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The Aftermath of Deindustrialization: The Meaning of "Economic Restructuring" in Buffalo, New York

DAVID C. PERRY* AND BEVERLY MCLEAN**

INTRODUCTION

WORD has it that there are big changes going on in Buffalo, New York and they seem to spell economic recovery. At the very time the nation appears bound for a recession, the economy of Buffalo is described as robust and expanding. In fact, more than one respected business magazine rates the Western New York region among the top places for investment.¹

Buffalo, long the brunt of jokes and scholarly analyses of economic decline and urban failure, is now viewed as a "booming",² if not totally shiny buckle on the old rustbelt.³ The United States Bureau of the Census reports that, while in the decade of the 1980s the City of Buffalo lost over 33,000 people and the metropolitan area almost 58,000, people have continued to move to the growing suburb of Amherst.⁴ Furthermore, the

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1. See *Buffalo, NY Starts to Come in from the Cold Hoping for a Boost from U.S.-Canada Trade Pact*, Wall St. J., Dec. 8, 1988, at A2; *Buffalo: Shuffling Back to Prosperity*, *ECONOMIST*, July 2, 1988, at 24-25; Trachtenberg, *Warren Buffet Got There Early*, 142 *FORBES*, Dec. 26, 1988, at 102-03.

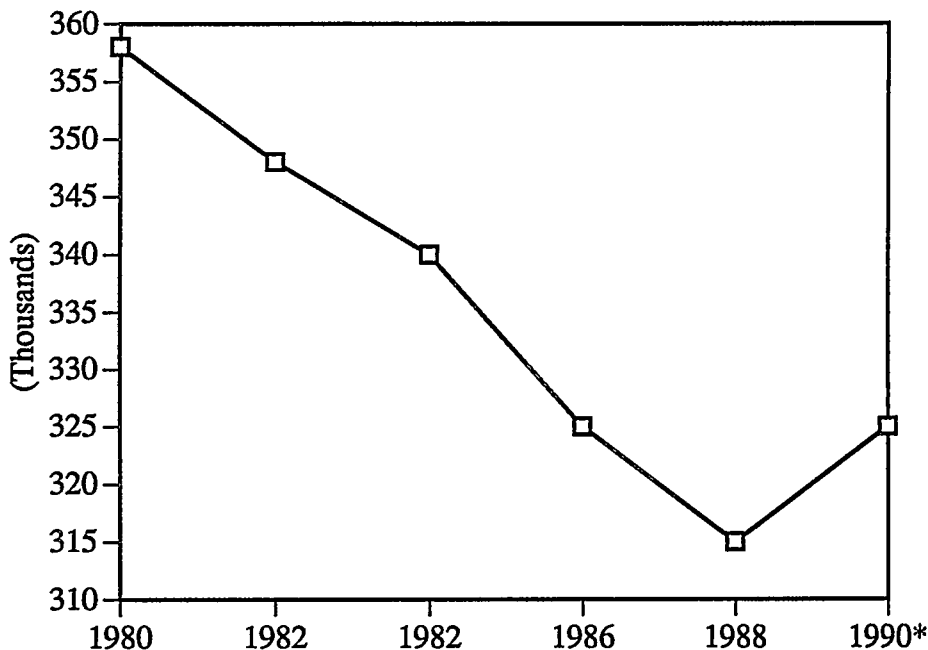
2. Sack, *Buffalo Bounces Back by Cashing in on Canada*, *SYRACUSE HERALD AM.*, July 22, 1990, at c5, c11.

3. See *id.*; Sack, *From Rustbelt to Moneybelt*, *N.Y. Times*, July 20, 1990, at B1; *Buffalo, NY Starts to Come in from the Cold Hoping for A Boost from U.S.-Canada Trade Pact*, Wall St. J., Dec. 8, 1988, at A2.

4. See NEW YORK STATE DEP'T OF ECONOMIC DEVELOPMENT, STATE DATA CENTER, POPU-

Census figures show that the large population loss in the central city was mitigated by a slight upturn in population in the last two years of the decade (Figure 1), suggesting that the demographic slide may be over.

POPULATION: CITY OF BUFFALO 1980-1990



* Preliminary Census Estimation of Population (1990).

Source: BUREAU OF ECONOMIC AND DEMOGRAPHIC ANALYSIS, NEW YORK STATE DEP'T OF ECONOMIC DEVELOPMENT, FACT SHEET AND BUFFALO NEWS (Aug. 30, 1990).

The New York State Department of Labor reports that in September 1990, unemployment in Buffalo was lower than it has been in more than a decade.⁵ The metropolitan region has registered the lowest unemployment rate in the state for the first time in eleven years.⁶ Of those eligible to work in the region, over 550,000 are employed, representing the largest number of employed workers in the history of the region⁷

LATION FOR GOVERNMENTAL UNITS, NEW YORK STATE, 1980-1990 (1991) (Prepared Report from April 1990 U.S. Census Data, Albany, NY).

5. *Buffalo Business Barometer*, Buffalo News, Nov. 11, 1990, at B11 [hereinafter *Buffalo Business Barometer*].

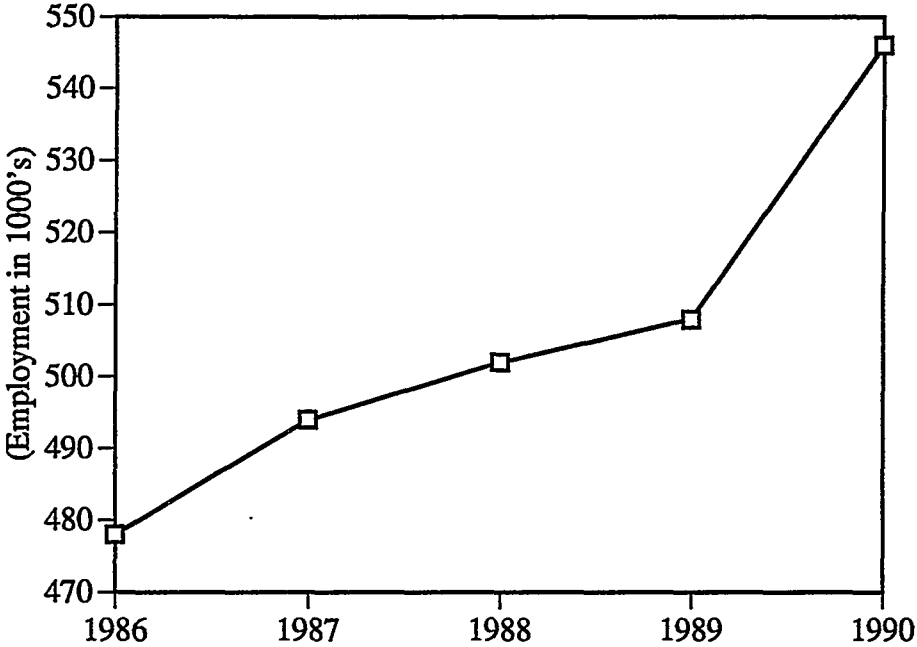
6. *Id.*

7. *Id.*

(Figure 2).

These figures clearly suggest a positive change in the macro-level

ERIE AND NIAGARA COUNTIES: EMPLOYMENT TRENDS
March Employment



Source: NEW YORK STATE DEP'T OF LABOR, MONTHLY EMPLOYMENT TRENDS (1986, 1987, 1989 & 1990).

condition of the Buffalo economy. But do they portend a new era of recovery?⁸ Do they represent a bellwether of Buffalo's final emergence as a beneficiary of national and global economic restructuring? And if such figures do represent impending benefit for the "regional economy", are they also harbingers of a better way of life? And if so, for whom? In other words, in the aftermath of deindustrialization, is a structurally new regional economy being born or are these changes more ephemeral features bound to turn around again when the region continues along a more complex, longer and historically embedded path toward economic

8. E. Soja, *LA Is the Place: Economic Restructuring and the Intermedialization of the Los Angeles Region* (1984) (paper presented at the Annual Meeting of the ASA, San Antonio, Texas).

decline?⁹

This article seeks to address, if not outright answer these questions. In a way, it represents another in a growing number of discussions of the notion of economic restructuring.¹⁰ The article's goal is to reevaluate the meaning of economic restructuring when applied to regions like Buffalo.¹¹

I. ECONOMIC RESTRUCTURING RECONSIDERED

If there is one term that has come to represent the entire panoply of economic shifts, it is "restructuring." In the past few decades, economic relations within and between cities, regions and nations have been altered dramatically. In the United States, for example, the 1970s came to be viewed as the era in which the "rise of the Sunbelt" was solidified, and the 1980s as the time when the "globalization of the economy" became a key ingredient in the process of urban change.¹² Both scholars and practitioners began to speak of fundamental changes in the places and processes of capitalism. The contemporary practice of the mode of production was changing spatially (*where* it was practiced, such as regions, cities or nations); temporally (what had historically occurred in such spaces); and behaviorally (changing sectors, relations and forces of production).¹³ Inasmuch as most observers perceived economic restructuring as resulting primarily from one or another of these features, there have been differences over exactly *what* economic restructuring means, *when* it occurs and *where* it can be somewhat universally found to exist. Economic restructuring embodies all of these elements and can most es-

9. Fainstein & Fainstein, *Technology, the New International Division of Labor and Location: Continuities and Discontinuities*, in *ECONOMIC RESTRUCTURING AND POLITICAL RESPONSE* 17-40 (R. Beauregard ed. 1989) [hereinafter *New International Division of Labor*].

10. See *id.*; Soja, *Economic Restructuring and the Internationalization of the Los Angeles Region*, in *THE CAPITALIST CITY* 178-79 (M. Smith & J. Feagin eds. 1987) [hereinafter *Economic Restructuring*].

11. Kraushaar & Perry, *Buffalo: Region of No Illusions*, in *ECONOMIC RESTRUCTURING OF THE AMERICAN MIDWEST* 47-74 (R. Bingham & R. Eberts eds. 1990) [hereinafter *Buffalo: Region of No Illusions*]; D. PERRY & A. WATKINS, *THE RISE OF THE SUNBELT CITIES* (1977); Perry, *Dependent Deindustrialization in America: The Case of Buffalo, New York*, in *THE CAPITALIST CITY* 113-37 (M. Smith & J. Feagin eds. 1987) [hereinafter *Dependent Deindustrialization*].

12. *Economic Restructuring*, *supra* note 10, at 178-79.

13. For a detailed and useful discussion of these three characteristics of the representation of restructuring, see Beauregard, *Space, Time and Economic Restructuring*, in *ECONOMIC RESTRUCTURING* 209-37 (R. Beauregard ed. 1989) [hereinafter *Space, Time and Economic Restructuring*]; Soja, *History: Geography: Modernity*, in *POSTMODERN GEOGRAPHIES* 10-42 (E. Soja ed. 1989) [hereinafter *History: Geography: Modernity*].

sentially be understood in spatial and historical discourse.¹⁴

Robert Beauregard illustrates this point: "My thesis is not simply that time and space are important and interrelated, but that space shatters time by distorting the simultaneity of structural events."¹⁵ While Beauregard argues that the structures of social formation are impacted by such a confluence of time and space, creating an uneven economic development in social formations that discipline and blunt social movements,¹⁶ we would like to argue a somewhat different, if not contrary position. Rather, understanding economic restructuring from this vantage point defines economic restructuring as uneven spatial development—where the transformations, at different times, in the economy occur in different places, in different industries and among different peoples in different ways.

For economic restructuring to be a useful articulator of this imperative economic urban structure in the late twentieth century, it must include a discussion of the systemic spatial relations of unevenness and dependency that obtain from the global to the local structure of the mode of production as well as a sectoral (industrial) description of the changing places/processes of production.¹⁷ This essential dynamic imperative of capitalism is no better exemplified than in the recent economic history of Buffalo.

For most of its history, Buffalo had been the beneficiary of global and national changes in the economy. From its very beginnings, the region had emerged rapidly as a central part of the mercantile epoch—first as a break-bulk point of the frontier economy and later as the largest inland port and water-based point of distribution in the national economy.¹⁸ As the dominant means of practicing global and national economy shifted in the late nineteenth century from an extractive-mercantile base to an industrial-manufacturing base, Buffalo benefitted again due to its spatial setting at the center of the national market.¹⁹ Through each epochal round of global/national economic restructuring, therefore, Buffalo was well positioned as a powerful urban player in the definition and practices of the changing mode of production.

By the mid-twentieth century, however, things began to change, and

14. See *History: Geography: Modernity*, *supra* note 13, at 10-42; D. MASSEY, *SPATIAL DIVISIONS OF LABOR* (1984); *New International Division of Labor*, *supra* note 9.

15. *Space, Time and Economic Restructuring*, *supra* note 13, at 210.

16. *Id.*

17. *Dependent Deindustrialization*, *supra* note 11, at 113-37.

18. *Id.*

19. *Id.*

for the last three decades Buffalo's economy has hardly been evidence of an urban space positioned to practice a third round of economic restructuring. Indeed, it was soon clear that the Buffalo economy was not well suited to benefit from the global economy's transformation from centralized heavy manufacturing to new manufacturing production practices and a post industrial service economy. Rather, for most of the last decades, the region represented a prime example of how a region can become a *victim* of economic restructuring rather than a beneficiary.

By the early 1980s, the relationship of Buffalo to the rest of the state, national and world economies was no longer definitive and powerful as it had been during the mercantile and industrial epochs. The term that best characterized the regional economy was "decline", and the region's relation to the larger national and global economy was one of essential powerlessness.²⁰ "The region, as the victim of global change and a limited participant in the new order, [became] increasingly *dependent* on outside market and state forces for its economic and social renewal."²¹

While Buffalo had not moved geographically, it certainly had been "relocated" in the world economic system of cities. The city was no longer situated at the core of the world economy as an "*independent*" center of manufacturing and commerce. It had been "moved" to the periphery of the economic order. Rather than controlling its own means of production, it was dependent on outside capital and state resources to practice its declining role in the manufacturing and service sectors of the late twentieth century.

This condition of *dependency* in a region that had historically been at the core of the world system of capitalism underscores the emergence of a second important feature in more accurately understanding the contemporary state of economic restructuring—the *relational* character of the process or dynamics of economic restructuring. Changes in the economy (its means-defining sectoral base and the processes/forces of production) are not visited equally upon all places/spaces of the economy. Changes in the economy are represented differently, occur differently in different places.

To repeat, this *unevenness* of spatial development in the process of economic restructuring is a direct product of relations of production. The declining participation of one region in once basic sectors of production is a direct result of changing relations with other places of such

20. *Id.*; Center for Regional Studies, *Ending Economic Dependency: Economic Development Policy for Distressed Regions* (1986) (available at State University of New York at Buffalo).

21. *Dependent Deindustrialization*, *supra* note 11, at 114-15.

sectoral production. Rising conditions of profitability for other sectors of a region's economy can also be the result of growing dependency of the region's forces of production on outside economic forces.

As Beauregard points out, the historical decline of a region, that is its temporal slide into the inequalities of uneven development can be, as in the case of Buffalo, a direct manifestation of the uneven spatial character of economic restructuring.²² On the other hand, "uneven spatial development is inherently a temporal phenomenon (i.e., its historical relation to its past economic structure). It involves the *movement* of development across places²³—a movement that takes place in time and not in the instantaneous world of the neo-classical economic theory."²⁴

While uneven development is *a* cause of spatial differentiation between places in the transforming economic structure, however, it is not coterminous with it. Spatial differences between regions can be explained by certain local historical features or by contained conditions of agglomeration. Thus, uneven spatial development is not simply a code for geographic differences, it is also a recognition of the *relations* between geographic spaces, defined and rationalized by new changes in the logic of production. While one may not have a clear and completely well articulated definition of restructuring, in order to understand "economic restructuring" in Buffalo, the discussion at a minimum must be informed by a "sense of the temporal and spatial uneven development of capitalism, and the ways in which capitalism's contradiction is produced and managed."²⁵

The contemporary history of the Buffalo region, with its long-term deindustrialization and its incipient economic re-emergence after industry has gone, offers a good case study of this reconsideration of economic restructuring. This first section serves as a reminder that the transformations in the region's economic sectors are not only evidence of decline in and of themselves, but that they also suggest patterns of unevenness and dependency relative to changes in and relationships with other urban spaces. Discussion of Buffalo or any urban place must always be framed in such a spatial/relational context—either directly or inferentially. To exclude such assumptions about the *place* of a city in the geography as well as the history of the economy is to provide an incomplete and therefore inaccurate discussion. The remainder of this article discusses the

22. *Id.*

23. N. SMITH, *UNEVEN DEVELOPMENT* (1984).

24. *Space, Time and Economic Restructuring*, *supra* note 13, at 217-18.

25. *Id.* at 223.

recent *history* (time) and *place* (space) of Buffalo in the era of economic restructuring. Using information about race, gender and income as well as industrial structure, the article suggests that the story of economic restructuring in Buffalo is complex and, to use the well-worked heuristic, "pregnant with the contrary."²⁶

II. PUTTING BUFFALO IN CONTEXT: DISCUSSING THE STRUCTURE OF THE BUFFALO ECONOMY THROUGH TIME AND SPACE

For much of the past fifty years, Buffalo, New York first teetered, then tumbled toward economic decline. At the turn of the century, however, things were different. The city and its immediate environment were home to twelve major automobile companies, seven major steel corporations and a host of metal working plants.²⁷ While the majority of these large home-grown and operated corporations were sold to outside interests by the early 1930s, the economic base of the region remained decidedly skewed toward heavy manufacturing.²⁸ At the height of the war economy of the 1940s, 225,000 were employed in the war-related industries, comprising about 47% of the overall economy.²⁹ As late as 1970, over 42% of the labor force were employed in manufacturing.³⁰ According to historian Mark Goldman, when one spoke of Buffalo during the first half of the century, one placed it in the category of industrial "giant" alongside Great Lakes cities such as Detroit, Cleveland and Pittsburgh.³¹ However, for all the trappings of industrial success, the underlying structure of production in the region was unraveling.

A. *The Industrialization of Buffalo: The Region as Beneficiary of Structural Change in the Economy*

For most of the nineteenth century and the first three decades of the twentieth century, Buffalo was the regional beneficiary of successive rounds of the sectoral restructuring of the productive base of world capi-

26. See *History: Geography: Modernity*, *supra* note 13, at 26.

27. For historical data on Buffalo, see S. Ticknor, *The Economic History of Buffalo: 1825-1984*, M&T Bank Planning and Research, Buffalo, New York, 13-25 (1985); R. BROWN & B. WATSON, *BUFFALO: LAKE CITY IN NIAGARA LAND* 108-95 (1981).

28. See T. STANBACK & T. NOYELLE, *CITIES IN TRANSITION* (1982); *Dependent Deindustrialization*, *supra* note 11, at 113-37.

29. M. Goldman, *HIGH HOPES: THE RISE AND DECLINE OF BUFFALO*, NEW YORK 234 (1983) [hereinafter *HIGH HOPES*].

30. See BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, *COUNTY BUSINESS PATTERNS* (1970).

31. *HIGH HOPES*, *supra* note 29, at 234.

talism. By the 1850s, the city and its immediate environment constituted a central cog in the nation's mercantile network. Positioned between Lake Erie and Lake Ontario, Buffalo acted as the western terminus of the Erie Canal.

Buffalo's locational advantage was supplanted in the last half of the century by the early agglomeration of a regionally competitive manufacturing economy around the mercantile infrastructure which linked the region to the rest of the nation.³² Local tanneries, furniture factories and the nation's largest and most productive flour industry were spun off from the commercial base.³³ At first, these home grown industries remained essentially local, without penetrating markets outside the immediate Western New York region. The structure of the economy was built upon the larger and more successful base of flour milling and commerce.³⁴

The economic base of the region began to change in the latter stages of the nineteenth century. The main technological reason for this change was the introduction of the railroad. Early on, Buffalo possessed a well-developed rail system. However, the shift of much of the grain, wood and mining activities of the national economy towards the South, and delays in shipping caused by the less direct movement of goods either by water or rail, diminished Buffalo's role in the national mercantile network.

The structural decline in the commercial sector's importance to the region's base due to the respacialization of the national commercial network through the advent of the transcontinental railroad led to a fundamental decline in grain milling, the region's most competitive export sector. This break in the old economic order was, however, masked by a sectoral restructuring of the regional economy as the once insular, home grown manufacturing sector spun off into a new export-driven manufacturing economic base.³⁵

Between 1860 and the close of World War I, the Buffalo region became the industrial giant described by Goldman. The region produced a sizeable share of the nation's steel, railroad cars and engines, airplanes and automobiles. This shift in the regional economic base was financed by substantial external investment and was built upon a rapidly emerging

32. *Id.*

33. *Id.* at 56-71.

34. *Id.* at 143-44.

35. *Id.* at 143-45.

pyramid of industrial consolidation and absentee ownership.³⁶ Such trends in structure and investment started as early as 1870, with the sale and consolidation of the region's many breweries and oil transport firms, and proceeded into the twentieth century with the sale of the major regional steel industry (Lackawanna) and auto industries such as Pierce Arrow.³⁷

B. *The Deindustrialization of Buffalo: The Region as Victim of Structural Change in the Economy*

1. *The Process of Deindustrialization.* By the 1930s, the Buffalo metropolitan area had become less a center of entrepreneurial manufacturing and more a region captured by the organizational logic of mass production industrialization wherein manufacturing would be carried on in firms built through corporate mergers and consolidations. Such firms would soon become national, even multi-national in scope. Thus industrial firms in Buffalo were, by the 1930s, part of the web of this Fordist structure of production—essentially owned and operated from corporate headquarters centered far away from Buffalo. This pattern compelled most knowledgeable observers of Buffalo to conclude that the basic manufacturing structure of the city and the region was no longer locally controlled.³⁸

The full import of this feature of the regional economy would not become apparent until sometime in the distant future. In the meantime, the immediate demands of the Second World War produced an unprecedented spurt of heavy manufacturing activity which continued after the War. Industrialization became an even more essential element in the regional economy in 1959 with the opening of the St. Lawrence Seaway, an alternate all-water route to the Atlantic Ocean. With this event, the fate of the Buffalo area as a water-based commercial port was sealed and the city and region became even more dependant on its industrial base.

However, even with the early post-war growth of the auto and steel industries, the region began almost immediately to suffer the first of what was to become a long-term series of events which together comprised decades of escalating economic retrenchment in the Buffalo metropolitan area. The end of World War II saw the close of the Columbus-based Curtiss-Wright Aircraft Plant which at its peak employed over 40,000

36. *Id.* at 152-53.

37. *Id.*

38. *Id.*

workers.³⁹ A decade later, the region's DuPont plant moved to Ohio, while new divisions of Allied Chemical and Hooker Chemical were opened in the South rather than in Western New York.⁴⁰ A decade later, American Shipbuilders closed, and five of the nation's largest grain milling operations shut down.⁴¹

The 1970s were perhaps the most overstated years of industrial retrenchment with the closing of steel, auto and chemical plants including Bethlehem and Republic Steel and major component plants at Ford and General Motors.⁴² These plant closings cost the region nearly half of the jobs in these durable good sectors, or almost 25,000 jobs.⁴³

As early as 1960, it became apparent that these losses in the major economic sectors of the region's manufacturing base were not being offset by gains in other sectors of manufacturing. Where in 1950, over fifty percent of the new jobs generated in the Buffalo Consolidated Metropolitan Statistical Area (CMSA)⁴⁴ were manufacturing jobs, by 1960, barely one third of metropolitan job growth could be attributed to manufacturing.⁴⁵ By 1970, it was apparent that manufacturing was suffering when high growth sectors such as the metal works industries generated only eleven new jobs in the decade.⁴⁶ The manufacturing sector as a whole was suffering from such high losses that only growth in the service sector, in particular health services, retail trade and education, prevented the region from suffering an absolute drop in jobs overall.⁴⁷

In fact, during the 1970s, the economic restructuring of the region was essentially completed. Steep losses in manufacturing growth were offset, on paper at least, by sharp increases in employment in the service sector. During the decades following World War II, a dramatic and important transformation occurred in the region's economic structure. Where in 1950, four of the top five employment categories of the Buffalo CMSA were in manufacturing and construction sectors, by 1980, four of

39. *Id.* at 233.

40. *Id.* at 268.

41. *Id.* at 271.

42. *Id.* at 273.

43. BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, CENSUS COUNTY BUSINESS PATTERNS (1970).

44. The Buffalo Consolidated Metropolitan Statistical Area includes the counties of Erie and Niagara.

45. BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, CENSUS COUNTY BUSINESS PATTERNS (1960).

46. BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, CENSUS COUNTY BUSINESS PATTERNS (1970).

47. *Id.*

the top five regional economic sectors were service-related: education, retail trade, financial services and health services.⁴⁸ In 1970, manufacturing firms still employed 172,034 workers or 42.1% of the region's total work force.⁴⁹ By 1981, the manufacturing sector employed 122,805 workers or 30% of the total labor force.⁵⁰ The overall transformation of the regional economy in the 1970s did not fully reflect similar changes in the national economy. Buffalo's manufacturing base declined at a rate far in excess of national change, and the region's service sector increased at a rate far below national growth.⁵¹

Such trends should not have come as a surprise. In 1982, Thomas Stanback and Thierry Noyelle described the Buffalo region as a "blue collar town with little to offer in the way of service diversification."⁵² The region did not possess the industrial structure to fully recover its competitive position through growth in its emerging service sector.

It is this lack of economic flexibility in the face of major structural realignment in the region's base that leads to the conclusion that Buffalo was more the "victim" of global change in the early 1980s than it was a "leader" of such change. Following up on the Stanback and Noyelle assessment, a second study concluded that the shift in the regional industrial base in the early 1980s:

[left] a region long of structural "destruction" and short of creativity [or entrepreneurial reinvestment]. Put another way, the crises of the 1970's still prevail in the region, and they have not been superseded by a technology driven reconstitution of the mechanisms or means which are the structural core of the region's mode of production.⁵³

2. *The 1980s: The First Decade of Deindustrialization.*⁵⁴ In the 1980s, the trends set in motion in the previous decade accelerated. Buffalo, long regarded as a production center characterized by a high concentration of routine manufacturing, was virtually stripped of a sizeable portion of its remaining "blue collar" base.⁵⁵ By the close of the decade, only 94,500 workers, less than one fifth of the total regional work force,

48. *Buffalo: Region of No Illusions*, *supra* note 11.

49. BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, COUNTY BUSINESS PATTERNS (1970).

50. See BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, COUNTY BUSINESS PATTERNS (1981).

51. *Buffalo: Region of No Illusions*, *supra* note 11.

52. T. STANBACK & T. NOYELLE, *supra* note 28.

53. *Dependent Deindustrialization*, *supra* note 11, at 115.

54. A more detailed discussion of the findings presented in this can be found in *Buffalo, NY: Region of No Illusions*, *supra* note 11, at 47-74.

55. T. NOYELLE & T. STANBACK, THE ECONOMIC TRANSFORMATION OF AMERICAN CITIES (1984).

remained in manufacturing jobs.⁵⁶

However, has this necessarily been bad for the Buffalo economy? Employment in the region mushroomed to 533,000 by January 1990.⁵⁷ At the beginning of the last quarter of 1990, employment had grown even further to over 550,000.⁵⁸ Are Stanback and Noyelle essentially incorrect: had the service sector really begun to replace manufacturing as the *dynamic* and *competitive* new export economy of Buffalo?

This article has attempted to answer these questions by devising a profile by sector of changes in the region's industries and employment. The profile is organized across time by breaking down the decade of the 1980s into thirds. The first two periods, 1979-1983 and 1983-1986 (Table 1), are described using consistent data sets.⁵⁹ The decade's sectoral profile is described in less detail using more incompatible data.⁶⁰ The main tool employed in this assessment is a shift-share analysis which allows us to demonstrate, interactively, regional and national changes in employment within and across sectors.⁶¹

56. This figure is the preliminary count of the New York Department of Labor. Further reports suggest that the manufacturing sector has rebounded somewhat (even up, by some estimates as much as 6,000 workers) since the first of the year, but even this revised estimate keeps manufacturing at its lowest level in almost a century. See Table 2, *infra* p. 362.

57. See NEW YORK STATE DEP'T OF LABOR, DIVISION OF RESEARCH AND STATISTICS, EMPLOYMENT REVIEW (Jan. 1990).

58. *Buffalo Business Barometer*, *supra* note 5.

59. See BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, COUNTY BUSINESS PATTERNS (1979); BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, COUNTY BUSINESS PATTERNS (1983); BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, COUNTY BUSINESS PATTERNS (1986).

60. The remainder of this paper will use a combination of New York State, U.S. Census Bureau and U.S. Department of Commerce data in an attempt to describe as accurately and consistently as possible the economic profile of Buffalo. We will not compare information from different sources, since each source has a different means of collecting information and therefore arrives at a very different figure when valuating the same event.

61. The five columns registering data in Table 1 can be explained as follows:

- (1) Employment Change: the *actual* change in regional employment during the period, by sector;
- (2) National Growth Effect: the change in employment in each sector attributable to the overall national change in employment;
- (3) Mix Effect: the change in employment in each sector directly attributable to the national change in employment in the sector;
- (4) Share Effect: the sum of the national growth effect and the mix effect;
- (5) Competitive Effect: the difference between the actual change in the region's employment in each sector and the share effect. Thus, if the competitive effect is positive, it suggests that the region is actually generating employment in the sector above both the overall rate of growth in the national economy and national growth in the sector. On the other hand, if the competitive effect is negative, it means that even if employment is increasing in a particular sector, the regional growth is not part of the economic base of Buffalo because it is wholly explained by national trends occurring outside its boundaries, and is not internally generated. While there are many problems with this analysis, it nevertheless serves as a useful heuristic of regional change.

In the first years of the decade, the region's declining manufacturing base was further influenced by a severe national recession. The second period gives evidence of exactly how strong the regional recovery was and offers clues as to whether the service sector had indeed replaced manufacturing as the competitive new economic base.

TABLE 1

THE COMPETITIVE PROFILE OF THE BUFFALO CMSA ECONOMY, SELECTED SECTORS
USING SHIFT-SHARE ANALYSIS 1979-1983 AND 1983-1986

SHIFT SHARE ANALYSIS
1979 TO 1983

Industry	SIC*	National			Share Effect	Competitive Effect
		Employment Change	Growth Effect	Mix Effect		
MINING		0	0	0	0	0
CONSTRUCTION		(3,162)	(53)	(2,306)	(2,359)	(803)
General contractors	15	(923)	(12)	(878)	(889)	(34)
Heavy contractors	16	(633)	(9)	(332)	(341)	(292)
Special trade	17	(1,606)	(32)	(915)	(947)	(659)
MANUFACTURING		(41,543)	(432)	(20,280)	(20,712)	(20,831)
Durable Goods		(35,161)	(305)	(18,425)	(18,730)	(16,431)
Lumber & wood products	24	(194)	(2)	(163)	(166)	(28)
Furniture & fixtures	25	(239)	(3)	(157)	(161)	(78)
Stone, clay & glass	32	(2,659)	(21)	(1,527)	(1,547)	(1,112)
Primary metals‡	33	(13,320)	(65)	(8,190)	(8,254)	(5,066)
Fabricated metals	34	(4,146)	(41)	(3,019)	(3,060)	(1,086)
Machinery, x-electrical	35	(3,458)	(40)	(2,493)	(2,533)	(925)
Electrical & electronic	36	(2,269)	(34)	(696)	(730)	(1,539)
Transportation equipment	37	(8,490)	(78)	(5,119)	(5,196)	(3,294)
Instruments & related	38	(144)	(11)	90	79	(223)
Miscellaneous industries	39	(242)	(10)	(607)	(617)	375
Nondurable Goods		(6,382)	(127)	(3,452)	(3,579)	(2,803)
Food & kindred products	20	(592)	(27)	(600)	(626)	34
Textile mill products	22	(563)	(4)	(228)	(231)	(332)
Apparel & other textiles	23	(223)	(7)	(358)	(366)	143
Paper & allied products‡	26	(1,227)	(12)	(269)	(281)	(946)
Printing & publishing	27	(469)	(27)	450	423	(892)
Chemicals & allied prods	28	(1,486)	(28)	(484)	(512)	(974)
Petroleum & coal	29	(696)	(3)	(48)	(51)	(645)
Rubber & misc. products	30	(1,049)	(17)	(754)	(771)	(278)
Leather products	31	(77)	(1)	(84)	(86)	9
SERVICES		(2,154)	(884)	22,950	22,066	(24,220)
Transportation		(1,915)	(41)	(658)	(699)	(1,216)
Local passenger transit	41	380	(6)	(49)	(55)	435
Trucking & warehousing	42	(2,156)	(27)	(1,033)	(1,060)	(1,096)
Water transport	44	(239)	(2)	(43)	(45)	(194)
Transport by air	45	(154)	(3)	22	20	(174)

TABLE 1, CONT.

Industry	SIC*	National		Mix Effect	Share Effect	Competitive Effect
		Employment Change	Growth Effect			
Pipelines, x-natural gas	46	0	0	0	0	0
Transportation services	47	254	(3)	190	(188)	66
Wholesale & Retail Trade		(6,914)	(252)	0	(252)	(6,662)
Wholesale trade		(6,813)	(191)	650	459	(7,272)
Durable goods wholesale	50	(1,777)	(50)	(74)	(124)	(1,653)
Nondurable wholesale	51	259	(25)	257	233	26
General merchandise	53	(4,074)	(47)	(1,045)	(1,092)	(2,982)
Food stores	54	793	(50)	1,590	1,540	(747)
Automotive dealers	55	(1,464)	(24)	(1,076)	(1,101)	(363)
Apparel & accessory	56	(184)	(16)	44	28	(212)
Home furnishings†	57	(281)	(10)	(176)	(186)	(95)
Miscellaneous retail	59	(186)	(30)	517	487	(673)
Producer Services		2,950	(168)	8,168	8,000	(5,050)
Communication	48	(360)	(15)	477	462	(822)
Electric, gas & sanitary	49	309	(17)	614	597	(288)
Banking	60	31	(26)	1,136	1,110	(1,079)
Credit agencies, x-banks	61	915	(4)	161	157	758
Security brokers	62	177	(1)	189	188	(11)
Insurance carriers	63	(543)	(14)	116	101	(644)
Insurance agents	64	145	(8)	387	380	(235)
Real estate	65	93	(9)	194	185	(92)
Holding companies	67	(31)	(1)	67	66	(97)
Business services	73	1,630	(47)	3,302	3,255	(1,625)
Legal services	81	478	(8)	813	805	(327)
Miscellaneous services	89	106	(18)	878	860	(754)
Social Services		3,434	(289)	16,067	15,778	(12,344)
Health services	80	4,187	(122)	8,714	8,592	(4,405)
Education services	82	(1,122)	(119)	1,057	938	(2,060)
Social services	83	549	(27)	1,762	1,735	(1,186)
Membership organizations	86	(180)	(21)	80	59	(239)
Personal Services		291	(136)	4,131	3,996	(3,705)
Eating & drinking places	58	0	(81)	2,811	2,731	(2,731)
Hotels & other lodging	70	188	(10)	337	327	(139)
Personal services	72	12	(13)	189	176	(164)
Auto repair	75	(38)	(10)	109	100	(138)
Miscellaneous repair	76	(141)	(4)	(0)	(4)	(137)
Motion pictures	78	(76)	(2)	(21)	(23)	(53)
Amusement & recreation	79	297	(14)	610	596	(299)
Museums, gardens & zoos	84	32	(1)	31	30	2
Private households	83	17	(1)	203	201	(184)

* Standard Industrial Classification Code

† Data from County Business Patterns, 1979, 1983 & 1986.

Data for this table originally appeared in Kraushaar and Perry (1990).

TABLE 1, CONT.

Industry	SIC*	National		Mix Effect	Share Effect	Competitive Effect
		Employment Change	Growth Effect			
SHIFT SHARE ANALYSIS 1983 TO 1986						
MINING		0	0	0	0	0
CONSTRUCTION		3,208	1,880	2,092	3,972	(764)
General contractors	15	750	382	680	(1,062)	(312)
Heavy contractors	16	90	303	(304)	(2)	92
Special trade	17	2,368	1,195	1,863	3,058	(690)
MANUFACTURING		(2,723)	13,299	(7,325)	5,974	(8,697)
Durable Goods		(2,739)	8,635	(2,728)	5,908	(8,647)
Lumber & wood products	24	171	(77)	13	90	81
Furniture & fixtures	25	97	107	31	139	(42)
Stone, clay & glass	32	(679)	549	(292)	258	(937)
Primary metals†	33	(4,273)	1,077	(1,267)	(190)	(4,083)
Fabricated metals	34	127	1,257	(483)	774	(647)
Machinery, x-electrical	35	317	1,265	(786)	479	(162)
Electrical & electronic	36	(1,142)	1,188	(373)	815	(1,957)
Transportation equipment	37	2,765	2,257	1,267	3,524	(759)
Instruments & related	38	331	466	(360)	106	225
Miscellaneous industries	39	(453)	392	(393)	(1)	(452)
Nondurable Goods		16	4,664	(3,971)	693	(677)
Food & kindred products	20	(130)	1,072	(1,101)	(29)	(101)
Textile mill products	22	(158)	86	(107)	(21)	(137)
Apparel & other textiles	23	279	292	(330)	(38)	317
Paper & allied products‡	26	226	381	(287)	94	132
Printing & publishing	27	847	1,091	(22)	1,070	(223)
Chemicals & allied prods	28	(1,064)	1,023	(1,166)	(143)	(921)
Petroleum & coal	29	(4)	51	(102)	(51)	47
Rubber & misc. products	30	240	619	160	778	(538)
Leather products	31	(220)	50	(141)	(92)	(128)
SERVICES		36,169	37,884	5,496	43,380	(7,211)
Transportation		1,224	1,503	371	1,873	(649)
Local passenger transit	41	506	303	(61)	242	264
Trucking & warehousing	42	522	883	288	1,171	(649)
Water transport	44	(122)	68	(112)	(44)	(78)
Transport by air	45	34	106	76	183	(149)
Pipelines, x-natural gas	46	0	0	0	0	0
Transportation services	47	284	142	178	321	(37)
Wholesale & Retail Trade		9,159	9,974	0	9,974	(815)
Wholesale trade		4,351	7,381	(1,413)	5,968	(1,618)
Durable goods wholesale	50	1,233	1,925	(78)	1,847	(614)
Nondurable wholesale	51	(254)	1,094	(440)	654	(908)
General merchandise	53	1,148	1,505	(399)	1,106	42
Food stores	54	2,079	2,255	115	2,371	(292)
Automotive dealers	55	2,016	867	344	1,212	804
Apparel & accessory	56	428	573	(38)	635	(207)
Home furnishings‡	57	305	397	551	949	(644)
Miscellaneous retail	59	2,204	1,257	89	1,346	(858)

TABLE 1, CONT.

Industry	SIC*	National				
		Employment Change	Growth Effect	Mix Effect	Share Effect	Competitive Effect
Producer Services		8,978	7,612	3,266	10,878	(1,900)
Communication	48	(350)	609	(936)	(327)	(23)
Electric, gas & sanitary	49	36	774	(552)	222	(186)
Banking	60	1,404	(1,138)	(777)	360	1,044
Credit agencies, x-banks	61	1,073	274	374	648	425
Security brokers	62	166	74	95	169	(3)
Insurance carriers	63	61	556	(201)	355	(294)
Insurance agents	64	283	354	82	436	(153)
Real estate	65	503	400	258	658	(155)
Holding companies	67	83	25	37	62	21
Business services	73	4,600	2,244	4,458	6,702	(2,102)
Legal services	81	758	(388)	326	714	44
Miscellaneous services	89	361	776	354	1,131	(770)
Social Services		9,813	12,902	(2,613)	10,289	(476)
Health services	80	6,652	5,800	(1,657)	4,143	2,509
Education services	82	2,116	4,998	(2,282)	2,716	(600)
Social services	83	1,726	1,227	804	2,030	(304)
Membership organizations	86	(681)	878	(338)	540	(1,221)
Personal Services		6,995	5,893	1,716	7,609	(614)
Eating & drinking places	58	4,341	3,488	1,608	5,096	(755)
Hotels & other lodging	70	648	448	279	728	(80)
Personal services	72	837	562	56	618	219
Auto repair	75	749	421	402	823	(74)
Miscellaneous repair	76	169	173	27	199	(30)
Motion pictures	78	20	69	(311)	(242)	262
Amusement & recreation	79	202	635	(402)	233	(31)
Museums, gardens & zoos	84	(5)	34	37	71	(76)
Private households	88	34	63	150	213	(179)

* Standard Industrial Classification Code

† Data from County Business Patterns, 1979, 1983 & 1986.

Data for this table originally appeared in Kraushaar and Perry (1990).

a. **Manufacturing.** With a loss of 41,543 jobs, the 1979 to 1983 period witnessed the most rapid and sustained drop in industrial jobs in Buffalo since World War II.⁶² What is most important here is that of these jobs, 20,831 cannot be explained by failures in the national economy, but rather are attributable to weaknesses in the regional economy. The lion's share of the losses were the result of the collapse of the region's durable goods industries especially steel (primary metals), auto (transportation equipment and fabricated metals), and machinery and electronics. Non-durable goods manufacturing was far less important to

62. *Buffalo: Region of No Illusions*, *supra* note 11.

the region's economy as a whole and thus far less a part of Buffalo's industrial decline.

In the post recession period of 1983 to 1986, the manufacturing economy of Buffalo continued to decline, albeit at a much slower rate. Some industrial sectors even posted a positive change in employment, the most important being auto related heavy manufacturing such as transportation related equipment and fabricated metals.⁶³ However, even the substantial increase in auto employment (2,765) was not enough to lift the industrial sector or manufacturing to a competitive position. In the years since 1986 the auto industry in Buffalo has continued to decline. While the national rate of employment in auto manufacturing between 1986 and 1989 has rebounded at an annual rate of 1.0%, the regional auto industry has decreased at an annual rate of 4.5%. While manufacturing decreased nationally at a rate of 0.1%, it continued to decline in Western New York at an annual rate of 1.34% (Table 2).⁶⁴

TABLE 2

RECENT EMPLOYMENT CHANGE IN BUFFALO
METROPOLITAN REGION

Major Industrial Sectors	Employment		Employment
	1986 (Jan.)	1990 (Jan.)	Percent Annual Change 1986-1990
Mining	0.60	0.40	-6.7%
Construction	17.10	17.20	0.6%
Manufacturing	101.30	94.50	-1.3%
Utilities/Transportation	24.40	25.80	1.1%
Trade	121.60	136.60	2.5%
Wholesale	26.00	28.30	1.5%
Retail	95.60	108.40	2.7%
Fire	24.40	30.50	5.0%
Services	116.60	140.40	4.1%
Government	82.30	88.00	1.3%
Local	51.40	55.00	1.4%
State	20.90	22.20	1.2%
Federal	10.00	10.70	1.4%
Total Employment	488.30	533.60	1.9%

Source: NEW YORK STATE DEP'T OF LABOR EMPLOYMENT REVIEW 145 (1990); NEW YORK STATE DEP'T OF LABOR EMPLOYMENT REVIEW 144 (1986).

63. *Id.*

64. See U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS (1986); U.S. DEP'T OF LABOR, EMPLOYMENT AND EARNINGS (1990); NEW YORK STATE DEP'T OF LABOR, EMPLOYMENT REVIEW (Jan. 1986); NEW YORK STATE DEP'T OF LABOR, EMPLOYMENT REVIEW (Jan. 1990).

b. **Services.** The service industries in Buffalo have fared much better than the manufacturing industries, leading many to argue that the region has now “restructured”—becoming a “post industrial” economy. However, reviewing the changes that occurred in the recessionary period of 1979 through 1983, it is not at all clear that the region, at the beginning of the decade, was ready to wear the mantle of successful post-industrial service economy. While the national rate of growth in services sectors would have dictated an increase of 22,950 jobs in the region during this period, Buffalo really lost an absolute number of jobs (over 2000).⁶⁵ The result was a substantially unhealthy noncompetitive effect of a negative 24,220 jobs.⁶⁶ During this period, even the high profile service sector of banking was found to be substantially uncompetitive.

In the period immediately after the recession, between 1983 and 1986, the region’s service sector economy rebounded substantially, adding 36,169 jobs.⁶⁷ Leading this increase in service activity were banking, health related services and finance, insurance and real estate (FIRE) related activities—all of which enjoyed growth rates in excess of national trends. However, growth in this area was still not enough to stimulate a competitive new era for services in general.

During the 1983 to 1986 period, the service sectors of the region still did not post a positive competitive effect. The aggregate growth of services was over 7,000 jobs short of the “share effect” of national trends.⁶⁸ In a nutshell, while the growth of services was indeed important to the region, it was not enough to place Buffalo on a competitive new economic growth trajectory.

These competitively anemic growth trends continued in the last third of the 1980s. Since 1985, despite consistently positive annualized rates of growth in most of Buffalo’s service sectors (Table 2), the service industries of the United States as a whole have increased employment by 5.2%, while the service industries in Buffalo have increased employment by only 3.7%.⁶⁹ While such growing industries as health services have held their own, the financial sector, and banking in particular have be-

65. *Buffalo: Region of No Illusions, supra* note 11.

66. *Id.*

67. *Id.*

68. *Id.*

69. U.S. DEP’T OF LABOR, EMPLOYMENT AND EARNINGS REVIEW (1990); U.S. DEP’T OF LABOR, EMPLOYMENT AND EARNINGS REVIEW (1986); NEW YORK STATE DEP’T OF LABOR, EMPLOYMENT REVIEW (Jan. 1990); NEW YORK STATE DEP’T OF LABOR, EMPLOYMENT REVIEW (Jan. 1986).

come an increasingly risky player in the region's economic base.⁷⁰

c. **Sectoral Summary.** During the decade of the 1980s, the regional economy declined severely in the first years. When it began to recover in the middle years, it did so at a rate still far below that of the national economy.⁷¹ At the same time, service sector activities are still not substantially competitive enough to drive long-term regional economic restructuring. In fact, if there is a new economic structure representing a "breaking down and building up again, [a] deconstruction and attempted reconstitution"⁷² of the industrial base, then it is one where the once vaunted manufacturing base of Buffalo has been "reconstituted" as a fragile, dependent and marginally competitive outback of the nation's volatile service industries.

III. BEYOND DEINDUSTRIALIZATION: THE NEW ECONOMIC STRUCTURE OF BUFFALO

Entering the final decade of the century, it is uncertain what the realignment of Buffalo's industrial structure portends. On balance, the city's deindustrialized structure remains fragile—highly *dependent* on external capital in what remains of its manufacturing base,⁷³ and substantially dependent on the public sector in its service sector (Table 3).

A. *The Future of Manufacturing*

While a detailed study of manufacturing ownership in Buffalo has not been conducted in the past five years, it is estimated that less than one third of all manufacturing firms employing more than five hundred employees are locally owned, and that over two-thirds of manufacturing companies with more than one hundred employees are outside owned.⁷⁴ This trend in ownership leaves the decision making regarding regional plants in the hands of business leaders concerned with the profit logic found in global or multinational corporate strategy.⁷⁵ Location and ex-

70. Four of the major banking institutions in the area have reported significant financial losses in the past two years and three of these institutions are presently in various states of reorganization. Among the major employers of the region, these banks include Empire of America, Goldome and Chase.

71. *Buffalo: Region of No Illusions*, *supra* note 11.

72. *Economic Restructuring*, *supra* note 10, at 178.

73. *Dependent Deindustrialization*, *supra* note 11, at 130-32.

74. *Id.*

75. R. Kraushaar, *Indicators of Maturity: An Examination of Large Manufacturing Establishments in Western New York* (1988) (available at Center for Regional Studies, State University of New York at Buffalo).

TABLE 3

TOP TEN EMPLOYERS IN BUFFALO METROPOLITAN REGION, 1989
(RANKED BY NUMBER OF FULL-TIME EMPLOYEES IN WNY)

Rank	Name	Employees in WNY Full-Time/ Part-Time	Business Description
1	General Motors	10,463	Automotive Parts Manufacturer
2	Erie County	8,710/619	County Government
3	Buffalo Public Schools	6,500/1,800	Public School System
4	University at Buffalo	4,988/1,101	State University
5	Marine Midland Bank	4,667/371	Commercial Bank
6	City of Buffalo	4,446/NA	City Government
7	U.S. Postal Service	4,115/910	Postal Service
8	Fisher-Price Toys	3,400	Manufacturer of children's products
9	Ford Motor Co.	3,145	Automobile Manufacturer
10	Tops Market Inc.	2,842/5,984	Grocery establishment

Source: BUSINESS FIRST TOP 25 BOOK OF LISTS 65 (1990).

pansion decisions in such firms are no longer corporate in a regional sense but corporate in a global sense.⁷⁶

As Kraushaar and Feldman discovered, local operations in this new globalizing arena are "frequently closed or reorganized because the parent corporation is divesting or rationalizing its operations. In some instances, the outside-based takeovers . . . are engineered to make the local plant a 'cash cow', to be milked of capital investment and expansion elsewhere."⁷⁷

At present, of the top ten employers in the region, three are manufacturing firms owned by outside corporations (Table 3). Of these three, Fisher Price has closed two of its plants and laid off 1,170 employees since the data for Table 3 were gathered.⁷⁸ The remaining major manufacturing employers in the Buffalo region are Ford and General Motors.

Thus, the auto industry is now the cornerstone of manufacturing activity in Western New York. With an estimated 29,000 employees,⁷⁹ it

76. Kraushaar & Feldman, *Industrial Restructuring and the Limits of Industry Data: Examples from Western New York*, REGIONAL STUDIES 49 (1989).

77. *Dependent Deindustrialization*, *supra* note 11, at 131-32.

78. Madore, *Analysts Praise Fisher-Price Downsizing*, Buffalo News, July 15, 1990, at B13.

79. This figure represents recent estimations from employment figures reported in transportation equipment, tires and inner tubes, automobile stamping, internal combustion engines, air conditioning, carburetors, pistons and rings, vehicular lighting, electrical equipment machinery, motor vehicle parts, and truck trailers.

represents as much as 25% of the manufacturing industrial base.⁸⁰ As such, while manufacturing no longer drives the region, the auto industry certainly drives what is left of its manufacturing base. One study of the region's auto industry posits that if auto production activities were phased out over a five year period, the loss of jobs directly and indirectly related to the industry would be catastrophic.⁸¹ Put more precisely, the auto industry is theoretically responsible for 165,000 jobs or 30% of *all* jobs in the Buffalo area (Table 4). While these figures represent hypothetical conditions which would only be realized under the most "ideal" conditions of the analytic model used in the study, the fact remains that the economy of the region is inexorably tied to the vicissitudes of the highly fragile national auto economy.⁸²

TABLE 4

ALL AUTO INDUSTRY PLANTS IN WESTERN NEW YORK—IMPACTS OF EMPLOYMENT AND INCOME⁸³

Time Horizon	Direct Impact of Jobs	Estimated Auto Sales	Total* Impact of Jobs	Local Output	Value Added	Household Income	Nonlocal Taxes	Local Taxes
1 Year Impact	27900	3500	80000	6250	3250	2200	810	179
2 Year Impact	27900	3500	165000	8900	5230	4155	1600	520

Note: Sales figures and income figures are in millions; 1981 jobs are based on the 1985 employment structure of the Buffalo economy.

* Total impact includes jobs in the auto sector plus jobs in the rest of the economy that are created due to the presence of the auto industry in the local economy (in economic terms these jobs are labelled the indirect impact).

Source: CENTER FOR REGIONAL STUDIES (1988) and S. COLE, SOCIAL ACCOUNTING IMPACT ANALYSIS: A SOCIAL ACCOUNTING MATRIX FOR WESTERN NEW YORK (1986).

80. The Economic Importance of the Auto Industry to Western New York (1988) (available at Center for Regional Studies, State University of New York at Buffalo).

81. *Id.*

82. In the eyes of many observers, the future of the American auto industry is tied to the way it handles increased conditions of the mismatch of capacity and demand. D. COLE, THE AUTOMOBILE INDUSTRY AND ITS WORKERS (1987). Most studies suggest that there could be as much as a thirty percent difference between inflated capacity and declining demand. If this is the case, the Western New York economy could be moving toward a new round of heavy corporate retrenchment. Already, this increase in capacity has occurred at the expense of many domestic jobs. One recent analyst suggests that over all, the cuts in jobs necessary to meet the demands of the increased competitiveness of Japanese production will equal 46% of all line production jobs by the end of 1990. *Id.* Finally, due to the "substantial advantage the Japanese have in manufacturing cost differential (MCD) even if such competitiveness resulted in an increase in market share for the Big Three in the U.S., the increase in jobs would not be enough to overcome the massive losses of the past. . . ." *Id.*

83. Using a Social Accounting Matrix devised by Sam Cole, this table shows the impacts over a five year time frame of the closing of each of the major auto production plants in Western New

Given the highly problematic and intensely competitive conditions of the auto industry world wide and the especially fragile state of the U.S. auto economy, the dependency of Buffalo's economy on the future health of the auto sector also makes the continued restructuring of the regional economy highly problematic. This condition, lurking beneath the surface of the much ballyhooed "renaissance" of Buffalo, gives meaning to the notion that the trend of economic renewal in Buffalo is most certainly "pregnant with its contrary."

B. *Service Sector in the 1990s: Is It Enough to Move Buffalo Beyond Industrialization?*

With well over 400,000 people employed in the service sectors of the regional economy and with the overall unemployment rate under five percent,⁸⁴ the service economy in general has become the primary source of employment and economic activity in Buffalo. While the automobile industry is the primary source of jobs in manufacturing, the signature piece of economic success in the service industry is the *public*, rather than the private sector. Of the top ten employers in Western New York, seven are in services, and six of these are full government activities.⁸⁵ The only locally-owned service sector industry to make the top ten is not from the much vaunted financial sector, but a super market chain—Tops Market, Inc. Together, these seven service industry units make up more than ten percent of the non-manufacturing workforce.⁸⁶

More to the point is the fact that economic restructuring in Buffalo is highly dependent on *direct* public sector participation in the market. Most recent figures (Table 2) put overall government-based employment in the service sector at 87,800—about one-fifth of all service sector employment and less than 7,000 employees short of the New York State Department of Labor estimate for Buffalo's total employment in manufacturing.⁸⁷ It is not at all inconceivable that government employment

York. Using Dunlop Tire as an example: after five years, the direct effect of the plant closing (1,500 jobs lost), would remain the same while the indirect effect would have grown significantly. The indirect impact on employment after five years would be a loss of 9,483 employees elsewhere in the regional economy, yielding a total impact of 10,983 jobs. The job multiplier grows substantially over the five year period for Dunlop—from 2.11 in the first year of the hypothesized shut down to 7.32 when the long term effects on the region are spread over a five year time horizon.

84. This unemployment rate is below the national average and lower than the rest of New York State.

85. See Table 3, *supra* p. 365.

86. NEW YORK STATE DEP'T OF LABOR, DIVISION OF RESEARCH AND STATISTICS, EMPLOYMENT REVIEW (Jan. 1990).

87. *Id.*

could surpass manufacturing employment in the Buffalo area before the turn of the century.

The message here is not that the service sector is growing, but that ironically its "economic success", "renaissance" or "restructuring" is due in large part to *direct* intervention by New York State. Coupled with the earlier findings on the uneven and uncompetitive nature of most of the region's privately-based service activities, such information counsels caution when applauding the overall transformation of the Buffalo region from a manufacturing to service economy. The general condition of the service base depends on the continued support of the state as much as it does on changes in the market.

As the following sections will show, the changing economic structure of the region also appears to depend on changing trends in the participation in the regional workforce—of blacks and especially women. It is not enough to detail the sectoral changes that have occurred in the economic base of the regional economy, because such changes have been accompanied by changes in the distribution of costs and benefits, and in economic participation in terms of jobs. The remainder of this article analyzes these changes to determine whether these new jobs are comparable to those occupied by laborers in the old economic order. However, this discussion is but a start to studying the very important new structure of the region's labor force—characterized as it is by changing race and gender divisions of labor.

C. *Race, Gender and the Deindustrial Division of Labor*

Regardless of how one looks at the demographic picture emerging from the 1990 Census, the Buffalo region still *lost* population during the decade (Table 5). The major losses appear to reflect the dramatic economic downturn at the beginning of the last decade. And while there has been an upturn in population during the last third of the decade (Figure 1), it remains to be seen if this trend will continue. The demographic composition of the region could suffer dramatically if the national economy falls into a recession, if the auto industry continues its competitive downward spiral, or if the fiscal crisis of the state forces serious budgetary retrenchment in the government sector.

At a more detailed level, the ongoing racial spatialization of the region continued in the 1980s. The black population in Buffalo has become a significant part of the central city area—growing in three decades from one fifth to one quarter, and now to one third of the city's population (Table 6). While a substantial share of the growth of the region's black

TABLE 5

TOTAL CHANGE IN POPULATION, 1960-1990

	Buffalo SMSA	Erie County	Buffalo City
1960	1,306,957	1,064,689	532,759
1970	1,349,211	1,113,491	462,768
1980	1,242,826	1,015,472	357,870
1990	1,182,195	962,366	323,857

Source: BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, Series P-25, No. 1040-RD-1.

TABLE 6

TOTAL CHANGE IN BLACK POPULATION, 1960-1990*

	Buffalo SMSA	Erie County	Buffalo City
1960	82,910	74,880	70,904
% Total	6.3%	7.0%	13.3%
1970	108,784	99,238	94,329
% Total	8.1%	8.9%	20.4%
1980	113,975	102,947	95,116
% Total	9.2%	10.1%	26.6%
1990	123,501	111,727	107,182
% Total	10.4%	12.8%	33.0%

* 1990 figures are estimated based on a steady rate of natural increase in the population.

Source: BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, CURRENT POPULATION REPORTS, SERIES P-25, NO. 1040-RD-1, POPULATION ESTIMATES BY RACE AND HISPANIC ORIGIN FOR STATES, METROPOLITAN AREAS, AND SELECTED COUNTIES: 1980 to 1988 (1989).

population two decades ago resulted from rapid in-migration, the growing importance of blacks in downtown Buffalo can now be largely attributed to the rapid *outmigration* by the city's white population.⁸⁸ Indeed, where the city lost 100,000 whites between 1970 and 1980, it lost another estimated 36,000 in the decade of the 1980s.⁸⁹

As whites continued to migrate to the region's suburbs, albeit at a rate much slower than the previous decade, they did not spread out evenly. Old white industrial communities on Buffalo's rim such as Tonawanda, Cheektowaga, Lackawanna, Depew and Niagara Falls all experienced significant losses in population—each suffering at least a 10% decline in total residents.⁹⁰ The major beneficiary of this outmigration of

88. See Table 6, *supra*.

89. *Id.*

90. See *supra* note 4.

population appears to be the Town of Amherst which, with a population of 111,484, is by far the largest community in the region outside Buffalo. In fact, the Amherst Chamber of Commerce boasts that it is now the fifth largest community in upstate New York after Buffalo, Rochester, Syracuse and Binghamton.⁹¹

For much of the 1980s, Amherst was the "polar opposite" of Buffalo—growing economically, politically and demographically faster than any other region in New York. With the State University of New York at Buffalo as its physical and symbolic hub, Amherst epitomized service sector revitalization in the Rustbelt.

The race and gender composition of the civilian labor force of Buffalo is also changing (Table 7). Of all people in Western New York over the age of sixteen, only the black population exhibits consistent patterns of growth—in general terms as well as in entry into the civilian labor force and employment rate.⁹² White males and females, on the other hand, represented a declining share of the region's population and labor force. Despite such positive change, however, the black unemployment rate was still almost three times the overall unemployment rate, and over four times the unemployment rate among females.

Hiring patterns of blacks in the region are also far from impressive (Table 8). Among the corporations of Erie County, the core county of the Buffalo region, hiring rates of blacks were below national patterns in all service sectors except hotels, media management, hospital management and construction professionals. In both durable and nondurable goods manufacturing, black hiring patterns lagged well below national trends.⁹³

The second major structural realignment in the region is the increased feminization of the labor force. Women continue to evidence strong employment patterns. Over time, their importance to the regional economy relative to men has become more evident. While the general participation rate of men remains higher than women, the increase in women's participation in the regional economy stands in clear relief to the uneven patterns of male participation.

The unemployment rate among women is also far superior to the overall male unemployment rate. In 1980, for every two women unem-

91. AMHERST CHAMBER OF COMMERCE, *THE AGENDA* (1986) (available at Chamber of Commerce, Amherst, New York).

92. See Table 7, *infra* p. 371.

93. See Table 8, *infra* p. 372.

TABLE 7

ESTIMATED UNEMPLOYMENT RATES BY SEX AND RACE IN THE BUFFALO SMSA,
1980-1990

	1980	1986	1990
All Persons Over Age 16	957,044	935,000	939,675
Civilian Labor Force	571,469	533,100	559,200
Employed Civilian Labor Force	516,345	493,000	533,468
Unemployed Civilian Labor Force	54,221	40,100	25,723
Unemployment Rate	9.50%	7.50%	4.60%
Females Over Age 16	509,892	495,550	498,000
Civilian Labor Force	240,307	230,582	242,000
Female Employed Civilian Labor Force	219,401	220,864	235,490
Female Unemployed Civilian Labor Force	20,799	9,718	6,509
Unemployment Rate	8.70%	4.40%	2.68%
Males Over Age 16	447,152	439,450	441,675
Civilian Labor Force	331,162	302,518	317,200
Male Employed Civilian Labor Force	296,944	272,136	297,978
Male Unemployed Civilian Labor Force	33,422	30,382	19,214
Unemployment Rate	13.90%	10.04%	6.06%
Black Persons Over Age 16	79,214	81,390	85,459
Black Civilian Labor Force	42,619	44,200	46,200
Black Employed Civilian Labor Force	34,191	37,836	40,563
Black Unemployed Civilian Labor Force	8,428	6,364	5,634
Unemployment Rate	19.80%	14.40%	12.20%

Source: U.S. CENSUS OF POPULATION 1980, NEW YORK STATE STATISTICAL ABSTRACT, CURRENT POPULATION SURVEY MARCH SAMPLE (1987) and NEW YORK STATE BUREAU OF LABOR STATISTICS REPORT, BULLETIN NO. 2234.

ployed there were three men.⁹⁴ By 1986, there were more than three men in the Buffalo area out of work for every unemployed woman.⁹⁵ In 1990, the ratio of men to women in the ranks of the unemployed remains at almost three to one (Table 7).

In the early part of the 1990s, the economy of Western New York is expected to generate about 99,520 jobs per year.⁹⁶ While this appears to be evidence of a strong regional growth engine, the total figure is somewhat misleading (Table 9). Only 9,560 or about 10% of these jobs will actually be new or "openings due to growth."⁹⁷ Further, the manufacturing sector, represented by the category "production, operative and maintenance," will generate only 790 jobs—less than one percent of all job openings and only 3.4% of those falling into the "growth" cate-

94. See Table 7, *supra*.

95. *Id.*

96. See Table 9, *infra* p. 373.

97. *Id.*

TABLE 8
CORPORATE HIRING OF BLACKS IN THE BUFFALO CMSA

	Industry Total			Management			Professional		
	Erie County 1986	Erie County 1987	United States 1987	Erie County 1986	Erie County 1987	United States 1987	Erie County 1986	Erie County 1987	United States 1987
Overall	9.2	9.9	12.5	3.4	3.5	4.9	3.1	3.7	4.7
Banks	10	10.4	13	3.6	3.6	5.4	5	4.9	7.5
Insurance	8.7	8.8	11.8	4	3.8	4.9	4.2	4.1	7.5
Public Utilities	8	8.4	9.9	3.2	3.5	3.5	3.1	1.5	4.3
Media	6.1	7.3	10.4	5.1	2.2	4.6	3.9	4.2	6.3
Hospitals	11.5	12	15.1	6.6	6.8	6.2	2.5	3	5.4
Wholesale Trade	4.5	5.3	10.6	1.5	2	3.8	2.2	2	4.1
Retail Trade	5	7.5	13.6	2.1	3.4	6.4	1.3	2.9	5
Food Stores	3	4.1	10.3	1.8	1.2	4.8	0.5	1.8	3.3
Hotels	18	21.8	19.3	5.1	5.3	7.9	0	10	10.3
Services	12.4	12.9	14.5	4.8	4.4	5.4	3.4	4.2	5.2
Construction	5.9	7.3	10.2	0	1	2.4	1.7	5.9	2.3
Durable Manufacturing	9.3	9.4	10.2	2.8	2.9	3.6	1.8	2	3.4
Nondurable Manufacturing	10.4	10.8	13.4	3.8	3.6	4.2	1.8	2	3.9

Source: U.S. Equal Employment Opportunities, in Buffalo News, Mar. 25, 1989, at A4.

TABLE 9

PROJECTED AVERAGE ANNUAL JOB OPENINGS BY BROAD OCCUPATIONAL
CATEGORY

WESTERN NEW YORK REGION, 1990-1992

Occupational Category	Total Annual Job Openings		Openings Due to Growth		Openings Due to Replacement Need	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Total	99,520	100.0%	9,560	100.0%	89,960	100.0%
Managerial	5,530	5.6%	930	9.7%	4,600	5.1%
Professional, Technical	15,870	15.9%	2,690	28.1%	13,180	14.7%
Sales	14,860	14.9%	1,450	15.2%	13,410	14.9%
Clerical	19,430	19.5%	1,470	15.4%	17,960	20.0%
Service	19,250	19.3%	2,360	24.7%	16,890	18.8%
Agriculture	1,290	1.3%	-130	-1.4%	1,420	1.6%
Production, Operative Maintenance	23,280	23.4%	790	8.3%	22,490	25.0%

Source: NEW YORK STATE DEP'T OF LABOR, BUFFALO LABOR MARKET ASSESSMENT, OCCUPATIONAL SUPPLY AND DEMAND 18 (1990).

gory.⁹⁸ While the fastest growing occupation is "professional and technical" services, manufacturing will require the most replacement.

Not surprisingly, services emerge as the general sector where over 86% of all new jobs and 75% of all job openings due to replacement are to be found. The importance of service jobs in the region is clearly evidenced in the more detailed profile of the most active projected occupational classifications in Buffalo for the early 1990s. The top twenty-five occupations with the largest number of job openings together comprise forty percent or 39,808 of all annual projected job openings during the first three years of the decade. Of these twenty five occupations, only one, "blue collar worker supervisors," qualifies as a potential manufacturing activity. Fourteen will be filled with a majority of female employees and five will be filled relatively equally by female and male employees (Table 10).

What this data suggests is a fundamental shift in the occupational and gender composition of the most active sectors of the region's labor market. Where at one time Buffalo could have been characterized as a blue collar town with little to offer in the way of a diversified service base, today the city is becoming a "pink collar" economy with minimal diversification in its most dynamic occupational categories. That is, the high

98. *Id.*

TABLE 10

OCCUPATIONS WITH THE LARGEST NUMBER OF JOB OPENINGS
WESTERN NEW YORK REGION (1990-1992)

Occupation	Median Wage	Average Number of Annual Openings 1990-1992
* Salesperson, Retail	\$257	4,680
* General Office Clerks	\$196	3,070
F Waiters & Waitress	\$148	2,410
* Janitors, Cleaners, Maids	\$155	2,400
F Secretaries	\$267	2,250
F Food Counter, Fountain Workers	\$138	2,070
* Stock Clerks, Sales Floor	\$216	2,020
M Truck Drivers	\$292	1,700
* Bookkeeping & Accounting Clerks	\$238	1,690
M General Managers & Top Executives	NA	1,590
F Food Preparation Workers	NA	1,330
M Blue Collar Worker Supervisors	NA	1,270
F Teachers, Preschool, Kindergarten & Elementary	\$348	1,100
F Typists & Word Processors	\$207	1,080
M Guards & Watch Guards	\$245	1,060
F Home Health Aides	\$203	1,010
F Nursing Aides & Orderlies	\$194	970
F First Line Supervisors, Clerical	NA	940
M Stock Clerks, Stockroom or Warehouse	\$216	890
F Receptionists, Information Clerks	\$189	890
F Registered Nurses	\$290	850
F Teachers, Secondary Schools	\$414	810
M Accountants & Auditors	\$406	780

F denotes female dominated occupations

M denotes male dominated occupations

* denotes balanced male/female occupations

Source: NEW YORK STATE DEP'T OF LABOR, LABOR MARKET ASSESSMENT: OCCUPATIONAL SUPPLY AND DEMAND 18-9 (1989) (available at Dep't of Labor, Division of Research and Statistics, Albany, New York).

growth job categories are decidedly skewed toward less skilled activities "with services, sales and clerical occupations dominating the list."⁹⁹ The estimated wages in these "high growth" occupations are very low (Table 10). The average wage for those categories where information is available is \$224 per week and the hourly full time wage is about \$5.60 per

99. NEW YORK STATE DEP'T OF LABOR, BUFFALO LABOR MARKET ASSESSMENT, OCCUPATIONAL SUPPLY AND DEMAND 18 (1990).

hour.¹⁰⁰

Overall, these patterns suggest the growing importance of blacks and women in the regional population in general, and in the work force in particular. They also point to stark patterns of imbalance in pay when sex and race are considered. For example, whites still earn substantially more than blacks in the Buffalo area. The most recent estimates put black median family income at only 41% of white income (Table 11).

TABLE 11

COMPARISON OF BLACK AND ALL FAMILY INCOMES, 1980 AND 1986

	1980 (1986 Dollars) (Adjusted Income)	1986 (Adjusted Income)
Black Families and Unrelated Individuals	6,845	9,472
All Families and Unrelated Individuals	16,558	22,849
Black Income as Percentage of All Families	41.34%	41.45%

Source: BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, POPULATION AND HOUSING CHARACTERISTICS 404, at Table 136 (Characteristics of Population for New York); BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, American Housing Survey 1984: Housing Characteristics for Selected Metropolitan Areas 122 (based on median averages of owner occupied and renter occupied families and primary individuals).

Pay as a measure of the region's gender division of labor is almost as imbalanced as the income comparison between blacks and whites. In 1980, the earning gap between men and women in Buffalo was significant, with women earning a median income of about 55.6% of men's income (Table 12). While census figures for 1990 are incomplete, the most recent census surveys of the Buffalo, Syracuse and Rochester region indicate that the gap between men and women did not close during the 1980s. In fact, these early figures indicate that the gap, with the increase in jobs in the low wage category, may actually be increasing slightly (Table 13 and Table 14).

These patterns of employment and wage earning give a very different cast to the rhetoric of growth now being used to describe Buffalo. The rapid increase in jobs and the shift from manufacturing and services has been accomplished in no small part through the employment of women at wages far below those of their male counterparts. This is compounded by the fact that the jobs most responsible for this growth are low-skill support occupations.

100. *Id.*

TABLE 12

EARNING GAPS BY OCCUPATIONAL CATEGORY
(CIVILIAN LABOR FORCE, BUFFALO CMSA) 1980

Occupation	Females Mean Percent Weekly Earnings	Females as Percent Total Employed
Executive, Administrative & Managerial	54.1	22.9
Professional Specialty	61.7	34.0
Technicians & Related Support	62.7	40.1
Sales	45.5	28.7
Administrative Support Including Clerical	61.3	70.8
Service Occupations	49.0	42.7
Precision, Production, Craft and Repair	55.6	4.6
Machine Operators, Assemblers & Inspectors	62.1	17.7
Total	55.6	31.0

Source: Adapted from ERIE COUNTY TASK FORCE ON THE STATUS OF WOMEN 61 (1988).

TABLE 13

AVERAGE EARNINGS BY GENDER FOR BUFFALO, ROCHESTER AND SYRACUSE 1987
(EXCLUDING EARNERS WHO EARNED LESS THAN \$3,500)

Occupations	1987		1987		Ratio Female/ Male
	Average Male Earnings (Yearly)	Male Earnings (Weekly)	Average Female Earnings (Yearly)	Average Female Earnings (Weekly)	
Not Available	30500.00				
Executive	44094.00	847.96	18265.71	351.26	0.41
Professional	34435.32	662.22	18724.53	360.09	0.54
Technician	20166.67	387.82	13967.57	268.61	0.69
Sales	18928.21	364.00	9382.67	180.44	0.50
Admin. Support	14620.00	281.15	11923.82	229.30	0.82
Protective	21367.83	410.92	6454.00	124.12	0.30
Service	6146.33	118.20	6997.45	134.57	1.14
Farming	9668.56	185.93	3168.50	60.93	0.28
Precision	22772.94	437.94	11143.00	214.29	0.49
Machine	21331.11	410.21	14942.11	287.35	0.70
Transportation	16882.81	324.67	7280.50	140.01	0.43
Handlers/Operators	12931.00	248.67	3100.00	59.62	0.24
Total	22577.27	434.18	12311.02	236.75	0.55

Calculated from current population survey data for Buffalo, Rochester and Syracuse (March 1987 sample).

TABLE 14

AVERAGE EARNINGS BY GENDER FOR BUFFALO, ROCHESTER AND SYRACUSE 1987
(EXCLUDING EARNERS WHO EARNED LESS THAN \$3,500)

Industrial Sector	1987		1987		Ratio Female/ Male
	Average Male Earnings (Yearly)	Male Earnings (Weekly)	Average Female Earnings (Yearly)	Average Female Earnings (Weekly)	
Not Available	30500.00	586.54	0.00	0.00	0.00
Agriculture/Forestry/Fisheries	12170.00	234.04	3168.00	60.92	0.26
Construction	17029.23	327.49	16750.00	322.12	0.98
Durable Goods	28070.99	539.83	19321.71	371.57	0.69
Nondurable Goods	24920.63	479.24	13887.46	267.07	0.56
Trans/Communications/Utilities	20068.27	385.93	19306.57	371.28	0.96
Wholesale Trade	21615.80	415.69	21856.25	420.31	1.01
Retail Trade	14663.44	281.99	7222.89	138.90	0.49
Fire	36000.00	692.31	14541.90	279.65	0.40
Business Repair	16374.19	314.89	9532.45	183.32	0.58
Entertainment/Recreation	10646.00	204.73	2350.00	45.19	0.22
Professional/Related	26251.37	504.83	12608.86	242.48	0.48
Public Administration	22308.38	429.01	12406.42	238.59	0.56
Total	22652.08	435.62	12347.34	237.45	0.55

Calculated from current population survey data for Buffalo, Rochester and Syracuse (March 1987 sample).

Finally, while regional growth has led to a slight decline in unemployment among the black population, the rate of black unemployment is still significantly higher than that among whites, with the jobs taken by blacks in the region generating income that is only 41% of white wages.

Regional patterns of competition for jobs adds another important twist to this discussion of trends in the region's human capital. A new study suggests that "higher paid occupations are less available in the region due to industrial restructuring."¹⁰¹ The competition for jobs available in Buffalo is about three applicants for every job opening (Table 15). The labor supply/demand relationship for available jobs and job openings shows the strongest competition for professional, technical and managerial positions, with a ratio of 6.5 to 1 for job applicants/job openings.¹⁰² Factory openings had a 2.7 to 1 ratio for job applicants/job

101. B. McLean, *The Buffalo Youth Labor Market in Erie County: An Evaluation of the Labor Market Experiences of Foster Care Youth* (1990) (Ray Bromley, Project Director, Lewis Mumford Center, State University of New York at Albany) [hereinafter *Buffalo Youth Labor Market*].

102. See Table 15, *infra* p. 378.

TABLE 15

APPLICANTS AND JOB OPENINGS BY OCCUPATIONAL GROUP
 BUFFALO-NIAGARA FALLS CMSA JULY 1, 1987-JUNE 30, 1988

Occupational Group	Total Applicants	Job Openings	Ratio Job Applicants/ Job Openings
All Occupations	71,253	22,162	3.2 : 1
Professional, Technical and Managerial	7,853	1,207	6.5 : 1
Clerical and Sales	16,056	4,589	3.5 : 1
Services	15,931	4,490	3.5 : 1
Agriculture, Forestry and Fishing	1,015	616	1.6 : 1
Processing	1,797	964	1.9 : 1
Machine Trades	3,982	1,208	3.3 : 1
Benchwork	4,493	2,154	2.1 : 1
Structural Work	6,212	1,932	3.2 : 1
Miscellaneous	13,914	5,002	2.8 : 1

Source: New York State Dep't of Labor (1990).

openings.¹⁰³ Service and clerical occupations had a 3.5 to 1 ratio for job applicants/job openings.¹⁰⁴ The decline in applicants for the factory jobs in the region may be a direct result of a "de-skilling perception" of the regional work force—especially among the younger workers of the Buffalo area.¹⁰⁵ Clerical and sales jobs (those with the largest number of job openings) require the least amount of skills and training, while "blue collar skilled factory jobs require on average six months to four years of training, as well as basic math and reading skills."¹⁰⁶ The region's once vaunted "high skill" work force is thus becoming increasingly deskilled, manifesting itself in the competition for jobs. The Buffalo workforce more readily avails itself to low skill, lower paying service jobs. Labor's own "image" of itself is becoming decidedly "uncompetitive" in this era of job growth.

D. *The Effect of Deindustrialization on Land, Offices and Housing in Buffalo*

The decline of the working wage in Buffalo has been accompanied by a relative decline in the value of the fixed factors of production in the region. In short, cheap labor has been paralleled by the evolution of a growing number of parcels of cheap building stock and land.

103. *Id.*

104. *Id.*

105. Buffalo Youth Labor Market, *supra* note 101.

106. See Table 15, *supra*.

TABLE 16

RENTAL AND VACANCY RATES 1988

	Toronto	Buffalo (US Dollars)
Rental Rate Range		
High	51.50	25.00
Low	26.00	10.00
Occupancy Rates		
Available space in sq. ft.	61,979,444	6,467,611
Occupied space in sq. ft.	59,783,565	5,603,511
Overall vacancy rate in percent	3.5	13.4
Composition of Office Space in Percent		
Class "A"	52.5	37.1
Class "B"	29.3	24.4
Class "C" and below	18.2	38.6

Source: The Canada-United States Trade Center. Greater Buffalo and Metro Toronto: A Resource and Industry Profile 40 (1989).

TABLE 17

A COMPARISON OF BUFFALO, NEW YORK'S AND TORONTO, ONTARIO'S HOUSING AFFORDABILITY INDEX, 1988

	Toronto	Canada	Buffalo	U.S.
Median Price of Home*	165,830	94,365	64,800	88,900
Current Average Mortgage Rate	12.0	12.0	10.5	10.5
Terms in Years	30	30	30	30
Income Needed to Afford to Buy	68,200	38,800	23,700	32,500
Average Annual Salary†	20,753	21,276	20,287	21,460
Affordability Index	7.99	4.44	3.19	4.14

* dollar amounts are U.S. dollars

† average 1987 salaries adjusted for inflation

Source: The Canada-United States Trade Center, Greater Buffalo and Metro Toronto: A Resource and Industry Profile 40 (1989).

A good way to understand the importance of this development is to compare the prices of buildings and housing in the Buffalo region with similar prices in the Toronto region. Toronto is used as a base of comparison because at present, its overheated economy is viewed as the single most important source of new industries and outside investment. For Torontonians, land and building costs in Buffalo are estimated to be any where from two to four times less expensive than in Ontario.¹⁰⁷ Office rental rates are over two times as expensive in Toronto as they are in

107. See Table 16, *supra*.

Buffalo (Table 16), and housing costs over two and one half times as great. (Table 17). A recent study of the two regions showed that overall, housing affordability in Buffalo is two times as great as Toronto and only 75% of the national average for the rest of the United States.¹⁰⁸

CONCLUSION

In a Dickensonian sense, this discussion of economic restructuring in Buffalo has been less about a "tale of two cities" and more about two tales of the same city. Just a few years ago, Buffalo was universally viewed as the center of rustbelt decline. The evidence of such failure was the increasingly racial polarization of the region, the decline in high paying union jobs, high unemployment, a proliferation of low skilled jobs, declining land and housing values, and empty buildings. Today, in the era of "restructuring", these features are viewed in a new light. They are even being cast as some of the central reasons for Buffalo's renaissance. Instead of low skill, low paying jobs, Buffalo now has a service economy. Instead of a decline in manufacturing, it has been restructured as a "service economy." The jobs may be low skill and low pay, but people—male, female, black and white—are filling them in record numbers. This is evidence not of exploitation of the work force, but rather of the existence of cheap labor. Finally, instead of declining housing values and vacant buildings, Buffalo now has a cheap and available physical plant.

Indeed, what was once evidence of economic decline is now part and parcel of a "good business climate." The days of decline are over and two decades of market discipline have yielded an environment ready, indeed desperate to prove itself a worthy practitioner of the "new global economy" whatever the costs.

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