GLOBAL CITIES AND BACK ROADS: PERSPECTIVES ON THE SOUTHERN ECONOMY (Presidential Address, April 22, 1995)

*Edward J. Malecki**

I. INTRODUCTION

It is an honor, but at the same time, a difficulty to follow the distinguished colleagues who have already noted the southern contribution to regional science (Hite 1985), and indeed the entire past, present and future of regional science (Isserman 1993). I will not repeat here the findings of those comprehensive surveys. Both theory (T. Johnson 1991) and the need for empirical research and data (Kort 1995) have received attention. I would like in these few words to provide some thoughts and observations of the South, from the perspective of a typical new Southerner.

A number of things have changed dramatically since I began to do regional science, which also corresponded with the timing of my move south. The timing of my entry into regional science in the mid-1970s coincided with major shifts in the way the U.S. economy operated and in the place of America in the world economy (Bluestone and Harrison 1982). I left Ohio, where I had grown up and received my (largely theoretical) education, and moved to Oklahoma, part of the Sunbelt–in fact, the "Buckle on the Sunbelt," if one believed the state's advertising at the time. I began to observe, to analyze, and to experience, as I had not previously, the contrasts between the South and my native Midwest–which had acquired new labels, such as "Frostbelt," "Rustbelt," and "Snowbelt." The South I had known as an Ohio schoolboy was a South of cotton and tobacco, poverty and good manners, rednecks, good ol' boys, and beautiful women. In fact, the South–for those who tried to define it as other than the Confederacy–is a region distinct in a number of ways: the region where kudzu grows, where poverty reigns (indicated by homes without complete plumbing), where there are the fewest dentists per capita, the highest membership in Baptist churches, the locations mentioned in country music lyrics, or, perhaps most simply, the locations of subscribers to *Southern Living* (Reed 1991).

The transformation of the South was still underway in the 1970s (Goldfield and Terrill 1991). Much of the then-recent growth was the result (direct or indirect) of the spread of air conditioning, which took place only beginning in the

*Professor, Department of Geography, University of Florida.

1950s. The southern states, not surprisingly, led the nation from the beginning in percentage of households with air conditioning. The rural South lagged behind the urban South in this respect, as in all others; in 1980 nearly 80 percent of urban households had air conditioning, compared to 59.2 percent of rural households. Rural Black households were, as in all other respects, furthest behind, at 32.4 percent (Arsenault 1984). Economic development also was facilitated by air conditioning, especially high-rise office buildings and shopping malls, which sprung up throughout the South.

Clearly, the South was ascendant in the 1970s (*Business Week* 1976). Manufacturing plants were replacing dependence on agriculture and natural resources. Southern incomes had converged to nearly 90 percent of the national average. Yet a careful look also found plants leaving the U.S. entirely for the Caribbean, Mexico, Asia, and elsewhere. The appeal of the South was fragile, and based too strongly on the ability to sell a low-wage work force and a good business climate (Cobb 1993; Malecki 1986). Bill Schaffer's "trip through the Southern countryside" cannot be matched as a vivid portrait of change in the rural South (Schaffer 1993).

True Southerners will say that, based on these experiences alone, I cannot know the real South. I lived in Oklahoma (more a colony of Texas than a true southern state) only during the oil boom. Florida, my home now, is populated almost entirely by people from elsewhere, and its economy still is based in large measure on tourism and citrus. That peculiar peninsular vantage point has been a great opportunity from which to observe the precarious nature of an economy so dependent on tourists and retirees (Fik et al. 1993). Perhaps most noticeable has been the tendency for Florida to rely on its physical attractions and low costs for economic growth. Once the retirees stop coming and the infrastructure fails to meet the needs of business, the state's economy is very unstable indeed. Overall, despite 40 years of regional science research, we still lack a full understanding of the processes of regional growth and decline, one that can take into account the evolving structure of the global economy, international business cycles, and the changing role of the federal government (Weinstein and Gross 1988). The work of the members of the Southern Regional Science Association remains our best hope for understanding the region better.

What We Know

The form of growth taking place two decades ago–and perhaps still today–matched pretty closely the description of Harry Richardson (1973): "decentralized concentrated dispersion": dispersion away from traditional core regions, con-

centrated in a few urban areas but, within those, taking place mainly in suburban clusters to be labeled only later "edge cities." Much of the urban–actually suburban and exurban–growth has been the product of new migrants from other regions. Only a few southern cities, notably Atlanta, Dallas, and Miami, have attained global or "world city" status, although only Atlanta and Dallas meet Carl Abbott's strictest criterion: a through flight to Tokyo (Abbott 1993).

Outside the global cities, along the back roads of in the rural South, by contrast, things had changed little and the growth associated with the Sunbelt glow has still not arrived. A few observers, such as Rosenfeld, Bergman, and Rubin (1985, 1989), saw the potential long-term trouble that could emerge "after the factories, "to use the title of their report for the Southern Growth Policies Board. The underdeveloped human resources of the rural South were–and are–the region's greatest weakness (Rosenfeld, Bergman, and Rubin 1985). Rural counties grew at only half the rate of metropolitan counties from 1977-1982. The reanalysis by Rosenfeld, Bergman and Rubin (1989) found that many of the rural counties experiencing the highest rates of growth from 1977-1984 were those that had a "good" business climate: low costs, low incomes, low educational levels, and few skilled workers. And these characteristics, dominant throughout much of the South, made it difficult to recruit higher-paying, skilled jobs (Cobb 1993).

Not surprisingly, perhaps, Rosenfeld and Bergman summarize the most important factors of growth for the average nonmetro county: education, education, and education (Rosenfeld, Bergman and Rubin 1989: 61). Where growth has not occurred, it is usually where educational levels remain low, inhibiting more widespread development (Killian and Beaulieu 1994; McGranahan and Ghelfi 1991). In a recent study of state human capital stock, nearly all the southern states rate below national medians on both basic and complex learning (Lehnen and McGregor 1994). The issue of human capital is a large one, with national and international implications, not simply regional ones (Salamon 1991).

Lack of education has imposed externalities onto other aspects of the Southern economy (Mulkey 1984). As but one example, it especially constrains the ability of firms to become flexible. Unskilled workers are suitable–actually preferred–for routine production of standardized products. But simply to educate rural young people will not bring the desired new jobs. Instead, the principal constraint on rural economic development is "a lack of demand for skilled workers in rural locations" (Hobbs 1994: 264). Dimensions of the South's human capital that need improvement include those beyond the workplace: it is essential that there be an increase in understanding of the difference between economic growth and economic development, certainly an improvement of basic skills related to job skills, but also of entrepreneurial and management skills and skills that will promote community leadership and change (Hobbs 1994).

The arrival of high-tech industry did not change the predisposition of employers for low-wage, nonunion workers in rural areas (Johnson 1989, 1991). As flexibility moves from best-practice to average practice, firms need skilled workers to match products to the demands of multiple customers. Even less do Southern workers fit the profile of the needs of the high performance workplace: "responsible employees comfortable with technology and complex systems, skilled as members of teams, and with a passion for learning" (Southern Growth Policies Board 1993c: 1). To repeat: The rural South has few workers who fit that description.

From the standpoint of political and community leadership, and despite the conclusion that "business climate indexes . . . are useless as predictors" and "worse than useless as guides to state and local government action" (Skoro 1988: 151), the mindset persists. In addition to their emphasis on low wages and non-union workers, the "low taxes" emphasis of business climate ratings has made for the classic imbalance between the level of services provided and an inadequate tax base from which to support them. Subsidies and enticements for new industry, unfortunately common throughout the country, depress local service levels even more (Cobb 1993; Sloan 1981). In the words of Robert Woodson, quoted in the Final Report of the 1992 Commission on the Future of the South: "If we keep doing what we're doing, we're going to keep getting what we've got" (Southern Growth Polices Board 1993a: 5).

The alternative to business climate rankings, the *Development Report Card for the States*, from the Corporation for Enterprise Development, concurs in this assessment: "The South's overall low grades reflect its history of poor education and low-wage branch industrial plants" (Corporation for Enterprise Development 1994: 26). Especially in what is termed "development capacity," including job quality, the South rates near or at the bottom. Short-term focus remains dominant. There are bright spots, to be sure, such as Tupelo, Mississippi, and the recent "winners" of the German auto plant location searches, Tuscaloosa, Alabama, and Greenville, South Carolina. But these are not the norm for the region. In these generalizations, I do not want to seem to paint all rural areas with the same brush. Glen Pulver (1994) stresses the diversity–indeed uniqueness–of each rural community. Even the 1992 Commission on the Future of the South was not as optimistic as the glowing subtitle of its final report: "The South Will Lead the Nation" (Southern Growth Policies Board 1993a).

Some of the Sunbelt's growth seemed less illusory. Cities such as Atlanta, Charlotte, and Nashville benefitted from the need for hub locations in the hub-and-spoke networks being built by the deregulated airlines. Other cities used the simultaneous growth of high technology to develop new economic bases: Birmingham, Orlando, and the Research Triangle are examples. But apart from

such examples, high tech and higher education are not the answers for the region, nor are tourism and retirees, for their immediate benefits do not travel far from the college towns and localized enclaves (*The Economist* 1991). To restate the problem in regional science jargon: the spread effects are minimal.

What We Don't Know

If branch plants, tourism, and high tech are not the answer, is it small firms? Rosenfeld (1992) found that Southern manufacturers, especially in rural areas, do *not* lag significantly behind their counterparts in other regions in the adoption of advanced technologies. But the small firms (<100 employees) and locally-owned, independent firms have much lower adoption rates (generally less than half) than large firms and branch plants (Rosenfeld 1992: 90-117). Much of this situation is due to the lack of skilled workers; just as much often is due to the lack of management skills and lack of awareness of how to implement new technology and organization in order to compete on quality, delivery, and design–the global standards of business competitiveness (Southern Growth Policies Board 1993b: 23). In addition, despite high rates of job creation and new firm formation, firm formation in the South (and perhaps the entire country) is vulnerable for the low quality of jobs it creates, again often tied to tourism and retirement, low-paying economic bases with little long-term future. Another major industry in the South, the U.S. military, has brought little military contract spending–as opposed to military bases. On average, during the last 40 years, only Florida and Georgia place among the top five states in several categories of contract spending (Malecki and Stark 1988).)

Telecommunications technology is frequently touted as the salvation of rural places, bringing them closer to the rest of the world with state-of-the-art links on the "information superhighway." Careful observers, such as Glasmeier and Howland, believe otherwise (Glasmeier and Howland 1995). Lower-wage labor forces with better educations are to be found in Ireland, the Caribbean, the Philippines, and elsewhere, especially if English-language skills are not needed. Rural America–and the rural South–have little with which to attract economic development, other than market access and relatively low labor costs (clearly the two reasons Japanese and German automakers are choosing Southern sites), and these costs will never be able to match those in the Third World, for which we should be grateful.

The important issue has always been that technology does not stand still. If one adopted personal computer technology in the mid-1980s but has not upgraded

since then, there would be little software that would run on that machine. Likewise,

> Real development is an unending, ongoing process, constantly adjusting and adapting to changes in the external and internal environments. The real challenge might not be in getting the technology to the people or in training the people to use it, but in keeping up with the changes in potential problems and upgrades once the systems are in place and functioning (Hyman et al. 1994: 103).

Where does this leave us? As regional scientists, sometimes we feel (probably correctly) that we are the only ones who understand the southern economy. Yet, do we really understand it? Are we keeping up with the constant changes and upgrades in the system? The issues are probably more political than academic, and will be solved with communication as well as with active research. While we go about our work, the contrast between global metropolis and rural backwater, between mill town and shining suburban shopping malls, remains.

REFERENCES

Abbott, Carl. "Through Flight to Tokyo: Sunbelt Cities and the New World Economy, 1960-1990." In A.H. Hirsch and R.A. Mohl, eds., *Urban Policy in Twentieth-Century America.* New Brunswick: Rutgers University Press, 1993, pp. 183-212.

Arsenault, Raymond. "The End of the Long Hot Summer: The Air Conditioner and Southern Culture." *Journal of Southern History*, 50, no. 4 (1984): 597-628.

Bluestone, Barry, and Bennett Harrison. *The Deindustrialization of America.* New York: Basic Books, 1982.

Cobb, James C. *The Selling of the South: The Southern Crusade for Industrial Development, 1936-1990*, second edition. Urbana: University of Illinois Press, 1993.

Corporation for Enterprise Development. *The 1994 Development Report Card for the States*, eighth edition. Washington: Corporation for Enterprise Development, 1994.

Fik, Timothy J., Edward J. Malecki, and Robert G. Amey. "Trouble in Paradise? Employment Trends and Forecasts for a Service-Oriented Economy." *Economic Development Quarterly*, 7, no. 4 (1993): 358-372.

Glasmeier, Amy K., and Marie Howland. *From Combines to Computers: Rural Services and Development in the Age of Information Technology*. Albany: State University of New York Press, 1995.

Goldfield, David R., and Thomas E. Terrill. "Uncle Sam's Other Province: The Transformation of the Southern Economy." In P.D. Escott and D.R. Goldfield, eds. *The South for New Southerners*. Chapel Hill: University of North Carolina Press, 1991, pp. 135-156.

Hite, James C. "The Southern Contribution to Regional Science." *Review of Regional Studies* 15, no. 3 (1985): 1-18.

Hobbs, Daryl. "Capacity Building: Reexamining the Role of the Rural School." In L.J. Beaulieu and D. Mulkey, eds. *Investing in People: The Human Capital Needs of Rural America*. Boulder, CO: Westview Press, 1994, pp. 259-284.

Hyman, Drew, Larry Gamm, and John Shingler. "Paradigm Gridlock and the Two Faces of Technology." In L.J. Beaulieu and D. Mulkey, eds. *Investing in People: The Human Capital Needs of Rural America*. Boulder, CO: Westview Press, 1994, pp. 85-107.

Isserman, Andrew M. "Lost in Space? On the History, Status, and Future of Regional Science." *Review of Regional Studies* 23, no. 1 (1993): 1-50.

Johnson, Merrill L. "Industrial Transition and the Location of High-Technology Branch Plants in the Nonmetropolitan Southeast." *Economic Geography*, 65, no. 1 (1989): 33-47.

Johnson, Merrill L. "An Empirical Update on the Product-Cycle Explanation and Branch-Plant Location in the Nonmetropolitan U.S. South." *Environment and Planning A*, 23 (1991): 397-409.

Johnson, Thomas G. "The Dimensions of Regional Economic Development Theory." *Review of Regional Studies* 24, no. 2 (1994): 119-126.

Killian, Molly Sizer, and Lionel J. Beaulieu. "Current Status of Human Capital in the Rural U.S." In L.J. Beaulieu and D. Mulkey, eds. *Investing in People: The Human Capital Needs of Rural America*. Boulder, CO: Westview Press, 1994, pp. 23-46.

Kort, John R. "Southern Regional Economics in the 1990s: Back to Basics?" *Review of Regional Studies* 25, no. 1 (1995): pp. 1-11.

Lehnen, Robert G., and Eugene M. McGregor, Jr. "Human Capital Report Cards for American States." *Policy Sciences*, 27 (1994): 19-35.

Malecki, Edward J. "Word Games and Fuzzy Thinking." *Environment and Planning, A* 18 (1986): 289-290.

Malecki, Edward J., and Lois M. Stark. "Regional and Industrial Variation in Defence Spending: Some American Evidence." In M.J. Breheny, ed. *Defence Expenditure and Regional Development*. London: Mansell, 1988, pp. 67-101.

McGranahan, David A., and Linda M. Ghelfi. "The Education Crisis and Rural Stagnation in the 1980's." In *Education and Rural Development: Strategies for the 1990's*. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1991, pp. 40-92.

Mulkey, David. "Changing Socio-Economic Conditions and the Need for New Development Policies in the South," *Review of Regional Studies*, 14, no. 2 (1984): 3-12.

Pulver, Glen C. "Economic Forces Shaping the Future of Rural America," in L.J. Beaulieu and D. Mulkey, eds. *Investing in People: The Human Capital Needs of Rural America*. Boulder, CO: Westview Press, 1994, pp. 49-63.

Reed, John Shelton. "The South: What Is It? Where Is It?" in P.D. Escott and D.R. Goldfield, eds. *The South for New Southerners*. Chapel Hill: University of North Carolina Press, 1991, pp. 18-41.

Richardson, Harry W. *Regional Growth Theory*. New York: John Wiley, 1973.

Rosenfeld, Stuart A. *Competitive Manufacturing: New Strategies for Regional Development*. Piscataway, NJ: Center for Urban Policy Research, 1992.

Rosenfeld, Stuart A., Edward M. Bergman, and Sarah Rubin. *After the Factories: Changing Employment Patterns in the Rural South*. Research Triangle Park, NC: Southern Growth Policies Board, 1985.

Rosenfeld, Stuart A., Edward M. Bergman, and Sarah Rubin. *Making Connections: After the Factories Revisited*. Research Triangle Park, NC: Southern Growth Policies Board, 1989.

Salamon, Lester M. "Overview: Why Human Capital? Why Now?" in D.W. Hornbeck and L.M. Salamon, eds. *Human Capital and Americas Future*. Baltimore: Johns Hopkins University Press, 1991, pp. 1-39.

Schaffer, William A. "Stagnation, Decline, and Development: A Trip through the Southern Countryside," *Review of Regional Studies* 23, no. 3 (1993): 213-217.

"The Second War between the States." *Business Week*, May 17, 1976: 92-114.

Skoro, Charles L. "Rankings of State Business Climates," *Economic Development Quarterly* 2 (1988): 138-152.

Sloan, Cliff. "A Good Business Climate: What It Really Means," *The New Republic* January 3 & 10, 1981: 12-15.

"The South Tiptoes into Its Second Industrial Age," *The Economist*. April 6, 1991: 21-22.

Southern Growth Policies Board. *Measure by Measure: The South Will Lead the Nation: The Final Report of the 1992 Commission on the Future of the South*. Research Triangle Park, NC: Southern Growth Policies Board, 1993a.

Southern Growth Policies Board. *The Report of the Committee on Enterprise Development of the 1992 Commission on the Future of the South.* Research Triangle Park, NC: Southern Growth Policies Board, 1993b.

Southern Growth Policies Board. *The Report of the Committee on Human Resource Development of the 1992 Commission on the Future of the South.* Research Triangle Park, NC: Southern Growth Policies Board, 1993c.

Weinstein, Bernard L., and Harold T. Gross. "The Rise and Fall of Sun, Rust, and Frost Belts." *Economic Development Quarterly*, 2, no. 1 (1988): 9-18.