SOCIOLOGY, POLITICS AND CITIES

Editor: JAMES SIMMIE

PUBLISHED

Manuel Castells: CITY, CLASS AND POWER
Patrick Dunleavy: URBAN POLITICAL ANALYSIS
Brian Elliott and David McCrone: THE CITY
Roger Friedland: POWER AND CRISIS IN THE CITY
John Lambert, Chris Paris and Bob Blackaby: HOUSING POLICY
   AND THE STATE
James Simmie: POWER, PROPERTY AND CORPORATISM

FORTHCOMING

Valdo Pons and Ray Francis: SLUMS AND SHANTY TOWNS
James Simmie and David Lovatt: MARXISM AND CITIES

Power and Crisis in the City

Corporations, unions and urban policy

ROGER FRIEDLAND

University of California, Santa Barbara
© Roger Owen Friedland 1982

All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, without permission.

First published 1982 by
THE MACMILLAN PRESS LTD
London and Basingstoke
Companies and representatives throughout the world

ISBN 0 333 26075 9 (hard cover)
ISBN 0 333 26076 7 (paper cover)

Typeset in 11/12 Baskerville by
THE EASTERN PRESS LTD

Printed in Hong Kong

To my parents – Helen and Harry Friedland – at whose loving and quarrelsome dinner table I learned to think, I humbly dedicate this book.
Contents

Editor's Preface by James Simmie xi
The Reasons Why Cities Are Ugly and Sad: xiii
   A Foreword by Ken Newton
Author's Preface xxvi
List of Figures xxviii
List of Tables xxix

Introduction 1
The origins of urban power 1
The crisis of urban power 4

1 Corporate and Union Power: Theory and Method 9
   The policy impact of corporate and union power: 9
      a model
      The central cities 12
   Corporate and union power 13
      Measuring corporate and union power 15
   Corporate and union interests 18
      Measuring corporate and union interests 20
   Methodology 22

2 The Local Economy of Political Power: 25
   Participation, Organization and Dominance 25
   Business power and the city 25
   Political participation and business power 27
   Beyond individual participation 29
   Organizational structure and business power 32
      Organization differentiation 33
      Absentee ownership 34
Extra-local linkage 36
Coordinative functions 38
Economic dominance and business political power 40
Inter-city competition and business power 42
Economic activity and comparative local public policy 46
Union power and the city 50
Labor union participation 51
Labor union organization and political power 54
The economy and union political power 55
Corporations, labor unions and political power 56

3 The Economics of Central City Change 60
Industrial decline and office growth 60
Suburban development and the retail drain 68
The poverty trap 72
Dilemmas of economic change 75

4 Urban Renewal: Interests, Actors, Structure 78
Urban renewal: the program 79
Urban renewal: the beneficiaries 82
Urban renewal: the participants 86
The Urban Land Institute 86
Chambers of Commerce 88
Local corporate politics and urban renewal 91
Pittsburgh – an example 92
Union politics and urban renewal 94
Urban renewal: the structure 97
Direct federal–local agency links 98
Relative agency resources 99
Separation of urban renewal and housing agencies 101
Private developer dependency 103
Conclusion 104

5 Power and Policy: The Two Urban Renewals 108
Economics, policy and political power 108
The policy impact of corporate and union power 109
Measurement 112
Data analysis: corporate power and office-serving urban renewal 114
Data analysis: union power and industrial urban renewal 119
Appendix: decomposition of mean differences into slope and composition effects 122

6 The Politics of Social Control: The Case of the War on Poverty 125
The threat to corporate and labor union power 126
The War on Poverty: a contradictory strategy of social control 130
The inter-city distribution of War on Poverty funds: a hypothesis 135
Measurement 136
Data analysis 137
Corporate power 138
Union power 139
Interest, power and public policy 141
Summary and conclusions 143

7 Public Policy and Black Political Violence 146
Social theory and collective violence 147
The black riots: towards a sociological explanation 150
The local sources of black political violence 152
Public policy and black violence 153
Public policy, political violence and social theory 155
Measurement 157
Data analysis 161

8 The Costs of Urban Power 166
Guns and butter: the economics of power 169
The policy impact of the riots 170
Method 172
Measurement 173
Data analysis 173
Local power, local interests 177
Discussion 178

9 Central City Fiscal Strains: The Public Costs of Private Growth 181
Urban fiscal strain 181
Editor's Preface

Sociology, Politics and Cities

Cities have been the focal points of economic, political and cultural life in all those countries experiencing the kind of rapid industrial and commercial evolution that was first seen in the early nineteenth century in Britain. To understand national economic and political forces was therefore to comprehend the development of cities. To follow culture required insight into urban life. Early appreciations of these links developed in the German works of Marx, Weber and Simmel.

This early appreciation of the importance of the relationships between national forces and cities was not emphasized in the American analyses of cities stimulated by the Chicago School. Although it was to some extent present in the work of Park, Burgess, McKenzie and Wirth, it was lost in subsequent work which tended to conceptualize cities as isolated and self-contained phenomena. The significance of the relationships between power and cities was, however, kept alive in the American community power study work. The Lynds, Hunter, Dahl and more recently Bachrach, Baratz and Crenson have all made important contributions to our understanding of cities.

The eruption of major urban-based conflicts on both sides of the Atlantic during the 1960s made it quite clear that cities could not be understood within the main American paradigms of the 1920s. They also demonstrated that both national economic forces and the concept of power were central to any comprehension of what was happening in cities at that time.

This intellectual challenge was first met in France in different ways by Lefebvre, Castells and Lojkine. Harvey also
made a contribution in Britain. Much of this work was based either on neo-Marxist Althusserian structuralism or on extensions of Marxist political economy, particularly the concept of rent. Although this work provided a great stimulus to urban research, some elements of it have not proved as fruitful as was first hoped. It has suffered from ethnocentricity, circularity, inappropriateness in contemporary circumstances and a lack of comparative empiricism.

A different intellectual response to understanding cities was also started in the late 1960s, this time in Britain, by Rex, Moore and Pahl. They developed some Weberian themes to account for the observable distributions of urban resources by so-called 'gatekeepers'. This type of local work, although useful in understanding local processes, did not address the growing significance of national and international forces in shaping particular urban developments.

The series ‘Sociology, Politics and Cities’ provides a vehicle for the extension of these debates and for newer contemporary approaches to understanding cities. The series is trans-disciplinary, including not only sociological and political work but also interconnected economic and historical research. It includes analyses of both private and public intervention in cities and therefore encompasses an interest in public policy. The main aim of the series is to encourage and stimulate a continuing debate and analysis concerned with capitalist, socialist and underdeveloped cities. It is concerned to develop theoretical understanding of these phenomena based on empirical analyses. On the bases of such understanding the series is also concerned with the formulation and evaluation of significant and relevant urban policies.

Roger Friedland’s Power and Crisis in the City deserves a wide readership. Although the book is specifically concerned with policy and politics in the central cities of the US, it also deals in a fertile and original, not to say provocative, manner with some issues of fundamental significance to social and political science in general. The immediate subject-matter of the study is the role and power of business corporations and trade unions in American urban policy in the postwar period, especially in so far as these organizations have influenced both the formation of, and the impact of, urban policy on housing, the poverty program, riots and civil disturbances, and most recently of all, the urban fiscal crisis. These are all matters of great importance in their own right, and specialists in American studies and urban affairs will find Friedland’s discussion of them absorbing.

To study these issues, however, the author also has to confront several of the central problems and issues which bedevil a wide range of social science specialisms. Most notably, he discusses the process of historical change in the form of the dynamics of public policy – especially the influences which help to create such policy in the first place, and the influences which subsequently mould its impacts and its unforeseen consequences. In order to deal with these questions, the study, in turn, tackles one of the timeless problems of political science, that of the relationship between social, economic and political circumstances on the one hand, and policy choices on the other. In other words, the book is a case study of the essence of political science itself: Who gets what, when, how? And in order to tackle this question,
Friedland has to face up to yet another long-running debate about how to define political power, and how to approach the study of its operation.

These are issues of such widespread interest that many readers outside the US, and many who are not specialists in either urban affairs or American studies, will want to examine its arguments and its conclusions. Therefore, I shall use this foreword to say something about the social and political background to the study which Friedland, being an American writing about America, quite naturally takes for granted. Those who are acquainted with the recent history, and with the special features of urban politics in the US, will do well to pass straight to the real business in hand which begins with Chapter 1, but those who feel some brief and general background information might be useful may prefer to read on.

*Central cities and their suburbs.* With the benefit of hindsight we can see that many of the central cities of the US were beginning to slide into serious social and economic trouble as early as the 1950s. Their problems were caused not by a combination of inflation, unemployment and economic slump, as we might well assume nowadays, for America was then the wealthiest nation in the world, and growing ever more affluent with every stock market report. On the contrary, urban disease was precipitated, paradoxically, by the booming affluence of the Eisenhower era, when the social and economic revolution that had begun to transform the cities at the turn of the century, and which was only temporarily halted by the Wall Street crash and the Second World War, picked up speed once again. It was economic growth, not economic decline, which put an impossible strain upon the central cities, and revealed the structural faults of the American system of urban government.

Why did peace and prosperity cause decay and dereliction? The answer is that the inner cities paid the price of growth, while the suburbs most generally reaped the benefits. In the social and economic accounts of the American nation, the suburbs took the lion’s share of the gains, and the inner cities paid, almost exclusively, for the losses. They are still doing so.

During the swelling affluence of the postwar years the suburbs grew as weeds (like Topsy). New and spacious houses were built by the million for middle-class families who wanted to escape the city, and could afford the price. Their two-car garages were filled with the latest fin-tailed fashions from Detroit; for the children, new schools were constructed, lavishly supplied with equipment, and staffed with well-trained teachers; for the fathers, new expressways and beltways were built to carry them to their downtown offices; for the mothers, there were new suburban shopping malls where big department stores and specialist shops catered for suburban trade six days a week. And on the seventh day, there were immaculately maintained churches of every white, middle-class denomination. Doris Day’s films may have caricatured suburban life, but like every good caricature, they simply played upon reality rather than inventing it.

On the other side of the tracks, or rather on the other side of the new urban beltways and expressways, parts of the central cities were beginning to decline and decay. Gradually they started to lose their more prosperous — usually white — population, as the suburban exodus picked up momentum. As people moved homes, so shops followed people, and as people and shops moved, so the small businesses which provide and service both followed suit. Some factories moved, too, in part because they were looking for newer, cheaper and larger premises, and also because it was convenient to follow their skilled and middle-class workforce.

The outward migration of population, shops, offices and factories to the city’s rim left something of a vacuum where parts of the inner city had been. The central business district continued to thrive and to expand as the tempo of the economy increased, but just beyond the downtown department stores and high-rise office blocks, houses were abandoned and store fronts boarded up. Whole blocks began to decay, and were soon taken over by gangs of street kids, freaks and drop-outs, groups of down-and-outs and winos. Those who stayed in the inner-city residential areas found the job market tightening up, as some of their employers started to leave for the suburbs. Their children’s schools grew worse and worse. Violence and crime became increasingly commonplace, poverty increasingly concentrated and visible. Slums, ghettos, unemployment, abandonment, violence, crime, poverty, ugliness; they all
contributed to the suburban exodus, which, in turn, fed the vicious cycle through second and successive phases.

Within a stone's throw (almost literally) of the splendour of the White House in Washington, a rather elegant department store stood gutted and boarded up, looking for all the world like some transplanted relic of wartime Berlin. In Philadelphia abandoned houses started to collapse on the kids playing in them, fires broke out, and gas pipes started to leak dangerously. The city moved in with bulldozers to knock the danger flat. In Pittsburgh, a once handsome and friendly neighborhood, close to the city's central business district (aptly named the Golden Triangle), showed signs of deterioration, slow at first, but then with alarming speed. In Philadelphia another all-white, inner-city block was busted, and quickly transformed into an all-black slum, which then became just another block in the building of a modern ghetto. In Detroit...in Cleveland...in Chicago...

In each case the problems of the inner city grew in direct proportion to the growth, size and affluence of the suburbs, because both responded, though in opposite ways, to the growth of industry and commerce. Thus the central city and its suburbs are different aspects of the same process — neither more nor less than opposite sides of the same coin.

The effects of polarization were dramatically magnified by the strange political arrangements of the typical American metropolis, a set of arrangements which cannot be found in any other urban-industrial society in the west. The great majority of metropolitan areas in the US were — and still are — fragmented into many local government jurisdictions, with a large central city usually being surrounded by tens, hundreds or even thousands of politically autonomous suburban authorities. By judicious use of their building, zoning and tax laws the suburbs could maintain, or even improve upon, their exclusive middle-class status, thereby ensuring that their boundaries were virtually impervious to the social and economic problems of the central cities. As a result, as social problems became increasingly concentrated in the inner cities, so the resources necessary to deal with them were increasingly locked up in the suburbs. While the political structure of many urban areas in west Europe ensure that central cities can call upon at least some of the resources of the suburbs, the fragmented system of metropolitan government in the US makes this very difficult at best, and impossible at worst. Small wonder the suburbs became known as ‘the white noose’ which strangles the predominantly black residential areas of the inner cities.

In the words of a perceptive but anonymous social scientist and poet:

The reason why cities are ugly and sad,
Is not that the people who live in them are bad.
It’s just that the people who really decide
What goes on in the city live somewhere outside.

This is true in the sense that the mere existence of autonomous suburbs has a profound effect on central cities, and often in the sense that politicians, businessmen and most community leaders with a powerful influence over central-city affairs live in the suburbs. They may make decisions for the central cities, but do not necessarily have to live with all the consequences.

By the early 1960s it was abundantly and painfully clear that something had to be done to help the central cities. And, indeed, something was done, mainly in the form of two federal programs known as Urban Renewal and the War on Poverty. And since these are the center of attention of the early chapters of Roger Friedland’s book, they also require some background material for non-American readers.

(1) Urban Renewal. The term ‘urban renewal’ was added to popular usage in the US by the 1949 Housing Act, which turned the attention of the Federal Government away from public housing, which had a bad name, toward the idea of revitalizing the inner cities by demolishing slum property, and also by modernizing and rebuilding property which could be saved.¹ The costs of doing so were too high, it was argued, for the private sector, so the Federal Government stepped in with its own scheme. It would not actually lay one brick or glaze one window on its own, but it was prepared to encourage local urban renewal authorities to help others to do so by contributing handsomely to their costs. Specifically, the Federal Government paid two-thirds of the difference between
the costs of buying and clearing land, and the income received from selling it to private developers. The remaining third had to be found from local sources.

Although the main emphasis of the program was shifted in 1967, it was not so much concerned with building low-income housing or with the task of rehousing the poor, as with urban revitalization and restoring property and tax values in the central cities. Nevertheless, urban renewal authorities had a clear responsibility to find adequate housing for those displaced by their schemes, and the overall aim was certainly not to worsen the parlous state of low-income housing in the central cities. The aims of the scheme also included the wholesale rehabilitation and reconstruction of the areas worst affected by urban blight, and it was not intended to fatten the profits of private businesses, or to subsidize them to move into areas which were prime sites for redevelopment in the first place.

However, the eventual outcome of the program was different from its initial intentions. At the outset, in 1949, 10 per cent of the federal funds to any one urban renewal authority could be used for non-residential purposes, but this was increased to 20 per cent in 1959, and to 30 per cent two years later. However, throughout its history, from 1949 to its end in 1974, the scheme devoted less than 50 per cent of the annual total of cleared land to housing, and for long stretches of time (1956 to 1967) the figure hovered somewhere between 15 and 30 per cent. By 1965 it had resulted in a net loss of residential land, and a net gain in land used for commercial purposes, usually shops and offices. Nor were the worst slums and ghettos tackled. Rather, the need to find sites which were attractive to both private developers, and to local authorities with a watchful eye on property and tax values, resulted in the development of areas close to the central business district. Nor was much contributed to the low-income housing stock. On the contrary, because this was the least profitable use of land, it invariably gave way to middle- and high-income accommodation, or else to commercial property. There was therefore a considerable net loss of cheap housing.

Between 1950 and 1971 some 300,000 families and 150,000 single individuals were moved by urban renewal authorities. Assuming each family had three members (a conservative assumption), over one million people were moved in all – equivalent to a good-sized city in almost any country. Of the families, approximately a third were white, and the rest were of black or other ethnic minorities. Of the individuals, about 60 per cent were white, and the rest blacks, or other ethnic minorities. Thus, in round figures, some 650,000 (almost two-thirds of the total) blacks and other minority group members were moved, providing ample evidence for the popular claim that ‘urban renewal is negro removal’. To make matters worse, only 40 per cent of the housing units on renewal sites were made available to them, the rest being put at the disposal of a disproportionate member of white and middle-class citizens. The great majority of those displaced had incomes of less than $6000 in 1962, but rents on the renewal sites averaged $2300 a year. The net effect of urban renewal on the housing stock was to increase the supply of middle- and high-income accommodation (at a public subsidy), and to reduce the amount of low-income housing, thereby driving up its price.

In addition, a further 100,000 businesses were forced to move, many of these being small concerns employing a handful of people, and many (between a quarter and a third) going out of business as a result. Not infrequently, the land taken from small businesses was cleared for high-rise office blocks, which were then either occupied by, or rented by, relatively large and wealthy corporations. Once again, this was all done in the name of the public interest and at the price of a handsome subsidy from the public purse.

Urban renewal in the US is one of the more obvious examples of socialism for the rich – that is, of a policy which is designed to help the poor and the needy, but which ends up helping those who are so well able to help themselves that they help themselves to the benefits of others. There is nothing especially American about this perversive phenomenon, for it operates in both capitalist and mixed economies, as well, no doubt, as in the communist countries of eastern Europe. Nor is it a phenomenon of the modern state, for, as the Good Book says, ‘Unto them that hath shall be given’. Nevertheless, Roger Friedland’s account of urban renewal and the political
and economic forces shaping its implementation throws a good deal of light upon the mysterious process, and thus upon the question: Who gets what, when and how?

(2) The War on Poverty. Urban renewal did not touch many of the major urban problems in the US, and nor, to be fair to it, was it ever intended to tackle anything other than land use and the local tax value of real estate. A broader attack on urban poverty commenced in August 1964, when President Johnson signed the Equal Opportunities Act and declared his administration’s ‘War on Poverty’. There were at the time about thirty-five million Americans on or below the poverty line, and some experts firmly held the view that the line was drawn too high so as to exclude millions more in dire social and economic circumstances. Of those in official poverty, some sixteen million lived in urban areas, and another ten million lived in inner-city areas. While most of the poverty-stricken did not live in the cities, therefore, it was the big-city slums which contained the greatest concentration and the most visible array of social problems. For most Americans, the war on poverty was an urban program, especially a black urban program.

The origins of the war on poverty lay in a profound dissatisfaction with urban renewal on the part of the Ford Foundation, which set up a series of Gray Area Projects with the intention of creating community self-help organizations. This basic idea became the backbone of the War on Poverty, which was carried out at the local level by public and private non-profit-making agencies, with the financial backing of the Federal Government. In order to do this the Government set up the Office of Economic Opportunity (OEO) to coordinate a variety of different activities. In each case, the intention was to support promising local initiatives and experiments designed to deal, not with the symptoms of poverty, but with its causes. The poor and the unemployed were encouraged to help themselves become self-supporting, and since it was fully recognized that poverty and unemployment are not single problems, but whole bundles of them, many agencies were set up, each with a slightly different task:

- The Job Corps. The only part under the direct control of the OEO, this provided education, training and work experience in rural camps for unemployed youths.
- The Neighborhood Youth Corps, providing education and work experience for youths living at home.
- Volunteers in Service to America (VISTA), to provide volunteer workers for slums, hospitals, Indian reservations, labor camps, etc.
- Head Start, to provide a better education for children brought up in the slums.
- Upward Bound, to encourage older slum children in their educational attainments.
- Legal Services, to provide legal services for the poor in their dealings with public agencies.
- The Community Action Program – the most important part of the OEO’s activity, and designed to develop and coordinate various local anti-poverty activities. The basic idea was to support new approaches and local initiatives, and to give community leaders, and above all the poor themselves, the chance to participate in these efforts.

The War on Poverty was shorter-lived than Urban Renewal, and was effectively killed off by Nixon, who cut funds and deflected much of what was left to the purchase of police equipment. However, during its peak years it involved thousands of millions of dollars of federal money – more than seven thousand million dollars from 1967 to 1970. At the height of its activity, there were more than a thousand community action agencies, and although most were in rural areas, most of the money (about two-thirds) was spent in the cities.

The special character of the whole program lay in its attempt to mobilize political activity. In the now famous statement, it aimed at ‘maximum feasible participation of the residents of the areas and the members of the groups served’. The OEO’s guide to applicants for funds added: ‘The purpose of federal assistance to community action programs is to help urban and rural communities to mobilize their resources to combat poverty.’ In practice this usually meant the formation of community pressure groups which would speak for, and act on behalf of, poor people in their dealings with public bodies of
have the referee in your pocket, or can frame the rules to suit your own game, or have twice as many players as the opposition, or can rule that the first ten goals scored by the opposition do not count.

Translated into the terms of American metropolitan politics, this means that if you can ensure the legal and governmental autonomy of the suburbs, and then use these powers to exclude the people and the problems of the inner city from your own territory, then you are more than halfway home and dry when it comes to protecting your own social and economic interests. If, in addition, you can get others to believe, as you may believe yourself, that the system operates according to the normal rules of a free-market economy, then you have the added advantage that all the blame seems to lie with the wretched inhabitants of the inner city.  

This is the situation which Friedland analyzes in the pages that follow, and he does so using a strikingly original approach to the data. In this respect, however, he is not alone, for in the same week that I started the first draft of *Power and Crisis in the City*, I also proof-read an article by Tore Hansen, a Norwegian political scientist who lives and works halfway round the world from Roger Friedland’s native California. Quite independently, they hit upon exactly the same method for studying urban power and decision-making, and justified it the same way. Compare the following:

How, then, are we to interpret the relationships between socio-economic variables and political factors? Rather than regarding socio-economic variables as causes of the decisions, it seems more reasonable to treat them as decision-making criteria upon which public authorities may act. It is important to notice the difference between a causal factor and a decision-making criterion. While a causal factor is automatically related to the effect variables, the relationship between a decision-making criterion and the decision has to be established by the decision-making body. In other words, the decision-makers select the criteria upon which the decision is going to be based, and this selection process will be determined by the political values of the decision-makers.
In other words, choice of decision-making criteria is a function of political perception, selection and ideology, not a problem of simple causal relationships. Another way of saying this is that socio-economic factors interact with political variables in determining the expenditures, or rather that the effect of one particular socio-economic factor on the level of expenditures is conditioned by political factors [Hansen].

[T]he policy effect of local conditions will be contingent upon the local power of corporations and unions. In cities where corporations or unions are powerful, those local conditions that affect their interest will have a greater impact on policies intended to serve their interests than in cities where corporations or labor unions are not powerful. This model assumes that the local state does adopt policies in response to local conditions and the power of organizations outside the state. But it also assumes that policies are adopted in response to the extent that local conditions affect organizational interests. Corporate or union interests in local policy depend on the extent to which local conditions affect those interests. Thus the local state responds to local conditions that impinge upon corporate or union interests, but only where corporations or labor unions are locally powerful. If either local conditions do not affect corporate or union interests, or corporate or union power is lacking, policies are less likely to be adopted [Friedland, this book].

By pure coincidence these two passages elaborate basically the same theory and the same method for studying political power at the local level, one in Norway, and the other in the US. The theory and method can, however, be used anywhere in the world and at any level of a political system. It would not be the least bit surprising to find it used in all sorts of contexts and all sorts of countries in the years to come.

Dundee University, Scotland
January 1982

KEN NEWTON

Notes


5. For a discussion of the ways in which the political system hinders the working of a 'free-market' system, see Anthony Downs, Opening up the Suburbs: An Urban Strategy for America (New Haven: Yale University Press, 1973) esp. pp. 1–12.

Author’s Preface

I am ambivalent about big cities. I experience a cinematic rush from the juxtaposition of girls with purple hair, silky black shorts on roller skates, against razor-cut, button-down executives. It also gives me headaches to spend too much time in Washington Square. The fleshy swelter of hands-on local political conflicts, complicated by histories of kinship, ethnic pride and neighborhood favor is vibrant. It is also trivial, parochial and irrelevant. The ping-pong conversation, the references to the latest movie and book, who won the regional elections in Italy and the real political suasion of the Korean rebels, this global voyeurism is scintillating. Yet the meat and potatoes production often goes on elsewhere. Knowing and doing have separate locations. But what do you expect from a two New Yorkers’ son who grew up in a canyon suburb of Los Angeles.

As a social analyst of politics, particularly urban politics, I find it most comfortable to work in the erogenous zone between Weber and Marx. If politics are animated by class relations, they are structured by organizations – corporations and labor unions – whose interests and modus operandi are not explicable in terms of objective opposition. If urban policies have important consequences for capitalist growth, they cannot be explained by capitalism. If the structure of urban governance is vulnerable to contradictions between capitalism and democracy, these must be explained by the interplay of institutional interests of the state, capitalists and the electorate.

When I began to write this study, the opposition between critical neo-Marxism which called for a ‘qualitative’ analysis, and the more structural-functional social science which espoused a ‘quantitative’ analysis, was in its heat. I found this fusion of theoretical and technical conflict to be fundamentally unproductive and wasteful. The evolution of technique quickly evolved to make empiricism impossible, to incorporate time and to require a theory of observability. A strong commitment to causal structure, historical process and a theory of data became prerequisites to the appropriate use of technique. I hope that the debates will increase over specification and conceptual meaning, and how to combine different techniques to answer particular questions. I have tried to use quantitative techniques to elucidate specific historical processes. This is not, then, a study of all cities. It is a study of certain aspects of US central cities between 1964 and 1975.

Finally, I take great pleasure from intellectual production, yet I often accord it very little meaning. For me it is the most exquisite of games, often played viciously and with great seriousness, because it is being played for reality. I happen to believe in truth. Because it is embarrassing, this grotesque alchemy, I like to poke fun at it.

With such an orientation I have complex debts to my mentors, Robert Alford and Michael Aiken, who kept me jumping between theory and data and to whom I owe my training. To my friends and colleagues – Sam Bacharach, Ken Newton, Erik Wright, Gosta Esping-Andersen, Bill Bielby, Frances Fox Piven, Herbert Wong, Maurice Zeitlin, Bill Domhoff, John Mollenkopf, Manuel Castells, Don Cressey, Hal Winsborough, Jim Baron, Alex Hicks, Harvey Molotch, Jack Biello, and Richard Child Hill – I am grateful for their support and their criticism. I am also beholden, with the usual absolution, for the close critical readings I received from Robert Alford, Erik Wright, Frances Fox Piven and Ken Newton. Finally I want to thank John Burke, Professor of History at UCLA, for introducing me personally to the passion and struggle of ideas.

Shaped by the sexual tempests of my generation, work on this manuscript has endured longer than any of the relationships that made writing it possible. The love of three women binds these pages: Jette Thy, Merrie Klapp, and Debra Friedland. The last shall bind my life. It is not that I am promiscuous. I have simply been working on this project for too long.

University of California, Santa Barbara
January 1982

ROGER FRIEDLAND
List of Figures

1.1 Local conditions, power and policy 11
1.2 The impact of corporate power on the relationship between local economic conditions and urban renewal 23
C.1 Power, policy and contradiction 206

List of Tables

1.1 Corporate and union power in 130 central cities 18
3.1 Central city business service activity, 1963–72 67
4.1 Number of central city urban renewal projects by historical period 81
4.2 Planned local uses of central city urban renewal lands, 1949–66 81
4.3 Characteristics of the core and the central city, 1960 83
4.4 Renewal agency size and political success 106
5.1 The determinants of office-serving urban renewal in high and low corporate power central cities 115
5.2 Decomposition of the difference in office-serving urban renewal activity between high and low corporate power cities 118
5.3 The determinants of industrial urban renewal in high and low union power central cities 120
6.1 The causes of War on Poverty activity in high and low corporate power cities 138
6.2 The causes of War on Poverty activity in high and low union power cities 140
6.3 War on Poverty expenditure per capita, 1966, for the average central city 142
6.4 Expected War on Poverty expenditure per capita assuming similar local social conditions 142
7.1 Social theory, public policy and the determinants of black collective violence 156
7.2 Riot severity scale 158
7.3 The local origins of the black urban riots, 1967–8 161
8.1 Corporate power and the sources of urban patronage expansion, 1965–70 174
8.2 Corporate power and the sources of urban repression, 1960–70 174
Introduction

The origins of urban power

This book is about urban political power in the US, the power of national corporations and labor unions, and how that power shaped central city policies designed to sustain economic growth and social control.

Power, especially the power of national corporations and labor unions, is difficult to define, and more difficult to measure. In classical democratic theory, rights of participation are the core of citizenship. Rights of participation, whether or not they are exercised, are necessary to the power of the citizenry in its relationship to the state. In the social sciences it has been assumed similarly that political participation is the most important source of political power, that there can be no power without participation — whether actual participation or the possibility of participation. Voice is both a source and all-important indicator of political power.

I wish to argue that the power of national economic organizations such as corporations and labor unions does not originate in the participation of businessmen or labor leaders. Rather, its origins lie in the organization's control over resources — private investment and an apparatus for mass mobilization — upon which local governance depends. The participation of corporate or union élites is more a consequence than a cause of such political power. Political power may be silent, voiceless.

But how to measure political power without relying on the volume of corporate and union élite participation in local decision-making? In this study I examine the policy impact of the local density of corporate and union organizational resources as a measure of corporate and union power.

Previous studies have relied on the identification of political
participants — whether visible actors at city hall or relatively invisible members of an inner circle — to measure the power of different groups. This methodological decision masks a theoretical one — that participation is necessary to power. As a result, it has often been argued that national corporations, with their geographically vast network of plants and subsidiaries, are neither interested, nor powerful, actors in urban politics. Whether heralded for its democratizing effects or denounced for its diminution of local leadership, it is assumed that national corporate elites are no longer powerful political forces in the city. It is the more local businesses — retailers, newspapers, developers — whose fortunes are more closely tied to the city, who are the important urban actors. I wish to argue that national corporations have become the dominant economic organizations in the urban economy, that their decisions link the local economy into the most important national flows of capital and income. As a result, they are simultaneously less dependent upon any given locality and more important to the survival of a city’s economy. The urban political power of the national corporation grows while depending less and less on political participation.

Previous students of the city have often assumed that the organizational structure of a city affects its ability to identify needs and solve problems. Such an approach assumes that the policy impact of local organizations can be analyzed without regard to the divergent interests and powers of different types of organizations — whether these are corporate firms, voluntary associations, or even city departments. Either organizational elites are publicly interested or they provide equivalent alliance partners for those who would like to promote any particular policy. If the interests of different organizations are not specified, power tends to be analyzed as a capacity of a reified system — the local government, for example — to attain ‘public interests’, to which public policy is a presumed response. I will argue that different types of organizations have different interests and different powers. National corporations and labor unions have different interests in local economic growth and social control and different sources of political power. While these interests did not conflict in any fundamental way — office growth versus employment expansion, and pacification versus Democratic electoral strength — their divergent interests should be observed in the policy impact of their local powers.

When students of urban power structure attempt to measure the policy impact of a powerful group, they first control for local economic or social conditions to which the policy is a presumed response. If you want to know the power of the poor in getting the city to build subsidized housing, you would first control to see how badly the poor were housed. If two cities have equally bad housing and the poor have greater political resources in the city which also builds more subsidized housing, you would attribute this incremental effect to their greater political power. On this basis, it became fashionable to conclude that politics did not matter. Local economic and social conditions typically had substantially greater impact in explaining the variation in local policy than did local politics. Again a theoretical position lurks behind a methodological choice. Such an approach assumes that local government is an apparatus for technical problem-solving, and that local conditions can be evaluated as ‘needs’ or ‘problems’. Because it is also a democratic apparatus, local groups can push it further forward or backward in solving any given problem. Local governments will make similar technocratic responses to similar local conditions, responses which may be impeded or accelerated according to the local power of interested groups. Further, it assumes that locally powerful groups shape local policy, and not policy-making, I will argue that powerful groups are interested in local policies because of certain local conditions. Local economic or social conditions become social problems because of the power of interested groups. Local governments respond to different local conditions to the extent those conditions affect the interests of powerful groups. Thus national corporations and labor unions do not simply shape policy, they shape policy-making, by affecting which local conditions affect local policy and which do not. Politics matters in the conversion of local conditions into local policy. Chapter 1 outlines a theory and method for studying the local power of national corporations and labor unions. Chapter 2 reviews the accumulated controversy over the structure of urban power in the US.
The crisis of urban power

Analysts of urban policy and power structure typically study a particular policy – rent control, urban redevelopment, welfare, police – as an independent phenomena. If more than one policy is examined, it is to compare the power of different groups according to policies with different distributions of benefits and constituency alignments. The relationship between policies is rarely analyzed. Here I analyze the historical relationship between policies designed to stimulate local economic growth and sustain local social control in the decade between 1964 and 1975. I show how the consequences of one set of policies create costs – political, economic or fiscal – which later policies must try to absorb. Through such an approach it becomes possible to reveal the political relationship between groups as they are mediated through different policies which absorb their interest and energies. It is also possible to show the contradictions of a power structure.

There are always public costs to local economic growth, particularly when the structure of the local economy shifts. In the three decades after the Second World War, the economic structure of American cities was transformed, changing the location of jobs and residents. Municipal budgets registered the economic and social costs of these changes. City governments adopted new policies to manage the new economic growth and to control those populations which were its unintended victims.

From an industrial workplace geared to material production, the city increasingly became an office center managing production located elsewhere. From a city whose working hands touched metal, wood and concrete, it became a city where workers handled paper, computer tapes and other people. Once the primary locus of the industrial economy, the city became the site of an emerging managerial and service economy.

Transformation meant growth – of new office towers, hospitals, universities, rapid-transit, super-highways, super-parking garages and apartment complexes. New places to work, new ways to get to work, new places to live near work – all indicated the buoyancy of the new urban economy. But transformation also meant decline – of industrial jobs and low-skilled employment in general, of neighborhoods and of retail trade. People without work, without ways to get to what work existed and without money to maintain the neighborhood and its stores – all indicated the darker side of economic change. Chapter 3 traces the changing structure of the central city economy.

These changes in the structure of the city’s economy incurred enormous private costs, costs which public policies were designed to absorb. The new office economy required changes in land-use: downtown expansion, transit connections between white-collar suburbs and office employment centers, new residential complexes for the city’s growing white-collar labor force. These changes in urban land-use did not proceed smoothly through the market. Highly built-up patterns of land-use, fragmented land ownership, encroaching slums, and a paucity of fiscal resources necessary to finance complementary public infrastructure – all these constrained economic growth in the city. As a result, city governments were called upon to provide the public infrastructure of private growth, to absorb publicly the private costs of growth. To do so, they turned to higher levels of government for help.

Urban Renewal was a federally funded program adopted by many cities to overcome these constraints on urban economic growth. Armed with eminent domain powers and earmarked funds for public infrastructure, cities tried to stimulate private investments that might otherwise not take place. Chapters 4 and 5 analyze the impact of corporate and union power on urban renewal.

But the new urban economy increasingly failed to provide private sector jobs for the city’s residents, particularly its rapidly growing, unskilled non-white residents. The new economic growth, and the policies designed to sustain it, accelerated the displacement of the low-skilled employment which historically had absorbed new immigrant populations. It also destroyed a substantial segment of the low-income housing stock that had housed them. These shrinkages in low-income employment and housing occurred at the time of one of the largest waves of cityward immigration in US history, a migration of rural southern blacks to the nation’s cities. The
absorption of this new population into the city’s body politic did not occur naturally. Excluded by the changing structure of the city’s economy, yet a growing proportion of the city’s electoral base, urban blacks began to violate the rules of political representation to protest their deprived status. Growing black numbers and black violence threatened to overwhelm established routines of social control. As a result, cities were also called upon to provide new forms of social control.

City governments attempted to provide public services and public employment for those who could not obtain them in the private market. The cities also tried to control politically a community which traditionally had little access to the centers of urban power, and now refused to accept their deprived status in the new order. Again, the central government played a vital role. The War on Poverty was another federally funded program variously adopted by the cities to provide employment, services, and new forms of political participation for emerging black leadership. So, too, local public employment expanded rapidly – to provide services and jobs – particularly in the wake of black violence which erupted summer after summer in the late 1960s. Harsher methods of social control were also adopted as cities expanded their arsenals and the number of men who could use them. More public jobs, public services, public participation and public force – through these means, cities attempted to maintain social control.

Chapter 6 analyzes the impact of corporate and union power in shaping local War on Poverty policy. Chapter 7 analyzes the black riots of the 1960s, exemplary cases of breakdown of local social control. The riots have been argued to follow a national rhythm of black mobilization. When local social and economic conditions are examined, they are found to have little impact on the frequency or ferocity of local black violence. I find, in Chapter 7, that local public policies have a large impact on local black violence. The riots have a local political logic. For those outside the social structure of work, collective dissent is conditioned by state action, not by mean living conditions and injustice in the market. The subsequent chapter (Chapter 8), shows how corporate and union power shaped local patronage and repressive responses to these violent ruptures in the routines of democratic politics.

Managing the public budget is difficult in the best of times. After the Second World War it became increasingly difficult as the central city economies changed. The function and skyline of US cities were transformed. The transformation required large infusions of public spending to reshape land-use and infrastructure. According to public finance analysts, public expenditures which stimulate growth are not only self-financing, but self-legitimizing. Local private investments generate local jobs, from which local incomes and the taxes for local public services are derived. Local private investments are expected to provide more tax revenues to the local community than they consume in public services. When cities lack the expected budgetary surplus, they are unable to finance services for those who contribute little in tax revenues.

Contrary to expectations, the central city’s economic growth, and the programs intended to sustain it, were neither self-financing nor self-legitimizing. Not only did cities subsidize private investment that may have taken place anyway, but the economic growth that did occur failed to provide a fiscal surplus. Importantly, the employment and income benefits from the city’s economic growth were increasingly being captured by non-resident workers – both white-collar and blue. In response, the resident population made strident demands for the public services and jobs that the local private market was unable to provide. The public costs of urban growth ballooned, resulting in serious fiscal strains. Chapter 9 analyzes the origins of urban fiscal strains which emerged by the mid-1970s.

Contrary to those who heralded the revitalization of the central city as a solution to problems of maintaining mass support during a time of growing urban poverty and maintaining fiscal health in a period of declining tax base, the new urban growth and the policies to stimulate it failed at both tasks. Indeed growth and growth policies produced conflicts, intense and violent conflicts, as well as exacerbating fiscal strains. Fiscal strains appear to be as much a public cost of the new urban growth as it is a symptom of decline.

This study tries to close the theoretical circle between the
Chapter 1

Corporate and Union Power: Theory and Method

There are always local constraints to economic growth and social control. I shall argue that corporate and union power shaped the impact of these constraints on local policy. Growth policies, like Urban Renewal, were not automatic responses to the difficulties of stimulating investment through the market. Social control policies, like the War on Poverty or expansions in local patronage and repression, did not inevitably follow local black violence or respond to a locally powerful black citizenry. Corporate and union power not only shaped what policies were adopted, but in response to which local conditions they were adopted.

The policy impact of corporate and union power: a model

How might corporate or union power affect urban policy? On the one hand these powerful organizations may try to push policies in a similar direction in all cities. Such an expectation assumes that corporate and labor union interests can be defined independently of the characteristics of the cities in which they are located, characteristics which vary between cities. On the other hand, corporations and labor unions may have no effect on city policies. City policies may be a technical response by local government to intractable problems of economic decline or social disorder. Because all cities must maintain their tax base and the quiescence of their citizens, the local power of corporations and labor unions may be irrelevant to the policies they adopt. Both are partial views. National
corporations and labor unions affect local policy, but their impact on policy depends on the extent to which local conditions affect their interests. Local economic and social conditions also affect local policy, but their impact on policy depends on the local power of national corporations and labor unions.

Because conditions vary between cities, corporate and union interests in the adoption of local programs for economic growth or social control will also vary. Consequently, the impact of corporations and/or unions on local policy depends both on the extent to which local conditions affect their interests, and the level of their local power. The local power of corporations and/or unions selectively filters the policy impacts of local economic and social conditions.

The central empirical hypothesis of this book is that where national corporations or labor unions are locally powerful, local conditions that affect their interests will affect public policies intended to serve those interests. Where national corporations or labor unions are not locally powerful, such local conditions will not affect those policies. The coincidence of corporate or union power and local conditions affecting their interests shapes central city policy. Thus power not only shapes policy, but policy-making. The fusion of local corporate or union power and interest will produce different patterns of policy than either could produce alone.

A model of these relationships is shown in Figure 1.1. The top entry in each box refers to the observable empirical indicator. The bottom entry refers to the unobservable theoretical variable. The model has three observable elements: local conditions, the local presence of national corporations or labor unions, and local policies. Each is assumed to indicate something unobservable. Local conditions potentially indicate the extent to which corporate or union interests are at stake in the city. The local presence of national corporations or labor unions indicates their local power. Local policies indicate the level of city government commitment to an intended solution, a solution that can be analyzed in terms of corporate or union interests.

Referring to the figure, a technocratic model (a) would focus on the ways in which local economic or social conditions directly determine local policy by creating an environment to which all cities will react similarly. For example, all cities with a declining tax base will develop policies to encourage new taxable private investment. This model assumes that the local state is an autonomous problem-solver, such that governments endowed with similar authority will respond similarly to similar problems. This is a statist model used by post-industrial theorists who argue that economic development causes the policies of otherwise different polities to converge. It is also shared by structuralist neo-Marxists who suggest the existence of a state whose autonomy assures that policies will be developed in response to the general requirements of capitalist growth.

Other political models of local policy-making (b) focus on how corporate or union power directly determine local policy. For example, in all cities where corporations are powerful, they will try to minimize their tax burdens and maximize their public benefits. This model assumes that while the local state may adopt policies in response to local conditions, certain
organizations outside the state will also shape the policies adopted. Such a model typically assumes that these organizations, by the participation of their elites or their control over resources necessary to the community, wield power over the local polity. Local policies are consequently adopted in response to their power and interests that derive from attributes of the organization, not the locality. This organizational politics model is held by the large bulk of community-power theorists. It is shared by those who infer corporate or union power from the policy impact of their participation or presence (Clark and Ferguson, forthcoming; Hicks, Friedland and Johnson, 1975).

The third locally interested power model (a/b/c) accepts both empirical hypotheses (a and b), but argues (c) that in addition, the policy effect of local conditions will be contingent upon the local power of corporations and unions. In cities where corporations or unions are powerful, those local conditions that affect their interests will have a greater impact on policies intended to serve their interests than in cities where corporations or labor unions are not powerful. This model assumes that the local state does adopt policies in response to local conditions and the power of organizations outside the state. But it also assumes that policies are adopted in response to organizational interests in local policy, interests which depend on local conditions. Thus the local state responds to local conditions that impinge upon corporate or union interests, but only where corporations or labor unions are locally powerful. If either local conditions do not affect corporate or union interests, or corporate or union power is lacking, policies are less likely to be adopted.

The central cities

To study the policy impact of corporate and union power, I will analyze the differences in policy and policy-making in large central cities. All central cities which had 100,000 or more population in 1960, 130 in all, will be studied. The criteria used by the US Census for designation of a central city are complex. Two major criteria are of concern here: city size and functional position in the larger metropolitan area.

Central cities must have a minimum population of 50,000 and must be employment centers within a larger metropolitan area, thus excluding residential suburbs.

Analyzing these central cities has advantages. First, the analysis included two federal urban programs, Urban Renewal and War on Poverty, for which local government had responsibility for local planning, funding application and implementation. Large central cities in particular responded to these federal program opportunities. By 1966, some 84 percent of these cities had at least begun a federal Urban Renewal program. While county governments, with their frequent responsibility for welfare functions, received some War on Poverty funds, central cities were responsible for the bulk of the funds and new poverty programs. By 1966, these central cities accounted for 71 percent of city and county War on Poverty expenditures, and for 72 percent of all city and county programs authorized by the Federal Government. Second, use of large cities minimizes variation in two aspects of a city's administrative and political capacity: adequate personnel and fiscal resources to develop and implement new programs and visibility in the national political system. Small cities and townships, in contrast, have limited resources and are apt to lack their own Congressional representation. Because the policies analyzed here involve the development of new local administrative capacities and the securing of federal approval for local project plans, it is important to choose a population of cities with the necessary administrative capacity and national political significance to achieve that development.

Corporate and union power

The political power of any social group hinges upon its control of resources of importance to the state. Because there are different resources of importance, there are multiple sources of political power. Corporations and labor unions drew upon different sources of political power. Locally situated national corporations control the most productive investments whose output is most competitive in national markets. The multilocal structure of the national corporation makes it
relatively easy to invest and disinvest selectively in response to local conditions, including local policies, that adversely affect the local profitability of the corporation. Equally important, the headquarters of the national corporations were the engines of downtown economic growth, a growth that was increasingly vital to central cities that were steadily losing their industrial functions to smaller towns and suburbs. Thus national corporations were locally dominant economic organizations. This dominance and the relative ease in capital movement gave the national corporations considerable local political power. In many ways, the participation of national corporate elites in urban politics only communicated their economic dominance, a participation which was actively solicited by city fathers anxious to sustain the local tax base, employment and economic growth.

The sources of labor union power were very different. The labor unions did not control the investment process. Concentrated in industrial production, the labor unions were unable to stem the tide of industrial decentralization and disinvestment from the central city as new industrial investments moved to places where wages were lower and the workers less organized. Further, while capital – particularly its more liquid forms – moved fast and far in response to locational variation in profitability, laborers moved less quickly and to less distant places. The friction of space affected labor much more than it did capital. Labor unions were unable to control the local economy or to adapt easily to local conditions by moving their members elsewhere. Corporations could start up production at new locations much more easily than unions could reorganize. If the corporation was placeless, the unions were more tied to places.

The labor unions were not locally dominant economic organizations. As a result, the unions had to rely upon their ability to mobilize their membership politically and to organize other mass constituencies within the city. If corporate power drew upon capital investment, union power drew upon political investment. The participation of union elites in urban politics communicated their control over a mass organization, a participation sought by local leaders desiring electoral support. Corporate political power derived from their impact on the local economy, while union political power derived from their potential ability to mobilize mass participation. The participation of corporate or union elites in local politics was a consequence of their political powers, not a cause.

**Measuring corporate and union power**

Corporations and labor unions have transformed the organization of the American economy. Today several hundred corporations control its mainsprings. These corporations typically control a large share of the national market for a product, invest in all stages of its production and distribution throughout the world, and make use of the most advanced technologies. They make decisions within the firm that used to be made by the market. Their capital intensity and large size makes potential competition difficult, and as a result they enjoy higher profits and easier access to capital markets for financing new investment (Averitt, 1968; O’Connor, 1973; Holland, 1976). In addition, these national corporations are interlocked with each other, and with the most important banks and financial institutions (Domhoff, 1967; Zeitlin, 1974). These interlocks increase their ability to control their markets, rather than be controlled by them.

The largest corporations control an increasing share of the nation’s productive capacity. By 1964, the top 1000 industrials accounted for 70 per cent of all industrial output. Such corporations – their investment, production and location decisions – determine the economic conditions under which smaller firms must operate. Lesser firms are limited to more localized markets, use less productive technologies and face more stringent competition. As a result, their profits tend to be lower and more insecure, and consequently they have more difficulty expanding.

The development of large national corporations in the US made the development of national labor unions both necessary and possible. National unions were necessary because localized union opposition to wages and working conditions in the face of the geographically and industrially diversified corporation was impossible. National unions were possible because national corporations provided the organizational
framework through, or against, which national unions could form; and because the national corporations had sufficient profitability and market power to absorb union demands. National corporations provided both the target and resources which made national union formation possible.

While it is predominantly the largest firms that are unionized, a small percentage of American workers are unionized compared to other advanced economies. In 1964, only 29.5 per cent of all non-agricultural workers were union members compared to the near universal unionization in Sweden, for example. The national labor unions are highly concentrated. In 1970 there were 189 national labor unions with twenty million members, of which sixteen million were members of the 120 AFL–CIO (American Federation of Labor–Congress of Industrial Organization) unions. In 1970, 44 per cent of all union membership was employed in manufacturing, 44.5 per cent in non-manufacturing, and 11.2 per cent in the public sector (Statistical Abstract, 1972). These national unions have over 45,000 locals spread across the country.

The number of corporate headquarters of the largest 1000 industrial corporations located within the central city as of 1964 (Fortune, 1965) was used to measure the local power of national corporations.¹ The presence of such headquarters indicates the presence of corporate élites, many of whom are resident in the same central city. It also indicates the presence of local plant investment within the city, often the largest and most innovative plants.² Finally it indicates the presence of a major corporate office complex, whose continued presence and growth is of vital importance to the central city economy. Thus the presence of national corporate headquarters indicates the organizational basis for the participation of corporate élites and their control over the local economy, particularly its growing office economy.

In 1964, 708 of the top 1000 industrial corporations had headquarters in the 130 central cities studied here. The geographic distribution of corporate headquarters was not even. The average city had over five national corporate headquarters, forty cities had none, and another thirty-one cities had only one.

The number of national labor unions in the central city as of 1960 (Register of Reporting Labor Organizations, 1960) was used to measure the local power of national unions. National labor unions are important units of local union political organization. Cities with a large number of such national unions also tend to have a larger number of national union headquarters and to have a large number of unionized manufacturing workers. The average central city in this study was located in a highly unionized metropolitan area. On average, 75 per cent of all plant workers in the metropolitan area were unionized in 1965. The 130 central cities had an average representation of fifty-two national labor unions. The smallest number of national unions represented in a city was six, while the largest was 120.

Just as the organizational structure of the economy is polarized into two worlds – the world of the giant corporation and the small firm, of the national labor union and the unorganized worker – so too are the cities in which they are located. Some cities are integrated into the national corporate and union structure, while others are not. To capture the two types of cities, the population of central cities studied here was split into those with high and low national corporate power, as well as those with high and low national labor union power. Cities with two or more corporate headquarters are considered high corporate power cities. Cities with fifty or more unions are considered high union power cities; those with six to forty-nine are considered low union power cities. The distribution of central cities among these types is indicated in Table 1.1.³

Measuring corporate and union power by these dichotomies makes some assumptions about the relationship between the number of corporate or union organizations in the city and the level of local corporate or union power. It assumes that the local power of national corporations need not increase regularly with each additional corporate headquarter located in a city, for example. Using the local presence of these organizations to indicate their local power is a very ‘distant’ operationalization. To assume that each additional organization adds a constant increment of power, that the difference between the presence of one and two headquarters is the same as that between forty-eight and forty-nine, would
TABLE 1.1  Corporate and union power* in 130 central cities

<table>
<thead>
<tr>
<th></th>
<th>Number and percentage of cities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low corporate power</td>
<td>High corporate power</td>
</tr>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
</tr>
<tr>
<td>Low union power</td>
<td>48</td>
<td>36.9</td>
</tr>
<tr>
<td>High union power</td>
<td>23</td>
<td>17.7</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>54.6</td>
</tr>
</tbody>
</table>

* Low corporate power = 0–1 headquarters per city; high corporate power = 2 or more; low union power = 6–49 national labor unions per city; high union power = 50 or more.

require tighter measurement, less distance between indicator and concept, than that available here. The dichotomies are relatively arbitrary. The break-point for corporate power was chosen as two or more headquarters rather than one or more for various reasons. Case-study work indicated that the single dominant corporation was frequently overburdened politically, whereas in multicorporate cities, political divisions of labor were possible. In addition, in such cities, the indicator would suggest the power of a single firm, rather than a category of firms. The break-point for union power was the mean number of national unions represented in the city.

The presence of national corporate headquarters and labor unions indicates a variety of things about their host cities. These include the presence of national corporate and union elites who are available for local political participation; the size and diversity of organizational resources and the presence of organizations whose control over economic and political resources limits the range of feasible political coalitions and public policies.

Corporate and union interests

National corporations and labor unions both had interests in using city government authority and resources to foster economic growth and maintain social control. If their interests converged on similar policies, their interests were none the less different.

National corporations were interested in maintaining the value of their investments in the city, particularly their burgeoning headquarter operations, and hastening the growth of the city’s office economy. While existent industrial investments were to be protected, the city was increasingly important as a site for industrial production. The major corporations preferred suburbs and smaller towns as locations for new plant investments. The labor unions saw economic growth as a way to sustain local employment and wages, particularly for unionized workers. The unions were interested in stemming the decline in industrial employment in the cities.

In the post-1945 period, both corporate and union elites had coalesced into a political coalition supporting urban growth policies (Mollenkopf, 1976). Both viewed the growing numbers and growing organization of the urban blacks as a threat to that coalition and the policies it pursued. Even though the policies necessary for growth could be housed in agencies far from electoral control, the orchestration of urban growth ultimately depended upon mass electoral support for the city’s political leadership, to which growing black numbers were crucial. Yet cities’ non-white populations were particularly disadvantaged by the city’s changing economy. Maintaining black electoral support through other means was therefore crucial. It was precisely the blacks’ strategic position that provided the conditions under which black militancy could also emerge and be effective. This militancy also had to be contained.

For the corporations, social control was a matter of quiescence, of protecting local economic growth. For the unions, the city’s poor and non-white populations had additional national political significance. The city’s blacks had become important components of the national Democratic Party’s electoral base, an electoral base which the unions had helped construct over several decades. Maintaining rising black protest within the confines of electoral routines, and hopefully within the Democratic Party, was important for the union’s national political strategy. The sources of corporate
and union political powers were not the same. National corporations linked the city into the national economy and thereby controlled the prospects for local economic growth. Their ability to move capital easily throughout the nation and their superior market power allowed them to control the gates of the municipal economy. This economic power was a most important source of political power. Corporate ability to exit, to disinvest selectively from any particular city, empowered local corporate voices. Labor unions, on the other hand, did not control local economic growth. They could only react to it. Union political power was consequently more dependent upon their ability to organize the voices of their members and to deliver mass electoral support of other urban constituencies. For the unions, maintaining social control and the electoral allegiance of the new urban masses was vital to their political power. For the corporations, in the absence of any programmatic challenge to their privileged position in the political economy, angry and recalcitrant masses did not threaten the roots of their political power.

Measuring corporate and union interests

Corporations and labor unions are not only locally powerful organizations, they are also locally interested organizations. Corporations and labor unions were both interested in maintaining local economic growth and social control, although for different reasons. This would suggest that they would have such interests in any city, and that policies intended to maintain local growth or social control would be adopted in all cities where they were powerful. This formulation derives corporate and union interests from an analysis of the organizations, not from attributes of the cities. If corporate power, for example, affects local policy irrespective of local conditions, these effects indicate the operation of such interests.

However, corporate and union interests in the use of public authority and public monies to achieve economic growth or social control are also affected by local conditions. Local conditions which potentially constrain economic growth or endanger social control vary between cities. It is the variation in such conditions which is the local source of corporate and union interest in local policy.

At the most general level, where corporations or unions are powerful locally, and local conditions affect their different interests in economic growth or social control, local policies intended to serve them are more likely to be adopted. Corporate and union interest will filter which conditions have policy impact, to which conditions local governments are responsive. Local policies are shaped by the intersection of local conditions which threaten organizational interests in economic growth or social control, and by organizations to whose power the local political system responds.

Corporate and union interests cannot be directly measured. Their existence is assumed, and their impact is observed in the patterning of local conditions which affect local policies where corporations and unions are powerful.

This specification has a number of variable characteristics of the organization and labor unions – as a source of Organizational interest in a given city as a variable attribute of the organization. Thus some corporations’ plant is in a particular city or metropolitan area, across the country and the world, executives live in the headquarter elsewhere. To the extent that interest in the corporate model is not correctly specified.

Second, faced with constraints on local social control, corporations in particular besides reshaping local policy alternatives besides 1960 and 1975, hundreds of corporate relocations (Friedland and DuMont, forth coming) corporations choose ‘exit’ rather than ‘stay’. In the event that local constraints on their interests, the model is not correctly specified. This is particularly problematic if corporate relocation is correlated with those local conditions likely to affect their interests in growth or social control policies. However, if corporations move in response to such local
conditions, this should attenuate their expected policy impact in cities where corporations are presumed to be powerful.

Methodology

The policy difference between cities where corporations or labor unions are powerful and those where they are not can have many sources. I will take the case of corporate power and urban renewal as an example. First, cities where corporations are powerful may have different local economic or social characteristics than cities where corporations are not powerful. High corporate power cities may be cities with a more dilapidated housing stock and thus greater housing needs for urban renewal. As a result, high and low corporate power cities will have different levels of urban renewal activity. But the difference in urban renewal activity would not be due to corporate power. This will be measured as a compositional effect and is of no theoretical interest.

Second, corporate power may influence the way in which local economic conditions affect local urban renewal activity. In high corporate power cities, the effect of population density, for example, on the level of local urban renewal may be different than in low corporate power cities. Here the difference in urban renewal between high and low corporate power cities is due to the ways in which corporate power shapes the translation of local economic conditions into public policy. This can be measured as a slope difference effect, and is of central theoretical interest here.

Third, corporate power may itself have a direct effect on the level of local urban renewal activity. High corporate power cities may have more urban renewal, for example, regardless of the nature of local economic conditions. Here the difference in urban renewal activity is due to the local power of corporations to further local urban renewal. This kind of effect assumes that corporate interest in urban renewal is not dependent on local economic conditions. This can be measured as an intercept effect and is also of theoretical interest.

The population of central cities will be split into two groups: a group of high corporate power cities and a group of low
corporate power cities. The level of urban renewal activity will be regressed on local economic conditions within each group of central cities. These two sets of regression results will provide the evidence against which the types of corporate impact can be compared.

The differential pattern of significant regression coefficients in the two groups of cities indicates the effect of corporate power on the transmission of economic conditions into urban renewal policy. While the differential presence and absence of significant effects indicates where corporate power is necessary for a particular economic condition to have any effect on public policy, tests on the difference in the unstandardized regression coefficients indicate whether corporate power is necessary for economic conditions to have significantly different effects (slope difference).

If the efficacy of economic conditions as determinants of urban renewal activity is contingent upon the level of
corporate power, the results suggest that corporate power selectively translates economic conditions into public policy. If the level of urban renewal activity is contingent upon the level of corporate power, even controlling for local economic conditions, this indicates that corporations translate their power into policy, regardless of local conditions (adjusted intercept difference). If the efficacy of economic conditions as determinants of urban renewal is not contingent upon the level of corporate power the results suggest that inner-city variations on corporate power are not important in the translation of local economic conditions into public policy.  

Notes

1. The absolute size of a group is an important determinant of its internal structure and its relationship to the local society. Simmel, for example, talks of the way in which group size becomes a symbol of the group and its relationship to the larger society. Thus the guild masters of Frankfurt were referred to by their number, 'the six' (1950:107). Simmel writes,

   The role of one millionaire who lives in a city of ten thousand middle-class people, and the general physiognomy which that city receives from his presence, are totally different from the significance which fifty millionaires, or, rather, each of them, have for a city of 500 000 population – in spite of the fact that the numerical relation between the millionaire and his fellow citizens which alone (it would seem) should determine that significance, has remained unchanged . . . The strange thing is that the absolute numbers of the total group and of its prominent elements so remarkably determine the relations within the group – in spite of the fact that their numerical ratio remains the same . . . [We see that] the relation of sociological elements depends not only on their relative but also on their absolute quantities [Simmel 1950:97–8].

   I am grateful to Jim Baron for bringing Simmel to my attention.

2. Previous research (Friedland, 1977) indicates a strong relationship between the number of corporate headquarters situated in a central city and the number of locally owned plants in that city, as well as the number of large financial intermediaries. In addition, cities with a larger number of corporate headquarters were also more likely to have exclusive upper-class clubs, social registers and foundations, social institutions of importance to corporate power.

3. Phi, a measure of association which corrects for population size, is 0.45, which is highly comparable to the measure of association for the continuous variables (= 0.44).

4. In the analyses that follow, the impact of corporate and union power are measured separately. The analyses must assume, for these policies, that the impact of corporate and union power can be described additively, that the impact of corporate power is not contingent upon union power (or vice versa). Given the absence of corporate and union opposition on these policies, and the absence of conflict of interest, this is not an unreasonable assumption. For other policies, like unionization or wage rates, it would not be a reasonable assumption.

Chapter 2

The Local Economy of Political Power: Participation, Organization and Dominance

Corporations and labor unions have political power. What accounts for their political power, how that political power affects public policy, and how that power can be observed are questions that have puzzled researchers for most of this century. Group political power, including that of groups of economic organizations like corporations and labor unions, is affected by three attributes of the group: the political participation of its members, the organizational structure which composes it, and its control over local material conditions. Each of these attributes is a source of political power. Each has been studied, at least partially, in order to understand the power of a group. In this chapter I will review how these attributes of corporations and labor unions have been studied as sources of political power.

Business power and the city

Muckrakers often look for the political power of business in the flow of favors which firms dispense to politicians who do their bidding. Campaign finance, bribes and jobs – on these they can crack their teeth. Arguments then range over the magnitude of such flows and what they can buy in the political market place.

For social scientists, political power is a lightning rod for theoretical dissent. Social scientists argue over the amount of