

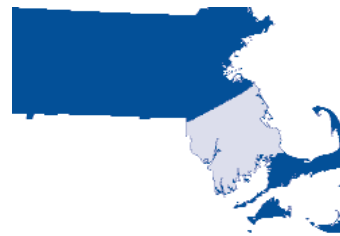
From the Field



ILLUSTRATION: NAOMI SHEA

Southeastern Massachusetts: A Region of Growth Without Development

C L Y D E B A R R O W



THE SOUTHEAST REGION: DYNAMIC AND DIVERSE

Southeastern Massachusetts consists of 48 cities and towns in Bristol, Plymouth, and Norfolk Counties.¹ Its major cities — Attleboro, Brockton, Fall River, New Bedford, and Taunton — account for about 39 percent of the region's population. The region covers 1,224 square miles and has a population of 949,520 (U.S. Census 1990).

Coastal areas are occupied by working ports, upscale marinas, and pristine beaches, and historical districts are within walking distance of advanced research laboratories. Farms and cranberry bogs surround traditional manufacturing centers that are in the process of shifting to computer-assisted production technologies.

Because of its size and diversity, southeastern Massachusetts is often viewed as having three distinct economic areas: Tri-Cities, the South Shore, and the South Coast. These are woven together by a regional transportation network that includes the Route 24/I-495 Axis (Tri-Cities), Route 3 (South Shore), and I-195 (South Coast).

STATE OF THE REGION:

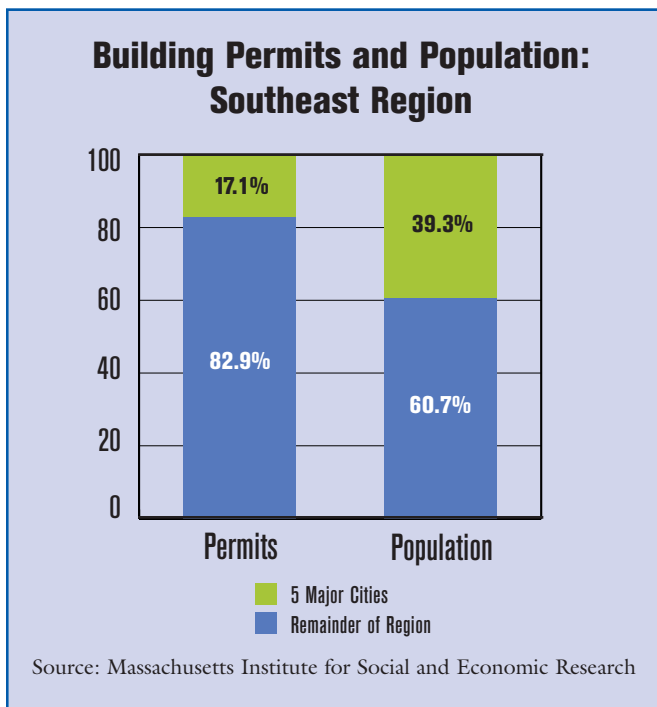
THE NEW GROWTH FRONTIER?

Like the rest of Massachusetts, the Southeast region is making the transition to a postindustrial economy anchored by smart manufacturing, services, and retail trade.² Southeastern Massachusetts has been called the state's "new growth frontier," and in certain respects this is accurate. In contrast to the Greater Boston region and the state as a whole, however, economic expansion here is driven primarily by local population growth, while being limited by a workforce with below-average educational attainment. Thus, despite participating in the state's economic expansion, the region is experiencing a dualistic pattern of economic growth that can be characterized as growth without development. The area's land use patterns, unemployment rates, and incomes point to continuing structural problems in the regional economy.

Population and Land Use. Since 1960, southeastern Massachusetts has been adding approximately 10,000 new

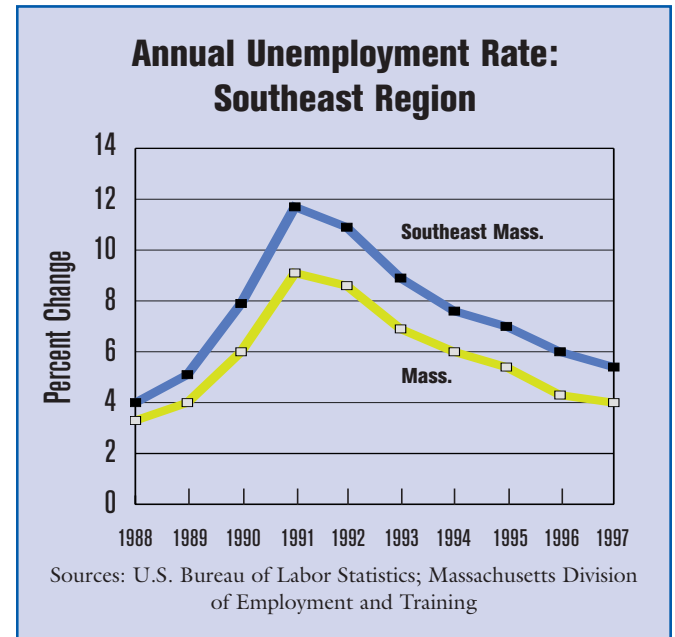


residents each year, resulting in a 50-percent population increase over the last four decades. Population growth has produced an additional 3,500 housing units per year, 27,650 additional vehicle trips per day, the consumption of an additional 710,000 gallons of water each day, and increases in public school enrollments of 2,157 students per year. To accommodate this growth, the region has been developing 4.7 square miles of vacant land annually for the past 30 years.³ Moreover, new transportation improvements, such as commuter rail extensions and upgrades to Routes 3, 24, and 44, are attracting more residents, particularly Boston commuters, to the region.



Population expansion and residential development have been uneven within the region. Brockton, Fall River, and New Bedford increased in population by only 3.6 percent between 1960 and 1990, while the rest of the region experienced growth of 80.9 percent.⁴ Although the largest cities account for 39.3 percent of the region's population, they issued only 17.1 percent of the building permits from 1980 to 1994. In contrast, in the remainder of the region, 82.9 percent of all building permits were issued while the proportion of the total population was less, at 60.7 percent. This uneven growth is putting pressure on the physical infrastructure, school systems and planning capacities of many local governments, particularly in rural and suburban towns.

Employment Growth. In 1997, southeastern Massachusetts had total employment of 372,333, and the 1997 annual average unemployment rate was 5.4 percent.



As the accompanying graph illustrates, average unemployment rates in the region are consistently higher than the statewide average throughout the business cycle. In South Coast towns, this “unemployment gap” has actually widened during the recovery phase of the current business cycle.

The region's employment base is concentrated in services (31.3 percent), retail trade (24.4 percent), and manufacturing (18.3 percent). Since 1994, job growth has been led by services (12,264 new jobs) and retail trade (3,543 new jobs). Interestingly, southeastern Massachusetts has 23,803 business units, more than any other Benchmarks region except Greater Boston. The large number of business units, when linked to other data on employment growth, indicates that most business start-ups in the region are small service and retail firms responding to growth in local demand. Manufacturing employment has declined another 1.4 percent in the region since 1994, but the hemorrhaging in manufacturing employment that occurred from 1985 to 1994 is finally beginning to feel the effects of renewed growth in some of the region's key manufacturing clusters.

Incomes. The cost of living in southeastern Massachusetts is significantly lower than in Greater Boston

CONTINUED ON PAGE 15

and, in part, this accounts for the region’s attractiveness to commuters and new businesses. However, annual average earnings in the region are \$27,219, and this continues a long-term pattern of regional wage levels that are about 21 percent below the statewide average of \$34,568. Although these earnings have grown by about 10 percent since 1994, wage growth is still lagging behind the statewide average, which was 12.8 percent during the same period. In fact, wage growth in the Southeast region has been slower than in every other Benchmarks region except the Berkshires and the Pioneer Valley. Significantly, above-average earnings growth has occurred only in those sectors that continue to show overall declines in employment (i.e., manufacturing and finance, insurance and real estate), while above-average employment growth has occurred primarily in sectors with stagnant or declining real earnings.

INDUSTRIAL STRUCTURE:

A DUALISTIC GROWTH PATTERN

Southeastern Massachusetts has several identifiable business clusters or industry groupings linked together through customer, supplier, or other relationships (see table below).⁵

	Average Earnings (3rd Qtr)	% of Region's Employment (3rd Qtr)	% Change in Employment (3Q'94 to 3Q'97)
Massachusetts	\$34,568	n/a	6.8
Southeast Region	\$27,219	100.0	6.8
Allied Health Services	\$30,886	11.7	6.5
Business Services	\$25,913	5.6	27.3
Tourism	\$12,519	7.0	4.7
Electronics and Instrumentation	\$43,663	4.5	13.5
Metals Manufacturing	\$34,885	3.5	13.7
Textiles and Apparel	\$23,704	3.4	-17.5

Source: Massachusetts Division of Employment and Training

Services and Retail. Key clusters in the services and retail sectors are leading employment growth in the Southeast region, although average real earnings in these clusters have been stagnant or declining.

Allied Health Services. The allied health services cluster includes hospitals, nursing homes, home care providers, health maintenance organizations, medical laboratories, rehabilitation facilities, group medical practices, and individual practitioners. In contrast to the Greater Boston and Central regions, there are no major research hospitals or institutes located in southeastern Massachusetts. Consequently, the allied health services cluster serves local demand generated by the region’s residents. The cluster’s expansion is being driven almost exclusively by population growth and by the availability of Medicare and Medicaid reimbursements for services to elderly and low-income residents.⁶ The cluster accounts for 11.7 percent of the region’s total employment (43,534 jobs). Employment growth has remained fairly strong in this cluster, increasing by 6.5 percent over the last three years. Average annual earnings in this cluster are above the regional average, but overall earnings growth in the cluster is stagnant. This is due to the fact that most employment gains have been concentrated in the delivery of “low-end” services such as nursing homes (+1,624 jobs) and home health care (+827 jobs) where average earnings are well below the regional average. On the other hand, restructuring and cost-cutting in the hospital industry, where average earnings are significantly higher, has resulted in a loss of 1,146 jobs over the last three years.

Business Services. The business services cluster consists of two major groups: business services and engineering and management services. Business vitality in this cluster has been strong, with the total number of business units increasing from 1,683 in the 3rd quarter of 1994 to 2,070 in the 3rd quarter of 1997. The business services cluster also accounts for the largest absolute and relative increases in the regional employment base. Employment in the cluster increased by 27.3 percent during the last three years to 20,420, or 5.6 percent of the region’s total employment. However, most employment and employment growth in the cluster is concentrated in “low-end” business services, where annual average earnings are lower than regional and state averages.

Tourism. Tourism is one of the largest business clusters in southeastern Massachusetts, although it is difficult to estimate its impact on the regional economy. While much of the activity in this cluster (e.g., restaurants, amusements)

can be attributed to local demand, the overall effect of tourism heavily influences the performance of these major groups in the region, particularly during the spring and summer, and especially on the South Shore and the South Coast.

Business vitality in the cluster has regained some strength during the current recovery, with the total number of business units increasing from 3,588 (1994 3Q) to 3,692 (1997 3Q). Employment growth has been steady, increasing by 4.7 percent during the same three-year period to 52,536, or 14.1 percent of the region's total employment. However, it is estimated that actual tourism generates no more than half of the total annual employment in this cluster. Average annual earnings in the cluster are well below the regional and state averages, ranging from a low of \$10,195 to a high of \$16,926, while real earnings in the cluster are declining despite significant increases in tourist activity.

Manufacturing. The Southeast region has continued to suffer from overall declines in traditional manufacturing employment as a result of plant closures, business consolidation, and relocation to Sunbelt or offshore locations. A few key manufacturing clusters — electronics, metals fabrication, and textiles — remain important to the region's future prosperity, as they are exceptions to the general trend of dualistic growth. These are the only significant sub-sectors of the region's economy where business units, employment, and real earnings are all growing simultaneously. Importantly, the renewed vitality of these clusters is not attributable solely to cyclical factors, but is linked to new investment in CAD-CAM technologies, regional efforts to upgrade workforce skills, improvements in product quality, the capture or development of niche markets, and the adoption of other smart manufacturing techniques.⁷ Thus, while these clusters continue to be viewed by many as traditional manufacturers, they are adopting high-tech production innovations and implementing high quality product improvements.

A downward trend in the combined textiles and apparel cluster is attributable entirely to the apparel group and, consequently, the region's textiles and apparel industries are uncoupling from each another. Business vitality is

returning to the textiles industry, where business units increased from 63 to 70. Even though employment in the textiles group declined from 5,389 to 5,146 over the last three years, wage growth was exceptionally strong, gaining 20.4 percent, and annual average earnings are well above the regional average.

BUILDING FOR TOMORROW:

THE REGION MOVES FORWARD

Population growth in southeastern Massachusetts is placing pressure on the infrastructure and management capacities of many small towns in the region. Among the six towns projected to have the fastest population growth over the next decade, none has professional planning

capacity, none has public water and sewer, and only one has a recent master plan.⁸ Moreover, water and sewer lines in many of the region's cities are old and will have to be repaired or replaced in the near future, despite poor fiscal capacities. Thus, addressing a range of land use issues and municipal infrastructure deficits in the region is essential if it is to remain attractive to new residents and businesses.

Educating the Future Workforce.

Employers often compliment the region's

workforce for its dedication and motivation, but much of the labor force consists of low-skilled workers with low educational attainment. This is especially true in the region's urban centers, where continuing immigration and high school drop-out rates pose special problems of workforce development (see table at right). As the region seeks to rebuild its manufacturing base and attract new knowledge-based service industries, it is essential for the regional workforce to acquire new skills and to achieve higher levels of education. This will require workplace training programs in English as a Second Language, Adult Basic Education, and General Equivalency Diploma aimed at the region's immigrant and adult populations.

The successful implementation of education reform has also emerged as a key component of the region's economic development strategy. Many communities in the Southeast region are implementing the Massachusetts Education Reform Act of 1993 as a foundation for future growth in the high-wage service sector.⁹ The SouthCoast

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Regional Education Compact is an important example of the progress being made toward improving the region’s public education systems. The Compact is a formal agreement between South Coast CEOs, area school departments, and UMass Dartmouth to meet defined objectives for the improvement of educational attainment in the South Coast area, which has some of the lowest levels of educational attainment in the state.¹⁰

Technology Transfer. Southeastern Massachusetts has not had large research universities, government-sponsored research facilities, technology parks, or other institutions that normally support the transition to knowledge-based

Southeast Region Cities Education and Language, 1990				
Educational attainment is calculated using residents 25 years of age and older. Percentage of foreign-born residents is calculated from the total population. ESL data represent residents 5 years of age and older.				
	No High School Diploma (%)	Bachelor's Degree or Higher (%)	Foreign Born (%)	English as Second Language (%)
Massachusetts	20.0	27.2	9.5	15.2
Attleboro	24.7	20.2	8.6	13.4
Brockton	25.6	12.9	11.2	17.8
Fall River	53.3	8.4	20.7	37.3
New Bedford	50.3	9.7	20.9	39.5
Taunton	33.2	12.1	11.7	21.3

Source: U.S. Census Bureau

services and smart manufacturing. The University of Massachusetts Dartmouth is the only university-level institution south of Boston, and it is still in the early stages of transition to full membership in the state’s research university system. However, the university has constructed a \$10 million Marine Science Laboratory in New Bedford, and the campus is about to begin the design and construction of a \$12 million Advanced Technology Center in Fall River. The university has also been granted membership in the federally funded National Textile Institute. Each of these initiatives is aimed at supporting the revitalization of the South Coast and Tri-Cities manufacturing bases.

Infrastructure. Southeastern Massachusetts has an excellent highway transportation system, but it was designed to

support limited commuter traffic and the transportation needs of a traditional manufacturing economy. This transportation infrastructure will not support the manufacturing sector’s transition to just-in-time inventory systems or its effective participation in global markets. Yet, many of the region’s manufacturers supply parts and components to larger firms in the Midwest and Mid-Atlantic regions, while residents employed in “high end” services often commute to jobs in Greater Boston.

Continuing transportation improvements are particularly important if the region is to have better access to the Boston area and to national and global markets. The expansion of New Bedford’s Regional Airport and improvements to the New Bedford and Fall River seaports will better link the region to these markets, while easing pressures on Boston’s air and sea transportation infrastructure. The extension of a commuter rail from Boston to New Bedford and Fall River will provide the region with better and more efficient access to the high-wage service jobs that are centered in Greater Boston. ▮

*Author’s Note: The author gratefully acknowledges the special assistance of David R. Borges, Senior Research Associate of the Center for Policy Analysis, in preparing this report.

1. The definition of southeastern Massachusetts has been adjusted in two ways since the first issue of *Massachusetts Benchmarks*. (1) The towns of Plainville, Stoughton, and Avon (Norfolk County) have been added to facilitate comparisons with overlapping Regional Planning Agency boundaries, and (2) Cape Cod and the Islands have become a separate region.
2. Daniel Bell, *The Coming of Postindustrial Society* (New York: Basic Books, 1976).
3. Southeastern Regional Planning and Economic Development District, *Southeastern Massachusetts: Vision 2020 Fact Sheet* (Taunton, 1998).
4. Ibid.
5. Michael Porter, *The Competitive Advantage of Massachusetts* (Boston, Secretary of the Commonwealth, 1991), p. 11.
6. Bristol, Brockton, Greater New Bedford, and South Coastal Regional Employment Boards, *Anatomy of Employment Needs in the Allied Health Industry in Southeastern Massachusetts*, 1995.
7. John R. Mullin, “The Principles of Smart Manufacturing Firms,” *Massachusetts Benchmarks* Vol. 1, No. 2 (Spring 1998), p. 14.
8. Southeastern Regional Planning and Economic Development District, *Southeastern Massachusetts: Vision 2020 Fact Sheet* (Taunton, 1998).
9. Stephen Andrade and Navjeet Singh, *The High Skills Path for Southeastern Massachusetts: A Framework for Decisionmakers* (North Dartmouth, Mass.: Southeastern Massachusetts Partnership, 1991).
10. Clyde W. Barrow, David R. Borges, and Paul Vigeant, *The SouthCoast Regional Education Compact: The Demand for SCANS Competencies and Foundation Skills Among SouthCoast Employers* (North Dartmouth, Mass.: Center for Policy Analysis, 1997).

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