Background guide for

Breakout Session 2:
Pittsburgh 2025 – A New Vision for Regional Economic Growth

October, 2016
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Pittsburgh 2025 – A New Vision for Regional Economic Growth

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Authors’ Note and Disclaimer

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This report was prepared at the request of the Heinz Endowments to provide additional perspectives to participants attending the p4 Conference, in Pittsburgh, October 18-19, 2016. Opinions or points of view expressed herein represent a consensus of the authors and are presented for informational purposes to expand the space for conversations around equity, justice, and inclusion in the Pittsburgh region. Opinions and recommendations do not necessarily represent or constitute approval, adoption or endorsement by the Heinz Endowments or the facilitators of the respective sessions.

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Southwestern Pennsylvania has been lauded for its ability to recover from the decline of the local steel industry and to re-imagine itself as a center for advanced technology, education, and medicine. The last decade has seen the arrival of Google and Uber, and Facebook’s Oculus is slated to join them here soon. They come to take advantage of the talent pool at and graduating from Carnegie Mellon and other local universities. New start-up companies, like Duolingo, have developed out of projects at the universities. On the sites of former steel mills there are now large facilities for universities and private companies to conduct cutting-edge research. These projects have brought new investment into the region, stimulated the construction of many new large-scale neighborhood developments, like Bakery Square, Eastside I and II, and the not-yet-completed Almono project, and lured many highly-skilled workers to fill the positions at these companies. Despite this focus on computer technology, the region has not severed its connection to the resource extraction industry. Quite the opposite, the natural gas industry has grown immensely in Southwestern Pennsylvania over the last ten years, following the introduction of new hydraulic fracturing technology and methods that have enabled drilling companies to access gas stored within the Marcellus Shale geological formation. This industry, mostly based in Texas and Oklahoma, has also invested substantial amounts of money in the region, which has led to an increase in jobs in the drilling, construction, and transportation industries, particularly in suburban areas, such as Canonsburg/Southpointe, and rural areas, such as Greene and Fayette Counties.

At the same time, the economic growth that these industries have generated has not been enjoyed by all of the region’s residents. Income inequality and poverty persist, along racial lines (but not entirely). New housing developments catering to the higher-income tech industry workers and housing speculation have driven up rent and housing prices and have completely transformed previously low-income neighborhoods. There is currently a massive affordable housing shortage. On top of that, the air quality is still near the worst in the country, there is lead in the water, hunger abounds, and the climate is changing.

The question, then, is how do Pittsburgh and the region go forward? What will their economies look like in ten years? Planning philosophies, city programs, and recent reports promote visions for and concerns about the way that growth proceeds. This background guide discusses several of these visions and their concerns. It also considers some critiques and absences of these visions and plans and highlights intersections with other P4 workshop topics.

**Plans for Future Growth**

Support for the promotion and growth of the technology sector in Pittsburgh may be attributed to the work of former CMU professor Richard Florida, who, in the early 2000s, introduced his idea of “the creative class” and connected it with urban
economic development. He posited that technology workers, scientists, researchers, computer engineers, media workers, artists, and other knowledge-based workers were the key to cities’ post-industrial economic growth. By supporting and encouraging the growth of the “creative class,” their industries, and the lifestyle they prefer (e.g., open to new ideas, tolerant, diverse, bike and pedestrian-friendly neighborhoods) through policies and investment, cities could lure new “creatives” to the city and stimulate growth. This “creative class” would then spur new inventions and products, leading to spin-off companies and further growth. The Bakery Square and Almono projects can be seen in this light.

The more recent focus on high technology, entrepreneurship, and innovation has grown out of this idea of the “creative class.” A dominant mantra now revolves around the idea that innovation is the key to the growth of cities and regions. The more entrepreneurial and innovative a city is—that is, the more new products, technologies, and ideas that are created and sold locally and globally, the more individuals, companies, and municipalities will profit and benefit in other ways. One sees this shift in prioritization in the creating of an EcolInnovation District in Uptown and Soho/West Oakland and the creation of the Swartz Center for Entrepreneurship at CMU, which will be housed in the prominent Tepper Quadrangle building on Forbes Avenue. This emphasis on the knowledge-based industries, entrepreneurship, and innovation appears to central to the City’s (and thus region’s) strategy for growth.

A recent report commissioned by the Allegheny Conference on Community Development, Inflection Point, framed the challenge facing the region’s workforce needs in terms of innovation. Over the next three to five years, community and business leaders, the report warns, must choose between “slow change and inaction that will erode competitiveness or focused attention, investment, and leadership that will cement Pittsburgh’s role as an innovation hub that attracts top talent and serves as an axis for ideas and solutions with global resonance.” In order to achieve the latter of these two options (the economic growth outcome), 1.2 million workers will need to be hired or “upskilled” over the next ten years to make up for population loss through outmigration and death and to meet new work skill demands. Part of this shortfall should be made up by continuing to hire talented workers from elsewhere. The other part requires training current residents. The report notes the current disparity of economic opportunity: there is a concentration of high-wage, high-skill jobs with low unemployment, 32,000 long-term unemployed residents, and 39% of the workforce with average wages of less than $15/hour. Rather than see this as an obstacle, the report sees this as an opportunity to help low-income and unemployed workers advance through new skill development programs and job-tailored education. By still hiring talented workers from outside the region and by properly training the local existing and potential workforce, the region’s leaders can secure the city’s growth through innovation.

One criticism of the “creative class” and innovation-centered models for urban economic growth has been that the prioritization of jobs and skills most often held by white/European-American and male workers furthers racial-economic inequalities. Other reports on race and
employment illustrate how the recent local economic growth spurred by the knowledge-based and natural gas industries has not benefited workers of all races. Citing a report from the Center on Race & Social Problems at the University of Pittsburgh,7 Inflection Point notes that there is a lack of racial (and gender) diversity across industries, but especially in professional sectors. Though it is not specific, it suggests that non-white workers would benefit from skills retraining programs.8 A Vibrant Pittsburgh workforce diversity report emphasizes this lack of diversity and the related income disparities. It explains that the sectors with the highest minority concentration (administration/support and accommodation/food service) have incomes below average worker income across all sectors. The sector with the highest average income (mining, oil, and gas) has the lowest percent of minorities. While Asian and Latinx workers’ average income is higher than white/European-American workers’ average income in some sectors, black/African-American workers’ average income is lower in all sectors.9 The benefits of recent economic growth have been uneven.

Given these and other disparities (such as in affordable housing and in public health), another report advocates for prioritizing equitable development and growth. PolicyLink’s Equitable Development: The Path to an All-In Pittsburgh calls for local leaders to implement “a targeted, intentional strategy” that ensures that everyone “participates in and benefits from the region’s economic transformation – especially low-income residents, communities of color, immigrants, and others at risk of being left behind.”10 Focused on more than just employment and income levels, the report calls for an agenda that raises the bar for new development projects, makes all neighborhoods healthy communities of opportunity, expands employment and ownership opportunities, embeds racial equity through the city’s institutions and businesses, and builds community power, voice, and capacity.11 Such a position follows academic research that shows that regions that are “more equal and integrated – across income, race, and place – are better able to sustain growth over time.”12 While not opposed to the creative city and innovation led model, this proposal prioritizes helping lower-wealth residents who already reside in the city and region to achieve long-term growth.

At the same time as it pursues further growth through the promotion of the knowledge-based economy, the City of Pittsburgh is attempting to incorporate equitable development and other models as well. Named in late 2014 as one of only 100 “Resilient Cities” by the Rockefeller Foundation, the City of Pittsburgh is in the process of developing strategies to make the city more resilient to acute and chronic physical, social, and economic challenges. This includes addressing issues ranging from economic and racial inequality to aging infrastructure to the effects of climate change. Participants in the first stage of the city’s resilience assessment vision statement brought the innovation and equity models together: “Pittsburgh will be an inclusive city of innovation. All residents will have their basic needs met ... Economic diversification and entrepreneurship will provide opportunities for all residents to prosper.”13 How that translates into specific policies is yet unclear; the next phases of the resilience assessment are currently underway.
Critiques and Absences

As mentioned, a high-tech, innovation growth strategy and an equitable development strategy are not necessarily mutually exclusive, but they do offer different pathways forward. At the center of the high-tech, innovation strategy are businesses, universities, entrepreneurs, and other powerful organizations and individuals that work together to shape and institute changes drive the economic development. Workers and community organizations have little say in whether or how such projects proceed. The success of the projects is, in the first instance, determined by competitiveness and profit. Following the shaky metaphor that a rising tide lifts all boats, whatever benefit low-income workers gain is the result of company or regional economic growth. Even though proper education or skills training programs may allow some workers to advance to new jobs and income levels, as discussed in the *Inflection Point* report, they do not ensure living wages, secure contracts, safe working conditions, maternity or paternity leave, equal pay for equal work, or the ability to secure other workplace protections through a union. The equitable development model offers a pathway more focused on conditions for low-income workers and the neighborhoods from which they come. In this model, powerful organizations and individuals are certainly involved, but workers, community organizations, and other grassroots leaders are also central parts of the planning and decision-making process. The goal of the equitable development strategy is to secure fair and just working conditions for all workers and healthy, accessible neighborhoods for all residents. One model appears more top-down and the other more bottom-up. Still, at least on the surface, they are not incompatible. The challenge, perhaps, is to figure out how they may be successfully combined.

Whichever vision is preferred, its execution must consider the city-suburb-region dynamic. People, goods, and incomes move across municipal boundaries; buildings, schools, and taxes do not. Neither of these visions fully addresses how the region’s hub, the suburbs, and rural areas would function together. For one example of the problem, *Inflection Point* recognizes that disparities in school districts leads to an imbalanced talent pipeline, where some students are better prepared for high-tech, knowledge-based labor. It highlights the need for K-12 education to better match the needs of employers and suggests the need to expand vocational and technical education. It is not clear, however, how such changes in education could take place and such disparities be resolved with such fragmented school districts that are funded by property taxes. The *Equitable Development* report has an explicit focus on development in the City of Pittsburgh. It is not clear how such an equitable development approach could be extended to suburbs and rural areas, where much poverty persists and where displaced residents from the city may find affordable housing.

One area missing from the preceding discussion that will have an immense impact on the region in 2025 and beyond is climate change. A 2008 report from the Union of Concerned Scientists identifies major changes that are very likely to occur to Pennsylvania’s environment, with many negative impacts on the region’s current economic make-up. The report warns of “dramatic” increases in the number of days over 90 degrees per year, further
deterioration of air quality (making asthma, allergies, and other respiratory infections more likely), declines in dairy cow milk production, considerable decreases in sweet corn, apple, and Concord grape production, widespread ski resort closures due to the increase in temperature, and the decline or disappearance of valuable hardwood tree species. Increased periods of drought or rainfall will also negatively affect public and environmental health and further disrupt other economic activities.\textsuperscript{21} How fast and to what degree these changes take place depend on whether we are able to limit emissions. Since the report was written, the climate has become much warmer than expected already, meaning that the current pace of warming would bring the changes sooner than the report anticipated. Since Pennsylvania is responsible for 1\% of global emissions (which is half that of the United Kingdom, which has five times the population), residents and industry have a particular role and responsibility in limiting greenhouse gas emissions.\textsuperscript{22} Given that southwestern Pennsylvania relies so heavily on coal for electricity generation and on natural gas drilling for much regional economic activity, it is not clear how the Pittsburgh region will make the large-scale structural changes to minimize emissions and transform the economy – or even if it has the will to do so. The Resilient Pittsburgh plan does recognize that climate change is a threat, but is not clear how the plan will deal with those threats, how that plan would be extended beyond the city borders to include the entire region, or how it would manage continued urban sprawl.

Given the challenges of climate change and its impacts, some groups across the country and world are calling for alternative models to growth. One such alternative calls for a “just transition.” Proponents, including some labor groups, call for an economic transition that "shifts global growth patterns towards a low emission economy based on more sustainable production and consumption, promoting sustainable lifestyles and climate-resilient development while ensuring a just transition of the workforce.”\textsuperscript{23} This includes retraining the fossil fuel energy workforce to be a renewable energy workforce. Importantly, a “just transition” also calls for a fairer and more equitable economy and for gender and racial justice.\textsuperscript{24}

More broadly, it is necessary to also consider how the city and region function within wider socio-environmental flows and processes. Much of the concern with the reports mentioned above is exclusively with Pittsburgh and Western Pennsylvania. There is little discussion of how this region is intimately connected economically, environmentally, socially, and politically with other parts of the state, the country, and the world. This prioritization of the metropolitan region neglects how the city and region operate within and benefit from global production, distribution, and consumption networks that rely on economic exploitation and environmental degradation.\textsuperscript{25} This calls the possibility of a "Just Pittsburgh” into question. The challenge is properly accounting for related unjust and inequitable activity and processes outside of the region in creating a more just and equitable region.

**Intersections**

As should be obvious, visions for regional growth overlap and intertwine with each of the other breakout session topics. Indeed, these visions for growth will
shape how policies and projects unfold in other areas. The p4 metrics aim to achieve some degree of equity and environmental-friendliness in publicly funded development projects. The hope is that by encouraging and funding development along such metrics, more developers, including those not seeking funding, will aim for such standards. Still, because the metrics are only incentive based, developers could proceed with projects without addressing equity or the environment.

The visions for growth also impact where, how, and in what physical form development will happen. Projects may be in low-income or wealthier areas, inside or outside of city boundaries. Where it takes place will affect tax revenue, school funding, rent and housing prices, communities, neighborhoods, commutes, sprawl, pollution, and emissions. How it takes place will affect whose voices are heard, whose health and well-being is prioritized, who benefits more, who benefits less, and who loses out. The physical form of the development will affect who gets to stay in their neighborhood, which communities’ needs are reflected in their neighborhoods, whose art and culture is represented and celebrated, who has safe and healthy housing, and how prepared the homes and individuals are for summers replete with 90 degree days.

The visions for economic growth will affect our climate future, and they will be affected by our climate future. In the next few years, the region needs to start educating and training new and old workers in order to be able to fill the jobs of the future. At the same time, the region needs to make massive changes away from fossil fuels in order to help protect the region from dramatic shifts in climate that will affect all Pennsylvania residents, the most vulnerable most of all.

Conclusions

A great challenge stands before the city and region. With persistent disparities in income, job opportunities, housing, health, and cultural expression, many along racial lines, how the city and region strategize economically, politically, socially, and environmentally now has significant implications for 2025 and beyond. To what degree low-income, minority, and others at risk of being left behind form a central part of the process of developing a vision for future growth and a central part of the execution of that strategy will speak volumes about how just of a Pittsburgh there will be. A just Pittsburgh could just be window-dressing, or it could involve a systematic restructuring and rethinking about how this region operates. Which of those will happen remains to be seen.

Key Questions

• How can economic growth and socio-economic justice both be achieved? Should one precede the other? Should they happen simultaneously?
• How does prioritizing entrepreneurship and innovation specifically translate into equitable outcomes?
• How will low-income individuals and others not in positions of power be meaningfully included in planning and decision-making processes affecting their neighborhoods, the city, and the region? How can democratic processes be secured in a “Just Pittsburgh?”
• How can the region’s economy be restructured to minimize or eliminate fossil-fuel consumption and infrastructure in order to secure
healthier air and a less-disruptive climate future? Does the region even have the will to make the large-scale changes necessary to mitigate climate change?

• How can we ensure that the jobs created are quality jobs that provide workers with living wages, secure contracts, safe working conditions, maternity or paternity leave, equal pay for equal work, and the ability to secure other workplace protections through a union? How can workers in existing jobs gain access to such basic working conditions?

• How can the region properly educate and train the current and future workforce when large disparities between school districts exist and when school district funding is based on property taxes?

• How should any plan navigate the relationships between the City of Pittsburgh and other cities, municipalities, and counties? How should any plan navigate the relationships between urban, suburban, and rural communities?

• What policies and practices do we put in place to ensure that vulnerable workers are not exploited in a “Just Pittsburgh,” considering that the city and region operate within - and benefit from - global production, distribution, and consumption networks that rely on anti-democratic economic exploitation and environmental destruction? How can anti-democratic, unjust, and inequitable practices outside of the region, but directly connected to the region, be accounted for in assessing a “Just Pittsburgh?”

Suggested further reading:

Reports


Academic Papers


Internet Articles


References for Guide 2


