



From the **Field**

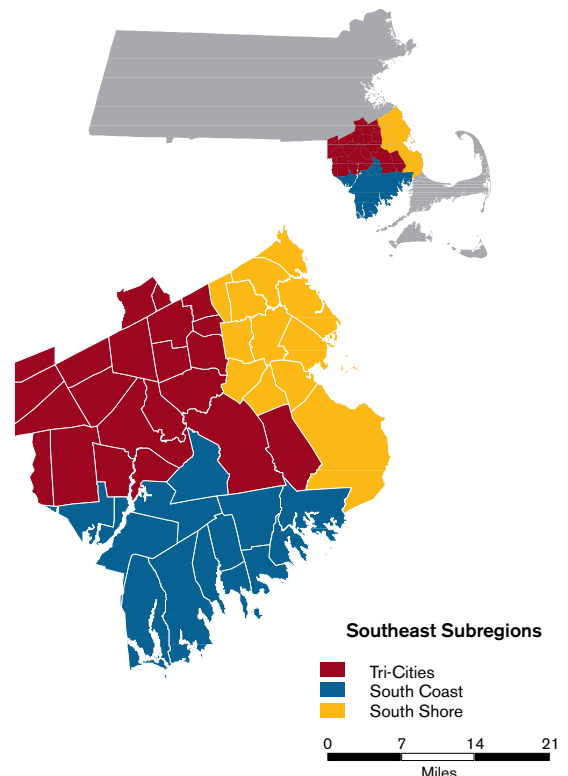
Southeast Region

From Deindustrialization to Divergence

CLYDE BARROW

Southeastern Massachusetts has been defined historically by its five cities and their role as traditional manufacturing and industrial centers. The region's coastal towns share a maritime history based on the whaling and fishing industries. Gradually, the Southeast region is separating into three distinct economic areas, defined by differentiated economic bases, commuting patterns and transportation arteries, and demographic profiles.

The trends promoting divergence and differentiation among the three subregions are creating new sets of problems. While rural and suburban areas struggle with rapid residential or business development, many of the region's cities are still trying to attract economic development. Economic development strategies for Southeastern Massachusetts must take into consideration the different competitive advantages and development trajectories of each economic area.



The map inside the back cover of this issue provides additional information about the Southeast region.

The Southeast region consists of 48 cities and towns in Bristol, Plymouth, and Norfolk Counties. It occupies 1,224 square miles and, in 1998, had a population of 993,800. This reflects an increase of more than 44,000 (4.5 percent) since 1990. The major cities of Attleboro, Brockton, Fall River, New Bedford, and Taunton account for 37.5 percent of its population.

The region is undergoing dramatic and uneven economic change that is reinforcing the emergence of three distinct economic areas, whose economies are loosely woven together by history, geography, and a regional transportation network. The Tri-Cities subregion runs along the Route 24/I-495 axis. The South Shore is connected by Route 3, and the South Coast area runs along Route I-195.¹ The three areas are increasingly differentiated by commuting patterns, economic bases, demographic profiles, and the influence of the Boston and Providence metropolitan economies. They have made uneven progress in addressing the pathologies of deindustrialization, which has led to a divergence in subregional demographic profiles.²

The South Shore Has Evolved into Boston's More Affordable Suburbs

The South Shore consists of 12 towns in Plymouth County. The area has a population of roughly 200,000, with no cities or major population centers. The largest towns, Plymouth and Marshfield, account for only 37.7 percent of the area's population. The area is characterized by suburban and rural bedroom communities that are tightly linked to the Boston metro area.

The South Shore is now largely a suburban adjunct to the Boston metropolitan economy. Its rapid population growth has resulted from commuters moving southward along Route 3 in search of lower housing costs, better schools, and a suburban or rural quality of life. The unemployment rate, educational attainment levels, and personal incomes move in tandem with statewide averages, because the area is within the Boston MSA. Consequently, local economic development has been fueled mainly by population growth among Boston commuters and high-end business services that market to Boston-area businesses. The South Shore area is also developing an increasingly vibrant off-Cape tourism industry.

Tri-Cities Area Benefits from Links to Providence and Boston

The Tri-Cities area consists of 22 cities and towns in Bristol and Plymouth Counties. It has a population of over 450,000. Brockton, Taunton, and Attleboro (the cities that give the subregion its name) account for 40.6 percent of the area's population. A transportation network links these communities with the Providence and Boston Metro areas.

The Tri-Cities area has also benefited from the southward movement of the Boston metropolitan economy and from the northeastward movement of the Providence metropolitan economy. But while the South Shore's relation to metropolitan Boston is largely due to commuting patterns, the Tri-

Cities area has benefited more from the direct relocation of businesses in search of land, lower costs, better access to transportation, and an increasingly well educated labor force.

The Tri-Cities area is making a successful transition from a traditional manufacturing economy to a postindustrial economy, anchored by services and high-tech manufacturing. It is situated strategically on the I-495/Route 24 axis, and it has several commuter rail stations and a freight rail interchange. This extensive intermodal transportation network has created a regional distribution center. All three cities are within 30 minutes of major freight airports in Boston and Providence. As the Tri-Cities area makes this transition, its unemployment rate drops steadily, while its educational attainment and income levels approach state averages.

Population Change, 1990 to 1998

	1990	1998	Percent Change
Massachusetts	6,018,394	6,147,132	2.1
Southeast Region	950,947	993,800	4.5
South Shore	177,015	194,398	9.1
Marshfield	21,575	23,538	9.0
Plymouth	45,698	49,810	9.0
Tri-Cities	431,220	456,856	2.9
Attleboro	38,428	39,557	0.2
Brockton	92,972	93,173	0.2
Taunton	49,891	52,553	5.3
South Coast	342,712	342,546	0.0
Fall River	92,812	90,654	-2.3
New Bedford	100,039	96,353	-3.7

Source: U.S. Census

Labor Force, 1990 to 1998

	1990	1998	Percent Change
Massachusetts	3,166,133	3,273,400	3.4
South Shore			
Marshfield	11,975	13,017	8.7
Plymouth	20,141	24,898	23.6
Tri-Cities			
Attleboro	19,190	21,631	12.7
Brockton	48,744	46,392	-4.8
Taunton	23,854	27,329	14.6
South Coast			
Fall River	43,595	43,212	-0.9
New Bedford	47,818	42,123	-11.9

Source: MA Division of Employment & Training

South Coast Growth May Be Disadvantaged by Isolation

The South Coast consists of 14 cities and towns in the southernmost part of Bristol and Plymouth Counties. The area has a population of roughly 340,000, with its two cities, New Bedford and Fall River, accounting for 54.6 percent of the total. This is the most economically and culturally integrated area of Southeastern Massachusetts. Its integration is enhanced by the area's geographic location in the far southern part of the region, which often isolates the South Coast from the rest of the state. Communities are linked by I-195, which runs through nearly every city and town.

Many factors cause the South Coast to remain isolated. Highway and commuter rail networks do not provide easy access to the Boston MSA, nor do they generally facilitate intraregional movement from other subregions. The interstate links the area more closely to the Providence MSA, while commuter rail does not yet extend to the South Coast.

Despite business and housing costs that are lower than Boston's, the South Coast has been less able to capitalize on the state's general prosperity than other areas have. It is still plagued by exceptionally low levels of educational attainment, high drop-out rates, an above-average rate of welfare dependency, low incomes, a poor external image, and its relative isolation. Thus, while the South Coast seems to have made notable progress in closing its unemployment gap, its income levels continue to be among the lowest in the state.

Unemployment has improved with significant job growth in health care, business services, high-tech manufacturing, and distribution, though the area still depends heavily on traditional manufacturing industries. Many of the South Coast's growth sectors provide annual earnings that are higher than the area's current average earnings, which may bode well for its future.

Divergence in the Subregions' Economic Bases

The region's three economic areas have also made uneven progress in addressing the pathologies of deindustrialization and in making the transition to a postindustrial economy. South Shore communities, with levels of educational attainment, unemployment, and income equal to state averages, contrast significantly with most of the cities and towns in the more remote South Coast. In the Tri-Cities area, Attleboro and Taunton have made noticeable progress in improving educational attainment levels, income growth, and unemployment rates, thus moving the entire area closer to statewide averages.

South Shore strongholds: health services, business services, and tourism. The South Shore economy is largely dependent on population growth and the local demand for retail trade and services created by Boston commuters. The South Shore's most significant business clusters are allied health services, business services, and tourism.

The allied health services cluster includes hospitals, nursing homes, home health-care providers, health maintenance organizations, medical laboratories, rehabilitation facilities, group medical practices, and individual practitioners.

Allied health services account for 9.2 percent of the area's total employment, or 6,122 jobs. This is a decline from 10 percent of the area's total employment (6,340 jobs) in 1997. Average annual earnings in this cluster are below the area's average. Population growth and the availability of Medicare and Medicaid reimbursements for services to the elderly supported growth in this cluster during much of the 1990s.³ Government cutbacks in reimbursements and fee caps, cost controls implemented by HMOs and nursing homes, and a slowdown in population growth, however, are now constraining earnings and employment growth in this sector.⁴

The South Shore's lower business costs, attractive quality of life, and easy access to the Boston metropolitan economy have supported the expansion of business and professional services. The business services cluster consists of business support, engineering and management services, and legal services. Business support includes firms that provide advertising, data processing, photocopying, and computer programming, among other services. The engineering and management services cluster includes establishments that provide engineering, accounting, auditing, and book-

Significant Business Clusters: South Shore

	1997 Average Earnings	1999 Average Earnings	1997 Percent of Area's Employment	1999 Percent of Area's Employment
Massachusetts	\$35,724	\$38,284		
South Shore Area	\$27,525	\$32,401		
Services:				
Allied Health Services	\$28,780	\$30,766	10.0	9.2
Business Services	\$35,986	\$41,005	8.1	8.9
Tourism:	\$13,281	\$13,835	8.5	9.7

Source: MA Division of Employment & Training

keeping services. The legal services group consists largely of attorneys and law firms.

The business services cluster accounts for 8.9 percent (5,943 jobs) of the area's total employment, up from 8.1 percent in 1997. Average annual earnings in the cluster are well above the area's average. A large percentage of employment and employment growth in this cluster has shifted to "high-end" business support, engineering, legal, and management services, where annual average earnings are higher than the state average.

Tourism is one of the largest business clusters in the South Shore area. Major groups are eating and drinking places, miscellaneous retail, hotels and other lodging places, amusement and recreation services, and museums. While much of the activity in these groups can be attributed to non-tourist related demand, the overall effect of tourism heavily influences the performance of these groups, particularly during the spring and summer.

Tourism grew from 8.5 percent (5,402 jobs) of the area's total employment in 1997 to approximately 9.7 percent in 1999. Average annual earnings in the cluster are well below area and state averages, ranging from a low of \$10,936 to a high of \$20,190. The South Shore's tourist attractions are still considered secondary destinations and day trips, though several initiatives are under way to improve and expand them.

The Tri-Cities: high technology manufacturing, business services, and distribution. The Tri-Cities area has benefited from Boston's southward movement, with the emergence of a vibrant new service economy and a growing base of high-technology manufacturing firms. It has capitalized on its strategic location between Providence and Boston and on its access to intermodal transportation linkages to become a major distribution center.

The Tri-Cities area is in a period of transition. Manufacturing remains important to many of its cities and towns, but manufacturing employment is declining, as the area shifts to a service-based economy. Historically, the area's manufacturing base has been concentrated in primary and fabricated metals, but this cluster now accounts for only 1.7 percent of total employment. The newer "high-technology" manufacturing cluster includes industrial machinery, computer equipment, electronics components, and measuring devices. Firms manufacture products such as engines and turbines, power tools, communications equipment, electricity distribution equipment, navigation and guidance systems, and surgical equipment. The high-technology cluster grew from 3.4 percent (6,342 jobs) of the area's total employment in 1997 to 5.6 percent (9,162 jobs) in 1999. Both manufacturing sectors provide excellent earnings, compared to area and statewide averages.

Growth in the service sector is being led by allied health services and business services, as in the rest of the Southeast region. The expansion in allied health services has occurred mainly as a result of increased local demand generated by population growth. This sector rose from 8.7 percent (16,426 jobs) of the area's total employment in 1997 to 10.2 percent (16,650 jobs) in 1999. Average annual earnings in this cluster are above the area's overall average.

The business services cluster grew from 4.8 percent of the area's total employment (9,033 jobs) in 1997 to 6.5 percent (10,717 jobs) in 1999. Most employment and

employment growth in the cluster, however, remain concentrated in "low-end" business support services (e.g., data processing, photocopying, temporary agencies), where annual average earnings lag behind area and state averages.

The Tri-Cities area has also experienced rapid growth of its wholesale and freight distribution sector. This cluster consists of motor freight transportation, and warehousing and wholesale trade in durable and non-durable goods. The distribution cluster grew from 9.5 percent (17,974 jobs) of the area's total employment in 1997 to 11.1 percent (18,289 jobs) in 1999. Average annual earnings in this sector are estimated at \$41,003. The Tri-Cities' strategic location has allowed the area to become a key distribution hub for much of the state. The distribution sector has been able to capitalize on highway, rail, and airport links to several cities, including Boston, Providence, Worcester, Springfield, and New York City. Expansion is also being fueled by activity in the area's numerous industrial/business parks along I-495.

The South Coast: health services, business services, textiles and apparel manufacturing. The South Coast is still more dependent on manufacturing than are other areas of Southeastern Massachusetts, despite the fact that manufacturing employment declined from 25.5 percent of total employment in 1997 to 20.1 percent in 1999. Furthermore, manufacturing jobs remain among the highest-paying jobs in the area.

The South Coast's manufacturing sector is still anchored by textiles and apparel. This cluster consists of firms that manufacture fabrics, yarn, and thread, as well as those that dye and finish fabric and knit apparel. The cluster declined from 9.1 percent (11,198 jobs) of the area's total employment in 1997 to 7.8 percent (10,032) in 1999. Average annual earnings in this cluster range from a low of \$19,065 in the apparel industry to a high of \$33,810 in the textiles industry.⁵

There is also a small but growing high-technology sector emerging in the South Coast area. This sector grew from 2,911 jobs in 1997 to 4,819 jobs in 1999. Average annual earnings are estimated at \$39,742.⁶ Most of the growth in high technology is concentrated in electronics and medical and marine instrumentation.

The service sector of the South Coast economy has shown the most significant employment growth over the last decade. Its expansion has been led by growth in allied health services and business services. The expansion of allied health services in the South Coast has been especially

Significant Business Clusters: Tri-Cities				
	1997 Average Earnings	1999 Average Earnings	1997 Percent of Area's Employment	1999 Percent of Area's Employment
Massachusetts	\$35,724	\$38,284		
Tri-Cities Area	\$29,306	\$31,980		
Services:				
Allied Health Services	\$32,313	\$35,383	8.7	10.2
Business Services	\$28,040	\$27,283	4.8	6.5
Manufacturing:				
High Technology	\$44,763	\$52,880	3.4	5.6
Metals Manufacturing	\$36,112	\$40,773	2.4	1.7
Distribution:	\$35,661	\$41,003	9.5	11.1

Source: MA Division of Employment & Training

Significant Business Clusters: South Coast

	1997 Average Earnings	1999 Average Earnings	1997 Percent of Area's Employment	1999 Percent of Area's Employment
Massachusetts	\$35,724	\$38,284		
South Coast Area	\$25,886	\$27,948		
Services:				
Allied Health Services	\$29,222	\$30,735	13.3	13.2
Business Services	\$24,281	\$23,723	3.9	4.1
Manufacturing:				
Textiles and Apparel	\$24,319	\$25,895	9.1	7.8
High Technology	\$42,848	\$39,742	2.4	3.8
Distribution:				
	\$29,331	\$30,867	4.9	6.0

Source: MA Division of Employment & Training

dependent on the availability of Medicare and Medicaid reimbursements for services to elderly and low-income residents.⁷ Health services employment remained fairly constant, with 16,383 jobs in 1997 and 16,914 jobs in 1999. Average annual earnings in this sector were estimated at \$30,735 for 1999.

Business services grew from 4,779 jobs in 1997 to 5,292 jobs in 1999. Most employment and employment growth in the cluster remain concentrated in “low-end” business support services, where annual average earnings (\$23,723) are lower than area and state averages, and where average real earnings have been stagnant or declining throughout much of the current economic recovery.

The South Coast area has also experienced some growth in its wholesale and freight distribution sector. The South Coast benefits partly from location, but mainly from lower costs and labor availability, which make it an increasingly attractive site for warehousing and distribution. The distribution cluster grew from 6,016 jobs in 1997 to 7,692 jobs in 1999. Average annual earnings in this sector were \$30,867 at the close of the decade.

Trends Are Expected to Continue

The Southeast region’s separation into three economic areas is likely to continue. This fragmentation is not a coincidence but a consequence of each area’s competitive advantage and geographic proximity to the Boston and Providence metro areas, the design of the regional transportation network, and differing demographic profiles.

The competitive advantages in each economic area have successfully attracted, retained, or stimulated the growth of specific business and industry clusters. There is little inter-area or intraregional crossover among these clusters, which leaves the Southeast region without any economic center of gravity. The subregions’ widely divergent demographic profiles (e.g., incomes and education) are both a cause and an effect of this clustering, and these factors will not change in the foreseeable future. ▮

1 Southeastern Regional Planning and Economic Development District, Regional Growth Trends (Taunton, Mass., October 1999).

2 Clyde W. Barrow, “Southeast Massachusetts: Staying Ahead of the Curve — A Second Chance,” *Massachusetts Benchmarks*, Vol. 1, Issue 1, Fall 1997, p. 15; Clyde W. Barrow, “Southeastern Massachusetts: A Region of Growth Without Development,” *Massachusetts Benchmarks*, Vol. 1, Issue 3, Summer 1998, pp. 9–10, 15–17.

3 Regional employment boards of Bristol, Brockton, Greater New Bedford, and South Coastal, “Anatomy of Employment Needs in the Allied Health Industry in Southeastern Massachusetts,” 1995.

4 Polly Saltonstall, “Hospitals Protest Medicare Cuts,” *New Bedford Standard-Times*, July 21, 1999, p. A-3.

5 See Clyde W. Barrow, *Economic Impacts of the Textile and Apparel Industries in Massachusetts* (Boston: Massachusetts Economic Project, forthcoming, 2000).

6 The decline of average annual earnings in the high-technology sector reflects growth in electronics, which pays the lowest average wage in the cluster.

7 Howard Altschiller, “Second Medicare HMO Dropped in South Coast,” *New Bedford Standard-Times*, October 1, 1999, p. A-1.

Clyde Barrow is a professor of political science and the director of the UMass Dartmouth Center for Policy Analysis.

The author gratefully acknowledges the assistance of David R. Borges, senior research associate at the Center for Policy Analysis, and Shawna E. Sweeney, research associate at the Center for Policy Analysis, in preparing this article.

