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Redistribution and the Politics of Spatial Inequality in America

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In the United States, the politics of inequality and poverty has long been linked to the political geography of the metropolis. Fueled by waves of immigration, American cities developed a distinctive spatial politics defined by class, ethnicity, and race. Postwar suburban development added a new dimension of separation that sharpened spatial inequality by establishing racial walls between cities and suburbs. The division of the metropolis along racial lines forged the white middle class even as it denied economic opportunities to black Americans. Separated by political boundaries, cities and suburbs effectively formed "two Americas, one black, one white," as the Kerner Commission memorably declared (United States 1968).

Over the past half century, however, the old lines between cities and suburbs have lost the significance they once had. Growing numbers of African Americans have moved to suburbs even as new cohorts of immigrants have transformed the populations of cities and suburbs. Moreover, the economic divisions of the past no longer define the geography of the metropolis: many cities have experienced economic booms and an influx of affluent residents, while poverty in the suburbs has risen. Intertwined with these spatial shifts is growing economic inequality that has richly rewarded those at the top of the income spectrum and left the middle class increasingly stressed.

Making sense of the new metropolis is critical for understanding opportunity and inequality in the United States. Place of residence

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presents a uniquely formidable risk in the United States, amplifying the constellation of risks discussed by Thelen and Wiedemann (Chapter 12, this volume). Legally sanctioned racial segregation created a template for a particularly vicious form of inequality that has endured long after formal residential segregation was outlawed (King 2007; Rothstein 2017 Taylor 2019). Since the 1980s, spatial inequalities have been exacerbated by the federal government's turn away from place-based assistance. Growing economic inequality has magnified spatial differences, turning place of residence into a coveted prize – or deep disadvantage. As a result, the United States has become "a collection of societies, some of which are 'lands of opportunity' with high rates of mobility across generations, and others in which few children escape poverty" as Raj Chetty and his coauthors put it in an influential study (Chetty et al. 2014, 1). The profound effect of place means that understanding inequality and opportunity in America requires assessing the economic and political forces that exacerbate spatial inequalities and those that temper them.

This chapter argues that metropolitan America is now defined by two divergent political trends with very different implications for inequality, redistribution, and economic opportunity. On the one hand, most metropolitan areas exhibit a pattern of segmented localism that partitions the public sector by income and race. We show that metropolitan America is fragmenting across political jurisdictions, allowing affluent residents to cluster into separate municipalities shielded from fiscal responsibility for low-income residents. Lower-income people, by contrast, increasingly reside in political jurisdictions with weak public capacities. This form of urbanism, we argue, creates a skewed distribution of public resources allowing richer jurisdictions to enjoy better services and lower taxes, while jurisdictions with high numbers of low-income residents struggle to provide basic services. Political fragmentation leaves little room for redistribution across boundaries.

By contrast, a very different approach to poverty and inequality is germinating in affluent cities. Once left for dead, many big cities are now thriving as they benefit from the agglomeration effects of the knowledge economy and connections to the global economy. These cities have the economic means and the political inclination to champion a bundle of polices that aim to reduce inequality and promote opportunity. Ranging from minimum wage to universal prekindergarten, these initiatives chart a very different approach to using local public resources and public power to reduce inequality.

We begin with an analysis of the rules for creating separate local jurisdictions, showing how these rules create incentives for exit from and avoidance of economically and racially heterogeneous jurisdictions. The very limited role of higher levels of government in mitigating differences across place exacerbates those differences. We then examine the development of segmented localism, showing that jurisdictions within metropolitan areas have pulled apart economically in recent decades. We analyze the attitudes about taxes and redistribution that underlie the impulse to separate economically. The third section explores the rise of progressive urbanism, outlining the political possibilities presented by economic agglomeration and discussing the political limits of urban-based redistributive initiatives.

THE SIGNIFICANCE OF THE AMERICAN LOCAL PUBLIC SECTOR

In assessing the significance of place as a component of inequality, Freemark, Steil, and Thelen (2020) highlight the interaction of two distinct dimensions. The first encompasses the rules for placemaking and preserving the autonomy of local jurisdictions. The second includes policies that promote spatial equalization by expanding the supply of regional public goods or redistributing from richer to poorer areas. On both dimensions, American policies create strong incentives for the emergence and preservation of sharp economic and racial differences among localities.

Table 8.1 draws from their analysis to show how unique the United States is in facilitating inequality across place and how little it does to

TABLE 8.1 *Public policies and spatial inequalities*

Country	Governmental Fragmentation	Federal/State/Provincial Education Funding	Fiscal Equalization
United States	High	Low-Medium	Low
Canada	Low	High	High
France	High	High	High
Sweden	Low	High	High
Switzerland	High	High	High

Sources: Blöchliger, Charbit, 2008; Blom-Hansen, Kora, Serritzlew, Treisman 2016; Freemark, Steil, and Thelen 2000; Sellers, 2017

remedy the resulting place inequalities. The table displays variation among three policy domains that amplify or mitigate place inequality: governmental fragmentation, educational financial arrangements, and policies for fiscal equalization. Greater degrees of local governmental fragmentation promote inequality by allowing more affluent residents to choose the level of services and taxes they wish to pay for, while less affluent residents may remain trapped in jurisdictions with weak tax bases and poor services (Sellers 2017).

Arrangements for educational finance can mitigate or enhance spatial inequality: when higher levels of government foot the bill for education, place differences matter less, reducing incentives to move to obtain good schooling. Finally, higher levels of government can mitigate spatial inequalities through programs that promote fiscal equalization across place, either taking from richer places to assist poorer places or offering supplements for poorer places. As Table 8.1 indicates, American policies promote spatial inequality by the combination of high local governmental fragmentation and weak action from federal and state governments to mitigate those inequalities.

Beginning in the 1950s, many rich democracies aggressively amalgamated their local governments to suit broader economic and social goals (Blom-Hansen et al. 2016). Many national governments merged localities so that they would have the scale needed to implement the social programs delegated to them. For example, in the immediate postwar decades, Scandinavian countries undertook amalgamations that greatly reduced the numbers of localities. Canadian provinces created large metropolitan governments that had authority over the city as well as its suburbs. However, France and Switzerland, like the United States, did not undertake comparable municipal reorganization.

The fragmentation score is low if the country reduced the number of localities by more than 50 percent over the past fifty years. Education spending on the part of higher levels of government is scored as low if local government's share is more than 40 percent. Fiscal equalization is low if there is no federal or state-mandated plan to reduce fiscal inequalities among local governments.

The United States could have followed a path similar to that of Canada, if the states, which retain authority over land use, had taken action. But by the early decades of the twentieth century, most states had established rules that made it easy to create local governments, and they had granted those governments considerable autonomy. Once established, localities used their near exclusive control over land use to restrict the type of

housing that could be built. In most states, local governments had the power to ban multifamily housing and to reject public housing. They could also enact "large lot" zoning requirements to ensure that only residents with higher incomes could afford to live there (Briffault 1990; Rothstein 2017). State legislatures, increasingly filled with representatives from suburban political districts, had no interest in challenging these powers (Weir 2005). In contrast to Canada and Europe, the racial politics of place in the United States made the political costs of metropolitan amalgamation prohibitive. A large literature has documented how central racial exclusion was to postwar suburban development, as real estate interests took the lead in incorporating new local governments and enacting racially restrictive covenants designed to preserve housing values (Burns 1994; Connolly 2014; Self 2005). Legal challenges to these powers – even when they result in racial exclusion – stood little chance of success. After 1973, the Supreme Court issued decisions affirming the inviolable status of local boundaries. The result, as legal scholar Michelle Anderson put it, was that "where state autonomy had long issued a license to shape local borders, local autonomy now constituted a defense of existing local borders, even those drawn using segregation's pen" (Anderson 2010, 971).

Local political fragmentation created a bias for exit and for the segmentation of public resources, well documented by a variety of studies. For example, in a study examining the number and size of local jurisdictions, Alesina, Baquir, and Hoxby (2004) show that more racially and economically heterogeneous counties create more local jurisdictions and that whites will exit to new jurisdictions as their own becomes more economically and racially diverse. Trounstine (2018) offers a more political explanation, finding that when city politics and spending favor nonwhites and the poor, whites and affluent residents will exit for a different locality.

Yet, incentives for exit and resource hoarding at the local level can be mitigated by a variety of federal and state policies that reduce spatial inequalities (Freemark, Steil, and Thelen 2020). Educational financing systems that make local governments shoulder a large part of the cost can dramatically exacerbate spatial inequalities. As Table 8.1 indicates, most rich democracies limit this source of inequality by making educational finance a national responsibility or by devising systems that redistribute from richer to poorer school districts or that greatly supplement the finances of less affluent school districts. France and Switzerland, like the United States, have many local governments, but

they reduce spatial inequality through educational financing systems that limit local responsibility. The United States stands out as the only advanced democracy that does not have a robust system designed to equalize school finance. Because the federal government provides little financial support for elementary and high school education, efforts to equalize depend on state action. Despite decades of litigation to promote more equal funding for schools – and some successes – local governments continue to bear nearly half the cost of education (National Center for Education Statistics 2016).

Finally, most rich democracies have policies of territorial equalization that help buffer differences in resources and needs across localities (Sellers 2017). These take many forms, including grants from the national government and revenue-sharing schemes across local governments (Blöchliger and Charbit 2008; Kübler and Rochat 2018; Sellers 2017). The United States, by contrast, has no formal policies to promote equalization across the states or municipalities. During the 1960s, a variety of federal programs directed at cities sought to directly assist the poor and to promote economic development (Mollenkopf 1983). Even after this version of "forceful federalism" was abandoned, a series of block grants, including general revenue sharing, was put into place (King 2017). Although broadly spread across municipalities, federal revenue sharing operated on a mildly redistributive formula that disproportionately benefited less affluent jurisdictions. But even these modest forms of equalization were slashed in the 1980s. Deep cuts to place-based federal policies and the outright elimination of revenue sharing left municipalities increasingly reliant on own-source revenue, further driving a wedge between the haves and the have-nots (Caraley 1992). States did not step in to promote regional redistribution when federal support declined. Only one metropolitan area – Minneapolis–St. Paul – mandates a formal tax base sharing program, and efforts to build broad support for regional redistribution schemes have met with little success (Orfield 1997).

The United States stands as an outlier among rich democracies. It allows local governments with greatly different needs and capacities to proliferate, and it does very little to buffer those inequalities through educational financing and spatial equalization programs. When combined with the very high rates of economic inequality in the United States, these policies have set the stage for a fractured local public sector that shields the affluent and leaves low-income residents with only fragile handholds for economic security and mobility.

THE POLITICS OF SEGMENTED LOCALISM

In metropolitan areas across the United States, growing economic inequality is reflected in an increasingly stark political geography of inequality. The uneven distribution of local public goods exposes residents of some places to a severe form of the risk contagion discussed by Thelen and Wiedemann (Chapter 12, this volume), while residents of affluent places are buffered against risk. The disadvantages and rewards associated with place have often generated bitter conflict between those seeking to mitigate spatial differences and those working to reinforce existing boundaries or to introduce new ones. While these political battles are fought out in debates about local autonomy, democracy, and fairness, efforts to enforce racial exclusion are never far beneath the surface of conflict.

The Politics of Separation

The pattern of separation across political jurisdictions emerges from choices that individuals make about where to live; however, these choices are framed by the active use of public powers. Restrictive land-use policies limit the location of affordable housing much as decisions about how to draw new boundaries determine who lives in which political jurisdiction. Throughout metropolitan America, efforts to enact policies that mitigate or further entrench spatial inequalities provoke rancorous conflict. These battles reveal how deeply entrenched ideas about the desirability of economic separation have become and how closely connected they are to the preferences of white residents for racial segregation.

The most important strategy to combat concentrations of rich and poor involves spreading affordable housing throughout the metropolitan area. Yet, even people who support redistributive policies express opposition when confronted with the prospect of affordable housing being built near their own homes. In a survey of American metropolitan areas, Marble and Nall (2020) found that liberal and conservative homeowners differed on whether federal policy should promote affordable housing, with liberals far more supportive of such efforts. However, when asked about whether dense affordable housing complexes should be located in their communities, the views of liberal homeowners became much more negative.

Even small initiatives to promote affordable housing regularly meet with fervent opposition. The opponents' arguments reveal deeply held assumptions about the need for spatial separation by income and indirectly by race. Chicago, which faces a significant spatial mismatch between

housing and jobs, provides an example. Affordable housing is scarce in the largely white north and northwestern suburbs where job growth has been concentrated. But opponents have been able to block most affordable housing initiatives in these suburbs. Opponents express fears about the negative impact on existing home values, a reduction in the quality of life, and the likelihood of higher taxes due to greater density. In addition, references to the city of Chicago's high-rise public housing – occupied mainly by African Americans – infuse debates about affordable housing (Hertz 2012). Many opponents invoke the specter of Cabrini-Green – one of Chicago's notoriously problematic high-rise housing projects – as a reason to oppose affordable housing. Residents and officials in affluent jurisdictions often regard the current characteristics of their municipalities as immutable. Although political boundaries and land-use regulations are the product of political decisions, public officials resist affordable housing initiatives on the ground that they are not "natural." In the words of one suburban official, "We've prided ourselves as a high-end, low-density community .... It's not natural for [affordable housing] to be here" (Yednak and Flynn, 2005, 2C).

Battles over political boundaries also provoke arguments about the best mix of incomes in a municipality. These conflicts emerge primarily in Sunbelt areas, which in contrast to the Northeast and Midwest, had laws facilitating annexation and restricting municipal incorporation. This framework for local governance left large swaths of developed territory unincorporated. Communities in these areas rely on county government for public services, supplemented for many residents by private homeowners' associations (McKenzie 1994). But when county governments expand redistribution, growing dissatisfaction with taxes and services frequently set off movements to escape county governance by establishing separate municipalities. These controversies have broad implications for redistribution because such governance changes replace a single overarching tax system with a set of separate and unequal tax bases. The debates that arise in campaigns to secede from county rule reflect beliefs that taxes and services should align in ways that leave very little room for redistribution.

In a study of clusters of new metropolitan incorporation, Waldner and Smith (2015, 187) analyzed the forces behind these governance changes. Relying on Proquest and local news sources, they examined the Atlanta, Miami, Sacramento, and Seattle areas, all metros where counties had experienced at least two incorporations in a single county between 1990 and 2009. They found that dissatisfaction with counties was the most

consistent theme running through the decision to incorporate, calling it a "mass revolt against the county government" (Waldner and Smith 2015, 187). Three types of complaints stood out: dissatisfaction with services, revenue, and land use, especially the siting of apartment buildings. In each metropolitan area, it was the most affluent communities that led the push to secede from county government.

A closer look at the statements of public officials and residents in these metros reveals the contrasting ideas about fairness and redistribution that underlie these conflicts. Proponents of breaking away from county government often think of communities in terms of "donors" and "receivers," and they express acute awareness that they pay more into the county than they are getting from it. In the Atlanta suburbs, proponents of the proposed city of Brookhaven found it unfair that their community had "14 percent of unincorporated DeKalb's [County] tax base but less than 9 percent of the population" (Torpy 2012, B1). Similarly, a supporter of the effort to create the new city of Arden Arcade in Sacramento County noted that his area served as "the revenue generator of the county .... Sixty percent of the tax revenue earned in Arden Arcade goes out"(Garvin 2010). Eve Galambos, the leader of the move to incorporate affluent Sandy Springs in Georgia and later mayor of the new city, reflected on the impetus for incorporation: "We were a cash cow. We were tired of subsidizing everybody else's police department, and we had no policemen" (Pomerance, 2008, D1).

By contrast, opponents of municipal incorporation praise the benefits of a broader tax base. In the Atlanta area, a leader of a local civic association argued that the cityhood movement could be seen as "cynical": "You peel away affluent areas, get enough commercial and the heck with people left behind. Before, we kind of spread the load" (Torpy 2012, B1). African American public officials pointed to the way redistribution and taxes intertwined with race. Reacting to the 2005 incorporation of the affluent Sandy Springs in Atlanta's Fulton County, State Senator Vincent Fort rued, "You're going to have this different tax distribution that is going to have an impact .... That's nothing but apartheid" (Barry 2005). Indeed, the municipal carving up of Fulton County, which had a majority Black government, can be seen as a way to prevent minorities "from making claims on the property of affluent whites through the political system" (Connor 2015, 40). In that sense, the municipal incorporation movement echoes Trounstine's (2018) finding that whites exit political systems when Blacks gain power and increase public spending.

Conflicts over affordable housing and local government reflect broader public attitudes about taxes, redistribution, and community in

the United States. Williamson's study of attitudes about taxation argues that Americans express a willingness to pay taxes when they feel a "sense of *fellowship*" (Williamson 2017, 8). In a national survey and in-depth interviews, she finds that "Americans like when their taxes clearly go to the people with whom they feel a strong sense of shared interest" (2017, 80). In addition, they prefer public spending that is "visible and proximate" (2017, 80; see also Mettler 2011). In metropolitan America, local governments with homogenous populations help create that sense of commonality. Indeed, Williamson, in line with other researchers, finds that local public investments are among the most popular forms of government spending (2017, 80). Not surprisingly, when big county governments increase redistributive spending and perceptions arise that public spending benefits some areas more than others, pressures to redefine local government emerge. Likewise, initiatives to build affordable housing in affluent communities confront resident concerns about possible impacts on local taxes. When combined with deeply embedded attitudes that define community in racial terms, these views support exclusion and exit.

The desire of affluent suburbs to secede also reflects the nostalgia analyzed by Andra Gillespie (Chapter 2, this volume). In the mid-1990s, Newt Gingrich, who represented the Atlanta suburbs in Congress, praised Atlanta's white suburbs in explicitly nostalgic terms, describing them as "a sort of Norman Rockwell world" where "the values ... of the mid-50's are the values of most of these people now" (Applebome, 1994, 1A). Although they are now embedded in racially diverse metropolitan areas and serve as major employment centers, seceding municipalities have sought to retain a small-town ambiance. Demolishing existing multifamily housing and preventing new apartments from being built have been very high on the agenda of new municipalities in the Atlanta region. The price of nostalgia is one borne by lower-income residents – especially people of color – who cannot find affordable housing close to employment centers or who cannot find affordable housing at all.

The Growth of Spatial Inequality

These attitudes have contributed to growing spatial inequality in metropolitan America. Examining census tract data from 1990 to 2010, Bischoff and Reardon (2014) demonstrate that income segregation in metropolitan areas grew rapidly from 2000 to 2009 and that, over

time, middle-income neighborhoods shrunk while poorer and richer neighborhoods grew. Their work shows that most of the increase in income segregation results from the segregation of affluence rather than the segregation of poverty. Florida and Mellander (2015) provide a complementary analysis, charting the rise in economic segregation by using income, education, and occupation as indicators. Massey and Rugh (Chapter 7, this volume) highlight the growth of neighborhood-level economic segregation over time and show how it is reinforced by segregation of Blacks and Latinos.

Segregation by neighborhood is not the only way to understand spatial inequality. As racially exclusive suburbanization grew in the 1950s, political boundaries between city and suburb – not simply neighborhood – became even more significant. With suburbanization, Trounstine shows, a greater share of metropolitan racial segregation occurs across cities rather than within them (2018, 167). These patterns affect the public resources that residents can access. Research has shown that cities with the strongest fiscal capacity spend the most on redistributive purposes (e.g., Hajnal and Trounstine 2010, 1144, 1150). Jurisdictions with lower incomes have weaker tax bases and less capacity to redistribute. Even though most local governments do not directly spend significant sums on redistributive programs, their fiscal capacity nonetheless matters for low-income residents. Local expenditures on a wide range of public goods – including police, fire, roads, transportation, public libraries, parks, and recreation programs – all affect the well-being and future prospects of low-income residents.

The growing population of suburbs makes it important to assess economic divisions not only between the historic central city and its suburbs but also across suburban municipalities. In many parts of the country, the central city accounts for a relatively small fraction of the metropolitan area population. Moreover, since 1990, poverty in suburbs has grown. By the mid-2000s, a majority of poor residents in major metropolitan areas lived outside the historical central city (Kneebone and Berube 2012). Recognizing the importance of political jurisdictions, researchers have begun to track inequality across all political jurisdictions in a metropolitan area to understand emerging patterns of economic and political segregation. In a study of fifty metropolitan areas from 1980 to 2000, Swanstrom and his coauthors found that the suburban population was increasingly sorted into affluent and poor jurisdictions, with the proportion of middle-income municipalities declining (Swanstrom, Casey, Flack, and Dreier 2004, 7). In 1980, 75 percent of suburban residents lived in

middle-income suburbs but only 60 percent did so in 2000.[1] At the same time, they found that the gap between the richest and poorest suburbs had grown.

The expanding economic gap across political jurisdictions has produced significant fiscal segregation. Examining the fifty largest metropolitan areas, Orfield and Luce (2013, 403) found that predominantly nonwhite suburbs had a per capita tax base that was 66 percent of the regional average, while the per capita tax base of predominantly white suburbs was 108 percent.

Separate and Unequal

Attitudes and laws that promote racial and income separation have sorted much of metropolitan America into places that protect higher income people from the costs of redistribution while other jurisdictions have little to offer their residents, even at high tax rates. The political geography of inequality varies in regions of the country. In the Northeast and Midwest, greater governmental fragmentation and the anti-density zoning that accompanies it have enhanced segregation by income and race (Rothwell and Massey 2009). As we have seen, some Sunbelt metros have embraced political fragmentation in recent decades. Sunbelt metros also achieve separation when municipalities pursue annexation strategies that bypass low-income communities.

In the Northeast and Midwest, high levels of fragmentation have resulted in a growing number of small high-poverty jurisdictions: by 2014, more than a third of the poor outside the historic central city lived in small high-poverty jurisdictions in these regions (Mattiuzzi and Weir 2019). In all regions of the country, Blacks and Latinos were overrepresented in such small high-poverty cities. Small high-poverty jurisdictions face special challenges. With high needs and restricted resources, they are vulnerable to "death spirals" of reduced services, higher taxes, and population loss (Mallach 2018, 164–165).

Harvey, Illinois, a majority Black town of 24,908 in Chicago's south suburbs, provides a stark example. Struggling with pension payments, a budget shortfall, and a 38 percent poverty rate, the town laid off a quarter of its police force and 40 percent of its firefighters in 2018

[1] These authors define middle-income jurisdictions as those falling between 75 percent and 125 percent of the regional per capita income.

(Koeske 2018; Slowik 2018). Yet, the town had a high tax rate. A 2019 study comparing the tax rates of selected municipalities in the Chicago area showed that the poorest municipalities had the highest tax rates. The tax rate in Harvey was three times as high as that in affluent largely white municipalities (Civic Federation 2019, 6). High tax rates stand in the way of commercial development and depress housing values. In contrast with more affluent communities, where homeowners can expect their property to appreciate, homeowners in these distressed municipalities experience declining property values (Mallach 2018, 164–165). Moreover, these communities suffered the highest rate of foreclosures during the 2008 recession. Housing, which for a majority of white Americans serves as the central vehicle for building wealth, instead drains resources from such poor, largely minority communities.

The experience of affluent jurisdictions differs markedly. Wealthier places can offer ample public services at a low tax rate. The well-off suburb of Naperville featured one of the lowest tax rates of the municipalities in the Chicago suburbs (Civic Federation 2019, 6). In the Sunbelt, many affluent communities that incorporated to escape county governance benefited from lower taxes and better services. For example, Key Biscayne, Florida, whose decision to incorporate in 1991 set off a wave of municipal incorporations in Miami-Dade County, was able to reduce taxes by 20 percent at the same time that it dramatically raised the quality of services (Waldner and Smith 2015, 188).

Many cities in Sunbelt metros restrict redistribution through their annexation strategies. The highest and fastest growing proportion of the metropolitan poor in unincorporated areas is found in southern metros (Mattiuzzi and Weir 2019). With generally more lenient annexation powers, Sunbelt cities routinely annex affluent areas that will add to their tax base while skipping over poorer areas that require more services (Anderson 2007). This process of *underbounding* leaves poorer, often minority communities reliant on county governments. Many such communities lack even the most basic services, including water and sewers. Swanstrom and his coauthors found that 40 percent of the poorest suburbs were unincorporated communities, the vast majority in Sunbelt metros (Swanstrom et al. 2004, 16–17). Throughout the Sunbelt, a lopsided distribution of local resources is achieved not only by a patchwork of unequal municipalities but also by deliberate decisions to leave some places out of municipalities.

BIG CITIES AND THE POLITICS OF REDISTRIBUTION

Even as metropolitan America divides into fiscally separate worlds, the big cities at the heart of the metropolis have become more economically and demographically diverse. Through a combination of immigration and gentrification, many big cities have disrupted the downward demographic spiral that once seemed inevitable. At the same time, the rise of the knowledge economy has brought extraordinary prosperity to some cities. Animated by liberal cosmopolitan ideas, these thriving cities combine the economic and political elements needed to promote local redistribution. Over the past decade, a cluster of new municipal ordinances and spending plans points to a significant local role in redistribution. Yet, questions remain about how far these initiatives can spread and whether they can be sustained.

Theories of fiscal federalism posit that competition among local governments prevents them from engaging in redistribution (Peterson 1981). Because they are responsible for raising their own revenue, the theory argues, American cities necessarily seek taxpaying residents and industries. They avoid redistribution for fear of attracting residents who consume costly services. But considerable research has shown that cities do, in fact, redistribute. Many cities spend their own source revenue on housing, health care, and other social services directed at lower-income residents (Craw 2015). Researchers have shown that larger cities and those with greater fiscal capacity are more likely to redistribute (e.g., Craw 2010; Hajnal and Trounstine 2010, 1144, 1150). As this suggests, the competitive position of cities varies across place and over time as they benefit or suffer from economic and governmental changes (Craw 2015).

Over the past three decades, the possibilities for urban redistribution have been amplified by the move away from manufacturing toward the innovation-based knowledge economy. A growing body of research has documented the emergence of economic agglomerations as industries colocate to innovation hubs (Moretti 2012; Storper 2013). Cities that become innovation hubs benefit from concentrations of skilled workers, specialized service providers, and knowledge spillovers (Moretti 2012, 124). Once established, the competitive advantage of these cities escalates. Firms that require access to agglomerations risk failure if they locate elsewhere. But it is not only firms in the knowledge economy that face constraints about where they locate. Hotels, for example, require some downtown locations. These constraints on business raise the cost of exit,

giving cities more room to redistribute than the fiscal federalism model posits (Schragger 2016).

The demographic and political characteristics of big cities also predispose them toward redistribution. Researchers have shown that more racial and ethnic diversity leads cities to engage in more redistributive spending (e.g., Craw 2010; Trounstine 2018, 153).[2] Urban residents are also more likely than those in rural areas to hold economically liberal views. In an examination of data from the General Social Survey from 1970 to 2010, Rodden (2019) shows that residents of the urban core of big cities are far more likely to express support for government intervention in the economy than are their counterparts in suburbs, smaller cities, or rural areas (Rodden 2019, 87–88). Even as cities have attracted more affluent residents over the past two decades, the economic liberalism of big cities has not declined.

Cities are also home to a constellation of organizations that influence public attitudes, strengthen politicians' resolve, and uncover sources of leverage to promote redistribution. Advocacy groups, community-based organizations, philanthropies, and labor unions separately and in coalition have put redistributive polices on urban agendas. Since the early 1990s, community-labor coalitions have become active in cities across the country. The translocal organization of labor and of some community-based organizations, such as the now defunct social justice organization ACORN, has facilitated the spread of policies across different cities. While there is considerable criticism of philanthropy's limited engagement with advocacy, philanthropic dollars have been essential to the operation of the campaigns for redistribution. Through lobbying, mobilizing, protesting, these groups have forged new models for urban redistribution.

The earliest policy victories rested on the contracting and regulatory functions of the city. The "living wage movement" launched by ACORN and organized labor in the 1990s required city contractors to pay a wage substantially higher than the federal minimum wage and, in some cases, to provide benefits (Martin 2001). By 2016, 140 cities had adopted some form of the living wage (Bernhardt and Osterman 2017). Organized labor turned to the regulatory power of cities as it launched the "Fight for Fifteen," passing city ordinances requiring employers to raise the minimum wage to fifteen dollars an hour. In the face of federal inaction, these efforts to raise the minimum wage in cities and counties across the country

[2] Trounstine (2018, 156), however, shows that racial segregation decreases redistributive spending in diverse cities.

have achieved significant success. By 2019, 44 cities and counties had enacted new minimum wage laws (University of California, Berkeley Labor Center 2019). Reflecting the leverage provided by the combination of agglomeration economies and activist mobilization, half of these were in the San Francisco Bay Area. Others included Chicago and Cook County; Seattle and surrounding suburbs; cities in the Los Angeles area; Minnesota's Twin Cities; and the Washington, DC, area. Most of these cities and counties have high education levels, as would be expected from the agglomeration literature.[3] Unions have also deployed strategies to intervene in economic development projects to wrest benefits for local communities. Community-benefit agreements use the city's land-use authority and unions' contracting relationships to require that developers provide affordable housing, jobs, and parks and other amenities (Schragger 2016, 149–161).

Urban success in enacting policies to assist low-income residents has dramatically raised the profile of concerns about inequality and low-wage work. But urban redistribution remains inherently limited. Researchers have confirmed that urban public spending varies in accordance with local ideology (Einstein and Kogan 2016; Tausanovich and Warshaw 2014). While these findings challenge the emphasis on constraints that drive theories of fiscal federalism, they also underscore the fact that redistributive efforts involving spending will vary across municipalities. More conservative municipalities will aim to keep taxes and spending low. Likewise, the use of urban regulatory power to impose new demands on employers will vary. Struggling cities that are the losers in the new knowledge economy have less leverage for using their regulatory authority to promote redistribution. Even when they adopt living wage policies, for example, economically distressed cities impose significant restrictions on the scope of the policies. Regulations and city ordinances that promote redistribution have also been limited by state preemption of local authority (Briffault 2018). "Blue cities" in "red states" have been especially subject to state laws that revoke local authority to enact such policies. By 2018, 60 percent of Americans lived in states that prohibited localities from raising the minimum wage (Hertel-Fernandez 2019, 240–241).

The impact of such polices is also limited by rising property values, which especially affect low-income residents in cities with the most

[3] Three-quarters of the local governments that raised the local minimum wage were in metropolitan areas where education levels (measured by percentage with BA and above) were in the top 25 percent out of 389 metros (SSTI 2017).

leverage over employers. Rising housing costs have made life in the most prosperous cities much less advantageous for low-wage workers, effectively erasing any wage benefits that these locations offer (Florida 2017).[4] Such costs may also lead poorer residents to leave prosperous cities altogether. While there is little agreement among scholars about the displacement effects of gentrification, rising suburban poverty is undoubtedly linked to rising home prices in some metropolitan areas (Freeman 2004; Schafran 2018).

These limits suggest that the remarkable movement for urban redistribution may only directly assist a relatively small percentage of low-wage workers. But in animating a movement and creating new policy models, these urban innovations pave the way for state and federal initiatives that may ultimately make place a less significant factor in the risks and rewards that confront Americans.

CONCLUSION

The bias for localism in American law and policy laid the foundation for a patchwork metropolis of separate political jurisdictions divided by income and by race. Once the federal government began to shrink place-based investment in the 1980s, prospects for mitigating economic differences across place dimmed. Instead, the risk of living in resource-poor places was pushed onto the shoulders of individuals, a version of the "risk shift" identified by Jacob Hacker (Hacker 2019). Disadvantaged jurisdictions expose their residents to an extreme form of risk amplification. Because place is linked to so many resources essential for well-being – school quality, housing values, vulnerability to foreclosures, public resources for children, social services, and access to transit – residents of resource-poor places face risks on multiple fronts.

The United States shows little sign of moving toward the municipal amalgamation strategies so common in European nations. Indeed, if anything, the laws governing placemaking are moving to support more fragmentation and difference in most states. But initiatives are underway in metropolitan areas across the country that provide starting points for a less divided metropolis.

Three types of initiatives stand out. The first involves supporting public investments in boundary-crossing transit systems. With the growth of

[4] In fact, David Autor's recent work (2019) suggests that there may be no benefits in terms of wages for service sector workers.

poverty in suburbs, the need for transportation to work and services has become acute. The greater racial diversity of suburbs may make suburban places long opposed to transit more supportive, as the recent extension of public transportation into Atlanta's suburbs suggests (Karner 2018). A second strategy is the continuing effort to locate affordable housing throughout the metropolitan area. Efforts to institute region-wide housing vouchers provide one avenue for change. A 2015 Supreme Court ruling opened new possibilities by upholding challenges to the common practice of building publicly supported affordable housing in distressed, racially segregated communities. Fundamental to all housing strategies is the enforcement of federal fair housing laws (Orfield and Luce 2013). A third initiative for diminishing the significance of place entails building translocal networks that can help address the collective action problems that block cooperation across local political boundaries. Such networks can begin to knit together systems of support for low-income residents of different municipalities. They can also provide political support for advocates confronting local resistance in their efforts to win political influence or change local policy.

Similar to the minimum wage regulations being pioneered in progressive cities, efforts to reduce the risks associated with place currently have relied primarily on local initiatives. Significant progress on both agendas will be difficult to achieve without the support of states and the federal government. For most of its history, the laws and policies of the United States supported the separation of people by race; now divisions fall increasingly along income lines as well. Federal interventions that press against these divisions are essential for creating equal opportunity regardless of place.

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