

TALK GIVEN BY HUGH D. GALUSHA, JR., BEFORE SUBURBAN
MAYORS OF THE METROPOLITAN COMMUNITY, APRIL 23, 1966

I am wearing two hats here today - one as President of the Upper Midwest Research & Development Council, and the other as President of the Federal Reserve Bank of Minneapolis. But perhaps the difference is one of designation only. Although the corporate name of my employer is the Federal Reserve Bank of Minneapolis, which may give the impression of a pre-occupation with a particular community, the sphere of our concern is the whole Ninth Federal Reserve District which comprises Montana, North Dakota, South Dakota, Minnesota, Northern Wisconsin and Northern Michigan. The inclusion by Congress of the city of head office location in our title is common to all twelve Federal Reserve Banks, and perhaps it is unfortunate to the degree it obscures the regional nature of a Federal Reserve Bank.

It is no accident the outlines of the Upper Midwest Research & Development Council follow the Ninth Federal Reserve District. It is a district of comparative homogeneity, lending itself well to consolidated research and development efforts. For example, while the metropolitan problems of the Twin Cities are different than those of Fargo-Moorhead or Billings, many are differences of degree, not essence. Similarly, the problems of New York City and its associated communities are understandable to us here in view of our own. The extension of regional planning to metropolitan planning is a natural one. It is a fortunate trend in our country that parochial distinctions are tending to disappear as the problems of economic development and social planning become more pressing. This is an area of interest to both the Federal Reserve Bank and, more particularly in an action phase, the Upper Midwest Research & Development Council.

There is a danger in generalizations because sometimes differ-

ences in degree are as significant as differences in essence. It is tempting to seek broad, overall solutions to social and economic problems; they not only read better but they appear deceptively easier. Many of the things we believe as a matter of absolute conviction about the structure of our society are either proven not so when subjected to scientific scrutiny or of doubtful continuing validity, even though at one time in history they might have been firmly based. This is a general caveat: to the degree the things I will be saying are themselves generalizations, they must be regarded as such, with the understanding that questioning and probing before application to specific circumstances is not only proper but essential.

The term "metropolitan area" is an attempt to apply the economic regionalization concept to a concentration of people meeting certain criteria, roughly a population of 100,000 in the central city, plus peripheral communities with certain defined relationships. Essential to the composition is the realization that there is a genuine interrelationship, both in the economic and social sectors. Where one starts and one stops is impossible to define precisely. While the burden of my remarks is nominally addressed to the economic interrelationships, the distinction is irrelevant.

Perhaps the essential ingredient to the concept is the community of interest within the area, proof of which is your assembly here today. This recognition has had statutory impetus in Minnesota in the metropolitan planning legislation of 1957. I don't know how many of you have ever watched an amoeba under microscope. It continually changes its form as stimuli are applied from its environment, and on occasion divides and re-

divides in response not only to the stimuli but certain immutable laws. So it is with the metropolitan area of the Twin Cities. Its outline is constantly changing as the social and economic environment of which it is a part changes. Within the outline changes occur. New communities are formed and the structures of existing communities are changed. There is a continual process of what one economist has referred to as centrifugal and centripetal forces. That is to say, people, industries, the whole complex of social and economic organization is constantly shifting in both directions between the core city and the surrounding communities. This is caused by a variety of reasons, a few of which are space demands of industry, availability of labor, transportation and communication facilities, proximity to markets and a host of others. The key word is "mobility". Any community that believes it has a specific role within the metropolitan complex which will exist unchanged either in its composition or the demands imposed upon it by not only its citizens but the environment in which the community is located is practicing a dangerous form of self-deception. One of the many areas of self-deception I referred to earlier is the concept of the so-called single purpose "bedroom town" in which the employee of a core city enterprise spends his off-work hours, a town which is limited to a single layer of urban life. This town does not exist. In each of the suburban communities I present in some degree a full range of urban criteria: a chamber of commerce of local merchants, organized to compete with the core city chambers in attracting industry and the trade of the residents; a substantial group of service people - lawyers, doctors and dentists; public governmental services - utilities, fire protection, schools, and the rest. In short, most of the elements of a city are present in some degree.

As a newcomer to the Twin Cities, I was not particularly aware before my move of the depth of feeling that exists in certain quarters between the cities of Minneapolis and St. Paul and, of course, much less of the existence of most of the suburban communities. I don't think my attitude varied particularly from most of the residents of the United States who think of the Twin Cities rather than of particular communities. This means then that there is all the more reason for the people who are most immediately concerned with the development of the Twin Cities area to think in terms of the metropolitan area and their relationship to the whole. I don't think that any purpose would be served in my belaboring the obvious economic relationships that already exist. The family habits of each of you are the best demonstration of that. There is no community in the Twin Cities area that is completely satisfying for all of the social, cultural and economic needs of any resident in the area. The intricate pattern of friendships, entertainment, education, jobs and buying habits is utilized in a substantial degree by most of the residents. Our stake in the development of the whole area would appear to be a challenge to any of us. There is a spill-over of economic benefit to each area from an economy of local government or a new economic development in another part of the metropolitan area.

Inherent in this discussion is the conviction that development patterns can be altered by deliberate action. This deliberate action must be based on an agreement as to the direction to be taken which, in turn, must be preceded by an agreement as to where we are now. This means we must have an inventory of our assets and an analysis of the alternatives available. What kinds of industries do we want in the Twin Cities area?

This must be reconciled with what kinds of industries we are most likely to attract. The importance of a diversified pattern of small industries is sometimes obscured by desire for the large, simple solution presented by the major industrial corporation. The appeal of a General Motors fabricating plant employing 5,000 workers is obvious. Less apparent are the dangers implicit in that kind of concentration. One of the best statements about industrial development is contained in the following quotation:

"The key, then, seems to be that New York has diversified its industrial structure, while Pittsburgh has been left clinging to its declining specialties. But what determines the degree of diversification--the ability to adjust to change and make the most of it? After all, an area does not choose its industries; in a free-enterprise economy, at least, the industries choose the area. The answer seems to lie in the type of atmosphere an area offers, and in the services and facilities it provides for industrial newcomers. New York has long since ceased to attract industries on the basis of specific natural endowments. Rather, it bases its appeal on the advantages of clustering--advantages in the form of a wide variety of specialized services in production, transportation, and marketing. These are the advantages which accrue, in certain types of industries, from being located close to one's competitors and to as many specialized business services as possible--services which a manufacturing firm would otherwise have to provide for itself. New York, with its heavy concentration of wholesale, retail, transportation, finance, communications, government, central office, and business and consumer service functions, offers a rich soil in which new industries can flourish."

I think the most important part of this quotation is its emphasis on the environment, and of all of the elements of urban environment the public posture of the political organizations of the community is most important. For example, the tax rate is less important than the attitude of the public officials toward taxation and the stability of the taxing pattern. How efficiently is our public service provided, and to what degree is continuing exploration made to improve the governmental processes and services?

What is the attitude toward labor? That is, does the community recognize a responsibility to provide a labor pool for industry through better educational standards? What is the basic educational standard? Is there further vocational training for new entrants into the labor field? What is being done to retool existing members of the labor force for new careers? As an aside, one of the advantages of the Twin Cities area is the availability of under-employed agricultural population in the surrounding portions of the Ninth District. Many metropolitan areas in the United States are confined to existing labor pools because there no longer exists the pool of rural populations adjacent to them from which they can draw. This means they have had to turn inward to the already existing labor force.

Because the social organism that is a metropolitan area is in constant change, the planning techniques must be continually reexamined. There is no alternative. This is not a static world. The time lag implicit in most social research carries with it the sobering realization that it is partially obsolete by the time it is published. There is no help for this. The communities that survive successfully are those that perceive this flexibility and recognize it as a condition precedent to proper growth. Growth will occur whether planning is existent or not. The forces of urbanization are irresistible and the momentum cannot be arrested, but the growth can be healthy or cancerous. We can choose to control our environment, and any less than maximum effort to do so by those of us who serve the public in positions of responsibility is dishonest.

This talk was not given at the meeting
of the Suburban Mayors on April 23, 1966
Spoke extemporaneously.