

The Systemic Inequity Collection

New Orleans and the Hollow Prize Problem: Structural Limits on Black Political Power

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Introduction

Mayors in the United States often have more influence on the day-to-day activities of residents within their unique jurisdictions than any other elected office. While each U.S. president holds significant power as Commander-In-Chief, the primary direct interface most citizens have with the U.S. Government is either through its taxing function or by receiving some form of financial benefit such as Social Security or Medicaid. Each governor has wide powers in determining state funding priorities for highways, healthcare, and education, but not all citizens rely on these services to the same degree. Mayors, however, have a say in the provision of the services that residents use every single day. This includes water, sewerage, electricity, sanitation, roads, and drainage, to name a few.¹

Law enforcement is a shared function with the federal and state levels, but the vast majority of resident contact with law enforcement is with city police officers, not state troopers or federal agents.² The type of housing available to residents, even the physical structure of the neighborhood they live in, is determined largely by city governments through their land use planning functions. The control of land use, for the most part, is the domain of local governments. Former Harvard Urban Planning Dean, Alan Altshuler, argues: "Local governments exercise greater land use authority in the United States than in any other advanced democracy."³

In both form and function, the mayor of a city touches the lives of their constituents on a daily basis. Black civil rights leaders and Black political organizations made capturing the mayor's office a high priority during the civil rights movement period of the '60s and '70s.⁴ As certain areas gained Black majorities, these groups were, in fact, successful in capturing the office in some cities, including New Orleans. However, they soon learned that the office did not have the same power and influence enjoyed by their White predecessors, in effect making it a "hollow prize." White middle-class residents had begun the migration to the suburbs, taking their tax money with them.⁵ In addition, state and federal sources of funding for cities began declining starting in the late 1970s.^{6,7} As the revenue shrank, so did the power of the office.

The consequences of the reduced influence of the mayor's office meant that Black mayors were hamstrung in delivering the level of services necessary to lift the poorest members of the community out of poverty. The expectation that electing a Black mayor would result in improving the quality of life for all Black residents was not realized. Addressing this problem is important to the long-term prosperity of New Orleans, because the city has a majority Black population and has a high poverty rate.⁸ Without structural changes to urban governance and revenue streams as discussed later in this paper, urban areas will continue to suffer with poorer schools, infrastructure, and other services needed to support residents' upward mobility.

This paper examines the historical process that created the current structure, and explores possible solutions moving forward. It should be noted that the term "hollow prize" originally applied to Black majority cities taken over by Black mayors. But in terms of Black majority cities having challenges in acquiring resources, there is little difference between the constraints on Black mayors and White mayors. A study of 167 elections found that: "In most observable policy areas, the inauguration of a Black mayor leads to policies that are indistinguishable from cities where Black mayors do not govern. Police hiring represents an exception, with Black mayors hiring more



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Black officers.”⁹ The race of the majority of residents, not the race of the mayor, is what triggers the hollow prize. Some cities without Black majorities such as Los Angeles, San Francisco, Dallas, and Houston have all had Black mayors and it had no effect on their continued growth.¹⁰ Whereas once White flight begins, demographics shift, revenue is reduced, and the race of the mayor diminishes in importance.

History of the challenge

A few Black mayors were elected to run small cities in the South during the Reconstruction period when federal troops were occupying those cities, and small to medium size cities in Michigan and Indiana saw Black mayors take office in 1966 and 1967.¹¹ However, the modern era of Black mayors running major U.S. cities began with the election of Carl Stokes as Mayor of Cleveland in 1967. At the time, Cleveland had a population of 811,000, and 37% of that population was Black.¹² Even though only a small handful of Black mayors had taken office before 1970, scholars were already predicting that newly elected Black mayors would immediately face difficulty in governing due to White residents fleeing to the suburbs and taking their tax money with them. Scholars of urban politics began to develop arguments that the mayor’s office would be a less effective political tool than when White occupants held it. Political scientist Paul Friesema coined the term, “hollow prize,” in describing mayor’s offices during this time of political change.¹³

After the election of Stokes in Cleveland, Black mayors were elected in several other medium to large cities, including Kenneth Gibson in Newark (1970), James Ford in Tallahassee (1972), and Ted Barry in Cincinnati (1972). The year 1973 was an especially significant year, as it saw Black mayors take the helm in Detroit (Coleman Young), Atlanta (Maynard Jackson), Los Angeles (Tom Bradley), and the first Black woman mayor was sworn into office in Compton (Doris Davis). From this point forward, the pace of Black mayors, and the election of Black public officials in general, accelerated. The first Black mayor in New Orleans, Ernest “Dutch” Morial, won the office soon after in 1977.

Most early Black mayors were products of the civil rights movement of the 1960s. Many started their careers as civil rights lawyers, pastors, or business leaders, who organized community groups for civil rights marches, sit-ins, and non-violent protests. In time, those civil rights organizations morphed into political organizations, and they used their infrastructure to help White politicians get Black voters to the polls in return for more resources and investment in Black neighborhoods. Eventually, these groups used their organizing ability to elect Black politicians to local offices such as city council, state legislature, and finally, to capture the mayor’s office.¹⁴

However, a primary factor allowing these Black mayors to get elected in cities where they would not have previously been competitive was an increase in the proportion of Black voters in the electorate of each city. The rising percentage of Black voters was a result of White voters leaving the city and moving to the suburbs in search of larger parcels of land, cheaper land per square foot, as well as racially and culturally homogeneous schools and neighborhoods. In addition to the racial and cultural preferences of White voters, there were many federal policies that facilitated and incentivized the migration of middle-class Whites to the suburbs. These policies included desegregation of the public school system,¹⁵ which drove White families into the suburbs because they didn’t want to place their children in the same classroom with Black children. Other policies influenced housing, as White families had access to federally subsidized home loans, while Black families were denied access through the practice of “redlining” as well as direct discrimination.^{16 17}

While White flight allowed the Black population and Black political power to increase, it came at a heavy price. Most of the White residents who left were middle-class. The reduction of this financially stable population meant a reduction in revenue from the property taxes and sales taxes that they were paying when they were residing in the city. As a result, Black mayors had less revenue to spend on city services. At the same time, they discovered that even though they had less money, the needs of the population were actually greater than before.¹⁸

The period of Black mayors coming to power coincided not only with a declining residential property tax base, but also with the deindustrialization of central cities. Manufacturing jobs began leaving central cities in the ‘50s and ‘60s, and the process greatly accelerated during the ‘70s and ‘80s as corporations left the city for suburban or rural areas, where they were promised cheaper and more land to expand. The expansion of the Interstate Highway System reduced transportation costs for the corporations and made it cost effective for them to move their operations out of the central city. In addition, some companies moved outside of the U.S. altogether to take advantage of cheaper labor costs in countries with lower living standards or lax safety regulations. Improved technology and automation also took a toll on manufacturing jobs, as many human operations could be replaced by machines, computers, or robots.¹⁹

This reduction in urban jobs disproportionately hurt working-class Black residents, as many were either forced to take lower-paying retail jobs or thrown into long-term unemployment. With increasing vacancy in both business and residential areas, buildings were no longer being maintained and physical decay ensued. This led to urban blight which began a cycle of inner-city decay as developers refused to invest in urban property.²⁰

Moreover, as a rule, cities nationwide cannot depend on states to bail them out. State and federal government funding to cities began to decline in the late 1970s.²¹ At the moment when working class residents needed more help with housing and employment, the city government had less revenue to take actions to help these residents. This was the standard state of affairs that many Black mayors faced as they took office.²²

The disappointment of the “hollow prize” was acute, particularly because reaching the pinnacle of city government was considered a culmination of many of the civil rights movement’s goals. Thus, it was disappointing to civil rights activists that the mayors they helped to elect actually lacked the power to improve circumstances for the poorest and most vulnerable in their communities.²³

The news was not all bad for new Black mayors, however. Those Black citizens who were city employees or college educated professionals benefited from the rise of Black politicians. The first decade of Black mayors coincided with a generation of new Black police chiefs, fire chiefs, and city department directors. The act of normalizing Black leadership in the public sector influenced the private sector, and new opportunities opened up for attorneys, physicians, and other Black college-educated professionals. Economic research on this period shows correlations between the election of Black mayors and increases in the Black middle-class employment rate in specific cities, including Chicago, Cleveland, Detroit, Philadelphia, and Washington, DC.²⁴ The challenge then, as now, is in determining how to transfer the benefits of political power to the entire community without leaving the poor and working class behind.

By the time Black mayors began to be elected in the City of New Orleans, the population was already in decline. After reaching an all-time peak of 627,525 in 1960, it dropped to 591,502 in 1970.²⁵ Over the next four decades, this pattern continued, with 557,515 in 1980; then 496,938 in 1990; and 484,674 in 2000. Hurricane Katrina greatly affected the 2010 census, which came in at 343,829, and the most recent 2020 census count is 383,997—well below the pre-Katrina population.²⁶

The reduction in population, combined with subsequent reductions in state and federal funding, created a difficult financial climate as the first Black mayor was elected in 1977. A ten-year financial review of the city budget from 1979 to 1989 showed a sharp reduction in annual revenues between 1979 (\$304 million) and 1989 (\$271 million) (These numbers are not adjusted for inflation.). The same study also shows a decade-long reduction in state funding from \$27,323,100 in 1979 to \$5,151,754 in 1989, and a decade-long reduction in federal funding from \$24,127,510 in 1979 to a paltry \$680,074 in 1989.²⁷

It should be noted that the first Black mayor being elected in New Orleans also coincided with a national oil bust which reduced tax revenues in all oil-producing states. However, majority-White cities in the region recovered quicker and continued to grow in population, indicating that White flight was probably a longer-term factor in revenue reduction in Black majority cities than oil prices.²⁸

Black mayors had few politically acceptable ways to make up the loss through self-generated funds, because, at the time, the city’s property tax millage, at 146.28 mills was the highest in the state, and the combined state and local 9 percent sales tax in New Orleans was already the highest in the country in 1989. The ten-year financial review released in 1989 concluded that: “The basic long-term problem is that New Orleans has a revenue structure that is too limited to provide sufficient revenues and is incapable of growing as spending grows due to inflation.”²⁹ There was no simple way to counteract the loss in federal and state funding along with the loss of so many middle-class residents to the suburbs.

WHAT’S A “MILL?”

A mill is equivalent to a dollar of tax for every \$1,000 of a property’s assessed value after subtracting the homestead exemption.

Post-Katrina, as the city has become whiter and property values have gone up, the Bureau of Governmental Research has noted that, in the years between 2010 and 2019, the city’s annual revenue actually has grown from \$538 million (\$1,546 per resident) to 716 million (\$1,830 per resident).³⁰ However, because the city’s aging infrastructure was built for a tax-base of over 600,000 people, and it has decades worth of deferred maintenance to face, these increases have not been sufficient to meet current needs.

When Ernest “Dutch” Morial was elected as the first Black mayor of New Orleans in 1977, he had previously served as a Louisiana State Representative, then a State Appeals Court Judge, and like his counterparts in other cities, had been a civil rights leader. He won with 97 percent of the Black vote and 19 percent of the White vote.³¹ Morial gradually began to increase the number of Black professionals in city hall, continuing the racial integration of leadership positions in city hall which had actually begun under his predecessor, Mayor Moon Landrieu.³²

A major emphasis of the Morial administration was enhancing the economic development of the city. Moon Landrieu benefited from a large influx of federal money, mainly from the U.S. Department of Housing and Urban Development (HUD). Similarly, Morial was able to capitalize on these opportunities, creating a new Office of Federal Programs and Special Projects to creatively use federal funds to tackle major urban problems. He established the city’s first professionally staffed Office of Economic Development, tasking it with development and implementation of economic development strategies for the city as a whole. Urban Development Action

Grants (UDAG) were used to augment downtown development as well as neighborhood revitalization. While he continued to support the large-scale tourism promotion efforts begun under the Landrieu administration, Morial also sought to diversify the economy by creating the infrastructure for a new manufacturing base through the development of the Almonaster-Michoud Industrial District, located in an undeveloped section in New Orleans East.^{33 34}

Morial introduced a number of local revenue measures in an attempt to resolve the growing fiscal crisis. However, none of the more progressive taxation measures passed.³⁵ Then, as now, measures on the ballot to ask city residents to raise their own sales taxes or property taxes usually get voted down. The current mayor has experienced this as well. WDSU notes: "Five of the seven tax proposals Cantrell has put before voters since she took office in May 2018 have failed."³⁶

Being the first Black mayor of a racially divided city, Morial had an extraordinarily complex set of political pressures he had to balance. University of New Orleans historian, Arnold Hirsch, argued: "He was a fiscal conservative who preached the gospel of self-reliance, both to the city as he tried to cut its dependence on federal revenues, and to young Blacks out on the street looking for work. Indeed, after he had broken a police strike in his first year in office and joined with more progressive elements of the business community to promote economic growth in the private sector, the Wall Street Journal referred to him as a 'Black Calvin Coolidge.'"³⁷

Morial was followed by Sidney Barthelemy. Barthelemy was a city councilman at the time of his election as mayor in 1986. Barthelemy continued the appointment of Black citizens as city department heads and pursued the tourism-based economic development strategy. Among the highlights of the Barthelemy administration were the opening of the Aquarium of the Americas, the Riverfront streetcar, the visit of the Pope (1987), the hosting of the Republican National Convention (1988) and the NCAA Final Four tournament (1993). Gambling was legalized, and the first casino opened. State funding was also secured to build a new basketball arena, which would lead to the city landing an NBA team during the following administration.³⁸

After Barthelemy came state senator Marc Morial in 1994, the son of Dutch Morial. His term was marked by a large reduction in crime, the continued expansion of the convention center, and continued expansion of the tourism economy. Under his watch, more hotel rooms were added, and he orchestrated the return of the NBA, with the relocation of the Hornets (now Pelicans) from Charlotte to New Orleans. His term was also noted for progressive policies requiring city contractors to have a minimum percentage of minority employees and minority subcontractors.³⁹

In 2002, the second Morial was followed by Ray Nagin, a corporate executive who served as vice president and general manager of the city's cable company, Cox Communications. Nagin came into office as an outsider and a good government reformer. Hurricane Katrina hit during his first term, which was subsequently defined by the hurricane and the failure of the federal levees and his response to it. In 2014 he was convicted in Federal Court of wire fraud, bribery and tax evasion, and sentenced to ten years in prison.⁴⁰

After the Nagin term, the voters returned to a traditional politician in Lieutenant Governor Mitch Landrieu, like Marc Morial, the son of a former mayor. A large part of Landrieu's term was spent utilizing federal recovery funds to rebuild the city post-Katrina. His term ended with his actions to remove statues of Confederate generals from historical sites within the city. Landrieu is well-known nationally for his efforts on racial reconciliation. He was the first and only White mayor to serve since his father left the post in 1977.⁴¹

The current mayor, LaToya Cantrell, was a councilmember with a background as a post-Katrina neighborhood organizer. As with any mayor who serves during a disaster, Cantrell's term will be judged, in part, by her response to the COVID-19 pandemic.

Current Inequities

Mayor Cantrell has the challenge of fighting the COVID-19 pandemic, which basically shut down the tourism industry. In a city highly dependent on tourist revenue, the full or partial lockdowns have been devastating.

Property taxes make up about 45% of the combined budget of the New Orleans City Government, which includes the New Orleans Police Department, Fire Department, Orleans Parish School Board, and city parks, among others.⁴² The rest of the revenue comes primarily from taxes on sales, motor vehicle permit fees, hotel room taxes, traffic ticket fines, and utility bills.⁴³ This refers specifically to the general operating fund, not the capital construction budget, which is supported by a considerable amount of federal funding.

The city collects 16.35% in hotel taxes on guest room charges (about \$200 million in 2019). However, about 90 percent of that revenue goes to the state, primarily earmarked for tourism and convention agencies.⁴⁴ The state taking most of the hotel taxes predates Black mayors and has been in place since the early 1960s.⁴⁵

Most casino revenue also goes to the state. Louisiana casinos pay an effective tax rate of 26% on gross revenue: 21.5% to the state and only 4.5% to local governments. Increasing casino taxes is probably not feasible because Louisiana casinos already pay a higher rate than their Mississippi competitors, who pay 11.6%.⁴⁶

Another revenue challenge for the city is the Louisiana Industrial Tax Exemption Program (ITEP). Manufacturing businesses could get 100% of their local property taxes exempted for up to 10 years, with approval of the state Board of Commerce and Industry. Tax commission records show that the city lost more than \$100 million in revenue during the decade prior to 2016 due to the state approved ITEP property tax exemptions, without any evidence that the tax break created any new manufacturing jobs.⁴⁷

With substantial grassroots activism, in 2016 the incoming governor signed an executive order requiring businesses to get approval from local governments for such local property tax breaks.^{48 49} Within two years, at least five local taxing entities across the state had chosen to restrict the tax breaks.⁵⁰ In 2020, the legislature put a constitutional amendment on the ballot that would allow businesses to get large local property tax breaks in exchange for paying some money up front to localities. The new proposed tax break was voted down by a wide margin after widespread grassroots organizing against it.⁵¹

Mayor LaToya Cantrell and her administration began the 2021 fiscal year trying to plug a \$40 million hole in the city's budget due to a loss in sales tax revenue caused by the public health shut down. The original 2021 city budget proposal, in the amount of about \$633.5 million, was a 12% reduction from the previous year's budget. Without federal intervention, it would have cut city workers' pay by 10% through the following year and slashed as much as 40% from individual department operating budgets.⁵²

The first attempt of the federal government under the Trump Administration to help local government during the pandemic was the CARES Act passed in March 2020. However, the CARES Act money was allocated to the states and at their discretion as to how much cities received. Louisiana reallocated a large percentage of the funds to small businesses rather than local governments. What remained was not enough to pay out valid claims from local governments statewide according to the Commissioner of Administration.⁵³

The CARES Act, as a policy, failed to combat the dynamic wherein states don't provide cities with the funding and latitude they need to meet the needs of their low-income residents – a continuation of practices originally contributing to the “hollow prize” problem. The Brookings Institution notes: “In recent years, tensions between many U.S. cities and the states that house them have intensified amid rising political polarization. States have become increasingly “red,” with Republicans now safely commanding full control of 23 states while Democrats control only 15. By contrast, cities have become more “blue,” with the vast majority of mayors being Democrats. Of the nation's 100 largest cities, Republicans lead only 26. Evidence of these tensions between states and cities include 28 states that have prevented cities from increasing the minimum wage, and 23 states that have stopped cities from enacting paid family leave.”⁵⁴

The Biden Administration and members of congress recognized that the next COVID-19 stimulus proposal, the American Rescue Plan, would need to include direct funding to cities and constructed it such that cities and counties will receive funding directly. The City of New Orleans will receive about \$375 million from the American Rescue Plan (ARP). Based on the population formula in the legislation, the city receives \$300 million. The additional \$75 million comes from an allocation specifically to counties. The City of New Orleans and the Parish of Orleans share the exact same boundaries, so New Orleans is classified as both a city and a county. Although the ARP funding will help to fill current gaps in the revenue stream, sales taxes are projected to be below normal for the next several years as the tourism industry recovers. City leaders hope to stretch the funds to cover what could be years of budget shortfalls. Chief Administrative Officer, Gilbert Montañó says: “When we talked about our deficit, we always talked about these issues being three to five years in nature. We have to be able to look over the long-term for these dollars.”⁵⁵ Thus, even flexible federal funding directly provided to cities, will only improve conditions for low-income residents if leaders prioritize their needs specifically.⁵⁶

Implications for future policy and actions

The challenge is that so many factors that directly affect the city are outside of the control of the mayor: The White House's urban policy, federal funding from congress or HUD, state funding, national economy, state economy, etc. Under the court precedent of “Dillon's Rule”,⁵⁷ cities are “creatures of the state.” They have no legal autonomy other than those rights granted to them by state legislatures. Therefore, in many instances, mayors need to work with state legislatures to get things done.

One possible path to increase revenue to the City of New Orleans is to work with the Louisiana Legislature to create a regional taxing district in order to bring about a fair distribution of regional property taxes. The current system is problematic because the central city carries the burden of paying for the infrastructure that supports the economy and jobs of the entire region, especially those suburban parishes where many New Orleans work-based professionals reside. For example: A corporate attorney needs access to the state and federal courts in the central business district. He or she may also have an office in the CBD, and of course also uses the roads, sanitation, drainage, police protection, etc., of the city to support employment. However, if that attorney lives in the suburbs, he or she does not pay full price for that infrastructure and services, because that attorney's property taxes stay in the suburban parish. And as infrastructure and services within the city degrade, the productivity and prosperity of the entire metro area can be affected. Recent research by political scientist, Scott Allard, indicates that poverty rates are increasing in many inner-ring suburbs, as they lose jobs for the same structural reasons that their adjacent central cities lost them.⁵⁸

The purpose of a regional taxing district is to distribute taxes fairly as well as to make sure that the services and infrastructure of the central city can be supported. The most robust example of a city where the regional tax base sharing concept works is Minneapolis, Minnesota. The state legislature of Minnesota created the first regional revenue sharing law in the U.S. when it passed the Minnesota Fiscal Disparities Act in 1971.⁵⁹ Due to litigation, the law did not go into effect until 1975. The law requires each taxing jurisdiction in a seven-county area to contribute to a regional pool at a rate of 40 percent of the growth in the value of its commercial-industrial tax base. Cities are assigned a portion of that pool, based on population and the ratio of the total market value of property per capita in the jurisdiction. That city's average market value is compared against the average market value of property per capita in the entire seven-county region. Cities with higher-than-average property values get a smaller share of the 7-county base pool. Cities with lower-than-average property values get a larger share of the regional pool.

The Tax Base Sharing Program shared \$697 million in tax revenue for taxes payable in 2021.⁶⁰ The primary goals of the program were to provide the Minneapolis metro area with sufficient resources to operate efficiently, and to roughly "equalize" the per capita tax collection across all jurisdictions within the 7-county district. While the first goal is subjective and open to debate, the second goal can be quantified. A study by the Minnesota House of Representatives in 2020 demonstrated that the law had helped to narrow the fiscal disparities between urban areas and suburbs.⁶¹

While there are no other programs as comprehensive as the Minnesota case, several other states have experimented with tax sharing programs. In New Jersey, within the Hackensack Meadowlands, each community contributes 40% of the revenues it collects to the common pool. From that fund pool, each receives a payment for public school pupils living in the district's residential development equal to the cost of educating these students, as well as a payment reflecting the percentage of property the community has in the Meadowlands District. Some 2006 communities receive more than they contribute, others less. However, a tax sharing stabilization fund was created by the state to stabilize the adjustment payments of both the paying and receiving municipalities.⁶²

In Virginia, the City of Charlottesville and Albemarle County contribute portions of their respective real estate property tax revenues to a common revenue and economic growth sharing fund that is distributed between them on the basis of population and local tax rates.⁶³

There has been very limited authorization for tax base sharing in New York State. The City of Gloversville provides water and other services to the Town of Johnstown in exchange for a share of tax revenues resulting from development of properties in the town receiving the services. Those shared tax revenues could include property tax, sales tax, and any other specified taxes generated from such properties.⁶⁴

Another approach to increasing city tax revenues is a tax on any wages earned within the city by non-residents. Philadelphia was the first city in the U.S. to enact such a tax, in 1939. This tax is imposed on all money earned in the City of Philadelphia, regardless of where the taxpayer lives. In 2021, the tax was 3.8398% for residents of Philadelphia, and 3.4481% for non-residents.⁶⁵ The wage tax accounts for 45% of Philadelphia's annual revenue, and the city typically collects 40% of its roughly \$1.5 billion in annual wage taxes from non-residents.⁶⁶ Other cities that have taxes on non-residents' earnings within the city include New York, Detroit, and Jersey City, New Jersey.

Any sort of equitable distribution of tax money would require both urban and suburban state legislators to cooperate in the best interests of the metro area. There may be little incentive for suburban legislators to cooperate because most of their districts are gerrymandered to exclude voters that reside within the city limits.⁶⁷ However, with the recent release of 2020 census data, legislative district lines must be redrawn. These districts could be redrawn so that suburban legislators on the fringes of the city receive more urban residents. With poverty growing rapidly in the suburbs, elected officials from urban and suburban areas now have similar

THE HOLLOW PRIZE POLITICAL CAREER PROBLEM

An important political consideration when thinking about how mayors can influence larger state and national urban policy is the political career trajectory of most mayors. For the majority of occupants, the mayor's office will be the final office they hold.⁷⁴

A study conducted by Boston University examined mayors of 196 of America's largest cities—nearly 700 American mayors—elected or appointed from 1992 to 2015. Fewer than 20% of the mayors ever ran for higher office and fewer than 15% won a primary. Only 5% of the former mayors actually won a general election and went on to serve in a higher office.⁷⁵

While the full reasons for this relative lack of success are not clear, the fact that only a few mayors have ever reached the Governor's Mansion or the U.S. Senate means that most state-wide and federal officeholders will not have experience in city government. This decreases the probability that those higher office holders will have a deep understanding of the needs of the city. It might also discourage some young, ambitious, high-quality candidates from running for mayor, because they will see the evidence that it is not the optimal path to higher office.

challenges and demands from constituents. Louisiana has until the end of 2022 to complete redistricting, which allows ample time for lawmakers to get citizen input on how new legislative boundaries are drawn.⁶⁸

The current “status quo” method that most cities use to improve their fiscal condition is to attempt to attract mobile human- and financial-capital into the city to spend money. This broad range of activities, which includes site selection assistance, and direct incentives to companies, as well as general promotion of the city, comes under the definition of urban economic development.⁶⁹ The theory behind urban economic development policy is that as more residents, customers, and businesses are attracted to a geographic area, they will spend money on goods and services. The increase in spending is expected to result in an increase in sales tax revenues collected by the city. This standard model of economic development exists across all types of large cities, and applies whether they are majority White, majority Black, or whether they are governed by Democrats or Republicans.⁷⁰

The ubiquity of the practice is also its weakness. Every city uses it, so every city is in competition with every other city in the U.S. for companies, investors, tourists, and residents. Because of this fact, attempts at significantly increasing tax revenue using these methods have been uneven and unreliable. In most cases, the factors that determine winners and losers in urban competition are changes in the global economy, when some types of geographies become more profitable than others.⁷¹ Since these global factors are beyond the control of public officials, and are unpredictable, it’s difficult to base a long-term economic strategy on city promotion.

Some scholars have taken issue with the city promotion strategy of urban development.^{72 73} The main criticism is that since there is no way of predicting which geography will be profitable, there is no way of predicting which economic development strategy will work. Economic development—as typically implemented—is thus a large gamble of tax-payer money.

Supporters of this argument suggest that rather than gambling on factors that they cannot control, mayors should focus on efficiently delivering social services and on social justice and equity issues within their jurisdictions. These equity issues include livable wage guarantees, healthcare clinics, access to affordable housing, equal rights for LGBTQ+ residents in accessing city services, and public safety for all neighborhoods. Directly investing in people with job training programs is also within the direct control of mayors and city governments.

However, even these scholars admit that there is a serious resource gap between what cities need to do and what they can afford to do. Creating a more equitable city would alleviate some of the suffering of the poorest citizens, but equitable policies alone would not substantially increase the revenue coming into city government. Because these scholars oppose economic development to generate sales tax, their proposals to get more revenue are a combination of giving cities authority to tax citizens who work in the city but live in the suburbs, state funding increases, and federal funding. Other proposals deal with changing city limit lines to annex surrounding suburbs. In Louisiana, careful modification of the generous homestead exemption that avoided exacerbating problems with affordable housing and increasing the tax-burden on low-income residents could bring much needed funding to localities. At the end of the day, cities’ revenue problems require big solutions, even if they are politically difficult.

Conclusion

Black mayors taking office was one culmination of many political efforts undertaken during the civil rights movement for Black citizens. However, Black mayors were taking office just as many residents were departing for the suburbs, tax revenues were dramatically shrinking, and some of the powers of the office were being curtailed. The elevation of Black residents to the mayor’s office did result in the Black middle class having more employment opportunities, but the poor and working-class were left behind.

Mayors can fight systemic inequity, as progressive leaders always have, by prioritizing the needs of low-income and working-class residents in their budgets, and by protecting the constitutional rights of vulnerable populations to allow everyone an equal access to opportunity within the urban environment. But in order to meet all residents’ needs, new methods of raising revenue will need to be crafted. Equitable investments are possible with flexible federal funding streams, such as the ARP funding coming to New Orleans—but only if city leaders prioritize the needs of the most vulnerable when making decisions on how to spend these funds. As poverty increases in the suburbs, banding together with suburban leaders will be critical for successfully lobbying state legislatures for greater revenues and more autonomy in local policymaking. Together city and suburban leaders, or legislators that represent districts spanning cities and suburbs, can tackle what seem like intractable political problems to increase local government budgets and reinstate local decisionmaking powers stripped away by state governments. Regional cooperation between the city and the suburban areas has benefits for all, since, as the city goes, so goes the suburbs, and so goes the state.

Endnotes

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About The Data Center

The Data Center is the most trusted resource for data about greater New Orleans and Southeast Louisiana. Since 1997, The Data Center has been an objective partner in bringing reliable, thoroughly researched data to conversations about building a more prosperous, inclusive, and sustainable region.

The Data Center, well known for its extensive data on New Orleans neighborhoods, also became the local authority for tracking post-Katrina recovery with *The New Orleans Index*. Later, during New Orleans' 300th anniversary, The Data Center published *The Prosperity Index* to advance local conversations on improving racial disparities and economic inclusion as a necessary pathway to creating a more prosperous and competitive region.

About The Systemic Inequity Collection

The Systemic Inequity Collection includes contributions from nearly a dozen local scholars on the long reach of historical inequities built into the systems that shape our practices, policies, and beliefs today. Identifying these antecedents is critical to developing informed and sustainable solutions that improve quality of life across New Orleans. Inspired by the inequities exposed during the COVID-19 pandemic and summer 2020's national reckoning with long standing social justice issues, each essay seeks to provide contextually relevant recommendations aimed at producing more equitable outcomes, broader prosperity, increased economic inclusion, and greater regional competitiveness.

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