

CHICAGO First City of the Third Coast

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For over a century, the Chicago area has been the most populous metropolitan area in the Great Lakes region and the most important economic center in the middle of the North American continent. However, it has changed dramatically over that time and, like most of the metropolitan areas around the Great Lakes, it faces an uphill battle to maintain its status, let alone to become a more important player in the national and global hierarchy of metropolitan centers.

In 2010, the population of the City of Chicago was 2.7 million, with the greater Chicago region clocking in at 9.5 million people. The region has grown over the last 100 years but much more slowly than it grew in the nineteenth century. Furthermore, relative to many other urban areas in the United States—Los Angeles, Houston, Dallas, Atlanta, and other cities of the American South and West—Chicago's growth has been sluggish. Growth in the region has also been slower than that of many of the urban areas in Canada. In particular, Toronto, which increasingly rivals Chicago for economic leadership of the Great Lakes region, has been growing fast. The larger urbanized area around Toronto in southern Ontario, called the "Golden Horseshoe," has grown to the point where it is approaching the size of the greater Chicago region.

In the Chicago area, as in all of the other major cities in North America and indeed the world, the population has spread out. Since 1900, when it no longer became politically possible for the city to make frequent annexations of surrounding land, suburban growth has far exceeded that of the central city. Today, the urbanized area of the Chicago region—the area that operates as a single economic and social unit—extends from Northwest Indiana in the south, to the Fox Valley in the west, and to the Wisconsin border in the north. The corridor that hugs Lake Michigan—between Michigan City at the boundary between Indiana and Michigan and the northernmost suburbs of Milwaukee, 90 miles to the north of Chicago—is quickly becoming a unified urban corridor. Beyond the regularly developed suburbs is a band of exurban development at very low density that extends much further and is growing faster than city or suburbs. In addition to large lot developments whose owners still commute to Chicago or its suburbs on a regular basis, are large areas of seasonal exurbanization such as the resort towns along the eastern shore of Lake Michigan and the widely scattered resort areas within short driving distances from Chicago (like Galena in northwest Illinois or Lake Geneva and Door County in Wisconsin).

The infrastructure of the region has changed fairly dramatically over the last 100 years as well. Chicago owed its early growth to its location at a sub-continental divide between the Great Lakes and the Mississippi River. The Illinois and Michigan Canal provided a vital transportation link between the East Coast via the Erie Canal and the vast central area of the country drained by the Mississippi River. Over time, water-based transportation yielded to rail, road, and air infrastructures, but Chicago remained a primary transportation center. Although it has lost its preeminence in air transportation over the



1850 1900 1950 2000

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last several decades as newer and larger airports like those in Atlanta and Denver have been built, Chicago is still an important air-travel hub in North America and remains the freight-rail and trucking center of the continent.

With the evolution and shift in modes of transport has come a major shift in economic activities. Almost all of the great industries of the late nineteenth century—grain, livestock, agricultural implements, and lumber, to list a few—disappeared or became less important during the first half of the twentieth century. They were replaced by new manufacturing activities including a greatly expanded plant for making steel and industrial equipment, and a proliferation of smaller industries making everything from bicycles and radios to other “high tech” products during the period between the World Wars. At the same time, the importance of service industries including insurance, banking, and financial institutions, like the Chicago Board Trade, expanded dramatically, making LaSalle Street the Wall Street of the Midwest and one of the world’s most important financial centers.

As the economy changed during the first half of the twentieth century, the economic geography of the region shifted. At the turn of the twentieth century, the Chicago Loop (the central business district) was the dominant business center of the region with a high proportion of large office buildings, retail establishments, and entertainment venues. Many of the light-manufacturing facilities in the area were located in loft buildings immediately around the Loop. Heavy industry was located along the waterways or railways, mostly within or just outside the boundaries of the city. Among these industrial facilities were the country’s first industrial parks. Starting in the 1920s, as the population of outlying neighborhoods and suburbs boomed, an increasing amount of the manufacturing capacity in the area moved outward or into the suburbs. Also, by the 1920s, the Loop was increasingly in competition with outlying centers such as Uptown and Englewood.

World War II temporarily boosted industrial production in the area and slowed the outward growth of population and jobs. After the war however, Chicago shared in the nationwide surge of economic growth and saw an even greater dispersion of residents and businesses to the suburbs. Despite Chicago’s participation in this nationwide period of prosperity, growth in the region was much less impressive than in cities in the American South and West. By the 1960s, it was clear that the city and its suburbs were losing a large part of their manufacturing capacity to other, less expensive places in the U.S. and abroad. The downturn in the global

economy in the wake of the energy crisis in the 1970s coincided with what was probably the lowest economic point within the region. Despite some shiny new office buildings downtown, including the Sears Tower, which was the tallest in the world at the time, the Loop clearly reflected a number of troubling trends. It was a gray place with dirty buildings and streets that were largely empty after the office workers returned home.

As in almost all of the “Rust Belt” cities of the American Northeast, the region has struggled mightily since the 1970s to rebuild its economy. In this effort, because of its size, its regional importance and relatively diversified economy, Chicago has been considerably more successful than the other large cities along the American side of the Great Lakes. Although the Chicago area still has a great deal of manufacturing, today government, tourism, financial, and other services are far more important sources of economic growth.

By the early twenty-first century, areas of economic vitality were widely scattered. Where a large percentage of office space was located in the Loop as late as the 1950s, by the early twenty-first century the proportion of office and retail space in the city’s central business district was dwarfed by that of the combined outlying business centers. The largest of these centers, Schaumburg and Oak Brook, each has more filled retail and office space than the downtowns of Buffalo or Toledo.

The prognosis for the Chicago region is decidedly mixed. On the one hand its location in the old industrial belt of the country, with its high labor costs and fairly harsh climate has been a distinct liability for much of the last century. The Midwest as a whole has suffered in the changing economy of the late twentieth and early twenty-first centuries. The Chicago region has lost much of its edge in manufacturing and the development of new technology. Its growth in population and economic output has lagged behind many other cities. The city of Chicago suffers from racial disparities and from what many people consider to be one of the worst school systems in the country. The city and the state have suffered from lackluster political leadership, a lack of cooperation, and endless scandals, which makes it difficult to project how either the state of Illinois or many of the municipalities in the metropolitan region of Chicago will be able to meet the financial obligations incurred over the last several decades.

The city has never completely overcome the negative image it gained in the late nineteenth and early twentieth centuries. In many ways, Chicago still holds a reputation as a rough frontier boomtown, a place where

crime figures battled in the streets during the Prohibition Era, where riot police attacked demonstrators at the Democratic National Convention of 1968, and where large areas of the West Side burned in the wake of Martin Luther King's assassination. Like many of its Rust Belt brethren, it possesses the lingering reputation in the minds of many individuals who haven't visited recently as an old gray city, well past its prime.

Beyond these limited perceptions, the Chicago region boasts some considerable assets, including the simple fact of its geographic position—centrally located on the North American continent. This alone brings a very large number of people to the city for conferences and trade shows and enables it to still function as one of the world's great transportation centers. Chicago also benefits from its position on the Great Lakes, which, although less important for transportation than in the past, provides direct access to an enormous reservoir of fresh water in a time when many of the fastest-growing cities in the world are faced with strictly limited water supplies.

The region also boasts a large, well-trained labor force, a huge legacy of business expertise, and several of the country's most important institutions of research and higher education. It has always been a magnet for ambitious young people from all across the American heartland and, with living costs considerably lower than those of major cities on the coasts, it appears to be attracting an increasing number of talented individuals from around the world.

GENTRIFICATION, ECONOMIC TRANSITION, AND A POSITIVE FUTURE

Today, the Loop, which in many ways is the face that the region shows to the world, looks far different from the way it looked in the 1970s. With the conversion of much of State Street from retail to institutional uses, it now boasts one of the largest concentrations of students in the country. The conversion of many office buildings to residential condominiums has dramatically increased the resident population and brought many affluent households to the center of the city. Chicago's city center has never looked better, thanks in part to former Mayor Richard M. Daley, who pushed a large number of plans to make the city, and particularly its downtown, more efficient and attractive. Perhaps his landmark achievement was the remaking of a set of rail yards at the northwest corner of Grant Park into Millennium Park. Tourism to the city has increased substantially and the streets of the central business district are now bustling with visitors speaking dozens of foreign languages.

In addition to the rejuvenation of the Loop, Chicago has witnessed a revived interest in living near the center. Whereas in the postwar years it appeared

that the city was losing a large part of its middle and upper middle-class population to the suburbs and to cities elsewhere, and the Loop seemed to be caught in a noose of poor and declining neighborhoods around it, there has been a significant turnaround, with affluent young professionals and families moving into neighborhoods around the Loop in unprecedented numbers. In the 1960s, gentrification was confined to a few areas, notably Old Town and Lincoln Park on the North Side. Today, however, there is an ever-widening ring that extends several miles in all directions from the Loop. As this gentrification occurs, it is critical to note that many of the problems of this area have been displaced into the outlying neighborhoods and to the first ring of suburbs, particularly to the south.

In the long run, any sustained renaissance for the Chicago region will depend on much larger currents in the global economy. It is difficult to see how the area will maintain its economic position short of a resurgent manufacturing sector and an improved economy across the American Midwest. Yet despite these pessimistic trends, there are numerous signs that the situation for cities like Chicago might be brightening. The comparison between Chicago and Toronto is instructive. If anything, the obstacles to Toronto's growth would appear to be even greater than those in Chicago. It is further north, with a less developed rail and air network and part of a Canadian national economy that is much smaller than that of the United States. It might be that Toronto has simply been lucky and has benefited from changes external to the region. The sudden decline in the economic vitality of Montreal, along with the Canadian government's willingness to welcome new immigrants, fueled a major resurgence that led to Toronto's newly cemented position as the undisputed economic center of Canada. Whatever the cause, perhaps the most important result of the recent gentrification in Toronto has been a change in the reputation of the city. It is no longer thought of as a struggling Great Lakes city but rather as a dynamic new place with a growing population and a vigorous new economy.

Is Chicago currently following what appears to be the sharply upward trajectory in reputation visible in Toronto? Will any such shift in perception bring real growth and a repositioning of the city's place in the American economy? It is perhaps too early to tell, but given the speed and depth of positive changes that have occurred in the region since the 1970s and new signs of American competitiveness in the global economy, there is good reason to be optimistic. A major rebound for Chicago would provide all kinds of lessons for Cleveland, Buffalo, Detroit, Milwaukee, and other cities across the Great Lakes region.