

To: Mayors of Rust Belt Cities
From: Cole Ragone & Phil Conti, Economic Consultants
Subject: Policies to make the Rust Belt cities more competitive.
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Executive Summary:

The Northeastern and Midwestern United States, known as the Rust Belt, saw its economic decline in the 1980s. Although the region once accounted for over half the manufacturing employment in the country¹, lack of competition proved detrimental to long-term growth and economic activity. Most skilled workers in the region made their way to the coasts, while low-skilled workers decamped along with production jobs to the South and West,² leaving the area void of a sustainable labor force. As economic theory suggests, shortages in labor supply lead to increasing wages in competing industries, which can be seen in the industrial decline within the Rust Belt region. Rust Belt cities that have recovered from the devastating effects of industrialization have done so using innovation and education. Universities, startup companies, and research institutions are vital for the recovery of the region as a whole.

Problem:

The lack of incentive for innovation severely harmed industries within the Rust Belt, allowing the rest of the country to surpass them in industrial productivity. Workers were quick to relocate to higher wages and better living conditions. The region now struggles with producing, and retaining, a skilled labor force that is necessary to revive the economy. There are two main takeaways from this.

- **College graduates are the most mobile group in our society.**³ Despite recent efforts to increase education within the Rust Belt, the region continues to suffer from depopulation. The lack of amenities and overall low standard of living, coupled with the high mobility of college graduates, leaves the Rust Belt void of a sustainable working class.
- **Many of the skills that workers within the Rust Belt possess do not line up with those valued in the region's economic environment.**⁴ The region itself faces a large

¹ Alder, Simeon, David Lagakos, and Lee Ohanian. *Competitive pressure and the decline of the Rust Belt: A macroeconomic analysis*. No. w20538. National Bureau of Economic Research, 2014.

² Safford, Sean. *Why the garden club couldn't save Youngstown: the transformation of the Rust Belt*. Harvard university press, 2009.

³ Krieg, Dana. "High expectations for higher education? Perceptions of college and experiences of stress prior to and through the college career." *College Student Journal* 47, no. 4 (2013): 635-643.

⁴ Mitra, Dana L., Marcela Movit, and William Frick. "Brain drain in the rust belt: Can educational reform help to build civic capacity in struggling communities?." *Educational Policy* 22, no. 5 (2008): 731-757.

disconnect between its production of college graduates and its level of education attainment,⁵ highlighting the importance of targeted education needed for industries within the Rust Belt.

Solution 1: Mixed-Use Zoning.

Cities within the Rust Belt can undertake mixed-use zoning developments, a dramatic departure from the land use regulations that have shaped these cities for centuries.⁶ Older regulations and city planning techniques sought to enhance safety and efficiency by distancing activities deemed incompatible.⁷ However, by prioritizing residential, commercial, and industrial integration, compact urban settings will promote economic efficiency and higher social utility.

Pros: Despite its unorthodox approach, well thought-out and designed mixed-use zoning contributes to a more vibrant life in the urban environment, acting as a large factor in improving life in the city.⁸ Increased foot traffic and the proper implementation of amenities⁹ throughout the city increases living demand and promotes a higher quality of life, providing numerous incentives for younger, educated populations to move/stay within Rust Belt cities.

Cons: Poorly planned mixed-use developments can cause problems between residential and commercial sectors, defeating its purpose. The benefits of mixed-use zoning are dependent on a strong infrastructure, otherwise commercial industries may see trouble attracting business outside of the sphere of local residents.

Solution 2: Create councils to connect nearby trade schools, school boards, and local businesses

The disconnect between the skills of the workforce and needs of local businesses could be rectified by creating integrative councils that include higher ups in nearby community colleges/trade schools, school board members of local districts, and representatives from regional

⁵ Piiparinen, Richey, Jim Russell, and Charlie Post. "From metal to minds: Economic restructuring in the Rust Belt." (2015).

⁶ Emily Talen (2013) Zoning For and Against Sprawl: The Case for Form-Based Codes, Journal of Urban Design, 18:2, 175-200, DOI: [10.1080/13574809.2013.772883](https://doi.org/10.1080/13574809.2013.772883)

⁷ Grant, Jill. (2002). Mixed Use in Theory and Practice: Canadian Experience with Implementing a Planning Principle. Journal of the American Planning Association. 68. 71-84. 10.1080/01944360208977192.

⁸ Vorontsova, A. V., V. L. Vorontsova, and D. V. Salimgareev. "The development of urban areas and spaces with the mixed functional use." *Procedia Engineering* 150 (2016): 1996-2000.

⁹ Yücel, Gökçen Firdevs. "Street furniture and amenities: Designing the user-oriented urban landscape." In *Advances in landscape architecture*. IntechOpen, 2013.

businesses. The aim of these councils will be to promote better cohesion between the job requirements of local employers and the curriculum taught both at trade schools and in high schools. Appointed government officials would be the mediators of the aforementioned councils.

Pros: This will allow local trade schools and high schools to create more targeted programs for potential skilled laborers. As the age of the workforce within the Rust Belt continues to grow,¹⁰ the importance of attracting a young labor force becomes even more important. With this solution, recent high school and trade school graduates will have the ability to enter the workforce sooner, after certifications and/or degrees are achieved. This will drive up the demand for labor due to the increase of skills within the workforce.

Cons: The state department and parents have input over the curriculum taught in public schools, so local school boards are slightly limited in the power they have over material taught in high schools.¹¹ Without close monitoring, the effectiveness of these programs could drastically decrease.

Recommendation:

We recommend that mayors of struggling Rust Belt cities rezone urban sectors within their respective cities, specifically by taking part in mixed-use zoning practices. Careful consideration is needed regarding the individual needs of each city and how mixed-use zoning should be integrated. We encourage mayors to reach out to local constituents and businesses to determine an individualized approach to mixed-use zoning, as the negative impacts of poor integration would counteract the goal of improving quality of life.

A concern regarding this solution is the need for public approval. Given the non-traditional approach of mixed-use zoning developments, it may be hard to sway public opinion on the matter. But, barring public rejection, we think this solution is a great approach to attract and sustain a skilled, young labor force.

We believe the second strategy has potential and is cost effective, but would need continuous oversight. Implementing the skills needed to work immediately after graduation into local school curriculums produces a workforce specialized in the needs of the region. However, this may only have a small macroeconomic effect and could leave the Rust Belt unimpacted; therefore, we leave the decision up to mayors regarding the opportunity cost of such programs.

¹⁰ Leppel, Karen, Eric Brucker, and Jeremy Cochran. "The importance of job training to job satisfaction of older workers." *Journal of aging & social policy* 24, no. 1 (2012): 62-76.

¹¹ Ingersoll, Richard, and Robert Rossi. "Who Influences Decisionmaking about School Curriculum ..." Who influences decisionmaking about school curriculum: What do principals have to say?, July 1995. <https://nces.ed.gov/pubs95/95780.pdf>.

