



The Illinois Tunnel Company's new storage warehouse, ca. 1910, Taylor Street at the Chicago River. Photographer: Unknown. Source: Chicago Historical Society.

past 70 years. Like most other cities in the industrial Midwest, Chicago suffered terribly during the GREAT DEPRESSION, as the demand for Chicago-made capital goods and consumer durables plummeted. Similarly, both the city and the entire metropolitan region have been hurt by the decline of jobs in heavy industry over the past 30 years—the region lost a staggering 188,000 jobs in this sector during the 1980s alone. On the other hand, Chicago's economy grew robustly during the Second World War, for most of the period between 1945 and the early to mid-1960s, and during the 1990s. Chicago's economic performance, once amazing, has been solid since its apogee. To appropriate and adapt a conceptualization initially developed by historian John Higham, the period can be seen as one in which the city moved in economic terms from "boundlessness" to "consolidation."

DEMOGRAPHIC as well as economic data support the theme of "consolidation." Although the growth rate of the city of Chicago has been negligible (and, at times, negative) over the past 70 years, the Chicago metropolitan area has grown at a robust rate over much of the period. According to the 2000 census, greater Chicago constituted the third largest metropolitan area in the U.S., behind only Los Angeles–Riverside–Orange County and the New York City–Northern New Jersey–Long Island metropolitan conurbation. As such, "Chicago," with more than 8 million inhabitants, is still by far the largest urban center in the "fly-over district" of inland America.

Metropolitan Chicago's economy has experienced relatively robust growth for much of

the period too, despite severe problems related to industrial readjustment and restructuring during the 1970s and 1980s. Indeed, the Chicago area's economy as a whole continues to perform well, and, in some ways, Chicago's more diversified and balanced economy at the turn of the twenty-first century is healthier



Ore shipments to steel mills near 101st Street and the Calumet River, 1951. Photographer: C. J. Horecky. Source: Chicago Historical Society.

and more stable than ever before. Even the situation in manufacturing is more complicated than often assumed. Manufacturing has declined in relative terms in the Chicago area, particularly the manufacturing proportion of the area's labor force, but total manufacturing output has continued to grow, and the Chicago Standard Metropolitan Statistical Area ranks third behind New York and Los Angeles in most measures of industrial might. Chicago remains, according to almost every index, one of the most important industrial areas in the U.S. and in the world. Given Chicago's continuing importance as a center of trade, finance, and transport—air as well as rail and highway—how does one evaluate and interpret the modern economic experience of (metropolitan) Chicago?

One important consideration in attempting to answer this question is the relationship of Chicago to the Midwest. Unlike the situation during the period of Chicago's great ascent, the Midwest since the 1930s has been in a period of relative decline. The income elasticity of food, generally speaking, is low, which, not surprisingly, hurt the AGRICULTURAL Midwest; and with the expansion of capitalist markets in the U.S. and national economic integration, relatively underdeveloped or undeveloped American regions—in the South and West in particular—began to develop rapidly. To some extent, their development came at the expense of older regions, including the Midwest. In an efficient capitalist economy such as that in the modern U.S., standard economic

theory predicts that costs of production will converge with growth rates over time. Areas with very high growth rates, such as the Midwest in the late nineteenth and early twentieth centuries, would not be expected to sustain those rates as other areas developed, but to slow down and decline in relative terms over time. This is more or less what has occurred in the southern Great Lakes region, including metropolitan Chicago, since the 1930s.

Indeed, when one compares Chicago's structure of economic opportunity in the post-1930 period with the opportunities afforded the city in the period between the 1850 and 1930, one is struck by how much more constrained and limited Chicago's possibilities and options have been over the past 70 years than during the period of the city's ascent. Chicago's rise was in large part an expression, if not the embodiment, of the Midwest and its manifold resources: flat, fertile prairies during the great age of agricultural and railroad expansion; coal and iron ore during the age of steel; food, fibers, and raw materials during a period of rapid population increase, urbanization, industrialization, and economic growth in the U.S. To be sure, since the 1930s the U.S. economy has continued to develop, but hardly in the same way. The Midwest's comparative advantages have proved less compelling, and Chicago and Chicagoans have had to live with this painful, unvarnished truth. One can argue that metropolitan Chicago has fared pretty well under the circumstances, and that both the city and its inhabitants deserve high marks for devising and implementing sound development strategies and displaying considerable entrepreneurship.

Chicago has maintained a strong, increasingly high-tech industrial profile, for example, and has remained a center for wholesale and retail trade, distribution, and industrial and commercial exhibitions. The city has a huge presence in publishing, and it is one of the leading centers of finance, banking, and INSURANCE in the United States. Chicago, moreover, is still the major transportation node for the nation's interior: O'HARE International remains one of the busiest airports in the world; the city handles more railroad freight than any other U.S. city; Chicago has excellent highway connections and massive trucking and intermodal transport capacity; and it is a major inland port. With the opening of the ST. LAWRENCE SEAWAY in 1959, Chicago became a world rather than lake port.

Chicago has survived depression and war, the postwar boom, the retrenchment and restructuring of the 1970s and '80s, and the go-go 1990s with a good deal of its pride and prosperity intact. Although it will likely never again experience a period resembling 1850–1930, and although the city faces countless economic challenges—poverty, inequality, declining infrastructure, and insufficient investment

Patrick Ryan (Aon Corporation) on the New Economy

Well, I think that what has caused the change, probably is the sophistication of business, the globalization of business. Risks have become much more complex with high technology. If something blows up or burns, you know, drops through the ground from an earthquake, you've got huge investments in technology and business is interrupted, and it can have a ripple effect around the world. So the risks are just much greater. Secondly, through various forms of deregulation, the business has become much more competitive. It was, in many ways, very tightly regulated to a point that in many states everybody had to charge the same price, the same form. You couldn't differentiate your product; everybody paid the same. So it was really like a utility. Through deregulation, market forces took over and made the business much more competitive, drove prices down, which, you know, demanded efficiencies.

Ryan, Patrick. Interview with Timothy J. Gilfoyle, Loyola University, on the occasion of the 1998 Making History Awards, Chicago Historical Society.

Gilfoyle, Timothy J. "Wisconsin's Finest: Interviews with William Cronon, Abner Mivka, and Patrick Ryan." *Chicago History* (Summer 1999): 54–72.

in human capital, for starters—Chicago in many ways and for many people remains even today the "I will" city "that works." Whether it will remain so in the future as capitalist market integration intensifies in our increasingly "borderless" economic world is the challenge facing Chicagoans in the generations to come.

Peter A. Coclanis

See also: Chicago in the Middle Ground; Commercial Banking; Commodities Markets; Dictionary of Leading Chicago Businesses, 1820–2000 (p. 909); Economic Geography; Food Processing: Regional and National Market; Innovation, Invention, and Chicago Business; Global Chicago; Metropolitan Growth

Further reading: The best overview of urban development in the Midwest is Jon C. Teaford's *Cities of the Heartland: The Rise and Fall of the Industrial Midwest* (1993). Chicago's early economic history is vividly described by William Cronon in *Nature's Metropolis: Chicago and the Great West* (1991), which should be read in concert with Peter A. Coclanis, "Urbs in Horto," *Reviews in American History* 20 (March 1992): 14–20. For insightful analyses of the systemics of Chicago's economic development, see, for example, David R. Meyer, "Emergence of the Manufacturing Belt: An Interpretation." *Journal of Historical Geography* 9 (April 1983): 145–174; Meyer, "Midwestern Industrialization and the American Manufacturing Belt in the Nineteenth Century," *Journal of Economic History* 49 (December 1989): 921–937; William N. Parker, "The Industrial Civilization of the Midwest," in Parker, *Europe, America, and the Wider World: Essays on the Economic History of Western Capitalism*, vol. 2 of 2 (1991), 215–257; Brian Page and Richard Walker,

"From Settlement to Fordism: The Agro-Industrial Revolution in the American Midwest," *Economic Geography* 67 (October 1991): 281–315.



Cable Cars. See Street Railways

Cabrini-Green, neighborhood in the Near North Community Area. Formerly "Swede Town" and then "Little Hell," the site of the Cabrini-Green public housing complex was notorious in the early twentieth century for its inhabitants' poverty and dilapidated buildings. During World War II, the CHICAGO HOUSING AUTHORITY razed Little Hell and built a low-rise apartment project for war workers, naming it the Frances Cabrini Homes after the first American canonized by the Catholic Church. CHA further transformed the area with the high-rise Cabrini Extension (1958) and William Green Homes (1962). The original population of Cabrini-Green reflected the area's prior ethnic mix; poor ITALIANS, IRISH, PUERTO RICANS, and AFRICAN AMERICANS lived among the war workers and veterans. Racial segregation overtook Cabrini-Green by the early 1960s.

The large new APARTMENTS and large swaths of recreation space failed to mend the area's poverty. The difficulty blacks had finding better, affordable housing gave Cabrini-Green a permanent population. CHA failed to budget money to repair buildings and maintain landscaping as they deteriorated. Cabrini-Green's reputation for crime and gangs rivaled Little Hell's. The murders of two white police officers in 1970 and of seven-year-old resident Dantrell Davis in 1992 drew national attention.

Increasing real-estate values in the late twentieth century led housing officials to propose replacement of the complex with mixed-income housing. Residents argued however that such a move would displace them permanently, completing the slum removal effort begun with the building of Cabrini Homes half a century earlier.

Amanda Seligman

See also: Contested Spaces; Crime and Chicago's Image; Gentrification; Housing Reform; Near North Side; Neighborhood Succession; Subsidized Housing; Tenements

Further reading: Bowly, Devereux, Jr. *The Poorhouse: Subsidized Housing in Chicago, 1895–1976*. 1978. ● Marciniak, Ed. *Reclaiming the Inner City: Chicago's Near North Revitalization Confronts Cabrini-Green*. 1986.