[New England Journal of Public Policy](https://scholarworks.umb.edu/nejpp)

Volume 24 | Issue 1 Article 9

3-21-2013

Grinding Decline in Springfield: Is the Finance Control Board the Answer?

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Is the Finance Control Board the Answer?

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Springfield, Massachusetts, the Bay State's third largest city, suffered staggering manufacturing job loss over the last thirty years of the twentieth century. In 2004, the financial impact of job loss, coupled with dubious fiscal management, plunged the city into near bankruptcy. In response, state government passed legislation appointing a Finance Control Board to manage city business. Wage freezes for City workers were continued and cuts in numerous essential services occurred to deal with the debt. But the question remains, can a Control Board approach grow a large stock of well paying jobs — large enough to grow the city's and the Connecticut River Valley's economies?

The December 2004 fire that destroyed the closed American Bosch plant on the Chicopee-Springfield, Massachusetts line and the announced closing of its neighbor Danaher Tool in the same week are the latest manifestations of Connecticut River Valley deindustrialization. When I visited the fire scene, it felt like I was at a friend's wake; vivid memories of my several years working there flooded back. Workmates had often showed up for work an hour early, started coffee pots, and spent the time arguing about sports and politics and bragging about their children. People sold donuts and newspapers to raise money for their children's college tuition or some local charity. The union and company-sponsored Athletic Association supported teams in the city's thriving industrial leagues and organized trips to Red Sox, Bruins, Celtics, Yankees, Rangers, and Knicks games. Every year the Athletic Association sponsored a children's Christmas Party and rented Mountain Park — a local amusement park — for a family outing. This ended when United Technologies Corporation closed and the plant laid off over one thousand people in 1986.

Similar job loss occurred along the Connecticut River in East Hartford, Connecticut, where, riding down Main Street toward the six smokestacks that dominate the front of Pratt & Whitney's mammoth aircraft engine factory, one notices the detritus associated with industrial decline: trash strewn empty lots, boarded-up storefronts, and vacated triple-deckers —

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former homes of Pratt & Whitney workers. A short drive to the other side of the Connecticut River exposes the stark difference between East Hartford and downtown Hartford with its glittering insurance companies, banks and the headquarters of Pratt's parent, the United Technologies Corporation (UTC) — known around Hartford as the "Gold Building." At the union hall for East Hartford's International Association of Machinists Local 1746, opposite the main gates of the plant, local union president Mike Stone told me: "Well paying, secure jobs, which both provided a career for thousands of hard working people and their families and supported hundreds of retail and service establishments across the state — jobs workers in the past were able to pass along to their children — continue to disappear."

The social fabric of the once-industrial cities of the Northeastern United States is being painfully pulled apart. The disappearance of over one million well paying manufacturing jobs during the recent U.S. recession, added to the hundreds of thousands of jobs lost in the 1980s and early 1990s, devastated such cities, including Springfield and Hartford. Springfield, the third largest city in the Bay State, has its second-lowest property values, third-lowest bond rating, fourth-lowest income per capita, and the highest non-residential property tax rate in the state; the "perfect storm" for urban meltdown.

In this article I discuss Springfield's financial situation in light of the significant loss of well paying work. Absent such context the city's plight is difficult to understand. There is no question the city's and the region's deindustrialization contributed to falling property values, middle class abandonment of the city, and a sharp increase in public debt as state-collected revenues dropped. By mid-2004 the city became, in effect, the ward of a state-appointed Finance Control Board (FCB), which sought to rebalance spending and revenues and streamline the delivery of essential public services. A critical question this article seeks to answer is whether the fiscal crisis — the municipal debt that led to the city's spending takeover by the FCB — can be resolved with "starve the beast" belt-tightening, wage freezes, and benefit cuts for city workers, and the slow but steady dismantling of the city's social services and education infrastructure.

Where are the creative economic development initiatives capable of producing a new stock of well-paying jobs to replace the ones lost over the last three decades of the twentieth century and grow the city's revenues? Streamlining tax collections, reducing twenty-seven city departments to eleven divisions, and performing an assessment of city parking services will not do this, nor will maintaining a wage freeze for all city employees. Almost one year into the Board's tenure, one of its few economic development initiatives is to "develop a specific action plan to tear down blighted houses in the various neighborhoods and to put them back in the hands of taxpaying citizens." There is nothing wrong with this particular effort, but this is hardly the stuff of sustainable employment creation; something Springfield desperately needs.[1]

In the next section, I describe the collapse of the Connecticut River Valley's industrial economy — from Springfield south to East Hartford — and briefly review the growth of service employment. The third section contrasts the wages of lost industrial jobs with those of the service sector. A discussion of Springfield's budget difficulties and the establishment of the Finance Control Board to oversee the city's spending follow. A 2004 legislative act established the Board, chaired by the Commonwealth's Department of Revenue Commissioner Alan LeBovidge "to initiate and implement extraordinary remedies to achieve a long-term solution."[2] This section considers the impact of the city's spending freeze on teachers, police, firefighters, and other Springfield employees. Municipal unions sued the city for almost $10M in negotiated back wages. In 2005 teachers are in their fourth year without a contractual raise and have been denied previously negotiated step increases.[3] The final section offers my thoughts on what it will take to revive Springfield and the river valley's once bustling economy.

Collapse of the River Valley Economy

In his comprehensive industrial history of Massachusetts, Orra Stone referred to Springfield, the largest city in the Connecticut River valley, as "a beehive of diversified production." The skill base attracted England's Rolls Royce, Inc. "The artisans of Springfield — from long experience in fine precision work — were found to possess the same pride in workmanship as the craftsmen of England," Rolls Royce concluded.[4] Henry Ford praised the city's metalworkers, "The skill of Springfield's engineers and workers is traditional. . . . In its world-wide search for never ending improvements, the Ford Motor Company has found in Springfield dependable sources for a substantial portion of its equipment and parts used in building Ford cars."[5] A 1941 Work Projects Administration study noted: "Springfield's products have been for the most part the essentials of other industries, the machines, the tools, and units that turn the wheels of industry the world over. Because of this inter-relationship and the diversification of her industries, Springfield has suffered less from economic upheaval than single-industry cities of New England."[6]

What happened to the Bay State's third largest city, this so-called "industrial beehive," to generate a $40M budget deficit in 2004 and near economic collapse? Budget mismanagement, an embarrassingly antiquated tax collection system, a variety of ill-conceived economic development plans, corruption on a grand scale, and increased crime all contributed to the city's demise. The FCB noted: critical transactions of the treasurer, assessor, and auditor were conducted manually; property tax information was kept on

3 x 5 cards stored in file cabinets; and ledgers required for overall fiscal control were balanced by hand.[7] But what trumps these factors, and what makes the city's situation problematic is something the Control Board did not address, the steady drip-drip of well paying jobs out of the city and the region.

In 1956, Future Springfield, Inc. prepared an economic blueprint for Springfield that identified twelve local manufacturers in the city employing over 1,000 people; by 1965 there were eight, and in 2000, two.[8] Closings and layoffs breached the historical continuity of the valley as a world leader in precision metalworking. Yet little was done to hold onto the jobs or develop a high wage replacement for the lost work. Now, rather than analyze the links between job loss and financial meltdown, political observers and the Control Board foresee a turn-around based on what a *Boston Globe* editorial praised as "the containment of personnel costs." According to the newspaper, such control "is key to Springfield's recovery."[9] But this is not a strategy to return Springfield to even a semblance of its earlier economic vibrancy.

From the early 1800s through the 1970s, Springfield was the center of one of the world's leading industrial districts. Machinery builders and complimentary metalworking firms along with their highly skilled workforce constituted an innovative and powerful economic region stretching one hundred and twenty miles from Bridgeport, Connecticut, to Windsor, Vermont. The diverse manufacturing base was secured early in the nineteenth century with Springfield's selection as the site for an important federal armory. Skilled machinists and engineers, well-practiced reciprocal relationships among tool builders and their customers, and the presence of hundreds of small tool-and-die shops enhanced the valley's competitiveness. But Westinghouse and American Bosch relocated work out of Springfield starting in the 1950s, the armory closed in the1960s, and the river valley hemorrhaged blue-collar jobs.[10]

Between 1969 and 1976, on average, 12 percent of the Massachusetts job base disappeared annually due to plant closings. Job loss was exacerbated by cuts in defense spending at the conclusion of the Vietnam War. A second period of sharp job loss occurred between 1988 and 1995 when manufacturing employment fell to 446,000 from 584,600; by 2000, statewide manufacturing employment totaled slightly above 430,000. University of Massachusetts Amherst professor Mark Brenner calculates that Hampden County (Springfield is the largest city in the County) lost roughly 43 percent of its industrial employment between 1980 and 2000.11 Table 1 shows the major layoffs and closings in Hampden County during one dramatic period of employment loss.

Table 1

Layoffs & Closings
Springfield-Area Metalworking Companies
1982-1990

COMPANY	STATUS	NO. OF JOBS ELIMINATED	DATE CLOSED	YEARS IN CITY	PEAK EMP. AFTER 1960
American Bosch	closed	1,500	2/86	80	1800
Chapman Valve	closed	250	6/86	100+	2700
Columbia Bicycle	closed	250	6/88	80+	1000
Kidder Stacy	closed	90	9/89	100+	325
Northeast Wire	closed	35	1990	22	125
Oxford Precision	closed	60	9/86	40	120
Package Machinery	closed	400	9/88	100+	950
Plainville Casting	closed	65	4/87	65	75
Portage Casting	closed	60	8/86	36	100
Rafferty Steel	closed	50	11/85	40	–
Rexnord Roller Chain	closed	200	6/89	100+	675
Springfield Foundry	closed	75	4/86	100+	285
Van Norman	closed	275	10/83	90	1,200
Van Valkenberg Plating	closed	40	7/86	100+	135
Wico Prestolite	closed	250	3/82	80	675
Atlas Copco	layoffs	565	1980s	70+	1,000
Easco Hand Tool	layoffs	2,000	1980s	75+	2,200
Storms Drop Forge	layoffs	125	1980s	60+	250

As jobs disappeared, city, state, and federal leaders and private developers did little to create employment. Drearily similar “economic blueprints,” rousing summits, and speeches by development experts rallied the troops, but produced no “miracle” cure. Chart 1 reveals what has happened to Massachusetts’s manufacturing and services employment since 1997.

Chart 1

Massachusetts Manufacturing and Services Employment 1997–2004

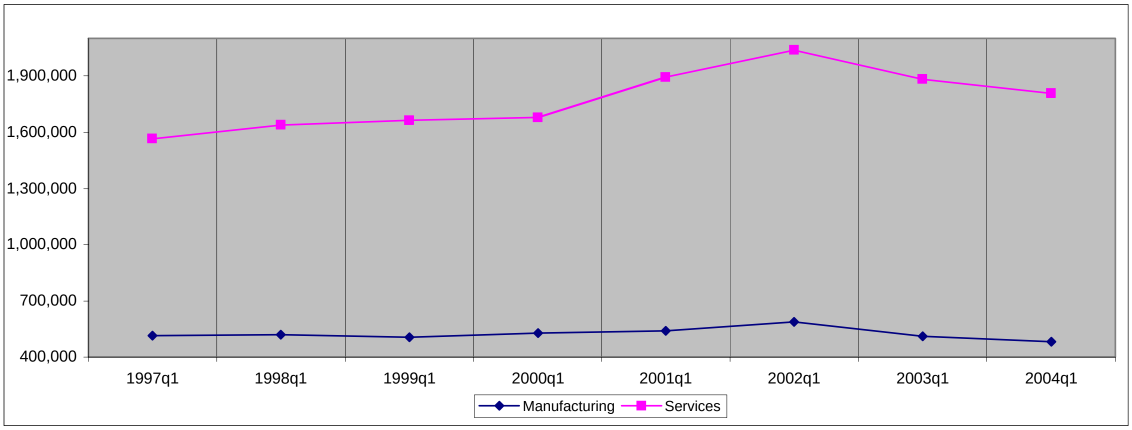
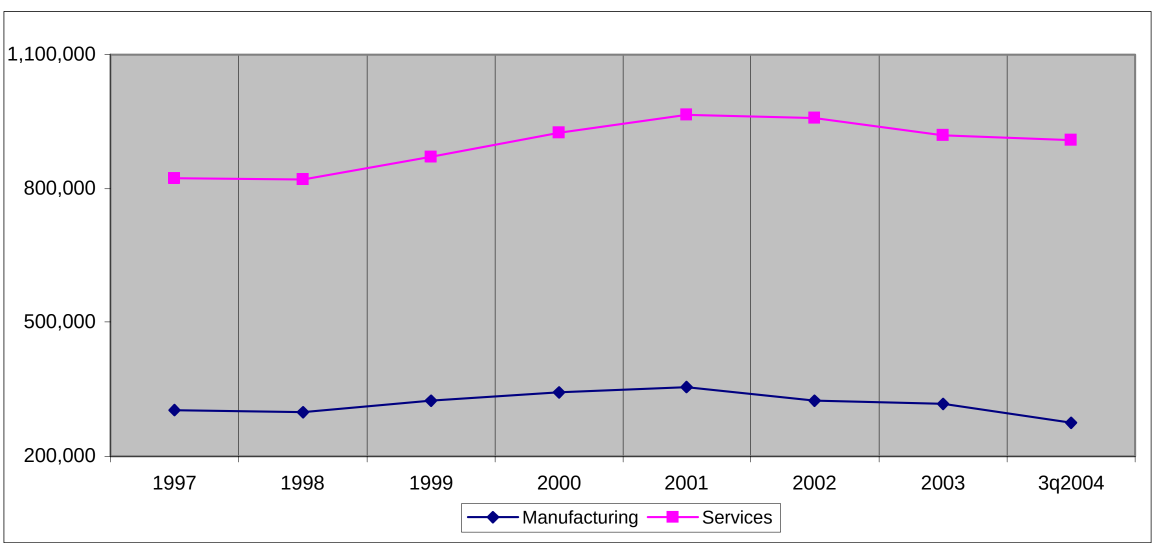


Chart 2 offers a similar look at what transpired in Connecticut: its manufacturing activities are intimately linked with activities in Hampden County. Manufacturing employment flat-lined in the Commonwealth and slipped slightly in Connecticut between 2003 and 2004.

Chart 2

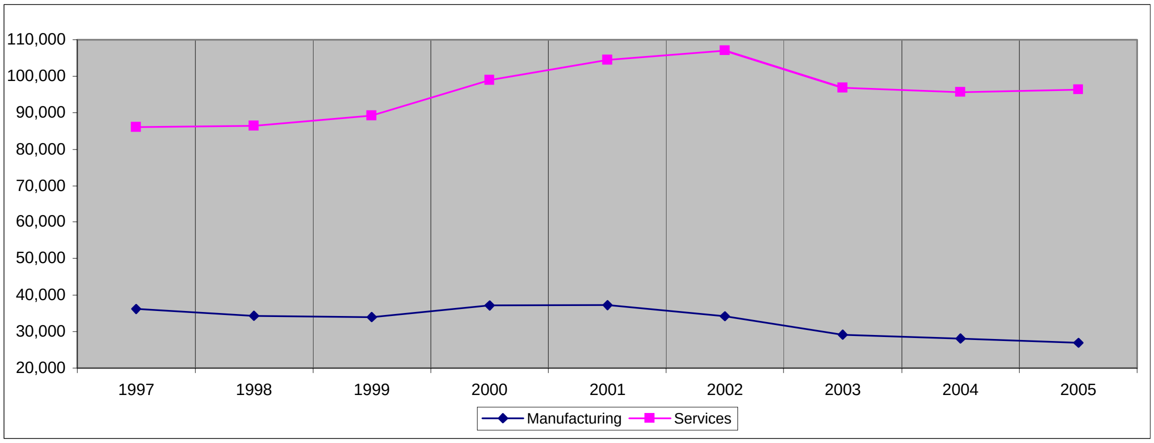
Connecticut Manufacturing and Service Employment 1997–2004



Hampden County's employment trends are displayed in Chart 3.

Chart 3

Hampden County Manufacturing and Services Employment



The lack of a cogent response to job loss exacerbated the employment crisis over time. Many economic development leaders believed the 1990s boom — finance, electronics, and biotechnology — would right the ship; it didn't. Though the Bay State added almost half a million service-related jobs from the late1980s through the 1990s, the overwhelming majority of the well-paying new jobs in high tech, financial services, and biotechnology were located inside the Interstate 495 beltway, closer to Boston than to Springfield. A short-lived effort by Wang Computers to develop a computer-manufacturing complex in Holyoke, Massachusetts, near Interstate 91 and a small Digital Equipment production facility in Springfield's Mason Square never generated the large numbers of jobs anticipated.

Analyzing federal census data, the *Boston Globe's* Sue Kirchoff and Bill Dedman reported: "Median household income fell during the longest economic expansion in U.S. history in most of the state's major cities, including New Bedford, Pittsfield, Springfield, Worcester." At the same time, incomes advanced a quarter to a third in many communities along Interstate 495.[12] According to the *Boston Globe*'s Charles Stein "The new economy never made it this far outside the Massachusetts Turnpike." Stein summarized: "A lot of middle-class people left for better economic opportunities, while the number of poor people grew steadily over the past two decades. This shift helped make Springfield one of the poorest cities in Massachusetts."[13] Springfield's unemployment rate reached 8.5 percent as the new century opened, and climbed far higher in several of the city's Hispanic and African American neighborhoods. Soon streetlights were turned off to save revenue and police, fire, and school jobs were cut.

Springfield's hopes for a recovery seemed to rest on a $110M riverfront development project to be anchored by the new Naismith Memorial Basketball Hall of Fame and a $71M renovation of its downtown civic center, which, it was hoped, would attract convention dollars. The Hall has not generated the visits consultants predicted, nor is there much evidence that well-paying jobs will materialize along the riverfront, which is isolated from the downtown by a six-lane raised highway. Indeed, most of the riverfront is difficult to get to, as there are several railroad tracks along the riverbank. In addition, much of the 14,000 square feet of retail space attached to the Hall is empty, and it is difficult to envision Hall visitors navigating their way to the city's Main Street for a bite to eat when downtown restaurants are not visible from the Hall's parking lot. Most of my friends from the eastern part of the Bay State, who tour the Hall, buy their tee shirts there and jump right back on the highway. And with a family restaurant across the parking lot, none of them have gone to Main Street for a pizza at Red Rose before or after their visit![14]

A Job's a Job, Right?

In Massachusetts job creation has remained sluggish in 2004 and 2005 and the sectors adding jobs — education & health services and leisure & hospitality — on average paid wages below the wages of the lost manufacturing sector jobs. Good manufacturing wages generated tax revenues and translated into the purchase of goods and services from other businesses. Well-paid workers took their families out to eat. Well-paid, secure workers bought a new car, truck, or snowmobile every few years. Well-paid workers supported their local schools, churches, and athletic and social clubs. In addition, a good deal of what got made in the region was for export, thus bringing additional revenue into the region. Policymakers and economic development professionals should not turn their backs on efforts to hold onto the industrial jobs that remain. And they should do everything possible to generate new ones in emerging technology fields related to biotechnology, medical instruments, environmental testing devices, and nanotechnology.

There are at least six reasons why we should care about the historic shifts in the greater-Springfield employment base.

- First, blue-collar know-how has always been a critical source of the state's competitive advantage and the basis for many innovations. This is in jeopardy.
- Second, well-paid industrial workers pay local and state taxes that help fund schools and fuel growth in the retail sector, restaurants, and home building.

- Third, steady wages enable workers to send their daughters and sons to college and help reproduce the state's vaunted skill base.
- Fourth, a statewide infrastructure of hundreds of small and medium-sized metalworking, plastics, and precision manufacturing firms relied on lucrative contracts from companies like American Bosch and Pratt & Whitney.
- Fifth, wages in services lag behind manufacturing wages.
- Sixth, median household income in Western Massachusetts industrial cities is well below the state average of $50,502. The numbers are as follows: Greenfield, $33,110; Holyoke, $30,441; North Adams, $27,601; Pittsfield, $35,655; Springfield, $30,417. Springfield's wage figure helps us understand its present financial condition.

In 2001, I discussed the problem of job loss with the International Association of Machinists District 91 directing business representative James Parent, who noted that companies "don't realize that when they talk about a worker, it's not just one worker. They are talking about a whole family whose future is up in the air."[15] In July 2004, Connecticut Governor Jodi Rell had it right when she remarked, "The bottom line is it's all about jobs. It's jobs. It's jobs. It's jobs."[16]

In September 2004, I discussed the employment situation with three Pratt & Whitney workers who had been laid off at one time or another since 2001. Two were recalled to work in Middletown and one hoped for "good news" soon. They all wanted to be recalled because they could not find jobs that paid anywhere near their wages at Pratt. One worker drove a soda delivery truck in greater New Haven fifty-five to sixty hours a week. The second, with several years of experience as an aircraft engine mechanic, worked part-time at Home Depot and Walmart. He eventually "got lucky," finding full-time work at a new Bed Bath & Beyond store. But once the store settled into a routine, his hours were slashed. He estimated that he earned about 30 percent of his former wage and worked more hours. The third person sold clothing in a department store at 50 percent of his former hourly wage and averaged just twenty-five hours a week. In their late thirties and early forties, they always worked and diligently sought employment once they were laid off. All three complained about the physical stress and anxiety associated with employment and income loss and in particular with the loss of their medical insurance. They stopped going out to eat and to the movies, made the television and car last longer and stopped saving for their children's college education.[17]

When American Bosch closed in 1986, a prescient editorial appeared in the *Holyoke Transcript-Telegram* (now also closed). It cautioned readers that the service economy everyone put so much faith in too often produced jobs that required little skill, offered low pay, and provided few benefits. To a large degree this remains the case in 2005. A look at what happened to manufacturing and services wages statewide is contained in Table 2.

Table 2

Massachusetts Inflation Adjusted Wages 1997–2003

	1997	1999	2001	2003
Statewide	$ 857	$ 906	$ 939	$ 929
Manufacturing	$1120	$1199	$1201	$1116
Services	$ 747	$ 781	$ 810	$ 876

The gap between manufacturing and services pay is not closing appreciably. This matters because the U.S. Department of Labor recently reported "Industries ranked in the bottom fifth for wages and salaries have added 477,000 jobs since January 2004, while industries in the top fifth for wages had no increases at all."[18] For Massachusetts, the three occupations adding the most jobs — cashiers, food preparation and serving workers and waiters and waitresses — paid average wages below $10 an hour in 2003. In 2003, nine of the fifteen largest occupations in the Bay State reported average wages under $15 an hour. "Given the high cost of living in Massachusetts this proliferation of low-wage jobs is a major public policy challenge."[19]

What do we know about Hampden County employment and wage trends? The gap between manufacturing and services wages increased between 2001 and 2004. Manufacturing employment continued to erode, while services added employment between 1998 and 2002 and then tailed off through 2004.

Table 3

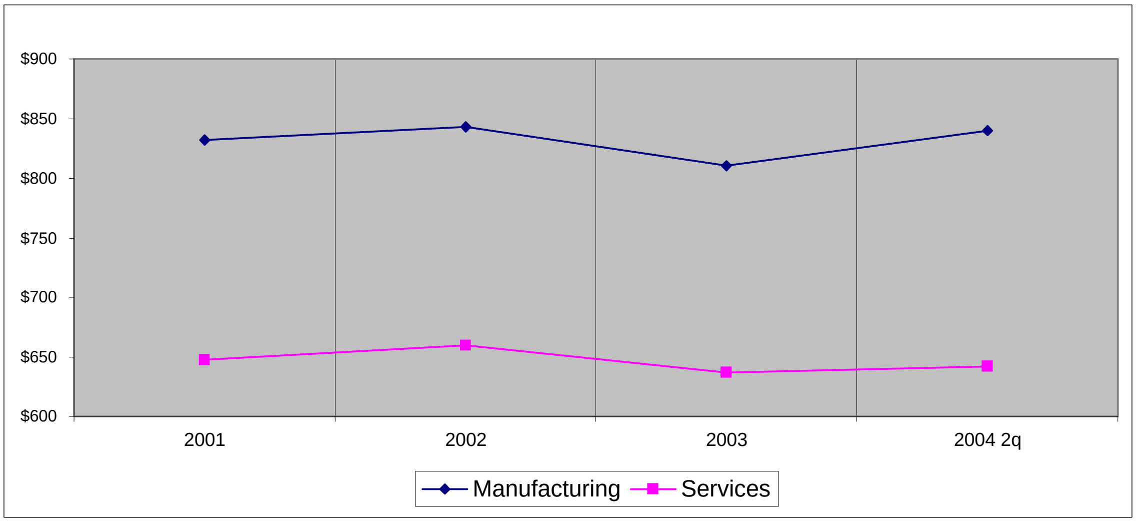
Hampden County
Manufacturing and Services Employment 1998–2004

	1998	2000	2002	2004
Manufacturing	34,301	37,157	34,223	28,081
Services	86,455	98,979	107,035	95,734

As for wages, the gap between services and manufacturing widen over the period under review.

Chart 4

Hampden County Manufacturing and Services Wages 2001-2004



Commenting on August 2004 employment data *New York Times* business reporter Louis Uchitelle noted layoffs are “more frequent now in good times and bad, than they were in similar cycles a decade ago.”2[0] Across the country, the almost 60 percent of laid-off workers who found a job earned less money, compared with about 50 percent of workers who went through the same experience in the early 1990s. In other words, both the number of new jobs and wages paid in them continues to moderate, so that even when employment growth occurs, the wealth base is eroded.

Michael Yates confirms these trends. “For a nation as rich as the United States, there are a very large number of low-paying jobs. One of the most interesting data sets in the SWA [State of Working America] shows that for the fraction of jobs which pay an hourly wage rate insufficient to support a family of four at the poverty level of income with full-time, year-round work.” One-quarter of all jobs pay at or below poverty wages; for Blacks the figure is 30.4 percent and for Hispanic workers 39.8 percent. For Black women the figure is 33.9 percent and for Hispanic women, 45.8 percent.[21] There can be no question that this is what occurred in Springfield. Thus, absent a sharp tax increase or the infusion of new revenues from the state or federal government to make up for lost taxes and local spending by workers, essential services — education, youth programs, and police and fire protection — are cut back, and jobs that depend on disposable income, like restaurants, disappear.

Springfield on the Brink: The Finance Control Board in Charge

We return to Springfield. According to the U.S. Census Bureau, median household income fell in several of the Commonwealth's industrial cities even during the 1990s expansion.[22] After the 2001 recession, these cities fell further behind their "inside Route 495" counterparts. For Springfield, according to Robert Nakosteen, a professor of economics and statistics at the Isenberg School of Management at the University of Massachusetts Amherst, this generated a structural problem due to the city's "inability to depend on its own tax base. All the wealth just moved out of the city."[23] William Ward, of the Hampden County Regional Employment Board, notes that while well-paying work disappeared far too often, the replacement wages for workers fortunate enough to find a new job lagged well behind the pay and benefits they lost.[24]

The city's 2004 crisis should not have caught anyone off guard. Budget difficulties reached back to the 1980s and the mid-1990s when the city received a $21M state loan and sold its municipally owned hospital to a private company to cover budget shortfalls.[25] Now, the greatest attention is being paid to bringing costs in line with projected city revenues mainly through cuts in essential services and a "substantial reduction of personnel costs and expenses" in the words of the Control Board. For city workers, this translates to a wage freeze and an attack on their collective bargaining rights, but for the Board, "Some combination of increases in economic productivity, reduction in wages and benefits, and work rule changes must be accomplished if the city is to have annual balanced budgets." Control Board Chairman LeBovidge summarized in September 2004: "It is clear that an integral part of the recovery plan for the city of Springfield must include work rule changes, benefits restructuring and take-home pay reductions for municipal workers."[26]

In 2004, a *Boston Herald* editorial referred to Springfield as "a financial basket case."[27] In mid-June 2004, reporter Dan Ring described the situation: "Although Springfield is the third-largest city in the Commonwealth out of 351 municipalities it has the lowest bond rating, the fourth-lowest income per capita, the second-lowest property values and the highest nonresidential property tax rate in the state."[28] Fire stations closed on a rotating basis, school personnel were drastically reduced, city streets went un-cleaned, and the Massachusetts State Police assisted the understaffed police department on the weekends. In 2005 Springfield, according to a *Hartford Courant* story, was still "a city under siege."[29]

To stave off bankruptcy city officials, the Romney administration, and the legislature crafted a bailout bill in mid-2004. At first the governor offered a $20M grant and a $30M interest-free loan to cover the shortfall in the $437M FY2004 budget, so long as the city agreed to allow a state-appointed control board to make future spending decisions. The proposal called for the suspension of collective bargaining for the city's twenty-nine municipal unions.[30] The initial plan stalled in the legislature in part because of its approach to the unions. According to Ken Donnelly, secretary treasurer of the Professional Firefighters of Massachusetts, "He's trying to break the unions. I haven't seen anything this bad in 32 years." For Timothy Collins, president of the Springfield Education Association, the proposed control board plan represented "the lowest day of my life when you have a mayor and a governor stripping us of our collective bargaining rights. It's almost un-American. Shame on the governor and shame on the mayor." Ken Pooler, representing Public Works Employees noted that his union had 364 members in 1999 and in mid-2004 it had 208 members. Union leaders argued that further workforce cuts and wage freezes would negatively impact the provision of essential protective and educational services and over time cause more residents to leave, further shrinking the revenue base. Eventually the wage freeze was implemented, leading to, among other things, the exodus of some two hundred teachers from the city's public schools during the 2004–2005 academic year. For the city's International Brotherhood of Police Officers local president Thomas Scanlon the FCB "was trying something to break the union and if they do it here, they'll take it right across the state."[31]

After weeks of wrangling in the spring and summer of 2004, city officials, the legislature, and the governor agreed to a plan that allowed the city to borrow from a $52M interest-free loan to be paid back by 2012. The $52M figure matched what the city was owed in delinquent property taxes.[32] The FCB took control for three years and in its first order of business approved a budget for the rest of FY2005, with the wage-freeze its centerpiece. For the FCB:

> No solution to the city's fiscal crisis can be achieved without a suchstantial reduction tion of personnel costs and expenses. It is clear that an integral part of the recovery plan for the city of Springfield must include work rule changes, benefits restructuring and take-home pay reductions for municipal employees.[33]

According to Eric Kriss, the governor's Secretary for Administration and Finance, the Board was "a tool to help the city recover financially."[34] Ironically, Kriss contended that a turnaround was possible only with the good will and effort of municipal employees. But, with some 20 percent of the city's workforce cut since 2002 and wage freezes, neutral observers found it difficult to imagine why city workers would rubber stamp FCB decisions.[35] A Republican editorial offered: "While we agree that work rule and benefit changes need to be made regarding city employees, we vigorously oppose the reduction of their wages and think it would be unconscionable to do so." For good measure it added: "The Control Board should be working for a surgical plan to restore the city's finances, not a hatchet job that leaves the city as nothing more than a comatose patient on life support."[36]

By summer 2005, one year into the Control Boards reign, there remained a paucity of serious and broad-based public debate about how the city might restore its job base and how the region might generate significant numbers of well-paying jobs. The Control Board remained focused on fiscal issues. There is no doubt management problems exist, along with widespread corruption in several city agencies including the Springfield Housing Authority, the Massachusetts Career Development Institute, the Hampden County Employment and Training Consortium, and Friends of the Homeless, Inc. But the failure to engage in a purposeful and region-wide strategy to preserve existing well-paying work and generate more and better jobs means there is little reason to expect the downward spiral in public service cuts to end soon.

For example, making the way forward contingent on wage and benefits cuts for teachers only jeopardizes the quality of the city's educational system, an essential part of any long-term recovery plan that attracts new, and well-paying employment possibilities. Without sustained employment growth, revenues and expenditures can come into line only if Springfield curtails public spending on education, child and elder services, police and fire protection and education.[37] One of the Board's most public confrontations is with the Springfield Education Association as the Board attempts to abrogate negotiated pay raises and push through a labor agreement that will, in some cases, pay new teachers to the system more money than veteran classroom teachers.[38]

Historically, New England's education and training system satisfied the skill demands of employers and the river valley usually got high marks for its public schools and the large number of college graduates who lived in Western Massachusetts. In 1980 economist John Hekman noted that the most important factor in locating high technology firms is "high skills and scientific workers." For Hekman, New England's economic strength derived from its ability to provide various "highly specialized resources" required by firms engaged in "the design or production of their product" while "still in the innovation stage." When the mass production stage of a good is reached, "production has tended to migrate out of New England." Hekman and co-author John Strong described why certain kinds of firms settled in New England and by extension the Connecticut River valley:

> Areas like New England have a large number of firms which change their products and production processes frequently. Change means restructur ing, learning new methods, testing, and experimenting. While a company which produces a large volume of output using a well-defined and un changing production processes looks to site its plants in low cost areas with little

> regard for distance from headquarters, companies which are changing and developing usually must keep a close watch on production. The combination of first, the need for specialized skills and, second, the changing nature of a firm's need for resources helps keep industrial agglomerations together.[39]

New England's declining post–Second World War economic performance ought to have been discussed with some degree of urgency. The President's Council of Economic Advisers called attention to the situation in the early 1950s. It concluded that the region's firms were turning from their historical strengths: skill development, technological innovation, and the diffusion of new production methods. The purchase of valley firms by conglomerates exacerbated the erosion of shop-floor skills, as one after another, new owners disbanded apprenticeship programs, concentrating instead on training foremen to "get the work out." Finally, the search for the next cheap place to get things made supplanted the valley's "age of skill." Even the Armory, Springfield, Massachusetts' third largest employer, succumbed in 1968 and the city's Chamber of Commerce renamed the "Industrial Beehive" the "City of Homes."[40] One wonders what an appropriate nickname is in 2005.

Globalization increased the international labor pool and made capital and work more mobile. Firms globalized corporate assets and expanded their direct foreign investment in factories, office buildings, office equipment, and machine tools. The Connecticut River Valley did not escape these seismic shifts in employment and investment. As organized labor's ranks thinned and manufacturing declined, communities scrambled to save what jobs they could by offering corporations financial inducement to stay or move into their town.[41] This resulted in wage depression, declining household wealth, increasing income inequality, a degraded quality of life in older industrial regions like Greater Springfield, and bitter battles between unions and employers in the private and public sectors.

In December 1998 IAM District 91 reached agreement on a three-year contract with Pratt & Whitney. At the time the company indicated that about 1,000 additional jobs might be eliminated due to what it termed "production scheduling problems." But unionists were assured that no rerun of the drastic cuts that took place five years earlier was anticipated. Company officials emphasized that Pratt & Whitney was committed to Connecticut. Increased orders for very lucrative engine repairs and services were expected to boost jobs. Eight months later Krapek announced that Pratt would relocate engine repair and service work to Oklahoma and Texas and shutter a factory in Connecticut. As news of the cuts spread, Gary Daly, age forty-eight with twenty years of service at Pratt, typified worker reactions when he said that the company is "making record profits, and all they want is cheap labor, to bust the union. We've got mortgages and families and are trying to send our kids to school. What are we going to do, flip burgers?" Back then, turret lathe operator and IAM Executive

Board member Ted Durkin noted that there were some jobs available paying decent wages that required considerable training. “I’m 45 and lots of other workers are older. Not too many folks will want to start all over again and go back to school.” There are far fewer of these jobs in 2005. Retailers and casinos are the job creators now.[42]

Final Thoughts

For most of the last two centuries the Connecticut River Valley — with Springfield as its leading city — related to the rest of the country and the world as a stellar manufacturing center. Its metalworkers and machinery builders fueled the nation’s industrial revolution. In historical succession industries including textiles, paper, shoes, rifles and handguns, industrial machinery, aircraft engines, and computers generated spectacular wealth and advanced workers’ living standards. Metalworking growth stemmed from three related factors: continuous innovations in product design and development stimulated by the Springfield Armory; a nucleus of locally-owned, collaborative, machine tool builders and precision metalworking firms whose expertise provided the region with the first-mover benefits of any technological breakthroughs; and the base of skilled workers performing the precision machining required to turn out world-class products.[43]

Just as the river valley did before and immediately after the Civil War, today’s prosperous “learning regions” require workers able and willing to apply their intelligence at work, supported by an education and training infrastructure that facilitates the life-long learning required for knowledge-intensive production. Over the years the state and municipal governments have too often neglected this important asset while they searched for the silver bullet that would solve their problems. As precision metalworking jobs and the skill base cultivated up and down the Connecticut River Valley for over a century disappeared, too few policy makers and economic development officials asked: What next? Where will the area’s well-paying work come from? How can we educate the people who are losing their jobs so that they can transition to other high-paying work? How can we leverage the tremendous research and education resources of the Connecticut River Valley’s numerous colleges and universities to engage in long-term efforts to rebuild the employment infrastructure? How can we head off the economic misery that confronts working families?

The Springfield Armory was the original catalyst for development of the Connecticut River Valley. Its willingness to diffuse technical knowledge to its contractors spread best practice, and its ability to attract and train skilled mechanics laid the foundation of a highly skilled workforce. In turn, this served as a repository of knowledge, one means of incorporating new technical information, and the source of highly innovative new business startups. This is not unlike what Silicon Valley did for California. Burgeoning expertise in machine tool technology laid the foundation for a capital goods sector that interacted with emerging industries to create a diverse manufacturing base. Both benefited from learning processes within networks of machine builders, small specialist engineering shops, education and training institutions, and final goods producers. The strong shop-floor skill base, combined with innovative and forward-looking employers, provided the region with a competitive advantage for close to one hundred and fifty years.

The region's productive system reached its zenith during the Second World War. Now a "New Armory," a new catalyst for sustainable prosperity is required. Fiscal belt-tightening, a long-term freeze on teachers' wages, and fanciful notions that tourist attractions will somehow grow a plentiful supply of well-paying jobs cannot arrest the city and region's slump. The region is in danger of having its skilled labor base permanently eroded. Cutting back on public education depletes the skill base needed in the twenty-first century. A 2003 report prepared by Northeastern University's Center for Labor Market Studies drew on a series of focus group discussions with greater Springfield manufacturers. Employers noted that math and technical ability were essential for employees and that they were having a hard time finding qualified workers to operate new, advanced technologies essential if firms in the region were to remain globally competitive. Co-operation, collective action among the region's trade associations, trade unions, educational institutions, and supportive state and federal agencies is essential for meaningful job creation.[44] Closing libraries and museums harms the city's attractiveness as a place of learning. Balancing budgets by attacking municipal unions and battling in court over whether to pay negotiated pay increases does not build anything.[45]

Is there an Armory-like catalyst out there? It is difficult to say, but the river valley is blessed with fourteen higher education institutions, many of them richly endowed and most paying scant attention to the importance of sustainable regional social and economic development. The colleges in Springfield must realize that cuts to public education will impact their flow of local students and that the negative publicity about the city's decline well might cut into applications. The University of Massachusetts Amherst is roughly twenty-five miles from Springfield and also has a stake in the well being of the Bay State's third largest city. Poised for growth in Springfield's North End — on ground made vacant by the demise of metalworking — is a rich medical research complex with the potential to generate thousands of well paying jobs if the regional workforce is given the proper education and training and colleges and universities generate a research agenda focused, in part, on employment creation and the establishment of linkages with existing metalworking and plastics firms still in the Connecticut River Valley.

The Pioneer Valley Life Sciences Institute, a partnership between Bay State Medical Center and the University of Massachusetts Amherst could conceivably stimulate a boom in research spending and well paying work. Elsewhere I have analyzed the workings of two of the state's important manufacturing sectors, metalworking and plastics, and there is evidence that both sectors are important to the state's medical equipment and biotechnology industries.[46] Metalworking, plastics, and biotechnology comprise several thousand well paying manufacturing, research, marketing and business services jobs that we can not afford to lose. How do these industries intersect? Metalworking firms supply the leading edge equipment companies need to increase their productivity, enhance their quality, and compete in the global economy on the basis of cost and innovation. Plastics firms are important customers for the state's sophisticated mold making companies, while biotech firms purchase measuring and testing equipment from the state's precision toolmakers and plastics firms.

To flourish, the rich intersection of firms needs to be stimulated by clever industrial and economic development policies that reward innovation, heighten skills development, and promote collaboration across the Commonwealth. Investments in the higher education technology infrastructure for nanotechnology and other emerging fields, particularly in the Life Sciences, need to be boosted if the state's firms are to remain competitive with firms in New York, North Carolina, Texas, California, and in the developing world. Increased spending on biology laboratories in high schools and on education for our future biotechnology and nanotechnology workforces should have commenced several years ago. Southern states now recruit Massachusetts biotech firms with promises of state-of-the-art education and training facilities. And, perhaps not so glamorous in the public's eye, steps must be taken to hold onto and rebuild the skill base of precision machinists and metalworkers for a rapidly aging population threatens to break a historical continuity that stretches back to the early nineteenth century.

Rich consultant fees to outside academic experts may provide some with a nice lunch, but they have little long-lasting impact. The region's mainstream and grassroots public and private economic development agencies and organizations and this rich knowledge creation infrastructure need to join forces with the valley's unions and employers to generate a social and economic development plan for the future. The "New Armory"— a catalyst for growth and the antithesis of the solution offered by the Finance Control Board — is out there if folks look in the right places.

Acknowledgments

I extend my thanks to Alexandra Proshina, Research Analyst at the University of Massachusetts Donahue Institute for collecting employment and wage data for this article. I thank the University of Massachusetts Labor Centers for research support and Professors Jean Pyle and Tom Juravich for valuable comments on earlier versions of this article. Thanks to graduate student James Rather for his research help.

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SINCE

Folks are still looking for the "New Armory." The state-controlled Finance Control Board ran the city from 2004 through most of 2009. The *Republican* newspaper's Mike Plaisance summarized what the Control Board accomplished in a lengthy article on June 27, 2009.

> "Five years ago, the Finance Control Board arrived to rescue this city. No rose-strewn paths greeted these state-imposed saviors, who consisted of three appointees of former Gov. W. Mitt Romney, then Mayor Charles V. Ryan and Domenic J. Sarno, and the future mayor who was then president of the City Council. They soon learned what Ryan and Sarno already knew: Running a $41 million deficit and seemingly devoid of mechanisms to help itself, the state's third-largest city really was collapsing. "The city was insolvent, which means that it did not have the capacity to pay its bills. It reneged on the contracts it had with its employees. The city was owed (nearly) $50 million in back taxes," Ryan said.

So now what? When the Control Board's tenure ended the city had $34.5 million in cash reserves, with $54.8 million set aside for other uses and controls in place that restricted spending. Set up by Republican Governor Mill Romney and supported by Democrat, Governor Deval L. Patrick, Plaisance wrote that not all was 'hearts and flowers. "Fear, pain, bitterness and relief, not to mention lawsuits and lots of politicking, all had roles in the control-board era..."[1] City schools lost over 1,300 experienced teachers to better-paying jobs in nearby communities. Teachers, along with police, firefighters and members of other municipal unions—the city has about 6,500 employees—forfeited much of the cash due to them from a wage freeze. For Teachers Union president Tim Collins a big part of the multimillion-dollar cash-reserve cushion the Control Board bragged of consists of the pay raises union workers lost.

While this is disputed by the Control Board the fact remains that wages and benefits cuts were a significant part of the Board's restructuring of city finances.[2] Now that the Control Board has departed the city, the way forward, according to the city's mayor and many other civic leaders, is casinos.

According to an article in the *Boston Globe* "As many as four top-tier casino developers have informed Springfield officials that they would like to build a gambling resort in this struggling city on the Connecticut River, a level of interest unmatched in other parts of the state..."

Indeed, Springfield Mayor Domenic J. Sarno noted, "We're ground zero, baby."[3] However, a 2010 report by researchers from the Federal Reserve Bank of Boston hints at the fact that Springfield's jobs crisis cannot be solved by employment policies designed to spend public treasure luring casinos to town.

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Researchers from the Bank released a 2010 report examining "the availability of jobs across Springfield's neighborhoods and in nearby cities and towns." Their study analyzed data that overlaps a few years of the Control Board's reign. While the study focused on the extent to which the city's employment problems stem from issues related to job availability or accessibility as opposed to the qualifications of jobseekers in the local labor pool, for purposes here they concluded that the "number of available jobs in the Springfield area (about 76,000 within the city itself plus another 90,000 or so within a 10-mile radius of the city) is not abnormally low for a city with a working-age population of 113,000. The problem is that Springfield residents face significant barriers to being hired into, and/or remaining employed in area jobs."[4]

To overcome this situation they note that the leisure and hospitality sectors need to hire more people from inner-city neighborhoods. At the same time, "Expanded training, internship, mentorship, outreach, and other human capital-related programs are necessary in order to prepare more Springfield residents for employment. In addition, transportation enhancements or downtown job creation may be needed to improve their access to jobs in certain sectors."[5] The authors conclude, "In order for Springfield's resident employment to increase without decreasing the employment of current jobholders who live outside the city, Springfield and its surrounding region must engage in aggressive job creation efforts."[6]

Over the previous 200 years working people flocked to Springfield, Hartford, and the Connecticut River Valley for the well-paying jobs they could find there. Now young people voted with their feet and moved on if they could, while too many working people were trapped in their neighborhoods unable to sell their homes as the regional economy failed them.

Once in charge, the Control Board focused on a handful of symptoms of distress, but it failed to address the historical relationship between the disappearance of well-paying work and the city's plight. No one in a responsible position discussed how the loss of half of greater-Springfield's manufacturing plants between 1950 and 1987 accompanied by the loss of 43 percent of Hampden County's industrial employment between 1980 and 2000 affected the city's finances. The cumulative impact of the closings and layoffs breached the historical continuity of the valley as a world leader in precision metalworking. And, it was equally obvious that new high-wage replacement work had not materialized. Yet, from 2004 to 2010, rather than focus at least a modicum of attention on job creation and economic development, the Control Board centered its turnaround strategy primarily on the "containment of personnel costs."[7] This failure to focus on growing Springfield out of its budget mess, meant recovery remained elusive. In April 2007 the Executive Director of the Control Board reported that the city "faces a $3.2 million budget deficit for the fiscal year starting July 1 and deficits for the following three fiscal years" if it tries to pay back the original loan by 2009 as the enabling legislation required.[8]

By July 2009, things had gotten so bad that "even the trees were falling—their dead limbs crashing onto parked cars and into houses, spurring lawsuits against the city that could not afford to cut the trees down."[9]

The Board's term was extended to 2009 in mid-2007 when it became apparent that Springfield wouldn't be able to pay the loan back by 2012, a requirement of the enabling legislation. And, despite the arguments from union leaders that job cuts and wage freezes would negatively impact the provision of essential protective and educational services and cause residents to leave the city, the Board instituted a wage freeze. Teachers' previously negotiated pay increases were held back, causing the exodus of nearly 250 teachers during the 2004-2005 academic years alone. In early 2005 Springfield was referred to as "a city under siege."[10]

In one of its first public statements, the Board informed residents that:

> "No solution to the city's fiscal crisis can be achieved without a substantial reduction of personnel costs and expenses. It is clear that an integral part of the recovery plan for the city of Springfield must include work rule changes, benefits restructuring and take-home pay reductions for municipal employees."[11]

The Catalyst: "The New Springfield Armory?"

The original catalyst for economic development in the Connecticut River Valley was the Springfield Armory. For most of the last two centuries the Connecticut River Valley, with Springfield as its leading city, related to the rest of the country and the world as a stellar manufacturing center, its metalworkers and machinery builders fueling the nation's industrial revolution. Metalworking growth stemmed from three related factors: continual innovations in product design and development stimulated by the Springfield Armory; a nucleus of locally-owned, collaborative, machine-tool builders and precision metalworking firms whose expertise provided the region with the first-mover benefits of any technological breakthroughs; and the base of skilled workers performing the precision machining required to turn out world-class products; dealing cards and cutting city workers' pensions pales by comparison. Burgeoning expertise in machine-tool technology provided the basis for a capital goods sector, which, together with emerging industries created a diverse manufacturing base supported by a well-paid working class.

The productive system reached its zenith during the Second World War. Thereafter, Springfield and the region were caught up in the accelerated pace of globalization, and the skill base was no longer a sufficient magnet to preserve and increase well-paying work. Once locally owned firms changed hands, their assets were globalized, and the region's ability to shape and reshape its economic future slipped away. Springfield scrambled to save what jobs they could, offering corporations financial inducement to stay or move in.

Springfield and nearby Hartford, Connecticut, even engaged in a ludicrous 'border war', each city's mayor offering inducements to firms to move employment approximately 30 miles north or south along Route 91. While politicians fiddled, the skill base disappeared. East Hartford, Connecticut and Springfield—once home to major industries—suffered years of falling living standards and sharp population losses as a result of the collective failure to develop a new 'Armory,' a new catalyst for sustainable prosperity. It is hard to imagine casinos being that catalyst.

Now in 2012 it can be stated that none of the measures taken by the Control Board arrested the horrible slump in jobs. Of course, some of this mess was certainly exacerbated by the national economic recession. And, in my opinion, the aggressively top-down nature of the Control Board hampered any serious and long-term community-wide conversations about how to re-grow the employment base. Years into the Control Board's rule, unions representing teachers, police, and firefighters still fought through the courts for their legally negotiated pay increases. A 23-yearold-forklift operator expressed the feelings of many residents: "Just get it over with. To know your city is going broke—it's time to move out of here. There's no opportunity here."[12] Tim Collins, president of the Springfield Education Association, and an outspoken critic of the Control Board, summed up events thusly:

> "These political leaders have starved this city into this situation, so they could put forward their Draconian agenda. And the leadership of the Legislature is letting the city fail because they want to give Romney a black eye as he runs for president."[13]

In July 2007, Democrat, Deval Patrick, was elected governor and he put several new members on the Board and for the first time the Board talked about how it might stimulate economic development. Calls were made for colleges and universities to lend their expertise to the monumental task of finding several new "engines of prosperity" for the valley, ones that might match the skills and innovation that had previously propelled the regional economy forward. But little has been accomplished on this front.

In the end, the challenges and impacts of globalization and industrial atrophy on older industrial cities proved too much for the Control Board and its allies. While the financials look better, it is hard to make the case that the quality of life for many city residents has improved. And, it would be equally difficult to make the case that young people graduating from the city's high schools and area colleges and universities have great expectations about job possibilities in and around the city. So, after five years of the Control Board and three years for the changes in city practices it introduced to sink in, the jury remains out on Springfield's future. For me, the directional signs in Springfield are not encouraging.

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