URBAN GOVERNANCE AND ECONOMIC DEVELOPMENT:
AN ANALYSIS OF THE CHANGING POLITICAL ECONOMY
OF WILMINGTON, DELAWARE, 1945-2017

by

Jason Bourke

A dissertation submitted to the Faculty of the University of Delaware in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Urban Affairs and Public Policy

Spring 2018

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ACKNOWLEDGMENTS

There are a great many people to whom the author of this work is personally and professionally indebted. These individuals have earned every bit of gratitude that can be mustered and it is regretted that there are inevitably some who will be missed. First, I express my gratitude to the thirty-plus interview participants who have been so generous with their time and recollections. This research design depended entirely upon the kindness of strangers, an intimidating proposition, but one made possible by a broad, interwoven and generous community in Delaware. In addition to the participants who took time out of their schedules to share their experiences with me, I have been the beneficiary of the advice and kindness of people across the University of Delaware, the City of Wilmington and several other institutions. These folks include faculty in the School of Public Policy and Administration, like Professor Ed Freel, who provided advice and materials; and Professor Raheemah Jabbar-Bey, who in addition to general advice, participated in an interview, helped make important connections, and provided general guidance and mentorship throughout my time at the University of Delaware. Supporting staff at the School of Public Policy and Administration have all kept my academic life running smoothly. My peers in the School of Public Policy and Administration have been comrades, sounding-boards, and friends throughout this effort. In particular, David Karas has served as a much-needed sounding-board, support, and connection to the City of Wilmington. His assistance and friendship have been indispensable.
My dissertation committee has an obvious role in making this work happen, but each have gone far beyond what I believe I had any right to ask of them. Dr. Steven Peuquet has been a mentor throughout my time at the University of Delaware, contributed a great deal to my experiences of community development in Delaware and has been a source of a great deal of personal and intellectual growth. Dr. Tony Allen has lent his perspective and advice through the development of the research, helped make connections to key participants, and helped me respectfully and honestly understand and report issues related to civic, economic and social life in the African American community. Dr. Andrea Sarzynski has provided much-needed methodological and technical advice, fresh perspective, and firm critical guidance when I needed it most. Finally, I cannot overstate my gratitude to my dissertation advisor, Dr. Dan Rich. Dr. Rich has been a steady figure in my life for the last several years, from the conception of this work, through the meditative questions to draw out the important themes throughout this work, through the feedback on countless drafts of all or parts of this work, through the connections to the community, through the self-imposed conundrums and anxieties and beyond. Dr. Rich has guided me through this process with unwavering patience and kindness. I cannot thank him enough.

Finally, I must acknowledge the role my family has played in this endeavor. My parents, Robert and Janet, who embody perseverance, and can always be counted on to be supportive and my brother, Bryan, who has achieved well beyond his young age, are as much a part of this work as I am. More than anyone, however, I dedicate this dissertation to my partner and best friend, Alexandra Tarantino, whose love, support, humor, advice, motivation and patience, I believe, earn her a PhD of her own. Thank you.
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ABSTRACT

The political economy – or nexus of political and economic power – in a city is a key element in urban governance. This work explores the elements of the urban environment that influence a city’s political economy, how the resultant political economy influences economic development decisions and how those decisions impact the subsequent environment and so on. Over time, it is possible to trace the evolution of a city’s context, political economy and economic development in such a way as to observe a relationship between the three. This dissertation research is a policy history doing just that for Wilmington, Delaware from 1945 to the present. Critical analysis of historical documents and accounts pairs with interviews of policy makers, administrative officials, civic leadership and activists, business leaders, keen observers and engaged academicians to uncover the relationship between these three elements in a small, post-industrial city in America’s Mid-Atlantic region.
Chapter 1
INTRODUCTION

Urban decline has become a nearly ubiquitous fact of American life. This decline has economic, physical and social consequences. It can be measured in median wages and unemployment rates, the condition of the built environment and the presence of abandoned housing and crumbling infrastructure, and in rates of high school graduation and violent crime. The nature of urban decline, the circumstances surrounding it and the appropriate remedies have all evolved in the last half-century. This dissertation is an attempt to understand the nature and causes of urban decline as it manifests in one city – Wilmington, Delaware – and how public, private and nonprofit leaders have responded. A healthy economy being one of a city’s first-order needs, economic development is a central concern among policy makers and itself has been subject of a great deal of inquiry. In constructing economic development in response to urban decline, this work focuses on the urban environment and political economy. That is: policies are influenced by the physical, economic, demographic or social context in which they are made; as well as the political and economic power dynamics involved in their creation. Policies also influence the environment to which they are directed, which then becomes part of the changing calculus for decision makers (Easton, 1953), thereby influencing elements of the political economy. In this way, there is an interplay between the dimensions and characteristics of the urban
environment,\textsuperscript{1} political economy and policy in which the three influence one another cyclically over time. This relationship is complicated by changes in power dynamics over time as America’s cities democratized, suburbanization drained economic activity and globalization exposed cities to new economic opportunities as well as threats. Exogenous forces are an important component of these conditions. This is especially true as changes in the conditions of the urban environment are accompanied by changes in what conditions of the urban environment are important. Existing literature extensively illuminates the dimensions of the urban environment and political economy, but there is room in the scholarly discussion for a modern exploration of these elements as they are expressed in economic development policy.

To explore this interplay, this work examines the small, post-industrial city of Wilmington, Delaware. Like many small, post-industrial cities, Wilmington is facing an economic, social and demographic predicament – though some parts of this predicament are unique to Wilmington. Presently, an economic threat looms over the city. With its decline from a post-war peak as a backdrop, this work explores the relationship between context and decision over seventy years in one location. It traces Wilmington’s history from 1945 through the present, broken into four periods of distinct political, economic and social contexts, and examines the economic development approaches of those periods. Further, it explores what impacts those approaches had on that decline as well as on the context of subsequent periods.

The city has an economy built on credit card banking, financial services and chancery. Chancery has long been a strong and important part of Delaware’s economy

\textsuperscript{1} Hereafter referred to as conditions of the urban environment, the urban environment, and the environment interchangeably.
and has helped attract corporate interests. Subsequently, credit cards and financial services have taken center stage between 1981 and the present. The industry is responsible for a significant part of the city’s economy, responsible for thousands of jobs and a great deal of revenue. The predicament, however, is that this industry has been shrinking and showing signs of restlessness for some time – and the dynamism of the banking industry means even the most powerful of firms could quickly be absorbed and thousands of jobs could be lost. Short of that, the concentration of the city’s economy in one sector should itself be cause for concern. Preserving the industry may be simply making sure these firms are happy, offering concessions and doubling-down on the commitment to the industry. But there are reasons to question this logic. Wilmington’s banking industry employs thousands of workers, but many of these workers live outside the city. Most of Wilmington’s residents have little interaction with the dominant industry and benefit little from its presence. Meanwhile, violent crime in Wilmington is nothing short of a crisis, the schools that serve the city are underperforming, and the built environment in much of the city is crumbling. Wilmington has become a city that appears to operate mainly for the benefit of outsiders.

As the urban crisis foisted itself upon the national agenda in the 1950s and 1960s, scholarship was mobilized to uncover, explain and correct the ills of shrinking American cities. There were many approaches to these problems, and many branches of inquiry over the following decades. The present research builds upon scholarship from among several of those branches. These include economic development, political economy, privatism, governance, and community power among others. This study engages with these literatures an examination of the political and economic changes of
one city and its surroundings over more than a half century, how those changes have shaped the policy decisions made about economic development as a means of revitalization, and how those policies have impacted the city. Those impacts in turn became part of the later political and economic context. It is the hope that this study will shed light on the relationship between context and policy from a perspective that is rarely viewed.

Scholars have long asked important questions about the role of political power in policy formation, the modes of economic development, policy feedback, the decision-making processes of policy, and the role of the urban environment in the political economy. These questions and the answers produced represent the best of urban scholarship. The relationships between these elements of urban policy may help fill gaps in models and isolated theoretical constructs. Through the historical examination of a case, this is an attempt to contribute a nuanced exploration of the relationship between context, political economy and economic development. There is a great deal of literature examining one or two of the elements discussed here, but none have been found that examine all of them at this scale. The scholars who have conducted long term, community case studies have looked at the distribution of power, the structure of governance, and policy, but the approach has not been applied to the relationship between those constructs – the urban environment, political economy, and economic development policy. This work sheds light on the fundamentally interwoven and tangled relationship between context and policy and the impacts the two have on each other. Further, it seeks to join other community case studies in highlighting a unique example, whose detailed enumeration is valuable unto itself.
This analysis requires a chronology of Wilmington’s experience with decline, the evolution of its contexts, a policy history of the economic development responses to its declining economic and social conditions, and highlighting lessons learned about this relationship. This work has the potential to contribute to the urban, political economy, economic development and governance literatures by providing a rich, detailed exploration of these phenomena as well as an explanation of their impacts on one another, in one city over a long period of time. It also has the potential to contribute to the governance of Wilmington and Delaware more broadly by examining the historic context of Wilmington’s evolution, how it impacts the city’s current context, and pointing out what may be done differently to fill in the gaps left by past economic development policies.

**Case Context**

Wilmington, Delaware is a small, industrial city at roughly the midpoint between Philadelphia, Pennsylvania and Baltimore, Maryland. It was one of the country’s earliest industrial and transit settlements and remained an important one through the eighteenth and nineteenth centuries. At the start of the twentieth, Wilmington’s identity shifted from a manufacturer of durable goods to company town for the juggernaut DuPont Powder Company and its subsidiaries. DuPont shifted the city’s topography from one of production to one of management. Blue-collar jobs gave way to white-collar research and accounting jobs as White, middle and upper-middle class, white-collar workers left the city to live in the greener suburbs. Meanwhile, Wilmington’s working class, poorer, minority population grew as the production economy slowed and stagnated (Hoffecker, 1983).
Around the middle of the century, DuPont organized massive investments in the central business district. A glistening and impressive central business district came to be surrounded by neighborhoods of poverty and blight. City, county and state officials along with corporate elites identified and sought to remedy a number of social, physical and economic ills through the rest of the century, but poverty and blight remain. Today, the city continues to struggle with persistent poverty, a poorly functioning public education system, gun violence, high unemployment and physical decline. Even amid a rise in income and quality of life in much of Delaware and New Castle County throughout the twentieth century, and despite decades of attention and attempted solutions, Wilmington’s circumstances have worsened. Wilmington’s elected officials have every reason to be concerned for the economic health of the city.

Wilmington’s economic, social and physical decline began in earnest just after the Second World War, and has been of major concern to decision makers throughout the twentieth century and into this one. For the first three quarters of the twentieth century, the influence of a single dominant corporation weighed very heavily on the city and its surroundings (Hoffecker, 1983; Phelan & Pozen, 1973). As DuPont scaled down its Wilmington operations, its investment in the city waned. With suburbanization, Wilmington experienced a hollowing out like many other American rust belt cities. During the urban crisis 1960s the city’s working-class residents grew poorer and more dissatisfied with their economic and social conditions (Hoffecker, 1983).

Wilmington had a troubled experience with the Civil Rights Movement, becoming the site of the longest peacetime occupation of an American city in history. Even today, racial and socioeconomic differences continue to impact the political
economy. The city’s relationships with New Castle County and the State of Delaware are less than ideal and have led some observers to refer to Wilmington as, ‘the hole in the donut’ (Hoffecker, 1983; S. Peuquet, Personal Communication, August 7, 2017), where State and County officials are content to contain crime and poverty. This problem is compounded by the drastic change in the population of the city in relation to the county – Wilmington shrunk from its 1940 peak of nearly 112,500 to just under 71,000 in 2010 while New Castle County has grown from roughly 179,500 to nearly 538,500 over the same period – other observers have repeatedly called for the county to take over governing responsibility in a metropolitan governance structure (“Metro Government Proposed by Buck,” 1968; L. Nagengast, Personal Communication, November 16, 2017; Creating a Task Force to Examine the Governments of New Castle County and the City of Wilmington, Del. HR. 57. 2003). Wilmington has a home-rule charter (Incorporation Powers of the City, Wilmington City Charter § 1-101, n.d.), but as the reader will see it is limited in important ways – including a particularly onerous annexation policy, where any annexation must be approved as an ordinance at the city level, county level and by a special election in the area to be annexed. This statute applies only to municipalities of 50,000 residents or more (Annexation by Large Municipalities, 22 Del. C. § 101A, 1953). Wilmington is the only such city in Delaware.

Within, modern Wilmington resembles two cities. Extreme wealth and extreme poverty often occupy sections of the city just a few blocks from each other. There is a relatively small, yet powerful white-collar community that has been the beneficiary of a great deal of economic development policy, and a much larger blue-collar, working-class, mostly minority population who through much of Wilmington’s history has
received much less consideration. The struggles of this population, and the problems associated with concentrated, isolated poverty have plagued the city through much of its history, and have given the city a national reputation many would like to shake.

An attentive reader of the local newspaper, The News Journal,2 might deduce that one of the city’s most important approaches to economic development of the last several decades is nearing the end of its functional lifespan. In the early 1980s, when Wilmington’s chemical industry had left the city almost entirely, State of Delaware officials quite successfully attracted the financial industry with a reorganization of the state tax structure, incorporation laws and court of chancery (McGonegal, 2012e). In the 1990s and 2000s, it became clear that the presence of the financial industry alone would not revitalize Wilmington. Officials turned to branding and place-making to lure wealthier individuals back into the city. Private developers and state, county and city agencies invested millions of dollars in revitalizing the abandoned, industrial Christina Riverfront and Lower Market Street Corridor (Wilmington Renaissance Corporation, n.d.).

Increasingly, however the city’s niche industry is showing signs of restlessness. There have been several mergers and cuts in the banking industry since the 2007 recession, demonstrating the potential for corporate losses. Irrespective of any catastrophic change in the industry, Wilmington’s role in the larger credit and

2 The News Journal is Delaware’s only major Newspaper. It was owned by the du Pont family through Christiana Securities until 1978 when it was purchased by the Gannett Company. The company produced the Journal-Every Evening which became the Evening Journal in late 1960 in addition to the Morning Journal. In 1989, the Evening Journal was discontinued, leaving only The News Journal (“About the News Journal Media Group,” n.d.).
banking sector may recede or migrate must outside city limits, as has been happening in the last few years (Baker, 2018). All the while, there has been a mismatch between the skills of Wilmington’s population and those needed by the financial industry, whose employees often commute into the city from the suburbs. The result is a local community that is largely underutilized, undervalued and underserved. The city is thus stuck between the proverbial rock and hard place: the city’s primary economic driver could continue to recede, taking necessary tax revenues and economic activity with it; but the benefits of the banking industry’s presence are limited for a significant portion of the city’s population. This situation begs contingency planning and an assessment of the city’s approach to economic development.

Wilmington’s struggles do not belong to it alone. New Castle County, the State of Delaware and the Mid-Atlantic region of the United States are experiencing similar large-scale economic events that are troubling the city. These geographies, particularly within the small state of Delaware, play sometimes conflicting roles as both allies and competitors for economic development. Economic development literature favors regional cooperation and coordination for attracting firms and promoting economic growth (McGahey, 2008), but governments concerned for their tax rolls and employment figures are understandably uncomfortable with passing up an opportunity to capture the benefits of attracting a corporate office, research park or manufacturing plant from a neighbor. New Castle County can offer lower tax rates and cheaper land rents than Wilmington can, but that has not saved it from its own struggle. For example, New Castle County lost several large employment sites in the recession of 2008, including Chrysler and General Motors plants as well as drug manufacturer Astra-Zeneca. In response, the county has made overtures to attract firms from
Pennsylvania and from Wilmington (Boyer & Ratledge, 2015). The State of Delaware, whose governors have a history of recognizing Wilmington’s importance as its largest city and home to its densest and perhaps most valuable infrastructure, has at times been a keen partner. State investment in job training programs, infrastructure and social services in Wilmington has been a boon, yet there have been policies and decisions through the years that have also hindered the city’s economic development prospects, for example a refusal to vote on a measure to correct an ineffective and functionally segregated school system.³

The decisions that led to current conditions were naturally influenced and shaped by context. Not mutually exclusive of context, but central to understanding the decision-making in Wilmington is the concept of political economy. Political economy refers to the nexus of political and economic power. For this work, the construct represents the governing arrangement and makeup, as well as the influence, cooperation or confrontation between the public and private sectors. It is used to describe the milieu of political and governing arrangements of the city; its political, business and civic culture; and its physical, social and economic characteristics. Wilmington’s political economy, then, refers to how those arrangements manifest specifically in Wilmington. It will be seen to change over time with the arrival and departure of key individuals, organizations and institutions; changes in demographic, political, cultural and economic characteristics; significant political, economic and

³ The history of public schooling in New Castle County, Delaware is rife with turmoil related to racial segregation. This story is still playing out and is a fundamental component of Wilmington’s context, but for now it is important to know that young people of different racial and socioeconomic backgrounds experience very different educational outcomes from one another in New Castle County.
cultural events within and outside the city; and advances in knowledge and understanding.

Those changes, as well as the city’s unique history of economic development, present an opportunity to explore some of Wilmington’s economic development policies in consideration of the city’s political economy. How does changing political economy impact the economic development approaches through which city and state leaders try to arrest a city’s decline? To what extent does changing political economy explain economic development policies, and what else also impacts their selection and deployment? How do those policies shape and impact the political economy and the decisions leaders make subsequently? How do they contribute to the later context?

**Concepts**

It is important to address the premise upon and lens through which this inquiry will be conducted; that there is a relationship between political economy and economic development. Both are influenced by social, political and the conditions of the urban environment. From here, it is prudent to identify the role of political economy in shaping the economic development approaches put forth, adopted and implemented. The results of which then feed back into the political economy by altering – or not altering – the political and economic context and relevant dimensions of the urban environment. Easton described the role of feedback and the sociopolitical context – which he referred to as the *social milieu* – and the greater environment in policy and political processes extensively (1953). The analytic framework used in this approach pays special attention to feedback in the forms of contextual impacts, political impacts and in policy learning (Jenkins-Smith, Nohrstedt, Weible, & Sabatier, 2014). This is not a particularly novel idea:
A policy’s or regime’s own history restricts the freedom of choice for policy making, according to historical and institutional theory. It is recognized that choices made early in a policy’s or governing system’s history have implications for the way a policy evolves. In particular, choices made when an institution (regime) or policy is being formed will have continuing and largely determinate influence over policy far into the future (Hanberger, 2003, p. 259).

In this way, the later political economy of the city is therefore shaped by the policies that were put forth before, which were influenced by the political economy of their time. The options available to policy makers in 2011 are limited by decisions that were made in 1967, which were informed by conditions resulting in part from policies implemented in 1953. The result, then, is an evolution of political economy and economic development where traces of one can be seen in the other and vice-versa. This lens facilitates a historical review and assessment of economic development policies in relation to the political economy in which they were formed as well as how they might be judged today. It also allows for a perspective on Wilmington’s long economic decline and current condition, and connects modern Wilmington to its history. More than that, it provides a lens through which lessons can be drawn and future economic development approaches can be crafted with a more complete understanding of historical impacts.

Across this history, officials have responded to Wilmington’s decline in a variety of ways, with new approaches layering over old ones and sometimes replacing them. The effects of past policies linger. As the economic conditions of a city often tend to draw the most attention, economic development is the primary policy response. It has been a constant concern through the study period (Hoffecker, 1983). For the purposes of this work, economic development represents a number of policies and
interventions that were intended to enhance the economic wellbeing of the city. Typically, such activities involve making overtures or concessions to attract businesses, investments in workforce and infrastructure development, and the adoption of laws and regulations to make a place more attractive for businesses (Leigh & Blakely, 2013; McGahey, 2008). More recently, a mode of economic development has arisen in the form of attracting a highly-skilled workforce by matching their residential preferences, with the hope that businesses will choose to locate where such a population is concentrated (Florida, 2011; Malizia & Feser, 1999). Each strategy, or bundle of strategies, heretofore referred to as the approach, was decided upon and initiated in order to accomplish some set of goals and objectives – or may have been considered virtuous as an end itself. What these goals and objectives were, or the determination that an approach was virtuous, was at least partially influenced by the period’s political economy, and influenced the political economy thereafter. The way in which changes in political economy, as brought about by changes in the environment, impact policy decisions is of central concern. As the corporate environment teems with activity associated with mergers, acquisitions, closings and relocations, it is worth exploring how the political economy of a city impacts, and is impacted by, the economic development approaches that are selected and deployed.

There are many cities facing challenges similar to Wilmington’s. Most cities in the Northeast and Midwest United States came about as agglomerations of industrial activity and reached their peak during the industrial manufacturing boom during the century after the Civil War (Vey, 2008). Partly as a product of prosperity-driven suburbanization the country experienced after World War II, these industrial cities became obsolete. More desirable and accessible housing products were produced in
suburbs, production began automating and moving out of the cities, and transportation infrastructure dramatically altered their landscapes. As the growth and boom of production economies slowed and reversed, many cities slid into periods of economic instability (Vey, 2008). Those responsible for the wellbeing of these cities pursued economic development as an attempt to reintroduce economic stability. During this time, the social sciences were mobilized to understand and counter urban decline in a number of ways. Social scientists were called upon to explore and inform policymakers on topics ranging from racial unrest, to urban planning, to local economic development (Rich, 2013). Local economic development scholars have spent over a half-century researching and proposing new theories, approaches and instruments – which have themselves undergone an evolution (Leigh & Blakely, 2013).

Among this urban research, scholars paid special attention to the interaction between political economy – by the definition used in this work – and economic development (Logan & Molotch, 2005; MacLeod, 1999; McCann, 2002; Nunn, 2009; Reese & Rosenfeld, 2002). There have been a number of such studies relating political economy with economic development strategies. For example, around the conservative revolution, several scholars pointed out the ways ideology resulted in economic development and urban redevelopment policies that failed to produce efficacious, efficient or equitable results (Barneckov, Boyle, & Rich, 1989; Barneckov, Rich, & Warren, 1981; Edwards & Deakin, 1992). Many of these are snapshots of individual policies or eras of policy seated in the context of their contemporary political economy.
The circumstances of decline are not uniform across cities, nor is political
economy (Reese & Rosenfeld, 2002). Nor are these circumstances facing each city
static. While Pierre argued that political economy remains more or less consistent as it
becomes embedded in the major institutions of a city (2011), this seems at odds with
Wilmington’s history. Indeed, some of the most seminal works in the field were long-
term studies of contexts over time (Dahl, 1961; Mills, 1956; Stone, 1989; S. B.
Warner, 1968). Time and history play important roles in the urban experience. Various
individuals and cadres move through leadership roles, bringing their own perspectives,
values and assumptions. Time can also help scholars establish the durability of a
concept or theory, or the evolution of circumstances and responses.

For these reasons, tracing the evolution of a single city’s political economy and
resulting economic development approaches over time can illuminate conditions in
that city’s history that lead to its present challenges, provide scholars with an
evolutionary account of that relationship that is uncommon in the literature, and
heighten the awareness of policy makers of lessons to be learned from the past.

Many of America’s rust-belt cities – once home to booming industrial
production – are left struggling to prop up obsolete economies. Municipal
bankruptcies have stricken cities like Detroit and Flint, and near-bankruptcies with
severe state intervention have threatened similar former national powerhouses of
industry like Camden (United States Government Accountability Office, 2015). Other
cities, like Pittsburgh have positioned themselves to take advantage of new economic
opportunities (Smydo, 2012). This work approaches subject matter that long has and
will continue to occupy urban scholars and practitioners across the United States.
Wilmington offers a setting for examining these larger issues of shrinkage and
economic development. Job losses and threats of relocation highlight Wilmington’s reliance on corporate capital and have led some commentators to suggest a reassessment of Wilmington’s economic development activities (“Delaware’s dilemma,” n.d.). If an adjustment of economic development strategy is going to be properly undertaken, it is necessary to understand what has or has not worked in the past; and why.

Conceptual Lens

This work is concerned with the impacts of political economy on economic development policy and vice-versa, as well as an attempt to understand how Wilmington’s current economic condition came to be. As the city’s economic conditions changed, the decision makers embedded in the political economy had to decide how to proceed. These decisions were not made in a vacuum, but were necessarily influenced by the political economy in which they were made. Decision makers had to externally and internally justify their stances – they had to entertain various assumptions, understandings and logic models. They had to negotiate their power relative to other actors in the public, private and third sectors. As the approaches were implemented, these decision makers watched their rationale either succeed or fail. They or their successors were forced to evaluate and possibly adjust their assumptions and logic models. Over time, it can be expected that these rationales would evolve, through individual and institutional experience, through changes in theory, and through succession of individuals. It can also be expected that some elements of these rationale would remain constant due to consistencies in theory, local cultures, institutional expectations or political arrangements. This work is very much
about sorting through and deconstructing the elements of these economic development decisions.

In addition to examining the relationship between political economy and economic development, there is an eye pointed toward the outcomes of the economic development approaches. There are questions of efficacy, efficiency and equity inherent in this assessment. These are empirical and normative questions. As such, this analysis was conducted in the spirit – if not fully the practice – of a phronetic approach whereby concepts are explored using concrete evidence, reviewed in its appropriate context and subject to questions of value and experience. By its nature, the study of political economy is concerned with these questions.

Concerning political economy as an approach or as a framework, one of its tenets is the conviction of the need to analyze social phenomena in relation to social structures and the basic conditions of our material existence. It is in this general sense about the conditions of control and survival in social life. In this configuration, control is fundamentally political as it involves the social organization of relationships within a community, and survival processes in turn are economic as they concern the production of what a society needs to reproduce itself (Anttiroiko, 2014, p. 4).

Wilmington is then treated as a case study of larger political, governing and economic development issues in the United States. This is appropriate for a number of reasons, and these are discussed shortly. For now, it is important to know that Wilmington is one of many rust belt cities struggling to regain the stability it once had; brings to bear its own context, complete with links to the outside world and peculiarities that influence its experience; and offers the presence of several historical actors who can tell us, in their contemporary writings as well as in their current reflection, about what
went into their decisions to pursue certain strategies and how they understand the outcomes of those strategies (Flyvbjerg, 2001).

Recalling that this research is concerned with the evolution of political economy and economic development approaches in Wilmington, it is reasonable to suspect that delineating time-periods for examination could be treacherous. It is.

Choosing which to examine and how to define them was a daunting task. To make sense of it, the author borrowed a few concepts. The first comes from the physical sciences used to indicate distinct temporal events: the epoch. An epoch is defined as:

An event or a time marked by an event that begins a new period or development, a memorable event or date; an extended period of time usually characterized by a distinctive development or by a memorable series of events, a division of geologic time less than a period and greater than an age; an instant of time or a date selected as a point of reference (as in astronomy) (Merriam-Webster, 2016).

This definition offers a useful classification for the units of analysis. For the purposes of this work, then, an epoch is a period differentiated from that before and after by a distinct set of characteristics.

In this case, the characteristics used to differentiate epochs are characteristics of the city’s urban environment and political economy. There have been periods in Wilmington’s history in which different institutional arrangements, political structure, civic and political culture and individual players, economic and social conditions shaped the environment of the period. For example, Wilmington of the first half of the twentieth century was politically and economically dominated by the du Pont family and DuPont corporation. The du Ponts made significant investments in Wilmington’s physical, business and public infrastructure – building roads, schools, office buildings
and a city hall (Hoffecker, 1983; Phelan & Pozen, 1973). Today, the presence of DuPont – both the family and the corporation – pales in comparison to the first half of the twentieth century, and political power and influence have wildly different characteristics. In between, there have been a number of epochal periods of distinct political economy.

It is true that some conditions of the urban environment that influence political economy are continuously changing – like the decline in the city’s population – but for the purpose of charting the evolution of Wilmington’s history, it is helpful to break it into more discrete chunks. This is where the second borrowed concept comes in. Identifying a new epoch is a challenge made easier by the work of two scholars in the School of Public Policy and Administration, William Boyer and Edward Ratledge. As the foundation of their 2014 book, Pivotal Policies in Delaware: From Desegregation to Deregulation, Boyer and Ratledge introduce the concept of a ‘pivot.’

The adjective pivotal in the title derives from the noun pivot, which is defined as ‘a person or thing on which something depends or turns; the central or crucial factor.’ During our work on the first two books, we were struck by the fact that much that has happened in recent Delaware public affairs, primarily in the realm of public policy, evolved over time from particular events. Some of these pivotal policies involved U.S. Supreme Court decisions, while others involved the passage of particular laws. Still other events centered on happenings affecting particular persons” (Boyer & Ratledge, 2014, p. xix)

Boyer and Ratledge’s concept of the pivot helps demarcate the dawn of a new epoch. A pivot, or a significant event, altered the political economy in such a way that it was decidedly different from the period before. It was the point at which the political economy shifted. Boyer and Ratledge identified some policies that were
pivotal in state politics. Not all of the epochs here correspond to Boyer and Ratledge’s pivotal policies, but some do. To be certain, there are distinct periods in Wilmington’s history that could be classified as epochs using these criteria. The epochs and pivots in this analysis are as follows:

- **Epoch 1 – Prosperity and Corporate Governance (1945-1968)**
- **Epoch 2 – The Shifting Locus of Power (1969-1979)**
- **Epoch 3 – The Evolution of a New Corporate Identity (1979-2005)**
- **Epoch 4 – A Hollowing City (2005-2017)**

The case for each of these is explained in each of their respective chapters. The selection of economic development approaches is just as important, and could be considered as murky. For these purposes, the economic development approach could be a single, dominant policy, a bundle of policies in tandem, or the life of an economic development organization. Their evolution can be thought of as arcs, rather than linear progressions. An approach may have brewed for a number of years before finally catching on and reaching implementation or it may be a response to a sudden call to action or change in the environment. Further, economic development can come from local, state, or national governments, community-level civic actions, nonprofit, or private investments – in some cases it comes from some combination of these.

With the temporal structure and conceptual lens in place, the specific research questions can be understood as they are intended. These questions have been developed to address the conditions of Wilmington’s urban environment, its political economy, its economic development approaches, and the relationships between these three elements over the four epochs and over the entire course of the study period.
Research Questions

1. How has Wilmington’s political, social and economic environment changed from 1945 to the present?

   a. **What were the political conditions of the city in each epoch?** This is indicated by the structure and makeup of city government, the institutional capacity and functioning of the government, and the state of government budgeting and operations.\(^4\)

   b. **What were the social conditions in the city in each epoch?** This is indicated by the city’s demographic makeup, population, crime rates, graduation rates, and condition of the built environment.

   c. **What were the economic conditions in the city in each epoch?** This is indicated by the city’s gross product, mean and median income, income distribution, employment and unemployment figures, jobs by sector and mood of business, and employees.

   d. **What were the related external conditions of the city in each epoch?** This is indicated by the City government relationship with outside governments, institutional limitations, and demographic, economic, physical and social balances and imbalances.

2. How has Wilmington’s political economy changed from 1945 to the present?

   a. **In each epoch, what are the loci of political, [institutional] and economic power?** This is indicated in three distinct ways: First, by the distribution of formal, institutional power among different demographic groups, interest groups, organizations and key individuals institutionally. Second, by the political influence or clout in the hands of the same entities. Third, by the economic power held by the same entities.

   b. **What was the relationship between political and economic power in each epoch?** Recognizing that economic power may translate to

\(^4\) The indicators proposed in question one were not measured consistently across the four epochs and, in the early epochs especially, have not been found by the author. In their place is a narrative description of the conditions environment drawn from historical accounts, reports and interviews.
political clout, this is indicated by the presence of more than one type of power in the hands of one or more entity. For example, whether there is a single family-owned corporation that possesses a great deal of all three types of power. Further, it is indicated by interactions between different entities with different levels or different types of power.

c. **What was the relationship of Wilmington’s power structure with the external power structure in each epoch?** Where appropriate, this is indicated by the distribution of political and economic power housed in Wilmington, New Castle County, the State of Delaware, the Federal Government and the nature of the relationships between these entities.

3. **What has been the nature of economic development in Wilmington from 1945 to the present?**

   a. **What were the policies or policy approaches attempted in each epoch?** These may be formal, governmental policies, private investments, nonprofit approaches, or some combination of the three. Special attention is paid to where they came from, the reasoning by which they were purported to work, and what they were expected to accomplish.

   b. **What were the outcomes of those policies or approaches?** What did the aforementioned economic development approaches accomplish? What problem did they solve? What was the distribution of benefits? What were the relevant impacts of these approaches?

4. **How do the changes in these three elements influence each other?**

   a. What changes in other elements can be observed in each of the three elements?

   b. What is the nature of the relationship between the elements in each epoch?

   c. What is the overall nature of the relationship between these three elements?
Methodology

This work is a case study. Yin has suggested that histories are more appropriate when dealing with past events over which the researcher has no control, or of which there is no one left to report on the past (Yin, 2018). While there are certainly parts of this research that include such events, this work relies on the reporting of individuals who have been able to observe and participate in the events in question. Also, some of the content included in this research has occurred very recently. This history is not ‘dead’ history in Yin’s (2018) terms, it is very much a part of the present. In addition, the author has no control over or ability to manipulate the events in question, which are both historical and contemporary. The author has the capacity to interact with and interview participants in the history in question. The strength of case study research in this sense, then, is that there is a variety of evidence available that can be incorporated into this work.

Wilmington is unique enough and this study deep enough to warrant a single-case design. To achieve as much rigor as possible, and to not allow the narrative history to overwhelm the analysis, an embedded design has been adopted according to Yin’s (2018) design recommendation. Wilmington is the single case, however embedded within it are four sub-units, the four epochs. Each epoch is considered and analyzed on its own, but in the final analysis, the four are taken together.

Analytic Framework

A case study should start out with theory in mind or make use of a theoretical framework in order to achieve as much construct validity as possible (Yin, 1984). After considering several existing analytic frameworks, one needed to be formed to fit the unique questions and approach of this work. Before getting into that framework, it
is important to discuss how temporal issues are dealt with. Indeed, while this work engages with the governing models of Stone, Mills, Dahl, Easton, Meltsner and others, it does not embrace any of them as the analytic framework upon which it is built – though this has been thoroughly agonized over. These models all have merit, however, the political economy evolved in ways that made some models at times more appropriate than others. That is, no one model captured Wilmington adequately or appropriately throughout this history.

The evidence gathered over the course of this study is organized in a historic narrative that focuses on the questions at hand. As information and evidence were gathered, they were assembled into a chronological historical narrative. While Yin suggests this narrative does not need to be part of the report (2018), the historical narrative is a compelling and indispensable part of this work.

The historical narrative then becomes the subject used to address the research questions. “In such a situation, each answer represents an attempt to integrate the available evidence and to converge upon the facts of the matter or their tentative interpretation. The process is actually an analytic one and is an integral part of the case study analysis” (Yin, 2018, p. 95). In this process, the multiple sources of evidence are synthesized to arrive at conclusions. The analytic framework then helps structure the case by organizing the narrative and connecting the relevant events and observations to the theoretical framework drawn from the literature (Yin, 2018).

To examine the research questions in a consistent manner across the epochs, a five-part structure is used for each epoch. First, there is a description of the transition into the epoch. This is a telling of the events that launched the epochal shift. This may be a political, social or economic event or series of events that leave the epoch
distinctly different from the one that came before. Second, the reader will find descriptors of the city at the time of each transition and during the epoch in question. These descriptors feature the social, economic and political characteristics (conditions of the urban environment) of Wilmington and its surroundings, addressing Research Question One.

Third, the political economy of the epoch is described. The characteristics of political and economic power in the city include three key elements. The first is the players. This is a concept borrowed from Meltsner’s (1972) work on political feasibility. This is an identification of the major and relevant minor players in the political economy of the epoch. In some cases, these are individuals with great deals of money, power or both. In other cases, these are constituencies whose money and power are collective. The relevant characteristics of these players are enumerated. These characteristics may include public or private roles, relative monetary resources, their limitations and where applicable group or organizational culture. Some players come and go or their nature may change over the course of this history, and the narrative describing these players adapts to reflect these changes. The next element of political economy is the relationships between players. These players interact with each other in important and telling ways. Where they can be found and addressed, the relationships between various groups, both positive and negative, are described here. These might include partnerships, collaborations, disagreements or showdowns. Finally, the dynamics of the political economy is demonstrated through illustrative episodes. There are instances that illustrate the characteristics, relationships and interactions in the political economy. These are not necessarily economic development episodes – they often are not – but include other episodes that illuminate the balance
of political and economic power. This is similar to Meltzner’s concepts of sites and exchanges (1972), but is more applicable to this work. This part of these four chapters addresses Research Question Two.

Fourth, the economic development policies of the period are laid out. These policies, or bundles of policies, were specifically related to economic development – though this characterization could be subjective, in this work an economic development approach is taken to mean any policy specifically aimed at economic growth or capacity building. This section describes the geneses, implementation and outcomes of the economic development policies of the period as well as their relationships with other activities and peculiarities among them. Some of these approaches were implemented and achieved success, others may have been implemented but failed, still others may never have been implemented. In this way, Research Question Three is addressed. Finally, each epoch closes with a summary of the epoch, highlighting the takeaways from the narrative, responding to Research Question Four (A).

The framework developed for this research is subject to an analytic technique recommended by Yin when assessing one or more variables and their impacts over time (2009). This work makes use of three major variables, here referred to as elements, all proposed to have some influence on each other over time. In this sense, all three – the conditions of the urban environment, the political economy, and economic development approaches – are simultaneously independent and dependent variables. In this way, a blended complex and chronological time series design was used to track changes in the three elements over the four epochs and describe the impacts the three make upon each other. These changes are first described in each of
the four, then in sum, bearing out the relationship between the elements – revisiting all four Research Questions, including Research Question Four (B) which are addressed in totality in the final two chapters.

Evidence

It is important to note just what it is being collected, studied and assessed. In the case of this work, the City of Wilmington is the unit of analysis. The data or information in this work is organized as a narrative history of the city. The historical narrative is presented in such a manner as to provide comparable units of observation – here dimensions of the urban environment, political economy and economic development. This work uses multiple types of evidence to triangulate. Part of the task is to build a history that can be subject to analysis, however after 1983 – the year of Carol Hoffecker’s last book specifically about Wilmington – there is no comprehensive record. Compiling one requires triangulation as the best way to capture the details of the relevant narrative. “… The most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation” (Yin, 1984, p. 91). These converging sources of evidence help build and reassure construct validity, as there are several accounts reflecting the same events (Yin, 2018).

As mentioned in Footnote 4, the indicators of the condition of the urban environment intended at the outset of the research is not consistently used throughout the four epochs. In the early periods, certain data was simply not collected or tabulated, or is out of expedient reach of the author. In place of these specific indicators, a narrative description of the conditions has been developed making use of what information was available to the author through archival census reports,
contemporary reports, compiled histories and the memories of interviewees. These descriptions are joined by datasets in later periods as they became available. The description of the environment has been constructed as it relates to the relationship between the three elements – environment, political economy and economic development – as to still provide a useful basis for analysis. These descriptions offer a contextual picture of the four epochs that is salient to this relationship for this research, but may not be useful as standalone depictions of Wilmington for other purposes. While this was not intended at the outset, it has been compensated for with as appropriate through as rich a description as possible.

**Gathering Information from Documents**

Gathering the indicators required by the analytic framework requires the use of several sources. Making sense of the historical elements of the environment requires the collection of historical accounts found in books, as well as contemporary accounts found in magazines and newspapers. Analysis requires census data, policy planning and proposal documents, governmental communications and records, policy and program progress reports, and contemporary policy analyses. Many of these documents are found in Special Collections at the University of Delaware Library. For example, planning reports provide detailed accounts of Wilmington’s demographic profiles, economic activity and the state of the city’s built environment. Likewise, reports produced by researchers at the University of Delaware commissioned by public and private groups are found in Special Collections.
Interviews

In addition to collecting and processing written text, perspectives were gathered through qualitative, semi-structured interviews conducted almost entirely in person. There were thirty-four interviews, each lasting between forty-five minutes and two hours, though most lasted roughly an hour. One participant was revisited for scheduling reasons, and another for a few follow-up questions by phone. Participants were selected through purposive sampling. These are identifiable individuals associated with the selected policy approaches and epochs who are still living. Due to the interconnectedness and relationships between individuals belonging to many of Delaware’s institutions, many of these individuals are accessible. There are dangers to this approach, however. While such relationships make these individuals accessible, some have declined to participate in this research or have remained out of reach. There is always the danger that those who are willing may not be completely forthright with their insights, ideas and opinions. Further, parts of this work may be critical of the approaches they may have championed, and may be perceived by participants as hostile. Finally, there is the possibility that what participants do share could impact them negatively politically or personally. These challenges are ever present and were subject to a great deal of thought and discussion. The Institutional Review Board has accepted the interview protocol submitted.

This work uses purposive sampling to select interview participants and snowball sampling as appropriate. This is necessarily so as the perspectives of significant coalition members and observers are important to the research. The individuals included are and were key players in and observers of the policies and events that this work approaches. They include former and current governors, state legislators, mayors, department and agency heads and representatives, county
executives, county and city council members, private sector executives and representatives, Chamber of Commerce representatives, researchers, policy advisors, faculty, and citizens who have unique perspectives related to this research. Not all of these individuals were willing or able to participate for their own sake; and if they were, time and resources would not allow.

The interviewees are broken into groups based on their classification. Elected and appointed officials were asked questions tailored to their experiences; as were non-elected officials, administrators, representatives of the nonprofit sector, the private sector, the community, academic institutions, the journalistic community and others. These individuals provide their perspectives on the events in question through semi-structured interviews. Though specific wording of each question may vary according to the status of the interviewee, generally they all cover the same themes. To review the interview protocol, complete with IRB documentation, see Appendix A. The interview protocol met the eligibility criteria for an exempt review as it presents no more than minimal risk to the participants, and focuses on individual and group characteristics and behavior – see appendix B (“OHRP expedited review categories (1998),” 2016).

Information Handling

Like any research of this scale, this endeavor gathered a great deal of information or data. Except for a few quantitative indicators of the city’s social and economic health, drawn from in contemporary policy analyses and reports, the majority data dealt with here is qualitative. Most information exists digitally in word documents and pdfs, as well as physical reports, books, and letters. This information was gathered and assembled in a notation structure modeled upon the analytic
framework described above, which was used to develop the narrative structure found in each epoch. Interviews were transcribed by hand, and hand-written notes taken during each interview were consulted to guide the development and mark the most important themes and details, which together with appropriate quotes, were fed into the narrative structure by hand without analysis software. Digital interview recordings and transcriptions are stored in appropriate secured and encrypted digital forms.

This work explores the political, economic and social conditions that have shaped the policy approaches by reviewing policy briefs and analysis documents, the legislative and administrative documents, and the proposals that have been put forth and adopted. The perspectives of those who have actively worked toward revitalizing the city are necessary. The decision makers, researchers, practitioners and elected officials who have steered revitalization approaches over the last few decades – are best able to describe the reasoning for their policy decisions as well as reflect on those decisions with the benefit of having seen them play out. Contemporary commentary is extracted from historical news sources and Carol Hoffecker’s (1983) work is invaluable in setting the historical context.

What is to Come

This work is arranged to address the research questions in a way that traces the evolution of Wilmington and the elements investigated in this work and situates the findings in the scholarly dialogue. The next chapter – Chapter Two – the reader will find is a literature review. The scholarly dialogue that formed the basis for this research is described and assessed. This first part of this chapter details the relevant economic development literature and its evolution, as well as the challenges of the field. Because this work is focused on the role of different segments of an urban
environment, the review moves quickly into political and economic dynamics within an urban context. The concept of privatism and its relationship with governance is explored, leading into a discussion of urban governance. Several models of urban governance are assessed and compared with one another, and the implications of each are drawn. Finally, the expectations to which this review of literature has led are presented and discussed, setting the stage for the present research.

Chapter Three describes the historic roots of Wilmington’s story. This chapter offers the reader a glimpse at the history of Wilmington leading up to the study period, in which the context of the city as it exists at the dawn of the study period is formed. Wilmington’s early formation came about as a transit and manufacturing city, and the city subsequently evolved into a preeminent site of heavy-manufacturing. Toward the end of the nineteenth century, however, large-scale manufacturing across the country was beginning to change, and Wilmington’s future as an industrial city became less assured. In 1902, the DuPont Company experienced a change of leadership, established Wilmington as its headquarters, and quickly grew to become one of the most powerful private companies in the world – a boon to the city. Wilmington manufacturing experienced a brief resurgence during the Second World War, but V-J Day in 1945 marks the beginning of the study period and the analysis at the center of this work.

Chapters Four, Five, Six and Seven each present one of the four epochs, tracing evolution of Wilmington’s environment, political economy and economic development in turn. At the end of each chapter, an analysis of that epoch is presented and the research questions are addressed for that period. Finally, concluding takeaways for that period are offered. Chapter Four describes the immediate aftermath
of WWII as it was experienced in Wilmington. The rapid suburban development and outmigration from cities across the United States also took place in Wilmington, with severe impacts on the city’s economic, social and demographic wellbeing. DuPont retained its might however, and Wilmington’s political economy – perhaps the most important in the state – was dominated by the Company, which used its clout to guide policy through direct influence and through massive investment. This period ends with the racial upheavals of the late 1960s that manifested in Wilmington as a brief riot after the assassination of Martin Luther King Jr., and subsequent nine months of National Guard occupation.

Chapter Five picks up the history in the immediate aftermath of the riot and occupation in 1968. Changes in Wilmington’s social and economic conditions were laid bare by the events of 1968, hastening further disinvestment from the city. Amid continued White flight, Wilmington’s electorate shifted, and Black political power began to ascend. DuPont was still one of the most powerful entities in the country, but in the 1970s, new political forces began to emerge in the city. Toward the second half of the decade, a series of financial crises forced collaboration of city and state officials under the guidance of newly-elected governor Pierre S. “Pete” du Pont. The response to one such crisis marked the beginning of a new period in the political economy of not just Wilmington, but of Delaware.

In Chapter Six, this new political economy began as one of grand collaboration that spurred perhaps the most important economic development activity in Wilmington’s history, the Financial Center Development Act. The FCDA eased regulations on banking and lending in Delaware, prompting an influx of the banking industry primarily to Wilmington that lasted the next several decades. In this time,
DuPont’s role in Delaware changed as the Company adopted a new business model. Wilmington’s dominance faded at the same time as the banking industry grew more important. Another Delaware giant, MBNA, briefly established itself as Wilmington’s new corporate benefactor, but was purchased in 2005 as the banking industry itself began destabilizing. All this occurred as Wilmington’s economy bifurcated – with the presence of the banking industry delivering uneven benefits across the community. Wilmington’s leadership also shifted as the city elected its first African American mayor in 1992, and continued to do so for the next twenty-five years. The loss of MBNA marks the end of this long period and the beginning of the final epoch.

Chapter Seven details the series of sharp shocks to Wilmington that took place as MBNA was absorbed by Bank of America and the recession beginning in 2007 further destabilized the city’s core industry. Wilmingtonians left out of the growth of the banking industry were already desperate leading into the recession, but the destabilization of the nonprofit sector and decline in the service industry that accompanied the recession exacerbated poverty in the city. The impacts of long term detachment from economic activity have become intractable as sustained poverty, educational disparities and gun violence have thrown several Wilmington neighborhoods into crisis. By the end of the study period, Wilmington’s decline has become nearly complete, and hope for recovery has diminished. Even as place-making activities received massive investments since the 1990s, hopes to attract population and private investment are stymied by the symptoms of the city’s decline.

In Chapter Eight, the overall findings of this research are presented and assessed in relation to the scholarly literature. Then the elements of urban environment, political economy and economic development are discussed across the
entirety of the study period and the relationship between these elements as it appears in Wilmington is presented. Here, the role of an expanding range of context becomes the primary driver of changes in Wilmington, as it has in other small cities. Further the power that was once contained within the city has dispersed well beyond its borders. No longer concentrated in the hands of DuPont, power over Wilmington’s fate is spread over companies, governments and individuals across Delaware, the United States and the world. As corporate leadership dissipated, deteriorating educational opportunities, economic wellbeing, and social health have sapped several of Wilmington’s neighborhoods of their own civic potency. This combination of factors has diminished the governing capacity of Wilmington and its ability to extricate itself from the current predicament.

In Chapter Nine, the final chapter and post script, the reader will find an accounting of Wilmington’s present condition and a discussion of the manner in which the city has been impacted by the relationship between the environment, political economy and economic development policies. Ultimately as Wilmington’s history has eroded the capacities of residents, the powers of local government, and the economic might of corporate giants of the city Wilmington is becoming less capable of altering the trajectory of its condition. Suggestions for recapturing and rebuilding capacity, economic and political power as well as strengthening the city’s prospects for economic development are offered. These recommendations focus on assembling power and capacity that can be identified through building strategic, collaborative partnerships; and on rebuilding the civic capacity of Wilmington’s neighborhoods through meaningful investment in education and targeted civic development interventions. It is the hope that through a combination of discussions, behaviors and
actions, Wilmington’s historic decline might be halted and reversed, to the benefit of the city and of the citizens of Wilmington who have long been suffering the worst of Wilmington’s symptoms.
Chapter 2

LITERATURE REVIEW

Introduction

The economic profile of Wilmington could change in the near future. What that change will look like is in part determined by the policies put forth to deal with it. Wilmington’s approach to economic development should be assessed at the very least. Economic development is not isolated from other policies and the political arrangements in a city, state or region. There are interactions between a city’s political economy and the economic development strategies that are put forth and implemented. The relationship between the two will be the subject of this work, but first, it is necessary to understand the scholarship that exists, and identify where this work can contribute.

This chapter situates this research in the larger discussion of political economy and economic development. Scholars have been paying attention to these themes for decades and have engaged in a lively and substantive dialogue that deserves and requires attention. Here, three major streams of work are discussed. First, field of local economic development, and economic development more broadly is considered. This will offer the reader an introduction to the history of the field, what theories have prevailed and when, and the different schools of thought. The complications and inconsistencies among economic development scholarship and practice are highlighted. The second major stream discussed is that of privatism, a term first used by Samuel Bass Warner to describe an underlying and fundamental conception of the relationship between the private market and American society. The concept is introduced, and the debates over the merit of both the concept and the enumeration of
the concept by the scholars who have studied it are discussed. The final stream is the literature on political economy. This is a particularly broad range of inquiry, and scholars are included from across disciplines. While it is likely that some may not consider their work as commentary on political economy, these works impact the conception of this research nonetheless. Different models of political economy are described and compared with one another and inform the analysis of Wilmington’s political economy.

In the conclusion of this chapter that the three streams join. The literatures are merged and considered in relation to each other for the purposes of demonstrating the premise upon which this research is built – that there is a relationship between political economy and economic development, that the relationship is cyclical, and that the two can be traced through history as mutually evolving and influencing forces. The limits of this premise are explored as well, in the face of contextual changes that have come about as a result of a globalized economy and changing dynamics well outside the confines of any one city. Finally, it is revealed that this sort of analysis is warranted as it is a unique, understudied and potentially fruitful perspective on political economy, economic development and how the two interact.

Local Economic Development

Early History

The practice of economic development predates theory. The American South began a sort of economic development in the late 1890s when it became recognized that it was excluded from the industrial revolution. Through the early twentieth century, Southern governments, Mississippi among the first, began actively pursuing
corporate activity by sending ‘industry hunters’ North to convince businesses to relocate (Malizia & Feser, 1999). The conceptualization of economic development did not occur until a few decades later, and evolved through a few iterations before becoming what we understand it to be today.

Roughly around the time Southern states were attempting to court northern firms, European economists were extrapolating on Smith’s notion of ‘economic progress’ (Arndt, 1981). The term ‘economic development’ originally denoted two differing concepts from two different theoretical origins; one Marxist and one colonial. The Marxist use, espoused by Schumpeter, referred to the evolution of a body – in this case an economy – from one of potential to one of capacity. Economic development was a natural process that would occur as capacities were realized (Arndt, 1981). The colonial meaning had less to do with evolution than with preparation for exploitation. That is, a colony may be rich in natural resources, but without the proper infrastructure in place, those resources cannot be exploited. Economic development is the building of the infrastructure that allows natural resources to be extracted, refined and moved to market. Unlike the Marxist conception, economic development in the colonial sense was a willful action (Arndt, 1981).

What we know as economic development today began in earnest after the Second World War (Arndt, 1981; Malizia & Feser, 1999). In Europe, it began immediately as part of rebuilding. Domestically, economic development became a national priority nearly two decades later. Like most American cities, Wilmington’s economic decline started with its peak during and shortly after World War II. This is largely because of anomalous market conditions associated with the Great Depression,
followed by the wartime economy, and intervention from an activist government. Demand for housing and consumer goods was suppressed during the Depression. New Deal programs combined with the highly-productive wartime economy stirred demand, but suppressed supply. For a period of nearly two decades, economic activity was restricted much like a kinked garden hose. The end of WWII saw the unfurling of the hose and allowed for a deluge of transactions (Piketty, 2014).

The unprecedented prosperity of the period came with a well-documented side effect: the urban crisis. As the urban crisis unfolded, some government leaders became aware and obliged to act. In the 1960s Lyndon Johnson and his administration set out to remedy pockets of poverty that had developed in urban centers and other areas of the country. The Economic Development Administration began providing localities with assistance in planning, development grants and loan programs (Malizia & Feser, 1999). In addition to mobilizing federal resources to combat poverty, the Johnson Administration sought to mobilize the social sciences. Federal engagement with the social sciences reaches back to WWII, when scholars advised and assisted the Office of Strategic Services along with other wartime entities and later the Central Intelligence Agency and the Department of Defense. Similarly, the Johnson Administration mobilized the social sciences as part of the Great Society initiative (Rich, 2013). In addition, the Ford Foundation kick started the development of interdisciplinary urban studies programs aimed at addressing the urban crisis. Not only were these programs to understand urban problems, but they were to engage communities in solving them (Rich, 2013).

As federal investment waned in the 1970s, state and local governments began setting up their own economic development operations. Primarily, the economic
development activities included soliciting industry for the purpose of job creation (Malizia & Feser, 1999). The 1980s presented different challenges and a different political atmosphere. International challengers for corporate and industrial activity burst onto the scene, and in many cases proved more competitive. Rather than alleviating poverty like the more activist 1960s and 1970s, economic development policy shifted to ratcheting up growth, productivity and market competitiveness (Malizia & Feser, 1999). In the 1990s, public sector budgets remained tight, and responsibility for economic development continued to devolve to local governments. The urban decay brought about by inattention to distributive issues had caught up with most big cities. Economic development strategies now had to promote growth and competitiveness with the belief that it was the best way to benefit the poor (Malizia & Feser, 1999).

The Branches of Local Economic Development Theory

Economic development scholars have been researching and developing new models for over seven decades. The evolution of those models was spurred by new findings, evolution in the economic environment and the introduction of new perspectives. While there are distinctions between the theories, elements of several of them may be present in any one approach. The three theories presented here are the bases of a great deal of intricate sub theories, which have evolved a great deal over time. For now, the major theoretical approaches will be the focus of this review.

Neoclassical Economic Theory

Modeled on Smith’s (1776) *The Wealth of Nations*, neoclassical economic theory is the foundation of a great deal of economic thought. Neoclassical theorists
assert that in an unrestricted market place, buyers and sellers agree on optimal prices in all exchanges – including labor (Smith, 1776). In locations where the means of production (land, labor and resources) are cheap, firms will naturally choose to locate. To attract firms and employers with the capacity to grow the local economy, government should remove regulations, thereby enhancing the natural functioning of the market. Further, poor communities should seek to attract business by enhancing their attractiveness. They can do this by enhancing the local workforce and the local infrastructure (Leigh & Blakely, 2013).

To adherents of neoclassical economic theory, all issues are best worked out through market exchange. Businesses should only be expected to look after their interests and make exchanges in the market. To Friedman, the only concern of business was to maximize returns to owners and shareholders. All moral and social considerations are meaningless. “There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud” (M. Friedman, 1962, p. 133). While neoclassical economic theory is long-lived, with influence remaining today, its scope is limited to purely economic questions. “In spite of criticism from many directions, neoclassical economics is still a model for mainstream economics, which is fairly formal and reductionist, but more importantly, eliminates the political dimension from its analysis of economic life” (Anttiroiko, 2014, p. 3).

Economic Base Theory

Economic base theory informs a great deal of economic development approaches today. In this approach, localities suit themselves to attract producers of
exportable goods and services. As goods are sold outside of the community, the revenues they produce flow back into the community, supporting local growth. “Implementation of this model would include measures that reduce barriers to the establishment of export-based firms in an area, such as tax relief and subsidy of transport facilities and telecommunications or establishment of free-trade zones” (Leigh & Blakely, 2013, p. 80). Local governments in this model seek to support only the firms that export, with the understanding that those firms will create demand for other goods and services that will be filled by secondary firms. In this manner, export industries have a greater multiplier effect than non-export industries – meaning jobs created by the exporter can generate other supporting jobs in the local economy through demand for inputs to production (Leigh & Blakely, 2013).

There are some dangers inherent in this model, however. In focusing on one specialized industry, the locality could ignore the production of the goods its citizens need, and will need to import those goods, meaning those revenues flow back out of the city in a process known as import substitution. Further, specializing on one industry could prove disastrous if that good becomes obsolete, or another locality better competes for production (Leigh & Blakely, 2013).

Product cycle theory adds to economic base theory by accounting for the stages of product development and the differential ability of locations to meet the needs of those stages. The research and development of new products necessarily must take place in localities where capital is plentiful for investment. The new product is manufactured in that location as its production is honed. As such, the product itself is still quite expensive and only accessible to more affluent consumers. As production becomes standardized, the skills necessary to manufacture the product are less
specialized and manufacturing can be relocated to areas with less skilled – read cheaper – labor. The price will drop and the product can be sold in markets with less affluent consumers (Leigh & Blakely, 2013). This is a boon to research-based cities, whose populations are well-suited to high-paying research and development functions, but particularly troubling for manufacturing cities in the United States, whose largely unskilled populations are more expensive to employ than those in developing nations.

This theory will become especially important in this history as Wilmington’s economy had been built on a few economic bases. Both of these are commonly associated with Wilmington by outsiders and factor quite strongly in the history about to be told. These are chemicals and credit. As will be made quite clear in the remainder of this work, the DuPont Company built and occupied an economic base of chemical research and production from the early twentieth century well into the 1980s. In the early 1980s, Wilmington gained another base that persists today. The credit card industry flocked to the city from the 1980s onward as a result of the Financial Center Development Act. There are others of course, for example chancery has been a significant part of Wilmington’s economy throughout, and more recently pharmaceuticals have come to occupy a place of significance in New Castle County. Indeed, Wilmington’s bases will be an important part of this discussion.

Location Theories

Location theories focus on firms’ location decisions. Location theories began mainly accounting for whether products gained or lost weight during production and how that impacted transportation costs. Firms would choose to locate either near the source of raw materials if they were costly to move, or would move closer to their markets if the finished product was more costly to move. Cities that were located
along key transit lines, like rivers or railroads, had a distinct advantage over others as firms could take advantage of cheap, easy and plentiful transit opportunities (Leigh & Blakely, 2013).

As transportation technology advanced, however, transportation cost became a less important consideration for firm location. The location elements that became more important, then, include the costs of inputs like labor, energy and space; the availability of communication infrastructure, suppliers, and education and training facilities; the quality and responsiveness of local government and so on. Cities can make themselves more attractive by investing in improvements to the bundles of these elements that serve the needs of the business they seek to attract (Florida, 2011; McGahey, 2008). Agglomerating firms that perform similar functions is a way of appealing to those firms by achieving localization economies of scale, where firms that use similar inputs benefit from finding those inputs cheaper and more accessible as a result of their providers serving more customers. They may share costs of inputs, benefit from having a large labor pool, collaborate on elements of research and production, and access specialized services (Leigh & Blakely, 2013).

One of the key determinants of a city’s attractiveness is the availability of a skilled workforce (Florida, 2011). In the early 2000s, Richard Florida proposed this theory in his well-known and controversial book, *The Rise of the Creative Class* (2002). Florida suggests that the class of workers necessary for firms to succeed in the knowledge economy, the creative class, is a highly mobile and discerning demographic. They tend to prefer living in environments with access to physical, cultural and social amenities and will locate in places where those amenities are plentiful. A mass of creative class in a city can attract firms seeking high-quality
talent, producing high-paying jobs and spillover effects in the local economy. In essence, Florida suggests cities can attract a new, powerful base if they attract the creative class (Florida, 2011). Further, cities can enhance the attractiveness of their own workforces by investing in education and training for current residents. This can be done both through improving local school systems from pre-kindergarten through adult education programs, as well as job training programs for displaced workers (Kempner, 2008). The attraction of knowledge firms can spur regional clustering and thus enhance a region’s competitive advantage (McGahey, 2008).

As manufacturing becomes less important in the United States’ economy, Moretti argues that local economies should build their capacity for innovation rather than try to recapture an industry that will not return. He found that cities that have tried to revive manufacturing have instead seen their economic prospects worsen, while cities that have attempted to become ‘brain hubs’ have seen massive growth. This growth, he claims, is not isolated to the educated innovators who develop patents and startups, but wages across a local economy are driven upward by this growth (2013).

On this advice, governments have undertaken, or induced, projects aimed at attracting the creative class. These projects include building cultural centers and other amenities, revitalizing downtowns, parks and housing, and place-branding (Florida, 2011). An important criticism of this strategy, however, is its threat of gentrifying a neighborhood. By focusing on attracting the creative class, cities can exclude the wants and needs of current, poorer residents, or price them out of their homes altogether (Sassen, 2001). In response, Florida recommends redevelopment projects
take on more inclusive themes and careful attention be paid to preserving the rights of existing, marginalized populations (2011).

Local Economic Development Issues

There are a great many contradictions, anomalies, problems, ethical considerations and environmental factors that complicate the implementation of economic development theories. Some of these complications are the product of history, others of dispute, others of scale and still others of subjectivity. Few of these issues are new; scholars have long understood and warned of the limits of local economic development. Many of them are difficult to overcome. This section describes several of them that relate to the topic at hand – that is, these issues are subject to political, cultural and institutional forces over which scholarship has little influence.

Conceptual and Definitional Issues

Defining local economic development is a central component of establishing the goals on which to act. This process is vital and loaded with treacherous decisions. The definition of economic development has been in flux for over a century. While it has certainly been refined since the first uses of the term, there is still debate among scholars and practitioners over the language used to define just what economic development should be. First among them is the distinction between development and growth. Traditionally, growth has been the primary goal of economic development. Growth is focused on increasing wealth and jobs while growing the tax base. It can be measured in Gross Domestic Product and standard of living (the consumption of goods). Growth is not without its benefits, but it is not development. Growth can halt
as soon as it is presented with an exhaustion of natural resources or if the local industry closes or leaves town (Leigh & Blakely, 2013).

Growth is perhaps the most important factor in the formation and shape of cities today. Cities formed as market operatives gathered in a space to conduct transactions. Before the professionalization of government, political leaders tended to be business leaders and landowners – referred to as rentiers. These leaders had the power and influence to steer development to suit their land interests. In the United States, for example, the routing of transportation infrastructure was directly influenced by rentiers collaborating for the purpose of increasing their land values. Logan and Molotch refer to such a collaboration as a growth machine, and argue that they are the fundamental drivers of a great deal of urban decisions (2005). Growth in this sense is nothing more than the expansion of profit for the rentiers – or owners of capital (Logan & Molotch, 2005).

For those concerned with the wellbeing of a locality’s citizens, growth is not a sufficient goal. “At least in the public and nonprofit sectors, blind pursuit of economic growth simply to create more wealth and jobs needs to be rejected if it is likely to lead to increases in income inequality, irrevocably harm the environment, or worsen the plight of marginalized groups” (Leigh & Blakely, 2013, p. 72). Leigh and Blakely offered a definition of local economic development that is quite a departure from traditional growth-focused models that were in vogue for much of the history of the field. For Leigh and Blakely, “Local economic development is achieved when a community’s standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability” (2013, p. 72). They went on to explain that this definition includes not
simply job creation, but the creation of jobs that provide living wages that can reduce poverty and increase a local standard of living. Further, their definition focuses on reducing inequality both between groups of individuals and between local geographies. This differs from growth-focused models in that growing local wealth and assets pays no mind to distribution, and can result in growing the wealth of a very few elite while leaving the rest of the population with little benefit. Finally, their definition incorporates sustainability, meaning the resources that provide for the wellbeing of a community are protected and used in a manner that will not deplete them, and limit a community’s ability to provide for itself in the future (Leigh & Blakely, 2013)

Distributional Issues

One of the concerns of local economic development that has been the subject of a great volume of research and is a central concern of this work is the distribution of the benefits and costs of local economic development. These typically are not distributed evenly or equitably amongst the population.

The equitable distribution of benefits is taken by the author to be a necessary function of a just city; which Fainstein conceives of as “…a city in which public investment and regulation would produce equitable outcomes rather than support those already well off” (2010, p. 3). Recognizing that she might be challenged by those claiming that concern for equity can undercut effectiveness and efficiency, Fainstein makes the case that this need not be so. Rather than simply concern oneself with overall efficiency and effectiveness, Fainstein suggests, “…we inquire as to the benefits and costs to those least well-off or those most directly and adversely affected, we are still concerned with efficiency” (2010, p. 9).
Fainstein’s conception of justice is useful, but even if it were ignored, there is good reason for market liberals to pay attention to distributional issues. Economists who study inequality have found that a highly unequal distribution of wealth has the potential to destabilize an economy (Piketty, 2014; Reich, 2012). Following the burst of the housing bubble and ensuing financial crisis, a body of literature has grown connecting the crisis to income inequality. Both theoretical and empirical analyses continue to implicate inequality in the crisis across a number of theoretical perspectives (van Treeck, 2014). In sum, sinking wages prompted middle and working class spend a greater proportion of their income to maintain the levels of consumption to which they had become accustomed, or to survive in a local economy where higher earners had driven up the cost of living. At the same time, these families reduced their rate of savings and increasingly made purchases with credit, prompting household instability. The same economists implicate both borrowers and government lending programs for running up unsustainable debts – a bubble – that burst in 2007 (van Treeck, 2014).

Income inequality is a hot topic at the moment. Awareness of the problem has spread nationally, and at least one presidential candidate in the 2016 presidential election made it a central part of their campaign agenda. Still, the scope, scale and history of the problem are urbane to this research because inequality is a direct challenge to local economic development. Perhaps the largest advances on the topic were published in 2014 in Thomas Piketty’s *Capital in the 21st Century*. What makes Piketty’s work so groundbreaking is his approach to analyzing income and wealth inequality in the context of historic, political and technological events over the course of the last century – as that is when income taxes were instituted in many countries.
and provide the most reliable measures of wealth and income (2014). Piketty presents two main findings in his work. First, the period of the least inequality – between 1945 and 1980 roughly – was a direct result of drastic shocks to the global economy caused by the World Wars and the Great Depression in the U.S. Second, the forces that cause incomes to diverge are greater than the forces that cause incomes to converge – meaning without intervention, inequality will continue to worsen (2014). Piketty attributes this finding to the observation that income from capital accumulates much faster than income from labor. That is, owners of capital collect income – rents, investment dividends and the like – at a much higher rate than those who rely on their labor for income. The role of inheritance in this process is important (Piketty, 2014). For those who begin life with assets, their money is free to accumulate as their needs are already met, while the laborer without assets must use a greater share of his or her income to survive and therefore accumulate wealth slower – if at all. Backed by his findings, Piketty directly challenged of the wisdom that has driven much of conservative economic policy since the 1960s. Kuznets took the record economic equality of the 1950s to mean that if left alone long enough, markets would sort themselves out and prosperity would be shared. Thus was born the market-liberal quip, ‘a rising tide lifts all boats.’ With the advantage of another fifty years of data to analyze, Piketty claims that the prosperity observed in the 1950s, upon which Kuznets based his assertion, was a result of significant shocks to the market and not a natural progression of growth (Piketty, 2014).

The weakness of trickle-down economics was recognized long before Piketty’s rigorous research made the problem painfully clear. Among them was Irma Adelman, who in 1975 warned that wealth did not actually trickle down to the poor from the
rich. International economic development models of the time focused on growing national production, with the assumption that the benefits would trickle down through wages and market functions to the poor members of the target society. Adelman and her colleagues were able to demonstrate that in 43 underdeveloped countries, wealth did not trickle down to the poor, but rather trickled up to the already wealthy (1975). Armed with her findings, Adelman charged that the field (then known as development economics) must confront its identity. If income distribution and economic growth are two incompatible outcomes, it is necessary then to admit the outcome one desires. That is, economic development approaches built on growth and trickle-down models cannot claim concern for the poor (1975).

The authors cited in this section are important in pointing out a contradiction of economic thought, raising a point that cannot be stressed enough. Market efficiencies may have long been pursued as a central tenet of market liberalism, however a lack of attention to distribution and equity are inherently inefficient in the long term as they produce destabilizing inequality (Piketty, 2014).

**On Privatism**

There is a theme woven through the literature reviewed to this point. It manifests in the approaches to local economic development, in the resilience of trickle-down economics and the seeming lack of political will to remedy inequality. It is a theoretical construct, a paradigm and a cultural tradition known as privatism. Privatism was first introduced to the scholarly community by Samuel Bass Warner in 1968 and has since been elaborated, extrapolated, supported and challenged. For the purposes of this work, it is a centrally important concept that will undergird the remaining review, analysis and discussion.
Warner describes privatism as a tradition as a version of capitalism whereby a pure market is sacred. It is a neoclassical belief in the market as the primary means of organizing cities (1968). Where capitalism is an economic system, to Warner, privatism is a social system that is distinctly American:

Already by the time of the Revolution privatism had become the American tradition. Its essence lay in its concentration upon the individual and the individual’s search for wealth. Psychologically, privatism meant that the individual should seek happiness in personal independence and in the search for wealth; socially, privatism meant that the individual should see his first loyalty as his immediate family, and that a community should be a union of such money-making, accumulating families; politically, privatism meant that the community should keep the peace among individual money-makers, and, if possible, help to create an open and thriving setting where each citizen would have some substantial opportunity to prosper (S. B. Warner, 1968, pp. 3–4).

The American Revolution was indeed an economic revolution. It was a rejection of an economic arrangement whereby government – the Crown – collected a significant portion of production in tax, with little in return. As much as it was about self-governance, the American Revolution was quite literally a battle for free enterprise. To this day, there is a strong ethos of independence and individual achievement that permeates much of American culture. It shapes individual interactions with the market, the relationship between the government and the market and, to a degree, the relationship between individuals, communities and the government (Barnekov et al., 1989, 1981; S. B. Warner, 1968).

Apart from a tradition, privatism can be thought of as a paradigm. It is a belief and value system, as well as a system for understanding the relationship between society and the market. The central tenants of privatism are rooted in the historic
development of cities (S. B. Warner, 1968). As previously mentioned, cities grew as economic spaces. They were the result of agglomerated business transactions, trading, transportation and production. Much of the development of cities in the United States was based on generating profits for speculative rentiers (Logan & Molotch, 2005). Businesses recognized the need for strong municipal governments, but only as a means of ensuring a stable, orderly and predictable setting in which to conduct business. Further, it became the role of the public sector to invest in the infrastructure needed for business to function efficiently (Barnekov & Rich, 2015). While this may sound similar to the growth machine, there is at least one major fundamental difference. While the growth machine claims no interest in the wellbeing of residents and workers (Logan & Molotch, 2005), privatism assumes that the proper functioning of the market will deliver benefits to all (Barnekov et al., 1981; S. B. Warner, 1968).

Leading up to the neoliberal revolution of 1980, social programs directed toward the poor fell out of favor due to their high costs and ineffectiveness. Serving the poor with social program had less appeal than generating employment opportunities for them. With low-skill manufacturing still present in cities, unemployment could be blamed on personal failings. In the absence of such industry, the problem was a lack of an economy for the poor to participate in. Local governments began courting business with investment in infrastructure, amenities and tax breaks. Businesses would hire, employees would spend money and the local economy would grow to everyone’s benefit. “This logic had obvious political appeal and it still does. By focusing on job creation and income generation rather than on social programs and income distribution, everyone would be made better off. Indeed, economic development programs at times were portrayed as painless ways to help the
poor” (Barnekov & Rich, 2015). The market could deliver growth, and growth would benefit everyone.

Unfortunately, the paradigm, belief, or tradition fails to live up to its promises. Rather than ubiquitous benefits, reliance upon privatism has exacerbated the inequity and suffering of the urban condition. Warner laments the urban what resulted from a strict adherence to privatism:

The quality which above all else characterizes our urban inheritance is privatism. By and large the productivity and social order of the metropolis flowed from private institutions and individual adjustments. So did its weaknesses. Privatism left the metropolis helpless to guarantee its citizens a satisfactory standard of living. Privatism encouraged the building of vast new sections of the city in a manner well below contemporary standards of good layout and construction. Privatism suffered and abetted a system of politics which was so weak it could not deal effectively with the economic, physical and social events that determined the quality of life within the city. In short, the industrial metropolis of 1930, like the colonial town, and big city which had preceded it, was a private city and the public dimensions of urban life suffered accordingly (S. B. Warner, 1968, p. 202).

Despite what may be well-intentioned courses of action driven by what is believed to serve the public, privatism generates inequalities. Local economic development activities based wholly on a privatistic model can foster inequities largely by redirecting public funding, functioning and attention from the needs of the poor, to the needs of private business interests. This can result in public needs going unmet, worsening conditions of poverty, and increased profits for businesses whose continued patronage of a city cannot be guaranteed. Worse, businesses can enjoy a privilege in the political arena, drowning out the voices of the citizenry (Barnekov et al., 1989).
Culture and tradition aside, businesses enjoy privileged places in society for practical reasons. The functioning of business has a direct impact on individuals’ lives. They employ people, produce goods and services, purchase goods and services, and drive the economy. As such, public officials are obliged to pay special attention to their wellbeing. The failure of business produces economic impacts that voters tend to blame on incumbent elected officials (Lindblom & Woodhouse, 1993).

The advantage of private firms over nonprofits in local politics can seriously hinder economic development. While private firms generate profit, which is treated as an element of growth, non-profits make significant contributions to a local GDP. This is especially true when the non-profit is sufficiently large, employs many high-skill individuals and generates significant spillover effects for the community in which it locates (Adams, 2003). Hospitals and university campuses are non-profit organizations that have been overlooked as economic drivers, and as such have been subject to policies that impede their ability to generate economic development. In Philadelphia, where there are several significant research hospitals and several large universities, these institutions have been major drivers of the local economy. Not only do they employ doctors, nurses, professors and a range of other staff; they export their services by attracting students and patients from outside the city; they generate spillover effects by stimulating the local housing market and demand for other amenities; they spur the formation of other cluster businesses in the city like bookstores and medical instrument manufacturers; and they attract a highly skilled and educated workforce with the capacity to innovate (Adams, 2003).

City and state lawmakers have overlooked these benefits, however, and have fixated on the forgone property tax revenues from the land these institutions own.
While these revenues are significant, they pale in comparison to the benefits the institutions provide (Adams, 2003). “Economic development officials see their mission as encouraging profit-making enterprises. Hence they are likely to overlook the substantial contributions that nonprofit institutions make to the city’s economic vitality by sustaining land values, adding to the quality of life, generating large numbers of jobs, and engaging in commerce” (Adams, 2003, p. 579). In an attempt to spur market functioning, officials in Pennsylvania shifted their regulatory structure to allow for-profit colleges and hospitals to operate in Philadelphia. These for-profits could undercut the non-profit institutions by denying services to those who could not pay—something the non-profits could not do. Further, they cut funding to these institutions, shrinking their budgets further. These circumstances weakened the non-profits, shuttered several and thus smothered their ability to contribute to the local economy (Adams, 2003).

Reese and Rosenfeld criticized Barnekov et al.’s suggestion that privatism is an overarching urban theory (Reese & Rosenfeld, 2002). Really, they criticized the thought that there could be an overarching urban theory, and thus privatism could not ubiquitously describe the urban experience. They saw Barnekov et al. as overstating the power of business in the urban political arena writ large. Instead, they assert there is significant variation in the degree to which this was true. The variety of business presence across cities meant there were a variety of power structures; and that business was not always privileged. They found that local civic culture was a more important determinant of the impact of privatism (Reese & Rosenfeld, 2002).

It is unlikely that Barnekov et al. would disagree with their assertion or findings, that there are variances in the position of business across cities. It is less
clear, however that they were overstating the impacts of privatism. Privatism describes not simply an overarching theory of governance, but a tradition and framework undergirding the relationship between business and government (Barnekov et al., 1989). Barnekov et al. made no claim that privatism is a uniform concept impacting each city in the same way, and that experiences with it are distinctly different between contexts (1989).

**Context Matters: The Urban Environment and Local Political Economy**

It is important to acknowledge that context matters. While some cities can be ‘close enough’ to compare with each other, it is necessary to remember that the experiences of different cities will necessarily be different. Because of Wilmington’s experience with a singular dominant presence for a significant portion of the twentieth century, corporate dominance is a concept that should be explored more. In a city where there are imbalances of power, where corporate needs supersede community input and where local government is beholden to the private sector, there are considerations to address.

A city’s governance structure will impact its economic development strategies and outcomes. As such, scholars have offered many typologies and theories for describing how cities are governed. The different permutations of these arrangements have been presented as theories of urban governance by preeminent social scientists over the course of decades. The relationships between local government leaders and the business community is – in many cases – much more complicated than domination by a few extremely powerful figures spanning sectors. In cases where the boundaries between sectors are more defined, the relationship between the sectors can take a number of forms. They can be adversarial or congenial. Power can be balanced
between sectors, or it can be imbalanced. These types range from extreme concentration of power in the hands of a few (Mills, 1956), to cohesive relationships between capital and government (Harding, Wilks-Heeg, & Hutchins, 2000; Logan & Molotch, 2005), to cities where a plurality of interests jockey for their preferences (Dahl, 1961), to cities where government officials see service of the market as their primary mode of serving community needs (Barnekov et al., 1989). These political theories are treated here.

The Power Elite

Elites make up the upper echelons of what Mills referred to as the ‘big three’ entities that influence Americans’ daily lives: government, corporations and the military (Mills, 1956). The government and the corporation are the most urbane to the subject matter at hand and will be the focus here. Government and corporate elites as Mills conceived of them as powerful men – in the 1950s as well as today were almost exclusively men – born of influential families and great wealth, who occupy the most powerful positions in America. They are the presidents, legislators, justices, CEOs, mayors, board members that hold the greatest amount of power in the American capitalist society. Many of these men transition between sectors, as the ‘skills’ necessary to be an elite are more important to their functioning than the target of their energies (Mills, 1956).

Mills’ elites were the most powerful men in the country, whose net-worths were orders of magnitude greater than most others. None of the power elite of Mills’ day were self-made. All inherited significant sums of money that were invested in ventures that largely brought in immense profits. They were educated in the finest elite
schools in the country, where they learned the social skills that allowed them to network with other elites (Mills, 1956).

Pluralist Governance

There are components of American culture that temper the dealings of the power elite. This was, in part, the point of Robert Dahl’s work, Who Governs? In it he posed a paradox. In America, democracy is held in the highest regard, and is ubiquitously conceived of as virtuously representing the interests of all. But in a system where the distribution of capital is unequal – so unequal that there is a power-elite far removed from the majority of citizens – do we actually live by democratic rule? Is power and influence actually distributed democratically? Dahl compiled a comprehensive study of New Haven, Connecticut’s political world. What he found was that despite the presence of what he called social and economic notables – elites – the distribution of political resources – influence – was actually more in keeping with American democratic principles. That is, interest groups in the city jockeyed with one another to make their preferences known and influence the outcomes of governance. Certainly, the distribution was not entirely egalitarian; those with more money, occupational prestige, social power and flexibility were more likely to exercise and grow their political resources, but civic influence could be generated through other means given the will and organizational prowess (Dahl, 1961).

Before the industrial revolution, New Haven was dominated by a political elite with lineage and capital that provided a great deal of power and influence. During the industrial revolution and the great migration, immigrants and Blacks arrived in New Haven en masse. Combined with advances in the administration of democracy and the assimilation of New Haven’s newcomers, the city’s political landscape was altered
Minority groups became demographic blocs. As elites sought to win the approval of those groups, they offered support that empowered some to become rivals. The result was a pluralistic democracy, whereby social, ethnic and economic stratification formed political battle-lines and forced politicians to consider the relative influence of various constituencies (Dahl, 1961).

The Growth Machine

The growth machine is a political theory focused on the pursuit of profit as a central goal of governance. The development of American cities was a vehicle for profiteering. Investors bought land speculatively across the country, then used political connections and influence to steer public utilities toward their parcels. Speculative investors would either hold office themselves, or partner with political leaders to secure favorable decisions. These favorable decisions increase the values of their holdings – for example by driving up land rents. Advocates of the growth machine are largely uninterested in the distribution of growth’s benefits (Logan & Molotch, 2005).

They tend to oppose any intervention that might regulate development on behalf of use values. They may quarrel among themselves over exactly how rents will be distributed among parcels, over how, that is, they will share the spoils of aggregate growth. But virtually all place entrepreneurs and their growth machine associates, regardless of geographical or social location, easily agree on the issue of growth itself (Logan & Molotch, 2005, p. 102).

The growth machine is avowedly value-neutral. That is, growth is seen as a virtuous end on its own. The externalities produced by said growth are negligible. “Growth machine activists are largely free from concern for what goes on within production processes (for example, occupational safety), for actual use of the products

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made locally (for example, cigarettes), or for spillover consequences in the lives of residents (for example, pollution)” (Logan & Molotch, 2005, p. 102).

Regime Theory

When public and private are distinct from each other, yet imbalances in bargaining power are present, there are a few potential forms the relationship can take. In urban regimes, there are separate, yet interdependent systems of authority. “One based upon popular control, that is the various organs of representative government; the other upon the ownership of private productive assets, that is (largely) the business community” (Harding et al., 2000, p. 983). The behavior of businesses in a city is considered a determinate of public welfare, and thus draws the attention of public officials. Public officials cannot control business decisions, but do try to induce decisions that are favorable for the community. Rather than influence each other through coercive measures, the two sides tend to negotiate for mutually beneficial arrangements (Harding et al., 2000).

The mechanisms through which the regime operates are less institutional than personal. The relationships within which government and private parties negotiate are informal ones, typically based upon past experiences shared between the various actors. Their shared experiences allow them to build a level of trust and flexibility that facilitates negotiations and agreements. That is not to say the regime is detached from its party institutions.

A regime thus involves not just any informal group that comes together to make a decision but an informal yet relatively stable group with access to institutional resources that enable it to have sustained a role in making governing decisions. What makes the group informal is not a lack of institutional connections, but the fact
that the group, as a group, brings together institutional connections by an informal mode of cooperation (Stone, 1989, p. 4).

This arrangement raises a number of significant questions and problems. For one, power is not necessarily distributed evenly amongst parties to the regime. Stone found that business uses its position to leverage public resources.

The position of Atlanta’s business elite in the affairs of the community is not that of a passive partner in a courtship conducted by public officials. The elite has collective aims that it is organized to pursue. Hence, business influence in Atlanta is no mere matter of holding mobile capital; the business elite is an active part of the governing coalition and uses that position to further the claims that it makes on public authority and public resources (Stone, 1989, p. 234).

Whether privatism is a consistently pervasive conception undergirding much of urban governance theory and practice, the above catalog of theories suggest that context is important. None of these types are mutually exclusive, and two or more can share important elements. One type of governance may be present in a city, while another may be present in another. Pierre suggests the type of governance in a city remains static as it becomes embedded in its institutions (2011), but political arrangements have indeed been shown to evolve over time (Dahl, 1961). The plurality of theories of urban governance – of which this is a small sampling – as well as their dynamism, suggest that scholars have observed a wide range of relationships between the public sector and the private sector. This plurality lends its support to Reese and Rosenfeld’s (2002) recommendation that there is no singular archetypal theory of urban governance. While it is certainly not the case in all cities, nor at all times in, for
the purposes of this work, it is important to explore what happens when there is corporate dominance of an urban political arena.

Corporate Governance: When Corporations Dominate a City

Corporations that dominate a city’s political and economic environment can be obliged to make investments in community wellbeing. Over time, this relationship has evolved. Early on, large corporations – or their wealthy leadership – made large charitable gifts to support the causes they deemed worthy. These gifts have done some great things. Many of Wilmington’s schools were built by the du Ponts; the first major highway stretching the length of Delaware was built with du Pont money; Pierre du Pont made significant contributions to settlement houses to aid those impacted during the great depression (Hoffecker, 1983). The tradition is older than the du Ponts, however.

Early nineteenth century business magnates dedicated their philanthropic activity to the betterment of the city in which they lived. Thomas Pym Cope (1768-1854) amassed a large fortune as an importing merchant. He sat on several important local boards, invested in the Chesapeake and Delaware Canal, helped fund Fairmount Park, donated time and money to almshouses and charity services, and helped build a technical school for Philadelphia’s Black population (S. B. Warner, 1968). Cope is a stark contrast to the later Jay Cooke, who made a fortune in banking and investment brokerage. Cooke was as generous as Cope, but did not direct his investment and charity to Philadelphia’s unique problems. He made many large contributions over his lifetime. “All in their way were worthy causes, of some help to a few people, but considering Jay Cooke’s intelligence, the sum of his benevolence exerted a pitifully small leverage upon the problems of his city” (S. B. Warner, 1968, p. 86).
The Impact of Globalization

All of these modes of governance are tempered by the conditions of the urban environment. An admitted weakness of the review of literature that began this work is that it focused on the local environment, but largely ignored changing global conditions. There was a time before globalization as we know it, that cities were more insular. The governing theories upon which much of this literature was built come from that time. Early versions of this work included a nod to globalization as a new wrinkle in urban economic development to which leaders must respond, but much of the focus was directed to what occurs within the borders of a city. It was only after assessing Wilmington’s history that the importance of global conditions made itself clear. Whether the result of the author’s propensity to focus on things inside one’s control, or gross inattention, the role of the external environment demands further exploration.

Globalization, the advances in transportation and communication technology that made global collaboration in production and knowledge-sharing seemingly instantaneous, was just as important. As the production economy that could once sustain a low-skill workforce left the United States for developing nations, an information economy rose to replace it. The factors of production and the exploitation of natural resources gave way to innovation, entrepreneurship and knowledge. This change spurred a paradigm shift in local economic development (Florida, 2011; Sassen, 2001; Vey, 2008).

Combined with the depopulation that characterized the post-war period, shifts in characteristics of global, national and state governance and economy have impacted the health and vitality of cities, particularly in the American rustbelt. The result is shrinkage, in which cities depopulate, their economies weaken and their tax bases
whither. The problem is increasingly commonplace. “One in six cities worldwide was shrinking even before the US subprime mortgage crisis in 2007 which led to the ongoing international economic recession” (Richardson & Nam, 2014, p. 1). This phenomenon has significant impacts on the economic, social and political environment. “In urban areas, decreasing population means a smaller tax base while the footprint and infrastructure maintenance and service needs of the city remain unchanged” (Franklin, 2014, p. 74). In this way, cities are placed at a disadvantage when confronting their own decline.

As cities have shrunk, political power and economic vitality have withered, changing their relationship with their surroundings. In the course of the Great Society programs of the 1960s, the Federal Government turned its attention to the city, in many cases bypassing state governments in favor of direct investment and program administration. Nixon and later Reagan favored more a more federalist arrangement in which they divested federal power and investment to state governments in the 1970s and 1980s. While Teaford argues that states were important throughout the twentieth century, more recognized power had been left to them in the 1970s and onward than previously (2002).

As suburbanization became a dominant part of the urban condition, there is a renegotiation of the relationship of the association between suburban space and the urban center. The metropolitan region has become an increasingly important conception of place. Calls for metropolitan government began ringing out in the middle of the century, arguing that the bureaucratic apparatus necessary to administer city centers and suburbs were duplicitous and inefficient. Early debates, however were
fraught with mistrust over power and self-determination. Neither suburbanites nor city residents wanted to be governed by the other.

By the 1970s, then, the chorus of reformers included dissonant cries for both centralization and decentralization, for unified metropolitan rule and dispersed neighborhood power. One side spoke of efficiency, equity, and policy planning benefits that supposedly would result from consolidation; the other shouted for greater popular participation and for local self-determination. One sought to broaden the power of city hall, and the other sought to limit it (Teaford, 1979, p. 3).

Racial and economic tensions exacerbated the mistrust between city and suburbs in such an arrangement. Metropolitanization offered shrinking cities an opportunity to recapture lost tax revenues, but also threatened to strip decision making authority. For urban African Americans, political power was just becoming a reality. Metropolitan government threatened to reassign that power to suburbanites with greater money and influence. Teaford offers an example from Cleveland, “Finally the black community was beginning to fall heir to the privilege of local self-government, a privilege traditionally cherished by white Americans. And now that they were acquiring this privilege, they were not going to vote it away for the sake of some untired and untested scheme backed by the white suburban elite” (1979, p. 181).

If formal governance of metropolitan regions has not always appeared, governments in some metropolitan regions have begun coordinating to better compete in the world economy. Katz and Bradley have argued that cities have not lost their edge in the world economy, but still have the advantage over rural areas and higher-level governments when it comes to innovation. State and the federal government have bogged down under the weight of partisanship and gridlock. In metropolitan regions,
however, public sector, private sector, civic and nonprofit leadership have been able to join together and coordinate redevelopment in ‘pragmatic caucuses’ unencumbered by such squabbles (Katz & Bradley, 2013). This is a regime that extends beyond the boundaries of the city. Optimistically, it has the capacity to produce economic benefit to the region. Still, it is subject to the same questions of efficacy and equity as any arrangement of political economy. Proponents of such a view would argue that place still matters to business – they still need a physical location in which to operate. This is undeniably true, but there is a danger in seeing these relationships as more than means to an end. Business is still subject to the profit motive.

In a knowledge economy with highly mobile corporations, the competition for business intensified. There are several means by which a locality may make itself more competitive, but it will be successful if it can position itself in a more attractive position relative to others (Malizia & Feser, 1999). Corporations and financial institutions are free to move to locations that can better suit their needs. That is, corporations are free to relocate when they spot a better environment elsewhere (Barnekov & Rich, 2015).

Mobile capital and footloose corporations have broken the bond between business institutions and communities that was forged throughout the period of industrialization. This poses distinct challenges for all communities. How can communities rely on the private sector as major instruments of economic prosperity when major corporate institutions no longer have a rationale for sustained responsibility to particular places (Barnekov & Rich, 2015, p. 9)?

This relationship can become more problematic when corporations leverage their mobility in order to extract concession from cities that otherwise are not in the city’s interests. “Given the city’s dependency on private-business location and
investment decisions, corporations in many countries, primarily the United States, have successfully played one city against another in order to secure tax incentives and other benefits from the city where they will invest” (Pierre, 2011, pp. 69–70).

**Takeaways from Literature**

Changes in the environment along with academic innovations spurred new theories, ideas and practices in local economic development and rendered others obsolete. Some theories, despite their years of recognized obsolescence, have continued to endure in practice (Quiggin, 2010). Despite trickle-down economics’ disproof decades before, the concept continues to crop up in political arguments over economic issues (Quiggin, 2010). The continued presence of trickle-down justifies some strategies that fail to produce results that are either efficacious or just. During the conservative revolution of the 1980s, the tradition of privatism was embraced with renewed vigor in the United States and the United Kingdom (Barnekov et al., 1989). Urban redevelopment was thought to be best handled by the market. Government, then, was obliged to step back, deregulate and help fund redevelopment efforts. Edwards and Deakin share a passage from a Cabinet Office publication outlining the goals of urban redevelopment in the UK in 1983 in which the Cabinet Office shared its wish, “…to press ahead with sensible development without unnecessary red tape; to keep their costs as low as possible and not to be punished by excessive rate demands; to be made welcome. For this to happen, the inner cities need to rediscover the sense of civic pride that once united residents and businesses” (Edwards & Deakin, 1992, p. 362).

Despite compelling evidence otherwise (W. J. Wilson, 1996), poverty is still treated in many cases as a moral failing rather than a structural one. Especially during
the more conservative 1980s and early 1990s, the poverty of the inner cities was treated as such (Edwards & Deakin, 1992). Thus, approaches took on a sense of ‘moral regeneration’ as well as physical regeneration. One such approach that sought to encourage poor inner-city residents to take pride in themselves was the building of a large office building right on the edge of their neighborhood. The building was funded largely by government grants. It was believed that the sight of a gleaming office building so close would inspire residents to adopt an ‘enterprise culture’ that would, itself solve the problem of poverty. In reality, the residents of the neighborhood where the building was erected received no benefit, was foisted upon them by actors who ‘knew what was good for them’ and only isolated them further by treating them as though they were immobile and locked into the ‘ghetto’ in which they lived (Edwards & Deakin, 1992).

Catering to business interests is still treated as the proper way to spur economic growth in some places. The efficacy of this strategy has already been called into question, yet there are more questions to raise. The practice of courting large corporations with inducements to locate within the borders of a geography – smokestack chasing – has long been criticized. Despite widespread criticism of the practice – from both sides of the political spectrum for their own reasons – many jurisdictions continue offering inducements (McGahey, 2008).

As the United States moved from a production economy to a knowledge-based one, pursuit of growth took on a set of characteristics that widened the income gap. The impacts of such a gap spatially can be felt most when it gentrifies. Consumption patterns change and the majority of low skill jobs available are in the service sector, which traditionally pays the lowest of wages (Sassen, 2001). All the while, firms
‘casualize’ employment under the guise of flexibility. “While so-called flexible work arrangements may be a development of advanced economies associated with a higher quality of life, the vast majority of casual jobs hardly fits this category. A majority are low-wage jobs, with no fringe benefits and no returns to seniority – a way of organizing work that reduces costs for employers” (Sassen, 2001, p. 289). In this way, labor is devalued – particularly low-skill labor, while businesses maximize profits ala Friedman.

This review has touched on several moving parts of an urban economy. While it is far from exhaustive, it does present a few areas where further study is warranted. For one, local economic development theories will continue to evolve as the environment changes. Theory and practice have evolved already, and learning from those experiences will be an important step in understanding where it can be expected to lead. Also, theories of political economy are numerous and diverse. While they may be built on a foundation of privatism, there is no doubt that the local governing context is important and depends on a number of characteristics of the local political economy.

Where there is room to explore, then, is the interaction between local political economy and economic development approaches in the urban environment. If a political economy can evolve – which there is reason to believe it has in Wilmington – and the economic development approaches in that city can also evolve – which there is reason to believe it has in Wilmington – there is a great deal that can be learned about the interactions between the two by exploring them in a case city over time. The role of history is important in understanding the present conditions, and there is indeed work to be done in exploring its impacts (Nunn, 2009).
Propositions (Hypotheses), Scholarly Implications and Local Impacts

So far, this work has suggested that there is a crisis in Wilmington; that the crisis is one brought about in part by changes in the city, county, state, national and international environment as well as by actions taken by city, county and state officials, private sector representatives, and others belonging to the various regimes and coalitions that have governed Wilmington through the twentieth century; that the political economy of the city impacts and is impacted by the economic development activities adopted and implemented; that the political economy of Wilmington has fostered economic development that has excluded entire populations from participating in the city’s prosperity; and finally that the resulting inequality is grossly destabilizing Wilmington’s economy.

The literature supports these suggestions and concerns. Scholars have raised concerns about the concentration of power (Mills, 1956), the efficacy of trickle-down economics (Adelman, 1975), the inadequacy of privatism as a central principle of economic development (Barnekov et al., 1989) and the instability of an unequal distribution of wealth (Piketty, 2014; van Treeck, 2014).

As the central goal of this work is to examine the relationship between political economy and economic development policy, and the subsequent feedback those policies have on later political economy by altering the environment in which a certain political economy is embedded, allows the author to make a few propositions. In the policy history of Wilmington, it was expected this relationship evolved as follows:

Through much of the city’s history, the approaches to economic development have largely been decided upon and funded by individuals with pro-growth orientations – Wilmington was an elite-dominated growth machine by the definition of Logan and Molotch (2005) in the early years. These individuals likely see their
governing arrangements differently depending on their roles, the political economy they inhabit and their own worldviews. For example, some may describe informal regime-style governance structures (Stone, 1989), while others may describe more autocratic, elite style governance (Mills, 1956), and still others may describe pluralistic governance (Dahl, 1961). If there is incongruence in understandings in political economy among members of the same epochs, it may be that different individuals have different understandings of their circumstances and relationships, resulting in a systemic inability to consider the entire context. This can be compounded and exacerbated by differentials in power among decision makers.

Further, it is expected that all describe some implicit and explicit assumptions in the spirit of privatism (Barnekov et al., 1989). While equity may or may not have been in the minds of decision makers – the assumptions of trickle-down economics may make this point moot for some – the modes of economic development that have been implemented have brought benefits to some at the neglect of others. This point is important in that inequality has been shown to have a destabilizing effect on an economy (Piketty, 2014; van Treeck, 2014). It is expected that distribution was left to market forces consistent with an embrace of trickle-down economics and privatism. While these approaches have brought about some benefits, Arndt (1983) and Piketty (2014) would suggest inattention to distributional questions has limited the benefit to Wilmington’s poorest residents and resulting in an unequal distribution of both income and wealth. Further, clustering around the financial industry has resulted in a spatial mismatch (Gobillon, Selod, & Zenou, 2007) that has only served to further alienate Wilmington’s poor. The economic instability described in the opening of this work is a product of the resulting inequality in accordance with Piketty’s (2014) findings.
Through a number of mechanisms related to urban poverty, this inequity in economic opportunity is the proposed answer to the central paradox of this work. Whether this is also the case in other struggling cities is best left to the scholarly community to determine, and it is the hope that this work will be replicated elsewhere.

The scholars whose work has informed the observations, questions and ideas formed here have built a robust and dynamic dialogue. This work aspires to join that dialogue. It would explore the interaction between political economy and economic development in a single geography over time. In doing so, it could contribute an account of the phenomena that can only be achieved by long term community studies like the ones put forth by Stone, Mills, Warner and others. If it achieves that lofty goal, it could spur further discussion about the direction of urban governance, political economy and local economic development. The lessons learned from Wilmington need not apply only to Wilmington. The phenomena observed here, though unique and specific to Wilmington, can very likely have analogues elsewhere. It is understood, however, that the nature of this particular case has little external validity or statistical generalizability. This is sacrificed in the name of analytic generalizability and the interaction with theory. If not, the same method could establish different relationships between political economy and economic development informed by different urban experiences – thus further supporting the need for consideration of the environment. If Wilmington is to recover, something different is needed. It is not the job of this work to engage in political commentary, but to hopefully inform and speak to the new batch of policy makers who hold office. For those individuals, this work aspires to inform and broaden their economic development perspectives.
Chapter 3
THE ROOTS OF WILMINGTON’S POLITICAL ECONOMY

The crisis looming Wilmington did not appear suddenly. It has been brewing for a century. It has not been hidden either. It was visible for much of that time. This is not to say it has been ignored – in fact, officials have been battling Wilmington’s decline since before the 1950s. The way the city’s decline was understood and dealt with has evolved several times over the last seventy years, but in reality, officials have been concerned with the same crisis since they became aware of it. Wilmington’s history is marked by a series of responses – the focus here are ones characterized as economic development – and each response has been colored by the political economy of the period. Some approaches were more successful than others, but the reader will notice a theme throughout this history.

The city depopulated steadily over the past seventy years, beginning with the post-World War Two shock and urban crisis, and culminating in the looming threat of the city’s chief industry fleeing the city en masse. The responses were left to the city’s moneyed elite, policymakers, and state and county government. Many of the responses involved capitalizing on the city’s white collar, managerial, corporate and tax opportunities. Attention to blue-collar jobs in the city has been, with the exception of a few targeted federal grant stipulations, lacking. The result is a city whose working class, minority residents have been underserved and underemployed. Poverty and crime continue to perplex and trouble those interested in the city’s wellbeing.

It is worth noting at the outset that the historical review presented here is not intended to be a complete and comprehensive history of Wilmington. For such an account, the reader is directed to Carol Hoffecker and her extensive work on
Wilmington and Delaware history (1974, 1983). This chapter draws upon her analysis, but the purpose of this historical review is more focused on the development of Wilmington’s political economy prior to the study period for this research.

**Beginnings**

The Swedish first settled the banks of the Christina River in 1638. The settlement changed hands several times between then and the 1730s when Quakers William Shipley and Thomas Willing invested in making the area an important point for the shipping of grain between Lancaster and the Delaware River (Hoffecker, 1974). The calm and navigable Christina River was a prime shipping lane and the faster and rougher Brandywine would serve as an ideal power source for grain mills. The settlement grew and came to be known as Willingtown and was renamed Wilmington when King George II granted it a borough charter in 1739 (Hoffecker, 1974). Between 1739 and the 1770s, the population doubled to 1,230. By this time, Wilmington had become an important location in shipping and production. Grain from Lancaster and Chester were brought to the gristmills, where it was ground and then shipped to Philadelphia. The banks of the Christina became a hub for importing goods from around the world (Hoffecker, 1974).

Wilmington was a milling city early on but manufacturing began taking precedent in the 1830s. Around this time, milling and manufacturing attracted a population of 10,000. Manufacturing, shipbuilding and sailing boomed along the Christina River (Rendle, 1998). The presence of the mills was a necessary precondition for Wilmington’s evolution into a manufacturing entity. The mills drew workers from the surrounding countryside whose skills transferred to manufacturing (Hoffecker, 1974). Manufacturing in Wilmington grew through the middle of the
nineteenth century and became the primary economic driver by the time of the Civil War, which further bolstered demand for goods (Hoffecker, 1974). Further, Wilmington’s various industries developed a symbiotic relationship whereby the products of some factories were subsequently used in the manufacture of still other products:

A notable aspect of the industrial pattern in Wilmington was the interrelationship among the local industries. The leather tanners sold considerable quantities of their products to carriage builders as upholstery material. The foundries turned out frames for carriages, parts for the machines, cars, boats, ships, and boilers that companies such as Pusey & Jones and Harlan & Hollingsworth fabricated (Hoffecker, 1974, p. 27).

Technological advances in the realm of automation increased output as well as employment opportunities. This is particularly true of moroccos or tanneries where oxen hides were turned to leather. Steam powered machines replaced muscle for the most physically arduous tasks, and manpower was focused elsewhere. Glazing machines reduced the number hours needed to polish a hide to finish (Hoffecker, 1974). Labor practices in Wilmington in the late 1800s reflected those of most factory towns. The workday was eleven hours with one forty-five-minute break allowed for lunch. Workers who were caught ‘wasting’ time by standing idle, talking needlessly or smoking were fined. Women, who proved proficient at the tedium of sewing and polishing hides replaced men whenever possible because they could be paid significantly less (Hoffecker, 1974).

Wilmington was chartered as a city in the 1832 as a result of dissatisfaction with criminal trials held in the nearby county seat, the city of New Castle. Still, it took some time before Wilmington’s City Government took a decisive shape in the
administration of services. The first mayor-council arrangement was less than effective for a few reasons. The first mayor was little more than a peace officer and judge. Executive functioning fell to council, which was not set up to handle operations but legislation. The earliest councils were characterized by crippling partisan deadlock, with each side more focused on control than function. By the middle of the 19th century, the city’s lack of water and sewerage infrastructure combined with factory pollution to create an environment where disease could flourish. Typhoid, diphtheria and cholera killed significant numbers of Wilmingtonians through the middle of the century. The appointment of a water chief, whose sole responsibility was to oversee the construction of a reservoir was another political battle. There were three chiefs in four years. Dissatisfied with the lack of progress on water infrastructure, a coalition of west-side citizens, asked the state legislature for a special commission to oversee the construction of the reservoir in 1877. “The success of their petition began a radical change in the government of the city and ushered in a period of remarkable progress in a wide range of public services” (Hoffecker, 1974, p. 51).

The commission system was used several times through the 1880s and 1890s to create other public utilities in Wilmington to impressive effect. Commissions developed water, sewer and park infrastructure as well as schoolhouses and roads (Hoffecker, 1974). By the mid-1890s, however, the use of commissions came to be seen as a potential threat to democracy in Wilmington:

In 1894 Mayor Evan Shortlidge, a physician who had served for many years as president of the school board, castigated the commissions as ‘clumsy, costly and inefficient…I believe that the people of Wilmington are capable of governing themselves; and I believe that nearly all of our evils and misdirections of government have sprung from the effort so successfully made in recent years to
control many of our local affairs by legislation at Dover’ (Hoffecker, 1974, pp. 64–66).

In 1895, the State Legislature created a bipartisan committee of four Wilmington businessmen to review the City’s charter and recommend changes.

“In February 1897, the committee presented a plan designed to force the political parties to share power and provide clear lines of authority and safeguards against corruption. Under the new charter, city council would become a legislative body with control over the city’s budget, and the mayor would become the city’s chief executive officer, charged with appointing bipartisan committees to administer the city departments” (Hoffecker, 1974, p. 66).

It was widely supported in the city, but it would be years before the city’s charter would come to vote in the state legislature. The state legislature through the 1890s and into the early 1900s was tangled in a messy battle over the senate campaign of local gas tycoon J. Edward Addicks (Hoffecker, 1974).

In addition to the stirrings of organized labor, manufacturers began to face market problems in the late nineteenth century. Demand for railcars ceased when the development of the railroads finished in the 1890s. Large trusts invested in developing shipbuilding facilities in competing cities, drawing demand from Wilmington to Camden and New York. These shipbuilding companies favored Bethlehem Steel over that produced in Wilmington (Hoffecker, 1974). While du Ponts would transform Wilmington into a chemical juggernaut in the decades that followed, the 1890s marked the end of Wilmington’s first wave of manufacturing. Hoffecker poignantly marked this change in a paragraph that would make sense if she wrote it 2015 rather than 1974:
Wilmington the corporation city is a very different place from its nineteenth century predecessor. The remains of the old city, mostly in the form of factories abandoned or converted into warehouses and of decaying rows of brick homes that now house the largely black midtown urban population have prompted massive urban renewal projects designed to revitalize the older parts of the city economically and socially. But the heritage from the past is much more than these old buildings and the now outmoded economy they were constructed to serve. It is the spirit of cooperation that made nineteenth century Wilmington into a livable industrial city (1974, p. 161).

The Turn of the Twentieth Century

Until 1902, the DuPont Powder Company operated on the Brandywine River upstream of Wilmington. President Eugene DuPont died and left control of the company to three younger du Pont heirs, T. Coleman du Pont, Pierre S. du Pont and Alfred I. du Pont. The three cousins had a very different plan for the company than their late elder. Inheriting a company that was already the country’s largest producer of gunpowder, they sought to expand their reach into other explosives and other types of chemicals. They moved the company headquarters into Wilmington as it was an ideal location for the massive white-collar effort that would be needed to facilitate such an expansion. They announced plans to build a twelve-story office building – the largest in Wilmington at the time – downtown in 1906 and completed stage one of the DuPont building in 1907 (Hoffecker, 1974).

Having been found to have violated Federal Anti-Trust laws with their rapid expansion and takeover of the explosives industry, DuPont was forced to spin off two new competitors who also chose to operate in the city, Atlas and Hercules (Hoffecker, 1974). Already, Wilmington began to jettison its blue-collar, manufacturing, industrial economy in favor of a white-collar, corporate management economy:
The shift of Wilmington’s economic center from the factories along the Christina to uptown office buildings was only one in a series of changes that have shaped twentieth century Wilmington, including the introduction of the automobile, black migration from the South, and the decline of European immigration. The old predominantly blue-collar industrial city with its indigenous upper-middle-class leadership was replaced by a city of white-collar workers, many of whom chose to live nearby in the suburbs (Hoffecker, 1974, p. 160).

The impact of the du Pont family and DuPont Corporation on Wilmington’s downtown was immense. Having successfully turned the city’s industrial composition from manufacturing to management, leadership asserted its opinion that the city should *look* like a place to do business. At its own expense, DuPont built the city a library and administrative building on the same square where their massive Hotel DuPont stood. “They wanted Wilmington to become a progressive, forward-looking, attractive city not only for its own citizens but also to impress businessmen who came to the city to do business with their company. Furthermore, Raskob and du Pont had the wealth and power to give life to their dream” (Hoffecker, 1983, p. 43).

The First World War and the Manufacturing Resurgence

Though the United States did not become involved in the war until 1917, the DuPont Powder Company sold munitions to the allies throughout the conflict. DuPont was so successful in bargaining with allies as the sole supplier of gun powder that, “By early 1916 DuPont had built $60 million worth of new facilities, while the number of employees had risen from just over 5,000 to more than 60,000” (Hoffecker, 1983, p. 63). Similarly, other manufacturing experienced a resurgence with the wartime economy. In addition to munitions, Wilmington’s cars, ships and other goods were vital to the war effort. The manufacturing boom attracted workers beyond the
city’s capacity to house them. During the United States’ short involvement in World War One, several tracts of worker housing were built very quickly. One of the most notable was the Union Park Gardens neighborhood located at the southern end of the Bancroft Parkway (Hoffecker, 1983).

As the war effort wound down, so did Wilmington’s manufacturing resurgence. The production of ships moved decisively to New York. Wilmington suffered staggering blue-collar job losses immediately following the war. “A U. S. Labor Department official estimated that 15,000 jobs had disappeared in Wilmington between 1919 and 1921” (Hoffecker, 1983, p. 85). Suburbanization had already begun, and the Great Depression struck the city’s working-class population especially hard. Emergency worker housing failed to accommodate Wilmington’s growing working population and instead homebuilders focused their energies where profit could be made outside the city. Coupled with the declining demand for Wilmington’s goods, Wilmington officials made their own mistakes between the two World Wars that Hoffecker blames for Wilmington’s early twentieth century decline:

In retrospect four failures stand out: the failure to adopt an improved city charter; the failure to annex the growing suburbs; the failure to provide decent housing for the city’s growing black population; and the failure to begin serious overall urban planning. In combination these failures exacerbated the effects of the Depression that followed and laid the groundwork for the ‘discovery’ of serious urban decay in the post-World War II period (Hoffecker, 1983, p. 91).

Despite the struggle of the city’s blue-collar population, Wilmington’s elite had a huge boom in fortune. It earned the reputation of being the ‘wealthiest city in America,’ while also allowing much of its schools, infrastructure and civic health to languish (Hoffecker, 1983). The growth Du Pont experienced during the war
positioned them to diversify and explore other chemical and manufacturing endeavors. In that time, Du Pont acquired a number of patents and chemical products ranging from artificial leather to confiscated German dye formulas, to cellophane and rayon. It also experimented to develop a much larger range of consumer and industrial chemicals (Hoffecker, 1983).

When the stock market crashed in 1929, Wilmington suffered alongside many American cities. The city, along with the rest of the state, had little public welfare infrastructure to speak of. The first generation du Ponts, however, took up the charge of public welfare. T. Coleman du Pont was an advocate for the wellbeing of the state’s indigent elderly leading up to the depression, taking it upon himself to personally fund assistance by providing monthly checks to the poorest elderly. When the Great Depression struck, the need for assistance quickly outstripped the state’s capacity. T. Coleman du Pont volunteered his own secretary, Frank A. McHugh, to administer the Mayor’s office response – the Mayor’s Employment and Relief Committee. Aid was distributed, and du Pont hired a number of workers as part of his Longwood grounds crew. The Mayor’s Committee ensured access to food throughout the city by providing grocery vouchers and restaurant meal tickets. “In this way, Wilmington avoided what McHugh called the ‘morally debilitating displays’ of soup kitchen lines” (Hoffecker, 1983, p. 103).

The Second World War

Du Pont was slowly making a managerial comeback by the end of the 1930s, but manufacturing was slower – and less assured – to recover. The United States involvement in the Second World War, however, spurred Wilmington’s economy well beyond what would have occurred otherwise. DuPont and its local offspring, Atlas and
Hercules, multiplied their sales of munitions several times over. With the advantage of diversifying after the First World War, they also produced other chemical products that aided in the production of war materials, like water-resistant fabrics, nylon, drugs and the pesticide D.D.T. Other Wilmington industries that were clinging to life experienced a brief resurgence as well. The city’s steel and fabric products, of the Dravo Company, were used heavily during the war effort. Further, the city’s factories produced landing craft and other vessels that were used by the allies (Hoffecker, 1983).

This look at Wilmington’s earliest years, its role in the American manufacturing economy and the relationship of the city with the Du Pont family and Corporation sets the stage for the study period. These developments resulted in a peak in the city’s history that would be followed by several dark decades. Try as they might, leaders would never recapture the prosperity and optimism of the late 1940s and early 1950s. In part, decisions made long before 1945 would impact the city’s political economy – and they will be addressed in later sections – but the decades after the peak were characterized by a sense that the city was in decline. As such, it is this period in the city’s history that will occupy the majority of this work.

**Immediate Post-War Conditions of Wilmington’s Environment**

Of the records that are available, the Wilmington Planning Commission reports from the 1950s provide perhaps the most complete look at Wilmington around the beginning of the study period. The first half of the twentieth-century was characterized by population fluctuations within the city, but growth in the suburbs surrounding it. While Wilmington made up 84.5 percent of the population in of the city and suburbs – the city’s immediate surroundings as measured by the Planning Commission – in
1900, by 1950 the city accounted for 63.1 percent. “During this fifty-year period the population of Wilmington has increased 44.2% while that of the suburban area has increased by 456%” (Wilmington Planning Commission, 1956, p. 6). Wilmington did peak slightly during WWII, but this hid fluctuations that kept the city’s population relatively stable. 

The city showed its greatest rate of growth between 1910 and 1920, experiencing a 26.0% increase in its population over that at the end of the preceding decade. Since that time, however, the population has remained practically static with any gain in one decade offset by losses in other decades, so that in 1950 the population was almost the same as it was in 1920 (Wilmington Planning Commission, 1956, p. 5).

The trends that planners observed in the 1950s led them to predict suburban growth would outpace the urban population. They predicted that the suburbs would grow at roughly the same pace for the next twenty years and by 1970 would account for twice the population of the city (Wilmington Planning Commission, 1956).

Population trends combined with the condition of the built environment to lead planners to believe that significant redevelopment would be needed in the coming years. They found much of the East Side to be blighted, with homes there being over fifty years old, lacking plumbing and commanding low rents. Other parts of the city were experiencing blight, but none with the size and intensity of that on the East Side (Wilmington Planning Commission, 1954). The condition of the built environment, the looming depopulation of the city and the drawdown of heavy manufacturing after the war would combine to thrust Wilmington into a decline that continues seventy years later.
Chapter 4

PROSPERITY AND CORPORATE GOVERNANCE (1945-1968)

Transition into the Epoch

As World War II was drawing to a close in 1945, Wilmington joined most other major cities on the cusp of major social and demographic changes. The post-war period would prove to be sharply distinct from any period American cities had ever experienced, but manifested in similar ways across the country. New forms of credit were extended to more people to purchase housing, which hastened the production of large scale tract housing developments in American suburbs. At the same time, the advance and ubiquity of the automobile coalesced with a taste for open, green spaces and urbanites became suburbanites. The prosperity of this period is remarkable and well-known.

What are often forgotten of this halcyon period are the side effects of this surge in prosperity. As was described earlier, the end of World War II precipitated a sudden release of pent up economic activity. The country experienced a level of prosperity that had not been experienced for roughly a decade and a half. More individuals and families could purchase new kinds of consumer goods that were produced in newly-created ways. Because housing could be mass-produced in open space outside of cities, traveled to with suddenly widely-available automobiles and financed by newly-minted FHA-backed mortgage products – which would not be available to minorities for several decades – the new middle class moved their families out of American cities, taking their spending, tax revenues and political will with them. So began the urban crisis.
The Environment at the Time of Transition

The period is characterized by a sudden swell of prosperity for much of the country’s population and the consequent depopulation of its cities, Wilmington included. DuPont, the largest private institution in Delaware and one of the largest across the globe, was located in the City and represented by far the greatest share of the city’s economic activity. According to U.S. Census Data found in Table 1, below, Manufacturing represented the lion’s share of employment in the city at the start of the period. Note, however that DuPont was a manufacturing firm. The city’s place as a corporate hub was established and maintained by DuPont, who previously built massive office buildings and invested in the city’s downtown.

Table 1 Employment by Industry Group Across First Two Epochs (U.S. Census Bureau, 1960, 1970, 1980)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>140</td>
<td>114</td>
<td>2375</td>
<td>211</td>
</tr>
<tr>
<td>Forestry and Fisheries</td>
<td>2</td>
<td>9</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>38</td>
<td>25</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Construction</td>
<td>3,839</td>
<td>2,303</td>
<td>2,055</td>
<td>1,486</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15,949</td>
<td>10,519</td>
<td>7,364</td>
<td>5,108</td>
</tr>
<tr>
<td>Railroad and Railway Express Service</td>
<td>2,446</td>
<td>980</td>
<td>414</td>
<td>239</td>
</tr>
<tr>
<td>Trucking Service and Warehousing</td>
<td>385</td>
<td>262</td>
<td>294</td>
<td>240</td>
</tr>
<tr>
<td>Other Transportation</td>
<td>637</td>
<td>324</td>
<td>317</td>
<td>626</td>
</tr>
<tr>
<td>Communications</td>
<td>464</td>
<td>283</td>
<td>203</td>
<td>251</td>
</tr>
<tr>
<td>Communications</td>
<td>464</td>
<td>283</td>
<td>203</td>
<td>251</td>
</tr>
<tr>
<td>Utilities and Sanitary Service</td>
<td>740</td>
<td>581</td>
<td>688</td>
<td>380</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,105</td>
<td>940</td>
<td>944</td>
<td>1,282</td>
</tr>
<tr>
<td>Food and Dairy Products Stores</td>
<td>1,596</td>
<td>848</td>
<td>732</td>
<td>493</td>
</tr>
<tr>
<td>Eating and Drinking Places</td>
<td>1,545</td>
<td>1,416</td>
<td>991</td>
<td>993</td>
</tr>
</tbody>
</table>

5 Agriculture was combined with Forestry and Fisheries in the 1970 Census
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Merch. Retailing</td>
<td>--</td>
<td>--</td>
<td>750</td>
<td>399</td>
</tr>
<tr>
<td>Motor vehicle retailing and service stations</td>
<td>--</td>
<td>--</td>
<td>367</td>
<td>380</td>
</tr>
<tr>
<td>Other Retail Trade</td>
<td>4,555</td>
<td>3,563</td>
<td>1,970</td>
<td>--</td>
</tr>
<tr>
<td>Total Retail Trade</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3,283</td>
</tr>
<tr>
<td>Finance, Insurance and Real Estate</td>
<td>2,008</td>
<td>1,608</td>
<td>--</td>
<td>1,732</td>
</tr>
<tr>
<td>Banking and Credit</td>
<td>--</td>
<td>--</td>
<td>592</td>
<td>829</td>
</tr>
<tr>
<td>Insurance, Real Estate and Other Finance</td>
<td>--</td>
<td>--</td>
<td>974</td>
<td>903</td>
</tr>
<tr>
<td>Business Services</td>
<td>434</td>
<td>406</td>
<td>727</td>
<td>889</td>
</tr>
<tr>
<td>Repair Services</td>
<td>529</td>
<td>373</td>
<td>393</td>
<td>316</td>
</tr>
<tr>
<td>Private Households</td>
<td>2,816</td>
<td>2,067</td>
<td>1,368</td>
<td>701</td>
</tr>
<tr>
<td>Hotel and lodging</td>
<td>431</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Other Personal Services</td>
<td>1,366</td>
<td>1,359</td>
<td>1,538</td>
<td>830</td>
</tr>
<tr>
<td>Entertainment and Recreation Services</td>
<td>479</td>
<td>371</td>
<td>283</td>
<td>313</td>
</tr>
<tr>
<td>Professional and Related Services</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>7,154</td>
</tr>
<tr>
<td>Hospitals</td>
<td>1,999</td>
<td>1,541</td>
<td>1,759</td>
<td>2,315</td>
</tr>
<tr>
<td>Health Services Except Hospitals</td>
<td>--</td>
<td>--</td>
<td>548</td>
<td>988</td>
</tr>
<tr>
<td>Educational Services</td>
<td>1,291</td>
<td>1,382</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Elementary and secondary Schools and Colleges</td>
<td>--</td>
<td>--</td>
<td>1,816</td>
<td>2,106</td>
</tr>
<tr>
<td>Other educational services</td>
<td>--</td>
<td>--</td>
<td>174</td>
<td>91</td>
</tr>
<tr>
<td>Welf., Relig., &amp; Nonprofit Membership</td>
<td>--</td>
<td>629</td>
<td>789</td>
<td>1,012</td>
</tr>
<tr>
<td>Legal, Engineering and Other Professional Services</td>
<td>1,039</td>
<td>1,050</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Public Administration</td>
<td>1,643</td>
<td>1,485</td>
<td>1,621</td>
<td>1,854</td>
</tr>
<tr>
<td>Industry Not Reported</td>
<td>800</td>
<td>5,004</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>48,276</td>
<td>39,072</td>
<td>31,103</td>
<td>26,948</td>
</tr>
</tbody>
</table>

The manufacturing economy enjoyed a brief reprieve from its decline as a result of WWII. Wilmington was home to the production of important war goods, but that production propped up a sector whose atrophy truly began around the turn of the twentieth century (Hoffecker, 1983). As part of a redevelopment project in West

6 -- Indicates no data was calculated during a particular Census as definitions and classifications have changed over time.
Center City, leather tanneries and a piecemeal factory that employed a racially-mixed blue-collar workforce were levelled (J. Baker, Personal Communication, 3/29/2018).

The DuPont Company’s investments did rescue some blue-collar work for the area – P.S. du Pont used his acquired control of General Motors to locate a production facility at what has come to be the Boxwood Plant location in adjacent Elsmere in 1946. In June, 1957, the U.S. Supreme Court found that DuPont’s influence over GM violated anti-trust laws and was forced to sell off its GM holdings (“DuPont-GM Link Held Illegal: Supreme Court Reverses Suit Dismissal, 4-2,” 1957).

Downtown, the city’s white-collar economy grew alongside weakening working-class neighborhoods. Civil rights in Wilmington had not been fully realized – even after the landmark Civil Rights Act of 1964. The deterioration of opportunities for African Americans, redevelopment projects that were started and never finished and lack of social progress after the Civil Rights Act escalated racial tensions in the city through the mid-to-late 1960s (J. Baker, Personal Communication, March 29, 2018). Wilmington’s Black population, still remained segregated within certain neighborhoods in the city (Ware, Rudder, & Davis, 2002a; H. Shabazz, Personal Communication, March 20, 2018). The school system remained segregated and underperforming well past the Brown v. Board of Education decision of 1954 – a theme that will remain throughout the city’s history. These racial inequities are deleterious enough, but the withdrawal of Wilmington’s White population exacerbated the racial disparities that have come to characterize the city (Ware et al., 2002b).

The national trend of suburbanization began shortly after the war and the result was an exodus to the suburbs. Wilmington and its surroundings were especially impacted by this confluence of events, and anomalies of the area exacerbated this
exodus. Both Wilmington and New Castle County government were small and relatively weak at the beginning of this period. The first few mayors of this period (See Appendix E), served short, two-year terms until 1953 (Devine, 2007), and had relatively little power until the late 1950s with a reform of the city’s charter (Hoffecker, 1983). New Castle County did not begin regulating housing production until 1966, when the county government was reformed (Phelan & Pozen, 1973). New Castle County suburbanized very quickly. “In the first five years after WWII, over 8,500 homes were built in the region and over 80% of these outside the city” (McGonegal, 2012a).

Wilmington’s population dropped significantly early on, while the total population in New Castle County grew dramatically – it follows that this growth took place outside Wilmington. Table 1 below illustrates Wilmington lost roughly 17,000 residents from 1940 to 1960 while New Castle County gained about 128,000 residents (U.S. Census Bureau, 1960, 1970).

<table>
<thead>
<tr>
<th>Decennial Census</th>
<th>Wilmington</th>
<th>New Castle County</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>112,504</td>
<td>179,562</td>
<td>266,605</td>
</tr>
<tr>
<td>1950</td>
<td>110,356</td>
<td>218,879</td>
<td>318,085</td>
</tr>
<tr>
<td>1960</td>
<td>95,827</td>
<td>307,446</td>
<td>446,292</td>
</tr>
<tr>
<td>1970</td>
<td>80,386</td>
<td>385,856</td>
<td>548,104</td>
</tr>
<tr>
<td>Change 1940 to 1970</td>
<td>-29%</td>
<td>+115%</td>
<td>+106%</td>
</tr>
</tbody>
</table>

The flight from the city over this period was unsurprisingly White and wealthy. Blacks and Latinos faced housing discrimination throughout the period and as such were excluded from much of the county (Ware et al., 2002b). As the city’s population
came to include a larger proportion of minorities, it became poorer. The needs of residents became more urgent, and the public funds available to serve these needs became less plentiful as the relatively wealthier populations took their tax dollars with them out of the city (C. H. Brown & O’Connor, 1963).

Democrat John Babiarz was sworn in as Mayor in 1961 and helped Wilmington achieve an update to the city charter that had been needed for decades. In a rapid-fire series of policy shifts, political power in Delaware shifted north, giving it both an advantage and a means of dragging itself out of antiquated governing arrangements. When reapportionment gave New Castle County, with its much larger population, more legislative power in 1964, the political dynamic of the Wilmington and Delaware relationship changed (Boyer & Ratledge, 2014). Shortly after, Wilmington’s charter was revised. The mayoralty, which to that time was a part-time position with little actual power, became full-time and took on the powers of a true executive. City government ‘professionalized’ (Hoffecker, 1983).

The newly-professionalizing field of planning was beginning to take stock of Wilmington’s condition. The new Wilmington Planning Commission began compiling data to understand the state of the built environment. Their findings were not encouraging. Most of the working-class housing in the city was built hastily during the boom in production around the turn of the century. By the launch of the Wilmington Planning Commission in 1952, entire neighborhoods were considered substandard. The first report produced by the Planning Commission was *A Report on Blighted Areas*, taking stock of physical blight. To that point, the only figures available were provided by the United States Census Bureau in its housing surveys (Wilmington Planning Commission, 1954).
At the time, the indicators of blight were the densities of substandard dwellings – those in dilapidated condition or lacking a private bathroom, an average rent of less than $30 per month, and buildings built before 1900 (Wilmington Planning Commission, 1954). Where these indicators converged, the worst blight was believed to be occurring. The strongest confluence of the three occurred in what became known as Area Number 1 on Wilmington’s East Side, Area Number 2 around 3rd and Washington Street and Area Number 3 just north of the Brandywine Creek and east of Northeast Blvd. Smaller pockets were scattered throughout the city (Wilmington Planning Commission, 1954). Physical blight as defined by the planning commission did not necessarily mean social and economic blight, however, and the neighborhoods identified as sub-standard were actually home to stable, cohesive communities of color (H. Shabazz, Personal Communication, March 20, 2018; J. Baker, Personal Communication, March 29, 2018).

I remember the only difference – again, this is a child’s memory – between the East side and the West side [of North Market Street] was the people that lived on the East side didn’t look like me. But they acted like our family did. They maintained their homes, they owned their homes best I knew. They cut their grass, they picked up their trash. They had the same stability in their life that we seemed to have, on the West side of Market Street (T. Ogden, Personal Communication, April 13, 2018).

Policy makers of the early 1960s were becoming more aware of the nature and severity of Wilmington’s depopulation and the impacts were becoming increasingly evident:

In 1964 the Community Services Council of Delaware, the planning arm of the YMCA, commissioned a demographic study of the state. The study showed that Wilmington faced very serious social problems. Although New Castle County as a whole was one of the
richest per capita in the United States, Wilmington’s residents did not share in that wealth. Young white families whose breadwinners had good educations and high-paying jobs had deserted the city for the suburbs, leaving behind the elderly and a rapidly growing population of poor, uneducated black families (Hoffecker, 1983, p. 179).

The causes and impacts of the urban crisis were known by the 1960s. It was in this era that Lyndon Johnson’s War on Poverty had begun, and the federal government began taking an interest in and funding interventions. For reasons characteristic of the city at the time (Phelan & Pozen, 1973), federal intervention would not make as strong an impact on the problem as it had in other cities.

**The Political Economy of the Epoch**

The political economy of Wilmington at the time was most reflective of Mills’ (1956) elite. The DuPont Company and family experienced their own surge in prosperity and economic power, which translated in interesting ways to political power. Du Pont family members and company executives often occupied high positions in city and state government or – through the well-established country clubs and social networks of Delaware’s influential class – knew them well (Cohen, 2002; Hoffecker, 1983; Phelan & Pozen, 1973). In addition, DuPont established, funded and staffed efforts to carry out Wilmington’s revitalization and boost the capacities of local and state government. Delaware’s small governments, State, County and City, were largely unprofessional – in the sense that government was relatively disorganized, wielded little regulatory power, and lacked ethical and procedural sophistication. Decisions were dictated by a patriarchal – if benevolent – cadre of Du Pont (family and corporate) elites and reflected mainly their experiences and wishes.
In their book, *The Company State*, Phelan and Pozen described the many ways the du Pont family and DuPont Company exercised control over Delaware’s public institutions, private sector markets, and civic affairs (1973). Few would argue with this assessment, however their work was not intended to assess the outcomes of DuPont’s dominance, but to question the implications of such an arrangement on democracy (Phelan & Pozen, 1973). This is a legitimate concern and will not be ignored.

Players

**The Corporate Community**

Perhaps the most important entity or entities throughout this period are the du Ponts, who have been dominant in and around Wilmington since before the ‘first generation’ moved the Company to Wilmington in 1902. Their political and economic power were at their highest throughout this period. Members of the du Pont family and the DuPont Company wielded political and economic power well beyond Wilmington. The Company wielded power over other corporations of the time, like General Motors, of which the Company acquired controlling interest in 1917 (“DuPont Original Investment Saved GM From Failure: Bought First Stock in 1917,” 1957). It is important to distinguish between the DuPont Company and the du Pont family. While they are not one and the same, the corporate structure of the Company meant little was done without the approval of a family patriarch. Throughout this period, du Pont family members and company executives were dispersed among the State, County and City governments. The first generation du Ponts, T. Coleman, Pierre S., and Alfred I., occupied prominent official and unofficial places well into the period. Their progeny, the second generation continued this tradition. H.B. du Pont, for example was at the
helm of several philanthropic and redevelopment-oriented activities. Non-family executives and employees of DuPont were also infused into various city and state departments. Importantly, DuPont, through its holding company, Christiana Securities, owned the only major newspaper in Delaware, *The News Journal*, until the early 1970s (Phelan & Pozen, 1973).

The du Pont family were staunch Republicans – philanthropic as they may have been when social causes were concerned. They fiercely opposed progressive economic policy – the likes of which dealt the Company major blows in the trust-busting reforms of the Teddy Roosevelt Administration. They used the editorial pages of the *News Journal* to make these positions known and were keen to distribute conservative literature to their large army of employees. Their political preferences – and to the extent to which their employees followed suit – precluded federal intervention and the Great Society programs of the Johnson Administration were unwelcome and underutilized in Wilmington (Phelan & Pozen, 1973).

**City Government**

The degree to which government officials were DuPont agents, as well as their relationships with the Company, fluctuated during this period. For example, Mayor John Babiarz (1961-1968), was a Polish Democrat of working-class background, initially seen as a threat by the duPonts – the two later embraced a cooperative relationship. Babiarz followed DuPont executive Eugene Lammot (1957-1961), and was followed himself by Republican, DuPont-backed Harry Haskell (1969-1972) (Devine, 2007; Hoffecker, 1983). Government officials, DuPont affiliates or not, are a key group of players. Their public positions and duty to serve public concerns with official, government-sanctioned power makes them perhaps the most important group
of players to be defined. Included in this group are of course Wilmington’s mayors, but also city council members and other personnel; as well as equivalents in New Castle County and the State of Delaware.

**Delaware and New Castle County**

New Castle County and the State of Delaware have their own places in Wilmington’s history. For much of Delaware’s history, the state legislature was dominated by rural, conservative downstate voters. The more progressive northern population had relatively little representation in the general assembly – to be fair, even suburban New Castle County was more conservative than Wilmington. Seats in the general assembly were distributed evenly amongst Delaware’s three counties. Representatives of rural Kent and Sussex counties answered to similar constituencies who themselves were quite different from New Castle County’s progressive, more diverse, more urban population – who made up a greater proportion of the state’s population than Kent and Sussex combined. This arrangement ended after a protracted fight between various factions in the state legislature following a decision by the US Supreme Court in 1960. The Court ruled in favor of “one man – one vote” meaning state legislatures had to reflect the population of their states. After three years of battle among the general assembly in federal courts, one man – one vote reapportionment was settled. In the following election in 1964, the balance of political power shifted northward as a result and Democrats won major victories. Republicans would continue to contest the decision in federal courts before their case was struck down in 1967 (Boyer & Ratledge, 2014; Hoffecker, 2004).

Most of those participating in White flight from Wilmington did not go far. Many settled just outside the city in larger New Castle County, which was also
attracting populations from outside Delaware. Advances in building cheap, single-family homes meant tract housing developments were built quickly and sold quickly. Before the reforms that swept governments throughout the state in 1966, there was no agency in New Castle County with enough force to regulate this building boom. The county population more than doubled from 1940 to 1970, while at the same time, Wilmington lost almost thirty percent of its population (See Table 1). Put another way, in 1940, Wilmington and all of New Castle County made up 42.2 percent and 67.4 percent of Delaware’s population respectively. In 1970, those respective percentages were 14.7 and 70.4 (Boyer & Ratledge, 2014; U.S. Census Bureau, 1960, 1970). Political power in New Castle County, then, dwarfed that of Wilmington.

Race, Class and Ethnicity

Inside the city, urban poverty and exploitation were striking Wilmington’s Black population disproportionately, and employment opportunities were conspicuously segregated. “In 1950, there were no black nurses in white hospitals, no black sales clerks in retail establishments, and no black clerks employed by local banks” (Ware, Rudder, & Davis, 2002a, p. 32).

Dependent mothers who got only $170 a month in welfare payments had to pay $100 of that money just for housing and utilities. Housing codes were not being enforced, while slum landlords flourished. Unions and employers conspired to keep blacks from getting jobs, the schools were poor, and there were inadequate services for working mothers (Hoffecker, 1983, p. 188).

Wilmington’s African American community became more vocal and organized during this period as part of the Civil Rights Movement. Still it would be decades before they fully realized the benefits of the Civil Rights Act of 1964 (H. Shabazz,
Personal Communication, March 20, 2018; J. Baker, Personal Communication, March 29, 2018). Several city leaders would emerge from this movement whose influence would be critical in later periods, like Dr. James Sills – a prominent community organizer and University of Delaware professor who went on to become a city councilman and mayor of Wilmington; and James Baker, who arrived in Wilmington as a VISTA worker in the 1960s and went on to become City Council President and served an unprecedented three terms as Mayor of Wilmington. Still, the discontent of Wilmington’s Black community culminated in the very event that brought this epoch to a close – the riot and National Guard occupation that followed the assassination of Martin Luther King Jr (J. Baker, Personal Communication, March 29, 2018).

It was during this time that the famous *Brown v. Board of Education* decision of 1954 was written, forcing the desegregation of public schools across the country. Despite the fact that two of the suits included in the *Brown* decision were filed by National Association for the Advancement of Colored People (NAACP) attorney Louis Redding related to separate and unequal facilities in New Castle County, desegregation in Delaware was actively resisted for another twenty years by omission rather than the overt resistance of the south. This was made possible when *Brown v. Board of Education* – commonly referred to as *Brown II* – was revisited one year later that ordered school boards to develop desegregation plans with *deliberate speed* (Ware et al., 2002a). “During that period, another generation of the state’s African-American students was denied its constitutional right to equal educational opportunities” (Ware et al., 2002a, p. 21).

Another group that deserves some attention during this epoch were working-class and ethnic whites. These included the city’s predominantly Polish, Italian and
Irish populations who resided just to the west of the central business district and south into Browntown and Hedgeville. For a map of neighborhoods, see Appendix D. This group often worked in Wilmington’s shrinking manufacturing and shipping industries. Much of this constituency can also be found outside the city. Many of them moved from the city during the period, as suburban tract housing developments were sometimes their first opportunities to own homes and as will be seen, an entire Polish neighborhood was uprooted to make way for infrastructure in the late 1950s (Hoffecker, 1983). It is worth noting white ethnicity lost the salience it had around the middle of the century, so this constituency will not be mentioned specifically again in later periods.

Another constituency worth highlighting is the relatively wealthy white-collar workforce who populated the city’s far west side, as well as the wealthy suburbs to the west and the north, commonly referred to as Chateau Country (Hoffecker, 1983). Many of these individuals were associated with DuPont, its subsidiaries or other large corporations in and around the city during the time. These were white-collar clerks, lawyers and other professionals that worked in the offices downtown.

**Civic and Institutional Leadership**

Among the institutions that occupied influential positions in the local political economy was the University of Delaware. The largest institution of higher education in the state, located just twenty minutes away in the city of Newark, was certainly in the city’s orbit. The post-war mobilization of the social sciences toward the urban crisis included the University of Delaware, and through a sizeable grant from the Ford Foundation, the Division of Urban Affairs was started in 1961. James H. Sills Jr., was its first director. The Division had the mission of, “Developing a permanent, on-going
system of education, research and service relating to urban problems” (Center for Community Research and Service, 2012, p. 1). Though the name had changed several times in its history – now the Center for Community Research and Service, a member of the School of Public Policy and Administration – it has provided research, training and leadership at many levels across Wilmington ever since.

Any look at prominent actors in Wilmington’s history must account for the Greater Wilmington Development Corporation (GWDC). Following clearing for Urban Renewal a few years before, the 1960s began with an expanse of vacant just east of the central business district. The physical condition of the city was blighted and embarrassing. The physical, social and economic changes associated with the suburbanization of Wilmington left officials in a bind. The needs of the city continued to grow. Its residents were getting poorer and older, infrastructure was crumbling, real estate values were dropping and the tax base was shrinking. It was against this backdrop that one of the most significant public-service organizations in Wilmington’s history began.

The administration of Republican Mayor Eugene Lammot (1957-1961) perhaps sensed Wilmington’s difficulties, and decided it could not face them alone. At the behest of Mayor Lammot, a presentation was arranged and made to Wilmington’s business elite urging them to take a stake in the city’s future. Following a series of conceptual and organizational meetings in 1959, The Greater Wilmington Development Council (GWDC) was incorporated in November of 1960 and consisted of a coalition of Mayor Lammot’s office and local business executives – many of whom were from DuPont (Hoffecker, 1983; Larson, 1988). The organizations bylaws state that its purpose was…
…to identify and analyze the physical, social, cultural and governmental problems of the Greater Wilmington Area; to determine the priority for dealing with these problems; to develop solutions to these problems for the long-range good of the people and the community; and to bring action to bear on the recommended solutions, primarily through coordinating and strengthening existing agencies and organizations – both public and private – so that the Greater Wilmington Area will be a better place in which to live, work, and do business (Phelan & Pozen, 1973, p. 177).

The organization was modeled on the Allegheny Conference in Pittsburgh, which had demonstrated success in revitalizing parts of that former industrial city. Elected officials were purposely excluded from the board, allowing it to leverage proper bargaining power with government officials and avoid conflicts of interest (Larson, 1988).

The GWDC leveraged and coordinated resources and partnerships to advance the downtown. They encouraged government to conduct certain activities and stepped in to commission research that otherwise might not have been done.

The fall of 1962 also saw the first cooperative venture between the [GWDC] and the City of Wilmington. At GWDC’s suggestion, the City and GWDC entered into a formal agreement to employ the services of the Division of Urban Affairs to conduct an economic base study for the Wilmington Metropolitan area, with special emphasis on the future land use and economy of Wilmington’s downtown. The results of these studies were to reinforce the recommendations of the city’s first downtown plan (Larson, 1988, p. 4).

The organization would go on to sanction many studies, spin-off other organizations, fund local grants to nonprofits and influence policymaking for the next twenty-five years. It became one of the most important entities in Wilmington through the 1960s and 1970s, acting as a quasi-government and meeting needs that the state,
county and local governments were ill-equipped to serve. The GWDC was funded by an informal ‘tax’ on member organizations proportional to the number of people they employed. Du Pont, being the largest employer in the state, contributed the largest share of the GWDC’s operating budget (Phelan & Pozen, 1973).

The GWDC was more than a pet project of the DuPont machine. Based on the language of the documents produced, the research funded and the types of activities the organization undertook, it appears the GWDC genuinely cared about economic development in and around Wilmington. The GWDC had its flaws and they will be pointed out here, but it should be understood as an organization of its time, and of the perspectives that made up its leadership.

Relationships

The cast of characters of this period is easy to conflate. Several individuals have occupied significant roles in city and state government, the DuPont Corporation, the University of Delaware and the GWDC. Few had adversarial relationships with the du Ponts. The Company and the family were large enough players in the local economy that many were employees, business associates, or in the DuPont orbit through spinoff organizations or supporting linkages. There were significant conflicts, but most interviewees regard DuPont as a benevolent presence. Local, state and county government had positive relationships with the Company through much of this epoch owing to the du Pont family generosity, and involvement in governance. The Company would often commission, conduct or fund studies and reports for the benefit of local governments (Hoffecker, 1983). Even before the conservative revolution of the early 1980s, when tapping the expertise of the private sector to deliver on public expectations came in vogue (Barnekov et al., 1989), DuPont was filling this role.
The launch of the Greater Wilmington Development Corporation in 1961 is this practice formalized. The GWDC was a council of businessmen – many of whom were employees of DuPont. DuPont employees staffed the offices of the GWDC on loan until permanent employees were hired – some of whom were drawn from the ranks of DuPont. Members of the du Pont family occupied the board and executive positions of the GWDC (Hoffecker, 1983; Larson, 1988; Phelan & Pozen, 1973). There are important lines to be drawn between the GWDC and the du Pont family, however, du Pont family patriarchs exercised a degree of leverage over the organization.

Not all relationships with the Company were equally realized. The du Pont family tradition of philanthropy was directed in part toward Wilmington’s Black population, but the extent to which there was a relationship was lacking. The group had trouble interacting with poor, black community members, partnered social workers, and academic researchers as many were distrustful of the group’s motives. GWDC board members overestimated their expertise on how to bring prosperity to the city’s poor. “Demonstrations of housing rehabilitation…had little impact among people who worried about where they would get their next meal” (Hoffecker, 1983, p. 182).

This is not to suggest there were not relationships between members of different races in the 1960s. Neighborhood changes during the period, and neighborhood succession that followed suburbanization meant that some neighborhoods had periods of racial heterogeneity. Tom Ogden, current Mayor Purzycki’s Deputy Chief of Staff recalls growing up on the West Side of North Wilmington in what is now the 9th Ward neighborhood. “We used to have a stickball
league. So I remember living in that neighborhood and playing with friends, with African American kids who had moved over from the East Side at some point” (T. Ogden, Personal Communication, April 13, 2018).

As the mid-century declines in Wilmington were occurring, the negative impacts were disproportionately visited on African Americans. What to do about this, however, was not obvious. While the GWDC pursued the courses of action most acceptable to them, the city’s poor black community began to grapple with the notion that their needs would not be met without decisive action on their part. Following the national awakening of the Black Power movement, Wilmington’s Black youth became restless. The GWDC attempted to assuage this population by organizing a program where the youth involved in the city’s street gangs – which were growing increasingly violent through the 1960s. A revolutionary idea for the time, conceived and directed by GWDC advisor and member of the Wilmington diocese, Edward J. or “Ned” Butler, the program organized at risk youth for the purpose of intervention and violence reduction. The program came to be called the Wilmington Youth Emergency Action Council (WYEAC). The program had a short and hard life, as it forced cooperation between moneyed White elite and poor street youth with histories of violence. The result was more often confrontation and mutual distrust. WYEAC would crumble in 1968 following a series of investigations into misappropriation of funding and criminal behavior of WYEAC members (Hoffecker, 1983).

The failings of WYEAC and the GWDC’s relationships with Wilmington’s African American community can be attributed to a number of causes. Throughout the 1960s, Wilmington’s Black community was finding its voice. Social advances were hard-won and came with wrongs to right. The Civil Rights Act of 1964 officially
ended Jim Crow policies, but de facto Jim Crow would continue to exist (R. Jabbar-Bey, Personal Communication, June 9, 2017). Further, the wealthy, White corporate executives were fundamentally out of touch with the realities of the Black community, and represented the resentment of years of oppression. “In interviews with the study group, black activists expressed the feeling that DuPont was at the heart of many of Wilmington’s most serious problems and that GWDC was a fraud that had usurped their legitimate right to a democratically run local government” (Phelan & Pozen, 1973, pp. 242–243). A committee working for Democratic Governor Charles Terry (1965-1968) interviewed Blacks in Wilmington who voiced a strong sense of injustice. The Black Power movement was a response to institutional oppression, and the institutions responsible for the oppressing still held the cards. While the Black Power movement appealed to angry, young African Americans fed up with the slow pace of progress, it also alienated more moderate voices who may have helped guide a smoother realization of Civil Rights (J. Baker, Personal Communication, March 29, 2018). Of course, there were generational divisions …

But young and old agreed that the ‘white power structure’ was directly responsible for the injustices suffered by blacks. In 1967 there was a Black Power conference in Newark, New Jersey. Its message reflected the belief among young blacks at the time that whites held all the cards and could end discrimination if they wanted to, while the only weapon available to blacks was to resort to violence. This was the national mood when WYEAC began its short, painful life in Wilmington (Hoffecker, 1983, p. 190).

The violence that closed the 1960s and ended this epoch will be fully examined close to the end of this chapter – but for now it is important to know that the
perpetrators and the victims were not the ones predicted by Charles Terry, who feared and expected an armed rebellion by Delaware’s Black community (Hoffecker, 1983).

By the time the GWDC was up and running, Mayor Babiarz was sworn in as the office’s first Democrat in decades. Initially hesitant about Babiarz’ political leanings, the du Ponts and the GWDC found him to be a friendly ally and would go on to have a cooperative relationship with him through his term ending in 1968. “In addition to this power base, the affable mayor also got on well with the businessmen who ran GWDC, particularly H. B. du Pont” (Hoffecker, 1983, p. 174).

Illustrative Episodes

The Interstate and Defense Highway Act of 1956 was intended to mimic the German Autobahn that so impressed President Dwight D. Eisenhower. Large, wide high-speed highways meant people, goods and – importantly for him – troops and equipment could move long distances quickly. Interstate highways began crisscrossing the country in the late 1950s, and sliced their way through the hearts of many cities. The placement of interstate highways typically coincided with the principles of urban renewal, where low-value land and poor neighborhoods were cleared and highways were erected in their place. The routing of highways was decided by the Federal Highway Department regardless of state and local objections. Wilmington’s political muscle, for perhaps better and worse, made it an exception to this policy. Federal Highway Department officials planned on a route through Wilmington that would have routed Interstate 95 along the Union Street corridor on the west side of the city – a well-to-do neighborhood. The outrage this plan stirred was quickly gathered into a well-formed and funded challenge that would upset the federal practice of routing highways solely at the discretion of the Highway Department (Hoffecker, 1983).
The routes presented were the initial route, along Union Street and another on the west side – along the Bancroft Parkway where damage to homes would be minimal due to its vast open space – one along the Adams-Jackson street corridor in the center of the city, and one along the B&O Rail line on the east side through mostly industrial and swamp land (Hoffecker, 1983). A coalition of neighborhood groups on the West Side of the city, calling themselves the Delaware Expressways Committee, placed an advertisement in the Journal-Every Evening in early April 1957. The ad featured a large, bold question, “Why Put a Big Ditch Through Wilmington?” and argued against carving a highway through the Bancroft Parkway, instead advocating for the Delaware River route, and solicited donations for the legal fight. It was signed by Thomas Herlihy, Jr (Delaware Expressways Committee, 1957).

Mounting pressure led the Highway Department to give Wilmington City Council final approval of the interstate’s route through the city. The presentation of the routes, of which more options appeared following the intense opposition to the Highway Department’s initial announcement, was made to an outgoing city council within a month of their term’s end. The outgoing council had a Republican majority and was to be replaced by a fully Democratic council. After first refusing to consider the issue in favor of allowing the incoming council to make the decision, the outgoing council made an about-face and took the first of their two required votes on the measure to authorize a route on their second-to-last meeting on June 20, 1957. They supported the Adams-Jackson route amid the outcry of the dozens of opponents in attendance (“Adams-Jackson Freeway Okayed: City Council Action Held Not Binding After July 1,” 1957). One week later, they again voted on the Adams-Jackson routing. This time, over 300 opponents of the routing attended, with a parade of protesters.
marching up Jackson Street to the meeting to express their opposition to the route with the backing of the Taxpayer’s Protective Association (“Freeway Fighters to March on Public Building Tonight,” 1957). The Adams-Jackson route would lead to the demolition of 369 houses in a working-to-middle class, mostly Polish neighborhood. The vote that night was seven to six in favor of the Adams-Jackson routing of I-95 (Hoffecker, 1983).

This action, which led to the destruction of an entire neighborhood of stable families and well-kept homes, and destabilized several adjacent neighborhoods, raised questions:

How had it happened? How had a council made up largely of white ethnic Roman Catholics voted to tear up a two-block-wide portion of the west side, which would oust many of their own people from their homes? Why did the Highway Department not put the expressway on the east side, where it could have been integrated into the urban renewal plans (Hoffecker, 1983, p. 150)?

One explanation is that careers worth of favors were called in. Frank Obara, the outgoing council president and one of the only Republicans who voted against the measure twice, cited pressures that mounted on council members to support the Adams-Jackson routing that few were able to resist. “Although Obara held firm against these pressures, other councilmen who had gone on record against the freeway did not. One in particular had told him in genuine agony that he must vote against his conscience for the highway, because ‘a certain party [who] had done him a lot of favors’ had called in his chips” (Hoffecker, 1983, pp. 150–151).

The Chateau Country desire to locate I-95 where it is today can be traced through the editorial pages of the News Journal, owned by the du Pont family through
their holding company, Christiana Securities. An advertisement placed in the News Journal in early May, 1957 offered a handful of benefits of a freeway including quick commutes, ease of business quick escape for vacation (Delaware Citizens for the Freeways, 1957). The Adams-Jackson routing of I-95 was the most convenient for wealthy suburbanites in Chateau Country – they did not need to cross the entire city to access the interstate – without it being close enough to spoil their picturesque landscapes. Further, “These wealthy people feared that if a west side route were not built now, someday the federal government might require the construction of another west side interstate – this one through Chateau Country itself” (Hoffecker, 1983, p. 183).

Demolition of the residences in the city began in January 1959. Interstate 95 is often cited as a main source of community blight in Wilmington. Sections of the city are cut off from one another, with the highway forming a physical barrier between neighborhoods. The neighborhoods left standing adjacent to the highway deal with a barrage of noise pollution, and the ones under the raised portion of the highway seem to be stained gray from the dirt and dust blown onto them from above. The scar of I-95 may never heal. Further, policy and planning decisions, including those of economic development will necessarily take I-95 into consideration.

The Economic Development Policies of the Epoch

Urban Renewal and the East Side

The Planning Commission’s 1954 report was used to justify federally-funded Urban Renewal on Wilmington’s East Side, dubbed ‘Project A’ (Wilmington Planning Commission, 1954). While the study indicated that there was severe blight, those who
were present remember a stable, mixed income African American enclave in the city (H. Shabazz, Personal Communication, March 20, 2018; J. Baker, Personal Communication, March 29, 2018). With the promise of redeveloping housing priced to allow displaced residents to return to afterward, the land was seized through eminent domain and razed. Then private developers were expected to bid on redevelopment of the site – however none put forth a suitable redevelopment plan and the land sat vacant for roughly two decades (Hoffecker, 1983).

By the time the GWDC came into existence, the East Side was empty and showed little promise. There were a number of factors contributing to this problem. The vast scale of the site, disagreements over usage, lukewarm response from developers and diminishing funding plagued the project from the start. “Project A posed an awkward series of problems for city officials…Outside experts generally provide positive reinforcement for large-scale redevelopment plans, but Project A daunted even the most optimistic planner" (Hoffecker, 1983, p. 168).

Planning principles dictated that the land be put toward its ‘highest and best use,’ but there was little agreement on what that was. The promise that new homes could be purchased on low incomes would be broken.

The few blacks who could meet the minimum annual income of $5,000 required by the FHA to be cleared for a home mortgage were already finding houses to buy either in other parts of the city or in open occupancy Oakmont. The impermanency of many of the jobs available to blacks had given the group, as a whole, a rocky record of defaults on mortgages. In addition, the real-estate industry was wedded to the so-called ‘laws of conformity,’ which held that similar structures, functions, and races must be grouped together. It seemed, therefore, that blacks could not afford the proposed ‘best use’ middle-income housing, and whites did not need it or want it. While [the consulting firm] Jackson-Cross tried to sound optimistic, they could not escape this dilemma (Hoffecker, 1983, p. 169).
Instead, The GWDC backed larger federal redevelopment projects, like the development of a large civic center on the site of Project A. When the Federal General Services Department announced it wanted to build a courthouse outside Project A – near the Wilmington Club where the judges liked to have lunch – Mayor Babiarz, the City’s new Planning Director Peter Larson and the GWDC teamed up to develop a comprehensive civic center plan that would tie Project A to the downtown. Of course, this battle took years. Developers were uneasy about buying into the project until a civic center was built, but the civic center was mired in red tape. The hole in the east side was spreading as residents on its fringe were selling their houses to slum lords and small businesses closed their doors (Hoffecker, 1983).

The condition of the site continued to be a problem through the 1960s. With Project A still vacant in 1968, the GWDC commissioned a study of the viability of retail enhancements in Downtown Wilmington. The study was conducted by the University of Delaware’s Division of Urban Affairs. It concluded that the best course of action was to support small local merchants in and around the downtown whose customer base was the lunchtime crowd and strollers (Hoffecker, 1983). Unsatisfied with this finding, the GWDC turned to the planning firm of Harold S. Wise and the marketing firm, Robert T. Gladstone Associates out of Washington DC. The findings of this study were more amenable to the GWDC.

Beginning in the summer of 1968, the consultants prepared several working papers and background studies to assist the city and GWDC in coming to a decision as to the best future use of the Civic Center commercial site. At that time, a consensus was reached that the area should be developed as a major regional shopping complex, with underground parking and at least two leading department stores (Larson, 1988, pp. 9–10).
The GWDC favored a large regional shopping mall and spun off an organization that spent the next few years planning the inclusion of a mall in the civic center complex. Thus was launched Downtown Wilmington, Inc. A shopping mall fit with their conception of economic development in that it would attract the dollars of suburbanites and would be a large, physical representation of success in conquering the blighted, vacant land that neighbored the downtown. It did not, however, have the same favor with the community – especially Wilmington’s minorities (Hoffecker, 1983). Supporters – Downtown Wilmington, Inc. and by proxy the GWDC – believed it would expand the city’s tax base, promote additional development and create thousands of jobs. The distribution and adequacy of these benefits, however, was in question. It was estimated that low-skill positions would account for 1,000 to 3,000 jobs before accounting for opportunity costs. Further, these jobs – retail clerking and maintenance – promised to pay minimum wage, and were therefore among the lowest paying positions a low-skill worker could hope for (Phelan & Pozen, 1973).

Worse still, these jobs were not guaranteed to benefit the city’s minority population. In a series of features outlining and advocating for the civic center plans as developed by Downtown Wilmington, Inc., the Evening Journal interviewed official in charge of the mall project, DuPont executive Roger W. Fulling, “He [Fulling] says no guarantee can be made that a certain set percentage of Civic Center jobs would go to minority group members because the shopping center is to be built and staffed privately. He will not hear of ‘offending’ any developer by asking that a fair-share agreement be made” (Frank et al., 1971, p. 6).

The mall concept included a ‘spur’ linking I-95 directly with the mall’s parking garage. This spur required the destruction of even more residences and small
businesses along its route. Further the spur was subject to a great deal of federal, state and local regulation – meaning public hearings would be guaranteed.

An opportunity for ‘public debate and citizen participation’ occurred in July, 1971, when federal highway authorities held a hearing on the proposed connector from the interstate highway system to the shopping center. The Evening Journal summed up the hearing in its headline on the following day, ‘Connector Given its Lumps – Officialdom: Yea; But the Public: Nay.’ The story reported that ‘the connector had a major setback with its rejection by the vast majority of groups and individuals’ Only one community group stood with state and city officials. All the others, supported by only a few public officials, expressed opposition. They cited air pollution, noise levels, isolation of neighborhoods, and the lack of public input into the plans (Phelan & Pozen, 1973, p. 202).

This issue mobilized the community in Wilmington to exercise its own voice and flex muscles that were undeveloped at the time of the fight over I-95. City Councilman James Sills Jr. led the community opposition.

City Councilman James Sills, Jr., a leader in the fight for housing, said, according to newspapers, ‘there should be ‘no connector, no civic center, and no revitalization of downtown Wilmington’ until tangible and satisfactory plans are developed to solve the city’s housing, economic and educational problems.’ Sills made a suggestion feared by the corporate establishment that the community ‘use the connector with all the cunning we can muster to help turn this city around (Phelan & Pozen, 1973, p. 202).

The mall project was eventually defeated. Opposition itself did not stop the project, but did manage to stall it long enough that Downtown Wilmington, Inc. and the GWDC gave up. With another regional shopping mall being built ten minutes to the south-west, few large department stores would commit to Wilmington and developers eventually lost interest in the project (Hoffecker, 1983).
The Port of Wilmington

One of the few stable sources of opportunity for unskilled labor in the first epoch was the Port of Wilmington, owned and operated by the city. The port went through successive cycles of deterioration and redevelopment; boom and bust. In the 1950s, the Port was allowed to deteriorate. As ships grew in size, and the volume of goods reaching the east coast increased, investments in port infrastructure failed to keep pace. For example, for container ships of the 1950s and 1960s to enter the port and turn around, they needed a much larger space than was available, and even the expansion that eventually came in the late 1950s was not enough to meet the needs of the ships that were expected to use the port. The port would not see its first major expansion until the early 1970s (Diamond State Port Corporation, 1998).

Small Business, Retail and Consumer Credit

In the early 1960s, the GWDC funded a substantial bit of research that was performed by the Division of Urban Affairs at the University of Delaware and by consulting firms around the Mid-Atlantic region. Among this research were reports on the long-term unemployed in the city (Durr, 1963), which found that even by that time the demand for unskilled labor tumbled as automation replaced many unskilled functions in the city; a report on the reasons small businesses had been leaving Wilmington (Arthur E. Warner & Durr, 1963), which found that small retail businesses were largely following their clients, seeking ease of parking and space to expand; and in a study remarkably similar to this one, a history of economic development in Northern Delaware (Author E Warner & Durr, 1962).

The Great Society programs of the 1960s were developed to begin equalizing economic opportunity, at least by Federal design. Wilmington’s anti-federal bent
reared its head in obstructing this mode of economic development. The Small Business Administration guaranteed up to 90 percent of loans made to small businesses. Delaware banks did not participate, forcing the SBA to make larger loans to small businesses – and limiting the number of businesses that could be helped.

The SBA naturally prefers working through local banks to making direct loans, since its limited money can go much further if used to guarantee loans. Its assistance to local businessmen is severely limited if local banks will not participate. Yet during 1966 and 1967, the Delaware banks did not provide any SBA loans, forcing the local SBA office to make 23 loans totaling $1.25 million directly to Delaware applicants. During 1968 and 1969, banks supplied 9 out of 26 SBA loans (35%) totaling $308,000 out of $644,500 loaned; in 1970 they helped fund only 11 out of 48 SBA loans (23%) or $479,000 out of $1,400,950. In Philadelphia during the same period, SBA officials say that banks provided 80% of SBA loans (Phelan & Pozen, 1973, p. 147).

Capital was even harder to obtain if an applicant was African American.

Although the banks claim they never have discriminated, black community leaders offer many examples of Negroes denied home loans for no apparent reason. One black leader told of an experienced black public school teacher who approached the bank where he had long conducted his financial affairs, asking for a home improvement loan of $4000. Bank officers said they would give him only $1000, and that only if he first raised the other $3000 on his own (Phelan & Pozen, 1973, p. 148).

Starting and maintaining a healthy small business requires access to capital. That capital was unavailable at the ground level paired with the flight of small businesses from the city and effectively stripped a ground-level economy from major parts of the city. Retail was moving out of the city following population to the suburbs. Between 1955 and 1963 there were 517 retail moves impacting Wilmington.
Of those, 182 were moves into Wilmington, 56 were between locations in the city, and 279 were moves out of the city (Arthur E. Warner & Durr, 1963).

**Conditions at the Close of the Epoch**

By 1968, the urban crisis had been realized. Wilmington depopulated by nearly 30 percent since its peak in 1940 (See Table 2). The population left behind was increasingly poor and black. By the mid-1960s, this fact was well-known:

The pattern of population loss in center city while the suburbs were growing at rapid rates is quite familiar to students of urbanization in America. Many people have concluded from this loss that Wilmington is simply losing its vigor, but the situation is not that simple. Wilmington city limits, enclosing an area mostly either already built up or unsuitable for homes, did not expand its boundaries significantly after 1920. Meanwhile the built up area was constantly spreading out beyond the city’s border. In recent years many residences in center city Wilmington have been demolished in order to make way for urban renewal projects, highway development, offices, hospitals, stores, parking centers and other non-residential structures. At the same time the number of suburbanites was mounting. In effect, the city was spreading out into a metropolitan area, and its center was specializing in uses of its space other than for housing. The resident population therefore diminished (C. H. Brown & O’Connor, 1963, p. 7).

The nature of the city’s depopulation was identified before the close of the epoch, and this knowledge preceded the pivot to the next epoch. What investigators perhaps could not have seen coming was the racial showdown that would come in the near future. The *Brown v. Board of Education* decision and the desegregation orders of *Brown II*, went largely ignored in Wilmington until a federal court order in the 1970s forced desegregation. The desegregation decision made near the beginning of the period had yet to be implemented before its end. Implementation was resisted for
nearly twenty years through quiet and subtle inaction rather than through the loud, angry resistance seen in the American south in the wake of Brown:

For the rest of the public schools, the desegregation effort was frustrated by what might be termed ‘passive resistance’ of the Delaware legislature. Less overt and hysterical than the resistance in the old Confederacy, it was effective all the same, preserving segregation in the schools through reliance on residential segregation and artificial boundaries of the preexisting school districts (Hayman, 2009, p. 65).

Depopulation and growth of the suburbs around the city, the disappearing opportunities for the sizeable unskilled labor force, the loss of retail, and the challenges of administering a declining city plagued the remaining years of the 1960s. Investigators were aware of the lingering challenges, and their predictions were proven keen.

Changes centered on the two factors of increased size and major changes in composition or characteristics have many important and very practical implications. For example, it is clear that many more classrooms will be needed to educate the larger population in the county outside the city and that in Wilmington there will be a continuing tremendous task ahead to educate a relatively large proportion of the population variously described as ‘culturally deprived,’ ‘economically depressed,’ or ‘socially disadvantaged.’ But if something is to be done to try to cope with problems associated with both the factors of the population growth and changes in characteristics something more than a pious hope is called for (C. H. Brown & O’Connor, 1963, p. iv).

The problem was not expected to go away. Depopulation had taken its toll before the events of the late 1960s. The economic withdrawal and underutilized labor force made conditions ripe for unrest.
There were advances for certain. State, county and city government reforms began moving governance into a more professional, more capable form. The city charter, though still weak, was strengthened. Elected officials had more responsibility and more power, and administrations were beginning to staff departments with trained professionals (Hoffecker, 1983). Delaware politics took a shift from thoroughly conservative to relatively liberal as New Castle County benefitted from reapportionment (Boyer & Ratledge, 2014).

The economic development activities of the era, notably the heavy-handed redevelopment projects intended to spur physical and economic activity in the private sector on land that was inhabited by an urban poor in substandard conditions, were in line with the conventional wisdom of the time – however that conventional wisdom failed to deliver on its promises. Interestingly, this was not enough to deter a doubling down on the concept later in the epoch – as was seen with the shopping mall episode. A GWDC-sponsored study of downtown retail business partially blamed the then-decade-long failure of urban renewal for loss of downtown business. While the report called for completing the project – which by that point evolved to market-rate housing and office expansion:

However, it does seem logical to assume that downtown merchants were deprived of a certain amount of their ‘walk-in’ trade by the relocation of families in advance of the construction of the Poplar Street A Project. It is impossible to estimate the economic impact of this factor, but should current plans for the area be realized, it is probable that future inhabitants will have greater purchasing power than those who left, and thus the downtown merchant will benefit in the long run. Shortening the period of time between starting and completing urban renewal projects might help (Authur E Warner & Durr, 1963, p. 13).
Similarly, the failure of the local banking community to participate in SBA lending and minority lending demonstrates the preferences of the powers that were. Big projects that could boost corporate presence were preferred over strengthening a smaller, local economy. By the end of the period, the city was a husk. It had hollowed out to a degree that was as yet unseen. As the city continued to hollow out through the 1960s, the local economy and destabilized and the discontent of the local population peaked and erupted in 1968.

**Analysis: The Power of Corporate Governance**

In the first epoch, the urban environment changed in important ways at the beginning of the period and the momentum of these changes seems never to have dissipated. City and local governments started the epoch as relics of the pre-war period, where elected officials served part-time while tending other endeavors, and citizen commissions made up of the wealthiest made the few public decisions there were to be made. This apparatus was not prepared to confront the watershed economic events of the decade immediately following WWII. The depopulation and suburbanization and metropolitanization of Wilmington had begun. The demographics produced by this trend left a city population systematically devoid of economic and political power. This was in keeping with national urban shrinkage trends as the larger urban crisis had manifest in Wilmington. The DuPont company, which represented a large share of the local economy began the epoch with the vigor of the wartime economy, but was ever-so-slightly receding by the early 1960s. DuPont contributed a great deal of philanthropic funds throughout the period. Blue-collar employment was flagging during this period as the demand for war goods ceased and the production economy of Wilmington generally was in decline before the war. The remaining large
blue-collar employer, the Port of Wilmington, always languished as funds were rarely available for its maintenance and updates. Wilmington’s depopulation and the relative boom of New Castle County shifted the locus of power in Northern Delaware out of the city, prompting calls as elsewhere of a metropolitan government (Teaford, 1979). Instead of internal governance, the city was acted upon by outside forces – the wealthy of Chateau Country used their political clout to divert a major thoroughfare through the center of the city, wiping out entire neighborhoods in the process. Even as political power in the state shifted northward in the late 1960s, Wilmington’s influence – even over itself – shrank.

Wilmington’s political economy was decidedly dominated by one private organization with immense public influence. DuPont controlled the lion’s share of political and economic power in Wilmington and indeed in the State. This was a period of dominance by Mills’ Power Elite (Mills, 1956). As the city depopulated over the course of the epoch, the voting base diversified slightly, but not enough that there was enough political power dispersed among other players to challenge DuPont – at least until just after the close of the epoch – and even that victory would not be the final word. DuPont employees sat in public offices or on public commissions, DuPont employed a sizeable share of state voters, and the du Pont family’s personal relationships with key decision makers, philanthropic activity and sheer economic power allowed them to steer formal power both formally and informally. As mentioned, DuPont controlled a great deal of power in Wilmington, but the company was monolithic, and had significant clout across the state (Phelan & Pozen, 1973). DuPont had influence over government in all three counties and the State of Delaware. Political power in the state shifted north during this time, however Wilmington’s share
of it actually declined as New Castle County’s population – and relative resources of that population – grew and Wilmington’s shrank. With its anti-federal preferences, DuPont was able to stave off federal intervention in local affairs, even if that meant depriving city residents of the benefits of the Great Society programs.

Economic development in this epoch reflected its political economy. Assumptions about economic functioning and social wellbeing were well-rooted in privatism, perhaps due to the sheer size and weight of DuPont. The organization had a history of managing the needs of the city, and it was largely understood that much of Delaware and Wilmington’s wellbeing depended on the Company. The projects that were initiated immediately after the war were large, federal programs that were designed to spur private redevelopment of tenement communities downtown. The public apparatus was employed to seize land in poor neighborhoods, clear it and turn it over to the private sector to be developed for a profit. Here, a neoclassical economic development approach was predominant. The initial justification needed to sell this plan to the public involved telling the displaced community that new housing would be available to them, but over time the vision for the space changed. When private developers would not invest in the area, it became incumbent on the government to redevelop some of it into a civic center. The potential dangers of a neoclassical approach occurred and left officials in a lurch. The private market had no incentive to grow in Wilmington when it could grow elsewhere with a greater return on investment. That is when the DuPont-backed GWDC proposed and lobbied to build a shopping mall on the remaining land. Instead of seeing the construction of a downtown mall, however, the community was able to mobilize and stop the plan from progressing. The need to destroy even more of the community to make the project
work and the recognized inequity of the type and availability of jobs generated by the project were enough to draw the community’s ire and give Wilmington’s Black community one of its first major civic victories.

In this epoch, the relationship between the urban environment, political economy and economic development are quite clear. The monolithic status of the du Pont family and the DuPont Company colors all three elements. They were one of the largest employers in the state, generated the most revenue of any organization in the state, and donated the greatest number of dollars to charitable causes – which coincidentally they administered. The status of the family and Company were such that political and economic power were concentrated among them, giving them significant control over the policies that were administered – whether through government, or alongside government through their own apparatus. Meanwhile, Wilmington’s decline in the postwar period meant that political and economic power were bleeding from the city and into New Castle County. What was left behind was a poor, minority population with almost no political power. Desperation and resentment of the DuPont dominance of the city, joined with the provocative actions of the State’s governor set up a showdown that would leave Wilmington reeling. DuPont’s formal and informal control of the policymaking process lead to economic development approaches that reflected the perspectives of du Pont family and company elite. Urban renewal was seized upon and administered in part by DuPont interests and the shopping mall was settled upon with no community input. While that sort of process worked early in the epoch, the political changes and the mobilization of the Black community combined to stymie the project. It will be seen in the next epoch how these events influence all three elements.
Transition Out of The Epoch

Racial tensions in the state and Wilmington came to an ugly head in 1968 with the assassination of Dr. King. The Civil Rights Movement through the 1960s and the official passing of the Civil Rights Act of 1964, combined with the slow but eventual desegregation of Delaware’s schools, the elections of Black city council members and the events touched off by the assassination of Martin Luther King Jr. sowed the seeds for a major shift in Wilmington’s political economy.

The Civil Rights Movement won hard victories in the 1960s. In the process, it was dealt several blows. The assassination of Martin Luther King, Jr. was one of the worst. Despite isolated incidents, Wilmington was spared some of the earliest unrest following Dr. King’s assassination. In the first days after King’s assassination, as other cities were erupting into rioting, the Journal-Every Evening ran an article praising the somber and peaceful nature of the young people mourning King (“Students Here Draw Praise After Orderly March to Rite,” 1968). The next day, however, rioting broke out.

I was a high school student. We decided as high school students to have a march, which was supposed to be a peaceful march. The three high schools were supposed to march from their schools and meet at Rodney Square. We were marching down Fourth Street, we got to Fourth and Market and my recollection was that somebody threw a brick through a window at what was then L&H sporting goods shop and all hell broke loose (J. Street, Personal Communication, January 18, 2018)

This event would touch off a watershed event in Wilmington’s history that many recall as the city’s darkest time.

Then Governor, Charles Terry (D) was suspicious of the Civil Rights Movement. A legislative showdown over changes to Welfare policy in Delaware, complete with a protest at Legislative Hall earlier in 1968 did little to ease tensions
between Terry and the Black community (Martin, 1968). He believed Wilmington’s African American community was sheltering militant Black power groups plotting armed rebellion (J. Baker, Personal Communication, March 29, 2018). He pushed a measure through the state legislature authorizing the governor to deploy and withdraw the National Guard at will, and with its passage, promptly dared the Black community to give him an excuse to use it (Hoffecker, 1983). When King’s memorial service in Rodney Square turned destructive, Governor Terry got his wish.

The riot lasted for four days, during which 21 buildings – most of which were abandoned – were burned, and roughly $163,000 in damage was done (Hoffecker, 1983). The National Guard was deployed and almost immediately quelled the rioting. The city blocks now known as West Center City were under occupation for the following nine months, with nightly patrols by the State Police, Wilmington Police, and National Guard. A curfew was imposed and enforced. It was not long before there was a near unanimous objection to the continuation of the occupation. The riot was over, the threat had subsided. Governor Terry, however, refused to withdraw the National Guard. The nine months of National Guard occupation ended in January 1969 when Republican Russell Peterson won the gubernatorial race. Despite criticism for keeping quiet about the occupation in Terry’s lame-duck period, his first act as Governor was to end the occupation (A Dream Deferred: Remembering the 1968 Occupation, the National Guard in Wilmington, DE., 2007; “Siege Partially Lifted,” 1969; Hoffecker, 1983).

The occupation damaged the city in ways that would be felt for decades. National newspapers and magazines carried the story of the occupation, complete with editorial cartoons and accounts by residents. Sensational headlines like Whites
Attacked in Car: Couple Barter for Lives (Rettew, 1968) broadcast the danger of Wilmington across the state. The city’s national reputation was bleak, and the scars of the occupation would go on to mark the environment, political economy, and economic development policies of the following epoch. The events surrounding occupation of 1968 and subsequent recovery upset the balance of power in Wilmington. The African American community found its voice and began to mobilize effectively against threats. By the time the fight over the shopping mall came to a head, a new political economy in Wilmington had emerged. This one was marked by more diffuse power, with the black community gaining political clout and the city’s elite businessmen loosening – or losing – their grip on the city. Top-down dictum would no longer command the authority they did leading up to the late 1960s. DuPont shifted strategically during the 1970s. In the next epoch, DuPont and by proxy the GWDC – still a significant player in Wilmington’s political economy – changed the way it interacted with the community.
Chapter 5
THE SHIFTING LOCUS OF POWER (1969-1979)

Transition into the Epoch

The National Guard occupation of Wilmington was the longest peacetime occupation of an American city in history. It soured Wilmington’s national reputation and left a stain on its history. For African American Wilmingtonians who lived through the occupation, it is recalled as one of the most traumatic experiences with state-sanctioned racism.

When the riots took place… you heard about the siege of Wilmington. No wonder these people are so head-down, and scared, and don’t want to assert themselves in a way that says, ‘I’m here, I’m capable. The banks should look at my business the same way they look at a DuPont business’ (R. Jabbar-Bey, Personal Communication, June 9, 2017).

The continuation of the occupation started as a racial dividing line in the state. White Delawareans supported it in the beginning, however as it dragged on, public opinion shifted (Hoffecker, 1983). Republican Russell Peterson ran against Charles Terry in the 1968 gubernatorial election, and though he was careful not to take a side of the occupation debate, his first act as governor was to withdraw the National Guard from the city (Hoffecker, 1983). In the immediate aftermath of the riot and occupation, Wilmington’s bruised political economy was evolving. The impacts on Wilmington’s reputation, economy, and social cohesion was significant, and prompted further outmigration to New Castle County. As such, the power structure of the city was changing. Middle class, white conservatives abandoned the city, taking their money,
but also relinquishing the voting and governing power they guarded so closely leading up to that point.

The Environment at the Time of the Transition

During the transitional period between epochs, the decline of the previous period was well noted. “Between 1940 and 1970, the city population dropped by 28.5 percent, from 112,594 to 80,386, and the property tax base fell from about $410 million to $301 million, or by 26.6 percent, between 1962 and 1972…In addition, major crime offenses rose from 25.0 per 1,000 persons in 1963 to 87.4 in 1971, an increase of 250 percent” (Murphy/Williams, Urban Planning and Housing Consultants, 1973, p. 1). That said there were promising signs:

…downtown Wilmington has experienced an office building boom paralleling a resurgence of downtown office construction throughout the country over the past five years, aiding an increase in downtown Wilmington employment of 27.3 percent between 1964 and 1970, 22,116 to 28,147. The retention of office space downtown is a major plus for the city’s future which, with the major hospitals, provides a strong employment core in the city center (Murphy/Williams, Urban Planning and Housing Consultants, 1973, p. 3)

Politically, the elections of 1968 paved the way for a more progressive 1970s. Governor Charles Terry, who ordered and maintained the occupation of 1968, was soundly defeated by moderate Russell Peterson. John Babiarz, the Democrat who began the process of professionalizing Wilmington’s government was replaced by Republican Harry “Hal” Haskell, Jr. (1969-1972), whose contributions to the professionalization of Wilmington government outshined those of Babiarz.

Haskell brought a new level of dynamism and competence to city government. This he accomplished in part by coopting staff people from GWDC. With the death of H.B. du Pont in 1970, GWDC lost a
prestigious and concerned leader who had shepherded the disparate business community into action. Simultaneously, the new mayor was developing a strong professional staff to run the city. Several of his key staff members came from GWDC. Allen Rusten, a journalist who headed GWDC’s public relations, became Haskell’s administrative aide, and Patricia Schramm, who had resigned her job as GWDC research aide to complete a Ph.D at Bryn Mawr, became Haskell’s social planner (Hoffecker, 1983, p. 216).

Each would only serve one term and would be followed by Democrats. Governor Peterson, for his part, is credited with signing the Coastal Zone Act in 1972, which prohibits industrial development along the state’s waterfronts. The Coastal Zone Act is an environmental protection victory, but also features as a favorite target of corporate executives who complain of overregulation (Nagengast, 2006). Mayor Haskell, achieved an equally polarizing victory, the passage of Wilmington’s wage tax – which will feature prominently in the economic development portion of this chapter.

Even as Wilmington government was strengthening, the city continued to experience decline. The shock of the riot, the damage of the occupation and the subsequent spike in flight from the city left it reeling. The city continued bleeding residents despite the fresh attitudes and approaches of the progressive leadership of the 1970s.

Nationally, the economy was beginning to have rumblings of distress. A period of inflation began in the mid-1960s that was beginning to be felt in the early 1970s, yet the Great Society programs and relatively high levels of national employment masked the coming distress. An early gas crunch in 1973 slowed the economy somewhat, but was only a hint of the distress to come by the end of the decade (“The Great Inflation,” 2013).
The Political Economy of the Epoch

As the 1970s began, DuPont’s dominance was slowly being pushed against by newcomers. The Company was still a significant force, and would remain so for at least another decade, but hindsight reflects hints of what was to become of DuPont. The riots marked a major pivot in the city’s political economy. It marked perhaps a realization that the social, economic and demographic changes of the late 1960s meant the old DuPont tradition of benevolent dominance would no longer hold up. Instead, new groups and coalitions were developing new voices and methods of interacting with one another. Conflicts arose and continued, and the existing structure had to adapt to the new reality.

Players

The Corporate Community

Big businesses and small businesses alike were in turmoil at the time. In part due to the weakening national economy, in part due to economic policies at the state level, and in part due to depopulation of Wilmington, its economy was faltering. Al Giacco of Hercules Chemical Company, who was a major player in the close of the epoch, puts it this way:

The three governors who preceded Governor du Pont were one-term governors who raised the tax rates to try to keep the state solvent. As a matter of fact, when I became CEO in 1977, poor economic conditions had prevailed in Delaware for almost a decade. In the late 1960s and early 1970s, fiscal mismanagement by the Republic administration in Dover had led to an extremely high personal income tax rate (18 percent), low ratings on state bonds, a poor business climate, and a continuing loss of jobs. The unemployment rate consistently exceeded the national average…However, the next administration added to the turmoil by adding a 10 percent
surcharge to the income tax rate, making the top rate 19.8 percent (Giacco, 2003, p. 216)

While corporations may have been hesitant to incorporate in Delaware during the epoch because CEOs were put off by high income taxes, small businesses were struggling with depleted purchasing power. “…In 1963 the Central Business District accounted for approximately 26.6% of the metropolitan area’s shoppers’ goods sales. By 1978 this had plummeted to 3.4%” (McGonegal, 2012c). Despite a brief and isolated return to the city by some well-off, suburbanites, the city was largely devoid of the economic activity it takes to support a stable local retail environment. The well-to-do had all but entirely fled the city by the middle of the 1970s and were content to take their purchasing power with them.

The du Pont family and DuPont corporation appear to have learned some lessons in the aftermath of the 1968 occupation and the shopping mall defeat. The Company’s leadership and structure were changing (Phelan & Pozen, 1973).

At the same time, executives in Delaware may be realizing that a new corporate approach to the community is needed. When the black ghettos of Wilmington erupted after Martin Luther King’s murder, the elite may have sensed that DuPont’s high return on investment was not being evenly spread throughout the community. On the other hand, in projects like the Neighborhood Improvement Program, run by Russell Peterson and H.B. du Pont, businessmen learned that they could not solve the state’s social problems overnight by financing a few neighborhood centers. Within the last two years, business leaders have shown signs of recognizing the need for broader representation on their boards – for example, the recent appointment of one Jewish and one outside director in the DuPont Company (Phelan & Pozen, 1973, p. 394).
Civic and Institutional Leadership

The Company’s tradition of civic engagement never vanished. DuPont still loaned employees to the public sector, and gave employees time off to serve in public office. Bill McLaughlin and Dan Frawley – both would go on to serve as Mayor of Wilmington, were DuPont lawyers. DuPont was still the biggest employer in town, and one of the largest in the state. The Company’s power was still present, and its philanthropic activity still dominated the city’s non-profit sphere. “In my days in community affairs at DuPont I worried about contributions and memberships… Many of the employers had payroll deductions to encourage their employees” (B. Osborne, Personal Communication, October 26, 2017). The Company was aware of both the positives and negatives of their dominant image. “The civic engagement of the DuPont employees was legendary. Now the downside I’ll mention is the perception that DuPont was so big and so powerful. So when I was in Community Affairs, part of what we were trying to do was foster others’ involvement to share leadership” (B. Osborne, Personal Communication, October 26, 2017).

In similar suit, the Greater Wilmington Development Corporation changed the way it interacted with the other players in the city. The organization’s leadership recognized that it was now one of several entities working on revitalizing Wilmington (Larson, 1988). The GWDC still sponsored and provided technical assistance to Wilmington’s government. It arranged for studies and contracted consultants to help the city government meet the advanced requirements of federal programs (Larson, 1988).

Further, the GWDC helped fund and fundraise for the restoration of the Grand Opera House from 1971 to 1974 as well as helped with construction of the Market Street Mall in 1973 and 1974. The GWDC also launched the Historic Preservation
Fund in the early 1970s, which has been used on significant preservation projects around Wilmington since (Larson, 1988).

The GWDC’s involvement in economic development included joining and starting several collaborative committees. It continued the New Firm Recruitment Committee and the Delaware Opportunities Industrialization Center (OIC) – a skills training program – but also began a new program in 1972 with the new appointment of John Oliver to the chairmanship of the Economic Development Committee. This program had a more regional focus and turned to promoting the Greater Wilmington Airport and to the De La Warr region south of the city (Larson, 1988). Within the city, the GWDC assisted smaller organizations.

It became obvious that strong leadership in the retail sector was needed to reinforce the public investment in the amenities of the mall. The downtown retailers’ organization, Central Wilmington Business Inc. (CWB), requested GWDC’s assistance in strengthening their group and, in the fall of 1976, [Robert] Lang was loaned to them. Within a few short months, Lang had CWB operating effectively, and a permanent staff for the organization was employed (Larson, 1988, p. 25).

The GWDC billed itself as the main coordinator of economic development activities in and around Wilmington (Larson, 1988). It frequently set up meetings with the State Chamber of Commerce, the Delaware Division of Economic Development and representatives from New Castle County and Wilmington. Later in the 1970s, however, the GWDC began withdrawing officially from economic development. It

7 Robert Lang was GWDC’s Director of Economic Development and served in General Services at DuPont (Larson, 1988).
cited the self-sufficiency of its spin-off organizations and the framework it helped establish as a reason it was no longer necessary:

At the end of the 1970 decade, it became apparent that many private and governmental agencies interested in the economic development of Greater Wilmington and the state had been strengthened to the extent that a formal GWDC economic development program was no longer critical. Once again, GWDC had done the groundwork. Today these programs are carried on by the Delaware Development Office, the Delaware State Chamber of Commerce, the New Castle County Economic Development Corporation, the City Department of Commerce, and Wilmington Economic Development Corporation (Larson, 1988, p. 26).

In July 1979, the GWDC began paring down its scope and operations. Its final activities included developing the Christina Gateway, the Port of Wilmington and the Greater Wilmington Airport in addition to starting the process of developing a local conference center, enhancing and promoting public transit and improving the Market Street Mall between 4th and 10th streets. The GWDC was officially shuttered in 1984 (Larson, 1988).

City Government

Following Mayor Haskell as mayor was a young Tom Maloney – who was previously the city’s youngest councilman. Mayors Haskell and Maloney shared a keen professional sense, and paid close attention to the city’s financial health. Where they differed was in their opinions of how best to solve such problems. Mayor Haskell was more prone to the large-scale, complete redevelopment projects while Mayor Maloney saw the financial benefits and preservationist imperative of restoration and adaptive reuse. Mayor Maloney served one term as he ran unsuccessfully instead for US Senate in 1976 (Hoffecker, 1983). He brought a fresh energy to Wilmington’s
governance. “Maloney was youthful. He was in his early 30s when he came in…and Maloney brings with him a very youthful team of advisers (L. Nagengast, Personal Communication, November 16, 2017). As part of Mayor Maloney’s reforms, he launched the Commerce Department and the Planning Department (J. Flynn, Personal Communication, February 27, 2018). Mayor Maloney was followed by Democrat William McLaughlin, who would serve the rest of the decade and into the early 1980s.

Race and Class, The Beginning of African American Ascendancy

Wilmington’s African American community was growing in proportion to the city population, which continued to decrease in the 1970s. The community simultaneously experienced advances and losses during this epoch that would shape later ones. There were political advances, for example. James Sills would be the first city councilman of color in Wilmington in 1969, where he served at large. James Baker would become a councilman 1973 (Devine, 2007). Sills is credited as one of the organizers who helped stop the downtown shopping mall project mentioned in the previous chapter (Hoffecker, 1983). He was not afraid of calling out the process and potential blunders of the project. “Sills said the lack of adequate social planning for the civic center came about largely because the city government in 1966 ‘unwittingly allowed local corporate and business interests, through Downtown Wilmington, Inc., to usurp its power and virtually dictate the planning process’” (“Sills Critical of Fulling on Civic Center,” 1971). African American civic activity would grow through this period as illustrated throughout this chapter. Civic leadership among this community was present in the 1970s and built through the 1980s.

It was so much that my father and the other gentlemen – and Miss Bebe Coker and so many other women who were involved, Miss Frauline Trotter and Miss Helen Chambers – these ladies and
gentlemen were truly connected to the community. They were the voice of the community and they had a role within their community that wasn’t about titles. It wasn’t about anything that divided us or wasn’t about my organization fighting to get funding. It was for the good of the community. And I remember the community would accept and appreciate it (N. Chukwuocha, Personal Communication, March 16, 2018).

**Delaware and New Castle County**

The State of Delaware was having its own problems in the 1970s. Governor Peterson, who ended the national guard occupation of Wilmington and signed the Coastal Zone Act, was followed by Democrat Sherman Tribbitt, who took office in 1973. In the early 1970s, however, the state was dealing with financial crises – one of which directly contributed to Sherman Tribbitt’s defeat of Governor Peterson in 1972. Governor Tribbitt was forced to deal with a few economic crises of his own. A significant share of The Farmers Bank of the State of Delaware – not itself a state entity despite what its name might suggest – came to be owned by the state and by law; the state’s money had to be held in the bank. In early 1976, the Farmer’s Bank found itself overextended with bad loans made out of state and was nearly bankrupt. Governor Tribbitt orchestrated an unpopular bailout that saved the bank from failure and prevented a significant loss of State capital, but bore a political punishment in the process (Boyer & Ratledge, 2015).

Another crisis of the Tribbitt era had to do with education funding. On opening day of the 1974-75 school year, members of the Delaware State Education Association struck, shutting down 14 of 26 school districts in the state. Their complaint was insufficient pay. With the General Assembly out of session, Governor Tribbitt promised to find a solution in January. The solution that was floated was to impose a
tax on petroleum refined in the state – a showdown the state lost to Getty, the owner of the state’s only refinery in Delaware City (Nagengast, 2006).

Republican Pierre “Pete” du Pont, IV was elected Governor in 1976, and inherited a series of crises. By that time, the State’s finances were in a bad way – with much of the blame placed on poor leadership in the General Assembly, shaky accounting and budgeting practices, and a general lack of accountability. Governor du Pont is credited with a series of reforms that would help usher in a period of relative stability (Boyer & Ratledge, 2014; Nagengast, 2006).

Governor du Pont’s reforms included what were to be model programs for the rest of the country. Du Pont’s reforms included adding disclosure standards for government officials, cutting Cost of Living Allowances for State employees and standardizing budgetary procedure (Nagengast, 2006). One such reform, aimed at solving the state’s continuing budgeting problems was designed to make certain that budgets were made using accurate projections. Prior to the du Pont Administration, the General Assembly would project revenues that would be used to benchmark the budget. Unfortunately, the General Assembly was not very good at this task, and had a habit of overestimating future revenues, then in reality operating in a deficit. According to Governor du Pont’s Chief of Staff, Glenn Kenton’s account to Larry Nagengast:

They’d always balance the budget by simply inflating the revenue estimate. Then the end of the year came and we had no money. So this idea of an independent financial advisory commission had never been thought about before. Take the estimating process out of the General Assembly…number one thing you’ve got to do is get the revenue estimating process out of the General Assembly and get it to an independent private group so they can’t juggle the revenue estimates (Nagengast, 2006, p. 52).
Thus, the Delaware Economic and Financial Advisory Council was established. DEFAC is an independent, nonpartisan board of advisors from the Administration, leaders from the General Assembly, experts from the University of Delaware and other experts from the private sector (Nagengast, 2006).

New Castle County was dealing with problems as well. While the reforms of the 1960s professionalized county governance, there were still problems with capacity and corruption. County Executive Melvin A. Slawik would be removed from office by Governor Tribbitt in 1976 over a perjury conviction and charges of obstruction of justice after he interfered with a bribery investigation of him (Nagengast, 2006). The County continued to grow through the 1970s, adding 12,000 residents in the decade between 1970 and 1980. Policy changes and court rulings would bring about several other crises for New Castle County in the 1970s, but as these crises directly involve the City, they will be addressed in the ‘relationships’ section.

Relationships

The showdown over the shopping mall meant the GWDC and DuPont needed to take a more cooperative approach with greater Wilmington than when it enjoyed unilateral leverage over the area. The GWDC became DuPont's primary interface with local government and community groups and provided more public service than it had in the previous epoch.

In 1970 the City of Wilmington was under pressure to revise its federal funding request to the U.S. Department of Housing and Urban Development (HUD). The consolidation of the City’s urban renewal projects into the single Neighborhood Development Program (NDP) was required by HUD at that time, and the City’s planning staff did not have the personnel resources to complete this work. GWDC employed a consulting firm to prepare the NDP application, which is to this day the fundamental document
governing the City’s community renewal program (Larson, 1988, p. 22).

The GWDC took more the role of consultant and coach in the 1970s. While the city and county governments were building their own capacities, the GWDC was funding, facilitating and staffing efforts to speed the process.

DuPont was no longer exercising control over development in Wilmington or Delaware in the way that it had in the previous epoch. Instead the Company sponsored candidates and loaned employees as well as maintained a high level of philanthropic contributions (B. Osborne, Personal Communication, October 26, 2017). Phelan and Pozen point out the shift in DuPont’s local posture in their 1973 book:

The recent groundswell of public opinion on pollution issues and stronger federal laws have forced Delaware’s pollution control agencies to eliminate some loopholes and concessions in the state’s anti-pollution laws. The state adopted more stringent air quality standards. After a full-time DuPont employee in charge of Wilmington’s proposed civic center refused to promise jobs to blacks because it was a private project, the blacks rose up against this publicly subsidized boondoggle, the shopping mall intended to make Wilmington a shinier ‘Chemical Capital of the World.’ Lawyers in the Delaware chapter of the American Civil Liberties Union have recently become more aggressive, as shown by their suit against de facto segregation in Wilmington and its suburbs. When Governor Peterson, a former DuPont executive led the state into a deficit of over $30 million, the legislature responded by tightening some of the widest state tax loopholes. And, perhaps the most significant in the long run, the staff of the News-Journal has begun to react strongly against the censorship imposed by the DuPont family and top editors under the family’s wing. The recent critical articles on the shopping mall, for example, are signs of change (Phelan & Pozen, 1973, pp. 393–394).
The 1970s, then, appeared to be a period of political shifts within the city. Across city limits, however, fissures were opening between residents of Wilmington and of New Castle County – if not in the governments – and would worsen over the decade. The issue of school desegregation – which still had not been achieved despite the twenty years since the *Brown* decision – and a plan to move New Castle County’s major hospital out of Wilmington contributed to this mutual resentment (Hoffecker, 1983).

The location of a hospital expansion and modernization project that began with a series of studies in the middle of the 1960s would be a source of strain throughout the decade. In short, the hospital board was faced with a decision to upgrade Wilmington’s existing hospital, build an entirely new hospital in suburban New Castle County, or some combination of the two. In the end, after years of advocacy, animosity and court cases, the board decided to build a massive hospital in Stanton, half way between Newark and Wilmington and modestly upgrade Wilmington’s hospital (Hoffecker, 1983).

Despite the *Brown* decision, Delaware had failed to desegregate its schools more than a decade later – it would take closer to two decades before desegregation would be a reality. “For three quarters of the 20th century, segregated education in Delaware was as prevalent as it was in an of the former Confederate states” (Ware et al., 2002a, p. 19). Still, Wilmington’s school system was undergoing serious changes during the epochal transition. In 1968, the state legislature passed the Education Advancement Act, which decreased the number of school districts in Delaware and determined how future school districting decisions would be made. The act prohibited school districts from consolidating with others if they served more than 12,000
students. The Wilmington School District had stiff challenges. City students, a critical mass of whom were from poorer minority backgrounds, needed instructional supports that demanded more attention than Wilmington’s middle-class white students – prompting yet more white flight. “At this time, Wilmington was the only district that had an increasing enrollment of black students. The law would have confined most of northern Delaware’s black students to Wilmington schools” (Feutsch & Ware, 2009, p. 128).

It would be almost another decade more before the schools in and around Wilmington actually desegregated after yet another legal challenge. *Evans v. Buchanan* was filed in 1971 on the grounds of the nearly complete segregation of New Castle County’s school system resulted in the creation of one school district that served all of New Castle County, but it was short lived. When the State Legislature failed to develop a desegregation plan acceptable to the Supreme Court, Federal District Court Judge Murray M. Schwartz was appointed to the task (Hayman, 2009). “Finally, in 1976, the federal courts ordered the consolidation of New Castle County’s school districts to effectuate real desegregation. Two years later, Judge Murray M. Schwartz fashioned a remedy that included inter-neighborhood busing” (Hayman, 2009, p. 66). The county’s unitary school district was split into four separate districts in 1978.

The City of Wilmington was divided so that a portion was placed each of the four new districts. To promote racial balance in individual schools, the court ordered school districts to transport the black students residing in Wilmington to suburban schools and to bus the white suburban students to city schools. All students were required to spend three years in city schools and nine years in suburban schools (Feutsch & Ware, 2009, pp. 288–289)
Wilmington’s educational system began the 1970s in crisis, and that crisis was – and remains today – one of the most important challenges to the city’s economic health. “If the city could not hold its remaining middle-class residents, white or black, it could not survive, and a major way to encourage middle-class residence was to provide desirable public schools” (Hoffecker, 1983, p. 246).

Illustrative Episodes

In an event that spans two epochs, the fight over the shopping mall plan for downtown Wilmington ended in 1971. The collective power found and displayed by Wilmington’s organized Black community was the first victory of its kind and marks the point where Black political power entered the scene in Wilmington. It was at this point, on the heels of a defeat, that the existing order recognized a new political power. It made some uncomfortable and prompted suggestions of city-county consolidation and metropolitan government. This new shape of Wilmington politics was not lost on the city’s established political economy in the late 1960s and early 1970s.

At the present time, blacks comprise nearly 50% of Wilmington’s population, and the chances that a black mayor will soon be elected increase. For the city’s blacks, a black mayor would probably be a welcome event. After years of segregation in Delaware, blacks might see such a mayor as a symbol of new hope and opportunity. The proposed merger of city and county governments might deny blacks the very opportunity that is so near. The corporate establishment worries that a black mayor would more likely respond

8 The shopping mall episode was part of an attempted economic development approach, however, its defeat is informative of the differences in the political economy of the two epochs.
to the interest of the city’s poor – white, black, and brown – than to business interests (Phelan & Pozen, 1973, pp. 280–281).

Still, the dynamics of a proposed metropolitan government highlight the dynamics of the players in the political economy. Hoffecker suggests that the failure of a metropolitan government to materialize in the 1970s is an example of the political conditions of Northern Delaware (1983). This can be taken one step further, it represents the quick shift in the local political economy – the power of other players overcame the will of the elite before elite power could be used to stem the changing political economy. For example, in 1968, New Castle County Council President, C. Douglass Buck, Jr. began advocating for metropolitan consolidation of New Castle County and the city of Wilmington. Initially pitching the idea to the American Institute of Bankers in Newark, Buck made the case for metropolitan government as a means of streamlining and simplifying government function – with the idea that County government could better administer the revitalization of the inner city. “What we all need to do is to re-orient our thinking toward the concept of making center city areas, once again, into dynamic, healthy areas” (“Metro Government Proposed by Buck,” 1968, p. 35).

DuPont was forced to reconcile with its changing role in Wilmington at this time. Though DuPont was learning to play well with others, it was still learning. In 1971, DuPont sought to build a tunnel under Eleventh Street connecting two of its buildings. The DuPont Company drafted a resolution allowing it to build the tunnel without compensating the City for the space or the disruption of traffic. Though there were objections to the legislation, it passed – with the votes of some DuPont-employed councilmen. The nine-to-three passage was not enough for the DuPont
Company, which was used to enjoying unanimous support. A *News Journal* editorial shortly after the vote admonished council for its lack of support and made a thinly-veiled threat to abandon the city:

But what the councilmen are forgetting in their initial cool, almost hostile, response to the proposed tunnel…is that the city desperately needs tenants like the DuPont Co. for its tax base. Surely, if DuPont…and others are willing to invest their money in city real estate and to counter the trend of building out in the suburbs, then the city leaders (and that includes all councilmen) should attempt to accommodate these ventures (Phelan & Pozen, 1973, pp. 251–252).

Resentment of the city was building within New Castle County, and vice versa. The desegregation order of the mid 1970s set up one of the key sources of conflict, but competition between the city and the county would spill into other realms as well. One of H.B. du Pont’s last acts before he passed away was to donate roughly 200 acres of land near Stanton to the newly-formed Hospital Board that developed from the merger of two hospital networks in Wilmington, which would become known as the Delaware Division. There were plans to build a large hospital outside the city for some years before du Pont’s gift, however the lack of a location kept the plan from advancing meaningfully. The Stanton site was large enough to accommodate quite a large hospital, and so the distribution of beds would become an issue of contention. After a series of debates, negotiations and confrontations, “In the fall of 1975, the board voted to construct a major general hospital in Stanton and to reduce the Delaware Division to emergency and routine care. They named this proposal Plan Omega” (Hoffecker, 1983, p. 257). There were several constituencies wrapped into the fight over the hospital, but this fight reflected two significant – if not overlapping – battle lines. For one, the fight was one of New Castle County versus the city; for the other, it was a
racial conflict. The NAACP brought a significant legal challenge to Plan Omega, citing the unequal level of service that would disadvantage Wilmington’s black population who would be unable to reach the Stanton site for specialized care. The case was decided in favor of Plan Omega in 1980, “…only after the Medical Center agreed to provide frequent free shuttle service from the city to the Stanton hospital and to prevent the Delaware Division from becoming a racially identifiable ‘ghetto’ facility” (Hoffecker, 1983, p. 258).

In 1979, as the city charter was under review, officials were considering revising the existing annexation policy – recalling that it adds several levels of legislative passage and a special election for any municipality over 50,000 residents. Mayor McLaughlin reportedly joked about the potential of using this new power to annex the DuPont Experimental Station which was just outside city limits. Shortly thereafter, the proposed revision was dropped by the state legislature (McGonegal, 2012c).

The Economic Development Approaches of the Epoch

Wilmington’s Wage Tax

With the depopulation and devaluing of much of the built environment, the city’s sole means of raising capital, real-estate taxes, were quickly becoming insufficient to raise the funds needed to operate. By the late 1960s Wilmington’s white-collar workforce had become a commuter workforce. Many lived in the suburbs and entered the city every day for work, consumed city services like police protection and other public infrastructure, then left again in the evening. Their economic activity – and their taxes – went with them. The wage tax helped the city recapture some of
these lost revenues. Mayor Haskell was not alone in accomplishing the wage tax, but
did help orchestrate its passage. The idea for the tax arose from the University of
Delaware’s Division of Urban Affairs Professor James Sills. The passage of the tax
required the cooperation of Republicans in the state legislature. In Haskell’s style,
however, he managed to convince them to lend their support for legislation. “Because
Haskell had provided financial support to Republican candidates for state offices for
many years, numerous legislators from suburban districts owed him favors, and so the
impossible was accomplished, and Wilmington got its wage tax in 1969” (Hoffecker,
1983, p. 217). The tax was unpopular with suburbanites, but helped the city capture
revenues lost from wealthy workers who fled the city to the county for residence, but
enjoyed city infrastructure that they received for free during their working day
(Hoffecker, 1983).

Mayor Maloney sought to expand business’ presence in Wilmington by
offering property tax incentives to businesses that built or renovated existing buildings
in the city. The incentive would be a ten year period where property taxes would
slowly ramp up from nothing to a normal rate – the reasoning was that these
businesses would one, spur others and two, bring in employees who would pay wage
taxes (McGonegal, 2012b).

Physical and Cultural Redevelopment: Back to the City?

When Mayor Maloney took office in 1973, he faced a city that was badly
damaged and still recovering from the occupation. While Haskell favored large-scale
projects, Maloney faced a reality that he had to do more with less money. He had to
get creative and search for successes where they could be found. He implemented the
pedestrian mall on Market Street that the Haskell Administration planned, and began the practice of successfully leveraging public and private dollars (Hoffecker, 1983).

Some suburban whites began moving back to cities in the early 1970s, though Boyer and Ratledge (2015) challenge that there was actually a ‘movement’ rather than the idea of one. The Maloney Administration launched one of the first Homesteading programs in the United States. Philadelphia was first by just a few weeks, but Wilmington gained national recognition for such a forward-looking and innovative program. The Homesteading program sold city-owned vacant houses for a sum of one dollar. The buyer, having demonstrated the financial wherewithal to rehabilitate and occupy the house, would do just that. Rehabilitation was expected to be paid for by the buyer typically with a bank loan of roughly $9,000 (Hoffecker, 1983). Unfortunately, rehabilitation tended to cost more than the loan, as administrators over-estimated the volume of repair that could be done by a savvy do-it-yourselfer. Often rehabilitation cost more than the final appraisal of the home. The program shuttered after one round (Tecza, 2012).

The Port of Wilmington

Port expansion was slow leading up to the 1970s, with only periodic updates. In the early 1970s, the port began securing larger receiving and distribution contracts. Del Monte fruit made the Port of Wilmington its principal North American port for bananas and pineapples in 1972 and in 1974; about half of all Fiats entered the US through the Port of Wilmington (“Our state,” n.d.).

The port still had challenges. Governor Tribbitt commissioned a study of the port’s status and activities following a change in director in 1974. The study found that nearly a third of the port was unusable due to its physical condition. Further, “Ninety
percent of the terminal’s business was unloading and storing commodities, but only ten percent was in cargo exports. This meant that after unloading, ships sailed away empty. Ship owners, who paid $5,000 a day to run a medium-sized freighter, favored ports that could guarantee ships would be re-loaded” (Diamond State Port Corporation, 1998, p. 38).

The study concluded that repairs and upgrades would cost from $15 to $20 million, for which council was hesitant to issue bonds. Councilman Joseph DiPinto favored leasing the port to a private company, but a partnership between Port and City officials and Arthur “Skinny” Wilson, president of the Longshoreman’s Association, managed to secure enough money in federal grants to make long-term repairs and upgrades, attracting even more produce imports as well as Volkswagen, Audi and Porsche (Diamond State Port Corporation, 1998).

Jai-Alai Doesn’t Exist Anymore

In the mid-1970s, there was a span of several months when officials in the city considered opening a jai-alai fronton in Wilmington. Jai-alai is a South American sport like squash but played on a much longer court and involves much faster ball-speeds. The game also involves betting, which with some tweaks to the state’s gambling laws, would have allowed Wilmington to capture some gambling tax revenue. After some research and negotiations, the jai-alai fronton was never pursued (McGonegal, 2012c). According to Elliot Golinkoff, who did the majority of the research and ultimately influenced the decision not to pursue the project, this was a mistake avoided:

We could have put a fronton where office buildings, hotels, and lawyers’ offices are now. Jai-alai doesn’t exist anymore. Frontons are single-use facilities. I mean, I guess you could convert it to an
ice skating rink. But the economic impact on Wilmington would have been devastating (E. Golinkoff, Personal Communication, July 7, 2017)

Federal Funding

The momentum of Johnson’s Great Society programs was beginning to wane by the Nixon administration, and some programs were cut during his time. His successor, Gerald Ford, signed on to allow the Department of Housing and Urban Development (HUD) to administer Community Development Block Grants (CDBG) which were to be utilized for affordable housing development and for business expansion and retention (“Community Development Block Grant Program,” n.d.). Wilmington’s use of CDBG funds was managed through WEDCO, which established a Small Business Development Program to help finance and assist small businesses with technical assistance (Inden, 1982). These funds would combine with another program just a few years later, the Urban Development Action Grant (UDAG) to spur massive redevelopment of Wilmington’s downtown.

When Jimmy Carter was elected president in 1976, one of his key supporters was a young senator from Delaware, Joe Biden. When the Urban Development Action Grant program was established in 1977, Wilmington won a great deal of grant money. The program came with a number of stipulations that targeted job creation to disadvantaged, minority urban residents, among other things – in stark contrast to the shopping mall proposal of the previous period. The federal grants were competitive in nature, and would be distributed to cities that developed compelling proposals. Cities loaned the money to private developers for physical projects, and would receive the repayments themselves. Wilmington was especially good at capitalizing on the
program, and established an organization for administering the city’s involvement in it, the Wilmington UDAG Corporation (McGonegal, 2012c).

The first project in the city to use UDAG funding to meet a budgetary gap was the construction of the Radisson Hotel – now Doubletree – on 8th and King Street. The application was successful in part because of its high private to public funding ratio of five to one, the partnership’s commitment to providing a good proportion of jobs to city residents, particularly minority and low income workers (McGonegal, 2012c). The project received an award of $1.6 million, which was roughly a sixth of the total construction budget. Construction was completed and the hotel opened in April 1979 (McGonegal, 2012c). It would not be long before Wilmington’s capacity to obtain and utilize UDAG would be tested.

The Hercules Deal

The administration of Governor du Pont was markedly different in climate and approach. He saw his election as a mandate to balance the state budget, which had run five deficits in seven years. The fiscal crisis of the 1970s was threatening to bankrupt the state. Further, it appeared that the policies in the state – the top tax rate and the Coastal Zone Act – gave the state a reputation of not being friendly to business. The du Pont reforms are remembered for being bitter pills that saved the state from bankruptcy, but it is the coalition of players thrust together by the Hercules Crisis that marked the next pivot in Wilmington’s political economy.

The crisis began when Hercules’ CEO and chairman Werner Brown was approached to run the newly-formed Wilmington Economic Development Corporation (WEDCO) in 1979. Brown politely declined, citing his upcoming retirement. He also casually mentioned that Al Giacco, who was about to take over his role, wanted to
move the company just across the Pennsylvania border (McGonegal, 2012d). The State of Delaware was about to lose a major corporate presence, and the City of Wilmington was about to lose one of its major employers. One of Giacco’s major reasons for wanting to leave Delaware was what he considered an unreasonable top income tax rate of 19.8 percent. Governor du Pont quickly moved a measure through the state legislature to reduce the top income tax rate to 13.5 percent. Giacco agreed not to leave the state, but he did not rule out leaving Wilmington for a suburban office park on land Hercules already owned (Boyer & Ratledge, 2015).

Governor du Pont could have washed his hands of the problem. The state legislature still harbored an antipathy toward the city, and the state’s economic interests were protected. Instead, “The Governor saw the value to the State of Delaware in an economically strong Wilmington and just as important, the liability a financially crippled Wilmington would be to the state” (McGonegal, 2012d). Giacco’s plan for the company involved an expansion – Hercules at the time employed 1,350 people, but Giacco sought a facility with a capacity of 1,600. Construction costs, which would be cheaper at the suburban site, would become the deciding factor. If construction costs in the city could match those in the suburbs, Hercules would stay (Barnekov et al., 1989; McGonegal, 2012d).

Significant resources would need to be mobilized to achieve this compromise. The difference in costs was estimated to be $32.5 million (Barnekov et al., 1989). The city had successfully leveraged UDAG funds to build the Radisson Hotel – the first UDAG project – but that grant was $1.6 million. In addition to the funding shortfall, there were major logistical and political challenges to overcome. Acquisition and preparation of an appropriate site, meeting the demands posed by the use of federal resources...
funding, and pushback from nearby community groups were indeed challenges to be met (McGonegal, 2012d).

Several new organizations were started in order to deal with these challenges. In 1977 Pete du Pont launched an Intergovernmental Task Force, headed by Frank Biondi, to develop the strategy for retaining Hercules in Wilmington. The task force would prove pivotal in the next epoch. For its part, the City launched the Brandywine Gateway Corporation for the purpose of handling the development and finances of the project in conjunction with the project. The BGC was run by three representatives from the city and three from the state. The organization was formed in order to meet federal requirements and satisfy community opposition to the inevitable parking, traffic and neighborhood quality impacts. Another spin-off organization was formed in the next period but is worth noting here: The Inter-Neighborhood Foundation was formed in 1981 to distribute UDAG loan paybacks to neighborhood organizations for their own development and improvement purposes (“About the Inter-Neighborhood Foundation,” 2018; McGonegal, 2012d).

Even more concessions and assistance came from the Federal Economic Development Administration to fund the construction of two parking garages to serve the site. The Task Force arranged the demolition of a former Vo-Tech school and a deeply-discounted plot of land from the DuPont Company. The Delaware Skills Center, which was located at the school site, agreed to relocate to the Wilmington Industrial Park. The City of Wilmington offered an eleven year tax abatement for the property (Boyer & Ratledge, 2015; McGonegal, 2012d).

The combined concessions of the State, City, nonprofit and private sector partners convinced the federal government to award the project $16 million in UDAG
funding. For its part, Hercules agreed to meet the terms of the UDAG grant by adding 1,775 new permanent jobs in the city, 900 going to low and moderate-income workers and 70 to minorities. Hercules itself spent $77 million on the project – $3 to $4 million more than it would have at the suburban site. This difference, however, was worth avoiding the accessibility and visibility problems the suburban site would have encountered (Barnekov et al., 1989).

The results of the project are mixed. Wilmington avoided a corporate loss, but the benefits were isolated. Of the job targets Hercules agreed to meet, by 1986 it had only filled 1,530 directly and indirectly:

These included 730 jobs in the building vacated by Hercules, 95 resulting from the expansion of a company located next to the new Hercules facility which indicated that its plans were influenced by the development, 146 jobs in the retail facilities located in the Hercules building, 424 building maintenance jobs, and 135 jobs attributable directly to Hercules (Barnekov et al., 1989, pp. 85–86).

The distribution of these benefits did not reach the entirety of the community. While it is true that the Inter-Neighborhood Foundation received $300,000 annually in loan interest paybacks (McGonegal, 2012d), and the city managed to avoid a significant loss of wage tax revenue, there were neighborhoods and workforces that did not benefit. The strengths and weaknesses of the Hercules deal have been noted by authors ever since:

Despite evidence that the Hercules project did not benefit the low-income or minority residents of Wilmington in any direct way, from the point of view of the city administration it was very beneficial. Not only did the city capture $16 million in UDAG funds (which would result in over $27 million of interest and principle payback to the city over 25 years), it avoided the loss of a major employer and, thereby, retained the wage tax revenues generated by Hercules.
employees. As far as the city was concerned, the property tax abatement provided to Hercules was not a cost because this tax revenue would have been lost anyway had the company moved to the suburbs. From a broader perspective, however, the economic development process allowed a major corporation to escape paying local property taxes for a period of eleven years (Barnekov et al., 1989, pp. 85–86).

In the words of one of the key actors in developing the Hercules deal, it was an unmitigated success:

If you were on the ground at the time and you have somebody with 1,500 jobs threatening to leave the city providing you with significant wage tax revenue, filling up an office building providing your downtown merchants with consumers to buy their products, losing 1,500 employees in a town our size would have been devastating. So the policy that we devised to keep them was incredibly effective. We kept 1,500 employees for the next 20 years. That's very tangible—a major benefit (E. Golinkoff, Personal Communication, July 7, 2017).

**Conditions at the Close of the Epoch**

The national economy was in crisis by the close of the 1970s. Monetary policy starting in the mid-1960s pursued full employment, but generated high levels of inflation, which peaked in the mid-to-late 1970s. Combined with repeated fuel crises brought about by conflict in the Middle-East, the economy ground to a halt and consumer confidence dwindled.

Survey after survey showed a deteriorating public confidence over the economy and government policy in the latter half of the 1970s. And often, inflation was identified as a special evil. Interest rates appeared to be on a secular rise since 1965 and spiked sharply higher still as the 1970s came to a close. During this time, business investment slowed, productivity faltered, and the nation’s trade balance with the rest of the world worsened (“The Great Inflation,” 2013).
Of course, the national economy was having impacts at the local level.

Well, the state of the economy was affected largely by the state of the national and world economy. We were in a horrible, horrible stagflation, recessionary environment 1974 when I started. As we were moving through the decade interest rates started rising fairly rapidly. There were issues of gas lines and embargos and the economy was a mess. Wilmington suffered along with everybody else. There was no respite from the malaise that affected the entire country. It was not a great time in the seventies in this country (E. Golinkoff, Personal Communication, July 7, 2017).

Despite the innovation of the period, Wilmington’s fortunes simultaneously improved and worsened. Economic development approaches took advantage of new forms of government funding and had more equitable mechanisms built into them, but the overall market forces of the 1970s may have proven too powerful to overcome – even by the end of the Maloney administration.

But bad economic news kept coming. Allied Kid, the last leather tannery, closed, and Electric Hose and Rubber closed, further reducing the manufacturing base. The last of the city’s movie theaters closed, ending an era when people came downtown for their entertainment. Maloney had provided a new attitude and new energy to Wilmington but, outside of the new mall, had little to show for all his economic development efforts (McGonegal, 2012c).

By the end of the 1970s, this decline was taking its toll. The few manufacturing entities still left in the city were shutting down and moving away. In a particularly symbolic loss, Market Street staple, Wilmington Dry Goods uprooted and moved to the nearby city of Elsmere. No replacements came forward to take its place. Indeed, the central business district’s share of the metropolitan district’s retail sales fell from 26.6 percent in 1963 to just 3.4 percent in 1978. These losses were drastic, and cemented the need for radical solutions (McGonegal, 2012c).
Population continued to flow out of the city. Wilmington’s population decreased from 80,386 in 1970 to 70,195 in 1980. In addition, economically-stable Black families began leaving the city for the suburbs en masse in the mid-1970s, meaning the minority population left behind was mired in even more concentrated poverty. “When black suburbanization began in earnest about 1976, it was largely limited to middle-income individuals and families. The suburbanization of middle-income blacks further lowered the average family income in central cities, leading to concern that a permanent ‘underclass’ – largely minority – was being created there” (Ames, Callahan, & Ratledge, 1984, p. 14).

Even despite the brief period of gentrification that took place in the early 1970s, Wilmington continued to host the densest concentration of poverty in New Castle County. These changes occurred at the same time as other indicators of the city’s economic health were falling. In 1970, the median income was $15,939 and 16 percent of Wilmington’s families were below the poverty line. In 1980, the median income was $14,435 and 20.2 percent of families lived below the poverty line.9 (Harris, n.d.) “…Wilmington in 1980 still contained the largest concentration of persons in poverty in New Castle County: 22.3 percent of its residents were below federal poverty levels and it contained 40.1 percent of the county’s poor” (Ames et al., 1984, p. 81). The decline of blue-collar employment that continued through the 1970s left more of Wilmington’s workforce stagnant. Unemployment nearly doubled in the 1970s, from 5.6 percent in 1970 to 9.5 percent in 1980. The unemployment rates for

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9 Dollar figures in 1979 Dollars.
Whites and Blacks were disparate as well – at 5.4 percent and 13.5 percent respectively (Harris, n.d.).

Yanich, Wilson and Sills pointed out in 1976 the role of spatial mismatch in Wilmington’s job market when they surveyed residents of Northeast Wilmington – one of the city’s poorer sections. Nearly 70 percent of respondents reported that they would like to participate in skills training and the most common concern among them was a lack of access to employment (1976).

The disparities in the demographic distribution of certain types of jobs is evident in the 1980 census figures (See Table 3). When broken down by race, it is clear that white-collar employment – managerial and professional, technical and clerical, and sales – featured a greater proportion of White workers – while service, labor and other blue-collar jobs were primarily held by Black workers.

Table 3 1980 Distribution of Wilmington Jobs by Race – Reproduced from (Harris, n.d.)

<table>
<thead>
<tr>
<th>Employment Type</th>
<th>White</th>
<th>Black</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial, Professional</td>
<td>4228 (29.9%)</td>
<td>1664 (13.7%)</td>
<td>6035 (22.4%)</td>
</tr>
<tr>
<td>Technical, Clerical</td>
<td>3566 (25.2)</td>
<td>2516 (20.7)</td>
<td>6167 (22.9)</td>
</tr>
<tr>
<td>Sales</td>
<td>1107 (7.8)</td>
<td>470 (3.9)</td>
<td>1590 (5.9)</td>
</tr>
<tr>
<td>Production, Craft, Repair</td>
<td>1613 (11.4)</td>
<td>821 (6.8)</td>
<td>2476 (9.2)</td>
</tr>
<tr>
<td>Machine Operators</td>
<td>810 (5.8)</td>
<td>1428 (11.7)</td>
<td>2363 (8.7)</td>
</tr>
<tr>
<td>Service Workers</td>
<td>1953 (13.8)</td>
<td>3458 (28.4)</td>
<td>5560 (20.6)</td>
</tr>
<tr>
<td>Transportation</td>
<td>442 (3.1)</td>
<td>620 (5.1)</td>
<td>1108 (4.1)</td>
</tr>
<tr>
<td>Farming, Forestry, Fishing</td>
<td>115 (.8)</td>
<td>107 (.9)</td>
<td>255 (.9)</td>
</tr>
<tr>
<td>Laborers</td>
<td>310 (2.2)</td>
<td>1047 (8.6)</td>
<td>1934 (5.2)</td>
</tr>
<tr>
<td>Armed Forces</td>
<td>0</td>
<td>24 (.2)</td>
<td>24 (.1)</td>
</tr>
<tr>
<td>Total</td>
<td>14144 (100)</td>
<td>12155 (100)</td>
<td>26972 (100)</td>
</tr>
</tbody>
</table>
Overall, Wilmington at the close of the second epoch is a paradox. There are elements of the context at the time that appear to be quite positive. The overall economy was performing decently—well given the global and national economic circumstances, however realities on the ground indicated that this stability was not shared. Wilmington’s economy was evolving, and industrial changes were displacing traditionally unskilled laborers (See Table 1). In addition to economic inequality, Wilmington was experiencing a widening cultural rift. “You could see the difference. That was a whole different life. You could tell who worked for DuPont and Hercules by their posture, the way they talked the way they act. It was a whole different culture” (H. Shabazz, Personal Communication, March 29, 2018). Where there were always disparities and inequalities in Wilmington, these were beginning to become more severe and more egregious while the whole appears deceivingly healthy.

In the decade that followed the riot, the city slowly regained some degree of equilibrium, but the costs of Wilmington’s precipitous decline have been high and its reconstruction has been uneven. Improvements have been limited primarily to additions to the city’s healthiest sectors – its core corporate, banking, and government center, and those scattered residential neighborhoods that have profited from the white middle-class back to the city movement. Twelve years after the riot, the city’s poor and its center city merchants had yet to see much change in their situations. With slower population growth and the loss of economic initiative – conditions that presently characterize not only New Castle County but the entire Northeastern United States – Wilmington has entered a period of relative stability that is likely to last for some time (Hoffecker, 1983, pp. 206–207).

The benefit of another thirty-five years of hindsight tells us that Hoffecker’s prediction would not be the case. The inequities of this period, and the lack of opportunity for
Wilmington’s poor and Black population would be contribute predicament the city is experiencing today.

**Analysis: The Shifting Locus of Power**

The city was entering a new and uncertain political arrangement at the beginning of the epoch. The elite dominance of the first epoch was beginning to give way as new players entered the scene. Wilmington’s enhanced capacity paid dividends in the following administration, that of Democrat Tom Maloney, who used his own charismatic demeanor and professional staff to make the most out of the city’s declining resources. Then Councilman James Sills was the first elected official representing Black Wilmingtonians and civic activism was becoming a force in Wilmington. Economically, the city was becoming two cities. A brief return to the city in the early part of the decade meant some neighborhoods gentrified, but others declined as economic opportunities continued disappearing for the unskilled, mostly Black labor force. Outside the city, New Castle County experienced a great deal of growth during this epoch, gaining 12,000 residents. The outside governing conditions changed significantly during the decade, however. Both New Castle County and the State of Delaware faced severe crises until the mid-to-late 1970s. Even further outside Wilmington, the national economy was struggling with the early forces of globalization and stagflation and the withdrawal of War on Poverty programs during the Nixon Administration meant the federal help spurned by Wilmington in the previous epoch dried up. It was not until later on that federal help returned to the city, where it was finally, gladly accepted.

The political economy in this epoch is markedly different than in the first. The DuPont Company and du Pont family still wielded a great deal of political and
economic power, however, the two were slowly receding from the city as DuPont’s fortunes quietly declined and the last of the paternalistic, dominant benevolent actors, H. B. du Pont, passed away in 1971. Combined with the critical mass of Black electoral power in Wilmington, the distribution of political – not economic – power was beginning to change. The elite dominance of the first period was giving way to another arrangement. In part, this new political economy was beginning to represent Stone’s (1989) regime, where different institutions informally cooperated for political and economic purposes, however as the major players still administered social and philanthropic endeavors, and officials were at the very least aware of the pressing social problems in the city, the arrangement did not resemble Logan and Molotch’s (2005) strictly profit-oriented growth machine. This period also, however, reflects some elements of Dahl’s (1961) pluralistic city as collective power began asserting itself. The economic and social disadvantage of Wilmington’s Black community combined with the looser, but still powerful elite influence kept the scales of power well weighted toward the wealthy, white upper class. Slowly, however, the city’s institutional makeup began reflecting its demographic makeup. DuPont leadership also briefly entertained and advocated for a metropolitan plan for Wilmington, which could have simplified government functioning, but also isolated the city from its own leadership (Teaford, 1979). Across city borders there was little resembling congenial partnership. Instead, the relationship between the city and the county grew hostile. The fight over the location of hospital development and the desegregation of schools in New Castle County fanned animosity and resentment between city and county residents. The city’s relationship with the state, however, improved with the election of Governor du Pont, IV in 1976 who recognized the state’s interest in having a strong
and viable city and coordinated a response to keep a major employer from leaving the city. This new arrangement would prompt the next pivot in Wilmington’s political economy. The du Pont reforms partly support Teaford’s argument that states governments were professionalizing in the 1970s and 1980s in response to what was seen as a more powerful federal government (2002). However, the case can also be made that Delaware’s economic survival depended on reform. Here privatism remained a dominant ideology among the more powerful decision makers, as development continued to favor economic development that was market oriented, with many of the du Pont reforms, the Hercules Deal and other efforts aimed at pacifying business and reducing taxes.

Economic development approaches were adjusted accordingly. Officials were attempting to mitigate the urban shrinkage they were observing. The adoption of a wage tax in the Haskell Administration helped the city recapture the lost revenues of its commuter workforce, though it was largely bemoaned by said commuter workforce. As the prospect of a back-to-the-city movement piqued in the early 1970s, efforts were made to help it along. The Maloney Administration – with and without the help of the GWDC – took on some place-making strategies to encourage some well-to-do suburbanites to return to the city. The Port of Wilmington was renovated with federal money and managed to attract several new clients. Federal programs helped fund some physical redevelopment projects, with the requirement that construction include disadvantaged workers. At the end of the epoch, a coalition of state, local, private and community actors successfully leveraged these federal funds to convince a major employer not to abandon the city. This coalition would be quite active and successful in the next epoch. Overall, Wilmington’s economy stabilized and
parts of it even improved – despite a flagging national economy. Wilmington’s poor, unskilled and mostly minority neighborhoods, despite some growing political or electoral power, were seeing their employment options continue to whither (Table 1).

The relationship between the elements of context, political economy and economic development in this epoch does seem to depart from that of the previous epoch in some ways – but especially so later in the epoch. Early on, with the political economy in flux, context and economic development were more plainly influencing each other. The overall lack of resources in the city meant the Maloney Administration had to do more with less. Rather than developing the local economy, Maloney’s task was to stabilize it and stop the bleeding. At this time, new players and new relationships were being formed in the political economy, but because the locus of economic power was relatively unchanged, these new players had less power to bargain for their interests. What power they did have came in the form of collective confrontation, in keeping with Dahl’s (1961) observations. Later, however, as one of the state’s key political players took interest in Wilmington’s wellbeing, the city’s political economy focused – with a much-needed injection of state funds, force and goodwill. Further, some of the players with political and economic power aligned and joined together to produce an economic development approach that would leverage federal dollars and prop up the corporate economy that was the heart of Wilmington’s downtown. The nature of the relationship between the urban environment, political economy and economic development, then in this epoch appears to be one where the environment is the driving force. That is, much of the political economy and economic development options available were determined by the conditions at the beginning and then again in the middle of the epoch. The social and demographic upheavals of the
riot and occupation combined with depopulation, social instability and the city’s faltering economy forced a new arrangement in the political economy that had to deal with political power slowly being wrenched away from the city’s economic giants. The resources available for economic development were lacking, and creative, shoestring solutions had to be relied upon until the unleashing of new federal funding in the late 1970s when a new local relationship with the federal government began to take shape. With DuPont’s loosening of its grip on the city and the willingness of the new brand of institutional leaders to engage with the federal government, Wilmington shed its anti-federal bent. The city would go on to be one of the most successful users of UDAG funds in the program’s history. None of this might have happened had the environment not shifted the way it had at the end of the 1960s.

Transition Out of the Epoch

The Hercules Crisis of 1979 triggered the pivot to the next epoch by thrusting together the coalition that was formed in response to the Hercules Crisis. To convince Hercules to stay in Delaware – and Wilmington – a coalition of state, city, private, nonprofit and community representatives had to work cooperatively in a manner that had not been seen before or since. Governor du Pont established a commission at the state level and Mayor McLaughlin appointed specialists from the city to construct the deal. The University of Delaware, the DuPont Company, and several civic organizations contributed to a deal that resulted in the construction of a new Hercules facility in the city. This coalition would go on to spawn the economic development approach that would shape Delaware into what it is today.

The response to the Hercules crisis was widespread and involved many moving parts – some of whom started off sharply at odds with du Pont. In addition to the
UDAG funds secured, the generosity of Hercules’ peers and the work of Wilmington officials – the du Pont administration launched other initiatives and agencies for the purpose of responding to such crises. Thus was born the Delaware Development Office, now the Delaware Economic Development Office (DEDO). DEDO was a state-sanctioned organization with an unusual structure and philosophy according to its first director, Nathan Hayward: “It was structured to be a professional office where its employees were outside the merit system and where people would be hired and fired based on their productivity and where you could pay competitive wages. It was a hell of a novel idea…and it passed…with strong support of the business community” (Boyer & Ratledge, 2015, p. 9). With the lessons learned from the Radisson Hotel project, the UDAG architecture was in place to be taken advantage of as part of a broader economic development approach later.
Chapter 6
THE EVOLUTION OF A NEW CORPORATE IDENTITY (1979-2005)

Transition into the Epoch

The pivot to the third epoch in the history of Wilmington’s political economy resulted from a confluence of crisis, reform and opportunity. In this case, reform was a response to crises, and this reform helped Wilmington – and Delaware – seize on an opportunity. Pete du Pont’s election in 1976 came at a time when Delaware’s fiscal health was critically poor, and the state’s economy was being torn apart. Governor du Pont and his administration reformed state government budgeting processes, developed new agencies with highly-qualified talent, and courted new partnerships with the private sector and other levels of government. This coalition was particularly adept at capitalizing on new funding opportunities from the Federal Department of Housing and Urban Development. Just as this coalition developed its capacity to compete for – and win – Urban Development Action Grants (UDAG), a new crisis struck. Chemical company Hercules, was threatening to leave Delaware and this coalition organized by Governor du Pont put together a costly package of incentives – leveraging federal, private and public dollars – that convinced Hercules to stay not only in Delaware, but in Wilmington, retaining nearly 1,500 jobs in the process.

What is more important to the pivot than the substance of the Hercules deal itself, which is indeed an economic development feat elaborated upon in the previous chapter, is the coalition that came together to organize and implement it. With Governor du Pont’s leadership, the talented innovators of his Intergovernmental Task Force, the willing and able partners from the McLaughlin Administration in Wilmington, private and non-profit sector partners, and a solid federal funding stream
that even survived the early Reagan years, an apparatus had formed that would change Wilmington’s landscape – or skyline – for decades to come.

It is worth noting at the outset that the most important economic development policy of the period – perhaps indeed of all of Wilmington’s history – happened shortly after the start of this period. The Financial Center Development Act (FCDA) was signed into law by Governor du Pont in 1981, and had impacts that pervade the rest of the period, that lasts until 2005, and beyond. In short, the FCDA deregulated the credit industry in Delaware and attracted many credit card banks to the state. Most of these congregated in Wilmington due to its advantages over the rest of the state – that it was a city, it was located on major travel routes, it had a hub of law offices downtown, and could offer close proximity to other firms. The FCDA will be detailed in the Economic Development section of this chapter, but to understand the elements of context and political economy of the period, one needs to be familiar with the basics of the act.

**The Environment at the Time of the Transition**

At the dawn of America’s conservative revolution of the 1980s, Wilmington was clinging to its corporate headquarters. The efforts of not just city, but state officials and even other private sector representatives to keep the Hercules Corporation from leaving the city, demonstrated the stakes of the potential loss. The postwar history of Wilmington to this point saw a steady decline in manufacturing and other good blue-collar jobs despite fits and starts to revive certain sectors – the Port of Wilmington being one of the few remaining. The depopulation that began in the early postwar period was continuing, leaving the poorest behind. Apart from the offices
downtown, the City of Wilmington was losing its relevance in the area’s economy, and the tensions between the city and county were continuing to simmer.

As the mostly white, then middle-class residents of color continued leaving the city, recreational and retail investment continued to follow. Wilmington Dry Goods closed its doors on Market Street in early 1979, abandoning the city for Elsmere. A shopping mall was never built downtown, but the one in nearby Christiana, was attracting shoppers (McGonegal, 2012c). Retail was continuing to change. Department stores were forgoing downtown locations for the shopping malls, and strip-malls were cropping up along major suburban arteries that boasted ample free parking and proximity to well-to-do suburban shoppers. This trend that began in the 1960s carried through the next two decades and left Wilmington with its lowest population in the 20th century, where it hovered for the next three decades (See Table 4). “By 1980 the city reached its lowest post-WWII size of 70,200 residents” (Wilmington Department of Real Estate and Housing, 1994, p. 5). Wilmington was shrinking overall and as a proportion of New Castle County. Over the course of the 1970s, the city lost a full 10,000 residents as New Castle County gained 12,000 and the state grew by 46,000.

<table>
<thead>
<tr>
<th>Decennial Census</th>
<th>Wilmington</th>
<th>New Castle County</th>
<th>Delaware</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>70,195</td>
<td>398,115</td>
<td>594,338</td>
</tr>
<tr>
<td>1990</td>
<td>71,529</td>
<td>441,946</td>
<td>666,168</td>
</tr>
<tr>
<td>2000</td>
<td>72,664</td>
<td>500,265</td>
<td>783,600</td>
</tr>
<tr>
<td>2010</td>
<td>70,851</td>
<td>538,477</td>
<td>897,934</td>
</tr>
<tr>
<td>% Change 1980 – 2010</td>
<td>+.9%</td>
<td>+35%</td>
<td>+51%</td>
</tr>
</tbody>
</table>
The city was dealt a significant blow in 1980 when the courts finally approved the plan – conceived in the previous epoch – to reduce the scale and scope of services at the Wilmington Medical Center while a larger, more advanced full-service hospital was built ten minutes away in Stanton. The Wilmington Medical Center was renamed Wilmington Hospital and renovated in 1985. The Christiana Hospital drew medical services and hospital jobs out of the city and into the county. In the 1990s, the Wilmington Hospital would be drawn into the Christiana Care network (“History of Wilmington Hospital,” n.d.).

The schools serving Wilmington and New Castle County were slowly settling into a radical new arrangement as a result of court-ordered desegregation. A lack of progress in desegregating New Castle County’s schools, and a 1968 state law contributed to an environment where middle class white students who happened to remain in the city were precluded from transferring to better-funded suburban schools. This law was passed as white flight to the suburbs continued, and maintained almost complete segregation of the schools in Delaware. Nearly all of the Black students in northern Delaware were sent exclusively to Wilmington schools. In addition, Wilmington’s school district remained underfunded and under-supported as it dealt with a larger proportion of students in poverty (Feutsch & Ware, 2009). A 1970 suit, *Evans v. Buchanan* challenged the segregation of the whole of New Castle County and made its way through local district courts where in 1975 it was found that New Castle County was effectively segregated. Complications from similar cases in the Supreme Court and a lack of political bravery delayed the formation of a solution (Hoffecker, 1983). Uncertainty over inter-district bussing, geographic differences in tax bases, protectionism of preferred schools and resistance to compromise made finding a
solution to school segregation difficult. “In this hostile atmosphere it is hardly surprising that neither the legislature nor the state or local school boards could provide the judges with an acceptable plan” (Hoffecker, 1983, p. 250). When no acceptable plan was presented to them in a reasonable time, the judges appointed local District Judge Murray M. Schwartz to draft and plan an order dissolving all eleven school districts in New Castle County and establishing one county-wide district responsible for 80,000 students (Hoffecker, 1983).

This arrangement, and the lack of hostility towards it, did not last long, however. After two years of what many viewed as ineffective implementation, residents of both the city and the suburbs were unhappy with administration of the single district. After passing the buck on the original desegregation plan, the General Assembly took up the charge, redrawing district boundaries in 1981. The new district boundaries sliced Wilmington into four districts, each taking a wedge of the city and radiating from the center (Varady & Raffel, 1995). This arrangement is closest to what exists today, and as will be described in the next epoch, comes with its own substantial problems. Desegregation of the schools, as it was dealt with in New Castle County, has left much to be desired and has been blamed for a number of problems in and around Wilmington today (E. Lockman, Personal Communication, March 2, 2018; N. Chukwuocha, Personal Communication, March 16, 2018; J. Baker, Personal Communication, March 29, 2018). Foreshadowing developments that will come later, perhaps one of the more difficult losses incurred in the desegregation effort, was a sense of community. “Falling public school enrollments due to demographic factors as well as to dissatisfaction have led to many school closings that have served to perpetuate the feelings of uncertainty and the decline in loyalty in a particular school
that have been among the most disruptive elements accompanying desegregation” (Hoffecker, 1983, p. 252).

As described in the previous chapter, the economic struggles of the late 1970s that prompted Ronald Reagan’s rise. International competition for manufacturing, high levels of inflation, and a suppressed economy were taking their toll on America, the region, Delaware and Wilmington. Wilmington was subject to these forces, and the local economy weakened. The unemployment rate in the city in 1980 was 9.5 percent (Harris, n.d.). Governor du Pont’s reforms at the state level offered stability, but could only soften the blow so much.

**Political Economy of the Epoch**

In 1980, the national and international political economy took a major swing into fiscal and social conservatism. The Great Society programs of the Johnson Administration were falling out of favor amid a rapidly deteriorating economy. Advances in transportation and communication technology through the 1970s meant manufacturing in the United States was drying up. The country also faced a record high inflation rate, fuel shortages and dissatisfaction with what were perceived to be wasteful social supports. Across the country and indeed across the Atlantic Ocean economic liberalism was the new political dogma. The election of Ronald Reagan in the United States and Margaret Thatcher in Great Britain signaled the conservative revolution – where progressive programs, social supports and business regulation were tossed in favor of laissez-faire policies aimed at maximizing private sector growth (Barnekov et al., 1989).

Wilmington and Delaware were tied up in this conservative swing, but it manifested differently in this blue state in interesting ways. Wilmington was decidedly
Democratic in electoral composition, and had left of center mayoral leadership in William McLaughlin and Dan Frawley, who were closely aligned with Democratic Party politics, however the incumbent Republican Governor, Pete du Pont, managed to foster a spirit of cooperation and compromise between his a fairly balanced General Assembly (Nagengast, 2006).

Players

The Corporate Community

The DuPont Company was changing throughout the study period, but this period was one of the most dramatic for the company. At the dawn of the 1980s, the DuPont Company was still quite powerful – it ranked fifteenth on the Fortune 500 list in 1981 before the major corporate shift that took place that year (“FORTUNE 500: 1981 archive,” n.d.). In response to incursions of the oil industry in chemical endeavors, DuPont sought to bolster its position by purchasing an oil company. In August of 1981, DuPont engaged in a bidding war with Joseph E. Seagram & Sons and the Mobil Corporation to acquire the country’s ninth-largest oil company, Conoco Inc. DuPont won, and acquired controlling interest in Conoco (T. L. Friedman, 1981). At the time, the deal was twice as large as the previous record corporate merger. As part of the deal, Seagram acquired around twenty percent of DuPont’s stock, enough to have a presence on the Company’s board (Noble, 1981).

The company’s model changed significantly in the 1980s as it expanded its national and international footprint. The company diversified to remain competitive, and this diversifying meant the DuPont’s assets and interests began dispersing geographically. Wilmington and Delaware served as the Company’s home when it
was a dominant force in the national economy, however its new strategy drew it out of the local economy. Wilmington simply became less important to the company, and DuPont’s identity changed.

In the 1980s, as global competition increased, the DuPont Company itself became a major global corporation, with its sales abroad surpassing sales within the United States. It began to refocus on its core businesses, to downsize, and to take a much less active role in the state’s political life, a behavior at the time that was not limited to Delaware’s chemical companies but also affected the entire business sector. These shifts moved Delaware away from its traditionalistic vestiges toward a more exclusively pluralistic and individualistic political culture (Boyer & Ratledge, 2009, p. 18).

DuPont still engaged with local and state government, but as the 1980s continued, the company largely decoupled from the political economy. McGonigal has gone so far as to claim that the Company participated in the Hercules Deal as an act of expiation for the withdrawal they were about to make (McGonegal, 2012c). By the end of the decade, there was a DuPont-shaped hole in Wilmington and in Delaware.

There was a brief time that a new Delaware-based organization appeared as though it would replace DuPont as Wilmington’s corporate benefactor. In 1995 MBNA, formerly the Maryland National Bank, moved into Wilmington. The company’s CEO, Charles Cawley, and the rest of his executive staff, were Delawareans, and are recalled as being committed to the local community. The company completed construction on a half-finished office building and quickly became the largest occupier of office space in the city. MBNA’s corporate culture was philanthropic. In addition, Charles Cawley is credited with an obsession to do more than his competitors (T. Allen, Personal Communication, November 2, 2017).
MBNA’s arrival in Wilmington was auspicious. The company’s headquarters were erected on Rodney Square on the site of a half-finished construction project. The construction project MBNA took over was a symbolic blight on the city’s downtown – a literal hole located right next to the city’s major square. MBNA bought the site, redeveloped it and occupied it, “And then from there MBNA itself really became a downtown anchor” (J. Vincent, Personal Communication, June 19, 2017).

The business community through the 1980s and 1990s appeared to be growing with the increasing presence of the credit banking industry (Bailey, 1999). Supporting industries grew up around the banking industry through the period and enjoyed relatively unqualified support from various levels of government until the early 1990s.

**African American Ascendancy, Civic Leadership and City Government**

People of color continued to constitute a growing proportion of the city’s overall population. African Americans reached a majority level of the city’s population by 1980 and by 1990 their proportion had grown larger. At the start of this period, Wilmington was already a majority-minority city:

Between 1970 and 1990, the proportion of the city’s total population that was nonwhite grew substantially. In 1970, 44 percent of the city’s population was nonwhite. This percentage increased to 56 percent in 1980, and rose further to 59 percent by 1990. Almost all of Wilmington’s nonwhite population has been and continues to be black. The same trends are found for the Hispanic population as well. Made up of persons of any race, Hispanics comprised 4.4 percent of the city’s population in 1970, growing to 4.9 percent in 1980, and 7.1 percent in 1990 (Wilmington Department of Real Estate and Housing, 1994, p. 8).

This manifested in the 1992 mayoral election. “It wasn’t as though there was a monolithic African American community, but as their numbers grew, as whites
continued to move to the suburbs, as the DuPont corporate influence waned, all of these factors contributed to the growing political strength of African Americans in the city. And it made it possible for a Jim Sills to be elected, and a Jim Baker and a Dennis Williams” (L. Nagengast, Personal Communication, November 16, 2017).

The mobilization of the Black community to defeat the downtown shopping mall was the start of grassroots organizing in the city, but there was quite a lot of social, economic and political inertia to overcome. Racial progress has been remarkably slow in Delaware, and this reality haunts the city today. Slowly, however, city government diversified over the course of the 1970s and 1980s, with Jim Sills serving as the first Black city councilman and later State Legislator, and the addition of James Baker and others through the period. The ascendancy of Black political power culminated in 1992, when it reached a critical mass, and grassroots organizing brought Jim Sills into office as Wilmington’s first Black mayor. James Sills Jr. was among the first generation of policy scientists. His approaches to community challenges were built on resolving inequity and he saw grassroots organizing and collective power as a means of overcoming that inequity. He had a background in social work and over the decades leading up to his election as mayor in 1992, often spoke about the need to tackle social and family issues as well as organizing and strengthening social service agencies (T. Allen, Personal Communication, November 2, 2017).

Mayor Sills’ victory was a first for Wilmington. He became the first Black executive office holder in the history of Delaware. He challenged popular incumbent two-term Dan Frawley, organizing a grassroots campaign and pulling out a narrow “come-from-way-behind” victory (C. Wilson, 1993, p. 29). This victory was a long
time coming, and was profound for a city that had been majority-minority for decades. Mayor Sills’ priorities upon being elected were directed toward the social issues and injustices building up in Wilmington.

Mayor Sills, who was an outspoken critic of entrenched business interests and advocated for ignored communities around the city was seen by the business community as a mayor who did not have business concerns in mind. Rather, he focused his attention on community and social issues (M. Kleinschmidt, Personal Communication, October 26, 2017; E. Lockman, Personal Communication, March 2, 2018). “With Sills, Baker and Williams, I think there was more of a focus on social services and looking more inward to do things in the city for the city residents, more in the neighborhoods. And then we sort of lost the vision a little bit on, ‘What do businesses want?’” (M. Kleinschmidt, Personal Communication, October 26, 2017).

He voiced concerns about overcrowding in low-income parts of the city, lack of assistance from New Castle County and a city government apparatus that did not reflect the diversity of the city. His approach to governing was different from his predecessors, and while he intended to put his scientific background to work to improve the conditions of Wilmington’s poorest, his tenure was fraught with challenges of governance. Among these, according to his successor, was the ambitious but unskilled staff he appointed to cabinet positions with the intention of allowing them to grow into their roles (J. Baker, Personal Communication, March 29, 2018). “There were times I felt he didn’t realize that some of the people he had hired didn’t know what they were doing, and they were hurting him… Some of them were good people, but some of the people were self-interested” (J. Baker, Personal Communication, March 29, 2018). The country was in the throes of a recession when
Mayor Sills took office, and he was left to manage a city that was struggling economically (J. Baker, Personal Communication, March 29, 2018).

Wilmington’s African American community has always been diverse, facing internal disagreements and dynamics as well as an existing power structure marked by exclusion. There were variations in opinions of what was needed and how to go about achieving it. The major players in the community, though sharing a general goal of advancing broad community interests, had different approaches (J. Baker, Personal Communication, March 29, 2018).

William “Hicks” Anderson was a social worker and community leader and a mentee of Louis Redding. He was strategic about which levers to pull to bring about change (T. Allen Personal Communication, November 2, 2017; N. Chukwuocha, Personal Communication, March 16, 2018). Anderson’s son, Nnamdi Chukwuocha, is also a social worker and now City Councilman (N. Chukwuocha, Personal Communication, March 16, 2018).

James Baker, who originally came to Wilmington in 1966 as a VISTA volunteer, was a community organizer who came to Wilmington for what was supposed to be two years and stayed. Baker is credited with, among many other things, engaging with Wilmington’s angry youth during the riots of 1968 and calming tensions. He was elected to City Council in 1972 and rose to president of City Council in 1984, and served in that role until his election as Mayor in 2000 where he served an unprecedented three terms. By several accounts, James Baker was one of Wilmington’s more successful political leaders of the last several decades, with an ability to leverage his understanding and vision into political power and subsequently accomplishment (Devine, 2007; Gaw, 2009).
Jim Gilliam Sr. was recruited and brought to Wilmington by the GWDC in 1965 to manage its neighborhood and housing services after gaining notoriety for social successes in Baltimore (Barrish, 2015). He provided a bridge between the underrepresented Black community and the corporate powers that still dominated the city. The differences among these leaders were present, but perhaps were also their strength. There were disagreements between Mayor Sills and City Council President Baker, as well as varying perspectives of Wilmington’s issues. While these individuals disagreed, they shared a mutual respect (J. Baker, Personal Communication, 3/29/2018). “I’m sure they didn’t always agree. But when they did agree on roles and responsibilities and when to act, my own view is things moved” (T. Allen, Personal Communication, November 2, 2017).

As the 1990s came and went, Wilmington’s Black civic leadership was achieving substantive victories. In 2000, thanks to the efforts of Jim Gilliam Sr., community and education advocate and now Provost of Delaware State University, Tony Allen and others, Wilmington opened its own chapter of the National Urban League. Still, there were challenges ranging from structural racism to blatant personal racism, have been an ongoing component of Wilmington’s political economy. When Mayor Sills first took office, he was faced by uncooperative forces within the city administration and from city council (J. Street, Personal Communication, January 18, 2018) as well as from existing community groups, clubs and nonprofit organizations (R. Jabbar-Bey, Personal Communication, June 9, 2017). The reaction to an ascending African American community may not have been outright opposition, but there were forces delaying it. It took nearly 30 years for Wilmington to launch a chapter of the National Urban League as the existing power structure pushed against it, as some
claimed the NAACP was all the representation the African American community needed (T. Allen, Personal Communication, November 2, 2017).

In keeping with his dedication to civic participation and building neighborhood civic capacity, Mayor Sills launched Neighborhood Planning Councils in 1993, expanding on the concept of Neighborhood Advisory Committees that were established in 1981. The difference between the two was that Neighborhood Advisory Committees were established to suggest policy changes to city government, whereas the Neighborhood Planning Councils serve a two-way communication and mutual planning function where residents and civic associations can come together and develop their own redevelopment plans with the assistance and partnership of the Planning Department, then disseminate this information to the civic associations represented by each council. These council boundaries align with councilmanic district lines (“Neighborhood Planning Councils,” 2018). Still, civic participation was proving difficult to generate. In a 1997 study of the impacts of the Federal Enterprise Community project – to be discussed in a later section – Grubbs, Barnekov and Denhardt found that while most viewed the program favorably,

…the survey also revealed an apparent disconnect between citizens and the local government, with more than half (55 percent) saying that the City of Wilmington had not become more concerned about their neighborhood. Thus, while the services provided may be making a difference, EC residents remained concerned about the responsiveness of Wilmington’s government institutions” (1997, p. 6)

**Nonprofit Leadership**

The nonprofit community went through its own changes during this period. There were still vestiges of old-Wilmington paternalism at this time. Raheemah
Jabbar-Bey recalls an episode in the early 1990s where she attended a gathering of roughly 100 executives of non-profit organizations and was one of only two people of color in the room. She relayed yet another in which nonprofit service providers became concerned about losing clients when she began providing a non-profit management certificate course available to individuals in underserved communities (R. Jabbar-Bey, Personal Communication, June 9, 2017).

The conservative federal policies of the early 1980s reduced social supports and led to increased need for services – particularly housing and related needs. Nonprofits began cropping up to meet emergency needs, but did not begin appearing en masse until newcomers to Wilmington’s corporate community and a more socially-conscious culture began taking hold in the late 1980s. The corporate community in the 1990s, mainly the banking sector began making larger philanthropic contributions that helped the nonprofit community proliferate (G. Pollio, Personal Communication, July 18, 2017).

The ‘90s came to be and things began to get considerably better in terms of available sources to address the needs of the less fortunate and the disenfranchised. New nonprofit agencies – albeit single-purpose organizations – began to pop up and I think things in the nonprofit sector became much for prosperous. Philanthropy was coming back people were more inclined to give – I think as a result of the State's new banking laws that came to be in the ‘80s (G. Pollio, Personal Communication, July 18, 2017).

The withdrawal of DuPont and its philanthropic contributions starved non-profits for a brief time, however MBNA provided them a much-needed injection of capital during its reign. So much so, that the quick disappearance of MBNA in 2005 left many nonprofits in a lurch (T. Allen, Personal Communication, November 2,
2017). “There was a very philanthropic culture within MBNA – and not that I think that employees of Bank of America are not philanthropic – it’s a different type of culture around philanthropy. There was a lot of wealth in the individuals who worked at MBNA” (C. Gray, Personal Communication, August 2, 2017).

**Delaware**

To the credit of Governor du Pont, the state of Delaware was recovering from the problems of the 1970s. The du Pont reforms helped straighten out the state’s fiscal operations and subsequently its financial health. Governor du Pont was committed to economic development in the state and was especially protective of Wilmington. The du Pont reforms included updating budgeting practices – note the launch of DEFAC as described in the previous chapter – establishing new ethical frameworks in response to a few corruption scandals at the state and county level in the 1970s; but the most important for the purposes of this work are the ones targeting economic development. In addition to the Intergovernmental Task Force, du Pont launched what became the Delaware Economic Development Office (DEDO).

DEDO was launched in 1981 with Nathan Hayward as its first director as a project started by du Pont’s Intergovernmental Task Force, with Hayward and Frank Biondi crafting it. “It was structured to be a professional office where its employees were outside the merit system and where people would be hired and fired based on their productivity and where you could pay competitive wages” (Nagengast, 2006). The legislation that authorized DEDO passed easily through the General Assembly (Nagengast, 2006).

Governor du Pont’s two terms are remembered as a time of grand cooperation (Cohen, 2002; Hoffecker, 2004; Nagengast, 2006). He was a Republican governor
whose leadership is credited with turning around the state’s economy, saving
Wilmington from financial collapse and attracting an industry that would go on to be
perhaps the defining component of the local economy. At the beginning of the du Pont
administration, locals quipped that Delaware’s economy was made of “Three Cs:”
cars, chickens and chancery. Pete du Pont managed to add a fourth C, credit
(Nagengast, 2006).

Pete du Pont essentially had left the state on automatic pilot, and the
final two governors of the 20th Century were shrewd enough to
know not to tamper with it. They followed his formula, making it all
but doctrine.

The Hercules crisis helped cement the skills and legitimacy of Governor du Pont’s
Intergovernmental Task Force. This group was able to successfully leverage federal
dollars and navigate the physical redevelopment, economic development and the state
legislature. The Intergovernmental Task Force produced a series of reforms, reports,
practices and legislation that helped build on the early successes of the du Pont
Administration. After Governor du Pont’s two terms were up members of the Task
Force dispersed into the public, private and non-profit sectors.

Governor du Pont was replaced by another two-term Republican Governor,
Mike Castle in 1985. Castle carried du Pont’s momentum and enjoyed a similar level
of popularity. “Castle was running for re-election in 1988, and his standing was so
high that the Democrats were having trouble finding someone to challenge him – an
embarrassing predicament” (Cohen, 2002, p. 345). The state would go on to have a
level of political stability for decades. There would be few political upsets or social
upheavals in the state after the 1980s, at least for the remainder of the Twentieth Century.

There would be none of the sweeping changes of before – no creation of an independent Supreme Court, or a Cabinet form of government, no great debate over civil rights or school integration and the spill over into violence and rancor, no signature legislation like the Financial Center Development Act. Castle and Carper brought the state large measures of political tranquility and were rewarded for it with vast personal popularity at the polls (Cohen, 2002, p. 314).

This trend continues to this day. Every governor after Pete du Pont served two terms and enjoyed a fair amount of popularity. Republican Mike Castle (1985-1992), and Democrats Tom Carper (1993 – 2000), Ruth-Ann Minner (2001-2007), and Jack Markell (2008-2016) each served two terms, with Mike Castle being the last Republican to hold the seat. Each had their own political approaches and pursued agendas to promote various economic development approaches in the state.

The General Assembly through the du Pont, Castle and Carper Administrations was split between Democrats and Republicans, with slight advantages in either house swinging from one party to the other through roughly 2000. As such, there was a spirit of cooperation among the two chambers of the state legislature and with the executive branch (Cohen, 2002; Hoffecker, 2004). Some have pointed out, however, that around the turn of the Twenty-First Century, the electorate made another shift, altering Delaware’s political climate (Boyer & Ratledge, 2014; J. Sweeney, Personal Communication, July 13, 2017; R. Heffron, Personal Communication, October 24, 2017). In part, this is blamed on the influx of new Delawareans who followed their corporate employers from liberal New York and New Jersey and turned Delaware
solidly blue. As Democrats enjoyed a new overwhelming majority in the General Assembly, the spirit of cooperation seemed to evaporate (Boyer & Ratledge, 2014; J. Sweeney, Personal Communication, July 13, 2017; R. Heffron, Personal Communication, October 24, 2017).

**New Castle County**

New Castle County was still growing in the 1980s, but some new trends in that growth were beginning to emerge. Poverty was still largely concentrated in Wilmington, but it also began spreading into parts of New Castle County. The County’s Black population was beginning to grow as well. “In 1970 the black population was 48,869, and by 1980 it had risen to 60,116. With the exception of the Hispanic population, virtually all growth in minorities took place outside of Wilmington” (Ames et al., 1984).

Ames and Sills identified three distinct phases in New Castle County’s demographic evolution in the 20th Century; in the first, lasting till roughly 1940, Wilmington dominated the county and state; in the second the suburbs accounted for all population growth in New Castle County; and in the third, beginning in the 1970s, the distinctions between city and suburb blurred, movement of people became less predictable and metropolitan regions became more important (Ames et al., 1984).

As Wilmington’s downtown was being redeveloped for corporate offices and what appeared to be a *back to the city* movement took place in the 1970s, poorer Black households were being dislocated. “The land use pattern of the third phase may well see a central city with an economically strong core including middle- and upper middle-income neighborhoods, with the poor and near poor pushed to the edges of the
city and into the older inner suburban rings as well as into older suburban developments and strips generally” (Ames et al., 1984, p. 86).

While New Castle County gained some poorer residents, wealthy and middle-class suburbia grew during this period as a result of the growth in the banking industry. These suburbs included New Castle County, but also parts of New Jersey, Maryland and importantly, Pennsylvania. The banking industry added jobs to Wilmington, but these jobs were not comparable to the shrinking blue-collar sectors that employed Wilmington’s poorer residents (Bailey, 1999).

A mismatch between Wilmington’s economic base and its resident labor pool already exists at the middle-range and highest income brackets. This is shown in the fact that while Wilmington’s economy and economic base grows, the city continues to have lower per capita incomes and higher unemployment rates than its suburban communities. This, in fact, begs the question of a partitioning of Wilmington’s economy i.e., suburbanites having a higher proportion of high-paying jobs, with a higher percentage of Wilmingtonians in low-paying, lower-skill positions (Bailey, 1999, p. 46).

Relationships

Executive leadership at the state level remained committed to Wilmington for much of this period, and executive and legislative cooperation allowed for some innovative solutions to form on behalf of the city. The successes of the early 1980s, the passage of the FCDA and the like were the result of this cooperative spirit, and undeniably changed the economic prospects of Wilmington. The relationship had not always been smooth or generous, however. The state maintained a level of control over the city’s charter that dealt it some damage. The relationship between the city and state was quite stable during the administrations of du Pont, Castle and Carper, with du Pont and Carper being champions of Wilmington. Castle and Minner, though not
hostile to Wilmington, were less enthusiastic comparatively. This is not to say neither cared about Wilmington. Though less vocal about the city, Governor Minner launched a task force to investigate and mitigate the damage that would be done by Bank of America’s acquisition of MBNA, convinced AAA to move to the Wilmington Riverfront in 2004 and shifted revenue streams in the state budget to better serve the city of Wilmington (M. Brainard, Personal Communication, January 19, 2018).

New Castle County had a complex relationship with the city. This relationship was not always friendly, nor was there a ubiquitous view of either side from the Wilmingtonians or suburbanites. New Castle County government was more cooperative and collaborative at some points than at others, as was Wilmington’s. The views of residents could be said to have been less than cordial. The issues of school desegregation and the wage tax, as well as the spread of crime across the county were issues of contention. The perception of crime in the city and the sense that Wilmington gets more spending than is deserved helps drive a general resentment of the city from suburbanites (L. Nagengast, Personal Communication, November 16, 2017). The county had the space and freedom to offer greater concessions, and larger undeveloped plots with which to attract corporate headquarters – actively competing with Wilmington. As such, office complexes spread across New Castle County. Whether actively competing or not, several major businesses and institutions including the News Journal, and The Delaware State University left the city for space in New Castle County (L. Nagengast, Personal Communication, November 16, 2017; M. Brainard, Personal Communication, January 19, 2018).

Wilmington’s representatives in the General Assembly had mixed success on behalf of Wilmington. In 1995 and 1998, Wilmington’s Representative DiPinto and
Senator Marshall respectively introduced legislation consolidating Wilmington’s municipal court functions, neither advanced to a full vote (H.B. 338, Consolidating Municipal Courts, 138th Delaware House, 1995; S.J.R. 5, Consolidating Municipal Courts, 139th Delaware Senate, 1998). In 1999, Democratic Representative Hazel Plant sponsored a resolution to lift the State’s annexation requirement visited strictly on Wilmington. The bill never left committee (H.B. 205, Amend Delaware Code Related to Annexation, 140th Delaware General Assembly, 2000). Republican Representative Robert Valihura of the 10th District – North of Wilmington – introduced a House resolution to create a task force to “examine the governments of New Castle County and the City of Wilmington and to examine the need, desirability, and feasibility of structural changes in these governments” (Creating a Task Force to Examine the Governments of New Castle County and the City of Wilmington, Del. HR. 57. 2003). The question of metropolitan government was raised, but the resolution never made it out of the House (Creating a Task Force to Examine the Governments of New Castle County and the City of Wilmington, Del. HR. 57. 2003).

Actions in the General Assembly to benefit Wilmington are typically initiated by Wilmington’s delegation, but received less than enthusiastic support from the rest of the legislature (J. Street, Personal Communication, January 18, 2018).

A major element to consider in this period is the relationship between the formal power structure in Delaware, that was growing more diverse, and the informal, economic power structure that was reshaping itself in the post DuPont vacuum. Mayor Sills was a Democrat who followed a series of Democrats in his office, however his style of leadership, priorities and history were different. Mayor Sills’ reputation in the city was that of community organizer and sometimes foe of the major economic
powers that were (C. Wilson, 1993). His successor, James Baker was able to more successfully bridge the gap between the have-nots and the corporate community. Mayor Baker was known for a gruff and sometimes adversarial relationship with the business community and others, but was respected (R. Jabbar-Bey, Personal Communication, June 9, 2017; L. Nagengast, Personal Communication, November 16, 2017; M. Kleinschmidt, Personal Communication, October 26, 2017). “I saw it as though we were necessary partners whether we liked it or not, and most of the business people appreciated that we could work together” (J. Baker, Personal Communication, March 29, 2018).

When the Riverfront Development Corporation was formed to redevelop the Christina Riverfront – as will be discussed later – though RDC director Mike Purzycki had cordial, but sometimes cautious relationship with Wilmington’s mayors, and little relationship with City Council (M. Purzycki, Personal Communication, March 26, 2018). Disagreements would arise if the RDC overstepped.

I think there’s always going to be resentment of the State coming in with this project in their city. The first confrontation was the naming of that park.\textsuperscript{10} It would show up in other ways too even though the Mayor was on the board and President of Council was on the board… Probably if you’re developing in a neighborhood that somebody is a councilman and you didn’t call him. That happens today. You have to be mindful that these folks are elected and they don’t want the State stomping in there and telling them how to run their city (M. Purzycki, Personal Communication, March 26, 2018).

\textsuperscript{10} There was a fight over the naming of what would eventually become Tubman-Garrett Park that was created as part of the Riverfront redevelopment.
Another set of relationships that is important to describe are those between the nonprofit community and the corporate community. As Wilmington’s corporate community swelled, so did philanthropic contributions to Wilmington’s nonprofit community. MBNA’s arrival was a boon to the nonprofit community. In addition to making credit available to more ventures than any other banks at the time, MBNA continued much of DuPont’s tradition of philanthropy. CEO Charles Cawley was known for his commitment to becoming Delaware’s biggest investor. He encouraged his employees to volunteer with and contribute to charities as well (L. Newman, Personal Communication, January 11, 2018). The distribution of these investments could charitably be called strategic, or uncharitably, inequitable. MBNA dollars were more controlled and constrained than DuPont dollars (M. Taylor, Personal Communication, November 2, 2017; R. Rangan, Personal Communication, December 21, 2017). Still, MBNA for a time filled the vacuum left behind in the absence of DuPont and briefly continued the tradition of corporate benevolence. MBNA and its philanthropic culture helped the nonprofit service providers in and around Wilmington grow and do the work that was needed on the ground (T. Allen, Personal Communication, November 2, 2017).

Illustrative Episodes

The political economy of this period can be characterized by attention to business and the health of the private sector in Delaware. For example, When Chrysler was on the verge of bankruptcy in the late 1970s, the du Pont Administration orchestrated a bailout that likely saved the company. In 1979 Chrysler asked the state for a loan package worth $50 million. Governor du Pont would not make such a large loan to the company, but did offer $5 million backed by the assets of the Chrysler
plant in Newark, which the company leveraged into more funding from other sources. Chrysler did recover, in 1983, Chrysler CEO Lee Iacocca personally delivered Governor du Pont a repayment check for $5 million seven years before the loan was due (Nagengast, 2006; “What is the greatest comeback of all time?,” 2015).

In the late 1980s, the News Journal relocated from a location in downtown Wilmington to one in the suburbs, indicative of the changing relationship between the corporate community and the city. The News Journal used to occupy a space that took up much of the block on 8th and Orange Street. When the printing presses and building itself needed upgrading, the News Journal sought out a UDAG package to raze the block and construct a new headquarters in the same place. To do so, would have upended several businesses on the block. One of which, Libby’s Diner, held out. “Essentially, Libby says ‘Hell no, I won’t go,’ and refuses to let the city take over her property, threatens to go to court or whatever. Rather than fight it, The News Journal decides to move out to the suburbs out on Basin road… [It] changed a lot about journalism and the coverage of the city as well” (L. Nagengast, Personal Communication, November 16, 2017). Instead of staying in the city as the editorial pages encouraged other businesses to do, the company moved out of the city to occupy space on a ‘swamp.’ “It left me scratching my head” (M. Brainard, Personal Communication, January 19, 2018).

**Economic Development**

The Intergovernmental Task Force and the collaborative environment that developed in response to the Hercules Crisis went on to champion economic development in the state. There were a few creative policies that were implemented that were not necessarily Wilmington policies, but were still important. The bailout of
Chrysler in 1979 was enough to save a few thousand factory jobs in the nearby city of Newark, Delaware (Nagengast, 2006).

The Financial Center Development Act

The crowning economic development activity, the one that perhaps has the most to do with the shape of modern Wilmington, was signed into law in 1981. The story began roughly three years before over a thousand miles away. A Supreme Court ruling in 1978 paved the way for this approach, unbeknownst to anyone in Delaware at the time. The Court ruled in Marquette National Bank of Minneapolis v. First of Omaha Service Corporation that banks that lent money across state lines were bound only to the regulatory structure in the state in which they were chartered (Houghton, 2011). South Dakota, whose usury laws were favorable for lenders, saw an influx of creditors eager to take advantage. A few key officials in the du Pont Administration took notice. The genesis of the Financial Center Development Act was a bit of a whirlwind, and there are conflicting stories about how it actually began, however there are some generally agreed-upon elements of the story.

The Marquette ruling set the precedent, but Delaware’s courting of the banking industry would not take place for another two years. In the interim, the banking industry was in a bind. The inflationary environment in the national economy meant the rates at which the banks borrowed were already high, yet limits on interest rates imposed by the State of New York where most banks were located suppressed profits (Nagengast, 2006). “The nation’s biggest banks, including many of the biggest credit card issuers, were based in New York. Not only were the interest-rate ceilings set by New York State’s usury laws a problem for the banks, but they also had to pay some of the highest corporate taxes in the nation” (Nagengast, 2006, p. 105).
In early 1980, representatives of the credit industry – mostly headquartered in New York – began scouting Delaware as a place to move their headquarters. Nathan Hayward, director of the Delaware Economic Development Office (DEDO), credited Chase Bank with being the first (Nagengast, 2006). The State was already attractive because of a well-established Court of Chancery – and presumably the low top income tax rate the du Pont Administration won in response to Al Giacco’s threat to pull Hercules out of Delaware. Still, Delaware was not attractive enough to prompt a major move. The chair of the newly-formed Intergovernmental Task Force on Economic Development, Frank Biondi, quickly began assessing banking laws nationwide to glean lessons for Delaware (Houghton, 2011). “He prepared a broad piece of legislation that would apply a free-market philosophy to every classification of consumer and commercial lending, and he balanced the need to adopt the suggestions of New York banks’ attorneys with the need to avoid overreaching, which could cause substantive and political problems” (Houghton, 2011, p. 26).

After crafting the legislation, Biondi needed to sell it to a divided state legislature. Himself a Democrat, he set to work convincing the Republican-controlled House, Republican Governor and Democratic-controlled Senate of the merits of the legislation. He was successful, the measure passed in the House by 33-3 and in the Senate 14-7 and was signed by Governor du Pont in 1981 (Houghton, 2011). The passage of the FCDA has been criticized for a number of reasons but it can also be credited with boosting the corporate presence in Delaware, which for a time concentrated in Wilmington’s downtown.

Criticism of the FCDA comes from a few directions. Within the state, the passage of the act is criticized for the way in which it was introduced to and passed by
the state legislature. The FCDA was developed and passed quietly. This was necessary to its passage – if word spread too far, other states might have beaten Delaware to the punch. It can be debated whether this lack of transparency was a necessary evil. Further, the content of the act could be characterized as unsavory. Abandoning caps on interest rates ran afoul of New York’s usury laws – which are rooted in a philosophy that characterizes such a thing as immoral. Indeed, the FCDA inadvertently led to the rise of payday lending (Masulli Reyes, 2016) – an industry akin to loansharking. Other states certainly resent the FCDA, making Delaware the target of lawsuits over interstate inequity (Griffith, 2004). The FCDA was important to Delaware, however, and even du Pont’s Democratic challenger, a member of the general assembly who knew of the act, had agreed not to mention it on the campaign trail in the 1980 election for fear of destroying it politically (Nagengast, 2006).

UDAG: Physical Redevelopment in the FCDA Era

While the Financial Center Development Act attracted the banking industry to Wilmington, the city’s prolific use of federal Urban Development Action Grants made the physical development needed to house the industry possible. By the end of the du Pont Administration, Wilmington Trust was retained and built a new building on Rodney Square with $4 million in UDAG funds and AIG built a new building on King Street with $1.5 million in UDAG funds.

Seven of the first 13 new banks established offices in Wilmington, including J.P. Morgan in the old Hercules space at 902 Market, and Chase Manhattan, originally in the former Delmarva Building at 6th and Market (now the Delaware Center for Art and Design) and then in a new building at the old Wilmington High school site on Delaware Avenue ($9.3 million UDAG award). Beneficial’s building at 4th and King Streets kick-started the Christina Gateway development ($2.5 million UDAG) (McGonegal, 2012d).
Wilmington was effective at acquiring and utilizing UDAG dollars. “By the end of the McLaughlin Administration, Wilmington had secured over $39 million in UDAG grants leveraging $177 million in private investment” (McGonegal, 2012e).

Recalling from the Hercules Crisis, an agreement was made to form the Inter-Neighborhood Foundation (INF) to help reconcile and mitigate disruption, and foster community buy-in. The UDAG program allowed federal funds, lent to job-generating projects, to be paid back to the municipality so it could originate more loans – recycling the money within the city. The Wilmington UDAG Corporation (WUC), the organization formed for this purpose, is still operating today using principal payments to fund new projects (J. Flynn, Personal Communication, February 27, 2018). In Wilmington, interest paybacks were directed to Wilmington’s neighborhoods. The INF would receive $300,000 per year in UDAG paybacks that could be spent on projects determined by the neighborhoods (McGonegal, 2012d).

Wilmington political leaders, however, have anticipated that some of these downtown business developments could negatively impact some of the adjacent neighborhood areas and have therefore designated selected neighborhood civic groups to be the recipients of UDAG loan interest pay-back monies to undertake various neighborhood improvement projects (Sills, 1986, p. 1).

Mayor Sills’ ideas about the remaining UDAG interest paybacks favored the community, who he said had not benefited from the program as much as they could have. Further, he was interested in boosting small, local businesses and startups in Wilmington.

Sills wants to use this interest, many hundreds of thousands of dollars, for these small business loans. He has long decried the fact that of the $40 million in UDAG loans the city has received since 1987, 75 percent went to help only six major corporations. He hopes
to see supermarkets, movie theaters, shopping complexes and the like return to downtown over the next several years (C. Wilson, 1993).

The Inter-Neighborhood Foundation still exists today as a significant funder and developer of housing and other capital projects in central Wilmington and now in neighborhoods north of the Brandywine River (“About the Inter-Neighborhood Foundation,” 2018).

The Port of Wilmington

By the time Mayor Sills took office in early 1993, the Port of Wilmington was in need of more repairs and upgrades. Capital funds were already stretched thin as most of it was directed toward improvements downtown. The port was again losing its competitive edge as parts of it decayed, and it failed to keep up with advances in the shipping industry. Something needed to be done, but the city would be unable to do it. The State of Delaware stepped in, with Governor Carper’s Administration constructing a deal in which the state took over control of the port, purchasing it from the city, making the needed investments and attracting more clients. The deal was signed in 1995.

The state would purchase the port from the city and create the Diamond State Port Corporation to manage and operate the port, starting in September. The agreement called for the state to pay the city $40 million over a 30-year period, and to make payments on a $51 million in debts owed by the city for past port improvements from the 21st Century Fund, created by Governor Carper for projects aimed at preparing Delaware for the future. The agreement was approved by the Delaware General Assembly on July 1, 1995 and by the City Council on September 7, 1995 (Diamond State Port Corporation, 1998, p. 96).
The upgrades to the port were enough to secure contracts with several new clients, including Dole Fruit. Today, the Port of Wilmington is one of the largest points of entry for bananas in the United States (“Our state,” n.d.).

Placemaking and Redevelopment: The Wilmington Riverfront

Wilmington’s downtown was still undergoing physical development at the beginning of this period. More development was coming and attention was gathering at the Christina riverfront in the late 1980s and early 1990s. After years of planning and advocacy by a coalition of state and city representatives, Mayor Dan Frawley and his administration delivered on their plan to build a professional baseball stadium in Wilmington and the eventual construction of that stadium on the former Dravo Shipyard in 1993. The State of Delaware provided $3.9 million and the City of Wilmington added another $2.2 million. In fall of 1992, construction was started and the stadium that bears Mayor Frawley’s name opened on April 16, 1993 (Delaware Stadium Corporation, 2015).

The construction of the Frawley Stadium at the riverfront catalyzed a larger redevelopment effort there that would take place over two decades. The manufacturing that took place on Wilmington’s riverfront was long gone by this point. What was left behind was dozens of acres of abandoned factories, dilapidated warehouses and contaminated brown field sites. Governor Carper commissioned a task force that created the Riverfront Development Corporation in 1995 and charged it with planning and conducting a complete rehabilitation of the Brandywine and Christina rivers. The initial funding was provided by the state, with additional funding coming from the city and New Castle County. The redevelopment consisted of demolition and rebuilding, as well as adaptive reuse of old structures. The site is now home to corporate offices,
restaurants, shops, a baseball stadium and scenic river-walk. Public investment in the riverfront was successfully leveraged, with $346 million – $306 million from the State – in 2011 public dollars invested (Boyer & Ratledge, 2015). The private investment between 1996 and 2010, however, was $716 million. Development increased property tax values and created a net 2,000 new jobs also driving up the average annual wage for workers in the riverfront (D. Brown & Ratledge, 2012).

There are critiques that can be made of the Riverfront development. Walking along the Riverwalk, sitting at one of the Riverfront’s high-end restaurants, or visiting the shops nearby, one might notice a distinct lack of diversity. The Riverfront can be criticized for being a place for wealthy – often white – people. Physical barriers – the train tracks and some distance – make it uncommon to walk from Wilmington’s neighborhoods to the Riverfront, the costs of amenities there tend to be higher than average, and the environment signals that the poor are unwelcome (R. Rangan, Personal Communication, December 21, 2017). This is a fair criticism; however, the redevelopment of the Riverfront is also part of a larger effort to revitalize the city.

While some are less than enthusiastic about the benefit of the Riverfront, others acknowledge a need for revenues regardless of where it comes from. Council President Shabazz acknowledged that while Wilmington’s poor don’t benefit directly from the Riverfront development, it provides much needed funding to stabilize city revenues that will be needed to invest in neighborhood revitalization (H. Shabazz, Personal Communication, March 20, 2018). Mayor Baker shared a similar sentiment – that the land serves the city better if put to use capturing revenues than sitting derelict (J. Baker, Personal Communication, March 29, 2018).
In the early 1990s, placemaking was becoming a serious economic development strategy in Wilmington. In 1993, a public-private partnership for placemaking and branding was launched. Initially it was called Wilmington 2000, but today it is known as the Wilmington Renaissance Corporation. This organization would become a significant developer of housing, business space and capital projects in Wilmington through the present day. Redevelopment was marching north from the Riverfront. This redevelopment mostly followed Market Street, the lower portion of which was underutilized warehouse and manufacturing space. Much of the redevelopment effort took a combination of regulation changes to allow for adaptive reuse of spaces that would never meet new-building codes, creative seeking of funding, and quiet amassing of assets for fear of awakening private speculators who could potentially tie up spaces in their own portfolios, drive up costs and limit supply (J. Vincent, Personal Communication, June 19, 2017).

Development on Market Street was intensifying in the mid-1990s, but still needed an engine to populate it. By a turn of fate and the efforts of the director of Wilmington 2000, a potential engine was found. The director of Wilmington 2000, Bill Wyer, led the charge to attract an arts institution to Market Street. Wyer was thumbing through an industry magazine on an airplane and came across something that led him to think an arts educational institution would be a good anchor for the Ships Tavern district – now Lower Market Street (LOMA). With quite a bit of work from Wyer and his team, the Pratt Institute and Corcoran Institute agreed to partner and launch the Delaware College of Art and Design, which has occupied the 600 block of Market Street ever since (J. Vincent, Personal Communication, June 19, 2017).
In 1998, Wilmington’s economic development apparatus went through another change. The Mayor’s Office of Economic Development took the place of the Department of Commerce, becoming more professional and systematic and fell under control of the Mayor’s office. Its leadership became an appointed position with more power. As such, its director was authorized to make recommendations to the Mayor and oversee economic development activity in the city (Ord. No. 98-010, Mayor’s Office of Economic Development, Wilmington DE Code of Ordinances, § 2-234, 1998). This office has the authority to review applications for applications for public funds from the city and to initiate and facilitate the bond-making process of the city (Ord. No. 98-010, Mayor’s Office of Economic Development, Wilmington DE Code of Ordinances, § 2-234, 1998).

Special Zones and Districts

In 1994, the City passed legislation allowing for a special Downtown Business Improvement District to include much of the central business district. This legislation authorized the city to enhance municipal service provision to be paid for through a special assessment of businesses in the district. The resulting organization, Downtown Visions, administers this zone and provides street and sidewalk cleaning, beautification and maintenance and enhanced security. This legislation has been renewed several times since its passage and is due to expire next in 2024 (Downtown Business Improvement District, Wilmington, DE Code of Ordinances, Sec.44-153, 1994).

In 1994, Parts of Wilmington were included in the Federal Enterprise Community program administered through the Department of Housing and Urban Development (Internal Revenue Service, 2004). The Enterprise Community program
and the Empowerment Zone program launched at the same time, provide special federal assistance to community and urban development initiatives. Empowerment Zones come with federal tax incentives where Enterprise Communities do not (Internal Revenue Service, 2004). Wilmington’s Enterprise Community focused on organizing public participation in developing a revitalization plan focusing on economic development and job preparation in addition to family and community support (Grubbs et al., 1997). Here, existing economic development programs and structures were leveraged to provide specific programs like job fairs, the launch of a small business support center, a micro-loan program for business startup, and scholarships for the existing Delaware College of Art and Design (Grubbs et al., 1997).

**Changing Conditions across the Epoch**

There was an overall increase in job growth through the late 1980s and into the 1990s, but this should be taken with suspicion. Manufacturing, what little was left, was drying up. Between 1990 and 1995, manufacturing in employment in Wilmington decreased by seven percent (Bailey, 1999). Growth in service-sector jobs spun off by the financial industry was outpacing the loss of blue-collar employment. As a result, non-skilled workers maintained employment, but saw their wages decline.

All the while, the demographic profile of Wilmington and its status in New Castle County continued to change. Wilmington’s population hovered between 70,000 and 73,000 for the next two decades while New Castle County grew significantly, as did Delaware (See Table 4). Wilmington proportion of New Castle County’s population shrank from seventeen percent in 1980 to fourteen percent in 2000. Those percentages for Delaware are eleven and nine percent respectively.
As Wilmington’s population declined, high-earners continued commuting into the city to work. Many lived in New Castle County or Pennsylvania. In the 1990s, researchers recognized this fact:

> It is a well-known fact that many workers in base sectors in Wilmington do not reside in Wilmington. Indeed, per capita income is lower and unemployment is higher for Wilmington residents than for other New Castle County residents, many of whom commute to Wilmington to work in base economic activities. Wilmington is a ‘place of employment’ for many residents of suburban communities working in skilled, high-paying jobs (Bailey, 1999, pp. 45–46).

The trend only continued through the late 1990s and into the 2000s as the housing and credit bubbles grew and the city’s economic base became larger. Wage tax revenues increased, but the daytime population swells took their toll on city infrastructure.

> While Wilmington’s number of households was continuing to decline, the city’s industrial and commercial growth burgeoned, creating many jobs, most of which were filled by outsiders who commuted to Wilmington from their bedroom communities in the county and beyond. On workdays, Wilmington’s population swelled to roughly 123,000, which strained city government services (parking, traffic, police, fire, water, sewer, etc.) (Boyer & Ratledge, 2009, p. 131).

All the while, poverty was concentrating in the city as a result of the spatial mismatch between the city’s economic base and the skillset of its residents. Blue collar manufacturing was continuing to dry up, and the city’s workforce was forced to take the only opportunities available – the low-paying service jobs that replaced them.

> Those individuals previously employed in manufacturing employment now must often seek service jobs, which pay, on average, much lower. According to the office of Occupational and
Labor Market Information, the average hourly payment for a person employed in maintenance is $9.77 and food service is $8.09. Meanwhile, the average hourly rate for manufacturing jobs in 2000 was $16.92. The loss of income due to the declining manufacturing employment could continue to affect workers (Armbrister, 2003, p. 40).

Over the course of the decade, the city gained two high-poverty census tracts, the total number rising to five – even those not falling within the official definition of poverty themselves were now living in neighborhoods with concentrated poverty. All the while, the top earners in the city saw dramatic increases in their wages. Together, the city’s median income barely moved during the decade (Armbrister, 2003).

The median income for the high poverty census tracts is considerably lower than that of the surrounding area. In addition, Wilmington’s median income is much lower than New Castle County’s. Moreover, the lack of improvement of median income between 1990 and 2000 for the county, city and census tracts seventeen, nineteen and twenty three, demonstrates the lack of improving economic structure within the area (Armbrister, 2003, p. 40).

There are symptoms of urban decline that often result from concentrated poverty. Wilmington is like many other cities in that its poorest and most desperate neighborhoods are the ones that struggle the most with crime and social disorder. From the 1990s to the present, Wilmington’s struggle with these symptoms of desperation have worsened (N. Chukwuocha, Personal Communication, March 16, 2018). In the early 1990s, Wilmington became a stop in the east coast drug trade. Violence followed (L. Nagengast, Personal Communication, November 16, 2017).

Still, there have been advances and decline in the state of Wilmington’s African American community. For all the advances in civic leadership and elected
leadership in the Black community, elements of Wilmington’s decline have been visited almost entirely on the city’s youth of color. Violence related to drugs and gangs has grown to an all-time high in the city, with the annual number of shootings increasing consistently. Recent reports by the CDC and investigative reports sponsored by the Associated Press have found that the majority of shootings involve teenage perpetrators and victims, and almost all are non-white (Horn, Masulli Reyes, Parra, Jedra, & Fenn, 2017). Both seem caught up in cycles of violence stemming from the economic and social declines that have been eroding Wilmington’s poor neighborhoods throughout the study period.

**Analysis: The Evolution of a New Corporate Identity**

This period in Wilmington’s history is one of the most important. It is a long period, with many changes occurring in the city’s conditions and political economy – so deciphering what it all means is a challenge. At the very beginning of this period, the national economy was in shambles and a general dissatisfaction gripped the country – spawning the conservative revolution of 1980. Wilmington’s unemployment as of the 1980 Census was 9.5 percent in Wilmington (Harris, n.d.). The economy recovered through the 1980s, but with social costs. The FCDA brought the banking industry mostly to Wilmington during the 1980s and 1990s, with several tangible benefits. The city’s revenues were steadied by the wage taxes generated in corporate headquarters, and Wilmington enjoyed a period where it was a hub of the credit industry. Still, investment in and around Wilmington grew as MBNA entered the city and became a philanthropic and investing powerhouse over the following decade.

The political economy also went through some major changes during this period. The loci of power changed drastically during this period as DuPont faded from
the local scene and elected leadership reflected the complexion of the city. The parties within the governing regime shifted, and long-standing economic elites were dwindling in number. DuPont spread across the globe in response to pressures of new forms of competition. Over the course of the 1980s and into the 1990s, the company withdrew from Wilmington and Delaware, with its remaining presence just a small fraction of its former might. This left a vacuum. Economic power in the city lessened even as the banking industry flocked to the city. MBNA arrived in 1995 and for some time appeared to be filling the philanthropic shoes of DuPont as the city and state’s patron. Political power also shifted. The diversifying of Wilmington’s city council and executive office took quite a long time, but signaled it was possible for Blacks to hold significant, visible, executive offices. This new era of Black leadership would remain for the next twenty-five years.

The shifts in political and economic power that took place during this period necessitated the formation of new relationships, and at the very least the renegotiation of old ones as a plurality of interests now bargained with one another on a more – though still not perfectly even – footing. Privatism was still a strong force in the city and the state, even if the Sills Administration prioritized community wellbeing over market liberalism. During this time, the state played an obviously significant role in Wilmington’s wellbeing. It was a coalition developed at the state level after all that developed and legislated the FCDA that ushered the banks into Wilmington. The Carper Administration worked with the Sills Administration to purchase the Port of Wilmington and take over operations, saving it from bankruptcy as its needs outgrew the city’s ability to provide. The state also provided the impetus, planning and much of
the funding to develop the Riverfront. However, there are elements of Wilmington’s 
charter that inhibit some solutions that are controlled by the state. 

Economic development in Wilmington during this period is a story of layering. 
Where previously economic development activities were discreet projects, here 
approaches began to be layered upon one another – yet with large scale and small-
scale activities focusing on different constituencies and with different results. This 
same coalition that retained Hercules in Wilmington, the Intergovernmental Task 
Force developed and shepherded the FCDA through the General Assembly, which 
would be the central component of the economic development approach for 
Wilmington. It was followed by a place-making approach, that was intended to attract 
more corporate partners by providing amenities for their employees in the spirit of 
Richard Florida’s recommendations for attracting the creative class (2002). The 
outcomes of these approaches present a double-edged sword. Over the course of the 
1990s, several of Wilmington’s census tracts entered high-poverty status as greater 
proportions of their residents fell below the poverty line. The city’s daytime 
population grew to upwards of 123,000 at its peak, when its population of residents 
hovered between 70,000 and 73,000. With MBNA’s rise, philanthropic contributions 
to the city’s nonprofit community boomed. Ironically, as job opportunities for much of 
Wilmington’s population dried up, the funding of nonprofits that delivered services to 
the poor increased. The small-scale, community based, economic development 
activities espoused by Mayor Sills began coming on line during this period, however 
few received enough steady funding, and capital was not available in enough mass for 
these activities to successfully launch self-sufficient neighborhood economies. As 
detachment from economic opportunity lingered and these neighborhoods experienced
the associated social decline, criminal activity appeared and became entrenched, following national urban trends (W. J. Wilson, 1996).

What is to be gathered from the relationship between the elements of the conditions of the urban environment, political economy and economic development in this period is murky. It is the hope that this exposition will draw out some of the key connections. The environment at the start of the period was characterized by crisis. The Hercules crisis coincided with crisis in the larger economy, as the United States struggled with a lagging economy, a gas crisis and high rates of inflation. Governments were obligated to find solutions. The attraction of the credit industry to Delaware, and its congregation in the state’s only major city, Wilmington indelibly marked the city’s political economy just as DuPont was withdrawing. In the vacuum of DuPont largess, new economic powerhouses were converging on the city, yet their role in the political economy would need to be defined. Little progress was made in this arena until the early 1990s when two significant events took place: Jim Sills was elected mayor and MBNA arrived in Wilmington. Jim Sills represented a shift in the balance of political power in the city to one of more equitable distribution, and MBNA represented a spirit of philanthropic giving that rivaled – and some say outshone – DuPont. As Wilmington’s blue-collar economy withered, it’s white-collar economy grew. Wilmington’s poor would become poorer while wealth generated in the city immediately leaked into surrounding New Castle County and across the border into Pennsylvania. It did not help that the educational system serving Wilmington and northern New Castle County was broken and getting worse – along with increasing violent crime. Try as they did – admirably – the state, city, nonprofit and private coalition that developed the Riverfront and dedicated itself to branding the city as an
attractive place to be, Wilmington would struggle to attract and retain the residence of credit-industry employees. In this period, changes in all of the elements very closely mirror each other. The loss of DuPont, the influx of the banking industry, the changing political demographics in Wilmington all represent major changes in the landscape of the city, and all impact one another. The vacuum left behind by DuPont left the political economy of Wilmington in a state of uncertainty. There was no longer a unified, central figure wielding power, but a newly-negotiated power dynamic in which formal institutions briefly assumed more power than the informal economic powers that remained in the city. The combination of DuPont’s economic largess and civic leadership, however would never be replaced. Economic largess came for a time from MBNA – whose philanthropic contributions outshone DuPont in some ways, but the company did not provide the same civic foundation that DuPont did. In its wake, new variations of civic leadership emerged, but none quite had the power of DuPont. The reshaping of Wilmington as a credit hub cemented the city’s white-collar character, which in turn deepened the poverty that already existed in the city. There were service jobs that would replace manufacturing, but the purchasing power of Wilmington’s neighborhoods decreased while the social distresses of entrenched poverty deepened. Wilmington became two cities. Physical redevelopment was directed to profit-generating spaces in hopes of spurring economic activity – in which there was some success – but this economic activity did not necessarily serve the interests of Wilmington’s neighborhoods.

Transition Out of the Epoch

Wilmington’s banking boom did not end substantively nor symbolically until 2005 when Bank of America bought MBNA. In many ways, this period continues –
there are elements of the FCDA that still impact the context of Wilmington today. The banking industry grew by leaps and bounds in the 1980s and 1990s as a result of the Financial Center Development Act even as the DuPont Company transformed from an organization of Delaware to an organization, some of which was in Delaware. When MBNA moved to Wilmington in 1995, it took on a radically philanthropic spirit. In many ways, it occupied the space left by the now-distant DuPont. But this period of MBNA largess was short-lived. The early 2000s were bubble years in the national economy, the George W. Bush-era deregulation of industry, globalization and digital communication technology meant the banking industry could grow, trade, split and merge quickly and with little oversight.

In this environment, one international banking giant bought another – the one that was bought just happened to be Wilmington’s local patron. The merger had significant practical as well as symbolic impacts. Practically, the funding environment for the non-profit community, access to credit in the community in and around the city – really across Delaware – tightened, 3,000 jobs were lost as Bank of America shed redundancies from its new asset, and the real estate it occupied downtown suddenly became vacant (Milford, 2005). Symbolically, the corporate benefactor that stepped in to at least try to fill the shoes of DuPont vanished. The vacuum left by DuPont that was briefly filled by MBNA reappeared. There were no giants of Delaware anymore. In hindsight, the purchase and disappearance of MBNA could also be seen to signal the trouble that was about to befall the national economy, whose impacts would be especially dire on a city like Wilmington, whose economy was built largely on credit – which, beginning in 2007, would become sparse.
Chapter 7


Bank of America’s purchase of MBNA in 2005 signaled the end of an era. MBNA’s decade of philanthropic generosity was suddenly over. For nonprofits, for communities that were developing, and for small businesses and startups, the taps were turned off. Three thousand employees of MBNA were suddenly jobless. Thousands of acres of office space were suddenly vacant. Bank of America took over the business of MBNA, but had little need for its workers or facilities. The tangible losses of MBNA can be quantified, but the larger impacts are more complex. The loss of the corporate giant or anchor that had replaced the city’s previous benefactor also – in hindsight – foreshadowed a looming crisis about to hit the city especially hard.

Transition into the Epoch

On June 30, 2005, Bank of America announced to its shareholders that it had reached an agreement to purchase MBNA for $35 billion. At the time, MBNA was one of the largest credit card companies in the country, holding $143 billion in credit card balances for over 40 million customer accounts (“Investor relations,” 2005). The acquisition of MBNA’s credit card portfolio allowed Bank of America to capture an even larger customer base and add new services to its offerings, adding value for its shareholders. Bank of America maintains a presence in Wilmington today, but the nature of Bank of America’s Wilmington operation is fundamentally different from MBNA.

As the deal was developed, Bank of America calculated that it could “…achieve overall expense efficiencies of $850 million…” by shedding overlapping procedures, technology and space as well as 6,000 of the company’s 10,500
employees (“Investor relations,” 2005; Milford, 2005). The impacts of the merger in Wilmington were significant. As mentioned, 3,100 MBNA employees in the city lost their jobs (Boyer & Ratledge, 2015). MBNA occupied nearly ten percent of downtown office space in Wilmington – 1.3 million square feet – and 4.6 million square feet of office space across the state of Delaware. The sale was completed in 2006 and the deal was done. MBNA no longer existed. Downtown Wilmington had experienced nearly uninterrupted growth from the Financial Center Development act since 1981, and its supply of office space was finally catching up with demand. Suddenly, the space that MBNA occupied would be vacated (Milford, 2005). Bank of America assured shareholders it would continue MBNA’s tradition of philanthropy.

Bank of America, a leader in corporate citizenship and philanthropy, intends to build upon its previously announced 10-year, $750 billion community development goal to include a specific community development lending and investment goal for Delaware. The specifics of this goal will be determined based on future dialogue with Delaware community and civic leaders. With MBNA's $60 million annual charitable giving, Bank of America, a worldwide leader in corporate philanthropy, expects to provide more than $200 million in annual giving as a result of this combination (“Investor relations,” 2005).

This lofty goal was articulated in 2005, when the company was in an optimistic position, and at a time the company needed to sow goodwill amongst the community. Two years later, the national economy entered a recession.

The housing market experienced a bubble from the late 1990s to the mid-2000s, and in 2007 it burst. Deregulation of banking, credit and trading created an environment where new investment products were developed. The important one for this story is the mortgage-backed security. This is a product where mortgage portfolios
were sold to investors as slow-growth, long-term, stable investments – the type attractive commonly for insurance and retirement savings. The ability of mortgage brokers to sell their portfolios insulated them from risk and fostered an environment where mortgages were written carelessly at best, and were predatory at worst. Restrictions that required banks to hold cash reserves against debts were also loosened, meaning banks were also holding the riskiest securities far beyond their capacity to absorb default, but did not have to claim these holdings on their balance sheets, masking the risk. In addition, credit rating agencies and the banks they regulated developed symbiotic relationships in which AAA credit ratings were stamped onto just about everything. Gradually in 2007, a portion of these mortgages started to default, devaluing the portfolios in which they were held, throwing some banks into bankruptcy, and causing a ripple effect in investing, credit and eventually a severe recession (Crotty, 2009). As the market deflated, lending ground to a halt, capital dried up, businesses cut expenses, and employees. Some were forced to close.

**The Environment at the Time of the Transition**

By this time, credit was a significant component of Wilmington’s economy. Wilmington and New Castle County were enjoying the bubble years. The legal industry, credit card industry and pharmaceutical industry were employing highly-educated, highly skilled individuals. “There were more PhDs, researchers, scientists, per capita than anywhere else in the world within a twenty-mile radius. When you just put a circle around, and I imagine from Newark to the experimental station and Astra-Zeneca and there were more PhDs per capita than anywhere else in the world” (R. Deadwyler, Personal Communication, October 25, 2017). Despite the inequalities stemming from years of a shrinking blue-collar sector, there were spillovers that were
beneficial. MBNA was Delaware’s dominant anchor, and provided plentiful capital and philanthropy in and around Wilmington. There were two years between MBNA’s purchase and the full impact of the recession, however elements of Wilmington’s shift can be seen as early as 2007.

The businesses that supported the credit industry slowed – some shuttered – and Wilmington’s overall economy ground to a standstill. Of course, the banking industry survived the financial crisis through a combination of assistance, withdrawal from risk and ample reserves, but the rest of the economy bore the brunt of the crisis. Some indicators of the city’s decline continued to worsen in the years leading up to the financial crisis – crime increased (“Uniform Crime Reporting Statistics,” 2017), more neighborhoods fell into poverty (Armbrister, 2003), and the gulf between the have and have-nots was widening (Armbrister, 2003). Others, however, stabilized and even improved. The city’s population held relatively steadily around 70,000 for two decades. Raw employment numbers were up and unemployment was down. Still, indicators of the shift in Wilmington’s economy could be seen in 2007 (See Table 5). Manufacturing jobs in the city continued to decline as firms closed and moved. Wholesale trade and general services contracted as organizations in the information sector consolidated and grew, as did real estate and professional services. Administrative support grew by nearly 2,000 employees as well going into the recession. Despite MBNA’s disappearance, the sector actually grew leading up to the recession. What was more important, however, was the impact on the nonprofit community, arts and others who had thrived under MBNA’s wing.
Table 5  Industry Strength in Wilmington 2002 and 2007 (U.S. Census Bureau, 2002, 2007)

<table>
<thead>
<tr>
<th>Industry/Year</th>
<th>2002 Firms</th>
<th>2002 Employees</th>
<th>2007 Firms</th>
<th>2007 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>96</td>
<td>2,186</td>
<td>77</td>
<td>1,578</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>152</td>
<td>2,186</td>
<td>100</td>
<td>1,016</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>358</td>
<td>4,518</td>
<td>331</td>
<td>4,128</td>
</tr>
<tr>
<td>Information</td>
<td>90</td>
<td>1,037</td>
<td>81</td>
<td>1,399</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing Services</td>
<td>251</td>
<td>725</td>
<td>244</td>
<td>861</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>594</td>
<td>8,504</td>
<td>569</td>
<td>8,983</td>
</tr>
<tr>
<td>Administrative Support and Waste Management and Remediation Services</td>
<td>159</td>
<td>3,377</td>
<td>181</td>
<td>5,762</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>362</td>
<td>8,972</td>
<td>382</td>
<td>11,294</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>42</td>
<td>1,131</td>
<td>51</td>
<td>907</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>185</td>
<td>3,409</td>
<td>212</td>
<td>3,315</td>
</tr>
<tr>
<td>Other Services (Except Public Administration)</td>
<td>269</td>
<td>2,749</td>
<td>246</td>
<td>1,819</td>
</tr>
<tr>
<td>Total</td>
<td>2,558</td>
<td>38,794</td>
<td>2,474</td>
<td>41,062</td>
</tr>
</tbody>
</table>

The recession hit certain parts of Wilmington’s economy harder than others. Within roughly eight months, both of Delaware’s automobile manufacturing plants closed. In December 2008, the Chrysler Plant in Newark closed, resulting in over 1,100 job losses. Toward the end of July 2009, the General Motors Boxwood Plant closed, cutting an additional 545 jobs (Boyer & Ratledge, 2015). In addition, northern Delaware lost a steel mill, an oil refinery which closed around roughly the same time (T. Carper, Personal Communication, February 16, 2018). Paired with the overall decline in manufacturing and other stable blue-collar employment leading up to the recession, the absence of MBNA’s philanthropic support and the survival mechanisms of the banking industry, Wilmington’s poorer neighborhoods were thrown into a deeper desperation than had been observed before.
The FBI Uniform Crime Report for Wilmington (Table 6) shows ebbs and flows in violent crime rates, which tend to span a range of roughly 100 to 200 per 100,000 people per year jumped a full 469 per 100,000 between 2005 and 2006.

Table 6 Violent Crimes per 100,000 in Wilmington (“Uniform Crime Reporting Statistics,” 2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Violent Crime Per 100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1573.3</td>
</tr>
<tr>
<td>2004</td>
<td>1319.1</td>
</tr>
<tr>
<td>2005</td>
<td>1514.8</td>
</tr>
<tr>
<td>2006</td>
<td>1983.8</td>
</tr>
<tr>
<td>2007</td>
<td>1927.5</td>
</tr>
<tr>
<td>2008</td>
<td>1957.8</td>
</tr>
<tr>
<td>2009</td>
<td>1868.3</td>
</tr>
<tr>
<td>2010</td>
<td>1985.9</td>
</tr>
<tr>
<td>2011</td>
<td>1552.2</td>
</tr>
<tr>
<td>2012</td>
<td>1703.5</td>
</tr>
<tr>
<td>2013</td>
<td>1630.3</td>
</tr>
<tr>
<td>2014</td>
<td>1635.7</td>
</tr>
</tbody>
</table>

High unemployment resulting from a major recession was a strain on the city’s budget, however, the nature of the recession of 2007 and 2008 added yet another challenge. “We felt it in ’07 but in ’08 it really collapsed. For example, on our investments, we were usually getting $2.5 to $3 million annually, which helped our budget. Then, Henry Spencer, our treasurer at the time, said, ‘I’ve got some bad news. Our investments are down to $150,000’” (J. Baker, Personal Communication, March 29, 2018). At the time, Mayor Baker predicted it would take roughly ten years to fully recover (J. Baker, Personal Communication, March 29, 2018).
Political Economy of the Epoch

The loss of MBNA disrupted the political economy of the city. New relationships had to be formed, and old ones were renegotiated. New players emerged and old ones disappeared. The assumptions that drove Wilmington and Delaware politics were challenged. The political economy was forced to evolve.

Players

The Corporate Community

MBNA’s short reign as Wilmington’s patron ended with its purchase by Bank of America. MBNA’s assets that were not useful to were jettisoned and the employees that were terminated were eventually absorbed by other banks. Bank of America has a fundamentally different relationship with Wilmington than MBNA had. While MBNA was headquartered in the city, and its executive leadership lived in and around Wilmington, Bank of America’s headquarters are elsewhere and the organization operates its credit branch in Delaware. Bank of America had a presence in Wilmington at the time of the acquisition, with its Wilmington office solely the location of the credit card unit. Like most of the banks in the city, Bank of America assets are spread around the country, and Wilmington was but a regional outpost that served its credit branch (T. Allen, Personal Communication, November 2, 2017).

The credit card industry is still Wilmington’s largest employer, but the sheer size of it has diminished after the financial crisis. There were upheavals that resulted from the financial crisis, with a series of mergers and acquisitions throughout the recovery. Capital One acquired ING Direct and HSBC as part of the bailouts implemented by the federal government. Capital One added 500 jobs in Delaware by
2013. In addition, it retained all ING’s employees, swelling its ranks to 2,150 (Boyer & Ratledge, 2015).

During this period, another private sector player grew to hold a high level of significance during the recovery. The Buccini-Pollin Group is a private real estate developer that had begun doing business in Wilmington in the early 2000s, resuscitating the redevelopment of LOMA after the first partnership failed. The company has economic might. It had the capacity to weather the recession – a recession that devastated the real estate market – and remain healthy. The company had completed several luxury residential developments just before the recession, and only started recuperating losses in recent years. As an example of Buccini-Pollin’s might, the company operates one of very few Starbucks franchises\(^{11}\) in the country at a loss on Wilmington’s Market Street to draw foot traffic and spur demand for their holdings in the LOMA district (J. Vincent, Personal Communication, June 19, 2017). As of 2015, Buccini-Pollin was by far the largest holder of property in the city, accounting for over a fifth of the city’s taxable real estate (Office of Management and Budget, 2015).

**City Government**

Leadership of the city government went through a few important transitions during this period. In 2012, Wilmington’s mayoral race pinned a few different schools of thought against one another. Dennis P. Williams was a Wilmington police officer, Army veteran, and state senator before he ran for mayor. He won the Democratic primary, beating four others. In a turnout of 11,014 voters, Mayor Williams beat his

\(^{11}\) Most are owned and operated by the Starbucks Corporation and are not franchised.
nearest challengers – Kevin Kelley (3,136 votes) and Bill Montgomery (2,290 votes) – with 4,244 votes (“Primary election official results,” 2012) which by this point in Wilmington meant certain victory in the general election. By 2012, the impacts of the recession were still felt in the city, the first City budget of the Williams Administration had to address a $5.5 million deficit. What was more important to most involved was the issue of crime (Yearick, 2013). Dennis Williams won thanks in part to a platform that was devoted to reducing crime in the city.

The Williams Administration is marked as one of difficulty in Wilmington. As Christina Jedra of the News Journal put it, “He tried” (Jedra, 2016b). Mayor Williams’ success in the General Assembly did not translate well to management. “Dennis was a Legislator, he wasn’t a Mayor. He was excellent in the House of Representatives, and what he did for Wilmington, but that’s where he should have stayed” (J. Baker, Personal Communication, March 29, 2018). His administration was plagued by embarrassing personnel issues, worsening violent crime, a harsh business climate and troubled relationships with the State Legislature, the business community and City Council (Wagner, 2015). Mayor Williams is credited with caring passionately for the city, but he ultimately lost re-election bid in 2016 (Jedra, 2016b). “When you’re the Mayor, everybody and their brother is yelling at you telling you what to do and not to do. As a Legislator you can isolate yourself from the mess. As the Mayor all the problems are your problems…I don’t think he was ready for that” (J. Baker, Personal Communication, March 29, 2018).

Delaware and New Castle County

The State of Delaware went through its own transition. The MBNA buyout occurred during Ruth Ann Minner’s second term. Minner was less active during her
second term, as the state appeared to be relatively stable. Her administration had its victories. Under her watch, DEDO convinced AAA to move to Delaware with a $6 million Strategic Fund grant in exchange for creating 340 jobs at its Wilmington Riverfront site and another 360 in Newark (Boyer & Ratledge, 2015; M. Brainard, Personal Communication, January 19, 2018).

The full impact of the financial crisis wasn’t felt in Delaware until after the election of Governor Jack Markell in 2008, a former manager of Comcast and Nextel. Within a year, both auto manufacturing plants in Delaware shut down, putting thousands out of work. The Chrysler plant in Newark closed in in 2008, with the General Motors Boxwood plant following in July of 2009 (Baker, 2017). Markell’s inauguration placed Delaware’s struggling economy squarely in his lap, and he was instantly tasked with recovery – which would occupy him for the rest of his tenure. The recession and its impacts on the state as a whole thrust the Markell administration into survival mode. The state faced a budget deficit of roughly a third of the operating budget. Markell’s approach was creative and pragmatic. In one major case, the risk did not pay off, but many others did (J. Bullock, Personal Communication, January 29, 2018). Markell was pragmatic in his approach to Delaware’s economy. He orchestrated tax cuts, as well as cuts to state employee benefits to try to keep the state afloat and recover from the recession (DiStefano, 2016). The state legislature, on the other hand, had long lost the spirit of cooperation that was present in the two decades after Pete du Pont’s term as governor (J. Sweeney, Personal Communication, July 13, 2017; M. Brainard, Personal Communication, January 19, 2018).

New Castle County was having its own struggles during this period. It was home to both the automotive plants that closed during the recession. AstraZeneca, was
a major player in the local pharmaceutical industry, peaking at about 4,800 employees at its suburban location in Fairfax, DE, was showing signs of trouble. The company began shedding employees and functions as its own health declined. Between 2005 and 2013, AstraZeneca slowly shed much of its Delaware workforce, demolishing its Fairfax site in 2011. As of 2014, AstraZeneca had a small presence in Wilmington. Indeed, through the whole decade of the 2000s, the sizeable pharmaceutical industry that existed in New Castle County was facing setbacks and dealing with them by – among other things – reducing their workforces (Boyer & Ratledge, 2015).

Civic Leadership and The Nonprofit Community

The nonprofit community was booming as a result of MBNA largess in the years leading up to its purchase. Funding for nonprofits was directive, and strings were attached, but funding was ample (M. Taylor, Personal Communication, November 2, 2017). When MBNA disappeared from the scene, the nonprofit community suffered the loss of a major donor. As the financial crisis eclipsed the country, charitable contributions dropped dramatically. Wilmington was no different. The funding environment was severely constrained, and the nonprofit community was not prepared for such a withdrawal. Non-profits, which had proliferated during the MBNA years, saw sudden decreases in funding, impacting their ability to operate and deliver services (G. Pollio, Personal Communication, July 18, 2017; P. Herdman, Personal Communication, November 9, 2017; L. Newman, Personal Communication, January 11, 2018).

In the years leading up to MBNA’s departure, a contingent of public-private-partnerships began forming. DuPont’s civic leadership eroded with its economic might and investment in the city, and smaller local organizations were beginning to form in
the early 2000s to fill the civic gap. These nascent partnerships were formed around specific issues like education, philanthropy, and youth development. With the financial industry’s – especially MBNA’s – patronage, these partnerships had the resources and stability necessary to develop. The disappearance of MBNA and the recession, however, scuttled these partnerships for some time. In the recession soon after, the business, public and nonprofit leaders who formed these partnerships were forced to turn their attention and funding toward the survival of their own respective organizations (P. Herdman, Personal Communication, November 9, 2017).

Civic activity at the neighborhood level has been much more difficult to organize, sustain, and integrate. In Wilmington, the capacities of various community organizations are disparate. While there are certain groups that do operate well, particularly in well-to-do neighborhoods, some groups have gone defunct. The author’s own time working in the Mayor’s Office of Neighborhood Development in the Williams Administration was spent trying to rebuild civic associations where basic functioning was eroded by the same forces that sapped them of social cohesion. When asked about civic capacity in the recent period versus the 1970s and 1980s, Councilman Nnamdi Chukwuocha had this to say:

In those eras, we were more united and purpose driven. Now our communities are broken. You can’t compare a child like myself being born in 1970...to a child today. We didn’t have any of the trauma, the abuse, the drugs that come from not having a two-parent home. I had the church. It was actually a church, and it had members. And the community centers were community centers. The schools were able to teach, they weren’t there for children who were suffering from trauma. Everything was different. The communities were themselves, more aligned toward supporting one another where today the communities are broken and our community centers are struggling for funding and support. Our churches have half-empty pews (N. Chukwuocha, Personal Communication, March 16, 2018).
He ties the decline in civic participation directly to the deterioration of the community, the diminished institutional support resulting from school desegregation, and the loss of hope within the community.

One of our community leaders gives out turkeys, and you see big crowds there on thanksgiving getting these turkeys. And I remember as a child being at a community center at what was then Martin Luther King Elementary, which is now East Side Charter. Then it was community meetings, today the only way we get crowds like that is to give out turkeys. But that was just community meetings, and that was when people still had a belief in the school system, and a belief in leadership, and that things would get better and, in the course of these decades, that belief has just been, severely – just broken (N. Chukwuocha, Personal Communication, March 16, 2018).

The African American Community Fractured

Wilmington’s neighborhoods, which were already deteriorating in the early 2000s, and already economically vulnerable, were hit hard by the financial crisis. In a recession, the types of discretionary spending that are most often curtailed are on personal services, dining (Reed & Crawford, 2014) – the types of service that had grown to support Wilmington’s banking industry and were supported by individual discretionary spending. The jobs in services were among the only ones available to Wilmington’s lowest-skilled residents – and so what little economic opportunity did exist evaporated. For those fortunate enough to still have manufacturing jobs at either of the two auto plants in northern Delaware, that fortune would come to an end as both closed in quick succession (Baker, 2017). In addition, violent crime was becoming an increasingly common occurrence, with Wilmington’s most desperate neighborhoods suffering the brunt of the violence. Wilmington’s state-wide reputation for danger – a result of the riot and occupation of 1968 – was intensifying.
The divisions among Wilmington’s African American community had not dissipated but have widened. As the fortunes of some have improved, the fortunes of others have grown desperate. Economic declines through the 1990s and 2000s have destabilized some neighborhoods, disempowering long-term residents. After decades of institutional racism, poor people of color are dissuaded of their value and agency (R. Jabbar-Bey, Personal Communication, June 9, 2017; R. Jones-Avery, Personal Communication, July 12, 2017; R. Rangan, Personal Communication, December 21, 2017).

In addition, Wilmington’s poorer neighborhoods have more housing turnover have more transient populations who are less tied to place and therefore less able to be active civic participants (R. Rangan, Personal Communication, December 21, 2017; L. Newman, Personal Communication, January 11, 2018). Reverend Terrance Keeling of the Central Baptist CDC on the East Side has stated that many in the community he serves see themselves as recipients rather than change agents, stemming from DuPont largess (T. Keeling, Personal Communication, February 13, 2018). There is certainly civic activity in Wilmington, but it is largely dependent on the stability of the neighborhood in which it is located. The widespread civic intensity in the 1970s and 1980s has given way to civic lethargy as community fortunes have deteriorated.

In part this can be attributed to varying levels of success in the African American community following equal opportunity legislation like the Civil Right Act of 1964 and the Fair Housing Act of 1968, opening large rifts between African American households of varying fortunes. Some individuals have become quite successful, while others have seen little to no benefit (Ware & Allen, 2002).

A generation of African Americans have benefited from opportunities created by the Civil Rights legislation of the 1960s.
Those who were in a position to do so took advantage of the educational, employment and other opportunities that were foreclosed to African Americans during the first half of the 20th century. The success of middle- and upper-income African Americans and the growth in their numbers over the last thirty years is a testament to their intelligence, ambition and hard work. For these groups, the Civil Rights Movement created unprecedented avenues for advancement. However, for the one-third of the African-American population left behind in the nation’s inner cities, the Civil Rights Movement might as well never have happened (Ware & Allen, 2002, p. 70).

People of color who have achieved success and hold prominent places in the public, private and nonprofit sectors are often held up as evidence that an organization is inclusive and there is no work left to be done (T. Allen, Personal Communication, November 2, 2017). At a time when there were prominent African Americans holding positions of power in Wilmington’s public and private sector, there was a sense of representation and leadership. This sense has diminished in more recent years (E. Lockman, Personal Communication, March 2, 2018; N. Chukwuocha, Personal Communication, March 16, 2018).

So not only were they voices for their community but they had voices that were leading the large business trade groups. I would beg that there’s a void in African American leadership in – not only are they not being led – I think there’s a void in the presence of African American leadership on some of the leading trade organizations. (R. Deadwyler, Personal Communication, October 25, 2017).

Sometimes these individuals can feel – and be functionally – detached from the rest of the communities of color. That is, those who have achieved success are less likely to identify with and interact with African Americans still stuck in poor, inner-city conditions. This lack of contact and interaction further isolates poor people of color,
leaving fewer of the types of social supports that can help them overcome their condition (Allen, 2017). “We call it hyper-segregation, where those folks who have made it out live a different life, and the people that are left behind really have no connection to those people. ‘So just because I look like you, it doesn’t mean I represent you’” (T. Allen, Personal Communication, November 2, 2017). This fracturing of the African American community has further hindered the development of collective power.

I think when you think about power dynamics, it’s really important to also consider the intra-power dynamics between people of color, particularly in the African American community in the city of Wilmington. The truth is we don’t have an African American middle-class enclave in the city. Very few places of our size and ilk and demographic couldn’t point to someplace that says, ‘That’s where the Black-middle class lives in the city.’ We don’t have that and as such it hard for us to unify and build power structures (T. Allen, Personal Communication, November 2, 2017).

Relationships

There is an old saying that has been attributed to different figures in Delaware’s history about the role of Wilmington. “As goes Wilmington, so goes Delaware.” Jack Markell was one of Delaware’s governors who subscribed to the idea that Delaware needed a stable Wilmington. Markell maintained a commitment to Wilmington through his years that was reminiscent of governors du Pont and Carper. As will be shown repeatedly in this chapter, the Markell Administration did try to deliver benefits to Wilmington and help it achieve stability in this unstable time, however he was repeatedly thwarted by factors outside his control – factors both of context and of the political economy of the entire state. The General Assembly represents all Delawareans, with each senator and representative serving his or her
district. Wilmington’s diminished proportion of the state’s population means its representation in the General Assembly is also diminished. Further, the ambivalence toward Wilmington in New Castle County and the rest of Delaware, means state legislators from other parts of Delaware are less likely to go out of their way to dedicate resources to the city. While the General Assembly was more cooperative in the decades leading up to the turn of the twenty first century, interviewees have generally agreed that this is not the case later. The implication, then, is that the spirit of compromise and cooperation that Governors du Pont and Carper were able to draw upon to help Wilmington were not accessible to Jack Markell.

Much of Delaware is unincorporated – even its densest county, New Castle, only 26 percent live in incorporated municipalities (U.S. Census Bureau, 2017) – leaving the State and respective counties to provide many of the services that municipalities provide in larger geographies. As such, a significant share of governance over Wilmington happens in Dover. There is of course benefit to this, Wilmington is not left to support its needed social services with its small, faltering tax base. However, the degree and extent to which Wilmington’s needs are met is determined elsewhere and at the discretion of policymakers who are accountable to the entire state (S. Peuquet, Personal Communication, August 7, 2017).

The pressures of the recession put strain on the city and its leadership. Mayor Baker and later Mayor Williams were left with depleted tax revenues and increased demand for public services, including public safety. Mayor Baker was especially keen to foster as much development as possible. He remained quite close to the executive leadership of the city’s major financial institutions, but did not shy away from disagreements with them (M. Kleinschmidt, Personal Communication, October 26,
Mark Kleinschmidt recalls a Chamber of Commerce breakfast where Mayor Baker, dealing with the impacts of the recession told the crowd, “Look, I have got to raise taxes…and if you don’t like it get the hell out” (M. Kleinschmidt, Personal Communication, October 26, 2017).

Conversely Williams’ relationship with the banks was much more tepid (M. Kleinschmidt, Personal Communication, October 26, 2017). Their lack of connection to the city formed the basis of his rejection of partnership with them. “If he came to meetings of corporate partners routinely, and paid attention, focused on them, my view is he’d [still] be the mayor now. But he took a view that some applaud him for. ‘You guys are, in some ways, the problem. So why should I spend my time trying to make you feel good’” (T. Allen, Personal Communication, November 2, 2017).

His relationship with the General Assembly was more contentious. In early 2015, the General Assembly passed a joint resolution to establish a Public Safety Strategies Commission charged with examining existing and potential policies to address violent crime in the city (Wilmington Public Safety Strategies Commission, H.J.R. 2, 148th Delaware General Assembly, 2015). The commission provided a report with several suggestions, but were dissatisfied with the Williams Administration’s response by year end, and threatened to withhold state funds dedicated to the Wilmington Police Department. The relationship strained even further as legislators threatened to remove police control from the city. “Legislators said that if the city did not respond to the recommendations the city would face political consequences, including the possibility that the Legislature would strip the city of unilateral police powers by altering the city charter” (Pizzi, 2015). Mayor Williams went on to refuse
the funding, $1.5 million amid claims that the stipulations attached were unreasonable (Jedra, 2016b).

The relationship of the banking industry with the city at large is similarly disconnected in the later years. Capital One’s acquisition of ING was fought in the post-recession environment. Some opposition came from the local regulatory community. The Delaware Community Reinvestment Act Council (DCRAC) is charged with overseeing the financial industry’s adherence to the Community Reinvestment Act. As late as 2009, Capital One had failed – even refused – to meet its CRA obligations to the Wilmington community (Boyer & Ratledge, 2015).

This is a theme that would persist in the post-recessionary environment. This economic environment has forced banks to be more cautious in their spending, purchasing, donation and location decisions. The CRA was one regulatory tool that for some decades obliged banks to make at least a minimum level of capital available in the communities in which they located, with consequences to the entity’s credit rating for noncompliance. Changes in the locus of Wilmington’s credit industry have limited the impact of CRA on Wilmington’s neighborhoods, as have changes in the mood of the entities. CRA obligation to a community is calculated by the size of the holdings and the amount of business done in that community. As Wilmington shifted from the home of one banking giant, MBNA, to a regional outpost of several other large banks, the bulk of CRA obligation shifted elsewhere. While the banking industry has enough of a presence in Wilmington to operate profitable credit card operations, the majority of their holdings are located elsewhere. Importantly, banks have also decided that the cost of a mildly-diminished credit rating was lower than the cost of meeting CRA obligations (T. Allen, Personal Communication, November 2, 2017).
There are disconnects between the donor class and nonprofit service providers generally and these can also be reflected in the city. There are two competing beliefs about the role of nonprofits that complicate this relationship. The first, and the one that can fairly be attributed to many outside the nonprofit community is that nonprofits are analogous to charities, that they should be run on shoestring budgets and employees and management should be paid as modestly as possible. Often, this belief wins. Many nonprofits are run with very lean budgets, employees themselves qualify for safety net programs because of low salaries, and upper management talent is difficult to attract or keep. When this is the case, working in such an environment is a labor of love, but not sustainable or financially viable for many. The other, less common belief is that nonprofits are important organizations that serve real needs. In this view, nonprofit management and staffing decisions should be able to compete with other sectors for high-quality employees and talent. While the services delivered do not generate financial returns, they generate social returns which must be factored into funding decisions. There is reason to believe that the first belief is more the norm in Wilmington. Donors have come to be more strategic about their philanthropic decisions, and each dollar tends to have more strings attached to it (M. Taylor, Personal Communication, November 28, 2017).

In the absence of a large, dominant organization, the city faced a new power vacuum not unlike the one that occurred in the period between DuPont and MBNA’s respective reigns. The public-private partnerships that had begun negotiating new relationships in the stable MBNA years were forced to turn their attention back to their own health during the recession – functionally bringing about another vacuum. What was different about this power vacuum, however, is that it was accompanied by a
major crisis. The city’s deterioration was reaching its lowest point. The school system was bad enough to hinder more business attraction, the city’s problems with crime were worsening, the built environment was crumbling and poverty was highly concentrated. The philanthropic environment was starving to death and municipal budgets were barely enough to cover the city’s most basic needs.

Illustrative Episodes

It was during this period that an event that prompted the author to start contemplating what would eventually become this work occurred. In the fall of 2013, an assault of a retired US Marine on a national fund-raising running tour made regional news (Min, 2013; Pilgrim, 2013), and was subsequently picked up by national outlets (R. Brown, 2013). The attacker was one of Wilmington’s homeless. Amid the national attention and yet another mark on Wilmington’s reputation, Mayor Dennis Williams held a press conference in Rodney Square. It was attended by some downtown foot traffic, national news outlets, and a score or so of homeless individuals. Williams was announcing a police redeployment, where the bulk of officers would be spending more time downtown and cracking down on panhandlers (Min, 2013). The author recalls Williams announcing that a number of bank executives called him and threatened to relocate if the issue were not dealt with. In hindsight, this is regarded as a bluff (T. Allen, Personal Communication, November 2, 2017), but to a mayor of a city struggling as Wilmington was at the time, it must have appeared a risk not worth taking. The approach came with many criticisms from Wilmington residents – whose own police patrols were reduced to boost the number of officers downtown – and from those in support of Wilmington’s homeless population.
– who were derided by corporate executives, but whose own access to services had been reduced just a few months prior (Min, 2013).

As Wilmington’s fortunes have receded, investment has expanded elsewhere in Delaware and in New Castle County. For example, Middletown, nearly twenty miles south is expanding to take advantage of new commuter behaviors and the plentiful space for suburban development on the farmland around the city. Middletown’s population grew from just 6,161 in 2000 to 18,871 in 2010 (U.S. Census Bureau, 2010) and again to 20,045 in 2016 according to the U.S. Census Bureau (U.S. Census Bureau, 2017). Similarly, the University of Delaware is the locus of significant investments in biomedical research and development. The University of Delaware’s Science, Technology, and Advanced Research (STAR) Campus, formerly the Newark Chrysler plant that shuttered in 2008, has become a site of major investment. Most recently, Chemours has selected the STAR Campus as the location for a $150 million facility (“Chemours announces plan to build at STAR,” 2017). Off campus, research and development in the greater Newark area has grown with the development of the Delaware Technology Park, built in 1992 and home to biological science, information technology advanced materials and renewable energy research (“STAR Investment,” 2016). The center of gravity for investment is shifting from Wilmington and its suburbs and concentrating in other parts of New Castle County.

The Economic Development Approaches of the Epoch

Fisker

In 2007, there were rumblings of an exciting new startup in the automotive world. Henrick Fisker and Bernhard Koehler, who were high in Ford’s design
department after working for BMW set out on their own to develop their own vehicle, the Fisker Karma. It was an electric, plug-in hybrid with electric motors driving the wheels and a small petrol engine generating electricity to refill its lithium-ion battery. Fisker wanted to produce the Karma and its second model, the Nina, in the United States, and was seeking a location for its assembly plant and Delaware was in the running.

Governor Markell had asked GM to leave equipment in place at the Delaware plant to help the state to attract another potential tenant. On August 24, 2009, Henrick Fisker and Bernhard Koehler visited Delaware with representatives of Motors Liquidation to look at the former GM plant. On September 1, Vice President and former Delaware US Senator Joe Biden phoned Henrick Fisker to discuss Fisker’s interest. Given assurances and a tentative offer of state incentives by the Markell Administration, plus New Castle County’s offer to abate the company’s property taxes for five years, Fisker Automotive made it official. With government officials and hundreds of auto workers present, Fisker announced on October 27, 2009, his company’s decision to purchase GM’s former Boxwood plant for $18 million… (Boyer & Ratledge, 2015, p. 80).

Fisker submitted its Delaware Strategic Fund Loan and Grant application for $21.5 million with the promise of generating 2,000 factory jobs, and an additional 3,000 supplier and vendor jobs. The response from DEDO was optimistic. Fisker already had orders for the new car in place in the US and in Europe. The state legislature approved the package as part of the 2011 Bond Bill (Boyer & Ratledge, 2015).

Much of Fisker’s operating capital came in the form of a U.S. Department of Energy loan of roughly $529 million in exchange for certain conditions. In 2011, much of that money had not been released because Fisker failed to meet the conditions
on which the funds were dependent. Problems with the Karma, whose proceeds were supposed to fund the development of the Nina in Delaware, slowed sales and the remainder of the DOE loan was withheld. A series of technical, mechanical, procedural, management and supply-chain problems snowballed, eventually tanking the company. In March of 2013, Henrick Fisker resigned from the company. Fisker languished for months without a buyer before finally filing for bankruptcy in November of that year. There would be no recovery of the loans the state made to the company (Boyer & Ratledge, 2015).

Port of Wilmington

The Port of Wilmington was sustaining itself on Dole’s imports of fruit from South America. In 2010, Dole extended its contract to 2025. The Markell Administration added an agreement with a Chilean company on a 2011 trade trip to the country that resulted in even more fruit moving through the port. Still, the physical condition of the port was deteriorating, making automobiles difficult to roll on and off ships, and containers limited to just a few berths. Following a protracted, unsuccessful negotiation to lease the port to energy company Kinder Morgan, Governor Markell secured Dole’s patronage at the Port of Wilmington by negotiating pay cuts that at least kept the company from moving its business to Paulsboro, New Jersey. This was enough to prompt a $13.4 million renovation of two berths and stabilize the port (Boyer & Ratledge, 2015).

Placemaking and Redevelopment

The Riverfront, which began redevelopment in the mid-1990s as a result of massive state investment, was just about complete by the early 2000s. Two major
businesses moved into the Riverfront in the early 2000s – ING Direct in 2000 and
AAA Mid-Atlantic in 2004 as a result of the Minner Administration’s efforts. The
recession, however lead to a series of bailouts and mergers that ended with Capital
One acquiring ING and HSBC’s credit card holdings. Capital One occupied ING’s
building on the Riverfront (Boyer & Ratledge, 2015).

In 2011, the Riverfront Development Corporation began piecing together a
financing package to build a 180-room Westin Hotel that would connect to the Chase
Center – a convention hall built in 1998. The RDC, with Buccini-Pollin’s backing
sought a $1 million loan guarantee from the city and $2 million from the state to help
BPG secure $36 million to complete the project. The funding package was a source of
contention. DEDO director Alan Levin did not believe it was an appropriate use of
Strategic Fund money. The state refused to risk its credit on such a project – hotels in
Delaware were a risky business proposition at the time – but the city did back $1
million in loans (Boyer & Ratledge, 2015). The hotel opened in March of 2014, not
long after the completion of an IMAX theater that broke ground at the Riverfront
around the same time.

Besides the IMAX theater, riverfront developers could boast about
the minor-league Blue Rocks’ Frawley baseball stadium, the DuPont
Environmental Education Center, the Delaware Theater Company,
the Chase Center, Capital One 360, AAA Mid-Atlantic, other large
and small businesses, various restaurants and shops, upscale
condominiums and apartments and river walkways (Boyer &
Ratledge, 2015, p. 76).

Despite some lessons learned at the Riverfront, the effort is largely touted as a
success. There was an attempt to host outlet shopping along the lower portions of the
Riverfront, but these ultimately failed to attract the necessary activity to stay afloat (G.
Pollio, Personal Communication, July 18, 2017); and as mentioned in the previous chapter, questions of distribution of benefits remain. Still, the Riverfront is a site of recreational activity that generates tax revenue and some jobs inside the city, rather than a degraded, polluted wasteland.

There have been efforts in recent years to brand Wilmington as a city with a creative streak. This is not a false claim. Wilmington has a long history of creativity and art. The du Ponts, the GWDC and the administration of Mayor Maloney invested heavily in the arts in Wilmington (Hoffecker, 1983; McGonegal, 2012c). The branding and revitalization of recent years, in part at the Brandywine Riverfront and more recently manifest in the Lower Market Street Area (LOMA) and the Quaker Hill Creative District are contemporary attempts to highlight Wilmington’s artistic characteristics for economic development purposes (Wilmington Renaissance Corporation, n.d.). The state helped with LOMA redevelopment by providing considerable funding to the project as part of its Downtown Development Initiative, adding $2.3 million in 2015 to the city’s own $15.5 million bond funding through its Upstairs Fund, authorized in 2008 (Ord. No. 08-085, Upstairs Building Improvements Program, City of Wilmington Code of Ordinances, 2-150.8.1, 2008). The result as of 2015 was $50 million leveraged to produce 50 housing units and 24 retail and office spaces in formerly vacant buildings (Office of Management and Budget, 2015).

The Quaker Hill Creative District Plan was designed to expand the impact of the Market Street redevelopment westward. This place-making strategy was intended to highlight the arts’ connection to downtown, and in the words of the plan, “…help bring critical mass to downtown and support the ongoing efforts of local artists and arts and cultural institutions to make Wilmington a celebrated and well-known artistic
and creative destination location” (Wilmington Renaissance Corporation, n.d.). This corresponds with a state-backed Downtown Development District plan adopted in 2015, providing capital investment incentives in the central business district and in the neighborhoods immediately flanking it to the west and east – West Center City and the East Side respectively (“Downtown Development District Plan,” n.d.).

Buccini-Pollin took on several major projects during the recovery from the recession. Their investments along North Market Street and around the area of the Market Street Village total roughly $41 million. The company’s largest development that was begun in 2014 and still in progress today is the destruction and redevelopment of the midtown parking garage. The garage is to be replaced by 229 apartment units with shops and parking. As of 2015, the project was projected to cost $50 million. In addition, the Woodlawn Trustees had undertaken a massive redevelopment of a low-income rental housing complex on the city’s west side. The Flats project is projected to cost roughly $100 million and will demolish 430 obsolete units to be replaced by 450 carefully-designed, income-restricted ones. In addition, the city had announced and begun developing a land-bank that would help amass parcels for physical redevelopment (Office of Management and Budget, 2015).

In June of 2015, the General Assembly passed the Delaware Neighborhood Conservation and Land Banking Act and it was signed by Governor Markell in August (Senate Bill 66, Neighborhood Conservation and Land Banks, 148th Delaware General Assembly, 2015). In November, City Council passed an ordinance authorizing the establishment of a Wilmington Land Bank (Ord. No. 15-040, Wilmington Neighborhood Conservancy Land Bank, 107th Wilmington DE City Council, 2015). The Wilmington Land Bank is designed to acquire vacant properties and make them
available for restoration – including a modern homesteading function – or demolition and open space projects. In addition, the land bank can acquire groupings of contiguous properties and package them for larger redevelopment projects (“Wilmington Land Bank,” n.d.).

Capacity Building: Blueprint Communities

In 2005, the Federal Home Loan Bank of Pittsburgh launched the Blueprint Communities initiative to build the capacities of local civic leaders to plan and implement community revitalization. The program provides leadership and local planning skills to civic leaders and helps build partnerships with local businesses and other community stakeholders (“Blueprint Communities,” n.d.). In 2007, the University of Delaware’s Center for Community Research and Service (CCRS), signed on to become the implementation arm of the program for Delaware. In 2008, the first nine communities were selected from within and outside of Wilmington. These community organizations went on to receive leadership and organizational training, and were guided through a strategic planning process where they developed community-focused revitalization plans (“Blueprint Communities Program,” n.d.; Center for Community Research and Service, 2012). While most of the communities involved in the program made it through the planning process, certain communities have had more success than others. The Eastside Blueprint Community – later identifying themselves as Eastside Rising – went on to spur its own Community Development Corporation, Central Baptist CDC and has begun housing redevelopment projects as well as workforce development efforts and small business development (“Our Work,” n.d.; T. Keeling, Personal Communication, February 13, 2018).
Office of Economic Development

The Office of Economic Development has expanded its business development activities through this period. The Office embraced the provision of capital for business expansion as one of its more important economic development tools. While there used to be a heavy emphasis on new business attraction, opportunities to expand existing businesses have become an important part of the Office of Economic Development’s purview. “We learned a lot in the last six years about all the opportunity that already exists here in the city” (J. Flynn, Personal Communication, February 27, 2018). Business expansion funding is made available through partnership with Community Development Financial Institutions (CDFI), including the newly-established Grow Wilmington Fund, launched in 2014 (“The Grow Wilmington Fund,” n.d.). These funds – Federal 7A loans – are backed by the federal Small Business Administration, guaranteeing 75 percent of the value of the loan, which creates a market for the loans. When the loans are sold, the proceeds from the sale can be re-lent sooner than the full term of the loan. In this way, the Grow Delaware Fund and Grow Wilmington Fund can then be offered to established businesses over longer terms and at lower interest rates than standard business loans might offer (J. Flynn, Personal Communication, February 27, 2018). “I cannot overstate the importance of focusing on developing wealth and jobs – economic development – by taking existing businesses and helping them expand” (J. Flynn, Personal Communication, February 27, 2018).

In addition to funding, the Office of Economic Development has more aggressively leveraged infrastructure investments for the purposes of economic development. Through partnerships with the Department of Natural Resources and Environmental Control (DNREC) and the Department of Transportation (DelDOT),
which have invested in capital improvement projects, and Wilmington’s own Economic Development Infrastructure Fund, physical development can be used to induce business relocation or expansion (J. Flynn, Personal Communication, February 27, 2018). “That’s the fund we use to put in a sidewalk or road or utility when it’s the difference of a business landing here. Whether it’s a go or no go but for a piece of infrastructure missing, we’ll use that fund” (J. Flynn, Personal Communication, February 27, 2018).

Financial incentives are still offered through the Strategic Fund, which is made in part of unspent surplus or other funds as City Council sees fit – it was funded with nine million dollars in 2008 (Ord. No. 08-075, Transfer Balances from the General Fund to the Economic Strategic Fund, 104th Wilmington DE City Council, 2008) – and is used to offset costs of business expansion or relocation in exchange for a guarantee of a certain level of growth (“Incentives offered by the City of Wilmington,” n.d.; J. Flynn, Personal Communication, February 27, 2018). In addition, to cash incentives, the city does waive city taxes for certain property redevelopment projects. This property tax exemption program for commercial and residential properties as well as off-street parking structures is intended to incentivize new construction and improvements. Tax abatement packages meet a range of development activities, (Ord. No. 02-071, Real estate tax exemption program Wilmington DE Code of Ordinances § 44-71, 2014), and is able to overcome the disincentive of landowners to improve their property as its tax liability increases with improvements (J. Flynn, Personal Communication, 2/27/2018). In addition, the Office of Economic Development provides technical assistance to businesses looking to start up, relocate or expand (“Incentives offered by the City of Wilmington,” n.d.).
Technical assistance is often underrated, under-discussed and unrecognized. But we’re always surprised how nothing but a phone call and some assistance is the difference between somebody making an investment or not. Often times people are just like, ‘I don’t want anything from the city but can you please tell me how to get around this issue, or how do I deal with this, or who do I call about the fact that I can’t get 5,000amp service in the city?’ (J. Flynn, Personal Communication, February 27, 2018).

**Conditions at the Close of the Epoch**

The conditions at the close of this epoch are mixed enough to leave uncertainty. As recently as 2015, Delaware’s economy was struggling and under attack from other states. The state has a national reputation as a tax haven, and has been the target of federal litigation over its inter-state competition for resources. To make matters worse, the recovery from the great recession generated new business arrangements and economic conditions that are chipping away at Delaware’s competitive advantage.

All this has taken a toll. The number of full-blown public and private corporations registered in Delaware is 11% lower than it was in 2000. (The number of smaller outfits has shot up, but these generate less juicy work.) Small wonder, then, that over the same period employment in Delaware’s professional and business-services sector has dropped by a tenth. Wages in that industry have fallen for the past few years. They have also tumbled in the financial sector, which has struggled recently with low profits. Delaware’s moneymen are earning 25% less per hour than they did before the financial crisis (“The First State comes last,” 2015).

Further, low-wage jobs have continued increasing in Delaware. The leisure and hospitality industry has grown in the post-recession years, and Delaware is becoming a place for retirees. Low taxes, particularly on retirement income, have encouraged an
in-migration of retirees to Delaware ("The First State comes last," 2015), driving up the proportion of dependents to workers and suppressing spending.

By the end of Governor Markell’s tenure, ending in 2016, there were more jobs in the state than there were when he took office (DiStefano, 2016). Unemployment state wide had dropped from nearly nine percent in 2008 to 4.3 percent at the end of 2016. These numbers are positive, but can be dubious. The types of jobs that replaced those lost during the recession were lower-wage and less stable (Albright, 2017).

Wilmington has some significant challenges today. At the top of the minds of nearly all those in power is the city’s problem with violent crime. The city’s annual tally of shootings has been increasing over the last six years. In 2016, the number was 127, and in 2017, that number rose to 158. Homicides have also ticked up annually, with 21 in 2016 and 28 in 2017 ("Wilmington Shootings," 2017). In 2014, the year City Council President Hanifa Shabazz led City Council to request a Center for Disease Control study of gun violence in the city, there were 114 shootings, with 23 homicides ("Wilmington Shootings," 2017).

The problem remains isolated in Wilmington’s poor neighborhoods, but still gives the city a national reputation for violence. The Center for Disease Control’s final report on gun violence found that the majority of those involved in gun crimes (39.4 percent) were between the ages of 18 and 25; 48 percent of them had visited the emergency room with injuries from a violent encounter of some type; 86 percent were unemployed in the quarter leading up to the incident; 29 percent had been the subject of a child welfare investigation; and 54 percent had previous contact with the juvenile justice system. Further, a great deal had negative experiences with the school system, with 42 percent having been suspended or expelled, 24 percent having dropped out
before graduation, and 58 percent having a high rate of unexcused absences (Summer, Mercy, Hills, Maenner, & Socias, 2015).

This reputation poses a hindrance on economic development – it incentivizes companies to leave the city, and dis-incentivizes new companies from moving in. The threat leveled by corporate leaders in 2013 led to a police redeployment downtown that admittedly pushed panhandling and loitering to other parts of the city, yet the city still has a poor reputation for public safety among its corporate population (M. Kleinschmidt, Personal Communication, October 26, 2017; E. Dianastasis, Personal Communication, November 14, 2017). The symptoms of poverty that have stricken Wilmington’s neighborhoods, and the externalities they generate, are the greatest challenge for economic development in the city.

Any externality or characteristic that decreases from the quality of life is going to make us less competitive as a city to attracting business investment. So whether it’s going to be trash thrown on the ground, in a highly visible area or trash thrown on the ground in a low-visible area that leads to a child’s conditioning that that’s acceptable, has an impact. Any underutilized and blighted property that has graffiti or externality that perpetuates a downward spiral makes us less competitive from an economic development standpoint. And I can keep going but where I’m going to end up is crime – violent crime and nonviolent crime (J. Flynn, Personal Communication, February 27, 2018).

Businesses have continued moving out of Wilmington to New Castle County, fearing for the safety of their employees and customers (Milford, 2015). Despite the redeployment, an increase in officers downtown, an increase in safety ambassadors from Downtown Visions, and cooperation from county and state police departments, the perception – deserved or not – that the central business district is unsafe persists (Milford, 2015).
The safety of Wilmington’s neighborhoods is yet another problem for several reasons. Protecting the central business district is an important function, but both prioritizing it over the neighborhoods draws criticism. With the exception of the wealthiest neighborhoods, which enjoy low crime rates, Wilmington’s drug and gang violence make the rest of the city unsafe and alienating potential investors. It is worse still when considering the wellbeing of the individuals living in the neighborhoods. Personal wellbeing and growth are hindered, also limiting the civic capacity and the development of potential economic capacity.

I’ll just give my view. There’s been a systemic, institutional deterioration of the workforce, of access to work, of access to quality education, of access. I think it’s systemic and there is, whether its location, whether its geography or where you were raised, whether it’s the color of your skin, whether it’s the challenges that you face because of the communities that you grew up in and the day to day survival. Which inhibits growth and progress (R. Deadwyler, Personal Communication, October 25, 2017).

Perhaps the most significant contributor to Wilmington’s violence, economic inequality and inability to attract businesses is the state of the education system. Forty years after the 1976 Evans v. Buchanan decision, the schools serving New Castle County have continued to deteriorate. The bizarre district boundaries that cut Wilmington into four separate school districts have remained in place since 1981. There are no public high schools in the city serving Wilmington students, and most students in the city are bussed outwards, with deleterious impacts on youth development (Wilmington Education Advisory Committee, 2015). In 2016, the Wilmington Education Advisory Committee, after nearly a year of research and analysis developed a comprehensive report on the state of the schools serving
Wilmington, and developed an action plan to redraw district boundaries and alter funding structures to provide for a more equitable delivery of education services, however the plan hit major delays in the General Assembly (Albright & Spencer, 2016).

A common refrain that has been found in literature and across interviews has been that young people are experiencing a social detachment from their communities resulting from a fractured education system. Commentators describe a symptom akin to Emile Durkheim’s conception of anomie, whereby individuals lose their sense of connection to the social world around them (Durkheim, 1972). There is no public high school in Wilmington, and many of the city’s high school students attend schools across four districts. “As of fall 2015, there will be 19 separate governing units responsible for delivering public education to approximately 11,000 Wilmington children with no unified plan, few efforts at collaboration, and virtually no requirements to function as a coordinated education system” (Wilmington Education Advisory Committee, 2015, p. xvi). As such, there are few community anchors in Wilmington, and many observe that young people lack a sense of collective identity that comes from association with one’s high school (J. Sweeney, Personal Communication, July 13, 2017). For some of Wilmington’s youth, street gangs have become the organizations through which they are socialized (Horn et al., 2017).

The city’s economic conditions are mixed. The changes in the city’s economy in the recovery are as follows. Manufacturing has continued to decline. Wilmington’s firm and employee numbers are visible in Table 7. As of 2012, there were less than 1,000 manufacturing jobs in the city. Finance and insurance – a new category – accounted for nearly 15,000 jobs in 2012, with healthcare employing almost 10,000
and professional and scientific services employing roughly 9,300 (U.S. Census Bureau, 2012).

Table 7   Industries in Wilmington in 2012 (U.S. Census Bureau, 2012)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Firms</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>12</td>
<td>463</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>66</td>
<td>999</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>114</td>
<td>878</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>303</td>
<td>2,882</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>51</td>
<td>1,238</td>
</tr>
<tr>
<td>Information</td>
<td>97</td>
<td>1,099</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>523</td>
<td>14,960</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>204</td>
<td>805</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>587</td>
<td>9,319</td>
</tr>
<tr>
<td>Administrative and Support and Waste</td>
<td>182</td>
<td>3,636</td>
</tr>
<tr>
<td>Management and Remediation Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health care and Social Assistance</td>
<td>395</td>
<td>9,974</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>52</td>
<td>728</td>
</tr>
<tr>
<td>Accommodation and Food Service</td>
<td>197</td>
<td>2,964</td>
</tr>
<tr>
<td>Other Services (except public service)</td>
<td>203</td>
<td>1,553</td>
</tr>
<tr>
<td>Total</td>
<td>2,986</td>
<td>51,498</td>
</tr>
</tbody>
</table>

Wilmington’s unemployment rate crept down to eight percent in 2014 from its spike of over twelve percent at the height of the recession. In 2013 adjusted dollars, the median household income in the city was $37,861. The employers that contributed most to the 2014 wage tax revenues were JP Morgan Chase (10.7%), DuPont (9.4%), The State of Delaware (6.3%), Bank of America (4.9%) and Barclays (3.6%). Barclays replaced Christiana Care in 2013 as the fifth largest contributor (Office of Management and Budget, 2015). Wilmington’s General Fund budget expenditures are dominated by personnel costs ($99,626,038) of $151,696,858 budgeted in 2016. The rest of the General Fund expenditures were roughly $36.7 million for materials,
supplies and equipment, an additional roughly $14.3 million in debt service, leaving $1.17 million in other spending. Other funds are similarly encumbered by personnel and basic functioning, with little left unencumbered (Office of Management and Budget, 2015).

**Analysis: A Hollowing City**

The final period in this analysis of Wilmington’s history leads to present day conditions in the city. The condition of Wilmington’s environment at the present time – or as closely as data allows – is as follows. The wage tax generates some revenue, but that is declining as these businesses migrate across the city border. Employees of the banks tend to travel to their homes outside the city, where the majority of spending happens. Residents of the city earn much less money than their day-time counterparts. In Wilmington’s poorest neighborhoods, twenty-six percent of individuals fall below the poverty line, and eighteen of Wilmington’s twenty-five census tracts are poverty areas (U.S. Census Bureau, 2016c). Wilmington has come to embody the instability that results from high levels of inequality (Piketty, 2014). In this way, the city’s revenues have been suppressed for decades by its hollowing out, and a great deal of the budget is spent on outstanding debts and pension obligations. The social conditions in Wilmington are still in decline. The city’s population estimates are hovering around 71,000, 24.5% percent of whom are in poverty (U.S. Census Bureau, 2016c). Several interviewees have described a phenomenon in which a major portion of jobs in the city are filled by people who live outside the city and Wilmington residents travel outside the city to work. Despite the presence of researchers and scientists in New Castle County, which according to Moretti (2013) should bring economic benefits to the region, Wilmington’s poor have not seen these benefits. The
combination of depopulation, poor educational opportunities and violent crime has been steeping for decades, and has reached its worst point to date in this period.

Outside Wilmington, Delaware went through some important changes. New Castle County and the rest of the state have continued to gain population, and so even though Wilmington has had a relatively stable population in recent years, it constitutes a shrinking proportion of both the county and the state. Delaware itself has been impacted by changes in the larger economy and corporate moves. The state has been assailed from elsewhere for its tax and incorporation laws that other states argue unfairly draw resources from them. In the recession and recovery, Delaware has made significant investments and concessions to attract businesses, but for a number of reasons, those deals have failed to deliver on their promises. Here, the promises and potential of metropolitan coordination have not been realized or sufficiently embraced to deliver the types of benefits Katz and Bradley (2013) have suggested are possible.

The political economy of the period changed in significant ways as a result of the MBNA buyout. Bank of America acquired MBNA’s clout, but it was instantly absorbed by the larger corporation, whose own headquarters and locus of attention was elsewhere. Wilmington was but a regional outpost of the largest organizations that operated there – few of which had significant commitments to the community in which they operated. Here, the privatistic assumption that all would be better served if the government accommodated the private market failed, as the corporations that now operate in the city have little interest in its wellbeing. The period is characterized by a sudden disappearance of economic power, which the existing political powers were obligated to mitigate even with declining resources. The relationship between political and economic power during this period was strained in part by context, and in part by
the ideas and expectations of the different parties involved. First, the context of MBNA’s loss drained much needed capital from the city, destabilizing redevelopment activities, and services delivered by nonprofits. During the recession, the remaining financial institutions in the city were faced with the economic crisis and recession, fretting over their own balance sheets, assets and debts. These institutions clamped down on their own charitable giving as well as lending.

As mentioned previously, Wilmington progressively became a smaller proportion of Delaware and New Castle County’s population. Electoral power at the state level is shifting and has shifted out of the city, so allocation and policy decisions at the state level are made by representatives of a broad constituency, of which Wilmington represents less than eight percent. With the services that are commonly provided at the local level serviced by the state in Delaware, Wilmington’s well-being is very much at the mercy of state decision makers. Fortunately, Delaware has had a governor through most of this period who was committed to the wellbeing of the city. Still, the resentment of Wilmington by residents of New Castle County and the rest of the state is palpable, and complicates the relationships of decision makers.

The first economic development activity to be mentioned here was not actually initiated in or by Wilmington, indeed most economic development activities during the period were undertaken at the state level. The attempt to locate the Fisker electric car factory at the Boxwood Plant location was a large allocation of state resources, loaned to a private company to induce a move to Delaware. Its failure is an unfortunate demonstration of the potential folly of corporate inducements. Activity at the Riverfront continued during this period, and the Lower Market Street corridor, or LOMA redevelopment, was completed. This place-making activity is intended to
attract young, affluent residents and their consumer spending back into the city. Building on the momentum of LOMA redevelopment, attention has turned to extending a Creative Arts District in the Quaker Hill area of the city, just to the west of downtown. Richard Florida (2002) and Enrico Moretti (2013) suggest such an activity should help spur economic development and innovation activity in Wilmington – which given the city’s geographic limitations and exclusion from the regional economy could help capture some of the benefits of suburban Wilmington’s research and innovation economy.

The redevelopment of LOMA is more connected to Wilmington’s downtown. Much of the space went vacant after redevelopment for some time, but in the last few years, more space is being occupied. Businesses have been coming and going from Market Street for some time, but redevelopment is spreading. Questions of who benefits still arise, but for the present time, there is a diversity of businesses on Market Street. There is little doubt it is meant to attract more affluent individuals, but there are shops and amenities that serve more diverse interests as well. Still, nightlife downtown is quite lacking, and there is little activity there after dark. To attract and keep a young, creative and professional class in Wilmington, this will need to be remedied (Florida, 2002, 2011).

The environment seems to be the primary driver of the relationship between the three elements in this period – more importantly, however is that the environment that is most critical is much larger than Wilmington’s borders. The loss of MBNA and the recession shortly thereafter had significant impacts on the political economy and the economic development approaches that were considered. The nuances of this relationship are as follows. MBNA’s disappearance from Wilmington forced other
changes in the city’s environment, as well as the political economy and the economic
development approaches. Credit for community redevelopment and service delivery
dried up as MBNA’s largess was replaced with Bank of America’s relative – to
MBNA – disinterest in the city. The lack of funding meant the coalitions and
partnerships that were forming in the wake of DuPont with the generous funding
environment of MBNA were suddenly stripped of resources with which to build.
Added to this, the recession further dried up funding, but also forced the financial
industry to turn its attention inward – and away from community partnerships for
some time. The people left to care for the wellbeing of the city – city government, the
nonprofit community, and the communities themselves, were left to do so in an
environment of little resource and the most desperate need. The city had little control
of economic development policies around the time of the recession, and though some
economic development power is coming back, much of it lies elsewhere. The State of
Delaware was the entity that had the muscle and resources to take on economic
development approaches that would impact Wilmington. It tried. The Markell
Administration did what it could to attract business to near-Wilmington, but for a
number of reasons, that approach failed. Efforts that were started in the previous
period were finished during this one, the Riverfront and the redevelopment of LOMA.
These place-making strategies would have been costly to walk away from. As the
recovery from the recession progressed, the partnerships that formed before were able
to regain momentum and have resulted in some more focused and creative economic
development approaches focusing on education and entrepreneurship. Here we see the
culmination of the sapping of power from the Wilmington community. It certainly has
gained political representation in the city. During the post-MBNA and recessionary
years, however, the city government needed to concern itself with maintaining baseline stability with what limited resources were left. The vulnerability of the city in this arrangement made itself known as the banking industry turned its attention away from the city’s wellbeing. For some time, it was up to the state to take on economic development activities, but with an entire state’s wellbeing to care for, Wilmington could not be the sole beneficiary. Resentment of Wilmington amongst outsiders meant state-level responses had to also be broad enough to benefit them, despite Governor Markell’s commitment to the city. Here we see Moretti’s point come to life. The world economy and context outside the city have become much more powerful in the metropolitan years, and metros that are not sufficiently adapted to these changes are in danger of being left behind (Moretti, 2013). For all of the innovation-economy assets that surround Wilmington, perhaps it is not sufficiently incorporated into the larger region to capture the benefit. This is not the doing of the city government, but rather, it seems state control of the city charter, the inability to annex and a general ambivalence for the city from outside, and even larger economic forces all have a role to play.

Transition Out of the Epoch

It is possible that the political economy has recently experienced another pivot. This work was conceived in 2015, when the condition of Wilmington’s environment was especially bleak. Violent crime was continuing upward at a rate the city had never experienced, the Delaware News Journal maintained a tone of contempt for the city, and Newsweek’s Murdertown USA article (Jones, 2014) had prompted a network pitch for a crime drama of the same name starring Jada Pinkett-Smith and set in Wilmington (Cormier, 2015). In the year leading up to the dissertation proposal, the Wilmington mayoral race featured eight candidates in the Democratic Party alone, each with their
own ideas about Wilmington’s future. A campaign to convince Wilmington Republicans and Independents to change their voter registration to Democrat resulted in over 1,200 new Democrats voting in Wilmington – many were believed to have done so on behalf of Riverfront Development Corporation President Mike Purzycki (X. Wilson, 2016b).

Shortly before the proposal presentation, September of 2016, Mike Purzycki won the Democratic primary election, all but assuring he would be the next mayor. The race was crowded and close. Mike Purzycki won with 2,968 votes, beating his nearest competitors, Eugene Young (2,734), Kevin Kelly Sr. (2,553) incumbent Dennis Williams (1,758), City Council President Theopolis Gregory (1,318), as well as challengers Maria Cabrera, Norm Griffiths and Robert Marshall who had 1,247 votes between them (“Primary election official results,” 2016). There were over 1,500 more votes cast in Wilmington’s 2016 primary (12,578) than in 2012 (11,014) (“Primary election official results,” 2012; “Primary election official results,” 2016). In January, Mayor Purzycki was sworn in, along with new Governor John Carney replacing two term Jack Markell, and New Castle County Executive Matt Meyer beating three-term incumbent Tom Gordon. All were Democrats – and as will be important later in the discussion, none were people of color.

Collaboration is seeing something of a resurgence at present, perhaps in part due to the new administrations (T. Ogden, Personal Communication, April 13, 2018; M. Purzycki, Personal Communication, April 17, 2018). Whether this is a response to the prospect of Mayor Purzycki’s leadership, the desperation of the city, or both, something seems different. If the election of Mayor Purzycki is another pivot, we will know in time. For the purposes of this work, this epoch and the research period end
with Purzycki’s election. It is widely acknowledged that Wilmington had reached a
desperate state in the year 2016, the outlook for the city was about as bleak as it ever
had been and the crisis described at the beginning of this work was upon the city. The
impetus of this work has always been to contribute to scholarly discussion – it is a
dissertation after all – but also to contribute to the wellbeing of Wilmington. It is
intended to help anyone concerned about Wilmington’s wellbeing understand the roots
of the conditions the city faces. It is intended to help inform decision making. As such,
ending this work at the beginning of a new administration seems appropriate. It may
come to be found appropriate as an epochal shift later, but for now we are to satisfy
ourselves with this point.
Chapter 8

CORE FINDINGS: A POLITICAL ECONOMY DISPERSED AND A REDUCED CAPACITY FOR ECONOMIC DEVELOPMENT

This work is an exploration of the relationship between the urban environment, political economy and decision making as it relates to economic development in an urban setting. As many rustbelt cities have struggled with decline, their leaders have been forced to face mounting challenges with fewer resources. To explore the relationship of the three elements, urban environment, political economy, and economic development, this work has traced these three elements in one city over seventy years.

Recall that the methods of this case study involve an embedded design where each of the four epochs represents a subunit of the single Wilmington case. The evidence collected from multiple types of documents, as well as semi-structured evidence was arranged in a historical narrative subject to a complex, chronological time series analysis. Each of the four epochs was treated to its own analysis in its respective chapter. Here, the reader will find a complete synthesis of the findings across the four embedded epochs.

Expectations and Propositions Revisited

The scholarly literature as reviewed earlier has engendered a set of expectations about what would be found in Wilmington. The first was that elite dominance early in the study period prompted a reliance on privatistic, trickle-down economic development principles drawn from the experiences of a wealthy, white elite. These were pro-growth policies that paid little mind to distributional issues that did little to benefit poorer individuals and families. The second is that these poorer
individuals and families were increasingly excluded from the economy of the city as a white-collar chemical, then banking economic base flourished, but had little need for unskilled labor. The result then would have been a spatial mismatch and entrenched inner-city poverty. Finally, it was proposed that this economic inequality in the city is the fundamental, destabilizing force in Wilmington’s economy as it can be observed today. How did these propositions hold up? Does this analysis of Wilmington’s history bear them out? Only partly. In addition, as Wilmington’s history became clearer to the author, further expectations followed that would not have been evident before any research began. Likewise, some of these expectations were not met, and this history has uncovered findings that were not expected.

One expectation, based on critical assessment of literature was that the economic, social and political conditions of Wilmington would impact the distribution of political and economic power, private and public decision-making, and the allocation of resources – in this work political economy. The various forms of political economy were expected to generate economic development policies that reflect their unique components. As stated several times, much of Wilmington’s history was dominated by a wealthy elite focused on pro-growth, trickle down policies. While not an initial expectation, an observer might logically have expected that the withdrawal of DuPont from Wilmington created a vacuum for a more equitable distribution of power, opening up political and economic processes to more diverse participants and resulting in economic development decisions designed to appeal to more diverse interests. One could think of this as a shift from an elite-dominated city a-la Mills (1956) to a pluralistic or democratic city as observed in Dahl’s study of New Haven, Connecticut (1961). Even this expectation was not fulfilled, however. Wilmington’s
political economy evolved, but seems never to have reached the Tocquevillian pluralistic democracy of New Haven. Wilmington and Delaware are dominated by a single political party – albeit one that reflects a range of values. The last time the state had a Republican Governor was in 1992, and Wilmington had its last Republican Mayor in 1972. Wilmington’s history closer resembles the alternatives Dahl presented and dismissed of political power in New Haven – and as an analog to the United States. “One may deny that New Haven is ‘democratic’ and argue that it is in fact run by a covert oligarchy of some sort” (1961, pp. 312–313). This was actually the case for much of the city’s 20th century history as the DuPont Company and du Pont family exercised their will over the city. What appears to be the case by the end of this study period is another of the alternatives Dahl’s analysis of New Haven defeated. Wilmington’s politics “May depend much less on the beliefs of citizens locally than on state and national institutions” (1961, p. 313). Dahl’s New Haven was a pluralistic city, where different interest groups jockeyed for power, and the government was left to mediate between these groups. Wilmington’s history demonstrates this is less the case, as the most powerful among these interest groups operate largely outside city-sanctioning, and much of Wilmington’s governance happens in Dover. To Easton, the inputs to the political system can vary in volume and intensity (Easton, 1953). These variations are at play in Wilmington. Civic participation in Wilmington is intense, if not voluminous. There are individuals in the city who are quite intensely involved in the city’s civic sphere – the author has had the pleasure of knowing several of them – however, there are relatively few who manage to join and sustain any kind of civic activism. The newest mayor of this city of 70,000 won his position in a primary election with less than 3,000 votes (Jedra, 2016a).
When it became clear that there was a shift in Wilmington’s political economy in the last quarter of the 20th century, it could then have been expected that with this shift in Wilmington’s political economy, the economic development policies would also change to reflect the new structure of political and economic power, and the constituencies that now enjoy roles in that structure. Here, it is not so clear there was a major shift in major economic development. It appeared at first that those with the most influence over economic development appealed to neoclassical economic theory. To an extent they did. They espoused a privatistic belief in business as an unqualified end in and of itself – that allowing the private sector freedom to operate would only generate positives for all segments of society (Barnekov & Rich, 2015; Barnekov et al., 1981; S. B. Warner, 1968). The privatism observed in Wilmington has itself evolved over the course of this history. In the beginning, privatism was the means of economic development in Wilmington and Delaware not through some conscious decision by public officials to let the private sector invest as it sees fit, but because the DuPont Company commanded the economic power to invest as it saw fit as well as the political power to make decisions through action. Government did not cede to DuPont, DuPont overpowered and inhabited all other actors. By the end of this period, that corporate giant was no more, and Wilmington was little more than a location where dozens of corporations had some tangential presence. “In the US, with the exception of brief excursions into urban social programs in the aftermath of the urban riots of the 1960s, the business community has been disinterested and uninvolved in urban social programs, generally seeing these activities as the responsibility of voluntary organizations or government” (Barnekov et al., 1989, p. 225). This can be observed in the recession and recovery – as the corporations that occupied Wilmington turned their
attention away from the communities in the shadows of their towering office buildings.

Decision makers of the DuPont Era, many of them DuPont employees and family members themselves, governed officially and unofficially. DuPont’s role in the local economy cannot be overstated. It was Delaware’s – let alone Wilmington’s – base. The company exported chemicals among other things and the rest of the local economy was built around it. What appeared to be shifts in economic development policies, however, seem to have drifted little from this model at all. What did change were the bases. The role of Chancery in the local economy has always been a base, but the role of this export had grown in the last quarter of the 20th century. The Financial Center Development Act, built on Delaware’s favorable business laws and attracted the bulk of the country’s credit industry – a new economic base. Wilmington’s chief export since the early 1980s has been credit. Unfortunately, the city has had – and attempted – little recourse against leakage from this booming new base. Wage tax revenues were captured, but the majority of employee spending occurs outside the community in which it is earned, and the entities that support this industry are increasingly service-oriented. The result is stifled salaries for unskilled labor and little capital making its way into the community. Some leaders appear to still be hung up on generating growth – simply adding dollars to the GDP and jobs – rather than development – the ability of a locality establish sustainability (Leigh & Blakely, 2013).

Redevelopment of the Christina Riverfront is in keeping with Florida’s place-making approach. It bears all the hallmarks of gentrification, for better or worse. Where it is different from some gentrification of course is that the land that was
redeveloped was uninhabited, unused and unwanted. The former industrial site was contaminated from nearly a century of heavy industrial use, then left to rot for nearly a century as Wilmington turned away from manufacturing. Still, Wilmington’s poor have little use for the Riverfront – as its amenities tend to be out of reach of tight household budgets. Place making has been part of Wilmington’s repertoire since the early 1990s, as the city has tried to recapture a young, up-and-coming, moneyed population. This is not ill-advised, nor is it necessarily deleterious to local populations. Freeman suggests gentrification can have a positive impact on an urban area, but it needs to be done carefully (2011).

The main reason economic development did not evolve as expected is that the political economy did not evolve as expected. Wilmington’s communities gained a greater share of political power in the city, but the volume of political power in the city is smaller. Economic development has not been initiated in the city for some time. Truly, the Mayor’s Office of Economic Development has professionalized in the last two epochs, but the strongest tools of this office come from partnerships with the state and federal government. As the state played a larger role in the city’s political economy, the state drove economic development as it impacted the city. Therefore, economic development still reflects the thinking of those with the most power, but those with the most power had concerns for an entire state. Attention to Wilmington and its condition tends to come more from particularly interested executive branch officials – Governors, heads of DelDOT – than legislative attention. State operators necessarily have more macro-level concerns than those at the city or neighborhood level. Meanwhile, the activities of those at the city or neighborhood level, who may have their intentions turned more toward development than growth, operate in a
resource-starved system with less philanthropic activity, less access to credit and less revenue to operate than ever before.

Thus far, it has pointed out that there is indeed a discrepancy between the expectations that were drawn from the literature, the expectations that arose during the course of the research, and what was observed in Wilmington. To uncover what might be behind these differences, consider the evolution of the three elements over the course of the entire study period, followed by a discussion of the relationship observed between the three in Wilmington.

**The Research Questions Addressed**

The questions that made up this research have been addressed at the end of each epoch, and have delivered interesting and important lessons from each period. But what does the evolution of the elements of this research look like overall now that Wilmington’s history has been presented?

How has Wilmington’s Political, Social, and Economic Environment Changed from 1945 to the Present?

The Wilmington environment has transformed in ways that in part consistent with the rest of the country, and in other ways that are unique to Wilmington. The depopulation of the city and its deleterious impacts are by this point moot. As with most rustbelt cities after the war, suburbanization, the rise of FHA mortgages, the automobile, and advanced road infrastructure hastened the depopulation of Wilmington. Rather than the densely-packed suburbs found outside larger rustbelt cities, the suburbs that can be found in New Castle County are more haphazard and spread out. The common symptoms of suburbanization have impacted Wilmington. Relatively well-off, middle-class residents have moved to greater New Castle County,
taking their consumer spending with them. This depressed both the consumer economy in Wilmington’s neighborhoods as well as property values as demand for Wilmington housing dropped off. This did not happen overnight, but the majority of depopulation occurred between 1945 and 1980 – when the city hit 70,000, where it has hovered since. New Castle County and the State of Delaware have grown in population during the study period, shrinking Wilmington’s share of the state and county population. Minorities were precluded the first few decades of this outmigration as they tended to be poorer than their White counterparts and were prevented from purchasing housing outright by discriminatory lending practices and from purchasing suburban housing by racially-restrictive covenants. As the study period continued, Wilmington’s population became smaller, poorer and included a higher concentration of minorities. All of these elements hollowed out the city’s economic ecosystem.

Wilmington’s racial makeup has undergone an evolution of its own. The city attracted a Black population in the early years, but the rate at which African Americans moved into the city increased around the middle of the century. As Whites left the city, minorities made up larger and larger portions of the population. Wilmington was a site of the civil rights movement, and dissatisfaction among the city’s Black population prompted some engagement from the powers that were. These activities may have been well-intentioned, but were implemented in a manner that was patronizing and tone deaf. The assassination of Dr. King touched off race riots across the country, including Wilmington. Wilmington’s two days of rioting prompted a National Guard occupation that lasted nine months – and took the election of a new governor to end. White flight hastened in the 1960s and 1970s, partially as a response
to racial upheavals in cities, and partially as a response to the riot and occupation. This in turn had an impact on Wilmington’s political economy and changed the city’s electoral characteristics for decades to come.

Throughout the study period, blue-collar employment disappeared for a number of reasons. Global forces – the general withdrawal of manufacturing from the United States – and active suppression of the blue-collar economy – the du Pont desire to maintain Wilmington’s white-collar character – and a general lack of commitment to blue-collar employment, over time whittled the sector to a shadow of its past. The last remaining major decent blue-collar employer, the Port of Wilmington, seems always on the brink of falling behind competitively and has enjoyed only periodic support from government. The Port had been allocated funds for maintenance and improvement only when crises threatened. Repeatedly, it took the threat of financial collapse to prompt investments in the port throughout the study period. In 1995, the State purchased the port from the city and made its own investments, saving it from collapse. The Diamond State Port Corporation has been operating the port ever since, and while it has been more diligent about keeping up with maintenance, the port has continued to struggle. In the 2000s, there were debates over leasing the port to a private contractor that ultimately failed with a strong challenge by organized labor (Boyer & Ratledge, 2015).

Wilmington’s unskilled labor pool has largely been relegated to the service sector, which suppresses wages below even a subsistence level. Manufacturing left the city over the course of the study period. The products the city did manufacture in the twentieth century were mostly war goods – demand for which obviously plunged at the end of WWII (Hoffecker, 1983). By the next conflict, wartime manufacturing had
moved elsewhere. What was left of manufacturing in Wilmington was mostly that of DuPont, who had manufacturing plants across the state, but concentrated its management operations in the city (Hoffecker, 1983; Phelan & Pozen, 1973).

The story of Wilmington must include DuPont. The DuPont Company moved into the city in 1902 when the “First Generation” du Pont cousins took over the company. The Company established its headquarters in the city, and spent a great deal of money building the infrastructure it needed to support its growing business. The company was already quite successful before the first World War, but having the market cornered on munitions cemented the company as a national institution. As such, the first generation du Ponts sought to make Wilmington reflect the Company’s status. For several decades in the middle of the twentieth century, the company became a de-facto government of Wilmington, New Castle County and Delaware. This point cannot be overstated. At its peak, DuPont employed 25,000 Delaware’s workers, accounted for twenty percent of the state’s GDP, and was the State’s largest philanthropic donor (Phelan & Pozen, 1973). The Company encouraged its employees to donate their time and money to public causes as well. DuPont launched commissions, backed organizations and started organizations that provided the services formal government could not. DuPont was well represented in formal government roles as well. The Company encouraged its employees, especially executives, to run for public office and loaned others to government to perform administrative tasks (Hoffecker, 1983; Larson, 1988; Phelan & Pozen, 1973). As much as Delaware was the Company State, DuPont was the State Company.

DuPont’s business model was shifting throughout the study period, but never more abruptly than in the last decade. The company diversified its portfolio in the
decades leading up to its 1981 purchase of Conoco, which has been cited as the ultimate change in the company. The Conoco purchase enabled outsiders to acquire enough stake in the company to have a seat on the board – with the Company’s leadership over time giving up its commitment to the state. In 2015, the Company merged with Dow Chemicals, marking the end the Company’s two-century lifespan.

Wilmington’s school system has never performed adequately. Desegregation took two decades and two court orders to begin, and another decade to implement. The solution that was eventually settled on in 1981 carved the city into four school districts radiating from the city center. This plan took several attempts amid the backlash of White New Castle County parents who resented the thought of their children sharing a classroom with Wilmington’s ‘undesirable’ children. This battle persists today. Schools in northern Delaware have effectively re-segregated, and the County resentment of City needs are evident. Those who can afford to either move across the state border into Pennsylvania to enjoy their comparatively high quality public schools, or send their children to private and parochial schools. The charter school movement offered some hope, however the best example, Wilmington Charter, is highly competitive – to the exclusion of Wilmington students.

As Wilmington’s schools weakened and the funding environment for social programs has remained inadequate, Wilmington’s workforce has been allowed to atrophy. Training for hard skills is rare, and soft skills are given little exercise. Wealthier Wilmington and New Castle County residents often opt to send their children to private schools, of which there are several prestigious examples – with equally prestigious tuition fees – inside and outside the city. Higher performing students can apply for one of the several good quality charter schools in the area –
which incur no extra fees – but these institutions have a tendency toward ‘creaming’ and exclude underprivileged children who tend to begin kindergarten behind their wealthier peers.

Poverty in Wilmington has worsened over the years, reaching desperate levels. Of Wilmington’s twenty-five census tracts, only seven are not poverty areas by the Census Bureau definition (U.S. Census Bureau, 1995). Outmigration of relative wealth and opportunity – being even modest earnings at this point – has concentrated poverty in the city. Neighborhoods that were once stable have become progressively poorer and have deteriorated, and more stable neighborhoods nearby are dealing with the impacts of neighboring instability. The social ills that come from a lack of mainstream economy in which to participate have set in and Wilmington is becoming a less-attractive place to locate business. In addition, Wilmington’s poor communities are suffering the effects of hyper-segregation, where they are functionally disconnected from more successful African American peers who have suburbanized (Allen, 2017; Ware & Allen, 2002). This is even before the city’s embarrassing reputation for violent crime is considered. In this way, the city’s poorer neighborhoods seem to be in a position where the prospects of recovery seem grim.

Violent crime in Wilmington has taken on the character of a pandemic. The city’s rate of gun crime per capita puts it among the most violent small and medium cities in the country. Worse still, the majority of gun crime is perpetrated on and by people under twenty years of age. The city seemingly only ever makes national news as a result of a particularly egregious shooting, where an innocent bystander, respected community elder, or young child is a victim. The problem has prompted a Center for Disease Control investigation, whose recommendations have yet to be implemented.
Meanwhile the futures of at least two whole generations of young people of color are squandered.

The local economy was largely wiped out and replaced by a self-contained banking economy owned and operated from outside. The business community of Wilmington has hollowed out – the banking industry has the appearance of significant presence, however key leadership and the dollars generated by the industry flow elsewhere. The professional industries that serve the banking industry – chancery, information technology, and others – tend to employ the same types of people as the banks themselves. Their employees are most often educated, earn high incomes and live outside the city. The other types of services, personal, food and entertainment are less stable as they are discretionary. These services employ Wilmington’s poorer, unskilled residents, but often pay poorly and are vulnerable to changes in discretionary spending as evidenced by the recession of 2008.

Wilmington’s environment is influenced by events that occurred elsewhere. Of course, in the globalized economy, it is prudent to expect impacts from outside forces. The National Defense Highway Act of 1949, *Brown v. Board of Education*, the assassination of Dr. King, Reagan’s cuts to social programs, the rise of information technology, and yes, the global recession of 2008 left their marks on the city. Two of the last few blue-collar employers that Wilmington residents had access to, the automobile plants in Elsmere and Newark, closed during the recession. As the city has hollowed out, it has become more susceptible to the effects of outside events – that is, the city has less civic and economic resilience with which to weather storms.

The urban environment has gone through sweeping changes over the course of this history. The most important of which have been the presence and absence of
DuPont, the general hollowing out of the blue-collar economy and then the overall economy, the weakened school system, and the deleterious effects of long-term, economic and social isolation of Wilmington’s poor and Black residents. Few of these changes were rapid, most of them took decades, but by the end of the study period, Wilmington itself became very much a hollow city.

How Has Wilmington’s Political Economy Changed from 1945 to the Present?

Early in the study period, the political economy was visibly unbalanced and was largely accepted. Formal and informal power were very much concentrated in the hands of a local, wealthy elite. The du Pont family through their Company and related holdings wielded a great deal of informal power, influence over formal power, and public good will across the state. The social upheavals that took place during the 1960s and into the 1970s, combined with the waning – but still significant – influence of the du Ponts and the flight of wealthy white voters from the city gave poorer, urban Blacks more electoral power and gave progressives more formal power in the city.

DuPont today is a shell of its former self. The company was recently bought by Dow Chemical and local production and research plants are being downsized further. The paternalistic, benevolent, civic leadership of DuPont’s peak is gone – really it started waning in the 1980s.

In the 1990s, the Financial Center Development Act was bearing fruit for the city, and it spurred the growth of credit card giant, MBNA. MBNA arrived in Wilmington in 1994 and became DuPont’s philanthropic successor. The company was not the civic monolith that DuPont once was, but made investments and philanthropic contributions in the state that far outshone all of its contemporaries. In this funding environment, nonprofits and community development efforts had access to resources
that made them effective, but complacent. New coalitions were forming in this environment, with public, private and nonprofits joining forces to tackle social issues in the city. In 2005, however, MBNA was purchased by Bank of America – ending an era of steady and plentiful philanthropy and credit in Delaware. Worse still, not long after, the recession forced all of these entities to turn their attention back inward toward their own survival – creating a vacuum similar to that left by DuPont’s withdrawal.

There is still a great deal of wealth in and around the city, but its nature has changed. Rather than a singular, massive entity dominating the local economy, there are many entities occupying a much smaller local economy. The banking sector occupies large office buildings in the city, where billions of dollars in transactions are made, however the majority of that money never enters the local economy. The banking industry integrates with the local economy only through operational expenditures and to a narrow extent, employee salaries – the majority of which are spent in suburban New Castle County or southern Pennsylvania. The banking industry does fund philanthropic endeavors in and around Wilmington, but even these are more a minimum purchase of good will than genuine interest in community wellbeing – and are made only when the calculus deems them appropriate.

This is explained in part by the loci of the organizations. DuPont and MBNA were Delaware organizations. Their headquarters were in the state, their executive leadership lived in Delaware, as did most of their employees. As such, philanthropy and investments were made in the place they called home. Currently, there are no major corporations whose headquarters are in Delaware or Wilmington. The bank offices in the city are regional outposts that allow them to take advantage of
Delaware’s chancery infrastructure and lax regulations on credit cards. Their headquarters are elsewhere – and that elsewhere is where the majority of their philanthropic activity and community awareness is focused.

Some components of economic power, however, changed little. The social infrastructure through which the wealthy maintain ownership of the city that was built by the du Ponts – Chateau Country, the wealthy suburbs of Greenville and just across the border in Pennsylvania, the highways that give them quick access to the central business district, Delaware’s anti-tax culture, the country clubs and private schools through which they socialize and raise their children – now benefit wealthy members of Delaware’s banking community rather than the nearly defunct chemical giant.

Wilmington’s status in the State and County is important to understand. Throughout this history, the general governing apparatus of New Castle County has disregarded, resident popular opinion has disparaged and county policy has actively disadvantaged Wilmington. People outside the city tend to decry increases in crime in the County as a problem caused by the city. Crime inside the city is not a concern for County residents, so long as it is contained. This phenomenon, as it colors City-County disputes, is often metaphorically described picturing New Castle County as a donut, where Wilmington is the hole. At the state level, different governors have been more interested in Wilmington’s wellbeing than others. With Pete du Pont being the governor perhaps the most committed to the city in history. Since Governor du Pont, others have certainly lead charges to improve the city – Governor Tom Carper in 1994 rescued the Port of Wilmington by purchasing it from the City, which by that point was unable to afford basic maintenance and upgrades. The purchase of the Port saved several thousand local blue-collar jobs. In the late 1980s, Governor Mike Castle
initiated what would become the redevelopment of Wilmington’s Riverfront. More recently, Governor Jack Markell promoted entrepreneurship initiatives across the state, but with special emphasis on Wilmington, and his administration made an effort to attract Fisker to the abandoned Boxwood GM plant. State legislatures, however, seem to have had less concern for the city. Apart from Wilmington’s own representatives, the General Assembly has a history of being openly hostile to the interests of Wilmington, generally opposing any program that would target benefits to the city.

The upstate-downstate divide – with the dividing line being the C&D Canal in lower New Castle County, and sometimes even Wilmington’s own borders – has persisted.

What is left of the relationship between formal and informal power is fractured. Informally, economic power still holds the cards. Private enterprise in Wilmington has the power to extract concessions, but little need to involve itself in governance. The du Pont civic leadership disappeared and was never replaced.

Another factor in the evolution of Wilmington’s political economy is the demographic shift in the city. The urban crisis and white flight left poorer minorities behind, but it also created a new electoral dynamic in the city. The racial tumult of the 1960s was the genesis of what would become Wilmington’s new civic leadership. Wilmington’s first generation of black civic leaders emerged in response to the rising racial dissatisfaction of the 1960s, helped ease tensions during and after the riot and occupation, and helped Wilmington’s Black community find its voice. In the early 1970s, this community achieved a visible victory against moneyed interests when they organized to halt a downtown shopping mall project that would have resulted in the demolition of even more minority neighborhoods and businesses. The heroes of this era, James Sills, James Baker, Jea Street and Jim Gilliam, would continue to play a
role in the development of Wilmington’s Black civic voice. These leaders and their constituencies did not always agree over means or ends, “But when they did, things moved” (T. Allen, Personal Communication, November 2, 2017). From the 1970s to the present, city council and the office of the mayor has come to be more representative of the city’s demographics. In this way, it can be said that formal political power in the city has fallen more in line with democratic principles – city government more closely represents the people who make up the community it serves. It can also be said, however, that this more diverse and representative government has less power overall than its predecessors.

There is less total power in Wilmington than there was during the DuPont years. Outside forces have come to have a larger impact on the city than internal functioning, limiting the agency of governmental decision makers (Stone & Sanders, 1987). The power that was once located in Wilmington came from a corporate giant with a real interest in the city. This is no longer the case. The DuPont Company dominated city governance for the first half of the study period, but the DuPont Company had dominance over a city with more resources than there are presently, the DuPont Company controlled a great deal of wealth, and the city made up a larger proportion of the state than it does today. For the last few decades, the city’s resources have been scant, wealth is controlled by self-interested individuals who often live outside the city, and the city makes up a smaller proportion of the state’s population and electoral representation. The General Assembly represents a constituency of which Wilmington makes up only seven percent – and who are less than concerned with the city’s wellbeing. The results of which can be seen in the legislative actions –
or lack thereof – that have been taken to benefit the city. If not for the patronage of a few friendly governors, Wilmington would have few cheerleaders at the state level.

What Has Been the Nature of Economic Development in Wilmington from 1945 to the Present?

Economic development has undergone a similar sort of transition. Rather than old modes of economic development being replaced by newer approaches, newer approaches have arisen alongside, or perhaps layered above or below the old. Attracting private investment will never disappear – it shouldn’t. Early in the period, economic development was made by an active and interested private giant. DuPont owned great assets and those assets had linkages with other economic interests. Because DuPont was able to export much of what was produced in Delaware, but made most purchases within the state, dollars stayed here. Of course, that was also a time before a globalized economy made such an arrangement a rarity. As the economy evolved around the middle of the century, and Wilmington’s manufacturing failed to compete, the powers that were sought to replace it with corporate and retail activity. Maintaining a white-collar economy to replace the waning blue-collar one was the predominant approach, and represented the wishes of the du Ponts. The attempt to develop a shopping mall in Downtown Wilmington represents this type of approach and is perhaps a bullet dodged.

Later, as officials were desperate to revive a city deep in the throes of decline, in a state whose economy was faring poorly in a changing world economy, saving and attracting corporate giants was perhaps the most accessible solution. The Financial Center Development Act was a turning point in Wilmington’s economic history. It cemented white-collar, corporate-focused development for the remainder of the study
period. A banking industry and an infrastructure built to serve it became the crux of Wilmington’s economy. The restlessness and instability of this industry are threatening, however. An exodus of the industry could plunge the local economy into crisis. Still the banking industry is leaky. It could be said that the banking industry imports dollars into the city, however these dollars are controlled and owned elsewhere. The dollars that enter the community through employee incomes and spending often do not hit the ground inside city limits. Wilmington essentially sacrifices to host and industry that brings relatively little benefit – a little benefit that would be catastrophic to lose.

This is not to say smaller, community economic development activities have not taken place. These have been developed and implemented at the community level, by small nonprofits, community groups and coalitions of interested parties. The University of Delaware has played an important role in some of these activities, with the Blueprint Communities program serving as a source of some funding and technical assistance. These sorts of activities are difficult to successfully scale up without much more funding than is available. Two successful examples of the roughly dozen Blueprint sites are Westside Grows Together and Eastside Rising. What these have in common, however, are strong community anchors with stable, committed staff and volunteers – West End Neighborhood House and Central Baptist Church respectively. In the years of MBNA’s largess, the funding for these sorts of activities was plentiful, and coalitions of public, private and nonprofit leaders and their organizations came together to address community needs, but the loss of MBNA and the recession cut off funding to these groups, dispersing them – some temporarily and others permanently – until well into the recovery. All of these activities are implemented and paid for by
different entities with different resources at their disposal but it should suffice to say, the big money is not going toward poor neighborhoods.

Instead the big money of late has been directed at place-making approaches and physical redevelopment. The State and City partnered to develop the Christina Riverfront – the site of Wilmington’s heavy manufacturing sector a century before. The land at the Riverfront was a derelict, unused brownfield for nearly sixty years before Mayor Dan Frawley championed the construction of a baseball stadium on the site, anchoring millions of dollars of physical redevelopment funded by the state and private entities. The quasi-public Riverfront Development Corporation, headed by current Mayor Mike Purzycki redeveloped the land over the course of two decades, with luxury apartments, office space and amenities that admittedly serve wealthy outsiders. Still, the land now generates revenue. It is possible and fair to raise questions of equity over the Riverfront development, but it is also possible and fair to ask what good the land generated as a brownfield. Similar development activities have been spreading northward along Lower Market Street into what is now the LOMA District and most recently westward into a Creative Arts District around the Quaker Hill Neighborhood. An integral part of this story is the private developing giant, the Buccini-Pollin Group, whose size, cash reserves and ambition are among the most powerful in the city.

Economic development has been bifurcated since the departure of DuPont. Large and small-scale economic development during the DuPont years was funded and conducted by DuPont or its subsidiaries. With its departure, however, major economic development has been driven by state funding and capacity. The city has been able to offer tax breaks to sweeten corporate relocation deals, but major
investment has come from the state – like in the example of the Hercules Deal, FCDA, and Riverfront Development. Smaller, local economic development efforts have been in existence for some time, but few have been able to generate significant results as such efforts are difficult to sustain without generous funding, sustained and vigorous community engagement and supportive government.

How Do the Changes in these Three Elements Influence Each Other?

This work began with the premise that there is a relationship between these elements in Wilmington, and in a broader view, other struggling American cities. The idea was that the three elements of the urban environment, political economy and economic development would influence one another over time, with changes in one element reflecting changes in the others. The analysis presented here seems to support the notion that there is a relationship, but there is a story that seems to have overshadowed the intentions of this work. First, the relationship between the elements is discussed, then the phenomenon that has revealed itself is described and integrated.

The relationship appears to be borne out, but it seems one element has much more power over the city than either of the others. Wilmington’s evolution appears to be first and foremost the result of environmental changes outside the control of the players in the political economy, at the local or even state level. Granted, there was a time when certain players had a great deal of influence, but this is the next point. These conditions in Wilmington’s evolution seem to be the most important. The happenstance of the city’s location fostered the shipping, milling, distribution and heavy manufacturing industries upon which it grew in the nineteenth century and into the twentieth. The DuPont Company, which could have easily kept its headquarters just a mile up Brandywine River or moved to New York City, headquartered in
Wilmington at the insistence of Pierre S. du Pont. A bloody World War provided this company with the funds to become one of the most powerful corporations in the world. A second World War led to rapid suburbanization and a depopulation of the city that would strip it of economic and social resources, but would eventually change the electoral balance of the city. A federal interstate highway cleaved the city in half, annihilating some neighborhoods and blighting others. A Civil Rights movement upended systematized oppression, but failed to fully erase inequality – eventually exploding for four days in 1968 and touching off nine months of state-sanctioned occupation. Wilmington’s disadvantaged neighborhoods never recovered from these blows, and most would only deteriorate further. Changes in the global economy impacted Wilmington through this period, as manufacturing moved overseas, and the city’s blue-collar economy withered. The condition of the late 1970s and early 1980s was crisis. The national economy was flagging, and political tides were shifting. In 1979, a major employer threw the state into crisis. Two years later, a Supreme Court decision, an itchy banking sector, and a creative cadre of Delaware officials launched a legislative reform that would indelibly alter Wilmington’s environment. Wilmington would become a place for high power credit card giants with which Wilmington’s poorer communities have little interaction. The economic opportunities of Wilmington’s poorest residents have vanished, and their communities have deteriorated physically, socially and economically. This is the urban environment we know today and the condition to which policy makers must respond if the city will ever recover.

These changing conditions have initiated, facilitated and ended the structure and dynamics of political and economic power in Wilmington. DuPont’s arrival and
investments in the city made the company and family the loci of power in Delaware – not just Wilmington. This was the case for decades. Generational changes in the du Pont family, changing business models, and new faces on the Company’s board of directors meant by the 1990s, DuPont was a sliver of its former self. Wilmington, and the state were once dominated by the DuPont Company – and decisions were often made at their behest or with their blessing. This would not last forever, and the Company’s recession would leave behind a power vacuum as Wilmington’s minority populations were organizing and beginning to seize the political power they had every right to claim. Political power did not come with economic power, however. And the city would see its capacity languish over the following decades. As it did, the political and economic vacuum would be entered by several players, but never filled. The local political power structure was joined by the lingering nonprofit community of the DuPont era, the State stepped in to assist, and what remaining businesses there were entered the unfamiliar territory of civic engagement with varying intensity. The most important of which was MBNA – but MBNA was short lived. In the years of the recovery, the political economy of Wilmington is in flux, as the players that are left have been negotiating their relationships in the spirit of Dahl’s New Haven, and new regimes are emerging to address social and economic concerns.

The extent to which the political economy was determinant of policy outcomes is the next question. The results are mixed. Some policy outcomes would not have occurred if not for the political economy or conditions – namely the Hercules Deal and the Financial Center Development Act. Both of these, however, were driven by the state – particularly Governor Pete du Pont. Economic development in and by Wilmington’s formal elected officials was limited when compared with the policies
that had the biggest impacts on the city. The city launched policies in response to those at the state level – the city capitalized on the momentum of the Riverfront redevelopment, for example. The policy approaches to economic development taken on in Wilmington have been considerably smaller than those the state has implemented on its behalf.

An important component of the premise upon which this work is built is that these elements are mutually influential when considered over time. This is borne out as well. The policies of earlier periods have indeed influenced the environment and political economy of later periods, and likewise with political economy. DuPont dominated the political economy of the first two thirds of the twentieth century, and used its dominance to the benefit of the community at times, and at others to advance its preferences. The du Pont family acted upon a preference for Wilmington to remain a white-collar town, and suppressed manufacturing in the city as well as port expansion in the 1960s, in part hastening the economic decline and atrophy of Wilmington’s unskilled labor force. The withered blue-collar infrastructure and workforce left later economic development options limited – and while manufacturing might never have returned to the city even with a robust blue-collar workforce, the context was such that the option was not on the table. Similarly, the Financial Center Development Act flooded Wilmington with a certain base industry, which spurred supporting industries and generated revenues, and introduced to the city a new cadre of economic powers. This was positive when one of whom was Charles Cawley, but in the post-MBNA environment, these powers were less concerned with Wilmington’s wellbeing and were less willing to invest in activities that could be called economic development. The dearth of resources at the ground level resulting from the economic
decline of the city has limited the activities that could be invested in by communities that may want to engage in their own economic development activities.

This brings up the more significant finding of the work – this has been alluded to in the preceding chapters, but becomes stark when considering the entirety of the study period. This entire story is a story of economic, social and demographic decline. The city depopulated, its residents suffer more desperate socioeconomic conditions, and the conditions of the neighborhoods in which they live have deteriorated to the level of tragedy. The most significant decline – the decline that has had the greatest impact, is in power. There have been changes in the salient conditions of Wilmington’s environment, but which features are salient have also changed. This work was conceived as an assessment of the structure of power in Wilmington, but what it found is that the volume and potency of power in Wilmington have decreased. The mechanisms by which this occurred are discussed shortly. For now, it is important to note that there is less power in the city, fewer resources, and less agency.

The mechanisms through which Wilmington’s power has dissipated should be no surprise to a reader who has made it this far. Wilmington was always a small city, but for the first several decades of the twentieth century, it was home to a significant portion of Delaware’s population, and home to the DuPont Company – the state’s largest employer and the source of its economic life. Wilmington was Delaware’s economic center. Further, DuPont’s dominance over Wilmington’s affairs was the condition of the city’s political economy for good or bad. In this sense, political and economic power was concentrated, but there was a great deal of it in Wilmington. As DuPont changed from the 1960s onward, the power it wielded dissipated.
Another important mechanism is Wilmington’s depopulation. This drew the concentration of electoral power in the state away from the city. Wilmington became a smaller proportion of New Castle County and of the State of Delaware. Today, Wilmington accounts for a single-digit percentage of the state’s population and electorate. Wilmington’s citizens make up a tiny fraction of the citizens represented by the general assembly. In addition, the resources that exist in Wilmington are fewer. The residents of the city are poorer than their suburban counterparts, property values are lower – and a good proportion of property in the city is tax exempt – and city government has fewer resources available to serve city needs. Over time, the city has abdicated and lost the delivery of services to its citizens to the state, private and nonprofit sectors as its budgets have faltered. In this way, elected representation, which is more equitably distributed than at any time in Wilmington’s history, has control over less of Wilmington’s governance than at any point in its history.

As this occurred, the nature of the problems plaguing the city have gotten worse. Poverty has become intractable, the built environment is crumbling, Wilmington’s young people are not capturing the educational benefits owed them, and gun violence is terrorizing neighborhoods and ending lives. There are people who care deeply about these problems, and who have been working for decades to solve them, but the outlook is bleak. Despite several studies, police deployment strategies and community outreach efforts, Wilmington’s gun crimes have increased nearly each of the last five years. Efforts to change the way school services are delivered to students – what many believe to be the antidote to the problem of gun violence among Wilmington’s youth – have been stymied in the General Assembly.
The impacts go beyond quality of life. The families of victims and perpetrators of violence – struggling with poverty already (Summer et al., 2015) – suffer the losses of loved ones. Each pithy and snarky News Journal headline, robs Wilmington’s communities of dignity. The city’s reputation makes it difficult to attract businesses or investments – a burden to those trying to carry out economic development in the city. The resources, and importantly, power to act to change Wilmington’s trajectory has dissipated, and the city’s problems are becoming perennial. The fear that has emerged over the course of this work is that Wilmington may never recover.

Finally, it is important to repeat a point that bears repeating and reinforcing. The magnitude of the challenges facing Wilmington has only grown in the last several decades. Changes in the environment outside Wilmington and inside Wilmington have come to have a larger role in Wilmington’s environment than they had at the beginning of the study period. The challenges within the city have also deepened. Wilmington’s communities have been facing increasingly entrenched poverty and desperation through much of this history. All the while, the power, tools and resources to reverse course have been dissipating and dispersing. Wilmington is faced with a condition today where the magnitude of the power needed to make positive changes is overwhelmed by the magnitude of the challenge.

**The Scholarly Dialogue Continued**

Beyond what was expected and the surprising findings, this analysis speaks to the literature that informed this work. Wilmington’s history connects with what scholars have had to say about economic development, privatism, and political economy. As admitted previously, this work has taken nearly two years from conception to completion and was rooted in literature that seemed urbane at the time.
Conducting the research lead the author into new scholarly territory – or better said, emphasized elements that were not given sufficient thought at the outset. As such, much of the focus in early literature was on the internal dynamics of city governance. Not nearly enough attention was given to the larger environment and to the world economy. Wilmington’s story engages with these in interesting ways.

Moretti’s analysis finds that high-tech experts in properly agglomerated cities have high multiplier effects and generate several other professional and non-professional jobs. “Attracting a new scientist, software engineer, or mathematician to a city increases the demand for local services. This in turn means more jobs for cabdrivers, nannies, hairstylists, doctors, lawyers, dog walkers, and therapists” (Moretti, 2013, p. 59). Wilmington’s small size, highly-suburbanized population and inability to annex exclude the city from this growth. While this may be true in cities of sufficient size, or that are structured as metro regions with high levels of cooperation, Wilmington’s circumstances are not conducive to this multiplicity. Wilmington’s workforce – it’s high-tech, knowledge-based workforce, commutes outside city borders to spend money and consume services away from the place where they earn their incomes. The importance of Wilmington’s small size and inability to capture recreational and discretionary spending from outside the city hinder its ability to participate in the larger knowledge-based economy. It is an island.

Wilmington has had several economic bases throughout its history, but it is to be feared that the most recent one is dissolving and leaky. For the reasons stated above, the benefits of a knowledge economy have not been fully realized in the city. Further, the majority of attention seems to have been paid to growth rather than development, and has been pursued by default in an effort to stop the bleeding. The
challenges of attracting and keeping the creative class in and around the city remain. Moretti claims that there is a need to boost innovation and entrepreneurship in a region (2013). While this has been the case at times in the region indeed, Wilmington seems to have benefitted little from the presence of innovation. It has been noted that the greater Wilmington region has or had more PhDs per capita than most places in the country, yet this has not been as much a boon to the city as it theoretically should. The city’s detachment from the region inhibits it.

Privatism was never decided upon, it typically isn’t, but is baked into American culture (S. B. Warner, 1968). This is true of Wilmington throughout its history. The DuPont years fostered a relatively well-deserved sense that the private sector could – and did – meet public needs better than the public. The sense that private is better than public or even nonprofit has persisted in Wilmington through the decades even as evidence of this has diminished. As Wilmington’s largest corporate benefactor faded from the city, another – MBNA – had a short reign, affirming to some degree the notion that a strong private sector is a benefit to the public. What is important about these two organizations is that Wilmington was their home. It was the site where decisions were made. Certainly, these decisions can – and have here – been criticized for their failure to fully embrace community input. The fact remains that they were committed to the community even if guided by a perspective at odds with experiences on the ground. Wilmington’s political economy went through major changes in the beginning of the twenty-first century, however. The paternalistic corporate giants that once acted locally were replaced by detached corporate giants, with a more colonial approach to Wilmington. They were governed from afar, with Wilmington being a site of resources to be capitalized. Privatistic deference to the
corporation in its present form simply does not generate the benevolence it did in the DuPont and MBNA years.

In the second half of the twentieth century, scholars set about identifying the power dynamics in a democratic society and the impacts on cities. In Wilmington, elements of all of these political theories have been found at one time or another. Wilmington was once dominated by a ruling elite class. The du Pont family controlled the affairs of Wilmington through willful action and the Company’s might amplified the impacts of family and Company decisions. After the riot and occupation of 1968, a new dynamic began emerging in the city, and a pluralistic mode of governance was forming. Not all parties bargained with the same resources, power or influence, but the local Black community was beginning to amass enough collective power to demand consideration. Mayors and governors of Wilmington and Delaware did not reject DuPont as the power became more diffuse in the city, but rather partnered with it, in formal and informal ways, forming regimes whose focus on growth fluctuated over time and with changes in leadership. The nature of the regime has changed, however. The political economy of the city has leaked from its boundaries. The power to make decisions that impact the city has located elsewhere. Influence over Wilmington’s fate is spread well beyond the geographic boundaries of the city, and even the state. More power over Wilmington is held in Legislative Hall, or in Charleston South Carolina, or New York City, than is held in Wilmington itself.

Weaknesses

Indeed, there are weaknesses in this study as in many others. The dilemma that was presented in the discussion of this work’s methodology has not changed. The interviewees that have been included in this work only reach as far back as the 1960s –
and those memories are subject to fallibility over time. The written record, however, is nowhere near as robust after Carol Hoffecker’s 1983 *Corporate Capital*. Therefore, the historical construction herein suffers from necessarily inconsistent methodologies. The reader will have noticed that the data assembled and included in this work is inconsistent as some indicators are outside the reach of the author or were not collected consistently across time. The pre-1980 history is largely relegated to the pages of written volumes – with few or no opportunity left to fill in blanks. The post-1980 history must be constructed with more ‘footwork’ but the author is obliged to judge what historical facts are urbane to this story. This is not a task taken lightly, but one which brings anxiety over its quality. Further, Boyer and Ratledge have declined to use interviews as to avoid biasing their work – there are as many perspectives on each issue as there are parties. The participants that have been interviewed for this work have been fretted over for well over a year, and care has been taken to include as many parties as possible, however there are most certainly perspectives missed. These have not been omitted for lack of importance, but for lack of time. Given unlimited time and resources, the list of interviewees would be several-fold larger than the names included herein.

Indeed, the scope and scale of this undertaking necessarily means there are elements of Wilmington’s history that are missed. Including every story and every perspective would require several volumes beyond what has been included in this exploration. There are dynamics involved in this telling as well that beg further exposition. For example, the civic arc of Wilmington’s communities of color has been a central theme in this history, however it deserves its own exposition. This is an important story and an important part of Wilmington’s history. In addition, not nearly
enough attention in this work has been paid to Wilmington’s growing Latino community, which certainly begs its own historical exposition. It is the hope of the author that these works will be undertaken someday soon.

Also, it is understood that because this is a historical case study, subject to the interpretation of the author and of those who were directly involved in Wilmington’s history, it is not able to project or predict future events. It does isolate and help explain some of the conditions of the present in Wilmington, but cannot and should not be used to model the future. As such, remembering Yin’s warning, this research can only be generalized in terms of theoretical propositions, and not to other locales or populations. That is, “…the investigator’s goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)” (1984, p. 10).

Finally, this work has been filtered through the perspective of the author, which is replete with its own biases. While these have not been hidden from the reader, they also color the tone and nature of this work. Some of his biases have not been supported, however. Some of them would have been quite satisfied if a finger could be wagged at some wealthy individual or corporate oligarchy and blame for Wilmington’s situation assigned. This is not the case. While there are certainly players who have varying levels of culpability for certain elements of Wilmington’s decline, it cannot be placed on any set of shoulders. “Put another way, most outcomes have multiple causes that are never easy to sort out. Contexts and the salience of various causal forces change, confounding our efforts to amass a body of scientific knowledge that can be replicated through repeated observations” (Stone & Sanders, 1987, p. 18).
Conclusion

The scope and scale of Wilmington’s decline in the twentieth century and into the present one is larger than any individual or – and as has been found – coalition of individuals could have influenced. The attempts to arrest Wilmington’s decline have been products of the environment and political economy in which they were formed, however the decline has proven so powerful as to perhaps be inevitable. Could economic development decisions made differently have altered Wilmington’s fate? Perhaps, but there has been quite a lot of momentum economically, socially, demographically, nationally and globally to overcome. Initially the questions posed by this research had more to do with the power dynamics and governance of Wilmington. Those questions, however have come to appear moot as Wilmington’s current condition has little to do with internal governance, power dynamics in the city, or even local privatism. The changing and expanding environment has altered fundamental nature of the political economy of Wilmington. Where economic development may once have consisted of choosing which policies to implement, today it more resembles wrestling with the conditions of the urban environment. Despite the best efforts and intentions of many who deeply care about the city and its wellbeing, the forces that now influence the city seem to be beyond their control.

This does not absolve anyone of the result. Wilmington’s decline has been visited primarily on her most vulnerable populations and has perhaps – or hopefully – reached its lowest point. Nearly two hundred young people of color in the city were shot in 2017. The gun violence plaguing the city has been worsening for a decade as the city has deteriorated, its economy has separated and the schools that serve the city’s students have been allowed to fail. There have been places where a different intervention might have reduced the severity or nature of some symptom of decline,
particularly Delaware’s embarrassing and tragic education infrastructure, but we can never know. It is necessary, then, to turn our attention forward. If Wilmington is truly adrift and vulnerable to forces in the external environment, with the capacity for governance stripped by history, what can be done? Is it possible to restore or recapture the governing capacity lost through the dissipation of political and economic power?
Chapter 9

POST SCRIPT

Recapturing the power lost over the course of Wilmington’s decline is no small feat. The condition of the urban environment, the dissipation of power and the subsequent impacts on the local economy have been spiraling downward for decades. This spiral has sapped the city’s capacity to halt and reverse its decline – at least on its own. If the political and economic power to govern Wilmington have dispersed, looking inward for solutions will take us only so far. If power over the city is held elsewhere, that is where it will need to be sought. The capacity for governance may need to be reconstructed from pieces of it dispersed among players in Wilmington, in Dover, in New Castle County, and elsewhere. According to Wilmington Mayor Mike Purzycki, this may be happening already.

So yes, you’re right, I think that the city has faltered economically. It lost some political clout as well. On the other hand, I think there is a strange phenomenon happening now where I think people are generally concerned about the city… The city, in its perceived peril is actually picking up some more political support because people are worried about the failure of the city (M. Purzycki, Personal Communication, April 17, 2018).

This post script describes some of the current conditions in Wilmington and what could help reconstitute political and economic power, and recreate the conditions for renewing a sense of agency over the conditions of Wilmington’s decline.

As of the turn from 2017 to 2018, Mayor Mike Purzycki, Governor John Carney and New Castle County Executive Matt Meyer are about to mark their first year in office. It has been an eventful year. Though the condition on the ground in Wilmington has continued along the trend that has been observed through this work,
there are rumblings of cooperation in ways there had not been previously. For example, in a move that has been widely hailed, the Carney Administration has taken the step of dissolving DEDO and restructuring it as a public-private partnership with an economic development mission. Similarly, a working group has agreed to relax some of the restrictions of the Coastal Zone Act to allow for redevelopment of abandoned industrial sites – often brownfields – along Delaware’s waterways. New Castle County Executive Meyer has agreed to partner with Wilmington, allowing police agencies for the two governments to coordinate and cooperate as they had not in previous years. Mayor Purzycki has followed up on a partnership with The University of Delaware and the Delaware State University that had been in negotiations for years, but stalled until his election, in which the universities and the city would share in researching and developing solutions to the city’s struggles. Several of the banks in Wilmington that had threatened to leave recently committed to staying in the city for the foreseeable future. These may be signals that there is an opportunity to recreate governing capacity, however, caution and awareness are warranted.

**Wilmington Today**

At the beginning of 2018, Wilmington’s prospects are mixed. Most acknowledge Wilmington has a great deal of struggle left to overcome, but many are optimistic that the conditions for progress are beginning to align. Mayor Purzycki acknowledges that this may be due to an increased awareness of the city’s condition – perhaps that a broad recognition of the city’s deterioration and need for attention. There is good reason for this. Disparities are as wide as they have ever been, and Wilmington’s isolated, poor communities are as desperate as they have ever been. The
schools that serve Wilmington are still failing to meet the needs of the most underserved students, and the achievement gap is continuing to widen. The quantifying of educational outcomes has only become systematic in the last few years as a result of the Wilmington Education Advisory Committee and the Wilmington Education Improvement Commission. Roughly 75 percent and 84 percent of Wilmington students failed to meet state standards in English Language Arts and Mathematics respectively on the 2015 Smarter Balanced Assessment standardized test (Wilmington Education Improvement Commission, 2016). Wilmington’s high-school dropout rate was 4.7 percent in 2015. By contrast the rate for low-income students across the state 2.1 percent, and for Delaware students outside the city of Wilmington, 2.0 percent. Wilmington’s graduation rate in 2015 was 69 percent, while for low-income Delaware students and non-Wilmington students in Delaware the rates were 74 percent and 86 percent respectively. Wilmington’s educational outcomes are worse than those of the rest of the state in part because of the concentrated poverty of Wilmington’s students, 83 percent of whom come from low-income families (Wilmington Education Improvement Commission, 2016).

One symptom that has been attributed to Wilmington’s failing educational system is the rate of violent crime in the city. Gun violence has continued to worsen in 2017, with another record number of shooting incidents, reaching 166, with 197 victims; 32 of whom lost their lives. The mean age of suspects was 22.8 years and the mean age of victims was 26.9 years (“Wilmington Shootings,” 2017).

Poverty and instability have had their impacts on Wilmington’s families. The city’s poverty rate is 26 percent, with poverty concentrated in a few parts of the city. Four Wilmington census tracts are categorized as sites of extreme poverty, where over
40 percent of the population earns less than the poverty level. Another fourteen are poverty areas, where more than 20 percent of the population earns less than the poverty level. Of Wilmington’s 56,049 individuals over the age of sixteen, 62 percent participate in the labor force. The city has an unemployment rate of 10.3% (U.S. Census Bureau, 2016a).

Wilmington’s workforce is spread among a number of industries, with the majority working in Management, Science, Business and Arts, and a strong contingent working in the service industry (Table 8).

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Civilian employed population 16 years and over</strong></td>
<td><strong>31,110</strong></td>
</tr>
<tr>
<td><strong>Management, business, science, and arts occupations:</strong></td>
<td><strong>11,408</strong></td>
</tr>
<tr>
<td>Management, business, and financial occupations:</td>
<td>4,137</td>
</tr>
<tr>
<td>- Management occupations</td>
<td>2,679</td>
</tr>
<tr>
<td>- Business and financial operations occupations</td>
<td>1,458</td>
</tr>
<tr>
<td>Computer, engineering, and science occupations:</td>
<td>1,737</td>
</tr>
<tr>
<td>- Computer and mathematical occupations</td>
<td>891</td>
</tr>
<tr>
<td>- Architecture and engineering occupations</td>
<td>424</td>
</tr>
<tr>
<td>- Life, physical, and social science occupations</td>
<td>422</td>
</tr>
<tr>
<td>Education, legal, community service, arts, and media occupations:</td>
<td>4,045</td>
</tr>
<tr>
<td>- Community and social services occupations</td>
<td>889</td>
</tr>
<tr>
<td>- Legal occupations</td>
<td>723</td>
</tr>
<tr>
<td>- Education, training, and library occupations</td>
<td>2,037</td>
</tr>
<tr>
<td>- Arts, design, entertainment, sports, and media occupations</td>
<td>396</td>
</tr>
<tr>
<td>Healthcare practitioner and technical occupations:</td>
<td>1,489</td>
</tr>
<tr>
<td>- Health diagnosing and treating practitioners and other technical occupations</td>
<td>918</td>
</tr>
<tr>
<td>- Health technologists and technicians</td>
<td>571</td>
</tr>
<tr>
<td><strong>Service occupations:</strong></td>
<td><strong>7,946</strong></td>
</tr>
<tr>
<td>Healthcare support occupations</td>
<td>1,186</td>
</tr>
</tbody>
</table>
Less than half of Wilmington’s employed labor force works inside the city. Thirty nine percent work in Wilmington and 61 percent commute outside the city to work (U.S. Census Bureau, 2016a).

Laura, who’s a creative district strategist was in the nationhood one day and a young man came up to her and said, ‘Can you help me figure out where I can go to get a better job?’ She said, What’s your current job?’ And he was working at Wendy’s on Rt. 273, and he had to take an hour bus ride to get there and make barely minimum wage probably. You look at that and there’s just something wrong with the fact that there are not more opportunities in city limits for city residents (C. Gray, Personal Communication, August 2, 2017).
Wilmington’s economy remains split. The employment and poverty figures demonstrate that the city is comprised of a significant proportion of struggling individuals and families. Even the city’s own budget is stretched thin. “At the end of the day, after you get done paying for all of your responsibilities, there’s very little money left over for big ideas – for big projects” (T. Ogden, Personal Communication, April 13, 2018).

At the same time, there have been stirrings of improvements in recent months. The Purzycki Administration has made a series of changes in an effort to improve the overall perception of Wilmington and the quality of experiences citizens have when interacting with government.

You’re going to see changes in the way we interact with the public, the public calls. We’re going to have a 311 system so you’re going to get very efficient – instead of frankly very unwelcoming responses when you call the city today. We’re just not geared up for it so people get put on hold, they’re not dealt with professionally. That all has to change and that’s all going to change by the end of my second year but when you see those things happening you just internalize that into your opinions about the rest of the city and I think that’s what we hope to be able to accomplish (M. Purzycki, Personal Communication, April 17, 2018).

In addition, several major projects have been undertaken and some are ongoing. The Flats reconstruction is ongoing, and will provide income-restricted housing to lower-income individuals and families on the West Side (Office of Management and Budget, 2015). Buccini-Pollin is building a large basketball stadium complex just south of Wilmington’s Southbridge neighborhood. The complex will house the minor-league basketball Wilmington 87’ers, as well as several public-use courts and indoor soccer pitches (Jedra, 2017). In addition, some have voiced excitement about the expansion
of biopharmaceutical company, Incyte, just across city borders as a signal that Wilmington’s fortunes are changing (X. Wilson, 2016a), the development of the Pathways to Prosperity program (R. Heffron, Personal Communication, October 24, 2017; M. Taylor, November 2, 2017), the dissolution of DEDO and new Public Private Partnership for economic development and the rise of ‘fintech’ or financial technology, as promising signs that Wilmington is entering a new economic upswing (E. Ratledge, Personal Communication, August 4, 2017; R. Heffron, Personal Communication, October 24, 2017). “You look around and say, ‘Wait a minute. Why is Buccini building how many thousand units? And then somebody is lending him money to do it?’ And if you look at the rents in some of these places, they’re pretty high. And if you look at the vacancy rates, they’re pretty low, so they’re renting them out” (M. Kleinschmidt, Personal Communication, October 24, 2017).

**The Role of History**

This work began with the premise that the conditions of the urban environment, political economy and economic development decisions influence each other mutually over time. Political economy is born of the environment, and economic development decisions made at any time will reflect the political economy in which they were formed. The impacts of those decisions can be found in subsequent environmental conditions, and the cycle repeats. This premise is partially correct. Decisions made at various points in Wilmington’s history can be observed today. The political economy of Wilmington is influenced by changes in the environment at various times, and that environment has been influenced by economic development decisions of the past. One need look no further than the presence of the banking industry in Wilmington to see that the modern environment has been influenced
heavily by a key economic development decision made in the early 1980s, crafted in a political economy where public and private actors collaborated to take advantage of the city’s features of the time.

This cycle, however, is not a sealed system. Nor are the three elements equally weighted. Conditions in the environment are made more important than the other two elements for broader historical reasons. The scope of the environment that influences any city has grown in the last fifty years. Wilmington is just one of many cities to experience this phenomenon. This look at Wilmington’s history reveals what happens when those impacts are combined with a dissipation of governing capacity resulting from environmental decline and dissipated political and economic power. Early in the study period, Wilmington’s political economy, and the factors that influenced the environment were largely contained within the city. Technological, communications and infrastructure developments over the second half of the twentieth century expanded the scope of Wilmington’s context. The environment that mattered for Wilmington grew beyond Wilmington’s city limits, beyond Delaware’s limits, and today is beyond the borders of the United States. Globalization means some have a larger sphere of influence, but it also means some are influenced by a larger sphere. Power over Wilmington’s future has dispersed.

We are all subject to other cities and what goes on in the Whitehouse, God forbid. Those things are reverberating all day long. No matter what we do well, we’ve got all this other stuff going on that creates a vortex around us that we get drawn into. So that’s the challenge. It’s not just what goes on here, which is hard enough to control, but what goes on throughout the country (M. Purzycky, Personal Communication, March 26, 2018).
To be certain, historical events within Wilmington and Delaware’s borders have contributed to this dispersal that today leaves the city more vulnerable to forces larger than itself. Early in the study period, when the political economy was dominated by DuPont, the city could more easily mitigate them. With the dissipation of power and governing capacity, events on an increasingly larger plane have impacted the city. The decision to raze the Adams-Jackson corridor and build an interstate highway through the heart of the city was made in the city, but influenced by interests just outside its borders – and at the behest of DuPont leadership. The architecture of school desegregation was drafted in Dover, and was heavily influenced by the wishes of those in suburban New Castle County. The Financial Center Development Act incorporated interests in Wilmington, Dover and New York. The financial collapse of 2008 was the product of a nation-wide housing bubble. The behavior of Bank of America is determined in Charleston. Without the support of the corporate giant, DuPont, and without a sufficient mass of political and economic power within the city, Wilmington is more susceptible to a broader range of forces. “There are a lot of things that are beyond our control in city government that affect, positively and negatively, what goes on here in the city” (T. Ogden, Personal Communication, April 13, 2018).

Meanwhile, the symptoms of decline have been feeding back on themselves for decades. The hollowing out of Wilmington’s economy and long-term detachment from economic activity of Wilmington’s poorer neighborhoods has allowed the workforce to atrophy. Social destabilization is both a cause and an effect of economic destabilization (W. J. Wilson, 1996), and so without intervention the cycle becomes a spiral. Children from disadvantaged backgrounds have greater educational needs than
children from more stable backgrounds; and even if educated in the same classroom, will experience worse outcomes (Feutsch & Ware, 2009).

**What Should Be Done**

Those who care about Wilmington have been trying to overcome this inertia for decades. They are left contending with historical challenges that are complicated by the city’s shrinking agency over its own affairs. Even state administrators who are friendly to the city have to contend with decades of deterioration and what can feel like hopelessly intractable challenges. What, then can be done? What hope is there of overcoming decades of decline? There will be no panacea. Mayor Purzycki admitted as much to the Philadelphia Inquirer, “Our job transcends simple fiscal management. We have to go into communities that have been broken a long time. To ‘fix’ them sounds too facile. We have to strengthen them. Uplift them. Transform neighborhoods that have been damaged for decades. That’s a tough job. There is no quick fix” (DiStefano, 2017). The key lies in recreating the lost capacity for governance by recapturing and reassembling the political and economic power that have dissipated. The recommendations contained herein are entirely focused on this end, with the assumption that a revitalized and fully-inclusive political economy is the key to halting and reversing Wilmington’s decline. Solutions determined in and implemented by players in a political economy with sufficient power and diversity of diversity and interests would represent the most democratized and appropriate model of governance through which truly effective and equitable economic development approaches can be formed and implemented. What, then, can be done to recapture power and governing capacity? The following recommendations represent potential solutions, but no one is a panacea. Some power lies in the public sector, some in the private sector and still
more in the nonprofit sector. There should be more power in the civil society than there currently is due to the long-term suffering of Wilmington’s most vulnerable populations. These recommendations fall into two categories. The first is to assemble lost power through collaboration. The second is to build the capacity of Wilmington’s civil society so it may be a meaningful part of the larger political economy. These do not have to occur in any specific order, but it is essential that both occur.

Reassembling Power and Governing Capacity

As previously stated, power over Wilmington’s wellbeing is dispersed among players across Delaware, the country and the globe. A critical mass of power would need to be assembled and aligned in order to overcome the larger external forces that have sapped capacity for governance of Wilmington and even from Delaware. Some activities recommended here have already begun, in which case as a course of action, the recommendation is to continue and intensify.

The first recommendation is to engage and align the governmental players at the state, county and city level. As mentioned previously, this has already started to some degree. The administrations of Mike Purzycki, Matt Meyer and John Carney appear to be more collaborative than some previous administrations. There are still the challenges of a General Assembly less focused on Wilmington – this will likely be the case for the foreseeable future. Executive leadership, however, can and should align and collaborate when possible. Additionally, leadership from the private and nonprofit sectors should be collaboratively engaged whenever possible. In the years since the recession, new partnerships have been forming to deal with some of the challenges described herein. The Pathways to Prosperity program is a public and private effort to train young people to take part in the innovation economy by learning the skills
needed for advanced manufacturing and innovation. New conversations, partnerships and collaborations have begun picking up steam in recent years. Private innovation and investment has been growing in Wilmington as development seems to be teetering just on the edge of a resurgence. It is recommended, then, is to take advantage of this spirit of optimistic cooperation. Officials, investors and civic leaders should embrace one another and continue finding new ways to innovate. Wilmington is having a moment. Interested parties should take advantage of it.

This is much more easily achieved if Wilmington is engaged in the larger metropolitan economy. Wilmington’s immediate surroundings are home to a great deal of capacity for innovation and entrepreneurship, however Wilmington is geographically detached from this economy. Much of the Greater Wilmington innovation economy is housed in suburban office parks and research laboratories outside city limits, and many of the educated, affluent talent employed in this sector lives in the suburbs as well. Competition with the greater region can result in a race to the bottom and should be avoided, however, officials in the public and private sectors should look to coordinate development. Whether annexation of research assets is appropriate, or development of an urban workforce to meet the needs of the innovation economy, or upgraded transportation infrastructure to move people more easily between urban and suburban space, or some combination of all of these activates, Wilmington should be positioned to participate in this growing sector.

On that note, the University of Delaware, the state’s largest institute of higher education and only land-grant university, has an obligation to public service. While units within the University have long lived up to this obligation, the University as a whole could have done more for the city. The Community Engagement Initiative is an
attempt to serve the public in a coordinated way, and direct academic, service and investment resources into the community. The university has a few assets within the city, however, none constitute a major presence. The Center for Community Research and Service, located in the Community Services Building is the only outward-facing, public service asset in the city. The University of Delaware could benefit the Wilmington community through investment in facilities located in the city such as a Wilmington Campus beyond the Associate in Arts program, research centers urbane to Wilmington’s needs, or a university-sponsored community center. Current work undertaken by the Community Engagement Initiative should be supported and investment in the initiative expanded. Further, other educational institutions in the state should make similar investments. Delaware State University moved its Wilmington Campus to the suburbs, and Widener University lies outside the city. Delaware State University’s partnership with the City of Wilmington and the University of Delaware could be the genesis of such an action.

Another component of this recommendation addresses Wilmington’s nonprofit and philanthropic communities. Wilmington’s nonprofit community grew among a glut of financial support that encouraged upstarts. What remains today is a multiplicity of nonprofits, over 500 within the city (Institute for Public Administration, 2018), struggling and competing with one another for the same funding. Funders, philanthropic organizations and grant makers have called upon non-profit organizations to partner and to merge to streamline and enhance capacity. For non-profits, this call is understandably viewed as a threat. Non-profits are often operated by people who work hard delivering benefit to the community with few resources and little remuneration. Being asked to give up one’s position would of course be met with
scorn and resistance. Yet, there are many non-profits struggling for their own survival to the detriment of the communities they serve. Selecting which organizations merge, strengthen or discontinue is a fraught process that should be the subject of serious, collaborative, honest and informed debate.

Democracy Requires Local Civic Capacity

For all of the positive developments of late, there are many who are excluded from this collaborative environment. Wilmington’s struggling neighborhoods, and the individuals who inhabit them, have historically been treated as passive recipients of whatever policies or investments are deemed appropriate from above. Economic and social desperation have stripped these individuals of agency. Even as Wilmington’s political economy has diversified, there are whole segments of Wilmington’s population who have little power to change their circumstances. Of course, Wilmington’s community is not entirely innocent of this lack of engagement. Wilmington’s communities have been and often still are overlooked, however they have been slow to engage. Voter turnout in Wilmington is low, and mayoral elections are often decided by less than ten percent of the population. This local civic lethargy is both a symptom and a contributor to Wilmington’s weakened political economy. Civic activity is difficult to sustain. It is hard to engage with a civic association when working and raising a family, however, community associations can do little without a strong, active, engaged base. Care should be taken to make meaningful connection with the community – and likewise, Wilmington’s community needs to do a better job engaging civically. Blueprint Communities provide a good model for building local civic capacity, and Wilmington once had an Office of Neighborhood Development — which employed the author for a year – that operated to strengthen existing civic
associations and help them interface with Wilmington city government. This is a critical task and should be pursued vigorously.

Another, equally important mode of civic capacity building is school reform. The recommendations of the Wilmington Education Improvement Commission are a good place to start. For reasons that have been expounded upon throughout this work and others, the educational system serving Wilmington’s students and families leaves much to be desired. Not only are Wilmington’s poorest students experiencing educational outcomes that are inadequate, these outcomes hinder economic development and civic engagement. Further, schools have a greater social function than simply educating children. Many have cited a lack of collective identity that comes from lacking meaningful community anchors. Schools serve a socializing function and source of stability that Wilmington’s young people are denied at present. Reforms aimed at correcting educational disparities and providing community anchors can help build the civic capacity and engagement Wilmington’s neighborhoods are missing.

Additionally, it is important and necessary to seek out and support community-based economic development. The activities of East Side Rising are the best modern example of a community-based development program that is bearing fruit. East Side Rising has taken the better part of a decade, the dedication of committed individuals, and the support of the faith-based community. Further, it began and sustained with the support of the Blueprint Communities program funded in part by the Federal Home Loan Bank of Pittsburgh and administered by the Center for Community Research and Service at the University of Delaware. This type of activity is not easily achieved, and
requires a great deal of support that is not often available, but is a demonstration of what can be accomplished with proper support and if conditions are right.

A Note on Collaboration

A necessary condition of the type of collaborative alignment of sectors, governments and citizens is a fundamental reckoning with a characteristic of Delaware that elicits a level of pride among Delawareans. ‘The Delaware Way’ is used to describe the self-sufficient, problem-solving, nature of the state. It refers to a sense that the threats confronting Delaware or any part of it can be dispatched through the innate gumption and capacity for collaborative problem-solving unique to Delaware. While this is indeed a characteristic one could and should be proud of, it should be evoked with caution. The Delaware Way involves a habit of leaders to turn to other leaders within the state for collaboration and mutual support. This behavior can breed a sort of insularity and territoriality that will not serve Delawareans well in an environment where the outside world plays a larger role in the fate of a place. It also cannot generate the strength it once did when institutional leaders and players in the political economy do not possess the power and clout that was present in the DuPont or even MBNA years. The Delaware Way does not have the same sort of potency in a power vacuum. It will take more effort, and more inclusion for the Delaware Way to produce the benefits it promised in the modern environment. Community-based players of traditionally ignored segments of society will need to be engaged as meaningful and respected partners in these collaborations.

Understandably, this can be a tall order. For individuals and communities who have been systematically disadvantaged for decades, partnering with people and institutions that have historically been sources of oppression seems foolhardy – as well
as an insulting recommendation. For non-profits that are conditioned to compete for funding, the suggestion of collaboration seems equally foolish – and the suggestion of shuttering or merging equally untenable and insulting. For representatives of the public sector, balancing between the needs and desires of a broad range of constituents in an increasingly harsh political environment is a challenge. For businesses, whose only necessary function is to generate profits, community service, philanthropy and collaboration can seem like sentimental indulgences that threaten the bottom line. It is in the interests of all of these parties, however, to embrace one another for the reasons presented in this work. Fortunately, some walls are beginning to come down in recent years, with cross-sector partnerships beginning to bear fruit. These collaborations should be celebrated as to model collaboration and openness for all.

**Conclusion**

In an environment where humans have suffered the economic, social and physical effects of urban decline, it is tempting to assign blame. It is tempting to want to find the decision, the policy or the person who inflicted this decline upon the community. In part, that was the underlying motivation behind this work. People are suffering in Wilmington. Whole neighborhoods have been allowed to languish while the wealthy have gotten wealthier. How satisfying it would be to identify a culprit! Rather than finding one, this work has found a different answer. There is no one culprit. There is no one decision, person or group who can be blamed for Wilmington’s decline. This finding has implications for extracting Wilmington from its predicament. A culprit or cause would lead to a solution. But the city’s decline has been building upon itself for nearly seventy-five years. Symptoms of decline became causes, and the context has become a product of context. The political economy of the
city has changed in ways that muddy the search for solutions. It is easy to say that if only DuPont had not dominated the city so, if only it ceded power to city residents early on, Wilmington would be a different place. But the modern political economy of Wilmington has little to do with Wilmington itself. There is no DuPont dominating the city and supplanting the local will. Within city borders, political power has become available to a broader swath of the citizenry. City council representatives and the mayor are chosen democratically.

Wilmington itself is a pluralist city, but this means less than it ever has. As Wilmington’s surroundings have grown, Wilmington has shrunk; and as Wilmington has shrunk, Wilmington’s power over its own fate has dissipated. The State of Delaware is as important a determinant of the city’s fate as the city itself – maybe more. But even Delaware’s legislature and governor cannot control the ever more complicated national and global impacts on Wilmington. It would be satisfying to say the narrowness Financial Center Development Act is to blame for Wilmington’s problems. For some, this is an easy case to make. It is easy to ask how residents of Riverside have benefitted from the presence of J.P. Morgan Chase. This is a fair question, but so is the alternative: Would they be better off if the Financial Center Development Act never came to be? Would Wilmington have been better off if its resources were thrown into retaining heavy manufacturing? The fate of Detroit suggests not.

So, what can be said? What have the last few hundred pages contributed to the dialogue? What have they contributed to Wilmington? What has been learned by investigating the relationship between the urban environment, political economy and economic development in Wilmington? First, it is that environmental changes beyond
the city have had a much greater influence on the Wilmington’s evolution than the other two elements. DuPont was a great power in the years that the world in which Wilmington existed was much smaller. Before goods could be manufactured in China for cents on the dollar, and before the chemical compounds in most consumer products were made from petroleum, and before financial products were complex and abstract derivatives of other financial products, and before those could be traded, invested and borrowed against by tapping on the screen of a smartphone, Wilmington’s role in the economy of its time was greater. These contextual changes are not only economic, but political, social and demographic. As economic might receded from the city, so did political might. Wilmington simultaneously lost a domineering corporate presence and population as the rest of the state was expanding. The political economy has been impacted by this change of context in ways that have compounded over time. The interests of Wilmingtonians had less power behind them than those of suburbia. This was not a race-neutral change. Desegregation was fought by White, suburban parents with the effect of a school system that is complicated to the point of ineffectiveness and inequity. As underserved Black children have become adults, they have been left underprepared to participate in Wilmington’s evolving economy, without civic capacity, without a shared identity, and without hope.

Next, economic development policies that have been implemented in and directed toward the city do deserve some criticism that should help steer future economic development policies. Economic development has not been inclusive. It has not been directed to the people who need it most. The fate of heavy manufacturing in the United States is written on the wall, to suggest otherwise is folly. But this should not be taken to mean there is nothing left to be done. Businesses of all kinds still need
employees. Wilmington’s disadvantaged populations can be those employees with some training and some investment. Returning economic capacity, civic capacity and identity to Wilmington’s struggling neighborhoods requires investment and innovative models. The systematic disadvantage of the inner-city poor can only be overcome with systematic investment. Local, organic, community-owned endeavors should be the first targets of such investment. These investments are hard to sell, but worthwhile. They will result in a greater dispersal of economic activity among the most unstable parts of Wilmington’s economy, will help build local capacity for innovation and ownership, and will help recapture the sense of identity and community that have long been missing from Wilmington.

Finally, as the city is allowed to deteriorate, its capacity to reverse course diminishes. The political and economic loss of power, compounded by the atrophy of the city’s workforce and civic lethargy, mean the leverage to overcome the momentum of decline is farther out of reach every day. Wilmington will not recover on its own. It will take a committed, collaboration of city, state, federal, public, private and nonprofit entities to reverse Wilmington’s fortune. For cultural reasons characteristic of but perhaps not unique to Delaware, this is a challenge. This challenge is not insurmountable, the Financial Center Development Act is the product of such a collaboration, and new partnerships are beginning to stir. There is work to be done, but the author is hopeful that a spirit of cooperation will bring about Wilmington’s revitalization.
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Appendix A

INTERVIEW PROTOCOL

HUMAN SUBJECTS PROTOCOL
University of Delaware

Protocol Title: POLITICAL ECONOMY AND ECONOMIC DEVELOPMENT: AN ANALYSIS OF WILMINGTON, DELAWARE’S RESPONSES TO ECONOMIC DECLINE AND STRATEGIES FOR ECONOMIC REVITALIZATION

Principal Investigator
Name: Jason Bourke
Department/Center: Urban Affairs and Public Policy
Contact Phone Number: 570-730-1000
Email Address: bourke@udel.edu

Advisor (if student PI):
Name: Daniel Rich, PhD
Contact Phone Number:
Email Address: drich@udel.edu

Other Investigators:

Investigator Assurance:

By submitting this protocol, I acknowledge that this project will be conducted in strict accordance with the procedures described. I will not make any modifications to this protocol without prior approval by the IRB. Should any unanticipated problems involving risk to subjects occur during this project, including breaches of guaranteed confidentiality or departures from any procedures specified in approved study documents, I will report such events to the Chair, Institutional Review Board immediately.

1. Is this project externally funded? □ YES X NO

If so, please list the funding source:

2. Research Site(s)

X University of Delaware
X Other (please list external study sites): Offices and places most comfortable for interviewees.

Is UD the study lead? X YES □ NO (If no, list the institution that is serving as the study lead)

3. Project Staff
Please list all personnel, including students, who will be working with human subjects on this protocol (insert additional rows as needed):

<table>
<thead>
<tr>
<th>NAME</th>
<th>ROLE</th>
<th>HS TRAINING COMPLETE?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason Bourke</td>
<td>PI, PhD Student</td>
<td>Yes</td>
</tr>
</tbody>
</table>

4. Special Populations
Does this project involve any of the following:

Research on Children? No

Research with Prisoners? No

If yes, complete the Prisoners in Research Form and upload to IRBNet as supporting documentation

Research with Pregnant Women? No

Research with any other vulnerable population (e.g. cognitively impaired, economically disadvantaged, etc.)? please describe No

5. RESEARCH ABSTRACT Please provide a brief description in LAY language (understandable to an 8th grade student) of the aims of this project.

This research will examine the ways in which economic development policies were decided upon and implemented in Wilmington, Delaware between 1945 and the present. There is special attention paid to the social, political and economic context as it influenced the decision making actors and processes. Finally, the outcomes of those policies will be assessed in terms of equity and efficacy.
6. **PROCEDURES**  Describe all procedures involving human subjects for this protocol. Include copies of all surveys and research measures.

The human subjects involved will participate in semi-structured interviews related to their experiences in making, implementing, experiencing and reporting on economic development policies during the study period. Surveys and research measures will be attached.

7. **STUDY POPULATION AND RECRUITMENT**
Describe who and how many subjects will be invited to participate. Include age, gender and other pertinent information.

There are roughly 25 individuals who will be invited to participate. Their ages likely range from 45 to 95 years old. They are a mixture of men and women, and include elected officials, representatives of the business community, reporters, scholars and government employees among other professions.

Attach all recruitment fliers, letters, or other recruitment materials to be used. If verbal recruitment will be used, please attach a script.

The participants will be recruited verbally. A script is forthcoming.

Describe what exclusionary criteria, if any will be applied.

Describe what (if any) conditions will result in PI termination of subject participation.

8. **RISKS AND BENEFITS**
List all potential physical, psychological, social, financial or legal risks to subjects (risks listed here should be included on the consent form).

There are no physical or psychological risks associated with this work. If any, the risks may be limited to social, financial or legal depending on subject responses to questions of governing and policy-making procedure.

In your opinion, are risks listed above minimal* or more than minimal? If more than minimal, please justify why risks are reasonable in relation to anticipated direct or future benefits.

The risks are believed to be minimal. These individuals have all had careers in public service or have dealt with the public in some form or another for – in some cases – decades. The likelihood that they reveal anything to the investigator that puts them at risk is minimal.

(*Minimal risk means the probability and magnitude of harm or discomfort anticipated in the research are not greater than those ordinarily encountered in daily life or during the performance of routine physical or psychological examinations or tests)

What steps will be taken to minimize risks?
Discretion will be used when reporting any responses of legally-dubious nature. Participant name and identity will be protected or omitted in the event that the participant responds in a controversial manner or requests confidentiality.

Describe any potential direct benefits to participants.

The participant may benefit from knowing they participated in a study that has the potential to further economic development in Wilmington and generally. Further, the participant may acquire new methods or outlook to employ professionally.

Describe any potential future benefits to this class of participants, others, or society.

The class the participants belong to will benefit from learning new best practices, or methods for examining public decision making. Further, society may benefit from the knowledge produced by this work both in terms of economic development and governing more broadly.

If there is a Data Monitoring Committee (DMC) in place for this project, please describe when and how often it meets.

9. COMPENSATION
Will participants be compensated for participation?

No

If so, please include details.

10. DATA
Will subjects be anonymous to the researcher?

No

If subjects are identifiable, will their identities be kept confidential? (If yes, please specify how)

No, only upon request or in the event that responses are potentially controversial or embarrassing. Names will be removed from quotes of this nature.

How will data be stored and kept secure (specify data storage plans for both paper and electronic files. For guidance see http://www.udel.edu/research/preparing/datastorage.html)

Data will be stored on an encrypted flash-drive in the possession of the principal investigator, and backed up to encrypted computer hard drives.

How long will data be stored?

Indefinitely

Will data be destroyed? ☐ YES  X NO (if yes, please specify how the data will be destroyed)
Will the data be shared with anyone outside of the research team? □ YES  X NO (if yes, please list the person(s), organization(s) and/or institution(s) and specify plans for secure data transfer)

How will data be analyzed and reported?
Responses will be subject to qualitative analysis using the Advocacy Coalition Framework. Respondents will be quoted where appropriate, but their responses will be most often clarifying information already contained in contemporary documents.

11. CONFIDENTIALITY
Will participants be audiotaped, photographed or videotaped during this study?

Audiotaped

How will subject identity be protected?

The subjects will not be named in the event that they request confidentiality or respond in a potentially controversial or embarrassing manner. In this event, the audio recording of that response will be deleted or halted and the response will be noted devoid of identification by hand.

Is there a Certificate of Confidentiality in place for this project?  (If so, please provide a copy).

No

12. CONFLICT OF INTEREST
(For information on disclosure reporting see: http://www.udel.edu/research/preparing/conflict.html)

Do you have a current conflict of interest disclosure form on file through UD Web forms?

No

Does this project involve a potential conflict of interest*? No

* As defined in the University of Delaware's Policies and Procedures,a potential conflict of interest (COI) occurs when there is a divergence between an individual's private interests and his or her professional obligations, such that an independent observer might reasonably question whether the individual's professional judgment, commitment, actions, or decisions could be influenced by considerations of personal gain, financial or otherwise.

If yes, please describe the nature of the interest:

13. CONSENT and ASSENT

__x__ Consent forms will be used and are attached for review (see Consent Template under Forms and Templates in IRBNet)

_____ Additionally, child assent forms will be used and are attached.
____ Waiver of Documentation of Consent (attach a consent script/information sheet with the signature block removed).

____ Waiver of Consent (Justify request for waiver)

14. **Other IRB Approval**
Has this protocol been submitted to any other IRBs?

No

If so, please list along with protocol title, number, and expiration date.

15. **Supporting Documentation**
Please list all additional documents uploaded to IRBNet in support of this application.
Appendix B

IRB EXEMPTION

DATE: May 4, 2017

TO: Jason Bourke
FROM: University of Delaware IRB

STUDY TITLE: [081022-1] POLITICAL ECONOMY AND ECONOMIC DEVELOPMENT: AN ANALYSIS OF WILMINGTON, DELAWARE'S RESPONSES TO ECONOMIC DECLINE AND STRATEGIES FOR ECONOMIC REVITALIZATION

SUBMISSION TYPE: New Project

ACTION: DETERMINATION OF EXEMPT STATUS

DECISION DATE: May 4, 2017

REVIEW CATEGORY: Exemption category # (3)

Thank you for your submission of New Project materials for this research study. The University of Delaware IRB has determined this project is EXEMPT FROM IRB REVIEW according to federal regulations.

We will put a copy of this correspondence on file in our office. Please remember to notify us if you make any substantial changes to the project.

If you have any questions, please contact Nicole Farmoc-McFarlane at (302) 831-1110 or nicolefm@udel.edu. Please include your study title and reference number in all correspondence with this office.
Appendix C

INTERVIEW ROSTER

1. Raheemah Jabbar-Bey - June 9, 2017
3. Elliot Golinkoff – July 7, 2017
4. Raye Jones-Avery – July 12, 2017
5. John Sweeney – July 13, 2017
7. Carrie Gray – August 2, 2017
8. Ed Ratledge – August 4, 2017
9. Steve Peuquet – August 7, 2017
10. Bill Boyer – August 15, 2017
12. Rick Deadwyler – October 25, 2017
13. Bill Osborne – October 26, 2017
14. Mark Kleinschmidt – October 26, 2017
15. Tony Allen – November 2, 2017
17. Gwen Angalet – November 7, 2017
18. Paul Herdman – November 9, 2017
19. Ernie Dianastasis – November 14, 2017
20. Larry Nagengast – November 16, 2017
22. Leslie Newman – January 11, 2018
23. Jea Street – January 18, 2018
24. Mark Brainard – January 19, 2018
25. Jeff Bullock – January 29, 2018
26. Rev. Terrance Keeling – February 13, 2018
27. Sen. Tom Carper – February 16, 2018
28. Jeff Flynn – February 27, 2018
29. Elizabeth Lockman – March 2, 2018
30. Nnamdi Chukwuocha – March 16, 2018
31. Hanifa Shabazz – March 20, 2018
32. Mike Purzycki – March 20, 2018, Revisited by phone April 17, 2018
33. James Baker – March 29, 2018
34. Tom Ogden – April 13, 2018
Appendix D

MAP OF WILMINGTON NEIGHBORHOODS

Source: (“Map of Neighborhoods,” 2016)
Appendix E

MAYORS AND GOVERNORS

<table>
<thead>
<tr>
<th>Mayor of Wilmington</th>
<th>Term</th>
<th>Governor of Delaware</th>
</tr>
</thead>
</table>
| Thomas Herlihy, Jr. (R)  
12 | 1945-1947 | Walter W. Bacon (R) |
| Joseph S. Wilson (R) | 1947-1949 | Elbert N. Carvel (D) |
| James F. Hearn (R) | 1949-1951 | J. Caleb Boggs (R)  
15 |
| August F. Walz (R) | 1953-1956  
14 | Elbert N. Carvel (D) |
| Eugene Lammot (D) | 1957-1960 | Charles L. Terry, Jr. (D) |
| John Babiarz (D) | 1961-1964 | Russel W. Peterson (R) |
| Harry G. Haskell (R) | 1969-1972 | Sherman W. Tribbitt (D) |
| Thomas C. Maloney (D) | 1973-1976 | Pierre S. du Pont (R) |
| William T. McLaughlin (D) | 1977-1980 | Michael N. Castle (R)  
16 |
| Daniel S. Frawley (D) | 1981-1984 | Thomas R. Carper (D) |
| James H. Sills, Jr. (D) | 1985-1988 | Ruth Ann Minner (D) |
| | 1989-1992 |  
| James M. Baker (D) | 2001-2004 | Jack Markell (D) |
| Dennis P. Williams (D) | 2005-2008 |  
| Michael S. Purzyki (D) | 2009-2012 |  
| | 2013-2016 |  
| | 2017-2020 | John C. Carney, Jr. (D) |

Adapted from: (“Delaware: Past governors bios,” 2015; Devine, 2007)

12 Resigned and was replaced by Joseph Wilson in 1946.
13 Elected officials in Wilmington served two-year terms that changed in July until 1953, when they were extended to four years. Elected officials for the State of Delaware served four-year terms, changing in mid-January of the year after being elected.
14 Terms for elected officials in Wilmington were altered to change in mid-January of the year after being elected. At this point, terms for Wilmington elected officials match those of the State of Delaware.
15 Governor Boggs resigned from office on December 30, 1960 and was briefly replaced by Lieutenant Governor David P. Buckson for the remainder of his term.
16 Governor Castle resigned from office on December 31, 1992 and was briefly replaced by Lieutenant Governor Dale E. Wolf for the remainder of his term.