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Land and labor in the post-industrial university town: remaking social geography

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> We must help our cities become what we aspire to be on our campuses—a place where human potential can be fully realized.—Yale President Richard Levin[1]

> Yale has been engaged in a vicious attack on the working families in our community…this enormously wealthy and powerful institution will go to any lengths, break any law, in its effort to crush the spirit and will of…our fellow citizens.—Rev. Boise Kimber, President New Haven Clergy Association[2]

The relationship between urban universities and their host communities has long been a source of both hope and anger for city leaders, activists and scholars alike. Part servant and part ruler, part benefactor and part exploiter, universities act out a contradictory set of agendas in relation to their surrounding communities.

In many cities, universities bring an infusion of money, visitors, talent and respectability which cannot be gotten from any other source. Moreover, in contrast to other industries, universities declare themselves committed to higher and more humane goals than simple profit motives. One of the essential activities of urban schools, asserts the Association of American Universities (1998), is to "provide extensive public service.... helping improve the quality of life in their communities, often in support of the most disadvantaged residents." Thus, college towns have reason to hope that their universities will prove not only a vital source of local jobs but also an enlightened force for civic-minded development. At the same time, however, universities often wield significant power over the city's finances, employment and real

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[1] Levin, 1997.

[2] Statement issued November 25, 1996.

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estate markets; and the immediate interests of campus administrators do not necessarily fit with the priorities of local community leaders. This tension between the enlightened promise and self-interested practice of urban universities has undergirded town-gown debates for many decades. However, while it may be morally important, simply pointing out the hypocrisy of university actions is insufficient. Such a discussion courts the danger of focusing on anecdote rather than analysis, and encourages a misplaced fixation on the personal character of individual administrators. What is needed, instead, is a systematic and unsentimental understanding of how universities function as economic actors and what forms of urban organization are created by their behavior.

In recent years, growing attention has been paid to the economic behavior of universities in their role as employers. Union organizing campaigns, "living wage" ordinances, and university "codes of conduct" regarding subcontracted labor have all aimed at influencing wage standards at the nation's major universities. However, this analysis has been divorced from an understanding of these schools' impact on local real estate markets. Thus, the discussion has been disjointed, without an overarching theory of how university behavior is reshaping the economic and social landscape, and without grounding the town-gown relationship in broader theoretical understandings of postindustrialism and urban transformation.

On a parallel but disconnected track, much has been written about the impact of a post-industrial, post-Fordist economy on older cities; the efforts of previously industrial cities to identify a commercial base that might replace manufacturing; and the new forms of urban community created by the conditions globalization, flexible production, and the growing service industry (Gregory, Martin, & Smith, 1994). However, this analysis has not been connected up with discussions surrounding the particular situation of university-dominated communities. This article seeks to weave together these two literatures, to consider the case of university towns within the broader analysis of changed urban dynamics under fin-de-siecle capitalism. The essay that follows aims to help fill this gap by analyzing current university development strategies; demonstrating the ways in which real estate and employment strategies have been joined in a coordinated effort to redefine town-gown relations; and situating this analysis within the broader theory of urban transformation. I conclude that a university-dominated economy distorts normal market incentives and encourages a particular form of stalled gentrification. I believe that the particular case of such cities both illuminates traditional development theories and defines a particular case that requires modification in the standard narrative of postindustrial urban economies.

Land and labor

While there is a long history of town-gown tensions, the past four decades of deindustrialization in the nation's older cities has dramatically altered the power balance between major universities and their host communities. As urban areas continued to experience steady job loss, elite schools across the country have found themselves stranded by history, islands of wealth amid the surrounding poverty. As other jobs have disappeared, universities have often become the employer of last resort for increasingly desperate communities. In some cases—such as the relationship between Yale University and New Haven, Johns Hopkins University and Baltimore, Brigham Young University and Provo, and the University of Alabama and Birmingham—universities have become the single largest employer in the local economy. In these communities, the decline of manufacturing has turned schools into something they never intended to be: the company in a company town. In larger cities, universities represent only a fraction of overall city employment, but have become dominant actors in large, often impoverished sections of the city; this is the case for the relationship between Columbia University and Morningside Heights, the University of Pennsylvania and West Philadelphia, and the University of Southern California and South Central Los Angeles. Further, as many urban neighborhoods have suffered through long-term depression in both their commercial and residential real estate markets, universities have often become the primary force in reshaping the physical landscape of the community. With this combination of unprecedented leverage in both land and labor markets, urban universities have been in a position to undertake a more ambitious agenda of redrawing the social geography of their environs.

Many university critics have assumed that administrators' land and labor policies must somehow be in conflict. In the labor market, universities, like other employers, will naturally seek to keep wages as low as possible; with increasing market dominance, administrators may be able to force local residents to accept substandard conditions. However, universities also have a self-interest in preventing the impoverishment of their host community. Simply put, both faculty and students will look twice at attending a school surrounded by abandoned houses, high crime rates and widespread homelessness. In this sense, there appears to be an inherent tension between a university's development agenda and its labor policies. Indeed, the goals of urban development may be seen to function as a kind of self-interested hedge against the most exploitative labor practices. However, in what follows, I will demonstrate that, while such a view may have held true in the past, it can no longer be assumed. At least in some universities that enjoy increasing dominance in both land and labor markets, administrators have crafted initiatives in which ambitious development and labor strategies are no longer in conflict, but now reinforce each other in a concerted effort to remake the geography of the city.

The standard narrative of post-industrial cities explains how, beginning in the mid-twentieth century, manufacturing employers left central cities in pursuit of cheaper land and less-organized labor. Over this period, universities faced the same challenges as other large employers—a need for periodic expansion and a desire to keep wages down—but lacked the option of relocation. An examination of town-gown relations, then, offers a view of how an immobile employer might solve these same problems within the confines of the city. In this sense, university towns raise a new series of questions regarding the logic of urban development: when manufacturing flees a city, how does this change the behavior of remaining large employers? When the politics of redevelopment are driven by a large, fixed employer rather than the mobile capital of real estate investors, how does this change the process? Given the particular interests of universities regarding local land and labor, what form of redevelopment should we expect in university-dominated communities, and what type of urban space is this likely to create? I believe that this set of questions sheds light on the underlying geographical theory of gentrification as well as on the particular situation of university towns. It is these issues that I hope to illuminate in the course of this essay.

In what follows, I will focus on the relationship between Yale University and the city of New Haven, Connecticut as a case study in postindustrial town-gown relations. In some ways, the relationship between Yale and New Haven represents an extreme example, focusing on one of the nation's richest schools and poorest cities. Moreover, since New Haven is a small city, the university's role is magnified beyond what it would be in New York or Los Angeles. However, there are several reasons to think that New Haven may serve as a particularly illuminating subject. For much of the post-war era, the planning, lobbying and grant-writing efforts of Yale officials have helped make New Haven a showcase for cutting-edge trends in urban development—and have made it one of the most studied towns in the country (Dahl, 1961; Fainstein & Fainstein, 1980). In the 1960s, a Yale-influenced development commission got New Haven designated a Model City, and brought the town more urban renewal dollars per capita than any other city in the country (Fainstein & Fainstein, 1980). In the 1980s, Yale joined with City and State officials in establishing one of the country's first "industrial incubators," hailed by the National League of Cities as "a model for dozens of cities that are trying to put old, outmoded industrial real estate to better use." (Mayer, 1987) And in 1998, the federal government named New Haven one of the 10 most successful Enterprise Communities in the country, based on a series of joint Yale-city development efforts.[3] Finally, during much of this history, Yale has also been the site of bitter conflicts between university managers and unionized employees, including a year-long struggle in 1996 that was widely regarded as a watershed for campus labor relations. Thus, New Haven offers a glimpse of town-gown relations where the school has a long history of active engagement in local economic development and contested activity in the local labor market. By tracking the changes in this history over the recent past, we can gauge how the conditions of postindustrialism have altered the balance of power between university goals and community needs. By tracking these changes in a smaller and more easily measured urban landscape, we may identify trends that are equally important, if less immediately visible, in larger cities.

The 1996 strike at Yale focused national media attention on the issue of campus labor. In New Haven, it also gave birth to new political alliances that, in turn, placed the university's urban development plans under greater scrutiny. Moreover, the uni-

[3] "New Haven receives coveted national title," *New Haven Register*, July 31, 1998, p. F2. At the time the grant was announced, HUD Secretary Henry Cisneros announced that "the connection between Yale and New Haven…[is] one of the most essential university-city partnerships anywhere in the United States." "HUD Grant Garners Praise," *Yale Bulletin and Calendar* 24(4), September 25–October 2, 1995, p.2.

versity's 1996 agenda—combining radical changes in labor relations with a large-scale remapping of the city's geography—represents the culmination of ambitions that had been building for years. After watching its market power grow steadily over several decades, it appears that university managers chose this moment as an opportunity to solidify these gains and fundamentally rewrite the terms of their relationship to New Haven. In this sense, the confrontation of 1996 provides a particularly useful framework through which to assess the changed dynamics of town-gown relations that have emerged from the process of deindustrialization and the strategies that university managers have adopted for achieving their business goals within the constraint of immobility. I believe that, in the real estate market, the combination of challenges and opportunities facing Yale are similar to those of many other universities. In the labor market, while Yale's near-monopoly power clearly cannot be matched by bigger-city schools, even these schools share the need to craft an effective employment strategy within the context of urban communities that often have long histories of political or labor organizing. In the analysis below, I will focus on the trends in both the labor and real estate markets that led to the 1996 conflict, and that continue to frame the political economy of New Haven and similar university towns.

Deindustrialization and the making of a company town

While Yale has long played a central role in New Haven's economy, its power has greatly expanded as the city's economic base has shrunk. Forty years ago, the city's manufacturing base provided four times as many jobs as the university. While Yale was a significant employer, it faced competition from numerous other firms, both large and small; across the city as a whole, Yale accounted for only one-twentieth of New Haven jobs in 1965. However, subsequent decades saw this equation turned upside down. By 1995, there were almost twice as many jobs at Yale as at all the city's manufacturing employers combined, and the university was by far the largest employer in the city; together with its teaching hospital, Yale accounted for one out of every five jobs in town.[4] Considering that so many of the other jobs are in the low-wage, low-benefit service sector, the reality is that for those looking to support a family in the local economy, Yale is often the only game in town. For most of its history, the terms of employment at Yale were constrained by the university's need to compete for workers who faced a range of alternative options. In the

[4] Yale employment figures are from reports filed with the federal Equal Employment Opportunity Commission, provided to the author by the university. Manufacturing and total New Haven employment is from Connecticut Department of Labor, Annual Report, various years; and New Haven Chamber of Commerce Year Book, various years.

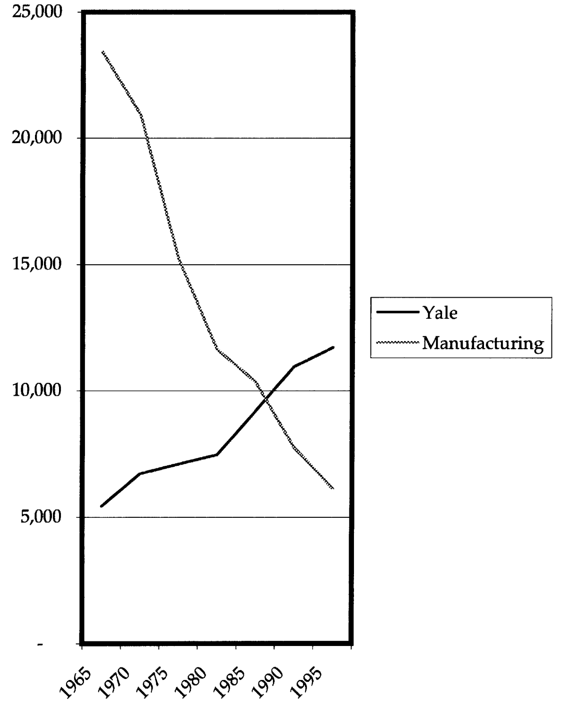

Fig. 1. New Haven employment in manufacturing and at Yale, 1965–95.

current economy, however, university officials operate with an almost entirely free hand (Fig. 1).

While the labor market trends may be more readily apparent to local residents, the effects of deindustrialization on the real estate market have been no less dramatic. New Haven's population has been shrinking for more than thirty years; in 1990–1995 alone, the city lost 11% of its population, or 15,000 residents, placing it among the top twenty fastest shrinking cities in the country (Scott, Kenney, & Partners, 1996). Unsurprisingly, this exodus has been punishing for the local housing market. The number of vacant and abandoned units in the city more than doubled between 1970 and 1990, reaching a vacancy rate of 9.4%. At the same time, new construction almost came to a standstill; in the first half of the 1990s, the number of building permits issued in the city fell by nearly 25%.[5] Like other poor cities, New Haven was caught in the trap of facing a rising demand for social services together with a

[5] Data is from Connecticut Department of Economic Development, Profile of Cities, various years; and City of New Haven, Office of Building Inspections, 1996.

shrinking tax base to pay for it. As the population declined, city managers faced increasing pressure to raise taxes on the remaining homeowners, a strategy which in turn was likely to accelerate the flight to the suburbs. For the university, however, the soft real estate market provided myriad opportunities to purchase desirable properties at reduced prices. The combination of the city's decline and the university's continuous growth left Yale in an increasingly dominant position. As recently as 1985, the value of Yale's tax-exempt real estate was equivalent to less than 5% of New Haven's tax base. Ten years later, Yale land was the equivalent of more than 15% of all taxable property in the city.[6]

Thus, in both the real estate and labor markets, the process of industrial decline has dramatically shifted the balance of power in town-gown relations. While this has always been an uneven relationship, by the end of the twentieth century the university had achieved a radically greater degree of control over the life of the city than was previously possible. It is this set of circumstances that encouraged Yale authorities to attempt the ambitious agenda of 1996.

Universities in the global economy

The restructuring of the economy along lines that have been variously described as globalization, post-Fordism or flexible accumulation has created extremely uneven trends in economic developments. Some sectors have blossomed while others suffered, with the result that income inequality has increased significantly since the end of the Bretton Woods system in the mid-1970s. In university towns, the dynamics of the new system have served to increase the disparity between university wealth and surrounding hardship. As Castells (1989) and others have argued, the salient features of the new economic system include deregulation of finance and industry; state support for technology research; cuts in social welfare spending and in federal support for local governments; and the creation and expansion of international markets for investment and production. For Yale, each of these dynamics has created new possibilities for profit and growth. The deregulation and internationalization of the finance industry, together with the opening up of new markets in post-Soviet and other previously inhospitable jursidictions, has proved a boon for the endowment, the single largest component of university operations. In the late 1980s and early 1990s, Yale shifted the bulk of its investments out of publicly traded securities and into a variety of financial instruments, venture capital, real estate and "distressed property" investments. Indeed, the Harvard Business School used Yale's endowment as a case study of visionary transformation of endowment management. New Haven is clearly not a "global city" in Sassen's (1991) sense. But through its endowment investments Yale partakes fully in the newly emergent global financial network

[6] Author's calculations, based on City of New Haven, *Summary of General Fund Revenues*, various years; Office of the Secretary of Yale University, *Yale and New Haven*: Economic Impact, December 1993, and data provided to the author by the Office of the Assessor, City of New Haven.

Sassen describes. This strategy has paid impressive dividends, with the endowment enjoying a remarkable period of growth. At the same time, the university has benefited from both expanded federal support for technology research and decreased restrictions on commercial collaboration between campus research and corporate partners. In the last two decades, the federal government has lifted long-standing regulations governing technology transfer, allowing universities to sign commercial agreements with pharmaceutical, technology and biotech companies that market the results of laboratory research (including publicly-funded research) as commercial products, with patents and royalties split between the university and corporate partners. This development has created a major new profit center for universities; at Yale, revenues from patent licenses grew from just over $5 million in 1996 to over $45 million in 2000 (Connecticut Center for a New Economy, 2001; Slaughter and Leslie, 1997; Soley, 1995). The increase in corporate-sponsored research is part of a broader trend toward an increasing emphasis on entrepreneurial activity: downsizing traditional faculty; identifying niche markets for specialty courses; opening branch campuses in foreign markets; and marketing on-line courses via distance learning technologies. Many of these initiatives have been enabled by exactly those processes of internationalization, deregulation, and information technology that Castells, Sassen and other point to as defining elements of the new economy. In all these ways, the changed economic regime has redounded to the benefit of the university (Martin, 1998; Readings, 1996).

By contrast, these same processes have helped further the impoverishment of the surrounding community. As described by countless scholars, the improvements in information and transportation technology that facilitated global, flexible production also increased the incentive for manufacturers to flee cities like New Haven. Regressive taxation policies and cuts in federal revenue sharing and social welfare spending have served to restrict the city's ability to care for low-income residents at exactly the same time that poverty has been increased by the shortage of jobs. Thus, the changes in technology, corporate organization, and legislation that ushered in the era of flexible production have served to widen the gulf between rich universities and poor cities, and to increase the city's dependence on campus administrators.

One city, two economies

Yale's disproportionate power in both the labor and real estate markets reflects the extent to which the university operates in a separate economy from that of other area employers. While Yale hires labor locally, its business is national and international. Of the university's major sources of revenue—endowment earnings, research grants, alumni donations, student tuition and medical services—only the last is even partially dependent on the local economy. As university managers finalized their labor strategy leading up to the 1996 strike, they were presiding over an institution that, in every way apart from its physical location, was remarkably removed from the surrounding economy. In 1995–96, the combination of the university's return on its endowment plus other major sources of revenue totaled over $1.8

billion; less than 10% of this amount came from locally provided medical services.[7] Unlike other companies in the city, Yale generates the majority of its wealth from investment across the globe in everything from oil exploration to resort development to junk bonds. Its return on capital is further boosted above that of normal investors by the university's tax-free status; and Yale's impressive investment funds allow it to participate in venture capital and privately held projects on terms that few investors can secure (Dilger, 1996; Burton, 1996). Thus, the university's primary source of wealth is generated in ways that are not available to virtually any other area employer.

Beyond its investment income, the major sources of Yale revenue represent operations that other employers can only envy. The school's "customers," if we think of students that way, largely represent the wealthiest slice of the national population. Beyond paying tuition, these individuals go on to contribute hundreds of millions of dollars a year—*gratis*—as alumni. In addition, the university is the recipient of hundreds of millions of dollars a year in federal funding, supporting both specific research projects and general operating costs. Finally, the school is exempt from income, property and sales taxes. In these ways, the disjuncture between Yale's prosperity and New Haven's downslide is not surprising; the university effectively operates in an economy, which, though physically located within the city, is almost wholly isolated from its economic realities. Thus, when Yale "competes" against local employers or developers, it does so on highly uneven terms. When the local economy endures a recession, most employers suffer the difficulties of selling goods and meeting expenses in a depressed market. For Yale, however, the primary effect of New Haven's depression is to heighten the university's advantage over area competitors.

Accumulating market power: how rich is Yale?

The common sense definition of "non-profit" is an organization whose income just barely covers its expenses. The designation of universities as non-profit institutions encourages one to think of them as organizations that are modest by nature. Even a school like Yale, which is obviously well endowed, is often imagined to be operating close to the margin, devoting whatever income it generates to the provision of high-quality education and leaving just a small cushion between the university's costs and its revenues. The truth is that Yale pursues an active policy of accumulating surplus wealth, and that by 1996, its annual earnings exceeded its operating costs by nearly $1 billion.

At the end of the 1995-96 school year, Yale's assets totaled $6.3 billion, including an endowment of just under $5 billion. Its endowment made Yale the second richest school in the country, surpassed only by Harvard.[8] Moreover, the university enjoyed a phenomenal run of success in the 1990s. In 1995–96, while employees were on

[7] All figures are from *Yale University Financial Report*, 1995–96.

[8] University endowments are ranked annually by the *Chronicle of Higher Education*.

strike, the endowment earned a return of 25.7%, or just over $1 billion. Nor were the mid-1990s freakishly good years. Rather, they continued a long-term trend of exceptional performance by the university's investments. With some ups and downs, the endowment grew steadily and impressively for 25 years. In the five years leading up to the 1996 strike, Yale's endowment earned an average return of 16.7%, the highest in the Ivy League.

One way to make sense of the university's financial standing is to consider where Yale would fit in the corporate economy were it not classified as non-profit. The surprising truth is that, by almost any measure, Yale's wealth places it among the largest corporations in the country. Depending on which measure is used, Yale would rank between 250 and 300 in the Fortune 500 listing. Ranked by total assets, the most conservative measure in 1995 placed Yale squarely among the corporate giants, ahead of such well-established firms as Turner Broadcasting, General Dynamics and Nike.

Since the university strictly limits how much of the endowment's earnings are devoted to educational expenses, it generates large annual surpluses. In 1995–96, for example, the endowment earned a total return of just over $1 billion; but only $171 million of this went into the school's operating budget. An additional $159 million should be considered the level of reinvestment necessary to maintain the real value of the endowment against inflation.[9] This means that Yale netted nearly $700 million, after all expenses and after accounting for inflation. In common sense terms, then, Yale made a profit of nearly $2 million per day. Far from operating at the margin, the university had reached the point where it could easily afford to charge zero tuition to its students, improve the wages and benefits of its employees, and pay full taxes on its local property, and still see the endowment grow well ahead of the rate of inflation.

How poor is New Haven?

While Yale's growth increased dramatically in the last three decades, the surrounding city grew significantly poorer. As of the 1990 census, 21.3% of New Haven residents lived below the poverty line, making the city the 39th poorest in the country. Poverty rates vary significantly across the city, reaching a high of 40.3% in the largest neighborhood. More starkly, just over one-third of all New Haven children live in poverty, and infant mortality rates reach 25 per 1,000 in the city's poor neighborhoods. While joblessness also varies, 40% of the population lived in neighborhoods where 1990 unemployment averaged 15% or higher (Scott, Kenney and Partners, 1996; Connecticut Department of Economic Development, various years).

The 1990 figures fit a pattern of steady deterioration. Between 1970 and 1990, New Haven's poverty rate increased by 50%, and the city continued its downward

[9] The rate of inflation used here is the Higher Education Price Index, slightly higher than the Consumer Price Index.

slide into the 1990s. The labor force as a whole shrank by 11.6% in 1990–95; and in 1995, fully 40% of all New Haven households reported combined earnings of under $20,000 (Scott, Kenney, & Partners, 1996). As a result, the proportion of New Haven residents who rely on food stamps increased from 15.4% to 22.4% in 1990–95.[10]

Property taxes: a poor city subsidizes a rich school?

Unsurprisingly, New Haven's desperation places tremendous pressure on the city government to provide social services for impoverished citizens. However, despite the university's extensive wealth, Yale insists that the city continue to maintain its tax exemption. Indeed, Yale's exemption is not limited to the benefits enjoyed by other schools; the Connecticut Constitution includes a clause, first established in the 1745 colonial charter, that grants a special and wider exemption specifically for Yale property. Thus, even that property which is subject to taxation on other campuses—for example, buildings that house profit-making ventures along with educational facilities—remains tax-free for Yale. Yet when pressed on even this narrow issue of whether the university requires a subsidy above and beyond that granted to other schools, Yale President Richard Levin refused to concede that the city might do away with this form of assistance (Bass, 1993).

For the city government, the waiver of taxes on Yale property has far-reaching consequences. With a shrinking tax base, New Haven has faced agonizing choices as to what services can be preserved and what must be cut. Many of the most damaging effects of the near-permanent budget crisis have been felt in the local school system. In 1991, the city was sued by its own Board of Education for failing to provide the minimum per-pupil expenditure required by state law. The budget was $2.5 million short, and administrators insisted they simply did not have the money. After having already cut $5 million and 78 positions from the education staff, however, the Board chose to sue the city rather than cut school services further. In 1994, the city failed to meet its mandated minimum spending requirements for the third year in a row, forcing the layoff of 135 school teachers in order to close a $5 million budget gap. One high school principal worried aloud about overcrowding and insufficient security. "I don't have the bodies," he complained, "and what's worse is that kids may leave…just stop coming to school – because they can't deal with it."[11] Indeed, the years of budget shortfalls doubtless contributed to the city's dropout rate: fully 40% of New Haven students quit school before obtaining a high school diploma (Scott, Kenney, & Partners, 1996).

While public attention focused primarily on the school budget, the city's fiscal crisis was expressed in myriad other cuts, large and small. In 1994, community activists blamed budget cuts when a five-year-old girl was hit by a car, after cuts in funding prevented the Traffic Authority from carrying out orders to install stop

[10] Unpublished data provided to the author by the State of Connecticut, Department of Social Services.
[11] "Budget forces teacher layoffs," *New Haven Register*, June 14, 1994, Author not identified.

lights.[12] Even small, simple needs sometimes went unmet. In 1996, for instance, the School Construction Reserve Fund, which provides for new windows and fire alarms in schools, was left entirely unfunded.[13]

In one sense, all of these problems may be seen to reflect the extent to which New Haven has gone in order to support the university's tax exemption. Members of the New Haven Revenue Commission (1985) have characterized Yale as the city's "most able-to-pay citizen," and it is remarkable how many of these problems could have been solved were there no exemption. For instance, the bitter 1990 fight over teacher layoffs was forced by a shortfall of $2.5 million in the education budget. But that same year, Yale enjoyed an exemption of nearly $11 million in city property taxes. These crises, then – missing teachers, broken windows, uninstalled traffic lights – are, in part, the ways in which New Haven pays for Yale's tax exemption.

Real estate development: creating the social geography of a university town

Like other urban universities, Yale has spent much of the past forty years building moats around itself designed to safeguard the campus against the surrounding distress. This would be an ambitious project even if the university were a static institution that could hole up in one place; the challenge is multiplied by the fact that the number of students, faculty, classrooms and laboratories is constantly growing. Thus, the geography of the city is partly defined by the university's need to periodically redraw its perimeter. As the university has expanded over the years, it has engaged in a series of strategies aimed at moving poor black and Latino neighborhoods further away from the campus, even when it relies on these same communities for its labor supply. While the university has been involved in a wide variety of development projects, its efforts have generally fallen into two broad categories: 1) acquiring properties abutting the campus, in order to gentrify nearby neighborhoods and drive lower-income residents into more distant areas; and 2) constructing physical barriers that divide poor neighborhoods from the Yale campus and central business district.

The "rent gap" revisited: distorted incentives and stalled gentrification

The standard theory of urban gentrification revolves around the idea of a "rent gap." As employers move out of central cities to suburban and exurban locales, the price of city land begins to decline. Over time, land in the periphery becomes relatively more expensive, while that in the city becomes cheaper. Eventually, urban industrial properties become nearly worthless. At this point, a gap opens up between the rents realizable from land in its present use and those that could be realized by converting properties to their "highest and best" use, or at least to a "higher and

[12] "Accident blamed on city," *New Haven* Register, April 14, 1994, Author not identified.
[13] "School fund empty," *New Haven Register*, May 9, 1996, Author not identified.

better" use (Smith, 1986). This is the point at which gentrification becomes financially attractive. As Leitner and Sheppard (1989) note, a potential investor calculates the timetable over which the costs of redevelopment may be recouped; when projected rents for the new use are high enough to recoup costs within a reasonable time period, plus provide a reasonable return, redevelopment becomes a logical investment for new capital. This is the process through which manufacturing areas get converted into office space, artists' lofts, or upscale apartments, and urban space gets remade around a new market logic.

However, the relationship between urban universities and their surrounding environs suggests a different dynamic. In New Haven, Yale buys property for different reasons, and with a different timetable in mind, than generic investors. For the university, New Haven does not primarily represent an investment opportunity; endowment managers would not invest in local property if they were simply seeking the highest return on their money. Indeed, the university generally buys property neither for use value nor for exchange value. In some sense, New Haven serves as a kind of living marketing brochure for the university, which has an indirect but significant (if unquantifiable) impact on the school's fortunes. If Yale were immediately surrounded by decrepit housing, extensive homelessness and high crime, the university's ability to attract tuition-paying students, research-funding corporations, big-name faculty, prestigious conferences, alumni donors, and middle-class patients for its medical facility would all be significantly compromised. Thus, the city's real estate plays an odd role in Yale's financial calculations. It is not, in and of itself, a good investment, and the university's property holdings do not represent a significant profit center for university managers. But it is necessary to keep the surrounding area in at least moderate condition in order to facilitate those operations that *do* constitute the core of the university's business.

New Haven's role as backdrop for or facilitator of university operations creates a distorted set of incentives. Essentially, Yale buys faster, and develops slower, than normal investors. Because it has a use for property that is not based on market return, Yale buys property before the rent gap is large enough to attract investors motivated simply by return on capital. This is particularly so because the university is operating on a longer time horizon than other investors. As a 300 year-old, continually growing institution, the university may take advantage of recessions in the real estate market to purchase large tracts of property that it anticipates may be needed for future expansions. If property can be had cheaply, even property some distance from the current borders of the campus may represent a logical purchase for university managers—even if there are no immediate plans for redevelopment.

How is an urban real estate market affected if the largest actor is driven by the mixed motives of university administrators? Unlike banks or state agencies that initiate gentrification in order to spark a broader wave of redevelopment, the university acts at a point in the market process when there is not yet incentive for other investors to come into the market. Thus, right next to the properties purchased by the university, we would expect to find buildings that languish without investment. Moreover, in the cases when the university buys properties in order to hold for potential future development, or to use as a barrier between the campus and surrounding poverty, these properties may remain underdeveloped for many years to come. Even where redevelopment plans are set in motion, these may often be half-hearted, since the university doesn't need redevelopment to succeed on its own terms in order for the project to be a success in terms of broader strategic goals. In this case, what we would expect to find is a form of half-baked and ultimately failed gentrification. The university's own properties are only partially developed; these help keep surrounding neighborhoods in a state of limbo, prevent a wider rent gap from opening up, and thus forestall a truly market-driven process of redevelopment.

Of course there is no guarantee that, in the absence of Yale's activities, a wider rent gap in New Haven would mean more complete redevelopment rather than simply deeper poverty. New England is dotted with old industrial towns that have failed to attract any satisfactory form of redevelopment. Even acknowledging this possibility, however, there is a clear distinction between the standard process of gentrification (successful or not) and a university-led process, which we should expect to create a form of partial or stalled gentrification. As described below, this expectation has been fully met in the case of New Haven.

Urban renewal and the shaping of modern New Haven

The modern development of New Haven represents one of the country's most dramatic failures of urban planning. Beginning in the late 1950s, the city government joined with Yale officials and local business leaders in an ambitious plan to tear down the city's core and replace it with an upscale development designed to draw suburban shoppers into the city. The university was instrumental in making New Haven the single-best funded urban renewal project in the country. Beyond their influence in the funding process, Yale officials played a significant role in the development process itself: then-Mayor Richard Lee came to City Hall directly from serving as Yale's Director of Public Relations; his chief development administrator was the son-in-law of the Yale College Dean; the city's overall strategy was largely based on a master plan drawn up by a Yale professor; and Yale President Griswold served as vice-chair of the Citizens Action Commission that oversaw the terms of development (Fainstein & Fainstein, 1980).

The primary goal of the 1960s redevelopment program was to raze a broad swath of slums and low-rent stores that stretched between the Yale Medical School and the downtown district. In its place, the city proposed to build a large mall, to be served by a highway that would cut the city in half and make downtown more accessible to suburban shoppers. In the course of this process, the university realized important objectives of its own. Yale took a significant portion of the razed property for expansion of the Medical School complex. In addition, "slum clearance" authority was used to destroy 25% of the housing units in the Dwight neighborhood, a largely poor, black area adjoining the northern edge of campus. After convincing the city to condemn a high school that served this same neighborhood, Yale used the newly vacant land to construct two new residential colleges, fortress-like structures that came to define the new boundary between town and gown. Thus, the university succeeded in using the urban development process both to expand its own facilities and to push poor neighborhoods further away from the campus.

For most city residents, the redevelopment process, while perhaps well-intentioned, proved useless at best and disastrous at worst. Over the course of a decade, the city went into heavy debt, while nearly one-fifth of the local population was uprooted. New Haven continued to lose jobs not only in manufacturing but also in the retail sector that lay at the heart of the newly envisioned city. Ultimately, the mall sputtered along for several decades, growing steadily weaker before finally closing its doors in 1996, leaving an empty hulk on the New Haven Green as a monument to the hubris of previous generations. A decade after the razing began, citizen opposition finally stopped redevelopment literally in its tracks. In 1968, the Congress of Racial Equality and other activist groups mobilized community residents to block the highway that Yale and the city wanted to put through their neighborhoods. These groups were too late to prevent the destruction of the shops and homes that had stood in the path of the development. But they did prevent construction of a highway that was widely viewed as benefiting suburban commuters at the expense of local residents. As a result, the "Downtown New Haven" exit off the Connecticut Turnpike remains a six-lane highway to nowhere, coming to an abrupt dead-end one-half mile after it begins. Thirty years later, the land beyond this remained undeveloped; an empty strip cleared for a highway whose time had come and gone.

For the university, the redevelopment process provided an opportunity to pursue its strategic goals on a scale that was larger, faster and cheaper than could ever be accomplished under normal market conditions. In theory, the university might simply buy out properties abutting the campus, paying market rate for hundreds of stores and residences until it had secured enough land for expansion. However, this process would obviously be slow, expensive and piecemeal, and it would almost certainly be impossible to effect a transformation as grand as the wholesale elimination of poor neighborhoods adjoining the campus. Under the rubric of urban renewal, however, the university benefited from the destruction of thousands of stores and apartments, all done at public expense, and received large tracts of land that had been seized by eminent domain rather than purchased at normal market rates. Finally, Yale's expansion benefited politically by being presented as part of a broader social agenda; while redevelopment provoked considerable community opposition, the backlash to Yale's building campaign would have been far greater had it been carried out without the covering rationale of urban renewal.

"Science Park": a case study in managing industrial decline

In the past two decades, the university has refined the process it pioneered during urban renewal—tapping public funds and governmental authority to expand its facilities and to physically isolate the poorest parts of the city. The most notable component of this strategy to date began in the early 1980s, when Yale successfully lobbied for the creation of an "industrial incubator" in an area where one of the city's poorest neighborhoods abutted one of the borders of the campus. What had been a low income mixed-use area of housing, stores and abandoned factories was blocked off, surrounded by millions of dollars of fencing, and declared an industrial park. The creation of the development project—jointly sponsored by the city, the state and Yale—was accompanied by bold predictions of synergies between university scientists and outside entrepreneurs, leading to an economic renaissance that would provide jobs for hundreds of local residents. Based on this premise, Science Park received more than $50 million in public funding, infrastructure development and tax abatements. Despite this largesse, however, the park proved a near-total failure. When the park first opened, it declared a goal of creating 1,800 jobs, 600 of which would go to low-income residents in the surrounding neighborhoods (Keifer, 1981). However, after fifteen years of private marketing and public subsidies—including designation of the park area as a state enterprise zone—the city conceded that the Park "has not turned out to be a large employer."(Spernow, 1997) A more emphatic judgment was issued by the city's most prominent private developer, who declared Science Park's track record "appalling—a complete mess."[14]

Yale's behavior as Park landlord reflects its contradictory goals. From the beginning, the university promoted the Park as an example of how Yale's own self-interests might be harnessed to create economic opportunity for city residents.[15] Yet for all this celebration of self-interest, the university seems to be surprisingly disinterested in actual Park activities. In 1979, when the land first became available, the entire property was offered to Yale free of charge (Sandquist, 1992). If the university were truly interested in expanding its laboratories into this part of the city, it might have jumped at this offer. However, Yale declined the offer, preferring to turn the land over to a non-profit corporation in which the university had substantial control but not ultimate responsibility. In the years since, Yale has maintained an arms-length relationship with the Park, and has refused to locate any of its own laboratories within Park grounds (Bass, 1991). Park tenants regularly complain about Yale's lack of engagement with their work. In 1998, a tenant that had previously been dubbed "one of the most successful companies in Science Park" announced that it was abandoning the premises, explaining that the Park's landlords had shown no interest in addressing its deteriorating conditions. "They have…displayed the lowest quality of homeownership," complained the company's CEO (McLemore, 1995; Swan, 1998).

Thus, Science Park has limped along year after year, constantly explaining that, though its past results have been disappointing, it is now poised for a turnaround.[16]

[14] Joel Schiavone, unpublished letter to *New Haven Advocate* editor Paul Bass, March 17, 1991, shared with the author.

[15] As argued by Yale president Levin, "there are few things that Yale can do that will make a larger contribution to advancing the economy of this city and region than this expanded commitment to technology transfer. It is my profound hope that…Yale's world class research will become the engine that drives a dramatic resurgence in New Haven's economy." "Yale joins state's effort to revitalize Science Park," *Yale Bulletin and Calendar* 26 (35), June 1998.

[16] In 1987, then-Park president Sam Chauncey explained that "for the first five years I didn't have huge plans…but you can bet I have big plans for the next five years!" ("Science Park Celebrates 5th Year!", SPDC News Release, July 16, 1987.) In 1991, Park president William Ginsberg appealed for $625,000 from the city government, acknowledging past disappointments but insisting that the "Science Park is poised for a period of significant growth…" (Application for funding to the New Haven Board of Alder-

Throughout this history, Yale has periodically intervened at moments when it looked like the Park might close down; the university has stepped in to guarantee the Park's continued existence, but it has not provided a sufficient commitment to actually make it a success. Fifteen years after then-Yale President Bart Giamatti heralded "a tremendously exciting venture that will help to revitalize the center of our city," the state announced plans to start over from the beginning: committing millions of new tax dollars to tear down half the Park's buildings and construct lab space from scratch.[17]

Given that Science Park appears to represent neither a pressing need of the university nor a likely path of advancement for low-income residents, why has it been kept alive for so long and at such public expense? The answer to this question can be read on any map of the city (See Map[18]). Science Park sits on a ridge, which divides one of New Haven's poorest ghetto areas from Yale's Divinity School campus and one of the city's richest enclaves—home to would-be Attorney General Zoe Baird and other New Haven luminaries. From the hallowed halls of the Divinity School, one can look down the hill to glimpse the public housing projects only blocks away. As one local historian noted, "the importance of Science Park is incredible. If [it] were abandoned…you'd have a superslum right in Yale's backyard."(Yap, 1993) As with the urban renewal projects, the Park's economic success—while certainly hoped for by all involved—is ultimately irrelevant to the university's bottom line. This, then, is the logic of the Science Park project, and the reason Yale continues to ensure its survival, despite its manifest failure. For though it has failed as an economic project, it has succeeded as a security firewall protecting the Yale enclave from New Haven's desperation (Fig. 2).

1990s: gentrification and containment

For the university, a depressed real estate market presents both challenge and opportunity. During the recession of the early 1990s, the university pursued a strategy of continuous purchases in the main shopping district abutting the campus, until it eventually gained ownership of the entire area and was in position to dictate a wholesale makeover of the area. Unique among landlords, Yale does not merely hope for or respond to positive market changes; it *creates* the market. In buying out the entire Broadway shopping district (marking the border where the Dwight neighborhood

men, Community Development Committee, June 26, 1991.) In 1993, Trip Peake of Science Park Associates acknowledged that the Park still had problems keeping its tenants but declared that "Science Park is really poised for tremendous growth." (Quoted in Justin Yap, "Science Park struggles to survive," *Yale Herald*, January 28, 1993.) In 1998, Yale President Levin voiced his hope that the decision to tear down half the Park would mark a turning point that "will propel Science Park positively into the next decade." ("Yale President Richard C. Levin Announces Science Park Support," Yale University News Release, June 24, 1998.)

[17] "Yale joins state's effort to revitalize Science Park," *Yale Bulletin and Calendar* 26 (35), June 1998. Giamatti quote is from Scientific American, June 1984.

[18] Attached map is author's rendering based on Dan Ryan, ed., *New Haven Maps* '95; Regional Data Cooperative, New Haven, 1995, Map 11.

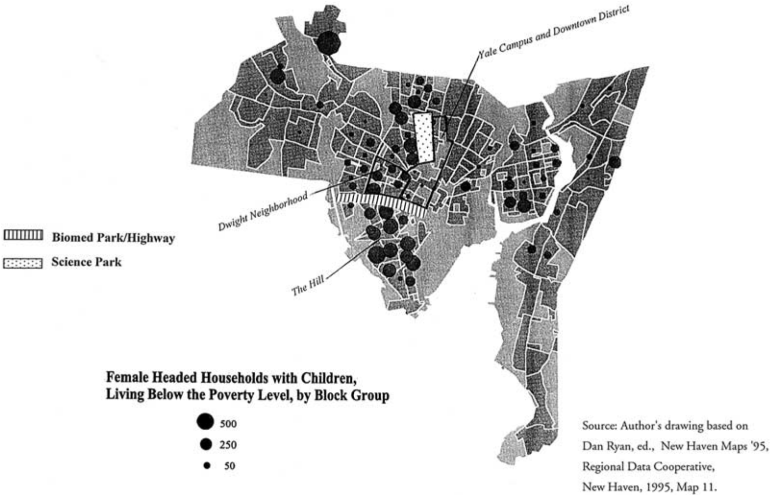

Fig. 2. Creating economic geography: New Haven poverty and Yale "Science Park" projects.

meets the campus), the university attempted something akin to gentrification by central planning—replacing low-rent tenants with upscale shops across an entire area, hoping that each store's clientele would support the other's, and that the entire market could be reconfigured through a single master plan.[19]

As Yale grew more dominant in the New Haven real estate market, it turned to increasingly ambitious projects. The Science Park project represented a limited effort at protecting one flank of the campus. In the 1990s, the university developed a more far-reaching program to reshape the geography of the city. In 1996, administrators launched a two-pronged strategy aimed simultaneously at wholesale gentrification of the neighborhood closest to campus and final completion of the 1960s highway plan that would wall off the city's largest and poorest neighborhood. As the campus population had grown over the past decade, increasing numbers of students opted to move off campus, most often into the Dwight neighborhood abutting undergraduate dormitories and the Broadway shopping district. At the same time, Yale had been expanding its own real estate holdings in the same area. Both these developments were threatened by the area's 30% poverty rate, resulting in a relatively high incidence of violent crime, prostitution, drug trade, and abandoned housing.

In response, Yale initiated a concerted strategy aimed at large-scale gentrification of the Dwight neighborhood. After buying out virtually the entire retail district bordering the neighborhood, the university secured federal funding to turn this dowdy series of intersections into a poshly landscaped shopping area. Since Yale is the

[19] Rutkow, 1998. Similarly, in the late 1990s, the university again aimed to profit from the misfortune of less well-endowed developers, seeking to purchase an entire block of downtown retail outlets that fell into receivership following a previous owner's bankruptcy.

landlord for the vast majority of shops in the area, it invoked its power over commercial space to cancel the leases of numerous long-term but downscale tenants, replacing them with higher priced boutiques and national brand outlets (Rutkow, 1998).

Together with its actions as a commercial landlord, Yale has concentrated a host of economic development efforts in the Dwight neighborhood. Although the area represents only 5% of New Haven's population, it has received the vast majority of recent Yale resources earmarked for urban development. The university invested in renovating a large apartment complex, and relocated a university police station into the neighborhood (Weinbach, 1995). In 1995, Yale won a $3 million grant for Dwight neighborhood development from the federal Department of Housing and Urban Development, to be matched by an equal university contribution.[20] And in 1996, the university's homebuyer assistance program—offering mortgage subsidies for employees who buy homes in New Haven—was redesigned in keeping with the new strategy. Where the program had previously been available to employees who bought anywhere in the city, the 1996 guidelines mandated that support would be given only to those who purchased homes in the Dwight area.[21]

This concentration of multiple programs on one targeted neighborhood reflects a concerted university effort to control the surrounding urban environment. This strategy is constrained, however, by the fact that the Dwight area borders directly on a far larger and significantly poorer neighborhood. The Hill community, just to the west, is New Haven's largest neighborhood and by far its poorest, with a 40% poverty rate. To the extent that people, traffic and commerce flow freely between these two areas, the crime rate, blight, poverty and property values in Dwight will always be affected by the desperation of its next-door neighbor. Thus, the university developed the second major prong of its urban strategy: the construction of a second industrial park, together with a six-lane highway, that would physically divide the Dwight neighborhood from the Hill. In this way, Yale appeared to pursue a divide-and-conquer strategy, sealing off the largest and poorest community through a policy of containment, while seeking to gentrify a smaller, more digestible, and newly discrete portion of the city that borders the campus.

Science Park II, or, nothing succeeds like failure

In 1993, Yale joined Science Park officials in promoting the construction of a "Biotech Park" and six-lane highway, to be built along the strip of land initially cleared for highway development in the 1960s. That the original Science Park was a near-total failure seems to have had no impact on the decision to proceed with a

[20] "HUD grant garners praise," *Yale Bulletin & Calendar*, September 25–October 2, 1995, p. 2.

[21] "Yale's Homebuyer Program Expanded," Yale University New Release, December 4, 1997. While mortgage subsidies are clearly valuable for participating employees, the use of home buying assistance as a strategy for gentrification is far from benign for current working-class residents. As Trinity College president Evan Dobelle notes, the inevitable result of such policies is to force marginal families out of the neighborhood. "That's another way of saying, 'We don't want you to live here,'" he explains. "It's taking poor people and making them someone else's problem." Quoted in Mercer, 1996.

second venture run by the same management and aimed at the same market. As with the original Park, there are good reasons to believe that the Biotech Park is unlikely to achieve its stated goals. Firms in this industry are being aggressively courted by numerous localities; it is unlikely that many of them would settle on New Haven as the location of choice for new laboratory space. Even those companies that are specifically interested in collaboration with Yale scientists can easily carry out this agenda from cheaper, safer and better-appointed locales in suburban Connecticut. Under these conditions, the notion that economic development officials could fill a 1.5-mile long strip with startup companies seems implausible. Indeed, even Yale's creation of a $5 million incentive fund—offering a dollar-for-dollar match for venture capitalists investing in prospective tenants of the new Park—proved insufficient to lure new business to the development; one and a half years after the fund was established, not a single firm had taken the university up on its offer (Levine, 1994; Grosso, 1995). Thus, virtually every piece of evidence suggested that Science Park II was a poor investment prospect. Why, then, did Yale continue to promote the Park, and to lobby for public funding in support of this unlikeliest of ventures? I believe that, as with earlier urban development schemes, Science Park II may prove a success for the university even if it fails on its own terms.

The proposed park appears to serve several purposes for Yale. First, the university hopes to attract pharmaceutical companies that will fund research partnerships at the Medical School. However, as with the first Science Park, the park doesn't need to succeed economically in order to serve the university's long-term goals. Even if biotech companies never materialize, the park and highway are designed to serve the same purpose as the original Science Park: to cordon off the city's poorest neighborhoods from the campus and downtown business district. In this way, Yale can go about gentrifying Dwight, raising property values and driving marginal residents across the highway, safe in the knowledge that whatever lays beyond that wall can have only limited impact on the quality of life in the target gentrification area.

Although Yale promoted the Biotech Park and highway plan as a benefit to the city, it was hard pressed to convince others of this view. There is little prospect that area residents would get jobs in the park, apart from low-wage custodial and security positions, and Yale made no promise to create good jobs for residents. Nor did anyone actually living in the area want a highway. At a series of community meetings, a majority of residents voiced a preference to develop the land in ways that knit the Dwight and Hill neighborhoods together, rather than deepening their division. One city council member lamented that, if the plan were approved, future residents would look back and conclude that "we cut the city in half for a highway that we didn't need." (Zaretsky, 1996)

Labor relations in a company town

At the same time that Yale pursued its development strategy, the administration was engaged in a concerted effort to lower its labor costs. Yale's increasing dominance in the labor market has cut two ways. For community leaders, it means that what happens at the university is more critical than ever to the economic health of the city as a whole. At the same time, however, Yale's near-monopoly position creates an opportunity for administrators to undercut the bargaining strength of its unionized employees and institute lower wage standards for contract employees.

Geography, labor, and the strategic plans of an immobile employer

In many ways, Yale faces the same concerns that drove other major employers out of central cities. Beyond the lure of cheap land, one of the primary dynamics that have reshaped urban landscapes is employers' effort to evade organized labor (Smith, 1986). Following the crises of the early 1970s, employers sought to rebuild profit margins in large part by decreasing the share of revenues paid to workers. One of the central rationales of the flexible production system is to expand the number of potential production locations in order to maximize management's ability to seek out the cheapest labor markets on the globe, to play one group of workers against another, and to frustrate efforts at company-wide organizing. At the same time, many firms reduced labor costs by automating production processes, thereby allowing employers to make use of lower-wage labor. Even without new technologies, the exodus from the city allowed employers to avoid locations where workers lived together in close-knit, physically compact, easily organized communities; where the labor force mapped neatly onto ethnic or racial communities distinct from that of management; where the proximity of upper management to rank and file workers stoked the fires of class resentment; and where decades of organizing had produced a history of labor militance. Companies relocating to the rural South or the highly dispersed cities of the Southwest could often expect to find not only low taxes, minimal regulation, and right-to-work laws, but also a non-union, non-politicized workforce, spread out over a wide geographic area in a pattern that makes organizing difficult and diffuses the political power of unions in any given jurisdiction.

By contrast, employers stuck in the city must contend with the legacy of industrial organization. Massey and Meegan (1982) portray urban landscapes as composed of layers of social sediment created by previous eras of capital accumulation. Gordon (1978) and others likewise describe urban history as shaped by a series of stages in which successive generations of employers flee the labor conditions created by earlier forms of economic organization. Unlike manufacturers, Yale has no choice but to live within the reality created by previous decades of industrial organization. In New Haven, Yale faces a labor movement built up through a long history of workplace and political organizing. Furthermore, not much of the university's work can be automated; the tasks of cleaning rooms, serving meals and fixing pipes are irreducibly labor-intensive. So too, while faculty and administrators may choose to live out of town, the grandeur of Yale facilities is impossible to hide from low-wage service workers. There is no way to avoid this contrast's fanning the flames of worker resentment. Finally, the school's labor force is largely Black and Latino, while the university is a bastion for the most upper-crust segment of WASP society. Thus, many churches, community groups, and political leaders understand the fate of their communities as being tied to the quality of Yale jobs, and to broader issues of racial equality. In the fall of 1996, Yale's unions hosted a series of eight community meetings around the New Haven region, each of which was attended by over 200 people drawn from the local community, with the support of numerous clergy and elected officials (Cole, 1998). In these ways, Yale's immobility has left the university trapped with the very set of labor problems that other companies left behind when they fled the city.

Boxed in by location, Yale perhaps unsurprisingly has concentrated on the one set of new-economy labor strategies left at its disposal: fragmenting the workforce through subcontracting, political division, and the proliferation of multiple new segments of employee status. As Law and Wolch (1993) describe, labor force segmentation is a strategy that other employers have adopted as part of the move to flexible accumulation. Often, employers have adopted new scheduling systems in response to changes in the production process. At universities, however, there has been little change in the labor process; in this sense, campus policies reveal the pure labor-control function of these strategies. For Yale, the expansion of part-time, on-call, "casual" and temporary employees is a key strategy for keeping wages low and workers pliant. The Fordist model of large corporations in the mid-twentieth century was built around a primary labor force with clear internal labor markets. By contrast, the flexible production era has brought multiply segmented workforces, generally with no internal labor market whatsoever. Yale temporary workers, for instance, could put in any number of hours for any number of years, with no trigger mechanism that would make them eligible for permanent positions. Instead, promotion from one segment to another of employment status was wholly dependent on the personal discretion of individual managers. Beyond cost containment, these policies serve to maximize and institutionalize insecurity among employees. A casual employee seeking conversion to a permanent position is understandably desperate to please his or her immediate supervisor. Likewise, part-timers often seek additional work hours, and such hours are available—but only at the discretion of one's manager. So too, contingent workers have no control over whether they work day or night, weekdays or weekends, or shift back and forth between all of these. The ability to plan time with one's children, or take them to school, ballgames or doctors visits, is entirely dependent on the whim of managers. One of the most dramatic such instances at Yale involved the nearly 300 employees who were scheduled to work 19.5 hours per week, in order to evade contractually mandated health benefits for anyone working a minimum of 20 hours a week. In many cases, these employees were called in for extra shifts during the week, such that they actually averaged 20-35 hours per week over the course of the year; but Yale insisted that since they were "officially" scheduled for only 19.5 hours, they were ineligible for health insurance. Again, these workers' hopes of promotion to a position that would afford health insurance for their families relied entirely on currying favor with supervisors. In all these ways, then, Yale created a labor market that functioned to minimize wages and benefits, to frustrate organizing, and to keep the maximum number of workers in a state of institutionalized timidity. Thus, the university sought to make up for its locational disadvantage by intensifying systems of control within the urban labor market. It was Yale's efforts to expand these strategies, and employees' determination to resist and contain them, that led to the 1996 strike.

University ambitions and the strike of 1996

Yale workers' standard of living is a hard-won achievement, representing decades of struggle. In 1970, one-third of the university's unionized workforce was on welfare—even though they were regular Yale employees. Workers struck five times over fifteen years in order to win the right to a minimally decent standard of living (Wilhelm, 1996). In 1996, the average Yale dining hall worker made a gross salary of $23,000 per year. In a city with a high cost of living, this didn't go far; indeed, many workers supplemented their Yale wages with second jobs. But it was a salary on which one could manage—barely—to support oneself and a child.

Yale could certainly afford to pay higher wages. But the university's dominant position in the labor market proved an irresistible temptation to impose new cutbacks on its labor force. In the fall of 1995, Yale announced a series of demands which, had they been adopted, would have turned back the clock on 30 years of employees' progress at the negotiating table (Federation of University Employees, 1996). The university's most highly publicized demand was the insistence on the unlimited right to fill all job openings—whether due to expansion, retirement or turnover—with subcontractors. While subcontracting is widely popular as a strategy for shifting costs and risks onto smaller providers, in a dense and politicized urban setting it is above all useful as a strategy for shifting *responsibility* away from primary employers. If Yale could credibly declare that it was no longer responsible for setting wage and benefit levels—redirecting protest to the distant headquarters of service contractors—the university would free itself to pursue radical cost-cutting strategies while insulating itself from political backlash. Over time, these proposals would have wrought a dramatic downgrade in campus employment conditions, producing a lower-paid, lower-benefit workforce. In addition, Yale sought to cut the wages of new dining hall workers by nearly $4 per hour, and to replace year-round jobs with subcontracted employees who could be laid off for the 22 weeks of summer break. Together, these demands could have cut annual dining hall earnings from $23,000 to $10,000 per year.

Taken together, Yale's initiatives would have dramatically reshaped local employment conditions. It was estimated that, in the near term, Yale's demands would have resulted in the loss of the equivalent of between 400 and 600 full-time jobs, with these workers being replaced by lower-wage temporary staff.[22] In this transition, local workers would suffer, on aggregate, between $4 million and $6 million per year in lost income and benefits. The savings for the university under this regime was far from imperative; even the higher figure of $6 million represented only three days' worth of university profits. The impact on campus employees and their famil-

[22] Estimate of future job loss is from *What does Yale's 10 year job security "guarantee" really mean*?, leaflet, Federation of University Employees, October 1996.

ies, however, would be significant. Further, given the university's role as the premier local employer, it is possible that cuts at Yale would have spurred similar strategies by smaller employers, creating a negative multiplier.

In pursuit of these demands, Yale engaged the surrounding labor force in a long and bitter conflict. The 3,700-member Federation of University Employees was on strike for most of the spring of 1996, and worked without a contract for nearly 12 months. Ultimately, Yale retreated on key proposals, and in December 1996 signed a contract not that different from terms the unions had earlier proposed. During the course of this struggle, scores of local clergy, community and political leaders gradually became engaged in union support work. In October and November 1996, thousands of area residents attended neighborhood meetings in support of the unions. In early December, a petition signed by over 100 local clergy appeared in the New Haven paper, calling on Yale to give up its subcontracting demands. Comparing the Yale-union conflict to the Biblical story of David and Goliath, the clergy stated that

> Our community's economic and social stability is threatened by Yale University's attempt to replace decent, stable jobs with low-wage, no-benefit, contingent and seasonal employment…In the midst of poverty and despair, Yale University follows the worst of American corporate trends, reducing workers' pay and benefits…We call on Yale University to abandon its efforts to erode the largest base of secure living-wage jobs in the greater New Haven area and come to an immediate and equitable settlement with our neighbors.[23]

At the same time, the federal government concluded a months-long investigation and charged Yale with illegally threatening and intimidating union employees (National Labor Relations Board, 1996). The year culminated in a civil disobedience protest that saw the president of the New Haven Clergy Association, the President of the New Haven NAACP, and the Secretary of the State of Connecticut arrested alongside 300 workers and supporters blocking a central artery of the campus (Barone, 1996). Within a week of those arrests, Yale had agreed to drop its central demands, and the contract was settled on surprisingly favorable terms.[24]

Land, labor and politics: the logic of the post-industrial university town

It has often been argued that Yale's labor policies are not only obnoxious but self-defeating: if the city gets poorer, the university will contend with falling property values, rising crime, and greater difficulty in attracting students and faculty to New Haven. Impoverishing the city to save a few million dollars may represent the univer-

[23] "David and Goliath," advertisement, *New Haven Register*, December 4, 1996, p. B10.

[24] In mid-December, Yale President Levin was still insisting on the right to subcontract dining hall work as a top negotiating priority; one week later, Levin signed a contract that included a ban on dining hall subcontracting. Gene Trainor, "Levin: Yale to stand firm on dining hall position," *Connecticut Post*, December 11, 1996, p. A14; "Yale Unions Win Contract Victory," press release, Federation of University Employees, December 19, 1996.

sity's cutting off its nose to spite its face. However, it is important to see the steps Yale has taken to safeguard itself against this logic. From a strictly self-interested viewpoint, the destructive effects of poverty are only a problem for a university if they are played out in the physical vicinity of the campus. If, for instance, crime and homelessness increase but are confined to more distant ghettos in the city, then the university will pay little practical price for adding to the city's desperation. This is exactly where Yale's development strategy fits together with is employment practices.

The existence of large poor neighborhoods, while potentially troubling as a marketing problem, is clearly useful for the university's employment strategy. The central thrust of its labor proposals in 1996 relied on the knowledge that there were thousands of able-bodied workers in easy commuting distance to the campus who would be willing to take subcontracted jobs at low wages and no benefits. Were there no such supply of workers, Yale's labor strategy would be impossible to pursue. Thus, if the Hill neighborhood is consigned to long-term but physically isolated poverty, this is not necessarily problematic for the university; the Hill's desperation may prove useful both as a source of cheap labor and as a means of undermining the bargaining position of existing workers. Indeed, Yale's Director of Operations hinted at just such a logic in a memo to subordinates urging that they replace union plumbers with low-wage contractors from the city's poorest neighborhoods. Instead of paying overtime rates for unionized staff, he suggested that "I'm sure we can find a little contractor on the Hill who would be happy to reset a breaker in the dorm, or unstop a toilet … for $50 … if I lived in the neighborhood, I'd do it."[25] For Yale administrators, then, pockets of concentrated poverty are not only tolerable; they are, at least in some cases, instrumental.

Thus, the strategy of gentrifying Dwight while walling off the Hill allows Yale to control the effects of increasing poverty, confining them to a part of the city that will least affect students, faculty or the school's real estate investments. It's possible that this meshing of employment and development policies is part of a conscious strategy by the university. However, even if the relationship between these two spheres is not intentionally planned out, it nevertheless *functions* as a powerfully symbiotic relationship: the more Yale succeeds at isolating the city's poverty in areas removed from the campus, the more freely it can pursue employment cutbacks without fear of political backlash.

The particular character of university-led redevelopment

The fate of cities that have lost their industrial base is determined by both global economic and local political dynamics. New Haven cannot buck the tide of flexible production and resurrect either its manufacturing industry of the early 20th century or its shipping business of the 19th. Within the constraints of the new economic

[25] Quoted in Jobs for New Haven's Future—*Will They Be Good Jobs or Bad Jobs*?, leaflet, Federation of University Employees, October 1996.

system, however, there is more than one option for redevelopment. Fainstein (1996) notes that the role of local business and political leadership in crafting and executing a redevelopment strategy has been one of the key elements in generating new economic bases for old industrial cities; she points to Baltimore's turn to tourism and Hamburg's to high-tech as examples of successful redevelopment strategies led by city elites. Clearly, there is no guarantee that any strategy can succeed in reviving a depressed city. Nevertheless, the particular combination of interests that drive Yale suggest that a University-led strategy would produce eccentric outcomes that are not necessarily in line with the city's best interests. As Fainstein describes, the shape of redevelopment efforts in a given city depends on the entrepreneurial ability, commitment to planning, and political priorities of local leaders. Depending on the interests of those driving the strategy, redevelopment may aim primarily at expanding the tax base for local government, raising real estate values, or in the case of a progressive leadership or an influential labor movement, creating jobs for working-class residents. In this context, we must ask what type of redevelopment strategy should be expected from an effort in which a university such as Yale, with its particular motives, is the primary actor.

Under Yale's leadership, New Haven's primary development strategy has focused on luring biotechnology to the city. Unsurprisingly, this strategy has been a near-total failure. It's not clear what strategy might prove truly beneficial for New Haven, but there are several alternatives that appear more hopeful than biotech. New Haven has long been a regional arts center and a rehearsal space for shows preparing to open in Manhattan; some have suggested the city build on this base to develop itself as a performing arts and set-construction center. Others have focused on the city's location at the juncture of major interstate highways and rail lines and suggested that New Haven work at attracting warehouse and distribution business. There is no guarantee that either of these would work, but the warehouse strategy in particular would at least aim at generating a substantial number of jobs for the city's current residents. By contrast, the choice of biotech seems particularly odd; even if biotech did succeed, it would provide few jobs for local residents. Indeed, when technology startups have succeeded, they have generally left the city as soon as they reached production capacity; in 2001 nearly twice as many biotech jobs *left* New Haven as remained in the city (Connecticut Center for a New Economy, 2001). Essentially, biotech firms have no reason to be in the city, and the same reasons to flee as the manufacturing firms that left before them. From Yale's point of view, biotech makes sense as an area of concentration: public subsidies help "incubate" start-up companies based on laboratory research, which in turn produce substantial licensing revenues for the university. More to the point, as described above, biotech parks may succeed for Yale as firewalls against the city's poverty even if they fail economically. But this strategy makes little sense for anyone beyond campus administrators. The fact that Yale's power has enabled it to trump broader social interests and continue concentrating public investment in this failed venture points to the peculiar nature of university-led development schemes. On Harvey's (1973) continuum between "generative" and "parasitic" cities, it appears that Yale's leadership has moved increasingly toward the losing end of this spectrum.

Toward the future: community organizing and political action

In the 1996 strike, Yale's unions won the right to fight another day, but they did not reverse the underlying logic of the city's economy. The changes wrought by deindustrialization have fundamentally shifted the balance of power between town and gown, and it is likely that Yale will continue seeking to impose its agenda on the city's geography in years to come. Yet the power of local political mobilization remains the hopeful ingredient in this equation. This is the one advantage that urban communities wield in relation to dominant employers. Despite the lopsided balance between town and gown, the successful strike mobilization shows that effective organizing can turn post-industrial politics to workers' advantage. In the wake of the 1996 strike, a new coalition of elected officials and community organizations emerged that has proven both more effective and more enduring than anyone might have imagined. In the years following that conflict, this coalition has gone on to successfully pass a Living Wage Initiative in New Haven, to win union recognition at a downtown hotel, and to elect a pro-labor Congressman. This political mobilization, originally sparked by the campus strike, has also served to check the university's unbridled hand in the real estate market. As of this writing, Science Park II has not yet been built. The strip of property slated for the Park and highway development remains a vacant no-man's land between the Dwight and Hill neighborhoods, testimony in part to a community coalition that, if unable to enforce its own agenda for urban development, has at least fought the university to a standstill.

As we face the coming century, the key question for cities like New Have is that posed by Fainstein (1996) who will control the development agenda as the city seeks to recreate its economic base? In New Haven as in campus communities across the country, the ultimate condition of both the city's economy and physical geography depends more than anything else on the ability to mobilize an effective political coalition that alone may serve as a counterweight to the newly dominant market power of urban universities.

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