

Civil Rights Movement Unshackled Georgia's Economy

Remarks to
Georgia Municipal Association
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As the Georgia Future Communities Commission begins its work, I'd like to offer a broad, backward look over the last half century. By 1950 Georgia certainly had advanced from the Georgia of my father's childhood, but it was still a dirt-poor, rigidly segregated backwater of the United States. The average Georgia family's income was only \$1,898, just two-thirds of the national average. Georgia was the 46th poorest state — only ahead of Alabama, Arkansas, and Mississippi.

Between 1950 and 1990 the average family income of Georgians (adjusted for national inflation) grew 243 percent — the second highest growth rate among all states. In effect, the real standard of living more than tripled! By 1990 average family income statewide had reached \$33,529 — now 22nd among the states. Adjusted for Georgia's lower cost of living, the average family in Georgia had a higher standard of living than the average nationwide. Higher average incomes were clearly the case in Georgia's metro areas. Metro Atlanta and metro Macon-Warner Robins led the way with real income levels 17 percent above the national urban average, followed by metro Augusta (plus 11 percent). Metro Albany (plus 5 percent), and metro Athens and metro Savannah (both plus 3 percent) slightly exceeded the national average. With its large number of military families, only metro Columbus (minus 2 percent) fell slightly below the average.

That's a proud accomplishment for the half-century. There were many factors that contributed to that record.

New technologies such as the continuing mechanization of agriculture (sending hundreds of thousands of poor sharecroppers into Northern and Southern cities) or something as often overlooked as air conditioning (which made the Sunbelt's climate tolerable, even preferred, by millions of Americans.)

Major federal expenditures. In FY 1993, for example, the federal government put \$13 billion into the metro Atlanta economy, including \$5.1 billion in transfer payments (2/3 in Social Security benefits) and \$3.5 billion in defense procurements.

An **Atlanta regional economy** that, not being shackled to fading smokestack industries, was a prime candidate to compete for new Information Age companies.

But I would argue that a major factor that liberated Georgia and the South economically was actively opposed by many white Georgians and almost all of the state's elected leaders — **the civil rights movement**. Ending Jim Crow allowed Georgia to enter the national economy. And now Atlanta is emerging as a world city in the global economy.

During the 1960's I was a civil rights worker with the Urban League. I can recall black colleagues from the South — for example, Walter Lewis from Laurel, Mississippi — telling me that once Jim Crow was dead, the South would make more progress than the North. I and black colleagues from the North would scoff. However, Walter was right and I was wrong. The South *has* made more progress than the North, and that's been a key to the region's vigorous economic growth.

Take racial integration in housing, for example. On a scale of 1 to 100 (with 100 representing total apartheid) the Atlanta metro area has improved from an 82 to a 68 between 1970 and 1990. Over the same period metro Chicago went from 92 to 86, metro Cleveland from 91 to 85, and metro Detroit “improved” from 88.4 to 87.6! All things are relative, however, and metro Atlanta's 68 does not measure up to metro Charlotte's 53, or metro Norfolk's 50, or metro Raleigh-Durham's 48. All such scores are still unacceptably high. There isn't a major community in America that yet fulfills Dr. King's dream.

However, the task before us today is not to contemplate the past but to create a better future. What policies will help Georgia's urban areas continue to have rates of economic growth above national averages for the next fifty years?

Last August Business Week published a fascinating and important cover story entitled “Inequality — How the Growing Gap between Rich and Poor in America Is Hurting the Economy.” The article cited evidence that urban areas experiencing growing gaps between rich and poor, between black and white, between city and suburb were falling behind in the economic race.

That is the issue that I want to focus on today — how an urban region organizes its local governance has a critical impact on what kind of a society evolves and how economically competitive that society will be.

In writing *Cities without Suburbs* I studied population, economic, and social statistics for all 522 central cities in all 320 metropolitan areas. In the two years

since its publication I have spoken and consulted in almost sixty metropolitan areas. If anything, my experiences have strengthened my major findings.

Central to a discussion of the future of Georgia's urban communities is my observation that the more fragmented the governance of a region — that is, the more the area is broken up into multiple cities, towns, villages, and multiple school systems — , the more fragmented the society by race, by ethnic group, by economic class. In effect, when a region is broken up into many little boxes, the regional society sorts itself out more and more into those little boxes. And over time the walls between the boxes — and people — grow higher and higher.

To illustrate my point, let's look at metropolitan Detroit, the nation's most racially and economically segregated metro area. In that region of 4 million people there are no less than 239 local units of government which exercise "sovereign" planning and zoning powers. There is the one, large, but shrinking, Detroit Public Schools and then 114 independent suburban school systems. The unspoken mission of every little town council and every little school board is to keep our town or keep our schools just the way they are for people just like us — whoever "us" happens to be.

By contrast, metro areas with large, unifying units of government — with cities expanding rapidly through annexation, or consolidated city/county governments, or unified, county-wide school systems — are societies much more integrated by race, ethnicity, and economic class. Organizing society into a few big boxes rather than many small boxes allows different groups to be shaken together more effectively. The results are positive on that society's economic competitiveness.

Why? Let's return to the Business Week article on "Inequality— How the Growing Gap between Rich and Poor in America Is Hurting the Economy." It cites studies which show that, while isolating wealthy children in privileged schools may produce somewhat superior educational outcomes for them, the counter-balancing isolation of working class and poor children in their inner-city and older suburban schools yields disastrous results. Mixed-income education produces better overall results.

In assessing a region's competitive future, don't look to the products of the best public and private schools. Overwhelmingly, their graduates leave. They go off to college (often out-of-state) and many never return. Judge a region's future competitiveness by the students in its worst schools. They are the ones who will be part of the region's future labor force in the largest numbers.

How does Georgia measure up in term of fragmentation of governance. The opening session of the Future Communities Commission noted that “Georgia has more local units of government than almost any other state.” I would amend that statement somewhat. With 159 counties Georgia does have more counties than any other but Texas. But Georgia is still a state where the basic pattern of local government is cities within counties surrounded by large unincorporated areas. From Massachusetts through Minnesota the northern tier of states has cities and townships covering every inch of territory within each county. Thus, in 1992 Georgia had 159 counties and 534 municipalities — a total of 693 local general governments, but New York had 1,606 local general governments, Michigan 1,859, Wisconsin 1,922, Ohio 2,347, Pennsylvania 2,636, Minnesota 2,745, and Illinois 2,817! And, while Georgia had 185 school districts, Wisconsin had 430, Minnesota 477, Pennsylvania 516, Michigan 587, Ohio 665, New York 714, and Illinois 997.

While Georgia does not even compare with these states on the micro-government scale, this is not to say that Georgia is not following a trend toward more and more little boxes. Having 159 counties may have served well in the days when the organizing principle was that the county seat should be no farther away than a half day’s buggy ride, but having so many counties makes little sense today when a traveler on a modern highway crosses a county line every 15 or 20 minutes. Georgia’s cities have great difficulty expanding their territories in the face of Georgia’s increasingly complex annexation laws. And finally, I believe that new mini-municipalities are being created at a steady rate — twenty, it appears, since 1992. This may be good news for the Georgia Municipal Association’s membership director, but it is bad news for the goal of urban regions which are able to act in a more unified fashion.

Speaking here before the Georgia Municipal Association is a different experience for me. To audiences across the country I argue constantly that “the economic health of any region is inextricably tied to the economic well-being of its central city. If the central city stagnates, the region will eventually stagnate as well.” But those are your own words.

I will argue that “the solutions to many of the problems [of urban decline] lie in changes in state laws that stipulate the structure and responsibilities of cities and counties.” But those are your own words.

I often urge that broad based state commissions be appointed to “lay aside ‘political realities’ and establish a new vision for local governments which can become better catalysts for moving [whole urban regions] forward to realize optimum economic potential.” But you have already established the Georgia

Future Communities Commission, and the words I have just used were those of Governor Miller's charge to the commission members.

So what would I recommend to the Commission? If the Commissioners, the governor, and the legislature are truly prepared to challenge "political realities," they should deal broadly the central question "how do we organize our public business (i.e. systems of local governance) to be the most effective partner of private business in promoting economic growth and social equity in our regions." They might look to the example of Italy, which has totally realigned local government structures to reflect Italy's true urban regions.

Such realignment would undoubtedly cause redefinition and reduction in the number of counties. It would undoubtedly lead to some form of two-tier local government with the first tier responsible for policies and services of multi-jurisdictional importance and the second tier responsible for purely local functions.

Now I am not advocating mega-government. I would not wish on anyone the bureaucratic and labor practices perfected by New York City (though New York City was a fabulously successful community for the first half of this century). But I would point out that, with the sole exception of Fulton County, there is not a single county in Georgia of the geographic and population size of a Houston, Dallas, Phoenix, or San Diego, or consolidated city-county governments like Indianapolis-Marion County, Jacksonville-Duval County, or Nashville-Davidson County, and unitary urban county governments like Baltimore County, Montgomery County, or Prince George's County Maryland, or Virginia Beach or Fairfax County, Virginia. All are prosperous, have high credit ratings, and are well and responsively governed.

Whether such "big boxes" would be consolidated city-counties (with differentiated rural and urban service districts and tax levels) or a more traditional county government/city government structure is a question that must be decided within a Georgia context. However, for the long-term health of Georgia's urban areas, it is vital to improve city annexation powers to maintain the health and vitality of the urban core. Here the best model is North Carolina's annexation laws, which virtually guarantee that North Carolina's cities will be strong, healthy dynamic engines of regional development.

To show the contrasts, a key measure of disparities is the difference between the income of the average city resident and the average suburban resident. To target the three largest metro areas in each state, Atlanta city residents' income is 89 percent of suburban levels, Augusta 80 percent, and Macon 81 percent. For North Carolina's three largest metro areas, the ratios are Charlotte 122 percent,

Greensboro 111 percent, and Raleigh 103 percent. (All are AAA credit-rated cities.) Which state's major urban regions are better positioned for continued dynamic growth in the 21st Century? My bets are on North Carolina.

Advocates of governmental consolidation almost invariably argue for greater efficiency and eliminating overlapping, duplicated services — making better use of scarce taxpayer dollars. That is important, but I don't think that greater government efficiency is the core issue. The issue really is what kind of a society you become — a “small box” society deeply divided by race and income, or a “big box” society which, though not exempt from America's social ills, is moving constantly toward greater opportunity and equity for all.

Among your conference materials is a new essay on “Regionalism: The New Geography of Opportunity” by HUD Secretary Henry Cisneros (to which I had the opportunity to contribute). The essay distinguishes between “things-regionalism” and “people-regionalism.” Things-regionalism deals largely with the issues that are often the target of regional cooperation — sewage treatment, transportation planning, regional airports, joint purchasing arrangements, etc. These are often tough enough to achieve.

But people-regionalism addresses the vital issues that shape a regional society — where different people live and their access to opportunity. These include

- regional land use planning and zoning to help curb environmentally and socially wasteful urban sprawl. (The greater the rate of urban sprawl, the greater the abandonment of the core — central cities and older suburbs);

- inclusionary zoning policies which require fair share low- and moderate-income housing development in all local jurisdictions;

- strategies to break up high concentrations of low income households in large, public housing projects in favor of small, scattered site housing developments and extensive use of rent subsidies on a “fair share” basis;

- racially and economically integrated schools which flow naturally from racially and economically integrated neighborhoods; and

- unified regional economic development promotion efforts backed by regional revenue sharing systems so that all local communities will share in the results of economic growth wherever it occurs in the region.

In short, the underlying principle is that the healthiest, most competitive regions in the 21st Century will be based both on benefit-sharing and burden sharing across jurisdictional lines. They will be regions in which gaps will not be growing but closing between rich and poor, between black and white, and between city and suburb.

Through the efforts of the Georgia Municipal Association and your Future of the Cities Task Force, you have created just the instrument needed to engage in a wide-ranging examination of how to organize local governance to promote 21st Century success. The issue is how you see yourselves. Are you one society or are you many — divided by race and class?

However halting and imperfect may have been your experiences of the past several decades, the lesson of Georgia's emergence must be repeated. You are one society. Integration works — racial and economic. You have the opportunity to organize your public life to advance that cause. If you turn back, your cities will become the new Detroit and Newark. By moving forward courageously, you will assure the success of Georgia's urban areas in the next century.