



State and Local Revitalization Efforts in East St. Louis, Illinois

Kenneth M. Reardon

Annals of the American Academy of Political and Social Science, Vol. 551, Globalization and the Changing U. S. City. (May, 1997), pp. 235-247.

Stable URL:

<http://links.jstor.org/sici?sici=0002-7162%28199705%29551%3C235%3ASALREI%3E2.0.CO%3B2-L>

Annals of the American Academy of Political and Social Science is currently published by Sage Publications, Inc..

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/sage.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

The JSTOR Archive is a trusted digital repository providing for long-term preservation and access to leading academic journals and scholarly literature from around the world. The Archive is supported by libraries, scholarly societies, publishers, and foundations. It is an initiative of JSTOR, a not-for-profit organization with a mission to help the scholarly community take advantage of advances in technology. For more information regarding JSTOR, please contact support@jstor.org.

State and Local Revitalization Efforts in East St. Louis, Illinois

By KENNETH M. REARDON

ABSTRACT: This article explains how the processes of suburbanization, deindustrialization, disinvestment, and globalization combined to destroy the economic security of East St. Louis, Illinois, a once-thriving industrial and transportation center. The article discusses the impact that the city's 1991 economic collapse had on its ability to maintain basic services. It describes how state and federal officials worked together during a six-year period to support the community-stabilization efforts of local officials. The article shows how specific state and federal initiatives reinforced the actions of municipal authorities to strengthen the city's fiscal well-being, enhance its municipal services, improve its housing stock, expand local business and employment opportunities, and lessen the city's most serious environmental problems. The case illustrates the powerful role that enlightened state and federal policies can play in mitigating the most serious consequences of contemporary economic restructuring on local populations.

Kenneth M. Reardon is an assistant professor of urban and regional planning at the University of Illinois at Urbana-Champaign, where he engages in research and teaching activities focused on the empowerment efforts of low-income urban communities and serves as a faculty coordinator for the university's East St. Louis Action Research Project.

EAST St. Louis is a small central city located directly across the Mississippi River from downtown St. Louis, Missouri, in southwestern Illinois. Originally called Illinoistown, East St. Louis was established in 1826 to serve the fresh-food needs of St. Louis's growing urban population.¹ The settlement was soon transformed into a major transshipment point for midwestern agricultural products being moved down the Mississippi River by barge to the cities of the eastern seaboard. The discovery of extensive coal deposits in nearby Cahokia led to East St. Louis's further development as a major railroad center in the mid-1850s. East St. Louis's central location, ample water supply, excellent river- and rail-based transportation facilities, rich coal deposits, and disciplined labor force helped transform the city into a thriving manufacturing community in the late 1800s. The city's intense demand for labor during its so-called Golden Era caused its population to increase from 15,000 to 75,000 between 1890 and 1920.

While industrialization produced thousands of jobs, it did little to create a tax base to meet the city's infrastructure and municipal service requirements. A significant number of area firms chose to build factories outside of East St. Louis, where they found cheaper land, lower taxes, weaker unions, and more pro-business municipal governments. Assisted by the Illinois state legislature, several

firms created company towns beyond the East St. Louis city limits where they could exert maximum political control over their workers and minimize their tax liabilities. Efforts by East St. Louis officials to annex these rapidly growing industrial enclaves were thwarted by state legislators who feared losing these firms to neighboring Missouri. East St. Louis began to experience serious fiscal problems in the 1920s when such out-migration by business caused tax revenues to fall short of infrastructure and services expenses. The city's growing economic problems were first documented in Harland Bartholomew's *Comprehensive City Plan for East St. Louis, Illinois*, which was published in 1920. According to this report, "Of 131 cities in the United States having a population of 50,000 or over, East St. Louis has next to the lowest assets and value of public property and is very nearly the lowest in revenue receipts from taxes and in expenditures for governmental purposes."²

A dramatic increase in the demand for East St. Louis's industrial products and transportation services during World War II provided a temporary solution to the community's financial problems. However, a powerful set of social, economic, and political factors combined in the post-World War II period to undermine the city's economy. Coal's fading popularity as an energy source left thousands of East St. Louis residents, miners, and railroad workers without jobs. The nation's shift from rail to auto-

1. Carl Baldwin, "East St. Louis History," in *East St. Louis Revitalization Project*, vol. 2, *Student Architecture Design Studios*, ed. Carolyn L. Dry (Champaign, IL: University of Illinois, School of Architecture, 1989), pp. 6-11.

2. Harland Bartholomew, *A Comprehensive City Plan for East St. Louis, Illinois* (East St. Louis, IL: War Civics Committee, 1920), pp. 1-4.

mobile-based transportation caused additional unemployment in the city's rail yards and warehouses. The development of refrigerated railroad cars and trucks made it more economical to slaughter livestock on the range, thereby reducing the need for regional meatpacking centers like East St. Louis. These technological changes caused the number of East St. Louis businesses to fall from 1527 to 383 and the supply of local jobs to drop from 12,423 to 2699 between 1967 and 1991.³

East St. Louis's business and employment losses eroded the strength of the city's retail sector, which provided the lion's share of East St. Louis's tax revenues, and left the community ill prepared to compete in an increasingly global marketplace. Between 1960 and 1992, the city's property tax base declined from \$562 million to \$162 million, forcing local officials to raise real estate taxes to nearly 23 percent of assessed values to maintain basic municipal services.⁴ When these tax increases failed to produce balanced budgets during the 1970s and 1980s, the city eliminated most municipal services, including local trash collection from 1987 until 1992. In spite of these cutbacks, the city's municipal debt grew to nearly \$100 million in the early 1990s, forcing it to spend nearly half of its operating budget on debt service payments.

3. U.S., Department of Commerce, Bureau of the Census, *County and City Data Book: 1994* (Washington, DC: Government Printing Office, 1994).

4. John Tegley, *Report on Essential Services in East St. Louis, Illinois* (East St. Louis, IL: East St. Louis Financial Advisory Authority, 1992).

Skyrocketing unemployment, increasing taxes, declining municipal services, growing deficits, bank red-lining, and blockbusting prompted many to abandon the city between 1960 and 1990.⁵ The city's residential population fell from 88,000 to 43,000 during this period, making abandonment of housing a major issue. The departure of a significant portion of the city's Caucasian and African American working-class and middle-income families dramatically altered the community's demographic profile. Between 1960 and 1990, the African American portion of the population increased from 45 percent to 98 percent, the unemployment rate rose from 10.5 percent to 24.6 percent, the percentage of female-headed households rose from 21 percent to 62 percent, and the percentage of families living in poverty jumped from 11.0 percent to 39.2 percent.⁶ In the mid-1980s, these changes prompted the U.S. Department of Housing and Urban Development (HUD) to identify East St. Louis as "the most distressed small city in America."⁷

Efforts by city officials to use the Housing Act of 1949 throughout the 1950s and 1960s to stem the tide of disinvestment, deindustrialization, and depopulation that were destabilizing the community produced dis-

5. *Census of Population* (Washington, DC: Department of Commerce, Bureau of the Census, 1960); *ibid.* (1990).

6. U.S., Department of Commerce, Bureau of the Census, *County and City Data Book: 1962* (Washington, DC: Government Printing Office, 1962); *idem*, *County and City Data Book: 1994* (1994).

7. Jonathan Kozol, *Savage Inequalities: Children in America's Schools* (New York: Harper Perennial, 1991), pp. 7-39.

appointing results.⁸ Like many American cities, East St. Louis used urban renewal funds to demolish blocks of deteriorating commercial buildings within its central business district and make major infrastructure investments to stimulate new private investment. The only significant investments in the city's various renewal areas, however, were made by state and federal agencies.

Efforts to improve the quality of the city's housing stock using the federal government's various public housing programs also ran into difficulties. Large numbers of low-income families were moved into high-density public housing complexes that were poorly designed, managed, and maintained. When a significant part of the city's public housing units became uninhabitable in the mid-1980s, HUD took the unusual step of placing the East St. Louis Housing Authority under federal receivership. The private agency selected by HUD to manage the local housing authority received permission in the early 1990s to demolish more than 640 existing housing units at two high-density complexes. Efforts to replace these eight-story apartment buildings with low-density townhouse apartment complexes have encountered widespread community opposition from neighborhood organizations whose leaders question the continued concentration of the poor and the property management record of the housing authority and receivers.

8. Robert Mendelson and Dennis Judd, *The Politics of Urban Planning: The East St. Louis Experience* (Urbana: University of Illinois Press, 1973), pp. 1-40.

HITTING BOTTOM IN THE EARLY 1990s

The city's economic condition declined throughout the early 1990s as businesses and families left the community in search of greater economic opportunity and improved quality of life in the suburbs. Its financial problems reached a climax on 28 September 1990 when it defaulted on a court-mandated payment compensating an individual who had been seriously injured in the municipal jail.⁹ When the city informed the court that it lacked the resources to meet its \$3.4 million legal obligation to the injured party, the judge asked for an inventory of its assets. The judge then attempted to compensate this individual by awarding the East St. Louis City Hall, along with 220 acres of city-owned riverfront property, to his estate. The city's impending loss of its municipal building became an important national newspaper and television news story.

This story put considerable pressure on local and state officials to create an effective partnership to address the city's major problems. The leaders of St. Louis's business community—who were involved in efforts to construct a regional light rail system connecting both sides of the river, build a new hockey arena, develop a new indoor football stadium to attract a National Football League team, and build legislative support for legal gambling—feared the impact that continued coverage of East St. Louis's decline might have on these new ventures. Public officials representing the suburban areas sur-

9. Isabel Wilkerson, "A City Floundering at Rock Bottom," *New York Times*, 4 Apr. 1991.

rounding East St. Louis were concerned about the possible spread of East St. Louis's economic and social problems to their communities. The area's most important corporate leaders, while attending a regional economic development conference, identified East St. Louis's decline as the most important factor affecting the area's future. The city's state legislators were subjected to harsh community and media criticism for their perceived lack of leadership on this issue. Governor Jim Edgar was encouraged by his political advisers to strengthen his electoral base in southern Illinois by committing state resources to the stabilization and revitalization of East St. Louis.

STATE ACTION
FOR COMMUNITY
STABILIZATION

The Illinois state legislature passed the Illinois Financially Distressed Cities Act of 1990 to save the city of East St. Louis from bankruptcy. The bill provided East St. Louis with \$34 million in state credit, which enabled the city to restructure its burgeoning municipal debt. These resources were funded through low-interest, general obligation bonds issued by the state of Illinois. The bill also established a state-appointed financial oversight commission, comprising seven individuals jointly appointed by the governor and the legislature, with the power to approve all city budgets, employment contracts, and service agreements. The East St. Louis Financial Advisory Authority (ESLFAA) is responsible for working with the East St. Louis mayor, City Council, and city

manager to enhance the effectiveness of the city's financial planning and management systems. With the ESLFAA's assistance, the city was able to negotiate its outstanding debt from \$88 to \$34 million and refinance it using low-interest state funds. This dramatically reduced the portion of the city's budget devoted to debt service, enabling East St. Louis to increase spending on basic municipal services. The ESLFAA will remain in existence, according to the Illinois Financially Distressed Cities Act, until the city produces 10 consecutive balanced budgets.

In 1991, the state legislature surprised many political observers by granting East St. Louis one of four highly coveted riverboat gambling licenses. The town of Sauget had been viewed as the community in southwestern Illinois most likely to be selected for this honor. But Gordon Bush, the newly elected mayor of East St. Louis, worked with a group of St. Louis investors to develop a competitive proposal. He then lobbied county and state officials to secure the license for East St. Louis by pointing out the desperate economic problems of his city. The St. Louis investors built a \$43 million gambling boat and administrative complex on a riverfront site provided by the city of East St. Louis.¹⁰ The Casino Queen Riverboat has been one of the most profitable gambling facilities in the state of Illinois. It has generated more than 1200 permanent jobs, 25 percent of which are

10. April Hattori, "East St. Louis Hopes Its Luck Will Change with Help from Mammoth Riverboat Casino," *Bond Buyer*, 12 July 1993, pp. 1, 28.

held by East St. Louis residents. The \$10 million to \$12 million in annual gross receipts taxes produced by the boat has enabled East St. Louis to expand and improve its municipal services while reducing its combined property tax levy from 23 percent to 16 percent of assessed values. The boat's success recently led its investors to acquire an additional 55 acres of nearby waterfront property on which they plan to build a hotel, entertainment complex, and recreational-vehicle park at an estimated cost of \$30-50 million.¹¹ The large number of people brought to the city by gambling since 1992 has resulted in a dramatic expansion of the city's retail sector.

In 1990, more than sixty homicides took place in East St. Louis, three-quarters of which were alcohol- or drug-related. A thirty-person task force, comprising neighborhood leaders, school officials, police representatives, treatment specialists, and public health professionals, was established by the governor to develop innovative approaches to alcohol and drug abuse prevention, intervention, and treatment.

The task force was instrumental in founding the Metropolitan Enforcement Group of Southern Illinois, which is credited with establishing a regional database on alcohol- and drug-related crimes that can be used to direct local enforcement efforts. The task force has also helped local neighborhood organizations establish crime watches to provide information on illegal activities to law en-

forcement agencies and has recruited staff from local, county, state, and federal agencies to participate in anti-drug patrols and raids in East St. Louis. When a review of local substance abuse programs revealed the need for additional treatment beds, it worked with officials from St. Mary's Hospital to secure the funds to establish an in-patient facility for twenty adults. The task force also assisted local, regional, and state agencies to develop new programs for at-risk children to prevent them from becoming involved with alcohol or drugs. Several after-school and summer educational, recreational, and cultural programs are now operating in local schools, social service agencies, and public housing complexes as a result of the task force's efforts.

In 1995, the Illinois State Board of Education appointed a three-person committee to oversee the management of School District 189 in East St. Louis. This action was prompted by community protest against the deterioration of school facilities and the declining quality of education, widespread irregularities in local hiring and contracting, and a mid-season walkout of the city's highly regarded high school football coach. The state board appointed Richard Marks, the chief executive officer of East St. Louis's St. Mary's Hospital, as its chairperson. Marks has instituted widespread reforms within the district that have produced cleaner schools, better access to school supplies and instructional resources, and more classroom teachers. He is currently working with parents, teachers, and principals to overhaul the school district's antiquated cur-

11. Telephone interview with Joseph Quinn, Comptroller's Office, Casino Queen, 15 Oct. 1996.

riculum and to secure state-of-the-art multimedia instructional materials.

At the request of State Representative Wyvetter H. Younge, the University of Illinois at Urbana-Champaign, the state's land-grant university, has become deeply involved in community stabilization efforts in East St. Louis.¹² Since 1987, the university has spent more than \$100,000 a year to fund student and faculty research and technical assistance addressing East St. Louis's community development problems. Since 1990, the university has concentrated its efforts on building the organizational capacity of community-based organizations through its East St. Louis Action Research Project (ESLARP). Participating students have worked with residents of the city's five poorest residential neighborhoods to complete comprehensive stabilization plans. Teams of students have also worked with neighborhood leaders to develop proposals, create designs, secure funding, and mobilize volunteers to complete the improvement projects featured in these plans. During the past six years, more than 800 students have completed over 100 planning and design projects for eight community-based organizations. Three neighborhood playgrounds and a municipal farmers' market housing eight minority businesses have been constructed, and more than thirty homes have been renovated.¹³ The Winstanley/Industry

Park Neighborhood Organization, the community-based organization that the university has worked with the longest, has developed into a highly effective community development corporation with a professional staff of three and an operating budget of more than \$300,000.

In 1995, the university assisted eight East St. Louis neighborhood organizations in securing funding from the U.S. Environmental Protection Agency to establish a citywide coalition to work on common problems. In the fall of 1996, the university opened its Neighborhood Technical Assistance Center (NTAC), where a professional architect, urban planner, and nonprofit management specialist are available to assist local residents, businesses, community associations, and municipal agencies to implement new community development projects. The NTAC is being jointly funded, on a pilot basis, by the city of East St. Louis and HUD.

FEDERAL ACTION FOR COMMUNITY STABILIZATION

The federal government's involvement in East St. Louis community development projects increased dramatically following Bill Clinton's election as president in 1992. The federal government has become an important participant in local efforts to improve police protection, housing conditions, economic opportunities, transportation services, and the quality of the urban environment. The federal government's contribu-

12. Kenneth M. Reardon, "Action Research in East St. Louis," *Planning and Public Policy*, 6(1):1 (Fall 1991).

13. Kenneth M. Reardon, "Creating a Community/University Partnership That Works: The Case of the East St. Louis Action

Research Project," *Metropolitan Universities: An International Forum*, 6(2):47-59 (Spring 1995).

tions to these local improvement efforts will be briefly described here.

W. Charles Grace, the U.S. Attorney for the Southern District of Illinois, launched a major new anti-crime effort in East St. Louis in early 1993. Grace recruited representatives from 13 local, county, state, and federal law agencies to work with neighborhood organizations and municipal agencies on crime prevention efforts. Bruce Reppert, first assistant U.S. Attorney, was assigned to assist participating organizations and agencies in devising a comprehensive approach to crime prevention in East St. Louis.

Reppert worked with local law enforcement officials to develop a uniform reporting form that residents could use to notify law enforcement agencies of suspicious or illegal activities taking place in their neighborhoods. The U.S. Attorney's Office launched a highly visible series of raids, which resulted in hundreds of drug-related arrests in response to thousands of citizen-generated crime report forms. The U.S. Attorney has also assisted the East St. Louis Police Department in securing funds to implement a community policing program. In the past three years, the city has successfully operated this program, which has transformed the role of the patrol officers assigned to these areas from that of reactive crisis intervention manager to pro-active facilitator of community problem solving. The assistant U.S. Attorney has also collaborated with local police officials in organizing two crime prevention classes, called the East St. Louis Police Academy, which more

than fifty community activists have completed.

The federal government has also become involved in several activities aimed at preserving and expanding the city's stock of decent affordable housing. The East St. Louis Housing Authority has received federal funds to rehabilitate more than 500 units of existing public housing in need of major renovation. This agency has also received a federal grant to replace two high-density apartment towers containing 640 apartments with low-density townhouse complexes.

The federal government has also been involved in housing improvement via HUD. HUD's Community Development Block Grant Program has provided funds to make emergency repairs to single-family homes that are at risk for abandonment. HUD's new HOME Program has been used to assist local community organizations involved in the renovation of single-family, homeowner-occupied housing. HOME funds have also been used to assist first-time buyers in purchasing units in two new East St. Louis subdivisions that have been successfully developed by local builders through a combination of conventional financing and municipal subsidy.

Another source of federal involvement in housing has been the executive branch. The Clinton administration's more vigorous enforcement of the Community Reinvestment and Home Mortgage Disclosure acts has led local lenders whose institutions had redlined the city to make significant new investments in its residential and commercial sectors.

The federal government has also attempted to support the city's various local economic development initiatives. HUD provided the city with a small planning grant to help it prepare an application for federal designation as an Enterprise Community. The city was subsequently designated 1 of 24 Enterprise Communities; this designation will provide it with an additional \$3 million in economic development funds. The city has also received a \$900,000 Youth Build contract from HUD to be used in training young unemployed workers in basic construction trades on sites where new affordable housing is being created. The federal government's decision to expand the Jefferson Memorial National Park along the East St. Louis riverfront has served to reinforce interest in the city's ongoing waterfront development initiatives.

One of the most critical federal government contributions to East St. Louis's economic recovery has been in the field of mass transportation. Federal support has enabled the Bi-State Coordinating Council to complete the first phase of a \$464 million regional light rail system. The completed portion of the system connects St. Louis's Lambert International Airport to downtown East St. Louis via the St. Louis central business district. The MetroLink System, as it is called, is the nation's most successful new light rail system, and plans are currently being made to extend the line to the St. Clair County Airport. Seven and a half million passengers rode the MetroLink in 1994, and 12.4 million passengers used the system in 1996, representing nearly a 65 per-

cent increase over the previous year's totals.¹⁴

The MetroLink has dramatically increased the access of East St. Louis residents to the region's major new employment center, located close to the St. Louis airport. Hundreds of formerly unemployed East St. Louisans who do not own automobiles are now able to get to and from relatively well-paying jobs in the factories and warehouses near the airport. Plans to extend the light rail line from downtown East St. Louis to the St. Clair County Airport were recently modified to include passenger stations in two of the city's most distressed neighborhoods. Local community activists hope these stations will spur new commercial and residential investment in their communities.

The federal government has also attempted to work with East St. Louis officials to improve the quality of the urban environment in East St. Louis. A successful suit developed by an assistant U.S. Attorney during his off-hours against a Wall Street bond house resulted in a \$7 million out-of-court settlement that funded a successful cleanup of illegally dumped trash within the city. The Federal Emergency Management Agency has acquired nearly 100 East St. Louis homes affected by recurring flooding caused by development in the suburban communities on the bluffs surrounding the city. The U.S. Environmental Protection Agency has cooperated with local officials throughout the Metro East region to create a new storm water management and flood control plan for the

14. Bi-State Development Agency, World Wide Web home page, www.bi-state.org.

watershed. The Environmental Protection Agency has used a portion of its remaining Superfund resources to mitigate serious industrial contamination at two former manufacturing sites in East St. Louis. The agency has also supported a wide range of environmental assessment, educational, and advocacy activities that were carried out by four different citizen organizations within the region. Finally, this agency has created an informal coalition of citizen organizations, private businesses, municipal governments, and federal agencies, called the Mississippi River Gateway Initiative, to promote community-based environmental planning to protect and enhance the environment of the Mississippi River watershed.¹⁵ The U.S. Department of Agriculture has initiated a new \$900,000 per year program, called the Urban Resources Partnership, which provides small grants that enable community-based organizations to implement local projects to improve urban environment. The Corporation for National and Community Service, a recently established federal initiative, has funded twenty internship positions through its AmeriCorps Program, offering East St. Louis residents the opportunity to become involved in local environmental enhancement and neighborhood beautification projects.

THE STATE AND FEDERAL
GOVERNMENTS' ROLE IN
STABILIZING EAST ST. LOUIS

On 26 April 1991, Gordon D. Bush was elected mayor of East St. Louis

15. Karen Lumino, *The Mississippi River Gateway Initiative* (Chicago: Environmental Protection Agency, 1995), pp. 1-5.

on a good-government and municipal reform platform. The broad base of support he enjoyed from the city, county, and region's economic and political leaders created a willingness on the part of many state and federal officials to assist his administration.

This increased level of state and federal government support saved East St. Louis from certain bankruptcy in 1991 and has enabled the city to restore many of its basic municipal services. These changes have, in turn, contributed to a dramatic improvement in the quality of life enjoyed by East St. Louis residents. Some of the city's most important achievements in each of these areas, which are described in this section, would not have been possible without the additional state and federal aid previously discussed.

The financial health of the city of East St. Louis has improved dramatically since 1991, when it was at risk for bankruptcy. The Illinois Distressed Cities Act of 1991 gave East St. Louis access to skilled public administration and municipal finance consultants, who assisted the city in reorganizing the municipality's human resources and municipal finance policies and procedures. The act also provided \$34 million in supplemental state credit services, which enabled East St. Louis to retire a portion of its debt, allowing the city to expand its municipal services. The \$12 million in receipts tax revenues generated by the Casino Queen Riverboat has helped the city to further expand its municipal services while reducing its combined property tax rate from 23 percent to 16 percent during the past four years. State action to restore the

fiscal integrity of East St. Louis has been reinforced by an increase of approximately \$5 million a year in discretionary grants from the federal government through its AmeriCorps, Enterprise Zone, HOPE, HOME, and Youth Build programs. The city, as a result of these changes, has posted three consecutive balanced budgets while reducing its combined real estate taxes, which enabled it to successfully reenter the municipal bond market in 1995.

These improvements in East St. Louis's financial condition have permitted the city to hire additional employees and purchase new equipment in order to improve the quality of its municipal services. Recent surveys conducted in several of the city's largest residential neighborhoods by the University of Illinois at Urbana-Champaign reveal a dramatic increase in resident satisfaction with the basic services offered by the city. Residents report more visible police patrols, shorter police and fire response times, better-maintained streets and sidewalks, cleaner playgrounds and parks, and restored municipal trash collection.

The city's physical appearance has also shown a dramatic improvement in recent years due to the combined efforts of state and federal officials. The U.S. Attorney's documentation of the malfeasance of a Wall Street bond house that failed to market city paper resulted in a settlement that produced \$7 million to capitalize the East St. Louis Community Fund, a new foundation. These resources were leveraged by the fund's officers to cover the costs of removing tons of illegally dumped trash from vacant

city lots and streets. Repaving and reinstallation of traffic lights along several of East St. Louis's main arteries by the Illinois Department of Transportation has further enhanced the city's appearance. The development of the Casino Queen waterfront district, the lower State Street area, the Lake Ana Estates subdivision, and the South End Homes subdivision—with funds provided, in part, by HUD—gave several of the city's busiest districts a much-needed facelift. Local beautification projects completed by the federally funded AmeriCorps and Urban Resources Partnership programs have supported ongoing neighborhood stabilization and revitalization efforts in several of the city's older residential areas.

Public safety is one of the areas in which the combined efforts of the state and federal governments have had the greatest impact. The coordinated approach to crime prevention launched by the Governor's Task Force on Alcohol and Drugs and developed by the U.S. Attorney's Violent Crime Initiative has improved crime reporting systems, provided police personnel with new equipment and technology, intensified police patrols, and coordinated local, state, and federal prosecutorial efforts. Systematic efforts have also been made through the federally funded Community Policing Program and the Citizens' Police Academy to enlist East St. Louis's neighborhood organizations in various crime-prevention activities. As a result of these and other activities, the annual number of homicides in East St. Louis has dropped from 62 to 35 between 1990 and 1995.

Investment in the city's residential housing has significantly increased in the past few years as a result of state and federal government regulatory and subsidy activities. Local lenders have responded to the federal government's tougher enforcement of the Community Reinvestment Act and Home Mortgage Disclosure Act by forming the Metro East Lenders Group to promote reinvestment in the community. In 1993, this consortium provided a \$25,000 grant to the Winstanley/Industry Park Neighborhood Organization to provide credit counseling to residents seeking to enter the housing market. The success of this private sector initiative in helping East St. Louis residents secure conventional mortgages and home improvement loans led HUD to award the same neighborhood organization a \$70,000 grant to extend its credit counseling services. As a result of these activities, as well as a \$1 million direct-deposit program established by the state of Illinois and nearly \$1.9 million in annual subsidies made available under HUD's Community Development Block Grant and HOME programs, the number of home rehabilitation projects being undertaken by local residents has increased dramatically. The number of public housing units being rehabilitated has also increased as a result of HUD's various rehabilitation programs. New single-family homes are now being built in East St. Louis with state and federal government assistance following 25 years when few such homes were erected. In 1994, ten new homes priced between \$69,000 and \$89,000 were sold in the newly developed

Lake Ana Estates subdivision in East St. Louis. These new homes were made affordable to working-class and middle-class East St. Louis residents by subsidies provided through the state of Illinois's Tax Incremental Financing Program and the federal government's Community Development Block Grant Program. In 1995, eight single-family homes were successfully developed in the city's South End by Community Planners and Designers, a private real estate development corporation, through a similar mix of state and federal subsidies.

The city's economic health has also benefited from state and federal government planning and subsidy programs:

1. The state's decision to award a riverboat casino license to East St. Louis has been the single most important factor in the city's economic recovery. Casino gambling has created more than 1000 new jobs, brought tens of thousands of visitors to the city, generated millions of dollars in new tax revenues, and led to the development of dozens of new retail businesses.

2. The second most important state and federal stimulus to the East St. Louis economy has been the establishment of the MetroLink light rail system, which enables city residents to access the growing number of new jobs created by firms located near the St. Louis International Airport.

3. Federal plans to expand the Jefferson Memorial National Park on the East St. Louis side of the river have generated considerable developer interest in the city's waterfront district. The developers of the city's

successful casino boat, who recently acquired an additional 55 acres of waterfront property where they plan to build a hotel, entertainment complex, and recreational-vehicle park, cited the federal government's park expansion project as a major factor in their decision to make additional investments in East St. Louis.

4. The federal government's selection of East St. Louis as an Enterprise Community will provide the city with an additional \$3 million in economic development funds and will give the community's other federal funding requests immediate priority.

These public sector investments have led to several important new private sector investments, including the expansion of St. Mary's Hospital and the construction of the Gibson Health Services building.

CONCLUSION

The city of East St. Louis has been stabilized and is currently enjoying a period of modest economic growth. The quality of life enjoyed by most of its residents has improved dramatically, and many families are begin-

ning to feel guardedly optimistic regarding the future. While the election of a highly effective mayor committed to good government and municipal reform set the stage for the city's recovery, a significant commitment of state and federal resources was necessary to save this aging industrial city. These public investments enabled the city to avoid bankruptcy, restore basic municipal services, and improve conditions within its major residential areas.

The East St. Louis case highlights the critical contribution state and federal government can make toward stabilizing smaller industrial cities, which have been devastated by suburbanization, deindustrialization, and globalization in the postwar period.¹⁶ In a period when hundreds of smaller industrial cities are experiencing dramatic disinvestment due to global competition, the successful stabilization of East St. Louis offers important lessons for individuals seeking to assist these communities.

16. Robert A. Catlin, *Racial Politics and Urban Planning: Gary, Indiana 1980-1989* (Lexington: University Press of Kentucky, 1993), pp. 1-16.