MANUFACTURING INDUSTRIAL DECLINE: 
The Politics of Economic Change 

JOEL RAST*
University of Wisconsin-Milwaukee

ABSTRACT: Contemporary urban political economy emphasizes the role of structural factors in explaining the deindustrialization of cities in the post-World War II era. Urban economic restructuring, by most accounts, has left city officials with few choices other than to pursue corporate-centered economic development strategies emphasizing downtown-area commercial and residential growth. In Chicago, however, a corporate-center redevelopment strategy advanced by a coalition of downtown business leaders competed with a production-oriented strategy articulated by a coalition of neighborhood organizations, manufacturers, and labor. Centrally located industrial districts facing gentrification pressures became contested terrain, and manufacturers ultimately benefited from protective measures put in place by a sympathetic administration. This essay argues that urban economic restructuring is open-ended and politically contested. It concludes that a fuller appreciation of the contingency of urban economic development would help uncover viable regime types featuring governing coalitions that include both community-based organizations and neighborhood business establishments.

In recent years urban theorists have been preoccupied with efforts to reexamine and reaffirm the role of politics in the urban political economy. This follows a period of theorizing dominated by structural explanations of urban policymaking in which political variables carried little explanatory power (Gottdiener, 1987; Peterson, 1981). Cities, under this view, were at the mercy of broad changes in global capitalism that largely dictated policy choices. Rejecting the economic determinism inherent in this approach, contemporary urban political economists have typically sought a balance between structure and agency, identifying a semi-autonomous role for politics while paying close attention to the ways in which structural factors shape and constrain political outcomes (Elkin, 1994; Stone, 1989, 1993).

Two theoretical traditions, both of which focus on the role of governing coalitions in cities, have served as the primary vehicles for the rediscovery of politics in the urban political econ-
omy literature. The first of these perspectives, introduced by sociologists Logan and Molotch, holds that community power structures are dominated by coalitions of land-based interests that stand to profit from the growth of the municipalities in which they are based (Feagin, 1983; Logan & Molotch, 1987; Molotch, 1976; Molotch & Logan, 1984; Whitt, 1982). Growth coalitions are spearheaded by local property owners (rentiers) who seek to enhance the value of their individual holdings through efforts to intensify land use. Other coalition partners typically include developers, financiers, utility companies, the local media, and sympathetic public officials anxious to reap the increasing tax revenues produced by economic growth. According to Logan and Molotch, this coalition has been the driving force behind urban redevelopment schemes in cities across the nation since World War II. As a consequence, cities have been rendered growth machines (Logan & Molotch, 1987; Molotch, 1976).

A somewhat newer body of literature focusing on urban regimes represents a second wave of theorizing emphasizing the role of coalition building in city politics within a political economy approach (see Elkin, 1985, 1987; Stone, 1989, 1993; Stone, Orr, & Imbroscio, 1991; Stone & Sanders, 1987). Regime theorists stress that political power within liberal democratic societies is divided into two spheres of influence, where economic decision making remains largely within the purview of private investors and control of public policy in the hands of popularly elected government officials. The division of labor between state and market means that city officials can accomplish relatively little through their powers of command. Power is exercised instead largely through informal partnerships between public officials and private citizens who control resources necessary for governing. Regimes represent the informal arrangements through which public and private actors collaborate in order to produce governing decisions (Stone, 1989). Structural constraints, including the need to generate satisfactory levels of economic activity, mean that business is almost certain to be well represented in such partnerships (Elkin, 1985; Stone, 1987b).

Despite the emphasis of each of these bodies of literature on politics and coalition building, the similarities to pluralism end there. Both perspectives are firmly grounded in a shared narrative of postwar urban redevelopment that portrays key characteristics of the contemporary urban political economy as the outcome of a far-reaching process of urban economic restructuring. Under this view, advances in transportation and communications technologies have led to the decentralization of manufacturing and the concentration of corporate command and control functions downtown. The shift of employment from manufacturing to service fosters a two-tiered distribution of income with few opportunities for lower income minorities (Wilson, 1987). City officials, powerless to intervene in the process of restructuring, are left with a limited range of economic development policy options. Most have employed what sociologist Richard Child Hill has termed the “corporate-center strategy” for downtown redevelopment, emphasizing tourism, office and hotel construction, and middle-class residential development (Hill, 1983).

In a sense, the growth machine and urban regime literatures represent alternative paths that lead frequently to more or less the same destination. Both perspectives emphasize the dominance of growth coalitions in city politics. Growth machine theorists tend to focus on the participants in such coalitions and the conflicts between economic growth and community preservation. Regime theorists provide a more systematic explanation for the predisposition of public officials in favor of pro-growth strategies.

There are, of course, exceptions to this pattern. Progressive cities such as Berkeley, Santa Monica, Minneapolis, and Burlington have featured meaningful participation in decision making by grassroots organizations (Clavel, 1986; Nickel, 1995). San Francisco’s business-dominated pro-growth regime gave way, albeit temporarily, to a slow growth regime during the late 1980s (DeLeon, 1992). Mayors such as Dennis Kucinich of Cleveland, Nicholas Car-
bone of Hartford, and Raymond Flynn of Boston implemented policies that directly challenged the interests and preferences of downtown business elites (Clavel, 1986; Drier & Erlich, 1991; Swanstrom, 1985, 1988). Other cities such as St. Paul and Pittsburgh have taken steps to overcome structural economic constraints by pursuing strategies emphasizing local self-reliance, community-based economic development, and municipal enterprise development (Imbroscio, 1997).

Some have pointed to such examples as evidence that proponents of the urban regime and growth machine models have not gone far enough in their efforts to introduce a stronger appreciation for political choice and agency into the urban political economy perspective. One of the more thoughtful and far-reaching critiques of this nature has been advanced by Swanstrom (1993), Berk and Swanstrom (1994, 1995), and Imbroscio (1998). According to this line of thinking, contemporary urban political economists have paid insufficient attention to the ways in which politics extend into the sphere of local economic activity. By conceptualizing a rigid division of labor between state and market, theorists mistakenly assume that city officials must accept downtown redevelopment as their principal point of departure. A fuller appreciation of the ways in which local politics affect basic economic outcomes would reveal greater potential for urban regimes constructed around alternatives to corporate-centered redevelopment strategies.

This essay provides empirical evidence in support of the above perspective based on an analysis of downtown redevelopment in postwar Chicago. There is no shortage of literature on this period in Chicago’s political and economic history. The workings of Chicago’s growth machine have been described in Greer (1983); Mayfield (1996); Weiss and Metzgar (1989); Squires, Bennett, McCourt, and Nyden (1987); Suttles (1990); Hirsch (1983); and Berry et al. (1976). A significant body of literature has also developed around neighborhood organizing and challenges to the growth machine in Chicago (Bennett, 1989, 1998; Bennett, McCourt, Nyden, & Squires, 1988; Ferman, 1991, 1996; Shlay & Giloth, 1987; Squires el al., 1987; Weiss & Metzgar, 1989). In addition, considerable attention has been paid to the policies of progressive Chicago mayor Harold Washington (Bennett et al. 1987; Clavel & Wiewel, 1991; Giloth & Mier, 1989; Grimshaw, 1992; Mier, Moe, & Sherr, 1986; Mier, Wiewel, & Alpern, 1992; Wiewel, 1990; Wiewel & Reiser, 1989).

The discussion that follows will consider some of the same issues and developments as those above, yet it differs from other analyses in at least one key respect. Most accounts of Chicago’s postwar history written from a political economy perspective present the phenomenon of urban economic restructuring as a backdrop for the political events they describe. According to most analysts, deindustrialization in particular has played a key role in setting the stage for political developments that followed, shaping and constraining political outcomes. At best, economic changes are mediated through local governing arrangements.

Clearly, structural economic factors played a significant role in shaping the trajectory of economic growth in Chicago during the post-World War II era. My intent is not to argue that political and economic possibilities were infinite. However, a careful reading of the facts suggests that the choices were perhaps greater than many have assumed.

I will show that Chicago’s central area emerged as the focus of a heated political conflict over the direction of urban economic growth in the postwar era. Within the context of global economic change, two coherent economic development alternatives presented themselves, each favoring very different segments of the urban community. One was a downtown-oriented strategy emphasizing commercial and residential development. The other was a neighborhoods-oriented strategy emphasizing industrial retention. Neither one could be put into practice without aggressive support from city government. Variations in Chicago’s governing arrangements during this period played a critical role in tipping the scales in favor of one or the other of these
strategies at different times. Whether or not one interprets these variations as genuine regime change, their impact on the trajectory of local economic development is not in question.

**DOWNTOWN REDEVELOPMENT AND THE CHICAGO POLITICAL MACHINE**

To a certain point, the redevelopment of Chicago’s central area following World War II seems consistent with the prevailing narrative of urban economic restructuring. When Richard J. Daley became mayor of Chicago in 1955, the city’s economy was in decline. Chicago’s central business district, the Loop, was suffering falling property values and declining retail sales, while manufacturing jobs were being lost to the suburbs at a growing pace (Berry et. al, 1976; McDonald, 1984).

Under pressure to act, Daley soon forged an alliance with key representatives from the downtown business community. The alliance was based upon rearranging land use in central Chicago in accordance with the corporate-center strategy for downtown redevelopment. In 1958, the administration announced plans for a major restructuring of the central area, featuring a new university campus, a convention center, several new government office buildings, a network of expressways designed to link the central business district with outlying portions of the metropolitan area, and the construction of 50,000 units of middle-income housing in the near-downtown area (Department of City Planning, 1958). Two key land-use plans served as the blueprints for the alliance’s redevelopment goals: the *Development Plan for the Central Area of Chicago* (City of Chicago, 1958) and *Chicago 21: A Plan for the Central Area Communities* (City of Chicago, 1973). From the late 1950s onward, the city aggressively used its powers over land use, infrastructure provision, the distribution of federal urban development funds, and other policy tools to help make these plans a reality.

By all accounts, the efforts of this growth coalition were enormously effective, reversing a 30-year decline in downtown property values and fueling the construction of thirty-two million square feet of new office space in the Loop between 1962 and 1977 (Weiss & Metzgar, 1989). Success was due, in no small part, to Mayor Daley’s skillful use of the machine. By holding the offices of mayor of Chicago and chairman of the Cook County Democratic Central Committee simultaneously, Daley amassed an unprecedented degree of power, quickly whipping an undisciplined city council into line. As mayor and party chair, Daley controlled roughly 30,000 patronage jobs and had a key voice in the slating of Democratic candidates for office (Rakove, 1975). Rebellious council members lost patronage employees and were not slated for reelection by the party. With the city’s formal and informal political authority concentrated in the mayor’s office, favored redevelopment projects sailed through the city bureaucracy. Under Daley’s leadership, Chicago earned its reputation as “the city that works.”

More problematic was Daley’s electoral coalition of middle-class white ethnic and lower-income black voters. Throughout Daley’s twenty-one year reign as mayor of Chicago, two key sources of tension threatening the integrity of this coalition had to be carefully held in check. The first was caused by the administration’s overwhelming policy emphasis on redevelopment activities in the central business district, which by and large held few benefits for residents of Chicago’s low- and moderate-income neighborhoods. The second stemmed from divisions between the black and white factions of the machine’s electoral coalition itself. As the civil rights movement swept through Chicago during the 1960s, African Americans became increasingly vocal in their demands for housing and school integration, both of which were opposed by many whites. With racial tensions continuing to mount, it became clear that the machine’s biracial coalition could be preserved only to the extent that divisive racial issues could be kept out of the municipal policy arena (Kleppner, 1985).
In managing these two potential threats to his electoral coalition, Mayor Daley’s skillful handling of the machine once again served him well. Soon after taking office, Daley undertook significant steps to increase the ranks of his patronage army of city employees, hiring an additional 2,500 policemen, 800 firemen, and 500 sanitation workers (Biles, 1995). By emphasizing patronage jobs, improved city services, and other discretionary favors and rewards in his dealings with the neighborhoods, Daley discouraged group mobilization around collective demands. Electoral politics became a politics of the individual, structured around patronage and selective incentives (Ferman, 1996). Low-income blacks, with few opportunities for material gain outside the machine, became Daley’s strongest supporters even though he steadfastly ignored calls for racial fairness (Kleppner, 1985). Likewise, voters from both white ethnic and black neighborhoods were strong machine supporters despite Daley’s one-dimensional policy emphasis on downtown redevelopment (Ferman, 1991).

Industrial Displacement

Few would question either the magnitude or the expediency of the redevelopment efforts spearheaded by Chicago’s growth machine during the post-World War II era. Less appreciated, however, is the impact of such efforts on the trajectory of downtown redevelopment. When city officials began to implement their development plans for the central area of Chicago in the late 1950s, the Loop was surrounded by a ring of industrial districts that provided nearly 25% of Chicago’s manufacturing jobs at the time. Manufacturers typically located in multi-story industrial loft buildings dating from the turn of the century. By the 1970s, the economic turnaround of the Loop had begun to make such buildings desirable properties for alternative uses, as living space for downtown office workers and back office space for downtown businesses. Higher rents for commercial and residential uses destabilized the market for industrial loft space and played a key role in the mass exodus of manufacturing firms from the near-downtown area during this period. Missing from most accounts of downtown redevelopment in Chicago is the story of industrial decline that accompanied the dramatic resurgence of the central business district following World War II.

Not all central area manufacturers left the area unwillingly. As transportation improvements and the growth of the trucking industry released industries from their dependence on centrally located rail freight terminals, many firms were lured away from the high-density environment of the near-downtown area by cheaper land and labor costs on the urban periphery and beyond. More often than not, such firms were organized along classic Fordist lines—large, vertically integrated, with substantial investments in plant and equipment to facilitate economies of scale. Centrally located multistory loft buildings were ill suited to the assembly line production methods such manufacturers increasingly employed.

Other central area manufacturers, by contrast, were organized much differently. Firms from sectors such as printing, apparel, and metalworking experimented with competitive strategies that required central locations near important customers and subcontractors. Many such companies were small-to-medium in size. Production was often vertically disintegrated—that is, the production of finished goods was carried out through the efforts of multiple firms bound to one another through subcontracting arrangements. Instead of economies of scale, firms sought to achieve economies of scope by utilizing flexibly specialized machinery to produce unstandardized products in short runs. For many such firms, the production space of centrally located industrial loft buildings was not merely satisfactory, it was highly coveted.

A case in point is the Chicago printing industry. Since the late nineteenth century, Chicago printers had been concentrated in a cluster of industrial loft buildings in the south Loop, an area commonly known as Printing House Row. Downtown businesses were the industry’s pri-
mary customers, and the need for face-to-face consultation between printers and their customers at various stages of the production process made downtown or near-downtown locations particularly important for many firms. In addition, because different phases of the production process—such as layout, binding, and typesetting—were often carried out by separate establishments, it made sense for firms to locate in an area with a large pool of potential subcontractors to draw from.

In 1958, however, the industry was dealt a near fatal blow with the publication of the Development Plan for the Central Area, which included Printing House Row in a major south Loop redevelopment area designated for “residential reuse.” The release of the plan touched off a flurry of real estate speculation. Land values in the heart of the district, which increased less than one dollar per square foot between 1950 and 1960, experienced a ten-dollar increase between 1960 and 1970 (Olcott, 1950–1970). In 1973, the fate of Printing House Row was sealed when plans for the massive new Dearborn Park middle-income housing development just south of the district were announced as part of Chicago 21: A Plan for the Central Area Communities (City of Chicago, 1973). Loft conversion activity quickly accelerated, and by 1986, Printing House Row no longer housed a single graphic communications firm.

COMMUNITY ECONOMIC DEVELOPMENT AND THE LOCAL PRODUCER STRATEGY

The costs of postwar downtown redevelopment strategies in Chicago and other cities fell not only on centrally located industrial firms, but also on low- and moderate-income residential neighborhoods targeted for the large-scale clearance and renewal necessary to implement corporate-centered redevelopment strategies. Progrowth policies helped fuel an increasingly sophisticated neighborhood movement (Boyte, 1980; Elkin, 1985; Fainstein & Fainstein, 1983). By the 1980s, neighborhood activism in cities across the nation had significantly compromised the ability of urban growth coalitions to unilaterally dominate local development agendas (Abbott, 1987; DeLeon, 1992; Hartman, 1974; Mollenkopf, 1983).

Chicago’s emerging neighborhood movement was consistent with this model of urban conflict, yet it also contained the seeds of something more than simple protest. By the early 1980s, a new coalition of neighborhood organizations had begun to form, not so much in opposition to growth as in favor of an alternative set of economic development priorities to those being advanced by the city’s traditional growth coalition of business, labor, and government leaders. Generally speaking, these priorities included job creation over real estate development, the promotion and retention of industrial jobs over service sector jobs, and neighborhood development over downtown development. In time, the ideas and practices generated from within this movement formed a coherent alternative to the corporate-center strategy of the growth machine. I call this alternative the “local producer strategy” due to its emphasis on the preservation of neighborhood productive capacity.

The genesis of the local producer strategy was, above all, the economic crisis that hit Chicago and many other older industrial cities during the 1970s and early 1980s. From 1972 to 1983, manufacturing employment in Chicago fell by 131,000 jobs, a decline of 34% (Illinois Department of Employment Security, 1983; U.S. Bureau of the Census, 1976). Prompted by the impacts of economic decline on Chicago neighborhoods, many community-based organizations began to broaden their agendas from protest and advocacy around improved service delivery and community self-preservation to the actual rebuilding of neighborhood economies (Betancur, Bennett, & Wright, 1991; Clavel & Wiewel, 1991; Wright, 1992). A conceptual shift began to occur, through which neighborhood activists came to perceive their communities increasingly as sites for both consumption and production (McKnight & Kretzmann, 1984).
the late 1970s, community development corporations from black, Latino, and white ethnic areas of Chicago were experimenting with a variety of local economic development initiatives.

Such efforts included a growing number of organizations providing assistance to, and advocacy on behalf of, neighborhood industrial establishments (Mier & Moe, 1991; Mier, Wiewel, & Alpern, 1992). Skeptical of arguments from certain quarters that manufacturing in Chicago was either dying or already dead, a new breed of industrial development organizations began experimenting with a variety of creative approaches to neighborhood industrial retention. For example, one organization began operating a consortium of metalworking firms that grew from 8 to 25 members during the first three years of its operation. Another organization used a $1.7 million grant from the U.S. Department of Commerce to develop a successful small-business incubator in a Near West Side industrial loft building.

Such experiments in community economic development provided the practical underpinning for a new set of ideas about economic development that began to emerge in opposition to the growth machine’s corporate-center strategy. Increasingly, the downtown versus the neighborhoods debate grew from a conflict focused predominantly around questions of redistribution and neighborhood preservation to one in which the substance of economic development policy also became a subject for legitimate public discussion and debate. As former Harold Washington administration officials Robert Giloth and Robert Mier (1989) observed,

The antinomy of neighborhood versus downtown—a long-standing, urban grass-roots metaphor—was transformed in Chicago and elsewhere in the 1980s to portray a new set of development choices: manufacturing versus the service economy; blue-collar jobs versus low-wage McJobs; job generation versus real estate development; industrial expansion versus downtown growth; credit-starved neighborhoods versus the growth of the finance industry; targeted local hiring versus regional business climate; and minority/female business versus efficiency (p. 185).

THE CRISIS OF MACHINE POLITICS

The rise of Chicago’s neighborhood movement and the local producer challenge to the corporate-center strategy took place against the backdrop of an increasingly troubled political machine. By the 1960s, a number of groups excluded from the machine’s governing coalition had begun to demand collective benefits and a greater voice in the public policy debate, while the machine continued responding to them as individuals, if at all (Ferman, 1991, 1996). African Americans, in particular, energized by the civil rights movement and Martin Luther King Jr.’s marches and organizing efforts in Chicago, grew more vocal in their demands for equal access to housing and educational opportunities. Mayor Daley, unwilling to jeopardize his support among white ethnics, responded by appointing anti-integrationists to the Chicago Housing Authority and the Board of Education, defending the Chicago Police Department against discriminatory hiring and promotion practices, and issuing his infamous “shoot to kill” orders to Chicago police during the riots following King’s assassination in the spring of 1968 (Ferman, 1991; Kleppner, 1985). As a result of actions like these, support for machine candidates in the city’s predominantly African American wards declined precipitously from the late 1960s onward (Kleppner, 1985).

Neighborhood organizations, whose constituencies included a racially and ethnically diverse range of low-income and working-class communities, represented an additional base of support for a potential challenge to the machine. Growing community demands for access to decision making bodies and a greater share of municipal service dollars and economic devel-
opment funds further undermined the machine’s ability to mobilize neighborhood support through
the provision of particularistic benefits (Ferman, 1991, 1996).

For that matter, a number of the key resources that the machine had traditionally utilized to
reward its supporters were by this time in decline anyway. Most important, political hiring
and firing was declared unconstitutional in 1972 in the first of the Shakman Decrees, jeopardy-
dizing the Cook County Democratic Central Committee’s control over an estimated 21,500
patronage jobs (Erie, 1988). In addition, federal urban social programs, which machine poli-
ticians had relied upon heavily to reward and co-opt minorities, experienced major cutbacks
under the Jimmy Carter administration from 1977 to 1980 (Erie, 1988). The loss of these key
resources, combined with growing militancy on the part of neighborhood groups and minori-
ties, significantly reduced machine loyalties during the 1970s.

In 1979, renegade mayoral candidate Jane Byrne took advantage of these conditions to de-
feat the machine’s slated candidate for mayor for the first time in a half century. Once elected,
however, Byrne quickly sought to ally herself with the same machine politicians and down-
town business leaders she had criticized during her election campaign. This is not surprising,
since her electoral coalition was essentially an “anti-coalition,” united around its dissatisfac-
tion with the present administration’s downtown-oriented policies and neglect of neigh-
borhood concerns but lacking a shared consensus around a positive set of governing principles.
Abandoning her electoral base in favor of allies with a clear agenda for governing the city,
Byrne focused economic development policy efforts on a series of high-profile redevelop-
ment projects in the downtown area.

Byrne’s actions ultimately fueled a more successful challenge to the machine when Harold
Washington, an African American Congressman from the First Congressional District on Chi-
cago’s South Side, entered the 1983 mayor’s race. Like Byrne four years earlier, Washington
sought to energize his campaign by tapping into neighborhood resentment over the city’s pre-
occupation with downtown redevelopment. Unlike Byrne, however, he devoted considerable
resources to the development of a positive campaign policy platform instead of simply run-
ning against the powers that be. Following a narrow victory over Byrne in the Democratic
primary, Washington edged out his Republican opponent Bernie Epton in the 1983 general
election.

**Contesting Displacement: The Planned Manufacturing District Initiative**

Harold Washington’s victory in the 1983 mayoral election ushered in a sea change in
economic development planning by city government in Chicago. The magnitude of this change
is perhaps best captured by the Washington administration’s economic development plan, *Chicago Works Together: 1984 Chicago Development Plan*. Chicago Works Together introduced
the concept of “balanced growth” between downtown and the neighborhoods. As the Plan’s
introduction stated:

What’s new is a clearly articulated set of development goals for the City as a whole, not
just for the Central Business District and large scale public projects. This balanced ap-
proach to development emphasizes the high priority given to job creation and retention and
to neighborhood development (City of Chicago, 1984, p. 1).

Chicago Works Together made a distinction between job creation and real estate develop-
ment as long-term policy goals. This was new. Public policy had long operated under the as-
sumption that these two goals were synonymous—that employment opportunities for Chicago
residents were an obvious corollary of policies that encouraged the development of property for its “highest and best use.” In severing the connection between the two and identifying job creation as the long-term policy objective, Chicago Works Together set the stage for a more open public debate over the direction of the city’s economic future. In cases where the land-use preferences of commercial or residential property developers and those of manufacturers conflicted, for example, property values would no longer represent the sole standard against which public decisions would be determined and evaluated. This was a radical departure from the reigning ideology of Chicago’s progrowth alliance.

It was not long before this proposition was put to the test. Soon after Washington was elected, real estate developers began to approach city officials with requests for zoning changes in the Clybourn Industrial Corridor, a manufacturing district in the northwest portion of Chicago’s central area. With its near-downtown location and concentrations of industrial loft buildings, the area appeared ripe for redevelopment by the early 1980s. After the first loft conversion was approved by the city in 1983, redevelopment activity continued at a brisk pace. Property values soared, and before long nearly every industrial building on the market was being priced for conversion to residential or commercial uses, at values two or more times the going industrial rate (Ducharme, 1991).

The rapid pace of redevelopment soon began to compromise the industrial integrity of the Clybourn Corridor. Rising property values priced existing manufacturers out of the market for expansion space and discouraged outside manufacturing firms from moving into the area. They also led to sizeable property tax increases; in 1984, tax assessments in the area rose by an average of 100%, boosting industry-operating costs (Ducharme, Giloth, & McCormick, 1986). Ultimately, the new real estate pressures began to have a chilling effect on industrial investment activity, as uncertainties about the future of the area led more and more firms to defer expenditures for plant and equipment (Ducharme, 1991).

Despite claims of real estate developers to the contrary, redevelopment activity in the Clybourn Corridor was not a simple expression of market forces. Rather, the city’s zoning laws and practices favored the real estate community. Industrial firms bordering commercial or residential districts have faced restrictive operating standards for noise, vibrations, and odors since the last comprehensive revision of the Chicago Zoning Ordinance in 1957. Since each zoning variance approved by the city forced manufacturers occupying adjacent parcels to comply with more restrictive operating standards than before, the zoning ordinance could be used as a wedge for residential and commercial incursion into manufacturing districts.

The displacement of industrial firms in the Clybourn Corridor soon came to the attention of the Local Employment and Economic Development (LEED) Council, an industrial development organization active in the area. With the assistance of sympathetic Washington administration officials, LEED Council prepared a study of industrial displacement projecting future industrial job losses if existing redevelopment trends were allowed to continue unabated (Ducharme, Giloth, & McCormick, 1986). After reading a draft of the report in 1985, the ward alderman convened a task force—including representatives from LEED Council, city planning and economic development officials, and aldermanic staff—to propose a solution to the conflict.

In July 1986, the task force recommended that the Clybourn Corridor be designated as Chicago’s first Planned Manufacturing District (PMD). The PMD, modeled after similar initiatives in such cities as Portland, Oregon, and New York, was a zoning overlay that would prohibit further residential development and place restrictions on future commercial development within the Clybourn Corridor. By bringing an end to the piecemeal rezoning of industrial property, the PMD was expected to discourage future real estate speculation and reintroduce the stability necessary for industrial firms to undertake long-range planning.
Although the PMD was consistent with the Washington administration’s commitment to balanced growth and industrial retention, the mayor’s endorsement of the initiative was not immediately forthcoming. Reluctance to endorse the initiative came as no real surprise, since support for the PMD involved considerable risk. Washington officials were particularly concerned about upsetting the administration’s already tenuous relationship with the real estate community and leaving the mayor vulnerable to anti-growth charges (Rast, 1999, p. 121). Coalition building around the initiative by LEED Council finally gave Washington a sufficient political base to act, and he officially endorsed the PMD in November 1987. Three weeks later, however, he fell victim to a massive heart attack and died at his desk in City Hall.

For months following Washington’s death, the fate of the PMD appeared to be hanging in the balance. Eugene Sawyer, a soft-spoken African American alderman with former ties to the machine, emerged as city council’s compromise choice for mayor. Although Sawyer’s support for the PMD was, at best, timid, the initiative survived a full city council vote in October 1988, and the Clybourn Corridor became Chicago’s first Planned Manufacturing District.

Sawyer’s weak support for the PMD was helped along considerably by research and media coverage favorable to the initiative. Although the Chicago Tribune took a strong position against the PMD, a number of other local newspapers provided more balanced coverage. In addition, several studies, including two conducted by the city of Chicago, concluded that the value of Clybourn Corridor manufacturers to Chicago’s economy far outweighed that of the retail and other service sector establishments increasingly populating the area (Creticos & Masotti, 1988; Department of Economic Development, 1988; Sandro, 1988).

Information such as this helped begin to unmask some of the ideological claims being made by the real estate community to generate support for its goals and ambitions in the Clybourn Corridor. In particular, the familiar litany of “highest and best use,” which once held such weight in land-use conflicts of all kinds, had itself now become the subject of growing discussion and debate. Especially with the current focus of economic policy squarely on jobs instead of real estate development, developers were hard-pressed to explain why their proposals were better for Chicago than preserving land for manufacturing, even if they did lead to higher property values. This change in the terms of discourse over industrial decline not only helped to build support for the Clybourn Corridor PMD proposal, but also provided important ideological groundwork for advancing industrial policy in Chicago under Eugene Sawyer’s successor as mayor, Richard M. Daley.

Toward a Citywide Industrial Policy

When Richard M. Daley, the eldest son of the former machine boss, handily defeated Eugene Sawyer in the 1989 Chicago mayoral election, many observers anticipated a rapid reversal of the neighborhood agenda pursued by the Washington and Sawyer administrations during the previous six years. Daley’s campaign had been heavily bankrolled by downtown attorneys, developers, and business leaders upset with their limited access to city hall under the previous two administrations. Developer J. Paul Bietler, whose firm accounted for one of Daley’s four donations of $100,000 or more, explained Daley’s strong support in the real estate community as follows:

We’re tired of the anti-development posture that has been promulgated at City Hall in the last six years. The extent of the contributions to Daley’s campaign by the real estate community, I think, is clearly making that message known. In Daley we see someone whom we believe is capable of seeing the bigger picture; someone who is capable of solving problems in a more logical way; someone who won’t seek taxes [on development] without first establishing a dialogue with the real estate community (Rast, 1999, p. 135).
In his campaign speeches and literature, Daley presented himself as a staunch advocate of economic growth, committed to solidifying Chicago’s status as a world-class city by building on its strengths as a corporate-financial center. He criticized the Clybourn Corridor PMD and expressed pessimism about the future of manufacturing in Chicago, arguing in a January 1989 interview, “Everybody talks about bringing manufacturing back. There aren’t going to be any more soap factories on Clybourn Avenue . . . This city is changing. You’re not going to bring manufacturing back” (“Daley,” 1989).

To no one’s surprise, Daley reached out to downtown business leaders following his election victory, seeking to reinvigorate Chicago’s growth machine. By all appearances, Daley was intent on establishing himself as a builder in the same tradition as his father, emphasizing flashy downtown-area development projects. Within months of his election in 1989, Daley convinced the Illinois state legislature to finance a $150 million renovation of Navy Pier, a rusting, underutilized municipal dock near the Loop that the city wanted to convert to an entertainment complex. During the first two years of his administration, Daley also helped engineer a $987 million expansion of the McCormick Place convention complex and was influential in the planning and construction of the $175 million United Center, the new home of the Chicago Bulls (Reardon, 1992).

Considerably more surprising was Daley’s response to escalating land-use conflicts between manufacturers and commercial and residential property developers in two industrial areas, Goose Island and the Elston Industrial Corridor, just south of the newly established Clybourn Corridor PMD. By the time the Clybourn Corridor PMD was established in 1988, real estate speculation posed an immediate threat to the industrial viability of each of these areas, much as it had in the Clybourn Corridor several years earlier.

When Daley was sworn in as mayor in April 1989, efforts to designate Goose Island and the Elston Corridor as the city’s next two PMDs were underway. Absent an endorsement from city hall, however, the prospects for additional PMDs did not appear promising despite the broad base of support that had been organized around the initiatives. Then in June 1990, Daley made a startling announcement: he had reconsidered his campaign position against planned manufacturing districts and was now prepared to support the planning process for the Goose Island and Elston Corridor PMDs. Later that month, despite strong editorial criticism from the Chicago Tribune and appeals from property developers urging him to rethink his decision, Daley personally introduced both ordinances into city council. With the backing of the administration and both ward aldermen, the ordinances easily survived a full city council vote later that fall.

Mayor Daley’s support for PMDs was soon accompanied by additional steps intended to help stabilize and reinvigorate the city’s industrial base, including preparation of industrial land-use plans, creation of industrial parks, and aggressive use of tax increment financing to fund improvements within industrial districts. How can such actions be explained? Simply put, Richard M. Daley has found himself on much different political and ideological terrain than his father decades earlier. Patronage jobs, city contracts, and other material incentives—which propelled the elder Daley to six election victories between 1955 and 1976 even as he concentrated policy benefits in the hands of a select group of downtown business leaders—became increasingly scarce by the late 1970s. Meanwhile, community-based organizations previously excluded from decision making arenas became legitimate and well-respected participants in policy discussions and debates under the Harold Washington administration. These organizations and their coalition partners were not anxious to relinquish their gains following the death of Harold Washington in 1987 and Eugene Sawyer’s loss to Daley several years later. As a result of these developments, Daley has been unable to reestablish the divergence between public policy and electoral politics that characterized his father’s administration and allowed...
the elder Daley to pursue a near-exclusive downtown redevelopment agenda (Ferman & Grimshaw, 1992; Grimshaw, 1992).

CONCLUSION

To summarize, the politics of urban economic development in Chicago have gone through three distinct phases since the election of machine boss Richard J. Daley as mayor in 1955. From 1955 to 1983, machine mayors pursued an exclusive downtown growth orientation, relying on selective incentives to maintain electoral support while directing policy benefits into the hands of downtown business elites. From 1983 to 1989, Harold Washington and Eugene Sawyer emphasized balanced growth, with a shift in economic development priorities toward neighborhood development and industrial retention. Since 1989, the policy orientation can perhaps best be characterized as having a strong downtown focus accompanied by selected balanced growth efforts emphasizing industrial retention.

There is disagreement over whether or not an actual regime change took place during this time period. While the Harold Washington administration in particular was in some respects consistent with what Stone (1993) has characterized as a “lower class opportunity expansion” regime, some such as Brehm (1991), Wiewel (1990), and Wiewel and Reiser (1989) have pointed out that major downtown projects continued largely uninterrupted during Washington’s tenure. Others such as Ferman (1996) and Ferman and Grimshaw (1992), more sympathetic to the notion of a regime change, have emphasized the convergence between Washington’s electoral and governing coalitions and the administration’s willingness to engage community organizations in decision making. As Bennett et al. (1987) have argued, the downtown construction boom may have continued during Washington’s tenure, but “[p]lanners and economic development officials in the Washington administration [did] not consider such developments at the heart of their agenda” (p. 358).

Whether or not one accepts the notion of a genuine regime change, it is important to fully appreciate the significance of what occurred in Chicago during the Harold Washington years. Washington’s balanced growth agenda represented both an ideological and an economic development landmark. Prior to Washington, the trajectory of economic growth in Chicago was largely uncontested. The corporate-center strategy was hegemonic and conflicts over economic development focused on redistributive questions, despite the fact that policies catering to downtown business elites often had adverse impacts on other segments of the local economy, centrally located manufacturers in particular.

The notion of balanced growth changed these dynamics by creating a fertile political climate for manufacturers threatened by nearby commercial and residential redevelopment to demand and receive protection from city government. Through conflict, the terms of discourse over industrial decline were altered. Arguments that manufacturing was dead in Chicago were called into question and ultimately rejected. This discourse carried over into the Richard M. Daley administration and partially explains Daley’s efforts to develop a citywide industrial policy despite the administration’s strong downtown orientation.

Both the impact of the downtown policy orientation of Chicago’s postwar machine mayors on the trajectory of economic growth, and the degree to which growth strategies have changed during the post-machine era, have received little attention in the literature on Chicago written from a political economy perspective. One reason for this, perhaps, is that the growth machine and urban regime models as currently formulated do not lend themselves easily to analyses of this nature. For example, the division of labor between state and market, a central assumption of regime theory, is better suited to analyses of redistributive policies than to investigations of political conflicts over growth strategies. As regime theorist DiGaetano (1989) argued, “the
The economic context sets the boundaries for what is possible in urban development politics” (p. 279). The suggestion, clearly, is that conflicts over the trajectory of local economic growth are settled outside the sphere of local politics.

The notion of capital mobility, another assumption typically held by contemporary urban political economists, is likewise problematic. To be sure, technological innovations relaxed locational constraints on certain types of business establishments in postwar Chicago, encouraging many industrial firms in particular to seek low-cost land and labor outside city limits. However, the pattern of industrial decentralization was uneven across industries and industry segments. Large, vertically integrated firms utilizing mass production techniques to capture economies of scale fled willingly in many cases, while smaller, vertically disintegrated firms utilizing flexibly specialized production methods to achieve economies of scope left only when redevelopment pressures presented them with few alternatives. Under different political conditions, economic restructuring in Chicago could have turned out otherwise.

Whether or not one interprets the Harold Washington era as a period of continuity or discontinuity with what came before and after perhaps depends, above all, on the degree to which one perceives the market as a politically contested sphere of activity. Those who view the events of the Washington administration against the backdrop of a process of urban economic restructuring that the administration had little power to influence are more likely to interpret the administration’s balanced growth policies as a temporary and only marginally successful effort to redistribute wealth. Those holding a more symbiotic view of the relationship between local politics and economic restructuring may interpret such policies more in terms of the nurturing effects they had on segments of the local economy apart from the downtown service sector. Although balanced growth clearly had both redistributive and developmental aspects, it is the latter that have had the biggest and most lasting impact.

Chicago’s downtown business community has reasserted itself under the Richard M. Daley administration, but it shares the stage today with new actors, ideas, and economic development strategies that present opportunities for new types of alliances. This fact warrants attention. While the development of a local producer strategy in Chicago may not hold immediate promise for regime transition, it does point the way to possibilities for future change. It is important that the frameworks we utilize and construct for interpreting political and economic developments in cities both allow and encourage exploration of such possibilities. Research of this nature will result in a deeper appreciation of the full range of urban development strategies and regime types that our liberal democratic form of government will support.

REFERENCES


