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Is Another Exodus Ahead for U.S. Cities?

Without the right policy response, the pandemic and civil unrest could undo decades of urban progress.

Picture two young people living in the same divided American city, both of whom decided to take to the streets to protest police violence in the wake of the killing of George Floyd. One is working-class, recently unemployed and living with extended family in a neighborhood plagued by violent crime. The other is upper-middle-class, securely employed and living with a spouse in a much safer neighborhood where serious crime is almost unheard of.

Both are committed to fighting racism and support defunding the police. But consider what happens if defunding the police doesn't turn out as its champions hope and the dangerous neighborhood grows more dangerous, the safe neighborhood less safe. Will the better-off of the two young people choose to endure a deteriorating quality of life in solidarity with the poorest of her neighbors? Or will she move out of the city and leave her fellow protester to pick up the pieces? If I had to guess, I suspect she'd bolt. Self-interest has a way of trumping other considerations, including ideological ones.

The twin crises of Covid-19 and the recent civil unrest represent a turning point for urban life in America. They could herald an age of disorder and disinvestment for the American metropolis, or a civic revival that lifts the fortunes of city-dwellers of every color, class and creed.

As recently as February, it was hard to imagine that the workers, investors and entrepreneurs who have flocked to America's cities in recent years would flee en masse, not least because most cities had become so safe. Violent crime in the U.S. has fallen by half since the early 1990s, when the crack epidemic was raging in neighborhoods around the country. Hundreds of thousands of lives have been spared as a result of this extraordinary crime decline. Communities that saw steep declines in violence also saw increases in academic achievement, according to a 2014 study in the journal *Sociological Science* by Patrick Sharkey and colleagues.

The crime decline helped to stem the flow of people out of inner-city neighborhoods. It led a not insignificant number of high-income and college-educated families to choose to build their lives in neighborhoods that were once blighted and abandoned. It also created opportunities for less-skilled workers, many of them immigrants. Even as middle-skill jobs in production and clerical work evaporated, a large and growing urban service economy was a hopeful sign. Jobs in hospitality or entertainment, for example, depend on face-to-face interaction and a modicum of human warmth, making them resistant to automation.

Then the pandemic struck, causing a massive rupture in urban life that left millions of service workers unemployed, idle and angry. This development almost certainly contributed to the recent outbreaks of violence that were intertwined with the Floyd protests. Inevitably, the crippling of the service economy has also made urban life less attractive for the skilled professionals who fueled its expansion with their spending.

The shutdowns have already taught many large employers that much knowledge work can be done remotely. It remains to be seen if the rise of Zoom will transform America's urban geography, but it would be foolish to dismiss the possibility. In a recent survey of 1,500 U.S. hiring managers, Adam Ozimek, the chief economist at the online freelancer platform Upwork, found that 61.9% expected their workforce to be more remote in the years to come.

Consider the post-1960s transformation of America's urban cores, when poor black migrants arrived in large numbers and middle-class white residents fled. It's common to reduce this "white flight" to racial animus, and no doubt it played a role. But as the Princeton economist Leah Boustan observed in her 2017 book "Competition in the Promised Land," many middle-class whites decamped for the suburbs in those years even when their own neighborhoods remained as white as ever.

Part of the story is that the arrival of poor black migrants changed the composition of the municipal electorate, shifting the political balance in favor of increased spending on public services, which meant higher taxes. In other words, white flight often amounted to people fleeing taxes, some of whom surely thought of themselves as committed to the cause of racial justice. And though this middle-class exodus started with white city-dwellers, many upwardly mobile black families soon made the same journey.

One can imagine a similar dynamic in the near future, with a steady outflow of middle- and high-income households driving change in the composition of municipal electorates. As cities grow poorer and less populous, and as public employees come to represent an even larger share of those with meaningful political influence, urban populists may promise to redistribute whatever wealth is left—which in turn will contribute to further outmigration.

What can be done to prevent a repeat of the post-1960s exodus from America's cities? The indispensable first step is to meet the threat of Covid-19, an effort that must be led by a competent and committed federal government. Failure to contain and ultimately defeat the pandemic would do grievous harm to cities, where the virus spreads most easily, and to America's prospects for a meaningful economic recovery.

While fighting the pandemic, however, public safety can't be taken for granted. Instead of calling for defunding the police, urban leaders should focus on how they can make police departments more capable and effective. To foster more positive police-community relations, departments would do well to embrace precision policing, which leans on community outreach and careful analysis of crime patterns. The aim is to minimize adversarial encounters with law-abiding people who happen to reside in unsafe neighborhoods.

Cities must also limit the collective bargaining rights of public sector employees, to ensure that labor contracts don't lock in place rigid work rules that make it exceedingly difficult to boost efficiency. The coming years will be a time of fiscal retrenchment, which means that cities will have to get creative to maintain or improve the quality of public services while limiting spending. That simply can't happen without increased flexibility.

It is also time to end the gentrification wars that have roiled our most prosperous and productive cities over the past decade. The problem is real: A number of once-impoverished urban neighborhoods have grown so attractive to educated professionals that working- and middle-class residents, not to mention the very poor, have found themselves priced out. But the solution is not to resist new development, especially in the current economic climate. The best way to solve the problem of displacement in these neighborhoods is to relax and rescind counterproductive regulations and allow developers big and small to build new homes.

Finally, cities would do well to embrace a more pluralistic approach to education. There should be room for high-performing charter school networks, support for low-income families who send their children to private schools, and a more differentiated approach to learning within district schools. Urban school districts ought to look to Idaho, which gives the parents of every seventh grader \$4,125 to spend on education however they wish, from AP classes to remedial summer courses to training programs at local community colleges.

All these measures recognize that urban residents aren't a captive audience. Cities are facing a much more competitive landscape than they were even six months ago. Those that succeed will do so by offering the highest quality of life at a price that won't cause sticker shock. That is the surest route to maintaining urban communities that are more integrated, prosperous and just—a goal worthy of this moment.

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By Reihan Salam

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—Mr. Salam is the president of the Manhattan Institute and the author of “Melting Pot or Civil War? A Son of Immigrants Makes the Case Against Open Borders.”

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