The City Re-Centered? Local Inequality Mitigation in the 21st Century

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In the winter of 2019, four surprising pieces of news emerged from New York City in quick succession. First, in mid-January, Mayor Bill de Blasio announced a new program that would provide free healthcare to undocumented immigrants and other uninsured New Yorkers, at an expected cost of $100 million (Goodman 2019a). Across the river in Queens a month later, local activists protested and ultimately defeated the arrival of the Amazon HQ2 corporate campus, which would have employed tens of thousands and generated millions in revenues for city and state coffers (Goodman 2019b). Each of these outcomes runs contrary to long-held beliefs about how we expect American cities to govern themselves in an era of inequality, mobile wealth, and porous municipal borders: public and private elites partner to court outside investment as a top priority, override grassroots protests, and avoid redistributive programs that might push the wealthy out and draw the poor in. But here was a city, famously bankrupt four decades ago and perennially cash-strapped, declining an influx of high taxpayers and development while simultaneously pledging massive new expenditures.

The third and fourth items help explain this puzzling pattern. Between de Blasio’s announcement and Amazon’s departure, a financier purchased the world’s most expensive apartment in midtown Manhattan (Stewart and Gelles 2019). The NYC Comptroller responded by announcing a proposal for a new luxury real estate tax estimated to generate between $380 and $650 million annually, ostensibly offsetting both the healthcare program and the Amazon deal’s breakdown. About a year later, Amazon announced it would still expand its presence in New York, despite the loss of the subsidy plan tied to HQ2. Along with Amazon’s decision to
open a similar site near Washington, DC, the sequence of events in New York reinforced the realization that the world’s largest company’s location decisions were based more on the special features of these places as the world’s economic, political, and military capitals than on the subsidy packages offered by many cities in Amazon’s very public competition for the siting of HQ2. They also dramatically demonstrate an emergent feature of American political economy in the post-industrial age: a new irreplaceability of particular sites where democratic processes might modestly check the most powerful private actors in the global economy.

The contributions to this volume answer an important call to examine the political economy of the United States in the current age. Most chapters examine national trends and policies, but a subnational motif runs throughout, and with good reason. As inequality increases not only among people but across places, government responses may intensify or mitigate this tendency toward commodification. In an era of national gridlock, the federal system might provide venues in which to enact policies to respond to new challenges and opportunities presented by the knowledge economy (KE). The contribution to this volume by Hacker, Pierson, and Grumbach illustrates the patterns of dysfunctional governance in some very Republican states at the periphery of the KE; what happens in the very Democratic cities at its heart? Most analyses suggest that local government tends to exacerbate rather than mitigate inequality and citizens’ exposure to the market. The framework for local government in the United States intensifies commodification, especially since the federal government drastically cut intergovernmental aid to cities since the 1970s, by not only exposing Americans to market forces but creating a new “marketplace of places” in which many life outcomes are tied to one’s place of origin (Caraley 1992; Sampson 2011).
In this chapter, I assess distinctive elements of American big-city political economy that affect decommodification even in the most progressive political communities in the nation. First, I summarize the formidable political, legal, and economic barriers to local policies that might mitigate the inequalities generated by the KE (and modern capitalism broadly). Second, I identify how one of those barriers, the relative importance of central places, has changed, potentially enabling policy change in places where the KE is strongest. I assess cross-city patterns in decommodifying policymaking based on this observation, and consider how local policies might help decommodify some aspects of American life.

Overall, passage and serious implementation of such policies are highly contingent, and the use of city policy alone to mitigate overall inequality in the U.S. is insufficient in any case. In the context of national inaction, however, such action is preferable to nothing at all, and may help provide models that can be adopted elsewhere and help shift ideas about the relationship between community self-government and powerful economic actors.

**Inequality Mitigation in American Cities?**

Problems of inequality in capitalism often hit earlier and more intensely in cities. This was true in the era of industrialization and urbanization and in the “urban crisis” period of deindustrialization and sprawl. Many of the policies the U.S. has used to ease inequality or provide security from the market originated in or responded to crises in cities and were promoted most forcefully by city leaders (Buenker 1973; Ogorzalek 2018). In today’s increasingly

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1 In this chapter, I follow refer to policies as “inequality mitigating” and “decommodifying” policies interchangeably for the sake of legibility. Most broadly, I mean public policy measures taken to insulate persons from the vicissitudes of cyclical scarcity, encourage the development of their persons and membership in common life in ways not directly connected to their purchasing power, income, or labor force status. This may entail traditional redistributive programs, regulations including “predistributive” efforts to shape market outcomes rather than correct after the fact, public goods provision, and other equity-enhancing reforms that mitigate categorical harms that produce, reproduce, or aggravate the material stratification order.
globalized, interconnected world, the cities that serve as headquarter sites of the global economy are often characterized by extreme wealth in close proximity with dire poverty, and are again a major site and cause of increased inequality and other associated challenges.

These challenges are present in cities around the world, but U.S. federalism makes local governance more important relative to its wealthy and/or western peer democracies. Significant substantive policy devolution ostensibly brings some governing decisions closer to the governed and allows for a variety of locally-tailored policies. Many have long hoped that cities might be “the hope of democracy” because they are “both the appropriate size for democratic participation and the relevant site for negotiating the relationship between polity and economy” (Howe 1905: 72, qtd. in Schragger 2009). In principle and under the right circumstances, federalism might create “laboratories of democracy” responsive to grassroots organization and working-class interests that could effectively implement decommodifying policies. Especially in a moment in which polarization and gridlock have made national institutions unresponsive to emerging challenges, some hopeful analysts have identified a “rebirth of urban democracy” and a “New Localist” perspective suggesting that pragmatic, problem-solving local governments may be more disposed to address major social problems responsively and collaboratively (Barber 2013; Berry 1993; Katz and Nowak 2018; Schragger 2016).

Some factors do suggest that big cities are a good forum for decommodifying policies. These include relatively streamlined constitutions and shared Democratic partisan affiliation of public officials, which help coordinate action; local grassroots traditions, which provide models of past efforts; progressive public opinion, which can reinforce policy demands; and existing inequality in these cities itself, which makes the direness of the challenge more immediate for reluctant leaders. In many cases, municipalities have indeed become “fertile sites for labor and
employment policy” that would likely be non-starters at the federal level (Schragger 2009: 514). Dozens of American states and localities have increased the local minimum wage well above the national floor, and a few (notably San Francisco and the New York plan described above) have established more robust local health programs, among others.

It is certainly plausible that these “superstar” cities where wealth and connection to the KE are concentrated might serve as class mobility “escalators.” These escalators may indeed provide access for a lucky few into the top floors of an unequal society; an even tougher question is whether city policies might be able to leverage that wealth concentration to soften the winner-take-all dynamics of the knowledge economy. Alternatively, without significant governance effort and skill it is just as likely that these places might only generate and intensify inequality, while largely excluding many both inside and outside their city limits from the benefits of the KE (Le Gales and Pierson 2020). Especially in the U.S., the will and ability of city government to autonomously slow or mitigate rising inequality have been limited, and working class city-zens remain highly exposed to market forces. This is the paradox of urban governance in the U.S.: big cities face a high demand for state interventions in markets, but are often constrained (Ogorzalek 2018).

The classic schools of U.S. local politics suggest that the potential for meaningful decommodification through local action are profoundly limited, emphasizing the power of well-resourced actors (especially businesses and homeowners) in determining local outcomes. These barriers to such policymaking can be categorized as related to pluralist politics, constitutional-

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2 The key questions are about whether outcomes derive from unbalanced resources and incentives to compete in a pluralist framework (Dahl 1961) and critics; from elites’ imperative to increase rents in the growth machine (Logan and Molotch 1987); from the dependence of local officials on private-sector participation in informal regime coalitions (Stone 1989); or from the fiscal discipline supplied by bond rating agencies and mobile taxpayers (Hackworth 2007; Peterson 1981).
legal rules, and economic forces. First, as in national politics, business and elite interests tend to enjoy relatively more resources—including money, access to elected officials, free time, and relevant skills—to win overt “pluralist” policy and political fights, including elections, especially when they have significant material interests at stake. Unlike in national politics, the importance of local property taxes for funding local government gives local leaders a strong incentive to coordinate with “growth machine” interests—especially those who own the physical land within the city—to increase (or at least maintain) the exchange value of land explicitly commodifying communities in the process.

Second, local governments in the U.S. are the legal creations of their state governments. While many states have “home rule” provisions that delegate a range of internal decisions to cities, these (or any other local policy) can be pre-empted, negated, limited, or required at any time by their state legislature. While a city may get more policy latitude based on a political relationship between state and city, the constitutional requirement of at least tacit consent to any local policy by state government formally limits the menu of policy options, especially when local and state leaders are not from the same political coalition (Weir, Wolman, and Swanstrom 2005). Cities abroad often have more robust legal status alongside (rather than below) states or provinces, eliminating at least one check on their actions.

American local governments do typically functionally control some areas that structure the average person’s experiences and security. These include land regulation, which shapes the housing market; education, which shapes most individuals’ future earning potential and identity, especially in the knowledge economy; and policing/criminal justice policy, which is particularly important and varied in a nation as punitive as the U.S. Policies in these areas might go a significant way in both providing access to the KE and insulating persons from capitalism
generally, but more often this devolved structure for policymaking exacerbates rather than eases inequality, in part by bringing market forces into more areas of life and making access to some social rights (and sometimes civil and political rights) depend as much on one’s address as on membership in the nation.

Elsewhere in this volume, Jessica Trounstine chronicles how local elites have used limited local redistribution while retaining high-quality public goods for themselves. That narrative involves the political and legal constraints above: elites winning pluralist fights within large cities; and later creating legally insulated enclaves (i.e., suburbs) at the urban periphery but still proximate to the wealth generation of the city itself. Those suburbs powerfully (though plausibly invisibly, for their beneficiaries) shape Americans’ lives, but they are also predicated on the insight that at a certain point those elites could not reliably win local political battles; the use of exit by the relatively affluent shows that the inclusion of both rich and poor city dwellers in a large resource pool is a possible tool for redistribution and shared public goods, even if it was never truly equitable, and ultimately intolerable to those who fled.

For central cities, political and legal hurdles can possibly be overcome with effective local organizing and state-level coalition-building, though this is both rare and difficult. The third category of local redistributive constraint entails economic disciplining action by market actors well beyond the influence of any regular democratic process. One of these is interjurisdictional competition, in which cities must conduct themselves as firms “marketplace of places” as well as democracies (Peterson 1981; Tiebout 1956). According to this logic, there are powerful incentives for place-bound cities to satisfy the demands of mobile businesses and taxpayers. The predicted result a metropolitan “race to the bottom” on most public provision and
regulation. Interjurisdictional competition and chronic fiscal precarity present a major challenge for even the most committed would-be decommodifier.

Competition in this marketplace of places is a fundamental feature of American city politics. With no pre-capitalist past, American cities were nearly all founded as nodes in extractive-industrial-commercial networks, and from their start were in direct competition with each other (Monkkonen 2018). The early pattern of local political economy, in which city boosters sought to enrich themselves by attracting capital and population from elsewhere, still basically describes much of municipal politics today; success in that marketplace is seen as a pre-condition for other policy projects. This competition exists both within and across metropolitan areas and has changed over time. The 19th century was an era of central-city expansion, in which large municipalities frequently annexed surrounding areas, often coercively. In this environment, cities competed by providing services and infrastructure, not by limiting their spending, and intrametropolitan competition was far less important for city policy (Monkkonen 2018; Schrager 2009; Smith 2013). New technology and institutional changes around the turn of the 20th century shifted the parameters of incorporation and annexation, creating fragmented patchworks of local governments in American metropolitan areas. By the late 20th century, many (perhaps most) new municipalities were formed expressly to subsidize real estate developers and/or limit residents’ contribution to the central city’s common resource pool (Burns 1994; Miller 1981; Trounstine 2018). While intermetropolitan differences are now re-emerging with the KE as part of the “great divergence,” the action was within metro areas in the 20th century, as American cities were often surrounded by hundreds of neighboring suburbs, all open for business and wooing the city’s tax base in one way or another.
We have long known that such intrametropolitan fractionalization contributes to inefficient and inegalitarian outcomes, and this is particularly true in the U.S.\(^3\) American city-regions are more decentralized in their policymaking, more vulnerable to market forces, and more oriented toward business in their policy formation (Savitch and Kantor 2002: 166). Our distinctive pattern of metropolitan governance affects even understandings of the word “city:” in comparative urbanist studies of global cities, the appropriate unit of analysis is usually the broad metropolitan region, because this is the place-based web of connections that constitutes social and economic life. In most other nations, it is also a meaningful unit of political life, with a local government vested with significant powers that creates and execute regional plans, distributes resources, and coordinates political action. Metropolitan governments abroad are often created or expanded when cities sprawl beyond their borders. For instance, London has twice expanded to incorporate surrounding boroughs, and the new Grand Paris plan creates a new authority that incorporates most of the Parisian suburbs. Canadian and Australian cities have similar institutions, in federal nations historically and culturally comparable to the U.S. These governments have real powers, and their leaders are among the most visible political figures in the nation. Such strong metropolitan-area governments reduce competition within a metro area and can reduce inequality of both provision regimes and social outcomes in a region (Kübler and Rochat 2019). As Freemark, Steil, and Thelen note, “Major metropolitan areas throughout the rich democracies exhibit patterns of spatial inequality, but the politics of metropolitan fragmentation and the extent to which they entrench or mitigate these inequalities vary widely” (2020: 236). When combined with the national state’s weak and decentralized social provision regime, the fact that American metropolitan regional governments are anemic in authority,

\(^3\) For one example and a historiography of this “regionalist” perspective, see (Dreier, Mollenkopf, and Swanstrom 2004: Chapter 6).
narrow and technical in scope, obscure, or non-existent, means that local governmental fractionalization in the U.S. is both more intense and more important for policy than it is elsewhere (Freemark, Steil, and Thelen 2020). As a result, while “regional efforts attacking problems of social equity [are] feeble and uncommon” in major cities around the world, they are particularly so in American metropolitan regions, in which leaders are forced to be much more solicitous of and dependent on business investment to function well (Kantor 2011: 25; Savitch and Kantor 2002: 150).

These political, legal, and economic forces work independently and cumulatively to tilt the playing field against the successful implementation of decommodifying policies at the local level. Given these patterns of local political outcomes and constraints on even sympathetic local policymakers, the optimists of the “new localist” school have some explaining to do: what, if anything, has changed about local politics such that we should expect cities to effectively provide inequality-mitigating policies in the 21st century? In the next section, I explore one of their answers with an examination of how the KE has restructured the importance of central places in the American metropolis.

An important caveat must be made explicit before presenting an analysis of one potentially promising shift in the economic forces described in this section: even if the 50 largest American cities each successfully implemented a full suite of policies to ameliorate the rough edges of capitalism and promote the human flourishing of their residents (an unlikely development considering the constraints above and actual historical outcomes), it would not much affect the inequality or commodification of life for most Americans or the nation as a whole. This is partially because access to most of those policies’ benefits would be limited to these cities’ residents, who make up about fifteen percent of the national population. Moreover,
the balance of contemporary fiscal power is overwhelmingly centered in the national
government. While most elected officials and domestic government employees are local, about
two-thirds of all U.S. government revenues flow to or through Washington; only about fifteen
percent are collected locally (Urban-Brookings Tax Policy Center). While the federal
government spends about $4 trillion annually, the total expenditures of the 50 largest cities sum
to less than ten percent of that. Local capacity, at least under current arrangements and in
historical experience, is simply insufficient to meet the needs of even their own constituents,
especially when need is great. This is one of the reasons it was the federal government in
partnership with state and local governments that eventually marshalled the robust response to
the Great Depression and created the modern American welfare and regulatory states, such as
they are (Ogorzalek 2018: Ch. 2). Local governments tried to stave off disaster alone, but were
overwhelmed by the constraints described above. The onset of the Covid-19 pandemic made it
plain that local action still works best when supported and complemented by national resources
and coordination, even for those principally concerned with outcomes within cities. In a
suburban nation, policies must go well beyond local borders in order to include most of the
population. Nonetheless, under the right conditions local governments can use policy to help
provide life security and opportunity for their members, and some of their inherent and
conditional attributes—size, density, political affinity, progressive ideology—may allow cities to
fulfill their functions as democracies as well as firms.

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4 Author’s analysis of Pierson, Hand, and Thompson (2015) and data from the Government Finance Database.
Urban Land Gradients and Marketplaces of Places

Public choice accounts of the relationship between mobile taxpayers’ power and public policy have an air of durable timelessness to them, but some important parameters in these models entail historically variant features of the urban landscape. For instance, the ease of movement between jurisdictions is a function of technology and the availability of alternative jurisdictions, neither of which is constant across nations, city-regions, or time. Similarly, most models of interjurisdictional competition rely on a relative parity of the spatial benefits across locations. Each of these features of Tiebout’s (1956) classic model abstracts the field of play in the sprawling fragmented 20th century metropolis, characterized by a fairly undesirable central city (i.e., a place undergoing an “urban crisis” to some extent) and many nearby, relatively small managerial democracies. But if the productive or consumption benefits of physical proximity are high, as they were in the 19th century and may be again today as the agglomeration patterns of the KE clarify, they may swamp the marginal costs and benefits of local policies. This can help explain the New York tales described above: though costly, locating in Manhattan appears to provide a competitive advantage for Amazon.

Competition and the Monocentric Model

The relative place-parity assumed in some models of interjurisdictional competition is in tension with the workhorse model of urban land values, the monocentric model, which posits that land values (and economic and social activity in general), will be higher in central locations than in peripheral locations, principally because of proximity to markets and other actors (Muth 1969; von Thünen 1921). Though never a perfect predictor of actual urban form, the monocentric

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model has a clear theoretical prediction about the “natural” condition of city value: a negative association between distance from the core and land values. When this gradient is strong, it suggests that the advantages of central location are so strong that the marginal incentives on offer from peripheral communities may be less relevant to location choice, and weaken the exit threat of mobile actors.

The mid-20th century moment in which models of interjurisdictional competition were developed was a distinctively de-centralized time in the U.S., when land gradients were likely to be weak. Transport and manufacturing innovations allowed for a much greater dispersion of production and residence (Jackson 1985). Public policies including highway development and the “redlining” home financing regime privileged new construction in homogeneous white neighborhoods located at the metropolitan fringe and dramatically devalued older, central areas (see also Thurston, this volume; Massey and Denton 1993; Rae 2003). The result was a drained tax base, fiscal crisis, and diminished public spending in central cities.

Since the nadir of the American city in the 1970s and 80s, two centripetal forces have shifted the to contribute to a re-centralizing regime in intrametropolitan marketplaces of places. The broadest is the sectoral shift to the service and knowledge economy. Perhaps somewhat surprisingly, this shift seems to make place more important, not less. As emphasized by Soskice (this volume), physical proximity to highly educated workers, competing and complementary firms, and investors are all advantages for KE firms (Moretti 2013). The corporate headquarters and high-end professional services (so-called “FIRE” industries—Finance, Insurance, and Real Estate—along with legal services) that are hallmarks of “global cities” are similarly clustered

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6 See Rodden (2019) for an account of this shift.
7 Like many of our racist policies, the spatial pattern of redlining seems distinctively American. Major cities abroad often have regulations that concentrate, displace, and disadvantage the poor, but I am aware of none that designed or implemented a regulatory regime that so powerfully hollowed out the center of the metropolis.
Auxiliary and lower-paid services also cluster there and are non-exportable. There are large differences across metropolitan areas, but proximity *within* metros is important as well—as shown below, the re-emergence of monocentric value is particularly strong in leading KE cities.

The agglomeration effects of both corporate services and KE work shift the parameters of interjurisdictional competition. In a terrain in which places are interchangeable, individual firms can more credibly exit into a more remote location, and municipalities may be caught in a prisoner’s dilemma, bidding themselves to the floor (McGuire 1991; Wolkoff 1992). When firm success is more dependent on proximity, exit would be more costly for an individual firm, it is the *firms* who are caught in a prisoner’s dilemma: while they might each prefer to pay less rent, individual defectors lose out on the agglomeration effects that drive success. This inverted dynamic suggests that central locations in the Knowledge and Global economies may have gained leverage (relative to their metropolitan neighbors, and to their own past).

The second dynamic reshaping place markets is the end of the redlining regime. After the Community Reinvestment Act of 1977 (as well as subsequent regulations), large areas that had previously been excluded from real estate credit markets were now available. Redevelopment areas near city centers (for instance, western Brooklyn and the West Loop of Chicago) has made many of these areas magnets for residential and commercial development, especially in KE cities. Racial discrimination in real estate has not ended (even in these very places), but older *areas* are far less disadvantaged in the marketplace of places.

Land gradients have evolved over the last century, and today both centripetal and centrifugal forces operate. Even as suburbanization continues, many American cities have experienced a “renaissance” in rebounding from the structural changes associated with
deindustrialization. A core element of cities’ recovery is the revalorization of central city real
estate, a phenomenon which provides greater fiscal capacity for polities that often rely on
property taxes for revenue. These revalorizations suggest a reinvigoration of the monocentric
model, and a shift in the bargaining power of central cities vis à vis potentially mobile businesses
(Schragger 2009). In the next section, I take a descriptive look at how city value gradients have
changed in recent decades.

U.S. Urban Land Value Gradients, 1980-2010

In deindustrialized city, real estate values in central cities were lower than in surrounding
areas, but they tend to be higher today. As a concrete example, consider the maps of (part of)
New York’s metropolitan area in Figure 1. This figure maps a measure of the aggregate
residential real estate values per square mile in 1980 (left) and 2010 (right). To estimate this
value, I add the total value of all occupied homes in each census tract, then divide that sum by
the area of the tract in square miles.8 In each map, darker shades represent higher real estate
values. The change over time is striking at a glance. Values were lower in the central city and
higher in the periphery in 1980. The pattern is basically inverted in 2010, with the highest values
in Manhattan and brownstone Brooklyn, and relatively low values farther out.

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Figure 1: An Example of Re-Centering: Relative Value Shifts in New York City

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8 The value of rental homes is estimated as equal to the monthly rent times an equalizing factor to adjust for the fact
that the census reports owner-occupied homes in terms of overall values and rental homes in terms of monthly rents.
More details on the measure are available at WEBAPPENDIX.
Note: Tract-level Estimated Aggregate Residential Real Estate Value per Square Mile in New York City Inner Metro Area. 1980 at left, and 2010 at right. Values in current dollars. Source: NHGIS.9

Figure 2 simplifies the maps by plotting curves representing the tracts’ values against distance from the center 1980 and 2010. In each subfigure, the lines indicate the average tract values at each distance from the City Hall. The black line represents tracts within the city and the grey line tracts in the suburbs. In 1980, the gradient is basically increasing from the center—the opposite relationship of what the monocentric model predicts—until it peaks at about $100m per square mile (current values) about 20 miles out and then declines into the hinterland beyond. In 2010, by contrast, values are far higher (about $10b/sq. mi on average) in the center, and diminish monotonically and exponentially with distance, very consistent with the monocentric model.

Figure 2: Locally-Fit Averages of Real-Estate Values for All NY Metropolitan Tracts in 1980 (left) and 2010 (right)

Note: In each figure, averages of tracts within the central city are noted with the solid line, and tracts in other cities within the metropolitan area with the dashed line.

While we might expect this shift in a “superstar” city like New York, the changed pattern holds across many large U.S. metros as well. Figure 3 plots real estate gradients for 24 large cities in 1980 (left matrix) and 2010 (right). In these plots, I have standardized the land values and distance measures within each metro area so that the figures are comparable for visualization. The y-axis is therefore interpreted as standard deviations above or below the metro’s average. Note that this allows us to see the patterns within metros, but masks large differences in values across metro areas. Again, the black lines show averages of central city tracts and the grey lines show the average for suburban tracts. The lower-right-most subfigure in each grid pools all the tracts together to get a rough picture of the “average” metropolitan gradient.
While the curves vary across cities, two patterns are of note. First, the shift observed in New York is not exceptional. In 1980, values typically rose from the center, peaked at a ring near the central city limits, and then gradually fell again approaching the fringe. In 2010, in most cities and overall, value declines monotonically from the center, often very dramatically. Each curve is different, but we can estimate their average trends to make some basic comparisons.

**Figure 4** plots the overall gradient, using non-parametric estimates of the relationship between value and distance for 43 large metros (those selected above, plus 18 more) in 1980 (x-axis) and 2010 (y-axis). The more negative the gradient, the steeper the decline in value from the center;
positive value gradients suggest an *increase* in decline from the center, the opposite of the monocentric model. The diagonal line indicates \( y=x \), so a point on that line would show no change over 1980-2010. The dashed vertical and horizontal lines signify no relationship between value and distance for 1980 and 2010, respectively. For instance, New York had the patterns illustrated in Figures 1 and 2; that means it is located in the lower-right hand corner of the figure, with a positive gradient from the center in 1980 and a negative gradient in 2010.

**Figure 4: Metropolitan Gradient Changes and the Knowledge Economy**

Most Cities Shifted Dramatically Toward Monocentricity

Knowledge Economy Cities Have Steeper Real Estate Gradients

Data: NHGIS

*Note:* At left, metropolitan land value gradient estimates by city in 1980 and 2010. Estimates are coefficients of non-parametric regression of tract level land values on distance from the center. More negative values mean steeper value declines with distance from the center. Diagonal line indicates no change. At right, Metro-level information sector employment by metro with land gradients in 2010. Line indicates linear best-fit.

10 These gradients are bivariate nonparametric kernel-based regularized least squares regression coefficients of the tract-level (non-CBD tracts) relationship between value and (log) distance. The measure is essentially the average estimated slope along the curves in Figure 3. Details at WEBAPPENDIX.
The large vertical distance between the diagonal line and the points for New York (and Boston, and Chicago) indicates that these cities saw particularly big changes, but they are not unique. Consistent with the curves in Figure 4 most cities lie in the lower-right quadrant, suggesting that their value patterns inverted from devalued to highly-valued centers. Thirty-nine cities lie below the diagonal line, indicating that almost every city, the gradient moved closer to the monocentric model’s prediction of a monotonic negative relationship between value and distance in almost every case. This describes a common phenomenon of relative central revalorization across these very different cities.

The second note is that while almost all cities saw their gradients steepen over the three decades, there are clear differences in 2010. Centrality appears strongest in older cities like New York and San Francisco; it is weaker (though still present) in newer, sprawled Sunbelt places like Los Angeles and Dallas. Some Rust Belt cities, like Detroit, have seen very little change at all. Most relevant for this volume, gradients are stronger among metropolitan areas with more high-end KEworkers. The right-hand panel in Figure 4 shows the relationship between information sector employment and gradients in 2010. The relationship is noisy, but the cities at the bottom right are the expected ones: New York, Boston, San Francisco, Seattle, Washington. Other factors associated with steeper gradients include central place income, the number and percentage of rich households in the center city, region, and overall metro size. The main observation is rather than central areas being the least valuable land, as they were in 1980, it is now in many cases by far the most valuable.

Land Gradients and Policy
The re-centralization of value in the American metropolis may represent an opportunity for central cities long faced with existential fiscal crises. Urbanists have long theorized that “local governments that hold powerful economic positions...will be in a better position to deal with private investment markets [and] should be able to use a greater proportion of their resources to achieve ambitious social agendas” (Savitch and Kantor 2002: 150). These ambitious agendas may be driven by big-city publics and leaders who are more inclined toward redistribution that their peers elsewhere in the country, and made more achievable by this market power.11 Before the urban crisis, American cities (most notably New York) had a range of policies built around a “robust public sector aimed at supporting the working classes” but white flight, de-industrialization, debt crises, created a conventional wisdom that such policies were ill-advised (Phillips-Fein 2017: 8). The reversal of value gradients described in the previous section both increases the available tax base and serves as an indicator of potential leverage these central places might have against mobile actors (Schragger 2007). If the urban theorists are correct, we should expect to see larger public budgets and de-commodifying policies in cities where the gradients are steeper. In this section, I test this theory by examining the associations between land gradients and decommodifying policies in big American cities using four policy data sources: the Berkeley Labor Center’s Inventory of US City and County Minimum Wage Ordinances;12 the Lincoln Institute of Land Policy’s database of provides real-per capita revenue and spending in large cities from 1977-2016,13 the Government Finance Database (Pierson,

11 The Democratic-lean of big-city electorates is well-documented; see e.g. Rodden (2019). On leaders, see Einstein and Glick (2017).
13 https://www.lincollninst.edu/research-data/data-toolkits/fiscally-standardized-cities/explanation-fiscally-standardized-cities for more details on the Lincoln Institute dataset, which is ultimately based data for individual local governments provided by the U.S. Census Bureau in the quinquennial Census of Government Finance and the Annual Surveys of State and Local Government Finance.
Hand, and Thompson 2015), which includes municipal spending data from hundreds of cities over recent decades; and “cityhealth,” (sic) project by the Kaiser Family Foundation that rates implementation of a range of recommended “best practice” local health and human development policies.

These policies represent a range of policies that might be part of local decommodification agenda. Some are direct measures of the local fisc: locally-generated revenue, revenue from property taxes, and overall spending from local programs (ie, not including intergovernmental pass-throughs from higher levels). Increases in these figures suggest an easing of fiscal crisis. For instance, if cities are still in a very weak bargaining position, per-capita property tax revenues may remain the same even with property value growth if cities were focused on limiting spending and passing potential revenues on to residents. These spending figures also include local government employment, a category that often decreases city workers’ exposure to market vicissitudes through collective bargaining, defined-benefit retirement plans, and in some cases less racial discrimination. I also include the estimates of cities’ own spending on health and human services (HHS), the category of spending in which most welfare relief and redistributive healthcare programs are included. More discrete policies in the analysis include local laws raising the minimum wage, inclusive zoning affordable housing policies, mandatory paid sick leave, and universal pre-K school programs. These policies are less directly comparable across cities because they are not budget line items; they are evaluated by the cityhealth program’s policy experts according to “best practices” criteria.

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15 See cityhealth.org for details. The cities evaluated by cityhealth are a subset of those presented above.
16 The Lincoln Institute database reports these figures as standardized real per-capita figures, allowing meaningful comparisons across cities and time.
17 cityhealth rates each city’s program on a zero-to-three scale (signified by gold, silver, and bronze “medals”) in each area. Their foundation focus is on health policy, but takes an evidently holistic approach.
In all of these policy areas (except paid sick leave), cities with steep gradients are more likely to enact the policy or collect/spend more—the bivariate relationships between each of these outcomes is statistically significant. When we consider the redistributive policies together as an index, the relationship is noisy but clear. The left panel of Figure 5 shows the relationship between metro-area gradients and an index of overall redistributive effort by the cities evaluated by cityhealth.\textsuperscript{18} The downward slope of the line shows that on average there is a relationship between gradients and policy adoption in general.

To take a closer look at whether this relationship holds up when considered alongside other factors shaping local policy, I estimated regression models for each of the policy measures. For each fiscal category (total locally-generated revenue, property taxes, local-net spending, and spending on health and human services), I estimated a cross-sectional multivariate model using 2016 data to assess the cross-city relationship and a fixed-effects model to assess changes over time (from 1980 to 2016) within cities. For each discrete policy (minimum wage, inclusive zoning, paid sick leave, and universal pre-K), I estimate a cross-sectional OLS model with the assessment of the policy’s enactment as the dependent variable. Most of these policies were enacted quite recently and are not appropriate for testing by comparing to 1980. All ratio-level variables (i.e., the gradients and budget items) are standardized to a mean of zero and standard deviation of one for visibility in the figure.\textsuperscript{19}

Also included in the models (but not shown here for clarity) are covariates theoretically linked to local fiscal capacity and policy decisions: the sectoral makeup of the local economy,

\textsuperscript{18} This is a simple additive index of the cityhealth scores for inclusive zoning, universal pre-K, local minimum wage, and overall local-program HHS spending (standardized to a mean of zero and cap of 2 to limit the impact of outliers). All variables scale to (0,1)

\textsuperscript{19} The decommodifying index is scaled (0,5) and can be roughly interpreted as a “count” of such policies, with each policy naïvely given equal weight. These analyses are meant to be illustrative rather than definitive. Technical details of the analysis and full results are available at WEBAPPENDIX.
metropolitan fractionalization and popular support for a minimum wage (for 2016 cross-sectional models only). If value gradients are related to policy decisions, the coefficient of gradient should be negative. Each model of fiscal measures and minimum wage ordinances includes 43 cities (with 2 observations each, from 1980 and 2010, for the fixed effects models), and each policy measure from cityhealth includes the 27 cities they evaluated. The righthand panel of Figure 5 shows the regression coefficient estimates for the relationship between value gradients and spending or enactment in the different policy areas.

**Figure 5: Land Gradients and Decommodifying Policies in Big American Cities**

Cities with steeper land gradients enact more decommodifying policies

![Graph showing the relationship between land gradients and decommodifying policies in big American cities](image)

**Associations Between Value Gradients and Select Fiscal and Social Policies in Big U.S. Cities**

- Local Revenue (2016)
- Local Revenue (FE)
- Property Tax Revenue (2016)
- Property Tax Revenue (FE)
- Spending (2016)
- Spending (FE)
- HHS Spending (2016)
- HHS Spending (FE)
- Local Minimum Wage
- Inclusive Zoning
- Paid Sick Leave
- Universal Pre-K
- Decommodification Index

Data: Census, Lincoln Land Institute, cityhealth, UCB Labor Center

**Note:** At left, the relationship between land gradients in 2010 and a decommodifying policy index in 2016. Points indicated by city abbreviation, and the line is a linear best fit. At right,

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In nearly all models, none of these covariates were statistically significant. In some instances, support for minimum wage was positively associated with policy passage. In the model of decommodifying index, an index measuring the proclivity for pre-emption by a city’s state government was also associated with less policy enactment.
standardized multivariate regression coefficient estimates with 90% confidence intervals of the relationship between value gradients and the policy outcomes listed at left.

The association between gradients and policy are all in the predicted direction, though for most we cannot be confident the relationships are statistically significant from zero. Cities with steep gradients—1 standard deviation steeper than the mean—would be expected to raise about an extra $650-$750 per capita in 2016, including about $300-450 per capita in increased property taxes. Cities with steep gradients appear to engage in more overall spending as well. Overall, gradients are generally associated with an increased local fisc, though it is not as clear that this extends much to redistributive spending per se: there is no significant increase in HHS spending with a steeper gradient, either within or across cities.

For the other policies, the evidence is also weak. The relationships are estimated in the expected direction, but none of them are statistically significant. This may be due in part to the smaller number of available measured observations on these policies, but also to other major factors that influence local policy enactment. Even among cities well positioned to act on inequality-ameliorating impulses, with strong information economies, not all enact or implement such policies. Conversely, a steep gradient is not required for enactment of these policies: for instance, Los Angeles scores very high on the index despite its famously decentralized development patterns. While monocentricity is associated with local decommodification policy adoption, it is neither necessary nor sufficient for such changes; other factors matter powerfully as well.

Chief among these are state-level pre-emption laws. While shifts in factors like gradients and public opinion can provide incremental leverage that makes policy change marginally more or less likely, cities’ place in their state constitutional order can make these kinds of discrete local policies impossible. For instance, according to data from the 2016 Cooperative
Congressional Election Study, voters in every city in this dataset overwhelmingly support an increased minimum wage.\textsuperscript{21} Some cities have made that policy change, but 28 are barred by their state from doing so. Similarly, seventeen of the cities face specific pre-emption on local paid sick leave requirements, and 10 are pre-empted from passing inclusionary zoning laws.\textsuperscript{22} As Alexander Hertel-Fernandez details in this volume, state politicians have recently been passing these pre-emption laws specifically to block big-city attempts at these kinds of policies, another powerful reminder that even as economic obstacles to local policy are easing in some places, the other barriers remain and are sufficient to stymie local decommodification. In the analysis of the index above, the only coefficient that was significant was an index of state pre-emption activity.

\textit{Discussion: Clearing All the Hurdles}

These relationships are suggestive, though, and confirm some of the intuition behind theorists who argue that places with stronger leverage may use it to gain some fiscal breathing room. However, in complex policy arenas like this, the enactment and successful implementation of more specific decommodification policies may depend on the confluence of multiple necessary conditions and sustained campaigns. Space constraints limit fine-grained discussion of many cases, but we can draw some lessons from notable successes in some of the places that score higher on the decommodification index.

First, as noted in the previous section, the political and institutional context in which these policies matters. For decades, big-city leaders have mostly embraced a market-oriented neoliberal consensus that “government should give way to governance” (Gross and Hambleton

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\textsuperscript{21} Author’s analysis. The mean support for an increased minimum wage among subsets of that sample from the cities in this analysis was 79 percent (Ansolabehere and Schaffner 2008).
\textsuperscript{22} Pre-emption data collected from the Temple University Law School Policy Surveillance Program, \url{http://lawatlas.org/datasets/preemption-project}
2007), often at the expense of other community or democratic values, and often eroding the public sector in the name of efficiency. These mayors often faced very low levels of electoral competition. Over the last decade or so, as the local negative externalities of this model (especially inequality, rising housing costs, and an increasingly punitive surveillance regime) clarified, opposition coalitions have become more organized and successful in contesting that neoliberal paradigm, both in specific policy campaigns and elections. It has taken a long time, but something like oppositional parties have arisen in several cities, often from factions within the local ruling coalition. In Chicago and New York, for instance, coalitions led by labor unions and operating under “working families” banners have organized at the sub-city level and built legislative coalitions that have substantially changed the policy agenda in their cities, even as their overall coalitions continue to substantially overlap with national and local Democratic Parties. In places such as Seattle and San Francisco, where some notable “firsts” in local minimum wage and healthcare programs were passed, similar coalitions each employed a sophisticated two-step institutional approach, backing direct democracy campaigns to change the representational structure of their city council, from at-large to ward-based representation. This kind of council representation has long been associated with more class- and race-based descriptive representation and a larger local fisc (Bridges 1997; Welch and Bledsoe 1998).

Shortly after the institutional changes, the new Board of Supervisors in San Francisco enacted the 2007 Healthy SF program, and the Seattle City Council was enacted the first big-city $15 local minimum wage (Grumbach n.d.).

In Illinois, Washington, and California, the most assertive recent local measures have passed shortly after Democrats gained control in the statehouse or governor’s seat, and many of the most progressive policies on the subnational agenda are happening statewide there instead of
at the local level (though driven by city delegations) because of the states’ overwhelming Democratic majorities. Statewide measures mute the intrametropolitan competition dynamics described above, so winning as a statewide coalition is also a win for the city. Blue cities in Red states face a major hurdles, but such laws are not given—state policies are the result of state politics, in which major cities can play an important role, particularly if they can convince other interests that local policies are truly local, will effectively solve urban challenges, and help generate positive externalities for the state. Thus while we might think of local leverage as a probabilistically associated cause of local passage, an insurgent progressive coalition to mobilize public sentiment over neoliberal received wisdom and at least tacit state approval appear to be necessary factors in pursuing this kind of agenda.

While we might conceive of these policies as part of a shared agenda, and in general their adoption is mostly correlated across cities, some of them target different constituencies with different effects and tradeoffs. These will create different and often different coalition dynamics. Minimum wage policies help “pre-distribute” income to workers, who may or may not be residents of the city in which the ordinance is enacted. The distribution of work-residence combinations (live and work in the center, live in the suburbs and work in the city, etc.) varies mostly by region rather than KE presence, so it is unclear what effects this would have. Universal pre-K benefits parents, firms, and (ideally) children, but only residents of the city. As working families and new Americans are displaced to the periphery, this policy becomes less effective as a tool to mitigate educational inequalities.

The most controversial and perennial policy challenge in many of these KE capitals is housing. Making real, coordinated efforts to address the growing housing affordability crisis in particular is absolutely crucial to produce decommodified life or even the “escalator” effect of
connecting people to the KE. Because access to the KE is in part a function of physical proximity to it, the very land gradients that provide cities with leverage also make housing highly unaffordable for many current and potential city-zens. There is a universal housing crisis for working-class people across metropolitan America: in every one of the metropolitan areas and central cities in the figures above, more than half of all households earning less than $50,000 per year spend more than 30 percent of their income on housing.23 This is taken to extremes in KE hubs: in San Francisco, San Diego, Los Angeles, New York, Boston, and Seattle, more that 75 percent of such working-class households pay that much, and more than half of households with incomes $50,000-75,000 do as well. When coupled with (or causing) low savings rates, this is a recipe for dire insecurity and disappearance from the economy through homelessness and involuntary mobility. Despite this clear area for improvement, housing programs and particular projects often meet extreme resistance from existing residents, and public officials alike. The U.S. has never done well to provide housing support, and today the nation’s housing agenda (and the national urban agenda broadly) relies almost entirely on incentives for private action that are insufficient to meet this challenge. Inclusionary zoning regulations to produce and protect affordable homes in these KE hubs are a step in the right direction, but are clearly insufficient—all six of those cities score high on the cityhealth assessment of affordable housing policy, but are little more than window dressing in practice, insufficient to address the scale of the challenge. Pierson and Le Gales (2019) show that this problem is not unique to America’s “superstar” cities, but they also observe that American cities do less to address the problem. Robust metropolitan-level authorities like in London and more aggressive production plans like in Paris still do not fully solve the problem, but they might alleviate it significantly (Le Gales and

23 30 percent is the national standard for housing affordability.
There is a serious political tension here, because the reason for the gradient shift and relative fiscal cushion is the successful commodification of land, measured by its skyrocketing exchange values. But what is good for the city is not always good for the citizen. Without such effort, other elements of decommodification agenda, such as an increased wages for workers, will simply be transferred directly to landlords. After all, even if a New Yorker gets paid leave and free health care, a $15 minimum wage does not even pay the rent on the city’s average 1-bedroom apartment, which goes for $2,800 per month. Given that even current residents struggle to afford living there, it appears unlikely many more can be drawn in from elsewhere to experience these benefits. This was the core of the national urban agenda for decades, and even with a greater commitment of resources it is not obvious what the right approach would be.

Finally, the policies above are in line with traditional welfare-state policies, and focused on material security or provision for households. Decommodification can also be undertaken creatively in other areas as well, by treating the community rather than the household. Especially if the KE is as big a shift as the industrial revolution, it may entail a durable change in our vision of the good life as well. Such community foundations of life are easier in places built for public interaction, and center cities’ public policy can be adjusted to actually create such places. Often this can be accomplished without exorbitant expense or the kinds of visible actions that state legislatures may be tempted to pre-empt. Three examples include: 1) subsidized cultural production by local residents, drawing on local and international traditions, which can provide diversion, meaning, professional development, access to KE niches, and employment while contributing directly to both gentrifiers’ taste for variety and KE firms’ appetite for creative content; 2) enhanced public goods such as libraries, which can provide educational services,
bridge stubborn digital divides, and serve as community-oriented “palaces for the people” (Klinenberg 2018); 3) heavily subsidized, high-quality mobility alternatives, including encouraging cycling and public transit, and which might mitigate some of the inequalities generated by residential segregation, promote dense affordable development, improve health outcomes related to sedentary car-based lifestyles, and ease environmental degradation. This is a shortcoming in most North American cities, but a push for transportation reform is long overdue.

**Conclusion and Notes from 2020**

The theories and new patterns discussed in this piece are based on observations from before 2020; the covid-19 pandemic illustrates the limits of localist hopes that city leaders can “run the world.” First, the scale of the epidemic quickly overwhelmed local governments’ material capacity to respond to significant challenges alone, and their biggest strengths in normal times—openness, connectedness, and density of activity—were devastating vulnerabilities for this kind of threat. Second, the inequalities of the KE were laid bare and exacerbated by the epidemic itself: while many white-collar workers could transition online, persons who perform the embodied work of the digital economy and its attendant lifestyle amenities, especially in big cities, were much more exposed to both the disease and the pursuant economic downturn. The ultimate effects of this will not be understood until well after this book is in print. One question that was asked early in the pandemic was whether cities are “done” due to concerns about density and disease. This is likely an overreaction, but the forced test-run of remote work, especially for KE jobs, may indeed have significant effects, decreasing some agglomeration economies and reducing demand for central city office space.
The other shift that has been made more obvious and urgent by the uprisings and protests in response to police violence in many cities across the country. Because race and class are deeply entwined in most American cities and the nation as a whole, it is impossible to actually pursue a decommodification agenda at the local level without making it a racial equity agenda (Flynn, Warren, and Wong 2017). The artificially flattened cities of 1980 were the result of explicitly racist policies, and the mass incarceration of the subsequent decades separates many, especially Black Americans, from real participation in economic and civic life. In this area, the egalitarian policy a long overdue scaling back of carceral state activity, which remains particularly intense even in many otherwise progressive cities.

Finally, even as some central cities recover and enact decommodifying policies, spatial inequalities are sure to persist or grow at several scales. Nationally, even if gradients tended to steepen in all kinds of cities, the differences in value across city-regions are large and growing, and aggressive decommodification may be a luxury good (Moretti 2013). Development and decommodification strategies may also need to vary widely across cities. While New York can reject a major project like Amazon HQ2 and offset the loss by taxing nine-figure penthouses, Detroit’s political agenda includes neither option.

At a metropolitan scale, the “urban renaissance” is not the only change afoot. While some suburbs remain exclusive and homogeneous, suburbia as a whole is rapidly diversifying. Central-city policies would do little for suburban communities where traditionally “urban” concerns with expensive solutions like poverty, aging populations, decaying infrastructure, and even immigrant incorporation measures are becoming more salient features of the governing agenda. Many older-inner ring suburbs may now have more in common with their central cities than the favored-quarter enclaves, but are even less-equipped to compete. Their fiscal scarcity is liable to
be even more severe (Jimenez 2014). Along with a recent convergence in national partisan affiliation similar process, these circumstances may help reconnect some cities and suburbs and help to develop some of the regional institutions common in cities abroad. Though this is not particularly likely, such steps would enhance the efficacy of using local policy to promote equitable social outcomes.

Finally, at a city and neighborhood scale, as Jessica Trounstine notes, affluent property holders have frequently—perhaps always—sought to insulate themselves from redistribution through territorial regulations including zoning and government formations of various types; they have been adaptive, creative, and resilient in doing so (Nightingale 2012; Trounstine 2018). Those returning to contemporary cities may be no different. Today, similar institutions such as opportunity zones, business improvement districts, and tax increment financing districts concentrate the benefits of revalorization rather than sharing them citywide. Study of this policy area is highly technical and varies by place and even individual project. Without capture of this value for general purposes, increased value in these cities will exacerbate inequality—even those with access to spillover benefits of the KE will struggle to remain within their own communities. Single policies will not do the trick; sophisticated, adaptive problem solving to a range of challenges will be required to meet the democratic demands of the 21st century metropolis.