Summary of the Conference:
"The American Metropolis: Are We Growing in the Right Direction?"
May 21, 1999
Co-Sponsored by the Federal Reserve Bank of Philadelphia and the Brookings Center on Urban and Metropolitan Policy

The purpose of this conference was to tie together economic research and practical experience on the issue of metropolitan growth and development. Panels discussed the costs and benefits of metropolitan growth; the way government policies and the market influence growth; school quality as a key component of economic development; and metropolitan governance and politics. The keynote speaker, Alice Rivlin, vice chair of the Board of Governors of the Federal Reserve System, discussed her work, not as an economist but as a practitioner, as head of the Control Board for the city of Washington, D.C. She explained the opportunities and challenges ahead for Washington and its entire region.

Richard W. Lang, director of research at the Federal Reserve Bank of Philadelphia, opened the conference. He stated that the Philadelphia Federal Reserve Bank has had a long-standing interest in regional economic issues and urban issues and that the regional structure of the Federal Reserve System indeed helps researchers within the System to focus on regional and metropolitan topics. "We have quite a few economists around the System who have done research on regional economic growth," he said. He then noted that some of those economists were on hand for this conference.

In his introductory overview, Bruce Katz, director of the Brookings Center on Urban and Metropolitan Policy, commented that American metropolitan areas appear to be growing in more or less similar ways. The dominant trend is the decentralization of people and jobs. The much-heralded comeback of American cities has not reversed the steady movement of middle-class people and businesses to the suburbs, frequently to suburbs on the farthest fringes of metropolitan areas. In the wake of this decentralization, cities and older suburbs are left with concentrations of poverty that prove devastating to their fiscal health. Newer suburbs, which benefit from growth, also have to confront growth's costs: traffic congestion, overcrowded schools, and the fiscal strains of building infrastructure to keep pace with population growth.

The point of this conference, Katz said, was to understand what drives this decentralization and how governments may be facilitating it. The conference also should forge three links: (1) Between the issues that animate the outer suburbs—traffic congestion, school crowding, sprawl—and the concerns of the cities and inner suburbs—poverty, failing schools, disinvestment; (2) Between land-use issues, which provide the usual context for discussions of growth, and schools, which are extremely important in people's choice of location; and (3) Between research and policy, and researchers and practitioners, so that each group's work can inform the work of the other and create solutions to some of the vexing problems of growth.

Session I: Metropolitan Growth: Costs and Benefits.
Speaker: Anthony Downs, Brookings Institution
Discussants: Joseph E. Gyourko, The Wharton School, University of Pennsylvania; William Johnson, Mayor of Rochester, NY

Downs described key traits of America's general growth process: new structures, including housing, have to be high quality, so poor households tend to live in older areas, with deteriorated, cheaper housing; racial segregation persists in housing markets; and localities try to maximize their own residents' welfare and adopt 'beggar-thy-neighbor" policies such as high-cost zoning regulations or limits on multi-family housing. The last point, which involves fragmented governance of land uses, is especially important because it produces a conflict of interest between individual localities and the entire region. No entity has the power to act for the region as a whole or be interested in its welfare. "Nearly all problems generated by our growth process are regional in nature and cannot be solved locally," he insisted. The result is that poor households are concentrated in older neighborhoods of high poverty. Such concentrated poverty creates negative social conditions that motivate households and firms to leave these neighborhoods, thereby undermining the fiscal base of the jurisdiction where the concentration of poverty occurs.

Downs insisted that "it is vital to recognize that such poverty concentrations arise from the general American growth and development process—not from the particular form of that process referred to as suburban sprawl." He noted that sprawl is characterized by unlimited outward extension of new development, a very low-density settlement pattern, the leap-frog creation of new subdivisions, and the almost exclusive reliance on private automobiles for transportation. Downs's research could not find significant connections between sprawl in particular and urban decline. However, he did make direct connections between general American growth processes and concentrated poverty.

Sprawl, as a particular form of development, has benefits for developers, households, firms, and governments, including low-density housing, encouragement of home ownership, and short commutes for people who work and live in suburbs. It also has costs, such as traffic congestion, excessive spending on transportation, and higher costs of development, that Downs said would be difficult to alleviate. However, he argued that "most of these costs of sprawl are borne by the same people who are its beneficiaries." By contrast, people who live in areas of concentrated poverty get no benefits from peripheral development.

In his conclusion, Downs reiterated that (1) ills related to concentrated poverty, the most serious social costs that most attribute to suburban sprawl, are not caused by traits of sprawl but by aspects of the general process of American growth and development; 2) the growth-related costs that sprawl generates are borne by sprawl's beneficiaries; and 3) the most serious costs of both sprawl and general growth are regional, not local, and local policies to mitigate them will not work.

Joseph Gyourko responded that it was rare for people to mention "benefits" and "sprawl" in the same sentence and echoed Downs's assertion that sprawl is not synonymous with growth, but is merely a particular form of growth, characterized by unlimited outward expansion, fiscal disparities between jurisdictions, and no central planning. He suggested that one element missing from Downs's presentation was the role of "really bad policy and behavior" by city officials. He also wondered if the low-density housing, which most Americans prefer and which Downs cited as a benefit of sprawl, was priced appropriately. Would Americans continue to like low-density living if prices were "appropriately charged"? Furthermore, referring to one of the costs of sprawl mentioned by Downs, he wondered if sprawl caused a too-rapid depreciation of infrastructure. Pricing was a consistent theme of Gyourko's remarks. He suggested that Downs may be "too casual" in saying that the costs of sprawl are mostly borne by its beneficiaries. Are the costs borne on the appropriate margin? Will they cause behavior changes? Like Downs, Gyourko supports regional solutions. He said that block grants should be tied to regional efforts.

In his response, Rochester's mayor, William Johnson**,** quipped, "Whether you call it locusts or grasshoppers, if it's eating your seed corn, it doesn't matter." He detailed the situation in Rochester and Monroe County, New York, where job and population growth are "anemic," but sprawl is still a problem. The population of the county rose only 0.3 percent from 1970 to 1990, but its urbanized land area jumped 76 percent. Costs for highway maintenance and school transportation have risen, and the tax burden has gone up 7 percent over the last 10 years, largely owing to the added costs of sprawl. The tax burden in the metropolitan area was $2 billion higher from 1993 to 1998 than from 1983 to 1988, without any population increases. Johnson pointed out that these burdens are felt even though the city and county do cooperate, and there is tax-base sharing to spread fiscal benefits and burdens throughout the region. Rochester receives one-third of its annual budget (about $112 million a year) from tax-base sharing. Johnson recommended an array of state policies to support smart growth and sustainability: reform state economic development policies to stop cross-jurisdictional competition; improve urban land assembly; maintain existing roads before building new ones; create regional priority funding areas; and consider tax abatements for businesses only in disinvested areas.

Remarks by Philadelphia Mayor Ed Rendell

Philadelphia Mayor Ed Rendell addressed the conference briefly between the first and second sessions. Rendell's theme was that there are limits to cities' abilities to revive their own economies. He pointed out that Philadelphia had lowered its taxes significantly, making it a more competitive place, but that "the real hope for sustained growth and development in cities comes from the federal government changing its policies." He listed welfare reform—Philadelphia does not have enough jobs for people moving from welfare to work, even in a booming economy—tax incentives, and federal procurement regulations as examples of federal interventions. The point was not more federal money, but inducements, created by the federal government, for private-sector firms to locate in cities. "If we let the good times fool us, we're in trouble," he concluded. "To say our problems are solved is a mistake."

Session II: Metropolitan Growth: The Interaction of Policies and the Market
Speaker: Edward L. Glaeser, Harvard University
Discussants: Christopher J. Mayer, Columbia Business School; MarySue Barrett, Metropolitan Planning Council of Chicago

Glaeser began by noting the major advantage of cities: their density leads to lower transportation costs for goods, people, and ideas. Then he listed four critical factors in cities' economic and population growth since 1950: (1) quality of life variables, ranging from average January temperature (higher is better) to average April rainfall (less is better), to proximity to the coastline; (2) "human capital"—or the percentage of residents over age 25 with college degrees—which predicts income, housing value, and population growth; (3) the industrial structure—whether a city's base was manufacturing (which hurts growth) or finance, insurance and real estate (which boosts growth), and the level of local competition; and (4) poverty and unemployment rates, which generally are tied to the crime rate.

Governments can act on some of these factors, but not others. For example, they can choose to spend money on human capital or on attracting "high human capital" residents. In addition, they can engage in income redistribution to mitigate the effects of poverty and unemployment. But they can do nothing about the weather or geography. Generally, more government spending on education tends to boost growth, while redistributive spending tends to depress it. Thus, the income taxes many cities levy seem counterproductive. Why, then, do cities have them? Glaeser pointed out that cities may not be trying to maximize growth, but rather to satisfy the median voter—governments are not concerned with people who may move in, but with people already there.

Fundamentally, though, it is difficult to tell what governments are doing right and what they are doing wrong, because they do not ultimately control the four growth factors listed above (although they can influence some of them to a degree). Given this, what is the appropriate state or federal policy response? Glaeser suggested generally that policies should be people-based, rather than place-based; they should correct for existing externalities; and they should correct for existing government distortions of the marketplace.

He specifically recommended that the link between where one lives and where one's children attend school be broken, whether through a voucher system or metropolitan-wide school districts. The severing of the school-neighborhood tie would be "extremely important for cities." Furthermore, he said that local governments should not be the agents of income distribution—which simply leads to "massive degrees of sorting by income," as high-income residents escape the reach of the redistributing government. He invited the audience to imagine a local service voucher scheme, in which governments would operate on a fee-for-services model.

The first discussant, Christopher Mayer, built on Glaeser's implied question: What can the government do? He reiterated the point that local government is limited because migration will undo well-intentioned redistributive policies, and economic forces may dominate any policy response. Mayer's presentation mainly raised questions and considerations, rather than providing across-the-board solutions, and touched on policy options in three areas. First, he discussed schools and contrasted the advantages and disadvantages of vouchers versus local spending-equalization programs. Next, he considered employment, asking if governments can really encourage entrepreneurship and job growth; whether competition for "hot" industries was a good policy; and whether taxing property or taxing land was a better idea. Finally, he outlined housing policies, including subsidized home ownership (which has costs that are frequently overlooked), zoning and housing costs (zoning has "many negative implications") and finally vouchers, public housing, and neighborhoods.

Mayer said that it is important to keep in mind the benefits and costs of cities and whether these benefits and costs can really be priced easily. He pointed out that the wealthy and middle class may not have left the cities just because they wanted more land for housing but also because of education, crime, and land-use policy. He also raised the issue of regionalism versus local decision-making, which led to his concluding question: What is the political support for various policies to boost urban growth and health?

MarySue Barrett addressed the two overriding questions raised by the previous speakers: First, are regional growth patterns a result of policies or the market? Second, do we need people-based or place-based strategies? The answers were, both. This preference for synthesis rather than antithesis plays out in many ways in the Chicago metropolitan region. The Metropolitan Planning Council in the area has a major campaign for "sensible growth," motivated by the fact that there is "enough growth to go around" in Chicago and its suburbs, which are expected to add 1.5 million people by 2020. The region has a metropolitan mayors' caucus, comprising more than 270 top local officials. A major business organization, the Commercial Club of Chicago, just released a report laying out a regional vision for the next two decades.

The specific actions arising from this awareness of the need for coordination across the metropolis in some areas are (1) a dramatic increase in the commitment to spending on transit at the state level; (2) an effort to create housing options, both public and private, in suburban employment corridors and recognize that transportation and housing are linked issues; and (3) an analysis of the regional rental market. There are tax disincentives to building rental housing, and in the wake of the demolition of public housing, there is a serious need for affordable rentals in the area. Barrett emphasized the need for policies that addressed the concerns of people and places.

Keynote Address: Alice Rivlin

The president of the Federal Reserve Bank of Philadelphia, Edward G. Boehne, introduced the keynote speaker, the vice chair of the Federal Reserve System, Alice Rivlin. He said that her speech would focus on the current state and future prospect of metropolitan areas in our nation and that "Alice is as adept at that subject as she is with monetary policy."

Rivlin opened by saying that she would speak, not as an economist, but as an urban practitioner in Washington, D.C. “I am at the moment one of the power players,” she wryly remarked. She explained that her involvement with the city began a decade ago, when she was chosen to head a commission on the city’s finances. The commission predicted that without radical changes, the District would go bankrupt because of its excessive bureaucracy, narrow tax base, the prohibition on taxing nonresidents’ city-earned income (nonresidents earn about two-thirds of all the income generated within the city), and the lack of assistance from other governments. The downtown building boom of the 1980s masked the city’s trouble, but the white middle-class had already left, and the black middle-class was in the process of leaving, driven out by poor schools, high crime, and high taxes.

The commission’s recommendations for change were mostly ignored, and by 1995, Rivlin said, “the city was in a free fall,” with services breaking down and bills going unpaid. The federal government, with Rivlin as the Clinton administration’s point person, created a five-member board to shore up the city. The board, known locally as the Control Board, cut spending drastically, “probably too drastically,” and the federal government stepped in to take control of the District’s prison system, raised the match on Medicaid spending, and took over the city’s long-term pension liability (the District has to fill many state functions for its residents, in addition to providing city services). The result is that Washington, D.C., has had a balanced budget for three years, is paying off its accumulated arrears, and its bond rating is improving.

The Control Board had much greater powers than similar boards that have come to the aid of other cities. Washington’s board controlled not only the city’s finances but also its management. After Anthony Williams, the former chief financial officer for the city, became mayor in January 1999, the Board (which Rivlin now chairs) turned operational control of the city back to the mayor, retaining its oversight responsibilities. “We are trying to go out of business as quickly as we can,” Rivlin quipped. The board now tries to orchestrate consensus between the mayor and a reinvigorated city council on budget issues “and take the blame for unpopular decisions.” Rivlin cited a recent battle over a tax reduction bill as an example of both functions. “I took the rap...but that’s what they don’t pay me for.”

Rivlin then turned to Washington’s metropolitan context. The city’s metropolitan area looks more like Dallas, Houston, or Phoenix than Philadelphia or Boston, largely because Washington never had heavy industry and therefore does not have a decaying industrial base. What has happened— similar to what has occurred in many newer cities—is enormous growth of high-tech, knowledge-based industries in outer-ring suburbs. At one point, presumably, a connection existed between this growth and the fact that Washington is the seat of the federal government, but now the high-tech explosion is an independent force.

The core has been losing population rapidly. The city’s population has shrunk from 750,000 to 500,000, and it is unclear whether the outflow has stopped. By contrast, the population growth in outer-ring suburbs is “spectacular” (as is the traffic congestion), and there is little connection to the central city. Inner-ring suburbs are looking more and more like the District.

Rivlin said that the city's problems "are still major" but its advantages are also significant: the city does not have to tear down old buildings and manufacturing plants; and the federal government is still there, along with national monuments, cultural attractions, and convention draws. However, creating jobs does not help if the people who hold those jobs do not live in the city; thus, the city has to expand its residential base. This is difficult because city services are still poor, there's not much attractive affordable housing, and the city's tax rates are higher than those of surrounding jurisdictions.

Referring to the earlier debate over people-based solutions versus place-based solutions, Rivlin said that the city's objectives were place-based. The city needed to be revitalized neighborhood by neighborhood. "It is a large order," she stated. Partnerships with federal agencies are key to its success. The federal government can be "a good corporate citizen," she said, if it thinks about the community in which its "plant" is based. She pointed out that various branches of the military "have led the charge" in boosting Washington's neighborhoods. The World Bank, too, has adopted the idea of being a good corporate citizen. Local high-tech companies, many of which face labor shortages, are starting to realize the benefits of working with District schools and job training providers. Universities and hospitals are also thinking in terms of corporate citizenship; they realize that it's good for them to be in strong, stable neighborhoods. The Fannie Mae Foundation is also doing significant work in the District.

Session III: Fixing the Basics: Education and Human Capital
Presentations:
"Parental Valuation of School Quality," Sandra Black, Federal Reserve Bank of New York
"School Quality and Enrollment Shifts," Karl Case, Wellesley College
"Achieving Efficiencies Through School Competition," Lori Taylor, Federal Reserve Bank of Dallas

Sandra Black's presentation grappled with the basic question of how much parents value better schools. She sought to answer it by looking at house prices in different school attendance zones. The question is important because policymakers need a dollar value to use in cost-benefit analyses of different kinds of school interventions. Once a dollar value for improved test scores is established, school districts can decide whether various reforms are worth the cost. The comparison turns out to be tricky, because it can be hard to tell whether one is measuring the differences in schools, or the differences between neighborhoods. As she puts it, "Since better schools tend to be located in better neighborhoods, ordinary estimates may lead to an overstated valuation of better schools if the available data do not provide a complete characterization of the neighborhood studied."

In her own research, Black controlled for this problem and found that in suburban Boston, a 5 percent increase in elementary school test scores leads to an increase in house prices of about 2.1 percent, or about $4000 (based on the average house price). Similarly, "a movement from the 25th percentile school in the sample as ranked by test scores to the 75th percentile school results in a 2.9 percent increase in housing prices, or $5500 at the mean house price."

Fairly small increases in test scores have significant effects when measured statewide: a one-point rise in math and reading scores could lead to a 1.5 percent increase in housing prices, which, calculating from median house prices, could lead to a $4.5 billion increase in house values across Massachusetts.

Karl Case considered the effects of school quality on predicted school enrollments in Massachusetts and found them to be significant. More people moved out of districts with lower test scores and into districts with higher ones in the 1990s than in the1980s for a variety of reasons. First, in the 1990s, schools filled up with the children of the baby-boom generation, and parents worried about school overcrowding. Second, in 1992, incomes in the state began to rise again, after a steep economic downturn that had left home equity intact. Hence, many families could now afford to move. Third, the impact of the state's Proposition 2 ½ —a proposition passed in 1980 that sharply limited the growth in property tax revenues—began to be felt, and parents sought districts where the proposition's effects were not as severe. They assumed that these places would be able to spend more on education and produce better results. Fourth, education was seen as more important to future success.

The results of new statewide tests will be released later this year and will be widely publicized. Case pointed out that this will lead to even more "chasing" of good schools. "From society's point of view, the ongoing chase may perpetuate today's unequal distribution of income into the future earnings of current school children, unless additional education resources can be made available to the communities or individuals left behind."

Lori Taylor began by noting that the public school system in the United States is inefficient, as evidenced by the fact that greater spending on schools is not correlated with increases in test scores. She sought to measure the relationship between competition and public school efficiency as measured by the value added in mathematics at the elementary and secondary levels. Value added does not mean absolutely high test scores, but test scores that are higher than one might expect given the system's other inputs, such as student body population. She found that allocative efficiency rose with added competition. Districts in what she called concentrated markets (markets in which the metropolitan school population is concentrated in one or a few districts) were more than two times as inefficient as school districts with more competition. "Inefficient" means that they had too many or too few administrators relative to instructional personnel.

However, she pointed out that there are clear threshold effects. Additional competition would increase the efficiency of school districts in concentrated markets, "but would have little systematic effect on school districts in other urban markets." Taylor used Texas school districts in her analysis. She noted that the Houston and Dallas metropolitan areas both have competitive markets—meaning that additional competition may not increase district efficiencies in those areas. This is important because one-third of all Texas school children are enrolled in districts in those metropolitan areas. Thus, she concluded that competition is only part of the answer to improving school quality and efficiency. Deregulation "is key" she said, because public officials "must release school districts to actively compete."

Session IV: Metropolitan Governance and Politics
Presentations:
"Postwar Trends in Metropolitan Employment Growth: Suburbanization and Deconcentration." Gerald A. Carlino, Federal Reserve Bank of Philadelphia
"The Role of Policies in City Decline and Destructive City/Suburban Competition," Richard P. Voith, Federal Reserve Bank of Philadelphia
"Governmental Barriers to Regional Cooperation," Anita A. Summers, The Wharton School, University of Pennsylvania
Discussant: *Myron Orfield, State Representative, Minnesota Legislature*

Gerald Carlino began with a brief analysis of the benefits and costs of concentration for firms. Concentration is beneficial because it lowers transportation costs and allows firms to reap the benefits of agglomeration economies. Its costs come from higher wages and rents, more traffic congestion, and greater pollution as more people burden existing systems. Postwar growth has favored less dense metropolitan areas, and Carlino posited that this came from a flight from congestion. He and a colleague found that "congestion costs were a major factor in the slower growth of the densest metropolitan areas in the second half of the century."

The effect of this pattern of growth—away from already dense metropolitan areas to less-developed ones—means that metropolitan employment is more uniformly distributed not only within individual metropolitan areas, as suburbs gain jobs, but also across metropolitan areas, as the less dense regions gain jobs at a faster pace than the more built-up metropolitan areas. The slow growth of dense locations, such as the Philadelphia metropolitan area, "may have less to do with poor policy choices," Carlino said, "and more to do with the consequences of earlier growth," which pushed Philadelphia's metro region to a higher level of congestion earlier in the century. However, Carlino's research did not directly address intra-metropolitan development patterns.

Richard Voith's presentation addressed a few reasons why cities and their suburbs engaged in what he called destructive competition. He cited research that documents how a city's decline hurts its suburbs: slower city growth results in slower growth in suburban incomes and property values, but this effect matters only for large cities. Yet cities and suburbs do not cooperate, and Voith explored two of the reasons. First, not all suburbs share a common interest with the city they surround. Growth in city employment benefits older suburban communities but does not benefit developers and agricultural landowners who want to create new suburban residential areas. By contrast, suburban employment growth has little effect on residential land values but does benefit developers and land owners. Thus, there is a divergence of interest between central cities and older suburbs, on the one hand, and landowners on the suburban fringe.

Second, the tax treatment of housing undercuts urban competitiveness and reduces the potential for city-suburban cooperation. The tax code encourages decentralized development by lowering the relative price of housing: Voith and a colleague found that an average housing subsidy of 15 percent lowers metropolitan density 15 percent. Deductions are more valuable to high-income households, and, facing lower after-tax house prices, these households choose large-lot communities typically found in the newer suburbs on the metropolitan fringe. The tax code also lowers the cost of providing public services in high-income versus low-income areas. The result is increased geographic sorting by income and incentives for growth in fringe areas. And, as was established earlier, these areas at the metropolitan edge have little in common with central cities.

The final presenter, Anita A. Summers, listed the myriad governmental barriers to regional cooperation. For one thing, Summers argued, local governments put a high price on local autonomy and do not seem to value efficiency very highly. There is a strong preference for local control—people like it and will pay for it. Additionally, people do not have good information on the costs of independence and the lack of regional cooperation—whether it's the cost of maintaining separate libraries or the cost of crime that spills over from the city to the suburbs—or of the economic interdependence of cities and suburbs.

State and federal governments also create barriers, in part because their funding streams to cities do not nearly offset the poverty costs that these cities must bear. While redistribution is the task of higher levels of government—states and, most important, the federal government—high poverty localities still find themselves spending significant amounts of their own monies on poverty and non-poverty related services. This puts cities at a distinct competitive disadvantage vis-a-vis their suburbs. Furthermore, state constitutions erect barriers to regional cooperation through home rule provisions, bans on special local laws, delegation of power to make laws, and uniformity of taxation rules. State judicial decisions matter as well. The upshot is that regional redistribution is "difficult but not impossible."

The discussant, Myron Orfield, questioned Carlino's assertion that economic growth patterns were caused by density, or a lack of density. Orfield wondered if taxes and the role of organized labor (historically stronger in older, dense cities and weaker in the more diffuse cities of the South and West) also mattered. He agreed with Summers's contentions, but he did not accept "the implication that equity politics is convincing people" that redistribution "is a good idea." His experience has been that only a majority coalition is needed for regional cooperation, not total regional unanimity. In the Twin Cities, "two-thirds of the people liked tax-base sharing very much and one-third did not like it at all," and the majority passed the plan. People can develop ideas that suggest "we're all in it together," but political changes are based on a mere "majority that's dissatisfied with the status quo." Furthermore, while he agreed that the federal government was the most important place for actions on redistribution and equity, he noted that it is easier to create change in state legislatures than in Congress, arguing that members of Congress look to smaller units of government first.

He went on to offer an "alternative framework," using charts and slides of the Philadelphia metropolitan region, of how regions grow and prosper or decline. The suburbs, he noted, "are really diverse," with the older suburbs experiencing social and racial change very rapidly. Poverty and racial segregation, which move together, are key aspects of metropolitan growth and change. He argued that "it is almost meaningless to talk about metro areas without talking about poverty and race." Older suburbs are hardest hit by increases in poverty and racial separation. Many cities have "residual strengths," Orfield said. Some cities are surging, some are failing, but for older suburbs, "there is not a variable outcome... there is not evidence of resurgence." Newer areas, which Orfield called "low-fiscal-capacity developing suburbs,"are also "severely disadvantaged." They have lots of fairly inexpensive housing and little commercial property, and thus they lack the fiscal capacity to pay for sewers and schools. These communities, like some cities and older suburbs, are also severely disadvantaged by metropolitan fragmentation. Thus, the city-suburban framework is a complicated one. The division, Orfield argued, is not between cities and suburbs, but rather between cities and some kinds of suburbs on one side and other types of suburbs on the other.

Furthermore, Orfield argued that concepts of choice and competition do not really apply to discussions about low-fiscal-capacity communities versus high-fiscal-capacity communities. "There isn't real competition because not everyone can afford the $250,000-$350,000 houses," that are the standard in low-tax, high service, high-fiscal-capacity suburbs and towns. "This competition is not equal or fair and it will lead to depleted older areas," he said. Jobs and credit availability also cluster in wealthy, high-fiscal-capacity areas.

He explained a hypothetical tax-base sharing system for the Philadelphia metropolitan area and stated that, under his plan, 39 legislative districts would gain fiscal capacity, while 25 would lose fiscal capacity. He concluded with the statement that three-quarters of the people in metropolitan areas do not benefit from metropolitan fragmentation and competition. "A regional approach could immediately make things better for the vast majority of people."

The conference ended with Bruce Katz's comment that efforts to connect research to policy, and researchers to practitioners, will and must continue.