would improve their local unemployment statistics. Some of the new employers that replaced the old heavy industry have been shown to actually contribute to the further deterioration of the scarred Rust Belt cities as they seek to grow. This analysis will examine some of the proposed solutions made by past well-intentioned leaders who may or may not have considered the breadth of factors necessary to restore the long-term health of their cities.

Finally, the analysis will then move into recommendations and potential solutions for the Rust Belt cities of today. Much of the initial research, when first beginning to explore how deeply a President’s agenda could influence a national economy, pointed not to a President’s Administration having the deepest influence, but instead pointed to policy-makers closer to home (i.e.—city and local leaders). City and local leaders can easily destroy a burgeoning economy if they are foolish, just as competent local officials can easily point the city in the right direction for further business investment. As such, many of the alternatives to be explored will focus on locally-oriented solutions as opposed to federally-oriented ones. Much of the vitality of a local economy is a direct effect of the collection of past local executive administrations’ foolishness or wisdom.

This analysis hopes to discover a conceptual prescription for the revitalization of Rust Belt cities. Given the complexities and nuances that can be found across the various states that

form the Rust Belt, the conceptual ideas and prescriptions, informed by the analysis of this paper, will provide generalized recommendations that might be adapted to local circumstances. As most of the Rust Belt cities seem to suffer from the same type and scope of de-industrialization ailments, a set of generalizable concepts and strategies might serve as the genesis of localized policies and strategies.

Rust usually indicates an imminent, if not certain death when spotted on machinery or an automobile. Yet rust also many times indicates a certain grit and toughness, an indomitable spirit, an idea that what matters is not the superfluous decoration, but true diligence and the hardy work one completes. A rusty old truck has been places; it has seen things; its glory lies in its experience and the bond between truck and person. To the superficial eye, that rusty truck is seen to be a weak specimen, yet how decidedly incorrect a conclusion that is! If the rusted truck knows one thing, it knows determination and perseverance. Likewise, cities like Rockford, Youngstown, Allentown, Dayton, Flint, Pittsburgh, Buffalo, Rochester, and Scranton know determination and perseverance. These cities once knew the formula of economic success and they can again achieve it with the right combination of local political leadership, sound state management coupled with smart federal policies, the proper guidance of the city's tribal elite, and a willing class of workers looking to assist in the resurgence. The old Rust Belt town shall not be easily abandoned by those who have stayed through the economic storm of the past few decades. These Rust Belt economies can indeed grow and prosper, through a vast array of diverse actions and proposals designed to overcome the current obstacles the Rust Belt city faces, which can thereby reverse the reality of the scarcity of jobs that has plagued the Rust Belt for the better part of a half-century.

#### **A. Research Questions**

There are a multitude of questions that emerge when considering the economic and policy journey Rust Belt cities have experienced. The main research questions for this analysis are: What is the Rust Belt? Where precisely is the Rust Belt? How did the cities of the Rust Belt grow and develop in periods of high growth? How did the Rust Belt evolve industrially, economically, and socially? What were the chief causes of the decline in Rust Belt economies? Where did the main industries of the Rust Belt flee to and what was particularly attractive about the new locations? How did Rust Belt cities react politically and economically to the sudden flight of heavy industry from their cities? How did some Rust Belt cities become devastated areas economically while other cities were able to manage the negative effects of industrial flight well enough to prevent economic devastation locally? What are the practices of the thriving and growing Rust Belt cities? What solutions can counter the current practices of the struggling Rust Belt cities?

## **B. Justification**

Many political leaders would love the answer to the great question: *How can we realistically revive the economies of economically depressed and struggling cities and areas?* In reading periodicals, magazines and newspapers alike, this was *the* question of 2012, largely because the Presidential campaign occurred in the midst of a weak economy that was trying to recuperate from the effects of the Great Recession. The campaign hinged on who Americans trusted more to revitalize the American economy, Barack Obama or Mitt Romney. While this capstone will argue that solid and lasting economic revitalization is made possible more by strong local civic leaders than by the Executive Branch or the Legislative Branch in Washington, sound leadership by our nation's leaders is an undoubtedly important ingredient as well.

That ubiquitous economy question of 2012 was indeed a curious one. Given that political careers are made in strong economies and broken (or nearly broken in President Obama's case) in weak ones, the answer to this persistent question becomes important not just to politician's but to all the citizens of the Rust Belt who wish to return to a time of economic vitality and power. This question is deeply important to citizens in Rust Belt cities who have grown tired of the economic malaise that has plagued their cities: the growing crime rates, the declining performance of the local school systems, and the brain drain that has occurred in many mid-size Rust Belt cities due to the lack of hope for young, educated workers.

## **II. Literature Review**

As the purpose of this analysis is to explore and discuss ideas on how to improve and transform Rust Belt economies, it becomes sensible for the literature review to consist of numerous sub-groups that elaborate on how the Rust Belt came to be, where it went, and the problems the Rust Belt now faces before offering recommendations and solutions. The Literature Review will follow the general order of questioning from the series of research questions above.

### **A. What is the Rust Belt?**

The Rust Belt has been defined as “the states located in the Midwest and northeastern areas of the U.S. where, during the 1970s, heavy manufacturing industries experienced a severe economic downturn and the cities in those states suffered high unemployment, expanding welfare, increasing crime, declining wages, and migration of people out of the cities” (U.S. Department of Commerce, 1998; Gibson, 2010, p. 10-11). This description is one of the more complete and all-encompassing ones that truly defines *what* precisely the Rust Belt is.

Another sound and complete definition of the Rust Belt describes a Rust Belt city as one that was “at one time the heart of American industry; but now, due to prolonged economic decline, is impoverished and physically scarred by the abandoned mines and mills that mark the landscape” (Holman, 2012, p. 2). Furthermore, scholars on the Rust Belt maintain that the Rust Belt itself was not created until sometime between 1970 and 1985 when heavy industry left these cities (Holman, 2012, p. 2). A more precise, yet simple definition of the Rust Belt comes from Safford (2004), who, in a study, drew cases from the Rust Belt cities he defined as metropolitan areas “with populations of less than 10 million residents in the eight states bordering the Great Lakes,” a definition which includes all cities in the eight states bordering the Great Lakes except New York City, a city with such economic power and diversity that it arguably lies outside the scope of a traditional Rust Belt city (Hobor, 2007, p. 41). A definition like this, however, excludes a city like St. Louis, Missouri, an area that has suffered the same fate (the rapid growth and decline of specific industries, leaving a depressed economy in its wake) as many of the bona fide Rust Belt cities like Pittsburgh, Cleveland, or Youngstown. Wherever the strict boundaries of the Rust Belt are, based on scholarly definitions, there is more consensus that the creation of the Rust Belt was a byproduct of “global economic restructuring” between the periods of the economic booms of the post-World War II economy and the globalized economy of today (Hobor, 2007, p. 12).

The Rust Belt also has numerous inclusive “historical traits” or common characteristics. Gibson (2010) has indicated that among these common characteristics, most of the historical Rust Belt states have experienced the immigration of primarily African-Americans from southern states because of the poor economic prospects in the mid-20<sup>th</sup> century American South as compared to the growing industries of Northern American cities, cities that were in need of

both skilled and unskilled labor. Additionally, the Rust Belt is known to be near the Great Lakes and not only, near, but dependent upon their natural resources for the vitality of their economies.

Beyond this, there are three main kinds of Rust Belt cities, according to Hober (2007): 1) the medium-sized city *and* 2) the small city with a rooted history in manufacturing in vulnerable metals-based industries, and 3) the small city with a rooted history in manufacturing in less vulnerable metals-based industries (p. 229). This capstone will focus more precisely on these main three Rust Belt cities, the small to mid-sized city and less on the very largest cities around the Great Lakes.

With numerous definitions on what exactly constitutes a “Rust Belt city,” this analysis will encompass and refer to cities in the Northeast and the Midwest that have dealt with heavy losses in industry and consequentially dealt with the crime, welfare, poor wages, and flight of workers from the city, specifically, how to revitalize the economy of a small to mid-sized city, a city without the inherent diversification benefits of an economy the size of Chicago or New York City.

### **B. Where Is the Rust Belt?**

As indicated previously, a more precise geographic definition of the Rust Belt has included the eight states that border the Great Lakes. Looser definitions, however, have included cities of the Midwest as far west as Des Moines, Iowa and as far southwest as St. Louis, Missouri. Furthermore, scholars have not come to a consensus on the strict boundaries of the Rust Belt. For example, some definitions include the industrial cities of Massachusetts, while others stick strictly to the “Great Lakes-bordering” states. The Rust Belt remains “imprecisely defined,” according to Hober (2007).

Matthew Holman (2012) crafts a more poetic description of the boundaries of the Rust Belt:

Youngstown had once been part of the industrial heartland of North America that stretched from western Pennsylvania to Wisconsin, and from the Ohio Valley to the Canadian Shield. This industrially diverse heartland region, which straddled the Canada-United States border, produced most of the consumer goods bought by North Americans. The region was home to the auto, steel, rubber, and agricultural machinery industries, and its great cities of Cleveland, Detroit, and Chicago were the wunderkinds of the late nineteenth and early twentieth centuries. (p. 20)

At its barest, the Rust Belt, some authors suggest, is only to include the states that border the Great Lakes. A more liberal definition would include the view of other observers that also point to the industrial cities of New England as well as the industrial cities of the Midwest that do not border the Great Lakes: Iowa and Missouri.

### **C. The Rise of Rust Belt America**

The historical surge in economic activity in the Rust Belt did not simply appear spontaneously. As America expanded west, the cities of the industrial North also gained power because of their location on water routes. Pittsburgh was founded on the confluence of the Allegheny and the Monongahela Rivers where they join to form the Ohio River. Cleveland, Detroit, Chicago, Erie (PA), Buffalo, Rochester, Milwaukee, and even Toronto in Canada all became powerful cities that depended on the Great Lakes for their growth and influence. Smaller cities like Rockford (IL), Dubuque (IA) relied on rivers in the Mississippi River Valley, while Scranton (PA) relied on the rivers of mountainous central Pennsylvania. Cincinnati, Louisville, Evansville, and St. Louis were the larger cities situated on the Ohio and Mississippi



Rivers, the great transportation channels of what would later become known as the Rust Belt. Because of their locations on well-traveled waterways, each of these cities had an inherent advantage in becoming an even more economically powerful city in the midst and the aftermath of World War II and the resulting expanded economy (Foner, 2008).

John Mollenkopf (1983) posits that the modern industrial city is a direct product of the early political machines that skillfully appeased labor, and namely immigrant labor, for their political benefit. The political machines then directed the city's financial capital into large development and infrastructure projects that assisted the developing industries. These early development and infrastructure projects no doubt laid a solid foundation for later actors to make a fortune as not only the United States but the emerging European countries continued to develop at the turn of the 20<sup>th</sup> century.

The beginnings of the Rust Belt economy started in the midst of the American fight against the Axis Powers of World War II. The US Steel Homestead Company employed thousands making armor for the aircraft carriers and for the great naval battleships “that helped defeat Fascism in World War II” (Bright, 2006, p. vi). It was this type of labor and the necessity of it that helped the Rust Belt grow. Steel, especially, was needed for the war effort, and it became sensible to manufacture and produce these necessary war items away from the theaters of war where factories could have much more easily been targeted and bombed. As such, many items necessary for the American and Allied war effort were beginning to get produced in the Rust Belt of the United States. In addition to the US Steel Homestead Company, another great industrial company from the mid-20<sup>th</sup> century was the Mesta Machine Company, a tool company that, under the land-lease of World War II, delivered parts to the Soviet Union (Bright, 2006, p. vi). Legend has it that Nikita Khrushchev, a factory employee in the Soviet Union during World

War II, wanted to see but three things when visiting the United States in the 1950s: the Golden Gate Bridge, a cornfield in Kansas, and Mesta Machine Company (Bright, 2006, p. vi).

The aftermath of World War II saw a boon in the Great Lakes industrial cities, an area which would later come to be known as the Rust Belt, as the population growth certainly indicates (Foner, 2008). With the industrialized and capitalist world—the First World—still yet maturing but having been decimated in Europe from World War II, and with few markets available in the Communist Second World or the undeveloped Third World, the Rust Belt had limited competition in the world for the manufacture of many necessary items, including the manufacture of the biggest item, a product that would come to define southeastern Michigan and northern Ohio: the automobile (Foner, 2008).

Additionally, with the general growth of American metropolitan areas as a result of the booming post-World War II economy, infrastructure was also being built. In the midst of the birth of the interstate highway system, cities were building bridges and skyscrapers from the steel of the US Steel Homestead Company from Homestead, Pennsylvania just seven miles from downtown Pittsburgh (Bright, 2006, p. vi). As Rust Belt cities were exporting their products across the world and across the nation, the cities, but more specifically, the factory owners, the workers, and the citizens of this very lucrative trade surplus prospered mightily.

These highly lucrative trade surpluses enriched the companies and, in turn, the worker (Lopez, 2000). The wages earned by the worker then drove local real estate markets and other businesses citywide. As an example of the earning power of the worker before the fall of the Rust Belt, one former steelworker who was employed by the US Steel Homestead Company in western Pennsylvania explained to a scholar of Rust Belt unionization, Steven Henry Lopez

(2000), that in the year he was laid off, 1979, he was compensated a total of \$70,000 in wages plus overtime pay, which would be the equivalent of \$160,000 in 2000 (Lopez, 2000). Given their personal economic clout, blue-collar workers, at the height of the Rust Belt, and there were many, were able to be an active part of their communities. They were capable of buying houses in decent neighborhoods, sending their kids to adequate, if not good public schools, and then perhaps assisting with college expenses. Cities with a working class that had this level of economic power became vibrant cities that attracted new and varied businesses. Rust Belt cities that were able to export and execute such great trade surpluses experienced a veritable trickle-down effect on other aspects of city life, from reduced crime rates to improved schools to higher real estate values; the proof lies in the negative impact that occurred once industry fled the Rust Belt years later. When one further considers that 500,000 jobs in the auto industry and 350,000 jobs in the steel industry were discarded between 1977 and 1987 in just approximately 140 of the 3,000 counties in the United States, one can better realize the power of the industry and the worker in the Rust Belt cities (Feyrer, Sacerdote, Stern, Saiz, & Strange, 2007, p. 1).

Northern industrial cities became a magnet for the educated, under-educated, and the uneducated, a place where each demographic had the potential to land a decent job that paid decent wages. In Baltimore, in 1959, the Sparrows Point Steel Mill employed approximately 35,000 workers on various manufacturing jobs. These jobs were taken by “Germans, Poles, Irish, Italians, and others” who emigrated from the coal country of Pennsylvania. Thousands of African-Americans, many of whom migrated from North and South Carolina, found work in the steel mills. Once found, African-Americans then began to take advantage of the burgeoning real estate market of West Baltimore. Wages, again, were good enough that a working man might send his children to college after buying a house for his family. The success of Baltimore

became yet another instance where the export of steel benefitted the city, factory, and worker greatly in the post-World War II economy (EIR Economics Staff, 2006, p. 7).

The Rust Belt was growing and the workers able to secure good manufacturing jobs in skilled labor were able to help their cities and communities as the powerful auto and steel industries were able to help them. In a capitalist system and a globalizing world, the question then became how would America be able to keep and maintain what seemed to be a stellar deal for many of these industrial cities of the North? What realities, then, would the Rust Belt face and how would these cities evolve? One could be sure that competitors would strike where advantageous in order to secure part of the Rust Belt's growing prosperity. In retrospect, it would appear that civic leaders seemed to adhere to the model of "If-it-ain't-broke-don't-fix-it;" this is, they were not coming up with new ideas designed to strengthen the Rust Belt city; they were only sustaining the practices of the past that created their prosperous scenario. The flaw with this model was that the economies of the United States and the world were evolving, while the practices of particular cities in the Rust Belt were not; the Rust Belt model was outdated. Unions became more onerous to capital and capital sought to relocate elsewhere. Civic leadership and union leadership failed to realize that if capital saw an advantage elsewhere, they were certainly going to take it. When they did, labor and the people who worked the jobs that left particular cities were left with a depressed economy. In an evolving world, civic leadership did not evolve, and so, as natural law dictates, when a set of a species or even a business fails to evolve, they die. The Rust Belt was not growing; it was shrinking.

#### **D. The Fall of Rust Belt America: Where Industry Went**

In the 17 years from 1979 to 1996, America was forced to shed 43 million jobs (bearing in mind that in 1996, there were only approximately 250 million Americans), and most of the jobs America lost were the blue-collar, manufacturing jobs so vital to the economies of the Midwest and the Northeast, the Rust Belt (Hobor 2007; Uchitelle & Kleinfeld, 1996). Regionally, the 21 largest Great Lakes metropolitan regions lost more than 1.5 million jobs, including a mere 13% of that total in the auto sector (Vey, Austin, & Bradley, 2010, p. 19). Of Detroit's total job losses, only 25% were in the auto industry, and of Youngstown's total job losses, only a mere 7% occurred in the auto industry (Vey, Austin, & Bradley, 2010, p. 19). Yet in Youngstown, steel, auto, manufacturing, cement, textiles, and apparel accounted for over 80% of total income from manufacturing in the city, all heavy Rust Belt industries (Safford, 2004, p. 14). The Pittsburgh region alone found itself unable to hold on to 157,000 manufacturing jobs, high-wage jobs, jobs lost that accounted for nearly one-fifth of the region's employment from a period between 1974 and 1993 (Lopez, 2000, p. v).

Evidently, between the mid-1970s and the late 1990s, the Rust Belt was undergoing a stark economic shift. Exports out of the Rust Belt to other countries and Americans cities, the key to generating such democratic wealth in the Rust Belt, were declining. Once the export of steel, auto, and other industries vital to specific cities dried up, the Rust Belt would never recover the jobs they lost. By 2008, foreign exports made up just 13% of the American gross domestic product (GDP) (Vey, Austin, & Bradley, 2010, p. 23). The fall of the economic power of the Rust Belt was a result of the decreasing exports by the major companies of the cities of the Industrial North. With fewer customers wishing to buy steel or automobiles, for example, from the major companies of the Rust Belt, like US Steel Homestead Company or Ford, basic economic principles persisted, and fewer customers meant lower revenues for these companies,

which as a result, meant fewer jobs for fewer workers. Even in the middle of first decade of the 21<sup>st</sup> century, after the jobs bleeding was staunch in the late 1990s to a degree, Rust Belt cities, in the aggregate, began seeing unemployment rise in advance of 2008's Great Recession (Vey, Austin, & Bradley, 2010, p. 19).

Where, then, did all the jobs go? Millions of jobs in important industries left the Rust Belt for alternative locales. Moreover, *why* did the industry leave, and with it, the jobs? What became so counterproductive about the Rust Belt?

Only when one considers the high cost of moving a company to a different location, losing critical employees, materials, and capital, as well as the idea that "firms are more productive when clustered within a particular location," it is clear just how grave economic situations in the Rust Belt became by the late 1970s (Faberman, 2005, p. 2). Within Rust Belt cities, the biggest industrial companies like Pittsburgh's US Steel Homestead Company or Baltimore's Sparrows Point Steel were the chief private players in Rust Belt cities, but these companies still needed suppliers, and the cities in which these companies were located had extensive networks of not only chief companies, but also the supplying companies upon which the Rust Belt city depended.

What caused industry to flee not only the Rust Belt city itself, but the extensive networks or supplying companies, given the costs of the transportation of supplementary materials? Most experts contend that the growing costs of labor made production in Rust Belt cities uncompetitive when compared to the lowered costs of labor in countries (or even American states) where labor had failed to organize or was under-organized. The demand for steel in America lessened as American cities matured fully and completed their developmental cycles.

The auto industry began to encounter competition from European and Asian car companies like Toyota, Hyundai, Volkswagen, Nissan, and Honda. No longer were Ford and General Motors able to impose their previous market dominance on the rest of the world; as American consumers began to buy foreign automobiles more and more, Ford and General Motors were not even able to impose their previous market dominance on Americans themselves! American auto production continued to decline even through 1995, two full decades after the initial fall began (Federal Reserve Bank of Chicago, 1996, p. 3).

The three most accepted theories of the fall of the Rust Belt include: 1) labor costs made companies uncompetitive (Hobor, 2007, p. 17), 2) firms took on too much debt (Longworth, 2008, p. 1), and 3) as technology made production more efficient and cost-effective, the worker became the collateral damage in an industry's financial reorganization (Yates, 1993, p. 4). In the midst of this most pronounced period of economic restructuring from the 1970s to the 1990s, many companies and jobs departed the Rust Belt for overseas. American free trade agreements also opened markets in Mexico at the expense of the Rust Belt worker (Hobor, 2007, p. 22).

As many companies of the industrial north struggled with the rising cost of labor, they began to realize the potential of moving production to areas of the world where labor could come more cheaply, especially in the more unskilled sectors of manufacturing. As companies began moving to other countries like Mexico, Singapore, India, Brazil, and Thailand to seek cheaper labor, the effect in the Rust Belt became displaced workers and high unemployment rates. The Rust Belt was forced to compete with poorly paid, but highly-efficient workers in the aforementioned countries. The message was clear for Rust Belt manufacturing firms: join the movement or die (Lopez, 2000, p. x).

Yet, many jobs never left the United States, just the Rust Belt. The Sun Belt, comprised of the American states of the south and southwest, became one of America's fastest growing regions during this period of economic restructuring in the Rust Belt, in part due to the jobs that came to the region from the Rust Belt. Hobor (2007) has noted that many companies relocated overseas and also to the areas friendlier to business owners and not necessarily as friendly to labor and the worker as the Rust Belt was. Hobor also makes another important distinction: "However, not only has manufacturing changed location, but it has also changed in form" (Hobor, 2007, p. 22). Later in the capstone, the transition of Rust Belt economies from manufacturing to a service economy will be analyzed.

Manufacturing was not the only heavy industry to begin leaving the Midwest in the 1970s. While cities of the Rust Belt dealt with the departure of important jobs, rural locations in the states of the Rust Belt were also dealing with failing farms that were taking on too much debt. This reality only compounded the problems and dilemmas for state governments in trying to mitigate the negative effects not just for their industrial cities, but also for other industries (farming) that were important to the regional economies (Longworth, 2008, p. 1)

It is perhaps easier to understand why the previously dependable jobs left the Rust Belt by the 1970s when one considers just how significantly different the costs of labor were between locations in the Sun Belt versus locations in the Rust Belt. One particular Brookings study conducted at the tail end of the most pronounced Rust Belt economic restructuring found that employers in states of the industrial north compensated workers on average at \$11.52 per hour, which was \$2.44 more than the states of the South Atlantic (\$9.08) and \$1.41 more than the "rest of the country together" (\$10.11) (Yates, 1993). It becomes evident, then, that in order to confront the problem of high labor costs without leaving the country, firms of the Rust Belt



simply needed to move to the Sun Belt to realize a 21% reduction in labor costs. When profit margins are small, a 21% labor cost reduction is a substantial sum, assuming generally equal worker production (Yates, 1993).

Over the course of the 20<sup>th</sup> century, the political power of the labor unions grew substantially. Labor unions became important actors in many city governments. Rust Belt states counted 38.3% of workers in labor unions, whereas only 15.5% of workers were in labor unions across the rest of the United States (Yates, 1993). Understanding the historical tensions between organized labor and capitalists, escaping labor tensions becomes another plausible reason why business moved south in the latter part of the 20<sup>th</sup> century, devastating the Rust Belt (Yates, 1993).

Not only did the chief Rust Belt industries depart, but the networks of companies that did business with the chief industries also left. Said Robert Crandall, a senior fellow at Brookings who authored the aforementioned study, “In the steel industry, for example, the low unionization of the South has attracted the new mini-mills, but that’s just the beginning. They have been followed by industries that consume steel” (Yates, 1993). It is clear just how the departure of the biggest companies deeply affected the fortunes of devastated cities such as Youngstown, Cleveland, or Dayton almost to the strict adherence to a Newtonian law that objects, or declining regions, in motion stay in motion unless acted on by an outside force, perhaps an active local or state government. Further complicating the fortunes of the Rust Belt, the Sun Belt, according to Crandon, enjoyed lower transportation and electricity costs, eliminating the geographic advantages of the cities of the Rust Belt (Yates, 1993).

The Sun Belt continued to grow at the expense of the Rust Belt toward the end of the 20<sup>th</sup> century. Crandall's study observed that in 1947 the specific industries of steel, automobiles, machine tools, and rubber tires accounted for almost 60% of the American manufacturing output, but by 1989, the Rust Belt's share was down to 37.7% (Yates, 1993). The Sun Belt had the opposite story; it increased its share of manufacturing these crucial items from about 25% to nearly 50% in the same four-decade span (Yates, 1993). Many cities in Ohio lost extensive population while Sun Belt cities like Smyrna, Tennessee (outside Nashville) and Midlothian, Texas (outside Dallas-Fort Worth) grew sizably at their expense (Yates, 1993).

The worker friendly climates in the Rust Belt states created by labor unions ultimately turned out to be their nemesis. As costs for production grew too high, many companies took their factories outside American borders, but many stayed in the US, just outside the borders of more labor friendly states. As the Rust Belt states declined in production and economy, the Sun Belt grew in large part because of lower average wages and less unionization and organization among workers which typically drives the costs for the company up. Not only did the most important factories become vacant in the Rust Belt, but the supplier companies also followed the path down to the Sun Belt. Once that happened, the Rust Belt lost much of its geographical advantage of an entire supply chain in one region, which would, ideally, lower transportation costs. All that remained after the tragic decline of the once proud and bustling area were economically depressed or devastated regions, flummoxed at how once so powerful, they could decline so quickly. The question now for Rust Belt cities was how to mitigate further decline and how to adequately confront the reality of a depressed region.

#### **E. Consequences of the Fall of Rust Belt America: Problems, Realities, and Evolution of the Industrial North**

In the midst of the Great Recession, Americans, collectively, were experiencing the highest levels of poverty in over four decades. This Great Recession hit the southern United States (presumably because the bursting housing bubbles were most keenly felt in this place of continued development) and the Rust Belt hardest, particularly Michigan and Ohio, the geographic heart of the Rust Belt (Kurtzleben, 2010). Poverty and deprivation persist in the Rust Belt today even though the Rust Belt is more than a decade removed from the most egregious effects of economic restructuring after the region's heavy industry fled elsewhere. Claudia Coulton, Director of the Center on Urban Poverty and Community Development at Case Western Reserve University, has argued that recession injured the areas that rely on low-wage industries, which, today, includes manufacturing and mining among other industries (Kurtzleben, 2010). How does the Rust Belt continue to be affected negatively? What realities must Rust Belt cities endure as a result of jobs leaving the region? How did the Rust Belt's politics and economies evolve in this period from the mid-1970s to the late 1990s and how do those items continue to affect the way decisions are made in cities today? Finally, why did some cities weather the flight of jobs better than others? These questions will frame the following discourse on the realities Rust Belt cities faced in the aftermath of the Industrial North's fall from a state of economic power, including an exploration of the following factors: lost population and jobs, economic homogeneity, lack of innovation, vacant buildings and properties, white flight and concentrated poverty, urban decline and urban sprawl, brain drain, low wages, poor health, and poor civic organization.

**Lost population and lost jobs.** Before the Rust Belt could rebound, it would have to hit rock bottom, and it did. Rock bottom was the flight of good manufacturing jobs to countries and states that were friendlier to business owners and capitalists and less friendly to organized labor.

Once numerous vital industries left, workers were forced to either stay and take their chances finding new employment, endure joblessness, or migrate with the jobs. New jobs would eventually come to the Rust Belt, but they would not be the same kind of good jobs enjoyed by workers when industry was booming until the 1970s.

Population between the 1970s and the end of the century dwindled, in some cities subtly, in some cities dramatically. Erie, Pennsylvania, for example, lost 21% of its population *and* 21% of its manufacturing jobs between 1970 and 2000 (Back to prosperity: A profile of the Erie area, 2003, p. 2). In Pennsylvania, Erie was not alone. Pittsburgh, Scranton, Harrisburg, and Lancaster all lost population and jobs during these intervals too (Back to prosperity: A profile of the Pittsburgh area, 2003; Back to prosperity: A profile of the Harrisburg area, 2003; etc.). This significant loss of population that corresponded with job losses suggests numerous residents began moving out of Rust Belt cities in search of jobs elsewhere.

However, jobs would come back to the Rust Belt after rock bottom hit. The problem with the new jobs is they were largely not unionized and the jobs did not export products but instead provided services. No longer would the Rust Belt accrue wealth by selling to strangers; the Rust Belt's economy and livelihood now depended upon Rust Belt citizens buying and consuming what Rust Belt citizens offered and served. Certainly, the export of product is the definite path toward a wealthier economy. The restructuring Rust Belt economy, however, did not have anything new to export.

Baltimore is an example of a typical Rust Belt city, though the state of Maryland is not typically associated with the Rust Belt. In the last half of the 20<sup>th</sup> century, Baltimore became a devastated city (EIR Economic Staff, 2006). Baltimore no longer has any well-paying

manufacturing jobs to speak of and as such, the city lost one-third of its population between 1970 and 2010. Now, like most Rust Belt cities, Baltimore's economy is reliant upon services like health care and tourism. Recall the worker who made, converted to 2000 dollars, \$160,000 as a blue-collar employee of the US Steel Homestead Company and compare that to Baltimore's modern service economy, typical of a restructured Rust Belt city, where employers in health care pay an average of \$10-11 per hour and the average job in Baltimore tourism pays around \$8 per hour (EIR Economic Staff, 2006). These service workers are not employed to produce and export anything like the Rust Belt of old; they serve as janitors and ticket takers, food service workers and security guards. Unlike the Rust Belt of the 1970s, workers today cannot buy houses on these salaries, much less send their children to college. Workers on these salaries and wages are more concerned with being able to physically sustain their households (25% of which are headed by single mothers in Baltimore) (EIR Economic Staff, 2006). The transition to a service economy has been a definite detriment to the industrial north. Its citizens cannot enjoy the lifestyles they once did as the industrial economy waned and weakened. This grim reality has also caused a litany of other vexing problems that Rust Belt cities are forced to manage (EIR Economic Staff, 2006, p. 10).

Pittsburgh, probably the prototypical Rust Belt city, "Steel City," had become another victim of the service economy that replaced the old industrial economy that sustained the Rust Belt. Pittsburgh has specifically and recently seen a spike in the growth of the nursing home industry. At the peak of Rust Belt power in the 1960s and 1970s, the nursing home industry was yet in its infancy. By the end of the 20<sup>th</sup> century, nursing homes in Pittsburgh were experiencing close to 100% turnover rates annually with nurses' aides composing almost 85% of the employees. (Lopez, 2000). In 1996, these nurses' aides earned an average of \$6.06 per hour,

which converts to a mere \$8.89 an hour in 2012 (Lopez, 2000). This physically and emotionally straining work, complete with poor training and meager wages, have become the norm in the post-industrial service economies (Lopez, 2000, p. xi). Even as Pittsburgh and many other Rust Belt cities struggle to develop other prosperous economic sectors, the replacement of steel jobs in the aftermath of economic restructuring, for example, were non-unionized, low-skill, low-wage service jobs.

The case of low-wage service employment in Pittsburgh became more and more of a trend region-wide, in the Great Lakes at large. The rise of the service economy in the Great Lakes regions to replace the industrial economy was in large part due to the higher wages that the unionized workers demanded, for example, in the auto and steel sectors. Companies moved across state and national lines to escape laws favorable to labor in the northern United States. Restaurants, bars, hospitals, and grocery stores existed in the midst of the glory years of the Rust Belt, of course, but after the decline of the Rust Belt, these types of businesses played a more prominent role in the economies of the Rust Belt.

Professional service economies, then, became commonplace in devastated Rust Belt cities. If the transition had to be made from an industrial economy to a service economy, the ideal would be the producer services economy, an economy some Rust Belt cities have successfully implemented. Successful producer service economies have observed job growth in the finance and insurance and real estate (FIRE) sectors, including accounting, engineering, legal services, and various other business services. These types of services have typically served thriving businesses, not individual citizens. Businesses, of course, have much more clout than individual citizens. The FIRE services have been seen as more lucrative and are crucial to the development of economies, globally and regionally. Strong FIRE industry have indicated the

existence of high-end, well-paying jobs in stable cities like Ann Arbor and Lansing, Michigan and Bloomington and Fort Wayne, Indiana (Hobor, 2007, p. 86).

Certain cities have tried to staunch the losses from the departure of manufacturing by securing new jobs, but typically low-paying, low-skill jobs in the service, more specifically retail, sectors. Leaders may have justified the procurement of these poor jobs because they may reason that jobs, any jobs, are what is needed, even non-unionized, low-wage retail jobs, as in Baltimore, for example, as noted earlier, where 90% of the economy is service. Baltimore, once an industrial town with numerous powerful companies and factories, faded to economic oblivion by replacing the good manufacturing jobs with low-wage, low-skill service jobs. Baltimore is an example of a city that gravely suffered from the aforementioned consequences of the fall of the Rust Belt and sought myopic solutions as a replacement. The service industry may be viewed as a “Band-Aid” to a much deeper economic wound. Service jobs tend to ineffectively treat the symptoms of a disjointed local economy, not the causes. Civic leaders have been misguided in seeking “jobs, any jobs” to fill the void of the departed manufacturing industries that once populated the Rust belt. The evolution of the Rust Belt city ceased. The evolution of the skills of the workers ceased. The evolution of the Rust Belt economy ceased, and coupled with this, the global economy kept on evolving, leaving the Rust Belt in the dust.

Technology also challenged the economic vitality of the Great Lakes region. A study from the University of Michigan (Farley, Couper, & Krysan, 2004, p. 19) asserted that the Midwest has done well to keep the production of vehicles in the Midwest, that auto production has not necessarily left the Midwest, more specifically Michigan. What has changed, however, is the technology that is in use to manufacture automobiles. The use of automation and

technology in the industry makes fewer jobs necessary to produce the 13 to 14 million vehicles produced in American annually (Farley, Couper, & Krysan, 2004, p. 19).

The type of skilled-labor that the Rust Belt came to depend on in the past has become more and more rare, perhaps even irrelevant, across the Rust Belt, and has not been limited to just the changes that have redefined the automobile industry. The last integrated steel mill in the Pittsburgh area produced as much steel in 2000 as it did in 1970, but with 600 workers in 2000 instead of the 10,000 workers in 1970, Edgar Thomson Works reorganized itself financially by cutting 94% of its workforce and replacing the workers with “fully modernized and computer-controlled oxygen furnaces and twin continuous casters” (Lopez, 2000, p. x).

**Economic homogeneity.** Further compounding the problem of de-industrialization, many of the small to mid-size cities in the Rust Belt were dependent upon only a couple industries and when those industries sought economic opportunities elsewhere, the city was left with vacant buildings and unemployed citizens, problems which in themselves were sure to beget other, more challenging problems. Pittsburgh and southwestern Pennsylvania, for example, was very reliant upon the steel industry. Flint, southeastern Michigan, and northern Ohio, were also very dependent upon the success of the auto industry. When demand for a particular industry is high, it becomes natural for cities to invest vital resources to ensure continued dominance and thus continued economic hegemony in the particular industry. However, when the given industry leaves the area, a situation like this can easily devastate a city. From 1998 to 2000, Elkhart, Indiana had the largest concentration of manufacturing jobs (4.5% of total employment) within the states of Michigan, Indiana, Wisconsin, Illinois, Iowa, and Nebraska *and* it had a higher job growth rate than the national average because of the city’s domination in a single industry: recreational vehicles (Munley, 2006, p. 3). The years between 2000 and 2005,



recreational vehicle sales grew at an average annual rate of 10% (compared to all manufacturing industries sales growth at a mere 0.2%) (Munley, 2006, p.3).

Elkhart, Indiana is an example a small to mid-size city that lived by the sword of single-industry domination. One could have safely assumed that the sales of recreational vehicles would not grow forever, and when the sales began declining and the Great Recession's effects touched Elkhart, "it touched with the force of a tornado" (Huus, 2009). Middle-class Americans, who once could finance a mobile home with good credit and could afford the high gas costs of a mobile home, suddenly stopped purchasing the recreational vehicles (Huus, 2009). As a result, the recreational vehicles industry was more than halved in just over a year, an ominous reality for the "R.V. capital of the world" (Huus, 2009). Elkhart had the Rust Belt precedent set before them, city after city, from St. Louis to Baltimore and everywhere in between, and Elkhart failed to recognize it.

The failure of Elkhart's civic leadership contributed to the degree of Elkhart's fall as a city. Mike Yoder, a dairy farmer and Elkhart County's Commissioner, reported that the city's official unemployment rate in mid-2009 was 18%, but said he was "absolutely confident we're (city of Elkhart) at 20 to 25 percent" (Hood, Brecher & Dell, 2009). Paul Thomas, a retired business owner in the city, intimated that while he believes Elkhart and its people are resilient, he recognizes Elkhart's mistake of "putting too many eggs in the basket for the mobile home business" (Hood, Brecher & Dell, 2009). By the turn of the century, Elkhart was not like the other Rust Belt cities: it had a special mobile homes industry upon which it could rely. Yet because Elkhart, the "R.V. capital of the world," did not have the providence to diversify its local and regional economy, and because it failed to understand the reasons why other local Rust Belt economies in the region failed, it went from Rust Belt anomaly to just another Rust Belt story. It

went from an unemployment rate of 1.7% in April 1999 to 20.2% in March 2009 (Google Public Data, 2013). Elkhart's head was in the sand, its city's leaders failed, and as a result Elkhart, Indiana today joins the unfortunate ranks of Youngstown, Detroit, and Cleveland as once thriving cities now mired in economic distress. Elkhart is the very case of the trite old adage: "Those who do not know history are doomed to repeat it."

Newton, Iowa, despite its small size, is another example of how a Midwestern city, dependent upon a single industry can get left in the dust when the industry departs. Newton was described as the archetypal company town, a town reliant upon the successful company, Maytag. During parades and festivals, children of Newton were crowned the Maytag King or the Maytag Queen in the Maytag Bowl, all of which took place in the local Maytag Park. In the summer, children were able to swim in the Maytag Pool. Students destined for college were able to finance portions of their college education with the local Maytag scholarships. If students were not on the college track, then they could simply progress to working for Maytag. Newton's success and viability as a town was absolutely dependent upon the success of Maytag, and when Maytag left, so did the good and prosperous times in Newton (Longworth, 2008, p. 10). The Iowa Workforce Development state agency reported that without Maytag's high-wage pay, the average wage in the whole Jasper County, Iowa would have dropped \$3 per hour from 2006 to 2007 (Uchitelle, 2007). This \$3 per hour drop means thousands of dollars per year per person in the county, a devastating economic effect on the area.

While Newton is outside the realm of a "typical Rust Belt city," it no less illustrates the harm that can be done to a city if it becomes absolutely dependent upon a locally centered and powerful company. Economic diversification is how the largest metropolises of the industrial north like Chicago, New York, and Philadelphia were able to escape the utter devastation that

other smaller cities (like Flint or Erie) experienced, cities that were more reliant upon single-industries for their success.

**Lack of innovation.** Some theories that have proliferated suppose the Rust Belt indeed became a victim of its own success. When industries continued to grow in the Rust Belt and cities became known as “Motor City” (Detroit) or “Steel City” (Pittsburgh), continued innovation and investment into different industries or sectors of employment became unnecessary. Politicians may have feared investment into industries other than the city’s breadwinning industries would have been perceived as imprudently wasteful, even though it would have diversified the local economy. While cities distinctly known for producing a particular product is romantic or perhaps nostalgic, proficiency in but a single industry is an awful combination of private sector decisions and supportive public policies. It would have behooved Rust Belt cities to follow the advice financial advisor’s give to personal clients: diversify the portfolio.

Once Rust Belt cities found their economic niche, they typically remained in this niche until the economic reorganization after the fall of the Rust Belt forced them to modify their economic priorities. Longworth (2008) argues that business leaders of growing Rust Belt cities “each had one really good idea, and that idea sustained their corporations for decades, eliminating the need for more good ideas” (Longworth, 2008, p. 3). Workers were content with the good jobs that factories provided: they were paid a living and good wage and were able to build products with their hands. Factories were making money, workers were making money, and it thus became natural for public and civic leaders to fall victim to the “If-it-ain’t-broke-don’t-fix-it” mentality. Why seek ways to continue to develop tomorrow when a winning industry continues its successes today? As Longworth said, “for the cities, the corporations were

a steady source of jobs, taxes, and leadership, so no mayor needed to seek new investment” (Longworth, 2008, p. 3). This dangerous idea and lack of providence or leadership led to a cessation in innovation, a necessary ingredient in creating a strong, diversified, and vibrant economy.

A Michigan scholar on the Rust Belt, John Austin, has said the Midwestern innovation devolved into a culture of entitlement and expectations centered on the thriving middle-class that the mass-production and export economies produced (Longworth, 2008, p. 3). Citizens of the Rust Belt, good and smart citizens, submitted to the myth that the good life the Rust Belt industries provided would always persist. With the assistance of hindsight, today we know this was not the case.

One of the splendors of the rise of the Rust Belt was that people with merely a high school diploma (or less, in some cases) could secure good employment if they were willing to work hard. Poor immigrants could find work at the city’s mills just as poor, disadvantaged blacks from the American South could escape the economic discrimination from whence they fled to find gainful employment in the steel mills of Baltimore. In the time when the Rust Belt grew economically, good jobs were plentiful for diligent and industrious people without a post-secondary education.

However, when a good job can be procured without necessary success in secondary or post-secondary education, a city can run the risk of de-valuing education and the education system. As high-wage jobs could be procured with merely a high school diploma or less, the economies and cultures of older industrial cities of the Rust Belt, in both large cities (Louisville and Detroit, for example) and smaller cities (Kokomo, Indiana and Springfield, Ohio, for

example) utterly failed to prioritize education. Yet this might be also viewed as a natural phenomenon, however misguided of a notion it was, as good educations were not necessary to obtain a decent standard of living in the heyday of the Rust Belt (Vey, Austin, & Bradley, 2010, p. 32).

John Austin also theorizes that the prosperity of the Rust Belt, begotten without a richly educated populace, contributed to its decline and to the malaise of many Rust Belt public school systems today. Austin argues that the success of the Rust Belt, particularly the success of its many workers who did not have the benefit of post-secondary education “stilled the dynamic of entrepreneurialism and economic churn that built the nation” (Longworth, 2008, p. 5). Once the many workers of good manufacturing jobs in Rust Belt cities began having kids and a new generation of Rust Belt children grew, the value of education was not fully emphasized or advocated for in the city, by both the private citizens individually or the public as a collective whole. For instance, as the decline of the Rust Belt became more pronounced, a poll in Michigan revealed a full 60% of parents in the Wolverine State did not view a post-secondary education as critical to their children’s future (Longworth, 2008, p. 5). When this data was shared with experts in the nearby Rust Belt states of Indiana and Ohio, they cringed despite their accord that similar polls and studies would net similar results in their states (Longworth, 2008, p. 5). Without skilled workers in an increasingly competitive and skilled environment, the ones to be left behind would be the uneducated persons and the uneducated and unskilled cities (Longworth, 2008, p. 5).

**Vacant buildings and properties.** The Rust Belt’s decline was a problem by itself, but attached to this major event were many other ancillary problems. One of the biggest conundrums was how to manage all of the property (factories, houses) that became vacant when

prolonged economic depression so negatively impacted such large areas. Cities like Detroit and Youngstown became particularly vulnerable to the negative effects of the flight of jobs population outside their borders. By 2010, over 35% of Detroit's nearly 350,000 residential parcels were either vacant lots or structures that had been abandoned. By the same time in Youngstown, almost 44% of residential parcels were either vacant lots or abandoned structures (Vey, Austin, & Bradley, 2010, p. 20). When one considers the fact that just one foreclosed property can bring down the home values for an entire neighborhood (Clinton, 2011, p. 127), one can better realize just how devastating 35-44% vacant and abandoned property rates can do to a city's real estate values. Crime rates are certain to thrive in economically depressed areas where there are numerous vacant lots and buildings, an issue discussed in further detail later.

People who were moving from cities like Cleveland, Detroit, and Youngstown were not necessarily moving out of the region. Many remained in the given city's metropolitan area, but simply moved from the city to the suburban areas to escape the more malignant effects of the decline of cities like Detroit, Youngstown, or Erie (PA). The effect was that of a doughnut: population on the metropolitan area's periphery, yet largely vacant at the core. As a result, suburban areas grew during the periods from 1970 to 2000 while the urban center continued to decline. The very essence of this movement destabilized populations, neighborhoods, real estate, and most importantly, the region's environmental, economic, and fiscal health (Vey, Austin, & Bradley, 2010, p. 20).

Vacant buildings became more than just an eyesore in Rust Belt cities; they contributed to a host of other problems as well. Once vibrant cities soon fell victim to dwindling tax bases. Tensions between property management firms and city governments seeking to staunch the negative effects of vacant property grew. One solution to reverse this malignant trend was to

redevelop economically depressed areas in a market-based manner, but the bottom continued to fall in areas with the highest vacancy rates (Schilling & Logan, 2008, p. 452). The question became, “How much is this vacant property actually worth?” Market-based reinvestment was tricky business when the private citizens continued to leave the Rust Belt’s cities in the latter half of the 20<sup>th</sup> century, actions that indicated most of the newly economically depressed areas were not worth any private investment at all.

Authors of The Deindustrialization of America (1982), Barry Bluestone and Bennett Harrison, demonstrate the reality of the Rust Belt most succinctly and the cause/effect relationship each event had on the next event leading the Rust Belt to steeper decline in the absence of strong and active local governments to counter the deteriorating Rust Belt markets:

While the extent of the job losses in manufacturing is striking, the various effects of these losses are particularly disturbing. Bluestone and Harrison (1982) argued the loss of a factory started a negative chain reaction in industrial cities. First, jobs in other sectors of the local economy disappeared soon after those in manufacturing. This increased unemployment rates, and made it increasingly difficult for workers to find new employment. Dislocated workers went extended amounts of time unable to replace their old jobs. This translated into losses in income and wealth. Those that could leave to find work elsewhere did so, causing the population of industrial cities to plummet. Thus, the tax base shrunk in industrial cities while the need for social expenditures increased. This led to an increase in income and property taxes, which provided even more incentive for residents to leave. With employers and workers leaving, the physical landscape of industrial cities became one of vacant, run-down buildings and homes. Bluestone and Harrison argued that those who stayed in these crumbling urban areas experienced

deteriorating mental and physical health. They also asserted a sense of community anomie pervaded cities that had fallen victim to deindustrialization. (p. 26)

The above text clearly shows how the absence of an actor to counter the momentum of economic decline injured the Rust Belt. Vacant buildings and under-populated areas created a breeding ground for other social ills, as it always seems one economic or social flaw begets another and likewise for economic or social success.

There was not a universal flight out of the more urban areas of the Rust Belt metropolis. Those who had the financial means to move had a greater chance of leaving before the economic bottom hit with dire financial consequences to public services. Along with the flight of wealth came another phenomenon that hampered the progress of the Rust Belt, a phenomenon that came to be known as “white flight.” Coupled with the general flight of wealth, white flight would further exacerbate the economic plight Rust Belt cities would face.

**White flight and concentrated poverty.** It is important to briefly note, before further discussion of white flight in the Rust Belt, the context and prevalence of racism across the United States in the 20<sup>th</sup> century and the harm that such an artificial barrier wrought upon the Rust Belt specifically. In the period that preceded the rise of Rust Belt dominance beginning in the 1940s with World War II, many Rust Belt cities were much more racially homogenous (though not ethnically) than today. There were large Irish populations in cities like Pittsburgh and Chicago as well as other industrial cities like Lowell, Massachusetts; large numbers of Germans populated Cincinnati and many Italians and other southern and eastern Europeans were concentrated in the industrial New York/New Jersey areas (Bodnar, 1987). Black Americans from the South first began moving en masse to northern industrial cities in the midst of the Great



Migration around World War I, and they gradually continued to do so as more and more economic opportunity opened up for them, economic opportunity that was unavailable to them in the South (Foner, 2008).

Baltimore was an example of a city that experienced intense white flight, and the only way a city could experience white flight was if that city first realized an influx of immigrants or migrants, migrants who were typically black populations from the South. As discussed earlier, Baltimore's economic growth needed workers to create wealth in the period of Rust Belt growth. Steel mills like Bethlehem Steel and Sparrows Point Steel Company in Baltimore supplied jobs to those who were qualified and willing to work to better their economic prospects. As Baltimore was so close to the South where much of the nation's black population still lived in the early part of the 20<sup>th</sup> century, Baltimore was a logical destination for many of the aforementioned black migrants. Rust Belt cities were becoming more racially and ethnically diverse by mid-century as many workers were needed to fill the many manufacturing jobs available in a northern industrial city. This racial diversification continued through the 1970s as migrants, immigrants, and natives of the city alike continued to seek economic advantages (EIR Economics Staff, 2006, p. 7).

As Rust Belt cities became more racially diverse because of a shared interest in economic advancement, the foundation for white flight was set. Once the Rust Belt began to lose jobs, and companies and firms began departing the industrial north, city population in the industrial north moved out of state or out of the city. The move from city to suburb, while remaining in the same metropolis, was largely composed of whites, and thus the white flight (Farley, Couper, & Krysan, 2004).

When jobs left, economic vitality also departed, shrinking the tax base and vacating the critical infrastructure of the city. When whites moved from the city to the suburbs, this further shrank the tax base and further augmented the effect of the abandonment of structures in the city core of Rust Belt cities (Schilling & Logan, 2008, p. 452)

Downtown areas central to the Rust Belt city all suffered economically, and as such, businesses left and factories became vacant, resulting in a decentralization of jobs and residents. The effect of weakened governments and the flight of those with financial means to more prosperous areas caused a “hyper-segregation” in the city and its core. Meanwhile, the periphery of the metropolitan regions of places like Detroit, Rockford, and Youngstown grew (Vey, Austin, & Bradley, 2008, p. 20).

People with means began to depart the Rust Belt cities, and it was typically done along racial and class lines. African-American populations moving north continued to try to establish themselves by competing for good unionized manufacturing jobs in Rust Belt cities. The growing African-American populations in the Rust Belt’s urban areas were not yet financially robust, and as a result, the departure of the Rust Belt city was typically along both class *and* racial lines. Exclusionary practices by various institutions, including local governments and real estate businesses also promoted further racial disparities. A study on segregation by Farly, Richards, and Wurdock (1980) from Gibson’s The Effect of White Flight on Education Funding Among Rust Belt States (2010, p. 56) found that between the years of 1967 and 1976, white enrollment in central-city schools decreased, on average, by one-third. As a city’s public school enrollment demographics largely mirror the demographic composition of a city, white flight was in full-effect by the late 1970s and early 1980s not only in many industrial Pennsylvania cities

(Back to prosperity: A profile of the Pittsburgh area, 2003) but also nearly every Rust Belt city with a racial dynamic.

When people moved, it was the whites who did the moving. (Farley, Couper, & Krysan, 2004, p. 36) studied Detroit's recent racial attitudes regarding integrated and segregated neighborhoods. They found that blacks were much more apt to accept a racially integrated neighborhood than whites were. Only whites desired a homogenous neighborhood. Black Detroiters, on the other hand, indicated a preference for a racially integrated neighborhood. When black Detroiters set about to make this desire a reality, whites fled. This white stubbornness opposed to racial integration injured the urban city.

As 1) the effects of de-industrialization the pursuit of cheaper labor continued, 2) the phenomenon of white flight developed, and 3) as more people with the economic means to leave left, what remained in Rust Belt cities after the economic decline was more racial segregation and more poverty. Between 2000 and 2008, for example, the average poverty rate in Grand Rapids rose from 15.7% to 24.7%. In Youngstown, the poverty rate jumped from 24.8% to 33.5% in the same eight-year period (Vey, Bradley, & Austin, 2010, p. 20). More poor moved into Rust Belt areas as the non-poor, those with financial means to leave, departed for better economic opportunity. Poor moved into the Rust Belt area cities at a +1.3% change, while the non-poor moved at a -7.3% change (Gibson, 2010, p. 30). In the midst of economic strife in Rust Belt cities, state aid has increased to support the decreasing property tax revenues, but not enough to ensure equity in education and other public services between wealthy suburban areas and cities with increasing poverty rates (Gibson, 2010, p. 12). With the numerous negative effects of the de-industrialization of the Rust Belt, failure begot more failure. The problems of joblessness and the departure of assets combined to create more challenges of crime and poverty.

According to C.T. Clotfelter (2001), white flight primarily occurs as white families leave public school districts to avoid racial integration in public schools. Clotfelter has pointed out, though, that there are a variety of reasons for the migration of white citizens out of Rust Belt cities. Some families left to simply change school districts while others merely wished to enroll their children in private schools, but no matter the reason, the phenomenon of white citizens moving from the city had a pronounced impact on the economic conditions and the racial makeup of the Rust Belt's urban and suburban school districts.

**Urban decline, suburban rise, urban sprawl.** One of the biggest plagues to the Rust Belt city, aside from de-industrialization and the dearth of jobs, was the departure of citizens, and thus, departure of the tax base to provide empowering services to its citizens, like public education. According to a study by J.F. Madden (2003), residential and commercial property values declined in areas that whites left when racial minorities moved into urban areas. This, then, reduced property tax revenue in the affected cities. The economic diversity of the Rust Belt city before its collapse allowed for poorer citizens to be cared for decently in a good city with numerous financial resources. Once the good jobs left and people began to leave in order to seek new jobs or to avoid racial integration, poverty became concentrated, leaving cities unable to adequately serve their populations. Police departments were left with meager resources to staunch growing crime rates in urban areas. Urban school districts struggled to properly educate because of declining revenue streams for books, technologies, and teachers. Those who were forced to remain in the cities “experienced deteriorating mental and physical health” (Hobor 2007; Bluestone & Harrison, 1982). With the shrinking tax base, there were limited means for other public servants, like mental health professionals, to aid a declining city's inhabitants. Inadequate resources for struggling citizens is the very formula for a failed city.

To further compound the problems of wealth flight and white flight, economic growth in Rust Belt metropolitan areas was concentrated on the periphery of the metropolitan areas. No longer did businesses congregate at the center of the urban core. As the old adage goes, “Money follows talent,” and the talent left for the suburban areas as the urban core became more concentrated with poverty and the social ills that accompany poverty.

The Rust Belt de-industrialized and the cities decentralized. During the 1990s in metropolitan Erie, Pennsylvania, 80% of new private-sector jobs created were located more than five miles from the old central business district of Erie (Back to prosperity: A profile of the Erie area, 2003). A full 30% of jobs were located more than ten miles away from the central business district (Back to prosperity: A profile of the Erie area, 2003). With the rise of more populated suburban areas *and* more job concentration away from central business districts, commuting to work also increased as urban and suburban sprawl increased and metropolitan areas become less dense. This, too, was the case in Erie, circa 2001, as 57%, more than half of metro-area residents commuted to jobs *outside* the Erie region’s two cities (Erie and Corry) (Back to prosperity: A profile of the Erie area, 2003).

Pittsburgh also fell victim to the effects of decentralization of the urban core. Although Pittsburgh itself is a very beautiful city, rich in tradition with very distinct neighborhoods, “the area’s decentralizing growth patterns are weakening established communities, exacerbating fiscal problems, and contributing to economic malaise” (Back to prosperity: A profile of the Pittsburgh area, 2003). Sprawl and flight from the urban core is economically inefficient, and as such, contributes in part to economic struggles.

Pittsburgh today continues to be hampered by urban sprawl, a veritable byproduct of white flight and a wealth flight to the suburbs. The density of the Pittsburgh metropolitan area is growing less dense. For instance, between the years 1982 and 1997, 201,800 acres of land were converted to urban uses, increasing 43%, while the number of households in the Pittsburgh region grew by only 23,740, increasing a mere 2.5% (Back to prosperity: A profile of the Pittsburgh area, 2003). This enormous disparity equates to developing 8.5 acres of land for just one added household in the Greater Pittsburgh area where the national average was 1.3 acres of developed land per added household (Back to prosperity: A profile of the Pittsburgh area, 2003). Greater Erie, too, consumes much more developed land per added household than the national average: for every added household, between four and five acres of land are developed (Back to prosperity: A profile of the Erie area, 2003). While Pittsburgh's and Erie's metropolitan areas grow enormously in size as compared to population, the city of Pittsburgh's struggles continue.

Urban sprawl has had other detrimental effects as well. In a declining real estate market in Rust Belt cities, Reading, Pennsylvania, for example, has suffered. Reading's older communities and neighborhoods saw a meager 0.5% property value increase from 1993 to 2000 while the suburban areas, given to urban sprawl, saw 14.8% rise in property values, inflation-adjusted and market-rate. As communities continue to sprawl and individuals seek to dispose of depreciating or hardly appreciating urban real estate for rapidly appreciating suburban real estate, city planners must come to terms with the realities of this sprawl. One effect is the burden it puts on the urban taxpayer. The low-density sprawl that is becoming commonplace in Rust Belt metropolitan areas is raising tax bills as it frequently costs more to deliver services and build the infrastructure that can reach the outlying areas. This is yet another, but more palpable, example of just how urban sprawl contributes to economic inefficiencies in a time when the Rust Belt

must be as efficient as it can with its finite resources (Back to prosperity: A profile of the Reading area, 2003).

The “Doughnut Effect” of a lackluster urban center but growing periphery of the metropolitan region is more of a plague than simple economic inefficiencies. In Erie, sprawl and a lack of investment into older neighborhoods and communities have had undesirable consequences on its region’s attractiveness to young, productive workers and thus, its economic competitiveness. Economic development expert Richard Florida of Carnegie Mellon University and the Brookings Institute maintains that “lively downtowns, charming traditional neighborhoods, and a vibrant cultural scene are just some of the attributes essential to attracting the young, educated workers and innovative companies that are the base of the new economy” (Back to prosperity: A profile of the Erie area, 2003). Unfortunately, most Rust Belt cities have demonstrated, historically, few to none of these attributes. In fact, with the rise of white flight, some of these attributes have largely been shunned in Rust Belt cities!

Like Erie, many Rust Belt cities have experienced hollowed-out downtown areas, population and job losses, and suburban *development* in place of urban *re-development* and investment into established neighborhoods and areas of the city. Because of this, Erie as well as other Rust Belt cities like Rockford, must fight the “rapid exodus of young people” and persuade the “best and the brightest” to remain (Back to prosperity: A profile of the Erie area, 2003).

**Brain drain.** In addition to white flight and the flight of wealth and talent by those who could afford it, Rust Belt cities must also contend with the “Brain Drain” phenomenon where a city’s most gifted children often desire to leave their home base in search of wealth, adventure, and opportunity in America’s (or the world’s) greatest cities, cities like New York, Los Angeles,

Chicago, Seattle, or San Francisco. The search for wealth, adventure, and opportunity in the biggest cities may happen because the young people that hail from, for example, a Rust Belt city like Rockford, do not feel they can glean the same experience by living in the seemingly substandard city. Rockford, enduring many of the same circumstances as Erie, has been active in trying to prevent, as best as possible, the brain drain effect from crippling its city by trying to retain its most talented citizens to remain in Rockford. Through community programs, like the Rockford Area Career Clearinghouse, an organization which helps to attract and retain local talent, the Greater Rockford region hopes to keep its gifted from moving to nearby Chicago (Driscoll, 2009). As the Fiscal Times notes, before the Great Recession, the brain drain impacted cities as college graduates flocked to “tech hubs,” “quality-of-life capitals,” and “centers of rapid growth” (Stodola, 2011). “Rust Belt cities were bleeding brainpower” and this departing brainpower was a significant influence in the further deterioration of the cities of the region (Stodola, 2011).

**Increasing crime.** Considering everything the Rust Belt has endured with de-industrialization, vacant buildings, talent flights, white flight, shrinking tax bases, urban sprawl, underinvested and undervalued education systems, undersized downtown areas, more social ills seem logical. The lack of jobs coupled with the struggling public education systems for those citizens who cannot afford the luxury of private schools create a formula for higher crime rates, and indeed, the Rust Belt urban areas have suffered from rising crime rates, although in some areas, crime has fallen in the recent two decades.

In the midst of economic decline in the Rust Belt of the 1970s and 1980s, and with the loss of heavy industry, metropolitan Rust Belt areas battled expanding welfare rolls, higher unemployment, stagnant or decreasing wages, migration out of the urban area, and declining



standards in public education and increasing crime rates (U.S. Department of Commerce, 1998, p. 1). Increasing crime rates became, then, somewhat of a chicken-egg argument: did talent and whites leaving cause an increase in crime *or* did crime cause whites and talent to leave? In reality, the answer is yes: talent departed and crime likely increased to a certain degree, and then more whites, fearful of broader racial integration *and* increasing crime, departed the Rust Belt's urban areas. The combination of factors only further exacerbated social deprivation, increasing crime rates even more. When property values dropped due to the flight of jobs and the wealth that came with the jobs, property taxes had to increase to offset the loss of property values, which then led to further departures of residents. According to Wilson, crime was proven to rise frequently when employment vanishes (Wilson, 1994). Thus, crime became yet another obstacle the Rust Belt was forced to confront as the cities became less and less desirable for outside investment (Hobor, 2007, p. 61-62).

**Low wages.** Lowered and stagnant wages have also become a pervasive problem regarding Rust Belt employment. As heavy industry left with the good jobs, parasitic firms and poor, non-unionized jobs became the norm. Recall the earlier discussion of the proliferation of nursing home employment that characterizes a substantial amount of Pittsburgh's post-de-industrialized economy. Rust Belt cities that wholly failed to maintain their manufacturing clout and also failed to develop a *producer* service economic infrastructure (as opposed to the plethora of *personal* service businesses that pervade the current Rust Belt) were likely to follow the tempting personal services and retail trade route as a means to economic prosperity (Hobor, 2007, p. 87). Wal-Mart, an example of the type of industry that replaced heavy manufacturing in the Rust Belt, is the largest employer in Wisconsin currently (Wisconsin's WorkNet, 2012) and the largest employer in Ohio (Ohio Department of Development, 2012); it was the 3<sup>rd</sup> largest

employer in the city of Rockford in 2009 (Sheffield & Lewis, 2011). These simple statistics across Rust Belt states of Wisconsin, Ohio, and Illinois stress the power of low-wage retail and service employment that has come to characterize the Rust Belt, and they are particularly important in showing not just how low-wage retail has overtaken the Rust Belt's economy, but it is also important to realize that retail will be the second largest source of new jobs in this upcoming decade (Ruetschlin, 2012, p. 1).

Rust Belt jobs that were once able to finance a house and a child's college education are now barely enough to adequately feed and clothe a small family. Ruetschlin (2012) cites the Bureau of Labor Statistics in asserting that the average retail worker earns but a meager \$21,000 per year, with cashiers earning, on average, \$18,500. These statistics are indeed important to the Rust Belt economies. The proliferation of just any job to increase employment rates will definitely not rouse the Rust Belt from its doldrums. Even though, retail is providing Rust Belt cities with jobs (which is better, one supposes, than base unemployment), the quality of these jobs are so bad and the pay is so low that families and persons can only afford their basic necessities and not much more. When families have no discretionary spending, economies shrink and local economies are then unable to take advantage of the "multiplier effect."

Wal-Mart, the most powerful of non-unionized retail employers that has overtaken much of the Rust Belt, has performed especially well in the midst of the Great Recession by "restructuring costs and increasing profitability," most often at the expense of the worker. A study completed from Catherine Ruetschlin's Retail's Hidden Potential (2012, p. 3) shows worker productivity in retail increased by 0.8% each year while compensation declined. Ruetschlin asserts, "In this sense employees financed the recovery of retail firms by means of

increased workloads and forfeited wages. And while the sales and profit margins of firms have recovered since the financial crisis, the labor market has not” (Ruetschlin, 2012)

Non-unionized retail employment, particularly stores like Wal-Mart, plague economically struggling cities. The prospect of any type of job, however, is temptation of the forbidden fruit for local politicians. For instance, a 2005 New York University study found that workers employed at Wal-Mart earn 28% less than workers employed by large retail companies elsewhere (Reutschlin, 2012, p. 7). Two independent studies have also realized the pernicious effects of Wal-Mart, that retail wages fall in the area as a result of Wal-Mart openings. The studies have gone so far as to conclude that when 10 Wal-Marts open in a state, retail wages in that state fall by two percent, a foreboding statistic considering the proliferation of these big-box retailers across the Rust Belt (Holzer, 2011, p. 57). Wal-Mart drives down wages for workers yet the Rust Belt is riddled with them. They are a cheap way for local politicians to boost employment rates, and Wal-Marts can easily take advantage of depressed economies with its low prices for consumers.

The University of California-Berkeley concluded in a different study that when a Wal-Mart opens in a community, good-paying jobs are much more likely to be replaced with jobs that pay less. When a Wal-Mart opens in a community, wages decrease for retail workers by 10% and job-based health coverage rates decrease also, but at a 5% clip (Reutschlin, 2012p. 7). In Hobor’s (2007, p. 89) work entitled Post-Industrial Pathways, he finds that the greater a city relies on professional services like retail, nursing homes, hospitals, and home health care, jobs typically non-unionized, the greater the likelihood that the city is struggling. Hobor (2007) also concluded that devastated cities rely most on these poor, non-unionized jobs to boost their local economy, which, ironically, only ruin local economies (p. 104). Unions in cities, however,

greatly prevent the chances of job quality from slipping to below-standard levels (Holzer, 2011, p. 52).

It would be one thing if the Rust Belt simply lost their manufacturing foundation, but cities and areas of the Rust Belt worshipped the false gods of low-end service instead of following the best practices models of the few Rust Belt cities that emerged from de-industrialization much less injured. As such, devastated cities must now not only combat high unemployment but also the more deeply rooted consequences of opting for non-unionized low-end service employment that, in many cases, pays arguably poverty-level wages with part-time work. Cities that have tried to rebound from the departure of manufacturing by replacing it with low-end service employment, then, are likely the most devastated cities of the Rust Belt (Holzer, 2011). Considering in one study that 68% of workers in one study lost wages due to failed overtime compensation, malfeasance regarding minimum wage laws, or other violations in America's biggest cities, the departure of unions from the Rust Belt has injured the quality of work and the compensation levels for the worker (Holzer, 2011, p. 54). Unions can serve a noble end and when partnering with governments against the injustice of many low-end retailers, these workers in the Rust Belt could realize a better standard of living, a standard that would benefit the larger city as well.

**Poor health.** Perhaps another impediment to a thriving Rust Belt is the fact that a particular region has been identified as a region of high obesity rates as compared to the rest of the United States. Indiana, Ohio, and Michigan, forming a core of the Rust Belt, have been identified by the Centers for Disease Control as states threatened by obesity and diabetes (Centers for Disease Control, 2010). These manageable and somewhat behavioral conditions are another unnecessary obstacle to progress in the Rust Belt. On the whole, fit people are typically

much more productive than obese people: they cost less in health care, they miss less work, and they tire less easily (Clifton, 2011). If money that is spent on preventable health care costs could be spent on the economy in highly obese states like Michigan, Ohio, or Indiana, struggling Rust Belt states would likely become much more productive and innovative areas. States and cities that spend too much money on health care, as the Rust Belt has in their fixation with the medical industry as a means of economic growth, cannot then spend it in more meaningful areas that could better and more efficiently benefit the struggling Rust Belt economy. Money spent on growing health care costs are a drain on struggling economies (Clifton, 2011).

**Poor civic organization.** In investigating one of the final major general obstacles to restoring the economic health of Rust Belt America, one of the archetypal Rust Belt cities in Ohio will be more closely analyzed as an illustrative example. Thanks to Sean Safford's work on comparing and contrasting Allentown's triumphs against Youngstown's failures (2004), and the importance of civic actions and policy decisions, useful perspectives can be gained.

Compared to Allentown's embrace of changing industry and economy, Youngstown looked to retain control of the past and continue in declining manufacturing enterprises as much as possible. Youngstown today is classified as a devastated Rust Belt city while Allentown is a considered a stable Rust Belt city, according to Hobor (2007). Youngstown's decisions have proven detrimental to the city and have exacerbated its problems, and as such, these mistakes must be exposed in order to avoid replication.

Following the great steel strikes of the late 1950s (following record profits by steel companies in the mid-1950s and coming out of recession in 1956), Allentown chose to diversify its local economy (Safford, 2004, p. 17). Meanwhile, in Youngstown, "despite the mounting and

apparent need for change” the city in northeastern Ohio decided to ignore prescriptions from economic consultants, and with the staunch support of area banks, labor unions, and steel companies, Youngstown’s area Congressman, the legendary Michael Kirwan (in office from 1937-1970) pursued, instead, to double-down on the proliferation of the steel industry. Kirwan launched a campaign for funding to build a canal linking Lake Erie to the Ohio River through Youngstown (Safford, 2004, p. 17). While initially finding support, railroad interest groups and other Congressmen in the area skeptical of the cost/benefit ratio overwhelmed Congressman Kirwan’s campaign for the canal (Safford, 2004, p. 17).

As the Rust Belt’s decline began affecting northeastern Ohio by 1977, Youngstown again had reactionary responses. Instead of seeking to diversify its economy by playing off its strengths to evolve, Youngstown instead sought a backward strategy. Youngstown’s first mill closures began in 1977 and community activists and workers assembled, naturally, to articulate the concerns for the uncertain future. The results of the assemblies, petition drives, and rallies of steel workers, however, were somewhat misguided, as many solutions called to reform environmental policies as well as trade policies, both actions seen as causes of the mill closures. Ideas ranged from “Why don’t we all just put up five thousand bucks and buy the damn place?” (Safford, 2004, p. 18) to bus rallies of steel workers in Washington to turning mills into community property in the hopes of creating a new worker-owned steel company. All of these solutions to the reality of the mill closures in Youngstown were reactionary; none truly dealt with the problem and accepted the new reality that the local economy would be forced to undergo restructuring if it were to adapt and survive. This type of backward-thinking has plagued the Rust Belt from Massachusetts to Missouri, from the late 1970s to today.

The final component of analysis of Youngstown's failure to meet the realities of the Rust Belt was its complete lack of civic and business organizations (Safford, 2004). Youngstown's crucial business and civic organizations were identical—many leaders on the local business organizations served on the other civic organizations and vice versa. These leaders controlled the city, and when crisis hit the business community and the mills in the late 1970s, the business community (nearly identical leaders of Youngstown's civic organizations) departed, Youngstown was left with a dearth of local leaders. After economic crisis scourged the Youngstown area in the late 1970s, "data show the most prominent civic organization to be the Youngstown Garden Club," hardly an organization that can well correct economic turmoil in a struggling city. Safford's analysis of Allentown shows a fragmented, yet full participation of the city's organizations in trying to deal with the economic crisis of the late 1970s (Safford, 2004, p. 26). The above example of Youngstown's civic and business organization demonstrate the city's limitations in managing the economic crisis when only the business elite are actively involved and the workers are fighting against financial reality: failure. Youngstown's failure in civic participation must not be overlooked: when local citizens fail to maintain the welfare of their city, devastation easily sneaks in, as it did in Youngstown. When business goes bad, businessmen have no choice but to fold or leave, and they did so in Youngstown. With poor remaining civic leadership, Youngstown continued to decline.

Youngstown's reaction to the realities de-industrialization are notable. Youngstown chose to fight the tide, foolishly, and lost. Instead of recognizing a changing economic landscape, Youngstown's actions exacerbated decline. Its lack of a more democratic civic involvement also injured the chances for economic rejuvenation in the face of job migration. In no way, however, was Youngstown alone in their reactions to the departure of Rust Belt

manufacturing. Detroit, Cleveland, Toledo, Buffalo, and Dayton are, in the context of this analysis, all examples of poorly managed cities. The lessons from the Youngstown case are significant, and if the Rust Belt is to rebound, it must refrain from the self-inflicted wounds of turning away from the future.

When the economic restructuring began in the late 1970s in the Great Lakes region, a slew of problems accompanied the economic decline. When industry began moving elsewhere, public officials and leaders were slow to staunch the losses that departing business caused. One problem begat another and, with no true impediment to the increasing amount of problems, further and further degradation occurred. With the departure of jobs, population departed. With departed population and decreased business, tax bases shrank. When people realized a greater economic opportunity could be had in suburban regions of cities, homes and businesses were vacated and properties became unutilized, further contributing to the shrinking tax base. Talented people left the city for other economically prosperous cities or for the suburbs, leaving the inner-city to suffer from severe blight and urban decay. Public schools suffered from low tax bases and high poverty as a result of all the aforementioned causes. The consequences of the failure of civic leaders to stop the string of economic losses once decline took root were brutal to the Rust Belt cities. It seemed no one in Pittsburgh, Baltimore, Cleveland, Dayton, or Detroit knew precisely how to reverse the losses. The economic effects of such economic depression continued to pile up until civic leaders grew desperate for jobs, any jobs. Soon, a new type of job would replace the old manufacturing jobs. These new jobs were non-union, non-exporting service jobs that did not create wealth in the aggregate for the region as the old steel and auto jobs did for western Pennsylvania, northern Ohio, and southern Michigan. The myopic solutions of panicked city leaders have not contributed to any renaissance of the Rust Belt; if anything, these myopic



solutions have added to further degradation of the Rust Belt city. The consequences of the declining economies of the Rust Belt begat foolish solutions from panicked and desperate civic leaders.

#### **F. Current Myopic Reactions**

It is important to understand the scope and dynamics of problems beleaguering the Rust Belt in order to better solve the problem. An inaccurate understanding of the problem will only perpetuate the problem. Given that inaccurate understandings give way to wrong assumptions, many of the proposed “solutions” to Rust Belt problems are not solutions at all, but gimmicks and short-term fixes that end up costing resources long-term. This section will turn its attention to analyzing some of the current myopic reactions in Rust Belt cities and states to the problems caused by de-industrialization.

As was discussed previously, low-end, non-unionized retail has been an affliction that has spread through the Rust Belt. Rust Belt cities have been quick to embrace any employer that expresses an interest in doing business in the city, yet, as it turns out, not all business is good business. Check cashers and payday lenders, both legal businesses, are businesses that prey on the poor and can be more easily regulated as the means by which they earn profits is transparent. Firms like Wal-Mart, on the other hand, demonstrate a more latent malevolence to a city. In the name of low prices for the consumer, in working *for* the customer, the citizen, the proliferation of Wal-Marts and the “Wal-Mart economy” deteriorate local and regional business environments and the retail environments for workers (Hobor, 2007).

The ill-effects of low-end, non-unionized retail need not be dissected further, and it should be noted that the transition from an export-led, manufacturing economy to a service

economy is not inherently ruinous; it matters, though, how the service economy practices profit-making. In any case, however, an export-led economy is more desirable than a service-led economy, as outsiders as well as locals are apt to buy the outcomes of production. Whereas, in a service-led economy, especially a personal service economy, it becomes nearly impossible to export personal services, limiting the capacity of that economy significantly.

Of all the Rust Belt cities that have been forced to shift away from a heavy manufacturing, industrial economy, no city has truly been able to switch completely to a service-led economy without devastating its economy. The low-hanging fruit of low-end retail and personal service companies can easily take over in the absence of bigger manufacturing companies and producer-service companies. Baltimore's economy today is comprised of about 90% service-related jobs, janitors, ticket-takers, waiters, bartenders, etc. (EIR Economics Staff, 2006, p. 26). Without new population into Baltimore, the service economy cannot grow and will eventually stall. The story of Baltimore's economic transition is not unique, but instead is becoming more common across the landscape of the Rust Belt, from a mostly goods-related economy to a service-based economy (U.S. Department of Commerce, 1998, p. 1).

Low-end service jobs are just one of the myopic visions for the Rust Belt's future. Illinois, more specifically Rockford and Chicago, has, in recent years, weighed the benefits against the costs of opening casinos to spur economic growth and create jobs. Let us revisit Newton, Iowa. Laying 30 miles outside of Des Moines, though not considered a traditional Rust Belt area, Newton nevertheless battles similar problems that more traditional Rust Belt areas do. Newton courted an auto racetrack in order "to attract tourists, stimulate hotels and restaurants and, with luck, create 1,000 new jobs...Newton is like the Midwestern towns and cities—Gary, Detroit, and Council Bluffs, Iowa—that are courting casinos and hoping they will create a new

economic base” (Longworth, 2008, p. 7). Courting the “entertainment industry” to foster a rebirth, whether it be racing, casinos, or other venues, many Rust Belt communities have turned to this new vision of “industry” to help generate economic activity. In the recent past, Newton lost 3,800 high-skilled, well-paying jobs and, with the racetrack, hopes to replace that loss with 1,000 jobs that are unfortunately lower-skilled and poorer-paying jobs. In certain cases, desperate cities look to the service industry to replace good, manufacturing jobs, but the service industry cannot create the wealth that the manufacturing industry was once able to create. In order to return to economic prosperity, low-skill, low-paying jobs cannot become the adequate substitute for long-term survival. These jobs can depress a region over a prolonged amount of time. High-skill, high-paying jobs must soon return in some fashion.

Another interesting practice to stymie decline in the Rust Belt has been the promotion of the medical industry. With jobs and population leaving, what remained was largely poorly-paid, poorly-insured citizens, enough to make even the most altruistic hospitals, another means of employment, go bankrupt quickly. Hospitals in Rust Belt areas, in the past 40 years, that once served burgeoning cities have since needed to search for more affluent patients. Hospitals in Flint and Toledo were unable to entice patients by revamping services, so, area hospitals expanded massively outside the city (where wealthier patients moved too) in order to attract potential patients from neighboring communities that might have gone somewhere else in order to have their medical needs met (Hobor, 2007, p. 220). Devastated Rust Belt cities have relied on hospitals and other medical services to fit into the global economy. Greater medical expansion has occurred in the most devastated Rust Belt cities, starting as somewhat of a survival tactic in the wake of population and wealth loss after de-industrialization. Soon, like low-end retail, local economic and political leaders viewed medical expansion as an economic

tool (Hobor, 2007, p. 223). As this medical expansion took place just outside Rust Belt cities to serve wealthier patients and not so much the indigent, leaders of devastated cities like Flint and Toledo have tried to market themselves as regional leaders in healthcare (Hobor, 2007, p. 225). Cleveland, too, has tried to boost its economy in the medical field with many medical imaging companies flocking to Cleveland (Kalette, 2007). When Rust Belt cities gain jobs in professional services like healthcare or retail, this is an indicator of economic struggle in the city, especially massive healthcare expansion. The expansion of hospitals in devastated Rust Belt cities has triggered the creation of a new medical-industrial complex, especially in many of the devastated cities already cited.

The Rust Belt has also fallen victim to regional in-fighting for company re-locations. The recent right-to-work battles in state legislatures are an example of the “Our-state-is-more-business-friendly-than-yours!” attitude Rust Belt states are taking against each other. The governors of Indiana and Wisconsin tried to attract businesses that were “Illinoyed” with higher taxes in 2011 after the union-friendly state of Illinois increased tax rates on individuals and businesses (Malcolm, 2011; The Economist, 2011). The Rust Belt experienced job flight to foreign countries and to the Sun Belt in the midst of de-industrialization and has tried to replicate what worked during the fall of the Rust Belt. While the Sun Belt has seen economic growth, low wage jobs plague the South, a region seen as hostile to unions, yet today. With the rise in right-to-work legislation in the Rust Belt states of Michigan and Indiana, some Rust Belt states see de-unionization as an aid to economic ailments. To be sure, business may come to right-to-work states, but the jobs are likely to be non-union, low-wage, the type of job that already plagues Rust Belt states.

Tax concessions to particularly large businesses with more economic clout have been endowed by governors seeking to retain jobs. The campaigns of Indiana and Wisconsin to attract jobs from Illinois led Illinois Governor Pat Quinn to strike tax deals with Sears and Caterpillar to ensure that they keep their businesses headquartered in Illinois. Ohio Governor John Kasich offered \$400 million in tax breaks and incentives to lure Sears from Illinois (Huffington Post, 2011). Campaigns by individual states designed to entice companies and jobs to relocate from other states is a poor economic model, a zero sum game that produces growth only for politicians, not for the Rust Belt.

This phenomenon of states endeavoring to steal jobs from one another is recent, but part of a larger problem of poor communication between Rust Belt cities and a lack of cohesion between cities in the area. In the depressed Midwest, “Beardstown isn’t talking to Storm Lake about its problems. Nor is Dayton talking with Rockford, nor Newton with Anderson, nor Michigan with Ohio” (Longworth, 2008, p. 9). Longworth notes that reviving the Rust Belt economy is “too big for these individual towns and states, which remain crippled by parochial politics, strapped for cash and too jealous of the states next door to meet the real competition, which is global” (Longworth, 2008, p. 9). Instead of fragmented politics, cooperative solutions should be the focus: share best practices, collaborate with the Midwest’s prolific research universities and its independent centers of the Mayo Clinic in Minnesota or the Argonne National Laboratory in Illinois. The current myopic solution is “fragmented state-by-state research” not the type of cooperation that could have the potential to make the Rust Belt a center of intellectual power. The abundance of great research universities is an asset that has been untapped in the struggle to revitalize the Rust Belt. Fragmented state battles for powerful

companies have been a chief tool by politicians to improve a state's economic outlook. This myopic means for growth is ultimately injurious to the Rust Belt (Longworth, 2008, p. 10).

The Rust Belt has endured a host of challenges to its prosperity. Technology, economic adjustment, state economic competition in a falsely perceived zero-sum game over economic cooperation, flight of wealth, racial tensions, brain drain, and increasing crime have all played a role in the gradual decline in economic vitality of Rust Belt cities. However, the Rust Belt, to its credit, is not dead. It is still very much alive, and with the right prescription, it can be rejuvenated.

### **G. Conclusion of Literature Review**

As the review of the literature above has illustrated, the Rust Belt is an area of great importance to the United States. Those areas most commonly referred to as the Rust Belt rose to prominence because of the large network of cities connected by waterways, namely the Great Lakes and its principal rivers. The American North was more hospitable to industry because of this network, and the South had always been more agrarian-based. The rise of the Rust Belt in the mid-size to major cities of the North was further helped by the close network of rail transportation and the proximity of the major cities. This proximity created a close network for businesses, specifically the auto and steel industries. The auto industry was clustered around Detroit with Flint and northern Ohio becoming close beneficiaries. Likewise with steel, Pittsburgh became the principal city in the industry with Youngstown and the area surrounding Pittsburgh acting as the proximal beneficiaries.

As summarized in the preceding review, the demand nationwide and worldwide for products created in the Rust Belt increased, like cars and steel, the Rust Belt and its cities grew in

population and in wealth. Wages increased for workers as they unionized and it was largely true that a worker for a good company was able to buy a house and send his children to college, his wages and benefits were so good. However, a review of the literature that has been presented here begins to frame and define the set of complex phenomenon that describe both the rise and decline of the Rust Belt and the challenges that now confront them in their struggle for rebirth.

Soon though, demand for such costly labor decreased and firms, factories, and companies in the Rust Belt soon fled for areas where labor was not as costly, either globally or, if they stayed in America, to the Sun Belt, an area of the United States where labor was not as organized as it had become in the North. Jobs left the Rust Belt in droves and with the jobs also departed population. Cities and areas with a largely specialized industry felt the impact of the economic decline the worst when Pittsburgh's steel or Detroit's cars were no longer in the demand that they once were because of competition. The fall of the Rust Belt began.

With the sudden departure of jobs and population in the late 1970s, a host of other problems followed because of these losses. Cities had been building and growing, but with the economic decline of the Rust Belt, those same buildings would become vacant and with a poorly performing economy in the cities due to the departure of such good, unionized jobs, the social ills that largely accompany vacant businesses and joblessness were certain to increase as well.

As could be expected when the jobs left, social problems entered, albeit unreceptively. As the review indicated, the splendor of the economic hegemony of the Rust Belt made further innovation seem unnecessary at the time. Companies were profitable and workers were generally pleased as wages were suitable. When the Rust Belt's economic decline began,

however, areas in Michigan, Ohio, and Pennsylvania realized the foolishness of their previous lack of innovation. When the jobs fled, nothing was there to replace them.

What resulted began with vacant buildings. With economic decline, vacant buildings were the eyesore that made the deterioration even more palpable and tangible. Vacancies were and still are hazardous to many Rust Belt cities. More than a third of all Detroit's and Youngstown's structures were vacant by 2010. Urban vacancies and unkempt buildings can result in public safety issues as well as a host of other problems, namely drug havens, sites for prostitution, etc. As vacant buildings are essentially "off the radar," they become an excellent setting to partake in criminal activity. The more vacant buildings an area has, the less desirable it is, the more likely criminal activity is near. Rust Belt cities have been forced to become creative in dealing with this complex problem.

Beyond simply the job flight and the wealth flight that accompanied the loss of jobs, many Rust Belt cities that were once havens for blacks looking for jobs from the oppressively discriminatory South found employment in Rust Belt cities. Yet housing remained largely segregated as public activities like schools became more integrated, many local whites departed for the metropolis's periphery, the suburb. The flight of people and resources from the urban areas created an urban decay and left urban areas with limited resources to fight the rising social problems stemming from joblessness and poverty. Urban sprawl became yet another plague of the Rust Belt city as a metropolis's wealth moved further and further from the center leaving the center of the metropolis, the city, more and more impoverished. This poverty and flight from the city's core concentrated the poverty in the urban areas and the cities were increasingly left with a limited means of fighting rising crime rates.



As unemployment surfaced as the major source of the malaise, the Rust Belt sought jobs, any jobs. However, many of the new jobs that replaced the good, skilled and semi-skilled unionized jobs of the past were lower-skilled, non-unionized and in an altogether different sector: service. The Rust Belt, once a hub of production, was now becoming a service-based economy, a “Wal-Mart economy.” The jobs that the new service sector provided were low-paying jobs and damaging to the broader regional economy. Cities struggling the most expanded other enterprises like hospitals and the health care industry to pick up the slack. Replacement jobs did come to the Rust Belt for those who stayed; however, the jobs that came to the Rust Belt post-de-industrialization were non-unionized and low-skill and paid poverty-level wages.

Economic reactions to the decline of the Rust Belt included many myopic responses by political leaders seeking a short-term gain, since, unfortunately, economic growth that lasts takes time. Politicians resorted to attempts at luring neighboring companies that were successful to their own state instead of working to develop and mimic best practices models. Local leaders were also quick to attract low-end jobs, jobs that would decrease unemployment rates, but provided little in terms of pay or benefits. Personal and professional services were expanded, those being seen as the easiest ways to boost employment to induce a broader economic recovery in the region.

Good jobs in an export-driven Rust Belt economy leaving the region spurred decline in the cities. Jobs that replaced the unionized manufacturing jobs were much inferior, as the low-end retail and professional services economy was unable to provide the wealth to its workers and to the city. Rust Belt cities have battled all sorts of problems related to the social ills that accompany joblessness and what follows is a conceptual prescription, a best practices analysis

based on the recommendations from experts around the country with the hope that revitalizing the Rust Belt region will make a stronger America.

### **III. Recommendations and Conceptual Solution Paths**

Gallup CEO Jim Clifton has asserted that a job is the number one social value, the best social program to be found (Clifton, 2011). In America's quest for more good jobs, Clifton maintains that job creation is truly only in cities today. In his book The Coming Jobs War (2011), Clifton says "Cities can be influenced and changed more than whole countries. The federal government cannot create sustainable jobs, just short-term ones. Jobs are as local as politics." Regions can only be as productive as their citizens are, and in order to regain economic vitality, the Rust Belt must become more productive. The ensuing topics will discuss how the Rust Belt can again regain the economic influence it once had and will include an analysis of: the advantages of the Rust Belt, the importance of partnerships, spirit and culture, the development of underutilized land, education, universities, wages, infrastructure, civic organizations, among other miscellaneous recommendations.

#### **A. Advantages of the Rust Belt**

The trick to success in any arena is to utilize one's strengths. In trying to revitalize the regional economy, the Rust Belt is no different. Even though the Rust Belt has struggled economically, it still has numerous vestiges from times of economic vitality and it then becomes logical to use those advantages.

As established earlier, one of the main reasons the north became industrial in the first place was because of its proximity to the Great Lakes, the Atlantic Ocean, and the numerous navigable rivers that connected them together, creating a network of regions, and eventually, a

network of burgeoning cities. The Great Lakes region already has numerous global trading networks established from its time when the region served as a titan of global industry. These networks were developed principally by the auto industry and included Youngstown, Grand Rapids, Indianapolis, Dayton, Milwaukee, Detroit, and Toledo, cities that are “already among the country’s top 20 metro areas in terms of the share of their metro output that is exported” (Vey, Austin, & Bradley, 2010, p. 3). Beyond the physical connectedness of the Great Lakes region, there is also a certain connectivity between some of the country’s best research universities and medical complexes, including the state flagship universities in Wisconsin, Michigan, Pennsylvania, Ohio, Indiana, Illinois, and Minnesota. To be discussed more in depth later, the Great Lakes region also has the potential to “lead on wind and solar renewable component manufacturing,” an area made possible by the physical proximity to the Great Lakes themselves and their principal rivers” (Vey, Austin, & Bradley, 2010, p. 3).

Proximity to great physical features and proximity to great cities benefits the Rust Belt. Mid-size cities near major American cities are no doubt an advantage as well, considering the positive effects of networks and connectivity, cities like Rockford (near Chicago), Madison (near Milwaukee), Dayton (near Cincinnati), Toledo (near Cleveland and Detroit), Youngstown (near Cleveland and Pittsburgh), Allentown (near Philadelphia and New York City), Flint and Ann Arbor (near Detroit), Akron (near Cleveland), Erie (near Cleveland), Scranton (near New York City and Philadelphia), and the cluster of Rochester, Syracuse, and Buffalo in western New York. This proximity and connectivity has been shown to have positive effects on economic growth (Feyrer, Sacerdote, Stern, Saiz, & Strange, 2007, p. 17). A key, then, to rebuilding the influence of the Rust Belt is to exploit this geographical advantage, an advantage that the Southern and Western states (aside from California) just do not have.

Particularly important when considering geographic proximity is the ‘multiplier effect,’ or, the economic effect that main merchandise (like cars or steel) have on producer-service sectors, sectors that create products necessary to the completion of the main merchandise. For instance, Detroit’s main export, the automobile, has a multiplier effect on nearby areas, cities like Flint and Toledo that support or supply Detroit’s main automobile companies. In 2001, DaimlerChrysler invested \$1.2 billion in northwest Ohio in a new Jeep plant. This move by DaimlerChrysler has, according to Bruce Baumhower, president of Local 12 UAW in Toledo, created nearly 2,000 new jobs with “a dozen new suppliers” to the new Jeep plant (Industry Week, 2006, p. 30). Even as far away as Rockford, Chrysler planned to hire 1,800 new workers for production of the Dodge Dart, a move much welcomed by the Greater Rockford region (Gary, 2012).

The Great Lakes region, to this day, has a comparative geographic advantage against the rest of the United States. Yet a fact that fails to receive much attention is geographic advantage the United States has, in general, against the rest of the world. As many profitable companies are already headquartered in the United States, it then makes sense for production and the supply chains to be near one another in the United States.

It is popularly believed that when jobs departed the Rust Belt, they went across the Atlantic and Pacific Oceans. More recently, the rise of China’s economy has contributed to the belief that China now has most of the jobs that were once so profitable to the United States and to the Rust Belt. The free trade agreements were also seen as an action that moved American production jobs to Mexico and other less economically developed places that could exploit unorganized labor and thus produce merchandise more cheaply.

However, recently there has been manufacturing “pullback” from countries like China and Mexico, according to Miami University’s School of Business economics professor James Brock. In an Industry Week article from December 2006, Professor Brock explained:

Companies have been finding that the low costs are illusory. Yes, there may be low labor costs. But you’ve got a lot of high costs in other respects: poor infrastructure and lower-quality transportation. [And] you’ve got problems with corruption and laws and courts and so forth. You have seen a kind of slow trickle back to the U.S., and I take that as a positive sign. It suggests that we are not out of this by any means. (p. 33)

While the labor costs abroad are indeed much lower as compared to the United States, when one factors in shipping and transportation costs as well as other miscellaneous inefficiencies, in addition to potential legal troubles and costs, the United States then becomes a much more attractive place to do business, especially, given the course of labor history elsewhere, it is not outrageous to believe that labor abroad may soon be organizing, negating the labor savings by American companies when they send production outside U.S. borders. The manufacturing industry just might soon be coming full circle.

The United States and, more specifically, the Rust Belt still have numerous advantages, chiefly geographical and in terms of infrastructure already built. In order for the Rust Belt to regain some of its old economic clout, it must exploit this network of rivers and proximal cities to attract jobs, for it is a resource the rest of the United States does not have. Furthermore, as the United States is already home to many profitable companies, it is sensible, in some cases, for production to be near the headquarters to save on transportation and legal costs even if labor costs in America are higher. The Rust Belt be sure must attract these jobs that are returning to the United States.

## **B. Partnerships**

George, Haley, professor of industrial marketing at the University of New Haven, has said, “The Northeast already has the infrastructure. It has labor that’s trained for manufacturing work to a much greater extent than, say, southern labor is. To the extent unions are willing to work with manufacturers, the North has the capability to compete” (Industry Week, 2006, p. 30). The North has the means by which to rebound. Professor Haley indicates a certain cooperation is necessary between labor and management, but this is not the only specific type of cooperation at which the Rust Belt has failed. As discussed in deeper detail in the Literature Review, the Rust Belt’s regional agencies, labor/management dynamics, and even state governments have historically and recently, in general, cooperated in exceedingly poor fashion. In response to the local economic crises that each metropolis faced when heavy manufacturing deserted the Rust Belt, there was scant evidence of any coordination between specific Rust Belt regions to try and prevent the flight of jobs to other areas of the country and of the world. More recently, individual states in the Rust Belt have tried to lure successful companies from other states by promising generous tax concession if the company agrees to move much sought after jobs across state lines. The aforementioned examples are either myopic or plain poor public policy. After utilizing the advantages of its geography and infrastructure, the Rust Belt needs to build partnerships locally and regionally, publicly and privately, if it hopes to regain the economic clout it once had.

It has been argued that the recessions of the late 1970s and the early 1980s combined with the Great Recession were ultimately a positive consequence when specifically considering the effect they had on relationships and partnerships between business leaders, state and municipal governments, the media, and philanthropic organizations (Vey, Austin, & Bradley,

2010, p. 22). Furthermore, as John Kingdon (2003) has posited with the agenda setting theory of public policy, palpable change seems to only occur in politics in times of dire stress. In the realm of public policy, focusing events like “a disaster, crisis, personal experience, or powerful symbol” can draw “attention to some conditions more than others” (Kingdon, 2003, p. 197). The most recent economic malaise has started to bring together different stakeholders to try to improve the economic conditions in struggling cities—the focusing event of economic disaster brought attention to the economic problems in specific regions, as Kingdon’s theory forecasted. The “partnership discussion” is certainly coming to fruition in Rockford recently, an area that has struggled with numerous onerous levels of municipal and regional government as well as a lack of dynamic partnership between civic organizations, a topic that will be more deeply analyzed later.

To begin with, it must be established and accepted that all truly prosperous and successful cities have a central group of talented, self-organized people that influence and guide city actions. These people are the core of a city, people that care deeply about the success and welfare of the city. These people are business leaders, city elders, philanthropists, and other extremely devoted citizens who do things for the greater good of their community. New York had the Rockefeller family, Chicago had the Pritzker family. These “tribal leaders” are well-respected and highly influential. Before progress can fully take off, a city’s most talented few must be committed to the new and transformative ideas. It is through these talented few that true partnerships begin (Clifton, 2011, p. 68).

Governments can most easily affect governance reform, in theory, so that is the first “partnership” to be analyzed. Illinois has become famous for duplicative government, for having the most governmental units of any state in the union. Pennsylvania, too, has gained notoriety

for numerous governments. The Reading region has 76 general purpose governments, which, given the region's population, comes out to roughly 20 general purpose governments per every 100,000 people, a rate more than three times higher than the national rate of 6.1 per every 100,000 citizens nationally. This can be cumbersome and suffocating for regions trying to grow economically. It complicates coordination, can aggravate the malignant effects of urban sprawl, and limit, to a certain extent, economic competitiveness (Back to prosperity: A profile of the Reading area, p. 3).

Economic competitiveness, then, on state and regional levels, must be somewhat rooted in governance reform. Governmental barriers must be reduced through the consolidation of local governments, including special-purpose authorities and school districts. Governmental barriers can also include money that is tied up in financial duplication of numerous yet close "towns, townships, and other jurisdictions" (Vey, Austin, & Bradley, 2010, p. 48). Consolidation even at these levels can make sense.

Yet even more than the consolidation of smaller, more rural areas are the sensible partnerships and cooperation that is essential to the success of a metropolitan region, any metropolitan region. Vey, Austin, and Bradley (2010, p. 48) note that "the competition today is between U.S. metros and metropolitan areas in nations across the globe, not between dozens of little jurisdictions within them." Too many cities and towns view economic strife on too local of a level, unaware that the main problems are competition *between* metropolitan areas, not *within* metropolitan areas (Longworth, 2008, p. 2). The pursuit of acquiring as many resources as a suburban municipality can, even at the expense of the urban center, the very heart of the metropolitan region can be myopically alluring, yet damningly foolish. As the urban city goes, the metropolitan region will go. The challenge is to get smaller municipalities and larger urban



centers to accept a single, unified goal in helping the metropolitan region's economy progress. This can prove to be an enormously challenging task, given the many times conflicting goals of all the municipal leaders, but nevertheless, this challenging task is absolutely essential. Without the unified goals and actions of a metropolitan area there can be no "virtuous cycle of venture investment, entrepreneurship, and firm growth in the region" (Vey, Austin, & Bradley, 2008, p. 44).

In October 2012, the AngelouEconomics issued a report commissioned by the Rockford Area Economic Development Council that charted a path for Illinois's second-largest metropolitan area to regain economic vitality. The Greater Rockford region, for instance, covers Winnebago and Boone counties with multiple sprawling municipalities: Rockford, Roscoe, Loves Park, Machesney Park, Cherry Valley, Rockton, Belvidere, Winnebago, and South Beloit. AngelouEconomics proposed the creation of a *regional* tax-base sharing program that could provide a *common* pool of resources for economic and further infrastructure development, helping also to eliminate the impulses of corrosive competition between Rockford's smaller suburban communities and also between Rockford itself and Rockford's suburban areas (Consultant's study offers remedies for Rockford's ills, 2012). Furthermore, two Illinois counties, Winnebago and Boone Counties, represent the single Rockford metropolitan statistical area (MSA). Two agencies market the Greater Rockford region, however. The Rockford Area Economic Development Council represents Winnebago County and Growth Dimensions in nearby Belvidere represents Boone County—two economic development agencies representing one region, which, according to Angelos Angelou, creates unnecessary confusion among possible entrepreneurs and innovators (Consultant's study offers remedies for Rockford's ills, 2012). Partnership and cooperation between municipalities of the same MSA is as essential and

partnership and cooperation between counties. The goal should always be a stronger metropolitan region, and many times, rival regional agencies risk the very real possibility of injuring the metropolitan region as a whole because of unnecessary competition between them.

Chicago (under Mayor Richard J. Daley) and its suburbs created a metropolitan mayors caucus to solve air quality, workforce development, and transportation funding issues that crossed political municipal boundaries (Vey, Austin, & Bradley, 2010, p. 48). Municipalities, not realizing the harm that high-stakes competition between themselves can create, run the risk of injuring the greater metro region in the quest of a very local and short-sighted economic advantage, though rewarded by fragmented political systems between municipalities.

Vey, Austin, and Bradley (2010, p. 10) assert that the “metropolitan areas of the Great Lakes are ruled by a byzantine network of cities, counties, towns, townships, villages, school boards, fire districts, library districts, workforce boards, industrial development authorities, water and sewer districts, and a host of other entities. There are too many priorities in these webs of government with different leaders and, hence, different goals. There must emerge from all this potential chaos of government a single, unified voice. This is absolutely vital to the resurgence of a metropolitan area. Better communication and more unified goals mean better services for constituents, less duplication, less waste, less chaos, and fewer obstacles for entrepreneurs seeking to grow their businesses, the last item being the ultimate goal of metropolitan areas of late.

Metropolitan areas must talk with each other; they must “share their war stories” as Gallup CEO Jim Clifton urges, the “kind of forum that the Midwest doesn’t have now and desperately needs” (Longworth, 2008, p. 11). Towns, cities, and counties that share similar problems should be finding unified solutions, and moreover, effectively run governments have

been associated with higher levels of civic participation, another crucial element to progressing depressed areas (Moloney, 1996, p. 3). The more efficient organization of government is absolutely necessary to economic revitalization.

The success of the Rust Belt is contingent upon much more than just the cooperation of local governments. For cities to become more prosperous, its companies then must become prosperous, and in an era of enhanced tension between labor and management after the fall of the Rust Belt, this cooperation between labor and management in the Rust Belt city becomes a paramount in economic success. Members of labor and of the unions in the steel and auto industries have at times exemplified what partnership is and how it can be beneficial. Members of the Tonawanda Forge plant in Buffalo that made unfinished car parts needed a new facility to stay competitive. However, the management, in spending \$38 million for the building, also needed to control labor costs, if it was going to make that kind of an investment. The union discarded traditional job classifications which allowed management to put workers where they fit best and were needed most at a specific time. Business a year later, due to a variety of factors but this cooperation definitely being one of them, was “busting at the seams” (Whalen, 2000). At Outokumpu Copper’s brass mill nearby workers have been invited to meetings with management, as well as being responsible for work assignments and ordering supplies. One worker, Anthony Strusa, a United Steelworkers member boasted that management “started treating me like a businessman again” (Whalen, 2000).

This type of partnership has been successful between labor and management in steel mills and auto factories, it has also been attempted in local education systems in Buffalo with results there being a little cloudier. Kevin Donovan, the local UAW leader and chair of the AFL-CIO Western New York Economic Development Group, has been trying his hand at using his

labor/management mediation skills from the steel mills and translating it to results in upgraded curriculum and renovated schools in Buffalo's struggling public school system (Whalen, 2000).

Some firms and companies have realized benefits from striking a cooperative chord as opposed to the combative labor/management struggles that can still happen when profit margins are high, but in the modern economic climate, combative negotiations in the Rust Belt industries are surely a self-destructive practice. General Motors chose to invest more money into their Toledo plant because of the cooperative and successful relationship between Joe Choate, plant manager and Bruce Baumhower, UAW Local 12's president. They have worked together to increase efficiency in the plant by labor organization, including reducing the byzantine pay classification system and cross-training teams of workers to build a wider array of skills. Relationships like the ones dissected above will go a long way toward saving the main industries of the Rust Belt (Industry Week, 2006).

A burgeoning culture of cooperation and partnership, moreover, has significant benefits to the broader community. It has been shown, reasonably, to build feelings of respect and trust between people of different cultural and ethnic backgrounds. California is a more racially integrated state (and by extension, the workplaces as well) that has been studied, yielding conclusions that a "high degree of cross-racial respect that seems to develop in most integrated workplaces" (Moloney, 2006, p. 14). These findings are important and relevant when considering the amount of racism that has historically pestered many of the Rust Belt cities and the discrimination of unions and management. Cooperation between groups of people, racially, ethnically, or between labor and management, is a key to Rust Belt revitalization. A region that is struggling and cities that are struggling cannot progress, and will face certain regression, if

they crowd out a certain contingent of people with skills to help the business, the community, etc. Partnership is essential.

### **C. Facilitation of Success**

Perhaps one of the most important roles local government has in improving the economy is that of facilitator. Governments cannot create lasting, permanent jobs on a large scale that can rejuvenate an economy; that must be the role of the private sector. The facilitation of entrepreneurship, then, is the key role local government can play, and good facilitators can affect their constituents considerably, either in good or bad ways.

Daniel Isenberg, former Harvard Business School professor who currently works for Babson Global, exhorts city leaders, in their quest to facilitate entrepreneurship in their city, to encourage all businesses of a city to interact in innovative ways with one another: “restaurateurs, designers, neighborhood groups, schools and universities, real estate developers, law firms and architects, chambers of commerce and other government agencies” (Isenberg, 2012). This type of interaction builds partnerships, but it can also foster a creative experience, an experience where new relationships could transform into business ventures when the right people mix. Interaction between groups of people continues to be a theme in recommendations to revitalize deprived Rust Belt areas. Isenberg notes that, many times, local governments can in fact get in the way of new, creative entrepreneurship by directing people to places where opportunity does not exist. Entrepreneurs interacting with each other, who have identified opportunity, often enough find this opportunity between specific sectors, for example: “health care *and* the environment; real estate development *and* information technology *and* clean tech; education *and* mobile communications” (Isenberg, 2012). When creative inspiration happens, the role of governments, then, is the facilitation of this idea, to assist in the process of turning the

idea into a practice. This process is an excellent way to promote growth, but, like it has always been, economies depend on the creative inspirations of their citizens.

A temptation of government everywhere is to step in and fill the void when capital is “needed.” This can distort the local opportunity markets and ultimately cause failure. It is better to let the entrepreneurs of a city spend their capital where they see fit without local governments intervening and feeding dependency of certain markets in a city and distorting that market when city funds cease. Local governments would be more successful in persuading entrepreneurs it is worth their time and money to invest in a certain financial opportunity as it provides a more accurate representation of a true market opportunity. Isenberg (2012) detailed a case in Boston:

In Boston, the mayor called on the major real estate developers to set aside a percentage of their developments for entrepreneurship and innovation. This led to the attraction of *MassChallenge*, the world's largest startup competition and accelerator, which received a free floor in a new office building. This also led to the allocation of portions of high-end condominium developments to less lucrative, convenient live/work space for entrepreneurs, as well as the 12,000-square-foot Boston Innovation Center. At first, the developers seemed to be appeasing the mayor in exchange for City Hall's good will in issuing permits. But as they are experiencing for themselves the impact of the Innovation District's attractiveness and growth on the value of their properties, the investment is seen as enlightened self-interest.

The above case study illustrates how the power of partnership, cooperation, and interaction in communities can lead to innovation. Boston and the developers have realized the multiplier effect and how economic cooperation leads to a certain utility within the city.

Another key resource in the facilitation of good economy is the investment of time above money. As partnerships, cooperation, interaction, and relationships are the foundation to any successful enterprise, the investment of a leader's time is likely to be much more beneficial than the investment of one's capital. If leaders can attend new office openings, make congratulatory phone calls to successful capital fundraisers, write thank-you cards to the entrepreneurs who hired a few more workers or local school-age interns, or have monthly breakfast meetings to ask for ideas on how the city can better work for them, leaders will surely find they are truly facilitating success. The Rust Belt must realize that government cannot create good jobs; only entrepreneurs can. It is then the job of the community's leaders to facilitate and lead economic success, not to create it.

Mayors, aldermen, local, state, and federal representatives, and civic organizations are keys in *connecting* people. Just as Senator Al Gore's conversations with entrepreneurs connected the right people together to build the wonders of the Internet that we know today (Clifton, 2011, p. 78), local leaders must link local actors who are not well-connected. In Sean Safford's article "Why the Garden Club Couldn't Save Youngstown" (2004, p. 28), he argues that what is important is not the number of civic organizations or programs designed to enhance economic activity; what ultimately affects a city is how social capital is used and organized in communities facing new global complexities of contemporary society. As a city is only as productive as the citizens that reside in it, facilitation of a city's talented citizens becomes a key to unlocking the true economic potential that resides in a city.

#### **D. Spirit and Culture**

“Authentic job creation rises up out of human spirit, out of human behavior economics” (Clifton, 2011). When there is a high entrepreneurial spirit in a particular city or region and residents of the community are engaged, then job growth is positive affected, and when spirit is lacking, economies lag, people lack the willpower necessary to create new businesses, and the small and medium-sized business lose confidence, spirit, and imagination to grow. The most important economic solutions are not solved by federal politicians; the most important solutions are local, with civic engagement and a spirit for growth. The latter scenario is what has afflicted many Rust Belt cities in the wake of de-industrialization and the problems that accompanied it (Clifton, 2011, p. 56-57).

The culture and spirit of a city and of its leaders goes a long way in determining the future triumphs a city will realize. There is a marked and noticeable difference between the cultures of devastated Rust Belt cities and stable Rust Belt cities, sometimes separated by only a couple hundred miles. The spirit and culture is cultivated by a city’s leaders and also becomes a significant component in retaining a city’s most talented young workers in preventing the harmful brain drain that has afflicted Rust Belt cities, which have the effects of economic destabilization as good, young workers move elsewhere leaving less talent in the afflicted city. As a result of brain drain, Rust Belt cities, once with a strong amount of local pride, must reinvent and rejuvenate senses of identity within communities, once again building the spirit and culture of the city (Mitra & Frick, 2010, p. 811). Some of this reversal of the brain drain starts with vibrant, young leaders as in Holyoke, Massachusetts. Holyoke’s new mayor is a 22-year old graduate of Brown University, Alex Morse, who galvanized people in the city who saw his age as an asset and who grew tired of same old responses to same old problems. Morse believes his optimism, youthful vitality, and new vision for the city are among his chief attributes. Morse



issued a bevy of new ideas for the city, contrasted against his opponent whose chief economic revitalization tool was a casino in the city (Dias, 2012). This type of new energy can greatly benefit towns that have been stuck in economic ruts for decades.

The old adage must be heeded by Rust Belt cities: money follows talent. Therefore, it becomes wise to lure talent before luring capital, a practice state governors are employing in a backwards manner when they seek to wrest another's state's most profitable companies. Cities must facilitate the partnerships necessary to create good jobs. This builds the spirit and the culture of a city, and when that spirit is high and the culture of a city is positive, success then begets success. Cities must become a place in which outside innovators feel they can succeed, a place where they can live, work, play, and build their future. Places like coffee shops, evening bars, museums, bicycle lanes, rent-a-bikes, and environmental art all build a buzz for the city. Daniel Isenberg, former Harvard business professor previous noted, asks a city's entrepreneurs where they really want to be before beginning work consulting a city. The agreement of the entrepreneurs is striking as they say they need these "urban watering holes" to be near as the aforementioned destinations and activities in a city breed a certain culture and creativity necessary to the entrepreneurial spirit. Boston's cultural center, Isenberg notes, is the Seaport, and in Istanbul, it is the Beyoglu; every thriving city must have a strong cultural center. Rust Belt cities must be all the more keenly aware of this, as much of that central business culture departed and downtown areas of the 1990s and early 2000s of Rust Belt cities became deprived. In order to build a foundation for entrepreneurs to come to a city, Rust Belt cities need to create this cultural center somewhere in the city, a place that is vibrant and the spirit is bustling and high. To build this, Isenberg suggests inviting universities and colleges to hold classes in burgeoning cultural areas, much like Rockford's Mayor, Larry Morrissey, has done in trying to

persuade the local community college to move some of its operations to underutilized downtown theaters and buildings, an effort intended to boost activity in a downtown that city leadership is trying to grow (Mayor urges Rock Valley College to invest in downtown Rockford, 2012). Once these cultural areas begin to grow in cities, later-stage ventures that need talented people to perform their jobs will then be more apt to locate to these new cultural centers (Isenberg, 2012).

Detroit, a city notorious for suffering the malignant effects of de-industrialization, has made recent efforts to grow a city cultural center. Detroit, once and arguably still one of America's principal cities, has revived and restored many historic theaters and venues now central to its revitalization efforts. A family among the 'tribal leaders' of Detroit, the Illich family, has been at the forefront in leading revitalization efforts to Fox Theater, the Detroit Opera House, and the Orchestra Hall (Farley, Couper, & Krysan, 2004, p. 9). Detroit might also enhance and improve its museums, expanding on their areas of study as well. Making museums more attractive can also go far in attracting the culturally-inclined citizens that are so crucial to a spirit of creativity and entrepreneurship in a city. These refurbishments are particularly important to Detroit, a city who was devastated by not only a flight of wealth from the city, but compounding that with white flight and deep racial tensions. As such, suburban residents and vacationers have generally evaded Detroit because of the perceptions of the city, maligned by de-industrialization and racism. A once-dead downtown Detroit vitally needs this cultural and entertainment center to demonstrate that the city is safe, enjoyable, and dynamic. Once this cultural and entertainment center is established, and given Detroit's status to this day arguably as one of America's principal cities, soon Detroit might attract all-star games, Super Bowls, political conventions, more concerts, and other miscellaneous national events that draw wealth

from vacationers and suburbanites, injecting it right into the metropolitan's core (Farley, Couper, & Krysan, 2004, p. 8).

The prevailing image of the Rust Belt is one of dilapidation. The above recommendations, specifically to Detroit's case but applicable to all other Rust Belt cities as well, are a step in changing the perception outsiders and suburbanites have of the Rust Belt's urban core. Evidence of progress is the fact that there has been an enormous shift in how whites view racial integration in Detroit as contemporary white Detroiters report they are much less likely to flee when blacks move into the neighborhoods than the metrics showed three years ago (Farley, Couper, & Krysan, 2004, p. 35).

Rockford has dealt with its own struggles of re-branding. Angelos Angelou, a consultant working with Rockford, recommends Rockford try earnestly, by a multitude of means, to change outside perceptions of the Greater Rockford region to more accurately reflect the abundant positive features of the region. Two residents of the city have acted on this advice by creating ExhilarateRockford.com, a website gaining popularity locally that is dedicated to extolling the positive virtues of Rockford and changing the negative perceptions of this Rust Belt city (Curry, 2013). Leaders must be the first ones to change the spirit and the culture of a city, yet when devoted and enthusiastic active citizens help the effort too, it is an indication that more positive action and positive change is nigh.

Once governments do begin the process of change where they can change, they must communicate early and often with their communities. Youngstown is an example of a city devastated by de-industrialization and poor leadership, but has recently cultivated a positive spirit. Recent city leaders of Youngstown have begun to engage their community with

brochures, billboards, public service announcements, websites, and active citizens extolling public values and virtues. The Rust Belt is full of disgruntled citizens, exasperated with the economic plight of their city and fed up with politicians who continue to promise better days that have not yet come to the Rust Belt, and so the endeavor of Youngstown to engage its citizens by investing in the spirit and culture of the city is a shrewd one.

When the city government of Philadelphia, the city though not considered a traditional Rust Belt city, recently acted and began its “Neighborhood Transformation Initiative,” to address the issue of vacant and abandoned property, it failed to first build support and buy-in from the people of the blighted neighborhoods, and because of this, some of the older residents who had endured multiple half-baked attempts at revitalization were skeptical and distrustful of what they saw would be another failed “urban renewal” project (Schilling & Logan, 2008, p. 461). This Neighborhood Transformation Initiative was a sturdy project with a good foundation, and Philadelphia had learned from its prior flaws in urban renewal programs. However, this example demonstrates the necessity in first building public support and spirit before any change happens in the city. Before the city can physically improve, its citizens must be engaged.

The advice of constant communication should be heeded not only as a tool to promote buy-in, but also as a tool to promote an agenda, in a Rust Belt city’s case, a promotion of entrepreneurship and innovation. Constant communication of a single, unified message to residents and city stakeholders can create a more positive culture as well, communication of the merits of dignified job creation, environment quality, or a particular area’s innovative capacity. Boston’s Mayor Thomas Menino, the same mayor who adroitly persuaded real estate developers to cooperate with innovators in the *MassChallenge* contest, and his staff created the mantra of the Innovation District: “Live, work, play” (Isenberg, 2012). Mottos like these and mantras

create a positive culture in cities and it benefits the city leaders, especially the mayor, to use his resources, like the bully pulpit to instill and imbue positive and moral ideas into the constituency in an effort to grow the city.

Cities with a great local spirit and diverse and thriving cultural centers in the city benefit in a variety of ways. Great local spirit is found in high levels of volunteerism in the city, where citizens would gladly sacrifice a few hours of their time in order to enhance their city. Voting and volunteerism go hand-in-hand, too, as voting in presidential elections has been associated closely with levels of volunteering where people who volunteer have been shown to be 40% more likely to have voted in the past presidential election (Moloney, 1996, p. 3). Being connected and partnered with one's city also has been linked to a longer, healthier life, as people with few social and community ties are at greater risk of mental and physical illness. Increased feelings of trust are another benefit of being connected in one's community, as joining a local civic organization has been identified in being a strong predictor of trust. This feeling of trust in one's local leadership is crucial to a thriving and growing city.

Cultures of fear and apathy create barriers to investment from everybody (Kemper, 2005, p. 64). People become reluctant to take a risk and begin to realize decreased feelings of efficacy in their city. These negative spirits beget more negative spirits and the same is true of positive spirits. Connectivity between creators and innovators is the best formula for job creation. Governments must realize that they are abysmal job creators. Entrepreneurs must be the primary job creators if a city is going to be successful. Creating the right entrepreneurial spirit is the best and most proven way to create new jobs, the desire of all Rust Belt cities. Leaders then must do their part where they can to facilitate high spirits to create a certain positive culture in a growing city.

### **E. Development and Redevelopment of Land**

Vacant land and abandoned property, as discussed in the Literature Review, are two of the most malignant effects of de-industrialization, a relic of residential flight out of the city after joblessness without proper re-investment, a pestering nuisance to the contemporary Rust Belt city. Thirty-five percent of Detroit's residential parcels are vacant or abandoned and 44% of Youngstown's are, as established earlier. Vacant land and abandoned properties are ugly and hazardous to growth. Combating this particular plague is critical in the overall fight to rejuvenate the Rust Belt.

Right-sizing has become a popular term in city revitalization efforts. According to Schilling and Logan (2008, p. 3), "right-sizing refers to stabilizing dysfunctional markets and distressed neighborhoods by more closely aligning a city's built environment with the needs of existing and foreseeable future populations by adjusting the amount of land available for development." With high amounts of land available in Rust Belt cities also prone to urban sprawl, right-sizing the communities might even be considered by the optimist as an opportunity for growth. Cities could leverage some vacant lots toward new economic opportunities, possibly green jobs. Problems, however, lie in locating the negligent owners of the properties, which are usually in poorer neighborhoods riddled with other social ills. City governments cannot simply appropriate the land they do not own the rights to, no matter how beneficial to the public good it might be. Tracking down the owners of the properties and coming to an agreement on the transfer of the property can become a very costly endeavor, not to mention the costs of razing dilapidated structures. Pittsburgh faced issues of liability, liens, and zoning when attempting to manage their vacant lands (Schilling & Logan, 2008, p. 455).

The fact that most of these land development efforts would take place in low-income neighborhoods must be considered. The ability to effectively communicate and achieve buy-in within the communities affected is critical to the success of the mission. Proper planning must address concerns of the residents' needs, and these concerns must be considered and justly balanced against the long-term needs of the entire community. These judgments can only be made on a case-by-case basis (Schilling & Logan, 2008, p. 453). The ability of Rust Belt cities to manage this vacant land will determine their degrees of success in their revitalization efforts.

Right-sizing has a particular means of achieving the end of ridding the city of dilapidated and vacant structures: establishing land banks. Land banks allow local governments some control of the vacant, abandoned, and foreclosed properties to hold, manage, and dispose of the land in a manner that is congruent with the general welfare of the public. The states of Ohio and Michigan have been particularly notable in establishing statutes that allow their counties to establish land banks. Obtaining state authorization and financing the land bank operations have been particularly challenging to most regions that have attempted to do so (Schilling & Logan, 2008, p. 458). In Flint, another city deeply affected by vacant and abandoned properties, the Genesee County Land Bank Authority has become a model in showing that well-managed land banks improve a city's quality of life "through blight removal and redevelopment" and also allowing fiscal benefits to be bestowed to cities and counties (Vey, Austin, & Bradley, 2010, p. 46). More than theoretically improving a Flint's quality of life, the Genesee County Land Bank Authority has also provided sound economic benefit for the city as well. A Michigan State University Land Policy Institute 2007 study found that the land bank turned \$3.5 million in expenditures into \$112 million in economic benefit for the city of Flint (Schilling & Logan, 2008, p. 459). Small investments can turn into huge public benefits quickly for communities that

can successfully utilize the power of the land bank. In taking risks over which real estate developers might be skeptical, land banks can develop land in weak real estate markets and then encourage the private investment of real estate developers which can then induce a momentum for a neighborhood's revitalization. Again, partnership and cooperation are a key ingredient to success.

One idea gaining steam in redeveloping blighted lands within a city is to replace them with green infrastructure and green space, "creating community assets while aligning supply more closely with existing and foreseeable future levels of demand" (Schilling & Logan, 2008, p. 453). As many of the dilapidated properties are in particularly devastated neighborhoods with limited resources, quality parks and green space for recreation is not only a noble idea, but a smart one in seeking to beautify the most rusted old areas of town in the Rust Belt. The idea of "greening" the Rust Belt has been around for a while, with the Pennsylvania Horticultural Society's Philadelphia Green program that has developed and installed urban greening projects in order to assuage the effect of approximately 31,000 vacant properties in the City of Brotherly Love (Schilling & Logan, 2008, p. 456).

There are numerous recommendations for ways to develop vacant properties. "Empowerment Zones," championed by former Buffalo Bills quarterback, Congressman from Buffalo, and Secretary of Urban and Housing Development Jack Kemp, are designed to encourage personal investment into areas of Rust Belt cities, particularly into older neighborhoods or areas of the city that still have the excellent economic potential after redevelopment, by offering federal, state, and local tax breaks. These tax breaks, a government investment, would hopefully soon spark a deeper private-sector investment (Vey, Austin, & Bradley, 2010, p. 12). Urban forests or urban farming have been recommended by some



scholars. Another interesting suggestion has been to use vacant lots as sites for community-based renewable energy stations. Some of these suggestions serve the purpose of creating new parks or community gardens as well as restoring wildlife habitats. Vacant land in Rust Belt cities can serve intensely practical purposes too, such as using the property as flood mitigation or storm water treatment sites.

The City of Rockford has suffered from urban sprawl and many vacant properties; it is the norm in terms of Rust Belt cities. In trying to revitalize some of Rockford's more blighted areas, AngelouEconomics has recommended that Rockford develop some of the land along the Rock River that bisects the city. This land along the banks of the river would be perfect to create a cultural and entertainment district necessary to spur entrepreneurial ingenuity. Once the city government in Rockford demonstrates a willingness to help facilitate the development of the riverfront area, this will likely generate private sector revitalization efforts as well (Consultant's study offers remedies for Rockford's ills, 2012).

As bodies of water are such a valuable resource for cities, Detroit, too, has been instructed to develop its international riverfront to serve as a focus for recreation and residences while also highlighting the beauty of the city, as water tends to do. The Detroit River, separating Canada from the United States, can also serve as a great symbol to Canadian and American friendship. The Detroit River is a critical resource in the revitalization of Michigan's most populous city (Farley, Couper, Krysan, 2004, p. 10).

Numerous civic groups in Cleveland are planting community gardens, orchards, and urban farms, as Cleveland too suffers from too much vacant land. Milwaukee, meanwhile, has utilized some of its vacant property to initiate numerous green storm-water management projects

as well as using this campaign to educate the public on reducing runoff and pollution in the city (Vey, Bradley, & Austin, 2010, p. 9).

The idea that the benefits should outweigh the costs is a logical one, especially when considering what to do with vacant and abandoned properties. These properties have the potential to breed and attract both crime and criminals just by their very nature that there is no one protecting the property. Vacant and abandoned property produce little, if any, good to an area or neighborhood. Rationalism, then, becomes an appropriate public policy model when dealing with vacant or abandoned properties. Rationalism seeks to maximize social benefit by calculating the costs associated with a certain action or actions against the gains (Kingdon, 2003). If the gains outnumber the costs, then the policy seems like a reasonable one to implement. If not, the proposal should be tabled. In property cases, the social costs of abandoned properties and the costs of razing the buildings must be weighed against the total benefits of perhaps redevelopment, to increased real estate values, etc. Rationalism has the potential to effectively guide city leaders in their efforts to improve Rust Belt cities.

There is a wealth of vacant and abandoned land available in Rust Belt cities, cities that have shrank and dealt with declining population, but have not yet dealt with much of this vacant land. The possibilities are seemingly endless. The limits are only the barriers of creativity and the creative imaginations of local officials and entrepreneurs. There is a real economic opportunity that can be leveraged from this vacant land—transforming neighborhoods, creating a greener local economy, building recreational parks, and redeveloping underutilized downtown areas. The Rust Belt must use this resource as a key revitalization tool.

## **F. Education**

It is widely accepted that a good education system is the bedrock of a good community. Once the public schools of a city gain a poor reputation, one can be certain that wealth and talent will flee the city, leaving public education systems with needy populations and few resources to meet those needs. Most Rust Belt cities do indeed suffer from struggling public school systems, but as a result of a jobs flight, wealth flight, and a white flight, leaving, predictably, city public school systems to educate needy and deprived populations with limited financial resources due to low property values, property values being the chief means of fundraising for school districts. Potential talent intrigued by a Rust Belt city will be turned off by disreputable public school systems, often indicative of a larger dysfunction in the city. People realize that poor schools are not simply a schools problem, but a whole city problem (Clifton, 2011, p. 140).

It makes sense, then, that in order to get a Rust Belt city on the right track, another fine place to start is improving public education for a city's residents. An educated and talented population is a wealth-creating and job-creating population. (Farley, Couper, & Krysan, 2007, p. 11) suggest that heavy investments, though not financial investments alone, in schools will symbolize a dedication to a stronger city and a dedication to the youth of the city, an attractive trait in any city. As strong educations improve young people, schools are often times viewed by city leaders as the spark to a Rust Belt renaissance (Mitra & Frick, 2010, p. 811). Good public schools attract talented people who are interested in raising families in healthy, not dysfunctional, environments. Good education systems are "critical to a company's ability to attract and retain talented employees" (Ghysels & Thibodeaux, 2006, p. 18). Good school districts, it follows, have a positive influence on reducing the negative effects of the brain drain in Rust Belt cities. Given all the benefits a good school system can bring to a city, the question then becomes: How can we improve our school districts?

It is an excellent question that so few cities have truly solved. The problems are complex, so, naturally, complex solutions can be expected. First, a city must identify the needs of its population and the economy of its region, as many argue that one of the most important goals of a good education is ensuring one finds a suitable job after their graduation. Many times, residents and politicians alike hope that they will strike the regional economic version of the lottery and a mega-corporation will come and open its doors in their town (Mitra & Frick, 2010, p. 825). This scenario, although actively practiced by conniving and deal-making governors seeking another state's profitable corporation by promising lower tax rates, is infinitely unlikely. A city or region's major companies are more often created by its residents.

School districts and school boards must educate their children to fit the needs of a changing world. To do this, they must realize that skills valuable 40 years ago are not necessarily the same skills that are valuable today. Is a world history class more or less valuable than a personal accounting class? Is calculus more or less valuable than an applied mathematics course? There are generally right answers to these questions; each school and school district must decide for themselves on a case-by-case basis. By tailoring classes to fit a modern and changing economy, though, a city is setting its students up for success in the future by endowing them with necessary skills. In Holyoke, for example, an old industrial town in western Massachusetts near Springfield, Mayor Alex Morse has vocalized support for technical training in "green" occupations and partnering with local businesses to give more internship and apprenticeship opportunities for students so inclined (Dias, 2012). Aligning education with the actual economic realities are smart moves for any school district and city.

*How* to educate children in a city is another age-old question: are all neighborhood public high schools the best? Are charter schools valuable? Can trade schools or military school play a

role in developing a city's economy? Do magnet schools or selective-enrollment schools build or destroy the fabric of a local school community?

Many times a basic prescription to educate a city's children does not fit most of the children. Intense core classes may suit higher achieving students, but will the less-intellectually gifted children fall behind? Cities that offer a variety of options to fit the needs of students and can successfully identify which students need services where are more apt to succeed. School districts should seek to orient "kids in a specific direction instead of educating a thousand kids for what was only appropriate for maybe one hundred of them" (Mitra & Frick, 2010, p. 829). Schools must "quit aiming (the) whole educational agenda at the top (Mitra & Frick, 2010, p. 829). Purely academic schools may fit a certain population while trade schools might be more appropriate for another population. A variety of needs in children demand a variety of educational options. Many cities offer a variety of educational options. The skill of a school district lies in their ability, as a whole, to identify the settings that students perform the best in and using that information to find a suitable environment for them.

School districts also need goals. Dropout rates are too high and graduation rates are too low. For example, in Rockford the school district's graduation rate is around 72%, well below the Illinois state average (Rockford Register Star, 2012). If cities like Rockford can reduce dropout rates by half in ten years, that means thousands of kids over a decade who would have dropped out with very few economic prospects could have a degree and still have a chance of obtaining a good job.

How can Rust Belt districts reduce their high drop-out rates and improve schools? A perennial difficulty is funding; wealthier suburbs are able to implement more cutting-edge

practices and technologies because they are better funded. Urban Rust Belt cities have always had to manage the dilemma of pushing more disadvantaged students up to grade-level standards with fewer resources. The problems are complex, so, naturally, complex solutions can be expected. Gallup studies have found that students drop out of school when they lose hope, when they feel they can no longer realistically graduate on time. Gallup has also concluded that hope is a better predictor of graduation and academic success than test scores or even grades. Giving students the hope to graduate and pass courses will help graduation rates, will help students, will help school, and will help cities (Clifton, 2011, p. 134). For students that do drop out, offer gateway programs that will re-engaged a hopeless student and bring him or her back into the school system (Clifton, 2011, p. 151). Students, especially vulnerable populations that are enrolled in most Rust Belt public high schools, must have positive mentors in the community and in the school. Engaged citizens and volunteers from the city can take active roles in at-risk children's lives. Entrepreneurs can form "jobs relationships" with young students and mentor them, hire them as interns, and teach them about innovation and entrepreneurship as well as any teacher can. In a struggling Rust Belt city, each citizen must become a teacher in some fashion if the city hopes to rebound. Local business must partner and connect with the primary and secondary schools to form these "jobs relationships" with the students (Clifton, 2011). Local businesses must communicate openly with administrators and school leadership on what skills are necessary for the local economy. Internship programs and on-the-job training are valuable programs school districts can utilize to help their students find gainful employment; career pathway programs are very valuable tools for a school district. Begin education early, especially in poor neighborhoods, by introducing valuable early education programs, an idea that has been promoted by the current Obama Administration. It has become common knowledge now that by

the time children reach five, the intellectual gap between rich and poor children has been set. Reduce this by investing in young children, especially poor, young children. American and Rust Belt cities can exist by relying on the wealthy to shoulder the load for economic progress, but it is a foolish endeavor. By relying on all citizens to contribute, Rust Belt cities can unlock a potential for economic progress. Yet in order to rely on all citizens, local governments must play an active role in investing in all citizens.

Rockford schools have been instructed to develop stronger business curricula and partner with local business agencies and universities like the Rock Valley College Small Business Development Center. Administrators in public primary and secondary schools should also partner with the post-secondary schools of the Rockford region to ensure a unified vision toward a stronger Rockford economy (Consultant's study offers remedies for Rockford's ills, 2012).

Certain public policy models may be used in guiding the Rust Belt cities beset by educational malaise. It would be foolish, for instance, to revamp a city's entire system. Not only foolish, but it would destroy the stability children depend on in their formative years. Incrementalism, then, as a public policy model, would be wise to follow. School systems need not develop radically new curricula; they simply need to make incremental improvements to fit the changing landscapes and the evolving economies. There are many perfectly legitimate practices that occur daily in Rust Belt classrooms, but there are numerous other practices that could be improved, both at the district/administrative level (e.g. - what classes should be taught in a 21<sup>st</sup> century economy) and at the classroom level (e.g. - how can teachers maximize instructional time?). Furthermore, great changes in education can typically only be realized if both administration and teacher unions are in some degree of accord. Realizing this, radical

change in schools is politically implausible. Incrementalism, then, is a key model to be used in policymaking to make school districts more effective for younger citizens.

A perennial difficulty that must be acknowledged is funding; wealthier suburbs are able to implement more cutting-edge practices and technologies because they are better funded. Urban Rust Belt cities have always had to manage the dilemma of pushing more disadvantaged students up to grade-level standards with fewer resources. Schools can many times act as a place to balance the budget in local politics; when short of revenue in local government, public schools many times are among the first to feel the pinch.

Improving education systems is a tremendously complex task requiring complex solutions. There is absolutely no silver bullet. Local mayors or aldermen cannot fix it; the problem must be solved by a competent body of people, particularly by competent superintendents, administrators, and principals. Improving the schools of a struggling Rust Belt city is absolutely essential to the prospective growth and prosperity of the city. If schools continue to languish, so too shall the Rust Belt, for certain. Improving the schools is indeed a whole city initiative, not just a teacher and administrator initiative. Active citizens in schools and the community will create a thriving city. Every citizen must serve as a teacher and a mentor for the youth of a city. When individual citizens take active roles in their communities and schools, cities begin to brim with vitality.

### **G. Universities**

As established above, education is the bedrock of any thriving community. Success starts in the public school district and continues through to the university level. Strong universities play just as key of a role as the strength of the school district. Universities, when engaged with



the base city, can most easily make the most contributions to a burgeoning spirit and culture within the city. They can link with local business, just as secondary schools should, to promote local industries and help students not only find, but also eventually create good jobs.

Universities are the local foundation for research and innovation and, by their very nature, support entrepreneurship and creativity within a city. Universities provide good jobs and bring excellent and talented individuals and their families to a region. Yet through all this, we must recognize a university's primary and most important function, as important to a city as any of the other aforementioned functions: educating young workers.

The Rust Belt has a distinct advantage over the rest of the United States as the North is home to some of the nation's most renowned research universities in both America and across the globe. Cities like Ann Arbor, Bloomington (Indiana), State College, Columbus, Madison, Champaign/Urbana, Lafayette (Indiana), Lansing, and Minneapolis have all been the complete beneficiaries of very successful universities in their communities. In the Great Lakes region, the 21 largest metropolitan areas are home to 32 major public and private research universities, which also attract millions in federal research investment. The Great Lakes region produces a whopping 36% of all science and engineering degrees distributed across the United States each year! One-third of all patents, in fact, were conferred upon Great Lakes states between the years of 2001 and 2007 (Vey, Austin, & Bradley, 2010, p. 4). Nineteen of the 21 largest metropolitan areas in the Great Lakes region have at least one community college as well. Rust Belt universities educate almost 750,000 students with even more being educated outside the largest metropolitan areas, as in Bloomington, Indiana, home to the well-respected Indiana University (Vey, Austin, & Bradley, 2010, p. 31). The Rust Belt/Great Lakes region has bountiful resources, and in the interest of self-preservation, must retain the abundance of talent that it

educates! Universities in the Great Lakes play a very key role in their states currently, but their role can be expanded to even more acutely benefit the Rust Belt.

Successful or, at the very least, growing areas capitalize on the strengths of their local universities. Connecticut's state government invested \$4 million into a training program for workers at smaller and mid-sized manufacturing firms to create a more efficient workforce, the techniques of "lean production." With the financial assistance of the state to the University of New Haven and with the instruction and guidance of the university in educating the workers, "Costs have come down" and "(Manufacturing firms) have seen benefits already," says George Haley, professor of industrial marketing at the University of New Haven (Industry Week, 2006, p. 32). The success of these small- to mid-size manufacturing firms and the university's role in training qualified workers is important as "a small- to medium-size company that's growing creates jobs at a rate about 10 times faster than a larger company does," even though most cities and states pine for the large companies to relocate to their cities (Industry Week, 2006, p. 32). Traditional industries, for what the University of New Haven was training its workers, also create better multiplier effects than the attractive high-tech industries as well, according to Haley.

States and cities must fully and truly take advantage of all the opportunities a good university can offer. States can use federal workforce resources and funds to urge both employed and unemployed workers to improve their skills and obtain new degrees and certificates that can help them move in their careers or to cross into better careers. Michigan has had great success in establishing programs that guarantee two years of education to unemployed or displaced workers who are willing to enroll in "critical occupation" areas of employment. After 18 months of the program, almost half of the 62,000+ workers enrolled had already found

jobs while others were completing their training or furthering their study (Vey, Austin, & Bradley, 2010, p. 38).

States can also use universities to influence their economies to promote the study of professions that are crucial to the success of the state or professions that are in high demand. States could modify the ways in which they reimburse colleges, providing incentives to invest in areas where instruction of the subject could be a costly effort or areas that would provide a higher quality of job (Clifton, 2011, p. 155). As states finance significant amounts of college expenses, they then wield much influence over the college as well. It behooves states and cities to take advantage of this in order to act in a manner that promote economic growth.

Universities play a key role in the cities where they exist—they provide a foundation for personal improvement and improve workers and economies, and they “are the origin of the most highly successful startups” (Clifton, 2011, p. 79). In order to realize true revitalization, cities must identify how a university can truly improve their city, and once identified, they must act on executing a strategy to extract the potential that a university can offer. Many cities with great universities do this well, but smaller universities or community colleges offer incredible opportunities for Rust Belt cities as well. A Rust Belt city can improve its city enormously by partnering with its local universities to grow in numerous facets of city life.

## **H. Wages**

Perhaps one of the chief effects of the de-industrialization were the lost wages that families and workers endured. Businesses and companies many times cannot control wages during times of slim profit margins, but some companies, especially larger corporations that move into depressed areas for economic gain, can. Wage increases are beneficial for cities and

states, even in the face of arguments against increases in the minimum wage, for example. Perhaps cities might maintain some “living wage” for workers that dictates minimum wages in certain industries in the city. Of course, each city would have to balance and act with care in implementing such policies, as unchecked enthusiasm by governments can kill job growth.

Unions have historically been behind actions that have organized labor to produce increased wages and safer working conditions for workers. Economic studies have shown a clear link between unions and wage increases, especially for less-educated workers. The decline in union membership has contributed to decreased wages and heightened inequality in labor markets over the past half-century. Low wages and high inequality hurts cities and is linked to increasing crime rates. Unions have historically increased wages and decreased inequality, both of which, have been beneficial to cities as a whole. Unions were able to successfully organize manufacturing labor, but with the departure of large-scale heavy manufacturing and the expansion of the service industry, unions must find a way to successfully organize the service industry, a much more difficult task (Holzer, 2011, p. 160).

Beyond mandatory wage increases, governments can influence the quality of jobs for workers. By requiring government contractors to pay higher wages or providing better quality jobs for their workers, governments, too, can become a leader in raising job standards and wages. Yet, the government cannot become overly involved in this regard, lest they encroach upon the freedoms of the private sector to operate with minimal interference in legitimate business operations.

With the expansion of the service and retail sectors, especially in Rust Belt areas, it is helpful to analyze retail wages. It has been argued that the cost of mandatory higher wages for

workers will simply be passed to the consumer *or* the business will fail. However, empirical evidence shows that this argument may not be fully true, as mandatory wage increases produce some gains that offset the cost before it is passed to the consumer (Ruetschlin, 2012, p. 6). Yet in raising the minimum wage, employers can retain talented and experienced employees, which can reduce turnover rates and increase efficiency. One Wharton School of Business study found that a \$1 increase in payroll translates to an additional \$4 to \$28 in sales each month, with 25% of employees producing 2.6% increases in sales or more (Ruetschlin, 2012, p. 6). Benefits of higher wages can show up in profits!

Wage increases are important for cities. As these cities are comprised of workers, more income is critical to helping all sectors of the city. Better wages and improved working conditions increase the quality of life within a city and can boost expansion in other economic sectors of the city as well.

### **I. Infrastructure**

As was established earlier, part of the Rust Belt's problem was the lack of continued innovation in the Rust Belt. Good manufacturing jobs would be available to those who could graduate school and were diligent in their work. Education was perceived as more of a hoop to jump through rather than a ticket to higher career goals. Because the status quo was very good to the industrial North, there was little need to innovate and further develop the infrastructure as a facilitator of innovation and public reinvestment. When one thinks of innovation and entrepreneurship, the Silicon Valley in California is likely to come to mind. The Rust Belt, meanwhile, likely conjures up images of dilapidated buildings and vacant lots with economic depression. The infrastructure has not been maintained, and when local governments fail to

maintain the infrastructure and they fail to invest in their constituents, why would a private company want to?

The Rust Belt grew in part because of its networks of connected cities and towns from rail and later to interstate highways as well. The Rust Belt needs to maintain these transportation networks if it should realize a resurgence of any kind. With many Rust Belt cities and states being strapped for cash, a national or a regional infrastructure bank has been recommended to fund worthy transportation projects where infrastructure investment is most critical, and usually a place where the city in need of infrastructure improvements has the least amount of capital to complete the project. Some of these projects might include transitioning the region to a lower-carbon economy through green infrastructure or developing an electric fueling network at gas stations around the region. Electrical grid development, broadband developments, and research in water management and energy generation for cities would also be worthy investments. Merit-based criteria would be used to choose the most worthy projects that would be evaluated by cost-benefit analysis, evaluating the regional or national significance, and how well the project aligns with goals to reduce greenhouse gas emissions. The Obama Administration and members of the House of Representatives have already begun developing a system where an infrastructure bank might be made a reality (Vey, Austin, & Bradley, 2010, p. 41). Many times the federal or the state governments must be the big thinkers in developing big projects that can realize big, positive effects that local governments just do not have the resources to accomplish. Each level of government and each public official that represents a Rust Belt city has a key role in developing the infrastructure of the Rust Belt, infrastructure that can become a critical part in attracting innovators and entrepreneurs.

For more mid-sized cities that are close to larger metropolitan areas, like Rockford to Chicago, Akron to Cleveland, Dayton to Cincinnati, or Flint to Detroit, these cities must take advantage of this proximity. Either through excellent roads, or convenient bus schedules, or increasing support for passenger rail, the ease of transportation between larger metropolitan area and nearby mid-sized city is necessary for growth to occur for both cities.

Airports, industrial parks, and roads are more areas of investment that could contribute to real growth in the coming years for Rust Belt cities. Allentown responded to worsening decline by improving its infrastructure: by extending a major highway, Interstate 78, Allentown promoted an ease of transportation between New York, Philadelphia, Allentown-Bethlehem, and western Pennsylvania. Allentown would retain a certain relevance as a smaller Rust Belt hub by building up the chief highway in and around its city. Transportation of ideas is just as important as the transportation of product; connecting individuals and entrepreneurs from different areas create wealth for cities and regions alike (Safford, 2004, p. 19).

Chattanooga, Tennessee, though not a Rust Belt city, has accomplished some development that all nearby Rust Belt cities wish they could accomplish. Chattanooga has developed the “ultra-high-speed Internet service of up to one gigabit per second,” almost 200 times faster than usual broadband speeds in the United States (Lohr, 2010). Because of this, Mayor Ron Littlefield has said, “We were a dilapidated city going the way of the Rust Belt” (Friedman, 2012), but under Littlefield’s leadership, Chattanooga has become a very relevant city in its region, from “being a slowly declining and deflating urban balloon to one of the fastest-growing cities in Tennessee (Friedman, 2012). Businesses have located and invested in Chattanooga after seeing the commitment from Chattanooga and its leaders. Chattanooga, or “Gig City” as it has come to be known, has provided the infrastructure to help businesses

complete in the globalized economy where only cities like Hong Kong, among a handful of others, have this high of a level of Internet speed. Beyond fast Internet speeds, the benefit of this lightning-fast broadband service is that more than 150,000 Chattanoogaans have smart meters that track their energy consumption as it happens, and when a storm that killed the power to 80,000 homes struck, over half of those afflicted were able to have their power restored in two seconds. A decade ago, it would have taken over 17 hours, according to Harold DePriest, the chief executive of EPB, the city's electric and telecom provider (Friedman, 2012). Chattanooga's network was completed in large part because of federal funding from stimulus money. The benefits of efficiency, both economic and otherwise, that Chattanooga has realized make improved Internet speeds for cities in the Rust Belt a worthy consideration. With enough closely networked cities in the Rust Belt and enough participation by cities in the Rust Belt, this region might soon become a very attractive place for businesses and entrepreneurs. It might be a fight to secure the funding, but this struggle to secure the funds for such an investment is indeed "fighting the good fight."

The infrastructure of a city can also be analyzed in terms of the Rationalist public policy model (Kingdon, 2003). When considering whether or not to build roads, smart grids, enhance broadband connectivity, etc. city leaders should actively employ the Rationalist public policy model, which, again, seeks to weigh costs of the action or decision against the benefits. In infrastructure proposals, the appropriate questions to ask are: how much does a particular road cost to build or improve upon and what are the benefits of this enhanced transportation route? Will it increase economic activity to the region? Will it provide a freer flow of goods? Will it simply provide easier transport *around* our city instead of *through* it? Is the steep cost of providing broadband worth the risk of possibly not attracting high-tech investors to our city?



Rationalism can be a model for public policymakers locally to guide their decisions and inform them over which option is the best and wisest for their city (Kingdon, 2003). Building infrastructure wisely is an important step in enhancing an economically depressed city.

Solid infrastructure is necessary to the continued success of the Rust Belt. When governments stop investing in their infrastructure in the cities and regions, private investment follows, and it goes elsewhere. The Rust Belt must show that they remain committed to private investment and private business. By investing in transportation, roads, passenger rail, airports, highways, industrial parks, and definitely in broadband Internet systems, the Rust Belt can demonstrate to entrepreneurs globally that they are committed to being competitive in a globalized economy.

#### **J. Civic Organizations**

A rather reliable indicator on a city's well-being may be to realize the level to which its citizens are actively participating in events that promote a city's social growth and the amount and influence of civic organizations. Typically, the more poorly a city's economy is performing, the more disjointed and disconnected the city becomes, while the more vibrant cities have fostered a culture of volunteerism, action, and connection. Civic organizations play a significant role in the vitality of a community, and they become an even more significant component of cities that are revitalizing or are developing.

One obstacle that civic organizations face these days, even in the most vibrant of cities, is the result of the Internet. The Internet, for all its glorious advantages, also can come with some disadvantages. With the Internet, people have the opportunity to join together to share their enthusiasm, not at a meeting at a common geographic place, but over the vast distances on the

Internet. This reality could easily prevent the strengthening of connections and bonds between people of a community, which is a particularly damaging effect when one considers the impact on innovation connection between people can bring. The Internet also hurts civic organizations in that it can allow people to choose what news they wish to receive while filtering out the rest, which can distort the perception of local conditions that might otherwise incite local action by community members over a particular local concern (Moloney, 1996, p. vi).

The Internet has been a wonderful instrument that has promoted economic growth in cities, but it can also have its negative effects, especially as it relates to civic organizations and the importance of connection and organizations in cities and towns. Organizations help create stable relationships built on trust and the exchange of information between partners. Local organizations also reduce search costs and mitigate risk (Dore 1973; Powell 1990; Safford, 2004, p. 5). Citizens and entrepreneurs must be sure to continue to promote the physical connections between residents of a community in order to keep the interaction of creativity at high levels, creativity which breeds innovation and spurs economic growth. City and regional leaders must be sure to attend meetings and continue to promote the value of such organizations in the hopes that they continue to persist.

Two cities, one with strong local civic organizations and the other with weak civic organizations, moved in opposite directions, economically, after the fall of the Rust Belt, due somewhat to the success or failure of the local civic organizations and their ability to connect or divide the local people. In Allentown, strong local organizations and networking helped keep the city afloat economically with a culture of participation in civic organizations seen as a good, productive thing. Through organizations like the Boy Scouts and local universities, key actors interacted and connected to address the key problems in the city. Youngstown's civic

organizational culture, on the other hand, was less democratic and more elitist where fewer citizens were engaged, but of those who were, they were also engaged in a number of other civic organizations. Rather than being opportunities for interaction between like-minded people, the local organizations in Youngstown served as more of an affirmation of social status. When economic crisis came to Youngstown, this small, more elite group “may have done more harm than good by strengthening the ability of a small group of actors to assert narrow interests over those of the community more broadly” (Safford, 2004, p. 27). When fewer citizens are actors in a community, the community is much more likely to be disjointed and disconnected which further detracts from what is likely to be a scenario with already brittle relationships.

Allentown’s civic organizations were comprised of actors who were not necessarily tied to the social elite of the city. Businesses were active in the community and other laypersons were as well, in the form of civic organizations. The Boy Scouts and local universities were the foundation of civic organizations in Allentown, organizations that promoted good philanthropic and altruistic ends. In Youngstown, on the other hand, the business elite also comprised much of the participation on the local organizations, suggesting a lack of civic involvement by other laypersons of the city. The most prominent civic organization in Youngstown proved to be the Garden Club, comprised mostly of the wives of the business elite of the city. The Youngstown Garden Club, by contrast, was not the type of organization dedicated to the improvement of the citizens of the entire city as the Boy Scouts of Allentown were. Civic organizations create a special fabric in the community and a special bond between residents. Civic organizations create common goals for people to achieve and bring people of the same town together in an effort to solve problems or improve lives of their same city. Civic organizations bring residents together in the name of improving the quality of life for the citizens of the town (Safford, 2004, p. 26).

Even beyond the civic organizations, businesses and their commitment to their cities are but another form of a positive organization. Businesses that can commit to their cities give a certain support to their city, a message that they will not fail the city that once provided them the foundation for success. Grand Rapids and Akron are two cities that benefited from the earnest efforts of the local business leaders in order to prevent the further decay of these cities. In Akron, Goodyear financed a new research center at the University of Akron and downtown revitalization projects. Grand Rapids leaders were behind the creation of museums, the downtown arena, specialized medical care centers as well as a new cancer research center. Meanwhile, in Flint, on the other hand, General Motors was never recognized as a philanthropic organization dedicated to the welfare of the city. Flint, as it goes, was one city deeply injured by the economic downturns in the late 1970s and early 1980s (Hobor, 2007, p. 243).

Businesses, too, have a strong role to play, as organizations in a city. When civic organizations are committed to the welfare of the city as well as businesses, that fabric of a common goal and connectivity is very powerful. City leaders have more options in preventing further decline when the residents of the town are acting together for common good of the community. Joining civic organizations has been shown to develop trust amongst city residents. Neighborhoods become safer when the social bonds formed at community events act as preventions to drugs and crime. “Community policing” rises and residents look out for one another and work with the local police departments. Studies have shown that young people whose neighbors are engaged in the community are more likely to be employed and less likely to be involved with drugs or in criminal enterprises. When citizens are engaged, schools perform better. Parents are more deeply involved in their children’s activities. The quality of schools has also been shown to be most accurately related to the active participation of families and the

community. Civic engagement also promotes longer, healthier lives for its citizens as when one is engaged, they develop deeper and more meaningful relationships with those around them.

Active citizens do an array of beneficial activities to improve the fabric of the city: they organize sports teams for the children of the community, they develop tutorial programs for youth, they partner with the local school for specific opportunities, they use their skills to teach and improve others, and they generally build the common spirit in a city, a spirit that can spark innovation and cooperation for the greater good (Moloney, 1996, p. 3).

### **K. Transformation & Reorganization**

Part of the problem for the Rust Belt in the later 20<sup>th</sup> century was its inability to adapt to a changing economy and new economic realities. Part of the problem for the contemporary Rust Belt is its inability to fully adapt to a still changing economy and new economic realities. The Rust Belt has no doubt transformed, but for the worse. As discussed earlier, low-wage retail and personal service replaced manufacturing as the dominant sectors of work. New enterprises like green energies have become popular for scholars to support; it is still a new and developing market with much research potential.

The economic reorganization of the Rust Belt forced many cities of the region into a period of decline with the shift from manufacturing into retail and service jobs. Some cities handled the reorganization much more deftly than others. The previously discussed contrasts between Allentown and Youngstown manifest themselves here again: Allentown and the Lehigh Valley generally succeeded in transitioning their local economy whereas Youngstown tried with a fury to hold on to what was once so profitable, their manufacturing prowess. Allentown has indeed embraced the service sector, but it has grown in the higher-end service sector positions of

FIRE: finance, insurance, and real estate, the indicative sector of a growing economy. Allentown employed 5% of its labor force in FIRE and education in 1970, but today they employ close to 20% in these lines of work (Safford, 2004). Youngstown's ratios in these sectors remained the same in 2004 as it did in 1970 (Safford, 2004). Today, Youngstown's economy remains concentrated in low-skill work in automobile, transportation equipment, and specialty steelmaking manufacturing. Youngstown has also received a cluster of prisons. Youngstown has 81% of its jobs in steel, auto, manufacturing, cement, textiles, and apparel, where Allentown "seems to have shed its old industrial stock almost entirely" (Safford, 2004, p. 15). One city, Allentown, though closer to non-traditional Rust Belt cities like New York City and Philadelphia and other large commerce centers, has successfully reorganized its economy from a deeply manufacturing-based economy to a higher-end service economy, replete with good jobs for its skilled workforce. Youngstown, on the other hand, transitioned poorly, tried holding on to bygone sectors of employment, and they saw their economy, city, and residents suffer for it.

One unfortunate circumstance of recent Rust Belt history was that right in the middle of revitalization attempts, the Great Recession struck and seriously injured the housing markets of cities in the Rust Belt, a further blow to already low property values (with consequences to school districts as well). This recession has again forced the Rust Belt to rethink local economic structures. Reconstructing and rebuilding remnants of the pre-Great Recession economies would be a flawed strategy. The Rust Belt must begin anew in transforming its economy to promote higher amounts of exporting, innovation, and new energy strategies. With fantastic private and public universities and a deep experience in export and trade, the Rust Belt still has the tools to reemerge as a region in the United States with significant economic influence (Vey, Austin, & Bradley, 2010, p. 3). The Rust Belt would do well to continue focusing some of its revitalization

efforts to a greener, low-carbon economy. These new economies, as promoted by many scholars, say a shift to a green economy would likely drive deeper job creation “as the nation will need scientists to invent, entrepreneurs to take to market, and workers to build solar panels, wind turbines, biomass plants, advanced fuel cells, and efficient finished products” (Vey, Austin, & Bradley, p. 30). A 2010 University of California-Berkeley study found that per unit of energy, solar and wind energy give fivefold the amount of jobs that coal and gas provide (Vey, Austin, & Bradley, 2010, p. 30).

Once again in Holyoke, Massachusetts, Mayor Alex Morse has an economic strategy to develop the city’s old mills into centers promoting business, technology, and arts. He has partnered with five Massachusetts universities in order to build a \$168 million high-performance “green” computing center in hoping that it will recruit more research and high-tech companies to occupy Holyoke’s old mills (Dias, 2012). With cities across the world vying for the limited number of good jobs available, the Rust Belt can do their best to stake out a burgeoning industry, an industry that is good for the environment and good for the economy too. It behooves the Rust Belt to “nurture ‘sunrise’ industries such as electronics and bio-medical technology while addressing challenges facing ‘sunset’ industries such as steel and automobiles” (Safford, 2004, p. 14). The recognition, identification, and appropriate action of rising and falling industries is the difference between thriving cities and regions and depressed cities and regions. The Rust Belt failed to recognize a falling manufacturing sector in the late 20<sup>th</sup> century and duly suffered the consequences. By recognizing and acting on real opportunity in the early 21<sup>st</sup> century, the Rust Belt can revitalize and reemerge as a dominant economic region of the United States.

Rusty cities like Youngstown, Cleveland, and Detroit can learn from the examples of Chicago, Philadelphia, and recently Pittsburgh, cities that have renovated their downtown areas

to attract new industries, including the FIRE industries. Cities that delude themselves into thinking manufacturing will return will soon be lost to eternity. Cities that can reorganize themselves and their economies, on the contrary, have a strong chance at gaining economic steam once again. As exemplified in Holyoke, other Rust Belt cities can ably use what their city has in 20<sup>th</sup> century infrastructure to improve its 21<sup>st</sup> century infrastructure by turning an old warehouse into a productive space for economic output. Chicago turned an old rail yard into the now famous Millennium Park, a beautiful park which has, in turn, helped rejuvenate the areas south of downtown, or, “The Loop.” Economic reorganization, from manufacturing to 21<sup>st</sup> century industries and transformation, physically and economically, is vital to the success of the Rust Belt city. Even beyond reorganization and transformation, smaller changes can be integrated into the cities to promote further positive change as well.

#### **L. Secondary Recommendations**

Some of the best and most creative solutions and recommendations do not fit nicely into one of the above subjects, but nevertheless are worthy topics to discuss anyhow. The chief means for an economic resurgence in the Rust Belt is to create jobs. Good jobs will be a game-changer for the Rust Belt, and good jobs can really only be developed at the most local of levels by people with innovative and entrepreneurial spirits. To get new jobs, one needs new customers. To create an export-led economy, one must find global customers as well as domestic customers (Clifton, 2011, p. 117). The old adage “Sell to strangers, buy from friends” becomes relevant in the ideas that frame creating a better economy in the Rust Belt. As discussed above, more engaged citizens, development of land, sound infrastructure, good education programs and universities, and a vibrant city spirit all contribute to a thriving local economy. The following suggestions might also tangibly help the Rust Belt economy.



China and India have been building their metropolitan economies strategically in laying 21<sup>st</sup> century transportation and communication infrastructure, increasing research and development investment, and creating incentives for clean technologies (Vey, Austin, & Bradley, 2010, p. 12). If the United States fails to find an answer for these developments, the nation could be amongst a crowd in the global economy instead of dominating it. The Rust Belt can and should become a leader in these developments within the United States in order to spur economic growth here, both regionally and nationally.

In Bill Clinton's book Back to Work (2011), he advocated for a greener American future. Among his 46 policy proposals in total, a few have begun to resonate a bit more deeply than others among the nation's leaders. One of Clinton's most emphasized ideas was to retrofit old public buildings like old public high schools or prisons or libraries in order to become more energy efficient. Clinton sold the idea as one that would pay for itself in just a few short years, and if it failed to pay for itself, the company who completed the retrofit would then pick up the tab to cover the difference in cost. This idea had the support of Chicago's Mayor Rahm Emanuel who soon began implementing it in Chicago, selling it as a policy that would create 1,000 jobs and save the city \$20 million per year in energy costs (City of Chicago, 2010-2013). Clinton has also advocated for enhancing smart grids to cut energy costs, small business loan modifications to make it easier for small businesses to acquire loans for the capital they need to survive and thrive, and has promoted a plan similar to that of "Georgia Work\$," a program designed to train employees while they are unemployed, realizing that most workers lose more than their paychecks during unemployment: they also lose out on the further development of their skills (Clinton, 2011). These are small measures cities and states can take to more acutely fight the

malignant effects of joblessness during the Great Recession, but measures, nevertheless, that will improve local economies.

A city's ability to recruit major national events to its region can provide a temporary boon for local businesses, especially cities that are not used to hosting such events. Mid-sized cities are especially seeing these events as a lucrative deal. Rockford has recently sought to build a sports and recreation complex in its downtown region in the hopes of attracting some of the youth sports events, like AAU, from Chicago and its nearby suburbs (Rockford Park District's feud with union stalls Reclaiming First, 2013). Weekend-long events can help the local tourism industries prosper if only for a short time, especially in cities like Flint, Rockford, Akron, and Youngstown that see most of its potential tourism dollars go to nearby cities of Detroit, Chicago, Cleveland, and Pittsburgh.

#### **IV. Conclusion**

Given all that has been presented and discussed above, the question that naturally rises is this: can the Rust Belt recover and be reborn? The strategies and pathways to renewal emerge from the analysis and the literature. In the view of this researcher, a conceptual path does seem to have applicability and possibility across the region. Furthermore, coupled with this conceptual path, public policy models like Rationalism and Incrementalism, as discussed earlier, can also serve important roles in the revitalization efforts of the Rust Belt city. Leaders must decide which action is most rational economically for the city, and they can do this by weighing the costs associated with an action against their gains. Likewise, Incrementalism can inform city officials in their quest to improve the city (Kingdon, 2003). In our introduction of Incrementalism to the city, we used it in the context of the school systems. School districts need not pursue radical change, as that can prove destructive to the children needing stable

environments to learn, nor would teacher unions be likely to quickly agree to radical changes proposed by a superintendent and his associates. Incrementalism, then, is the answer. There are many legitimate practices that occur daily in school districts. Schools would be wise to build off sound practices and *incrementally* modify practices that do not work effectively. School systems are not entirely “broken” as the public enjoys to allege, but they are not working at capacity either, not nearly. Incremental change to institutions that always stir controversy is the wisest method of approach. Rationalist and Incrementalist public policy models have the ability to inform civic leaders of the most effective ways to execute positive changes in their communities after they consider all the advantages their cities have to offer.

The Rust Belt began as a network of cities in the industrial North situated on the Great Lakes and connected by these lakes or by the lakes’ principal rivers. Connectivity was the successful ingredient as rail was introduced to the American economy and eventually the Interstate highway system. This network, a foundation built long ago, was the very foundation of the Rust Belt, a burgeoning area that began growing as the 20<sup>th</sup> century progressed through the development of the national auto and steel industries. Manufacturing of these heavy industries grew in demand throughout the world, and the Rust Belt expanded on its heavy export-driven economy. Labor organized and safer working conditions and higher wages were secured by the unions. As a result of union successes in organizing the labor, workers were able, with lower college costs and higher wages, to send their kids to college and buy a house on their wages. Yet this American Dream in the Rust Belt would soon come crashing down.

Demand for American automobiles and steel decreased beginning in the 1970s and 1980s. Economically homogenous cities suffered most when the chief industries of their towns left or shrank, for example, Detroit’s automobile industry or Pittsburgh’s steel industry. Foreign

automobiles began to compete globally and nationally with the American automobile manufacturers. The northern industrial factories vacated abruptly and the northern industrial economy was forced to reorganize. Jobs departed for the South and across international borders where labor was cheaper and unorganized, where policies were favorable to management and business owners. The industrial North soon came to be alternatively known as the *Rust Belt*.

When jobs and people leave an area and unemployment rates rise, these ills brings a host of accompanying issues along to the blighted area as well. When jobs and wealth fled for other regions of the United States and the world in the latter half of the 20<sup>th</sup> century, it left the Rust Belt deprived. With racism still such a prevalent sore for American society, this too affected the Northern and the Southern economies. In the North, when blacks migrated from the South seeking opportunities unavailable to them in the South, they moved into cities in clusters and endured segregation and racism in their new homes. The booming economy kept peace enough for races to co-exist somewhat in the cities. However, when wealth and jobs left the Rust Belt cities after the fall of the Rust Belt, racism became a hot issue instead of a latent one. Whites, too, accompanied the general flight out of the Rust Belt, further depriving the cities of a tax base.

All the various departures of former Rust Belt residents created further hazards for local governments. Beyond tax base shrinkage, buildings, once occupied now vacant, attracted crime. Property values depressed as blight pervaded in Rust Belt neighborhoods. School districts suffered because of lowered property values. Young workers, seeing more prosperous economic opportunity elsewhere left the regions, inducing a “brain drain” in the metropolitan areas, where cities and suburbs were unable to retain their best young workers in some of their most productive and valuable years. City governments lost their tax bases. Social services were short-handed and failed to keep up with needier populations with a more concentrated poverty.

As residents of Rust Belt cities became more desperate and alienated from society, crime rose, leaving the urban core even more unattractive to potential private investors.

Metropolitan sprawl on the periphery of the urban areas grew as a result. People relocated away from the urban core of the city, rocked by economic blight. When businesses reorganized or reformed, they located further and further away from the urban core and closer to suburban areas, where the wealth was. Service to the urban core was more even more negatively affected. As urban and suburban sprawl continued, metropolitan areas became even more decentralized, which hurt the capacity of local governments to remain effective agents of empowerment for citizens.

As the Rust Belt malaise continued, city organization suffered. Civic organizations in devastated Rust Belt cities failed to react appropriately to the depredation that permeated the city. Citizens became alienated from one another and the urban spirit deteriorated, harming the innovation in cities. Citizens remained disconnected and thus generally powerless to affect a positive change in their cities.

Yet through all this prolonged economic and social malaise, the Rust Belt can indeed rise again. It has particular advantages, the infrastructure of its previous economic surge and history of skilled laborers. Its cities, once connected, still are. Its public and private universities remain respected, both nationally and globally. If properly managed, the Rust Belt can once again be a hub of innovation and economic prosperity.

The Rust Belt must adhere to a certain prescription if it ever hopes to realize revitalization. It must adhere to virtues of cooperation and partnership. Communities must get organized again. Everything that the Rust Belt did well to succeed in the first place must be

replicated. Partnership and cooperation between successful city enterprises should be encouraged. A city's culture and spirit must be grown. Good public and private leadership provides the spark for this to occur and the city's residents must follow and become truly engaged in their communities, citizens truly concerned for the welfare of their city and region. Governments, too, must be invested in their communities and constituents, yet must be careful to avoid the trap of becoming overly enthusiastic whereby they might stifle the innovative spirits of incoming entrepreneurs. Governments must be facilitators of economic progress; they can never be the cause of it. Governments can create the right environments for entrepreneurship and innovation to occur, but they cannot create economic prosperity itself, for that comes from a city's or a region's citizens. By creating a culture of cooperation, volunteerism, and partnership, the innovative spirit of the city will likely increase, a spirit that will become greatly beneficial to the city's long-term economy. Building a cultural center in a city in the downtown areas or on a natural resource like a lake or river (as nearly all viable Rust Belt cities are either situated on lakes or rivers) is essential to building these innovation centers, centers that can spark business growth in nearby neighborhoods as well. Cultures of partnership and cooperation are vital to the success of any Rust Belt city in quest of a renaissance.

Rust Belt cities underwent periods of out-migration to suburbs or other areas of the United States, and thus, have an oversupply of vacant or underutilized land. The management of the development or redevelopment of this land is one way that governments play a crucial role in helping Rust Belt cities grow. The creation of land banks is a valuable idea. "Right-sizing" the city according to the economic demands of that city will help property values as land is more efficiently utilized. "Greening" the Rust Belt city through natural beautification efforts is an

easy way to make a city more attractive while diminishing the eyesores of urban decay. Vacant lots transformed into parks and playgrounds or forests will add a vitality to any neighborhood.

A good public school system is one of the most important ingredients to any city. As has been established, Rust Belt public school systems suffered as the cities themselves suffered. No longer were the high-achieving students attending the urban public schools and no longer were more affluent families of the metropolitan region attending the urban public high schools; more and more, affluence left the urban public schools for suburban schools or private schools. The revitalization of the urban public school is a necessary contingent to the economic growth of a metropolitan region. In many Rust Belt cities, high schools have come to be alternatively known as “dropout factories.” This reality must change. Unskilled and uneducated youth cannot contribute to an economic renaissance, or really to an economy in general, in Rust Belt cities. Poor schools are a city problem, not a schools problem. It has been established that the most successful schools are not necessarily composed of the most affluent or the smartest children; the most successful schools have an engaged community that supports them and engaged students and parents working with teachers and administration to find academic success. Identifying students’ strengths and weaknesses are also vital to the success not only of the student but also of the school system. The community must find ways to partner with local schools and steer schools toward helping students develop skills that are applicable to the local economy. Providing students internships and apprenticeships and creating jobs relationships between the businesses of a city and a city’s youth can go a long way in creating a strong and engaged overall community. Good public education systems breed a successful and attractive city.

The Rust Belt must also take advantage of the array of outstanding private and state universities that reside in the Midwest. Deeper jobs relationships can be fostered between

students and businesses in the city. Universities can also play a unique role in aiding the local economy through their research capacities and relationships they have with local leadership. Universities, by their nature, attract talent, and are thus important to the very structure of a local economy. They are a headquarters for local innovation, and they bring and foster a unique culture to the city and region they serve. Universities can also provide valuable services to their regions in training the local populations and allowing them to master the relevant skills they need to fit the local economy. Vital education systems are absolutely essential to the economic progress and prosperity region, the primary, secondary, and post-secondary systems alike.

As the Rust Belt transitioned from an industrial, manufacturing economy to one heavily entrenched in retail and personal service, the quality of the job declined. Retail labor failed and still has not effectively unionized and management has taken advantage of this. Some retailers that have replaced the manufacturing industry have compensated their workers unfairly or unjustly, in ways that hurt the overall retail economy by creating scenarios where other area retailers are forced to slash their employees' wages and benefits or face an imminent doom. Governments faced with these unfortunate situations can play proactive regulatory roles in mandating living wages, as studies have shown bigger retail corporations can afford compensating their employees at higher wage levels. Higher wages for employees are good for the local economy, as more citizens then have more discretionary income that is circulated around the local economy.

A solid infrastructure was part of the foundation of Rust Belt success in the early and middle 20<sup>th</sup> centuries. Sound transportation systems that allowed the free flow of ideas and merchandise were an essential component of the trade surpluses of the successful Rust Belt. Sound infrastructure is more than simply smooth roads and passable railroads today.



Contemporary Rust Belt cities must be attractive to prospective businesses and entrepreneurs. Realizing the successful example Chattanooga has provided, the Rust Belt might be smart to invest in high-speed broadband technologies, technologies that improve the speed of doing business and prevent inefficiencies when devastating storms or disasters strike. Chattanooga has transformed its economy and separated itself from a heavy reliance on manufacturing to one that embraces technology and an infrastructure that better aligns with a 21<sup>st</sup> century economy. The Rust Belt needs to shed outdated infrastructure of the past, and like Chattanooga, update its infrastructure in order to create the foundation for a new and robust economy.

An engaged community is a productive community. Today, deep and meaningful connections between residents are more difficult to come by with the proliferation of the Internet and all the opportunities for social networking that come with it. An Ohioan can connect with a Washingtonian with similar interests more easily than either could connect with their neighbors. Yet the Internet's greatest weakness also becomes its greatest strength. Businesses and neighbors can also connect more easily than ever before. The power of the Internet is effectively harnessed by the shrewdest local leaders to promote intra- and inter-city connection.

Yet, even with the Internet, in all its glory, nothing replaces the value of physical contact between residents of a single neighborhood or a single town. Civic associations remain very valuable and are still present and influential in successful cities with broad support and participation. Cities with a strong presence of civic organizations are more stable communities. Connected residents profit in a variety of ways from the benefits that local bonds can disburse. Neighborhoods are safer, residents gain from increased trust levels, connected citizens profit economically in mutually beneficial ways, schools perform better, and citizens lead longer and more productive lives than if they were living in seclusion from one another. Connected cities

are productive, but there is no way to legislate partnership and connectivity; citizens must indeed follow the example set forth by distinguished leaders of the community. Citizens must take an active role in their communities to make the communities great. Great communities are made up of great citizens, and, unfortunately, bad communities are composed of a disconnected and apathetic lot of disengaged citizens.

A new Rust Belt must acquire its wealth and influence in a specifically different manner, but in a way that is governed by the same principles. The same principles of success endure: innovation, entrepreneurship, proper management of resources, a sound infrastructure, cooperation, and partnership are the key ingredients to success. However, the Rust Belt will not regain prominence by trying to reignite the manufacturing sector. To be sure, it may find some success, but the Rust Belt will never gain the economic dominance it once enjoyed through low- and high-skilled manufacturing in the near future. An educated and highly skilled workforce is necessary for an accomplished economy today. The Rust Belt must realize this and take appropriate action. Allentown has reorganized its economy and today has almost a 15 percentage point increase in the highly skilled service sectors (FIRE industries). Youngstown, by contrast, has similar proportions of jobs in the declining manufacturing sectors as it did decades ago. Allentown has realized the changing dynamic of a 21<sup>st</sup> century economy and has readjusted accordingly. Youngstown, meanwhile, has not, and its economy suffers as a result of its imprudence. Rust Belt cities must realize their economic strengths and readjust their economies accordingly. By stubbornly clinging to a successful model from the past, cities that do this turn their backs on the future and will surely find further deterioration in the future. The provident Rust Belt city will wisely reorganize.

Smaller, yet still very successful ventures like retrofitting public buildings, continuing to train an unemployed workforce through government programs, or promoting the further development of smart grids can create jobs, providing a subtle, yet likely temporary economic spur while also advancing the infrastructure and the skills of the unemployed, which, certainly, beats the alternative. City leaders like Chicago Mayor Rahm Emanuel are successful when they are connected to other political leaders and mayors elsewhere, realizing what has worked and what has not, and if not, why those policies have failed. The Rust Belt must remain connected to one another, ceasing failed strategies while expanding on successful ones.

The Rust Belt has undergone a devastating few decades. Leadership has failed and citizens have failed, yet with the proper connections and partnerships, the Rust Belt can surely rebound and return to levels of economic prominence within the nation as well as globally. Those who have remained in the Rust Belt through the gritty times have a certain tenacity about them. They have endured lean times and will certainly enjoy the prosperous times sure to come, times that will come if the great leaders lead and the great citizens collaborate. The Rust Belt can be shiny again.

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