Rebuilding the Social Capital of the Industrial Heartland

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Why do some places adapt better than others?

Social capital is the value created through relationships. It determines:

• Access to resources
• Access to knowledge
• Trust and cooperation
• Status, reputation and identity

Social Capital is a complement to other forms of capital.
Insiders and Brokers

**Isolate**
- No trust.
- No Information.

**Insider**
- High levels of trust.
- But also **constrained**.

**Broker**
- Broader knowledge and fewer constraints allow for innovation and adaptation.
### Cities that Worked: 1950s

#### “Little Steel”
- **Allentown**: Bethlehem Steel
- **Youngstown**: Republic Steel, Youngstown Sheet and Tube

#### Autos
- **Allentown**: Mack Trucks
- **Youngstown**: Packard Electric

#### Population
- **Allentown**: 490,000
- **Youngstown**: 520,000

#### Manufacturing Employment
- **Allentown**: 48%
- **Youngstown**: 49%

#### Union Membership
- **Allentown**: 35%
- **Youngstown**: 36%

#### Incomes
- **Allentown**: $3,360
- **Youngstown**: $3,447
- **US**: $3,012

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1977-1983: Competitiveness Crisis

Layoffs

Allentown: Bethlehem Steel: 5,000 workers
Mack Trucks: 2,000 workers
Youngstown: Republic Steel: 3,000 workers
Youngstown Sheet and Tube: 5,000 workers

Manufacturing Employment

Allentown: - 20%
Youngstown: - 24%

1983 Unemployment Rate

Allentown: 17%
Youngstown: 22%
Figure 2. Steel, Autos, Textiles, Apparel and Cement as a percent of manufacturing employment: 1969-2000

Declining Industries
Figure 4. Electronics, Instruments and Specialty Chemicals as a percent of manufacturing employment: 1969-2000
Figure 6. Average Earnings per Worker: 1969-2000
(adjusted for regional CPI, 1984 dollars)
# Boards of Directors as Social Networks

- Major Companies
- Large Branches
- Utilities
- Banks
- Government
- Civic Organizations

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Youngstown Economic and Civic Organizations: 1975

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Allentown Economic and Civic Organizations: 1975
Why the difference: Who is at the table

Allentown

- History of cooperation across class and ethnic groups.
- Key business, educational, labor and religious leaders remained engaged throughout the crises period and recovery.

Youngstown

- “Divide-and-conquer” strategy left divisions among class and ethnic groups.
- Key families and community leaders were absent when the crisis hit.
Why the difference: Bridging organizations

Allentown

- Certain organizations—the most important was the Boy Scouts—were platforms where key leaders from different segments of the community convened to address the region’s problems.

Youngstown

- The collapse of a tight group of old-guard families and business elites left a vacuum when the community most needed them. Dense tied within remaining subgroups stifled innovation.
What can we do?
Examine the social fabric of our cities

Who is participating in the civic leadership of our communities and, as importantly, who isn’t?

- The usual suspects: non-profits and “growth coalition” types
- Business leaders?
- Important communities (race, ethnicity, religion, geography).

How are they connected?

- Isolates
- Insiders
- Bridgers and key conveners
What can we do?
Examine the social fabric of our cities

Cleveland

Grand Rapids

Cincinnati

Minneapolis

Buffalo

Louisville

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What can we do?

Examine the social fabric of our cities
What can we do?

Educate Individuals and Organizations

Reexamine expectations for civic participation.

- Not just philanthropy: involvement
- Corporate leaders – who may or may not have a connection to the region – are vital.

Bridging and convening organizations

- Build on existing structure of communities to find organizations with the potential to bridge.
- Encourage board member selection with an eye toward the community fabric.