

Legacy Cities and Philanthropic Capture

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Abstract

The rise of the ‘creative class’ (Florida, 2002) or the ‘triumph of the city’ (Glaeser, 2011) has captured the popular zeitgeist of cities being repopulated by young professionals, a seemingly impossible conjecture thirty years ago. But, not all cities face the prospect of growth and regeneration. Legacy cities- such as Flint, Akron, and Toledo- were once wealthy, representing upward mobility for America’s workers; today, these cities are portrayed as failed. Foundations play an important role in their development. This paper questions the role of charitable foundations in legacy cities where populations have been disadvantaged. We argue that the role of private philanthropy represents a larger turn in how Americans receive what once were public services, leading us to challenge the idea of citizen involvement in deciding upon what services a community will receive and how they will be delivered.

Introduction

The rise of the ‘creative class’ (Florida, 2002) or the ‘triumph of the city’ (Glaeser, 2011) has captured the popular zeitgeist of cities being repopulated by young professionals, a seemingly impossible conjecture thirty years ago. But, not all cities face the prospect of growth and regeneration. The idea of legacy cities, typically located in the industrial north, lies in a more traditional concept of urban core communities dying as heavy industry moved either to the non-unionized sunbelt or overseas. Legacy cities represent a wicked problem where there is little common agreement as to the nature of their decline as well as potential solutions. With that said, private foundations have taken a prominent role in developing and funding solutions for cities such as Detroit (the Kresge Foundation) and Flint (the C.S. Mott Foundation). In this paper, we examine the role of private foundations in developing strategies and funding human services for cities that struggle to deliver services to their citizenry.

Private foundations have been prominent actors in legacy cities for two general reasons. First, many of these cities grew tremendously in the twentieth century due to industrial expansion. Often, prominent families behind these industries developed foundations as a means to continue to support their home cities. As many industries shrank in the past thirty years (e.g. the auto industry in Detroit and Flint; glass in Toledo; rubber in Akron), the wealth in private foundations has comparatively grown as compared to wealth generally in these cities. Second, the departure of many industries has led to declining property values, lower property tax revenue, higher unemployment, and general difficulties in supporting both the infrastructure and human needs of these once-wealthy cities. Fulfilling donor intent, many private foundations have remained committed to their home cities.

We consider the role of charitable foundations in legacy cities through the logic of local public economies (V. Ostrom & E. Ostrom, 1965; Oakerson, 1987). Governments typically have engaged in provision and production decisions; provision decisions are about whether to provide services and how to fund them, while production decisions are around how to operationally deliver those services. The New Public Management movement articulated the need for private producers to induce competition. In legacy cities, we hold that both production and provision has increasingly been moved to private actors, with foundations prominently filling these roles. This raises a common question in the literature: Can foundations be inclusive, responsive and answerable while achieving shared values on policy issues? This question is of even more relevance in legacy cities where these foundations have become critical for public service provision.

This paper is focused on this question as it applies to a specific legacy city: Flint, Michigan. In particular, this paper will take up the charge levied by Anna Clark in her recent scathing critique of the decisions that led up to the Flint water crisis (*The Poisoned City: Flint's Water and the American Urban Tragedy*). She wrote: “New transparency models are necessary for communities in which private foundations and public-private partnerships are increasingly taking responsibility for public services, as is the case in Flint and other legacy cities” (p. 215). This case will consider the role of foundations in Flint in particular the largest foundation (C.S. Mott Foundation) and the implications of continual fiscal stress and the need for private actors to provide public services on democracy. It will also consider the need for foundations with exceptional clout in legacy cities to embrace models for more democratic accountability to encourage more public engagement.

Legacy Cities in the United States

During the industrial era cities were known to grow and shrink in cycles. These cities have been described as Fordist. Fordist cities were based around major industries that trained workers in performing one type of work like the Ford automotive company. During their peak in the early-to-mid 20th Century wealth grew as did the population. These cities were magnets for those hoping to improve their economic circumstances. New immigrants from eastern Europe filled the steel mills of Youngstown, Ohio and African Americans migrating from the south to escape prejudice and find work produced automobiles in Detroit and Flint (Audirac et al., 2012; Linkon & Russo, 2002).

Things changed starting in the 1970s when a globalized economy increasingly made these cities less relevant. Production of industrial goods became more dispersed and networked. Services replaced manufacturing as the primary driver of the economy. In this new post-Fordist environment some cities grew while other cities shrank. The cyclical changes during the Fordist era were replaced with continuous trends in one direction or the other. Today, the post-industrial Fordist cities of the past continue to shrink every year. For the largest of these cities, their decline began as far back as the 1950s (Hart, 2018; Mallach, 2017).

Today, these cities are known by many names. They are referred to as 'legacy cities', 'legacy cities', 'loser cities', 'weak market cities' and 'older industrialized cities' to name a few of their labels. These names all capture some elements of these cities. They are legacy i.e. losing population. This also makes them 'losers' versus 'gainers'. They also have weaker markets with less gross domestic product and entrepreneurial activity compared to their peers. Incomes and property values are also lower there. They are also the older industrialized cities of the United States composing the region known as the 'rust belt' and because of that they have much history

and meaning to the country which also means they have legacies. The less pejorative of these names particularly for those that live in them and work in them is 'legacy cities'.

The loss of population in these cities is both a causal factor for problems and caused by these problems. These cities were built for larger populations than they have today. They were built around industries that are either not there or in a reduced form. They have excess infrastructure and housing which lack the resources and people to maintain them. The exit of people increases vacancy which devalues surrounding homes causing others to leave the neighborhood or city. Those that have the means leave while poorer residents remain behind. Poverty increases as a proportion of the whole along with declining home values. These cities also have high levels of infant mortality in which 8 out of the 10 cities with the highest child lead poisoning are classified as legacy cities (Clark, 2018).

These cities raise many moral questions about responsibilities and rights. Fainstein (2010) argued that cities need to be 'just' in which they should promote democracy, diversity and equity. Legacy cities are places that have larger shares of those who are poor and of minority status. This makes them primary places for the expansion of justice in the United States. Unfortunately, these places have been seen as perpetual problems. There has also been little appeal to addressing the problems in these cities by those that do not live in them.

The most pressing concern regarding these cities has been with their financial condition. The structural issues that led to their distress are often ignored with an overemphasis on their budgets. Since the 1980s as more domestic responsibilities were left to state and local governments along with their obligation to fund them the topic of local fiscal stress has increased in relevance. Peterson (1981) first established the link between poverty, population change and public finance outcomes. Rubin (1982) included migration and tax base erosion as one of her

theories of local fiscal stress. Poverty, crime and vacancy has been associated with a smaller tax base (Manville & Kuhlmann, 2018). Bradbury, Downs and Small (1982) noted that, “local government fiscal difficulties frequently accompany population loss” (p. 26).

It was also around this time along with cutback management that new public management and public choice became popular public administration theories. These emphasized a market orientation with a dominance of experts in public service provision to the detriment of concepts like citizenship and democracy (Denhardt & Denhardt, 2011). As observed by Cox III and Ostertag (2014) the focus became more on how much is spent in the public realm not how it was done. The lack of democracy along with a narrow focus on select outcomes increasingly distanced legacy cities from fulfilling their roles as ‘just cities’. This is in addition to the reality that poorer people tend to engage less in the political process while more local governments have been dissolved since the start of the 21st Century than at any point in U.S. history (Bezdek, 2013; Anderson, 2012).

In line with the ideas in new public management and public choice there has been more privatization and contracting out of public services. Although Zullo (2009) found that most services are still provided ‘in-house’ by the government this decreases when newer services are introduced or the debt levels are high. In addition, Hefetz and Warner (2007) found that services have been eliminated over time with increasing levels of contracting out due to fiscal stress. Privatization raises concerns with accountability, responsiveness and transparency which are core public service values. Although the government controls the contracts and the contracting process those providing the services are only accountable to their company and the bottom line not the voters.

Increasingly, nonprofits have engaged in more public service provision. One of the theories for this growth is the government failure theory. As the government shrinks due to reduced resources a gap emerges between service expectation and service provision. Nonprofits fill this gap. This has increasingly become the case in legacy cities. Zingale, Samanta and West (2017) described service provision in these cities as based on a 'loose' governance network that rely heavily on non-governmental service providers. In this environment there is an emphasis on networks with more collaboration and facilitation between groups. This appears to be a positive development that increases representation and democracy.

This is where the challenge of philanthropy enters the discussion. One third of the resources provided to nonprofits across the country are provided by foundations (Sievers, 2010). Foundations have increasingly filled the gap as the state shrinks (Anheier and Leat, 2013; Barkan, 2013). Many of these foundations are the outgrowth of private companies and in some legacy cities where those companies had once been they remain there. In many ways these foundations have eased the pressure of declining government resources through their investments and in other ways it has increased philanthropic capture. Similar to the concerns over private companies providing public services are the concerns over philanthropies funding these services with the influence that money has over what is done and how it is done.

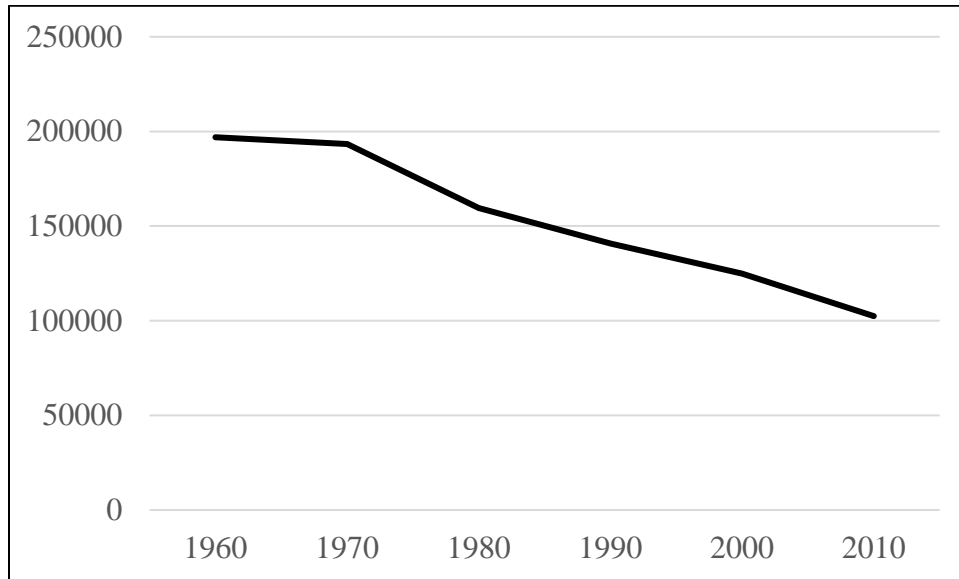
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The Case of Flint, Michigan

The City of Flint has experienced continuous population decline at least since the 1960s. In 1960 the population was a little less than 200,000. In 2010 the population was a little more than 100,000. This was a population loss of 48 percent. This trend has continued in which the

population fell below 100,000 people for the first time in more than 50 years in 2013. These trends are shown graphically in figures 1 and 2.

Figure 1: Population Loss in City of Flint (1960 – 2010) U.S. Census



Flint has suffered from the decline of the automotive industry in the United States as the previous headquarters for General Motors. The loss of high-paying manufacturing jobs to layoffs and plant closures led to large scale out-migration in the search for work. It should also be noted that housing desegregation precipitated the first wave of out-migration primarily for white residents. Flint was the first city in the country to support fair housing by popular vote.

The city like many cities in their predicament imagined the decline as short-term. As the post-Fordist era continued it eventually became apparent that the decline was continuous. This is shown in figures 1 and 2. There were only two years when the population increased and this was in 2006 (slightly) and in 2009. The increase in 2009 was an annual increase of more than 8 percent. Following this increase the population dropped by more than 8 percent canceling any gains the previous year. The annual population change percentages are shown in figure 3.

Figure 2: Population Loss in City of Flint (2005 - 2017) American Community Survey

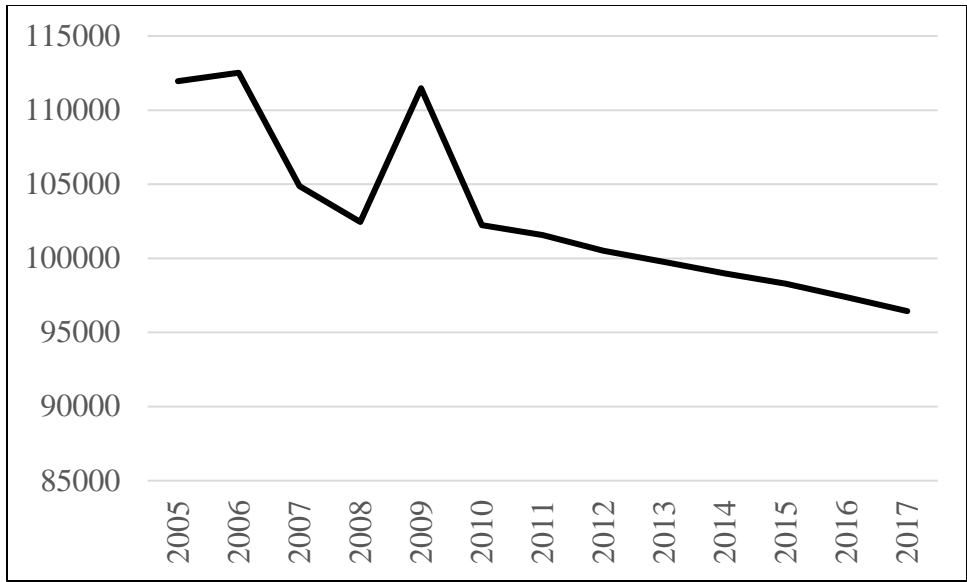
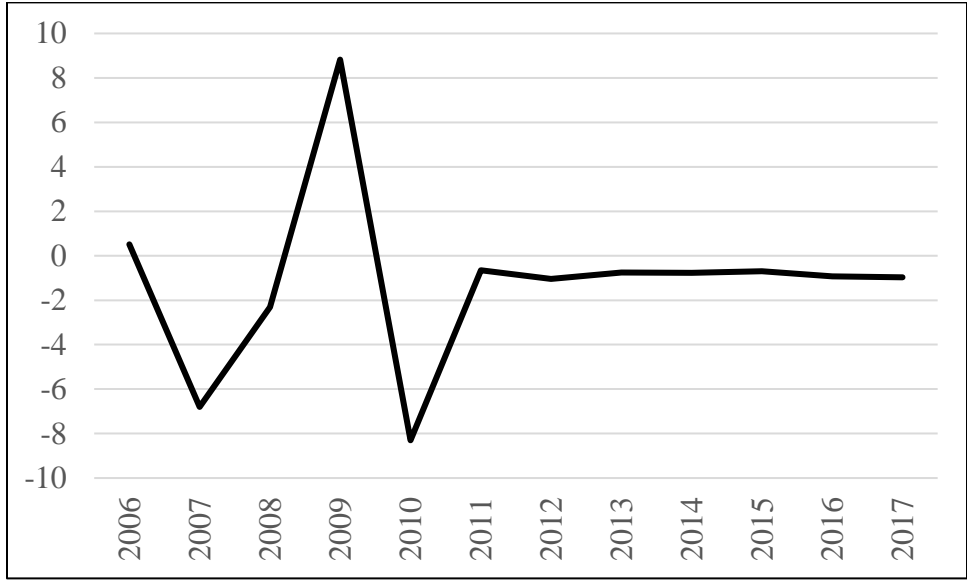


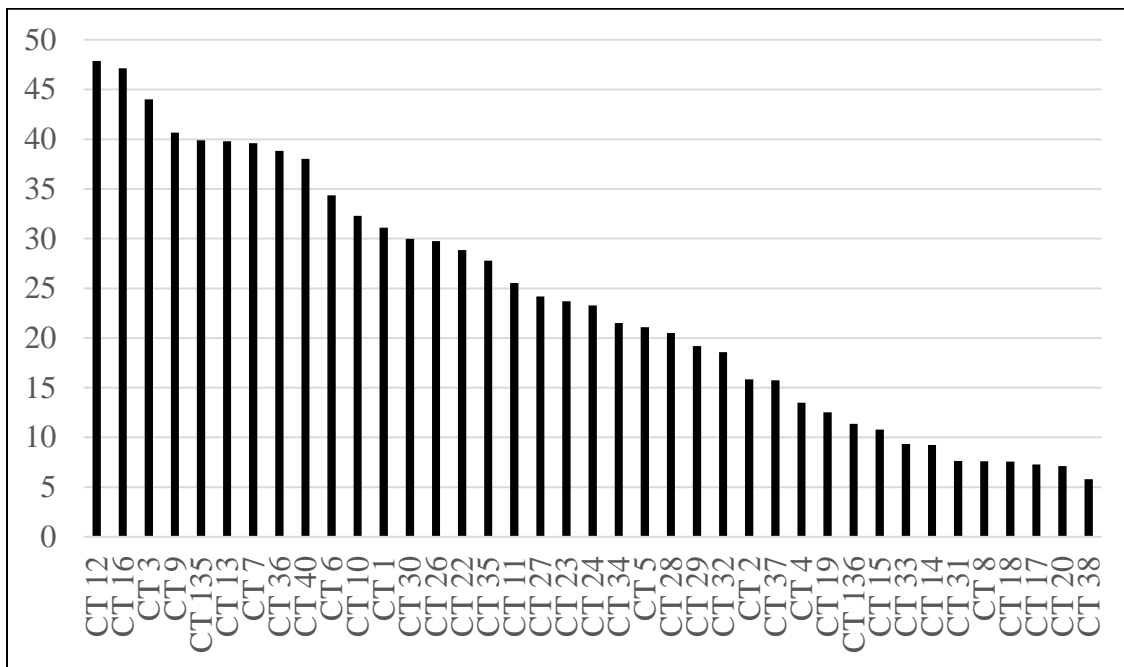
Figure 3: Percent Annual Population Change (2006 – 2017) American Community Survey



As covered in the literature, the loss of population indicates declining own-source revenues for the city government. In addition, it erodes the effects of agglomeration. The median household income in the city is below 30,000 dollars and has remained at this level for the last 12 years. In 2010 and 2013 it fell below 25,000 dollars. This is well below the median income of the United States as a whole which in 2010 was above 50,000 dollars.

Population densities are not consistent across the city. The areas with the highest population densities are in the western end of the city. The areas with the lowest population densities are in the eastern and northern parts of the city. The denser areas have higher median household incomes than the less dense areas. See figure 4 for population density by census tract in the City of Flint. This is measured by square mile and weighted by the percentage of the population located in the tract. Figure 5 is a map of the census tracts. Figure 6 represents the median household income from greater to least dense census tracts.

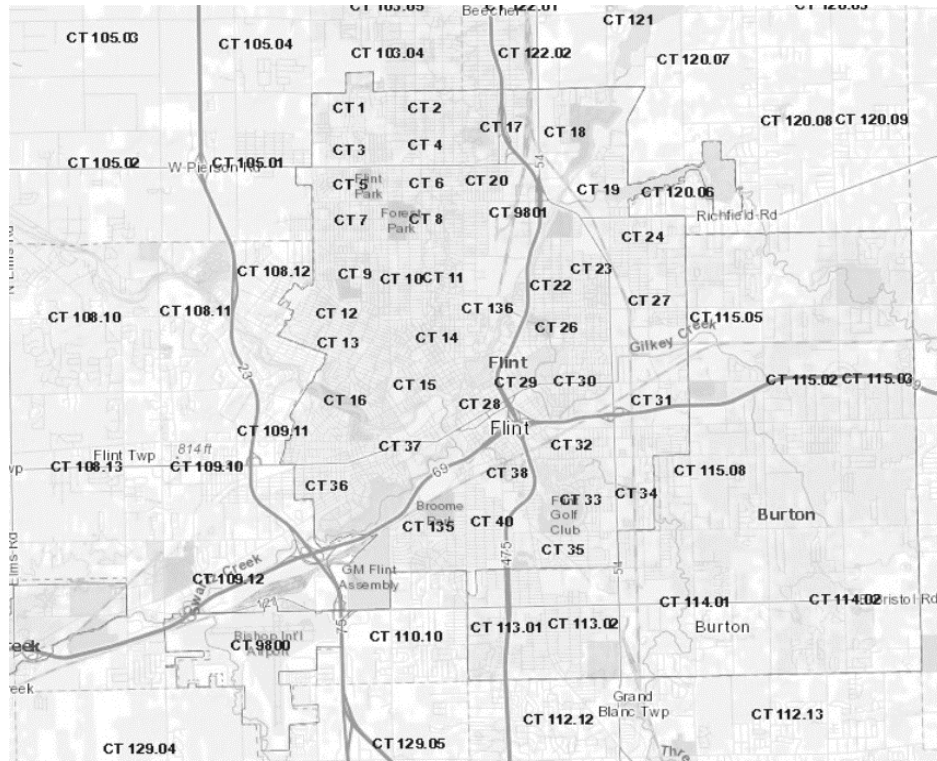
Figure 4: Population Density by Census Tract in Flint (2010) U.S. Census



The decline in population has led to large areas of vacancy which places stress on systems that require a critical mass of users to sustain them. This was the issue that precipitated the Flint Water Crisis (FWC). Between April 2014 and October 2015 the residents of Flint were directly affected by water quality issues related to a switch from a contracted source through the Detroit Water and Sewerage Department to the Flint River. The switch was made while the city was under emergency management in order to control costs. Poor water treatment practices along

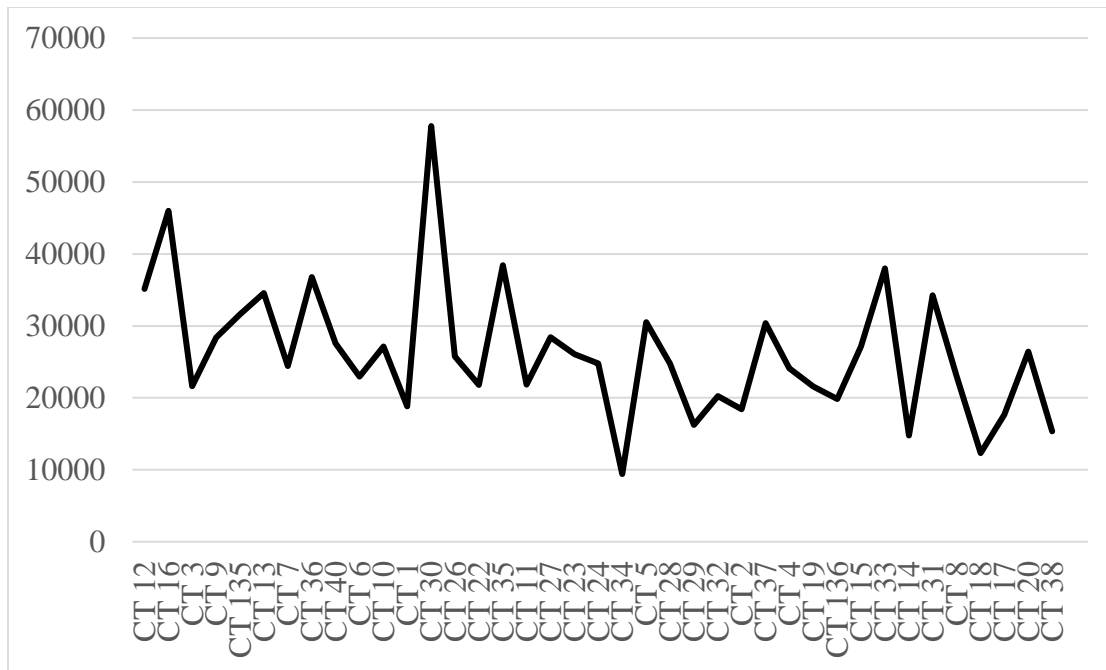
with the aging infrastructure and high vacancy that allowed the water to sit in the pipes and corrode them further caused the lead content to increase substantially in the water.

Figure 5: Map of Census Tracts in the City of Flint (U.S. Census)



Going into the crisis Flint had the highest water rates among the 500 largest water systems in the United States (Clark, 2018). This was due to the needs of the water system being spread over a smaller population. The system was built for a city twice its current population and for an industry that no longer called the city home. Failing systems along with lower tax revenues has led to the city being under emergency management more times than any other city in Michigan.

Figure 7: Median Household Income by Census Tract in Flint (2010) U.S. Census



Michigan has used emergency managers for distressed cities more than any other state (Lee et al., 2016). This is despite 15 other states having some form of an emergency manager law. These laws usually activate when a city cannot pay its debt, pensions or make payroll or bond payments. Flint's inability to make these payments is directly attributable to its significant loss of population.

The use of emergency managers is controversial. In Michigan, it is the appointment by the Governor of a fixer. The emergency manager is focused on balancing the budget and increasing fiscal sustainability without any need to consult with the elected leaders or the residents of the city. In essence, an emergency manager is a new public management approach to dealing with fiscally struggling cities like Flint. Democracy is a secondary concern to management. In contrast, democracy is suspected to have caused the fiscal crises in these cities by pressuring elected leaders to not do what was necessary to balance their budgets.

Despite this pressure from the state government, the people of Flint have responded resiliently to emergency management and the water crisis. The residents of Flint created a

grassroots organization called Democracy Defense League to oppose the takeover of their city by the state. In addition, they created the Coalition for Clean Water which advocated for switching back to Detroit's water system during the height of the crisis. For some, the water crisis brought the community closer together to advocate for their rights (Heard-Garris et al., 2017).

In this environment of declining population and limited city revenues along with increased expenditures a state of perpetual fiscal stress has encouraged a public choice perspective. This has increased reliance on alternative service providers such as nonprofits. The most prominent of these in Flint is the C.S. Mott Foundation.

The C.S. Mott Foundation started in Flint in 1926. It was created by C.S. Mott who was one of the original partners in the creation of General Motors. Before the water crisis it was primarily focused on downtown redevelopment and the establishment of a new charter school in the Flint Cultural Center, the Flint Cultural Academy. Since the water crisis, the foundation has committed over 100 million dollars over 5 years to the city. Included in their funding initiatives are safe drinking water, community engagement, economic revitalization, education, nonprofit investment and healthy families. This funding has encompassed 50 percent of all of their grant funding in the past 3 years.

The C.S. Mott Foundation has invested 3 billion dollars worldwide. One-third of this has been committed to the City of Flint. In perspective, the City of Flint had budgeted for more than 300 million dollars in expenditures for fiscal years 2017 and 2018. During those same years, the C.S. Mott Foundation spent more than 49 million dollars in Flint alone. This only includes grants that were dispersed and implemented in these years by Flint-based organizations that received these funds for programs / projects in Flint. This excludes long-term grants (implemented before and after this time period) and grants made to outside organizations with funds that were spent in

Flint. This means that the city spent more than 3000 dollars per capita while the foundation spent more than 500 dollars per capita. This is 15 percent of city budgeted expenditures.

This is a sizable portion of city spending considering that the estimate on total grant spending in Flint by the foundation is conservative. In addition, most government resources are non-discretionary while philanthropic resources are mostly discretionary. The C.S. Mott Foundation is also only one of many major foundations operating in Flint albeit it spends the most. For example, the W.K. Kellogg Foundation, Ford Foundation, Ruth Mott Foundation and Hagerman Foundation have all made commitments in Flint following the water crisis. Certainly, the size of the nonprofit sector vis-à-vis the city government has grown in Flint.

It is likely that this will be the trend in the future in Flint. The water crisis has led to more population decline which means less taxable resources for the government (Morckel & Rybarczyk, 2018). The state government will likely continue cutting shared revenue while the Federal government threatens to cut Community Development Block Grants. As the state continues to shrink nongovernmental actors will grow in importance for city services. Nonprofits will play a critical role in Flint with the C.S. Mott Foundation being an increasingly important source of funds.

Provision and Production of Services

Traditionally there have been two dominant means of considering the provision/production dichotomy. A focus on private goods and markets have considered private provision and private production, where consumers are providing the good or service (provision). A consumer decides if he or she would like a private good (excludable and scarce) and then how he or she can marshal the resources to pay for that good or service. Firms traditionally have

focused on production decisions: how to produce the good or service efficiently and yet developing the qualities of that good such to attract the consumer. The lion's share of transaction occur following this market mechanism. While not speaking to the actual results of market transactions, such as substantial market failures, it has been the assumption in the United States that private goods are most efficiently produced by markets and firms should ideally be unencumbered by state interference.

A second traditional form has been public provision and public production. Generally in the realm of services, governments have been involved with providing and producing public goods such as policing, fire protection, and basic public health needs. All but the very smallest municipalities in the United States have committed resources to the provision of policing services; historically, the production of policing has been through public agencies (i.e. police and/or sheriff's departments). States have traditionally been instructed by their citizens to provide for services such as policing or public works through public agencies, whether this relates to concerns about equity (K-12 schooling should be allocated to all children regardless of their parents' ability to pay) or about efficacy (again, fire protection should be allocated to all whether taxes were paid, but out of an interest in general public safety from the externalities of uncontrolled fires). Examples of publicly provided and produced services are elementary and secondary education, emergent care through public hospitals, road maintenance and snow removal, parks and recreation, etc.

The division of economic functions between provision and production is not a new one, first being advanced by Ostrom, Tiebout, and Warren (1961), as a means of opening what previously was a simple binary decision: whether government or the market was going to deliver a good or service. Vincent Ostrom, over the course of his career, was particularly concerned

with what he felt could be state over-reach in addressing market failures. By separating provision and production functions, one could potentially introduce competition in local public economies (Ostrom, Tiebout, and Warren, 1961). Particularly in the context of local governments, different configurations of states and markets could nudge governments to compete for citizens by providing the ‘best’ services, however measured. A wrinkle is the fact that public agencies can also compete with private producers, further driving innovation in the public sector.

There has been tremendous innovation in the provision and production of services. In the last generation, the New Public Management movement has largely focused on the use of competition amongst producers in order to drive greater efficiency and innovative production over time. NPM has forwarded the notion that services can be publicly provided through the traditional use of taxes to fund private production, oftentimes being labelled as contracting out. The NPM phenomenon has been applied to all units of government from school districts to national governments around the world, often with mixed results. While not a place to critique NPM here, several countermovements have taken place both in the public administration literature (such as the New Public Service (Denhardt and Denhardt, 2003)) and in actual practice.

Three critiques are relevant to legacy cities. First, there is existential concern over whether governments can retain any capacity to continue producing services that in previous generations were without question in the public realm. Without this capacity, governments risk not being able to effectively bargain with private producers through credibly being able to claw back public production; for example, in regions where charter schools have become the dominant mode of delivering education, there is a concern that a tipping point might be reached where local public schools are unable to be economically viable.

Second, local public economies might not be as competitive as articulated by NPM champions. Girth et al. (2011) find that services that require large investments in physical capital, such as garbage removal or ambulance services where fleets of vehicles need to be purchased, can quickly result in private producers in monopoly positions after initial contracts are successfully enacted. In effect, contracting for these types of services do not result in efficiencies and might also lead to lessened commitment to other values such as accountability: there is recourse to elected leaders if a public ambulance service is not effectively serving citizens, yet that public accountability is one step removed when a private producer is similarly ineffective.

Lastly, legacy cities face two reinforcing tendencies that put them in a worse position in local public economies. First, through a decades-long process of depopulation, legacy cities face the spectre of shrunken property-tax revenue to support outsized infrastructure developed at the heyday of industrial development. Flint, Michigan had developed a tremendous water system in the 1950s and 1960s to deliver enough water to suburban auto manufacturers, yet today faces the financial costs of its upkeep; Flint residential water users face rates 2.5 times those of the Michigan average. Second, the lack of amenities and the higher costs of services has served to distill disadvantage over many years as mobile residents have been able to depart for suburbs or other regions while those unable to afford leaving are left behind. The success of local public economies rests on the ability of government service providers to effectively negotiate between multiple service producers. In legacy cities, the bargaining position is diminished as funds do not exist to attract a multitude of bidders for service production coupled with the risk of cities being unable to pay these obligations in the future.

While the privatization of service production has been the hallmark of New Public Management, fiscal and political pressures have led to intense examination of the role of governments, with a focus on state and local governments, in providing services to citizens. The political discourse of the Tea Party movement centered on the need to remove government from provision decisions to a large extent. Many states have now instituted caps on the level of property and sales taxes that municipalities can assess on their residents, forcing the hands public leaders to opt out of providing services due to fiscal constraint. This movement was furthered by the realities of the recession of 2007-2008, where states were incapable of generating sufficient revenue to provide for schools, transportation infrastructure, and even prisons at previous levels.

The result of the altered ability of governments to provide for services at levels previously seen as adequate is the movement to further private provision and production of those services. Primary and secondary schooling may be produced by public school systems, quasi-public charters, or private schools, but philanthropy is playing an increased role in supplementing the inability of governments to finance schooling. Co-provisioning schooling has happened through the extensive roles of parent-support organizations in not only providing for supplemental support that has been traditional (such as supporting school supplies for teachers) but now supporting the core functions of schools such as paying for paraprofessionals or social workers. Likewise, higher education and hospitals are becoming private in provision decisions, reliant more on tuition and fees-for-service, as states have been less able to provide funding. One might say that this represents the successful next phase of what conservatives have touted for forty years, allowing the forces of philanthropy and charity to provide for communities as opposed to the largess of government. There are fundamental questions as to whether this transition has been successful, and if around the definition of success.

The Role of Philanthropy in Legacy Cities

The legacy cities of today are heterogeneous and dispersed, yet all are typified by previous generations of growth and success that now no longer exists. The formerly-industrialized cities of the 'Rust Belt' have reached the national zeitgeist for as typifying the profound challenges of 'Main Street' as opposed to 'Wall Street' in the past decade. The City of Detroit has faced bankruptcy and the prospect of selling priceless artwork from the renowned Detroit Institute of Arts in order to support basic municipal services. Youngstown, Akron, and Toledo were some of the wealthiest cities in America through the mid-twentieth century, yet all have come to represent profound urban decay in the eyes of Americans. Perhaps Flint, Michigan- the Vehicle City and original home of General Motors- best exemplifies the profound plight of legacy cities reaching the punctuation of the water crisis.

But, a hallmark of previously-industrialized legacy cities is the presence of private foundations whose corpus' were built during the heady days of industrial expansion. The Ford Foundation, the several Carnegie Endowments, the Rockefeller Foundation, and the Pew Charitable Trusts can all be traced to industrial development in legacy cities. The Charles Stewart Mott Foundation, founded by General Motors executive C.S. Mott in 1926, has remained a pillar of the Flint community for close to a century providing extensive funding for regional causes totaling over \$1 billion in that time. While many charitable foundations have evolved foci outside of their original hometowns, Mott has been steadfast in its commitment to Flint even as industry rapidly left the area.

Charitable foundations have played an important part in the delivery of services in many legacy cities. Traditionally, foundations have sought to be private providers of private services. Through their grantmaking function, foundations often will decide on what types of services a community might need, contribute that funding, and then ultimately decide upon the service producer. Given the private nature of the economic transaction, this activity often is viewed as benevolent and charitable. Following the logic of Young (1999), foundations traditionally have played a supplementary role meaning they have provided for services that governments have been unwilling to provide. As there has been a continuing evolution to away from public provision in legacy cities, charitable foundations have somewhat begrudgingly stepped into the role of service providers and serve more of a complementary as opposed to supplementary function. This means that they are providing for services that governments ultimately would like to provide for citizens but are unable to develop the funding to do so.

Fordist and Post-Fordist Models of Urban Economies

Legacy cities face structural financial problems with shrinking tax revenues and diminishing business activity. Foundations have increasingly played a role in providing for basic human services: education, health care, and public works. Two elements converge in these environments: the need for municipalities to 'cure' fiscal imbalance while continuing to deliver basic services to residents, and the concentration of disadvantaged populations.

Fiscal imbalance in legacy cities has been created by the fundamental change in modes of production in the developed West from Fordist models, predicated on vertical integration of single industries such as steel and automobile production, to post-Fordist models built around multi-modal knowledge industries. The concept of Fordism, developed by Antonio Gramsci

(2001) in his *Prison Notebooks*, relates to economic relations in an era of mass-production. It was named for the system put in place by Henry Ford as a means of creating a dependable workforce. The assembly line, which Ford implemented on a massive scale, created difficult working conditions for his employees. Industry-wide the focus on Taylorism and efficiency coupled with the low wages for an unskilled workforce led to tremendous turnover: upwards of 400% annually. Ford saw this as a fundamental challenge to a manufacturing process that relied on the reliable replication of tasks. His solution was to pay a wage that far exceeded the industry standard. This had the effect of not only reducing turnover, but also to create what would become known as a middle-class lifestyle for his manufacturing workers. With this income, they were able to then purchase Ford automobiles and create a virtuous cycle.

The Fordist concept extends the analysis beyond Henry Ford to the relationship of the economy, workers, and the state in industrialized regions. Fordist regions are typified by extensive vertically-integrated manufacturing, with examples being the American rust belt of Pittsburgh, Cleveland, Detroit and Chicago, surrounded by a constellation of smaller cities associated with core industries such as Toledo (auto glass) and Akron (tires) (Hirschman, 1958; Storper and Scott, 1989; Scott and Storper, 1992). Workers in these regions benefit from high and stable wages, while corporations benefit from a reliable workforce. The work of the state occurs largely at the national level, in both protecting industry through tariffs and developing a competent semi-skilled workforce through public education systems (Brennan, 1998). Workers benefit from a welfare state, which entails social security, education, unemployment benefits, and access to healthcare (particularly in the European context).

The creation of the welfare state in the post-WWII era was largely due to the great expansion of the automobile, steel, and durable-goods industries in that same period (Marglin

and Schlor, 1990). The Fordist regime succeeded due to the rapid increase in personal consumption, which was at least in part due to the high wages paid to manufacturing labor as well as the white-collar workers necessary to feed the functions of marketing, legal services, and accounting.

Fordist development worked particularly well in the post-WWII era through the early 1970s when wage growth was indexed to the growth of production and inflation (Jessop, 1992). Goodwin and Painter (1996) argue that throughout this period the state was essential in creating the calm regulatory environment necessary to stable expansion. Labor unrest was kept at a minimum, wages expanded, and the public had the disposable income necessary to continue stoking production. A new period began in the 1970s and 1980s, a so-called 'post-Fordist' regime (Scott, 1992). The rise of Japanese imports and the slowing of domestic consumption spelled trouble for the industrial development upon which the Fordist regime succeeded (Good and Painter, 1996). This transition had many symptoms that served to reinforce each other throughout advanced industrial economies: labor unrest, falling profits for manufacturing corporations, decreased demand for durable goods. The stability of the Fordist regime, predicated on an interventionist welfare state, was broken in many instances leading to increasing calls for a new appreciation for the relationship of the state to the market.

The relation of the state to the market is completely re-oriented. Whereas in the Fordist regime the state was a stabilizing influence through regulation, in the post-Fordist regime it is either positively viewed as a catalyst for investment (Goodwin and Painter, 1996) or as a slow, lethargic impediment in an age of agility (see Brenner and Theodore, 2002, for a critique). The rhetoric certainly used by Milton Friedman and the Chicago-School economists, but also conservative politicians in the 1980s was around a neoclassical economic critique of state

intervention in the market. The neoclassical ideal is one of no government intervention in the market, as any government action is considered to induce inefficiencies that society as a whole must bear (Moody, 1997). Rolling back the state will unleash the energies of entrepreneurs to innovate and create new economic opportunities for the populations left behind in the de-industrialization of heavy industry.

Brenner and Theodore (2002) critique the neoclassical rhetoric as ‘actually existing neoliberalism’ as contrasted to the theoretical neoliberalism expounded throughout the advanced-industrial world. In this line of thought, ‘neoliberalism’ is, “in the present context, the somewhat elusive phenomenon that needs definition must be construed as a historically specific, ongoing, and internally contradictory process of market-driven sociospatial transformation rather than a fully actualized policy regime, ideological form, or regulatory framework” (Brenner and Theodore, 2002: 353). So while neoliberalism is held up as an ideal end-state, the reality differs substantially across communities. This difference can be attributed to many factors, so of which include: the nature of the institutional structures upon which ‘neoliberal’ reforms were made; the resource allocations- financial, human and social capitals- in a region; and, the history of interactions between key stakeholders. The result is a highly-differentiated patchwork of development that is far from the neoliberal ideals.

While Fordist regimes placed a central role on the national state to provide the regulatory stability necessary for long-term economic development, the post-Fordist regimes on the one hand are highly localized (Goodwin and Painter, 1996; Adreotti et al., 2012). Whereas national states were concerned with national-level policies to spur industrial development, with welfare states putting value on the protection of both industry and labor from risk, the current post-

Fordist regimes have significantly devolved both social welfare and economic policies to localities (Andreotti et al., 2012).

Discussion

Legacy cities face fundamental structural issues: declining property values, de-industrialization, shrinking populations, large infrastructures, and disadvantaged populations. Charitable foundations have proven to be willing partners in addressing these challenges, although their participation is not without demands.

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