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Inner-City Neighborhoods and Metropolitan Development

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This article describes the types of economic isolation that are embedded in various theories of neighborhood poverty. The literature suggests that there are a variety of reasons why inner-city areas are economically isolated. However, inadequate guidance is provided regarding whether poor neighborhoods will benefit from regional prosperity. Census data were examined to determine whether there is an association between changes in metropolitan economic welfare and changes in family income in poor census tracts. No association between the welfare indicators was found, supporting the economic-isolation hypothesis. The analysis of policies designed to strengthen ties between poor neighborhoods and metropolitan areas leads to the suggestion that connections be strengthened by supplementing the creation of economic linkages with broad-based social integration.

Keywords: neighborhood; development; linkages; poverty; race

This study examines whether the poorest neighborhoods are economically integrated into metropolitan regions so that improvements in regional welfare also benefit poor neighborhoods. This is an important topic. It is a component of the larger question: Does a rising tide lift all boats? Furthermore, regional development policies often imply that benefits from economic gains filter through metropolitan areas. Projects are often said to be “good for the entire community.” However, if poor neighborhoods receive no direct benefits from regional programs and if they are excluded from economic networks that might create indirect benefits, other policies may be necessary to ensure that metropolitan growth is shared.

The first section of this article reviews literature on inner-city poverty and shows that most theories of neighborhood poverty imply that some neighborhoods have inadequate or dysfunctional linkages to institutions in the regional economy. The second section describes previous strategies for testing whether benefits from economic development in one area are transmitted to another. A model and results are then presented in the next two sections. The final section examines policy options in light of the importance of the structural and institutional ties between inner-city neighborhoods and suburbs.

TIES BETWEEN POOR NEIGHBORHOODS AND THE METROPOLIS: A REINTERPRETATION OF THE LITERATURE

A large and insightful body of literature exists examining the reasons why some urban neighborhoods are perpetually poor. This section asks what these reasons suggest about the nature of

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linkage mechanisms and the ability of metropolitan prosperity to spread to poor neighborhoods. We show that the lack of linkages is the key element in most but not all of the theories about the existence of poor neighborhoods.

Human Capital and Behavioral Explanations

Human capital and behavioral theories recognize the relationship between individual abilities and behaviors on the one hand and earnings on the other (Becker, 1975). Because there have been many studies among a variety of groups, locations, and time periods, the theories that cite lack of education as contributing to poverty in neighborhoods should be considered very powerful.

However, education, as measured by the number of years of schooling, does not explain all of the variation in earnings. Significant gains among African Americans in closing the education gap have not been matched by corresponding gains in income (O'Neill, 1990). Education appears to be a better predictor of cross-sectional differences than of longitudinal differences in earnings, suggesting that education, in part, improves one's place in the job queue by signaling traits such as perseverance, cooperation, or discipline. As everyone's education increases, the relatively less educated will still have problems in the job market.

Furthermore, education is only a rough proxy for job skills. Many individuals with the same number of years of education may have vastly different abilities. A high school diploma from a typical urban school is quite different from a similar diploma from a college preparatory, high-income suburban school. In addition to education, "life skills," work experience, and other characteristics have been used as proxies for human capital (Wolaver & White, 2006).

Culture-of-poverty theories assert that human capital deficits are only part of a larger complex of behavioral traits that perpetuate inner-city poverty. The culture-of-poverty perspectives extend characteristics needed to link to the mainstream economy from direct skills and education to more qualitative aspects that contribute to employability such as dress, language, punctuality, and posture. Behavioral deficits may be more difficult to change than education or skill levels because they are deeply ingrained. Furthermore, Moss and Tilly (2001) concluded that "soft skills" may be a greater impediment to employment than concrete skills required for a job. Ryan (1976) and other observers have claimed that the poverty culture reflects reasonable adaptations to harsh economic realities and that faulting individuals for traits constitutes "blaming the victim." Nevertheless, these behaviors are impediments to attaining good jobs and help explain inner-city isolation. Educational and hard-skill deficits probably have cultural behaviors as roots, so the explanations are intertwined. Unfortunately, no one has disentangled the interaction between the two aspects that may prevent individuals living in low-income areas from getting jobs.

Inadequate work skills and nonmajority behaviors create substantial barriers that prevent many low-income-area residents from participating in the metropolitan economy. Advocates of behavioral and human capital theories suggest that the deficits among residents of low-income areas are significant and not easily remedied. Employers may refuse to hire some inner-city workers even when no other workers apply or even at very low wages. As long as this barrier prevents populations living in inner-city neighborhoods from participating in the mainstream economy, inner-city neighborhoods will not benefit from economic growth radiated from elsewhere in the metropolitan area.

Direct Racial Discrimination

The most obvious characteristic of poor, inner-city neighborhoods is that they are overwhelming African American. Race is so intertwined with other socioeconomic variables, including education, behavioral traits, and residential location, that it is difficult to disentangle the consequences of racial discrimination from other variables.

Direct racial discrimination is a barrier to developing linkages with mainstream economic institutions and can be overcome only by societal change rather than behavior changes on the

part of the individual. Removal of other barriers to economic integration within metropolitan areas will be of limited value if racial barriers remain. Much statistical and “matched pair” evidence exists showing that racial discrimination persists. Theories of racial discrimination explain both segregated neighborhoods and poor education. However, the perspective fails to explain why some middle-class African American neighborhoods have strong ties to the dominant economy whereas others do not. To explain the persistence of poverty in inner-city neighborhoods but not in other predominantly Black neighborhoods, direct-prejudice theories need to be combined with other theories of spatial poverty.

The stronger the racial bias, the less likely that the taste for discrimination can be overcome and the less likely that inner-city areas with largely Black populations will benefit fully in regional expansions. Thus, if the barrier is strong, a weak or nil relationship between regional expansions and neighborhood prosperity can be anticipated. However, if racial discrimination is only a minor impediment, a positive association could be anticipated.

Spatial Mismatch Explanations

Another set of ideas about the causes of inner-city poverty is the existence of a mismatch between jobs and residential location. Pioneered by Kain (1968), the spatial mismatch theory suggests that jobs are located in areas that are inaccessible to residents of inner-city neighborhoods. The spatial mismatch proposition is that housing segregation forces Blacks to live in areas that are inaccessible to jobs, and therefore African Americans have few opportunities to participate in the metropolitan economy. The spatial mismatch hypothesis has been frequently tested and found valid.

An important question in the spatial mismatch literature is, How much of the difference in earning is attributable to where Blacks live, and how much is attributable to being Black? Studies have tried to control for race and other determinants of employment to isolate the effects of location. For instance, Ihlanfeldt and Sjoquist (1991) investigated the racial-spatial structure problem in U.S. metropolitan areas and concluded that “overall, inferior access to employment opportunities explains between 24 percent and 27 percent of the gap between black and white employment rates and between 29 percent and 34 percent of the gap between Hispanic and white employment rates” (p. 301). Like Ihlanfeldt and Sjoquist’s, other findings suggest that although race may be a more important factor than space, inner-city locations are also an impediment to earnings. The barriers created by spatial mismatches may be increasingly important to non-Black populations because segregation among poor people appears to be increasing even as direct racial segregation declines. Furthermore, the share of poor Blacks residing in poverty neighborhoods declined between 1990 and 2000 (Jargowsky, 2003).

Inner-city residence probably hinders integration into the metropolitan economy in several ways: (a) Distance from a job and lack of access to public transportation increase the cost of applying for a job; (b) high travel costs reduce the benefits of having a job; (c) information about jobs is more difficult to obtain for workers in inner-city areas; (d) students in low-income areas often have lower educational attainment, and therefore, residential location probably correlates with human capital and behavioral deficits; (e) employers discriminate against inner-city residents on the basis of their address or zip code.

The adverse effects of spatial mismatch have been exacerbated by suburbanization. Service and retail jobs have followed rooftops. Production technologies have favored outlying locations with more modern manufacturing facilities and green fields for development. Inner-city residents may have better access to emerging jobs in revitalized downtowns than to jobs in the suburbs, but lack of skill, particularly “symbol manipulation skills,” prevents individuals from benefiting from central business district opportunities (Kasarda, 1990).

The mismatch perspectives suggest that there are at least potential linkages between inner-city areas and the rest of the metropolis. However, residential isolation, coupled with the lack of transportation, spatially biased information flows, and inadequate public service provision (particularly education), prevents individuals in poor neighborhoods from taking full advantage of

metropolitan opportunities. The more significant the barriers are, the more likely that there will be a very weak or no association between economic changes in metropolitan areas and similar changes in inner cities.

Selective Migration

Suppose regional expansion results in out-migration of individuals with the greatest capabilities of getting jobs in prosperous or growing sectors of the metropolitan economy. The migration perspective recognizes the traditional role of inner cities as “points of departure” for families moving up the economic ladder. This traditional role serves the upwardly mobile, but it hurts neighborhood residents who cannot leave (Teitz & Chapple, 1998, p. 51).

Neighborhood residents with jobs or other linkages to metropolitan networks are likely to have more social capital than economically isolated residents (Putnam, 1993). As the better connected leave poor neighborhoods, linkages with the mainstream economy are also lost. Given the importance of word of mouth in transmitting job information, the exit of individuals with connections to the metropolitan information network is likely to result in diminished information for those left behind. Wilson (1996) described the relationship between out-migration and resulting social isolation, weakened role models, and departure from dominant behavioral norms. He suggested that out-migration contributes to the culture of poverty in poor neighborhoods. Neighborhoods can also lose links to important political institutions as out-migration reduces social cohesion.

The selective-migration theory does not imply that migration is a barrier to participation in the metropolitan economy. To the contrary, those who leave the poor neighborhoods are exploiting their connection to the metropolitan economy. However, selective migration exacerbates existing barriers for those left behind. Incomes may decline in some poor neighborhoods as residents with good jobs take advantage of a strong regional economy to move (Wiese, 2004). Over a long time period, selective migration may result in increasing isolation from the metropolitan economy. Accordingly, we might anticipate a negative association between metropolitan expansion and neighborhood income in the short run and an exacerbation of economic isolation in the long run.

Arrested Internal Development

Rather than highlighting barriers that prevent residents of poor neighborhoods from building connections to the mainstream economy, endogenous growth theorists emphasize the inability of poor neighborhoods to generate local businesses. In this case, poverty is attributed to too few neighborhood jobs and other opportunities.

Inadequate internal development may also be attributed to a lack of linkages with the metropolitan economy. Barriers to business formation include fear, lack of transportation, and cultural differences that hinder entrepreneurs and financial institutions from investing. Although legislation like the Community Reinvestment Act has probably enhanced the inflow of capital to poor areas, both institutional and noninstitutional investment is still problematic. Linkages with educational institutions, business development organizations, marketing agencies, and other support organizations are also important for neighborhood development.

Although many perspectives focus on the inability of inner-city residents to reach outward to opportunities in the metropolitan economy, inadequate internal growth also represents a failure of regional entrepreneurs and investors to reach into poor neighborhoods. Efforts to build neighborhood businesses have a long history and include “bootstrap capitalism” and entrepreneurial development (Harrison, 1974). However, other than instances of gentrification or commercial development (both tend to displace poor residents), examples of success are very few.

To the extent that poor neighborhoods are not the recipients of sufficient business formations and investment during periods of regional expansion, they will not fully benefit from metropolitan expansion. Furthermore, the existing insufficiency of business development implies that even if poor residents attain jobs outside the area during periods of regional prosperity, the neighborhood will not experience the full effects because the responding or multiplier effects will be

small. Thus, any positive correlation between the neighborhood and metropolitan welfare is likely to be weaker than might otherwise be the case.

Accommodations to Capitalism

The radical or Marxist perspective views ghetto areas as spatial accommodations to the processes of capital accumulation (Harvey, 1976). The capitalist system determines a division of labor that, in turn, supports a geographic pattern of economic activity. The poor serve an important function in capitalism; they are the reserve army of the unemployed. Ghettos are the places where they live.

Although most perspectives regard poor neighborhoods as economically dysfunctional, the Marxist view assigns such places an important function. The residents keep wages from increasing. The availability of inner-city labor will prevent region-wide wages from rising significantly as labor markets tighten. Poor areas may be strongly integrated to the mainstream economy and the capitalistic system, but those links do not contribute to inner-city prosperity (Wiewel, Brown, & Morris, 1989). Hence, as the metropolitan economy expands, jobs for inner-city residents will expand. Unfortunately, employment slow-downs in a region will disproportionately disadvantage residents of poor neighborhoods: last hired, first fired. Hence, positive correlations should exist between regional expansion and poor area welfare.

Public Policies

It seems reasonable that poor areas could benefit from regional expansion through operations of the public sector. As the region expands, revenues of local governments, including the central city, should increase. Thus, a share of the increased revenues could be anticipated to be spent on inner-city neighborhoods creating jobs and income in the short run and perhaps infrastructure improvements or human capital improvements in the long run. However, some observers claim that inner-city areas do not get their fair share of government support from higher level units of government.

Porter (1997) thought the existence of an inadequate, dilapidated public infrastructure in poor areas was one reason that market-based institutions avoided inner-city neighborhoods. Highway construction has increased mobility in the suburbs and sometimes created barriers to inner-city residents who lack cars. Analysts have suggested that mass transit improvements have hurt inner-city residents by opening central business district jobs to suburban residents (Gelfand, 1975). The implication of government policy barriers is that if governments paid more attention to poor areas in policy design and if those areas had higher funding priorities, outcomes would improve.

The reason the political system may contribute to economic isolation of poor areas is that such areas lack sufficient clout. Poor area residents are usually not as politically active as citizens in higher income areas (although when activated, their political protests often draw attention). There are exceptions to the rule that poor neighborhoods cannot influence public outcomes, but they are rare enough to warrant special attention (Gaston & Kennedy, 1987). Another reason for lack of political influence is that residents of poor neighborhoods and their representatives do not speak the language of public officials. The communications problem is even greater when forming alliances with private organizations and corporate networks that often influence policy (Porter, 1997).

Even if poor neighborhoods did not receive their fair share of benefits from government programs, there should be some positive association between regional and neighborhood prosperity through this transmission mechanism; however, there are two countervailing perspectives. First, government spending may actually be harmful by creating a sense of welfare dependency or poor-performing programs. Furthermore, a small increase in government support, coupled with a large increase in support for outlying areas, could actually contribute to inner-city decline. Regional expansion could actually increase demands for spending on projects in growing neighborhoods at the expense of inner cities. As a result, it is difficult to predict theoretically whether

the association between neighborhood development and regional growth will be weak, positive, or negative.

Synthesis

Myrdal (1957) pioneered the analysis of the relationship between rich and poor areas. Although his work was concerned with large regions rather than neighborhoods, it provides a foundation for understanding relationships between urban neighborhoods and metropolitan areas. Myrdal's concept was that the benefits poor regions receive from proximity to a prosperous region depend on two competing forces transmitted through the market: *Spread effects* reflect linkages that cause development in prosperous areas to spread into lagging areas. *Backwash effects* reflect factors that cause lagging regions to fall further behind. The spread effects imply a positive association between the poor areas' growth and that of the prosperous areas. The backwash effect suggests that the prosperous regions take resources from the lagging regions. Thus, the faster the prosperous regions grow, the more slowly the lagging regions grow.

Literature on neighborhood poverty suggests only two factors that could unambiguously be associated with either the spread or backwash effects. The accommodation to capital theory implies a spread effect in the short run. The selective migration approach is a classic backwash effect. In contrast to the Myrdal dichotomy, the primary conclusion based on the preponderance of neighborhood poverty literature is that there are no or inadequate linkages, either positive or negative. The lack of linkages hinders or blocks the processes of spread effects.

The spread effect operates through a typical neoclassical mechanism of arbitrage, resources moving to higher paying areas. For instance, Myrdal discussed the tendency for marginal productivity (and hence the rate of return) of capital to fall in the advanced region, leading to more investment in the lagging, capital-scarce area. This factor may not be as potent in the context of today's metropolitan economies as the context of Myrdal's analysis because of the greater mobility of capital. If the rate of return falls in the advanced region, the next-best opportunity for capital may be as likely to be across the ocean as across the street. Consequently, the likelihood that diminishing returns in one part of the metropolis will result in investment in nearby neighborhoods seems unlikely. An exception may be real estate projects that tend to displace residents.

Hill and Wolman (1997) described another, probably stronger, spread effect that operates through labor markets. As employment increases, employers' desires to hire more workers without increasing wages may encourage them to find ways to overcome some of the barriers discussed in the poverty theories. Lack of work skills, behaviors, spatial access, and information might be surmounted if employers have a strong enough need for workers. Racial barriers have yielded to economic necessity in the past. Similarly, residents of poor neighborhoods will have greater incentives to overcome some barriers to employment as wages increase.

In their analysis of the income disparities between the central city and suburbs, Hill and Wolman (1997) concluded that central city/suburban income disparities declined only in the face of unusually tight labor markets. Furthermore, tightening labor markets actually increase income disparities over typical ranges of metropolitan expansion. Only when labor markets become extremely tight will the neoclassical mechanism start to generate benefits in the form of lower income disparities.

It is likely that the neoclassical mechanism identified by Hill and Wolman (1997) will be even less effective in spreading benefits to poor neighborhoods than it was in generating benefits to central cities. The barriers faced by inner-city dwellers are greater than those faced by central-city residents in general. Regional prosperity will be less likely to be transmitted to poor neighborhoods when (a) the number of additional workers in nonpoor neighborhoods becomes greater as labor markets tighten (workers in nonpoor areas are substitutes for workers in poor neighborhoods), (b) it is more difficult to overcome the barriers to linkage formation, and (c) the metropolitan expansion is less vigorous.

The theories regarding neighborhood poverty are not necessarily contradictory; they represent processes that occur simultaneously. Most theories suggest a particular set of barriers that hinder integration with the regional economy, or in Myrdal's terminology, hinder the spread effect.

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TABLE 1
Association Between Regional and Poor Neighborhood Development

<i>Poverty Theory</i>	<i>Anticipated Association</i>
1. Human capital and behavioral	Weak positive or nonexistent depending on strength of skill and behavioral barriers and the level of metropolitan prosperity
2. Spatial mismatch	Weak positive or nonexistent depending on strength of spatial barriers and level of metropolitan prosperity
3. Direct racial discrimination	Weak positive or nonexistent depending on strength of barrier and level of metropolitan prosperity
4. Inadequate internal development	Weak positive because of a small multiplier and a smaller amount of investment spending
5. Selective migration	Negative as residents with connections to the regional labor and other markets exit the neighborhood during regional growth periods
6. Accommodation to capitalism	Positive as potential employers dip into the pool of unemployed when labor markets tighten
7. Public policy	Weak positive or negative if disproportionately small fiscal benefits; negative if dependency is created

Some barriers may be more important at particular times and places. Furthermore, the variety of creditable explanations for inner-city poverty suggests that inner-city neighborhoods experience multiple barriers simultaneously. The combined effect of multiple barriers suggests a much greater degree of economic isolation than would be implied by any single theory. Barriers also reinforce each other. For example, racial bias leads to geographic isolation, leads to weak public services, leads to poor education, and so forth. Consequently, the likelihood that there will be an association between inner-city prosperity and prosperity of the region will be even less likely than if only one barrier existed. Table 1 summarizes the various theories of poverty and the expected association between metropolitan prosperity and growth of poor neighborhoods.

Many theories of urban poverty can be interpreted in terms of inadequate linkages to the mainstream economy. It is not the purpose of this article to conclude that one theory is more appropriate than another. However, the net impact of the various barriers on the ability of poor neighborhoods to participate in the regional economy is unclear. The views that ghettos represent an accommodation to capitalism and the selective migration approach suggest contradictory hypotheses regarding the association of neighborhood and regional prosperity. Most of the other theories suggest that if the barriers to economic integration are substantial, no correlation should emerge. If the barriers can be overcome by spread effects, especially pressures of tight labor markets, positive associations should exist.

This article has placed more emphasis on linkage between the poorest neighborhoods and the regional economy than between poor neighborhoods and state or national economies. The focus on regional ties should not diminish the importance of the state or national economies. A neighborhood's linkages with the regional economy are influential in determining how macroeconomic patterns of restructuring are transmitted. For instance, national events such as a period of rapid (or slow) growth may be felt first in a manufacturing area of a region. A neighborhood with many effective linkages with that part of the metropolis will be affected more than an area lacking those linkages. Consequently, a neighborhood cut off from the regional economy is also likely to be isolated from the state and national economies.

UNDERSTANDING NEIGHBORHOOD/REGIONAL TIES: AN EMPIRICAL STRATEGY

A method for assessing the strength of the linkage mechanisms between neighborhood and metropolitan area economies can draw from a previous strain of literature that considered the relationship between central cities and suburbs. This literature might be called, "We're all in it

together” because it was motivated by a desire to show that suburbs and central cities were economically interdependent. Correlations of suburban and central-city growth indicators served as evidence of economic linkages.

Voith (1992) sought to determine whether central cities were complemented or substituted for suburban development. He correlated key measures of economic success—percentage changes in income, population, and employment—for suburbs with similar measures of economic success on the part of central cities. The strong positive correlations encouraged Voith to conclude that central cities and suburbs were economically linked because they were complementary inputs in the growth process.

Ledebur and Barnes (1993) also examined changes in suburban income between 1979 and 1987 as a function of similar changes in central-city income. In their model, suburban income was the dependent variable and central-city income was the independent variable. They concluded that the statistically significant relationship showed that the attachment between city and suburban median household income is “very strong,” indicating “a mutual, interactive and interdependent relationship” (p. 4), and so suburbs may inherit central-city problems. Thus, there are strong, long-run linkages between central cities and suburbs.

Savitch, Collins, Sanders, and Markham (1993) also placed suburban income in the position of the dependent variable in an index that included central-city income. On the basis of the high R^2 s and significance of the coefficient, they concluded that suburbs surrounded by weak central-city economies are likely to be dragged down by the weak central-city economy, an idea known as the suburban-dependence hypothesis. More recently, Pastor, Dreier, Grigsby, and Lopez-Garza (2006) suggested that central-city problems may spill over into nearby suburbs.

Blair and Zhang (1994) found that other factors such as state policies could determine the prosperity of both central cities and suburbs. Accordingly, correlations of suburban growth measures with central-city growth measures, followed by the assumption that one causes the other, ignored an important variable that affects both entities.

Hill, Wolman, and Ford (1995) published the capstone article on the relationship between central-city and suburban prosperity. They argued that the interpretation of correlations between central-city growth and suburban growth was weakened because they were grounded in inadequate or unarticulated theory. Specifically, central cities and their suburbs are likely to be part of an integrated whole rather than one part having a strictly dependent relationship. They reasoned that “central cities and suburbs have little economic meaning as separable units of private production . . . income generation or wealth creation” (p. 149). What was missing in the correlation studies was “the causal sequence linking central city and suburban well-being” (p. 151).

Although making the theoretical associations explicit, Hill et al. (1995) recognized three possible causal relationships or theories consistent with the positive city-suburban correlations. First, central cities and their suburbs could be interdependent. Growth in one part of the metropolitan economy contributed to success in other parts. Gains to the central city have positive ripples into the suburbs, and gains in the suburbs have positive ripples into the central city. Causation runs both ways. Second, economic welfare for both cities and suburbs could be part of a larger process. Causation has an unrecognized set of variables such as state policy alternatives that affect both central-city and suburban prosperity. Third, the suburban-dependency theory suggests that suburbs succeed because of conditions in the central cities.

The causal relationship between neighborhoods and metropolitan areas has less theoretical ambiguity than the central-city and suburban question. The review of the literature on neighborhood poverty showed that many theories of neighborhood poverty imply a lack of economic linkages between the mainstream economy and the neighborhood. In most cases, if national and state economic events are to be transmitted to poor neighborhoods, the regional economy serves as an intermediary. Thus, it is unlikely that a national event will affect a poor area independent of the regional economy. Furthermore, neighborhoods are generally too small to have a significant impact on indicators of welfare for the region as a whole. No major theory exists that causation runs from poor neighborhoods to the region. Thus, the methodological concerns of Hill et al. (1995) will be ameliorated when correlations between regional and neighborhood economic welfare are considered.

THE MODEL

The preponderance of literature on neighborhood poverty suggests that linkages between neighborhoods and the region are weakened or nonexistent. This section provides an empirical test of the relationship between regional economic development and development of poor neighborhoods. The dependent variable is the change in median household income of the poorest census tracts in a sample of the largest metropolitan areas. Two measures of metropolitan welfare—family income and the dependency rate—are used to measure changes in metropolitan welfare. All changes are estimated for the period between Census 1990 and Census 2000.

Census tracts are used to operationalize the concept of neighborhood. The Bureau of the Census defines census tracts as small, relatively permanent geographic subdivisions of a county or equivalent entity. Each census tract constitutes a reasonably compact, continuous land area, all parts of which are internally accessible by road.

The Selection of Participants

There were 284 metropolitan statistical areas (MSAs) or primary metropolitan statistical areas (PMSAs) in the United States for Census 1990. Of the MSAs, 40 with a population of 500,000 or more were selected. The poorest census tracts in each of the 40 MSAs constituted the participants for analysis. The poorest tracts were defined as those tracts with the lowest median family incomes in 1990. The geographic location of the census tracts for Census 1990 and Census 2000 were checked to ensure boundary consistency between periods. A few boundaries had changed during the study period. In these cases, the census tract was deleted and replaced by another randomly selected MSA. (See the appendix for the sample census tracts.)

Census Tract 6.03 in Travis County, Texas, was also deleted. It had a significantly higher education level and racial demographic structure than did the rest of the sample because it was part of the University of Texas at Austin, and although poor, it did not represent the more permanent poverty of concern here.

Dependent Variable

The dependent variable is the change in family median income in the poverty census tract between Census 1990 to Census 2000, CTCHANGE (Table 2). Although there are a variety of other similar indicators, median family income is a widely used measure of well-being and can be expected to correlate with other similar measures.

Independent Variables

Two key independent variables served as global indicators of metropolitan economic prosperity: first, the change in MSA family median income between Census 1990 and Census 2000 (MSACH) and second, the change in the MSA dependency rate (DEPDRTCH). If the parameters for the key independent variables are positive, we conclude that change in the regional economy has had positive spread effects on the poor areas.

The variable MSACH directly corresponds to the dependent variable, CTCHANGE. Positive significance of the variable could be consistent with the theory that the welfare of the poorest people living in inner cities benefited from regional opportunities during the 1990s. Development in poor neighborhoods is linked to the economy of the region.

The change in the MSA dependency rate between Census 1990 and Census 2000 (DEPDRTCH) was included in a second model. The metropolitan dependency rate is the percentage of adults (64 and younger) who are not working as a fraction of the population of the metropolitan area. The dependency rate may be a better reflection of the regional labor market than changes in median family income (Hill, 1988). The advantage of dependency rate is that it is a more accurate indicator of people who do not work and rely on outside financial assistance than is the unemployment rate.

The preponderance of literature on neighborhood poverty suggests that linkages between neighborhoods and the region are weakened or nonexistent.

TABLE 2
List of Definitions

Dependent variable	
CTCHANGE	Change in median family income between Census 1990 and Census 2000
Independent variables	
MSACH	Change in metropolitan statistical area (MSA) family median income
DEPDRTCH	Change in MSA dependency rate
WHITERTCH	Change in White population, 1990 to 2000
CTPOPCH	Change in population, 1990 to 2000, of the poorest census tracts
EDUCH	Change in the percentage of the census tract with postsecondary education, 1990 to 2000
OCCPCH	Change in the percentage of the population with managerial or professional occupation
MARRYRTCH	Change in the percentage of population married, 1990 to 2000
OWNRTCH	Change in the percentage of home owners in the poorest census tracts, 1990 to 2000
PBTRANRTCH	Change in the percentage taking public transit to work, 1990 to 2000

Additional independent variables were included as control variables to reflect other factors that might influence changes in the income of poor census tracts. Unfortunately, there are few variables available at the census tract level that perfectly reflect the ideal theoretical metric. The independent variables were selected to reflect aspects of other theories about possible linkages between poor neighborhoods and the metropolitan region.

WHITERTCH, the percentage of the population who are White, was included in the model to measure the change in concentration of White people between Census 1990 and Census 2000. To the extent that blatant racial discrimination or prejudice hinders poor neighborhoods, WHITERTCH should be positively related to CTCHANGE.

The variable CTPOPCH measured the population change in poorest census tract populations between Census 1990 and Census 2000. A declining population could have either a positive or negative effect on income. On one hand, it could reflect a negative impact of selective out-migration. On the other hand, it could reflect a gentrification process in which poor renter households are being replaced with a smaller number of higher income households. Given the very poor nature of the neighborhoods in our sample, we anticipated that as the population size in the census tracts decreases, the family median income will decline.

In light of the importance of education, a variable reflecting improvements in education was introduced. EDUCH is the change in the percentage of the census tract population with postsecondary education during the decade. It is expected that family median income for the poorest census tract will be positively influenced by increases in the percentages of adults who have at least some postsecondary education in the 1990s.

The human-capital approach to the study of wage income requires the recognition of wage income differences among occupations as well as income. To account for this factor, OCCUPCH was created showing the change in percentage in the population with managerial or professional occupations between Census 1990 and Census 2000. We expect there to be a positive association between the independent variable and the dependent variable.

Family instability is one hallmark of a poverty culture. Korenman and Neumark (1991) examined the positive association between marriage and wage rates. Married men were found to earn higher wages than others. Gray (1996) and Weiss and Willis (1997) found that marriage could also make men increase their work commitment and therefore reduce unemployment. Stratton (2002) showed that the close association between marital status and male wage rates continued through the 1990s.

To include a measure of traditional family stability, MARRYRTCH was created. It is the change in the percentage of married people during the study period. We anticipate a positive association between the independent variable and the CTCHANGE.

OWNRTCH measures changes in the percentage of people in the poorest census tract who own their own residence between Census 1990 and Census 2000. Home ownership may contribute to a sense of place. Furthermore, the duties associated with home ownership conflict with behaviors

TABLE 3
Determinants of Changes in Poor Census Tract Incomes

Equation 1				
<i>f</i> value = 2.51	$R^2 = .4014$			
Dependent variable	<i>p</i> value = .032	Adjusted $R^2 = .2417$		
CTCHANGE	1,079.04			
<i>Independent variables</i>	<i>M</i>	<i>Parameter Estimate</i>	<i>t Statistics</i>	<i>p Value</i>
MSACH	2,906.360	-0.230	-0.990	.330
CTPOPCH	-185.077	-0.550	-0.610	.548
WHITERTCH	0.001	-3,709.357	-0.660	.517
MARRYRTCH	-0.031	-9,886.978	-1.170	.252
PUBTRANRTCH	0.254	-1,488.612	0.690	.495
EDUCH	0.028	9,264.430	1.730	.095
OCCUPCH	0.114	-5,468.798	-1.230	.228
OWNRTCH	0.001	37,951.000	3.320	.002

Equation 2				
<i>f</i> value = 2.65	$R^2 = .4143$			
Dependent variable	<i>p</i> value = .0249	Adjusted $R^2 = .3581$		
<i>Independent variables</i>	<i>M</i>	<i>Parameter Estimate</i>	<i>t Statistics</i>	<i>p Value</i>
DEPDRTCH	0.005	37,419.000	1.290	.207
CTPOPCH	-185.077	-0.670	-0.760	.454
WHITERTCH	0.001	-4,671.154	-0.840	.408
MARRYRTCH	-0.031	-10,891.000	-1.290	.206
PUBTRANRTCH	0.254	-2,248.712	-1.070	.293
EDUCH	0.028	11,117.000	2.010	.053
OCCUPCH	0.114	-4,834.121	-1.080	.287
OWNRTCH	.001	33,570.000	3.060	.005

Note: For definitions of variables, see Table 2.

associated with the culture of poverty. Therefore, home ownership is likely to be a contraindicator of such behavior. Also, the psychological benefits of home ownership may contribute to a sense of attachment and create a monetary interest in the neighborhood (Megbolugbe & Linneman, 1993). Accordingly, changes in the percentage of people owning a house can be anticipated to be positively associated with changes in the family income in the poorest census tracts.

Mass transit systems in inner cities can provide transportation services to the poor at a reasonable cost. Its absence may reflect the inability to travel within the larger metropolitan area limiting access to a range of opportunities. PUBTRANRTCH was created to measure the change in the percentage of people taking city mass transit to work between Census 1990 and Census 2000. First, the percentage of people who take bus, subway, and other mass transit to work for Census 1990 and 2000 was calculated. The variable PUBTRANRTCH is the difference between two values. If this percentage increases, the prosperity of the census tract should increase. However, a contrary relation might be that a decrease in income or jobs could result in less dependency on automobiles and a corresponding increase in the use of public transportation.

FINDINGS

Two regressions were undertaken to determine the extent that poor neighborhoods were tied to the economy of the region. The results are shown in Table 3.

The models are identical except for the key measures of metropolitan prosperity, MSACH and DEPDRTCH. The results of the first model indicate that changes in family median income of

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people living in the poorest census tracts of central cities were not associated with changes in family median income in the MSAs. Even more surprising, the sign of estimates for the MSACH level was negative, although no statistical significance can be attributed to the sign. The findings are consistent with the literature that suggests residents living in the poorest census tract were economically cut off from the metropolitan areas and benefited little from the overall economic growth during the 1990s.

In the first model, only two control variables were statistically significant, EDUCH and OWNRTCH. Both variables had the expected signs. Other control variables, such as CTPOPCH, WHITERTCH, MARRYRTCH, PUBTRANRTCH, and OCCUPCH, were not found to be statistically significant.

With regard to Equation 2, changes in dependency in the MSAs during the 1990s (DEPDRTCH) were not found to be statistically significant determinants of changes in household income for the very poor census tracts. The results signified that changes in family median income of people living in the poorest census tracts of central cities were not associated with changes in the dependency rate of MSAs during 1990s. As was true for Model 1, the statistically significant variables were still OWNRTCH and EDUCH.

The negative findings are surprising in light of the strong correlations between central-city and suburban economic indicators found in previous studies. However, the findings are consistent with the preponderance of literature that suggests poor urban neighborhoods face substantial barriers to participation in the mainstream economy.

POLICY IMPLICATIONS

Unlike correlations between indicators of central city welfare and metropolitan welfare, no significant correlation between economic change in poor census tracts and metropolitan growth was found. The negative empirical findings are consistent with the contention that the barriers to economic integration discussed in the literature on neighborhood poverty are substantial and pervasive taken as a whole. The most salient policy implication to emerge from this research is that public officials cannot rely on regional growth to solve the problems of poor neighborhoods.

People vs. Places

The policy implications of neighborhood economic isolation and the priority assigned to creating improvements depends on the geographic mobility of residents. If, for instance, all of the 1990 residents moved between 1990 and 2000 (perhaps to be replaced by newly formed households), economic mobility for the original residents might be a lesser concern than otherwise. In this case, there would still be concern about improving poor neighborhoods because of pathologies that may spread to other areas. However, the problem will be more consequential if some individuals do not just pass through a neighborhood but are trapped there.

Although more detailed research at the household level will be necessary to understand the nature of mobility among poor neighborhood residents, there is evidence that the problem of poor neighborhoods is more than a geographic artifact attributable to mobility. In the poor tracts in our sample, 35% of the households were in the same residence in 1995 as they were in 2000. Because most moves are short distances and many moves are from one poor neighborhood to another, it is likely that a much higher percentage were in the same neighborhood as they were in 1995. Crowder and South (2005), in a comprehensive analysis of residential mobility, found that "Blacks originating in a poor census tract face only about a 6% annual probability of successfully escaping to a non-poor tract. In contrast about 11% of the white households in the sample moved to non-poor neighborhoods" (p. 1731). Thus, attempting to integrate poor neighborhoods into the regional economy will likely have positive impacts for the people in those places.

Increasing the Scope of Linkages

Many cities are addressing employment problems through direct linkage programs. City officials negotiate to obtain agreements from private employers to hire local residents, often in return for development subsidies, zoning considerations, or other government incentives. Usually, direct linkage agreements do not require that particular persons be hired but only that city residents be considered or interviewed. In general, assessments of direct linkage programs have demonstrated good placement records. Yet several factors limit the ability of these programs to significantly address inner-city employment problems. First, the programs are very small compared to the size of metropolitan economies. In addition, few leverage programs identified were strongly targeted toward inner-city neighborhoods (Molina, 1998). Lack of geographic targeting is understandable in light of the difficulty local politicians would face in excluding residents in any part of the city from such a program. Third, direct linkage programs are administered primarily by central cities, which themselves are a decreasing proportion of regional job growth. Finally, direct linkage programs are not systemically designed to address the complexity of inner-city poverty. Although providing an opportunity to interview for a job is undoubtedly beneficial, such assistance may not negate barriers discussed previously.

Rather than focusing on direct linkage policies or specific causes of individual poverty, several observers have suggested building bridges between neighborhoods and economic organizations in the region. Porter (1997) felt that the private market is the dominant mechanism for transmitting metropolitan opportunities to poor neighborhoods. A sustainable inner-city economy can prosper only if it is based on "private, for-profit initiatives, and investments based on economic self-interest and genuine competitive advantage instead of artificial inducements, government mandates, or charity" (p. 24). He argued that inner cities have major competitive advantages including (a) a location near the heart of the region, (b) access to major regional clusters, (c) significant neighborhood demand that is being satisfied elsewhere, and (d) outstanding human resources. Porter seems to suggest that impediments to exploiting these advantages can be overcome by better communication and information flows between inner-city representatives and business and political leaders.

Nowak (1997), a community development practitioner, felt that neighborhood advocates and policy makers have been too concerned with problems of housing and constituent service in the focus neighborhood. Consequently, poor neighborhoods tend to develop an inward orientation and become increasingly detached from metropolitan "centers of job generation." Neighborhood business development should be "viewed as part of a chain leading to external [regional, not neighborhood] employment and business opportunities" (p. 7).

Incorporation of informal activities into the regional economy may also help integrate neighborhoods. To the extent that underground businesses must remain "underground," they are denied access to mainstream economic resources (Blair & Endres, 1994). For example, a small underground day care center may be denied capital needed for expansion because entrance into the mainstream economy will require more "on the books" activity. Advertising may be avoided. Tax records of underground activities cannot support a loan from banks. Even dealing with legitimate businesses can pose a threat to businesses that do not correctly report their income. Economic development officials may want to attempt to bring businesses and talented entrepreneurs into the mainstream economy so that ties with the metropolitan areas can be developed.

Policy makers have made notable efforts to establish economic linkages between poor neighborhoods and surrounding areas. However, a single linkage between one market-based business and another may be fragile. As economic changes occur or institutional needs change, the linkages often lose usefulness and atrophy. A complementary approach would be to create numerous ties between areas, creating the possibility that economic linkages will emerge from activities that do not have economic gain as an immediate goal. Policies to integrate poor neighborhoods into the metropolitan fabric should attempt to build business contacts; however, ties between schools, congregations, clubs, and so on are also important. Although developing organic connections is a formidable task

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and may not provide immediate economic benefit, the approach may provide a foundation for longer term, self-renewing economic integration.

In the future, scholarly efforts directed toward understanding the evolution of market linkages will be useful. The assumption is often made that if benefits can be gained by establishing relationships between economic institutions, linkages will almost automatically evolve to capture potential gains. A more comprehensive perspective, however, should acknowledge the importance of a social foundation to support the development of economic ties. Such a perspective should contribute to understanding how both market and nonmarket institutions can be better integrated into neighborhoods.

APPENDIX Counties and Census Tracts Examined

<i>County</i>	<i>Census Tract</i>
Alameda County, CA	CT4021
Albany County, NY	CT11
Allegheny County, PA	CT509
Bexar County, TN	CT1105
Cook County, IL	CT3303
Cuyahoga County, OH	CT1079
Dallas County, TN	CT104
Davidson County, TN	CT124
Denver County, CO	CT8
El Paso County, CO	CT22
Essex County, MA	CT2505
Fulton County, GA	CT44
Hampden County, MA	CT8115
Henrico County, VA	CT2008.05
Hillsborough County, FL	CT43
Jackson County, MO	CT17
Jefferson County, KY	CT30
King County, WA	CT85
Kings County, NY	CT910
Knox County, TN	CT7
Lehigh County, PA	CT13
Los Angeles County, CA	CT2426
Lucas County, OH	CT34
Mahoning County, OH	CT8044
Maricopa County, AZ	CT1139
Mecklenburg County, NC	CT8
Milwaukee County, WI	CT147
Monroe County, NY	CT96.04
Montgomery County, OH	CT40
Multnomah County, OR	CT34.02
Pima County, AZ	CT23
Richland County, SC	CT10
Richmond County, GA	CT9
San Diego County, CA	CT47
San Joaquin County, CA	CT1
Sarasota County, FL	CT3
Shelby County, TN	CT40
St. Louis County, MO	CT2160
Travis County, TX	CT6.03
Wayne County, MI	CT5122

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