Southeastern Massachusetts

Building a New Economy

Clyde Barrow

The southeastern corner of the Commonwealth flourished during the industrial age, but for most of the past century, its cities and towns have been in decline. With employment, education, and general economic conditions paling in comparison to state averages, there was nowhere to go but up. Numerous studies—and an influx of funds—have begun to lay the groundwork for recovery.

Historically, Southeastern Massachusetts has been defined by its five cities—Attleboro, Brockton, Fall River, New Bedford, and Taunton—whose common industrial history extends back to the early 1800s. These cities have risen and declined along with the fortunes of traditional manufacturing industries, such as textiles and apparel and metals fabrication. In the late 1920s, when the textile and apparel industries left the state, the cities went into a long period of decline.

Between 1920 and 1990, the populations of New Bedford and Fall River dropped by approximately 20 percent. Since the end of World War II, each of the region’s cities has experienced a pathology of de-industrialization: low incomes, high unemployment, low rates of educational attainment, decaying municipal infrastructure, population loss, low property values, and a weak tax base.

In Search of a Solution

The region’s identity has long reflected its economic, political, and geographic isolation. During the 1980s, it continued to experience high unemployment rates, low incomes, and population loss, despite a full employment economy statewide and income growth that was the highest in the nation. Concerned that residents were not benefiting from the Massachusetts Miracle, the region’s five mayors established the Southeastern Massachusetts Partnership in 1986.

Their concerns were reinforced shortly after the
partnership’s establishment, when the region’s cities began losing jobs at a pace not seen since the Great Depression. The entire state followed Southeastern Massachusetts into the 1990–91 recession and, by its trough, Southeastern Massachusetts had a regional unemployment rate of 12 percent. Some of its cities reported unemployment rates in excess of 20 percent.

In response to the crisis, the Southeastern Massachusetts Partnership sponsored the first comprehensive study of the region’s economy, drawing explicitly on the framework developed by Michael Porter.3 In 1991, the partnership released The High Skills Path for Southeastern Massachusetts: A Framework for Decisionmakers, and convened a conference of regional leaders to discuss its findings. The study defined Southeastern Massachusetts as five counties—Bristol, Plymouth, Barnstable, Dukes, and Nantucket—though it recognized that many other plausible definitions could be advanced, based on federal planning districts, labor market areas, service delivery areas, and state administrative districts.

The study’s main conclusion was that policymakers, business executives, and educators would “need to attend to underlying structural problems” in the regional economy before efforts to attract or retain businesses could be successful. These structural problems included low educational attainment and a modest base of higher-education institutions that was not adequate to support technological innovation or technology transfer. The study called attention to “the critical importance of human capital” in the new economy, which in Southeastern Massachusetts was not adequate to sustain the knowledge-intensive service industries and high-technology manufacturing that has supported the state’s last two economic expansions.4

In Choosing to Compete,5 the state’s Executive Office of Economic Affairs, in collaboration with the University of Massachusetts, narrowed the working definition of Southeastern Massachusetts to 40 towns and cities in Bristol and Plymouth Counties. The region’s boundaries were redefined in response to demands from Cape Cod residents that the Cape and Islands be treated as a separate region. In fact, the Cape’s unique tourism-based economy warrants this modification for statistical and planning purposes.6 The Massachusetts EOEAs redefinition of Southeastern Massachusetts also established new geographic boundaries that were more consistent with those of the Southeast Regional Planning and Economic Development District and the Old Colony Planning Council, which assist communities with transportation and land use planning.

The regional analysis of Southeastern Massachusetts in Choosing to Compete identified significant business clusters in textiles,7 electronics and communications, marine science and technology,8 food processing, metals fabrication, fishing,9 and tourism.10 The report concluded that despite its economic difficulties, the region had several competitive advantages, particularly within the northeastern United States, such as an extensive highway network, lower business costs, affordable housing, and workforce availability in specialized industries and occupations. Its main conclusion, however, reinforced the partnership’s earlier findings: The business clusters most likely to anchor the region’s future economy—including its “traditional” manufacturing firms—had finally started to adopt improvements in technology and productivity that created a need for enhanced workforce skills and higher levels of educational attainment. Thus, Choosing to Compete concluded that new private investment in technology and public investment in education, workforce training, and technology transfer were the main economic development priorities in the region.

During this period, State Senator Marc Pacheco and State Representative Joan Menard convened the Southeastern Massachusetts Legislative Caucus to address many of these problems at the regional and state policy level. The SMLC was established to develop a regional legislative agenda that would address economic development issues, which cut across the artificial town, city, and legislative district lines that had often hampered regional economic development initiatives in the past. The SMLC includes state legislators from all 48 cities and towns in Plymouth and

| Southeastern Massachusetts: Population by Town, 1990 and 2000 |
|---------------------------------|--------------|------------|--------------|-------------|
| City or Town                    | 1990         | 2000       | Change       | Percentage  |
| Top Gains:                      |              |            |              |             |
| Taunton                         | 49,832       | 55,976     | 6,144        | 12.3        |
| Plymouth                        | 45,608       | 51,701     | 6,093        | 13.4        |
| Mansfield                       | 16,568       | 22,414     | 5,846        | 35.3        |
| Bridgewater                     | 21,249       | 25,185     | 3,936        | 18.5        |
| Norton                          | 14,265       | 18,036     | 3,771        | 26.4        |
| Top Losses:                     |              |            |              |             |
| New Bedford                     | 99,922       | 93,768     | -6,154       | -6.2        |
| Fall River                      | 92,703       | 91,938     | -765         | -0.8        |
| Avon                            | 4,558        | 4,443      | -115         | -2.5        |
| Freetown                        | 8,522        | 8,472      | -50          | -0.6        |
| Southeast Region Total          | 949,520      | 1,015,843  | 66,323       | 7.0         |

Source: U.S. Bureau of the Census
Bristol Counties and, thus, includes some South Shore towns that are members of the Metropolitan Area Planning Council but were excluded from the Choosing to Compete definition of the region.

The SMLC’s conferences have been co-sponsored by the Southeastern Massachusetts Partnership, Southeastern Regional Planning and Economic Development District, Old Colony Planning Council, UMass Dartmouth, and Bridgewater State College, and have effectively established a common definition of the region among legislative, planning, and academic institutions for the first time. Consequently, when the University of Massachusetts Benchmarks Project was begun in 1998, it adopted the SMLC definition of Southeastern Massachusetts with only minor modifications.

**Regional Boundaries: A Moving Target**
The UMass Benchmarks Project defines Southeastern Massachusetts as the 48 cities and towns in Bristol and Plymouth Counties, plus Plainville, Stoughton, and Avon in Norfolk County, to accommodate regional planning agency boundaries. In reality, the definition continues to evolve, not merely because of competing administrative, planning, and data collection jurisdictions, but because the region is being transformed by uneven economic and demographic changes that are blurring many previously accepted boundaries. The region’s pattern of economic development reinforces the emergence of differentiated subregions, so it is increasingly recognized that in using any definition of Southeastern Massachusetts, there are economic geographies and subregional identities that make it difficult to formulate a single definition of the region that is appropriate for all purposes.

The U.S. Department of Labor identifies four labor market areas in Southeastern Massachusetts, including the Fall River, New Bedford, Brockton, and Boston. Taunton and the Route 3 corridor are considered part of the Boston metropolitan statistical area, while Fall River and Attleboro are included in the Providence metropolitan statistical area. The Workforce Investment Boards identify four service delivery areas (SDAs) in Southeastern Massachusetts that are used to deliver employment and training services. The four SDAs are Greater Bristol (Fall River-Taunton-Attleboro), Brockton Area, South Coastal (Route 3 corridor), and Greater New Bedford. Until 1993, the Cape and Islands Service Delivery Area was part of the Greater New Bedford SDA. The Massachusetts Office of Business Development still identifies Bristol, Plymouth, Barnstable, Dukes, and Nantucket Counties as a single service area.

**Economic Base**
The Southeast region’s three economic areas continue to make uneven progress in addressing the pathologies of deindustrialization and in making the transition to a new economy, but the three subregions are all deep into this transition. This transition is most notable in the displacement of traditional manufacturing by services as a leading economic activity in every subregion.
The South Shore. The South Shore subregion consists of twelve towns in Plymouth County. Its population of 197,074\textsuperscript{11} reflects an increase of 11 percent since 1990. There are no cities in the subregion, but the area’s two largest towns—Plymouth (51,701) and Marshfield (24,324)—account for 38.6 percent of the area’s population. The area’s economic growth continues to be fueled by population and income growth (e.g., health care, retail) and the emergence of professional, business, and financial services firms that serve Boston-area businesses and local residents. The area is also developing a more vibrant off-Cape tourism industry.

The Tri-Cities. The Tri-Cities subregion consists of 22 cities and towns in Bristol and Plymouth Counties. Its population of 473,159\textsuperscript{12} reflects an increase of 9.9 percent over 1990. The area’s three cities—Brockton (94,304), Taunton (55,976), and Attleboro (42,068)—account for 40.7 percent of the area’s population. This is the least integrated and most diffuse of the subregions. The Route 24/1-495 axis links these communities with the Providence and Boston Metro areas.

This subregion continues to benefit from the southward movement of the Boston metropolitan economy and from the northeastward movement of the Providence metropolitan economy. It is making a successful transition from a traditional manufacturing economy to a new economy anchored by services and high-tech manufacturing. Because of its extensive intermodal transportation linkages, this has also become a regional distribution center. As the Tri-Cities makes this transition, its unemployment rate moves steadily downward, while its educational attainment and income levels approach state averages.

The South Coast. The South Coast subregion consists of fourteen cities and towns in the southernmost part of Bristol and Plymouth Counties. Its population of 345,610\textsuperscript{13} reflects an increase of 0.97 percent since 1990. The area’s two cities—New Bedford (93,768) and Fall River (91,938)—account for 53.7 percent of its population. Despite business and housing costs that are much lower than Boston’s, the South Coast has been less successful in attracting “high-end” businesses than other areas of the region, partly because it is still struggling with low educational attainment levels, a poor external image, and relative isolation from Boston. Thus, while the South Coast has made notable progress in closing its unemployment gap with the rest of the state, its income and wage levels are still among the state’s lowest.

The South Coast has seen significant job growth in health care, business services, high technology manufacturing, and distribution, which has finally begun to offset the continuing loss of jobs in textiles, apparel, and miscellaneous manufacturing. Many of the area’s growth sectors (e.g., high technology and distribution) provide above-average annual earnings that exceed those of the jobs being lost in declining sectors. This trend bodes well for the South Coast’s future, if the area can improve its educational attainment levels, workforce skills, and technology transfer capacities.

Improvements in Education Funding
Regional cooperation among state legislators, mayors, town officials, regional planning agencies, and higher education institutions has paid dividends for Southeastern
Massachusetts. A central feature of the larger region’s economic development strategy in the 1990s was its focus on K–12 education, adult literacy, and the development of university research capacities. The passage of the Massachusetts Education Reform Act of 1993 reinforced this strategy, though the five cities and their adjacent communities are reporting different degrees of success in implementing it.

The Southeast region has been a major financial beneficiary of education reform. Since 1993, state aid per pupil (K–12) has increased by $3,150 in Brockton, $2,564 in Fall River, and $2,753 in New Bedford. By FY 1999, the integrated annual cost per pupil (expenditures) was $6,836 in Brockton, $7,282 in Fall River, and $6,767 in New Bedford, compared to $6,978 for the state overall. As a result of the state’s financial commitment to education reform, the region’s major urban school districts have at least achieved a foundation budget comparable to the state average. To the extent that funding disparities have had a negative impact on student performance in the past, one should reasonably expect the region’s urban school districts to show improved performance in the coming decade.

The entry of Southeastern Massachusetts University into an expanded University of Massachusetts system in 1993 has also improved the region’s long-term capacity for technology transfer and business support, but the Dartmouth campus is still early in its development as a university-level research institution. These capacities were recently improved with the addition of a Marine Science Laboratory in New Bedford, an Advanced Manufacturing Technology Center in Fall River, and a Center for Business Research in North Darmouth that provides marketing assistance to private businesses. The Dartmouth campus is also adding a corporate education center in downtown Fall River.

**Conclusion**

Despite the importance of these efforts, the Southeast region’s separation into three economic areas is likely to continue for the foreseeable future. The competitive advantages in each area have successfully attracted, retained, or stimulated the growth of specific business and industry clusters. The subregions continue to have widely divergent demographic profiles (e.g., incomes and education), which are both a cause and an effect of this clustering, and these factors will not change in a short period of time. Any future economic development strategies for the region must take into consideration the different competitive advantages and development trajectories of each economic area.

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7 See Clyde W. Barrow, *Economic Impacts of the Textile and Apparel Industries in Massachusetts* (Amherst: University of Massachusetts Donahue Institute, 2000).
11 U.S. Census 2000
12 Ibid.
13 Ibid.

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The Education Gap

1980
Workers with college degrees 25% of labor force, earning $40,100
Workers without college degrees 75% of labor force, earning $26,000
Gap in annual median earnings: $14,100

2000
Workers with college degrees 38% of labor force, earning $46,500
Workers without college degrees 62% of labor force, earning $26,000
Gap in annual median earnings: $20,500

The Sector Gap

1980
Workers in knowledge sectors 32% of labor force, earning $30,800
Workers in other sectors 63% of labor force, earning $28,500
Gap in annual median earnings: $2,300

2000
Workers in knowledge sectors 36% of labor force, earning $39,000
Workers in other sectors 63% of labor force, earning $29,600
Gap in annual average salaries: $9,400

and bargaining rights. At the same time, there could be an emphasis on enabling more people to become college-educated workers in the knowledge sectors. This is also a sound objective, since these are the workers with the greatest opportunity.

1 The knowledge sectors referred to in this article are professional services (knowledge creation), health care, financial services, and information technology.

2 Data in this article are from the March CPS in 1999, 2000, and 2001. The universe is people aged 25 to 62 in the U.S. labor force, weighted to represent total population. All dollar figures are expressed in 2000 dollars.

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