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## **LETTER FROM PITTSBURGH; Years After Big Steel's Demise, a City Lost in Transition**

By James Dao (NYT) 1305 words

PITTSBURGH -- At the Carnegie Museum of Art, a series of paintings by Aaron H. Gorson capture what many people still consider the quintessential images of this city that industry built. A coal barge plies murky waters. A blast furnace scorches the dark heavens like a supernova. Smoke-belching stacks shroud the horizon in brown haze.

But the paintings are a century old and the Pittsburgh they depict no longer exists. The big steel mills along the Monongahela River, save one, gasped their last breaths a decade ago. Shopping malls, gleaming office parks and upscale town houses have replaced some. Others lie vacant, the hulking skeletons of a dying species.

Call Pittsburgh Steel City these days, and many residents will take offense. Pittsburgh, they say, is now home to "clean industries" like bioengineering and robotics. The bleak Dickensian tableau of big steel is virtually gone.

But so are most of the hand-dirtying, high-paying union jobs that once made steel the fiscal marrow in Pittsburgh's bones. And now the city is broke, relegated to junk-bond status. Despite layoffs and service cuts, Pittsburgh will face an \$80 million budget gap in 2004 and needs to raise taxes, officials contend.

For residents, the crisis is a reminder that despite the city's efforts to remake itself in a postindustrial world, it has not quite replaced all those manufacturing jobs. This is a city lost in transition, rooted in steel but struggling to be reborn as something higher tech and less gritty.

"We're a tale of two cities," Mayor Tom Murphy said. "We've had over the last nine years an unprecedented level of development. On the other hand, the underlying financial structure reflects a city that doesn't exist anymore."

During those years, the city underwent a striking face lift, building new football and baseball stadiums along the Allegheny River and a new convention center downtown. And shoppers now browse upscale shops at the Waterfront Mall on the site of the former Homestead steel plant, where union workers battled Pinkerton guards a century ago.

Yet in a striking indication that Pittsburgh is striving to move beyond its past without completely forgetting it, the developers left 12 towering smokestacks that are brilliantly lighted at night adjacent to the mall's movie complex.

"Schizophrenia might be the right word for what we are going through," said Frank Giarratani, director of the Center for Industry Studies at the University of Pittsburgh. "We are a steel city. But people don't know why they think that anymore, except for the history."

The immediate causes of Pittsburgh's fiscal crisis are hotly debated here and in Harrisburg, the state capital. Mr. Murphy points to what he calls an archaic tax structure and weak national economy. His critics say excessive borrowing and overly generous labor contracts are to blame.

To relieve the budget crunch, Mayor Murphy has closed recreation centers and public pools and reduced street cleaning, rodent control, police patrols and bus service. And, next year's marathon has been canceled.

Mr. Murphy, a Democrat, has asked the state to designate Pittsburgh "distressed" under a law that would give the city expanded taxing powers, including on commuters. Gov. Edward G. Rendell, also a Democrat, seems inclined to support the request, but many legislators, including some Democrats, contend that the designation would only stigmatize Pittsburgh.

"It's frustrating to many of us, because Pittsburgh has become a dynamic region," said State Representative Jeffrey E. Habay, a Republican from Allegheny County. "We've come through the era of big steel, and it's been difficult, but we've stabilized our job base. We're not fiscally distressed, we're fiscally mismanaged."

Experts say that while a mixture of outdated taxes and poor management precipitated the current crisis the region's long-term economic health has been shaky for some time, largely because of those silent mills. From 1974, a peak year for steel employment, to 2002, the industry hemorrhaged more than 75,000 jobs in the Pittsburgh region, according to the Bureau of Labor Statistics. In the same period, the city shrank to 334,000 residents, from 520,000, leaving it with roughly the same population as a century ago.

Shrinking population has meant a shrinking tax base. Today, 40 percent of the city's real estate is tax exempt, owned by nonprofit churches, universities and hospitals. Two-thirds of its 300,000 workers live in the suburbs, subject to a small \$10 annual commuter tax that was set more than 30 years ago. And half of its corporations are exempt from the local business tax.

"The city puffed itself up in the 1990's and said, 'We're not a steel town, we're an education town, a health-care town, a high-tech town,' " said James D. English, the international secretary-treasurer of the United Steelworkers of America, which has its headquarters here. "But from my perspective, the city's problems today are related to the absence of those good-paying manufacturing jobs."

Muhammad Hafiz, 34, says he has been hurt by the passing of those mill jobs. His father worked in steel, and Mr. Hafiz assumed he would as well. But a union job never materialized, and today he hawks newspapers on the street.

"We used to call Cleveland the Mistake by the Lake," Mr. Hafiz said wistfully. "But no more. I'm thinking of going there myself."

Still, some people are coming back, drawn by the growing number of high-tech start-up companies and a rich pool of technological expertise centered on the University of Pittsburgh and Carnegie Mellon University. Aldo Zini is one. A Pittsburgh native, Mr. Zini returned from California three years ago to help create a company, Aethon Inc., that makes robots that transport supplies from hospital storage rooms to nursing stations. It has only 16 employees but expects to expand.

"I was drawn back to this area because of the talent, the things going on here," Mr. Zini said.

He is emblematic of a generational divide that cuts through southwestern Pennsylvania, splitting residents who worked in the mills from those who grew up believing there was no future in steel.

That divide was underscored in the contrasting reactions to President Bush's decision this fall to lift tariffs on imported steel. The tens of thousands of retired steelworkers in the region who have mortgages, pensions and health insurance paid for by steel responded with outrage, vowing political retaliation. But many of the city's newer industries said they might benefit from the lower cost of imported steel. And younger people did not seem to care.

Indeed, for younger residents, there have been real benefits to steel's demise. They worry about the weak job market, which has contributed to what the Census Bureau recently called a brain drain of college graduates from the region. But many prefer the gleaming new Pittsburgh to the polluted industrial landscape of old. They note that when the mills closed and the coal-fired haze dissipated, people began to appreciate Pittsburgh's charms: its San Francisco-like hills, its necklace of muscularly elegant bridges and its fine skyline. They point out that the city produced Andy Warhol..

"Pittsburgh has really suffered under its image as an old steel town," said Matthew Burger, president of the Pittsburgh Urban Magnet Project, an organization of young professionals. "I still find it stunning when I hear people say: 'Pittsburgh is an old community, a mill town, it's all about steel, pollution and dirty water and skies.' It couldn't be more false."

**CAPTIONS:** Photos: A pedestrian near the Terminal Buildings, home to galleries and studios, in Pittsburgh.; Across from the shining skyline of today, the rusty remains of Pittsburgh's past line the Monongahela River. (Photographs by Justin Merriman for The New York Times)