

Metropolitan Areas

Regional Differences

BY JANET ROTHENBERG PACK

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The new argument in the urban research literature of the 1990s is that the economic health of cities and suburbs is closely linked, with the prosperity of suburban communities, in particular, depending on that of the central city. Suburbs that ignore the decline of their central cities cannot, despite their strong belief to the contrary, go it alone. The well-being of entire metropolitan areas hinges on intra-metropolitan cooperation—and on public policies that encourage city-suburb cooperation in infrastructure planning and

Collage by Glenn Pierce

financing, tax-base sharing, school finance reform, school district consolidation, and land use planning.

The new focus on increased metropolitan cooperation stems from the much higher poverty and crime rates in the cities and the greater growth of both population and employment opportunities in suburbs, but also on a body of research on links between growth rates of cities and suburbs within metropolitan areas. For example, Richard Voith has shown that although the relationship between population growth in cities and suburbs of the Northeast and Midwest in the 1960s was negative—that is, as cities lost population, suburbs gained—the relationship turned positive in the 1970s and 1980s—the greater the gain, or the smaller the loss in city population, the greater the growth in their suburbs. Income growth in cities and suburbs also appears to have been unrelated in the 1960s but positively correlated in the 1970s and 1980s. These data have led many researchers to conclude that the city-suburb competition of the 1960s gave way to complementarity in the 1970s and 1980s. Going further, Voith, Anthony Downs, and H.V. Savitch believe the causality in this relationship runs from city to suburb.

Nonetheless, in most older metropolitan areas in the Northeast and Midwest, population in the cities continues to decline, population in the suburbs continues to grow, and city incomes are far lower than those in the suburbs. By contrast, in the South and even more in the West, both city and suburban areas have grown. The generalization that the fates of

suburbs and their central cities are inextricably entwined seems premature.

Large interregional disparities in metropolitan development, in particular in city and suburban growth patterns, suggest the need for flexible urban policy rather than for one-size-fits-all metropolitanism. If city-suburb disparities in some U.S. regions are relatively small and if cities and suburbs are both growing, there may, for example, be less reason for urging greater metropolitan policy coordination. Even in slowly growing regions, increased coordination may reduce disparities between cities and their suburbs but may not increase city growth rates enough to reduce the disparities among regions. In short, in formulating urban policy generally, it may be necessary to heed regional implications.

Population and Income Growth

Figures 1 and 2 show the 1960–90 growth rates in both population and per capita income for metropolitan-area cities and suburbs in different regions of the United States. They show strong regional differences even though the overall relationship (shown by the dashed line) for both population and income in metropolitan-area cities and suburbs is clearly positive (with the dispersion of symbols indicating substantial variation around the average relationship).

The regional population pattern is clear from the clustering of metropolitan areas in the same region along different segments of the graph. Nearly all the cities in the Northeast lost population, as did many in the Midwest.

As the height of the regional lines shows, suburban popula-

tion grew most in the West and least in the Midwest. The dispersion of the observations around the lines shows the extent of variation within regions. The South and West show wide differences in suburban growth rates, the Northeast and Midwest much less.

Differences in the extension of the lines from left to right indicate the relative growth rates of cities. The population declines in the Northeastern and Midwestern cities are seen by their clustering at the left of the horizontal axis. The extension of the lines to the right and the horizontal spread of the observations show both the far higher rates of growth of cities in the South and West and the greater variation in their growth rates. The slope of the lines takes us back to the concern with city-suburban links. The slope is steepest in the Northeast, indicating that increases in city growth rates are associated with the greatest increases in suburban growth rates. In the other regions, the relatively flatter lines indicate that suburban population growth rates are far less closely associated with city growth rates.

Data behind the graphs (not shown, but available from the author) reveal further regional differences with important policy implications. Whether metropolitan areas were gaining or losing central-city populations, for example, the ratio of suburban to city population increased substantially over the 30 years. Nonetheless, the suburb-to-city population ratio increased less in the metropolitan areas whose city populations were increasing than in those whose cities were losing population.

The cities of the West, on average much smaller than those of the Northeast in 1960,

had outstripped Northeastern cities by 1990, and their metropolitan areas had nearly doubled in population. During that same period the metropolitan areas of the South grew nearly 70 percent, those of the Northeast and Midwest, only 12.5 percent and 25 percent, respectively.

Regional analysis of the relationship between suburban and city population growth rates shows that city growth rates have a positive effect on suburban growth rates everywhere but are statistically significant only in the Northeast and Midwest (consistent with the much smaller variation of the observations in these regions on the graph). In the Northeast about 12 percent of the variation in suburban population

growth rates appears to be associated with variation in the city growth rates; in the Midwest the explained variation is only 4 percent, indicating that other factors may be more important for suburban population growth even in these regions. In the South and West, city population growth rates seem to have virtually no role in suburban growth. (Disentangling the effects of annexation from regional differences is a challenge since most annexations have occurred in the most rapidly developing regions, the South and West, as noted by David Rusk in *Cities Without Suburbs*.)

In figure 2, which shows the relationship between percentage changes in real per capita

incomes in metropolitan-area cities and suburbs by region, regional patterns are far less sharp. Real per capita income falls in only one suburb and in only one city. Metropolitan areas in the same region are far less clustered on both the city and suburban dimensions along different segments of the graph and, with the exception of the South, show relatively little variation from the line. The slopes of the lines are steeper than for population, indicating that city and suburban per capita income growth rates are more closely related than are the population growth rates. Finally, the height of the lines shows the greatest growth rates in the South. The other three regions are very close together, with somewhat

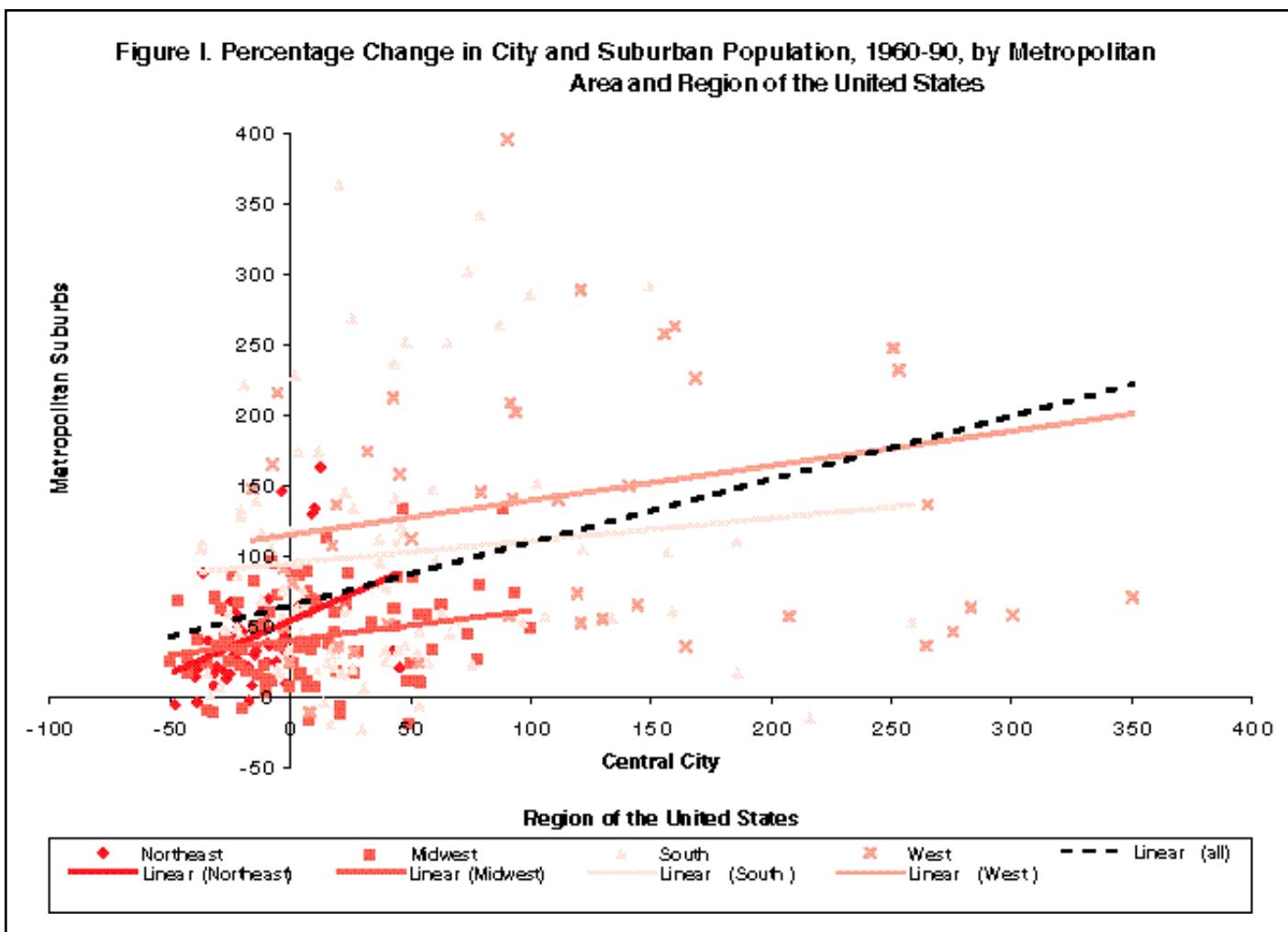


Figure 2. Percentage Change in Real Per Capita Income, 1960-90, by Metropolitan Area and Region of the United States



lower growth rates in the West. Thus, although city incomes have grown more slowly than suburban incomes, the differences are small relative to the population changes.

Absolute levels—not just growth rates—of per capita income are also important in analyzing differences between cities and suburbs and among regions in formulating urban policy. Regionally, two things stand out with important implications for a policy that emphasizes closer city-suburban cooperation. First, in the South and West, suburban incomes exceeded city incomes by only 2 percent and 5 percent, respectively, in 1990. Indeed until 1990, city per capita incomes exceeded suburban incomes, although the ratio of

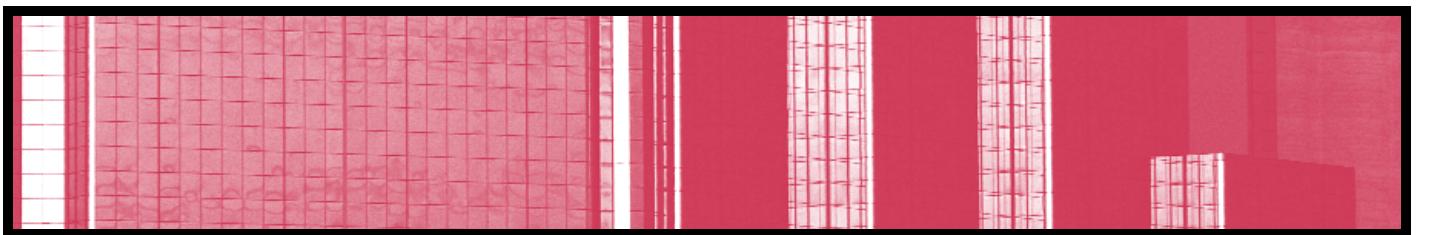
suburban to city incomes has been increasing steadily since 1960. In the Northeast and Midwest, the disparities are much greater: suburban incomes exceeded city incomes by 33 percent in the Northeast and 16 percent in the Midwest in 1990. As in the South and West, these differences have increased over time, although at no time did city incomes exceed suburban incomes. Thus, depending on the region of the country being considered, very different conclusions can be reached about income disparities between cities and suburbs and about policies to narrow them. Second, there is no absolute Northeast-Midwest vs. West-South divide. In general, Southern metropolitan areas have the lowest per capita

incomes and the Northeast and West the highest.

Simple statistical analysis of income growth in the city and its suburbs and region over the three decades shows a positive relationship and shows that relative to the Northeast region, suburbs in the South grew at a faster rate, even after the faster rate of growth in their central cities is taken into account. No regional effect was found for the Midwest or for the West relative to the Northeast. Overall the explained variation of suburban income growth rates when city growth rates and region are taken into account is about 22 percent. Unlike the city and suburban population growth variables, the relationship between city and



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suburban incomes is somewhat more pronounced, but the regional differences appear less significant. When the relationships between city and suburban incomes are examined separately for each region, the differences among regions are more pronounced in two ways: the closest relationships are found for the Midwest and for the West, with a 1 percent increase in city income associated with an increase of suburban income of about 0.66 percent. In the South and Midwest, the suburban income increase is only about 0.33 percent to 0.50 percent for each 1 percent increase in city per capita incomes. The other major difference among the regions is that city income growth rates explain about 20-25 percent of the growth in suburban incomes (higher than for population) in all regions but the South, where variation in the city-suburban relationship is so great that the explanatory value is a mere 2 percent.

Policy Implications

Given the widespread expansion of cities in the South and West and the decline of cities in the Northeast and Midwest, public policies designed to bring population back to the cities may not be equally appropriate for all regions. Indeed, according to the statistical analysis of the link between suburban and city population growth rates, a more metropolitan-oriented policy that recognizes the importance of growth in the city for the region as a whole would probably have greatest impact in the Northeast.

The great dispersion of population growth rates among metropolitan areas in the South and West and their convergence in the Northeast and Midwest also suggest that urban policy within the South and West needs to be more differentiated among metropolitan areas than does policy in the Northeast and Midwest.

In the South and West both city and suburban population and per capita incomes have grown much faster over the three decades. But per capita income growth rates in the Northeast and Midwest

approached or exceeded those in the South and West in the 1960s and 1980s, though they fell far short in the 1970s. This variability of regional growth rates in per capita incomes may also suggest the need for a more regionally oriented macroeconomic policy.

Moreover, to the extent that per capita incomes measure welfare levels, the relative population declines of the Northeast and Midwest have not been associated with similar declines in welfare levels. Thus attempts to change three decades of regional shifts from the Northeast and Midwest to the South and West should proceed with care. Only where these shifts have been induced by inefficient subsidies that support per capita incomes should policy changes be considered. If an important national goal was and is to spread the population across the nation, to reduce concentration in the East, then regional policies to maintain this redistribution may have been justified—though, like all policies, they require periodic scrutiny to

evaluate their costs and benefits and distributional implications.

The similarity of per capita incomes in the cities and suburbs of the South and West suggests that the poverty problems in the cities there would not be much helped by greater metropolitan integration. In the Northeast and Midwest, however, the higher suburban incomes are a potential resource for helping to alleviate poverty in the cities—if, of course, suburbs can be made to see their self-interest in the fortunes of the cities.

Nor do the similar, but low, city and suburban incomes in the South suggest much payoff from greater metropolitan integration. Rather, it is in their interest to maintain their relatively high rates of income growth and keep playing catch-up with other regions.

Closing Comments

Going somewhat further, the dispersal of population and economic activity both from city to suburbs and from Northeast and Midwest to South and West has had mixed results. Generally speaking, the gains of the policies now seen as biased in favor of suburban locations—mortgage interest deductions, property tax deductions, road construction in contrast to the development of mass transit systems, local control of land use regulations—may have been in overall quality of life and industrial efficiency. The costs have been primarily distributional—ultimately, the concentration of poverty and other social ills in the central cities. The policies that helped to spur the movement of businesses and wealthier families from city to suburbs and to restrict that same movement by the poor may have gone too far and may require cutbacks or reversals to change the direction of the incentives.

Similarly, many developments led to the reallocation of people and firms from the Midwest and Northeast to the South and West. Technological changes in manufacturing production, transportation, communications, and agriculture; air conditioning; the aging of the population; and increased incomes all opened up opportunities for growth and development in the South and West. Lower wages and the absence of unions in the South pulled industry from the North and Midwest. On the policy side, the national highway system; defense procurement, with defense industries concentrated in areas with warmer year-round climates and large expanses of open land; the internationalization of markets; federal assistance for water resource development and subsidized water rates in the relatively dryer regions of the Western

states facilitated development in places where it would have been impossible. Environmental laws, with which compliance was relatively more difficult in the more industrialized, more densely developed Northeast and Midwest, also pushed some development South and West. Again, these movements and the policies behind them may have improved overall welfare but at a distributional cost. As policymakers review new urban interventions, they should analyze these regional policies with an eye not only to whether they improve welfare, but also to their distributional implications.

In sum, both current urban policy recommendations and the many urban and other policies that affect development in urban areas also affect the regional location decisions of people and firms and are almost surely affected by America's pronounced regional differences. Policy interventions that increase intra-metropolitan cooperation and integration must be sensitive to these differences. ■