

**THE POLITICS OF PROMISE:
THE RHETORIC AND PRACTICE OF “NON-GOVERNMENTAL
REGIONALISM” IN ECONOMIC DEVELOPMENT IN THE
UNITED STATES¹**

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ABSTRACT:

Regional economic development initiatives require political alliances involving a full complement of corporate, community, and government collaborators able to overcome both the fiscal rigidities of economic investment and the political rigidities of local jurisdictional boundaries within metropolitan areas. In this paper we argue that these alliances have become essentially *non-governmental*, if not fully privatized.

Using a preliminary study of the “best practices” of regional economic development in the thirty top metropolitan areas in the United States as a window, this paper will: (1) review key elements of the present normative analysis of regionalism, (2) identify the barriers to governmental cooperation in promoting regional economies, (3) assess the formation of non-governmental coalitions that promote a regional economic development agenda.

Introduction

As the distinctions between urban and suburban economies are becoming more transparent and the demographic distinctions within regions are becoming blurrier, the uneven conditions of poor “minority-majority” cities surrounded by wealthy white suburbs are no longer a common reality. Our cities have recently enjoyed increases in

¹ This is a revised version of an earlier paper by the three co-authors used as part of a report to the CEOs for Cities, Chicago, Spring, 2002 and reports on ongoing research by Jaffe and Perry on a comparative data bank on city-suburban alliances for regional development in the 30 largest metropolitan areas in the United States. The work also benefits from the research assistance of Lynn Peemoeller and John O’Neil.

population and decreases in crime, while our older suburbs are facing increases in crime, unemployment, and poverty formerly seen only in inner cities.

As recently as five years ago, most urban and suburban local officials would probably have seen each other as combatants in a zero-sum game, but today many recognize that cities and their regions have developed complex interdependent economies. Recent studies by several urban scholars confirm that the economies of cities and suburbs now move in tandem, not opposition (Weissbourd 2001, Barnes and Ledebur 1995, Voith 1992). The correlation in wages among cities and suburbs suggests that if a city is doing well, its suburbs are doing well and vice versa (Weissbourd 2001). Moreover, economic distinctions between cities and suburbs are eroding as the era of global trade redefines regions as economic units (Hill, Wolman and Ford 1995, Savitch *et al.* 1993, Ledebur and Barnes 1993, Ledebur and Barnes, 1992) .

A Typology of Regional Structures

The development of regional institutions and structures is not a new phenomenon. Throughout the 20th Century, local officials have employed intergovernmental agreements or turned to their state legislatures to create multi-jurisdictional agencies or special districts whose service areas have extended beyond the boundary of any one municipality within a metropolitan area. Most metropolitan areas are today served by regional systems of water, sewers and transit – all of which benefit from economies of scale that outweigh the benefit of local control over municipal service delivery.

Partly in response to federal mandates and funding opportunities, state legislatures have also created multi-jurisdictional planning agencies such as Councils of Government (COGs) and regional planning commissions. The power of these regional institutions has usually been directly proportional to the external funding they control: as federal policies changed and more of their mandates became unfunded over the past quarter century, the authority of these regional entities faded. Born of political and fiscal expediency, state legislators never constitutionally defined either their power or their jurisdictions and their authority was, and remains, advisory rather than binding (Templeton 1999).

We have organized different examples of regional cooperation into a typology of six broad categories: these comprise fiscal, economic, jurisdictional, functional, planning, and civic alliances. The different objectives and goals of each of these regional alliances are clearly summarized, to indicate the extensive range of issues that can be addressed through central city-suburban regional collaboration. “Economic alliances” and “civic/political alliances” – the shaded rows in Table 1 – represent the types of intergovernmental collaboration that we believe most directly influence regional economic development policy. Alliances addressing other types of regional-scale issues – for example, ecosystem, natural resource, or environmental protection – are not addressed in the matrix.

Tax base sharing is an example of central city-suburban “fiscal alliances” that has been undertaken, with mixed success, in the Minneapolis-St. Paul region by the Metro

Council, while the Unigov reorganization of Indianapolis and Marion County exemplifies metropolitan government jurisdictional alliances. As discussed above, “functional alliances” between central cities and suburbs have long been employed to provide a variety of essential municipal services described above (and this has become especially the case with new regional economic development corporations at the county level).

More recently the elusive goal of planning has generated a host of different public and quasi-public “planning alliances,” taking their lead from the federally-mandated Metropolitan Planning Organizations created for transportation planning purposes or from the long-standing tradition of regional councils of government (COGs) and planning commissions that were initially created several decades ago to review and coordinate municipal requests for federal funding through OMB’s Circular A-95 review process. Traditional chambers of commerce and similar kinds of “economic alliances” formed to attract new private investments, jobs, and businesses to a region are ubiquitous in metropolitan areas. These would also include public/private initiatives such as workforce development programs and economic development commissions.

“Civic and political alliances” include both civic organizations and political coalitions. Associations of mayors and managers have existed in most regions for decades, while new types of political coalitions, such as metropolitan mayors caucuses, have sprung into existence only within the last few years. Civic organizations range from the traditional good government organizations to new types of multi-jurisdictional and multi-sector regional sustainability initiatives.

Table 1. Types of Regional Alliances

Type	Description of Examples	Approach	Goal
Fiscal Alliances	Tax Base Sharing	Redistributes a share of property taxes among civil divisions in a metropolitan area	To reduce inequality among civil divisions in a metro area.
Economic Alliances	Economic Development Commissions, Regional Training Partnerships, and other sectoral strategies	Public-private partnerships focus on the comprehensive needs of firms in a particular sector (e.g. manufacturing, biotechnology), including workforce development, regulations, physical plant, etc.	To create new or improve profitability in key sectors in the region.
	Regional Marketing Collaboratives and Chambers of Commerce	Design and disseminate regional advertising	To attract new business and tourism to a region

Jurisdictional Alliances	Metropolitan Government	Consolidation of civil divisions, typically in a county, under one mayor.	To provide services more efficiently and reduce interjurisdictional competition.
Functional Alliances	Intergovernmental Agreements/Mutual Aid Agreements	Informal, functional cross border agreements to share resources and services that do not require external authorization or permanent resource allocation	To respond to the needs of local constituencies without altering the fiscal, structural or political balance of power and authority.
	Multi-jurisdictional special districts, authorities, corporations, banks and commissions, etc	Agreements to share municipal resources and services, plus the provision of transportation, infrastructure, utilities, clean air, mosquito abatement, and a host of other multi-jurisdictional services.	Increase efficiency of public services by reducing redundancy and building services to scale.
Planning Alliances	Metropolitan Planning Commissions	Adopt development policies to influence location and timing of regional growth.	To prevent sprawl and wasteful duplication of infrastructure.
	Regional Transportation Authorities	Models existing system on a metropolitan level.	To operate and plan for efficient regional transportation system and reduce congestion.
	Councils of Governments	Public or quasi-public agencies that develop comprehensive plans, plan for specific functions (e.g. water, recreation), provide technical assistance to local government, and coordinate plans.	To encourage more effective public services and more efficient infrastructure investments on the regional scale.
Civic and Political Alliances	Civic organizations	Civic/Regional committees, and councils that organize forums, conduct research, create policy coalitions, support and fund regional action	To influence government plans and policies.
	Political coalitions	Political/Regional caucuses and coalitions that lobby and coordinate urban and suburban officials, create policy coalitions and action	To influence state and federal funding and decision-making and create regional identity.

Barriers to Regional Action

Despite the variety of institutions that can be created to promote central city and suburban collaboration, many major barriers remain to promoting regionalist strategies for economic development. The most common barriers include local government control over land use, the rigidity of political boundaries and devolution of state authority to local units of government, and municipal resistance to tax sharing.

One of the most critical impediments to regionalism is the recognition that local government control over land use makes it extremely difficult to arrive at cross-jurisdictional agreements about land development, regulation and use alternatives, even in regions with flexible annexation and municipal boundary agreements. Most state legislatures granted their zoning authority to local units of government in the 1920s (with the transfer of police power authority reflecting express federal policy through the federal government's promotion and dissemination of the Standard Zoning Enabling Act of 1926). Despite the increased role of state agency oversight over large-scale developments or projects proposed in sensitive locations over the past quarter-century, the exercise of land use control authority remains a jealously guarded prerogative of local government.

The rigidity of political jurisdictional boundaries presents legal and practical hurdles to organizing across governments. Throughout the 19th Century, our central cities grew by annexing their close-in suburbs (Jackson 1985). But by the mid-20th Century, central city annexation slowed outside of the Sunbelt, with most regional growth arising from the creation and incorporation of new suburbs, many of whose residents sought to distance themselves from urban problems. The rapid increase in the number of general purpose units of government within the urban periphery has made the growth of most of our metropolitan regions a process of increasing fragmentation rather than one of consolidation.

Along with the express transfer of police power authority through zoning enabling laws and other grants of state power, state legislatures have also given their municipal units of government inherent legal authority to manage issues of local concern that are not preempted by state law, a grant of authority known as “home rule.” Home rule can be considered a type of residual police power that vests in local governments, usually expressly authorized by state legislation or through state constitutional authority, and typically exercised pursuant to an adopted charter. Increasing devolution of state power to localities under home rule means that many urban services are decentralized and fragmented, further exacerbating jurisdictional concerns.

Finally, resistance to tax sharing creates fiscal encapsulation among political jurisdictions. In the final analysis, local politics is “tax politics” not “policy,” regional or otherwise. To retain their elected offices in the face of widespread voter antipathy to higher taxes, municipal leaders try to keep taxes as low as possible and the provision of services as transparently focused as possible on the local citizenry. As long as local property and sales taxes remain such an important sources of income in local budgets, enlightened attempts to shift the revenues generated by those communities with a strong local tax base to those municipalities without such fiscal assets (in order to prevent intermunicipal competition for tax ratables and to rationalize regional development) will usually be met with staunch voter resistance.

New Regional Alliances: Non-governmental Regionalism in the United States

The mixed history of regional action to date has not necessarily been shaped by the economic and political imperatives that are now driving our more integrated city-suburban economies. However, over the past decade a host of new city-suburban alliances have emerged, built in part on past structures and regional entities and in part on new modes of engagement, resource mobilization and recognition of the growing interdependence of city-suburban economies. Most of these new alliances involve collaboration among partners that have not worked together before, or in the same way.

A recent report by the U.S. Economic Development Administration maintains that today’s regional alliances require a different set of partners than those who traditionally participate in economic development (Collaborative Economics 2001):

“Gathering only the “usual suspects” to plan the future of a place is no longer effective or defensible. Economic development practitioners and the “old boys” network are too narrow a group to sustain regional outcomes. The chamber, banker, realtor and large company corporate leader are no longer enough of a team to lead regional growth.... People are needed from all walks of life, whether they are chairs of corporate boards, community activists, community college deans, smaller business entrepreneurs, university presidents, chamber heads, environmentalists, realtors, or corporate heads. All successful collaborative leaders have important characteristics in common. They are “civic entrepreneurs.” A civic entrepreneur is the “catalyst for building relationships between the economy and community to promote economic vitality and community quality of life.”

Recently, the nation’s most innovative and astute political and business leaders have created new types of institutional structures that recognize the fundamental interdependence of cities and the surrounding suburbs. While the structures may vary, what they have in common is recognition that in order to ensure a better future, regional cooperation and alliances are essential. Understanding how new alliances are formed and maintained and who needs to be at the table is central to our analysis. We examined these new regional alliances through a three-step approach²:

1. We first contacted by telephone staff of the regional planning commissions of each of the 30 largest Metropolitan Statistical Areas (MSAs) and asked them to identify the key economic development initiatives in their regions that involved regional cooperation, especially cooperation between the region’s central city and its suburbs. The relevant regional planning agencies were identified from the membership links on the website of the National Association of Regional Councils (<http://www.narc.org/>).
2. After comprising a draft list of regional alliances for economic development, we contacted public policy, public administration, and economic development faculty from universities within most of the regions, in order to ensure that we had properly identified the major alliances and organizations within those regions.
3. Finally, after identifying the regional alliances within each of the 30 largest MSAs, we did an Internet search for each agency or organization to identify their web pages. This information was used to check their membership characteristics and their missions/objectives, and assisted us in classifying the alliances according the functional typology in Table 1.

Our survey generated a national database of 124 examples of regional collaboration within the 30 largest MSAs. We organized our data by MSA size, ranging from the largest metro area (New York) to the thirtieth largest (Orlando), summarizing

² Jaffe and Perry, at the Great Cities Institute, are preparing a comparative data bank on city-suburban alliances for regional development in the 30 largest metropolitan areas in the United States.

the name of the regional alliance, its mission, a brief summary of its goals and/or projects, its membership characteristics, and its classification according to our functional typology in Table 1.

Preliminary findings are both startling and somewhat expected given the barriers to governmental regionalism in general and the propensity for private sector participation in the economic development area in particular. Of those 124 regional initiatives deemed to be “best practices” by regional actors, less than nine percent, or eleven, could be deemed “governmental”—that is a product of a Council of Governments or some other publicly constituted governmental entity. Another twenty-eight are the product of fully private organizations such as Chambers of Commerce. Far and away the largest number of regional economic development initiatives deemed to be “most effective” is comprised of forms of public-private and/or civic agencies, making up 69 percent, or 86, of such regional entities in the largest thirty metropolitan areas in the United States. For the purposes of this paper, we have selected key examples from this database to illustrate the key ingredients in the formation of regional alliances and offer them as case studies of the patterns of “nongovernmental regionalism” in the United States.

The case studies represent two types of alliances found throughout the database that offer clear links to economic development: (1) political and civic alliances and (2) sectoral economic development strategies and regional training partnerships. These case studies of alliances of regional action are particularly interesting on two counts. First, they are cases of how both new political and more established, business-based, civic alliances can be built to overcome the jurisdictional barriers of metropolitan politics as well as add new levels of civic investment and regional collaboration in the private sector. Second, they are examples of how traditional types of alliances (COGs, chambers of commerce, economic and workforce development commissions, and fiscal and functional alliances) are transforming themselves to address new strategic demands of economic development (including regional clustering and sectoral change in such areas as biotechnology).

Political and Civic Alliances

Our case studies of political and civic alliances focus on the Metropolitan Mayors Caucus in Chicago and the Bay Area Council in San Francisco. The Metropolitan Mayors Caucus is an innovative political alliance that is addressing a wide variety of economic development concerns for the Chicago area, while the Bay Area Council is a more traditional civic organization pursuing a variety of innovative regional objectives in the San Francisco metro region. Both illustrate the range of administrative structures, sponsors and the wide scope of economic development strategies that political and civic alliances can effectively address.

The Chicago Metropolitan Mayors Caucus. The Chicago metropolitan region (the core of which is comprised of the city of Chicago, its home Cook County, and the surrounding DuPage, McHenry, Will, Kane and Lake Counties) is home to a strong political culture of local autonomy and partisan city-suburban political divisions that has held sway since the

19th century. This city-suburban division was only further reinforced with the passage of the 1970 constitutional reform establishing strong municipal home rule (Templeton 1999, Illinois Constitution).

The Metropolitan Mayors Caucus (MMC) had its genesis in August 1995, at a meeting of the suburban Northwest Municipal Conference, when Chicago Mayor Richard Daley and forty suburban mayors found they had much more in common than they had ever thought. The next year, Mayor Daley established a new position in the executive office with liaison responsibilities with the suburbs that was filled, in January 1997 by the Director of the suburban Northwest Municipal Conference. Soon after, Daley invited the other 269 mayors in the region to join him in a regional development forum where they agreed to establish the Metropolitan Mayors Caucus (Lindstrom 2001).

In part, Chicago's MMC was based on a similarly named, highly successful organization of 31 mayors in the Denver region, started in 1993.³ The scale of the Chicago MMC required a significantly different approach than that of the much smaller, regionally more coherent, Denver MMC. The Chicago's MMC needed to be of a scale and order that allowed for authentic representation of all 270 municipalities and yet be flexible enough to act without requiring that every municipality participate in every decision. To meet this challenge, the Chicago MMC is organized around the pre-established network of nine suburban sub-regional conferences of government and mayors and manager's conferences. The mayoral members of each regional conference are charged with selecting five to seven of their members to serve annually on the Caucus. This means that the Caucus is comprised of forty-five members who meet regularly as the designated representatives of all 269 suburban municipalities and the City of Chicago.

Membership in the Caucus is confined to mayors only. By limiting its membership only to mayors the Caucus allows for the most meaningful level of government representation and the highest level of dialogue on issues that have the potential to bind municipalities into regional alliance. As a result, the MMC's meetings are not staff-driven, but mayor-led.

One of the most important functions of the MMC is to build trust and consensus between the city and the suburbs. Given the deeply partisan and highly fragmented nature of city-suburban relations, the development of effective city-suburban alliances in the Chicago region will take time. This trust is, in large part, a product of the Caucus decision-making process. From the beginning, it was determined that all decisions of the MMC would be arrived at through *consensus*. If there is not consensus on an issue, it will not be a topic for MMC. For example the Caucus was able to agree to establish a task force to work for a joint agreement to purchase electric power by its members but ruled "off the table" potentially divisive Caucus actions on the expansion of O'Hare Airport or the creation of a third airport in the region. Also, by closing the meetings of the Caucus to the media, the discussions are perceived to be more candid and open—directed to the members and the regional agenda of MMC and not to the media.

³ <http://www.metromayors.org>

The MMC initiates task forces from among its members to establish comprehensive approaches to several key regional concerns, including air pollution control, electric power franchising, and lobbying. In 1999, when the region's failure to meet federal air pollution standards threatened the metro area's economic growth, public health, and transportation funding, the MMC, "in partnership with the US EPA, the Illinois EPA and the Delta Institute, convened the Regional Dialogue on Clean Air and Redevelopment. A year later the Dialogue "unveiled its new identity 'Clean Air Counts'" (Lindstrom 2001) and began a multi-level, region-wide program of action and evaluation meant to reduce ozone-causing emissions and improve air quality.

A second issue that gained consensus within the Caucus was an agreement by many of the members of the Caucus to join with the Chicago Power Alliance to purchase electricity in bulk. In the first round of this agreement, 48 units of government collaborated to purchase 400 megawatts of electricity. To win the approval of the group, the power supplier agreed to lower costs for each member of the group and generates at least 20 percent of all the power from renewable sources of energy such as solar or wind power. In 2000 when the deal was struck this constituted the largest purchase in the U.S. of renewable energy by a non-utility customer and represented a significant regional advance in the campaign for air quality.

The MMC also serves an important lobbying function, promoting collaborative contact with major state and federal officials, which is also a benefit to municipal leaders. When George Ryan was elected governor in 1998, one of his first local meetings was with the Caucus. Finally the MMC is an example of how mayors can work with mayors to create a municipal approach to regionalism while expanding the metro region's policy agenda. The MMC has recently established task forces to consider the regional issues of affordable housing and balanced growth, work on a regional transportation action plan, and create an integrated, region-wide emergency preparedness plan. The MMC has also established a task force on education funding reform—with the goal of creating alternatives to the property tax as a source of school funding.

What the Chicago MMC case study shows is that, as the increasing economic and demographic interdependence of the Chicago region's cities and suburbs portends future regional economic competitiveness, new modes of city-suburban alliance appear warranted (Weissbourd 1999, Wolman *et al.* 2002). The challenge for the Chicago metro area is to overcome the conditions that contribute to its being one of the most politically fragmented regions in the country (Fuchs 1992, Nardulli 1989) and produce regional actions that respond to the increasingly regional lives of its citizens and the fact that the competitive future of the Chicago economy is also increasingly regional and not dependent on political boundaries (Weissbourd 1999). The realities of such structural and political fragmentation became more problematic by the mid-1990s as leaders of both city and suburbs began to find common concerns of clean air, transportation, workforce development, high energy costs, and affordable housing that took them beyond politics as usual.

*The Bay Area Council.*⁴ As the Bay Area region – encompassing the nine counties surrounding San Francisco Bay and including the cities of Oakland, San Francisco, and San Jose – has continued to experience unprecedented prosperity, Bay Area employers have faced major challenges related to employee recruitment and retention, increased pressure on wages because of lack of affordable housing, and employee productivity loss from escalating traffic congestion. The Bay Area Council, a CEO-led non-profit organization, is dedicated to promoting economic prosperity and quality of life in the San Francisco Bay region. Participation in the Council is flexible: Members can target their participation to specific Council projects and tailor the extent of their participation from hands-off silent support to full participation. The Council's 275 CEO members can also appoint their decision-making staff to participate in various Bay Area Council program initiatives.

Many of the Bay Area Council's initiatives are similar to those engaged in by other CEO-led alliances in other metropolitan regions (such as tracking regional economic trends, providing policy input on governmental plans, and promoting workforce training). Two of the Bay Area Council's recent initiatives have created unique and innovative regional alliances, however. The first is the Council's leadership in organizing the Bay Area Alliance for Sustainable Development, a regional growth management initiative composed of 40 other organizations and five regional agencies. The second is the Bay Area Alliance's Community Capital Investment Initiative, a program creating new sources of community investment through three funds that will be managed by the Bay Area Council and targeted towards the revitalization of the Bay region's 46 poorest neighborhoods.

The Bay Area Alliance for Sustainable Development was created in 1997 to create regional consensus among critical stakeholders on a shared vision and to develop a sustainability action plan for the Bay Area. The Alliance is led by a five person steering committee and is also organized into three interest group caucuses based around each of the three "E's" of smart growth (social Equity, a prosperous Economy and a quality Environment), and into working groups organized around different initiatives (for example, a Community Capital Investment Team), and into three different stakeholder councils (i.e., a Business Council, a Community Council, and a Government Advisory Council). The Alliance's goal is to figure out how transportation, housing, environmental quality (especially air quality), and economic development can come together in a sustainable way. The consensus product the Alliance generated was a Draft Compact for a Sustainable Bay Area, a document that contains ten specific commitments to action and which has been widely disseminated to the public and to local officials in a series of workshops and informational meetings throughout the region.

The Bay Area Alliance represents an innovative alliance because the dialogue around regional cooperation in the past has centered on creating some new type of governmental construct – a "super-agency" to make decisions on a top-down basis. But the region's 101 cities and nine counties want to retain control over their own land use

⁴ <http://www.bayareacouncil.org>

and would politically oppose such an agency. Instead, what the Bay Area Council proposed in creating the Bay Area Alliance was to use sustainable development concepts to achieve political consensus on where that growth should occur in order to preserve the economic advantages of the Bay Area region and protect the region's ecosystems and biodiversity.

The Alliance's success in developing its *Draft Compact*, achieving its work program tasks, and maintaining its broad public, non-profit and private sector consortium over the past five years suggests that sustainable development and smart growth provide successful and effective issue frameworks around which private and public sector leaders can reach consensus. These topics are regional in scope, yet can reflect both the parochial economic concerns of business leaders, especially their ability to attract and retain high quality employees, and the equally parochial land use control and quality of life concerns of local officials. The Bay Area Council also believes that housing affordability, as the key component of both regional sustainable development and smart growth initiatives, is the critical issue that not only brings both public and private leaders to the same table, but also helps these leaders attract a broader public constituency to support their public-private alliances and regional initiatives.

One of the Alliance's most important innovations is its Community Capital Investment Initiative, a regional effort organized by the Bay Area Council to attract private investment into the Bay Area's 46 poorest neighborhoods in order to tackle poverty with market-based solutions while promoting smart growth. As part of this initiative, the Council created the Bay Area Family of Funds – consisting of a real estate fund, a business equity fund, and a Brownfield clean-up fund – in collaboration with the Urban Habitat Program (a regional social equity and environmental justice policy organization), the Bay Area Alliance for Sustainable Development, and the Partnership for Regional Livability. The Family of Funds created by the Alliance will raise between \$200 million and \$275 million of private capital, with roughly one-third coming from banks, one-third from institutional investors, and one-third from major corporations. This capital will be used finance keystone projects in the poor communities and to leverage a minimum of \$1 billion in additional investments for targeted neighborhoods.

At a time when governmental resources are constrained, the ability of private sector stakeholders to raise private capital becomes important in sustaining regional alliances and their initiatives. By focusing on financing what the Bay Area Alliance calls “keystone developments” – those projects most likely to attract substantial additional private, public, and community investments in the targeted neighborhood – the Bay Area Council employs market-based strategies to promote smart growth by improving the economic conditions of the central cities and older suburbs, making them more desirable for redevelopment and thus decreasing pressure to grow at the region's edges.

Sectoral and Workforce Development

The two case studies of sectoral strategies and workforce training target manufacturing and biotechnology, the former representing a traditional economic development concern and the latter an example of regionalizing the “new economy.” The Milwaukee Jobs Initiative’s manufacturing strategy illustrates how regional initiatives can keep employers on the cutting edge of production technology and support training for a highly skilled labor force. We chose biotechnology to illustrate how regional alliances can capture employment in research and development and production in this innovative and fast-growing sector. In biotechnology our case is a regional sectoral strategy to expand the biotechnology sector in San Diego. A key actor in this effort is the San Diego Association of Governments (SANDAG), a traditional COG that is engaged in an innovative economic development strategy.

*The Milwaukee Jobs Initiative.*⁵ The diversification of the regional economy and the retirement of an aging workforce combined to create a severe skills shortage in the Milwaukee region in the mid 1990s, as Milwaukee’s metro area began to recover from its prior decline in manufacturing activity. At the same time, the state’s strict work requirements of welfare reform resulted in the sharpest caseload decline in the country. Both trends meant that the Milwaukee region had to reform its workforce development system for low-income residents to enable them to qualify for better jobs in targeted industries.

Milwaukee is one of six cities participating in the Annie E. Casey Foundation’s \$30 million Jobs Initiative grant program. Participation in the Foundation’s grant program created a financial incentive for the region’s business, labor, and community leaders to join together to create the Milwaukee Jobs Initiative (MJI), a project designed to recruit and train inner-city residents in order to reduce the gap in unemployment rates between the city and suburbs. To receive Casey Foundation funding, the Wisconsin Regional Training Partnership, the Milwaukee County Labor Council, and the Campaign for a Sustainable Milwaukee joined with the Greater Milwaukee Committee in order to create the Milwaukee Jobs Initiative. The first three of these organizations are union-oriented, community-based and politically progressive non-profit organizations while the Greater Milwaukee Committee is a civic group of top business, labor, and education leaders formed in 1948 to improve the economic and cultural base of Milwaukee.

The MJI was created to unite the business community, unions, and the workforce development community around a common workforce development agenda in several key sectors (i.e., manufacturing, printing, health care, automotive/transportation, information technology, and hospitality) while maintaining good jobs in the region. In order for this consortium of organizations to receive funding from the Casey Foundation, they had to meet the Foundation’s requirement of strong business support and involvement. Collaboration with the region’s business leaders proved to be the Initiative’s greatest challenge in building an effective workforce development alliance in the Milwaukee metro area. Responding to this challenge required the MJI to overcome the mistrust that historically existed between the region’s pro-labor and pro-business groups.

⁵ <http://www.cows.org/field/mji.asp>

The MJI instituted several organizational changes to assuage the concerns of business members on its advisory board. The Initiative's organizational structure was changed to make the Initiative an independent entity with its own separate board of directors rather than being housed under the Campaign for a Sustainable Milwaukee, but with MJI subcontracting with the Campaign to provide its job training services. Under the new organizational structure, each of the three key groups – the Milwaukee County Labor Council, the Campaign for a Sustainable Milwaukee, and the Greater Milwaukee Committee – would vote on all policy decisions. The bylaws also required that a super majority must approve all major policy decisions, thus giving each organization veto authority over that decision. The Greater Milwaukee Committee insisted on this veto power in order to get more of the local business community invested in the MJI.

This governance arrangement calmed fears among organizations that had not worked together enough to develop trust that the other two organizations would not join forces to ignore the wishes of one group. Once MJI became an independent entity with its own staff, rather than being run under the CSM, many of the tensions were eased. The business community's concerns were further eased when the MJI adopted the Wisconsin Regional Training Partnership's (WRTP) workforce training strategy. Under this approach, after community-based organizations identify people in their neighborhoods who are eligible for, and interested in, job training in one of the targeted sectors, Partnership organizations then provide case management, coordinating all the services clients need during training and after placement. The WRTP subcontracts some training to community colleges, with the Partnership approving the curriculum, selecting the participants, and providing post-placement education and training. Business partners agree to hire workers, also offer input on curriculum, and work with MJI partners on structuring additional training and career advancement opportunities for entry-level workers.

One of the most important achievements of the Milwaukee Jobs Initiative has been to establish on-going collaborative relationships between business, labor, community, and public sector organizations. Creating an organizational structure that prevents organizations from ganging up to dominate an agenda reduces initial mistrust that might prevent or slow a working partnership from developing. Trust between the organizations grew after the MJI created management structures that allowed each organization to become more confident that its agenda was being advanced through the partnership. Another implication of this case study is that foundations can provide economic incentives and serve as a catalyst for building regional alliances. All of the pieces for developing a regional training partnership were in place before the Annie E. Casey Foundation invited Milwaukee to be part of its Jobs Initiative. The large influx of funds for planning and implementing sectoral initiatives provided an economic incentive for these individual efforts to go to scale and to be coordinated into a larger system.

*San Diego's Biotechnology Initiative.*⁶ The San Diego Association of Governments (SANDAG) is the San Diego region's metropolitan planning organization. Created in the

⁶ <http://www.biocom.org/#>

1960's, SANDAG coordinates regional planning activity in economic development, transportation, solid waste management, and water supply and water resources management. SANDAG's recent analysis of the region's economy, *Creating Prosperity for the San Diego Region*, identified "Biomedical products" and "Biotechnology & Pharmaceuticals" as two of the high-tech sectors that could provide needed high wage employment in the region. SANDAG found that both of these sectors provide wages that are higher than the average regional wage, even though the biomedical products sector had declined in total employment while the number of firms grew from 94 to 130 between 1990 and 1998.

Once SANDAG identified the clusters and identified some key needs for promoting their growth, other regional organizations worked together to form the San Diego Biotechnology Initiative to coordinate and implement programs and activities to promote the biomedical and biotechnology clusters. Members of the Biotechnology Initiative include BIOCUM (an industry association), the San Diego Regional Economic Development Corporation, the San Diego Workforce Partnership (an organization that works with employers to meet their training needs), and San Diego's City Colleges. The group meets monthly to develop and report on progress on its agenda for cooperation.

Innovative regional alliances are developing under the structure of the San Diego Biotechnology Initiative. BIOCUM and SANDAG are working together to advocate and identify a site for a new international airport. The San Diego Regional Economic Development Corporation, for example, attracted seven pharmaceutical companies to the region by locating sites, providing contacts with city officials, and by encouraging the university to develop strong relationships with the companies. The non-profit San Diego Workforce Partnership is also linking its workforce development strategy with the clusters defined by SANDAG and is doing additional research on drivers of the economy, including biotechnology. While many workforce boards focus on moving people from welfare to work, the Partnership is building a workforce development strategy that links the region's economic development goals of expanding key clusters.

In education, the San Diego Workforce Partnership (a not-for-profit organization that also manages the Workforce Investment Board) and BIOCUM are promoting better high school math and science education and encouraging high school students to consider careers in biotechnology, while San Diego City College has been especially active in the process of assisting companies in the transition from R & D into production. As many of the research and development firms move into production, the demand for sophisticated technicians skilled in factory automation, specialized equipment maintenance and repair, and environmental systems control will increase. San Diego City College also provides technical assistance to biotech firms on modernizing production techniques and developing technician-training programs. Since the San Diego Biotechnology Initiative's inception, over 200 biotechnology and pharmaceutical firms have located to the San Diego region.

Findings and Conclusions

The new civic, political, and sectoral alliance case studies offer three key findings that have the ability to serve as lessons for civic leaders wanting to promote more metropolitan collaboration within their regions. One critical finding is that successful regional alliances must be built on trust. Perhaps the most important element in building regional alliances is the pragmatic goal of building new levels of understanding and trust between city and suburbs. This is an especially important first step when there has been a deep history of political divisiveness and structural barriers of jurisdictional fragmentation.

Our case studies identified several strategies that helped alliances develop trust and understanding. Successful regional alliances concentrate on issues where communities' interests are aligned. Issues like affordable housing, the environment, sustainable development, and smart growth provide successful and effective issues around which private and public sector leaders can reach consensus. These topics are regional in scope, yet can reflect the parochial economic concerns of business leaders, especially their ability to attract and retain high quality employees, and the equally parochial land use control and quality of life concerns of local officials.

Trying to use regional alliances to address long-standing conflictual issues (such as siting of major facilities with regional benefits but with undesirable local impacts) often just preserves, and may even heighten, long-standing parochial discord. Divisive issues must be kept off the table if consensus is to be achieved between different participants. Moreover, given the history of discord among many of the interested parties, building trust and establishing a "level playing field" is often essential to sustaining the alliance. Therefore, creating an organizational structure that prevents coalitions of partners sharing similar objectives from dominating the alliance's agenda is essential to protect, and respect, each participant's role in the deliberative process.

A second major finding is that, while it may seem obvious, the alliances that engaged and sustained the participation of top executives were more successful than those that were staff driven. Mayors, who must periodically seek re-election from their constituents, assume political risks by forsaking political self-interest by participating in regional initiatives that are perceived to benefit other municipalities (that are often competing for the same jobs, taxes, or amenities within the region), non-profit organizations or private-sector businesses rather than their own communities. Corporate CEOs are also often heavily invested in the success of the regional initiatives on whose boards they sit, since their own credibility and status within the community is put on the line in committing their corporations to participate in the alliances. These risks create a strong incentive for participants to work hard so that the regional alliances with which they are associated are successful in accomplishing their objectives.

This participation and commitment from key executive decision-makers becomes critical when one realizes that new regional alliances do not necessarily require new organizations. Working within existing regional structures (e.g. established civic coalitions or political structures) is a good way to build successful regional alliances. Why? Traditional agencies or structures can adapt to new circumstances and important relationships are already in place.

A third major finding is that access to new sources of capital and the availability of financial incentives are strong catalysts to promote regional collaboration and cooperation. Foundations are able to bring local parties together both through incentives established through their funding potential as well as their role as an “external” player. Moreover, private sector expertise in raising capital can help finance regional alliances. At a time when governmental resources are constrained, the ability of private sector stakeholders to raise capital becomes important in sustaining regional alliances and their initiatives. A key example of this is the fiscally responsive, business-led coalition of the Bay Area Council in San Francisco. But in the case of Milwaukee Jobs Initiative it was the labor and CEO organizations that were successful in raising foundation and government funds.

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